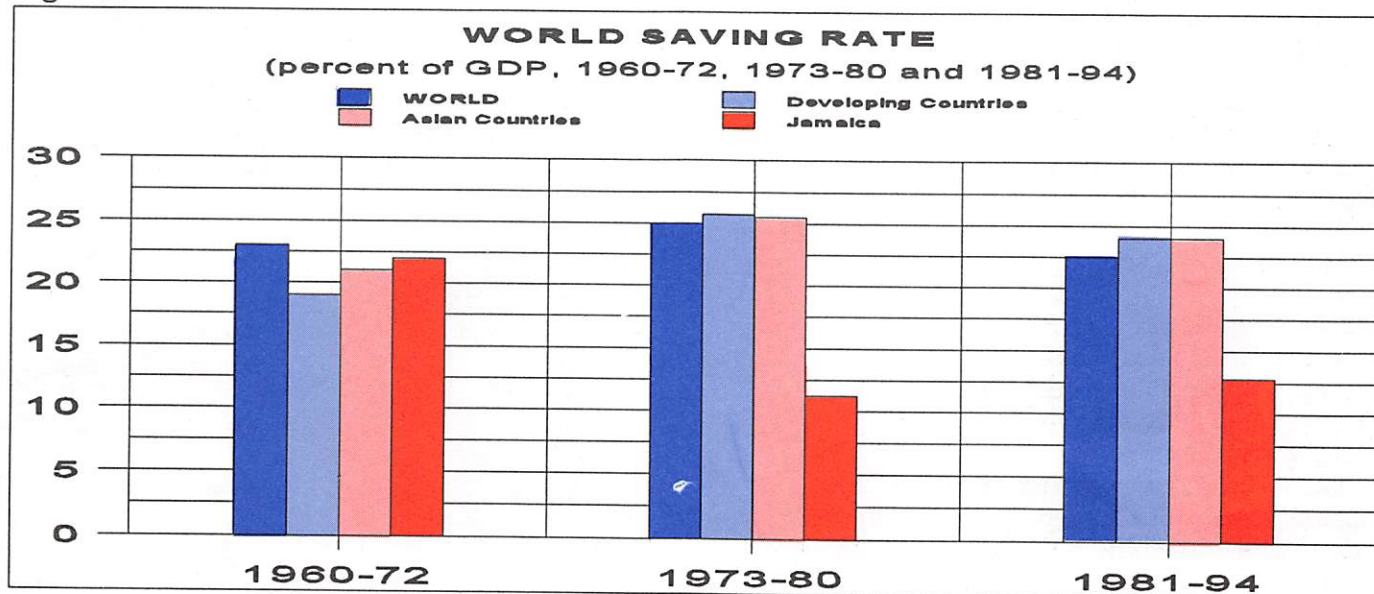


Communications

SAVINGS AND ECONOMIC GROWTH

- Glenford Millin, Economist, PSOJ

Figure 1



Enterprise is a quarterly publication of the Private Sector Organisation of Jamaica.

Executive Director: Charles Ross

Editor: Marcia Ormsby

Production: PSOJ

Saving is the process by which an economy, households, corporations and the government set aside part of its output and uses it to generate income in the future. Saving is generally viewed as a residual concept, that is, as income less consumption, or in an international context, as investment demand minus net capital inflows. As households, we set aside money for home ownership and for retirement, while firms store up earnings for new ventures and/or expansion of existing activities, and governments build up assets in public pension systems and infrastructure. The aggregate savings behaviour of these economic units affects domestic investment spending, and therefore plays a critical macroeconomic role. Since investment spending provides a

key link to productivity and real income growth, there must be an adequate supply of saving for the Jamaican economy to advance at an acceptable pace.

- What are the trends in saving patterns and how important is saving for economic growth?
- What are the key factors affecting saving in Jamaica over time?
- And what policies might be used to encourage more saving?

Trends in Saving Pattern

Long-run historical data on saving patterns suggest that before the 1920s

Cont'd on pg. 3

He's Jamaican Too

When we harm our environment, we harm ourselves.

Like this Jamaican Owl (Pseudoscops Grammicus or Patoos), every tree, river, fish and bird...every creature of Nature contributes to life on this planet and deserves our respect. In Jamaica we must take care to sustain the quality of our air, sea and land.

Shell is helping the cause of environmental conservation in Jamaica. Shell helped found the Jamaica Junior Naturalists which teaches our children to value our country's plant and animal life.

Shell uses its calendar to encourage the protection of endangered marine life. Company representatives have discussed with community organizations the need to balance economic progress with environmental preservation. They also have urged business groups to "bring the environment into the boardroom." Within its own operations, Shell uses many opportunities to show its customers how to use its products safely...and in ways that won't hurt the environment. It was Shell's marketing initiative that brought unleaded gasoline to Jamaica.

But Shell knows it still has some way to go in its own operations. The company conducted an exhaustive environmental audit at all its installations, then hired a full time, in-house environmentalist to carry out the improvements.

Everyone of us ... children, professionals, the man & woman in the street... must help make sure we have a healthy environment. After all, we're all Jamaicans too!



The Shell Companies in Jamaica
Rockfort, Kingston 2. Tel: 928-7301-9 / 928-7231-9

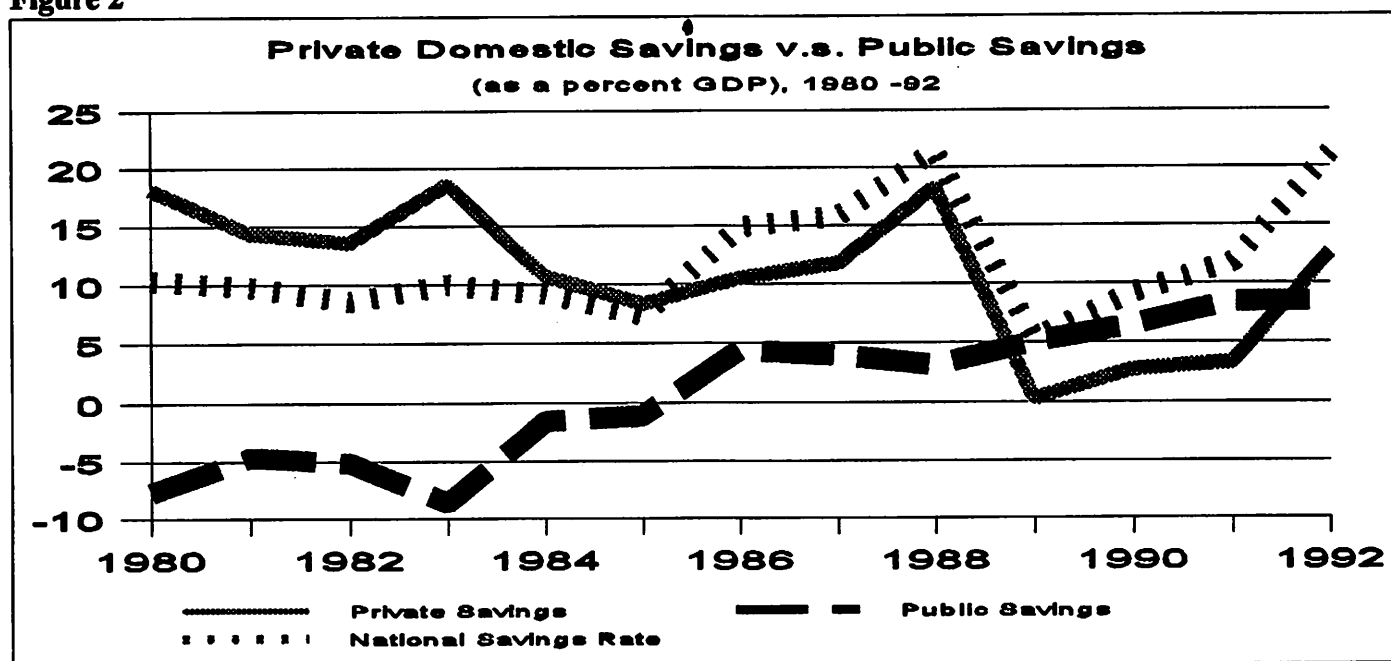
most industrial countries had very low gross national saving rates - in the range of 10 to 15 percent of GDP. Over most of the twentieth century virtually all industrial countries and fast-growing developing countries have seen their saving rates move up to the 20 percent range. A few, such as Japan, China, and some of the newly

Private Domestic Savings vs Public Savings

Figure (2) shows that poor performance by public savings has been the main factor behind Jamaica's low national savings rate. To illustrate, between 1980 - 92 the average annual private domestic savings rate was 11.0% compared with 0.9% for central

between the rate of saving and the growth of output. High saving countries generally grow faster than low saving countries. Between 1973 - 93, seven of the world's 20 fastest growing economies (Korea, China, Taiwan, Singapore, Thailand, Indonesia and Malaysia) had a saving rate of over 25 percent and per capita

Figure 2



industrializing Asian economies have had rates that exceeded 30 percent. The world saving rate, as shown by Figure 1, averaged almost 24 percent since 1960, compared to almost 23 percent for Developing Countries and an even higher 25 percent for Asian Developing Countries.

In contrast, Jamaica's saving rate, which is estimated to have averaged about 22 percent up to 1972, has declined by more than 45 percent in the past two decades to 12 percent. The saving rate for developing Asian economies resulted mainly from increases in private saving rates, while the decline in the saving rate in Jamaica is largely attributable to a falling public saving rate (see Figure 2).

government. Public savings has been negative up to 1985 averaging - 4.8% with slight improvement to 0.9% thereafter. This situation results from Government's tendency to spend in excess of its revenue, with insignificant fiscal adjustment thereafter. Consequently, the average fiscal deficits between 1983 - 1990 was -8.1%. Recently there has been moderate improvement in the private and public savings rate leading to an increase in the national savings rate. For the period 1991 - 94, the national savings rate averaged 18.8% and in 1994, it is estimated at 20.0%.

Does Saving Cause Growth or Does Growth Cause Saving?

One of the most striking regularities in cross-country data is the relationship

real GDP growth ranging between 4.3% (Malaysia) to 7.2% (Korea); and none of the 20 countries had a saving rate under 18 percent. On the other hand, eight of the world's slowest growing 20 economies over the same period had a saving rate below 10 percent, and 14 were below 15 percent. Jamaica's performance in terms of these economic variables is similar to the group of "world's slowest growing . . . economies," in the sense that the country's saving as a share of GDP between 1975 - 92 averaged a mere 12.2% and its growth in per capita real GDP was also minuscule.

As argued elsewhere, the link between saving and economic growth is not

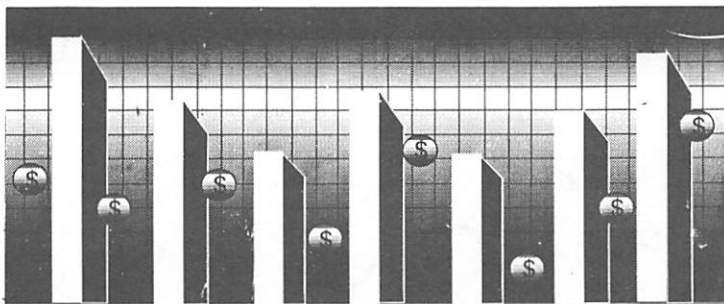
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It's Investment Time Again!

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ironclad as some countries have had very high saving rates and comparatively low economic growth, for example, Switzerland. Conversely, others have experienced healthy economic growth despite a relatively low saving rate, at least for a period of time. Chile, for example, has enjoyed over 6 percent average annual real GDP growth over the past ten years, while its saving rate has averaged just 18 percent.

From the foregoing it would appear that the direction of causation that underlies the relationship between saving and growth run in both directions. However, as pointed out in a recent IMF publication, the positive effect of saving on growth is more straightforward:

- higher saving raises the growth rate of output by increasing capital accumulation.
- The traditional policy recommendation flowing from this view is that in order to increase the pace of economic growth, countries need to think first about boosting their saving in order to spur capital formation.

In terms of the effect of growth on saving, empirical evidence suggests that income growth in fact has a positive impact. For example, examination of data from the high-saving, high-growth countries of East Asia, suggests that these countries experienced high growth before their saving rates rose. Recent research, including statistical causality tests by Carroll and Weil (1994), increasingly points in the direction of a link from growth to saving. The experience of the industrial countries, where saving rates fell in the presence of slow output and productivity growth following 1973, is also consistent with this view.

What can we conclude from these perspectives on saving and growth?

- The causality between growth and saving is not totally conclusive.
- Data suggest that there may be a virtuous circle between growth and saving. Increases in growth raise the saving rate, which in turn feeds back to increase growth.

This has potentially broad ramifications. It might suggest that an acceleration of growth in developing countries is possible even in the absence of an initial jump in saving.

Key Factors Affecting Saving

In explaining the prime motivation for saving, one needs to be reminded that the amount by which consumption or saving expenditures increase for each extra dollar of disposable income is a fraction termed the "marginal propensity to consume or save." From this context, arise the following two theoretical views:

- Saving is seen as resulting from a choice between present and future consumption - hence individuals compare their rate of time preference to the interest rate, and smooth their consumption over time to maximize their utility. The interest rate is the key mechanism by which saving and investment is equilibrated.
- There is a close link between current income and consumption, with the residual being saving. In this view, saving and investment are equilibrated mainly by movements in income, with the interest rate having a smaller effect.

The factors that seem to influence the level of private saving in Jamaica are as follows: a reasonable degree of political and economic stability; well-structured financial institutions; a structure of interest rates that is at least positive in real terms.

This implies that we will not be able to mobilise private savings without the achievement of low inflation (i.e. positive real interest rates) and radical monetary reform i.e. What should be an appropriate monetary regime for the Jamaican economy? Is it an independent central bank, currency board or the use of United States Dollar - dollarisation of the economy, as is already evident with the increasing preference for Jamaicans to save in US\$ rather J\$. From the foregoing we can assume that: the real rate of return on domestic investment in Jamaica is lower than that in competing areas or, at least, very unattractive. It follows then that economic confidence is lacking.

Conclusion and Policy Considerations *Towards a Savings Strategy for Investment and Economic Growth in Jamaica.*

An overview of past financing trends and current developments suggests that official sources of finance to Jamaica are likely to become increasingly supply-constrained. As a result, the following strategies and policy considerations should be considered for implementation:

1. to have a relatively lesser reliance on external sources of finance by increasing public savings (or reducing public dissaving) and by adopting a policy framework that fosters higher levels of private saving;
2. to place greater emphasis on mobilizing non-debt capital inflows and thereby avoid adding further to the internal and external debts that are already excessively burdensome;
3. to place greater emphasis on raising capital in the international financial markets and to rely less upon

traditional channels of official (bilateral and multilateral) finance;

4. as shown by various studies, the success of high performing East Asian countries resulted, in part, from high levels of private financial savings that were predicated upon a level of interest rates that were generally positive in real terms or only marginally negative. In Jamaica, the opposite has occurred, the volatility of inflation has discouraged private savings, because it has resulted in real interest rates that are both negative (for many years) and generally unpredictable. If private savings are to be enhanced, government policy must focus more urgently upon price stability and the stabilization of interest rates at positive real levels in an environment where the rates are competitive and free.

World Bank literature and other surveys indicate that potential investors from the overseas Caribbean community seek many of the same comforts and guarantees as any other foreign investor. Hence, it will be necessary to assure potential non-resident Jamaican investors that if they invest in the country, they will be able to get their money back out at any time. That not only means an absence of administrative impediments to capital transfers, it also means the assurance that capital reinvested in Jamaica will not be eroded by inflation, or by exchange rate misalignments and/or disappear as a result of bank failures. With those basic comforts in place, experience in other regions indicates that the local knowledge of expatriate investors enables them to consider a much broader range of possible ventures, even at higher-risk, than the average foreign investor would contemplate. Therefore, the relevant players should also:

5. develop more pro-active measures to attract investment from the Jamaican community overseas. This may include the establishment of mutual funds as a vehicle for investing in new-medium and small-scale industrial ventures. Such funds would need to be very well managed but there should be no need to offer expatriate capital special tax breaks. Experience shows that investors from overseas respond more to a track record of economic stability and a pro-business government than to special investment incentives.
6. review the behaviour of Government (Ministry of Finance) in relation to the operations of the central bank with a view to determining what should be the appropriate monetary regime for the Jamaican economy.
7. generation of increased public saving through the creation of ongoing public surpluses.
8. lowering of real lending rates, that is, a lowering of the spread between deposit and lending rates through lower cash reserve and liquid assets ratios. □

CONFERENCES EXHIBITIONS & TRADE SHOWS

● EXPO CARIBE '97

EXPOCARIBE '97 will be held at the Heredia Convention Centre in Santiago de Cuba (Cuba) during the period June 23-29, 1997. The following are estimated costs for exhibitors:

Rental (in square metres)

Indoor Area, Modular system

air-conditioned	- US\$100.00
no air-conditioned	- US\$ 80.00
Out-door area	- US\$ 40.00

Visitors

Registration	- US\$100.00
--------------	--------------

The Registration Fee includes visits to the exhibition, exhibitors' catalogues and other publications, participation in seminars, business round-tables and other activities in the official programme of events.

Should you wish to participate in EXPOCARIBE '97, perhaps the following summary of EXPOCARIBE '96 which was sent to the PSOJ by the Cuban Embassy can help you to decide:

GENERAL INFORMATION ABOUT EXPOCARIBE '96

Participating countries (including Cuba) 34

According to geographical areas,

Caribbean	20
Other Latin American Countries	2
North America	1
Europe	8
Africa	1
Middle East	1

Foreigners

Participants	257
Visitors	248

Exhibitors (companies)

Cuban	283
Foreign	145

International regional and professional organizations 21
(14 of them for the first time)

Among others:

- Association of Caribbean States
- World Trade Centers Association
- Caribbean Association of Industry and Commerce (CAIC)
- 11 Chambers and World Trade Centers from the Caribbean Basin



Six seminars and conferences were held during the event. Topics included:

- "The Helms-Burton Law in the context of investments in Cuba"
- "Opening of industrial and commercial duty-free zones in Cuba"
- "Tourism development in Cuba's eastern region"
- "Cuba's current economic outlook."

● EXPLORATIONS/TRINIDAD AND TOBAGO '96

Concepts International Marketing Company Inc., Caribbean Research Institute, American Chamber of Commerce of Trinidad and Tobago together with the World Trade Centre of Trinidad and Tobago will be hosting **Explorations/Trinidad and Tobago '96** at the Trinidad Hilton International Hotel from November 11-15 1996. **Explorations** brings together the resources necessary for companies to capitalize on existing opportunities in the host country. Through **Explorations** leaders will be assured of meeting decision-makers in their industry - those who can assist them in reaching their goals.

Interested persons should contact:

La Juana Williams
Conference Coordinator
Concepts International Marketing Co. Inc.
107 S. West Street #203
Alexandria
Virginia, VA 22314
U.S.A.



CONFERENCES EXHIBITIONS & TRADE SHOWS (cont'd)

● MIACON '96

Jamaican companies wishing to make contact with manufacturers and distributors of new and used equipment, materials and supplies in the construction, mining and agricultural industries should consider participating in MIACON '96. The "Miami International Construction, Mining and Agriculture Show/Expo" will be held at the Miami Beach Convention Center on October 10-13, 1996.

MIACON, now in its third year, has become a major hemispheric event, with participation from buyers and exhibitors from 42 countries in Latin America and the Caribbean as well as from another 150 countries worldwide.

Interested professionals, investors and end users in the above-mentioned industries should contact:

Michael Finocchiaro
President

MIACON Show/Expo
3400 Coral Way
3rd Floor
Miami, FL 33145
USA

Tel: (305) 441-2865

Fax: (305) 529-9217

E-Mail: miacon@wwen.com

● EXPO '97 GOLOSINAS

The 2nd International Exhibition of delicacies, cookies, snacks, candies, chocolates, etc. will be held January 16-18, 1997 in Mexico.

Further information is available from:

Graciela Diaz Serrano
Director

Embassy of Mexico
36 Trafalgar Road
Kingston 10

Tel: 926-6891/929-7995

Fax: 929-7995

● SIAL '96

October 20-24, 1996 are the dates of SIAL '96, an international food products exhibition. This 5-day event is expected to attract exhibitors from approximately 4,000 firms from 80 countries.

Over 100,000 importers, distributors, dealers, buyers, supermarket and restaurant owners as well as industrialists, from 156 countries, attend SIAL every two years to discover, compare and purchase products.

Further details may be obtained from the PSOJ Secretariat or:

SIAL
39, rue de la Bienfaisance
75008 Paris
FRANCE

INNOVATIVE PENSION DELIVERY IN SOUTH AFRICA

Each month on pension day in Kangwane, a former black homeland in South Africa, a thin line of grandparents walk across the rural wilderness clutching banknotes dispensed by some of the most sophisticated cash machines in the world. The cash machines arrive mounted on unmarked trucks and escorted by armed guards. Under makeshift awnings, each pensioner swipes a plastic card through the machine, then rolls a finger across a tiny scanner that checks the fingerprint against a digital template and then dispenses the monthly pension. The service now pays pensions to about 400,000 South African senior citizens.

The system works well in both social and administrative terms. It empowers the elderly, usually women, and it can be a good way, through a grandmother's discretion, of offering family support. And when a person dies and is therefore unable to collect the pension, payments cease automatically.

Source: **"From Plan to Market"**
World Bank Development
Report 1996

NET INTERNATIONAL RESERVES AND MONEY SUPPLY: THE TRUE RELATIONSHIP

- George Gayle, Research Economist, PSOJ

Net International Reserves (NIR) and the Money Supply have been two of the main Macro Economic indicators targeted by the government in recent years. But it seems as if the government and many other commentators do not truly appreciate the relationship between these two variables. In order to understand the relationship between the NIR and the Money Supply, reference must be made to the concept of the money multiplier.

The foundation of the Multiplier framework is the "Monetary Base" (sometimes referred to as base money) which consists of the liabilities of the Central Bank. This shows the money supply as a variable which is equal to some multiple of the liabilities of the Central Bank.

In a fractional reserve system like Jamaica's, commercial banks can lend out over the amount of their total deposits. This causes the money supply to be more than the Monetary Base and hence a multiple of the liabilities of the Central Banks.

The assets of the Central Bank are the source of its base money, the source or demand being equal to the supply or use. The liabilities of the Central Bank are generally equal to the assets of the Central Bank. The assets of the Central Bank are made up of the Net Central Bank Credit to the Public Sector, Net Foreign Assets of the Central Bank, Net Central Bank Credit to Commercial Banks and Other Assets (net).

Net Central Bank Credit to the Public Sector is generally dominated by the borrowing needs of the government. Moreover, because of the weakness of the secondary market for government securities, any unloading of such securities by the private sector implies an indirect expansion of the monetary base, because of the Central Bank's role as the residual purchaser of government securities. Regarding the Net Central Bank Credit to the Commercial Banks component, this is usually controlled directly by the Central Bank and sometimes indirectly through its discount rate window or overdraft facility. The Other Asset (net) component is of increasing importance because of the recent sharp appreciation of the Jamaican currency. This component generally includes exchange rate losses stemming from the revaluation of assets and is an important source of base money expansion when there is substantial depreciation in the external value of the currency. Any one of these variables which increases/decreases the Monetary Base will in turn have a positive/negative multiple effect on the money supply.

The component of particular interest to this article is the Net Foreign Assets of the Central Bank of which the NIR is a major part. The Net Foreign Assets component of the base changes mainly as a consequence of foreign exchange transactions of the Central Bank and the movement of international capital into or out of the local economy. When the BoJ buys foreign currency from the public it pays in J\$. This increases the amount of local currency in circulation and forms part of the liabilities of the Central Bank. It is therefore clear that an increase in the NIR will definitely increase the Monetary Base which will in turn have a multiple increasing effect on the money supply. It is also generally understood and accepted that an increase in the money supply will increase the rate of inflation if there is not an accompanying increase in output. Why then does government continue to accumulate NIR far above its targeted level? NIR at the end of July amounted to US\$656.55 million while the targeted amount for the fiscal year 1996/97 was between US\$563-595 million.

This rapid accumulation not only increases the money supply but also causes the government to use high cost treasury bills in order to get rid of this excess liquidity. This is one of the reasons for the very high cost of the government's tight monetary policy. The mainstay of this policy is a high liquid assets requirement of 47% on deposits at commercial banks. This is made up of a cash reserve requirement of 25% (on which commercial banks earn no interest but have to pay interest) and a non-cash portion of 22% (on which commercial banks earn interest). To compensate for this, the commercial banks charge a very high lending rate, which increases the incidence of non-performing loans and has contributed to the present crisis in the financial sector.

The government claims that it takes several factors into consideration when determining the rate of accumulation of NIR. Among these is the capability of the budget to pay for the purchases and/or to pay for the cost of the Bank of Jamaica's absorption of the liquidity which results from its foreign exchange purchases. While the cost of the accumulation is obvious, what is not as evident but of no less importance, is the benefits. According to the Finance Minister, external creditors feel secure in the knowledge that "if push comes to shove," the BOJ holds enough in reserves to pay for imports. Since 1991 the government has liberalized the foreign exchange market. That means that BOJ does not have the responsibility of providing foreign currency to the private sector to pay for their imports.

Each private entity now has the responsibility of obtaining foreign currency to meet its various needs. This scenario has redefined the role of the government in the foreign exchange market and government should come to terms with this. It is important to have Net International Reserves but not so much for those reasons as stated by the Finance Minister.

A more plausible role would be to create the ability to defend the local currency against speculative attacks. Surely, the targeted level of approximately US\$600 million should be sufficient to do this at this time.

With this in mind, the government could gradually reduce the cash reserve requirement over an appropriate period of time in order to release some of the pressure on the financial sector and the economy in general. This reduction in lending rates would not have any significant impact on deposit rates, based on the models and statistical estimation done by the PSOJ, and effective interest rates would still be competitive enough to attract foreign inflows and encourage

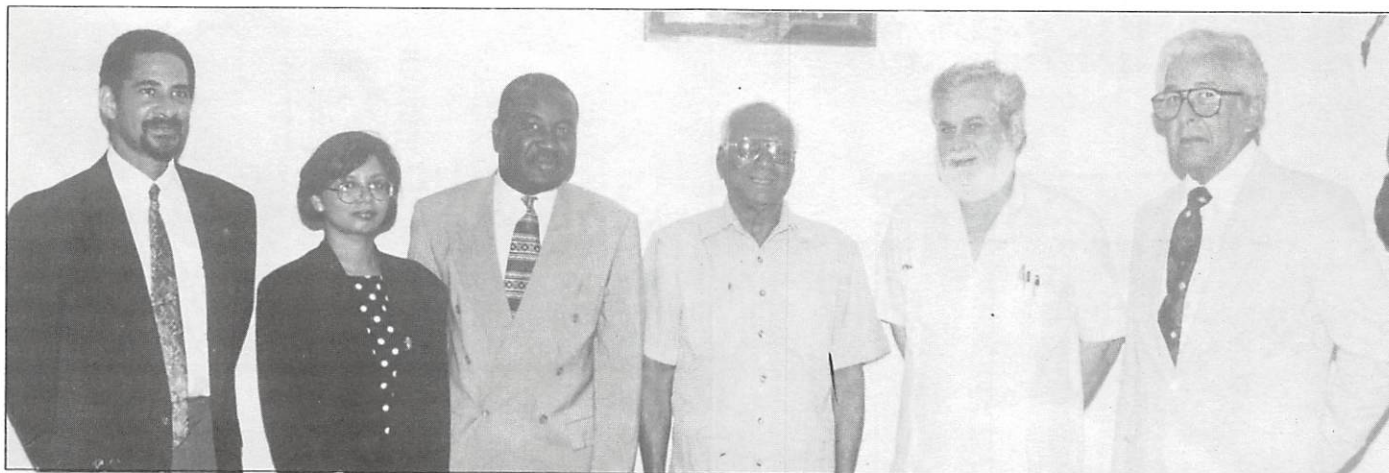
savings. The government could then use the NIR to defend the parity of the Jamaican Dollar viz-a-vis the US\$ if and when such action is deemed necessary. This action would have the effect of increasing the supply of US\$ on the market and at the same time decreasing the monetary base which will help to offset the increase in money supply cause by the reduction of the cash reserve ratio. This is so because when the BOJ sells US\$ on the market it receives J\$ in return. This reduces the amount of local currency in circulation and hence reduces the liabilities of the Central Bank.

It is time that the government seeks to appreciate some of the fundamental relationships at work in the financial sector. The government has to be careful that it does not

What is needed now, is for the government to begin quickly to concentrate on the real economy, that is the production as well as

the sale of goods and services both in the domestic and foreign markets. Growth cannot take place otherwise!

become too carried away by the exchange rate and monetary policy. What is needed now, is for the government to begin quickly to concentrate on the real economy, that is the production as well as the sale of goods and services both in the domestic and foreign markets. Growth cannot take place otherwise! Even if stability is achieved but there is no investment, growth will not take place and we will continue to have a stagnant GDP and consequently a further decline in per capita income. This is not a recipe for progress. At some point in time we have to make the compromise between the interest rate and the exchange rate, between the exchange rate and growth. That time is fast approaching. □



The President of Guyana, His Excellency Cheddi Jagan, met with representatives of the PSOJ in September. Seen here in conversation with the President are from left: PSOJ Executive Director Charles Ross, Guyanese Consul Indera Persaud, PSOJ President Delroy Lindsay, Mr Joseph Matalon (ICD) and the Honourable Maurice Facey (Pan Jamaican Investment Trust Ltd).

MEXICAN PROGRAMMES FOR COOPERATION

Mexico has recognized the growing level of global interdependence as well as the need to strengthen political, economic, technical and cultural links that exist between countries. To this end, the Mexican government has embarked on a programme of technical cooperation with other developing countries, primarily those in the Caribbean and Latin America.

Under this programme, the forms of technical cooperation seek to combine the traditional methods of collaboration with novel alternatives. The Mexican government is, therefore, willing to provide technical assistance through staff training, cooperation among enterprises, studies, exchange of experts, exchange of information, prospective and diagnostic missions, seminars and workshops and, of course, joint projects.

Companies and individuals interested in either receiving additional information or in applying for technical assistance should contact:

*The Mexican Embassy
PCJ Resource Centre
36 Trafalgar Road
Kingston 10
Tel: 926-6891/929-7995
Fax: 929-7995*

*or
The Director - Technical Cooperation
Homero 213, 4th Floor
Chapultepec Morales
Mexico, D.F. 11570
Tel: 255-4113, 327-3234 or 254-7383
Fax: 327-3265, 327-3213 or 327-3214*

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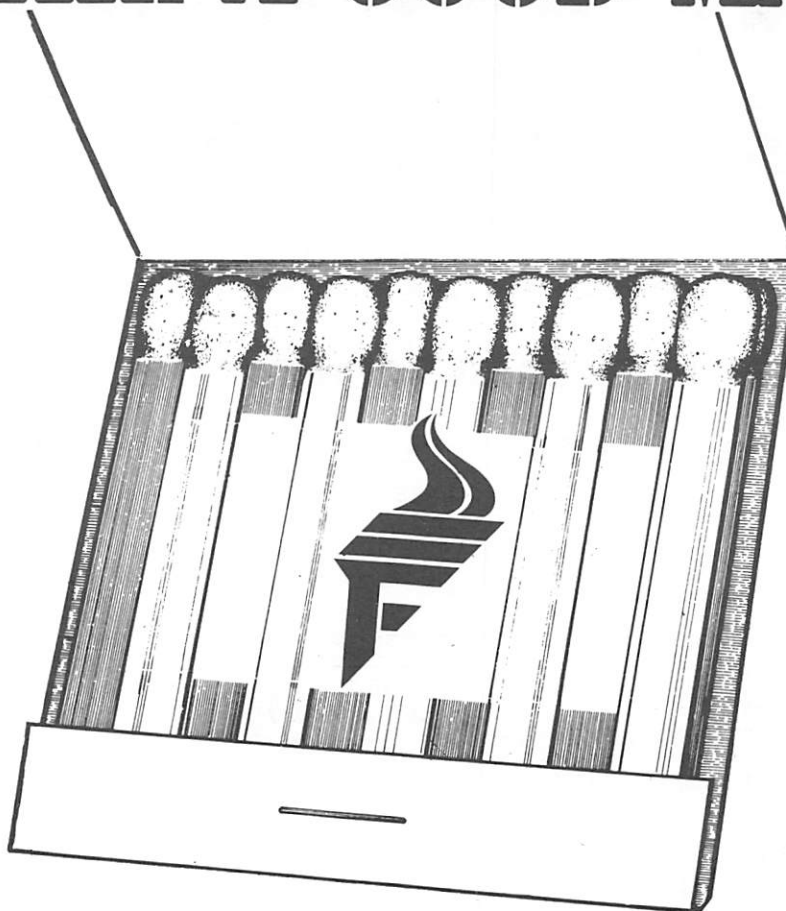


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ECONOMIC *Update*

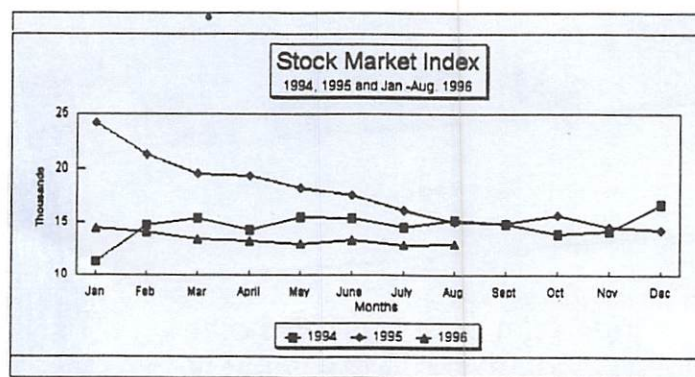
UPDATE ON SELECTED ECONOMIC INDICATORS

INTEREST RATES(%)

Fixed Deposits (J\$100,000
and over 3 to 6 months)
Loan Rates (Avg)
Savings Rates (Avg)
Jamaican Treasury Bill
(6 months yield)

	Dec 94	Mar 95	June 95	Sept 95	Dec 95	Mar 96	Jun 96	Aug 96
Fixed Deposits (J\$100,000 and over 3 to 6 months)	20-32	14.5-23	14.5-24.5	17-30	19-42	19-43	19-45	16-38
Loan Rates (Avg)	56.14	48.82	48.73	48.23	55.27	58.27	59.95	59.20
Savings Rates (Avg)	18.75	18.06	17.49	17.35	17.82	17.82	18.12	18.12
Jamaican Treasury Bill (6 months yield)	-	22.19	23.92	27.96	42.50	41.49	42.13	37.91

STOCK EXCHANGE Index



COMMERCIAL BANKS (J\$M)

	Jan 95	Mar 95	June 95	Sept 95	Dec 95	Mar 96	June 96
Assets and Liabilities	96276.50	97009.40	106769.00	115204.40	121324.90	125891.10	121634.40
Loans and Advances	33610.90	35952.60	39950.60	44533.90	45864.20	48963.70	46570.20
Deposits	68751.80	70379.10	75194.30	85917.50	89135.40	92104.50	88083.30
Liquidity Ratio (%)	50.00	50.00	47.00	47.00	47.00	47.00	47.00
Actual Liquidity (%)	61.95	60.12	52.39	47.27	44.78	48.43	48.22

OTHER FINANCIAL INSTITUTIONS (J\$M)

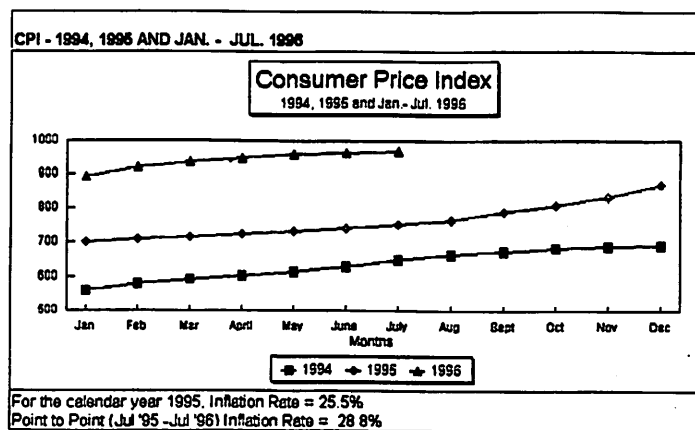
	Dec 94	Jan 95	Apr 95	July 95	Oct 95	Dec 95	Mar 96
Assets and Liabilities	29023.50	42208.20	43692.90	47213.80	44140.90	46712.20	49175.40

BALANCE OF PAYMENTS (US\$M)

	Jan - Dec 1993	Jan - Dec 1994	Jan - Dec 1995	US\$Mn Change 1994/95	Jan - Mar 1996	Jan - Jun 1996
Merchandise	-1113.80	-957.70	-1342.60	-384.90	-315.90	-653.30
Exports (fob)	1075.40	1219.50	1430.30	210.80	365.00	718.10
Imports (cif)	2189.20	2177.20	2772.90	595.70	680.90	1371.40
Services (net)	529.70	500.70	508.20	7.50	210.70	355.60
Foreign Travel	886.90	854.00	851.90	-2.10	247.60	460.30
Investment Income	-240.20	-284.30	-306.60	-22.30	-47.70	-92.30
Other	-117.00	-69.00	-37.10	31.90	10.80	-12.40
GOODS AND SERVICES	-584.10	-457.00	-834.40	-377.40	-105.20	-297.70
Transfers (net)	371.90	457.30	579.30	104.00	132.20	267.40
Private	306.40	447.20	521.80	74.60	114.60	226.80
Official	65.60	28.10	57.50	29.40	17.60	40.60

	Jan - Dec 1993	Jan - Dec 1994	Jan - Dec 1995	US\$Mn Change 1994/95	Jan - Mar 1996	Jan - Jun 1996			
Current A/C	-212.20	18.30	-255.10	-273.40	27.00	-30.30			
Net Capital Movements	310.30	367.10	278.50	-88.60	48.00	207.40			
Official	-4.10	-93.70	-106.50	-12.80	-74.70	-83.60			
Private (including net errors and omission)	314.40	460.80	385.00	-75.80	122.70	291.00			
Change in reserves (BOJ) (Increase - minus)	-98.10	-385.40	-23.40		-75.00	-177.10			
EXCHANGE RATES	Dec 93	Dec 94	Mar 95	Jun 95	Sept 95	Dec 95	Mar 96	Jun 96	Aug 96
US\$ = J\$	32.70	33.37	33.41	33.95	37.11	39.80	40.12	35.73	35.01
BR. Pound = J\$	42.60	50.15	52.23	52.64	55.82	59.20	58.24	53.36	53.50
Can\$ = J\$	21.80	22.96	23.23	24.42	26.55	28.11	27.92	25.40	25.18
FOREIGN CURRENCY A/C (US\$M)	Dec 93	Dec 94	Mar 95	Jun 95	Sept 95	Dec 95	Mar 96	Jun 96	Aug 96
Commercial Banks	428.40	690.00	625.15	656.40	646.13	737.30	749.00	759.00	580.00
INTER BANK TRADING (US\$)	Dec 93	Dec 94	Mar 95	Jun 95	Sept 95	Dec 95	Mar 96	Jun 96	Aug 96
Purchases	78.70	128.00	124.07	91.45	90.11	108.90	130.88	164.21	176.61
Sales	79.60	126.20	125.42	90.13	91.98	110.06	134.13	154.63	185.50
FISCAL ACCOUNTS (J\$M)	Apr - Mar 1994/95	Apr - Mar 1995/96	Change	Apr - Jun 1994/95	Apr - Jun 1995/96	Change	Aprvd. Bud. Apr - Dec 1995/96		
Revenue	6089.20	7820.80	1731.60	9531.70	12630.20	3098.50	40543.80		
Expenditure	6853.10	6165.90	-687.20	9856.40	12002.90	2146.50	42383.20		
Deficit/Surplus	-763.90	1654.90	2417.90	-342.70	627.30	970.00	-1839.40		
NATIONAL DEBT	Dec 93	Dec 94	April 95	June 95	Sept 95	Dec 95	Mar 96	June 96	
Internal Debt (J\$M)	23554.80	41248.50	52990.00	54340.00	54751.00	59470.00	57896.00	62552.00 (May)	
External (US\$M)	3647.20	3651.80	3597.20	3640.00	3509.00	3446.00	3402.51	3340.51	
SELECTED MONETARY INDICATORS (J\$M)	Dec 93	Dec 94	Mar 95	June 95	Sept 95	Dec 95	Mar 96	June 96	
Money Supply (M1)	14523.30	17896.70	16884.60	17829.70	18543.20	23227.70	21249.10	22168.43	
(M1 and Quasi-Money) M2	39492.30	54783.50	55512.20	59825.60	65551.60	73617.60	72488.10	72642.40	
Net International Reserves (US\$Mn; BOJ)	-80.12	397.92	435.30	449.89	468.10	421.31	496.26	598.43	
Credit to Public Sector	-2408.10	-8506.30	-14238.50	-8466.50	-9748.20	-4986.90	-8984.20	n/a	
Credit to Private Sector	21148.00	26282.80	30791.00	33468.50	37901.00	39927.50	44537.70	n/a	

CONSUMER PRICE INDEX



NORTH-SOUTH CENTRE CALENDAR

We wish to inform you of the following events which have been included on the North-South Calendar (University of Miami) and in which you might be interested:

October 10 - 11 VI Annual Conference on International Trade and Finance. Sponsored by the Bankers' Association for Foreign Trade, this event will have over 200 representatives from the banking industry. Discussions will focus on new developments in international trade, finance and capital markets.

Venue:

Hotel Intercontinental, Miami.

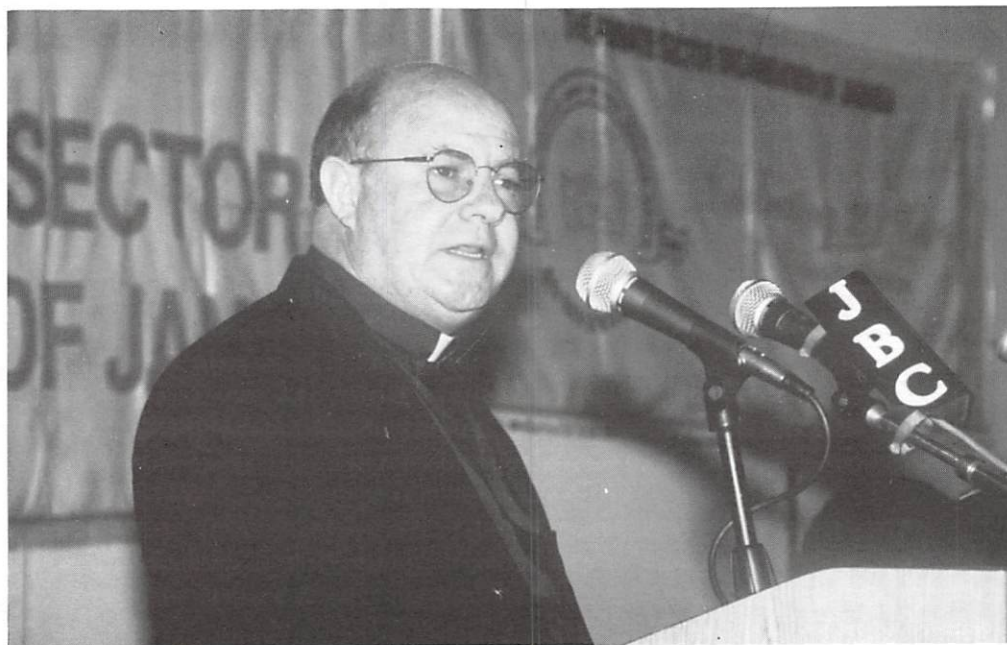
For further details, telephone:
(202) 452-0952.

**October 28 -
November 1**

Twelfth annual seminar on "Trade and Investments in the Caribbean Basin."

Contact: Ben Decarey, telephone:
(305) 284-8905.

*Guest Speaker
Monsignor Richard
Albert spoke frankly
about the crime
situation at the
PSOJ's Membership
Luncheon which was
held in September
at the Wyndham
Kingston Hotel.*



WELCOME

A warm welcome to the newest members of the PSOJ family. They are:

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Mr. C.D. Bovell
Ms. Cynthia Jarrett

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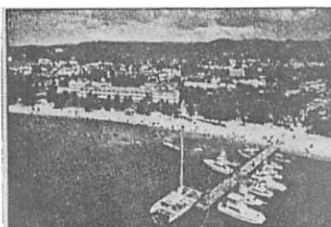
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