The Palestinian Central Bureau of Statistics (PCBS) and

The Palestine Monetary Authority (PMA)

A sharp decline in the net current transfers during the Fourth quarter of 2023 is attributed to the ongoing Israeli aggression on West Bank and

Gaza Strip

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 fourth quarter of 2023 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 fourth quarter of 2023 indicate a continued deficit in the current account (goods, services, income, and current transfers), amounting to USD 1.105 billion. This represents an increase of 108% compared to the previous quarter. This surge in the deficit is primarily attributed to the ongoing Israeli occupation aggression and its repercussions on the West Bank.

The data indicates a decrease in the net income account during the fourth quarter of 2023, by 93% compared to the previous quarter, reaching USD 83 million. Meanwhile, foreign investment income amounted to USD 48 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 fourth quarter of 2023 compared to the previous quarter.**

The data indicates a 48% decrease in the net current transfers, reaching USD 316 million. This decline is primarily attributed to the ongoing Israeli occupation aggression against 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 18% of the total current transfers from abroad, while transfers to other sectors constituted 82%. It is worth mentioning that donor transfers represented only about 23% of the total current transfers from abroad.

The preliminary results showed a surplus value for the Capital and Financial Account amounted to USD 892 million, the surplus in the Capital and Financial Account was mainly caused by the surplus in Financial Account which amounted to USD 761 million. There was an increase in the reserve assets at PMA amounted to USD 85 million, compared to an increase of USD 23 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.

Issued on: 20/05/2024

|  |
| --- |
| Table 1: Balance of Payments In Palestine\* for the third and the fourth quarter 2023 |

|  |  |  |
| --- | --- | --- |
| (Value in million USD) |  |  |
| Indicator | Q3- 2023 | Q4- 2023 |
| Current account (net) | -530 | -1,105 |
|  Goods (net) | -2,000 | -1,306 |
|  Exports (fob) | 679 | 509 |
|  Imports (fob) | 2,679 | 1,815 |
|  Services (net) | -317 | -198 |
|  Exports | 237 | 177 |
|  Imports | 554 | 375 |
|  Income (net) | 1,182 | 83 |
|  Receipts  | 1,207 | 140 |
|  Compensation of employees | 1,097 | 92 |
|  Of which from Israel | 1,084 | 79 |
|  Investment income  | 110 | 48 |
|  Payments | 25 | 57 |
|  Current transfers (net) | 605 | 316 |
|  Inflows  | 715 | 370 |
|  To the government sector | 114 | 65 |
|  of which from Donors transfers | 48 | 60 |
|  To the other sectors | 601 | 305 |
|  of which from Donors transfers | 25 | 25 |
|  Outflows | 110 | 54 |
| Capital and financial account (net) | 320 | 892 |
|  Capital account (net) | 107 | 131 |
|  Capital transfers (net) | 107 | 131 |
|  Inflows | 107 | 131 |
|  To the government sector | 37 | 77 |
|  of which from Donors transfers | 37 | 77 |
|  To the other sectors | 70 | 54 |
|  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 third and the fourth quarter 2023 |

|  |  |  |
| --- | --- | --- |
| (Value in million USD) |  |  |
| Indicator | Q3- 2023 | Q4- 2023 |
|  Financial account (net)\*\* | 213 | 761 |
|  Foreign Direct investment (net) | -18 | 47 |
|  Change in investment abroad (net) | 0 | 0 |
|  Change in investment in Palestine (net) | -18 | 47 |
|  Foreign Portfolio investment (net) | -52 | -155 |
|  Change in Assets (net) | 4 | -115 |
|  Change in Liabilities (net) | -56 | -40 |
|  Foreign Other investment (net) | 306 | 954 |
|  Change in Assets (net) | 294 | 945 |
|  Of which Currency and deposits\*\*\* | 351 | 1,238 |
|  Change in Liabilities (net) | 12 | 9 |
|  Of which Loans nonresidents | -3 | 15 |
|  Of which Currency and deposits\*\*\*\* | 14 | -8 |
| Net errors and omissions | 210 | 213 |
| Overall balance | 23 | 85 |
| Financing  | -23 | -85 |
| Exceptional financing | 0 | 0 |
| Change in Reserve assets (- = Increase/+= decrease) | -23 | -85 |

|  |
| --- |
| \*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. |