



## BALANCE OF PAYMENTS (BoP) DEVELOPMENTS<sup>1</sup>:

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### Fourth Quarter 2023 (2023Q4)

1. The external current account deficit improved to Rs6.4 billion in 2023Q4 on account of substantial surpluses in the primary income and services accounts.
2. The goods account deficit increased to Rs43.9 billion in 2023Q4, reflecting a higher decline in exports relative to imports. Total exports of goods (f.o.b.) fell by 7.8 per cent to Rs26.1 billion in 2023Q4, mainly due to declines in exports of *'Miscellaneous manufactured articles'*, *'Chemicals & related products, n.e.s.'* and *'Manufactured goods classified chiefly by material'*. Imports of goods (f.o.b.) declined by 1.3 per cent to Rs69.9 billion, mostly driven by the fall in imports of *'Manufactured goods classified chiefly by material'* and *'Mineral fuels, lubricants, & related products'*.
3. The surplus in the services account rose to Rs16.2 billion in 2023Q4, benefitting from a significant decrease in freight costs, as well as increases in gross tourism earnings and passenger fares to Rs25.2 billion and Rs3.6 billion, respectively. Inclusive of Global Business Licence Holders' (GBLHs) flows, the surplus on the primary income account amounted to Rs29.7 billion in 2023Q4 while the secondary income account remained in deficit at Rs8.4 billion.
4. Net borrowing in the financial account has been estimated at Rs5.9 billion in 2023Q4. The direct investment account, inclusive of GBLHs' flows, registered net outflows of Rs19.9 billion.
5. The portfolio investment account posted net inflows of Rs21.0 billion. Excluding GBLHs, net inflows of Rs0.2 billion were registered in the portfolio investment account. The other investment account recorded net inflows of Rs24.6 billion, emanating largely from repatriation of deposits held abroad by banks and additional deposits from non-residents.
6. The country recorded an overall balance of payments surplus of Rs22.4 billion in 2023Q4.

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<sup>1</sup> Including estimates of transactions of Global Business License Holders (GBLHs).

## **Calendar year 2023**

1. On an annual basis, the current account deficit improved to Rs29.6 billion in 2023, mainly explained by the significant surpluses in the services and income accounts, which outweighed the widening trade deficit. The deficit in the goods account went up to Rs163.2 billion in 2023 due to a decline in exports (f.o.b.) to Rs104.1 billion whilst imports (f.o.b.) rose to Rs267.3 billion.
2. The services account generated a surplus of Rs48.2 billion in 2023, mainly on account of higher tourism earnings and a sharp fall in import freight costs. Inclusive of Global Business Licence Holders' (GBLHs) flows, the surplus on the primary income account amounted to Rs111.1 billion in 2023 while the secondary income account posted a deficit of Rs25.8 billion.
3. Net borrowing in the financial account in 2023 has been estimated at Rs32.7 billion. The country recorded an overall balance of payments deficit of Rs31.3 billion in 2023.

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Economic Analysis & Research and Statistics Department