



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

### **The Deficit in Current Account is USD 390 Million Of the Palestinian Balance of Payments – Fourth 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 fourth 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 behind the current account deficit**

An incessant deficit in the Current Account (goods, services, income, current transfers) which totaled USD 390 million. This deficit in current account mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,704 million, as well as the deficit in Services Balance, which amounted to USD 312 million.

#### **The compensations of employees working in Israel are the main reason behind the income account surplus**

The surplus in Income Account (compensations of employees and investments income) amounted to USD 911 million. This surplus was due to compensations of the employees working in Israel, which reached USD 867 million. As for the received investments income, it amounted to USD 79 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 behind the current transfers surplus**

The Current Transfers achieved a surplus value amounted to USD 715 million with an increase of 39% compared to the previous quarter. The total transfers from abroad amounted to USD 806 million, of which 33% were the transfers to the government sector, while the percentage of the transfers to other sectors reached 67%. The donors' current transfers constituted 29% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 569 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 428 million. There was an increase in the reserve assets at PMA amounted to USD 79 million, compared to an increase of USD 10 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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Palestinian Central Bureau of Statistics

For further details, please contact:

<b>Palestinian Central Bureau of Statistics</b>	<b>Or</b>	<b>Palestine Monetary Authority</b>
<b>P.O BOX 1647, Ramallah, P6028179, Palestine.</b>		<b>P.O.Box 452, Ramallah- Palestine.</b>
Tel: (972/970) 2 2982700		Tel: (972/970) 2 2415250
Email: <a href="mailto:diwan@pcbs.gov.ps">diwan@pcbs.gov.ps</a>		Email: <a href="mailto:info@pma.ps">info@pma.ps</a>
Website: <a href="http://www.pcbs.gov.ps">http://www.pcbs.gov.ps</a>		Website: <a href="http://www.pma.ps">http://www.pma.ps</a>



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

(Value in million USD)

Indicator	Q3- 2021	Q4- 2021
<b>Current account (net)</b>	<b>-316</b>	<b>-390</b>
<b>Goods (net)</b>	<b>-1,464</b>	<b>-1,704</b>
Exports (fob)	571	694
Imports (fob)	2,035	2,398
<b>Services (net)</b>	<b>-272</b>	<b>-312</b>
Exports	219	266
Imports	491	578
<b>Income (net)</b>	<b>906</b>	<b>911</b>
Receipts	930	960
Compensation of employees	861	881
Of which from Israel	848	867
Investment income	69	79
Payments	24	49
<b>Current transfers (net)</b>	<b>514</b>	<b>715</b>
Inflows	602	806
To the government sector	103	262
of which from Donors transfers	54	212
To the other sectors	499	544
of which from Donors transfers	25	25
Outflows	88	91
<b>Capital and financial account (net)</b>	<b>222</b>	<b>569</b>
<b>Capital account (net)</b>	<b>114</b>	<b>141</b>
Capital transfers (net)	114	141
Inflows	114	141
To the government sector	34	53
of which from Donors transfers	34	53
To the other sectors	80	88
Outflows	0	0
Acquisition / disposal of non-Produced, non-financial assets non-financial assets (net)	0	0



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

(Value in million USD)

Indicator	Q3- 2021	Q4- 2021
<b>Financial account (net)**</b>	<b>108</b>	<b>428</b>
<b>Foreign Direct investment (net)</b>	<b>16</b>	<b>87</b>
Change in investment abroad (net)	-6	-3
Change in investment in Palestine (net)	22	90
<b>Foreign Portfolio investment (net)</b>	<b>74</b>	<b>17</b>
Change in Assets (net)	-11	-4
Change in Liabilities (net)	85	21
<b>Foreign Other investment (net)</b>	<b>28</b>	<b>403</b>
Change in Assets (net)	-51	372
<i>Of which Currency and deposits***</i>	-101	459
Change in Liabilities (net)	79	31
<i>Of which Loans nonresidents</i>	5	-3
<i>Of which Currency and deposits****</i>	73	33
<b>Net errors and omissions</b>	<b>94</b>	<b>-179</b>
Overall balance	10	79
Financing	-10	-79
Exceptional financing	0	0
<b>Change in Reserve assets (- = Increase/+ = decrease)</b>	<b>-10</b>	<b>-79</b>

\*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.