



Press Release

Balance of Payments Performance in July/March of FY 2023/2024

During July/March of FY 2023/2024, transactions of the Egyptian economy with the external world recorded an increase in the overall BoP surplus to register US\$ 4.1 billion, as the period January/March 2024 witnessed an overall surplus of US\$ 4.5 billion, on the back of the corrective measures taken on the 6th of March 2024. These measures reflected positively on the capital and financial account which recorded a net inflow of US\$ 20.0 billion in July/March 2023/2024, which was attributed to an unprecedented hike in net FDI to hit US\$ 23.7 billion (of which US\$ 18.2 billion was achieved in the period of January/March 2024), and the shift in portfolio investments in Egypt to a net inflow of US\$ 14.6 billion (mainly in January/March 2024). On the other hand, the current account deficit* widened to record US\$ 17.1 billion (against US\$ 5.3 billion).

The following factors have contributed to the rise in the current account deficit:

- **The oil-trade balance shifted into a deficit** of US\$ 5.1 billion from a surplus of US\$ 1.7 billion. This came mainly because the decline in the value of oil exports surpassed that of oil imports, as shown below:
 - **Oil exports fell** by US\$ 7.2 billion to only US\$ 4.6 billion, reflecting a decline in the exports of both natural gas and oil products by US\$ 6.2 billion and US\$ 1.2 billion, respectively (due to the decline of the exported quantities and the global prices). Meanwhile, crude oil exports rose by US\$ 181.1 million (due to the higher exported quantities).
 - **Oil imports retreated** by US\$ 403.1 million to just US\$ 9.7 billion, as a reflection of the decrease in the crude oil imports by US\$ 2.1 billion (due to the lower imported quantities), on the one hand, and the increase in the imports of both oil products and natural gas, respectively, by US\$ 1.5 billion and US\$ 268.2 million (due to their higher imported quantities), on the other hand.

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

- **Suez Canal transit receipts decreased** by 7.4 percent to record US\$ 5.8 billion (against US\$ 6.2 billion), due to the decline in both the net tonnage by 15.6 percent to register 944.9 million tons, and the number of transiting vessels by 11.5 percent. This retreat came during January/March 2024, as the Suez Canal transit receipts decreased by 57.2 percent to register US\$ 959.3 million (against US\$ 2.2 billion in the corresponding period a year earlier). This decrease stemmed primarily from the Red Sea maritime traffic disruptions which forced several commercial shipping companies to divert their shipping routes.
- **Remittances of Egyptians working abroad retreated** by 17.1 percent to reach only US\$ 14.5 billion (against US\$ 17.5 billion). Notably, Egyptian workers' remittances recorded in March 2024 - on a monthly basis - an annual increase of 11.1 percent for the first time after a 22-month slump – to stand at US\$ 2.1 billion (against US\$ 1.9 billion in March 2023), thanks to the economic decisions taken on the 6th of March 2024.
- **Investment income deficit* widened** by 4.0 percent to US\$ 14.0 billion (from US\$ 13.5 billion), as the **investment income payments went up** by 2.9 percent to US\$ 15.1 billion (against US\$ 14.7 billion), reflecting the rise in interest payments on external debt. Meanwhile, **investment income receipts** declined by 9.0 percent to US\$ 1.1 billion, primarily due to the drop in direct investment income receipts.

The following factors curbed the rise in the current account deficit:

- **The non-oil trade deficit improved** by US\$ 1.5 billion to register US\$ 23.7 billion (against US\$ 25.2 billion), mainly driven by the retreat in the non-oil merchandise imports and the rise in the non-oil merchandise exports, as shown below:
 - **Non-oil merchandise imports dropped** by 2.9 percent to only US\$ 43.2 billion (from US\$ 44.5 billion). The decline was concentrated in the imports of maize, propylene polymers, and organic and inorganic compounds.
 - **Non-oil merchandise exports increased** by 1.1 percent to US\$ 19.5 billion (from US\$ 19.3 billion). The increase was mainly in the exports of wires and cables; fresh/chilled/cooked vegetables; electric household appliances, and textiles.
- **The increase in tourism revenues** by 5.3 percent to US\$ 10.9 billion (against US\$ 10.3 billion), due to the pickup in the number of both tourist nights by

* 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.

5.3 percent to 116.4 million nights, and tourist arrivals by 11.1 percent to 11.1 million tourists.

The capital and financial account* revealed a net inflow of US\$ 20.0 billion during the reporting period (against US\$ 8.1 billion), due to the following developments:

- **FDI in Egypt registered a net inflow** of US\$ 23.7 billion (against US\$ 7.9 billion), as follows:
 - **FDI in non-oil sectors achieved a net inflow** of US\$ 23.9 billion (against US\$ 8.9 billion). This was mainly attributed to the inflows of US\$ 15.0 billion during the period January/March 2024 due to the implementation of Ras-El Hekma agreement.
 - **FDI inflows in the oil sector rose** to register US\$ 4.4 billion (representing greenfield investments of foreign oil companies) against US\$ 4.2 billion. Meanwhile, a decline was seen in the outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) to record only US\$ 4.6 billion (against US\$ 5.1 billion). Accordingly, **the period under review recorded an improvement in net outflows** standing at US\$ 175.6 million only (against US\$ 925.0 million).
- **Portfolio investment in Egypt** shifted to a net inflow of US\$ 14.6 billion (against a net outflow of US\$ 3.4 billion). This was mainly attributed to regaining foreign investors' confidence in the performance of the Egyptian economy, especially after the economic decisions of March 6, 2024.
- **The change in banks' foreign assets** registered a net outflow of US\$ 12.1 billion (representing an increase in assets), against a net inflow of US\$ 0.8 billion.
- **The change in banks' liabilities** posted a net outflow of US\$ 2.7 billion (representing a decline in liabilities), against a net inflow of US\$ 2.7 billion.
- **The change in the CBE's liabilities** recorded a net outflow of US\$ 1.4 billion (representing a decline in liabilities), against a net inflow of US\$ 3.0 billion.

* Including foreign direct investment (FDI), portfolio investment, net external borrowing and change in net foreign assets of the banking sector.

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

Balance of Payments

(US\$ mn)

	<u>July/March 2022/23*</u>	<u>July/March 2023/24*</u>
<u>Trade Balance</u>	<u>-23550.0</u>	<u>-28800.5</u>
Exports	31056.2	24119.6
<i>Petroleum</i>	<i>11762.0</i>	<i>4605.4</i>
<i>Other Exports</i>	<i>19294.2</i>	<i>19514.2</i>
Imports	-54606.2	-52920.1
<i>Petroleum</i>	<i>-10088.0</i>	<i>-9684.9</i>
<i>Other Imports</i>	<i>-44518.2</i>	<i>-43235.2</i>
<u>Services Balance (net)</u>	<u>14546.5</u>	<u>11265.1</u>
<u>Receipts</u>	<u>24788.5</u>	<u>23237.8</u>
Transportation	9913.9	8746.1
<i>of which: Suez Canal dues</i>	<i>6220.4</i>	<i>5762.0</i>
Travel	10310.3	10861.0
Government Receipts	1286.7	700.8
Other	3277.6	2929.9
<u>Payments</u>	<u>10242.0</u>	<u>11972.7</u>
Transportation	2325.1	2390.5
Travel	3949.1	4322.7
Government Expenditures	990.5	1147.6
Other	2977.3	4111.9
<u>Income Balance (net)</u>	<u>-13489.2</u>	<u>-14028.7</u>
Income receipts	1226.4	1115.7
Income payments	14715.6	15144.4
<i>of which: Interest Paid</i>	<i>4220.5</i>	<i>6083.1</i>
<u>Transfers</u>	<u>17225.2</u>	<u>14468.6</u>
Private Transfers (net)	17291.2	14448.8
<i>of which: Worker Remittances</i>	<i>17450.1</i>	<i>14470.5</i>
Official Transfers (net)	-66.0	19.8
<u>Current Account Balance</u>	<u>-5267.5</u>	<u>-17095.5</u>

Balance of Payments (cont.)

	<u>(US\$ mn)</u>	
	<u>July/March 2022/23*</u>	<u>July/March 2023/24*</u>
<u>Capital & Financial Account</u>	<u>8055.1</u>	<u>20029.6</u>
<u>Capital Account</u>	<u>-24.9</u>	<u>-79.6</u>
<u>Financial Account</u>	<u>8080.0</u>	<u>20109.2</u>
Direct Investment Abroad	-257.5	-382.0
Direct Investment In Egypt (net)	7945.4	23712.3
Portfolio Investment Abroad(net)	-247.8	-176.5
Portfolio Investment in Egypt (net)	-3426.4	14636.4
<i>of which: Bonds</i>	<i>456.2</i>	<i>-484.5</i>
<u>Other Investment (net)</u>	<u>4066.3</u>	<u>-17681.0</u>
<u>Net Borrowing</u>	<u>2349.8</u>	<u>4003.2</u>
<u>M&L Term Loans</u>	<u>-92.0</u>	<u>-2352.3</u>
<i>Drawings</i>	<i>2309.0</i>	<i>2671.5</i>
<i>Repayments</i>	<i>-2401.0</i>	<i>-5023.8</i>
<u>M& L Term buyers' and suppliers' Credit</u>	<u>913.1</u>	<u>479.5</u>
<i>Drawings</i>	<i>1738.2</i>	<i>1331.6</i>
<i>Repayments</i>	<i>-825.1</i>	<i>-852.1</i>
<u>Short Term buyers' and suppliers' Credit (net)</u>	<u>1528.7</u>	<u>5876.0</u>
<u>Other Assets</u>	<u>-3914.6</u>	<u>-17505.0</u>
<i>Central Bank</i>	<i>-152.5</i>	<i>-139.8</i>
<i>Banks</i>	<i>793.2</i>	<i>-12103.2</i>
<i>Other</i>	<i>-4555.3</i>	<i>-5262.0</i>
<u>Other Liabilities</u>	<u>5631.1</u>	<u>-4179.2</u>
<i>Central Bank</i>	<i>2952.9</i>	<i>-1434.2</i>
<i>Banks</i>	<i>2678.2</i>	<i>-2745.0</i>
<u>Net Errors & Omissions</u>	<u>-2505.7</u>	<u>1198.8</u>
<u>Overall Balance</u>	<u>281.9</u>	<u>4132.9</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-281.9</u>	<u>-4132.9</u>

* Preliminary.