

UNITED NATIONS



NATIONS UNIES

OFFICE OF THE UNITED NATIONS SPECIAL CO-ORDINATOR

SOCIO-ECONOMIC REPORT – JULY 2008

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 – JULY 2008

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-2004	Jun -2008	July 2008	1. New Company Registrations	Q2-2000	Q1-2008	Q2-2008
1. Consumer Price Index ²				Total	568	280	357
Total		121.28	122.12	West Bank	288	280	334
West Bank		121.20	122.53	Gaza Strip	280	0	23
Gaza Strip		125.17	125.90	2. Area Licensed for new Construction (dunums)	Q2-2000	Q3-2007	Q4-2007
2. Truck movement ³				Total	739.7	517	399.3
<u>Imports</u>	Aug-2000	Jun -2008	July 2008	West Bank	665.3	438	386.2
Karni	4,373	774	2,886	Gaza Strip	74.4	79	13.1
Sufa	4,384	1,083	1,840	3. Banking (US\$ thousands)	Q2-2000	Q4-2007	Q1-2008
Rafah	953	0	0	Loans	1,234	1,758	1,777
Kerem Shalom	0	0	0	Deposits	3,328	5,702	6,067
Nahal Oz	904	237	312	Loans/Deposits Ratio	37.1 %	30.84%	29.29%
<u>Exports</u>				Source: Ministry of National Economy (1), Engineering Offices and Consulting Firms (2), Palestine Monetary Authority (3)			
Karni	2,460	0	0				
Kerem Shalom	0	0	0				
Source: PCBS (1), Ministry of National Economy							
E. LABOUR FLOWS				F. CLOSURE			
Indicator	Baseline	Previous period	Current period	Indicator	Baseline	Previous period	Current period
	Q2-2000	Q2-2007	Q3-2007	1. Effective closure days ⁵	Aug-2000	Jun -2008	July 2008
1. Labour Force size				Karni (goods)	0 %	100%	100%
Total	706,174	926,300	937,200	Erez (workers)	0 %	100%	100%
West Bank	483,796	634,600	636,600	Sufa (aggregates)	0 %	100%	100%
Gaza Strip	222,378	291,700	300,600	Rafah (passenger)	0 %	100%	100%
2. Unemployment	8.8 %	19.2%	23.2%	Rafah (commercial)	0 %	100%	100%
3. Adjusted Unemployment ⁴	18.5 %	25.8 %	29.1%	Nahal Oz (fuel)	0 %	36 %	33 %
				Kerem Shalom	0 %	100 %	100 %
Source: PCBS				Source: UNSCO			

¹ For a more detailed report on sections C (Macro-economy) and D (Private sector), see data below.

² CPI Base year 2004 = 100

³ 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 excluding weekend and holidays.



MACRO-ECONOMIC UPDATE – JULY 2008

- 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	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Exchange Rate							
Exchange Rate	4.05	3.59	3.56	3.53	3.39	3.34	3.47
Source: PCBS							

The exchange rate between the US dollar and the NIS has slightly increased in July, 2008.

Indicator	Baseline Aug-00	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
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	283.5	343.0	135.0	203.5	291.0	540.6
Benzene 96 (Liter)	2,310.6	0.0	0.0	0.0	0.0	0.0	0.0
Gasoline (Liter)	11,342.6	2,795.0	3,806.0	1,306.4	2,377.0	4,137.5	4,787.5
Gas (Ton)	1.9	5.4	6.3	2.2	3.0	3.0	4.1
White Gasoline (Liter)	243.1	192.0	0.0	0.0	0.0	0.0	217.4
Source: General Petroleum Corporation and Ministry of Finance							

All fuel categories, with the exception of Benzene 96, experienced an increase in registered fuel sales during July, 2008. One of the main reasons for this increase could be that total effective closure days were 45% less in July than in June.

Indicator	Baseline Aug-04	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Palestinian Consumer Price Index (by region and expenditure group)							
Major Groups of Expenditure (Occupied Palestinian Territory – excluding Jerusalem)							
Food and soft drinks		126.73	131.81	135.30	134.13	134.94	136.21
Alcoholic Beverages and tobacco		121.83	121.97	122.24	121.64	123.12	123.73
Textiles, clothing and footwear		99.95	97.94	99.95	100.79	101.32	99.88
Housing		120.01	120.35	121.23	122.03	122.32	123.46
Furniture, household goods		102.58	101.58	101.79	103.46	104.10	105.50
Medical care		113.05	114.18	114.10	114.13	114.17	114.57
Transportation		117.53	118.22	120.03	121.20	124.07	125.53
Communications		110.61	110.73	110.81	111.17	109.47	109.46
Recreational, cultural goods & services		98.13	97.71	97.48	99.06	99.24	99.37
Education		98.43	99.16	99.16	99.25	99.20	99.32
Restaurants and cafes		120.78	122.50	123.63	127.22	127.90	129.09
Miscellaneous goods and services		108.15	108.17	108.31	109.11	109.03	109.38
All items of consumer price index		116.77	118.69	120.46	120.57	121.28	122.12
Major Groups of Expenditure (Jerusalem)							
Food and soft drinks		122.73	124.93	129.06	128.57	129.09	130.59
Alcoholic Beverages and tobacco		109.02	108.73	109.24	107.84	110.57	110.56
Textiles, clothing and footwear		100.62	96.75	99.55	100.45	100.24	99.13
Housing		117.38	118.05	118.10	118.45	119.07	119.28
Furniture, household goods		98.47	94.41	94.69	96.39	95.35	95.80
Medical care		113.49	116.70	116.74	119.34	121.58	121.78
Transportation		122.07	121.94	122.67	123.67	125.51	126.72
Communications		106.86	106.72	107.07	107.40	107.35	107.35
Recreational, cultural goods & services		99.19	98.28	98.19	99.60	99.86	99.99
Education		104.94	104.94	104.94	104.94	104.94	104.94
Restaurants and cafes		136.24	137.84	137.00	141.33	141.24	143.41
Miscellaneous goods and services		107.39	106.80	106.31	107.15	107.44	107.85
All items of consumer price index		114.91	115.24	116.89	117.33	117.96	118.67
Major Groups of Expenditure (Rest of the West Bank)							
Food and soft drinks		128.24	131.64	134.90	132.82	134.13	136.52
Alcoholic Beverages and tobacco		115.16	114.97	115.17	115.38	115.75	115.60
Textiles, clothing and footwear		100.38	98.90	100.29	100.79	101.05	99.91
Housing		129.74	129.62	131.64	131.64	130.66	132.11
Furniture, household goods		103.69	104.62	104.50	104.05	104.35	105.30
Medical care		108.94	110.53	109.92	108.90	108.71	109.70
Transportation		116.97	116.40	118.72	119.25	122.15	123.72
Communications		109.52	109.82	109.76	110.29	109.78	109.83
Recreational, cultural goods & services		92.86	92.95	92.77	94.29	94.08	94.25
Education		89.01	90.41	90.41	90.59	90.61	91.02
Restaurants and cafes		114.38	117.49	121.00	124.40	125.13	125.07
Miscellaneous goods and services		110.23	111.90	112.24	112.47	113.10	114.38
All items of consumer price index		117.75	119.23	121.08	120.45	121.20	122.53
Major Groups of Expenditure (Gaza Strip)							
Food and soft drinks		129.19	136.95	141.72	142.68	142.74	143.52
Alcoholic Beverages and tobacco		137.46	142.92	142.92	142.11	143.58	144.34
Textiles, clothing and footwear		97.86	98.75	98.35	100.92	102.80	101.02
Housing		111.63	111.47	111.92	114.80	116.52	118.56
Furniture, household goods		110.01	110.26	111.23	115.29	118.26	121.88
Medical care		108.15	106.47	106.41	104.89	103.07	103.17
Transportation		115.74	119.98	120.57	123.38	127.22	128.40
Communications		111.02	110.84	110.84	111.63	107.64	107.47
Recreational, cultural goods & services		96.98	97.41	96.83	96.54	97.50	97.30
Education		101.71	101.71	101.71	101.16	101.07	101.01
Restaurants and cafes		122.04	122.04	123.45	125.63	129.68	131.48
Miscellaneous goods and services		106.26	107.50	108.91	110.19	109.18	108.78
All items of consumer price index		117.27	120.99	123.05	124.39	125.17	125.90
Source: PCBS							

The Palestinian CPI figures for July 2008 show an increase of .68% from June 2008. CPI increased in the West Bank by 1.08%, and .57 % in the Gaza Strip. Since beginning of 2008, food prices have risen by 7.2 % in the West Bank, 12.7% in the Gaza Strip. Transportation related costs have also increased by 8% in the West Bank, and 7% in Gaza.

Indicator	Baseline Aug-00	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Truck Movement							
Karni commercial crossing							
Total Truck Loads Exports	992	0	0	0	0	0	0
Total Truck Loads Imports	2,923	572	1,035	298	551	774	2,886
Kerem Shalom commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	0	0	897	757	0	0	0
Sufa commercial crossing							
Total Truck Loads Exports	0	0	0	0	0	0	0
Total Truck Loads Imports	4,384	808	875	943.5	935	1,083	1,840
Nahel Oz commercial crossing (fuel)							
Total Truck Loads Imports	904	346	365	129	190	237	312
Source: Baseline: Ministry of National Economy; Paltrade , General Petroleum Corporation and Ministry of Finance							

Truck movement to Gaza has been restricted to the import of limited humanitarian supplies since 12 June 2007. Exports were suspended at the same time with only approximately 78 truckloads of strawberries and flowers grown with the support of the Netherlands exported in December 2007. Compared with June 2008, July data indicates a marked increase in the total of imported truckloads to the Gaza Strip, by approximately 58.4%. An important highlight for the month of July 2008 is gravel and cement were allowed into the Gaza Strip for the first time since mid June 2007, about 2,122 trucks of gravel (through Karni) and 133 trucks of cement (through Sufa).

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 negative consequences of the closure of the Gaza crossings for Israel continued. The Israel-oPt trade balance - which had reached almost half a billion per quarter in the early part of 2007– has dropped by 15 percent since the first quarter of 2007 - primarily as a result of declining imports from Israel into the oPt. A second notable finding is that despite the suspension of exports from Gaza, total oPt exports to Israel remained at the same level as during previous quarters indicating an increase in exports from the West Bank.



PRIVATE SECTOR AND BANKING UPDATE – JULY 2008

- 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	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Number of new Company Registrations (by region and legal status)							
Gaza Strip							
Private	162	0	0	0	0	8	7
Private Limited	46	0	0	0	0	15	15
Public Limited	1	0	0	0	0	0	0
Foreign	3	0	0	0	0	0	0
Total	212	0	0	0	0	23	22
West Bank							
Private	66	40	44	47	41	40	50
Private Limited	163	57	64	65	73	63	56
Public Limited	0	1	0	0	0	0	0
Foreign	0	1	1	1	3	1	1
Total	229	99	109	113	117	104	107
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 slightly increased in July 2008, by approximately .03%. However, if compared to pre-Intifada levels new company registrations have dropped by approximately 53.7%. As for Gaza, figures for the Ministry of Economy in Ramallah show that the number of new company registrations has remained zero, while data from the authorities in Gaza indicate 22 new registered companies for the month of July. Optimism among business people in Gaza is a possible factor that encouraged company owners to reactivate their registrations.

Indicator	Baseline Aug-00	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Area licensed for new construction (Gaza Strip, dunums)							
Northern District	27,902	1,930	750	1,460	1,600	1,410	5,380
Gaza	50,116	5,370	1,720	2,150	710	2,650	3,400
Al Wastah	15,984	1,500	850	740	520	680	1,250
Khan Younis	51,146	1,100	1,350	950	610	500	5,430
Rafah	39,429	2,900	3,400	4,425	2,760	2,480	3,310
Gaza Strip Total	184,577	12,800	8,070	9,725	6,200	7,720	18,770
Source: Engineering Offices and Consulting Firms							

Indicator	Baseline Aug-00	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Area licensed for new construction (West Bank, dunums)							
Ramallah & Al- Bireh & Jerusalem		38,439	65,993	50,344	46,821	42,276	89,964
Nablus		28,915	31,256	32,596	38,686	24,433	50,172
Tulkarm		13,540	16,691	29,636	30,911	14,923	17,741
Hebron		23,061	15,217	32,696	35,410	41,284	38,248
Bethlehem		8,822	11,623	9,786	15,278	10,313	14,525
Jenin		14,246	9,692	10,195	12,643	10,399	10,040
Qalqilya		5,375	10,883	6,972	4,261	3,028	3,234
Salfit		0	0	0	0	0	0
Total	345,685	132,398	161,355	172,225	184,010	146,656	223,924
Source: Engineering Offices and Consulting Firms							

Similar to new company registrations, the area licensed for new construction is also used as a proxy indicator for economic vitality. If compared with June 2008, areas licensed for new construction for the West Bank increased in July by 34.50%. However, if compared with pre-Intifada levels, areas licensed for new constructions have dropped by approximately 35.22%. As for the Gaza Strip, areas licensed for new construction have increased by 58.9 % in July. This is due to the fact that municipalities in Gaza have lowered the fee for area licensing by 50%.

Indicator	Baseline Q2-00	Q3-06	Q4-06	Q1-2007	Q2-2007	Q3-2007	Q4-2007
Area licensed for new construction (by region and by type, x 1000 m²)							
Non-residential							
West Bank	122.0	113.1	59.5	95.2	107.0	94.7	46.3
Gaza Strip	5.5	2.0	2.9	12.2	3.0	64.9	0.5
Total Palestinian territory	127.5	115.1	62.4	107.4	110.0	159.6	46.8
Residential							
West Bank	543.3	356.6	286.1	269.4	330.4	343.3	339.9
Gaza Strip	68.9	40.0	16.4	27.9	17.7	14.1	12.6
Total Palestinian territory	612.2	396.6	302.5	297.3	348.1	357.4	352.5
Source: PCBS							

If disaggregated by type, and if compared with Q3-2007, it appears that in Q4-2007 non-residential construction decreased in the oPt by 70.6%, while residential construction slightly decreased by 1.41%.

Indicator	Q1-08	
Bank Credit		
Bank Credit by economic activity (x million US\$)		
Agriculture	26	
Manufacturing & Mining	89	
Real estate and Lands	195	
General Trade	277	
Transportation	12	
Tourism, Hotels & Restaurants	43	
Public Services	152	
Financial Services	135	
Financing granted to the investment of the shares	5	
Facilitations granted to financial institutions	5	
Total Public Sector	501	
Financing for consuming purposes	245	
Others in the private sector	92	
GRAND TOTAL	1,777	
Total Excluding theirs in the Public Services and Total Public Sector	1,124	
Bank Credit by economic activity (as percentage of total)		
Agriculture	1%	
Industry & Mining	5%	
Real estate and Lands	11%	
General Trade	16%	
Transportation	1%	
Tourism, Hotels & Restaurants	2%	
Public Services	9%	
Financial Services	8%	
Financing granted to the investment of the shares	0%	
Facilitations granted to financial institutions	0%	
Total Public Sector	28%	
Financing for consuming purposes	14%	
Others in the private sector	5%	
Total	100%	
Bank Credit by Economic Branch (excluding Total public sector and Public Services) (% of total)		
Agriculture	2%	
Manufacturing and Mining	8%	
Real estate and Lands	17%	
General Trade	25%	
Tourism, Hotels & Restaurants	1%	
Transportation	4%	
Financial Services	12%	
Financing granted to the investment of the shares	0%	
Facilitations granted to financial institutions	0%	
Financing for consuming purposes	22%	
Others in the private sector	8%	
Total	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 has adjusted the indicators for bank credit by economic activities starting Q1-2008. Due to such significant changes, it is not accurate to observe trends and developments and compare it to previous quarters using the old system.

Indicator	Baseline Jun-00	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
Bank Credit							
Bank Credit by type (x million US\$)							
Loans	512	1,191	1,198	1,207	1,148	1,094	1,061
Overdrafts	653	702	705	681	667	649	701
Leasing	0	10	11	11	11	11	11
BA & Discounted Bills	69	0.01	2	3.56	4	5	4
Total	1,234	1,903	1,916	1,902	1,829	1,758	1,777
Bank Credit by type (as percentage of total)							
Loans	41%	63%	63%	63%	63%	62%	60%
Overdrafts	53%	37%	37%	36%	36%	37%	39%
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. Loans have decreased by 2%, and overdrafts have increased by 2%.

Indicator	Baseline Jun-00	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
Bank Credit							
Bank Credit by borrowing entity (x million US\$)							
Businesses	752	883	907	927	1,010	987	1,124
Consumers	429	856	842	809	651	609	501
Public Services	52	164	167	166	168	163	152
Total	1,234	1,903	1,916	1,902	1,829	1,758	1,777
Bank Credit by borrowing entity (as percentage of total)							
Businesses	61%	46%	47%	49%	55%	56%	63%
Consumers	35%	45%	44%	43%	36%	35%	28%
Public Services	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 declined significantly in the first quarter of 2008. The drop is by 16% compared to the first quarter of 2007. One of the most likely reasons for this development is the continued risk-adverse stance of Palestinian banks.

Indicator	Baseline Aug-00	Feb-07	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
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	65.0	63.5	61.8	75.9	71.0	75.1
Time Deposits	49.7	47.9	48.8	56.5	70.4	73.0	69.5
Sub-total	73.6	112.9	112.3	118.3	146.3	144.0	144.7
Government							
Current Accounts	39.8	121.7	113.2	255.9	168.9	177.7	206.7
Time Deposits	74.8	173.8	187.1	86.1	175.2	183.3	181.3
Sub-total	114.6	295.6	300.3	342.0	344.1	361.0	388.1
Total Public sector deposits	188.2	408.5	412.6	460.3	490.4	505.0	532.7
Distribution of Private sector deposits by residency and type (x million US\$)							
Residents							
Current Accounts	865.3	1,255.4	1,244.7	1,283.8	1,459.9	1,502.7	1,610.3
Savings Accounts	454.3	932.3	943.2	966.1	1,020.1	1,126.9	1,264.0
Time Deposits	2,084.3	1,678.7	1,712.1	1,703.1	1,780.7	1,848.3	1,884.2
Sub-total	3,403.9	3,866.5	3,900.0	3,953.0	4,260.8	4,477.9	4,758.5
Non-Residents							
Current Accounts	9.5	29.8	27.4	30.0	36.6	39.5	40.5
Savings Accounts	3.6	12.9	13.0	14.0	13.9	15.5	16.3
Time Deposits	22.8	48.6	49.4	50.9	52.8	62.0	58.3
Sub-total	35.9	91.3	89.8	94.9	103.3	117.0	115.1
Total Private sector deposits	3,439.8	3,957.8	3,989.8	4,047.9	4,364.1	4,594.9	4,873.6
Total Deposits (public and private)	3,628.0	4,366.2	4,402.4	4,508.2	4,854.4	5,099.9	5,406.3
Source: PMA							

Bank deposit data for the fourth quarter in 2007 indicates a continued sizeable increase in private sector deposits (both in terms of public and private sector bank deposits). Compared with the fourth quarter of 2007, bank deposits in January 2008 showed an increase of 5.66 percent.

Indicator	Baseline Jun-00	Dec-06	Mar-07	Jun -07	Sep -07	Dec -07	Q1-08
Value of Loans and Deposits (x million US\$)							
Total Loans	1,234	1,903	1,916	1,902	1,829	1,758	1,777
Total Deposits	3,328	4,657	4,876.6	4,997	5,420	5,702	6,067
Loans/Deposits (ratio)	37.06%	40.87%	39.29%	38.06%	33.75%	30.84%	29.29%
Source: PMA							

In an efficient economy, an increase in the loans versus deposits ratio is a positive sign as monies are not saved but invested or consumed, stimulating the economy. Between September 2006, and the end of January 2008, this ratio has steadily declined in the oPt signaling little optimism concerning the Palestinian economy which limits appetite for domestic investment and thus increases deposits. The sharp drop since the third quarter of 2007 signals heightened concern with regard to overall economic performance, most likely due to the events in Gaza since June 2007.

Indicator	Baseline Aug-00	Feb-08	Mar-08	Apr-08	May-08	June-08	July-08
Palestinian Securities Exchange							
Volume of trade							
Number of shares traded (x million)	n.a.	23.5	45.7	57.1	42.8	37.1	13.7
Value of shares traded (x million US\$)	n.a.	78.3	128.7	234.3	182.7	122.3	47.4
Indices							
Al-Quds index	n.a.	599.69	655.22	714	696.70	688.58	702.34
Source: Palestinian Securities Exchange (PSE)							

Similar to bank credit and deposits, data on the Palestinian stock exchange is used as a proxy indicator of Palestinian perceptions vis-à-vis the state of the national economy. Data for July 2008 shows a significant decrease in trade at the stock exchange both in terms of value and number of stocks traded. However, Al-Quds index has increased in July, by approximately 2%.