

FOREWORD

This volume of the Economic and Social Monitor outlines the main trends in economic and social development in the West Bank and Gaza Strip during the first quarter of 2010. The reader will see that the economic situation at the start of the year represented a continuation of the existing situation that had been present during the last six months of the previous year in terms of improved economic activity in the West Bank, and the deterioration of the situation in the Gaza Strip, which is primarily due to the continuing Israeli blockade imposed upon the Gaza Strip; with no serious progress in addressing the catastrophic effects of Israeli aggression in the Gaza Strip (27 December 2008-18 January 2009).

The division within the Palestinian political system is due to the captive political situation and the critical goals of Israeli intransigence and their refusal to apply the requirements of the road map; as well as the policies of occupation that include killing, displacement, military raids, and the establishment of checkpoints and implementation of closures throughout the Palestinian Territories.

This volume contains a report on the summary of Palestinian youth in the Palestinian territories. It focuses on the main issues which affect youth life style and safety as well as their expectations for the future. It also contains a summary of the statistical data from the middle of 2010 regarding the number of Palestinian refugees and where they are located, including the location of refugees in neighboring Arab countries. There are also three reports that are separate from the main text itself. The reader is first exposed to the deteriorating economic situation in the Gaza Strip following the Israeli military assault on the flotilla of aid ships bound for Gaza on the 31st of May (ostoul al-horia) and Israel announcing its intention to adopt a new policy to ease the siege of the Gaza Strip in response to international pressure. The reader will then be exposed to the campaign promoting the boycott of Israeli settlement products in the West Bank and Gaza Strip. The campaign is currently entering a new phase after it began to be managed and organized by the Palestinian National Authority. The third part will expose the reader to the results of the Palestinian investment conference which was held in Bethlehem during June 2010.

As for the report entitled "economic issues," it discusses the new series entitled "economic volatility". In this volume, the focus is on the role of theoretical models which attempt to explain the causes of economic fluctuations.

We would like to reiterate our commitments to our readers and warmly welcome any feedback. We also wish to thank the teams at the three organizations that prepared this publication (PMA, PCBS and MAS).

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Executive Summary

Economic activity: Palestinian GDP witnessed an overall increase of 2.9% in the 1st quarter of 2010 in comparison to the 4th quarter of last year. Consequently, GDP per capita also increased, by 2.1% for the same period.

Labor Market: Unemployment rate decreased from 24.8% to 22.0% between the 4th quarter of 2009 and the 1st quarter of 2010. The female participation rate in the Palestinian territories decreased in the 1st quarter of 2010 ending at 14.1% of the total participation. With respect to daily wages, the Gaza Strip experienced a decrease by 8.7%. However, the daily wage rate in the West Bank remained relatively stable and amounted 85.7 NIS. On the other hand, advertisements for job openings in newspapers amounted to a total of 808 ads in the 4th quarter of 2009.

Public Finance: Total government revenue in the 1st quarter of 2010 amounted approximately \$447.1 million recording 12.5% increase in comparison with the 4th quarter of 2009. Total public expenditure and net lending increased by, 18.6% to \$708.1 million compared to the previous quarter.

Banking Developments: credit facilities to total deposits ratio, witnessed a notable step up to 39.8% at the end of the quarter compared to 35.5% in the 4th quarter of 2009. Total credit facilities in the 1st quarter of 2010 amounted to \$2,586.5 million recording 15.8% increase from the pervious quarter. Also, bank assets increased by 1.95% from the 4th quarter of 2009 totaling \$8,429.1 million.

Palestine Securities exchange: The Al-Quds (Jerusalem) index increased by 3.5% at the end of the 1st quarter of 2010 compared to the pervious quarter. 62 million shares were traded during the quarter with a total value of \$134.98 million. The market value of listed companies amounted \$2.44 billion.

Prices and Purchasing Power: The Consumer Price Index (CPI) in the o.P.t increased by 0.46% during the 1st quarter of

2010. (CPI) in the West Bank, Jerusalem, and Gaza Strip increased by 0.45%, 0.73%, and 0.09% respectively. The purchasing power of the US dollar and the Jordanian Dinar declined by 0.9% and 1% respectively.

Tourism: The total number of operating hotels in the o.P.t at the end of the quarter was 126 hotels. The number of hotel guests was recorded at 124,20 guests, 8.8% of them are Palestinians, 37.1% from E.U countries. 48% of those guests stayed in hotels located in Jerusalem.

Company Registration: 334 companies were newly registered during the 1st quarter of 2010. This represents 23.7% decrease from the 4th quarter of 2009. The total capital of registered companies decreased by more than 31.8% totaling JD43.6 million.

Building Licenses: The total number of building licenses in the West Bank increased by 25.3% during the 1st quarter of 2010 compared to the 1st quarter of 2009. in the meantime, the total number of licensed housing units increased by 19.5% compared to 2009. as for Gaza Strip, the data is still not available since 2009.

Israeli Measures: 31 Palestinians were killed during the months of March, April, and May, 20 of them in the West Bank and 11 in Gaza Strip, and 10 of them are children. 318 were injured during the same period. The number of Israeli temporary checkpoints during the same period was 573, 595, and 512 respectively. Crossing points between the WBGS and Israel were fully closed 300 times. Moreover, 9 Israeli assaults on the Palestinian education sector were recorded during January and February 2010 in addition to 2 assaults on the health sector.

Youth Perception of their own life conditions: a recent poll by Sharek Youth Forum found that most of the participants had an optimistic view towards future (42% of the males, 65% of the females). Strikingly, the percentage of “optimistic” youth in the Gaza Strip is higher than in the West Bank, 63%,

61% respectively. On the other hand, the report mentions that most of the youth stated that they don't feel safe in their daily life (58%), 68% in Gaza and 55% in the West Bank.

Palestinian Refugees: Palestinian refugees registered at the UNRWA numbered 4.9

million during 2009. Participation in labor force among refugees reached 39.5% compared with 43.0% among non refugees. Statistics show that illiteracy rate among Palestinian refugees (above 15) is 4.9% in 2009 compared to 5.7% among non refugees.