



# PSOJ MONTHLY ECONOMIC BULLETIN



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## Economic Highlights

### Business and Consumer Confidence Continues to Improve

Business and Consumer confidence continued to improve in the third quarter according to the **Conference Board of the Jamaica Chamber of Commerce**. The improvement was more marked for consumer than business confidence, with the latter, though positive, undergoing some slight downward revision. Overall business confidence slipped one (1) point to 113.0, but remains at the highest level since the Q3 2008 when a level of 115.9 was achieved. The 3rd Q 2010 reading contrasts with readings of 99.4 in Q1 2010 and the low point of the past three years—75.8, recorded in Q1 2009.

The Expectations Index remained at exactly the same level as Q2 2010, but the Current Conditions assessment slipped four (4) points from 124.2 to 120.6. This

Indexes (2001:2 = 100)	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Index of Bus. Conf	75.8	92.7	101.0	106.6	99.4	114.0	113.0
Current Bus. Cond	94.0	117.8	105.6	104.5	119.2	124.2	120.6
Bus. Expectations	68.6	82.9	99.2	107.4	91.6	109.9	109.9
Index of Cons. Conf	96.0	105.3	105.5	102.1	90.8	102.1	109.8
Current Econ. Cond	94.1	94.4	99.9	84.1	87.4	85.1	98.7
Cons. Expectations	96.6	108.9	107.4	108.1	91.9	107.8	113.5

Source: JCC Conference Board

the Conference Board explained as firms “under-estimating the length and extent of the down turn in domestic demand, the length of time it would take to implement the new government policies and the lag before business conditions benefited from the new fiscal and monetary policies”.

Among all firms, only 13% in the Q2 and Q3 surveys said that last years profits were better than anticipated, while three times as many (41%) reported less profits than anticipated. Still, looking to the future, twice as many firms (46%) expected the economy to improve rather than worsen in the year ahead; and investment plans remain high, with 40% of firms planning investment in plant and equipment in the year ahead.

**Consumer confidence** was even more buoyant in Q3 than business confidence rising to its highest level since Q4 2008. Consumers’ assessment of current conditions surged 13 points from the previous quarter to 98.7 in Q3 2010 while consumers expectations about future conditions gained six (6) points to 113.5. While only 8% of consumers reported recent gains in the overall economy, 26% felt that the economy had begun to stabilize. Just as important, the numbers of consumers expecting the economy to worsen declined from 51% to 38%. Still only 1% of consumers thought jobs were plentiful in Q3 2010, but 23% expected job prospects to improve in the year ahead and 32% expected increases in

household income. Home buying plans were reported by 11% of consumers ; 21% reported vehicle purchasing plans and 31% were planning vacations.

**Jamaica was expected to pass the Q3 IMF tests.** This announcement was made by Finance Minister Audley Shaw during the past month. Some of the key matrices and targets are as follows:

	Sept Target
Prim. Bal	31.5
Govt. Direct Debt	1306.436
Cumulative Change in NIR	-673
Net Dom. Assets	-20.6

The GOJ should comfortably meet the NIR and NDA targets. Between March to September 2010, the NIR grew by over US\$200 million, instead of contracting by -US\$676 million. Considering that the NDA represents the difference between the NIR and monetary base, given a growing NIR and contracting monetary base, the GOJ should also beat the NDA target by a wide margin as it did in June 2010. In June the out-turn on the NDA was -J\$79.5 billion in relation to a target of J-\$42.0 billion. At current levels of the NIR and Monetary base, the out-turn is likely to be in the region of -J\$92.0 billion. (Cont’d on P. 10)

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★ No new updates since previous issue



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## Net International Reserves (NIR)

During the month of September 2010, Net International Reserves increased by US\$16.77 million to US\$1,973.70 million compared to US\$1,956.9 million at the end of August 2010. This was largely due to an increase in Foreign Assets of US\$26.7 million to US\$2.789 billion, resulting from the receipt of \$1.9 million in SDR's under the GOJ/IMF Stand-by Agreement. This draw-down of SDR's offset a modest US\$9.94 million increase in Foreign Liabilities to US\$816 million. At current levels, gross reserves are adequate to finance 29.85 weeks of "goods" imports or 21.53 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 September 2010, there was moderate depreciation of the J\$ dollar against its US counterpart of J\$0.16 or 0.18% to J\$86.25 from J\$86.09 at the end of August 2010. The depreciation in September reverses a slight appreciation of 0.09% in August 2010, and could be a signal for continuing depreciation of the J\$ against the USD or consolidation. After being very stable from the second quarter of 2009, the J\$ began to appreciate sharply against the USD from the beginning of March

Table 1: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Sep-10	1,973.70	16.77	40.46	244.35	29.55
Sep-09	1933.24	-0.98	-317.84	160.3	21.5

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

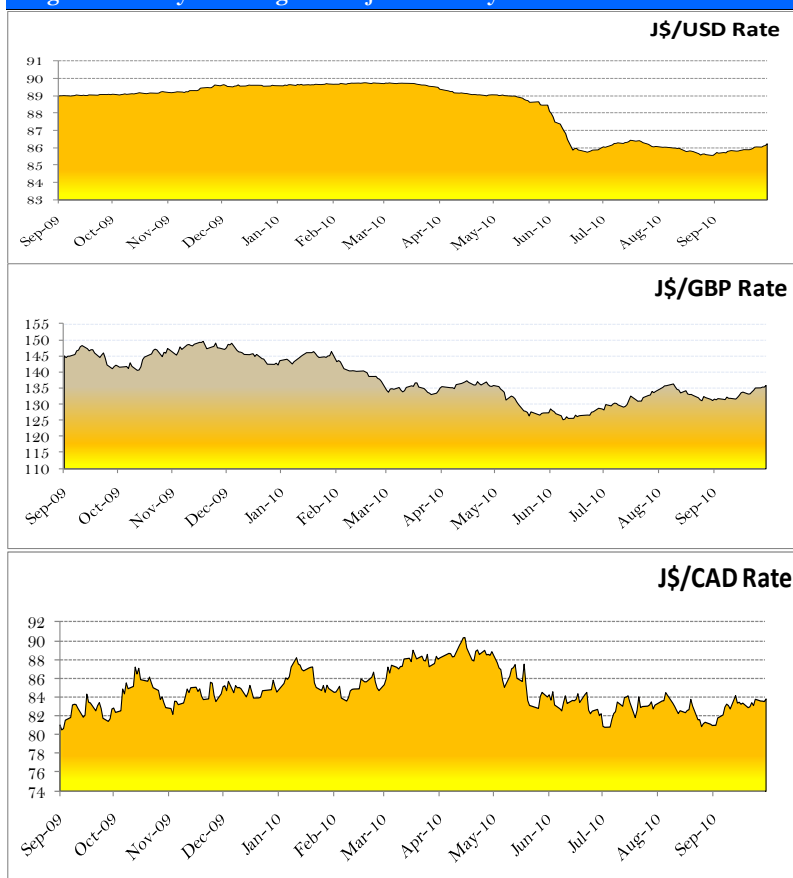
	US\$000 Aug 10	Change (US\$000)		% Change	
		mtly	12 mth	mtly	12 mth
Commercial Banks	1,692,501	-9,514	13,741	-0.56	0.82
Building Societies	512,918	-448	24,126	-0.09	4.94
Merchant Banks	83,987	-762	-27,463	-0.91	-24.64
Total Deposits	2,289,406	-10,724	10,404	-0.47	0.46

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	-3.35	-3.74	-7.68	-5.35	-0.73	-0.86
2009	8.61	10.70	25.32	21.67	17.22	26.28
2008	2.06	2.91	-9.97	-7.11	-1.90	-2.67
Sep-2010						
Actual Rate	86.25	0.09	135.87	4.24	83.84	1.11
Mth Change	0.16	0.18	1.85	1.38	0.66	0.80

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

2010, following on the successful implementation 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 and down in September. 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 Q2 2010 was more a reflection of improving sentiments than improving fundamentals in the real economy. Persons who were concerned, that the appreciation of the J\$ could increase Jamaica's internal cost structure, and impair the external price competitiveness of the country's exports, may now be less alarmed as the J\$ seemingly consolidates above JS\$85.

#### POUND & CANADIAN DOLLAR:

During September 2010, GBP appreciated by J\$4.24 or 1.38% to sell at J\$135.87 compared to J\$131.18 at the end of August 2010. The CAD for its part, appreciated by J\$1.11 or 0.80% to sell at J\$83.84 compared to J\$81.01 in August 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\$7.68 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\$0.73 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 September 2010, the downward movement of Jamaica's interest

Figure 2A & 2B: Interest Rate Movements

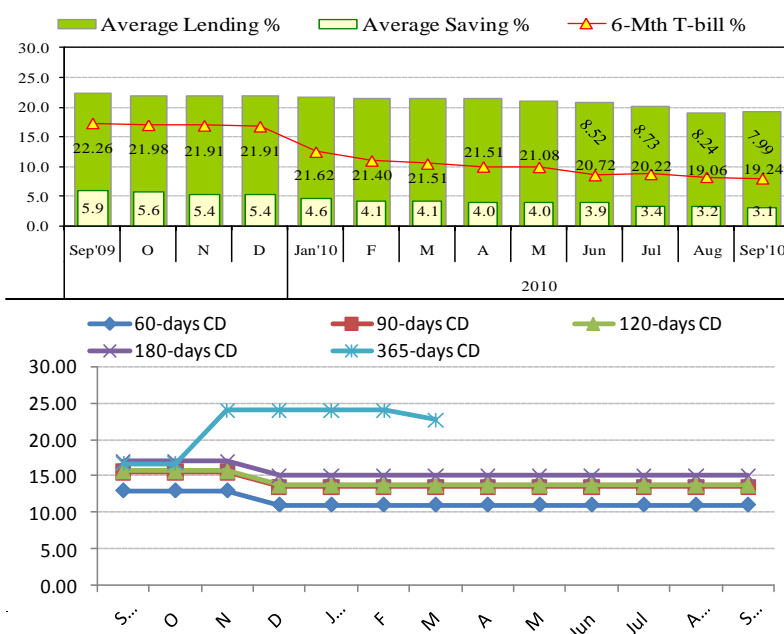


Table 4: Interest Rate Movements

	Sep-10	Change (%age pts)		
		Monthly	12-Mth	YTD
30-days CD	8.00%	0.00%	-4.50%	-2.50%
60-days CD	11.00%	0.00%	-2.00%	0.00%
90-days CD	13.50%	0.00%	-2.00%	0.00%
120-days CD	13.70%	0.00%	-2.00%	0.00%
180-days CD	15.00%	0.00%	-2.00%	0.00%
Avg Savings Deposit	3.12%	-0.11%	-2.74%	-2.23%
Avg Loan Rate	19.24%	0.18%	-3.02%	-2.67%
6-Month T-Bill	7.99%	-0.25%	-9.36%	-8.81%

Source: Bank of Jamaica (BOJ Preliminary)

rates which began with the JDX in March 2010, slowed to a treacle-like pace as rates seemed to have bumped upon support in both the public and commercial sectors. Rates on the 6-month T-bill inched down by 25 bps to 7.99%; and average saving rates declined by an additional 11 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 2010, increasing by 18 bps.

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 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. This seems unlikely, and the reduction of the commercial banks administrative costs is at best a medium term endeavour.



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This situation will leave Jamaica's interest rates quite uncompetitive in 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 BOJ reports that during the June 2010 quarter, broad Jamaica Dollar money supply (M3J) increased by 3.9%, compared to the growth of 2.7% recorded in the June 2009 quarter. The expansion in the review quarter was also at a faster rate than the average growth of 3.3 % recorded for the last five June quarters.

The measure of money supply that includes foreign currency deposits (M3\*) increased by 1.8% relative to an expansion of 1.4% in the corresponding quarter of 2009. Within M3\*, foreign currency deposits declined by 3.4 per cent, which was a sharper reduction than the decline of 1.6 per cent recorded in the June 2009 quarter. As at end of June 2010, the ratio of foreign currency deposits to total deposits was 29.8 per cent which was lower than the 31.6 per cent recorded at end of June 2009.

In September 2010, the monetary base contracted by -1.18%, to J\$74,230 billion relative to the previous month. Year over year the increase is 2.91% 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	98,875.00	-3.67	0.00
Quasi Money	220,604.96	-4.72	0.00
M2	319,480.87	-4.40	0.00
	Sep-'10	Mthly	12 Mth
Base Money	74,230.90	-1.18	2.91

Source: BOJ Economic Statistics

Table 6: Inflation Trends

	% Percent Changes			
	Sep	12-Mth	YTD	Fiscal
2010	0.49	11.28	8.24	3.96
2009	1.67	7.18	7.18	5.86

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

Table 7: Mining Production

	000 tonnes			YTD	
	Sep-10	Aug-09	%	Sep-10	10/09 %
<b>Production</b>					
Alumina	164.0	115.3	42.2	1,129.9	-20.4
C. Bauxite	307.3	286.4	7.30	3,333.0	53.7
<b>Export</b>					
Alumina	123.9	118.6	4.5	1,039.4	-31.2
C. Bauxite	316.2	310.9	1.73	3,312.7	51.3

Source: Jamaica Bauxite Institute (JBI)

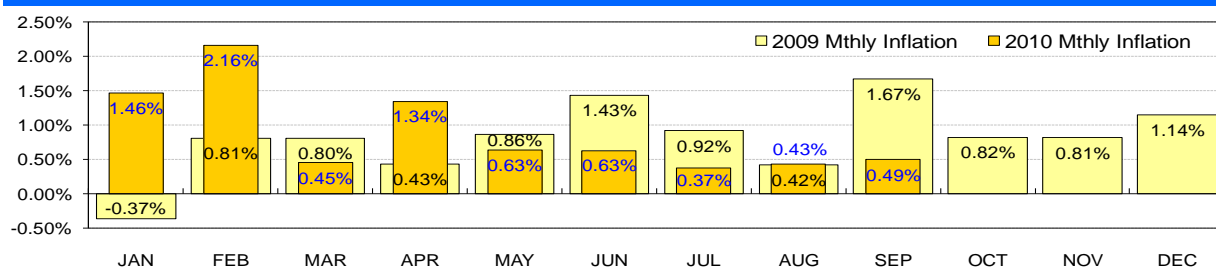
## Inflation

The inflation rate in September 2010 was a moderate 0.49% - a little higher than the 0.42% recorded in August 2010, but well below the 1.67% recorded one year ago. Of the 12 divisions within the CPI, "Education" was the only division to record an increase above 1% coming in at 4.6% due largely to increases in tuition fees at the start of the school year. "Housing, Water, Electricity, Gas and Other Fuels" recorded the second highest increase of 0.9% due to increases in the group—'Electricity, Gas and other Fuels'.

"Recreation and Culture" recorded the third largest increase of 0.8% due to the increase cost of textbooks and school supplies. All other divisions recorded increases of 0.5% or less, with "Communication" coming in flat at 0.0% for the month; while "Transport" recorded its fourth consecutive monthly decline (-0.1%) due to a fall in price for petroleum products and airfares.

Prices within the "Food and Non-Alcoholic Beverages" division, which carries the highest weight in the CPI, showed a moderate 0.4% increase in September 2010, with the highest price increase of 0.9% occurring within the classes—'Sea-foods', 'Oils',

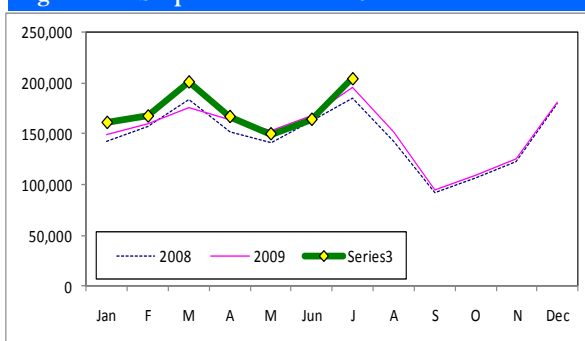
Figure 3: Monthly Inflation Changes



Source: STATIN and PSQJ compilation

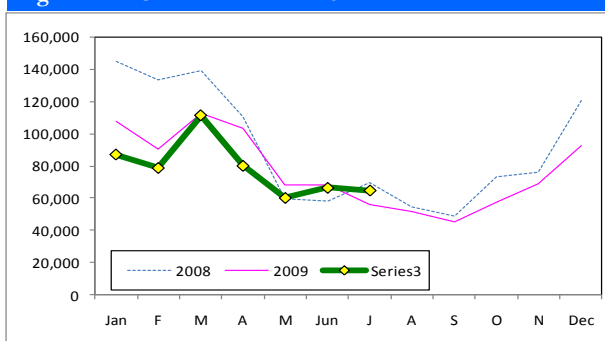


Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

'Fats' and 'Fruits'. These increase were however offset by a significant 1.5% decline for 'Starchy Foods'.

The inflation rate for the calendar year to date was 8.2%, in comparison to the 7.2% that was recorded for the corresponding period in 2009. The point-to-point rate—Sept. 2009 to Sept. 2010—was 11.2%, while, the fiscal year to date increase was 3.9 per cent.

## Bauxite & Alumina

Production of alumina in September 2010 amounted to 164,025 tons compared to 115,322 tons in September 2009 - a 42.2% increase. For its part, production of crude bauxite in September 2010 increased by 7.3% to 307,292 tons compared to 286,381 tons produced in September 2009. For the first nine months of 2010, alumina production is down by -20.4% to 1,129,989 tons and alumina exports by -31.2% to 1,039,447 tons compared to the same period of 2009. Reflecting the continuing of an upturn in the industry, production of crude bauxite is up by 53.7% to 3.408 million tons year to date, compared to 1.419 million tons for the corresponding 9-month period of 2009. Bauxite exports are also up 51.28% to 3.312 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 May 2010, Jamaica's exports decreased by US\$9.60 million or 1.7% to US\$549.3 million, compared to US\$558.92 million for the corresponding period of 2009. Notwithstanding the decline

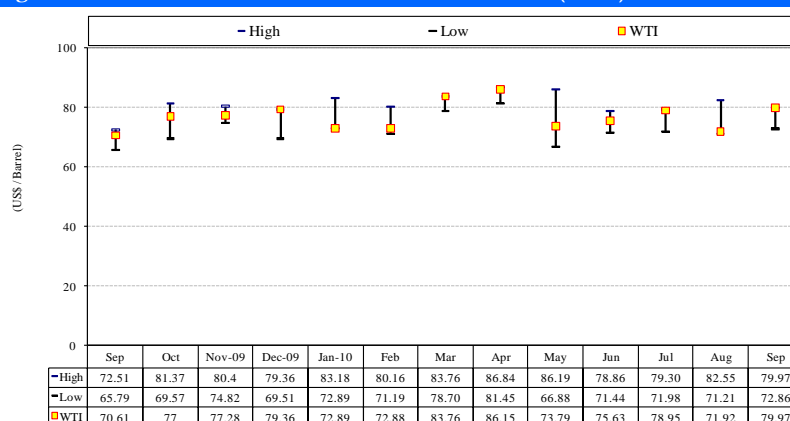
in exports, the pick-up in Jamaica's trade appears confirmed on the import side, after a brutal recession in which imports fell by a hefty 38.9% in 2009 over the same period in 2008. For the first five months of 2010, imports increased by 1.9%, to US\$2,023.7 billion compared to US\$1,986.70 billion 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 May 2010 compared to the same period in 2009.

**Traditional Exports:** For the first five months of 2010, traditional domestic exports earned US\$256.7 million, a decline of -US\$47.25 million below the US\$303.93 million recorded for January—May 2009. The share of traditional exports in total domestic exports also declined from 54.4% in Jan-May 2009 to 46.7% 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 -44.8% to US\$11.80 million during the first five months of 2010, from US\$21.37 million for the corresponding period of 2009. This was largely due to a steep -54.6% drop in coffee exports. Nonetheless, exports of "Coffee" valued at US\$8.6 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 five months of 2010, but at the significantly slower rate of -15.4%. Exports from this group amounted to US\$186.7 million, accounting for 72.0% of total Traditional Domestic Exports. Of this, "Alumina" earned US\$133.7 million about US\$38 million less than the amount earned for the corresponding period of 2009. "Bauxite" exports however, earned US\$52.8 million, increasing by US\$22.4 million or 73.7%.

Exports of traditional manufactured items also did not fare well during calendar year 2009 declining by 17.6% to US\$123.6 million from US\$150 million a year earlier. For the first five months of 2010, the "Manufacture" group earned

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-May '09	Jan-May '10	Change	% Change
<b>TOTAL EXPORTS (fob)</b>	<b>558.92</b>	<b>549.32</b>	<b>-9.60</b>	<b>-1.7%</b>
Major Traditional Exports	303.93	256.68	-47.25	-15.5%
<i>by Sector:-</i>				
Agriculture	21.37	11.80	-9.57	-44.8%
Mining & Quarrying	202.10	186.69	-15.41	-7.6%
Manufacturing	80.46	58.19	-22.27	-27.7%
<i>by Industry:-</i>				
Bauxite	30.38	52.78	22.40	73.7%
Alumina	171.63	133.68	-37.95	-22.1%
Sugar	64.57	36.51	-28.06	-43.6%
Rum	14.91	18.68	3.76	25.2%
Bananas	0.00	0.00	0.00	0.0%
Coffee	18.92	8.59	-10.33	-54.6%
Other	3.52	6.46	2.94	83.3%
Non-Traditional Exports	221.80	260.50	38.70	17.4%
Re-exports	33.19	32.14	-1.05	-3.2%
<b>TOTAL IMPORTS</b>	<b>1,986.70</b>	<b>2,023.72</b>	<b>37.02</b>	<b>1.9%</b>
Food	349.42	318.30	-31.12	-8.9%
Beverages & Tobacco	31.66	28.16	-3.49	-11.0%
Crude Materials (excl. Fuels)	19.66	25.93	6.27	31.9%
Mineral Fuels, etcetera	526.69	707.74	181.05	34.4%
Animal & Vegetable Oils & Fats	13.90	5.13	-8.77	-63.1%
Chemicals	267.21	215.76	-51.46	-19.3%
Manufactured Goods	214.52	213.06	-1.47	-0.7%
Machinery and Transport Equip.	361.45	279.64	-81.81	-22.6%
Misc. Manufactured Articles	157.91	181.94	24.03	15.2%
Other	44.28	48.06	3.78	8.5%
<b>TRADE BALANCE</b>	<b>(1,427.78)</b>	<b>(1,474.40)</b>	<b>-46.62</b>	<b>3.3%</b>

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

US\$58.2 million, about US\$22.3 million less than the US\$80.5 million earned for the same period of 2009. An important contributor to exports of manufactures, has being exports of "Rum" which increased by 25.2% to US\$18.7 million compared to the corresponding period of 2009, but sugar exports were down by 43.6% to

US\$36.5 million compared to US\$64.6 million in Jan-May 2009.

**Non-traditional exports** accounted for 50.4% of exports by value in calendar year 2009 surpassing earnings from traditional exports. For the first five months of 2010, non-traditional exports continued to out-

perform traditional exports, growing by 17.4% from US\$221.8 million in Jan-May 2009 to US\$260.5 million for the corresponding period of 2010. The share of non-traditional exports in total exports, also increased from 39.6% in Jan-May 2009 to 47.4% in 2010.

Earnings from non-traditional "Food" items improved from US\$46.9 million in Jan-May 2009 to US\$48.9 million for the same period in 2010. But a number of leading product groups in this category recorded declines. Yams (the leading non-traditional food item), earned US\$7.3 million, declining by 4.7% from the US\$7.64 million earned in 2009. 'Ackee' - another leading non-traditional food export - declined by -4.2% from US\$4.7 million to US\$4.5 million; 'Dairy Products & Bird's Eggs' fell -6.5% to US\$3.5 million; Sauces' by -7.6% to US\$3.8 million; and 'Meat Preparations' by -12.4% to US\$1.16 million. However, 'Baked Products' grew by 4.0% to US\$5.14 million from US\$4.9 million; and 'Juices excluding Citrus' grew by 14.9% to US\$3.18 million from US\$2.7 million.

Exports of 'Beverages & Tobacco (excl. Rum)' fell by -7.1% for the review period to US\$22.7 million from US\$24.5 million during the corresponding period of 2009. Of the amount, 'Alcoholic Beverages (excl. Rum)' accounted for US\$19.3 million, down -8.6% from US\$21.09 million a year earlier.

'Crude Materials' grew by 53.0% from US\$6.1 million in Jan-May 2009 period to US\$9.4 million in the current review period. Exports of all items in this group increased. Earnings from 'Waste and Scrap Metals' rose 35.8% to US\$6.14 million; 'Limestone' exports by 81.3% to US\$924,000; while exports of 'Other' crude materials increased by 111% to US\$2.03 million.

'Other' non-traditional exports also increased significantly during the review period, from US\$144.3 million in Jan-May 2009 to US\$179.4 million in Jan-May 2010—a 24% rise. Exports of 'Mineral Fuels, etcetera' grew from US\$92.5 million in the previous period to US\$179.4 million in the current period. But 'Chemicals (incl. Ethanol)' decreased significantly from US\$43.1 million one year ago, to US\$30.5 million in Jan-May 2010 and 'Manufactured Goods' decreased by 68.5% to US\$1.8 million.

**Imports.** The 39.4% decline in Jamaica's imports observed in 2009 due to

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

	Jan-Mar 2009	Jan-Mar 2010	\$ Change	% Change
<b>Current Account</b>	<b>(164.6)</b>	<b>1.1</b>	<b>165.7</b>	<b>100.7%</b>
<b>Goods Balance</b>	<b>(749.1)</b>	<b>699.0</b>	<b>50.1</b>	<b>6.7%</b>
Exports	349.2	369.3	20.1	5.8%
Imports	1,098.2	1,068.3	(29.9)	-2.7%
<b>Services Balance</b>	<b>261.2</b>	<b>315.5</b>	<b>54.4</b>	<b>20.8%</b>
Transportation	(82.9)	64.5	18.4	22.2%
Travel	502.4	548.9	46.5	9.3%
Other Services	(158.3)	168.8	(10.6)	-6.7%
<b>Income</b>	<b>(150.5)</b>	<b>129.0</b>	<b>21.5</b>	<b>14.3%</b>
Compensation of empl	1.6	0.8	(0.8)	-50.0%
Investment Income	(152.1)	129.8	22.3	14.7%
<b>Current Transfers</b>	<b>473.8</b>	<b>513.5</b>	<b>39.7</b>	<b>8.4%</b>
Official	31.9	27.0	(4.9)	-15.4%
Private	441.8	486.5	44.6	10.1%
<b>Capital &amp; Financial Account</b>	<b>164.6</b>	<b>(1.1)</b>	<b>(165.7)</b>	<b>-100.7%</b>
<b>Capital Account</b>	<b>32.1</b>	<b>(5.7)</b>	<b>(37.7)</b>	<b>-117.4%</b>
Capital Transfers	32.1	(5.7)	(37.7)	-117.4%
Official	41.9	4.0	(37.9)	-90.5%
Private	(9.8)	(9.7)	0.1	1.0%
Acq/disp.	-	-	-	0.0%
<b>Financial Account</b>	<b>132.5</b>	<b>4.6</b>	<b>(128.0)</b>	<b>-96.6%</b>
Other Official Invst	(179.7)	428.3	608.0	338.3%
Other Private Invst	167.9	401.2	(569.1)	-339.0%
Reserves	144.4	22.5		

Source: BOJ & Statistical Update:

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\$1.986 billion in Jan-May 2009, imports increased by 1.1% to US\$2.007 billion during Jan-May 2010. The main contributor to this increase however, was rising prices for crude oil which pushed up the value of crude imports by 68.6% from US\$185.3 million in Jan-May 2009 to US\$312.4 million in the current review period. All other categories of imports continued to record declines. 'Consumer Goods' were down -4.2% from US\$647.7 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 -30.5% to US\$149.1 million from US\$214.6 million in Jan-May 2009..

**Oil:** At the end of September 2010, West Texas Intermediate (WTI) Crude Oil price stood at US\$79.97 per 42 gallon barrel - an increase in price of US\$8.05 compared to the closing price of US\$71.92 the previous month. During September 2010

the price ranged between a low of US\$72.86 and a high of US\$79.97 per barrel where it closed. ( See Fig. 5)

## Balance of Payments

For the period January to March 2010, the current account recorded a small surplus of US\$1.1 million. This represented an improvement of US\$165.7 million compared to the deficit of US\$164.6 million for Q1 2009.

All sub-accounts contributed to the improvement. In particular, the **Services sub-account** recorded an expansion of US\$54.4 million due primarily to an increase earnings of US\$39.0 million from higher stop-over arrivals of 9.2 per cent.

In addition, there was an improvement of US\$50.1 million in the **Goods sub-account** due to a reduction of US\$29.9 million in imports and growth of US\$20.1 million in exports. For the period, all the categories of imports contracted, with the exception of mineral fuel, miscellaneous manufactured goods and crude materials. Higher earnings from non-traditional exports

Table 11: Fiscal Accounts (J\$ Million)

	Apr-Aug (Fiscal—2010/11)				Apr-Aug (YOY)	
	J\$ million		Deviation		09/10 - 10/11	
	Provisional	Budget	J\$M	(%)	J\$M	(%)
<b>Revenue &amp; Grants</b>	<b>125,424.7</b>	<b>120,124.5</b>	<b>5,300.2</b>	<b>4.41</b>	<b>16,395.1</b>	<b>15.0</b>
Tax Revenue	109,634.7	106,089.2	3,545.5	3.34	9,386.8	9.4
Non-Tax Revenue	9,955.9	10,209.2	-253.3	-2.48	4,146.1	71.4
Bauxite Levy	18.0	249.9	-231.9	-92.80	-56.8	-75.7
Capital Revenue	1,699.1	1,712.7	-13.6	-0.79	787.8	86.4
Grants	4,116.9	1,863.5	2,253.4	120.92	2,131.7	107.4
<b>Expenditure</b>	<b>168,041.4</b>	<b>174,035.1</b>	<b>-5,993.7</b>	<b>-3.44</b>	<b>-2,825.0</b>	<b>-1.7</b>
Recurrent Expenditure	145,513.3	147,058.9	-1,545.6	-1.05	-10,311.8	-6.7
Programmes	30,447.8	29,650.6	797.2	2.69	3,683.8	13.8
Wages & Salaries	53,239.3	53,817.4	-578.1	-1.07	-249.1	-0.5
Interest	61,826.2	63,590.9	-1,764.7	-2.78	-13,746.7	-18.5
Domestic	44,067.4	44,071.4	-4.0	-0.01	-9,993.5	-18.5
External	17,758.7	19,519.5	-1,760.8	-9.02	-3,753.1	-18.6
Capital Expenditure	22,528.1	26,976.2	-4,448.1	-16.49	7,486.6	49.8
Capital Programmes	22,528.1	26,976.2	-4,448.1	-16.49	7,486.6	49.8
IMF #1 Account	0.0	0.0	0.0		0.0	0.0
<b>Fiscal Balance (Surplus [+ve])</b>	<b>-42,616.7</b>	<b>-53,910.6</b>	<b>11,293.9</b>	<b>20.95</b>	<b>19,220.3</b>	<b>31.8</b>
Loan Receipts	106,574.2	96,982.3	9,591.9	9.89	-11,894.9	-10.2
Domestic	78,037.3	70,857.3	7,180.0	10.13	-31,802.5	-29.0
External	28,536.9	26,125.0	2,411.9	9.23	19,907.7	317.8
Divestment Proceeds	0.0	0.0	0.0		0.0	0.0
Amortization	64,673.4	64,156.7	516.7	0.81	5,257.3	8.8
Domestic	55,606.7	54,723.2	883.5	1.61	7,065.4	14.6
External	9,066.7	9,433.4	-366.7	-3.89	-1,807.9	-16.6
<b>Overall Balance (Surplus [+ve])</b>	<b>-715.9</b>	<b>-21,085.0</b>	<b>20,369.1</b>	<b>96.60</b>	<b>2,067.7</b>	<b>54.5</b>
<b>Primary Balance (Surplus [+ve])</b>	<b>19,209.5</b>	<b>9,680.4</b>	<b>9,529.1</b>	<b>98.44</b>	<b>5,473.8</b>	<b>39.8</b>

Source: Ministry of Finance and Planning

were responsible for the increase in exports.

The improvement of US\$129 million in the **Income sub-account** was principally related to lower interest payments on official external debt, while the increase of US\$513 million in net **Current Transfers** reflected a rise of 9.7 per cent in gross remittance inflows.

Net official investment inflows and the current account surplus were more than sufficient to finance net private capital outflows as well as the deficit on the capital account. As a result, there was an increase of US\$22.5 million in the NIR during the review period.

## Fiscal Accounts

During the first five months of fiscal year 2010/11, the Government of Jamaica (GOJ) accumulated a fiscal deficit of -J\$42.6 billion. This was J\$11.3 billion or 21% less than the -J\$53.9 billion budgeted and compares with a deficit of -

J\$60.5 billion recorded for the same period in 2009/10. Annualized, this fiscal deficit averaging J\$8.52 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 July was achieved in equal measure by reductions in expenditures of J\$6 billion, augmented by an increase in Revenues and Grants of J\$5.3 billion, contributed by increases in taxes of J\$3.5 billion and increases in Grants of J\$2.3 billion.

**REVENUE:** Total Revenues & Grants to the GOJ for April to July 2010 was J\$125.4\$ billion. This was, as noted, \$5.3 billion or 4.4% more than the J\$120 billion targeted for the period. The main outperformers

on the revenue accounts were GCT (Imports) which was J\$2.80 billion above budget, and GCT (Local) which exceeded budget by J\$1.46 billion. Other notable outperformers on the revenue accounts were taxes garnered from Bauxite/ Alumina of J\$651 million; Other Company taxes of J\$1.16 billion; and Travel Taxes of J\$606.2 million.

Possibly reflecting the still weak conditions in the economy brought on by the recession, PAYE recorded a notable shortfall of -J\$2.67 billion below budget, but was J\$321 million ahead of the corresponding period of FY2009/10. Customs Duty was running -J\$1.46 billion below budget and -J\$1.14 billion below FY2009/10 levels. Other items recording notable shortfalls were 'Non-tax Revenue' coming in -J\$253 million below budget; and 'Bauxite levy' and 'Other Licenses'



coming in at J\$232 million and J\$199 million under budget.

**EXPENDITURE:** For the first five months of FY2010/11, actual expenditure amounted to \$168 billion, about J\$6.0 billion or 3.4% less than the J\$174 billion originally budgeted. This reduced expenditure was greatly contributed to by J\$1.76 billion reduction in external interests payments; and -J\$4.45 billion reduction in expenditures on capital programs. There were also significant cutbacks of J\$578 million in Wages and Salaries. 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\$7.2 billion to J\$78.04 billion, while external borrowing increased by J\$2.4 billion to J\$28.5 billion.

#### FISCAL OUTTURN

On an annualized basis, the fiscal deficit of \$42.6 billion for April to August 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. In August 2010, the deficit jumped by J\$28 billion, suggesting acceleration of deficit spending or deferred payments coming due.

**The Primary Surplus**—the difference between total revenues and non-interest expenditures—for the first five months of 2010 was J\$19.2 billion. This was \$5.5 billion better than the \$9.7 billion originally budgeted, and a 39.8% improvement on the primary balance of J\$13.7 billion achieved in 2009/10.

The fiscal deficit was financed by loans amounting to J\$106.6 billion, which was J\$9.6 billion above budget. Seventy-three percent of loan receipts or \$78.04 billion were sourced from the domestic market, while external borrowing, provided the remaining 27% or \$28.5 billion of loans. Amortization of J\$64.7 billion was roughly in line with planned amortization of J\$64.2 billion. J\$55.6 billion or 86% went to domestic creditors of the GOJ and the remaining J\$9.01 billion to external creditors.

**PUBLIC DEBT:** Total public debt at the end of June 2010 stood at \$1.436 trillion. This represents an

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

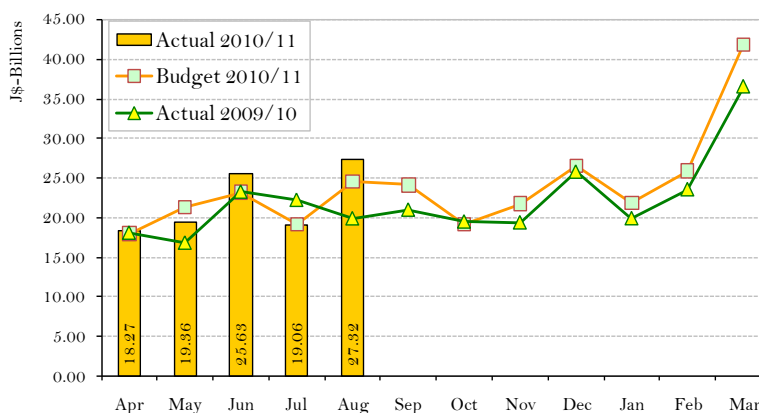
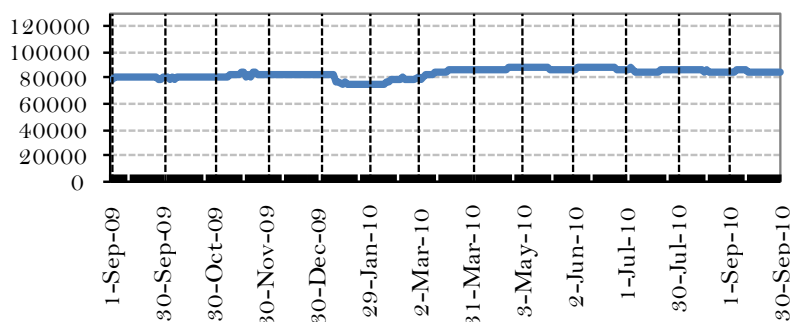


Table 12: Major Deviations in Fiscal Revenue and Expenditure

J\$-Millions	Apr-Aug 2010/11
<b>Revenue (Revenue Surpluses)</b>	
GCT (Imports)	2,803.9
GCT (Local)	1,466.5
Other Companies	1,163.5
Bauxite/alumina	651.0
Travel Tax	606.2
<b>Revenue (Revenue Shortfalls)</b>	
PAYE	-2,665.9
Custom Duty	-1,455.1
Non-tax Revenue	-253.3
Bauxite levy	-231.9
Other Licenses	-198.9
<b>Expenditure (Changes)</b>	
Capital Programmes (under-spend)	-4,448.1
External Interest (under-spend)	-1,760.8
Wages and salaries (under-spend)	-578.1
Domestic Amortization (over-spend)	883.5
Recurrent Programmes (over-spend)	797.2

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index, Jul '09 - Sep '10



Source: Jamaica Stock Exchange (Online Database) and PSOJ

additional \$74 billion added to the debt stock over since January 2010.. As of June 2010, the domestic debt is estimated at J\$773.3 billion or 54.2.0% of the total, while the external debt amounts to US\$7.7 billion or 45.8.0% of the total debt stock.

## Stock Market

During the month of September 2010, market capitalization decreased by J\$6.6 billion or 1.2% to close at J\$547.9 billion. Four of five indices on the Jamaica Stock Exchange declined. The main **JSE Market Index** declined by 980 points or 1.16% to close at 83,613 points. The **JSE All Jamaican Composite** declined by 1,973.6 points, or 2.5%, to close at 78,169 points. The **JSE Select** declined by 120.4 points or 5.39% to close at 2,111 points; and the **Jamaica Stock Exchange Junior** declined by 41 points to close at 270 points. The **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, was the only gainer during September advancing by 5.68 points or 0.66% to close at 857.3 points.

Market volume was moderate in September 2010 with 82.6 million units valued at \$755.9 million changing hands, compared to 53 million units in August 2010.

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

	31-Dec-09	31-Sep 10	\$ change	% change
<b>Top Five (unadjusted for dividends or transact. Costs)</b>				
Berger Paints (Jamaica)	1.20	2.50	1.30	108.3%
Carreras Limited	35.02	50.18	15.16	43.3%
Hardware & Lumber	3.50	4.65	1.15	32.9%
GraceKennedy Limited	40.50	52.9	12.40	30.6%
Kingston Wharves	3.08	4.01	0.93	30.2%
<b>Bottom Five (unadjusted for dividends or transact. Costs)</b>				
Ciboney Group	0.10	0.05	(0.05)	-50.0%
Pulse Investments	5.44	3.14	(2.30)	-43.0%
Salada Foods Jamaica	15.50	10.01	(5.49)	-35.4%
Capital & Credit Financial Group	4.41	3.20	(1.21)	-27.4%
Guardian Holdings Ltd	299.50	220.0	(79.50)	-26.5%

*Source: Compiled from the JSE*

Overall market activity resulted from trading in 39 stocks of which 13 advanced, 22 declined and 4 traded firm. Cable & Wireless was the volume leader with 26.3 million or 31.8% of traded shares; followed by Sagcor Life with 11.7% of market volume and Scotia Group Ja. Ltd. with 11.5% of market volume.

The leading advancers year to date are: Berger Paints, Carreras Limited, Hardware & Lumber, GraceKennedy, and Kingston Wharves. 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.)

The Primary Balance—the difference between total revenues and non-interest expenditure, stood at J\$19.1 billion in June 2010—the latest date for which figures are available, suggesting that with some expenditure restraints and payment deferrals, the GOJ should also be able to meet the September target of J\$31.5 billion. The GOJ also seems on track to meet the Central Government Direct Debt Target of J\$1,304.6 billion, because at the end of June 2010, the Total Public Debt stood at J1,436.0 billion suggesting that through amortization and accounting methods, the September 2010 target was achievable.

Of continuing concern is what is happening to the three targets relating to 'Central Government Accumulation of Domestic Arrears'; 'Accumulation of Tax Arrears' and Accumulation of External Arrears'. All three targets are supposed to be at zero, and the GOJ is not permitted to accumulate arrears for more than 90 days. But some estimates are that the GOJ may be accumulating to suppliers and public sector workers amounting to tens of billions of dollars. If so, that would clearly call into ques-

tion the GOJ supposed success in reducing the fiscal deficit.

**The Global Economy** continued to stutter forward in September 2010 but with a firmer conviction that the global economy was unlikely to slip into another recession. 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 Eurozone, 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%. Australia's 'Employment Change' came in twice as high as expected. 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% was better than the 2.4% expected and German unemployment slipped below the psychologically important 3 million level for only about the second

time in 18 years.

Even in the United States—which continues to be the most troubled among the major economies, there are signs that the recovery is taking root. 'Existing Home Sales' soared 10% in September from modest levels and 'New Home Sales' increased by 6.6% from historically depressed levels (300,000 compared to 2 million in more buoyant times). Manufacturing activity in the New York, and Dallas Federal Districts also rebounded; Durable Goods Orders were up a better than expected 3.3%; Consumer Confidence crossed over the Rubicon to 50.2% - indicating optimists outnumbered pessimists; and US Q3 GDP came bang in line with expectations of 2%.

These are encouraging signs in the performance of the US economy. But the consensus is that level of performance is unlikely to do much to reduce the 9.6% unemployment rate, which requires 5% growth for 2-3 years to bring unemployment down to pre-recession levels. At its upcoming November 2nd 2010 Meeting the Federal Reserve seems all but certain to launch into another round of quantitative easing to spur more robust growth in the US economy.

## INFLATION (SEP 2010) - CPI

## APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>0.49%</b>	<b>0.494</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>0.39%</b>	<b>0.146</b>	<b>1</b>	
Food	0.39%			
Bread and Cereals	0.31%			
Meat	0.36%			
Fish and Seafood	0.89%			
Milk, Cheese and eggs	0.41%			
Oils and Fats	0.79%			
Fruit	0.69%			
<b>Vegetables and Starchy Foods</b>	<b>0.00%</b>			
Vegetables	0.53%			
Starchy Foods	-1.43%			
Sugar, Jam, Honey, Chocolate and Confectionery	0.55%			
Food Products n.e.c.	0.33%			
<b>Non-Alcoholic Beverages</b>	<b>0.25%</b>			
Coffee, tea and Cocoa	0.47%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	0.12%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>0.24%</b>	<b>0.003</b>	<b>10</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>0.45%</b>	<b>0.015</b>	<b>7</b>	
Clothing	0.69%			
Footwear	0.23%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>0.89%</b>	<b>0.114</b>	<b>2</b>	
Rentals for Housing	0.00%			
Maint and Repair of Dwelling	0.25%			
Water Supply and Misc. Serv Related to the Dwelling	-2.90%			
Electricity, Gas and Other Fuels and Routine	2.23%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>0.38%</b>	<b>0.019</b>	<b>6</b>	
Furniture and Furnishings (including Floor Coverings)	0.54%			
Household Textiles	0.35%			
Household Appliances	0.19%			
Glassware, Tableware and Household Utensils	0.71%			
Tools and Equipment for House and Garden	0.67%			
Goods and Serv. for Routine Household Maint	0.39%			
<b>HEALTH</b>	<b>0.42%</b>	<b>0.014</b>	<b>8</b>	
Medical Products, Appliances and Equipment	0.24%			
Health Services	0.51%			
<b>TRANSPORT</b>	<b>-0.20%</b>	<b>-0.025</b>	<b>12</b>	
<b>COMMUNICATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RECREATION AND CULTURE</b>	<b>0.84%</b>	<b>0.028</b>	<b>5</b>	
<b>EDUCATION</b>	<b>4.56%</b>	<b>0.098</b>	<b>3</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>0.21%</b>	<b>0.013</b>	<b>9</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>0.52%</b>	<b>0.043</b>	<b>4</b>	

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

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>8.24%</b>	<b>8.245</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>7.54%</b>	<b>2.823</b>	<b>2</b>	
Food	7.54%			
Bread and Cereals	3.21%			
Meat	6.15%			
Fish and Seafood	8.77%			
Milk, Cheese and eggs	7.38%			
Oils and Fats	9.23%			
Fruit	7.52%			
<b>Vegetables and Starchy Foods</b>	<b>10.49%</b>			
Vegetables	12.74%			
Starchy Foods	5.70%			
Sugar, Jam, Honey, Chocolate and Confectionery	10.75%			
Food Products n.e.c.	10.05%			
<b>Non-Alcoholic Beverages</b>	<b>6.98%</b>			
Coffee, tea and Cocoa	8.08%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	6.50%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>13.16%</b>	<b>0.182</b>	<b>10</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>7.12%</b>	<b>0.237</b>	<b>7</b>	
Clothing	7.77%			
Footwear	6.37%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>4.06%</b>	<b>0.518</b>	<b>4</b>	
Rentals for Housing	19.57%			
Maint and Repair of Dwelling	9.36%			
Water Supply and Misc. Serv Related to the Dwelling	0.18%			
Electricity, Gas and Other Fuels and Routine	-3.20%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>5.35%</b>	<b>0.264</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	7.61%			
Household Textiles	5.78%			
Household Appliances	9.68%			
Glassware, Tableware and Household Utensils	5.94%			
Tools and Equipment for House and Garden	5.99%			
Goods and Serv. for Routine Household Maint	4.00%			
<b>HEALTH</b>	<b>2.39%</b>	<b>0.078</b>	<b>12</b>	
Medical Products, Appliances and Equipment	2.23%			
Health Services	2.52%			
<b>TRANSPORT</b>	<b>23.25%</b>	<b>2.981</b>	<b>1</b>	
<b>COMMUNICATION</b>	<b>5.38%</b>	<b>0.215</b>	<b>8</b>	
<b>RECREATION AND CULTURE</b>	<b>6.18%</b>	<b>0.208</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>3.84%</b>	<b>0.238</b>	<b>6</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>6.44%</b>	<b>0.539</b>	<b>3</b>	



## FISCAL ACCOUNT (APR-AUG 2010)

REV. & EXPEN. (APR '10 - AUG '10)	J\$M	PROVISIONAL Results	J\$M	BUDGET DEVIATION	J\$M	YOY - CHANGE
<b>Revenue &amp; Grants</b>	125,424.7		5,300.2		2,537.80	
Tax Revenue	109,634.7		3,545.5		3,340.00	
Non-Tax Revenue	9,955.9		-253.3		-1,306.50	
Bauxite Levy	18.0		-231.9		-2,637.10	
Capital Revenue	1,699.1		-13.6		237.90	
Grants	4,116.9		2,253.4		2,903.40	
<b>Expenditure</b>	168,041.4		-5,993.7		44,254.70	
Recurrent Expenditure	145,513.3		-1,545.6		42,250.30	
Programmes	30,447.8		797.2		841.50	
Wages & Salaries	53,239.3		-578.1		14,839.50	
Interest	61,826.2		-1,764.7		26,569.20	
Domestic	44,067.4		-4.0		19,657.90	
External	17,758.7		-1,760.8		6,911.40	
Capital Expenditure	22,528.1		-4,448.1		2,004.60	
Capital Programmes	22,528.1		-4,448.1		2,004.60	
IMF #1 Account	0.0		0.0		0.00	
<b>Fiscal Balance (Surplus [+ve])</b>	-42,616.7		11,293.9		-41,716.90	
Loan Receipts	106,574.2		9,591.9		44,510.30	
Domestic	78,037.3		7,180.0		66,588.40	
External	28,536.9		2,411.9		-22,078.40	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	64,673.4		516.7		16,820.50	
Domestic	55,606.7		883.5		15,082.20	
External	9,066.7		-366.7		1,738.30	
<b>Overall Balance (Surplus [+ve])</b>	-715.9		20,369.1		-14,027.10	
<b>Primary Balance (Surplus [+ve])</b>	19,209.5		9,529.1		-15,147.90	

REV. & EXPEN. (APR '10 - AUG '10)	J\$M	PROVISIONAL Results	J\$M	BUDGET DEVIATION	J\$M	YOY - CHANGE
<b>Revenue &amp; Grants</b>	125,424.7		5,300.2		2,537.8	
Tax Revenue	109,634.7		3,545.5		3340	
Income and profits	38,678.8		27.5		3888.9	
Bauxite/alumina	866.3		651.0		19	
Other companies	6,938.5		1,163.5		-336.5	
PAYE	20,530.1		-2,665.9		1568.3	
Tax on dividend	489.0		302.5		-115.2	
Other individuals	1,017.7		204.9		-973.8	
Tax on interest	8,837.2		371.5		3727.1	
Environmental Levy	824.5		-18.5		-121.3	
Production and consumption	33,294.9		1,673.1		-759.7	
SCT	4,047.7		408.9		372.3	
Motor vehicle licenses	713.2		-77.1		71.9	
Other Licenses	108.4		-198.9		76.4	
Betting, gaming and lottery	637.7		-21.8		138.1	
Education Tax	5,182.1		114.1		156.8	
Contractors levy	378.8		14.1		-16.6	
GCT (Local)	19,834.2		1,466.5		20.4	
Stamp Duty (Local)	2,392.8		-32.7		-1578.8	
International Trade	36,836.5		1,863.4		332.3	
Custom Duty	7,883.8		-1,455.1		-1132.1	
Stamp Duty	510.5		30.1		70.2	
Travel Tax	1,737.2		606.2		-30.4	
GCT (Imports)	15,123.2		2,803.9		-2260.4	
SCT (Imports)	11,581.8		-121.7		3685.2	
Non-Tax Revenue	9,955.9		-253.3		-1306.5	
Bauxite Levy	18.0		-231.9		-2637.1	
Capital Revenue	1,699.1		-13.6		237.9	
Grants	4,116.9		2,253.4		2903.4	

### Statistical Index

#### Major Macro-Economic Indicators

	BM		M2		NIR	Fgn Cur-Dep	Inflation		Tourism	J\$/US\$	T-bill	Loan	Sav	Dom Debt	Fgn Debt
	M	P	M	P	US\$M	US\$M	M	P	P		%	%	%	J\$M	US\$M
Jan'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	6,564.6
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	7,586.8
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	n/a	n/a
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	n/a	n/a
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	n/a	n/a
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	n/a	n/a
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	n/a	n/a
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

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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