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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

## SOCIO-ECONOMIC REPORT – AUGUST 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 – AUGUST 2009**

A. GENERAL			Previous period	Current period	B. FISCAL SITUATION			Baseline	Previous period	Current period			
Indicator	Q1-2009	Q2-2009	Indicator (US\$ millions)			Q4-1999	Q1-2009	Q2-2009 (budget)					
1. GDP (\$US)	1,177.3	1,252.1 <sup>1</sup>	1. Revenue			235	335.0	355.7					
2. GDP per capita (\$US)	321.4	339.4	2. Expenditure			235	300.6	189.3					
			3. Net lending			0	75.5	109.3					
			4. Balance			0	-377.4	-270.6					
			5. External Budget support (including TIM)			0	259.1	148.3					
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 <sup>2</sup>	Aug-2004	July 2009	Aug 2009	Indicator									
1. Consumer Price Index <sup>3</sup>				1. New Company Registrations									
Total		124.22	125.60	Total	Q2-2000	Q1-2009	Q2-2009						
West Bank		121.43	122.75	West Bank	568	512	521						
Gaza Strip		129.00	130.48	Gaza Strip	288	456	434						
2. Truck movement <sup>4</sup>				2. Area Licensed for new Construction (dunums)									
<u>Imports</u>				Aug-2000	July - 2009	Aug - 2009	Total	Q2-2000	Q1-2009	Q2-2009			
Karni	4,373	486	632	West Bank	739.7	468.9	521.4						
Sufa	4,384	0	0	Gaza Strip	665.3	468.9	521.4						
Rafah	953	4	0	3. Banking (US\$ thousands)									
Kerem Shalom	0	1,526	1,827.5	Loans	Q2-2000	Q1-2009 <sup>5</sup>	Q2-2009						
Nahal Oz	904	215	160	Deposits	1,234	1,842	2,100						
<u>Exports</u>				Loans/Deposits Ratio	3,328	6,165	6,390						
Karni	2,460	0	0	Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)									
Kerem Shalom	0	0	0	Source: PCBS (1), Ministry of National Economy, General Petroleum Corporation									
E. LABOUR FLOWS				Baseline	Previous period	Current period	F. CLOSURE				Baseline	Previous period	Current period
Indicator	Q2-2000	Q1-2009	Q2-2009	Indicator									
1. Labour Force size				1. Effective closure days <sup>7</sup>									
Total	706,174	934,000	949,800	Karni (goods)	Aug-2000	July-2009	Aug-2009						
West Bank	483,796	620,400	649,600	Erez (workers)	0 %	100%	100%						
Gaza Strip	222,378	313,600	300,200	Sufa (aggregates)	0 %	100%	100%						
2. Unemployment				Rafah (passenger)	0 %	100%	100%						
3. Adjusted Unemployment <sup>6</sup>				Rafah (commercial)	0 %	100%	100%						
				Nahal Oz (fuel)	0 %	85 %	88%						
				Kerem Shalom	0 %	11 %	15%						
Source: PCBS				Source: UNSCO									

<sup>1</sup> These numbers may be adjusted

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

<sup>3</sup> CPI Base year 2004 = 100

<sup>4</sup> MoNE data does not include aggregates or aid flows in Aug 2000.

<sup>5</sup> \* Please note that data for Q3-2008 has been adjusted by the PMA for all bank credit categories.

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

<sup>7</sup> 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 – AUGUST 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:**

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Indicator	Baseline Aug-00	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Exchange Rate</b>							
Exchange Rate	4.05	4.10	4.19	4.07	3.93	3.90	3.83
Source: PCBS							

The exchange rate between the US dollar and the NIS declined by approximately 1.79% in August 2009 compared to July 2009.

Indicator	Baseline Aug-00	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Volume of Registered Fuel sales in the Gaza Strip (x 1000 liters/ton)</b>							
<b>volume of registered fuel sales in the Gaza Strip</b>							
Petrol 95 (Liter)	878.3	40.0	30.0	30.0	30.0	90.5	150.0
Petrol 96 (Liter)	2,310.6	0.0	0.0	0.0	0.0	0.0	0.0
Diesel (Liter)	11,342.6	300.0	298.4	100.0	300.4	572.4	499.4
Gas (Ton)	1.9	3.9	3.5	5.4	2.6	4.7	3.4
White diesel (Liter)	243.1	0.0	0.0	0.0	0.0	0.0	0.0
Source: General Petroleum Corporation and Ministry of Finance							

The volume of registered fuel sales in the Gaza Strip continued to decline in August 2009. An amount of 75,020 liters of petrol and 200,000 liters of diesel were allowed into Gaza, and there was a significant decline in the amount of imported cooking gas with 3, 4 tons (25.99% compared to July 2009). During the reporting period, 30,000 liters of petrol and 299,420 liters of diesel were imported for UNRWA while 45,020 liters of petrol were imported for M.O.H.

Indicator	Baseline Aug-04	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Palestinian Consumer Price Index (by region and expenditure group)</b>							
<b>Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem )</b>							
Food and soft drinks		138.99	138.04	138.01	137.94	138.86	141.75
Alcoholic Beverages and tobacco		126.18	126.84	137.23	139.04	140.80	140.97
Textiles, clothing and footwear		103.12	103.39	103.97	104.52	104.66	106.05
Housing		119.76	118.85	118.95	119.06	120.57	121.95
Furniture, household goods		111.48	111.30	110.43	111.54	112.21	112.88
Medical care		113.22	112.84	113.35	112.96	113.12	113.15
Transportation		114.81	116.18	116.07	118.47	119.44	119.37
Communications		109.80	109.83	109.78	109.75	109.89	109.98
Recreational, cultural goods & services		101.00	101.03	100.91	101.15	101.15	101.35
Education		101.26	101.30	101.30	102.12	102.12	102.12
Restaurants and cafes		130.94	131.21	132.30	132.62	132.34	133.01
Miscellaneous goods and services		113.79	114.27	114.21	113.97	114.04	113.63
All items of consumer price index		<b>122.82</b>	<b>122.55</b>	<b>123.05</b>	<b>123.48</b>	<b>124.22</b>	<b>125.60</b>
<b>Major Groups of Expenditure (Jerusalem)</b>							
Food and soft drinks		136.29	135.77	138.39	137.73	137.40	140.68
Alcoholic Beverages and tobacco		111.38	112.78	125.83	127.23	128.81	128.81
Textiles, clothing and footwear		104.91	104.58	105.17	107.38	107.45	108.46
Housing		114.94	115.01	115.13	115.28	116.70	118.12
Furniture, household goods		102.90	103.18	102.08	103.26	104.78	105.28
Medical care		121.15	120.65	121.44	121.23	121.04	121.15
Transportation		116.67	117.45	119.11	121.99	122.79	122.68
Communications		106.65	106.75	106.82	106.71	107.06	107.06
Recreational, cultural goods & services		103.57	103.63	103.59	104.00	104.90	106.51
Education		107.07	107.07	107.07	107.07	107.07	107.07
Restaurants and cafes		143.67	143.77	144.70	146.33	145.46	145.82
Miscellaneous goods and services		106.53	107.32	107.76	106.62	107.64	107.59
All items of consumer price index		<b>119.76</b>	<b>119.79</b>	<b>121.50</b>	<b>121.90</b>	<b>122.33</b>	<b>123.75</b>
<b>Major Groups of Expenditure (Rest of the West Bank)</b>							
Food and soft drinks		133.82	132.03	131.74	132.50	134.66	137.43
Alcoholic Beverages and tobacco		119.34	119.36	134.27	135.36	137.57	138.17
Textiles, clothing and footwear		94.84	94.69	94.88	93.96	94.23	94.82
Housing		128.01	126.21	126.11	126.28	127.98	129.10
Furniture, household goods		101.93	101.07	100.48	100.37	99.59	100.19
Medical care		109.64	108.52	108.38	107.55	107.97	108.51
Transportation		111.95	114.14	114.05	116.70	117.92	117.83
Communications		110.95	111.05	111.30	110.93	110.89	111.05
Recreational, cultural goods & services		92.64	92.56	92.49	92.00	91.14	91.05
Education		94.59	94.59	94.59	96.66	96.66	96.66
Restaurants and cafes		124.61	124.85	126.02	126.23	126.01	126.78
Miscellaneous goods and services		122.97	122.26	121.99	122.13	119.95	119.54
All items of consumer price index		<b>119.98</b>	<b>119.16</b>	<b>119.77</b>	<b>120.32</b>	<b>121.43</b>	<b>122.75</b>
<b>Major Groups of Expenditure (Gaza Strip)</b>							
Food and soft drinks		148.54	147.81	147.10	145.48	145.59	149.04
Alcoholic Beverages and tobacco		145.20	145.65	149.91	152.48	154.09	154.09
Textiles, clothing and footwear		110.40	112.23	113.06	113.08	112.70	114.30
Housing		115.56	113.33	113.57	113.59	114.42	114.94
Furniture, household goods		133.15	133.79	133.54	135.20	136.99	137.81
Medical care		98.28	98.81	99.23	99.00	98.81	97.91
Transportation		122.98	124.24	121.84	123.73	124.77	124.78
Communications		107.81	107.70	106.89	107.43	107.41	107.60
Recreational, cultural goods & services		98.71	99.23	98.92	99.94	99.36	99.24
Education		100.51	100.56	100.56	100.37	100.37	100.37
Restaurants and cafes		142.74	143.50	143.77	144.10	144.07	145.20
Miscellaneous goods and services		116.63	117.54	116.82	117.25	117.91	116.94
All items of consumer price index		<b>129.15</b>	<b>129.09</b>	<b>128.78</b>	<b>128.64</b>	<b>129.00</b>	<b>130.48</b>
Source: PCBS							

The Palestinian CPI reached 125.60 in August 2009, an increase of 1.11% compared to July 2009, with most of the increase being experienced in Gaza. Increases were recorded in the food and soft drink group (2.08%) in the medical care group (0.03 %) in Housing (1.15 %) and in Textiles, clothing and footwear (1.32 % each). Transportation experienced a 0.05% decline, while Miscellaneous goods and services index declined by 0.36.

Indicator	Baseline Aug-00	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Truck Loads Movement</b>							
<b>Al Montar/ Karni commercial crossing</b>							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	751	554	642	643	486	632
<b>Karem Abu Salem / Kerem Shalom commercial crossing</b>							
Total Truck Loads Exports	0	9	5	0	0	0	0
Total Truck Loads Imports	0	2,516	1,902	2,023	1,807	1,526	1,827.5
<b>Sufa commercial crossing</b>							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	0	0	0	0	0	0
<b>Nahel Oz commercial crossing (fuel)</b>							
Total Truck Loads Imports	904	173	157	231	121	215	160
Source: Baseline: Ministry of National Economy; General Petroleum Corporation and Ministry of Finance							

Truckloads 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 2<sup>nd</sup> 2009 and in time for Valentine's day, Israel allowed Gaza to export 50,000 flowers to Europe. In April 2009, 5 truckloads of flowers (204,000 flowers) were exported. August 2009 data indicates an increase in the total of imported truckloads to the Gaza Strip by approximately 18%, when compared to July 2009. The 632 truckloads that crossed in through Al Montar/ Karni were limited to animal feed 64%, chickpeas 2%, and wheat 34%. Of the 1,827.5 truckloads crossing in through Karem Abu Salem / Kerem Shalom, 381 truckloads (or 20.85%) were humanitarian and 1,446.5 truckloads (or 79.15%) were for the private sector. Food items made up the majority of imported goods (1,287.5 truckloads, or 70%) while 540 truckloads, or 30%, were for non food items.



**PRIVATE SECTOR AND BANKING UPDATE – AUGUST 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:**

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Indicator	Baseline Q2-2000	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Number of new Company Registrations (by region and legal status)</b>							
<b>Gaza Strip</b>							
Private	162	14	5	10	10	6	4
Private Limited	46	18	21	23	18	13	17
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
<b>Total</b>	<b>212</b>	<b>32</b>	<b>26</b>	<b>33</b>	<b>28</b>	<b>19</b>	<b>21</b>
<b>West Bank</b>							
Private	66	76	57	51	57	72	73
Private Limited	163	86	107	66	87	66	91
Public Limited	0	0	1	0	1	1	1
Foreign	0	2	2	2	3	0	0
<b>Total</b>	<b>229</b>	<b>164</b>	<b>167</b>	<b>119</b>	<b>148</b>	<b>139</b>	<b>165</b>
Source: Ministry of Economy							

The number of new company 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 increase in August 2009 by 18.71%, when compared to July 2009. If compared to pre-Intifada levels, new company registrations have dropped by approximately 27.95 %. 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 21 new registered companies for August 2009. If considering data from authorities in Gaza, the number of newly registered companies in Gaza increased by approximately 10.53% compared to July 2009.

Indicator	Baseline Aug-00	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Area licensed for new construction (Gaza Strip, dunums)</b>							
Northern District	27,902	30,500	3,540	1,950	2,120	1,820	2,240
Gaza	50,116	6,180	2,860	4,700	3,350	2,950	3,250
Al Wastah	15,984	1,160	870	1,100	1,170	830	1,120
Khan Younis	51,146	5,150	690	3,650	3,200	1,050	2,600
Rafah	39,429	6,120	2,390	5,320	4,350	4,410	2,950
<b>Gaza Strip Total</b>	<b>184,577</b>	<b>49,110</b>	<b>10,350</b>	<b>16,720</b>	<b>14,190</b>	<b>11,060</b>	<b>12,160</b>
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Area licensed for new construction (West Bank, dunums)</b>							
Ramallah & Al- Bireh & Jerusalem		73,345	35,865	61,273	69,932	99,172	72,463
Nablus		42,005	44,555	61,230	66,003	73,174	49,387
Tulkarm		34,739	34,248	29,398	24,334	35,194	36,987
Hebron		29,250	33,554	39,385	36,299	91,799	68,217
Bethlehem		9,032	14,069	16,070	15,594	14,530	28,917
Jenin		14,367	9,128	18,595	17,549	17,773	17,579
Qalqilya		7,763	369	1,054	1,709	7,752	1,727
Safit		0	0	0	0	0	0
<b>Total</b>	<b>345,685</b>	<b>210,501</b>	<b>171,788</b>	<b>227,005</b>	<b>231,420</b>	<b>339,394</b>	<b>275,277</b>
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. August 2009 data shows decline in the area licensed for new construction of approximately 18.89% compared to the previous month in the West Bank. When compared to pre *intifada* levels, area licensed for new construction has decreased by 20.37 %.

Indicator	Baseline Q2-00	Q1-2008	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009
<b>Area licensed for new construction (by region and by type, x 1000 m<sup>2</sup>)</b>							
<b>Non-residential</b>							
West Bank	122.0	n.a	78.5	127.8	115.4	113.1	126.2
Gaza Strip	5.5	n.a	0.7	0.0	0.0	0	0
Total Palestinian territory	127.5	107.0	79.2	127.8	115.4	113.1	126.2
<b>Residential</b>							
West Bank	543.3	n.a	270.4	331.0	270.2	355.8	395.2
Gaza Strip	68.9	n.a	5.2	0.0	0.0	0	0
Total Palestinian territory	612.2	423.1	275.6	331.0	270.2	355.8	395.2
Source: PCBS							

If disaggregated by type, and if compared with Q1-2009, it appears that in Q2-2009 non-residential increased in the oPt by 11.58 %, while residential construction has increased by 11.07 %. It is worth noting that obtaining data for Gaza is not possible due to the closing of the PCBS office in Gaza.

Indicator	Q3-08*	Q4-08	Q1-09	Q2-09
<b>Bank Credit</b>				
<b>Bank Credit by economic activity (x million US\$)</b>				
Agriculture	33	48	40	41
Manufacturing & Mining	83	72	165	174
Real estate and Lands	237	234	190	219
General Trade	304	330	312	351
Transportation	25	14	18	16
Tourism, Hotels & Restaurants	26	26	29	31
Public Services	238	250	240	252
Financial Services & Facilitations granted to financial institutions	128	120	45	46
Financing granted to the investment of the shares	51	51	67	66
Finance the purchase of cars	32	40	43	48
Total Public Sector	545	534	582	749
Financing for consuming purposes	70	70	66	60
Others in the private sector	37	40	45	47
<b>GRAND TOTAL</b>	<b>1,807</b>	<b>1,830</b>	<b>1,842</b>	<b>2,100</b>
Total Excluding theirs in the Public Services and Total Public Sector	1,024	1,045	1,020	1,099
<b>Bank Credit by economic activity (as percentage of total)</b>				
Agriculture	1.8%	2.6%	2.2%	2.0%
Industry & Mining	4.6%	3.9%	9.0%	8.3%
Real estate and Lands	13.1%	12.8%	10.3%	10.4%
General Trade	16.8%	18.0%	16.9%	16.7%
Transportation	1.4%	0.8%	1.0%	0.8%
Tourism, Hotels & Restaurants	1.4%	1.4%	1.6%	1.5%
Public Services	13.2%	13.7%	13.0%	12.0%
Financial Services & Facilitations granted to financial institutions	7.1%	6.5%	2.4%	2.2%
Financing granted to the investment of the shares	2.8%	2.8%	3.7%	3.2%
Finance the purchase of cars	1.8%	2.2%	2.4%	2.3%
Total Public Sector	30.1%	29.2%	31.6%	35.7%
Financing for consuming purposes	3.9%	3.8%	3.6%	2.8%
Others in the private sector	2.0%	2.2%	2.5%	2.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Bank Credit by Economic Branch (excluding Total public sector and Public Services) (% of total)</b>				
Agriculture	3.2%	4.6%	3.9%	3.8%
Manufacturing and Mining	8.1%	6.9%	16.2%	15.8%
Real estate and Lands	23.1%	22.4%	18.6%	20.0%
General Trade	29.7%	31.6%	30.5%	31.9%
Tourism, Hotels & Restaurants	2.4%	1.4%	1.8%	1.5%
Transportation	2.6%	2.5%	2.8%	2.8%
Financial Services & Facilitations granted to financial institutions	12.5%	11.4%	4.4%	4.2%
Financing granted to the investment of the shares	5.0%	4.9%	6.6%	6.0%
Finance the purchase of cars	3.1%	3.8%	4.2%	4.3%
Financing for consuming purposes	6.8%	6.7%	6.4%	5.4%
Others in the private sector	3.6%	3.8%	4.4%	4.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
* Please note that data for Q3-2008 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 public services show a decrease in the use of credit. Bank credit to the public sector indicates an increase of approximately 28.75% in Q2-2009 when compared with Q1-2009. (Please note the PMA has adjusted the indicators for bank credit by economic activities starting Q3-2008. Due to such significant changes in the methodology, current trends cannot be compared to those prior to 2008.)



Indicator	Baseline Jun-00	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09
<b>Bank Credit</b>							
<b>Bank Credit by type ( million US\$)</b>							
Loans	512	1,061	1,066	1,109	1,113	1,159	1,339
Overdrafts	653	701	669	688	707	673	751
Leasing	0	11	11	10	10	10	10
BA & Discounted Bills	69	4	0	0	0	0	0
<b>Total</b>	<b>1,234</b>	<b>1,777</b>	<b>1,747</b>	<b>1,807</b>	<b>1,830</b>	<b>1,842</b>	<b>2,100</b>
<b>Bank Credit by type (as percentage of total)</b>							
Loans	41%	60%	61.1%	61.4%	60.8%	62.9%	63.8%
Overdrafts	53%	39%	38.3%	38.1%	38.6%	36.5%	35.8%
Leasing	0%	1%	0.6%	0.6%	0.6%	0.6%	0.5%
BA & Discounted Bills	6%	0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: PMA							

Disaggregating bank credit by the type of credit, the data shows an increase in loans and overdrafts. Loans currently represent 63.8 % of all credit extended compared to only 41% in the *pre-Intifada* period.

Indicator	Baseline Jun-00	Q1-08	Q2-08	Q3-08*	Q4-08	Q1-09	Q2-09
<b>Bank Credit</b>							
<b>Bank Credit by borrowing entity (million US\$)</b>							
Businesses	752	1,124	1,009	1,024	1,045	1,020	1,099
Consumers	429	501	511	545	534	582	749
Public Services	52	152	227	238	250	240	252
<b>Total</b>	<b>1,234</b>	<b>1,777</b>	<b>1,747</b>	<b>1,807</b>	<b>1,830</b>	<b>1,842</b>	<b>2,100</b>
<b>Bank Credit by borrowing entity (as percentage of total)</b>							
Businesses	61%	63%	57.7%	56.7%	57.1%	55.4%	52.3%
Consumers	35%	28%	29.3%	30.1%	29.2%	31.6%	35.7%
Public Services	4%	9%	13.0%	13.2%	13.7%	13.0%	12.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
* Please note that data for Q3-2008 has been adjusted by the PMA							
Source: PMA							

Disaggregating bank credit by borrowing entities shows that consumer lending has increased in Q2 -2009 compared to Q1-2009.

Indicator	Baseline Aug-00	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09
<b>Bank Deposits (excluding deposits of the PMA and commercial banks)</b>							
<b>Distribution of Public sector deposits by depositor and type (million US\$)</b>							
<b>Public Institutions and Local Auth.</b>							
Current Accounts	23.9	75.1	70.2	60.9	54.6	57.9	65.1
Time Deposits	49.7	69.5	67.0	60.1	72.4	74.4	78.6
Sub-total	73.6	144.7	137.2	121.0	127.1	132.3	143.7
<b>Government</b>							
Current Accounts	39.8	206.7	172.7	220.8	276.6	243.2	199.5
Time Deposits	74.8	181.3	191.8	213.4	191.3	152.7	158.3
Sub-total	114.6	388.1	364.5	434.2	467.9	395.9	357.9
<b>Total Public sector deposits</b>	<b>188.2</b>	<b>532.7</b>	<b>501.7</b>	<b>555.3</b>	<b>595.0</b>	<b>528.1</b>	<b>501.6</b>
<b>Distribution of Private sector deposits by residency and type (million US\$)</b>							
<b>Residents</b>							
Current Accounts	865.3	1,610.3	1,682.9	1,756.8	1,686.7	1,704.2	1,794.5
Savings Accounts	454.3	1,264.0	1,350.9	1,439.8	1,364.7	1,366.9	1,474.4
Time Deposits	2,084.3	1,884.2	1,915.3	1,978.4	2,047.0	1,939.9	1,925.1
Sub-total	3,403.9	4,758.5	4,949.1	5,174.9	5,098.4	5,011.0	5,194.0
<b>Non-Residents</b>							
Current Accounts	9.5	40.5	39.0	39.8	41.1	100.7	139.9
Savings Accounts	3.6	16.3	18.7	21.5	24.8	31.1	40.5
Time Deposits	22.8	58.3	69.1	58.9	65.0	76.2	88.1
Sub-total	35.9	115.1	126.8	120.2	130.9	208.0	268.5
<b>Total Private sector deposits</b>	<b>3,439.8</b>	<b>4,873.6</b>	<b>5,075.9</b>	<b>5,295.1</b>	<b>5,229.3</b>	<b>5,219.0</b>	<b>5,462.5</b>
<b>Total Deposits (public and private)</b>	<b>3,628.0</b>	<b>5,406.3</b>	<b>5,577.6</b>	<b>5,850.4</b>	<b>5,824.3</b>	<b>5,747.1</b>	<b>5,964.1</b>
Source: PMA							

Bank deposits for the Q2- 2009 indicate a decrease in public sector deposits of approximately 5.03% and increase in private sector deposits 4.67% compared with the Q1- 2009.

Indicator	Baseline Jun-00	Q1-08	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09
<b>Value of Loans and Deposits (million US\$)</b>							
Total Loans	1,234	1,777	1,747	1,807	1,830	1,842	2,100
Total Deposits	3,328	6,067	6,035	6,307	6,269	6,165	6,390
Loans/Deposits (ratio)	<b>37.06%</b>	<b>29.29%</b>	<b>28.94%</b>	<b>28.66%</b>	<b>29.19%</b>	<b>29.88%</b>	<b>32.86%</b>
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 had steadily declined in the oPt signaling little optimism in the prospects for the Palestinian economy. Q2- 2009 figures however marked the second quarterly increase after two years of decline, with a 13.97% jump from Q1- 2009.

Indicator	Baseline Aug-00	Mar-09	Apr-09	May-09	June -09	July -09	Aug -09
<b>Palestinian Securities Exchange</b>							
<b>Volume of trade</b>							
Number of shares traded (x million)	n.a.	31.0	16.8	11.2	26.7	11.9	12.0
Value of shares traded (x million US\$)	n.a.	92.5	46.5	28.8	70.2	19.9	27.9
<b>Indices</b>							
Al-Quds index	n.a.	514.61	517.70	512.03	524.85	488.77	498.45
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 August 2009 shows increase in terms of value of shares traded of approximately 0.72 % and in terms of number of stocks traded of approximately 40.08 %. The Al-Quds index increased by 1.98 %.