



# PSOJ MONTHLY ECONOMIC BULLETIN



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The Private Sector Organisation of Jamaica • 39 Hope Road, Kingston 6 • Tel: 927-6238/6957 •  
Fax: 927-5137 • Email: psojinfo@psoj.org • Website: <http://www.psoj.org>

## Economic Highlights

### Some Issues in the Jamaica/IMF Relationship?

After successfully passing the first two sets of quarterly tests for June 2010 and September 2010, under the Government of Jamaica/International Monetary Fund Standby Agreement; the IMF assessment for the quarters ending December 2010 and March and June 2011 have been delayed and it now appears that some dissonance has entered into the relationship between the GOJ and the IMF. There is speculation that the Fund is not satisfied with the pace of the reduction of the public sector wage bill; Jamaica's performance of the primary balance target; the trajectory of the debt to GDP ratio; and the progress on certain other structural reforms.

### Public Sector Wage

The IMF and the GOJ agreed to a reduction in the public sector wage bill from 11.1% of GDP to 9.0% by FY 2015/16.

To achieve that objective the GOJ announced in May 2011, a Public Sector Rationalization Plan (PRSP) to cut approximately 10,000 positions from the public sector workforce over the next five years. Soon after (July 7th, 2011) the GOJ signed agreements with unions representing public sector workers, that would add an estimated J\$31 billion to the public sector wage bill over the next three years, including J\$10 billion in 2011/12.

The GOJ recently tabled Supplementary Estimates (SE) whose primary purpose was to pay the salary increases to public sector workers for 2011/12. This SE included reductions of J\$6.64 billion in recurrent and capital programs for 2011/12 plus J\$2.2 billion in additional funding.

It is possible that the IMF would have preferred to frontload the job-cuts, or to synchronize them over the same three year period of the wage increases to more easily stay on track with the program target of reducing the wage bill to 9.0% of GDP. But with an election constitutionally due in less than one year, the Government might have been reluctant to radically reduce the public sector workforce within the short-term. Given, these 'out-of-sync' commitments, it seems that the GOJ might face a serious challenge in synchronizing the pace of the job cuts with reducing a rising wage bill.

### Primary Balance

It was noted recently, that the GOJ encountered several challenges in meeting the targets for the primary balance during FY2010/11. The primary balance is the difference between total revenues and non-debt expenses. It measures how much revenues the Government has left for debt service after meeting domestic expenses. The original target set in March 2009, for the primary balance at the end of FY2010/11 was J\$83.0 billion. Due to

various eventualities (such as the Tivoli upheavals and Tropical Storm Nicole) which resulted in additional expenses or loss of revenues to the GOJ, this figure was revised downwards to J\$67.0 billion, then to J\$61.0 and finally to J\$57.6 billion. Even then, the out-turn on the primary balance in March 2011 fell J\$3.5 billion below target to J\$54.1 billion. Year to date, (April—June 2011/12), the primary balance is running J\$3.03 billion above budget at J\$14.9 billion, and for fiscal year 2011/12, the primary balance targeted in the budget is J\$69.3 billion. This is however 30% less than the J\$100 billion targeted in March 2009/10.

### Debt to GDP Ratio

Under the Stand-by Agreement, the GOJ has committed to reducing Jamaica's Debt to GDP ratio from 140% in 2009/10 to 115% by 2013/14. It is currently estimated at 128% of GDP. It is noteworthy that the fiscal deficit—the difference between Government expenditures and revenues, which is the primary feeder of the debt has been narrowing. It decreased from 10.5% of GDP in 2009/10 to 6.1% in 2010/11 and is targeted to fall to 4.7% this year and be reduced to zero by 2015/16.

But this reduction in the fiscal deficit has mainly resulted from large cutbacks in capital expenditure and the 'postponement' of interest and principal repayments wrought by the JDX.

There is a limit to which further curtailment of capital expenditures can be effected without deleteriously affecting the country's infrastructure and development, and significant portions of the deferred payments resulting from the JDX will start coming due in 2013/14. There is thus a real possibility that the fiscal consolidation achieved over the past few years could unravel in the absence of revenue growth.

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## Net International Reserves (NIR)

During August 2011, Net International Reserves decreased by a further US\$30.05 million to US\$2,126 million compared to US\$2,156 million at the end of July 2011. This mainly resulted from domestic businesses drawing down their reserves to meet overseas obligations.

At current levels, gross reserves are adequate to finance 27.50 weeks of “goods” imports or 20.58 weeks of “goods and services” imports, well above the 12 weeks international benchmark of reserves adequacy.

## Foreign Currency Deposits

During June 2011, foreign currency deposits (FCD's) in the local financial system decreased moderately by -US\$33.88 million or -1.49% to US\$2.275 billion compared to US\$2.309 billion at the end of May 2011. The decrease in June 2011 probably reflects moderate safe haven buying of the USD due to the protracted delay in the IMF releasing the results of Jamaica's performance of the Q4 2010 and Q1 and Q2 2011 quarterly tests.

June's decrease marks a reversal of trend and sentiment, because as the BOJ explained, FCD's increased during 2010 compared to 2009 because investors preferred holding Jamaican dollar denominated assets due to the improving stability of the Jamaican macro-economy and the sufficiency of foreign exchange. Now sentiment regarding prospects for the Jamaican economy seems to have become more cautious.

## Foreign Exchange Rate

**US DOLLAR:** During August 2011, there was slight appreciation of the J\$ dollar of 0.03 cents to J\$86.12 from J\$86.16 in July 2011. This reverses three months of depreciation - 24 cents in July, 0.15 cents in June 2011 and 0.05 cents in May 2011. Year to date, the J\$ is down 26 cents or 0.31% against the USD, which is in marked contrast to its appreciation of J\$3.51 during the same period last year following the successful implementation of the Jamaica Debt Exchange. In fact,

Table 1b: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Aug-11	2,126.32	-30.05	169.39	-45.09	27.29
Aug-10	1956.93	224.32	22.71	227.58	29.8

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

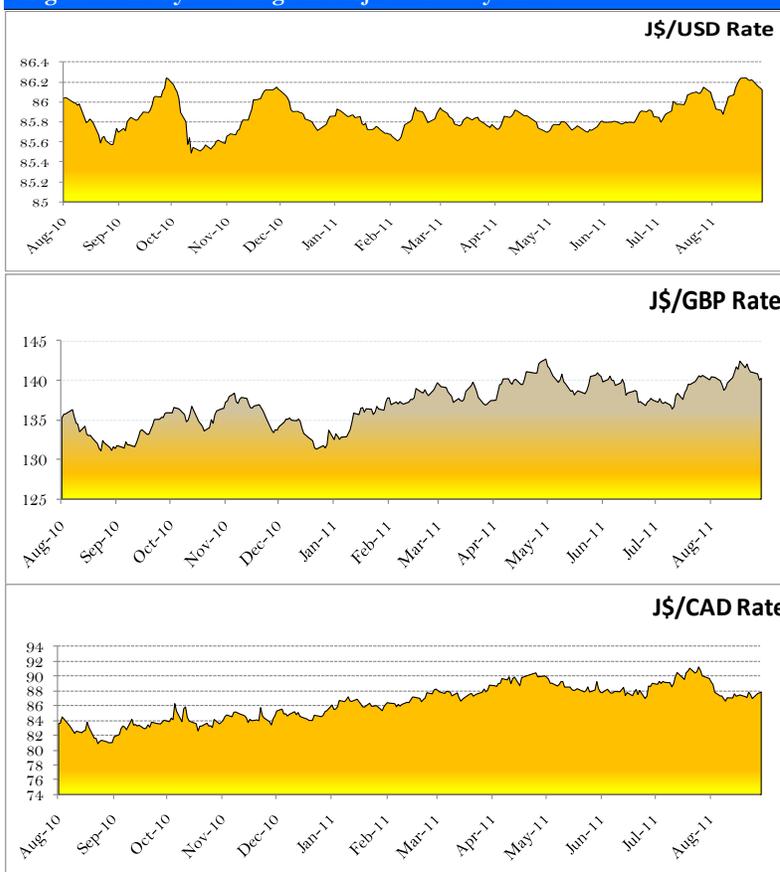
	US\$000 Jun '11	Change (US\$000)		% Change	
		mthly	12 mth	mthly	12 mth
Commercial Banks	1,693,522	-30,429	-48,343	-1.80	-2.78
Building Societies	535,053	-3,636	31,029	-0.68	6.16
Merchant Banks	46,847	181	-42,628	0.39	-47.64
Total Deposits	2,275,422	-33,884	-59,942	-1.49	-2.57

Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends

	YTD Currency Rate Change (Dec 31, 2010—08/31/11) *					
	J\$ / US\$	%	J\$ / UK£	%	J\$ / Can\$	%
2011	0.26	0.31	6.56	4.91	2.54	2.98
2010	-4.02	-4.49	-12.37	-8.62	-3.56	-4.21
2009	8.53	10.60	27.92	23.90	15.31	23.36
	Aug - 2011					
Actual Rate	86.13	-0.03	140.30	-0.27	87.88	-2.43
Mth Change	-0.03	-0.03	-0.38	-0.27	-2.19	-2.43

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

since June 2010 the J\$ has consolidated in a narrow J\$1.25 range between J\$85.25 and J\$86.50 per US dollar. The J\$/USD is therefore still basically trading within range. But it is possible that concerns about the implications of the IMF's delayed assessment of Jamaica's performance under the last two quarterly tests may be weighing on sentiment and leading to moderate safe haven buying of the USD.

**POUND & CANADIAN DOLLAR:** During August 2011, the J\$ appreciated slightly by -38 cents or 0.27% against GBP to J\$140.30 recouping some of its J\$2.91 decline in July 2011. Against the CAD, the J\$ appreciated more substantially in August 2011 - by J\$2.19 cents to sell for J\$87.88, retracing nearly 50% of its' loss since the beginning of 2011. The movement of the J\$ against GBP and CAD has see-sawed since July 2010, but has been more down than up. Year to date, GBP is up against the Jamaican dollar by J\$6.56 or 4.91% and the CAD is up by J\$2.54 or 2.98%.

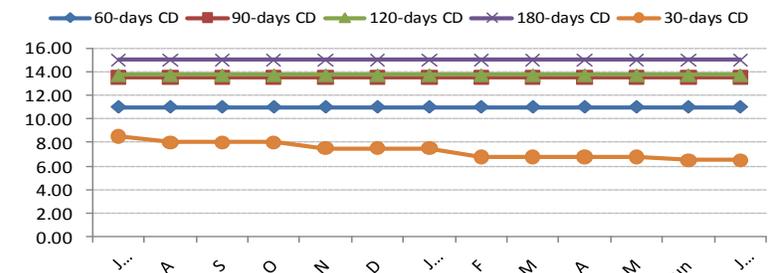
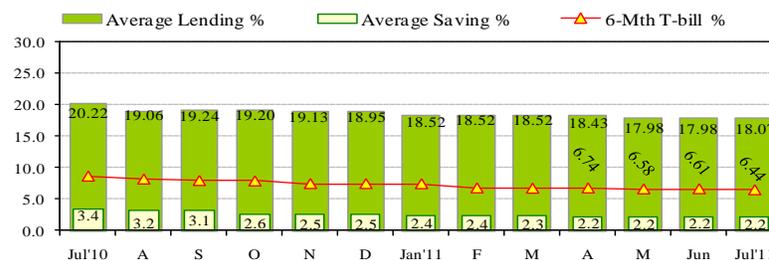
## Interest Rates

The downward movement of Jamaica's interest rates which began with the JDX in March 2010, continued in July 2011, but at a much slower pace than in Q2 and Q3 of 2010 when rates in the public sector declined by as much as 600 bps.

In July 2011, there was movement on only two rates - the 6-month Treasury Bill and the Average Loan Rate (ALR).

In relation to the 6-month T-bill, interest rates declined by 17 bps to 6.44% after inching up by 3 bps in June 2011 to 6.61%. After being the stalking horse for rate reductions in 2010 with dramatic declines of 9.32% or 932 bps, the 6-month T-Bill has been struggling to achieve further reductions in recent months slightly reversing direction in two of the last four months. Year to date, the 6-month T-bill is down -1.04% or 104 bps. This shows that despite the up and down movements over the past few months, the trajectory of the rate on this instrument remains on the downside.

Figure 2A & 2B: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

	Jul-11	Change (%age pts)		
		Monthly	12-Mth	YTD
30-days CD	6.50%	-0.25%	-2.50%	-1.00%
60-days CD	11.00%	0.00%	0.00%	0.00%
90-days CD	13.50%	0.00%	0.00%	0.00%
120-days CD	13.70%	0.00%	0.00%	0.00%
180-days CD	15.00%	0.00%	0.00%	0.00%
Avg Savings Deposit	2.24%	0.00%	-1.12%	-0.26%
Avg Loan Rate	18.07%	0.09%	-2.15%	-0.88%
6-Month T-Bill	6.44%	-0.17%	-2.29%	-1.04%

Source: Bank of Jamaica (BOJ Preliminary)

As regards the (ALR), this rate inched up by 9 bps in July 2011. The ALR was among Jamaica's slowest declining rate during 2010; and though in 2011, it seemingly tried to play 'catch-up', declining by 88 bps - the third fastest rate reduction in 2011, Jamaica's ALR remains 2-10 times higher than our main trading partners.

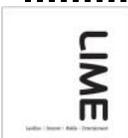
No BOJ's, and few GOJ longer-term instruments have been issued since January 2010, as the GOJ continues its' policy of trying to recalibrate interest rates at lower levels. The rates shown in Table 4 for BOJ

CD's above 60-days are as they were when last issued in January 2010.

## Base Money & Money Supply

During the June 2011 quarter, broad Jamaica Dollar money supply (M3J), increased by 3.1 per cent, compared to an expansion of 3.9% for the June 2010 quarter. The expansion in the review quarter was also at a slower rate than the average growth of 3.5% recorded for the last five June quarters.

The measure of money supply that



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includes foreign currency deposits (M3\*) increased by 2.7% relative to a reduction of 2.0% in the corresponding quarter of 2010. Within M3\*, foreign currency deposits grew by 1.5%, in contrast to a decline of 2.7% for the June 2010 quarter. As at end-June 2011, the ratio of foreign currency deposits to total deposits was 27.6% compared to 29.9% at end-June 2010.

During August 2011 the monetary base increased by J\$763.8 million or 0.94%. This largely resulted from increases in currency issue of J\$550.8 million and expansion in current account deposits of J\$469.6 million net a decline in commercial bank statutory reserves of J\$256.7 million.

## Inflation

The rate of inflation increased by 0.58% in August 2011 representing the lowest monthly increase in 2011. Within the Consumer Price Index, the division recording the highest increase (3.1%) was **“Communication”**. This was due to the increase in land line rental rates.

The division recording the second highest increase (1.3%) for the month was the most heavily weighted **“Food and Non-Alcoholic Beverages”** division. This was contributed to by a 4.5% increase in prices paid by households for ‘Vegetables, and Starchy Foods’ and a 2.8% rise in the price of ‘Fruits’. ‘Sugar, Jam, Honey, Chocolate and Confectionery’ also contributed significantly to the divisional increase recording a 1.3% rise.

Two divisions - **“Transport”** and **“Clothing and Footwear”** each registered 0.9% increases. In relation to the former, this was due to increased costs for airfares and higher prices for petroleum and related products, while a 1.1% rise for clothing and fabric and a 0.6% rise for footwear contributed to the increase in the index for the latter.

The index for the division **“Miscellaneous Goods and Services”**

Table 5: Base Money and Money Supply

	J\$M	Percentage Change (%)		
		Jun -11	Mthly	12 Mth
M1	111,089.36		1.74	8.05
Quasi Money	230,562.79		-1.18	0.79
M2	341,652.15		-0.25	3.04
		Aug -'11	Mthly	12 Mth
Base Money	82,207.24		0.94	9.43

Source: BOJ Economic Statistics

Table 6: Inflation Trends

	% Percent Changes			
	Aug	12-Mth	YTD	Fiscal
2011	0.58	7.78	3.87	3.37
2010	0.43	12.58	7.71	3.45

Source: STATIN & BOJ Statistical Digest - Fiscal: represents fiscal year to date

Table 7: Mining Production

	000 tonnes			YTD	
	Aug-11	Aug-10	%	Aug-11	10/11 %
<b>Production</b>					
Alumina	159.3	168.9	-5.70	1,308.5	35.5
C. Bauxite	449.3	452.0	-0.59	3,437.3	13.6
<b>Export</b>					
Alumina	170.3	147.5	15.5	1,297.6	41.7
C. Bauxite	456.2	422.3	-8.02	3,421.2	14.2

Source: Jamaica Bauxite Institute (JBI)

increased by 0.7% for the month, while **‘Furnishings, Household Equipment & Routine Household Maintenance’** increased by 0.6% reflecting a 1.8% rise in the group ‘Furniture and Furnishings’.

Four divisions within the index recorded increases of less than 0.4%. **“Education”** was flat on the month, while **“Housing, Water, Electricity, Gas and Other Fuels”** recorded the only decline (-2.1%). This was largely due to a -3.8% decline in the group ‘Electricity, Gas and Other Fuels’.

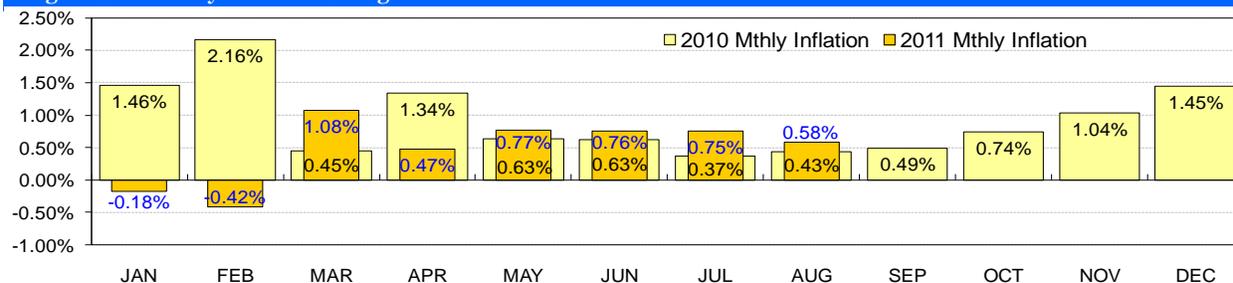
The rate of inflation, year to date (Jan - Aug 2011) was 3.8%, which was 3.9 percentage points lower than the

7.7% recorded for the corresponding period of 2010. The point to point rate was 7.7%, while for the fiscal year to date, the rate of inflation is 3.3%.

## Bauxite & Alumina

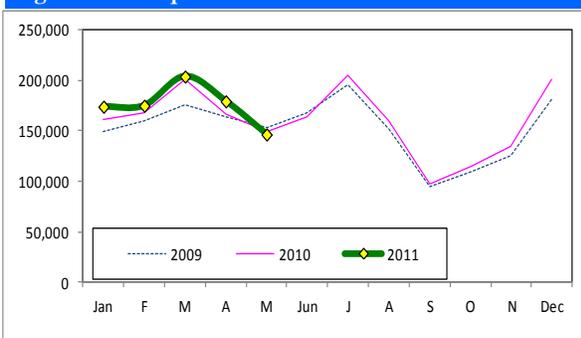
Production of alumina in August 2011 amounted to 159,302 tons compared to 168,926 tons in August 2010 - a decrease of -5.70%. For its part, production of crude bauxite in August 2011 declined by -0.59% to 449,326 tons compared to 452,005 tons in August 2010. This is the third consecutive monthly decline in crude bauxite output, possibly, re-

Figure 3: Monthly Inflation Changes



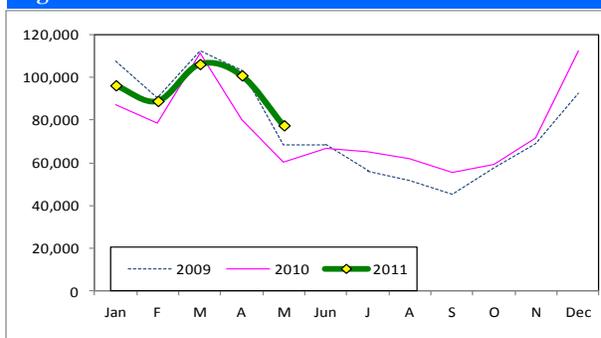
Source: STATIN and PSQJ compilation

Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

flecting the global slowdown.

During calendar year 2010, alumina production fell by -10.3% to 1.59 million tons and alumina exports by -16.4% to 1.56 million tons compared to the same period of 2009. But this was a much lower than the -60% contraction in 2009 relative to 2008.

Reflecting the upturn in the industry, production of crude bauxite was up 35% to 4.32 million tons during 2010, compared to 3.2 million tons for 2009. Bauxite exports were also up by 34.6% to 4.3 million tons. For the eight months of 2011, alumina production is up by 35.5% to 1.308 million tons, while production of crude bauxite is up by 13.6% to 3.44 million tons.

But now possibly reflecting caution at the intimation of a new global slowdown, the re-opening of the Kirkvine Plant has been re-scheduled for the fourth time to December 2011.

## Tourism

Stopover arrivals in May 2011 were 146,583—a decrease of 2.1% over the 149,775 recorded in May 2010. For the calendar year to date (Jan-May 2011), stopovers increased by 3.9% to 879,331 compared to 846,664 arrivals in 2010. The number of cruise passengers also increased in May 2011 by 28.6% to 77,579 visitors compared to 60,304 in May 2010 which was impacted by the disturbance in Western Kingston. During calendar year 2010, stopovers increased by 4.9% to 1,921,678 compared to 1,831,097 in 2009, but fell 4% short of the 2 million stopovers the GOJ had targeted for 2010. For 2011, the GOJ is targeting a 6% to 8% rise to 2,030,000.

Regionally, stopovers from the US increased by 1.6% in May 2011 to 102,416 compared to 104,120 in May 2010. Year to date (Jan-May 2011), stopovers from

### Tourist Arrivals

	2010	2011	%Change	
	YTD (MAY)	YTD - YOY	MOM	
<b>Stopover</b>	<b>846,664</b>	<b>879,331</b>	<b>3.9%</b>	<b>-18.3%</b>
Foreign	794,269	825,038	3.9%	-17.5%
Non-Resident	52,395	54,293	3.6%	-28.6%
<b>Cruise</b>	<b>417,713</b>	<b>470,109</b>	<b>12.5%</b>	<b>-23.2%</b>
<b>Total Arrivals</b>	<b>1,264,377</b>	<b>1,349,440</b>	<b>6.7%</b>	<b>-20.1%</b>

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

the United States are down slightly by -1.5% to 523,266 compared to 531,440 during Jan-May 2010. From the Canadian market, stopovers were also down slightly by 0.6% in May 2011 with 17,733 arrivals, compared to 17,847 in May 2010. Year to date, stopovers from Canada are up 22.7% with 217,520 visitors compared to 177,275 visitors in Jan-May 2010.

Visitors from Europe, including the UK, decreased by 12.6% in May 2011 to 19,118 compared to 21,880 arrivals in May 2010. Year to date, stopovers from Europe are down 3.7% to 103,225 compared to 107,183 in 2010.

Stopover arrivals from the Caribbean decreased during 2010 by a significant 10.8% to 58,299 compared to 65,333 in 2009. But for the first five months of 2011, stopovers from the Caribbean are up 18.5% to 24,950 visitors compared to 21,060 for the corresponding period of 2010. Stopovers from Latin America were also down 7.2% to 13,442 in 2010. But for the first five months of 2011, stopovers from Latin America are up by 7.9% to 5,744 visitors.

During calendar year 2010, cruise visitors to the Island decreased slightly – by 1.4% to 909,619 visitors. For the first five months of 2011 however, cruise arrivals are up by 12.5% to

470,109 visitors. Total Visitors to the island for Jan-May 2011 were 1.349 million marking a 6.7% increase relative to the 1.264 million during Jan-May 2010.

## External Trade

During January - April 2011, Jamaica's exports increased by US\$101.5 million or 21.9% to US\$565.5 million, compared to US\$463.9 million in January - April 2010. Imports for their part, grew by US\$314.0 million or 19.3%, to US\$1.94 billion compared to US\$1.63 billion during January - April 2010. As is usually the case when economic conditions are picking up globally and in Jamaica, the negative imbalance in Jamaica's trade worsened in Jan-April 2011 by -US\$212.5 million or 18.2% to -US\$1.38 billion compared to -US\$1.17 billion in January-April 2010.

**Traditional Exports:** For the first four months of 2011, traditional domestic exports earned US\$304.3 million, an increase of US\$92 million or 43.3% over the US\$212.3 million recorded in Jan-April 2010. The share of traditional exports in total domestic exports also increased from 45.8% in Jan-April 2010 to 53.8% during Jan-April 2011. Increases in several

traditional exports items, contributed to the overall increase in traditional exports. Earnings from Alumina exports led the way rising by US\$72.8 million or 65.5% to US\$184.0 million compared to US\$111.2 million in Jan-April 2010; while Bauxite exports rose by 14.0% to US\$48.1 million. Earnings from sugar exports also increased significantly by 43.3% to US\$45.6 million and so was rum - up 19.3% to US\$18.2 million compared to US\$15.3 million in Jan-April 2010.

But there were notable declines in some traditional agricultural exports and in particular coffee. Compared to earnings of US\$7.03 million in Jan-April 2010, earnings from Coffee exports fell by -29.2% to US\$4.98 million. The decline in earnings from Coffee reflects the continuing contraction in demand for Jamaican coffee as the premium prices normally paid for Jamaican coffee have not been forthcoming since the global recession from price conscious consumers. Earnings from 'Other' Traditional exports also decreased notably during Jan-April 2011 by -28.7% to US\$3.41 million.

**Non-traditional exports** accounted for 50.4% of exports by value in calendar year 2009 surpassing earnings from traditional exports. But due to the recovery in the Bauxite/Alumina industry in 2010 and significant declines in several non-traditional exports groups, traditional exports again moved to the top in 2010. During the Jan-April 2011, earnings from non-traditional exports rebounded by 7.0% to US\$239.1 million relative to US\$223.45 million during the corresponding period of 2010 but accounted for only 42.3% of exports.

Several groups of non-traditional exports contributed to the expansion in Jan-April 2011. In the category "Food", there was a 14.4% increase in earnings to US\$46.7 million compared to US\$40.9 million in Jan-April 2010. Among the main contributors to the increase in 'Food' earnings were: a 44.9% increase in 'Dairy Products & Birds Eggs' to US\$4.5 million; a 33% increase in 'Baked Products' to US\$5.9 million and a 25% increase in 'Meat and Meat Preparations' to US\$1.074 million. Earnings from 'Sauces' were also up by 10.9% to US\$4.2 million and 'Yam' exports, which continues to be Jamaica's leading non-traditional export, were up by 9.2% to US\$6.4 million from US\$4.6 million in Q1 2010. There were however, notable decreases

Figure 5: West Texas Intermediate Crude Oil Prices (WTI) US\$ / Barrel

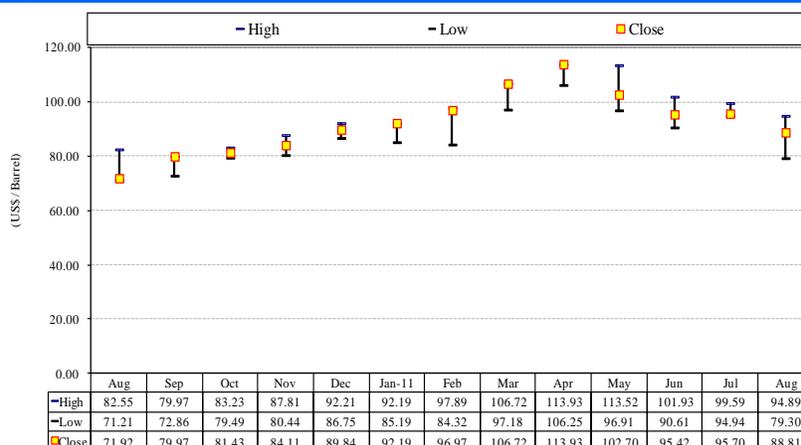


Table 9: External Trade (US\$M)

	Jan-Apr '10	Jan-Apr '11	Change	% Change
<b>TOTAL EXPORTS (fob)</b>	<b>463.94</b>	<b>565.45</b>	<b>101.51</b>	<b>21.9%</b>
Major Traditional Exports	212.26	304.26	91.99	43.3%
<i>by Sector:-</i>				
Agriculture	9.59	7.00	-2.59	-27.0%
Mining & Quarrying	153.39	232.21	78.82	51.4%
Manufacturing	49.28	65.05	15.76	32.0%
<i>by Industry:-</i>				
Bauxite	42.23	48.13	5.90	14.0%
Alumina	111.16	183.98	72.82	65.5%
Sugar	31.81	45.56	13.75	43.3%
Rum	15.25	18.20	2.95	19.3%
Bananas	0.00	-	0.00	0.0%
Coffee	7.03	4.98	-2.05	-29.2%
Other	4.78	3.41	-1.37	-28.7%
Non-Traditional Exports	223.44	239.06	15.62	7.0%
Re-exports	28.24	22.14	-6.10	-21.6%
<b>TOTAL IMPORTS</b>	<b>1,629.69</b>	<b>1,943.72</b>	<b>314.03</b>	<b>19.3%</b>
Food	262.39	295.29	32.90	12.5%
Beverages & Tobacco	23.22	26.09	2.87	12.4%
Crude Materials (excl. Fuels)	18.75	22.04	3.29	17.5%
Mineral Fuels, etcetera	555.92	749.67	193.75	34.9%
Animal & Vegetable Oils & Fats	4.49	14.79	10.31	229.8%
Chemicals	181.03	211.11	30.08	16.6%
Manufactured Goods	175.05	197.85	22.80	13.0%
Machinery and Transport Equip.	233.29	280.48	47.19	20.2%
Misc. Manufactured Articles	149.13	125.83	-23.30	-15.6%
Other	26.43	20.55	-5.87	-22.2%
<b>TRADE BALANCE</b>	<b>(1,165.76)</b>	<b>(1,378.27)</b>	<b>-212.51</b>	<b>18.2%</b>

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

in earnings from a few 'Food' categories in Jan-April 2011 relative to Jan-April 2010. Earnings from 'Other Fruits & Fruit Preparations' declined by -21.8% to US\$1.26 million and earnings from 'Juices excl. Citrus' were down by -12.5% to US\$2.15 million from US\$2.45 million. Earnings from 'Papaya' also fell significantly by -29.7% to US\$639,000 from

US\$954,000.

The three other categories of non-traditional exports also recorded increases during Jan-April 2011. "Crude Materials" were up by 63.6% largely driven by a 105% increase in (the now outlawed) 'Waste and Scrap Metals' trade from US\$5.1 million in Jan-April 2010 to US\$10.5 million in

2011 and a 74.3% increase in 'Limestone' exports to US\$1.6 million from US\$924,000. Exports of 'Other' crude materials however declined by 46.2% to US\$1.09 million.

There was also a 25.5% increase in the category **"Beverages & Tobacco (excl. Rum)"** from US\$17.4 million to US\$21.9 million during Jan-April 2011. This mainly reflected a 31.9% increase in 'Non-Alcoholic Beverages' from US\$2.7 million to US\$3.5 million and a 24.4% increase in 'Alcoholic Beverages (excl. Rum)' to US\$18.4 million from US\$14.8 million. **"Other"** non-traditional exports, generally, the largest category of non-traditional exports, increased marginally by 0.1% to US\$157.2 million. This reflected a large increase in 'Mineral Fuels, etc' to US\$135.7 million from US\$119.3 million. This increase was nearly canceled by declines of -57.4% in 'Chemicals (incl. Ethanol)' from US\$29.13 million in Jan-April 2010 to US\$12.4 million in Jan-April 2011; and a -65.8% reduction in exports of 'Manufactured Goods' to US\$1.86 million from US\$5.4 million in Jan-April 2011.

**Imports.** The 39.4% decline in Jamaica's imports observed in 2009 due to depressed domestic demand brought on by the global recession, appears to have abated in 2010 with the onset of the global recovery growing modestly by 2.7%. During the first four months of 2011 however, imports surged by 19.4% to US\$1.94 million relative to US\$1.63 million in Jan-April 2010.

Apart from imports of 'Miscellaneous. Manufactured Articles' which declined by -23.0% to US\$125.8 million all other categories of imports recorded increases during the Jan-April 2011 period. The largest increase in money terms was recorded in **Raw Materials/Intermediate Goods** which typically accounts for the bulk of imports. In this category, imports increased by 24.1% to US\$1.2 billion from US\$974.5 million in Jan-April 2010. The greatest contributor to that increase were imports of 'Crude Oil' - up 24.2% to US\$290.8 million and imports of 'Other Fuels and Lubricants' - up 42.5% to US\$458.5 million. Imports of 'Food' for intermediate use also increased by 18.7% to US\$85.4 million; while 'Industrial Supplies' grew by 13.6% to US\$285.7 million. 'Parts & Accessories of Capital Goods' however, decreased by 6.1% to US\$89.3 million. Possibly reflecting expansion or retool-

Table 10: Balance Of Payments (US\$M)

	Jan-Apr 2010	Jan-Apr 2011	\$ Change	% Change
<b>Current Account</b>	<b>(119.8)</b>	<b>(241.0)</b>	<b>(121.2)</b>	<b>-101.2%</b>
<b>Goods Balance</b>	<b>(981.5)</b>	<b>(1,161.1)</b>	<b>(179.6)</b>	<b>-18.3%</b>
Exports	474.1	581.5	107.4	22.7%
Imports	1,455.6	1,742.6	287.0	19.7%
<b>Services Balance</b>	<b>399.4</b>	<b>410.1</b>	<b>10.7</b>	<b>2.7%</b>
Transportation	(120.2)	(135.5)	(15.3)	-12.7%
Travel	707.5	734.0	26.5	3.7%
Other Services	(187.9)	(188.4)	(0.5)	-0.3%
<b>Income</b>	<b>(169.7)</b>	<b>(162.8)</b>	<b>6.9</b>	<b>4.1%</b>
Compensation of empl	4.9	3.9	(1.0)	-20.4%
Investment Income	(174.6)	(166.7)	7.9	4.5%
<b>Current Transfers</b>	<b>632.1</b>	<b>672.8</b>	<b>40.7</b>	<b>6.4%</b>
Official	37.2	46.7	9.5	25.5%
Private	594.9	626.1	31.2	5.2%
<b>Capital &amp; Financial Account</b>	<b>119.8</b>	<b>241.0</b>	<b>121.2</b>	<b>101.2%</b>
<b>Capital Account</b>	<b>(5.4)</b>	<b>(6.8)</b>	<b>(1.4)</b>	<b>-25.9%</b>
Capital Transfers	(5.4)	(6.8)	(1.4)	-25.9%
Official	4.0	2.7	(1.3)	-32.5%
Private	(9.4)	(9.4)	-	0.0%
Acq/disp.	-	-	-	0.0%
<b>Financial Account</b>	<b>125.2</b>	<b>247.8</b>	<b>122.6</b>	<b>97.9%</b>
Other Official Invst	528.3	471.7	(56.6)	-10.7%
Other Private Invst	(396.2)	207.1	603.3	152.3%
Reserves	(6.9)	(431.1)		

Source: BOJ & Statistical Update:

ing by Jamaican firms, imports of **'Capital Goods (excl. Motor Cars)'** registered the largest percentage increase, growing by 43.8% to US\$171.8 million in Jan-April 2011. All categories of Capital Goods imports registered increases. 'Other Industrial Transport Equipment' was up 248% to US\$54.99 million compared to US\$15.77 million a year earlier; 'Machinery and Equipment' was up by 19.4% to US\$58.5 million from US\$48.9 million and 'Construction Materials' by 11.0% to US\$29.12 million from US\$26.2 million in Jan-April 2010.

Imports of **Consumer Goods (excl. Motor Cars)** also increased in Jan-April 2011, though more modestly by 2.5% to US\$525.1 million in the first four months of 2011. Imports of 'Food (incl. Beverages)' were up 17.9% to US\$246.2 million and 'Other Durable Goods (excl. Motor cars)' were up 1.1% to US\$94.5 million, but imports of 'Non-durable Goods' declined by -13.6% to US\$143.9 million from US\$166.5 million and 'Semi-Durable Goods' imports declined by -6.9% to US\$40.5 million from US\$43.5 million in Q1 2010. During Jan-April

2011, imports of **'Passenger Motor Cars'** increased by 18.1% to US\$37.08 million from US\$31.4 million one year earlier.

**Oil:** At the end of August 2011, the price of West Texas Intermediate (WTI) Crude Oil stood at US\$88.81 per 42 gallon barrel - a decrease in price of US\$6.89 compared to the closing price of US\$95.70 the previous month. During August 2011 the price ranged between a low of US\$79.30 and the high of US\$94.89 per barrel before closing at US\$88.81 (See Fig. 5)

## Balance of Payments

For the first four months of 2011, there was a **Current Account** deficit of US\$241.0 million, which represented a deterioration of US\$121.2 million relative to the corresponding period in 2010. The deterioration in the current account resulted primarily from the **Goods Sub-account**. During the period, the goods balance recorded a deficit of US\$1,161.1 million, a deterioration of US\$179.6 million when compared to the corresponding period in 2010. This resulted primarily from an increase in imports of US\$287.0

Table 11: Fiscal Accounts (J\$ Million)

	Apr-Jul (Fiscal—2011/12)				Apr-Jul (YOY)	
	J\$ million		Deviation		10/11 - 11/12	
	Provisional	Budget	J\$M	(%)	J\$M	(%)
<b>Revenue &amp; Grants</b>	<b>101,908.2</b>	<b>105,774.5</b>	<b>-3,866.3</b>	<b>-3.66</b>	<b>4,540.0</b>	<b>4.7</b>
Tax Revenue	88,647.8	91,887.0	-3,239.2	-3.53	6,348.2	7.7
Non-Tax Revenue	7,441.6	5,813.6	1,628.0	28.00	-2,487.5	-28.5
Bauxite Levy	533.3	618.3	-85.0	-13.75	515.7	2930.1
Capital Revenue	4,037.6	4,351.4	-313.8	-7.21	2,344.4	138.0
Grants	1,248.0	3,104.2	-1,856.2	-59.80	-2,181.1	-63.6
<b>Expenditure</b>	<b>117,054.2</b>	<b>127,279.9</b>	<b>-10,225.7</b>	<b>-8.03</b>	<b>5,879.8</b>	<b>5.3</b>
Recurrent Expenditure	98,761.1	105,408.5	-6,647.4	-6.31	5,699.9	6.1
Programmes	26,088.4	28,205.3	-2,116.9	-7.51	2,053.3	8.5
Wages & Salaries	46,186.8	47,092.4	-905.6	-1.92	3,331.0	7.8
Interest	26,485.9	30,110.8	-3,624.9	-12.04	316.0	1.2
Domestic	9,854.1	13,413.0	-3,558.9	-26.53	-2,842.7	-22.4
External	16,631.8	16,697.8	-66.0	-0.40	3,158.7	23.4
Capital Expenditure	18,293.1	21,871.4	-3,578.3	-16.36	179.9	1.0
Capital Programmes	18,293.1	21,871.4	-3,578.3	-16.36	179.9	1.0
IMF #1 Account	0.0	0.0	0.0	0.00	0.0	0.0
<b>Fiscal Balance (Surplus [+ve])</b>	<b>-15,145.9</b>	<b>-21,505.3</b>	<b>6,359.4</b>	<b>29.57</b>	<b>-1,339.8</b>	<b>-8.7</b>
Loan Receipts	40,789.1	38,208.1	2,581.0	6.76	-26,085.0	-35.4
Domestic	37,529.5	31,962.0	5,567.5	17.42	-21,054.6	-32.2
External	3,259.6	6,246.1	-2,986.5	-47.81	-5,030.4	-60.7
Divestment Proceeds	0.0	0.0	0.0		0.0	0.0
Amortization	50,690.6	49,947.7	742.9	1.49	7,863.2	18.4
Domestic	8,718.1	7,707.4	1,010.7	13.11	-26,366.9	-75.2
External	41,972.5	42,240.3	-267.8	-0.63	34,230.0	442.1
<b>Overall Balance (Surplus [+ve])</b>	<b>-25,047.5</b>	<b>-33,245.0</b>	<b>8,197.5</b>	<b>24.66</b>	<b>-35,287.9</b>	<b>-228.6</b>
<b>Primary Balance (Surplus [+ve])</b>	<b>11,339.9</b>	<b>8,605.5</b>	<b>2,734.4</b>	<b>31.78</b>	<b>-1,024.0</b>	<b>-9.5</b>

Source: Ministry of Finance and Planning

million, which was significantly influenced by an increase in *mineral fuel* imports of US\$193.8 million. The deterioration observed in the goods sub-account was partially offset by a US\$107.4 million increase in exports, stemming mainly from an improvement in mineral fuel exports of US\$335.9 million.

The surplus on the **Services Sub-account** increased by US\$10.8 million. This primarily resulted from an increase in estimated tourist expenditure. The **Income Sub-account** balance improved by US\$6.9 million during the review period. This improvement emanated primarily from a reduction in interest payments made on official external debt.

Over the review period, **Current Transfers** increased by US\$40.7 million to US\$672.8 million. The improvement in the current transfers sub-account resulted primarily from an increase in net private transfers of US\$31.2 million.

Flows from official and private sources were more than sufficient to finance the current account deficit. Consequently, the NIR increased by US\$431.1 million during the period.

## Fiscal Accounts

During the first four months of FY 2011/12, (Apr-Jul) the GOJ ran a fiscal deficit of -J\$15.12 billion. This deficit was J\$6.36 billion less than the J\$12.22 billion budgeted and mainly resulted from a large J\$10.23 billion or -8.03% cutback in expenditures to J\$117.05 billion relative to the J\$127.28 billion that was budgeted. A significant shortfall in Revenues and Grants of -J\$3.87 billion or 3.66% also contributed to the fiscal deficit for the period.

**REVENUE:** Total Revenues & Grants to the GOJ during April-July 2011/12 was J\$101.91 billion. This was -J\$3.66 billion below budget as

noted, but J\$4.54 billion higher than the J\$96.2 billion collected in April-July 2010. The main outperformers on the revenue accounts were 'Non-Tax Revenue' which came in J\$1.63 billion above budget; Stamp Duty (Local) up J\$1.08 billion; and PAYE which came in J\$797.0 million above budget. Other notable outperformers on the revenue accounts were 'Travel Tax' - up J\$281.2 million and 'Environmental Levy' which exceeded budget by J\$75.1 million.

Among the main underperformers on the revenue accounts were: 'Tax on Interest' - down -J\$1.45 billion; STC down -J\$1.29 billion; and Customs Duty' which registered a shortfall of -J\$1.2 billion. Notable shortfalls were also recorded by 'Other Companies Taxes' which came in -J\$518.5 million below budget and 'SCT (Imports)' - down -J\$339.0 million.

**EXPENDITURE:** During the first four months of fiscal year 2011/12, there was a large -J\$10.23 billion or 8.03% cutback in planned expenditures to J\$117.05 billion relative to the J\$127.3 billion budgeted. This reduced expenditure resulted from across the board reductions on all heads of expenditure. Expenditure on 'Capital Programmes' were down J\$3.6 billion; 'Domestic Interest' payments were down -J\$3.56 billion, and 'Recurrent Programmes' were under-spent by -J\$2.12 billion. Outlays on 'Wages and Salaries' were also reduced by -J\$905.6 million and 'External Interest' payments clipped by -J\$66.0 million.

### FISCAL OUTTURN

As noted, during the first four months of FY2011/12 (April-July 2011), the Budget recorded a fiscal deficit of J\$15.15 billion due largely to expenditure curtailments of -J\$10.23 billion which was reinforced by a significant decline in revenues of -J\$3.87 billion. Still, this fiscal deficit represented a 29.6% improvement on the -J\$21.5 billion budgeted. During FY2010/11, there was a fiscal deficit of -J\$74.2 billion amounting to 6.1% of GDP which represented a 40.2% improvement on the deficit of -J\$123 billion recorded in 2009/10. For FY2011/12, the GOJ is projecting a deficit of -J\$61.8 billion or 4.7% of GDP. The current average monthly deficit of J\$3.78 billion is therefore well below the J\$5.0 billion targeted.

**The Primary Surplus** - the difference between total revenues and non-interest expenditures for FY2010/11 was J\$54.1 billion or 5.6% of GDP. This fell short of budget by J\$7.15 billion or 11.7% relative to the J\$61.3 billion originally budgeted. For the first four months of FY2011/12, the primary surplus was J\$11.34 billion which was J\$2.73 billion or 31.8% greater than J\$8.61 billion budgeted.

### PUBLIC DEBT

During July 2011 the total public debt stood at J\$1,582.3 billion—an increase of J\$5.5 billion over the J\$1,576.8 billion recorded at the end of June 2011. The domestic debt is estimated at J\$842.2 billion or 53.2% of the total, while the external debt amounts to J\$740.1 billion (US\$8.59 billion) or 46.8% of the total debt stock.

## Stock Market

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



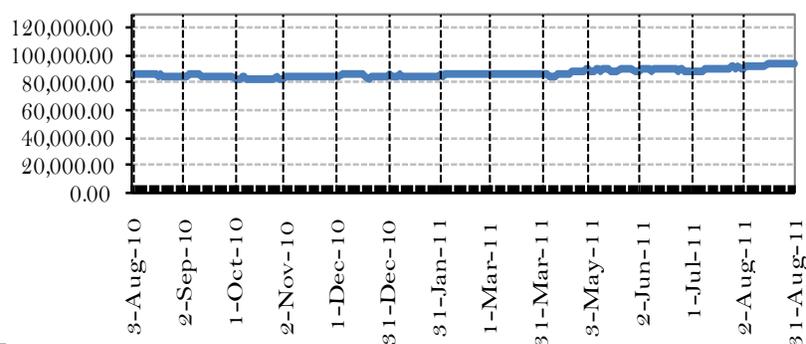
Source: Ministry Of Finance and Planning (Jamaica)

Table 12: Major Deviations in Fiscal Revenue and Expenditure

J\$-Millions	Apr-Jul 2011/12
<b>Revenue (Revenue Surpluses)</b>	
Non-Tax Revenue	1,628.0
Stamp Duty (Local)	1,084.4
PAYE	797.0
Travel Tax	281.2
Environmental Levy	75.1
<b>Revenue (Revenue Shortfalls)</b>	
Tax on Interest	-1,445.4
STC	-1,286.8
Customs Duty	-1,200.4
Other Companies	-518.5
SCT (Imports)	-339.0
<b>Expenditure (Changes)</b>	
Capital Programmes (under-spend)	-3,578.3
Domestic Interest (under-spend)	-3,558.9
Recurrent Programmes (under-spend)	-2,116.9
Wages & Salaries (under-spend)	-905.6
Dom. Amortization (overspend)	1,010.7

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index Aug '10 - Aug '11



Source: Jamaica Stock Exchange (Online Database) and PSOJ

During August 2011, market capitalization increased by J\$7.26 billion or 1.21% to close at J\$607.6 billion. Four of five indices on the Jamaica Stock Exchange advanced and one declined. The main

**JSE Market Index** advanced by 2,727.8 points or 2.96% to close at 93,532 points. The **JSE Select Index** advanced by 156.7 points or 5.65% to close at 2,771.64 points; and the **JSE**

All **Jamaican Composite** advanced by 5,182 or 5.23% to close at 99,008 points. The **JSE Junior** also advanced - by 51.51 points or 5.40% to close at 584 points. But the **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, declined by 9.20 points or 1.15% to close at 797.90 points.

Market volume was moderate in August 2011 with 106.2 million units valued at J\$898.12 million changing hands, compared to 101 million units valued at \$681 million in June 2011.

Overall market activity resulted from trading in 43 stocks of which 22 advanced, 13 declined and 8 traded firm. Cable and Wireless was the market leader with 27.6 million units or 25.9% of market volume, followed by Jamaica Broilers Group with 13.9 million units or 13.13% of market volume; while Sagicor Life Jamaica was third with 7.13% or 7.57 million units changing hands.

the now burgeoning view of another imminent global recession or slowdown. Issues related to European Sovereign debt and bank solvency and liquidity dominated the news and continued to roil financial markets. During August and the beginning of September, Spain was threatened with another downgrade, while Italy, the third largest European economy was downgraded one level by Standard & Poor from A+ to A. Two French Banks—Credit Agricole and Societe Generale were downgraded by Moody's based on their exposure to Greek Government debt.

As concerns have built about the possible impact of European instability on the broader global economy, European national governments and the European Central Bank (ECB) have come under intense pressure to expand or strengthen the European Financial Stability Facility (EFSF). Proposals have varied from permitting the ECB to purchase Government bonds to leveraging the basic €400 billion EFSF by four to five times to €2 trillion by using it as collateral to purchase ECB bonds.

What has contributed to the instability in markets is not the lack of proposals to deal with the crisis, but the unwieldy decision-making mechanisms in the EU often requiring 17 national parliaments to make decisions and the failure of

**Table 13: Top & Bottom Five (5) performers on JSE (price per share)**

	31- Dec '10	29- Aug. 11	\$ change	% change
<b>Top Five (unadjusted for dividends or transact. Costs)</b>				
JMMB	4.00	11.1	7.01	176.8%
Barita Investments	1.99	3.34	1.35	67.8%
Ciboney Group	0.03	0.05	0.02	66.7%
NCB	19.32	28.05	8.73	45.2%
Berger Paints Ltd.	2.01	2.91	0.90	44.8%
<b>Bottom Five (unadjusted for dividends or transact. Costs)</b>				
Trinidad Cement Ltd.	53.00	20.0	(23.00)	-62.3%
Cable & Wireless (Ja.)	0.33	0.15	(0.18)	-54.5%
Caribbean Cement Co.	3.07	2.01	(1.06)	-34.5%
Salada Foods	13.00	9.00	(4.00)	-30.8%
First Caribbean Bank	13.19	9.35	(3.84)	-29.1%

*Source: Compiled from the JSE*

The leading advancers year to date are: Jamaica Money Market Brokers (JMMB), Barita Investments, Ciboney Group, National Commercial Bank and Berger paints. The leading decliners are Trinidad Cement Ltd., Cable & Wireless Ltd, Caribbean Cement Company, Salada Foods, and First Caribbean Bank.

European Governments to make a sufficient and prompt response to the crisis.

In the US, the Federal Reserve in its September Statement noted that there were now "significant (emphasis added) downside risks to the economic outlook" citing European debt problems and persistent weaknesses in the US labour and housing markets. The addition of the word 'significant' by the FED to its statement intensified selling pressures on equity markets which has experienced over US\$3 trillion in paper losses since may 2011.

Even in China, which has served as the engine of the global recovery since 2008 through its' high demand for commodities and efforts to boost domestic Chinese consumption, there is growing evidence that their economy is cooling. China's *Industrial Production* came in at 13.5% in August 2011 relative to expectations of 14.2%; and the HSBC Flash China *Manufacturing Purchasing Managers' Index* (PMI) came in at 49.3 in July and was only slight improved in August 2011 with a reading of 49.8. (To recall, PMI readings below 50 indicate contraction and above 50 expansion). China's *Services PMI* also turned out lower (50.6) in August 2011 than the 53.5 expected.

## Economic Highlights

(contd. from page 1.)

### The Global Picture—European & US Fears Roils Markets.

Economic data from the major global economies in August 2011 reinforced

At the same time, China's inflation remained fairly high at 6.2% year to date which is likely to constrain Chinese authorities from engaging in further stimulative actions that could benefit the global economy. Indeed, China's monetary authorities warned, that they were still likely to implement two more rounds of policy tightening before the end of 2011.

Yet, despite the growing pessimism about prospects for the global economy, it is still not a foregone conclusion that a 'double-dip' or new recession is likely. Though the weaknesses in the US housing and labour markets are expected to persist over the medium-term, hopes are that the Europeans will agree to strengthen the EFSF to prevent financial instability from spreading throughout the Euro-zone, dire, and that China will continue its expansion because in both cases the consequences of failure are too grim.

But it seems that when positive hopes are born out of fear that the consequences of failure are too dire, it is clear indication that optimism is close to rock bottom.

## INFLATION (AUG - 2011) - CPI

## APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>0.58%</b>	<b>0.576</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>1.31%</b>	<b>0.490</b>	<b>1</b>	
<b>Food</b>	1.30%			
Bread and Cereals	0.43%			
Meat	0.50%			
Fish and Seafood	0.22%			
Milk, Cheese and eggs	0.32%			
Oils and Fats	0.23%			
Fruit	2.85%			
<b>Vegetables and Starchy Foods</b>	<b>4.50%</b>			
Vegetables	4.90%			
Starchy Foods	3.88%			
Sugar, Jam, Honey, Chocolate and Confectionery	1.28%			
Food Products n.e.c.	0.21%			
<b>Non-Alcoholic Beverages</b>	<b>0.65%</b>			
Coffee, tea and Cocoa	0.88%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	0.65%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>0.28%</b>	<b>0.004</b>	<b>10</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>0.84%</b>	<b>0.028</b>	<b>6</b>	
Clothing	1.02%			
Footwear	0.60%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>-2.10%</b>	<b>-0.268</b>	<b>12</b>	
Rentals for Housing	0.00%			
Maint and Repair of Dwelling	0.54%			
Water Supply and Misc. Serv Related to the Dwelling	0.10%			
Electricity, Gas and Other Fuels and Routine	-3.78%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>0.60%</b>	<b>0.029</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	1.80%			
Household Textiles	0.52%			
Household Appliances	0.48%			
Glassware, Tableware and Household Utensils	0.54%			
Tools and Equipment for House and Garden	0.06%			
Goods and Serv. for Routine Household Maint	0.36%			
<b>HEALTH</b>	<b>0.49%</b>	<b>0.016</b>	<b>7</b>	
Medical Products, Appliances and Equipment	0.08%			
Health Services	0.67%			
<b>TRANSPORT</b>	<b>0.92%</b>	<b>0.119</b>	<b>3</b>	
<b>COMMUNICATION</b>	<b>3.13%</b>	<b>0.125</b>	<b>2</b>	
<b>RECREATION AND CULTURE</b>	<b>0.27%</b>	<b>0.009</b>	<b>9</b>	
<b>EDUCATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>0.20%</b>	<b>0.012</b>	<b>8</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>0.67%</b>	<b>0.056</b>	<b>4</b>	

**INFLATION YTD ( JAN- AUG 2011 ) CPI**

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>3.87%</b>	<b>3.867</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>2.65%</b>	<b>0.993</b>	<b>2</b>	
Food	2.36%			
Bread and Cereals	6.90%			
Meat	6.07%			
Fish and Seafood	5.33%			
Milk, Cheese and eggs	7.34%			
Oils and Fats	4.83%			
Fruit	11.08%			
<b>Vegetables and Starchy Foods</b>	<b>-10.62%</b>			
Vegetables	-16.56%			
Starchy Foods	7.11%			
Sugar, Jam, Honey, Chocolate and Confectionery	6.40%			
Food Products n.e.c.	4.34%			
<b>Non-Alcoholic Beverages</b>	<b>6.39%</b>			
Coffee, tea and Cocoa	11.29%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	4.65%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>4.19%</b>	<b>0.058</b>	<b>10</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>5.28%</b>	<b>0.176</b>	<b>6</b>	
Clothing	6.38%			
Footwear	3.74%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>8.22%</b>	<b>1.049</b>	<b>1</b>	
Rentals for Housing	0.05%			
Maint and Repair of Dwelling	5.68%			
Water Supply and Misc. Serv Related to the Dwelling	11.51%			
Electricity, Gas and Other Fuels and Routine	12.49%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>5.44%</b>	<b>0.268</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	5.98%			
Household Textiles	5.64%			
Household Appliances	3.40%			
Glassware, Tableware and Household Utensils	4.44%			
Tools and Equipment for House and Garden	2.43%			
Goods and Serv. for Routine Household Maint	5.79%			
<b>HEALTH</b>	<b>1.57%</b>	<b>0.052</b>	<b>11</b>	
Medical Products, Appliances and Equipment	1.85%			
Health Services	1.35%			
<b>TRANSPORT</b>	<b>4.80%</b>	<b>0.616</b>	<b>3</b>	
<b>COMMUNICATION</b>	<b>3.13%</b>	<b>0.125</b>	<b>7</b>	
<b>RECREATION AND CULTURE</b>	<b>1.86%</b>	<b>0.062</b>	<b>9</b>	
<b>EDUCATION</b>	<b>0.42%</b>	<b>0.009</b>	<b>12</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>1.82%</b>	<b>0.113</b>	<b>8</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>3.97%</b>	<b>0.332</b>	<b>4</b>	

## FISCAL ACCOUNT (APR-JUL 2011)

REV. & EXPEN. (APR-JUL '11)	J\$m	PROVISIONAL RESULTS	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	101,908.2		-3,866.3		4,540.00	
Tax Revenue	88,647.8		-3,239.2		6,348.20	
Non-Tax Revenue	7,441.6		1,628.0		-2,487.50	
Bauxite Levy	533.3		-85.0		515.70	
Capital Revenue	4,037.6		-313.8		2,344.40	
Grants	1,248.0		-1,856.2		-2,181.10	
<b>Expenditure</b>	117,054.2		-10,225.7		5,879.80	
Recurrent Expenditure	98,761.1		-6,647.4		5,699.90	
Programmes	26,088.4		-2,116.9		2,053.30	
Wages & Salaries	46,186.8		-905.6		3,331.00	
Interest	26,485.9		-3,624.9		316.00	
Domestic	9,854.1		-3,558.9		-2,842.70	
External	16,631.8		-66.0		3,158.70	
Capital Expenditure	18,293.1		-3,578.3		179.90	
Capital Programmes	18,293.1		-3,578.3		179.90	
IMF #1 Account	0.0		0.0		0.00	
<b>Fiscal Balance (Surplus [+]/ve)</b>	-15,145.9		6,359.4		-1,339.80	
Loan Receipts	40,789.1		2,581.0		-26,085.00	
Domestic	37,529.5		5,567.5		-21,054.60	
External	3,259.6		-2,986.5		-5,030.40	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	50,690.6		742.9		7,863.20	
Domestic	8,718.1		1,010.7		-26,366.90	
External	41,972.5		-267.8		34,230.00	
<b>Overall Balance (Surplus [+]/ve)</b>	-25,047.5		8,197.5		-35,287.90	
<b>Primary Balance (Surplus [+]/ve)</b>	11,339.9		2,734.4		-1,024.00	

REV. & EXPEN. (APR-JUL '11)	J\$m	PROVISIONAL RESULTS	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	101,908.2		-3,866.3		4,540.00	
Tax Revenue	88,647.8		-3,239.2		6348.19	
Income and profits	26,592.7		-1,250.4		-938	
Bauxite/alumina	0.0		0.0		-866.3	
Other companies	6,271.3		-518.5		185.8	
PAYE	19,516.0		797.0		2965.6	
Tax on dividend	236.1		-102.9		-228.8	
Other individuals	814.8		19.4		-75.8	
Tax on interest	-245.5		-1,445.4		-2918.4	
Environmental Levy	777.0		75.1		106.5	
Production and consumption	27,765.6		-839.3		2383.9	
SCT	1,838.7		-1,286.8		-814.9	
Motor vehicle licenses	563.9		-61.8		-5.8	
Other Licenses	151.3		54.7		62.7	
Betting, gaming and lottery	497.6		-36.6		-19.3	
Education Tax	4,790.3		-20.1		627.1	
Contractors levy	262.8		-16.2		-38.5	
GCT (Local)	16,209.9		-557.0		1068.7	
Stamp Duty (Local)	3,451.1		1,084.4		1503.2	
International Trade	33,512.5		-1,224.6		4796.2	
Custom Duty	6,672.5		-1,200.4		542.8	
Stamp Duty	472.3		-12.3		62.6	
Travel Tax	2,793.6		281.2		1515.1	
GCT (Imports)	13,583.2		46.0		1720.5	
SCT (Imports)	9,990.9		-339.0		954.8	
Non-Tax Revenue	7,441.6		1,628.0		-2487.5	
Bauxite Levy	533.3		-85.0		515.7	
Capital Revenue	4,037.6		-313.8		2344.4	
Grants	1,248.0		-1,856.2		-2181.1	



<u>Key:</u>	
ACP— Africa Caribbean Pacific States	Loan – Average Loan Rate
BM – Base Money	M – Monthly Percentage Change
BP — Basis Points	M2 – Money Supply
CaPRI— Caribbean Policy and Research Institute	MT – Million tonnes
CARICOM— Caribbean Community & Common Market	N/A – Not Available
CARIFORUM— CARICOM and Dominican Republic	NIR – Net International Reserves
CPI – Consumer Price Index	OMO – Open Market Operation
CSME— Caribbean Single Market & Economy	P – Point-to-Point Percentage Change
EC— European Commission	R – Revised
EPA—Economic Partnership Agreement	S – Stopover
EU—European Union	Save – Average Savings Deposit Rate
FX Dep – Foreign Exchange Deposit	Tbill – 6-month Treasury Bill Yield
JCB – Jamaica Conference Board	Tourism – Total Tourist Arrivals
JCC – Jamaica Chamber of Commerce	WATBY- weighted average Treasury bill yield
KMA — Kingston and Metropolitan Area	WTO—World Trade Organization
KSA—Kingston and St. Andrew	OECD—Organisation for Economic Co-operating and Development (membership of 30 major countries)
WTI — West Texas Intermediate (Spot Oil Price)	

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The Economic Bulletin is a monthly synopsis of the major developments impacting the Jamaican economy. It covers a wide range of areas including inflation, the financial markets, fiscal accounts, tourism, the productive sectors and external trade. In addition to tracking changes in the main indicators, it also goes behind the numbers to examine the underlying factors driving those changes. The Bulletin also provides insight into how current trends may shape developments going forward in order to help inform your business decisions.

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