



BALANCE OF PAYMENTS DEVELOPMENTS: 2nd QUARTER 2014 (Including estimates for cross-border transactions of GBC1s)

During the second quarter of 2014, the current account deficit increased significantly to Rs9,646 million, although sizeable foreign direct investment inflows allowed a further build-up of gross international reserves.

I. Current Account

The current account deficit was almost twice the level reached in the first quarter of 2014 and almost 30 per cent higher than the deficit incurred in the second quarter of 2013. The widening of the deficit reflected mainly the deterioration in the income account, which more than offset a lower deficit in goods and services.

During the second quarter of 2014:

- The merchandise trade deficit stood at Rs16,123 million, compared to Rs14,973 million during the same period last year. Year-on-year, exports of goods increased by 9.8 per cent while imports of goods (fob) grew by 9.0 per cent. Excluding ship, stores and bunkers, exports of goods recorded an expansion of 19.8 per cent, driven mainly by re-exports. The good performance of re-exports reflected mainly the rise in exports of “Telecommunication equipment & accessories”. By contrast, commodity imports’ growth, while still rapid, was contained by a contraction in imports of refined petroleum products.
- The surplus on the services account increased to Rs8,906 million from Rs6,703 million recorded during the same period last year. The rise in the services account surplus was mainly due to higher net other services and, to a lower extent, to higher net travel receipts. The improved balance of “other services” reflected increases in both net inflows of private and government services.
- The income account, inclusive of GBC1s, posted a sizeable deficit of Rs2,852 million as against a surplus of Rs182 million recorded in the second quarter of 2013. This reflected mainly net outflows of portfolio investment income.

- The surplus on the current transfers decreased to Rs423 million compared to Rs607 million in the corresponding quarter of 2013.

II. Capital and Financial Account:

During the second quarter of 2014, the capital and financial account, inclusive of reserve assets, posted lower net inflows of Rs4,668 million, compared to Rs6,115 million during the same period last year. Sizeable inflows of (net) foreign direct investment financed the widening of the current account and allowed a further accumulation of reserve assets during the second quarter of 2014, despite sizeable net outflows registered by Other Depository Corporations.

During the second quarter of 2014,

- Inclusive of GBC1s cross-border transactions, direct investment in Mauritius recorded net inflows of Rs221,962 million while direct investment abroad registered net outflows of Rs187,884 million. Excluding cross-border transactions of GBC1s, non-residents' direct investment in Mauritius net of repatriation, registered higher net inflows of Rs5,462 million in the second quarter of 2014 compared to Rs1,736 million in the corresponding period of last year.
- Portfolio investment, inclusive of GBC1s cross-border transactions, posted net inflows of Rs10,224 million, while the 'Other investment' account recorded net outflows of Rs30,692 million. The latter mainly reflected changes in the net foreign assets position of Other Depository Corporations.
- The overall balance of payments for the second quarter 2014, excluding valuation changes, recorded a surplus of Rs8,919 million, compared to an increase of Rs10,646 million recorded in the corresponding quarter of 2013, which was reflected in the rise in the gross official international reserves.

Statistics Division

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