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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – SEPTEMBER 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 – SEPTEMBER 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	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-2000	Aug-2007	Sep-2007		Q2-2000	Q1-2007	Q2-2007
1. Consumer Price Index ²				1. New Company Registrations			
Total	121.95	157.49	158.96	Total	568	388	276
West Bank	122.44	159.91	161.07	West Bank	288	294	197
Gaza Strip	121.35	147.35	149.66	Gaza Strip	280	94	79
2. Truck movement ³				2. Area Licensed for new Construction (dunums)	Q2-2000	Q1-2007	Q2-2007
<u>Imports</u>	Aug-2000	Aug-2007	Sep-2007	Total	739.7	404.7	458.1
Karni	4,373	269	480	West Bank	665.3	364.6	437.4
Sufa	4,384	1,792	646	Gaza Strip	74.4	40.1	20.7
Rafah	953	0	0	3. Banking (US\$ thousands)	Q2-2000	Q2-2007	Q3-2007
Kerem Shalom	0	408	356	Loans	1,234	1,902	1,829
Nahal Oz	904	474	396	Deposits	3,328	4,997	5,420
<u>Exports</u>				Loans/Deposits Ratio	37.1 %	38.06 %	33.75%
Karni	2,460	0	0				
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	Q2-2007	Q3-2007		Aug-2000	Aug-2007	Sep-2007
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 %	15%	22%
				Kerem Shalom	0 %	33%	43%
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 – SEPTEMBER 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

For further information please contact:

Ramallah: *Bushra Mukbil*

mukbil@un.org

Gaza Strip: *Raed Raqeb*

raqeb@un.org

Indicator	Baseline Aug-00	Apr-07	May-07	June-07	Jul-07	Aug-07	Sep-07
Exchange Rate							
Exchange Rate	4.05	4.10	4.00	4.17	4.25	4.23	4.09
Source: PCBS							

The exchange rate between the US\$ and the NIS dropped again in September to levels similar to Q1-2007. The declining dollar will benefit the Palestinian economy as imports will become cheaper.

Indicator	Baseline Aug-00	Apr-07	May-07	June-07	Jul-07	Aug-07	Sep-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	1,092.4	1,347.0	963.0	937.1	1,172.9	925.5
Benzene 96 (Liter)	2,310.6	368.0	381.7	263.5	158.6	309.4	319.4
Gasoline (Liter)	11,342.6	7,430.6	7,932.1	8,672.6	6,409.9	9,170.7	6,225.5
Gas (Ton)	1.9	7.4	7.9	3.4	4.4	3.9	3.9
White Gasoline (Liter)	243.1	0.0	168.8	43.0	92.0	0.0	0.0
Source: General Petroleum Corporation and Ministry of Finance							

Registered fuel sales in the Gaza Strip dropped markedly in September. Declining fuel sales signal a decline in economic activity. Gasoline sales dropped by 32 percent in September.

Indicator	Baseline Aug-00	Apr-07	May-07	June-07	Jul-07	Aug-07	Sep-07
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food	118.92	145.43	145.84	145.9	146.27	151.60	155.10
Beverages and Tobacco	129.14	169.53	169.64	169.67	170.30	183.50	185.50
Textiles, clothing and footwear	124.93	129.58	128.42	128.42	128.50	128.71	128.55
Housing	125.78	159.92	159.90	162.17	166.62	169.12	168.82
Furniture, household goods & services	123.70	131.47	130.80	130.83	130.72	131.06	130.8
Transport and communications	123.45	198.88	200.91	201.74	203.80	204.03	203.67
Education	114.63	137.88	137.75	137.97	137.99	138.34	138.44
Medical care	125.78	148.99	149.17	150.22	150.72	151.56	151.89
Recreational, cultural goods & services	93.86	91.12	91.25	91.21	91.15	90.86	90.97
Miscellaneous goods and services	129.21	169.52	169.21	169.87	169.80	169.90	169.77
All-Items consumer price index	121.95	152.71	152.97	153.36	154.14	157.49	158.96
Major Groups of Expenditure (Jerusalem)							
Food	122.63	153.12	153.31	153.33	156.48	156.93	159.41
Beverages and Tobacco	130.91	169.06	169.4	169.4	171.13	170.93	172.15
Textiles, clothing and footwear	119.18	144.2	143.09	143.09	144.34	144.76	144.89
Housing	112.88	134.39	134.32	135.46	140.23	140.44	139.95
Furniture, household goods & services	136.10	155.9	155.77	155.79	155.90	156.33	156.00
Transport and communications	131.63	177.54	179.22	179.92	183.03	183.36	182.68
Education	108.70	138.83	138.49	138.65	138.65	138.71	138.71
Medical care	114.91	147.81	147.93	148.33	148.71	149.11	149.32
Recreational, cultural goods & services	88.54	103.09	103.3	103.3	102.83	102.80	102.8
Miscellaneous goods and services	126.54	156.46	156.77	157.29	155.44	155.51	155.24
All-Items consumer price index	122.76	153.87	154.11	154.37	156.55	156.87	157.73
Major Groups of Expenditure (Rest of the West Bank)							
Food	118.25	142.48	143.9	144.67	144.51	150.98	155.12
Beverages and Tobacco	127.26	171.96	172	172.11	172.45	172.82	172.96
Textiles, clothing and footwear	123.53	127.49	125.29	125.24	124.80	124.97	124.06
Housing	127.28	163.64	163.65	166.28	171.11	174.89	174.72
Furniture, household goods & services	119.19	126.94	124.97	125.11	124.77	124.4	123.49
Transport and communications	127.03	219.2	220.81	221.78	223.82	224.18	221.40
Education	120.62	147.63	147.5	147.6	147.61	148.02	148.04
Medical care	138.73	158	158.27	160.68	161.19	162.11	162.04
Recreational, cultural goods & services	98.11	83.16	82.63	82.58	82.41	82.43	82.62
Miscellaneous goods and services	125.54	176.23	174.63	174.94	176.15	176.62	176.67
All-Items consumer price index	122.44	155.28	155.60	156.36	156.92	159.91	161.07
Major Groups of Expenditure (Gaza Strip)							
Food	116.38	144.76	145.05	146.54	142.18	150.41	155.14
Beverages and Tobacco	130.23	166.07	166.07	166.09	166.24	195.66	198.61
Textiles, clothing and footwear	135.87	119.34	119.33	119.35	118.95	119.05	119.23
Housing	129.45	143.76	143.52	147.22	151.06	154.91	154.54
Furniture, household goods & services	115.49	112.43	111.24	112.73	112.56	113.52	113.94
Transport and communications	115.61	150.97	153.15	153.8	155.00	155.18	155.36
Education	118.84	137.65	137.99	138.49	138.59	139.71	140.2
Medical care	133.83	157.22	157.22	157.21	157.93	158.89	159.67
Recreational, cultural goods & services	101.78	88.14	88.47	88.41	88.45	87.34	87.45
Miscellaneous goods and services	131.43	147.07	147.57	148.77	148.94	150.11	150.16
All-Items consumer price index	121.35	141.35	141.65	142.85	141.42	147.35	149.66
Source: PCBS							

In September 2007, the Palestinian Consumer Price Index (CPI) continued to increase (0.9 percent). This increase was primarily due to Gaza where the CPI increased (1.4 percent) twice as fast as in the West Bank (0.7 percent). An interesting observation however is that food prices in the West Bank rise as fast as those in the Gaza Strip (3.1 percent). Since July, food prices in the Gaza Strip have risen by nearly 10 percent.

Indicator	Baseline Aug-00	Apr-07	* May-07	June-07	Jul-07	Aug-07	Sep-07
Truck Movement							
Karni commercial crossing							
Truck Loads Exports Israel	428	609	284				
Truck Loads Imports From Israel	2,466	2,746	1,702	Data not available	Data not available	Data not available	Data not available
Truck Loads Exports (WB)	564	219	147				
Total Truck Loads Imports (WB)	457	656	400				
Truck Loads Exports (Abroad)	n.a	191	22				
Total Truck Loads Imports (Abroad)	n.a	553	488				
Total Truck Loads Exports	992	1,019	453	315	0	0	0
Total Truck Loads Imports	2,923	3,955	2,590	4,185	348	269	480
Total Truck Loads Exports and Imports	3,915	4,974	3,043	4,500	348	269	480
Sufa commercial crossing (gravel only until May, from June onwards no aggregates but humanitarian supplies only)							
Total Truck Loads Imports	4,384	430	1,711	85	2551	1,792	646
Gravel Tons	175,342	17,212	68,432	0	0	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	556	586	586	523	474	396
Source: Ministry of National Economy (except for June, July and August: Paltrade)							
* Because of the recent events in Gaza, data for Karni is not available from the PA Ministry of National Economy as of 25 May 2007. Data included in the column for May 2007 in this table excludes the last 6 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 356 truckloads of humanitarian supplies were imported in September 2007 through the Kerem Shalom crossing point. Overall though, the total number of imported truckloads in September dropped 40 percent if compared with August 2007.

Indicator	Baseline Q2-00	Q1-2006	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007
Palestinian Trade with Israel (in million US \$)							
Trade in goods							
Exports	85	60	68	65	65	89	68
Imports	418	512	507	484	497	491	499
Balance	-333	-452	-439	-419	-432	-402	-431
Trade in Services							
Exports	45	26	29	31	32	34	29
Imports	91	72	63	60	69	83	100
Balance	-46	-46	-34	-29	-37	-49	-71
Total							
Exports	130	86	97	96	97	123	97
Imports	509	584	570	544	566	574	599
Balance	-379	-498	-473	-448	-469	-451	-502
Source: Israeli Central Bureau of statistics							

The Palestinian negative balance of payment in terms of its trade with Israel declined sharply in the second quarter of 2007. The 11 percent drop in the second quarter of 2007 has resulted in the Palestinian balance of payment deficit for trade with Israel to top half a billion US\$ for the quarter. On an annual basis this would mean that Palestinians import over 2 billion more from Israel than they export to Israel.



PRIVATE SECTOR AND BANKING UPDATE – SEPTEMBER 2007

- 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	Apr-07	May-07	June-07	Jul-07	Aug-07	Sep-07
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	17	13	8	2	5	5
Private Limited	46	24	5	12	6	4	4
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	212	41	18	20	8	9	9
West Bank							
Private	66	29	28	21	37	36	19
Private Limited	163	49	27	41	47	49	47
Public Limited	0	0	1	0	0	0	0
Foreign	0	0	1	0	1	1	0
Total	229	78	57	62	85	86	66
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 number of new company registrations in the West Bank continued to drop in September 2007. Overall, for Gaza and the West Bank combined, total number of new company registrations in September amounted to only 17 percent if compared with the pre-Intifada level.

Indicator	Baseline Aug-00	Apr-07	May-07	June-07	Jul-07	Aug-07	Sep-07
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	16,050	9,460	5,365	5,680	3,350	680
Gaza	50,116	9,770	19,750	5,930	13,490	3,770	6,250
Al Wastah	15,984	11,345	4,530	3,650	3,820	2,150	740
Khan Younis	51,146	5,240	4,540	4,600	2,550	2,000	5,750
Rafah	39,429	3,890	5,070	2,840	3,770	1,450	3,500
Gaza Strip Total	184,577	46,295	43,350	22,385	29,310	12,720	16,920
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Apr-07	May-07	June-07	Jul-07	Aug-07	Sep-07
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		64,358	49,852	56,083	38,424	47,562	56,801
Nablus		30,321	45,875	29,736	51,635	30,087	24,348
Tulkarm		20,504	28,597	27,456	35,339	23,290	19,306
Hebron		40,578	37,677	56,353	21,224	17,769	36,574
Bethlehem		18,318	15,192	22,172	12,351	10,997	5,909
Jenin		11,603	9,988	12,941	6,849	3,690	5,272
Qalqilya		7,981	4,605	6,596	4,102	5,101	5,383
Salfit		0	0	0	0	0	0
Total	345,685	193,663	191,786	211,337	169,924	138,496	153,593
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. September 2007 data indicates a slight rebound in the construction sector in both the West Bank (10.9 percent) and Gaza Strip (33 percent). If compared to pre-Intifada levels however, the number of dunums licensed for construction has dropped considerably (West Bank: 55 percent and Gaza: 90 percent)

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							

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	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Bank Credit							
Bank Credit by economic activity (x million US\$)							
Agriculture	20	23	16	15	18	19	20
Manufacturing & Mining	123	111	111	117	113	111	126
Construction	145	208	213	209	218	226	241
General Trade	349	387	355	365	365	379	396
<i>Internal Trade</i>	235	262	234	233	240	254	266
<i>External Trade</i>	114	125	121	132	125	125	130
<i>Exports</i>	8	18	18	20	20	20	25
<i>Imports</i>	106	107	104	112	105	105	105
Transportation	45	53	69	46	54	54	94
Tourism, Hotels & Restaurants	33	25	24	24	26	26	26
Public Services	52	152	162	164	167	166	168
Financial Services	28	96	102	104	111	109	99
Purchase of Securities	10	3	3	3	3	2	9
Miscellaneous	429	807	835	856	842	809	651
GRAND TOTAL	1,234	1,865	1,891	1,903	1,916	1,902	1,829
TOTAL excluding miscellaneous and public services	752	906	893	883	907	927	1,010
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%	7%
Construction	12%	11%	11%	11%	11%	12%	13%
General Trade	28%	21%	19%	19%	19%	20%	22%
Transportation	4%	3%	4%	2%	3%	3%	5%
Tourism, Hotels & Restaurants	3%	1%	1%	1%	1%	1%	1%
Public Services	4%	8%	9%	9%	9%	9%	9%
Financial Services	2%	5%	5%	5%	6%	6%	5%
Purchase of Securities	1%	0%	0%	0%	0%	0%	0%
Miscellaneous	35%	43%	44%	45%	44%	43%	36%
Total	100%	100%	100%	100%	100%	100%	100%
Bank Credit by economic activity excluding miscellaneous and public services(as percentage of total)							
Agriculture	3%	2%	2%	2%	2%	2%	2%
Manufacturing and Mining	16%	12%	13%	12%	12%	12%	12%
Construction	19%	24%	24%	24%	24%	24%	24%
General Trade	46%	40%	41%	40%	40%	41%	39%
<i>Internal Trade</i>	31%	26%	26%	26%	26%	27%	26%
<i>External Trade</i>	15%	14%	15%	14%	14%	14%	13%
<i>Exports</i>	1%	2%	2%	2%	2%	2%	3%
<i>Imports</i>	14%	12%	13%	12%	12%	11%	10%
Transportation	6%	8%	5%	6%	6%	6%	9%
Tourism, Hotels & Restaurants	4%	3%	3%	3%	3%	3%	3%
Financial Services	4%	11%	12%	12%	12%	12%	10%
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, we note a decline in credit in the general trade sector and a simultaneous increase in the use of credit by the transportation sector. A possible explanation for these developments could be the introduction of back-to-back systems at goods crossing points between Israel and the West Bank. While the back-to-back system will increase transport needs inside the West Bank it will equally increase transaction costs of trade and thus negatively affect the profit margin of traders. Bank credit to the public sector has more than tripled if compared with the pre-*Intifada* period.

Indicator	Baseline Jun-00	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Bank Credit							
Bank Credit by type (x million US\$)							
Loans	512	1,187	1,201	1,191	1,198	1,207	1,148
Overdrafts	653	668	680	702	705	681	667
Leasing	0	11	11	10	11	11	11
BA & Discounted Bills	69	0.07	0.07	0.01	2	3.56	4
Total	1,234	1,865	1,891	1,903	1,916	1,902	1,829
Bank Credit by type (as percentage of total)							
Loans	41%	64%	63%	63%	63%	63%	63%
Overdrafts	53%	36%	36%	37%	37%	36%	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. Even the previously observed trend of overdrafts replacing formal loans has been arrested in the third 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	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Bank Credit							
Bank Credit by borrowing entity (x million US\$)							
Businesses	752	906	893	883	907	927	1,010
Consumers	429	807	835	856	842	809	651
Public Agencies	52	152	162	164	167	166	168
Total	1,234	1,865	1,891	1,903	1,916	1,902	1,829
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	49%	47%	46%	47%	49%	55%
Consumers	35%	43%	44%	45%	44%	43%	36%
Public Agencies	4%	8%	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 has declined significantly in the third quarter of 2007. The most likely reason for this development is the continued risk-adverse stance of Palestinian banks combined with the restart of 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	Dec-06	Jan-07	Feb-07	Mar-07	Jun -07	Sep -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	58.8	63.1	65.0	63.5	61.8	75.9
Time Deposits	49.7	42.1	44.2	47.9	48.8	56.5	70.4
Sub-total	73.6	100.9	107.3	112.9	112.3	118.3	146.3
Government							
Current Accounts	39.8	96.8	154.9	121.7	113.2	255.9	168.9
Time Deposits	74.8	178.8	177.9	173.8	187.1	86.1	175.2
Sub-total	114.6	275.5	332.8	295.6	300.3	342.0	344.1
Total Public sector deposits	188.2	376.4	440.1	408.5	412.6	460.3	490.4
Distribution of Private sector deposits by residency and type (x million US\$)							
Residents							
Current Accounts	865.3	1,219.4	1,238.7	1,255.4	1,244.7	1,283.8	1,459.9
Savings Accounts	454.3	914.6	918.3	932.3	943.2	966.1	1,020.1
Time Deposits	2,084.3	1,601.9	1,636.0	1,678.7	1,712.1	1,703.1	1,780.7
Sub-total	3,403.9	3,735.9	3,793.0	3,866.5	3,900.0	3,953.0	4,260.8
Non-Residents							
Current Accounts	9.5	28.9	29.6	29.8	27.4	30.0	36.6
Savings Accounts	3.6	12.8	12.7	12.9	13.0	14.0	13.9
Time Deposits	22.8	48.5	48.1	48.6	49.4	50.9	52.8
Sub-total	35.9	90.2	90.4	91.3	89.8	94.9	103.3
Total Private sector deposits	3,439.8	3,826.1	3,883.4	3,957.8	3,989.8	4,047.9	4,364.1
Total Deposits (public and private)	3,628.0	4,202.6	4,323.5	4,366.2	4,402.4	4,508.2	4,854.4
Source: PMA							

Unlike the relative stability of bank credits, bank deposits data for the third quarter indicates a relatively sizeable increase in private sector deposits (an increase of 7.8 percent if compared with the second quarter).

Indicator	Baseline Jun-00	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Value of Loans and Deposits (x million US\$)							
Total Loans	1,234	1,865	1,891	1,903	1,916	1,902	1,829
Total Deposits	3,328	4,390	4,514	4,657	4,876.6	4,997	5,420
Loans/Deposits (ratio)	37.06%	42.49%	41.89%	40.87%	39.29%	38.06%	33.75%
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 19 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 quarter signals heightened concern with regard to overall economic performance, most likely due to the events in Gaza since June 2007.