



SOCIO-ECONOMIC REPORT

JANUARY 2011

January 2011 supplement: Youth unemployment
and employment in the Gaza Strip

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The UNSCO Socio-Economic Report is also
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Since 1996 UNSCO has continually monitored and reported on socio-economic conditions in the occupied Palestinian territory (oPt) and, in the process, established an extensive socio-economic database. UNSCO does not produce primary data but rather makes use of available data, that in oPt are relatively abundant. The information that is available, however, often remains dispersed and is not automatically shared between institutions. The objective of the database is to collate a wide range of social and economic indicators in one location, and, through the report, present a broad perspective on socio-economic conditions in oPt.

The purpose of the present report is to: 1) broaden the access to the information contained in the 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 six sections, as follows:

Section I. consists of a one-page fact sheet that provides a snapshot view of the socio-economic situation for the current and previous reporting periods.

Sections II. and III. report on the macro-economic and fiscal situation, and sections IV. and V. give an overview of developments in the banking and private sectors, respectively. Section VI. is dedicated to issues on Gaza.

Two annexes provide detailed reference information. Annex A presents detailed statistical reference tables, and Annex B lists the main socio-economic terms used in this report along with their corresponding definitions.

Topics of current interest are analyzed in-depth in periodic "Supplements".

Most sections provide data on the six preceding reporting periods for each indicator and, for comparison purposes, data for a reference period immediately before the Al-Aqsa intifada, which started in September 2000, or the closest time period available.

Note: The data for the West Bank and oPt in this report do not include occupied East Jerusalem unless otherwise specified.

I. SOCIO-ECONOMIC FACT SHEET - JANUARY 2011

Key macroeconomic indicators					
Production		Q2/2000	Q2/2010	Q3/2010	Change in Q3/2010 (%)
GDP (constant 2004 prices, US\$ million)		a/	1,418 ^{b/}	1,409 ^{b/}	-0.6 ^{b/}
GDP rate of change (year-on-year, constant 2004 prices, %)		a/	9.2 ^{b/}	7.8 ^{b/}	----
GDP per capita (annualized, constant 2004 prices, US\$)		a/	1,494 ^{b/}	1,472 ^{b/}	-1.5 ^{b/}
Prices		Aug 2000	Dec 2010	Jan 2011	Year-on-year (Jan 2011)
Change in prices (CPI, %)	Total ^{c/}	-0.9	-0.1	0.1	2.9
	East Jerusalem	-1.1	-0.2	0.5	4.4
	West Bank	-0.6	0.1	-0.3	3.5
	Gaza Strip	-0.8	0.3	0.1	1.1
Labor market		Q2/2000	Q3/2010	Q4/2010	Change in Q4/2010 (%)
Labor force (thousands)	Total	706.2	966.9	1,001.2	3.5
	West Bank	483.8	658.0	686.5	4.3
	Gaza Strip	222.4	308.9	314.7	1.9
Unemployment rate (%)	Total	8.8	26.6	23.4	----
	West Bank	6.5	20.1	16.9	----
	Gaza Strip	13.8	40.5	37.4	----
Adjusted unemployment rate (%)	Total	18.5	33.3	29.9	----
	West Bank	15.8	26.6	23.5	----
	Gaza Strip	24.2	47.0	43.5	----
Public sector					
		Q2/2000	Q3/2010	Q4/2010	Change in Q4/2010 (%)
Government total net revenue (cash basis, US\$ million)		a/	522.2	438.9	-16.0
Government wage expenditure (cash basis, US\$ million)		a/	373.8	423.3	13.2
Government non-wage expenditure (cash basis, million)		a/	258.0	334.2	29.5
Government net lending (cash basis, US\$ million)		a/	59.0	46.3	-21.5
Government balance (cash basis, US\$ million)		a/	-262.4	-441.3	68.2
External budget support (US\$ million)		a/	177.9	443.4	149.2
Banking sector					
		Q2/2000	Q3/2010	Q4/2010	Change in Q4/2010 (%)
Bank credit (US\$ million)		1,234	2,852	2,887	1.2
Bank deposits (US\$ million)		3,328	7,050	7,246	2.8
Loan-to-deposit ratio (%)		37.1	40.5	39.9	----
Private sector					
		Aug 2000	Dec 2010	Jan 2011	Change in Jan 2011 (%)
New company registrations	Total	231	136	162	19.1
	West Bank	137	111	119	7.2
	Gaza Strip	94	25	43	72.0
Area licensed for new construction (thousand m ²)	Total	530.3	866.3	320.2	-63.0
	West Bank	345.7	773.3	225.9	-70.8
	Gaza Strip	184.6	93.0	94.3	1.4
Gaza Strip					
Truck movement		Aug 2000	Dec 2010	Jan 2011	Change in Jan 2011 (%)
Gaza Strip imports (trucksloads) ^{d/}	Karni (conveyor belt/chute)	4,373	1,054	1,005	-4.6
	Sufa	4,384	0	0	0.0
	Rafah	953	0	0	0.0
	Kerem Shalom	0	3,260	2,978	-8.7
	Kerem Shalom (fuel)	0	123	140	13.8
	Nahal Oz	904	0	0	0.0
Gaza Strip exports (trucksloads) ^{d/}	Karni	2,460	0	0	0.0
	Kerem Shalom	0	99	107	8.1
Closure		Aug 2000	Complete closure-Jan 2011	Partial closure-Jan 2011	
Effective closure days (%)	Karni (conveyor belt)	0	63	37	
	Kerem Shalom	n.a.	15	0	
	Nahal Oz (fuel)	0	100	0	
	Sufa (aggregates)	0	100	0	
	Rafah (commercial)	0	100	0	
	Rafah (passenger)	0	14	86	

Sources: PCBS: production, prices, labor market; MoF: public sector; PMA: banking sector; MoNE: new company registrations; Engineering Offices and Consulting Firms: area licensed for new construction; MoNE and General Petroleum Corporation: Gaza truck movement; UNSCO: closure and Gaza truck movement.

a/ Data not available.

b/ Preliminary data.

c/ Includes data for occupied East Jerusalem.

d/ MoNE data for August 2000 do not include aggregates or aid flows.

Sanitation infrastructure in educational establishments in the West Bank and the Gaza Strip

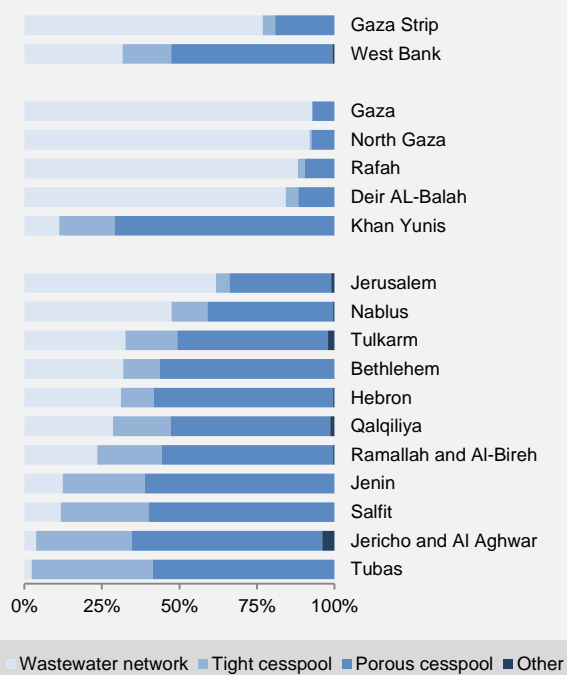
The infrastructure available in educational establishments for disposing of wastewater shows marked differences between the Gaza Strip and the West Bank. In particular, connectivity to the wastewater network is more prevalent in the Gaza Strip (77%), with the notable exception of the Khan Yunis governorate (11%), than in the West Bank (32%). On the other hand, more than half of educational establishments in the West Bank (52%) use porous cesspools as a disposal method, as compared to only a fifth (19%) in the Gaza Strip.

A porous cesspool is a hole dug in the ground that is loosely lined on the inside. Wastewater flows into the pit, and the liquids filter through the gaps in the lining and are absorbed into the earth.

This type of cesspool is useful when a connection to a wastewater network is not available, but it presents serious environmental and sanitary concerns. A major problem with it is that the liquids that leach in the ground are tainted, and eventually the soil around the cesspool becomes polluted. In addition, the untreated wastewater can infiltrate any nearby groundwater supply and contaminate it, seriously affecting the quality of the underground water and even making it unfit for human consumption. The use of porous cesspools is, therefore, especially dangerous in communities where neighbors depend on wells for their water.

These findings confirm the urgent need for rehabilitation and expansion of the drainage and wastewater network in oPt.

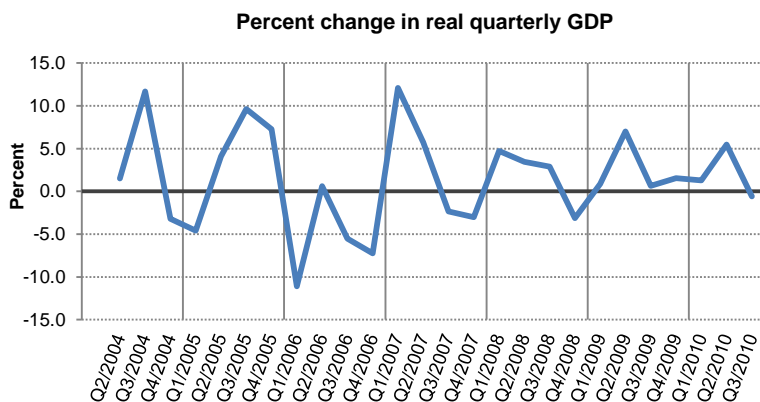
Educational establishments by wastewater disposal method, 2010



Source: PCBS, Environmental Survey for Education Sector.
Note: Data for Gaza are for 2008

II. MACRO-ECONOMIC SITUATION

II.a Production



Source: PCBS.

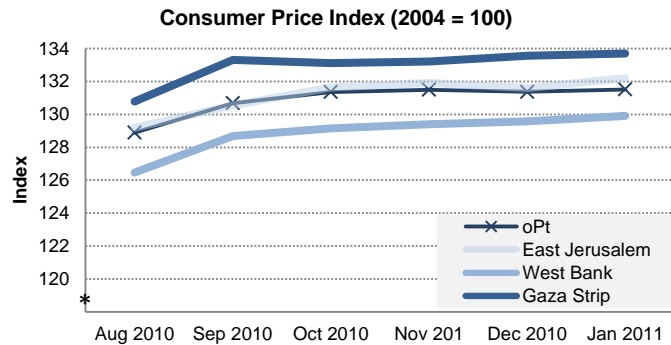
Note: Base year is 2004. Comparable data prior to Q2/2004 are not available from PCBS.

Real GDP shrank in Q3/2010, bringing to an end a period of continuous expansion that lasted for 6 quarters. The rate of change, which exhibits considerable volatility over time, was -0.6% in Q3/2010, and -1.3% in (non-annualized) per capita terms. The contraction was experienced in the West Bank, where real GDP was 3.5% lower in Q3 than in Q2. The Gaza Strip, on the other hand, witnessed an 8.0% rise in real quarterly GDP. Still, GDP in Gaza is relatively small and contributes only around a fourth of total GDP.

Compared to the second quarter, economic expansion in Q3/2010 was greatest in the construction sector (14.3%), and the sharpest decline was observed in agriculture (22.8%). The main economic activities in oPt continue to be services (21.6% of total GDP) and public administration and defense (14.5% of total GDP).

II.b Prices

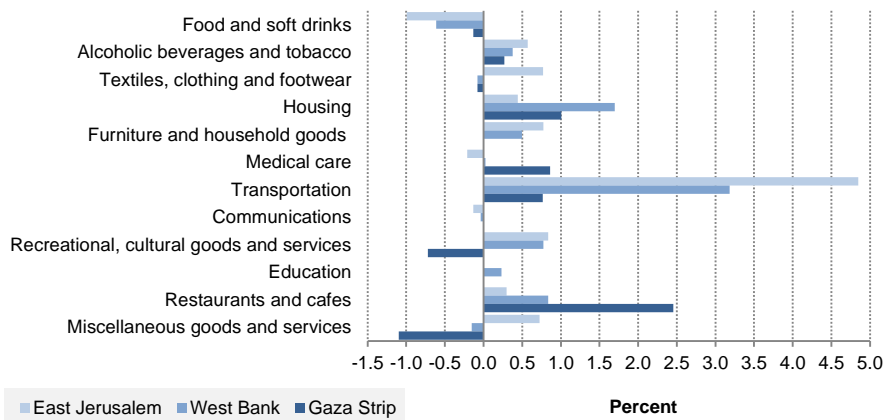
The Consumer Price Index (CPI), used to measure inflation, reflects a small increase (0.1%) in prices in January 2011 compared to the previous month, but an inflation rate of 2.9% in the year since January 2010. Year-on-year inflation was highest in East Jerusalem (4.4%), followed by the West Bank (3.5%). Two sectors experienced an overall decline in prices in January: food and soft drinks, and miscellaneous goods and services. During this month the greatest rises were in the transportation and housing sectors.



Source: PCBS.

The CPI fell slightly in the West Bank, led by a decrease in the cost of food and soft drinks. The price of transportation and housing saw the biggest increases in this region.

Change in Consumer Price Index by major expenditure groups
January 2011



Source: PCBS.

In East Jerusalem the CPI rose, pushed primarily by an almost 5% rise in cost of transportation. The price of food and soft drinks saw the biggest decline, followed by the cost of medical care and communications.

In the Gaza Strip the CPI increased slightly, pushed by a rise in the price of restaurants and cafes. The most significant decline in prices in Gaza during the month was in miscellaneous goods and services.

In the West Bank the CPI fell slightly, led by a decrease in the cost of food and soft drinks. The price of transportation and housing saw the biggest increases in this region.

II.c Exchange rates

Both the NIS and the JOD fell against the euro in January 2011. The NIS rose against the US dollar, while the JOD's exchange rate to the US dollar is constant at 0.71.

Average monthly exchange rates

	Aug 2000	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
NIS to US\$	4.05	3.79	3.74	3.61	3.64	3.60	3.58
NIS to euro	3.66	4.89	4.89	5.02	4.98	4.77	4.79
JOD to US\$	0.71	0.71	0.71	0.71	0.71	0.71	0.71
JOD to euro	0.64	0.92	0.93	0.99	0.97	0.94	0.95

Source: Bank of Israel and Central Bank of Jordan.

II.d Labor market

Labor force participation increased in Q4/2010 in both the West Bank and the Gaza Strip.

Labor force participation rate (%)
(Labor force in thousands)

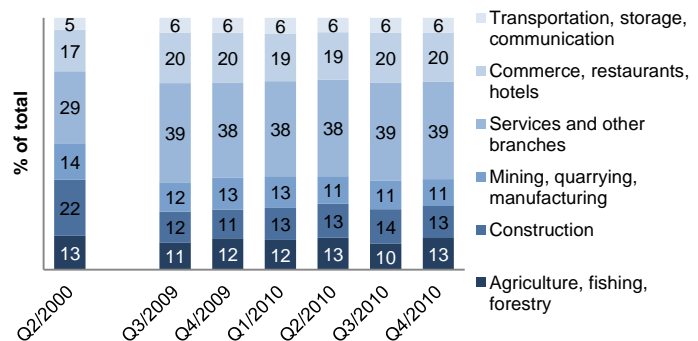
	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
West Bank	45.3 (483.8)	43.7 (644.8)	44.1 (656.9)	43.2 (649.0)	43.9 (666.3)	43.0 (658.0)	44.5 (686.5)
Gaza Strip	40.1 (222.4)	37.7 (310.6)	36.9 (306.6)	36.3 (304.9)	37.0 (314.1)	36.0 (308.9)	36.3 (314.7)
oPt	43.5 (706.2)	41.6 (955.4)	41.5 (963.5)	40.7 (953.9)	41.5 (980.4)	40.5 (966.9)	41.5 (1001.2)

Source: PCBS, Labor Force Surveys.

The service sector continues to be the biggest employer in oPt. Compared to the year 2000, the labor market seems to show a structural change away from construction and manufacturing and significant growth in the service sector.

In Q4/2010, average daily net wages rose for workers in all areas, most notably for those who work in Israel and settlements. They showed a modest increase in Gaza, where average daily wages remain only about 70% of wages in the West Bank.

Distribution of employment by sector



Source: PCBS, Labor Force Surveys.

Note: The totals may not be exactly equal to the sum of percentages due to rounding.

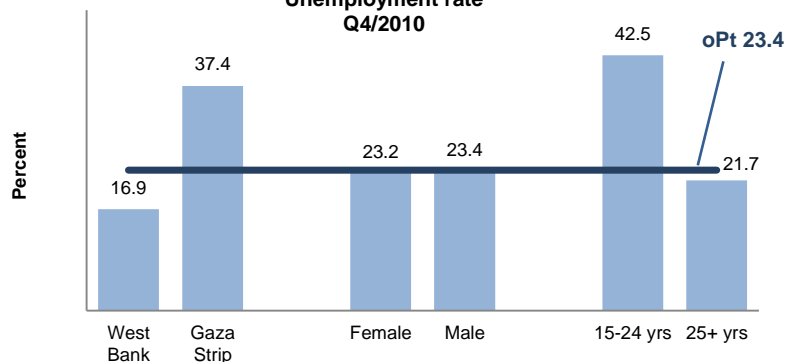
Average daily net wage (NIS)

	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
West Bank	69.4	87.5	85.6	85.7	84.1	86.6	86.8
Gaza Strip	54.3	62.1	62.3	56.9	58.1	58.0	59.5
Israel and settlements	111.2	147.7	156.4	160.8	155.5	154.7	160.5

Source: PCBS, Labor Force Surveys.

The unemployment rate measures the unutilized labor supply and gives a broad indicator of the labor market situation and of the general performance of the economy as a whole. In oPt, unemployment remains high at 23.4%, with the rate in Gaza about double the rate in the West Bank. Similarly, (data from Q3/2010 reveal that) the youth rate (15 to 24 years) is about twice the adult rate (25 years and over).

Unemployment rate Q4/2010



Source: PCBS, Labor Force Survey.

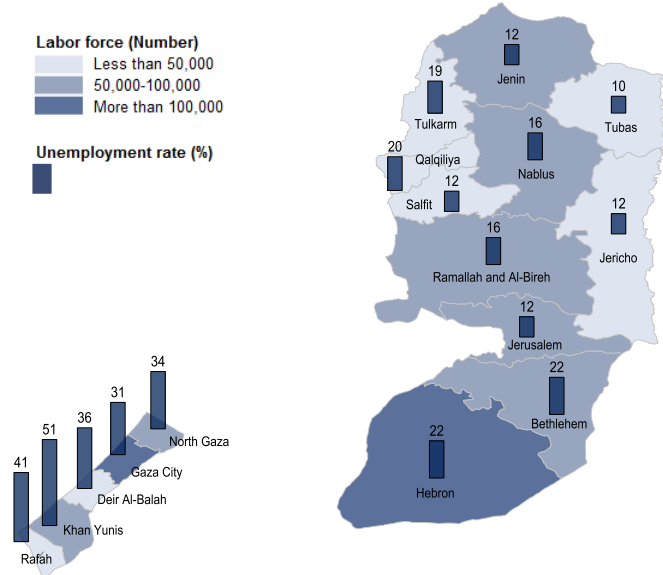
Note: The data by age group are for Q3/2010, when overall employment was 26.6%. Data for Q4/2010 are not available from PCBS.

Labor force and unemployment rate Q4/2010

Sub-national level data show great disparities among governorates. Whereas the labor force is only about 14,000 in the Jericho governorate, it surpasses 100,000 in Hebron and Gaza City. Similarly, unemployment rates range from 10% in Tubas to 51% in Khan Yunis. Unemployment in all Gaza governorates is higher than in any West Bank governorate. Gaza City has the lowest unemployment rate in the Gaza Strip (31%), while the highest unemployment rate in the West Bank is found in Hebron (22%).

Labor force (Number)
 Less than 50,000
 50,000-100,000
 More than 100,000

Unemployment rate (%)



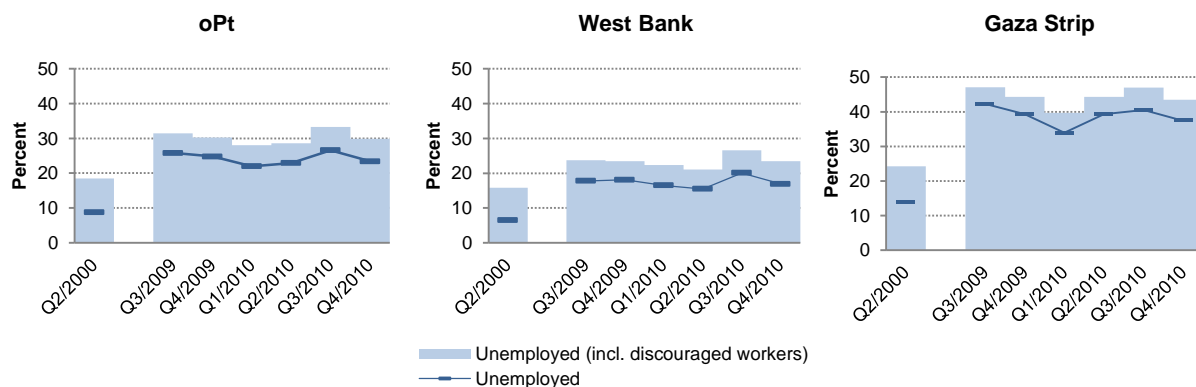
A similar situation is observed with regards to wages. The lowest average wages are found in Gaza, with a low average of around NIS55 a day in Khan Yunis and a high of NIS71 in Rafah. In the West Bank, average daily wages range from around NIS75 in Jericho to NIS145 in Jerusalem.

Source: PCBS, Labor Force Survey.

Note: The boundaries and the names shown and the designations used on the map do not imply official endorsement or acceptance by the UN.

Q4/2010 saw a decrease in the unemployment rate, most notably in the West Bank. In both the West Bank and the Gaza Strip, the level of unemployment remains more than 2.5 times higher than it was in Q2/2000. (See Table A2. in Annex A for further details.)

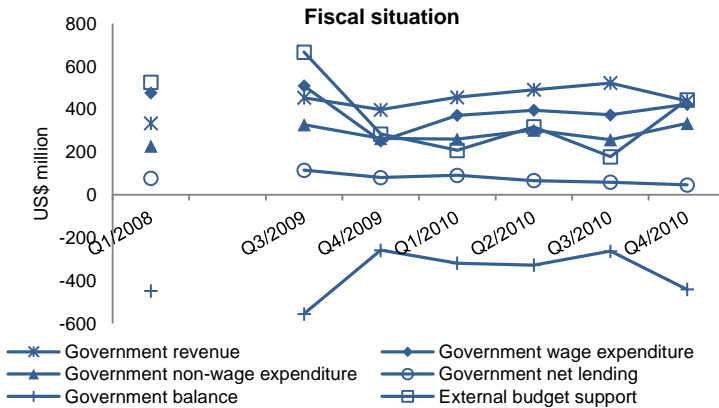
Rate of unemployment and adjusted unemployment ^{a/}



Source: PCBS, Labor Force Surveys.

^{a/} Adjusted unemployment includes those who are unemployed and those too discouraged to look for work (see detailed definition in Annex B).

III. PUBLIC SECTOR



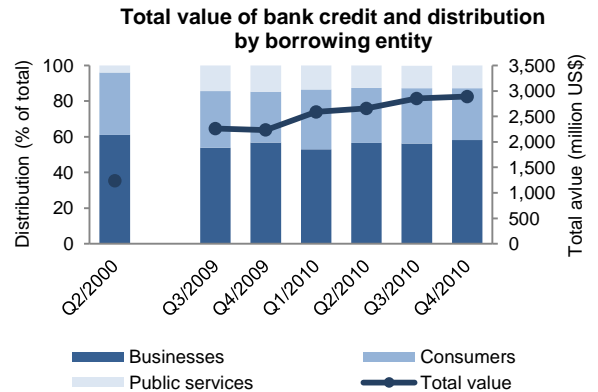
Source: Ministry of Finance.

Government revenue fell by 16% in Q4/2010, after 3 periods of expansion. Government expenditures, both wage and non-wage, increased in Q4/2010, while net lending decreased. The government deficit in this last quarter of 2010 widened by almost 70%, reaching over US\$440 million. This was matched by external budgetary support, which was 2.5 times higher in Q4 than in Q3/2010, but was still lower than one year before.

(See further details in Table A3. in Annex A.)

IV. BANKING SECTOR

Information on bank credit, particularly credit to productive sectors, gives an indication of economic progress and business confidence. Data for oPt show a gradual increase in the use of credit, most of which is destined to businesses, followed by consumers. The distribution of credit by borrowing entity has not shown major changes in the last quarters.



Source: PMA.

Distribution of bank credit by type (%)
(Bank credit by type in million US\$)

	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Loans	41.0 (512)	66.4 (1,500)	70.1 (1,565)	72.4 (1,874)	72.5 (1,926)	70.1 (1,999)	66.8 (1,986)
Overdrafts	53.0 (653)	33.3 (753)	29.5 (659)	27.3 (705)	27.2 (724)	29.6 (845)	30.9 (893)
Leasing	0.0 (0)	0.3 (7)	0.3 (8)	0.3 (8)	0.3 (8)	0.3 (8)	0.3 (8)
Bankers' acceptances and discounted bills	6.0 (69)	0.0 (0)	0.0 (0)	0.0 (0)	0.0 (0)	0.0 (0)	0.0 (0)
Total	100.0 (1,234)	100.0 (2,261)	100.0 (2,232)	100.0 (2,587)	100.0 (2,658)	100.0 (2,852)	100.0 (2,887)

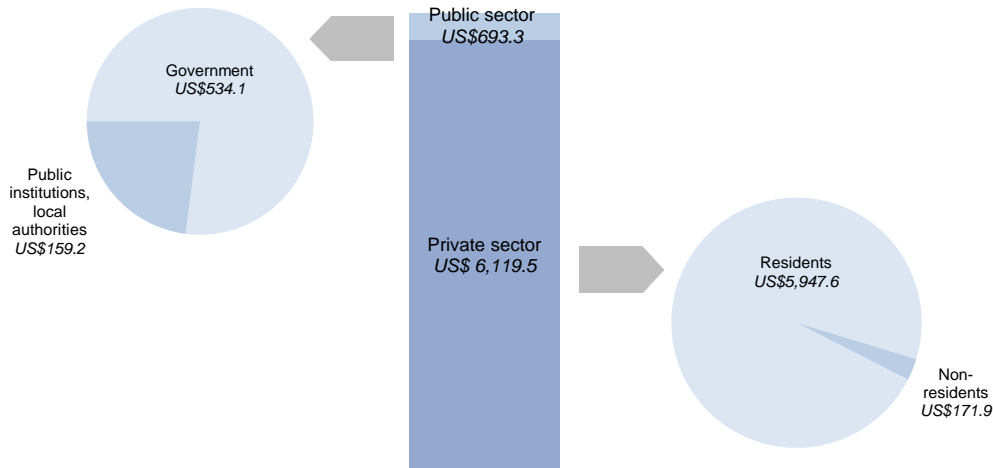
Source: PMA.

Note: The totals may not be exactly equal to the sum of percentages due to rounding.

Most of bank credit is in the form of loans, and their relative weight as a proportion of total bank credit grew over time until Q2/2010, as that of overdrafts falls. (See further details in Tables A4. and A5. in Annex A.)

Q4/2010 saw an increase of close to 3% in total bank deposits. Deposits stem mainly from the private sector (90% of total deposits), particularly from residents (87%). The proportion corresponding to non-residents declined by almost 30% in Q4, following a sharp fall of 44% in Q3/2010. The proportion of public sector deposits in total deposits doubled to 10% between Q2/2000 and Q4/2010. Similarly, the proportion of government deposits in total public sector deposits has grown notably over time.

**Distribution of bank deposits (in million US\$)
Q4/2010**



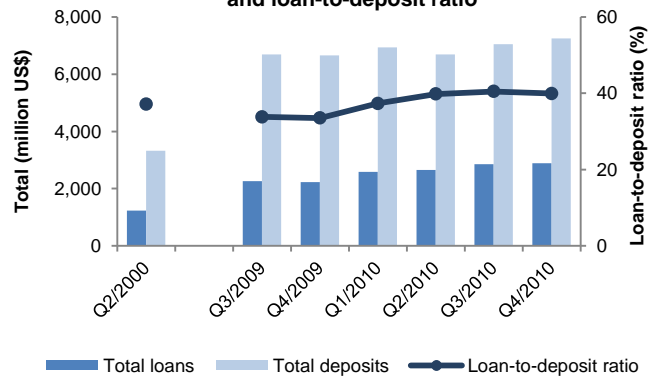
Source: PMA.

Note: Excludes deposits of the PMA and commercial banks.

Current accounts are the main form of deposits for residents and non-residents, as well as for government. (See further details in Table A6. in Annex A.)

The amount of loans relative to deposits gives an idea of the liquidity of the banking system. In a functioning economy, a relative increase in loans versus deposits (within limits) can be perceived as a positive sign, as monies are not saved but invested or consumed, which in turn stimulates the economy. In oPt, the loan-to-deposit ratio decreased in Q4/2010 as deposits grew faster than loans. (See further details in Table A7. in Annex A.)

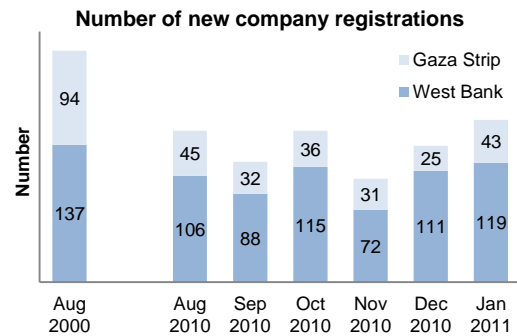
Total bank loans total bank deposits and loan-to-deposit ratio



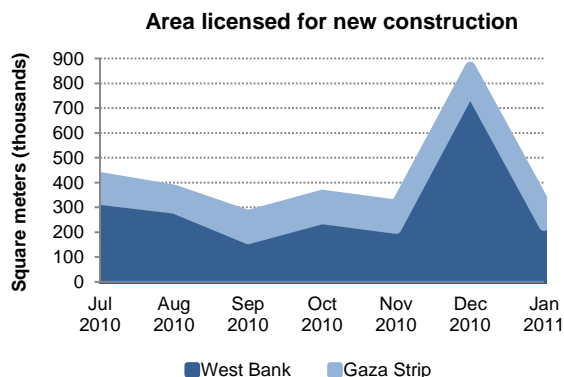
Source: PMA.

V. PRIVATE SECTOR

The number of new company registrations can give a rough indication of the vitality of economic activity and reveal something about the ability of the local economy to create new employment. The number of new companies being registered in the West Bank in January 2011 increased by 7% compared to December 2010. However, when compared to pre-intifada registrations, the number of new company registrations is still only 70% of the August 2000 level. For Gaza, data identify 43 new registered companies in January 2011, more than 70% higher than in December 2010, but still less than half the pre-intifada level. (See further details in Table A8. in Annex A.)



Source: Ministry of National Economy.



The area licensed for new construction can also be used as a proxy for economic vitality. December 2010 data show a sharp rise in the area licensed for new construction in the West Bank compared to the previous month, but this rise is likely to be accounting for unfinished constructions that reapply for licenses for the coming year. By January 2011 the level was only 5% above the one observed before December. In the Gaza Strip, there was a rise of 1% in the area licensed for new construction in January 2011. (See further details in Table A9. in Annex A.)

Source: Engineering Offices and Consulting Firms.

Data on the Palestinian stock exchange are used as a proxy of Palestinian perceptions vis-à-vis the state of the national economy. Data for January 2011 show a decrease of approximately 6% in the number of stocks traded but a decrease of 36% in the value of shares traded. The Al-Quds index was almost unchanged.

Securities trade

	Aug 2000	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
Number of shares traded (million)	7.0	10.3	12.2	18.0	9.9	18.8	17.6
Value of shares traded (million US\$)	13.0	16.7	27.0	21.6	33.5	44.0	28.2
Al-Quds index	265.23	491.83	503.74	491.48	480.88	489.60	489.50

Source: Palestine Securities Exchange.

VI. GAZA STRIP

There was a significant increase in the amount of cooking gas imported in Gaza in January 2011, with 3,055 tons allowed in through Kerem Shalom (Karm Abu Salem), which represents an 11% increase compared to the volume allowed in in December 2010. During the reporting period, 44,802 liters of petrol and 213,795 liters of diesel were imported for UNRWA, and 93,800 liters of petrol and 38,000 liters diesel for the private sector.

Volume of registered fuel sales in the Gaza Strip

	Aug 2000	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
	Nahal Oz	Kerem Shalom					
Petrol (1000 liter)	3,188.9	117.9	31.0	78.5	125.3	0.0	138.6
Diesel (1000 liter)	11,343.0	470.7	0.0	370.0	246.3	135.0	251.8
White diesel (1000 liter)	243.1	0.0	0.0	0.0	0.0	0.0	0.0
Cooking gas (1000 ton)	1.9	3.5	2.9	3.2	2.2	2.7	3.1
Industrial diesel (1000 liter)	n.a	5,507.0	8,239.8	8,152.9	5,931.9	4,644.1	720.0

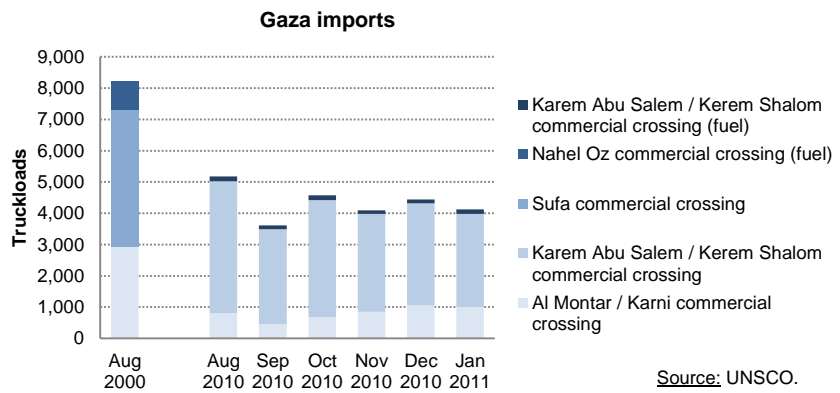
Source: General Petroleum Corporation.

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

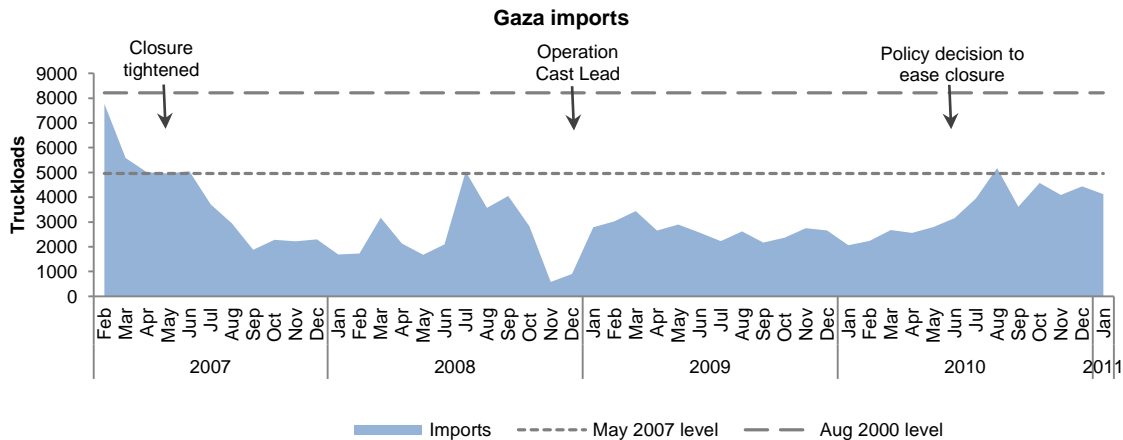
January 2011 data reveal a decline of 7% in the total number of truckloads imported into the Gaza Strip compared to December 2010. (See further details in Table A10. in Annex A.)

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 during January 2011. One thousand and five truckloads of animal feed, wheat and gravel for UNRWA and the Coastal Municipalities Water Utility entered Gaza via the conveyor belt. Of the 2,978 truckloads entering Gaza through

Karem Shalom during the month, 2,724 (91%) were for the private sector and the remaining 254 (9%) were designated for humanitarian aid agencies. Food items made up 44% of imported goods (1,310 truckloads), while 56% of imports (1,668 truckloads) were non-food items.



Following the June 2010 decision to change policy and ease the closure of Gaza, monthly import levels have fluctuated between roughly 3,900 and 5,200 truckloads. On average, imports have grown by 6% per month since June 2010, which has not been enough to reach the level of imports observed before the closure was tightened in 2007. In January 2011 imports were only about 80% of the May 2007 level and only 50% of the August 2000 level.



Note: The figures exclude gravel imported through Kami in February-May 2007. They also exclude imports through Rafah and Erez.

On 8 December 2010 Israel announced its intention to expand the number and range of exports permitted from Gaza. Allowed exports now include agricultural produce, furniture, textiles, and light industrial products.

In January 2011 Israel allowed Gaza to export strawberries, flowers and sweet peppers to Europe and the West Bank. In total, 88 trucks of strawberries (167.6 tons), 17 trucks of carnations (2,762,000 stems) and 2 trucks of sweet peppers (5 tons) were exported to the West Bank and Europe via the Kerem Shalom crossing.



Source: UNSCO.

ANNEX A: Statistical reference tables

Table A1.
Consumer price index (2004=100) by major expenditure group

	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
oPt (including occupied East Jerusalem)							
Food and soft drinks	143.0	143.8	148.3	149.5	148.9	148.2	147.0
Alcoholic beverages and tobacco	156.7	158.6	158.6	158.6	158.6	158.7	159.4
Textiles, clothing and footwear	108.8	109.4	109.5	110.0	111.5	111.9	111.9
Housing	126.3	126.0	126.5	127.3	128.0	128.2	129.5
Furniture, household goods	114.7	114.7	114.9	115.4	115.6	115.7	116.3
Medical care	114.1	114.2	114.8	114.9	115.2	115.8	116.0
Transportation	121.2	120.9	120.5	120.7	121.6	121.8	125.3
Communications	106.9	106.8	106.9	106.8	106.8	106.9	106.9
Recreational, cultural goods & services	103.1	103.0	103.1	103.1	103.5	103.3	103.5
Education	110.3	110.3	110.8	110.8	110.8	110.8	110.9
Restaurants and cafes	137.0	137.4	136.7	137.1	138.6	139.3	140.7
Miscellaneous goods and services	120.6	120.7	121.6	122.1	122.8	123.1	122.7
All items of consumer price index	128.5	128.9	130.7	131.4	131.5	131.4	131.5
East Jerusalem							
Food and soft drinks	147.0	146.5	150.3	152.7	152.0	150.7	149.2
Alcoholic beverages and tobacco	153.4	156.0	155.9	155.9	155.9	156.0	156.9
Textiles, clothing and footwear	115.3	117.6	116.9	117.8	120.6	119.9	120.8
Housing	120.0	119.9	120.4	120.7	121.0	121.2	121.7
Furniture, household goods	107.8	108.5	109.4	110.2	110.6	111.2	112.1
Medical care	123.0	124.2	123.0	123.2	123.8	124.7	124.4
Transportation	128.0	127.5	127.9	128.6	129.6	129.5	135.8
Communications	103.6	103.1	103.3	103.1	103.1	103.1	103.0
Recreational, cultural goods & services	107.9	107.8	108.0	108.1	108.9	108.6	109.5
Education	112.1	112.1	112.9	112.9	112.9	112.9	112.9
Restaurants and cafes	147.8	148.6	147.3	147.9	149.1	151.7	152.2
Miscellaneous goods and services	113.9	114.5	115.0	115.2	116.0	116.6	117.4
All items of consumer price index	129.0	129.2	130.6	131.6	131.9	131.6	132.2
West Bank							
Food and soft drinks	138.2	140.7	146.1	147.0	146.7	146.8	145.9
Alcoholic beverages and tobacco	157.9	159.8	160.0	160.0	160.0	160.0	160.6
Textiles, clothing and footwear	97.3	96.7	96.4	96.6	98.1	97.9	97.8
Housing	134.7	134.2	134.8	135.8	136.5	136.6	139.0
Furniture, household goods	99.7	99.0	99.8	99.2	99.3	99.7	100.1
Medical care	111.1	110.4	111.4	111.4	111.2	112.7	112.7
Transportation	118.5	118.2	117.5	117.5	118.6	118.9	122.7
Communications	107.8	107.7	107.8	107.8	107.8	108.1	108.0
Recreational, cultural goods & services	92.7	92.6	92.3	92.4	92.6	92.1	92.9
Education	106.5	106.5	107.0	107.0	107.0	107.0	107.2
Restaurants and cafes	129.5	130.8	131.1	131.4	133.6	134.2	135.3
Miscellaneous goods and services	127.0	126.1	126.8	127.2	128.1	127.9	127.7
All items of consumer price index	125.6	126.5	128.7	129.2	129.4	129.6	129.2
Gaza Strip							
Food and soft drinks	144.9	145.3	151.4	150.2	149.9	150.1	149.9
Alcoholic beverages and tobacco	156.6	156.6	156.6	156.6	156.6	156.8	157.2
Textiles, clothing and footwear	113.6	113.2	113.7	114.5	115.5	117.6	117.5
Housing	121.7	121.2	121.3	123.0	124.1	124.8	126.1
Furniture, household goods	141.9	141.6	141.6	141.5	141.5	140.9	140.9
Medical care	98.6	98.6	98.2	98.4	98.6	98.6	99.4
Transportation	126.3	126.1	126.0	126.0	126.6	126.9	127.8
Communications	105.5	105.5	105.5	105.5	105.5	105.6	105.6
Recreational, cultural goods & services	101.2	101.3	101.3	101.4	101.2	101.2	100.5
Education	107.6	107.6	107.6	107.6	107.6	107.6	107.6
Restaurants and cafes	150.6	150.7	151.6	151.9	151.9	152.6	156.4
Miscellaneous goods and services	122.1	122.2	123.9	124.6	125.0	125.2	123.8
All items of consumer price index	130.7	130.8	133.3	133.1	133.2	133.6	133.7

Source: PCBS.

Table A2.
Rate of unemployment and adjusted unemployment (%)

	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
oPt							
Unemployment	8.8	25.8	24.8	22.0	22.9	26.6	23.4
Adjusted unemployment	18.5	31.4	30.2	28.0	28.6	33.3	29.9
West Bank							
Unemployment	6.5	17.8	18.1	16.5	15.5	20.1	16.9
Adjusted unemployment	15.8	23.7	23.5	22.4	21.1	26.6	23.5
Gaza Strip							
Unemployment	13.8	42.3	39.3	33.9	39.3	40.5	37.4
Adjusted unemployment	24.2	47.1	44.3	39.7	44.3	47.0	43.5

Source: PCBS, Labor Force Surveys.

Table A3.
Fiscal indicators (million US\$)

	Q1/2008	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Government revenue	334.9	453.9	397.3	455.8	491.3	522.2	438.9
Government w age expenditure	476.5	509.0	251.8	371.2	395.4	373.8	423.3
Government non-w age expenditure	228.8	327.9	264.0	260.8	303.0	258.0	334.2
Government net lending	77.5	115.3	81.2	91.5	66.7	59.0	46.3
Government balance	-447.9	-555.2	-258.3	-318.4	-327.8	-262.4	-441.3
External budget support	525.6	666.4	284.2	207.6	317.6	177.9	443.4

Source: Ministry of Finance.

Table A4.
Bank credit by borrowing entity

	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Total value (million US\$)							
Businesses	752	1,216	1,269	1,370	1,501	1,604	1,681
Consumers	429	722	637	870	825	885	837
Public services	52	323	328	347	332	363	369
Total	1,234	2,261	2,234	2,587	2,658	2,852	2,888
Relative distribution (% of total)							
Businesses	61.0	53.8	56.8	53.0	56.5	56.2	58.2
Consumers	35.0	31.9	28.5	33.6	31.0	31.0	29.0
Public services	4.0	14.3	14.7	13.4	12.5	12.7	12.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: PMA.

Note: The totals may not be exactly equal to the sum of percentages due to rounding

Table A5.
Bank credit by economic activity

	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Total (in million US\$)						
Total public sector	722	637	870	825	885	837
Total private sector	1,538	1,597	1,718	1,834	1,966	2,051
<i>Agriculture and food processing</i>	37	39	47	53	57	66
<i>Manufacturing and mining</i>	179	185	194	213	235	240
<i>Real estate, construction and land</i>	238	266	292	320	319	335
<i>Local and foreign trade</i>	360	341	379	425	470	487
<i>Transportation</i>	23	25	24	22	23	27
<i>Tourism, hotels, restaurants and others</i>	35	39	44	50	53	67
<i>Financial services</i>	69	73	70	66	66	55
<i>Public services</i>	323	328	347	332	363	369
<i>Investment in securities and financial tools</i>	56	56	54	54	53	52
<i>Cars and vehicles</i>	56	57	68	81	92	102
<i>Consumption</i>	65	77	88	99	107	118
<i>Other private sector</i>	97	111	111	119	128	132
Total	2,261	2,234	2,587	2,658	2,852	2,888
Total excluding total public sector and public services	1,216	1,269	1,370	1,501	1,604	1,681
Relative distribution (% of total)						
Total public sector	31.9	28.5	33.6	31.0	31.0	29.0
Total private sector	68.1	71.5	66.4	69.0	69.0	6.3
<i>Agriculture and food processing</i>	1.6	1.7	1.8	2.0	2.0	15.5
<i>Manufacturing and mining</i>	7.9	8.3	7.5	8.0	8.2	0.5
<i>Real estate, construction and land</i>	10.5	11.9	11.3	12.0	11.2	1.8
<i>Local and foreign trade</i>	15.9	15.3	14.6	16.0	16.5	2.5
<i>Transportation</i>	1.0	1.1	0.9	0.8	0.8	3.7
<i>Tourism, hotels, restaurants and others</i>	1.6	1.8	1.7	1.9	1.9	0.2
<i>Financial services</i>	3.1	3.3	2.7	2.5	2.3	0.5
<i>Public services</i>	14.3	14.7	13.4	12.5	12.7	0.4
<i>Investment in securities and financial tools</i>	2.5	2.5	2.1	2.0	1.9	2.8
<i>Cars and vehicles</i>	2.5	2.6	2.6	3.0	3.2	0.4
<i>Consumption</i>	2.9	3.4	3.4	3.7	3.8	0.8
<i>Other private sector</i>	4.3	5.0	4.3	4.5	4.5	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Relative distribution excluding total public sector and public services (% of total)						
Agriculture and food processing	3.1	3.0	3.4	3.5	3.5	3.9
Manufacturing and mining	14.7	14.6	14.2	14.2	14.6	14.2
Real estate, construction and land	19.6	21.0	21.3	21.3	19.9	19.9
Local and foreign trade	29.7	26.9	27.6	28.3	29.3	29.0
Transportation	1.9	2.0	1.8	1.4	1.4	1.6
Tourism, hotels, restaurants and others	2.9	3.1	3.2	3.3	3.3	4.0
Financial services	5.7	5.8	5.1	4.4	4.1	3.3
Investment in securities and financial tools	4.6	4.4	4.0	3.6	3.3	3.1
Cars and vehicles	4.6	4.5	4.9	5.4	5.7	6.1
Consumption	5.3	6.0	6.4	6.6	6.7	7.0
Other private sector	8.0	8.7	8.1	7.9	8.0	7.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: PMA.

Note: The totals may not be exactly equal to the sum of percentages due to rounding.

Table A6.
Bank deposits by sector and type (million US\$)

	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Public sector deposits							
Public institutions and local authorities							
Current accounts	17.3	81.6	78.2	78.9	74.7	79.4	82.6
Time deposits	39.2	78.7	74.7	76.2	74.8	75.8	76.6
<i>Sub-total public institutions and local authorities</i>	<i>56.5</i>	<i>160.3</i>	<i>152.9</i>	<i>155.1</i>	<i>149.5</i>	<i>155.2</i>	<i>159.2</i>
Government							
Current accounts	37.6	275.4	232.6	310.9	300.5	296.5	340.9
Time deposits	77.5	176.2	180.6	180.0	182.1	188.3	193.2
<i>Sub-total government</i>	<i>115.1</i>	<i>451.6</i>	<i>413.2</i>	<i>490.9</i>	<i>482.7</i>	<i>484.8</i>	<i>534.1</i>
Total public sector deposits	171.6	612.0	566.1	646.0	632.1	640.0	693.3
Private sector deposits							
Residents							
Current accounts	746.5	2,014.3	1,890.2	1,975.1	1,936.1	2,171.3	2,198.6
Savings accounts	440.4	1,535.4	1,608.3	1,632.7	1,639.6	1,743.2	1,802.1
Time deposits	1,895.7	1,835.9	1,891.3	1,879.3	1,721.2	1,813.8	1,947.0
<i>Sub-total residents</i>	<i>3,082.6</i>	<i>5,385.5</i>	<i>5,389.7</i>	<i>5,487.1</i>	<i>5,296.9</i>	<i>5,728.2</i>	<i>5,947.6</i>
Non-residents							
Current accounts	3.3	162.8	152.1	167.3	222.9	119.1	59.2
Savings accounts	2.4	51.1	61.5	69.2	86.8	44.0	42.1
Time deposits	8.9	91.8	104.6	108.2	128.0	80.1	70.6
<i>Sub-total non-residents</i>	<i>14.6</i>	<i>305.7</i>	<i>318.2</i>	<i>344.6</i>	<i>437.7</i>	<i>243.3</i>	<i>171.9</i>
Total private sector deposits	3,097.2	5,691.2	5,708.0	5,831.8	5,734.6	5,971.5	6,119.5
Total deposits (public and private sectors)	3,268.8	6,303.2	6,274.1	6,477.8	6,366.7	6,611.5	6,812.9

Source: PMA

Note: Data do not include deposits of the PMA and commercial banks.

Table A7.
Total loans, total deposits and loan-to-deposit ratio

	Q2/2000	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Total loans (US\$ million)	1,234	2,261	2,232	2,587	2,658	2,852	2,887
Total deposits (US\$ million)	3,328	6,687	6,655	6,935	6,685	7,050	7,246
Loan-to-deposit ratio (%)	37.1	33.8	33.5	37.3	39.8	40.5	39.9

Source: PMA.

Table A8.
Number of new company registrations by legal status

	Aug 2000	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2010
West Bank							
Private	42	34	33	35	24	34	48
Private limited	95	70	53	77	46	71	69
Public limited	0	0	0	1	0	0	0
Foreign	0	1	2	1	1	2	1
Non-profit	0	1	0	1	1	4	1
Total	137	106	88	115	72	111	119
Gaza Strip							
Private	81	7	9	15	14	8	18
Private limited	12	38	23	21	17	17	25
Public limited	0	0	0	0	0	0	0
Foreign	1	0	0	0	0	0	0
Total	94	45	32	36	31	25	43

Source: Ministry of National Economy.

Table A9.
Area licensed for new construction (square meters)

	Aug 2000	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2010
West Bank							
Ramallah, Al-Bireh and Jerusalem		106,431	62,232	76,858	58,940	272,753	55,238
Nablus		56,319	40,429	56,690	53,458	170,220	37,247
Tulkarm		21,491	19,813	21,873	19,007	78,610	16,793
Hebron		65,762	20,797	46,670	38,710	149,730	72,254
Bethlehem		18,150	13,905	26,577	18,307	53,683	20,828
Jenin		22,741	14,558	23,434	19,875	34,148	22,855
Qalqilya		4,985	752	1,322	5,930	14,185	677
Salfit		0	0	0	0	0	0
Total	345,685	295,879	172,486	253,424	214,227	773,329	225,892
Gaza Strip							
Northern District	27,902	18,250	21,320	23,250	20,880	18,750	21,240
Gaza	50,116	14,640	25,200	23,870	21,745	20,545	24,330
Al Wastah	15,984	8,220	11,480	12,180	14,510	16,560	15,070
Khan Younis	51,146	22,360	24,790	22,560	23,240	20,820	18,740
Rafah	39,429	10,990	12,680	14,490	15,670	16,325	14,880
Gaza Strip Total	184,577	74,460	95,470	96,350	96,045	93,000	94,260

Source: Engineering Offices and Consulting Firms.

Table A10.
Gaza truckload movement

	Aug 2000	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
Al Montar / Karni commercial crossing							
Truckloads exports	992	0	0	0	0	0	0
Truckloads imports	2,923	815	461	680	850	1,054	1,005
Karem Abu Salem / Kerem Shalom commercial crossing							
Truckloads exports	0	0	0	0	4	99	107
Truckloads imports	0	4,205	3,029	3,744	3,136	3,260	2,978
Sufa commercial crossing							
Truckloads exports	0	0	0	0	0	0	0
Truckloads imports	4,384	0	0	0	0	0	0
Nahel Oz commercial crossing (fuel)							
Truckloads imports	904	0	0	0	0	0	0
Karem Abu Salem / Kerem Shalom commercial crossing (fuel)							
Truckloads imports	0	156	124	152	105	123	140

Source: Ministry of National Economy (Aug 2000); General Petroleum Corporation (other periods).

Note: Truckload imports exclude industrial diesel supplies to powerplant.

ANNEX B: Terms and definitions

Adjusted unemployment rate

The adjusted unemployment rate presents the number of unemployed according to the relaxed definition as a percentage of the labor force. The relaxed definition of unemployment includes all persons aged 15 or over who are unemployed plus those who, during the reference period, are without work, are available for work but did not seek work (and therefore could not be classified as unemployed) because they felt that no work would be available to them.

The adjusted unemployment rate gives a broader measure of the unutilized supply of labor. The relaxation of the standard definition of unemployment makes sense in circumstances where the conventional means of seeking work are of limited relevance, where the labor market is largely unorganized, where labor absorption is inadequate or where the labor force is largely self-employed.

AI-Quds index

This is the primary stock index of the Palestine Securities Exchange (PSE).

Area licensed for new construction

This is the area licensed for construction in new and existing buildings.

Average daily net wage

This average is calculated as the total net wages paid to all employees divided by total workdays. Wages received in different currencies are converted into New Israeli Shekels according to the exchange rate in the survey month.

Bank credit

It measures the borrowing capacity provided to individuals, firms and organizations by the banking system in the form of loans or other types of credit. Credit is generally believed to contribute to economic growth.

Bank deposits

Deposits are accounts maintained by a bank on behalf of customers. This indicator is often used to measure the safety of and people's trust in the banking system.

Consumer Price Index (CPI)

The CPI is a statistical tool used to measure changes over time in the prices paid by households for a basket of goods and services that they customarily purchase for consumption. The CPI is used to measure inflation over time.

The main categories of goods and services included in the basket of goods are: fruits, vegetables and other food items, beverages, tobacco, textiles, clothing, footwear, furniture, household appliances, household utensils, fuel, power, transportation, communications, medical and pharmaceutical products, goods for personal care, services charges for public transport, communication, hospital care, and others, and school fees. Data on prices for consumers are collected through visits conducted by trained staff to selected markets including groceries, supermarkets, markets, restaurants, general services offices, hospitals, private schools, etc.

Effective/partial closure days

Effective closure days are calculated by adding all days when a crossing is fully or partially closed, excluding weekends and holidays. Partial closure means that the crossing is closed for more than one hour but not for a full day, in which case it would be considered fully closed.

Weekends and holidays include all Saturdays, half the Fridays (since labor and commercial flows are about half their normal workday level on Fridays) and universally celebrated Jewish and Muslim holidays. Jewish and Muslim holidays which fall on Saturday or Friday are not counted as a holiday but as a Saturday (full day closure) or Friday (half day closure), respectively.

Employed

The “employed” comprise all persons are 15 years or over who were working at a paid job or business for at least one hour during the week prior to the survey, or who did not work but held a job or owned business from which they were temporarily absent (because of illness, vacation, temporarily stoppage, or any other reason) during the reference week.

Exchange rate

The price of one currency stated in terms of another currency is the exchange rate.

Exports

Exports are any good or commodity, shipped or otherwise transported out of the territory to another part of the world, typically for use in trade or sale. Export products or services are provided to foreign consumers by domestic producers.

Gross Domestic Product (GDP)

GDP is the total value of all goods and services produced within oPt in a given period of time.

When GDP is expressed in constant terms (real GDP), a deflator is used to adjust for changes in money-value.

Quarterly data are annualized by multiplying by 4.

GDP per capita

This is the result of the division of GDP by total population.

$$\text{GDP per capita} = \frac{\text{GDP}}{\text{population}}$$

GDP rate of change

The rate of change is the percentage change (increase or decrease) of GDP from the previous measurement cycle.

$$\text{GDP rate of change in period (t)} = \frac{\text{GDP in period (t)} - \text{GDP in period (t - 1)}}{\text{GDP in period (t - 1)}} \cdot 100\%$$

Inflation rate

The inflation rate is the percentage change in the price index over time.

$$\text{Inflation rate in period (t)} = \frac{\text{Price index in period (t)} - \text{Price index in period (t - 1)}}{\text{Price index in period (t - 1)}} \cdot 100\%$$

Government total net revenue

It measures the net inflows received by the government, including clearance revenue, tax refunds, and tax and non-tax revenue collected by the Ministry of Finance and other ministries for the consolidated Single Treasury Account (STA).

Government wage expenditure

This is the government’s outlay on the wages and salaries of permanent civilian and security employees.

Government non-wage expenditure

This is the part of government expenditure absorbed by operational expenditures, transfers and minor development and capital expenditures.

Government net lending

This term includes transfers to local government to cover clearance revenue, deductions by the Government of Israel for water and electricity, and services by the Ministry of Health and the Ministry of Agriculture.

Government balance

The government balance is the difference between the government's total net revenue and its expenditures, including wage and non-wage expenditures, net lending and development expenditures.

External budget support

It consists of transfers of resources by donor countries to the Palestinian National Authority to help finance its budget.

Imports

Imports are the goods and services that are produced by the foreign sector and are purchased by the domestic economy.

Labor force

The labor force consists of all persons of working age (15 years or over) who are either employed or unemployed during a specified reference period.

$$\text{labor force} = \text{employed} + \text{unemployed}$$

Excluded from the labor force are those of working age who are neither working nor searching for work. These could be students, retired persons, those in prison, and homemakers.

Loan-to-deposit ratio

This ratio gives the amount of banks' loans divided by the amount of their deposits. The statistic is often used to assess the banking system's liquidity. If the ratio is too high it may imply that banks could not have enough liquidity to cover any unforeseen fund requirements. Conversely, if the ratio is too low banks may not be lending and earning as much as they could be.

$$\text{loan-to-deposit ratio} = \frac{\text{bank loans}}{\text{bank deposits}} \cdot 100\%$$

Number of new company registrations

This is the number of new companies that register with the Ministry of National Economy to conduct business operations in oPt.

Number of shares traded

It is the amount of shares that trade hands from sellers to buyers in the market over a given period.

Underemployment

Underemployment exists when a person's employment is inadequate in relation to specified norms or alternative employment. Time-related underemployment applies to those who involuntarily work less than the normal duration of work determined for the activity and who seek or are available for additional work during the reference week.

Unemployment rate

The "unemployed" comprise all persons aged 15 or over who, during the week before the survey, were without work, available for work and seeking work. The unemployment rate expresses the number of unemployed as a percentage of the total labor force.

The indicator is widely used as a measure of unutilized labor supply.

$$\text{unemployment rate} = \frac{\text{unemployed}}{\text{labor force}} \cdot 100\%$$

Value of shares traded

The value of shares traded is the sum of the shares traded multiplied by their respective matching price.