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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – MARCH 2009

Since 1996 UNSCO has continually monitored and reported on socio-economic conditions in the occupied Palestinian territory and in the process established an extensive socio-economic database. UNSCO does not create raw data but rather uses available data which, in the occupied Palestinian territory is relatively abundant. However, the data that is available tends to remain dispersed and is not always automatically shared between institutions. The objective of the database is to bring together in one place a wide variety of data on socio-economic conditions and by doing so present a broader, more detailed perspective on socio-economic conditions. The purpose of this report is to: 1) broaden the access to this database through publication of the most recent data gathered; and 2) provide readers with up to date information on socio-economic conditions in the occupied Palestinian territory.

The report is divided into three sections:

Section 1 consists of a one-page fact sheet which provides a snapshot view of the socio-economic situation for the current and previous reporting period and it provides, for reference purposes, base line figures for the period just prior to the outbreak of the second *Intifada*.

Sections 2 and 3 report on the Macro-economic situation, the Private sector and the banking modules of the UNSCO database. They provide data on the last six reporting periods for each indicator as well as base line data, which is pre *Al-Aqsa intifada*. In addition, summary analysis on observed trends is given below each table.



SOCIO-ECONOMIC FACT SHEET – MARCH 2009

| A. GENERAL | | Previous period | Current period | B. FISCAL SITUATION | | Baseline | Previous period | Current period | |
|---|--|-----------------|-----------------------|--|--|----------|-----------------|------------------|----------------------|
| Indicator | | Q2-2008 | Q3-2008 | Indicator (US\$ millions) | | Q4-1999 | Q3-2008 | Q4-2008 (budget) | |
| 1. GDP (\$US) | | 1,180.2 | 1,145.0. ¹ | 1. Revenue | | 235 | 554.8 | 302.9 | |
| 2. GDP per capita (\$US) | | 326.9 | 314.9 | 2. Expenditure | | 235 | 350.1 | 248.1 | |
| | | | | 3. Net lending | | 0 | 138.4 | 107.7 | |
| | | | | 4. Balance | | 0 | -509.1 | -315.2 | |
| | | | | 5. External Budget support (including TIM) | | 0 | 477.1 | 351.1 | |
| Source: PCBS | | | | Source: World Bank- Ministry of Finance | | | | | |
| C. MACRO-ECONOMIC | | Baseline | Previous period | Current period | D. PRIVATE SECTOR | | Baseline | Previous period | Current period |
| Indicator ² | | Aug-2004 | Feb 2009 | Mar 2009 | Indicator | | | | |
| 1. Consumer Price Index ³ | | | | | 1. New Company Registrations | | Q2-2000 | Q4-2008 | Q1-2009 |
| Total | | | 121.54 | 122.82 | Total | | 568 | 342 | 512 |
| West Bank | | | 118.58 | 119.98 | West Bank | | 288 | 289 | 456 |
| Gaza Strip | | | 127.93 | 129.15 | Gaza Strip | | 280 | 53 | 56 |
| 2. Truck movement ⁴ | | | | | 2. Area Licensed for new Construction (dunums) | | Q2-2000 | Q3-2008 | Q4-2008 |
| <u>Imports</u> | | Aug-2000 | Feb-2009 | Mar-2009 | Total | | 739.7 | 458.8 | 385.6 |
| Karni | | 4,373 | 762 | 751 | West Bank | | 665.3 | 458.8 | 385.6 |
| Sufa | | 4,384 | 0 | 0 | Gaza Strip | | 74.4 | 0.0 | 0.0 |
| Rafah | | 953 | 15.5 | 147 | 3. Banking (US\$ thousands) | | Q2-2000 | Q2-2008 | Q3-2008 ⁵ |
| Kerem Shalom | | 0 | 2,185.5 | 2,516 | Loans | | 1,234 | 1,747 | 1,806 |
| Nahal Oz | | 904 | 80 | 173 | Deposits | | 3,328 | 6,035 | 6,307 |
| <u>Exports</u> | | | | | Loans/Deposits Ratio | | 37.1 % | 28.94% | 28.66% |
| Karni | | 2,460 | 0 | 0 | | | | | |
| Kerem Shalom | | 0 | 1 | 9 | | | | | |
| Source: PCBS (1), Ministry of National Economy, General Petroleum Corporation | | | | Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3) | | | | | |
| E. LABOUR FLOWS | | Baseline | Previous period | Current period | F. CLOSURE | | Baseline | Previous period | Current period |
| Indicator | | Q2-2000 | Q3-2007 | Q4-2008 | Indicator | | Aug-2000 | Feb- 2009 | Mar- 2009 |
| 1. Labour Force size | | | | | 1. Effective closure days ⁷ | | | | |
| Total | | 706,174 | 937,200 | 896,100 | Karni (goods) | | 0 % | 100% | 100% |
| West Bank | | 483,796 | 636,600 | 604,000 | Erez (workers) | | 0 % | 100% | 100% |
| Gaza Strip | | 222,378 | 300,600 | 292,100 | Sufa (aggregates) | | 0 % | 100% | 100% |
| 2. Unemployment | | 8.8 % | 23.2% | 27.9% | Rafah (passenger) | | 0 % | 100% | 100% |
| 3. Adjusted Unemployment ⁶ | | 18.5 % | 29.1% | 33.4% | Rafah (commercial) | | 0 % | 100% | 100% |
| | | | | | Nahal Oz (fuel) | | 0 % | 100 % | 100% |
| | | | | | Kerem Shalom | | 0 % | 8 % | 0% |
| Source: PCBS | | | | Source: UNSCO | | | | | |

¹ These numbers may be adjusted

² For a more detailed report on sections C (Macro-economy) and D (Private sector), see data below.

³ CPI Base year 2004 = 100

⁴ MoNE data does not include aggregates or aid flows in Aug 2000.

⁵ * Please note that data for Q2-2008 has been adjusted by the PMA for all bank credit categories.

⁶ Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

⁷ Effective closure days are calculated by adding all days when a crossing was fully or partially closed excluding weekend and holidays.



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MACRO-ECONOMIC UPDATE – MARCH 2009

- Exchange rate
- Consumer Index by region and expenditure group
- Truck Movement
- Palestinian Imports and Exports
- Volume of registered fuel sales

For further information please contact:

 Ramallah: *Bushra Mukbil*
mukbil@un.org

 Gaza Strip: *Raed Raqeb*
raqeb@un.org

| Indicator | Baseline Aug-00 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|----------------------|--------------------|--------|--------|--------|--------|--------|--------|
| Exchange Rate | | | | | | | |
| Exchange Rate | 4.05 | 3.67 | 3.87 | 3.83 | 3.90 | 4.11 | 4.10 |
| Source: PCBS | | | | | | | |

The exchange rate between the US dollar and the NIS slightly dropped in March 2009.

| Indicator | Baseline Aug-00 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|--|--------------------|---------|--------|--------|--------|--------|--------|
| Volume of Registered Fuel sales in the Gaza Strip (x 1000 liters/ton) | | | | | | | |
| volume of registered fuel sales in the Gaza Strip | | | | | | | |
| Benzene 95 (Liter) | 878.3 | 524.0 | 124.4 | 50.0 | 0.0 | 0.0 | 40.0 |
| Benzene 96 (Liter) | 2,310.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gasoline (Liter) | 11,342.6 | 3,770.1 | 262.4 | 400.0 | 92.0 | 391.3 | 300.0 |
| Gas (Ton) | 1.9 | 3.3 | 0.8 | 0.8 | 0.9 | 1.7 | 3.9 |
| White Gasoline (Liter) | 243.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Source: General Petroleum Corporation and Ministry of Finance | | | | | | | |

Volume of registered fuel sales in the Gaza Strip has continued to decline in March 2009. No Gasoline and no Benzene have been imported for the private sector since November 3rd 2008, and only 3.9 tons of Gas were allowed in for the private sector, during the reporting period. 40,000 liters of Benzene (95) and 300,000 liters of Gasoline were imported for UNRWA in March 2009.

| Indicator | Baseline Aug-04 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|--|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Palestinian Consumer Price Index (by region and expenditure group) | | | | | | | |
| Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem) | | | | | | | |
| Food and soft drinks | | 140.71 | 139.44 | 138.24 | 137.55 | 136.48 | 138.99 |
| Alcoholic Beverages and tobacco | | 124.45 | 124.18 | 123.88 | 124.75 | 125.48 | 126.18 |
| Textiles, clothing and footwear | | 104.05 | 103.83 | 104.52 | 103.42 | 103.05 | 103.12 |
| Housing | | 123.84 | 122.38 | 120.99 | 117.60 | 118.52 | 119.76 |
| Furniture, household goods | | 107.92 | 107.71 | 108.30 | 109.14 | 110.69 | 111.48 |
| Medical care | | 114.47 | 114.80 | 114.74 | 114.32 | 113.89 | 113.22 |
| Transportation | | 122.22 | 118.09 | 116.35 | 113.91 | 114.87 | 114.81 |
| Communications | | 109.72 | 109.85 | 109.84 | 109.93 | 109.89 | 109.80 |
| Recreational, cultural goods & services | | 99.79 | 99.75 | 100.41 | 100.24 | 100.39 | 101.00 |
| Education | | 101.07 | 101.36 | 101.28 | 101.28 | 101.28 | 101.26 |
| Restaurants and cafes | | 129.32 | 129.46 | 129.76 | 129.71 | 130.02 | 130.94 |
| Miscellaneous goods and services | | 109.88 | 110.04 | 110.52 | 110.38 | 111.88 | 113.79 |
| All items of consumer price index | | 124.12 | 123.08 | 122.44 | 121.57 | 121.54 | 122.82 |
| Major Groups of Expenditure (Jerusalem) | | | | | | | |
| Food and soft drinks | | 137.92 | 138.32 | 137.81 | 135.92 | 134.22 | 136.29 |
| Alcoholic Beverages and tobacco | | 109.84 | 109.85 | 109.54 | 109.89 | 110.36 | 111.38 |
| Textiles, clothing and footwear | | 105.53 | 105.59 | 106.12 | 104.38 | 103.73 | 104.91 |
| Housing | | 118.90 | 118.04 | 117.28 | 114.59 | 114.59 | 114.94 |
| Furniture, household goods | | 97.53 | 96.82 | 97.77 | 98.17 | 101.22 | 102.90 |
| Medical care | | 120.33 | 120.52 | 120.59 | 120.36 | 120.55 | 121.15 |
| Transportation | | 124.60 | 120.05 | 119.13 | 115.62 | 116.38 | 116.67 |
| Communications | | 106.37 | 106.32 | 106.37 | 106.75 | 106.65 | 106.65 |
| Recreational, cultural goods & services | | 101.32 | 101.88 | 102.95 | 102.46 | 102.74 | 103.57 |
| Education | | 107.07 | 107.07 | 107.07 | 107.07 | 107.07 | 107.07 |
| Restaurants and cafes | | 141.91 | 141.88 | 142.42 | 143.70 | 143.71 | 143.67 |
| Miscellaneous goods and services | | 106.04 | 105.93 | 105.14 | 105.53 | 105.79 | 106.53 |
| All items of consumer price index | | 121.16 | 120.61 | 120.33 | 118.92 | 118.66 | 119.76 |
| Major Groups of Expenditure (Rest of the West Bank) | | | | | | | |
| Food and soft drinks | | 138.38 | 137.56 | 133.68 | 132.02 | 130.54 | 133.82 |
| Alcoholic Beverages and tobacco | | 114.95 | 114.94 | 115.11 | 117.31 | 119.35 | 119.34 |
| Textiles, clothing and footwear | | 99.84 | 97.74 | 98.48 | 96.99 | 95.49 | 94.84 |
| Housing | | 133.16 | 129.92 | 127.91 | 124.70 | 126.18 | 128.01 |
| Furniture, household goods | | 103.99 | 104.10 | 104.06 | 103.49 | 103.12 | 101.93 |
| Medical care | | 112.51 | 111.98 | 111.82 | 111.99 | 111.97 | 109.64 |
| Transportation | | 119.49 | 115.22 | 112.92 | 110.05 | 111.70 | 111.95 |
| Communications | | 111.29 | 111.51 | 111.57 | 111.59 | 111.45 | 110.95 |
| Recreational, cultural goods & services | | 92.87 | 92.59 | 92.51 | 92.31 | 92.30 | 92.64 |
| Education | | 93.96 | 94.64 | 94.64 | 94.64 | 94.64 | 94.59 |
| Restaurants and cafes | | 125.15 | 125.52 | 125.21 | 124.64 | 123.81 | 124.61 |
| Miscellaneous goods and services | | 116.40 | 116.21 | 118.28 | 118.02 | 119.57 | 122.97 |
| All items of consumer price index | | 123.17 | 121.95 | 120.13 | 118.82 | 118.58 | 119.98 |
| Major Groups of Expenditure (Gaza Strip) | | | | | | | |
| Food and soft drinks | | 145.54 | 142.92 | 144.05 | 145.54 | 147.15 | 148.54 |
| Alcoholic Beverages and tobacco | | 145.86 | 145.20 | 144.95 | 145.10 | 145.11 | 145.20 |
| Textiles, clothing and footwear | | 106.38 | 107.45 | 109.05 | 109.22 | 109.31 | 110.40 |
| Housing | | 118.71 | 116.74 | 113.81 | 110.6 | 112.79 | 115.56 |
| Furniture, household goods | | 130.18 | 129.56 | 129.17 | 130.39 | 131.15 | 133.15 |
| Medical care | | 100.12 | 102.59 | 102.19 | 100.65 | 98.82 | 98.28 |
| Transportation | | 130.09 | 126.64 | 124.52 | 123.29 | 124.15 | 122.98 |
| Communications | | 106.86 | 107.62 | 107.47 | 107.32 | 107.46 | 107.81 |
| Recreational, cultural goods & services | | 98.14 | 97.50 | 98.28 | 98.30 | 98.11 | 98.71 |
| Education | | 100.75 | 100.75 | 100.51 | 100.51 | 100.51 | 100.51 |
| Restaurants and cafes | | 137.24 | 138.12 | 138.56 | 138.71 | 139.42 | 142.74 |
| Miscellaneous goods and services | | 109.46 | 110.38 | 110.69 | 110.21 | 112.96 | 116.63 |
| All items of consumer price index | | 128.74 | 127.90 | 126.56 | 126.87 | 127.93 | 129.15 |
| Source: PCBS | | | | | | | |

The Palestinian CPI reached 122.82 in March 2009, an increase of 1.05 percent compared to February 2009. Significant increases were recorded in the food and soft drink group (1.8%), miscellaneous goods and services (1.7%), housing (1.1%) and furniture and household goods (0.7%). The medical care group declined by -0.6%, followed by the communication and transportation groups by -0.1% each. If compared to March 2008, the Palestinian CPI increased by 3.48 percent.

| Indicator | Baseline Aug-00 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|---|--------------------|---------|--------|--------|--------|---------|--------|
| Truck Movement | | | | | | | |
| Karni commercial crossing | | | | | | | |
| Total Truck Loads Exports | 992 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Truck Loads Imports | 2,923 | 1,222 | 209 | 260 | 656 | 762 | 751 |
| Kerem Shalom commercial crossing | | | | | | | |
| Total Truck Loads Exports | 0 | 0 | 0 | 0 | 0 | 1 | 9 |
| Total Truck Loads Imports | 0 | 1,356.5 | 330 | 594 | 2,089 | 2,185.5 | 2,516 |
| Sufa commercial crossing | | | | | | | |
| Total Truck Loads Exports | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Truck Loads Imports | 4,384 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nahel Oz commercial crossing (fuel) | | | | | | | |
| Total Truck Loads Imports | 904 | 245 | 40 | 46 | 40 | 80 | 173 |
| Source: Baseline: Ministry of National Economy; General Petroleum Corporation and Ministry of Finance | | | | | | | |

Truck movement into Gaza has been restricted to humanitarian supplies since 12 June 2006. At the same time, exports have stopped altogether except for limited agricultural exports. On February 2nd 2009 and in time for Valentine's day, Israel allowed Gaza to export 50,000 flowers to Europe. In March 2009, 9 trucks of flowers (429,000 flower) were exported. March 2009 data indicates an increase in the total of imported truckloads to the Gaza Strip by approximately 12 percent, if compared to February 2009. The 751 trucks that crossed in through Karni were limited to animal feed, pulses, and wheat. Of the 2516 trucks crossing in through Kerem Shalom, 756 were humanitarian trucks and 1760 trucks were for the private sector. It is important to note that for the first time since 7 September 2005, 273 humanitarian and food items were imported through Rafah crossings in January 2009. In February 2009, only 15.5 trucks were imported, and in March 2009 147 truck of clothes, blankets, medical, and food items were allowed in.



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PRIVATE SECTOR AND BANKING UPDATE – MARCH 2009

- Number of Company Registrations by region and legal status
- Area licensed for Construction
- Bank Credit
- Value of loans and deposits

For further information please contact:Ramallah: *Bushra Mukbil*

mukbil@un.org

Gaza Strip: *Raed Raqeb*

raqeb@un.org

| Indicator | Baseline Q2-2000 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|---|---------------------|-----------|-----------|-----------|------------|------------|------------|
| Number of new Company Registrations (by region and legal status) | | | | | | | |
| Gaza Strip | | | | | | | |
| Private | 162 | 10 | 6 | 2 | 0 | 6 | 14 |
| Private Limited | 46 | 10 | 13 | 11 | 4 | 14 | 18 |
| Public Limited | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Foreign | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 212 | 20 | 20 | 13 | 4 | 20 | 32 |
| West Bank | | | | | | | |
| Private | 66 | 32 | 38 | 33 | 59 | 65 | 76 |
| Private Limited | 163 | 63 | 60 | 56 | 72 | 93 | 86 |
| Public Limited | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Foreign | 0 | 2 | 0 | 4 | 0 | 3 | 2 |
| Total | 229 | 97 | 99 | 93 | 131 | 161 | 164 |
| Source: Ministry of Economy | | | | | | | |

The number of new companies registrations is used as a proxy indicator for the vitality of the local economy as well as the ability of the local economy to create new employment. New company registrations in the West Bank slightly increased in March 2009 by 1.8 percent, if compared to February 2009. However, if compared to pre-Intifada levels, new company registrations have significantly dropped by approximately 28 percent. As for Gaza, figures from the Ministry of Economy in Ramallah show that no new companies were registered, while data from the authorities in Gaza indicate 32 new registered companies for March 2009. If considering data from authorities in Gaza, then figures for newly registered companies in Gaza increased in March 2009. The drop seen in January compared to February and March can be explained by the 4 week military conflict.

| Indicator | Baseline Aug-00 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|--|--------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Area licensed for new construction (Gaza Strip, dunums) | | | | | | | |
| Northern District | 27,902 | 2,450 | 1,150 | 0 | 205 | 2,800 | 30,500 |
| Gaza | 50,116 | 1,910 | 2,650 | 2,110 | 1,450 | 3,120 | 6,180 |
| Al Wastah | 15,984 | 960 | 1,130 | 0 | 650 | 600 | 1,160 |
| Khan Younis | 51,146 | 1,700 | 2,020 | 0 | 0 | 800 | 5,150 |
| Rafah | 39,429 | 1,850 | 2,540 | 2,370 | 850 | 670 | 6,120 |
| Gaza Strip Total | 184,577 | 8,870 | 9,490 | 4,480 | 3,155 | 7,990 | 49,110 |
| Source: Engineering Offices and Consulting Firms | | | | | | | |

| Indicator | Baseline Aug-00 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|---|--------------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Area licensed for new construction (West Bank, dunums) | | | | | | | |
| Ramallah & Al- Bireh & Jerusalem | | 43,070 | 47,010 | 209,946 | 29,387 | 31,149 | 73,345 |
| Nablus | | 30,205 | 40,501 | 171,325 | 2,412 | 30,380 | 42,005 |
| Tulkarm | | 10,632 | 17,226 | 70,576 | 5,227 | 19,704 | 34,739 |
| Hebron | | 28,656 | 46,773 | 97,959 | 351 | 21,789 | 29,250 |
| Bethlehem | | 25,231 | 18,561 | 47,803 | 817 | 12,929 | 9,032 |
| Jenin | | 7,445 | 12,111 | 37,111 | 1,646 | 10,180 | 14,367 |
| Qalqilya | | 6,171 | 7,572 | 9,791 | 3,928 | 366 | 7,763 |
| Salfit | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 345,685 | 151,410 | 189,754 | 644,511 | 43,768 | 126,497 | 210,501 |
| Source: Engineering Offices and Consulting Firms | | | | | | | |

Similar to new company registrations, the area licensed for new construction is also used as a proxy indicator for economic vitality. March 2009 data indicates a marked increase in the area licensed for new construction, if compared with March 2009 data, by approximately 40 percent. However, if compared to pre *intifada* levels, area licensed for new construction decreased by 39 percent.

| Indicator | Baseline Q2-00 | Q3-2007 | Q4-2007 | Q1-2008 | Q2-2008 | Q3-2008 | Q4-2008 |
|---|-------------------|---------|---------|---------|---------|---------|---------|
| Area licensed for new construction (by region and by type, x 1000 m²) | | | | | | | |
| Non-residential | | | | | | | |
| West Bank | 122.0 | 94.7 | 46.3 | n.a | 78.5 | 127.8 | 115.4 |
| Gaza Strip | 5.5 | 64.9 | 0.5 | n.a | 0.7 | 0.0 | 0.0 |
| Total Palestinian territory | 127.5 | 159.6 | 46.8 | 107.0 | 79.2 | 127.8 | 115.4 |
| Residential | | | | | | | |
| West Bank | 543.3 | 343.3 | 339.9 | n.a | 270.4 | 331.0 | 270.2 |
| Gaza Strip | 68.9 | 14.1 | 12.6 | n.a | 5.2 | 0.0 | 0.0 |
| Total Palestinian territory | 612.2 | 357.4 | 352.5 | 423.1 | 275.6 | 331.0 | 270.2 |
| Source: PCBS | | | | | | | |

If disaggregated by type, and if compared with Q3-2008, it appears that in Q4-2008 non-residential and residential construction decreased in the oPt by 9.7 percent and 18.36 percent, respectively. It is worth noting that obtaining data for Gaza is not possible due to the closing of the PCBS office in Gaza.

| Indicator | Q1-08 | Q2-08* | Q3-08 |
|--|--------------|--------------|--------------|
| Bank Credit | | | |
| Bank Credit by economic activity (x million US\$) | | | |
| Agriculture | 26 | 29 | 30 |
| Manufacturing & Mining | 89 | 78 | 83 |
| Real estate and Lands | 195 | 227 | 231 |
| General Trade | 277 | 306 | 322 |
| Transportation | 12 | 27 | 25 |
| Tourism, Hotels & Restaurants | 43 | 36 | 36 |
| Public Services | 152 | 227 | 217 |
| Financial Services | 135 | 134 | 122 |
| Financing granted to the investment of the shares | 5 | 9 | 51 |
| Facilitations granted to financial institutions | 5 | 1 | 5 |
| Total Public Sector | 501 | 511 | 545 |
| Financing for consuming purposes | 245 | 112 | 102 |
| Others in the private sector | 92 | 50 | 38 |
| GRAND TOTAL | 1,777 | 1,747 | 1,807 |
| Total Excluding theirs in the Public Services and Total Public Sector | 1,124 | 1,009 | 1,045 |
| Bank Credit by economic activity (as percentage of total) | | | |
| Agriculture | 1% | 1.7% | 1.6% |
| Industry & Mining | 5% | 4.4% | 4.6% |
| Real estate and Lands | 11% | 13.0% | 12.8% |
| General Trade | 16% | 17.5% | 17.8% |
| Transportation | 1% | 1.6% | 1.4% |
| Tourism, Hotels & Restaurants | 2% | 2.1% | 2.0% |
| Public Services | 9% | 13.0% | 12.0% |
| Financial Services | 8% | 7.7% | 6.8% |
| Financing granted to the investment of the shares | 0% | 0.5% | 2.8% |
| Facilitations granted to financial institutions | 0% | 0.1% | 0.3% |
| Total Public Sector | 28% | 29.3% | 30.1% |
| Financing for consuming purposes | 14% | 6.4% | 5.7% |
| Others in the private sector | 5% | 2.9% | 2.1% |
| Total | 100% | 100% | 100% |
| Bank Credit by Economic Branch (excluding Total public sector and Public Services) (% of total) | | | |
| Agriculture | 2% | 2.9% | 2.8% |
| Manufacturing and Mining | 8% | 7.7% | 7.9% |
| Real estate and Lands | 17% | 22.5% | 22.1% |
| General Trade | 25% | 30.4% | 30.8% |
| Tourism, Hotels & Restaurants | 1% | 2.7% | 2.4% |
| Transportation | 4% | 3.6% | 3.5% |
| Financial Services | 12% | 13.3% | 11.7% |
| Financing granted to the investment of the shares | 0% | 0.9% | 4.9% |
| Facilitations granted to financial institutions | 0% | 0.1% | 0.5% |
| Financing for consuming purposes | 22% | 11.1% | 9.8% |
| Others in the private sector | 8% | 5.0% | 3.7% |
| Total | 100% | 100% | 100% |
| * Please note that data for Q2-2008 has been adjusted by the PMA for all bank credit categories. | | | |
| Source: PMA | | | |

Data on bank credit is another proxy indicator for economic progress and business confidence (increasing use of bank credit, particularly in the main productive sectors) or decline (decreasing use of bank credit). The Palestine Monetary Authority provides adjusted data once every three months. In relative terms, general trade and Real Estate and Lands show an increase in the use of credit. Bank credit to the public sector also indicates an increase of approximately 6.2% in Q3-2008 when compared with Q2-2008. (Please note the PMA has adjusted the indicators for bank credit by economic activities starting Q1-2008. Due to such significant changes in the methodology, current trends cannot be compared to those prior to 2008.)

| Indicator | Baseline Jun-00 | Q2-07 | Q3-07 | Q4 -07 | Q1-08 | Q2-08 | Q3-08 |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bank Credit | | | | | | | |
| Bank Credit by type (million US\$) | | | | | | | |
| Loans | 512 | 1,207 | 1,148 | 1,094 | 1,061 | 1,066 | 1,109 |
| Overdrafts | 653 | 681 | 667 | 649 | 701 | 669 | 688 |
| Leasing | 0 | 11 | 11 | 11 | 11 | 11 | 10 |
| BA & Discounted Bills | 69 | 3.56 | 4 | 5 | 4 | 0 | 0 |
| Total | 1,234 | 1,902 | 1,829 | 1,758 | 1,777 | 1,747 | 1,807 |
| Bank Credit by type (as percentage of total) | | | | | | | |
| Loans | 41% | 63% | 63% | 62% | 60% | 61.1% | 61.4% |
| Overdrafts | 53% | 36% | 36% | 37% | 39% | 38.3% | 38.1% |
| Leasing | 0% | 1% | 1% | 1% | 1% | 0.6% | 0.6% |
| BA & Discounted Bills | 6% | 0% | 0% | 0% | 0% | 0.0% | 0.0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Source: PMA | | | | | | | |

Disaggregating bank credit by the type of credit, the data shows an increase in both loans and bank overdrafts. Loans currently represent 61.4 percent of all credit extended compared to only 41% in the *pre-Intifada* period.

| Indicator | Baseline Jun-00 | Q2-07 | Q3-07 | Q4 -07 | Q1-08 | Q2-08 | Q3-08 |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bank Credit | | | | | | | |
| Bank Credit by borrowing entity (million US\$) | | | | | | | |
| Businesses | 752 | 927 | 1,010 | 987 | 1,124 | 1,009 | 1,045 |
| Consumers | 429 | 809 | 651 | 609 | 501 | 511 | 545 |
| Public Services | 52 | 166 | 168 | 163 | 152 | 227 | 217 |
| Total | 1,234 | 1,902 | 1,829 | 1,758 | 1,777 | 1,747 | 1,807 |
| Bank Credit by borrowing entity (as percentage of total) | | | | | | | |
| Businesses | 61% | 49% | 55% | 56% | 63% | 57.7% | 57.9% |
| Consumers | 35% | 43% | 36% | 35% | 28% | 29.3% | 30.1% |
| Public Services | 4% | 9% | 9% | 9% | 9% | 13.0% | 12.0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Source: PMA | | | | | | | |

Disaggregating bank credit by borrowing entities shows that consumer lending has increased in the third quarter of 2008. Compared to *pre-intifada* levels, consumer borrowing has slightly decreased, by 5%.

| Indicator | Baseline Aug-00 | Q2-07 | Q3-07 | Q4 -07 | Q1-08 | Q2-08 | Q3-08 |
|---|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Bank Deposits (excluding deposits of the PMA and commercial banks) | | | | | | | |
| Distribution of Public sector deposits by depositor and type (million US\$) | | | | | | | |
| Public Institutions and Local Auth. | | | | | | | |
| Current Accounts | 23.9 | 61.8 | 75.9 | 71.0 | 75.1 | 70.2 | 60.9 |
| Time Deposits | 49.7 | 56.5 | 70.4 | 73.0 | 69.5 | 67.0 | 60.1 |
| Sub-total | 73.6 | 118.3 | 146.3 | 144.0 | 144.7 | 137.2 | 121.0 |
| Government | | | | | | | |
| Current Accounts | 39.8 | 255.9 | 168.9 | 177.7 | 206.7 | 172.7 | 220.8 |
| Time Deposits | 74.8 | 86.1 | 175.2 | 183.3 | 181.3 | 191.8 | 213.4 |
| Sub-total | 114.6 | 342.0 | 344.1 | 361.0 | 388.1 | 364.5 | 434.2 |
| Total Public sector deposits | 188.2 | 460.3 | 490.4 | 505.0 | 532.7 | 501.7 | 555.3 |
| Distribution of Private sector deposits by residency and type (million US\$) | | | | | | | |
| Residents | | | | | | | |
| Current Accounts | 865.3 | 1,283.8 | 1,459.9 | 1,502.7 | 1,610.3 | 1,682.9 | 1,756.8 |
| Savings Accounts | 454.3 | 966.1 | 1,020.1 | 1,126.9 | 1,264.0 | 1,350.9 | 1,439.8 |
| Time Deposits | 2,084.3 | 1,703.1 | 1,780.7 | 1,848.3 | 1,884.2 | 1,915.3 | 1,978.4 |
| Sub-total | 3,403.9 | 3,953.0 | 4,260.8 | 4,477.9 | 4,758.5 | 4,949.1 | 5,174.9 |
| Non-Residents | | | | | | | |
| Current Accounts | 9.5 | 30.0 | 36.6 | 39.5 | 40.5 | 39.0 | 39.8 |
| Savings Accounts | 3.6 | 14.0 | 13.9 | 15.5 | 16.3 | 18.7 | 21.5 |
| Time Deposits | 22.8 | 50.9 | 52.8 | 62.0 | 58.3 | 69.1 | 58.9 |
| Sub-total | 35.9 | 94.9 | 103.3 | 117.0 | 115.1 | 126.8 | 120.2 |
| Total Private sector deposits | 3,439.8 | 4,047.9 | 4,364.1 | 4,594.9 | 4,873.6 | 5,075.9 | 5,295.1 |
| Total Deposits (public and private) | 3,628.0 | 4,508.2 | 4,854.4 | 5,099.9 | 5,406.3 | 5,577.6 | 5,850.4 |
| Source: PMA | | | | | | | |

Bank deposits for the third quarter in 2008 indicate an increase in both private and public sector deposits. Compared with the second quarter of 2008, total bank deposits in the third quarter of 2008 have increased by 4.66 percent.

| Indicator | Baseline Jun-00 | Q2-07 | Q3-07 | Q4 -07 | Q1-08 | Q2-08 | Q3-08 |
|---|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Value of Loans and Deposits (million US\$) | | | | | | | |
| Total Loans | 1,234 | 1,902 | 1,829 | 1,758 | 1,777 | 1,747 | 1,807 |
| Total Deposits | 3,328 | 4,997 | 5,420 | 5,702 | 6,067 | 6,035 | 6,307 |
| Loans/Deposits (ratio) | 37.06% | 38.06% | 33.75% | 30.84% | 29.29% | 28.94% | 28.66% |
| Source: PMA | | | | | | | |

In a functioning economy, an increase in the loans versus deposits ratio is perceived as a positive sign, as monies are not saved but invested or consumed, each of which acts as a stimulant for the economy. Since September 2006, this ratio has steadily declined in the oPt signaling little optimism in the prospects for the Palestinian economy, which limits appetite for domestic investment and thus increases deposits. The sharp drop in the second and third quarters signals heightened concern with regard to overall economic performance.

| Indicator | Baseline Aug-00 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 |
|---|--------------------|--------|--------|--------|--------|--------|--------|
| Palestinian Securities Exchange | | | | | | | |
| Volume of trade | | | | | | | |
| Number of shares traded (x million) | n.a. | 18.8 | 19.9 | 12.4 | 9.9 | 50.4 | 31.0 |
| Value of shares traded (x million US\$) | n.a. | 58.9 | 40.3 | 37.2 | 30.2 | 66.3 | 92.5 |
| Indices | | | | | | | |
| Al-Quds index | n.a. | 538.85 | 423.53 | 441.66 | 510.22 | 510.35 | 514.61 |
| Source: Palestinian Securities Exchange (PSE) | | | | | | | |

Similar to bank credit and deposits, data on the Palestinian stock exchange is used as a proxy indicator of Palestinian perceptions vis-à-vis the state of the national economy. Data for March 2009 shows an increase in trade at the stock exchange in terms of value and a decrease in terms of number of stocks traded. The value of traded shares in March 2009 rose considerably by 39 percent, when compared with February 2009. The Al-Quds index slightly increased in March 2009.