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PSOJ CONFIDENTIAL ECONOMIC BULLETIN

A Monthly Analysis of the Jamaican Economy

Overview

After five consecutive months of decline, the Net International Reserves (NIR) of the central bank increased by 0.13% in September to US$1,687.28 million. The foreign exchange market (daily J$/US$ weighted average selling rate) continued to show some upward movement during September 2002. The J$ lost $0.26 to $49.27 at the end of the month, following a $0.36 loss in the previous month. On October 9, the central bank intervened for the second time since September and hiked the 90-day (up 2%) and 120-day (up 2.35%) repo rates to curtail further slippage in the exchange rate. The increase was accompanied by significant sales of US$ which increased liquidity in the market. These increased rates impacted negatively on the level of stock market activity as investors focused their attention on these instruments.

In This Issue

Although tourist arrivals remained weak over the first seven months when compared to the similar review period in 2001, arrivals increased by 14.80% in July. This is the best monthly outturn since April 2001 and resulted from increased cruise and stopover visitors due to planned major events and port calls by larger ships. Over the first four months of 2002, private transfer[s] continued to reflect strong remittance inflows notwithstanding the deficit on the current account deteriorating by US$30.90 million to US$206.90 milli[on].

The fiscal outturn to July generated a deficit of $17,057.50 million, predicated on lower than budgeted revenues and grants ($3,305 million) coupled with greater than budgeted expenditure ($12.70 million). Preliminary figures from the Ministry of Finance and Planning indicated that the total domestic debt increased by 1.84% to $310.74 billion in June.

On the international scene, President Bush recently signed into law the resolution that gives him unilateral authority to use military force, if necessary, to compel Iraq to get rid of its biological and chemical weapons and disband its nuclear weapons program. This brings closer the possibility of the United States declaring war on Iraq. Although OPEC countries have agreed to increase the supply of oil, this may not be enough to curb further expected increases in fuel prices. Recently, the US economy also suffered major losses when port workers went on strike. This does not augur well for the economic recovery for the US.

It is therefore, essential that the incumbent Government of Jamaica tackle without delay the challenges of maintaining macroeconomic and social stability in Jamaica in light of the slow economic recovery of the US, one of our major trading partners, and the Middle East instability that may result in higher prices for fuel, a major raw material import. These objectives should be achieved within the framework of continuing efforts to establish the Caribbean Single Market and Economy.

Net International Reserves

The Net International Reserves (NIR) of the Central Bank increased by US$1.68 million to US$1,687.28 million, ***(Table 1)***. The 0.13% improvement followed five consecutive months of decline. The current level of reserves represented 28.75 weeks of goods imports, when compared with 27.72 weeks of goods imports over the similar period in 2001. In terms of weeks of goods and services imports, gross reserves represented 19.24 weeks. The higher NIR level for September was the result of a combined decline of US$2.23 million in gross foreign assets and an increase of US$3.90 million in gross foreign liabilities.

Table 1: NIR (US$ million)

		Change			Imports
	NIR	*Mthly*	*12 Mth*	*YTD*	(Weeks)
Sep-02	1,687.28	1.68	150.58	-161.40	28.75
Sep-01	1,536.70	-62.27	601.21	605.46	27.72

Source: Compiled from the BOJ (Preliminary)

Foreign Currency Deposits

Total foreign currency deposits increased in September 2002 to US$1,316.10 million ***(Table 2)***. The current outturn was mainly influenced by a US$21.11 million increase in the balances of 'other' Commercial Banks' accounts. Total deposits were 13.57% above those recorded at the end of August 2001.

Table 2: FX Deposits (US$ million)*

		Change (US$M)		%
	Aug-02	*Mthly*	*12 Mth*	12 Mth
Total Deposits	1,316.10	27.84	157.29	13.57
Spot Purchases	844.74	-191.38	267.72	46.40
Spot Sales	810.63	-237.62	229.01	39.37

Source: Compiled from the BOJ (Preliminary)

Foreign Exchange Rates

The foreign exchange market (daily J$/US$ weighted average selling rate) continued to show some upward movement during September 2002. The J$ lost $0.26 ***(Table 3)*** to $49.27 at the end of the month, following a $0.36 loss for the previous month. In addition, the central bank intervened and increased the 90-day and 120-day repo rates by 2% and 2.35% respectively in early October to curtail further slippage in the exchange rate. The adjustment to interest rates was also supported by substantial sales of US$ to the market to increase liquidity.

The year-to-date performance of the foreign exchange market has continued to deteriorate when compared with the corresponding 2001 period (4.12% decline vs. 1.56% decline), albeit better than that of 2000 (7.71% decline). The year-to-date performance has continued to reflect a weaker tourism and alumina industry – the two major foreign exchange earners – which have declined due to the September 11, 2001 terrorist attacks in the US and a slow restart to alumina production.

The weighted average monthly J$/US$ for September 2002 was $49.10, $0.43 above the previous month, and $3.24 above September 2001. The current 12-month point-to-point movement in the rate at $3.24 (7.07%), was below that of the previous period at $5.25 (11.97%).

Figure 1: Daily J$/US$ Movements

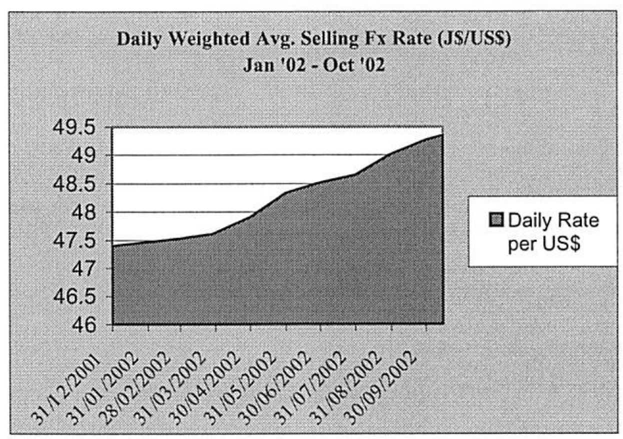

Table 3: Foreign Exchange Trends

	Year-to-Date: Oct 15, '02					
	us$	%	can$	%	uk£	%
2002	1.95	4.12	1.62	5.48	8.71	12.82
2001	0.71	1.56	-0.09	-0.3	6.07	9.67
2000	3.19	7.71	1.53	5.49	-1.45	-2.19
	Monthly					
Sept-02	0.26	0.53	-0.27	-0.86	1	1.32

Source: BOJ, PSOJ Economic Research

Short Term Forecasts
The upcoming period of seasonal demand pressures (September to November) may be expected to test the resiliency of the domestic currency. Given the continued weaker balance of payments position, compounded by a fallout in tourism receipts and a slow start by the alumina industry, we may continue to see a slight orderly upward adjustment in the exchange rate in the near term. The revised forecasts are presented in ***Table 4***.

Table 4: Short Term FX Forecasts (J$/US$)

	Forecast	Actual	Diff.
May	45.72 - 45.74	45.83	0.09
June	45.73 - 45.75	45.82	0.07
July	45.81 - 45.83	45.77	-0.04
Aug.	45.79 - 45.81	45.80	0.00
Sept.	45.82 - 45.84	45.94	0.10
Oct.	46.01 - 46.05	47.57	1.52
Nov.	47.41 - 47.45	47.25	-0.16
Dec.	47.32 - 47.36	47.40	0.04
Jan. '02	47.41 - 47.45	47.53	0.08
Feb.	47.46 - 47.51	47.53	0.02
Mar.	47.50 - 47.54	47.61	0.07
Apr.	47.68 - 47.72	47.91	0.29
May.	48.06 - 48.09	48.34	0.25
Jun.	48.37 - 48.41	48.51	0.10
Jul.	48.50 - 48.52	48.65	0.13
Aug.	48.78 - 48.80	49.01	0.21
Sept.	49.16 - 49.20	49.27	0.07
Oct.	49.72 - 49.76		
Nov.	49.98 - 50.02		

Source: PSOJ Economic Research

Interest Rates

The Government increased the interest rates on the 90-day and 120-day repo rates in early October to stave off further depreciation in the exchange rate. The repo rates increased to 19.25% (up 2%) and 19.4% (up 2.35%) respectively. This is the second attempt in recent times by the central bank to curb the depreciation in the foreign exchange market by hiking interest rates. There were no changes in the other repo rates. However, the market benchmark 6-month Treasury Bill (T-Bill) yield increased by 291 basis points to 16.69% in September.

The average commercial bank lending rates remained flat at 26.25% while the average savings rate declined by 11 basis points to 8.86%. The spread between both rates is now 17.39% resulting from a 0.11% decline in the average savings rate.

Figure 2: Interest Rate Movements

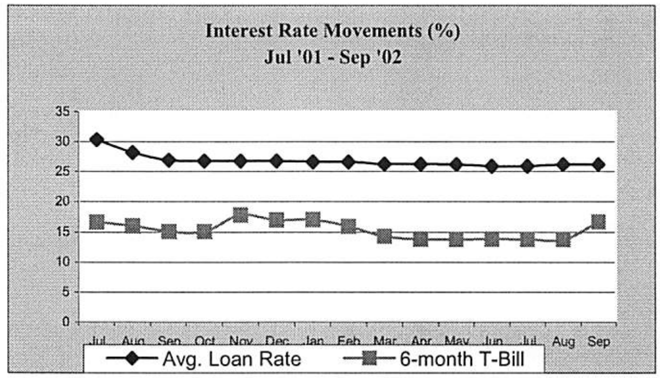

Table 5: Interest Rate Movements

		Change		
	Sep-02	*Mthly*	*12 Mth*	*YTD*
30 Day Repo	12.95	0.0	-1.30	-1.30
365 Day Repo	14.50	0.0	-1.40	-3.40
Avg Savings Deposit	8.86	-0.11	-0.22	-.022
Avg Loan Rate	26.25	0.0	-0.71	-0.38
6 Month T-Bill	16.69	2.91	-2.26	-3.25
12 Month T-Bill	14.77	0.0	-1.51	-1.51

Source: Compiled from the BOJ (Preliminary)

Base Money and Money Supply

The central bank continued in its fight to contain inflation as the monetary base declined by 0.28% in September 2002, while broad money (M2) increased by 0.34% in July 2002 ***(Table 6)***. The increase in M2 was attributed to increases in currency deposits, demand deposits and savings deposits. Despite the movement of base money over September 2001 of 2.97%, the 0.34% decline over September 2002 continued to reflect Government's tighter control on this variable in order to contain inflation. The 12-month movement to July 2002 of M2 has averaged 9.15% compared with 10.7% over the previous 12-month period.

Table 6: Base Money and Money Supply

	J$M	Change (%)	
	July-02	*Mthly*	*12 Mth*
M1	43,489.10	0.56	6.85
Quasi Money	107,555.25	0.25	10.11
M2	151,044.35	0.34	9.15
	Sep-02		
Base Money	31,339.09	-0.28	2.97
Source: Compiled from the BOJ (Preliminary)			

Inflation

The September 2002 Consumer Price Index (CPI) increased by 0.4% over the previous month, resulting in fiscal and year-to-date inflation rates of 4.1% and 4.6% respectively ***(Table 7)***. In addition to the low monthly outturn, the year-to-date outturn was significantly less than what it was in 2001. The 12-month and fiscal outturns were also below 2001 levels. The inflation rate for September was attributed to higher prices for 'personal clothing, footwear and accessories' and ' miscellaneous expenses'.

Table 7: Inflation Trends

	Percent Changes			
	Sep-02	*12 Mth*	*YTD*	Fiscal
2002	0.4	5.9	4.6	4.1
2001	0.8	6.9	7.5	5.7
Source: STATIN				

Production of Selected Commodities

Mining: Total alumina production for September 2002 decreased by 3.09% over the corresponding 2001 period, ***(Table 8)***. The year-to-date alumina production also declined by 4.24%. This performance has continued to reflect the effects of heavy flood rains, a weaker global economy and industrial action. However, the year-to-date production of crude bauxite was up 4.86%. The export of alumina remained sluggish over the first nine months of 2002 – down by 7.6%. For September, exports declined by 45.94%. Severe weather conditions that occurred during the month contributed to this decline. Crude bauxite exports increased by 3.83%.

Sugar & Banana: There was increased production in the traditional export crop- banana for August 2002 when compared to August 2001. Banana production increased by 8.31% to 3,650 tonnes, while sugar production declined by 19.27% to 1,760 metric tonnes.

Table 8: Mining Production

	Mthly Change			Y-T-D	
	Sep-01	Sep-02	%	Jan-Sep 02	%
Production					
Alumina	300,387	291,116	-3.09	2,685,349	-4.24
C. Bauxite	319,646	242,435	-24.16	2,955,837	4.86
Export					
Alumina	369,838	199,935	-45.94	2,621,733	-7.60
C. Bauxite	346,243	262,602	-24.16	2,927,254	3.83
Units=tonnes					
Source: Compiled from Jamaica Bauxite Institute					

Tourism

Tourist arrivals improved by 14.8% in July. This resulted from increased cruise and stopover visitors. Stopover visitors, both foreign and national, increased by 4.2% and 15.7% respectively. This contributed to the 5% increase in total stopover visitors. This is the best outturn since April 2001. Visitors from our major tourist market – the USA, also increased by 6.5%. This may have resulted from planned major activities such as the World Junior Championships and Reggae Sumfest. In addition, cruise arrivals increased by 23.5% as a result of larger ships making calls to the island.

Table 9: Tourist Arrivals

	2001	*2002*	*% Change*	
	Jan-July			*July*
Stopover	840,183	771,703	-8.15	5.0
Foreign	788,615	723,597	-8.24	4.2
National	51,568	48,106	-6.71	15.7
Cruise	538,686	496,227	-7.88	23.5
Total	1,378,869	1,267,930	-8.05	14.8
US$m*	**678.40**	**599.80**	**-11.59**	**-**
** Data available for Jan-June '02 only*				
Source: Jamaica Tourist Board (Preliminary)				

External Trade

The deficit on the external trade account improved over the first four months of 2002, declining by US$7.79 million ***(Table 10)***. This resulted from a US$69.55 million decline in the value of imports.

Exports: The value of total goods exports (fob) fell by 12.44% given declines in all categories of exports, vis-à-vis 'major traditional' (11.96%), 'other traditional' (0.31%) and 'non-traditional' (17.01%) exports. In the major traditional group, a strong performance from bauxite (12.4%) was not enough to offset declines in the value of alumina (8.59%), sugar (43.53%) and bananas (0.61%).

Bauxite and alumina exports benefited from higher volumes, up 59% and 1.5% respectively during the period under review. Although export volumes increased, the industry suffered from declines in bauxite and alumina prices of 0.5% and 10.85% respectively. Rum is the only other category within the traditional group to register an increase in exports. Earnings from rum increased by US$3 million (33.7%), while coffee fell by 17.7%.

The food category in 'other traditional exports' declined largely resulted from declines in fish exports (down 26.1%). Earnings from wearing apparel continue to be eroded, declining by 65.6% to US$10.4 million, during the review period. Within the 'non-traditional exports' category, minerals registered a 150% increase in exports to US$6 million. In addition, yam exports increased by 14% to US$4.9 million while ackee exports fell by 14.70% to US$2.9 million.

Imports: The value of total goods imports (cif) declined by 5.89% for the review period. This was mainly due to a US$90.58 million (14.28%) decline in 'raw material' imports. This mitigated the increase in both consumer and capital goods imports, which grew by 8.21% and 1.5% respectively.

A US$76 million (33.4%) decline in fuel imports and a US$14.6 million (3.6%) decline in 'other raw materials' influenced the outturn within the raw materials category. The decline in the fuel import bill reflected lower world fuel prices. Durables and food continued to be the major contributors to increased consumer imports. These categories increased by 20.8% and 8.2% respectively.

The marginal increase in capital goods imports resulted from increases in imports of 'other machinery and equipment' and 'other capital goods' of 29.1% and 35.6% respectively.

Table 10: External Trade (US$ million)

	Jan-Apr '01	Jan-Apr '02	Change	% Change
TOTAL EXPORTS (fob)	496.57	434.81	-61.76	-12.44
Major Traditional Exports	310.58	273.44	-37.14	-11.96
Bauxite	31.77	35.71	3.94	12.40
Alumina	223.43	204.24	-19.19	-8.59
Sugar	48.89	27.61	-21.28	-43.53
Other Traditional Exports	25.58	25.5	-0.08	-0.31
Non-Traditional Exports	90.32	74.96	-15.36	-17.01
Re-Exports	9.9	5.9	-4	-40.40
Freezone Exports	48.19	44.61	-3.58	-7.43
Goods Procured in Ports	12	10.4	-1.6	-13.33
TOTAL IMPORTS (cif)	**1180.83**	**1111.28**	**-69.55**	**-5.89**
Consumer Goods	301.64	326.4	24.76	8.21
Durables	118.7	143.5	24.8	20.8
Raw Materials	634.36	543.78	-90.58	-14.28
Fuels	227.7	151.7	-76	33.4
Capital Goods	201.56	204.59	3.03	1.50
Freezone Imports	30.17	24.51	-5.66	-18.76
Goods Procured in Ports	13.1	12	-1.1	-8.40
Trade Balance	**-684.26**	**-676.47**	**-7.79**	**1.14**

Source: Compiled from STATIN and BOJ

Balance of Payments

The deficit on the current account deteriorated by US$30.9 million to US$206.9 million over the first four months of 2002 ***(Table 11)***. This was primarily driven by a 32.09% decline in the services balance.

The deficit on the goods balance improved by US$4.8 million as exports declined by US$61.8 million which was offset by a US$66.6 million decline in imports.

The services balance continued to register a negative outturn, declining by US$69.8 million to US$147.7 million. Although there was a US$23.4 million improvement in the costs for 'other services', there was a US$83 million decline in net travel receipts combined with a US$10.2 million increase in transportation costs. The income account improved by US$2.8 million, primarily due to a US$3.3 million reduction in the outflow of investment income.

The current transfers reflected an increase in private transfers of US$42.4 million, which offset a US$11.1 million decline in official transfers. Private transfers, which increased by 16.89%, continued to reflect strong remittance inflows.

The outturn on the capital and financial accounts mainly reflected activity on the financial account, which declined by US$32.2 million. The surplus on the 'other official investment' account (US$31.1 million), combined with the surplus on the 'other private investment' (US$243.6 million), together with the deficit on the capital account (US$8.8 million) offset the deficit on the current account. This resulted in a US$59.0 million increase in reserves.

Table 11: Balance of Payments (US$ million)

	January - April		Change	
	2001	*2002*	*US$m*	*%*
CURRENT A/C	**-176.0**	**-206.9**	**-30.90**	**17.56**
Goods Balance	**-520.8**	**-516.0**	**4.80**	**-0.92**
Exports (fob)	496.5	434.7	-61.80	-12.45
Imports (fob)	1,017.3	950.7	-66.60	-6.55
Services Balance	**217.5**	**147.7**	**-69.80**	**-32.09**
Transportation	-66.3	-76.5	-10.20	15.38
Travel	430.9	347.9	-83.00	-19.26
Other Services	-147.1	-123.7	23.40	-15.91
Income	**-149.2**	**-146.4**	**2.80**	**-1.88**
Compensation of employees	5.4	4.9	-0.50	-9.26
Investment Income	-154.6	-151.3	3.30	-2.13
Current Transfers	**276.5**	**307.8**	**31.30**	**11.32**
Official	25.4	14.3	-11.10	-43.70
Private	251.1	293.5	42.40	16.89
CAPITAL & FINANCIAL A/C	**176.0**	**206.9**	**30.90**	**17.56**
Net Capital Movement	**-7.5**	**-8.8**	**-1.30**	**17.33**
Official	2.0	0.2	-1.80	-90.00
Private	-9.5	-9.0	0.50	-5.26
Financial A/c	**183.5**	**215.7**	**32.20**	**17.55**
Other Official Investment	105.2	31.1	-74.10	-70.44
Other Private Investment (incl. errors & omissions)	390.6	243.6	-147.00	-37.63
Reserves	-312.3	-59.0	253.30	-81.11

Source: Bank of Jamaica (Preliminary)

Fiscal Accounts

During the April to July period of the financial year 2002/03, the central Government's fiscal operations generated a deficit of $17,057.50 million, $3,317.70 greater than budgeted ***(Table 12)***. This outturn resulted from lower than budgeted revenues and grants ($3,305.0 million) coupled with greater than budgeted expenditure ($12.7 million). Revenue receipts were 9.2% below budget, while expenditures were 0.03% above budget.

The major sources of revenue fallout were registered by declines in tax revenue, down $2,143.7 million, and non-tax revenue, down $594.2 million.

The poor performance in tax revenue mainly resulted from a $2,118.10 million outturn below budget from Income and Profits, and a $616.8 million outturn below budget from International Trade. Income and Profits were affected by a $1,974.2 million (48.1%) outturn below budget on 'Tax on Interest' due to falling interest rates. Revenues from International Trade was affected by a $613.7 million (36.5%) outturn below budget from Special Consumption Taxes (SCT) on imports.

Within the production and consumption category, General Consumption Tax (GCT) and SCT generated revenues 8.1% ($405.4 million) and 13.1% ($255.8 million) respectively above budget.

Recurrent expenditure of $478.3 million above budget was the main contributor to the higher expenditure outturn. This was due to expenditure on Programmes and Wages and Salaries of 6.1% and 7.9% respectively above budget. Interest payments which were down $1,257.1 (5.60%) reflected the below budget outturn of domestic and international interest payments down $431.7 million (2.6%) and $825.4 million (14.7%) respectively.

Loan receipts continued to be below budget, with registered domestic and external receipts 8.1% and 0.01% below budget. The amortization of both domestic and external debt was slower than budgeted – 20.2% and 0.7% below budget.

Preliminary figures from the Ministry of Finance and Planning indicate that the total domestic debt increased by 1.84% to $310.74 billion in June.

Table 12: Fiscal Accounts (J$ million)

	April - July 2002				01/'02	
			Change			
	Provisional	Budget	J$m	(%)	J$m	(%)
Revenue & Grants	**32,780.70**	**36,085.70**	**-3,305.00**	**-9.20**	**220.2**	**0.70**
Tax Revenue	30,905.80	33,049.50	-2,143.70	-6.50	1,890.30	6.50
Non-Tax Revenue	1,007.50	1,601.70	-594.2	-37.10	78.7	8.50
Bauxite Levy	555.7	834.6	-278.9	-33.40	-157.9	-22.10
Capital Revenue	230.6	257.9	-27.2	-10.60	-1,552.90	-87.10
Grants	81.1	342	-260.9	-76.30	-38	-31.90
Expenditure	**49,838.20**	**49,825.50**	**12.7**	**0.03**	**5,956.90**	**13.60**
Recurrent	46,660.70	46,182.30	478.3	1.00	8,481.80	22.20
Programmes	8,854.70	8,343.60	511	6.10	69.4	0.80
Wages & Salaries	16,661.00	15,436.70	1,224.40	7.90	3,867.00	30.20
Interest	21,145.00	22,402.00	-1,257.10	-5.60	4,545.50	27.40
Domestic	16,367.40	16,799.10	-431.7	-2.60	2,628.10	19.10
Capital Expenditure	3,177.50	3,643.20	-465.7	-12.80	-1,683.40	-34.60
Fiscal Balance	**-17,057.50**	**-13,739.80**	**-3,317.70**	**24.10**	**-5,736.70**	**50.70**
Loan Receipts	34,727.50	36,472.00	-1,744.50	-4.80	1,890.80	5.80
Domestic	19,717.20	21,461.00	-1,743.80	-8.10	5,709.20	40.80
Amortization	32,401.80	36,687.40	-4,285.60	-11.70	-6,450.40	-16.60
Domestic	16,464.50	20,633.30	-4,168.80	-20.20	-17,098.90	-50.90
Overall Balance	**-14,731.80**	**-13,955.30**	**-776.5**	**5.60**	**2,604.60**	**-15.00**
Primary Balance	**4,087.40**	**8,662.20**	**-4,574.80**	**-52.80**	**-1,191.20**	**6,469.80**

Source: Ministry of Finance and Planning

Stock Market

Table 13: Returns for listed companies on the JSE

Year-to-Date Performers on the Jamaica Stock Exchange Top Five (unadjusted for dividends or transaction costs)				
	31/12/01	15/10/02	$	%
Mobay Ice	3.40	10.00	6.60	194.12
Pegasus	1.10	3.03	1.93	175.45
Radio Jamaica	1.45	3.74	2.29	157.93
Kingston Wharves	0.86	2.11	1.25	145.35
Ja Prod. Group	4.50	9.95	5.45	121.11
Bottom Five (unadjusted for dividends or transaction costs				
LOJ	2.97	2.50	-0.47	-15.82
Island Life	14.00	11.60	-2.40	-17.14
Cable & Wireless	1.50	1.15	-0.35	-23.33
Ciboney Group	0.10	0.06	-0.04	-40.00
Goodyear	9.20	4.40	-4.80	-52.17

Source: Compiled from the JSE

Developments and Outlook

The Net International Reserves increased by 0.13% after five consecutive months of decline. The year-to-date depreciation of the daily J$/US$ rate was approximately three times that of the similar period in 2001, albeit less than that of 2000. The central bank intervened in the foreign exchange market, for the second time since September to prevent further depreciation. However, this action will only be sustained if there are improvements in the balance of payments position.

The 6-month T-Bill rate increased in September by 291 basis points while the average lending rate for September 2002 remained flat. In addition, the 90 day and 120 day repo rates increased by 2% and 2.35% in October. This is not in line with the downward trend in interest rates since January of this year. However, this trend has occurred for similar review periods in previous years. Therefore it is expected the upward movement in interest rates will be reversed in the short term in accordance with the IMF Staff Monitored Programme.

The current improvement in the external balance of trade was mainly driven by a reduction in imports, although exports declined. However, both the external trade and the current account balances may be expected to deteriorate further in the near term. This is in view of the fact that any recovery in the export of major crops may be mitigated by the extensive damage caused by tropical storm Lili and Isadore. Further, a higher level of imports may be required to fill the expected shortfall in food supplies.

The incumbent Government may need to seek additional funds to repair the damage to the island caused by tropical storm Lili and Isadore. This implies that the Government may experience difficulties in keeping within budgeted expenditure. However, the extent of the impact on the budget hinges on the amount of grant funds that Jamaica receives. In addition, greater efforts to ensure efficient tax collection may offset these likely increases in expenditure.

Greater prudence in fiscal management and the expeditious implementation of revenue enhancing measures, including efforts to improve tax compliance, and rigorous restraint in expenditures, particularly on wages should be the focus of the recently elected Government. The reduction of crime and violence should also be high on the agenda. It was commendable that the general elections were held relatively free from violence and represents a new era in democracy for Jamaica. Greater representation in Parliament by the opposition may also imply a more integrated approach to achieving macroeconomic and social stability in Jamaica.

Stock Market

The stock market remained sluggish in September. This may be attributed to the fact that investors focused their attention on money market instruments such as the 90-day and 120-day repos. The yields on these instruments were hiked in early October by 2% and 2.35% respectively to 19.25% and 19.4%.

Statistical Index
Major Macro-Economic Indicators

	BM		M2		NIR	Fx Dep	CPI		Tourism	J$/US$	Tbill	Loan	Sav	Dom Debt	Fx Debt
	M	P	M	P	US$M	US$M	M	P	P		%	%	%	J$M	US$M
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	3,624.30
Apr	1.6	-1.4	0.1	7.7	1,281.8	1,130.5	0.4	5.8	4.24	45.68	16.50	**31.21r**	9.84	n/a	3,625.70
May	-0.5	-2.4	2	10.6	1,480.6	1,152.6	0.8	6.2	3.36	45.77	15.46	30.88	9.50	n/a	3,971.40
Jun	-0.9	-1.8	-0.7	8.2	1,540.5	1,154.2	1.7	7.1	-2.22	45.77	16.2	30.67	9.45	285,660.00	3,944.15
Jul	3.7	3.3	2.0	10.7	1,526.3	1,153.3	1	7.1	**-2.62**	45.78	16.45	30.33	9.18	n/a	n/a
Aug	-1.1	1.5	1.0	11.2	1,599.0	1,158.7	0.9	7.1	-8.08	45.77	16.04	28.21	9.08	n/a	n/a
Sep	-4.6	0.3	1.3	10.6	1,537.7	**1,192.1r**	0.8	6.9	-21.73	45.94	15.10	26.96	9.08	292,262.82	3,882.21
Oct	-2.1	-1.0	0.84	11.2	1,477.5	1,222.9	0.8	7.7	-18.39	46.57	15.11	26.79	9.08	n/a	n/a
Nov	3.5	0.4	n/a	n/a	1,477.0	1,214.0	0.1	7.7	**-14.86**	47.35	17.82	26.79	9.08	n/a	n/a
Dec	12.4	0.2	n/a	n/a	1,840.7	n/a	n/a	n/a	n/a	47.36	17.03	26.79	9.08	309,358.11	4,146.10
Jan-02	-10.3	-0.78	-1.34	8.63	1,848.7	1,174.9	0.6	9.4	-11.6s	47.46	17.08	26.79r	9.08	297,181.62	4,107.50
Feb	3.5	0.8	1.21	10.52	1,820.9	1,197.9	-0.1	8.1	-11.76	47.51	15.93	26.63	9.02	298,316.27	4,098.6
Mar	-4.9	-0.4	1.1	2.2	1,941.47	1,293.4	0.0	7.6	-12.96	47.64	14.3	26.29	9.36	300,201.53	4,135.30
Apr	-2.3	-4.2	2.04	12.24	1,899.6	1,280.9	0.5	7.7	-14.56	47.76	13.84	26.29	9.34	302,293.04	4,144.90
May	1.6	-2.2	-0.8	9.3	1,810.6	1,273.3r	0.3	7.2	-12.28	48.14	13.79	26.25	9.34	305,116.45	n/a
Jun	0.7	-0.6	0.82	10.92	1,782.3	1,270.6	0.9	6.3	-2.33	48.43	13.81	25.92	9.00	310,741.77	n/a
Jul	3.0	-1.3	0.34	9.15	1,743.9	n/a	1.5	6.8	-8.05	48.5	13.79	25.92	8.97	n/a	n/a
Aug	-1.27	-1.45	n/a	n/a	1,685.6	1,316.1	0.4	6.3	n/a	49.01	13.78	26.25	8.97	n/a	n/a
Sep	-0.28	2.97	n/a	n/a	1,687.3	n/a	n/a	n/a	n/a	49.27	16.69	26.25	8.86	n/a	n/a
Oct															

Source: Bank of Jamaica, Statistical Institute of Jamaica, Ministry of Finance and Planning, Jamaica Tourist Board and the Planning Institute of Jamaica.

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
S – Stopover

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