



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

### Third Quarter 2019 (2019Q3)

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1. The external current account deficit has been estimated at about Rs8.0 billion (equivalent to USD221 million or about 6.2 per cent of GDP) in 2019Q3 compared to Rs9.9 billion (equivalent to USD287 million or 8.3 per cent of GDP) in 2018Q3. The improvement in the current account deficit would reflect a lower deficit on the secondary income account.
2. The deficit on the goods account worsened as a result of both a rise in nominal imports and a decline in nominal exports. The deficit rose from Rs27.3 billion in 2018Q3 to Rs28.5 billion in 2019Q3. However, in US dollar terms, the deficit edged down from USD797 million to USD792 million. Also, the deficit dropped from 23.1 per cent of GDP in 2018Q3 to 22.3 per cent of GDP in 2019Q3.

Exports of goods (f.o.b.) declined by 3.8 per cent, from Rs20.9 billion (equivalent to USD608 million) in 2018Q3 to Rs20.1 billion (equivalent to USD557 million) in 2019Q3, reflecting decreases of 20.1 per cent and of 3.8 per cent in 'Re-exports' and 'Domestic exports' respectively. As a ratio to GDP, exports of goods went down from 17.7 per cent in 2018Q3 to 15.7 per cent.

Imports of goods (c.i.f.) rose by 1.8 per cent, from Rs50.5 billion (equivalent to USD1,472 million) in 2018Q3 to Rs51.4 billion (equivalent USD1,428 million) in 2019Q3, mainly reflecting the increases in imports of 'Miscellaneous manufactured articles' (+20.7 per cent) and 'Machinery and transport equipment' (+5.3 per cent). However, as a ratio to GDP, imports of goods (c.i.f.) went down from 42.7 per cent in 2018Q3 to 40.2 per cent in 2019Q3.

3. The surplus on the services account rose to Rs6.4 billion (equivalent to USD177 million) in 2019Q3, from Rs5.9 billion in 2018Q3 (equivalent to USD174 million) mostly on account of higher net surplus recorded on the 'travel' sub-account. Gross tourism earnings increased from Rs12.8 billion in 2018Q3 to Rs14.1 billion in 2019Q3.
4. Inclusive of Global Business License Holders (GBLHs) flows, the surplus on the primary income account has been estimated at Rs14.4 billion (equivalent to USD400 million) in 2019Q3, higher compared to Rs13.9 billion (equivalent to USD406 million) in 2018Q3. However, exclusive of GBLHs, the primary income account recorded a lower surplus of Rs1.3 billion in 2019Q3 compared to Rs2.9 billion in 2018Q3 due to higher dividend income paid out.
5. The deficit on the secondary income account has been estimated at Rs212 million (equivalent to USD6 million) in 2019Q3 compared to Rs2.4 billion (equivalent to USD70 million) in 2018Q3. Exclusive of GBLHs,

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<sup>1</sup> Including estimates of transactions of Global Business License Holders (GBLHs).

the secondary income account posted a higher surplus of Rs1.7 billion in 2019Q3 compared to a surplus of Rs0.2 billion in 2018Q3, as a result of higher foreign grants received by the Government.

6. Net borrowing on the financial account, inclusive of reserve assets, has been estimated at Rs6.3 billion (equivalent to USD175 million) in 2019Q3, compared to Rs7.2 billion (equivalent to USD209 million) in 2018Q3.
7. The direct investment account is estimated to have recorded net inflows of Rs36.6 billion (equivalent to USD1,016 million) in 2019Q3. Excluding GBLHs' flows, non-residents' direct investment in Mauritius, net of repatriation, was higher at Rs4.5 billion (equivalent to USD125 million) in 2019Q3 compared to Rs2.5 billion (equivalent to USD73 million) in 2018Q3. Residents' direct investment abroad, net of repatriation, and excluding GBLHs' flows, amounted to Rs465 million (equivalent to USD13 million) in 2019Q3 compared to Rs1,595 million (equivalent to USD47 million) in 2018Q3.
8. The portfolio investment account, inclusive of GBLHs' transactions, is estimated to have posted net outflows of Rs103.3 billion (equivalent to USD2,870 million) in 2019Q3. Excluding the transactions of GBLHs, the portfolio investment account registered net outflows of Rs22.2 billion (equivalent to USD618 million) in 2019Q3 lower than the Rs30.0 billion (equivalent to USD876 million) recorded in 2018Q3. Net disinvestment by non-residents from the stock market totalled Rs564 million (equivalent to USD16 million) in 2019Q3, lower than Rs1,012 million (equivalent to USD30 million) recorded in 2018Q3.
9. The other investment account is estimated to have recorded net inflows of Rs162.7 billion (equivalent to USD4,521 million) in 2019Q3. Excluding GBLHs, the other investment account recorded net inflows of Rs12.3 billion (equivalent to USD342 million) in 2019Q3 compared to net inflows of Rs47.4 billion (equivalent to USD1,384 million) in 2018Q3. The general government sector effected net loan repayment amounting to Rs1,322 million (equivalent to USD37 million) in 2019Q3 compared to Rs1,635 million (equivalent to USD48 million) in 2018Q3.
10. The country recorded an overall balance of payments surplus of Rs2.5 billion (equivalent to USD71 million) in 2019Q3 as against a deficit of Rs6.9 billion (equivalent to USD200 million) in 2018Q3.

Tables 1 and 2 provide details on the balance of payments in Mauritian rupee and US dollar, respectively.

**23 December 2019**

**Economic Analysis & Research and Statistics Department**