

Balance of Payments Developments In FY 2018/2019

The balance of payments recorded an overall deficit of US\$ 0.1 billion during FY 2018/2019, as the overall surplus of US\$ 1.7 billion during the second half of the year broadly offset the overall deficit during the first half of the year.

The following is a review of the main developments that affected the balance of payments performance during FY 2018/2019 (compared to the previous year):

First: Current Account

The current account recorded a deficit of US\$ 8.2 billion (compared to US\$ 6.0 billion).

- **The oil trade balance recorded a surplus for the first time since FY 2012/2013, registering US\$ 8.1 million (compared to a deficit of US\$ 3.7 billion), as a result of the leap in investments in the oil and gas sector and the following developments:**
 - The increase in oil exports proceeds by 31.7% to US\$ 11.6 billion (compared to US\$ 8.8 billion), due to higher exports of natural gas and oil products on the back of the rise in exported quantities and world oil prices.
 - The decline in oil imports payments by 7.5% to US\$ 11.5 billion (compared to US\$ 12.5 billion), as importing natural gas stopped starting Q2 of FY 2018/2019, in addition to the decline in imported quantities of oil products and crude oil.
- **The non-oil trade balance deficit widened by 13.4%, to register US\$ 38.0 billion (compared to US\$ 33.6 billion), largely driven by the rise in non-oil imports by 8.6% to US\$ 55.0 billion (compared to US\$ 50.6 billion). This was partly driven by the recovery of economic activity, which was reflected in higher GDP growth.**

- **The services surplus rose** by 17.2% to US\$ 13.0 billion (compared to US\$ 11.1 billion), as the increase in services receipts outpaced that in services payments.
- **Unrequited current transfers fell** by 5.1%, to register a net inflow of US\$ 25.1 billion (compared to a net inflow of US\$ 26.5 billion).
- **The investment income deficit rose** by 32.3%, to record US\$ 8.3 billion (compared to US\$ 6.3 billion), driven mainly by the pickup in investment income payments to US\$ 9.3 billion (compared to US\$ 7.1 billion).

Second: Capital and Financial Account

The capital and financial account recorded a net inflow of US\$ 8.5 billion (compared to US\$ 22.0 billion).

- **Net inflows of portfolio investment in Egypt** recorded US\$ 4.2 billion (compared to US\$ 12.1 billion). However, net portfolio investment in Egypt recorded net purchases of US\$ 10.1 billion in the second half of the year following net sales of US\$ 5.9 billion in the first half of the year. **This was mainly due to the volatility observed in global financial markets and especially emerging markets during that time.**
- **Net inflows of FDI in Egypt** recorded US\$ 5.9 billion (compared to US\$ 7.7 billion). The decline compared to previous year was due to the increase in outflows that exceeded the increase of inflows.
- **Net disbursements of medium- and long-term loans and facilities** recorded US\$ 4.2 billion (compared to US\$ 7.9 billion).

* Numbers expressed in US\$ billion are rounded figures.

Balance of Payments

(US \$mn)

	<u>2017/18*</u>	<u>2018/19*</u>
<u>Trade Balance</u>	<u>-37276.0</u>	<u>-38034.4</u>
Exports	25827.0	28495.0
<i>Petroleum</i>	8773.0	11557.0
<i>Other Exports</i>	17054.0	16938.0
Imports	-63103.0	-66529.4
<i>Petroleum</i>	-12489.8	-11548.9
<i>Other Imports</i>	-50613.2	-54980.5
<u>Services Balance (net)</u>	<u>11122.4</u>	<u>13036.5</u>
<u>Receipts</u>	<u>21486.9</u>	<u>24423.6</u>
Transportation	8707.9	8600.3
<i>of which: Suez Canal dues</i>	5706.7	5730.7
Travel	9804.3	12570.6
Government Receipts	636.7	718.8
Other	2338.0	2533.9
<u>Payments</u>	<u>10364.5</u>	<u>11387.1</u>
Transportation	1480.2	1792.4
Travel	2451.5	2902.9
Government Expenditures	1493.5	692.4
Other	4939.3	5999.4
<u>Income Balance (net)</u>	<u>-6279.6</u>	<u>-8309.8</u>
Income receipts	835.4	1014.1
Income payments	7115.0	9323.9
<i>of which: Interest Paid</i>	1616.1	2574.1
<u>Transfers</u>	<u>26470.9</u>	<u>25113.6</u>
Private Transfers (net)	26264.7	24763.1
<i>of which: Worker Remittances</i>	26392.9	25150.8
Official Transfers (net)	206.2	350.5
<u>Current Account Balance</u>	<u>-5962.3</u>	<u>-8194.1</u>

Balance of Payments (cont.)

(US \$mn)

	<u>2017/18*</u>	<u>2018/19*</u>
<u>Capital & Financial Account</u>	<u>21996.5</u>	<u>8523.5</u>
<u>Capital Account</u>	<u>-150.7</u>	<u>-129.2</u>
<u>Financial Account</u>	<u>22147.2</u>	<u>8652.7</u>
Direct Investment Abroad	-271.2	-374.0
Direct Investment In Egypt (net)	7719.5	5902.9
Portfolio Investment Abroad(net)	-20.8	-96.4
Portfolio Investment in Egypt (net)	12094.8	4230.1
<i>of which: Bonds</i>	<i>5293.2</i>	<i>5094.2</i>
Other Investment (net)	2624.9	-1009.9
<u>Net Borrowing</u>	<u>10278.8</u>	<u>6253.4</u>
<u>M&L Term Loans (net)</u>	<u>6738.5</u>	<u>3333.7</u>
Drawings	8846.4	5525.2
Repayments	-2107.9	-2191.5
<u>MT Suppliers Credit (net)</u>	<u>1118.5</u>	<u>828.8</u>
Drawings	1313.6	1160.8
Repayments	-195.1	-332.0
<u>ST Suppliers Credit (net)</u>	<u>2421.8</u>	<u>2090.9</u>
<u>Other Assets</u>	<u>-4511.9</u>	<u>-8881.6</u>
Central Bank	-116.4	-23.4
Banks	2161.7	-1764.7
Other	-6557.2	-7093.5
<u>Other Liabilities</u>	<u>-3142.0</u>	<u>1618.3</u>
Central Bank	-3879.2	1537.8
Banks	737.2	80.5
<u>Net Errors & Omissions</u>	<u>-3246.5</u>	<u>-431.9</u>
<u>Overall Balance</u>	<u>12787.7</u>	<u>-102.5</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-12787.7</u>	<u>102.5</u>

* Preliminary.