



سلطة النقد الفلسطينية
PALESTINE MONETARY AUTHORITY



الجهاز المركزي للإحصاء الفلسطيني
Palestinian Central Bureau of Statistics

The Deficit in Current Account is USD 316 Million of the Palestinian Balance of Payments – Third Quarter 2021

The Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA) announced the preliminary results of the Palestinian Balance of Payments (BoP) for the third quarter of 2021 under the joint issuance cycle. It should be noted that the data excludes those parts of Jerusalem which were annexed by Israeli occupation in 1967.

The deficit in trade balance of goods is the main reason for the current account deficit

An incessant deficit in the Current Account (goods, services, income, current transfers) which totaled USD 316 million. This deficit in current account mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,464 million, as well as the deficit in Services Balance, which amounted to USD 272 million.

The compensations of employees working in Israel are the main reason for the income account surplus

The surplus in Income Account (compensations of employees and investments income) amounted to USD 906 million. This surplus was due to compensations of the employees working in Israel, which reached USD 848 million. As for the received investments income, it amounted to USD 69 million; and was mainly caused by the income received on the portfolio investments abroad, in addition to the interest received on the Palestinian deposits in banks abroad.

The current transfers from abroad to other (non-government) sectors are the main reason for the current transfers surplus

The Current Transfers achieved a surplus value amounted to USD 514 million with a decrease of 1% compared to the previous quarter. The total transfers from abroad amounted to USD 602 million, of which 17% were the transfers to the government sector, while the percentage of the transfers to other sectors reached 83%. The donors' current transfers constituted 13% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 222 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Capital Account which amounted to USD 114 million.

There was an increase in the reserve assets at PMA amounted to USD 10 million, compared to an increase of USD 50 million in the previous quarter.

It is worth mentioning that the Balance of Payments (BoP) is used to determine the economic position of a country compared to other countries worldwide, and to calculate the size of its external debt. This data enables researchers and decision makers to devise informed economic policies and development plans to improve their external balance to guarantee the stability of the state and sustain the economic growth. BoP data was prepared according to the latest international recommendations taking into account the specificity of the Palestinian situation.

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Table 1: Balance of Payments In Palestine* for the second and third quarters 2021

(Value in million USD)

<i>Indicator</i>	Q2- 2021	Q3- 2021
Current account (net)	-295	-316
Goods (net)	-1,388	-1,464
Exports (fob)	547	571
Imports (fob)	1,935	2,035
Services (net)	-257	-272
Exports	210	219
Imports	467	491
Income (net)	831	906
Receipts	855	930
Compensation of employees	779	861
<i>Of which from Israel</i>	766	848
Investment income	76	69
Payments	24	24
Current transfers (net)	519	514
Inflows	603	602
To the government sector	126	103
<i>of which from Donors transfers</i>	82	54
To the other sectors	477	499
<i>of which from Donors transfers</i>	25	25
Outflows	84	88
Capital and financial account (net)	164	222
Capital account (net)	109	114
Capital transfers (net)	109	114
Inflows	109	114
To the government sector	34	34
<i>of which from Donors transfers</i>	34	34
To the other sectors	75	80
Outflows	0	0
Acquisition / disposal of non-Produced, non-financial assets non-financial assets (net)	0	0

Table 1 (Cont.): Balance of Payments In Palestine* for the second and third quarters 2021

(Value in million USD)

Indicator	Q2- 2021	Q3- 2021
Financial account (net)**	55	108
Foreign Direct investment (net)	31	16
Change in investment abroad (net)	-69	-6
Change in investment in Palestine (net)	100	22
Foreign Portfolio investment (net)	-119	74
Change in Assets (net)	-212	-11
Change in Liabilities (net)	93	85
Foreign Other investment (net)	193	28
Change in Assets (net)	185	-51
<i>Of which Currency and deposits***</i>	<i>187</i>	<i>-101</i>
Change in Liabilities (net)	8	79
<i>Of which Loans nonresidents</i>	<i>25</i>	<i>5</i>
<i>Of which Currency and deposits****</i>	<i>4</i>	<i>73</i>
Net errors and omissions	131	94
Overall balance	50	10
Financing	-50	-10
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+ = decrease)	-50	-10

*The data excludes those part of Jerusalem which were annexed by Israeli occupation in 1967.

** Include reserve assets.

***Currency and deposits: Including the cash of foreign currency in the banks and the deposits of the Palestinian institutions deposited abroad.

****Currency and deposits: Includes the deposits of non-residents deposited in Local banks.