



## BALANCE OF PAYMENTS DEVELOPMENTS

### I. 2<sup>nd</sup> Quarter 2011

#### Current Account

Provisional estimates indicate that the current account deficit of the balance of payments deteriorated in the second quarter of 2011 to Rs8,541 million, from Rs7,673 million in the second quarter of 2010. The worsening current account deficit stemmed mainly from lower net invisibles' surpluses (services, income and current transfers).

The merchandise trade deficit improved slightly in the second quarter of 2011 to attain Rs14,745 million, from Rs14,819 million in the corresponding quarter of 2010. On a balance of payments basis, total imports (fob) increased by 3.2 per cent from Rs32,123 million in the second quarter of 2010 to Rs33,155 million in the second quarter of 2011. Nominal exports of goods registered a higher growth rate of 6.4 per cent during the second quarter of 2011.

The surplus on the services account decreased to Rs4,226 million from Rs4,747 million recorded in the second quarter of 2011, mainly on account of net outflows of Rs773 million in the other services account. The income account registered a lower surplus of Rs831 million in the second quarter of 2011 relative to Rs1,138 million in the second quarter of 2010. The lower deficit resulted mainly from significant outward remittances of profits and dividends paid out to non-residents. The surplus on the current transfers declined from Rs1,261 million in the second quarter of 2010 to Rs1,147 million in the second quarter of 2011.

#### Capital and Financial Account

The capital and financial account, inclusive of reserve assets, recorded net inflows of Rs5,730 million in the second quarter of 2011 compared to net inflows of Rs5,958 million in the second quarter of 2010.

Net direct investment inflows slowed to reach Rs1,241 million during the second quarter of 2011 compared to Rs3,066 million registered in the corresponding quarter of 2010. Foreign direct investment in Mauritius, net of repatriation, amounted to Rs1,799 million compared to Rs3,530 million in the same quarter of 2010. Residents' direct investment abroad, net of repatriation, stood at Rs558 million, relatively higher compared to Rs464 million, a year earlier.

Portfolio investment registered net inflows of Rs1,284 million during the second quarter of 2011, as against net outflows of Rs2,335 million recorded in the corresponding quarter of 2010. Net inflows in the 'Other investment' account amounted to Rs5,335 million in the second quarter of 2011, lower than net inflows of Rs7,289 million recorded in the corresponding period of 2010.

## **II. Fiscal Year 2010-11**

### **Current Account**

Provisional estimates indicate that the current account deficit for the fiscal year 2010-11 deteriorated further to Rs24,483 million from a shortfall of Rs23,023 million registered in 2009-10. In relation to GDP at market prices, the deficit on the current account during 2010-11 was slightly lower at 7.9 per cent relative to 8.0 per cent in the previous fiscal year.

The deficit on the merchandise account of the balance of payments deteriorated by 8.9 per cent, from Rs55,911 million in 2009-10 to Rs60,878 million in 2010-11. On a balance of payments basis, nominal exports growth outpaced that of imports (fob) in 2010-11 relative to 2009-10. Nominal exports, excluding ship's stores and bunkers, grew by 13.4 per cent. Total nominal imports (fob) increased to Rs135,161 million in 2010-11 corresponding to a 12.6 per cent rise over 2009-10.

The surplus on the services account rose by 4.8 per cent, from Rs22,031 million in 2009-10 to Rs23,089 million in 2010-11. This higher surplus reflected largely the rise in gross tourism receipts of 9.9 per cent from Rs37,254 million in 2009-10 to Rs40,950 million in 2010-11.

The income account posted higher net inflows of Rs6,569 million in 2010-11 compared to Rs4,271 million registered in 2009-10 due to the rising net inflows in 'other investment income' largely generated by banks. The surplus on the current transfers account increased slightly to Rs6,737 million in 2010-11.

## **Capital and Financial Account**

The capital and financial account, inclusive of the reserves assets, recorded higher net inflows of Rs18,388 million in 2010-11 compared to Rs12,854 million in 2009-10.

Net direct investment recorded lower inflows of Rs5,921 million in 2010-11 compared to Rs8,011 million in 2009-10, on account of a moderation in both foreign direct investment in Mauritius and direct investment abroad. Non-residents' direct investment (FDI), net of repatriation, posted lower net inflows of Rs8,509 million compared to net inflows of Rs11,222 million in 2009-10. Direct investment abroad by residents recorded net outflows of Rs2,588 million compared to Rs3,211 million in 2009-10.

Portfolio investment recorded lower net outflows of Rs629 million in 2010-11 compared net outflows of Rs4,672 million registered in 2009-10. Other investment recorded higher net inflows of Rs21,552 million in 2010-11, compared to Rs19,378 million in 2009-10.

**Statistics Division**

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