

Economic Analysis of Commodity Supply Chain and Pricing in Gaza Strip (01/01/2025 – 30/01/2025)

1. Introduction

This report presents the findings of a comprehensive study on the pricing dynamics, payment methods, and supply chain conditions for essential goods in Gaza Strip during the month of January 2025. The study focuses on six key items, categorized into food and non-food items, with the goal of providing a detailed understanding of market trends amidst ongoing economic disruptions due to the war. The regions covered in the study include both North and South Gaza, reflecting the varied market conditions across different areas. Through this analysis, the report explores shifts in pricing trends, adoption of electronic payment systems, challenges in the supply chain, and the evolving role of traders, including both new entrants and established Chamber of Commerce members. In addition, the report highlights the impact of transportation costs, security fees, and logistical coordination, all of which are essential for maintaining market stability under current circumstances.

Key findings from this research aim to provide insights into the resilience of Gaza's market structure, offering valuable recommendations for improving market efficiency, particularly through enhanced support for new traders and expanded use of digital payment methods.

2. Samples Overview

In this report, there are 4 separate groups of samples that were studied according to the variable being searched, and these samples are as the following:

- **Types of goods:** The study focused on a diverse sample of 6 essential items, as a representative sample of the items available in the market that are indispensable for any family in Gaza Strip. The items are categorized as **50% split** between **food items** (tomato, potato, and rice) and **non-food items** (sanitary towels, cooking gas, and soap). The study was conducted across different regions of Gaza Strip, including both North and South Gaza.
- **Points of sale:** This sample consists of (8) points of sale including (supermarket - kiosk - stall) distributed between the northern and southern parts of Gaza Strip (6 in the South and 2 in the North), and this sample was a source of data related to the supply chain path and prices of daily items in the market. It should be noted here that, in the fourth week of the reporting period, two points of sale for cooking gas in the north were added to the sample, as cooking gas became available in the north after the ceasefire came into effect, so the sample since 28/01/2025 includes (10) points of sale instead of (8).
- **Sellers' acceptance of E-payment:** This sample consists of (50) points of sale including (supermarket - kiosk - stall), they were surveyed regarding their acceptance of selling using E-payment methods. The sample was distributed between the southern and northern parts of Gaza Strip as shown in table (1).
- **Consumer trends towards E-payment:** This sample consists of (150) consumers, and they were surveyed regarding their attitude and using E-payment methods in purchasing their daily needs. This sample was distributed between the southern and northern parts of Gaza Strip as shown in table (2).

Table (1): distribution of selling point sample

The part	Specific location	Number of selling points
Southern Part	Der Al-Balah	10
	Mawasi Khan Younis	9
	Nuseirat	5
	Zawayda	3
	Middle of Khan Younis	3
Northern Prat	Sahaba	10
	Palestine Square	10
Total of selling point		50

Table (1): distribution of consumers' sample

The part	Specific location	Number of selling points
Southern Part	Der Al-Balah	30
	Mawasi Khan Younis	30
	Nuseirat	15
	Zawayda	15
	Middle of Khan Younis	10
Northern Prat	Sahaba	25
	Palestine Square	25
Total of selling point		150

3. Geographical Breakdown

The study was applied across both sides of Gaza Strip with geographical locations covering the North (Gaza City) and South (Nuseirat, Deir al-Balah, and Khan Yunis), helping to provide a comprehensive view of the market across varying conditions in the region.

4. Pricing Dynamics and Trends

The study observed fluctuations in the prices of essential commodities over the four-week period. When comparing the current prices of the items included in the study (period 13: from 16/01/2025 – 29/01/2025) with their normal prices before the war, in both the South and North separately we find the following:

- In both the South and North, 5 items (**potato, tomato, sanitary towels, rice, cooking gas**) out of 6, have current prices higher than their prices before the war, and by very fluctuant percentages, while **soap** is the only item which current price is lower than it was before the war by 8% and 20% in the South and the North

respectively. This decrease is attributed to several factors, the most important of them are:

- The entry of large quantities of hygiene materials from the crossings during the period covered by the report, and thus they were available sufficiently in the markets.
 - In addition, many humanitarian organizations distributed personal hygiene packages to families, and soap was always an essential component of them.
 - We are in the peak of winter, and thus the rate of household consumption of hygiene materials is lower than summer in general, the rate of showering and clothes washing is lower, and thus the level of demand is lower than supply.
- **Potato** recorded the highest increase in the South by 422% (10.43 ILS/Kg), followed by **tomato** by 297% (7.93 ILS/Kg), while the lowest increase was **cooking gas** by 22% (7.13 ILS/Kg) than it was before the war, this is due to the good registration and distribution system followed, which is supervised by the Ministry of Finance, Petroleum Department.
 - **Tomato** recorded the highest increase in the North by 1,136% (24.71 ILS/Kg), followed by **Potato** by 757% (17.14 ILS/Kg), while the lowest increase was **cooking gas** by 22% (7.13 ILS/Kg) due to the same reason as in the South.
 - **Soap** in the North is the only item that its current price is 22% (2 ILS/Bar) below than it was before the war.

When comparing the current prices of the items included in the study (period 13: from 16/01/2025 – 29/01/2025) with their prices during the previous period (period 12: from 02/01/2025 – 15/01/2025), in both the South and North separately we find the following:

- All items' prices decreased in the North and South, except for cooking gas, which remained stable in the South, while it was not available in the North during period 12 (from 02/01/2025 - 15/01/2025).
- Prices in the North decreased at a higher rate than in the South, which led to a noticeable convergence in prices between the South and the North.
- In the South, tomato recorded the largest decrease by 55%, followed by soap by 49%, while sanitary towels had the least decrease by only 2% (12 ILS/Package).
- In the North, soap was the item with the largest decrease by 72%, followed by rice 68%, while sanitary towels had the least decrease by 9% (9 ILS/Package).

The reason for this significant decrease in prices is due to several factors, the most important of them are:

- The ceasefire agreement came into effect during the reporting period (19/01/2025), and since that day, there has been a significant increase in the number of trucks entering Gaza Strip through the crossings, whether in the north (Erez crossing) or in the south (Karem Abu Salem crossing), which has led to the availability of goods in sufficient quantities in the markets.

- The decrease in transportation costs due to the entry of sufficient quantities of fuel (diesel) and the decrease in its price by about 40% (30-40 ILS/Liter).
- The disappearance of truck looting phenomenon, and thus the gradual elimination of the need to pay costs to security escort.

When comparing the current prices (period 13: From 16/01/2025 - 28/01/2025) of the items included in the study with the average prices during the previous 12 periods (from 01/08/2024 - 15/01/2025) in both the South and North separately, the following was observed:

- The prices of all items, in both side of Gaza Strip, decreased except for cooking gas, which remained stable due to the existence of a Governmental distribution system.
- The decrease was at varying rates. **Soap** in the South was the item that decreased the most by 87%, followed by **tomato** by 74%, while **sanitary towels** were the item that decreased the least by 22%.
- **Tomato** in the North was the item that decreased the most by 85%, followed by **Potato** and **Soap** by 80%, while **sanitary towels** were the item that decreased the least by 22%.

Table (1): time series of prices (South)

Period	From	To	Price Average (ILS)					
			Cooking Gas	Sanitary towels	Rice	Potato	Tomato	Soap
Period 01	01/08/2024	14/08/2024	7.13	12.43	5.50	11.93	7.36	24.71
Period 02	15/08/2024	28/08/2024	7.13	12.64	7.86	8.07	13.79	26.93
Period 03	29/08/2024	11/09/2024	7.13	12.50	9.43	12.14	20.00	25.64
Period 04	12/09/2024	25/09/2024	7.13	12.21	11.00	12.64	26.64	26.79
Period 05	26/09/2024	09/10/2024	7.13	14.07	11.86	16.79	34.43	18.93
Period 06	10/10/2024	23/10/2024	7.13	14.93	12.87	35.00	44.42	18.07
Period 07	24/10/2024	06/11/2024	7.13	15.50	14.21	56.64	52.86	18.07
Period 08	07/11/2024	20/11/2024	7.13	15.29	19.14	34.79	41.07	13.71
Period 09	21/11/2024	04/12/2024	7.13	22.00	26.29	34.23	41.79	9.71
Period 10	05/12/2024	18/12/2024	7.13	21.64	24.71	25.42	33.79	10.50

Period	From	To	Price Average (ILS)					
			Cooking Gas	Sanitary towels	Rice	Potato	Tomato	Soap
Period 11	19/12/2025	01/01/2025	7.13	20.00	23.50	23.21	26.00	8.57
Period 12	02/01/2025	15/01/2025	7.13	12.29	18.50	16.00	17.57	4.50
Average of previous 12 periods			7.13	15.46	15.41	23.91	29.98	17.18
Period 13	16/01/2025	29/01/2025	7.13	12.00	9.86	10.43	7.93	2.29
% Of Change (period 13 compared with average of previous 12 periods)			0%	-22%	-36%	-56%	-74%	-87%
% Of Change (period 13 compared with period 12)			0%	-2%	-47%	-35%	-55%	-49%
Normal Price (Pre-war)			5.83	6.00	8.00	2.00	2.00	2.50
Comparing current price (period 13) with the pre-war price			22%	100%	23%	422%	297%	-8%

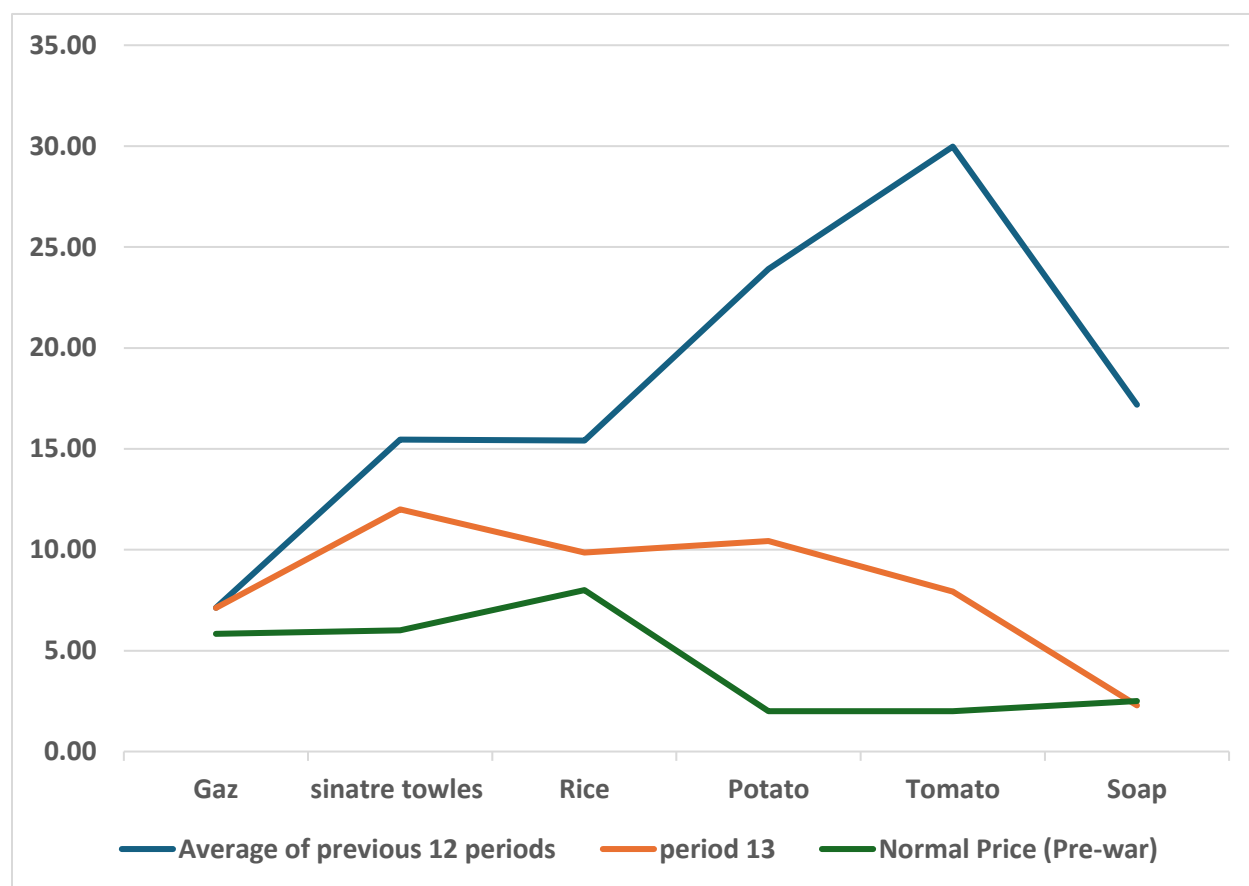


Figure (1): Comparing prices during the current period with the average of the previous 10 periods. (South)

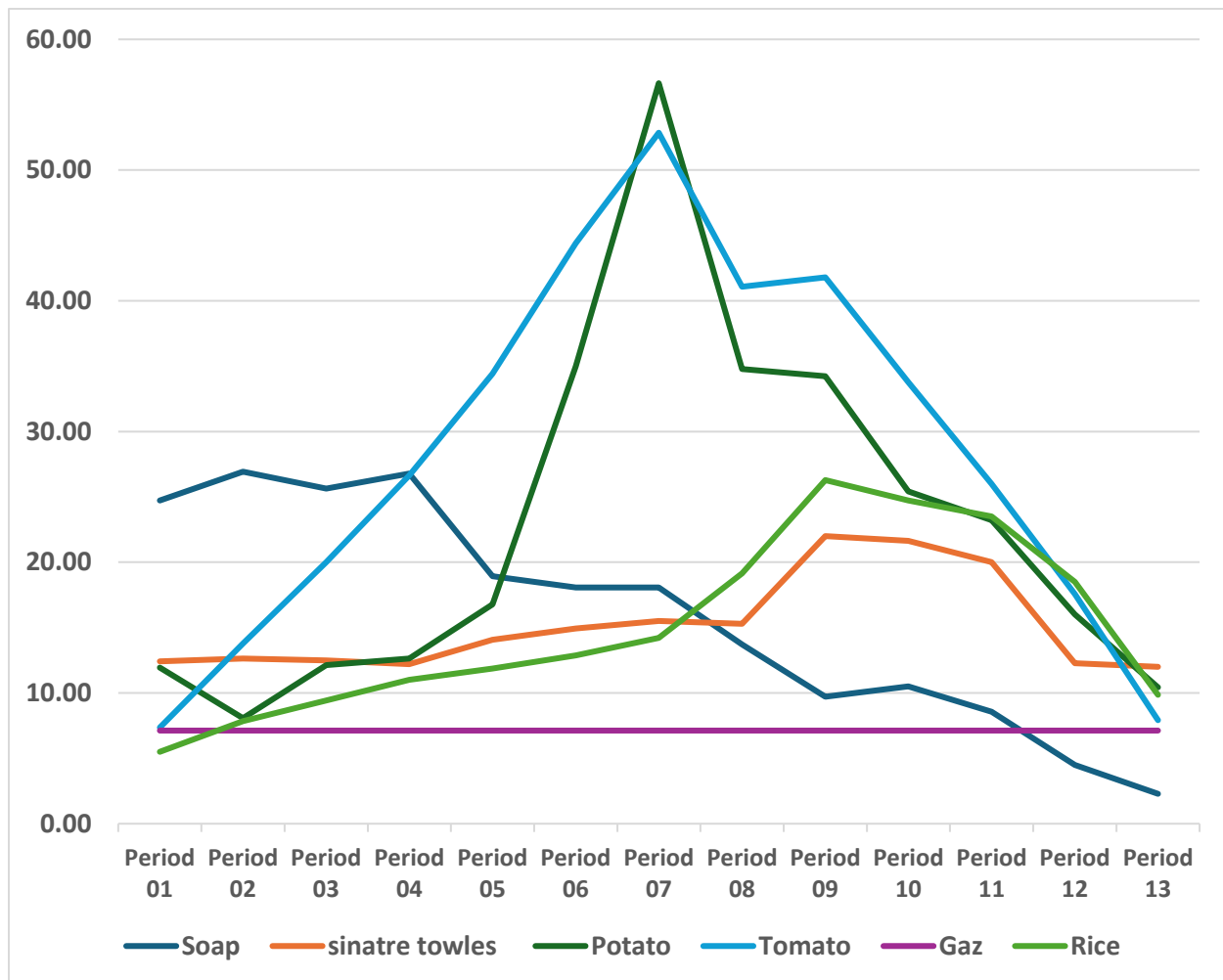


Figure (2): time series of prices (South)

From the above graph the following is noted:

- There is one item which price was stable throughout the period (**cooking gas**), and other item were on a downward trend (**soap**) until its current price reached less than its normal price before the war.
- All items, except **cooking gas**, began to decline in price starting from **period 10 (from 05/12/2024 – 18/12/2024)**.
- **Tomato** and **potato** were on a sharp upward trend that reached its peak in **period 7 (from 24/10/2024 – 06/11/2024)**, and then began to decline with almost the same intensity as the rise.

Table (2): time series of prices (North)

Period	From	To	Price Average (ILS)					
			Cooking Gas	Sanitary towels	Rice	Potato	Tomato	Soap
Period 01	01/08/2024	14/08/2024	NA	9.21	45.00	110.00	191.00	7.07
Period 02	15/08/2024	28/08/2024	NA	9.21	45.00	115.00	200.00	7.64
Period 03	29/08/2024	11/09/2024	NA	10.14	42.86	136.00	250.00	7.57
Period 04	12/09/2024	25/09/2024	NA	11.00	43.21	118.57	193.33	7.71
Period 05	26/09/2024	09/10/2024	NA	11.14	51.43	68.64	224.00	11.07
Period 06	10/10/2024	23/10/2024	NA	10.79	45.00	80.00	230.00	12.50
Period 07	24/10/2024	06/11/2024	NA	11.36	48.93	105.71	184.00	12.07
Period 08	07/11/2024	20/11/2024	NA	13.57	39.55	102.27	170.00	12.57
Period 09	21/11/2024	04/12/2024	NA	13.93	41.67	62.14	119.09	12.50
Period 10	05/12/2024	18/12/2024	NA	14.43	32.86	62.00	126.67	12.29
Period 11	19/12/2025	01/01/2025	NA	13.64	30.83	41.79	90.00	11.71
Period 12	02/01/2025	15/01/2025	NA	9.93	41.07	34.43	47.69	7.21
Average of previous 12 periods			NA	11.53	42.28	86.38	168.82	10.16
Period 13	16/01/2025	29/01/2025	7.13	9.00	13.14	17.14	24.71	2.00
% Of Change (period 13 compared with average of previous 12 periods)			NA	-22%	-69%	-80%	-85%	-80%
% Of Change (period 13 compared with period 12)			NA	-9%	-68%	-50%	-48%	-72%
Normal Price (Pre-war)			5.83	6.00	8.00	2.00	2.00	2.50
Comparing current price (period 13) with the pre-war price			22%	50%	64%	757%	1,136%	-20%

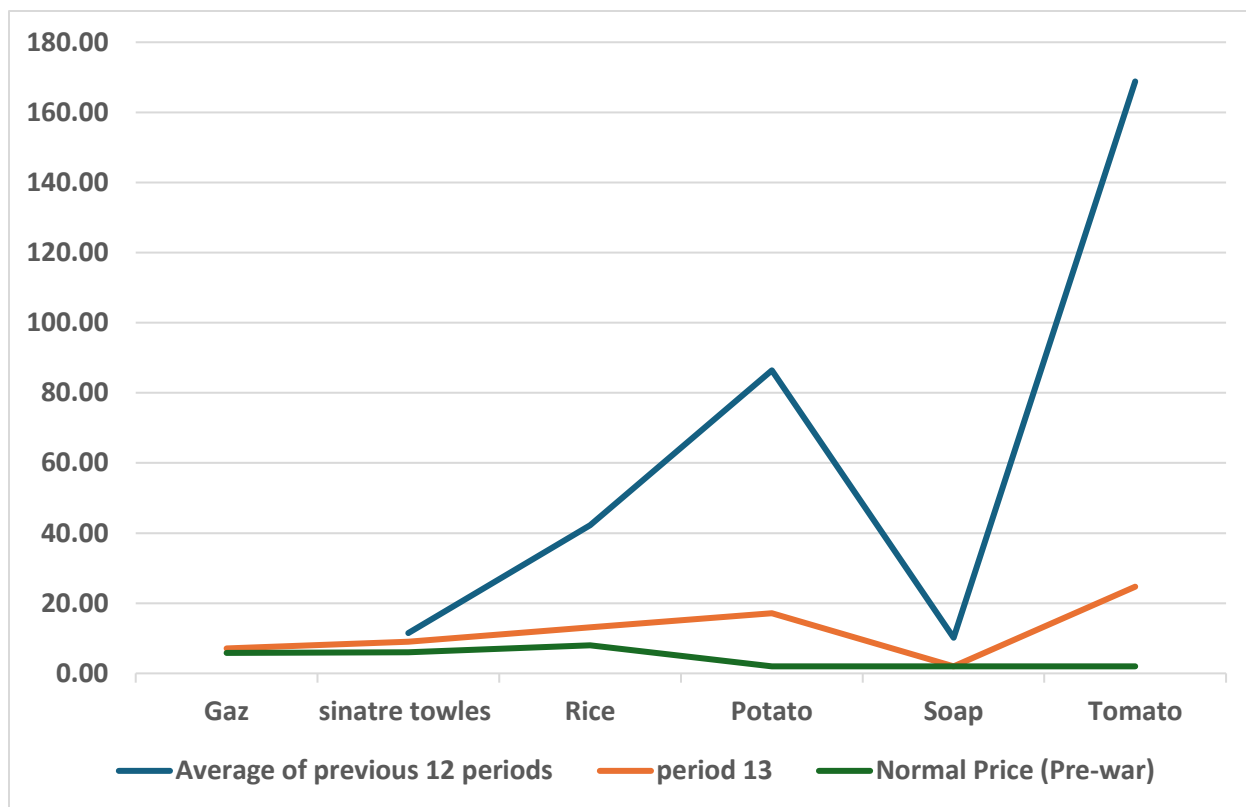


Figure (3): Comparing prices during the current period with the average of the previous 10 periods (North)

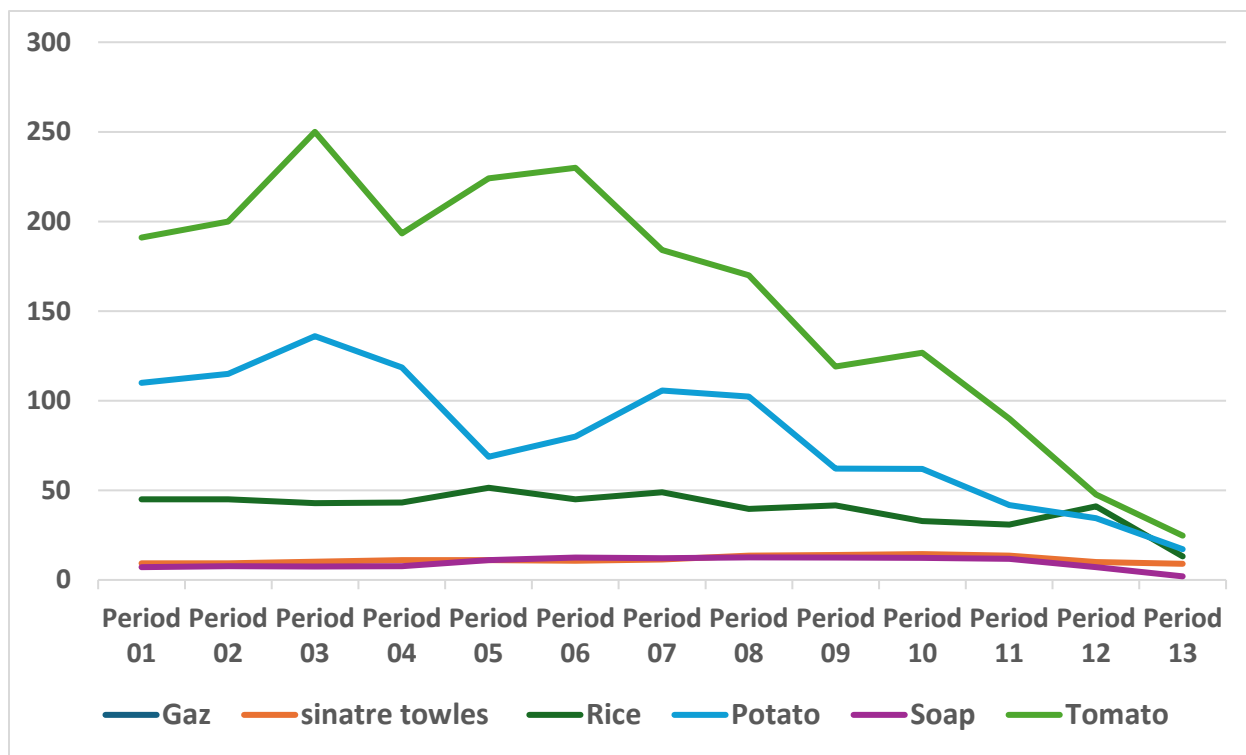


Figure (4): time series of prices (North)

From the previous figure, we can see that the prices of **soap, sanitary towels** and **rice** are relatively stable and move sideways, with a significant decrease for both rice and soap in the current period¹³, while the prices of **tomato** and **potato** have fluctuated sharply, but have generally moved in a downward trend. **Cooking gas** was not available in the North except in the last week of the reporting period.

5. Supply Chain Analysis

The supply chain in Gaza is marked by multiple layers, from main traders who are responsible for importing goods, to intermediary traders who act as distributors and wholesalers, and sales outlets which sell directly to consumers. The goods often come with high entry fees and logistical challenges, such as:

- **Coordination Fees:** Revolving around 200,000-500,000 ILS per truck for import coordination, depending on the type of goods. However, since 19/01/2025, the day of the ceasefire agreement came into effect, the Israeli occupation has issued new instructions for goods entry. According to the new instructions, **Karm Abu Salem (KAS) crossing is open for aid coming from Egypt, while Erez crossing is open for aid coming from (West Bank – Israel - Jordan)**. However, according to field observations, most of the trucks that entered through (KAS) crossing are commercial commodities and were sold in local markets. After researching the mechanism for their entry, merchants reported that they paid \$20,000 for each truck to "Abna' Sina" Company, which is the Egyptian company responsible for transporting the goods from Egypt to the crossing.
- **Transportation and Security Fees:** until 18/01/2025 the costs of transportation and security escort remained the same as the previous report: (8000 – 12,000 ILS per truck). Transportation cost ranged between (3,000 – 4,000 ILS/truck) and security escort fees ranged between (5,000 – 8,000 ILS/truck). However, since 19/01/2025 when the ceasefire agreement came into effect, these fees have significantly decreased, due to the entry of larger quantities of diesel and the decrease in its price in the black market from (60 ILS) per liter to (30-40 ILS) per liter, in addition to the disappearance of the phenomenon of looting which annulled the need of security escort. Therefore, the cost is limited to transportation only, which now ranges from (2,500-5,000 ILS) per truck, depending on the destination.

6. Description of Shops/Kiosks

The study surveyed a total of 8 of **Shops** and **kiosks** across the Gaza Strip:

- **Shops:** A variety of small size groceries across both regions of Gaza. mostly of them were existing before the war, but their operation was greatly affected by the war and supply chain disruptions.
- **Kiosks:** Small, non-specialized sale outlets that have been widely spread since the start of the war.

These shops and kiosks raise prices based on availability and demand, with some raising prices in a way that benefits only a small portion of the population. Payment methods vary, with **E-payment** becoming more prevalent in certain areas, compared to others.

7. Payment Methods

A significant shift toward **E-payment** methods has been noted, especially as cash liquidity problems arose due to the closure of banks and the Israeli refusal to enter new banknotes.

- **Point of sale:** A sample of **(50)** point of sale, distributed between the South and North of Gaza Strip, as shown in table (1), was surveyed about acceptance of E-payment. The results showed that: around **64%** of point of sale accepting E-payments, comparing with **36%** don't accept, driven by the liquidity crisis and the scarcity of usable cash.

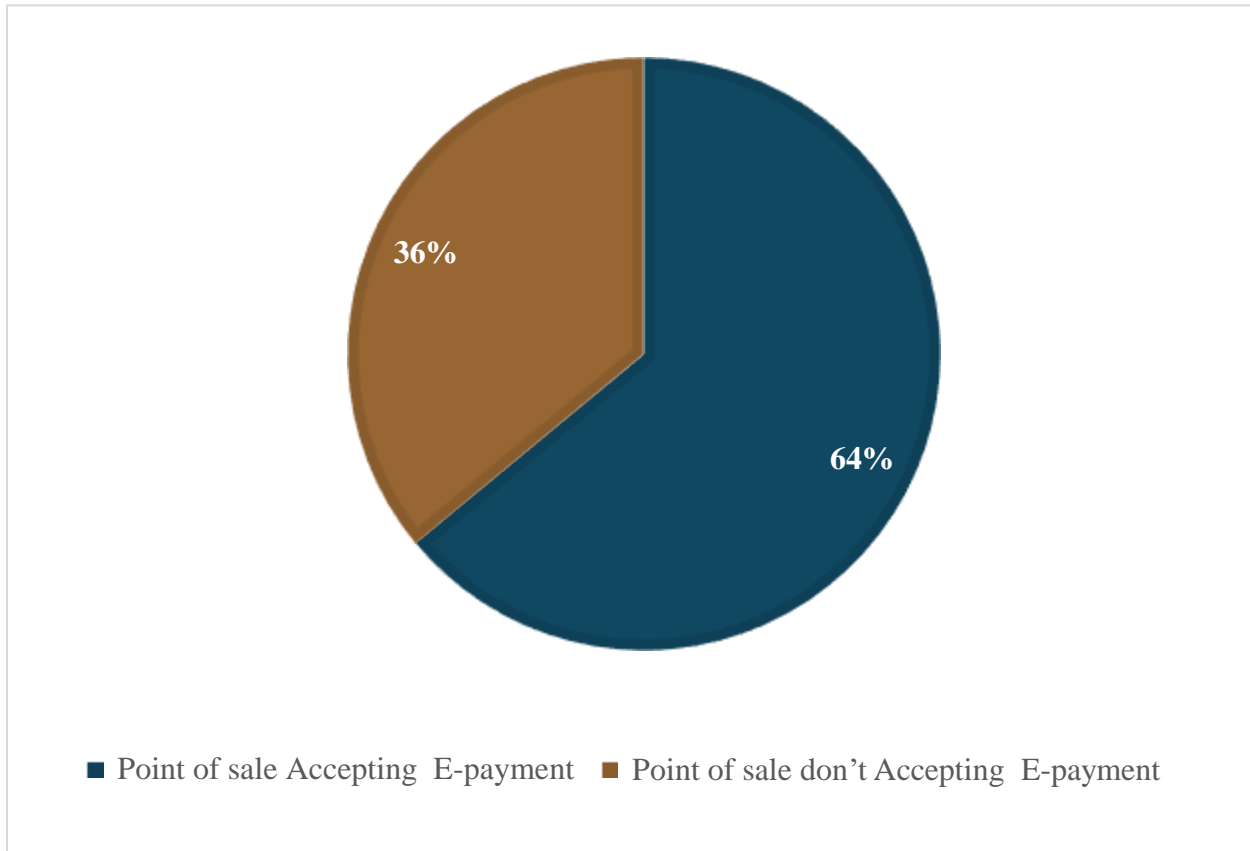


Figure (5): percentage of point of sale accepting E-payments

- **Consumer attitude and using:** A sample of **(150)** consumers distributed between the north and south of Gaza Strip, as shown in table (2), were surveyed about their attitudes towards and using E-payment methods in purchasing their daily needs from the markets. The results showed that:
 - about 91% of surveyed consumers prefer using E-payment methods comparing to 9% only don't prefer.
 - And about 63% of surveyed consumers are already using E-payment comparing with 37% don't using it till now.

- From the consumers whom are already using E-payment, about 13% of surveyed consumers use E-payment more than 60% in their monthly purchases, 38% using E-payment between 30-60% in their monthly purchases, and the remaining 49% using E-payment less than 30% in their monthly purchases.

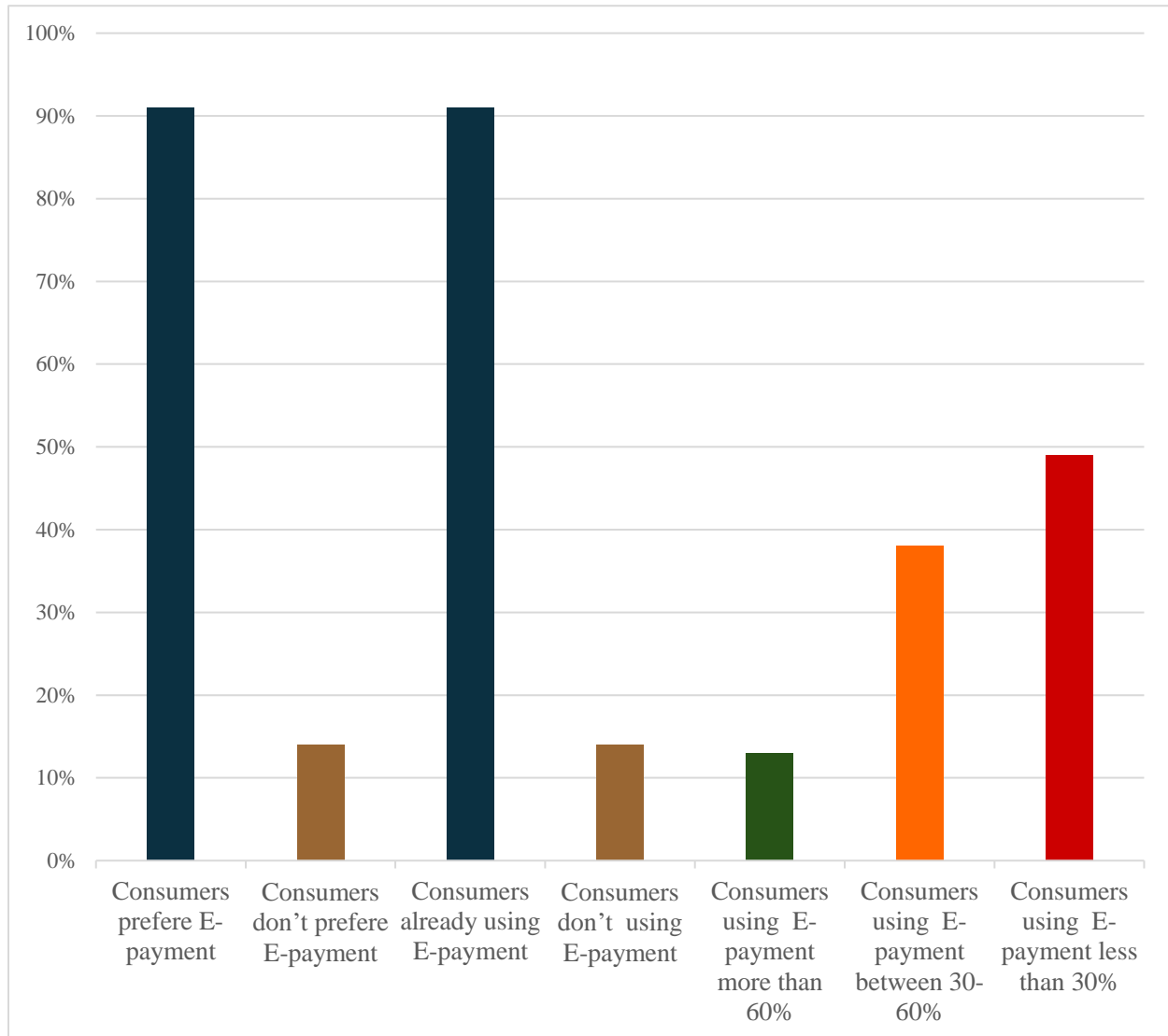


Figure (6): consumers attitudes towards and using E-payment methods

8. Impact of War and Economic Disruptions

The ongoing war and economic disruptions have had a significant impact on market activities. **Banks** have been closed, making it difficult for businesses and consumers to access cash. The **increased cost of coordination, transportation, and security** has further strained the market. Traders have adapted by utilizing **E-payment methods**, as the **liquidity crisis** makes physical cash transactions less feasible.

9. Conclusion and Recommendations

In conclusion, the market in Gaza has been significantly disrupted due to the ongoing war and siege, but traders have adapted in various ways. **New traders** are facing challenges in obtaining goods, while **Chamber of Commerce members** continue to play a critical role in maintaining supply chains at its minimum. As the economic situation remains unstable, there is a growing reliance on **E-payment methods** and alternative payment systems. The general picture of Markets shows strong determination from shop owners and other traders to recover and prices are trending down. The key recommendations are:

1. Strengthen support for **new traders** to improve their access to goods and financing.
2. Support **logistical services** to reduce **transportation cost**.
3. Promote **E-payment systems** to increase market efficiency and reduce reliance on cash transactions.
4. **Support Private sector essential role:** Allowing the private sector to officially import all types of goods, in appropriate quantities, in transparent mechanism, in order to stabilize prices and make essential goods available for people, and contribute to accelerating the recovery process.