

Press Release

Balance of Payments Performance

During FY 2014/15

In FY 2014/2015, Egypt's transactions with the external world unfolded **an overall BOP surplus** of US\$ 3.7 billion (compared with just US\$ 1.5 billion a year earlier). This is because **the capital and financial account** registered a net inflow of US\$ 17.6 billion (versus US\$ 5.3 billion), thanks to the rise in both foreign direct investment in Egypt and deposits from some Arab countries. On the other hand, **the current account deficit** widened further to US\$ 12.2 billion (from US\$ 2.7 billion).

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

- Trade deficit rose by US\$ 4.7 billion or 13.9 percent, to register US\$ 38.8 billion (versus US\$ 34.1 billion), due to the 15.5 percent decline in merchandise exports, to post US\$ 22.1 billion (against US\$ 26.1 billion). The contraction in exports (US\$ 4.0 billion) was traceable to the drop of US\$ 3.7 billion in oil export proceeds (notwithstanding the increase in the quantities exported of crude oil), in the wake of the fall in global oil prices by 28.7 percent, 50.1 percent and 43.1 percent in the second, third and fourth quarters of the reporting year, in order, relevant to the same quarters a year earlier (noting that crude oil exports constituted 70.8 percent of oil exports and 27.9 percent of merchandise exports in the year under review). Exports of oil products also fell, and so did those of non-oil commodities by US\$ 0.3 billion.

On the other hand, merchandise imports slightly increased by US\$ 0.7 billion, or 1.1 percent, to register US\$ 60.8 billion, as a direct result of the rise of US\$ 1.6 billion in non-oil imports. In contrast, oil imports decreased by US\$ 0.9 billion.

- **Net unrequited transfers** fell to US\$ 21.9 billion (from US\$ 30.4 billion), due to the retreat in net official transfers (commodity and cash) from US\$ 11.9 billion to as low as US\$ 2.7 billion.

- **Services and income balance** ran a surplus of US\$ 4.7 billion (versus US\$ 978.5 million). Such a surplus stemmed primarily from the 45.3 percent surge in **tourism revenues**, to register US\$ 7.4 billion (against US\$ 5.1 billion), supported by the 36.1% rise in tourist nights, to post 99.2 million nights (versus 72.9 million).

The capital and financial account registered a net inflow of US\$ 17.6 billion (compared with US\$ 5.3 billion) as an outcome of:

- **The rise in the net change in the liabilities of the CBE** to the external world, registering a net inflow of US\$ 5.5 billion in the reporting year (against US\$ 1.9 billion), largely due to the increase in the deposits from some Arab countries;
- **The rise in net inflows of foreign direct investment in Egypt** from US\$ 4.1 billion to US\$ 6.4 billion. Such a rise in FDI reflects the increase in net inflows for greenfield investments by 69.1 percent, to post US\$ 3.8 billion (versus US\$ 2.2 billion), and those for oil sector investments, to post US\$ 1.7 billion (versus US\$ 1.6 billion). Investments in real estate purchases accelerated to US\$ 776.2 million (from US\$ 133.7 million); and
- The reversal of **the Portfolio investment in Egypt** from a net inflow of US\$ 1.2 billion to a net outflow of US\$ 638.6 million. This was the outcome of the repayment of bonds that had fallen due in the reporting year, in the amount of US\$ 2.5 billion (outflows), and of foreigners' subscriptions of US\$ 1350.0 million (inflows) for bonds issued by the Egyptian government in the same year. Add to this the rise in foreigners' net investments on the EGX, unfolding net purchases of US\$ 481.2 million (compared with US\$ 444.5 million a year earlier).

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

Balance of Payments

	(US.\$m.)	
	<u>2013/14*</u>	<u>2014/15*</u>
<u>Trade Balance</u>	<u>-34062.7</u>	<u>-38785.4</u>
Exports	26119.0	22058.2
<i>Petroleum</i>	12452.3	8705.0
<i>Other Exports</i>	13666.7	13353.2
Imports	-60181.7	-60843.6
<i>Petroleum</i>	-13246.7	-12358.0
<i>Other Imports</i>	-46935.0	-48485.6
<u>Services (net)</u>	<u>978.5</u>	<u>4727.5</u>
<u>Receipts</u>	<u>17631.4</u>	<u>22024.6</u>
Transportation of which,	9466.0	9850.3
<i>Suez Canal</i>	5369.1	5361.7
Travel	5073.3	7370.4
Investment Income	194.2	212.8
Government Receipts	654.4	1381.5
Other	2243.5	3209.6
<u>Payments</u>	<u>16652.9</u>	<u>17297.1</u>
Transportation	1717.2	1535.0
Travel	3044.5	3338.2
Investment Income of which,	7490.1	6228.2
<i>Interest Paid</i>	721.2	631.4
Government Expenditures	1073.9	854.1
Other	3327.2	5341.6
<u>Balance of Goods & Services</u>	<u>-33084.2</u>	<u>-34057.9</u>
<u>Transfers</u>	<u>30367.9</u>	<u>21875.7</u>
Private Transfers (net)	18447.7	19205.3
Official Transfers (net)	11920.2	2670.4
<u>Current Account Balance</u>	<u>-2716.3</u>	<u>-12182.2</u>

Balance of Payments (cont.)

	(US.\$m.)	
	<u>2013/14*</u>	<u>2014/15*</u>
<u>Capital & Financial Account</u>	<u>5294.9</u>	<u>17633.6</u>
<u>Capital Account</u>	<u>194.1</u>	<u>-122.9</u>
<u>Financial Account</u>	<u>5100.8</u>	<u>17756.5</u>
Direct Investment Abroad	-326.6	-223.3
Direct Investment In Egypt (net)	4119.3	6371.0
Portfolio Investment Abroad(net)	65.9	47.2
Portfolio Investment in Egypt (net)of which,	1237.2	-638.6
<i>Bonds</i>	<i>926.7</i>	<i>-1147.5</i>
Other Investment (net)	5.0	12200.2
<u>Net Borrowing</u>	<u>-258.2</u>	<u>4766.9</u>
<u>M&L Term Loans (net)</u>	<u>-956.2</u>	<u>-936.3</u>
<i>Drawings</i>	<i>1153.4</i>	<i>1299.7</i>
<i>Repayments</i>	<i>-2109.6</i>	<i>-2236.0</i>
<u>MT Suppliers Credit (net)</u>	<u>-56.4</u>	<u>124.3</u>
<i>Drawings</i>	<i>8.1</i>	<i>179.4</i>
<i>Repayments</i>	<i>-64.5</i>	<i>-55.1</i>
<u>ST Suppliers Credit (net)</u>	<u>754.4</u>	<u>5578.9</u>
<u>Other Assets</u>	<u>-1648.4</u>	<u>-1237.8</u>
<i>Central Bank</i>	<i>-44.6</i>	<i>-28.0</i>
<i>Banks</i>	<i>661.5</i>	<i>4774.3</i>
<i>Other</i>	<i>-2265.3</i>	<i>-5984.1</i>
<u>Other Liabilities</u>	<u>1911.6</u>	<u>8671.1</u>
<i>Central Bank</i>	<i>1903.7</i>	<i>5474.1</i>
<i>Banks</i>	<i>7.9</i>	<i>3197.0</i>
<u>Net Errors & Omissions</u>	<u>-1100.0</u>	<u>-1726.5</u>
<u>Overall Balance</u>	<u>1478.6</u>	<u>3724.9</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-1478.6</u>	<u>-3724.9</u>

* Preliminary.