



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

The Deficit in Current Account is USD 755 Million of the Palestinian Balance of Payments – First Quarter 2023

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 first quarter of 2023 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 755 million. Mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 2,052 million, as well as the deficit in Services Balance, which amounted to USD 333 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 1,012 million. This surplus was due to compensations of the employees working in Israel, which reached USD 966 million with an increase of 6% compared to previous quarter. As for the received investments income, it amounted to USD 55 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 618 million. where the current transfers for the government sector constituted 14% of the total transfers from abroad, while the percentage of the transfers to other sectors reached 86%. The donors' current transfers constituted 9% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 676 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 592 million. There was an increase in the reserve assets at PMA amounted to USD 281 million, compared to a decrease of USD 108 million in the previous quarter.



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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 fourth quarter 2022
And the first quarter 2023**

(Value in million USD)

<i>Indicator</i>	Q4- 2022	Q1- 2023
Current account (net)	-905	-755
Goods (net)	-2,116	-2,052
Exports (fob)	710	703
Imports (fob)	2,826	2,755
Services (net)	-345	-333
Exports	260	257
Imports	605	590
Income (net)	969	1,012
Receipts	1,023	1,034
Compensation of employees	925	979
<i>Of which from Israel</i>	912	966
Investment income	98	55
Payments	54	22
Current transfers (net)	587	618
Inflows	682	722
To the government sector	81	100
<i>of which from Donors transfers</i>	28	41
To the other sectors	601	622
<i>of which from Donors transfers</i>	25	25
Outflows	95	104
Capital and financial account (net)	787	676
Capital account (net)	108	84
Capital transfers (net)	108	84
Inflows	108	84
To the government sector	29	18
<i>of which from Donors transfers</i>	29	18
To the other sectors	79	66
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 fourth quarter 2022
And the first quarter 2023**

(Value in million USD)

Indicator	Q4- 2022	Q1- 2023
Financial account (net)**	679	592
Foreign Direct investment (net)	128	271
Change in investment abroad (net)	0	0
Change in investment in Palestine (net)	128	271
Foreign Portfolio investment (net)	-74	-21
Change in Assets (net)	18	-83
Change in Liabilities (net)	-92	62
Foreign Other investment (net)	517	623
Change in Assets (net)	550	640
<i>Of which Currency and deposits***</i>	<i>599</i>	<i>711</i>
Change in Liabilities (net)	-33	-17
<i>Of which Loans nonresidents</i>	<i>15</i>	<i>-1</i>
<i>Of which Currency and deposits****</i>	<i>-49</i>	<i>-16</i>
Net errors and omissions	118	79
Overall balance	-108	281
Financing	108	-281
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+ = decrease)	108	-281

*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.