



Central Bank of Jordan

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

**Research Dept / Monthly Report  
October, 2014**

**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

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and 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 adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve 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.     |



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### Executive Summary

#### □ Output, Prices and Employment

- During the first half of 2014, real GDP at market prices, grew by 3.0 percent, compared to 2.8 percent during the same period of 2013. Inflation, measured by the percentage change in the Consumer Price Index (CPI), declined to 3.1 percent during the first three quarters of 2014 compared to 6.1 percent during the same period of 2013. Furthermore, the unemployment rate during the third quarter of 2014 decreased to 11.4 percent compared to 14.0 percent during the same quarter of 2013.

#### □ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 2,321.7 million (19.3 percent) by the end of the third quarter of 2014, compared to their level at the end of 2013, standing at US\$ 14,327.5 million. This level of reserves covers around 7.4 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 1,803.1 million (6.6 percent) by the end of the third quarter of 2014 compared to its level at the end of 2013, to stand at JD 29,166.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 450.6 million (2.4 percent) during the first nine months of 2014, compared to its level at the end of 2013, to stand at JD 19,390.3million.
- Total deposits at licensed banks increased by JD 2,153.1 million (7.8 percent) by the end of the third quarter of 2014, compared to its level at the end of 2013, totaling JD 29,746.3 million. This increase was a result of the increase in JD deposits by JD 2,351.3 million (11.2 percent) and the decrease in foreign currency deposits by JD 198.2 million (3.0 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,115.0 points by the end of the third quarter of 2014, increasing by 49.2 points, or 2.4 percent, compared to its level at the end of 2013.

- **Public Finance:** During the first eight months of 2014, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 591.0 million compared to a fiscal deficit in the amount of JD 492.4 million during the same period in 2013. Net outstanding domestic debt (budgetary and own-budget) increased by JD 232.0 million at the end of August 2014, compared to its level at the end of 2013, to stand at JD 12,094.0 million (47.3 percent of GDP). Outstanding external public debt increased by JD 1,067.6 million at the end of August 2014 compared to its level at the end of 2013 to reach JD 8,302.1 million, (32.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 79.7 percent of GDP at the end of August 2014 compared to 80.0 percent at the end of 2013.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 5.9 percent during the first eight months of 2014 to reach JD 3,931.0 million. Also, merchandize imports increased by 4.8 percent during the first eight months of 2014, totaling JD 10,754.1 million. As a result, the trade deficit increased by 4.1 percent compared to the same period in 2013, to reach JD 6,823.1 million. The preliminary data shows an increase in travel receipts and payments during the first nine months of 2014 by 8.9 percent and 4.9 percent, respectively. Moreover total worker's remittances increased by 2.2 percent during the same period in 2014. The balance of payments during the first half of 2014 displayed a deficit in the current account amounting to JD 1179.3 million, (10.0 percent of GDP) up from JD 598.0 million (5.4 percent of GDP) during the first half of 2013. Moreover, Net Direct Investment recorded an inflow of JD 659.4 million during the first half of 2014 compared to a net inflow of JD 722.1 million during the first half of 2013. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 21,881.3 million at the end of June 2014 compared to JD 20,842.5 million at the end of December 2013.

## First: Monetary and Financial Sector

### □ Summary

- The foreign currency reserves at the CBJ increased by US\$ 2,321.7 million (19.3 percent) by the end of the third quarter of 2014, compared to their level at the end of 2013, to stand at US\$ 14,327.5 million. This level of reserves covers around 7.4 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,803.1 million (6.6 percent) by the end of the third quarter of 2014, compared to its level at the end of 2013, to total JD 29,166.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 450.6 million (2.4 percent) by the end of the third quarter in 2014, compared to its level at the end of 2013 to reach JD 19,390.3 million.
- Total deposits at licensed banks increased by JD 2,153.1 million (7.8 percent) by the end of the third quarter of 2014, compared to its level at the end of 2013, to reach JD 29,746.3 million.
- The interest rates on all types of credit facilities and deposits at licensed banks decreased by the end of the third quarter of 2014, compared to their levels at the end of 2013, except the interest rates on demand deposits which had increased.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,115.0 points at the end of the third quarter of 2014, increasing by 49.2 points (2.4 percent), compared to its level at the end of 2013. Moreover, the market capitalization decreased by JD 76.4 million (0.4 percent), compared to its registered level of 2013, to stand at JD 18.2 billion.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

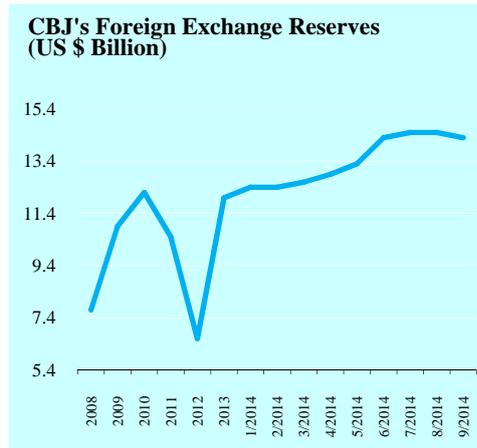
		End of September	
2013		2013	2014
US\$ 12,005.8	CBJ's Foreign Currency Reserves*	US\$ 10,789.6	US\$ 14,327.5
81.0%		62.7%	19.3%
27,363.4	Money Supply (M2)	27,146.2	29,166.5
9.7%		8.8%	6.6%
18,939.7	Credit Facilities, of which:	18,617.7	19,390.3
6.2%		4.4%	2.4%
16,569.1	Private Sector (Resident)	16,247.4	17,475.2
7.8%		5.7%	5.5%
27,593.2	Total Deposits, of which:	27,249.7	29,746.3
10.5%		9.1%	7.8%
21,003.0	In JD	20,553.5	23,354.3
18.6%		16.0%	11.2%
6,590.2	In Foreign Currencies	6,696.2	6,392.0
-9.2%		-7.7%	-3.0%
22,195.8	Deposits of Private Sector (Resident), of which:	21,938.1	23,864.2
8.9%		7.6%	7.5%
17,646.1	In JD	17,290.8	19,395.3
17.0%		14.6%	9.9%
4,549.7	In Foreign Currencies	4,647.3	4,468.9
-14.2%		-12.4%	-1.8%

\* 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\$ 2,321.7 million (19.3 percent), at the end of the first nine months of 2014, compared to their level at the end of 2013, to reach US\$ 14,327.5 million. This level of reserves covers around 7.4 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

■ Domestic liquidity totaled JD 29,166.5 million at the end of the third quarter of 2014, increasing by JD 1,803.1 million, or 6.6 percent, compared to an increase of JD 2,201.1 million, or 8.8 percent, during the same period in 2013.

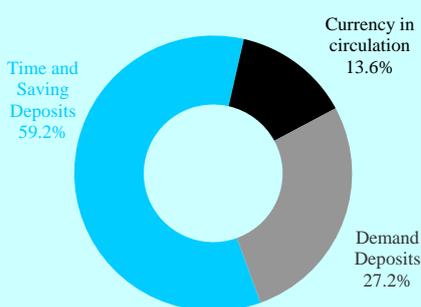
◆ **Developments in both the components and the factors affecting domestic liquidity at the end of September 2014, reveal the following:**

#### ● Components of Domestic Liquidity

- Deposits increased by JD 1,445.4 million, or 6.1 percent, at the end of the first nine months of 2014, compared to their level at the end of 2013, to total JD 25,202.2 million, compared with an increase amounting to JD 1,811.2 million, or 8.3 percent, during the same period in 2013.

- Currency in circulation increased by JD 357.7 million, or 9.9 percent, at the end of the first nine months of 2014, compared to its level at the end of 2013, to reach JD 3,964.3 million, against an

**Relative Importance of Domestic Liquidity Components, September, 2014**

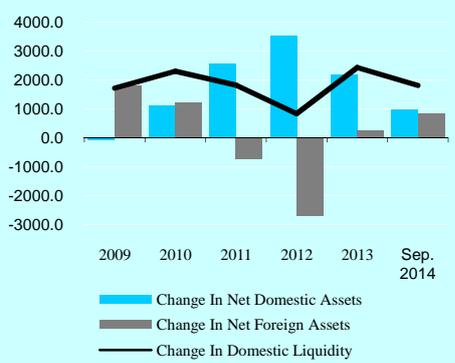


increase in the amount of JD 389.9 million, or 12.1 percent, during the same period in 2013.

• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 965.4 million, or 4.7 percent, by the end of the third quarter of 2014, compared to its level at the end of 2013, against an increase of JD 2,457.8 million, or

**Factors Affecting Domestic Liquidity  
JD Million**



13.4 percent, during the same period in 2013. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 1,976.3 million, or 7.9 percent, and its decrease at the CBJ by JD 1,011.0 million, or 22.3 percent.

- Net foreign assets of the banking system increased by JD 837.8 million, or 12.1 percent, during the first nine months of 2014, compared to their level at the end of 2013, against a decrease in the amount of JD 256.7 million, or 3.9 percent, during the same period in 2013. This increase was an outcome of the increase in net foreign assets at the CBJ by JD 1,477.0 million or 17.4 percent, and the decrease of net foreign assets at the licensed banks by JD 639.2 million, or 40.9 percent.

#### Factors Affecting Domestic Liquidity (M2) JD Million

2013		End of September	
		2013	2014
<b>6,923.4</b>	<b>Foreign Assets (Net)</b>	<b>6,408.8</b>	<b>7,761.2</b>
8,487.4	CBJ	7,783.4	9,964.4
-1,564.0	Licensed Banks	-1,374.6	-2,203.2
<b>20,440.0</b>	<b>Domestic Assets (Net)</b>	<b>20,737.4</b>	<b>21,405.3</b>
-4,528.6	CBJ, of which:	-3,829.2	-5,539.6
1,244.3	Claims on Public Sector (Net)	1,563.2	1,385.1
-5,793.5	Other Items (Net*)	-5,412.9	-6,947.1
24,968.6	Licensed Banks	24,566.6	26,944.9
9,714.8	Claims on Public Sector (Net)	9,784.0	9,412.2
17,201.9	Claims on Private Sector	16,901.7	18,020.9
-1,948.1	Other Items (Net)	-2,119.1	-488.2
<b>27,363.4</b>	<b>Money Supply (M2)</b>	<b>27,146.2</b>	<b>29,166.5</b>
<b>3,606.6</b>	<b>Currency in Circulation</b>	<b>3,604.9</b>	<b>3,964.3</b>
<b>23,756.8</b>	<b>Total Deposits, of which:</b>	<b>23,541.3</b>	<b>25,202.2</b>
4,635.2	In Foreign Currencies	4,789.9	4,582.2

\* 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 June 25<sup>th</sup>, 2014, the CBJ lowered the interest rate on the overnight deposit window and the weekly/monthly repurchase agreements by 50 basis points, and maintained the interest rates on the other monetary policy instruments unchanged. Accordingly, the interest rates on monetary policy instruments become as follows:

		September	
2013		2013	2014
4.50	Re-discount Rate	4.75	4.25
4.25	Repurchase Agreements Rate (overnight)	4.50	4.00
3.50	Overnight Deposit Window Rate	3.75	2.75
3.75	Repurchase Agreements rate (one week)	4.00	3.00
3.75	Repurchase Agreements rate (one month)	4.00	3.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

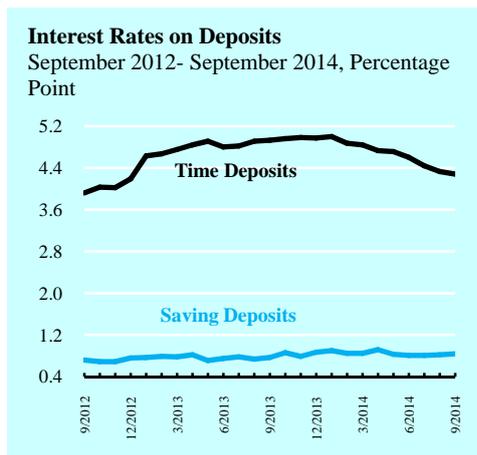
- Re-Discount Rate: 4.25 percent.
  - Interest Rate on Overnight Repurchase Agreements: 4.00 percent.
  - Overnight Deposit Window Rate: 2.75 percent.
  - Weekly/Monthly Repurchase Agreements: 3.00 percent.
- ◆ This decision attempts to stimulate economic growth through provision of credit for various economic sectors and promote investments.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of September 2014 decreased by 5 basis points, compared to its level of the previous month to stand at 4.28 percent. This rate is lower by 69 basis points than its level at the end of 2013.

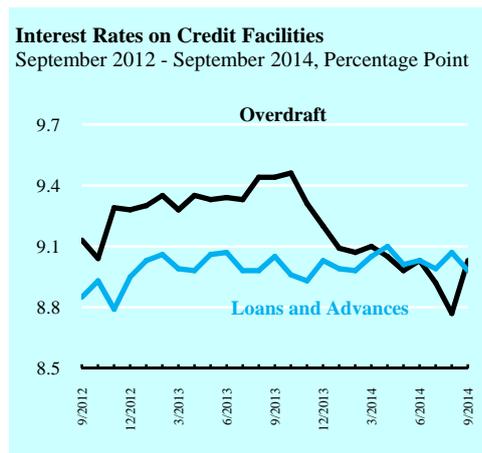
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of September 2014 increased by two basis points than its level in the previous month to stand at 0.84 percent. This rate is lower by 3 basis points compared to its level at the end of 2013.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of September 2014 decreased by three basis points compared to its level of the previous month to stand at 0.52 percent. This rate is higher by 14 basis points than its level at the end of 2013.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of September 2014 increased by 26 basis points compared to its level of the previous month to stand at 9.03 percent. This rate is lower by 17 basis points compared to its level at the end of 2013.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of September 2014, decreased by 14 basis points compared with its level recorded in the previous month to reach 10.03 percent. This rate is lower by 10 basis points, compared to its level at the end of 2013.

**Interest Rates on Deposits and Credit Facilities at Licensed Banks, percentage points**

		September		Change
		2013	2014	Relative to the Preceding Year
2013				Basis Points
<b>Deposits</b>				
0.38	Demand	0.42	0.52	14
0.87	Saving	0.77	0.84	-3
4.97	Time	4.93	4.28	-69
<b>Credit Facilities</b>				
10.13	Discounted Bills and Bonds	9.58	10.03	-10
9.03	Loans and Advances	9.05	8.98	-5
9.20	Overdraft	9.44	9.03	-17
8.85	Prime Lending Rate	8.85	8.74	-11

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 9 basis points at the end of September 2014, compared to its level of the previous month to stand at 8.98 percent, this rate is lower by 5 basis points than its level at the end of 2013.
- The Prime lending rate stood at 8.74 percent at the end of September 2014, 11 basis points lower than its level at the end of 2013.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, increased by 64 basis points at the end of September 2014, compared to its level at the end of 2013, to reach 470 basis points.

**□ Credit Facilities Extended by Licensed Banks**

- Total credit facilities extended by licensed banks increased by JD 450.6 million (2.4%) by the end of the third quarter of 2014,

compared to its level at the end of 2013, against an increase in the amount of JD 787.9 million, or 4.4 percent, during the same period in 2013.

- The classification of extended credit facilities, according to economic activity, by the end of the third quarter of 2014 demonstrates an increase in the item "other"; which generally represents credit facilities extended to individuals by JD 476.1 million, or 11.5 percent, and those extended to the industrial sector by JD 236.4 million, or 8.9 percent, and the Construction sector by 157.0 million, or 3.8 percent. Meanwhile, the credit facilities extended to the general trade and public services and utilities sectors decreased by JD 291.8 million, or 7.4 percent, and JD 174.8 million, or 8.0 percent, respectively, compared to their levels at the end of 2013.
- The classification of extended credit facilities, according to the borrower, at the end of September 2014 shows an increase in credit facilities extended to the private sector (resident) by JD 906.1 million, or 5.5 percent, and the public institutions by JD 32.0 million, or 10.0 percent. Meanwhile, the credit facilities extended to the private sector (non-resident) decreased by JD 329.2 million or 40.2 percent, while the central government credit facilities declined by JD 157.5 million or 12.9 percent, and the non-banking financial institutions credit facilities lowered by JD 0.8 million or 8.4 percent compared to their levels at the end of 2013.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 29,746.3 million at the end of September 2014, increasing by JD 2,153.1 million, or 7.8 percent, compared to its level at the end of 2013, against an increase of JD 2,280.1 million, or 9.1 percent, during the same period in 2013.
- The increase in total deposits at licensed banks during the first nine months of 2014 was a result of the increase in the deposits of the private sector (resident) by JD 1,668.4 million, or 7.5 percent, the

private sector (non-resident) by JD 324.0 million, or 10.4 percent, the non-banking financial institutions by JD 139.5 million, or 50.2 percent, and the public sector (central government plus public institutions) by JD 21.2 million, or 1.1 percent, compared to their levels at the end of 2013.

- The developments in the currency structure of deposits at the end of September 2014 reveal that JD deposits increased by JD 2,351.3 million, or 11.2 percent, while “deposits in the foreign currency” decreased by JD 198.2 million, or 3.0 percent, compared to their levels at the end of 2013.

#### □ Amman Stock Exchange (ASE)

Indicators of the ASE displayed a mixed performance during the first nine months of 2014 compared to 2013. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at the ASE totaled JD 163.5 million in September 2014; up by JD 41.3 million, or 33.8 percent, compared to its level of the previous month, against an increase of JD 32.8 million, or 29.4 percent, during the same month in 2013. However, the trading volume totaled JD 1,706.5 million, during the first nine months of 2014; down by JD 793.1 million, or 31.7 percent, compared to the same period in 2013.

##### ■ Traded Shares

The number of traded shares in September 2014 totaled 161.6 million shares; up by 46.2 million shares, or 40.0 percent, compared to its level of the previous month, against an increase amounting to 36.9 million shares, or 32.9 percent, during the same month in 2013. However, the number of traded shares during the first nine months of 2014 totaled 1,687.7 million shares, compared to 2,179.2 million shares traded during the same period in 2013 down by 491.5 million shares, or 22.6 percent.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 16.9 points, or 0.8 percent, at the end of September 2014 compared to its level at the end of the

previous month, to stand at 2,115.0 points, against a decrease in the amount of 24.4 points, or 1.3 percent, compared to the same month in 2013. Furthermore, during the first three quarters of 2014, the SPI increased by 49.2 points, or 2.4 percent compared to its level at the end of 2013, against a fall in the amount of 107.0 points, or 5.5 percent during the same period in 2013. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 189.0 points, or 7.0 percent, and the decrease in the SPI for the industrial and services sectors by 112.8 points, or 5.7 percent, and 17.7 points, or 1.1 percent, respectively.

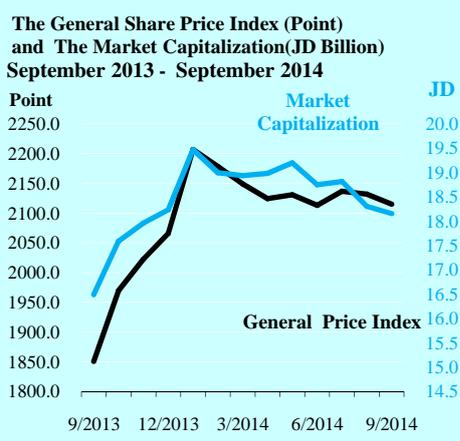
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

		September	
2013		2013	2014
2,065.8	General Index	1,850.6	2,115.0
2,703.9	Financial Sector	2,413.4	2,892.9
1,964.9	Industrial Sector	1,723.0	1,852.1
1,664.8	Services Sector	1,542.4	1,647.1

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 18.2 billion at the end of September 2014; a decrease of JD 149.0 million, or 0.8 percent, compared to its level at the end of the previous month, against a decrease of JD 0.7 billion or



4.4 percent, during the same month in 2013. As for, the first nine months of 2014, the market capitalization decreased by JD 76.4 million, or 0.4 percent, compared to a decrease of JD 2.7billion, or 13.9 percent, during the same period in 2013.

#### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at the ASE recorded an outflow amounting to JD 6.8 million in September 2014, compared to an inflow in the amount of JD 2.0 million during the same month in 2013; the value of shares acquired by non-Jordanian in September 2014 amounted to JD 26.6 million, while the value of shares sold by the same group amounted to JD 33.5

million. As for, the first nine months of 2014, non-Jordanian net investment recorded an outflow amounted to JD 35.0 million, compared with an inflow of JD 122.6 million during the same period in 2013.

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

		September	
2013		2013	2014
3,027.3	Value Traded	144.4	163.5
12.4	Average Daily Trading	6.6	7.4
18,233.5	Market Capitalization	16,489.9	18,157.1
2,705.8	No. of Traded Shares (million)	148.9	161.6
146.9	Net Investment of Non-Jordanian	2.0	-6.8
939.5	Non-Jordanian Buying	17.9	26.6
792.6	Non-Jordanian Selling	16.0	33.5

Source: Amman Stock Exchange.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.8 percent, during the second quarter of 2014, compared to 3.1 percent during the same quarter of 2013. Moreover, GDP at current market prices, grew by 6.1 percent during the second quarter of 2014, compared to 9.7 percent during the same quarter of 2013.
- Accordingly, GDP at constant market prices, grew by 3.0 percent, during the first half of 2014, compared to 2.8 percent during the same period of 2013. Moreover, GDP at current market prices, grew by 6.6 percent during the first half of 2014, compared to 9.6 percent during the same period of 2013.
- The CPI inflation fell to 3.1 percent during the first three quarters of 2014, compared to 6.1 percent during the same period of 2013.
- The unemployment rate went down during the third quarter of 2014, to stand at 11.4 percent (9.2 percent for males and 22.0 percent for females), compared to 14.0 percent (11.3 percent for males and 26.8 percent for females) during the same quarter of 2013. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.9 percent.

### □ Developments of GDP

Despite the 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 3.0 percent during the first half of 2014, compared to 2.8 percent during the same period of 2013. When excluding “net taxes on products”, which grew by 3.2 percent, GDP at constant basic prices grew by 2.9 percent during the first half of 2014, compared to 2.8 percent during the same period of 2013.

**Quarterly Growth Rates of GDP at Market Prices  
2013 - 2014**

	Q 1	Q2	Q3	Q4	Percentages Year
<b>2013</b>					
GDP at Constant Market Prices	2.6	3.1	2.8	2.9	<b>2.8</b>
GDP at Current Market Prices	9.5	9.7	8.0	7.4	<b>8.6</b>
<b>2014</b>					
GDP at Constant Market Prices	3.2	2.8	-	-	-
GDP at Current Market Prices	7.1	6.1	-	-	-

Source: Department of Statistics.

At current market prices, GDP grew by 6.6 percent during the first half of 2014, compared to 9.6 percent during the same period of 2013. This decline in nominal growth is mainly attributed to a decelerated growth in the general price level, measured by the GDP deflator, which grew by 3.5 percent, compared to 6.6 percent during the first half of 2013, as a reflection of the fading impact of the government's decision of liberalizing the prices of petroleum products on the national economy.

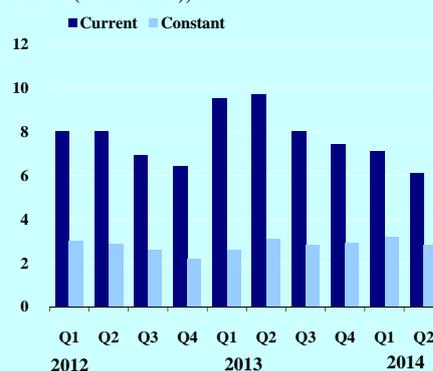
The main sectors contributed to the economic growth during the first half of 2014 are "finance, insurance, real estate and business services" (0.7 percentage point), "wholesale and retail trade, restaurants and hotels" (0.4 percentage point), "transport, storage and communications" (0.3 percentage point), manufacturing (0.3 percentage point), construction (0.2 percentage point) and "electricity and water" (0.2 percentage point). These sectors collectively accounted for 68.1 percent of real GDP growth during the above-mentioned period.

The developments of economic sectors during the first half of 2014 showed that all sectors witnessed positive real growth at divergent rates; where some sector witnessed an accelerated improvement in performance; mainly “wholesale and retail trade, restaurants and hotels” which grew by 4.2 percent, “electricity and water” (8.1 percent), “mining and quarrying” (4.3 percent), “producers of government services” (2.2 percent) and agriculture (0.8 percent). In contrast, other sectors exhibited a decelerated growth.

#### ■ Microeconomic Indicators

- Industrial production quantity index grew by 1.0 percent during the first eight months of 2014 compared to a growth of 1.4 percent during the same period of 2013. This was attributed to the following:

**Quarterly Growth Rates of GDP at Market Prices (2012- 2014), %**



**Growth Rate of GDP at Market Prices during the first half of 2013-2014, Percentages**

	2013	2014
Agriculture, Hunting, Forestry, And Fishing	-0.6	0.8
Mining And Quarrying	-5.1	4.3
Manufacturing	1.9	1.6
Electricity And Water	-2.1	8.1
Construction	8.8	4.6
Wholesale & Retail Trade, Restaurants & Hotels	3.7	4.2
Transport, Storage & Communications	3.5	2.2
Finance, Insurance, Real Estate And Business Services	3.9	3.3
Community, Social And Personal Services	6.7	5.3
Producers Of Government Services	1.5	2.2
Producers Of Private Non-Profit Services To Households	7.0	6.6
Domestic Services Of Households	0.1	0.1
<b>Gross Domestic Product At Market Prices</b>	<b>2.8</b>	<b>3.0</b>

Source: Department of Statistics.

- “Mining and quarrying” production quantity index grew by 7.0 percent, against a decrease of 5.8 percent during the same period of 2013. This growth was mainly attributed to the increase of production quantity index for phosphate by 17.4 percent compared to a decline of 11.1 percent during the same period of 2013.
- Electricity production quantity index grew by 9.6 percent, compared to a decrease of 8.1 percent during the same period of 2013; due to an increase in the demand of mining and quarrying industry sector.
- Manufacturing production quantity index declined by 0.3 percent, compared to a growth of 3.0 percent during the same period of 2013. This came as a result of a contraction in production of some of its components, mainly; “chemical products” (4.0 percent) and “food products and beverages” (3.0 percent), on one hand, and an increase of some items, mainly; “tobacco products” (13.0 percent) and “cement, lime and plaster” (7.4 percent), on the other.
- Quantities of exported and imported goods shipped through Aqaba port grew by 15.5 percent during the first three quarters of 2014, compared to a decline of 18.2 percent during the same period of 2013.
- Number of passengers through Royal Jordanian declined by 1.0 percent during the first three quarters of 2014, against a contraction by 3.1 percent during the same period of 2013.
- Cargo through Royal Jordanian contracted by 3.9 percent during the first three quarters of 2014, compared to a decrease of 8.3 percent during the same period of 2013.
- Number of departures grew by 0.9 percent during the first three quarters of 2014, against a decline of 14.5 percent during the same period of 2013.
- Licensed areas for buildings grew by 9.0 percent during the first eight months of 2014, compared to a growth of 8.4 percent during the same period of 2013.

## Main Sectoral Indicators\*

Percentage Points

2013	Item	2013	available period	2014
1.6	Industrial production quantity index	1.4	January - August	1.0
3.3	Manufacturing production quantity index	3.0		-0.3
5.0	Food products and beverages	8.1		-3.0
29.8	Tobacco products	25.5		13.0
-10.8	Refined petroleum products	-15.2		-6.7
-17.7	Cement, lime and plaster	-21.5		7.4
-13.8	Iron and steel	-14.9		-0.8
14.2	Chemical products	11.5		-4.0
-11.5	“Mining and quarrying” production quantity index	-5.8		7.0
-15.7	Phosphate	-11.1		17.4
-5.2	Potash	1.5		-1.1
-4.5	Electricity production quantity index	-8.1		9.6
8.4	Licensed areas for buildings	8.4		9.0
-15.7	Quantities of exported and imported goods shipped through Aqaba port	-18.2		January - September
-13.5	Number of departures	-14.5	0.9	
-3.7	Number of passengers through Royal Jordanian	-3.1	-1.0	
-9.5	Cargo through Royal Jordanian	-8.3	-3.9	

\*: Sources:

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

### Prices

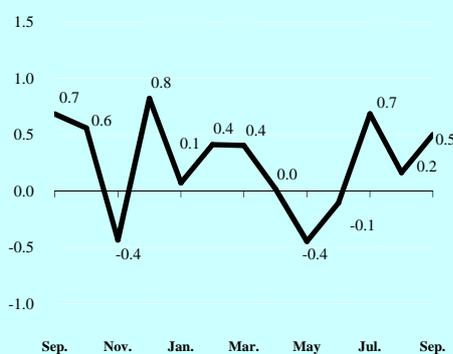
Inflation, measured by the percentage change in the Consumer Price Index (CPI), for the first three quarters of 2014, declined at 3.1 percent, compared to 6.1 percent during the same period of 2013. This came as a result of the rise in the prices of some items, mainly; the increase of the prices of cigarettes, rents, clothes and education. These items collectively contributed to the overall inflation rate by 2.3 percentage points, compared to 0.7 percentage point during the same period of 2013.

In September 2014, the CPI increased by 0.5 percent compared with August 2014. This was due to the increase in prices of some items, mainly; vegetables, Fruits and “dairy products and eggs”. In addition “clothing and footwear” group.

**Annual Bases Inflation Rate**  
During the first three quarters of years  
(2006-2014), percentages



**Monthly Inflation Rate**  
(Sep. 2013- Sep. 2014, percentages)



**Developments of the CPI basket during the first three quarters of 2014, compared to the same period of 2013:**

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 1.8 percent compared to an increase of 3.8 percent during the same period of 2013. The contribution of this group to the overall inflation rate reached 0.7 percentage point. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; cigarettes (13.7 percent), according to the government's decision of increasing tax on cigarettes (February 2014), in addition to “dry and canned legumes” (5.6 percent), and fruits (4.1 percent). In contrast, prices of vegetables, “oils and fats” and “meats and poultry” declined by 1.4 percent, 0.7 percent and 0.1 percent, respectively.
- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The prices of this group increased by 10.3 percent compared to an increase of 5.1 percent during the same period of 2013. The group's contribution to the overall inflation rate reached 0.5 percentage point. The increase in the prices of this group was affected by the rise in the prices of clothes (10.6 percent) due to the government's decision of increasing tariff on imported clothing (mid-September 2013), in addition to the rise in the prices of footwear (9.3 percent).
- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 3.9 percent compared to an

increase of 9.2 percent during the same period of 2013. Accordingly, it contributed to the overall inflation rate by 1.0 percentage points which was driven by the increase in the prices of rents by 7.1 percent, owing to the increase in the domestic demand as a result of the Syrian refugees influx. In addition, prices of other items showed varied increase ranges between 4.5 percent for “cleaning materials” and 0.2 percent for “house repairing, garbage and water”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 3.0 percent compared to 6.7 percent during the same period of 2013. Accordingly, this group contributed by 0.9 percentage point to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of education by 5.2 percent, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; “medical care” (6.8 percent) and transportation (3.0 percent).

#### □ **Employment**

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the third quarter of 2014; to stand at 11.4 percent (9.2 percent for males and 22.0 percent for females), compared to 14.0 percent (11.3 percent for males and 26.8 percent

for females) during the same quarter of 2013. Furthermore, the unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.9 percent.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the third quarter in 2014 reached 36.2 percent (59.6 percent for males and 12.5 percent for females), compared to 36.8 percent (59.7 percent for males and 13.1 percent for females) during the same quarter of 2013.
- ◆ The employment rate among population of 15 years and older reached 32.1 percent during the third quarter of 2014, compared to 31.6 percent during the same quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.5 percent of the total employed, followed by employees in the “wholesale and retail trade” sector 15.5 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 591.0 million during the first eight months of 2014, comparing to a fiscal deficit in the amount of JD 492.4 million, during the same period of 2013. When excluding foreign grants (JD 469.1 million), the general budget deficit reaches JD 1,060.1 million compared to a deficit in the amount of JD 1,017.0 million during the same period of 2013.
- Net outstanding domestic public debt increased by JD 232.0 million at the end of August 2014 compared to its level at the end of 2013, to reach JD 12,094.0 million (47.3 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 1,067.6 million at the end of August 2014, compared to its level at the end of 2013, to stand at JD 8,302.1 million (32.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 20,396.1 million (79.7 percent of GDP) at the end of August 2014 compared to JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.

#### □ The performance of the general budget during the first eight months of 2014 compared to the same period of the preceding year:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 150.2 million, or 36.2 percent, in August 2014 comparing to the same month of 2013 to reach JD 565.2 million. As for the first eight months of 2014, these revenues were up by JD 490.1 million, or 12.6 percent, compared to the same period of 2013 to stand at JD 4,378.3 million. This result was an outcome of the increase in domestic revenues by JD 545.6 million, on one hand, and the drop in foreign grants by JD 55.5 million, on the other.

**Main Government Budget Indicators during the first eight months of 2014:**

(JD Million and Percentages)

	Aug.		Growth Rate	Jan. – Aug.		Growth Rate
	2013	2014		2013	2014	
<b>Total Revenues and Grants</b>	<b>415.0</b>	<b>565.2</b>	<b>36.2</b>	<b>3,888.2</b>	<b>4,378.3</b>	<b>12.6</b>
Domestic Revenues, of which:	362.6	426.0	17.5	3,363.6	3,909.2	16.2
Tax Revenues, of which:	276.2	294.2	6.5	2,436.9	2,726.6	11.9
General Sales Tax	219.2	224.9	2.6	1,560.0	1,779.6	14.1
Other Revenues	84.2	130.1	54.5	911.8	1,169.0	28.2
Foreign Grants	52.4	139.2	165.6	524.6	469.1	-10.6
<b>Total Expenditures, of which:</b>	<b>537.0</b>	<b>694.7</b>	<b>29.4</b>	<b>4,380.6</b>	<b>4,969.3</b>	<b>13.4</b>
Capital Expenditures	71.3	93.0	30.4	462.9	553.9	19.7
<b>Overall Deficit/ Surplus</b>	<b>-122.0</b>	<b>-129.5</b>	<b>-</b>	<b>-492.4</b>	<b>-591.0</b>	<b>-</b>

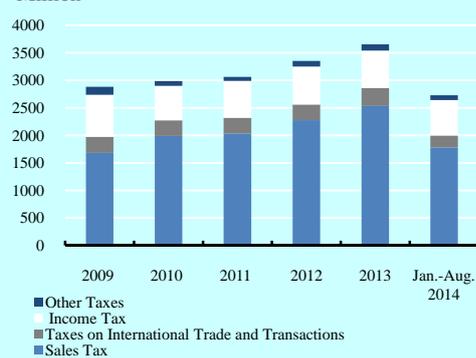
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 545.6 million, or 16.2 percent, during the first eight months of 2014 compared to the same period of 2013, to reach JD 3,909.2 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 289.7 million, and JD 257.2 million, respectively, and the drop in “pension contributions” by JD 1.3 million.

**Tax Revenue Structure**

(2009- 2013) and the first eight months of 2014, JD Million



### ● Tax Revenues

Tax revenues increased by JD 289.7 million, or 11.9 percent, during the first eight months of 2014 compared to the same period of 2013, to reach JD 2,726.6 million (69.7 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of the general sales tax on goods and services, in addition to income and profit taxes. Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 219.6 million, or 14.1 percent, which reached JD 1,779.6 million (accounting for 65.3 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 services”, and “sales tax on imported goods” have increased by JD 191.4 million, JD 22.1 million, and JD 13.8 million, respectively. Whereas, “sales tax on domestic goods” declined by JD 7.7 million.
- An increase in the proceeds of “income and profit taxes” by JD 51.1 million, or 8.6 percent, which reached JD 644.0 million (accounting for 23.6 percent of total tax revenues). This rise was a result of the increase in the proceeds of “income tax from companies and other projects” by JD 39.1 million, and the rise in the proceeds of “income tax from individuals” by JD 12.0 million. Accordingly, income tax from companies accounted for 83.6 percent of total taxes on income and profits to reach JD 538.1 million (of which JD 271.1 million from banks and financial institutions).

- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 8.2 million or 3.9 percent, to reach JD 217.7 million (accounting for 8.0 percent of total tax revenues).
- An increase in real-estates tax (taxes on financial transactions) by JD 10.8 million, or 14.5 percent, to reach JD 85.3 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” increased by JD 257.2 million, or 28.2 percent, during the first eight months of 2014 to reach JD 1,169.0 million. This increase was chiefly due to:

- A rise in miscellaneous revenues by JD 262.8 million to stand at JD 407.5 million.
- An increase in “revenues from selling goods and services” by JD 50.5 million to reach JD 584.9 million.
- A decrease in property income by JD 56.1 million to stand at JD 176.6 million (of which financial surplus of independent government units amounted to JD 154.6 million).

- **Pension Contributions**

Pension contributions were down by JD 1.3 million during the first eight months of 2014, standing at JD 13.6 million.

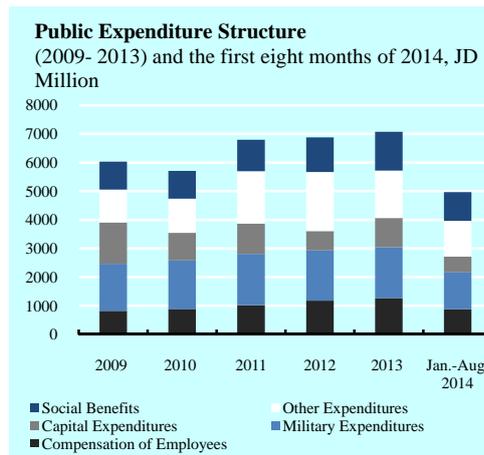
- ◆ **Foreign Grants**

Foreign grants decreased by JD 55.5 million during the first eight months of 2014, standing at JD 469.1 million.

## Public Expenditures

Public expenditures witnessed an increase by JD 157.7 million, or 29.4 percent, in August 2014 compared to the same month in 2013 to stand at JD 694.7 million. Moreover, public expenditures increased by JD 588.7 million, or 13.4 percent during the first eight months of 2014, to stand at JD 4,969.3 million. This

increase was a result of the rise in both current expenditures and capital expenditures by 12.7 percent, and 19.7 percent, respectively.



### Current Expenditures

Current expenditures increased by JD 497.7 million, or 12.7 percent, during the first eight months of 2014, to reach JD 4,415.4 million. This result was driven by the increase in all current expenditures items. More specifically:

- An increase in military expenditures by JD 69.3 million to total JD 1,288.7 million, accounting for 29.2 percent of total current expenditures.
- An increase in social benefit expenditures by JD 146.2 million to stand at JD 1,005.0 million, accounting for 22.8 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 36.4 million to reach JD 874.7 million, accounting for 19.8 percent of total current expenditures.

- An increase in interest payments, on internal and external public debt, by JD 151.8 million to stand at JD 596.6 million, accounting for 13.5 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 45.5 million to stand at JD 223.0 million, accounting for 5.1 percent of total current expenditures.
- A rise in goods subsidies by JD 30.2 million to stand at JD 172.0 million, accounting for 3.9 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

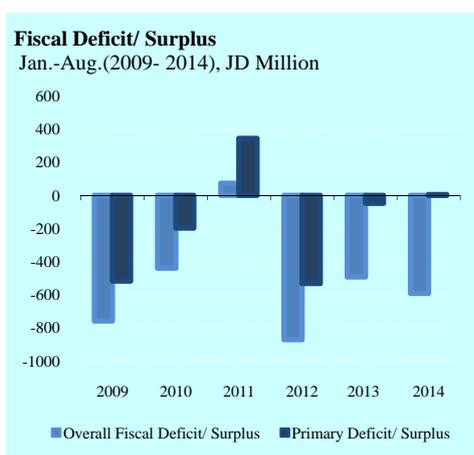
#### ◆ Capital Expenditures

Capital expenditures increased by JD 91.0 million, or 19.7 percent during the first eight months of 2014 compared to the same period in 2013, to reach JD 553.9 million.

#### ■ General Budget Deficit/ Surplus

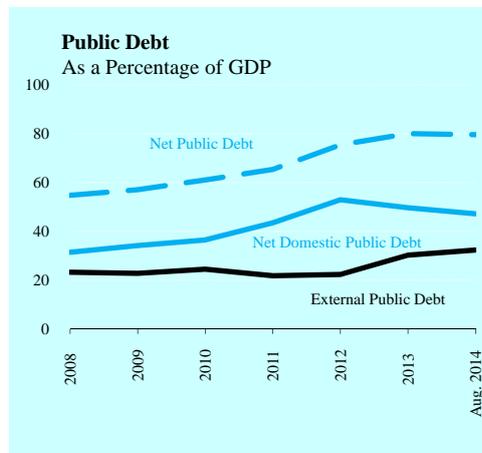
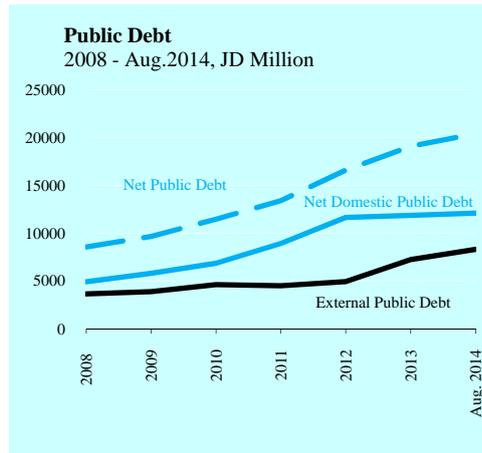
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 591.0 million during the first eight months of 2014, against a fiscal deficit in the amount of JD 492.4 million during the same period of 2013.

- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 5.6 million during the first eight months of 2014, against a primary deficit of JD 47.7 million during the same period of 2013.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 232.0 million at the end of August 2014 comparing to its level at the end of 2013 to total JD 12,094.0 million, or 47.3 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 389.0 million to reach JD 13,829.0 million, and the increase in the government deposits at the banking system by JD 157.0 million to reach JD 1,734.0 million. In details, the increase in the budgetary domestic public debt was mainly an outcome of the rise in “Treasury bills and bonds” in the amount of JD 738.0 million to reach JD 11,606.0 million at the end of August 2014, 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 592.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 146.0 million to reach JD 723.0 million at the end of August 2014, and loans and advances extended to these agencies decreased by JD 117.0 million to stand at JD 897.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 1,067.6 million at the end of August 2014 compared to its level at the end of 2013, amounting to JD 8,302.1 million (32.4 percent of GDP). This increase was driven by receiving the fourth and the fifth tranches of the IMF loan under the Stand-By Arrangement (SBA) in the amount of JD 182.9 million (equivalent to US\$ 258 million) in April, in addition to the issuance of sovereign Eurobonds in the international markets in the amount of US\$ 1.0 billion in June. The currency debt structure shows that external debt in US dollars accounted for 47.5 percent, while debt in Euros accounted for 8.1 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 12.7 percent and 14.8 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 12.4 percent.
- Net public debt (domestic and external) increased by JD 1,299.6 million at the end of August 2014 compared to its level at the end of 2013 to stand at JD 20,396.1 million, (79.7 percent of GDP), against JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.
- External debt service (budgetary and guaranteed) amounted to JD 371.2 million during the first eight months of 2014 (of which interest payments amounting to JD 128.9 million) compared to JD 330.2 million (of which interest payments amounting to JD 80.0 million) during the same period of 2013.

### □ Fiscal and Price Measures

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

#### Development of Oil Derivatives Price

	Unit	2014		Percentage Change
		October	November	
Unleaded Gasoline 90	Fils/Liter	790	735	-7.0
Unleaded Gasoline 95	Fils/Liter	960	895	-6.8
Gas Oil (Diesel)	Fils/Liter	630	575	-8.7
Kerosene	Fils/Liter	630	575	-8.7
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	448.2	395.6	-11.7
Fuel oil for ships	JD/Ton	470.8	469.9	-0.2
Fuel oil for airplanes (local companies)	Fils/Liter	564	517	-8.3
Fuel oil for airplanes (foreign companies)	Fils/Liter	569	522	-8.3
Fuel oil for unplanned flights	Fils/Liter	584	537	-8.0
Asphalt	JD/Ton	480.4	424.6	-11.6

Source: Jordan Petroleum Refinery Company (1/11/2014).

- The cabinet approved the work permit fees for non-Jordanian workers by-law for 2014, to be effective from its issuance in the official Gazette (June 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\$ 1.0 billion. These bonds due

after five years and carry a fixed annual interest rate of 1.945 percent. This issuance is the second one for the kingdom in the international markets, guaranteed by the U.S government (June 2014).

- The cabinet decided to reduce the general sales tax rate on micro-financing companies sales to become 3% starting from the year 2009 onwards. Provided that these companies are not allowed to deduct any taxes on their purchases, as of 20/7/2014 (July 2014).

#### □ Grants, Loans and Other Agreements

- Signing four grant agreements extended by the United States Agency for International Development (USAID) in the amount of US\$ 633 million, under the U.S. regular and additional economic assistance program for Jordan for the year 2014. These funds are distributed as follows (September 2014):
  - A grant to support prioritised development projects listed within the Budget Law for the year 2014, in the amount of US\$ 436 million.
  - The improvement of basic services provided for citizens agreement, in the amount of US\$ 126.4 million, for the implementation of several projects in the fields of mother and child care, reproductive health, family planning, basic education, water and environment.

- The economic development agreement in the amount of US\$ 43.2 million, for the implementation of several projects in the areas of boosting economic growth, trade and investment, infrastructure, enhancing the competitiveness of the private sector, and promoting economic opportunities.
- Enhancing the democratic accountability agreement in the amount of US\$ 27.5 million, for the implementation of several projects in the fields of the rule of law, governance, civil society, and supporting the political reform efforts.
- Signing a memorandum of understanding (MoU) concerning EU financial assistance to Jordan for the years (2014 – 2017), providing grants ranging between EUR (312 – 382) million. Jordan and the EU also signed two grant agreements in the total amount of EUR 59.5 million, of which EUR 47.5 million for supporting Jordan's public finance management and public administration reforms, while the remaining EUR 12 million will go for supporting the implementation of the EU – Jordan Action plan of the European Neighborhood policy (October 2014).
- Signing an agreement with German Development Bank (KfW) in the amount of EUR 20 million in order to help the Kingdom cope with effects of climate change in the water sector, in addition to supporting services grant agreement in the amount of EUR 1.5 million (October 2014).

#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 11.1 percent in August 2014 compared to the same month of 2013, to record JD 513.4 million. As for the first eight months of 2014, total merchandize exports increased by 5.9 percent to reach JD 3,931.0 million.
- **Merchandize imports** increased by 13.1 percent in August 2014 compared to the same month of 2013, to reach JD 1,429.4 million. As for the first eight months of 2014, merchandize imports increased by 4.1 percent to reach JD 10,754.1 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 14.2 percent in August 2014 compared to the same month in 2013; standing at JD 916.0 million. As for the first eight months of 2014, the trade deficit increased by 4.1 percent to reach JD 6,823.1 million.
- **Travel receipts and Payments** increased during the first nine months of 2014 compared to the same period of 2013, by JD 195.8 million and JD 29.9 million or 8.9 percent and 4.9 percent, respectively.
- **Total workers' remittances receipts** increased by 2.2 percent during the first nine months of 2014 compared to the same period of 2013 to reach JD 2,010.3 million.
- **The current account of the balance of payments** registered a deficit of JD 1179.3 million (10.0 percent of GDP) during the first half of 2014 compared to a deficit of JD 598.0 million (5.4 percent of GDP) during the first half of 2013.
- **Net direct investment** recorded an inflow of JD 659.4 million during the first half of 2014, down from JD 722.1 million during the first half of 2013.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 21,881.3 million at the end of June 2014; an increase of JD 1038.8 million compared to its level at the end of December 2013.

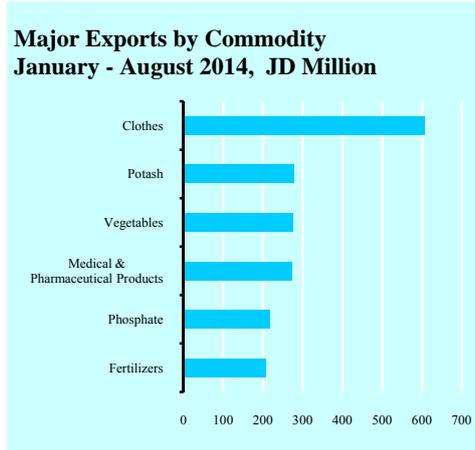
#### □ External Trade

- As a result of the increase in domestic exports by JD 220.6 million and the increase in imports by JD 491.1 million during the first eight months of 2014, the volume of external trade (domestic exports *plus* imports) increased by JD 711.7 million to stand at JD 14,148.2 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-August				January-August				
	2013	2014	Percentage Change		2013	Percentage Change 2013/2012	2014	Percentage Change 2014/2013
<b>Exports</b>				External Trade	13,436.5	4.2	14,148.2	5.3
USA	556.2	622.8	12.0	Total Exports	3,711.2	-0.2	3,931.0	5.9
Iraq	567.8	563.3	-0.8	Domestic Exports	3,173.5	0.9	3,394.1	7.0
Saudi Arabia	410.0	459.6	12.1	Re-exports	537.7	-6.2	536.9	-0.1
India	264.6	296.3	12.0	Imports	10,263.0	5.2	10,754.1	4.8
UAE	120.6	120.6	0.0	Trade Balance	-6,551.8	8.5	-6,823.1	4.1
Syria	63.3	109.4	72.8	Source: Department of Statistics.				
China	69.5	78.8	13.4					
<b>Imports</b>								
Saudi Arabia	1,890.0	2,098.6	11.0					
China	1,068.8	1,088.0	1.8					
USA	668.0	645.2	-3.4					
UAE	326.9	626.0	91.5					
India	348.9	497.4	42.6					
Turkey	368.7	437.2	18.6					
Germany	376.1	424.6	12.9					
South Korea	268.3	397.8	48.3					
Source: Department of Statistics.								

### ■ Merchandize Exports:

Total merchandize exports increased by 5.9 percent during the first eight months of 2014, compared to a decline of 0.2 percent during the



same period in 2013, to record JD 3,931.0 million. This increase resulted from an increase in domestic exports by JD 220.6 million, or 7.0 percent, to reach JD 3,394.1 million, and a decline in re-exports by 3.5 percent, to reach JD 536.9 million.

### ◆ The developments of domestic exports during the first eight months of 2014 compared to the same period in 2013 reveal the following:

- Exports of **Fertilizers** increased by JD 84.6 million, or 69.2 percent, to reach JD 206.8 million, compared to a decrease of 24.5 percent during the same period in 2013. The Ethiopian, Indian, and Turkish Markets accounted for 57.5 percent of these exports.

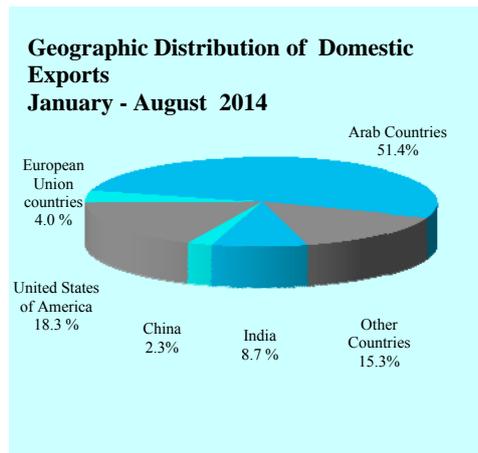
- Exports of **vegetables** increased by JD 56.7 million, or 26.0 percent, to total JD 274.6 million, compared to a decrease of 19.7 percent in the same period of 2013. The Iraqi, Syrian, and the UAE markets were the main destinations of these exports, accounting for 52.2 percent.
- Exports of **phosphate** increased by JD 19.0 million, or 9.6 percent, to register JD 216.3 million, compared to a decrease of 29.8 percent during the same period of 2013. This decrease was mainly due to a decline in the prices of phosphate by 18.7 percent and an increase in exported quantities by 34.8 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 66.7 percent of phosphates exports.

**Major Domestic Exports by Commodity, JD Million**  
January - August 2013, 2014

	2013	2014	Percentage Change
<b>Domestic Exports</b>	<b>3,173.5</b>	<b>3,394.1</b>	<b>7.0</b>
<b>Clothes</b>	<b>533.7</b>	<b>605.6</b>	<b>13.5</b>
USA	495.7	549.1	10.8
<b>Potash</b>	<b>331.7</b>	<b>278.8</b>	<b>-15.9</b>
India	61.7	86.8	40.7
China	65.9	74.9	13.7
Malaysia	52.7	36.4	-30.9
<b>Vegetables</b>	<b>217.9</b>	<b>274.6</b>	<b>26.0</b>
Iraq	41.8	52.7	26.1
Syria	29.2	48.1	64.7
UAE	35.3	42.6	20.7
<b>Medical &amp; Pharmaceutical Products</b>	<b>271.4</b>	<b>272.1</b>	<b>0.3</b>
Saudi Arabia	60.2	70.9	17.8
Algeria	46.1	44.2	-4.1
Iraq	30.9	27.9	-9.7
Sudan	26.7	23.5	-12.0
<b>Phosphate</b>	<b>197.3</b>	<b>216.3</b>	<b>9.6</b>
India	141.5	144.2	1.9
Indonesia	21.1	36.1	71.1
Taiwan	9.1	6.0	-34.1
<b>Fertilizers</b>	<b>122.2</b>	<b>206.8</b>	<b>69.2</b>
Ethiopia	0.0	44.8	-
India	45.6	38.1	-16.4
Turkey	20.9	36.0	72.2

Source: Department of Statistics.

- Exports of **potash** decreased by JD 52.9 million, or 15.9 percent, to stand at JD 278.8 million, compared to a 10.0 percent decrease during the same period in 2013. The Indian,

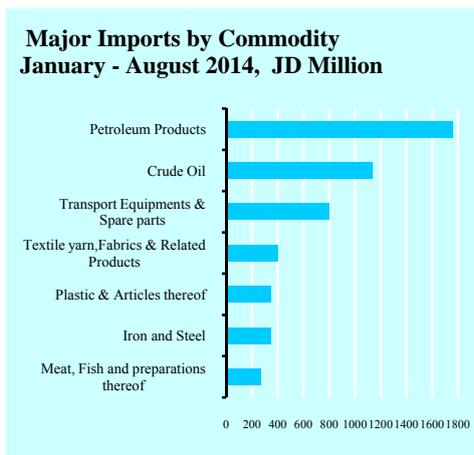


Chinese, and Malaysian markets accounted for 71.1 percent of these exports.

- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, vegetables, “medical and pharmaceutical products”, phosphate, and fertilizers topped the list of domestic exports during the first eight months of 2014; accounting for 54.6 percent of domestic exports, up from 52.8 percent during the same period in 2013. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, India, the UAE, Syria and China, were the main destination markets for domestic exports during the first eight months of 2014; accounting for 66.3 percent of domestic exports, up from 64.7 percent during the same period in 2013.

### ■ Merchandize Imports:

Merchandize imports increased by 4.8 percent to reach JD 10,754.1 million during the first eight months of 2014, compared to a similar increase of 5.2 percent during the same period of 2013.



### ◆ The developments of imports during the first eight months of 2014 compared with the same period of 2013 reveal the following:

- **Petroleum products** imports increased by JD 589.5 million, or 50.2 percent, to total JD 1,763.5 million compared to a decrease of 24.8 percent during the first eight months of 2013. This increase was mainly attributable to the repeated interruptions of Egyptian gas flows, used in electricity generation, which was substituted by fuel oil and diesel. The main source markets of these imports were the UAE, Russia, and India.
- **Crude oil** imports decreased by JD 118.1 million, or 9.4 percent, to reach JD 1,133.6 million, compared to a decrease of JD 167.7 million, or 11.8 percent during the first eight months of 2013. This increase was attributed to the rise in prices by 3.0 percent and a decrease in quantities by 12.1 percent. It's worth noting that crude oil imports came from the Saudi market.

- Imports of **Transport equipments and Spare Parts** increased by JD 178.5 million, or 28.7 percent, to reach JD 799.6 million compared to an increase of 9.7 percent during the first eight months of 2013. The USA, Japan and South Korea were the main markets for these imports; accounting for 63.4 percent.
- Consequently, the commodity composition of imports indicates that petroleum products, crude oil, “transport equipments and spare parts”, “textile yarn, fabrics, made up articles and related products”, “plastic and articles thereof” “iron and steel”, and “meat,

**Major Imports by Commodity, JD Million**

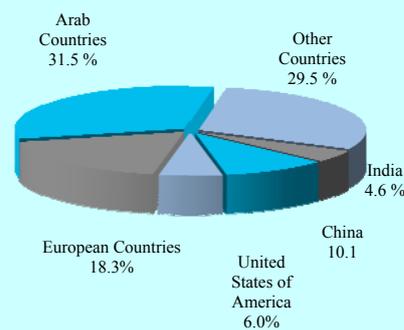
January - August 2013, 2014

	2013	2014	Percentage Change
<b>Total Imports</b>	<b>10,263.0</b>	<b>10,754.1</b>	<b>4.8</b>
<b>Petroleum Products</b>	<b>1,174.0</b>	<b>1,763.5</b>	<b>50.2</b>
UAE	42.6	309.8	-
Russia	70.7	254.7	260.3
India	131.5	244.9	86.2
<b>Crude oil</b>	<b>1,251.7</b>	<b>1,133.6</b>	<b>-9.4</b>
Saudi Arabia	1,053.6	1,133.6	7.6
<b>Transport Equipments &amp; Spare Parts</b>	<b>621.1</b>	<b>799.6</b>	<b>28.7</b>
USA	128.0	186.7	45.9
Japan	101.8	164.0	61.1
South Korea	137.2	156.5	14.1
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>404.0</b>	<b>400.0</b>	<b>-1.0</b>
China	153.9	167.9	9.1
Taiwan	105.4	105.7	0.3
Turkey	28.5	24.9	-12.6
<b>Plastics</b>	<b>316.4</b>	<b>351.1</b>	<b>11.0</b>
Ukraine	150.6	178.7	18.7
China	24.9	21.7	-12.9
Saudi Arabia	18.8	20.6	9.6
<b>Iron &amp; Steel</b>	<b>364.6</b>	<b>346.2</b>	<b>-5.0</b>
Ukraine	87.5	76.9	-12.1
China	43.1	60.1	39.4
Egypt	32.5	35.4	8.9
<b>Meat, Fish and Preparations thereof</b>	<b>275.1</b>	<b>269.3</b>	<b>-2.1</b>
Brazil	73.0	66.0	-9.6
Australia	53.0	52.5	-0.9
India	26.6	29.4	10.5

Source: Department of Statistics.

fish and preparations thereof' topped the list of imports during the first eight months of 2014, accounting for 47.1 percent of total imports; up from 42.9 percent during the same period in 2013. Meanwhile, the

**Geographic Distribution of Imports  
January - August 2014**



geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, the UAE, India, Turkey, Germany and South Korea were the main sources of imports during the first eight months of 2014; accounting for 57.8 percent of total imports, compared to 51.8 percent during the same period of 2013.

#### ■ Re-Exports

A decrease of JD 0.8 million, or 0.1 percent, was registered in the value of re-exported goods during the first eight months of 2014 compared to the same period of 2013, to reach JD 536.9 million. This decrease was attributed to a decline in re-exports of “medical and pharmaceutical products”, “Iron and steel” and “Textile Yarn, Fabrics and Related Products” by JD 23.4 million, JD 9.2 million and JD 8.6 million or 46.4 percent, 56.5 percent and 45.5 percent, respectively, and the increase in re-exports of “Transport Equipments and Spare Parts”, “Telecommunication Equipments” and “Machinery Specialized for Agriculture, Industry and Construction Sectors” by JD 32.0 million, JD 21.5 million and JD 12.1 million, or 50.2 percent, 81.2 percent and 66.1 percent, respectively.

### ■ Trade Balance

The trade balance deficit during the first eight months of 2014 increased by JD 271.3 million, or 4.1 percent, to register JD 6,823.1 million, compared to the same period of 2013.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 2.2 percent, during the first nine months of 2014, compared to the same period in 2013 to register JD 2,010.3 million.

### □ Travel

#### ■ Receipts

Travel receipts increased by JD 195.8 million, or 8.9 percent, during the first nine months of 2014, compared to the same period in 2013 to register JD 2,408.0 million.

#### ■ Payments

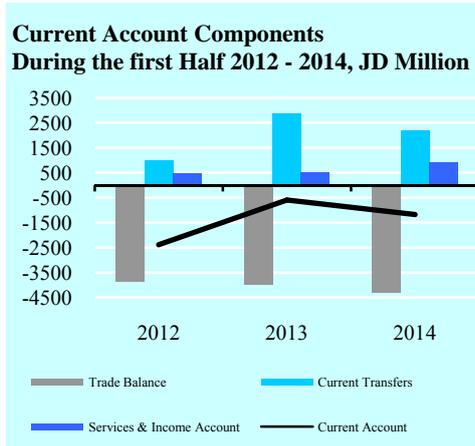
Travel payments increased by JD 29.9 million, or 4.9 percent, during the first nine months of 2014, compared to the same period in 2013 to stand at JD 643.9 million.

### □ Balance of Payments

The preliminary data of the balance of payments for the **first half of 2014** compared to the same period of 2013, reveals the following developments:

- The current account recorded a deficit of JD 1179.3 million (10.0 percent of GDP) compared to a deficit of JD 598.0 million (5.4 percent of GDP) during the first half of 2013. This was an outcome of the following developments:

◆ An increase in the trade balance deficit during the first half of 2014 by JD 312.4 million, 7.9 percent, to reach JD 4,286.2 million compared to JD



3,973.8 million during the same period in 2013.

◆ An increase in the surplus of the services account by JD 404.8 million to reach JD 968.4 million.

◆ Income account recorded a deficit of JD 43.5 million compared to a deficit of JD 58.8 million during the first half of 2013, as a result of a deficit of JD 154.0 million in investment income (net) and a surplus of JD 110.5 million in compensation of employees (net).

◆ A decrease in the surplus of net current transfers by JD 689.0 million; to reach JD 2,182.0 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 980.6

million, to reach JD 404.3 million, and the increase of the transfers of other sectors by 291.6 million to reach JD 1,777.7 million. It's worth mentioning that the workers' remittances receipts increased by 3.1 percent, during the first half of 2014 to stand at JD 1,180.5 million.

- The capital and financial account in the first half of 2014 registered a net inflow of JD 637.1 million, compared to a net inflow of JD 534.7 million during the same period of 2013. This can be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 659.4 million compared to a similar inflow of JD 722.1 million during the same period of 2013.
  - ◆ Portfolio investments recorded a net inflow of JD 943.9 million compared to an inflow of JD 279.0 million during the same period of 2013.
  - ◆ Other investments registered a net inflow of JD 649.7 million compared to an inflow of JD 1,574.3 million during the same period of 2013.
  - ◆ An increase in the reserve assets of CBJ by JD 1,616.7 million, compared to an increase of JD 2,041.0 million during the same period of 2013.

**□ 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 21,881.3 million at the end of June 2014 compared to JD 20,842.5 million at the end of December 2013. 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 1,768.8 million to reach JD 19,328.7 million at the end of June 2014 compared to the end of December 2013. This increase was a result of the rise in CBJ's reserves by 1,666.9 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 2807.5 million at the end of June 2014 compared to the end of December 2013; standing at JD 41,216.2 million due to the following:
  - ◆ An increase in the stock of direct investment in Jordan by JD 639.5 million to stand at JD 19,620.7 million.
  - ◆ An increase in the stock of portfolio investments by JD 1,538.7 million to reach JD 6,220.2 million.
  - ◆ An increase in the deposits of non-residents at the banking system by JD 224.4 million. (a decrease of JD 22.5 million at the CBJ, and an increase of JD 246.9 million at the licensed banks) to reach JD 8,450.6 million
  - ◆ An increase in trade credits by JD 228.1 million, to stand at JD 934.0 million.
  - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 149.1 million to reach JD 5,601.6 million.