Summary

The Palestine Monetary Authority (PMA) has honored to publish its eleventh annual report for the year 2005, among the efforts it makes to follow up the status of the banking system and its contribution in the economic development for Palestine.

The World Economy has proven a major flexibility in facing crisis and economic, natural and political challenges in the last few years. Despite the increase of oil prices, epidemics, natural disasters and the destruction which Katrina Hurricane caused to the Strategic Energy Center in America, the World Economy carried on its well performance through out the year 2005, taking into consideration the limited slow down in its progress, and the deterioration of the unemployment rates, and the revival of the International Trade movement. In the Palestinian side, and despite the improvement in the Economic Performance, this improvement is still linked to a group of political, economic, local and external effects which control the general current situation in the Palestinian Territories.

The eleventh annual report for the year 2005 consists of seven main chapters, in which one of them is devoted to present the most important World Economic Developments, and other six chapters to present the most important local developments in economy, banking and finance. In addition, this report views in more depth, comparing with the previous annual reports, the most important developments which the Palestine Monetary Authority (PMA) has made, and the most significant achievements it accomplished through out the above mentioned year.

A brief view of the most important contents of this report is as follows:

World Economic Developments

The sharp increase of the crude oil prices was the most important event in the year 2005, in addition to some crisis and natural disasters which affected, in a way or another, the performance of the World Economic Growth, where this growth declined to about %4.8, comparing with %5.3 in the year 2004. As a result, the growth rate of the group of the Developed Countries declined to %2.7, comparing with %3.3 in the year 2004, and of the group of the Asian Developing and Independent Countries to %8.2, comparing with %8.4 in the year 2004, where the influence of the increase of oil prices was positive on the area of the Middle East and North Africa, promoting the growth rate of this group of countries to %5.9, comparing with %5.4 in the year 2004.

Despite the instability of the oil market, and the noticeable increase of the crude oil prices, the World Economy showed flexibility in controlling inflation, where the limited increase of the prices, and in moderate levels didn't exceed %2.3 in the Developed Countries, comparing with %2.0 in the year 2004, where it deteriorated in the Developing and Independent Countries to %3.5, comparing with %4.0 in the year 2004. That growth had a positive effect on the function of business markets in many countries, especially in the most developed countries, and on the International Trade, especially in the countries of the Middle East where the increase of oil prices revived their Trade Balance, and achieved huge profits.

The year 2005 also witnessed a lot of monetary and fiscal developments, where the monetary policy varied regarding interest rates. At a time the Federal Reserve and the Canadian Central Bank applied the policy of increasing interest rates, the European Central Bank and its Japanese counterpart preferred stabilizing interest rates, where the Bank of England decreased the interest rates. Besides, the exchange rates of the US Dollar (USD) witnessed an improvement versus each of the EURO (EUR), the Sterling Pound (GBP) and the Japanese Yen (JPY), at a time the exchange rates of the EURO and the JPY declined, adding to that, the noticeable improvement of the International Stocks Markets.

With the instability of the International Trade and the World Trade Balance, the profits of the Trade Balance in some countries increased, especially in oil countries, from one side, and the external debt of the Developing countries increased to about %4.6, to reach 3,224.3 Billion US Dollars, from another side, versus a deterioration of payments of that debt to %14.8 of the total exports, comparing with %15.4 in the year 2004.

Palestinian Economic Developments

The Palestinian Economic Performance was affected by four main elements in the year 2005, represented in the expansion of general expenditures, the increase of workers' transfers, the expansion of the credit amount offered by the banks working in the Palestinian Territory, especially to the private sector, in addition to its influence by the growth of the Israeli Economy. All of the above mentioned elements combined together caused an increase of the economic financial stability, an increase of local consumption, and an improvement in the activities of transportation, construction, agriculture and external trade sectors.

The GDP in constant prices recorded an increase of about USD 208.7 million, and in a rate of %4.9, comparing with a growth rate of %6.3 in the year 2004, to increase to about USD 4,456.2. With the increase of the GDP in a higher rate than the increase of population which reached %3.4, the GDP per capita increased by about USD 17.1, and in a rate of %1.5, comparing with a growth of about %2.8 in the year 2004, to reach USD 1,165.1. Despite that, it is still beyond its achieved level in the year 1999 of about %20.4.

The influence of these developments appears clearly on GNI in constant prices, which increased by about USD 229.3 Million, and in a rate of %5.1, comparing with a growth of about %5.4 in the year 2004, to reach about USD 4,706.4 Million, promoted by the increase of transfers of the Palestinian workers abroad, specifically from Israel, which caused an increase of the GNI per capita to about USD 20.4, and in a rate of %1.7, comparing with a growth rate of %1.9 in the year 2004, to reach about USD 1,230.4. Although this income is still beyond its achieved level of the year 1999 of about %27.9, it contributed in increasing the local consumption, and the Palestinian Imports because of the inability of the local production to meet the needs of the market, and also because the majority of the imports represent basic goods that are not produced locally, and are relied on completely.

In the coming few years, the performance of the Palestinian Economy will depend enormously on the way a lot of issues and cases will be treated, such as the issue of the border cross points, the movement of individuals and goods, and taking more steps towards unilateral separation by the Israeli side, in addition to establishing a strong Palestinian economic and political management that is capable of promoting that growth and strengthening its function and continuity, by taking more steps aiming to attract local and foreign investments, and establish the environment and the suitable climate to activate the role of the Palestinian private sector.

Regarding the population, the employment and the anti-poverty, the Palestinian employment rate increased to about 827 thousands workers, with an increase of about %4.7, comparing with a growth of %4.2 in the year 2004, in addition to an increase of %40.7 in the labor rate from the total working population, comparing with %40.2 in the year 2004. The number of workers increased to %9.5, comparing with %2.5 in the year 2004, to reach 633 thousands workers, in a rate of %76.5 from the total Palestinian labor. In return, the number of unemployed people deteriorated to 194 thousands workers, which resulted in decreasing the unemployment rate to %23.5 from the number of employments, comparing with %26.8 in the year 2004.

The deterioration of the unemployment rates, and the increase of the individual income caused limited deterioration of poverty and levels of dependency rates, where the rate of poverty deteriorated to about %43 from the total population who still live under the poverty line, comparing with %46 in the year 2004. With this deterioration of poverty and unemployment, the dependency rate deteriorated to about 6.0 dependants for each worker, comparing with 6.4 dependants for each worker in the year 2004.

With these developments of income and employment, the cost of living continued its increase, where the general average of living costs increased to 146.8 points, comparing with 141.9 points in the year 2004, causing an increase of the inflation rate recorded by the standard number of the consumer's price index of about %3.5, comparing with an increase of %3.0 in the year 2004.

Public Finance Developments

With the increase of the expenditures pressures on the Palestinian National Authority (PNA), the financial situation became unstable, especially in the second half of the year, after the increase of monthly salaries of the employees of the general sector, which came after an organized plan to enhance their living conditions, in addition to the increase of the social expenditures affected by the increase of demands on the general services due to the growth of population.

Although this situation caused an increase of liquidity in economy, and local consumption expenditures, and played a role in the improvement of economy during the year, it also caused, in return, an inability of government to control its expenditures, especially the current ones, and caused clear impairment in the structure of distributing the available financial resources in various areas of expenditures, especially that the improvement of the overall revenues was not enough to cover the repetitive expenditures. This situation indicates the necessity of holding or restricting the other areas of expenditures, or providing it by depending on the external fund which is also deteriorating, and also depending on loans, especially the internal ones.

All that made the Palestinian National Authority (PNA) face more challenges related to the fund crisis.

The total internal profits and external fund that the government could obtain was about USD 1,506.1 Million, in a rate of %33.8 of the general local revenues, and in a monthly average basis of USD 125.5 Million, and although this rate is higher than its level in the year 2004 of about %22.2, it could not cover except %78.6 of the governmental repetitive expenditures, comparing with %88.5 in the year 2004, due to the increase of demand on governmental services. This made the government expand the rate of general expenditures in a way that exceeded the planned one in the project of general budget of about %14.1, and in a rate of %8.6, comparing with the year 2004, and this increased the general expenditures to about USD 1,915.7 Million, in a rate of %43.0 of the total local revenues. The majority of expenditures were focused in a form of current expenditures, of about USD 1,877.6 Million. The inability of government to control some sides of general expenditures led to a clear variety in performing all various categories of current expenditures, and impaired the possibility of controlling these expenditures as planned for, to a degree that the current expense exceeded what planned for in the project of the general budget of about %100.2, where the category of wages and salaries was the most important contrast in the prospective of the financial policy, followed by the net loans.

With the growth of wages expenditures, and the deterioration of external fund, and for limiting the increase of budget deficit, the government restricted the rest of expenditures areas from one side, and obtained more loans from another side, especially from the banks working in Palestine, which increased to about USD 592.3 Million, in a rate of %43.0 comparing with last year, and that caused an increase in the total of general debt (information about the amounts of external loans for the year 2005 is unavailable) to about USD 1,602.2 Million, causing an increase of the Palestinian citizen share from the general debt to USD 418.9, in a rate of %8.0, and an increase in its rate of GDP to %36.0, comparing with %33.5, and from the exports of goods and services to %309.1, comparing with %274.8, versus deteriorating the rate of local revenues to %138.4, comparing with %150.4 in the year 2004.

Foreign Sector and Balance of Payment

The performance of the foreign sector was affected by a series of constraints imposed by the Israeli side on the movements of people and goods, or on the infrastructure, which in turn, cause prices move up, in addition to segment the Palestinian market into small one’s.

Nevertheless, the expected preliminary results of balance of payments shows in increase in current account deficit, but it also reflect some improvements, relatively, compared with the previous year, in economic performance, and in capital and financial account. The current account deficit is expected to increased in 2005 by USD 18.6 million, or by %1.5, comparing with %41.9 in the year 2004, to reach about USD 1300.4 million, forming a rate of about %29.2 of GDP, comparing with %30.2 in 2004. This result was considered as the outcome of the trade deficit, the surplus of income from abroad and current transfers were considered the main responsible of this deficit, specially, at a time the current account deficit increased by 16.9%, the source of financing this deficit (income and transfers) increased by 37.4%.

Trade deficit in 2005 reached to USD 2650.4 million, with and increase of USD 383.1 million, or by 16.9% comparing with the previous year, moving down its percentage to GDP to 53.4%, compared with 59.5% in 2004, as a result of exports and imports growth rates differentiation, since growth rate in imports was higher that exports. The imports of goods and services increased by 16.0%, or by USD 439.0 million, to reach USD 3188.4 million, compared with an increased of 11.6% in exports, or by USD 55.9 million to reach USD 538.0 million. This, in turn, deteriorated the value of imports that covered by exports to 16.9%, compared with 17.5% in 2004, and increased the current account deficit.

The value of the net income transferred from abroad (surplus) in 2005 was expected reached about USD 250.0 million, (The compensation of Palestinian workers abroad represent about %87.1 of that income), increasing by USD 20.6 million, or by a rate of %9.0, comparing with a deterioration of about %9.3 in 2004, to form a bout %5.6 of GDP, comparing with %5.4 in 2004. In spite of this improvement, the ability of the income transferred from abroad to finance the trade balance deficit deteriorated to %9.4 in 2005, comparing with %10.1 in 2004.

Also, current transfers plays a significant role in financing another part of the trade account deficit, which influx in terms of grants, money or in kinds, either to the public sectors, for the purposes of the budgetary support, and helping it to offer the least basic needs of the Palestinian People, and lightening their suffering, or those grants to private sector especially the family type, which aim to help Palestinian families in all various fields. Because of these transfers, either government or private, we mange to finance a huge part of the trade balance deficit, which equals to about %41.5 in 2005, comparing with %33.3 in 2004, specially if the amount of these transfers increased as expected to USD 1,100.0 million, with an increase of about USD 343.9 million, in a rate of %45.5, comparing with a growth of %4.7 in 2004, to form about %24.7 of GDP compared with 17.8% in 2004.

According the capital and financial account, the preliminary results indicates a net surplus by USD 1594.0 million, increasing by USD 274.5 million, in a rate of 20.8%, compared with 16.8% in 2004. this surplus caused mainly by the surplus in Capital Account by 660.2 Million USD and the surplus in financial account including, (Foreign Direct Investments, Portfolio Investments, Other Investments, and Reserve Assets), by 659.3 Million USD in 2004. This surplus caused mainly by the surplus in Capital Account by USD 714.0 million, with an increase by USD 54.2 million, or by a rate of 8.2% compared with the previous year, most of this account is consist of capital transfers directed to the general government. The surplus in financial account (including reserve assets, and net error and omissions) was expected to reach to USD 880.0 million, with an increase equal to a bout USD 220.7 million, or by 33.5%, compared by 21.6% in 2004. Since the surplus in Foreign Direct Investments (FDI) was expected to reach USD 75.0 million, and Portfolio Investments amounted a surplus with USD 25.0 million, meanwhile the surplus in the Financial Account caused mainly by the surplus in Other Investments which increased to a bout USD 780.0 million. While the changes on flows of Reserve Assets (increase) equal to USD 25.7 million in 2005, which, in the case of Palestine, reflect the over all balance, because of the absence of other financing recourses.

Banking Developments

The banking activity, which is considered the mirror of the economic performance, witnessed a lot of achievements that reflect the continuity of making the efforts of the Palestinian Monetary Authority (PMA) and its effective policy to overcome the current situation successful, and developing the banking, the organizational and the supervision systems on the banking system, and maintaining its safety, by using the most modern international standards of supervision and accounting, which strengthen the trust of citizens in this system, and enhance the efficiency and effectiveness of its performance, and activate its role in the Palestinian Economy, to a degree that this performance is considered one of the main factors which improved the economy in the year 2005.

The most significant banking activity in the year 2005 was the increase of branches and offices of the banks working in the Palestinian Territories to reach (141) branches, in addition to the increase of assets of these banks to a rate of %9.5, comparing with %8.1 in the year 2004, where the total assets of the banks working in Palestine increased by USD 487.9 million, to reach USD 5,601.4 million, associated with some changes in the structure of resources of this money and its utilization. Regarding the resources of the available money, this increase occurred due to the increase of importance of the proprietorship rights to %10.2 of the total resources of the money available to banks, comparing with %6.0 in the year 2004, versus the deterioration of importance of clients' deposits to %74.8, comparing with %77.4, and the increase of importance of deposits among banks to %7.5, comparing with %7.7, and the other kinds of resources to %7.5, comparing with %8.9 in the year 2004. The same applied to the utilization of these resources, where the importance of direct credit facilities increased to %32.0 of the total utilization, comparing with %27.9, and the investments to %7.2, comparing with %5.3, versus the deterioration of importance of accounts in banks to %54.1, comparing with %60.1, at a time, the importance of money in fund and other assets, (the categories of obtaining fees and other liabilities) kept its importance in the same level of %4.4, %2.3 of the total utilization of money in the last two years.

One of the most important positive indicators that indicates an improvement of the financial activity was what the Palestine Securities Exchange (PSE) showed of active movement exceeded all expectations, not only in the local and regional level, but also in the international level, to a degree that the performance of this market is considered one of the best performances of markets in the world level, and this is resulting due to the increase Al-Quds Index showed by achieving a growth rate of %306.6, comparing with a growth of about %54.4 in the year 2004, to reach 1,128.6 points, and this was through holding 246 trade sessions, with a growth rate of %0.8, trading about 369.6 Million securities, increasing by %256.6, and with a total value exceeded USD 2,096.2 Million, with an increase of %945.2. Executed through 166.8 thousand deals, with a growth of %511.1, comparing with the year 2004.

The Developments in the Palestine Monetary Authority (PMA)

The Palestine Monetary Authority (PMA) witnessed more developments and achievements in its organizational constructive level, and strengthened its assets which consist of its proprietorship rights, deposits of the banks and the financial associations working in the Palestinian Territory, to increase these assets to USD 588.1 million, with an increase of USD 18.8 million, in a rate of %3.3, comparing with a growth of about %9.5 in the year 2004. This increase was promoted by the increase of the PMA proprietorship rights to a rate of %23.1, comparing with a deterioration of about %3.2 in the year 2004, to reach USD 44.9 million, in addition to the increase of deposits of banks and financial associations with the PMA (the Reserve Requirement, and other accounts) to a rate of %1.8, comparing with a growth of %10.7 in the year 2004, to reach USD 539.6 million, forming a rate of %91.8 of the available fund resources of the PMA, comparing with %93.1 in the year 2004.

This increase of assets was associated with some changes in their utilization, where there was an increase of local liabilities (the accounts with the banks working in Palestine, and local investments) to a rate of %27.4, comparing with a growth of about %21.0 in the year 2004, to reach USD 201.6 million, versus the deterioration of external liabilities (the accounts of the PMA with banks outside the Palestinian Territories, and foreign investments) to a rate of %6.4, comparing with a growth of about %7.3 in the year 2004, to decline to USD 375.8 million.

One of the main indicators that indicates the level of the banking and economic activity was what the clearing movement of the PMA positively showed regarding the amount of cheques clearings and transfers among banks in terms of number and value, and the returned cheques, where the number of cheques presented for clearing in different currencies reached around 2.3 Million, with an increase of %26.2, comparing with a growth of about %29.3 in the year 2004, and in a total value of USD 5,379.7 million, with an increase of USD 1,430.1 million, in a rate of %36.2, comparing with an increase of about %26.3 in the year 2004. In return, and despite the increase of number of returned cheques in different currencies to about 310.9 thousands, and in a rate of %22.1, comparing with a growth of about %30.5 in the year 2004, and with a total value of USD 377.4 million, with an increase of %20.2, comparing with a growth of %26.4 in the year 2004, the importance of the returned cheques from the total of cheques presented for clearing deteriorated in terms of number to a level of %13.7, and in terms of value to %7.0, comparing with %14.1 and %8.0 in the year 2004.

The data available to the clearing house of the PMA in Ramallah indicates an increase of the outflows transfers from the Palestinian Territory to about %12.0 in terms of number, and in a rate of %60.0 in terms of value, comparing with a growth of about %9.4 and %15.6 in the year 2004, to increase to 170.5 thousand transfers, with a value reached USD 2,800.91 million. In return, and despite the deterioration of the number of inflows transfers to the Palestinian Territory to %10.0, comparing with a deterioration of about %2.0 in the year 2004, the inflows transfers declined to 258.1 thousand transfers, although their value increased to a rate of %37.0, comparing with a growth of about %66.0 in the year 2004, to reach USD 4,174.2 million.

The Palestine Monetary Authority (PMA) and its achievements

The organizational construction of the Palestine Monetary Authority (PMA) witnessed a lot of positive developments during the time of the appointment of Dr. George T. Abed as a new Governor to the PMA and a Chairman of its Board of

Directors, where the reform of the internal situation in the PMA and solving the current issues got more attention from the new administration.

The High Administration of the PMA pain a major attention to the issue of transferring the PMA from an institution with limited responsibilities, related mainly to financial stability (licensing and organizing banks and management of the payment system), to an institution with broader authorities towards becoming a central bank with full authorities, that aims to achieve financial stability, in addition to monetary stability in Palestine, and to build its abilities to fulfill its usual responsibilities, such as managing its financial, human and information resources, and its foreign relations, and general fund services, and also its expected responsibilities through becoming a central bank with full authorities and broader functions and abilities aiming to achieve the expected monetary stability.

The Palestine Monetary Authority (PMA) aims from these changes to be transferred to an institution with high credibility and efficiency, that is capable of earning the trust of the Palestinian People, and their elected representatives, and others who are willing to invest in Palestine. For this purpose, the High Administration prepared and approved a document called "The Strategic Transformation Plan", that describes and explains the structure and work principles and regulations which will control the future of the PMA, in addition to the sequential operation in making the required changes to transfer the PMA to a central bank with full authorities.

On the other hand, the relation between the PMA and banks got more attention, by holding a lot of consultative meetings, to activate the supervision, organizational, and monitoring side, and to expand the banking services network. For the purposes of continuing the supervision needs, the PMA created a function called a "Compliance Function", and paid a special attention to build and strengthen its current relations with many central banks, regional and international financial and banking institutions, especially with the International Monetary Fund (IMF), which provided the PMA with the consultation and help in different areas and fields, and also with the Bank for International Settlements, and their role in training the employees of the PMA.

The Palestine Institute for Financial and Banking Studies played a role in the positive developments of the PMA, where its Board of Directors was formed again by appointing Dr. George T. Abed the governor of PMA as a Chairman of its Board of Directors. The Institute, under its new administration, continued its developmental strategy in its different sides of programs and its training, administrative and technical activities. In the year 2005, it could execute 64 training programs, of 1,631 training hours, and with a participation of 976 employees of the Palestinian banking system and other financial institutions. Moreover, it could sign an agreement with the International Financial Markets Company to supply the Institute with training facilities and equipments, and recent scientific materials, and to prepare local trainers to execute the program of preparing Credit Officers. Furthermore, the efforts made by the Institute with the administration of the Bank for International Settlements and the Financial Stability Institute in Switzerland, reached an agreement to start executing two programs around applying Basel II, and the Banking Risk Management.

The key Economic Indicators In Palestine During (2001-2005)

Indicator	2001	2002	2003	2004	2005
Population (Thousand persons)	3,335	3,454	3,576	3,700	3,825
Growth rate (%)	3.81	3.59	3.52	3.46	3.39
Economic Development					
GDP at constant prices (USD million)	3,917.80	3,556.40	3,995.00	4,247.70	4,456.40
Growth rate (%)	-8.06	-9.22	12.33	6.33	4.91
GDP per capita (USD)	1,174.80	1,029.60	1,117.20	1,148.00	1,165.10
Growth rate (%)	-11.45	-12.35	8.50	2.76	1.48
GNI at constant prices (USD million)	4,243.90	3,780.00	4,247.90	4,477.10	4,706.40
Growth rate (%)	-13.92	-10.93	12.38	5.40	5.12
GNI per capita (USD)	1,272.50	1,094.40	1,187.90	1,210.00	1,230.40
Growth rate (%)	-17.10	-14.00	8.54	1.86	1.69
Unemployment Rate (%)	25.20	31.30	25.60	26.80	23.50
Inflation Rate (%)	1.22	5.71	4.40	3.00	3.48
Consumption Expenditure as % of GDP	118.11	129.08	120.58	127.13	133.30
Investment Expenditure as % of GDP	28.64	19.01	28.22	26.25	26.17
Local Saving as % of GDP	-18.11	-29.08	-20.58	-27.13	-33.30
Public Finance					
Total Revenue and Grants (USD million)	1,053.00	1,037.34	1,265.69	1,562.00	1,506.14
Total Revenue as % of GDP	26.88	29.88	31.68	36.77	33.80
Of which: local revenues (USD million)	287.10	335.34	747.69	947.00	1,157.61
Local Revenue as % of GDP	7.33	9.43	18.72	22.29	25.98
Total Expenditure & Net Lending (USD million)	1,239.30	1,249.50	1,513.00	1,764.21	1,915.74
Total Expenditure as % of GDP	31.63	35.13	37.87	41.53	42.99
Of which: Current Expenditure (USD million)	1,016.60	1,049.50	1,256.00	1,503.21	1,877.56
Current Expenditure as % of GDP	25.95	29.51	31.44	35.39	42.13
Financial Position of PNA (USD million)	-265.20	0.00	26.69	7.58	-23.22
Financial Position as % of GDP	-6.77	0.00	0.67	0.18	0.52
Public Debt (USD million)	1,189.61	1,089.58	1,235.76	1,424.03	1,602.19
Public Debt as % of GDP	30.36	30.64	30.93	33.52	35.95
Public Debt as % of Total Exports	177.63	190.39	238.43	274.75	309.12
Foreign Sector					
Export of Goods and Services (USD million)	506.80	418.40	432.00	482.10	538.00
Export of Goods and Services as % of GDP	12.94	11.76	10.81	11.35	12.07
Import of Goods and Services (USD million)	2,338.50	2,128.80	2,381.40	2,749.40	3,188.40
Import of Goods and Services as % of GDP	59.69	59.86	59.61	64.73	71.55
Trade Balance (USD million)	-1,831.70	-1,710.40	-1,949.40	-2,267.30	-2,650.40
Trade Balance as % of GDP	72.62	71.62	70.42	76.08	83.62
Income from Abroad (USD million)	326.10	223.70	252.90	229.40	250.00
Income from Abroad as % of GDP	8.32	6.29	6.33	5.40	5.61
Compensation of Employees (USD million)	199.40	140.30	203.10	203.30	217.70
Compensation of Employees as % of GDP	5.09	3.95	5.08	4.79	4.89
Current Transfers (USD million)	933.90	1,051.60	785.20	756.10	1,100.00
Current Transfers as % of GDP	23.83	29.57	19.86	17.80	24.68
Current Account (USD million)	-571.80	-435.10	-903.20	-1,281.80	-1,300.40

Indicator	2001	2002	2003	2004	2005
Current Account as % of GDP	14.59	12.23	22.61	30.18	29.18
Capital and Financial Account (USD million)	720.00	413.90	1,130.10	1,319.10	1,594.40
Capital and Financial Account as % of GDP	18.38	11.64	28.29	31.06	35.78
Banking Sector					
Assets/Liabilities of PMA (USD million)	372.72	396.56	519.90	569.38	588.09
Growth Rate (%)	-9.61	6.40	31.10	9.51	3.29
Assets/Liabilities of Banks (USD million)	4,422.09	4,266.37	4,728.79	5,113.57	5,601.42
Growth Rate (%)	-3.70	3.52	10.84	8.14	9.54
Direct Facilities (USD million)	1,220.54	956.03	1,072.01	1,427.59	1,791.85
Growth Rate (%)	-9.36	-21.67	12.13	33.17	25.52
Direct Facilities as % of GDP	31.15	26.88	26.83	33.61	40.21
Balances with banks abroad	2,172.81	2,322.24	2,267.40	2,329.24	2,337.48
Growth Rate (%)	1.06	6.88	-2.36	2.73	0.35
Customer’s Deposits (USD million)	3,398.86	3,430.09	3,624.43	3,957.33	4,190.21
Growth Rate (%)	-3.10	0.92	5.67	9.20	5.87
Customer’s Deposits as % of GDP	86.75	96.45	90.72	93.17	94.03
Equity (USD million)	209.01	191.93	222.43	307.36	572.65
Growth Rate (%)	-14.22	-8.17	15.89	38.18	86.31

Palestine Monetary Authority
(PMA)

Eleventh Annual Report
2005

Department of Research & Monetary Policy

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