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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT –DECEMBER 2008

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 of the current and previous reporting period and for reference purposes provides base line figures for the period just prior to the outbreak of the second *Intifada*.

Section 2 and 3 report on the Macro-economic and the Private sector and banking modules of the UNSCO database. They provide data on the last six reporting periods for each indicator as well as base line data. In addition, some initial analysis on observed trends is given below each table.



SOCIO-ECONOMIC FACT SHEET – DECEMBER 2008

A. GENERAL				B. FISCAL SITUATION			
Indicator	2007			Indicator (US\$ millions)	Baseline	Previous period	Current period
1. GDP (\$US)	4,133,400,000			1. Revenue	Q4-1999	Q3-2008	Q4-2008 (budget)
2. GDP per capita (\$US)	1,177.4			2. Expenditure	235	554.8	302.9
3. GDP growth rate	0.6 %			3. Net lending	235	350.1	248.1
4. GNI				4. Balance	0	138.4	107.7
				5. External Budget support (including TIM)	0	-509.1	-315.2
					0	477.1	351.1
Source: World Bank				Source: IMF			
C. MACRO-ECONOMIC				D. PRIVATE SECTOR			
Indicator ¹	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Aug-2004	Nov 2008	Dec 2008	1. New Company Registrations	Q2-2000	Q3-2008	Q4-2008
1. Consumer Price Index ²				Total	568	365	342
Total		123.08	122.44	West Bank	288	315	289
West Bank		121.95	120.13	Gaza Strip	280	50	53
Gaza Strip		126.56	126.68	2. Area Licensed for new Construction (dunums)	Q2-2000	Q2-2008	Q3-2008
2. Truck movement ³				Total	739.7	354.8	458.8
<u>Imports</u>	Aug-2000	Nov-2008	Dec-2008	West Bank	665.3	348.9	458.8
Karni	4,373	209	260	Gaza Strip	74.4	5.9	0.0
Sufa	4,384	0	0	3. Banking (US\$ thousands)	Q2-2000	Q2-2008	Q3-2008 ⁴
Rafah	953	0	0	Loans	1,234	1,747	1,806
Kerem Shalom	0	330	594	Deposits	3,328	6,035	6,307
Nahal Oz	904	40	46	Loans/Deposits Ratio	37.1 %	28.94%	28.66%
<u>Exports</u>				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)			
Karni	2,460	0	0				
Kerem Shalom	0	0	0				
Source: PCBS (1), Ministry of National Economy							
E. LABOUR FLOWS				F. CLOSURE			
Indicator	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Q2-2000	Q2-2007	Q3-2007	1. Effective closure days ⁶	Aug-2000	Nov- 2008	Dec- 2008
1. Labour Force size				Karni (goods)	0 %	100%	100%
Total	706,174	926,300	937,200	Erez (workers)	0 %	100%	100%
West Bank	483,796	634,600	636,600	Sufa (aggregates)	0 %	100%	100%
Gaza Strip	222,378	291,700	300,600	Rafah (passenger)	0 %	100%	100%
2. Unemployment	8.8 %	19.2%	23.2%	Rafah (commercial)	0 %	100%	100%
3. Adjusted Unemployment ⁵	18.5 %	25.8 %	29.1%	Nahal Oz (fuel)	0 %	96 %	92 %
Source: PCBS				Kerem Shalom	0 %	88 %	54 %
				Source: UNSCO			

¹ For a more detailed report on sections C (Macro-economy) and D (Private sector), see data below.

² CPI Base year 2004 = 100

³ MoNE data does not include aggregates or aid flows in Aug 2000.

⁴ * Please note that data for Q2-2008 has been adjusted by the PMA for all bank credit categories.

⁵ Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

⁶ Effective closure days are calculated by adding all days when a crossing was fully or partially closed excluding weekend and holidays.



MACRO-ECONOMIC UPDATE – DECEMBER 2008

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

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Indicator	Baseline Aug-00	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Exchange Rate							
Exchange Rate	4.05	3.47	3.55	3.53	3.67	3.87	3.83
Source: PCBS							

The exchange rate between the US dollar and the NIS has slightly decreased in December, 2008.

Indicator	Baseline Aug-00	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
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	540.6	652.5	524.0	524.0	124.4	50.0
Benzene 96 (Liter)	2,310.6	0.0	0.0	0.0	0.0	0.0	0.0
Gasoline (Liter)	11,342.6	4,787.5	6,007.5	6,280.6	3,770.1	262.4	400.0
Gas (Ton)	1.9	4.1	4.2	4.0	3.3	0.8	0.8
White Gasoline (Liter)	243.1	217.4	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 significantly dropped in December 2008. Benzene 95 and Gasoline were imported for UNRWA, and Zero fuel for the private sector. This is due to the closure of Gaza border crossings. It is worth noting that some Gasoline was available, most likely as a result of smuggling.

Indicator	Baseline Aug-04	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food and soft drinks		136.21	137.24	140.76	140.71	139.44	138.24
Alcoholic Beverages and tobacco		123.73	124.62	124.43	124.45	124.18	123.88
Textiles, clothing and footwear		99.88	101.19	102.92	104.05	103.83	104.52
Housing		123.46	123.19	123.94	123.84	122.38	120.99
Furniture, household goods		105.50	105.95	107.50	107.92	107.71	108.30
Medical care		114.57	114.33	114.27	114.47	114.80	114.74
Transportation		125.53	125.23	123.59	122.22	118.09	116.35
Communications		109.46	109.32	109.48	109.72	109.85	109.84
Recreational, cultural goods & services		99.37	99.21	100.12	99.79	99.75	100.41
Education		99.32	100.14	101.09	101.07	101.36	101.28
Restaurants and cafes		129.09	129.13	130.12	129.32	129.46	129.76
Miscellaneous goods and services		109.38	109.49	109.78	109.88	110.04	110.52
All items of consumer price index		122.12	122.62	124.19	124.12	123.08	122.44
Major Groups of Expenditure (Jerusalem)							
Food and soft drinks		130.59	133.60	135.61	137.92	138.32	137.81
Alcoholic Beverages and tobacco		110.56	111.14	109.84	109.84	109.85	109.54
Textiles, clothing and footwear		99.13	101.25	104.43	105.53	105.59	106.12
Housing		119.28	118.48	118.93	118.90	118.04	117.28
Furniture, household goods		95.80	96.05	97.13	97.53	96.82	97.77
Medical care		121.78	121.64	120.46	120.33	120.52	120.59
Transportation		126.72	125.46	125.55	124.60	120.05	119.13
Communications		107.35	107.13	106.37	106.37	106.32	106.37
Recreational, cultural goods & services		99.99	99.93	101.58	101.32	101.88	102.95
Education		104.94	104.94	107.07	107.07	107.07	107.07
Restaurants and cafes		143.41	143.47	143.54	141.91	141.88	142.42
Miscellaneous goods and services		107.85	107.55	106.68	106.04	105.93	105.14
All items of consumer price index		118.67	119.56	120.52	121.16	120.61	120.33
Major Groups of Expenditure (Rest of the West Bank)							
Food and soft drinks		136.52	135.62	139.40	138.38	137.56	133.68
Alcoholic Beverages and tobacco		115.60	115.65	115.39	114.95	114.94	115.11
Textiles, clothing and footwear		99.91	99.22	99.64	99.84	97.74	98.48
Housing		132.11	132.44	133.38	133.16	129.92	127.91
Furniture, household goods		105.30	104.49	105.08	103.99	104.10	104.06
Medical care		109.70	109.28	110.69	112.51	111.98	111.82
Transportation		123.72	123.56	121.36	119.49	115.22	112.92
Communications		109.83	109.86	111.17	111.29	111.51	111.57
Recreational, cultural goods & services		94.25	93.54	93.47	92.87	92.59	92.51
Education		91.02	92.67	94.04	93.96	94.64	94.64
Restaurants and cafes		125.07	124.37	125.71	125.15	125.52	125.21
Miscellaneous goods and services		114.38	115.85	116.28	116.40	116.21	118.28
All items of consumer price index		122.53	122.15	123.78	123.17	121.95	120.13
Major Groups of Expenditure (Gaza Strip)							
Food and soft drinks		143.52	144.38	148.65	145.54	142.92	144.05
Alcoholic Beverages and tobacco		144.34	145.59	145.76	145.86	145.20	144.95
Textiles, clothing and footwear		101.02	103.63	104.40	106.38	107.45	109.05
Housing		118.56	118.27	118.57	118.71	116.74	113.81
Furniture, household goods		121.88	124.01	127.97	130.18	129.56	129.17
Medical care		103.17	102.26	101.46	100.12	102.59	102.19
Transportation		128.40	128.29	130.21	130.09	126.64	124.52
Communications		107.47	107.16	106.27	106.86	107.62	107.47
Recreational, cultural goods & services		97.30	97.33	98.06	98.14	97.50	98.28
Education		101.01	100.91	100.78	100.75	100.75	100.51
Restaurants and cafes		131.48	131.76	135.05	137.24	138.12	138.56
Miscellaneous goods and services		108.78	108.1	108.48	109.46	110.38	110.69
All items of consumer price index		125.90	126.49	128.74	127.90	126.56	126.68
Source: PCBS							

The Palestinian CPI figures declined by 0.52 percent in the oPt in December 2008. The CPI for the West Bank decreased, by 1.49 percent and by .09 percent for the Gaza Strip. Minor increases were recorded for the oPt in Textiles, clothing and footwear, Furniture and households, recreational cultural goods and services, while declines were seen in food and soft drinks, alcoholic beverages and tobacco, and transportations.

Indicator	Baseline Aug-00	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	2,886	1,588	2,151	1,222	209	260
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	0	0	323	845.5	1,356.5	330	594
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	1,840	1,316.5	711.5	0	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	312	342	342	245	40	46
Source: Baseline: Ministry of National Economy; General Petroleum Corporation and Ministry of Finance							

Truck movement to Gaza has been restricted to humanitarian supplies since 12 June 2007. Exports were stopped altogether at the same time except for limited agricultural exports. December 2008 data indicates a significant decline in the total of imported truckloads to the Gaza Strip since October 2008, by approximately 68 percent. No cement or gravel was allowed in, and only 260 trucks of wheat and animal feed were imported through Karni. Of the 594 trucks imported through Kerem Shalom, 297 were humanitarian trucks for UN agencies, and 297 trucks for the private sector.



OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

PRIVATE SECTOR AND BANKING UPDATE – DECEMBER 2008

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

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Indicator	Baseline Q2-2000	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	7	8	2	10	6	2
Private Limited	46	15	9	9	10	13	11
Public Limited	1	0	0	0	0	1	0
Foreign	3	0	0	0	0	0	0
Total	212	22	17	11	20	20	13
West Bank							
Private	66	50	44	32	32	38	33
Private Limited	163	56	68	63	63	60	56
Public Limited	0	0	0	0	0	1	0
Foreign	0	1	0	1	2	0	4
Total	229	107	112	96	97	99	93
Source: Ministry of Economy							

The number of new companies registering 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 decreased in December 2008, by 6%. However, if compared to pre-Intifada levels, new company registrations have significantly dropped by approximately 59%. As for Gaza, figures from the Ministry of Economy in Ramallah show that the number of new company registrations has remained at zero, while data from the authorities in Gaza indicate 13 new registered companies for December 2008. If considering data from authorities in Gaza, then figures for newly registered companies in Gaza have decreased by 35 percent, when compared with November 2008.

Indicator	Baseline Aug-00	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	5,380	2,255	7,455	2,450	1,150	0
Gaza	50,116	3,400	6,025	3,300	1,910	2,650	2,110
Al Wastah	15,984	1,250	3,145	1,285	960	1,130	0
Khan Younis	51,146	5,430	2,305	2,350	1,700	2,020	0
Rafah	39,429	3,310	3,410	2,610	1,850	2,540	2,370
Gaza Strip Total	184,577	18,770	17,140	17,000	8,870	9,490	4,480
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		89,964	66,197	62,141	43,070	47,010	209,946
Nablus		50,172	36,368	30,656	30,205	40,501	171,325
Tulkarm		17,741	17,549	17,535	10,632	17,226	70,576
Hebron		38,248	41,671	11,767	28,656	46,773	97,959
Bethlehem		14,525	9,060	12,344	25,231	18,561	47,803
Jenin		10,040	7,826	8,976	7,445	12,111	37,111
Qalqilya		3,234	5,730	4,172	6,171	7,572	9,791
Salfit		0	0	0	0	0	0
Total	345,685	223,924	184,401	147,591	151,410	189,754	644,511
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. Areas licensed for new construction increased in the West Bank and declined in the Gaza Strip. If compared with November 2008, areas licensed for new construction for the West Bank considerably increased by approximately 70.5%. The reason for the large increase in construction as suggested by the data for December is that all non-completed construction are resubmitted for licenses by year end to ensure that new licenses will be issued for the next year.

Indicator	Baseline Q2-00	Q2-2007	Q3-2007	Q4-2007	Q1-2008	Q2-2008	Q3-2008
Area licensed for new construction (by region and by type, x 1000 m²)							
Non-residential							
West Bank	122.0	107.0	94.7	46.3	n.a	78.5	127.8
Gaza Strip	5.5	3.0	64.9	0.5	n.a	0.7	0.0
Total Palestinian territory	127.5	110.0	159.6	46.8	107.0	79.2	127.8
Residential							
West Bank	543.3	330.4	343.3	339.9	n.a	270.4	331.0
Gaza Strip	68.9	17.7	14.1	12.6	n.a	5.2	0.0
Total Palestinian territory	612.2	348.1	357.4	352.5	423.1	275.6	331.0
Source: PCBS							

If disaggregated by type, and if compared with Q2-2008, it appears that in Q3-2008 non-residential and residential construction increased in the oPt by 38% and 16.7%, respectively. It is worth noting that there is no data available for Gaza 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 used as a proxy indicator for economic progress (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, 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 is 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	July-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	n.a.	13.7	15.7	14.9	18.8	19.9	12.4
Value of shares traded (x million US\$)	n.a.	47.4	44.0	70.6	58.9	40.3	37.2
Indices							
Al-Quds index	n.a.	702.34	665.50	644.84	538.85	423.53	441.66
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 December 2008 shows a decrease in trade at the stock exchange both in terms of value and number of stocks traded. The Al-Quds index slightly increased by approximately 4% in December 2008.