Press Release

Balance of Payments
Performance in July/March of
FY 2022/2023

During July/March of FY 2022/2023, Egypt's transactions with the external world witnessed a marked improvement in the current account deficit* by 61.2 percent to reach only US$ 5.3 billion (compared to US$ 13.6 billion in the same period of the previous FY). This was a main result of the decline in the trade deficit by 29.8 percent to only US$ 23.6 billion. Moreover, the services surplus doubled, recording US$ 14.5 billion, driven by the marked increase in both tourism revenues and Suez Canal receipts. The capital and financial account recorded a net inflow of US$ 8.1 billion as the net flows of FDI to Egypt rose to US$ 7.9 billion. On the other hand, portfolio investments in Egypt continued to achieve a net outflow of US$ 3.4 billion.

Based on these developments, the BoP recorded an overall surplus of US$281.9 million.

The following factors contributed to the decline in the current account deficit:

- **The trade deficit improved** by US$ 10.0 billion to record US$ 23.6 billion; primarily due to **the improvement in the non-oil trade deficit** by US$ 12.4 billion to reach US$ 25.2 billion (compared to US$ 37.7 billion), driven by the retreat in the non-oil merchandise imports by US$ 12.6 billion, as shown below:

    - **Non-oil merchandise imports dropped** by 22.0 percent to only US$ 44.5 billion (from US$ 57.1 billion). The decline was concentrated in the imports of passenger vehicles, spare parts and accessories for cars and tractors, and telephones.
    - **Non-oil merchandise exports slightly decreased** by US$ 102.6 million to US$ 19.3 billion (from US$ 19.4 billion). The decrease was mainly in organic and inorganic compounds, electric household appliances, and animal or vegetable fats, greases, and oils.

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* Including merchandise and services transactions, factor income, private transfers including remittances of Egyptian workers abroad, and official transfers including government commodity and cash grants.

- **Tourism revenues surged** by 25.7 percent to record US$ 10.3 billion (against US$ 8.2 billion), due to the rise in the numbers of both tourist nights by 26.8 percent to 110.5 million nights, and tourist arrivals to Egypt by 32.0 percent to register 10.0 million tourists.
- **Transport receipts increased** by 41.4 percent, to reach US$ 9.9 billion (against US$ 7.0 billion), **as a main result of the rise in Suez Canal transit receipts** by 22.3 percent to record US$ 6.2 billion (from US$ 5.1 billion), driven by the pickup in the net tonnage of vessels by 14.5 percent to record 1.1 billion tons.

The factors that curbed the improvement of the current account:

- **The surplus of the oil trade balance declined** by 59.5 percent to only US$ 1.7 billion (against US$ 4.1 billion). This came as an outcome of the following:
  - **Oil exports** went down by US$ 1.3 billion, on the back of the decrease in exports of crude oil and oil products by US$ 1.2 billion each (due to the decrease in exported quantities that was offset by the rise in the average global oil prices during the period under review) and the increase in natural gas exports by US$ 1.2 billion (due to higher exported quantities).
  - **Oil imports** increased by US$ 1.2 billion mainly due to the hike in imports of oil products by US$ 692.0 million (as a result of the rise in the average global oil prices during the period under review despite the decrease in imported quantities) and natural gas by US$ 617.8 million (due to higher imported quantities).

- **Egyptian workers' remittances decreased** by 26.1 percent to register only US$ 17.5 billion (against US$ 23.6 billion).
- **Investment income deficit**[*] **increased** by 19.8 percent to US$ 13.5 billion (from US$ 11.3 billion), as a result of the following developments:
  - Investment income payments went up by US$ 2.9 billion, to register US$ 14.7 billion (against US$ 11.8 billion), reflecting the rise in both:
    - Interest payments on external debt;
    - Earnings on FDI in Egypt.

[*] It represents the difference between the income earned from and paid to the external world on portfolio investments, direct investment, bank deposits and external debt.

- Investment income receipts moved up by US$ 647.2 million to register US$ 1.2 billion (against US$ 579.2 million), mainly due to the higher interest on residents' deposits abroad.

The capital and financial account* revealed a net inflow of US$ 8.1 billion during July/March of FY 2022/2023 (against US$ 10.8 billion during the same period a year earlier), as a result of the following main developments:

- **The change in the CBE's liabilities** posted a net inflow of US$ 3.0 billion (against US$ 16.4 billion).
- **Banks' foreign assets** decreased by US$ 793.2 million during the period under review (representing an inflow), against a decrease of US$ 3.6 billion in the corresponding period.
- **Net outflows of portfolio investment in Egypt** declined to only US$ 3.4 billion (against US$ 17.2 billion).
- **Net inflows of FDI in Egypt** increased to US$ 7.9 billion (against US$ 7.3 billion), as shown below:

  First: FDI in non-oil sectors registered a net inflow of US$ 8.9 billion (against US$ 9.0 billion) as a result of the pickup in net greenfield investments and capital increases of existing companies by US$ 801.7 million to US$ 3.2 billion (US$ 187.9 million of which went to greenfield investments). Likewise, net retained earnings increased to US$ 4.2 billion (against US$ 3.7 billion). Meanwhile, net proceeds of selling local entities to non-residents decreased to US$ 1.0 billion (against US$ 2.3 billion), and net investment inflows for real estate purchases by non-residents to register US$ 477.0 million (against US$ 643.5 million).

  Second: FDI in the oil sector registered an increase in total inflows (representing new investments of foreign oil companies) to register US$ 4.2 billion (against US$ 3.8 billion). Meanwhile, a decline was seen in the outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) to stand at US$ 5.1 billion (against US$ 5.4 billion), thus registering an improvement in the net outflows during the period to reach only US$ 925.0 million (against US$ 1.7 billion).

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* Including foreign direct investment (FDI), portfolio investment, and net external borrowing.

- Numbers expressed in US$ billion have been rounded.

Balance of Payments

(US$ m.)

	July/March 2021/22*	July/March 2022/23*
Trade Balance	**-33537.7**	**-23550.0**
Exports	32469.5	31056.2
Petroleum	*13072.7*	*11762.0*
Other Exports	*19396.8*	*19294.2*
Imports	-66007.2	-54606.2
Petroleum	*-8937.9*	*-10088.0*
Other Imports	*-57069.3*	*-44518.2*
Services Balance (net)	**7947.6**	**14546.5**
Receipts	**19527.5**	**24788.5**
Transportation	7010.3	9913.9
of which: Suez Canal dues	*5084.9*	*6220.4*
Travel	8202.3	10310.3
Government Receipts	1559.5	1286.7
Other	2755.4	3277.6
Payments	**11579.9**	**10242.0**
Transportation	2197.3	2325.1
Travel	3024.8	3949.1
Government Expenditures	1824.4	990.5
Other	4533.4	2977.3
Income Balance (net)	**-11259.6**	**-13489.2**
Income receipts	579.2	1226.4
Income payments	11838.8	14715.6
of which: Interest Paid	*1939.2*	*4220.5*
Transfers	**23256.2**	**17225.2**
Private Transfers (net)	23487.0	17291.2
of which: Worker Remittances	*23628.8*	*17450.1*
Official Transfers (net)	-230.8	-66.0
Current Account Balance	**-13593.5**	**-5267.5**

Balance of Payments (cont.)

(US$ m.)

	July/March 2021/22*	July/March 2022/23*
Capital & Financial Account	**10817.3**	**8055.1**
Capital Account	**-124.7**	**-24.9**
Financial Account	**10942.0**	**8080.0**
Direct Investment Abroad	**-261.4**	**-257.5**
Direct Investment In Egypt (net)	**7348.5**	**7945.4**
Portfolio Investment Abroad(net)	**-10.3**	**-247.8**
Portfolio Investment in Egypt (net)	**-17248.1**	**-3426.4**
of which: Bonds	*1056.9*	*456.2*
Other Investment (net)	**21113.3**	**4066.3**
Net Borrowing	-1449.3	2349.8
M&L Term Loans	303.3	-92.0
Drawings	*2460.6*	*2309.0*
Repayments	*-2157.3*	*-2401.0*
M& L Term buyers' and suppliers' Credit	960.2	913.1
Drawings	*3826.4*	*1738.2*
Repayments	*-2866.2*	*-825.1*
Short Term buyers' and suppliers' Credit (net)	-2712.8	1528.7
Other Assets	1041.0	-3914.6
Central Bank	*-159.3*	*-152.5*
Banks	*3602.5*	*793.2*
Other	*-2402.2*	*-4555.3*
Other Liabilities	21521.6	5631.1
Central Bank	*16363.6*	*2952.9*
Banks	*5158.0*	*2678.2*
Net Errors & Omissions	**-4492.6**	**-2505.7**
Overall Balance	**-7268.8**	**281.9**
Change in CBE's reserve assets (increase = -)	**7268.8**	**-281.9**

* Preliminary.