



Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA)

The Deficit in Current Account is USD 236 Million of the Palestinian Balance of Payments – Second 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 second 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 236 million. This deficit in current account mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,354 million, as well as the deficit in Services Balance, which amounted to USD 221 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 831 million. This surplus was due to compensations of the employees working in Israel, which reached USD 766 million. As for the received investments income, it amounted to USD 76 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 508 million with an increase of 20% compared to the previous quarter. The total transfers from abroad amounted to USD 592 million, of which 21% were the transfers to the government sector, while the percentage of the transfers to other sectors reached 79%. The donors' current transfers constituted 18% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 81 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Capital Account which amounted to USD 109 million. There was an increase in the reserve assets at PMA amounted to USD 50 million, compared to an increase of USD 35 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 first and second quarters 2021

(Value in million USD)

Indicator	Q1- 2021	Q2- 2021
Current account (net)	-428	-236
Goods (net)	-1,363	-1,354
Exports (fob)	464	521
Imports (fob)	1,827	1,875
Services (net)	-237	-221
Exports	242	271
Imports	479	492
Income (net)	750	831
Receipts	803	855
Compensation of employees	720	779
<i>Of which from Israel</i>	707	766
Investment income	83	76
Payments	53	24
Current transfers (net)	422	508
Inflows	503	592
To the government sector	50	126
<i>of which from Donors transfers</i>	9	82
To the other sectors	453	466
<i>of which from Donors transfers</i>	25	25
Outflows	81	84
Capital and financial account (net)	444	81
Capital account (net)	74	109
Capital transfers (net)	74	109
Inflows	74	109
To the government sector	11	34
<i>of which from Donors transfers</i>	11	34
To the other sectors	64	75
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 first and second quarters 2021

(Value in million USD)

Indicator	Q1- 2021	Q2- 2021
Financial account (net)**	369	-28
Foreign Direct investment (net)	43	31
Change in investment abroad (net)	-1	-69
Change in investment in Palestine (net)	44	100
Foreign Portfolio investment (net)	-39	-119
Change in Assets (net)	-21	-212
Change in Liabilities (net)	-18	93
Foreign Other investment (net)	400	110
Change in Assets (net)	423	102
<i>Of which Currency and deposits***</i>	<i>421</i>	<i>104</i>
Change in Liabilities (net)	-23	8
<i>Of which Loans nonresidents</i>	-10	25
<i>Of which Currency and deposits****</i>	-14	4
Net errors and omissions	-16	155
Overall balance	35	50
Financing	-35	-50
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+= decrease)	-35	-50

*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.