BALANCE OF PAYMENTS (BoP) DEVELOPMENTS[1]:

1. Preliminary estimates for 4th Quarter 2016 (2016Q4)

The current account deficit is estimated to have almost doubled between 2015Q4 and 2016Q4, largely on account of a widening goods account deficit. The deficit on the current account increased from Rs2.4 billion in 2015Q4 (equivalent to USD67 million and representing about 2.1 per cent of GDP) to Rs4.7 billion in 2016Q4 (equivalent to USD130 million and about 3.9 per cent of GDP).

The deficit on the goods account expanded from Rs19.5 billion (equivalent to USD545 million and representing about 17.5 per cent of GDP) in 2015Q4 to Rs22.7 billion (equivalent to USD635 million and representing about 19.0 per cent of GDP) in 2016Q4, as exports went down while imports increased, in nominal terms. Year-on-year, exports declined by 6.5 per cent while, exclusive of '*Ship's stores and bunkers*' and *'Re-exports'*, they dropped by 10.5 per cent. Imports (f.o.b.) rose by 4.2 per cent, reflecting essentially the higher bill for petroleum products.

The surplus on the services account rose to Rs10.0 billion (equivalent to USD278 million or representing about 8.3 per cent of GDP) compared to Rs7.0 billion (equivalent to USD194 million or representing 6.2 per cent of GDP) in 2015Q4. Tourism earnings increased from Rs15.0 billion in 2015Q4 to Rs16.7 billion in 2016Q4.

The income account, which includes GBC1s' transactions, is estimated to have recorded a lower surplus of Rs8.8 billion for 2016Q4 compared to Rs12.2 billion in 2015Q4. The current transfers account is estimated to have recorded a lower deficit of Rs0.7 billion in 2016Q4 on account of higher receipts of grants by Government compared to a shortfall of Rs2.0 billion in 2015Q4.

The capital and financial account, inclusive of reserve assets, is estimated to have recorded higher net inflows of Rs6.5 billion in 2016Q4, nearly double the net inflows of Rs3.4 billion estimated for 2015Q4. Excluding reserve assets, the capital and financial account is estimated to have recorded net inflows of Rs15.3 billion in 2016Q4 compared to net inflows of Rs10.3 billion in 2015Q4.

The direct investment account is estimated to have recorded net inflows of Rs116.7 billion in 2016Q4, as against net outflows of Rs0.9 billion in 2015Q4. Exclusive of GBC transactions, direct investment flows in Mauritius net of repatriation amounted to Rs2.9 billion in 2016Q4, higher than the Rs2.2 billion recorded for 2015Q4. Direct investment flows abroad net of repatriation were Rs0.2 billion in 2016Q4 compared to Rs0.6 billion in 2015Q4. The portfolio investment account is estimated to have posted higher net outflows of Rs56.5 billion in 2016Q4 compared to Rs6.8 billion in 2015Q4. Excluding GBC transactions, it registered net outflows of Rs3.0 billion on account of higher portfolio investment by residents abroad coupled with disinvestment by non-residents from the domestic stock market. The 'Other investment' account is estimated to have recorded net outflows of Rs44.9 billion in 2016Q4; but excluding GBC transactions, it posted net outflows of Rs2.0 billion, reflecting essentially the pick-up in banks' net foreign assets together with net repayment of external loans by Government.

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[1] *Including estimates for cross-border transactions of GBC1s.*

The country recorded a balance of payments surplus of Rs8.8 billion in 2016Q4 compared to a surplus of Rs7.0 billion in 2015Q4.

2. Preliminary estimates for Calendar Year 2016

Preliminary data on Mauritius' balance of payments for 2016 indicate that the current account deficit decreased to Rs18.9 billion (equivalent to USD532 million and representing about 4.3 per cent of GDP), from Rs20.5 billion in 2015 (equivalent to USD584 million and representing about 5.0 per cent of GDP), essentially due to a higher surplus on the services account.

The deficit on the goods account widened from Rs65.4 billion (equivalent to USD1,865 million) in 2015 to Rs72.8 billion (equivalent to USD2,048 million) in 2016 mainly on account of a larger decline in exports of goods relative to the contraction in imports of goods, in nominal terms. Year-on-year, exports of goods declined by 10.1 per cent while imports (f.o.b.) decreased by 1.3 per cent.

The surplus on the services account is estimated at Rs28.5 billion (equivalent to USD800 million) or representing about 6.6 per cent of GDP in 2016, higher than the 5.2 per cent of GDP recorded in 2015. The main drivers behind the improved performance of the services account were tourism and 'other services'. The travel account recorded a surplus of Rs35.0 billion, higher than the surplus of Rs30.8 billion in 2015, reflecting the buoyant tourism sector performance. The 'other services' account registered a surplus of Rs1.1 billion in 2016 as against a deficit of Rs0.8 billion in 2015.

The income account, which includes GBC1s' transactions, is estimated to have generated a surplus of Rs33.6 billion for 2016 compared to Rs31.7 billion in 2015. The current transfers account is estimated to have recorded a higher deficit of Rs8.2 billion in 2016 compared to Rs7.9 billion in 2015, despite the higher receipts of grants.

The capital and financial account, inclusive of reserve assets, posted higher net inflows of Rs24.0 billion in 2016 compared to net inflows of Rs17.9 billion in 2015. Direct investment in Mauritius recorded net inflows of Rs726.6 billion while direct investment abroad registered net outflows of Rs264.7 billion. The 'Portfolio investment' and the 'Other investment' accounts posted net outflows of Rs238.0 billion and Rs173.6 billion, respectively.

Excluding GBC transactions, the direct investment account registered net inflows of Rs12.2 billion in 2016 compared to Rs5.4 billion in 2015. Gross direct investment in Mauritius increased from Rs9.7 billion in 2015 to Rs13.6 billion while gross direct investment abroad by residents fell from Rs2.4 billion to Rs1.8 billion over the same period.

Excluding transactions of GBCs, the portfolio investment account registered net outflows of Rs9.2 billion in 2016. Non-residents' net disinvestment from the domestic stock market amounted to Rs1.2 billion in 2016, lower than the net disinvestment of Rs5.1 billion in 2015.

The 'Other investment' account, excluding GBC transactions, registered net inflows of Rs9.2 billion in 2016 as against net outflows of Rs3.9 billion in 2015. The general Government sector effected net repayment of loans totalling Rs1.0 billion in 2016, higher that the net repayment of Rs0.7 billion in 2015. Banks' net foreign assets dropped by Rs0.5 billion in 2016, reflecting the fall in their gross external assets that exceeded the decline in their gross external liabilities.

The country recorded a higher balance of payments surplus of Rs26.2 billion in 2016 compared to a surplus of Rs20.0 billion in 2015.

Tables 1 and 2 provide details on the balance of payments in Mauritian rupee and US dollar, respectively.

Research & Economic Analysis Department

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