



## BALANCE OF PAYMENTS (BoP) DEVELOPMENTS<sup>1</sup>:

### Second Quarter 2017 (2017Q2)

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- 1. Preliminary estimates of Mauritius' balance of payments indicate a deterioration of the current account deficit in 2017Q2, mostly due to a wider deficit on the goods account, which fully offset the combined surpluses on the income and services accounts.** The current account deficit is projected at about Rs7.8 billion (or the equivalent of USD220 million) in 2017Q2, which would represent about 6.8 per cent of GDP.
- 2. The deficit on the goods account widened as the value of exports declined while the value of imports rose.** The deficit rose from Rs16.9 billion (equivalent to USD479 million) in 2016Q2 to Rs21.7 billion (equivalent to USD620 million) in 2017Q2. As a ratio to GDP, the deficit on the goods account increased from 15.9 per cent in 2016Q2 to 19.1 per cent in 2017Q2. Year-on-year, exports of goods (f.o.b.) went down by 4.0 per cent to Rs20.3 billion in 2017Q2 on account of decreases of 21.6 per cent and of 3.8 per cent in '*re-exports*' and '*domestic exports*', respectively, that were partly offset by an increase of 65.6 per cent in '*Ship's Stores and Bunkers*'. As a ratio to GDP, exports of goods (f.o.b.) dropped from 20.0 per cent in 2016Q2 to 17.9 per cent in 2017Q2. Imports of goods (c.i.f.) rose by 10.4 per cent in 2017Q2 compared to 2016Q2, reflecting mainly the increases noted in '*Mineral fuels, lubricants and related products*' (+30.5 per cent), which resulted primarily from higher global oil prices, '*Food & Live animals*' (+10.3 per cent) and '*Crude materials, inedible, except fuels*' (+92.1 per cent). As a ratio to GDP, imports of goods (c.i.f.) increased from 37.8 per cent in 2016Q2 to 38.9 per cent in 2017Q2.
- 3. Both the services and income accounts are estimated to keep momentum and record higher surpluses in 2017Q2.** The services account posted a surplus of Rs5.9 billion (equivalent to USD168 million) compared to Rs5.4 billion in 2016Q2. Gross tourism earnings increased by Rs1.0 billion to Rs13.2 billion in 2017Q2 compared to 2016Q2. The surplus on the income account is estimated at Rs10.5 billion, largely reflecting the net income flows in the GBC sector. Exclusive of the estimated GBC1 flows, the income account posted a surplus of Rs2.7 billion as against a deficit of Rs0.8 billion in 2016Q2. The deficit on the current transfers account is estimated at Rs2.5 billion in 2017Q2.
- 4. The capital and financial account, inclusive of reserve assets, is estimated to have posted net inflows of Rs5.8 billion (or the equivalent to USD165 million) in 2017Q2.** The direct investment account is estimated to have recorded net inflows of Rs68.8 billion in 2017Q2. Excluding cross-border transactions of GBCs, non-residents' direct investment in Mauritius, net of repatriation, amounted to Rs6.1 billion in 2017Q2 compared to Rs2.4 billion registered in 2016Q2. Residents' direct investment abroad, net of repatriation, and excluding cross-border transactions of GBCs, amounted to Rs1.1 billion in 2017Q2 compared to Rs73 million in 2016Q2. The portfolio

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<sup>1</sup> Including estimates for cross-border transactions of GBC1s.

investment account, inclusive of GBC1s transactions, is estimated to post net outflows of Rs52.5 billion in 2017Q2. Excluding the transactions of GBCs, the portfolio investment account registered net outflows of Rs1.6 billion in 2017Q2, mainly due to higher portfolio investments abroad by residents. Non-residents increased their net purchases on the domestic capital market by Rs121 million compared to net purchases of Rs58 million recorded in 2016Q2. The 'other investment' account registered net outflows of Rs3.1 billion in 2017Q2 while, exclusive of GBC transactions, it recorded net outflows of Rs7.0 billion. Excluding valuation change, the net claims of banks in Mauritius on non-residents rose by Rs8.7 billion in 2017Q2 with the fall in their foreign liabilities more than offsetting the decrease in their foreign assets.

The country recorded a balance of payments surplus of Rs7.3 billion in 2017Q2 compared to a surplus of Rs8.3 billion in 2016Q2.

### **Fiscal year 2016-17**

- 5. For fiscal year 2016-17, preliminary estimates of Mauritius' balance of payments point to a widening of current account deficit from Rs16.1 billion in 2015-16 to Rs24.3 billion.** As a percentage to GDP, the current account deficit is estimated to increase from 3.8 per cent in 2015-16 to 5.4 per cent in 2016-17. The worsening of the current account deficit reflected mainly a wider deficit on the goods account to Rs82.8 billion, partly offset by higher surpluses of Rs27.1 billion on the services account and of Rs38.3 billion on the income account. A lower deficit on the current transfers account of Rs7.0 billion also helped to contain the worsening of the current account deficit.
- 6. The capital and financial account recorded net inflows of Rs24.1 billion in 2016-17 compared to net outflows of Rs16.4 billion in 2015-16.** Exclusive of GBC transactions, direct investment in Mauritius, net of repatriation, amounted to Rs13.3 billion, higher compared to Rs11.4 billion in 2015-16. Government made a net repayment of Rs5.6 billion on their external obligations. Exclusive of valuation change, banks' net foreign assets increased by Rs43.5 billion. The country recorded a balance of payments surplus of Rs18.6 billion in 2016-17 compared to a surplus of Rs26.9 billion in the preceding fiscal year.

Tables 1 & 2 provide details on the balance of payments in Mauritian rupees and US dollars, respectively.