The Palestinian Central Bureau of Statistics (PCBS) and

The Palestine Monetary Authority (PMA)

An increase of imports and a sharp decline in net current transfers during the first quarter of 2025, led to a sharp increase in the current account deficit, reaching USD 963 million

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 2025 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.

Preliminary data for the balance of payments in the first quarter of 2025 indicate a continued deficit in the current account (goods, services, income, and current transfers), amounting to USD 963 million with a sharp increase of 101% compared to the previous quarter. The trade balance deficit for goods reached USD 1,340 million, in addition to a services balance deficit of USD 263 million.

The data indicates an increase in the net income account during the first quarter of 2025 by 12% compared to the previous quarter, reaching USD 253 million. Whereas, compensation for Palestinian workers in Israel increased by 11% compared to the previous quarter reached USD 183 million. Meanwhile, foreign investment income decreased by 29%, reaching USD 91 million, primarily resulting from interest earned on Palestinian deposits in foreign banks.

**A sharp decline of 25% was recorded in the net current transfers from abroad during the first quarter of 2025 compared to the previous quarter.**

The data indicates a 25% decrease in the net current transfers, reaching USD 387 million compared to the previous quarter. Where the net current transfers from abroad to government sector decreased by 89% compared to the previous quarter, while increased to other sectors (non-governmental) by 53%. It is noted that current transfers to the government sector accounted for only 8% of the total current transfers from abroad, while transfers to other sectors constituted 92%. It is worth mentioning that donor transfers represented only about 41% of the total current transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 1620 million, mainly caused by the surplus in the Financial Account, which amounted to USD 1555 million. There was an increase in the reserve assets at PMA amounted to USD 127 million, compared to a decrease of USD 30 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.

**Note**: Due to the uncertainty during this quarter, data may be revised in future quarters.

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| Table 1: Balance of Payments In Palestine\* for the fourth quarter 2024 and the first quarters 2025 |

|  |  |  |
| --- | --- | --- |
| (Value in million USD) |  |  |
| Indicator | Q4-2024 | Q1-2025 |
| Current account (net) | -480 | -963 |
|  Goods (net) | 1075- | -1340 |
|  Exports (fob) | 660 | 645 |
|  Imports (fob) | 1735 | 1985 |
|  Services (net) | -210 | -263 |
|  Exports | 141 | 138 |
|  Imports | 351 | 401 |
|  Income (net) | 289 | 253 |
|  Receipts  | 306 | 287 |
|  Compensation of employees | 178 | 196 |
|  Of which from Israel | 165 | 183 |
|  Investment income  | 128 | 91 |
|  Payments | 17 | 34 |
|  Current transfers (net) | 516 | 387 |
|  Inflows  | 576 | 448 |
|  To the government sector | 306 | 34 |
|  of which from Donors transfers | 296 | 24 |
|  To the other sectors | 270 | 414 |
|  of which from Donors transfers | 29 | 160 |
|  Outflows | 60 | 61 |
| Capital and financial account (net) | 491 | 1620 |
|  Capital account (net) | 129 | 65 |
|  Capital transfers (net) | 129 | 65 |
|  Inflows | 129 | 65 |
|  To the government sector | 66 | 16 |
|  of which from Donors transfers | 66 | 16 |
|  To the other sectors | 63 | 49 |
|  Outflows | 0 | 0 |
| Acquisition / disposal of non-Produced, non-financial assets non-financial assets (net) | 0 | 0 |

 \* Data of first quarter of 2023 are revised based on the actual annual data of balance of payments for 2023

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| Table 1 (Cont.): Balance of Payments In Palestine\* for the fourth quarter 2024 and the first quarters 2025 |

|  |  |  |
| --- | --- | --- |
| (Value in million USD) |  |  |
| Indicator | Q4-2024 | Q1-2025 |
|  Financial account (net)\*\* | 362 | 1555 |
|  Foreign Direct investment (net) | 1- | 64 |
|  Change in investment abroad (net) | 0 | -40 |
|  Change in investment in Palestine (net) | 1- | 104 |
|  Foreign Portfolio investment (net) | 36 | 120 |
|  Change in Assets (net) | 12 | 128 |
|  Change in Liabilities (net) | 24 | -8 |
|  Foreign Other investment (net) | 297 | 1498 |
|  Change in Assets (net) | 333 | 1480 |
|  Of which Currency and deposits\*\*\* | 603 | 1248 |
|  Change in Liabilities (net) | 36- | 18 |
|  Of which Loans nonresidents | 34- | 7 |
|  Of which Currency and deposits\*\*\*\* | 3- | 11 |
| Net errors and omissions | 11- | -657 |
| Overall balance | 30- | 127 |
| Financing  | 30 | 127- |
| Exceptional financing | 0 | 0 |
| Change in Reserve assets (- = Increase/+= decrease) | 30 | 127- |

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| \*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. |