

**UNITED NATIONS**



**NATIONS UNIES**

OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

## **SOCIO-ECONOMIC REPORT – FEBRUARY 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 – FEBRUARY 2008

A. GENERAL				B. FISCAL SITUATION		Baseline	Previous period	Current period	
Indicator		2006		Indicator (US\$ millions)		Q4-1999	Q4-2006	Q4-2007 (budget)	
1. GDP (\$US)		4,150,600,000		1. Revenue		235	104	332	
2. GDP per capita (\$US)		1,067.5		2. Expenditure		235	220	457	
3. GDP growth rate		- 6.6 %		3. Net lending		0	68	125	
4. GNI		4,521,500,000		4. Balance		0	-184	-250	
				5. External Budget support (including TIM)		0	178	250	
Source: World Bank				Source: IMF					
C. MACRO-ECONOMIC		Baseline	Previous period	Current period	D. PRIVATE SECTOR		Baseline	Previous period	Current period
Indicator <sup>1</sup>		Aug-2000	Jan-2008	Feb-2008	Indicator				
1. Consumer Price Index <sup>2</sup>					1. New Company Registrations		Q2-2000	Q3-2007	Q4-2007
Total		121.95	166.47	168.16	Total		568	263	241
West Bank		122.44	168.11	171.47	West Bank		288	237	223
Gaza Strip		121.35	157.10	158.50	Gaza Strip		280	26	18
2. Truck movement <sup>3</sup>					2. Area Licensed for new Construction (dunums)		Q2-2000	Q2-2007	Q3-2007
Imports		Aug-2000	Jan-2008	Feb-2008	Total		739.7	458.1	517
Karni		4,373	401	572	West Bank		665.3	437.4	438
Sufa		4,384	317	808	Gaza Strip		74.4	20.7	79
Rafah		953	0	0	3. Banking (US\$ thousands)		Q2-2000	Q3-2007	Q4-2007
Kerem Shalom		0	575	0	Loans		1,234	1,829	1,758
Nahal Oz		904	395	346	Deposits		3,328	5,420	5,702
Exports					Loans/Deposits Ratio		37.1 %	33.75%	30.84%
Karni		2,460	0	0					
Kerem Shalom		0	0	0					
Source: PCBS (1), Ministry of National Economy and Paltrade (2)				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)					
E. LABOUR FLOWS		Baseline	Previous period	Current period	F. CLOSURE		Baseline	Previous period	Current period
Indicator		Q2-2000	Q2-2007	Q3-2007	Indicator		Aug-2000	Jan-2008	Feb -2008
1. Labour Force size					1. Effective closure days <sup>5</sup>				
Total		706,174	926,300	937,200	Karni (goods)		0 %	100%	100%
West Bank		483,796	634,600	636,600	Erez (workers)		0 %	100%	100%
Gaza Strip		222,378	291,700	300,600	Sufa (aggregates)		0 %	100%	100%
2. Unemployment		8.8 %	19.2%	23.2%	Rafah (passenger)		0 %	100%	100%
3. Adjusted Unemployment <sup>4</sup>		18.5 %	25.8 %	29.1%	Rafah (commercial)		0 %	100%	100%
					Nahal Oz (fuel)		0 %	22 %	28 %
					Kerem Shalom		0 %	44 %	100 %
Source: PCBS				Source: UNSCO					

<sup>1</sup> For a more detailed report on sections C (Macro-economy) and D (Private sector), see the attached UNSCO reports

<sup>2</sup> CPI Base year 1996 = 100

<sup>3</sup> Number of truckloads. MoNE data does not include aggregates or aid flows.

<sup>4</sup> Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

<sup>5</sup> Effective closure days are calculated by adding all days when a crossing was fully or partially closed minus weekend and holidays.



## OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

## MACRO-ECONOMIC UPDATE – FEBRUARY 2008

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

**For further information please contact:**

 Ramallah: *Bushra Mukbil*
[mukbil@un.org](mailto:mukbil@un.org)

 Gaza Strip: *Raed Raqeb*
[raqeb@un.org](mailto:raqeb@un.org)

Indicator	Baseline Aug-00	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>Exchange Rate</b>							
Exchange Rate	4.05	4.09	4.01	3.92	3.88	3.78	3.59
Source: PCBS							

The US\$-NIS exchange rate has sharply dropped in February, 2008. The declining dollar may slightly benefit the Palestinian economy, as imports (including energy imports) could become cheaper.

Indicator	Baseline Aug-00	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<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>							
Benzene 95 (Liter)	878.3	925.5	1,122.1	1,154.5	1,232.2	650.0	283.5
Benzene 96 (Liter)	2,310.6	319.4	264.1	0.0	0.0	0.0	0.0
Gasoline (Liter)	11,342.6	6,225.5	7,021.3	4,796.0	6,330.7	5,058.6	2,795.0
Gas (Ton)	1.9	3.9	5.0	5.0	3.1	5.0	5.4
White Gasoline (Liter)	243.1	0.0	0.0	49.0	196.0	0.0	192.0
Source: General Petroleum Corporation and Ministry of Finance							

Registered fuel sales in the Gaza Strip dropped even further than last month. The marked drop in registered fuel sales is due to the significant decline in fuel supplies to Gaza, and this confirms the deterioration in economic activity in Gaza.

Indicator	Baseline Aug-00	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>Palestinian Consumer Price Index (by region and expenditure group)</b>							
<b>Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem )</b>							
Food	118.92	155.10	156.67	159.79	161.91	167.76	171.84
Beverages and Tobacco	129.14	185.50	186.40	189.96	190.91	190.99	190.86
Textiles, clothing and footwear	124.93	128.55	128.91	129.66	130.61	130.97	132.21
Housing	125.78	168.82	171.19	174.65	176.85	177.02	176.91
Furniture, household goods & services	123.70	130.8	131.17	132.41	132.63	131.59	131.54
Transport and communications	123.45	203.67	204.73	206.68	208.51	208.43	207.05
Education	114.63	138.44	139.57	139.78	139.52	139.86	139.94
Medical care	125.78	151.89	152.17	152.5	151.97	151.77	151.64
Recreational, cultural goods & services	93.86	90.97	90.87	91.27	90.94	90.72	90.61
Miscellaneous goods and services	129.21	169.77	171.63	173.44	176.28	178.23	180.43
All-Items consumer price index	<b>121.95</b>	<b>158.96</b>	<b>160.18</b>	<b>162.47</b>	<b>164.01</b>	<b>166.47</b>	<b>168.16</b>
<b>Major Groups of Expenditure (Jerusalem)</b>							
Food	122.63	159.41	159.85	163.99	165.69	171.93	173.21
Beverages and Tobacco	130.91	172.15	173.25	173.06	175.14	175.92	176.73
Textiles, clothing and footwear	119.18	144.89	147.61	148.28	146.95	148.12	149.96
Housing	112.88	139.95	140.39	142.49	144.83	144.86	145.29
Furniture, household goods & services	136.10	156.00	157.12	157.43	155.88	154.69	154.24
Transport and communications	131.63	182.68	184.20	186.75	188.82	189.42	185.62
Education	108.70	138.71	140.49	140.59	139.89	140.42	140.52
Medical care	114.91	149.32	149.75	149.96	149.17	148.6	148.17
Recreational, cultural goods & services	88.54	102.8	103.5	103.81	103.7	103.49	103.49
Miscellaneous goods and services	126.54	155.24	156.94	158.61	160.46	161.24	162.58
All-Items consumer price index	<b>122.76</b>	<b>157.73</b>	<b>158.76</b>	<b>161.06</b>	<b>162.13</b>	<b>164.70</b>	<b>164.88</b>
<b>Major Groups of Expenditure (Rest of the West Bank)</b>							
Food	118.25	155.12	156.93	159.72	160.94	167.38	175.31
Beverages and Tobacco	127.26	172.96	172.99	172.97	173.64	172.88	172.96
Textiles, clothing and footwear	123.53	124.06	122.58	123.9	125.78	125.84	127.9
Housing	127.28	174.72	178.15	183.74	185.05	185.3	183.88
Furniture, household goods & services	119.19	123.49	123.04	125.55	126.94	126.34	126.59
Transport and communications	127.03	221.40	225.18	226.86	228.7	227.88	226.32
Education	120.62	148.04	146.85	147.22	147.43	147.42	147.41
Medical care	138.73	162.04	161.81	161.59	161.39	161.27	161.65
Recreational, cultural goods & services	98.11	82.62	82.04	82.79	81.8	80.81	80.41
Miscellaneous goods and services	125.54	176.67	178.66	176.58	179.18	181.91	185.51
All-Items consumer price index	<b>122.44</b>	<b>161.07</b>	<b>162.38</b>	<b>164.27</b>	<b>165.56</b>	<b>168.11</b>	<b>171.47</b>
<b>Major Groups of Expenditure (Gaza Strip)</b>							
Food	116.38	155.14	156.75	158.52	163.07	166.92	170.60
Beverages and Tobacco	130.23	198.61	199.48	206.01	206.22	206.26	205.89
Textiles, clothing and footwear	135.87	119.23	119.36	119.8	122.48	122.93	122.74
Housing	129.45	154.54	157.52	160.33	162.09	162.07	160.09
Furniture, household goods & services	115.49	113.94	114.14	115.57	116.7	115.72	116.06
Transport and communications	115.61	155.36	155.66	157.29	158.73	158.76	158.62
Education	118.84	140.2	142.09	142.36	142.46	142.85	142.66
Medical care	133.83	159.67	159.93	160.85	160.58	160.22	159.95
Recreational, cultural goods & services	101.78	87.45	87.34	87.66	87.67	87.95	87.73
Miscellaneous goods and services	131.43	150.16	150.55	151.79	155.44	156.54	157.06
All-Items consumer price index	<b>121.35</b>	<b>149.66</b>	<b>150.79</b>	<b>152.64</b>	<b>155.42</b>	<b>157.10</b>	<b>158.50</b>
Source: PCBS							

The Palestinian CPI continued its steady increase in the month of February 2008 due to the rise in food prices in both Gaza and the West Bank. Food prices increased in the West Bank by nearly 4.5% and by 2.1% in the Gaza Strip for the month of February.

Indicator	Baseline Aug-00	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>Truck Movement</b>							
<b>Karni commercial crossing</b>							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	480	738	631	478	401	572
<b>Kerem Shalom commercial crossing</b>							
Total Truck Loads Exports	0	0	0	13	78	0	0
Total Truck Loads Imports	0	356	542	1,009	1,065	575	0
<b>Sufa commercial crossing</b>							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	646	500	176	391	317	808
<b>Nahel Oz commercial crossing (fuel)</b>							
Total Truck Loads Imports	904	396	472	403	364	395	346
Source: Baseline: Ministry of National Economy; Paltrade , General Petroleum Corporation and Ministry of Finance							

Truck movement to Gaza has been restricted to humanitarian supplies only since 12 June 2007. Exports were stopped altogether at the same time only approximately 78 truckloads of strawberries and flowers grown with the support of the Netherlands have been exported since. Furthermore, the total number of imported truckloads has slightly increased in the month of February.

Indicator	Baseline Q2-00	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007
<b>Palestinian Trade with Israel (in million US \$)</b>							
<b>Trade in goods</b>							
Exports	85	62	65	76	99	99	97
Imports	418	511	475	514	545	501	487
Balance	-333	-449	-410	-438	-446	-402	-390
<b>Trade in Services</b>							
Exports	45	29	30	32	41	28	35
Imports	91	65	59	72	88	85	64
Balance	-46	-36	-28	-40	-47	-57	-29
<b>Total</b>							
Exports	130	91	95	108	140	127	132
Imports	509	576	534	586	633	586	551
Balance	-379	-485	-438	-478	-493	-459	-419
Source: Israeli Central Bureau of statistics							

The Israel-oPt trade balance which had reached almost half a billion per quarter in the early part of 2007, has dropped 15 percent since the first quarter of 2007 primarily as a result of declining goods exports from Israel to the oPt. A second interesting finding is the fact that despite the complete halt of exports from Gaza, total oPt exports to Israel remained at the same level as during previous quarters.



## OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

## PRIVATE SECTOR AND BANKING UPDATE – FEBRUARY 2008

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

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

mukbil@un.org

Gaza Strip: *Raed Raqeb*

raqeb@un.org

Indicator	Baseline Q2-2000	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>Number of new Company Registrations (by region and legal status)</b>							
<b>Gaza Strip</b>							
Private	162	5	4	0	0	0	0
Private Limited	46	4	14	0	0	0	0
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
<b>Total</b>	<b>212</b>	<b>9</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>West Bank</b>							
Private	66	19	19	36	28	25	40
Private Limited	163	47	51	50	39	46	57
Public Limited	0	0	0	0	0	1	1
Foreign	0	0	0	0	0	0	1
<b>Total</b>	<b>229</b>	<b>66</b>	<b>70</b>	<b>86</b>	<b>67</b>	<b>72</b>	<b>99</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 has increased in February 2008 by about 27%. However, if compared to pre-Intifada levels new company registrations has dropped by approximately 56%. In Gaza, new company registrations remained at its all-time low of zero.

Indicator	Baseline Aug-00	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>Area licensed for new construction (Gaza Strip, dunums)</b>							
Northern District	27,902	680	445	1,055	1,310	840	1,930
Gaza	50,116	6,250	44,650	6,270	13,440	1,600	5,370
Al Wastah	15,984	740	710	140	150	810	1,500
Khan Younis	51,146	5,750	1,405	690	690	870	1,100
Rafah	39,429	3,500	1,220	2,830	1,250	1,500	2,900
<b>Gaza Strip Total</b>	<b>184,577</b>	<b>16,920</b>	<b>48,430</b>	<b>10,985</b>	<b>16,840</b>	<b>5,620</b>	<b>12,800</b>
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
<b>Area licensed for new construction (West Bank, dunums)</b>							
Ramallah & Al- Bireh & Jerusalem		56,801	36,005	40,956	173,799	37,023	38,439
Nablus		24,348	33,310	40,530	88,333	10,557	28,915
Tulkarm		19,306	17,112	18,365	46,136	3,112	13,540
Hebron		36,574	17,374	37,842	73,892	1,525	23,061
Bethlehem		5,909	10,696	29,408	36,624	1,046	8,822
Jenin		5,272	11,052	11,557	38,355	4,153	14,246
Qalqilya		5,383	3,287	2,674	57,043	398	5,375
Salfit		0	0	0	0	0	0
<b>Total</b>	<b>345,685</b>	<b>153,593</b>	<b>128,836</b>	<b>181,332</b>	<b>514,182</b>	<b>57,814</b>	<b>132,398</b>
Source: Engineering Offices and Consulting Firms							

Similarly to new company registrations, the area licensed for new construction is used as a proxy indicator for economic vitality. As some engineering offices and consulting firms had not yet confirmed their registration as licensing offices, the January data were skewed downward. If compared with November data, February data indicates a drop in area licensed for new construction, by approximately 27%.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-2007	Q2-2007	Q3-2007
<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	132.0	113.1	59.5	95.2	107.0	94.7
Gaza Strip	5.5	17.6	2.0	2.9	12.2	3.0	64.9
Total Palestinian territory	127.5	149.6	115.1	62.4	107.4	110.0	159.6
<b>Residential</b>							
West Bank	543.3	491.9	356.6	286.1	269.4	330.4	343.3
Gaza Strip	68.9	48.6	40.0	16.4	27.9	17.7	14.1
Total Palestinian territory	612.2	540.5	396.6	302.5	297.3	348.1	357.4
Source: PCBS							

The overall slump in new construction is not yet reflected in the PCBS data that disaggregates new construction licenses by type of construction as this data is available only on a quarterly basis.

Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
<b>Bank Credit</b>							
<b>Bank Credit by economic activity (x million US\$)</b>							
Agriculture	20	16	15	18	19	20	19
Manufacturing & Mining	123	111	117	113	111	126	119
Construction	145	213	209	218	226	241	225
General Trade	349	355	365	365	379	396	370
<i>Internal Trade</i>	235	234	233	240	254	266	247
<i>External Trade</i>	114	121	132	125	125	130	123
<i>Exports</i>	8	18	20	20	20	25	19
<i>Imports</i>	106	104	112	105	105	105	104
Transportation	45	69	46	54	54	94	94
Tourism, Hotels & Restaurants	33	24	24	26	26	26	26
Public Services	52	162	164	167	166	168	163
Financial Services	28	102	104	111	109	99	131
Purchase of Securities	10	3	3	3	2	9	2
Miscellaneous	429	835	856	842	809	651	609
<b>GRAND TOTAL</b>	<b>1,234</b>	<b>1,891</b>	<b>1,903</b>	<b>1,916</b>	<b>1,902</b>	<b>1,829</b>	<b>1,758</b>
TOTAL excluding miscellaneous and public services	752	893	883	907	927	1,010	987
<b>Bank Credit by economic activity (as percentage of total)</b>							
Agriculture	2%	1%	1%	1%	1%	1%	1%
Manufacturing & Mining	10%	6%	6%	6%	6%	7%	7%
Construction	12%	11%	11%	11%	12%	13%	13%
General Trade	28%	19%	19%	19%	20%	22%	21%
Transportation	4%	4%	2%	3%	3%	5%	5%
Tourism, Hotels & Restaurants	3%	1%	1%	1%	1%	1%	1%
Public Services	4%	9%	9%	9%	9%	9%	9%
Financial Services	2%	5%	5%	6%	6%	5%	7%
Purchase of Securities	1%	0%	0%	0%	0%	0%	0%
Miscellaneous	35%	44%	45%	44%	43%	36%	35%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Bank Credit by economic activity excluding miscellaneous and public services(as percentage of total)</b>							
Agriculture	3%	2%	2%	2%	2%	2%	2%
Manufacturing and Mining	16%	13%	12%	12%	12%	12%	12%
Construction	19%	24%	24%	24%	24%	24%	23%
General Trade	46%	41%	40%	40%	41%	39%	38%
<i>Internal Trade</i>	31%	26%	26%	26%	27%	26%	25%
<i>External Trade</i>	15%	15%	14%	14%	14%	13%	12%
<i>Exports</i>	1%	2%	2%	2%	2%	3%	2%
<i>Imports</i>	14%	13%	12%	12%	11%	10%	11%
Transportation	6%	5%	6%	6%	6%	9%	10%
Tourism, Hotels & Restaurants	4%	3%	3%	3%	3%	3%	3%
Financial Services	4%	12%	12%	12%	12%	10%	13%
<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							

Data on bank credit is used as a proxy indicator for perceptions 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 monthly data once per every three months. The last six months of 2007 show a distinct decline in the use of bank credit, a trend that is particularly evident during Q4-2007 in the main productive sectors (manufacturing, construction, general trade). In contrast, the use of bank credit increased by over 32 percent in the financial services sector, most likely as a preventative effort by banks to stave off implications of potential severance of relations with Israeli banks. Bank credit to the public sector has more than tripled if compared with the pre-*Intifada* period.



Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
<b>Bank Credit</b>							
<b>Bank Credit by type (x million US\$)</b>							
Loans	512	1,201	1,191	1,198	1,207	1,148	1,094
Overdrafts	653	680	702	705	681	667	649
Leasing	0	11	10	11	11	11	11
BA & Discounted Bills	69	0.07	0.01	2	3.56	4	5
<b>Total</b>	<b>1,234</b>	<b>1,891</b>	<b>1,903</b>	<b>1,916</b>	<b>1,902</b>	<b>1,829</b>	<b>1,758</b>
<b>Bank Credit by type (as percentage of total)</b>							
Loans	41%	63%	63%	63%	63%	63%	62%
Overdrafts	53%	36%	37%	37%	36%	36%	37%
Leasing	0%	1%	1%	1%	1%	1%	1%
BA & Discounted Bills	6%	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, confirms the relative stability of the banking sector. The ability of the PA to resume regular salary payments will have had some impact in the decrease of loans.

Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
<b>Bank Credit</b>							
<b>Bank Credit by borrowing entity (x million US\$)</b>							
Businesses	752	893	883	907	927	1,010	987
Consumers	429	835	856	842	809	651	609
Public Agencies	52	162	164	167	166	168	163
<b>Total</b>	<b>1,234</b>	<b>1,891</b>	<b>1,903</b>	<b>1,916</b>	<b>1,902</b>	<b>1,829</b>	<b>1,758</b>
<b>Bank Credit by borrowing entity (as percentage of total)</b>							
Businesses	61%	47%	46%	47%	49%	55%	56%
Consumers	35%	44%	45%	44%	43%	36%	35%
Public Agencies	4%	9%	9%	9%	9%	9%	9%
<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 borrowing entity shows that consumer lending has declined significantly in the third quarter of 2007 and continued to drop in the fourth quarter. The most likely reason for this development is the continued risk-adverse stance of Palestinian banks combined with the recommencement of the regular payment of PA salaries which has allowed a number of PA staff to pay off existing loans and has reduced the demand for credit.

Indicator	Baseline Aug-00	Jan-07	Feb-07	Mar-07	Jun -07	Sep -07	Dec -07
<b>Bank Deposits (excluding deposits of the PMA and commercial banks)</b>							
<b>Distribution of Public sector deposits by depositor and type (x million US\$)</b>							
<b>Public Institutions and Local Auth.</b>							
Current Accounts	23.9	63.1	65.0	63.5	61.8	75.9	71.0
Time Deposits	49.7	44.2	47.9	48.8	56.5	70.4	73.0
Sub-total	73.6	107.3	112.9	112.3	118.3	146.3	144.0
<b>Government</b>							
Current Accounts	39.8	154.9	121.7	113.2	255.9	168.9	177.7
Time Deposits	74.8	177.9	173.8	187.1	86.1	175.2	183.3
Sub-total	114.6	332.8	295.6	300.3	342.0	344.1	361.0
<b>Total Public sector deposits</b>	<b>188.2</b>	<b>440.1</b>	<b>408.5</b>	<b>412.6</b>	<b>460.3</b>	<b>490.4</b>	<b>505.0</b>
<b>Distribution of Private sector deposits by residency and type (x million US\$)</b>							
<b>Residents</b>							
Current Accounts	865.3	1,238.7	1,255.4	1,244.7	1,283.8	1,459.9	1,502.7
Savings Accounts	454.3	918.3	932.3	943.2	966.1	1,020.1	1,126.9
Time Deposits	2,084.3	1,636.0	1,678.7	1,712.1	1,703.1	1,780.7	1,848.3
Sub-total	3,403.9	3,793.0	3,866.5	3,900.0	3,953.0	4,260.8	4,477.9
<b>Non-Residents</b>							
Current Accounts	9.5	29.6	29.8	27.4	30.0	36.6	39.5
Savings Accounts	3.6	12.7	12.9	13.0	14.0	13.9	15.5
Time Deposits	22.8	48.1	48.6	49.4	50.9	52.8	62.0
Sub-total	35.9	90.4	91.3	89.8	94.9	103.3	117.0
<b>Total Private sector deposits</b>	<b>3,439.8</b>	<b>3,883.4</b>	<b>3,957.8</b>	<b>3,989.8</b>	<b>4,047.9</b>	<b>4,364.1</b>	<b>4,594.9</b>
<b>Total Deposits (public and private)</b>	<b>3,628.0</b>	<b>4,323.5</b>	<b>4,366.2</b>	<b>4,402.4</b>	<b>4,508.2</b>	<b>4,854.4</b>	<b>5,099.9</b>
Source: PMA							

Bank deposits data for the fourth quarter indicates a continued sizeable increase in private sector deposits (both in terms of public and private sector bank deposits). Compared with January 2007, bank deposits in December 2007 show an increase of 18.3 percent.

Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
<b>Value of Loans and Deposits (x million US\$)</b>							
Total Loans	1,234	1,891	1,903	1,916	1,902	1,829	1,758
Total Deposits	3,328	4,514	4,657	4,876.6	4,997	5,420	5,702
Loans/Deposits (ratio)	<b>37.06%</b>	<b>41.89%</b>	<b>40.87%</b>	<b>39.29%</b>	<b>38.06%</b>	<b>33.75%</b>	<b>30.84%</b>
Source: PMA							

In an efficient economy an increase in the loans versus deposits ratio is 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 (by over 26 percent) in the oPt signaling little optimism concerning the Palestinian economy which limits appetite for domestic investment and thus increases deposits. The sharp drop in the third and fourth quarter signals heightened concern with regard to overall economic performance, most likely due to the events in Gaza since June 2007.

Indicator	Baseline Aug-00	Sept-07	Oct -07	Nov -07	Dec -07	Jan-08	Feb-08
<b>Palestinian Securities Exchange</b>							
<b>Volume of trade</b>							
Number of shares traded (x million)	n.a.	30.8	29.0	17.5	16.2	37.3	23.5
Value of shares traded (x million US\$)	n.a.	96.8	86.0	44.3	53.6	140.0	78.3
<b>Indices</b>							
Al-Quds index	n.a.	517.18	509.90	522.16	527.26	596.09	599.69
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. The data for February 2008 data shows a slow down in trade at the stock exchange both in terms of value and number of stocks traded. The Al-Quds index has slightly grown in February.