



# PSOJ MONTHLY ECONOMIC BULLETIN



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## Economic Highlights

### Jamaican Economy Grows Two Quarters in a Row

Jamaica's economy grew by 1.5% for a second consecutive quarter during April to June 2011 following fourteen previous quarters of negative growth. Growth in the 'Services' sector was slight, but the 'Goods Producing Sector' grew by 5.3%.

### Goods Producing Sector

All four sectors within the Goods Producing sector recorded growth. The largest increase of 30.8% was recorded by 'Mining & Quarrying'; followed by a 9.0% increase in 'Agriculture, Forestry & Fishing' and 1.5% for Construction. Manufacturing grew by 0.7%. (See Table 1a)

The 30.8% increase in **Mining & Quarrying** reflected increases of 44.7% in alumina output and a 11.8% increase in production of crude bauxite arising from the

**Table 1a: Year over Year Change in GDP by Industry**

Industrial Sectors	Jan-Dec 2010	Q1 2011	Q2 2011
<b>Total GDP</b>	<b>-1.1</b>	<b>1.5</b>	<b>1.5</b>
<b>Goods Producing Industries</b>	<b>-1.6</b>	<b>5.3</b>	<b>5.3</b>
Agric, Forestry & Fishing	0.6	12.4	9.0
Mining & Quarrying	-3.5	36.9	30.8
Manufacture	-2.0	-0.6	0.7
Construction & Installation	-2.3	-0.1	1.5
<b>Services Industries</b>	<b>-1.4</b>	<b>-0.2</b>	<b>0.2</b>
Electricity & Water Supply	-4.3	1.5	-0.9
Trans, Storage & Communication	-1.9	-2.4	-1.2
Wholesale & Retail Trade etc.	-1.8	-0.3	0.5
Finance & Insurance Services	-3.9	2.6	0.5
Real Estate, Renting & Business Services	-1.0	0.1	0.3
Producers of Government Services	-0.1	0.0	0.0
Hotels & Restaurants	3.3	4.4	2.5
Other Services	0.1	1.3	0.5

Source: PIOJ

reopening of the Ewarton plant and increased output from Noranda. The growth in **Agriculture** was largely the result of improved weather conditions compared to drought conditions during Q2 2010. This aided a 7.5% increase in traditional exports; a 14.8% increase in 'other agricultural crops'; and a 6.75% increase in animal farming. **Construction** was boosted by public sector expenditure of some J\$5.9 billion under the Jamaica Infrastructural Development Program. The main contributor to the 0.7% growth in **Manufacturing** was a 3.5% growth in food processing, which resulted from increases of 55.3% in sugar production; a 15.9% rise in molasses output and an 8% increase in poultry output. Production of Beverages and Tobacco' declined however, with output of rum and alcohol declining by 33.4% and beer and stout by 2.4%. In 'Other Manufacturing', there were also large declines in the production of many industrial chemicals.

### Services

All but three of the services industries recorded growth. The largest growth

of 2.5% occurred in the '**Hotel and Restaurants**' group reflecting a 2.3% increase in stopovers and a 26.9% increase in cruise visitors. Visitor expenditure also increased by 3.4% during the quarter.

Reflecting an improvement in consumer confidence and aggregate demand, real value added in the '**Wholesale & Retail Trade**', increased by 0.5%. Higher sales were recorded for fuels and petroleum products - up 16.8%; hardware items and building supplies - up 21.9%; with smaller increases for clothing and footwear - up 1.2% and 'Other Manufactured Goods' - up 3.2%. '**Finance & Insurance**' rose 0.5% due to increases in loans and non-interest income.

Services industries recording declines were '**Electricity and Water**' - down 0.9% as consumers conserved on electricity due to higher charges, and there was a -1.2% in **Transport, Storage & Communication**' reflecting lower levels of activity in the Communications component which outweighed increases in Transport and Storage, most notably a 19.5% increase in maritime cargo.

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## Net International Reserves (NIR)

During July 2011, Net International Reserves decreased by a further US\$110.76 million to US\$2,156 million compared to US\$2,267 million at the end of June 2011. This mainly resulted from domestic businesses drawing down their reserves to meet overseas obligations.

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

## Foreign Currency Deposits

During April 2011, foreign currency deposits (FCD's) in the local financial system increased moderately by - US\$48.32 million or 2.07% to US\$2.34 billion compared to US\$2.288 billion at the end of March 2011. The increase in April 2011 probably reflects moderate safe haven buying of the USD due to the protracted delay in the IMF releasing the results of Jamaica's performance of the Q4 2010 and Q1 2011 quarterly tests.

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

## Foreign Exchange Rate

**US DOLLAR:** During July 2011, there was continued modest depreciation of the J\$ dollar (for the third month in a row) against its US counterpart of J\$0.24 cents or 0.28% to J\$86.15 from J\$85.91 at the end of June 2011. This adds to smaller declines of 0.15 cents in June 2011 and 0.05 cents in May 2011. Year to date, the J\$ is down 29 cents or 0.34% against the USD, which is in marked contrast to its appreciation of J\$3.51 during the same period last year following the successful implementation of the Jamaica Debt Exchange. In fact, since June 2010 the J\$

Table 1b: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Jul-11	2,156.37	-110.76	423.76	-15.04	27.50
Jul-10	1732.61	-63.15	83.68	3.26	27.2

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

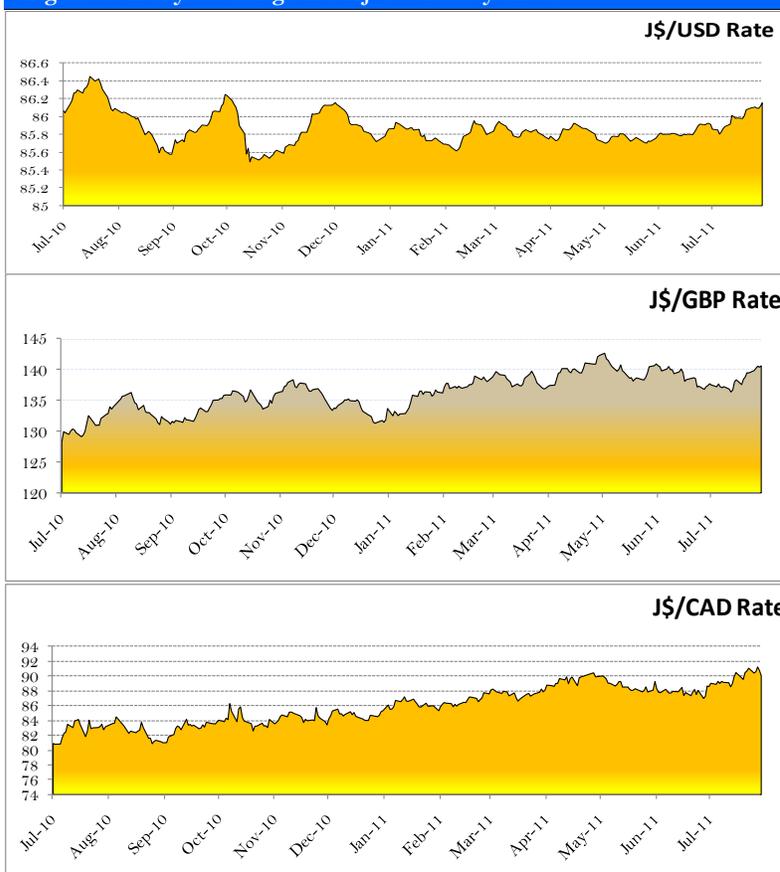
	US\$000 Apr '11	Change (US\$000)		% Change	
		mthly	12 mth	mthly	12 mth
Commercial Banks	1,744,695	53,221	14,147	3.05	0.82
Building Societies.	540,661	7,351	42,314	1.36	8.49
Merchant Banks	51,178	-12,248	-41,222	-23.93	-44.61
Total Deposits	2,336,534	48,324	15,239	2.07	0.66

Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends

	YTD Currency Rate Change (Dec 31, 2010—07/30/11) *					
	J\$ / US\$	%	J\$ / UK£	%	J\$ / Can\$	%
2011	0.29	0.34	6.94	5.19	4.73	5.54
2010	-3.51	-3.92	-9.53	-6.64	-1.39	-1.64
2009	8.54	10.61	30.12	25.78	17.01	25.95
	Jul - 2011					
Actual Rate	86.15	0.28	140.67	2.11	90.07	1.65
Mth Change	0.24	0.28	2.91	2.11	1.46	1.65

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

has consolidated in a narrow J\$1.25 range between J\$85.25 and J\$86.50 per US dollar; and apart from short periods of one or two weeks, the USD has mostly traded below J\$86.0 since June 2010. But now concerns about the implications of the IMF's delayed assessment of Jamaica's performance under the last two quarterly tests may be weighing on sentiment and leading to moderate safe haven buying of the USD.

**POUND & CANADIAN DOLLAR:**

During July 2011, the J\$ reversed its two months rise against GBP, depreciating by J\$2.91 or 2.11% to sell for J\$140.67. This contrast with gains of J\$3.27 in June 2011 and J\$1.37 in May 2011. Against the CAD, the J\$ also depreciated in July 2011 - by J\$1.47 cents to sell for J\$90.07, reversing its 68 cents gain in June 2011 and its 67 cents rise in May 2011. The movement of the J\$ against GBP and CAD has seen-sawed since July 2010, but has been more down than up. Year to date, GBP is up against the Jamaican dollar by J\$6.94 or 5.19% and the CAD is up by J\$4.73 or 5.54%.

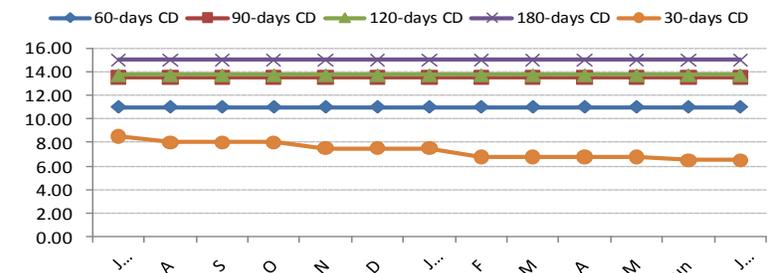
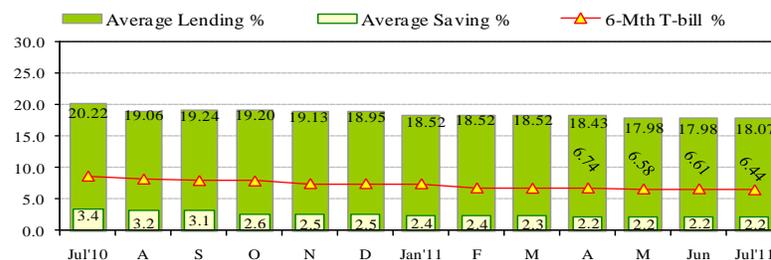
**Interest Rates**

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

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

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

Figure 2A & 2B: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

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

Source: Bank of Jamaica (BOJ Preliminary)

this instrument remains on the downside.

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

No BOJ's, and few GOJ longer-term instruments have been issued since January 2010, as the GOJ continues

its' policy of trying to recalibrate interest rates at lower levels. The rates shown in Table 4 for BOJ CD's above 60-days are as they were when last issued in January 2010.

**Base Money & Money Supply**

During the March to June 2011 quarter, broad Jamaica Dollar money supply (M3J), increased by 0.2%, compared to a reduction of 2.0% for the March 2010 quarter. The marginal growth in Q1 2011 brought the expansion in M3J for the fiscal year to



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9.2 per cent, above the 7.3 per cent in FY2009/10, but below the average of 10.5 per cent for the last five fiscal years.

The measure of money supply that includes foreign currency deposits (M3\*) increased marginally by 0.1%, relative to a reduction of 1.1% in the corresponding quarter of 2010. Within M3\*, foreign currency deposits declined by 0.3%, relative to an expansion of 1.2% for the March 2010 quarter. Consequently, the ratio of foreign currency deposits to total deposits was 27.8 per cent as at end-March 2011, compared to 31.4 per cent at end-March 2010.

In July 2011, the monetary base increased by 1.10% to J\$81,443.43 million quite likely reflect the increased summer demand for money.

## Inflation

The rate of inflation increased at roughly the same pace of 0.76% in July 2011, as it has for the past three months. Within the Consumer Price Index, the division recording the highest increase (1.4%) was the most heavily weighted 'Food and Non-Alcoholic Beverages'. This was due to higher prices being paid by households for Vegetables, Starchy Foods and Fruits which recorded increases of 5.4%, 4.4% and 1.9% respectively.

The division recording the second highest increase for the month was 'Clothing and Footwear' which increased by 0.7% due to a 0.8% increase in the index for 'Clothing' and a 0.4% rise for 'Footwear'.

The third highest increase in July 2011 was recorded in the division 'Housing, Water, Electricity, Gas and Other Fuels' which moved up by 0.6%. This reflected a 1.9% rise for 'Water' and a 0.7% increase in the group 'Electricity, Gas and Other Fuels'.

The divisions 'Communications and

Table 5: Base Money and Money Supply

	J\$M	Percentage Change (%)		
		Jun -11	Mthly	12 Mth
M1	111,089.36		1.74	8.05
Quasi Money	230,562.79		-1.18	0.79
M2	341,652.15		-0.25	3.04
		Jul -'11	Mthly	12 Mth
Base Money	81,443.43		1.10	9.35

Source: BOJ Economic Statistics

Table 6: Inflation Trends

	% Percent Changes			
	Jul	12-Mth	YTD	Fiscal
2011	0.75	7.63	3.27	2.78
2010	0.37	12.56	7.25	3.00

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

Table 7: Mining Production

	000 tonnes			YTD	
	Jul-11	Jul-10	%	Jul-11	10/11 %
<b>Production</b>					
Alumina	162.5	114.9	42.5	1,149.2	44.2
C. Bauxite	451.2	460.9	-2.12	2,987.9	16.1
<b>Export</b>					
Alumina	133.2	76.6	73.8	1,127.3	46.8
C. Bauxite	462.0	497.7	-7.16	2,965.0	15.2

Source: Jamaica Bauxite Institute (JBI)

'Education' were flat on the month, but the remaining seven divisions within the CPI recorded increases of 0.4% or less. The divisions 'Alcoholic Beverages and Tobacco' and 'Miscellaneous Goods and Services' recorded increases of 0.4%. Four divisions - 'Health', 'Transport', 'Restaurants and Accommodation Services' and 'Furnishings, Household Equipment and Routine Household Maintenance' recorded increases of 0.3%; and the division 'Recreation and Culture' increased by 0.2%.

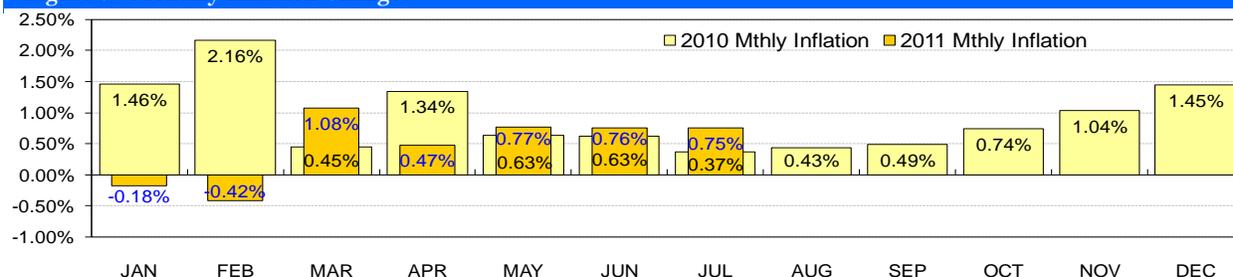
The rate of inflation, year to date (Jan - July 2011) was 3.3%, which was 3.9 percentage points lower than the 7.2% recorded for the corresponding

period of 2010. The point to point rate was 7.6%, while for the fiscal year to date, the rate of inflation is 2.8%.

## Bauxite & Alumina

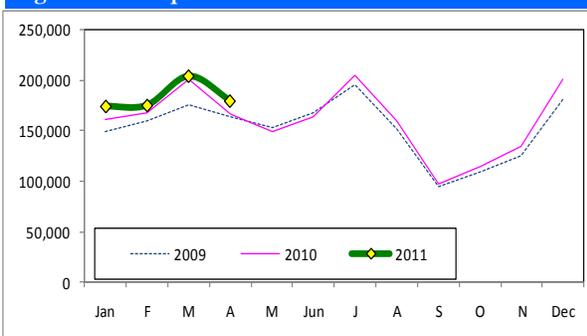
Production of alumina in July 2011 amounted to 162,487 tons compared to 114,049 tons in July 2010 - a 42.5% increase. For its part, production of crude bauxite in July 2011 declined by -2.12 to 451,178 tons compared to 460,940 tons in July 2010. This is the second consecutive monthly decline in crude bauxite output, possibly, reflecting the global slowdown.

Figure 3: Monthly Inflation Changes



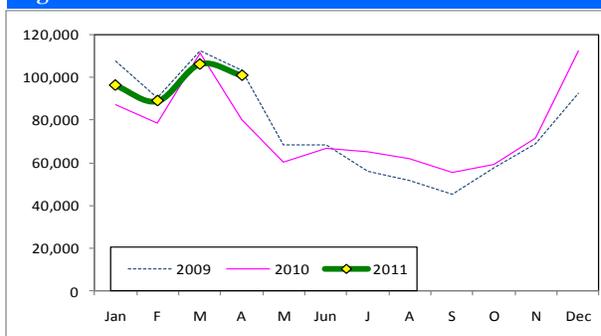
Source: STATIN and PSOJ compilation

Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

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

Reflecting the upturn in the industry, production of crude bauxite was up  $35\%$  to 4.32 million tons during 2010, compared to 3.2 million tons for 2009. Bauxite exports were also up by  $34.6\%$  to 4.3 million tons. For the first seven months of 2011, alumina production is up by  $44.2\%$  to 1.15 million tons, while production of crude bauxite is up by  $16.1\%$  to 2.99 million tons.

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

## Tourism

Stopover arrivals in April 2011 were 179,444—an increase of  $7.5\%$  over the 166,955 recorded in April 2010. For the calendar year to date (Jan-Apr 2011), stopovers increased by  $5.1\%$  to 732,748, compared to 696,889 arrivals in 2010. The number of cruise passengers also increased in April 2011 by  $6.5\%$  to 100,977 visitors compared to 80,116 in April 2010. During calendar year 2010, stopovers increased by  $4.9\%$  to 1,921,678 compared to 1,831,097 in 2009, but fell  $4\%$  short of the 2 million stopovers the GOJ had targeted for 2010. For 2011, the GOJ is targeting a  $6\%$  to  $8\%$  rise to 2,030,000.

Regionally, stopovers from the US declined by  $-3.1\%$  in April 2011 to 111,730 compared to 115,316 in April 2010. Year to date (Jan-Apr 2011), stopovers from the United States are down slightly by  $-1.5\%$  to 420,850 compared to 427,320

### Tourist Arrivals

	2010	2011	%Change	
	YTD (APR)	YTD (APR)	YTD - YOY	MOM
<b>Stopover</b>	<b>696,889</b>	<b>732,748</b>	<b>5.1%</b>	<b>-12.1%</b>
Foreign	653,552	688,033	5.3%	-13.7%
Non-Resident	43,337	44,715	3.2%	14.3%
<b>Cruise</b>	<b>357,409</b>	<b>392,530</b>	<b>9.8%</b>	<b>-5.0%</b>
<b>Total Arrivals</b>	<b>1,054,298</b>	<b>1,125,278</b>	<b>6.7%</b>	<b>-9.6%</b>

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

during Jan-Apr 2010. From the Canadian market, stopovers increased by  $34.1\%$  in April 2011 with 37,644 arrivals, compared to 28,079 in April 2010. Year to date, stopovers from Canada are up  $25.3\%$  to 199,787 visitors compared to 159,428 visitors in Jan-April 2010.

Visitors from Europe, including the UK, increased by  $26.5\%$  in April 2011 to 21,558 compared to 17,073 arrivals in April 2010. Year to date, stopovers from Europe are down  $-1.4\%$  to 84,107 compared to 85,303 in 2010.

Stopover arrivals from the Caribbean decreased during 2010 by a significant  $10.8\%$  to 58,299 compared to 65,333 in 2009. But for the first four months of 2011, stopovers from the Caribbean are up  $16.3\%$  to 19,831 visitors compared to 17,050 for the corresponding period of 2010. Stopovers from Latin America were also down  $7.2\%$  to 13,442 in 2010. But for the first four months of 2011, stopovers from Latin America are up by  $7.3\%$  to 4,611 visitors.

During calendar year 2010, cruise visitors to the Island decreased slightly by  $1.4\%$  to 909,619 visitors. For the first four months of 2011 however, cruise arrivals are up by  $9.4\%$  to 392,530 visitors. Total Visitors to the island for Jan-April 2011 were 1.125

million marking a  $6.7\%$  increase relative to the 1.054 million during Jan-April 2010.

## External Trade

During the First Quarter, January - March 2011, Jamaica's exports increased by US\$36 million or  $10\%$  to US\$395.9 million, compared to US\$359.9 million in January - March 2010. Imports for their part, surged by  $19.0\%$ , to US\$1.42 billion compared to US\$1.19 billion during January - March 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-March 2011 by  $-US\$190.3$  million or  $22.8\%$  to  $-US\$1.02$  billion compared to  $-US\$833.0$  million in January - March 2010.

**Traditional Exports:** For the first three months of 2011, traditional domestic exports earned US\$205.1 million, an increase of US\$44.72 million or  $27.9\%$  over the US\$160.4 million recorded in Jan-March 2010. The share of traditional exports in total domestic exports also increased from  $44.7\%$  in Jan-March 2010 to  $51.8\%$  during Jan-March 2011. Increases in several traditional ex-

ports items, contributed to the overall increase in traditional exports. Earnings from Alumina exports led the way rising by 45.3% to US\$125 million compared to US\$86.04 million in Q1 2010; while Bauxite exports rose by 14.6% to US\$34.92 million. Earnings from sugar exports also increased significantly by 15.7% to US\$26.9 million and so was rum - up 13.3% to US\$13.9 million compared to US\$12.3 million in Jan-March 2011.

But there were notable declines in (traditional) Agricultural exports overall, and in particular coffee. Traditional Agricultural exports which had declined by -36.2% to US\$24.9 million during 2010, continued their decline in the First Quarter of 2011, declining by -51.9% to US\$3.4 million compared to US\$7.0 million in Jan-March 2010. This was largely due to a steep -63.4% drop in the value of coffee exports, from US\$5.07 million to US\$1.86 million, as the premium prices normally paid for Jamaican coffee has just not been forthcoming since the global recession from price conscious consumers. Earnings from 'Other' Traditional exports also decreased notably during Jan-March 2011 by 22.5% to US\$2.53 million.

**Non-traditional exports** accounted for 50.4% of exports by value in calendar year 2009 surpassing earnings from traditional exports. But due to the recovery in the Bauxite/Alumina industry in 2010 and significant declines in several non-traditional exports groups, traditional exports again moved to the top in 2010. During the First Quarter of 2011, earnings from non-traditional exports continued to decline by -2.0% to US\$173.9 million compared to US\$177.4 million in Jan-March 2010.

The main contributor to the decline in non-traditional exports was a significant -12.1% decline in "Other" non-traditional exports; in particular, a steep -US\$19.5 million or -71.0% drop in 'Chemicals (incl. Ethanol)' from US\$27.5 million in Jan-March 2010 to US\$8.0 million in Jan-March 2011. This almost completely accounted for the overall drop in non-traditional exports. There were however smaller declines counter-balanced by increases for various items.

In the category "Food", there was a 19.6% increase in earnings to US\$35.8 million compared to US\$29.9 million in Jan-March 2010. Among the main contributors to the increase in 'Food'

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

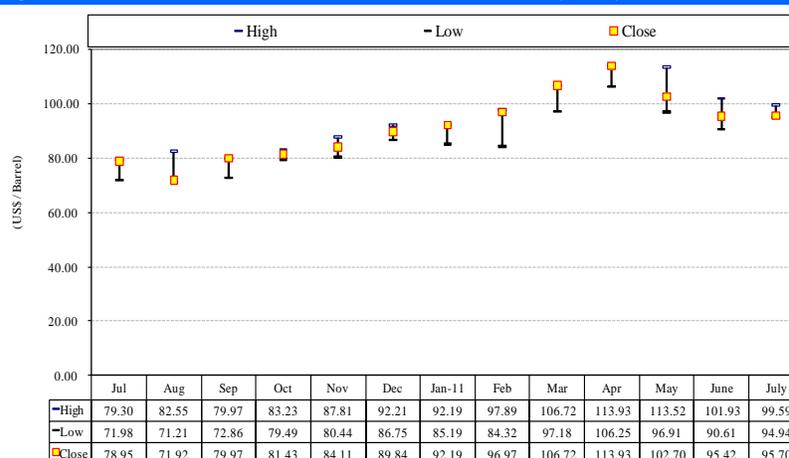


Table 9: External Trade (US\$M)

	Jan-Mar '10	Jan-Mar '11	Change	% Change
<b>TOTAL EXPORTS (fob)</b>	<b>359.94</b>	<b>395.91</b>	<b>35.97</b>	<b>10.0%</b>
Major Traditional Exports	160.39	205.11	44.72	27.9%
<i>by Sector:-</i>				
Agriculture	7.00	3.37	-3.63	-51.9%
Mining & Quarrying	116.52	160.00	43.49	37.3%
Manufacturing	36.88	41.74	4.87	13.2%
<i>by Industry:-</i>				
Bauxite	30.48	34.92	4.44	14.6%
Alumina	86.04	124.97	38.94	45.3%
Sugar	23.25	26.91	3.65	15.7%
Rum	12.29	13.93	1.63	13.3%
Bananas	-	-	0.00	0.0%
Coffee	5.07	1.86	-3.21	-63.4%
Other	3.26	2.53	-0.73	-22.5%
Non-Traditional Exports	177.39	173.93	-3.46	-2.0%
Re-exports	22.15	16.87	-5.29	-23.9%
<b>TOTAL IMPORTS</b>	<b>1,192.89</b>	<b>1,419.14</b>	<b>226.26</b>	<b>19.0%</b>
Food	181.33	226.03	44.70	24.7%
Beverages & Tobacco	18.21	19.72	1.50	8.3%
Crude Materials (excl. Fuels)	14.61	16.50	1.89	13.0%
Mineral Fuels, etcetera	413.79	519.37	105.58	25.5%
Animal & Vegetable Oils & Fats	3.91	14.05	10.14	259.7%
Chemicals	134.59	160.99	26.40	19.6%
Manufactured Goods	129.91	151.49	21.58	16.6%
Machinery and Transport Equip.	157.92	187.61	29.70	18.8%
Misc. Manufactured Articles	112.46	97.31	-15.14	-13.5%
Other	26.17	26.08	-0.09	-0.3%
<b>TRADE BALANCE</b>	<b>(832.95)</b>	<b>(1,023.23)</b>	<b>-190.28</b>	<b>22.8%</b>

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

earnings were: a 75% increase in 'Fish, Crustaceans & Molluscs' to US\$1.5 million; a 56% increase in 'Dairy Products & Birds Eggs' to US\$4.0 million; and a 33% increase in 'Baked Products' to US\$5.6 million. Earnings from 'Sauces' were also up by 52.8% to US\$3.3 million and 'Yam' exports were up by 8.4% to US\$4.95 million from US\$4.6 million in Q1 2010.

There were however, notable decreases in earnings from a few 'Food' categories in Jan-March 2011 relative to Jan-March 2010. Earnings from 'Other Fruits & Fruit Preparations' declined by -35.4% to US\$656,000 from US\$1.02 million in Jan-March 2010. Earnings from 'Papaya - fell significantly by -29.7% to US\$470,000; and earnings from

'Juices excl. Citrus' were down modestly by -4.5% to US\$1.62 million from US\$1.62 million.

'The 37.3% increase in earnings (US\$22.9) from exports of "Crude Materials" in 2010 was the largest increase recorded by any group of non-traditional exports in 2010. During Jan-March 2011, earnings from "Crude Materials" continued to be Jamaica's leading Non-Traditional export. Exports of 'Limestone' increased by 72.6% to US\$1.60 million from US\$924,000 a year earlier; and earnings from 'Waste and Scrap Metals' doubled by 125.7% to US\$7.7 million in Q1 2011 compared to US\$3.4 million in Q1 2010. Earnings from 'Other' Crude Material declined however by -50.9% to US\$801,000 from US\$1.6 million in Jan-March 2011.

**Imports.** The 39.4% decline in Jamaica's imports observed in 2009 due to depressed domestic demand brought on by the global recession, appears to have abated in 2010 with the onset of the global recovery growing modestly by 2.7%. During the first three months of 2011 however, imports surged by 19.0% to US\$1.42 million relative to US\$1.19 million in Jan-March 2010.

With only two exceptions all categories of imports recorded increases. The largest increase was recorded in **Raw Materials/Intermediate Goods** which typically accounts for the bulk of imports. In this category, imports increased by 26.5% to US\$880.4 million from US\$696.1 million in Jan-March 2010. The greatest contributor to that increase in money terms were imports of 'Mineral Fuels etc.' which was up US\$105.5 million or 25.5% to US\$519.4 million from US\$413.8 million in Jan-March 2010. Imports of 'Food' for intermediate use also increased impressively by 67.5% to US\$73.04 million from US\$43.6 million one year earlier; while 'Industrial Supplies' grew by 19.4% to US\$219.6 million. 'Parts & Accessories Of Capital Goods' increased by 25.4% to US\$68.7 million.

Possibly reflecting expansion or retooling by Jamaican firms, imports of '**Capital Goods (excl. Motor Cars)**' registered the second largest increase of 20.3% to US\$103.8 million after two consecutive annual declines. All categories of Capital Goods imports registered increases. 'Other Industrial Transport Equipment' was up 47.1% to US\$14.7 million; 'Machinery and Equipment' by

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

	Jan-Mar 2010	Jan-Mar 2011	\$ Change	% Change
<b>Current Account</b>	<b>(44.4)</b>	<b>(216.9)</b>	<b>(172.5)</b>	<b>-388.5%</b>
<b>Goods Balance</b>	<b>(693.6)</b>	<b>(859.3)</b>	<b>(165.7)</b>	<b>-23.9%</b>
Exports	368.7	407.3	38.6	10.5%
Imports	1,062.3	1,266.6	204.3	19.2%
<b>Services Balance</b>	<b>321.9</b>	<b>310.8</b>	<b>(11.1)</b>	<b>-3.4%</b>
Transportation	(84.3)	(104.4)	(20.1)	-23.8%
Travel	551.3	560.7	9.4	1.7%
Other Services	(145.2)	(145.5)	(0.3)	-0.2%
<b>Income</b>	<b>(140.1)</b>	<b>(165.1)</b>	<b>(25.0)</b>	<b>-17.8%</b>
Compensation of empl	3.1	2.6	(0.5)	-16.1%
Investment Income	(143.2)	(167.6)	(24.4)	-17.0%
<b>Current Transfers</b>	<b>467.4</b>	<b>496.5</b>	<b>29.1</b>	<b>6.2%</b>
Official	25.8	34.8	9.0	34.9%
Private	441.6	461.7	20.1	4.6%
<b>Capital &amp; Financial Account</b>	<b>44.4</b>	<b>216.9</b>	<b>172.5</b>	<b>388.5%</b>
<b>Capital Account</b>	<b>(3.2)</b>	<b>(4.7)</b>	<b>(1.5)</b>	<b>-46.9%</b>
Capital Transfers	(3.2)	(4.7)	(1.5)	-46.9%
Official	4.0	2.5	(1.5)	-37.5%
Private	(7.2)	(7.2)	-	0.0%
Acq/disp.	-	-	-	0.0%
<b>Financial Account</b>	<b>47.5</b>	<b>221.6</b>	<b>174.1</b>	<b>366.5%</b>
Other Official Invst	1,438.4	941.5	(496.9)	-34.5%
Other Private Invst	(400.6)	128.2	528.8	132.0%
Reserves	(22.0)	(381.8)		

Source: BOJ & Statistical Update:

19.4% to US\$58.5 million from US\$48.9 million and 'Construction Materials' by 11.0% to US\$29.12 million from US\$26.2 million and in Jan-March 2010.

Imports of **Consumer Goods (excl. Motor Cars)** also increased in Q1 2011, though more moderately by 5.9% to US\$401.1 million in the first three months of 2011. Imports of 'Food (incl. Beverages)' were up 20.0% to US\$185.8 million and 'Other Durable Goods (excl. Motor cars)' were up 2.3% to US\$72.6 million, but imports of 'Non-durable Goods' declined by -7.6% to US\$114.2 million from US\$123.5 million and 'Semi-Durable Goods' imports declined by -3.4% to US\$28.9 million from US\$29.9 million in Q1 2010. During Jan-March 2011, imports of '**Passenger Motor Cars**' increased by 14.0% to US\$28.12 million from US\$24.7 million one year earlier.

**Oil:** At the end of July 2011, the price of West Texas Intermediate (WTI) Crude Oil stood at US\$95.70 per 42 gallon barrel - an increase in price of US\$0.38 compared to the closing price of US\$95.42 the previ-

ous month. During July 2011 the price ranged between a low of US\$94.94 and the high of US\$99.59 per barrel before closing at US\$95.70 (See Fig. 5)

## Balance of Payments

During the first three months of 2011, there was a **Current Account** deficit of US\$216.9 million, which represents a deterioration of US\$172.6 million relative to the corresponding period in 2010. The deterioration in the current account emanated primarily from the goods sub-account.

During the period, the **Goods Balance** recorded a deficit of US\$859.3 million, a deterioration of US\$165.7 million when compared to the corresponding period in 2010. This resulted primarily from an increase in imports by US\$204.3 million to US\$1,267 billion which was three times greater than merchandise exports of US\$407.3 million. The increased imports were significantly influenced by a rise in Mineral Fuel imports of US\$44.7 million.

The surplus on the **Services Sub-account** declined by US\$11.1 million to US\$310.8 million. This primarily resulted from an increase in freight

Table 11: Fiscal Accounts (J\$ Million)

	Apr-Jun (Fiscal—2011/12)				Apr-Jun (YOY)	
	J\$ million		Deviation		10/11 - 11/12	
	Provisional	Budget	J\$M	(%)	J\$M	(%)
<b>Revenue &amp; Grants</b>	<b>73,608.9</b>	<b>76,870.0</b>	<b>-3,261.1</b>	<b>-4.24</b>	<b>-3,093.2</b>	<b>-4.1</b>
Tax Revenue	64,567.9	66,994.9	-2,427.0	-3.62	1,326.0	2.1
Non-Tax Revenue	5,451.2	4,369.5	1,081.7	24.76	-2,990.0	-41.2
Bauxite Levy	444.8	472.0	-27.2	-5.76	427.8	2516.5
Capital Revenue	2,481.5	2,266.7	214.8	9.48	865.1	53.3
Grants	663.5	2,767.0	-2,103.5	-76.02	-2,722.3	-80.4
<b>Expenditure</b>	<b>79,486.8</b>	<b>89,086.8</b>	<b>-9,600.0</b>	<b>-10.78</b>	<b>-5,311.5</b>	<b>-6.3</b>
Recurrent Expenditure	72,582.7	78,371.1	-5,788.4	-7.39	3,429.7	5.0
Programmes	18,651.3	20,510.7	-1,859.4	-9.07	1,175.4	6.7
Wages & Salaries	33,138.5	33,760.8	-622.3	-1.84	1,182.3	3.7
Interest	20,793.0	24,099.6	-3,306.6	-13.72	1,072.3	5.4
Domestic	9,214.2	12,366.5	-3,152.3	-25.49	-2,097.9	-18.5
External	11,578.8	11,733.1	-154.3	-1.32	3,170.2	37.7
Capital Expenditure	6,904.1	10,715.7	-3,811.6	-35.57	-8,741.2	-56.4
Capital Programmes	6,904.1	10,715.7	-3,811.6	-35.57	-8,741.2	-56.4
IMF #1 Account	0.0	0.0	0.0	0.00	0.0	0.0
<b>Fiscal Balance (Surplus [+ve])</b>	<b>-5,878.0</b>	<b>-12,216.8</b>	<b>6,338.8</b>	<b>51.89</b>	<b>2,218.3</b>	<b>24.3</b>
Loan Receipts	40,900.8	25,761.0	15,139.8	58.77	-17,555.7	-30.0
Domestic	39,316.7	23,969.6	15,347.1	64.03	-12,049.5	-23.5
External	1,584.0	1,791.3	-207.3	-11.57	-5,506.2	-77.7
Divestment Proceeds	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	45,338.2	44,006.3	1,331.9	3.03	6,142.8	15.7
Domestic	6,047.8	4,534.3	1,513.5	33.38	-28,275.4	-82.4
External	39,290.4	39,471.9	-181.5	-0.46	34,418.0	706.4
<b>Overall Balance (Surplus [+ve])</b>	<b>10,315.4</b>	<b>-30,462.0</b>	<b>40,777.4</b>	<b>133.86</b>	<b>-21,480.1</b>	<b>-211.7</b>
<b>Primary Balance (Surplus [+ve])</b>	<b>14,915.1</b>	<b>11,882.8</b>	<b>3,032.3</b>	<b>25.52</b>	<b>3,290.5</b>	<b>31.0</b>

Source: Ministry of Finance and Planning

costs associated with the increased imports. The balance on the **Income Sub-account** deteriorated by US\$25.0 million during the review period due to profit repatriation by foreign companies.

Over the review period, **Current Transfers** increased by US\$29.1 million to US\$496.5 million. The improvement in the current transfers sub-account largely resulted from a US\$20.1 million increase in net private transfers (remittances) to US\$461.7 million.

Flows from official and private sources were more than sufficient to finance the current account deficit. Consequently, the NIR increased by US\$381.8 million during the period.

## Fiscal Accounts

During the first three months of FY 2011/12, (Apr-Jun) the GOJ ran a fiscal deficit of -J\$5.9 billion. This deficit was J\$6.34 billion less than the -J\$12.22 billion budgeted and mainly resulted from a large J\$9.6 billion or 10.78% cutback in

expenditures to J\$79.5 billion relative to the J\$89.1 billion that was budgeted. A significant shortfall in Revenues and Grants of -J\$3.26 billion or 4.25% also contributed to the fiscal deficit for the period.

**REVENUE:** Total Revenues & Grants to the GOJ during April-June 2011/12 was J\$73.61 billion. This was -J\$3.26 billion below budget as noted, but also significantly lower (by -J\$3.1 billion) than the J\$76.7 billion collected in April-June 2010. The main outperformers on the revenue accounts were PAYE which came in J\$393.0 million above budget; 'Capital Revenues' - up J\$214.8 million; and 'GCT (Local)' - up J\$179.3 million. Other notable outperformers on the revenue accounts were 'Travel Tax' - up J\$179.3 million and 'Other Licenses' which exceeded budget by J\$50.6 million.

Among the main underperformers on

the revenue accounts were: 'Tax on Interest' - down -J\$1.59 billion; 'STC' down -J\$1.11 billion; and 'Other Companies Taxes' which registered a shortfall of -J\$504.9 million. Notable shortfalls were also recorded by 'Customs Duty' which came in -J\$165.5 million below budget and 'SCT (Imports)' - down -J\$89.0 million.

**EXPENDITURE:** During the first three months of fiscal year 2011/12, there was a large -J\$9.6 billion or 10.8% cutback in planned expenditures to J\$79.5 billion relative to the J\$89.1 billion budgeted. This reduced expenditure resulted from across the board reductions on all heads of expenditure. Expenditure on 'Capital Programmes' were down J\$3.8 billion; 'Domestic Interest' payments were down -J\$3.15 billion, and 'Recurrent Programmes' were under-spent by -J\$1.86 billion. Outlays on 'Wages and Salaries'

were also reduced by –J\$622.3 million and ‘External Interest’ payments clipped by –J\$154.3 million.

### FISCAL OUTTURN

As noted, during the first three months of FY2011/12 (April-June 2011), the Budget recorded a fiscal deficit of J\$5.88 billion due largely to expenditure curtailments of –J\$9.6 billion which more than compensated for a significant decline in revenues of –J\$3.26 billion. This fiscal deficit was 52% better than the –J\$12.22 billion budgeted. During FY2010/11, there was a fiscal deficit of –J\$74.2 billion amounting to 6.1% of GDP which represented a 40.2% improvement on the deficit of –J\$123 billion recorded in 2009/10. For FY2011/12, the GOJ is projecting a deficit of –J\$61.8 billion or 4.7% of GDP. The current average monthly deficit of J\$1.98 billion is therefore well below the J\$5.0 million targeted.

**The Primary Surplus** - the difference between total revenues and non-interest expenditures for FY2010/11 was J\$54.1 billion or 5.6% of GDP. This fell short of budget by J\$7.15 billion or 11.7% relative to the J\$61.3 billion originally budgeted. For the first three months of FY2011/12, the primary surplus was J\$14.9 billion, which was J\$3.03 billion or 25.5% greater than J\$11.88 billion budgeted.

**PUBLIC DEBT:** Total public debt at the end of FY2010/11 stood at \$1.570 trillion compared to J\$1,434.8 trillion at the end of FY2010/11. This represents an additional \$136.0 billion added to the debt stock during 2010/11. During June 2011 the total public debt stood at J\$1,576.9 billion—an increase of J\$4.1 billion over the end of March 2011 total. The domestic debt is estimated at J\$839.1 billion or 53.2% of the total, while the external debt amounts to J\$737.8 billion (US\$8.59 billion) or 46.8% of the total debt stock.

## Stock Market

During July 2011, market capitalization increased by J\$14.9 billion or 2.5% to close at J\$596.79 billion. Four of five indices on the Jamaica Stock Exchange advanced and one declined. The main **JSE Market Index** advanced by 2,219 points or 2.51% to close at 90,804 points. The **JSE Select Index** advanced by 116 points or 4.6% to close at 2,615 points; and the **JSE All Jamaican Composite** advanced by 3,873 or 4.31%

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



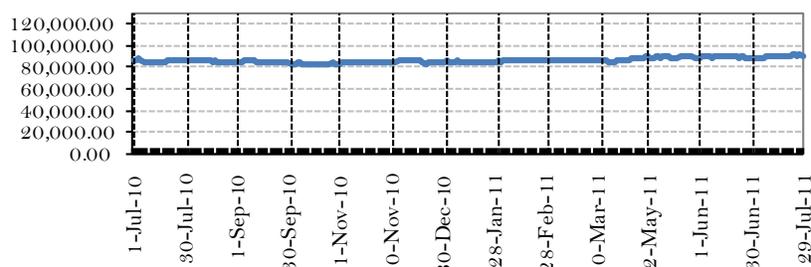
Source: Ministry Of Finance and Planning (Jamaica)

Table 12: Major Deviations in Fiscal Revenue and Expenditure

J\$-Millions	Apr-Jun 2011/12
<b>Revenue (Revenue Surpluses)</b>	
PAYE	593.0
Capital Revenue	214.8
GCT (local)	179.3
Travel Tax	179.2
Other Licenses	50.6
<b>Revenue (Revenue Shortfalls)</b>	
Tax on Interest	-1,593.0
STC	-1,108.5
Other Companies	-504.9
Customs Duty	-165.5
SCT (Imports)	-89.0
<b>Expenditure (Changes)</b>	
Capital Programmes (under-spend)	-3,811.6
Domestic Interest (under-spend)	-3,152.3
Recurrent Programmes (under-spend)	-1,859.4
Wages & Salaries (under-spend)	-622.3
External Interest (unchanged)	-154.3

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index Jun '10 - Jul'11



Source: Jamaica Stock Exchange (Online Database) and PSOJ

to close at 93,826 points. The JSE Junior also advanced - by 55.7 points or 11.22% to close at 552 points. But the **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, declined by 3.3

points or 0.41% to close at 807 points. Market volume was moderate in July 2011 with 100.9 million units valued at J\$757.1 million changing hands, compared to 114 million units valued

at \$681 million in June 2011.

Overall market activity resulted from trading in 44 stocks of which 26 advanced, 11 declined and 7 traded firm. Jamaica Broilers Group with 33.36 million units was the volume leader with 33.05% of market volume; Mayberry Investments Limited was second with 13.95 million units or 13.8% of traded shares; followed by Cable and Wireless with 9.64 million units or 9.6% of market volume.

The leading advancers year to date are: Ciboney Group, Jamaica Money Market Brokers (JMMB), Barita Investments and Pulse Investments. The leading decliners are Cable & Wireless Ltd, Trinidad Cement Ltd., Caribbean Cement Company, Salada Foods, and Guardian Holdings Limited.

## Economic Highlights

(contd. from page 1.)

For the second half of 2011, the PIOJ is forecasting growth of the same magnitude as the first half, but high-

the risk of a new global recession to "1 in 3" according to economists from Morgan Stanley and Bank of America Merrill Lynch.

Data in for July 2011, continued to be mixed but generally weaker for the developed economies. In the US, manufacturing which has been a key source of growth over the past two years, contracted in the New York region by -7.72 against expectations of a flat reading; while the manufacturing Index for the mid-Atlantic Region dropped precipitously to -30.2 - the most in two years. US Existing Home sales continued to limp in July 2011 declining by a further -3.5% against expectations of a rise of 2.7%. Though 'Core' Inflation (minus volatile fuel and food components) came in at 1.8% below the 2% top the Federal Reserve targets, Headline inflation, leaped to 3.6% prompting concerns of 'stagflation' for the US economy.

In Europe, the focus has shifted from the debt and funding troubles of the Sovereigns, to concerns of another banking crisis similar to the Lehman 'freeze'. Basically, other banks are now refusing to lend to banks suspected of holding significant volumes of troubled Sovereign bonds or are simply hoarding their cash.

Reinforcing these fears are signs that

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

	31- Dec '10	29- Jul'11	\$ change	% change
<b>Top Five (unadjusted for dividends or transact. Costs)</b>				
Ciboney Group	0.03	0.06	0.03	100%
JMMB	4.00	7.15	3.15	78.8%
Barita Investments	1.99	3.00	1.01	50.8%
Pulse Investments	2.30	3.33	1.03	44.8%
Kingston Wharves	4.00	5.51	1.51	37.8%
<b>Bottom Five (unadjusted for dividends or transact. Costs)</b>				
Trinidad Cement Ltd.	53.00	20.4	(29.00)	-54.7%
Cable & Wireless (Ja.)	0.33	0.17	(0.16)	-48.5%
Caribbean Cement Co.	3.07	1.95	(1.12)	-36.5%
Salada Foods	13.00	8.50	(4.50)	-34.6%
Guardian Holdings Ltd.	220.00	165.00	(55.00)	-25.00%

*Source: Compiled from the JSE*

lights major downside risks such as the GOJ expected cutback in capital expenditure to accommodate salary increases to public sector workers and rising risks to the global recovery in North America and Europe.

### The Global Picture—Recession Risks Rising.

Just when it appeared that the world

real economic growth is slowing in France and Germany, hitherto the engines of European growth. In each country, the preliminary reading of Q2 GDP came in weaker than expected - at 0.1% in the case of Germany relative to expectations of 0.5%, and 0.0% for France against expectations of 0.3%.

In Asia, the Japanese economy contracted for the third quarter in a row though at the slower pace of -0.3% compared to -0.5% and -0.8% during the two previous quarters.

However, China continued to perform robustly, with industrial production and retail sales coming in line with expectations at 14.3%, and 16.8% respectively. Industrial Production in India grew at a better than expected 8.8%; Russia's Q2 GDP came in at 3.4% - a few notches below the 3.7% expected; while Brazil's Q2 output is expected to advance by 4%.

However, given the weakening output performance in the United States and Europe and the volatility in equities markets (the DOW has lost 14% since July 21st, 2011 and the S&P 500 has lost 16.4% since April 14, 2011), many economists are seeing a "negative feedback loop" developing. Persistent drops in stock prices erode consumer and

economy had avoided the worst case consequences of a default or downgrade of United States government debt (there was no massive sell-off of US bonds or sharp spikes in US interest and mortgage rates) the long-standing problems of a weak US recovery and concerns about European sovereign debt appear to be raising

business confidence. Individuals and companies then spend and invest less; aggregate demand and employment declines; resulting in further declines in stock prices and additional negative consequences in the real economy.

This new slowdown in the North Atlantic, in coming so soon after the near global depression in 2008/9, means Central Banks and Governments, have simply not had enough time to re-arm their fiscal and monetary tools for dealing with economic crises. With interest rates still at historic lows and inflation threatening, monetary authorities do not have much room for lowering interest rates or engaging in additional quantitative easing. Mindful of the outsize deficits and huge debt that many countries are carrying, politicians are constrained in cutting taxes or engaging in further spending to stimulate their economies.

It seems therefore, that this time responsibility for preventing or digging economies out of this looming slowdown will fall on the private sectors in various countries, responding to risks and rewards as they have done historically. The likelihood though, is that the road to recovery will be longer and more tortuous than originally anticipated.

## INFLATION (JUL- 2011) - CPI

## APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>0.75%</b>	<b>0.754</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>1.33%</b>	<b>0.497</b>	<b>1</b>	
<b>Food</b>	1.32%			
Bread and Cereals	0.14%			
Meat	0.50%			
Fish and Seafood	0.61%			
Milk, Cheese and eggs	0.48%			
Oils and Fats	0.51%			
Fruit	1.90%			
<b>Vegetables and Starchy Foods</b>	<b>5.00%</b>			
Vegetables	5.32%			
Starchy Foods	-1.17%			
Sugar, Jam, Honey, Chocolate and Confectionery	0.72%			
Food Products n.e.c.	0.36%			
<b>Non-Alcoholic Beverages</b>	<b>1.37%</b>			
Coffee, tea and Cocoa	2.03%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	1.13%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>0.37%</b>	<b>0.005</b>	<b>9</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>0.73%</b>	<b>0.024</b>	<b>5</b>	
Clothing	0.84%			
Footwear	0.44%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>0.57%</b>	<b>0.072</b>	<b>2</b>	
Rentals for Housing	0.00%			
Maint and Repair of Dwelling	0.30%			
Water Supply and Misc. Serv Related to the Dwelling	1.86%			
Electricity, Gas and Other Fuels and Routine	0.66%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>0.30%</b>	<b>0.015</b>	<b>7</b>	
Furniture and Furnishings (including Floor Coverings)	0.62%			
Household Textiles	0.59%			
Household Appliances	0.06%			
Glassware, Tableware and Household Utensils	0.97%			
Tools and Equipment for House and Garden	0.39%			
Goods and Serv. for Routine Household Maint	0.24%			
<b>HEALTH</b>	<b>0.25%</b>	<b>0.008</b>	<b>8</b>	
Medical Products, Appliances and Equipment	0.64%			
Health Services	0.08%			
<b>TRANSPORT</b>	<b>0.31%</b>	<b>0.040</b>	<b>3</b>	
<b>COMMUNICATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RECREATION AND CULTURE</b>	<b>0.14%</b>	<b>0.005</b>	<b>10</b>	
<b>EDUCATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>0.27%</b>	<b>0.016</b>	<b>6</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>0.37%</b>	<b>0.031</b>	<b>4</b>	

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

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>3.27%</b>	<b>3.272</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>1.33%</b>	<b>0.497</b>	<b>2</b>	
Food	1.05%			
Bread and Cereals	6.45%			
Meat	5.55%			
Fish and Seafood	5.10%			
Milk, Cheese and eggs	7.00%			
Oils and Fats	4.59%			
Fruit	8.00%			
Vegetables and Starchy Foods	-14.47%			
Vegetables	-20.46%			
Starchy Foods	3.11%			
Sugar, Jam, Honey, Chocolate and Confectionery	5.06%			
Food Products n.e.c.	4.12%			
Non-Alcoholic Beverages	5.71%			
Coffee, tea and Cocoa	10.32%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	3.98%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>3.90%</b>	<b>0.054</b>	<b>8</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>4.40%</b>	<b>0.147</b>	<b>6</b>	
Clothing	5.31%			
Footwear	3.11%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>10.55%</b>	<b>1.346</b>	<b>1</b>	
Rentals for Housing	0.05%			
Maint and Repair of Dwelling	5.11%			
Water Supply and Misc. Serv Related to the Dwelling	11.40%			
Electricity, Gas and Other Fuels and Routine	16.90%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>4.82%</b>	<b>0.237</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	4.10%			
Household Textiles	5.10%			
Household Appliances	2.90%			
Glassware, Tableware and Household Utensils	3.88%			
Tools and Equipment for House and Garden	2.37%			
Goods and Serv. for Routine Household Maint	5.42%			
<b>HEALTH</b>	<b>1.08%</b>	<b>0.035</b>	<b>10</b>	
Medical Products, Appliances and Equipment	1.77%			
Health Services	0.67%			
<b>TRANSPORT</b>	<b>3.84%</b>	<b>0.492</b>	<b>3</b>	
<b>COMMUNICATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>12</b>	
<b>RECREATION AND CULTURE</b>	<b>1.58%</b>	<b>0.053</b>	<b>9</b>	
<b>EDUCATION</b>	<b>0.42%</b>	<b>0.009</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>1.62%</b>	<b>0.100</b>	<b>7</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>3.28%</b>	<b>0.274</b>	<b>4</b>	

## FISCAL ACCOUNT (JUN' 2011)

REV. & EXPEN. (JUN '11)	J\$m	PROVISIONAL Results	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	73,608.9		-3,261.1		-3,093.20	
Tax Revenue	64,567.9		-2,427.0		1,326.00	
Non-Tax Revenue	5,451.2		1,081.7		-2,990.00	
Bauxite Levy	444.8		-27.2		427.80	
Capital Revenue	2,481.5		214.8		865.10	
Grants	663.5		-2,103.5		-2,722.30	
<b>Expenditure</b>	79,486.8		-9,600.0		-5,311.50	
Recurrent Expenditure	72,582.7		-5,788.4		3,429.70	
Programmes	18,651.3		-1,859.4		1,175.40	
Wages & Salaries	33,138.5		-622.3		1,182.30	
Interest	20,793.0		-3,306.6		1,072.30	
Domestic	9,214.2		-3,152.3		-2,097.90	
External	11,578.8		-154.3		3,170.20	
Capital Expenditure	6,904.1		-3,811.6		-8,741.20	
Capital Programmes	6,904.1		-3,811.6		-8,741.20	
IMF #1 Account	0.0		0.0		0.00	
<b>Fiscal Balance (Surplus [+ve])</b>	-5,878.0		6,338.8		2,218.30	
Loan Receipts	40,900.8		15,139.8		-17,555.70	
Domestic	39,316.7		15,347.1		-12,049.50	
External	1,584.0		-207.3		-5,506.20	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	45,338.2		1,331.9		6,142.80	
Domestic	6,047.8		1,513.5		-28,275.40	
External	39,290.4		-181.5		34,418.00	
<b>Overall Balance (Surplus [+ve])</b>	10,315.4		40,777.4		-21,480.10	
<b>Primary Balance (Surplus [+ve])</b>	14,915.1		3,032.3		3,290.50	

REV. & EXPEN. (MAY '11)	J\$m	PROVISIONAL Results	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	73,608.9		-3,261.1		26,318.5	
Tax Revenue	64,567.9		-2,427.0		26,954.89	
Income and profits	19,607.9		-1,488.1		7563	
Bauxite/alumina	0.0		0.0		0	
Other companies	5,841.0		-504.9		5115.3	
PAYE	13,562.2		593.0		5251	
Tax on dividend	232.7		-21.3		219	
Other individuals	673.7		38.1		232.1	
Tax on interest	-701.7		-1,593.0		-3254.3	
Environmental Levy	606.5		79.7		340.7	
Production and consumption	19,959.1		-1,030.3		7398	
SCT	1,211.0		-1,108.5		159.1	
Motor vehicle licenses	426.7		-28.1		152.8	
Other Licenses	121.7		50.6		73.5	
Betting, gaming and lottery	361.3		-42.5		47.6	
Education Tax	3,349.6		17.9		1277.9	
Contractors levy	200.3		-2.7		29.4	
GCT (Local)	12,798.8		179.5		5016.5	
Stamp Duty (Local)	1,489.6		-96.6		640.8	
International Trade	24,394.4		11.7		11653.4	
Custom Duty	4,968.3		-165.5		2256.2	
Stamp Duty	373.9		2.7		167.1	
Travel Tax	1,181.6		179.2		522.1	
GCT (Imports)	10,151.1		84.4		4796	
SCT (Imports)	7,719.6		-89.0		3911.8	
Non-Tax Revenue	5,451.2		1,081.7		-1987.2	
Bauxite Levy	444.8		-27.2		433	
Capital Revenue	2,481.5		214.8		915.3	
Grants	663.5		-2,103.5		2.3	



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

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