

Balance of Payments Update

March 2023



- The current account of the balance of payments for the March 2023 quarter reflected a surplus of US\$170.8 million (1.0 per cent of GDP), an improvement of US\$464.0 million when compared to the deficit for the March 2022 quarter. This means that foreign currency inflows to the country exceeded outflows (payments) from the country. The improvement was reflected in all sub-accounts with the Services balance showing the greatest enhancement. The growth in the Services balance reflected an increase of US\$380.7 million in tourist expenditure against the background of a 98.7 percent increase in total tourist arrivals for the period. There was also a notable increase in average daily expenditure by both stop-over and cruise visitors.
- The improvement in the Goods sub-account resulted from an increase of US\$186.5 million in exports while imports grew by US\$155.2 million (see Table 1). The increase in exports primarily emanated from significantly higher re-exports of mineral fuels. There was also a notable increase in the export of Crude Materials. Higher imports for the period was largely due to an increase in Machinery and Transport Equipment, Food, Manufactured Goods and, Miscellaneous Manufactured Goods.
- The improvement in the Primary Income account of US\$81.4 million reflected lower outflows of both direct investment income and portfolio investment income. The reduction in portfolio investment income outflows resulted from lower interest payments to non-residents on central government external debt for the period.
- The improvement of US\$21.3 million on the Secondary Income account arose from an increase of US\$23.0 million in net personal transfers (primarily remittances) compared to the corresponding period in 2022. The increase in net personal transfers stemmed mainly from a reduction in total remittance outflows for the quarter.
- The Financial Account reflected net outflows of US\$176.7 million for the March 2023 quarter, in contrast to the net inflows of US\$520.9 million in the March 2022 quarter.
- The net outflows for the review quarter, means that overall, Jamaica provided more financing to the rest of the world than it received. This was primarily reflected in net outflows via Portfolio Investments (US\$76.6 million) and Other Investments (US\$57.5 million). The Net Portfolio Investment outflows were largely related to an increase in long-term debt securities held by Securities Dealers and Deposit-Taking Institutions. The Net Other Investment outflows, primarily reflected a buildup in currency and short-term deposits held abroad by Non-financial Corporations. The impact of these net outflows was tempered by net Direct Investment inflows of US\$124.2 million. In this context, and given the current account surplus, there was a buildup of US\$166.8 million in reserve assets held by Bank of Jamaica.
- For Fiscal Year (FY) 2022/23, the current account balance recorded a surplus of US\$334.2 million (1.9 per cent of GDP), compared to a deficit of US\$100.8 million (0.7 per cent of GDP) in FY 2021/22. The improvement on the current account is attributed mostly to an improvement on the Services and Primary Income Sub-Accounts, partly offset by a deterioration on the Goods and Secondary Income Sub-Accounts. The Financial Account for FY 2022/23 reflected net outflows of US\$140.0 million, in contrast to the net inflow of US\$608.7 million in FY 2021/22. This was mainly due to the impact of net outflows of Portfolio Investments and the buildup in Reserve Assets partly offset by net Direct and Other Investment inflows.

Background

The Balance of Payments (BOP) is compiled using the 6th edition of the BOP Manual. It comprises 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		
	2022	2023	Change
CURRENT ACCOUNT BALANCE	-293.2	170.8	464.0
CAB/GDP (%)	-1.9	1.0	2.9
GOODS	-1,126.3	-1,095.0	31.3
EXPORTS	340.88	527.35	186.5
IMPORTS	1,467.20	1,622.36	155.2
SERVICES	259.17	589.13	330.0
CREDITS	1,007.20	1,410.00	402.8
DEBITS	748.02	820.87	72.9
PRIMARY INCOME	-225.52	-144.16	81.4
CREDITS	92.40	115.33	22.9
DEBITS	317.92	259.49	-58.4
SECONDARY INCOME	799.50	820.84	21.3
CREDITS	871.44	877.21	5.8
DEBITS	71.94	56.37	-15.6
CAPITAL ACCOUNT	-9.15	-9.43	-0.3
CREDITS	3.06	2.78	-0.3
DEBITS	12.21	12.21	0.0
NET LENDING (+) / NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	-302.32	161.37	463.7
FINANCIAL ACCOUNT			
NET LENDING (+) / NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	-520.88	176.73	697.6
DIRECT INVESTMENT	-44.51	-124.16	-79.7
NET ACQUISITION OF FINANCIAL ASSETS	55.99	-4.16	-60.2
NET INCURRENCE OF LIABILITIES	100.50	120.00	19.5
PORTFOLIO INVESTMENTS	127.05	76.62	-50.4
NET ACQUISITION OF FINANCIAL ASSETS	58.18	89.93	31.7
NET INCURRENCE OF LIABILITIES	-68.87	13.31	82.2
FINANCIAL DERIVATIVES	0.79	-0.02	-0.8
NET ACQUISITION OF FINANCIAL ASSETS	-30.59	-0.02	30.6
NET INCURRENCE OF LIABILITIES	-31.38	0.00	31.4
OTHER INVESTMENTS	-94.47	57.51	152.0
NET ACQUISITION OF FINANCIAL ASSETS	7.92	31.64	23.7
NET INCURRENCE OF LIABILITIES	102.39	-25.87	-128.3
RESERVE ASSETS	-509.74	166.78	676.5
NET ERRORS AND OMISSIONS	-218.56	15.36	233.9



BALANCE OF PAYMENTS

March 2023 Quarter

KEY

↑ Improved by

↓ Deteriorated by

