

Balance of Payments Update

September 2022



- The current account of the Balance of Payments for the September 2022 quarter reflected a deficit of US\$175.5 million (1.0 per cent of GDP), a deterioration of US\$220.5 million when compared with the surplus for the September 2021 quarter. This deterioration was reflected in the Goods sub-account. However, there were improvements in the Services, Primary Income and Secondary Income sub-accounts (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\$312.1 million in the fuel bill, mostly due to higher fuel prices. There were also notable increases in the importation of Food (US\$75.1 million), Manufactured Goods (US\$68.4 million) and Chemicals (US\$31.2 million).
- There was an increase in exports for the period, due mainly to an improvement of US\$127.2 million in Mineral Fuel exports, driven mainly by higher prices for the commodity. Of note, there was also an increase in Goods Procured in Port of US\$23.1 million and an increase in the export of chemicals (US\$4.6 million). This was partly offset by deterioration in Crude materials exports (US\$82.8 million) which largely resulted from lower production in the Bauxite/Alumina sector. Of note, the JAMALCO Plant did not resume production until late in the September 2022 quarter.
- The improvement in the Services balance reflected a US\$309.9 million increase in tourist expenditure. The growth in tourist expenditure was underpinned by increases of 47.8 percent and 51.5 percent in visitor arrivals and average daily expenditure, respectively.
- The improvement in the Primary Income account (US\$3.3 million) is explained partly by greater inflows related to compensation of employees. The effect of this increase in inflows was further supported by a decline in portfolio investment outflows, driven largely by lower interest payments on central government debt for the period.
- The improvement in the Secondary Income account of US\$8.3 million, reflected an increase of US\$13.4 million in net personal transfers receipts (primarily remittances) compared to the corresponding period in 2021.
- The Financial Account reflected net inflows of US\$251.7 million for the September 2022 quarter, in contrast to the net outflows of US\$84.6 million in the September 2021 quarter.
- The net borrowing balance in the Financial Account primarily reflected net inflows via Other Investments (US\$549.1 million). Additional sources of inflow were Net Direct Investment inflows and a draw down on reserve assets of US\$100.1 million and US\$40.4 million, respectively. The Net Other Investment inflows largely related to an increase in liabilities, specifically long-term loans acquired by DTIs and Non-Financial Corporations. The offsetting factor was net outflows of Portfolio Investment (US\$437.9 million) emanating primarily from non-residents sale of GOJ Global bonds holdings to residents. The net outflow of Portfolio Investment was further aided by a build-up in financial assets, specifically short-term debt securities taken up by Deposit Taking Institutions and Securities Dealers.



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	JUL-SEP		
	2021	2022	Change
CURRENT ACCOUNT BALANCE	45.1	-175.5	-220.5
CAB/GDP (%)	0.30	-1.00	0.70
GOODS	-577.9	-1,292.3	-714.4
<i>EXPORTS</i>	371.5	466.3	94.8
<i>IMPORTS</i>	949.4	1,758.6	809.2
SERVICES	-185.1	297.1	482.2
<i>CREDITS</i>	809.3	1,130.8	321.4
<i>DEBITS</i>	994.4	833.6	-160.8
PRIMARY INCOME	-121.3	-118.0	3.3
<i>CREDITS</i>	108.4	132.2	23.8
<i>DEBITS</i>	229.7	250.2	20.5
SECONDARY INCOME	929.4	937.8	8.3
<i>CREDITS</i>	995.9	992.9	-3.0
<i>DEBITS</i>	66.5	55.1	-11.4
CAPITAL ACCOUNT	-7.7	-6.7	1.0
<i>CREDITS</i>	4.7	5.6	1.0
<i>DEBITS</i>	12.3	12.3	0.0
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	37.4	-182.2	-219.6
FINANCIAL ACCOUNT			
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	84.6	-251.7	-336.2
DIRECT INVESTMENT	-118.4	-100.1	18.3
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	0.0	0.0	0.0
<i>NET INCURRENCE OF LIABILITIES</i>	118.4	100.1	18.3
PORTFOLIO INVESTMENTS	-55.9	437.9	493.9
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-16.8	189.3	206.1
<i>NET INCURRENCE OF LIABILITIES</i>	39.1	-248.7	-287.7
FINANCIAL DERIVATIVES	-0.2	0.0	0.2
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	11.5	0.0	-11.5
<i>NET INCURRENCE OF LIABILITIES</i>	11.7	0.0	-11.7
OTHER INVESTMENTS	-290.0	-549.1	-259.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	37.6	65.0	27.4
<i>NET INCURRENCE OF LIABILITIES</i>	327.6	614.1	286.4
RESERVES ASSETS	549.1	-40.4	-589.5
NET ERRORS AND OMISSIONS	47.2	-69.5	-116.7



BALANCE OF PAYMENTS

September 2022 Quarter

KEY

↑ Improved by

↓ Deteriorated by

