Press Release

Balance of Payments
Performance in FY 2023/2024

Despite the current economic and political challenges on the global front, the transactions of the Egyptian economy with the external world achieved an overall BoP surplus of US$ 9.7 billion during FY 2023/2024. The overall surplus was mainly concentrated in the second half of the year (January/June 2024), recording US$ 10.1 billion due to the structural reforms of the Egyptian economy implemented on March 6th, 2024; which was positively reflected on the capital and financial account to record a net inflow of US$ 29.9 billion during the reporting year, on the back of the unprecedented hike in net FDI to reach US$ 46.1 billion (of which, US$ 40.5 billion was achieved in H2 of FY 2023/2024). Concurrently, portfolio investments in Egypt shifted to a net inflow of US$ 14.5 billion. On the other hand, the current account deficit[*] widened to register US$ 20.8 billion (against US$ 4.7 billion), primarily due to the increase in trade deficit by 27.0 percent and the decline in Suez Canal transit receipts by 24.3 percent.

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

- **The trade deficit widened** by US$ 8.4 billion to record US$ 39.6 billion (against US$ 31.2 billion), mainly because:
  - **The oil-trade balance ran a deficit** of US$ 7.6 billion against a surplus of US$ 410.0 million. This was a combined result of the following:
    - **Oil exports decreased** by US$ 8.1 billion to only US$ 5.7 billion, as a result of the decline in both:
      - Natural gas exports by US$ 6.6 billion to reach only US$ 605.3 million (due to the decline in exported quantities to a quarter and global prices to nearly a third), compared to approximately US$ 7.2 billion during the previous fiscal year, which witnessed a record rise in natural gas prices at the Outbreak of the Russian-Ukrainian conflict.

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

  - oil products by US$ 1.3 billion (due to the lower exported quantities), and crude oil exports dropped by US$ 242.8 million (due to the lower exported quantities despite the price hikes).
- **Oil imports stabilized** at US$ 13.4 billion, as a reflection of the decrease in the crude oil imports by US$ 2.5 billion (due to the lower imported quantities), on one hand, which is equivalent to the increase in the imports of both oil products and natural gas by US$ 1.9 billion and US$ 556.8 million, in order (due to their higher imported quantities), on the other hand.

- **The non-oil trade deficit widened** by US$ 354.8 million to register US$ 31.9 billion (against US$ 31.6 billion), because the rise in the value of non-oil imports surpassed that in the non-oil exports, as shown below:
  - **Non-oil merchandise imports rose** by US$ 1.4 billion to US$ 58.8 billion (from US$ 57.4 billion). The rise was concentrated in the imports of waste and scrap of cast iron, passenger vehicles, wheat, and cast iron.
  - **Non-oil merchandise exports increased** by US$ 1.0 billion to US$ 26.8 billion (from US$ 25.8 billion). The increase was mainly in the exports of wires and cables, fresh/chilled/cooked vegetables, electric household appliances, and textiles.

- **Suez Canal transit receipts decreased** by 24.3 percent to record US$ 6.6 billion (against US$ 8.8 billion), due to the decline in both the net tonnage by 29.6 percent to register 1.1 billion tons and the number of transiting vessels by 22.2 percent. The decrease in receipts was concentrated in H2 of FY 2023/2024 (61.7 percent) to record only US$ 1.8 billion. Such a decrease is due to the Red Sea maritime traffic disruptions which forced several commercial shipping companies to divert their shipping routes.
- **Investment income deficit widened** by 1.3 percent to US$ 17.5 billion (from US$ 17.3 billion), primarily due to the decline in the investment income receipts by 9.7 percent to US$ 1.9 billion. Meanwhile, investment income payments stabilized at US$ 19.5 billion.
- **Remittances of Egyptians working abroad slightly retreated** by 0.6 percent to reach US$ 21.9 billion (against US$ 22.1 billion). Notably, Egyptian workers' remittances surged during Q4 of FY 2023/2024 (April/June 2024) by 61.4 percent to stand at US$ 7.5 billion (against US$ 4.6 billion in the same period of the year 2023).

<u>The rise in the current account deficit</u> was mitigated by the increase in tourism revenues by 5.5 percent to US$ 14.4 billion (against US$ 13.6 billion), due to the pickup in the number of both tourist nights by 5.5 percent to 154.1 million nights and tourist arrivals by 7.4 percent to 14.9 million tourists.

<u>The capital and financial account</u>* revealed a net inflow of US$ 29.9 billion during the reporting period (against US$ 8.9 billion), <u>due to the following developments:</u>

- **FDI in Egypt registered a net inflow** of US$ 46.1 billion – the highest level ever recorded– (against US$ 10.0 billion during the previous FY), as follows:
    - **<u>FDI in non-oil sectors increased to achieve a net inflow</u>** of US$ 46.4 billion (against US$ 11.0 billion). This was mainly attributed to the inflows registered during H2 of FY 2023/2024 (January/June 2024) within the context of the implementation of Ras-El Hekma agreement at a value of US$ 35.0 billion.
    - **<u>FDI inflows in the oil sector rose</u>** to register US$ 5.7 billion (representing greenfield investments of foreign oil companies), against US$ 5.6 billion; while transfers abroad (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) retreated to record only US$ 6.0 billion (against US$ 6.6 billion). Accordingly, **the period under review unfolded an improvement in net outflows** to post only US$ 351.6 million (against US$ 982.5 million).
- **Portfolio investment in Egypt** registered a net inflow of US$ 14.5 billion (against a net outflow of US$ 3.8 billion). This was mainly attributed to strong appetite of foreign investors due to 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$ 18.4 billion (representing an increase in assets), against a net inflow of US$ 1.4 billion, strengthening, as such, banks' financial position.
- **The change in banks' liabilities** posted a net outflow of US$ 2.0 billion (representing a decline in liabilities), against a net inflow of US$ 3.7 billion.
- **The change in the CBE's liabilities** recorded a net outflow of US$ 7.8 billion (representing a decline in liabilities), against a net inflow of US$ 2.9 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)

	2022/23*	2023/24*
Trade Balance	**-31159.6**	**-39573.7**
Exports	39624.0	32561.0
Petroleum	*13816.5*	*5722.5*
Other Exports	*25807.5*	*26838.5*
Imports	-70783.6	-72134.7
Petroleum	*-13406.5*	*-13371.8*
Other Imports	*-57377.1*	*-58762.9*
Services Balance (net)	**21926.5**	**14355.1**
Receipts	**34562.1**	**30247.2**
Transportation	14000.3	10717.1
of which: Suez Canal dues	*8759.6*	*6632.4*
Travel	13629.3	14376.0
Government Receipts	2355.2	1135.1
Other	4577.3	4019.0
Payments	**12635.6**	**15892.1**
Transportation	2750.0	3262.1
Travel	4990.2	5112.4
Government Expenditures	1248.4	1827.2
Other	3647.0	5690.4
Income Balance (net)	**-17318.4**	**-17537.2**
Income receipts	2137.8	1931.5
Income payments	19456.2	19468.7
of which: Interest Paid	*6150.4*	*7905.9*
Transfers	**21841.0**	**21949.2**
Private Transfers (net)	21897.4	21912.2
of which: Worker Remittances	*22076.4*	*21937.8*
Official Transfers (net)	-56.4	37.0
Current Account Balance	**-4710.5**	**-20806.6**

Balance of Payments (cont.)

(US$ mn)

	2022/23*	2023/24*
Capital & Financial Account	**8931.5**	**29879.2**
Capital Account	**-54.2**	**-140.8**
Financial Account	**8985.7**	**30020.0**
Direct Investment Abroad (net)	**-337.7**	**-502.0**
Direct Investment In Egypt (net)	**10038.6**	**46064.5**
Portfolio Investment Abroad(net)	**-328.1**	**-250.4**
Portfolio Investment in Egypt (net)	**-3765.7**	**14531.9**
of which: Bonds	*344.7*	*-1604.7*
Other Investment (net)	**3378.6**	**-29824.0**
Net Borrowing	1434.4	4850.3
M&L Term Loans	-226.0	-2760.1
Drawings	*3195.2*	*4118.2*
Repayments	*-3421.2*	*-6878.3*
M& L Term buyers' and suppliers' Credit	1678.2	383.0
Drawings	*2861.6*	*1445.3*
Repayments	*-1183.4*	*-1062.3*
Short Term buyers' and suppliers' Credit (net)	-17.8	7227.4
Other Assets	-4750.9	-24868.9
Central Bank	*-151.8*	*-129.6*
Banks	*1417.9*	*-18409.5*
Other	*-6017.0*	*-6329.8*
Other Liabilities	6695.1	-9805.4
Central Bank	*2946.6*	*-7787.9*
Banks	*3748.5*	*-2017.5*
Net Errors & Omissions	**-3338.6**	**614.0**
Overall Balance	**882.4**	**9686.6**
Change in CBE's reserve assets (increase = -)	**-882.4**	**-9686.6**

* **Preliminary.**