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

Results Announcement

Palestinian Balance of Payments – Fourth Quarter 2017

Deficit in Current Account is USD 303.6 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 fourth quarter of 2017 under the joint issuance cycle for the Palestinian Balance of Payments (BoP). It should be noted that the data excludes that part of Jerusalem governorate which was annexed forcefully by Israel following its occupation of the West Bank in 1967.

The preliminary results of BoP for the fourth quarter of 2017 showed:

- An incessant deficit in the Current Account (goods, services, income, current transfers) which totaled USD 303.6 million marking a decrease of 31.6% compared to the previous quarter, mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,145.9 million, as well as the deficit in Services Balance, which amounted to USD 240.7 million.

- The decrease in deficit of the Current Account mainly triggered by the increase of current transfers of donors to government sector by 119.1% compared to the previous quarter.

- The surplus in Income Account (compensations of employees and investments income) amounted to USD 544.3 million with a decrease of 2.6% compared to the previous quarter. This surplus was due to compensations of the employees working in Israel, which reached USD 507.2 million. As for the received investments income, it amounted to USD 61.7 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 achieved a surplus value amounted to USD 538.7 million with an increase of 29.2% compared to the previous quarter. This was due to the increase of the transfers of donors to the government sector. The transfers to the government sector contributed with 35.1% of total transfers from abroad, while the transfers to other sectors was 64.9%. The donors' current transfers constituted 45.1% of total transfers from abroad.
- The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 313.4 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in the Capital Account which reached

USD 120.5 million, and the surplus in Financial Account which amounted to USD 192.9 million. There was an increase in the reserve assets at PMA amounted to USD 0.1 million, compared to a decrease of USD 13.2 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.