



# PSOJ MONTHLY ECONOMIC BULLETIN



**PRIME ASSET MANAGEMENT LTD** • Focused pension professionals

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

## Economic Highlights

### Address by MOF Hon. Peter Phillips to PSOJ Chairman's Club Forum 1/24/12

I want to begin by recognizing the critical importance of this forum as the government seeks to strengthen the partnership with the Private Sector in order to develop the programs and strategies to take Jamaica on a path of sustained economic growth and to improve the quality of life of the Jamaican people.

### Fundamental Policy

At the outset let me make it clear that our objective is to accelerate private sector led growth through increased investment and efficiency gains...so as to generate jobs; and reduce unemployment and poverty.

We know only too well the present constraints on growth: the national debt... must be reduced; inadequate public expenditure controls...the deficit too high; low productivity of the labour force; crime and

violence; the lack of a business friendly environment; the high cost of energy and the high cost of the public sector.

### Macro-economic Stability

I want to emphasize that as we chart our course forward macro-economic stability has to be maintained and must include low inflation and low interest rates. **There is no policy of high interest rates and there will be no policy of high interest rates.** We are committed to providing the macro-economic framework that will support low and competitive interest rates. Our objective is to get these rates even lower if conditions allow.

Let us recognize however, that macro-economic stability is not an end in itself. There is stability now, but there is also low demand for credit and foreign exchange due to the weakness in the economy. Banks are competing vigorously to lend and in doing so are lowering interest rates. Even so, borrowers are not yet receiving the full benefits. The banking sector needs to assist further by taking active steps to contain their costs, increase their efficiencies and so reduce their spreads.

Nothing short of a new paradigm shift can take Jamaica out of its present difficulty and successfully negotiate a path in a global economic environment that is becoming increasingly unstable and with higher levels of risks. This new paradigm should be characterized by a greater degree of trust and confidence between (all of) us which can only be built by the kind of collaboration which leads to a shared vision. For this collaboration to be meaningful we must develop a more structured approach and partnership among stakeholder in the economy. In this new approach I hope to see a more pro-active private sector in the divestment of public entities and a deeper commitment to long-term investment. This will also call for a more responsive and responsible public sector.

### Discussions with the IMF

Let me take this opportunity to say a few words about our current discussions with the IMF. **The IMF Programme which expires May 2012 has not been completed because various critical structural benchmarks and targets were delayed or missed. An entirely new programme now has to be negotiated and new targets set focusing on growing the economy in a sustainable way.**

I can now inform you that the preliminary talks with the IMF have started as a prelude to a fuller negotiation. The Government is desirous of entering into a new Agreement in the shortest possible timeframe. This agreement will be based on the establishment of credible, predictable and achievable macro-economic targets that will inspire confidence among local and international investors, as well as other stakeholders.

Let me make it clear that in the medium term, any programme going forward must involve comprehensive tax reforms, the reform of the public sector pension system, public sector transformation and a moderation of the growth in public sector costs which is allied to economic growth.

These reforms are vital to improving public finances over the medium term and are critical if the economy is to have a chance for faster growth. I am committed to fiscal responsibility which will be reflected in sustained efforts to reduce both the fiscal deficit and the debt as a priority; and to reforming the tax system to make it more equitable and broad-based.

There is a certain urgency that we must recognize, but at the same time we must proceed with the confidence that with crisis comes opportunity, and that if we can build a working partnership we can make the difference to Jamaica's future. (Contd. P10)

### Inside this issue:

Economic Highlights	1
Net International Reserve	2
Foreign Currency Deposits	2
Foreign Exchange Rates	2
Interest Rates	3
Base Money & Money Supply	3
Inflation	4
Bauxite & Alumina	4
★ Tourism	5
External Trade	5
Balance of Payments	7
Fiscal Accounts	8
Stock Market	9
Economic Highlights (contd)	10
Appendix	11
Statistical Index	14
Key of Acronyms	15
Subscription Form	16



**PRIME ASSET MANAGEMENT LTD** • Focused pension professionals • 7-9 Harbour Street, Kingston • Tel: 922-6670-9 • Fax: 922-0256 • [www.primepensions.com](http://www.primepensions.com)

**Pension Management**

**Pension Administration**

**Trustee Training**

## Net International Reserves (NIR)

During December 2011, Net International Reserves increased slightly by US\$5.27 million to US\$1,967 million relative to US\$1,962 million at the end of November 2011. December's increases reverses seven consecutive monthly declines of the NIR which declined cumulatively by US\$204.4 million during calendar year 2011. The decline, mainly reflected net selling of the USD since May 2011 by the BOJ to support the J\$ which has been under moderate pressure, possibly, because of the hiatus in the GOJ/IMF Agreement.

At year's end, gross reserves were adequate to finance 26.4 weeks of "goods" imports or 19.7 weeks of "goods and services" imports, well above the 12 weeks international benchmark of reserves adequacy.

## Foreign Currency Deposits

During September 2011, foreign currency deposits (FCD's) in the local financial system increased by US\$52.6 million or 2.28% to US\$2.308 billion compared to US\$2.255 billion at the end of August 2011. The increase in September 2011 reverses three consecutive monthly declines reflecting moderate safe haven withdrawals of the USD due to the hiatus in the GOJ/IMF Agreement.

During 2010 FCD's increased 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. In 2011 however, sentiment regarding prospects for the Jamaican economy appears to have become more cautious.

## Foreign Exchange Rate

**US DOLLAR:** During December 2011, the J\$ appreciated by J\$0.10 or 0.11% against the USD to J\$86.60 from J\$86.70 in November 2011. Apart from August 2011, when there was a small 3 cent month over month gain, the J\$ has declined steadily over the past seven months against the

Table 1b: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Dec-11	1,967.01	5.27	-204.40	-204.40	26.41
Dec-10	2171.41	252.93	442.06	442.06	31.85

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

	US\$000 Sep '11	Change (US\$000)		% Change	
		mtly	12 mth	mtly	12 mth
Commercial Banks	1,725,967	61,349	24,146	3.55	1.42
Building Societies.	537,646	-7,866	14,150	-1.46	2.70
Merchant Banks	44,431	-877	-35,492	-1.97	-44.41
Total Deposits	2,308,044	52,606	2,804	2.28	0.12

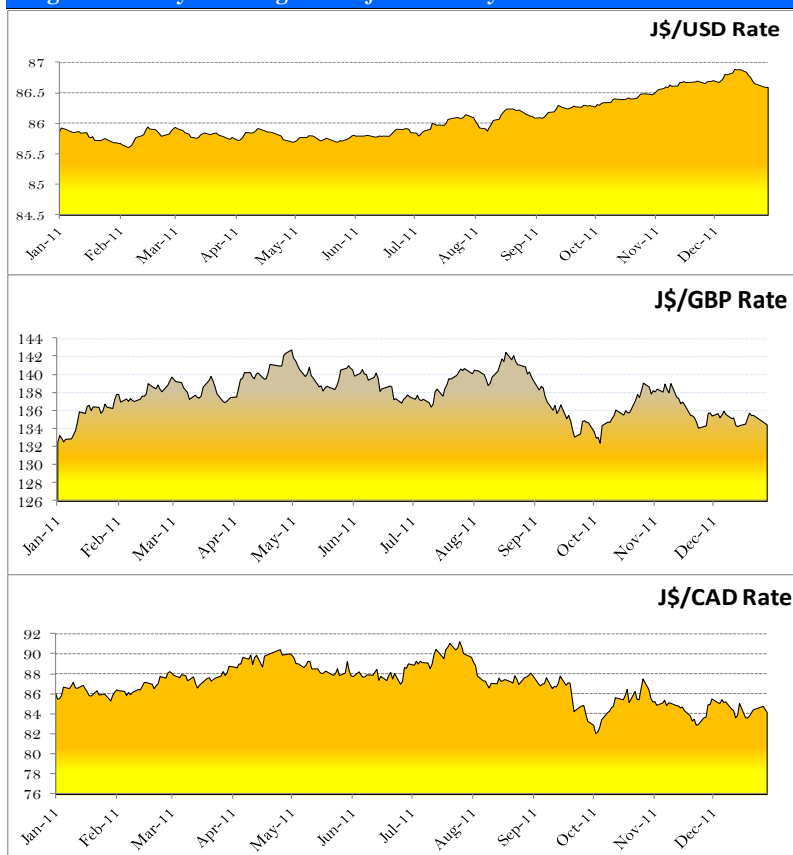
Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends

	YTD Currency Rate Change (Dec 31, 2010—12/30/11) *					
	J\$ / US\$	%	J\$ / UK£	%	J\$ / Can\$	%
2011	0.74	0.86	0.71	0.53	-1.14	-1.34
2010	-3.74	-4.17	-9.81	-6.84	0.77	0.92
2009	9.13	11.34	26.71	22.86	19.02	29.03
	Dec - 2011					
Actual Rate	86.60	-0.11	134.44	-0.96	84.20	-0.91
Mth Change	-0.10	-0.11	-1.30	-0.96	-0.78	-0.91

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

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

USD. After been basically stable since June 2010 against the USD holding in a narrow trading range of J\$85.25 to 86.50 for 12 months, the J\$ came under moderate selling pressure from mid 2011 due possibly to concerns about the IMF's delayed assessment of Jamaica's performance under the last four quarterly tests. From J\$85.72 at the end of April 2011, it fall to J\$86.70 at the end of November 2011. . For calendar year 2011, the J\$ is down 74 cents or 0.86% against the USD, after beginning the year at J\$85.86.

#### POUND & CANADIAN DOLLAR:

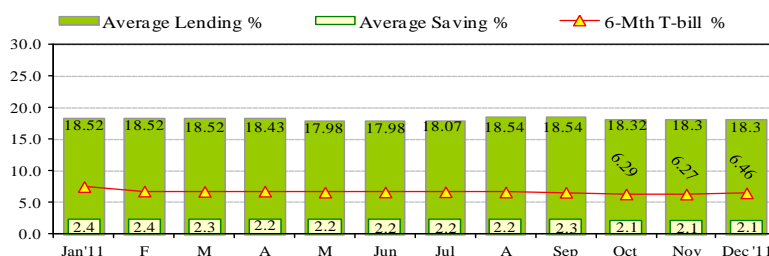
During December 2011, the J\$ appreciated by J\$1.30 or 0.96% against the GBP to J\$134.44 from J\$135.74 in November 2011. Against the CAD, the J\$ also appreciated in December 2011 - by J\$0.78 or 0.91% to sell for J\$84.20 compared to J\$86.97 in November 2011. During 2011 there were sharp up and down movements of the J\$ against GBP and CAD (See Chart 1) mirroring the rise and fall of these currencies against the USD on international exchanges in response to risk sentiment. For calendar year 2011, the J\$ declined by J\$0.71 or 0.53% against GBP, but gained J\$1.14 or 1.34% against the CAD.

## Interest Rates

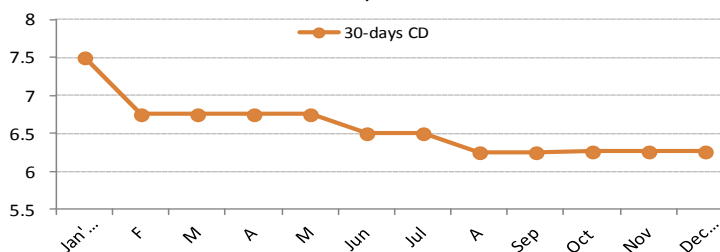
During calendar year 2011, Jamaican monetary authorities maintained their dovish low interest rate policy stance and continued the policy of withholding medium and longer term instruments from the market in their efforts to allow interest rates to recalibrate at much lower levels than was the norm for the two previous decades. In furtherance of that policy, the Bank of Jamaica only issued 30 days certificate of deposits during the year and the longest tenure issued by the Ministry of Finance was the 6-month treasury bill.

With the domestic debt market limited to these short-term instruments, investors seeking safe-haven Jamaican government debt were forced into the short-end of the market, with the result that GOJ and BOJ debentures enjoyed high bid to cover ratios of 3 and 4 to 1, while

Figure 2A & 2B: Interest Rate Movements



30-days CD



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

	Dec -11	Change (%age pts)		
		Monthly	12-Mth	YTD
30-days CD	6.26%	0.00%	-1.24%	-1.24%
60-days CD*	n/a	0.00%	0.00%	0.00%
90-days CD*	n/a	0.00%	0.00%	0.00%
120-days CD*	n/a	0.00%	0.00%	0.00%
180-days CD*	n/a	0.00%	0.00%	0.00%
Avg Savings Deposit	2.13%	0.00%	-0.37%	-0.37%
Avg Loan Rate	18.30%	0.00%	-0.65%	-0.65%
6-Month T-Bill	6.46%	0.19%	-1.02%	-1.02%

Source: Bank of Jamaica (BOJ Preliminary) \* Not issued since Dec.2009

constant downward pressure was exerted on interest rates. Nonetheless, interest rate declines were not as drastic as in 2010, and for the most part, rates on public sector debt seems to have consolidated at 25 to 50 bps above inflation.

In relation to the MOF 6-month treasury bill, interest rate declined by 1.02% during 2011 reaching a low of 6.27% in November 2011, before closing the year at 6.49%. The BOJ 30 day CD for its part, was cut by an additional 1.25% in 2011 from 7.50% to 6.25%. Average savings rate declined by 37 bps dur-

ing the year to 2.13%, but average lending rates remained unnervingly high closing the year at 18.30% (about three-times the rate of inflation) having reached a low of 17.98% in May and June 2011.

## Base Money & Money Supply

During October 2011 M1 increased by J\$4.397 billion or 4% due largely to a J\$4.36 billion increase in demand deposits to J\$65.19 billion as currency with the public was approximately the same month over month at J\$50.93



**C&WJ Broadband Telephone System for Business:** Need efficient and economical telephony system across multiple locations? C&WJ Broadband Telephone system for Business is the perfect Solution.

Includes traditional PBX system capabilities with call transfer, call forwarding, voicemail, extension-to-extension dialing, central computer storage for email, voice, fax messages and more.  
Call: 1-888-225-5295



**NCB Receivables Financing:** Give your business an unsecured line of credit that makes available up to 75% of invoiced goods and services up to a maximum of \$10m

Provide immediate cash to fill cash flow gaps and access to much needed working capital. Both NCB customers and those supplying goods and service to approved customers are eligible to apply.  
Call: 1-888-NCB-FIRST for details.

billion. Quasi money for its part declined marginally by J\$588.5 million or 0.26% to J\$226.2 billion reflecting marginal month over month changes in its main aggregates - time deposits and savings deposits.

Given the marginal changes in its components (M1 and Quasi Money), M2 not unexpectedly showed only marginal movements recording an increase of 1.15% during the month to J\$342.31 billion.

During December 2011 the monetary base expanded by J\$10.4 billion or 12.8% to J\$91.7 billion. This largely resulted from a J\$10.3 billion increase in net currency issue which more than offset a small -J\$230.5 million decline in Commercial Banks current account.

## Inflation

The rate of inflation increased by 0.4% in December 2011, a little below the 0.5% monthly average for 2011. For calendar year 2011, the rate of inflation was 6.0% which was about half the 11.7% recorded for 2010. The fiscal year to date (April—Dec 2011) inflation was 5.5% which was 1.8% below the 7.3% recorded for the same period during FY2010/11.

During the calendar year 2011, the largest monthly increase (1.08%) was recorded in March; and during May to June, price increases averaged 0.76%. But inflation was below 0.5% for the remaining eight months of 2011, and was negative during the first two months of the year.

Within the Consumer Price Index (CPI), the division recording the highest increase (1.3%) in December 2011 was “**Housing, Water, Electricity, Gas and Other Fuels**” reflecting higher price for imported fuel. This was followed by increases of 0.7% and 0.6% for “**Clothing and Footwear**” and “**Recreation and Culture**” respectively, very likely reflecting the higher seasonal

Table 5: Base Money and Money Supply

	J\$M	Percentage Change (%)	
	Oct -11	Mthly	12 Mth
M1	116,119.93	3.94	13.10
Quasi Money	226,190.24	-0.26	0.63
M2	342,310.17	1.13	4.54
	Dec -'11	Mthly	12 Mth
Base Money	91,710.12	12.81	7.78

Source: BOJ Economic Statistics

Table 6: Inflation Trends

	% Percent Changes			
	Dec	12-Mth	YTD	Fiscal
2011	0.39	6.01	6.01	5.51
2010	1.45	11.77	11.77	7.34

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

Table 7: Mining Production

	000 tonnes			YTD	
	Dec-11	Dec-10	%	Dec-11	10/11 %
<b>Production</b>					
Alumina	162.3	158.7	2.3	1,959.9	23.2
C. Bauxite	445.3	304.4	46.3	5,112.1	18.4
<b>Export</b>					
Alumina	145.3	162.3	-10.5	1,959.2	24.4
C. Bauxite	454.2	308.5	47.2	5,143.5	19.5

Source: Jamaica Bauxite Institute (JBI)

demand for these goods and services. All other divisions recorded moderate increases of 0.5% or less, with three divisions — “**Transport**”, “**Communication**” and “**Education**” were flat on the month.

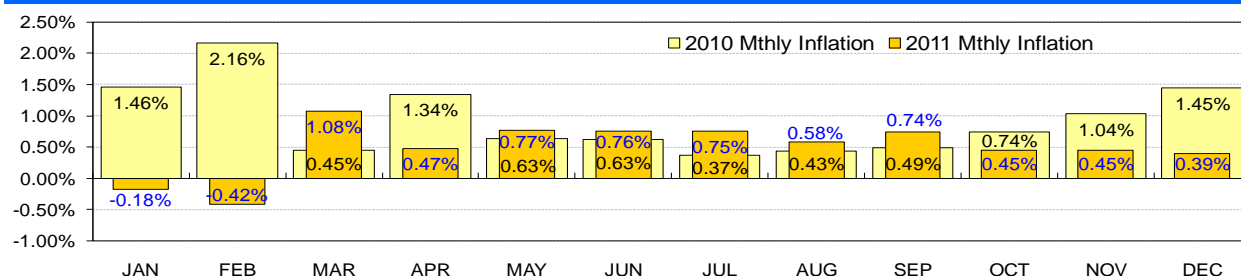
For calendar year 2011, only one division - “**Housing, Water, Electricity, Gas and Other Fuels**” recorded double-digit prices gain (12.3%) reflecting the passing through of higher fuel prices which averaged US\$87.33 in 2011 compared to US\$73.69 in 2010. “**Clothing and Footwear**” recorded the second highest increase of 8.7%; followed by “**Education**” - 8.6%; and “**Furnishing, Household Equipment**

etc” which recorded a 7.3% increase. All other divisions within the CPI came in at less than the 6.0% average for 2011, with the most heavily-weighted “**Food and Non-Alcoholic Beverages**” division recording a 5.5% increase.

## Bauxite & Alumina

Production of alumina in December 2011 amounted to 162,312 tons compared to 158,694 tons in December 2010 - an increase of 2.28%. For its part, production of crude bauxite in December 2011 increased by 46.3% to 445,265 tons compared to 304,433 tons in December 2010.

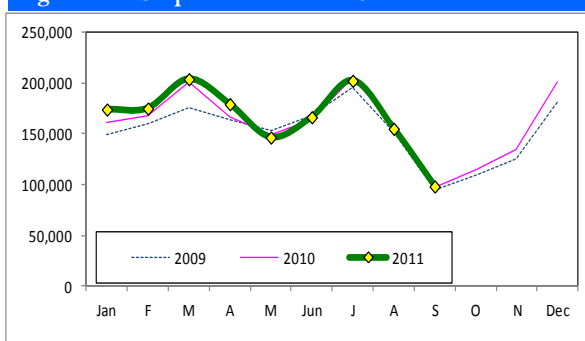
Figure 3: Monthly Inflation Changes



Source: STATIN and PSOJ compilation



Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

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 2009. But this was much lower than the -60% contraction in 2009 relative to 2008.

Reflecting the continuing upturn in the industry during calendar 2011, alumina production increased by 23.2% to 1.959 million tons, while production of crude bauxite was up by 19.5% to 5.143 million tons relative to 2010.

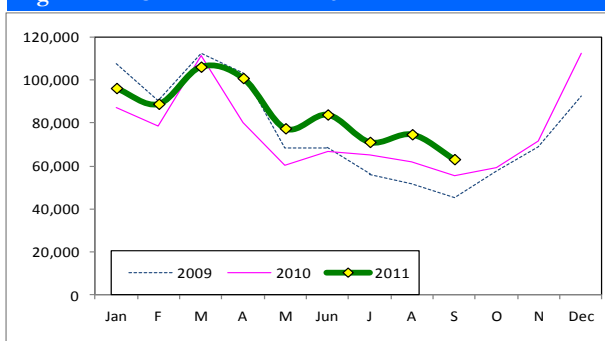
## Tourism

Stopover arrivals in September 2011 were 98,280—an increase of 1.3% over the 97,010 recorded in September 2010. For the period - Jan-September 2011, stopovers increased by 2.0% to 1,501,782 compared to 1,471,813 arrivals in 2010. The number of cruise passengers also increased in September 2011 - by 14.1% to 63,212 visitors, compared to 55,403 in September 2010 which possibly reflected the impact of the disturbance in Western Kingston four months earlier.

During calendar year 2010, stopovers increased by 4.9% to 1,921,678 compared to 1,831,097 in 2009. However, this 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 2.1% in September 2011 to 61,905 compared to 60,622 in September 2010. Year to date (Jan-Sep 2011), stopovers from the United States are down by -1.7% to 954,483 visitors compared to 970,701 during Jan-Sep 2010. From the Canadian market, stopovers increased by 23.4% in September 2011 with 12,207 arrivals, compared to 9,893 in September 2010. Year to date, stopovers from Canada are up 20.5% with 285,934 visitors compared to 237,130

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

### Tourist Arrivals

	2010	2011	%Change	
	YTD (SEP)	YTD - YOY	YTD - YOY	MOM
<b>Stopover</b>	<b>1,471,813</b>	<b>1,501,782</b>	<b>2.0%</b>	<b>-36.6%</b>
Foreign	1,362,700	1,391,769	2.1%	-36.6%
Non-Resident	109,113	110,013	0.8%	-36.9%
<b>Cruise</b>	<b>666,380</b>	<b>763,349</b>	<b>14.6%</b>	<b>-15.5%</b>
<b>Total Arrivals</b>	<b>2,138,193</b>	<b>2,265,131</b>	<b>5.9%</b>	<b>-29.8%</b>

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

visitors in Jan-September 2010.

Visitors from Europe, including the UK, decreased by 13.7% in September 2011 to 17,586 compared to 20,385 arrivals in September 2010. Year to date, stopovers from Europe are down 6.7% to 203,781 compared to 190,142 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 nine months of 2011, stopovers from the Caribbean are up 18.4% to 50,091 visitors compared to 42,322 for the corresponding period of 2010. Stopovers from Latin America were also down 7.2% to 13,442 in 2010. But for the nine months of 2011, stopovers from Latin America are up by 23.2% to 11,352 visitors.

During calendar year 2010, cruise visitors to the Island decreased slightly by 1.4% to 909,619 visitors. For the nine months of 2011 however, cruise arrivals are up by 14.6% to 763,349 visitors. Total Visitors to Jamaica for Jan-September 2011 were 2.265 million marking a 5.9% increase relative to 2.138 million visitors during Jan-September 2010.

## External Trade

During January - July 2011, Jamaica's

exports increased by US\$197.6 million or 25.6% to US\$968.8 million, compared to US\$771.3 million in January - July 2010. Imports for their part, grew by US\$772.5 million or 26.6%, to US\$3.68 billion compared to US\$2.91 billion during January - July 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-Jul 2011 by -US\$574.9 million or 26.9% to -US\$2.711 billion compared to -US\$2.136 billion in January - July 2010.

**Traditional Exports:** For the first seven months of 2011, traditional domestic exports earned US\$508.8 million, an increase of US\$156.2 million or 44.3% over the US\$352.6 million recorded in Jan-July 2010. The share of traditional exports in total domestic exports also increased from 45.7% in Jan-July 2010 to 52.5% during Jan-July 2011.

The increase earnings from traditional exports largely resulted from strong recovery growth of 75.3% in alumina exports to US\$331.3 million compared to US\$188.9 million in Jan-Jul 2010. This was supported by a strong 37.7% increase in sugar exports to US\$50.3 million relative to US\$36.5 million during the same period a year earlier. Notable contri-

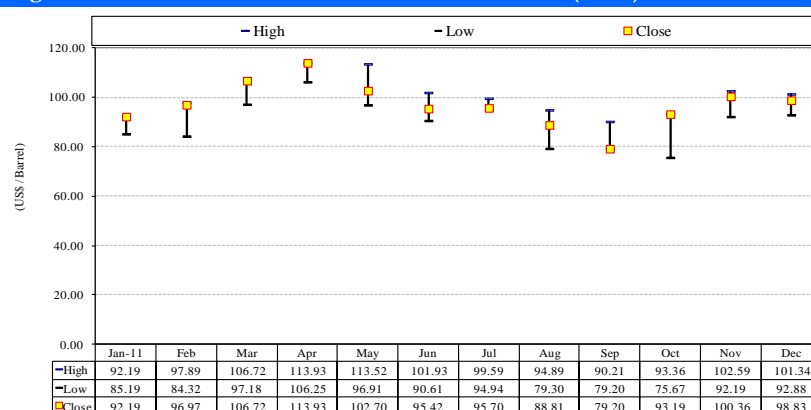
butions to the growth in traditional exports were also made by a 19.3% rise in 'Manufacturing' exports to US\$82.5 million compared to US\$69.2 million one year ago; with smaller increases in 'Rum' exports - up 4.8% to US\$30.1 million; and 'Bauxite' -up 3.6% to US\$79.8 million.

There were however, notable declines in some traditional agricultural exports and in particular coffee. Compared to earnings of US\$13.10 million in Jan-July 2010, earnings from Coffee exports fell by -4.7% to US\$12.5 million during the first seven months of 2011. The decline in earnings from Coffee reflects the continuing contraction in demand for Jamaican coffee since the global recession as the premium prices normally paid for Jamaican coffee have not been forthcoming from price conscious consumers. Earnings from 'Other' Traditional exports also decreased significantly during Jan-July 2011 by -41.2% to US\$4.92 million compared to US\$8.4 million during Jan-July 2010.

**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 Jan-July 2011, earnings from non-traditional exports rebounded by 12.1% to US\$416.9 million relative to US\$371.8 million during the corresponding period of 2010 but accounted for only 43.0% of exports.

Several groups of non-traditional exports contributed to the expansion in Jan-July 2011. In the category "**Food**", there was a 13.8% increase in earnings to US\$80.9 million compared to US\$71.2 million in Jan-July 2010 as eleven of seventeen categories recorded increases. Among the main contributors to the increase in 'Food' earnings were: a 72.1% increase in 'Fish, Crustaceans and Molluscs' to US\$4.2 million; a 43.6% increase in 'Malt Extract & Preparations thereof' to US\$2.9 million; and a 41.5% increase in 'Meat and Meat Preparations' to US\$2.13 million. Earnings were also up by 30% to US\$5.5 million for 'Dairy Products & Birds Eggs'; by 21.4% to US\$8.7 million for 'Baked Products'; while 'Yam' exports, which continues to be Jamaica's leading non-traditional export, were up by 18.4% to US\$12.4

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-Jul '10	Jan-Jul '11	Change	% Change
<b>TOTAL EXPORTS (fob)</b>	<b>771.27</b>	<b>968.82</b>	<b>197.55</b>	<b>25.6%</b>
Major Traditional Exports	352.60	508.81	156.21	44.3%
<i>by Sector:-</i>				
Agriculture	17.16	15.13	-2.03	-11.8%
Mining & Quarrying	266.26	411.17	144.91	54.4%
Manufacturing	69.18	82.51	13.33	19.3%
<i>by Industry:-</i>				
Bauxite	76.99	79.76	2.77	3.6%
Alumina	188.94	331.31	142.37	75.3%
Sugar	36.51	50.26	13.75	37.7%
Rum	28.70	30.07	1.37	4.8%
Bananas	0.00	0.02	0.02	0.0%
Coffee	13.10	12.48	-0.62	-4.7%
Other	8.37	4.92	-3.44	-41.2%
Non-Traditional Exports	371.78	416.93	45.15	12.1%
Re-exports	46.89	43.08	-3.81	-8.1%
<b>TOTAL IMPORTS</b>	<b>2,908.09</b>	<b>3,680.56</b>	<b>772.47</b>	<b>26.6%</b>
Food	480.46	507.61	27.15	5.7%
Beverages & Tobacco	44.45	44.69	0.24	0.5%
Crude Materials (excl. Fuels)	36.65	39.82	3.17	8.7%
Mineral Fuels, etcetera	921.22	1,484.01	562.79	61.1%
Animal & Vegetable Oils & Fats	10.46	40.62	30.16	288.5%
Chemicals	343.31	430.79	87.47	25.5%
Manufactured Goods	322.78	367.99	45.22	14.0%
Machinery and Transport Equip.	429.47	494.00	64.53	15.0%
Misc. Manufactured Articles	271.93	249.93	-21.99	-8.1%
Other	47.37	21.08	-26.29	-55.5%
<b>TRADE BALANCE</b>	<b>(2,136.82)</b>	<b>(2,711.73)</b>	<b>-574.92</b>	<b>26.9%</b>

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

million from US\$10.5 million during Jan-July of 2010.

There were however, notable decreases in earnings from some 'Food' categories in Jan-July 2011 relative to the corresponding period of 2010. Earnings from 'Sweet Potatoes' fell by -29.7% to US\$1.4 million from US\$2.03 million in 2010; 'Papaya' exports were down -27.5% to US\$1.34 million from

US\$1.8 million; 'Ackee' exports were down 10.6% to US\$5.6 million from US\$6.2 million; and 'Juices excl. Citrus' were down by -10.1% to US\$4.14 million from US\$4.0 million.

The three other categories of non-traditional exports also recorded increases during Jan-July 2011. "**Crude Materials**" were up by 139.7%

largely driven by a 196% increase in (the now outlawed) 'Waste and Scrap Metals' trade from US\$9.04 million in Jan-July 2010 to US\$26.74 million in the current period and a 123% increase in 'Limestone' exports to US\$2.10 million from US\$924,000. But exports of 'Other' crude materials declined by -36.0% to US\$1.79 million from US\$2.79 million in Jan-July 2010.

There was also a 21.4% increase in the category **"Beverages & Tobacco (excl. Rum)"** from US\$34.9 million to US\$42.4 million during Jan-July 2011. This mainly reflected a 21.8% increase in 'Alcoholic Beverages (excl. Rum)' to US\$35.6 million from US\$29.3 million and a 19.2% increase in 'Non-Alcoholic Beverages' from US\$5.6 million to US\$6.7 million.

**"Other"** non-traditional exports, generally, the largest category of non-traditional exports, increased moderately by 4.0% to US\$262.9 million from US\$252.9 million in Jan-July 2010. This mainly reflected a significant 18.4% increase in 'Mineral Fuels etc' to US\$231 million from US\$195.4 million. This increase was nearly canceled by large declines of -44.4% in 'Chemicals (incl. Ethanol)' from US\$43.0 million in Jan-July 2010 to US\$23.9 million; and a -80.5% reduction in exports of 'Manufactured Goods' to US\$1.8 million from US\$9.1 million in Jan-July 2010-

**Imports.** Continuing the upturn from 2010, during the first seven months of 2011, imports surged by 26.6% to US\$3.68 billion relative to US\$2.91 billion in Jan-July 2010.

Apart from **'Other'** imports which declined by -55.5% to US\$21.1 million; and imports of **'Miscellaneous Manufactured Articles'** which declined by -8.1% to US\$249.9 million, all other categories of imports recorded increases during the Jan-July 2011 period.

The largest increase was recorded in **Raw Materials/Intermediate Goods** which typically accounts for the bulk of imports. In this category, imports increased by 40.4% to US\$2.36 billion from US\$1.68 billion for the corresponding period of 2010. The greatest contributors to that increase were imports of 'Other Fuels and Lubricants'- up 97.2% to US\$967.4 million and 'Crude Oil' - up 19.9% to US\$516.1 million from US\$430.6 million during Jan-July 2010. Imports of 'Food' for

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

	Jan-Jul 2010	Jan-Jul 2011	\$ Change	% Change
<b>Current Account</b>	<b>(329.6)</b>	<b>(943.3)</b>	<b>(613.7)</b>	<b>-186.2%</b>
<b>Goods Balance</b>	<b>1,781.7</b>	<b>(2,307.6)</b>	<b>(4,089.3)</b>	<b>-229.5%</b>
Exports	791.4	994.1	202.7	25.6%
Imports	2,573.1	3,301.7	728.6	28.3%
<b>Services Balance</b>	<b>615.0</b>	<b>582.1</b>	<b>(32.9)</b>	<b>-5.3%</b>
Transportation	(221.1)	(275.1)	(54.0)	-24.4%
Travel	1,186.0	1,214.7	28.7	2.4%
Other Services	(349.9)	(357.6)	(7.7)	-2.2%
<b>Income</b>	<b>(306.7)</b>	<b>(412.1)</b>	<b>(105.4)</b>	<b>-34.4%</b>
Compensation of empl	19.6	16.8	(2.8)	-14.3%
Investment Income	(326.4)	(429.0)	(102.6)	-31.4%
<b>Current Transfers</b>	<b>1,143.8</b>	<b>1,194.3</b>	<b>50.5</b>	<b>4.4%</b>
Official	104.9	91.7	(13.2)	-12.6%
Private	1,038.9	1,102.6	63.7	6.1%
<b>Capital &amp; Financial Account</b>	<b>329.6</b>	<b>943.3</b>	<b>613.7</b>	<b>186.2%</b>
<b>Capital Account</b>	<b>(11.9)</b>	<b>(13.3)</b>	<b>(1.4)</b>	<b>-11.8%</b>
Capital Transfers	(11.9)	(13.3)	(1.4)	-11.8%
Official	4.1	2.7	(1.4)	-34.1%
Private	(16.0)	(16.0)	-	0.0%
Acq/dispos.	-	-	-	0.0%
<b>Financial Account</b>	<b>341.5</b>	<b>956.6</b>	<b>615.1</b>	<b>180.1%</b>
Other Official Invst	520.6	109.9	(410.7)	-78.9%
Other Private Invst	(175.9)	831.8	1,007.7	572.9%
Reserves	(3.2)	15.0	18.2	568.8%

Source: BOJ & Statistical Update:

intermediate use surged by 18.3% to US\$163.7 million; while 'Industrial Supplies' grew by 15.3% to US\$542.7 million. 'Parts & Accessories of Capital Goods' grew by 12.7% to US\$171.6 million.

Possibly reflecting expansion or re-tooling by Jamaican firms, imports of **'Capital Goods (excl. Motor Cars)'** grew significantly by 19.3% to US\$289.6 million in Jan-July 2011. All categories of Capital Goods imports registered increases. 'Other Industrial Transport Equipment' was up 62.2% to US\$69.1 million compared to US\$43.3 million a year earlier; 'Machinery and Equipment' was up by 11.0% to US\$143.2 million from US\$129.0 million and 'Construction Materials' increased by 9.1% to US\$73.6 million from US\$67.5 million in Jan-July 2010.

Imports of **Consumer Goods (excl. Motor Cars)** also increased in Jan-July 2011, though more moderately by 4.1% to US\$963.7 million compared to US\$925.9 million in the corresponding seven months of 2010. Imports of 'Food (incl. Beverages)' were up 16.5% to US\$435.9 million, and 'Other Durable Goods (excl. Motor cars)' increased by 2.6% to

US\$172.7 million, but 'Non-durable Goods' declined by -9% to US\$269.8 million. Imports of **'Passenger Motor Cars'** also increased by 14.9% to US\$65.7 million from US\$57.2 million in Jan-July 2010.

**Oil:** At the end of December 2011, the price of West Texas Intermediate (WTI) Crude Oil stood at US\$98.83 per 42 gallon barrel - an increase in price of US\$1.53 relative to the closing price of US\$100.36 the previous month. During December 2011 the price ranged between a high of US\$101.34 and a low of US\$92.88. During 2011, the price averaged US\$87.33. (See Fig. 5)

## Balance of Payments

For the first seven months of 2011, there was a **current account deficit** of US\$943.3 million, which represented a deterioration of US\$613.7 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\$2,307.6 million, a deterioration of US\$525.9 million when compared to the corresponding period in 2010. This resulted

Table 11: Fiscal Accounts (J\$ Million)

	Apr-Nov (Fiscal—2011/12)				Apr-Nov (YOY)	
	J\$ million		Deviation		10/11 - 11/12	
	Provisional	Budget	J\$M	(%)	J\$M	(%)
<b>Revenue &amp; Grants</b>	<b>206,619.8</b>	<b>215,107.4</b>	<b>-8,487.6</b>	<b>-3.95</b>	<b>8,484.8</b>	<b>4.3</b>
Tax Revenue	183,211.3	191,378.2	-8,166.9	-4.27	10,476.2	6.1
Non-Tax Revenue	12,983.5	13,449.8	-466.3	-3.47	-2,798.1	-19.3
Bauxite Levy	1,011.6	1,030.7	-19.1	-1.85	991.9	5035.0
Capital Revenue	6,712.4	6,895.5	-183.1	-2.66	4,417.4	250.1
Grants	2,701.0	2,353.2	347.8	14.78	-4,603.4	-63.0
<b>Expenditure</b>	<b>257,555.2</b>	<b>260,517.7</b>	<b>-2,962.5</b>	<b>-1.14</b>	<b>12,123.8</b>	<b>4.9</b>
Recurrent Expenditure	223,604.8	224,606.6	-1,001.8	-0.45	8,393.4	3.9
Programmes	55,643.5	56,179.4	-535.9	-0.95	7,921.6	16.6
Wages & Salaries	91,864.4	92,871.7	-1,007.3	-1.08	5,493.6	6.4
Interest	76,096.9	75,555.5	541.4	0.72	-5,021.3	-6.2
Domestic	49,625.8	49,789.3	-163.5	-0.33	-6,013.1	-10.8
External	26,471.1	25,766.2	704.9	2.74	991.7	3.9
Capital Expenditure	33,950.4	35,911.1	-1,960.7	-5.46	3,730.4	12.2
Capital Programmes	33,950.4	35,911.1	-1,960.7	-5.46	3,730.4	12.2
IMF #1 Account	0.0	0.0	0.0	0.00	0.0	0.0
<b>Fiscal Balance (Surplus [+ve])</b>	<b>-50,935.4</b>	<b>-45,410.3</b>	<b>-5,525.1</b>	<b>-12.17</b>	<b>-3,639.0</b>	<b>-7.3</b>
Loan Receipts	105,799.7	105,035.4	764.3	0.73	-6,497.4	-5.5
Domestic	89,130.4	86,513.2	2,617.2	3.03	5,350.4	5.9
External	16,669.3	18,522.2	-1,852.9	-10.00	-11,847.7	-41.5
Divestment Proceeds	0.0	0.0	0.0		0.0	0.0
Amortization	75,090.6	75,764.0	-673.4	-0.89	3,297.6	4.6
Domestic	24,945.4	25,327.7	-382.3	-1.51	-32,336.5	-56.5
External	50,145.2	50,436.3	-291.1	-0.58	35,633.8	245.6
<b>Overall Balance (Surplus [+ve])</b>	<b>-20,226.3</b>	<b>-16,138.9</b>	<b>-4,087.4</b>	<b>-25.33</b>	<b>-13,433.7</b>	<b>-602.7</b>
<b>Primary Balance (Surplus [+ve])</b>	<b>25,161.5</b>	<b>30,145.2</b>	<b>-4,983.7</b>	<b>-16.53</b>	<b>-8,660.6</b>	<b>-27.4</b>

Source: Ministry of Finance and Planning

primarily from an increase in imports of US\$728.5 million, which was significantly influenced by an increase in mineral fuel imports of US\$562.8 million. The deterioration in the goods sub-account was partially offset by a US\$202.7 million increase in exports, stemming mainly from an increase in alumina exports of US\$142.4 million.

In relation to the **Services Balance**, there was a decline of US\$32.9 million in its surplus position. This resulted from an increase in estimated freight cost associated with imports. The **Income Sub-account** deteriorated by US\$105.4 million during the review period. This deterioration primarily emanated from an increase in both official interest payments on external debt and profits remitted by foreign direct investment companies of US\$16.7 million and US\$77.3 million respectively. During the review period, Current Transfers increased by US\$50.5 million to US\$1,194.3 million. The improvement resulted primarily from an increase in net

private transfers of US\$63.6 million. Flows from official and private sources were insufficient to finance the current account deficit. Consequently, the NIR declined by US\$15.0 million during the period.

## Fiscal Accounts

During the first eight months of FY 2011/12 (Apr-Nov), the GOJ ran a fiscal deficit of -J\$50.9 billion. This deficit was -J\$4.6 billion more than the -J\$45.4 billion budgeted and mainly resulted from a significant J\$8.49 billion or -3.95% shortfall in Revenues which overwhelmed expenditure reductions of -J\$2.96 billion or 1.14%.

**REVENUE:** Total Revenues & Grants to the GOJ during Apr- Nov 2011/12 was J\$206.6 billion. This was, as noted, -J\$8.5 billion or 3.95% below the J\$215.12 billion budgeted, but J\$11.9 billion higher than the

J\$198 billion collected in Apr-Nov 2010. The main outperformers on the revenue accounts were SCT - up J\$379.3 million; 'Grants' - up J\$347.8 million above budget; and 'Contractor's Levy' which was J\$227.0 million above budget. 'Tax on Interest' - up J\$246.5 million and a marginal J\$0.1 million increase in Bauxite/alumina' taxes were also above budget. Returns on all other revenue heads were negative.

Among the main underperformers on the revenue accounts were: 'GCT (local)' which registered a shortfall of -J\$2.43 billion; 'Other Companies' taxes was down -J\$1.39 billion; and 'Customs Duty' - down -J\$1.2 billion. Notable shortfalls were also recorded by 'SCT (Imports)' which came in -J\$1.21 billion below budget and 'GCT (Imports)' - down -J\$978.2 million.

**EXPENDITURE:** Total expenditure for the first eight months of



fiscal year 2011/12, was J\$257.6 billion. This was -J\$2.96 billion less than budgeted, but J\$12.12 billion more than the J\$245.5 billion expended for the corresponding period of FY2010/11. Among the heads showing notable deviations from budget were: 'Capital Programmes' - under-spent by -J\$1.90 billion; 'Wages and Salaries' - under-spent by -J\$1.0 billion; and Recurrent Programmes by -J\$1.0 billion. Domestic Interest payments was under-spent by J\$163 million, but external interest payments exceeded budget by J\$704.9 million.

### FISCAL OUTTURN

As noted, for the first eight months of FY2011/12 (Apr-Nov 2011), the Budget recorded a fiscal deficit of J\$50.9 billion. This was -J\$5.5 billion or -12.2% worse than budgeted, and about J\$3.6 billion or -7.3% worse than the deficit for Apr-Nov 2010/11.

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 out-turn for the first eight months - averaging -J\$6.36 billion per month, is therefore running well ahead of the -J\$5.2 billion projected.

**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 eight months of FY2011/12, the primary surplus was J\$25.16 billion which was -J\$4.98 billion or 16.5% less than J\$30.14 billion targeted.

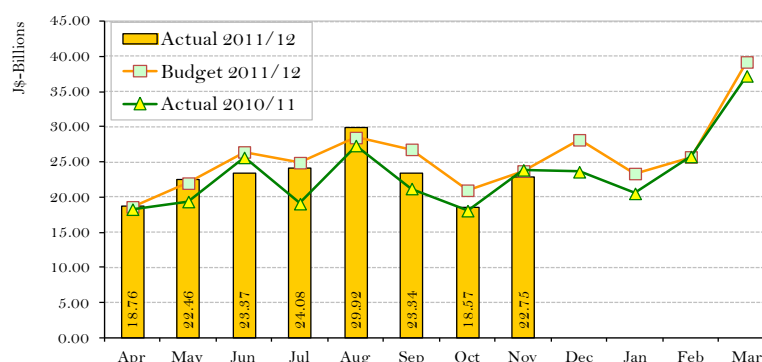
### PUBLIC DEBT

At the end of November 2011 the total public debt stood at J\$1.628 trillion - an increase of J\$9.23 billion over the J\$1.619 trillion recorded at the end of October 2011. The domestic debt is estimated at J\$880.57 billion or 54.0% of the total, while the external debt stood at J\$747.83 billion (US\$8.625 billion) or 46.0% of the total debt stock.

## Stock Market

During calendar year 2011, market capitalization increased by J\$53.14 billion or 9.4% to close at J\$617.8 billion. Four of five indices advanced and one

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



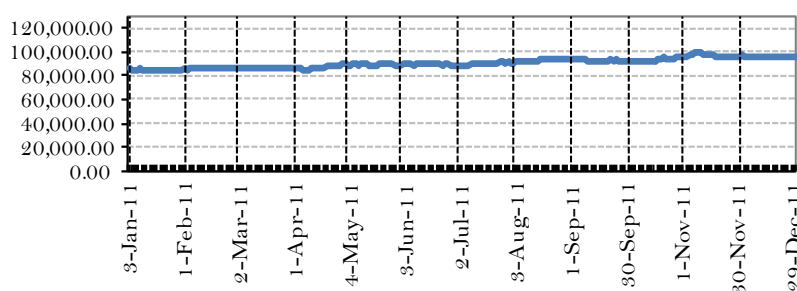
Source: Ministry Of Finance and Planning (Jamaica)

Table 12: Major Deviations in Fiscal Revenue and Expenditure

J\$-Millions	Apr-Nov 2011/12
<b>Revenue (Revenue Surpluses)</b>	
SCT	379.3
Grants	347.8
Contractor's Levy	310.5
Tax on Interest	246.5
Bauxite/alumina	0.1
<b>Revenue (Revenue Shortfalls)</b>	
GCT (local)	-2,430.9
Other Companies	-1,387.2
Customs Duty	-1,243.9
SCT (Imports)	-1,214.6
GCT (Imports)	-978.2
<b>Expenditure (Changes)</b>	
Capital Programmes (under-spend)	-1,960.7
Wages & Salaries (under-spend)	-1,007.3
Recurrent Programmes (under-spend)	-1,001.8
Domestic Interest (under-spend)	-163.5
External Interest (over-spend)	704.9

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index Jan '11 - Dec '11



Source: Jamaica Stock Exchange (Online Database) and PSQJ

advanced. The main **JSE Market Index** advanced by **10,076.2** points or 11.8% to close at 95,297 points. The **JSE All Jamaican Composite** advanced by 21,386 points or 26.5% to close at 102,178.8

points. The **JSE Select Index** advanced by 681.8 points or 31.1% to close at 2,874 points while the JSE Junior Market Index advanced by 369 points or 97.13% to close at 748.9

points. Only the **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica declined during 2011 by -68.4 points closing at 794.6 points.

Market volume was modest in 2011 with 1.55 billion units valued at J\$18.10 billion changing hands, compared to 2.64 billion units valued at J\$17.35 billion in 2010.

Overall market activity resulted from trading in 45 stocks of which 38 advanced and 7 declined. Market activity, as reflected in the movements of the main JSE Index, was progressive throughout the year, hitting a low of 84,726 points on January 14th, 2011 and thereafter rising progressively towards the high of 98,685 points attained on November 9th, 2011. as noted, the JSE Index closed some 3,388 points off its November high at 95,297 points.

The leading advancers during 2011 were: Jamaica Money Market Brokers (JMMB), Barita Investments Ltd,

30 month global recovery is weakening in emerging markets such as China, India and Brazil; and there is rising concern that recession is likely in the first half of 2012 in many of the established economies – ranging from Japan, Britain and many Euro-zone countries

#### **Downwardly Revised Forecasts**

As 2012 commences the World Bank has downwardly revised the forecasts for global growth to 3.4% from 4% and downwardly revised forecasts are being issued for several countries

Country	Est. 2011	2012 Forecasts
China	9%	8%
India	7.5%	7.10%
Britain	1.4%	0.5%
Japan	0.7%	2.3%
Canada	2.3%	1.8%
USA	2.0%	2.5%
Euro-zone	1.6%	0.45
Germany	3.1%	0.9%

It is instructive that even countries such as the USA and Japan that are projected to record stronger growth in 2012 over 2011, those rates have been downwardly revised over the last few months from higher levels. At the same time with Governments expected to rollover or finance US\$7.6 trillion in debt in 2012,

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

	31- Dec '10	29- Dec '11	\$ change	% change
<b>Top Five (unadjusted for dividends or transact. Costs)</b>				
JMMB	4.00	12.40	8.40	210.0%
Barita Investments Ltd.	1.99	4.71	2.72	136.7%
Pegasus Hotels of Jamaica	12.01	22.49	10.48	86.3%
Ciboney Group	0.03	0.05	0.02	66.7%
Berger Paints (Jamaica)	2.01	3.20	1.19	59.2%
<b>Bottom Five (unadjusted for dividends or transact. Costs)</b>				
Trinidad Cement Ltd.	53.00	18.31	(34.69)	-65.5%
Cable & Wireless (Ja.)	0.33	0.20	(0.13)	-39.4%
Salada Foods Jamaica	13.00	8.87	(4.13)	-31.8%
Guardian Holdings Ltd.	220.00	165.00	(55.00)	-25.0%
Lascelles deMercado	305.00	292.50	(12.50)	-4.10%

*Source: Compiled from the JSE*

Pegasus Hotels; Ciboney Group, and Berger Paints.

The leading decliners were Trinidad Cement Ltd, Cable & Wireless, Salada Foods and Guardian Holdings Ltd. And Lascelles deMercado & Company.

there is growing concern about sovereign debt generally and yields are expected to rise especially for less favoured heavily indebted nations. As illustration, while yields on 10-year bonds for the US, UK, Germany and Canada is about 1.91%, financing rates for less favoured countries such as France, Spain, Italy and Portugal are 3.3%, 5.0%, 6.5% and 13.3% respectively.

The Southern European countries continue to be the source of the greatest strain in the global economy. Despite receiving US\$169 billion in 2011, Greece needs another US\$169 billion by March 2012 or it will be forced to default. Markets are already pricing in a Greek default and possible break away from the European Union as the only feasible option for Greece. Thoughts are also moving in the same direction in relation to Portugal and Italy – but the implication – the break-up of the European Monetary Union is much too difficult to contemplate for most observers.

Still, the situation is not one of unrelenting deterioration. There are signs of

## **Economic Highlights**

(contd. from page 1.)

### **The Global Economy**

Though the picture is mixed, Jamaica's new government enters office at a time when the momentum of the

stabilization in several countries within the global economy. After three months of contraction, China's purchasing manager's index (PMI) for manufacturing came in at 50.3 in December 2011 indicating that this vital sector for China and the global economy had resumed expansion. China's Q4 GDP growth of 8.9% and Retail Sales 18.1% also came in better than expected. The PMI in several other countries also showed improvement if not expansion with Germany PMI coming in at 52.4; the USA at 53.9 against expectations of 53.2; but Britain's GDP contracted by 0.2% in Q4 2011.

The US economy has emerged as the most resilient in the global economy in recent months with consistent improvements in the labour and housing markets and consistent expansion in manufacturing and services activity. But even in the USA the economy is struggling rather than robust, and the US Federal Reserve has committed to maintaining interest rates at the extraordinarily low levels of 0.25% well into 2014 to continue to assist the US recovery. Consensus therefore is that the first half of 2012 will be volatile at best and recessionary for many economies.

## INFLATION (DEC - 2011) - CPI

## APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>0.39%</b>	<b>0.394</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>0.30%</b>	<b>0.113</b>	<b>1</b>	
Food	0.30%			
Bread and Cereals	0.09%			
Meat	0.38%			
Fish and Seafood	0.27%			
Milk, Cheese and eggs	0.31%			
Oils and Fats	0.13%			
Fruit	0.66%			
<b>Vegetables and Starchy Foods</b>	<b>0.29%</b>			
Vegetables	0.32%			
Starchy Foods	0.17%			
Sugar, Jam, Honey, Chocolate and Confectionery	0.45%			
Food Products n.e.c.	0.60%			
<b>Non-Alcoholic Beverages</b>	<b>0.51%</b>			
Coffee, tea and Cocoa	1.00%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	0.29%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>0.60%</b>	<b>0.008</b>	<b>9</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>-20.40%</b>	<b>-0.679</b>	<b>12</b>	
Clothing	1.73%			
Footwear	1.13%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>0.56%</b>	<b>0.071</b>	<b>3</b>	
Rentals for Housing	0.94%			
Maint and Repair of Dwelling	0.89%			
Water Supply and Misc. Serv Related to the Dwelling	0.45%			
Electricity, Gas and Other Fuels and Routine	0.35%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>1.06%</b>	<b>0.052</b>	<b>4</b>	
Furniture and Furnishings (including Floor Coverings)	1.42%			
Household Textiles	3.07%			
Household Appliances	0.71%			
Glassware, Tableware and Household Utensils	1.00%			
Tools and Equipment for House and Garden	0.83%			
Goods and Serv. for Routine Household Maint	0.95%			
<b>HEALTH</b>	<b>0.57%</b>	<b>0.019</b>	<b>8</b>	
Medical Products, Appliances and Equipment	0.55%			
Health Services	0.50%			
<b>TRANSPORT</b>	<b>0.25%</b>	<b>0.032</b>	<b>5</b>	
<b>COMMUNICATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RECREATION AND CULTURE</b>	<b>0.81%</b>	<b>0.027</b>	<b>6</b>	
<b>EDUCATION</b>	<b>0.06%</b>	<b>0.001</b>	<b>10</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>0.33%</b>	<b>0.020</b>	<b>7</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>0.97%</b>	<b>0.081</b>	<b>2</b>	

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

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>6.01%</b>	<b>6.008</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>5.46%</b>	<b>2.046</b>	<b>1</b>	
Food	5.20%			
Bread and Cereals	8.21%			
Meat	9.11%			
Fish and Seafood	8.12%			
Milk, Cheese and eggs	9.26%			
Oils and Fats	6.70%			
Fruit	16.94%			
Vegetables and Starchy Foods	-8.85%			
Vegetables	-11.25%			
Starchy Foods	-1.67%			
Sugar, Jam, Honey, Chocolate and Confectionery	20.23%			
Food Products n.e.c.	7.07%			
Non-Alcoholic Beverages	9.44%			
Coffee, tea and Cocoa	16.84%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	6.67%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>5.15%</b>	<b>0.071</b>	<b>12</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>8.67%</b>	<b>0.289</b>	<b>6</b>	
Clothing	10.34%			
Footwear	6.34%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>12.25%</b>	<b>1.563</b>	<b>2</b>	
Rentals for Housing	5.49%			
Maint and Repair of Dwelling	7.19%			
Water Supply and Misc. Serv Related to the Dwelling	12.70%			
Electricity, Gas and Other Fuels and Routine	16.55%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>7.32%</b>	<b>0.361</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	9.08%			
Household Textiles	9.44%			
Household Appliances	4.82%			
Glassware, Tableware and Household Utensils	7.13%			
Tools and Equipment for House and Garden	4.01%			
Goods and Serv. for Routine Household Maint	7.37%			
<b>HEALTH</b>	<b>2.48%</b>	<b>0.082</b>	<b>11</b>	
Medical Products, Appliances and Equipment	2.89%			
Health Services	2.19%			
<b>TRANSPORT</b>	<b>3.52%</b>	<b>0.451</b>	<b>4</b>	
<b>COMMUNICATION</b>	<b>3.13%</b>	<b>0.125</b>	<b>9</b>	
<b>RECREATION AND CULTURE</b>	<b>3.03%</b>	<b>0.102</b>	<b>10</b>	
<b>EDUCATION</b>	<b>8.58%</b>	<b>0.184</b>	<b>7</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>2.36%</b>	<b>0.146</b>	<b>8</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>5.55%</b>	<b>0.464</b>	<b>3</b>	



**FISCAL ACCOUNT (APR-NOV 2011)**

REV. & EXPEN. (APR-AUG '11)	JSm	PROVISIONAL RESULTS	JSm	BUDGET DEVIATION	JSm	YOY - CHANGE
<b>Revenue &amp; Grants</b>	206,619.8		-8,487.6		8,484.80	
Tax Revenue	183,211.3		-8,166.9		10,476.20	
Non-Tax Revenue	12,983.5		-466.3		-2,798.10	
Bauxite Levy	1,011.6		-19.1		991.90	
Capital Revenue	6,712.4		-183.1		4,417.40	
Grants	2,701.0		347.8		-4,603.40	
<b>Expenditure</b>	257,555.2		-2,962.5		12,123.80	
Recurrent Expenditure	223,604.8		-1,001.8		8,393.40	
Programmes	55,643.5		-535.9		7,921.60	
Wages & Salaries	91,864.4		-1,007.3		5,493.60	
Interest	76,096.9		541.4		-5,021.30	
Domestic	49,625.8		-163.5		-6,013.10	
External	26,471.1		704.9		991.70	
Capital Expenditure	33,950.4		-1,960.7		3,730.40	
Capital Programmes	33,950.4		-1,960.7		3,730.40	
IMF #1 Account	0.0		0.0		0.00	
<b>Fiscal Balance (Surplus [+ve])</b>	-50,935.4		-5,525.1		-3,639.00	
Loan Receipts	105,799.7		764.3		-6,497.40	
Domestic	89,130.4		2,617.2		5,350.40	
External	16,669.3		-1,852.9		-11,847.70	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	75,090.6		-673.4		3,297.60	
Domestic	24,945.4		-382.3		-32,336.50	
External	50,145.2		-291.1		35,633.80	
<b>Overall Balance (Surplus [+ve])</b>	-20,226.3		-4,087.4		-13,433.70	
<b>Primary Balance (Surplus [+ve])</b>	25,161.5		-4,983.7		-8,660.60	

REV. & EXPEN. (APR-AUG '11)	JSm	PROVISIONAL RESULTS	JSm	BUDGET DEVIATION	JSm	YOY - CHANGE
<b>Revenue &amp; Grants</b>	206,619.8		-8,487.6		8,484.8	
Tax Revenue	183,211.3		-8,166.9		10,476.19	
Income and profits	60,261.5		-2,298.7		1851.7	
Bauxite/alumina	0.1		0.1		-866.2	
Other companies	11,708.8		-1,387.2		-926.4	
PAYE	38,955.2		-967.8		6398	
Tax on dividend	698.2		-26.9		-9.9	
Other individuals	1,483.1		-163.5		-50.9	
Tax on interest	7,416.0		246.5		-2692.6	
Environmental Levy	1,494.0		-69.1		128.1	
Production and consumption	55,794.5		-2,041.2		4835.3	
SCT	5,534.2		379.3		-25	
Motor vehicle licenses	1,152.6		-24.4		-16	
Other Licenses	246.0		-10.7		79.4	
Betting, gaming and lottery	977.1		-40.1		-14	
Education Tax	9,768.3		-131.0		1525.6	
Contractors levy	847.0		310.5		312.5	
GCT (Local)	31,852.1		-2,430.9		1497.7	
Stamp Duty (Local)	5,417.2		-93.9		1474.5	
International Trade	65,661.5		-3,757.7		3661.7	
Custom Duty	14,022.3		-1,243.9		445	
Stamp Duty	922.0		-34.3		61.9	
Travel Tax	3,883.0		-286.8		1333.6	
GCT (Imports)	28,194.2		-978.2		2512.2	
SCT (Imports)	18,639.9		-1,214.6		-691.2	
Non-Tax Revenue	12,983.5		-466.3		-2798.1	
Bauxite Levy	1,011.6		-19.1		991.9	
Capital Revenue	6,712.4		-183.1		4417.4	
Grants	2,701.0		347.8		-4603.4	

### 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 '10	75,972.	9.94	n/a	n/a	1,566	2,331.5	1.46	12.21	n/a	89.70	12.50	21.62	4.61	774,116.9	6,564.60
Feb	76,862	1.17	336,882	n/a	1,559	2,362.2	2.16	12.8	n/a	89.72	11.01	21.40	4.13	800,675.8	7,586.80
Mar	77,322	0.60	325,963 1		1,7519	2,332.28	0.45	4.1	-1.8	89.51	10.49	21.40	4.09	758,700.3	7,553.0
Apr	77,652	8.6	332,696.	2.07	1,736	2,321.3	1.34	5.5	14.5	89.07	9.99	21.51	4.03	759,420.5	7,729.3
May	81,011	10.9	334,179	3.06	1,675.6	2,325	0.63	6.2	-2.4	88.48	9.91	21.08	4.03	757,750.4	7,692.40
Jun	77,754	-4.02	319,480	-4.40	1,795.8	2,335.2	0.63	6.8	-2.6	86.02	8.52	20.72	3.90	773,311.5	7,711.26
Jul	74,477	-4.22	n/a	n/a	1,732.6	2,335.4	0.37	7.2	-0.5	86.09	8.73	20.22	3.36	787,795.1	7,847.25
Aug	75,121	2.80	336,171	0.96	1,956.93	2,289.4	0.43	7.7	4.5	85.58	8.24	19.44	3.23	780,506.4	8,032.83
Sep	74,230	-1.18	n/a	n/a	1,973.70	2,305.2	0.49	8.2	1.8	86.25	7.99	19.24	3.12	n/a	n/a
Oct	75,065	1.12	n/a	n/a	1,983.67	2,293.2	0.74	9.0	5.4	85.62	7.92	19.20	2.63	n/a	n/a
Nov	74,872	-0.26	330,349	0.88	1,918.48	2,245.4	1.04	10.2	7.0	86.14	n/a	n/a	n/a	n/a	n/a
Dec	85,093	4.90	n/a	n/a	2,171.41	2,238.2	1.45	11.7	2.8	85.86	7.48	18.95	2.5	799,900.0	8,375.58
Jan '11	78,380	-7.89	n/a	n/a	2,088.97	n/a	-0.18	-0.2	8.5	85.69	7.46	18.52	2.4	813,805.6	8,436.2
Feb	77,963	-0.53	340,301	1.23	2,471.40	2,245.9	-0.42	-0.6	6.3	85.84	6.75	18.52	2.4	760,227.2	8,856.7
Mar	78,919	1.23	332,828	2.20	2,553.16	n/a	1.04	0.5	n/a	85.75	6.70	18.52	2.34	760,997.9	8,874.8
Apr	81,399	3.14	342,336	n/a	2,602.40	2,336.53	0.47	1.0	7.5	85.73	6.74	18.43	2.24	763,624.7	8,907.5
May	79,357	-2.51	342,497	n/a	2,334.38	n/a	0.77	1.7	n/a	85.78	6.58	17.98	2.24	836,417.3	8,521.1
Jun	80,560	1.52	341,652	-0.25	2267.13	2,275.4	0.76	2.5	1.4	85.91	6.61	17.98	2.24	839,103.7	8,587.5
Jul	81,443.4	1.10	338,018.	1.06	2,156.37	n/a	0.75	2.8	-1.0	86.15	6.44	18.07	2.24	842,200.0	8,590.0
Aug	82,207.2	0.94	n/a	n/a	2,126.32	2,255.48	0.58	3.3	2.7	86.12	6.51	n/a	n/a	868,318.9	8,575.0
Sep	80,479.2	-2.10	338,501.	-0.73	2,080.6	2,308,044	0.74	4.1	5.9	86.30	6.56	18.54	2.27	868,990	8,550.0
Oct	80,597.7	0.15	342,310.	1.15	2,032.17	n/a	0.45	5.1	n/a	86.49	6.29	18.32	2.13	868,936	8,674.6
Nov.	81,296.7	0.87	n/a	n/a	1,961.74	n/a	0.45	5.1	n/a	86.70	6.27	18.3	2.1	880,569	8,625.5
Dec	91,710.2	12.81	n/a	n/a	1,967.01	n/a	0.40	6.0	n/a	86.60	6.46	18.3	2.1	n/a	n/a

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

<u>Key:</u>	
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)	

The contents of this bulletin are only for use by the addressee. The information is provided on a strictly confidential basis to subscribers.

All **opinions and estimates** constitute the PSOJ's judgement as of the date of the bulletin and are subject to change without notice.

Copyright Reserved © 2003.

**The Private Sector Organisation of Jamaica, 39 Hope Road, Kingston 6**  
**Tel: 927-6238/6958 Fax: 927-5137 Email: Web site: <http://www.psoj.org>**

## **SUBSCRIBE TO THE ECONOMIC BULLETIN**

Please **complete form** and return to PSOJ by fax as soon as possible. Thank you.  
(Complete form in **Capital Letters** and make a **mark** where appropriate)

**FAX # : (876) 927-5137**

Subscriber: \_\_\_\_\_ (Company / Individual)

Address: \_\_\_\_\_

**Contact Person Information** (Matters pertaining to Subscription)

Name: \_\_\_\_\_ ( Mr. / Mrs. / Miss. / Dr. / Hon )

Position: \_\_\_\_\_

Telephone: ( \_\_\_\_\_ ) \_\_\_\_\_

Fax: ( \_\_\_\_\_ ) \_\_\_\_\_

Email: \_\_\_\_\_

**Annual  
Subscription  
(Jan-Dec)**

PSOJ Members:  
**\$7,000.00**  
(Plus G.C.T. )

Non-members:  
**\$10,000.00**  
(Plus G.C.T. )

**Payment Options**

**Cheque  
Money Order**  
(No Cash Payment)

(Payment must be in-  
cluded with your order  
form)

**Bulletin Recipients** (additional recipients) [*first then last name*]

**NAME 1:** \_\_\_\_\_ ( Mr. / Mrs. / Miss. / Dr. / Hon )

Position: \_\_\_\_\_

Email: \_\_\_\_\_

**NAME 2:** \_\_\_\_\_ ( Mr. / Mrs. / Miss. / Dr. / Hon )

Position: \_\_\_\_\_

Email: \_\_\_\_\_

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.

**Bring to the Attention of EARL BARTLEY**



