

Balance of Payments Update

December 2022



- The current account of the balance of payments for the December 2022 quarter reflected a surplus of US\$235.8 million (1.3 per cent of GDP), an improvement of US\$337.8 million when compared with the deficit for the December 2021 quarter. This improvement was reflected in the Services, Goods and Primary Income sub-accounts. There was a deterioration in the Secondary Income sub-account (see Table 1).
- The improvement in the Services balance reflected an increase of US\$268.5 million in tourist expenditure as total tourist arrivals increased by 80.3 percent for the period. This increase was primarily due to a rebound in cruise passenger arrivals, further aided by an 8.9 percent increase in average daily expenditure.
- With regard to the improvement in the Goods sub-account, there was an increase of US\$340.9 million in exports while imports grew by US\$299.3 million. The increase in exports primarily emanated from an increase of US\$226.2 million in Mineral Fuels export, mostly due to significantly higher re-exports. There was also a notable increase in the exportation of Crude Materials (US\$69.9 million). The increase in Crude Materials exports resulted from the resumption of production activities at the JAMALCO Plant in the September 2022 quarter.
- Higher imports for the period was largely due to an increase of US\$73.8 million in Machinery and Transport Equipment. Beyond this, other significant increases were reflected in the importation of Food, Miscellaneous Manufactured Goods and Chemicals, which increased by US\$40.6 million, US\$40.5 million and US\$29.1 million, respectively.
- The improvement in the Primary Income account of US\$62.4 million reflected lower direct investment income outflows as well as greater inflows related to compensation of employees and a decline in portfolio investment outflows. The decline in investment income outflows was largely driven by lower interest payments on central government debt for the period.
- The marginal deterioration the Secondary Income account of US\$14.2 million, reflected a decline of US\$18.2 million in net personal transfers (primarily remittances) compared to the corresponding period in 2021.
- The Financial Account reflected net outflows of US\$75.3 million for the December 2022 quarter, in contrast to the net inflows of US\$170.1 million in the December 2021 quarter.
- The net outflows for the review quarter, primarily reflected Portfolio Investments outflows (US\$133.9 million) largely related to the acquisition of financial assets, primarily short-term debt securities held by DTIs. There was also a build-up in Equity and Invest fund shares held by Non-Financial Corporations. The impact of these net outflows was tempered by net inflows of Other Investments (US\$177.8 million), emanating from a draw down on financial assets abroad, primarily currency and short-term deposits held by DTIs and Non-financial Corporations. There were also Net Direct Investment inflows of US\$49.1 million. These transactions resulted in a net lending balance in the financial account. This means that overall Jamaica provided more financing to the rest of the world than it received. Against this background and given the surplus on the current account, there was a buildup in reserves held by the Bank of Jamaica of US\$168.3 million.
- For Calendar Year (CY) 2022, the current account balance recorded a deficit of US\$129.8 million (0.8 per cent of GDP), compared to a surplus of US\$149.3 million (1.0 per cent of GDP) in 2021. The worsening of the current account is attributed mostly to a deterioration in the Goods and Secondary Income Sub-Accounts, partly offset by improvements in the Services and Primary Income Sub-Accounts. The Financial Account for CY 2022 reflected a Net Borrowing position, recording net inflows of US\$558.6 million, in contrast to the net outflow of US\$29.5 million in CY 2021, mainly due to the impact of net inflows of direct investments and other investments partly offset by net outflows of portfolio investments.



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 | | |
|---|----------|----------|--------|
| | 2021 | 2022 | Change |
| CURRENT ACCOUNT BALANCE | -101.9 | 235.8 | 337.8 |
| CAB/GDP (%) | -0.7 | 1.3 | 2.0 |
| GOODS | -1,041.8 | -1,000.2 | 41.6 |
| EXPORTS | 288.0 | 628.9 | 340.9 |
| IMPORTS | 1,329.9 | 1,629.1 | 299.3 |
| SERVICES | 61.1 | 309.0 | 248.0 |
| CREDITS | 914.7 | 1,185.7 | 271.0 |
| DEBITS | 853.7 | 876.7 | 23.0 |
| PRIMARY INCOME | -34.9 | 27.5 | 62.4 |
| CREDITS | 124.0 | 157.2 | 33.1 |
| DEBITS | 159.0 | 129.7 | -29.3 |
| SECONDARY INCOME | 913.8 | 899.5 | -14.2 |
| CREDITS | 969.3 | 964.8 | -4.5 |
| DEBITS | 55.5 | 65.2 | 9.8 |
| CAPITAL ACCOUNT | -5.6 | -6.2 | -0.6 |
| CREDITS | 6.7 | 6.1 | -0.6 |
| DEBITS | 12.3 | 12.3 | 0.0 |
| NET LENDING (+) / NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT) | -107.5 | -229.6 | 337.2 |
| FINANCIAL ACCOUNT | | | |
| NET LENDING (+) / NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT) | -170.1 | 75.3 | 245.4 |
| DIRECT INVESTMENT | -86.9 | -49.1 | 37.8 |
| NET ACQUISITION OF FINANCIAL ASSETS | 0.0 | 0.0 | 0.0 |
| NET INCURRENCE OF LIABILITIES | 86.9 | 49.1 | -37.8 |
| PORTFOLIO INVESTMENTS | -108.6 | 133.9 | 242.5 |
| NET ACQUISITION OF FINANCIAL ASSETS | 45.5 | 105.3 | 56.8 |
| NET INCURRENCE OF LIABILITIES | 157.1 | -28.6 | -185.7 |
| FINANCIAL DERIVATIVES | -0.1 | 0.0 | 0.2 |
| NET ACQUISITION OF FINANCIAL ASSETS | 3.9 | 0.0 | -3.9 |
| NET INCURRENCE OF LIABILITIES | 4.1 | 0.0 | -4.1 |
| OTHER INVESTMENTS | 27.2 | -177.8 | -205.0 |
| NET ACQUISITION OF FINANCIAL ASSETS | -117.9 | -189.0 | -71.1 |
| NET INCURRENCE OF LIABILITIES | -145.1 | -11.2 | 133.9 |
| RESERVES ASSETS | -1.6 | 168.3 | 169.9 |
| NET ERRORS AND OMISSIONS | -62.6 | -154.3 | -91.8 |



BALANCE OF PAYMENTS

December 2022 Quarter

KEY

↑ Improved by

↓ Deteriorated by

