



PSOJ MONTHLY ECONOMIC BULLETIN

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Economic Highlights

Jamaica's Macro-economy under stress

Despite the recent upgrade by Fitch and Standard & Poors (S&P) of Jamaica's sovereign credit rating to 'C' and 'CCC+' respectively from 'SD' (selective default), Jamaica's macro-economy is experiencing increasing stress. S&P upgrade was based on an assessment that the economy was stabilizing due to the greater availability of external funding and the likelihood that the GOJ could achieve the fiscal targets stipulated in the GOJ/IMF Agreement.

But while the factors stated by S&P may be true, there is no doubt that there are increasing signs of stress in a number of key indicators. Since the start of 2013, the Jamaican dollar has depreciated by 11.3% against the US dollar from J\$92.97 to J\$103.50 at the end of September 2013. Net International Reserve, now at US\$881 million has declined to the lowest levels in 10 years. (Cont'd Page 10)

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The current economic environment continues to remain fragile, some five to six months into the IMF agreement. Word has come that Jamaica has passed the first quarter IMF test, and this has instilled some amount of confidence, particularly with the international community, as reflected by the upgrades by the credit agencies.

This, however, has still not been enough to bring greater stability to the foreign exchange market, which would have already considered the first quarter IMF results and would have been looking towards the second quarter. This remains on track, as reported by the EPOC, even though the tabling of the Charities Bill has been delayed by a month, to the end of October.

However, even though the fiscal targets are being met, this is at the expense of economic contraction taking place, and resulting higher unemployment. Youth unemployment, is particularly worrying at 40 percent.

What is required is for private sector activity to grow, as government retreats from the economy. It is only through this happening that we will see the continued success of the IMF programme, and resulting improvement in our economic environment. This will also serve to ensure the much needed stability in the macroeconomic environment, including interest rates and exchange rates, which the section below provides much more detail on the fragility of these markets.

Recently we have been seeing some threatening signs in this stability, as interest rates have inched up, and the J\$ continues to lose value against the major trading currencies.

If we are to overcome these challenges,

then we must try to understand what is required for us to do so. In other words, what must be done to increase the level of confidence in the economy and cause capital to move into real investments.

The August fiscal target numbers show that we are some \$5 billion behind revenue budget, and only achieved the fiscal target because of under expenditure of \$10 billion. This is unsustainable, and amplifies the need for private sector led growth.

The signing of the Social partnership is of course a move in the right direction. But it must not only be a signed document. It must include deliberate action from all parties to ensure engagement. This is why the current handling of the 360 MW project must improve credibility and transparency.

We also need to ensure that the other structural issues of bureaucracy (such as the development approval process), law and order, tax reform, and pension reform are addressed expeditiously.

It is only when we create an enabling environment for investments, by addressing these structural deficiencies, identified by the PSOJ in its Economic Policy Framework, that we will begin to see the growth that we need.

The private sector always remains open to taking advantage of opportunities in any competitive environment, and Jamaica is no different.

Finally, we have seen the recovery experience of many countries, that show that a critical ingredient of growth in the economy comes from the SMEs. These are the places of greatest job creation and growth rates, and we must focus on policies that encourage SMEs.



Net International Reserves (NIR)

During August 2013, Net International Reserves declined by US\$48.12 million to US\$881.6 million compared to US\$929.72 million at the end of July 2013. NIR are now at their lowest levels in more than ten years. The main causes of the drain of NIR is weak confidence in the Jamaican economy which is prompting individuals and entities to hoard the safe-haven USD rather than sell into and replenish the market for foreign exchange. Year to date, the NIR is down US\$244.0 million, while year over year (Aug 2012 to Aug 2013), the NIR is down by US\$538.4 million.

At the end of August 2013, gross reserves were adequate to finance 11.22 weeks of “goods and services” imports, (14.96 weeks of ‘goods’ imports) just below the 12 weeks international benchmark of reserves adequacy.

Foreign Currency Deposits

At the end of June 2013, foreign currency deposits (FCD's) in the local financial system stood at US\$2.56 billion—an increase of US\$36.11 million or 1.41%, over the previous month. Year to date, FCD's are up about US\$40.0 million. This continues the build-up from 2012 when FCD's increased by US\$180 million or 7.5% despite the bleeding of NIR. This steady build-up in FCD's is likely due to the tendency to hold hard currency in times of uncertainty.

Foreign Exchange Rate

US DOLLAR: During August 2013, the Jamaican dollar depreciated by an additional J\$0.22 to J\$102.08 compared to J\$101.86 at the end of July 2013.

After rising above the J\$100 level on June 7th, 2013, the J\$/USD exchange rate held below the J\$102 level over the next seven weeks before breaching that level on Aug 21, 2013. Indeed, during September 2013, depreciation of the J\$ accelerated to J\$103.33, and is now above the J\$104.00 level, threatening J\$105.00.

For the eight month period from Jan–Aug 2013, the J\$ is down J\$9.10 or

Table 1b: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Aug-13	881.6	-48.12	-547	-243.98	14.96
Aug-12	1428.6	-55.22	-697.72	-538.41	20.14

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

	US\$000 Jun '13	Change (US\$000)		% Change	
		mtly	12 mth	mtly	12 mth
Commercial Banks	1,918,852	25,554	-43,091	1.33	-2.20
Building Societies	572,557	6,033	21,639	1.05	3.93
Merchant Banks	71,131	4,518	30,049	6.35	73.14
Total Deposits	2,562,540	36,105	8,597	1.41	0.34

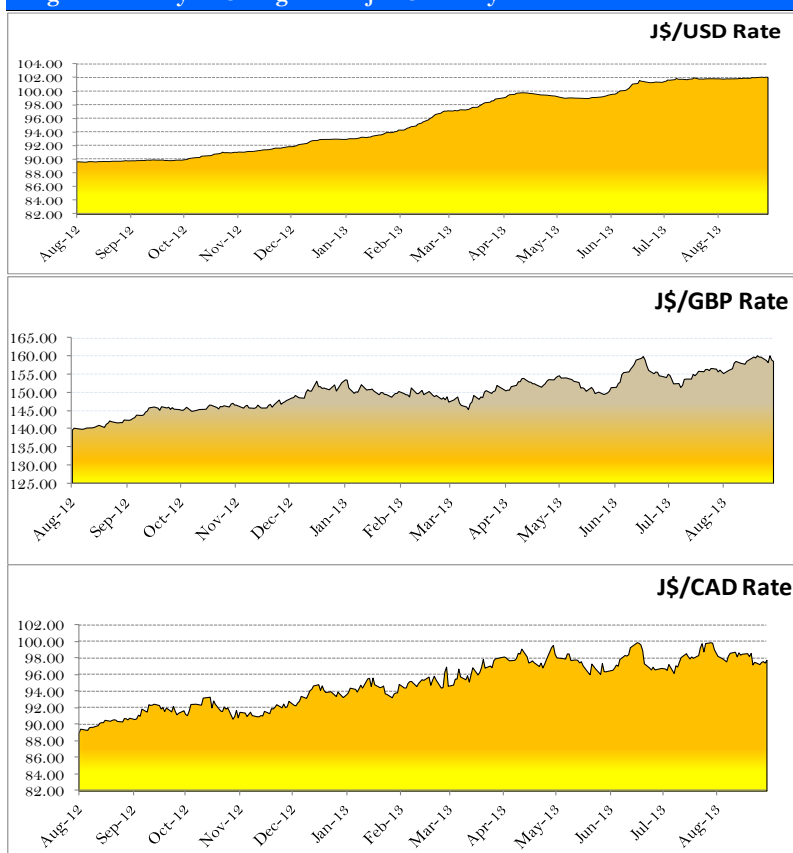
Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends

	YTD Currency Rate Change (Dec 31, 2012—8/31/13 *					
	J\$ / US\$	%	J\$ / UK£	%	J\$ / Can\$	%
2013	-9.10	-9.79	-5.90	-3.86	-4.52	-4.84
2012	-3.25	-3.76	-7.21	-5.36	-6.41	-7.61
2011	-0.26	-0.31	-6.56	-4.91	-2.54	-2.98
	MOM Aug - 2013					
Actual Rate	102.08	0.22	158.54	1.54	97.82	-1.28
Mth Change	0.22	0.22	2.40	1.54	-1.27	-1.28

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

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

9.79%, against the USD compared to a decline of J\$3.25 during the corresponding period of 2012 and J\$0.26 in Jan-Aug 2011.

POUND & CANADIAN DOLLAR:

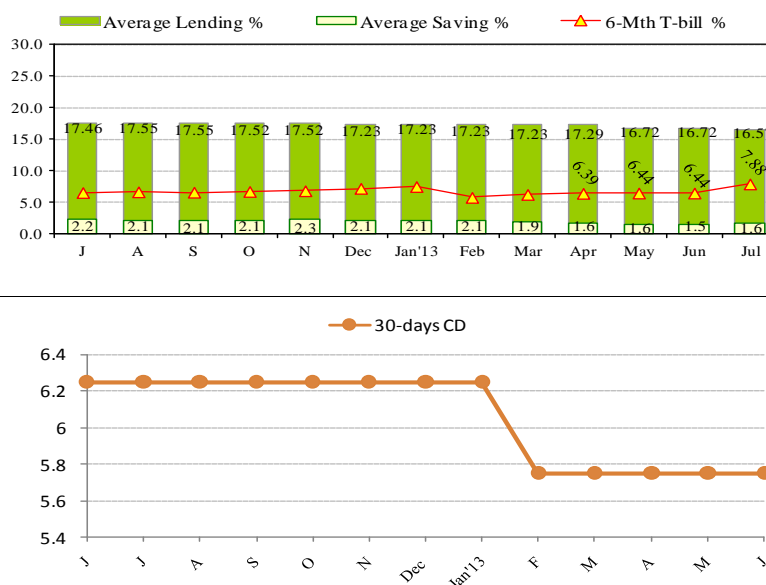
In the May 2013 'relief rally', following the new GOJ/IMF Agreement, the J\$ appreciated by J\$2.73 or 1.77% against the GBP to J\$151.29 from J\$154.02 in April 2013. Against the CAD, the J\$ also appreciated by J\$3.13 or 3.14% in May 2013 to sell for J\$96.48 compared to J\$99.60 in April 2013. As Jamaica's external imbalance started to weigh on sentiment during June 2013, the J\$ gave up the gains of May 2013, dropping to new lows of J\$159.85 against GBP and to J\$99.94 against the CAD before recovering to J\$154.48 and J\$96.70 respectively. Since July 2013, the depreciation of J\$ against both currencies have resumed though there was a short-lived recovery against the CAD in August 2013. However, during September, the J\$ depreciated further against GBP and CAD reaching historic lows of J\$167.1 and J\$100.98 respectively.

Interest Rates

During August 2013, the Bank of Jamaica continued its liquidity management open market operations to mop-up Jamaican dollar liquidity in order to reduce pressure on the Jamaican dollar exchange rate and/or to support the net international reserves. In August 2013, the BOJ issued two certificates of deposit - a 180 day CD at 7.49% and an 18-month CD at 7.54%. In total, since the beginning of calendar year 2013, the BOJ has made 36 issuances, 20 of which has occurred since the start of FY2013/14.

As noted previously, a significant feature about these issuances is that nearly all of them were in the mid-range of maturities, that is, longer than six months. This suggested that the BOJ was testing whether its two year long efforts (begun in Jan 2010) of recalibrating Jamaica's interest rates at lower levels had taken hold and if it was now possible to issue longer tenors at much lower sustainable interest rates than the previous two decades.

Figure 2A & 2B: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

	Jul -13	Change (%age pts)		
		Monthly	12-Mth	YTD
30-days CD	5.75%	0.00%	-0.50%	-0.50%
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**	6.77%	0.00%	-8.23%	-8.23%
365-days CD**	7.35%	0.50%	-15.32%	-15.32%
Avg Savings Rate	1.62%	0.11%	-0.62%	-0.45%
Avg Loan Rate	16.57%	-0.15%	-0.89%	-0.66%
6-Month T-Bill	7.88%	1.44%	1.36%	0.70%

Source: Bank of Jamaica (BOJ Preliminary) * Not issued since Dec.2009; **Reissued in Q2 2013

An examination of the interest rate trend since the start of FY2013/14 shows that the BOJ is experiencing difficulty keeping interest rates at sustainable levels - generally regarded as below 7.0%. Since April 2013, the interest rate on the 180-days CD has increased from 5.97% to 7.49% in August 2013. The rate on the 365-day CD has gone from 6.85% in June 2013 to 7.35% in September 2013; and the rate on the 18-month CD increased from 6.07% in April 2013 to 7.37% in July 2013. The MOF 6-month T-Bill has also seemingly reversed a 2-year downward trend increasing from 6.44% in June

2013 to 8.13% in August 2013.

What is notable is these higher rates have not stabilized the exchange rate nor stemmed the decline in the NIR. The BOJ and the GOJ may therefore need to consider other options for stabilizing the macro-economy.

Base Money & Money Supply

During July 2013, M1 increased by 5.9% to J\$136,038.47 million due entirely to a J\$7,605.5 million increase in demand deposits. Quasi



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money for its part declined by J\$1,512.0 million or -0.56% to J\$267,954.5 million. This reflected a J\$5,003.7 million increase in time deposits which was counterbalanced by -J\$6,515.7 million decrease in savings deposits. Given that the decrease in Quasi money was exceeded by the M1 component, M2 - the broadest measure of money supply - increased by 1.53% to J\$403,992.9 million during July 2013 compared to the previous month.

In August 2013, the monetary base contracted by -0.87% to J\$91,185 million, as commercial banks drew down their statutory reserve possibly to invest in BOJ certificate of deposits given the intensified liquidity management operations of the Central Bank.

Inflation

The rate of inflation increased by 0.35% in August 2013. This was the second lowest rate for 2013 and well below the average monthly rate of 0.58% since the start of the year.

All twelve divisions that make up the Consumer Price Index (CPI) recorded increases under 1.0% August 2013. The highest increase of 0.9% was recorded for the **“Transport”** division. This largely the result of increased prices for airfares, motor vehicles, petrol and related products. The second highest increase (0.8%) was recorded for **“Miscellaneous Goods and Services”** due to higher prices for personal care items. **“Recreation and Culture”** recorded the third highest increase (0.7%) reflecting higher prices for books and computer accessories such as printers and cameras.

Three divisions recorded increases of 0.4%. The increases for **“Clothing and Footwear”** and **“Alcoholic Beverages and Tobacco”** reflected moderate increases for imported items such as clothing and wines and spirits, quite likely due to the continued impact of the depreciation of the Jamaican dollar; while the 0.4% increase for **“Restaurants and**

Table 5: Base Money and Money Supply

	J\$M	Percentage Change (%)	
	Jul -13	Mthly	12 Mth
M1	136,038.47	5.92	16.69
Quasi Money	267,954.46	-0.56	12.89
M2	403,992.93	1.53	14.14
	Aug -'13	Mthly	12 Mth
Base Money	91,185.60	-0.87	-0.93

Source: BOJ Economic Statistics

Table 6: Inflation Trends

	% Percent Changes			
	Aug	12-Mth	YTD	Fiscal
2013	0.35	9.51	4.02	1.97
2012	0.49	5.44	2.91	1.85

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

Table 7: Mining Production

	000 tonnes			YTD	
	Aug-13	Aug-12	%	Aug-13	13/12 %
Production					
Alumina	157.0	135.0	16.34	1,187.0	-0.35
C. Bauxite	358.3	436.6	-17.9	3,087.0	-2.70
Export					
Alumina	143.2	180.8	-20.8	1,205.8	1.62
C. Bauxite	373.3	447.1	-16.5	3,111.9	-1.40

Source: Jamaica Bauxite Institute (JBI)

Accommodation Services” was due to higher prices for catering and accommodation services.

Two divisions recorded increases of 0.2% included the most heavily weighted - **“Food and Non-Alcoholic Beverages”** division, as well as, the **“Furnishings, Household Equipment & Routine Household Maintenance”** division.

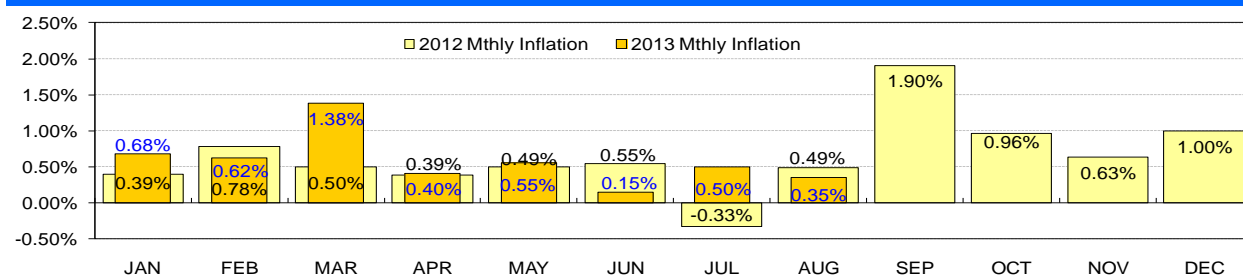
Within the former, all but one of the classes within the ‘Food’ group registered higher prices. ‘Fruit’, rose 2.0%; and ‘Milk, Cheese and Eggs’ by 1.1%. But these increases were mitigated by a 1.0% decline for ‘Vegetables and Starchy Foods’ as items such as plantains, bananas and plummie tomatoes

finally began to show recovery from Hurricane Sandy. The Non-Alcoholic Beverages Group, rose by 0.2% as the two classes within the group - ‘Mineral Water, Soft Drinks and Fruit Juices’ and ‘Coffee, Tea and Cocoa’ increased by 0.4% and 0.5% respectively.

The 0.2% rise in **Furnishings, Household Equipment and Routine Household Maintenance”** reflected the net effect of higher water rates counterbalanced by lower electricity rates; while the **“Education”** and **“Communication”** divisions were flat on the month

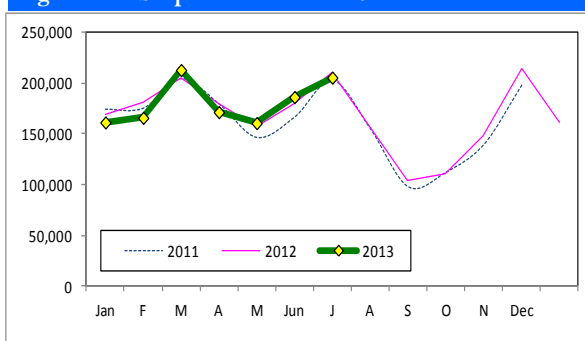
For January to August 2013, the rate of inflation was 4.8%. The fiscal year to date rate was 2.0% and the point

Figure 3: Monthly Inflation Changes



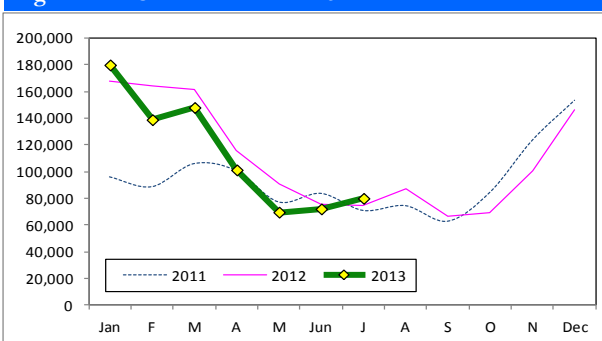
Source: STATIN and PSJOJ compilation

Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

to point rate was 9.5%.

Bauxite & Alumina

The soft conditions in the global economy during 2012 resulted in Jamaica's production of alumina falling by 10.86% to 1,753,505 tons compared to 1,959,238 tons during 2011. Production of crude bauxite was also down 7.46% to 4,759,647 million tons relative to 5,143,463 million tons during 2011.

For Jan-Aug 2013, alumina production is down slightly by 0.35% to 1,186,968 tons compared to 1,191,153 tons during the corresponding period of 2012. Production of crude bauxite is also down by 2.70% to 3,086,027 tons compared to 3,171,528 tons during the corresponding eight month period of 2012.

Tourism

Stopover arrivals in July 2013 was 205,655 - a decline of 2.0% compared to the 209,824 stopovers recorded in July 2012. However, the number of cruise passengers increased by 7.0% in July 2013 to 79,946 visitors, compared to 74,690 recorded in July 2012.

Regionally, stopovers from the US decreased by 2.1% in July 2013 with a total of 150,781 arrivals compared to 154,017 in July 2012. For the Jan - July period of 2013, stopovers from the US are down by 0.3% with 812,989 visitors compared to 815,345 visitors during Jan-Jul 2012. From the Canadian market, stopovers increased by 3.3% during July 2013 with 23,356 arrivals compared to 22,607 in July 2012. Year to date, the number of visitors from Canada is down 6.9% to 256,018 compared to 274,918 in the Jan-July 2012 period.

Visitors from Europe, including the UK, increased notably by 4.5% in July 2013

Tourist Arrivals

	2012	2013	%Change	
	YTD (JAN-JUL)		YOY	MOM
Stopover	1,282,053	1,265,125	-1.3%	10.3%
Foreign	1,192,932	1,180,488	-1.0%	-8.3%
Non-Resident	89,121	84,637	-5.0%	35.2%
Cruise	850,002	789,679	-7.1%	11.0%
Total Arrivals	2,132,055	2,054,804	-3.6%	18.4%

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

to 21,204 visitors relative to 20,284 arrivals in July 2012. This is the fourth consecutive monthly increase after several months of decline dating from Q1 2012. For Jan-Jul 2013, visitors from Europe are up 3.6% to 137,189 compared to 132,449 during the corresponding period of 2012.

Stopover arrivals from the Caribbean recorded a small 1.9% decline, during calendar year 2012, to 64,984 visitors, compared to 66,216 visitors in 2011. For the first seven months of 2013, stopovers from the Caribbean have continued to decline (by -9.4%) to 34,124 visitors compared to 37,683 visitors during Jan-Jul 2012. On the other hand, stopovers from Latin America are up strongly by 12.2% in Jan-July 2013 to 17,173 compared to 14,498 during the corresponding period of 2012, extending their strong 50.9% growth in 2012.

During calendar year 2012, cruise visitors to the Island increased by 17.3% to 1,320,083 visitors topping a strong 23.4% increase in 2011. This reflected the impact of the opening of the Falmouth Port. For the first seven months of 2013 however, cruise arrivals are down -7.1% to 789,679 visitors compared to 850,002 in Jan-July 2012.

Total Visitors to Jamaica during Jan-July 2013 were 2,054,804, a 3.6% decline

compared to 2,132,055 visitors during Jan-July 2012.

External Trade

During Jan-May 2013, Jamaica's total exports declined by US\$6.03 million or 0.8% to US\$714.0 million compared to US\$720.04 million during Jan-May 2012. Imports for the period declined by an even bigger amount of US\$42.3 million or -1.5% to US\$2.69 billion relative to US\$2.73 billion in Jan-May 2012. Given the larger absolute and relative decline of imports over exports, the traditional negative imbalance in Jamaica's merchandise trade improved in Jan-May 2013 by US\$36.15 million or 1.8% to US\$1.98 billion, compared to US\$2.01 billion in Jan-May 2012.

Traditional Exports: During Jan-May 2013, earnings from traditional exports declined by US\$35.4 million (-9.2%) to US\$347.5 million compared to US\$382.8 million during Jan-May 2012. The share of traditional exports in total domestic exports also decreased to 48.67% in Jan-May 2013 from 53.2% during Jan-May 2012.

Of the three main categories of traditional exports, earnings from "Agriculture" was the only category

recording an increase in Jan-May 2013. Agriculture exports grew by 33.4% to US\$12.02 million from US\$9.0 million during Jan-May 2012. This was largely due to increased earnings from 'Coffee' which grew by 36.3% to US\$8.59 million from US\$6.31 million.

Earnings from the other two categories of traditional exports - **"Mining and Quarrying"** and **"Manufacturing"** declined by 0.5% and 37.0% to US\$272.5 million and US\$62.9 million respectively. The slight decline in 'Mining and Quarrying' was largely due to a US\$3.65 million (or -1.6%) decline in 'Alumina' earnings to US\$218.4 million. The decline in 'Manufacturing' largely reflected decreased earnings from sugar exports which declined by 68.0% to US\$39.50 million compared to US\$74.95 million in Jan-May 2012.

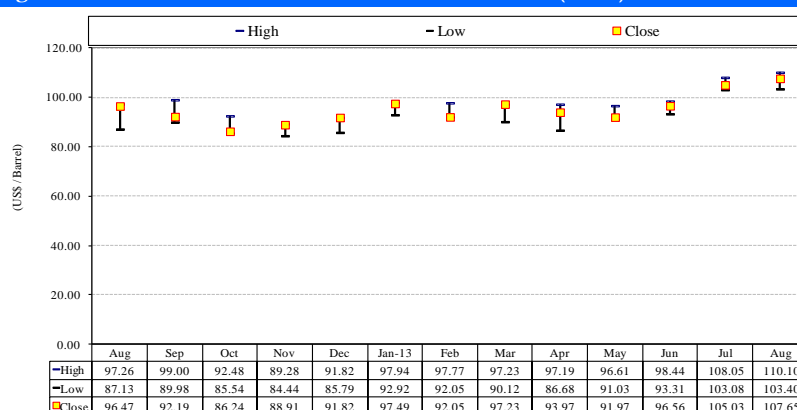
Non-traditional exports grew by 22.8% in 2012 to US\$828.4 million, compared to US\$674.7 million in 2011. During the first five months of 2013, non-traditional exports continued their strong expansion, but at the slower rate of 6.6% to US\$335.2 million relative to US\$314.5 million during Jan-May 2012. Two of four categories of non-traditional exports increased and two declined.

The two categories recording increases were **"Food"**, up 2.1% to US\$61.74 million compared to US\$60.47 million in Jan-May 2012. **"Other"** non-traditional exports, generally, the largest category of non-traditional exports, also increased (by 15.7%) to US\$247.48 million in Jan-May 2013 compared to US\$213.88 million in Jan-May 2012.

Within the **"Food"** category, ten of seventeen groups recorded increased earnings including 'Yams', up 30.0% to US\$9.42 million; 'Fish, Crustaceans and Mollusks', up 21.6% to US\$2.55 million; and 'Baked Products', up 10.2% to US\$6.36 million. Notably declines were recorded however for 'Other Fruits and Fruit Preparations', down 50.2% to US\$1.66 million; 'Papayas', down 35.0% to US\$1.54 million and 'Dairy Products and Bird Eggs', down 27.0% to US\$3.23 million. The increase in **"Other"** was largely driven by a 350% increase in 'Chemicals (incl. Ethanol)' to US\$94.91 million from US\$27.09 million in Jan-May 2012.

The two categories of non-traditional exports declining were **"Beverages &**

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



Source: PSOJ Compilation from Union Pacific (<http://www.uprr.com/customers/surcharge/wti.shtml>)

Table 9: External Trade (US\$M)

	Jan-May '12	Jan-May '13	Change	% Change
TOTAL EXPORTS (fob)	720.04	714.00	-6.03	-0.8%
Major Traditional Exports	382.84	347.47	-35.37	-9.2%
<i>by Sector:-</i>				
Agriculture	9.00	12.02	3.01	33.4%
Mining & Quarrying	274.00	272.52	-1.48	-0.5%
Manufacturing	99.83	62.94	-36.89	-37.0%
<i>by Industry:-</i>				
Bauxite	51.94	54.11	2.17	4.2%
Alumina	222.07	218.42	-3.65	-1.6%
Sugar	74.95	39.50	-35.46	68.0%
Rum	22.44	22.10	-0.33	-1.5%
Bananas	0.07	-	-0.07	0.0%
Coffee	6.31	8.59	2.29	36.3%
Other	5.07	4.76	-0.31	-6.2%
Non-Traditional Exports	314.51	335.18	20.67	6.6%
Re-exports	22.69	31.35	8.66	38.2%
TOTAL IMPORTS	2,734.59	2,692.41	-42.18	-1.5%
Food	394.82	421.46	26.64	6.7%
Beverages & Tobacco	34.29	33.13	-1.16	-3.4%
Crude Materials (excl. Fuels)	18.84	25.52	6.69	35.5%
Mineral Fuels, etcetera	1,143.50	960.78	-182.72	-16.0%
Animal & Vegetable Oils & Fats	25.12	22.59	-2.53	-10.1%
Chemicals	265.38	420.45	155.07	58.4%
Manufactured Goods	260.88	230.61	-30.27	-11.6%
Machinery and Transport Equip.	378.57	374.63	-3.94	-1.0%
Misc. Manufactured Articles	173.95	159.16	-14.80	-8.5%
Other	39.25	44.08	4.83	12.3%
TRADE BALANCE	(2,014.55)	(1,978.41)	36.15	-1.8%

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

Tobacco (excl. Rum) down 45.0% to US\$14.48 million from US\$26.32 million; and **"Crude Materials"** which declined by 17.0% to J\$11.48 million from US\$13.84 million in Jan-May 2012. The decline in the former was mainly due to a 56.1% reduction in exports of 'Alcoholic Beverages (excl. Rum)' to US\$9.8 million from US\$22.36 million. The decline in

"Crude Materials", was largely due to a 21.2% decline in exports of 'Waste and Scrap' to US\$8.86 million from US\$11.25 million in Jan-May 2013 and a 34.7% decline in exports of 'Limestone' to US\$962,000. It seems that though GOJ has permitted the resumption of exports of scrap metals, the stricter regime to prevent pilferage appears to be constraining

supply.

Imports. Reflecting more buoyant conditions in the local and global economy, during 2011, imports surged by 24.2% to US\$6.6 billion. This growth slowed during 2012 to only 2.4% due to the tightening grip of recession in the local economy. During the first five months of 2013, imports declined by 1.5% to US\$2.69 billion compared to US\$2.73 billion in Jan-May 2012.

All categories of imports recorded declines. Imports of **Consumer Goods** declined by 2.1% to US\$673.14 million. Apart from 'Food' imports which increased by 2.9% to US\$315.26 million from US\$306.4 million, all other categories of consumer goods declined. 'Non-Durable Goods' declined by -5.2% to US\$194.12 million; 'Semi-Durable Goods' fell by 5.0% to US\$40.7 million; and 'Other Durable Goods' declined by 7.8% to US\$114.06 million.

Also declining, imports of '**Raw Materials/Intermediate Goods**' - generally the largest category of imports, fell by 0.9% to US\$1.73 billion from US\$1.74 billion in Jan-May 2012. This was entirely due to 24.7% drop in imports of 'Other Fuels and Lubricants' to US\$573.5 million from US\$761.9 million. Other categories of raw material imports increased. Imports of 'Industrial Supplies' increased by 42.1% to US\$529.8 million from US\$372.9 million; 'Crude Oil' imports went up 2.2% to US\$386.5 million; while imports of intermediate 'Food' increased by 5.1% to US\$128.3 million.

The other main category of imports - '**Capital Goods (excl. Motor Cars)**' - declined by 3.9% to US\$191.9 million during Jan-May 2013 from US\$199.8 million in Jan-May 2012. This largely reflected decreases in two categories of Capital Goods imports which outweighed increases in two others. 'Machinery and Equipment' fell by 13.0% to US\$104.3 million relative to US\$119.95 million; and 'Construction Materials' fell by 1.8% to US\$46.76 million compared to 'US\$47.64 million in Jan-May 2012. These outweighed increases of 26.0% in 'Other Industrial Transport Equipment' which increased to US\$38.3 million while 'Other Capital Goods' rose 39.5% to US\$2.6 million. Imports of **Passenger Motors** for their part declined by 5.3% to US\$95.04 million during Jan-May 2013.

Oil: At the end of August 2013, the price of West Texas Intermediate

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

	Jan-Dec 2011	Jan-Dec 2012	\$ Change	% Change
Current Account	(2,116.5)	(1,575.2)	541.3	25.6%
Goods Balance	(4,257.6)	(14,158.0)	99.6	2.3%
Exports	1,664.8	1,746.7	81.9	4.9%
Imports	5,922.4	5,904.7	(17.7)	-0.3%
Services Balance	222.6	269.4	81.7	12.2%
Transportation	(576.1)	(605.8)	(29.7)	-5.2%
Travel	1,853.6	1,881.2	27.6	1.5%
Other Services	(607.7)	(523.9)	83.8	13.8%
Income	(518.4)	(277.4)	241.0	46.5%
Compensation of empl	36.5	58.1	21.6	59.2%
Investment Income	(554.9)	(335.6)	219.3	39.5%
Current Transfers	1,989.8	2,108.7	118.9	6.0%
Official	141.3	236.1	94.8	67.1%
Private	1,848.4	1,872.7	24.3	1.3%
Capital & Financial Account	1,326.4	1,957.7	631.3	47.6%
Capital Account	(9.1)	(174.0)	(164.9)	
Capital Transfers	(9.1)	(174.0)	(164.9)	-1812.1%
Official	29.0	5.9	(23.1)	-79.7%
Private	(38.2)	(179.8)	(141.6)	-370.7%
Acq/dis.	-	-	-	0.0%
Financial Account	1,335.5	2,131.6	796.1	59.6%
Other Official Invst	497.9	238.6	(259.3)	-52.1%
Other Private Invst	632.4	1,052.5	420.1	66.4%
Reserves	205.2	840.5	-	0.0%

(WTI) Crude Oil stood at US\$107.65 per 42 gallon barrel, an increase in price of US\$2.62 relative to the closing price of US\$105.03 the previous month. During July 2013 the price ranged between a high of US\$110.10 and a low of US\$103.40. During 2012, there was a current

Balance of Payments

account deficit of US\$1,575.2 million, which represented an improvement of US\$541.3 million relative to the corresponding period in 2011. This deficit represents a continuation of the decline experienced in the last two corresponding periods. The improvement in the Current Account emanated from all sub-accounts.

During the period, the **Goods balance** recorded a deficit of US\$4,158.0 million, an improvement of US\$99.6 million when compared to 2011. This resulted primarily from an increase of US\$81.9 million in exports, which was reinforced by a decrease of US\$17.6 million in imports. The increase in exports stemmed mainly from an increase of US\$32.0 million in sugar exports. The increase in imports was significantly influenced by a decrease of US\$51.6 million in mineral fuel, as well as a decline of US\$23.4 million and US\$20.3 million in Manufac-

tured Goods and Machinery & Transport Goods, respectively.

In relation to the **Services sub-account**, there was an increase of US\$81.7 million in its surplus position. This resulted primarily from an increase of US\$46.9 million in Other Business Services inflows and a reduction of US\$72.6 million in Construction Services outflows.

The **Income sub-account** improved by US\$241.0 million for the review year, emanating primarily from a decrease of US\$139.4 million in profits remitted by foreign direct investment companies.

During 2012 **Current Transfers** increased by US\$119.0 million to US\$2108.7 million, relative to 2011. This improvement resulted primarily from an increase of US\$94.7 million in net official grant flows.

Flows from official and private sources were insufficient to finance the current account deficit. Consequently, the NIR declined by US\$840.5 million during the period.

Fiscal Accounts

During the first four months (April to July) of the fiscal year 2013/14, the Government of Jamaica ran a fiscal deficit of J\$5.73 billion. This fiscal deficit was a J\$6.12 billion or 51.6% improvement on the -J\$11.85 billion budgeted

Table 11: Fiscal Accounts (J\$ Million)

	Apr– Jul (Fiscal—2013/14)				Apr-Jul (YOY)	
	J\$ million		Deviation		11/12 – 12/13	
	Provisional	Budget	J\$M	(%)	J\$M	(%)
Revenue & Grants	118,674.1	117,994.9	679.2	0.58	15,028.1	14.5
Tax Revenue	108,568.8	107,865.2	703.6	0.65	11,172.3	11.5
Non-Tax Revenue	8,776.2	8,198.0	578.2	7.05	3,512.0	66.7
Bauxite Levy	395.5	409.0	-13.5	-3.30	-67.7	-14.6
Capital Revenue	283.0	293.1	-10.1	-3.45	93.6	49.4
Grants	650.6	1,229.6	-579.0	-47.09	171.2	35.7
Expenditure	124,407.0	129,847.1	-5,440.1	-4.19	11,298.1	10.0
Recurrent Expenditure	113,109.7	116,808.0	-3,698.3	-3.17	6,406.6	6.0
Programmes	28,764.5	30,116.9	-1,352.4	-4.49	1,547.6	5.7
Wages & Salaries	53,471.9	54,354.6	-882.7	-1.62	1,070.4	2.0
Interest	30,873.3	32,336.4	-1,463.1	-4.52	3,788.6	14.0
Domestic	16,239.6	18,018.1	-1,778.5	-9.87	4,727.5	41.1
External	14,633.6	14,318.3	315.3	2.20	-938.9	-6.0
Capital Expenditure	11,297.3	13,039.1	-1,741.8	-13.36	4,891.4	76.4
Capital Programmes	11,297.3	13,039.1	-1,741.8	-13.36	4,891.4	76.4
IMF #1 Account	0.0	0.0	0.0	0.00	0.0	0.0
Fiscal Balance (Surplus [+ve])	-5,732.9	-11,852.2	6,119.3	51.63	3,730.1	39.4
Loan Receipts	17,297.6	17,026.4	271.2	1.59	-47,778.3	-73.4
Domestic	4,425.1	4,703.8	-278.7	-5.92	-57,468.2	-92.9
External	12,872.5	12,322.6	549.9	4.46	9,690.0	304.5
Divestment Proceeds	0.0	0.0	0.0		0.0	0.0
Amortization	14,287.1	14,727.0	-439.9	-2.99	-21,574.9	-60.2
Domestic	5,650.2	5,918.4	-268.2	-4.53	-235.7	-4.0
External	8,636.9	8,808.6	-171.7	-1.95	-21,339.2	-71.2
Overall Balance (Surplus [+ve])	-2,722.5	-9,552.8	6,830.3	71.50	-22,473.3	-113.8
Primary Balance (Surplus [+ve])	25,140.3	20,484.2	4,656.1	22.73	7,518.7	42.7

Source: Ministry of Finance and Planning

and J\$3.73 billion better than the deficit of -J\$9.4 billion recorded during April-Jul 2012. The improvement in the fiscal deficit was almost entirely due to expenditure curtailment of J\$5.44 billion, below the J\$129.85 billion that was programmed, as Revenues and Grants was only J\$679.2 million above budget.

REVENUE: Total Revenues & Grants to the GOJ during April-Jul 2013 was J\$118.67 billion. This was J\$679.2 million or 0.58% more than the J\$117.99 billion budgeted and J\$15.03 billion or 14.5% greater than Revenues and Grants collected during April-Jul 2012.

Of 25 revenue heads, nine (9) came in above budget during the first four months of FY2013/14. The main outperformers were: 'Travel Tax' by J\$1,749.6 million; 'SCT' by J\$1,188.0 million; and Tax on Interest' - up J\$1,188.0 million. 'Non-Tax Revenue' - up J\$578.2 million and 'Other Companies' - up J\$406.9 million also came in above budget.

Among the main underperformers on the revenue account were: 'PAYE' down -J\$1,184.8 million; 'SCT (Imports)' - down -J\$1,137.8 million and 'Custom Duty' which came in J\$686.1 million below budget. 'Tax on Dividends' - down -J\$466.1 million and 'Education Tax' - down J\$442.1 million also underperformed.

EXPENDITURE: During April-July 2013, total expenditure was J\$124.41 billion. As noted, this was J\$5.44 billion or 4.2% less than the J\$129.85 billion budgeted, but was J\$11.3 billion or 10.0% more than expenditure during April-July 2012.

Under pressure to meet the fiscal and primary surplus targets under the IMF Agreement the GOJ has been running a tight ship making significant expenditure curtailments from already tight budgetary allocations. The largest curtailment of -13.4% was achieved on 'Capital Pro-

grammes' with J\$11.3 billion spent relative to J\$13.04 billion budgeted. There was also a large -9.87% curtailment of outlays on 'Domestic Interest' with J\$16.24 billion spent compared to J\$18.02 billion budgeted. It is not clear however, whether the reduction in 'Domestic Interest' resulted from deferred payments or continuing savings from the National Debt Exchange. 'External Interest' payments however, moderately exceeded budget by J\$315.3 million.

Expenditure curtailments of J\$1,352.4 million were also achieved on 'Recurrent Programmes' where J\$28.76 billion was spent relative to J\$30.12 billion budgeted; while savings of J\$882.7 million were achieved on 'Wages and Salaries' with J\$53.47 billion spent relative to J\$54.35 billion budgeted.

FISCAL OUTTURN

The fiscal deficit for FY2012/13

(Apr 2012 to Mar 2013) was J\$52.97 billion. For FY2013/14, the GOJ is projecting a fiscal deficit of J\$8.045 billion or 0.5% of GDP. Projections are that the deficit will average about J\$2.5 billion monthly during the first half of 2013/14. The J\$5.73 billion deficit for April-July 2013, averaging J\$1.7 billion monthly is therefore out-performing expectations.

The Primary Surplus - a measure of the country's ability to service its debt from revenues, was J\$72.34 billion in 2012/13 or about 6% of GDP. For FY2013/14, the GOJ is projecting a primary surplus of J\$111.52 billion or 9.5% of GDP. For April-July 2013, the primary balance was J\$20.48 billion which was J\$4.66 billion greater than the J\$20.48 billion budgeted. But as noted, both the primary surplus and fiscal deficit targets were mainly achieved through curtailment of expenditure rather than economic growth.

PUBLIC DEBT

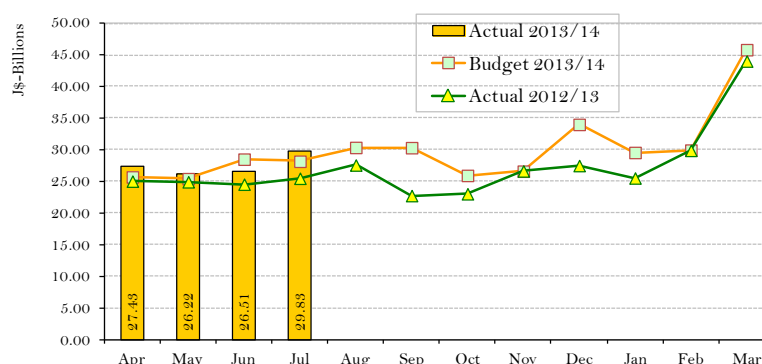
At the end of July 2013 the total public debt stood at J\$1.857 trillion, an increase of J\$89.0 billion over the J\$1.768 trillion recorded at the start of 2013. For the first five months of 2013 the domestic debt has increased by J\$20.15 billion to J\$1.014 trillion or (54.6% of the total) while the external debt has increased by US\$59.45 million to US\$8.28 billion.

Stock Market

During August 2013, market capitalization decreased by J\$6.31 billion or 1.16% to close at J\$537.4 billion. All six indices on the Jamaican Stock Exchange declined. The main **JSE Market Index** declined by 1,024 points or 1.19% to close at 85,040 points. The **JSE Combined Index** declined by 1,027 points or 1.16% to close at 87,431 points. The **JSE All Jamaican Composite Index** declined by 1,305 points, or 1.51%, to close at 85,321 points and the **JSE Select Index** declined by 26.6 points, or 1.12%, to close at 2,354 points. The **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, declined by 6.13 points or 0.77% to close at 792 points; while the **Junior Market Index** declined by 5.05 points or 0.63%, to close at 792 points.

Market volume was moderate in August 2013 with 134.1 million units valued at J\$676.4 million changing hands compared to 284.7 million units valued at J\$2.084 billion in July 2013.

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



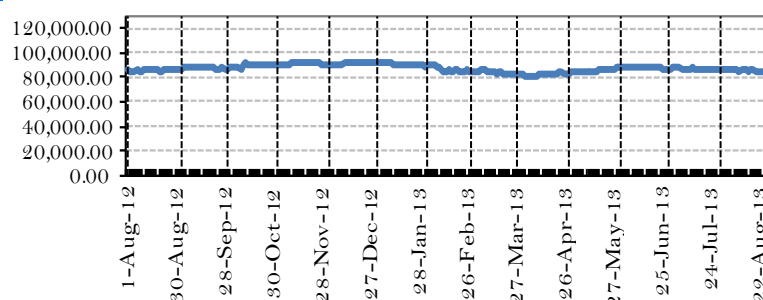
Source: Ministry Of Finance and Planning (Jamaica)

Table 12: Leading Sources of Revenues and Expenditure YTD

J\$-Millions	Apr-Jul 2013
Revenue Surpluses	
Travel Tax	1,749.6
SCT	1,193.3
Tax on Interest	1,188.0
Non-Tax Revenue	578.2
Other Companies	406.9
Revenue Shortfalls	
PAYE	-1,184.8
SCT (Imports)	-1,137.8
Custom Duty	-686.1
Tax on Dividend	-466.1
Education Tax	-442.1
Expenditure Changes	
Capital Programmes	-1741.8
Domestic Interest	-1,778.5
Recurrent Programmes	-1,352
Wages and Salaries	-882.7
External Interest	315.3

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index Aug '12 - Aug '13



Source: Jamaica Stock Exchange (Online Database) and PSQJ

Overall market activity resulted from trading in 49 stocks of which 13 advanced, 27 declined and 9 traded firm.

Lime with 49.8 million units or 37.15%

of market volume was the volume leader; followed by Jamaica Money Market Brokers with 23.0 million units or 17.2% of market volume;

while Proven Investments Ltd. was third with 9.42 million units or 8.0 % of market volume.

The leading advancers in July 2013 were: Ciboney Group; Caribbean Cement Company Ltd; Palace Amusements Co. Ltd; Kingston Wharves; Hardware & Lumber. The leading decliners were Radio Jamaica Ltd; Sagicor Investments Jamaica Ltd; Sagicor Life Jamaica; National Commercial Bank; and Seprod Ltd.

Economic Highlights

contd. from page 1.)

Gross Reserves are now sufficient to finance only 11.2 weeks of imports – well below the 12 week international benchmark of reserve adequacy. Interest rates which had been trending down over the past several years, have turned above the 7.0% generally regarded as sustainable, for both the GOJ 6-month Treasury Bill and the BOJ 6-month certificate of deposit.

Source of Instability

Though the weaknesses in the real

has continued to depreciate while the ill-effects of the policies—higher interest rates and a drying-up of liquidity for commercial loans have continued to sap business confidence and activity.

Exchange Rate Policy

While strong performance in the real economy is the best guarantor of a stable exchange rate, a weak currency can destabilize the real economy, and that has been the frequently recurring experience of Jamaica over the past several decades. The strength of a currency often resides in how much confidence people place in it as a store of value, and while Jamaicans have been comfortable using the J\$ for their internal transactions, they have felt far less comfortable keeping their savings in J\$, especially in times of uncertainty. For these reasons, over the years a number of exchange rate policies have been proposed to stabilize the J\$ and it is worthwhile reviewing the strengths and weaknesses of some of these policies.

Fixed Exchange Rate

Former Prime Minister Edward Seaga has strongly advocated fixed exchange rate to stabilize the Jamaican dollar pointing to the experience of the Cayman Islands whose currency has been fixed and stable for the past 50 years. In this regime the exchange rate is set administratively by the Central Bank or monetary authorities and not by the market. The main requirements of this regime are a consistently stable economy and

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

	2013 Jan 2	2013 Aug 28	\$ change	% change
Top Five (unadjusted for dividends or transact. Costs)				
Ciboney Group	0.03	0.07	0.04	133.3%
Caribbean Cement Co	1.00	2.00	1.00	100.0%
Palace Amusement	60.00	95.00	35.00	58.3%
Kingston Wharves	5.00	7.00	2.00	40.0%
Hardware & Lumber	3.40	4.52	1.12	32.9%
Bottom Five (unadjusted for dividends or transact. Costs)				
Radio Jamaica	1.99	1.30	(0.69)	-34.67%
Sagicor Investments Ja	22.14	16.73	(5.41)	-24.14%
Sagicor Life Jamaica	10.11	8.19	(1.92)	-18.99%
National Comm. Bank	23.92	19.86	(4.06)	-16.97%
Seprod Limited	15.50	13.00	(2.50)	-16.13%

Source: Compiled from the JSE

economy, especially, Jamaica's persistent low growth and external imbalance are the fundamental causes, Jamaica's weak currency is the precipitating cause of the increasing stress in the macro-economy as has happened so many times in the past.

To reduce pressure on the Jamaican dollar exchange rate, the BOJ first

started to sell US dollars into the foreign exchange market in early 2013, and when that quickly became unsustainable, it sought to mop-up Jamaican dollar liquidity by issuing instruments at higher and higher interest rates. The challenge is that neither of these approaches have served to stabilize the Jamaican dollar exchange rate which

political situation because prolonged uncertainty leads to the emergence of black markets.

Managed Float

Jamaica has been operating a managed float regime for nearly 25 years, and except for a few years of stability in the late 1990's and mid 2000's, the exchange rate has reflected political and economic uncertainties in the society and economy and generated instability of its own.

In a managed float, the monetary authorities set yearly or periodic ranges for the currency and then try to support that range by buying or selling currencies into the foreign exchange market. A managed float requires adequate foreign exchange; or tight liquidity management policies to reduce pressure on the exchange rate; and it also benefits from a strong economy and stable expectations. Jamaica has mainly relied (in the 1990's and now) on high interest rates to mop-up domestic liquidity to support our managed float. But the high interest rates, as noted, have been counterproductive, cramping production and distorting the economy.

Dollarization

Dollarization is another frequently suggested exchange rate policy for Jamaica. The term refers to the substantial or complete substitution of a

foreign currency, (usually the US dollar but it could be any other currency) for a domestic currency. Dollarization can be 'official' when a country adopts a foreign currency as its sole legal tender, or 'unofficial'. 'Unofficial' dollarization occurs when the residents of a country hold a significant share of their financial assets in a foreign currency although the foreign currency lacks the status of 'legal tender'.

One key measure of unofficial dollarization is the ratio of foreign currency deposits (FCD) to broad money, M2 in Jamaica's case. If the US\$2.56 billion in FCD's currently held by Jamaicans are converted to Jamaican dollars and compared to M2 of J\$403.9 billion that ratio is 64% for Jamaica.





































Among the benefits of dollarization cited by economists are lower exchange rate volatility, lower inflation, greater fiscal and monetary discipline and less friction in trade transactions since currency conversion steps have been eliminated. The main drawbacks to dollarization, is that the country loses 'seigniorage' income from its inability to print and issue currency, and loses control over its monetary policy. Since 2000 Ecuador and El Salvador have joined Panama and dollarized and Jamaica may benefit from studying their experiences.

INFLATION (AUG - 2013) - CPI

APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
All Groups	0.35%	0.348		
FOOD AND NON-ALCOHOLIC BEVERAGES	0.25%	0.094	2	
Food	0.25%			
Bread and Cereals	0.41%			
Meat	0.60%			
Fish and Seafood	0.14%			
Milk, Cheese and eggs	1.12%			
Oils and Fats	0.80%			
Fruit	1.97%			
Vegetables and Starchy Foods	-1.05%			
Vegetables	-0.66%			
Starchy Foods	-2.04%			
Sugar, Jam, Honey, Chocolate and Confectionery	0.36%			
Food Products n.e.c.	0.39%			
Non-Alcoholic Beverages	0.44%			
Coffee, tea and Cocoa	0.49%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	0.40%			
ALCOHOLIC BEVERAGES AND TOBACCO	0.36%	0.005	10	
CLOTHING AND FOOTWEAR	0.44%	0.015	6	
Clothing	0.56%			
Footwear	0.22%			
HOUSING, WATER, ELECT., GAS AND OTHER FUELS	0.09%	0.012	7	
Rentals for Housing	0.00%			
Maint and Repair of Dwelling	0.19%			
Water Supply and Misc. Serv Related to the Dwelling	2.24%			
Electricity, Gas and Other Fuels and Routine	-0.28%			
FURNISH, HSHOLD EQUIP & HSHOLD MAINT.	0.20%	0.010	8	
Furniture and Furnishings (including Floor Coverings)	0.33%			
Household Textiles	0.38%			
Household Appliances	0.40%			
Glassware, Tableware and Household Utensils	0.40%			
Tools and Equipment for House and Garden	0.23%			
Goods and Serv. for Routine Household Maint	0.16%			
HEALTH	0.30%	0.010	9	
Medical Products, Appliances and Equipment	0.22%			
Health Services	0.38%			
TRANSPORT	0.95%	0.121	1	
COMMUNICATION	0.00%	0.000	11	
RECREATION AND CULTURE	0.66%	0.022	5	
EDUCATION	0.00%	0.000	11	
RESTAURANTS AND ACCOMMODATION SERVICES	0.41%	0.026	4	
MISCELLANEOUS GOODS AND SERVICES	0.80%	0.067	3	

INFLATION YTD (JAN –AUG 2013) CPI

	%Change	Weighted Δ	Rnk	Infl. Contribution
All Groups	4.73%	4.727		
FOOD AND NON-ALCOHOLIC BEVERAGES	5.50%	2.059	1	
Food	5.31%			
Bread and Cereals	5.42%			
Meat	5.27%			
Fish and Seafood	2.66%			
Milk, Cheese and eggs	9.01%			
Oils and Fats	8.65%			
Fruit	15.50%			
Vegetables and Starchy Foods	3.71%			
Vegetables	2.12%			
Starchy Foods	9.06%			
Sugar, Jam, Honey, Chocolate and Confectionery	4.13%			
Food Products n.e.c.	4.68%			
Non-Alcoholic Beverages	8.48%			
Coffee, tea and Cocoa	9.43%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	8.02%			
ALCOHOLIC BEVERAGES AND TOBACCO	7.85%	0.108	10	
CLOTHING AND FOOTWEAR	6.94%	0.231	7	
Clothing	6.68%			
Footwear	7.42%			
HOUSING, WATER, ELECT., GAS AND OTHER FUELS	2.88%	0.367	5	
Rentals for Housing	0.92%			
Maint and Repair of Dwelling	11.35%			
Water Supply and Misc. Serv Related to the Dwelling	7.04%			
Electricity, Gas and Other Fuels and Routine	2.23%			
FURNISH, HSHOLD EQUIP & HSHOLD MAINT.	4.99%	0.246	6	
Furniture and Furnishings (including Floor Coverings)	5.64%			
Household Textiles	5.17%			
Household Appliances	6.42%			
Glassware, Tableware and Household Utensils	5.77%			
Tools and Equipment for House and Garden	5.51%			
Goods and Serv. for Routine Household Maint	4.56%			
HEALTH	4.70%	0.155	9	
Medical Products, Appliances and Equipment	4.27%			
Health Services	4.99%			
TRANSPORT	2.96%	0.379	3	
COMMUNICATION	-3.58%	-0.143	12	
RECREATION AND CULTURE	4.64%	0.156	8	
EDUCATION	0.00%	0.000	11	
RESTAURANTS AND ACCOMMODATION SERVICES	6.00%	0.372	4	
MISCELLANEOUS GOODS AND SERVICES	6.88%	0.576	2	

FISCAL ACCOUNTS (APR– JUL 2013/14)

REV. & EXPEN. (APR-JUL '13/14)	JSm	PROVISIONAL RESULTS	JSm	BUDGET DEVIATION	JSm	YOY - CHANGE
Revenue & Grants	118,674.1		679.2		15,028.10	
Tax Revenue	108,568.8		703.6		11,172.30	
Non-Tax Revenue	8,776.2		578.2		3,512.00	
Bauxite Levy	395.5		-13.5		-67.70	
Capital Revenue	283.0		-10.1		93.60	
Grants	650.6		-579.0		171.20	
Expenditure	124,407.0		-5,440.1		11,298.10	
Recurrent Expenditure	113,109.7		-3,698.3		6,406.60	
Programmes	28,764.5		-1,352.4		1,547.60	
Wages & Salaries	53,471.9		-882.7		1,070.40	
Interest	30,873.3		-1,463.1		3,788.60	
Domestic	16,239.6		-1,778.5		4,727.50	
External	14,633.6		315.3		-938.90	
Capital Expenditure	11,297.3		-1,741.8		4,891.40	
Capital Programmes	11,297.3		-1,741.8		4,891.40	
IMF #1 Account	0.0		0.0		0.00	
Fiscal Balance (Surplus [+ve])	-5,732.9		6,119.3		3,730.10	
Loan Receipts	17,297.6		271.2		-47,778.30	
Domestic	4,425.1		-278.7		-57,468.20	
External	12,872.5		549.9		9,690.00	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	14,287.1		-439.9		-21,574.90	
Domestic	5,650.2		-268.2		-235.70	
External	8,636.9		-171.7		-21,339.20	
Overall Balance (Surplus [+ve])	-2,722.5		6,830.3		-22,473.30	
Primary Balance (Surplus [+ve])	25,140.3		4,656.1		7,518.70	

REV. & EXPEN. (APR-JUL '13/14)	JSm	PROVISIONAL RESULTS	JSm	BUDGET DEVIATION	JSm	YOY - CHANGE
Revenue & Grants	118,674.1		679.2		15,028.20	
Tax Revenue	108,568.8		703.6		11,172.30	
Income and profits	30,331.2		-215.2		311.50	
Bauxite/alumina	0.0		0.0		0.00	
Other companies	7,291.7		406.9		-647.00	
PAYE	20,443.8		-1,184.8		461.10	
Tax on dividend	502.0		-466.1		-79.10	
Other individuals	868.3		-159.1		66.30	
Tax on interest	1,425.4		1,188.0		510.10	
Environmental Levy	586.5		-63.0		-114.50	
Production and consumption	40,198.3		1,421.3		8,727.50	
SCT	4,406.5		1,193.3		714.20	
Motor vehicle licenses	830.6		91.6		4.70	
Other Licenses	127.0		-17.6		3.80	
Betting, gaming and lottery	805.9		-427.9		140.90	
Education Tax	5,732.8		-442.1		855.30	
Contractors levy	340.0		-115.5		-58.70	
GCT (Local)	21,086.9		310.4		2,904.30	
Stamp Duty (Local)	3,973.5		201.2		1,267.70	
International Trade	37,252.8		-439.4		2,247.70	
Custom Duty	8,359.9		-686.1		826.60	
Stamp Duty	423.9		-138.3		-88.60	
Travel Tax	3,744.7		1,749.6		2,470.70	
GCT (Imports)	16,297.3		-226.8		1,565.60	
SCT (Imports)	8,427.0		-1,137.8		-2,526.70	
Non-Tax Revenue	8,776.2		578.2		3,512.00	
Bauxite Levy	395.5		-13.5		-67.70	
Capital Revenue	283.0		-10.1		93.60	
Grants	650.6		-579.0		318.00	

Statistical Index Major Macro-Economic Indicators

	BM		M2		NIR	Fgn Cur- Dep	Inflation		Tourism	J\$/US\$	T-bill	Loan	Sav	Dom Debt	Fgn Debt
	M	P	M	P	US\$M	US\$M	M	P	P		%	%	%	J\$M	US\$M
Jan '12	83,564.3	-8.8	353,939.	-2.01	1,882.63	2,357,286	0.40	6.6	-2.8	86.83	6.53	18.48	2.10	888,486.9	8,626.4
Feb	84,950.7	1.66	348,180.6	-1.6	1,874.65	2,379,213	0.8	7.9	3.1	87.06	6.57	18.48	2.10	875,211.40	8,605.4
Mar	83,696.6	-1.48	356,099	2.2	1,777.13	2,409,355	0.50	7.3	0.3	87.30	6.47	18.12	2.10	912,642.4	8,586.8
Apr	84,966.6	1.52	348,580	2.2	1,771.8	2,414,159	0.4	7.2	0.6	87.35	6.44	18.12	2.10	930,025.4	8,578.8
May	83,738.1	-1.45	352,407	1.10	1,718.8	2,441,863	0.5	6.9	1.5	88.12	6.39	17.93	2.10	935,140.9	8,506.5
Jun	84,337.4	0.72	351,410.	-0.28	1,540.4	2,553,943	0.6	6.7	8.0	88.70	6.51	17.46	2.10	940,368.6	8,526.2
Jul	87,157.8	3.34	359,205.	0.69	1,483.82	n/a	-3.3	5.5	3.6	89.69	6.52	17.46	2.24	973,858.5	8,226.2
Aug	86,275.1	-1.01	359,293.9	0.02	1,428.60	2,438,745	0.5	5.4	1.8	89.82	6.63	17.55	2.07	976,159.2	8,200.5
Sep	85,193.8	-1.25	351,014.6	-2.30	1,257.8	2,384,316	1.85	6.7	6.2	89.93	6.57	17.55	2.07	976,126.3	8,186.8
Oct	86,488.1	n/a	356,314.3	1.51	1,132.8	2,395,680	0.9	7.2	-1.1	91.09	6.69	17.52	2.07	981,077.7	8,154.5
Nov	87,775.2	1.49	361,573.3	1.48	1,078.2	2,386,212	0.63	7.4	-1.1	91.89	6.80	17.52	2.24	991,336.1	8,233.3
Dec	97,648.5	11.25	374,467.3	3.57	1,125.6	2,486,625	1.0	8.0	-2.8	92.98	7.18	17.28	2.1	995,239.9	8,255.5
Jan '13	88,567.80	-9.2	383,878.1	2.51	1,009.05	2,520,022	0.7	8.4	-4.7	94.14	7.47	17.23	2.1	994,053.4	8,221.6
Feb	88,381.3	-0.2	397,292.1	3.5	939.53	2,556,640	0.62	8.1	-8.1	97.11	5.75	17.23	2.1	1,000,841.6	8,192.5
Mar	91,294.5	3.30	396,423.0	-0.22	884.25	2,536,331	1.38	9.1	-3.9	98.89	6.22	17.29	1.94	1,008,348.7	8,133.4
Apr	89,614.0	-1.84	394,826.5	n/a	866.18	2,536,341	0.4	9.1	-4.9	99.35	6.34	17.29	1.55	1,009,466.3	8,194.0
May	90,515.60	1.01	400,197.8	1.36	988.86	2,526,435	0.5	9.2	2.3	99.45	6.44	16.72	1.51	1,010,031.4	8,271.0
Jun	90,221.88	-0.32	397,899	-0.57	1,003.2	2,562,540	0.2	8.8	3.7	101.38	6.44	16.72	1.5	1,012,913.8	8,273.9
Jul	91,987.68	1.96	403,992.9	1.53	929.72	n/a	0.5	9.7	-2.0	101.86	7.88	16.57	1.6	1,014,205.3	8,281.1
Aug	91,185.60	-0.87	n/a	n/a	881.6	n/a	0.4	9.5	n/a	102.08	n/a	n/a	n/a	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.

Key:	
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—Skinston 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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