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

Results Announcement

Palestinian Balance of Payments – Second Quarter 2016

Deficit in Current Account is USD 391.5 Million

The Palestinian Central Bureau of Statistics (PCBS) and the Palestine Monetary Authority (PMA) have announced the preliminary results of the Palestinian Balance of Payments (BoP) for the second quarter of 2016 under the joint issuance cycle for the Palestinian Balance of Payments (BoP). It should be noted that the data excludes that part of Jerusalem which was annexed forcefully by Israel following its occupation of the West Bank in 1967.

The preliminary results of BoP for the second quarter of 2016 showed:

- An incessant deficit in the Current Account which totaled USD 391.5 million marking an increase of 40.9% compared to the previous quarter. The deficit in the Current Account was mainly triggered by the deficit in the Trade Balance of Goods, which reached USD 1,300.4 million with an increase of 15.0% compared to the previous quarter.

- The deficit in Services Balance amounted to USD 44.6 million with an increase of 9.9% compared to the previous quarter. This deficit occurred due to the increase of the import of transportation services and travel services in addition to other business services.

- The surplus in Income Account (compensations of employees and investments income) amounted to USD 404.3 million with an increase of 10.9% compared to the previous quarter. This surplus was due to compensations of employees working in Israel, which reached USD 394.5 million. As for the received investments income, it amounted to USD 30.1 million and was mainly caused by the income received on the portfolio investments abroad, in addition to the interest received on deposits in banks abroad.

- The Current Transfers achieved a surplus value amounting to USD 549.2 million with an increase of 3.9% compared to the previous quarter. This was due to the increase of the transfers to other sectors. The transfers to the government sector contributed 19.3% of total transfers from abroad, while the transfers to other sectors (mainly private sector) was 80.7%. The donors' current transfers constituted 29.5% of total transfers from abroad.

- The results showed a surplus value for the Capital and Financial Account amounting to USD 270.6 million with an increase of 36.1% compared to the previous quarter, the surplus in the Capital and Financial Account was mainly caused

by the surplus in the Capital Account which reached USD 96.7 million and the surplus in Financial Account which amounted to USD 173.9 million. There was a decrease in the reserve assets at PMA amounting to USD 62.0 million, with a decrease of USD 116.9 million compared to 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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