



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
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Central Bank of Jordan

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❑ OUR VISION

To be one of the most capable central banks regionally and internationally in maintaining monetary stability and ensuring the soundness of the financial system thereby contributing to sustained economic growth in the Kingdom.

❑ OUR MISSION

Maintaining monetary stability in the Kingdom and ensuring the convertibility of the Jordanian Dinar and an interest rate structure consistent with the level of economic activity thereby contributing toward a sound macroeconomic environment. Furthermore, the Central Bank of Jordan strives to ensure the safety and soundness of the banking system and the resilience of the national payments system. To this end, the Central Bank of Jordan employs its human, technological, and financial resources in an optimal manner in order to effectively implement its objectives

❑ OUR VALUES

- | | | |
|----------------------------|---|---|
| Loyalty | : | Commitment and dedication to the institution, its staff and clients. |
| Integrity | : | Seeking to achieve our organizational goals honestly and objectively. |
| Excellence | : | Seeking to continuously improve our performance and deliver our services in accordance with international standards. |
| Continuous Learning | : | Aspiring to continuously improve practical and academic skills to maintain a level of excellence in accordance with international best practices. |
| Teamwork | : | Working together, on all levels of management, to achieve our national and organizational goals with a collective spirit of commitment. |
| Transparency | : | Dissemination of information and knowledge, and the simplification of procedures and regulations in a comprehensible and professional manner. |

The data published in this report are considered actual, final and consistent with those received by the Central Bank of Jordan (CBJ) from their original sources, unless otherwise explicitly indicated in the context of this report. Nonetheless, the nature of some data should be taken into account in this regard, such as the foreign direct investment (FDI) data in the balance of payments, which are based on a Flows concept during a specific period of time, but not on a Stocks concept, which is measured at a specific point of time. Accordingly, the quarterly data of such investments should be studied carefully, and analyzed on an annual basis, and then compared to their level in previous years.

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Executive Summary

□ Output, Prices and Employment

In the first three quarters of 2013, real GDP at market prices, grew by 2.8 percent, maintaining its growth rate during the same period of 2012. Inflation, measured by the Consumer Price Index (CPI), witnessed an increase by 5.6 percent during 2013 compared to 4.7 percent during 2012. Furthermore, the unemployment rate during 2013 increased by 12.6 percent compared to 12.2 percent during 2012.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) reached US\$ 12,005.8 million at the end of 2013, with an increase of US\$ 5,373.2 million (81.0 percent) compared to its level at the end of 2012. This level of reserves covers around 6.3 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 2,418.3 million (9.7 percent) at the end of 2013 compared to its level at the end of 2012, to stand at JD 27,363.4 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,109.9 million (6.2 percent) at the end of 2013 compared to its level at the end of 2012, to reach JD 18,939.7 million.
- Total deposits at licensed banks increased by JD 2,623.6 million (10.5 percent) at the end of 2013, compared to its level at the end of 2012, totaling JD 27,593.2 million. This increase was an outcome of the increase in JD deposits by JD 3,292.0 million (18.6 percent) and the decrease in foreign currency deposits by JD 668.4 million (9.2 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,065.8 points at the end of 2013, increasing by 108.2 points, or 5.5 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first eleven months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,100.8 million compared to a fiscal deficit in the amount of JD 1,427.2 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 214.0 million at the end of November 2013, compared to its level at the end of 2012, to stand at JD 11,862.0 million (49.4 percent of GDP). Outstanding external public debt increased by JD 2,270.4 million at the end of November 2013 compared to its level at the end of 2012 to reach JD 7,202.8 million, (30.0 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 79.4 percent of GDP at the end of November 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 1.9 percent during the first eleven months of 2013 to reach JD 5,180.7 million. In contrast, merchandize imports increased by 6.1 percent, totaling JD 14,231.8 million. As a result, the trade deficit increased by 8.6 percent compared to the same period in 2012, to reach JD 9,051.1 million. The preliminary data showed a decrease in travel receipts by 4.2 percent due to the decline in the inbound medical tourism and a similar decline in travel payments by 4.1 percent during the first eleven months of 2013 compared to the same period in 2012. In contrast, total workers' remittances receipts increased by 4.4 percent during 2013 compared to their level in 2012. The balance of payments during the first three quarters of 2013 displayed a deficit in the current account amounting to JD 2,112.7 million, (12.1 percent of GDP) down from JD 3,439.1 million (21.4 percent of GDP) during the same period in 2012. Moreover, Net Direct Investment recorded an inflow of JD 1,041.2 million during the first three quarters of 2013 compared to a net inflow of JD 866.9 million during the same period in 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 20,136.8 million at the end of September 2013 compared to JD 18,883.7 million at the end of December 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 5,373.2 million (81.0 percent) at the end of 2013, compared to their level at the end of 2012, to stand at US\$ 12,005.8 million. This level of reserves covers around 6.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 2,418.3 million, (9.7 percent), at the end of 2013, compared to its level at the end of 2012, to total JD 27,363.4 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,109.9 million, (6.2 percent) at the end of 2013, compared to its level at the end of 2012, to stand at JD 18,939.7 million.
- Total deposits at licensed banks increased by JD 2,623.6 million, (10.5 percent), at the end of 2013, compared to its level at the end of 2012, to reach JD 27,593.2 million.
- The interest rates on deposits and credit facilities at licensed banks increased at the end of December 2013 compared to the previous month except interest rate on time deposits and overdraft credit facilities. As compared to their levels at the end of 2012, the interest rates on deposits and credit facilities increased with the exception of "overdraft" credit facilities and "demand deposits" which decreased compared to its level at the end of 2012.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,065.8 points at the end of 2013, increasing by 108.2 points (5.5 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 0.9 billion (4.7 percent), compared to its registered level of 2012, to stand at JD 18.2 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

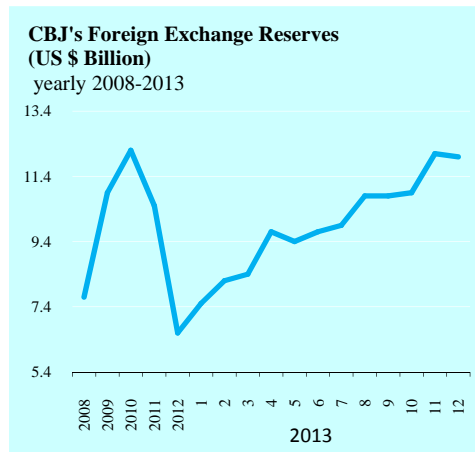
	End of December	
	2012	2013
CBJ's Foreign Currency Reserves*	US\$ 6,632.6 -37.0%	US\$ 12,005.8 81.0%
Money Supply (M2)	24,945.1 3.4%	27,363.4 9.7%
Credit Facilities, of which:	17,829.8 12.5%	18,939.7 6.2%
Private Sector (Resident)	15,375.6 7.6%	16,569.1 7.8%
Total Deposits, of which:	24,969.6 2.4%	27,593.2 10.5%
In JD	17,711.0 -7.4%	21,003.0 18.6%
In Foreign Currencies	7,258.6 38.0%	6,590.2 -9.2%
Deposits of Private Sector (Resident), of which:	20,387.1 2.4%	22,195.8 8.9%
In JD	15,084.3 -8.6%	17,646.1 17.0%
In Foreign Currencies	5,302.8 56.0%	4,549.7 -14.2%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 5,373.2 million (81.0 percent), at the end of 2013, compared to their level at the end of 2012, to reach US\$ 12,005.8 million. This level of reserves covers around 6.3 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

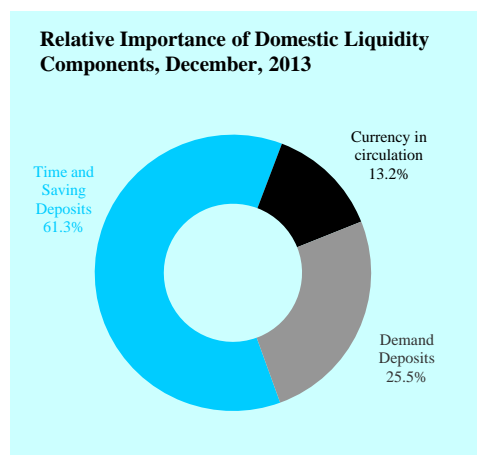
■ Domestic liquidity totaled JD 27,363.4 million at the end of 2013, increasing by JD 2,418.3 million, or 9.7 percent, compared to an increase of JD 826.2 million, or 3.4 percent, in 2012.

◆ **Developments in both the components and the factors affecting domestic liquidity between the end of 2013 and the end of 2012 reveal the following:**

● Components of Domestic Liquidity

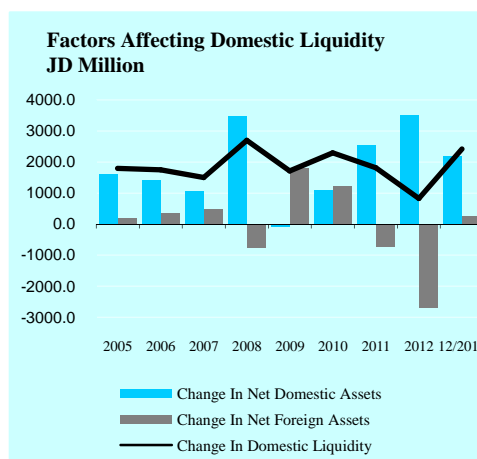
- Deposits increased by JD 2,026.7 million, or 9.3 percent, at the end of 2013, compared to their level at the end of 2012, to total JD 23,756.8 million, compared with an increase amounting to JD 630.5 million, or 3.0 percent, in 2012.

- Currency in circulation increased by JD 391.6 million, or 12.2 percent, at the end of 2013, compared to its level at the end of 2012, to reach JD 3,606.6 million, against an increase in the amount of JD 195.7 million, or 6.5 percent, in 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 2,160.4 million, or 11.8 percent, at the end of 2013, compared to its level at the end of 2012, against an increase of JD 3,530.8 million, or 23.9 percent, in 2012.



This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 4,126.2 million, or 19.8 percent, and its decrease at the CBJ by JD 1,965.7 million, or 76.7 percent.

- Net foreign assets of the banking system increased by JD 257.9 million, or 3.9 percent, at the end of 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 2,704.6 million, or 28.9 percent, in 2012. This increase was an outcome of the increase of net foreign assets at the CBJ by JD 2,347.7 million or 38.2 percent, and the decrease of net foreign assets at the licensed banks by JD 2,089.8 million.

Factors Affecting Domestic Liquidity (M2) JD Million

	End of December	
	2012	2013
Foreign Assets (Net)	6,665.5	6,923.4
CBJ	6,139.7	8,487.4
Licensed Banks	525.8	-1,564.0
Domestic Assets (Net)	18,279.7	20,440.0
CBJ, of which:	-2,562.7	-4,528.6
Claims on Public Sector (Net)	1,567.8	1,244.3
Other Items (Net*)	-4,150.5	-5,793.5
Licensed Banks	20,842.4	24,968.6
Claims on Public Sector (Net)	8,377.1	9,714.8
Claims on Private Sector	15,933.5	17,201.9
Other Items (Net)	-3,468.2	-1,948.1
Money Supply (M2)	24,945.1	27,363.4
Currency in Circulation	3,215.0	3,606.6
Total Deposits, of which:	21,730.1	23,756.8
In Foreign Currencies	5,395.6	4,635.2

* This item includes Certificates of Deposit in Jordanian Dinar.
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

- ◆ On January 20th, 2014, the CBJ lowered the interest rate on its key monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments become as follows:

Interest Rates on Monetary Policy Instruments (%)

	December	
	2012	2013
Re-discount Rate	5.00	4.50
Repurchase Agreements Rate (overnight)	4.75	4.25
Overnight Deposit Window Rate	4.00	3.50
Repurchase Agreements rate (one week)	4.25	3.75
Repurchase Agreements rate (one month)	4.25	3.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

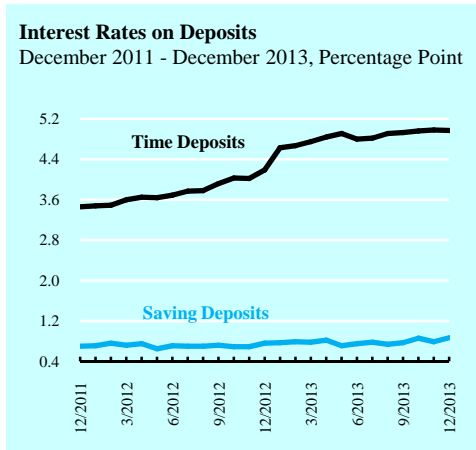
- **Re-Discount Rate:** 4.25 percent.
- **Interest Rate on Overnight Repurchase Agreements:** 4.00 percent.
- **Overnight Deposit Window Rate:** 3.25 percent.
- **Weekly/Monthly Repurchase Agreements:** 3.50 percent.
- ◆ This decision aims at increasing credit to the private sector, as well as promoting investments which in turn support the economy's growth.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of December 2013 decreased by one basis point, compared to its level at the end of the previous month to stand at 4.97 percent. This rate is higher by 78 basis points than its level at the end of 2012.

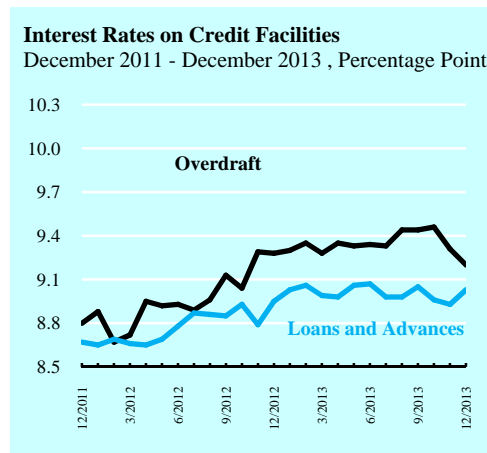
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of December 2013 increased by 8 basis points compared to its level at the end of the previous month to stand at 0.87 percent. This rate is higher than its level at the end of 2012 by 11 basis points.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of December 2013 increased by 2 basis points compared to the level recorded in the previous month to stand at 0.38 percent. This rate is lower by 4 basis points than the level recorded at the end of 2012.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of December 2013 decreased by 11 basis points compared to its level at the previous month to stand at 9.20 percent. This rate is lower than its level at the end of 2012 by 8 basis points.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 82 basis points at the end of December 2013, compared to its level at the end of the previous month, to stand at 10.13 percent. This rate is higher than its level at the end of 2012 by 54 basis points.

Weighted Average Interest Rates on Deposits and Credit Facilities at Licensed Banks, (%)

	December		Change Relative to the Preceding Year Basis Points
	2012	2013	
Deposits			
Demand	0.42	0.38	-4
Saving	0.76	0.87	11
Time	4.19	4.97	78
Credit Facilities			
Discounted Bills and Bonds	9.59	10.13	54
Loans and Advances	8.95	9.03	8
Overdraft	9.28	9.20	-8
Prime Lending Rate	8.68	8.85	17

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances”

increased by 10 basis points at the end of December 2013, compared to its level at the end of the previous month, to stand at 9.03 percent. This rate is higher than its level of 2012 by 8 basis points.

- The Prime lending rate stood at 8.85 percent at the end of December 2013, 17 basis points higher than its level at the end of 2012.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, decreased by 70 basis points at the end of December 2013, compared to its level at the end of 2012, to reach 406 basis points.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,939.7 million at the end of 2013, increasing by JD 1,109.9 million, or 6.2 percent, compared to its level at the end of 2012, against an increase in the amount of JD 1,978.6 million, or 12.5 percent, in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of 2013 demonstrates an increase in credit facilities extended to the construction sector and credit facilities classified as "other", which generally represents credit facilities extended to individuals, by JD 403.8 million, or 11.0 percent, and JD 314.5 million or 8.2 percent, respectively. In addition, credit facilities extended to the general trade, industrial and mining sectors increased by JD 182.4 million, JD 133.9 million and JD 91.1 million, respectively. Meanwhile, the credit facilities extended to the agriculture sector decreased by JD 19.2 million, or 7.5 percent compared to their levels at the end of 2012.
 - The classification of extended credit facilities, according to the borrower, at the end of 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 1,193.5 million, or 7.8 percent, and the non-banking financial institutions by JD 0.4 million, or 4.1 percent. In addition, the credit facilities extended to the public institutions and private sector (non-resident) decreased by JD 36.3 million or 10.2 percent, and JD 35.4 million or 4.2 percent, respectively, as well as those extended to central government which decreased by JD 12.2 million or 1.0 percent, compared to their levels at the end of 2012.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 27,593.2 million at the end of 2013, increasing by JD 2,623.6 million, or 10.5 percent, compared to its level at the end of 2012, against an increase of JD 591.7 million, or 2.4 percent, in 2012.
 - The increase in total deposits at licensed banks at the end of 2013 was a result of the increase in the deposits of the private sector (resident) by JD 1,808.8 million, or 8.9 percent, the private sector

(non-resident) by JD 501.3 million, or 19.2 percent, the public sector (central government *plus* public institutions) by JD 310.5 million, or 18.3 percent, and the non-banking financial institutions by JD 2.9 million, or 1.1 percent, compared to their levels at the end of 2012.

- The developments in the currency structure of deposits at the end of 2013 reveal that JD deposits increased by JD 3,292.0 million, or 18.6 percent, while “deposits in the foreign currency” decreased by JD 668.4 million, or 9.2 percent, compared to their levels at the end of 2012.

□ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a divergent performance in its key indicators at the end of 2013 compared to the end of 2012. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the (ASE) totaled JD 209.6 million in 2013; up by JD 39.1 million, or 22.9 percent than its level at the end of the previous month, against an increase of JD 48.4 million, or 32.4 percent, during the same month in 2012. However, the trading volume totaled JD 3,027.3 million in 2013, up by JD 1,048.5 million, than their level at the end of 2012.

■ Traded Shares

The number of traded shares in December 2013 totaled 179.0 million shares; up by 14.4 million shares, or 7.5 percent, than its level at the end of the preceding month, against an increase amounting to 21.2 million shares, or 11.5 percent, during the same month in 2012. As end of 2013, the number of traded shares totaled 2,705.8 million shares, compared to 2,384.1 million shares traded in 2012, increasing by 321.7 million shares or 13.5 percent.

■ Share Price Index (SPI)

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 43.2 points, or 2.1 percent, at the end of December 2013 compared to its level at the

end of the previous month, to stand at 2,065.8 points, against an increase in the amount of 28.3 points, or 1.5 percent, during the same month in 2012. As end of 2013, the SPI increased by 108.2 points, or 5.5 percent, compared to its level at the end of 2012, against a drop in the amount of 37.5 points, or 1.9 percent during 2012. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 340.3 points, or 14.4 percent, and the services sector by 13.7 points, or 0.8 percent. Meanwhile, the SPI for the industrial sector decreased by 211.7 points, or 9.7 percent, compared to its levels at the end of 2012.

■ Market Capitalization

The ASE's market capitalization totaled JD 18.2 billion at the end of December 2013; an increase of JD 273.1 million, or 1.5 percent, compared to its level at the end of the previous month, against an increase of JD 82.4 million

Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector

	December	
	2012	2013
General Index	1,957.6	2,065.8
Financial Sector	2,363.6	2,703.9
Industrial Sector	2,176.6	1,964.9
Services Sector	1,651.1	1,664.8

Source: Amman Stock Exchange.



or 0.4 percent, during the same month in 2012. As end of 2013, the market capitalization decreased by JD 0.9 billion, or 4.7 percent, compared to its level at the end of 2012, against a decrease of JD 131.2 million, or 0.7 percent during 2012.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 11.8 million in December 2013, compared to an inflow in the amount of JD 4.4 million during the same month of 2012; the value of shares acquired by non-Jordanian in December 2013 amounted to JD 52.7 million, while the value of shares sold by the same

Main Amman Stock Exchange Trading Indicators, JD Million		
	December	
	2012	2013
Value Traded	197.6	209.6
Average Daily Trading	9.9	10.5
Market Capitalization	19,141.5	18,233.5
No. of Traded Shares (million)	206.0	179.0
Net Investment of Non-Jordanian	4.5	11.8
Non-Jordanian Buying	32.9	52.7
Non-Jordanian Selling	28.4	40.9

Source: Amman Stock Exchange.

group amounted to JD 40.9 million. Moreover, non-Jordanian net investment recorded an inflow amounting to JD 146.9 million during 2013, compared to an inflow in the amount of JD 37.6 million during 2012.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.8 percent, during the third quarter of 2013, compared to 2.6 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 8.0 percent during the third quarter of 2013, compared to 6.9 percent during the same quarter of 2012.
- As for the first three quarters of 2013, GDP at constant prices, grew by 2.8 percent, maintaining its growth rate during the first three quarters of 2012. Furthermore, GDP at current market prices grew by 9.0 percent, compared to 7.6 percent during the same period of 2012.
- Inflation, measured by the CPI, increased to 5.6 percent during 2013, compared to 4.7 percent during 2012.
- The unemployment rate went up during 2013, to stand at 12.6 percent (10.6 percent for males and 22.2 percent for females), compared to 12.2 percent (10.4 percent for males and 19.9 percent for females) during 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.8 percent.

□ Developments of GDP

As a reflection of the repercussions of the Arab Spring and the unrest in the region, that still have their effects on the Jordanian economy, real GDP grew by 2.8 percent during the first three quarters of 2013, maintaining its growth rate during the same period of 2012. When excluding “net taxes on products”, which grew by 3.2 percent during the first three quarters of 2013, compared to 3.3 percent during the same period of 2012, GDP at constant basic prices grew by 2.7 percent during the first three quarters of 2013, maintaining its growth rate during the same period of 2012.

**Quarterly Growth Rates of GDP at Market Prices
2011 - 2013**

	Q 1	Q2	Q3	Q4	Percentages Year
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	2.7
GDP at Current Market Prices	8.0	8.0	6.9	6.4	7.3
2013					
GDP at Constant Market Prices	2.6	3.1	2.8		
GDP at Current Market Prices	9.5	9.7	8.0		

Source: Department of Statistics.

GDP at current market prices grew by 9.0 percent during the first three quarters of 2013, compared to 7.6 percent during the same period of 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.0 percent during the first three quarters of 2013, compared to 4.7 percent during the same period in 2012.

The main sectors contributed to the economic growth during the first three quarters of 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “transport, storage and communications” (0.6 percentage point), “trade, restaurants & hotels” (0.4 percentage point), construction (0.4 percentage point), and manufacturing (0.3 percentage point). These sectors collectively accounted for 89.3 percent of real GDP growth during the first three quarters of 2013.

The developments of economic sectors during the first three quarters of 2013; showed that most sectors witnessed positive real growth at divergent rates some sectors witnessed an accelerated improvement in performance; mainly construction (8.4 percent) and agriculture (1.0 percent), compared to a slight growth by 0.2 percent in construction, and a contraction by 9.6 percent in agriculture, during the same period of 2012.



While some sectors exhibited a decelerated growth rates during the first three quarters of 2013, mainly; “finance, insurance, real estate and business services” (3.8 percent), “transport, storage and communications” (4.0 percent), “trade, restaurants and hotels” (3.6 percent), manufacturing (1.7 percent) and “producers of government services” (1.3 percent), against a growth of 5.0 percent, 4.9 percent, 7.1 percent, 2.4 percent and 2.0 percent, during the same period of 2012, respectively. In contrast, the sectors of “mining and quarrying” and “electricity and water” experienced a contraction of 10.5 percent and 0.6 percent, respectively, compared to a contraction of 14.1 percent in “mining and quarrying” and a growth of 7.2 percent in “electricity and water” during the same period of 2012.

■ Microeconomic Indicators

- Industrial production quantity index grew by 1.7 percent during the first eleven months of 2013 against a growth of 0.2 percent during the same period of 2012. This can be attributed to the following:
 - Manufacturing production quantity index grew by 3.6 percent, compared to a growth of 1.2 percent during the same period of

2012. This came as a result of an improvement in production of some items, mainly; “chemical products” (13.1 percent), and “food products and beverages” (6.0 percent), on one hand, and a decrease in cement (18.8 percent), “iron and steel” (13.0 percent) and “refined petroleum products” (11.0 percent), on the other.

- “Mining and quarrying” production quantity index decreased by 11.1 percent, against a decrease of 16.1 percent during the same period of 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 14.2 percent and potash by 6.1 percent; owing to a decline in the demand of some major importing countries for these materials, especially India.
- Electricity production quantity index decreased by 6.2 percent, compared to an increase of 9.0 percent during the same period of 2012; due to a decline in the demand of industry sectors.
- The number of passengers through Royal Jordanian recorded a decrease of 3.7 percent, during 2013, compared to a growth of 5.8 percent during 2012.
- Cargo through Royal Jordanian contracted by 9.5 percent, during 2013, compared to a contraction of 1.7 percent during 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 15.0 percent during the first eleven months of 2013, compared to an increase of 2.0 percent during the same period of 2012.
- Licensed areas for buildings grew by 5.9 percent during the first eleven months of 2013, compared to a growth of 3.9 percent during the same period of 2012.
- Number of departures contracted by 13.7 percent during the first eleven months of 2013, compared to a decrease of 7.9 percent during the same period of 2012.

Main Sectoral Indicators

Percentages*

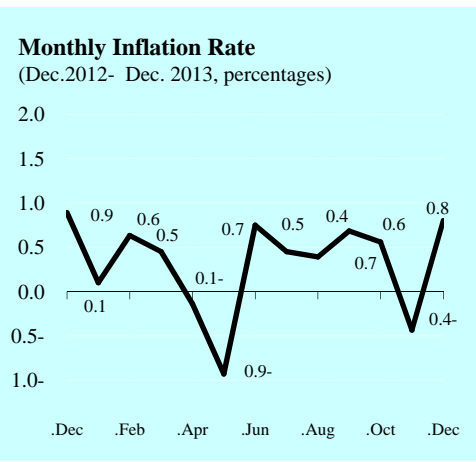
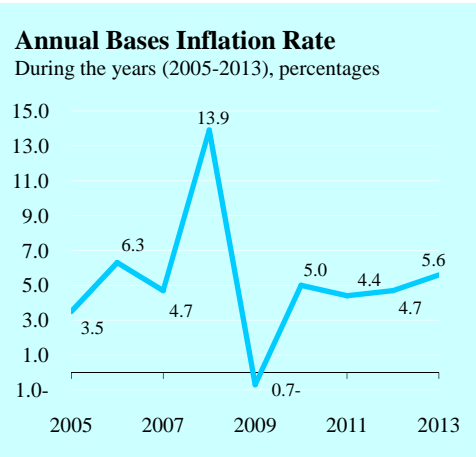
2012	Item	Available Period			
		2012		2013	
8.5	Licensed areas for buildings	3.9	January – November	5.9	
0.2	Industrial production quantity index	0.2		1.7	
1.4	Manufacturing production quantity index	1.2		3.6	
3.3	Food products and beverages	2.3		6.0	
9.8	Refined petroleum products	10.2		-11.0	
-2.5	Iron and steel	-0.1		-13.0	
-22.6	Cement, lime and plaster	-22.1		-18.8	
-3.7	Chemical products	-3.0		13.1	
-16.9	“Mining and quarrying” production quantity index	-16.1		-11.1	
-15.3	Phosphate	-16.4		-14.2	
-19.0	Potash	-16.2		-6.1	
6.5	Electricity production quantity index	9.0		-6.2	
-7.7	Number of departures	-7.9		-13.7	
0.9	Quantities of exported and imported goods shipped through Aqaba port	2.0		-15.0	
-	The number of passengers through Royal Jordanian	5.8		The whole year	-3.7
-	Cargo through Royal Jordanian	-1.7			-9.5

*Sources:

- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during 2013, to stand at 5.6 percent, compared to 4.7 percent during 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and transportation items, which were affected by the government's decision of liberalizing the prices of petroleum products (November 2012). These items collectively contributed to the overall inflation rate by 2.5 percentage points, compared to 1.3 percentage points during 2012.



In December 2013, the CPI increased by 0.8 percent compared with November 2013. This was mainly due to the increase in the prices of some items; mainly vegetables, fruits, “meat and poultry”, and rents.

Developments of the CPI basket during 2013, compared to 2012:

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 3.7 percent compared to an increase of 4.6 percent during 2012. The contribution of this group to the overall inflation rate reached 1.3 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; fruits (17.0 percent), vegetables (14.3 percent), “meat and poultry” (4.1 percent), and “dairy products and eggs” (4.5 percent), while the prices of cigarettes, “oils and fats” and “cereals and products” have declined by 8.5 percent, 1.4 percent and 1.0 percent, respectively.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket 5.0 percent. The price of this group increased by 5.7 percent compared to an increase of 4.7 percent during 2012. The group's contribution to the overall inflation rate reached 0.3 percentage point. The increase in the prices of this group was affected by the rise in the prices of footwear and clothes, which grew by 8.7 percent and 4.9 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 8.3 percent compared to an increase of 3.5 percent during 2012. Accordingly, this group

contributed to the overall inflation rate by 2.2 percentage points. The increase in the prices of this group was driven by the sharp rise in the prices of “fuels and lighting” item by 19.7 percent, which was affected by the government's decision of liberalizing the prices of petroleum products, compared to a slight increase by 4.1 percent during 2012. In addition, prices of other items showed a varied increase ranges between 5.0 percent for “house utensils” and 2.0 percent for “household appliances”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 5.8 percent compared to 5.7 percent during 2012. Accordingly, this group contributed by 1.8 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of transportation item, by 11.4 percent, compared to an increase of 9.0 percent during 2012; affected by the rise in public transportation fare, as a result of the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; education (5.0 percent), recreation (2.3 percent) and personal care (1.6 percent).

□ **Employment**

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the fourth quarter of 2013; to stand at 11.0 percent (9.5 percent for males and 18.7 percent for

females), compared to 12.5 percent (10.8 percent for males and 19.9 percent for females) during the same quarter of 2012.

- ◆ Accordingly, the unemployment rate during 2013 increased to stand at 12.6 percent (10.6 percent for males and 22.2 percent for females), compared to 12.2 percent (10.4 percent for males and 19.9 percent for females) during 2012. Furthermore, the unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 17.8 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2013 reached 37.1 percent (60.4 percent for males against 13.2 percent for females), compared to 38.0 percent (61.3 percent for males against 14.1 percent for females) during 2012.
- ◆ The employed rate among the population of 15 years and over reached 32.4 percent during 2013, compared to 33.4 percent during 2012. The employees in the sector of “public administration, defense, and social security” accounted for 26.2 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.7 percent), education (12.1 percent), manufacturing (9.9 percent) and the remaining percent is distributed among other sectors.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,100.8 million during the first eleven months of 2013, comparing to a fiscal deficit in the amount of JD 1,427.2 million, during the same period in 2012. When excluding foreign grants (JD 579.4 million), the general budget deficit reaches JD 1,680.2 million compared to a deficit in the amount of JD 1,523.8 million during the same period in 2012.
- Net outstanding domestic public debt increased by JD 214.0 million at the end of November 2013 compared to its level at the end of 2012, to reach JD 11,862.0 million (49.4 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 2,270.4 million at the end of November 2013, compared to its level at the end of 2012, to stand at JD 7,202.8 million (30.0 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 19,064.8 million (79.4 percent of GDP) at the end of November 2013 compared to JD 16,580.4 million (75.5 percent of GDP) at the end of 2012.

□ The performance of the general budget during the first eleven months of 2013 compared to the same period in 2012:

■ Public Revenues

Public revenues (including foreign grants) declined by JD 224.0 million, or 34.4 percent, in November 2013 comparing to the same month in 2012 to reach JD 426.9 million. As for the first eleven months of 2013, these revenues were up by JD 595.8 million, or 13.2 percent, compared to the same period in 2012 to stand at JD 5,111.6 million. This rise came as a result of the increase in foreign grants by JD 482.8 million, and domestic revenues by JD 113.1 million.

Main Government Budget Indicators during the first eleven months of 2013:

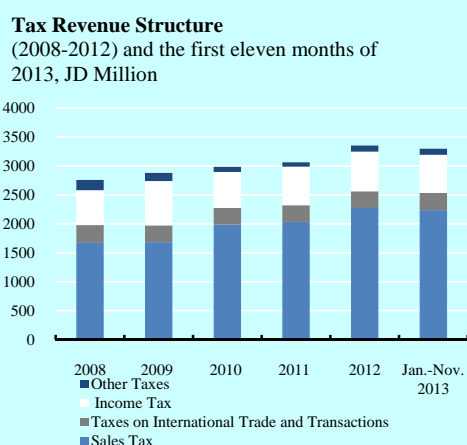
(JD Million and Percentages)

	November		Growth Rate	Jan. – Nov.		Growth Rate
	2012	2013		2012	2013	
Total Revenues and Grants	650.9	426.9	-34.4	4,515.8	5,111.6	13.2
Domestic Revenues, of which:	650.9	397.8	-38.9	4,419.1	4,532.2	2.6
Tax Revenues, of which:	499.9	282.7	-43.4	3,136.4	3,297.3	5.1
General Sales Tax	436.2	226.0	-48.2	2,115.3	2,235.6	5.7
Other Revenues	149.3	113.4	-24.0	1,261.1	1,214.8	-3.7
Foreign Grants	0.0	29.1	-	96.6	579.4	499.8
Total Expenditures, of which:	917.0	630.2	-31.3	5,942.9	6,212.4	4.5
Capital Expenditures	46.6	106.2	127.9	512.5	711.9	38.9
Overall Deficit/ Surplus	-266.1	-203.3	-	-1,427.2	-1,100.8	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 113.1 million, or 2.6 percent, in the first eleven months of 2013 compared to the same period in 2012, to reach JD 4,532.2 million. This increase was an outcome of the rise in the proceeds of “tax revenues” by JD 160.9 million, and the drop in “other revenues” and “pension contributions” by JD 46.3 million, and JD 1.5 million, respectively.



● Tax Revenues

Tax revenues increased by JD 160.9 million, or 5.1 percent, during the first eleven months of 2013 compared to the same period in 2012, to reach JD 3,297.3 million (72.8 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of general sales tax on goods and services. Following are the main developments in tax revenues items:

- The increase in the proceeds of “general sales tax on goods and services” by JD 120.3 million which reached JD 2,235.6 million (accounting for 67.8 percent of total tax revenues). This result was driven by the increase in the proceeds of most general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on imported goods” and “sales tax on services” have increased by JD 158.3 million, JD 50.9 million, and JD 30.8 million, respectively. However, the proceeds of “sales tax on domestic goods” decreased by JD 119.7 million.
- The decrease in the proceeds of “income and profit taxes” by JD 8.5 million, or 1.3 percent, which reached JD 659.5 million (accounting for 20.0 percent of total tax revenues). This result was driven by the decrease in the proceeds of “income tax from companies and other projects” by JD 8.1 million, as well as “income tax from individuals” by JD 0.4 million. Accordingly, income tax from companies accounted for 81.5 percent of total taxes on income and profits to reach JD 537.3 million (of which JD 223.8 million from banks and financial institutions).

- The increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 37.6 million or 14.4 percent, which reached JD 298.5 million (accounting for 9.1 percent of total tax revenues).
- The increase in real-estates tax (taxes on financial transactions) by JD 11.5 million, or 12.5 percent, to reach JD 103.7 million (accounting for 3.1 percent of total tax revenues).

- **Other Revenues (Non-Tax Revenues)**

“Other revenues” decreased by JD 46.3 million, or 3.7 percent, during the first eleven months of 2013 to reach JD 1,214.8 million. This drop was an outcome of:

- The decline in property income by JD 51.2 million to stand at JD 264.4 million (of which financial surplus of independent government units amounted to JD 236.6 million).
- The decrease in miscellaneous revenues by JD 100.9 million to stand at JD 223.9 million.
- The increase in “revenues from selling goods and services” by JD 105.7 million to reach JD 726.5 million.

- **Pension Contributions**

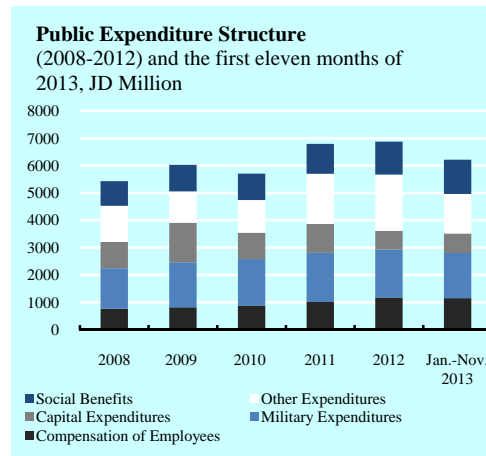
Pension contributions were down by JD 1.5 million during the first eleven months of 2013, standing at JD 20.1 million.

- ◆ **Foreign Grants**

Foreign grants were up by JD 482.8 million during the first eleven months of 2013, standing at JD 579.4 million. The aforementioned grants included additional grants from Saudi Arabia and United States of America in the amount of JD 354.0 million (equivalent to US\$ 500.0 million), as well as grants provided by GCC fund.

Public Expenditures

Public expenditures witnessed a decrease by JD 286.8 million, or 31.3 percent, in November 2013 compared to the same month in 2012 to stand at JD 630.2 million. However, public expenditures increased by JD 269.5 million, or 4.5 percent during the first eleven months of 2013, to stand at JD 6,212.4 million. This increase was a result of the rise in both current expenditures and capital expenditures by 1.3 percent, and 38.9 percent, respectively.



Current Expenditures

Current expenditures increased by JD 70.1 million, or 1.3 percent, during the first eleven months of 2013, to reach JD 5,500.5 million. This increase was due to:

- The increase in military expenditures by JD 123.8 million to total JD 1,654.6 million, accounting for 30.1 percent of total current expenditures.
- The increase in social benefit expenditures by JD 190.7 million to stand at JD 1,247.1 million, accounting for 22.7 percent of total current expenditures, due to including direct cash subsidies allocations in the social safety net item.
- The rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 78.7 million to reach JD 1,150.7 million, accounting for 20.9 percent of total current expenditures.

- The increase in interest payments, on internal and external public debt, by JD 157.5 million to stand at JD 663.2 million, accounting for 12.1 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 34.5 million to stand at JD 228.4 million, accounting for 4.2 percent of total current expenditures.
- The decrease in goods subsidies by JD 547.0 million to stand at JD 225.0 million, accounting for 4.1 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

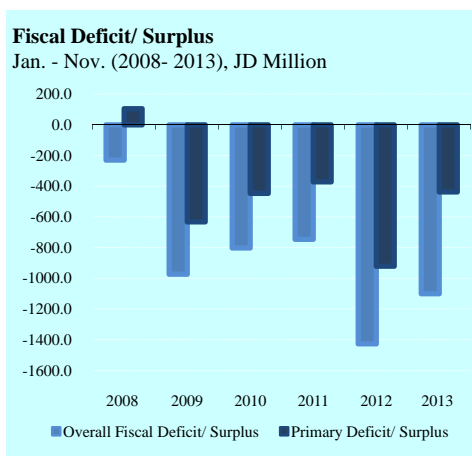
◆ Capital Expenditures

Capital expenditures increased by JD 199.4 million, or 38.9 percent during the first eleven months of 2013 comparing to the same period of 2012, to reach JD 711.9 million.

■ General Budget Deficit/ Surplus

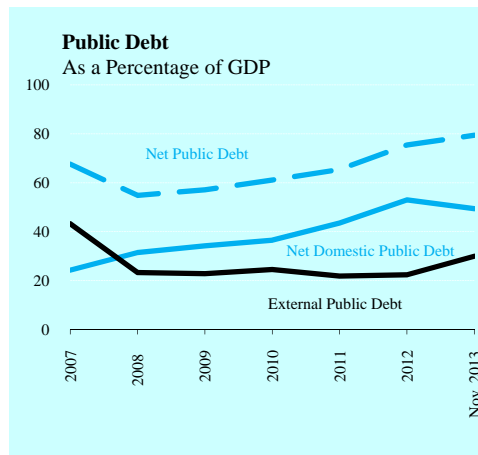
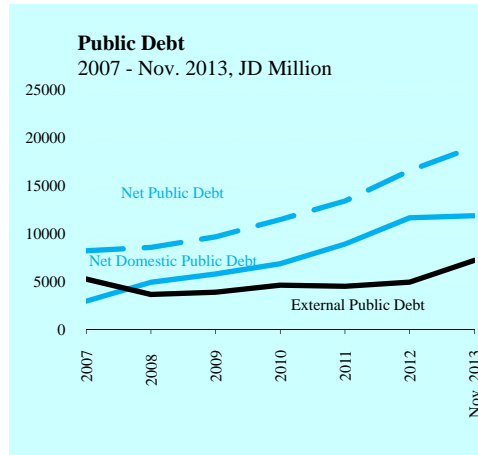
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,100.8 million during the first eleven months of 2013, against a fiscal deficit in the amount of JD 1,427.2 million during the same period in 2012.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 437.6 million during the first eleven months of 2013, against a primary deficit of JD 921.5 million during the same period in 2012.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 214.0 million at the end of November 2013 comparing to its level at the end of 2012 to total JD 11,862.0 million, or 49.4 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 922.0 million to reach JD 13,600.0 million, and the increase in the government deposits at the banking system by JD 708.0 million to reach JD 1,737.0 million. In details, the increase in the budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 1,363.0 million to reach JD 11,005.0 million at the end of November 2013, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 672.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 219.0 million to reach JD 958.0 million at the end of November 2013, in addition, loans and advances extended to these agencies decreased by JD 135.0 million to stand at JD 944.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 2,270.4 million at the end of November 2013 compared to its level at the end of 2012, amounting to JD 7,202.8 million (30.0 percent of GDP). This increase was driven by the government's issuance of domestic bonds in dollar twice this year, in the total value of JD 815 million (equivalent to US\$ 1,150.0 million), as the first issue, in February, amounted to JD 354 million (US\$ 500 million), and the second issue, in August, amounted to JD 461 million (US\$ 650 million), in addition to receiving the second and the third tranches of the IMF loan under the stand-by arrangement (SBA) in the total amount of JD 459 million, (equivalent to US\$ 387 million for the second tranche and US\$ 285 million for the third tranche). The currency debt structure shows that external debt in US dollars accounted for 53.4 percent, while debt in Euros accounted for 7.5 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 9.7 percent and 12.2 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 2,484.4 million at the end of November 2013 compared to its level at the end of 2012 to stand at JD 19,064.8 million, (79.4 percent of GDP), against JD 16,580.4 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP increased by 3.9 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 539.7 million during the first eleven months of 2013 (of which interest payments amounting to JD 117.4 million) compared to JD 485.9 million (of which interest payments amounting to JD 108.6 million) during the same period in 2012.

□ Fiscal and Price Measures

- Reducing the prices of all oil derivatives, while maintaining the price of liquid gas cylinder unchanged, as follows:

Oil Derivatives Price Developments

	Unit	2014		Percentage Change
		January	February	
Unleaded Gasoline 90	Fils/Liter	830	820	-1.2
Unleaded Gasoline 95	Fils/Liter	1,010	1,000	-1.0
Gas Oil (Diesel)	Fils/Liter	685	670	-2.2
Gas Oil/ electricity	Fils/Liter	685	670	-2.2
Kerosene	Fils/Liter	685	670	-2.2
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	477	475.2	-0.4
Fuel oil/ electricity	JD/Ton	477	475.2	-0.4
Fuel oil for ships	JD/Ton	477	475.2	-0.4
Fuel oil for airplanes (local companies)	Fils/Liter	628	608	-3.2
Fuel oil for airplanes (foreign companies)	Fils/Liter	633	613	-3.2
Fuel oil for unplanned flights	Fils/Liter	648	628	-3.1
Asphalt	JD/Ton	511	509.1	-0.4

Source: Jordan Petroleum Refinery Company (1/2/2014).

- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite kingdom of Jordan, in the amount of US\$ 1.25 billion. These bonds due after seven years in one payment and carry a fixed annual interest rate of 2.503 percent which would be paid semi-annually until maturity. This issuance is the first of its kind for

the kingdom in the international markets, as it is guaranteed by the U.S government (October 2013).

□ Grants, Loans and Other Agreements

- Signing a financial cooperation agreement with the German government under the development cooperation program for the years (2013 – 2014), to provide financial assistance in the value of EUR 85.5 million, of which soft loans amounting to EUR 74 million and grants in the amount of EUR 11.5 millions to support several projects in certain sectors including water and sanitation, climate change and support for Syrian refugees, to be implemented through the German Development Bank (KfW) (December 2013).
- Signing memorandums of understanding between the government of Jordan and the Japanese government, to provide an emergency grant of one billion Yen (equivalent to US\$ 10.1 million) to reduce the burden of hosting the growing numbers of Syrian refugees (November 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 29.1 percent in November 2013 compared to its level in the same month of 2012 to record JD 514.4 million. As for the first eleven months of 2013, total merchandize exports increased by 1.9 percent compared to the same period in 2012 to reach JD 5,180.7 million.
- **Merchandize imports** decreased by 7.5 percent in November 2013 compared to its level in the same month of 2012 to reach JD 1,189.5 million. As for the first eleven months of 2013, merchandize imports increased by 6.1 percent compared to the same period in 2012 to reach JD 14,231.8 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 24.0 percent in November 2013 compared to the same month in 2012 standing at JD 675.1 million. As for the first eleven months of 2013, the trade balance deficit increased by 8.6 percent compared to the same period in 2012 to reach JD 9,051.1 million.
- **Travel receipts** decreased during the first eleven months of 2013 compared to its level in the same period of 2012 by 4.2 percent due to the decline in the inbound medical tourism. Also, travel payments registered a decline of 4.1 percent.
- **Total workers' remittances receipts** increased by 4.4 percent during 2013 compared to their level in 2012 to reach JD 2,586.3 million.
- **The current account of the balance of payments** registered a deficit of JD 2,112.7 million (12.1 percent of GDP) during the first three quarters of 2013 compared to a deficit of JD 3,439.1 million (21.4 percent of GDP) during the same period in 2012.
- **Net direct investment** recorded an inflow of JD 1,041.6 million during the first three quarters of 2013, up from JD 866.9 million during the same period in 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 20,136.8 million at the end of September 2013; an increase of JD 1,253.1 million over its level at the end of December 2012.

□ External Trade

- As a result of the increase in domestic exports by JD 108.9 million and the increase in imports by JD 813.3 million during the first eleven months in 2013, the volume of external trade (domestic exports *plus* imports) increased by JD 922.2 million to stand at JD 18,653.0 million.

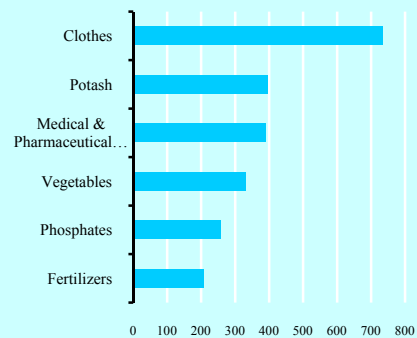
Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
Jan - Nov				Jan - Nov				
	2012	2013	Percentage Change	2012	Percentage Change 2010/2011	2013	Percentage Change 2011/2012	
Exports				External Trade	17,730.8	7.2	18,653.0	5.2
Iraq	635.1	808.8	27.4	Total Exports	5,086.4	-1.7	5,180.7	1.9
USA	720.5	770.7	7.0	Domestic Exports	4,312.3	-1.3	4,421.2	2.5
Saudi Arabia	464.1	593.9	28.0	Re-exports	774.1	-4.1	759.5	-1.9
India	473.9	331.7	-30.0	Imports	13,418.5	10.2	14,231.8	6.1
UAE	161.5	176.6	9.3	Trade Balance	-8,332.1	19.0	-9,051.1	8.6
Indonesia	159.3	161.1	1.1	Source: Department of Statistics.				
Kuwait	67.4	87.1	29.2					
Imports								
Saudi Arabia	3,253.7	2,581.8	-20.7					
China	1,261.4	1,467.9	16.4					
USA	902.9	902.5	0.0					
Italy	619.6	698.2	12.7					
India	389.0	623.3	60.2					
Germany	507.2	531.9	4.9					
Turkey	515.1	508.6	-1.3					
UAE	383.7	491.1	28.0					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 1.9 percent during the first eleven months of 2013 compared to a 1.7 percent decline during the same period in 2012, to record JD 5,180.7 million. This increase resulted from an

increase in domestic exports by JD 108.9 million, or 2.5 percent, to reach JD 4,421.2 million, and a decline in re-exports by JD 14.6 million, or 1.9 percent, to reach JD 759.5 million.

Major Exports by Commodity
January - November 2013 , JD Million



◆ The developments of domestic exports during the first eleven months of 2013 compared to the same period in 2012 reveals the following:

- Exports of **medical and pharmaceutical products** increased by JD 63.4 million, or 19.5 percent, to reach JD 388.9 million, compared to an increase of 5.8 percent during the same period in 2012. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 61.6 percent of these exports.

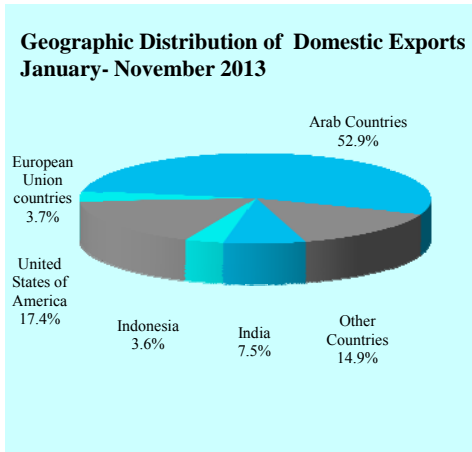
- Exports of **potash** decreased by JD 43.4 million, or 9.9 percent, to stand at JD 394.8 million, compared to a 17.5 percent decrease during the same period in 2012. The Indian, Indonesian, Chinese, and Malaysian and markets accounted for 72.6 percent of these exports.
- Exports of **vegetables** decreased by JD 1.3 million, or 0.4 percent, to total JD 331.9 million, compared to JD 333.2 million during the same period in 2012. The UAE, Iraqi and Saudi markets were the main destinations of these exports accounting for 48.8 percent.

Major Domestic Exports by Commodity, JD Million
January - November 2012,2013

	2012	2013	Percentage Change
Domestic Exports	4,312.3	4,421.2	2.5
Clothes	673.6	734.5	9.0
USA	632.6	679.7	7.4
Potash	438.2	394.8	-9.9
India	85.0	84.2	-0.9
Indonesia	81.4	82.2	1.0
China	126.2	65.9	-47.8
Malaysia	32.0	54.3	69.7
Medical & Pharmaceutical Products	325.5	388.9	19.5
Saudi Arabia	77.1	89.4	16.0
Algeria	55.7	69.8	25.3
Iraq	34.2	44.6	30.4
Sudan	22.6	35.8	58.4
Vegetables	333.2	331.9	-0.4
UAE	59.3	59.8	0.8
Iraq	37.0	51.3	38.6
Saudi Arabia	15.8	50.8	221.5
Phosphate	382.3	258.0	-32.5
India	252.9	182.8	-27.7
Indonesia	47.7	35.8	-24.9
Bulgaria	37.6	11.9	-68.4
Fertilizers	231.1	206.7	-10.6
India	106.6	45.6	-57.2
Turkey	31.1	45.2	45.3
Ethiopia	20.9	29.7	42.1

Source: Department of Statistics.

- Exports of **phosphate** decreased by JD 124.3 million, 32.5 percent, to register JD 258.0 million, compared to a decrease of 3.8 percent during the same period in 2012. This decline was mainly due to the decrease in both

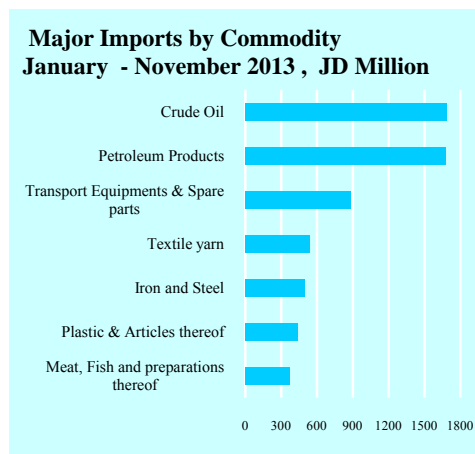


quantities and prices by 20.7 percent and 14.9 percent, respectively. It is worth noting that the Indian market was the main destination for these exports, accounting for 70.9 percent of phosphates exports.

- Consequently, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, “medical and pharmaceutical products”, vegetables, phosphate, and Fertilizers topped the list of domestic exports during the first eleven months of 2013; accounting for 52.4 percent of domestic exports, down from 55.3 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, Saudi Arabia, India, the UAE, Indonesia, and Kuwait were the main destination markets for Jordanian domestic exports during the first eleven months of 2013; accounting for 66.3 percent of domestic exports, up from 62.2 percent during the same period in 2012.

■ Merchandize Imports:

Merchandize imports amounted to JD 14,231.8 million during the first eleven months of 2013, increasing by JD 813.3 million, or 6.1 percent, compared to an increase of 10.2 percent during the same period in 2012.



◆ The developments of imports during the first eleven months of 2013 compared with the same period in 2012 reveals the following:

- **Crude oil** imports decreased by JD 251.0 million, 13.0 percent, to reach JD 1,684.5 million, compared to an increase of 14.1 percent during the same period in 2012. This decrease was attributed to the decline in both, quantities and prices by 8.5 percent and 4.9 percent, respectively. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 389.1 million, or 18.8 percent, to total JD 1,675.6 million compared to an increase of 42.2 percent during the same period in 2012. The main source markets of these imports were India, Belgium and Italy.

- Imports of **Transport equipments and Spare Parts** increased by JD 106.6 million, 13.7 percent, to reach JD 884.6 million compared to an increase by 6.0 percent during the same period in 2012. the USA, South Korea and Japan were the main origin markets for these imports; accounting for 61.1 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 98.4 million, 22.2 percent to reach JD 542.1 million, compared to an increase of 7.1 percent during the same period in 2012. The markets of China, Taiwan and Turkey accounted for 72.7 percent of these imports.

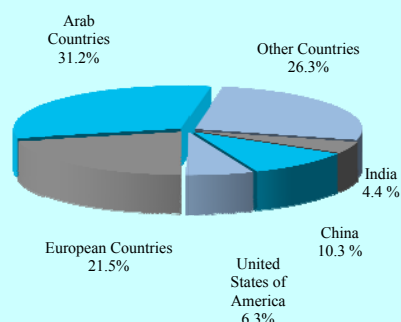
Major Imports by Commodity, JD Million
January – November 2012,2013

	2012	2013	Percentage Change
Total Imports	13,418.5	14,231.8	6.1
Crude oil	1,935.5	1,684.5	-13.0
Saudi Arabia	1,794.0	1,442.6	-19.6
Petroleum Products	2,064.7	1675.6	-18.8
India	107.2	332.1	209.8
Belgium	0.2	188.1	-
Italy	286.6	186.2	-35.0
Transport Equipments and Spare Parts	778.0	884.6	13.7
USA	131.7	192.9	46.5
South Korea	248.8	187.4	-24.7
Japan	100.2	159.9	59.6
Textile Yarn, Fabrics & Related Products	443.7	542.1	22.2
China	183.0	209.1	14.3
Taiwan	104.2	147.4	41.5
Turkey	35.1	37.7	7.4
Iron & Steel	540.7	500.5	-7.4
Ukraine	166.3	112.5	-32.4
China	50.9	67.9	33.4
Syria	25.4	48.3	90.2
Plastic & Articles Thereof	390.6	440.0	12.6
Saudi Arabia	184.5	206.2	11.8
China	23.8	35.6	49.6
UAE	19.7	26.3	33.5
Meat, fish and preparations thereof	344.6	370.2	7.4
Brazil	64.6	101.7	57.4
Australia	69.9	72.8	4.1
India	38.4	33.5	-12.8

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that crude oil, petroleum products, “transport equipments and spare parts”, “Textile yarn, fabrics, made up articles and related products”, “Iron and steel”, “Plastic and Articles thereof”, and “Meat, fish and preparations thereof”, topped the list of imports during the first eleven months of 2013, accounting for 42.8 percent of total imports; down from 48.4 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, India, Germany, Turkey and the UAE were the main sources of imports during the first eleven months of 2013; accounting for 54.8 percent compared to 58.4 percent during the same period of 2012.

**Geographic Distribution of Imports
January - November 2013**



■ Re-Exports

A decrease of JD 14.6 million, or 1.9 percent, was registered in the value of re-exported goods during the first eleven months of 2013 compared to the same period in 2012, to reach JD 759.5 million.

■ Trade Balance

The trade balance deficit during the first eleven months of 2013 increased by JD 719.0 million, or 8.6 percent, to register JD 9,051.1 million compared to the same period in 2012.

☐ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 108.7 million, or 4.4 percent, during 2013 compared to 2012 to register JD 2,586.3 million.

☐ Travel

■ Receipts

Travel receipts decreased by JD 97.0 million, or 4.2 percent, during the first eleven months of 2013 compared to the same period of 2012 to register JD 2,191.3 million, mainly due to the decrease in the inbound medical tourism.

■ Payments

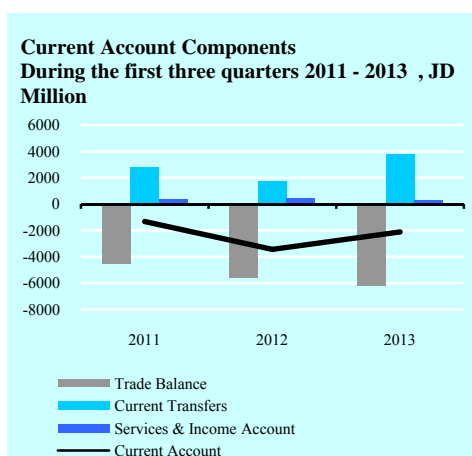
Travel payments decreased by JD 31.4 million, or 4.1 percent, during the first eleven months of 2013 compared to the same period of 2012 to stand at JD 731.0 million.

☐ Balance of Payments

The preliminary data of the balance of payments for the first three quarters of 2013 compared to the same period of 2012, reveals the following developments:

- The current account recorded a deficit of JD 2,112.7 million (12.1 percent of GDP) compared to a deficit of JD 3,439.1 (21.4 percent of GDP) million during the first three quarters of 2012. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit by JD 619.0 million, 11.1 percent, to reach JD 6,176.9 million compared to the same period in 2012.



- ◆ A decrease in the surplus of the services

account by JD 139.3 million to reach JD 453.2 million. As a result of the decline in the registered surpluses for both travel (net) and government services (net), to reach JD 1,180.0 million and JD 77.8 million, respectively, and the decrease in the registered deficit for other services (net) to reach JD 116.0 million and an increase in the registered deficit for transportation (net) to reach JD 688.6 million.

- ◆ Income account recorded a deficit of JD 158.5 million compared to a similar deficit of JD 197.0 million during the first three quarters of 2012, as a result of recording a deficit of JD 326.5 million in investment income (net) and a surplus of JD 168.0 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 2,046.2 million; to reach JD 3,769.5 million, as a result of the increase in net transfers of public sector (foreign grants) and in

the transfers of other sectors (net) by JD 1,182.2 million and JD 864.0 million, to reach JD 1,445.1 million and JD 2,324.4 million, respectively. It's worth mentioning that the workers' remittances (net) increased by 3.0 percent, during the first three quarters of 2013 to record JD 1,769.6 million.

- The capital and financial account in the first three quarters of 2013 registered a net inflow of JD 1,337.0 million compared to a net inflow of JD 3,051.0 million during the same period of 2012, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,041.6 million compared to a similar inflow of JD 866.9 million during the first three quarters of 2012.
 - ◆ Portfolio investments recorded a net inflow of JD 256.4 million compared to a similar inflow of JD 174.1 million during the first three quarters of 2012.
 - ◆ Other investments registered a net inflow of JD 2,821.5 million compared with an outflow of JD 126.4 million during the first three quarters of 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 2,783.3 million compared to a decrease of JD 2,136.0 million during the first three quarters of 2012.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 20,136.8 million at the end of September 2013 compared to JD 18,883.7 million at the end of December 2012. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 2,602.0 million to reach JD 17,119.9 million at the end of September of 2013 compared to the end of December 2012. This increase was a result of the rise in CBJ's reserves by 2,668.9 million.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 3,855.1 million at the end of September 2013 compared to the end of December 2012; standing at JD 37,256.7 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,040.8 million to stand at JD 18,698.1 million.
 - ◆ An increase in the stock of portfolio investments by JD 554.8 million to reach JD 3,339.9 million as a result of the increase in the market value of shares owned by non-residents at Amman stock Exchange (ASE) by JD 453.9 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,931.5 million to reach JD 8,426.3 million. (an increase of JD 750.7 million at the CBJ, and an increase of JD 1,180.8 million at licensed banks).
 - ◆ A decrease in trade credits extended to residents in Jordan by JD 46.8 million, to stand at JD 728.7 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 409.2 million to reach JD 5,632.7 million (drawings of IMF Found Credits and loans).