



BALANCE OF PAYMENTS (BOP) DEVELOPMENTS¹:

Preliminary estimates: First Quarter 2018 (2018Q1)

The Bank is releasing balance of payments statistics based on the prescriptions of the IMF's sixth edition of the Balance of Payments and International Investment Position Manual (BPM6)² (please refer to the attached Information Note).

Preliminary data on Mauritius' balance of payments would indicate that the current account recorded a lower deficit of Rs.1.9 billion (or USD59 million) in 2018Q1 compared to Rs5.0 billion (or USD 140 million) in 2017Q1. As a percentage to GDP, the current account deficit is estimated at 1.7 per cent in 2018Q1, down from 4.6 per cent in 2017Q1. This positive outcome was brought about by higher net receipts on the services account, primarily reflecting enhanced tourism receipts together with a larger surplus on the primary income account.

The deficit on the goods account came down to Rs19.3 billion in 2018Q1, from Rs19.5 billion in 2017Q1, as imports fell more than exports. As a ratio to GDP, the deficit on the goods account improved to 16.6 per cent in 2018Q1, from 18.1 per cent in 2017Q1. Total exports (f.o.b.) went down by Rs1.6 billion, or 8.1 per cent, in 2018Q1 on account of decreases of 33.1 per cent and of 4.9 per cent in 're-exports' and 'domestic exports' that were partly offset by 'Ship's Stores and Bunkers', which surged by 37.7 per cent. Total imports (f.o.b.) declined by Rs1.8 billion, or 4.6 per cent, in 2018Q1 compared to 2017Q1.

The services account generated an estimated surplus of Rs10.4 billion in 2018Q1 compared to Rs7.2 billion in 2017Q1. The higher surplus reflected an increase of Rs2.4 billion in gross tourism earnings as well as lower deficits of Rs1.2 billion on the 'transport' sub-account and of Rs1.4 billion on the 'other services' sub-account. The surplus on the primary income account has been estimated at Rs9.7 billion, higher compared to Rs8.9 billion in 2017Q1. Exclusive of estimated GBC1 flows, the primary income account posted a surplus of Rs3.6 billion in 2018Q1, higher than that of Rs3.0 billion recorded in 2017Q1. The deficit on the secondary income account has been estimated at Rs2.8 billion in 2018Q1, higher compared to the Rs1.6 billion recorded in 2017Q1. However, exclusive of estimated GBC1 flows, it recorded a deficit of Rs0.4 billion as against a surplus of Rs0.5 billion in 2017Q1.

The net borrowing on the financial account, inclusive of reserve assets, has been estimated at Rs3.5 billion (or USD106 million) in 2018Q1 compared to Rs3.1 billion (or USD86 million) in 2017Q1, which were more than adequate to finance the estimated current account deficit. The direct investment account is estimated to have recorded net inflows of Rs153.4 billion in 2018Q1. Excluding GBC1s' flows, non-residents' direct investment in Mauritius, net of repatriation, amounted to Rs6.0 billion in 2018Q1 compared to Rs1.8 billion in 2017Q1. Residents' direct investment abroad, net of repatriation, and excluding GBC1s' flows, amounted to Rs284 million in 2018Q1 compared to Rs98 million in 2017Q1.

¹ Inclusive of estimates of GBC1 flows between residents and non-residents.

² The sixth edition of the Balance of Payments and International Investment Position Manual (BPM6, the Manual) serves as the standard framework for statistics on the transactions and positions between an economy and the rest of the world.

The portfolio investment account, inclusive of GBC1s' transactions, is estimated to have posted net outflows of Rs105.8 billion in 2018Q1 compared to Rs47.4 billion in 2017Q1. Excluding the transactions of GBC1s, the portfolio investment account registered net outflows of Rs14.1 billion in 2018Q1, higher than the Rs12.2 billion recorded in 2017Q1, somewhat reflecting residents, including banks, increasing their claims on non-residents. Net sales by non-residents on the stock market stood at Rs103 million in 2018Q1, lower than their net disinvestments of Rs709 million in 2017Q1.

The '*other investment*' account recorded net outflows of Rs5.7 billion in 2018Q1 compared to net outflows of Rs21.4 billion in 2017Q1. Non-GBC1s' other investment account recorded net inflows of Rs1.1 billion as against net outflows of Rs17.5 billion in 2017Q1. The general Government sector effected net repayment of loans amounting to Rs1.2 billion in 2018Q1 compared to Rs5.0 billion in 2017Q1. Excluding valuation change, banks' net claims on non-residents increased by Rs6.3 billion in 2018Q1 compared to Rs21.4 billion in 2017Q1.

The country recorded a balance of payments surplus of Rs6.8 billion in 2018Q1 as against a balance of payments deficit of Rs0.8 billion in 2017Q1, which resulted from an earlier repayment of an external loan obligation.

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

Research & Economic Analysis Department
20 June 2018