Press Release
Balance of Payments Performance
In July/March, 2017/2018

In July/March of FY 2017/2018, the current account continued its improvement, with a sharp contraction of 57.5% (US$ 7.2 billion) in its deficit, posting US$ 5.3 billion (against US$ 12.5 billion in the same period a year earlier). This improvement was an outcome of the increase in both services balance surplus by 138.2% and net current transfers by 23.2%, and the retreat in trade deficit by 1.3%.

This reflects the continuous positive impact of the currency liberalization decision on the transactions of the Egyptian economy with the external world.

The capital and financial account unfolded a net inflow of US$ 19.0 billion (compared with US$ 27.1 billion).

These developments resulted in an overall BOP surplus of US$ 11.0 billion in the reporting period

The following is a review of the main developments that affected the BOP's performance in the period under review:

First: The Current Account

1- The services balance and net current transfers are the key drivers of the improvement in the current account

- The services surplus surged to US$ 7.8 billion (against US$ 3.3 billion), driven mainly by the following developments:
  - The travel balance ran a surplus of US$ 5.5 billion (versus US$ 651.0 million)
  - Suez Canal receipts increased by 11.9%, to register US$ 4.2 billion (against US$ 3.7 billion).

- Net unrequited current transfers scaled up by 23.2% to US$ 19.5 billion (versus US$ 15.9 billion), led mainly by the increase in workers' remittances (US$ 3.6 billion).

2- The increase in merchandise exports supported the decline in trade deficit

- **The trade deficit narrowed** by 1.3% to US$ 28.0 billion (from US$ 28.4 billion), with exports increasing at a higher pace than that of imports, as detailed below:
    - **Merchandise exports increased** by 17.6% to US$ 18.8 billion (from US$ 16.0 billion), owing to the rise in:
        - Oil exports by 29.2% to US$ 6.0 billion (from US$ 4.7 billion), due to the increase in the quantities exported of oil products and the rise in world prices of crude oil.
        - Non-oil exports by 12.9% to US$ 12.8 billion (from US$ 11.3 billion), primarily due to the rise of US$ 1.1 billion in exports of finished goods. Increases were largely manifested in the exports of electric appliances; phosphate fertilizers; and medicines.
    - **Merchandise imports went up** by 5.5% to US$ 46.8 billion (from US$ 44.4 billion), on the back of the increase in:
        - Oil imports by 10.2%, to register US$ 9.4 billion (against US$ 8.5 billion), influenced by the rise in world prices of oil products, despite the decline in the quantities imported.
        - Non-oil imports by 4.4% to US$ 37.4 billion (from US$ 35.8 billion), largely because of the increase in the import bills of intermediate goods required for production. The following are the main imports that witnessed increases: cast iron; agricultural machinery and equipment; soybean; and wood in the rough and densified wood.

Second: Capital and Financial Account

- **Total FDI inflows in Egypt** recorded US$ 10.2 billion, while total outflows reached US$ 4.2 billion. Accordingly, net FDI in Egypt amounted to US$ 6.0 billion (inflows), mainly due to the net investment of US$ 3.4 billion in the oil sector.

- **Portfolio investment in Egypt** accelerated, registering a net inflow of US$ 14.9 billion (versus US$ 7.8 billion). This was largely ascribed to the rise in foreigners' investments in Egyptian TBs, recording net purchases of US$ 11.5 billion (against US$ 4.3 billion), and to the bonds offered abroad by the Egyptian government, in the amount of US$ 3.3 billion in January/March 2018.

- **External borrowing** of medium- and long-term loans and facilities decreased to a net disbursement of US$ 4.8 billion (against US$ 7.3 billion).

- **Net change in the CBE's liabilities to the external world** reversed to a net external repayment of US$ 3.3 billion in the period under review (against a net disbursement of US$ 7.7 billion).

* Numbers expressed in US$ billion have been rounded.

Balance of Payments

(US.$m.)

	July/March 2016/17*	July/March 2017/18*
Trade Balance	**-28363.3**	**-28003.4**
Exports	15994.0	18810.9
Petroleum	*4656.6*	*6014.1*
Other Exports	*11337.4*	*12796.8*
Imports	-44357.3	-46814.3
Petroleum	*-8528.8*	*-9394.6*
Other Imports	*-35828.5*	*-37419.7*
Services Balance (net)	**3291.1**	**7838.8**
Receipts	**10319.3**	**15784.5**
Transportation	5481.5	6384.5
of which: Suez Canal dues	*3716.6*	*4158.2*
Travel	2840.7	7250.6
Government Receipts	191.3	433.3
Other	1805.8	1716.1
Payments	**7028.2**	**7945.7**
Transportation	931.5	1102.5
Travel	2189.7	1703.4
Government Expenditures	700.1	1227.5
Other	3206.9	3912.3
Income Balance (net)	**-3318.7**	**-4703.9**
Income receipts	305.3	624.7
Income payments	3624.0	5328.6
of which: Interest Paid	*888.6*	*1216.9*
Transfers	**15872.1**	**19548.4**
Private Transfers (net)	15789.6	19454.9
of which: Worker Remittances	*15891.3*	*19536.9*
Official Transfers (net)	82.5	93.5
Current Account Balance	**-12518.8**	**-5320.1**

Balance of Payments (cont.)

(US.$m.)

	July/March 2016/17*	July/March 2017/18*
Capital & Financial Account	**27076.4**	**19044.6**
Capital Account	**-98.6**	**-118.3**
Financial Account	**27175.0**	**19162.9**
Direct Investment Abroad	**-147.7**	**-200.0**
Direct Investment In Egypt (net)	**6565.0**	**6019.2**
Portfolio Investment Abroad(net)	**178.7**	**-25.1**
Portfolio Investment in Egypt (net)	**7801.2**	**14924.7**
of which: Bonds	*3190.2*	*3191.4*
Other Investment (net)	**12777.8**	**-1555.9**
Net Borrowing	9669.9	6949.4
M&L Term Loans (net)	5166.5	4297.2
Drawings	*7137.8*	*6045.9*
Repayments	*-1971.3*	*-1748.7*
MT Suppliers Credit (net)	2167.2	532.6
Drawings	*2247.5*	*683.8*
Repayments	*-80.3*	*-151.2*
ST Suppliers Credit (net)	2336.2	2119.6
Other Assets	-5635.4	-5200.2
Central Bank	*-1997.8*	*-59.8*
Banks	*-3091.9*	*-857.3*
Other	*-545.7*	*-4283.1*
Other Liabilities	8743.3	-3305.1
Central Bank	*7737.4*	*-3348.1*
Banks	*1005.9*	*43.0*
Net Errors & Omissions	**-3572.9**	**-2756.8**
Overall Balance	**10984.7**	**10967.7**
Change in CBE's reserve assets (increase = -)	**-10984.7**	**-10967.7**

* **Preliminary.**