



## BALANCE OF PAYMENTS DEVELOPMENTS

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### I. 2<sup>nd</sup> Quarter 2009

The overall balance of payments for the second quarter of 2009, excluding valuation changes, recorded a surplus of Rs3,945 million.

#### **Current Account**

Provisional estimates for the second quarter of 2009 show a widening of the current account deficit to Rs8,757 million, from Rs7,288 million recorded in the second quarter of 2008. In the first quarter of 2009, the current account deficit stood at Rs1,743 million.

This increase in the current account deficit emanated from lower surpluses in the services and current transfers' accounts coupled with a deficit in the income account which offset the drop in the merchandise trade deficit. The merchandise trade deficit dropped to Rs11,786 million, 17.9 per cent lower than that recorded in the second quarter of 2008. On a balance of payments basis, total imports (fob) decreased considerably by 12.4 per cent from Rs30,264 million in the second quarter of 2008 to Rs26,500 million in the second quarter of 2009 while nominal exports (fob) decreased by 7.5 per cent from Rs15,900 million to Rs14,714 million.

The surplus on the services account went down from Rs3,696 million in the second quarter of 2008 to Rs3,574 million in the second quarter of 2009, reflecting the decline in tourism receipts coupled with lower passenger fares. A deficit of Rs1,598 million was registered in the income account compared to a surplus of Rs2,166 million in the corresponding quarter of 2008. The surplus on the current transfers account moderated to Rs1,053 million in the second quarter of 2009 from Rs1,214 million in the corresponding quarter of 2008.

## **Capital and Financial Account**

The capital and financial account of the balance of payments, inclusive of reserve assets, recorded net outflows of Rs1,083 million during the second quarter of 2009 compared to net inflows of Rs8,391 million in the second quarter of 2008.

Direct investment account recorded higher net inflows of Rs1,689 million during the second quarter of 2009 compared to Rs1,471 million registered in the second quarter of 2008. Foreign direct investment in Mauritius, net of repatriation, amounted to Rs1,984 million compared to Rs1,869 million in the corresponding period of 2008. Direct investment abroad, net of repatriation, stood at Rs295 million compared to Rs398 million.

Portfolio investment registered net outflows of Rs1,297 million during the second quarter of 2009, higher than the net outflows of Rs1,165 million recorded in the second quarter of 2008. Net inflows in the 'Other Investment' account amounted to Rs2,474 million in the second quarter of 2009, lower than net inflows of the Rs8,484 million recorded in the corresponding period of 2008.

## **II. Fiscal Year 2008-09**

The balance of payments recorded an overall surplus of Rs2,484 million in the fiscal year 2008-09.

### **Current account**

Provisional estimates for the fiscal year 2008-09 indicate that the current account of the balance of payments recorded a higher deficit of Rs25,466 million compared to Rs22,232 million registered in fiscal year 2007-08. In relation to GDP, the deficit on the current account deepened to 9.3 per cent in 2008-09 from 8.8 per cent in 2007-08.

On a balance of payments basis, total nominal imports (fob) decreased from Rs122,986 million in 2007-08 to Rs115,602 million in 2008-09. The fall in the value of imports was attributed to a drop in import volume on account of the slowdown in domestic activity as well as in commodity and non-commodity prices on the international market. Total exports (fob) decreased slightly from Rs67,673 million in 2007-08 to Rs66,889 million in 2008-09.

The surplus on the services account declined by 20.5 per cent, from Rs20,626 million in 2007-08 to Rs16,401 million in 2008-09. The decline largely reflected the considerable drop in the surplus on the travel account, from Rs31,100 million in 2007-08 to Rs24,886 million in 2008-09.

The income account posted considerably lower net inflows of Rs680 million in 2008-09 compared to Rs8,340 million registered in 2007-08, partly reflecting higher direct investment earnings remitted abroad. The surplus on the current transfers account increased from Rs4,115 million in 2007-08 to Rs6,166 million in 2008-09.

### **Capital and Financial Account**

The capital and financial account, inclusive of reserve assets, recorded lower net inflows of Rs9,697 million in 2008-09 compared to Rs12,589 million in 2007-08.

The direct investment account recorded net inflows of Rs9,510 million during the fiscal year 2008-09 compared to Rs6,211 million in 2007-08. Foreign direct investment in Mauritius net of repatriation recorded higher net inflows of Rs10,568 million compared to net inflows of Rs8,597 million in 2007-08.

Portfolio investments recorded higher net outflows of Rs4,662 million in 2008-09 compared to Rs3,219 million registered in 2007-08 reflecting a decrease in foreign investors' demand for shares on the local stock market.

Other investment recorded lower net inflows of Rs7,349 million in 2008-09 compared to Rs18,755 million in 2007-08.

**Statistics Division**

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