

UNITED NATIONS



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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – MARCH 2010

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 (oPt) 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.

This report is divided into four sections:

Section 1 consists of a one-page fact sheet which provides a snapshot view of the socio-economic situation for the current and previous reporting period and it provides, for reference purposes, base line figures for the period just prior to the outbreak of the second *Intifada*.

Sections 2 and 3 report on the macro-economic situation and the economic activity throughout the oPt, including private sector and banking activity. Section 4 focuses on access of goods in and out of the Gaza strip. All 4 sections provide data on the last six reporting periods for each indicator as well as base line data, which is pre *Al-Aqsa intifada*. In addition, summary analysis on observed trends is presented below each table.

In addition, this report includes a brief analysis of new company registrations in Gaza over the last 3 months, based on review of recent reports and interviews with relevant actors in Gaza. "This month, the Socio-Economic Report includes an additional section focusing on the recent increase of new company registrations in Gaza. It provides a summary analysis of the trend, based on recent reports and interviews with relevant actors in Gaza.

Similar summary analyses on relevant themes will be included in the Socio-Economic report on a quarterly basis."

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I. SOCIO-ECONOMIC FACT SHEET – MARCH 2010

A. GENERAL	Baseline 2004	Previous period	Previous period	Current period	B. FISCAL SITUATION	Baseline 1999	Previous period	Current period
Indicator 1. GDP (\$US) 2. GDP per capita (\$US)	2004¹ 4198.4 1,317.0	Q3-2004 1120.9 350.4	Q3-2009 1,307.1 351.8	Q4-2009 1,327.4 ² 354.6	Indicator (US\$ millions) 1. Revenue 2. Expenditure 3. Net lending 4. Balance 5. External Budget support (including TIM)	1999-Q4³ 235 235 0 0 0	Q3-2009 450.9 360.3 89.1 -575.7 663.3	Q4-2009⁴ (budget) 397.5 264.0 81.2 -258.2 284.3
Source: PCBS					Source: World Bank Ministry of Finance			
C. MACRO-ECONOMIC	Baseline	Previous period	Current period	D. PRIVATE SECTOR	Baseline	Previous period	Current period	
Indicator⁵ 1. Consumer Price Index ⁶ Total West Bank Gaza Strip 2. Truck movement ⁷ <u>Imports</u> Karni - conveyor belt/chute Sufa Rafah Kerem Shalom Kerem Shalom (fuel) Nahal Oz <u>Exports</u> Karni Kerem Shalom	2004 100 100 100 Aug-2000 4,373 4,384 953 0 0 904 2,460 0	Feb-2010 127.48 125.24 131.30 Feb -2009 549 0 0 1,555 132 0 0 28	Mar-2010 127.44 125.11 130.64 Mar -2009 785 0 0 1,728.5 161 0 0 34	Indicator 1. New Company Registrations Total West Bank Gaza Strip 2. Area Licensed for new Construction (x 1000 m ²) Total West Bank Gaza Strip 3. Banking (US\$ thousands) Loans Deposits Loans/Deposits Ratio	Q2-2000⁸ 568 288 280 Q2-2000 739.7 665.3 74.4 Q2-2000 1,234 3,328 37.1 %	Q3-2009 434 381 35 Q3-2009 509.4 509.4 0 Q3-2009 ⁹ 2,261 6,687 33.81%	Q4-2009 506 444 62 Q4-2009 593.5 593.5 0 Q4-2009 2,232 6,655 33.54%	
Source: PCBS (1), Ministry of National Economy, General Petroleum Corporation .				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)				
E. LABOR FLOWS	Baseline	Previous period	Current period	F. CLOSURE	Baseline (Open)	Complete Closure	Partial Closure	
Indicator 1. Labor Force size Total West Bank Gaza Strip 2. Unemployment 3. Adjusted Unemployment ¹⁰	Q2-2000 706,174 483,796 222,378 8.8 % 18.5 %	Q3-2009 955,400 644,800 310,600 25.8% 31.4%	Q4-2009 963,500 656,900 306,600 24.8% 30.2%	Indicator 1 Indicator 1. Effective closure days ¹¹ Karni (Conveyer Belt) Kerem Shalom Nahal Oz (fuel) Sufa (aggregates) Rafah (commercial) Rafah (passenger)	Aug-2000 100 % 0 % 100 % 100 % 100 % 100 %	Mar-2010 62.50% 16% 0% 0% 0% 16%	Mar-2010 37.50% 0% 0% 0% 84%	
Source: PCBS				Source: UNSCO				

¹ The base year for GDP is 2004

² These numbers may be adjusted

³ No available baseline data on the year 2000.

⁴ These numbers may be adjusted

⁵ For a more detailed report on sections C (Macro-economy) and D (Private sector), see data below.

⁶ CPI Base year for 2004 = 100

⁷ MoNE data does not include aggregates or aid flows in Aug 2000.

⁸ On indicators measured on quarter basis, 2nd quarter of 2000 was used as a baseline since Intifada broke up in the third quarter.

⁹ * Please note that data for Q3-2008 has been adjusted by the PMA for all bank credit categories.

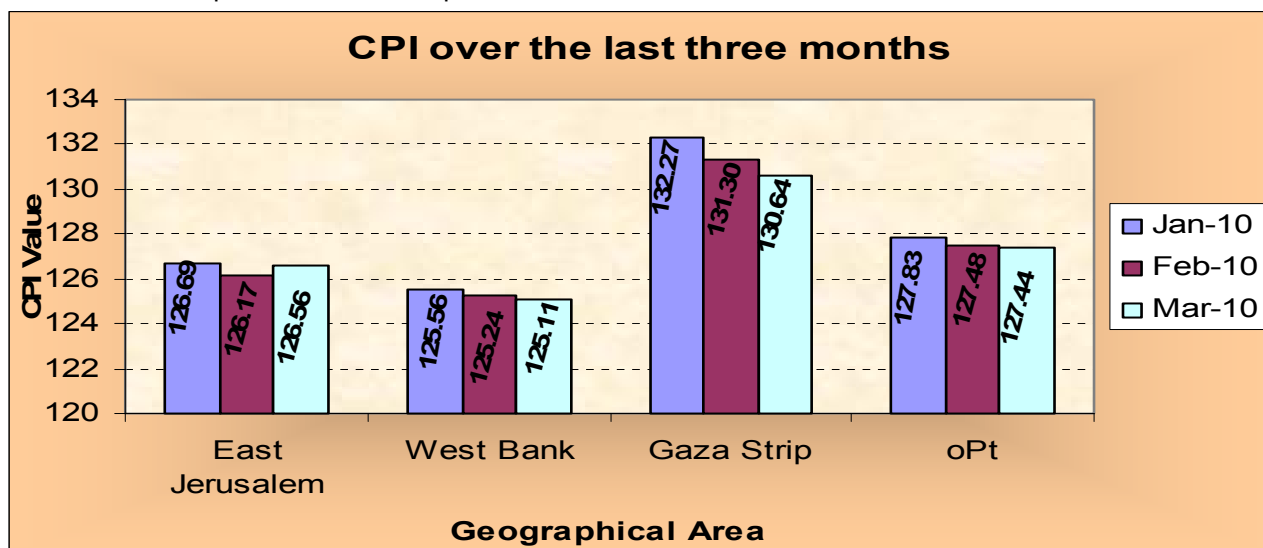
¹⁰ Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

¹¹ Effective closure days are calculated by adding all days when a crossing was fully or partially closed excluding weekend and holiday. Partial closure means that crossing was partially closed for more than one hour but not for a full day where it is considered full closure. Karni - conveyor belt/chute -The conveyor belt/chute for cereals and animal feed at Karni is the only operational one. Rafah Crossing for passengers is partially opened for humanitarian purposes.

II. MACRO-ECONOMIC INDICATORS – MARCH 2010

Indicator	Baseline Aug-04	Oct -09	Nov -09	Dec -09	Jan -2010	Feb -2010	Mar -2010
Palestinian consumer price index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food and soft drinks		141.81	142.64	144.25	143.57	142.17	142.26
Alcoholic Beverages and tobacco		140.90	140.80	140.78	145.14	145.38	145.40
Textiles, clothing and footwear		106.85	107.27	107.99	107.86	108.26	106.96
Housing		123.40	125.44	126.00	126.89	127.38	127.59
Furniture, household goods		114.33	114.48	114.94	115.48	115.63	115.18
Medical care		114.79	114.73	114.29	114.84	114.96	114.51
Transportation		118.81	120.19	119.46	119.16	119.49	120.27
Communications		106.92	106.89	106.85	107.03	106.97	106.89
Recreational, cultural goods & services		101.79	101.78	102.18	102.72	103.00	102.62
Education		109.24	109.24	110.32	110.32	110.32	110.34
Restaurants and cafes		135.18	135.64	134.51	135.04	136.09	135.59
Miscellaneous goods and services		115.10	116.74	117.89	117.48	117.42	117.48
All items of consumer price index		126.22	127.01	127.75	127.83	127.48	127.44
Major Groups of Expenditure (Jerusalem)							
Food and soft drinks		141.92	141.57	144.74	144.65	142.19	143.89
Alcoholic Beverages and tobacco		128.90	128.71	128.66	134.06	133.94	133.79
Textiles, clothing and footwear		111.38	111.81	113.21	112.88	113.88	111.57
Housing		119.06	120.49	120.55	120.57	120.52	120.71
Furniture, household goods		106.40	106.60	107.40	107.87	107.73	107.20
Medical care		125.65	124.98	124.47	125.97	126.29	125.02
Transportation		123.34	124.56	124.39	123.84	125.38	126.31
Communications		103.58	103.38	103.62	103.62	103.62	103.62
Recreational, cultural goods & services		107.25	106.95	107.40	107.71	107.72	106.92
Education		111.72	111.72	112.05	112.05	112.05	112.05
Restaurants and cafes		148.23	148.23	147.20	146.72	147.97	146.80
Miscellaneous goods and services		108.36	109.70	110.65	110.72	110.93	110.91
All items of consumer price index		124.96	125.24	126.47	126.69	126.17	126.56
Major Groups of Expenditure (Rest of the West Bank)							
Food and soft drinks		139.02	140.94	142.12	141.02	140.01	139.51
Alcoholic Beverages and tobacco		138.34	138.06	138.10	143.66	144.68	145.31
Textiles, clothing and footwear		94.42	95.22	95.48	95.17	95.43	94.55
Housing		129.72	131.71	132.77	134.50	135.1	135.49
Furniture, household goods		101.33	101.45	100.72	100.73	100.05	99.65
Medical care		109.59	109.49	110.09	110.28	109.94	110.35
Transportation		116.99	118.73	117.77	117.62	117.45	118.23
Communications		107.71	107.77	107.44	108.05	107.83	107.47
Recreational, cultural goods & services		91.14	91.65	92.29	92.62	92.73	92.73
Education		104.58	104.58	106.46	106.46	106.46	106.52
Restaurants and cafes		128.29	128.73	128.05	128.59	129.42	128.86
Miscellaneous goods and services		121.55	123.22	123.46	122.60	122.46	122.63
All items of consumer price index		123.71	124.98	125.54	125.56	125.24	125.11
Major Groups of Expenditure (Gaza Strip)							
Food and soft drinks		146.79	148.41	149.50	148.78	145.81	143.98
Alcoholic Beverages and tobacco		153.51	153.51	153.51	156.63	156.63	156.63
Textiles, clothing and footwear		113.81	113.69	115.07	115.03	114.66	114.39
Housing		116.49	118.77	119.87	121.71	123.28	123.26
Furniture, household goods		141.47	142.41	143.13	144.71	145.32	145.34
Medical care		98.23	98.92	98.30	98.28	98.57	98.57
Transportation		124.87	126.06	125.93	125.78	125.69	126.17
Communications		105.58	105.58	105.58	105.58	105.58	105.48
Recreational, cultural goods & services		99.35	99.30	99.68	100.21	100.55	100.75
Education		107.59	107.59	107.59	107.59	107.59	107.59
Restaurants and cafes		147.56	150.31	148.83	150.13	151.35	151.46
Miscellaneous goods and services		117.67	119.51	120.82	120.01	119.72	120.10
All items of consumer price index		130.26	131.45	132.15	132.27	131.30	130.64
Source: PCBS							

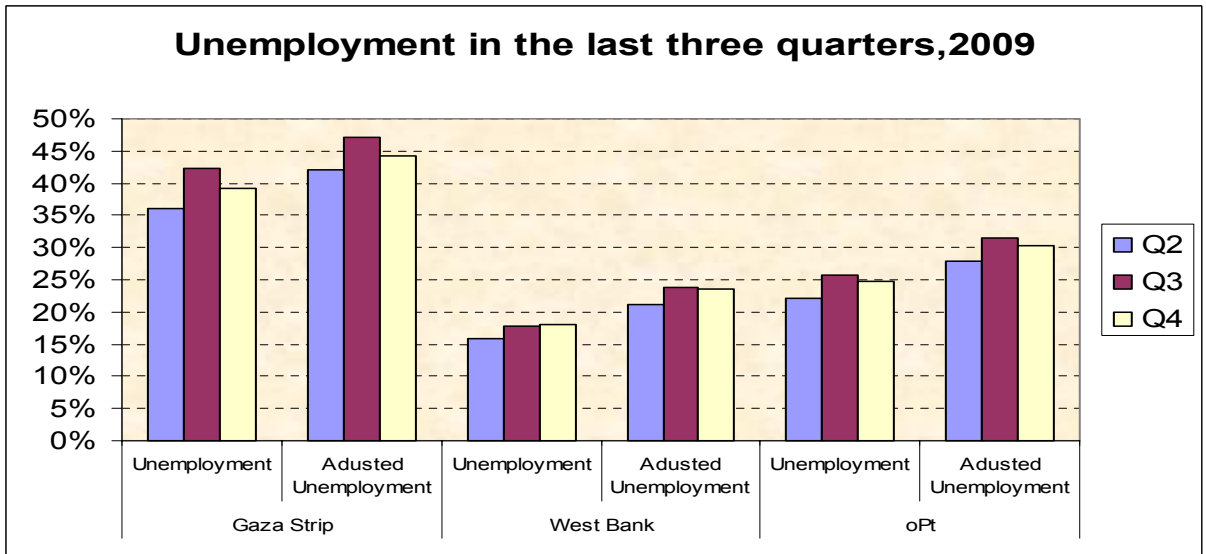
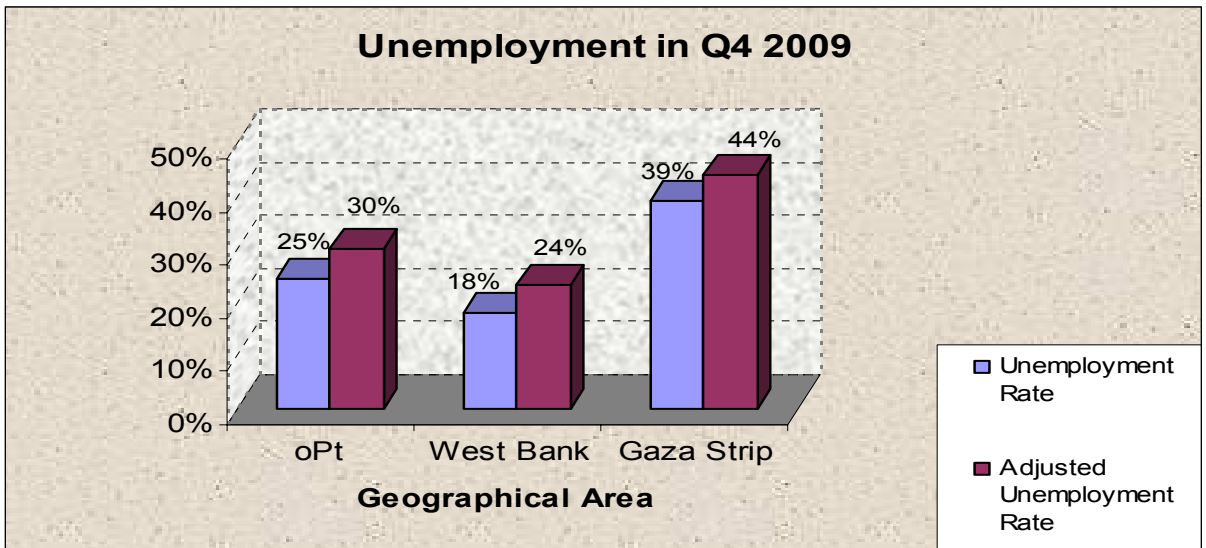
The Palestinian CPI reached 127.44 in March 2010, a decline of 0.03% compared to February 2010. Increases were recorded in the Food and soft drinks sector (0.06%), in Miscellaneous goods and services (0.05 %) housing (0.16 %) and in Transportation (0.65% each) while the Restaurants and cafes sector experienced a 0.37% price decline.



Indicator	Baseline Q2 -00	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09
Labor Force							
Unemployment and Adjusted Unemployment¹² in occupied Palestinian territory							
Labor Force -Total	706,174	899,425	896,100	934000	949,800	955,400	963,500
Labor Force - West Bank	483,796	608,312	604,000	620400	649,600	644,800	656,900
Labor Force - Gaza Strip	222,378	291,113	292,100	313600	300,200	310,600	306,600
occupied Palestinian territory							
Unemployment	8.8%	27.5%	27.9%	25.4%	22.2%	25.8%	24.8%
Adjusted Unemployment	18.5%	32.7%	33.4%	30.6%	28.0%	31.4%	30.2%
West Bank							
Unemployment	6.5%	20.7%	19.8%	19.5%	15.9%	17.8%	18.1%
Adjusted Unemployment	15.8%	26.4%	26.0%	25.1%	21.2%	23.7%	23.5%
Gaza Strip							
Unemployment	13.8%	41.9%	44.8%	37.0%	36.0%	42.3%	39.3%
Adjusted Unemployment	24.2%	46.1%	48.8%	41.5%	42.1%	47.1%	44.3%
Source: PCBS							

The overall unemployment rate decreased from 25.8% in the 3rd quarter 2009 to 24.8% in the 4th quarter 2009, as compared with 27.9% in the 4th quarter 2008. The Gaza Strip experienced a decline from 42.3% in the 3rd quarter 2009 to 39.3% in the 4th quarter 2009 while the rate in the West Bank increased from 17.8% to 18.1%. The Hebron governorate registered the highest unemployment rate among the West Bank governorates (23.6%) followed by Qalqilia governorate at (23.4) while Jericho and Aghwar governorate registered the lowest unemployment rate (7.1%). For Gaza Strip, Khan Younis governorate registered the highest unemployment rate (50.4%) followed by Rafah governorate (39.1%), and the Gaza city governorate (38.2%).

¹² Adjusted unemployment is the total number of unemployed in addition to those who are unemployed and don't seek any employment.



Indicator	Baseline Aug-00	Oct -09	Nov -09	Dec -09	Jan -2010	Feb -2010	Mar -2010
Exchange Rate							
Exchange Rate	4.05	3.73	3.76	3.78	3.72	3.74	3.75
Source: PCBS							

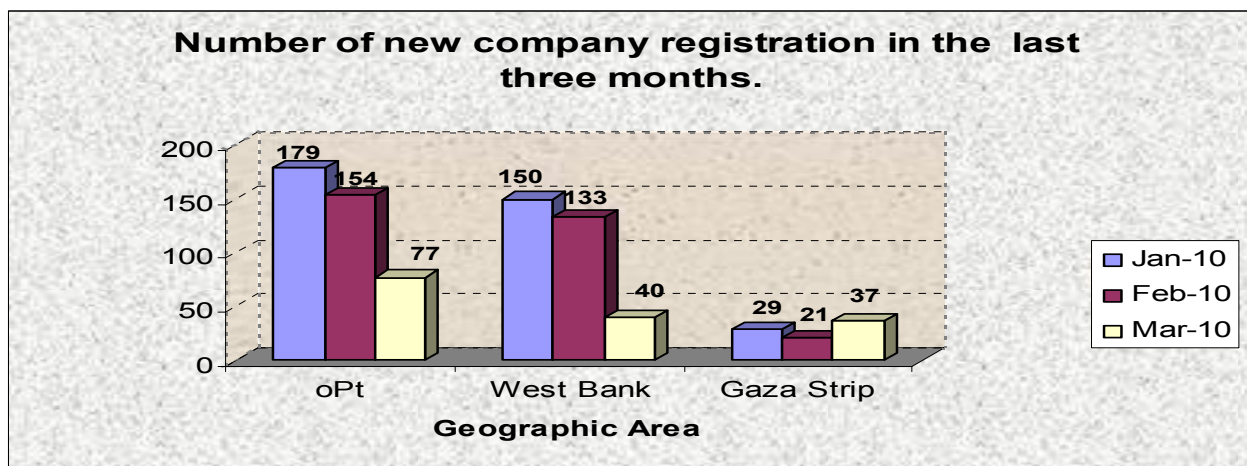
The exchange rate between the US dollar and the NIS increased by approximately 0.27% in March 2010 compared to February 2010.

III. ECONOMIC ACTIVITY – MARCH 2010

Indicator	Baseline Aug.2000	Oct -09	Nov -09	Dec -09	Jan - 2010	Feb -2010	Mar -2010
Number of new company registrations (by region and legal status)							
Gaza Strip							
Private	81	6	6	7	10	8	11
Private Limited	12	17	15	11	19	13	26
Public Limited	0	0	0	0	0	0	0
Foreign	1	0	0	0	0	0	0
Total	94	23	21	18	29	21	37
West Bank							
Private	42	82	49	83	73	55	30
Private Limited	95	92	56	76	76	76	8
Public Limited	0	0	0	0	0	1	1
Foreign	0	1	4	1	1	1	1
Total	137	175	109	160	150	133	40
Source: Ministry of Economy							

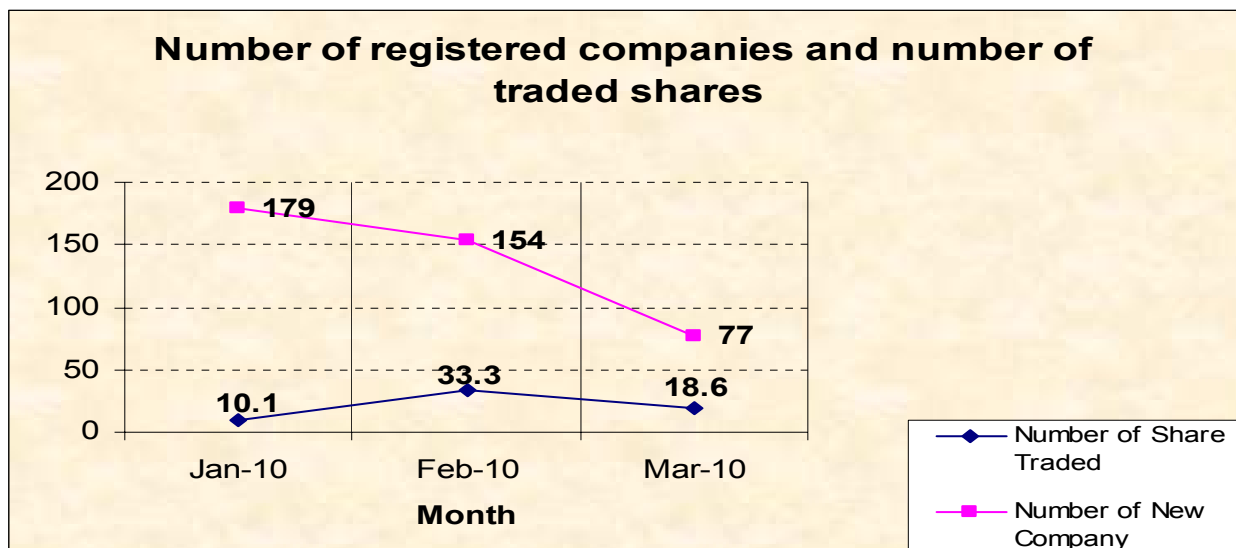
The number of new company registrations is used as a proxy indicator for the vitality of the local economy as well as the ability of the local economy to create new employment. New company registrations in the West Bank declined by 69.92% compared to February 2010. When compared to pre-Intifada levels, new company registrations have dropped by approximately 70.80%. The reason behind this decrease is the introduction by the Ministry of National Economy of a new registry system; whereby registrations were stopped for two weeks

As for Gaza, data from the Ministry of Economy in Gaza indicate 37 new registered companies for March 2010. If considering data from Ministry of Economy in Gaza, the number of newly registered companies in Gaza increased by approximately 76.19% compared to February 2010.



Indicator	Baseline Aug-00	Oct -09	Nov -09	Dec -09	Jan - 2010	Feb -2010	Mar -2010
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	7.02	14.9	8.7	18.7	10.1	33.3	18.6
Value of shares traded (x million US\$)	13.06	30.0	21.1	34.2	21.0	70.3	43.7
Indices							
Al-Quds index	265.23	500.18	502.12	493.00	502.43	525.18	503.17
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 March 2010 shows a decline in terms of value of shares traded of approximately 44.29 % and in terms of number of stocks traded of approximately 37.79 %. The Al-Quds index dropped by 4.19 %.



Indicator	Baseline Aug-00	Oct -09	Nov -09	Dec -09	Jan - 2010	Feb -2010	Mar -2010
Area licensed for new construction (Gaza Strip, square meters)							
Northern District	27,902	1,850	3,720	3,540	15,330	10,130	18,400
Gaza	50,116	2,150	1,850	3,570	2,550	7,520	7,560
Al Wastah	15,984	1,100	1,060	1,240	1,230	1,290	2,450
Khan Younis	51,146	3,100	4,320	1,530	8,770	9,850	9,540
Rafah	39,429	3,400	2,250	2,520	4,470	3,620	5,540
Gaza Strip Total	184,577	11,600	13,200	12,400	32,350	32,410	43,490
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Oct -09	Nov -09	Dec -09	Jan - 2010	Feb -2010	Mar -2010
Area licensed for new construction (West Bank, square meters)							
Ramallah & Al- Bireh & Jerusalem		63,773	66,092	273,391	48,482	77,299	73,738
Nablus		41,516	39,947	131,455	31,722	21,131	53,877
Tulkarm		26,128	27,037	45,518	22,842	23,718	30,368
Hebron		22,175	39,039	114,236	16,131	40,470	71,110
Bethlehem		15,853	9,786	17,376	2,505	13,322	14,194
Jenin		28,058	13,844	38,090	12,818	12,335	20,084
Qalqilya		3,418	6,866	1,543	3,166	5,792	760
Salfit		0	0	0	0	0	0
Total	345,685	200,921	202,611	621,609	137,666	194,067	264,131
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. March 2010 data shows an increase in the area licensed for new construction of approximately 36.10% compared to the previous month in the West Bank. When compared to pre *intifada* levels, area licensed for new construction has now experienced a decline of 23.59 %.

Indicator	Q1-09	Q2-09	Q3-09	Q4-09
Bank Credit				
Bank Credit by economic activity (x million US\$)				
Agriculture	40	41	37	39
Manufacturing & Mining	165	174	179	185
Real estate and Lands	190	219	238	266
General Trade	312	351	360	341
Transportation	18	16	23	25
Tourism, Hotels & Restaurants	29	31	35	39
Public Services	240	252	323	328
Financial Services & Facilitations granted to financial institutions	45	46	69	73
Financing granted to the investment of the shares	67	66	56	56
Finance the purchase of cars	43	48	56	57
Total Public Sector	582	749	722	637
Financing for consuming purposes	66	60	65	77
Others in the private sector	45	47	97	111
GRAND TOTAL	1,842	2,100	2,261	2,234
Total Excluding theirs in the Public Services and Total Public Sector	1,020	1,099	1,216	1,269
Bank Credit by economic activity (as percentage of total)				
Agriculture	2.2%	2.0%	1.6%	1.7%
Industry & Mining	9.0%	8.3%	7.9%	8.3%
Real estate and Lands	10.3%	10.4%	10.5%	11.9%
General Trade	16.9%	16.7%	15.9%	15.3%
Transportation	1.0%	0.8%	1.0%	1.1%
Tourism, Hotels & Restaurants	1.6%	1.5%	1.6%	1.8%
Public Services	13.0%	12.0%	14.3%	14.7%
Financial Services & Facilitations granted to financial institutions	2.4%	2.2%	3.1%	3.3%
Financing granted to the investment of the shares	3.7%	3.2%	2.5%	2.5%
Finance the purchase of cars	2.4%	2.3%	2.5%	2.6%
Total Public Sector	31.6%	35.7%	31.9%	28.5%
Financing for consuming purposes	3.6%	2.8%	2.9%	3.4%
Others in the private sector	2.5%	2.3%	4.3%	5.0%
Total	100%	100%	100%	100%
Bank Credit by Economic Branch (excluding Total public sector and Public Services) (% of total)				
Agriculture	3.9%	3.8%	3.1%	3.0%
Manufacturing and Mining	16.2%	15.8%	14.7%	14.6%
Real estate and Lands	18.6%	20.0%	19.6%	21.0%
General Trade	30.5%	31.9%	29.7%	26.9%
Tourism, Hotels & Restaurants	1.8%	1.5%	1.9%	2.0%
Transportation	2.8%	2.8%	2.9%	3.1%
Financial Services & Facilitations granted to financial institutions	4.4%	4.2%	5.7%	5.8%
Financing granted to the investment of the shares	6.6%	6.0%	4.6%	4.4%
Finance the purchase of cars	4.2%	4.3%	4.6%	4.5%
Financing for consuming purposes	6.4%	5.4%	5.3%	6.0%
Others in the private sector	4.4%	4.3%	8.0%	8.7%
Total	100%	100%	100%	100%
Source: PMA				

Data on bank credit is another proxy indicator for economic progress and business confidence (increasing use of bank credit, particularly in the main productive sectors) or decline (decreasing use of bank credit). The Palestine Monetary Authority provides adjusted data once every three months. In relative terms, general trade and public services show a decrease in the use of credit. Bank credit to the public sector indicates a decrease of approximately 11.74% in Q4-2009 when compared with Q3-2009. (Please note the PMA has adjusted the indicators for bank credit by economic activities starting Q3-2008. Due to such significant changes in the methodology, current trends cannot be compared to those prior to 2008.)

Indicator	Baseline Q2 -00	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09
Bank Credit							
Bank Credit by type (million US\$)							
Loans	512	1,109	1,113	1,159	1,339	1,500	1,565
Overdrafts	653	688	707	673	751	753	659
Leasing	0	10	10	10	10	7	8
BA & Discounted Bills	69	0	0	0	0	0	0
Total	1,234	1,807	1,830	1,842	2,100	2,261	2,232
Bank Credit by type (as percentage of total)							
Loans	41%	61.4%	60.8%	62.9%	63.8%	66.4%	70.1%
Overdrafts	53%	38.1%	38.6%	36.5%	35.8%	33.3%	29.5%
Leasing	0%	0.6%	0.6%	0.6%	0.5%	0.3%	0.3%
BA & Discounted Bills	6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Disaggregating bank credit by the type of credit, the data shows an increase in loans and overdrafts. Loans currently represent 70.1 % of all credit extended compared to only 41% in the *pre-Intifada* period.

Indicator	Baseline Q2-00	Q3-08*	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09
Bank Credit							
Bank Credit by borrowing entity (million US\$)							
Businesses	752	1,024	1,045	1,020	1,099	1,216	1,269
Consumers	429	545	534	582	749	722	637
Public Services	52	238	250	240	252	323	328
Total	1,234	1,807	1,830	1,842	2,100	2,261	2,234
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	56.7%	57.1%	55.4%	52.3%	53.8%	56.8%
Consumers	35%	30.1%	29.2%	31.6%	35.7%	31.9%	28.5%
Public Services	4%	13.2%	13.7%	13.0%	12.0%	14.3%	14.7%
Total	100%	100%	100%	100%	100%	100%	100%
* Please note that data for Q3-2008 has been adjusted by the PMA							
Source: PMA							

Disaggregating bank credit by borrowing entity shows that consumer lending has experienced a decrease of approximately 11.74% in Q4 -2009 compared to Q3-2009.

Indicator	Baseline Q2-00	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09
Bank Deposits (excluding deposits of the PMA and commercial banks)							
Distribution of Public sector deposits by depositor and type (million US\$)							
Public Institutions and Local Auth.							
Current Accounts	17.3	60.9	54.6	57.9	65.1	81.6	78.2
Time Deposits	39.2	60.1	72.4	74.4	78.6	78.7	74.7
Sub-total	56.5	121.0	127.1	132.3	143.7	160.3	152.9
Government							
Current Accounts	37.6	220.8	276.6	243.2	199.5	275.4	232.6
Time Deposits	77.5	213.4	191.3	152.7	158.3	176.2	180.6
Sub-total	115.1	434.2	467.9	395.9	357.9	451.6	413.2
Total Public sector deposits	171.6	555.3	595.0	528.1	501.6	612.0	566.1
Distribution of Private sector deposits by residency and type (million US\$)							
Residents							
Current Accounts	746.5	1,756.8	1,686.7	1,704.2	1,794.5	2,014.3	1,890.2
Savings Accounts	440.4	1,439.8	1,364.7	1,366.9	1,474.4	1,535.4	1,608.3
Time Deposits	1,895.70	1,978.4	2,047.0	1,939.9	1,925.1	1,835.9	1,891.3
Sub-total	3,082.6	5,174.9	5,098.4	5,011.0	5,194.0	5,385.5	5,389.7
Non-Residents							
Current Accounts	3.3	39.8	41.1	100.7	139.9	162.8	152.1
Savings Accounts	2.4	21.5	24.8	31.1	40.5	51.1	61.5
Time Deposits	8.9	58.9	65.0	76.2	88.1	91.8	104.6
Sub-total	14.6	120.2	130.9	208.0	268.5	305.7	318.2
Total Private sector deposits	3,097.2	5,295.1	5,229.3	5,219.0	5,462.5	5,691.2	5,708.0
Total Deposits (public and private)	3,268.8	5,850.4	5,824.3	5,747.1	5,964.1	6,303.2	6,274.1
Source: PMA							

Bank deposits for the Q4- 2009 indicate a declined in public sector deposits of approximately 7.49% and an increase in private sector deposits of 0.29% compared with Q3- 2009.

Indicator	Baseline Q2-00	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09
Value of Loans and Deposits (million US\$)							
Total Loans	1,234	1,807	1,830	1,842	2,100	2,261	2,232
Total Deposits	3,328	6,307	6,269	6,165	6,390	6,687	6,655
Loans/Deposits (ratio)	37.06%	28.66%	29.19%	29.88%	32.86%	33.81%	33.54%
Source: PMA							

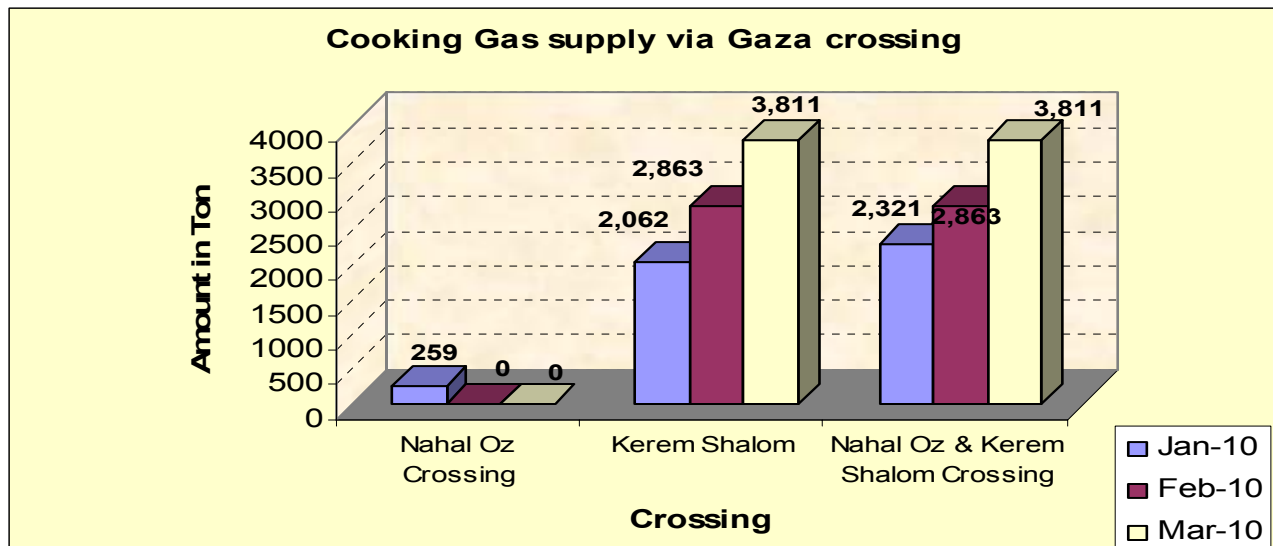
In a functioning economy, an increase in the loans versus deposits ratio is perceived as a positive sign, as monies are not saved but invested or consumed, each of which acts as a stimulant for the economy. Since September 2006, this ratio had steadily declined in the oPt signaling little optimism in the prospects for the Palestinian economy. Q4- 2009 indicate a decline in total loans of approximately 1.27%, and a drop in total deposits of 0.47% compared with Q3- 2009.

IV. GAZA ECONOMIC ACCESS – MARCH 2010

Indicator	Baseline Aug-00	Oct -09	Nov -09	Dec -09	Jan - 2010	Feb -2010	Mar -2010
Volume of registered fuel sales in the Gaza Strip (x 1000 liters/ton)							
volume of registered fuel sales in the Gaza Strip (Nahal Oz Crossing)							
Petrol (Liter)	3,188.9	36.5	89.9	36.5	40.0	0.0	0.0
Diesel (Liter)	11,343	0	702.5	0.0	0.0	0.0	0.0
White diesel (Liter)	243.1	0.0	0.0	0.0	0.0	0.0	0.0
cooking gas (Ton)	1.9	1.5	0.7	1.2	0.3	0.0	0.0
Industrial Diesel (Liter)	n.a	5,555	2,751	3,667	752	0.0	0.0
volume of registered fuel sales in the Gaza Strip (Kerem Shalom)							
Petrol (Liter)	0.0	0.0	0.0	0.0	0.0	112.6	0.0
Diesel (Liter)	0.0	0.0	0.0	0.0	0.0	377.3	0.0
White diesel (Liter)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
cooking gas (Ton)	0.0	0.2	0.5	1.5	2	2.9	3.8
Industrial Diesel (Liter)	0.0	2,434	6,952	5,099	6,713	6,291.5	5,446.5
Source: General Petroleum Corporation							

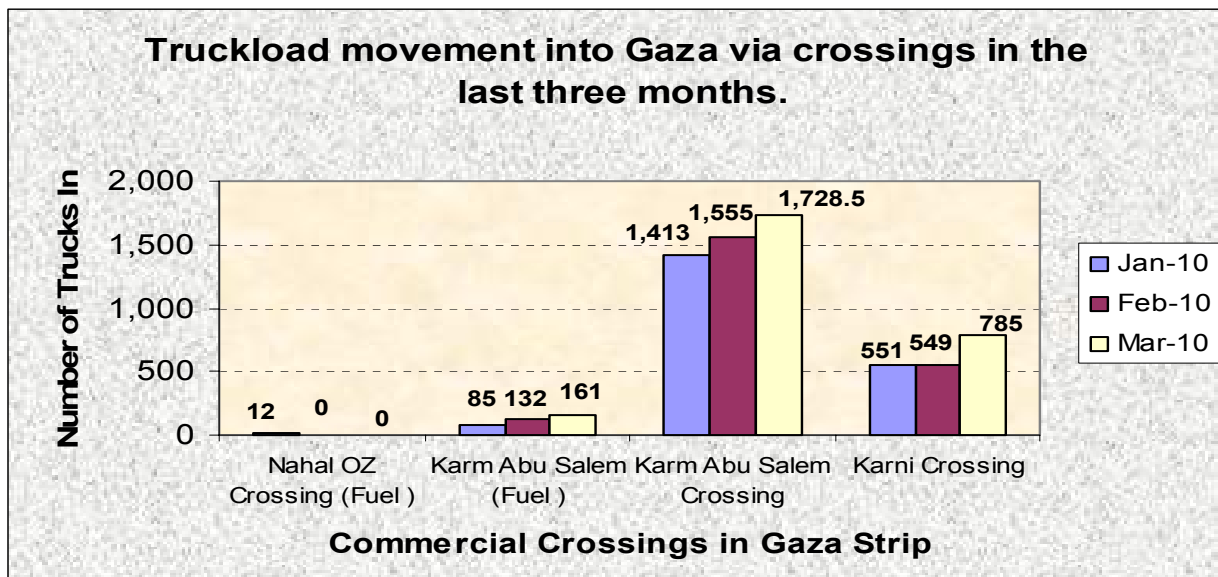
There was a significant increase in the amount of imported cooking gas, with 3,811 tonnes allowed in through Kerem Shalom. (33.11% increased compared to the volume allowed in February 2010).

On 01 Jan 2010, Israel declared that Nahal Oz fuel pipelines closed with fuel being transferred to Gaza only via Kerem Shalom.



Indicator	Baseline Aug-00	Oct -09	Nov -09	Dec -09	Jan -2010	Feb -2010	Mar -2010
Truck Loads Movement							
Al Montar/ Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	597	781	631	551	549	785
Karem Abu Salem / Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	6	44	28	34
Total Truck Loads Imports	0	1,694	1,897.5	1,914	1,413	1,555	1,728.5
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	0	0	0	0	0	0
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	64	49	52	12	0	0
Karem Abu Salem / Kerem Shalom commercial crossing (fuel)							
Total Truck Loads Imports	0	9	21	60	85	132	161
Truckloads Imports Exclude Industrial Diesel supplies to power plant							
Source: Baseline: Ministry of National Economy; General Petroleum Corporation							

In March 2010, 34 trucks of carnations were exported. March 2010 data indicates an increase in the total number of imported truckloads to the Gaza Strip by approximately 20%, compared to February 2010 (2,674.5 vs. 2,236). Karni crossing has remained closed since 12 June 2007 for the movement of goods in and out of Gaza. The single conveyor belt/chute for cereals and animal feed at Karni was open for a total of 9 days. 785 truckloads of animal feed (43.69%), wheat (56.05%), and gravel (0.25%) for the Water Authority entered Gaza via the conveyor belt. Of the 1,728.5 truckloads entering Gaza during the month through Karem Shalom (Karm Abu Salem), 323.5 (or 18.72%) were designated for humanitarian aid agencies and the remaining 1,405 (or 81.28%) were for the private sector. Food items made up the majority of imported goods (1,206 truckloads, or 70%) while 522.5 truckloads, or 30%, were for non food items.



Quarterly Analysis: New Company Registrations in Gaza

Data received from the Minister of National Economy in Gaza indicates a robust increase in new company registrations in the Strip since the beginning of the year (see page 6). This trend seems to validate recent reports highlighting renewed economic activity. In addition, since these numbers only relate to company registrations with the Ministry, they may understate the overall volume of new registrations since many small businesses register directly, and only with local municipalities.

However, a closer look at the nature and type of companies offers a more sobering outlook on Gaza's economic situation. Most of these new companies operate in the service and retail sectors, including rubble crushing, food and groceries, logistics and accounting. The number of new registrations in the commercial – industry category is extremely low. Various factors call into question the potential for a sustained contribution that the trend currently observed can make to Gaza's long term economic development.

Most if not all of these newly registered businesses tend to be of limited size, ranging from micro-businesses to very small companies mostly family businesses with no more than 10 to 15 people. The employment impact for now remains negligible. In addition, initial capitalization of these companies seems to come exclusively from personal reserves, private sources and informal channels, with formal bank credit being virtually absent from the process. Such absence will severely undermine the long term expansion potential of these companies.

Instead, the recent decline in the unemployment rate in Gaza seems to be driven mostly by job creations associated with the tunnel economy, the growth of the local public sector and the increasing opportunities in the rubble crushing business, with none of these options providing reliable venues for longer term economic development. Short term employment is also sustained by the various cash for work programs implemented by the aid community.

Furthermore, recent policy changes related to taxation of companies in Gaza may also have influenced business decisions to create, or dissolve businesses, and may continue in the foreseeable future to provide artificial incentive for registration or dissolution.

Beyond the uncertainty around those numbers, one telling proxy indicator of business confidence can be extracted from the preparations for the upcoming investment conference in Bethlehem. While two years ago, the Gaza business community presented over 160 projects worth \$1.8 billion, the proposals this year will hover around 30 projects for \$40 million. The significant change in size and scale of what is being presented to the world as viable investment opportunities seems to give credence to notion that Gaza's economic potential has been reduced to rubble.