



# PSOJ MONTHLY ECONOMIC BULLETIN



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## Economic Highlights

### Jamaica's Economy may have bottomed out

The Planning Institute of Jamaica (PIOJ) reported recently that Jamaica's economy declined by -0.4% in the April-June 2013 Quarter (Q2 2013). This was less than the rate of decline of -0.6% and -0.7% in the previous two quarters when sentiment was roiled by uncertainty as to when a new agreement between the Government of Jamaica and the International Monetary Fund would be finalized. In Q2 2013, the Goods Producing Sectors declined at the lesser rate of -1.6% compared to -4.5% and -4.7% during the previous two quarters, while the -0.3% decline in the Services Sector was slightly worse than recorded in the two previous quarters.

### Goods Producing Sector (GPS)

Two of four industry groups contributed to the -1.6% decline in the GPS. Their decline however was notably slower than

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## Year over Year Change in Quarterly GDP

Industrial Sectors	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
<b>Total GDP</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.4</b>
<b>Goods Producing Industries</b>	<b>-0.4</b>	<b>-2.0</b>	<b>-4.7</b>	<b>-4.5</b>	<b>-1.6</b>
Agric, Forestry & Fishing	9.4	1.2	-7.7	-11.4	-8.0
Mining & Quarrying	-9.7	-10.6	-10.0	-9.1	5.0
Manufacture	-2.1	-0.4	-2.2	-1.6	-0.4
Construction & Installation	-4.2	-4.0	-3.3	0.7	1.5
<b>Services Industries</b>	<b>-0.2</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.3</b>
Electricity & Water Supply	-1.7	-1.2	-3.8	-3.0	-0.1
Trans, Storage & Communication	-1.5	1.6	2.2	0.6	-0.2
Wholesale & Retail Trade etc.	-1.6	-1.7	-2.1	0.0	0.4
Finance & Insurance Services	-1.2	-0.3	0.4	0.4	0.1
Real Estate, Renting & Business Services	-1.2	-0.3	0.4	0.4	0.1
Producers of Government Services	0.2	-0.7	0.2	-0.1	-0.3
Hotels & Restaurants	4.7	2.9	-1.4	-2.3	0.2
Other Services	1.2	2.7	0.4	0.1	0.0

Source: PIOJ

in the previous quarter. The biggest contributor to the decline in the GPS was a -8.0% decline in **Agriculture, Forestry and Fishing**, which was much less than -11.4% decline in Q1 2013. 'Traditional Export Crops' fell by 44.4% and 'Other Agricultural Crops' declined by 3.3% with six of nine groups within the latter recording declines. This was largely due to the slow recovery of long gestation crops such as bananas, plantains and yams from Hurricane Sandy which have been further hampered in recent months by drought.

**Manufacturing** also declined in Q2 2013 at the slower rate of -0.4% compared to -1.6% in Q1 2013. This was due a -0.1% fall in 'Other Manufacturing' reflecting contractions of -57.8% and -13.5% in the production of Chemicals and Rubber and Plastics. The 'Food, Beverages & Tobacco' component was flat as declines in Sugar (down -29.3%); Condensed Milk (down -12.5%); and Edible Oils (down -12.3%) were counter-balanced by increases in Dairy Products (up 33.2%); Poultry - up 6.2% and Flour - up 4.8%.

Of the expanding industries - **Mining**

**and Quarrying** grew by 5.0% reversing several quarters of big declines as the pick-up in the global economy lifted Jamaica's alumina production by 8.6% though crude bauxite output lagged by -4.4%. Real value-added in **Construction** increased by 1.5% driven by residential construction which jumped by 219.6%; but Other Construction declined due to heavy cutbacks in capital expenditure by several GOJ agencies.

### Services Sector

Of eight industry groups within the Services sector, three declined and five were flat or recorded marginal increases during Q2 2013. **Electricity & Water** declined by -0.1% reflecting lower electricity generation and water production. **Transport, Storage and Communication** declined by -0.2% due to a -6.2% decrease in maritime cargo which outweighed the growth in the Communication components resulting from increased competition among mobile phone providers. **Finance & Insurance Services** fell by -2.5% due to the decline in net interest income resulting from the National Debt Exchange. (Cont'd on Page 10)



## Net International Reserves (NIR)

During July 2013, Net International Reserves declined by -US\$73.50 million to US\$929.72 million compared to US\$1,003.2 million at the end of June 2013. Given the improving but still weak confidence in the Jamaican economy, the J\$4.9 billion decline in July 2013 in BOJ's open market operations to support the NIR and exchange rate may well explain the decline of the NIR in July 2013. Year over year (July 2012 to July 2013), the NIR is down by -US\$554.10 million; while for the first seven months of 2013, the NIR is down by -US\$195.86 million.

At the end of July 2013, gross reserves were adequate to finance 12.17 weeks of "goods and services" imports, (16.13 weeks of 'goods' imports) slightly above the 12 weeks international benchmark of reserves adequacy.

## Foreign Currency Deposits

At the end of May 2013, foreign currency deposits (FCD's) in the local financial system stood at US\$2.526 billion—a decrease of -US\$9.91 million or -0.39% over the previous month. Year to date, FCD's have been fairly flat, but year over year, FCD's are up US\$84.57 million. During 2012, FCD's increased by US\$180 million or 7.5% despite the bleeding of NIR. This moderate build-up in FCD's was likely due to the tendency to hold hard currency in times of uncertainty.

## Foreign Exchange Rate

**US DOLLAR:** During July 2013, the Jamaican dollar depreciated by an additional J\$0.47 to J\$101.86 compared to J\$101.38 at the end of June 2013. For the seven month period from Jan–July 2013, the J\$ is down -J\$8.88 or -9.55% against the USD compared to a decline of -J\$3.56 during the corresponding period of 2012 and -J\$0.34 in Jan-Jul 2011.

After rising above the J\$100 level on June 7th, 2013, the J\$/USD exchange rate held below the J\$102 level over the next seven weeks before breaching that level on Aug 21, 2013. What has been even more definitive, the J\$ has shown no sign of reversing and again

Table 1b: Changes in the NIR

	US\$M NIR	Change US\$M			Imports (Weeks)
		Mthly	12 Mth	YTD	
Jul-13	929.72	-73.50	-554.10	-195.86	16.13
Jul-12	1,483.82	-56.60	-672.55	-483.19	20.56

Source: Compiled from the BOJ (Preliminary)

Table 2: Foreign Currency Deposits

	US\$000 May '13	Change (US\$000)		% Change	
		mthly	12 mth	mthly	12 mth
Commercial Banks	1,893,298	-8,501	43,334	-0.45	2.34
Building Societies	566,524	-5,576	19,464	-0.98	3.56
Merchant Banks	66,613	4,171	21,774	6.26	48.56
Total Deposits	2,526,435	-9,906	84,572	-0.39	3.46

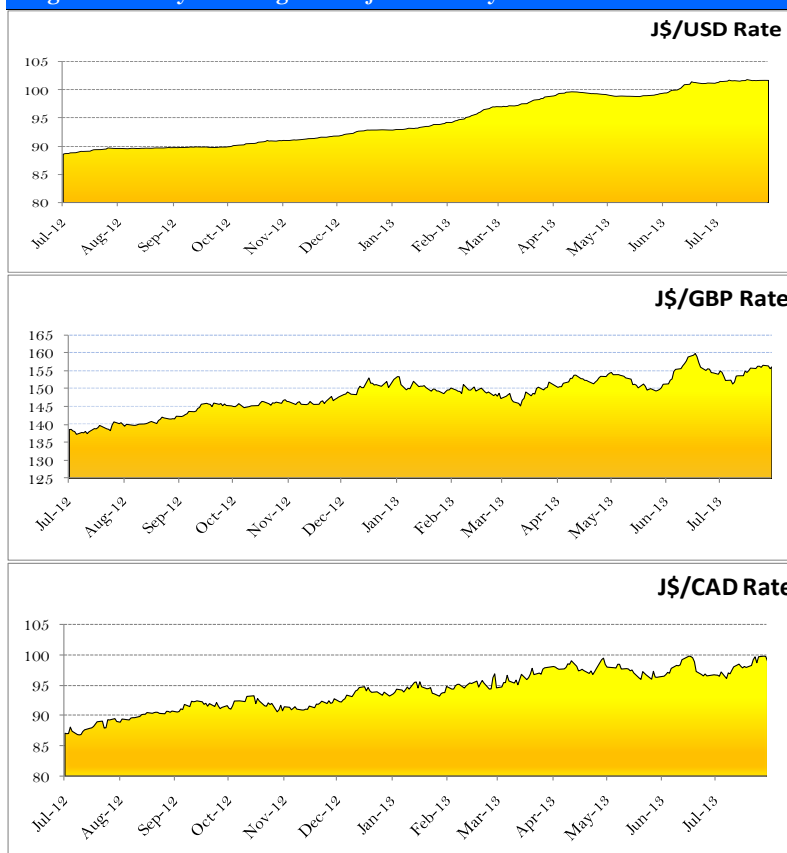
Source: Compiled from the BOJ (Preliminary)

Table 3: Foreign Exchange Trends

	YTD Currency Rate Change (Dec 31, 2012—7/31/13 *					
	J\$ / US\$	%	J\$ / UK£	%	J\$ / Can\$	%
2013	-8.88	-9.55	-3.50	-2.29	-5.79	-6.20
2012	-3.09	-3.56	-6.16	-4.58	-4.89	-5.81
2011	-0.29	-0.34	-6.94	-5.19	-4.73	-5.54
	MOM Jul - 2013					
Actual Rate	101.86	0.47	156.14	1.07	99.09	2.47
Mth Change	0.48	0.47	1.66	1.07	2.39	2.47

\*minus = appreciation; Source: BOJ database & PSQJ Economic Research

Figure 1: Daily % Change in Major Currency Rates



Source: Bank of Jamaica Database (BOJ)

falling below the J\$100 level. The break of the J\$102 level could see a challenge of J\$103.50 and if that succeeds, the J\$105.0 to US\$1.00 could be the next test.

**POUND & CANADIAN DOLLAR:**

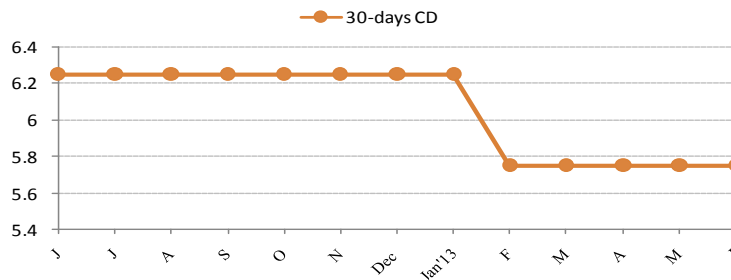
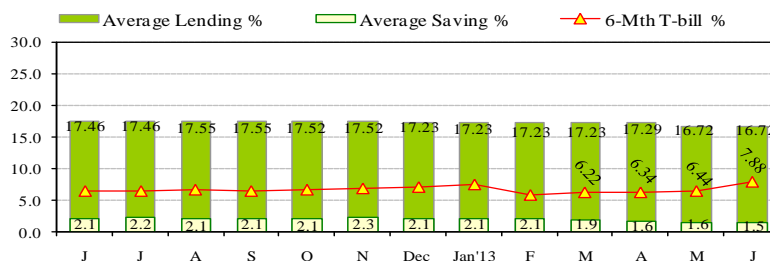
In the 'relief rally' in May 2013 following the new GOJ/IMF Agreement, the J\$ appreciated by -J\$2.73 or 1.77% against the GBP to J\$151.29 from J\$154.02 in April 2013. Against the CAD, the J\$ also appreciated by J\$3.13 or 3.14% in May 2013 to sell for J\$96.48 compared to J\$99.60 in April 2013. As Jamaica's external imbalance started to weigh on sentiment during June 2013, the J\$ gave up the gains of May 2013, dropping to historic lows of J\$159.85 against GBP and to J\$99.94 against the CAD before recovering to J\$154.48 and J\$96.70 respectively. In July 2013, the depreciation of J\$ against both currencies resumed with the J\$ falling by J\$1.66 to J\$156.14 against GDP and by J\$2.39 against CAD to J\$99.09. The depreciation of the J\$ against CAD, GBP and USD indicates that the J\$ remains under pressure because of the weaknesses in the Jamaican economy.

**Interest Rates**

Last month, it was noted, that during the past three months, (from May to July 2013), the Bank of Jamaica had engaged in a flurry of open market operations issuing ten certificates of deposits to mop-up Jamaican dollar liquidity in order to reduce pressure on the Jamaican dollar exchange rate and/or to support the net international reserves. It was also noted, that a significant feature about these issuances is that several of them were in the mid-range of maturities, that is, longer than 6 months. This suggested that the BOJ was testing whether its two year efforts (begun in Jan 2010) of recalibrating Jamaica's interest rates at lower levels had taken hold and if it was now possible to issue longer tenors at much lower sustainable interest rates than the previous two decades.

Indeed, the BOJ's first issuance of a 365 day CD's in June 2013 was done at 6.85% compared to 22.67% when those

Figure 2A & 2B: Interest Rate Movements



Source: Bank of Jamaica Database (BOJ preliminary)

Table 4: Interest Rate Movements

	Jul-13	Change (%age pts)		
		Monthly	12-Mth	YTD
30-days CD	5.75%	0.00%	-0.50%	-0.50%
60-days CD*	11.00%	0.00%	0.00%	0.00%
90-days CD*	13.50%	0.00%	0.00%	0.00%
120-days CD*	13.70%	0.00%	0.00%	0.00%
180-days CD**	7.37%	0.60%	-7.63%	-7.63%
365-days CD**	7.35%	0.50%	-9.35%	-16.65%
Avg Savings Rate	1.51%	-0.04%	-0.59%	-0.56%
Avg Loan Rate	16.72%	0.00%	-0.74%	-0.51%
6-Month T-Bill	7.88%	1.44%	1.36%	1.42%

Source: Bank of Jamaica (BOJ Preliminary) \* Not issued since Dec.2009; \*\*Reissued in Q2 2013

CD's were last issued in October 2009. However, in July 2013, the BOJ engaged in three open-market operations issuing seven debentures with the shortest maturity being 186 days. Coupons ranged from 7.35% to 7.60%, but were 50-60 bps higher than in June, suggesting that due to the weakness of the Jamaican economy, investors might still be demanding a premium for holding GOJ debt.

Further underscoring the above observation, the interest rate on the 6-month T-Bill jumped by 144 bps in July 2013 to 7.88% suggesting

the MOF was facing increased competition financing its programs due to BOJ open-market operations.

In other interest rate moves during July 2013, the average saving rate fell by 4 bps to 1.51% while the average saving rate held steady at 16.72%.

**Base Money & Money Supply**

During June 2013, M1 declined by -5.6% to J\$128,432.5 million due to a sharp contraction of approximately J\$8.0 million in demand deposits.



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Quasi money for its part increased by J\$5,405.0 million or 2.05% to J\$269,466.5 million reflecting a J\$1,887.0 million increase in time deposits and a J\$3,518.0 million increase in savings deposits. Given that the increase in Quasi money was exceeded by the in M1 components, M2 - the broadest measure of money supply - decreased by -0.57% to J\$397,899.0 million during June 2013 compared to the previous month.

In July 2013, the monetary base expanded by 3.30% to J\$91,294.5 million, largely reflecting net currency expansion by the BOJ to facilitate the increased expenditures associated with the Emancipation/Independence holidays.

## Inflation

The rate of inflation increased by 0.5% in July 2013. This was moderately lower than the average monthly rate of 0.61% since the start of the year.

The highest increase of 1.3% was recorded for the **“Clothing and Footwear”** division. This largely reflected a 2.8% rise in the group ‘Footwear’ while the rate for ‘Clothing’ moved upward by 0.2%. The second highest increase (0.8%) was recorded for **“Housing, Water, Electricity, Gas and Other Fuels”**. Higher prices (1.7%) for electricity rates was counter-balanced by a large 2.4% drop in water rates, but ‘Miscellaneous Services Related to Dwelling’ increased by 2.4% pushing up the overall rate for the division.

The third highest increase (0.7%) was recorded for **“Miscellaneous Goods and Services”**. Higher prices from ‘Hairdressing salons and personal grooming establishments’ and for personal care items were largely responsible for the increase in that division.

Two divisions included the most heavily weighted divisions - **“Food and Non-Alcoholic Beverages”**, and **“Recreation & Culture”** recorded in-

Table 5: Base Money and Money Supply

	J\$M	Percentage Change (%)		
		Jun-13	Mthly	12 Mth
M1	128,432.53		-5.66	12.11
Quasi Money	269,466.50		2.05	13.72
M2	397,899.03		-0.57	13.20
		Jul -'13	Mthly	12 Mth
Base Money	91,294.45		3.30	9.08

Source: BOJ Economic Statistics

Table 6: Inflation Trends

	% Percent Changes			
	Jul	12-Mth	YTD	Fiscal
2013	0.50	9.66	3.66	1.62
2012	-0.33	5.53	2.40	1.28

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

Table 7: Mining Production

	000 tonnes			YTD	
	Jul-13	Jul-12	%	Jul-13	13/12 %
<b>Production</b>					
Alumina	138.7	152.1	-8.83	1,029.9	-2.48
C. Bauxite	367.9	404.3	-9.01	2,727.7	-0.26
<b>Export</b>					
Alumina	137.7	105.7	30.3	1,062.6	5.66
C. Bauxite	380.1	401.6	-5.36	2,738.6	1.09

Source: Jamaica Bauxite Institute (JBI)

creases of 0.6%. The rise in **“Food and Non-Alcoholic Beverages”** reflected significant contributions from ‘Fruit’ - up 2.4%; ‘Vegetables and Starchy Foods’ - up 1.2%; while ‘Oil and Fats’ rose by 1.1%. The Non-Alcoholic Beverages Group, rose by 0.8% as the two classes within the group ‘Mineral Water, Soft Drinks and Fruit Juices’ and ‘Coffee, Tea and Cocoa’ increased by 0.8% and 0.5% respectively.

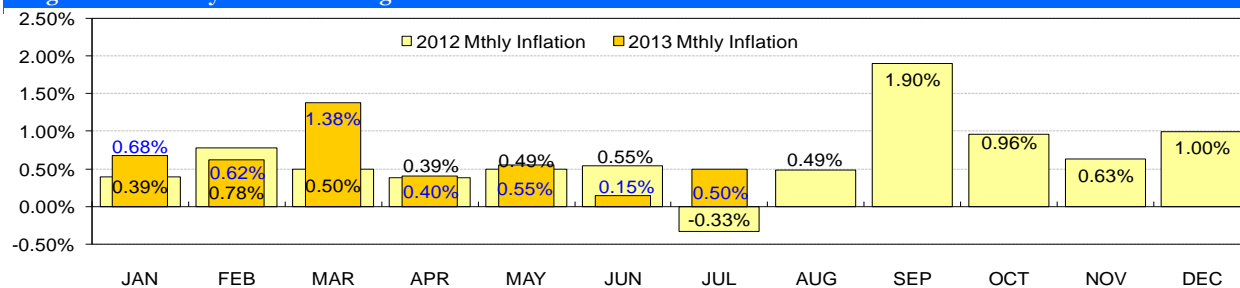
The 0.6% rise in **“Recreation and Culture”** reflected higher prices for ‘Pets and related products’ and for sound recording and video equipment.

**“Furnishings, Household Equipment and Routine Household**

**Maintenance”** rose by 0.5%, while **“Alcoholic Beverages and Tobacco”** and **“Restaurants and Accommodation Services”** both increased by 0.3%. For the second consecutive month **“Transport”** increased by 0.3%; while **“Health”** edged up by 0.1% and **“Education”** was basically flat (0.0%) for the month. **“Communication”** was the only division declining in July 2013 due to the decision by the OUR to lower termination rates for telephone calls.

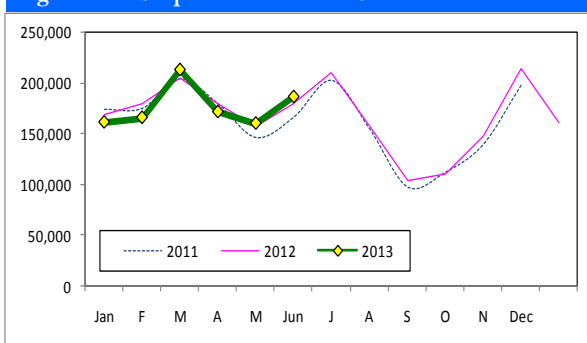
For January to July 2013, the rate of inflation was 4.4%. The fiscal year to date rate was 1.6% and the point to point rate was 9.7%.

Figure 3: Monthly Inflation Changes



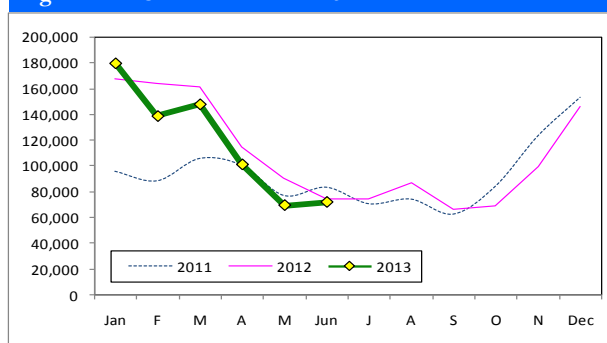
Source: STATIN and PSOJ compilation

Figure 4A: Stopover Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

Figure 4B: Cruise Arrivals to Jamaica



Source: Jamaica Tourist Board (preliminary data)

## Bauxite & Alumina

The soft conditions in the global economy during 2012 resulted in Jamaica's production of alumina falling by -10.86% to 1,753,505 tons compared to 1,959,238 tons during 2011. Production of crude bauxite was also down -7.46% to 4,759,647 million tons relative to 5,143,463 million tons during 2011.

For the first five months of 2013, alumina production is down -8.83% to 1,029,935 tons compared to 1,056,170 tons in 2012; while production of crude bauxite is down slightly by -0.26% to 2,727,722 tons compared to 2,734,900 tons during the corresponding five months of 2012.

## Tourism

Stopover arrivals in June 2013 was 186,481 - an increase of 3.7% compared to the 179,814 stopovers recorded in June 2012. However, the number of cruise passengers declined by -4.3% in June 2013 to 72,054 visitors, compared to 75,307 recorded in June 2012.

Regionally, stopovers from the US increased by -1.9% in June 2013 with a total of 139,132 arrivals compared to 136,595 in June 2012. For the first half of 2013, stopovers from the US are up by 0.1% with 662,208 visitors compared to 661,328 during Jan-June 2012. From the Canadian market, stopovers increased by 7.1% during June 2013 with 19,465 arrivals compared to 18,169 in June 2012. Year to date, the number of visitors from Canada is down -7.8% to 232,662 compared to 252,311 in Jan-June 2012.

Visitors from Europe, including the UK, increased notably by 2,960 or 18.5% in June 2013 to 18,988 visitors relative to 16,028 arrivals in June 2012. This is the

## Tourist Arrivals

	2012	2013	%Change	
	YTD (JAN-JUN)		YOY	MOM
<b>Stopover</b>	<b>1,072,229</b>	<b>1,059,470</b>	<b>-1.2%</b>	<b>16.0%</b>
Foreign	1,003,411	993,302	-1.0%	-14.7%
Non-Resident	68,818	66,168	-3.9%	34.5%
<b>Cruise</b>	<b>775,312</b>	<b>709,733</b>	<b>-8.5%</b>	<b>3.5%</b>
<b>Total Arrivals</b>	<b>1,847,541</b>	<b>1,769,203</b>	<b>-4.2%</b>	<b>18.4%</b>

Source: Jamaica Tourist Board (preliminary) & BOJ BOP Statistical Update

third consecutive monthly increase after several months of decline dating from Q1 2012. For Jan-June 2013, visitors from Europe are up 3.4% to 115,985 compared to 112,165 during the corresponding period of 2012.

Stopover arrivals from the Caribbean recorded a small -1.9% decline during calendar year 2012 to 64,984 visitors compared to 66,216 visitors in 2011. For the first half of 2013, stopovers from the Caribbean have continued to decline by -4.7% to 27,643 visitors compared to 29,002 visitors during Jan-June 2012. On the other hand, stopovers from Latin America are up strongly by 24.3% in Jan-June 2013 to 14,574 compared to 11,722 in the first half of 2012, extending their strong 50.9% increase recorded in 2012.

During calendar year 2012, cruise visitors to the Island increased by 17.3% to 1,320,083 visitors on top of a strong 23.4% increase in 2011. This reflected the impact of the opening of the Falmouth Port. For the first six months of 2013 however, cruise arrivals are down -8.5% to 709,733 visitors compared to 775,312 in Jan-June 2012.

Total Visitors to Jamaica during Jan-June 2013 were 1,769,203 - a -4.2% decline compared to 1,847,541 visitors during Jan-June 2012.

## External Trade

During Jan-Apr 2013, Jamaica's total exports declined by -US\$6.57 million or -1.1% to US\$604.65 million compared to US\$611.2 million during Jan-Apr 2012. Imports for the period declined by an even bigger amount of -US\$86.8 million or -3.9% to US\$2.13 billion relative to US\$2.22 billion in Jan-Apr 2012. Given the larger absolute and relative decline of imports over exports, the traditional negative imbalance in Jamaica's merchandise trade improved in Jan-Apr 2013 by US\$80.24 million or 5.0% to (US\$1.522 billion) compared to (US\$1.602 billion) in Jan-Apr 2012.

**Traditional Exports:** During Jan-Apr 2013, earnings from traditional exports declined by -US\$45.0 million (-13.6%) to US\$286.5 million compared to -US\$331.5 million during Jan-Apr 2012. The share of traditional exports in total domestic exports also decreased to 47.4% in Jan-Apr 2013 from 54.2% during Jan-Apr 2012.

Of the three main categories of traditional exports, earnings from "Agriculture" was the only category recording an increase in Jan-Apr 2013. Agriculture exports grew by

42.1% to US\$9.72 million from US\$6.84 million during Jan-Apr 2012. This was largely due to increased earnings from 'Coffee' which grew by 48.1% to US\$6.49 million from US\$4.38 million.

Earnings from the other two categories of traditional exports - "Mining and Quarrying" and "Manufacturing" declined by -5.1% and -38.3% to US\$218.9 million and US\$57.96 million respectively. The decline in 'Mining and Quarrying' was largely due to a US\$15.11 million (or -7.9%) decline in 'Alumina' earnings to US\$175.11 million. The decline in 'Manufacturing' largely reflected decreased earnings from sugar exports which declined by -68.0% to US\$39.50 million compared to US\$74.93 million in Jan-Apr 2012.

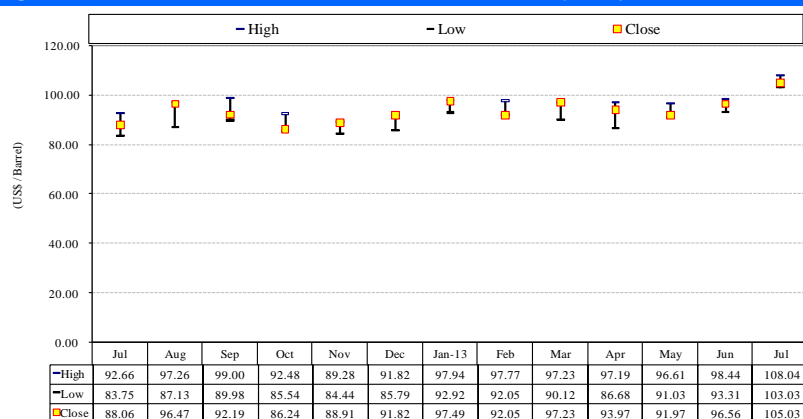
**Non-traditional exports** grew by 22.8% in 2012 to US\$828.4 million, compared to US\$674.7 million in 2011. During the first four months of 2013, non-traditional exports continued their strong expansion, but at the slower rate of 12.4% to US\$294.11 million relative to US\$261.75 million during Jan-Apr 2012. Two of four categories of non-traditional exports increased and two declined.

The two categories recording increases were "Food" - up 4.7% to US\$48.96 million compared to US\$46.78 million in Jan-Apr 2012; and "Other" non-traditional exports, generally, the largest category of non-traditional exports, which increased by 24.9% to US\$226.24 million in Jan-Apr 2013 compared to US\$181.19 million in Jan-Apr 2012.

Within the "Food" category, twelve of seventeen groups recorded increased earnings including 'Yams' - up 33.3% to US\$6.86 million; 'Fish, Crustaceans and Molluscs' - up 23.9% to US\$2.36 million; and 'Baked Products' - up 14.3% to US\$5.15 million. Notably declines were recorded however for 'Papayas' - down -42.6% to US\$1.16 million; 'Other Fruits and Fruit Preparations' - down -30.4% to US\$1.18 million and 'Dairy Products and Bird Eggs' - down -28.5% to US\$2.98 million. The increase in "Other" were largely driven by a 267% increase in 'Chemicals (incl. Ethanol)' to US\$93.23 million from US\$25.72 million in Jan-Apr 2012.

The two categories of non-traditional exports declining were "Beverages &

Figure 5: West Texas Intermediate Crude Oil Prices (WTI) US\$ / Barrel



Source: PSOJ Compilation from Union Pacific (<http://www.uprr.com/customers/surcharge/wti.shtml>)

Table 9: External Trade (US\$M)

	Jan-Apr '12	Jan-Apr '13	Change	% Change
<b>TOTAL EXPORTS (fob)</b>	<b>611.22</b>	<b>604.65</b>	<b>-6.57</b>	<b>-1.1%</b>
Major Traditional Exports	331.50	286.54	-44.96	-13.6%
<i>by Sector:-</i>				
Agriculture	6.84	9.72	2.88	42.1%
Mining & Quarrying	230.68	218.86	-11.82	-5.1%
Manufacturing	93.98	57.96	-36.02	-38.3%
<i>by Industry:-</i>				
Bauxite	40.46	43.75	3.29	8.1%
Alumina	190.22	175.11	-15.11	-7.9%
Sugar	74.95	39.50	-35.46	-68.0%
Rum	16.86	17.39	0.52	3.1%
Bananas	0.05	-	-0.05	0.0%
Coffee	4.38	6.49	2.11	48.1%
Other	4.57	4.31	-0.26	-5.7%
Non-Traditional Exports	261.75	294.11	32.36	12.4%
Re-exports	17.97	24.00	6.03	33.6%
<b>TOTAL IMPORTS</b>	<b>2,213.55</b>	<b>2,126.74</b>	<b>-86.81</b>	<b>-3.9%</b>
Food	311.60	341.94	30.34	9.7%
Beverages & Tobacco	25.51	26.74	1.24	4.9%
Crude Materials (excl. Fuels)	14.88	19.51	4.62	31.1%
Mineral Fuels, etcetera	977.95	733.21	-244.75	-25.0%
Animal & Vegetable Oils & Fats	22.05	15.93	-6.12	-27.8%
Chemicals	203.63	375.70	172.08	84.5%
Manufactured Goods	201.04	174.46	-26.58	-13.2%
Machinery and Transport Equip.	293.51	280.36	-13.15	-4.5%
Misc. Manufactured Articles	133.93	123.54	-10.39	-7.8%
Other	29.46	35.36	5.90	20.0%
<b>TRADE BALANCE</b>	<b>(1,602.33)</b>	<b>(1,522.09)</b>	<b>80.24</b>	<b>-5.0%</b>

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

**Tobacco (excl. Rum)** down -55.3% to US\$9.9 million from US\$22.24 million; and "Crude Materials" which declined by -22.2% to US\$8.97 million from US\$11.5 million in Jan-Apr 2012. The decline in the former was mainly due to a -63.6% reduction in exports of 'Alcoholic Beverages (excl. Rum)' to US\$7.0 million from US\$19.21 million. The decline in "Crude Materials", was

largely due to a -29.1% decline in exports of 'Waste and Scrap' to US\$6.5 million from US\$9.2 million in Jan-Apr 2013 and a -34.7% decline in exports of 'Limestone' to US\$962,000. It seems that though GOJ has permitted the resumption of exports of scrap metals, the stricter regime to prevent pilferage appears to be constraining supply.

**Imports.** Reflecting more buoyant conditions in the local and global economy, during 2011, imports surged by 24.2% to US\$6.6 billion. This growth slowed during 2012 to only 2.4% due to the tightening grip of recession in the local economy. During the first four months of 2013, imports declined by -3.9% to US\$2.13 billion compared to US\$2.21 billion in Jan-Apr 2012.

Apart from 'Consumer Goods', the other three categories of imports recorded declined. Imports of **Consumer Goods** rose by 2.7% to US\$539.4 million due entirely to increased 'Food' imports which increased by 9.0% to US\$254.9 million from US\$233.9 million during the corresponding period of 2012. However, 'Non-Durable Goods' declined by -0.5% to US\$154.8 million; 'Semi-Durable Goods' fell by -6.0% to US\$37.6 million; and 'Other Durable Goods' declined by -3.8% to US\$92.0 million.

Also declining, imports of '**Raw Materials/Intermediate Goods**' - generally the largest category of imports, fell by -5.6% to US\$1.375 billion from US\$1.46 billion in Jan-Apr 2012. This was due to decrease imports of 'Other Fuels and Lubricants' - down -31.8% to US\$407.0 million; a -13.9% decline in 'Crude Oil' imports to US\$325.5 million; and a -4.0% decline in intermediate 'Food' imports to US\$102.3 million. 'Parts and Accessories of Capital Goods' also declined by -0.5% to US\$87.07 million. These increases were partially mitigated by a 57.9% increase in 'Industrial Supplies' to US\$453.4 million from US\$287.13 million in Jan-Apr 2012.

The other main category of imports - '**Capital Goods (excl. Motor Cars)**' - also declined by -11.1% to US\$135.4 million during Jan-Apr 2013 from US\$152.29 million in Jan-Apr 2012. This largely reflected decreases in three categories of Capital Goods imports. 'Other Industrial Transport Equipment' fell by -15.3% to US\$20.43 million relative to US\$24.11 million in Jan-Apr 2012; 'Machinery and Equipment' fell by -14.8% to US\$77.02 million relative to US\$36.69 million; and 'Construction Materials' fell by -2.5% to US\$35.77 million compared to 'US\$36.67 million in Jan-Apr 2012. 'Other Capital Goods' however, rose 96.4% to US\$2.2 million and US\$1.12 million. In addition, imports of **Passenger Motors** declined by 4.2% to US\$41.69 million.

**Oil:** At the end of July 2013, the price

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

	Jan-Dec 2011	Jan-Dec 2012	\$ Change	% Change
<b>Current Account</b>	<b>(2,116.5)</b>	<b>(1,575.2)</b>	<b>541.3</b>	<b>25.6%</b>
<b>Goods Balance</b>	<b>(4,257.6)</b>	<b>(14,158.0)</b>	<b>99.6</b>	<b>2.3%</b>
Exports	1,664.8	1,746.7	81.9	4.9%
Imports	5,922.4	5,904.7	(17.7)	-0.3%
<b>Services Balance</b>	<b>222.6</b>	<b>269.4</b>	<b>81.7</b>	<b>12.2%</b>
Transportation	(576.1)	(605.8)	(29.7)	-5.2%
Travel	1,853.6	1,881.2	27.6	1.5%
Other Services	(607.7)	(523.9)	83.8	13.8%
<b>Income</b>	<b>(518.4)</b>	<b>(277.4)</b>	<b>241.0</b>	<b>46.5%</b>
Compensation of empl	36.5	58.1	21.6	59.2%
Investment Income	(554.9)	(335.6)	219.3	39.5%
<b>Current Transfers</b>	<b>1,989.8</b>	<b>2,108.7</b>	<b>118.9</b>	<b>6.0%</b>
Official	141.3	236.1	94.8	67.1%
Private	1,848.4	1,872.7	24.3	1.3%
<b>Capital &amp; Financial Account</b>	<b>1,326.4</b>	<b>1,957.7</b>	<b>631.3</b>	<b>47.6%</b>
<b>Capital Account</b>	<b>(9.1)</b>	<b>(174.0)</b>	<b>(164.9)</b>	
Capital Transfers	(9.1)	(174.0)	(164.9)	-1812.1%
Official	29.0	5.9	(23.1)	-79.7%
Private	(38.2)	(179.8)	(141.6)	-370.7%
Acq/disposal	-	-	-	0.0%
<b>Financial Account</b>	<b>1,335.5</b>	<b>2,131.6</b>	<b>796.1</b>	<b>59.6%</b>
Other Official Invst	497.9	238.6	(259.3)	-52.1%
Other Private Invst	632.4	1,052.5	420.1	66.4%
Reserves	205.2	840.5	-	0.0%

of West Texas Intermediate (WTI) Crude Oil stood at US\$105.03 per 42 gallon barrel - an increase in price of US\$8.47 relative to the closing price of US\$96.56 the previous month. During July 2013 the price ranged between a high of US\$108.04 and a low of US\$103.08.

## Balance of Payments

During 2012, there was a current account deficit of US\$1,575.2 million, which represented an improvement of US\$541.3 million relative to the corresponding period in 2011. This deficit represents a continuation of the decline experienced in the last two corresponding periods. The improvement in the Current Account emanated from all sub-accounts.

During the period, the **Goods balance** recorded a deficit of US\$4,158.0 million, an improvement of US\$99.6 million when compared to 2011. This resulted primarily from an increase of US\$81.9 million in exports, which was reinforced by a decrease of US\$17.6 million in imports. The increase in exports stemmed mainly from an increase of US\$32.0 million in sugar exports. The increase in imports was significantly influenced by a decrease of US\$51.6 million in mineral fuel, as well as a decline of US\$23.4 million

and US\$20.3 million in Manufactured Goods and Machinery & Transport Goods, respectively.

In relation to the **Services sub-account**, there was an increase of US\$81.7 million in its surplus position. This resulted primarily from an increase of US\$46.9 million in Other Business Services inflows and a reduction of US\$72.6 million in Construction Services outflows.

The **Income sub-account** improved by US\$241.0 million for the review year. This increase emanated primarily from a decrease of US\$139.4 million in profits remitted by foreign direct investment companies.

During 2012 **Current Transfers** increased by US\$119.0 million to US\$2108.7 million, relative to 2011. This improvement resulted primarily from an increase of US\$94.7 million in net official grant flows.

Flows from official and private sources were insufficient to finance the current account deficit. Consequently, the NIR declined by US\$840.5 million during the period.

## Fiscal Accounts

During the first three months (April to June) of fiscal year 2013/14, the Government of Jamaica ran a fiscal deficit of -J\$5.41 billion. This fiscal deficit was J\$4.77 billion or 46.9% improvement on

Table 11: Fiscal Accounts (J\$ Million)

	Apr– Jun (Fiscal—2013/14)				Apr-Jun (YOY)	
	J\$ million		Deviation		11/12 - 12/13	
	Provisional	Budget	J\$M	(%)	J\$M	(%)
<b>Revenue &amp; Grants</b>	<b>87,029.2</b>	<b>87,859.3</b>	<b>-830.1</b>	<b>-0.94</b>	<b>9,898.3</b>	<b>12.9</b>
Tax Revenue	78,965.1	79,676.3	-711.2	-0.89	6,830.9	9.5
Non-Tax Revenue	7,156.6	6,663.4	493.2	7.40	2,920.0	74.2
Bauxite Levy	292.6	301.5	-8.9	-2.95	-45.3	-13.4
Capital Revenue	202.5	234.7	-32.2	-13.72	48.0	31.1
Grants	412.2	983.3	-571.1	-58.08	144.5	54.0
<b>Expenditure</b>	<b>92,435.7</b>	<b>98,035.0</b>	<b>-5,599.3</b>	<b>-5.71</b>	<b>7,399.5</b>	<b>8.7</b>
Recurrent Expenditure	83,824.9	87,095.4	-3,270.5	-3.76	3,651.0	4.5
Programmes	21,212.9	22,143.8	-930.9	-4.20	2,127.0	10.9
Wages & Salaries	39,902.5	40,776.4	-873.9	-2.14	764.1	2.0
Interest	22,709.5	24,175.3	-1,465.8	-6.06	760.0	3.5
Domestic	10,539.8	12,354.9	-1,815.1	-14.69	-519.7	-4.7
External	12,169.7	11,820.4	349.3	2.96	1,279.8	11.8
Capital Expenditure	8,610.8	10,939.6	-2,328.8	-21.29	3,748.5	77.0
Capital Programmes	8,610.8	10,939.6	-2,328.8	-21.29	3,748.5	77.0
IMF #1 Account	0.0	0.0	0.0	0.00	0.0	0.0
<b>Fiscal Balance (Surplus [+ve])</b>	<b>-5,406.5</b>	<b>-10,175.7</b>	<b>4,769.2</b>	<b>46.87</b>	<b>2,498.9</b>	<b>28.4</b>
Loan Receipts	15,005.8	14,777.8	228.0	1.54	-16,793.6	-52.8
Domestic	3,249.3	3,555.7	-306.4	-8.62	-26,135.8	-88.9
External	11,756.6	11,222.1	534.5	4.76	9,342.2	386.9
Divestment Proceeds	0.0	0.0	0.0		0.0	0.0
Amortization	9,735.7	10,308.3	-572.6	-5.55	-1,563.7	-15.8
Domestic	3,980.8	4,258.4	-277.6	-6.52	-442.1	-10.3
External	5,754.9	6,049.8	-294.9	-4.87	-1,121.7	-20.0
<b>Overall Balance (Surplus [+ve])</b>	<b>-136.4</b>	<b>-5,706.3</b>	<b>5,569.9</b>	<b>97.61</b>	<b>-14,137.6</b>	<b>-107.9</b>
<b>Primary Balance (Surplus [+ve])</b>	<b>17,303.0</b>	<b>13,999.5</b>	<b>3,303.5</b>	<b>23.60</b>	<b>3,258.8</b>	<b>24.8</b>

Source: Ministry of Finance and Planning

the -J\$10.18 billion budgeted and J\$2.5 billion better than the deficit of -J\$8.0 billion recorded during April-May 2012. The improvement in the fiscal deficit resulted entirely from expenditure curtailment of J\$5.60 billion, below the J\$98.04 billion that was programmed, as Revenues and Grants fell by J\$830.1 million below budget.

**REVENUE:** Total Revenues & Grants to the GOJ during April-June 2013 was J\$87.03 billion. This was -J\$830.1 million or -0.94% short of the J\$87.86 billion budgeted but it was J\$9.90 billion or 12.9% greater than Revenues and Grants collected during April-June 2012.

Of 25 revenue heads, eleven (11) came in above budget during the first three months of FY2013/14. The main outperformers were: 'Travel Tax' - up J\$1,385.5 million; 'SCT' - up J\$941.8 million; and 'Non-Tax Revenue' - up J\$493.2 million. 'Tax on Interest' - up J\$358.9 million; and 'GCT (Local)' - up J\$342.7 million

also came in above budget.

Among the main underperformers on the revenue account were: 'SCT (Imports)' - down -J\$1,084.9 million below budget; 'PAYE' - down -J\$703.4 million; and 'Custom Duty' - down -J\$684.5 million. 'Tax on Dividends' - down -J\$537.8 million and 'Education Tax' - down -J\$349.6 million also underperformed.

**EXPENDITURE:** During April-June 2013, total expenditure was J\$92.44 billion. As noted, this was J\$5.6 billion or -5.7% less than the J\$98.04 billion budgeted, but was J\$7.4 billion or 8.7% more than expenditure during April-June 2012.

Possibly under pressure to meet the fiscal and primary surplus targets for the June 2013 Quarterly IMF tests, the GOJ achieved significant expenditure curtailments from already tight budgetary allocations. The

largest curtailment of 21.3% was achieved on 'Capital Programmes' with J\$8.6 billion spent relative to J\$10.94 billion budgeted. There was also a large 14.7% curtailment of outlays on 'Domestic Interest' with J\$10.54 billion spent compared to J\$12.35 billion budgeted. It is not clear however, whether the reduction in 'Domestic Interest' resulted from deferred payments or continuing savings from the National Debt Exchange. 'External Interest' payments however, moderately exceeded budget by J\$349.3 million.

Expenditure curtailments of -J\$873.9 million were also achieved on 'Wages and Salaries' with J\$39.9 billion spent relative to J\$40.78 billion budgeted; while Recurrent Programmes were under-spent by -J\$930.9 million or -4.2% with J\$21.2 billion spent relative to J\$22.14 billion budgeted.

#### FISCAL OUTTURN

The fiscal deficit for FY2012/13



(Apr 2012 to Mar 2013) was -J\$52.97 billion. For FY2013/14, the GOJ is projecting a fiscal deficit of -J\$8.045 billion or 0.5% of GDP. Projections are that the deficit will average about -J\$2.5 billion monthly during the first half of 2013/14. The -J\$5.41 billion deficit for April-June 2013, averaging J\$1.8 billion monthly is therefore out-performing expectations.

**The Primary Surplus** - a measure of the country's ability to service its debt from revenues, was J\$72.34 billion in 2012/13 or about 6% of GDP. For FY2013/14, the GOJ is projecting a primary surplus of J\$111.52 billion or about 9.5% of GDP. For April-June 2013, the primary balance was J\$17.3 billion which was J\$3.3 billion greater than the J\$14.0 billion budgeted. But as noted, both the primary surplus and fiscal deficit targets were mainly achieved through curtailment of expenditure rather than organic growth.

#### PUBLIC DEBT

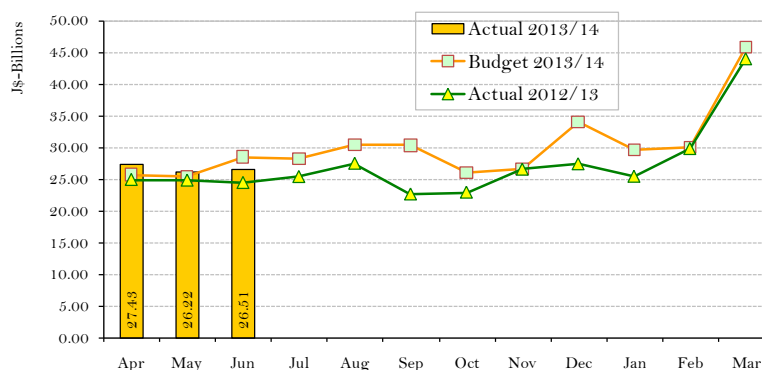
At the end of June 2013 the total public debt stood at J\$1.852 trillion - an increase of J\$83.66 billion over the J\$1.768 trillion recorded at the start of 2013. For the first six months of 2013 the domestic debt has increased by J\$18.86 billion to J\$1.012 trillion or 55.1% of the total, while the external debt has increased by US\$52.3 million to US\$8.27 billion.

## Stock Market

During July 2013, market capitalization decreased by J\$4.19 billion or 0.76% to close at J\$543.71 billion. Five of six indices on the Jamaican Stock Exchange declined and one advanced. The main **JSE Market Index** declined by 790 points or 0.91% to close at 86,063 points. The **JSE Combined Index** declined by 793 points or 0.89% to close at 88,458 points. The **JSE All Jamaican Composite Index** declined by 1,417 points or (1.61%) to close at 86,625 points and the **JSE Select Index** declined by 45.8 points or (1.89%) to close at 2,380 points. The **JSE Cross Listed Index** of mostly foreign companies operating in Jamaica, inched forward by 0.33 points or 0.04% to close at 799.9 points; but the **Junior Market Index** declined by 3.83 points or 0.48%, to close at 83.64 points.

Market volume continued to be high in July 2013 with 284.73 million units valued at J\$2.084 billion changing hands compared to 233.95 million units

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



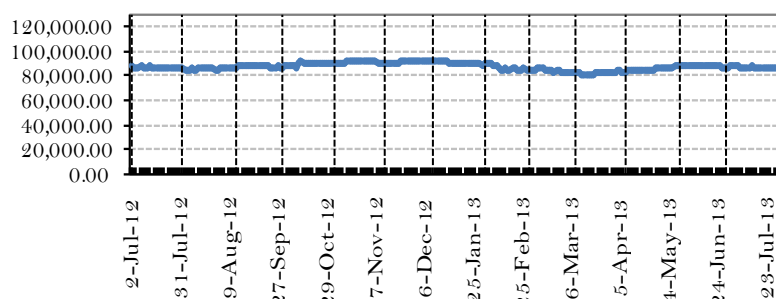
Source: Ministry Of Finance and Planning (Jamaica)

Table 12: Leading Sources of Revenues and Expenditure YTD

J\$-Millions	Apr-Jun 2013
<b>Revenue Surpluses</b>	
Travel Tax	1,385.5
SCT	941.8
Non-Tax Revenue	493.2
Tax on Interest	358.9
GCT (Local)	342.7
<b>Revenue Shortfalls</b>	
SCT (Imports)	-1,084.9
PAYE	-703.3
Custom Duty	-684.5
Tax on Dividend	-537.8
Education Tax	-349.6
<b>Expenditure Changes</b>	
Capital Programmes	-2,328.8
Domestic Interest	-1,815.1
Recurrent Programmes	-930.9
Wages and Salaries	-873.9
External Interest	349.3

Source: Ministry Of Finance and Planning (Jamaica)

Figure 7: Main JSE Index Jul '12 - Jul '13



Source: Jamaica Stock Exchange (Online Database) and PSOJ

valued at J\$1.43 billion in June 2013. Overall market activity resulted from trading in 47 stocks of which 17 advanced, 22 declined and 8 traded firm.

Caribbean Cream Ltd with 130.45 million units or 45.8% of market volume was the volume leader; followed by Carreras Ltd with 19.26 million

units or 6.8% of market volume; while Proven Investments Ltd. was third with 17.39 million units or 6.1% of market volume.

The leading advancers in July 2013 were: Ciboney Group; Palace Amusements Co. Ltd; Kingston Wharves; Hardware and Lumber and Kingston Properties Ltd. The leading decliners were: Radio Jamaica Ltd; National Commercial Bank; Sagicor Investments Jamaica Ltd; and Gleaner Company Ltd.

## Economic Highlights

contd. from page 1.)

In regards to the expanding sectors, real value-added in the **Wholesale & Retail Trade; Repair and Installation of Machinery (WRTRIM)** - the largest sector of the economy - grew by 0.4% in Q2 2013. Five of nine categories within the sector which account for 91.8% of sales recorded strong growth. Minerals, Fuels and Lubricants grew by 5.9%; Hardware and Building Supplies expanded by 8.4%;

economy contracted by -0.8%, but the PIOJ is projecting growth of 0.5%-1.5% during the July -Sept 2013 quarter. This hinges on full recovery in the agricultural sector; the continued roll-out of GOJ capital projects approved in the 2013/14 Budget; and continued recovery in the global economy. Downside risks to the forecasts are a tumultuous hurricane season and slippage in the global recovery.

### Employment Update

Jamaica's unemployment rate rose to 16.4% in April 2013 - the highest unemployment rate in 16 years. The main cause for the surge in unemployment was an increase of 38,900 in the labour force to 1,322,5000 persons due to the combined effect of more people looking for jobs and an increase in the number of persons of working age.

Year over year (April 2012 to April 2013) there was a net increase of 8,700 in the number of persons employed. The largest increases occurred in Wholesale and Retail - up 17,000; Real Estate, Renting and Business Services - up 7,500; and Education - up 5,800. These increases were partially countered by declines of 10,000 in the Public Service; 7,200 in Manufacturing; 4,800 in Hotels and Restaurants and 3,000 in Financial Services.

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

	2013 Jan 2	2013 Jul 28	\$ change	% change
<b>Top Five (unadjusted for dividends or transact. Costs)</b>				
Ciboney Group	0.03	0.07	0.04	133.3%
Palace Amusement	60.00	95.00	35.00	58.33%
Kingston Wharves	5.00	7.80	2.80	56.00%
Hardware & Lumber	3.40	4.60	1.20	35.30%
Kingston Properties Ltd	3.78	4.50	0.72	19.05%
<b>Bottom Five (unadjusted for dividends or transact. Costs)</b>				
Radio Jamaica	1.99	1.30	(0.69)	-34.67%
National Comm. Bank	23.92	19.05	(4.87)	-20.36%
Sagicor Investments Ja	22.14	18.00	(4.14)	-18.70%
Barita Investments Ltd	2.76	2.30	(0.46)	-16.67%
Gleaner Company	1.40	1.18	(0.22)	-15.71%

*Source: Compiled from the JSE*

Chemicals, Pharmaceuticals & Cosmetics grew by 8.3%; and Automobiles, Commercial & Transport Equipment grew by 1.7%. Significant growth of 0.3% was also recorded in the **Hotels and Restaurant** sector owing to increase stopover arrivals from the Canadian, European and Latin American markets. Nonetheless, cruise arrivals

were down 13.7% and aggregated tourist expenditure was down 0.5%. The surge in housing starts has apparently not yet fed into the **Real Estate, Renting & Business Services** which inched forward by 0.1% during Q2 2013.

The PIOJ reported that during the first half (Jan-June) 2013, Jamaica's

### The Global Picture

In July 2013, the global recovery derailed by the European crisis, appeared to be getting back on track, though equity, bonds and currency markets were roiled by the prospects of the curtailment of monetary easing.

In the United States, 'Weekly Jobless Claims' - a measure of labour market conditions - continue to average approximately 335,000, well below the 400,000 mark which is regarded as the tipping point where job losses exceed job gains in the US economy. In addition, the regional manufacturing indices continued to show expansion, though a few came in below expectations. However, the less than expected 'Existing' and 'Pending Home Sales' were a source of concern that home purchasers may be hesitating as long-term US interest rates began to rise on prospects that the Federal Reserve may begin to exist its quantitative easing as early as September 2013.

In China, an expansion of 'New Yuan Loans' in July 2013 helped to calm fears that the authorities were moving to clamp down too vigorously on money supply to suppress the emergence of property bubbles and general overheating in the economy. Investors were also cheered that after a few

months of contraction, Chinese manufacturing, which is deemed critical to world commodity demand and general global output, had again moved into expansion mode in July 2013.

Investors were most heartened however by developments in Europe. French, Italian and German Purchasing Manager's Index, (PMI) all came in better than expected, though the PMI's for the first two were still in contraction zone below 50. Further, though eight of the 17 Euro-zone countries recorded negative GDP growth during Q2 2013, the rate of contraction for these countries lessened and the Euro-zone as a whole recorded positive (0.3%) growth for the first time in 18 months.

Even in the United Kingdom which exited a prolonged double dip recession in the Third Quarter of 2012 and about which there were worries in Q1 2013 that it might slip into a triple-dip recession, the economic data appeared to be picking up. Britain's Industrial Production and Retail Sales for July both came in better than expected and its Q2 GDP growth of 0.7% suggested that its growth momentum may be accelerating.

Though concerns persist about the ending of quantitative easing, the consensus is that the global recovery is consolidating.

## INFLATION (JUL - 2013) - CPI

## APPENDIX

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>0.50%</b>	<b>0.500</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>0.59%</b>	<b>0.220</b>	<b>1</b>	
<b>Food</b>	0.58%			
Bread and Cereals	0.29%			
Meat	0.37%			
Fish and Seafood	0.14%			
Milk, Cheese and eggs	0.54%			
Oils and Fats	0.69%			
Fruit	2.45%			
<b>Vegetables and Starchy Foods</b>	<b>1.17%</b>			
Vegetables	0.80%			
Starchy Foods	2.26%			
Sugar, Jam, Honey, Chocolate and Confectionery	0.12%			
Food Products n.e.c.	0.39%			
<b>Non-Alcoholic Beverages</b>	<b>0.68%</b>			
Coffee, tea and Cocoa	0.54%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	0.76%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>0.36%</b>	<b>0.005</b>	<b>9</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>1.23%</b>	<b>0.041</b>	<b>4</b>	
Clothing	0.21%			
Footwear	2.85%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>0.75%</b>	<b>0.096</b>	<b>2</b>	
Rentals for Housing	0.19%			
Maint and Repair of Dwelling	0.19%			
Water Supply and Misc. Serv Related to the Dwelling	-2.36%			
Electricity, Gas and Other Fuels and Routine	1.74%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>0.51%</b>	<b>0.025</b>	<b>5</b>	
Furniture and Furnishings (including Floor Coverings)	0.80%			
Household Textiles	0.38%			
Household Appliances	0.50%			
Glassware, Tableware and Household Utensils	0.45%			
Tools and Equipment for House and Garden	0.12%			
Goods and Serv. for Routine Household Maint	0.42%			
<b>HEALTH</b>	<b>0.08%</b>	<b>0.002</b>	<b>10</b>	
Medical Products, Appliances and Equipment	0.14%			
Health Services	0.00%			
<b>TRANSPORT</b>	<b>0.18%</b>	<b>0.023</b>	<b>6</b>	
<b>COMMUNICATION</b>	<b>-3.72%</b>	<b>-0.148</b>	<b>12</b>	
<b>RECREATION AND CULTURE</b>	<b>0.55%</b>	<b>0.018</b>	<b>8</b>	
<b>EDUCATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>0.30%</b>	<b>0.018</b>	<b>7</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>0.64%</b>	<b>0.054</b>	<b>3</b>	

## INFLATION YTD ( JAN –JUL 2013) CPI

	%Change	Weighted Δ	Rnk	Infl. Contribution
<b>All Groups</b>	<b>4.36%</b>	<b>4.364</b>		
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>5.23%</b>	<b>1.960</b>	<b>1</b>	
<b>Food</b>	5.05%			
Bread and Cereals	4.99%			
Meat	4.65%			
Fish and Seafood	2.52%			
Milk, Cheese and eggs	7.81%			
Oils and Fats	7.79%			
Fruit	13.27%			
<b>Vegetables and Starchy Foods</b>	<b>4.80%</b>			
Vegetables	2.80%			
Starchy Foods	11.33%			
Sugar, Jam, Honey, Chocolate and Confectionery	3.76%			
Food Products n.e.c.	4.27%			
<b>Non-Alcoholic Beverages</b>	<b>8.01%</b>			
Coffee, tea and Cocoa	8.90%			
Mineral waters, Soft Drinks, Fruit and Veg Juices	7.58%			
<b>ALCOHOLIC BEVERAGES AND TOBACCO</b>	<b>7.46%</b>	<b>0.103</b>	<b>10</b>	
<b>CLOTHING AND FOOTWEAR</b>	<b>6.47%</b>	<b>0.216</b>	<b>7</b>	
Clothing	6.09%			
Footwear	7.18%			
<b>HOUSING, WATER, ELECT., GAS AND OTHER FUELS</b>	<b>2.78%</b>	<b>0.355</b>	<b>3</b>	
Rentals for Housing	0.92%			
Maint and Repair of Dwelling	11.13%			
Water Supply and Misc. Serv Related to the Dwelling	4.69%			
Electricity, Gas and Other Fuels and Routine	2.51%			
<b>FURNISH, HSHOLD EQUIP &amp; HSHOLD MAINT.</b>	<b>4.77%</b>	<b>0.235</b>	<b>6</b>	
Furniture and Furnishings (including Floor Coverings)	5.30%			
Household Textiles	4.77%			
Household Appliances	5.99%			
Glassware, Tableware and Household Utensils	5.34%			
Tools and Equipment for House and Garden	5.27%			
Goods and Serv. for Routine Household Maint	4.40%			
<b>HEALTH</b>	<b>4.39%</b>	<b>0.144</b>	<b>8</b>	
Medical Products, Appliances and Equipment	4.04%			
Health Services	4.59%			
<b>TRANSPORT</b>	<b>1.99%</b>	<b>0.255</b>	<b>5</b>	
<b>COMMUNICATION</b>	<b>-3.58%</b>	<b>-0.143</b>	<b>12</b>	
<b>RECREATION AND CULTURE</b>	<b>3.95%</b>	<b>0.133</b>	<b>9</b>	
<b>EDUCATION</b>	<b>0.00%</b>	<b>0.000</b>	<b>11</b>	
<b>RESTAURANTS AND ACCOMMODATION SERVICES</b>	<b>5.57%</b>	<b>0.345</b>	<b>4</b>	
<b>MISCELLANEOUS GOODS AND SERVICES</b>	<b>6.03%</b>	<b>0.505</b>	<b>2</b>	

**Statistical Index**  
**Major Macro-Economic Indicators**

	BM		M2		NIR	Fgn Cur- Dep	Inflation		Tourism	J\$/US\$	T-bill	Loan	Sav	Dom Debt	Fgn Debt
	M	P	M	P	US\$M	US\$M	M	P	P		%	%	%	J\$M	US\$M
Jan '12	83,564.3	-8.8	353,939.	-2.01	1,882.63	2,357,286	0.40	6.6	-2.8	86.83	6.53	18.48	2.10	888,486.9	8,626.4
Feb	84,950.7	1.66	348,180.6	-1.6	1,874.65	2,379,213	0.8	7.9	3.1	87.06	6.57	18.48	2.10	875,211.40	8,605.4
Mar	83,696.6	-1.48	356,099	2.2	1,777.13	2,409,355	0.50	7.3	0.3	87.30	6.47	18.12	2.10	912,642.4	8,586.8
Apr	84,966.6	1.52	348,580	2.2	1,771.8	2,414,159	0.4	7.2	0.6	87.35	6.44	18.12	2.10	930,025.4	8,578.8
May	83,738.1	-1.45	352,407	1.10	1,718.8	2,441,863	0.5	6.9	1.5	88.12	6.39	17.93	2.10	935,140.9	8,506.5
Jun	84,337.4	0.72	351,410.	-0.28	1,540.4	2,553,943	0.6	6.7	8.0	88.70	6.51	17.46	2.10	940,368.6	8,526.2
Jul	87,157.8	3.34	359,205.	0.69	1,483.82	n/a	-3.3	5.5	3.6	89.69	6.52	17.46	2.24	973,858.5	8,226.2
Aug	86,275.1	-1.01	359,293.9	0.02	1,428.60	2,438,745	0.5	5.4	1.8	89.82	6.63	17.55	2.07	976,159.2	8,200.5
Sep	85,193.8	-1.25	351,014.6	-2.30	1,257.8	2,384,316	1.85	6.7	6.2	89.93	6.57	17.55	2.07	976,126.3	8,186.8
Oct	86,488.1	n/a	356,314.3	1.51	1,132.8	2,395,680	0.9	7.2	-1.1	91.09	6.69	17.52	2.07	981,077.7	8,154.5
Nov	87,775.2	1.49	361,573.3	1.48	1,078.2	2,386,212	0.63	7.4	-1.1	91.89	6.80	17.52	2.24	991,336.1	8,233.3
Dec	97,648.5	11.25	374,467.3	3.57	1,125.6	2,486,625	1.0	8.0	-2.8	92.98	7.18	17.28	2.1	995,239.9	8,255.5
Jan '13	88,567.80	-9.2	383,878.1	2.51	1,009.05	2,520,022	0.7	8.4	-4.7	94.14	7.47	17.23	2.1	994,053.4	8,221.6
Feb	88,381.3	-0.2	397,292.1	3.5	939.53	2,556,640	0.62	8.1	-8.1	97.11	5.75	17.23	2.1	1,000,841.6	8,192.5
Mar	91,294.5	3.30	396,423.0	-0.22	884.25	2,536,331	1.38	9.1	-3.9	98.89	6.22	17.29	1.94	1,008,348.7	8,133.4
Apr	89,614.0	-1.84	256,574.8	n/a	866.18	2,536,341	0.4	9.1	-4.9	99.35	6.34	17.29	1.55	1,009,466.3	8,194.0
May	91,294.45	3.30	264,061.5	1.36	988.86	2,526,435	0.5	9.2	2.3	99.45	6.44	16.72	1.51	1,010,031.4	8,271.0
Jun	90,221.88	-0.32	397,899.0	-0.57	1,003.2	n/a	0.2	8.8	3.7	101.38	7.88	16.72	1.51	1,012,913.8	8,273.9
Jul	91,294.45	3.30	n/a	n/a	929.72	n/a	0.5	9.7	n/a	101.86	n/a	n/a	n/a	n/a	n/a

Sources: Bank of Jamaica, Statistical Institute of Jamaica, Ministry of Finance and Planning, Jamaica Tourist Board and the PIOJ.  
Revised periodically when necessary.

<u>Key:</u>	
ACP— Africa Caribbean Pacific States	Loan – Average Loan Rate
BM – Base Money	M – Monthly Percentage Change
BP — Basis Points	M2 – Money Supply
CaPRI— Caribbean Policy and Research Institute	MT – Million tonnes
CARICOM— Caribbean Community & Common Market	N/A – Not Available
CARIFORUM— CARICOM and Dominican Republic	NIR – Net International Reserves
CPI – Consumer Price Index	OMO – Open Market Operation
CSME— Caribbean Single Market & Economy	P – Point-to-Point Percentage Change
EC— European Commission	R – Revised
EPA—Economic Partnership Agreement	S – Stopover
EU—European Union	Save – Average Savings Deposit Rate
FX Dep – Foreign Exchange Deposit	Tbill – 6-month Treasury Bill Yield
JCB – Jamaica Conference Board	Tourism – Total Tourist Arrivals
JCC – Jamaica Chamber of Commerce	WATBY- weighted average Treasury bill yield
KMA — Kingston and Metropolitan Area	WTO—World Trade Organization
KSA—Kingston and St. Andrew	OECD—Organisation for Economic Co-operating and Development (membership of 30 major countries)
WTI — West Texas Intermediate (Spot Oil Price)	

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## FISCAL ACCOUNTS (APR– JUN 2013/14)

REV. & EXPEN. (APR-JUN '13/14)	J\$m	PROVISIONAL RESULTS	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	87,029.2		-830.1		9,898.30	
Tax Revenue	78,965.1		-711.2		6,830.90	
Non-Tax Revenue	7,156.6		493.2		2,920.00	
Bauxite Levy	292.6		-8.9		-45.30	
Capital Revenue	202.5		-32.2		48.00	
Grants	412.2		-571.1		144.50	
<b>Expenditure</b>	92,435.7		-5,599.3		7,399.50	
Recurrent Expenditure	83,824.9		-3,270.5		3,651.00	
Programmes	21,212.9		-930.9		2,127.00	
Wages & Salaries	39,902.5		-873.9		764.10	
Interest	22,709.5		-1,465.8		760.00	
Domestic	10,539.8		-1,815.1		-519.70	
External	12,169.7		349.3		1,279.80	
Capital Expenditure	8,610.8		-2,328.8		3,748.50	
Capital Programmes	8,610.8		-2,328.8		3,748.50	
IMF #1 Account	0.0		0.0		0.00	
<b>Fiscal Balance (Surplus [+]/ve)</b>	-5,406.5		4,769.2		2,498.90	
Loan Receipts	15,005.8		228.0		-16,793.60	
Domestic	3,249.3		-306.4		-26,135.80	
External	11,756.6		534.5		9,342.20	
Divestment Proceeds	0.0		0.0		0.00	
Amortization	9,735.7		-572.6		-1,563.70	
Domestic	3,980.8		-277.6		-442.10	
External	5,754.9		-294.9		-1,121.70	
<b>Overall Balance (Surplus [+]/ve)</b>	-136.4		5,569.9		-14,137.60	
<b>Primary Balance (Surplus [+]/ve)</b>	17,303.0		3,303.5		3,258.80	

REV. & EXPEN. (APR-JUN '13/14)	J\$m	PROVISIONAL RESULTS	J\$m	BUDGET DEVIATION	J\$m	YOY - CHANGE
<b>Revenue &amp; Grants</b>	87,029.3		-830.0		66,899.10	
Tax Revenue	78,965.2		-711.1		59,999.80	
Income and profits	22,852.6		-1,075.5		14,029.10	
Bauxite/alumina	0.0		0.0		0.00	
Other companies	6,275.2		-23.8		1,914.70	
PAYE	15,435.0		-703.3		11,564.50	
Tax on dividend	171.4		-537.8		461.90	
Other individuals	681.4		-169.6		609.80	
Tax on interest	289.6		358.9		-521.60	
Environmental Levy	418.1		-73.7		269.20	
Production and consumption	29,512.2		1,104.6		27,209.70	
SCT	3,447.3		941.8		2,953.40	
Motor vehicle licenses	892.6		346.0		769.50	
Other Licenses	100.0		-16.4		99.30	
Betting, gaming and lottery	594.8		-333.2		820.50	
Education Tax	4,293.2		187.8		3,800.10	
Contractors levy	243.9		-349.6		239.80	
GCT (Local)	15,085.2		-241.4		12,135.90	
Stamp Duty (Local)	3,198.4		-100.3		3,198.90	
International Trade	26,182.3		342.7		18,491.80	
Custom Duty	5,891.5		327.1		5,057.60	
Stamp Duty	420.6		-666.5		363.50	
Travel Tax	2,867.3		-684.5		2,578.40	
GCT (Imports)	11,686.1		-9.1		8,872.60	
SCT (Imports)	5,316.8		1,385.5		1,619.50	
Non-Tax Revenue	7,156.6		-273.5		5,527.50	
Bauxite Levy	292.6		493.2		163.50	
Capital Revenue	202.5		-8.9		184.50	
Grants	412.2		-32.2		1,023.60	
			-571.1			

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The Economic Bulletin is a monthly synopsis of the major developments impacting the Jamaican economy. It covers a wide range of areas including inflation, the financial markets, fiscal accounts, tourism, the productive sectors and external trade. In addition to tracking changes in the main indicators, it also goes behind the numbers to examine the underlying factors driving those changes. The Bulletin also provides insight into how current trends may shape developments going forward in order to help inform your business decisions.

