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

A sharp decline in the compensation of Palestinian workers in Israel and net current transfers during the second quarter of 2024 compared to the corresponding quarter of 2023, led to an increase in the current account deficit, reaching USD 801 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 second quarter of 2024 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.

Preliminary data for the balance of payments in the second quarter of 2024 indicate a continued deficit in the current account (goods, services, income, and current transfers), amounting to USD 801 million with an increase of 30% compared to the corresponding quarter of 2023. which reached USD 1,161 million, as well as the deficit in Services Balance, which amounted to USD 169 million.

The data indicates a decrease in the net income account during the second quarter of 2024, by 80% compared to the corresponding quarter of 2023, reaching USD 191 million. Meanwhile, foreign investment income amounted to USD 76 million, primarily resulting from interest earned on Palestinian deposits in foreign banks.

A decrease of 49% was recorded in the net current transfers from abroad to other sectors (non-governmental) during the second quarter of 2024 compared to the corresponding quarter of 2023.

The data indicates a 44% decrease in the net current transfers, reaching USD 338 million compared to the corresponding quarter of 2023. This decline is primarily attributed to the ongoing Israeli aggression against the Gaza Strip and the West Bank, significantly affecting the financial and economic activities in the region. It is noted that current transfers to the government sector accounted for only 29% of the total current transfers from abroad, while transfers to other sectors constituted 71%. It is worth mentioning that donor transfers represented only about 33% of the total current transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 743 million, mainly caused by the surplus in the Financial Account which amounted to USD 670 million. There was a decrease in the reserve assets at PMA amounted to USD 23 million, compared to a decrease of USD 109 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 quarter 2023 and the first and second quarter 2024

(Value in million USD)			
Indicator	**Q2- 2023**	**Q1- 2024**	**Q2- 2024**
Current account (net)	**-615**	**-836**	**-801**
Goods (net)	**-1,877**	**-1,124**	**-1,161**
Exports (fob)	633	558	498
Imports (fob)	2,510	1,682	1,659
Services (net)	**-298**	**-154**	**-169**
Exports	221	194	174
Imports	519	348	343
Income (net)	**961**	**123**	**191**
Receipts	984	155	207
Compensation of employees	924	86	131
Of which from Israel	*911*	*73*	*118*
Investment income	60	69	76
Payments	23	32	16
Current transfers (net)	**599**	**319**	**338**
Inflows	700	373	394
To the government sector	150	99	114
of which from Donors transfers	94	94	106
To the other sectors	550	274	280
of which from Donors transfers	*25*	*25*	*25*
Outflows	101	54	56
Capital and financial account (net)	**397**	**819**	**743**
Capital account (net)	**82**	**75**	**73**
Capital transfers (net)	82	75	73
Inflows	82	75	73
To the government sector	20	21	20
of which from Donors transfers	*20*	*21*	*20*
To the other sectors	62	54	53
Outflows	0	0	0
Acquisition / disposal of non-Produced, non-financial assets non-financial assets (net)	0	0	0

Table 1 (Cont.): Balance of Payments In Palestine* for the second quarter 2023 and the first and second quarter 2024

(Value in million USD)			
Indicator	**Q2- 2023**	**Q1- 2024**	**Q2- 2024**
Financial account (net)**	**315**	**744**	**670**
Foreign Direct investment (net)	**-200**	**-11**	**77**
Change in investment abroad (net)	27	0	-11
Change in investment in Palestine (net)	-227	-11	88
Foreign Portfolio investment (net)	**-78**	**42**	**-87**
Change in Assets (net)	30	85	-71
Change in Liabilities (net)	-108	-43	-16
Foreign Other investment (net)	**630**	**604**	**657**
Change in Assets (net)	634	576	661
*Of which Currency and deposits****	*750*	*710*	1,038
Change in Liabilities (net)	-4	28	-4
Of which Loans nonresidents	*-43*	*28*	*-6*
*Of which Currency and deposits*****	*38*	*-1*	*2*
Net errors and omissions	**218**	**17**	**58**
Overall balance	37	-109	-23
Financing	-37	109	23
Exceptional financing	0	0	0
Change in Reserve assets (- = Increase/+= decrease)	**-37**	**109**	**23**

*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.