



Central Bank of Jordan

## **Recent Monetary & Economic Developments in Jordan**

**Research Dept. Monthly Report**

**June, 2011**

**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

- |                            |   |   |
|----------------------------|---|---|
| <b>Loyalty</b>             | : | Commitment and dedication to the institution, its staff and clients.  |
| <b>Integrity</b>           | : | Seeking to achieve our organizational goals honestly and objectively.   |
| <b>Excellence</b>          | : | Seeking to continuously improve our performance and deliver our services in accordance with international standards.                              |
| <b>Continuous Learning</b> | : | Aspiring to continuously improve practical and academic skills to maintain a level of excellence in accordance with international best practices. |
| <b>Teamwork</b>            | : | Working together, on all levels of management, to achieve our national and organizational goals with a collective spirit of commitment.           |
| <b>Transparency</b>        | : | 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 of Jordan (CBJ) from their original sources, unless otherwise explicitly indicated in the context of this report. Nevertheless, the nature of some data should be taken into account in this regards such as the foreign direct investment (FDI) data in the balance of payments, which are based on the Flows (i.e. inflows and outflows) concept during a specific period of time (typically one year) but not the concept of Stocks, which is measured at a specific point of time. Accordingly, the quarterly data of such investments should be studied carefully, analyzed on an annual basis, and then compared to its level in previous years.

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## Executive Summary

**Latest available indicators displayed mixed outcomes for the year 2011. Some indicators recorded marked improvement, particularly domestic exports and credit facilities, extended by the licensed banks. In contrast, budget deficit, travel receipts and worker's remittances from a broad each displayed negative performance. Further, preliminary national accounts estimates released by the Department of Statistics (DOS) displayed a stable growth of Real Gross Domestic Product (GDP) during the first quarter in 2011, comparing to the same quarter in 2010.**

- ❑ **Output and Prices:** In the first quarter of 2011, real GDP at market and basic prices grew by 2.3 percent and 2.5 percent respectively, comparing to 2.4 percent and 4.1 percent in the first quarter of 2010, respectively. During first five months in 2011, the Consumer Price Index (CPI) has increased by 4.6 percent, comparing to a rise in the amount of 4.9 percent in the same period of 2010. Indicator of investments benefiting from Investment Promotion Law (IPL) decreased by JD 160.5 million to total JD 1,660.6 million during 2010, (of which 13.5 percent were foreign investments) comparing to JD 1,821.1 million in 2009.
- ❑ **Monetary and Financial Sector:**
  - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,251.4 million, or 10.2 percent, at the end of May 2011 compared to their level at the end of 2010; standing at US\$ 10,989.8 million.
  - Domestic liquidity grew by JD 273.2 million, or 1.2 percent, at the end of May 2011 compared to its level at the end of 2010; standing at JD 22,579.9 million.
  - The outstanding balance of credit facilities extended by licensed banks was up by JD 957.4 million, or 6.6 percent, at the end of May 2011 compared to its level at the end of 2010; standing at JD 15,408.8 million.
  - Total deposits at licensed banks increased by JD 251.0 million, or 1.1 percent, at the end of May 2011 compared to their level at the end of 2010; totaling JD 22,755.8 million.
  - The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,198.0 points at the end of April 2011, decreasing by 175.6 points, or 7.4 percent, compared to its level at the end of 2010.

- **Public Finance:** The general budget, including foreign grants, showed a fiscal deficit in the amount of JD 148.6 million, during first four months in 2011, comparing to a fiscal deficit in the amount of JD 28.6 million for the same period of 2010. Net outstanding domestic debt (budgetary and own-budget) increased by JD 646.0 million as of April 2011, comparing to its level at the end of 2010; standing at JD 7,498.0 million, or 35.7 percent of GDP. Outstanding external public debt also increased by JD 18.6 million at the end of April 2011 compared to its level at the end of 2010; totaling JD 4,629.4 million, or 22.0 percent of GDP.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 13.1 percent during the first four months of 2011 to reach JD 1,825.5 million. Similarly, the merchandize imports increased by 20.5 percent, totaling JD 4,161.7 million. As a result, the trade deficit expanded by 26.9 percent compared to the same period of the previous year; to reach JD 2,336.2 million. Furthermore, the preliminary figures for the first five months of 2011 showed a decrease in travel receipts and an increase in its payments by 10.6 percent and 0.6 percent respectively, compared to the same period in 2010. In addition, total workers' remittances receipts during the first five months of 2011 decreased by 1.5 percent compared to the same period of 2010. The preliminary figures for the balance of payments for the first quarter of 2011 displayed a deficit in the current account amounting to JD 541.3 million, up from JD 153.7 million during the same period in 2010. Moreover, the Foreign Direct Investment (FDI) recorded net inflows to Jordan by JD 210.9 million during the first quarter of 2011 compared to net inflows of JD 312.8 million during the same period in 2010. Furthermore, the International Investment Position (IIP) showed a net obligation to abroad amounting to JD 13,183.4 million at the end of the first quarter of 2011 compared to JD 12,429.5 million at the end of 2010.

## First: Monetary and Financial Sector

### □ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,251.4 million, or 10.2 percent, at the end of May 2011; compared to their level at the end of 2010; standing at US\$ 10,989.8 million. This level of reserves is equivalent to around 6.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity at the end of May 2011 increased by JD 273.2 million, or 1.2 percent, compared to its level at the end of the previous year to total JD 22,579.9 million.
- The credit facilities' outstanding balance, extended by licensed banks, increased by JD 957.4 million, or 6.6 percent, at the end of May 2011 compared to its level at the end of 2010; standing at JD 15,408.8 million.
- Total deposits at licensed banks increased by JD 251.0 million, or 1.1 percent, at the end of May 2011 in comparison with their level at the end of 2010; totaling JD 22,755.8 million.
- Interest rates on all kinds of deposits and credit facilities at licensed banks decreased at the end of May 2011, compared to their levels at the end of 2010.



- The SPI weighted by market capitalization of free float shares at ASE reached 2,198.0 points at the end of April 2011; decreased by 175.6 points, or 7.4 percent compared to its level at the end of 2010. Further, the market capitalization decreased by around JD 1.3 billion, or 5.9 percent, at the end of April 2011 compared to its level at the end of 2010 to stand at JD 20.6 billion.

### Main Monetary Indicators

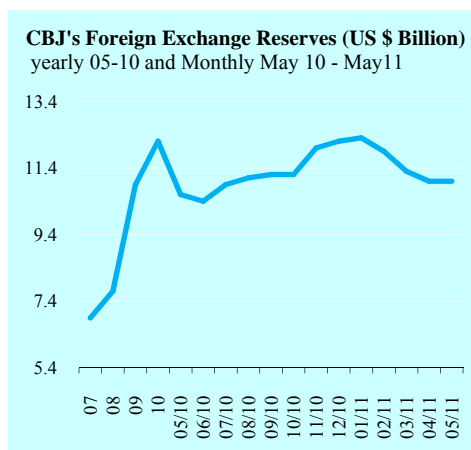
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of May	
		2010	2011
US\$ 12,241.2	CBJ's Foreign Currency Reserves	US\$ 10,595.5	US\$ 10,989.8
12.5%		-2.6%	-10.2%
22,306.7	Money Supply (M2)	20,540.1	22,579.9
11.5%		2.6%	1.2%
14,451.4	Credit Facilities, of which:	13,650.3	15,408.8
8.5%		2.5%	6.6%
12,979.1	Private Sector (Resident)	12,330.2	13,826.9
7.8%		2.4%	6.5%
22,504.8	Total Deposits, of which:	20,916.9	22,755.8
10.9%		3.0%	1.1%
17,617.2	In JD	16,175.3	17,662.8
11.0%		2.0%	0.3%
4,887.6	In Foreign Currencies	4,741.6	5,093.0
10.2%		7.0%	4.2%
18,343.9	Deposits of Private Sector (Resident), of which:	16,644.8	18,551.1
12.8%		2.4%	1.1%
15,214.4	In JD	13,637.0	15,241.8
12.7%		1.0%	0.2%
3,129.5	In Foreign Currencies	3,007.8	3,309.3
13.5%		9.1%	5.7%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

## □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves were down by US\$ 6.1 million, or 0.1 percent, at the end of May 2011 compared to their level in the previous month; standing at US\$ 10,989.8 million. Moreover, these reserves decreased by US\$ 1,251.4 million or 10.2 percent, at the end of the first five months of 2011, compared to their level at the end of 2010. This level of reserves is equivalent to around 6.6 months of the Kingdom's imports of goods and services.



## □ Domestic Liquidity (M2)

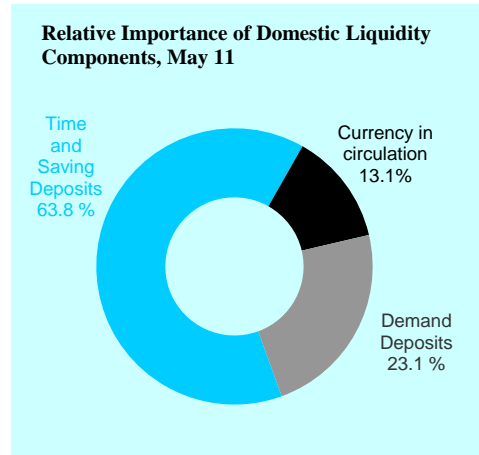
■ Domestic liquidity totaled JD 22,579.9 million at the end of May 2011; decreasing by JD 182.4 million, or 0.8 percent, compared to its level at the end of the preceding month, against an increase in the amount of JD 65.4 million, or 0.3 percent, during the same month in 2010. Moreover, domestic liquidity increased by JD 273.2 million, or 1.2 percent, at the end of the first five months of 2011, against an increase in the amount of JD 526.8 million, or 2.6 percent, during the same period of 2010.

◆ **The comparison of the developments in the domestic liquidity components and the factors affecting liquidity between the end of the first five months in 2011 and the end of 2010 reveals the following:**

### ● Components of Domestic Liquidity

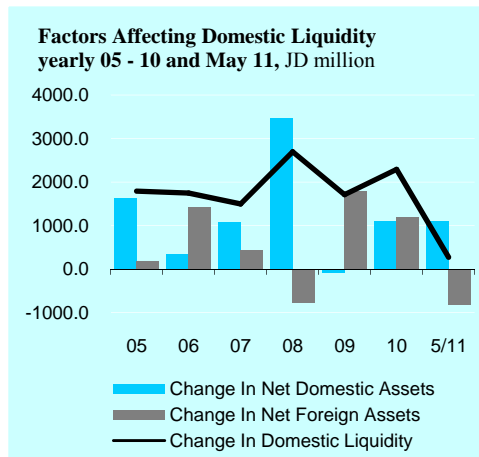
- Deposits increased by JD 150.0 million, or 0.8 percent, at the end of the first five months of 2011 compared to their level at the end of 2010; totaling JD 19,613.0 million, against an increase amounting to JD 458.8 million, or 2.6 percent, at the end of the same period of 2010.

- Currency in circulation increased by JD 123.2 million, or 4.3 percent, at the end of the first five months of 2011; standing at JD 2,966.9 million compared to its level at the end of 2010, against an increase in the amount of JD 68.0 million, or 2.5 percent, at the end of the same period of 2010.



- **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,095.3 million, or 9.0 percent, at the end of the first five months of 2011 compared to its level at the end of 2010, against a growth in the amount of JD 484.7 million, or 4.4 percent, during the same period of 2010. This increase at the end of the first five months in 2011 was a result of the increase in net domestic assets at the CBJ by JD 1,000.9 million, or 14.6 percent, and the increase in these assets at the licensed banks by JD 94.4 million, or 0.5 percent.



- Net foreign assets of the banking system decreased by JD 822.1 million, or 8.2 percent, at the end of the first five months of 2011 compared to their level at the end of 2010, against an increase in the amount of JD 42.1 million, or 0.5 percent, in the same period of 2010. This decrease was an outcome of the decrease in these assets at the CBJ by JD 815.5 million, or 8.2 percent, and the decrease in these assets at the Licensed banks by JD 6.6 (5.8%) million.

**Changes in Factors Affecting Domestic Liquidity (M2)**  
JD Million

Year		Change in balance relative to the end of May	
		2010	2011
<b>1,197.1</b>	<b>Foreign Assets (Net)</b>	<b>42.1</b>	<b>-822.1</b>
718.3	CBJ	-193.4	-815.5
478.8	Licensed Banks	235.5	-6.6
<b>1,096.3</b>	<b>Domestic Assets (Net)</b>	<b>484.7</b>	<b>1,095.3</b>
-574.7	CBJ, of which:	241.6	1,000.9
-275.1	Claims on Public Sector (Net)	-122.4	-6.4
-299.6	Other Items (Net*)	363.8	1,007.1
1,671.0	Licensed Banks	243.1	94.4
597.9	Claims on Public Sector (Net)	46.4	375.1
919.3	Claims on Private Sector	297.4	904.8
153.8	Other Items (Net)	-100.7	-1,185.5
<b>2,293.4</b>	<b>Money Supply (M2)</b>	<b>526.8</b>	<b>273.2</b>
<b>164.2</b>	<b>Currency in Circulation</b>	<b>68.0</b>	<b>123.2</b>
<b>2,129.2</b>	<b>Total Deposits, of which:</b>	<b>458.8</b>	<b>150.0</b>
342.2	In Foreign Currencies	189.1	170.6

\* 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 1/6/2011, the CBJ raised the interest rates on its monetary policy instruments by 25 basis points. Accordingly, the interest rates on the monetary policy instruments became as follows:
  - **Re-Discount Rate:** 4.50 percent.
  - **Interest Rate on Overnight Repurchase Agreements:** 4.25 percent.
  - **Overnight Deposit Window Rate:** 2.25 percent.

As for the developments in interest rates on certificates of deposit (CDs), it is noted that:

- The CBJ did not issue any CDs since October 2008, accordingly, the weighted average interest rate on the latest issue of three-month CDs, which dates back to October 26, 2008, was 5.64 percent.

#### Interest Rates on Monetary Policy Instruments (%)

End of year		May	
		2010	2011
4.25	Re-discount Rate	4.25	4.25
4.00	Repurchase Agreements Rate (Repos)	4.00	4.00
2.00	Overnight Deposit Window Rate	2.00	2.00

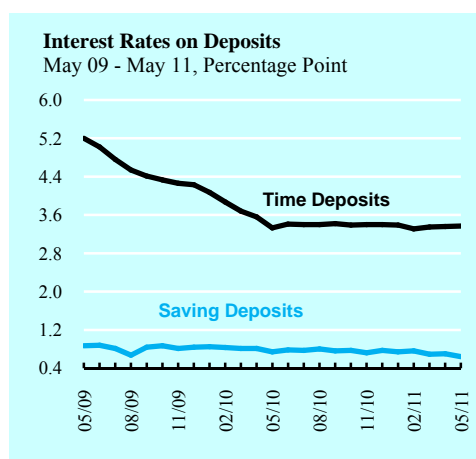
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The weighted average interest rate on the latest issue of six-month CDs, which dates back to October 26, 2008, was 5.94 percent.

## ◆ Interest Rates in the Banking Sector

### • Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of May 2011 increased by one basis point compared to its level at the end of the preceding month; standing at 3.37 percent. Accordingly, this rate was 3 basis points lower than its level at the end of 2010.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of May 2011 decreased by 6 basis points compared to its level in the previous month, to reach 0.64 percent. However, this rate was 13 basis points lower than its level at the end of the preceding year.

- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of May 2011 maintained its level recorded at the end of the previous month; standing at 0.44 percent, which is the same of 2010 level.

### • Interest Rates on Credit Facilities

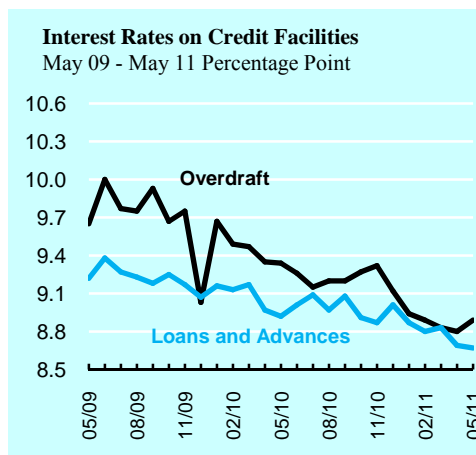
- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts stood at 8.89 percent at the end of May 2011; 9 basis points higher than its level at the end of the previous month. Moreover, this rate was 23 basis points lower than its level at the end of 2010.

**- Discounted Bills and Bonds:**

The weighted average interest rate on “discounted bills and bonds” increased by 21 basis points at the end of May 2011 compared to its level at the preceding month; to stand at 9.32 percent. Moreover, this rate was 9 basis points lower than its level at the end of the previous year.

**- Loans and Advances:** The weighted average interest rate on “loans and advances” stood at 8.67 percent at the end of May 2011; 2 basis points lower than its level at the end of the previous month. Compared to its level at the end of 2010, this rate was 34 basis points lower.

**- The Prime Lending Rate:** This rate stood at 8.18 percent at the end of May 2011; 2 basis points lower than its level at the end of 2010.



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

Year		May		Change Relative to the Year 2010 Basis Points
		2010	2011	
<b>Deposits</b>				
0.44	Demand	0.45	0.44	0
0.77	Saving	0.74	0.64	-13
3.40	Time	3.33	3.37	-3
<b>Credit Facilities</b>				
9.41	Discounted Bills and Bonds	9.43	9.32	-9
9.01	Loans and Advances	8.92	8.67	-34
9.12	Overdraft	9.34	8.89	-23
8.20	Prime Lending Rate	8.20	8.18	-2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

## □ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 15,408.8 million at the end of May 2011; an increase amounting to JD 120.1 million, or 0.8 percent, compared to its level at the end of the previous month, against an increase in the amount of JD 126.7 million, or 0.9 percent, during the same month of 2010. As for the first five months of 2011, credit facilities grew by JD 957.4 million, or 6.6 percent, compared to an increase of JD 333.1 million, or 2.5 percent, during the same period of 2010.
- ◆ The classification of extended credit facilities, according to economic activity, during the first five months of 2011 demonstrates that the increase in these facilities was mainly due to the increase in the item "other" which generally represents credit facilities extended to individuals by JD 299.2 million or 9.7 percent and the increase in credit facilities extended for the industry sector, which increased by JD 265.6 million, or 13.8 percent, compared to their levels at the end of 2010. In addition, the credit facilities extended for both the general trade and the construction sectors increased by JD million 140.0 or 3.9 percent and JD 100.2 million or 3.2 percent, respectively, compared to their levels at the end of 2010.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the extended credit facilities was mainly in the credit facilities extended to the private sector (resident), which increased by JD 847.8 million, or 6.5 percent, at the end of May 2011, compared to their level at the end of 2010. Further, the credit facilities extended to the public sector (central government *plus* public institutions), the private sector (non-resident) and to the non-banking financial institutions increased by JD 75.3 million (16.8%), JD 27.4 million (2.7%), and JD 6.8 million, respectively, compared to their levels at the end of 2010.



#### □ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 22,755.8 million at the end of May 2011; a decrease in the amount of JD 171.0 million, or 0.7 percent, compared to its level at the end of the previous month, against an increase of JD 86.4 million, or 0.4 percent, during the same month of 2010. As for the first five months of 2011, total deposits increased by JD 251.0 million, or 1.1 percent, compared to their level at the end of the preceding year, against an increase amounting to JD 618.5 million, or 3.0 percent, during the corresponding period of 2010.
- ◆ The increase in total deposits at licensed banks during the first five months of 2011 was an outcome of the increase in deposits of the private sector (resident) by JD 207.2 million, or 1.1 percent and the increase in the deposits of the private sector (non-resident) by JD 113.8 million, or 4.7 percent compared to their levels at the end of 2010 on one hand, and the decrease in the deposits of public sector (central government *plus* institutions) by JD 53.4 million, or 3.4 percent, and the decrease in the deposits of non-banking financial institutions by JD 16.6 million, or 8.2 percent, compared to their levels at the end of 2010, on the other hand.
- ◆ The developments in the currency structure of deposits during the first five months of 2011 reveal that both “deposits in foreign currencies” and “deposits in local currency” increased by JD 45.6 million, or 0.3 percent, and JD 205.4 million, or 4.2 percent, respectively, compared to their levels at the end of 2010.

#### □ Amman Stock Exchange (ASE)

The indicators of Amman Stock Exchange displayed a negative performance at the end of the first four months of 2011 compared to the end of the preceding year. This can be demonstrated as follows:

- **Trading Volume**

The trading volume at the ASE totaled JD 264.6 million in April 2011; down by JD 25.1 million, or 8.7 percent, compared to its level at the end of the previous month, against an increase of JD 201.7 million, or 21.7 percent, during the same month in 2010. Furthermore, the trading volume stood at JD 1,176.3 million during the first four months of 2011; a decline amounting to JD 1,969.0 million, or 62.6 percent, compared to its level during the same period of 2010.

- **Traded Shares**

The number of traded shares in April 2011 totaled 391.2 million; down by 28.1 million shares, or 6.7 percent, compared to its level at the end of the preceding month, against an increase amounting to 316.0 million shares, or 32.8 percent, during the same month in 2010. Moreover, the number of traded shares during the first four months of 2011 stood at 1,636.0 million shares compared to 3,122.7 million shares traded during the same period of 2010.

- **Share Price Index (SPI)**

The Share Price Index weighted by market capitalization of free float shares at ASE increased by 22.4 points, or 1.0 percent, at the end of April 2011 compared to its level at the end of the previous month to stand at

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

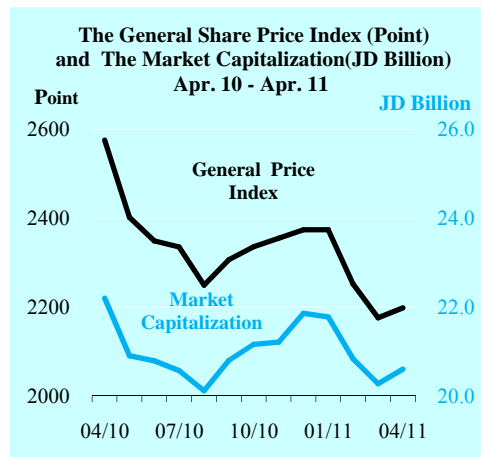
year		April	
		2010	2011
2,373.6	<b>General Index</b>	2,575.5	2,198.0
2,911.7	Financial Sector	3,166.1	2,731.5
2,576.6	Industrial Sector	2,734.8	2,360.5
1,897.2	Services Sector	2,042.6	1,770.1

Source: Amman Stock Exchange.

2,198.0 points, against an increase in the amount of 57.8 points, or 2.3 percent, during the same month in 2010. As for the first four months in 2011, the SPI dropped by 175.6 points, or 7.4 percent, compared to its level at the end of the preceding year, against a rise in the amount of 42.0 points, or 1.7 percent, during the same period of 2010. The above-mentioned drop during the first four months of 2011 was mainly due to the decline in the SPI for the industrial, services and the financial sectors by 216.1 points, or 8.4 percent, 127.1 points, or 6.7 percent, and 180.2 points, or 6.2 percent, respectively, compared to their levels at the end of 2010.

- **Market Capitalization**

The ASE's market capitalization totaled JD 20.6 billion at the end of April 2011; an increase of 0.3 JD billion, or 1.5 percent, compared to its level at the end of the previous month, against an increase of 0.5 JD billion, or 2.3 percent during the same month in the preceding year.



However, the market capitalization decreased by JD 1.3 billion, or 5.9 percent, during the first four months of 2011, compared to its level at the end of 2010, against a decline amounting to around JD 0.3 billion, or 1.3 percent, over the same period of 2010.

- **Non - Jordanian Net Investment**

Non - Jordanian net investment at ASE recorded an inflow amounting to JD 29.3 million in April 2011, compared to an outflow amounting to JD 10.0 million during the same month in 2010; the value of shares acquired by non - Jordanians in April 2011 stood at JD 71.3 million, while the value of shares sold by the said group amounted to JD 42.0 million. Furthermore, non-Jordanian net investment displayed an inflow amounting to JD 73.3

million during the first four months of 2011, against an outflow in the amount of JD 6.1 million during the same period of 2010.

**Main Amman Stock Exchange Trading Indicators, JD Million**

Year		April	
		2010	2011
6,690.0	Value Traded	1,131.2	264.6
26.8	Average Daily Trading	53.9	13.2
21,858.2	Market Capitalization	22,173.7	20,570.8
6,988.9	No. of Traded Shares (million)	1,279.1	391.2
(14.6)	Net Investment of Non-Jordanian	(10.0)	29.3
1,036.6	Non-Jordanian Buying	173.1	71.3
1,051.2	Non-Jordanian Selling	183.1	42.0

Source: Amman Stock Exchange.

## Second: Output and Prices

### □ Summary

- Gross Domestic Product (GDP) at both market and basic prices registered a real growth amounting to 2.3 percent and 2.5 percent, respectively, during the first quarter of 2011 compared to 2.4 percent and 4.1 percent, respectively, during the first quarter in 2010.
- The general price level, as measured by the Consumer Price Index (CPI), increased by 4.6 percent during the first five months in 2011 against an increase amounting to 4.9 percent during the same period in 2010.
- Investments benefiting from the Investment Promotion Law (IPL) totaled JD 1,660.6 million during 2010 (of which foreign investments constitute 13.5 percent of the total), compared to JD 1,821.1 million in 2009.

### □ Developments in Gross Domestic Product (GDP)

According to preliminarily quarterly estimates released by DOS, the growth of the national economy remains stable during the first quarter of 2011, comparing to the same quarter in 2010. **GDP, at constant market prices, grew at 2.3 percent during the first quarter in 2011, comparing to 2.4 percent during the same quarter in 2010.** This growth was affected by the regional and political conditions on one hand, and the slowdown in services sectors during the first quarter of 2011, on the other. When excluding “net taxes on products”, which displayed an increase by 0.9 percent during the first quarter in 2011, **GDP growth rate at constant basic prices rose to 2.5 percent** comparing to 4.1 percent during the same quarter in 2010.

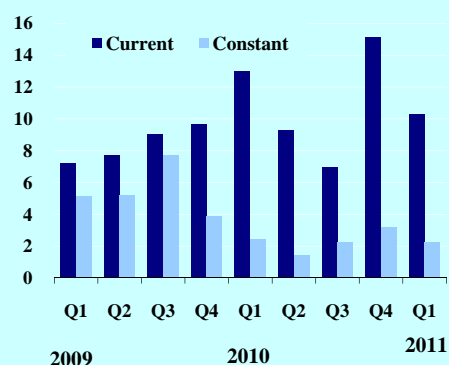
**Quarterly Growth Rates of GDP at Market Prices  
2009 - 2011**

					Percentages
	Q 1	Q2	Q3	Q4	Year
<b>2009</b>					
GDP at Constant Market Prices	5.1	5.2	7.7	3.9	<b>5.5</b>
GDP at Current Market Prices	7.2	7.7	9.0	9.6	<b>8.5</b>
<b>2010</b>					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	<b>2.3</b>
GDP at Current Market Prices	13.0	9.3	7.0	15.1	<b>10.9</b>
<b>2011</b>					
GDP at Constant Market Prices	2.3				
GDP at Current Market Prices	10.3				

Source: Department of Statistics.

**GDP at current market prices grew at 10.3 percent** comparing to 13.0 percent during the first quarter of 2010, which account for **the rise in the general price level, measured by the GDP deflator, by 7.8 percent during the first quarter of 2011** comparing to 10.3 percent during the same period of 2010.

**Quarterly Growth Rates of GDP at Market Prices (2009 - 2011), %**



Economic sectors displayed a mixed performance during the first quarter of 2011. **Some sectors witnessed a marked improvement, particularly “mining and quarrying”** sector which picked up strongly, recording a real

growth rate of 43.0 percent during the first quarter of 2011 comparing to a contraction amounting to 18.7 percent during the same period of 2010. Meanwhile, both **“trade, restaurants and hotels”** and **“manufacturing”** sectors witnessed an improvement in their growth performance during the first quarter of 2011 amounting to 4.1 percent and 3.3 percent, respectively, comparing to 0.6 percent and 1.1 percent during the same period in 2010, respectively.

On the other hand, **“finance, insurance, real estate and business services”**, **“agriculture”** and **“transport and communication”** displayed a slowdown in their performance, to register a growth rate of 5.6 percent, 2.2 percent and 1.3 percent in the first quarter of 2011, respectively, comparing to 10.4 percent, 6.3 percent and 5.8 percent during the same period in 2010, respectively.

In contrast, the sector of **“construction”** experienced a noticeable **contraction** amounting to 23.6 percent comparing to an increase amounting to 6.1 percent during the first quarter in 2010. Furthermore, **“electricity and water”** sector witnessed a minor contraction by 1.0 percent comparing to a decline of 15.5 percent during the first quarter in 2010.

The data revealed that the contribution of both commodity- and service-producing sectors **in the overall GDP growth, at constant basic prices, amounted to 0.03 percentage point and 2.47 percentage points during the first quarter in 2011, respectively, comparing to 0.03 percentage point and 4.07 percentage points during the first quarter in 2010, respectively.**

The growth rates for the years (2006-2010) have been updated recently in light of the results of the annual surveys conducted by the DOS. The updated figures differ significantly from the earlier released figures by DOS, as shown in the table below:

		Percentages				
		2006	2007	2008	2009	2010
<b>Growth rates at constant prices</b>	Previous figures	7.9	8.5	7.6	2.3	3.1
	Adjusted figures	<b>8.1</b>	<b>8.2</b>	<b>7.2</b>	<b>5.5</b>	<b>2.3</b>
<b>Growth rates at current prices</b>	Previous figures	24.3	13.5	27.9	10.6	9.6
	Adjusted figures	<b>19.6</b>	<b>13.6</b>	<b>28.5</b>	<b>8.5</b>	<b>10.9</b>

#### □ Microeconomic Indicators

The latest sectoral indicators displayed divergent performance during the available period to date. Some indicators recorded a fast pace growth, most notably “licensed areas for building”, production of potash and the quantities of exported and imported goods shipped through the Aqaba port, in addition to the “mining and quarrying” and Electricity production quantity index. Other indicators, such as number of passengers through the Royal Jordanian Airlines, and the production of phosphate, displayed a slow pace. In contrast, the performance of certain other indicators showed a downward trend, most notably cement production and sales to the domestic market, number of departures and the manufacturing production quantity index.



The following tables display the performance of the main sectoral indicators categorized according to their performance and their respective periods:

Fast pace growing indicators *			
Percentages			
The whole 2010	Item	January - April	
		2010	2011
39.7	"Mining and quarrying" production quantity index	4.7	32.4
7.8	Licensed areas for building	-15.4	31.5
-5.0	Electricity production quantity index	-7.2	0.1
The whole 2010	Item	January - May	
		2010	2011
18.7	Quantities of exported and imported goods shipped through the Aqaba port	16.6	20.7
72.2	Production of potash	-14.2	44.0
-5.3	Production of petroleum products	-4.8	4.4

Decelerating indicators *			
Percentages			
The whole 2010	Item	January - March	
		2010	2011
13.6	The number of passengers through the Royal Jordanian	20.4	4.1
30.3	Cargo through the Royal Jordanian	12.1	10.7
The whole 2010	Item	January - May	
		2010	2011
26.7	Production of phosphate	36.2	18.5

Contracting indicators *			
Percentages			
The whole 2010	Item	January - March	
		2010	2011
-3.0	Quantity of cement sales to the domestic market (excluding imported quantities)	-7.0	-6.6
-3.8	Production of cement	0.1	-15.1
The whole 2010	Item	January - April	
		2010	2011
-5.6	Manufacturing production quantity index	-4.1	-3.5
-3.1	Industrial production quantity index	-3.7	-0.8
9.9	Production of chemical acids	40.7	-4.3
The whole 2010	Item	January - May	
		2010	2011
19.9	Number of departures	32.1	-15.7
5.4	Production of fertilizers	34.9	-8.5

\*.: Calculated Items, Based on Data Issued by the Following Sources:  
 - Monthly Statistical Bulletin / Central Bank of Jordan.  
 - Cement Companies in Jordan.  
 - Royal Jordanian.

## □ Investments Benefiting from the Investment Promotion Law

- ◆ According to the latest statistics issued by the Jordan Investment Board (JIB), **planned investments benefiting from the Investment Promotion Law (IPL) totaled JD 1,660.6 million during 2010 compared to JD 1,821.1 million in 2009.**
- ◆ As for the sectoral distribution of investments benefiting from the IPL, the sector of hotels unprecedently came in the **first rank in terms of size of investments; accounting for 41.6 percent (JD 690.0 million) during 2010.** This is followed by the sectors of industry, “leisure and recreational compounds”, transportation, hospitals and agriculture which accounted for 35.6 percent, 15.3 percent, 4.3 percent, 1.8 percent and 1.4 percent, respectively.
- ◆ Regarding the distribution of total investments according to nationality, the latest annual figures revealed that the value of domestic investments benefiting from the IPL has increased to stand at JD 1,436.5 million (accounting for 86.5 percent of total investments) during 2010 compared to JD 1,114.1 million in 2009, while foreign investments accounted for the remaining 13.5 percent.
- ◆ It is worth noting that the nature and the coverage of investments benefiting from the IPL differ from those of the Foreign Direct Investment (FDI) statistics in the balance of payments. The first indicator measures the size of planned investments by both domestic and foreign investors in a number of targeted economic sectors in accordance with the IPL, while FDI statistics measure the actual size of capital inflows from the outside world in various sectors, including the real estate sector.

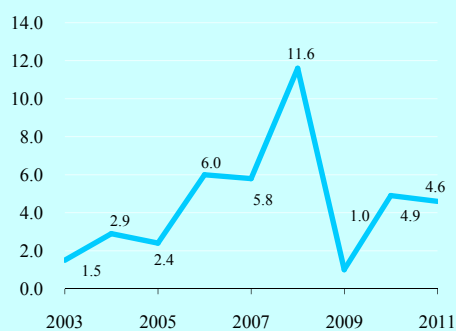
## □ Prices

The general price level, as measured by the Consumer Price Index (CPI), increased by 4.6 percent during the first five months of 2011 against a rise amounting to 4.9 percent during the same period in 2010.

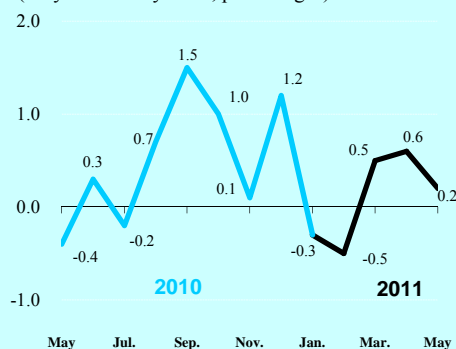
Such a rise was chiefly affected by the increase in the prices of primary commodities, in particular the prices of oil and food items in the international markets, compared to the same period in the preceding year.

Moreover, consumer prices have increased slightly by 0.2 percent in May 2011 compared to their level in the preceding month. This rise was mainly due to the increase in the prices of “fruits”, “meat and poultry”, as well as “clothing and footwear” items.

**Annual Bases Inflation Rate**  
First Five Months for the years  
(2003-2011), percentages



**Monthly Inflation Rate**  
(May 2010 -May 2011, percentages)



**The price developments of main components of the CPI basket during the first five months in 2011 compared to the same period of 2010 can be outlined as follows:**

- ◆ The prices of the **“food items” group** (which makes up the largest weight amongst the CPI components; accounting for 36.65 percent) **registered a rise amounting to 4.4 percent during the first five months in 2011 compared to an increase amounting to 3.9 percent during the same period of 2010. The contribution of this group to the overall rate of inflation recorded during the first five months in this year reached 1.6 percentage points.** The rise in the prices of this group was driven by the increase in the prices of most items included in this group; particularly the prices of “vegetables” which leapt by 10.0 percent (against a decline amounting to 1.1 percent during the same period of 2010) as well as the prices of “sugar and confectionaries” and “fruits”, which increased by 7.9 percent and 6.1 percent, respectively. In contrast, the prices of “cereals and products” item declined by 3.0 percent compared to a rise amounting to 3.1 percent during the same period of 2010.
- ◆ The prices of the **“clothing and footwear” group** (which makes up the least weight among the components of the CPI basket, accounting for 4.95 percent) **rose by 5.1 percent during the first five months in 2011 compared to an increase in the amount of 0.9 percent during the same period of 2010. Accordingly, this group's contribution to the overall inflation rate amounted to 0.3 percentage point during the period under analysis.** The pace of prices increase of this group was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 5.1 percent and 4.8 percent, respectively, during the first five months of 2011 compared to 0.7 percent and 1.8 percent, respectively, during the same period of 2010.

- ◆ The prices of the **“housing” group** (which accounts for 26.78 percent of the CPI basket) **increased by 4.1 percent during the first five months in 2011 compared to an increase amounting to 4.2 percent during the same period of 2010. In effect, this group contributed to the overall inflation rate by 1.1 percentage points during the first five months in 2011.** The increase in the prices of this group was affected by the rise in the prices of “rents” item by 5.3 percent and “fuels and lighting” item by 3.4 percent. In addition, other items showed a varied rates of increase in their prices, ranging from 1.0 percent for “house repairing, garbage and water” to 4.4 percent for “cleaning materials”.

The prices of the **“other goods and services” group** (which accounts for 31.62 percent of the CPI basket) **increased by 5.1 percent during the first five months in 2011 compared to a larger increase amounting to 7.8 percent during the same period of 2010. In consequence, this group contributed to the overall inflation rate by 1.6 percentage points during the first five months in 2011.** The increase in this group's prices was a result of the rise recorded in most items' prices, particularly “transportation”, “personal care” and “education” which increased by 8.4 percent, 7.9 percent and 5.9 percent, respectively, while the prices of some other items declined, most notably “communication” which dropped by 4.3 percent.

### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, showed a fiscal deficit amounting to JD 148.6 million during the first four months in 2011, compared to a fiscal deficit in the amount of JD 28.6 million, during the same period in the preceding year. Excluding foreign grants (amounting to JD 17.8 million), the general budget shows a fiscal deficit in the amount of JD 166.4 million.
- Gross outstanding domestic public debt (budgetary and own- budget) stood at JD 8,474.0 million, or 40.4 percent of GDP, at the end of April 2011, reflecting a rise amounting to JD 494.0 million compared to its level at the end of 2010.
- Net outstanding domestic public debt totaled JD 7,498.0 million, or 35.7 percent of GDP, at the end of April 2011; up by JD 646.0 million compared to its level at the end of 2010.
- Outstanding external public debt (budgetary and guaranteed) increased by JD 18.6 million at the end of April 2011 in comparison with its level at the end of 2010; standing at JD 4,629.4 million, or 22.0 percent of GDP.

#### □ The performance of the general budget during April and the first four months in 2011 compared to the same period in 2010:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 129.7 million, or 32.6 percent, in April 2011 compared to the same month in 2010 to reach JD 527.3 million. As for the first four months in 2011, these revenues were down by JD 129.5 million, or 7.8 percent, compared to the same period in 2010 to stand at JD 1,533.9 million. This result was driven by the decrease in both domestic revenues and foreign grants by JD 43.7 million and JD 85.8 million, respectively.

**Main Government Budget Indicators during April and the first four months of 2011 and 2010:**

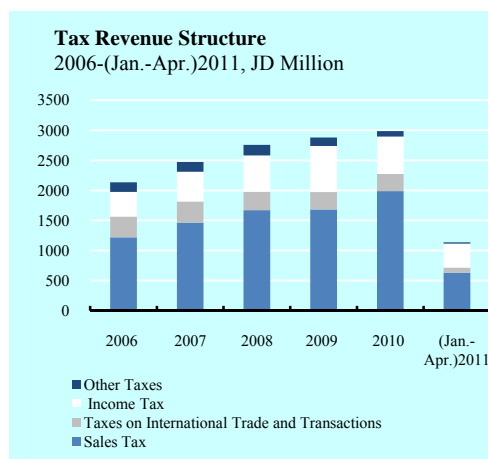
(JD Million and Percentages)

	April		Growth Rate %	Jan. – Apr.		Growth Rate %
	2010	2011		2010	2011	
<b>Total Revenues and Grants</b>	<b>397.6</b>	<b>527.3</b>	<b>32.6</b>	<b>1,663.4</b>	<b>1,533.9</b>	<b>-7.8</b>
Domestic Revenues, of which:	362.2	527.3	45.6	1,559.8	1,516.1	-2.8
Tax Revenues, of which:	229.2	452.2	97.3	1,117.3	1,137.1	1.8
General Sales Tax	155.7	139.9	-10.1	577.5	629.6	9.0
Other Revenues, of which:	131.3	73.6	-43.9	436.1	372.2	-14.7
Land Registration Fees	11.9	7.6	-36.1	45.7	42.6	-6.8
Foreign Grants	35.4	0.0	-100	103.6	17.8	-82.8
<b>Total Expenditures</b>	<b>438.1</b>	<b>436.1</b>	<b>-0.5</b>	<b>1,692.0</b>	<b>1,682.5</b>	<b>-0.6</b>
<b>Overall Deficit/ Surplus</b>	<b>-40.5</b>	<b>91.2</b>		<b>-28.6</b>	<b>-148.6</b>	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues decreased by JD 43.7 million, or 2.8 percent, during the first four months in 2011 compared to the same period in 2010; amounting to JD 1,516.1 million. This decline was the outcome of the drop in the proceeds of “other revenues” by JD 63.9 million, on one hand, and the increase in both the proceeds of “tax revenues” and “pension contributions” by JD 19.8 million and JD 0.4 million, respectively, on the other.



## ◀ Tax Revenues

Tax revenues increased by JD 19.8 million, or 1.8 percent, in the first four months in 2011 compared to the same period in 2010, to reach JD 1,137.1 million; accounting for 75.0 percent of domestic revenues. This increase was chiefly influenced by the following developments:

- **The decrease in the proceeds of “income and profit taxes”** by JD 20.7 million, or 4.9 percent, standing at JD 401.3 million. This decrease was due to the decline in the proceeds of “income tax from companies and other projects” by JD 3.9 million, and the drop in the proceeds of “income tax from individuals” by JD 16.8 million. In further details, income tax from companies accounted for 87.2 percent of total taxes on income and profits, standing at JD 350.0 million (of which JD 181.1 million from the income of banks and financial institutions). **The drop in the proceeds of “income and profit taxes” was chiefly attributable to the adjustment on the Temporary Income Tax Law No. (28) for the year 2009 by reducing the tax rates for some sectors, and pursuant to the provisions of this law, exempting the 6.0 percent tax on the tax receivables for all companies and banks, and thus extending the payment period until the end of April, 2011.**
- **The slightly increase in the proceeds of “taxes on international trade and transactions”** by JD 0.8 million, or 0.9 percent, standing at JD 85.3 million. This result was driven by the decrease in the proceeds of “departure tax” by JD 1.1 million, and the rise in the proceeds of “customs duties and fees” by JD 1.9 million.



- **The increase in the proceeds of general sales tax on goods and services** by JD 52.1 million, or 9.0 percent, to reach JD 629.6 million. This increase was driven by the rise in most of general sales tax items' proceeds. Specifically, the proceeds of “sales tax on domestic goods” increased by JD 5.8 million, driven by tax measures adopted by the government on both types of gasoline and abolishing the general sales tax exemption on coffee during June 2010. Moreover, the proceeds of “sales tax on imported goods” displayed an increase amounting to JD 57.0 million. While the proceeds of “sales tax on services” remained unchanged during the first four months in 2011 compared to their level in the same period in 2010, standing at JD 111.9 million. In contrast, the proceeds of “sales tax on the commercial sector” declined by JD 10.7 million.

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

“Other revenues” decreased by JD 63.9 million, or 14.7 percent, in the first four months in 2011 to reach JD 372.2 million. This decrease was the outcome of the drop in property income proceeds by JD 64.9 million to stand at JD 49.2 million (of which financial surplus of independent government units amounting to JD 40.3 million); as well as the decrease in revenues from selling goods and services by JD 6.9 million to reach JD 196.1 million, on one hand, and the increase in miscellaneous revenues by JD 7.9 million to stand at JD 126.9 million, on the other.

### ◀ Pension Contributions

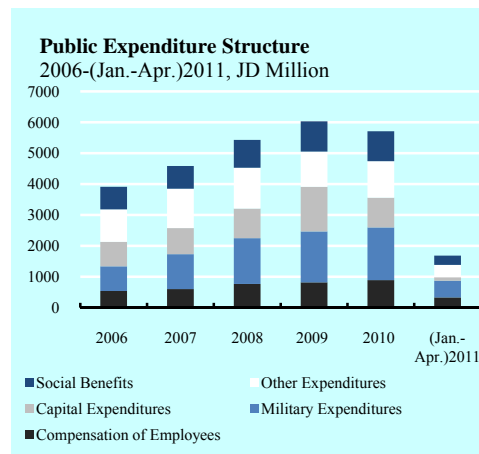
Pension contributions were up by JD 0.4 million during the first four months in 2011 to stand at JD 6.8 million.

### ◆ Foreign Grants

Foreign grants were down by JD 85.8 million during the first four months in 2011 compared to the same period in 2010, standing at JD 17.8 million.

### ■ Public Expenditures

Public expenditures decreased by JD 2.0 million, or 0.5 percent, in April 2011 compared to the same month in 2010 to stand at JD 436.1 million. Moreover, these expenditures declined by JD 9.5 million, or 0.6 percent, during the first four months in 2011 to stand at JD 1,682.5 million. This decline was the outcome of the drop in capital expenditures by 45.1 percent, on one hand, and the rise in current expenditures by 5.6 percent, on the other.



### ◆ Current Expenditures

Current expenditures were up by JD 83.0 million, or 5.6 percent, in the first four months in 2011; amounting to JD 1,569.8 million. This increase was due to the rise in the civil sector's employees' compensation (wages, salaries and social security contributions) by JD 44.0 million to stand at JD 333.2 million. Moreover, goods subsidies increased by JD 44.6 million, due to the recurrent rise in the

world commodity prices, particularly wheat prices, in addition to maintaining the domestic liquid gas subsidy. As a result, goods subsidy stood at JD 101.2 million in the first four months in 2011 against JD 56.6 million in the same period in 2010. The item of interest payments, both internal and external, has also increased by JD 28.9 million. In addition, “social benefit expenditures” has also increased by JD 3.2 million to stand at JD 301.4 million. Meanwhile, the military expenditures and the “purchases of goods and services” have declined by JD 23.9 million and JD 3.8 million, to total JD 537.7 million and JD 74.5 million, respectively.

◆ **Capital Expenditures**

Capital expenditures declined in the amount of JD 92.5 million, or 45.1 percent, in the first four months in 2011 compared to the same period in 2010; standing at JD 112.7 million.

■ **General Budget Deficit/ Surplus**

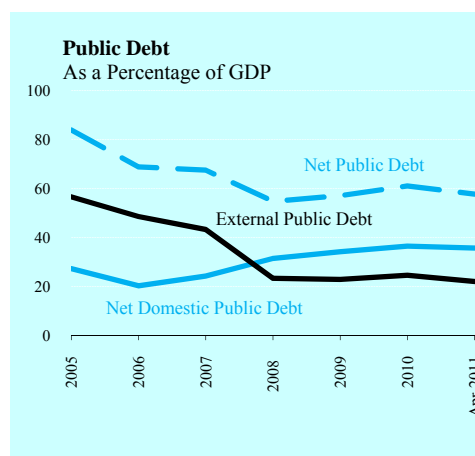
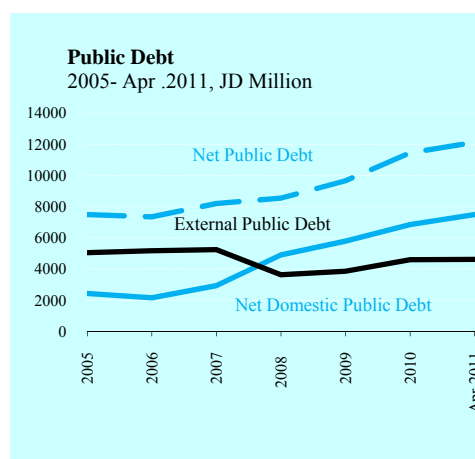
- ◆ **The general budget, including grants, displayed a fiscal deficit amounting to JD 148.6 million, during the first four months in 2011** against a fiscal deficit in the amount of JD 28.6 million, during the same period in 2010.
- ◆ **The general budget showed a primary deficit** (after excluding interest payments on public debt from total expenditures) **amounting to JD 9.2 million, during the first four months in 2011** against a primary surplus in the amount of JD 81.9 million, during the same period in 2010.

## Public Debt

- Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) was up by JD 494.0 million at the end of April 2011 compared to its level at the end of 2010 to reach JD 8,474.0 million, or 40.4 percent of GDP. This rise was the outcome of the increase in the budgetary domestic public debt as well as the gross outstanding domestic public debt for own-budget agencies by JD 323.0 million and JD 171.0 million, respectively. This increase in the budgetary domestic public debt was mainly the outcome of the rise in the balance of the “treasury bills and bonds” in the amount of JD 375.0 million**

to total JD 6,785.0 million at the end of April 2011, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 872.0 million at the end of April 2011, on the other.

- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 646.0 million at the end of April 2011 compared to its level at the end of 2010 to total JD 7,498.0 million, or 35.7 percent**



of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 494.0 million and the decline in the government deposits at the banking system by JD 153.0 million compared to their level at the end of 2010.

- **Outstanding balance of external public debt (budgetary and guaranteed) was up** by JD 18.6 million at the end of April 2011 compared to its level at the end of 2010; amounting to JD 4,629.4 million, or 22.0 percent of GDP. The currency structure of this debt indicates that external debt in US dollars accounted for 38.5 percent, while debt in Euros accounted for 9.4 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 21.9 percent and 19.2 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 664.6 million at the end of April 2011 compared to its level at the end of 2010 to stand at JD 12,127.4 million, or 57.7 percent of GDP, against JD 11,462.8 million, or 61.1 percent of GDP, at the end of 2010. Consequently, the ratio of net public debt to GDP decreased by 3.4 percentage points compared to its level at the end of 2010. It is worth mentioning in this respect that the amended Public Debt Management Law for 2008 sets new ceilings for the public debt. According to the introduced amendments, net outstanding domestic public debt and outstanding external public debt shall not exceed 40.0 percent of GDP for each. In addition, total outstanding public debt shall not exceed 60.0 percent of GDP.
- **External debt service (budgetary and guaranteed)**, on a cash basis, amounted to JD 149.1 million during the first four months in 2011 (of which interest payments amounting to JD 31.6 million) compared to JD 127.4 million during the same period in 2010 (of which interest payments amounting to JD 26.6 million).

#### □ Fiscal and Price Measures

- ◆ Maintaining the prices of many types of oil derivatives unchanged, while decreasing the prices of the others as of June 2011, as detailed in the table below:

	Unti	2011		Change %
		May	June	
Unleaded Gasoline 90	Fils/Liter	620	620	0.0
Unleaded Gasoline 95	Fils/Liter	795	795	0.0
Gas Oil (Diesel)	Fils/Liter	515	515	0.0
Kerosene	Fils/Liter	515	515	0.0
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0
Fuel oil for industry	JD/Ton	520.5	495.9	-4.7
Fuel oil for ships	JD/Ton	522.0	495.9	-5.0
Fuel oil for airplanes (local companies)	Fils/Liter	677	628.0	-7.2
Fuel oil for airplanes (foreign companies)	Fils/Liter	682	633.0	-7.2
Fuel oil for unplanned flights	Fils/Liter	697	648.0	-7.0
Asphalt	JD/Ton	557.1	531.0	-4.7

#### □ Grants, Loans and Other Agreements

- ◆ Signing a grant agreement in the amount of YEN 1.9 billion (equivalent to around US\$ 23.5 million) extended from Japan International Cooperation Agency's (JICA) to fund the project of rehabilitate and improving water networks in Tafileh (June 2011).
- ◆ Signing a grant agreement in the amount of US\$ 400.0 million extended from The Kingdom of Saudi Arabia to support the general budget (April 2011).

## Fourth: External Sector

### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 6.1 percent in April 2011 compared to the same month in 2010; to record JD 458.0 million. As for the first four months of 2011, total merchandize exports increased by 13.1 percent to reach JD 1,825.5 million.
- **Merchandize imports** increased by 22.4 percent in April 2011 compared to the same month in the previous year; amounting to JD 1,117.0 million. As for the first four months of 2011, total merchandize imports were up by 20.5 percent to total JD 4,161.7 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 36.9 percent in April 2011 compared to the same month in 2010; standing at JD 659.0 million. As for the first four months of 2011, the trade deficit expanded by 26.9 percent to reach JD 2,336.2 million.
- **Travel receipts** decreased by 30.2 percent during May 2011 compared to the same month in the preceding year; to record JD 130.9 million. Similarly, **travel payments** decreased by 6.3 percent during May 2011; to reach JD 72.8 million. As for the first five months of 2011, travel receipts decreased by 10.6 percent compared to the same period of 2010; to reach JD 793.3 million, while travel payments increased by 0.6 percent to reach JD 356.7 million.
- **Total workers' remittances receipts** amounted to JD 200.6 million during May 2011; a decrease of 4.7 percent compared to the same month in 2010. As for the first five months of 2011, total workers' remittances receipts decreased by 1.5 percent compared to the same period of 2010; to total JD 992.6 million.
- **The current account of the balance of payments** displayed a deficit of JD 541.3 million during the first quarter of 2011 compared to a deficit of JD 153.7 million during the same period in the previous year.

- **Net FDI inflows to Jordan** recorded JD 210.9 million during the first quarter of 2011, down from JD 312.8 million during the same period in 2010.
- **International Investment Position (IIP)** displayed an increase in net obligations of the kingdom to abroad by JD 753.9 million to reach 13,183.4 million at the end of the first quarter of 2011.

#### □ External Trade

The volume of external trade (domestic exports *plus* imports) increased by JD 894.7 million to stand at JD 5,711.8 million. As a result of the increase in domestic exports and imports by JD 187.6 and JD 707.1 million, respectively, during the first four months of 2011.

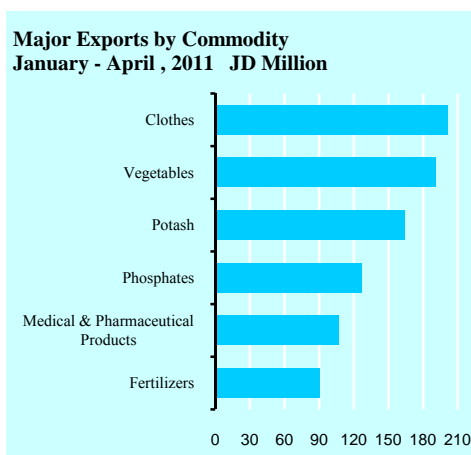
<b>Jordan's Major Trade Partners</b> January – April 2010- 2011, JD Million				<b>Developments of External Trade Indicators, JD Million</b>			
	2010	2011	Percentage Change	January - April			
<b>Exports</b>							
Iraq	230.2	296.1	28.6				
United States	193.4	208.5	7.8				
India	135.2	155.6	15.1				
Saudi Arabia	130.8	132.8	1.5				
Syria	87.6	99.3	13.4				
Lebanon	44.4	59.6	34.2				
Ethiopia	18.0	54.1	200.6				
<b>Imports</b>							
Saudi Arabia	657.4	1018.3	54.9				
China	332.2	407.3	22.6				
United States	194.7	243.3	25.0				
Germany	237.6	209.4	-11.9				
Egypt	171.7	176.9	3.0				
Italy	121.3	166.4	37.2				
South Korea	141.5	150.2	6.1				
Turkey	92.1	145.9	58.4				
Source: Department of Statistics.							
				<b>2010</b>	<b>Percentage Change 2009/2010</b>	<b>2011</b>	<b>Percentage Change 2010/2011</b>
External Trade	4,817.1	13.4	5,711.8	18.6			
Total Exports	1,613.4	2.4	1,825.5	13.1			
Domestic Exports	1,362.5	13.5	1,550.1	13.8			
Re-exports	250.9	-33.1	275.4	9.8			
Imports	3,454.6	13.3	4,161.7	20.5			
Trade Balance	-1,841.2	25.0	-2,336.2	26.9			
Source: Department of Statistics.							



### ■ Merchandize Exports:

Total merchandize exports increased by 13.1 percent during the first four months of 2011, compared to a 2.4 percent increase during the same period in 2010, to record JD 1,825.5 million. This increase resulted from a rise in domestic exports and re- exports of JD 187.6

million and JD 24.5 million, or 13.8 percent and 9.8 percent, to reach JD 1,550.1 million and JD 275.4 million, respectively.



**The comparison of the developments in domestic exports during the first four months of 2011 and the corresponding period in 2010 reveals the following:**

- Exports of **phosphates** increased by JD 45.7 million, or 56.4 percent, to reach JD 126.8 million, compared to a decline of 36.6 percent during the same period of 2010. This increase reflects a rise in both quantities and prices of phosphates by 28.2 percent and 22.1 percent, respectively. The Indian, Indonesian and Turkish markets accounted for 78.9 percent of phosphates exports.

- Exports of **potash** increased by JD 42.0 million, or 34.3 percent, to stand at JD 164.3 million, compared to an increase of 26.0 percent during the first four months in 2010. The geographical distribution of these exports indicates that Indian, Chinese and Malaysian markets accounted for 60.2 percent of potash exports.
- Exports of **vegetables** increased by JD 17.8 million, or 10.3 percent, to total JD 191.0 million, compared to an increase of 22.9 percent during the same period of 2010. Iraqi and Syrian markets were the main destinations of these exports; accounting for 71.5 percent.

### Major Domestic Exports by Commodity

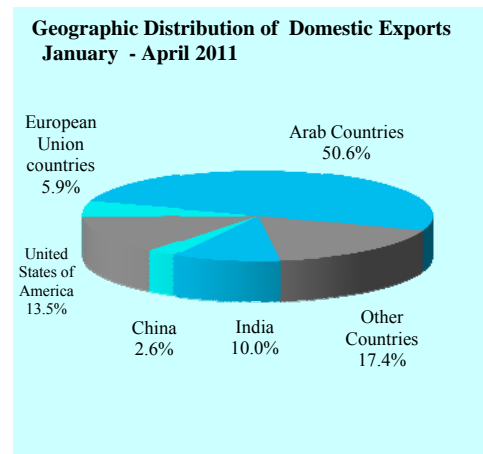
January- April, 2010 - 2011, JD Million

	2010	2011	Percentage Change
<b>Domestic Exports</b>	<b>1,362.5</b>	<b>1,550.1</b>	<b>13.8</b>
<b>Clothes</b>	<b>186.8</b>	<b>201.6</b>	<b>7.9</b>
United States	173.7	185.4	6.7
<b>Vegetables</b>	<b>173.2</b>	<b>191.0</b>	<b>10.3</b>
Iraq	55.7	68.6	23.2
Syria	57.7	67.9	17.7
<b>Potash</b>	<b>122.3</b>	<b>164.3</b>	<b>34.3</b>
India	34.1	40.8	19.6
China	12.7	38.8	205.5
Malaysia	20.1	19.4	-3.5
<b>Phosphates</b>	<b>81.1</b>	<b>126.8</b>	<b>56.4</b>
India	56.5	83.6	48.0
Indonesia	17.0	8.7	-48.8
Turkey	-	7.8	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>110.9</b>	<b>106.6</b>	<b>-3.9</b>
Saudi Arabia	28.7	24.6	-14.3
Algeria	14.5	13.3	-8.3
United Arab Emirates	5.4	12.0	122.2
Sudan	11.2	10.9	-2.7
<b>Fertilizers</b>	<b>91.5</b>	<b>90.3</b>	<b>-1.3</b>
Ethiopia	17.4	53.7	208.6

Source: Department of Statistics.

- Exports of **fertilizers** decreased by JD 1.2 million, or 1.3 percent, to register JD 90.3 million, compared to an increase of 5.3 percent during the same period of 2010. This decrease was an outcome of the fall in quantities exported by 24.2 percent despite the increase in prices of fertilizers by 30.3 percent. The Ethiopian market was the main destination; accounting for 59.5 percent of these exports.

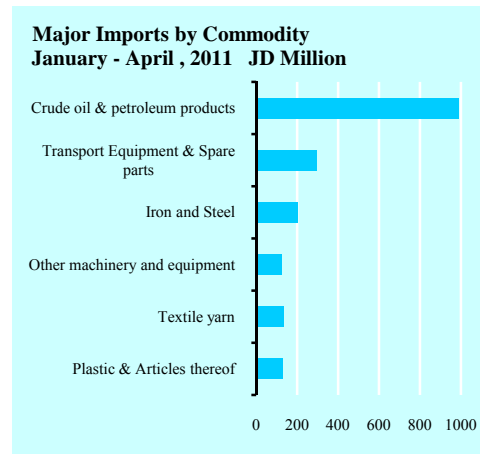
**In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, vegetables, potash, phosphates, “medical and pharmaceutical products” and fertilizers topped the list of exports**



**during the first four months of 2011; accounting for 56.8 percent of domestic exports; up from 56.2 percent during the corresponding period of 2010. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, India, Saudi Arabia, Syria, Lebanon and Ethiopia were the main destination markets for Jordanian domestic exports during the first four months of 2011; accounting for 64.9 percent of domestic exports, up from 61.6 percent during the corresponding period of 2010.**

■ **Merchandize Imports:**

Merchandize imports amounted to JD 4,161.7 million during the first four months of 2011; increasing by JD 707.1 million, or 20.5 percent, compared to an increase by 13.3 percent during the same period of 2010.



The comparison between the developments in Jordanian imports during the first four months of 2011 and the corresponding period of 2010 reveals the following:

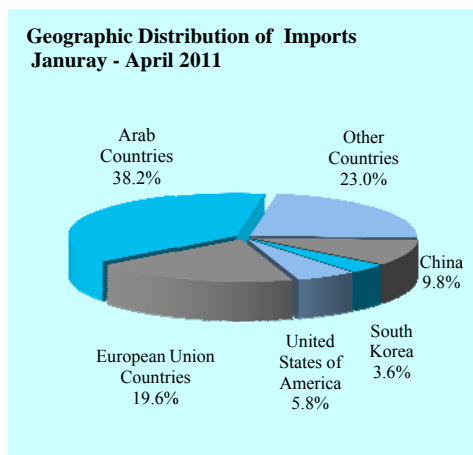
- Imports of **petroleum products**, mainly coming from Saudi Arabia, Russia and Italy, increased by JD 189.2 million, or 120.1 percent, to total JD 346.8 million compared to an increase of 126.4 percent during the same period in 2010.
- Imports of **Iron & Steel** increased by JD 72.4 million, or 54.7 percent, to reach JD 204.7 million, compared to a decrease of 1.9 percent during the corresponding period of 2010. The markets of Turkey, Ukraine and Russia accounted for 61.9 percent of these imports.

- Imports of **Crude Oil** increased by JD 203.0 million, or 46.4 percent, to reach JD 640.6 million, compared to a rise by 55.1 percent during the same period of 2010. This increase was attributed to the rise in both quantities and prices of oil by 4.0 percent and 40.7 percent, respectively. Also, its worth noting that most of the Jordanian crude oil imports came from the Saudi market.
- Imports of **Transport equipments and Spare Parts** decreased by JD 83.2 million, or 22.1 percent, to reach JD 293.0 million compared to a rise by 9.5 percent during the same period of 2010. South Korea, Germany and Japan were the main origin markets for these imports; accounting for 66.9 percent of these imports.

<b>Major Imports by Commodity</b>			
January - April 2010, 2011, JD Million			
	<b>2010</b>	<b>2011</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>3,454.6</b>	<b>4,161.7</b>	<b>20.5</b>
<b>Crude Oil</b>	<b>437.6</b>	<b>640.6</b>	<b>46.4</b>
Saudi Arabia	386.2	600.9	55.6
<b>Petroleum Products</b>	<b>157.6</b>	<b>346.8</b>	<b>120.1</b>
Saudi Arabia	54.3	134.9	148.4
Russia	0.0	66.8	-
Italy	15.1	50.4	233.8
<b>Transport Equipment and Spare Parts</b>	<b>376.2</b>	<b>293.0</b>	<b>-22.1</b>
South Korea	83.5	86.9	4.1
Germany	75.3	70.0	-7.0
Japan	104.1	39.2	-62.3
<b>Iron &amp; Steel</b>	<b>132.3</b>	<b>204.7</b>	<b>54.7</b>
Turkey	18.8	63.7	238.8
Ukraine	40.7	40.4	-0.7
Russia	19.9	22.6	13.6
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>111.3</b>	<b>136.3</b>	<b>22.5</b>
China	49.2	61.9	25.8
Taiwan	19.8	28.1	41.9
Turkey	4.8	7.6	58.3
<b>Plastic &amp; Articles Thereof</b>	<b>101.0</b>	<b>129.9</b>	<b>28.6</b>
Saudi Arabia	45.4	62.3	37.2
Kuwait	11.2	7.5	-33.0
United States	2.9	7.5	158.6
<b>Other Machinery and Equipment</b>	<b>88.7</b>	<b>125.6</b>	<b>41.6</b>
China	23.4	29.5	26.1
Germany	10.1	21.4	111.9
Italy	9.9	16.8	69.7

Source: Department of Statistics.

The commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipment and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Plastic and Articles thereof” and “Other Machinery and



Equipment”; accounting for 45.1 percent of total imports during the first four months of 2011; up from 40.7 percent during the same period of previous year. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Germany, Egypt and Italy topped the list of imports sources during the first four months of 2011; accounting for 53.4 percent compared to 49.6 percent during the same period of 2010.

#### ■ Re-Exports

The value of re-exported goods increased by JD 24.5 million, or 9.8 percent during the first four months of 2011, recording JD 275.4 million.

#### ■ Trade Balance

The trade balance deficit increased, from its level in the first four months of 2010, by JD 495.0 million, or 26.9 percent; recording JD 2,336.2 million.

## ❑ **Total Workers' Remittances Receipts**

Compared to the same period of 2010 Total workers' remittances receipts decreased by 1.5 percent to total JD 992.6 million during the first five months of 2011.

## ❑ **Travel**

### ■ **Receipts**

Travel receipts decreased by JD 94.5 million, or 10.6 percent, during the first five months of 2011 to register JD 793.3 million. The decrease was attributed to a 10.1 percent fall in the number of inbound tourists in this period compared to the same period of 2010.

### ■ **Payments**

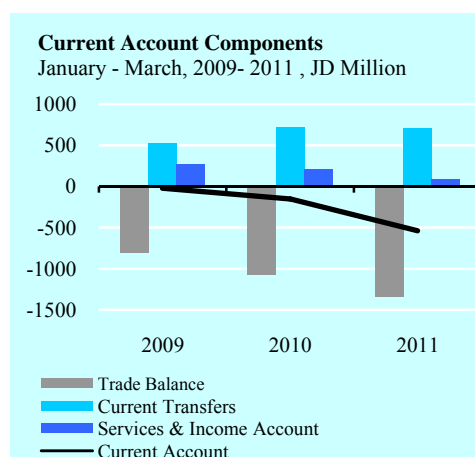
Travel payments increased by JD 2.1 million, or 0.6 percent, during the first five months of 2011 to stand at JD 356.7 million.

## ❑ **Balance of Payments**

The comparison of the preliminary statistics of the balance of payments for the first quarter of 2011 compared to the same period in 2010, reveals the following developments:

- The current account recorded a deficit of JD 541.3 million compared to a deficit of JD 153.7 million during the first quarter of 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit of JD 261.1 million, or 24.2 percent, to reach JD 1,338.3 million in 2010 compared to a deficit amounting to JD 1,077.2 million in the first quarter of 2010.
- Services account recorded a surplus of JD 73.0 million, compared to a surplus of JD 93.6 million during the first quarter of the preceding year. This was, on one hand, due to a surplus in travel (net) and government services (net), of JD 281.1 million and JD 71.4 million respectively, and on the other hand for the deficit of JD 254.8 million and JD 24.7 million in the items of transportation (net) and other services (net), respectively.
- A decrease in the surplus of the income account (net) to register JD 11.2 million, compared to JD 113.6 million during the same quarter of 2010. This decrease was an outcome of a deficit recorded in the investment income (net) by JD 38.4 million and the surplus recorded in compensation of employees (net) by JD 49.6 million.
- A decrease in the net current transfers of JD 3.5 million; which registered JD 712.8 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 185.4 million; to record JD 93.5 million despite the increase in transfers of other sectors (net) by JD 181.9 million; to total JD 619.3 million during the first quarter of 2011. Further, net workers' remittances increased by JD 18.0 million or 4.1 percent to reach JD 459.5 million.





- The capital and financial account with the rest of the world showed a net inflow of JD 656.3 million during the first quarter of 2011 compared to an outflow in the amount of JD 25.5 million during the same quarter of 2010 owing chiefly to the following:
  - Net FDI inflow to the Kingdom amounted to JD 210.9 million during the first quarter of 2011 compared to JD 312.8 million during the same quarter of the preceding year. Additionally, foreign Investment abroad registered a net outflow of JD 9.4 million compared with a net inflow of JD 12.2 million during the same period in 2010.
  - Net inflow of the portfolio investment amounted to JD 112.2 million compared to a similar inflow in the amount of JD 11.3 million during the same period in 2010.
  - Net outflow of other investments in the amount of JD 357.0 million compared to a similar outflow amounting to JD 178.1 million during the same period in 2010.
  - The decrease in reserve assets of CBJ by JD 699.6 million during the first quarter of 2011 against a rise amounting to JD 183.7 million during the same period in 2010.

#### □ **International Investment Position (IIP)**

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in the amount of JD 13,183.4 million at the end of the first quarter of 2011 compared to JD 12,429.5 million at the end of 2010. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 395.5 million at the end of first quarter of 2011

compared to the end of 2010; amounting to JD 16,656.0 million at the end of the first quarter of 2011. This decrease was mainly as a result of a decrease in the reserve assets of the CBJ by JD 664.0 million, a rise in the outstanding balance of external assets of currency and deposits of commercial banks by JD 336.2 million, a decline in portfolio investments of the commercial banks by JD 60.4 million, and a decrease in loans granted by the commercial banks to non-resident entities by JD 1.3 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 323.5 million at the end of the first quarter of 2011 compared to the end of 2010; to stand at JD 29,839.4 million. This was mainly due to the following outcomes:
  - An increase in the stock of Foreign Direct Investment (FDI) in the Kingdom by JD 210.9 million to stand at JD 15,758.9 million.
  - An increase in the stock of non-residents' portfolio investments in the Kingdom by JD 91.6 million; amounting to JD 3,014.3 million. This increase was mainly attributable to the rise in the position of non-resident portfolio investment at banks by JD 70.9 million.
  - An increase in the outstanding balance of external loans extended to the economic sectors (resident) in the Kingdom by JD 4.1 million; to reach JD 4,151.1 million.
  - An increase in the position of non-resident deposits at the banking system by JD 20.6 million to reach JD 6,266.8 million.