



BALANCE OF PAYMENTS DEVELOPMENTS

3rd Quarter 2011

Current Account

Provisional estimates indicate that the current account deficit of the balance of payments worsened in the third quarter of 2011 to Rs10,533 million, from Rs6,292 million registered in the third quarter of 2010. The rising current account deficit stemmed mainly from lower net invisibles' surpluses (services, income and current transfers) accompanied by an increase in the deficit on the goods account. In the second quarter of 2011, the current account deficit stood at Rs8,524 million.

The merchandise trade deficit worsened to Rs14,900 million, 7.9 per cent higher relative to the shortfall of Rs13,811 million recorded in the third quarter of 2010. This higher deficit relative to the corresponding quarter last year was largely driven by a higher increase, in absolute terms, of Rs3,508 million in imports (fob) compared to a rise of Rs2,419 million in exports (fob).

The surplus on the services account reached Rs2,769 million, representing a year-on-year decrease of 8.8 per cent from Rs3,035 million recorded in the third quarter of 2010. Out of the three main components within the services account, the rising deficit in "other services" to Rs1,362 in the third quarter of 2011 contributed significantly to drag down the overall surplus.

The income account recorded a lower surplus of Rs1,545 million in the third quarter of 2011 compared to Rs2,647 million in the third quarter of 2010, largely on account of both higher direct and portfolio investment income paid abroad. Direct investment income widened to post net outflows of Rs1,082 million, considerably higher than the net outflows of Rs454 million recorded in the third quarter of 2010. Income on other investment, comprising

mostly of interest paid by banks on liabilities and income drawn on their foreign assets, recorded lower net inflows of Rs2,379 million compared to net inflows of Rs3,286 million during the same quarter in 2010.

The surplus on the current transfers decreased significantly to Rs53 million in the third quarter of 2011, from Rs1,837 million in the corresponding quarter of 2010. This was mainly driven by net outflows of Rs75 million of private transfers as against net inflows Rs928 million in the third quarter 2010.

Capital and Financial Account

The capital and financial account of the balance of payments, inclusive of reserve assets, recorded higher net inflows of Rs13,194 million in the third quarter of 2011 compared to net inflows of Rs9,437 million registered for the same corresponding period of 2010.

Net foreign direct investment flows recorded net inflows of Rs1,415 million during the third quarter of 2011 as against net outflows of Rs161 million registered in the third quarter of 2010. Foreign direct investment in Mauritius, net of repatriation, increased to Rs2,365 million during the third quarter of 2011 from Rs1,047 million recorded in the same corresponding period of 2010. Direct investment abroad, net of repatriation, during the third quarter of 2011 amounted to Rs950 million compared to Rs1,208 million in the third quarter of 2010.

Portfolio investment recorded net inflows of Rs2,156 million during the third quarter of 2011, as against net outflows of Rs1,579 million a year earlier. Other investment posted net inflows of Rs9,416 million in the third quarter of 2011, representing a year-on-year decrease of Rs2,371 million.

Statistics Division

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