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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – JULY 2007

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 – JULY 2007

A. GENERAL				B. FISCAL SITUATION			
Indicator	2006			Indicator (US\$ millions)	Baseline	Previous period	Current period
1. GDP (\$US)	4,150,600,000			1. Revenue	Q4-1999	Q3-2006	Q4-2006
2. GDP per capita (\$US)	1,067.5			2. Expenditure	235	152	104
3. GDP growth rate	- 6.6 %			3. Net lending	235	327	220
4. GNI	4,521,500,000			4. Balance	0	154	68
Source: World Bank				5. External Budget support (including TIM)	0	-330	-184
					0	305	178
				Source: IMF			
C. MACRO-ECONOMIC				D. PRIVATE SECTOR			
Indicator ¹	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Aug-2000	June2007	Jul-2007		Q2-2000	Q1-2007	Q2-2007
1. Consumer Price Index ²				1. New Company Registrations			
Total	121.95	153.36	154.14	Total	568	388	276
West Bank	122.44	156.36	156.92	West Bank	288	294	197
Gaza Strip	121.35	142.85	141.42	Gaza Strip	280	94	79
2. Truck movement ³				2. Area Licensed for new Construction (dunums)			
<u>Imports</u>	Aug-2000	June-07	Jul-07	Total	739.7	404.7	458.1
Karni	4,373	4,185	348	West Bank	665.3	364.6	437.4
Sufa	4,384	0	0	Gaza Strip	74.4	40.1	20.7
Rafah	953	0	0	3. Banking (US\$ thousands)			
Nahal Oz	904	586	523	Loans	1,234	1,916	1,902
<u>Exports</u>				Deposits	3,328	4,877	4,997
Karni	2,460	315	0	Loans/Deposits Ratio	37.1 %	39.3 %	38.06 %
Source: PCBS (1), Ministry of National Economy (2)				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)			
E. LABOUR FLOWS				F. CLOSURE			
Indicator	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Q2-2000	Q1-2007	Q2-2007		Aug-2000	June-2007	Jul-2007
1. Labour Force size				1. Effective closure days ⁵			
Total	706,174	890,400	926,300	Karni (goods)	0 %	71%	100%
West Bank	483,796	599,500	634,600	Erez (workers)	0 %	100%	100%
Gaza Strip	222,378	290,900	291,700	Sufa (aggregates)	0 %	100%	100%
2. Unemployment	8.8 %	21.6%	19.2%	Rafah (passenger)	0 %	84%	100%
3. Adjusted Unemployment ⁴	18.5 %	27.9 %	25.8 %	Rafah (commercial)	0 %	100%	100%
				Nahal Oz (fuel)	0 %	20%	15%
				Kerem Shalom	0 %	68%	67%
Source: PCBS				Source: UNSCO			

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

² CPI Base year 1996 = 100

³ Number of truckloads. MoNE data does not include aggregates or aid flows.

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

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



MACRO-ECONOMIC UPDATE – JULY 2007

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

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Indicator	Baseline Aug-00	Feb-07	Mar-07	Apr-07	May-07	June-07	Jul-07
Exchange Rate							
Exchange Rate	4.05	4.21	4.20	4.10	4.00	4.17	4.25
Source: PCBS							

In July 2007, the value of the \$US increased against the NIS for the second time since the start of 2007.

Indicator	Baseline Aug-00	Feb-07	Mar-07	Apr-07	May-07	June-07	Jul-07
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	1,198.5	1,326.7	1,092.4	1,347.0	963.0	937.1
Benzene 96 (Liter)	2,310.6	505.7	403.5	368.0	381.7	263.5	158.6
Gasoline (Liter)	11,342.6	9,168.0	8,481.1	7,430.6	7,932.1	8,672.6	6,409.9
Gas (Ton)	1.9	6.5	4.7	7.4	7.9	3.4	4.4
White Gasoline (Liter)	243.1	0	0	0.0	168.8	43.0	92.0
Source: General Petroleum Corporation and Ministry of Finance							

All main fuel categories again experienced a drop in registered sales during July 2007. A drop-off in fuel sales generally indicates a slow-down in economic activity.

Indicator	Baseline Aug-00	Feb-07	Mar-07	Apr-07	May-07	June-07	Jul-07
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food	118.92	147.18	145.72	145.43	145.84	145.9	146.27
Beverages and Tobacco	129.14	168.68	169.49	169.53	169.64	169.67	170.30
Textiles, clothing and footwear	124.93	130.12	129.96	129.58	128.42	128.42	128.50
Housing	125.78	161.66	161.96	159.92	159.90	162.17	166.62
Furniture, household goods & services	123.70	131.21	131.67	131.47	130.80	130.83	130.72
Transport and communications	123.45	197.81	199.87	198.88	200.91	201.74	203.80
Education	114.63	137.12	137.6	137.88	137.75	137.97	137.99
Medical care	125.78	150.61	149.29	148.99	149.17	150.22	150.72
Recreational, cultural goods & services	93.86	92.41	92.35	91.12	91.25	91.21	91.15
Miscellaneous goods and services	129.21	168.90	169.26	169.52	169.21	169.87	169.80
All-Items consumer price index	121.95	153.42	153.16	152.71	152.97	153.36	154.14
Major Groups of Expenditure (Jerusalem)							
Food	122.63	154.17	153.39	153.12	153.31	153.33	156.48
Beverages and Tobacco	130.91	168.48	169.08	169.06	169.4	169.4	171.13
Textiles, clothing and footwear	119.18	144.55	144.68	144.2	143.09	143.09	144.34
Housing	112.88	138.34	138.68	134.39	134.32	135.46	140.23
Furniture, household goods & services	136.10	156.13	156.43	155.9	155.77	155.79	155.90
Transport and communications	131.63	173.33	175.5	177.54	179.22	179.92	183.03
Education	108.70	136.53	138.36	138.83	138.49	138.65	138.65
Medical care	114.91	151.14	148.37	147.81	147.93	148.33	148.71
Recreational, cultural goods & services	88.54	105.51	104.55	103.09	103.3	103.3	102.83
Miscellaneous goods and services	126.54	156.09	156.97	156.46	156.77	157.29	155.44
All-Items consumer price index	122.76	154.02	154.14	153.87	154.11	154.37	156.55
Major Groups of Expenditure (Rest of the West Bank)							
Food	118.25	146.05	144.22	142.48	143.9	144.67	144.51
Beverages and Tobacco	127.26	170.79	172.31	171.96	172	172.11	172.45
Textiles, clothing and footwear	123.53	129.09	128.74	127.49	125.29	125.24	124.80
Housing	127.28	164.88	165.27	163.64	163.65	166.28	171.11
Furniture, household goods & services	119.19	125.83	127.17	126.94	124.97	125.11	124.77
Transport and communications	127.03	219.19	221.53	219.2	220.81	221.78	223.82
Education	120.62	149.14	147.76	147.63	147.5	147.6	147.61
Medical care	138.73	158.17	158.35	158	158.27	160.68	161.19
Recreational, cultural goods & services	98.11	83.12	83.93	83.16	82.63	82.58	82.41
Miscellaneous goods and services	125.54	176.42	175.35	176.23	174.63	174.94	176.15
All-Items consumer price index	122.44	156.86	156.52	155.28	155.60	156.36	156.92
Major Groups of Expenditure (Gaza Strip)							
Food	116.38	145.91	146.19	144.76	145.05	146.54	142.18
Beverages and Tobacco	130.23	165.74	165.74	166.07	166.07	166.09	166.24
Textiles, clothing and footwear	135.87	119.32	119.27	119.34	119.33	119.35	118.95
Housing	129.45	144.31	144.36	143.76	143.52	147.22	151.06
Furniture, household goods & services	115.49	112.13	112.08	112.43	111.24	112.73	112.56
Transport and communications	115.61	151.77	153.11	150.97	153.15	153.8	155.00
Education	118.84	136.99	136.99	137.65	137.99	138.49	138.59
Medical care	133.83	155.56	156.37	157.22	157.22	157.21	157.93
Recreational, cultural goods & services	101.78	89.53	89.19	88.14	88.47	88.41	88.45
Miscellaneous goods and services	131.43	146.05	145.26	147.07	147.57	148.77	148.94
All-Items consumer price index	121.35	141.81	142.07	141.35	141.65	142.85	141.42
Source: PCBS							

Overall, the Palestinian Consumer Price Index (CPI) increased by 0.5 percent in July 2007. An interesting observation here is that the CPI in Gaza actually decreased by 1 percent in July 2007, with the CPI for the food category dropping 3 percent. While an increase would be expected due to a decreased supply of goods, it appears that demand has dropped off even more, resulting in a CPI decline.

Indicator	Baseline Aug-00	Feb-07	Mar-07	Apr-07	*May-07	June-07	Jul-07
Truck Movement							
Karni commercial crossing							
Truck Loads Exports Israel	428	661	668	609	284		
Truck Loads Imports From Israel	2,466	2,649	2,711	2,746	1,702	Data not available	Data not available
Truck Loads Exports (WB)	564	185	144	219	147		
Total Truck Loads Imports (WB)	457	514	536	656	400		
Truck Loads Exports (Abroad)	n.a	282	253	191	22		
Total Truck Loads Imports (Abroad)	n.a	550	511	553	488		
Total Truck Loads Exports	992	1,128	1,065	1,019	453	315	0
Total Truck Loads Imports	2,923	3,713	3,758	3,955	2,590	4,185	348
Total Truck Loads Exports and Imports	3,915	4,841	4,823	4,974	3,043	4,500	348
Sufa commercial crossing (gravel only)							
Total Truck Loads Imports	4,384	3,258	1,034	430	1,711	85	2551
Gravel Tons	175,342	130,314	41,352	17,212	68,432	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	714	693	556	586	586	523
Source: Ministry of National Economy (except for June and July: Paltrade)							
* Because of the recent events in Gaza, data for Karni is not available from the PA Ministry of National Economy for the 25th-31 st of May. Data included in this table excludes the last 6 days of May. If data will be available for the next monthly report, numbers will be adjusted to include the missing days of May.							

With Karni closed for all exports and all non-humanitarian imports since 12 June, we observe a clear shift from Karni to Sufa as the main entry point of goods moving into Gaza. In addition, a further 308 truckloads of humanitarian supplies were imported in July through the Kerem Shalom crossing point.

Indicator	Baseline Q2-00	Q4-2005	Q1-2006	Q2-2006	Q3-2006	Q4-2006	Q1-2007
Palestinian Trade with Israel (in million US \$)							
Trade in goods							
Exports	85	65	60	68	65	65	79
Imports	418	506	513	507	484	497	488
Balance	-333	-441	-453	-439	-419	-432	-409
Trade in Services							
Exports	45	31	26	29	30	32	30
Imports	91	69	71	65	60	67	76
Balance	-46	-38	-45	-36	-30	-36	-45
Total							
Exports	130	96	86	97	95	97	109
Imports	509	575	584	572	544	564	564
Balance	-379	-479	-498	-475	-449	-468	-454
Source: Israeli Central Bureau of statistics							

The Palestinian negative balance of payment in terms of its trade with Israel saw some improvement in the first quarter of 2007. The fact that this improvement was primarily caused through an increase of goods exports to Israel would suggest that this positive development reflects the improved performance of Karni during the first quarter of 2007. The Israel Central Bureau of Statistics has not yet published its data for the second quarter of 2007.



PRIVATE SECTOR AND BANKING UPDATE – JULY 2007

- 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	Feb-07	Mar-07	Apr-07	May-07	June-07	Jul-07
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	20	13	17	13	8	2
Private Limited	46	18	14	24	5	12	6
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	212	38	27	41	18	20	8
West Bank							
Private	66	38	34	29	28	21	37
Private Limited	163	81	46	49	27	41	47
Public Limited	0	0	0	0	1	0	0
Foreign	0	1	1	0	1	0	1
Total	229	120	81	78	57	62	85
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. The data for July 2007 indicates an increasing gap between Gaza and the West Bank, with Gaza new company registrations declining by 60 percent in the past month while increasing by 37 percent in the West Bank.

Indicator	Baseline Aug-00	Feb-07	Mar-07	Apr-07	May-07	June-07	Jul-07
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	6,570	16,150	16,050	9,460	5,365	5,680
Gaza	50,116	13,355	17,580	9,770	19,750	5,930	13,490
Al Wastah	15,984	3,285	1,755	11,345	4,530	3,650	3,820
Khan Younis	51,146	7,255	15,100	5,240	4,540	4,600	2,550
Rafah	39,429	5,210	6,575	3,890	5,070	2,840	3,770
Gaza Strip Total	184,577	35,675	57,160	46,295	43,350	22,385	29,310
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Feb-07	Mar-07	Apr-07	May-07	June-07	Jul-07
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		19,274	42,043	64,358	49,852	56,083	38,424
Nablus		26,508	19,991	30,321	45,875	29,736	51,635
Tulkarm		9,887	14,080	20,504	28,597	27,456	35,339
Hebron		15,523	23,684	40,578	37,677	56,353	21,224
Bethlehem		3,669	9,614	18,318	15,192	22,172	12,351
Jenin		8,272	7,914	11,603	9,988	12,941	6,849
Qalqilya		3,697	5,526	7,981	4,605	6,596	4,102
Salfit		0	0	0	0	0	0
Total	345,685	86,830	122,852	193,663	191,786	211,337	169,924
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. July 2007 data indicates that the slight recovery observed in June has not continued as new construction licenses dropped by just under 20 percent in the West Bank. In Gaza there was a slight increase but the absolute number is still well below the figures achieved in the early months of 2007.

Indicator	Baseline Q2-00	Q1-06	Q2-06	Q3-06	Q4-06	Q1-2007	Q2-2007
Area licensed for new construction (by region and by type, x 1000 m²)							
Non-residential							
West Bank	122.0	130.1	132.0	113.1	59.5	95.2	107.0
Gaza Strip	5.5	9.8	17.6	2.0	2.9	12.2	3.0
Total Palestinian territory	127.5	139.9	149.6	115.1	62.4	107.4	110.0
Residential							
West Bank	543.3	589.4	491.9	356.6	286.1	269.4	330.4
Gaza Strip	68.9	50.4	48.6	40.0	16.4	27.9	17.7
Total Palestinian territory	612.2	639.8	540.5	396.6	302.5	297.3	348.1
Source: PCBS							

If disaggregated by type, it appears that the slow growth in non-residential construction is slowing down while the slump in residential construction has reached its deepest point and some rebounding of residential construction is foreseeable, particularly in the West Bank.

Indicator	Baseline Jun-00	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07
Bank Credit							
Bank Credit by economic activity (x million US\$)							
Agriculture	20	14	23	16	15	18	19
Manufacturing & Mining	123	109	111	111	117	113	111
Construction	145	192	208	213	209	218	226
General Trade	349	364	387	355	365	365	379
<i>Internal Trade</i>	<i>235</i>	<i>242</i>	<i>262</i>	<i>234</i>	<i>233</i>	<i>240</i>	<i>254</i>
<i>External Trade</i>	<i>114</i>	<i>122</i>	<i>125</i>	<i>121</i>	<i>132</i>	<i>125</i>	<i>125</i>
<i>Exports</i>	<i>8</i>	<i>17</i>	<i>18</i>	<i>18</i>	<i>20</i>	<i>20</i>	<i>20</i>
<i>Imports</i>	<i>106</i>	<i>105</i>	<i>107</i>	<i>104</i>	<i>112</i>	<i>105</i>	<i>105</i>
Transportation	45	53	53	69	46	54	54
Tourism, Hotels & Restaurants	33	23	25	24	24	26	26
Public Services	52	144	152	162	164	167	166
Financial Services	28	93	96	102	104	111	109
Purchase of Securities	10	3	3	3	3	3	2
Miscellaneous	429	831	807	835	856	842	809
GRAND TOTAL	1,234	1,827	1,865	1,891	1,903	1,916	1,902
TOTAL excluding miscellaneous and public services	752	851	906	893	883	907	927
Bank Credit by economic activity (as percentage of total)							
Agriculture	2%	1%	1%	1%	1%	1%	1%
Manufacturing & Mining	10%	6%	6%	6%	6%	6%	6%
Construction	12%	11%	11%	11%	11%	11%	12%
General Trade	28%	20%	21%	19%	19%	19%	20%
Transportation	4%	3%	3%	4%	2%	3%	3%
Tourism, Hotels & Restaurants	3%	1%	1%	1%	1%	1%	1%
Public Services	4%	8%	8%	9%	9%	9%	9%
Financial Services	2%	5%	5%	5%	5%	6%	6%
Purchase of Securities	1%	0%	0%	0%	0%	0%	0%
Miscellaneous	35%	46%	43%	44%	45%	44%	43%
Total	100%	100%	100%	100%	100%	100%	100%
Bank Credit by economic activity excluding miscellaneous and public services(as percentage of total)							
Agriculture	3%	3%	2%	2%	2%	2%	2%
Manufacturing and Mining	16%	12%	12%	13%	12%	12%	12%
Construction	19%	23%	24%	24%	24%	24%	24%
General Trade	46%	43%	40%	41%	40%	40%	41%
<i>Internal Trade</i>	<i>31%</i>	<i>29%</i>	<i>26%</i>	<i>26%</i>	<i>26%</i>	<i>26%</i>	<i>27%</i>
<i>External Trade</i>	<i>15%</i>	<i>14%</i>	<i>14%</i>	<i>15%</i>	<i>14%</i>	<i>14%</i>	<i>14%</i>
<i>Exports</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>
<i>Imports</i>	<i>14%</i>	<i>12%</i>	<i>12%</i>	<i>13%</i>	<i>12%</i>	<i>12%</i>	<i>11%</i>
Transportation	6%	6%	8%	5%	6%	6%	6%
Tourism, Hotels & Restaurants	4%	3%	3%	3%	3%	3%	3%
Financial Services	4%	11%	11%	12%	12%	12%	12%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Data on bank credit indicates that intra-sectoral trends have not changed much over the past six periods (the Palestine Monetary Authority provides adjusted monthly data once per every three months). In relative terms, both the general trade and construction sectors show a slight increase in its use of credit providing a first tentative signal of recovery after months of decline. Bank credit to the public sector has more than tripled if compared with the pre-*Intifada* period while the miscellaneous category (primarily encompassing credit to consumers) has doubled over the same period. If compared with the pre-*Intifada* period total bank credit has increased by 54 percent (the increase is only 23 percent if we exclude the public services and miscellaneous categories).

Indicator	Baseline Jun-00	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07
Bank Credit							
Bank Credit by type (x million US\$)							
Loans	512	1,179	1,187	1,201	1,191	1,198	1,207
Overdrafts	653	638	668	680	702	705	681
Leasing	0	10	11	11	10	11	11
BA & Discounted Bills	69	0.07	0.07	0.07	0.01	2	3.56
Total	1,234	1,827	1,865	1,891	1,903	1,916	1,902
Bank Credit by type (as percentage of total)							
Loans	41%	65%	64%	63%	63%	63%	63%
Overdrafts	53%	35%	36%	36%	37%	37%	36%
Leasing	0%	1%	1%	1%	1%	1%	1%
BA & Discounted Bills	6%	0%	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Disaggregating bank credit by the type of credit, confirms the relative stability of the banking sector. The trend of overdrafts replacing formal loans has continued in the second quarter of 2007. Loans currently represent 63 percent of all credit extended compared to only 41 percent in the pre-Intifada period.

Indicator	Baseline Jun-00	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07
Bank Credit							
Bank Credit by borrowing entity (x million US\$)							
Businesses	752	851	906	893	883	907	927
Consumers	429	831	807	835	856	842	809
Public Agencies	52	144	152	162	164	167	166
Total	1,234	1,827	1,865	1,891	1,903	1,916	1,902
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	47%	49%	47%	46%	47%	49%
Consumers	35%	46%	43%	44%	45%	44%	43%
Public Agencies	4%	8%	8%	9%	9%	9%	9%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Disaggregating bank credit by the borrowing entity indicates that consumer borrowing has not significantly changed during the past 18 month period. Even though one would have expected some increase following the difficulties experienced by the PA in paying salaries such an increase in demand is not necessarily accompanied by an increase in credit supply. Compared to pre-Intifada levels, consumer borrowing has almost doubled indicating that increased economic hardship has resulted in increased use of credit facilities for consumption purposes.

Indicator	Baseline Aug-00	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Jun -07
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	57.8	58.8	63.1	65.0	63.5	61.8
Time Deposits	49.7	43.2	42.1	44.2	47.9	48.8	56.5
Sub-total	73.6	101.0	100.9	107.3	112.9	112.3	118.3
Government							
Current Accounts	39.8	88.8	96.8	154.9	121.7	113.2	255.9
Time Deposits	74.8	183.6	178.8	177.9	173.8	187.1	86.1
Sub-total	114.6	272.5	275.5	332.8	295.6	300.3	342.0
Total Public sector deposits	188.2	373.5	376.4	440.1	408.5	412.6	460.3
Distribution of Private sector deposits by residency and type (x million US\$)							
Residents							
Current Accounts	865.3	1,234.6	1,219.4	1,238.7	1,255.4	1,244.7	1,283.8
Savings Accounts	454.3	904.7	914.6	918.3	932.3	943.2	966.1
Time Deposits	2,084.3	1,605.8	1,601.9	1,636.0	1,678.7	1,712.1	1,703.1
Sub-total	3,403.9	3,745.1	3,735.9	3,793.0	3,866.5	3,900.0	3,953.0
Non-Residents							
Current Accounts	9.5	99.3	28.9	29.6	29.8	27.4	30.0
Savings Accounts	3.6	13.0	12.8	12.7	12.9	13.0	14.0
Time Deposits	22.8	47.6	48.5	48.1	48.6	49.4	50.9
Sub-total	35.9	159.9	90.2	90.4	91.3	89.8	94.9
Total Private sector deposits	3,439.8	3,904.9	3,826.1	3,883.4	3,957.8	3,989.8	4,047.9
Total Deposits (public and private)	3,628.0	4,278.4	4,202.6	4,323.5	4,366.2	4,402.4	4,508.2
Source: PMA							

Similar to bank credits, bank deposits data indicates that the banking sector is relatively stable with deposits increasing slowly but steadily.

Indicator	Baseline Jun-00	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07
Value of Loans and Deposits (x million US\$)							
Total Loans	1,234	1,827	1,865	1,891	1,903	1,916	1,902
Total Deposits	3,328	4,512	4,390	4,514	4,657	4,876.6	4,997
Loans/Deposits (ratio)	37.06%	40.49%	42.49%	41.89%	40.87%	39.29%	38.06%
Source: PMA							

In a normal functioning economy an increase in the loans versus deposits ratio would be a good sign as monies are not saved but invested or consumed, each of which is a stimulant for the economy. Over the past year, this ratio has steadily declined (by 11 percent) in the oPt signaling little optimism concerning the Palestinian economy which limits appetite for domestic investment and thus increases deposits. The fact that banks stopped issuing loans to PA employees and instead attempted to limit their risk by withholding part of the TIM and partial salary payments to service existing loans in the later half of 2006 and first half of 2007 further explains the continued decline in the ratio over this period.