



## 1. Highlights

- In May, above normal fluctuations for white sugar prices were observed (normal fluctuation is within 10%) in the West Bank market; the same was noted in Gaza for rice and white table salt.
- Prices of basic commodities know more significant fluctuations in the West Bank and Gaza than in Israel.
- Prices of main staple food commodities decreased in Palestine over the last few months to reach the same trend as of May 2008<sup>1</sup>.
- In Gaza, the fishing catch in June 2009 was lower by 68% compared to that in June 2008, resulting from the restriction of the fishing grounds to 3 nautical miles by the Israeli authorities.
- As of 8 July 2009, the total stock of wheat flour (WHF) in Gaza mills was of 11,700 mt<sup>2</sup>, i.e., enough to cover the needs of the total population for approximately 26 days.
- In average, total imports through the Gaza crossing points represent around a quarter of their usual level before the closure (June 2007)<sup>3</sup>.
- The total amount of cooking gas available in Gaza in June 2009 is 2,631mt<sup>4</sup>, covering 33% of Gaza's monthly requirements.
- On 23 June, the Ministry of Social Affairs/PEGASE distributed NIS 75 million for 50,000 families (24,834 in the West Bank and 24,811 in Gaza). This cash assistance to social hardship cases, complementary to WFP food assistance, is distributed every three months for a value of

<sup>1</sup> Prices of main staple food commodities are still significantly higher than their long term averages.

<sup>2</sup> Source: WFP.

<sup>3</sup> Source: Paltrade.

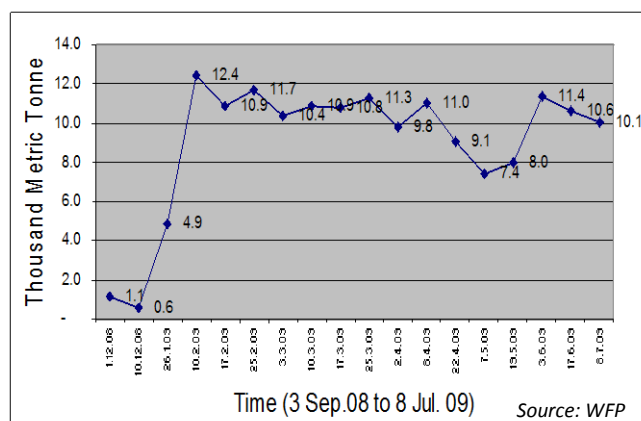
<sup>4</sup> Source: Paltrade (not included imports for UNRWA).

NIS 1,000. Exceptionally this month, families in Gaza received NIS 2,000.

## 2. Stocks versus requirements of wheat flour in the Gaza Strip

- Considering the total daily needs of WHF requirement in Gaza (450mt/day), total mills stock as of 8 July was enough to cover Gazan needs for approximately 26 days, i.e., until 2 August 2009.

**Figure 1: Quantity in stock for main milling in Gaza (3 Sept.08 to 8 Jul. 09)**



- The closure and the destruction of Al-Bader mill (considered one of the most important in Gaza) continue to affect the amount of stock available.
- Most bakeries in Gaza report to be operating at 60%-70% of their capacity due to the low demand, given that most households in Gaza Strip are using homemade bread and depend on humanitarian assistance.

## 3. Food imports to Gaza

- **Wheat flour** (imported WHF and wheat grain): While total imports for June 2009 amounted to 15,017 mt, covering 100% of Gaza's monthly needs, imports in June 2009 were 21% lower than May.09. It is worth noting that after a decrease by about

64% in March 2009 compared to February 2009, WHF imports increased by 33% in May<sup>5</sup>.

- **Cooking gas:** The allowed quantities of cooking gas into Gaza remain far from sufficient for the population. In Jan.09 the amount of gas imports was covering only 11% of monthly needs. It gradually increased through the period Feb.09 to May 09 to reach 67% of Gaza’s monthly needs, before decreasing again in June 2009 reaching 33% of the monthly requirements.

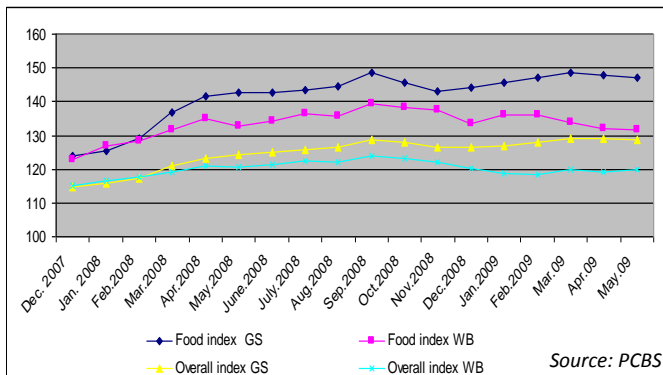
- In May 2009 the total imports of rice remained below the monthly needs, covering 22 days, while sugar imports increased to cover 32 days. In June the total imports of both commodities were covering the monthly needs of Gaza requirements.

#### 4. Market price analysis in the oPt

##### 4.1 Consumer price index<sup>6</sup>

In May 2009, the overall consumer price index (CPI) was 3.5% higher than that of May 2008 in Gaza, while it decreased by 0.6% in the West Bank over the same period. The food CPI followed the same trend, i.e., 3.1% higher in Gaza in May 2009 than a year earlier, and 0.8% lower in the West Bank.

Figure2: Overall and food CPI in the West Bank and in Gaza (Dec.07-May 09)



In both the West Bank and Gaza, the food and overall CPI decreased in May 2009 in comparison with April; by 0.22% and 0.52% respectively in the West Bank and by 0.48% and 0.24% in Gaza.

<sup>5</sup> Source: Paltrade.

<sup>6</sup> Source: PCBS.

##### 4.2 Comparing prices in the West Bank and in Gaza

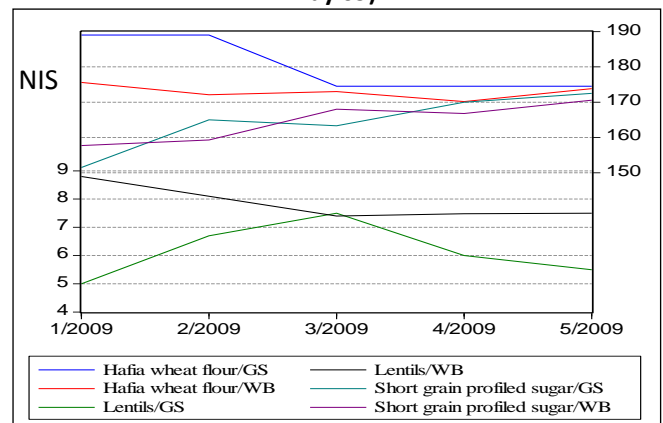
- **Rice:** In comparison with April 2009, the price of rice increased by 1.5% in May in Gaza and decreased by 2.3% in the West Bank. This represents an increase by 18.6% in the West Bank and 28.2% in Gaza over a one year period due to the increment of international prices, given that oPt depends almost exclusively on imported commodities.

- **Wheat flour:** The average price of WHF in the West Bank has been lower than that in Gaza since January 2009. Compared to those of May 2008, prices in May 2009 were lower by 21.5% in the West Bank and by 18.4% in Gaza. However, between April and May 2009, prices increased by 2.2% in the West Bank and remained unchanged in Gaza.

- **Sugar:** The price for sugar in Gaza remained unchanged between May 2008 and May 2009 and decreased by 0.3% in the West Bank. Between May and June 2009, sugar prices did not change in the Gaza market, while they decreased by 6.8% in the West Bank.

- **Lentils:** Although price for lentils fluctuates more importantly in the West Bank than in Gaza, it decreased by 1.8% in Gaza between May 2008 and May 2009, while it increase by 19% in the West Bank over the same period. The price in the West Bank and in Gaza decreased by 10.5% and 0.2% between May and June 2009.

Figure 3: Prices in the West Bank and Gaza, (Jan.09 to May 09)

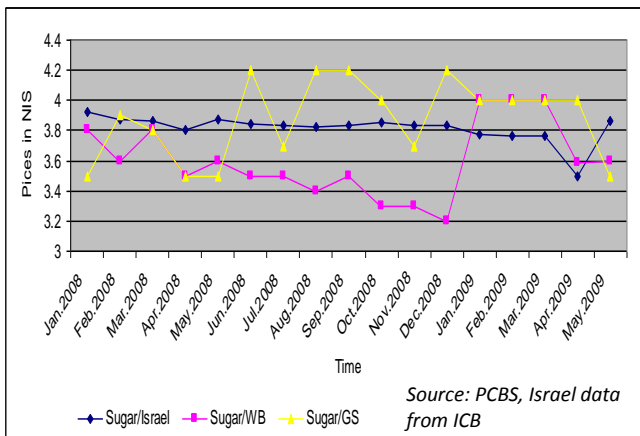


Price fluctuations in the West Bank and Gaza Strip are provided in table 1 (Annex 1).

### 4.3 Comparing price fluctuations in the West Bank and Gaza with those in Israel

Figure 4 (Annex 2) shows a highly fluctuating price of white sugar in both Gaza and the West Bank, as opposed to a stable one in Israel. This is due to the closure, which affects the cost of food and the availability of commodities. The fluctuations are the highest in Gaza, resulting from the war and tighter closure regime.

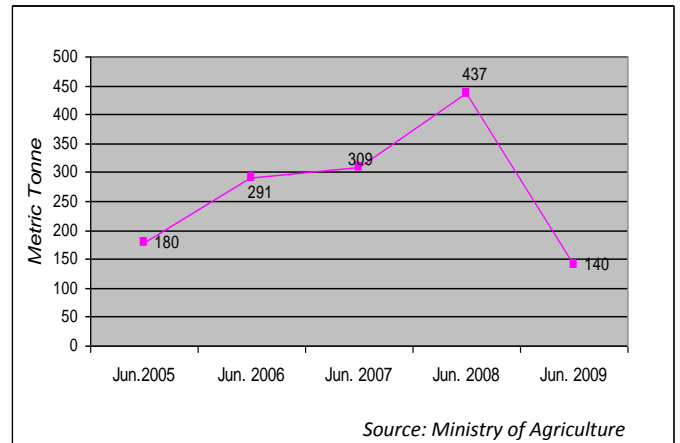
**Figure 4: White Sugar (1Kg) fluctuation in West Bank, Gaza Strip and Israel (Jan.08 to May 09)**



### 5. Fishing

The fishing catch in June 2009 is 68% lower than that in June 2008. This drastic decrease is due to restrictions by Israeli authorities to access the sea, whereby fishing activity remains limited to 3 nautical miles from the shore.

**Figure 5: Fishing catch (mt) in Gaza (2005 – 2009)**



Annex 1 – Price fluctuations of basic commodities in the oPt

Table 1: Market watch on basic commodities in West Bank and Gaza

Items Description	Current price (May.09)	Price change (%)				Average Change			
		Average 5 Years	1Year (May.08-May.09)	3Month (Feb.09-May.09)	1Month (Apr.09-May.09)	Average 5 Years	1Year (May.08-May.09)	3Month (Feb.09-May.09)	1Month (Apr.09-May.09)
<b>West Bank</b>									
Short grain profiled rice	170.58	70%	2%	7%	2.30%	A	N	N	N
Haifa white flour	173.83	28%	2%	1%	2.20%	A	N	N	N
Lentils	7.5	49%	0%	-8%	0.30%	A	N	B	N
Fine white sugar	3.59	4%	4%	11%	4.40%	A	N	A	N
White table salt	1.71	14%	0%	1%	0.00%	N	N	N	N
<b>Gaza Strip</b>									
Short grain profiled rice	172.5	72%	1%	60%	1.50%	A	N	A	N
Haifa white flour	174.5	28%	0%	-17%	0.00%	A	N	B	N
Lentils	5.5	46%	-8%	-2%	-8.30%	A	B	B	B
Fine white sugar	3.5	-4%	-13%	-3%	-12.50%	B	B	B	B
White table salt	1.1	-15%	5%	-31%	5.30%	N	N	B	A

Source: PCBS

**Key:**

Price fluctuation is considered normal if the change is within 5% for one month, within 10% for 3 months or within 15% for one year

- **A: Price increase above Normal price fluctuation**

- **N: Normal price fluctuation**

- **B: decrease below normal price fluctuation.**