



مركز سلطة النقد الفلسطينية
PALESTINE MONETARY AUTHORITY TY

Issued on: 29/06/2021



الجهة المركزي للإحصاء الفلسطيني
Palestinian Central Bureau of Statistics

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

The Deficit in Current Account is USD 428 Million of the Palestinian Balance of Payments – First Quarter 2021

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 first quarter of 2021 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 for the current account deficit

An incessant deficit in the Current Account (goods, services, income, current transfers) which totaled USD 428 million. This deficit in current account mainly triggered by the deficit of the Trade Balance of Goods, which reached USD 1,363 million, as well as the deficit in Services Balance, which amounted to USD 237 million.

The compensations of employees working in Israel are the main reason for the income account surplus

The surplus in Income Account (compensations of employees and investments income) amounted to USD 750 million. This surplus was due to compensations of the employees working in Israel, which reached USD 707 million. As for the received investments income, it amounted to USD 83 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 for the current transfers surplus

The Current Transfers achieved a surplus value amounted to USD 422 million with a decrease of 10% compared to the previous quarter. The total transfers from abroad amounted to USD 503 million, of which 10% were the transfers to the government sector, while the percentage of the transfers to other sectors reached 90%. The donors' current transfers constituted 7% of total transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 444 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 369 million. There was an increase in the reserve assets at PMA amounted to USD 35 million, compared to an increase of USD 71 million in the previous quarter.



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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.

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**Table 1: Balance of Payments In Palestine* for the fourth quarter 2020
And first quarter 2021**

(Value in million USD)

<i>Indicator</i>	Q4- 2020	Q1- 2021
Current account (net)	-293	-428
Goods (net)	-1,276	-1,363
Exports (fob)	541	464
Imports (fob)	1,817	1,827
Services (net)	-228	-237
Exports	220	242
Imports	448	479
Income (net)	741	750
Receipts	775	803
Compensation of employees	717	720
<i>Of which from Israel</i>	704	707
Investment income	58	83
Payments	34	53
Current transfers (net)	470	422
Inflows	556	503
To the government sector	95	50
<i>of which from Donors transfers</i>	54	9
To the other sectors	461	453
<i>of which from Donors transfers</i>	25	25
Outflows	86	81
Capital and financial account (net)	382	444
Capital account (net)	117	74
Capital transfers (net)	117	74
Inflows	117	74
To the government sector	41	11
<i>of which from Donors transfers</i>	41	11
To the other sectors	76	64
Outflows	0	0
Acquisition / disposal of non-Produced, non-financial assets non-financial assets (net)	0	0



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**Table 1 (Cont.): Balance of Payments In Palestine* for the fourth quarter 2020
And first quarter 2021**

(Value in million USD)

Indicator	Q4- 2020	Q1- 2021
Financial account (net)**	265	369
Foreign Direct investment (net)	-59	43
Change in investment abroad (net)	-1	-1
Change in investment in Palestine (net)	-58	44
Foreign Portfolio investment (net)	70	-39
Change in Assets (net)	28	-21
Change in Liabilities (net)	42	-18
Foreign Other investment (net)	325	400
Change in Assets (net)	288	423
<i>Of which Currency and deposits***</i>	-483	421
Change in Liabilities (net)	37	-23
<i>Of which Loans nonresidents</i>	22	-10
<i>Of which Currency and deposits****</i>	15	-14
Net errors and omissions	-91	-16
Overall balance	71	35
Financing	-71	-35
Exceptional financing	0	0
Change in Reserve assets (- = Increase/+ = decrease)	-71	-35

*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.