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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

## SOCIO-ECONOMIC REPORT – OCTOBER 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), are relatively abundant. However, the data that are available tend to remain dispersed and are 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 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 periods and it provides, for reference purposes, baseline figures for the period just prior to the outbreak of the second *Intifada*.

Sections 2 and 3 report on the macro-economic situation and 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 sections provide data on the last six reporting periods for each indicator as well as baseline data, which are pre *Al-Aqsa intifada*. In addition, a summary analysis on observed trends is presented below each table.

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# I. SOCIO-ECONOMIC FACT SHEET – OCTOBER 2010

A. GENERAL					B. FISCAL SITUATION			
	Baseline 2004	Previous period	Previous period	Current period	Baseline 1999	Previous period	Current period	
Indicator	2004 <sup>1</sup>	Q3-2004	Q1-2010	Q2-2010	Indicator (US\$ millions)	1999-Q4 <sup>3</sup>	Q2-2010	Q3-2010 <sup>4</sup> (budget)
1. GDP ( US\$ millions)	4,198.4	1,120.9	1,344.3	1,417.8 <sup>2</sup>	1. Revenue	235	455.4	504.2
2. GDP per capita (US\$)	1,317.0	350.4	356.6	373.4	2. Expenditure	235	294.1	237.4
					3. Net lending	0	67.7	60.3
					4. Balance	0	-352.8	-258.1
					5. External budget support (including TIM)	0	317.5	154.7
Source: PCBS					Source: World Bank, Ministry of Finance			
C. MACRO-ECONOMIC					D. PRIVATE SECTOR			
	Baseline	Previous period	Current period		Baseline	Previous period	Current period	
Indicator <sup>5</sup>	2004	Sep 2010	Oct 2010	Indicator	Aug-2000 <sup>8</sup>	Sep 2010	Oct 2010	
1. Consumer Price Index <sup>6</sup>				1. New company registrations				
Total	100	130.68	131.36	Total	231	120	151	
West Bank	100	128.68	129.15	West Bank	137	88	115	
Gaza Strip	100	133.30	133.12	Gaza Strip	94	32	36	
2. Truck movement <sup>7</sup>				2. Area licensed for new construction (x 1000 m <sup>2</sup> )	Aug-2000	Sep 2010	Oct 2010	
<u>Imports</u>	Aug-2000	Sep 2010	Oct 2010	Total	530.3	268.0	349.8	
Karni - conveyor belt/chute	4,373	461	680	West Bank	345.7	172.5	253.4	
Sufa	4,384	0	0	Gaza Strip	184.6	95.5	96.4	
Rafah	953	0	0	3. Banking (US\$ thousands)	Q2-2000	Q1-2010	Q2-2010	
Kerem Shalom	0	3,029	3,744	Loans	1,234	2,587	2,658	
Kerem Shalom (fuel)	0	124	152	Deposits	3,328	6,935	6,685	
Nahal Oz	904	0	0	Loans/Deposits ratio	37.10%	37.30%	39.76%	
<u>Exports</u>				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)				
Karni	2,460	0	0	Source: PCBS (1), Ministry of National Economy, General Petroleum Corporation.				
Kerem Shalom	0	0	0					
E. LABOR FLOWS					F. CLOSURE			
	Baseline	Previous period	Current period		Baseline (Open)	Complete Closure	Partial Closure	
Indicator	Q2-2000	Q1-2010	Q2-2010	Indicator	Aug-2000	Oct -2010	Oct -2010	
1. Labor force size (x 1000)				1 Indicator				
Total	706.2	953.9	980.4	1. Effective closure days <sup>10</sup>				
West Bank	483.8	649.0	666.3	Karni (Conveyer Belt)	100%	66%	34%	
Gaza Strip	222.4	304.9	314.1	Kerem Shalom	0%	16%	0%	
2. Unemployment	8.8%	22.0%	22.9%	Nahal Oz (fuel)	100%	100%	0%	
3. Adjusted unemployment <sup>9</sup>	18.5%	28.0%	28.6%	Sufa (aggregates)	100%	100%	0%	
				Rafah (commercial)	100%	100%	0%	
				Rafah (passenger)	100%	0%	0%	
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 do not include aggregates or aid flows in Aug 2000.

8 For indicators measured on a monthly basis, August 2000 is used as a baseline since Intifada broke out.

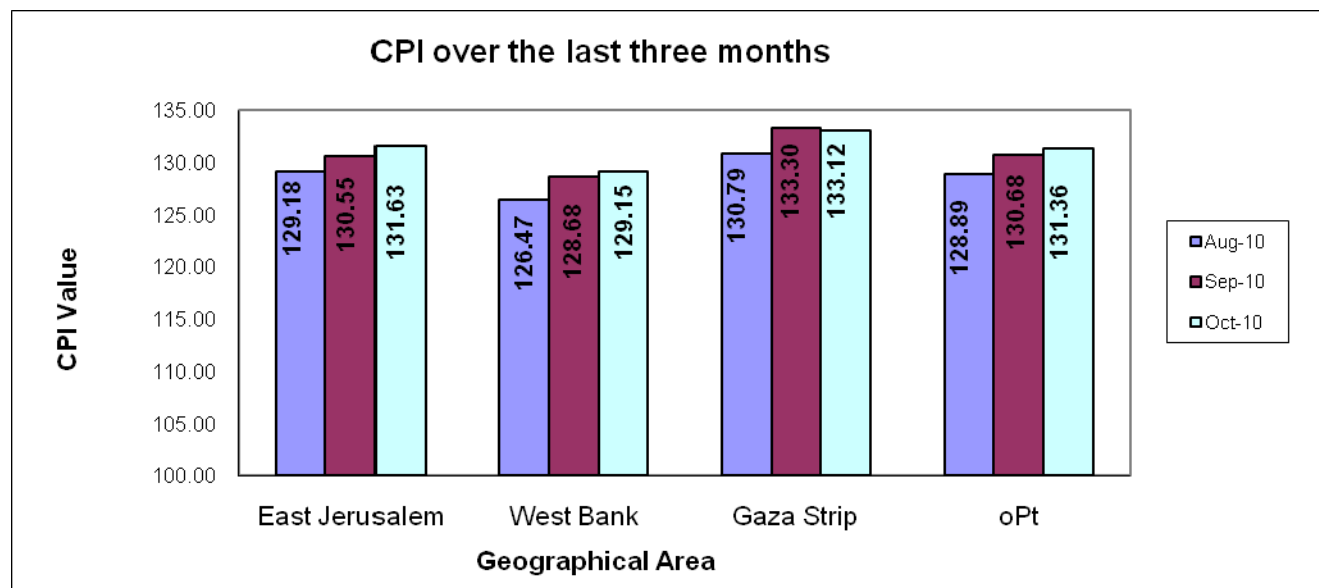
9 Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

10 Effective closure days are calculated by adding all days when a crossing was fully or partially closed, excluding weekends and holidays. Partial closure means that the crossing was partially closed for more than one hour but not for a full day, where it would be 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 – SEPTEMBER 2010

Indicator	Baseline Aug-04	May -2010	June - 2010	July -2010	Aug - 2010	Sep -2010	Oct -2010
<b>Palestinian consumer price index (by region and expenditure group)</b>							
<b>Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)</b>							
Food and soft drinks		141.64	142.35	142.99	143.81	148.26	149.51
Alcoholic beverages and tobacco		145.29	145.38	156.69	158.55	158.56	158.57
Textiles, clothing and footwear		108.60	109.33	108.81	109.42	109.52	109.97
Housing		127.27	127.71	126.34	126.01	126.52	127.33
Furniture, household goods		115.72	115.30	114.65	114.71	114.91	115.35
Medical care		114.87	115.34	114.05	114.16	114.75	114.92
Transportation		121.37	120.51	121.21	120.89	120.50	120.72
Communications		107.07	106.97	106.94	106.77	106.88	106.79
Recreational, cultural goods & services		103.06	102.82	103.07	102.98	103.06	103.13
Education		110.34	110.34	110.34	110.34	110.81	110.81
Restaurants and cafes		136.58	136.97	137.01	137.36	136.74	137.05
Miscellaneous goods and services		119.37	119.95	120.56	120.72	121.62	122.13
All items of consumer price index		<b>127.60</b>	<b>127.90</b>	<b>128.50</b>	<b>128.89</b>	<b>130.68</b>	<b>131.36</b>
<b>Major Groups of Expenditure (Jerusalem)</b>							
Food and soft drinks		143.38	145.05	147.01	146.48	150.26	152.73
Alcoholic beverages and tobacco		133.45	133.79	153.39	155.97	155.93	155.93
Textiles, clothing and footwear		113.81	115.71	115.27	117.58	116.87	117.75
Housing		120.87	121.38	120.01	119.87	120.36	120.66
Furniture, household goods		108.50	108.05	107.76	108.48	109.43	110.19
Medical care		125.99	126.02	123.01	124.19	123.01	123.23
Transportation		127.87	128.20	128.00	127.50	127.88	128.60
Communications		103.62	103.57	103.57	103.11	103.31	103.06
Recreational, cultural goods & services		107.63	107.10	107.93	107.84	107.96	108.14
Education		112.05	112.05	112.05	112.05	112.91	112.91
Restaurants and cafes		148.72	149.23	147.82	148.63	147.34	147.85
Miscellaneous goods and services		112.55	113.22	113.85	114.51	114.97	115.24
All items of consumer price index		<b>127.05</b>	<b>127.84</b>	<b>129.04</b>	<b>129.18</b>	<b>130.55</b>	<b>131.63</b>
<b>Major Groups of Expenditure (Rest of the West Bank)</b>							
Food and soft drinks		138.03	138.60	138.15	140.70	146.08	146.99
Alcoholic beverages and tobacco		145.29	145.22	157.90	159.84	159.97	159.98
Textiles, clothing and footwear		97.50	98.01	97.26	96.66	96.42	96.64
Housing		134.83	135.16	134.73	134.24	134.79	135.76
Furniture, household goods		99.99	100.07	99.69	99.04	99.76	99.20
Medical care		110.61	111.92	111.10	110.42	111.39	111.44
Transportation		119.31	117.59	118.46	118.18	117.53	117.53
Communications		108.18	107.83	107.76	107.71	107.81	107.83
Recreational, cultural goods & services		92.96	92.75	92.72	92.64	92.34	92.38
Education		106.52	106.52	106.52	106.52	106.99	106.99
Restaurants and cafes		129.35	129.39	129.45	130.76	131.05	131.38
Miscellaneous goods and services		124.75	126.31	126.95	126.09	126.84	127.19
All items of consumer price index		<b>124.94</b>	<b>125.18</b>	<b>125.59</b>	<b>126.47</b>	<b>128.68</b>	<b>129.15</b>
<b>Major Groups of Expenditure (Gaza Strip)</b>							
Food and soft drinks		144.10	144.69	144.91	145.33	151.44	150.23
Alcoholic beverages and tobacco		156.58	156.58	156.57	156.57	156.57	156.61
Textiles, clothing and footwear		113.95	113.88	113.63	113.24	113.66	114.49
Housing		122.29	122.86	121.73	121.16	121.32	123.03
Furniture, household goods		144.70	144.25	141.89	141.56	141.56	141.47
Medical care		98.57	98.57	98.57	98.57	98.16	98.44
Transportation		126.84	125.80	126.31	126.12	125.99	126.00
Communications		105.48	105.48	105.48	105.48	105.49	105.49
Recreational, cultural goods & services		101.08	101.24	101.16	101.27	101.25	101.36
Education		107.59	107.59	107.59	107.59	107.59	107.59
Restaurants and cafes		152.47	152.04	150.62	150.67	151.58	151.93
Miscellaneous goods and services		121.49	121.63	122.07	122.18	123.85	124.64
All items of consumer price index		<b>130.71</b>	<b>130.88</b>	<b>130.73</b>	<b>130.79</b>	<b>133.30</b>	<b>133.12</b>
Source: PCBS							

The Palestinian CPI reached 131.36 in October 2010, an increase of 0.52% compared to September 2010. Increases were recorded in the Food and soft drinks sector (0.85%), in Miscellaneous goods and services (0.42%) Textiles, clothing and footwear (0.41%) and Medical care (0.15%), while the Communications sector experienced a 0.08% price decline.



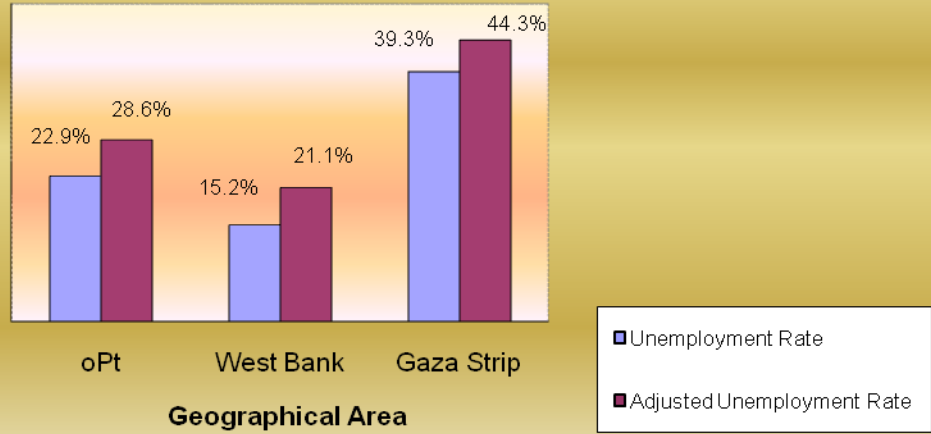
Indicator	Baseline Q2-00	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010	Q2-2010
<b>Labor Force</b>							
<b>Unemployment and adjusted unemployment<sup>11</sup> in the occupied Palestinian territory</b>							
Labor force –Total (x 1000)	706.2	934.0	949.8	955.4	963.5	953.9	980.4
Labor force - West Bank	483.8	620.4	649.6	644.8	656.9	649.0	666.3
Labor force - Gaza Strip	222.4	313.6	300.2	310.6	306.6	304.9	314.1
<b>occupied Palestinian territory</b>							
Unemployment	8.8%	25.4%	22.2%	25.8%	24.8%	22.0%	22.9%
Adjusted unemployment	18.5%	30.6%	28.0%	31.4%	30.2%	28.0%	28.6%
<b>West Bank</b>							
Unemployment	6.5%	19.5%	15.9%	17.8%	18.1%	16.5%	15.5%
Adjusted unemployment	15.8%	25.1%	21.2%	23.7%	23.5%	22.4%	21.1%
<b>Gaza Strip</b>							
Unemployment	13.8%	37.0%	36.0%	42.3%	39.3%	33.9%	39.3%
Adjusted unemployment	24.2%	41.5%	42.1%	47.1%	44.3%	39.7%	44.3%
Source: PCBS							

The data indicate that the percentage of unemployed increased from 22.0% in the 1<sup>st</sup> quarter 2010 to 22.9% in the 2<sup>nd</sup> quarter of 2010, (compared with 22.2% in the 2<sup>nd</sup> quarter of 2009). The unemployment rate increased in Gaza Strip from 33.9% in the 1<sup>st</sup> quarter 2010 to 39.3% in the 2<sup>nd</sup> quarter of 2010, while in the West Bank it decreased from 16.5% in the 1<sup>st</sup> quarter 2010 to 15.5% in the 2<sup>nd</sup> quarter of 2010.

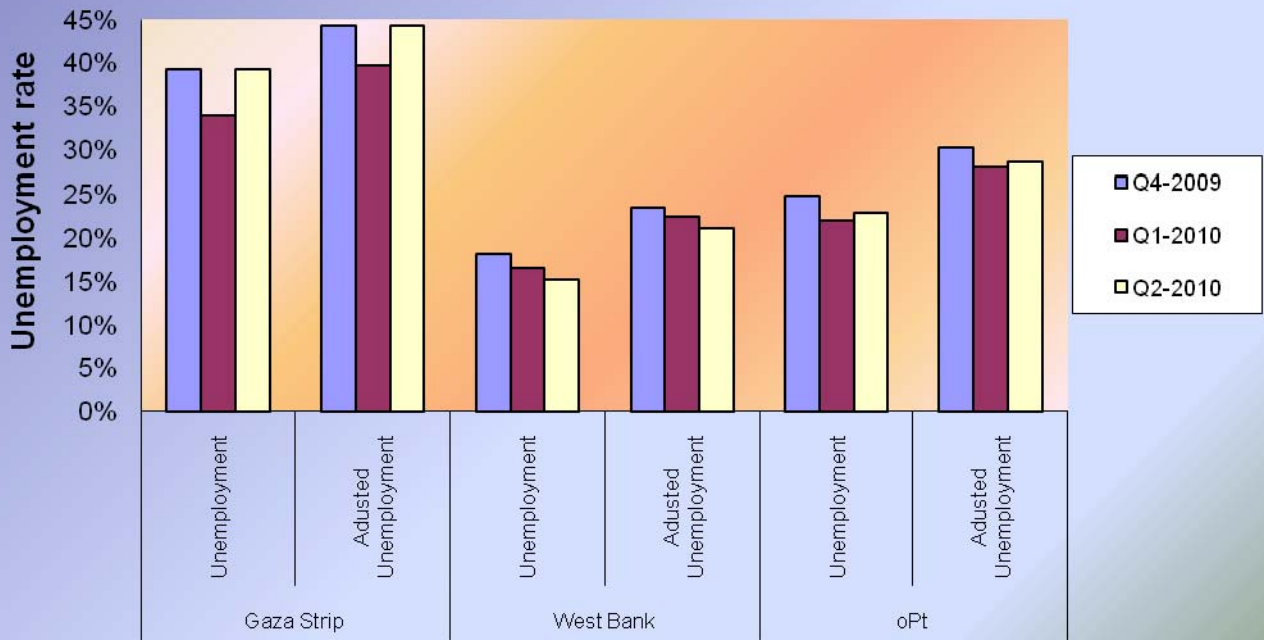
The Tulkarm governorate has the highest unemployment rate among the West Bank governorates (21.3%) followed by the Qalqilia governorate at 19.0%, while the Jerusalem governorate has the lowest unemployment rate (9.7%). For the Gaza Strip, the Deir AlBalah governorate has the highest unemployment rate (43.3%) followed by the North Gaza governorate (41.1%), then Khan Younis governorate (40.7%).

<sup>11</sup> Adjusted unemployment is the total number of unemployed in addition to those who are unemployed and do not seek any employment.

### Unemployment in Q2 2010



### Unemployment in the last three quarters



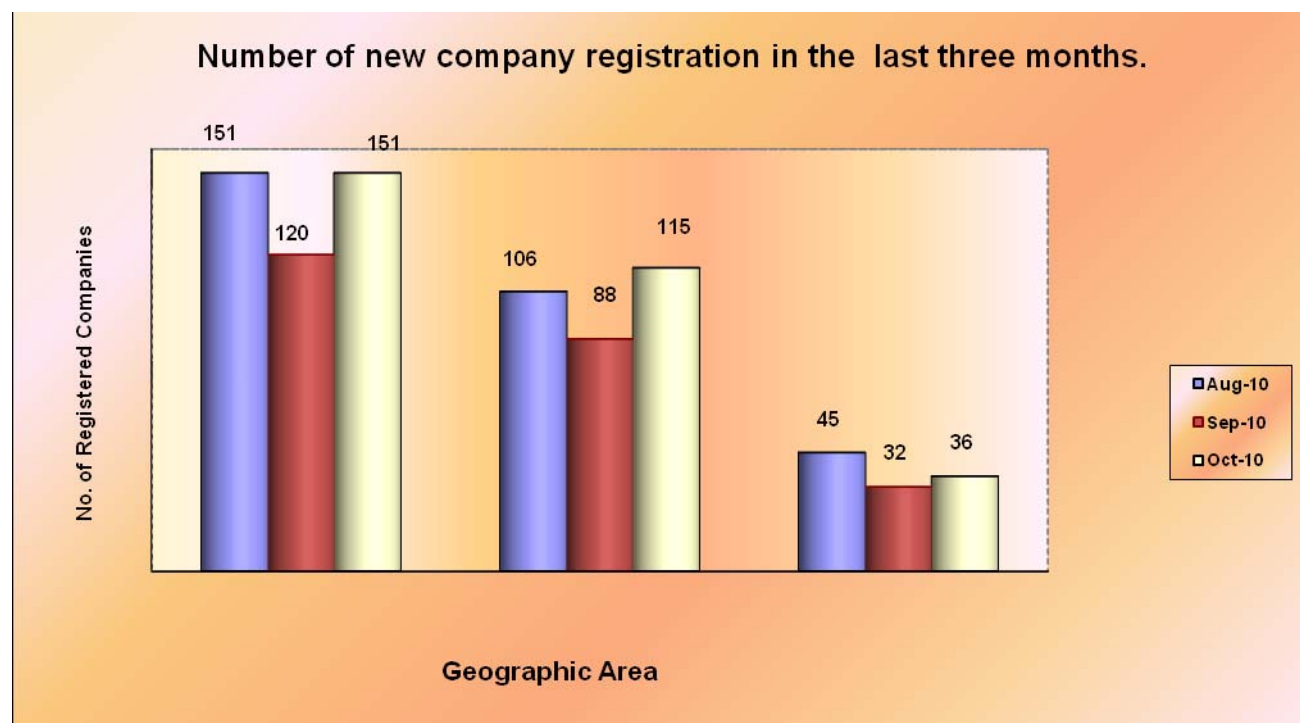
Indicator	Baseline Aug-00	May - 2010	June - 2010	July -2010	Aug -2010	Sep -2010	Oct -2010
<b>Exchange rate</b>							
Exchange rate	4.05	3.78	3.86	3.86	3.79	3.73	3.61
Source: PCBS							

The exchange rate between the US dollar and the NIS declined by approximately 3.22% in October 2010 compared to September 2010.

### III. ECONOMIC ACTIVITY – OCTOBER 2010

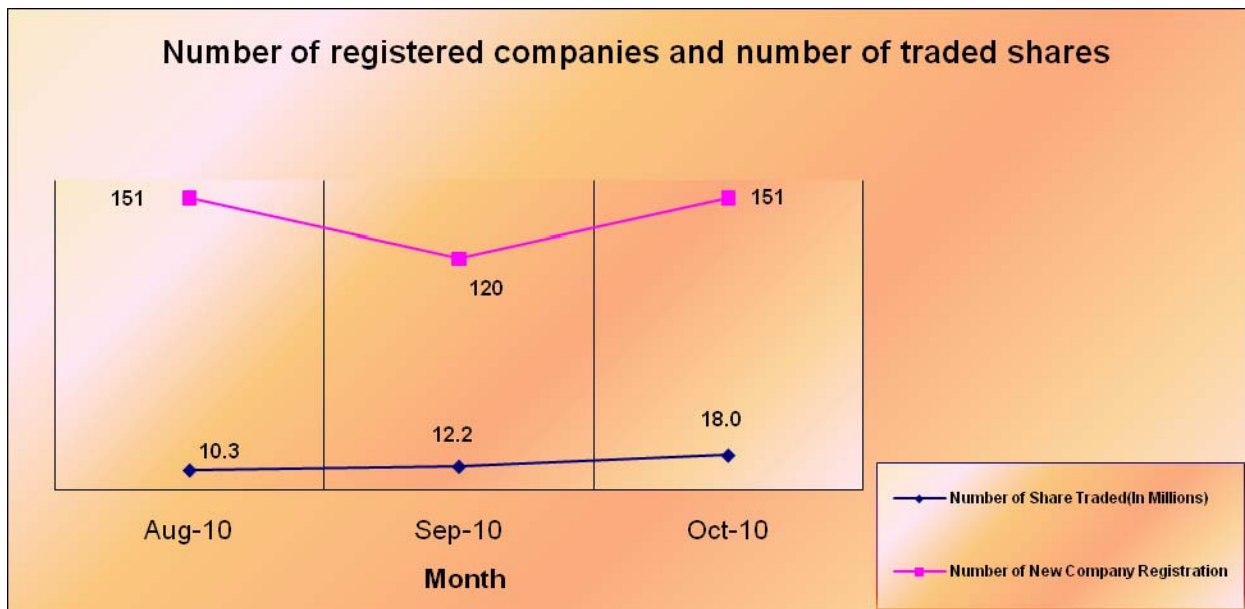
Indicator	Baseline Aug.2000	May - 2010	June - 2010	July -2010	Aug -2010	Sep -2010	Oct-2010
<b>Number of new company registrations (by region and legal status)</b>							
<b>Gaza Strip</b>							
Private	81	5	11	10	7	9	15
Private limited	12	25	20	23	38	23	21
Public limited	0	0	0	0	0	0	0
Foreign	1	0	0	0	0	0	0
<b>Total</b>	<b>94</b>	<b>30</b>	<b>31</b>	<b>33</b>	<b>45</b>	<b>32</b>	<b>36</b>
<b>West Bank</b>							
Private	42	34	53	19	34	33	35
Private limited	95	74	61	72	70	53	77
Public limited	0	0	0	0	0	0	1
Foreign	0	3	1	2	1	2	1
Non- profit	0	0	2	3	1	0	1
<b>Total</b>	<b>137</b>	<b>111</b>	<b>117</b>	<b>95</b>	<b>106</b>	<b>88</b>	<b>115</b>
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 increased by 30.68% compared to September 2010. When compared to pre-Intifada levels, new company registrations have declined by approximately 16.06%. For Gaza, data from the local Ministry of Economy indicate 36 new registered companies in October 2010. On such basis, the number of newly registered companies in Gaza shows an increase of approximately 12.5% compared to September 2010.



Indicator	Baseline Aug-00	May - 2010	June - 2010	July - 2010	Aug - 2010	Sep -2010	Oct-2010
<b>Palestinian Securities Exchange</b>							
<b>Volume of trade</b>							
Number of shares traded (x million)	7.0	27.3	38.5	13.8	10.3	12.2	18.0
Value of shares traded (x million US\$)	13.0	41.0	76.8	25.0	16.7	27.0	21.6
Al-Quds index	265.23	491.52	515.84	501.50	491.83	503.74	491.48
Source: Palestinian Securities Exchange (PSE)							

Similar to bank credit and deposits, data on the Palestinian stock exchange are used as a proxy indicator of Palestinian perceptions vis-à-vis the state of the national economy. Data for October 2010 show an increase in terms of the number of stocks traded of approximately 47.28% and a decrease in terms of value of shares traded of approximately 19.84%. The Al-Quds index dropped by 2.43 %.



Indicator	Baseline Aug-00	May - 2010	June - 2010	July - 2010	Aug - 2010	Sep -2010	Oct -2010
<b>Area licensed for new construction (Gaza Strip, square meters)</b>							
Northern District	27,902	22,800	25,650	20,500	18,250	21,320	23,250
Gaza	50,116	18,300	21,440	23,150	14,640	25,200	23,870
Al Wastah	15,984	5,450	7,520	9,400	8,220	11,480	12,180
Khan Younis	51,146	17,300	18,870	25,560	22,360	24,790	22,560
Rafah	39,429	8,550	9,630	11,640	10,990	12,680	14,490
<b>Gaza Strip Total</b>	<b>184,577</b>	<b>72,400</b>	<b>83,110</b>	<b>90,250</b>	<b>74,460</b>	<b>95,470</b>	<b>96,350</b>
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	May - 2010	June - 2010	July - 2010	Aug - 2010	Sep -2010	Oct -2010
<b>Area licensed for new construction (West Bank, square meters)</b>							
Ramallah & Al- Bireh & Jerusalem		67,548	120,793	155,799	106,431	62,232	76,858
Nablus		45,523	57,548	60,434	56,319	40,429	56,690
Tulkarm		32,789	33,894	27,288	21,491	19,813	21,873
Hebron		49,481	28,274	32,414	65,762	20,797	46,670
Bethlehem		28,521	32,379	15,316	18,150	13,905	26,577
Jenin		26,581	21,093	35,243	22,741	14,558	23,434
Qalqilya		454	4,721	4,721	4,985	752	1,322
Salfit		0	0	0	0	0	0
<b>Total</b>	<b>345,685</b>	<b>250,897</b>	<b>298,702</b>	<b>331,215</b>	<b>295,879</b>	<b>172,486</b>	<b>253,424</b>
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. October 2010 data show an increase in the area licensed for new construction of approximately 46.92% compared to the previous month in the West Bank. When compared to pre *intifada* levels, the area licensed for new construction has now experienced a decline of 26.69%.



Indicator	Q2-09	Q3-09	Q4-09	Q1-2010	Q2-2010
<b>Bank Credit</b>					
<b>Bank credit by economic activity (x million US\$)</b>					
Agriculture	41	37	39	47	53
Manufacturing & mining	174	179	185	194	213
Real estate and lands	219	238	266	292	320
General trade	351	360	341	379	425
Transportation	16	23	25	24	22
Tourism, hotels & restaurants	31	35	39	44	50
Public services	252	323	328	347	332
Financial services & facilitations granted to financial institutions	46	69	73	70	66
Financing granted to the investment of the shares	66	56	56	54	54
Finance the purchase of cars	48	56	57	68	81
Total public sector	749	722	637	870	825
Financing for consuming purposes	60	65	77	88	99
Others in the private sector	47	97	111	111	119
<b>GRAND TOTAL</b>	<b>2,100</b>	<b>2,261</b>	<b>2,234</b>	<b>2,587</b>	<b>2,658</b>
Total excluding theirs in the public services and total public sector	1,099	1,216	1,269	1,370	1,501
<b>Bank credit by economic activity (% of total)</b>					
Agriculture	2.0%	1.6%	1.7%	1.8%	2.0%
Industry & mining	8.3%	7.9%	8.3%	7.5%	8.0%
Real estate and lands	10.4%	10.5%	11.9%	11.3%	12.0%
General trade	16.7%	15.9%	15.3%	14.6%	16.0%
Transportation	0.8%	1.0%	1.1%	0.9%	0.8%
Tourism, hotels & restaurants	1.5%	1.6%	1.8%	1.7%	1.9%
Public services	12.0%	14.3%	14.7%	13.4%	12.5%
Financial services & facilitations granted to financial institutions	2.2%	3.1%	3.3%	2.7%	2.5%
Financing granted to the investment of the shares	3.2%	2.5%	2.5%	2.1%	2.0%
Finance the purchase of cars	2.3%	2.5%	2.6%	2.6%	3.0%
Total public sector	35.7%	31.9%	28.5%	33.6%	31.0%
Financing for consuming purposes	2.8%	2.9%	3.4%	3.4%	3.7%
Others in the private sector	2.3%	4.3%	5.0%	4.3%	4.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Bank credit by economic branch (excluding total public sector and public services) (% of total)</b>					
Agriculture	3.8%	3.1%	3.0%	3.4%	3.5%
Manufacturing and mining	15.8%	14.7%	14.6%	14.2%	14.2%
Real estate and lands	20.0%	19.6%	21.0%	21.3%	21.3%
General trade	31.9%	29.7%	26.9%	27.6%	28.3%
Tourism, hotels & restaurants	1.5%	1.9%	2.0%	1.8%	1.4%
Transportation	2.8%	2.9%	3.1%	3.2%	3.3%
Financial services & facilitations granted to financial institutions	4.2%	5.7%	5.8%	5.1%	4.4%
Financing granted to the investment of the shares	6.0%	4.6%	4.4%	4.0%	3.6%
Finance the purchase of cars	4.3%	4.6%	4.5%	4.9%	5.4%
Financing for consuming purposes	5.4%	5.3%	6.0%	6.4%	6.6%
Others in the private sector	4.3%	8.0%	8.7%	8.1%	7.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
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, the data show an increase in the use of credit. Bank credit to the public sector indicates a decline of approximately 5.20% in Q2-2010 when compared with Q1-2010. (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	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010	Q2-2010
<b>Bank Credit</b>							
<b>Bank credit by type ( million US\$)</b>							
Loans	512	1,159	1,339	1,500	1,565	1,874	1,926
Overdrafts	653	673	751	753	659	705	724
Leasing	0	10	10	7	8	8	8
BA & Discounted Bills	69	0	0	0	0	0	0
<b>Total</b>	<b>1,234</b>	<b>1,842</b>	<b>2,100</b>	<b>2,261</b>	<b>2,232</b>	<b>2,587</b>	<b>2,658</b>
<b>Bank credit by type (as percentage of total)</b>							
Loans	41%	62.9%	63.8%	66.4%	70.1%	72.4%	72.5%
Overdrafts	53%	36.5%	35.8%	33.3%	29.5%	27.3%	27.2%
Leasing	0%	0.6%	0.5%	0.3%	0.3%	0.3%	0.3%
BA & Discounted Bills	6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: PMA							

Disaggregating bank credit by the type of credit, the data show an increase in loans and overdrafts. Loans currently represent 72.5% of all credit extended compared to only 41% in the *pre-Intifada* period.

Indicator	Baseline Q2-00	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010	Q2-2010
<b>Bank Credit</b>							
<b>Bank credit by borrowing entity (million US\$)</b>							
Businesses	752	1,020	1,099	1,216	1,269	1,370	1,501
Consumers	429	582	749	722	637	870	825
Public services	52	240	252	323	328	347	332
<b>Total</b>	<b>1,234</b>	<b>1,842</b>	<b>2,100</b>	<b>2,261</b>	<b>2,234</b>	<b>2,587</b>	<b>2,658</b>
<b>Bank credit by borrowing entity (% of total)</b>							
Businesses	61%	55.4%	52.3%	53.8%	56.8%	53.0%	56.5%
Consumers	35%	31.6%	35.7%	31.9%	28.5%	33.6%	31.0%
Public services	4%	13.0%	12.0%	14.3%	14.7%	13.4%	12.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Source: PMA							

Disaggregating bank credit by borrowing entity shows that consumer lending has experienced decline of approximately 5.20% in Q2 -2010 compared to Q1-2010.

Indicator	Baseline Q2-00	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010	Q2-2010
<b>Bank Deposits (excluding deposits of the PMA and commercial banks)</b>							
<b>Distribution of public sector deposits by depositor and type (million US\$)</b>							
<b>Public institutions and local auth.</b>							
Current accounts	17.3	57.9	65.1	81.6	78.2	78.9	74.7
Time deposits	39.2	74.4	78.6	78.7	74.7	76.2	74.8
Sub-total	56.5	132.3	143.7	160.3	152.9	155.1	149.5
<b>Government</b>							
Current accounts	37.6	243.2	199.5	275.4	232.6	310.9	300.5
Time deposits	77.5	152.7	158.3	176.2	180.6	180.0	182.1
Sub-total	115.1	395.9	357.9	451.6	413.2	490.9	482.7
<b>Total public sector deposits</b>	<b>171.6</b>	<b>528.1</b>	<b>501.6</b>	<b>612.0</b>	<b>566.1</b>	<b>646.0</b>	<b>632.1</b>
<b>Distribution of private sector deposits by residency and type (million US\$)</b>							
<b>Residents</b>							
Current accounts	746.5	1,704.2	1,794.5	2,014.3	1,890.2	1,975.1	1,936.1
Savings accounts	440.4	1,366.9	1,474.4	1,535.4	1,608.3	1,632.7	1,639.6
Time deposits	1,895.70	1,939.9	1,925.1	1,835.9	1,891.3	1,879.3	1,721.2
Sub-total	3,082.6	5,011.0	5,194.0	5,385.5	5,389.7	5,487.1	5,296.9
<b>Non-residents</b>							
Current accounts	3.3	100.7	139.9	162.8	152.1	167.3	222.9
Savings accounts	2.4	31.1	40.5	51.1	61.5	69.2	86.8
Time deposits	8.9	76.2	88.1	91.8	104.6	108.2	128.0
Sub-total	14.6	208.0	268.5	305.7	318.2	344.6	437.7
<b>Total private sector deposits</b>	<b>3,097.2</b>	<b>5,219.0</b>	<b>5,462.5</b>	<b>5,691.2</b>	<b>5,708.0</b>	<b>5,831.8</b>	<b>5,734.6</b>
<b>Total deposits (public and private)</b>	<b>3,268.8</b>	<b>5,747.1</b>	<b>5,964.1</b>	<b>6,303.2</b>	<b>6,274.1</b>	<b>6,477.8</b>	<b>6,366.7</b>
Source: PMA							

Bank deposits for the Q2- 2010 indicate a decline in public sector deposits of approximately 2.15% and a decline in private sector deposits of 1.67% compared with Q1- 2010.

Indicator	Baseline Q2-00	Q1-09	Q2-09	Q3-09	Q4-09	Q1-2010	Q2-2010
<b>Value of Loans and Deposits (million US\$)</b>							
Total loans	1,234	1,842	2,100	2,261	2,232	2,587	2,658
Total deposits	3,328	6,165	6,390	6,687	6,655	6,935	6,685
Loans/Deposits (ratio)	<b>37.06%</b>	<b>29.88%</b>	<b>32.86%</b>	<b>33.81%</b>	<b>33.54%</b>	<b>37.30%</b>	<b>39.76%</b>
Source: PMA							

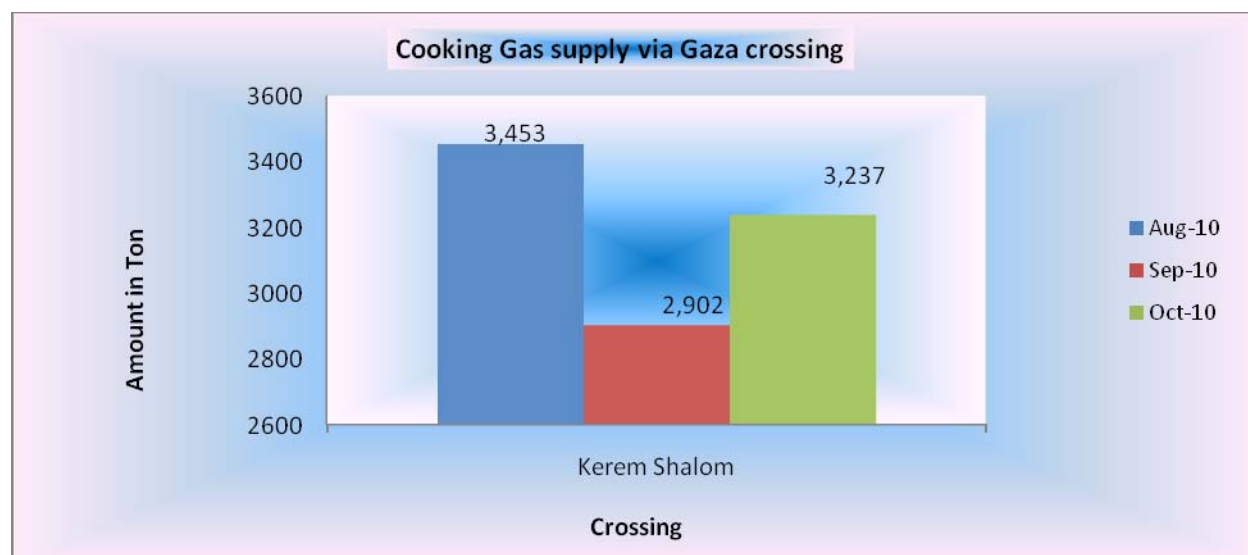
In a functioning economy, an increase in the loans versus deposits ratio is perceived as a positive sign, as monies are not saved but invested or consumed, each of which acts as a stimulant for the economy. Since September 2006, this ratio had steadily declined in the oPt signaling little optimism in the prospects for the Palestinian economy. However, Q2-2010 indicates an increase in total loans of approximately 2.77%, and a decline in total deposits of 3.60% compared with Q1- 2010.

## IV. GAZA ECONOMIC ACCESS – OCTOBER 2010

Indicator	Baseline Aug-00	May -2010	June - 2010	July - 2010	Aug - 2010	Sep -2010	Oct -2010
<b>Volume of registered fuel sales in the Gaza Strip (x 1000 liters/ton)</b>							
<b>Volume of registered fuel sales in the Gaza Strip (Nahal Oz Crossing)</b>							
Petrol (Liter)	3,188.9	0.0	0.0	0.0	0.0	0.0	0.0
Diesel (Liter)	11,343	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0
Industrial diesel (Liter)	n.a	0.0	0.0	0.0	0.0	0.0	0.0
<b>Volume of registered fuel sales in the Gaza Strip (Kerem Shalom)</b>							
Petrol (Liter)	0.0	45.3	79.5	76.4	117.9	31.0	78.5
Diesel (Liter)	0.0	0.0	569.2	341.1	470.7	0.0	370.0
White diesel (Liter)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cooking gas (Ton)	0.0	3.5	4.2	3.6	3.5	2.9	3.2
Industrial diesel (Liter)	0.0	4,527.1	3,553.7	4,707.6	5,507	8,239.8	8,152.9
Source: General Petroleum Corporation							

There was a significant increase in the amount of imported cooking gas, with 3,237 tons allowed in through Kerem Shalom, which represents an 11.54% increase compared to the volume allowed in September 2010. During the reporting period, 29,499 liters of petrol and 225,005 Diesel were imported for UNRWA. 49,000 liters of petrol and 145,000 liters Diesel for the private sector.

On 1 January 2010, Israel declared Nahal Oz fuel pipelines closed, with fuel being transferred to Gaza only via Kerem Shalom.



Indicator	Baseline Aug-00	May - 2010	June - 2010	July - 2010	Aug - 2010	Sep -2010	Oct -2010
<b>Truck Loads Movement</b>							
<b>Al Montar/ Karni commercial crossing</b>							
Total truck loads exports	992	0	0	0	0	0	0
Total truck loads imports	2,923	736	764	796	815	461	680
<b>Karem Abu Salem / Kerem Shalom commercial crossing</b>							
Total truck loads exports	0	0	0	0	0	0	0
Total truck loads imports	0	1,914.5	2,199.0	2,984.0	4,205.0	3,029.0	3,744.0
<b>Sufa commercial crossing</b>							
Total truck loads exports	0	0	0	0	0	0	0
Total truck loads imports	4,384	0	0	0	0	0	0
<b>Nahel Oz commercial crossing (fuel)</b>							
Total truck loads imports	904	0	0	0	0	0	0
<b>Karem Abu Salem / Kerem Shalom commercial crossing (fuel)</b>							
Total truck loads imports	0	144	193	166	156	124	152
<b>Truckloads imports exclude industrial diesel supplies to power plant</b>							
Source: Baseline: Ministry of National Economy; General Petroleum Corporation							

October 2010 data indicate an increase in the total number of imported truckloads to the Gaza Strip by approximately 27%, compared to August 2010 (4,576 vs. 3,614). 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 8 days. Six hundred and eighty truckloads of animal feed (49%), and wheat (32%) and gravel (19%) for UNRWA, Palestinian Water Authority and Coastal Municipalities Water Utility entered Gaza via the conveyor belt. Of the 3,744 truckloads entering Gaza during the month through Karem Shalom (Karm Abu Salem), 276 (or 7.37%) were designated for humanitarian aid agencies and the remaining 3,468 (or 92.63%) were for the private sector. Food items made up the majority of imported goods (1,507.5 truckloads, or 40%) while 2,236.5 truckloads, or 60%, were for non-food items.

