The Palestinian Central Bureau of Statistics (PCBS) and

The Palestine Monetary Authority (PMA)

A Decrease of imports and an increase in net current transfers during the second quarter of 2025, led to a decrease in the current account deficit,

reaching USD 665 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 2025 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 2025 indicate a continued deficit in the current account (goods, services, income, and current transfers), amounting to USD 665 million with a decrease of 31% compared to the previous quarter. The trade balance deficit for goods reached USD 1,075 million, in addition to a services balance deficit of USD 210 million.

The data indicates a decrease in the net income account during the second quarter of 2025 by 23% compared to the previous quarter, reaching USD 195 million. Whereas, compensation for Palestinian workers in Israel decreased by 31% compared to the previous quarter reached USD 127 million. Meanwhile, foreign investment income increased by 2%, reaching USD 93 million, primarily resulting from interest earned on Palestinian deposits in foreign banks.

An increase of 10% was recorded in the net current transfers from abroad during the second quarter of 2025 compared to the previous quarter.

The data indicates an increase of 10% in the net current transfers, reaching USD 425 million compared to the previous quarter. Where the value of current transfers from abroad to government sector reaching USD 284 million, while it increased to other sectors (non-governmental) by 53% compared to the previous quarter. It is noted that current transfers to the government sector accounted for only 59% of the total current transfers from abroad, while transfers to other sectors constituted 41%. It is worth mentioning that donor transfers represented about 67% of the total current transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 4 million, mainly caused by the deficit in the Financial Account, which amounted to USD -76 million. There was a decrease in the reserve assets at PMA amounted to USD 32 million, compared to an increase of USD 127 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.

Note: Due to the uncertainty during this quarter, data may be revised in future quarters.

Table 1: Balance of Payments In Palestine*

for the second quarter 2025 and the first quarter 2025

(Value in million USD)

Indicator	Q1-2025	Q2-2025
Current account (net)	-963	-665
Goods (net)	-1340	-1075
Exports (fob)	645	660
Imports (fob)	1985	1735
Services (net)	-263	-210
Exports	138	141
Imports	401	351

Income (net)	253	195
Receipts	287	233
Compensation of employees	196	140
Of which from Israel	183	127
Investment income	91	93
Payments	34	38
Current transfers (net)	387	425
Inflows	448	479
To the government sector	34	284
of which from Donors transfers	24	282
To the other sectors	414	195
of which from Donors transfers	160	37
Outflows	61	54
Capital and financial account (net)	1620	4
Capital account (net)	65	80
Capital transfers (net)	65	80
Inflows	65	80
To the government sector	16	25
of which from Donors transfers	16	25
To the other sectors	49	55
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 quarter 2025 and the first quarter 2025

(Value in million USD)

Indicator	Q1-2025	Q2-2025
Financial account (net)**	1555	-76
Foreign Direct investment (net)	64	406
Change in investment abroad (net)	-40	22
Change in investment in Palestine (net)	104	384
Foreign Portfolio investment (net)	120	-51
Change in Assets (net)	128	-117
Change in Liabilities (net)	-8	66
Foreign Other investment (net)	1498	463-
Change in Assets (net)	1480	-484
Of which Currency and deposits***	1248	-55
Change in Liabilities (net)	18	21
Of which Loans nonresidents	7	14
Of which Currency and deposits****	11	6
Net errors and omissions	657-	661
Overall balance	127	32-

Financing	-127	32
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+= decrease)	-127	32

*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.

30-9-2025

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