



## **Balance of Payments Performance In the First Half of FY 2019/2020**

In the first half of FY 2019/2020, Egypt's balance of payments ran an overall surplus of US\$ 410.9 million (compared with an overall deficit of US\$ 1.8 billion in the same period a year earlier).

The following is a review of the main developments witnessed in the reporting period (relative to the corresponding period a year earlier):

### **First: Current Account**

**The current account deficit retreated by US\$ 684.4 million or 13.0%, to register US\$ 4.6 billion (compared to US\$ 5.3 billion), driven mainly by the decline in non-oil trade deficit, and the rise in unrequited current transfers. However, the reversal of the oil trade balance from a surplus to a deficit; the fall in the services surplus, and the rise in investment income deficit have limited the improvement seen in the current account deficit, as shown below:**

- **Non-oil trade deficit fell** by US\$ 1.4 billion to US\$ 18.0 billion (from US\$ 19.4 billion), as an outcome of:
  - The pickup in non-oil merchandise exports by US\$ 940.9 million to US\$ 9.2 billion (from US\$ 8.3 billion). Exports that registered increases were mainly gold; radio and TV transmitters and receivers; drugs, vaccines, serums and pharmaceuticals; and organic and inorganic compounds; and
  - The retreat in non-oil merchandise imports by US\$ 490.7 million to US\$ 27.2 billion (from US\$ 27.7 billion), principally imports of cast iron; wheat; spare parts and accessories of cars and tractors; and drugs.

- **Unrequited current transfers moved up** by US\$ 1.7 billion to US\$ 13.6 billion (from US\$ 12.0 billion) supported primarily by the 13.5% rise in workers' remittances.
- **Oil trade balance ran a deficit** of US\$ 733.3 million (compared to a surplus of US\$ 150.8 million) on the back of:
  - The decline in oil exports by US\$ 1.0 billion to US\$ 5.0 billion (from US\$ 6.0 billion), due to the drop in the exports of crude oil and oil products, despite the increase in the exports of natural gas; and
  - The marginal decrease in oil imports by US\$ 79.7 million to US\$ 5.78 billion (from US\$ 5.86 billion), due to lower imports of oil products (as importation of natural gas has stopped starting from Q2 of FY 2018/2019) and higher imports of crude oil.
- **Services surplus declined by** US\$ 1.0 billion to US\$ 6.3 billion (from US\$ 7.3 billion), as a result of the following developments:
  - Travel surplus retreated by US\$ 155.4 million to US\$ 5.3 billion (from US\$ 5.4 billion), due to the increase in both travel receipts (tourism revenues) by US\$ 459.7 million to US\$ 7.2 billion, and travel payments by US\$ 615.1 million to US\$ 2.0 billion;
  - Suez Canal receipts rose by US\$ 103.8 million to US\$ 3.0 billion (from US\$ 2.9 billion);
  - Transportation surplus (excl. Suez Canal) narrowed by US\$ 399.0 million to US\$ 298.6 million (from US\$ 697.6 million); and
  - The deficit on government services and other services rose by US\$ 527.2 million to US\$ 2.3 billion (from US\$ 1.8 billion).
- **Investment income deficit widened** by US\$ 571.1 million to US\$ 5.8 billion (from US\$ 5.2 billion), mainly on the back of the rise in investment income payments by US\$ 604.8 million to US\$ 6.3 billion (from US\$ 5.7 billion).

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

**The capital and financial account recorded a net inflow of US\$ 5.2 billion (against US\$ 3.1 billion), driven by the following developments:**

- **Portfolio investment in Egypt** recorded net inflows of US\$ 273.6 million (a reversal from the net outflows of US\$ 5.9 billion), despite the volatility of global financial markets, especially the emerging markets.
- **Total inflows of FDI in Egypt moved up** by US\$ 1.2 billion to US\$ 9.2 billion (from US\$ 8.0 billion). On the other hand, total outflows increased by US\$ 378.9 million to US\$ 4.2 billion (from US\$ 3.8 billion). **This resulted in an increase in net FDI in Egypt** by US\$ 773.8 million, to record a net inflow of US\$ 5.0 billion (against US\$ 4.2 billion), largely driven by the increase in net inflows for greenfield investments by US\$ 1.2 billion to US\$ 3.2 billion.
- **Net disbursements of medium- and long-term loans and facilities increased** by US\$ 1.2 billion, to record net disbursements of US\$ 2.1 billion (against US\$ 872.3 million).

\* Numbers expressed in US\$ billion are rounded figures.

# Balance of Payments

(US \$mn)

	<u>July/Dec. 2018*</u>	<u>July/Dec. 2019*</u>
<b><u>Trade Balance</u></b>	<b><u>-19251.5</u></b>	<b><u>-18704.0</u></b>
Exports	14273.9	14251.0
<i>Petroleum</i>	<i>6008.7</i>	<i>5044.9</i>
<i>Other Exports</i>	<i>8265.2</i>	<i>9206.1</i>
Imports	-33525.4	-32955.0
<i>Petroleum</i>	<i>-5857.9</i>	<i>-5778.2</i>
<i>Other Imports</i>	<i>-27667.5</i>	<i>-27176.8</i>
<b><u>Services Balance (net)</u></b>	<b><u>7258.7</u></b>	<b><u>6280.9</u></b>
<b><u>Receipts</u></b>	<b><u>12833.2</u></b>	<b><u>13460.1</u></b>
Transportation	4490.5	4393.9
<i>of which: Suez Canal dues</i>	<i>2928.3</i>	<i>3032.1</i>
Travel	6790.0	7249.7
Government Receipts	293.7	372.2
Other	1259.0	1444.3
<b><u>Payments</u></b>	<b><u>5574.5</u></b>	<b><u>7179.2</u></b>
Transportation	864.6	1063.2
Travel	1376.5	1991.6
Government Expenditures	358.4	444.6
Other	2975.0	3679.8
<b><u>Income Balance (net)</u></b>	<b><u>-5222.5</u></b>	<b><u>-5793.6</u></b>
Income receipts	486.9	520.6
Income payments	5709.4	6314.2
<i>of which: Interest Paid</i>	<i>1074.2</i>	<i>1615.9</i>
<b><u>Transfers</u></b>	<b><u>11956.7</u></b>	<b><u>13642.5</u></b>
Private Transfers (net)	11793.2	13507.3
<i>of which: Worker Remittances</i>	<i>12045.9</i>	<i>13676.5</i>
Official Transfers (net)	163.5	135.2
<b><u>Current Account Balance</u></b>	<b><u>-5258.6</u></b>	<b><u>-4574.2</u></b>

## Balance of Payments (cont.)

(US.\$m.)

	<u>July/Dec. 2018*</u>	<u>July/Dec. 2019*</u>
<b><u>Capital &amp; Financial Account</u></b>	<b><u>3129.8</u></b>	<b><u>5234.1</u></b>
<b><u>Capital Account</u></b>	<b><u>-63.7</u></b>	<b><u>-104.0</u></b>
<b><u>Financial Account</u></b>	<b><u>3193.5</u></b>	<b><u>5338.1</u></b>
Direct Investment Abroad	-184.2	-215.3
Direct Investment In Egypt (net)	4184.7	4958.5
Portfolio Investment Abroad(net)	-50.7	106.4
Portfolio Investment in Egypt (net)	-5890.1	273.6
<i>of which: Bonds</i>	<i>-303.6</i>	<i>1545.1</i>
<b><u>Other Investment (net)</u></b>	<b><u>5133.8</u></b>	<b><u>214.9</u></b>
<b><u>Net Borrowing</u></b>	<b><u>1071.3</u></b>	<b><u>2542.3</u></b>
<u>M&amp;L Term Loans (net)</u>	<u>314.9</u>	<u>2431.4</u>
Drawings	1532.7	3493.8
Repayments	-1217.8	-1062.4
<u>MT Suppliers Credit (net)</u>	<u>557.4</u>	<u>-320.1</u>
Drawings	634.4	13.7
Repayments	-77.0	-333.8
<u>ST Suppliers Credit (net)</u>	<u>199.0</u>	<u>431.0</u>
<b><u>Other Assets</u></b>	<b><u>741.9</u></b>	<b><u>-953.3</u></b>
Central Bank	-1.5	-184.1
Banks	5232.1	546.3
Other	-4488.7	-1315.5
<b><u>Other Liabilities</u></b>	<b><u>3320.6</u></b>	<b><u>-1374.1</u></b>
Central Bank	1827.8	-218.4
Banks	1492.8	-1155.7
<b><u>Net Errors &amp; Omissions</u></b>	<b><u>354.8</u></b>	<b><u>-249.0</u></b>
<b><u>Overall Balance</u></b>	<b><u>-1774.0</u></b>	<b><u>410.9</u></b>
<b><u>Change in CBE's reserve assets (increase = -)</u></b>	<b><u>1774.0</u></b>	<b><u>-410.9</u></b>

\* Preliminary.