



سلطة النقد الفلسطينية  
PALESTINE MONETARY AUTHORITY



الجهاز المركزي للإحصاء الفلسطيني  
Palestinian Central Bureau of Statistics

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

### **The Deficit in Current Account is USD 719 Million of the Palestinian Balance of Payments – Second 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 second 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 719 million. Mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,992 million, as well as the deficit in Services Balance, which amounted to USD 332 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 961 million. This surplus was due to compensations of the employees working in Israel, which reached USD 911 million with a decrease of 6% compared to previous quarter. As for the received investments income, it amounted to USD 60 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 a main reason behind the current transfers surplus**

The Current Transfers achieved a surplus value amounted to USD 644 million. where the current transfers for the government sector constituted 20% of the total transfers from abroad, while the percentage of the transfers to other sectors reached 80%. The donors' current transfers constituted 16% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 574 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 492 million. There was an increase in the reserve assets at PMA amounted to USD 37 million, compared to an increase of USD 281 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 first and the second quarter 2023**

(Value in million USD)

<i>Indicator</i>	<b>Q1- 2023</b>	<b>Q2- 2023</b>
<b>Current account (net)</b>	<b>-755</b>	<b>-719</b>
<b>Goods (net)</b>	<b>-2,052</b>	<b>-1,992</b>
Exports (fob)	703	627
Imports (fob)	2,755	2,619
<b>Services (net)</b>	<b>-333</b>	<b>-332</b>
Exports	257	229
Imports	590	561
<b>Income (net)</b>	<b>1,012</b>	<b>961</b>
Receipts	1,034	984
Compensation of employees	979	924
<i>Of which from Israel</i>	966	911
Investment income	55	60
Payments	22	23
<b>Current transfers (net)</b>	<b>618</b>	<b>644</b>
Inflows	722	745
To the government sector	100	150
<i>of which from Donors transfers</i>	41	94
To the other sectors	622	595
<i>of which from Donors transfers</i>	25	25
Outflows	104	101
<b>Capital and financial account (net)</b>	<b>676</b>	<b>574</b>
<b>Capital account (net)</b>	<b>84</b>	<b>82</b>
Capital transfers (net)	84	82
Inflows	84	82
To the government sector	18	20
<i>of which from Donors transfers</i>	18	20
To the other sectors	66	62
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 first and the second quarter 2023**

(Value in million USD)

Indicator	Q1- 2023	Q2- 2023
<b>Financial account (net)**</b>	<b>592</b>	<b>492</b>
<b>Foreign Direct investment (net)</b>	<b>271</b>	<b>-200</b>
Change in investment abroad (net)	0	27
Change in investment in Palestine (net)	271	-227
<b>Foreign Portfolio investment (net)</b>	<b>-21</b>	<b>-78</b>
Change in Assets (net)	-83	30
Change in Liabilities (net)	62	-108
<b>Foreign Other investment (net)</b>	<b>623</b>	<b>807</b>
Change in Assets (net)	640	811
<i>Of which Currency and deposits***</i>	<i>711</i>	<i>927</i>
Change in Liabilities (net)	-17	-4
<i>Of which Loans nonresidents</i>	<i>-1</i>	<i>-43</i>
<i>Of which Currency and deposits****</i>	<i>-16</i>	<i>38</i>
<b>Net errors and omissions</b>	<b>79</b>	<b>145</b>
Overall balance	281	37
Financing	-281	-37
Exceptional financing	0	0
<b>Change in Reserve assets (- = Increase/+ = decrease)</b>	<b>-281</b>	<b>-37</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.