

Balance of Payments
Press Release
In the First Half of FY 2015/2016

In July/Dec. 2015/2016, Egypt's transactions with the external world unfolded a **rise in the BOP overall deficit** to US\$ 3.4 billion* (from US\$ 1.0 billion in the same period a year earlier). This is largely ascribed to the rise in **the current account deficit** to US\$ 8.9 billion (from US\$ 4.3 billion). Meanwhile, **the capital and financial account** registered a net inflow of US\$ 9.2 billion (versus US\$ 772.1 million).

The **current account deficit** came on the back of the following developments:

- **The trade deficit** registered US\$ 19.5 billion (against US\$ 20.4 billion), due partly to the decline in world prices of oil and other staple commodities, which had a significant bearing on Egyptian exports and imports.

Merchandise export proceeds declined by 26.0 percent, to stand at US\$ 9.1 billion (against US\$ 12.3 billion). Such a contraction was traceable to the drop of US\$ 2.2 billion in oil exports (crude oil and products), in the wake of the fall of world prices of crude oil (51.4 percent and 43.4 percent in the first and second quarters of the FY 2015/2016, respectively), notwithstanding the increase in the quantities exported of the said item in the period in question, (taking into consideration that Egypt's exports of crude oil have made up 64.4 percent of its total oil exports, and 22.0 percent of total merchandise exports in the reporting period). Proceeds from oil products also declined by 31.4 percent, and so did those from non-oil exports by US\$ 972.7 million, to post US\$ 6.0 billion.

The widening of the trade deficit was held back by the 12.6 percent drop in commodity imports, recording US\$ 28.6 billion (against US\$ 32.7 billion), largely on the back of the declines of US\$ 2.6 billion and US\$ 1.6 billion in non-oil imports and oil imports, in order.

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

- **Net unrequited transfers** rolled back to US\$ 8.3 billion (from US\$ 12.0 billion), on account of the fall in both net official transfers (commodity and cash) and private transfers. The former fell to US\$ 32.2 million (from US\$ 2.6 billion), while the latter fell to US\$ 8.3 billion (from US\$ 9.4 billion) due to the 10.6 percent decline in workers' remittances.
- **The services surplus** narrowed by 45.5 percent to just US\$ 2.2 billion (from US\$ 4.1 billion). This figure was driven by lower **services and income** receipts that registered US\$ 9.3 billion (versus US\$ 12.5 billion), as most of their items retreated, especially **tourism revenues** which fell by 32.5 percent to US\$ 2.7 billion (from US\$ 4.0 billion) on account of the 28.3 percent drop in the number of tourist nights, from 53.4 million to 38.3 million.

As indicated above, **the capital and financial account** registered a net inflow of US\$ 9.2 billion (compared with US\$ 772.1 million) mainly as an outcome of:

- The rise in net inflows of **foreign direct investment in Egypt** from US\$ 2.6 billion to US\$ 3.1 billion. Such a rise in FDI reflects the increase in net inflows for greenfield investments, to post US\$ 2.5 billion (versus US\$ 1.4 billion).
- **Portfolio investment in Egypt** achieved a net outflow of US\$ 1.6 billion (against US\$ 2.1 billion). This was largely ascribable to the Egyptian authorities' repayment of bonds that had fallen due in the reporting period, in the amount of US\$ 1250.0 million (outflow). These bonds were floated in world markets in 2005.
- **Other investments** recorded net inflows of US\$ 7.8 billion. A key driver was short-term suppliers credit which unfolded net inflows of US\$ 4.0 billion (versus US\$ 2.2 billion). This attests to the confidence in the Egyptian economy, given its ability to honor its external obligations. Moreover, other assets and liabilities unfolded a net inflow of US\$ 4.3 billion, while medium- and long-term loans and facilities recorded net repayments of US\$ 522.2 million.

Balance of Payments

	<u>(US.\$m.)</u>	
	<u>July/Dec.</u> <u>2014*⁽¹⁾</u>	<u>July/Dec.</u> <u>2015*</u>
<u>Trade Balance</u>	<u>-20387.3</u>	<u>-19462.5</u>
Exports	12344.4	9130.2
<i>Petroleum</i>	5368.5	3127.0
<i>Other Exports</i>	6975.9	6003.2
Imports	-32731.7	-28592.7
<i>Petroleum</i>	-7015.7	-5430.3
<i>Other Imports</i>	-25716.0	-23162.4
<u>Services (net)</u>	<u>4092.8</u>	<u>2230.5</u>
<u>Receipts</u>	<u>12457.1</u>	<u>9274.5</u>
Transportation of which,	5132.8	5009.8
<i>Suez Canal</i>	2857.1	2646.7
Travel	4011.9	2706.6
Investment Income	99.3	190.0
Government Receipts	1139.7	204.3
Other	2073.4	1163.8
<u>Payments</u>	<u>8364.3</u>	<u>7044.0</u>
Transportation	809.1	722.8
Travel	1618.5	1722.0
Investment Income of which,	3223.7	2615.8
<i>Interest Paid</i>	369.6	379.3
Government Expenditures	364.0	305.2
Other	2349.0	1678.2
<u>Balance of Goods & Services</u>	<u>-16294.5</u>	<u>-17232.0</u>
<u>Transfers</u>	<u>11985.8</u>	<u>8311.5</u>
Private Transfers (net)	9379.9	8279.3
Official Transfers (net)	2605.9	32.2
<u>Current Account Balance</u>	<u>-4308.7</u>	<u>-8920.5</u>

Balance of Payments (cont.)

	<u>(US.\$m.)</u>	
	<u>July/Dec.</u> <u>2014*⁽¹⁾</u>	<u>July/Dec.</u> <u>2015*</u>
<u>Capital & Financial Account</u>	<u>772.1</u>	<u>9244.4</u>
<u>Capital Account</u>	<u>-52.9</u>	<u>-77.5</u>
<u>Financial Account</u>	<u>825.0</u>	<u>9321.9</u>
Direct Investment Abroad	-107.2	-65.6
Direct Investment In Egypt (net)	2567.4	3072.4
Portfolio Investment Abroad(net)	-50.5	102.9
Portfolio Investment in Egypt (net)of which,	-2095.4	-1586.1
<i>Bonds</i>	<i>-2500.4</i>	<i>-1427.1</i>
Other Investment (net)	510.7	7798.3
<u>Net Borrowing</u>	<u>2140.7</u>	<u>3466.0</u>
<u>M&L Term Loans (net)</u>	<u>-200.1</u>	<u>-542.5</u>
<i>Drawings</i>	<i>945.0</i>	<i>702.6</i>
<i>Repayments</i>	<i>-1145.1</i>	<i>-1245.1</i>
<u>MT Suppliers Credit (net)</u>	<u>155.4</u>	<u>20.3</u>
<i>Drawings</i>	<i>184.3</i>	<i>43.5</i>
<i>Repayments</i>	<i>-28.9</i>	<i>-23.2</i>
<u>ST Suppliers Credit (net)</u>	<u>2185.4</u>	<u>3988.2</u>
<u>Other Assets</u>	<u>-2169.8</u>	<u>482.9</u>
<i>Central Bank</i>	<i>43.7</i>	<i>9.2</i>
<i>Banks</i>	<i>3111.8</i>	<i>1581.3</i>
<i>Other</i>	<i>-5325.3</i>	<i>-1107.6</i>
<u>Other Liabilities</u>	<u>539.8</u>	<u>3849.4</u>
<i>Central Bank</i>	<i>-525.5</i>	<i>1487.7</i>
<i>Banks</i>	<i>1065.3</i>	<i>2361.7</i>
<u>Net Errors & Omissions</u>	<u>2519.6</u>	<u>-3729.0</u>
<u>Overall Balance</u>	<u>-1017.0</u>	<u>-3405.1</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>1017.0</u>	<u>3405.1</u>

* Preliminary.

(1) The data was revised, following the external debt and oil sector data revision .