



BALANCE OF PAYMENTS (BoP) DEVELOPMENTS¹:

First Quarter 2017 (2017Q1)

Preliminary estimates of Mauritius' balance of payments point to a current account deficit of nearly Rs5.0 billion (or the equivalent of USD140 million) in 2017Q1. As a percentage to GDP, the current account deficit is being estimated at 4.6 per cent in 2017Q1. The current account deficit relative to 2016Q1 reflected essentially a wider deficit on the goods account and the lower surplus on the services account, partly offset by a higher surplus on the income account.

The deficit on the goods account widened to Rs19.5 billion (equivalent to USD548 million) in 2017Q1, from to Rs14.4 billion (equivalent to USD401 million) in 2016Q1, reflecting a lower value of exports combined with an increasing value of imports. As a ratio to GDP, the deficit on the goods account increased to 18.1 per cent in 2017Q1, from 14.1 per cent in 2016Q1. Exports of goods (f.o.b.) went down by 6.0 per cent in 2017Q1 on account of decreases of 12.7 per cent and 7.3 per cent in '*domestic exports*' and '*re-exports*', respectively, that were partly offset by an increase of 70.9 per cent in '*Ship's Stores and Bunkers*'. Item-wise, exports of goods were supported by an increase in '*Food & Live animals*' (+10.3 per cent) but dragged by declines in '*Miscellaneous manufactured goods*' and '*Machinery and transport equipment*'. As a ratio to GDP, exports of goods (f.o.b.) dropped from 20.6 per cent in 2016Q1 to 18.3 per cent in 2017Q1. Imports of goods (c.i.f.) rose by 10.0 per cent in 2017Q1 compared to 2016Q1, reflecting mainly the increase noted at '*Mineral fuels, lubricants and related products*' (+70.5 per cent), which resulted primarily from higher global oil prices, and '*Food & Live animals*' (+14.1 per cent). As a ratio to GDP, imports of goods (c.i.f.) increased from 36.9 per cent in 2016Q1 to 38.2 per cent in 2017Q1.

The services and income accounts are projected to remain in surplus in 2017Q1 whereas the current transfers account would remain in deficit, weighed down by the GBC sector on account of taxes paid to foreign governments. The services account posted a surplus of Rs7.2 billion (equivalent to USD203 million) with gross tourism earnings increasing by Rs1.1 billion compared to 2016Q1. The surplus on the income account is estimated at Rs8.9 billion and, exclusive of estimated GBC1 flows, the income account posted a surplus of Rs3.0 billion compared to a deficit of Rs1.2 billion in 2016Q1. The deficit on the current transfers account is estimated at Rs1.6 billion in 2017Q1.

The capital and financial account, inclusive of reserve assets, is estimated to have recorded net inflows of Rs3.0 billion (equivalent to USD85 million) in 2017Q1. Government made an earlier repayment of an external loan obligation equivalent to Rs4.4 billion (USD120 million) in January 2017.

The direct investment account is estimated to have recorded net inflows of Rs76.1 billion in 2017Q1. Excluding cross-border transactions of GBCs, non-residents' direct investment in

¹ Including estimates for cross-border transactions of GBC1s.

Mauritius, net of repatriation, amounted to Rs1.8 billion in 2017Q1 compared to Rs4.7 billion registered in 2016Q1. Residents' direct investment abroad, net of repatriation, and excluding cross-border transactions of GBCs, amounted to Rs98 million in 2017Q1 as against net repatriation of Rs73 million in 2016Q1. The portfolio investment account, inclusive of GBCs transactions, is estimated to post net outflows of Rs39.8 billion in 2017Q1. Excluding the transactions of GBCs, the portfolio investment account registered net outflows of Rs4.6 billion in 2017Q1, mainly explained by higher portfolio investments abroad by residents. Non-residents effected net sales of Rs702 million on the domestic capital market in 2017Q1 as against net purchases of Rs64 million recorded in 2016Q1. The 'other investment' account registered net outflows of Rs34.0 billion in 2017Q1 while, exclusive of GBC transactions, it recorded net outflows of Rs25.8 billion. Excluding valuation change, banks in Mauritius increased their net claims on non-residents by Rs21.4 billion in 2017Q1. The country recorded a balance of payments deficit of Rs0.8 billion in 2017Q1, which emanated largely from the earlier repayment of an external loan obligation by Government in January 2017, as against a surplus of Rs5.8 billion in 2016Q1.

Notwithstanding the overall balance of payments deficit, the country's reserve assets were equivalent to 9.2 months of imports of goods and services at the end of 2017Q1, higher than the 8.3 months of import cover at the end of 2016Q1. The external loan repayment impacted favourably on the level of public sector external debt, which dropped from Rs66.4 billion as at end-March 2016 to Rs58.1 billion as at end-March 2017. As a ratio to GDP, public sector external debt improved from 16.0 per cent to 13.2 per cent over the same period.

Tables 1 provides details on the balance of payments in Mauritian rupees and US dollars.

Research and Economic Analysis Department
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