

Press Release
Performance of the Balance of Payments
During July/March 2013/14

In the first nine months of 2013/14, Egypt's **balance of payments recorded an overall surplus** of some US\$ 2.2 billion (against a deficit of some US\$ 2.1 billion in the same period a year earlier). The **current account** deficit improved, registering US\$ 232.7 million (from roughly US\$ 5.7 billion), while **the capital and financial account** resulted in a net inflow of around US\$ 3.5 billion (compared with some US\$ 6.5 billion).

The **improvement in the current account deficit** is traceable to the following developments:

- The increase in **net unrequited transfers**, to post about US\$ 23.6 billion (compared with about US\$ 14.4 billion), supported mainly by the rise in net official transfers (commodity and cash) from US\$ 639.5 million to some US\$ 10.5 billion; and
- The decline of 1.5 percent in **trade deficit**, to register some US\$ 25.2 billion (against US\$ 25.6 billion), owing to the 4.2 percent rise in merchandise exports to some US\$ 18.8 billion (from some US\$ 18.1 billion), thereby outpacing the 0.8 percent rise in merchandise imports, which recorded around US\$ 44.0 billion (against around US\$ 43.6 billion).

The improvement in the current account deficit could have been larger but for the drop in **services surplus** from some US\$ 5.4 billion to some US\$ 1.3 billion. Such a drop came mainly on the back of the 57.3 percent decline in **tourism revenues**, to reach a total of some US\$ 3.4 billion (against some US\$ 8.1 billion), due to the fall in the number of tourist nights by 55.3 percent, to 51.2 million nights (against 114.6 million nights).

The capital and financial account revealed a net inflow of some US\$ 3.5 billion in July/March 2013/14 (against some US\$ 6.5 billion), owing mainly to the following developments:

- **The decline in the net change in the liabilities of the CBE** to the external world, to register net inflows of only some US\$ 2.0 billion (against some US\$ 4.0 billion), due to the reimbursement of part of the deposits that had been placed at the CBE by some Arab countries;
- **The reversal of portfolio investment in Egypt from a net outflow** of US\$ 790.9 million to a **net inflow** of about US\$ 1.2 billion, primarily due to the issuance of Egyptian government bonds at a value of US\$ 1.0 billion. Another contributing factor was the reversal of the net foreigners' investments at the EGX from net sales of US\$ 536.1 million to net purchases of US\$ 379.5 million; and
- **The increase in the net inflow of FDI** to about US\$ 4.7 billion (from about US\$ 3.6 billion), driven by the rise in the net inflow for the oil sector from some US\$ 1.6 billion to some US\$ 2.9 billion, and the slight increase in net Greenfield investments from US\$ 1657.7 million to US\$ 1670.4 million.

Balance of Payments

	<u>(US.\$m.)</u>	
	<u>July/March 2012/13*</u>	<u>July/March 2013/14*</u>
<u>Trade Balance</u>	<u>-25574.4</u>	<u>-25182.1</u>
Exports	18062.2	18822.5
<i>Petroleum</i>	7690.2	8751.6
<i>Other Exports</i>	10372.0	10070.9
Imports	-43636.6	-44004.6
<i>Petroleum</i>	-9597.4	-9675.6
<i>Other Imports</i>	-34039.2	-34329.0
<u>Services (net)</u>	<u>5426.6</u>	<u>1327.8</u>
<u>Receipts</u>	<u>17267.9</u>	<u>12824.5</u>
Transportation of which,	6693.2	7024.8
<i>Suez Canal</i>	3776.3	4001.6
Travel	8076.6	3449.8
Investment Income	140.2	136.5
Government Receipts	347.7	496.5
Other	2010.2	1716.9
<u>Payments</u>	<u>11841.3</u>	<u>11496.7</u>
Transportation	1262.4	1243.7
Travel	2103.1	2266.3
Investment Income of which,	4640.3	4653.2
<i>Interest Paid</i>	473.6	575.7
Government Expenditures	881.4	889.5
Other	2954.1	2444.0
<u>Balance of Goods & Services</u>	<u>-20147.8</u>	<u>-23854.3</u>
<u>Transfers</u>	<u>14417.1</u>	<u>23621.6</u>
Private Transfers (net)	13777.6	13106.1
Official Transfers (net)	639.5	10515.5
<u>Current Account Balance</u>	<u>-5730.7</u>	<u>-232.7</u>

Balance of Payments (cont.)

	<u>(US.\$m.)</u>	
	<u>July/March 2012/13*</u>	<u>July/March 2013/14*</u>
<u>Capital & Financial Account</u>	<u>6452.5</u>	<u>3532.4</u>
<u>Capital Account</u>	<u>-63.4</u>	<u>234.1</u>
<u>Financial Account</u>	<u>6515.9</u>	<u>3298.3</u>
Direct Investment Abroad	-110.8	-240.0
Direct Investment In Egypt (net)	3555.1	4689.7
Portfolio Investment Abroad(net)	29.7	59.9
Portfolio Investment in Egypt (net)of which,	-790.9	1195.3
<i>Bonds</i>	-240.1	941.2
Other Investment (net)	3832.8	-2406.6
<u>Net Borrowing</u>	<u>1530.9</u>	<u>-1790.4</u>
<u>M&L Term Loans (net)</u>	<u>133.4</u>	<u>-1220.3</u>
<i>Drawings</i>	1902.1	658.1
<i>Repayments</i>	-1768.7	-1878.4
<u>MT Suppliers Credit (net)</u>	<u>-31.2</u>	<u>-35.9</u>
<i>Drawings</i>	236.7	6.0
<i>Repayments</i>	-267.9	-41.9
<u>ST Suppliers Credit (net)</u>	<u>1428.7</u>	<u>-534.2</u>
<u>Other Assets</u>	<u>-1081.1</u>	<u>-2804.1</u>
<i>Central Bank</i>	4.5	-22.3
<i>Banks</i>	1167.0	-41.3
<i>Other</i>	-2252.6	-2740.5
<u>Other Liabilities</u>	<u>3383.0</u>	<u>2187.9</u>
<i>Central Bank</i>	4002.2	1956.0
<i>Banks</i>	-619.2	231.9
<u>Net Errors & Omissions</u>	<u>-2812.0</u>	<u>-1082.2</u>
<u>Overall Balance</u>	<u>-2090.2</u>	<u>2217.5</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>2090.2</u>	<u>-2217.5</u>

* Preliminary.