NEW CONFIDENTIAL ECONOMIC BULLETIN

A Monthly Analysis of the Jamaican Economy **Vol. 7 No. 5 May 2001**

Overview

In This Issue

May was probably the best month ever in terms of the government's success at raising loans abroad. After an initial issue of US$275m in eurobonds, priced at a yield to maturity of 12%, with a coupon of 11.75%, the government was able to return to the market later in the month for another US$125m, which was priced just above par. The government has therefore already raised just over half of the roughly US$700m that it intends to borrow abroad this fiscal year. A little over half of the remainder is expected to come from the World Bank and the IDB under the SMP, leaving a balance of about US$140m to be raised on the private capital market. During his budget speech, the minister had mentioned the possibility of borrowing on the Japanese market and his recent trip to Japan may include some further exploration of this option.

The proceeds of the Eurobond issue have raised the NIR to the new height of US$1.48bn at the end of May. By early June, BOJ had lowered its repo rates and the 6-month TBill rate had fallen to 14.35%, its lowest rate since the beginning of the 1990's and according to the BOJ, the lowest rate since 1984. The lowering of interest rates also coincided with an increase in the BOJ's intervention in the foreign exchange market, as they sold heavily into the market to meet an increased demand for hard currency. So far there has been very little movement in the weighted average rate, but the spread between the high and low selling rates has widened a bit. The big question now is whether or not the BOJ will be able to sustain the current interest rate levels and take them down further to the SMP target of 12.9% at March 2002. Since 1997, rates have trended down in the first half of the year, stagnated in the third quarter and risen in the fourth quarter as BOJ has sought to mitigate pressure on the exchange rate. The size of the NIR has had little impact on this pattern as it was repeated annually even as the NIR increased to over US$900mn last year. Interest rate parity theory suggests that exchange rates will adjust as the interest rate differential between the two currencies rises or falls, so that later in the year, we are likely to see either an adjustment in the exchange rate, higher interest rates or some combination of both.

The BOJ's stock of un-backed repos has continued to increase and at the last published balance sheet date, this stood at about J$26bn, almost equal to its stock of repos that are backed by government securities. In the 1993 to 1995 period, the BOJ's stock of certificates of deposit, which were also un-backed, amounted eventually to about J$5bn and they had quite a negative impact on the attempt to bring down inflation in a sustainable way. Central government eventually assumed responsibility for these instruments and replaced them with LRS, and this action formed the basis of the successful effort to reduce inflation in 1996. It would greatly increase confidence in the current policy framework if the BOJ were to share with the public its plans for neutralising the inflationary impact of this substantial growth in its stock of un-backed repo instruments. If central government is again to be asked to take responsibility for these liabilities, what will be the impact of adding another J$26bn to the domestic debt?

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Net International Reserves

The Net International Reserves (NIR) of the central bank registered another record breaking performance for May 2001. The total stock of NIR at the central bank stood at a record US$1,480.61Mn (provisional) for the month. This represents a record monthly increase of US$198.82Mn, compared to the marginal decline of US$4.50Mn reported for April. The current level of the NIR represents a record 26.41 weeks of imports, compared to the record 23.04 weeks of imports for April 2001.

NIR achieve another record - US$1.48bn

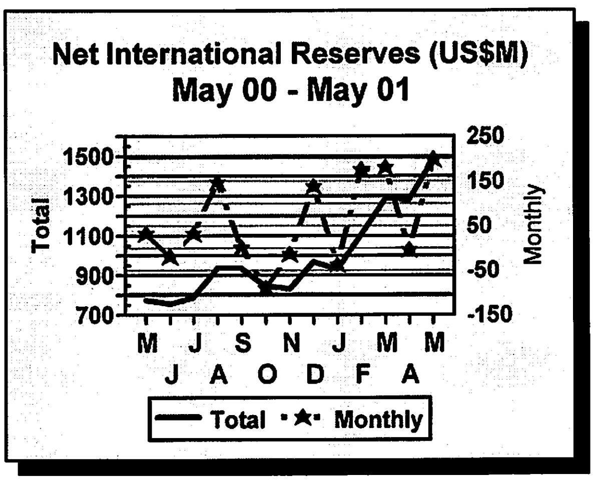

Figure 1: Net International Reserves

In the twelve months to the end of May 2001, the NIR increased by a record US$704.36Mn. This is in stark contrast to the US$185.75Mn increase for the same period ending May 2000. A US$275M bond issue on May 3rd, was the major contributing factor to the record performance of the NIR during the month of May. The recent upgrading of Jamaica's sovereign debt could bolster the success of future bond issues and help boost the NIR even further. The draw-down of the second tranche of multilateral loans may also improve the level of the NIR during the latter part of the year. However, debt obligations may temper the NIR's growth rate during the latter part of 2001. The SMP NIR target for this fiscal year (end of March 2002) is US$1,555Mn, and current trends indicate that this target may be achieved without great difficulty, although heavy intervention in the foreign exchange market could cause it to be misused.

Foreign Currency Deposits

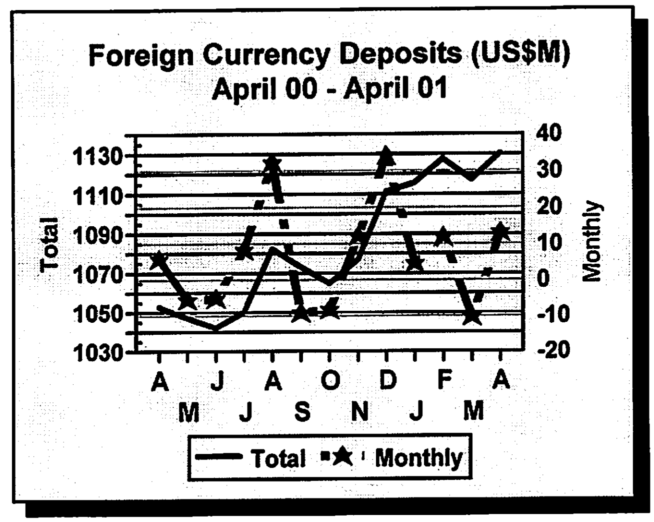

Figure 2: Foreign Currency Deposits

Foreign currency deposits reach record levels - US$1.13bn

Preliminary BOJ statistics indicate that the total stock of foreign currency deposits increased by US$13.1M to a record US$1,130.48M, at the end of April 2001. This is in comparison to the US$1,117.34M reported at the end of March 2001. In the twelve months to April 2001, the stock of foreign currency deposits increased by US$77.6M (7.37%) compared to the US$73.6M (7.52%) increase for the same period in 2000. Commercial banks, merchant banks and building societies balances (excluding deposits on B accounts) were at US$910.07M, US$87.20M and US$133.21M respectively, representing increases of 5.67%, 37.26% and 3.93% over the corresponding period the previous year.

Foreign Exchange Rates

FX market exhibit temporary volatility during May

The foreign exchange market (J$/US$) exhibited temporary volatility during the month of May 2001. The exchange rate traded mostly within the J$45.72 and J$45.75 band during the first half of the month, but traded mostly within the J$45.78 and J$45.82 band during the latter half, ending at J$45.83 - the highest rate for 2001. A US$275 million dollar bond issue was partially responsible for the foreign exchange volatility, as investors sought to purchase the bond on the secondary market, driving up the demand for foreign currency. Consequent central bank intervention has seen the rate trading at J$45.70 at the end of the first week in June.

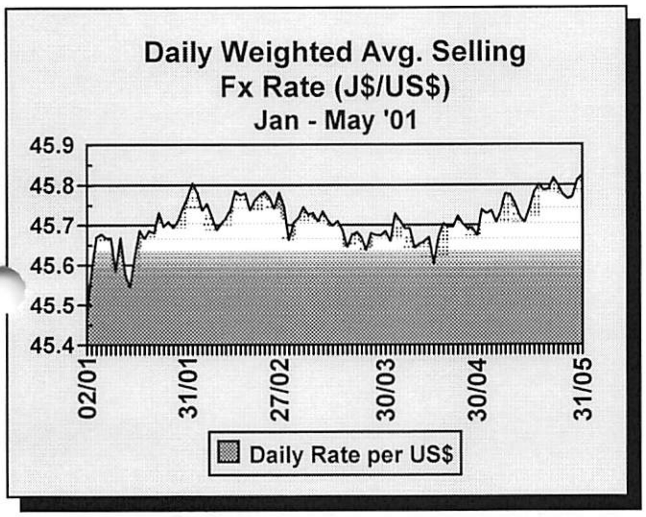

Figure 3: Daily J$/US$ Movements

J$ decline against US$ and CAN$ but advance against GB£

The Jamaican dollar had a modest performance against the currencies of its major trading partners, in comparison to the previous Month. The domestic currency declined against the US$ and CAN$, but advanced against the GB£ - declining by J$0.15 against the US$ and J$0.43 against the CAN$, while advancing by J$0.59 against the GB£. This compares with the J$ advancing against the US$ and CAN$, while declining against the GB£ - J$0.01 against the US$, J$0.02 against the Canadian dollar and J$0.94 against the GB£ respectively - for the previous month.

The weighted average selling rate of the Jamaican dollar to the US dollar for May 2001, was $45.77 which was $0.09 more than the average for April. The 12 month movement of this rate indicates a loss of $3.48 to the US dollar, compared with a loss of J$3.68 over the corresponding period in 2000. The foreign exchange market may be expected to continue exhibiting relative stability over the short term, given the continued high levels of net international reserves at the central bank, and their committment to defending the value of the Jamaican dollar.

Summary of Exchange Rates:

The weighted average selling rates of the local currency vis-a-vis its major trading partners as at June 08th, 2001 were:

US$1 = J$45.71
CDN$1 = J$29.78
GB£1 = J$63.45

The exchange rate at the end of May 2001 was $45.83, J$0.09 above the upper end of our "forecast" range of $45.72 - $45.74. A probable reason for the movement of rates to the upper end of our "forecast" was the temporary shock to the foreign exchange market caused by the US$275 million bond issue in early May, which created a hike in demand for foreign currency. It appears as if the temporary demand pressures have been alleviated by central bank intervention, with the exchange rate trading at J$45.70 at the end of the first week in June, compared to the high of J$45.83 attained at the end of May.

***Table 1:* Short Term Exchange Rate Forecasts for the end of the Months of June, July and August 2001 (J$/US$).**

	Forecast	*Actual*	*Difference*
Jan	45.71 - 45.88	45.77	0.00
Feb	45.82 - 45.89	45.78	-0.04
Mar	45.78 - 45.82	45.68	-0.10
Apr	45.68 - 45.70	45.67	-0.01
May	45.72 - 45.74	45.83	0.09
Jun	45.73 - 45.75		
Jul	45.76 - 45.78		
Aug	45.81 - 45.86		

Relative exchange rate stability may be expected to continue over the short term

The relative exchange rate stability which has ensued since early February of this year may be expected to continue over the short term, given the level of net international reserves and the central bank's stated intent of protecting the dollar. However, the foreign exchange market is prone to external shocks, and movements in world oil prices could adversely affect the market. Further, the past three years have seen the exchange rate come under significant demand pressures during the last four months of the year, and it remains to be seen what the outcome will be this year.

The short term exchange rate forecasts have been updated, based on current market conditions (*Table 1*).

Interest Rates

Interest rates continue to trend downwards, following the March 2001 slashing of all government reverse repurchase rates. The benchmark six month treasury bill yield fell by 1.04 percentage points from 16.50 % in April, to 15.46% in May (*Table 2*). The 30 Day reverse repurchase rate fell by 0.75 percentage points from 15.50% in April to 14.75% in May, and has since been reduced to 14.50% in early June. The reduction in the 30-day repo rate was partially facilitated by the success of a US$275 million bond on May 3rd, with semiannual coupon rate of 11.75% and a yield of 12% . The longer term repo (365 days) was also reduced - by 1.25 percentage points in May, and a further 0.6 percentage points in June - and currently stands at 15.9%. 6-month T-bill yields are down 4.7 percentage points year-to-date in 2001 and 2.18 percentage points over the twelve months to date. The 30-day repo rate is down 1.95 percentage points year-to-date, and 2.50 percentage points over the twelve months to June.

30-day repo down to 14.50% in early June.

6-month t-bill yield down to 15.46% in May.

Table 2: Selected Interest Rates

	Mar	*Apr*	*May*	*Jun*
30 Day Repo	15.5	15.50	14.75	14.5
365 Day Repo	17.75	17.75	16.5	15.9
Avg. Savings Deposit	9.84	9.84r	9.5	
Avg Loan Rate	31.33	31.21r	30.88	
6 Month T-Bill Yield	16.87	16.50	15.46	
12 Month T-Bill Yield	17.86	16.93	16.93	

Average savings deposit and lending rates followed the trend of the benchmark rates, falling by 0.33 and 0.34 percentage points respectively. This had led to a decline in the spread between these two rates of 0.15 percentage points, to 21.38%.

Interest rates continue to trend down and are at their lowest levels at least over the last five years. The continued lowering of repo rates has precipitated falling T-Bill yields, which are currently 4.7 percentage points less than at the start of the year. During 2000 over the similar period, these yields were down 4.39 percentage points, but ended the year down only 2.18 percentage points. If the current trend is maintained throughout the remainder of the year - especially over the last quarter - the economy may reap significant

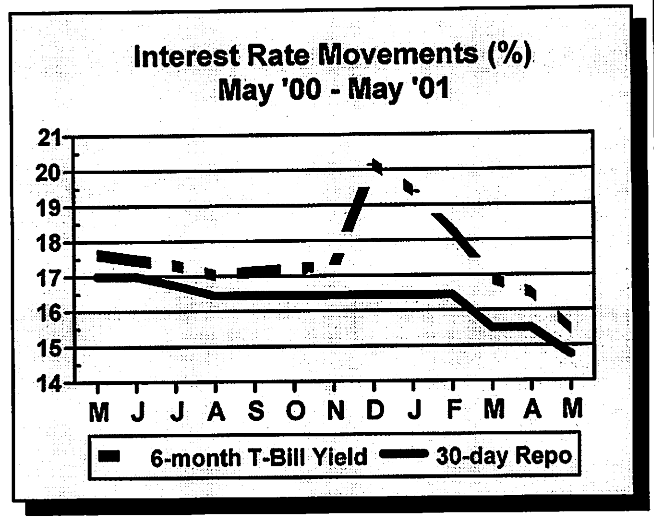

Figure 4: Interest Rate Movements

gains via reduction of interest payments on domestic debt, improved investment and productivity and ultimately, an improved GDP performance.

Inflation

Inflation rate 0.4% in April, 2.0% year to date.

The all Jamaica 'All Group' Consumer Price Index for April 2001 was 1,370.0, compared to the 1,364.3 reported for the previous month. This translates into a 0.4 percent inflation rate for April, following 0.5 percent and 1.1 percent in March and February respectively (revised). The Calendar year-to-date rate is 2.0 percent, compared to 2.3 percent the previous year.

The major contributor to April's increase was a 0.1 percent increase in the heavily weighted Food and Drink group, a 0.4 percent increase for the Fuels and Household Supplies group and a 3.4 percent increase for the Housing and Other Housing Expenses group. Higher prices for Starchy Foods (2.0%) was the main contributor to the rise in the Food and Drink index, while a 0.8 percent increase in Fuels and a 16.1 percent increase in Rentals, were responsible for the corresponding increases in the Fuels and Other Household Supplies and the Housing and Other Housing Expenses indices, respectively.

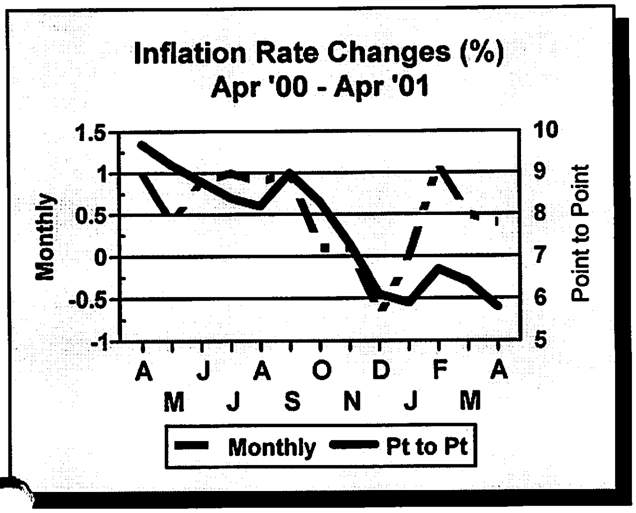

Figure 5: Inflation Rate Changes

The inflation target for the 2001/02 fiscal year is 6.5%, and the authorities may achieve this target if the current tight monetary stance is maintained, and more favorable weather conditions continue to ensue. Although there exists the threat of higher world oil prices, the inflation rate may be expected to remain in single digits for Calendar year 2001. The monthly inflation out-turn for June may be expected to reflect the recent hike in bus fares, while the last four months may be expected to reflect seasonal back-to-school increases and a possible hike in other utility rates, such as telephone and water.

Base Money and Money Supply

Provisional figures from the BOJ showed that the monetary base declined by 0.5% to J$31,351.28M at the end of May 2001, from the J$31,496.03M recorded at the end of April 2001. For the period May 2000 to May 2001, there was a 2.4% decline, compared to the 0.8% decline recorded for the previous period.

Base money down 0.5% in May

M2 up 1.4% in March

The nominal money supply stock increased by 1.4% at the end of March 2001 (provisional), as measured by the M2 (local and foreign currency) monetary aggregate. The M2 monetary aggregate recorded J$133,790.60M at the end of March 2001, compared to J$131,972.50M recorded at the end of February 2001. Increases in the currency, demand deposits and savings components of money supply were responsible for this increase, which offset the marginal decline in the time component of the M2. The nominal money supply grew by 8.9% from March 2000 to March 2001, in contrast with the 18.1% growth recorded for the previous period. This partially reflects the fact that the authorities have continued to maintain a tighter monetary policy stance, in order to keep inflation under control.

Current base money and money supply trends may be expected to continue throughout 2001, in line with the government's commitment of tighter monetary policy and base money targeting, to achieve the inflation targets.

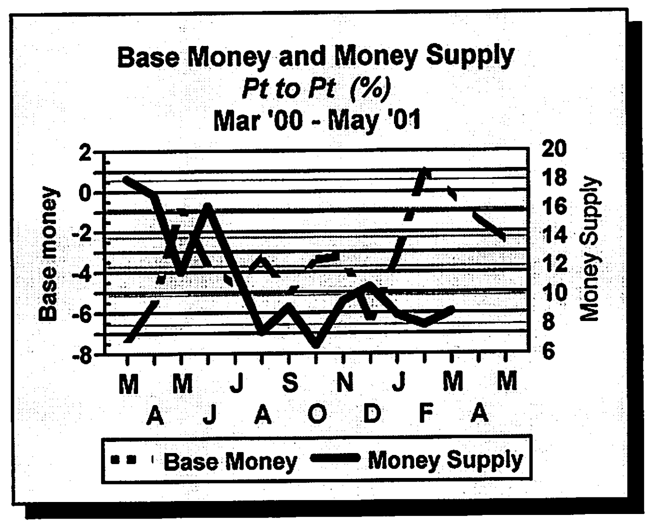

Figure 6: Base Money and Money Supply Movements

Production of Selected Commodities

Alumina prod up 5.59% in April

Mining: Total alumina production for the month of April 2001 was 311,082 metric tonnes. This represents 5.59% above production in 2000 and 0.95% above 1999's production figures. The year- to-date production was 1,225,794 metric tonnes, 2.88% and 6.57% above the year-to-date outcomes of 2000 and 1999 respectively.

Total Crude Bauxite production was 250,799 metric tonnes, 41.92% more and 23.80% less than production in April 2000 and 1999, respectively. The year-to-date production of Crude Bauxite was 1,183,948 metric tonnes, 57.56% above and 9.78% below 2000 and 1999's production figures respectively.

Bauxite prod up 41.9% in April

Alumina exports were 323,473 metric tonnes for the review period, which represents a 5.23% reduction and a 10.31% increase over the export figures for April 2000, and 1999 respectively. The year-to-date alumina exports amounted to 1,196,536 metric tonnes, 3.54% below and 6.60% above 2000 and 1999, respectively.

Exports of crude bauxite for April 2001 were 300,398 metric tonnes and represented increases of 81.56% ove and 8.78% below the recorded exports in 2000 and 1999, respectively. Total year-to-date exports were 1,225,569 metric tonnes, 56.06% above and 7.40 % below the corresponding period in 2000 and 1999, respectively.

Sugar: Total sugar production for April 2001 was 2.26% below that of April 2000, recording 38,080 metric tonnes in comparison to the 38,960 metric tonnes recorded in the corresponding 2000 period. Sugar production appears to be still suffering from the ill effects of adverse weather conditions during 2000.

Sugar down 2.26%, Banana up 35%

Banana: Total Banana production for April 2001 was 35.00% above that of April 2000. April's production was 3,240 tonnes compared to the 2,400 tonnes produced in 2000, but 40 tonnes below 's March's duction figure of 3,280 tonnes.

Cement: Total cement production for May 2001 was 53.90% above that of May 2000. Production for May 2001 recorded 54,183 tonnes compared to 35,207 tonnes in May 2000. May's production was also 20.80% above the 44,852 tonnes produced in April. The total year-to-date production was 253,648 tonnes, 25.30% above the 202,433 tonnes produced over the similar period in 2000.

External Trade

Trade deficit widen by US$47M, Exports down US$11M

The deficit on the external trade account widened by US$47.47M over the January to February 2001 period, in comparison to the corresponding period in 2000. Total goods imports (c.i.f.) jumped by US$36.11M (7.0%), while total goods exports (f.o.b.) declined by US$11.36M (- 4.5%) ***See Table 3.***

Exports: Total goods exports (f.o.b.) for the review period were valued at US$240.16M, down US$11.36M. The decline of US$10.03M (4.7%) in general merchandise exports was largely responsible for this out-turn, which was influenced by respective declines of US$6.93M (-3.8%), US$7.43M (-15.3%) and a US$3.01M (33.5%) increase in major-traditional, non-traditional and other-traditional exports respectively.

Decreased earnings of US$10.53M (-9.0%), US$2.97M (-13.7%) and US$0.68M (-17.8%) from alumina, sugar and bananas respectively, were responsible for the

Table 3: External Trade, January - February 2001

	Jan-Feb 00	Jan-Feb 01	Change	% Change
Total Exports (fob)	**251.52**	**240.16**	**-11.36**	**-4.5**
Major Traditional	151.36	144.43	-6.93	-4.6
Other Traditional	9.05	12.08	3.03	33.5
Non-Traditional	48.69	41.26	-7.43	-15.3
Re-Exports	3.51	4.81	1.30	37.0
Freezone Exports	32.71	32.39	-0.32	-1.0
Goods Procured in Ports	6.20	5.20	-1.00	-16.1
Total Imports (cif)	**515.17**	**551.29**	**36.12**	**7.0**
Consumer Goods	142.61	143.63	1.02	0.7
Raw Materials	245.97	289.48	43.51	17.7
Capital Goods	88.85	102.14	13.29	15.0
Free-zone Imports	22.44	10.64	-11.80	-52.6
Goods Procured in Ports	6.30	5.40	-0.90	-14.3
Trade Balance	**-263.65**	**-311.12**	**-47.47**	**18.0**

decline in the major traditional group. This decline was sufficient to offset the apparent rebound in bauxite, which increased by US$7.25M (88.6%) over the period. The rebound in bauxite may be attributed to the return to normal operations at the Gramercy plant, leading to a 47.4% increase in volume, while benefiting from a 2.0% increase in price. Alumina earnings continue to be affected by weaker demand, leading to a slump in price (-6.7%) and volume (-2.4%). Sugar and Bananas were both down by 5.1% and 26.5% in price respectively.

Continued strong growth in earnings from coffee (150.6%) and an improved performance from Rum (29.6%) were mainly responsible for the positive out-turn in the other traditional exports subgroup, which increased by 33.5%. The downturn in non-traditional exports was largely driven by declines in crude materials (-2.9%), chemicals (-42.0%), and beverages and tobacco (-13.0%) exports.

Imports up by US$49M (10%)

Imports: Total imports (C.I.F.), for the review period January to February 2001, were valued at US$551.29M, an increase of US$36.12M over the corresponding period in 2000. An increase of US$48.81M (10.0%) in merchandise purchases was largely responsible for this increase, which was partially offset by a US$11.79M (-52.6%) decline in free-zone imports.

Within the general merchandise category, the C.I.F. value of raw materials increased by US$34.50M or (13.5%). The increase in raw material imports was reflective of a US$9.0M (10.8%) rise in the value of fuels and a US$25.44M (14.9%) increase in other raw material imports. The capital goods category increased by US$13.30M (15.0%), mainly reflecting a 37.8% increase in machinery, while construction materials declined by 17.3%. Consumer goods increased by US$1.02M (0.7%), reflecting increases in Food (5.7%) and Other Durables (2.8%).

Balance of Payments

Current A/C deficit widen by US$58M

The current account recorded a deficit of US$96.5M for the period January to February 2001, in contrast to the deficit of US$38.8M recorded for the corresponding period in 2000. This resulted in a decline of US$57.7M on the balance for the review period.

The deficit on the goods balance widened by US$42.4M for the period. This out-turn resulted from a US$31.1M increase in imports (f.o.b.) and an US$11.3M decline in exports (f.o.b.) for the review period (***Table 4***). It should be duly noted that for the April to February 2000/01 period, exports have actually declined by US$8.9M, in comparison to the US$184.4M increase in imports.

Services balance improve US$1.6M

The services account balance registered only a US$1.6M increase for the review period. However, this was due to increased transportation costs during January, which had led to a US$3.9M decline of the balance. Transportation costs continue to remain higher, increasing by US$2.4M. However, increased net travel receipts were sufficient to record a positive out-turn.

For the income account, a negative US$46.7M change in investment income accounted for the US$44.1M decline. The US$27.6M increase in net current transfers was influenced by an expansion in net official and private transfer flows of US$8.9M and US$18.7M respectively. Private transfer flows continue to reflect strong remittance inflows which increased by US$15.9M (26.2%).

The improvement in the capital and financial account mainly reflected activity in the financial account, which increased by US$63.2M. The surplus on the Other Official and Private Investment accounts together with the capital account were more than sufficient to offset the deficit on the current account, resulting in a US$137.1M increase in reserves.

Tousrism

Stopover tourist arrivals continued to maintain a positive outlook, posting a 5.23% increase for April 2001, when compared to the same period in 2000 *(Table 5)*. The January to April period also recorded a 4.88% increase over the similar period in 2000. However, there continued to be a decline in stopover arrivals of nationals, which was down 19.38% for April

Table 4: Balance Of Payments (US$M), January - February 2001

	Jan-Feb 00	Jan - Feb 01	Change	% Change
Current A/C	**-38.8**	**-96.5**	**-57.7**	**148.7**
Goods Balance	**-190.4**	**-232.8**	**-42.4**	**22.3**
Exports (fob)	251.5	240.2	-11.3	-4.5
Imports (fob)	441.9	473.0	31.1	7.0
Service Balance	**100.8**	**102.4**	**1.6**	**1.6**
Transportation	-31.1	-33.5	-2.4	7.7
Travel	176.0	187.7	-57.7	-32.8
Other Services	-44.1	-51.8	-7.7	17.5
Income	**-65.5**	**-110.0**	**-44.5**	**67.9**
Compensation	3.0	5.2	2.2	73.3
Investment	-68.5	-115.2	-46.7	68.2
Current Transfers	**116.3**	**143.9**	**27.6**	**23.7**
Official	6.7	15.6	8.9	132.8
Private	109.6	128.3	18.7	17.1
Capital & Fin. A/C	**38.8**	**96.5**	**57.7**	**148.7**
Net Capital Movement	**7.0**	**1.5**	**-5.5**	**-78.6**
Official	5.7	1.0	-4.7	-82.5
Private	1.3	0.5	-0.8	-61.5
Financial A/C	**31.8**	**95.0**	**63.2**	**198.7**
Other Official Investment	157.4	123.8	-33.6	-21.3
Other Private Investment	14.8	108.3	93.5	631.8
Reserves	-140.4	-137.1		

and down 14.50% year-to-date. This negative performance has been observed since October 2000, and has not improved.

Tourist Arrivals up 4.2% for April, 3.9% Jan-Apr

Cruise passenger arrivals registered a slight improved performance during April 2001, increasing by 2.74% compared to the 13.90% increase for the same period in 2000. Two fewer ships called on Jamaican ports over the period, in comparison to April 2000. Cruise ship arrivals have increased by 2.61% over the January to April 2001 period.

These trends have combined to report marginal growth in the total number of tourist arrivals, which has shown a 3.87% increase over the first four months of 2001, and a 4.24% increse for April 2001. Preliminary estimates indicate that cumulative expenditure for the first three months of 2001 increased by 2.99% to US$351.90M.

Table 5: Tourist Arrivals, Jan - Apr 2001

	2000 Jan - Apr	*2001 Jan - Apr*	*Change Jan-Apr*	*Change Apr*
Stopover	461,650	484,164	4.88%	5.23%
Foreign	431,024	457,979	6.25%	7.52%
National	30,626	26,185	-14.50%	-19.38%
Cruise	365,127	374,645	2.61%	2.74%
Total	826,777	858,809	3.87%	4.24%

Despite the economic slowdown in the United States, stopover arrivals from the US increased by 7.5% over the first four months of 2001. In contrast, stopover arrivals from Europe continued to decline, down 11.9%. Nevertheless, current growth trends in the sector may be expected to continue throughout the year, given increased investments, and more aggressive marketing of the country's tourism product.

Outlook

The Net International Reserves and Foreign Currency deposits attained record levels during the month of May and April respectively. The relatively high level of the NIR may be expected to be maintained throughout the remainder of the year, given the expected draw-down of the second tranche of loans from the multilateral lending agencies and further forays by the Government in the international capital markets. However, unexpected volatility in the foreign exchange market could have a dampening effect on the overall out-turn. The level of foreign currency deposits may also be expected to remain relatively buoyant at least over the near term.

The Foreign Exchange market has continued to remain relatively stable, despite temporary demand pressures during May, which mainly resulted from the May 3rd US$275 million bond issue. However, the market has yet to stand the true test of the volatile September to December period, as observed over the past three years.

Interest rates have continued their downward trend, in line with the Government's SMP commitment of lowering interest rates to spur investment and economic growth, and reduce interest payments on the huge domestic debt. The relatively stable foreign exchange market, sustained lower inflation rates and relatively improved liquidity conditions have contributed to the lowering of interest rates. The scheduled lowering of the reserve requirement of commercial banks and financial institutions by 1% in June may improve the environment for further lowering rates. The movement of interest rates over the difficult September to December period may be dependent on the relative stability of the foreign exchange market. If the foreign exchange market remains stable during this period, we could see interest rates continue their downward trend during this period for the first time over the past three years. If this occurs, the interest rate targets for the end of the year may be achieved.

The tourism sector may be expected to continue its positive performance throughout the rest of the year, as visitor arrivals from our major market - the US - continue to increase despite the apparent economic slowdown. Further, new investment within the sector and improved marketing and advertising may reap additional benefits during the latter part of the year.

The relatively tighter control of Base Money and Money Supply may be expected to continue throughout the year, in line with the Government's SMP commitment to control inflation. The balance of payments accounts may be expected to reflect an improved position for March 2001, given the US$180 million increase in the NIR for the month. However the deficit on the goods balance may be expected to continue widening, as imports continue to outpace exports. The decline of exports over the first two months of 2001 may be expected to continue or at best improve only slightly, in line with continued weak performance from the major traditional sector. Alumina exports - the major contributor to the sector - continued its downward trend, declining by 0.89%, while sugar was down 17.19%. Crude bauxite (31.42%) and Banana (12.71%) production were up, but Banana prices are approximately 10% lower than in 2000. The increase in crude bauxite may not be sufficient to offset these declines.

Table 6: Major Macro-Economic Indicators
January 1999 - May 2001

	BM M	BM P	M2 M	M2 P	NIR US$M	Fx Dep US$M	CPI M	CPI P	Tourism P	J$/US$	Tbill %	Loan %	Sav %	Dom Debt J$M	Fx Debt US$M
Jan-99	-3.7	0.0	-0.6	8.3	578.0	977.3	0.4	7.5	9.65	37.45	22.62	38.46	12.25	132,782.90	3,289.40
Feb	0.6	-0.5	0.8	9.9	578.5	921.1	-1.1	6.3	7.95	37.75	21.85	38.47	12.19	136,282.96	3,264.90
Mar	-3.7	-2.8	1.2	12.0	581.5	960.3	0.5	5.4	17.98	38.23	21.67	38.60	12.09	139,203.68	3,215.70
Apr	0.8	-3.0	20.8	11.0	587.4	979.3	-0.1	5.5	-0.09	38.27	21.32	39.00	12.33	146,554.27	3,184.30
May	-4.2	-7.8	3.9	14.2	590.5	965.8	0.9	5.6	-0.09	38.61	21.32	39.00	12.33	147,911.39	3,167.00
Jun	-0.1	-8.5	2.1	11.8	590.6	956.8	1.3	5.0	3.43	38.96	20.16	37.89	11.96	148,688.52	3,161.80
Jul	1.7	8.2	3.6	15.5	487.0	1,032.6	1.2	5.1	-0.67	39.47	20.04	36.50	11.50	153,193.82	3,036.00
Aug	-0.7	-7.1	4.7	18.5	490.8	1,033.3	1.1	5.1	2.70	39.71	20.63	36.50	11.50	158,948.56	3,030.10
Sep	-1.6	-8.7	-0.7	15.6	526.2	1,014.7	0.3	5.3	9.28	39.88	19.21	35.92	11.50	161,571.93	3,035.00
Oct	0.4	-9.2	2.6	18.5	492.8	1,016.2	0.8	6.4	14.64	40.05	19.19	33.92	11.38	163,443.11	3,076.00
Nov	0.6	-4.5	-0.5	19.5	506.7	949.3	1.0	7.4	15.45	40.57	19.19	33.92	11.38	168,730.78	3,049.30
Dec	16.5	4.0	3.0	19.1	450.2	956.5	0.5	6.8	-2.66	41.27	22.03	33.92	11.38	176,717.47	3,024.10
Jan-00	-12.5	-5.5	-0.5	19.2	453.1	990.1	0.2	7.8	-1.47	41.75	20.54	33.92	11.38	178,340.93	2,971.00
Feb	-2.3	-8.2	0.2	18.5	590.6	1,057.6	0.4	8.2	12.10	42.25	20.05	33.92	11.38	175,492.98	3,133.10
Mar	-2.8	-7.4	0.9	18.1	703.5	1,047.1	0.7	8.4	12.05	42.15	17.96	33.92	11.38	175,322.74	3,164.80
Apr	2.9	-5.5	1.2	17.2	744.0	1,052.9	1.0	9.6	12.76	42.07	17.58	33.67	11.38	176,599.44	3,098.20
May	0.6	0.8	-0.7	11.9	776.3	1,047.3	0.4	9.2	16.93	42.29	17.64	33.67	10.90	177,180.13	3,054.70
Jun	3.6	3.7	1.6	16.2	756.5	1,042.1	0.9	8.8	10.89	42.51	17.47	33.00	10.11	181,578.09	3,053.70
Jul	0.8	4.6	-0.3	11.8	788.7	1,050.3	1.0	8.5	9.20	42.70	17.32	33.00	10.11	189,222.03	3,018.60
Aug	0.6	-3.3	0.9	7.7	935.5	1,082.5	0.9	8.2	23.29	42.89	17.04	32.75	10.11	189,666.78	3,003.80
Sep	-3.4	-5.1	1.8	9.1	935.5	1,072.4	1.0	9.0	7.58	43.85	17.13	31.50	9.96	184,337.90	3,208.60
Oct	1.4	-3.4	0.3	6.6	845.7	1,065.0	0.1	8.3	7.60	44.71	17.13	31.67	9.86	181,507.81	3,208.81
Nov	0.9	-3.2	1.1	9.6	831.7	1,077.1	0.1	7.3	9.88	45.08	17.28	31.67	9.86	184,795.00	3,265.20
Dec	12.7	-6.4	2.4	10.6	969.3	1,111.3	-0.7	6.1	8.20	45.48	20.16	31.67	9.86	187,520.03	3,375.30
Jan-01	-9.5	-3.2	-0.3	8.7	931.2	1,115.7	0.0	5.9	10.07	45.67	19.41	32.18	9.86	193,616.74	3,492.06
Feb	1.9	1.0	-0.5	8.0	1,106.6	1,128.5	**1.1r**	**6.7r**	2.82	45.76	18.27	32.18	9.86	190,384.80	3,636.78
Mar	-3.8	-0.1	1.4	8.9	1,286.3	1,117.3	**0.5r**	6.4	-0.08	45.70	16.88	31.33	9.84	215,084.05	3,620.40
Apr	1.6	-1.4	n/a	n/a	1,281.8	1,130.5	0.4	5.8	4.24	45.68	16.50	**31.21r**	9.84	n/a	n/a
May	-0.5	-2.4	n/a	n/a	1,480.6	n/a	n/a	n/a	n/a	45.77	15.46	30.88	9.50	n/a	n/a

Key:

BM - Base Money
NIR - Net International Reserves
CPI - Consumer Price Index
Tbill - 6-month Treasury Bill Yield
Save - Average Savings Deposit Rate
P - Point-to-Point Percentage Change
n/a - Not Available

M2 - Money Supply
FX Dep - Foreign Exchange Deposit
Tourism - Total Tourist Arrivals
Loan - Average Loan Rate
M - Monthly percentage Change
r - Revised