

Palestinian National Authority
Palestinian Central Bureau of Statistics

Press Release
Preliminary Estimates of Quarterly National Accounts
(Third Quarter 2009)

December, 2009

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Important Notes

Data presented in this report is based at constant prices, using 2004 as the base year.

All data related to the third quarter of the year 2009 represents preliminary estimates (flash estimates) issued for the first time in accordance with the estimated short-term indicators.

Data is revised when the necessary short term indicators are available within the requested periodicity.

Also, its worth mentioning that the unemployment rate for the Third quarter of the year 2009 reached to 25.8%, Whereas it reached 27.5%, 22.2% during the third quarter 2008 and second quarter 2009 consequently . The unemployment rate for the year 2008 was 26.0% and for the year 2007 was 21.5% compared with 23.6% in 2006.

PCBS also indicates that the data related to Government (Education, Health in addition to the Public Administration and Defense) valued by the Accrual Bases based on the recommendations of the System of National Accounts issued by the UN, Also, its worth mentioning that the wages and salaries are obtained from the Monthly report of the Ministry of Finance to estimate government activities at US\$ and then converted to NIS in order to compile national accounts, this means that the decreasing in the values of salaries in NIS compared to the increasing when it is calculated in US\$ was as a result of the exchange rate of US\$ compared to the NIS.

Press Release
Preliminary Estimates of Quarterly National Accounts
(Third Quarter 2009).

**Stability in Gross Domestic Product at constant price during the third quarter 2009
compared with the second quarter 2009**

This quarterly report is based on a number of short-term economic indicators compiled quarterly and covering various economic activities. Therefore we compare the main macroeconomic indicators in order to provide an informative tool for monitoring the economy in the short term. In this release we present a comparison with the previous quarter (Second Quarter 2009) and the parallel quarter of the previous year 2008 (Third Quarter 2008).

Stability in GDP during the third quarter 2009 compared with the second quarter 2009

The preliminary estimates at constant prices for the Third quarter of 2009 shows general stability in the performance of the economy in the West Bank and Gaza Strip compared with the Second Quarter 2009, and showed an increase of 5.5% compared to the Third quarter of the year 2008 at constant prices (the base year is 2004). Whereas the GDP estimates increase during the Second Quarter 2009 by 6.1% compared to the First quarter of the year 2009 based on the first revision of the data.

The estimates also refer the increase in the GDP caused by an increase in the main economic activities that have considerable percentage contribution to GDP. There was an increase in the Wholesale and Retail Trade, Transportation, Financial Intermediation, Hotels increased within the available short term economic indicators for these activities.

In addition, the preliminary estimates for the Gross Domestic Product per capita for the West Bank and Gaza Strip during the Third quarter 2009 was 335.0 US\$ with a decrease by 1.1% compared to the Second quarter of 2009, while it showed an increase by 2.5% compared with the same quarter 2008, based on the results of the Population, Housing, and Establishment Census 2007 which indicates that the number of population in the West Bank and Gaza Strip during the Third quarter 2009 was (3,715,829).

Performance of Main Economic Activities

The performance of different activities during the Third quarter 2009 compared to both the Second Quarter 2009 and the same quarter of 2008 was as follows:

- The gross value added for **Agriculture** activity decreased by 17.3% during the Third quarter of 2009 compared with the previous quarter 2009, and a decrease by 17.6% compared with the parallel quarter 2008.
- The gross value added for **Mining, manufacturing, water and electricity** activities in the West Bank and Gaza Strip increased during the Third quarter 2009 compared to the Second quarter of the year 2009 by 0.4%, and it increased by 7.3% compared to the Third quarter 2008.
- The gross value added for **Construction** activity decreased by 8.6% during the Third quarter 2009 compared to the Second Quarter 2009, and showed an increase by 31.3% compared to the Third quarter 2008.

- The gross value added for **Wholesale and Retail Trade** increased by 2.4% compared to the Second Quarter 2009 ; however, when compared to the same quarter 2008, this activity recorded an increase by 1.3%.
- The gross value added for **Transportation** increased during the Third quarter 2009 by 3.5% compared to the Second Quarter 2009, and it increased by 5.7% compared to the Third quarter 2008.
- The gross value added for **Financial Intermediation** activity recorded an increase during the Third quarter 2009 compared to the Second quarter of the year 2009 by 2.3%, and it increased by 11.3% compared to the Third quarter 2008.
- The gross value added for **Real estate, renting and business services** activity decreased during the Third quarter 2009 compared to the Second Quarter 2009 by 8.5%, While it increased by 14.7% compared to the Third quarter 2008.
- The gross value added for **Community, social and personal services** activity recorded a decrease during the Third quarter 2009 compared to the previous quarter by 1.7%, While it showed an increase by 36.4% compared to the Third quarter 2008.
- The gross value added for **Hotels** increased by 20.0% compared to the Second Quarter 2009 , and showed an increase by 36.2% compared to the parallel quarter 2008.
- The gross value added for **Education** decreased during the Third quarter 2009 by 0.5% compared to the Second Quarter 2009 , and it showed an increase by 5.9% compared to the Third quarter 2008.
- The gross value added for **Health and Social Work** decreased during the Third quarter 2009 by 1.4% compared to the Second Quarter 2009 , and it showed an increase by 2.3% compared to the Third quarter 2008.
- The gross value added for **Public Administration and Defense** increased by 1.0% during the Third quarter 2009 compared to the Second Quarter 2009 , and it increased by 6.5% compared to the parallel quarter 2008.

Percentage Contribution for Economic Activity to Quarterly GDP:

The percentage contribution for the economic activities to the quarterly GDP was affected in short term, since the percentage contribution increase for some of the economic activities during the Third quarter 2009 compared with the Second Quarter 2009 :

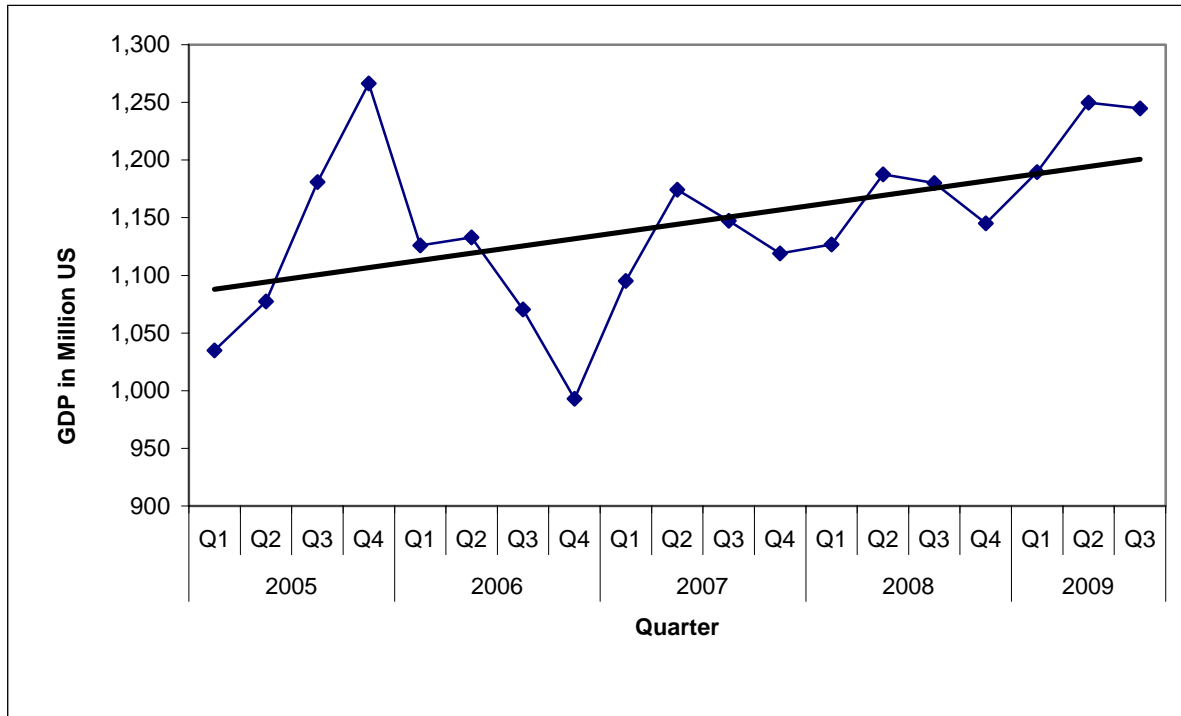
- Increase in Wholesale and retail trade activity from 10.0% in the Second Quarter 2009 to 10.3% in the Third quarter 2009.
- Increase in Transport, Storage and Communications activity from 9.1% in the Second Quarter 2009 to 9.4% in the Third quarter 2009.
- Increase in Manufacturing activity from 9.8% in the Second Quarter 2009 to 9.9% in the Third quarter 2009.
- Increase in Electricity and water supply activity from 3.4% in the Second Quarter 2009 to 3.5% in the Third quarter 2009.
- Increase in Financial intermediation activity from 5.6% in the Second Quarter 2009 to 5.7% in the Third quarter 2009.

- Increase in Hotels and restaurants services activities from 2.1% in the Second Quarter 2009 to 2.5% in the Third quarter 2009.

Whereas the percentage contribution decrease for the following economic activities during the Third quarter 2009 compared with the Second Quarter 2009 :

- Decrease Public administration and defense activity from 13.9% in the Second Quarter 2009 to 13.8% in the Third quarter 2009.
- Decrease in Real estate, renting and business services activity from 10.0% in the Second Quarter 2009 to 9.2% in the Third quarter 2009.
- Decrease in Education activity from 9.7% in the Second Quarter 2009 to 9.6% in the Third quarter 2009.
- Decrease in Construction activity from 6.2% in the Second Quarter 2009 to 5.7% in the Third quarter 2009.
- Decrease in Agriculture and fishing activity from 4.0% in the Second Quarter 2009 to 3.3% in the Third quarter 2009.

Figure 1: Quarterly GDP Trend Line in the West Bank and Gaza Strip for the Years 2005-2009



Concepts and Definitions

Statistical Unit

The United Nations System of National Accounts SNA 1993 defines two main types of statistical units:

- Institutional Unit-Enterprise

An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities.

- Establishment

An establishment is an enterprise, or part of an enterprise, which produces only a single group of goods (with the possibility of production from secondary activities) in which the principal productive activity accounts for most of the value added.

Breaking down institutional units into establishments serves to create more consistent statistical units in the productive sense.

Principal Economic Activity

It is the main activity of the enterprise during the reference year, using (ISIC-3) for classification and coding.

Output

Value of goods and services, including own-account goods, produced during a specific period.

Value added

Value added is a central concept of production and refers to the generated value of any unit that carries out any productive activity. Gross value added is defined as the value of gross production less the value of intermediate consumption. The net value added is defined as the gross value less the value of fixed capital consumption. The net value added reflects the performance of the economy in a better way; however, since it is difficult to measure the fixed capital consumption accurately, the concept of gross value added is more frequently used.

Value added at producers' price is the difference between output at basic prices and the value of the intermediate consumption at purchase price plus taxes (less subsidies) on production. However, if taxes and subsidies are excluded, value added will be obtained in basic prices.

Gross Domestic Product (GDP)

Gross Domestic Product or GDP is the summary measure of the output or production during a certain period in time. Estimate of GDP, like the output and the value added, can vary according to taxes and subsidies taken into consideration. GDP is usually estimated at market prices, producers' prices, or basic prices.

Deflating

Changing all data at current prices to constant prices by choosing the suitable indices by which the effect of prices on the data will be isolated, and choosing suitable base year in order to do this.

Short-term indicators

All indicators that have a periodicity for less than a year, usually a month or quarter.

Industrial Production Index

A statistical tool used for measuring the change in volume of output of industrial activities during a certain period of time. The index uses the change in volume of production for the largest establishments in each industry.

West Bank

The West Bank excluding that part of Jerusalem that was annexed after the 1967 occupation by Israel.

Financial Intermediation indirectly measured (FISIM)

It refers to the total of property income payable to financial institution less the gross value of payable interests on these institutions excluding property income receivable by investment of money of the same institutions..

2004 : 2009

Table 1: GDP and Percentage Contribution in the West Bank and Gaza Strip by Economic Activity, Third Quarter 2009 at Constant Prices: (2004 is the Base Year)

Value in US\$ Million

Economic Activity	(%) Percentage Contribution(%)	* Value added*	
Agriculture and fishing	3.3	41.1	
Mining, manufacturing, electr. and water	13.7	170.0	
Mining and quarrying	0.3	4.0	
Manufacturing	9.9	122.7	
Electricity and water supply	3.5	43.3	
Construction	5.7	70.9	
Wholesale and retail trade	10.3	127.7	
Transport, Storage and Communications	9.4	117.2	
Financial intermediation	5.7	71.2	
Other services	26.1	325.1	
Real estate, renting and business services	9.2	114.7	
Community, social and personal services	1.9	23.6	
Hotels and restaurants	2.5	31.2	
Education	9.6	120.1	
Health and social work	2.9	35.5	
Public administration and defense	13.8	172.4	
Households with employed persons	0.1	1.3	
Less: FISIM	-5.4	-68.2	:
Plus: Customs duties	6.7	83.6	:
Plus: VAT on imports, net	10.6	132.5	:
Quarterly Gross Domestic Product	100	1,244.8	

* Flash Estimates

() *

2004

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2009-2008 للعامين

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**Table 2: GDP in West Bank and Gaza Strip by Economic Activity and Quarter for the Years 2008-2009 at Constant Prices:
2004 is the Base Year**

Value In US\$ Million

Economic Activity	2009			**2008				
	* Q III	*** Q II	** Q I	Q IV	Q III	Q II	Q I	
Agriculture and fishing	41.1	49.7	41.9	50.6	49.9	60.0	52.0	
Mining, manufacturing, electr. and water	170.0	169.3	164.8	161.2	158.5	156.9	155.8	
Mining and quarrying	4.0	4.0	4.2	3.6	4.0	4.2	4.1	
Manufacturing	122.7	122.2	118.7	116.5	114.2	112.9	112.1	
Electricity and water supply	43.3	43.1	41.9	41.1	40.3	39.8	39.6	
Construction	70.9	77.6	62.6	56.7	54.0	63.6	51.9	
Wholesale and retail trade	127.7	124.7	123.6	128.8	126.1	124.6	122.3	
Transport, Storage and Communications	117.2	113.2	110.9	102.7	110.9	92.0	107.2	
Financial intermediation	71.2	69.6	66.9	66.1	64.0	61.7	58.0	
Other services	325.1	332.0	307.9	299.9	288.3	312.9	270.3	
Real estate, renting and business services	114.7	125.3	118.0	104.6	100.0	114.2	100.8	
Community, social and personal services	23.6	24.0	20.9	16.8	17.3	20.0	20.3	
Hotels and restaurants	31.2	26.0	16.7	28.8	22.9	27.9	22.1	
Education	120.1	120.7	118.5	116.8	113.4	117.8	100.2	
Health and social work	35.5	36.0	33.8	32.9	34.7	33.0	26.9	
Public administration and defense	172.4	174.2	165.9	152.5	161.9	161.7	169.7	
Households with employed persons	1.3	1.3	1.1	0.9	0.9	1.1	1.1	
Less: FISIM	-68.2	-64.4	-61.4	-66.9	-67.3	-66.1	-63.2	:
Plus: Customs duties	83.6	80.3	74.7	71.4	81.7	69.3	63.0	:
Plus: VAT on imports, net	132.5	122.2	118.4	121.1	151.3	149.9	138.8	:
Gross Domestic Product	1,244.8	1,249.7	1,177.3	1,145.0	1,180.2	1,187.6	1,126.9	

*** First Revision ** Preliminary Estimates * Flash Estimates

* ** ***

2004

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2009-2008

:3

Table 3: Percentage Contribution to GDP in West Bank and Gaza Strip by Economic Activity and Quarter for Years 2008-2009 at Constant Prices: 2004 is the Base Year

Economic Activity	2009			**2008				
	* Q III	*** Q II	** Q I	Q IV	Q III	Q II	Q I	
Agriculture and fishing	3.3	4.0	3.6	4.4	4.2	5.1	4.6	
Mining, manufacturing, electr. and water	13.7	13.5	14.0	14.1	13.4	13.3	13.8	
Mining and quarrying	0.3	0.3	0.4	0.3	0.3	0.4	0.4	
Manufacturing	9.9	9.8	10.0	10.2	9.7	9.5	9.9	
Electricity and water supply	3.5	3.4	3.6	3.6	3.4	3.4	3.5	
Construction	5.7	6.2	5.3	5.0	4.6	5.4	4.6	
Wholesale and retail trade	10.3	10.0	10.5	11.2	10.7	10.5	10.9	
Transport, Storage and Communications	9.4	9.1	9.4	9.0	9.4	7.7	9.5	
Financial intermediation	5.7	5.6	5.7	5.8	5.4	5.2	5.1	
Other services	26.1	26.6	26.2	26.2	24.4	26.3	24.0	
Real estate, renting and business services	9.2	10.0	10.0	9.1	8.5	9.6	8.9	
Community, social and personal services	1.9	1.9	1.8	1.5	1.5	1.7	1.8	
Hotels and restaurants	2.5	2.1	1.4	2.5	1.9	2.3	2.0	
Education	9.6	9.7	10.1	10.2	9.6	9.9	8.9	
Health and social work	2.9	2.9	2.9	2.9	2.9	2.8	2.4	
Public administration and defense	13.8	13.9	14.1	13.3	13.7	13.6	15.1	
Households with employed persons	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Less: FISIM	-5.4	-5.2	-5.2	-5.8	-5.7	-5.6	-5.6	:
Plus: Customs duties	6.7	6.4	6.3	6.2	6.9	5.8	5.6	:
Plus: VAT on imports, net	10.6	9.8	10.0	10.5	12.9	12.6	12.3	:
Gross Domestic Product	100	100	100	100	100	100	100	

*** First Revision ** Preliminary Estimates * Flash Estimates

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2004 : 2009-2008 :4

**Table 4: GDP Per Capita by the Quarters of Years 2008-2009 at Constant Prices:
(2004 is the Base Year)**

Value in US\$

Quarter \ Year	2009	**2008	
First Quarter	**321.4	316.7	
Second Quarter	***338.8	331.4	
Third Quarter	*335.0	326.9	
Fourth Quarter	-	314.9	
Annual Value	-	1,289.9	

*** First Revision

* *Preliminary Estimates

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* Flash Estimates

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(-) The data is not available

(-)

2008 -1999

:5

Table 5: GDP in the West Bank and Gaza Strip by Economic Activity for the Years 1999- 2008 at Constant Prices

Value in US\$ Million

Economic Activity	**2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Agriculture and fishing	212.5	252.2	240.3	236.2	296.7	297.6	251.3	340.8	403.6	470.7
Mining, manufacturing, electr. and water	632.4	626.4	665.6	789.1	728.0	657.8	534.7	616.8	545.6	655.5
Mining and quarrying	15.9	17.6	37.3	40.8	37.7	45.9	25.2	21.2	23.8	35.7
Manufacturing	455.7	450.0	505.4	591.8	554.0	470.7	385.9	471.7	472.4	566.4
Electricity and water supply	160.8	158.8	122.9	156.5	136.3	141.2	123.6	123.9	49.4	53.4
Construction	226.2	279.1	312.3	310.2	238.5	187.2	127.7	205.4	366.3	616.9
Wholesale and retail trade	501.8	480.5	445.7	451.8	437.5	385.4	408.9	382.8	504.9	537.8
Transport, Storage and Communications	412.8	430.5	390.0	347.3	348.7	229.9	183.9	209.4	221.0	231.0
Financial intermediation	249.8	235.2	184.8	200.5	150.2	154.2	136.3	134.4	181.7	169.1
Other services	1,171.4	1,118.9	893.6	1,084.0	984.4	927.9	862.6	896.1	1,050.4	990.8
Real estate, renting and business services	419.6	417.5	321.9	481.0	454.5	396.3	376.1	404.1	534.0	444.3
Community, social and personal services	74.4	69.9	52.2	57.3	39.0	51.6	33.5	28.6	29.9	28.3
Hotels and restaurants	101.7	62.4	62.1	56.3	39.1	73.0	84.2	87.7	136.0	128.0
Education	448.2	442.9	339.3	375.7	326.1	284.7	260.9	269.4	242.2	262.4
Health and social work	127.5	126.2	118.1	113.7	125.7	122.3	107.9	106.3	108.3	127.8
Public administration and defense	645.8	632.4	679.1	641.5	598.7	633.6	545.6	663.7	518.4	497.7
Households with employed persons	4.0	3.6	2.9	1.8	2.9	8.2	7.4	7.5	9.3	8.7
Less: FISIM	-263.5	-257.1	-128.9	-116.5	-114.3	-114.3	-99.6	-114.3	-154.3	-129.5
Plus: Customs duties	285.4	283.9	286.0	265.9	204.0	166.5	87.4	170.0	196.7	208.6
Plus: VAT on imports, net	561.1	450.1	350.9	347.7	323.1	215.6	217.9	252.6	274.9	254.4
Gross Domestic Product	4,639.7	4,535.7	4,322.3	4,559.5	4,198.4	3,749.6	3,264.1	3,765.2	4,118.5	4,511.7

** Preliminary Estimates, 1997 is the base year for 1999-2003, 2004 is the base year for 2004-2008

2008-2004

2004 2003-1999

1997

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