Press Release

Balance of Payments Performance in the First Quarter of FY 2025/2026

During the first quarter of FY 2025/2026 (July/September 2025), the Egyptian economy showcased a positive outturn in the balance of payments, as the current account deficit narrowed by 45.2 percent, reaching US$ 3.2 billion (compared to US$ 5.9 billion in the same period of the preceding FY). This came as a result of the increase in the net unrequited current transfers by 28.4 percent to register US$ 10.7 billion, primarily due to the surge of the remittances of Egyptians working abroad. In addition, the services surplus rose by 23.4 percent to US$ 5.0 billion, which was attributed to the increases in both tourism revenues and Suez Canal transit receipts. Moreover, the non-oil trade deficit dropped by 4.0 percent to stand at US$ 9.5 billion.

The capital and financial account recorded a net outflow of US$ 366.4 million during the period under review (compared to a net inflow of US$ 3.8 billion), due to the increase in banks' foreign assets abroad by US$ 5.3 billion. On the other hand, FDI and portfolio investment in Egypt registered net inflows of US$ 2.4 billion and US$ 1.8 billion, respectively.

As a result, the BoP unfolded an overall deficit of US$ 1.6 billion during the quarter under review (against US$ 991.2 million).

Hereunder are the key developments in the BoP during Q1 of FY 2025/2026:

First: The Current Account

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

- **Remittances of Egyptians working abroad significantly increased** by 29.8 percent to record US$ 10.8 billion (against US$ 8.3 billion).

- **Tourism revenues rose** by 13.8 percent to US$ 5.5 billion (against US$ 4.8 billion), due to the pickup in the number of tourist nights to 58.7 million nights (against 51.6 million nights).
- **The Suez Canal transit receipts increased** by 12.4 percent to US$ 1.05 billion (against US$ 931.2 million), owing to the increase in both the net tonnage by 8.6 percent to 138.1 million tons and the number of transiting vessels by 2.5 percent to 3.3 thousand vessels.
- **The non-oil trade deficit retreated** by US$ 390.2 million, to record US$ 9.5 billion (against US$ 9.8 billion), **<u>as shown below</u>:**

    - **Non-oil merchandise export proceeds increased** by US$ 1.9 billion to US$ 9.8 billion (against US$ 7.9 billion). The increase was concentrated in exports of gold; household electric appliances; fresh/chilled/cooked vegetables; fresh/dried fruits; and ready-made clothes.

    - **Meanwhile, non-oil merchandise import payments increased** by about US$ 1.5 billion to US$ 19.3 billion (compared with US$ 17.7 billion). The increase was concentrated in the imports of passenger vehicles; spare parts and accessories for cars and tractors; corn; propylene polymers; and telephones.

<u>However, the following factors have partially offset the improvement in the current account:</u>

- **The oil trade deficit widened** by US$ 946.6 million to US$ 5.2 billion (against US$ 4.2 billion), <u>primarily due to the rise in oil imports as follows</u>:

    - **Oil imports rose** by US$ 1.0 billion to record US$ 6.4 billion (against US$ 5.4 billion) due to higher imports of both natural gas and crude oil by US$ 1.1 billion and US$ 342.1 million, respectively (as the imported quantities of each increased). Meanwhile, imports of oil products declined by US$ 448.9 million (due to the decline in imported quantities).

    - **Meanwhile, oil exports edged up** by US$ 63.6 million to reach US$ 1.3 billion (against US$ 1.2 billion) on the back of the increase in the exports of oil products by US$ 89.8 million and natural gas by US$ 31.6 million (due to the increase of the exported quantities of each). On the other hand, exports of crude oil decreased by US$ 57.8 million (despite the rise in exported quantities).

- **The investment income deficit slightly rose** by 2.3 percent to US$ 4.4 billion (from US$ 4.3 billion), as an outcome of the decline in investment income receipts by 7.6 percent to US$ 610.7 million, and the increase in investment income payments by 1.0 percent to US$ 5.0 billion.

Second: The Capital and Financial Account*

The capital and financial account registered a net outflow of US$ 366.4 million during the period under review (against a net inflow of US$ 3.8 billion in the same period a year earlier) due to the following key developments:

- **FDI in Egypt recorded a net inflow** of US$ 2.4 billion (against US$ 2.7 billion), as follows:

  - **FDI in the oil and mineral resources sector** achieved a net inflow of US$ 9.3 million (against a net outflow of US$ 175.7 million), as a result of the increase in the inflows to the sector (representing greenfield investments by foreign companies) to register US$ 1.57 billion (against US$ 1.20 billion), despite the rise in outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) that reached US$ 1.56 billion (against US$ 1.38 billion).

  - **FDI to non-oil sectors** posted a net inflow of US$ 2.4 billion, due to the following key developments:
    - Reinvested earnings recorded a net inflow of US$ 1.2 billion.

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

- Greenfield investments or capital increases of existing companies recorded a net inflow of US$ 800.8 million (of which, US$ 78.9 million were greenfield investments).
- Net investment inflows for real-estate purchases by non-residents recorded US$ 520.2 million.
- Proceeds from selling local entities to non-residents registered a net outflow of only US$ 3.2 million.

- **Portfolio investment in Egypt** recorded a net inflow of US$ 1.8 billion (against a net outflow of US$ 384.7 million).
- **The change in banks' foreign assets** posted a net outflow of US$ 5.3 billion (representing an increase in assets).
- **Medium- & long-term loans and facilities** recorded a net repayment of US$ 1.0 billion as total principal repayments registered US$ 2.0 billion (against US$ 2.4 billion) and total disbursements recorded US$ 965.1 million (against US$ 1.4 billion).
- **The change in the CBE's liabilities** posted a net outflow of US$ 63.8 million (representing a decrease in liabilities), against a net inflow of US$ 115.2 million.

Balance of Payments

(US$ mn)

	July/Sep 2024*	July/Sep 2025*
Trade Balance	**-14060.4**	**-14616.8**
Exports	9088.8	11089.5
Petroleum	*1193.6*	*1257.2*
Other Exports	*7895.2*	*9832.3*
Imports	-23149.2	-25706.3
Petroleum	*-5412.7*	*-6422.9*
Other Imports	*-17736.5*	*-19283.4*
Services Balance (net)	**4051.5**	**5000.1**
Receipts	**8384.5**	**9378.7**
Transportation	2165.1	2341.3
of which: Suez Canal dues	*931.2*	*1047.1*
Travel	4815.0	5477.8
Government Receipts	263.4	116.4
Other	1141.0	1443.2
Payments	**4333.0**	**4378.6**
Transportation	993.2	913.2
Travel	827.9	988.7
Government Expenditures	751.5	847.0
Other	1760.4	1629.7
Income Balance (net)	**-4257.0**	**-4354.8**
Income receipts	660.6	610.7
Income payments	4917.6	4965.5
of which: Interest Paid	*1947.0*	*1768.7*
Transfers	**8356.3**	**10731.8**
Private Transfers (net)	8307.1	10698.7
of which: Worker Remittances	*8325.9*	*10807.5*
Official Transfers (net)	49.2	33.1
Current Account Balance	**-5909.6**	**-3239.7**

Balance of Payments (cont.)

(US$ mn)

	July/Sep 2024*	July/Sep 2025*
Capital & Financial Account	**3779.4**	**-366.4**
Capital Account	**-18.1**	**-57.0**
Financial Account	**3797.5**	**-309.4**
Direct Investment Abroad (net)	**-91.4**	**-176.6**
Direct Investment In Egypt (net)	**2717.1**	**2405.9**
Portfolio Investment Abroad(net)	**-49.3**	**-31.8**
Portfolio Investment in Egypt (net)	**-384.7**	**1837.3**
of which: Bonds	*-86.2*	*-274.8*
Other Investment (net)	**1605.8**	**-4344.2**
Net Borrowing	748.7	1780.5
M&L Term Loans	-1064.0	-957.0
Drawings	*1039.8*	*563.4*
Repayments	*-2103.8*	*-1520.4*
M& L Term buyers' and suppliers' Credit	23.6	-46.0
Drawings	*358.4*	*401.7*
Repayments	*-334.8*	*-447.7*
Short Term buyers' and suppliers' Credit (net)	1789.1	2783.5
Other Assets	12.1	-6633.9
Central Bank	*-89.5*	*-191.2*
Banks	*2115.9*	*-5286.7*
Other	*-2014.3*	*-1156.0*
Other Liabilities	845.0	509.2
Central Bank	*115.2*	*-63.8*
Banks	*729.8*	*573.0*
Net Errors & Omissions	**1139.0**	**1971.4**
Overall Balance	**-991.2**	**-1634.7**
Change in CBE's reserve assets (increase = -)	**991.2**	**1634.7**

* **Preliminary.**