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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – JUNE 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 – JUNE 2008

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	Q4-2006	Q4-2007 (budget)
2. GDP per capita (\$US)	1,067.5			2. Expenditure	235	104	332
3. GDP growth rate	- 6.6 %			3. Net lending	235	220	457
4. GNI	4,521,500,000			4. Balance	0	68	125
				5. External Budget support (including TIM)	0	-184	-250
					0	178	250
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	May-2008	Jun-2008		Q2-2000	Q1-2008	Q2-2008
1. Consumer Price Index ²				1. New Company Registrations			
Total		120.57	121.28	Total	568	280	357
West Bank		120.45	121.20	West Bank	288	280	334
Gaza Strip		124.39	125.17	Gaza Strip	280	0	23
2. Truck movement ³				2. Area Licensed for new Construction (dunums)	Q2-2000	Q3-2007	Q4-2007
<u>Imports</u>	Aug-2000	May-2008	Jun-2008	Total	739.7	517	399.3
Karni	4,373	551	774	West Bank	665.3	438	386.2
Sufa	4,384	935	1,083	Gaza Strip	74.4	79	13.1
Rafah	953	0	0	3. Banking (US\$ thousands)	Q2-2000	Q4-2007	Q1-2008
Kerem Shalom	0	0	0	Loans	1,234	1,758	1,777
Nahal Oz	904	190	237	Deposits	3,328	5,702	6,067
<u>Exports</u>				Loans/Deposits Ratio	37.1 %	30.84%	29.29%
Karni	2,460	0	0				
Kerem Shalom	0	0	0				
Source: PCBS (1), Ministry of National Economy				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	Q2-2007	Q3-2007		Aug-2000	May -2008	Jun -2008
1. Labour Force size				1. Effective closure days ⁵			
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 ⁴	18.5 %	25.8 %	29.1%	Rafah (commercial)	0 %	100%	100%
				Nahal Oz (fuel)	0 %	56 %	36 %
				Kerem Shalom	0 %	100 %	100 %
Source: PCBS				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.

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 excluding weekend and holidays.



MACRO-ECONOMIC UPDATE – JUNE 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

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Indicator	Baseline Aug-00	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Exchange Rate							
Exchange Rate	4.05	3.78	3.59	3.56	3.53	3.39	3.34
Source: PCBS							

The exchange rate between the US dollar and the NIS has continued its decrease in June, 2008. The declining dollar could benefit the Palestinian economy, as it could make imports cheaper.

Indicator	Baseline Aug-00	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-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	650.0	283.5	343.0	135.0	203.5	291.0
Benzene 96 (Liter)	2,310.6	0.0	0.0	0.0	0.0	0.0	0.0
Gasoline (Liter)	11,342.6	5,058.6	2,795.0	3,806.0	1,306.4	2,377.0	4,137.5
Gas (Ton)	1.9	5.0	5.4	6.3	2.2	3.0	3.0
White Gasoline (Liter)	243.1	0.0	192.0	0.0	0.0	0.0	0.0
Source: General Petroleum Corporation and Ministry of Finance							

Registered fuel sales in the Gaza Strip increased in June 2008, when compared to May. A significant factor for this increase is that number of effective closure days were less in June (4 effective & 5 partial) than in May (7 effective & 7 partial).

Indicator	Baseline Aug-04	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food and soft drinks		124.67	126.73	131.81	135.30	134.13	134.94
Alcoholic Beverages and tobacco		121.88	121.83	121.97	122.24	121.64	123.12
Textiles, clothing and footwear		98.44	99.95	97.94	99.95	100.79	101.32
Housing		119.29	120.01	120.35	121.23	122.03	122.32
Furniture, household goods		100.80	102.58	101.58	101.79	103.46	104.10
Medical care		112.71	113.05	114.18	114.10	114.13	114.17
Transportation		117.49	117.53	118.22	120.03	121.20	124.07
Communications		111.17	110.61	110.73	110.81	111.17	109.47
Recreational, cultural goods & services		98.17	98.13	97.71	97.48	99.06	99.24
Education		98.43	98.43	99.16	99.16	99.25	99.20
Restaurants and cafes		120.37	120.78	122.50	123.63	127.22	127.90
Miscellaneous goods and services		109.66	108.15	108.17	108.31	109.11	109.03
All items of consumer price index		115.78	116.77	118.69	120.46	120.57	121.28
Major Groups of Expenditure (Jerusalem)							
Food and soft drinks		121.54	122.73	124.93	129.06	128.57	129.09
Alcoholic Beverages and tobacco		109.02	109.02	108.73	109.24	107.84	110.57
Textiles, clothing and footwear		102.50	100.62	96.75	99.55	100.45	100.24
Housing		116.71	117.38	118.05	118.10	118.45	119.07
Furniture, household goods		96.08	98.47	94.41	94.69	96.39	95.35
Medical care		114.30	113.49	116.70	116.74	119.34	121.58
Transportation		122.08	122.07	121.94	122.67	123.67	125.51
Communications		106.86	106.86	106.72	107.07	107.40	107.35
Recreational, cultural goods & services		99.41	99.19	98.28	98.19	99.60	99.86
Education		104.94	104.94	104.94	104.94	104.94	104.94
Restaurants and cafes		135.70	136.24	137.84	137.00	141.33	141.24
Miscellaneous goods and services		107.09	107.39	106.80	106.31	107.15	107.44
All items of consumer price index		114.42	114.91	115.24	116.89	117.33	117.96
Major Groups of Expenditure (Rest of the West Bank)							
Food and soft drinks		126.69	128.24	131.64	134.90	132.82	134.13
Alcoholic Beverages and tobacco		115.31	115.16	114.97	115.17	115.38	115.75
Textiles, clothing and footwear		94.64	100.38	98.90	100.29	100.79	101.05
Housing		128.72	129.74	129.62	131.64	131.64	130.66
Furniture, household goods		101.51	103.69	104.62	104.50	104.05	104.35
Medical care		108.77	108.94	110.53	109.92	108.90	108.71
Transportation		116.92	116.97	116.40	118.72	119.25	122.15
Communications		111.31	109.52	109.82	109.76	110.29	109.78
Recreational, cultural goods & services		92.30	92.86	92.95	92.77	94.29	94.08
Education		89.01	89.01	90.41	90.41	90.59	90.61
Restaurants and cafes		113.54	114.38	117.49	121.00	124.40	125.13
Miscellaneous goods and services		110.75	110.23	111.90	112.24	112.47	113.10
All items of consumer price index		116.55	117.75	119.23	121.08	120.45	121.20
Major Groups of Expenditure (Gaza Strip)							
Food and soft drinks		125.28	129.19	136.95	141.72	142.68	142.74
Alcoholic Beverages and tobacco		137.70	137.46	142.92	142.92	142.11	143.58
Textiles, clothing and footwear		97.58	97.86	98.75	98.35	100.92	102.80
Housing		112.38	111.63	111.47	111.92	114.80	116.52
Furniture, household goods		109.15	110.01	110.26	111.23	115.29	118.26
Medical care		106.20	108.15	106.47	106.41	104.89	103.07
Transportation		115.05	115.74	119.98	120.57	123.38	127.22
Communications		110.80	111.02	110.84	110.84	111.63	107.64
Recreational, cultural goods & services		97.21	96.98	97.41	96.83	96.54	97.50
Education		101.71	101.71	101.71	101.71	101.16	101.07
Restaurants and cafes		125.32	122.04	122.04	123.45	125.63	129.68
Miscellaneous goods and services		109.15	106.26	107.50	108.91	110.19	109.18
All items of consumer price index		115.87	117.27	120.99	123.05	124.39	125.17
Source: PCBS							

The Palestinian CPI figures for June 2008 show an increase of .58% from May 2008. CPI increased in the West Bank by .61%, and .62 % in the Gaza Strip. If compared to June 2007, the CPI has risen by 10.5% in the oPt, 10.9% in the West Bank, and 14.9% in the Gaza Strip. It is worth noting that construction related costs have increased markedly since May 2008 as a result of the announcement of major housing projects at the Bethlehem Investment Conference.

Indicator	Baseline Aug-00	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	401	572	1,035	298	551	774
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	0	575	0	897	757	0	0
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	317	808	875	943.5	935	1,083
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	395	346	365	129	190	237
Source: Baseline: Ministry of National Economy; Paltrade , General Petroleum Corporation and Ministry of Finance							

Truck movement to Gaza has been restricted to the import of limited humanitarian supplies since 12 June 2007. Exports were suspended at the same time with only approximately 78 truckloads of strawberries and flowers grown with the support of the Netherlands exported in December 2007. Compared with May, June data indicates an increase in the total of imported truckloads to the Gaza Strip, by approximately 19.96%. However, if compared to June 2007, the total of imported truckloads has decreased by 58.5%.

Indicator	Baseline Q2-00	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007
Palestinian Trade with Israel (in million US \$)							
Trade in goods							
Exports	85	62	65	76	99	99	97
Imports	418	511	475	514	545	501	487
Balance	-333	-449	-410	-438	-446	-402	-390
Trade in Services							
Exports	45	29	30	32	41	28	35
Imports	91	65	59	72	88	85	64
Balance	-46	-36	-28	-40	-47	-57	-29
Total							
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 negative consequences of the closure of the Gaza crossings for Israel continued. The Israel-oPt trade balance - which had reached almost half a billion per quarter in the early part of 2007 - has dropped by 15 percent since the first quarter of 2007 - primarily as a result of declining imports from Israel into the oPt. A second notable finding is that despite the suspension of exports from Gaza, total oPt exports to Israel remained at the same level as during previous quarters indicating an increase in exports from the West Bank.



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PRIVATE SECTOR AND BANKING UPDATE – JUNE 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	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	0	0	0	0	0	8
Private Limited	46	0	0	0	0	0	15
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	212	0	0	0	0	0	23
West Bank							
Private	66	25	40	44	47	41	40
Private Limited	163	46	57	64	65	73	63
Public Limited	0	1	1	0	0	0	0
Foreign	0	0	1	1	1	3	1
Total	229	72	99	109	113	117	104
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 decreased in June 2008, by approximately 11.11%. However, if compared to pre-Intifada levels new company registrations have dropped by approximately 54.58%. As for Gaza, figures for the Ministry of Economy in Ramallah show that the number of new company registrations has remained Zero, while data for the Ministry of Economy in Gaza indicate 23 new registered companies for the month of June. The expectations for the possible impact of the Calm have raised optimism among business people in Gaza. As a result, a number of company owners have reactivated their registration.

Indicator	Baseline Aug-00	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	840	1,930	750	1,460	1,600	1,410
Gaza	50,116	1,600	5,370	1,720	2,150	710	2,650
Al Wastah	15,984	810	1,500	850	740	520	680
Khan Younis	51,146	870	1,100	1,350	950	610	500
Rafah	39,429	1,500	2,900	3,400	4,425	2,760	2,480
Gaza Strip Total	184,577	5,620	12,800	8,070	9,725	6,200	7,720
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		37,023	38,439	65,993	50,344	46,821	42,276
Nablus		10,557	28,915	31,256	32,596	38,686	24,433
Tulkarm		3,112	13,540	16,691	29,636	30,911	14,923
Hebron		1,525	23,061	15,217	32,696	35,410	41,284
Bethlehem		1,046	8,822	11,623	9,786	15,278	10,313
Jenin		4,153	14,246	9,692	10,195	12,643	10,399
Qalqilya		398	5,375	10,883	6,972	4,261	3,028
Salfit		0	0	0	0	0	0
Total	345,685	57,814	132,398	161,355	172,225	184,010	146,656
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 May, areas licensed for new construction for the West Bank decreased in June by 6.4%. However, if compared with pre-Intifada levels, areas licensed for new constructions have dropped by approximately 57.6%. As for the Gaza Strip, areas licensed for new construction have increased by 21.11% in June, but if compared to June 2007, area licensed for new construction in Gaza has sharply dropped by 65.5%.

Indicator	Baseline Q2-00	Q3-06	Q4-06	Q1-2007	Q2-2007	Q3-2007	Q4-2007
Area licensed for new construction (by region and by type, x 1000 m²)							
Non-residential							
West Bank	122.0	113.1	59.5	95.2	107.0	94.7	46.3
Gaza Strip	5.5	2.0	2.9	12.2	3.0	64.9	0.5
Total Palestinian territory	127.5	115.1	62.4	107.4	110.0	159.6	46.8
Residential							
West Bank	543.3	356.6	286.1	269.4	330.4	343.3	339.9
Gaza Strip	68.9	40.0	16.4	27.9	17.7	14.1	12.6
Total Palestinian territory	612.2	396.6	302.5	297.3	348.1	357.4	352.5
Source: PCBS							

If disaggregated by type, and if compared with Q3-2007, it appears that in Q4-2007 non-residential construction decreased in the oPt by 70.6%, while residential construction slightly decreased by 1.41%.

Indicator	Q1-08	
Bank Credit		
Bank Credit by economic activity (x million US\$)		
Agriculture	26	
Manufacturing & Mining	89	
Real estate and Lands	195	
General Trade	277	
Transportation	12	
Tourism, Hotels & Restaurants	43	
Public Services	152	
Financial Services	135	
Financing granted to the investment of the shares	5	
Facilitations granted to financial institutions	5	
Total Public Sector	501	
Financing for consuming purposes	245	
Others in the private sector	92	
GRAND TOTAL	1,777	
Total Excluding theirs in the Public Services and Total Public Sector	1,124	
Bank Credit by economic activity (as percentage of total)		
Agriculture	1%	
Industry & Mining	5%	
Real estate and Lands	11%	
General Trade	16%	
Transportation	1%	
Tourism, Hotels & Restaurants	2%	
Public Services	9%	
Financial Services	8%	
Financing granted to the investment of the shares	0%	
Facilitations granted to financial institutions	0%	
Total Public Sector	28%	
Financing for consuming purposes	14%	
Others in the private sector	5%	
Total	100%	
Bank Credit by Economic Branch (excluding Total public sector and Public Services) (% of total)		
Agriculture	2%	
Manufacturing and Mining	8%	
Real estate and Lands	17%	
General Trade	25%	
Tourism, Hotels & Restaurants	1%	
Transportation	4%	
Financial Services	12%	
Financing granted to the investment of the shares	0%	
Facilitations granted to financial institutions	0%	
Financing for consuming purposes	22%	
Others in the private sector	8%	
Total	100%	
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 has adjusted the indicators for bank credit by economic activities starting Q1-2008. Due to such significant changes, it is not accurate to observe trends and developments and compare it to previous quarters using the old system.

Indicator	Baseline Jun-00	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
Bank Credit							
Bank Credit by type (x million US\$)							
Loans	512	1,191	1,198	1,207	1,148	1,094	1,061
Overdrafts	653	702	705	681	667	649	701
Leasing	0	10	11	11	11	11	11
BA & Discounted Bills	69	0.01	2	3.56	4	5	4
Total	1,234	1,903	1,916	1,902	1,829	1,758	1,777
Bank Credit by type (as percentage of total)							
Loans	41%	63%	63%	63%	63%	62%	60%
Overdrafts	53%	37%	37%	36%	36%	37%	39%
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. Loans have decreased by 2%, and overdrafts have increased by 2%.

Indicator	Baseline Jun-00	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
Bank Credit							
Bank Credit by borrowing entity (x million US\$)							
Businesses	752	883	907	927	1,010	987	1,124
Consumers	429	856	842	809	651	609	501
Public Services	52	164	167	166	168	163	152
Total	1,234	1,903	1,916	1,902	1,829	1,758	1,777
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	46%	47%	49%	55%	56%	63%
Consumers	35%	45%	44%	43%	36%	35%	28%
Public Services	4%	9%	9%	9%	9%	9%	9%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Disaggregating bank credit by the borrowing entity shows that consumer lending declined significantly in the first quarter of 2008. The drop is by 16% compared to the first quarter of 2007. One of the most likely reasons for this development is the continued risk-adverse stance of Palestinian banks.

Indicator	Baseline Aug-00	Feb-07	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
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	65.0	63.5	61.8	75.9	71.0	75.1
Time Deposits	49.7	47.9	48.8	56.5	70.4	73.0	69.5
Sub-total	73.6	112.9	112.3	118.3	146.3	144.0	144.7
Government							
Current Accounts	39.8	121.7	113.2	255.9	168.9	177.7	206.7
Time Deposits	74.8	173.8	187.1	86.1	175.2	183.3	181.3
Sub-total	114.6	295.6	300.3	342.0	344.1	361.0	388.1
Total Public sector deposits	188.2	408.5	412.6	460.3	490.4	505.0	532.7
Distribution of Private sector deposits by residency and type (x million US\$)							
Residents							
Current Accounts	865.3	1,255.4	1,244.7	1,283.8	1,459.9	1,502.7	1,610.3
Savings Accounts	454.3	932.3	943.2	966.1	1,020.1	1,126.9	1,264.0
Time Deposits	2,084.3	1,678.7	1,712.1	1,703.1	1,780.7	1,848.3	1,884.2
Sub-total	3,403.9	3,866.5	3,900.0	3,953.0	4,260.8	4,477.9	4,758.5
Non-Residents							
Current Accounts	9.5	29.8	27.4	30.0	36.6	39.5	40.5
Savings Accounts	3.6	12.9	13.0	14.0	13.9	15.5	16.3
Time Deposits	22.8	48.6	49.4	50.9	52.8	62.0	58.3
Sub-total	35.9	91.3	89.8	94.9	103.3	117.0	115.1
Total Private sector deposits	3,439.8	3,957.8	3,989.8	4,047.9	4,364.1	4,594.9	4,873.6
Total Deposits (public and private)	3,628.0	4,366.2	4,402.4	4,508.2	4,854.4	5,099.9	5,406.3
Source: PMA							

Bank deposit data for the fourth quarter in 2007 indicates a continued sizeable increase in private sector deposits (both in terms of public and private sector bank deposits). Compared with the fourth quarter of 2007, bank deposits in January 2008 showed an increase of 5.66 percent.

Indicator	Baseline Jun-00	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
Value of Loans and Deposits (x million US\$)							
Total Loans	1,234	1,903	1,916	1,902	1,829	1,758	1,777
Total Deposits	3,328	4,657	4,876.6	4,997	5,420	5,702	6,067
Loans/Deposits (ratio)	37.06%	40.87%	39.29%	38.06%	33.75%	30.84%	29.29%
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, stimulating the economy. Between September 2006, and the end of January 2008, this ratio has steadily declined in the oPt signaling little optimism concerning the Palestinian economy which limits appetite for domestic investment and thus increases deposits. The sharp drop since the third quarter of 2007 signals heightened concern with regard to overall economic performance, most likely due to the events in Gaza since June 2007.

Indicator	Baseline Aug-00	Jan-08	Feb-08	Mar-08	Apr-08	May-08	June-08
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	n.a.	37.3	23.5	45.7	57.1	42.8	37.1
Value of shares traded (x million US\$)	n.a.	140.0	78.3	128.7	234.3	182.7	122.3
Indices							
Al-Quds index	n.a.	596.09	599.69	655.22	714	696.70	688.58
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 June 2008 shows a decrease in trade at the stock exchange both in terms of value and number of stocks traded. The Al-Quds index has also declined in June, by approximately 1.17%.