

Balance of Payments Update

March 2022



- The current account of the balance of payments for the March 2022 quarter reflected a deficit of US\$333.0 million (2.23 per cent of GDP), a deterioration of US\$282.4 million when compared with the deficit for the March 2021 quarter. This deterioration was primarily reflected in the Goods, Primary Income and Secondary Income sub-accounts, partly offset by an improvement in the Services sub-account (see Table 1).
- With regard to the deterioration in the Goods sub-account, there was an increase in imports which primarily emanated from an increase of US\$181.7 million in the fuel bill, due to higher fuel prices and volume. There were also notable increases in the importation of Manufactured Goods (US\$71.3 million), Food (US\$99.9 million), Chemicals (US\$40.4 million) and Machinery & Transportation Equipment (US\$45.7 million).
- There was a decline in exports, due mainly to a reduction in Crude materials exports (US\$69.7 million) which was largely driven by the Bauxite/Alumina sector due in part to the fire at the JAMALCO Plant which occurred in August 2021. There were however increases in the export of Food (US\$7.8 million), Chemicals (US\$5.7 million) and Mineral Fuels (US\$0.7 million).
- The decline in the Primary Income account is explained by greater outflows related to investment income, driven largely by greater interest payments on central government debt for the period. This resulted in net outflows of US\$247.2 million for the period. At the same time, there was lower dividend outflows relative to the March 2021 quarter.
- The deterioration in the Secondary Income account reflected a decline of US\$20.0 million in personal transfers (primarily remittances), partly offset by an increase of US\$3.0 million in the net general government inflows, compared to the corresponding period in 2021.
- The improvement in the Services balance reflected a US\$512.1 million increase in tourist expenditure. Visitor arrivals and tourist expenditure for the March 2022 quarter were at 71.2 per cent and 80.1 per cent of pre-covid (2019) levels respectively.
- The Financial Account reflected net inflows of US\$520.9 million for the March 2022 quarter, \$638.1 million higher when compared to the March 2021 quarter.
- The Net borrowing balance in the Financial Account primarily reflected a decline in reserves assets of US\$509.7 million primarily as a result of GOJ external debt service payments. This was supported by Net Foreign Direct Investment inflows (FDI) and Net Other Investment Inflows of US\$44.5 million and US\$94.5 million, respectively. The Net FDI inflows were US\$22.2 million greater than the similar period in the previous year, largely related to investments in the tourism industry. The offsetting factor was net outflows of Portfolio Investments mainly attributed to a reduction in liabilities, primarily the pay-out of long-term debt securities.



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	JAN-MAR		
	2021	2022	Change
CURRENT ACCOUNT BALANCE	-50.6	-333.0	-282.4
CAB/GDP (%)	-0.38	-2.23	-1.85
GOODS	-647.2	-1,153.8	-506.6
<i>EXPORTS</i>	360.3	340.6	-19.8
<i>IMPORTS</i>	1,007.5	1,494.3	486.9
SERVICES	-61.8	249.7	311.4
<i>CREDITS</i>	490.1	1,007.2	517.1
<i>DEBITS</i>	551.9	757.6	205.7
PRIMARY INCOME	-158.2	-228.4	-70.2
<i>CREDITS</i>	83.2	92.4	9.2
<i>DEBITS</i>	241.5	320.8	79.3
SECONDARY INCOME	816.6	799.5	-17.1
<i>CREDITS</i>	879.6	871.4	-8.2
<i>DEBITS</i>	63.1	71.9	8.9
CAPITAL ACCOUNT	-8.6	-9.2	-0.5
<i>CREDITS</i>	3.6	3.1	-0.5
<i>DEBITS</i>	12.2	12.2	0.0
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	-59.3	-342.2	-282.9
FINANCIAL ACCOUNT			
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	117.2	-520.9	-638.1
DIRECT INVESTMENT	-22.3	-44.5	-22.2
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	33.5	56.0	22.5
<i>NET INCURRENCE OF LIABILITIES</i>	55.8	100.5	44.7
PORTFOLIO INVESTMENTS	218.2	127.1	-91.2
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	197.9	58.2	-139.7
<i>NET INCURRENCE OF LIABILITIES</i>	-20.3	-68.9	-48.5
FINANCIAL DERIVATIVES	0.0	0.8	0.8
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	54.1	-30.6	-84.7
<i>NET INCURRENCE OF LIABILITIES</i>	54.1	-31.4	-85.5
OTHER INVESTMENTS	-241.1	-94.5	146.7
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-209.2	7.9	217.1
<i>NET INCURRENCE OF LIABILITIES</i>	31.9	102.4	70.5
RESERVES ASSETS	162.4	-509.7	-672.2
NET ERRORS AND OMISSIONS	176.5	-178.7	-355.2



BALANCE OF PAYMENTS

March 2022 Quarter

KEY

↑ Improved by

↓ Deteriorated by

