

Press Release
Balance of Payments Performance
in July/March of FY 2018/2019

The BOP overall deficit recorded only US\$ 351.2 million in July/March 2018/2019, mitigated largely by the overall surplus of US\$ 1.4 billion in January/March 2019. The current account deficit registered US\$ 7.6 billion and the capital and financial account unfolded a net inflow of US\$ 7.8 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 surplus surged** by US\$ 1.9 billion, to register US\$ 9.8 billion (against US\$ 7.8 billion), driven mainly by the following developments:
 - **Travel balance** surplus increased to US\$ 7.3 billion (from US\$ 5.5 billion).
 - **Suez Canal receipts** rose by 2.8% to US\$ 4.3 billion (against US\$ 4.2 billion).

- 2. The increase in merchandise exports mitigated the rise in the trade deficit.**

The higher merchandise exports curbed the rise in the trade deficit, as illustrated below:

- Merchandise exports grew by 11.2% to US\$ 20.9 billion (against US\$ 18.8 billion), owing mainly to the 41.6% rise in oil exports, to post US\$ 8.5 billion (versus US\$ 6.0 billion), spurred by the hike in the exports of natural gas and oil products (due to the rise in exported quantities). Meanwhile, non-oil exports declined by 3.1% to US\$ 12.4 billion (from US\$ 12.8 billion), mainly on the back of the retreat in exports of gold.

- Merchandise imports went up by 8.2% to US\$ 50.7 billion (against US\$ 46.8 billion). This was mainly due to the increase in non-oil imports by 11.8% to US\$ 41.9 billion (against US\$ 37.4 billion), owing to the pickup in imports of investment goods by 12.5%, raw materials by 9.5%, and intermediate goods by 9.4%. The pickup was mainly seen in the imports of wheat; spare parts and accessories of cars and tractors; and passenger vehicles. Concurrently, oil imports fell by 6.3% to US\$ 8.8 billion (against US\$ 9.4 billion), because of the decline in the imports of natural gas (due to Egypt's achievement of self-sufficiency thereof as of October 2018), and the fall in imported quantities of oil products.

3. **Unrequited current transfers** registered a net inflow of US\$ 18.2 billion.

4. **Investment income deficit** recorded US\$ 5.8 billion (against US\$ 4.7 billion), on the back of the rise in investment income payments by US\$ 1.2 billion to US\$ 6.5 billion, supported by the increase in profit transfers of foreign petroleum companies. On the other hand, investment income receipts scaled up to US\$ 720.1 million (against US\$ 624.7 million), reflecting the rise in interest on Egyptians' deposits abroad and profit transfers of Egyptian companies branches abroad.

Second: Capital and Financial Account

The capital and financial account unfolded a net inflow of US\$ 7.8 billion in July/March 2018/2019, as a result of the following developments:

- **Total inflows of FDI in Egypt** stabilized at US\$ 10.2 billion, while total outflows posted US\$ 5.6 billion. Accordingly, net FDI in Egypt amounted to US\$ 4.6 billion (inflows), due to the net inflows of US\$ 2.9 billion for oil sector investments and of US\$ 903.1 million for greenfield investments. Also, transfers for buying real estates in Egypt by non-residents increased to US\$ 725.7 million.

- **Portfolio investment in Egypt** registered a net inflow of US\$ 1.1 billion. **Foreigners' transactions in Egyptian bonds** issued abroad registered net purchases of US\$ 3.0 billion, while **foreigners' investments in Egyptian TBs** recorded net sales of US\$ 1.8 billion. It is worthy to note that **foreigners' investments in Egyptian TBs** registered net purchases of US\$ 3.7 billion in January/March 2019.
- **Disbursements of medium- and long-term loans and facilities** retreated to US\$ 5.1 billion (from US\$ 6.7 billion), while total repayments increased to US\$ 2.1 billion (from US\$ 1.9 billion), resulting in a net disbursement of only US\$ 3.0 billion (against US\$ 4.8 billion).

* Numbers expressed in US\$ billion have been rounded.

Balance of Payments

(US \$mn)

	<u>July/March 2017/18*</u>	<u>July/March 2018/19*</u>
<u>Trade Balance</u>	<u>-28003.4</u>	<u>-29746.9</u>
Exports	18810.9	20912.0
<i>Petroleum</i>	<i>6014.1</i>	<i>8513.1</i>
<i>Other Exports</i>	<i>12796.8</i>	<i>12398.9</i>
Imports	-46814.3	-50658.9
<i>Petroleum</i>	<i>-9394.6</i>	<i>-8807.4</i>
<i>Other Imports</i>	<i>-37419.7</i>	<i>-41851.5</i>
<u>Services Balance (net)</u>	<u>7838.8</u>	<u>9761.4</u>
<u>Receipts</u>	<u>15784.5</u>	<u>18155.9</u>
Transportation	6384.5	6461.3
<i>of which: Suez Canal dues</i>	<i>4158.2</i>	<i>4273.0</i>
Travel	7250.6	9391.6
Government Receipts	433.3	420.0
Other	1716.1	1883.0
<u>Payments</u>	<u>7945.7</u>	<u>8394.5</u>
Transportation	1102.5	1276.4
Travel	1703.4	2078.9
Government Expenditures	1227.5	566.2
Other	3912.3	4473.0
<u>Income Balance (net)</u>	<u>-4703.9</u>	<u>-5808.1</u>
Income receipts	624.7	720.1
Income payments	5328.6	6528.2
<i>of which: Interest Paid</i>	<i>1216.9</i>	<i>1787.5</i>
<u>Transfers</u>	<u>19399.0</u>	<u>18186.0</u>
Private Transfers (net)	19305.5	17885.7
<i>of which: Worker Remittances</i>	<i>19387.5</i>	<i>18211.4</i>
Official Transfers (net)	93.5	300.3
<u>Current Account Balance</u>	<u>-5469.5</u>	<u>-7607.6</u>

Balance of Payments (cont.)

(US.\$m.)

	<u>July/March 2017/18*</u>	<u>July/March 2018/19*</u>
<u>Capital & Financial Account</u>	<u>19044.6</u>	<u>7758.9</u>
<u>Capital Account</u>	<u>-118.3</u>	<u>-97.4</u>
<u>Financial Account</u>	<u>19162.9</u>	<u>7856.3</u>
Direct Investment Abroad	-200.0	-288.4
Direct Investment In Egypt (net)	6019.2	4646.4
Portfolio Investment Abroad(net)	-25.1	-11.3
Portfolio Investment in Egypt (net)	14924.7	1051.8
<i>of which: Bonds</i>	<i>3191.4</i>	<i>3043.9</i>
Other Investment (net)	-1555.9	2457.8
<u>Net Borrowing</u>	<u>6949.4</u>	<u>4914.7</u>
<u>M&L Term Loans (net)</u>	<u>4297.2</u>	<u>2563.1</u>
Drawings	6045.9	4412.9
Repayments	-1748.7	-1849.8
<u>MT Suppliers Credit (net)</u>	<u>532.6</u>	<u>481.4</u>
Drawings	683.8	730.4
Repayments	-151.2	-249.0
<u>ST Suppliers Credit (net)</u>	<u>2119.6</u>	<u>1870.2</u>
<u>Other Assets</u>	<u>-5200.2</u>	<u>-7246.9</u>
Central Bank	-59.8	-24.4
Banks	-857.3	-1717.0
Other	-4283.1	-5505.5
<u>Other Liabilities</u>	<u>-3305.1</u>	<u>4790.0</u>
Central Bank	-3348.1	2018.8
Banks	43.0	2771.2
<u>Net Errors & Omissions</u>	<u>-2607.4</u>	<u>-502.5</u>
<u>Overall Balance</u>	<u>10967.7</u>	<u>-351.2</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-10967.7</u>	<u>351.2</u>

* Preliminary.