



سلطة النقد الفلسطينية
PALESTINE MONETARY AUTHORITY



الجهاز المركزي للإحصاء الفلسطيني
Palestinian Central Bureau of Statistics

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.

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Table 1: Balance of Payments In Palestine* for the third and the fourth quarter 2023**(Value in million USD)**

<i>Indicator</i>	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
<i>Of which from Israel</i>	<i>1,084</i>	<i>79</i>
Investment income	110	48
Payments	25	57
Current transfers (net)	605	316
Inflows	715	370
To the government sector	114	65
<i>of which from Donors transfers</i>	<i>48</i>	<i>60</i>
To the other sectors	601	305
<i>of which from Donors transfers</i>	<i>25</i>	<i>25</i>
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
<i>of which from Donors transfers</i>	<i>37</i>	<i>77</i>
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
<i>Of which Currency and deposits***</i>	<i>351</i>	<i>1,238</i>
Change in Liabilities (net)	12	9
<i>Of which Loans nonresidents</i>	<i>-3</i>	<i>15</i>
<i>Of which Currency and deposits****</i>	<i>14</i>	<i>-8</i>
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.