



The Central Bank of Egypt

Press Release Balance of Payments Performance During July/September, 2016/2017

In the first quarter of FY 2016/2017, Egypt's **BOP ran an overall surplus** of US\$ 1.9 billion (versus an overall deficit of US\$ 3.7 billion in the same quarter a year earlier). This was due to the fact that **the capital and financial account** unfolded a net inflow of US\$ 7.1 billion (compared with US\$ 1.6 billion), as an outcome of the following developments:

First: The Current Account

- **The trade deficit** narrowed by US\$ 1.3 billion or 13.4% to US\$ 8.7 billion (versus US\$ 10.0 billion), due to the US\$ 530.3 million rise in merchandise exports, and the US\$ 810.5 million decline in merchandise imports, as detailed below:

Merchandise export proceeds increased by 11.2% to US\$ 5.3 billion (from US\$ 4.7 billion). Such an increase was traceable to the rise of US\$ 666.7 million in non-oil exports and the drop of US\$ 136.4 million in oil exports, in the wake of the fall in world prices of crude oil by 8.4%, and the contraction in the quantities exported of said item by 10.5%.

The bill of merchandise imports decreased by 5.5%, recording as such US\$ 13.9 billion (versus US\$ 14.7 billion), on the back of the declines in non-oil imports by US\$ 583.3 million and in oil imports by US\$ 227.2 million.

- **The services surplus** narrowed by 50.2%, driven by the drop in **tourism revenues** by 56.1%, to only US\$ 758.2 million (from US\$ 1.7 billion), due to

the decline in the number of tourist nights by 61.3%, to 9.2 million (against 23.7 million), notwithstanding the increase in the average spending per visitor/night from US\$ 72.7 to US\$ 82.5.

On the other hand, travel payments increased to US\$ 1.1 billion (from US\$ 791.5 million), mainly due to higher visa card payments by US\$ 371.2 million. Consequently, travel balance achieved net outflows.

Suez Canal transit receipts declined by 4.8%, to register US\$ 1.3 billion, against US\$ 1.4 billion, as net tonnage of transiting vessels fell by 2.7% and SDRs depreciated vis-à-vis the US dollar by 0.4%.

- **Income balance** achieved a net outflow of US\$ 1.1 billion, primarily because investment income payments registered US\$ 1.2 billion in the period in question (64.1% of which were profit transfers by oil and non-oil foreign companies operating in Egypt). Meanwhile, investment income receipts registered only US\$ 81.6 million.
- **Net transfers** decelerated by 21.3%, to US\$ 3.39 billion (against US\$ 4.32 billion), mainly ascribable to lower net private transfers from US\$ 4.29 billion to as low as US\$ 3.36 billion, given the drop in workers' remittances by 22.3%. On the other hand, net official transfers rose from US\$ 21.9 million to US\$ 33.8 million.

Second: Capital and Financial Account

- **Net inflows of foreign direct investment in Egypt** rose from US\$ 1.4 billion to US\$ 1.9 billion, due to the increase in net inflows for oil sector investments by 221.5% to US\$ 495.5 million (from US\$ 154.1 million). Total inflows for greenfield investments recorded US\$ 1.6 billion (against US\$ 1.2 billion).

- **Portfolio investment in Egypt** unfolded a net outflow of US\$ 840.9 million (against US\$ 1.4 billion), principally due to the Egyptian authorities' repayment of bonds in the amount of US\$ 1.0 billion (outflows) that had fallen due in the reporting period. This attests to the confidence in the Egyptian economy, given its ability to honor its external obligations.
- **Medium- and long-term loans and facilities** achieved net disbursements of US\$ 855.5 million (against net repayments of US\$ 573.0 million).
- **The net change in the liabilities of the CBE** to the external world increased, thereby registering a net inflow of US\$ 3.4 billion in the reporting period (against US\$ 1.2 million) due to new deposits from some Arab countries.
- **The net change in banks' liabilities rose**, recording as such a net inflow of US\$ 1.6 billion (versus US\$ 668.9 million).

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

Balance of Payments

(US.\$m.)

	<u>July/Sep 2015*</u>	<u>July/Sep 2016*</u>
<u>Trade Balance</u>	<u>-10011.5</u>	<u>-8670.7</u>
Exports	4731.1	5261.4
<i>Petroleum</i>	<i>1662.3</i>	<i>1525.9</i>
<i>Other Exports</i>	<i>3068.8</i>	<i>3735.5</i>
Imports	-14742.6	-13932.1
<i>Petroleum</i>	<i>-2809.6</i>	<i>-2582.4</i>
<i>Other Imports</i>	<i>-11933.0</i>	<i>-11349.7</i>
<u>Services Balance (net)</u>	<u>2834.4</u>	<u>1410.7</u>
<u>Receipts</u>	<u>5041.7</u>	<u>3764.3</u>
Transportation	2640.9	2340.6
<i>of which: Suez Canal dues</i>	<i>1366.4</i>	<i>1300.4</i>
Travel	1725.5	758.2
Government Receipts	123.2	62.5
Other	552.1	603.0
<u>Payments</u>	<u>2207.3</u>	<u>2353.6</u>
Transportation	381.5	306.2
Travel	791.5	1105.2
Government Expenditures	183.5	157.0
Other	850.8	785.2
<u>Income Balance (net)</u>	<u>-1148.4</u>	<u>-1118.0</u>
Income receipts	101.2	81.6
Income payments	1249.6	1199.6
<i>of which: Interest Paid</i>	<i>185.5</i>	<i>247.4</i>
<u>Transfers</u>	<u>4315.7</u>	<u>3394.7</u>
Private Transfers (net)	4293.8	3360.9
<i>of which: Worker Remittances</i>	<i>4373.5</i>	<i>3396.8</i>
Official Transfers (net)	21.9	33.8
<u>Current Account Balance</u>	<u>-4009.8</u>	<u>-4983.3</u>

Balance of Payments (cont.)

	<u>(US.\$m.)</u>	
	<u>July/Sep 2015*</u>	<u>July/Sep 2016*</u>
<u>Capital & Financial Account</u>	<u>1631.6</u>	<u>7090.8</u>
<u>Capital Account</u>	<u>-36.1</u>	<u>-9.4</u>
<u>Financial Account</u>	<u>1667.7</u>	<u>7100.2</u>
Direct Investment Abroad	-40.3	-62.0
Direct Investment In Egypt (net)	1357.0	1872.2
Portfolio Investment Abroad(net)	35.4	27.7
Portfolio Investment in Egypt (net)	-1405.8	-840.9
<i>of which: Bonds</i>	<i>-1391.9</i>	<i>-832.5</i>
Other Investment (net)	1721.4	6103.2
<u>Net Borrowing</u>	<u>806.1</u>	<u>1310.3</u>
<u>M&L Term Loans (net)</u>	<u>-641.7</u>	<u>283.7</u>
<i>Drawings</i>	<i>236.5</i>	<i>1241.4</i>
<i>Repayments</i>	<i>-878.2</i>	<i>-957.7</i>
<u>MT Suppliers Credit (net)</u>	<u>68.7</u>	<u>571.8</u>
<i>Drawings</i>	<i>74.6</i>	<i>590.3</i>
<i>Repayments</i>	<i>-5.9</i>	<i>-18.5</i>
<u>ST Suppliers Credit (net)</u>	<u>1379.1</u>	<u>454.8</u>
<u>Other Assets</u>	<u>245.2</u>	<u>-245.3</u>
<i>Central Bank</i>	<i>3.5</i>	<i>-12.3</i>
<i>Banks</i>	<i>827.4</i>	<i>-216.6</i>
<i>Other</i>	<i>-585.7</i>	<i>-16.4</i>
<u>Other Liabilities</u>	<u>670.1</u>	<u>5038.2</u>
<i>Central Bank</i>	<i>1.2</i>	<i>3449.7</i>
<i>Banks</i>	<i>668.9</i>	<i>1588.5</i>
<u>Net Errors & Omissions</u>	<u>-1278.5</u>	<u>-216.3</u>
<u>Overall Balance</u>	<u>-3656.7</u>	<u>1891.2</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>3656.7</u>	<u>-1891.2</u>

* Preliminary.