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PSOJ CONFIDENTIAL ECONOMIC BULLETIN

A Monthly Analysis of the Jamaican Economy

Overview

The central bank signaled its intention to return to a downward trend in interest rates when ^{it} they reduced interest rates on longer term open market instruments for a second time in three (3) weeks. On July 8, 2003 the 270-day and the 365-day repo rates were reduced by 200 basis points to 27.50% and 28.00% respectively. This follows previous reductions when the 180 day, 270 day and 365 day repos were reduced to 26.50% (down 150 basis points), 29.50% (down 300 basis points) and 30.00% (down 300 basis points). The 6-month Treasury Bill (T-Bill) rate also declined by 83 basis points to 28.46%. There were no changes in the average commercial bank lending rates and the savings rates. The rates were 25.18% and 8.22% respectively.

*Int Rate
↓
X rate
+
CPI*

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The foreign exchange market appears to have returned to normalcy. The year to date depreciation of the weighted average selling rate is 15.89% leveling at \$59.05. Of significance is a J\$ revaluation of 12.15% since May 16, 2003 primarily due to central bank intervention.

The June 2003 Consumer Price Index (CPI) increased by 2.5% over the previous month, resulting in fiscal and year-to-date inflation rates of 6.0% and 5.6% respectively. All categories registered increases for the month. The onset of a period of scarcity in domestic agricultural products contributed to higher prices of Starchy foods within the heavily weighted food and drink category. In addition, the imposition of general consumption tax (GCT) on previously exempted goods (announced in the April Budget presentation) and the volatility in the foreign exchange market contributed to higher inflation rate for the month. For June 2003, tourist arrivals registered a

11.35% increase over June 2002. This was mainly attributed to cruise arrivals which increased by 19.70%.

The Ministry of Finance has reported a fiscal deficit of 27.0% lower than budgeted for April-June 2003. Higher than expected revenue outturn of \$30,365.7 million (4.4% above budget) coupled with lower than budgeted expenditure of \$44,451.3 million (8.1% below budget) resulted in a deficit of \$14,085.6 million.

On the international scene, the Bank of England cut interest rates a quarter of a percentage point to 3.5%. This move matches rate cuts made last month by the U.S. Federal Reserve and the European Central Bank (ECB). With respect to the US, our major trading partner, this strategy should further bolster the economy and stave off possible deflation. However, any recovery may be moderated by the fact that the fiscal deficit is forecasted to exceed US\$450 billion at fiscal year end September 30, 2003. In addition for the month of June the nation registered its highest unemployment rate in nine (9) years of 6.4%. Further overseas, the oil price strengthened, topping \$30 a barrel in recent days. The major factors have been the eight (8) day general strike in oil-rich Nigeria, which threatened oil exports and widespread looting and sabotage in Iraq which may delay the resumption of oil exports.

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Net International Reserves

The Net International Reserves (NIR) of the Central Bank declined by US\$105.94 million to US\$1,127.39 million, (Table 1). The current level of reserves represented 18.27 weeks of goods imports, when compared with 31.21 weeks of goods imports over the similar period in 2002. In terms of weeks of goods and services imports, gross reserves represented 12.03 weeks. The lower NIR level for June was mainly attributed to a US\$111.28 million decline in gross foreign assets.

Table 1: NIR (US\$ million)

	NIR	Change			Imports (Weeks)
		Mthly	12 Mth	YTD	
June-03	1,127.39	-105.94	-654.81	-469.61	18.27
June-02	1,782.20	-28.8	241.00	185.20	31.21

Source: Compiled from the BOJ (Preliminary)

Foreign Currency Deposits

Total foreign currency deposits increased in May 2003 to US\$1,530.56 million (Table 2). This outturn was mainly influenced by an overall increase in the balances of Commercial Banks and Building Societies of US\$33.65 million and US\$3.08 million respectively. Total deposits were 20.21% above those recorded at the end of May 2002. The spot purchases decreased to US\$633.77 million (down 10.44%) while spot sales decreased to US\$616.33 million (down 11.43%).

Table 2: FX Deposits (US\$ million)

		Change (US\$M)			%
		May-03	Mthly	12 Mth	
Total Deposits	1,530.56	28.79	257.30	20.21	
	June -03				
Spot Purchases	633.77	-73.85	-215.24	-25.35	
Spot Sales	616.33	-95.65	-220.56	-26.35	

Source: Compiled from the BOJ (Preliminary)

Foreign Exchange Rates

The daily JS/US\$ weighted average selling rate in June registered a marginal appreciation over the previous month, (Table 3). The JS gained \$0.41 (0.69%) to \$59.01 at the end of June 2003, following a \$2.11 (3.68%) loss for the previous month. The year-to-date daily weighted average JS/US\$ rate represents a \$8.08 (15.89%) depreciation.

This is a significant depreciation when compared to the similar periods in 2002 and 2001 (15.89% decline vs. 2.09% and 0.53% declines respectively).

The weighted average monthly JS/US\$ for June 2003 was \$59.11, \$1.97 below the previous month and \$10.68 above June 2002. The last time the foreign exchange market registered a noticeable appreciation in the monthly weighted average exchange rate was in May 1996 of 1.65% to \$39.24. The recorded appreciation for the month of June 2003 is as a result of central bank intervention.

Figure 1: Daily JS/US\$ Movements

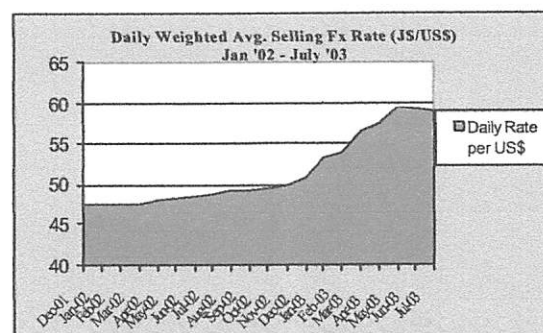


Table 3: Foreign Exchange Trends

	Year-to-Date: July 14, '03					
	us\$	%	can\$	%	uk£	%
2003	8.08	15.89	10.81	33.69	14.66	18.11
2002	0.99	2.09	2.59	8.79	6.83	10.05
2001	0.24	0.53	0.29	0.98	-3.02	-4.52
	Monthly					
June-03	-0.41	-0.69	0.64	1.49	-1.47	-1.49

Source: BOJ, PSQJ Economic Research

Short Term Forecasts

The measures announced by the government along with the improvement in the tourism sector have restored some stability within the foreign exchange market. As a result, we may continue to see a slow orderly upward adjustment in the exchange rate in the near term. There were no forecasts for May and June due to the recent volatility in the foreign exchange rate. The revised forecasts are presented Table 4.

Sept 31 - Oct 31.

Search trading summary

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

	Forecast	Actual	Diff.
Jan. '02	47.41 - 47.45	47.53	0.08
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	49.44	0.28
Nov.	49.86 - 49.90	49.91	-0.01
Dec.	50.12 - 50.16	50.97	-0.81
Jan. '03	50.69 - 50.73	52.98	-2.25
Feb.	52.32 - 52.36	53.74	-1.38
Mar.	54.51 - 54.55	56.24	-1.69
April	57.11 - 57.15	57.31	-0.16
May	n/a	59.42	
June	n/a	59.01	
July	59.42 - 59.46		
August	60.23 - 60.27		

Source: PSJO Economic Research

Interest Rates

The central bank signaled its intention to return to a downward trend in interest rates when they reduced interest rates on longer term open market instruments for a second time in three (3) weeks. On July 8, 2003 the 270-day and the 365-day repo rates were reduced by 200 basis points to 27.50% and 28.00% respectively. This follows previous reductions when the 180 day, 270 day and 365 day repos were reduced to 26.50% (down 150 basis points), 29.50% (down 300 basis points) and 30.00% (down 300 basis points). The 6-month Treasury Bill (T-Bill) rate also declined by 83 basis points to 28.46%.

There were no changes in the average commercial bank lending rates and the savings rates. The rates were 25.18% and 8.22% respectively.

Figure 2: Interest Rate Movements

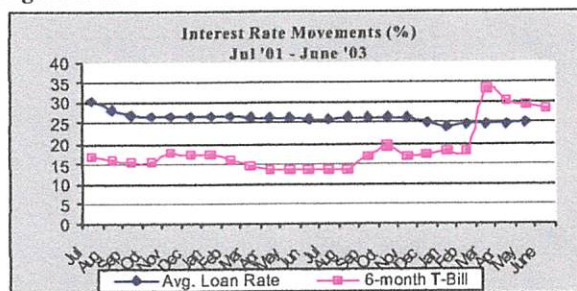


Table 5: Interest Rate Movements

	June-03	Change		
		Mthly	12 Mth	YTD
30 Day Repo	15.00	0.00	1.75	2.05
365 Day Repo	30.00	-3.00	-15.00	-15.50
Avg Savings Deposit	8.22	0.00	-0.78	-0.74
Avg Loan Rate	25.18	0.00	-0.74	0.14
6 Month T-Bill	28.46	-0.83	14.65	11.45
12 Month T-Bill	14.77	0.00	0.00	0.00

Source: Compiled from the BOJ (Preliminary)

Base Money and Money Supply

The monetary base declined by 1.02% in June 2003. This signals government continued attempts to keep a tight control on inflation. Broad money (M2) increased by 5.90% in April 2003. (Table 6). The decline in M2 was mainly attributed to a 21.21% increase in demand deposits and a 15.35% decline in time deposits. Base money increased by 7.36% over April 2002.

contradiction

Table 6: Base Money and Money Supply

	J\$M	Change (%)	
	Apr-03	Mthly	12 Mth
M1	46,544.20	14.10	4.68
Quasi Money	121,542.90	3.07	14.61
M2	168,087.17	5.90	11.68
June-03			
Base Money	32,404.91	-1.02	7.36

Source: Compiled from the BOJ (Preliminary)

$$M2 = M1 + \text{Quasi Money}$$

Inflation

The June 2003 Consumer Price Index (CPI) increased by 2.5% over the previous month, resulting in fiscal and year-to-date inflation rates of 6.0% and 5.6% respectively (Table 7). The outturn for June was above that of June 2002. All categories registered increases for

$$A > B \Rightarrow \frac{x}{A} < \frac{x}{B}$$

$$F > C \Rightarrow \frac{x}{F} < \frac{x}{C}$$

the month. Starchy foods within the heavily weighted food and drink category primarily contributed to the increased outturn. This was due to the onset of a period of scarcity of certain domestic agricultural products. In addition, the imposition of general consumption tax (GCT) on previously exempt goods (announced in the April Budget presentation) and the volatility in the foreign exchange market contributed to higher inflation rate for the month.

Table 7: Inflation Trends

	Percent Changes			
	June-03	12 Mth	YTD	Fiscal
2003	2.5	10.7	5.6	6.0
2002	0.9	6.3	2.2	1.7

Source: STATIN

Production of Selected Commodities

Mining: Total alumina production for June 2003 increased by 5.53%, while crude bauxite production decreased by 8.39% when compared to the corresponding 2002 period, (Table 8). The apparent decline was due to higher than normal crude bauxite production in June 2002 resulting from efforts to recoup from the negative effects of the May floods. Alumina exports increased by 9.78% while crude bauxite declined by 0.01% in June 2003. Year-to-date alumina production and exports increased by 7.86% and 8.24% respectively. Crude bauxite experienced marginal decline.

Sugar & Banana: Sugar production in May 2003 amounted to 19,730 metric tonnes. This represented a 24.35% decline over May 2002. On the other hand, banana production increased by 10.91% to 4,270 tonnes over the similar period.

Table 8: Mining Production

	12 Mth Change			Y-T-D	
	June-02	June-03	%	June 03	%
Production					
Alumina	300,538	317,146	5.53	1,891,198	7.86
C. Bauxite	327,799	300,290	-8.39	1,957,345	-1.87
Export					
Alumina	309,201	339,455	9.78	1,874,606	8.24
C. Bauxite	302,985	302,965	-0.01	1,940,253	-0.51

Units=tonnes

Source: Compiled from Jamaica Bauxite Institute

Tourism

For June 2003, tourist arrivals registered a 11.35% increase over June 2002. This was mainly buoyed by cruise arrivals which increased by 39.25%. This sub sector has been benefiting from increased calls by new companies, as well as, larger vessels. The increase in Foreign and National visitors of 7.60% and 4.20% respectively, contributed to the overall increase in stopover arrivals of 7.40%. For the first half of the year, stopover arrivals from our major tourist market, the USA, increased by 5.00%. This compares favourably to 0.70% and 0.10% registered for the similar periods in 2002 and 2001, respectively.

Table 9: Tourist Arrivals

	2002	2003	% Change	
		Jan-June	June	
Stopover	634,015	678,315	6.90	7.40
Foreign	596,985	640,945	7.36	7.60
National	37,030	37,370	0.92	4.20
Cruise	431,765	601,214	39.25	19.70
Total	1,065,780	1,279,529	20.05	11.35
US\$m*	393.30	448.30	13.98	

*For Jan - Apr '03 only

Source: Jamaica Tourist Board (Preliminary)

External Trade

The deficit on the external trade account increased in January 2003 over January 2002, by US\$96.61 million (Table 10). This mainly resulted from an increase in the value of imports of US\$83.01 million as well as a decline in exports of US\$10.60 million.

Exports: In January 2003, the value of total goods exports (fob) fell by 10.30% given declines in the major categories of exports, vis-à-vis 'major traditional' (10.60%) and 'other traditional' (40.80%) exports. The 'non-traditional' category improved by 13.60%. In the major traditional group, there were dismal performances from bauxite (down 24.63%), alumina (down 8.30%) and bananas (down 13.60%). There were no sugar exports during the period.

Gypsum is the only category within the traditional group to register increased exports. Earnings from gypsum increased by US\$0.11 million (275.60%) to US\$0.15 million.

Within the 'non-traditional exports' category, earnings from wearing apparel continued to be eroded, declining by 68.92% to US\$0.67 million, during the review period. Fish exports declined to US\$0.41 million (down 24.30%) while Ackee exports declined by 51.78% to US\$0.33 million. Papaya exports declined by 34.65% to US\$0.20 million. However, yam exports increased to US\$1.12 million (up 8.18%). Earnings from beverage exports declined by 41.20% to US\$1.58 million. Of note, exports of Mineral Fuels and Chemicals increased significantly by 361.44% and 377.36% to US\$3.00 million and \$3.94

million respectively. The main reason is that there were no exports of the major components of each group in January 2002. That is, there were no gasoline (within the Fuels category) and ethanol (within the Chemicals category) exports over the similar review period.

Imports: The value of total goods imports (cif) increased by 29.07% in January 2003. This was mainly due to a US\$78.34 million (58.62%) increase in raw material goods imports.

A US\$44.14 million (44.12%) increase in 'other raw materials' along with a US\$34.20 million (102.20%) increase in fuel imports generated the outturn within the raw materials category. Durables and other non durables were the major contributors to increased consumer imports. These categories increased by 14.10% and 36.30% respectively.

Capital goods imports for January 2003 was US\$0.56 million less than January 2002. The increase in Transportation and Equipment (J\$2.07 million) was not sufficient to offset the combined decrease in Construction Materials (down \$0.71 million), Other Machinery (down \$1.74 million) and Other Capital (down \$0.18 million).

Table 10: External Trade (US\$ million)

	Jan '02	Jan '03	Change	% Change
TOTAL EXPORTS (fob)	102.69	92.05	-10.60	10.30
Major Traditional Exports	66.48	59.40	-7.08	-10.60
<i>Bauxite</i>	8.97	6.76	-2.21	-24.63
<i>Alumina</i>	55.83	51.19	-4.63	-8.30
<i>Sugar</i>	0.00	0.00	0.00	0.00
Other Traditional Exports	6.80	4.03	-2.77	-40.80
Non-Traditional Exports	14.45	16.41	1.96	13.60
Re-Exports	1.09	1.61	0.42	38.20
Freezone Exports	11.42	8.20	-3.22	-26.20
Goods Procured in Ports	2.40	2.50	0.10	4.20
TOTAL IMPORTS (cif)	285.47	368.48	83.01	29.07
Consumer Goods	82.92	87.40	14.47	17.40
<i>Durables</i>	35.45	40.45	5.00	14.10
Raw Materials	133.64	211.98	78.34	58.62
<i>Fuels</i>	33.46	67.65	34.20	102.20
Capital Goods	53.75	53.18	-0.56	-1.00
Freezone Imports	9.06	2.72	-6.34	-70.00
Goods Procured in Ports	3.10	3.20	0.10	3.20
Trade Balance	-179.82	-276.43	-96.60	-53.70

Source: Compiled from STATIN and BOJ

Balance of Payments

The deficit on the current account deteriorated by US\$72.60 million to US\$137.10 million in January 2003 (Table 11). This was primarily driven by a widening balance of trade deficit of US\$86.3 (62.40%) million to US\$224.60 million. The main contributing factor to this outturn was the increase in imports of 31.42% to US\$316.60 million. Exports declined by US\$10.60 million to US\$92.00 million.

The services balance increased by US\$19.00 million to US\$44.10 million. This was attributable to the increase in net travel receipts of US\$25.30 million to US\$103.00 million which offset increased net payments for transportation and 'other services'. The deficit on Transportation and 'other services' widened by US\$4.50 million and US\$1.80 million to US\$23.10 million and US\$35.80 respectively.

The income account declined by US\$8.90 million, solely due to an increase in interest payments on Government external debt to US\$49.50 million.

The current transfers reflected an increase in private transfers of US\$4.80 million, which offset a contraction in official transfers of US\$1.20 million to US\$7.20 million. Private transfers, which increased by 6.15%, continued to reflect strong remittance inflows.

The outturn on the capital and financial accounts mainly reflected activity on the financial account, which improved by US\$72.60 million. The surplus on the 'other private investment' (US\$64.60 million), which offset the deficit on 'other official investment' account (US\$12.80 million) together with the deficit on the capital account (US\$1.40 million) was insufficient to offset the deficit on the current account. This resulted in a US\$86.70 million decline in reserves.

Table 11: Balance of Payments (US\$ million)

	January		Change	
	2002	2003	US\$m	%
CURRENT A/C	-64.50	-137.10	-72.60	113.00
Goods Balance	-138.30	-224.60	-86.30	62.40
Exports (fob)	102.60	92.00	-10.60	-10.33
Imports (fob)	240.90	316.60	75.70	31.42
Services Balance	25.10	44.10	19.00	75.69
Transportation	-18.60	-23.10	-4.50	24.19
Travel	77.70	103.00	25.30	32.17
Other Services	-34.00	-35.80	-1.80	5.29
Income	-37.70	-46.60	-8.90	23.60
Compensation of employees	2.90	2.90	0.00	0.00
Investment Income	-40.60	-49.50	-8.90	21.92
Current Transfers	86.40	90.00	3.60	4.17
Official	8.40	7.20	-1.20	-14.29
Private	78.00	82.80	4.80	6.15
CAPITAL & FINANCIAL A/C	64.5	137.10	72.6	110.17
Net Capital Movement	-1.40	-1.40	0.00	0.00
Official	0.10	0.10	0.00	0.00
Private	-1.50	-1.50	0.00	0.00
Financial A/c	65.90	138.50	72.60	110.16
Other Official Investment	20.20	-12.80	-33.00	-163.37
Other Private Investment (incl. errs & omiss)	53.60	64.60	11.00	20.52
Reserves	-7.90	86.70		

Source: Bank of Jamaica (Preliminary)

Fiscal Accounts

The Ministry of Finance has reported a fiscal deficit of 27.0% lower than budgeted for April-June 2003. Higher than expected revenue outturn of \$30,365.7 million (4.4% above budget) coupled with lower than budgeted expenditure of \$44,451.3 million (8.1% below budget) resulted in a deficit of \$14,085.6 million. Of note, revenues were 24.6% better than the similar period in the 2002/2003 fiscal year. It is encouraging that higher interest payments on domestic debt were constrained within budget for the month (16.4% below budget). However, despite the fact that wages and salaries were better than projected for the first quarter, the outturn for June was 60.3% above budget.

Tax revenue increased by \$897.6 million (3.3%). A \$,953.7 million increase from Income and Profits primarily contributed to the higher than budgeted outturn. Tax revenue from Production & Consumption decreased by 2.5% to \$9,113.8 million largely due to a 26.3% below budget outturn for Special Consumption Tax (SCT). International Trade increased by 2.3% to

\$8882.6 million. This reflected a better performance in SCT on imports of \$510.8 million.

Recurrent expenditure was \$3,238.9 million below budget. This was due to a decline in all the categories. Interest payments, the main contributing factor, fell by \$2,154.2 million (down 9.8%). domestic interest payments, which fell by \$1,595.0 million (1.2%). External interest payments declined by \$340.4 million (12.8%) when compared to budget.

Spending on Programmes was \$701.9 million less than budgeted, down 7.4%.

Loan receipts were also below budget due to lower than budgeted domestic receipts of 4.8% and external receipts of 8.9%. The amortization of domestic debt was slower than budgeted- 10.4% while external debt amortization was 1.6% above budget.

The Provisional figures from the Ministry also indicated that at the end of May 2003, the stock of public sector debt increased by 2.78% over April 2003 to \$634.20 billion. The domestic portion increased by 2.14% to \$384.74 billion.

Table 12: Fiscal Accounts (J\$ million)

			April-June 2003		02/03	
	Provisional	Budget	Change			
			J\$m	(%)	J\$m	(%)
Revenue & Grants	30,365.7	29,074.6	1,291.2	4.4	5,991.9	24.6
Tax Revenue	27,994.1	16,335.2	897.6	3.3	4,993.2	21.7
Non-Tax Revenue	1305.9	649.6	231.9	21.6	554.3	73.7
Bauxite Levy	528.4	339.4	41.6	8.6	132.9	33.6
Capital Revenue	316.1	216.8	99.3	45.8	153.6	94.5
Grants	221.2	200.5	20.7	10.3	158.0	250.2
Expenditure	44,451.3	48,380.2	-3,928.9	-8.1	7,638.8	20.8
Recurrent	42,476.2	45,715.1	-3238.9	-7.1	8,293.1	24.3
Programmes	8,744.5	9,446.4	-701.9	-7.4	2495.0	39.9
Wages & Salaries	13,880.9	14,263.8	-382.8	-2.7	1,549.1	12.6
Interest	19,850.8	22,005.0	-2,154.2	-9.8	4249.0	27.2
Domestic	15,292.5	16,887.5	-1,595.0	-9.4	3,512.6	29.8
External	4,558.3	5,117.4	-559.2	-10.9	736.4	19.3
Capital Expenditure	1,975.1	2,665.1	-690.0	-25.9	-654.3	-24.9
Fiscal Balance	-14,085.5	-19,305.6	5220.1	-27.0	-1,646.9	-13.2
Loan Receipts	29,517.7	38,199.5	-8,681.8	-22.7	913.8	3.2
Domestic	28,970.8	37,700.0	-8,729.2	-23.2	15,140.4	109.5
External	546.9	499.5	47.4	9.5	-14,226.6	-96.3
Amortization	20,433.9	23,699.3	-3,265.4	-13.8	-1753.4	-7.9
Domestic	16,391.9	20,000.8	-3,608.8	-18.0	8301.8	102.6
External	4,041.9	3,698.5	343.4	9.3	-10,055.2	-71.3
Overall Balance	5,001.7	4,805.4	-196.3	4.1	1,020.3	-16.9
Primary Balance	5,765.2	2,699.3	3,065.9	113.6	2,602.1	82.3

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)

	31/12/02	15/07/03	\$	%
JMMB Limited*	4.15	8.83	4.68	112.77
Mo. Freeport	0.65	1.10	0.45	69.23
Pegasus	2.00	3.00	1.00	50.00
National Comm. Bank	8.89	13.00	4.11	46.23
H & L	6.15	8.60	2.45	39.84

Bottom Five (unadjusted for dividends or transaction costs)

Ja Broilers	2.00	1.20	-0.80	-40.00
Courts	4.80	2.85	-1.95	-40.63
Seprod	9.10	5.25	-3.85	-42.31
Ciboney Group	0.17	0.09	-0.08	-47.06
Salada	17.50	2.00	-15.50	-88.57

*Listed on Jan. 7, 2003

Source: Compiled from the JSE

Developments and Outlook

The 12 month inflation rate to June 2003 was 10.7% and 6.0% for the first quarter of the fiscal year. Given the impact of the recent foreign exchange rate volatility and the imposition of the new tax measures it is likely that the targeted inflation rate of 7% will not be met. This situation will also be compounded by expected increases in transportation costs and water rates. It is encouraging that the central bank continues to constrain base money, evidenced by a decline of 1.02%. However, this must be balanced by the goal of gradually reducing interest rates.

The fiscal outturn has been 27.0% better than projected for the first three months of the fiscal year. This was due to increased revenue inflows from tax (3.3% above budget) and lower recurrent spending (7.1% below budget). This augurs well for government's goal of achieving a 5-6% fiscal deficit target barring any significant shocks. Expenditure on wages and salaries which was 13.5% below budget for June. Although it was 2.7% below budget for the first quarter of the fiscal year, it was 12.6% above the similar 2002/03 period). Of concern, is government's ability to contain wages which may be hampered by any future wage negotiations in light of expected double digit inflation. For July, the budgeted expenditure will only be met if revenues increase by at least 8.60% and expenditure declines by 34.9% of June's outturn.

The World Netball Championships scheduled in early July should provide additional foreign exchange earnings from the overseas supporters of this event. Reggae Sumfest should also provide additional revenue during the month. Sports and Entertainment Tourism need to be more fully exploited as Caribbean countries such as Cuba and Bahamas continue to provide intense competition.

At the recently concluded 24th Annual Heads of Government conference that took place in Jamaica, countries reaffirmed their commitment to merge into an economic bloc and single market by 2005. The establishment of a Regional Commission in CARICOM and discussions surrounding a political cooperation among four (4) Caribbean countries should fast-track the implementation of the Caribbean Single Market and Economy (CSME). The countries are

Trinidad & Tobago, Barbados, Grenada and St. Vincent & the Grenadines.

The intention by Alan Greenspan, US Federal Reserve Chairman, to keep interest rates low in order to spur economic growth is a positive move. Despite the continued global uncertainties and general global economic slowdown growth is projected to accelerate in 2004 between 3.75% and 4.75%.

Stock Market

Although the central bank recently announced the reduction in longer term repo rates, the stock market has not rallied since interest rates remain relatively high.

Statistical Index
Major Macro-Economic Indicators

	BM		M2		NIR	Fr Dep	CPI		Tourism	JS/US\$	Tbill	Loan	Sav	Dom Debt	Fr Debt
	M	P	M	P	US\$M	US\$M	M	P	P		%	%	%	J\$M	US\$M
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	4,144.93
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	4,156.13
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	4,463.94
Jul	3.0	-1.3	0.34	9.15	1,743.9	1,288.17	1.5	6.8	14.80	48.5	13.79	25.92	8.97	313,667.59	4,253.01
Aug	-1.27	-1.45	0.41	8.48	1,685.6	1,316.1	0.4	6.3	-2.04	49.01	13.78	26.25	8.97	329,216.58	4,221.19
Sep	-0.28	2.97	5.89	13.42	1,687.3	1,335.23	0.4	5.9	21.51	49.27	16.69	26.25	8.86	331,618.89	4,230.84
Oct	2.02	6.19	-5.10	7.4	1,655.16	1,328.78	0.7	5.8	15.56	49.44	19.54	26.13	8.96	342,248.95	4,224.40
Nov	2.18	4.86	3.36	11.58	1,614.40	1,397.17	1.2	7.1	16.85	49.91	16.89	26.13	8.96	340,245.86	4,292.91
Dec	11.44	3.99	4.76	12.98	1,596.98	1,423.21	0.5	7.3	34.77	50.97	17.01	25.04	8.96	351,106.70	4,347.46
Jan-03	-10.91	3.72	-3.04	11.03	1,510.25	1,428.27	-0.3	7.0	21.29	52.98	18.45	23.9	8.88	357,519.32	4,389.10
Feb	2.01	0.04	-1.82	6.32	1,252.94	1,421.05	-0.6	5.7	28.90	53.74	18.45	24.73	8.59	363,846.41	4,152.56
Mar	-0.14	7.54	2.35	7.47	1,339.67	1,499.96	0.5	6.2	23.12	56.24	33.47	24.73	8.22	366,158.13	4,180.00
April	-0.48	9.61	5.90	11.68	1,362.10	1,501.76	1.6	7.3	24.90	57.31	30.34	24.73	8.22	376,664.71	4,178.82
May	1.22	9.20	n/a	n/a	1,233.33	1,530.56	1.9	9.0	21.68	59.42	29.29	25.18	8.22	384,739.26	4,198.03
June	-1.02	7.36	n/a	n/a	1,127.39	n/a	2.5	10.7	20.05	59.01	28.46	25.18	8.22	n/a	n/a

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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