

# Balance of Payments Update

December 2021



- The current account of the balance of payments for the December 2021 quarter reflected a deficit of US\$97.9 million (0.66 per cent of GDP), a deterioration of US\$70.8 million when compared with the deficit for the December 2020 quarter. This deterioration was primarily reflected in the Goods sub-account, partly offset by improvements in the Services and Secondary Income sub-accounts (see Table 1).
- The increase in imports primarily emanated from an increase of US\$228.9 million in the fuel bill, largely due to higher fuel prices. There were also notable increases in the importation of Manufactured Goods (US\$73.8 million), Food (US\$58.9 million), Chemicals (US\$33.7 million) and Machinery & Transportation Equipment (US\$16.6 million).
- With regard to exports, the decline mainly reflected a decline of the Bauxite/Alumina sector due to the fire at the JAMALCO Plant. There were however increases in the export of Mineral Fuels (US\$6.8 million) and Food (US\$5.7 million).
- The improvement in the Services balance reflected a US\$456.5 million increase in tourist expenditure. There was, however, a significant increase in freight charges for the period.
- The improvement in the Secondary Income account reflected increases of US\$81.3 million and US\$3.1 million in personal transfers (primarily remittances) and net general government inflows, respectively, compared to the corresponding period in 2020.
- The Financial Account reflected net inflows of US\$170.1 million for the December 2021 quarter, \$58.8 million higher when compared to the December 2020 quarter. In addition, there was a marginal decline of US\$1.6 million in reserve assets.
- The Net Inflows in the Financial Account were primarily accounted for by Net Foreign Direct Investment inflows (FDI) and Net Portfolio Inflows of US\$86.9 million and US\$ 108.6 million respectively. The Net FDI inflows were US\$40.4million greater than the similar period in the previous year, related to investments in the tourism industry. Net inflows of portfolio investments mainly resulted from the issue of short-term debt securities by domestic financial institutions.



## Background

*The Balance of Payments (BOP) is compiled using the 6th edition of the BOP manual. It comprises of the Current Account, Capital Account and Financial Account. The current account includes net trade in goods and services, net earnings on cross border investments (Primary Income) as well as net transfer payments (Secondary Income). The Financial Account records changes in Jamaica's external assets and liabilities. These assets and liabilities include foreign direct investments, Portfolio Investments such as stocks and bonds, Financial Derivatives, Other Investments, and Reserve assets. Net changes in assets or liabilities arise when gross increases in assets or liabilities differ from gross reductions in assets or liabilities and vice versa.*

# Table 1: Jamaica's Balance of Payments (US\$MN)

( *Expanded Dataset*)

ACCOUNT	OCT-DEC		
	2020	2021	Change
<b>CURRENT ACCOUNT BALANCE</b>	-27.0	-97.9	-70.8
<b>CAB/GDP (%)</b>	-0.20	-0.66	-0.45
<b>GOODS</b>	-821.0	-1,043.9	-223.0
<i>EXPORTS</i>	321.2	286.0	-35.2
<i>IMPORTS</i>	1,142.2	1,329.9	187.7
<b>SERVICES</b>	-4.5	67.2	71.7
<i>CREDITS</i>	443.8	920.9	477.1
<i>DEBITS</i>	448.3	853.7	405.4
<b>PRIMARY INCOME</b>	-29.8	-34.9	-5.1
<i>CREDITS</i>	118.5	124.0	5.6
<i>DEBITS</i>	148.3	159.0	10.7
<b>SECONDARY INCOME</b>	828.3	913.8	85.5
<i>CREDITS</i>	884.9	969.3	84.4
<i>DEBITS</i>	56.6	55.5	-1.1
<b>CAPITAL ACCOUNT</b>	-6.3	-5.6	0.7
<i>CREDITS</i>	6.0	6.7	0.7
<i>DEBITS</i>	12.3	12.3	0.0
<b>NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)</b>	-33.4	-103.5	-70.1
<b>FINANCIAL ACCOUNT</b>			
<b>NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)</b>	-111.3	-170.1	-58.8
<b>DIRECT INVESTMENT</b>	-46.5	-86.9	-40.4
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	4.1	0.0	-4.1
<i>NET INCURRENCE OF LIABILITIES</i>	50.6	86.9	36.3
<b>PORTFOLIO INVESTMENTS</b>	-45.6	-108.6	-63.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	13.0	48.5	35.5
<i>NET INCURRENCE OF LIABILITIES</i>	58.6	157.1	98.5
<b>FINANCIAL DERIVATIVES</b>	-0.2	-0.1	0.1
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-0.1	3.9	4.1
<i>NET INCURRENCE OF LIABILITIES</i>	0.1	4.1	4.0
<b>OTHER INVESTMENTS</b>	-386.6	27.2	413.8
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-316.5	-117.9	198.7
<i>NET INCURRENCE OF LIABILITIES</i>	70.0	-145.1	-215.1
<b>RESERVES ASSETS</b>	367.7	-1.6	-369.3
<b>NET ERRORS AND OMISSIONS</b>	-77.9	-66.6	11.2



# BALANCE OF PAYMENTS

December 2021 Quarter

KEY

↑ Improved by

↓ Deteriorated by

