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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – JANUARY 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 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 – JANUARY 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)	1,028.6	1,010.7 ¹			1. Revenue	235	554.8	302.9					
2. GDP per capita (\$US)	285.8	278.8			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
Indicator²	Aug-2004	Dec 2008	Jan 2009				Indicator						
1. Consumer Price Index ³							1. New Company Registrations	Q2-2000	Q3-2008	Q4-2008			
Total		122.44	121.57				Total	568	365	342			
West Bank		120.13	118.82				West Bank	288	315	289			
Gaza Strip		126.68	126.87				Gaza Strip	280	50	53			
2. Truck movement ⁴							2. Area Licensed for new Construction (dunums)	Q2-2000	Q3-2008	Q4-2008			
<u>Imports</u>	Aug-2000	Dec-2008	Jan-2009				Total	739.7	458.8	385.6			
Karni	4,373	260	656				West Bank	665.3	458.8	385.6			
Sufa	4,384	0	0				Gaza Strip	74.4	0.0	0.0			
Rafah	953	0	273				3. Banking (US\$ thousands)	Q2-2000	Q2-2008	Q3-2008⁵			
Kerem Shalom	0	594	2,089				Loans	1,234	1,747	1,806			
Nahal Oz	904	46	40				Deposits	3,328	6,035	6,307			
<u>Exports</u>							Loans/Deposits Ratio	37.1 %	28.94%	28.66%			
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													
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	Dec- 2008	Jan- 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 %	92 %	100 %			
							Kerem Shalom	0 %	54 %	15 %			
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 – JANUARY 2009

- 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	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Exchange Rate							
Exchange Rate	4.05	3.55	3.53	3.67	3.87	3.83	3.90
Source: PCBS							

The New Israeli Shekel slightly depreciated against the US dollar in January, 2009.

Indicator	Baseline Aug-00	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-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	652.5	524.0	524.0	124.4	50.0	0.0
Benzene 96 (Liter)	2,310.6	0.0	0.0	0.0	0.0	0.0	0.0
Gasoline (Liter)	11,342.6	6,007.5	6,280.6	3,770.1	262.4	400.0	92.0
Gas (Ton)	1.9	4.2	4.0	3.3	0.8	0.8	0.9
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 saw a sharp decline in January 2009. This drop is due to the situation in Gaza, and closure of Gaza border crossings. 92.0 liter of Gasoline was imported for UNRWA and only 0.9 ton of Gas for the private sector.

Indicator	Baseline Aug-04	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food and soft drinks		137.24	140.76	140.71	139.44	138.24	137.55
Alcoholic Beverages and tobacco		124.62	124.43	124.45	124.18	123.88	124.75
Textiles, clothing and footwear		101.19	102.92	104.05	103.83	104.52	103.42
Housing		123.19	123.94	123.84	122.38	120.99	117.60
Furniture, household goods		105.95	107.50	107.92	107.71	108.30	109.14
Medical care		114.33	114.27	114.47	114.80	114.74	114.32
Transportation		125.23	123.59	122.22	118.09	116.35	113.91
Communications		109.32	109.48	109.72	109.85	109.84	109.93
Recreational, cultural goods & services		99.21	100.12	99.79	99.75	100.41	100.24
Education		100.14	101.09	101.07	101.36	101.28	101.28
Restaurants and cafes		129.13	130.12	129.32	129.46	129.76	129.71
Miscellaneous goods and services		109.49	109.78	109.88	110.04	110.52	110.38
All items of consumer price index		122.62	124.19	124.12	123.08	122.44	121.57
Major Groups of Expenditure (Jerusalem)							
Food and soft drinks		133.60	135.61	137.92	138.32	137.81	135.92
Alcoholic Beverages and tobacco		111.14	109.84	109.84	109.85	109.54	109.89
Textiles, clothing and footwear		101.25	104.43	105.53	105.59	106.12	104.38
Housing		118.48	118.93	118.90	118.04	117.28	114.59
Furniture, household goods		96.05	97.13	97.53	96.82	97.77	98.17
Medical care		121.64	120.46	120.33	120.52	120.59	120.36
Transportation		125.46	125.55	124.60	120.05	119.13	115.62
Communications		107.13	106.37	106.37	106.32	106.37	106.75
Recreational, cultural goods & services		99.93	101.58	101.32	101.88	102.95	102.46
Education		104.94	107.07	107.07	107.07	107.07	107.07
Restaurants and cafes		143.47	143.54	141.91	141.88	142.42	143.70
Miscellaneous goods and services		107.55	106.68	106.04	105.93	105.14	105.53
All items of consumer price index		119.56	120.52	121.16	120.61	120.33	118.92
Major Groups of Expenditure (Rest of the West Bank)							
Food and soft drinks		135.62	139.40	138.38	137.56	133.68	132.02
Alcoholic Beverages and tobacco		115.65	115.39	114.95	114.94	115.11	117.31
Textiles, clothing and footwear		99.22	99.64	99.84	97.74	98.48	96.99
Housing		132.44	133.38	133.16	129.92	127.91	124.70
Furniture, household goods		104.49	105.08	103.99	104.10	104.06	103.49
Medical care		109.28	110.69	112.51	111.98	111.82	111.99
Transportation		123.56	121.36	119.49	115.22	112.92	110.05
Communications		109.86	111.17	111.29	111.51	111.57	111.59
Recreational, cultural goods & services		93.54	93.47	92.87	92.59	92.51	92.31
Education		92.67	94.04	93.96	94.64	94.64	94.64
Restaurants and cafes		124.37	125.71	125.15	125.52	125.21	124.64
Miscellaneous goods and services		115.85	116.28	116.40	116.21	118.28	118.02
All items of consumer price index		122.15	123.78	123.17	121.95	120.13	118.82
Major Groups of Expenditure (Gaza Strip)							
Food and soft drinks		144.38	148.65	145.54	142.92	144.05	145.54
Alcoholic Beverages and tobacco		145.59	145.76	145.86	145.20	144.95	145.10
Textiles, clothing and footwear		103.63	104.40	106.38	107.45	109.05	109.22
Housing		118.27	118.57	118.71	116.74	113.81	110.6
Furniture, household goods		124.01	127.97	130.18	129.56	129.17	130.39
Medical care		102.26	101.46	100.12	102.59	102.19	100.65
Transportation		128.29	130.21	130.09	126.64	124.52	123.29
Communications		107.16	106.27	106.86	107.62	107.47	107.32
Recreational, cultural goods & services		97.33	98.06	98.14	97.50	98.28	98.30
Education		100.91	100.78	100.75	100.75	100.51	100.51
Restaurants and cafes		131.76	135.05	137.24	138.12	138.56	138.71
Miscellaneous goods and services		108.1	108.48	109.46	110.38	110.69	110.21
All items of consumer price index		126.49	126.49	128.74	127.90	126.56	126.87
Source: PCBS							

The Palestinian CPI figures in the oPt have continued its steady decline since September 2008. In January 2009, it declined by approximately .71 percent for the oPt, and by 1.09 for the West Bank, while it increased for the Gaza Strip by .15 percent.

Indicator	Baseline Aug-00	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	1,588	2,151	1,222	209	260	656
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	0	323	845.5	1,356.5	330	594	2,089
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	1,316.5	711.5	0	0	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	342	342	245	40	46	40
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. January 2009 data indicates a significant increase in the total of imported truckloads to the Gaza Strip by approximately 68 percent. No cement or gravel was allowed in through Karni, and only 656 trucks of wheat, spices, pulses, and animal feed.. Of the 2089 trucks imported through Kerem Shalom, 1155.5 were humanitarian trucks and 937.5 trucks for the private sector. It is vital to note that for the first time since 7 September 2005, 273 humanitarian and food items were imported through Rafah crossings.



PRIVATE SECTOR AND BANKING UPDATE – JANUARY 2009

- 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	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	8	2	10	6	2	0
Private Limited	46	9	9	10	13	11	4
Public Limited	1	0	0	0	1	0	0
Foreign	3	0	0	0	0	0	0
Total	212	17	11	20	20	13	4
West Bank							
Private	66	44	32	32	38	33	59
Private Limited	163	68	63	63	60	56	72
Public Limited	0	0	0	0	1	0	0
Foreign	0	0	1	2	0	4	0
Total	229	112	96	97	99	93	131
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 considerably increased in January by 29 percent, if compared to December. However, if compared to pre-Intifada levels, new company registrations have significantly dropped by approximately 75%. 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 4 new registered companies for January 2009. If considering data from authorities in Gaza, then figures for newly registered companies in Gaza markedly dropped in January 2009, due to the War on Gaza.

Indicator	Baseline Aug-00	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	2,255	7,455	2,450	1,150	0	205
Gaza	50,116	6,025	3,300	1,910	2,650	2,110	1,450
Al Wastah	15,984	3,145	1,285	960	1,130	0	650
Khan Younis	51,146	2,305	2,350	1,700	2,020	0	0
Rafah	39,429	3,410	2,610	1,850	2,540	2,370	850
Gaza Strip Total	184,577	17,140	17,000	8,870	9,490	4,480	3,155
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		66,197	62,141	43,070	47,010	209,946	29,387
Nablus		36,368	30,656	30,205	40,501	171,325	2,412
Tulkarm		17,549	17,535	10,632	17,226	70,576	5,227
Hebron		41,671	11,767	28,656	46,773	97,959	351
Bethlehem		9,060	12,344	25,231	18,561	47,803	817
Jenin		7,826	8,976	7,445	12,111	37,111	1,646
Qalqilya		5,730	4,172	6,171	7,572	9,791	3,928
Salfit		0	0	0	0	0	0
Total	345,685	184,401	147,591	151,410	189,754	644,511	43,768
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. January 2009 data indicates a sharp drop in the area licensed for new construction, if compared with December 2008 data. The December 2008 data showed a significant increase because all non-completed construction were resubmitted for licenses by year end to ensure that the new licenses will be issued for the following year resulting in largely inflated numbers. Equally, as some engineering offices and consulting firms have not yet confirmed their registration as licensing offices, the January data might be skewed downward.

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 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	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	n.a.	15.7	14.9	18.8	19.9	12.4	9.9
Value of shares traded (x million US\$)	n.a.	44.0	70.6	58.9	40.3	37.2	30.2
Indices							
Al-Quds index	n.a.	665.50	644.84	538.85	423.53	441.66	510.22
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 January 2009 shows a decrease in trade at the stock exchange both in terms of value and number of stocks traded. The Al-Quds index increased by approximately 13.43% in January 2009.