



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

The Deficit in Current Account is USD 530 Million of the Balance of Payments – Third 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 third 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 530 million. Mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 2,000 million, as well as the deficit in Services Balance, which amounted to USD 317 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 1,182 million. This surplus was due to compensations of the employees working in Israel, which reached USD 1,084 million with an increase of 19% compared to previous quarter. As for the received investments income, it amounted to USD 110 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 605 million. where the current transfers for the government sector constituted 16% of the total transfers from abroad, while the percentage of the transfers to other sectors reached 84%. The donors' current transfers constituted 10% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 320 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 213 million. There was an increase in the reserve assets at PMA amounted to USD 23 million, compared to an increase of USD 37 million in the previous quarter.



سلطة النقد الفلسطينية
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Palestinian Central Bureau of Statistics

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 second and the third quarter 2023

(Value in million USD)

<i>Indicator</i>	Q2- 2023	Q3- 2023
Current account (net)	-615	-530
Goods (net)	-1,877	-2,000
Exports (fob)	633	679
Imports (fob)	2,510	2,679
Services (net)	-298	-317
Exports	221	237
Imports	519	554
Income (net)	961	1,182
Receipts	984	1,207
Compensation of employees	924	1,097
<i>Of which from Israel</i>	<i>911</i>	<i>1,084</i>
Investment income	60	110
Payments	23	25
Current transfers (net)	599	605
Inflows	700	715
To the government sector	150	114
<i>of which from Donors transfers</i>	<i>94</i>	<i>48</i>
To the other sectors	550	601
<i>of which from Donors transfers</i>	<i>25</i>	<i>25</i>
Outflows	101	110
Capital and financial account (net)	397	320
Capital account (net)	82	107
Capital transfers (net)	82	107
Inflows	82	107
To the government sector	20	37
<i>of which from Donors transfers</i>	<i>20</i>	<i>37</i>
To the other sectors	62	70
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 second and the third quarter 2023

(Value in million USD)

Indicator	Q2-2023	Q3-2023
Financial account (net)**	315	213
Foreign Direct investment (net)	-200	-18
Change in investment abroad (net)	27	0
Change in investment in Palestine (net)	-227	-18
Foreign Portfolio investment (net)	-78	-52
Change in Assets (net)	30	4
Change in Liabilities (net)	-108	-56
Foreign Other investment (net)	630	306
Change in Assets (net)	634	294
<i>Of which Currency and deposits***</i>	<i>750</i>	<i>351</i>
Change in Liabilities (net)	-4	12
<i>Of which Loans nonresidents</i>	<i>-43</i>	<i>-3</i>
<i>Of which Currency and deposits****</i>	<i>38</i>	<i>14</i>
Net errors and omissions	218	210
Overall balance	37	23
Financing	-37	-23
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+ = decrease)	-37	-23

*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.