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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – OCTOBER 2007

Since1996 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.

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SOCIO-ECONOMIC FACT SHEET – OCTOBER 2007

A. General

Indicator	2006
1. GDP ($US)	4,150,600,000
2. GDP per capita ($US)	1,067.5
3. GDP growth rate	- 6.6 %
4. GNI	4,521,500,000

Source: World Bank

B. Fiscal situation

Indicator (US$ millions)	Baseline Q4-1999	Previous period Q4-2006	Current period Q4-2007 (budget)
1. Revenue	235	104	332
2. Expenditure	235	220	457
3. Net lending	0	68	125
4. Balance	0	-184	-250
5. External Budget support (including TIM)	0	178	250

Source: IMF

C. Macro-Economic

Indicator[1]	Baseline Aug-2000	Previous period Sep-2007	Current period Oct-2007
1. Consumer Price Index[2]			
Total	121.95	158.96	160.18
West Bank	122.44	161.07	162.38
Gaza Strip	121.35	149.66	150.79
2. Truck movement[3]	Aug-2000	Sep-2007	Oct-2007
Imports			
Karni	4,373	480	738
Sufa	4,384	646	501
Rafah	953	0	0
Kerem Shalom	0	356	568
Nahal Oz	904	396	472
Exports			
Karni	2,460	0	0

Source: PCBS (1), Ministry of National Economy and Paltrade (2)

D. Private Sector

Indicator	Baseline	Previous period	Current period
1. New Company Registrations	Q2-2000	Q2-2007	Q3-2007
Total	568	276	263
West Bank	288	197	237
Gaza Strip	280	79	26
2. Area Licensed for new Construction (dunums)	Q2-2000	Q2-2007	Q3-2007
Total	739.7	458.1	517
West Bank	665.3	437.4	438
Gaza Strip	74.4	20.7	79
3. Banking (US$ thousands)	Q2-2000	Q2-2007	Q3-2007
Loans	1,234	1,902	1,829
Deposits	3,328	4,997	5,420
Loans/Deposits Ratio	37.1 %	38.06 %	33.75%

Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)

E. Labour Flows

Indicator	Baseline Q2-2000	Previous period Q2-2007	Current period Q3-2007
1. Labour Force size			
Total	706,174	926,300	937,200
West Bank	483,796	634,600	636,600
Gaza Strip	222,378	291,700	300,600
2. Unemployment	8.8 %	19.2%	23.2%
3. Adjusted Unemployment[4]	18.5 %	25.8 %	29.1%

Source: PCBS

F. Closure

Indicator	Baseline Aug-2000	Previous period Sep-2007	Current period Oct-2007
1. Effective closure days[5]			
Karni (goods)	0 %	100%	100%
Erez (workers)	0 %	100%	100%
Sufa (aggregates)	0 %	100%	100%
Rafah (passenger)	0 %	100%	100%
Rafah (commercial)	0 %	100%	100%
Nahal Oz (fuel)	0 %	22%	12%
Kerem Shalom	0 %	43%	36%

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.

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MACRO-ECONOMIC UPDATE – OCTOBER 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	May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-07
Exchange Rate							
Exchange Rate	4.05	4.00	4.17	4.25	4.23	4.09	4.01
Source: PCBS							

The exchange rate between the US$ and the NIS dropped even further in October. The declining dollar will benefit the Palestinian economy as imports will become cheaper.

Indicator	Baseline Aug-00	May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-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	1,347.0	963.0	937.1	1,172.9	925.5	1,122.1
Benzene 96 (Liter)	2,310.6	381.7	263.5	158.6	309.4	319.4	264.1
Gasoline (Liter)	11,342.6	7,932.1	8,672.6	6,409.9	9,170.7	6,225.5	7,021.3
Gas (Ton)	1.9	7.9	3.4	4.4	3.9	3.9	5.0
White Gasoline (Liter)	243.1	168.8	43.0	92.0	0.0	0.0	0.0
Source: General Petroleum Corporation and Ministry of Finance							

Registered fuel sales in the Gaza Strip saw some improvement in October. Fuel usage can be an indicator of economic activity. Gasoline sales increased by 13 percent in October.

Indicator	Baseline Aug-00	May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-07
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food	118.92	145.84	145.9	146.27	151.60	155.10	156.67
Beverages and Tobacco	129.14	169.64	169.67	170.30	183.50	185.50	186.40
Textiles, clothing and footwear	124.93	128.42	128.42	128.50	128.71	128.55	128.91
Housing	125.78	159.90	162.17	166.62	169.12	168.82	171.19
Furniture, household goods & services	123.70	130.80	130.83	130.72	131.06	130.8	131.17
Transport and communications	123.45	200.91	201.74	203.80	204.03	203.67	204.73
Education	114.63	137.75	137.97	137.99	138.34	138.44	139.57
Medical care	125.78	149.17	150.22	150.72	151.56	151.89	152.17
Recreational, cultural goods & services	93.86	91.25	91.21	91.15	90.86	90.97	90.87
Miscellaneous goods and services	129.21	169.21	169.87	169.80	169.90	169.77	171.63
All-Items consumer price index	**121.95**	**152.97**	**153.36**	**154.14**	**157.49**	**158.96**	**160.18**
Major Groups of Expenditure (Jerusalem)							
Food	122.63	153.31	153.33	156.48	156.93	159.41	159.85
Beverages and Tobacco	130.91	169.4	169.4	171.13	170.93	172.15	173.25
Textiles, clothing and footwear	119.18	143.09	143.09	144.34	144.76	144.89	147.61
Housing	112.88	134.32	135.46	140.23	140.44	139.95	140.39
Furniture, household goods & services	136.10	155.77	155.79	155.90	156.33	156.00	157.12
Transport and communications	131.63	179.22	179.92	183.03	183.36	182.68	184.20
Education	108.70	138.49	138.65	138.65	138.71	138.71	140.49
Medical care	114.91	147.93	148.33	148.71	149.11	149.32	149.75
Recreational, cultural goods & services	88.54	103.3	103.3	102.83	102.80	102.8	103.5
Miscellaneous goods and services	126.54	156.77	157.29	155.44	155.51	155.24	156.94
All-Items consumer price index	**122.76**	**154.11**	**154.37**	**156.55**	**156.87**	**157.73**	**158.76**
Major Groups of Expenditure (Rest of the West Bank)							
Food	118.25	143.9	144.67	144.51	150.98	155.12	156.93
Beverages and Tobacco	127.26	172	172.11	172.45	172.82	172.96	172.99
Textiles, clothing and footwear	123.53	125.29	125.24	124.80	124.97	124.06	122.58
Housing	127.28	163.65	166.28	171.11	174.89	174.72	178.15
Furniture, household goods & services	119.19	124.97	125.11	124.77	124.4	123.49	123.04
Transport and communications	127.03	220.81	221.78	223.82	224.18	221.40	225.18
Education	120.62	147.5	147.6	147.61	148.02	148.04	146.85
Medical care	138.73	158.27	160.68	161.19	162.11	162.04	161.81
Recreational, cultural goods & services	98.11	82.63	82.58	82.41	82.43	82.62	82.04
Miscellaneous goods and services	125.54	174.63	174.94	176.15	176.62	176.67	178.66
All-Items consumer price index	**122.44**	**155.60**	**156.36**	**156.92**	**159.91**	**161.07**	**162.38**
Major Groups of Expenditure (Gaza Strip)							
Food	116.38	145.05	146.54	142.18	150.41	155.14	156.75
Beverages and Tobacco	130.23	166.07	166.09	166.24	195.66	198.61	199.48
Textiles, clothing and footwear	135.87	119.33	119.35	118.95	119.05	119.23	119.36
Housing	129.45	143.52	147.22	151.06	154.91	154.54	157.52
Furniture, household goods & services	115.49	111.24	112.73	112.56	113.52	113.94	114.14
Transport and communications	115.61	153.15	153.8	155.00	155.18	155.36	155.66
Education	118.84	137.99	138.49	138.59	139.71	140.2	142.09
Medical care	133.83	157.22	157.21	157.93	158.89	159.67	159.93
Recreational, cultural goods & services	101.78	88.47	88.41	88.45	87.34	87.45	87.34
Miscellaneous goods and services	131.43	147.57	148.77	148.94	150.11	150.16	150.55
All-Items consumer price index	**121.35**	**141.65**	**142.85**	**141.42**	**147.35**	**149.66**	**150.79**
Source: PCBS							

In October 2007, the Palestinian Consumer Price Index (CPI) continued to increase (0.76 percent) albeit at a much slower rate than in the previous two months. October also marks the first month since July 2007 during which the CPI in the West Bank (excluding Jerusalem) grew faster than in Gaza. Since July, food prices in the Gaza Strip have risen by more than 10 percent even though in October, food prices rose faster in the West Bank than in Gaza.

Indicator	Baseline Aug-00	*May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-07
Truck Movement							
Karni commercial crossing							
Truck Loads Exports Israel	428	284	Data not available	Data not available	Data not available	Data not available	Data not available
Truck Loads Imports From Israel	2,466	1,702					
Truck Loads Exports (WB)	564	147					
Total Truck Loads Imports (WB)	457	400					
Truck Loads Exports (Abroad)	n.a	22					
Total Truck Loads Imports (Abroad)	n.a	488					
Total Truck Loads Exports	992	453	315	0	0	0	0
Total Truck Loads Imports	2,923	2,590	4,185	348	269	480	738
Total Truck Loads Exports and Imports	3,915	3,043	4,500	348	269	480	738
Sufa commercial crossing (gravel only until May, fron June onwards no aggregates but humanitarian supplies only)							
Total Truck Loads Imports	4,384	1,711	85	2551	1,792	646	501
Gravel Tons	175,342	68,432	0	0	0	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	586	586	523	474	396	472

Source: Baseline: Ministry of National Economy; May: MoNE; June to October: 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.

Truck movement to Gaza has been restricted to humanitarian supplies only since 12 June 2007. Exports were stopped altogether at the same time. The trend of Sufa becoming the dominant goods crossing point was reversed in October 2007 with the number of truckloads imported through Karni increasing by 54 percent (if compared to September 2007). In addition to Karni and Sufa an additional 568 truckloads of humanitarian supplies were imported into the Gaza Strip via the Kerem Shalom crossing point.

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.

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PRIVATE SECTOR AND BANKING UPDATE – OCTOBER 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	May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-07
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	13	8	2	5	5	4
Private Limited	46	5	12	6	4	4	14
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	**212**	**18**	**20**	**8**	**9**	**9**	**18**
West Bank							
Private	66	28	21	37	36	19	19
Private Limited	163	27	41	47	49	47	51
Public Limited	0	1	0	0	0	0	0
Foreign	0	1	0	1	1	0	0
Total	**229**	**57**	**62**	**85**	**86**	**66**	**70**
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 increased slightly in October 2007. However, overall, for Gaza and the West Bank combined, the total number of new company registrations in October amounted to only 20 percent if compared with the pre-Intifada level.

Indicator	Baseline Aug-00	May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-07
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	9,460	5,365	5,680	3,350	680	445
Gaza	50,116	19,750	5,930	13,490	3,770	6,250	44,650
Al Wastah	15,984	4,530	3,650	3,820	2,150	740	710
Khan Younis	51,146	4,540	4,600	2,550	2,000	5,750	1,405
Rafah	39,429	5,070	2,840	3,770	1,450	3,500	1,220
Gaza Strip Total	**184,577**	**43,350**	**22,385**	**29,310**	**12,720**	**16,920**	**48,430**
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	May-07	June-07	Jul-07	Aug-07	Sep-07	Oct-07
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		49,852	56,083	38,424	47,562	56,801	36,005
Nablus		45,875	29,736	51,635	30,087	24,348	33,310
Tulkarm		28,597	27,456	35,339	23,290	19,306	17,112
Hebron		37,677	56,353	21,224	17,769	36,574	17,374
Bethlehem		15,192	22,172	12,351	10,997	5,909	10,696
Jenin		9,988	12,941	6,849	3,690	5,272	11,052
Qalqilya		4,605	6,596	4,102	5,101	5,383	3,287
Salfit		0	0	0	0	0	0
Total	**345,685**	**191,786**	**211,337**	**169,924**	**138,496**	**153,593**	**128,836**
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. October 2007 data contrasts quite sharply with expectations. While no construction materials are imported, the total area for which new construction licenses were approved for the Gaza Strip increased three-fold. In contrast, in the West Bank, where construction materials are available, total area licensed for new construction dropped by 16 percent. If compared to pre-Intifada levels however, the number of dunums licensed for construction has dropped considerably (West Bank: 63 percent and Gaza: 74 percent)

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-2007	Q2-2007	Q3-2007
Area licensed for new construction (by region and by type, x 1000 m^2)							
Non-residential							
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
Residential							
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 dissagregates 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**
Internal Trade	*235*	*262*	*234*	*233*	*240*	*254*	*266*
External Trade	*114*	*125*	*121*	*132*	*125*	*125*	*130*
Exports	*8*	*18*	*18*	*20*	*20*	*20*	*25*
Imports	*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%
Internal Trade	*31%*	*26%*	*26%*	*26%*	*26%*	*27%*	*26%*
External Trade	*15%*	*14%*	*15%*	*14%*	*14%*	*14%*	*13%*
Exports	*1%*	*2%*	*2%*	*2%*	*2%*	*2%*	*3%*
Imports	*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.