



PSOJ MONTHLY ECONOMIC BULLETIN



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Economic Highlights

Consumer and Business Confidence Buoyant in Q2 2011

Consumer and Business Confidence remained buoyant in the Second Quarter of 2011, according to the Jamaica Chamber of Commerce Conference Board. While Consumer Confidence surged, Business Confidence slipped from decade's high levels recorded in Q1 2011.

The **Index of Consumer Confidence** was 116.8 in Q2 2011, up from 105.9 in Q1 2011 and well above the 102.1 recorded in Q2 2010. The main factors boosting consumer confidence was a perception that the economy was improving, and the expectation that their prospects would be lifted by the rising economy in the near to medium-term. According to the JCC Conference Board, "Consumers judged the current state of the economy more favourably in the 2nd quarter of 2011 than any time since 2008". While only 5% cited

Indexes of Consumer & Business Confidence Q2 2011

| Indexes (2001:2 = 100) | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | Q1 2011 | Q3 2011 |
|--------------------------------|------------|------------|------------|------------|------------|------------|
| Index of Consumer Confidence | 90.8 | 102.1 | 109.8 | 107.0 | 105.9 | 116.8 |
| Index of Economic Conditions | 87.4 | 85.1 | 98.7 | 96.9 | 97.5 | 105.2 |
| Index of Consumer Expectations | 91.9 | 107.8 | 113.5 | 110.3 | 108.7 | 120.6 |
| Index of Business Confidence | 99.4 | 114.0 | 113.0 | 118.9 | 124.5 | 117.5 |
| Current Business Conditions | 119.2 | 124.2 | 120.6 | 124.6 | 129.2 | 117.8 |
| Index of Business Expectations | 91.6 | 109.9 | 109.9 | 116.6 | 122.6 | 117.4 |

Source: JCC Conference Board the last two years.

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actual economic gains over the past year, 25% anticipated economic gains in the year ahead.

Nearly all Jamaicans reported that jobs were scarce, and only one-in-four expected jobs to be more plentiful in the near-term. At the same time, the proportion of households expecting incomes to rise increased to 39% in Q2 2011 - the highest level in two years - from 31% in Q1 2011. While more frequent remittances were not expected, the size of remittances no longer declined.

The "most surprising" aspect of the Q2 data according to the Conference Board, was the "strong growth" in spending plans. Vacation plans were voiced by 36% of Jamaicans—the highest levels in two years; vehicle buying plans were held by 23% - up from 15% in the last two quarters; and home buying plans were stated by 14% - up from 10% in the last two quarters and the highest in

Business Confidence, as noted, slipped to 117.5 in Q2 2011 compared to the decade high 124.5 recorded in Q1 2011, but was still quite positive. The most likely explanation according the Conference Board, "is that firms have adjusted the pace of economic growth expected in the year ahead".

Forty-seven percent of firms in Q2 2011, expected the economy to improve in the year ahead compared to 55% in Q1 2011. 54% expected improvements in their balance sheets compared to 66% last quarter; and 40% voiced plans to expand their productive capacity compared 45% in Q1 2011.

Still, while only 16% reported that their current profits were better than they originally expected, the proportion anticipating higher profit margins was unchanged from Q1 2011 at 57%, but well ahead of the 42% recorded in Q2 2010.

(Contd. On Page 10)



Net International Reserves (NIR)

During June 2011, Net International Reserves decreased by a further US\$67.25 million to US\$2,267 million compared to US\$2,334 million at the end of May 2011. This mainly reflected GOJ continued redemption of US\$400 million in Eurobonds issued in March 2011.

At current levels, gross reserves are adequate to finance 28.44 weeks of “goods” imports or 21.36 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 June 2011, there was continued modest depreciation of the J\$ dollar against its US counterpart of J\$0.13 cents or 0.16% to J\$85.91 from J\$85.78 at the end of May 2011. This adds to a smaller decline of 0.05 cents in May 2011. Following the successful implementation of the Jamaica Debt Exchange in March 2010, the J\$ appreciated sharply by 3.4% against the USD from about J\$89.50 to J\$86.0. Since June 2010 however, the J\$ has consolidated in a narrow J\$1.25 range between J\$85.25 and J\$86.50 per US dollar. Indeed,

Table 1b: Changes in the NIR

| | US\$M NIR | Change US\$M | | | Imports (Weeks) |
|--------|--------------|--------------|--------|-------|--------------------|
| | | Mthly | 12 Mth | YTD | |
| Jun-11 | 2,267.13 | -67.25 | 471.37 | 95.72 | 28.44 |
| Jun-10 | 1795.76 | 120.17 | 176.35 | 66.41 | 25.35 |

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

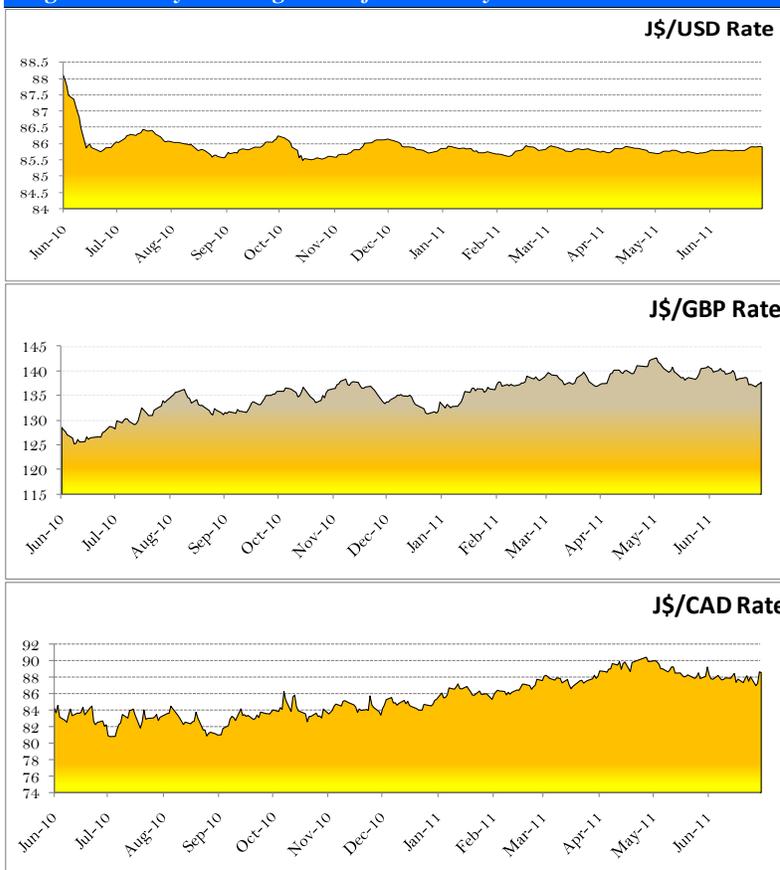
| | US\$000 Apr '11 | Change (US\$000) | | % Change | |
|--------------------|--------------------|------------------|---------|----------|--------|
| | | mthly | 12 mth | mthly | 12 mth |
| Commercial Banks | 1,744,695 | 53,221 | 14,147 | 3.05 | 0.82 |
| Building Societies | 540,661 | 7,351 | 42,314 | 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—06/30/11) * | | | | | |
|-------------|--|-------|-----------|--------|-------------|-------|
| | J\$ / US\$ | % | J\$ / UK£ | % | J\$ / Can\$ | % |
| 2011 | 0.05 | 0.06 | 4.03 | 3.01 | 3.27 | 3.83 |
| 2010 | -3.58 | -4.00 | -14.97 | -10.43 | -2.30 | -2.72 |
| 2009 | 8.60 | 10.69 | 31.24 | 26.74 | 11.30 | 17.24 |
| | Jun - 2011 | | | | | |
| Actual Rate | 85.91 | 0.16 | 137.77 | -2.29 | 88.61 | -0.76 |
| Mth Change | 0.13 | 0.16 | -3.23 | -2.29 | -0.68 | -0.76 |

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

apart from short periods of one or two weeks, the USD has mostly traded below J\$86.0 since June 2010 and has sold for less than J\$86.0 for the first six months of 2011. But now concerns about 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. Despite depreciating over the past two months, the J\$ is still up by a slight 0.05 cents against the USD year to date.

POUND & CANADIAN DOLLAR: During June 2011, the J\$ strengthened against GBP by an additional J\$3.23 or 2.3% to sell for J\$137.77 adding to its J\$1.37 appreciation in May 2011. Against the CAD, the J\$ also appreciated by a further 0.68 cents to J\$88.61 adding to its' J\$0.67 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. Despite the partial retracement over the past two months, year to date, GBP is up against the Jamaican dollar by J\$4.02 or 3.01% and the CAD is up by J\$3.27 or 3.83%.

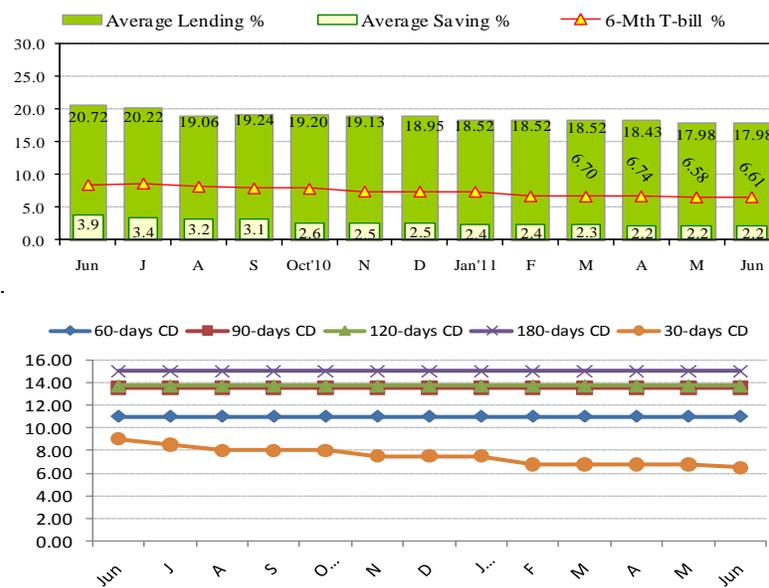
Interest Rates

The downward movement of Jamaica's interest rates which began with the JDX in March 2010, continued in June 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 June 2011, there was movement on only two rates - the 6-month Treasury Bill and the Bank of Jamaica 30-days Certificate of Deposit. Citing subdued inflation and aggregate demand and adequate foreign reserves, the BOJ clipped an additional 25 bps from its' 30-days CD to 6.5%. This is the second reduction in the 30-day since the beginning of the year and follows a much bigger reduction of 75 bps in February 2011. Year to date, the 30-days CD has fallen 100 bps, the largest reduction on any rate for the year.

In relation to the 6-month T-bill, interest rates inched up by 3 bps to 6.61%

Figure 2A & 2B: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

| | Jun-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% | -1.66% | -0.26% |
| Avg Loan Rate | 17.98% | 0.00% | -2.74% | -0.97% |
| 6-Month T-Bill | 6.61% | 0.03% | -1.91% | -0.87% |

Source: Bank of Jamaica (BOJ Preliminary)

after declining by 16 bps to 6.55% the previous month. 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. In November and December 2010, it was unchanged at 7.48%, and appeared to have hit bottom. But in February 2011, it resumed significant decline with a substantial 71 bps drop followed by a 5 bps drop in March 2011 to 6.70%. In April 2011, the rate on the 6-Month T-bill reversed course with a slight increase of 4 bps followed by May's decrease

of 16 bps.

Both the average lending rate and the average saving rate were unchanged during June 2011. The BOJ's and the GOJ longer-term instruments have been unchanged since January 2010, as the GOJ continues its' policy of trying to recalibrate interest rates at lower levels.

Base Money & Money Supply

The BOJ reported that during the March 2011 quarter, broad Jamaica Dollar money supply (M3J), increased



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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 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 June 2011, the monetary base increased by 1.52% to J\$80,560.55 million quite likely reflecting continuing BOJ post-Easter redemptions.

Inflation

The rate of inflation increased at roughly the same pace of 0.76% in June 2011, compared to a 0.77% rise in May 2011. Within the Consumer Price Index, the division 'Housing, Water, Electricity, Gas and Other Fuels' registered the highest increase (of 1.6%) for the second month in a row, though that rate was slightly less than the 2.2% recorded the previous month. The increase in this division was largely due to a rise in the cost of 200 KWH of electricity as well as in the cost of water.

As in May 2011, the second highest increase of 0.9% was recorded in the most heavily weighted 'Food and Non-Alcoholic Beverages' division. This was mainly due to higher prices for 'Fruits' - up 1.8%, and 'Vegetables and Starchy Foods' - up 1.5%, as the glut in the latter items now appear to have given way to relative scarcity. Three other classes within the division - 'Milk, Cheese and Eggs', 'Oils and Fats', 'Sugar, Jam,

Table 5: Base Money and Money Supply

| | J\$M | Percentage Change (%) | |
|-------------|------------|-----------------------|--------|
| | Mar -11 | Mthly | 12 Mth |
| M1 | 106,887.00 | -4.85 | 6.69 |
| Quasi Money | 225,941.20 | -0.89 | 0.07 |
| M2 | 332,828.20 | -2.20 | 2.11 |
| | Jun '11 | Mthly | 12 Mth |
| Base Money | 80,560.55 | 1.52 | 3.60 |

Source: BOJ Economic Statistics

Table 6: Inflation Trends

| | % Percent Changes | | | |
|------|-------------------|--------|------|--------|
| | Jun | 12-Mth | YTD | Fiscal |
| 2011 | 0.76 | 7.22 | 2.50 | 2.01 |
| 2010 | 0.63 | 13.17 | 6.85 | 2.62 |

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

Table 7: Mining Production

| | 000 tonnes | | | YTD | |
|-------------------|------------|--------|-------|---------|---------|
| | Jun-11 | Jun-10 | % | Jun-11 | 10/11 % |
| Production | | | | | |
| Alumina | 152.4 | 112.9 | 34.9 | 986.7 | 44.5 |
| C. Bauxite | 343.2 | 345.8 | -0.75 | 2,536.7 | 20.1 |
| Export | | | | | |
| Alumina | 161.7 | 140.6 | 15.0 | 994.2 | 43.8 |
| C. Bauxite | 329.5 | 316.2 | 4.18 | 2,503.0 | 20.5 |

Source: Jamaica Bauxite Institute (JBI)

Honey, Chocolate and Confectionary' each recorded increases of 0.9%; while within the group 'Non-Alcoholic Beverages', the classes 'Coffee, Tea and Cocoa', and 'Mineral Waters, Soft Drinks, Fruit and Vegetable Juices' recorded increases of 1.5% and 0.5% respectively.

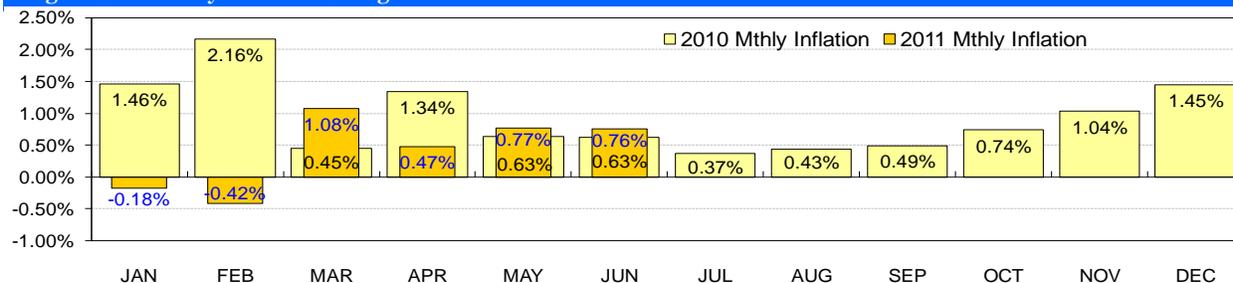
The third highest increase in the CPI in June 2011 was recorded in the division 'Clothing and Footwear' which rose by 0.7%. Two divisions - 'Restaurants and Accommodation Services' and 'Furnishings, Household Equipment and Routine Household Maintenance' each rose by 0.6%. The divisions - 'Education' and 'Communication' were flat on the

month; while the remaining five divisions within the CPI recorded slight to moderate increases of 0.4% or less. The rate of inflation for the first half of 2011 was 2.5%, which was 4.5 percentage points lower than the 6.8% recorded for the corresponding period of 2010. The point to point rate was 7.2% while for the fiscal year to date, the rate of inflation is 2.0%.

Bauxite & Alumina

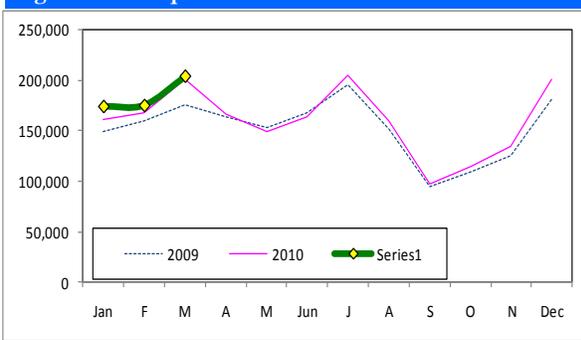
Production of alumina in June 2011 amounted to 152.4 tons compared to 112.9 tons in June 2010 - a 34.9% increase. For its part, production of crude bauxite in June 2011 declined

Figure 3: Monthly Inflation Changes



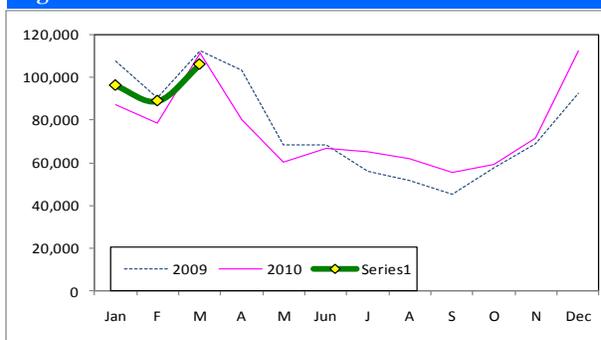
Source: STATIN and PSQJ compilation

Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

marginally by -0.75% to 343.2 tons compared to 345.8 tons in June 2010.

During calendar year 2010, alumina production fell by -10.3% to 1,590.6 tons and alumina exports by -16.4% to 1,575.3 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 six months of 2011, alumina production is up by 44.7% to 986,706 tons, while production of crude bauxite is up by 20.5% to 2.5 million tons.

The year to date increases in bauxite and alumina production in June 2011 therefore reflects a continuation of the upturn in the industry which gathered pace in July 2010 with the reopening of Windalco Ewarton plant.

Tourism

Stopover arrivals in March 2011 were 204,046—an increase of 1.3% over the 201,378 recorded in March 2010. For the calendar year to date (Jan-Mar 2011), stopovers increased by 4.4% with 553,304 compared to 529,934 arrivals in 2010. The number of cruise passengers however, decreased by 4.6% in March 2011 to 106,247 visitors compared to 111,356 in March 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 5.9% in March 2011 to 121,596

Tourist Arrivals

| | 2010 | 2011 | %Change | |
|-----------------------|----------------|----------------|-------------|--------------|
| | YTD (Mar) | YTD - YOY | MOM | |
| Stopover | 529,934 | 553,304 | 4.4% | 16.5% |
| Foreign | 498,037 | 521,996 | 4.8% | 16.2% |
| Non-Resident | 31,897 | 31,308 | -1.8% | 22.4% |
| Cruise | 277,293 | 291,553 | 5.1% | 19.4% |
| Total Arrivals | 807,227 | 844,857 | 4.7% | 17.5% |

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

compared to 129,168 in March 2010. Year to date (Jan-Mar 2011), stopovers from the United States are down slightly by -0.9% to 309,120 compared to 312,004 during Jan-Mar 2010. From the Canadian market, stopovers increased by 31.5% in March 2011 with 53,856 arrivals, compared to 40,962 in March 2010. Year to date, stopovers from Canada are up 23.4% to 162,143 visitors compared to 131,349 visitors in Jan-March 2010.

Visitors from Europe, including the UK, decreased by 12.2% in March 2011 to 21,802 compared to 24,826 arrivals in March 2010. Year to date, stopovers from Europe are down -8.4% to 62,549 compared to 68,266 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 three months of 2011, stopovers from the Caribbean are up 8.1% to 13,303 visitors compared to 12,302 for the corresponding three months period of 2010. Stopovers from Latin America were also down 7.2% to 13,442 in 2010. But for the first three months of 2011, stopovers from Latin America are up by 4.9% to 3,541 visitors.

During calendar year 2010, cruise visitors to the Island decreased slightly by 1.4% to 909,619 visitors. For the

first three months of 2011 however, cruise arrivals are up by 5.1% to 291,553 visitors. Total Visitors to the island for Jan-March 2011 were 844,857 marking a 4.7% increase relative to the 807,227 during Jan-March 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

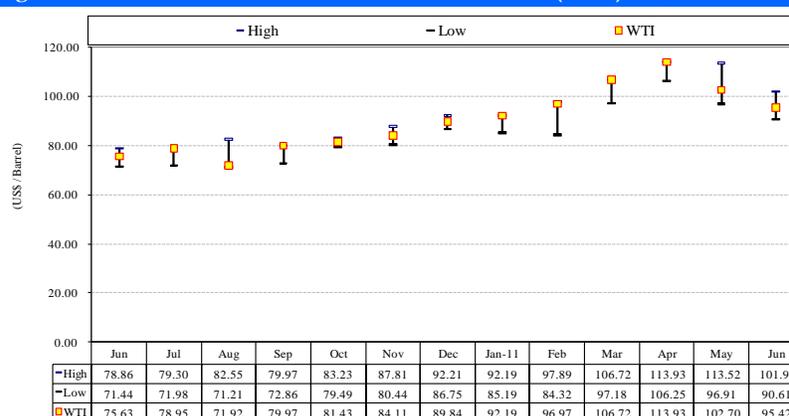
total domestic exports also increased from 44.7% in Jan-March 2010 to 51.8% during Jan-March 2011. Increases in several traditional exports items, contributed to the overall increase in traditional exports. Earnings from Alumina exports led the way rising by 45.3% to US\$125 million compared to US\$86.04 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.

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



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

Table 9: External Trade (US\$M)

| | Jan-Mar '10 | Jan-Mar '11 | Change | % Change |
|--------------------------------|-----------------|-------------------|----------------|--------------|
| TOTAL EXPORTS (fob) | 359.94 | 395.91 | 35.97 | 10.0% |
| 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% |
| TOTAL IMPORTS | 1,192.89 | 1,419.14 | 226.26 | 19.0% |
| 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% |
| TRADE BALANCE | (832.95) | (1,023.23) | -190.28 | 22.8% |

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

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' 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

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

| | Jan-Feb 2010 | Jan-Feb 2011 | \$ Change | % Change |
|--|-----------------|-----------------|----------------|----------------|
| Current Account | (21.6) | (152.0) | (130.4) | -603.7% |
| Goods Balance | (412.5) | (535.6) | (123.1) | -29.8% |
| Exports | 241.5 | 264.3 | 22.8 | 9.4% |
| Imports | 654.0 | 799.9 | 145.9 | 22.3% |
| Services Balance | 205.3 | 204.7 | (0.6) | -0.3% |
| Transportation | (50.0) | (64.3) | (14.3) | -28.6% |
| Travel | 348.9 | 364.3 | 15.4 | 4.4% |
| Other Services | (93.6) | (95.4) | (1.8) | -1.9% |
| Income | (105.7) | (129.8) | (24.1) | -22.8% |
| Compensation of empl | 2.5 | 1.9 | (0.6) | -24.0% |
| Investment Income | (108.2) | (131.7) | (23.5) | -21.7% |
| Current Transfers | 291.4 | 308.8 | 17.4 | 6.0% |
| Official | 16.3 | 18.3 | 2.0 | 12.3% |
| Private | 275.1 | 290.5 | 15.4 | 5.6% |
| Capital & Financial Account | 21.6 | 152.0 | 130.4 | 603.7% |
| Capital Account | (0.8) | (4.8) | (4.0) | -500.0% |
| Capital Transfers | (0.8) | (4.8) | (4.0) | -500.0% |
| Official | 4.0 | - | (4.0) | -100.0% |
| Private | (4.8) | (4.8) | - | 0.0% |
| Acq/disp. | - | - | - | 0.0% |
| Financial Account | 22.4 | 156.8 | 134.4 | 600.0% |
| Other Official Invst | 447.6 | 748.3 | 300.7 | 67.2% |
| Other Private Invst | (371.0) | 82.7 | 453.7 | 122.3% |
| Reserves | 169.7 | (300.0) | | |

Source: BOJ & Statistical Update:

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 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 June 2011, the

price of West Texas Intermediate (WTI) Crude Oil stood at US\$95.42 per 42 gallon barrel - a decrease in price of US\$7.28 compared to the closing price of US\$102.70 the previous month. During June 2011 the price ranged between a low of US\$90.61 and the high of US\$101.93 per barrel before closing at US\$95.42 (See Fig. 5)

Balance of Payments

For the first two months of 2011, there was a current account deficit of US\$152.0 million, which represented a deterioration of US\$130.4 million relative to the corresponding period in 2010. The deterioration in the current account resulted primarily from the goods sub-account.

During the period, the **Goods Balance** recorded a deficit of US\$535.6 million, a deterioration of US\$123.1 million when compared to the corresponding period in 2010. This resulted primarily from an increase in imports of US\$145.9 million, which was significantly influenced by an increase in mineral fuel imports of US\$70.0 million. The deterioration in the goods sub-account was partially offset by a

Table 11: Fiscal Accounts (J\$ Million)

| | Apr-May (Fiscal—2011/12) | | | | Apr-May (YOY) | |
|---|--------------------------|------------------|-----------------|--------------|------------------|---------------|
| | J\$ million | | Deviation | | 10/11 - 11/12 | |
| | Provisional | Budget | J\$M | (%) | J\$M | (%) |
| Revenue & Grants | 45,855.7 | 45,969.0 | -113.3 | -0.25 | -401.3 | -0.9 |
| Tax Revenue | 41,163.0 | 40,583.4 | 579.6 | 1.43 | 3,589.2 | 9.5 |
| Non-Tax Revenue | 2,051.3 | 2,578.5 | -527.2 | -20.45 | -4,387.1 | -70.2 |
| Bauxite Levy | 339.4 | 324.6 | 14.8 | 4.56 | 327.6 | 2776.3 |
| Capital Revenue | 2,117.1 | 2,166.0 | -48.9 | -2.26 | 545.0 | 34.7 |
| Grants | 185.0 | 316.5 | -131.5 | -41.55 | -476.3 | -72.0 |
| Expenditure | 52,309.3 | 56,226.2 | -3,916.9 | -6.97 | -4,253.6 | -7.5 |
| Recurrent Expenditure | 48,842.2 | 50,359.5 | -1,517.3 | -3.01 | 2,818.3 | 6.1 |
| Programmes | 13,090.5 | 13,442.8 | -352.3 | -2.62 | 2,146.8 | 19.6 |
| Wages & Salaries | 21,900.1 | 21,923.9 | -23.8 | -0.11 | 531.7 | 2.5 |
| Interest | 13,851.6 | 14,992.9 | -1,141.3 | -7.61 | 139.9 | 1.0 |
| Domestic | 8,820.1 | 9,761.6 | -941.5 | -9.64 | -1,598.5 | -15.3 |
| External | 5,031.6 | 5,231.3 | -199.7 | -3.82 | 1,738.4 | 52.8 |
| Capital Expenditure | 3,467.1 | 5,866.7 | -2,399.6 | -40.90 | -7,071.9 | -67.1 |
| Capital Programmes | 3,467.1 | 5,866.7 | -2,399.6 | -40.90 | -7,071.9 | -67.1 |
| IMF #1 Account | 0.0 | 0.0 | 0.0 | 0.00 | 0.0 | 0.0 |
| Fiscal Balance (Surplus [+]ve) | -6,453.6 | -10,257.2 | 3,803.6 | 37.08 | 3,852.2 | 36.9 |
| Loan Receipts | 28,160.5 | 16,740.6 | 11,419.9 | 68.22 | -10,085.6 | -26.4 |
| Domestic | 27,481.1 | 15,980.3 | 11,500.8 | 71.97 | -5,428.6 | -16.5 |
| External | 679.4 | 760.2 | -80.8 | -10.63 | -4,657.0 | -87.3 |
| Divestment Proceeds | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 |
| Amortization | 40,377.2 | 40,336.7 | 40.5 | 0.10 | 5,252.1 | 15.0 |
| Domestic | 2,607.6 | 2,783.8 | -176.2 | -6.33 | -29,507.0 | -91.9 |
| External | 37,769.6 | 37,552.9 | 216.7 | 0.58 | 34,759.0 | 1154.6 |
| Overall Balance (Surplus [+]ve) | -18,670.3 | -33,853.4 | 15,183.1 | 44.85 | -11,485.4 | -156.9 |
| Primary Balance (Surplus [+]ve) | 7,398.0 | 4,735.6 | 2,662.4 | 56.22 | 3,992.1 | 122.2 |

Source: Ministry of Finance and Planning

US\$22.8 million increase in exports, stemming mainly from an increase in alumina exports of US\$38.8 million.

During the review period, there was a marginal decline in the surplus on the **Services Sub-account** of US\$0.6 million while the **Income Sub-account** deteriorated by US\$24.1 million. This deterioration emanated primarily from an increase in profits remitted by foreign companies. During the review period, **Current Transfers** increased by US\$17.4 million to US\$308.8 million. This improvement resulted primarily from an increase in net private transfers of US\$15.3 million.

Flows from official and private sources were more than sufficient to finance the current account deficit. Consequently, the NIR increased by US\$300.0 million during the period.

Fiscal Accounts

During the first two months of FY 2011/12, (Apr-May) the GOJ ran a fiscal

deficit of J\$6.5 billion. This deficit was -J\$3.8 billion less than the -J\$10.26 billion budgeted and mainly resulted from a J\$3.9 billion cutback in expenditures to J\$52.3 billion relative to the J\$56.2 billion that was budgeted. A modest shortfall in Revenues and Grants of -J\$113 million or 0.25% also contributed to the fiscal deficit for the period.

REVENUE: Total Revenues & Grants to the GOJ during April-May 2011/12 was J\$45.86 billion. This was a little (-J\$113.3 million) below budget as noted, but also marginally lower (-J\$401.3 million) than the J\$46.3 billion collected in April-May 2010. The main outperformers on the revenue accounts were PAYE which came in J\$697.0 million above budget; 'GCT (Local)' - up J\$560.0 million; and 'SCT (Imports)' - up J\$287.8 million above budget. Other notable outperformers on the revenue accounts were 'GCT (Imports)' -

up J\$169.2 million and 'Education Tax' which exceeded budget by J\$125.4 million.

Among the main underperformers on the revenue accounts were: 'Tax on Interest' - down -J\$711.3 million; STC was down -J\$620.7 million; and 'Non-Tax Revenue' which registered a shortfall of -J\$527.2 million. Notable shortfalls were also recorded by 'Other Companies Taxes' which came in -J\$55.5 million below budget and 'Capital Revenues' - down -J\$48.9 million.

EXPENDITURE: During the first two months of fiscal year 2011/12, there was a significant J\$3.9 billion (-6.9%) cutback in planned expenditures to J\$52.3 billion relative to the J\$56.2 billion budgeted. This reduced expenditure resulted from a -J\$2.4 billion reduction in expenditures on 'Capital Programmes'; a J\$941.5 million reduction in domes-

tic interest payments and a -J\$199.7 million reduction in external interest payments; plus a -J\$352.3 million reduction in 'Wages and Salaries'.

FISCAL OUTTURN

As noted, during the first two months of FY2011/12 (April-May 2011), the Budget recorded a fiscal deficit of J\$6.5 billion due largely to expenditure curtailments of -J\$3.9 billion which more than compensated for a small -J\$113.3 million shortfall in revenues. During FY2010/11, there was a fiscal deficit of -J\$74.2 billion amounting to 6.1% of GDP which represented a 40.2% improvement on the deficit of -J\$123 billion recorded in 2009/10. For FY2011/12, the GOJ is projecting a deficit of -J\$61.8 billion or 4.7% of GDP. The current average monthly deficit of J\$3.25 million 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 two months of FY2011/12, the primary surplus was J\$7.4 billion, which was J\$2.6 billion or 56.2% greater than J\$4.7 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 the first month of FY2011/12, (April 2011) the total public debt increased by J\$2.5 billion to J\$1.572 trillion. The domestic debt is estimated at J\$809.2 billion or 51.4% of the total, while the external debt amounts to J\$763.6 billion (US\$8.9 billion) or 48.6% of the total debt stock. The increase in the debt stock in April 2011 resulted entirely from external borrowing, continuing GOJ policy to seek out lower interest external loans which accounted for 80% of GOJ borrowing in FY2010/11.

Stock Market

During June 2011, market capitalization decreased marginally by J\$68.0 million or 0.001% to close at J\$596.79 billion. Three of five indices on the Jamaica Stock Exchange advanced

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

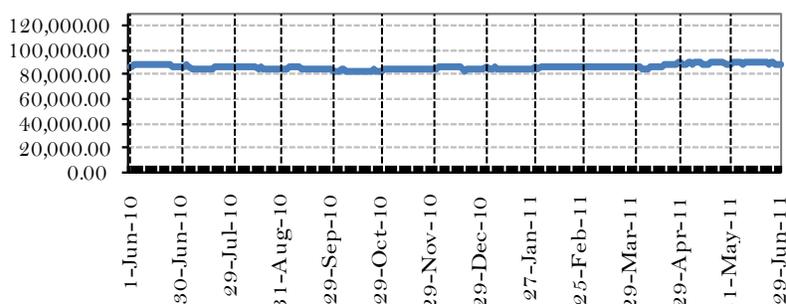


Table 12: Major Deviations in Fiscal Revenue and Expenditure

| J\$-Millions | Apr-May 2011/12 |
|-------------------------------------|-----------------|
| Revenue (Revenue Surpluses) | |
| PAYE | 697.0 |
| GCT (Local) | 560.0 |
| SCT (Imports) | 287.8 |
| GCT (Imports) | 169.2 |
| Education Tax | 125.4 |
| Revenue (Revenue Shortfalls) | |
| Tax on Interest | -711.3 |
| STC | -620.7 |
| Non-Tax Revenue | -527.2 |
| Other Companies | -55.5 |
| Capital Revenue | -48.9 |
| Expenditure (Changes) | |
| Capital Programmes (under-spend) | -2,399.6 |
| Domestic Interest (under-spend) | -941.5 |
| Recurrent Programmes (under-spend) | -352.3 |
| External Interest (under-spend) | -199.7 |
| Wages & Salaries (unchanged) | -23.8 |

Source: Ministry Of Finance and Planning (Jamaica)

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



Source: Jamaica Stock Exchange (Online Database) and PSOJ

and two declined. The main **JSE Market Index** declined by 66.90 points or 0.08% to close at 88,585 points, and the **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, declined

by 5.4 points or 0.67% to close at 810 points. But the **JSE Select** advanced by 3.0 points or 0.12% to close at 2,499 points. The **JSE All Jamaican Composite** advanced by 264 points,

or 0.29%, to close at 89,947 points; and the **Jamaica Stock Exchange Junior** advanced by 23 points or 4.9% to close at 497 points. Market volume was very modest in June 2011 with 114.7 million units valued at J\$861.7 million changing hands, compared to 189.3 million units valued at \$1.9 billion in May 2011.

Overall market activity resulted from trading in 51 stocks of which 23 advanced, 17 declined and 11 traded firm. Cable & Wireless with 71.3 million units was the volume leader with 37.7% of market volume; Sagicor Life Jamaica was second with 21.3 million units or 11.2% of traded shares; followed by National Commercial Bank with 18.4 million units or 9.7% of market volume.

The leading advancers year to date are: Ciboney Group, Berger Paints, Pulse Investments, Jamaica Money Market Brokers (JMMB), and Barita Investments. The leading decliners are Cable & Wireless Ltd, Trinidad Cement Ltd., Caribbean Cement Com-

shattering default as part of a credible longer-term deficit reduction program.

European Sovereign Debt

For many market participants, the question is not 'if Greece will default, but whether it has defaulted on its debts. The market defines 'default as missing a scheduled repayment or rescheduling debt without the voluntary compliance of the creditors'. Since the establishment of the **European Financial Stability Facility (EFSF)** in May 2010, European leaders have tried to persuade markets that the €750 billion in loan guarantees was sufficient to back-stop any problem a Euro-member was experiencing and that they were committed to providing needed support in a proactive fashion. While many Euro-actors have long suggested that the private holders of European sovereign debt should share the burden when countries are experiencing repayment or funding difficulties, others have resisted to avoid any appearance of default. After a recent meeting of Euro-leaders, it was agreed that the 'offer' of certain private holders of Greek government debt to accept longer maturities and lower interest would be included in the latest package of assistance to Greece. The market seems to have accepted the limited rescheduling by Greece without major upheavals, though there was another round of the

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

| | 31- Dec '10 | 29- Jun '11 | \$ change | % change |
|--|----------------|----------------|--------------|-------------|
| Top Five (unadjusted for dividends or transact. Costs) | | | | |
| Ciboney Group | 0.03 | 0.10 | 0.07 | 233% |
| Berger Paints (Jamaica) | 2.01 | 3.20 | 1.19 | 59.2% |
| Pulse Investments | 2.30 | 3.50 | 1.20 | 52.7% |
| JMMB | 4.00 | 5.66 | 1.66 | 41.5% |
| Barita Investments | 1.99 | 2.70 | 0.71 | 36.7% |
| Bottom Five (unadjusted for dividends or transact. Costs) | | | | |
| Cable & Wireless (Ja) | 0.33 | 0.14 | (0.19) | -57.6% |
| Trinidad Cement Ltd. | 53.00 | 24.00 | (29.00) | -54.7% |
| Caribbean Cement Co. | 3.07 | 1.95 | (1.12) | -36.5% |
| Salada Foods | 13.00 | 8.93 | (4.07) | -31.3% |
| Guardian Holdings Ltd. | 220.00 | 165.00 | (55.00) | -25.00% |

Source: Compiled from the JSE

pany, Salada Foods, and Guardian Holdings Limited.

Economic Highlights

(contd. from page 1.)

The Global Picture

Economic discussion in the global space

now frequent downgrades by certain credit rating agencies. It is possible therefore, now that the genie is out of the bottle, that there could be a broadening of rescheduling to many of the other countries experiencing funding problems, and this could become one of the acceptable tools for dealing with the European funding crisis.

US Facing Possible Default

Even as a window of opportunity appears to be opening for dealing with European sovereign debt, the Obama Administration and the Congress appears to be pushing the United States to the brink of default and credit downgrade with their seeming inability to agree on a compromise solution to raise the US debt ceiling as part of a longer-term program to reduce the US budget deficit. The Republicans in Congress dominated by about 100 limited Government, anti-spending ideologues are adamant that the balancing of the US books be achieved by spending cuts, while the Democrats are insisting on a more "balanced" approach that would reduce the US deficit by \$4 trillion over 10 years through a 1 to 3 combination of new revenues, and spending cuts. At the time of writing both sides seem unyielding, though public opinion does seem to favour the more balanced approach advocated by the Democrats.

in early June 2011, was dominated by concerns about the heightening of the Greece debt and funding problems and the seeming spread of the contagion to Italy. Towards the end of June, the European debt problem was overtaken by the urgency of raising the United States borrowing limits by August 2, 2011 to avoid a market

Credit rating agencies Moody's and Fitch have both warned, that even if the debt ceiling is raised, they might downgrade the US if a deficit reduction plan falls short of US\$4 trillion.

While it is difficult to predict the likely consequences, many like the IMF believe, that a US default and downgrade would have "universally large and negative effects". Gilt-edged funds that can only hold AAA bonds on their books would have to immediately sell-off their US bonds; risk aversion would likely run through equity markets leading to a massive dumping of stocks; US interest and mortgage rates would rise; and the US Treasury might be forced to halt 40% of its payments since 40 cents of every dollar the US currently spends comes from loan receipts. As Macroeconomic Advisers warn, a US default or downgrade could lead to an "instant recession".

Over the past three months, the US economy has been slowing and US tourist arrivals in Jamaica has contracted year over year. Given our many connections and great dependence on the US there is little doubt that Jamaica would follow the US into recession if that were to result from US downgrade or default.

INFLATION (JUN - 2011) - CPI

APPENDIX

| | | | | |
|---|--------------|--------------|-----------|--|
| FOOD AND NON-ALCOHOLIC BEVERAGES | 0.96% | 0.361 | 1 | |
| Food | 0.96% | | | |
| Bread and Cereals | 0.57% | | | |
| Meat | 0.84% | | | |
| Fish and Seafood | 0.78% | | | |
| Milk, Cheese and eggs | 0.91% | | | |
| Oils and Fats | 0.93% | | | |
| Fruit | 1.82% | | | |
| Vegetables and Starchy Foods | 1.49% | | | |
| Vegetables | 1.35% | | | |
| Starchy Foods | 7.62% | | | |
| Sugar, Jam, Honey, Chocolate and Confectionery | 0.94% | | | |
| Food Products n.e.c. | 0.94% | | | |
| Non-Alcoholic Beverages | 0.84% | | | |
| Coffee, tea and Cocoa | 1.51% | | | |
| Mineral waters, Soft Drinks, Fruit and Veg Juices | 0.54% | | | |
| ALCOHOLIC BEVERAGES AND TOBACCO | 0.37% | 0.005 | 10 | |
| CLOTHING AND FOOTWEAR | 0.73% | 0.024 | 6 | |
| Clothing | 0.71% | | | |
| Footwear | 0.78% | | | |
| HOUSING, WATER, ELECT., GAS AND OTHER FUELS | 1.57% | 0.201 | 2 | |
| Rentals for Housing | 0.00% | | | |
| Maint and Repair of Dwelling | 0.36% | | | |
| Water Supply and Misc. Serv Related to the Dwelling | 1.89% | | | |
| Electricity, Gas and Other Fuels and Routine | 2.44% | | | |
| FURNISH, HSHOLD EQUIP & HSHOLD MAINT. | 0.60% | 0.030 | 5 | |
| Furniture and Furnishings (including Floor Coverings) | 0.91% | | | |
| Household Textiles | 0.72% | | | |
| Household Appliances | 0.30% | | | |
| Glassware, Tableware and Household Utensils | 0.61% | | | |
| Tools and Equipment for House and Garden | 0.19% | | | |
| Goods and Serv. for Routine Household Maint | 0.54% | | | |
| HEALTH | 0.25% | 0.008 | 8 | |
| Medical Products, Appliances and Equipment | 0.32% | | | |
| Health Services | 0.17% | | | |
| TRANSPORT | 0.12% | 0.016 | 7 | |
| COMMUNICATION | 0.00% | 0.000 | 11 | |
| RECREATION AND CULTURE | 0.20% | 0.007 | 9 | |
| EDUCATION | 0.00% | 0.000 | 11 | |
| RESTAURANTS AND ACCOMMODATION SERVICES | 0.54% | 0.033 | 3 | |
| MISCELLANEOUS GOODS AND SERVICES | 0.37% | 0.031 | 4 | |

INFLATION YTD (JAN- JUN 2011) CPI

| | %Change | Weighted Δ | Rnk | Infl. Contribution |
|---|----------------|--------------|-----------|--------------------|
| All Groups | 2.50% | 2.499 | | |
| FOOD AND NON-ALCOHOLIC BEVERAGES | 0.00% | 0.000 | 11 | |
| Food | -0.26% | | | |
| Bread and Cereals | 6.29% | | | |
| Meat | 5.02% | | | |
| Fish and Seafood | 4.46% | | | |
| Milk, Cheese and eggs | 6.49% | | | |
| Oils and Fats | 4.07% | | | |
| Fruit | 5.98% | | | |
| Vegetables and Starchy Foods | -18.54% | | | |
| Vegetables | -24.48% | | | |
| Starchy Foods | 4.33% | | | |
| Sugar, Jam, Honey, Chocolate and Confectionery | 4.30% | | | |
| Food Products n.e.c. | 3.75% | | | |
| Non-Alcoholic Beverages | 4.28% | | | |
| Coffee, tea and Cocoa | 8.13% | | | |
| Mineral waters, Soft Drinks, Fruit and Veg Juices | 2.81% | | | |
| ALCOHOLIC BEVERAGES AND TOBACCO | 3.51% | 0.048 | 8 | |
| CLOTHING AND FOOTWEAR | 3.65% | 0.121 | 5 | |
| Clothing | 4.43% | | | |
| Footwear | 2.66% | | | |
| HOUSING, WATER, ELECT., GAS AND OTHER FUELS | 9.93% | 1.267 | 1 | |
| Rentals for Housing | 0.05% | | | |
| Maint and Repair of Dwelling | 4.79% | | | |
| Water Supply and Misc. Serv Related to the Dwelling | 9.37% | | | |
| Electricity, Gas and Other Fuels and Routine | 16.14% | | | |
| FURNISH, HSHOLD EQUIP & HSHOLD MAINT. | 4.50% | 0.222 | 4 | |
| Furniture and Furnishings (including Floor Coverings) | 3.46% | | | |
| Household Textiles | 4.48% | | | |
| Household Appliances | 2.84% | | | |
| Glassware, Tableware and Household Utensils | 2.88% | | | |
| Tools and Equipment for House and Garden | 1.97% | | | |
| Goods and Serv. for Routine Household Maint | 5.16% | | | |
| HEALTH | 0.83% | 0.027 | 9 | |
| Medical Products, Appliances and Equipment | 1.13% | | | |
| Health Services | 0.59% | | | |
| TRANSPORT | 3.52% | 0.451 | 2 | |
| COMMUNICATION | 0.00% | 0.000 | 11 | |
| RECREATION AND CULTURE | 1.45% | 0.049 | 7 | |
| EDUCATION | 0.42% | 0.009 | 10 | |
| RESTAURANTS AND ACCOMMODATION SERVICES | 1.35% | 0.083 | 6 | |
| MISCELLANEOUS GOODS AND SERVICES | 2.90% | 0.243 | 3 | |

FISCAL ACCOUNT (MAY 2011)

| REV. & EXPEN. (MAY '11) | J\$M | PROVISIONAL Results | J\$M | BUDGET DEVIATION | J\$M | YOY - CHANGE |
|--|-----------|---------------------|----------|------------------|------------|--------------|
| Revenue & Grants | 45,855.7 | | -113.3 | | -401.30 | |
| Tax Revenue | 41,163.0 | | 579.6 | | 3,589.20 | |
| Non-Tax Revenue | 2,051.3 | | -527.2 | | -4,387.10 | |
| Bauxite Levy | 339.4 | | 14.8 | | 327.60 | |
| Capital Revenue | 2,117.1 | | -48.9 | | 545.00 | |
| Grants | 185.0 | | -131.5 | | -476.30 | |
| Expenditure | 52,309.3 | | -3,916.9 | | -4,253.60 | |
| Recurrent Expenditure | 48,842.2 | | -1,517.3 | | 2,818.30 | |
| Programmes | 13,090.5 | | -352.3 | | 2,146.80 | |
| Wages & Salaries | 21,900.1 | | -23.8 | | 531.70 | |
| Interest | 13,851.6 | | -1,141.3 | | 139.90 | |
| Domestic | 8,820.1 | | -941.5 | | -1,598.50 | |
| External | 5,031.6 | | -199.7 | | 1,738.40 | |
| Capital Expenditure | 3,467.1 | | -2,399.6 | | -7,071.90 | |
| Capital Programmes | 3,467.1 | | -2,399.6 | | -7,071.90 | |
| IMF #1 Account | 0.0 | | 0.0 | | 0.00 | |
| Fiscal Balance (Surplus [+ve]) | -6,453.6 | | 3,803.6 | | 3,852.20 | |
| Loan Receipts | 28,160.5 | | 11,419.9 | | -10,085.60 | |
| Domestic | 27,481.1 | | 11,500.8 | | -5,428.60 | |
| External | 679.4 | | -80.8 | | -4,657.00 | |
| Divestment Proceeds | 0.0 | | 0.0 | | 0.00 | |
| Amortization | 40,377.2 | | 40.5 | | 5,252.10 | |
| Domestic | 2,607.6 | | -176.2 | | -29,507.00 | |
| External | 37,769.6 | | 216.7 | | 34,759.00 | |
| Overall Balance (Surplus [+ve]) | -18,670.3 | | 15,183.1 | | -11,485.40 | |
| Primary Balance (Surplus [+ve]) | 7,398.0 | | 2,662.4 | | 3,992.10 | |

| REV. & EXPEN. (MAY '11) | J\$M | PROVISIONAL Results | J\$M | BUDGET DEVIATION | J\$M | YOY - CHANGE |
|-----------------------------|----------|---------------------|--------|------------------|---------|--------------|
| Revenue & Grants | 45,855.7 | | -113.3 | | -401.3 | |
| Tax Revenue | 41,163.0 | | 579.6 | | 3589.19 | |
| Income and profits | 10,389.9 | | -101.4 | | -1654.9 | |
| Bauxite/alumina | 0.0 | | 0.0 | | 0 | |
| Other companies | 835.7 | | -55.5 | | 110 | |
| PAYE | 9,353.5 | | 697.0 | | 1042.2 | |
| Tax on dividend | 196.1 | | 33.9 | | 182.3 | |
| Other individuals | 387.6 | | -65.4 | | -54 | |
| Tax on interest | -382.8 | | -711.3 | | -2935.4 | |
| Environmental Levy | 399.0 | | 49.1 | | 133.2 | |
| Production and consumption | 13,702.0 | | 101.9 | | 1140.9 | |
| SCT | 884.1 | | -620.7 | | -167.8 | |
| Motor vehicle licenses | 282.3 | | -13.5 | | 8.4 | |
| Other Licenses | 82.4 | | 37.1 | | 34.3 | |
| Betting, gaming and lottery | 261.4 | | -4.5 | | -52.3 | |
| Education Tax | 2,258.7 | | 125.4 | | 187 | |
| Contractors levy | 139.4 | | 11.3 | | -31.5 | |
| GCT (Local) | 8,842.7 | | 560.0 | | 1060.4 | |
| Stamp Duty (Local) | 950.9 | | 6.6 | | 102 | |
| International Trade | 16,672.0 | | 530.0 | | 3970.2 | |
| Custom Duty | 3,257.3 | | -35.8 | | 545.2 | |
| Stamp Duty | 263.9 | | 26.2 | | 57.1 | |
| Travel Tax | 793.1 | | 82.6 | | 172.8 | |
| GCT (Imports) | 6,760.7 | | 169.2 | | 1405.7 | |
| SCT (Imports) | 5,597.0 | | 287.8 | | 1789.3 | |
| Non-Tax Revenue | 2,051.3 | | -527.2 | | -4387.1 | |
| Bauxite Levy | 339.4 | | 14.8 | | 327.6 | |
| Capital Revenue | 2,117.1 | | -48.9 | | 545 | |
| Grants | 185.0 | | -131.5 | | -476.3 | |

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

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