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OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – DECEMBER 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 – DECEMBER 2007

A. GENERAL				B. FISCAL SITUATION		Baseline	Previous period	Current period	
Indicator		2006		Indicator (US\$ millions)		Q4-1999	Q4-2006	Q4-2007 (budget)	
1. GDP (\$US)		4,150,600,000		1. Revenue		235	104	332	
2. GDP per capita (\$US)		1,067.5		2. Expenditure		235	220	457	
3. GDP growth rate		- 6.6 %		3. Net lending		0	68	125	
4. GNI		4,521,500,000		4. Balance		0	-184	-250	
				5. External Budget support (including TIM)		0	178	250	
Source: World Bank				Source: IMF					
C. MACRO-ECONOMIC		Baseline	Previous period	Current period	D. PRIVATE SECTOR		Baseline	Previous period	Current period
Indicator ¹		Aug-2000	Nov-2007	Dec-2007	Indicator				
1. Consumer Price Index ²					1. New Company Registrations				
Total		121.95	162.47	164.01	Q2-2000				
West Bank		122.44	164.27	165.56	Q2-2007				
Gaza Strip		121.35	152.64	155.42	Q3-2007				
2. Truck movement ³					Total				
		Aug-2000	Nov-2007	Dec-2007	568				
Imports					276				
Karni		4,373	631	478	263				
Sufa		4,384	176	391	288				
Rafah		953	0	0	197				
Kerem Shalom		0	1,009	1,065	280				
Nahal Oz		904	403	364	79				
Exports					2. Area Licensed for new Construction (dunums)				
Karni		2,460	0	0	Q2-2000				
Kerem Shalom		0	13	78	Q2-2007				
					Q3-2007				
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		Baseline	Previous period	Current period	F. CLOSURE		Baseline	Previous period	Current period
Indicator		Q2-2000	Q2-2007	Q3-2007	Indicator		Aug-2000	Nov-2007	Dec-2007
1. Labour Force size					1. Effective closure days ⁵				
Total		706,174	926,300	937,200	Karni (goods)				
West Bank		483,796	634,600	636,600	0 %				
Gaza Strip		222,378	291,700	300,600	100%				
2. Unemployment		8.8 %	19.2%	23.2%	Erez (workers)				
3. Adjusted Unemployment ⁴		18.5 %	25.8 %	29.1%	0 %				
					100%				
					Sufa (aggregates)				
					0 %				
					100%				
					Rafah (passenger)				
					0 %				
					100%				
					Rafah (commercial)				
					0 %				
					100%				
					Nahal Oz (fuel)				
					0 %				
					0%				
					Kerem Shalom				
					0 %				
					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.



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MACRO-ECONOMIC UPDATE – DECEMBER 2007

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

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Indicator	Baseline Aug-00	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Exchange Rate							
Exchange Rate	4.05	4.25	4.23	4.09	4.01	3.92	3.88
Source: PCBS							

The US\$-NIS exchange rate dropped even further 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	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-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	937.1	1,172.9	925.5	1,122.1	1,154.5	1,232.2
Benzene 96 (Liter)	2,310.6	158.6	309.4	319.4	264.1	0.0	0.0
Gasoline (Liter)	11,342.6	6,409.9	9,170.7	6,225.5	7,021.3	4,796.0	6,330.7
Gas (Ton)	1.9	4.4	3.9	3.9	5.0	5.0	3.1
White Gasoline (Liter)	243.1	92.0	0.0	0.0	0.0	49.0	196.0
Source: General Petroleum Corporation and Ministry of Finance							

Registered fuel sales in the Gaza Strip rebounded somewhat in December after unprecedented lows in November. Even though supply of fuel in December dropped if compared with November, internal distribution improved resulting in better registered fuel sales.

Indicator	Baseline Aug-00	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food	118.92	146.27	151.60	155.10	156.67	159.79	161.91
Beverages and Tobacco	129.14	170.30	183.50	185.50	186.40	189.96	190.91
Textiles, clothing and footwear	124.93	128.50	128.71	128.55	128.91	129.66	130.61
Housing	125.78	166.62	169.12	168.82	171.19	174.65	176.85
Furniture, household goods & services	123.70	130.72	131.06	130.8	131.17	132.41	132.63
Transport and communications	123.45	203.80	204.03	203.67	204.73	206.68	208.51
Education	114.63	137.99	138.34	138.44	139.57	139.78	139.52
Medical care	125.78	150.72	151.56	151.89	152.17	152.5	151.97
Recreational, cultural goods & services	93.86	91.15	90.86	90.97	90.87	91.27	90.94
Miscellaneous goods and services	129.21	169.80	169.90	169.77	171.63	173.44	176.28
All-Items consumer price index	121.95	154.14	157.49	158.96	160.18	162.47	164.01
Major Groups of Expenditure (Jerusalem)							
Food	122.63	156.48	156.93	159.41	159.85	163.99	165.69
Beverages and Tobacco	130.91	171.13	170.93	172.15	173.25	173.06	175.14
Textiles, clothing and footwear	119.18	144.34	144.76	144.89	147.61	148.28	146.95
Housing	112.88	140.23	140.44	139.95	140.39	142.49	144.83
Furniture, household goods & services	136.10	155.90	156.33	156.00	157.12	157.43	155.88
Transport and communications	131.63	183.03	183.36	182.68	184.20	186.75	188.82
Education	108.70	138.65	138.71	138.71	140.49	140.59	139.89
Medical care	114.91	148.71	149.11	149.32	149.75	149.96	149.17
Recreational, cultural goods & services	88.54	102.83	102.80	102.8	103.5	103.81	103.7
Miscellaneous goods and services	126.54	155.44	155.51	155.24	156.94	158.61	160.46
All-Items consumer price index	122.76	156.55	156.87	157.73	158.76	161.06	162.13
Major Groups of Expenditure (Rest of the West Bank)							
Food	118.25	144.51	150.98	155.12	156.93	159.72	160.94
Beverages and Tobacco	127.26	172.45	172.82	172.96	172.99	172.97	173.64
Textiles, clothing and footwear	123.53	124.80	124.97	124.06	122.58	123.9	125.78
Housing	127.28	171.11	174.89	174.72	178.15	183.74	185.05
Furniture, household goods & services	119.19	124.77	124.4	123.49	123.04	125.55	126.94
Transport and communications	127.03	223.82	224.18	221.40	225.18	226.86	228.7
Education	120.62	147.61	148.02	148.04	146.85	147.22	147.43
Medical care	138.73	161.19	162.11	162.04	161.81	161.59	161.39
Recreational, cultural goods & services	98.11	82.41	82.43	82.62	82.04	82.79	81.8
Miscellaneous goods and services	125.54	176.15	176.62	176.67	178.66	176.58	179.18
All-Items consumer price index	122.44	156.92	159.91	161.07	162.38	164.27	165.56
Major Groups of Expenditure (Gaza Strip)							
Food	116.38	142.18	150.41	155.14	156.75	158.52	163.07
Beverages and Tobacco	130.23	166.24	195.66	198.61	199.48	206.01	206.22
Textiles, clothing and footwear	135.87	118.95	119.05	119.23	119.36	119.8	122.48
Housing	129.45	151.06	154.91	154.54	157.52	160.33	162.09
Furniture, household goods & services	115.49	112.56	113.52	113.94	114.14	115.57	116.7
Transport and communications	115.61	155.00	155.18	155.36	155.66	157.29	158.73
Education	118.84	138.59	139.71	140.2	142.09	142.36	142.46
Medical care	133.83	157.93	158.89	159.67	159.93	160.85	160.58
Recreational, cultural goods & services	101.78	88.45	87.34	87.45	87.34	87.66	87.67
Miscellaneous goods and services	131.43	148.94	150.11	150.16	150.55	151.79	155.44
All-Items consumer price index	121.35	141.42	147.35	149.66	150.79	152.64	155.42
Source: PCBS							

The Palestinian CPI continued its steady rise in December 2007. Since July, prices have risen nearly 6.5 percent in the oPt (excluding Jerusalem) with food prices having risen by 10 percent in the Gaza Strip since July. Concerns persist that given the relatively low price increase, sharply declining levels of supply of food stuffs are accompanied by an equal decline in demand for food.

Indicator	Baseline Aug-00	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	348	269	480	738	631	478
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	13	78
Total Truck Loads Imports	0	290	408	301	568	1009	1065
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	2551	1,792	646	500	176	391
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	523	474	396	472	403	364
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 December 2007 overall humanitarian supply to the Gaza Strip increased slightly (6.5 percent), mainly due to an increase in truck movement via the Sufa crossing. The decline of goods movement through Karni continued with only one quarter of all goods crossing via the Karni crossing.

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.



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PRIVATE SECTOR AND BANKING UPDATE – DECEMBER 2007

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

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Indicator	Baseline Q2-2000	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	2	5	5	4	0	0
Private Limited	46	6	4	4	14	0	0
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	212	8	9	9	18	0	0
West Bank							
Private	66	37	36	19	19	36	28
Private Limited	163	47	49	47	51	50	39
Public Limited	0	0	0	0	0	0	0
Foreign	0	1	1	0	0	0	0
Total	229	85	86	66	70	86	67
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 dropped by 22 percent in December. Compared to pre-Intifada levels one could conclude that the West Bank economy is running at 30 percent of its pre-Intifada capacity. In Gaza, new company registrations remained at its all-time low of zero.

Indicator	Baseline Aug-00	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	5,680	3,350	680	445	1,055	1,310
Gaza	50,116	13,490	3,770	6,250	44,650	6,270	13,440
Al Wastah	15,984	3,820	2,150	740	710	140	150
Khan Younis	51,146	2,550	2,000	5,750	1,405	690	690
Rafah	39,429	3,770	1,450	3,500	1,220	2,830	1,250
Gaza Strip Total	184,577	29,310	12,720	16,920	48,430	10,985	16,840
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		38,424	47,562	56,801	36,005	40,956	173,799
Nablus		51,635	30,087	24,348	33,310	40,530	88,333
Tulkarm		35,339	23,290	19,306	17,112	18,365	46,136
Hebron		21,224	17,769	36,574	17,374	37,842	73,892
Bethlehem		12,351	10,997	5,909	10,696	29,408	36,624
Jenin		6,849	3,690	5,272	11,052	11,557	38,355
Qalqilya		4,102	5,101	5,383	3,287	2,674	57,043
Salfit		0	0	0	0	0	0
Total	345,685	169,924	138,496	153,593	128,836	181,332	514,182
Source: Engineering Offices and Consulting Firms							

Similarly to new company registrations, the area licensed for new construction indicator shows the same trends in that construction in Gaza is near total collapse while in the West Bank construction activity is significantly lower than during the pre-Intifada period. The reason for the large increase in construction as suggested by the data for December is that all non-completed construction are re-submitted for licenses by year end to ensure that new licenses will be issued for the next year.

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	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
Bank Credit							
Bank Credit by economic activity (x million US\$)							
Agriculture	20	16	15	18	19	20	19
Manufacturing & Mining	123	111	117	113	111	126	119
Construction	145	213	209	218	226	241	225
General Trade	349	355	365	365	379	396	370
Internal Trade	235	234	233	240	254	266	247
External Trade	114	121	132	125	125	130	123
Exports	8	18	20	20	20	25	19
Imports	106	104	112	105	105	105	104
Transportation	45	69	46	54	54	94	94
Tourism, Hotels & Restaurants	33	24	24	26	26	26	26
Public Services	52	162	164	167	166	168	163
Financial Services	28	102	104	111	109	99	131
Purchase of Securities	10	3	3	3	2	9	2
Miscellaneous	429	835	856	842	809	651	609
GRAND TOTAL	1,234	1,891	1,903	1,916	1,902	1,829	1,758
TOTAL excluding miscellaneous and public services	752	893	883	907	927	1,010	987
Bank Credit by economic activity (as percentage of total)							
Agriculture	2%	1%	1%	1%	1%	1%	1%
Manufacturing & Mining	10%	6%	6%	6%	6%	7%	7%
Construction	12%	11%	11%	11%	12%	13%	13%
General Trade	28%	19%	19%	19%	20%	22%	21%
Transportation	4%	4%	2%	3%	3%	5%	5%
Tourism, Hotels & Restaurants	3%	1%	1%	1%	1%	1%	1%
Public Services	4%	9%	9%	9%	9%	9%	9%
Financial Services	2%	5%	5%	6%	6%	5%	7%
Purchase of Securities	1%	0%	0%	0%	0%	0%	0%
Miscellaneous	35%	44%	45%	44%	43%	36%	35%
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%	13%	12%	12%	12%	12%	12%
Construction	19%	24%	24%	24%	24%	24%	23%
General Trade	46%	41%	40%	40%	41%	39%	38%
Internal Trade	31%	26%	26%	26%	27%	26%	25%
External Trade	15%	15%	14%	14%	14%	13%	12%
Exports	1%	2%	2%	2%	2%	3%	2%
Imports	14%	13%	12%	12%	11%	10%	11%
Transportation	6%	5%	6%	6%	6%	9%	10%
Tourism, Hotels & Restaurants	4%	3%	3%	3%	3%	3%	3%
Financial Services	4%	12%	12%	12%	12%	10%	13%
Total	100%	100%	100%	100%	100%	100%	100%
Source: PMA							

Data on bank credit is used as a proxy indicator for perceptions of economic progress (increasing use of bank credit, particularly in the main productive sectors) or decline (decreasing use of bank credit) - the Palestine Monetary Authority provides adjusted monthly data once per every three months. The last six months of 2007 show a distinct decline in the use of bank credit, a trend that is particularly evident during Q4-2007 in the main productive sectors (manufacturing, construction, general trade). In contrast, the use of bank credit increased by over 32 percent in the financial services sector, most likely as a preventative effort by banks to stave off potential implications of Israeli bank' threats to cut off all dealings with Palestinian banks. Bank credit to the public sector has more than tripled if compared with the pre-*Intifada* period.

Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
Bank Credit							
Bank Credit by type (x million US\$)							
Loans	512	1,201	1,191	1,198	1,207	1,148	1,094
Overdrafts	653	680	702	705	681	667	649
Leasing	0	11	10	11	11	11	11
BA & Discounted Bills	69	0.07	0.01	2	3.56	4	5
Total	1,234	1,891	1,903	1,916	1,902	1,829	1,758
Bank Credit by type (as percentage of total)							
Loans	41%	63%	63%	63%	63%	63%	62%
Overdrafts	53%	36%	37%	37%	36%	36%	37%
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. The ability of the PA to resume regular salary payments will have had some impact in the drop-off of loans.

Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
Bank Credit							
Bank Credit by borrowing entity (x million US\$)							
Businesses	752	893	883	907	927	1,010	987
Consumers	429	835	856	842	809	651	609
Public Agencies	52	162	164	167	166	168	163
Total	1,234	1,891	1,903	1,916	1,902	1,829	1,758
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	47%	46%	47%	49%	55%	56%
Consumers	35%	44%	45%	44%	43%	36%	35%
Public Agencies	4%	9%	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 and has continued to drop in the fourth quarter. 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	Jan-07	Feb-07	Mar-07	Jun -07	Sep -07	Dec -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	63.1	65.0	63.5	61.8	75.9	71.0
Time Deposits	49.7	44.2	47.9	48.8	56.5	70.4	73.0
Sub-total	73.6	107.3	112.9	112.3	118.3	146.3	144.0
Government							
Current Accounts	39.8	154.9	121.7	113.2	255.9	168.9	177.7
Time Deposits	74.8	177.9	173.8	187.1	86.1	175.2	183.3
Sub-total	114.6	332.8	295.6	300.3	342.0	344.1	361.0
Total Public sector deposits	188.2	440.1	408.5	412.6	460.3	490.4	505.0
Distribution of Private sector deposits by residency and type (x million US\$)							
Residents							
Current Accounts	865.3	1,238.7	1,255.4	1,244.7	1,283.8	1,459.9	1,502.7
Savings Accounts	454.3	918.3	932.3	943.2	966.1	1,020.1	1,126.9
Time Deposits	2,084.3	1,636.0	1,678.7	1,712.1	1,703.1	1,780.7	1,848.3
Sub-total	3,403.9	3,793.0	3,866.5	3,900.0	3,953.0	4,260.8	4,477.9
Non-Residents							
Current Accounts	9.5	29.6	29.8	27.4	30.0	36.6	39.5
Savings Accounts	3.6	12.7	12.9	13.0	14.0	13.9	15.5
Time Deposits	22.8	48.1	48.6	49.4	50.9	52.8	62.0
Sub-total	35.9	90.4	91.3	89.8	94.9	103.3	117.0
Total Private sector deposits	3,439.8	3,883.4	3,957.8	3,989.8	4,047.9	4,364.1	4,594.9
Total Deposits (public and private)	3,628.0	4,323.5	4,366.2	4,402.4	4,508.2	4,854.4	5,099.9
Source: PMA							

Unlike the relative stability of bank credits, bank deposits data for the fourth quarter indicates a continued sizeable increase in private sector deposits (both in terms of public and private sector bank deposits). Compared with January 2007, bank deposits in December 2007 show an increase of 18.3 percent.

Indicator	Baseline Jun-00	Sep-06	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07
Value of Loans and Deposits (x million US\$)							
Total Loans	1,234	1,891	1,903	1,916	1,902	1,829	1,758
Total Deposits	3,328	4,514	4,657	4,876.6	4,997	5,420	5,702
Loans/Deposits (ratio)	37.06%	41.89%	40.87%	39.29%	38.06%	33.75%	30.84%
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. Since September 2006, this ratio has steadily declined (by over 26 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 and fourth quarter signals heightened concern with regard to overall economic performance, most likely due to the events in Gaza since June 2007.

Indicator	Baseline Aug-00	Jul-07	Aug-07	Sept-07	Oct -07	Nov -07	Dec -07
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	n.a.	15.1	14.9	30.8	29.0	17.5	16.2
Value of shares traded (x million US\$)	n.a.	42.0	39.3	96.8	86.0	44.3	53.6
Indices							
Al-Quds index	n.a.	479.43	446.19	517.18	509.90	522.16	527.26
Source: Palestinian Securities Exchange (PSE)							

Similar to bank credit and deposits, data on the Palestinian stock exchange is used as a proxy indicator of Palestinian perceptions vis-à-vis the state of the national economy. The data for December 2007 shows that overall trade continues to slow down while traders appear to prefer high-value and relatively stable stocks. The Al-Quds index grew by just under 1 percent.