

Press Release
Balance of Payments Performance
During July/March 2014/15

Over the course of July/March 2014/15, Egypt's transactions with the external world gave rise to **an overall BOP deficit** of US\$ 1.0 billion (versus an overall surplus of US\$ 2.2 billion in the same period a year earlier). The deficit was curbed by the better performance of services and income balance, running a surplus of US\$ 4.2 billion (as a main result of the surge in tourism revenues), in addition to the net capital and financial account inflows of US\$ 7.0 billion (thanks to larger net inflows of FDI). The turnaround in BOP position reflects a wider trade deficit during the period.

The following are the key factors that have affected the BOP performance in the first nine months of the year, as compared to the corresponding period a year earlier:

- **The current account deficit** widened to US\$ 8.4 billion (from US\$ 543.1 million) on the back of the following developments:
 - **The trade deficit** increased further by 22.7%, to stand at US\$ 29.6 billion (against US\$ 24.1 billion). This has been a direct result of the fall of 13.8% in merchandise exports, to register US\$ 16.9 billion (versus US\$ 19.6 billion). The contraction in exports is traceable to the drop in oil exports receipts, in the wake of the decline in world prices of crude oil by 28.7% and 50.1% in Q2 and Q3 2014/15, respectively, relative to the same quarters a year earlier, (noting that exports of crude oil make up 71.5% of Egypt's total oil exports, and 28.4% of its merchandise exports). Exports of oil products also fell. Meanwhile, non-oil exports remained broadly unchanged in the period under review, compared with the corresponding period of the preceding fiscal year.

On the other hand, merchandise import bill increased by 6.3%, to register US\$ 46.4 billion (against US\$ 43.7 billion), mostly for non-oil imports;

- **Net unrequited transfers** rolled back by 26.7% to US\$ 16.9 billion (from US\$ 23.1 billion) as a direct result of the fall in net official transfers (cash and commodity), registering as low as US\$ 2.6 billion (relative to US\$ 10.0 billion); and

- **Services and income balance**, in contrast, ran a surplus of US\$ 4.2 billion (well above the US\$ 418.2 million of the corresponding period a year earlier). Tourism revenues were a key agent, as they increased to US\$ 5.5 billion, from US\$ 3.4 billion, supported by the 43.4% surge in tourist nights, which scored 73.4 million nights (versus 51.2 million).
- **The capital and financial account** registered a noticeably higher net inflow of US\$ 7.0 billion (compared with US\$ 2.9 billion) as an outcome of:
- The rise in net inflows of **foreign direct investment in Egypt** from US\$ 3.1 billion to US\$ 5.7 billion (US\$ 2.9 billion of which were registered in January/March 2015). Such a rise in FDI in Egypt reflects the increase in net inflows for greenfield investments, to post US\$ 2.8 billion (versus US\$ 1.7 billion), and those for oil sector investments, to post US\$ 2.0 billion (versus US\$ 1.3 billion). Investments in real estate purchases accelerated to US\$ 714.3 million (from US\$ 93.4 million);
 - The reversal of **the Portfolio investment in Egypt** from a net inflow of US\$ 1.2 billion to **a net outflow** of US\$ 2.1 billion. Such a reversal was largely ascribable to the repayment of bonds that had fallen due in the reporting period, in the amount of US\$ 2.5 billion. Meanwhile, foreigners' net investments on the EGX increased, unfolding net purchases of US\$ 450.9 million (compared with US\$ 379.5 million); and
 - The decline in the net change in the **liabilities of the CBE** to the external world, registering a net outflow of US\$ 525.5 million in the reporting period (against a net inflow of US\$ 2.0 billion in the period of comparison), due to the reimbursement of the deposits of some Arab countries.

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

Balance of Payments

	(US.\$m.)	
	<u>July/March</u> <u>2013/14*</u>	<u>July/March</u> <u>2014/15*</u>
<u>Trade Balance</u>	<u>-24095.5</u>	<u>-29557.8</u>
Exports	19555.0	16856.6
<i>Petroleum</i>	9484.1	6697.7
<i>Other Exports</i>	10070.9	10158.9
Imports	-43650.5	-46414.4
<i>Petroleum</i>	-9321.5	-9402.2
<i>Other Imports</i>	-34329.0	-37012.2
<u>Services (net)</u>	<u>418.2</u>	<u>4227.2</u>
<u>Receipts</u>	<u>12824.5</u>	<u>16842.1</u>
Transportation of which,	7024.8	7378.3
<i>Suez Canal</i>	4001.6	4081.4
Travel	3449.8	5470.0
Investment Income	136.5	149.5
Government Receipts	496.5	1242.0
Other	1716.9	2602.3
<u>Payments</u>	<u>12406.3</u>	<u>12614.9</u>
Transportation	1243.7	1160.5
Travel	2266.3	2472.6
Investment Income of which,	5562.8	4765.2
<i>Interest Paid</i>	526.3	533.3
Government Expenditures	889.5	536.5
Other	2444.0	3680.1
<u>Balance of Goods & Services</u>	<u>-23677.3</u>	<u>-25330.6</u>
<u>Transfers</u>	<u>23134.2</u>	<u>16948.9</u>
Private Transfers (net)	13109.0	14336.6
Official Transfers (net)	10025.2	2612.3
<u>Current Account Balance</u>	<u>-543.1</u>	<u>-8381.7</u>

Balance of Payments (cont.)

	<u>(US.\$m.)</u>	
	<u>July/March</u> <u>2013/14*</u>	<u>July/March</u> <u>2014/15*</u>
<u>Capital & Financial Account</u>	<u>2949.9</u>	<u>6951.0</u>
<u>Capital Account</u>	<u>234.1</u>	<u>-76.1</u>
<u>Financial Account</u>	<u>2715.8</u>	<u>7027.1</u>
Direct Investment Abroad	-240.0	-154.9
Direct Investment In Egypt (net)	3074.3	5681.1
Portfolio Investment Abroad(net)	59.9	-49.8
Portfolio Investment in Egypt (net)of which,	1195.3	-2065.8
<i>Bonds</i>	<i>941.2</i>	<i>-2509.7</i>
Other Investment (net)	-1373.7	3616.5
<u>Net Borrowing</u>	<u>-1790.4</u>	<u>2352.9</u>
<u>M&L Term Loans (net)</u>	<u>-1220.3</u>	<u>-959.5</u>
<i>Drawings</i>	<i>658.1</i>	<i>1037.1</i>
<i>Repayments</i>	<i>-1878.4</i>	<i>-1996.6</i>
<u>MT Suppliers Credit (net)</u>	<u>-35.9</u>	<u>-24.0</u>
<i>Drawings</i>	<i>6.0</i>	<i>13.0</i>
<i>Repayments</i>	<i>-41.9</i>	<i>-37.0</i>
<u>ST Suppliers Credit (net)</u>	<u>-534.2</u>	<u>3336.4</u>
<u>Other Assets</u>	<u>-1771.2</u>	<u>-867.9</u>
<i>Central Bank</i>	<i>-22.3</i>	<i>26.3</i>
<i>Banks</i>	<i>-41.3</i>	<i>4631.8</i>
<i>Other</i>	<i>-1707.6</i>	<i>-5526.0</i>
<u>Other Liabilities</u>	<u>2187.9</u>	<u>2131.5</u>
<i>Central Bank</i>	<i>1956.0</i>	<i>-525.5</i>
<i>Banks</i>	<i>231.9</i>	<i>2657.0</i>
<u>Net Errors & Omissions</u>	<u>-189.3</u>	<u>384.6</u>
<u>Overall Balance</u>	<u>2217.5</u>	<u>-1046.1</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-2217.5</u>	<u>1046.1</u>

* Preliminary.