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

Preliminary Results of the Palestinian Balance of Payments – Third Quarter 2018

Deficit in Current Account is USD 445 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 third quarter of 2018 under the joint issuance cycle for the Palestinian Balance of Payments (BoP). It should be noted that the data excludes those parts of Jerusalem which were annexed by Israel occupation in 1967.

The preliminary results of BoP for the third quarter of 2018 showed:

- An incessant deficit in the Current Account (goods, services, income, current transfers) which totaled USD 444.7 million marking an increase of 19.1% compared to the previous quarter, mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,254.7 million, as well as the deficit in Services Balance, which amounted to USD 265.9 million.

- The surplus in Income Account (compensations of employees and investments income) amounted to USD 608.8million with an increase of 0.8% compared to the previous quarter. This surplus was due to compensations of the employees working in Israel, which reached USD 567.8 million. As for the received investments income, it amounted to USD 77.6 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 467.1 million with an increase of 3.8% 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 30.7% of total transfers from abroad, while the transfers to other sectors was 69.3%. The donors' current transfers constituted 31.4% of total transfers from abroad.

- The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 574.0 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in the Capital Account which reached USD 110.6 million, and the surplus in Financial Account which amounted to USD 463.4 million. There was a decrease in the reserve assets at PMA amounted to USD 39.5 million, compared to a decrease of USD 28.8 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.