



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
November, 2013**

Central Bank of Jordan

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❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

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

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Executive Summary

□ Output, Prices and Employment

In the first half of 2013, real GDP at market prices, grew by 2.8 percent compared to 2.9 percent during the same period of 2012. Inflation, measured by the Consumer Price Index (CPI), witnessed an increase by 6.1 percent during the first ten months of 2013 compared to 4.3 percent during the same period of 2012. Furthermore, the unemployment rate during the third quarter of 2013 increased to 14.0 percent compared to 13.1 percent during the same quarter in 2012.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) reached US\$ 10,870.5 million at the end of October 2013, with an increase of US\$ 4,237.9 million (63.9 percent) compared to its level at the end of 2012. This level of reserves covers around 5.7 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 2,222.1 million (8.9 percent) at the end of October 2013 compared to its level at the end of 2012, to stand at JD 27,167.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 941.5 million (5.3 percent) at the end of October 2013 compared to its level at the end of 2012, to reach JD 18,771.3 million.
- Total deposits at licensed banks increased by JD 2,320.7 million (9.3 percent) at the end of October 2013, compared to its level at the end of 2012, totaling JD 27,290.3 million. This increase was an outcome of the increase in JD deposits by JD 2,933.0 million (16.6 percent) and the decrease in foreign currency deposits by JD 612.3 million (7.7 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,969.3 points at the end of October 2013, increasing by 11.7 points, or 0.6 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first nine months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 741.7 million compared to a fiscal deficit in the amount of JD 1,055.2 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 722.0 million at the end of September 2013, compared to its level at the end of 2012, to stand at JD 12,370.0 million (51.6 percent of GDP). Outstanding external public debt increased by JD 1,120.3 million at the end of September 2013 compared to its level at the end of 2012 to reach JD 6,052.7 million, (25.2 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 76.8 percent of GDP at the end of September 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 1.0 percent during the first nine months of 2013 to reach JD 4,182.8 million. In contrast, merchandize imports increased by 6.2 percent, totaling JD 11,692.6 million. As a result, the trade deficit increased by 10.7 percent compared to the same period in 2012, to reach JD 7,509.8 million. The preliminary data during the first ten months of 2013 compared to the same period in 2012 showed a decrease in travel receipts by 4.4 percent due to the decline in the inbound medical tourism and a similar decline in travel payments by 3.9 percent. In contrast, total workers' remittances receipts increased by 3.2 percent compared to their level in the same period of 2012. The balance of payments during the first half of 2013 displayed a deficit in the current account amounting to JD 884.6 million, (8.0 percent of GDP) down from JD 2,586.8 million (25.6 percent of GDP) during the same period in 2012. Moreover, Net Direct Investment recorded an inflow of JD 710.2 million during the first half of 2013 compared to a net inflow of JD 544.2 million during the same period in 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 19,366.5 million at the end of June 2013 compared to JD 18,862.0 million at the end of December 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 4,237.9 million (63.9 percent) at the end of October 2013, compared to their level at the end of 2012, to stand at US\$ 10,870.5 million. This level of reserves covers around 5.7 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 2,222.1 million, (8.9 percent), at the end of October 2013, compared to its level at the end of the previous year, to total JD 27,167.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 941.5 million, (5.3 percent) at the end of October 2013, compared to its level at the end of 2012, to stand at JD 18,771.3 million.
- Total deposits at licensed banks increased by JD 2,320.7 million, (9.3 percent), at the end of October 2013, compared to its level at the end of 2012, to reach JD 27,290.3 million.
- The interest rates on deposits increased at the end of October 2013 compared to the previous month except demand deposits which decreased compared to September 2013. Meanwhile, interest rates on credit facilities showed a decrease at the end of October 2013 compared to the previous month except overdraft credit facilities. As compared to their levels at the end of 2012, the interest rates on deposits and credit facilities increased at the end of October 2013, with the exception of "discounted bills and bonds", and "demand deposits" which decreased compared to the end of 2012.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,969.3 points at the end of October 2013, increasing by 11.7 points (0.6 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 1.6 billion (8.1 percent), compared to its registered level of 2012, to stand at JD 17.6 billion.

Main Monetary Indicators

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

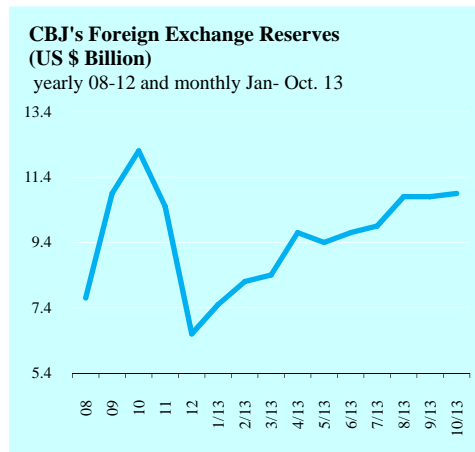
| | | End of October | |
|--------------|--|----------------|---------------|
| 2012 | | 2012 | 2013 |
| US\$ 6,632.6 | CBJ's Foreign Currency Reserves* | US\$ 7,022.8 | US\$ 10,870.5 |
| -37.0% | | -33.3% | 63.9% |
| 24,945.1 | Money Supply (M2) | 25,606.9 | 27,167.2 |
| 3.4% | | 6.2% | 8.9% |
| 17,829.8 | Credit Facilities, of which: | 17,481.4 | 18,771.3 |
| 12.5% | | 10.3% | 5.3% |
| 15,375.6 | Private Sector (Resident) | 15,183.9 | 16,393.7 |
| 7.6% | | 6.3% | 6.6% |
| 24,969.6 | Total Deposits, of which: | 25,665.9 | 27,290.3 |
| 2.4% | | 5.3% | 9.3% |
| 17,711.0 | In JD | 18,766.4 | 20,644.0 |
| -7.4% | | -1.8% | 16.6% |
| 7,258.6 | In Foreign Currencies | 6,899.5 | 6,646.3 |
| 38.0% | | 31.2% | -8.4% |
| 20,387.1 | Deposits of Private Sector (Resident), of which: | 20,988.9 | 21,966.6 |
| 2.4% | | 5.4% | 7.7% |
| 15,084.3 | In JD | 16,124.0 | 17,365.7 |
| -8.6% | | -2.3% | 15.1% |
| 5,302.8 | In Foreign Currencies | 4,864.9 | 4,600.9 |
| 56.0% | | 43.2% | -13.2% |

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 4,237.9 million (63.9 percent), at the end of October 2013, compared to their level at the end of 2012, to reach US\$ 10,870.5 million. This level of reserves covers around 5.7 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

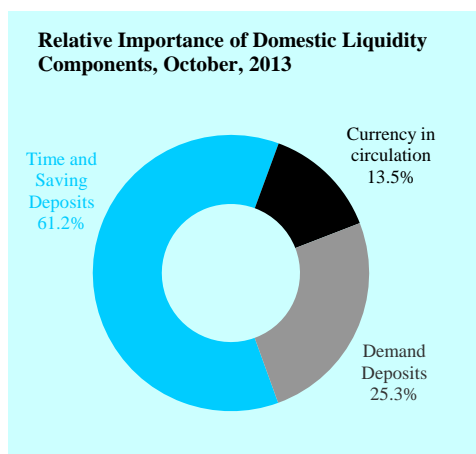
■ Domestic liquidity totaled JD 27,167.2 million at the end of October 2013, increasing by JD 2,222.1 million, or 8.9 percent, compared to an increase of JD 1,488.0 million, or 6.2 percent, during the same period of 2012.

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

● Components of Domestic Liquidity

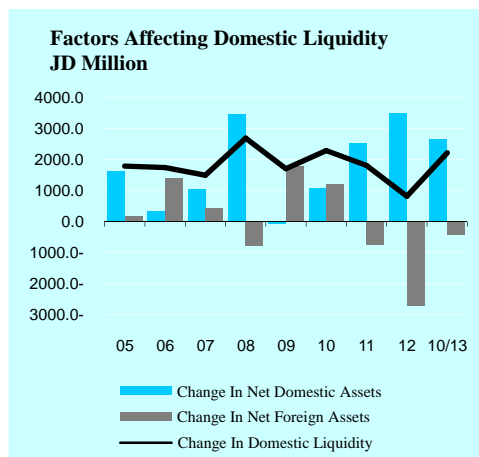
- Deposits increased by JD 1,767.7 million, or 8.1 percent, at the end of October 2013, compared to their level at the end of 2012, to total JD 23,497.8 million, compared with an increase amounting to JD 1,221.1 million, or 5.8 percent, during the same period of 2012.

- Currency in circulation increased by JD 454.4 million, or 14.1 percent, at the end of October 2013, compared to its level at the end of 2012, to reach JD 3,669.4 million, against an increase in the amount of JD 266.9 million, or 8.8 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 2,647.5 million, or 14.5 percent, at the end of October 2013, compared to its level at the end of 2012, against an increase of JD 3,329.3 million, or 22.6



percent, during the same period of 2012. This increase was an outcome of the increase in net domestic assets of the licensed banks by JD 3,895.9 million, or 18.7 percent, and the decrease in net domestic assets of the CBJ by JD 1,248.4 million, or 48.7 percent.

- Net foreign assets of the banking system decreased by JD 425.4 million, or 6.4 percent, at the end of October 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 1,841.4 million, or 19.7 percent, in the same period of 2012. This decrease was an outcome of the decline in net foreign assets of the licensed banks by JD 2,104.4 million and the increase of net foreign assets of the CBJ by JD 1,679.0 million, or 23.7 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

| 2012 | | End of October | |
|-----------------|----------------------------------|-----------------|-----------------|
| | | 2012 | 2013 |
| 6,665.5 | Foreign Assets (Net) | 7,528.7 | 6,240.1 |
| 6,139.7 | CBJ | 6,801.5 | 7,818.7 |
| 525.8 | Licensed Banks | 727.2 | -1,578.6 |
| 18,279.7 | Domestic Assets (Net) | 18,078.1 | 20,927.1 |
| -2,562.7 | CBJ, of which: | -3,053.1 | -3,811.2 |
| 1,567.8 | Claims on Public Sector (Net) | 1,629.3 | 1,531.0 |
| -4,150.5 | Other Items (Net*) | -4,702.0 | -5,362.6 |
| 20,842.4 | Licensed Banks | 21,131.2 | 24,738.3 |
| 8,377.1 | Claims on Public Sector (Net) | 8,055.0 | 9,880.0 |
| 15,953.5 | Claims on Private Sector | 15,802.1 | 17,049.1 |
| -3,468.2 | Other Items (Net) | -2,725.9 | -2,190.8 |
| 24,945.1 | Money Supply (M2) | 25,606.9 | 27,167.2 |
| 3,215.0 | Currency in Circulation | 3,286.2 | 3,669.4 |
| 21,730.1 | Total Deposits, of which: | 22,320.7 | 23,497.8 |
| 5,395.6 | In Foreign Currencies | 5,009.2 | 4,714.1 |

* 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 October 22th, 2013, the CBJ decreased the interest rate on all monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:

Interest Rates on Monetary Policy Instruments (%)

| | | October | |
|------|------------------------------------|---------|------|
| 2012 | | 2012 | 2013 |
| 5.00 | Re-discount Rate | 5.00 | 4.50 |
| 4.75 | Repurchase Agreements Rate (Repos) | 4.75 | 4.25 |
| 4.00 | Overnight Deposit Window Rate | 3.25 | 3.50 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

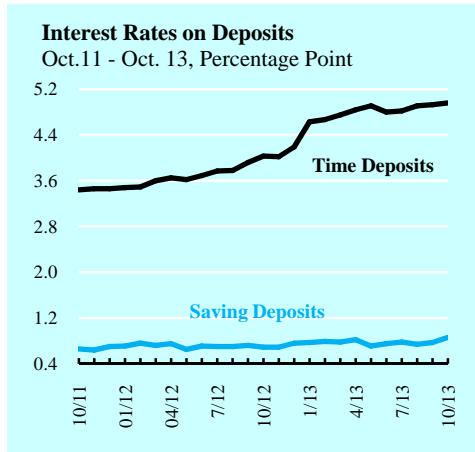
- **Re-Discount Rate:** 4.50 percent.
 - **Interest Rate on Overnight Repurchase Agreements:** 4.25 percent.
 - **Overnight Deposit Window Rate:** 3.50 percent.
 - The interest rate on the last repurchases for both one week and one month maturities was 3.75 percent.
- ◆ This decision aims at increasing credit to the private sector, as well as promoting investments to support the growth of the economy.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of October 2013 increased by 3 basis points, compared to its level at the end of the previous month to stand at 4.96 percent. This rate is higher by 77 basis points than its level at the end of 2012.

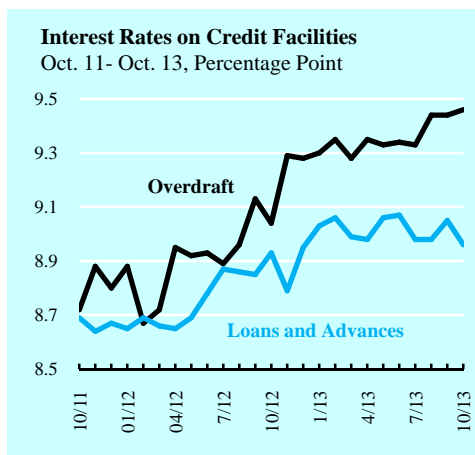
- Saving Deposits:** The weighted average interest rate on saving deposits at the end of October 2013 increased by 9 basis points compared to its level at the end of the previous month to stand at 0.86 percent. This rate is higher than its level at the end of 2012 by 10 basis point.



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

◆ **Interest Rates on Credit Facilities**

- Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of October 2013 increased by 2 basis points compared to its level at the previous month to stand at 9.46 percent. This rate is higher than its level at the end of 2012 by 18 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 10 basis points at the end of October 2013, compared to its level at the end of the previous month, to stand at 9.48 percent. This rate is lower than its level at the end of 2012 by 11 basis points.

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

| 2012 | | October | | Change Relative to the Preceding Year Basis Points |
|--------------------------|----------------------------|---------|------|---|
| | | 2012 | 2013 | |
| Deposits | | | | |
| 0.42 | Demand | 0.45 | 0.38 | -4 |
| 0.76 | Saving | 0.69 | 0.86 | 10 |
| 4.19 | Time | 4.03 | 4.96 | 77 |
| Credit Facilities | | | | |
| 9.59 | Discounted Bills and Bonds | 9.41 | 9.48 | -11 |
| 8.95 | Loans and Advances | 8.93 | 8.96 | 1 |
| 9.28 | Overdraft | 9.04 | 9.46 | 18 |
| 8.68 | Prime Lending Rate | 8.42 | 8.85 | 17 |

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 October 2013, compared to its level at the end of the previous month, to stand at 8.96 percent. This rate is higher than its level of 2012 by one basis point.

- The Prime lending rate stood at 8.85 percent at the end of October 2013, 17 basis points higher than its level at the end of 2012.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, decreased by 76 basis points compared to its level at the end of 2012, to reach 400 basis points at the end of October 2013.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,771.3 million at the end of October 2013, increasing by JD 941.5 million, or 5.3 percent, compared to its level at the end of 2012, against an increase in the amount of JD 1,630.2 million, or 10.3 percent, during the same period in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of October 2013 demonstrates an increase in credit facilities extended to the construction sector and credit facilities classified as "other", which generally represents credit facilities extended to individuals, by JD 339.2 million, or 9.2 percent, and JD 319.4 million or 8.3 percent, respectively. In addition, credit facilities extended to the industrial and mining sectors increased by JD 131.2 million and JD 110.0 million, respectively. Meanwhile, the credit facilities extended to the agriculture and transportation services sectors decreased by JD 21.9 million, or 8.6 percent, and JD 16.3 million or 2.9 percent, respectively, compared to their levels at the end of 2012.
 - The classification of extended credit facilities, according to the borrower, at the end of October 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 1,018.1 million, or 6.6 percent, and the non-banking financial institutions by JD 1.1 million, or 12.1 percent. In addition, the credit facilities extended to the private sector (non-resident) decreased by JD 34.4 million or 4.0 percent, as well as those extended to the public institutions and central government which decreased by JD million 39.8 or 11.1 percent, and JD 3.5 million or 0.3 percent, respectively compared to their level at the end of 2012.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 27,290.3 million at the end of October 2013, increasing by JD 2,320.7 million, or 9.3 percent, compared to its level at the end of 2012, against an increase of JD 1,288.0 million, or 5.3 percent, during the same period of 2012.
 - The increase in total deposits at licensed banks at the end of October 2013 was a result of the increase in the deposits of the private sector (resident) by JD 1,579.5 million, or 7.7 percent, the private sector (non-resident) by JD 456.9 million, or 17.5 percent, the public sector (central government *plus* public institutions) by

JD 269.8 million, or 15.9 percent, and the non-banking financial institutions by JD 14.5 million, or 5.3 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of October 2013 reveal that “deposits in the local currency” increased by JD 2,933.0 million, or 16.6 percent, and “deposits in the foreign currency” decreased by JD 612.3 million, or 8.4 percent, compared to their levels at the end of 2012.

□ **Amman Stock Exchange (ASE)**

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

■ **Trading Volume**

Trading volume at the (ASE) totaled JD 147.6 million in October 2013; up by JD 3.2 million, or 2.2 percent, compared to its level at the end of the previous month, against an increase of JD 15.5 million, or 11.1 percent, during the same month in 2012. However, the trading volume totaled JD 2,647.2 million during the first ten months of 2013, up by JD 668.4 million, compared to the same period of 2012.

■ **Traded Shares**

The number of traded shares in October 2013 totaled 154.2 million shares; up by 5.3 million shares, or 3.6 percent, compared to its level at the end of preceding month, against a decrease amounting to 66.8 million shares, or 30.4 percent, during the same month of 2012. As end of October 2013, the number of traded shares totaled 2,333.4 million shares, compared to 1,993.2 million shares traded during the same period of 2012, increasing by 340.2 million shares or 17.1 percent.

■ Share Price Index (SPI)

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 118.7 points, or 6.4 percent, at the end of October 2013 compared to its level at the

end of the previous month, to stand at 1,969.3 points, against an increase in the amount of 15.2 points, or 0.8 percent, during the same month of 2012. As end of October 2013, the SPI increased by 11.7 points, or 0.6 percent, compared to its level at the end of 2012, against a drop in the amount of 77.2 points, or 3.9 percent during the same period in 2012. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 178.9 points, or 7.6 percent, and the decrease of industrial and services sectors by 255.3 points, or 11.7 percent and 53.3 points, or 3.2 percents respectively, compared to its levels at the end of 2012.

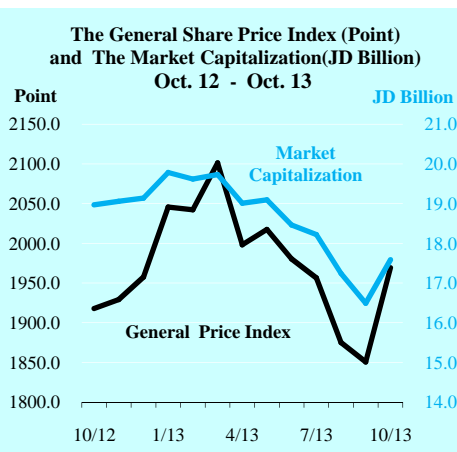
Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector

| | | October | |
|---------|----------------------|---------|---------|
| 2012 | | 2012 | 2013 |
| 1,957.6 | General Index | 1,917.9 | 1,969.3 |
| 2,363.6 | Financial Sector | 2,307.8 | 2,542.5 |
| 2,176.6 | Industrial Sector | 2,136.7 | 1,921.3 |
| 1,651.1 | Services Sector | 1,632.5 | 1,597.8 |

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 17.6 billion at the end of October 2013; an increase of JD 1.1 billion, or 6.7 percent, compared to its level at the end of the previous month, against a decrease of JD 4.6 million during the same month of 2012. As end of



October 2013, the market capitalization decreased by JD 1.6 billion, or 8.1 percent, compared to its level at the end of 2012, against a decrease of JD 0.3 billion, or 1.6 percent during the same period of 2012.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 7.7 million in October 2013, compared to an inflow in the amount of JD 5.0 million during the same month of 2012; the value of shares acquired by non-Jordanian in October 2013 amounted to JD 22.5 million, while the value of shares sold by the same group amounted to JD 14.8 million. Moreover, non-Jordanian net investment

| Main Amman Stock Exchange Trading Indicators, JD Million | | | |
|---|---------------------------------|-----------------|-----------------|
| | | October | |
| 2012 | | 2012 | 2013 |
| 1,978.8 | Value Traded | 155.0 | 147.6 |
| 7.9 | Average Daily Trading | 7.8 | 7.8 |
| 19,141.5 | Market Capitalization | 18,972.9 | 17,589.0 |
| 2,384.1 | No. of Traded Shares (million) | 153.1 | 154.2 |
| 37.6 | Net Investment of Non-Jordanian | 5.0 | 7.7 |
| 322.9 | Non-Jordanian Buying | 28.6 | 22.5 |
| 285.3 | Non-Jordanian Selling | 23.6 | 14.8 |

Source: Amman Stock Exchange.

recorded an inflow amounting to JD 130.3 million during the first ten months of 2013, compared to an inflow in the amount of JD 27.6 million during the same period of 2012.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 3.1 percent, during the second quarter of 2013, compared to 2.9 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 9.7 percent during the second quarter of 2013, compared to 8.0 percent during the same quarter of 2012.
- As for the first half of 2013, both GDP at constant and current market prices, grew by 2.8 percent and 9.6 percent, compared to 2.9 percent and 8.0 percent, during the same period of 2012, respectively.
- Inflation, measured by the CPI, increased to 6.1 percent during the first ten months of 2013, compared to 4.3 percent during the same period of 2012.
- The unemployment rate went up during the third quarter of 2013, to stand at 14.0 percent (11.3 percent for males and 26.8 percent for females), compared to 13.1 percent (10.7 percent for males and 24.0 percent for females) during the same quarter of 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 20.6 percent.

□ Developments of (GDP)

As a reflection of the repercussions of the Arab Spring and the unrest in the region, that still have their effects on the Jordanian economy, in various sectors, real GDP grew by 2.8 percent during the first half of 2013 compared to 2.9 percent during the same period in 2012. When excluding “net taxes on products”, which grew by 3.1 percent during the first half of 2013, compared to 3.0 percent during the same period of 2012, GDP at constant basic prices grew by 2.8 percent during the first half of 2013, compared to 2.9 percent during the same period of 2012.

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

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

Source: Department of Statistics.

GDP at current market prices grew by 9.6 percent during the first half of 2013, compared to 8.0 percent during the same period of 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.6 percent during the first half of 2013, compared to 4.9 percent during the same period in 2012.

The main sectors contributed to the economic growth during the first half of 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “transport, storage and communications” (0.5 percentage point), “wholesale and retail trade, restaurants & hotels” (0.4 percentage point), and construction (0.4 percentage point). These sectors collectively accounted for 75.0 percent of real GDP growth during the first half of 2013.

The developments of economic sectors showed that most sectors witnessed positive real growth at divergent rates during the first half of 2013; some sectors witnessed an accelerated improvement in performance; mainly construction (8.8 percent), “finance, insurance, real estate and business services” (3.9 percent), compared to a contraction by 0.6 percent and a growth by 3.8 percent during the same period of 2012, respectively.



While some sectors exhibited a decelerated growth in performance during the first half of 2013, mainly; “wholesale and retail trade, restaurants and hotels” (3.7 percent), “transport, storage and communications” (3.5 percent), manufacturing (1.9 percent) and “producers of government services” (1.5 percent), against a growth of 6.4 percent, 5.5 percent, 3.1 percent and 2.0 percent, during the same period of 2012, respectively. In contrast, the sectors of “mining and quarrying”, agriculture and “electricity and water” experienced a contraction of 5.1 percent, 0.6 percent and 2.1 percent, respectively, compared to a contraction of 15.1 percent, and 5.8 percent in “mining and quarrying” and agriculture, and a growth of 7.4 percent in “electricity and water” during the same period of 2012.

□ Microeconomic Indicators

- Industrial production quantity index grew by 1.3 percent during the first three quarters of 2013 against a growth of 0.6 percent during the same period of 2012. This can be attributed to the following:
 - Manufacturing production quantity index grew by 3.2 percent, compared to a growth of 1.3 percent during the same period of 2012. This came as a result of the improvement in production of some items, mainly; “chemical products” (9.5 percent), and

“food products and beverages” (7.3 percent), on one hand, and the decrease in cement (19.5 percent), “refined petroleum products” (12.2 percent), and “iron and steel” (14.1 percent), on the other.

- “Mining and quarrying” production quantity index decreased by 11.3 percent, against a decrease of 14.1 percent during the same period of 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 13.4 percent and potash by 8.0 percent; owing to a decline in the demand of some major importing countries for these materials, especially India.
- Electricity production quantity index decreased by 6.8 percent, compared to a strong increase of 10.7 percent during the same period of 2012; due to a decline in the demand of industry sectors.
- The number of passengers through Royal Jordanian recorded a decrease of 2.5 percent, during the first ten months of 2013, compared to a growth of 8.6 percent during the same period of 2012.
- Cargo through Royal Jordanian contracted by 8.4 percent, during the first ten months of 2013, compared to a contraction of 2.9 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 16.2 percent during the first ten months of 2013, compared to an increase of 2.2 percent during the same period of 2012.
- Licensed areas for buildings grew by 7.0 percent during the first three quarters months of 2013, compared to a growth of 2.8 percent during the same period of 2012.
- Number of departures contracted by 13.4 percent during the first ten months of 2013, compared to a decrease of 6.5 percent during the same period of 2012.

Main Sectoral Indicators

Percentages*

| 2012 | Item | Available Period | | | |
|--------------|---|------------------|---------------------|-------------------|--------------|
| | | 2012 | | 2013 | |
| | Industrial Sector | | | | |
| 0.2 | Industrial production quantity index | 0.6 | January – September | 1.3 | |
| 1.4 | Manufacturing production quantity index | 1.3 | | 3.2 | |
| 3.3 | Food products and beverages | 1.1 | | 7.3 | |
| 9.8 | Refined petroleum products | 9.2 | | -12.2 | |
| -2.5 | Iron and steel | 3.6 | | -14.1 | |
| -22.6 | Cement, lime and plaster | -22.7 | | -19.5 | |
| -3.7 | Chemical products | -1.2 | | 9.5 | |
| -16.9 | “Mining and quarrying” production quantity index | -14.1 | | -11.3 | |
| -15.3 | Phosphate | -18.1 | | -13.4 | |
| -19.0 | Potash | -9.7 | | -8.0 | |
| 6.5 | Electricity production quantity index | 10.7 | | -6.8 | |
| 8.5 | Licensed areas for buildings | 2.8 | | 7.0 | |
| 0.9 | Quantities of exported and imported goods shipped through Aqaba port | 2.2 | | January – October | -16.2 |
| 5.8 | The number of passengers through Royal Jordanian | 8.6 | | | -2.5 |
| -1.7 | Cargo through Royal Jordanian | -2.9 | -8.4 | | |
| -7.7 | Number of departures | -6.5 | -13.4 | | |

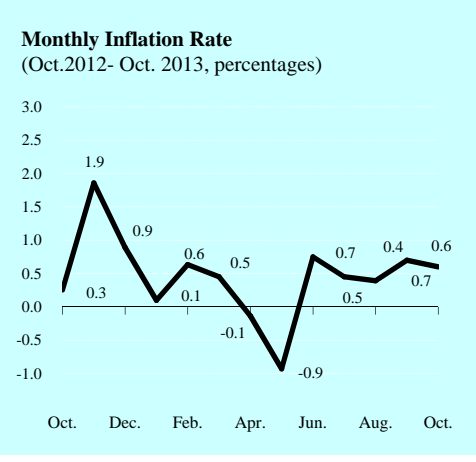
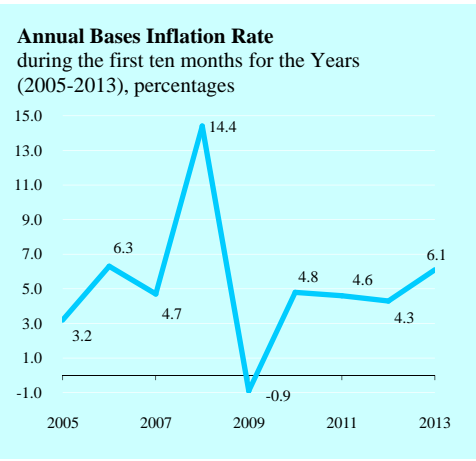
*Sources:

- Monthly Statistical Bulletin / Central Bank of Jordan.

- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during the first ten months of 2013, to stand at 6.1 percent, compared to 4.3 percent during the same period of 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and transportation items, which were affected by the government's decision of liberalizing the prices of petroleum products (November 2012). These items collectively contributed to the overall inflation rate by 3.0 percentage points, compared to 0.8 percentage point during the same period of 2012.



In October 2013, the CPI increased by 0.6 percent compared with September 2013. This was mainly due to the increase in the prices of some items; mainly vegetables, fruits, transportation, and “clothing and footwear”.

Developments of the CPI basket during the first ten months of 2013, compared to the same period of 2012:

- ◆ “Food items” group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 3.7 percent compared to an increase of 4.8 percent during the same period of 2012. The contribution of this group to the overall inflation rate reached 1.3 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; fruits (17.1 percent), vegetables (11.7 percent), “meat and poultry” (5.1 percent), and “dairy products and eggs” (4.5 percent), while the prices of cigarettes, “oils and fats” , and “cereals and products” have declined by 8.7 percent, 1.5 percent, and 1.2 percent, respectively.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level of this group increased by 5.4 percent compared to an increase of 5.0 percent during the same period of 2012. The group's contribution to the overall inflation rate reached 0.3 percentage point. The increase in the prices of this group was affected by the rise in the prices of footwear and clothes, which grew by 9.1 percent and 4.4 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 9.3 percent compared to an increase of 2.5 percent during the same period of 2012. Accordingly, this group contributed to the overall inflation rate by 2.4 percentage points. The increase in the prices of this group was driven by the sharp rise in the prices of “fuels and lighting” item by 24.3 percent, which was affected by the government's decision of liberalizing the prices of petroleum products, compared to a slight increase by 0.3 percent during the same period of 2012. In addition, prices of other items showed a varied increase ranges between 2.4 percent for “household appliances” and 5.6 percent for “house utensils”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 6.6 percent compared to 4.9 percent during the same period of 2012. Accordingly, this group contributed by 2.1 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of transportation item, by 13.3 percent, compared to an increase of 7.1 percent during the same period of 2012; affected by the rise in public transportation fare, as a result of the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; education (4.8 percent), recreation (3.4 percent), and personal care (3.2 percent).

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) increased during the third quarter of 2013; to stand at 14.0 percent (11.3 percent for males and 26.8 percent for females), compared to 13.1 percent (10.7 percent for males and 24.0 percent for females) during the same quarter of 2012. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 20.6 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the third quarter of 2013 reached 36.8 percent (59.7 percent for males against 13.1 percent for females), compared to 38.0 percent (61.2 percent for males against 14.1 percent for females) during the same quarter of 2012.
- ◆ The employed rate among the population of 15 years and over reached 31.6 percent during the third quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.3 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (16.2 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 741.7 million during the first nine months of 2013, comparing to a fiscal deficit in the amount of JD 1,055.2 million, during the same period in 2012. When excluding foreign grants (JD 537.1 million), the general budget deficit reaches JD 1,278.8 million compared to a deficit in the amount of JD 1,081.0 million during the same period in 2012.
- Net outstanding domestic public debt increased by JD 722.0 million at the end of September 2013 compared to its level at the end of 2012, to reach JD 12,370.0 million (51.6 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 1,120.3 million at the end of September 2013, compared to its level at the end of 2012, to stand at JD 6,052.7 million (25.2 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 18,422.7 million (76.8 percent of GDP) at the end of September 2013 compared to JD 16,580.4 million (75.5 percent of GDP) at the end of 2012.

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

■ Public Revenues

Public revenues (including foreign grants) increased by JD 95.8 million, or 30.5 percent, in September 2013 comparing to the same month in 2012 to reach JD 410.4 million. As for the first nine months of 2013, these revenues were up by JD 815.4 million, or 23.4 percent, compared to the same period in 2012 to stand at JD 4,298.6 million. This result was mainly driven by the increase in foreign grants by JD 511.3 million, as well as domestic revenues by JD 304.1 million.

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

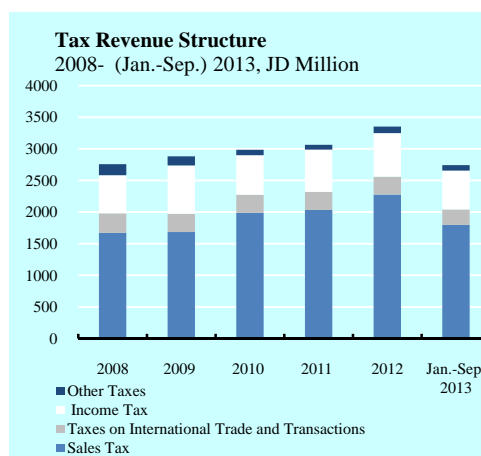
(JD Million and Percentages)

| | September | | Growth Rate % | Jan. – Sep. | | Growth Rate % |
|--------------------------------------|---------------|---------------|---------------|-----------------|----------------|---------------|
| | 2012 | 2013 | | 2012 | 2013 | |
| Total Revenues and Grants | 314.6 | 410.4 | 30.5 | 3,483.2 | 4,298.6 | 23.4 |
| Domestic Revenues, of which: | 314.1 | 397.9 | 26.7 | 3,457.4 | 3,761.5 | 8.8 |
| Tax Revenues, of which: | 220.9 | 303.8 | 37.5 | 2,421.6 | 2,740.7 | 13.2 |
| General Sales Tax | 164.9 | 236.8 | 43.6 | 1,523.1 | 1,796.8 | 18.0 |
| Other Revenues | 91.8 | 92.3 | 0.5 | 1,018.7 | 1,004.1 | -1.4 |
| Foreign Grants | 0.5 | 12.5 | - | 25.8 | 537.1 | - |
| Total Expenditures, of which: | 498.6 | 659.7 | 32.3 | 4,538.4 | 5,040.3 | 11.1 |
| Capital Expenditures | 47.5 | 70.7 | 48.8 | 408.3 | 533.6 | 30.7 |
| Overall Deficit/ Surplus | -184.0 | -249.3 | - | -1,055.2 | -741.7 | - |

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 304.1 million, or 8.8 percent, in the first nine months of 2013 compared to the same period in 2012, to reach JD 3,761.5 million. This increase was an outcome of the rise in the proceeds of “tax revenues” by JD 319.1 million, and the drop in “other revenues” and “pension contributions” by JD 14.6 million, and JD 0.4 million, respectively.



● Tax Revenues

Tax revenues increased by JD 319.1 million, or 13.2 percent, during the first nine months of 2013 compared to the same period in 2012, to reach JD 2,740.7 million (72.9 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of general sales tax on goods and services. Following are the main developments in tax revenues items:

- The increase in the proceeds of “general sales tax on goods and services” by JD 273.7 million which reached JD 1,796.8 million (accounting for 65.6 percent of total tax revenues). This result was driven by the increase in the proceeds of all general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on domestic goods”, “sales tax on imported goods” and “sales tax on services” have increased by JD 102.2 million, JD 79.9 million, JD 72.7 million and JD 18.9 million, respectively, which indicates an improvement in private consumption spending.
- The slight increase in the proceeds of “income and profit taxes” by JD 0.2 million, or 0.03 percent, which reached JD 615.0 million (accounting for 22.4 percent of total tax revenues). This result was an outcome of the increase in the proceeds of “income tax from companies and other projects” by JD 1.9 million, and the drop in the proceeds of “income tax from individuals” by JD 1.7 million. Accordingly, income tax from companies accounted for 83.2 percent of total taxes on income and profits to reach JD 511.4 million (of which JD 221.5 million from banks and financial institutions).

- The increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 31.4 million or 14.8 percent, which reached JD 243.3 million (accounting for 8.9 percent of total tax revenues).
- The increase in real-estates tax (taxes on financial transactions) by JD 13.8 million, or 19.2 percent, to reach JD 85.6 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” decreased by JD 14.6 million, or 1.4 percent, during the first nine months of 2013 to reach JD 1,004.1 million. This drop was an outcome of:

- The decline in property income by JD 55.9 million to stand at JD 238.8 million (of which financial surplus of independent government units amounted to JD 215.9 million).
- The decrease in miscellaneous revenues by JD 58.3 million to stand at JD 161.1 million.
- The increase in “revenues from selling goods and services” by JD 99.6 million to reach JD 604.2 million.

● **Pension Contributions**

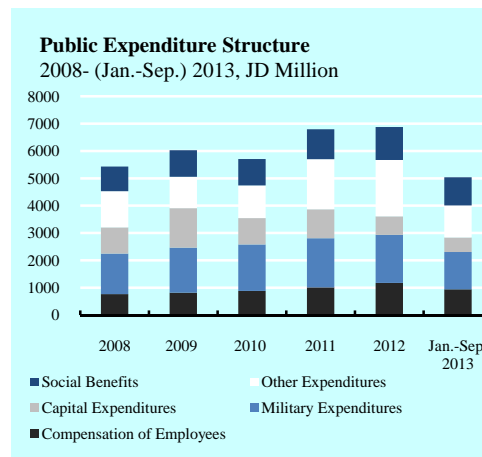
Pension contributions were down by JD 0.4 million during the first nine months of 2013, standing at JD 16.7 million.

◆ **Foreign Grants**

Foreign grants were up by JD 511.3 million during the first nine months of 2013, standing at JD 537.1 million. The aforementioned grants included additional grants from Saudi Arabia and United States of America in the amount of JD 354.0 million (equivalent to US\$ 500.0 million), as well as grants provided by GCC fund.

Public Expenditures

Public expenditures witnessed an increase by JD 161.1 million, or 32.3 percent, in September 2013 compared to the same month in 2012 to stand at JD 659.7 million. Moreover, public expenditures increased by JD 501.9 million, or 11.1 percent during the first nine months of 2013, to stand at JD 5,040.3 million. This increase was a result of the rise in both current expenditures and capital expenditures by 9.1 percent, and 30.7 percent, respectively.



Current Expenditures

Current expenditures increased by JD 376.6 million, or 9.1 percent, during the first nine months of 2013, to reach JD 4,506.7 million. This increase was due to:

- The increase in military expenditures by JD 144.4 million to total JD 1,364.0 million, accounting for 30.3 percent of total current expenditures.
- The increase in social benefit expenditures by JD 253.7 million to stand at JD 1,034.3 million, accounting for 23.0 percent of total current expenditures, due to including direct cash subsidies allocations in the social safety net item.
- The rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 72.8 million to reach JD 943.0 million, accounting for 20.9 percent of total current expenditures.

- The increase in interest payments, on internal and external public debt, by JD 121.3 million to stand at JD 518.6 million, accounting for 11.5 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 21.1 million to stand at JD 189.1 million, accounting for 4.2 percent of total current expenditures.
- The decrease in goods subsidies by JD 261.5 million to stand at JD 185.2 million, accounting for 4.1 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

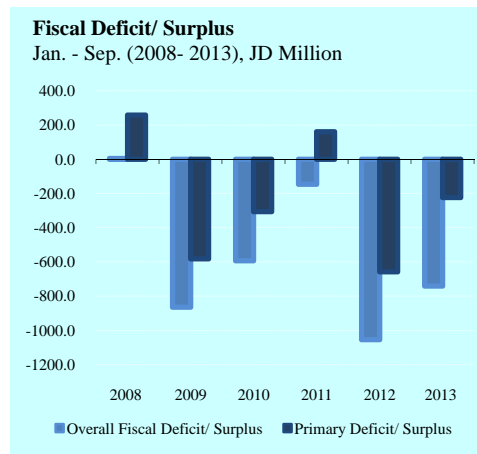
◆ Capital Expenditures

Capital expenditures increased by JD 125.3 million, or 30.7 percent during the first nine months of 2013 comparing to the same period of 2012, to reach JD 533.6 million.

■ General Budget Deficit/ Surplus

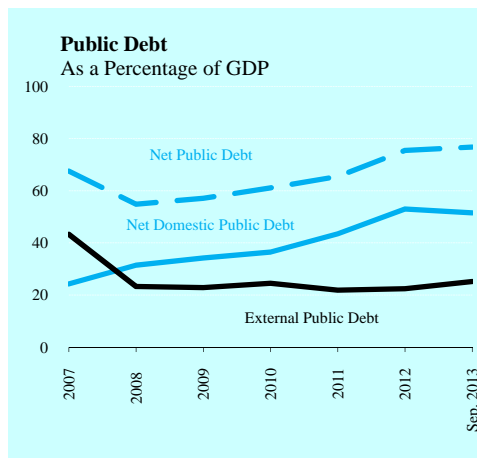
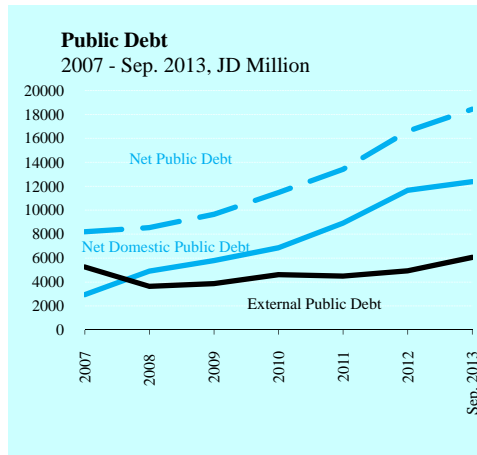
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 741.7 million during the first nine months of 2013, against a fiscal deficit in the amount of JD 1,055.2 million during the same period in 2012.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 223.1 million during the first nine months of 2013, against a primary deficit of JD 658.0 million during the same period in 2012.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 722.0 million at the end of September 2013 comparing to its level at the end of 2012 to total JD 12,370.0 million, or 51.6 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 771.0 million to reach JD 13,449.0 million, and the increase in the government deposits at the banking system by JD 50.0 million to reach JD 1,079.0 million. In details, the increase in the budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 1,188.0 million to reach JD 10,830.0 million at the end of September 2013, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 672.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 289.0 million to reach JD 888.0 million at the end of September 2013, while loans and advances extended to these agencies increased by JD 41.0 million to stand at JD 1,038.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 1,120.3 million at the end of September 2013 compared to its level at the end of 2012, amounting to JD 6,052.7 million (25.2 percent of GDP). This increase was driven by the government's issuance of domestic bonds in dollar twice this year, in the total value of JD 815 million (equivalent to US\$ 1,150.0 million), as the first issue, in February, amounted to JD 354 million (US\$ 500 million), and the second issue, in August, amounted to JD 461 million (US\$ 650 million), in addition to receiving the second tranche of the IMF loan under the stand-by arrangement (SBA) in the amount of JD 274 million, (equivalent to US\$ 387 million), in April 2013. The currency debt structure shows that external debt in US dollars accounted for 48.4 percent, while debt in Euros accounted for 7.9 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 12.3 percent and 14.6 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 1,842.3 million at the end of September 2013 compared to its level at the end of 2012 to stand at JD 18,422.7 million, (76.8 percent of GDP), against JD 16,580.4 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP increased by 1.3 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 352.1 million during the first nine months of 2013 (of which interest payments amounting to JD 86.8 million) compared to JD 371.0 million (of which interest payments amounting to JD 79.1 million) during the same period in 2012.

□ Fiscal and Price Measures

- Reducing the prices of many types of oil derivatives, while keeping the price of Unleaded Gasoline unchanged, as well as maintaining the price of liquid gas cylinder unchanged, as follows:

Oil Derivatives Price Developments

| | Unit | 2013 | | Change % |
|--|------------|----------|----------|----------|
| | | November | December | |
| Unleaded Gasoline 90 | Fils/Liter | 810 | 810 | 0.0 |
| Unleaded Gasoline 95 | Fils/Liter | 980 | 980 | 0.0 |
| Gas Oil (Diesel) | Fils/Liter | 675 | 670 | -0.7 |
| Gas Oil/ electricity | Fils/Liter | 675 | 670 | -0.7 |
| Kerosene | Fils/Liter | 675 | 670 | -0.7 |
| Liquid Gas (12.5kg) | JD/Unit | 10 | 10 | 0.0 |
| Fuel oil for industry | JD/Ton | 480.9 | 473 | -1.6 |
| Fuel oil/ electricity | JD/Ton | 480.9 | 473 | -1.6 |
| Fuel oil for ships | JD/Ton | 480.9 | 473 | -1.6 |
| Fuel oil for airplanes (local companies) | Fils/Liter | 615 | 611 | -0.7 |
| Fuel oil for airplanes (foreign companies) | Fils/Liter | 620 | 616 | -0.6 |
| Fuel oil for unplanned flights | Fils/Liter | 635 | 631 | -0.6 |
| Asphalt | JD/Ton | 515.1 | 506.7 | -1.6 |

Source: Jordan Petroleum Refinery CO. (1/12/2013).

- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite kingdom of Jordan, in the amount of US\$ 1.25 billion. These bonds due after seven years in one payment and carry a fixed annual

interest rate of 2.503 percent which would be paid semi-annually until maturity. This issuance is the first of its kind for the kingdom in the international markets, as it is guaranteed by the U.S government (October 2013).

□ Grants, Loans and Other Agreements

- Signing two loan agreements, a fourth compensatory loan and a second extended loan provided by the Arab Monetary Fund in the amount of US\$ 120 million, in the framework of the joint cooperation between Jordan and the AMF and within the Jordanian economic and financial reform (September 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 7.1 percent in September 2013 compared to its level in the same month of 2012 to record JD 472.0 million. As for the first three quarters of 2013, total merchandize exports decreased by 1.0 percent compared to the same period in 2012 to reach JD 4,182.8 million.
- **Merchandize imports** increased by 12.1 percent in September 2013 compared to its level in the same month of 2012 to reach JD 1,408.1 million. As for the first three quarters of 2013, merchandize imports increased by 6.2 percent compared to the same period in 2012 to reach JD 11,692.6 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 25.1 percent in September 2013 compared to the same month in 2012 standing at JD 936.1 million. As for the first three quarters of 2013, the trade balance deficit increased by 10.7 percent compared to the same period in 2012 to reach JD 7,509.8 million.
- **Travel receipts** decreased during the first ten months of 2013 compared to its level in the same period of 2012 by 4.4 percent due to the decline in the inbound medical tourism. Also, travel payments registered a decline of 3.9 percent.
- **Total workers' remittances receipts** increased by 3.2 percent during the first ten months of 2013 compared to their level in the same period in 2012 to reach JD 2,177.2 million.
- **The current account of the balance of payments** registered a deficit of JD 884.6 million (8.0 percent of GDP) during the first half of 2013 compared to a deficit of JD 2,586.8 million (25.6 percent of GDP) during the same period in 2012.
- **Net direct investment** recorded an inflow of JD 710.2 million during the first half of 2013, up from JD 544.2 million during the same period in 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 19,366.5 million at the end of June 2013; an increase of JD 504.5 million over its level at the end of December 2012.

□ External Trade

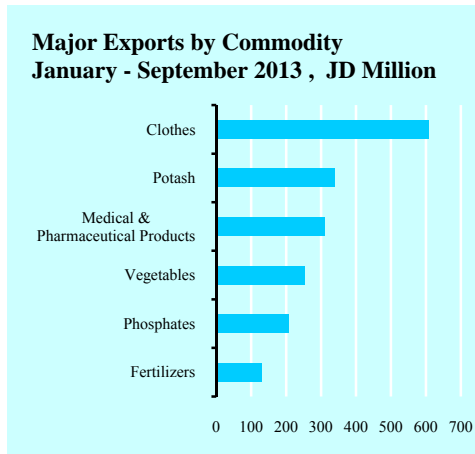
- As a result of the decrease in domestic exports by JD 6.9 million and the increase in imports by JD 683.0 million during the first three quarters in 2013, the volume of external trade (domestic exports *plus* imports) increased by JD 676.1 million to stand at JD 15,266.6 million.

| Jordan's Major Trading Partners JD Million | | | | Main External Trade Indicators JD Million | | | | |
|---|---------|---------|-------------------|--|----------|-----------------------------|----------|-----------------------------|
| Jan - Sep | | | | Jan - Sep | | | | |
| | 2012 | 2013 | Percentage Change | | 2012 | Percentage Change 2010/2011 | 2013 | Percentage Change 2011/2012 |
| Exports | | | | External Trade | 14,590.5 | 8.4 | 15,266.6 | 4.6 |
| Iraq | 498.7 | 648.7 | 30.1 | Total Exports | 4,225.0 | -1.1 | 4,182.8 | -1.0 |
| United States | 596.1 | 636.2 | 6.7 | Domestic Exports | 3,580.9 | -0.7 | 3,574.0 | -0.2 |
| Saudi Arabia | 382.7 | 489.9 | 28.0 | Re-exports | 644.1 | -3.4 | 608.8 | -5.5 |
| India | 394.0 | 271.4 | -31.1 | Imports | 11,009.6 | 11.7 | 11,692.6 | 6.2 |
| UAE | 133.3 | 138.6 | 4.0 | Trade Balance | -6,784.6 | 21.5 | -7,509.8 | 10.7 |
| Indonesia | 134.4 | 137.6 | 2.4 | Source: Department of Statistics. | | | | |
| Lebanon | 120.7 | 71.6 | -40.7 | | | | | |
| Imports | | | | | | | | |
| Saudi Arabia | 2,598.8 | 2,168.0 | -16.6 | | | | | |
| China | 1,027.1 | 1,217.0 | 18.5 | | | | | |
| United States | 798.0 | 779.5 | -2.3 | | | | | |
| Italy | 504.0 | 559.1 | 10.9 | | | | | |
| Germany | 425.5 | 435.1 | 2.3 | | | | | |
| Turkey | 398.3 | 425.7 | 6.9 | | | | | |
| India | 316.9 | 417.1 | 31.6 | | | | | |
| UAE | 294.4 | 374.9 | 27.3 | | | | | |
| Source: Department of Statistics. | | | | | | | | |

■ Merchandize Exports:

Total merchandize exports decreased by 1.0 percent during the first three quarters of 2013 compared to a 1.1 percent decline during the same period in 2012, to record

JD 4,182.8 million. This decrease resulted from a decrease in domestic exports by JD 6.9 million, or 0.2 percent, to reach JD 3,574.0 million, and a decline in re-exports by JD 35.3 million, or 5.5 percent, to reach JD 608.8 million.



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

- Exports of **medical and pharmaceutical products** increased by JD 52.3 million, or 20.2 percent, to reach JD 311.4 million, compared to an increase of 1.5 percent during the same period in 2012. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 60.1 percent of these exports.

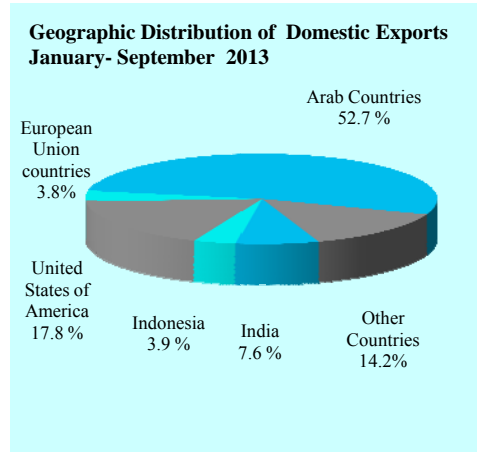
- Exports of **potash** decreased by JD 59.1 million, or 14.8 percent, to stand at JD 340.7 million, compared to a 7.7 percent decrease during the same period in 2012. The Indonesian, Chinese, Indian and Malaysian markets accounted for 74.6 percent of these exports.
- Exports of **vegetables** decreased by JD 39.5 million, or 13.5 percent, to total JD 253.4 million, or compared to JD 292.9 million during the same period in 2012. The Iraqi, UAE and Saudi markets were the main destinations of these exports accounting for 49.6 percent.

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

| | 2012 | 2013 | Percentage Change |
|--|----------------|----------------|-------------------|
| Domestic Exports | 3,580.9 | 3,574.0 | -0.2 |
| Clothes | 560.4 | 609.0 | 8.7 |
| United States | 526.5 | 565.1 | 7.3 |
| Potash | 399.8 | 340.7 | -14.8 |
| Indonesia | 69.2 | 72.1 | 4.2 |
| China | 126.2 | 65.9 | -47.8 |
| India | 76.4 | 62.3 | -18.5 |
| Malaysia | 30.4 | 53.8 | 77.0 |
| Medical & Pharmaceutical Products | 259.1 | 311.4 | 20.2 |
| Saudi Arabia | 59.3 | 70.7 | 19.2 |
| Algeria | 44.6 | 53.9 | 20.9 |
| Iraq | 26.5 | 33.7 | 27.2 |
| Sudan | 19.0 | 28.8 | 51.6 |
| Vegetables | 292.9 | 253.4 | -13.5 |
| Iraq | 31.0 | 43.3 | 39.7 |
| UAE | 49.3 | 42.8 | -13.2 |
| Saudi Arabia | 13.9 | 39.5 | 184.2 |
| Phosphates | 308.2 | 208.8 | -32.3 |
| India | 203.1 | 146.6 | -27.8 |
| Indonesia | 37.7 | 25.4 | -32.6 |
| Bulgaria | 31.8 | 11.9 | -62.6 |
| Fertilizers | 201.5 | 131.0 | -35.0 |
| India | 92.7 | 45.6 | -50.8 |
| Bulgaria | 16.7 | 27.4 | 64.1 |
| Turkey | 31.0 | 21.1 | -31.9 |

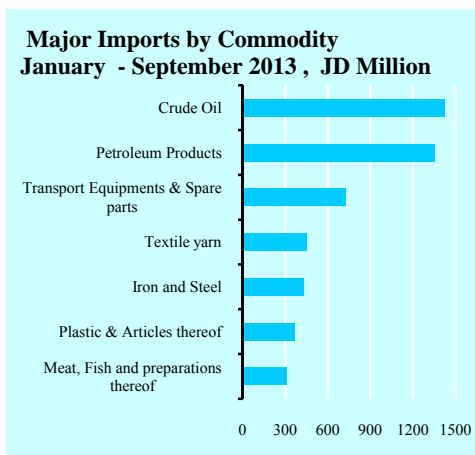
Source: Department of Statistics.

- Exports of **phosphates** decreased by JD 99.4 million, 32.3 percent, to register JD 208.8 million, compared to a decrease of 1.1 percent during the same period in 2012. This decline was mainly due to the decrease in both quantities and prices by 23.6 percent and 11.3 percent, respectively. It is worth noting that the Indian market was the main destination for these exports, accounting for 70.2 percent of phosphates exports.
- Consequently, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, “medical and pharmaceutical products”, vegetables, phosphates, and Fertilizers topped the list of domestic exports during the first three quarters of 2013; accounting for 51.9 percent of domestic exports, down from 56.5 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, Saudi Arabia, India, the UAE, Indonesia, and China were the main destination markets for Jordanian domestic exports during the first three quarters of 2013; accounting for 67.0 percent of domestic exports, up from 63.1 percent during the same period in 2012.



■ Merchandize Imports:

Merchandize imports amounted to JD 11,692.6 million during the first three quarters of 2013, increasing by JD 683.0 million, or 6.2 percent, compared to an increase of 11.7 percent during the same period in 2012.



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

- **Crude oil** imports decreased by JD 91.2 million, 6.0 percent, to reach JD 1,426.5 million, compared to an increase of 5.3 percent during the same period in 2012. This decrease was attributed to the decline in both, quantities and prices by 0.3 percent and 5.7 percent, respectively. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 433.1 million, or 24.3 percent, to total JD 1,352.5 million compared to an increase of 64.4 percent during the same period in 2012. The main source markets of these imports were India, USA and Turkey.

- Imports of **Transport equipments and Spare Parts** increased by JD 78.9 million, 12.2 percent, to reach JD 724.1 million compared to an increase by 6.1 percent during the same period in 2012. South Korea, the USA and Japan were the main origin markets for these imports; accounting for 60.2 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 95.0 million, 26.4 percent to reach JD 454.4 million, compared to an increase of 7.5 percent during the same period in 2012. The markets of China, Taiwan and Pakistan accounted for 72.5 percent of these imports.

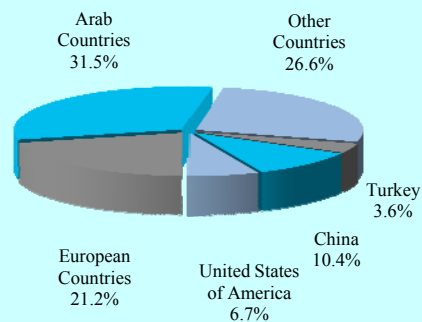
Major Imports by Commodity, JD Million
January – September 2012,2013

| | 2012 | 2013 | Percentage Change |
|---|-----------------|-----------------|-------------------|
| Total Imports | 11,009.6 | 11,692.6 | 6.2 |
| Crude oil | 1,517.7 | 1,426.5 | -6.0 |
| Saudi Arabia | 1,409.7 | 1,210.7 | -14.1 |
| Petroleum Products | 1,785.6 | 1,352.5 | -24.3 |
| India | 80.8 | 177.6 | 119.8 |
| United States | 240.3 | 166.8 | -30.6 |
| Turkey | 141.3 | 157.1 | 11.2 |
| Transport Equipments and Spare Parts | 645.2 | 724.1 | 12.2 |
| South Korea | 215.4 | 157.5 | -26.9 |
| United States | 107.6 | 156.3 | 45.3 |
| Japan | 75.2 | 122.3 | 62.6 |
| Textile Yarn, Fabrics & Related Products | 359.4 | 454.4 | 26.4 |
| China | 151.9 | 175.4 | 15.5 |
| Taiwan | 83.1 | 119.5 | 43.8 |
| Pakistan | 12.2 | 34.4 | 182.0 |
| Iron & Steel | 427.3 | 428.2 | 0.2 |
| Ukraine | 147.1 | 103.9 | -29.4 |
| China | 34.0 | 53.0 | 55.9 |
| Syria | 18.4 | 39.9 | 116.8 |
| Plastic & Articles Thereof | 317.2 | 366.9 | 15.7 |
| Saudi Arabia | 152.0 | 175.6 | 15.5 |
| China | 18.5 | 29.1 | 57.3 |
| UAE | 14.7 | 22.1 | 50.3 |
| Meat, fish and preparations thereof | 288.3 | 310.8 | 7.8 |
| Brazil | 54.7 | 84.7 | 54.8 |
| Australia | 60.6 | 59.5 | -1.8 |
| India | 33.0 | 29.1 | -11.8 |

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that crude oil, petroleum products, “transport equipments and spare parts”, “Textile yarn, fabrics, made up articles and related products”, “Iron and steel”, “Plastic and Articles thereof”, and “Meat,

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



fish and preparations thereof”, topped the list of imports during the first three quarters of 2013, accounting for 43.3 percent of total imports; down from 48.5 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, Germany, Turkey, India and the UAE were the main sources of imports during the first three quarters of 2013; accounting for 54.5 percent compared to 57.8 percent during the same period of 2012.

■ Re-Exports

A decrease of JD 35.3 million, or 5.5 percent, was registered in the value of re-exported goods during the first three quarters of 2013 compared to the same period in 2012, to reach JD 608.8 million.

■ Trade Balance

The trade balance deficit during the first three quarters of 2013 increased by JD 725.2 million, or 10.7 percent, to register JD 7,509.8 million compared to the same period in 2012.

❑ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 66.5 million, or 3.2 percent, during the first ten months of 2013 compared to the same period of 2012 to register JD 2,177.2 million.

❑ Travel

■ Receipts

Travel receipts decreased by JD 93.3 million, or 4.4 percent, during the first ten months of 2013 compared to the same period of 2012 to register JD 2,006.2 million, mainly due to the decrease in the inbound medical tourism.

■ Payments

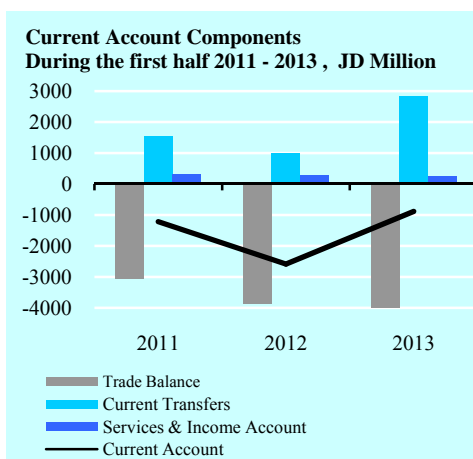
Travel payments decreased by JD 27.6 million, or 3.9 percent, during the first ten months of 2013 compared to the same period of 2012 to stand at JD 685.8 million.

❑ Balance of Payments

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

- The current account recorded a deficit of JD 884.6 million (8.0 percent of GDP) compared to a deficit of JD 2,586.8 (25.6 percent of GDP) million during the first half of 2012. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit by JD 123.3 million, 3.2 percent, to reach JD 3,974.0 million compared to the first half in 2012.



- ◆ A decrease in the surplus of the services

account by JD 14.5 million to reach JD 293.6 million. As a result of the decline in the registered surpluses for both travel (net) and government services (net), to reach JD 757.6 million and JD 58.1 million, respectively, despite the decrease in the registered deficit for transportation (net) and other services (net) to reach JD 437.7 million and JD 84.4 million, respectively.

- ◆ Income account recorded a deficit of JD 46.0 million compared to a similar deficit of JD 37.1 million during the first half of 2012, as a result of recording a deficit of JD 154.2 million in investment income (net) and a surplus of JD 108.2 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 1,848.9 million; to reach JD 2,841.8 million, as a result of the increase in net transfers of public sector (foreign grants) and in

the transfers of other sectors (net) by JD 1,230.1 million and JD 618.8 million, to reach JD 1,367.8 million and JD 1,474.0 million, respectively. It's worth mentioning that the workers' remittances (net) increased by 4.4 percent, during the first half of 2013 to record JD 1,144.6 million.

- The capital and financial account in the first half of 2013 registered a net inflow of JD 386.2 million compared to a net inflow of JD 2,401.2 million during the same period of 2012, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 710.2 million compared to a similar inflow of JD 544.2 million during the first half of 2012.
 - ◆ Portfolio investments recorded a net inflow of JD 159.0 million compared to a similar inflow of JD 164.9 million during the first half of 2012.
 - ◆ Other investments registered a net inflow of JD 1,557.7 million compared with an outflow of JD 753.2 million during the first half of 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 2,041.0 million compared to a decrease of JD 2,445.3 million during the first half of 2012.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 19,366.5 million at the end of June 2013 compared to JD 18,862.0 million at the end of December 2012. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 2,233.7 million to reach JD 16,751.6 million at the end of June of 2013 compared to the end of December 2012. This increase was a result of the rise in the CBJ reserves by 1,876.6 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 2,738.2 million at the end of June 2013 compared to the end of December 2012; standing at JD 36,118.1 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 710.5 million to stand at JD 18,367.8 million.
 - ◆ An increase in the stock of portfolio investments by JD 263.2 million to reach JD 3,048.3 million as a result of the increase in the market value of shares owned by non-residents at Amman stock Exchange (ASE) by JD 207.5 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,590.1 million to reach JD 8,084.9 million. (an increase of JD 837.7 million at the CBJ, and an increase of JD 752.4 million at licensed banks).
 - ◆ An increase in trade credits extended to residents in Jordan by JD 35.2 million, to stand at JD 810.7 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 182.8 million to reach JD 5,384.6 million (drawings of IMF Found Credits and loans).