

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.



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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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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)

<i>Indicator</i>	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
<i>Of which from Israel</i>	<i>165</i>	<i>183</i>
Investment income	128	91
Payments	17	34
Current transfers (net)	516	387
Inflows	576	448
To the government sector	306	34
<i>of which from Donors transfers</i>	<i>296</i>	<i>24</i>
To the other sectors	270	414
<i>of which from Donors transfers</i>	<i>29</i>	<i>160</i>
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
<i>of which from Donors transfers</i>	<i>66</i>	<i>16</i>
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)

<i>Indicator</i>	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
<i>Of which Currency and deposits***</i>	603	1248
Change in Liabilities (net)	-36	18
<i>Of which Loans nonresidents</i>	-34	7
<i>Of which Currency and deposits****</i>	-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

*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.