

Economic Outlook for 2010

Most important economic indicators in 2009

- Increase in GDP in the Palestinian Territory by %6.80 compared with 2008.
- Increase in the value added of construction by %21.80 during 2009 compared with 2008, where:
 - ◊ Building licenses issued in the West Bank increased by %19.00.
 - ◊ Quantities of imported cement increased by %24.00.
 - ◊ Prices of construction materials declined by %3.60.
 - ◊ The percentage of workers in construction activity increased by %7.30.
- Increase in the value added of industrial activity by %5.20 compared with 2008, where:
 - ◊ Quantity of industrial production increased by %10.80.
 - ◊ The percentage of workers in industrial activity did not change during 2009.
- Increase in the value added of services activity by %11.80 compared with 2008, in which services activity constituted %23.90 of GDP in 2009, where:
 - ◊ The percentage of workers in the services activity increased by %3.10.
- Decline in the value added of agricultural activity by %3.10 compared with 2008, where:
 - ◊ The percentage of workers employed in agricultural activity dropped by %11.90.
- According to the Ministry of Finance, the government revenues increased during by %0.20 compared with 2008, where:
 - ◊ The revenues earnings reached \$1.70 billion in 2009.
 - ◊ The public expenditures increased by %9.70.
 - ◊ The governmental budget deficit increased by %10.20.
- Decline in unemployment rate by %5.80 compared with 2008, when reached % 24.50 in 2009.
- Increase in the consumer price index (CPI) by %2.75 compared with 2008.

Expected Scenarios in 2010

Baseline scenario, based on the premises of

- The continuation of the economic situation and its growth level as it was during the year 2009.
- The continuation of the political and economic embargo imposed on the Gaza Strip.
- The continuation of donor countries to provide financial support for financing the budget of the Palestinian National Authority.
- The continuation of the Reform and Development Plan 2008-2010.
- The continued flow of funds for custom revenues through Israel at the same level.
- Increasing of value added taxes.
- Increase in public expenditures to Gaza Strip.
- Assuming the continued existence of obstacles placed by Israel on the movement of persons and goods within the Palestinian Territory and with neighboring countries.
- No significant change in the numbers of Palestinian workers inside Israel.

Optimistic scenario, expects that a greater improvement will occur in the economic conditions in 2010 compared with 2009, and based on the premises of

- Flow of financial assistance for the reconstruction of the Gaza Strip.
- Increase in the transfer of custom revenues by Israel.
- General improvement in taxes collection.
- Increase in the external transfers.
- Increase in the number of Palestinian workers in Israel.
- The continuation of the same level of external support in order to support the budget of the National Authority.

Pessimistic scenario, expects a dramatic decline in the economic conditions in 2010 compared with 2009, and based on the premises of

- Continuing political and economic embargo imposed on the Gaza Strip.
- Inability to rebuild the Gaza Strip.
- Deterioration of the political and economic conditions in the city of Jerusalem.
- Decline in the external transfers.
- Decrease in the government's ability to collect the funds of local taxes and fees.
- Decrease in the numbers of Palestinian workers inside Israel.

*If you find that the
harder I work, the
more luck I seem to
have ,,,*

Thomas Jefferson

Scenario Results for Main Economic Indicators at constant price for 2010

Indicator	2010						
	2009	Baseline Scenario	%	Optimistic scenario	%	Pessimistic scenario	%
Total Government Revenues (US\$ M)	1,688.0	1,738.6	3.00%	2,027.0	20.08%	1,439.0	-14.75%
Total Government Expenditure (US\$ M)	2,673.0	2,814.6	5.30%	2,828.0	5.80%	2,275.0	-14.89%
Government Consumption (US\$ M)	1,828.9	1,967.7	7.59%	1,980.8	8.31%	1,797.0	-1.74%
Population (in thousands)	3,702.0	3,807.0	2.84%	3,807.0	2.84%	3,807.0	2.84%
Percentage of changes (CPI) (%)	2.8	3.0	7.14%	3.0	7.14%	3.0	7.14%
GDP (US\$ M)	5,147.2	5,363.6	4.20%	5,602.1	8.84%	4,837.9	-6.01%
GNI (US\$ M)	5,584.9	5,803.4	3.91%	6,072.7	8.73%	5,266.0	-5.71%
GNDI (US\$ M)	8,607.0	9,043.1	5.07%	9,798.3	13.84%	7,682.7	-10.74%
Private Consumption (US\$ M)	4,416.8	4,484.8	1.54%	4,787.1	8.38%	4,022.6	-8.93%
Total Investment (US\$ M)	1,393.5	1,453.7	4.32%	1,483.8	6.48%	1,354.6	-2.79%
Exports (US\$ M)	829.9	858.2	3.41%	904.6	9.00%	774.1	-6.72%
Imports (US\$ M)	3,369.7	3,448.8	2.35%	3,602.2	6.90%	3,110.7	-7.69%
GDP per Capita (\$US)	1,390.3	1,408.8	1.33%	1,471.5	5.84%	1,270.8	-8.60%
GNI per Capita (\$US)	1,508.5	1,524.4	1.05%	1,595.1	5.74%	1,383.2	-8.31%
GNDI per Capita (\$US)	2,324.8	2,375.3	2.17%	2,573.7	10.71%	2,018.0	-13.20%

Source of information: Palestinian Central Bureau of Statistics (PCBS)



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