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

The Deficit in Current Account is USD 604 Million of the Palestinian Balance of Payments – Third Quarter 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 third 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.

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 604 million. Mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 2,113 million, as well as the deficit in Services Balance, which amounted to USD 352 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 1,093 million. This surplus was due to compensations of the employees working in Israel, which reached USD 1,063 million. As for the received investments income, it amounted to USD 74 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 the main reason behind the current transfers surplus

The Current Transfers achieved a surplus value amounted to USD 768 million. where the current transfers for the government sector constituted 29% of the total transfers from abroad, while the percentage of the transfers to other sectors reached 71%. The donors' current transfers constituted 25% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 407 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 294 million. There was an increase in the reserve assets at PMA amounted to USD 175 million, compared to a decrease of USD 34 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.

Table 1: Balance of Payments In Palestine* for the second and third quarters 2022

(Value in million USD)

Indicator	Q2- 2022	Q3- 2022
Current account (net)	**-753**	**-604**
Goods (net)	**-1,953**	**-2,113**
Exports (fob)	601	661
Imports (fob)	2,554	2,774
Services (net)	**-327**	**-352**
Exports	220	242
Imports	547	594
Income (net)	**953**	**1,093**
Receipts	997	1,150
Compensation of employees	930	1,076
Of which from Israel	*917*	*1,063*
Investment income	67	74
Payments	44	57
Current transfers (net)	**574**	**768**
Inflows	668	869
To the government sector	114	256
of which from Donors transfers	*61*	*194*
To the other sectors	554	613
of which from Donors transfers	*25*	*25*
Outflows	94	101
Capital and financial account (net)	**961**	**407**
Capital account (net)	**99**	**113**
Capital transfers (net)	99	113
Inflows	99	113
To the government sector	25	37
of which from Donors transfers	*25*	*37*
To the other sectors	74	76
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 third quarters 2022

(Value in million USD)

Indicator	Q2- 2022	Q3- 2022
Financial account (net)**	**862**	**294**
Foreign Direct investment (net)	**108**	**-95**
Change in investment abroad (net)	8	0
Change in investment in Palestine (net)	100	-95
Foreign Portfolio investment (net)	**157**	**-128**
Change in Assets (net)	100	-134
Change in Liabilities (net)	57	6
Foreign Other investment (net)	**563**	**692**
Change in Assets (net)	620	604
*Of which Currency and deposits****	*613*	*644*
Change in Liabilities (net)	-57	88
Of which Loans nonresidents	***35***	***78***
*Of which Currency and deposits*****	*-93*	*9*
Net errors and omissions	**-208**	**197**
Overall balance	-34	175
Financing	34	-175
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+= decrease)	**34**	**-175**

** 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.