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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT –NOVEMBER 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 – NOVEMBER 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	Q2-2008	Q3-2008 (budget)
2. GDP per capita (\$US)	1,177.4			2. Expenditure	235	587.0	554.8
3. GDP growth rate	0.6 %			3. Net lending	235	228.0	350.1
4. GNI				4. Balance	0	123.2	138.4
				5. External Budget support (including TIM)	0	-220.8	-509.1
					0	421.8	477.1
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	Oct 2008	Nov 2008	1. New Company Registrations	Q2-2000	Q2-2008	Q3-2008
1. Consumer Price Index ²				Total	568	357	365
Total		124.12	123.08	West Bank	288	334	315
West Bank		123.17	121.95	Gaza Strip	280	23	50
Gaza Strip		127.90	126.56	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	Oct-2008	Nov-2008	West Bank	665.3	348.9	458.8
Karni	4,373	1,222	209	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	1,356.5	330	Deposits	3,328	6,035	6,307
Nahal Oz	904	245	40	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	Oct- 2008	Nov- 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 %	48 %	96 %
Source: PCBS				Kerem Shalom	0 %	9 %	88 %
				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 – NOVEMBER 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	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Exchange Rate							
Exchange Rate	4.05	3.34	3.47	3.55	3.53	3.67	3.87
Source: PCBS							

The exchange rate between the US dollar and the NIS has increased in November, 2008. Generally, due to the global financial crisis, foreign currency markets showed weak exchange rates against the dollar.

Indicator	Baseline Aug-00	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-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	291.0	540.6	652.5	524.0	524.0	124.4
Benzene 96 (Liter)	2,310.6	0.0	0.0	0.0	0.0	0.0	0.0
Gasoline (Liter)	11,342.6	4,137.5	4,787.5	6,007.5	6,280.6	3,770.1	262.4
Gas (Ton)	1.9	3.0	4.1	4.2	4.0	3.3	0.8
White Gasoline (Liter)	243.1	0.0	217.4	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 markedly dropped in November 2008, if compared to October 2008. Closures of Gaza border crossings and Egyptian fuel reportedly being smuggled through tunnels likely contributed to the drop.

Indicator	Baseline Aug-04	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food and soft drinks		134.94	136.21	137.24	140.76	140.71	139.44
Alcoholic Beverages and tobacco		123.12	123.73	124.62	124.43	124.45	124.18
Textiles, clothing and footwear		101.32	99.88	101.19	102.92	104.05	103.83
Housing		122.32	123.46	123.19	123.94	123.84	122.38
Furniture, household goods		104.10	105.50	105.95	107.50	107.92	107.71
Medical care		114.17	114.57	114.33	114.27	114.47	114.80
Transportation		124.07	125.53	125.23	123.59	122.22	118.09
Communications		109.47	109.46	109.32	109.48	109.72	109.85
Recreational, cultural goods & services		99.24	99.37	99.21	100.12	99.79	99.75
Education		99.20	99.32	100.14	101.09	101.07	101.36
Restaurants and cafes		127.90	129.09	129.13	130.12	129.32	129.46
Miscellaneous goods and services		109.03	109.38	109.49	109.78	109.88	110.04
All items of consumer price index		121.28	122.12	122.62	124.19	124.12	123.08
Major Groups of Expenditure (Jerusalem)							
Food and soft drinks		129.09	130.59	133.60	135.61	137.92	138.32
Alcoholic Beverages and tobacco		110.57	110.56	111.14	109.84	109.84	109.85
Textiles, clothing and footwear		100.24	99.13	101.25	104.43	105.53	105.59
Housing		119.07	119.28	118.48	118.93	118.90	118.04
Furniture, household goods		95.35	95.80	96.05	97.13	97.53	96.82
Medical care		121.58	121.78	121.64	120.46	120.33	120.52
Transportation		125.51	126.72	125.46	125.55	124.60	120.05
Communications		107.35	107.35	107.13	106.37	106.37	106.32
Recreational, cultural goods & services		99.86	99.99	99.93	101.58	101.32	101.88
Education		104.94	104.94	104.94	107.07	107.07	107.07
Restaurants and cafes		141.24	143.41	143.47	143.54	141.91	141.88
Miscellaneous goods and services		107.44	107.85	107.55	106.68	106.04	105.93
All items of consumer price index		117.96	118.67	119.56	120.52	121.16	120.61
Major Groups of Expenditure (Rest of the West Bank)							
Food and soft drinks		134.13	136.52	135.62	139.40	138.38	137.56
Alcoholic Beverages and tobacco		115.75	115.60	115.65	115.39	114.95	114.94
Textiles, clothing and footwear		101.05	99.91	99.22	99.64	99.84	97.74
Housing		130.66	132.11	132.44	133.38	133.16	129.92
Furniture, household goods		104.35	105.30	104.49	105.08	103.99	104.10
Medical care		108.71	109.70	109.28	110.69	112.51	111.98
Transportation		122.15	123.72	123.56	121.36	119.49	115.22
Communications		109.78	109.83	109.86	111.17	111.29	111.51
Recreational, cultural goods & services		94.08	94.25	93.54	93.47	92.87	92.59
Education		90.61	91.02	92.67	94.04	93.96	94.64
Restaurants and cafes		125.13	125.07	124.37	125.71	125.15	125.52
Miscellaneous goods and services		113.10	114.38	115.85	116.28	116.40	116.21
All items of consumer price index		121.20	122.53	122.15	123.78	123.17	121.95
Major Groups of Expenditure (Gaza Strip)							
Food and soft drinks		142.74	143.52	144.38	148.65	145.54	142.92
Alcoholic Beverages and tobacco		143.58	144.34	145.59	145.76	145.86	145.20
Textiles, clothing and footwear		102.80	101.02	103.63	104.40	106.38	107.45
Housing		116.52	118.56	118.27	118.57	118.71	116.74
Furniture, household goods		118.26	121.88	124.01	127.97	130.18	129.56
Medical care		103.07	103.17	102.26	101.46	100.12	102.59
Transportation		127.22	128.40	128.29	130.21	130.09	126.64
Communications		107.64	107.47	107.16	106.27	106.86	107.62
Recreational, cultural goods & services		97.50	97.30	97.33	98.06	98.14	97.50
Education		101.07	101.01	100.91	100.78	100.75	100.75
Restaurants and cafes		129.68	131.48	131.76	135.05	137.24	138.12
Miscellaneous goods and services		109.18	108.78	108.1	108.48	109.46	110.38
All items of consumer price index		125.17	125.90	126.49	128.74	127.90	126.56
Source: PCBS							

The Palestinian CPI figures declined by 0.84% in the oPt in November 2008. The CPI for the West Bank decreased, by 0.99 percent and by 1.05 for the Gaza Strip. Minor declines were recorded in November 2008 for the oPt in the Food & Soft drinks, Textiles, Clothing and Footwear, housing, as well as Transportation groups.

Indicator	Baseline Aug-00	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	774	2,886	1,588	2,151	1,222	209
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	0	0	0	323	845.5	1,356.5	330
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	1,083	1,840	1,316.5	711.5	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	237	312	342	342	245	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. November 2008 data indicates a significant decline in the total of imported truckloads to the Gaza Strip, by approximately 79%, when compared to October. No cement or gravel was allowed in, and only 100 trucks of wheat and 109 trucks of animal feed were imported through Karni.



OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

PRIVATE SECTOR AND BANKING UPDATE – NOVEMBER 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	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	8	7	8	2	10	6
Private Limited	46	15	15	9	9	10	13
Public Limited	1	0	0	0	0	0	1
Foreign	3	0	0	0	0	0	0
Total	212	23	22	17	11	20	20
West Bank							
Private	66	40	50	44	32	32	38
Private Limited	163	63	56	68	63	63	60
Public Limited	0	0	0	0	0	0	1
Foreign	0	1	1	0	1	2	0
Total	229	104	107	112	96	97	99
Source: Ministry of Economy							

The number of new company registration 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 rose in November 2008, by 2%. However, if compared to pre-Intifada levels, new company registrations have dropped by approximately 53%. 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 20 new registered companies for October 2008.

Indicator	Baseline Aug-00	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	1,410	5,380	2,255	7,455	2,450	
Gaza	50,116	2,650	3,400	6,025	3,300	1,910	
Al Wastah	15,984	680	1,250	3,145	1,285	960	
Khan Younis	51,146	500	5,430	2,305	2,350	1,700	
Rafah	39,429	2,480	3,310	3,410	2,610	1,850	
Gaza Strip Total	184,577	7,720	18,770	17,140	17,000	8,870	
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		42,276	89,964	66,197	62,141	43,070	47,010
Nablus		24,433	50,172	36,368	30,656	30,205	40,501
Tulkarm		14,923	17,741	17,549	17,535	10,632	17,226
Hebron		41,284	38,248	41,671	11,767	28,656	46,773
Bethlehem		10,313	14,525	9,060	12,344	25,231	18,561
Jenin		10,399	10,040	7,826	8,976	7,445	12,111
Qalqilya		3,028	3,234	5,730	4,172	6,171	7,572
Salfit		0	0	0	0	0	0
Total	345,685	146,656	223,924	184,401	147,591	151,410	189,754
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. If compared with October 2008, areas licensed for new construction for the West Bank increased in November by approximately 20%. However, if compared with pre-Intifada levels, areas licensed for new constructions have dropped by approximately 45% for the West Bank. As for the Gaza Strip, data is not available due to recent events.

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 of 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 (x 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 (x 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 (x 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 (x 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 (x 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 of 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	June-08	July-08	Aug-08	Sep-08	Oct-08	Nov-08
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	n.a.	37.1	13.7	15.7	14.9	18.8	19.9
Value of shares traded (x million US\$)	n.a.	122.3	47.4	44.0	70.6	58.9	40.3
Indices							
Al-Quds index	n.a.	688.58	702.34	665.50	644.84	538.85	423.53
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 November 2008 shows a decrease in trade at the stock exchange in terms of value and an increase in terms of number volume of stocks traded. Though the Palestinian market has not significantly been affected by the global financial crisis, it wasn't immune to the crisis in November, and the Al-Quds index decreased by approximately 25.4% in November.