



CONFIDENTIAL ECONOMIC BULLETIN

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OVERVIEW

Inflation for the month of August 2006 was 0.31% making it the (5th) fifth month since January that inflation remained below a 0.5% level. In all other instances when the rate exceeded this level, the 2006 turn out was lower than the corresponding period of 2005. (see Inflation Chart in Appendix). Inflation for the first eight months of 2006 was 4.71% compared to 8.99% for the corresponding period last year. The FX rate improved by 2.1% during August representing an appreciation of the Jamaican dollar by 3 cents against its US counterpart.

The marginal increase in the CPI was caused by higher food prices resulting from increased prices of items such as 'Baked Products Cereal &

Breakfast Drink' and 'Meat and Poultry'. 'Starchy foods' and 'Vegetables and Fruits' were the only two items under Food and Drink that reflected falling prices. Food & Drink accounted for approximately 87% of the month's marginal inflation.

Health Care & Personal Expenses was the second (2nd) largest contributor to inflation in August. This captured increases in Doctor and Dentist fees and Hair cuts particularly in the Kingston and Metropolitan Area (KMA).

Transportation took third position due to higher Air fares, Petroleum and Oil prices. Fuel and Other House Hold Items took 4th place due to price increase of items such as charcoal and cooking gas, deodorants and batteries.

The Net International Reserve increased by US\$127.8M in August to close at US\$2,215.6M. Total NIR was sufficient to accommodate 24.4 weeks of goods importation.

Stopovers for the month of August 2006 grew by 20.1% when compared to the corresponding month of 2005. Stopover arrivals also exceeded that of August 2004 by 9.3%.

Cruise arrivals for August 2006 increased by 30.9% when compared to arrivals in August 2005. Cruise arrivals for the month also exceeded that of August 2004 by 42.9%.

Alumina exports for August declined by 0.6% along with a decline in its Production by 7.2%. Crude Bauxite exports grew by 8.7 along with a 19.8% increase in production.

The Jan-Apr 2006 trade deficit expanded by US\$115.8M or 11.0% relative to the corresponding period of last year.

For the period April to August of the fiscal year 2006/07 the government fiscal deficit was J\$5.85B below budget. This resulted from the restraining of Expenditure to a level of \$6.31B below budget. This was partially offset by the \$459.5 million lower than planned revenue collections. Expenditure savings resulted largely from cut backs in Programmes Expenditure and Wages & Salaries. Tax revenue grew by 16.6% over the corresponding period of 2005. The estimate for the FY 06/07 was 20%.

On September 22nd, the BOJ reduced rates on all Open Market Operation (OMO) instruments by 20-BP. Six month Treasury Bills fell by 30-BP over September to end the month at 12.49%. The average lending and savings rate for August remained at their June-2006 levels of 22.5% and 5.39% respectively.

Net International Reserves (NIR)

There was a US\$127.8M increase in the Net International Reserves during August 2006. At the end of the month the reserve balance stood at US \$2,215.6M in contrast to the previous month's value of US \$2,087.9M. The gross reserves amounted to 24.4 weeks of Goods imports compared to the 27.4 weeks recorded for the corresponding period of last year. Since Jan-06 the NIR increased by US\$128.2M (see Table 1).

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Foreign Currency

For the month of July total foreign currency deposits amounted to US \$2,049.93 million, approximately US\$6.80 million lower than the previous month's figure (see Table 2). This resulted from lower balances at Commercial Banks (US \$15.5M) which was partially offset by increased Foreign Currency holdings at both Building Societies (US\$5.2M) and Merchant Banks (US\$3.5M).

For the 12 months to July 2006 foreign currency deposits grew by US\$66M representing a 3.3% increase since July of last year (see Table 2)

Foreign Exchange Rate

The local currency appreciated by 3 cents Jamaican against its US counterpart during August to end the period at \$65.93 (see table 3). The rate has depreciated by approximately 10 cents Jamaican over the first three weeks of September to J\$66.06.

The Jamaican dollar lost J\$2.67 against the Pound for the month and also 94 cents (JA) against the Canadian Dollar (see Table 3).

Interest Rates

On the 22nd of September 2006, the BOJ once more reduced rates on Open Market Instruments (OMO). There was a 20 BP reduction on all instruments. The 30-day (1-Month) instrument fell to a rate of 11.95% while the rate on 6-month instrument fell to 12.30%. The six-month T-bill cleared the market at an average yield of 12.49% at the end of September. This was 30-BP below the 12.79% in August. For the first nine (9) months of 2006, 6-Month T-Bill rates fell by 106-BP.

As at August 2006, there were no changes to Average lending and borrowing rates. June was the first month since January 2006 that

Table 1: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Aug-06	2,215.6	127.8	98.1	128.2	24.4
Aug-05	2,117.5	-31.7	474.1	259.0	27.4

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

	US\$000 July '06	Change (US\$000)		% 12 mth
		mthly	12 mth	
Commercial Banks	1,508,462	(15,472)	11,258	0.75%
Building Societies.	380,500	5,180	40,042	11.76%
Merchant Banks	160,963	3,496	14,956	10.24%
Total Deposits	2,049,925	(6,796)	66,256	3.34%

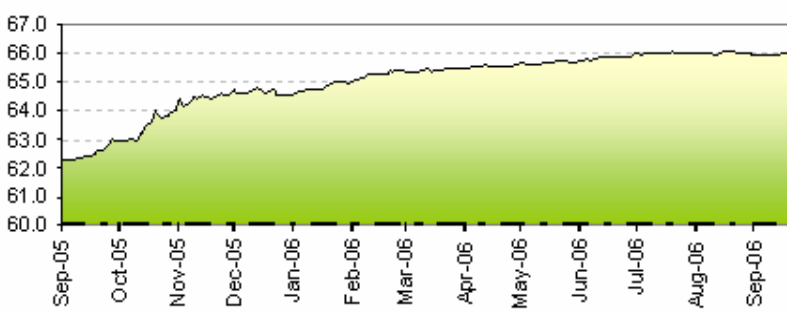
Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends (August-2006)

	Year to Date Currency Rate Change*					
	J\$/ US\$	%	J\$/ UKE	%	J\$/ Can\$	%
2006	1.38	2.1	14.80	13.4	4.48	8.2
2005	0.61	1.0	-6.61	-5.6	1.54	3.0
2004	1.28	2.1	3.11	2.9	0.27	0.6
	Monthly					
Aug-06	-0.03	0.0	2.67	2.2	0.94	1.6

*minus = appreciation; Source: BOJ database & PSOJ Economic Research

Figure 1: Daily Exchange Rate Movements (J\$/ US\$)



Source: Bank of Jamaica Database (BOJ)

Table 5: Interest Rate Movements

	September-06	Change (%age pts)		
		Monthly	12-Mth	YTD
30 Day Repo	11.95%	-0.20%	-0.65%	-0.65%
180-Day Repo	12.30%	-0.20%	-0.70%	-0.70%
Avg Savings Deposit (Aug-06)	5.39%	0.00%	-0.13%	-0.09%
Avg Loan Rate (Aug-06)	22.50%	0.00%	0.50%	0.50%
6 Month T-Bill	12.49%	-0.30%	-0.54%	-1.06%
12 Month T-Bill	n/a	n/a	n/a	n/a

Source: Bank of Jamaica (BOJ Preliminary) *n/a = not applicable

experienced changes to the average bank lending and borrowing rates. At that time lending rates increased (66-BP) to 22.50% and deposit rates (9-BP) to 5.39%. (see Table 5 & Figure 2).

Base Money & Money Supply

The monetary base grew by 2.20% in August 2006 relative to the previous month. For the month of May 2006, M1 Money supply fell by 0.73% from the previous months' value. Quasi and M2 Money, however, increased by 0.80% and 0.34% respectively (see table 6).

Inflation

The inflation rate rose by 0.31% in August 2006 (see Table 7). This is the fifth (5th) time since January 2006 that the monthly inflation rate was below this 0.5% mark (see Appendix).

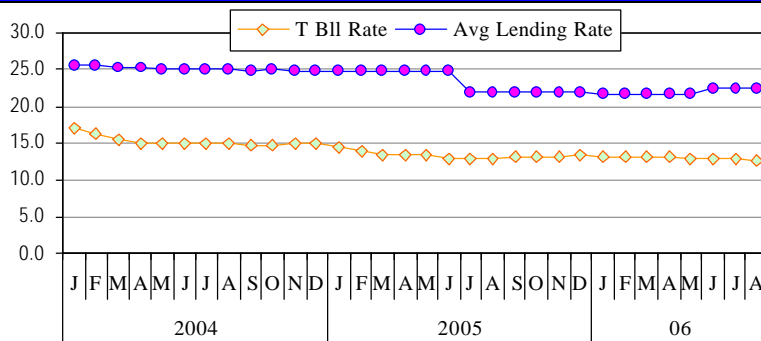
Other towns (1.1%) captured the majority of price changes for August. The KMA had a 0.1% increase in the index while Rural Areas had no price change.

The Food & Drink segment represented the largest contributor to inflation during the month. The increase resulted from higher prices of 'Baked Products Cereal & Breakfast Drink' and 'Meat Poultry and Fish'. There were, however, declines in prices of 'Vegetables and Fruit' and 'Starchy Foods' for the period due to price trends in the rural areas. The Food and Drink segment accounted for approximately 87% of the months inflation.

'Health Care & Personal Expenses' represented the 2nd largest contributor to inflation during August 2006. The major price increases to this segment was from the KMA and was reflective of higher Optician (5.5%) and Dentist (2.7%) fees, Hair cuts (4.6%) and toiletries and tonics.

Transportation represented the

Figure 2: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 6: Base Money and Money Supply

	J\$M	Percentage Change (%)	
		Mthly	12 Mth
	May-06		
M1	68,644.47	-0.73	9.47
Quasi Money	161,380.62	0.80	7.15
M2	230,025.09	0.34	7.84
	Aug-06		
Base Money	47,429.48	2.20	14.33

Source: BOJ Economic Statistics Nov05, BOJ NIR update Nov05

Table 7: Inflation Trends

	Percent Changes			
	Aug	12Mth	YTD	Fiscal
2006	0.31	8.5	4.71	4.56
2005	0.06	16.7	8.99	7.43

Source: STATIN & BOJ Statistical Digest

third (3rd) largest contributor for the month. Higher prices resulted from increased Airfares (6.7%), Petroleum and Oil up by 3.3% and 3.6% respectively in the KMA.

'Fuel & Other household Supplies' was the fourth (4th) largest contributor to inflation for the month. This reflected largely price changes in charcoal and cooking gas in the KMA, and deodorants and batteries in other towns. (see Table 7 and INFLATION (April CPI) in Appendix)

Bauxite & Alumina Production

Production of Alumina in August 2006 fell by 7.2% along with a decline of 0.6% in its export when compared to August 2005 (see

table 8). Both Crude Bauxite production and Exports increased in August 2006 over 2005. Production increased by 19.8% while associated exports increased by 8.7% (see Table 8). In the first (8) eight months of 2006 Alumina exports fell by 3.7% while Crude bauxite increased by 14.6%.

Tourism

Stopovers: Stopovers for the first eight months of 2006 increased by 17.7% over the same period last year (see Table 9 & Figure 4B). This was due to a 17.6% increase in visits by Foreign nationals and a 18.7% increase for Non-resident nationals. Stopover arrivals for August 2006 were greater than arrivals in August 2005 and 2004 by 20.1% and 9.3% respectively.

Cruise Passengers: Cruise arrivals for the period January to August of 2006 grew by 15.2% when compared to the same period of 2005 (see Table 9 & Figure 4C). Cruise arrivals in August 2006 exceeded arrivals in August 2005 by 30.9% and also the level in August 2004 by 42.9%.

Total Visitors: Total arrivals for the first eight (8) months of 2006 increased by 16.6% over the comparable period last year. This resulted from an additional 182,542 stopovers and 114,813 more cruise arrivals to the country. Total arrivals in August 2006 exceeded the total amount for 2005 and 2004 by 24.3% and 21.0% respectively.

External Trade

The nation's trade deficit widened by approximately 11.0% in the first four months of 2006 when compared to the corresponding period before. This change represents a US\$115.81M deterioration to bring the deficit on the Trade A/C to a balance of US\$1,168.67M. The import bill grew by US\$238.29M while export revenues increased by US\$122.49M above the corresponding period of 2005.

Exports amounted to US \$633.11M, up from US\$510.62M. There was a US\$14.31M improvement in Traditional exports resulting largely from Agriculture. Over the four months the Agricultural sector grew by US\$9.79M or 116% when compared to the same period last year. This was more than twice the increase in exports generated from both Mining & Quarrying and Manufacturing put together.

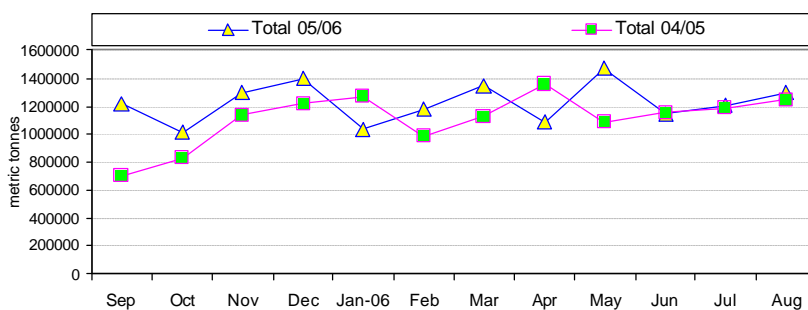
The increase in Agriculture reflects the sector's recovery when compared to the adverse and prolonged effects of hurricane Ivan in late 2004. Growth in the Mining & Quarrying sector was due solely to increased Bauxite exports while Alumina exports fell by a lesser amount. The Manufacturing sector revenues grew by US\$1.86M and

Table 8: Mining Production

	000 tonnes			YTD	
	August-05	July-06	%	July-06	06/05 %
Production					
Alumina	360.0	334.1	-7.2	2,750	-1.95
C. Bauxite	379.0	453.9	19.8	3,051	15.21
Export					
Alumina	342.6	340.7	-0.6	2,663	-3.73
C. Bauxite	404.7	439.8	8.7	3,040	14.64

Source: Jamaica Bauxite Institute (JBI)

Figure 3: Bauxite Exports for (12 mths 2005 - 2006)



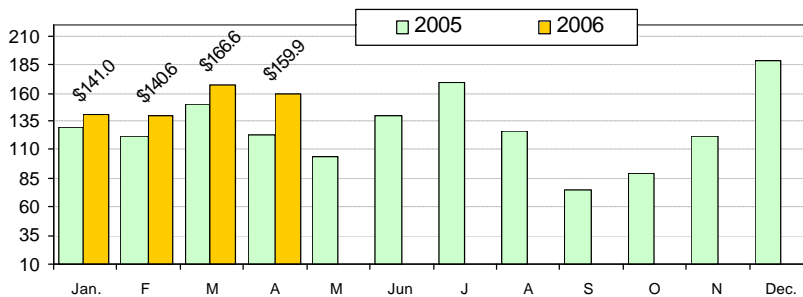
Source: Jamaica Bauxite Institute (JBI) [* The graph reflects information for Jan-05 - Jan-06: Lines cross year also]

Table 9: Tourist Arrivals

	2005	2006	% Change	
	YTD (Aug)	YTD (Aug)	YTD - YOY	Aug 05/06
Stopover	1,031,265	1,213,807	17.7%	20.1%
Foreign Nats	974,370	1,146,281	17.6%	20.3%
Non-Resident Nats	56,895	67,526	18.7%	17.9%
Cruise	756,814	871,627	15.2%	30.9%
Total Arrivals	1,788,079	2,085,434	16.6%	24.3%

Source: Jamaica Tourist Board (preliminary) & BOJ BOP Statistical Update

Table 4A: Estimated Tourism Expenditure US\$ - Million (Jan-Dec)

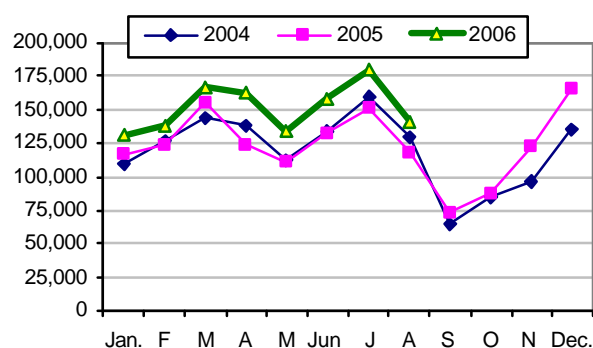


Source: Jamaica Tourist Board (preliminary data) & BOJ Statistical Update (Revised values)

resulted largely from increased exports of rum (see exports by industry in Table 10).

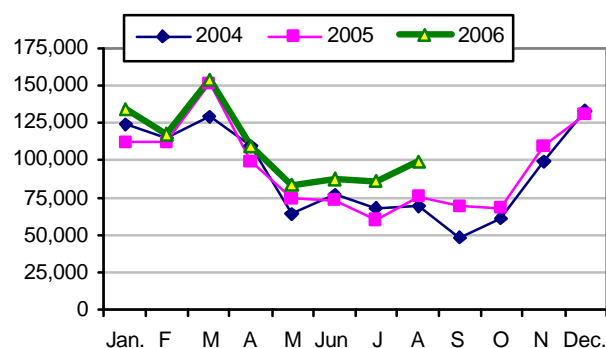
In the Non-traditional sector, exports increased by a significant 133.9% or US\$103.86M. Other

Table 4B: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Table 4C: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Table 10: External Trade (US\$M)

	Jan-Apr '2005	Jan-Apr '2006	Change	% Change
TOTAL EXPORTS (fob)	510.62	633.11	122.49	24.0%
Major Traditional Exports	423.70	438.01	14.31	3.4%
<i>by Sector:-</i>				
Agriculture	8.41	18.20	9.79	116.4%
Mining & Quarrying	343.58	346.24	2.66	0.8%
Manufacturing	71.71	73.57	1.86	2.6%
<i>by Industry:-</i>				
Bauxite	32.51	37.42	4.91	15.1%
Alumina	310.20	308.20	-2.00	-0.6%
Sugar	60.00	59.26	-0.74	-1.2%
Rum	10.90	13.30	2.40	22.1%
Bananas	-	4.30	4.30	
Coffee	6.85	13.16	6.32	92.3%
Other	3.25	2.36	-0.88	-27.2%
Non-Traditional Exports	77.59	181.45	103.86	133.9%
Re-exports	9.34	13.65	4.31	46.1%
TOTAL IMPORTS	1,563.49	1,801.78	238.29	15.2%
Food	197.35	205.04	7.69	3.9%
Beverages & Tobacco	17.92	21.06	3.14	17.5%
Crude Materials (excl. Fuels)	32.11	34.18	2.07	6.4%
Mineral Fuels, etcetera	402.85	584.05	181.20	45.0%
Animal & Vegetable Oils & Fats	11.28	9.17	-2.11	-18.7%
Chemicals	181.90	205.79	23.89	13.1%
Manufactured Goods	222.68	191.26	-31.42	-14.1%
Machinery and Transport Equip.	285.61	337.04	51.43	18.0%
Misc. Manufactured Articles	148.36	144.85	-3.51	-2.4%
Other	63.43	69.35	5.92	9.3%
TRADE BALANCE	(1,052.87)	(1,168.67)	-115.81	11.0%

Source: STATIN Jamaica and Bank of Jamaica (BOJ Monthly Statistical Update)

Non-Traditional exports represent just above 80% of the total (non-traditional) growth while Crude Materials accounted for close to 14%. Food and Beverages & Tobacco represented a growth of approximately 2.3% and 3.7% respectively when compared to the corresponding period last year.

Imports grew by US\$238.3M or 15.2% for the review period (Jan-Apr). This reflected increases in all categories except for Animal & Vegetable Oils & Fat (-18.7%), Manufactured Goods (-14.1%) and Miscellaneous articles (-2.4%) when compared to the corresponding period of 2005 (see Table 10).

Mineral Fuel imports was the largest growth component by magnitude and percentage increasing by US\$181.2M or approximately 45% for the first four (4) months of 2006. This is reflective of higher oil prices over the period. Next in line was Machinery and Transport Equipment which recorded a US

\$51.4M or 18.0% increase for the period. Chemicals grew by approximately US\$23.9M or 13.1% for the period while Food imports grew by an estimated US\$7.7M or 3.9%.

(See Table 10 & External Trade (Jan-Apr) in Appendix)

Balance of Payments

For the first 4 months of 2006, the country posted a current account deficit of US\$233.5M. This shortfall was a US\$7.3M (3%) improvement over the deficit for the corresponding period of last year (see Table 11). The Services and Income Account registered surpluses for the four month period.

Under Services, Travel represented the largest foreign exchange earner recording a US\$87M improvement over the corresponding period of last year. Investment Income under the Investment Account paid out US\$12.8M less than that for the same period last year.

On the Goods account, the deficit worsened by US\$94.1M as a

Table 11: Balance Of Payments (US\$M)

	Jan-Apr 2005	Jan-Apr 2006	Change	% Change
Current Account	-240.8	-233.5	7.3	-3%
Goods Balance	-809.8	-903.9	-94.1	-12%
Exports	550.6	676.5	125.9	23%
Imports	1360.4	1580.4	220	16%
Services Balance	248.4	329.5	81.1	33%
Transportation	-74.2	-76.1	-1.9	-3%
Travel	460.9	547.9	87	19%
Other Services	-138.3	-142.3	-4	-3%
Income	-210.8	-197.5	13.3	-6%
Compensation of employees	11.6	12.1	0.5	4%
Investment Income	-222.4	-209.6	12.8	-6%
Current Transfers	531.4	538.4	7	1%
Official	52.9	47.3	-5.6	11%
Private	478.5	491.1	12.6	3%
Capital & Financial Account	240.8	233.5	-7.3	3%
Capital Account	-1.3	-2.6	-1.3	-100%
Capital Transfers	-1.3	-2.6	-1.3	-100%
Official	0.1	0	0	0%
Private	-1.4	-2.6	-1.2	-86%
Acq/dis. of non-produced non-fin. assets	0	0	0	0%
Financial Account	242.1	236.1	-6	2%
Other Official Inv. (incl. Gov. Rsrv)	-9.3	55	64.3	-691%
Other Private Investment (includes. err & omis)	403.3	245.6	-157.7	39%
Reserves	-151.9	-64.5		

Source: BOJ Statistical Update:

Note to the Balance of Payments: The external trade data in the Balance of Payments may not necessarily correspond with that of STATIN. This is due to the fact that STATIN reports the f.o.b. cost of imports while the Bank Of Jamaica reports imports at c.i.f.

US\$125.9M increase in export revenue was offset by a US\$220M growth in the import bill. Traditional exports increased by US\$14.31M reflecting higher income largely from Agriculture (US\$9.79M). Mining & Quarrying and Manufacturing both grew but together accounted for a growth that was less than half the increase in Agriculture. Non-traditional exports increased by an approximate US\$103.86M or 134% for the four months to April.

Imports grew by US\$238.3M or 15.2% for the review period. This largely reflected increases in Mineral Fuels, Machinery & Transport Equipment, and Chemicals (see Table 10).

The Services account netted US\$81.1M more than in the comparable period last year as increased outflows to Transportation and Other Services of US\$1.9M and US\$4.0M respectively was out-

weighed by a US\$87.0M increase in the Travel account revenue.

There was an US\$13.3M reduction of the deficit on the Income account for the period. This largely reflected a US\$12.8M improvement in Investment Income that was complemented by a US\$0.5M increase in inflow from Contributions of Employees.

Current Transfers posted a

US\$7.0M growth in net inflows. This was due to a US\$12.6M increase in Net Private Transfers or remittances. This was partially offset by a US\$5.6M reduction in Official inflows. Remittances continue to contribute a significant portion of foreign exchange earnings reflected in the nation's current account.

The Capital and Financial account reflected changes mainly in the Financial account, where, net inflows from Other Official Investments grew from a deficit of US \$9.3M for the period Jan-Apr 2005 to a surplus of US\$55.0M in the corresponding period of 2006. This represents an increase of US \$64.3M.

There was a US\$157.72M or 39% reduction in the surplus on the

Other Private Investments sub-account. Overall, inflows to the Financial account was more than sufficient to finance the Capital and Current account deficits. This represented a US \$64.5M build up of foreign currency reserves (NIR) for the period Jan-Apr 2006.

(see Table 11 and Balance Of Payments (Jan-Apr) in Appendix)

Fiscal Accounts

For the first five (5) months of FY 2006/07 the Government budget deficit was \$5.85 billion less than planned. This was due to a reduction in Expenditure by

\$6.31 billion below budget. This was partially offset by a \$459.5 million fall in Revenues below budget.

Revenues: Revenues and Grants totalled approximately \$80.09 billion, some \$459.5 million below that projected. This reflected reduction in Tax revenue (\$857.2M), Capital revenue (\$246.4M) and Grants (\$750.2M) below the budgeted amount for Apr-Aug 2006. Non-Tax Revenue and Bauxite Levy were the only two revenue items to register an increase over budget for the review period. Non-Tax revenue increased by \$1.26B or 30.2% over budget while Bauxite Levy increased by \$160.8M or 10.3% (see Table 12A).

Tax Revenue collections for the first five (5) months exceeded that

Table 12A: Fiscal Accounts (J\$ Million)

	April - August (Fiscal -2006/07)				Fiscal y-o-y 05/06-06/07	
	J\$ million		Deviation		J\$m	%
	Provisional	Budget	J\$m	(%)		
Revenue & Grants	80,088.5	80,548.0	-459.5	-0.57	11,756.2	17.2
Tax Revenue	72,054.8	72,912.0	-857.2	-1.18	10,257.1	16.6
Non-Tax Revenue	5,315.7	4,082.2	1,233.5	30.22	1,342.5	33.8
Bauxite Levy	1,717.1	1,556.3	160.8	10.33	497.8	40.8
Capital Revenue	471.8	718.2	-246.4	-34.31	-635.8	-57.4
Grants	529.1	1,279.3	-750.2	-58.64	294.4	125.4
Expenditure	96,872.0	103,180.9	-6,308.9	-6.11	10,045.5	11.6
Recurrent Expenditure	89,216.1	90,985.1	-1,769.0	-1.94	8,742.8	10.9
Programmes	18,329.6	19,427.1	-1,097.5	-5.65	1,975.8	12.1
Wages & Salaries	30,151.5	31,043.2	-891.7	-2.87	4,253.8	16.4
Interest	40,735.0	40,514.8	220.2	0.54	2,513.3	6.6
Domestic	29,737.7	28,834.3	903.4	3.13	984.1	3.4
External	10,997.2	11,680.5	-683.3	-5.85	1,529.3	16.2
Capital Expenditure	7,655.9	12,195.8	-4,539.9	-37.23	1,302.8	20.5
Capital Programmes	7,655.9	12,195.8	-4,539.9	-37.23	1,302.8	20.5
IMF #1 Account	0.0	0.0	0.0	0.00	0.0	
Fiscal Balance (Surplus [+]/ve)	-16,783.5	-22,632.9	5,849.4	-25.84	1,710.5	-9.2
Loan Receipts	85,679.7	60,013.9	25,665.8	42.77	14,965.4	21.2
Domestic	82,241.2	55,655.7	26,585.5	47.77	31,123.2	60.9
External	3,438.5	4,358.2	-919.7	-21.10	-16,157.9	-82.5
Divestment Proceeds	0.0	0.0	0.0	0.00	0.0	
Amortization	63,873.7	56,639.5	7,234.2	12.77	6,667.2	11.7
Domestic	57,933.9	50,860.5	7,073.4	13.91	22,545.6	63.7
External	5,939.8	5,779.0	160.8	2.78	-15,878.3	-72.8
Overall Balance (Surplus [+]/ve)	5,022.5	-19,258.5	24,281.0	-126.08	10,008.4	-200.7
Primary Balance (Surplus [+]/ve)	23,951.5	17,881.9	6,069.6	33.94	4,223.7	21.4

Source: Ministry of Finance and Planning

of the corresponding period last year by 16.6% (Apr-Aug). This was 3.4 percentage points below the aggressive 20% average Tax Revenue growth projected for the fiscal year 2006/07 over 2005/06 (see Table 12B and Figure 6).

Within the Tax revenue category the largest tax income generating components were PAYE (\$15,110M), Local GCT (\$14,032M), GCT on Imports (\$8,961M) and Tax on Interest (\$7,422M). The largest positive variances from budget were Tax on Interest (\$2,163.6M), Special Consumption Tax (SCT) on Imports of (\$295.8M) and Stamp Duty (\$78.9M) (see Table 12C). The largest revenue shortfalls resulted from PAYE (\$1,085.3M), Local SCT (\$823.4M) and Other Companies of the amount (\$370.1M).

Expenditures: Total Expenditures amounted to approximately \$96.9 billion, some \$6.3 billion below budget. Domestic interest payment was the only segment under Recurrent Expenditure that exceeded the budget for the first five (5) months of the FY 2006/07 (see Table 12A).

Programmes Expenditure was less than budget by \$1,097.5M (5.7%), Wages and Salaries by \$891.7M (2.9%) while External Interest payments was approximately \$683.3M or (5.9%) less than budgeted for the period. Domestic interest payments exceeded budget by approximately \$903.4M or 3.1%.

Capital expenditure (programmes) was approximately \$4.54 billion or 37.2% below projection. Loan receipts were \$25.67 billion or 42.8% above budget. The GOJ borrowed \$26.59B (47.8%) more than planned from the domestic market while restraining external borrowings by \$0.92B (21.1%) below budget (see Table 12A).

Total public debt at the end of June 2006 stood at \$872.96 billion, some \$12.17 billion more than the previous month's level of \$860.78 billion. Domestic Debt stock grew

Table 12B: Budgeted Changes for Fiscal 2006/07 **

J\$-Billions	Actual	Budgeted	Expected Change	
	2005/06	2006/07	\$	%
Revenue & Grants	186.68	219.23	32.55	17%
Tax Revenue	162.58	195.03	32.46	20%
Income and profits	66.49	80.68	14.19	21%
Bauxite/alumina	0.89	1.11	0.22	24%
Other companies	15.02	20.09	5.07	34%
PAYE	34.55	43.41	8.86	26%
Tax on dividend	0.28	0.31	0.04	14%
Other individuals	2.01	2.79	0.78	39%
Tax on interest	13.75	12.97	-0.78	-6%
Production and consumption	50.10	62.08	11.98	24%
SCT	3.24	4.34	1.10	34%
Motor vehicle licenses	0.95	1.09	0.13	14%
Other licenses	0.18	0.20	0.02	14%
Betting, gaming and lottery	1.05	1.19	0.14	14%
Education Tax	7.36	9.74	2.38	32%
Contractors levy	0.51	0.58	0.07	14%
GCT (Local)	29.44	36.54	7.10	24%
Stamp Duty (Local)	7.38	8.40	1.02	14%
International Trade	45.98	52.28	6.30	14%
Custom Duty	15.39	16.90	1.51	10%
Stamp Duty	1.09	1.20	0.11	10%
Travel Tax	2.02	2.29	0.27	13%
GCT (Imports)	19.12	23.71	4.59	24%
SCT (Imports)	8.36	8.18	-0.18	-2%
Non-Tax Revenue	11.80	12.81	1.01	9%
Bauxite Levy	3.12	3.90	0.78	25%
Capital Revenue	8.46	3.80	-4.67	-55%
Grants	0.72	3.69	2.98	415%
Expenditure	207.72	240.61	32.89	16%
Recurrent Expenditure	192.25	211.73	19.48	10%
Programmes	40.85	46.54	5.70	14%
Wages & Salaries	63.11	72.76	9.66	15%
Interest	88.30	92.42	4.12	5%
Domestic	65.39	66.34	0.94	1%
External	22.90	26.08	3.18	14%
Capital Expenditure	15.47	28.89	13.41	87%
Capital Programmes	15.47	28.89	13.41	87%
Fiscal Balance (Surplus [+]/ve)	-21.04	-21.38	-0.34	-2%

Source: Ministry Of Finance and Planning (Jamaica)

Table 12C: Major Changes in Fiscal Revenue and Expenditure

J\$-Millions	Apr-Jul 06/07 (YOY)
Revenue (Revenue Surpluses)	
Tax on Interest	2,163.60
SCT (Imports)	295.80
Stamp Duty	78.90
Revenue (Revenue Shortfalls)	
PAYE	-1,085.30
SCT	-823.40
Other Companies	-370.10
Expenditure (Changes)	
Programmes (Savings)	-1,097.50
Wages & Salaries (Savings)	-891.70
Interest (Overrun - Domestic)	220.2

Source: Ministry Of Finance and Planning (Jamaica)

by \$12.31 billion to end the month at \$502.4 billion. External Debt reduced by approximately US \$28.1 million to close June at US \$5,611.5 million.

Table 12-B shows the expected changes in Revenue and expenditure for the fiscal year 2006/07. The GOJ expects to collect approximately \$33 billion more than the \$187 billion collected last FY in Revenue and Grants. This change is expected to come largely from Tax Revenue that is expected to grow by approximately 20% over the previous FY. For the first five (5) months so far, Tax revenue collections are 16.6% above that of the corresponding period last year. The FY 2006/07 budget projects a 16% growth in overall expenditure and has for the first five (5) months reported an 11.6% increase.

(see Table 12 A&B and Fiscal Account (Apr-Aug 2006) in Appendix)

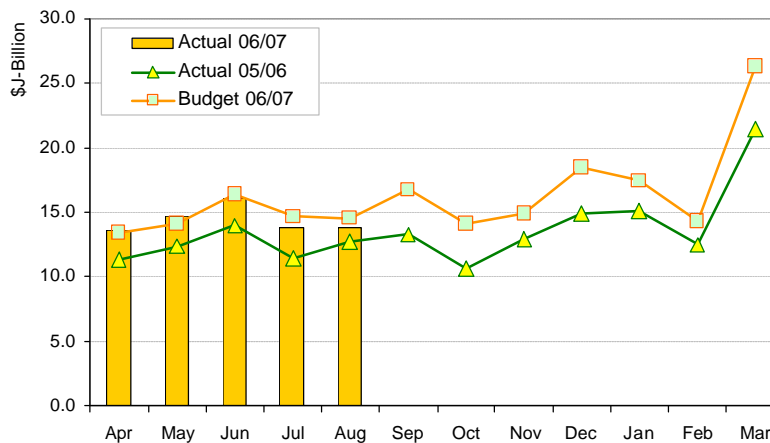
Stock Market

The main JSE Index fell by 4,363.92 pts to the month's low of 81,389.2 pts on August 22, 2006. This reflected a 5.1% fall from the start of the month. The index, however, regained some value to close the month at 87004.96 pts registering a 1,748.16 pts decline for the month. Market capitalization declined by \$14.37 billion or 2.05% to end the month at approximately \$686.15 billion.

As at September 20th, the Main JSE Index gained an additional 2,003.34 points, a 2.4% increase since the end of August to stand at 86,008.3 points on that day.

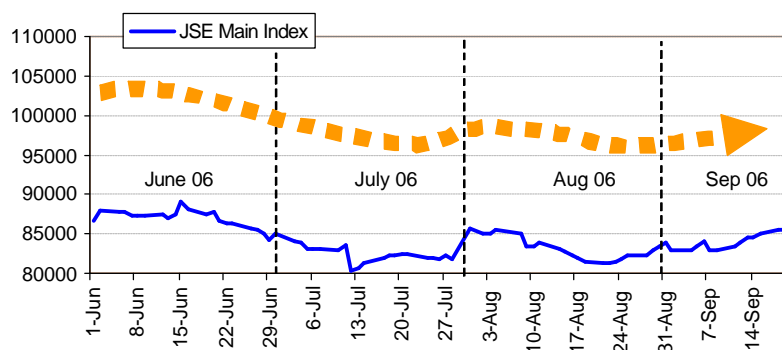
As at August 31, the top performing stock for the year (2006) to date was Salada Foods that advanced by \$27.99 or approximately 279% to end the month at \$38.00 per share (see Table 13). The worst performer in terms of capital gain was Dyoll Group which lost approximately \$1.32 or (71.4%) of its value to end the month at 0.53 cents.

Figure 6: Tax Revenue Collections (Billions - \$J)



Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index, Jun - Aug & part Sep '06



Source: Jamaica Stock Exchange (Online Database) and PSOJ

Table 13: Returns for Listed Companies on the JSE

Year-to-Date Performers on the Jamaica Stock Exchange

Top Four & Five (unadjusted for dividends or transaction costs)

	31- Dec-05	31- Aug-06	\$ change	% change
Salada Foods	10.01	38.00	27.99	279.6%
Pegasus Hotel	9.00	15.00	6.00	66.7%
First Carib Intl Bank Ja	18.01	20.50	2.49	13.8%
Carreras Group	36.00	40.25	4.25	11.8%

Bottom Five (unadjusted for dividends or transact. Costs)

Dyoll Group	1.85	0.53	(1.32)	-71.4%
Caribbean Cement	9.50	5.00	(4.50)	-47.4%
Guardian Holdings Ltd	360.00	190.01	(169.99)	-47.2%
Capital & Credit	22.50	11.99	(10.51)	-46.7%
Cable & Wireless (Ja)	1.48	0.80	(0.68)	-45.9%

Source: Compiled from the JSE

Developments & Outlook

Doing Business In Jamaica:

The World Bank 2007 Doing Business Report was released in September 2006. Jamaica's rank was pushed back two (2) positions from 48 in 2005 to 50 in 2006 (see Table 14 below). The rank captured both internal and external (relative) adjustments to the nation's position. Internally, Jamaica reflected changes in the following categories:

1. Starting a Business
2. Dealing with Licenses
3. Trading Across Borders
4. Closing a Business

Starting a Business: The survey indicated that the startup cost as a percent of income per capita fell from 11.8% in 2005 to 9.4% in 2006. The time taken; number of procedures; and the non-existence of a minimum capital requirement for starting up a business maintain their previous values. Despite the

improvement, the rank for this category remain unchanged at 10th position relative to other countries.

Dealing with Licenses: It was revealed that the associated cost as a percent of income per capita had fallen from the previous years' 526.1% to 417.5% in 2006. The other factors such as number of procedures, and time (measured in days) were unchanged. The segments' rank advanced two places from 95th to 93rd.

Trading across borders: The segment had adjustments to all its underlying indicators. These included the following:

- The number of documents required for export increased from 5 to 6.
- The time taken for export fell from 20 to 19 days.
- The number of documents required for imports fell from 8 to 7.
- The time taken for imports fell from 26 to 20 days.

Two additional variables were

added to the Trading Across Borders segment in 2006. These included the Cost to export and import a shipping container measured in US dollars. The segments' rank for Jamaica improved by 3 positions from 77th in 2005 to 74th in 2006.

Closing a Business: The segment reflected a marginal increase in the recovery rate from 63.9 cent to 64.3 cents per dollar. The other variables retained their former values reflecting an average of 1.1 years to close a business at a cost of 18% of estate. The rank for the segment fell by one (1) position from 22nd in 2005 to 23rd in 2006.

Review of Entrepreneurship in Jamaican — Global Entrepreneurship Monitor (GEM) : (Summary of related articles)

The Global Entrepreneurship Monitor (GEM) is a joint research initiative of the Babson College and the London Business School that sets out to examine the relationship between entrepreneurial activity and economic growth. The

Table 14: Doing Business Survey Results— JAMAICA 2005 & 2006

		2005	2006	Change			2005	2006	Change
Ease of Doing Business Rank		48	50	-2	Protecting Investors	Rank	58	60	-2
Starting a Business	Rank	10	10	0		Disclosure Index	4	4	
	Procedures (number)	6	6			Director Liability Index	8	8	
	Time (days)	8	8			Shareholder Suits Index	4	4	
	Cost (% of income per capita)	11.8	9.4	-		Investor Protection Index	5.3	5.3	
	Min. capital (% of income per capita)	0	0		Paying Taxes	Rank	161	163	-2
Dealing with Licenses	Rank	95	93	+2		Payments (number)	72	72	
	Procedures (number)	14	14			Time (hours)	414	414	
	Time (days)	242	242			Total tax rate (% profit)	52.3	52.3	
	Cost (% of income per capita)	526.1	417.5	+	Trading Across Borders	Rank	77	74	+3
Employing Workers	Rank	24	26	-2		Documents for export (number)	5	6	-
	Difficulty of Hiring Index	11	11			Time for export (days)	20	19	+
	Rigidity of Hours Index	0	0			Cost to export (US\$ per container)	..	1750	new
	Difficulty of Firing Index	0	0			Documents for import (number)	8	7	+
	Rigidity of Employment Index	4	4			Time for import (days)	26	20	+
	Hiring cost (% of salary)	11.5	11.5		Cost to import (US\$ per container)	..	1350	new	
	Firing costs (weeks of wages)	60.5	60.5		Enforcing Contracts	Rank	45	46	-1
Registering Property	Rank	103	107	-4		Procedures (number)	18	18	
	Procedures (number)	5	5			Time (days)	415	415	
	Time (days)	54	54		Cost (% of debt)	27.8	27.8		
	Cost (% of property value)	13.5	13.5		Closing a Business	Rank	22	23	-1
Getting Credit	Rank	96	101	-5		Time (years)	1.1	1.1	
	Legal Rights Index	6	6			Cost (% of estate)	18	18	
	Credit Information Index	0	0			Recovery rate (cents on the dollar)	63.9	64.3	+
	Public registry coverage (% adults)	0	0		Economy Characteristics	GNI per capita (US\$)	2,900	3,400	
	Private bureau coverage (% adults)	0	0			Informal economy estimate (% GNP)	36.4	36.4	
				Population		2,640,000	2,657,223		

Source: World Bank Doing Business—Online database (Results for 2007 Report)

See regional Comparisons at the following URL : <http://www.doingbusiness.org/ExploreEconomies/?economyid=97>

survey revealed that 391,000 Jamaicans owned businesses in 2005, of which 241,500 were nascent entrepreneurs (individuals between 16 and 64 who have taken steps to start a business), while the remaining 154,100 had established their business in the last 42 months. Of the 35-middle and high income countries surveyed only China, New Zealand, Venezuela and Thailand registered higher levels of entrepreneurial activity than Jamaica. The findings have rejuvenated embattled Minister of Commerce, Science and Technology Philip Paulwell, who welcomed the findings as good news, commending Jamaicans for creating 30 percent of the country's jobs.

The survey indicated that technology was used mostly by new businesses (37 percent) as compared to established businesses (25 percent). A significant number of established (55 percent) and new businesses (43 percent) do not utilize new technology. Also, it indicates that most new businesses in Jamaica are owned by males in the 25 to 34 age cohort.

Entrepreneurs in Jamaica finance their businesses largely from their own or private funds, which includes, funding from family and friends.

Other Results: In addition to the survey data, the report also conducted a qualitative survey of 37 entrepreneurial experts on issues ranging from government policies and programs to infrastructure. When asked about the impact of government programs and policies in encouraging and discouraging businesses, the country fell below the global average (24 out of the 33 countries surveyed), with the majority of experts pointing to the high level of bureaucracy. The country was also rated low on the competence of people working in government agencies (26 out of 33). The country received a high

score for vocational, professional and continuing education systems. Jamaica was placed eleventh (11th) among the GEM countries that were assessed. They were placed higher than the global average and, in the view of experts, higher than the UK systems, but below Ireland and the US. Criticisms were, however, directed to the educational systems' failure in preparing entrepreneurs. The system appears to do a better job at preparing students to work for others.

JAMAICA: Interim Staff Report Under Intensified Surveillance

(September 2006—IMF country Report No. 06/324—Extract p3)

EXECUTIVE SUMMARY

The economy is making a gradual recovery from shocks. Starting in late 2004, real GDP was adversely affected by natural disasters while inflation increased sharply, reflecting higher agriculture prices and larger oil import costs. During the fourth quarter of 2005, however, real GDP grew by 2.4 percent, boosting growth for the calendar year to 1.4 percent, up from 0.9 percent in 2004. Headline inflation stood at 8½ percent in May 2006, compared to 19 percent in September 2005.

Progress is being made in reducing high debt, albeit at a slower pace than envisaged earlier due, in part, to wider-than-anticipated budget deficits as well as slower growth. Public debt is estimated by staff to have fallen from 144 percent at the end of FY 2003/04 (April to March) to about 133 percent currently. The latter includes

about 2½ percent of GDP in pre-financing for this year. Budget outcomes for the past two fiscal years have not met expectations—including that of balancing the budget in FY 2005/06—mainly on account of lower-than-anticipated revenue collections.

Discussions focused on the pace of fiscal consolidation. The budget for FY 2006/07 envisages an overall fiscal deficit of 2.7 percent of GDP on the basis of a targeted primary surplus of 10.1 percent of GDP, down from 11 percent of GDP in FY 2005/06. In view of the high debt, the mission viewed the recovering economy as providing an opportunity to aim for a more ambitious objective. It suggested taking both revenue and expenditure measures. The authorities pointed out that by international standards, Jamaica's primary surplus remains extraordinarily high and that the important point was that the overall deficit was expected to continue to improve, by close to 1 percent of GDP relative to the FY 2005/06 outturn.

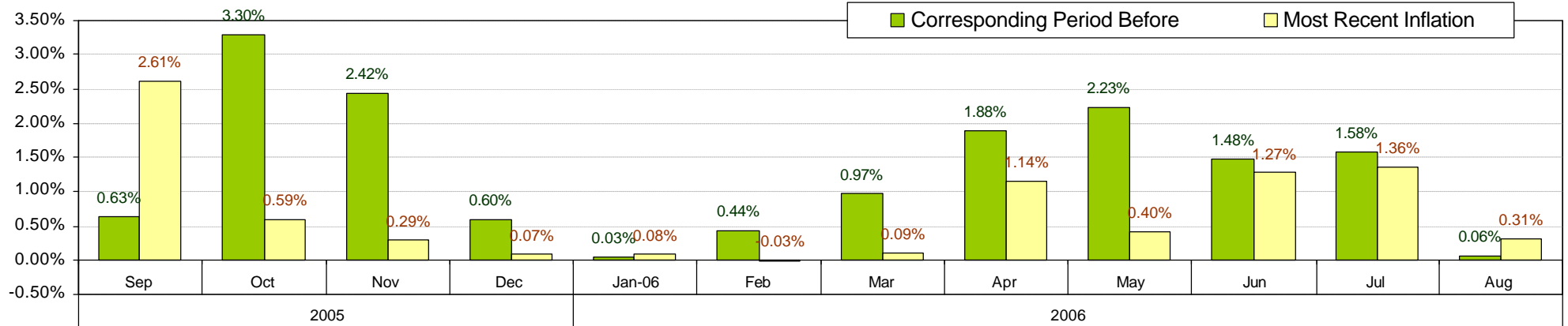
Achieving the budget objective hinges on the authorities' tax administration efforts. The authorities have adopted an active and aggressive strategy to widen the tax base and strengthen the underlying fiscal position by improving tax administration. While commending the direction and preliminary results of these efforts, the mission cautioned that expectations that the efforts would yield 2½ percent of GDP may be optimistic.

Structural reforms will remain key to guarding against erosion by off-budget entities of the gains made in the budget. The authorities' commitments to fiscal discipline by public entities and reform of loss making enterprises will have an important bearing on Jamaica's debt dynamics.

APPENDIX

INFLATION (August CPI)

CONSUMER PRICE INDEX	Percent %	Proportion of Index	MONTHLY INFLATION - AUGUST	Rnk	Percentage Change for Month (%)		INFLATION (End Dec-05 to End Aug-06)	YTD Percentage Change (%)
ALL GROUPS	100.0		ALL GROUPS		0.310 [0.3095 = (100 x 0.30)]		ALL GROUPS	4.7
FOOD AND DRINK	54.7		FOOD AND DRINK	1	0.494 [0.2700 = (54.6 x 0.49)]		FOOD AND DRINK	3.9
Meals Away from Home	14.5		Meals Away from Home		0.358		Meals Away from Home	3.4
Meat Poultry and Fish	29.3		Meat Poultry and Fish		1.109		Meat Poultry and Fish	8.7
Dairy Products Oils & Fats	12.0		Dairy Products Oils & Fats		0.570		Dairy Products Oils & Fats	5.5
Baked Products Cereal & Breakfast Drink	15.3		Baked Products Cereal & Breakfast Drink		1.949		Baked Products Cereal & Breakfast Drink	6.0
Starchy Foods	8.5		Starchy Foods		-0.149		Starchy Foods	9.6
Vegetables & Fruit	11.5		Vegetables & Fruit		-2.095		Vegetables & Fruit	-17.8
Other Food & Beverages	9.0		Other Food & Beverages		0.550		Other Food & Beverages	7.9
FUELS & OTHER HOUSEHOLD SUPPLIES	7.4		FUELS & OTHER HOUSEHOLD SUPPLIES	4	0.195 [0.0144 = (7.39 x 0.19)]		FUELS & OTHER HOUSEHOLD SUPPLIES	6.2
Household Supplies	64.7		Household Supplies		0.238		Household Supplies	5.2
Fuels	35.3		Fuels		0.170		Fuels	6.7
HOUSING & OTHER HOUSING EXPENSES	8.4		HOUSING & OTHER HOUSING EXPENSES	8	-0.594 [-0.050 = (8.44 x -0.5)]		HOUSING & OTHER HOUSING EXPENSES	10.4
Rental	24.3		Rental		1.178		Rental	14.1
Other Housing Expenses	75.7		Other Housing Expenses		-1.045		Other Housing Expenses	9.5
HOUSEHOLD FURNISHINGS & FURNITURE	2.9		HOUSEHOLD FURNISHINGS & FURNITURE	5	0.413 [0.0121 = (2.93 x 0.41)]		HOUSEHOLD FURNISHINGS & FURNITURE	7.5
Furniture	27.9		Furniture		0.996		Furniture	10.7
Furnishings	72.1		Furnishings		0.115		Furnishings	5.7
HEALTHCARE & PERSONAL EXPENSES	7.1		HEALTHCARE & PERSONAL EXPENSES	2	0.542 [0.0383 = (7.08 x 0.54)]		HEALTHCARE & PERSONAL EXPENSES	5.8
					0.000			
PERSONAL CLOTHING FOOTWEAR AND ACCESSORIES	5.0		PERSONAL CLOTHING FOOTWEAR AND ACCESSORIES	7	0.152 [0.0076 = (5.01 x 0.15)]		PERSONAL CLOTHING FOOTWEAR AND ACCESSORIES	4.7
Clothing Materials	11.0		Clothing Materials		0.283		Clothing Materials	3.6
Ready-made Clothing & Accessories	50.0		Ready-made Clothing & Accessories		0.174		Ready-made Clothing & Accessories	4.5
Footwear	31.3		Footwear		0.113		Footwear	3.9
Making & Repairs	7.6		Making & Repairs		0.111		Making & Repairs	9.1
TRANSPORTATION	6.5		TRANSPORTATION	3	0.529 [0.0344 = (6.50 x 0.52)]		TRANSPORTATION	2.3
MISCELLANEOUS EXPENSES	8.0		MISCELLANEOUS EXPENSES	6	0.102 [0.0081 = (7.97 x 0.10)]		MISCELLANEOUS EXPENSES	3.6



EXTERNAL TRADE (Jan - Apr 2006)

EXTERNAL TRADE - (JAN - APR 06)	US\$M	
TOTAL EXPORTS (fob)	633.11	
Major Traditional Exports	438.01	
by Sector:-		
Agriculture	18.20	
Mining & Quarrying	346.24	
Manufacturing	73.57	
by Industry:-		
Bauxite	37.42	
Alumina	308.20	
Sugar	59.26	
Rum	13.30	
Bananas	4.30	
Coffee	13.16	
Other	2.36	
Non-Traditional Exports	181.45	
Re-exports	13.65	
TOTAL IMPORTS	1,801.78	
Food	205.04	
Beverages & Tobacco	21.06	
Crude Materials (excl. Fuels)	34.18	
Mineral Fuels, etcetera	584.05	
Animal & Vegetable Oils & Fats	9.17	
Chemicals	205.79	
Manufactured Goods	191.26	
Machinery and Transport Equip.	337.04	
Misc. Manufactured Articles	144.85	
Other	69.35	
TRADE BALANCE	-1,168.67	

EXTERNAL TRADE CHANGES (US\$M)	US\$M	CHANGE 2005 - 2006
TOTAL EXPORTS (fob)	122.49	
Major Traditional Exports	14.31	
by Sector:-		
Agriculture	9.792915	
Mining & Quarrying	2.660069	
Manufacturing	1.861407	
by Industry:-		
Bauxite	4.908	
Alumina	-1.999	
Sugar	-0.736	
Rum	2.403	
Bananas	4.303	
Coffee	6.319	
Other	-0.883609	
Non-Traditional Exports	103.863	
Re-exports	4.308	
TOTAL IMPORTS	238.291	
Food	7.692	
Beverages & Tobacco	3.138	
Crude Materials (excl. Fuels)	2.066	
Mineral Fuels, etcetera	181.195	
Animal & Vegetable Oils & Fats	-2.109	
Chemicals	23.889	
Manufactured Goods	-31.418	
Machinery and Transport Equip.	51.433	
Misc. Manufactured Articles	-3.512	
Other	5.917	
TRADE BALANCE	-115.805609	

EXTERNAL TRADE CHANGES (%)	%	PERCENTAGE CHANGE
TOTAL EXPORTS (fob)	24.0%	
Major Traditional Exports	3.4%	
by Sector:-		
Agriculture	116.4%	
Mining & Quarrying	0.8%	
Manufacturing	2.6%	
by Industry:-		
Bauxite	15.1%	
Alumina	-0.6%	
Sugar	-1.2%	
Rum	22.1%	
Bananas	0.0%	
Coffee	92.3%	
Other	-27.2%	
Non-Traditional Exports	133.9%	
Re-exports	46.1%	
TOTAL IMPORTS	15.2%	
Food	3.9%	
Beverages & Tobacco	17.5%	
Crude Materials (excl. Fuels)	6.4%	
Mineral Fuels, etcetera	45.0%	
Animal & Vegetable Oils & Fats	-18.7%	
Chemicals	13.1%	
Manufactured Goods	-14.1%	
Machinery and Transport Equip.	18.0%	
Misc. Manufactured Articles	-2.4%	
Other	9.3%	
TRADE BALANCE	11.0%	

BALANCE OF PAYMENTS (Jan - Apr 2006)

BALANCE OF PAYMENTS ANALYSIS SHEET	US\$M	Jan - Apr 2006
Current Account	-233.5	
Goods Balance	-903.9	
Exports	676.5	
Imports	1580.4	
Services Balance	329.5	
Transportation	-76.1	
Travel	547.9	
Other Services	-142.3	
Income	-197.5	
Compensation of employees	12.1	
Investment Income	-209.6	
Current Transfers	538.4	
Official	47.3	
Private	491.1	
Capital & Financial Account	233.5	
Capital Account	-2.6	
Capital Transfers	-2.6	
Official	0	
Private	-2.6	
Acq/disp. of non-produced non-fin. assets	0	
Financial Account	236.1	
Other Official Invnt. (incl. Gov. Rsv)	55	
Other Private Invnt. (incl. err & omis)	245.6	
Reserves	-64.5	

Change Jan - Apr (2006)	US\$M	
Current Account	7.3	
Goods Balance	-94.1	
Exports	125.9	
Imports	220	
Services Balance	81.1	
Transportation	-1.9	
Travel	87	
Other Services	-4	
Income	13.3	
Compensation of employees	0.5	
Investment Income	12.8	
Current Transfers	7	
Official	-5.6	
Private	12.6	
Capital & Financial Account	-7.3	
Capital Account	-1.3	
Capital Transfers	-1.3	
Official	0	
Private	-1.2	
Acq/disp. of non-prod non-fin. Asts	0	
Financial Account	-6	
Other Official Invnt. (incl. Gov. Rsv)	64.3	
Other Private Invnt. (incl. err & omis)	-157.7	
Reserves	0	

Percentage change Jan - Apr (2006)	%	
Current Account	-3%	
Goods Balance	12%	
Exports	23%	
Imports	16%	
Services Balance	33%	
Transportation	3%	
Travel	19%	
Other Services	3%	
Income	-6%	
Compensation of employees	4%	
Investment Income	-6%	
Current Transfers	1%	
Official	-11%	
Private	3%	
Capital & Financial Account	-3%	
Capital Account	100%	
Capital Transfers	100%	
Official	0%	
Private	86%	
Acq/disp. of non-prod non-fin. Asts	0%	
Financial Account	-2%	
Other Official Invnt. (incl. Gov. Rsv)	-691%	
Other Private Invnt. (incl. err & omis)	-39%	
Reserves		

FISCAL ACCOUNT (Apr-Aug' 2006)

PROVISIONAL DISTRIBUTION (FISCAL A/C)	J\$m	Provisional figures Apr-Aug'2006	BUDGET / PROVISIONAL DEVIATION	J\$m	(Provisional - Budgeted) - Apr-Aug 2006	YTD Y-O-Y FISCAL DEVIATION	J\$m	Apr-Aug: (06/07 minus 05/06)
Revenue & Grants	80,088.5		Revenue & Grants	-459.5		Revenue & Grants	11,756.20	
Tax Revenue	72,054.8		Tax Revenue	-857.2		Tax Revenue	10,257.10	
Non-Tax Revenue	5,315.7		Non-Tax Revenue	1,233.5		Non-Tax Revenue	1,342.50	
Bauxite Levy	1,717.1		Bauxite Levy	160.8		Bauxite Levy	497.80	
Capital Revenue	471.8		Capital Revenue	-246.4		Capital Revenue	-635.80	
Grants	529.1		Grants	-750.2		Grants	294.40	
Expenditure	96,872.0		Expenditure	-6,308.9		Expenditure	10,045.50	
Recurrent Expenditure	89,216.1		Recurrent Expenditure	-1,769.0		Recurrent Expenditure	8,742.80	
Programmes	18,329.6		Programmes	-1,097.5		Programmes	1,975.80	
Wages & Salaries	30,151.5		Wages & Salaries	-891.7		Wages & Salaries	4,253.80	
Interest	40,735.0		Interest	220.2		Interest	2,513.30	
Domestic	29,737.7		Domestic	903.4		Domestic	984.10	
External	10,997.2		External	-683.3		External	1,529.30	
Capital Expenditure	7,655.9		Capital Expenditure	-4,539.9		Capital Expenditure	1,302.80	
Capital Programmes	7,655.9		Capital Programmes	-4,539.9		Capital Programmes	1,302.80	
IMF #1 Account	0.0		IMF #1 Account	0.0		IMF #1 Account	0.00	
Fiscal Balance (Surplus +/ve)	-16,783.5		Fiscal Balance (Surplus +/ve)	5,849.4		Fiscal Balance (Surplus +/ve)	1,710.50	
Loan Receipts	85,679.7		Loan Receipts	25,665.8		Loan Receipts	14,965.40	
Domestic	82,241.2		Domestic	26,585.5		Domestic	31,123.20	
External	3,438.5		External	-919.7		External	-16,157.90	
Divestment Proceeds	0.0		Divestment Proceeds	0.0		Divestment Proceeds	0.00	
Amortization	63,873.7		Amortization	7,234.2		Amortization	6,667.20	
Domestic	57,933.9		Domestic	7,073.4		Domestic	22,545.60	
External	5,939.8		External	160.8		External	-15,878.30	
Overall Balance (Surplus +/ve)	5,022.5		Overall Balance (Surplus +/ve)	24,281.0		Overall Balance (Surplus +/ve)	10,008.40	
Primary Balance (Surplus +/ve)	23,951.5		Primary Balance (Surplus +/ve)	6,069.6		Primary Balance (Surplus +/ve)	4,223.70	

PROVISIONAL DISTRIBUTION (REVENUE ONLY)	J\$m	Provisional figures Apr-Aug'2006	BUDGET / PROVISIONAL DEVIATION	J\$m	(Provisional - Budgeted) - Apr-Aug 2006	YTD Y-O-Y FISCAL DEVIATION	J\$m	Apr-Aug: (06/07 minus 05/06)
Revenue & Grants	80,088.5		Revenue & Grants	-459.4		Revenue & Grants	11,756.2	
Tax Revenue	72,054.8		Tax Revenue	-857.1		Tax Revenue	10,257.1	
Income and profits	28,285.3		Income and profits	340.8		Income and profits	4,401.4	
Bauxite/alumina	328.4		Bauxite/alumina	-101.7		Bauxite/alumina	1,147.0	
Other companies	4,679.1		Other companies	-370.1		Other companies	713.0	
PAYE	15,110.0		PAYE	-1,083.3		PAYE	1,472.2	
Tax on dividend	92.6		Tax on dividend	1.1		Tax on dividend	35.6	
Other individuals	653.0		Other individuals	-266.8		Other individuals	56.2	
Tax on interest	7,422.3		Tax on interest	2,163.6		Tax on interest	2,010.0	
Environmental Levy	0.0		Environmental Levy	0.0		Environmental Levy	0.0	
Production and consumption	23,398.2		Production and consumption	-1,178.0		Production and consumption	3,942.1	
SCT	1,033.6		SCT	-823.4		SCT	-463.0	
Motor vehicle licenses	406.2		Motor vehicle licenses	-45.5		Motor vehicle licenses	21.6	
Other licenses	155.9		Other licenses	59.3		Other licenses	59.9	
Betting, gaming and lottery	442.7		Betting, gaming and lottery	-20.7		Betting, gaming and lottery	12.7	
Education Tax	3,501.2		Education Tax	-170.8		Education Tax	677.5	
Contractors levy	287.6		Contractors levy	67.1		Contractors levy	91.2	
GCT (Local)	14,032.1		GCT (Local)	-322.8		GCT (Local)	2,866.9	
Stamp Duty (Local)	3,539.0		Stamp Duty (Local)	78.9		Stamp Duty (Local)	675.8	
International Trade	20,371.3		International Trade	-19.9		International Trade	1,913.4	
Custom Duty	6,548.4		Custom Duty	-234.2		Custom Duty	359.2	
Stamp Duty	409.7		Stamp Duty	10.2		Stamp Duty	27.1	
Travel Tax	993.3		Travel Tax	-16.2		Travel Tax	134.1	
GCT (Imports)	8,961.2		GCT (Imports)	-75.5		GCT (Imports)	1,335.1	
SCT (Imports)	3,458.7		SCT (Imports)	295.8		SCT (Imports)	57.7	
Non-Tax Revenue	5,315.7		Non-Tax Revenue	1,233.5		Non-Tax Revenue	1,342.5	
Bauxite Levy	1,717.1		Bauxite Levy	160.8		Bauxite Levy	497.8	
Capital Revenue	471.8		Capital Revenue	-246.4		Capital Revenue	-635.8	
Grants	529.1		Grants	-750.2		Grants	294.4	

Statistical Index Major Macro-Economic Indicators

	BM		M2		NIR	Fx Dep	CPI		Tourism	J\$/US\$	T-bill	Loan	Sav	Dom Debt	Fx Debt
	M	P	M	P	US\$M	US\$M	M	P	P		%	%	%	J\$M	US\$M
Jan '03	-10.9	3.72	-3.04	11	1,510.25	1,428.27	-0.3	7	21.29	52.98	18.5	23.9	8.9	357,519.32	4,389.10
Feb	2.01	0.04	-1.82	6.32	1,252.94	1,421.05	-0.6	5.7	28.9	53.74	18.5	24.7	8.6	363,846.41	4,152.56
Mar	-0.14	7.54	2.35	7.47	1,339.67	1,499.96	0.5	6.2	23.12	56.24	33.5	24.7	8.2	366,158.13	4,180.00
April	-0.48	9.61	5.9	11.7	1,362.10	1,501.76	1.6	7.3	24.9	57.31	30.3	24.7	8.2	376,664.71	4,178.82
May	1.22	9.2	-0.02	12.6	1,233.33	1,530.56	1.9	9	21.68	59.42	29.3	25.2	8.2	384,739.26	4,198.03
June	-1.02	7.36	-0.73	10.8	1,127.39	1,514.18	2.5	11	20.05	59.01	28.5	25.2	8.2	388,125.86	4165.3
July	1.2	5.31	0	10.5	1,124.92	1,468.85	1.5	11	18.9	59.16	26.3	25.2	8.2	393,970.29	4,133.00
August	0.84	7.63	n/a	n/a	1,080.10	1,586.08	1.4	12	17.61	59.39	25.7	25.6	8.2	396,498.28	4,096.65
Sept	-1.32	4.09	n/a	n/a	1,182.63	1,627.60	1.6	13	17.2	59.71	23.4	25.6	8.4	402,317.57	4,129.12
Oct	2.89	7.46	n/a	n/a	1,131.13	1,655.11	1.6	14	7.7	60.44	none	25.6	8.4	404,949.94	4,164.23
Nov	3.17	8.21	n/a	n/a	1,103.25	1,637.24	0.9	14	6.1	60.65	23.5	25.6	8.4	410,984.43	4,185.10
Dec	17.03	13.3	n/a	n/a	1,164.98	1,670.59	0.8	14	n/a	60.62	22.1	25.6	7.2	417,834.25	4,192.06
Jan '04	-11.3	12.9	n/a	n/a	1,251.01	1,691.67	0.6	15	6.3	60.73	17.2	25.6	7.2	427,363.66	4,169.33
Feb	-0.45	10.2	n/a	n/a	1,473.96	1,727.51	0.6	17	n/a	60.95	16.3	25.6	6.8	419,763.43	4,459.14
Mar	1.1	11.3	n/a	n/a	1,568.66	1,770.19	0.5	17	n/a	61.01	15.6	25.4	6.8	417,571.30	4,529.00
Apr	-0.36	11.5	n/a	n/a	1,741.62	1,769.12	0.4	15	n/a	60.65	15.1	25.2	6.7	417,358.68	4,665.57
May	1.66	12	n/a	n/a	1,715.66	1,799.65	0.6	14	n/a	60.93	15	25	6.6	420,503.45	4,745.42
June	-0.11	13	n/a	n/a	1,604.10	1,757.84	0.8	12	n/a	61.22	15	25	6.6	429,251.39	4,773.46
July	2.83	14.8	0.99	17.2	1,594.69	1,721.50	1	12	n/a	61.8	15	25	6.6	440,539.38	5,029.49
Aug	1	15	n/a	n/a	1,643.46	1,922.93	1.3	12	n/a	61.9	15	25.1	6.6	440,433.32	4,838.02
Sep	0.97	17.7	n/a	n/a	1,616.52	1,867.23	0.6	11	n/a	61.89	14.8	25	6.6	438,123.75	4,856.86
Oct	0.84	15.3	n/a	n/a	1,826.66	1,833.56	3.3	12	n/a	61.88	14.8	25	6.5	439,614.97	5,075.17
Nov	1.79	13.8	n/a	n/a	1,816.06	1,855.79	2.4	14	n/a	61.98	14.9	24.9	6.5	444,214.54	5,118.92
Dec	14.33	11.2	n/a	n/a	1,858.52	1,925.98	0.6	14	n/a	61.63	14.9	24.9	6.5	446,961.92	5,120.44
Jan '05	-11.8	10.5	n/a	n/a	1,847.58	1,904.47	0	12	n/a	61.87	14.4	24.9	6.5	449,259.38	5,068.79
Feb	-1.6	9.25	n/a	n/a	1,831.07	1,918.71	0.4	13	n/a	61.91	14	24.9	6.5	451,895.38	5,062.87
Mar	6.5	15.1	n/a	n/a	1,901.60	1,935.11	1	13	n/a	61.54	13.5	24.9	6.4	449,247.55	5,044.36
Apr	-3.52	11.4	n/a	n/a	2,010.42	1,944.10	1.9	15	15.1	61.65	13.4	24.9	6.4	456,393.56	5,055.21
May	0.92	10.6	n/a	n/a	2,074.49	1,916.93	2.2	17	-7.7	61.71	13.4	24.9	6.4	466,840.52	4,968.13
June	-1.16	9.47	n/a	n/a	2,152.80	1,940.56	1.5	18	5.2	61.84	12.9	24.9	5.5	467,233.58	4,952.24
July	2.5	9.12	n/a	n/a	2,149.25	1,983.67	1.6	18	-1.8	62.23	13	22	5.5	471,668.82	5,282.35
Aug	0.98	9.11	n/a	n/a	2,117.51	1,974.33	0.1	17	-7.6	62.24	13	22	5.5	472,452.67	5,327.40
Sep	-2.68	5.17	3.04	n/a	2,118.97	2,023.12	2.6	19	20.8	62.89	13.2	22	5.5	478,216.66	5,293.49
Oct	1.06	5.39	n/a	n/a	2,078.99	2,061.63	0.6	16	5.22	64.04	13.2	22	5.5	478,118.96	5,452.00
Nov	1.84	5.44	n/a	n/a	2,093.80	2,067.88	0.3	14	18.4	64.67	13.2	22	5.5	478,436.18	5,407.83
Dec	18.93	9.68	4.17	8.96	2,087.40	2,025.45	0.1	13	9.92	64.58	13.6	22	5.48	480,099.16	5,375.40
Jan '06	-10.28	11.57	n/a	n/a	2,093.50	2,028.59	0.1	13	15.9	64.99	13.3	21.84	5.30	489,671.66	5,398.74
Feb	-12.84	11.71	n/a	n/a	2,024.24	2,045.44	-0.03	12.4	9.5	65.36	13.2	21.84	5.30	486,690.28	5,621.88
Mar	-0.18	4.71	-0.27	8.8	2,078.10	2,027.75	0.09	11.7	5.0	65.50	13.18	21.84	5.30	482,712.53	5,567.42
Apr	3.12	11.91	n/a	n/a	2,151.80	2,033.37	1.14	12.3	22.6	65.63	13.07	21.84	5.30	489,664.97	5,622.32
May	-0.44	10.41	0.34	7.84	2,162.80	n/a	0.40	8.6	17.2	65.73	12.84	21.84	5.30	490,098.32	5,639.65
Jun	0.40	12.15	n/a	n/a	2,110.10	n/a	1.27	8.4	19.7	66.03	12.82	22.50	5.39	502,404.45	5,611.53
Jul	3.24	12.96	n/a	n/a	2,087.90	2,049.93	1.36	8.2	25.9	65.99	12.81	22.50	5.39	n/a	n/a
Aug	2.20	12.33	n/a	n/a	2,215.60	n/a	0.31	9.0	24.3	65.93	12.79	22.5	5.39	n/a	n/a

Sources: Bank of Jamaica, Statistical Institute of Jamaica, Ministry of Finance and Planning, Jamaica Tourist Board and the PIOJ.

Revised periodically when necessary.

<u>Key:</u>	
BM – Base Money	M2 – Money Supply
NIR – Net International Reserves	FX Dep – Foreign Exchange Deposit
CPI – Consumer Price Index	Tourism – Total Tourist Arrivals
Tbill – 6-month Treasury Bill Yield	Loan – Average Loan Rate
Save – Average Savings Deposit Rate	M – Monthly Percentage Change
P – Point-to-Point Percentage Change	R – Revised
N/a – Not Available	S – Stopover
WATBY- weighted average Treasury bill yield	OMO – Open Market Operation
JCB – Jamaica Conference Board	JCC – Jamaica Chamber of Commerce
MT – Million tonnes	BP — Basis Points
KMA — Kingston and Metropolitan Area	

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