

Press Release
Performance of the Balance of Payments
During the First Half of FY 2014/2015

Over the first half of 2014/2015, **Egypt's balance of payments ran an overall deficit** of some US\$ 1.0 billion (against an overall surplus of about US\$ 2.0 billion in the respective period a year earlier). This is largely ascribable to the US\$ 3.0 billion repayments made by the Egyptian authorities to the external world, as part of their obligations thereto (bonds and deposits). This attests to the commitment and ability of the Egyptian economy to honor its external obligations on a timely basis.

Hereunder are the main developments that affected the **BOP performance** during the period under review:

The **current account deficit** widened to US\$ 4.3 billion (from US\$ 866.0 million), due to the following factors:

- **Trade deficit** expanded by 33.6 percent, to post about US\$ 20.2 billion (compared with some US\$ 15.1 billion), mainly driven by the rise in merchandise imports by 14.7 percent, to register roughly US\$ 32.4 billion (compared with some US\$ 28.3 billion) and the decline in merchandise exports by 7.0 percent, to register around US\$ 12.2 billion (compared with around US\$ 13.2 billion);
- **Services balance** achieved a surplus of some US\$ 3.9 billion (against a deficit of US\$ 463.9 million). **Tourism revenues** were a key agent behind this shift, as they jumped to about US\$ 4.0 billion (against some US\$ 1.9 billion), supported by the 81.9 percent increase in tourist nights, which scored 53.4 million nights (versus 29.4 million nights); and
- **Net unrequited transfers** retreated by 18.4 percent, to stand at some US\$ 12.0 billion (against some US\$ 14.7 billion), mainly on the back of the drop in net official transfers (cash and commodity) to register a modest figure of some US\$ 2.6 billion (compared with some US\$ 6.2 billion).

The **capital and financial account** unfolded net inflows of US\$ 883.8 million (versus some US\$ 3.2 billion), owing mainly to the following developments:

- **Net FDI inflow** registered about US\$ 2.7 billion (against US\$ 2.1 billion), driven by the rise in net inflow for greenfield investments from US\$ 1.1 billion to US\$ 1.4 billion. Net inflow for oil sector investments also picked up to roughly US\$ 1.2 billion (from US\$ 957.8 million);
- The reversal of the **portfolio investment in Egypt** to a **net outflow** of some US\$ 2.1 billion (from a **net inflow** of some US\$ 1.2 billion). Such a reversal was largely ascribable to the repayment of bonds due in the reporting period, in the amount of US\$ 2.5 billion (against a net inflow of US\$ 957.0 million). Meanwhile, foreigners' net investments on the EGX increased, unfolding net purchases of US\$ 347.0 million (against US\$ 306.6 million); and
- The decline in net change in **the liabilities of the CBE** to the external world, to register a net outflow of US\$ 525.5 million in the reporting period (against a net inflow of US\$ 1.9 billion in the period of comparison) due to the reimbursement of the deposits that had been placed at the CBE by some Arab countries.

Balance of Payments

(US.\$m.)

	<u>July/Dec.</u> <u>2013*</u>	<u>July/Dec.</u> <u>2014*</u>
<u>Trade Balance</u>	<u>-15098.6</u>	<u>-20172.4</u>
Exports	13154.2	12238.9
<i>Petroleum</i>	6626.5	5263.0
<i>Other Exports</i>	6527.7	6975.9
Imports	-28252.8	-32411.3
<i>Petroleum</i>	-6157.9	-6977.6
<i>Other Imports</i>	-22094.9	-25433.7
<u>Services (net)</u>	<u>-463.9</u>	<u>3885.6</u>
<u>Receipts</u>	<u>7992.4</u>	<u>12457.1</u>
Transportation of which,	4813.4	5132.8
<i>Suez Canal</i>	2730.7	2857.1
Travel	1877.7	4011.9
Investment Income	95.0	99.3
Government Receipts	158.0	1139.7
Other	1048.3	2073.4
<u>Payments</u>	<u>8456.3</u>	<u>8571.5</u>
Transportation	773.2	809.1
Travel	1523.4	1618.5
Investment Income of which,	3698.0	3430.9
<i>Interest Paid</i>	319.8	368.8
Government Expenditures	728.5	364.0
Other	1733.2	2349.0
<u>Balance of Goods & Services</u>	<u>-15562.5</u>	<u>-16286.8</u>
<u>Transfers</u>	<u>14696.5</u>	<u>11985.8</u>
Private Transfers (net)	8485.0	9379.9
Official Transfers (net)	6211.5	2605.9
<u>Current Account Balance</u>	<u>-866.0</u>	<u>-4301.0</u>

Balance of Payments (cont.)

	(US.\$m.)	
	<u>July/Dec.</u> <u>2013*</u>	<u>July/Dec.</u> <u>2014*</u>
<u>Capital & Financial Account</u>	<u>3239.4</u>	<u>883.8</u>
<u>Capital Account</u>	<u>-51.3</u>	<u>-52.9</u>
<u>Financial Account</u>	<u>3290.7</u>	<u>936.7</u>
Direct Investment Abroad	-181.1	-107.2
Direct Investment In Egypt (net)	2069.3	2733.2
Portfolio Investment Abroad(net)	43.3	-50.5
Portfolio Investment in Egypt (net)of which,	1225.5	-2095.4
<i>Bonds</i>	<i>957.0</i>	<i>-2500.4</i>
Other Investment (net)	133.7	456.6
<u>Net Borrowing</u>	<u>-1201.7</u>	<u>2089.2</u>
<u>M&L Term Loans (net)</u>	<u>-608.5</u>	<u>-482.4</u>
<i>Drawings</i>	<i>418.3</i>	<i>662.7</i>
<i>Repayments</i>	<i>-1026.8</i>	<i>-1145.1</i>
<u>MT Suppliers Credit (net)</u>	<u>-28.2</u>	<u>-26.0</u>
<i>Drawings</i>	<i>3.9</i>	<i>2.9</i>
<i>Repayments</i>	<i>-32.1</i>	<i>-28.9</i>
<u>ST Suppliers Credit (net)</u>	<u>-565.0</u>	<u>2597.6</u>
<u>Other Assets</u>	<u>-811.9</u>	<u>-2172.4</u>
<i>Central Bank</i>	<i>-22.3</i>	<i>43.7</i>
<i>Banks</i>	<i>513.4</i>	<i>3111.8</i>
<i>Other</i>	<i>-1303.0</i>	<i>-5327.9</i>
<u>Other Liabilities</u>	<u>2147.3</u>	<u>539.8</u>
<i>Central Bank</i>	<i>1948.2</i>	<i>-525.5</i>
<i>Banks</i>	<i>199.1</i>	<i>1065.3</i>
<u>Net Errors & Omissions</u>	<u>-374.1</u>	<u>2400.2</u>
<u>Overall Balance</u>	<u>1999.3</u>	<u>-1017.0</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-1999.3</u>	<u>1017.0</u>

* Preliminary.