



Press Release

Balance of Payments (BOP) Performance

During the First Half of FY 2023/2024

During H1 (July/December 2023) of FY 2023/2024, transactions of the Egyptian economy with the external world resulted in an overall BOP deficit of US\$ 409.6 million (against an overall surplus of US\$ 599.1 million in the corresponding period a year earlier). The current account* deficit posted US\$ 9.6 billion (against US\$ 1.8 billion), driven by the rise in the trade deficit by 20.0 percent to register US\$ 18.7 billion, and by the decline in net unrequited current transfers by 20.2 percent to record US\$ 9.4 billion, in addition to the retreat in services balance surplus by 15.7 percent to reach only US\$ 9.2 billion. On the other hand, the capital and financial account recorded a net inflow of US\$ 8.4 billion (compared with US\$ 2.8 billion), with foreign direct investment in Egypt registering a net inflow of US\$ 5.5 billion, and portfolio investment in Egypt achieving a net inflow of US\$ 252.8 million (against a net outflow of US\$ 3.0 billion).

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

- **The oil trade balance recorded a deficit of US\$ 3.1 billion** (against a surplus of US\$ 1.8 billion), primarily due to the decline in oil exports, which exceeded the slight decrease in oil imports, as shown below:
 - **Oil exports went down** by US\$ 5.4 billion to record US\$ 3.2 billion, driven by the decrease in the exports of both natural gas by US\$ 4.7 billion and oil products by US\$ 1.0 billion (due to the decline of the exported quantities and the global prices). However, there was an increase in exports of crude oil by US\$ 308.9 million (owing to the rise in exported quantities).
 - **Oil imports retreated** by US\$ 536.1 million to only US\$ 6.3 billion because of the decrease in the imports of crude oil by US\$ 1.5 billion (due

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

to the drop in imported quantities), however there was an increase in the imports of both oil products by US\$ 783.3 million and natural gas by US\$ 164.1 million (due to the pickup in imported quantities).

- **Remittances of Egyptians working abroad continued to decline** by 21.2 percent, reaching only US\$ 9.4 billion (against US\$ 12.0 billion).
- **Investment income deficit*** widened by 7.3 percent, registering US\$ 9.6 billion (against US\$ 8.9 billion), due to the **increase in investment income payments** by 7.4 percent to US\$ 10.3 billion (against US\$ 9.6 billion), reflecting higher interest payments on external debt. Meanwhile, **investment income receipts** rose by US\$ 68.0 million to US\$ 765.9 million, mainly due to the higher interest on residents' deposits at banks abroad.

The rise in the current account deficit was mitigated by:

- **The improvement in the non-oil trade balance deficit** by US\$ 1.8 billion to only US\$ 15.6 billion (against US\$ 17.3 billion). This was largely driven by the decline in non-oil merchandise import payments which exceeded the slight rise in non-oil merchandise export proceeds, as shown below:
 - **Non-oil merchandise imports payments fell** by 4.7 percent to just US\$ 28.8 billion (against US\$ 30.2 billion). The decline was concentrated in the imports of corn and wheat, and propylene polymers.
 - **Non-oil merchandise exports rose** by 2.7 percent to US\$ 13.2 billion (against US\$ 12.9 billion). The rise was mainly seen in wires and cables; fresh/chilled/cooked vegetables; electrical household appliances; and cast iron.
- **The surge in the Suez Canal transit receipts** by 20.7 percent to US\$ 4.8 billion (against US\$ 4.0 billion), due to the pickup in both net tonnage by 5.5 percent to 794.6 million tons and the number of transiting vessels by 4.1 percent.
- **The increase in tourism revenues** by 6.1 percent to US\$ 7.8 billion (against US\$ 7.3 billion), due to the increase in the number of both tourist nights by 6.1 percent to 83.2 million nights, and tourist arrivals by 14.7 percent to 7.8 million tourists.

* Representing the difference between the income earned from and paid to the external world on portfolio investments, direct investment, banking deposits, and external debt.

The capital and financial account^{**} showcased a net inflow of US\$ 8.4 billion during the reporting period (against US\$ 2.8 billion), due to the following developments:

- **FDI in Egypt registered a net inflow** of US\$ 5.5 billion (against US\$ 5.7 billion), as follows:
 - **FDI in non-oil sectors achieved a net inflow** of US\$ 6.0 billion (against US\$ 6.6 billion), as net proceeds of selling local entities to non-residents recorded US\$ 626.4 million (against US\$ 1.1 billion), net reinvested earnings US\$ 2.6 billion (against US\$ 3.0 billion), and net inflows for greenfield investments or capital increases of existing companies US\$ 1.9 billion (against US\$ 2.2 billion). Meanwhile, net investment inflows for real estate purchases by non-residents registered US\$ 536.7 million (against US\$ 348.7 million).
 - **Net FDI inflows in the oil sector stabilized at** around US\$ 2.6 billion (representing new investments of foreign oil companies). 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\$ 3.0 billion (against US\$ 3.5 billion). Accordingly, **the period under review unfolded an improvement in net outflows to reach only US\$ 422.2 million** (against US\$ 857.5 million).
- **Portfolio investment in Egypt** shifted to a net inflow of US\$ 252.8 million (against a net outflow of US\$ 3.0 billion).
- **The change in banks' foreign assets** registered a net outflow of US\$ 1.2 billion (representing an increase in assets), against a net outflow of US\$ 1.8 billion.
- **The change in banks' liabilities** posted a net outflow of US\$ 120.9 million (representing a decline in liabilities), against a net inflow of US\$ 1.6 billion.
- **The change in the CBE's liabilities** recorded a net inflow of US\$ 2.7 billion (against US\$ 1.5 billion).

^{**} Including foreign direct investment (FDI), portfolio investment, and 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/Dec. 2022*</u>	<u>July/Dec. 2023*</u>
<u>Trade Balance</u>	<u>-15549.7</u>	<u>-18656.7</u>
Exports	21505.1	16449.6
<i>Petroleum</i>	<i>8617.6</i>	<i>3217.4</i>
<i>Other Exports</i>	<i>12887.5</i>	<i>13232.2</i>
Imports	-37054.8	-35106.3
<i>Petroleum</i>	<i>-6839.5</i>	<i>-6303.4</i>
<i>Other Imports</i>	<i>-30215.3</i>	<i>-28802.9</i>
<u>Services Balance (net)</u>	<u>10868.6</u>	<u>9161.4</u>
<u>Receipts</u>	<u>17773.8</u>	<u>16860.7</u>
Transportation	6765.3	6797.4
<i>of which: Suez Canal dues</i>	<i>3980.4</i>	<i>4802.7</i>
Travel	7318.3	7766.0
Government Receipts	1225.2	384.8
Other	2465.0	1912.5
<u>Payments</u>	<u>6905.2</u>	<u>7699.3</u>
Transportation	1483.9	1607.9
Travel	2803.3	3008.2
Government Expenditures	695.6	728.3
Other	1922.4	2354.9
<u>Income Balance (net)</u>	<u>-8921.8</u>	<u>-9568.9</u>
Income receipts	697.9	765.9
Income payments	9619.7	10334.8
<i>of which: Interest Paid</i>	<i>2432.0</i>	<i>4050.4</i>
<u>Transfers</u>	<u>11820.7</u>	<u>9431.8</u>
Private Transfers (net)	11891.7	9402.3
<i>of which: Worker Remittances</i>	<i>11992.4</i>	<i>9448.1</i>
Official Transfers (net)	-71.0	29.5
<u>Current Account Balance</u>	<u>-1782.2</u>	<u>-9632.4</u>

Balance of Payments (cont.)

	(US\$ mn)	
	<u>July/Dec. 2022*</u>	<u>July/Dec. 2023*</u>
<u>Capital & Financial Account</u>	<u>2785.9</u>	<u>8363.5</u>
<u>Capital Account</u>	<u>-9.8</u>	<u>-25.8</u>
<u>Financial Account</u>	<u>2795.7</u>	<u>8389.3</u>
Direct Investment Abroad	-173.9	-226.6
Direct Investment In Egypt (net)	5727.9	5529.9
Portfolio Investment Abroad(net)	-86.8	-167.8
Portfolio Investment in Egypt (net)	-3013.7	252.8
<i>of which: Bonds</i>	-9.9	228.8
<u>Other Investment (net)</u>	<u>342.2</u>	<u>3001.0</u>
<u>Net Borrowing</u>	<u>2351.0</u>	<u>5574.9</u>
<u>M&L Term Loans</u>	<u>27.0</u>	<u>-786.8</u>
Drawings	1717.7	2365.1
Repayments	-1690.7	-3151.9
<u>M& L Term buyers' and suppliers' Credit</u>	<u>575.7</u>	<u>569.8</u>
Drawings	1158.7	1111.4
Repayments	-583.0	-541.6
<u>Short Term buyers' and suppliers' Credit (net)</u>	<u>1748.3</u>	<u>5791.9</u>
<u>Other Assets</u>	<u>-5166.5</u>	<u>-5159.6</u>
Central Bank	-22.0	-98.5
Banks	-1769.0	-1193.3
Other	-3375.5	-3867.8
<u>Other Liabilities</u>	<u>3157.7</u>	<u>2585.7</u>
Central Bank	1547.1	2706.6
Banks	1610.6	-120.9
<u>Net Errors & Omissions</u>	<u>-404.6</u>	<u>859.3</u>
<u>Overall Balance</u>	<u>599.1</u>	<u>-409.6</u>
<u>Change in CBE's reserve assets (increase = -)</u>	<u>-599.1</u>	<u>409.6</u>

* Preliminary.