Press Release

Balance of Payments Performance

During Q1 of FY 2024/2025

During the first quarter of FY 2024/2025 (July/Sept. 2024), transactions of the Egyptian economy with the external world resulted in an overall BOP deficit of US$ 991.2 million (against an overall surplus of US$ 228.8 million in the same period a year earlier), as the current account* deficit recorded US$ 5.9 billion (compared with US$ 2.8 billion). This was an outcome of the rise in the trade deficit by US$ 6.1 billion, and the retreat in services surplus by 22.1 percent to just US$ 4.1 billion, driven mainly by the decline in Suez Canal transit receipts. The increase of this deficit was mitigated by the pickup in current transfers by 84.7 percent to US$ 8.4 billion, primarily due to the surge of the remittances of Egyptians working abroad, in addition to the rise in tourism revenues. On the other hand, the capital and financial account recorded a net inflow of US$ 3.8 billion (against US$ 1.8 billion), as the FDI in Egypt registered a net inflow of US$ 2.7 billion.

The following factors contributed to the widening of the current account deficit:

- **The non-oil trade deficit rose** by US$ 3.2 billion, recording US$ 9.8 billion (compared with US$ 6.6 billion), as shown below:

  - **Non-oil merchandise import payments moved up** by US$ 4.4 billion to US$ 17.7 billion (compared with US$ 13.3 billion). The increase was concentrated in imports of wheat; soya beans; pharmaceuticals, gauze pads, and vaccines; and spare parts and accessories for electric household appliances.

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

- **Non-oil merchandise export proceeds increased** by US$ 1.2 billion to US$ 7.9 billion (compared with US$ 6.7 billion). The increase was concentrated in exports of fresh/dried fruits; aluminium and articles thereof; fresh/chilled/cooked vegetables; and wires and cables.

- **The deficit of the oil trade balance widened** by US$ 2.9 billion to US$ 4.2 billion (against US$ 1.3 billion), as an outcome of the following developments:

  - **Oil imports rose** by US$ 2.5 billion to record US$ 5.4 billion due to higher imports of both oil products and natural gas by US$ 1.5 billion and US$ 1.2 billion, respectively (as the imported quantities almost doubled). Meanwhile, crude oil imports retreated by US$ 191.9 million (due to the decline in imported quantities).

  - **Oil exports moved down** by US$ 415.8 million to reach only US$ 1.2 billion on the back of the decrease in the exports of crude oil by US$ 526.6 million and natural gas by US$ 24.2 million (due to the decline of the exported quantities). In the meantime, exports of oil products increased by US$ 135.0 million (owing to the rise in exported quantities and prices).

- **Suez Canal transit receipts plummeted** by 61.2 percent to post US$ 931.2 million (against US$ 2.4 billion), traceable to the fall in both the net tonnage by 68.4 percent to just 127.2 million tons, and the number of transiting vessels by 51.0 percent. Such a drop was caused by the ongoing Red Sea tensions in maritime navigation which forced several shipping companies to divert their shipping routes.

<u>The rise in the current account deficit was mitigated by:</u>

- **The rise in remittances of Egyptians working abroad** by 84.4 percent to US$ 8.3 billion (against US$ 4.5 billion).
- **The increase in tourism revenues** by 8.2 percent to US$ 4.8 billion (against US$ 4.5 billion), owing to the pickup in the number of tourist nights to register 51.6 million nights (against 47.7 million nights). On the other hand, **payments via e-cards abroad decreased** by 59.7 percent to record only US$ 406.7 million (against US$ 1.0 billion).
- **The fall in investment income deficit** by 7.2 percent to US$ 4.3 billion (from US$ 4.6 billion), as a combined result of the rise in investment income receipts by 60.0 percent to US$ 660.6 million, and the slight decrease in investment income payments by 1.6 percent to US$ 4.9 billion (from US$ 5.0 billion).

<u>The capital and financial account</u>* revealed a net inflow of US$ 3.8 billion during the period under review (against US$ 1.8 billion), <u>due to the following developments:</u>

- **FDI in Egypt registered a net inflow** of US$ 2.7 billion (against US$ 2.3 billion), as follows:
    - **<u>FDI flows to non-oil sectors increased</u>** to achieve a net inflow of US$ 2.9 billion (against US$ 2.6 billion), as the net proceeds of selling local entities to non-residents registered US$ 304.9 million (against US$ 15.4 million), and greenfield investments and capital increases of existing companies registered net inflows of US$ 1.1 billion (against US$ 1.0 billion). Moreover, net investment inflows for real estate purchases by non-residents reached US$ 359.4 million (against US$ 312.5 million) and net reinvested earnings registered US$ 1.2 billion (against US$ 1.1 billion).

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

- **Net FDI outflows in the oil sector retreated** to only US$ 175.7 million (against US$ 247.8 million). This was an outcome of the decline in outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) to record only US$ 1.4 billion (against US$ 1.6 billion), and the decrease in inflows to the oil sector (representing greenfield investments of foreign oil companies) to US$ 1.2 billion (against US$ 1.4 billion).

- Net outflows of the **portfolio investment in Egypt** retreated to only US$ 384.7 million (against US$ 523.4 million).

- **The change in banks' foreign assets** registered a net inflow of US$ 2.1 billion (representing a retreat in assets), against a net outflow of US$ 731.0 million.

- **The change in banks' liabilities** posted a net inflow of US$ 729.8 million (representing an increase in liabilities), against a net outflow of US$ 187.2 million.

- **The change in the CBE's liabilities** recorded a net inflow of only US$ 115.2 million (representing an increase in liabilities), against US$ 2.0 billion.

• Numbers expressed in US$ billion have been rounded.

Balance of Payments

(US$ mn)

	July/Sep 2023*	July/Sep 2024*
Trade Balance	**-7944.6**	**-14060.4**
Exports	8325.2	9088.8
Petroleum	*1609.4*	*1193.6*
Other Exports	*6715.8*	*7895.2*
Imports	-16269.8	-23149.2
Petroleum	*-2923.2*	*-5412.7*
Other Imports	*-13346.6*	*-17736.5*
Services Balance (net)	**5199.7**	**4051.5**
Receipts	**8963.2**	**8384.5**
Transportation	3453.8	2165.1
of which: Suez Canal dues	*2399.3*	*931.2*
Travel	4451.0	4815.0
Government Receipts	64.2	263.4
Other	994.2	1141.0
Payments	**3763.5**	**4333.0**
Transportation	823.5	993.2
Travel	1494.4	827.9
Government Expenditures	289.9	751.5
Other	1155.7	1760.4
Income Balance (net)	**-4585.3**	**-4257.0**
Income receipts	413.0	660.6
Income payments	4998.3	4917.6
of which: Interest Paid	*1961.2*	*1947.0*
Transfers	**4523.2**	**8356.3**
Private Transfers (net)	4491.1	8307.1
of which: Worker Remittances	*4516.3*	*8325.9*
Official Transfers (net)	32.1	49.2
Current Account Balance	**-2807.0**	**-5909.6**

Balance of Payments (cont.)

(US$ mn)

	July/Sep 2023*	July/Sep 2024*
Capital & Financial Account	**1769.2**	**3779.4**
Capital Account	**1.6**	**-18.1**
Financial Account	**1767.6**	**3797.5**
Direct Investment Abroad (net)	**-112.8**	**-91.4**
Direct Investment In Egypt (net)	**2321.7**	**2717.1**
Portfolio Investment Abroad(net)	**-54.9**	**-49.3**
Portfolio Investment in Egypt (net)	**-523.4**	**-384.7**
of which: Bonds	*-335.7*	*-86.2*
Other Investment (net)	**137.0**	**1605.8**
Net Borrowing	1540.1	748.7
M&L Term Loans	-726.4	-1064.0
Drawings	*796.8*	*1039.8*
Repayments	*-1523.2*	*-2103.8*
M& L Term buyers' and suppliers' Credit	-133.0	23.6
Drawings	*186.6*	*358.4*
Repayments	*-319.6*	*-334.8*
Short Term buyers' and suppliers' Credit (net)	2399.5	1789.1
Other Assets	-3180.6	12.1
Central Bank	*-18.3*	*-89.5*
Banks	*-731.0*	*2115.9*
Other	*-2431.3*	*-2014.3*
Other Liabilities	1777.5	845.0
Central Bank	*1964.7*	*115.2*
Banks	*-187.2*	*729.8*
Net Errors & Omissions	**1266.6**	**1139.0**
Overall Balance	**228.8**	**-991.2**
Change in CBE's reserve assets (increase = -)	**-228.8**	**991.2**

* **Preliminary.**