# PSOJ MONTHLY ECONOMIC BULLETIN

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## Economic Highlights

**Jamaica's 2010/11 Budget slashed by 15%.**

On Thursday March 25th, 2010, Finance Minister Audley Shaw tabled the Estimates of Expenditure in Parliament for fiscal year 2010/11. This budget, revised to J$503.4 billion, is approximately $90 billion less than the $593 billion spent in 2009/10. The Finance Minister explained this 15% reduction in the 2010/11 budget as largely due to $40 billion in interest saving and $30 billion in reduced amortization payments arising from the extension of maturities facilitated by the Jamaica Debt Exchange.

Considering that Minister Shaw disregarded Opposition challenges that his 2009/10 Budget was "not credible", and had to return to Parliament twice during the year with Supplementary estimates which added close to $40 billion to the $556 billion Budget originally tabled in April 2009, the question that arises naturally is how credible is the 2010/11 Budget?

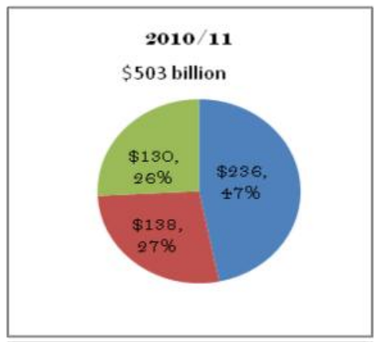
**Evaluating the budget's credibility** involves assessing (1) the reasonableness of the assumptions underlying the budget; (2) the reasonableness of the numbers themselves; and (3) how much room the budget allows for error– things not going according to plan.

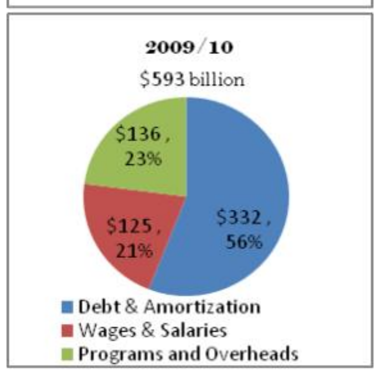
**The main assumptions** underlying the Budget are reflected in the Standby Agreement with the IMF. These are (a) that after a spike in inflation in the first Quarter of 2010 to 12.5%, inflation will subside to average about 11.25% for the rest of the year; (b) that oil prices will continue to range between $70—$80 despite an occasional breakout above and below range; and © an implicit rather than explicit assumption, that social calm will ensue despite the severity of the cutbacks and adjustments that people will be called on to bear.

As far as the inflation assumption, the Government seems to have called the First Quarter spike quite accurately. In February 2010, inflation did spike to 2.14% for the month and to 12.4% point to point. The larger question is whether or not it will indeed drift down. That will depend on another two assumptions by the Government: that demand pressures within the Jamaican economy will remain subdued and oil prices will range moderately. Both of these assumptions depend on the strength and pace of the global recovery. Most analysts are calling for a slow to moderate recovery which would serve to restrain international commodity prices including oil. To the extent that Jamaica's recovery often lags the global recovery, domestic demand pressures might therefore continue to be subdued. Thus, in terms of the economic assumptions, the GOJ assessments are not too far -fetched or wayward. As to whether social calm will ensue, that will depend on how much more hardships the Government intends to ask people to bear and how many more unpleasant surprises like the recently announced 60% increase in bus fares the Government may have up its sleeves.

**Are the estimates reasonable?**

Though the numbers for both years are still changing, the charts below show that the 2010/11 Estimates has been cut by $90 billion 0r 15.2% below 2009/10 levels. '**Debt Payments**' have been cut quite significantly- by 29% and '**Programs**' by 3.7%.**Contd. On Page 10.**




### Inside this issue:



★ No new updates since previous issue

## Net International Reserves (NIR)

During the month of February 2010, Gross International Reserves were boosted by US$640 million to US$2,390.0 million representing the first drawdown from the US$1.3 billion Standby Agreement between the GOJ and the IMF. After the accounting offsetting of assets and liabilities however, the net international reserves (NIR) actually declined in February 2010 by a modest –US$6.3 million to US$1,559.7 million relative to January 2010. At current levels, gross reserves are adequate to finance almost 25 weeks of "goods" imports or 17.4 weeks of "goods and services" imports well above the 12 weeks international benchmark of reserves adequacy.

## Foreign Currency Deposits

The Bank of Jamaica (BOJ) estimates that net foreign currency inflows in the Oct–Dec.2009 quarter (Q4) were US$1.133 billion. That was US$34 more than inflows in Q3 2009, but US$75 million less than the US$1.21 billion recorded in Q4 2008. Outflows on the other hand, amounted to US$1.615 billion—US$204 million more than in Q3 2009, but US$582 less than the US$2.197 recorded in Q4 2008.

The Q4 over Q3 2009 outflows reflects higher out-payments for fuel, which increased in price by 11.4% during Q4' and the effect of seasonal increase in consumer demand. The year over year decline in outflows was influenced by generally weaker domestic demand brought on by the global recession. At the end of December 2009, total foreign currency deposits in the banking system stood at US$2.274 billion, approximately US$13.9 million lower than the previous month, but US$82.75 million higher than for the 12 months of calendar year 2008.

## Foreign Exchange Rate

**US DOLLAR:** During the month of February 2010, the Jamaican dollar continued its remarkable 12 month steadiness against its US counterpart (See Figure 1) depreciating marginally by 3 cents or 0.04% to $89.72 per US$1. This continued relative stability

**Table 1: Changes in the NIR**

| | US$M | Change US$M | | | Imports |
|---|---|---|---|---|---|
| | NIR | *Mthly* | *12 Mth* | *YTD* | (Weeks) |
| Feb-10 | 1,559.7 | -6.3 | -42.1 | -169.6 | 24.9 |
| Feb-09 | 1,601.9 | -163.1 | -354.4 | -171.1 | 12.7 |

*Source: Compiled from the BOJ (Preliminary)*

**Table 2: Foreign Currency Deposits**

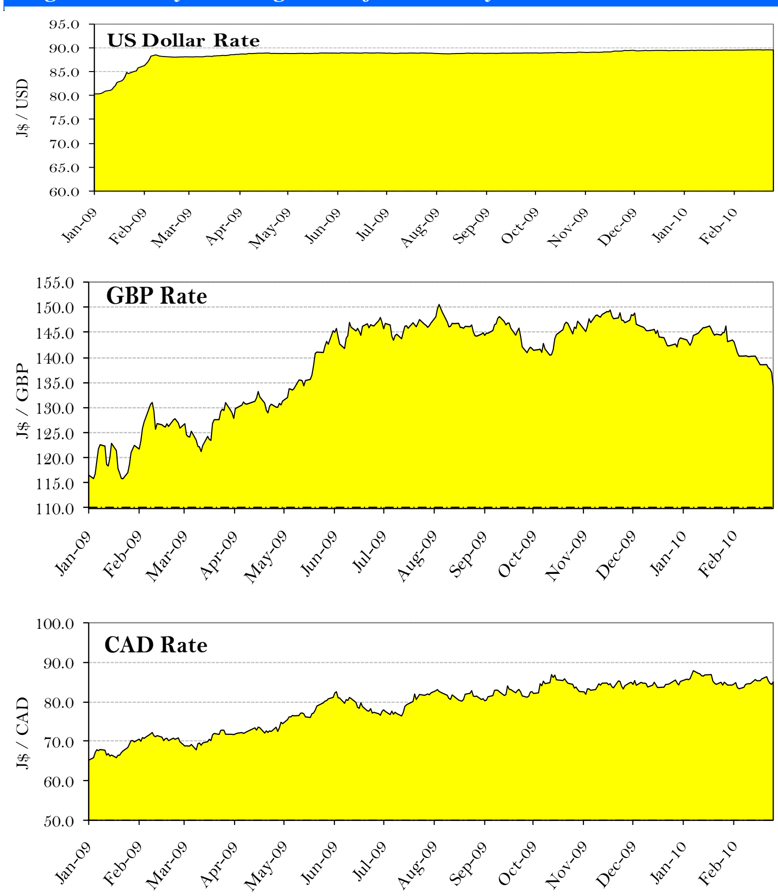
| | US$000 | Change (US$000) | | % Change | |
|---|---|---|---|---|---|
| | Dec-09 | mthly | 12 mth | mthly | 12 mth |
| Commercial Banks | 1,665,322 | (16,916) | 61,530 | -1.02% | 3.84% |
| Building Societies. | 502,788 | 2,463 | 57,593 | 0.49% | 12.94% |
| Merchant Banks | 105,681 | (1,434) | (36,372) | -1.36% | -25.60% |
| Total Deposits | 2,273,791 | (15,887) | 82,751 | -0.70% | 3.78% |

*Source: Compiled from the BOJ (Preliminary)*

**Table 3: Foreign Exchange Trends**

| | YTD Currency Rate Change (Dec 31, 2009—02/31/10) * | | | | | |
|---|---|---|---|---|---|---|
| | J$ / US$ | % | J$ / UK£ | % | J$ / Can$ | % |
| 2010 | 0.13 | 0.1 | -9.62 | -6.7 | -0.12 | -0.1 |
| 2009 | -9.10 | -11.3 | 24.31 | 20.8 | 7.45 | 11.4 |
| 2008 | -12.92 | -16.1 | -8.06 | -5.7 | 0.66 | 1.1 |
| | Feb 2010 | | | | | |
| Actual Rate | 89.72 | 0.04 | 134.38 | -6.20 | 85.36 | 0.97 |
| Mth Change | 0.03 | 0.04 | -8.87 | -6.20 | 0.82 | 0.97 |

**Figure 1: Daily % Change in Major Currency Rates**



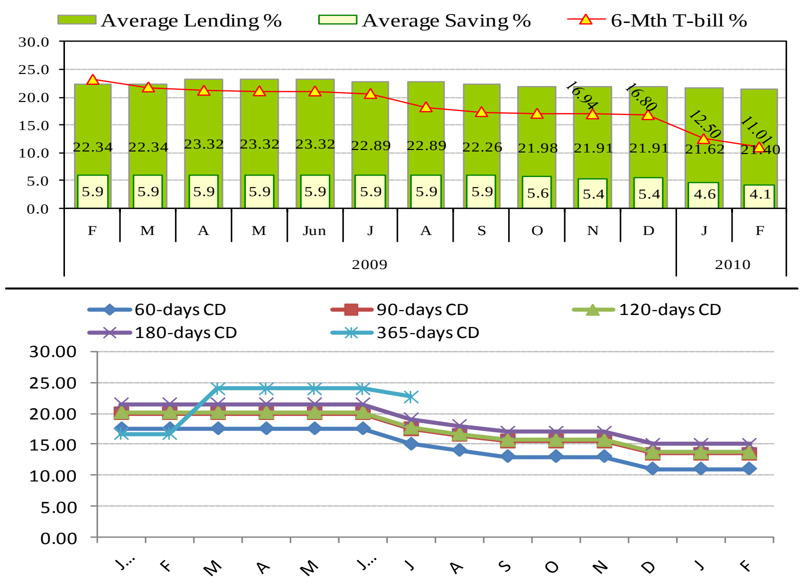

*Source: Bank of Jamaica Database (BOJ)* in the J$/US$ exchange rate has been evident since the first quarter (Q1) of 2009. For while the J$ depreciated by J$9.11 or 10.17% against its US counterpart in 2009, much of this decline occurred in the first five weeks of 2009. Thereafter, and for the next 10 months of 2009, the J$ traded in a fairly narrow band of J$88.70 to J$89.65, before closing the year 3 cents off its lows.

During the last quarter of 2009 (Q4), the average weekly trading range of J$/US$ had increased to 8 cents from 5 cents in Q3. But in February 2010, the average weekly trading range fell back to 6 cents. The steadiness of the J$/US$ exchange rate was likely supported by the recently concluded GOJ-IMF Agreement which fortified the NIR to the tune of US$640 million; and the continued depression of domestic demand resulting from the global recession. If local and global inflation and interest rates remains moderate as currently forecasted, it is possible that the relative stability observed in the J$/US$ exchange rate may continue, especially if Jamaica passes the IMF tests.

**POUND & CANADIAN DOLLAR**: During the month of February 2010, the Jamaican dollar appreciated by J$8.87 or 6.20% against the British pound going from 1GBP = J$146.38 to J$134.87. Against the Canadian dollar, the J$ depreciated by 82 cents, going from CAD1 = J$84.94 at the beginning January to J$85.36 at the end of the month—a 0.97% decline.

This appreciation of the J$ against the GBP and its depreciation against the CAD in February 2010 probably reflects the movement of each currency against the US$ on international foreign exchange markets linked to expectations regarding economic growth and interest rates in these countries. The British economy is expected to continue to lag the global recovery and that yields will be lower in the UK for longer relative to the US , and thus GBP has been falling against US$. Exactly reverse expectations are lifting the CAD.

**Figure 2A & 2B: Interest Rate Movements**




*Source: Bank of Jamaica Database (BOJ preliminary)*

**Table 4: Interest Rate Movements**

| | | Change (%age pts) | | |
|---|---|---|---|---|
| | Feb-10 | Monthly | 12-Mth | YTD |
| 30-days CD | 10.00% | -0.50% | -7.00% | -0.50% |
| 60-days CD | 11.00% | 0.00% | -6.50% | 0.00% |
| 90-days CD | 13.50% | 0.00% | -6.50% | 0.00% |
| 120-days CD | 13.70% | 0.00% | -6.50% | 0.00% |
| 180-days CD | 15.00% | 0.00% | -6.50% | 0.00% |
| Avg Savings Deposit | 4.13% | -0.47% | -1.76% | -1.27% |
| Avg Loan Rate | 21.40% | -0.22% | -0.94% | -0.51% |
| 6-Month T-Bill | 11.01% | -1.49% | -12.12% | -5.79% |

*Source: Bank of Jamaica (BOJ Preliminary)*

# Interest Rates

The trajectory of many of Jamaica's interest rates continued downward in February 2010. The most impressive declines were recorded on the 3-month and 6-months treasury bills. Following the Jamaica Debt Exchange (JDX), there were concerns that the extension of maturities and lowering of interests rates that domestic holders of GOJ bonds had been asked to accept, would inhibit the Government's ability to raise future loans on the domestic market.

But the results of the February 2010 treasury bill auction appears to have blown away those concerns.

Seeking to raise J$800 million in debt, ($400 million for each tenor), the results came in widely over-bid for each tenor. On the 3–month tenor, the bid to cover ratio was 2.95:1 and the average yield was lowered by 105 bps to 10.63%. On the benchmark 6-month tenor, the bid to cover ratio was a whopping 5.5:1 with coupon lowered by 149 bps to 11.01%. At the time of writing, the results for the March 2010 Auction results have come in and these mid-range instruments again witnessed high bid to cover ratios and lowered yields. The 3 -month was over-bid 2.37:1 with coupon lowered by 45bps from February to 10.18%. The 6-months was over-bid 3.9:1 with coupon lowered by 52bps to 10.49%. Since the launching of the JDX, interest rates have fallen by a whopping 577 bps on the 3 -months T-bills and by 631bps on the 6-month tenor.

Average lending rates and rates on savings deposits also declined in February 2010 but at a much slower pace. The average deposit rate declined by 48bps to 4.13% while the average lending rate declined even more slowly by 22bps to 21.40%. On February 8th, 2010, the BOJ also cut 50 bps from its 30-day CD to 10%.

How far the BOJ is able to go in reducing rates will greatly depend on the rate of inflation in 2010 which noticeably increased to 2.16% in February 2010.

**Table 5: Base Money and Money Supply**

| | J$M | Percentage Change (%) | |
|---|---|---|---|
| | Dec-09 | Mthly | 12 Mth |
| M1 | 107,817.96 | 8.34 | 7.71 |
| Quasi Money | 224,192.24 | -0.21 | 5.23 |
| M2 | 332,010.20 | 2.41 | 6.03 |
| | Feb-10 | Mthly | 12 Mth |
| Base Money | 76,862.48 | 1.17 | 5.16 |

*Source: BOJ Economic Statistics*

**Table 6: Inflation Trends**

| | % Percent Changes | | | |
|---|---|---|---|---|
| | Feb | 12-Mth | YTD | Fiscal |
| 2010 | 2.16 | 13.71 | 3.66 | 12.81 |
| 2009 | 0.81 | 12.84 | 0.44 | 11.55 |

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

**Table 7: Mining Production**

| | 000 tonnes | | | YTD | |
|---|---|---|---|---|---|
| | **Feb-10** | **Feb-09** | **%** | **Feb-10** | **10/09 %** |
| **Production** | | | | | |
| Alumina | 111,2 | 206.1 | -46.1 | 234.3 | -51.7 |
| C. Bauxite | 604.3 | 788.0 | -23.3 | 1,216.5 | -35.26 |
| **Export** | | | | | |
| Alumina | 109.8 | 210.4 | -47.8 | 233.5 | -49.2 |
| C. Bauxite | 600.8 | 793.1 | -24.2 | 1,228.0 | -33.2 |

*Source: Jamaica Bauxite Institue (JBI)*

## Base Money & Money Supply

During Q4 according to the BOJ, M3J, the broadest measure of money supply, expanded by 4.7% relative to a 4.1% expansion in Q4 of 2008. The main source of growth of M3J was an expansion in banking system credit to the public sector and larger than projected build-up in local currency deposits. M3, the measure of money which includes foreign currency deposits, increased by 4.8% relative to the 5.5% in Q4 of 2008, due to a slowdown in the rate of foreign currency deposits. M2, which includes local currency deposits, grew by 2.6% well below the average 4.8% of the last five quarters.
During Q4 2009, the monetary base expanded by $9 billion or 12.5%. This compares to the 24.2% expansion during Q4 of 2008, and was even lower than the BOJ's projection for a 14.6% expansion. In February 2010, the monetary base continued its moderate expansion growing by 1.7% over the previous month.

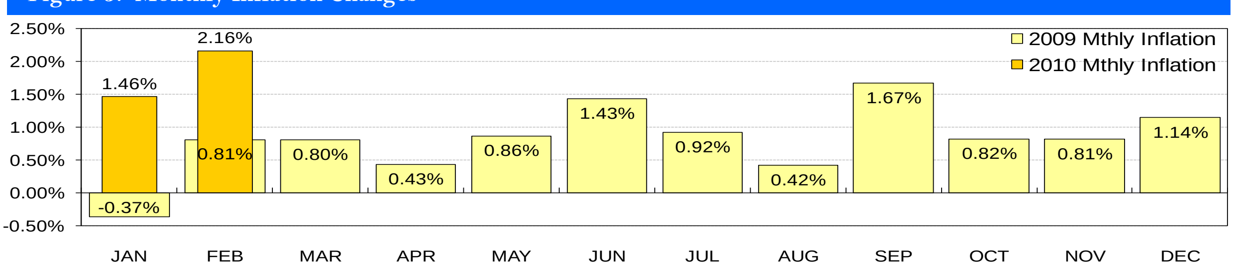
The moderate expansion in the monetary base occurred in seeming defiance of the usual surge in the demand for currency associated with the Christmas season, and despite the fact that the BOJ provided net monetary accommodation to the GOJ to the tune of $20.6 billion and significantly eased monetary policy. This moderate growth of the money base during Q4 2009 likely attest to the continuing severe depression of demand caused by the global recession. At the end of Q4 2009, the money multiplier was 3.71 relative to 3.99 at the end of Q3 2009.

## Inflation

The inflation out-turn in February 2010, was 2.16% compared to 1.46% recorded for the previous month and 0.81% one year ago.

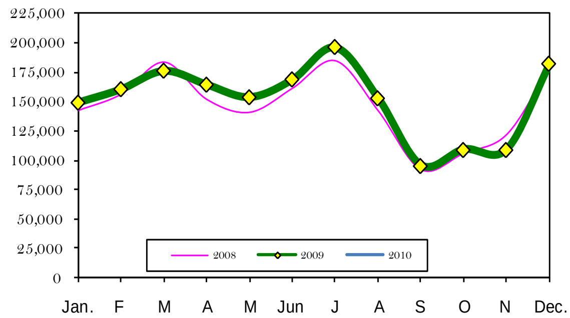
Aside from "Education" and "Communication" which were flat on

**Figure 3: Monthly Inflation Changes**



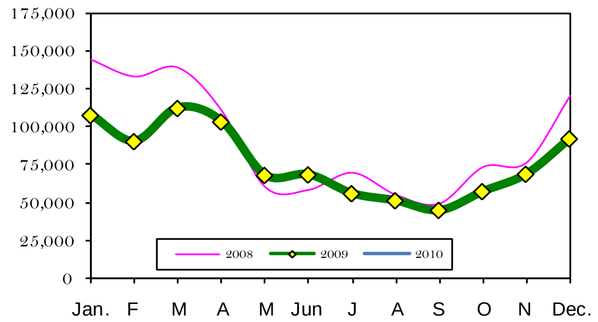

*Source: STATIN and PSOJ compilation*

**Figure 4A: Stopover Arrivals to Jamaica**




*Source: Jamaica Tourist Board (preliminary data)*

**Figure 4B: Cruise Arrivals to Jamaica**




*Source: Jamaica Tourist Board (preliminary data)*

the month, all 10 other divisions within the "All Jamaica Consumer Price Index" recorded increases. The main contributor to the upward pressure on the inflation rate was the increase for the division "Transport" which increased by 9.8 per cent due to increased prices for rural bus fares. This was followed by the division "Housing Water, Electricity, Gas and Other Fuels" which increased by 3.1 per cent due mainly to higher prices for rentals, electricity and the maintenance and repair of dwellings. The division carrying the highest weight in the index - "Food and Non-Alcoholic Beverages" - increased by 1.0 per cent. Lower prices however, were paid for 'Starchy Foods', as the index for this item fell by 1.5 per cent. The rate of inflation for the fiscal year-to-date was 12.8 per cent, while the point-to point inflation rate was 13.7 per cent.

Going forward, the Bank of Jamaica is forecasting an increase in headline inflation, albeit "temporarily", in the range of 3.5% to 4.5% for the March 2010 Quarter. This is based on the expected impact of Government's recent tax increases and the pass-through of higher import prices—especially for fuel. The BOJ expects inflation to abate in the second half of 2010 due to continued weak domestic demand, continued stability in the echange rate, and lower prices for domestic agricultural commodities.

# Bauxite & Alumina

Production of alumina in February 2010 amounted to 111,178 tons compared to 123,121 tons for January 2010 - a 9.7% decline. For its part, total production of bauxite in February 2010 declined by 1.2% to 604,335 tons compared to 612,176 tons produced in January. For the first two months of 2010, alumina production fell by 51.7% to 234,299 tons and alumina exports by 49.2% to 233.6 tons compared to the same period of 2009. Bauxite production for its part is down by 35.3% to 1,216.5 tons and bauxite exports is likewise down by 33.2% to 1,228.0 tons compared to year 2009.

The depressed levels of bauxite/ alumina production and export reflects the continuing impact of the hopefully now easing global recession on the industry. But even when the recovery is fully established, there are questions as to whether local production will return to peak levels, considering that output in the US auto industry, one of the main end users of Jamaican bauxite is expected to top out at 12.5 million cars per year for the next several years compared to 16.5 million previously. Deals with India and China which are expected to become bigger end users of bauxite as their auto industries grow need to be explored.

**TouristArrivals**

| | 2009 | 2010 | %Change | |
|---|---|---|---|---|
| | YTD (Jan) | | YTD - YOY | Jan. 09/10 |
| **Stopover** | **148,886** | **161,094** | **8.2%** | **8.2%** |
| Foreign | 139,481 | 151,681 | 8.7% | 8.7% |
| Non-Resident | 9,405 | 9,413 | 0.1% | 0.1% |
| **Cruise** | **107,827** | **87,132** | **-19.2%** | **-19.2%** |
| **Total Arrivals** | **256,713** | **248,226** | **-3.3%** | **-3.3%** |

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

# Tourism

Stopover arrivals in January 2010 were 161,094—a 8.2% increase over the 148,886 recorded in January 2009. However, the number of cruise passengers visiting the island in January 2010 declined by 19.2% to 87,132 compared to 107,872 in January 2009.

For calendar year 2009, stopover arrivals increased by 63,826 to 1,831,097 visitors marking a 3.6% increase over calendar year 2008 when there were 1,767,271 stopover visitors to the island. For 2010, the GOJ is targeting 2 million stopovers.

During calendar year 2009, 1,172,844 or 64.1% of all stopover arrivals came from the United States. In the first month of 2010, a lower proportion of stopovers - 53.3%, or 85,993 visitors came from the United States. Nonetheless, this still reflected a 8.2% increase over January 2009.

In 2009, Canadian visitors numbering 290,307 accounted for 15.9% of stopovers during the year posting a remarkable 22.9% increase over their numbers for 2008 and a 2.5% jump in their market share from 13.4% in 2008. In January 2010, the Canadian market continued its impressive growth, with 46,573 arrivals or 16.5% more than the 39,960 recorded in January 2009. Visitors from Europe, including the UK, declined by 2.8% in 2009 to 276,799 compared to 284,700 in 2008. Their market share also declined by 1 percentage point to 15.1%. In January 2010, the European market recorded a 2.8% increase to 22,193 compared to 21,594 recorded in January 2009. In January 2010, stopover visitors from the Caribbean decreased by 11.0% to 4,223 compared to 4,746 in January 2009. Total Visitors to the island for January 2010 were 248,226—a 3.3% reduction from the 256,713 visitors in January 2009 and is wholly due to the fall-off in cruise visitors.

# External Trade

For the period January to December 2009, the total value of exports was US$1.24 billion representing a 52.6% decline from the US$2.62 billion recorded for same period in 2008. Imports for the review period also declined substantially by 39.4% to US$5.06 billion compared to US$8.36 billion for the corresponding period of 2008. Given the continuing wide gap between the country's imports and exports, the resultant trade deficit was US$3.82 billion compared to US$5.74 billion for the January to December period of 2008.

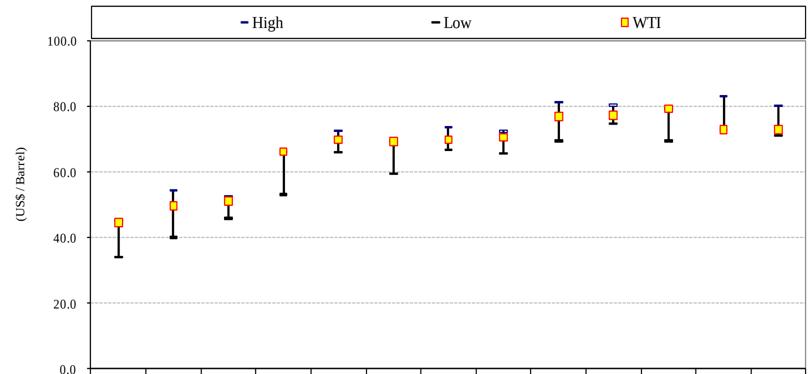
**Traditional Exports:** Agriculture, which earned US$39.06 million and grew by 22.9%, was the only group among Jamaica's traditional exports to grow during January to December 2009 compared to the same period of 2008 . Coffee, which has become our dominant agricultural export commodity in recent years, accounted for 86.6% of those earnings growing by 26.3% and earning US$33.82 million. Among the smaller export crops, cocoa grew by 52.9% adding a modest US$1.8 million to earnings. But earnings from pimento and citrus declined to US$1.8 million and US$1.7 million respectively, while banana exports were minimal.

Exports from the Mining and Quarrying group, persisted in unrelenting downturn, declining by a massive 66.4% to US$453.59 million when compared to the US$1,348.13 million earned by the sector in 2008. Despite the massive contraction in the Mining and Quarrying sector, the sector is still the largest 'traditional' export earner accounting for approximately 73.6% of traditional export earnings for calendar year 2009 while alumina remains Jamaica's largest commodity export earner.

Exports of traditional manufactured items also did not fare well during calendar year 2009 declining by 17.6% to US$123.6 million from US$150 million a year earlier. All of this decline was contributed to by sugar which fell by US$32.0 million as all the other commodities within this group recorded increases. Rum, and 'coffee products' increased to US$48.6 million and US$1.5 million respectively, and earnings from Cocoa products also increased.

**Non-traditional exports** accounted for 50.4% of exports by value in calendar year 2009 surpassing earnings from traditional exports. Nonetheless, earnings in this segment decreased substantially by US$463.8

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




| | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov-09 | Dec-09 | Jan-10 | Feb |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High | 45.2 | 54.3 | 52.6 | 66.3 | 72.7 | 69.5 | 73.8 | 72.5 | 81.37 | 80.40 | 79.36 | 83.18 | 80.16 |
| Low | 34.0 | 40.2 | 45.9 | 53.2 | 66.1 | 59.5 | 66.8 | 65.8 | 69.57 | 74.82 | 69.51 | 72.89 | 71.19 |
| WTI | 44.8 | 49.7 | 51.1 | 66.3 | 69.9 | 69.5 | 70.0 | 70.6 | 77.00 | 77.28 | 79.36 | 72.89 | 72.88 |

**Table 9: External Trade (US$M)**

| | Jan-Dec '08 | Jan-Dec '09 | Change | % Change |
|---|---|---|---|---|
| **TOTAL EXPORTS (fob)** | **2,620.70** | **1,243.27** | **-1377.42** | **-52.6%** |
| Major Traditional Exports | 1,529.92 | 616.28 | -913.64 | -59.7% |
| *by Sector:-* | | | | |
| Agriculture | 31.79 | 39.06 | 7.27 | 22.9% |
| Mining & Quarrying | 1,348.13 | 453.59 | -894.54 | -66.4% |
| Manufacturing | 150.01 | 123.63 | -26.38 | -17.6% |
| *by Industry:-* | | | | |
| Bauxite | 114.50 | 85.41 | -29.10 | -25.4% |
| Alumina | 1,230.49 | 368.00 | -862.50 | -70.1% |
| Sugar | 104.25 | 72.33 | -31.92 | -30.6 |
| Rum | 43.66 | 48.60 | 4.94 | 11.3% |
| Bananas | 0.04 | 0.01 | -0.03 | -83.8% |
| Coffee | 26.78 | 33.82 | 7.04 | 26.3% |
| Other | 10.20 | 8.12 | -2.07 | -20.3% |
| Non-Traditional Exports | 1,090.72 | 626.92 | -463.79 | -42.5% |
| Re-exports | 0.06 | 0.08 | 0.01 | 23.8% |
| | | | | |
| **TOTAL IMPORTS** | **8,360.98** | **5,065.70** | **-3295.28** | **-39.4%** |
| Food | 886.31 | 802.33 | -83.98 | -9.5% |
| Beverages & Tobacco | 93.49 | 79.86 | -13.62 | -14.6% |
| Crude Materials (excl. Fuels) | 73.43 | 54.87 | -18.56 | -25.3% |
| Mineral Fuels, etcetera | 3,354.79 | 1,396.60 | -1958.19 | -58.4% |
| Animal & Vegetable Oils & Fats | 53.95 | 33.86 | -20.09 | -37.2% |
| Chemicals | 950.98 | 740.26 | -210.72 | -22.2% |
| Manufactured Goods | 883.56 | 555.82 | -327.73 | -37.1% |
| Machinery and Transport Equip. | 1,264.25 | 820.22 | -444.03 | -35.1% |
| Misc. Manufactured Articles | 681.97 | 461.56 | -220.41 | -32.3% |
| Other | 118.25 | 120.31 | 2.06 | 1.7% |
| **TRADE BALANCE** | **(5,740.29)** | **(3,822.43)** | **1917.86** | **-33.4%** |

*Source: STATIN Jamaica and Bank of Jamaica (BOJ Monthly Statistical Update)* million or 42.8% to US$626.9 million compared to the US$1,090.7 million earned in 2008.

Earnings from non-traditional "Food" items improved marginally from US$118.7 million in 2008 to US$119.5 million in 2009. Of this amount, Yams (the leading non-traditional food item), earned US$18.2 million, a 10.8% reduction below the US$20.4 million earned in 2008; 'Juices excluding Citrus' declined by 18.2% to US$6.9 million, while 'Sauces declined marginally to US$10.6 million. But "Ackee' exports increased by 52.5% to US$13.6 million while 'Baked Products' increased marginally to US$10.8 million.

The category "Beverages and Tobacco" increased by 7% to US$53 million in 2009. This was wholly due to a 12.1% increase in exports of "Alcoholic Beverages (excl. rum)" to US$44.5 million as exports of "Non-alcoholic Beverages" declined by 12.4% to US$8.6 million and "Tobacco" to a mere US$56,000.

Earnings from "Crude Materials" declined by 33.8% to US$16.7 million due mainly to a sharp fall in exports of 'Waste and Scrap Metals' from US$21.13 million in 2008 to US$12.6 million in 2009.

The category "Other" non-traditional domestic exports also declined by a substantial 51.2% to US$437.7 million from US$897.2 million a year earlier. Leading the declines in this sub-group were: "Ethanol"—down 56.9% to US170.45 million; "Mineral Fuels etc" down 50.8% to US213.6 million and "Chemicals (excluding alcohol)' down 43.7% to US$28.9 million.

**Jamaica's Imports** were slashed by a substantial 39.4% to US$$3.306 billion in 2009 from US$8.36 billion in 2008. If the sharp fall in our exports reveals the severity of the recession externally, then the equally sharp fall in our imports reveals the severity of the downturn within Jamaica given the high dependence of our consumption and production on imports. Apart from a 1.7% increase in "Other" imports all other nine categories of imports were down, some by very wide margins. Reflecting the sharp drop in oil prices and the contraction in bauxite/alumina production, imports of "Mineral Fuels and similar items" was down US$1.96 billion or 58.4%; "Machinery & Transport Equipment" (down US$444 million or 35.1%); "Manufactured Goods" (down US$327.7 million or 37.1%); "Miscellaneous Manufactured Goods" (down US$220.4 million or 32.3%); and "Chemicals" (down US$210.7 million or 22.2%%). (see Total Imports section of Table 9).

**Oil:** At the end of February 2010, the West Texas Intermediate (WTI) Crude Oil price stood at US$72.88 per 42 gallon barrel recording almost no change over the previous end of month price of US$72.89 During February 2010 the price ranged between a low of US$71.19 and a high of $US80.16 per barrel. (Refer to Figure 5 for further details).

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

| | Jan-Nov 2008 | Jan–Nov 2009 | $ Change | % Change |
|---|---|---|---|---|
| **Current Account** | **(2,747.7)** | **(802.6)** | **1,945.1** | **70.8%** |
| **Goods Balance** | **(4,556.3)** | **(2,795.8)** | **1,760.5** | **38.6%** |
| Exports | 2,605.0 | 1,290.2 | (1,314.8) | -50.5% |
| Imports | 7,161.3 | 4,086.0 | (3,075.3) | -42.9% |
| **Services Balance** | **325.3** | **648.1** | **322.8** | **99.2%** |
| Transportation | (612.1) | (340.4) | 271.7 | 44.4% |
| Travel | 1,513.3 | 1,526.3 | 13.0 | 0.9% |
| Other Services | (575.8) | (537.7) | 38.2 | 6.6% |
| **Income** | **(477.4)** | **(506.9)** | **(29.5)** | **-6.2%** |
| Compensation of empl | 76.9 | 52.9 | (24.0) | -31.2% |
| Investment Income | (554.3) | (559.8) | (5.5) | -1.0% |
| **Current Transfers** | **1,960.7** | **1,852.0** | **(108.6)** | **-5.5%** |
| Official | 91.4 | 139.8 | 48.4 | 53.0% |
| Private | 1,869.3 | 1,712.2 | (157.1) | -8.4% |
| **Capital & Financial Account** | **2,747.7** | **802.6** | **(1,945.1)** | **-70.8%** |
| **Capital Account** | **20.7** | **12.6** | **(8.1)** | **-39.1%** |
| Capital Transfers | 20.7 | 12.6 | (8.1) | -39.1% |
| Official | 48.6 | 45.3 | (3.3) | -6.8% |
| Private | (27.9) | (32.7) | (4.8) | -17.2% |
| Acq/disp. | - | - | - | 0.0% |
| **Financial Account** | **2,727.0** | **790.0** | **(1,937.0)** | **-71.0%** |
| Other Official Invst | 521.4 | 194.1 | (327.2) | -62.8% |
| Other Private Invst | 2,121.9 | 628.1 | (1,493.8) | -70.4% |
| Reserves | 83.7 | (32.2) | | |

Source: BOJ & Statistical Update:

# Balance of Payments

Jamaica's current account deficit for the 11-months from January to November of 2009 was US$802.6 million. This represented an improvement of US$1,945 billion relative to the corresponding period in 2008. The improved performance in the current account was mainly due to a substantial US$1.789 billion reduction in imports, reflecting the continuing impact of the global recession, which had positive effects on the outturn in the **Goods Sub-account** and the **Services Sub-account**.

The **Goods Sub-account** recorded a deficit of US$2.795 billion, an improvement of US$1**.760** billion over the corresponding period of 2008. This mainly resulted from a reduction in fuel imports of US$2.008 billion. The improvement in the **Goods sub-account** was however partially offset by a decline of US$1.315 billion in exports, due mainly to a reduction in alumina exports of US$822 million.

The surplus on the **Services Sub-account** increased by US$322.8 million. This primarily resulted from a decline in freight costs associated with reduced imports.

.The balance on the **Income Sub-account** declined by US$29.5 million during the review period. This resulted primarily from decline in compensation of employees.

Over the period, there was a decline in the **Current Transfers Sub-account** of US$108.6 million to US$1.852 billion. This was largely the result of a decline of US$157 million in remittances. Flows from

**Table 11: Fiscal Accounts (J$ Million)**

| | Apr-Jan (Fiscal—2009/10) | | | | Apr-Jan (YOY) 08/09 - 09/10 | |
|---|---|---|---|---|---|---|
| | J$ million | | Deviation | | | |
| | Provisional | Budget | J$M | (%) | J$M | (%) |
| **Revenue & Grants** | **229,290.6** | **258,370.5** | **-29,079.9** | **-11.26** | **94,540.4** | **48.8** |
| Tax Revenue | 205,800.4 | 233,589.2 | -27,788.8 | -11.90 | 32,523.5 | 18.8 |
| Non-Tax Revenue | 14,681.9 | 13,441.7 | 1,240.2 | 9.23 | -678.0 | -5.2 |
| Bauxite Levy | 1,503.9 | 113.8 | 1,390.1 | 1221.53 | -2,714.5 | -64.2 |
| Capital Revenue | 1,108.7 | 2,067.9 | -959.2 | -46.39 | -209.7 | -15.9 |
| Grants | 6,195.7 | 9,157.9 | -2,962.2 | -32.35 | 2,186.0 | 54.5 |
| **Expenditure** | **333,979.4** | **342,161.9** | **-8,182.5** | **-2.39** | **93,008.5** | **38.5** |
| Recurrent Expenditure | 308,914.8 | 310,088.3 | -1,173.5 | -0.38 | 167,720.9 | 75.2 |
| Programmes | 57,141.3 | 68,169.3 | -11,028.0 | -16.18 | -5,896.6 | -9.4 |
| Wages & Salaries | 104,421.4 | 105,440.9 | -1,019.5 | -0.97 | 55,384.4 | 59.8 |
| Interest | 147,352.2 | 136,478.1 | 10,874.1 | 7.97 | 56,836.9 | 62.8 |
| Domestic | 109,064.3 | 99,850.3 | 9,214.0 | 9.23 | 32,497.8 | 42.4 |
| External | 38,287.9 | 36,627.8 | 1,660.1 | 4.53 | 22,472.9 | 76.5 |
| Capital Expenditure | 25,064.6 | 32,073.6 | -7,009.0 | -21.85 | 4,613.8 | 21.6 |
| Capital Programmes | 25,064.6 | 32,073.6 | -7,009.0 | -21.85 | 4,613.8 | 21.6 |
| IMF #1 Account | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 |
| **Fiscal Balance (Surplus [+]ve)** | **-104,688.9** | **-83,791.4** | **-20,897.5** | **-24.94** | **-44,443.1** | **-69.9** |
| Loan Receipts | 238,910.8 | 195,836.2 | 43,074.6 | 22.00 | 55,614.9 | 41.9 |
| Domestic | 225,129.8 | 180,378.5 | 44,751.3 | 24.81 | 120,167.9 | 117.5 |
| External | 13,781.0 | 15,457.7 | -1,676.7 | -10.85 | -26,152.7 | -67.9 |
| Divestment Proceeds | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 |
| Amortization | 129,363.4 | 122,118.2 | 7,245.2 | 5.93 | 27,195.6 | 27.2 |
| Domestic | 107,035.3 | 103,359.5 | 3,675.8 | 3.56 | 27,561.7 | 35.8 |
| External | 22,328.2 | 18,758.7 | 3,569.5 | 19.03 | 11,270.8 | 49.0 |
| **Overall Balance (Surplus [+]ve)** | **4,858.5** | **-10,073.4** | **14,931.9** | **148.23** | **-10,833.9** | **-111.3** |
| **Primary Balance (Surplus [+]ve)** | **42,663.3** | **52,686.7** | **-10,023.4** | **-19.02** | **-3,046.9** | **-7.2** |

*Source: Ministry of Finance and Planning*

official and private sources were sufficient to finance the current account deficit. Accordingly the NIR increased by US$32 million during the period.

Historically, Jamaica has run a deficit on current account equivalent to 15-20% of GDP. The fact that it has been slashed to about 5% of GDP, is mainly due to the sharp cutbacks in our imports and exports caused by the unique circumstances of the severe-global recession.

## Fiscal Accounts

As the fiscal year 2009/10 draws to a close, the latest figures from Jamaica's Ministry of Finance show that for the period (Apr-Jan) the Government of Jamaica (GOJ) accumulated a fiscal deficit of $104.7 billion—or about 12% of GDP. This was $21.0 billion (or 24.9%) more than the planned deficit for the period. The main contributor to the fiscal deficit was a $29 billion shortfall in projected tax revenues which was insufficiently offset by $8.2 billion in expenditure cuts.

**REVENUE:** Total Revenues to the fiscal account for the first 10-months of the fiscal year was $229.3 billion. This was as noted, $29 billion (or 11.3%) lower than the $258.4 billion targeted for the period. The six (6) largest contributors to revenue accounting for $160.29 billion were PAYE ($47.28 billion), tax on interest income (S22.33 billion), local GCT ($30.07 billion), GCT on Imports ($20.89 billion), SCT on Imports ($17.17 billion), and Company Taxes ($20.45 billion). Apart from a moderate increase of 9.2% above budget for tax on interest, all of these headings came in substantially less than expected contributing a combined –$17.31 billion to the deficit. In particular, possibly reflecting the continuing soft demand conditions in the economy, GCT from imports were down 22.3%, Customs duties were down 19.0%, local GCT was down 13.7%, and Company taxes were down 13.8% (*see Fiscal Account chart in Appendix, pg.14 for further details.*

The large shortfalls on these major revenue heads more than offset the better than expected gains of $354.60 million by the few outperformers on the revenue accounts such as "Travel Tax", "Other Licenses", "Betting, Gaming & Lottery", and "Bauxite & Alumina" (see table 12).

**EXPENDITURE:** During the 10 months of fiscal 2009/10 actual expenditure amounted to $333.98 billion. This was lower than the budgeted level by approximately $8.13 billion (or 2.4%). This mainly reflected cutbacks in Recurrent and Capital Programmes of $11.03 billion and $7.01 billion respectively. The savings achieved on the under-spent items were offset by larger than projected interest payments on both the domestic and external debt amounting to $9.7 billion for the former and $1.66 billion in the case of the external debt. The other area of increased expenditure above budget was the $7.25 billion increase in amortization payments providing an additional $3.57 billion towards paying down the external debt and $3.67 billion more than budgeted going towards paying down the domestic debt.

**FISCAL BALANCE:** The accumulated fiscal deficit of $104.69 billion for the 10 month period under review was financed by loans amounting to $238.9 billion which exceeded the budgeted levels by $43.07 billion (or 22%). Ninety-four percent (94.2%) of loan receipts or $225 billion was sourced from the domestic market, while external loans, which were actually under-subscribed by $1.68 billion, providing the remaining 5.8% or $13.78 billion of loans.

Total amortization was $129.26 billion for the review period—5.98% above the $122 billion originally budgeted. $107 billion or 83% went to domestic creditors of the GOJ and the remaining $22.3 billion to external creditors.

The Primary Surplus for the 10 month period from April '09 to January 2010 was approximately $42.66 billion, which fell short of budget by $10.02 billion (or 19%). After taking account of amortization, the overall balance on the fiscal account was a surplus of $4.8 billion which exceeded the planned deficit by $10.07 billion (see table 11).

**PUBLIC DEBT:** Total public debt as of November 2009 stood at $1.333 trillion. This represents an additional $10.65 billion added to the debt stock over the previous month. Since January 2009, the stock of public debt has increased by J$168.78 billion or 12.6%. The domestic debt currently stands at $735.61 billion or 55.15% of the total, while the external debt amounts to $598.19 billion or 44.85% of the total debt stock of $1.333 trillion. With the success of the JDX, the GOJ is planning to borrow J$70 billion less in 2010/11.

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

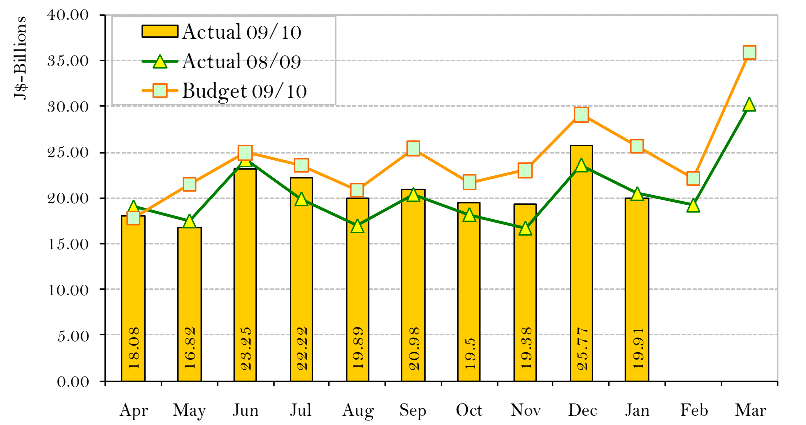
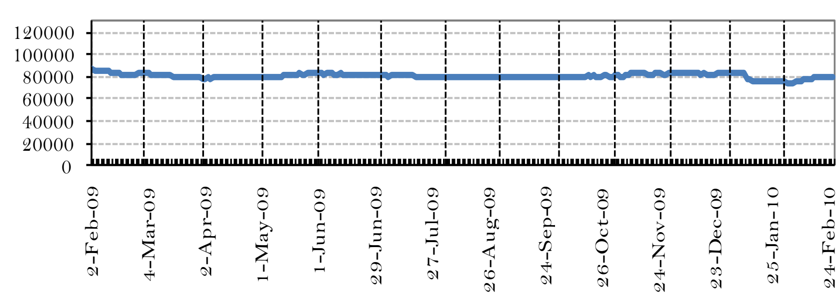



**Table 12: Major Deviations in Fiscal Revenue and Expenditure**

| J$-Millions | | Apr-Jan 2009/10 |
|---|---|---|
| **Revenue (Revenue Surpluses)** | | |
| Travel Tax | | 173.50 |
| Betting Gaming and Lottery | | 90.30 |
| Other Licenses | | 59.80 |
| Stamp Duty | | 20.20 |
| Bauxite Levy | | 10.80 |
| **Revenue (Revenue Shortfalls)** | | |
| GCT (imports) | | -6,601.00 |
| GCT (local) | | -5,333.00 |
| Custom Duty | | -3,743.70 |
| Grants | | -2,962.20 |
| SCT (imports) | | -2,279.10 |
| **Expenditure (Changes)** | | |
| Programmes | (under-spend) | -11,028.00 |
| Capital Programmes | (under-spend) | -7,009.00 |
| External - Interest | (under-spend) | -1,297.40 |
| Wages & Salaries | (under-spend) | -1,019.50 |
| Domestic - Interest | (over-spend) | 9,214.00 |

*Source: Ministry Of Finance and Planning (Jamaica)*

**Figure 7: Main JSE Index, Jan - Dec-09**




*Source: Jamaica Stock Exchange (Online Database) and PSOJ*

## Stock Market

After the huge 9.5% sell-off in January 2010, the market recovered about half of those losses in February 2010 with market capitalization increasing from J$492.875 billion to J$518.565 billion. Four of the five indices on the Jamaica Stock Exchange advanced. The main **JSE Market Index** advanced by **3,928** points or 5.2% to close at 79,094 points. The **JSE Select** advanced by 234 points or 13.6% to close at 1,950 points; and the **JSE All Jamaican Composite advanced** by 7,029 points, or about 11%, to close at 71,220 points. The **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica declined by a further 11% to close at 857 points; while the **Jamaica Stock Exchange Junior** gained marginally to close at 155.42 points.

Compared to the heavy volume in January when close to 1.5 billion units traded, volume was light in February with only 64 million units changing hands.

Overall market activity resulted from trading in 43 stocks of which 27 advanced, 13 declined and 3 traded firm. National Commercial Bank dominated market volume accounting for 39.3% of traded shares followed by JMMB with 12.7% of market volume. The leading advancers for February 2010 were: Berger Paints, Scotia DBG, Desnoes and Geddes, Carreras and Radio Jamaica. The leading decliners were Guardian Holdings, Ciboney Group, Montego Freeport, Jamaica Producers Group, and Pegasus Hotel. (See Table 13)

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

| | 31-Dec-09 | 31-Jan 10 | $ change | % change |
|---|---|---|---|---|
| **Top Five (unadjusted for dividends or transact. Costs)** | | | | |
| Berger Paints (Jamaica) | 1.20 | 2.00 | 0.80 | 66..67% |
| Scotia DBG Invest | 16.62 | 23.99 | 7.37 | 44.34% |
| Desnoes and Geddes | 3.42 | 4.10 | 0.68 | 19.88% |
| Carreras Limited | 35.02 | 41.60 | 6.58 | 18.79% |
| Radio Jamaica | 2.01 | 2.37 | 0.36 | 17.91% |
| **Bottom Five (unadjusted for dividends or transact. Costs)** | | | | |
| Guardian Holdings | 299.50 | 175.0 | (125.50) | -41.57% |
| Ciboney Group | 0.10 | 0.07 | (0.03) | -25.79% |
| Montego Freeport | 1.90 | 1.41 | (0.49) | -25.79% |
| Jamaica's Producer's Gp. | 2.5.89 | 19.95 | (5.94) | -22.94% |
| Pegasus Hotel | 25.89 | 19.99 | (5.90) | -22.46% |

*Source: Compiled from the JSE*

# Economic Highlights (contd.)

**Contd from P1.**

But the allocations for '**Salaries**' has actually increased by 10.4% nominally. Of 27 major government ministries and departments the recurrent budgets of 18 Government Departments have been decreased, 7 have witnessed modest increases and the budget of the other 2 are unchanged. On the capital side, 10 of 18 ministries with projects wholly financed by the GOJ (so-called Capital A Projects) have experienced reductions in their funding relative to 2009/10; while 4 of 16 ministries and departments benefiting from Capital B multilateral and bilateral funding will witness decreased funding.

A more careful review of the Estimates however, show that the cuts have been more wide-ranging than deep. Education and National Security are the ministries with the largest nominal reductions with the allocations for tertiary and secondary education been cut by $1.59 billion or 2.2% of their previous allocation; while the allocation to the Jamaica Defense Force was cut by a remarkable $1.19 billion or 21.4% of its previous allocation. Ministries with notably increased allocations are Health - up $1.38 billion or 4.7% above their allocation last year; Foreign Affairs allocation was increased by $252.9 million or 10.7%; and Agriculture increased by $146.66 million or 5%. Considering that inflation is expected to average 11% during 2010, the subvention to nearly all Government Departments have therefore been reduced in real terms.

**The big question is can the reductions hold?** Because, added to these reductions, are the seeming lack of provisions within the Budget to address outstanding awards/claims for increased salary and emoluments by various categories of public sector workers amounting to $9.4 billion for 2010/11. The Jamaica Civil Service Association has an outstanding claim for a 7% increase to its members. The Jamaica Teachers Association are claiming in addition to that 7%, retroactive payments of some $4 billion in 2010 that was recommended by a Salary Review Committee in 2007 and ostensibly agreed to by the Government. The Nurses Association have been engaged in a long-running contentious public battle with the Government to obtain roughly $1 billion resulting from an upgrading exercise. These outstanding claims do not augur well for the ability of the Government to stay within these budgetary estimates while maintaining peace among public sector workers.

**Little room for error**

Further, the budget reductions, rather than mitigate, will likely accentuate the macro-economy's vulnerability to external shocks in the short-term, and it appears that the estimates could be readily undermined by good or bad news. For instance, a pick-up in the pace of the global recovery, could be positive for Jamaica's tourism and bauxite industry in the medium-term, but commodity prices, in particular oil, are likely to start rising long before the revenue benefits are felt locally, and this could push up interest rates and undercut government efforts to reduce debt service. Two quarters of bad news, or a moderate disaster could also increase demands for GOJ social expenditures and put the budget parameters under stress.

Still, though it is going to be a tough, this 2010/11 Budget is a one of the more courageous efforts in the past 30 years to rein in the country's unsustainable national debt and fiscal deficit and to 'right-size' our Government.

# APPENDIX

## INFLATION (FEBRUARY 2010) - CPI

| | | | |
|---|---|---|---|
| **All Groups** | **2.16%** | **2.163** | |
| | | | |
| **FOOD AND NON-ALCOHOLIC BEVERAGES** | **0.95%** | **0.356** | **3** |
| **Food** | 0.94% | | |
| Bread and Cereals | 0.37% | | |
| Meat | 1.62% | | |
| Fish and Seafood | 1.07% | | |
| Milk, Cheese and eggs | 1.16% | | |
| Oils and Fats | 0.89% | | |
| Fruit | 0.27% | | |
| **Vegetables and Starchy Foods** | **0.69%** | | |
| Vegetables | 1.70% | | |
| Starchy Foods | -1.52% | | |
| Sugar, Jam, Honey, Chocolate and Confectionery | 1.30% | | |
| Food Products n.e.c. | 1.13% | | |
| **Non-Alcoholic Beverages** | **0.87%** | | |
| Coffee, tea and Cocoa | 1.26% | | |
| Mineral waters, Soft Drinks, Fruit and Veg Juices | 0.72% | | |
| | | | |
| **ALCOHOLIC BEVERAGES AND TOBACCO** | **1.19%** | **0.016** | **9** |
| | | | |
| **CLOTHING AND FOOTWEAR** | **0.88%** | **0.029** | **7** |
| Clothing | 0.95% | | |
| Footwear | 0.90% | | |
| | | | |
| **HOUSING, WATER, ELECT., GAS AND OTHER FUELS** | **3.08%** | **0.393** | **2** |
| Rentals for Housing | 4.42% | | |
| Maint and Repair of Dwelling | 5.88% | | |
| Water Supply and Misc. Serv Related to the Dwelling | 0.75% | | |
| Electricity, Gas and Other Fuels and Routine | 2.60% | | |
| | | | |
| **FURNISH, HSHOLD EQUIP & HSHOLD MAINT.** | **0.93%** | **0.046** | **5** |
| Furniture and Furnishings (including Floor Coverings) | 1.70% | | |
| Household Textiles | 0.87% | | |
| Household Appliances | 2.43% | | |
| Glassware, Tableware and Household Utensils | 0.81% | | |
| Tools and Equipment for House and Garden | 0.63% | | |
| Goods and Serv. for Routine Household Maint | 0.46% | | |
| | | | |
| **HEALTH** | **0.17%** | **0.006** | **10** |
| Medical Products, Appliances and Equipment | 0.25% | | |
| Health Services | 0.17% | | |
| | | | |
| **TRANSPORT** | **9.91%** | **1.270** | **1** |
| | | | |
| **COMMUNICATION** | **0.00%** | **0.000** | **11** |
| | | | |
| **RECREATION AND CULTURE** | **1.45%** | **0.049** | **4** |
| | | | |
| **EDUCATION** | **0.00%** | **0.000** | **11** |
| | | | |
| **RESTAURANTS AND ACCOMMODATION SERVICES** | **0.35%** | **0.022** | **8** |
| | | | |
| **MISCELLANEOUS GOODS AND SERVICES** | **0.40%** | **0.034** | **6** |

## INFLATION YTD ( JAN-FEB 2010 ) CPI

| | | | |
|---|---|---|---|
| **All Groups** | **3.66%** | **3.657** | |
| | | | |
| **FOOD AND NON-ALCOHOLIC BEVERAGES** | **1.73%** | **0.650** | **2** |
| **Food** | 1.72% | | |
| Bread and Cereals | 0.96% | | |
| Meat | 3.30% | | |
| Fish and Seafood | 2.43% | | |
| Milk, Cheese and eggs | 2.67% | | |
| Oils and Fats | 2.67% | | |
| Fruit | -1.13% | | |
| **Vegetables and Starchy Foods** | **-0.68%** | | |
| Vegetables | 0.98% | | |
| Starchy Foods | -4.60% | | |
| Sugar, Jam, Honey, Chocolate and Confectionery | 3.86% | | |
| Food Products n.e.c. | 2.91% | | |
| **Non-Alcoholic Beverages** | **2.30%** | | |
| Coffee, tea and Cocoa | 3.22% | | |
| Mineral waters, Soft Drinks, Fruit and Veg Juices | 1.92% | | |
| | | | |
| **ALCOHOLIC BEVERAGES AND TOBACCO** | **8.09%** | **0.112** | **7** |
| | | | |
| **CLOTHING AND FOOTWEAR** | **1.85%** | **0.062** | **10** |
| Clothing | 2.07% | | |
| Footwear | 1.70% | | |
| | | | |
| **HOUSING, WATER, ELECT., GAS AND OTHER FUELS** | **4.86%** | **0.620** | **3** |
| Rentals for Housing | 9.72% | | |
| Maint and Repair of Dwelling | 6.10% | | |
| Water Supply and Misc. Serv Related to the Dwelling | 4.30% | | |
| Electricity, Gas and Other Fuels and Routine | 2.48% | | |
| | | | |
| **FURNISH, HSHOLD EQUIP & HSHOLD MAINT.** | **1.67%** | **0.082** | **9** |
| Furniture and Furnishings (including Floor Coverings) | 3.13% | | |
| Household Textiles | 1.83% | | |
| Household Appliances | 3.48% | | |
| Glassware, Tableware and Household Utensils | 1.28% | | |
| Tools and Equipment for House and Garden | 1.97% | | |
| Goods and Serv. for Routine Household Maint | 0.93% | | |
| | | | |
| **HEALTH** | **0.60%** | **0.020** | **12** |
| Medical Products, Appliances and Equipment | 0.41% | | |
| Health Services | 0.78% | | |
| | | | |
| **TRANSPORT** | **13.35%** | **1.712** | **1** |
| | | | |
| **COMMUNICATION** | **2.92%** | **0.117** | **6** |
| | | | |
| **RECREATION AND CULTURE** | **2.87%** | **0.096** | **8** |
| | | | |
| **EDUCATION** | **1.75%** | **0.037** | **11** |
| | | | |
| **RESTAURANTS AND ACCOMMODATION SERVICES** | **1.99%** | **0.123** | **5** |
| | | | |
| **MISCELLANEOUS GOODS AND SERVICES** | **2.40%** | **0.201** | **4** |

## FISCAL ACCOUNT (APR - JAN 2009/10)

| REV. & EXPEN. (APR'09 - JAN'10) | J$m | PROVISIONAL Resutls | J$m | BUDGET DEVIATION | J$m | YOY - CHANGE |
|---|---|---|---|---|---|---|
| **Revenue & Grants** | 229,290.6 | | -29,079.9 | | 2,537.80 | |
| Tax Revenue | 205,800.4 | | -27,788.8 | | 3,340.00 | |
| Non-Tax Revenue | 14,681.9 | | 1,240.2 | | -1,306.50 | |
| Bauxite Levy | 1,503.9 | | 1,390.1 | | -2,637.10 | |
| Capital Revenue | 1,108.7 | | -959.2 | | 237.90 | |
| Grants | 6,195.7 | | -2,962.2 | | 2,903.40 | |
| **Expenditure** | 333,979.4 | | -8,182.5 | | 44,254.70 | |
| Recurrent Expenditure | 308,914.8 | | -1,173.5 | | 42,250.30 | |
| Programmes | 57,141.3 | | -11,028.0 | | 841.50 | |
| Wages & Salaries | 104,421.4 | | -1,019.5 | | 14,839.50 | |
| Interest | 147,352.2 | | 10,874.1 | | 26,569.20 | |
| Domestic | 109,064.3 | | 9,214.0 | | 19,657.90 | |
| External | 38,287.9 | | 1,660.1 | | 6,911.40 | |
| Capital Expenditure | 25,064.6 | | -7,009.0 | | 2,004.60 | |
| Capital Programmes | 25,064.6 | | -7,009.0 | | 2,004.60 | |
| IMF #1 Account | 0.0 | | 0.0 | | 0.00 | |
| **Fiscal Balance (Surplus [+]ve)** | -104,688.9 | | -20,897.5 | | -41,716.90 | |
| Loan Receipts | 238,910.8 | | 43,074.6 | | 44,510.30 | |
| Domestic | 225,129.8 | | 44,751.3 | | 66,588.40 | |
| External | 13,781.0 | | -1,676.7 | | -22,078.40 | |
| Divestment Proceeds | 0.0 | | 0.0 | | 0.00 | |
| Amortization | 129,363.4 | | 7,245.2 | | 16,820.50 | |
| Domestic | 107,035.3 | | 3,675.8 | | 15,082.20 | |
| External | 22,328.2 | | 3,569.5 | | 1,738.30 | |
| **Overall Balance (Surplus [+]ve)** | 4,858.5 | | 14,931.9 | | -14,027.10 | |
| **Primary Balance (Surplus [+]ve)** | 42,663.3 | | -10,023.4 | | -15,147.90 | |

| REV. & EXPEN. (APR'09 - JAN'10) | J$m | PROVISIONAL Resutls | J$m | BUDGET DEVIATION | J$m | YOY - CHANGE |
|---|---|---|---|---|---|---|
| **Revenue & Grants** | 229,290.6 | | -29,079.9 | | 2,537.8 | |
| Tax Revenue | 205,800.4 | | -27,788.8 | | 3340 | |
| Income and profits | 86,523.0 | | -5,493.3 | | 3888.9 | |
| Bauxite/alumina | 19.2 | | 19.2 | | 19 | |
| Other companies | 14,727.9 | | -2,356.4 | | -336.5 | |
| PAYE | 47,275.8 | | -757.2 | | 1568.3 | |
| Tax on dividend | 315.4 | | -861.0 | | -115.2 | |
| Other individuals | 1,858.6 | | -1,558.5 | | -973.8 | |
| Tax on interest | 22,326.1 | | 20.5 | | 3727.1 | |
| Environmental Levy | 1,774.5 | | 92.2 | | -121.3 | |
| Production and consumption | 57,030.2 | | -9,812.8 | | -759.7 | |
| SCT | 4,458.4 | | -2,279.1 | | 372.3 | |
| Motor vehicle licenses | 1,414.5 | | -67.9 | | 71.9 | |
| Other Licenses | 392.3 | | 59.8 | | 76.4 | |
| Betting, gaming and lottery | 1,232.8 | | 90.3 | | 138.1 | |
| Education Tax | 10,062.3 | | -339.9 | | 156.8 | |
| Contractors levy | 647.3 | | -49.4 | | -16.6 | |
| GCT (Local) | 33,683.7 | | -5,333.0 | | 20.4 | |
| Stamp Duty (Local) | 5,138.9 | | -1,893.4 | | -1578.8 | |
| International Trade | 60,472.7 | | -12,574.9 | | 332.3 | |
| Custom Duty | 15,947.1 | | -3,743.7 | | -1132.1 | |
| Stamp Duty | 1,022.7 | | -142.8 | | 70.2 | |
| Travel Tax | 1,421.9 | | 173.5 | | -30.4 | |
| GCT (Imports) | 22,964.4 | | -6,601.0 | | -2260.4 | |
| SCT (Imports) | 19,116.5 | | -2,261.1 | | 3685.2 | |
| Non-Tax Revenue | 14,681.9 | | 1,240.2 | | -1306.5 | |
| Bauxite Levy | 1,503.9 | | 1,390.1 | | -2637.1 | |
| Capital Revenue | 1,108.7 | | -959.2 | | 237.9 | |
| Grants | 6,195.7 | | -2,962.2 | | 2903.4 | |

# 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 '08** | -11.73 | 12.95 | n/a | 14.01 | 1,819.08 | 2,454.38 | 2.23 | 18.21 | 5.1 | 71.74 | 13.33 | 21.64 | 4.88 | 560,278.86 | 6,123.21 |
| Feb | 0.34 | 11.22 | 1.61 | 16.77 | 1,956.20 | 2,436.13 | 1.76 | 19.90 | 13.3 | 71.37 | 14.22 | 22.39 | 4.88 | 562,555.18 | 6,159.34 |
| Mar | 1.81 | 13.54 | -3.46 | 12.21 | 2,083.40 | 2,450.52 | 1.15 | 19.90 | 4.6 | 71.09 | 14.23 | 22.47 | 4.88 | 562,108.09 | 6,169.29 |
| Apr | -2.17 | 11.27 | 2.81 | 13.79 | 2,162.86 | 2,451.16 | 1.55 | 21.18 | -0.4 | 71.35 | 14.20 | 22.39 | 4.50 | 564,723.82 | 6,138.83 |
| May | -.63 | 9.33 | 0.62 | 12.21 | 2,259.21 | 2,462.11 | 2.40 | 22.51 | -10.70 | 71.53 | 14.28 | 21.46 | 4.59 | 565,053.60 | 6,125.23 |
| Jun | 0.77 | 8.79 | -1.22 | 9.24 | 2,228.80 | 2,321.04 | 1.96 | 23.98 | -3.5 | 71.89 | 14.43 | 21.46 | 5.05 | 569,140.39 | 6,456.52 |
| Jul | 2.82 | 9.04 | 3.78 | 11.01 | 2,244.85 | 2,598.44 | 2.84 | 26.22 | -6.2 | 72.04 | 14.90 | 21.83 | 5.48 | 571,400.77 | 6,431.84 |
| Aug | 4.06 | 12.09 | -1.91 | 6.83 | 2,287.84 | 2,417.72 | 1.19 | 26.49 | -5.39 | 72.07 | 15.08 | 22.00 | 5.48 | 577,570.80 | 6,363.02 |
| Sep | -6.66 | 5.69 | -1.14 | 4.35 | 2,251.08 | 2,327.84 | 0.66 | 25.34 | -6.3 | 72.68 | 15.35 | 23.18 | 5.54 | 578,372.40 | 6,304.28 |
| Oct | 0.67 | 5.14 | 0.89 | 2.30 | 1,802.59 | 2,309.94 | 0.29 | 24.00 | 4.4 | 76.29 | 16.96 | 22.58 | 5.54 | 591,982.54 | 6,163.79 |
| Nov | 2.79 | 6.27 | 1.51 | 3.60 | 1,794.03 | 2,332.70 | -0.37 | 19.65 | -11.3 | 77.76 | 19.26 | 23.17 | 5.54 | 595,251.21 | 6,164.05 |
| Dec | 20.01 | 9.56 | 4.38 | 4.41 | 1,772.94 | 2,191.04 | 0.07 | 16.87 | 0.6 | 80.47 | 24.45 | 23.17 | 5.33 | 608,915.52 | 6,343.72 |
| **Jan'09** | -3.35 | 19.97 | 0.41 | 8.86 | 1,764.98 | 2,238.85 | -0.37 | 16.49 | -10.7 | 86.07 | 24.26 | 22.91 | 5.89 | 627,394.74 | 6,246.45 |
| Feb | 5.7 | 26.47 | -0.09 | 6.79 | 1,601.85 | 2,226.86 | 0.81 | 12.84 | -13.6 | 88.29 | 23.13 | 22.34 | 5.89 | 650,215.09 | 6,154.8 |
| Mar | -2.59 | 21.01 | 0.88 | 11.53 | 1,628.58 | 2,214.26 | 0.80 | 12.45 | -10.9 | 88.82 | 21.17 | 22.34 | 5.89 | 651,657.43 | 6,177.6 |
| Apr | 1.49 | 25.53 | 1.86 | 10.50 | 1,663.60 | n/a | 0.43 | 11.22 | 1.72 | 89.01 | 21.17 | 23.32 | 5.89 | 658,557.83 | 6,228.69 |
| May | 1.13 | 27.76 | 0.20 | 10.05 | 1,671.75 | 2,289.71 | 0.86 | 9.55 | 10.2 | 89.08 | 21.08 | 23.32 | 5.89 | 664,819.68 | 6,296.99 |
| Jun | -0.52 | 26.12 | -1.47 | 9.77 | 1,619.41 | 2,256.85 | 1.43 | 8.98 | 7.8 | 89.07 | 21.05 | 23.32 | 5.87 | 676,761.65 | 6,279.89 |
| Jul | 0.61 | 23.40 | n/a | n/a | 1,648.93 | 2,317.60 | 0.92 | 6.94 | -1.1 | 89.01 | 20.60 | 22.89 | 5.87 | 705,054.23 | 6,283.50 |
| Aug | -0.09 | 18.48 | n/a | n/a | 1,934.22 | n/a | 0.42 | 6.12 | n/a | 89.00 | 18.21 | 22.89 | 5.87 | n/a | n/a |
| Sep | -1.30 | 25.29 | n/a | n/a | 1,933.24 | n/a | n/a | n/a | n/a | 89.08 | 17.35 | 22.26 | 5.86 | n/a | n/a |
| Oct | 1.14 | 25.87 | 1.64 | 8.97 | 1,909.30 | 2,299 | n/a | n/a | -3.1 | 89.16 | 17.00 | 21.98 | 5.60 | 720,830.00 | 593,330.00 |
| Nov | 0.61 | 21.07 | 324.191 | n/a | 1,794.0 | n/a | 0.81 | 9.0 | 2.7 | 89.59 | 16.80 | 21.91 | 5.35 | 733,610.00 | 598,190.00 |
| Dec | 10.35 | 13.45 | 332,010 | 6.03 | 1,736 | n/a | 1.14 | 10.2 | 1.2 | 89.62 | 16.80 | 21.91 | 5.35 | n/a | n/a |
| **Jan '10** | 75,972. | 9.94 | n/a | n/a | 1,566 | n/a | 1.46 | 12.21 | n/a | 89.70 | 12.50 | 21.62 | 4.61 | n/a | n/a |
| Feb | 76,862 | 1.17 | n/a | n/a | 1,559 | n/a | 2.16 | | n/a | 89.72 | 11.01 | 21.40 | 4.13 | 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—Skingston 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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