



BALANCE OF PAYMENTS (BoP) DEVELOPMENTS¹:

I. Fourth Quarter of 2017 (2017Q4)

- 1. Preliminary estimates of Mauritius' balance of payments point to a worsening of the current account deficit in 2017Q4 compared to 2016Q4, largely due to the widening deficit on the goods account.** The external current account deficit is estimated at Rs10.6 billion (equivalent to USD314 million) in 2017Q4, representing about 8.4 per cent of GDP, compared to Rs4.5 billion (equivalent to USD125 million) in 2016Q4 or 3.8 per cent of GDP.
- 2. The deficit on the goods account expanded significantly, reflecting a decline in nominal exports and an increase in nominal imports.** The deficit rose from Rs22.5 billion (equivalent to USD630 million) in 2016Q4 to Rs29.2 billion (equivalent to USD862 million) in 2017Q4. As a ratio to GDP, the deficit on the goods account increased from 19.0 per cent to 23.1 per cent. Exports of goods (f.o.b.) declined by 4.4 per cent, from Rs21.1 billion in 2016Q4 to Rs20.2 billion in 2017Q4 on account of decreases of 6.8 per cent and 13.0 per cent in 'domestic exports' and 'Re-exports', respectively, that were partly offset by the increase of 36.3 per cent in 'Ship's Stores and Bunkers'. As a ratio to GDP, exports of goods (f.o.b.) dropped from 17.8 per cent in 2016Q4 to 15.9 per cent in 2017Q4. Imports of goods (c.i.f.) rose by 13.0 per cent, from Rs45.9 billion in 2016Q4 to Rs51.9 billion in 2017Q4, reflecting mainly the increases in 'Food and live animals' (+17.0 per cent) and 'Mineral fuels, lubricants and related products' (+19.2 per cent). As a ratio to GDP, imports of goods (c.i.f.) increase from 38.7 per cent in 2016Q4 to 41.0 per cent in 2017Q4.
- 3. The surplus on the services account moderated somewhat, while that on the income account is expected to have improved in 2017Q4.** The services account posted a surplus of Rs9.2 billion (equivalent to USD270 million) compared to a surplus of Rs10.0 billion (equivalent to USD278 million) in 2016Q4. Gross tourism earnings increased from Rs16.7 billion in 2016Q4 to Rs18.2 billion in 2017Q4. However, the deficit in the 'other services' sub-account lowered the surplus on the services account. The surplus on the income account, inclusive of estimated GBC1 flows, is estimated at Rs12.6 billion, higher than the Rs8.8 billion estimated for 2016Q4. The deficit on the current transfers account is estimated at Rs3.2 billion in 2017Q4, higher than the estimated deficit of Rs0.7 billion in 2016Q4.

¹ Including estimates for cross-border transactions of GBC1s.

4. The capital and financial account recorded higher net inflows in 2017Q4 together with a higher overall balance of payments surplus. The capital and financial account, inclusive of reserve assets, is estimated to have posted net inflows of Rs8.9 billion (equivalent to USD261 million) in 2017Q4 compared to Rs6.5 billion (equivalent to USD181 million) in 2016Q4. The direct investment account is estimated to have recorded net inflows of Rs162.0 billion in 2017Q4. Excluding GBC-related flows, direct investment in Mauritius recorded net outflows of Rs0.4 billion in 2017Q4 as against net inflows of Rs2.9 billion in 2016Q4 due to disinvestments by non-residents. The portfolio investment account, inclusive of GBC1s transactions, is estimated to have posted net outflows of Rs110.5 billion in 2017Q4. Non-residents' net sales of securities on the domestic capital market amounted to Rs1.9 billion in 2017Q4 compared to net sales of Rs0.5 billion recorded in 2016Q4. The 'other investment' account is expected to have registered lower net outflows of Rs26.6 billion in 2017Q4 compared to Rs44.9 billion in 2016Q4. However, excluding GBC-related transactions, it recorded net inflows of Rs14.5 billion as against net outflows of Rs2.0 billion in 2016Q4.

A balance of payments surplus of Rs16.0 billion was recorded in 2017Q4, higher than the surplus of Rs8.8 billion in 2016Q4.

II. Calendar Year 2017

- 1. Preliminary estimates of the balance of payments indicate that the country recorded a higher current account deficit in 2017 compared to 2016, essentially reflecting a deterioration in the deficit on the goods account.** The current account deficit is estimated at Rs30.2 billion in 2017 (equivalent to USD878 million) compared to Rs18.3 billion in 2016 (equivalent to USD516 million). As a percentage to GDP, the current account deficit is estimated at 6.5 per cent in 2017 compared to 4.2 per cent in 2016.
- 2. The deficit on the goods account widened because of rising imports and falling exports.** It increased from Rs72.2 billion (representing 16.6 per cent of GDP) in 2016 to Rs90.5 billion (representing 19.6 per cent of GDP) in 2017. Year-on-year, exports of goods dropped from Rs84.5 billion in 2016 to Rs81.3 billion in 2017, or by 3.7 per cent. Nominal imports (f.o.b.) went up by 9.7 per cent, from Rs156.7 billion in 2016 to Rs171.8 billion in 2017.
- 3. The surplus on the services account was lower in 2017; but the surplus on the income account is estimated to be higher.** The surplus on the services account is estimated at Rs26.7 billion in 2017 (equivalent to USD773 million), representing 5.8 per cent of GDP compared to Rs28.5 billion in 2016 (equivalent to USD800 million) or 6.6 per cent of GDP. The lower surplus on the services account originated mainly from a deficit of Rs2.1 billion in the 'other services' account in 2017, a turnaround from the surplus of Rs1.1 billion in 2016. The transportation account registered a higher deficit of Rs8.4 billion in 2017 relative to a deficit of Rs7.7 billion in 2016. The travel account registered a surplus of Rs37.2 billion in 2017 compared to Rs35.0 billion in 2016, reflecting the buoyant performance of the tourism industry. The income account, inclusive of GBCs' transactions, is estimated to have posted a higher surplus of Rs42.5 billion in 2017 compared to Rs33.6 billion in 2016. The deficit on the current transfers account increased from Rs8.2 billion in 2016 to Rs8.9 billion in 2017.
- 4. The capital and financial account, inclusive of reserve assets, posted higher net inflows estimated at Rs28.2 billion in 2017 compared to net inflows estimated at Rs24.0 billion in 2016.** The direct investment account recorded net inflows of Rs372.7 billion. Excluding GBC-related transactions, the direct investment account registered net inflows of Rs8.0 billion in 2017 compared to Rs12.2 billion in 2016. Gross direct investment in Mauritius increased from Rs13.6 billion in 2016 to Rs14.2 billion in 2017, while gross direct investment abroad rose from Rs1.8 billion to Rs2.6 billion. The 'Portfolio investment' and the 'Other investment' accounts posted net outflows of Rs254.6 billion and Rs61.5 billion, respectively. Excluding GBC-related transactions, the portfolio

investment account registered net outflows of Rs15.3 billion in 2017. Non-residents' net disinvestment from the domestic stock market amounted to Rs2.5 billion in 2017 compared to net disinvestments of Rs1.3 billion in 2016. The 'Other investment' account, excluding GBC-related transactions, registered net outflows of Rs5.1 billion in 2017 as against net inflows of Rs9.2 billion in 2016. The general Government sector effected net repayment of loans totalling Rs6.3 billion in 2017, higher than the net repayment of Rs1.0 billion in 2016. Excluding valuation change, banks' net foreign assets rose by Rs4.7 billion in 2017.

5. The country recorded a higher balance of payments surplus of Rs28.3 billion in 2017 compared to a surplus of Rs26.2 billion in 2016.

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

**Research and Economic Analysis Department
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