



# PSOJ MONTHLY ECONOMIC BULLETIN



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## Economic Highlights

### Rate of Decline of Jamaica's Economy Lessens; Country Passes Q3 IMF Tests.

The Planning Institute of Jamaica (PIOJ) reported recently that the rate of contraction of the Jamaican economy slowed to -0.5% in Q3 2010 relative to the similar period in 2009. This rate of contraction is the smallest since Q1 2008, and as the PIOJ Chart (to the right) shows, clearly points to a lessening in the trajectory of decline. Nonetheless, the Q3 2010 decline is worse than the 0.0% earlier projected by the PIOJ for Q3 and was explained as due to (1) the lagged effect of the global recession on the local economy; (2) the adverse impact of lower employment levels on aggregate demand; (3) and the impact of Tropical Storm Nicole on productive activities during the last week of September.

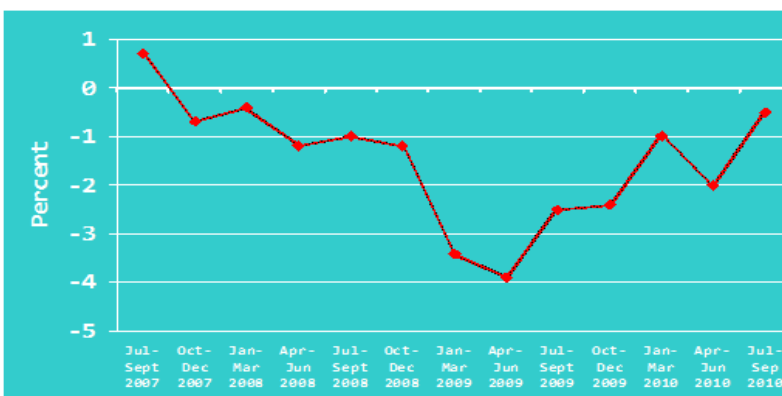
The outturn in Q3 2010 reflected a 2% growth in the "Goods Producing" sectors

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★ No new updates since previous issue

### YOY Change in Quarterly GDP 2007-2010 in Constant (2003) Prices



which was insufficient to offset the -1.4% contraction in the much larger "Services" sectors.

The industries recording growth in the Goods Producing sector were 'Agriculture, Forestry and Fishing' - up 6% reflecting a 8.2% rise in the production of 'Traditional Export' crops and an 11.4% jump in the output of 'Other Agricultural' crops. **Mining and Quarrying** also grew strongly during Q3 2010 by 31.1% reflecting the reopening of the Windalco Ewarton Alumina Plant and the Noranda Bauxite Company. Total bauxite production increased by 34.1% and alumina output by 32.3% as capacity utilization increased to 40% at the alumina refineries and 95% at the bauxite mines. Real value added in the **Manufacturing** sector however fell by 3.6% due largely to declines of 2.0% in 'Food, Beverages and Tobacco' and 5.5% in 'Other Manufacturing'. Value added in **Construction** also decreased by 1% due to a slowdown in building construction.

Activity in all **Services** industries declined except '**Hotels and Restaurants**' which grew by 2.2% reflecting a 3.4% increase in stopover arrivals and 16.4% rise in cruise passengers arrivals. But the **Wholesale and Retail** trades declined by -2% due to the continuing depressed

state of aggregate demand. Real Value added in 'Transport, Storage and Communication' declined by 2.5% due to declines in air passenger and cargo movements; and **Finance and Insurance** contracted by 2.8% due to a lessening of interest income resulting from the JDX. **Other Services; Real Estate, Renting and Business Services** and **Government Services** declined by smaller amounts of -0.2% or less.

Overall, for the first 9 months of 2010, GDP growth is estimated to have declined by 1.2% with the Services sector declining by 1.3% and the Goods Producing Sector by 1.6%.

### Q3 IMF Tests

Even as Jamaica recorded another quarterly decline in GDP, the head of the International Monetary Fund Mission in Jamaica, announced that all end of September quantitative targets under the Standby Agreement had been met. It was noted, that the central government primary surplus came in slightly above target with revenues broadly in line with projections and spending contained below projections and that the deficit of the public entities was significantly smaller than projected. (Contd on Page 10)



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## Net International Reserves (NIR)

During the month of October 2010, Net International Reserves increased by US\$9.97 million to US\$1,983.67 million compared to US\$1,973.70 million at the end of September 2010. This mainly resulted from an increase in Foreign Assets of US\$17.76 million to US\$2,807.43 billion, which was sufficient to offset a modest US\$7.96 million increase in Foreign Liabilities to US\$823.96 million. At current levels, gross reserves are adequate to finance 29.73 weeks of “goods” imports or 21.67 weeks of “goods and services” imports, well above the 12 weeks international benchmark of reserves adequacy.

## Foreign Currency Deposits

During August 2010, foreign currency deposits (FCD's) in the local financial system decreased marginally by US\$10.72 million or -0.47% to US\$2.289 billion compared to US\$2.300 billion at the end of July 2010. The decrease in August largely resulted from a decrease in FCD's of US\$9.5 million in Commercial Banks and smaller declines of US\$762,000 in Merchant Banks and US\$448,000 in Building Societies. Year over year, there is a small net gain of 0.46% in FCD's. The steady levels of FCD's in recent months probably reflects weak demand conditions in the economy and improving investor confidence which may be encouraging the holding of more FCD's locally.

## Foreign Exchange Rate

**US DOLLAR:** During the month of October 2010, there was moderate appreciation of the J\$ dollar against its US counterpart of J\$0.63 or 0.73% to J\$85.62 from J\$86.25 at the end of September 2010. The appreciation in October reverses a slight depreciation of 0.18% in September 2010, and could be a signal for continuing consolidation of the J\$ against the USD though a return to depreciation cannot be ruled out. After being very stable from the second quarter of 2009, the J\$ began to appreciate sharply against the USD from the beginning of March 2010, following on the successful im-

Table 1: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Oct-10	1,983.67	9.97	74.31	254.32	29.73
Oct-09	1909.36	-23.88	106.77	136.42	21.02

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

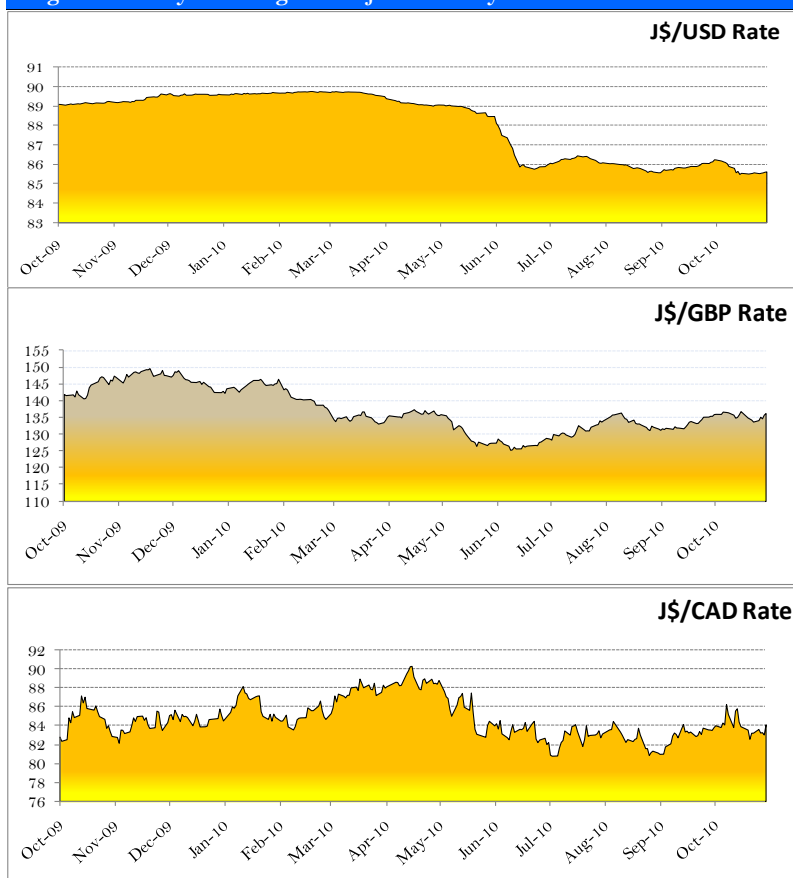
	US\$000 Aug 10	Change (US\$000)		% Change	
		mtly	12 mth	mtly	12 mth
Commercial Banks	1,692,501	-9,514	13,741	-0.56	0.82
Building Societies.	512,918	-448	24,126	-0.09	4.94
Merchant Banks	83,987	-762	-27,463	-0.91	-24.64
Total Deposits	2,289,406	-10,724	10,404	-0.47	0.46

Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends

	YTD Currency Rate Change (Dec 31, 2009—09/30/10) *					
	J\$ / US\$	%	J\$ / UK£	%	J\$ / Can\$	%
2010	-3.98	-4.44	-7.37	-5.13	-0.40	-0.48
2009	8.79	10.92	30.49	26.10	17.89	27.29
2008	5.67	8.03	-17.52	12.48	-8.80	12.32
	Oct- 2010					
Actual Rate	85.62	-0.73	136.18	0.23	84.16	0.39
Mth Change	-0.63	-0.73	0.31	0.23	0.33	0.39

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

plementation of the JDX and the signing of the GOJ/IMF Agreement. In March 2010, the J\$ appreciated by 20 cents; then by 44 cents in April; 59 cents in May and then by J\$2.46 during June 2010. Since July 2010, the J\$/USD movement has been more down than up—down in July, up in August, down in September and up in October. Over the past three months there has been net depreciation of J\$0.67 from the J\$4.02 appreciation that had occurred by the end of June 2010.

The appreciation of J\$ in 2010 is more a reflection of improving sentiments than improving fundamentals in the real economy. This implies that unless the Jamaican economy improves decidedly, the possibility of the J\$ returning to depreciation is likely.

#### POUND & CANADIAN DOLLAR:

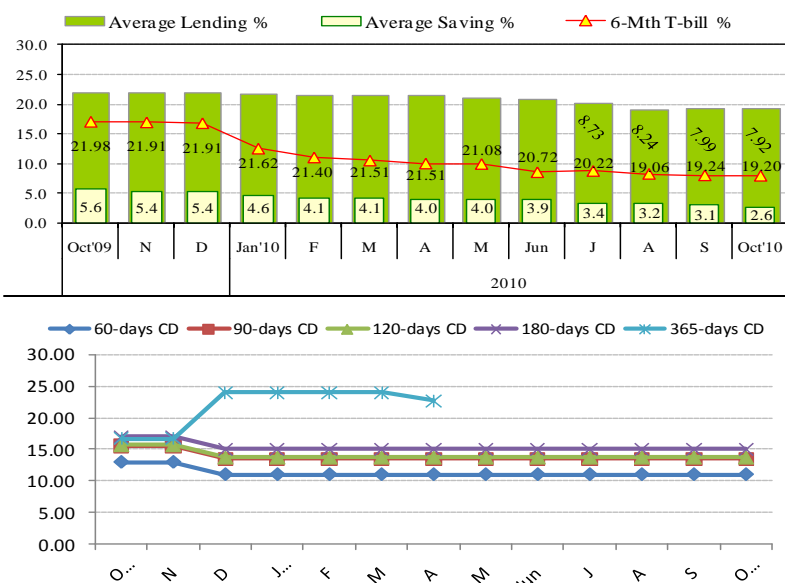
During October 2010, GBP appreciated by J\$0.31 or 0.23% to sell at J\$136.18 compared to J\$135.87 at the end of September 2010. The CAD for its part, appreciated by J\$0.33 or 0.39% to sell at J\$84.16 compared to J\$83.84 in September 2010. Like the J\$/USD rate, the movement of the J\$ against GBP and CAD since June has been more down than up. After a massive sell-off of J\$14.97 in June 2010, GBP has retraced half of that loss and is now down J\$7.32 year to date. The CAD has retraced much of its' J\$2.30 loss against the J\$ in June and is now down only J\$0.40 year to date.

Whether, the USD, CAD or GBP depreciate or continue their appreciation against the J\$, will largely depend on the strength of the recovery in the local economy which in turn will depend on the strength of the recovery in the global economy.

## Interest Rates

During October 2010, the downward movement of Jamaica's interest rates which began with the JDX in March 2010, slowed to a treacle-like pace as rates seemed to have bumped upon resistance to further significant

Figure 2A & 2B: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

	Oct-10	Change (%age pts)		
		Monthly	12-Mth	YTD
30-days CD	8.00%	8.00%	12.50%	10.50%
60-days CD	11.00%	11.00%	13.00%	11.00%
90-days CD	13.50%	13.50%	15.50%	13.50%
120-days CD	13.70%	13.70%	15.70%	13.70%
180-days CD	15.00%	15.00%	17.00%	15.00%
Avg Savings Deposit	2.63%	3.12%	5.60%	5.35%
Avg Loan Rate	19.20%	19.24%	21.98%	21.91%
6-Month T-Bill	7.92%	7.99%	17.04%	16.80%

Source: Bank of Jamaica (BOJ Preliminary)

downward movement in both the public and commercial sectors. Rates on the 6-month T-bill inched down by 7 bps to 7.92%; and average saving rates declined by an additional 49 bps, but that was the extent of the downward movements on major rates. The average lending rate, having inched down to 19.06% in August 2010, reversed course in September increasing by 18 bps to 19.24%, but fell back by 4 bps in October to 19.20%.

Many observers are now wondering if interest rates—especially lending rates, have hit bottom at what are still very high levels. The

commercial banks maintain that their rates include, among other factors, a component for inflation currently running at 8.2% annualized, and administrative costs amounting to about 8% of the rates they charge. If that is the case, then base rates of 16-17%, which the three commercial banks instituted in July 2010, seems likely to prevail for the remainder of 2010 (and into 2011) unless inflation drops dramatically (which seems unlikely), since, the reduction of the commercial banks administrative costs is at best a medium term endeavour.

This situation will leave Jamaica's interest rates quite uncompetitive in



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relation to our major trading partners. Prime lending rates in Trinidad are 9.5% and central bank rates about 4% to 5%. In the US, the Fed's Fund rate remains at 0.25% and prime rates at 3.25%. In Canada the benchmark is at 0.25%. In the UK, it is 0.50% and the ECB repo rate is 1%. The most compelling course for the GOJ to obtain reduction in interest rates is to reduce the fiscal deficit and its own borrowing and to encourage production and energy efficiency to keep inflation low. That is the challenge that Jamaica has faced for the past 30 years and must surmount.

## Base Money & Money Supply

The Bank of Jamaica reports that during the September 2010 quarter, broad Jamaica Dollar money supply (M3J) increased by 1.5%, compared to the growth of 1.8% recorded in the September 2009 quarter. The expansion in Q3 2010 was also at a slower rate than the average growth of 1.9% recorded for the last five September quarters and very likely reflected continuing weak demand conditions in the Jamaican economy.

The measure of money supply that includes foreign currency deposits (M3\*) declined by 0.3% relative to an increase of 0.5 per cent in the corresponding quarter of 2009. Within M3\*, foreign currency deposits declined sharply by 5.0% relative to the reduction of 2.7% in the September 2009 quarter. Consequently, the ratio of foreign currency deposits to total deposits was 28.4 per cent as at end-September 2010, compared to 30.5 % recorded at end-September 2009

In October 2010, the monetary base expanded by 1.12%, to J\$75,063 billion relative to the previous month. Year over year the increase is 2.89% which is slower than the 8.6% average for FY2009/10.

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

	J\$M	Percentage Change (%)	
	Jun -10	Mthly	12 Mth
M1	102,810.42	0.17	3.98
Quasi Money	228,756.31	-1.20	3.69
M2	331,566.73	-0.78	3.78
	Oct-'10	Mthly	12 Mth
Base Money	75,065.30	1.12	2.89

Source: BOJ Economic Statistics

**Table 6: Inflation Trends**

	% Percent Changes			
	Oct	12-Mth	YTD	Fiscal
2010	0.74	11.19	9.04	4.73
2009	0.29	7.74	8.06	6.73

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

**Table 7: Mining Production**

	000 tonnes			YTD	
	Oct-10	Oct-09	%	Oct-10	10/09 %
<b>Production</b>					
Alumina	146.8	118.5	23.9	1,276.8	-16.99
C. Bauxite	386.8	295.6	30.8	3,719.8	50.98
<b>Export</b>					
Alumina	215.9	131.2	64.6	1,255.4	-23.5
C. Bauxite	378.3	274.8	37.7	3,691.1	49.8

Source: Jamaica Bauxite Institute (JBI)

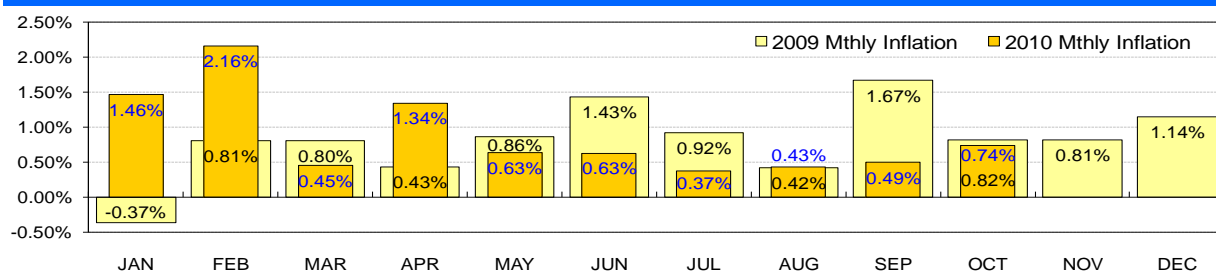
## Inflation

The inflation rate in October 2010 increased to 0.74% from 0.49% recorded in September 2010, but remained below the 0.82% recorded one year ago. Of the 12 divisions within the CPI, only three divisions recorded increases above 1%. The largest increase of 1.4% occurred in the division "Miscellaneous Goods and Services" resulting from increase prices for visa application fees and personal care items. "Food and Non-alcoholic Beverages" increased by 1% driven by a 2.9% rise in the group 'Vegetables and Starchy Foods' and a 1% rise in

the group 'Fruits'. The division "Housing, Water, Electricity, Gas and Other Fuels" also rose by 1% driven largely by a 4.2% increase in the group 'Water Supply and Miscellaneous Services Related to the Dwelling'.

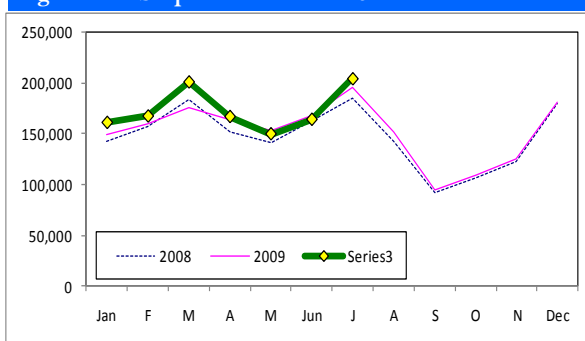
All other divisions recorded increases of less than 1.0%, with "Health" and "Restaurants and Accommodation Services" recording the lowest increases of 0.1%. The divisions "Alcoholic Beverages and Tobacco", "Clothing and Footwear", "and "Furnishing, Household Equipment and Routine Maintenance" recorded moderate increases of 0.8%, 0.7% and 0.5% respectively. After three consecutive monthly declines,

**Figure 3: Monthly Inflation Changes**



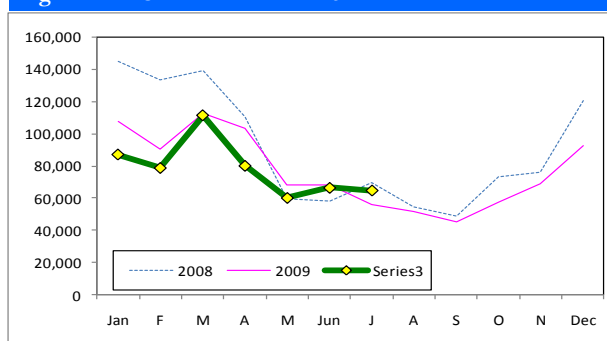
Source: STATIN and PSQJ compilation

Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

"Transport" also recorded a moderate rise of 0.3% due to increased prices for petroleum products.

The inflation rate for the calendar year to date was 9.0%, in comparison to the 8.1% that was recorded for the corresponding period in 2009. The point-to-point rate—Oct. 2009 to Oct. 2010—was 11.0%, while, the fiscal year to date increase was 4.7%.

## Bauxite & Alumina

Production of alumina in October 2010 amounted to 146.8 tons compared to 118.5 tons in October 2009 - a 23.9% increase. For its part, production of crude bauxite in October 2010 increased by 31% to 386.8 tons compared to 295.6 tons produced in October 2009. For the first nine months of 2010, alumina production is down by -17% to 1,276,772 tons and alumina exports by -23.5% to 1,255,363 tons compared to the same period of 2009. Reflecting the continuing upturn in the industry, production of crude bauxite is up by 51% to 3.72 million tons year to date, compared to 2.46 million tons for the corresponding 10-month period of 2009. Bauxite exports are also up 49.8% to 3.69 million tons. Indeed, since February 2010, production and export of crude bauxite has increased month over month compared with the same month in 2009.

Attesting to these signs of turnaround, Windalco recently reopened the Ewarton plant rehiring 630 workers; and Noranda Bauxite Partners in St. Ann recently announced plans to invest US\$150 million over the next 5 years to improve its facilities and operations.

## Tourism

### Tourist Arrivals

	2009	2010	%Change	
	YTD (Jan-Jul)	YTD - YOY	Jul 09/10	
<b>Stopover</b>	<b>1,167,131</b>	<b>1,215,395</b>	<b>4.1%</b>	<b>4.4%</b>
Foreign	1,082,318	1,130,132	4.4%	4.1%
Non-Resident	84,813	85,263	0.5%	6.6%
<b>Cruise</b>	<b>607,036</b>	<b>549,134</b>	<b>-9.5%</b>	<b>15.7%</b>
<b>Total Arrivals</b>	<b>1,774,167</b>	<b>1,764,529</b>	<b>-0.5%</b>	<b>6.9%</b>

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

Stopover arrivals in July 2010 were 204,526—an increase of 4.4% from the 195,940 recorded in July 2009. This is the second time in 2010 that stopovers has exceeded the 200,000 mark and is a significant rebound after declines in May and June of -2.4% and -2.6% in the wake of the violence in Western Kingston related to the extradition of an 'area leader' wanted in the US on drugs and weapons charges. The number of cruise passengers also rebounded in July by 15.7% to 64,904 visitors compared to 56,112 in July 2009.

For the first seven months of calendar year 2010, there have been 48,264 more stopover arrivals or 1,215,395 visitors coming to Jamaica marking a 4.1% increase over the corresponding period of 2009 when there were 1,167,131 stopover visitors to the island. For 2010, the GOJ is targeting 2 million stopovers.

Regionally, stopovers from the US in July 2010 were up by 6.8% to 148,366 compared to 138,965 in June 2009. For the first seven months of 2010, stopovers from the United States increased by 5.9% to 802,599, compared to 758,035 for the corresponding period of 2009. Stopovers from the Canadian market were also up by 7.4% in July 2010 reversing two consecutive monthly declines in May and June

2010. Visitors from Canada numbered 20,370 compared to 18,961 in July 2009. Year to date, stopovers from Canada are up 8.3% to 210,474 compared to 194,326 visitors in 2009. Visitors from Europe, including the UK, decreased by 0.8% in July 2010 to 26,877 compared to 27,105 in 2009; while visitors from the Caribbean decreased markedly by 18.6% to 6,758 compared to 8,302 in July 2009. Visitors from Latin America were down an even greater 20.0% in July 2010 to 1,316 compared to 1,645 in July 2009.

For the first seven months of 2010, cruise visitors to the Island were down -9.5% to 549,138 visitors compared to 552,924 for the same period in 2009. Total Visitors to the island for the January to July 2010 period were 1,764,529 marking a small -0.5% decrease relative to the 1,774,167 million visitors for the same period of 2009.

## External Trade

During January to July 2010, Jamaica's exports decreased by US\$35 million or 4.4% to US\$760.8 million, compared to US\$795.5 million for the corresponding period of 2009. Not-

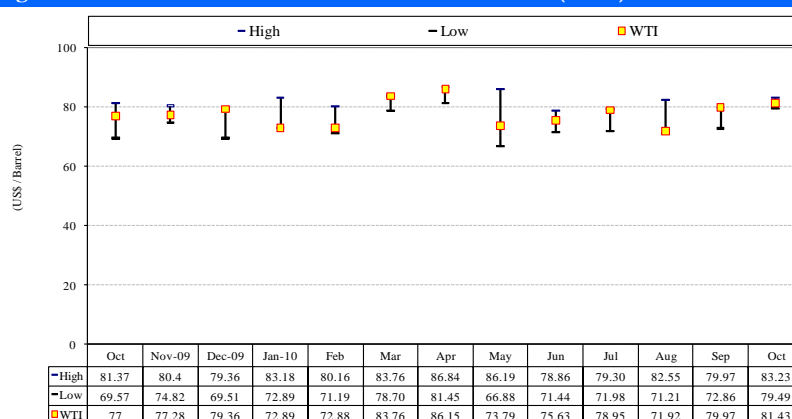
withstanding the decline in exports, the pick-up in Jamaica's trade appears confirmed on the import side, after a brutal recession in which imports fell by a hefty 38.9% in 2009 compared to 2008. For the first seven months of 2010, imports increased by 3.3%, to US\$2.91 billion compared to US\$2.82 billion for the same period in 2009. As is usually the case when economic conditions are picking up globally and in Jamaica, after many periods of positive out-turn, the 'change' in Jamaica's year-over-year trade balance turned negative in January to July 2010 compared to the same period in 2009.

**Traditional Exports:** For the first seven months of 2010, traditional domestic exports earned US\$342.5 million, a decline of -US\$52.3million less than the US\$394.8 million recorded for January—July 2009. The share of traditional exports in total domestic exports also declined from 49.6% in Jan-May 2009 to 45% for the corresponding period of 2010. Agricultural exports, which were the only group among our traditional exports to grow in 2009, have not done so well in 2010, declining by -47.4% to US\$17.2 million during the first seven months of 2010, from US\$32.6 million for the corresponding period of 2009. This was largely due to a steep -55.2% drop in coffee exports. Nonetheless, exports of "Coffee" valued at US\$13.1 million, remained Jamaica's leading traditional agricultural export.

Exports from the Mining and Quarrying group, which declined by a massive 66.4% in 2009, continued to decline during the first seven months of 2010, but at the significantly slower rate of -2.9%. Exports from this group amounted to US\$256.2 million, accounting for almost 75.0% of total Traditional Domestic Exports. Of this, "Alumina" earned US\$184.2 million about US\$38.7 million less than the amount earned for the corresponding period of 2009. "Bauxite" exports however, earned US\$71.7 million, increasing by US\$30.7 million or 75.1%.

Exports of traditional manufactured items also did not fare well during calendar year 2009 declining by 17.6% to US\$123.6 million from

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



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

Table 9: External Trade (US\$M)

	Jan-Jul '09	Jan-Jul '10	Change	% Change
<b>TOTAL EXPORTS (fob)</b>	<b>795.72</b>	<b>760.78</b>	<b>-34.94</b>	<b>-4.4%</b>
Major Traditional Exports	394.80	342.54	-52.26	-13.2%
<i>by Sector:-</i>				
Agriculture	32.63	17.16	-15.47	-47.4%
Mining & Quarrying	263.89	256.18	-7.71	-2.9%
Manufacturing	98.28	69.20	-29.08	-29.6%
<i>by Industry:-</i>				
Bauxite	40.94	71.69	30.74	75.1%
Alumina	222.85	184.15	-38.70	-17.4%
Sugar	72.33	36.51	-35.82	-49.5%
Rum	24.67	28.72	4.05	16.4%
Bananas	0.00	0.00	0.00	0.0%
Coffee	29.24	13.10	-16.14	-55.2%
Other	4.76	8.37	3.61	75.7%
Non-Traditional Exports	356.90	371.58	14.68	4.1%
Re-exports	44.02	46.66	2.64	6.0%
<b>TOTAL IMPORTS</b>	<b>2,822.15</b>	<b>2,910.48</b>	<b>88.33</b>	<b>3.1%</b>
Food	468.90	477.27	8.37	1.8%
Beverages & Tobacco	44.20	44.44	0.23	0.5%
Crude Materials (excl. Fuels)	31.28	36.64	5.36	17.1%
Mineral Fuels, etcetera	759.14	919.72	160.59	21.2%
Animal & Vegetable Oils & Fats	18.42	10.45	-7.97	-43.3%
Chemicals	408.61	339.55	-69.06	-16.9%
Manufactured Goods	307.93	321.63	13.70	4.5%
Machinery and Transport Equip.	480.17	425.84	-54.33	-11.3%
Misc. Manufactured Articles	239.90	270.41	30.51	12.7%
Other	63.62	64.55	0.93	1.5%
<b>TRADE BALANCE</b>	<b>(2,026.44)</b>	<b>(2,149.71)</b>	<b>-123.27</b>	<b>6.1%</b>

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

US\$150 million a year earlier. For the first seven months of 2010, the "Manufacture" group earned US\$69.2 million, about US\$29.0 million less than the US\$98.3 million earned for the same period of 2009. An important contributor to exports of manufactures, has being exports of "Rum" which increased by 16.4% to US\$28.7 million

compared to the corresponding period of 2009, but sugar exports were down by 49.5% to US\$36.5 million compared to US\$72.3 million in Jan-July 2009.

**Non-traditional exports** accounted for 50.4% of exports by value in calendar year 2009 surpassing earn-

ings from traditional exports. For the first seven months of 2010, non-traditional exports continued to outperform traditional exports, growing by 4.1% from US\$356.9 million in Jan-July 2009 to US\$371.6 million for the corresponding period of 2010. The share of non-traditional exports in total exports, also increased from 45% in Jan-July 2009 to 49% in 2010.

Earnings from non-traditional "Food" items improved from US\$66.05 million in Jan-July 2009 to US\$71.31 million for the same period in 2010. Ackee' - a leading non-traditional food export increased by 13.6% from US\$5.5 million to US\$6.2 million; 'Baked Products' grew by 11.7% to US\$7.4 million from US\$6.6 million; 'and 'Juices excluding Citrus' grew by 13.8% to US\$4.6 million from US\$4.03 million. But a number of leading product groups in this category recorded declines. Yams (the leading non-traditional food item), earned US\$10.7 million, declining by 4.2% from the US\$11.2 million earned in 2009. Sauces' fell slightly by -0.3% to US\$6.3 million; 'Dairy Products & Bird's Eggs' fell by -2.9% to US\$4.38 million; and 'Meat Preparations' by -17.8% to US\$1.59 million.

Exports of 'Beverages & Tobacco (excl. Rum)' increased by 3.5% for the review period to US\$34.9 million from US\$33.4 million during the corresponding period of 2009. Of the amount, 'Alcoholic Beverages (excl. Rum)' accounted for US\$29.3 million, a 3.1% increase from US\$28.4 million a year earlier.

'Crude Materials' grew by 38.7% from US\$33.7 million in Jan-July 2009 period to US\$34.9 million in the current review period. Exports of all items in this group increased. Earnings from 'Waste and Scrap Metals' rose 27.5% to US\$9.1 million; 'Limestone' exports by 84% to US\$940,000; while exports of 'Other' crude materials increased by 74% to US\$2.8 million.

'Other' non-traditional exports also increased modestly during the review period, from US\$247.9 million in Jan-July 2009 to US\$252.6 million in Jan-July 2010—a 1.9% rise. Exports of 'Mineral Fuels, etcetera' grew from US\$122.0 million in the previous period to US\$195.4 million in the current period. But 'Chemicals (incl. Ethanol)' decreased significantly from US\$107.4 million one year ago, to US\$42.9 million in Jan-July 2010 and

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

	Jan-Jun 2009	Jan-Jun 2010	\$ Change	% Change
<b>Current Account</b>	<b>(363.5)</b>	<b>(300.2)</b>	<b>63.3</b>	<b>17.4%</b>
<b>Goods Balance</b>	<b>(1,400.0)</b>	<b>(1,510.7)</b>	<b>(110.7)</b>	<b>-7.9%</b>
Exports	708.2	691.8	(16.4)	-2.3%
Imports	2,108.2	2,202.5	94.3	4.5%
<b>Services Balance</b>	<b>486.0</b>	<b>518.2</b>	<b>32.2</b>	<b>6.6%</b>
Transportation	(199.4)	(193.5)	5.9	3.0%
Travel	942.4	977.1	34.7	3.7%
Other Services	(257.0)	(265.4)	(8.4)	-3.3%
<b>Income</b>	<b>(332.5)</b>	<b>(283.5)</b>	<b>49.0</b>	<b>14.7%</b>
Compensation of empl	12.9	11.7	(1.2)	-9.3%
Investment Income	(345.4)	(295.2)	50.2	14.5%
<b>Current Transfers</b>	<b>883.0</b>	<b>975.8</b>	<b>92.8</b>	<b>10.5%</b>
Official	55.2	82.7	27.5	49.8%
Private	827.8	893.2	65.4	7.9%
<b>Capital &amp; Financial Account</b>	<b>363.5</b>	<b>300.2</b>	<b>(63.3)</b>	<b>-17.4%</b>
<b>Capital Account</b>	<b>28.6</b>	<b>(14.6)</b>	<b>(43.2)</b>	<b>-151.0%</b>
Capital Transfers	28.6	(14.6)	(43.2)	-151.0%
Official	41.9	4.0	(37.8)	-90.2%
Private	(13.3)	(18.6)	(5.4)	-40.6%
Acq/disp.	-	-	-	0.0%
<b>Financial Account</b>	<b>334.9</b>	<b>314.8</b>	<b>(20.1)</b>	<b>-6.0%</b>
Other Official Invst	(213.1)	463.4	676.5	317.5%
Other Private Invst	394.5	(82.2)	(476.7)	-120.8%
Reserves	153.6	(66.4)		

Source: BOJ &amp; Statistical Update:

'Manufactured Goods' decreased by 35.6% to US\$9.1 million.

**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 now have abated with the onset of the recovery, though the recovery has been quite fitful. Compared to US\$2.8 billion in Jan-July 2009, imports increased by 3.1% to US\$2.9 billion during Jan-July 2010. The main contributor to this increase however, was rising prices for crude oil which pushed up the value of crude imports by 61.8% from US\$266.2 million in Jan-July 2009 to US\$465.9 million in the current review period. All other categories of imports continued to record declines. 'Consumer Goods' were down slightly by -0.1% from US\$920 million a year earlier. Apart from fuels and lubricants, most other 'Raw Materials/Intermediate Goods' were down from a year earlier, and **Capital Goods (excl. Cars)** were down -16.7% to US\$241.5 million from US\$290 million in Jan-July 2009..

**Oil:** At the end of October 2010, West Texas Intermediate (WTI) Crude Oil price stood at US\$81.43

per 42 gallon barrel - an increase in price of US\$1.46 compared to the closing price of US\$79.97 the previous month. During October 2010 the price ranged between a low of US\$79.49 and a high of US\$83.23 per barrel before closing at US\$81.43. ( See Fig. 5)

## Balance of Payments

For the first six months of 2010, Jamaica ran a current account deficit of US\$300.2 million, which represented an improvement of **US\$63.3 million** relative to the corresponding period in 2009. The improvement in the current account resulted from improvements in all subaccounts except the **Goods Sub-account**.

The **Goods Balance** recorded a deficit of US\$1,510.7 million - a US\$110.7 million deterioration when compared to the corresponding period in 2009. This resulted primarily from a **US\$94.0** increase in imports, due largely to increased fuel imports of US\$178.4 million, and a **US\$16.4 million** decline in exports, stemming mainly from a decline in alumina exports of US\$33.4 million. The surplus on the **Services Sub-account** increased by US\$32.2 million. This pri-

Table 11: Fiscal Accounts (J\$ Million)

	Apr-Sep (Fiscal—2010/11)				Apr-Sep (YOY) 09/10 - 10/11	
	J\$ million		Deviation		J\$M	(%)
	Provisional	Budget	J\$M	(%)		
<b>Revenue &amp; Grants</b>	<b>148,136.7</b>	<b>151,863.4</b>	<b>-3,726.7</b>	<b>-2.45</b>	<b>13,295.7</b>	<b>9.9</b>
Tax Revenue	130,839.1	130,191.1	648.0	0.50	<b>9,610.3</b>	<b>7.9</b>
Non-Tax Revenue	11,011.4	11,504.1	-492.7	-4.28	<b>3,706.7</b>	<b>50.7</b>
Bauxite Levy	18.6	290.9	-272.3	-93.61	<b>-61.8</b>	<b>-76.8</b>
Capital Revenue	1,718.3	1,758.5	-40.2	-2.29	<b>761.4</b>	<b>79.6</b>
Grants	4,549.3	8,118.8	-3,569.5	-43.97	<b>-720.3</b>	<b>-13.7</b>
<b>Expenditure</b>	<b>192,372.3</b>	<b>201,135.2</b>	<b>-8,762.9</b>	<b>-4.36</b>	<b>-9,761.3</b>	<b>-4.9</b>
Recurrent Expenditure	165,455.6	168,244.0	-2,788.4	-1.66	<b>-19,343.6</b>	<b>-10.5</b>
Programmes	36,204.5	35,204.7	999.8	2.84	<b>1,775.9</b>	<b>5.2</b>
Wages & Salaries	64,238.2	65,120.1	-881.9	-1.35	<b>361.8</b>	<b>0.6</b>
Interest	65,013.0	67,919.3	-2,906.3	-4.28	<b>-21,481.4</b>	<b>-25.2</b>
Domestic	44,956.8	45,611.9	-655.1	-1.44	<b>-17,481.7</b>	<b>-28.0</b>
External	20,056.2	22,307.4	-2,251.2	-10.09	<b>-3,999.6</b>	<b>-17.6</b>
Capital Expenditure	26,916.7	32,891.2	-5,974.5	-18.16	<b>9,582.1</b>	<b>55.3</b>
Capital Programmes	26,916.7	32,891.2	-5,974.5	-18.16	<b>9,582.1</b>	<b>55.3</b>
IMF #1 Account	0.0	0.0	0.0		<b>0.0</b>	<b>0.0</b>
<b>Fiscal Balance (Surplus [+ve])</b>	<b>-44,235.6</b>	<b>-49,271.8</b>	<b>5,036.2</b>	<b>10.22</b>	<b>23,057.2</b>	<b>35.0</b>
Loan Receipts	110,372.6	104,110.3	6,262.3	6.02	<b>-23,303.7</b>	<b>-17.7</b>
Domestic	81,665.6	76,857.3	4,808.3	6.26	<b>-42,811.4</b>	<b>-34.4</b>
External	28,707.0	27,253.0	1,454.0	5.34	<b>19,507.9</b>	<b>285.5</b>
Divestment Proceeds	0.0	0.0	0.0		<b>0.0</b>	<b>0.0</b>
Amortization	68,025.0	68,141.1	-116.1	-0.17	<b>-854.9</b>	<b>-1.2</b>
Domestic	56,555.0	55,866.9	688.1	1.23	<b>785.0</b>	<b>1.4</b>
External	11,470.0	12,274.2	-804.2	-6.55	<b>-1,639.7</b>	<b>-12.5</b>
<b>Overall Balance (Surplus [+ve])</b>	<b>-1,888.1</b>	<b>-13,302.6</b>	<b>11,414.5</b>	<b>85.81</b>	<b>608.1</b>	<b>17.3</b>
<b>Primary Balance (Surplus [+ve])</b>	<b>20,777.4</b>	<b>18,647.5</b>	<b>2,129.9</b>	<b>11.42</b>	<b>1,576.0</b>	<b>8.2</b>

Source: Ministry of Finance and Planning

marily resulted from an improvement in estimated tourist expenditure. The **Income sub-account** improved by US\$49.0 million due largely to reductions in profits remitted by foreign corporations. The balance on the **Current Transfers sub-account** also improved to US\$975 million due to a US\$65.4 million increase in remittances to US\$893.2 million. Flows from official and private sources were sufficient to finance the current account deficit. Consequently, the NIR increased by US\$66.4 million during the period.

## Fiscal Accounts

During the first six months of fiscal year 2010/11, the Government of Jamaica (GOJ) accumulated a fiscal deficit of -J\$44.2 billion. This was J\$5.04 billion or 10% less than the -J\$53.9 billion budgeted and compares with a deficit of -J\$65.8 billion recorded for the same period in 2009/10. Annualized, this fiscal

deficit averaging J\$7.4 billion per month, suggest that the Government may have slipped behind on the -J\$77.35 billion deficit targeted for 2010/11 with the high spending Christmas season and hurricane season not yet taken into account. But gains in the high revenue months might result in recovery of lost ground.

The deficit reduction in September was largely achieved by reductions in expenditures of J\$8.7 billion, as Revenues and Grants of J\$148.14 billion, were actually J\$3.7 billion below budget. This was mainly due to shortfalls in all but one revenue category (Taxes), but especially Grants, which fell by J\$3.6 billion or 44% below budget.

**REVENUE:** Total Revenues & Grants to the GOJ for April to September 2010 was J\$148.14 billion. This was, as noted, \$3.7 billion or 2.5% below the J\$151.7 billion tar-

geted for the period. The main outperformers on the revenue accounts were GCT (Imports) which was J\$3.6 billion above budget, and GCT (Local) which exceeded budget by J\$1.11 billion. Other notable outperformers on the revenue accounts were Other Company taxes of J\$1.15 billion; Travel Taxes of J\$750.2 million and SCT of J\$614.2 million.

Possibly reflecting the still weak conditions in the economy brought on by the recession, PAYE recorded a notable shortfall of -J\$3.7 billion below budget, and was running -J\$3.35 billion below the corresponding period of FY2009/10. Customs Duty was running -J\$1.74 billion below budget, but was J\$433 million above FY2009/10 levels. Other items recording notable shortfalls were 'Tax on Interest' coming in at -J\$1.5 billion below budget; 'SCT (Imports)' falling

short by -J\$894.4 million; and 'Bauxite levy' coming in -J\$272 million below budget.

**EXPENDITURE:** For the first six months of FY2010/11, actual expenditure amounted to \$192.4 billion, about J\$8.6 billion or 4.4% less than the J\$201.14 billion originally budgeted. This reduced expenditure was greatly contributed to by a J\$5.97 billion reduction in expenditures on capital programs; and savings of J\$2.2 billion in external interests payments. There were also significant cutbacks of J\$881 million in Wages and Salaries and J\$655 million in domestic interest payments. But while payments on interests and wages appear to be moving in the right direction, there was a significant above-budget increase in new domestic borrowing of J\$4.8 billion to J\$81.67 billion, while external borrowing increased by J\$1.4 billion to J\$28.71 billion.

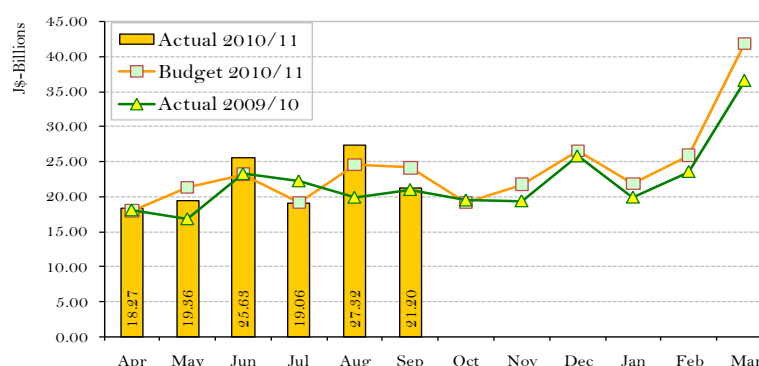
### FISCAL OUTTURN

On an annualized basis, the fiscal deficit of \$44.2 billion for April to September 2010/11 appears to exceed the average monthly deficit of J\$6.7 billion incorporated in the Stand-by Agreement between the GOJ and the IMF. But the growth of the deficit in September 2010 by just under J\$2 billion, represents a substantial moderation compared to J\$28 billion increase observed in August 2010.

**The Primary Surplus**—the difference between total revenues and non-interest expenditures—for the first six months of 2010/11 was J\$20.7 billion. This was \$2.13 billion better than the J\$18.65 billion originally budgeted, and a 8.2% improvement on the primary balance of J\$19.35 billion achieved in 2009/10.

The fiscal deficit was financed by loans amounting to J\$110.4 billion, which was J\$6.3 billion or 6.2% above budget. Seventy-four percent of loan receipts or J\$81.7 billion were sourced from the domestic market, while external borrowing, provided the remaining 26% or \$28.7 billion of loans. Amortization of J\$68.03 billion was roughly in line with planned amortization of J\$68.14 billion. J\$56.5 billion or 83% went to domestic creditors of the GOJ and the remaining J\$11.5 billion to external creditors.

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



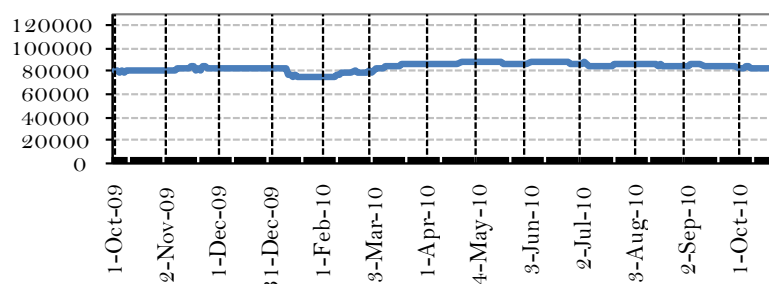
Source: Ministry Of Finance and Planning (Jamaica)

Table 12: Major Deviations in Fiscal Revenue and Expenditure

J\$-Millions		Apr-Sep 2010/11
<b>Revenue (Revenue Surpluses)</b>		
GCT (Imports)		3,572.3
GCT (Local)		1,111.6
Other Companies		1,514.7
Travel Tax		750.2
SCT		614.2
<b>Revenue (Revenue Shortfalls)</b>		
PAYE		-3,740.7
Custom Duty		-1,736.6
Tax on Interest		-1,477.0
SCT (Imports)		-894.4
Bauxite Levy		-272.3
<b>Expenditure (Changes)</b>		
Capital Programmes	(under-spend)	-5,974.5
External Interest	(under-spend)	-2,251.2
Wages and salaries	(under-spend)	-881.9
Domestic Interest	(under-spend)	-655.1
Recurrent Programmes	(over-spend)	999.8

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index, Oct'09 - Oct '10



Source: Jamaica Stock Exchange (Online Database) and PSQJ

**PUBLIC DEBT:** Total public debt at the end of August 2010 stood at \$1.467 trillion. This represents an additional \$104 billion added to the debt stock since January 2010. As of August 2010, the

domestic debt is estimated at J\$780.5 billion or 53.2% of the total, while the external debt amounts to US\$8.03 billion or 47.0% of the total debt stock.

## Stock Market

During the month of October 2010, market capitalization decreased (for the fifth time in 6 months) slightly by J\$1.78 billion or 0.3% to close at J\$546.1 billion. Three of five indices on the Jamaica Stock Exchange declined, one was unchanged and one advanced. The main **JSE Market Index** declined by 261 points or 0.31% to close at 83,352 points. The **JSE All Jamaican Composite** declined by 424 points, or 0.60%, to close at 77,745 points. The **JSE Select** declined by 12.7 points or 0.60% to close at 2,098 points; and the **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, was unchanged at 863 points. The **Jamaica Stock Exchange Junior** was the only gainer during October advancing by 39.9 points or 15.8% to close at 292.4 points.

Market volume was moderate in October 2010 with 131 million units valued at \$2.12 billion changing hands, com-

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

	31-Dec-09	31-Oct-10	\$ change	% change
<b>Top Five (unadjusted for dividends or transact. Costs)</b>				
Berger Paints (Jamaica)	1.20	2.03	0.83	69.2%
Carreras Limited	35.02	51.55	16.53	47.2%
Hardware & Lumber	3.50	4.65	1.15	32.9%
First J'can Investments	27.97	37.00	9.03	32.3%
Pan J'can Investments	36.00	46.83	10.83	30.1%
<b>Bottom Five (unadjusted for dividends or transact. Costs)</b>				
Ciboney Group	0.10	0.05	(0.05)	-50.0%
Pulse Investments	5.44	3.02	(2.42)	-44.5%
Salada Foods Jamaica	19.99	12.00	(7.99)	-39.9%
Capital & Credit Financial Group	15.50	10.01	(5.49)	-35.4%
Guardian Holdings Ltd	299.50	220.0	(79.50)	-26.5%

*Source: Compiled from the JSE*

pared to 82.6 million units valued at \$756 million in September 2010. Overall market activity resulted from trading in 40 stocks of which 15 advanced, 17 declined and 8 traded firm. National Commercial Bank was the volume leader with 25 million or 19% of traded shares; followed by Supreme Ventures with 17.8% of market volume

and First Jamaica Investments Ltd. with 15.9% of market volume. The leading advancers year to date are: Berger Paints, Carreras Limited, Hardware & Lumber, First Jamaican Investments and Pan Jamaican Investment Trust. The leading decliners were Ciboney Group, Pulse Investments, Salada Foods, Capital and

Credit Financial Group and Guardian Holdings. (See Table 13).

## Economic Highlights

(contd. from page 1.)

It was also announced that Net International Reserve (NIR) substantially exceeded the end-September target.

The IMF Head of Mission (HoM), noted, that notwithstanding the good overall performance, risks related to over-spending had emerged and informed that on two different occasions unbudgeted spending had been accommodated. The HoM also advised that projections for economic growth for fiscal year 2010 had been revised downward to -0.5% due to lower than expected growth in our trading partners and the impact of TS Nicole, and expressed concerns considering that employment and poverty remained high.

**The Global recovery** continued to consolidate in October 2010, if in a somewhat unimpressive manner. The emerging economies led by China and commodity producers such as Australia, Brazil and India continued to be the leading performers in the global space with the mature economies—

Japan, the Euro-zone, and the United States, performing either in line or a little above low expectations.

China's Q3 GDP came in strong as expected at 10.6%, Industrial Production was 16.3% as expected and Urban Fixed Investment was also strong as expected at 24.5%. But concerned about overheating, China's Finance Officials have hiked bank reserve requirements twice in the last quarter. In India, Q3 GDP was 8.5% annualized, and the Finance Minister was confidently predicting a return to pre-recession growth rates in 2011.

Among the major industrial economies, the United Kingdom Q3 growth rate of 2.8% and Industrial Production of 0.4% were in line with expectations, but Gross Fixed Capital Formation disappointed with a 0.6% showing relative to expectations for 1.3% and Private Consumption Expenditure came in at 0.3% below expectations for 0.6%.

In the United States though the Federal Reserve announced a moderate second round of bond purchasing amounting to US\$600 billion intended to spur even more robust growth of the US economy to more rapidly reduce their 9.6% unemployment, US data showed some improvement in the labour market and

in consumer spending and confidence. Non-Farm payrolls came in at 151,000 against expectations of 80,000 and weekly Jobless Claims dipped to 407,000 which is generally considered a healthy level of turnover in the job market, compared to figures over 440,000 which were common during the early months of 2010. In addition, US Q3 GDP was revised upwards to 2.5% relative to an earlier reading of 2.0%; Retail Sales were up a few notches to 0.4% against expectations of 0.2% and University of Michigan Consumer Confidence rose to 71.6 relative to expectations for 69.5.

In the Euro-Zone, though conditions in the region overall and the larger economies appeared to be improving, the deficit and debt worries of the PIGS (Portugal, Ireland, Greece and Spain) continued to roil international financial and equity markets. In October Euro-Zone PMI came in at 55.4, relative to expectations of 53.6; and Germany's data was particularly strong with GDP coming in at 3.9% beating expectations for 3.7% reading. But it was Ireland's need to seek support from the Euro-Zone Stabilization Fund that dominated market behavior and caused the Euro to drop by 7% against the US dollar.

## INFLATION (OCT 2010) - CPI

## APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>0.74%</b>	<b>0.737</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>1.00%</b>	<b>0.375</b>	<b>1</b>	
Food	1.05%			
Bread and Cereals	0.26%			
Meat	0.24%			
Fish and Seafood	0.77%			
Milk, Cheese and eggs	0.87%			
Oils and Fats	0.93%			
Fruit	0.99%			
<b>Vegetables and Starchy Foods</b>	<b>2.91%</b>			
Vegetables	3.48%			
Starchy Foods	1.62%			
Sugar, Jam, Honey, Chocolate and Confectionery	0.38%			
Food Products n.e.c.	0.77%			
<b>Non-Alcoholic Beverages</b>	<b>0.76%</b>			
Coffee, tea and Cocoa	0.66%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	0.81%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>0.73%</b>	<b>0.010</b>	<b>7</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>0.70%</b>	<b>0.023</b>	<b>6</b>	
Clothing	0.76%			
Footwear	0.46%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>1.00%</b>	<b>0.128</b>	<b>2</b>	
Rentals for Housing	1.00%			
Maint and Repair of Dwelling	0.06%			
Water Supply and Misc. Serv Related to the Dwelling	4.17%			
Electricity, Gas and Other Fuels and Routine	0.56%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>0.57%</b>	<b>0.028</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	0.71%			
Household Textiles	0.28%			
Household Appliances	0.44%			
Glassware, Tableware and Household Utensils	0.57%			
Tools and Equipment for House and Garden	0.27%			
Goods and Serv. for Routine Household Maint	0.51%			
<b>HEALTH</b>	<b>0.08%</b>	<b>0.003</b>	<b>10</b>	
Medical Products, Appliances and Equipment	0.08%			
Health Services	0.08%			
<b>TRANSPORT</b>	<b>0.39%</b>	<b>0.050</b>	<b>4</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>9</b>	
<b>EDUCATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>0.14%</b>	<b>0.008</b>	<b>8</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>1.42%</b>	<b>0.119</b>	<b>3</b>	

**INFLATION YTD ( JAN-OCT 2010 ) CPI**

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>9.04%</b>	<b>9.043</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>8.61%</b>	<b>3.226</b>	<b>1</b>	
Food	8.66%			
Bread and Cereals	3.48%			
Meat	6.40%			
Fish and Seafood	9.60%			
Milk, Cheese and eggs	8.31%			
Oils and Fats	10.25%			
Fruit	8.59%			
<b>Vegetables and Starchy Foods</b>	<b>13.71%</b>			
Vegetables	16.66%			
Starchy Foods	7.42%			
Sugar, Jam, Honey, Chocolate and Confectionery	11.17%			
Food Products n.e.c.	10.90%			
<b>Non-Alcoholic Beverages</b>	<b>7.79%</b>			
Coffee, tea and Cocoa	8.80%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	7.37%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>13.99%</b>	<b>0.193</b>	<b>10</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>7.88%</b>	<b>0.262</b>	<b>6</b>	
Clothing	8.59%			
Footwear	6.85%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>5.10%</b>	<b>0.651</b>	<b>4</b>	
Rentals for Housing	20.77%			
Maint and Repair of Dwelling	9.43%			
Water Supply and Misc. Serv Related to the Dwelling	4.36%			
Electricity, Gas and Other Fuels and Routine	-2.66%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>5.96%</b>	<b>0.294</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	8.38%			
Household Textiles	6.08%			
Household Appliances	10.16%			
Glassware, Tableware and Household Utensils	6.55%			
Tools and Equipment for House and Garden	6.28%			
Goods and Serv. for Routine Household Maint	4.53%			
<b>HEALTH</b>	<b>2.47%</b>	<b>0.081</b>	<b>12</b>	
Medical Products, Appliances and Equipment	2.31%			
Health Services	2.61%			
<b>TRANSPORT</b>	<b>23.73%</b>	<b>3.043</b>	<b>2</b>	
<b>COMMUNICATION</b>	<b>5.38%</b>	<b>0.215</b>	<b>8</b>	
<b>RECREATION AND CULTURE</b>	<b>6.33%</b>	<b>0.213</b>	<b>9</b>	
<b>EDUCATION</b>	<b>7.97%</b>	<b>0.171</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>3.98%</b>	<b>0.246</b>	<b>7</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>7.95%</b>	<b>0.665</b>	<b>3</b>	

**FISCAL ACCOUNT (APR-SEP 2010)**

REV. & EXPEN. (APR'10 - SEP'10)	J\$m	PROVISIONAL Results	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	148,136.7		-3,726.7		13,295.70	
Tax Revenue	130,839.1		648.0		9,610.30	
Non-Tax Revenue	11,011.4		-492.7		3,706.70	
Bauxite Levy	18.6		-272.3		-61.80	
Capital Revenue	1,718.3		-40.2		761.40	
Grants	4,549.3		-3,569.5		-720.30	
<b>Expenditure</b>	192,372.3		-8,762.9		-9,761.30	
Recurrent Expenditure	165,455.6		-2,788.4		-19,343.60	
Programmes	36,204.5		999.8		1,775.90	
Wages & Salaries	64,238.2		-881.9		361.80	
Interest	65,013.0		-2,906.3		-21,481.40	
Domestic	44,956.8		-655.1		-17,481.70	
External	20,056.2		-2,251.2		-3,999.60	
Capital Expenditure	26,916.7		-5,974.5		9,582.10	
Capital Programmes	26,916.7		-5,974.5		9,582.10	
IMF #1 Account	0.0		0.0		0.00	
<b>Fiscal Balance (Surplus [+ve])</b>	-44,235.6		5,036.2		23,057.20	
Loan Receipts	110,372.6		6,262.3		-23,303.70	
Domestic	81,665.6		4,808.3		-42,811.40	
External	28,707.0		1,454.0		19,507.90	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	68,025.0		-116.1		-854.90	
Domestic	56,555.0		688.1		785.00	
External	11,470.0		-804.2		-1,639.70	
<b>Overall Balance (Surplus [+ve])</b>	-1,888.1		11,414.5		608.10	
<b>Primary Balance (Surplus [+ve])</b>	20,777.4		2,129.9		1,576.00	

REV. & EXPEN. (APR'10 - SEP'10)	J\$m	PROVISIONAL Results	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	148,136.7		-3,726.7		-8,228.9	
Tax Revenue	130,839.1		648.0		-8661.6	
Income and profits	46,368.4		-2,629.1		-5573.8	
Bauxite/alumina	866.3		543.3		847.1	
Other companies	12,005.7		1,514.7		1783.1	
PAYE	24,566.0		-3,740.7		-3352.7	
Tax on dividend	499.6		249.3		483.2	
Other individuals	1,321.6		281.3		305.4	
Tax on interest	7,109.2		-1,477.0		-5640	
Environmental Levy	1,010.9		-27.4		-67.7	
Production and consumption	39,725.9		1,596.6		5627.4	
SCT	4,997.5		614.2		2471.8	
Motor vehicle licenses	849.0		-111.4		-8.7	
Other Licenses	127.8		-205.4		-195.7	
Betting, gaming and lottery	745.6		-46.3		-11.5	
Education Tax	6,212.7		133.4		463.7	
Contractors levy	435.2		11.7		47	
GCT (Local)	23,314.4		1,111.6		3161.6	
Stamp Duty (Local)	3,043.6		88.5		-300.4	
International Trade	43,734.0		1,708.0		9624.2	
Custom Duty	9,501.0		-1,736.6		433	
Stamp Duty	595.5		16.4		4.9	
Travel Tax	2,111.8		750.2		1214.1	
GCT (Imports)	18,288.3		3,572.3		5308.2	
SCT (Imports)	13,237.4		-894.4		2663.8	
Non-Tax Revenue	11,011.4		-492.7		3706.7	
Bauxite Levy	18.6		-272.3		-61.8	
Capital Revenue	1,718.3		-40.2		761.4	
Grants	4,549.3		-3,569.5		-720.3	

### Statistical Index

#### Major Macro-Economic Indicators

	BM		M2		NIR	Fgn Cur-Dep	Inflation		Tourism	J\$/US\$	T-bill	Loan	Sav	Dom Debt	Fgn Debt
	M	P	M	P	US\$M	US\$M	M	P	P		%	%	%	J\$M	US\$M
Jan'09	-3.35	19.97	0.41	8.86	1,764.98	2,238.85	-0.37	16.49	-10.7	86.07	24.26	22.91	5.89	627,394.74	6,246.45
Feb	5.7	26.47	-0.09	6.79	1,601.85	2,226.86	0.81	12.84	-13.6	88.29	23.13	22.34	5.89	650,215.09	6,154.8
Mar	-2.59	21.01	0.88	11.53	1,628.58	2,214.26	0.80	12.45	-10.9	88.82	21.17	22.34	5.89	651,657.43	6,177.6
Apr	1.49	25.53	1.86	10.50	1,663.60	n/a	0.43	11.22	1.72	89.01	21.17	23.32	5.89	658,557.83	6,228.69
May	1.13	27.76	0.20	10.05	1,671.75	2,289.71	0.86	9.55	10.2	89.08	21.08	23.32	5.89	664,819.68	6,296.99
Jun	-0.52	26.12	-1.47	9.77	1,619.41	2,256.85	1.43	8.98	7.8	89.07	21.05	23.32	5.87	676,761.65	6,279.89
Jul	0.61	23.40	n/a	n/a	1,648.93	2,317.60	0.92	6.94	-1.1	89.01	20.60	22.89	5.87	705,054.23	6,283.50
Aug	-0.09	18.48	n/a	n/a	1,934.22	n/a	0.42	6.12	n/a	89.00	18.21	22.89	5.87	n/a	n/a
Sep	-1.30	25.29	n/a	n/a	1,933.24	n/a	n/a	n/a	n/a	89.08	17.35	22.26	5.86	n/a	n/a
Oct	1.14	25.87	1.64	8.97	1,909.30	2,299	n/a	n/a	-3.1	89.16	17.00	21.98	5.60	720,830.00	593,330.00
Nov	0.61	21.07	324.191	n/a	1,794.0	n/a	0.81	9.0	2.7	89.59	16.80	21.91	5.35	733,610.00	598,190.00
Dec	10.35	13.45	332,010	6.03	1,736	n/a	1.14	10.2	1.2	89.62	16.80	21.91	5.35	754,612.01	590,849.70
Jan '10	75,972.	9.94	n/a	n/a	1,566	n/a	1.46	12.21	n/a	89.70	12.50	21.62	4.61	774,116.9	6,564.60
Feb	76,862	1.17	336,882	n/a	1,559	n/a	2.16	12.8	n/a	89.72	11.01	21.40	4.13	800,675.8	7,586.80
Mar	77,322	0.60	325,963 1		1,7519	2,332.28	0.45	4.1	-1.8	89.51	10.49	21.40	4.09	758,700.3	7,553.0
Apr	77,652	8.6	332,696.	2.07	1,736	n/a	1.34	5.5	14.5	89.07	9.99	21.51	4.03	759,420.5	7,729.3
May	81,011	10.9	334,179	3.06	1,675.6	2,325	0.63	6.2	-2.4	88.48	9.91	21.08	4.03	757,750.4	7,692.40
Jun	77,754	-4.02	319,480	-4.40	1,795.8	n/a	0.63	6.8	-2.6	86.02	8.52	20.72	3.90	773,311.5	7,711.26
Jul	74,477	-4.22	n/a	n/a	1,732.6	2,335.4	0.37	7.2	-0.5	86.09	8.73	20.22	3.36	787,795.1	7,847.25
Aug	75,121	2.80	n/a	n/a	1,956.93	2,289.4	0.43	7.7	n/a	85.58	8.24	19.44	3.23	780,506.4	8,032.83
Sep	74,230	-1.18	n/a	n/a	1,973.70	n/a	0.49	8.2	n/a	86.25	7.99	19.24	3.12	n/a	n/a
Oct	75,065	1.12	n/a	n/a	1,983.67	n/a	0.74	9.0	n/a	85.62	7.92	19.20	2.63	n/a	n/a

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

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

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