



**Press Release**  
**Balance of Payments Performance**  
**In FY 2017/2018**

**The BOP achieved an overall surplus of US\$ 12.8 billion and a retreat in the current account deficit by 58.6 percent during the FY 2017/2018**

In FY 2017/2018, the current account deficit retreated by US\$ 8.4 billion to only US\$ 6.0 billion (against US\$ 14.4 billion in the previous FY). The improvement reflects the continuous positive impact of the currency liberalization decision, as both services surplus rose by 98.1% and net current transfers rose by 21.2% , and the trade deficit stabilized at US\$ 37.3 billion.

The capital and financial account unfolded a net inflow of US\$ 22.0 billion (compared with US\$ 31.0 billion).

**These developments resulted in an overall BOP surplus of US\$ 12.8 billion in FY 2017/2018.**

The following is a review of the main developments that affected the BOP's performance during the year under review:

**First: The Current Account**

**1- The services balance and net unrequited current transfers are the key drivers of the improvement in the current account**

- **The services surplus doubled** to US\$ 11.1 billion (against US\$ 5.6 billion), driven mainly by the following developments:
  - The surplus of **the travel balance** rose to US\$ 7.4 billion (from US\$ 1.6 billion).
  - **Suez Canal receipts** increased by 15.4%, to register US\$ 5.7 billion (against US\$ 4.9 billion).

- **Net unrequited current transfers** scaled up by 21.2% to US\$ 26.5 billion (versus US\$ 21.8 billion), led by the increase in workers' remittances by US\$ 4.6 billion.

## 2- The stability of the trade deficit

- **The trade deficit stabilized** at US\$ 37.3 billion, due to the increase in both export proceeds and import payments by US\$ 4.1 billion each, as illustrated below:
  - **Merchandise exports increased** by 18.9% to US\$ 25.8 billion (against US\$ 21.7 billion), owing to the rise in:
    - Oil exports by 33.1% to US\$ 8.8 billion (from US\$ 6.6 billion), affected by the surge in world prices of crude oil and oil products (and the increase in the exported quantities of oil products).
    - Non-oil exports by 12.7% to US\$ 17.1 billion (from US\$ 15.1 billion), primarily due to the rise of US\$ 1.3 billion in exports of finished goods. Increases were largely manifest in exports of electric appliances, phosphate fertilizers, and ethylene and propylene polymers.
  - **Merchandise imports went up** by 6.9% to US\$ 63.1 billion (from US\$ 59.0 billion), on the back of the increase in:
    - Oil imports by 3.9%, to register US\$ 12.5 billion (against US\$ 12.0 billion), influenced by the rise in world prices of crude oil. However, this rise was mitigated by the decline in the exported quantities of natural gas.
    - Non-oil imports by 7.7% to US\$ 50.6 billion (from US\$ 47.0 billion), largely because of the increase in the imports of intermediate goods required for production (by US\$ 4.0 billion). The following are the main imports that witnessed increases: cast iron; wood in the rough and densified wood; and hot/cold rolled flat products.

## **Second: Capital and Financial Account**

These indicators and facts have positively affected the capital and financial account despite the withdrawal of foreign investors from the emerging markets, registering a net inflow of US\$ 22.0 billion, as follows:

- **Total FDI inflows in Egypt** recorded US\$ 13.2 billion, while total outflows reached US\$ 5.4 billion. Accordingly, **net FDI in Egypt** amounted to US\$ 7.7 billion (inflows), mainly due to the net investment of US\$ 4.5 billion in the oil sector.
- **Portfolio investment in Egypt** retreated, registering a net inflow of US\$ 12.1 billion (versus US\$ 16.0 billion). This was largely ascribed to the decrease in foreigners' investments in Egyptian TBs, recording net purchases of US\$ 6.5 billion (against US\$ 10.0 billion).
- **Medium- and long-term loans and facilities** recorded a net disbursement of US\$ 7.9 billion (against US\$ 8.0 billion).
- **Net change in the CBE's liabilities to the external world** reversed to a net external repayment of US\$ 3.9 billion in the year under review (from a net disbursement of US\$ 8.1 billion) causing a decline in the CBE's liabilities to the external world.

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

## Balance of Payments

|                                       | (US.\$m.)              |                        |
|---------------------------------------|------------------------|------------------------|
|                                       | <u>2016/17*</u>        | <u>2017/18*</u>        |
| <b><u>Trade Balance</u></b>           | <b><u>-37274.8</u></b> | <b><u>-37276.0</u></b> |
| Exports                               | 21728.2                | 25827.0                |
| <i>Petroleum</i>                      | <i>6589.5</i>          | <i>8773.0</i>          |
| <i>Other Exports</i>                  | <i>15138.7</i>         | <i>17054.0</i>         |
| Imports                               | -59003.0               | -63103.0               |
| <i>Petroleum</i>                      | <i>-12015.5</i>        | <i>-12489.8</i>        |
| <i>Other Imports</i>                  | <i>-46987.5</i>        | <i>-50613.2</i>        |
| <b><u>Services Balance (net)</u></b>  | <b><u>5614.2</u></b>   | <b><u>11122.4</u></b>  |
| <b><u>Receipts</u></b>                | <b><u>15400.1</u></b>  | <b><u>21486.9</u></b>  |
| Transportation                        | 7911.2                 | 8707.9                 |
| <i>of which: Suez Canal dues</i>      | <i>4945.3</i>          | <i>5706.7</i>          |
| Travel                                | 4379.7                 | 9804.3                 |
| Government Receipts                   | 776.4                  | 636.7                  |
| Other                                 | 2332.8                 | 2338.0                 |
| <b><u>Payments</u></b>                | <b><u>9785.9</u></b>   | <b><u>10364.5</u></b>  |
| Transportation                        | 1332.1                 | 1480.2                 |
| Travel                                | 2739.9                 | 2451.5                 |
| Government Expenditures               | 1124.1                 | 1493.5                 |
| Other                                 | 4589.8                 | 4939.3                 |
| <b><u>Income Balance (net)</u></b>    | <b><u>-4568.5</u></b>  | <b><u>-6279.6</u></b>  |
| Income receipts                       | 497.9                  | 835.4                  |
| Income payments                       | 5066.4                 | 7115.0                 |
| <i>of which: Interest Paid</i>        | <i>1231.9</i>          | <i>1616.1</i>          |
| <b><u>Transfers</u></b>               | <b><u>21835.1</u></b>  | <b><u>26470.9</u></b>  |
| Private Transfers (net)               | 21686.1                | 26264.7                |
| <i>of which: Worker Remittances</i>   | <i>21816.3</i>         | <i>26392.9</i>         |
| Official Transfers (net)              | 149.0                  | 206.2                  |
| <b><u>Current Account Balance</u></b> | <b><u>-14394.0</u></b> | <b><u>-5962.3</u></b>  |

## Balance of Payments (cont.)

|   | (US.\$m.)              |                        |
|---|------------------------|------------------------|
|   | <u>2016/17*</u>        | <u>2017/18*</u>        |
| <b><u>Capital &amp; Financial Account</u></b>               | <b><u>31015.1</u></b>  | <b><u>21996.5</u></b>  |
| <b><u>Capital Account</u></b>                               | <b><u>-113.3</u></b>   | <b><u>-150.7</u></b>   |
| <b><u>Financial Account</u></b>                             | <b><u>31128.4</u></b>  | <b><u>22147.2</u></b>  |
| Direct Investment Abroad                                    | -175.1                 | -271.2                 |
| Direct Investment In Egypt (net)                            | 7932.8                 | 7719.5                 |
| Portfolio Investment Abroad(net)                            | 208.4                  | -20.8                  |
| Portfolio Investment in Egypt (net)                         | 15985.3                | 12094.8                |
| <i>of which: Bonds</i>                                      | <i>5491.5</i>          | <i>5293.2</i>          |
| Other Investment (net)                                      | 7177.0                 | 2624.9                 |
| Net Borrowing   | 9699.2                 | 10278.8                |
| M&L Term Loans (net)  | 5156.8                 | 6738.5                 |
| Drawings  | 7641.1                 | 8846.4                 |
| Repayments  | -2484.3                | -2107.9                |
| MT Suppliers Credit (net)                                   | 2795.1                 | 1118.5                 |
| Drawings  | 2912.2                 | 1313.6                 |
| Repayments  | -117.1                 | -195.1                 |
| ST Suppliers Credit (net)                                   | 1747.3                 | 2421.8                 |
| Other Assets  | -12095.7               | -4511.9                |
| Central Bank  | -27.5                  | -116.4                 |
| Banks   | -9462.5                | 2161.7                 |
| Other   | -2605.7                | -6557.2                |
| Other Liabilities   | 9573.5                 | -3142.0                |
| Central Bank  | 8128.6                 | -3879.2                |
| Banks   | 1444.9                 | 737.2                  |
| <b><u>Net Errors &amp; Omissions</u></b>                    | <b><u>-2903.9</u></b>  | <b><u>-3246.5</u></b>  |
| <b><u>Overall Balance</u></b>                               | <b><u>13717.2</u></b>  | <b><u>12787.7</u></b>  |
| <b><u>Change in CBE's reserve assets (increase = -)</u></b> | <b><u>-13717.2</u></b> | <b><u>-12787.7</u></b> |

\* Preliminary.