Press Release

Balance of Payments Performance

During the First Half of FY 2024/2025

During the first half (July/December 2024) of FY 2024/2025, Egypt's transactions with the external world resulted in an overall BOP deficit of US$ 502.6 million (compared to an overall deficit of US$ 409.6 million in the same period of the previous FY), as the current account* deficit recorded US$ 11.1 billion (against US$ 9.6 billion). This was an outcome of the rise in the trade deficit by 47.4 percent to reach US$ 27.5 billion and the retreat in services surplus by 21.2 percent to just US$ 7.2 billion. The widening of the deficit was mitigated by the pickup in net current transfers by 81.6 percent to US$ 17.1 billion, primarily due to the surge of the remittances of Egyptians working abroad. Additionally, the investment income deficit narrowed by 17.2 percent to only US$ 7.9 billion. On the other hand, the capital and financial account recorded a net inflow of US$ 7.9 billion during the period under review (against US$ 8.4 billion), as the FDI in Egypt registered a net inflow of US$ 6.0 billion, while portfolio investments in Egypt recorded a net outflow of US$ 3.7 billion.

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

- **The non-oil trade deficit increased** by 33.8 percent or US$ 5.3 billion to register US$ 20.8 billion (against US$ 15.6 billion) as the pickup of the non-oil merchandise imports surpassed that of the non-oil merchandise exports, as shown below:

  - Non-oil merchandise imports moved up by 26.9 percent or US$ 7.7 billion to US$ 36.6 billion (from US$ 28.8 billion). The rise was concentrated in the imports of wheat; pharmaceuticals, gauze pads, and vaccines; soya beans; and spare parts for cars and tractors.
  - Non-oil merchandise exports rose by 18.8 percent or US$ 2.5 billion to US$ 15.7 billion (from US$ 13.2 billion). The increase

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

was mainly in the exports of wires and cables; ready-made clothes; aluminium and articles thereof; and fresh/dried fruits.

- **The oil trade deficit recorded** US$ 6.7 billion (against US$ 3.1 billion), as a result of the following developments:

- Oil imports increased by 53.3 percent or US$ 3.4 billion to US$ 9.7 billion (against US$ 6.3 billion), driven by the higher imports of natural gas by US$ 2.1 billion, oil products by US$ 1.2 billion, and crude oil by US$ 58.7 million (due to the pickup in imported quantities).

- Oil exports dropped by 7.0 percent or US$ 224.6 million to record only US$ 3.0 billion (against US$ 3.2 billion), reflecting the decrease in the exports of both crude oil by US$ 714.3 million and natural gas by US$ 265.3 million (due to the decline of the exported quantities and the average prices). In the meantime, exports of oil products went up by US$ 755.0 million (owing to the rise in exported quantities).

- **Suez Canal transit receipts fell** by 62.3 percent to record only US$ 1.8 billion (against US$ 4.8 billion), because of the fall in both the net tonnage by 69.2 percent to just 244.7 million tons and the number of transiting vessels by 52.2 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.

The rise in the current account deficit was mitigated by:

- **The surge in remittances of Egyptians working abroad** by 80.7 percent to US$ 17.1 billion (against US$ 9.4 billion).
- **The decline in investment income deficit** by 17.2 percent to only US$ 7.9 billion (from US$ 9.6 billion), as a combined result of the decrease in investment income payments by 10.7 percent to US$ 9.2 billion (from US$ 10.3 billion) and the increase in investment income receipts by 70.9 percent to US$ 1.3 billion (from US$ 765.9 million).

- **The increase in tourism revenues** by 12.4 percent to US$ 8.7 billion (against US$ 7.8 billion), due to the pickup in the number of tourist nights to register 93.5 million nights (against 83.2 million nights).

The capital and financial account[*] registered a net inflow of US$ 7.9 billion during the reporting period (against US$ 8.4 billion during the same period of the previous FY), due to the following developments:

- **FDI in Egypt registered a net inflow** of US$ 6.0 billion (against US$ 5.5 billion), due to the following factors:
  - **FDI in the oil sector** recorded a net inflow of US$ 196.9 million (against a net outflow of US$ 422.2 million), as a result of the rise in inflows to the oil sector that recorded US$ 2.9 billion (representing greenfield investments of foreign oil companies) against US$ 2.6 billion. Meanwhile, outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) declined to record only US$ 2.7 billion (against US$ 3.0 billion).
  - **FDI to non-oil sectors** achieved a net inflow of US$ 5.8 billion. This was mainly attributed to the net inflow of US$ 2.9 billion (against US$ 1.9 billion) recorded by greenfield investments or capital increases of existing companies. In addition, net investment inflows for real-estate purchases by non-residents registered US$ 732.1 million (against US$ 536.7 million). In the meantime, net reinvested earnings recorded US$ 2.2 billion (against US$ 2.6 billion). Furthermore, net proceeds from selling companies and productive assets to non-residents registered US$ 321.9 million (against US$ 626.4 million).
- **Portfolio investment in Egypt** recorded a net outflow of US$ 3.7 billion (against a net inflow of US$ 252.8 million).
- **The change in banks' foreign assets** registered a net inflow of US$ 7.4 billion (representing a decrease in assets), against a net outflow of US$ 1.2 billion.

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

- **The change in banks' liabilities** posted a net inflow of US$ 1.7 billion (representing an increase in liabilities), against a net outflow of US$ 120.9 million.
- **The change in the CBE's liabilities** recorded a net inflow of only US$ 704.5 million (representing an increase in liabilities), against US$ 2.7 billion.

• Numbers expressed in US$ billion have been rounded.

Balance of Payments

(US$ mn)

	July/Dec. 2023*	July/Dec. 2024*
Trade Balance	**-18656.7**	**-27501.0**
Exports	16449.6	18711.3
Petroleum	*3217.4*	*2992.8*
Other Exports	*13232.2*	*15718.5*
Imports	-35106.3	-46212.3
Petroleum	*-6303.4*	*-9660.9*
Other Imports	*-28802.9*	*-36551.4*
Services Balance (net)	**9161.4**	**7220.2**
Receipts	**16860.7**	**16164.0**
Transportation	6797.4	4700.2
of which: Suez Canal dues	*4802.7*	*1812.1*
Travel	7766.0	8725.9
Government Receipts	384.8	494.4
Other	1912.5	2243.5
Payments	**7699.3**	**8943.8**
Transportation	1607.9	1910.0
Travel	3008.2	1959.7
Government Expenditures	728.3	1193.0
Other	2354.9	3881.1
Income Balance (net)	**-9568.9**	**-7924.9**
Income receipts	765.9	1309.0
Income payments	10334.8	9233.9
of which: Interest Paid	*4050.4*	*3801.4*
Transfers	**9431.8**	**17126.4**
Private Transfers (net)	9402.3	17025.9
of which: Worker Remittances	*9448.1*	*17069.4*
Official Transfers (net)	29.5	100.5
Current Account Balance	**-9632.4**	**-11079.3**

Balance of Payments (cont.)

(US$ mn)

	July/Dec. 2023*	July/Dec. 2024*
Capital & Financial Account	**8363.5**	**7917.0**
Capital Account	**-25.8**	**-90.6**
Financial Account	**8389.3**	**8007.6**
Direct Investment Abroad (net)	**-226.6**	**-232.8**
Direct Investment In Egypt (net)	**5529.9**	**6043.4**
Portfolio Investment Abroad(net)	**-167.8**	**-87.2**
Portfolio Investment in Egypt (net)	**252.8**	**-3691.7**
of which: Bonds	*228.8*	*-311.4*
Other Investment (net)	**3001.0**	**5975.9**
Net Borrowing	5574.9	-1027.8
M&L Term Loans	-786.8	-1050.2
Drawings	*2365.1*	*3079.1*
Repayments	*-3151.9*	*-4129.3*
M& L Term buyers' and suppliers' Credit	569.8	-924.2
Drawings	*1111.4*	*2661.0*
Repayments	*-541.6*	*-3585.2*
Short Term buyers' and suppliers' Credit (net)	5791.9	946.6
Other Assets	-5159.6	4576.7
Central Bank	*-98.5*	*-72.3*
Banks	*-1193.3*	*7367.4*
Other	*-3867.8*	*-2718.4*
Other Liabilities	2585.7	2427.0
Central Bank	*2706.6*	*704.5*
Banks	*-120.9*	*1722.5*
Net Errors & Omissions	**859.3**	**2659.7**
Overall Balance	**-409.6**	**-502.6**
Change in CBE's reserve assets (increase = -)	**409.6**	**502.6**

* **Preliminary.**