

Third Quarter 2018

BRIEF ON BALANCE OF PAYMENTS STATISTICS



HIGHLIGHTS

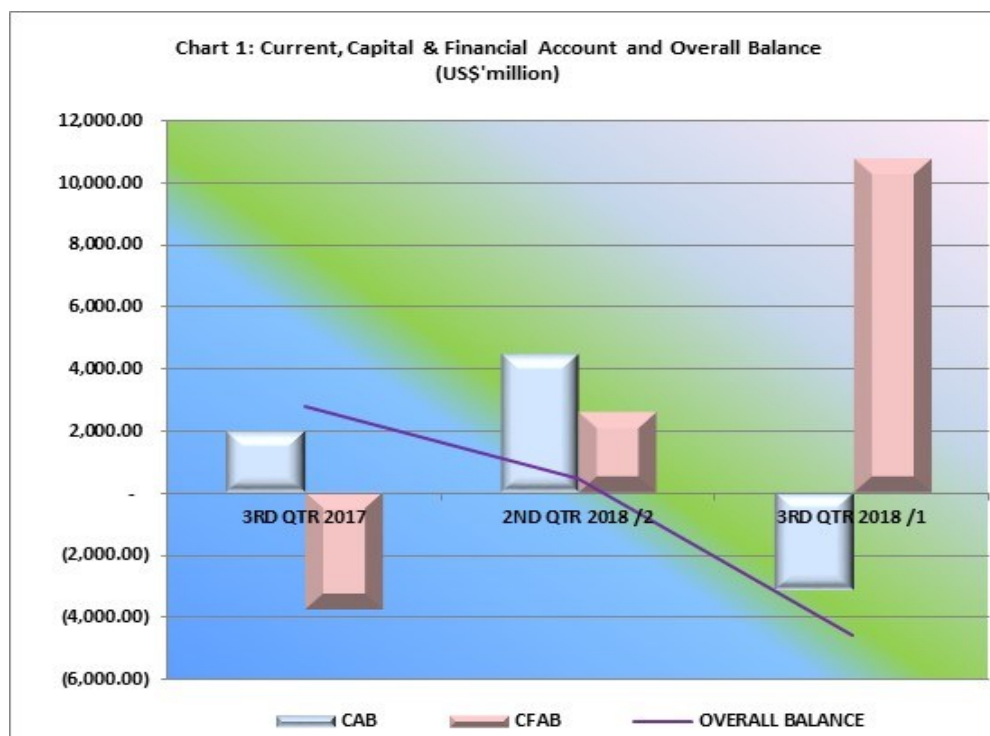
- ◆ Q3 2018 records an overall BOP deficit
- ◆ Current account goes into deficit
- ◆ Payments for import of goods increased by 70.5 per cent while exports increased marginally by 2.8 per cent
- ◆ The Financial account indicated an increased net incurrence of financial liabilities
- ◆ Foreign Direct Investment inflows increased marginally while Foreign Portfolio inflows decreased
- ◆ External reserves decreased slightly

Overview:

The provisional Balance of Payments (BOP) estimates for Q3 2018 showed a significant turnaround in the country's position as the overall balance of payments swung into a deficit of US\$4,542.08 million compared to surpluses of US\$503.97 million and US\$2,787.13 million recorded in the preceding quarter and corresponding period of 2017, respectively. The current account balance (CAB) worsened from a surplus of US\$4,452.74 million in Q2 2018 to a deficit of US\$3,105.09 million in Q3 2018. The financial account balance indicated an increased net incurrence of financial liabilities of US\$10,724.18 million in the review period as against US\$2,575.64 million recorded in the preceding period (Table 1, chart 1).

Current Account Balance:

The current account indicated a negative outcome during the review period, recording a deficit of US\$3,105.09 million as against surpluses of US\$4,452.74 million and US\$1,973.62 million in the previous quarter and corresponding period of 2017, respectively. This development was largely attributable to the increased payments for imports (Table 1, chart 1).



/1 Provisional
/2 Revised

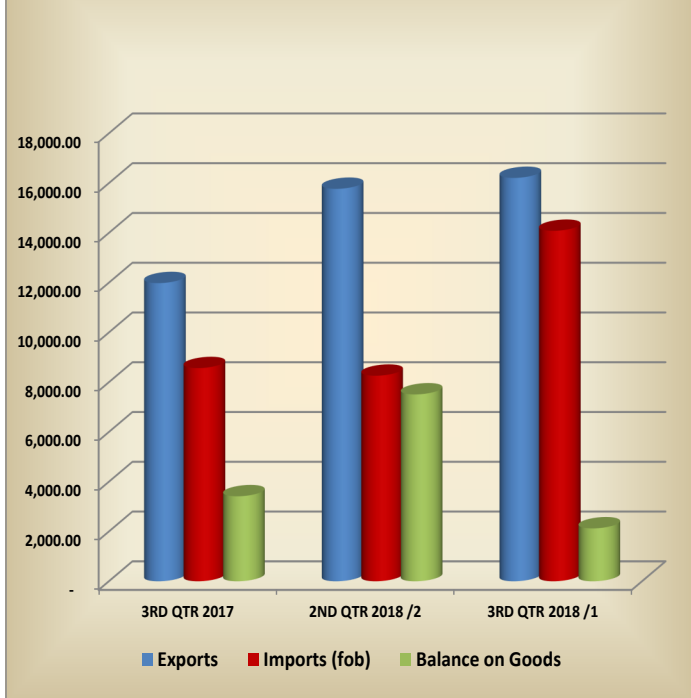
Goods Account:

The surplus in the Goods Account decreased significantly to US\$2,125.72 million in Q3 2018 from surpluses of US\$7,510.31 million in the preceding quarter and US\$3,416.19 million recorded in the corresponding period of 2017 (Table 1, chart 2).

Export earnings rose by 2.8 per cent to US\$16,210.77 million in Q3 2018 when compared with Q2 2018. It also indicated an increase of about 35.3 per cent when compared to corresponding period of 2017. Earnings from crude oil and gas, which accounted for 94.4 per cent of total export earnings during the review period, increased by 9.5 per cent to US\$15,301.72 million in Q3 2018 when compared with the preceding quarter. Earnings from non-oil and electricity exports decreased by 49.3 per cent to US\$909.04 million in Q3 2018 when compared with the preceding quarter.

Available data showed that payments for import of goods (fob) to the economy in the review period increased by 70.5 per cent to US\$14,085.05 million above the level recorded in the preceding quarter. This was largely as a result of 79.7 per cent increase in the imports of non-oil products (Table 1, chart 2)

Chart 2: Balance on Goods, Exports and Imports (US\$' million)



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/2 Revised

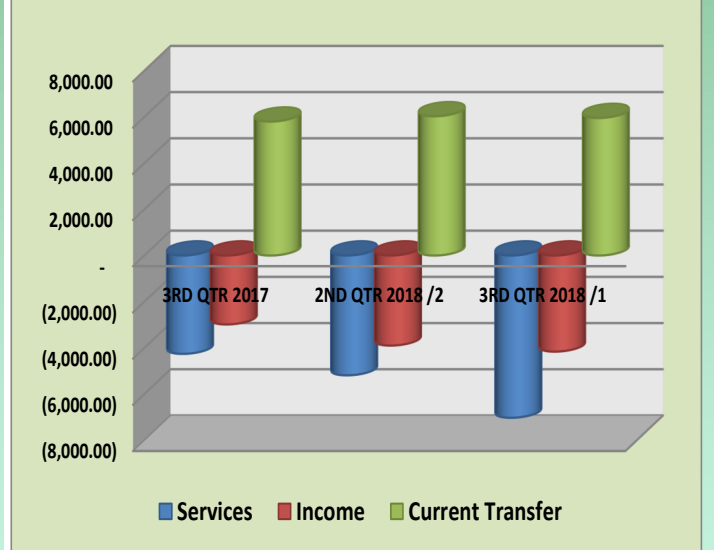
Services, Income and Current Transfers:

Net out-payments for services during the review period increased significantly by 35.4 per cent to a deficit of US\$7,024.57 million when compared with the level recorded in Q2 2018. When compared with the corresponding period of 2017, it indicated a much higher increase of about 65.0 per cent.

Similarly, the deficit in the income account (net) increased by 6.7 per cent to US\$4,161.33 million in the review period from a deficit of US\$3,898.80 million recorded in the preceding quarter. When compared with the level in the corresponding period of 2017 it indicated an increase of about 39.5 per cent.

The surplus in the current transfers (net) decreased by 1.2 per cent to US\$5,955.08 million in Q3 2018 when compared with the preceding quarter. However, the level of surplus was 2.7 per cent higher than the level recorded in the corresponding period of 2017,(Table 1, chart 3).

Chart 3: Services, Income and Current Transfers (US\$' million)

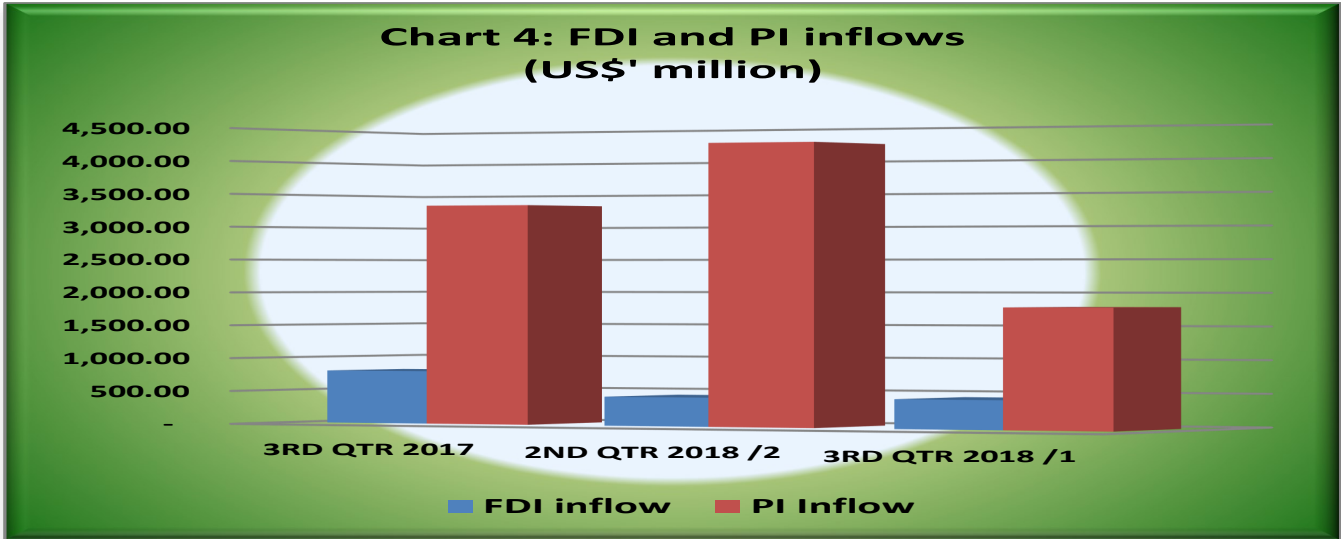


Financial Account:

Provisional Q3 2018 BOP estimates for the Financial Account showed an increase in net incurrence of financial liabilities from US\$2,575.64 million recorded in Q2 2018 to US\$10,724.14 million in the review period. This is also significantly different from the net acquisition of financial assets of US\$3,739.94 million recorded in the corresponding period of 2017 (Table 1, Chart 1).

Direct, Portfolio and Other Investments:

Direct Investments inflow increased by 0.7 per cent to US\$438.84 million when compared with the preceding quarter of 2018. It however, indicated a declined of 45.0 per cent when compared to the corresponding period of 2017. Portfolio Investments inflow to the economy decreased significantly to US\$1,790.83 million in Q3 2018 from US\$4,233.38 million and US\$3,320.84 million in the preceding quarter and the corresponding period of 2017, respectively . However, other investment liabilities increased slightly to US\$4,281.48 million when compared with US\$3,226.58 million recorded in the preceding quarter (Table1, chart 4).



External Reserves:

The stock of external reserves as at end-September 2018 stood at US\$42,608.95 million, indicating a depletion of 9.6 per cent when compared with the level in the preceding quarter. However, when compared with the corresponding period of 2017, it indicated an accretion of 28.5 per cent. The level of external reserves could finance approximately 9.1 months of imports, compared with 17.1 and 11.6 months of imports cover recorded in the preceding quarter and corresponding period of 2017, respectively. These were however, above the WAMZ and global benchmarks of 6 and 3 months, respectively (Table 1, Chart 5).

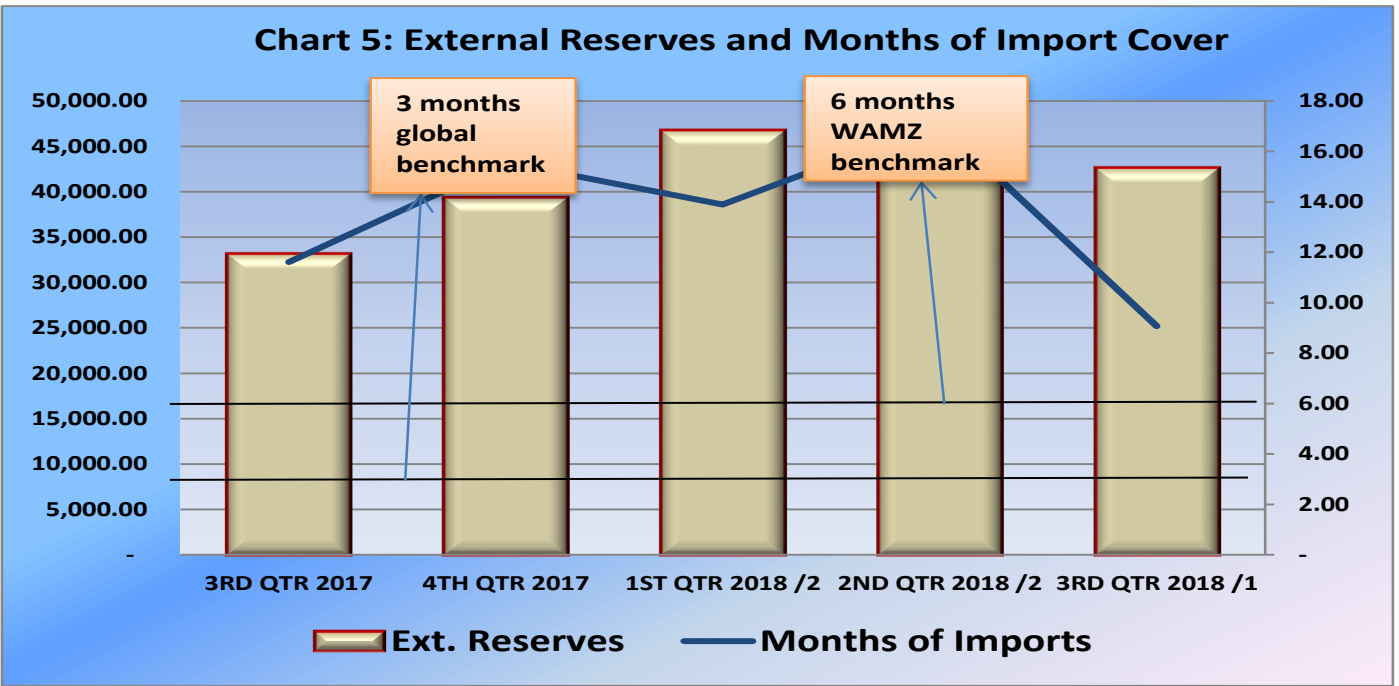


Table 1: Q2 2018 Balance of Payments Summary (US\$ 'Million)

	3RD QTR 2017	4TH QTR 2017	1ST QTR 2018 /2	2ND QTR 2018 /2	3RD QTR 2018 /1	% CHANGE BETWEEN	
						(4) & (5)	(1) & (5)
	(1)	(2)	(3)	(4)	(5)	(4) & (5)	(1) & (5)
CURRENT ACCOUNT BALANCE	1,973.62	3,656.15	1,433.99	4,452.74	(3,105.09)	(169.7)	(257.3)
Goods	3,416.19	5,472.74	4,386.60	7,510.31	2,125.72	(71.7)	(37.8)
<i>Exports fob</i>	11,983.81	13,057.21	14,479.86	15,772.26	16,210.77	2.8	35.3
<i>Crude oil & Gas</i>	11,271.82	12,196.27	13,511.95	13,979.67	15,301.72	9.5	35.8
<i>Non-oil and Electricity</i>	711.99	860.94	967.91	1,792.59	909.04	(49.3)	27.7
<i>Imports fob</i>	(8,567.62)	(7,584.47)	(10,093.26)	(8,261.95)	(14,085.05)	70.5	64.4
<i>Crude oil & Gas</i>	(2,228.08)	(1,291.65)	(3,856.98)	(2,088.63)	(2,991.39)	43.2	34.3
<i>Non-oil</i>	(6,339.54)	(6,292.82)	(6,236.28)	(6,173.32)	(11,093.66)	79.7	75.0
Services(net)	(4,257.90)	(4,686.20)	(5,474.69)	(5,187.15)	(7,024.57)	35.4	65.0
Income(net)	(2,983.73)	(2,983.45)	(3,301.72)	(3,898.80)	(4,161.33)	6.7	39.5
Current Transfers(net)	5,799.06	5,853.07	5,823.79	6,028.38	5,955.08	(1.2)	2.7
CAPITAL AND FINANCIAL ACCOUNT BALANCE	(3,739.94)	(3,858.67)	(1,328.45)	2,575.64	10,724.18	316.4	(386.7)
Capital account(net)	-	-	-	-	-		
Financial account(net)	(3,739.94)	(3,858.67)	(1,328.45)	2,575.64	10,724.18	316.4	(386.7)
Assets	(8,676.45)	(8,629.07)	(16,400.91)	(5,319.97)	4,213.03	(179.2)	(148.6)
Direct Investment Abroad	(322.23)	(321.55)	(337.24)	(353.03)	(345.37)	(2.2)	7.2
Portfolio Investment	(0.34)	(5.24)	(0.27)	(0.34)	(0.07)	(79.2)	(79.1)
Other Investment	(5,566.76)	(2,121.88)	(8,741.44)	(4,462.62)	16.39	(100.4)	(100.3)
Trade credits	(1,797.57)	(1,958.58)	(2,171.98)	(2,365.84)	(2,431.62)	2.8	35.3
Currency and Deposits	(3,631.48)	61.92	(6,344.70)	(1,981.00)	2,587.73	(230.6)	(171.3)
Reserve Assets	(2,787.13)	(6,180.40)	(7,321.96)	(503.97)	4,542.08	(1,001.3)	(263.0)
Liabilities	4,936.51	4,770.40	15,072.46	7,895.61	6,511.15	(17.5)	31.9
Direct Investment in Reporting Economy	798.35	959.52	808.56	435.64	438.84	0.7	(45.0)
Portfolio Investment	3,320.84	3,787.16	5,141.95	4,233.38	1,790.83	(57.7)	(46.1)
Other Investment Liabilities	817.32	23.71	9,121.95	3,226.58	4,281.48	32.7	423.8
NET ERRORS AND OMISSIONS	1,766.32	202.52	(105.54)	(7,028.38)	(7,619.09)	8.4	(531.4)
Memorandum Items:						% CHANGE BETWEEN	
	3RD QTR 2017	4TH QTR 2017	1ST QTR 2018 /2	2ND QTR 2018 /2	3RD QTR 2018 /1	(4) & (5)	(1) & (5)
	(1)	(2)	(3)	(4)	(5)		
Current Account Balance as % of G.D.P	2.05	3.58	1.52	4.39	(3.06)	(169.8)	(249.8)
Capital and Financial Account Balance as % of G.D.P	(3.88)	(3.78)	(1.41)	2.54	10.59	316.7	(373.0)
Overall Balance as % of G.D.P	2.89	6.05	7.79	0.50	(4.48)	(1,002.1)	(255.2)
Crude Oil and Gas Export as % of Total Export	94.06	93.41	93.32	88.63	94.39	6.5	0.4
External Reserves - Stock (US \$ million)	33,159.73	39,353.49	46,730.54	47,157.90	42,608.95	(9.6)	28.5
External Debt Stock (US\$ million)	15,352.13	18,913.44	22,071.91	22,083.44	22,083.44	-	43.8
Number of Months of Imports Equivalent	11.6	15.6	13.9	17.1	9.1	(47.0)	(21.8)
Trade numbers include BOP coverage adjustment for informal/unrecorded trade. However, it excludes goods sent for processing abroad and the products of such processing brought back to the country as captured in International Merchandise Trade Statistics							
1/ Provisional							
2/ Revised							