Press Release

Balance of Payments Performance in July/March of FY 2024/2025

During July/March of FY 2024/2025, the Egyptian economy has witnessed positive developments as the current account deficit* improved by 22.6 percent to reach US$ 13.2 billion (against US$ 17.1 billion in the same period a year earlier). This improvement was mainly concentrated in the third quarter (January/March 2025) as the deficit significantly narrowed by 69.3 percent compared to the corresponding quarter. This was driven by the marked increase in the remittances of Egyptians working abroad by 86.6 percent, besides the rise in the services surplus supported by the pickup in tourism revenues by 23.0 percent. In addition, the significant leap in non-oil merchandise exports by 56.9 percent contributed to the improvement in the non-oil trade deficit. Also, the investment income deficit improved by 5.2 percent.

Despite the favorable progress observed, during July/March of FY 2024/2025, the BoP shifted from an overall surplus of US$ 4.1 billion in the same period a year earlier to an overall deficit of US$ 1.9 billion. This shift was mainly attributed to the decline in the net inflows of the capital and financial account, recording US$ 7.7 billion compared to unprecedented inflows of US$ 20.0 billion in the corresponding period, which included "Ras El Hekma" deal, valued at US$ 15.0 billion.

First: The Current Account

The following factors have contributed to the improvement of the current account deficit during July/March of FY 2024/2025:

- **Remittances of Egyptians working abroad surged** by 82.7 percent to reach US$ 26.4 billion (against US$ 14.5 billion).
- **Investment income deficit retreated** by 13.4 percent to only US$ 12.2 billion (from US$ 14.0 billion), as an outcome of the fall in investment income

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

payments by 6.9 percent to US$ 14.1 billion (against US$ 15.1 billion), and the rise in investment income receipts by 74.0 percent to US$ 1.9 billion (against US$ 1.1 billion).

- **Tourism revenues rose** by 15.4 percent to US$ 12.5 billion (against US$ 10.9 billion), due to the pickup in the number of tourist nights to 134.3 million nights (against 116.4 million nights).

<u>The following factors have mitigated the improvement in the current account during July/March 2024/2025:</u>

- **The oil trade deficit widened** to register US$ 10.3 billion (against US$ 5.1 billion), primarily due to the rise in oil imports, <u>as shown below</u>:

  - **Oil imports increased** by US$ 4.8 billion to US$ 14.5 billion (against US$ 9.7 billion), driven by the surge in imports of natural gas by US$ 3.3 billion, oil products by US$ 1.2 billion, and crude oil by US$ 302.9 million (due to the pickup in imported quantities).

  - **Oil exports declined** by US$ 430.5 million to record only US$ 4.2 billion (against US$ 4.6 billion), reflecting the decrease in the exports of both crude oil by US$ 784.2 million and natural gas by US$ 500.5 million (due to the decline in the exported quantities and the average prices). However, the decline was curbed by the increase in the exports of oil products by US$ 854.2 million (owing to the rise in exported quantities).

- **The non-oil trade deficit increased** by US$ 4.3 billion to register US$ 28.0 billion (against US$ 23.7 billion), mainly because the pickup of the non-oil merchandise imports surpassed that of the non-oil merchandise exports, <u>as shown below</u>:

  - **Non-oil merchandise imports moved up** by US$ 10.3 billion to US$ 53.6 billion (from US$ 43.2 billion). The rise was concentrated in the imports of wheat; soya beans; spare parts for cars and tractors; maize; and raw tobacco.

  - **Non-oil merchandise exports rose** by US$ 6.1 billion to US$ 25.6 billion (from US$ 19.5 billion). The increase was mainly seen in the exports of gold;

ready-made clothes; fresh/dried fruits; wires and cables; and aluminium and articles thereof.

- **Suez Canal transit receipts fell** by 54.1 percent to record only US$ 2.6 billion (against US$ 5.8 billion), because of the decrease in both the net tonnage by 61.9 percent to just 360.3 million tons and the number of transiting vessels by 44.8 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.

Second: The Capital and Financial Account*

The capital and financial account registered a net inflow of US$ 7.7 billion in the period under review (against US$ 20.0 billion in the same period a year earlier), due to the following key developments:

- **FDI in Egypt recorded a net inflow** of US$ 9.8 billion (against US$ 23.7 billion in the corresponding period under "Ras El Hekma" deal), as follows:

  - **FDI to the oil sector achieved** a net inflow of US$ 669.6 million (against a net outflow of US$ 175.6 million), as a confluence of the increase in the inflows to the oil sector that recorded US$ 5.0 billion (representing greenfield investments by foreign oil companies) against US$ 4.4 billion, and the decline in outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) to reach only US$ 4.3 billion (against US$ 4.6 billion).

  - **FDI to non-oil sectors unfolded** a net inflow of US$ 9.1 billion, due to the following developments:
    - Greenfield investments or capital increases of existing companies recorded a net inflow of US$ 4.3 billion.
    - Reinvested earnings registered a net inflow of US$ 3.1 billion.
    - Net investment inflows for real-estate purchases by non-residents recorded US$ 1.6 billion.
    - Proceeds of selling entities to non-residents registered a net inflow of US$ 396.1 million.

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

- **Portfolio investment in Egypt** recorded a net inflow of only US$ 2.1 billion (against US$ 14.6 billion).
- **Medium- & long-term loans and facilities** registered a net repayment of US$ 2.6 billion (against US$ 1.9 billion), due to the hike in total principal repayments to US$ 10.1 billion (against US$ 5.9 billion). In the meantime, total disbursements reached US$ 7.5 billion (against US$ 4.0 billion).
- **The change in the CBE's liabilities** recorded a net inflow of US$ 429.9 million (representing an increase in liabilities), against a net outflow of US$ 1.4 billion.

• Numbers expressed in US$ billion have been rounded.

Balance of Payments

(US$ mn)

	July/March 2023/24*	July/March 2024/25*
Trade Balance	**-28800.5**	**-38333.6**
Exports	24119.6	29750.2
Petroleum	4605.4	4174.9
Other Exports	*19514.2*	*25575.3*
Imports	-52920.1	-68083.8
Petroleum	*-9684.9*	-14502.8
Other Imports	*-43235.2*	*-53581.0*
Services Balance (net)	**11265.1**	**10807.9**
Receipts	**23237.8**	**23924.7**
Transportation	8746.1	6941.1
of which: Suez Canal dues	*5762.0*	*2642.2*
Travel	10861.0	12531.6
Government Receipts	700.8	715.8
Other	2929.9	3736.2
Payments	**11972.7**	**13116.8**
Transportation	2390.5	2722.3
Travel	4322.7	3009.1
Government Expenditures	1147.6	1816.8
Other	4111.9	5568.6
Income Balance (net)	**-14028.7**	**-12151.9**
Income receipts	1115.7	1940.9
Income payments	15144.4	14092.8
of which: Interest Paid	*6083.1*	*5713.7*
Transfers	**14468.6**	**26443.4**
Private Transfers (net)	14448.8	26320.3
of which: Worker Remittances	*14470.5*	*26442.9*
Official Transfers (net)	19.8	123.1
Current Account Balance	**-17095.5**	**-13234.2**

Balance of Payments (cont.)

(US$ mn)

	July/March 2023/24*	July/March 2024/25*
Capital & Financial Account	**20029.6**	**7661.4**
Capital Account	**-79.6**	**-150.7**
Financial Account	**20109.2**	**7812.1**
Direct Investment Abroad (net)	**-382.0**	**-402.4**
Direct Investment In Egypt (net)	**23712.3**	**9813.1**
Portfolio Investment Abroad(net)	**-176.5**	**-114.0**
Portfolio Investment in Egypt (net)	**14636.4**	**2143.3**
of which: Bonds	*-484.5*	*2127.7*
Other Investment (net)	**-17681.0**	**-3627.9**
Net Borrowing	4003.2	-802.1
M&L Term Loans	-2352.3	-1454.4
Drawings	*2671.5*	*4690.7*
Repayments	*-5023.8*	*-6145.1*
M& L Term buyers' and suppliers' Credit	479.5	-1104.8
Drawings	*1331.6*	*2838.9*
Repayments	*-852.1*	*-3943.7*
Short Term buyers' and suppliers' Credit (net)	5876.0	1757.1
Other Assets	-17505.0	-3449.2
Central Bank	*-139.8*	*-128.0*
Banks	*-12103.2*	*-28.2*
Other	*-5262.0*	*-3293.0*
Other Liabilities	-4179.2	623.4
Central Bank	*-1434.2*	*429.9*
Banks	*-2745.0*	*193.5*
Net Errors & Omissions	**1198.8**	**3694.9**
Overall Balance	**4132.9**	**-1877.9**
Change in CBE's reserve assets (increase = -)	**-4132.9**	**1877.9**

* **Preliminary.**