

UNITED NATIONS



NATIONS UNIES

OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – NOVEMBER 2007

Since 1996 UNSCO has continually monitored and reported on socio-economic conditions in the occupied Palestinian territory and in the process established an extensive socio-economic database.

UNSCO does not create raw data but rather uses available data which, in the occupied Palestinian territory is relatively abundant. However, the data that is available tends to remain dispersed and is not always automatically shared between institutions. The objective of the database is to bring together in one place a wide variety of data on socio-economic conditions and by doing so present a broader, more detailed perspective on socio-economic conditions. The purpose of this report is to: 1) broaden the access to this database through publication of the most recent data gathered; and 2) provide readers with up to date information on socio-economic conditions in the occupied Palestinian territory.

The report is divided into three sections:

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

Section 2 and 3 report on the Macro-economic and the Private sector and banking modules of the UNSCO database. They provide data on the last six reporting periods for each indicator as well as base line data. In addition, some initial analysis on observed trends is given below each table.



SOCIO-ECONOMIC FACT SHEET – NOVEMBER 2007

A. GENERAL				B. FISCAL SITUATION			
Indicator	2006			Indicator (US\$ millions)	Baseline	Previous period	Current period
1. GDP (\$US)	4,150,600,000			1. Revenue	Q4-1999	Q4-2006	Q4-2007 (budget)
2. GDP per capita (\$US)	1,067.5			2. Expenditure	235	104	332
3. GDP growth rate	- 6.6 %			3. Net lending	235	220	457
4. GNI	4,521,500,000			4. Balance	0	68	125
				5. External Budget support (including TIM)	0	-184	-250
					0	178	250
Source: World Bank				Source: IMF			
C. MACRO-ECONOMIC				D. PRIVATE SECTOR			
Indicator ¹	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Aug-2000	Oct-2007	Nov-2007		Q2-2000	Q2-2007	Q3-2007
1. Consumer Price Index ²				1. New Company Registrations			
Total	121.95	160.18	162.47	Total	568	276	263
West Bank	122.44	162.38	164.27	West Bank	288	197	237
Gaza Strip	121.35	150.79	152.64	Gaza Strip	280	79	26
2. Truck movement ³				2. Area Licensed for new Construction (dunums)			
<u>Imports</u>	Aug-2000	Oct-2007	Nov-2007	Total	Q2-2000	Q2-2007	Q3-2007
Karni	4,373	738	631	Total	739.7	458.1	517
Sufa	4,384	500	176	West Bank	665.3	437.4	438
Rafah	953	0	0	Gaza Strip	74.4	20.7	79
Kerem Shalom	0	568	1,009	3. Banking (US\$ thousands)			
Nahal Oz	904	472	403	Loans	Q2-2000	Q2-2007	Q3-2007
<u>Exports</u>				Loans	1,234	1,902	1,829
Karni	2,460	0	0	Deposits	3,328	4,997	5,420
Kerem Shalom	0	0	13	Loans/Deposits Ratio	37.1 %	38.06 %	33.75%
Source: PCBS (1), Ministry of National Economy and Paltrade (2)				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)			
E. LABOUR FLOWS				F. CLOSURE			
Indicator	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Q2-2000	Q2-2007	Q3-2007		Aug-2000	Oct-2007	Nov-2007
1. Labour Force size				1. Effective closure days ⁵			
Total	706,174	926,300	937,200	Karni (goods)	0 %	100%	100%
West Bank	483,796	634,600	636,600	Erez (workers)	0 %	100%	100%
Gaza Strip	222,378	291,700	300,600	Sufa (aggregates)	0 %	100%	100%
2. Unemployment	8.8 %	19.2%	23.2%	Rafah (passenger)	0 %	100%	100%
3. Adjusted Unemployment ⁴	18.5 %	25.8 %	29.1%	Rafah (commercial)	0 %	100%	100%
				Nahal Oz (fuel)	0 %	12%	0%
				Kerem Shalom	0 %	36%	19%
Source: PCBS				Source: UNSCO			

¹ For a more detailed report on sections C (Macro-economy) and D (Private sector), see the attached UNSCO reports

² CPI Base year 1996 = 100

³ Number of truckloads. MoNE data does not include aggregates or aid flows.

⁴ Adjusted unemployment is calculated by adding discouraged workers (i.e. unemployed but no longer seeking work) to the ILO standard.

⁵ Effective closure days are calculated by adding all days when a crossing was fully or partially closed minus weekend and holidays.



MACRO-ECONOMIC UPDATE – NOVEMBER 2007

- Exchange rate
- Consumer Index by region and expenditure group
- Truck Movement
- Palestinian Imports and Exports
- Volume of registered fuel sales
- Palestinian Trade with Israel

For further information please contact:

Ramallah: *Bushra Mukbil*

mukbil@un.org

Gaza Strip: *Raed Raqeb*

raqeb@un.org

Indicator	Baseline Aug-00	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Exchange Rate							
Exchange Rate	4.05	4.17	4.25	4.23	4.09	4.01	3.92
Source: PCBS							

The US\$-NIS exchange rate dropped well below the 4 NIS mark in November. The weak dollar slightly softens the effect of increasing oil prices and could make some imports more affordable.

Indicator	Baseline Aug-00	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Volume of Registered Fuel sales in the Gaza Strip (x 1000 liters/ton)							
volume of registered fuel sales in the Gaza Strip							
Benzene 95 (Liter)	878.3	963.0	937.1	1,172.9	925.5	1,122.1	1,154.5
Benzene 96 (Liter)	2,310.6	263.5	158.6	309.4	319.4	264.1	0.0
Gasoline (Liter)	11,342.6	8,672.6	6,409.9	9,170.7	6,225.5	7,021.3	4,796.0
Gas (Ton)	1.9	3.4	4.4	3.9	3.9	5.0	5.0
White Gasoline (Liter)	243.1	43.0	92.0	0.0	0.0	0.0	49.0
Source: General Petroleum Corporation and Ministry of Finance							

Registered fuel sales in the Gaza Strip dropped to unprecedented lows in November. Besides declining demand due to the absence of economic activity, the Israeli imposed reduction in supplies and a slowdown in internal distribution all contributed to this development.

Indicator	Baseline Aug-00	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food	118.92	145.9	146.27	151.60	155.10	156.67	159.79
Beverages and Tobacco	129.14	169.67	170.30	183.50	185.50	186.40	189.96
Textiles, clothing and footwear	124.93	128.42	128.50	128.71	128.55	128.91	129.66
Housing	125.78	162.17	166.62	169.12	168.82	171.19	174.65
Furniture, household goods & services	123.70	130.83	130.72	131.06	130.8	131.17	132.41
Transport and communications	123.45	201.74	203.80	204.03	203.67	204.73	206.68
Education	114.63	137.97	137.99	138.34	138.44	139.57	139.78
Medical care	125.78	150.22	150.72	151.56	151.89	152.17	152.5
Recreational, cultural goods & services	93.86	91.21	91.15	90.86	90.97	90.87	91.27
Miscellaneous goods and services	129.21	169.87	169.80	169.90	169.77	171.63	173.44
All-Items consumer price index	121.95	153.36	154.14	157.49	158.96	160.18	162.47
Major Groups of Expenditure (Jerusalem)							
Food	122.63	153.33	156.48	156.93	159.41	159.85	163.99
Beverages and Tobacco	130.91	169.4	171.13	170.93	172.15	173.25	173.06
Textiles, clothing and footwear	119.18	143.09	144.34	144.76	144.89	147.61	148.28
Housing	112.88	135.46	140.23	140.44	139.95	140.39	142.49
Furniture, household goods & services	136.10	155.79	155.90	156.33	156.00	157.12	157.43
Transport and communications	131.63	179.92	183.03	183.36	182.68	184.20	186.75
Education	108.70	138.65	138.65	138.71	138.71	140.49	140.59
Medical care	114.91	148.33	148.71	149.11	149.32	149.75	149.96
Recreational, cultural goods & services	88.54	103.3	102.83	102.80	102.8	103.5	103.81
Miscellaneous goods and services	126.54	157.29	155.44	155.51	155.24	156.94	158.61
All-Items consumer price index	122.76	154.37	156.55	156.87	157.73	158.76	161.06
Major Groups of Expenditure (Rest of the West Bank)							
Food	118.25	144.67	144.51	150.98	155.12	156.93	159.72
Beverages and Tobacco	127.26	172.11	172.45	172.82	172.96	172.99	172.97
Textiles, clothing and footwear	123.53	125.24	124.80	124.97	124.06	122.58	123.9
Housing	127.28	166.28	171.11	174.89	174.72	178.15	183.74
Furniture, household goods & services	119.19	125.11	124.77	124.4	123.49	123.04	125.55
Transport and communications	127.03	221.78	223.82	224.18	221.40	225.18	226.86
Education	120.62	147.6	147.61	148.02	148.04	146.85	147.22
Medical care	138.73	160.68	161.19	162.11	162.04	161.81	161.59
Recreational, cultural goods & services	98.11	82.58	82.41	82.43	82.62	82.04	82.79
Miscellaneous goods and services	125.54	174.94	176.15	176.62	176.67	178.66	176.58
All-Items consumer price index	122.44	156.36	156.92	159.91	161.07	162.38	164.27
Major Groups of Expenditure (Gaza Strip)							
Food	116.38	146.54	142.18	150.41	155.14	156.75	158.52
Beverages and Tobacco	130.23	166.09	166.24	195.66	198.61	199.48	206.01
Textiles, clothing and footwear	135.87	119.35	118.95	119.05	119.23	119.36	119.8
Housing	129.45	147.22	151.06	154.91	154.54	157.52	160.33
Furniture, household goods & services	115.49	112.73	112.56	113.52	113.94	114.14	115.57
Transport and communications	115.61	153.8	155.00	155.18	155.36	155.66	157.29
Education	118.84	138.49	138.59	139.71	140.2	142.09	142.36
Medical care	133.83	157.21	157.93	158.89	159.67	159.93	160.85
Recreational, cultural goods & services	101.78	88.41	88.45	87.34	87.45	87.34	87.66
Miscellaneous goods and services	131.43	148.77	148.94	150.11	150.16	150.55	151.79
All-Items consumer price index	121.35	142.85	141.42	147.35	149.66	150.79	152.64
Source: PCBS							

The Palestinian CPI continued its steady rise in November 2007. Since June, prices have risen nearly 6 percent in the oPt (excluding Jerusalem) with food prices having risen by 11.5 percent in the Gaza Strip. It should be noted here though that the food price increase is considered relatively mild given the sustained reduction in the supply of food products to the Gaza Strip. Therefore, one conclusion could be that both supply and demand are declining. If so, this would signal a serious effect of the ongoing Israeli imposed siege that will have long-lasting and structural effects on the health situation of the Gaza population.

Indicator	Baseline Aug-00	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	315	0	0	0	0	0
Total Truck Loads Imports	2,923	4,185	348	269	480	738	631
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	13
Total Truck Loads Imports	0	132	290	408	301	568	1009
Sufa commercial crossing (gravel only until May, from June onwards no aggregates but humanitarian supplies only)							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	85	2551	1,792	646	500	176
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	586	523	474	396	472	403
Source: Baseline: Ministry of National Economy; June to November: Paltrade							

Truck movement to Gaza has been restricted to humanitarian supplies only since 12 June 2007. Exports were stopped altogether at the same time but were restarted in November with some exports of agricultural harvests. In November, the trend of Kerem Shalom replacing Sufa as the main entry point for humanitarian supplies continued with over 55 percent of all imports going through Kerem Shalom.

Indicator	Baseline Q2-00	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007
Palestinian Trade with Israel (in million US \$)							
Trade in goods							
Exports	85	62	65	76	99	99	97
Imports	418	511	475	514	545	501	487
Balance	-333	-449	-410	-438	-446	-402	-390
Trade in Services							
Exports	45	29	30	32	41	28	35
Imports	91	65	59	72	88	85	64
Balance	-46	-36	-28	-40	-47	-57	-29
Total							
Exports	130	91	95	108	140	127	132
Imports	509	576	534	586	633	586	551
Balance	-379	-485	-438	-478	-493	-459	-419
Source: Israeli Central Bureau of statistics							

The siege on Gaza is beginning to have negative economic effects for Israel as well. The Israel-oPt trade balance which had reached almost half a billion per quarter in the early part of 2007, has dropped significantly in the past two quarters. Since the first quarter of 2007 the balance of trade dropped by 15 percent primarily as a result of declining goods exports from Israel to the oPt. A second interesting finding is the fact that despite the complete halt of exports from Gaza, total oPt exports to Israel remained at the same level as during previous quarters.



OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

PRIVATE SECTOR AND BANKING UPDATE – NOVEMBER 2007

- Number of Company Registrations by region and legal status
- Area licensed for Construction
- Bank Credit
- Value of loans and deposits

For further information please contact:

 Ramallah: *Bushra Mukbil*

mukbil@un.org

 Gaza Strip: *Raed Raqeb*

raqeb@un.org

Indicator	Baseline Q2-2000	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	8	2	5	5	4	0
Private Limited	46	12	6	4	4	14	0
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	212	20	8	9	9	18	0
West Bank							
Private	66	21	37	36	19	19	36
Private Limited	163	41	47	49	47	51	50
Public Limited	0	0	0	0	0	0	0
Foreign	0	0	1	1	0	0	0
Total	229	62	85	86	66	70	86
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. While the number of new company registrations in the West Bank continued to slowly increase in November 2007, in Gaza this indicator declined to zero. At no point since the Ministry of National Economy started registering new company registrations has this indicator been so low.

Indicator	Baseline Aug-00	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	5,365	5,680	3,350	680	445	1,055
Gaza	50,116	5,930	13,490	3,770	6,250	44,650	6,270
Al Wastah	15,984	3,650	3,820	2,150	740	710	140
Khan Younis	51,146	4,600	2,550	2,000	5,750	1,405	690
Rafah	39,429	2,840	3,770	1,450	3,500	1,220	2,830
Gaza Strip Total	184,577	22,385	29,310	12,720	16,920	48,430	10,985
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	June-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		56,083	38,424	47,562	56,801	36,005	40,956
Nablus		29,736	51,635	30,087	24,348	33,310	40,530
Tulkarm		27,456	35,339	23,290	19,306	17,112	18,365
Hebron		56,353	21,224	17,769	36,574	17,374	37,842
Bethlehem		22,172	12,351	10,997	5,909	10,696	29,408
Jenin		12,941	6,849	3,690	5,272	11,052	11,557
Qalqilya		6,596	4,102	5,101	5,383	3,287	2,674
Salfit		0	0	0	0	0	0
Total	345,685	211,337	169,924	138,496	153,593	128,836	181,332
Source: Engineering Offices and Consulting Firms							

Similarly to new company registrations, the area licensed for new construction indicator shows the same trends. A slight increase in the West Bank and a sharp reduction in the Gaza Strip. The area licensed for new construction in November 2007 stands at 6 percent if compared to pre-Intifada levels. It is also interesting to observe that most new construction in the West Bank is located in the Southern and Middle part of the West Bank while in the North, new construction is declining.

Indicator	Baseline Q2-00	Q2-06	Q3-06	Q4-06	Q1-2007	Q2-2007	Q3-2007
Area licensed for new construction (by region and by type, x 1000 m²)							
Non-residential							
West Bank	122.0	132.0	113.1	59.5	95.2	107.0	94.7
Gaza Strip	5.5	17.6	2.0	2.9	12.2	3.0	64.9
Total Palestinian territory	127.5	149.6	115.1	62.4	107.4	110.0	159.6
Residential							
West Bank	543.3	491.9	356.6	286.1	269.4	330.4	343.3
Gaza Strip	68.9	48.6	40.0	16.4	27.9	17.7	14.1
Total Palestinian territory	612.2	540.5	396.6	302.5	297.3	348.1	357.4
Source: PCBS							

The overall slump in new construction is not yet reflected in the PCBS data that disaggregates new construction licenses by type of construction as this data is available only on a quarterly basis.

Indicator	Baseline Jun-00	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Bank Credit							
Bank Credit by economic activity (x million US\$)							
Agriculture	20	23	16	15	18	19	20
Manufacturing & Mining	123	111	111	117	113	111	126
Construction	145	208	213	209	218	226	241
General Trade	349	387	355	365	365	379	396
<i>Internal Trade</i>	235	262	234	233	240	254	266
<i>External Trade</i>	114	125	121	132	125	125	130
<i>Exports</i>	8	18	18	20	20	20	25
<i>Imports</i>	106	107	104	112	105	105	105
Transportation	45	53	69	46	54	54	94
Tourism, Hotels & Restaurants	33	25	24	24	26	26	26
Public Services	52	152	162	164	167	166	168
Financial Services	28	96	102	104	111	109	99
Purchase of Securities	10	3	3	3	3	2	9
Miscellaneous	429	807	835	856	842	809	651
GRAND TOTAL	1,234	1,865	1,891	1,903	1,916	1,902	1,829
TOTAL excluding miscellaneous and public services	752	906	893	883	907	927	1,010
Bank Credit by economic activity (as percentage of total)							
Agriculture	2%	1%	1%	1%	1%	1%	1%
Manufacturing & Mining	10%	6%	6%	6%	6%	6%	7%
Construction	12%	11%	11%	11%	11%	12%	13%
General Trade	28%	21%	19%	19%	19%	20%	22%
Transportation	4%	3%	4%	2%	3%	3%	5%
Tourism, Hotels & Restaurants	3%	1%	1%	1%	1%	1%	1%
Public Services	4%	8%	9%	9%	9%	9%	9%
Financial Services	2%	5%	5%	5%	6%	6%	5%
Purchase of Securities	1%	0%	0%	0%	0%	0%	0%
Miscellaneous	35%	43%	44%	45%	44%	43%	36%
Total	100%	100%	100%	100%	100%	100%	100%
Bank Credit by economic activity excluding miscellaneous and public services(as percentage of total)							
Agriculture	3%	2%	2%	2%	2%	2%	2%
Manufacturing and Mining	16%	12%	13%	12%	12%	12%	12%
Construction	19%	24%	24%	24%	24%	24%	24%
General Trade	46%	40%	41%	40%	40%	41%	39%
<i>Internal Trade</i>	31%	26%	26%	26%	26%	27%	26%
<i>External Trade</i>	15%	14%	15%	14%	14%	14%	13%
<i>Exports</i>	1%	2%	2%	2%	2%	2%	3%
<i>Imports</i>	14%	12%	13%	12%	12%	11%	10%
Transportation	6%	8%	5%	6%	6%	6%	9%
Tourism, Hotels & Restaurants	4%	3%	3%	3%	3%	3%	3%
Financial Services	4%	11%	12%	12%	12%	12%	10%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Data on bank credit indicates that intra-sectoral trends have not changed much over the past six periods (the Palestine Monetary Authority provides adjusted monthly data once per every three months). In relative terms, we note a decline in credit in the general trade sector and a simultaneous increase in the use of credit by the transportation sector. A possible explanation for these developments could be the introduction of back-to-back systems at goods crossing points between Israel and the West Bank. While the back-to-back system will increase transport needs inside the West Bank it will equally increase transaction costs of trade and thus negatively affect the profit margin of traders. Bank credit to the public sector has more than tripled if compared with the pre-*Intifada* period.

Indicator	Baseline Jun-00	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Bank Credit							
Bank Credit by type (x million US\$)							
Loans	512	1,187	1,201	1,191	1,198	1,207	1,148
Overdrafts	653	668	680	702	705	681	667
Leasing	0	11	11	10	11	11	11
BA & Discounted Bills	69	0.07	0.07	0.01	2	3.56	4
Total	1,234	1,865	1,891	1,903	1,916	1,902	1,829
Bank Credit by type (as percentage of total)							
Loans	41%	64%	63%	63%	63%	63%	63%
Overdrafts	53%	36%	36%	37%	37%	36%	36%
Leasing	0%	1%	1%	1%	1%	1%	1%
BA & Discounted Bills	6%	0%	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Disaggregating bank credit by the type of credit, confirms the relative stability of the banking sector. Even the previously observed trend of overdrafts replacing formal loans has been arrested in the third quarter of 2007. Loans currently represent 63 percent of all credit extended compared to only 41 percent in the pre-Intifada period.

Indicator	Baseline Jun-00	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Bank Credit							
Bank Credit by borrowing entity (x million US\$)							
Businesses	752	906	893	883	907	927	1,010
Consumers	429	807	835	856	842	809	651
Public Agencies	52	152	162	164	167	166	168
Total	1,234	1,865	1,891	1,903	1,916	1,902	1,829
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	49%	47%	46%	47%	49%	55%
Consumers	35%	43%	44%	45%	44%	43%	36%
Public Agencies	4%	8%	9%	9%	9%	9%	9%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Disaggregating bank credit by the borrowing entity shows that consumer lending has declined significantly in the third quarter of 2007. The most likely reason for this development is the continued risk-adverse stance of Palestinian banks combined with the restart of regular payment of PA salaries which has allowed a number of PA staff to pay off existing loans and has reduced the demand for credit.

Indicator	Baseline Aug-00	Dec-06	Jan-07	Feb-07	Mar-07	Jun -07	Sep -07
Bank Deposits (excluding deposits of the PMA and commercial banks)							
Distribution of Public sector deposits by depositor and type (x million US\$)							
Public Institutions and Local Auth.							
Current Accounts	23.9	58.8	63.1	65.0	63.5	61.8	75.9
Time Deposits	49.7	42.1	44.2	47.9	48.8	56.5	70.4
Sub-total	73.6	100.9	107.3	112.9	112.3	118.3	146.3
Government							
Current Accounts	39.8	96.8	154.9	121.7	113.2	255.9	168.9
Time Deposits	74.8	178.8	177.9	173.8	187.1	86.1	175.2
Sub-total	114.6	275.5	332.8	295.6	300.3	342.0	344.1
Total Public sector deposits	188.2	376.4	440.1	408.5	412.6	460.3	490.4
Distribution of Private sector deposits by residency and type (x million US\$)							
Residents							
Current Accounts	865.3	1,219.4	1,238.7	1,255.4	1,244.7	1,283.8	1,459.9
Savings Accounts	454.3	914.6	918.3	932.3	943.2	966.1	1,020.1
Time Deposits	2,084.3	1,601.9	1,636.0	1,678.7	1,712.1	1,703.1	1,780.7
Sub-total	3,403.9	3,735.9	3,793.0	3,866.5	3,900.0	3,953.0	4,260.8
Non-Residents							
Current Accounts	9.5	28.9	29.6	29.8	27.4	30.0	36.6
Savings Accounts	3.6	12.8	12.7	12.9	13.0	14.0	13.9
Time Deposits	22.8	48.5	48.1	48.6	49.4	50.9	52.8
Sub-total	35.9	90.2	90.4	91.3	89.8	94.9	103.3
Total Private sector deposits	3,439.8	3,826.1	3,883.4	3,957.8	3,989.8	4,047.9	4,364.1
Total Deposits (public and private)	3,628.0	4,202.6	4,323.5	4,366.2	4,402.4	4,508.2	4,854.4
Source: PMA							

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

Indicator	Baseline Jun-00	Jun-06	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07
Value of Loans and Deposits (x million US\$)							
Total Loans	1,234	1,865	1,891	1,903	1,916	1,902	1,829
Total Deposits	3,328	4,390	4,514	4,657	4,876.6	4,997	5,420
Loans/Deposits (ratio)	37.06%	42.49%	41.89%	40.87%	39.29%	38.06%	33.75%
Source: PMA							

In a normal functioning economy an increase in the loans versus deposits ratio would be a good sign as monies are not saved but invested or consumed, each of which is a stimulant for the economy. Over the past year, this ratio has steadily declined (by 19 percent) in the oPt signaling little optimism concerning the Palestinian economy which limits appetite for domestic investment and thus increases deposits. The sharp drop in the third quarter signals heightened concern with regard to overall economic performance, most likely due to the events in Gaza since June 2007.