The Palestinian Central Bureau of Statistics (PCBS) and

The Palestine Monetary Authority (PMA)

A decrease in donors’ current transfers provided to the government as well as a decrease in compensations of the employees working in Israel led to increasing the deficit in current account of the Palestinian balance of payments by

 50% - fourth quarter of 2022

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 fourth quarter of 2022 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.

An incessant deficit in the Current Account (goods, services, income, current transfers) which totaled USD 905 million. Mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 2,116 million, as well as the deficit in Services Balance, which amounted to USD 345 million.

**A decrease in the compensations of employees working in Israel during the fourth quarter of 2022**

The surplus in Income Account (compensations of employees and investments income) amounted to USD 969 million. This surplus was due to compensations of the employees working in Israel, which reached USD 912 million despite a decrease this compensations decrease by 14% compared to previous quarter. As for the received investments income, it to USD 98 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.

**A decrease in current transfers from abroad during the fourth quarter of 2022**

The Current Transfers achieved a surplus value amounted to USD 587 million, where the current transfers for the government sector constituted 12% of the total transfers from abroad with a decrease of 68% compared to previous quarter, while the percentage of the transfers to other sectors reached 88%. The donors’ current transfers constituted 8% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 787 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 679 million. There was a decrease in the reserve assets at PMA amounted to USD 108 million, compared to an increase of USD 175 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.

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| Table 1: Balance of Payments In Palestine\* for the third and fourth quarters 2022 |

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| (Value in million USD) |
| Indicator | Q3- 2022 | Q4- 2022 |
| Current account (net) | -604 | -905 |
|  Goods (net) | -2,113 | -2,116 |
|  Exports (fob) | 661 | 710 |
|  Imports (fob) | 2,774 | 2,826 |
|  Services (net) | -352 | -345 |
|  Exports | 242 | 260 |
|  Imports | 594 | 605 |
|  Income (net) | 1,093 | 969 |
|  Receipts  | 1,150 | 1,023 |
|  Compensation of employees | 1,076 | 925 |
|  Of which from Israel | 1,063 | 912 |
|  Investment income  | 74 | 98 |
|  Payments | 57 | 54 |
|  Current transfers (net) | 768 | 587 |
|  Inflows  | 869 | 682 |
|  To the government sector | 256 | 81 |
|  of which from Donors transfers | 194 | 28 |
|  To the other sectors | 613 | 601 |
|  of which from Donors transfers | 25 | 25 |
|  Outflows | 101 | 95 |
| Capital and financial account (net) | 407 | 787 |
|  Capital account (net) | 113 | 108 |
|  Capital transfers (net) | 113 | 108 |
|  Inflows | 113 | 108 |
|  To the government sector | 37 | 29 |
|  of which from Donors transfers | 37 | 29 |
|  To the other sectors | 76 | 79 |
|  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 third and fourth quarters 2022 |

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| (Value in million USD) |
| Indicator | Q3- 2022 | Q4- 2022 |
|  Financial account (net)\*\* | 294 | 679 |
|  Foreign Direct investment (net) | -95 | 128 |
|  Change in investment abroad (net) | 0 | 0 |
|  Change in investment in Palestine (net) | -95 | 128 |
|  Foreign Portfolio investment (net) | -128 | -74 |
|  Change in Assets (net) | -134 | 18 |
|  Change in Liabilities (net) | 6 | -92 |
|  Foreign Other investment (net) | 692 | 517 |
|  Change in Assets (net) | 604 | 550 |
|  Of which Currency and deposits\*\*\* | 644 | 599 |
|  Change in Liabilities (net) | 88 | -33 |
|  Of which Loans nonresidents | 78 | 15 |
|  Of which Currency and deposits\*\*\*\* | 9 | -49 |
| Net errors and omissions | 197 | 118 |
| Overall balance | 175 | -108 |
| Financing  | -175 | 108 |
| Exceptional financing | 0 | 0 |
| Change in Reserve assets (- = Increase/+= decrease) | -175 | 108 |

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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. |

