



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
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Central Bank of Jordan

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OUR VISION

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

OUR MISSION

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

OUR VALUES

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

The data published in this report are considered actual, final and consistent with those received by the Central Bank of Jordan (CBJ) from their original sources, unless otherwise explicitly indicated in the context of this report. Nonetheless,

Contents

	Executive Summary	1
First	Monetary & Financial Sector	3
Second	Output & Prices	17
Third	Public Finance	25
Fourth	External Sector	35

Executive Summary

Latest available economic indicators display mixed outcomes for the year 2011. Some indicators signal marked improvement, particularly domestic exports and credit facilities extended by the licensed banks. In contrast, travel and total workers' remittances receipts show negative performance. Further, preliminary national accounts estimates released by the Department of Statistics (DOS) showed an improvement in the Real Gross Domestic Product (GDP) growth during the third quarter of 2011, to reach 2.6 percent. As a result, the growth of real GDP during the first three quarters of 2011 reached 2.4 percent.

- **Output, Prices and Employment:** In the third quarter of 2011, real GDP at market prices grew by 2.6 percent compared to 2.2 percent in the third quarter of 2010. As for the first three quarters of 2011, real GDP at market prices grew by 2.4 percent comparing to 2.0 percent during the same period of 2010. The Consumer Price Index (CPI), during 2011 showed an inflation of 4.4 percent comparing to 5.0 percent during 2010. Furthermore, the unemployment rate in the fourth quarter of 2011 increased to 12.1 percent compared to 11.8 percent in the same quarter of 2010.
- **Monetary and Financial Sector:**
 - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,730.5 million, or 14.1 percent, at the end of 2011 compared to their level at the end of 2010, standing at US\$ 10,510.7 million.
 - Domestic liquidity grew by JD 1,812.2 million, or 8.1 percent, at the end of 2011 compared to its level at the end of 2010, standing at JD 24,118.9 million.
 - The outstanding balance of credit facilities extended by licensed banks was up by JD 1,399.8 million, or 9.7 percent, at the end of 2011 compared to its level at the end of 2010, standing at JD 15,851.2 million.
 - Total deposits at licensed banks increased by JD 1,873.1 million, or 8.3 percent, at the end of 2011 compared to their level at the end of 2010, totaling JD 24,377.9 million.
 - The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,995.1 points at the end of 2011, decreasing by 378.5 points, or 15.9 percent, compared to its level at the end of 2010.

- **Public Finance:** During the first eleven months of 2011, the general budget, including foreign grants, recorded a deficit in the amount of JD 738.9 million, compared to a deficit in the amount of JD 801.8 million for the same period of 2010. Net outstanding domestic debt (budgetary and own-budget) increased by JD 1,698.0 million at the end of November 2011, comparing to its level at the end of 2010, to stand at JD 8,550.0 million (41.9 percent of GDP). In contrast, outstanding external public debt decreased by JD 94.1 million at the end of November 2011 comparing to its level at the end of 2010; to reach JD 4,516.7 million, (22.1 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 64.0 percent of GDP at the end of November 2011.

- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 14.5 percent during the first eleven months of 2011 to reach JD 5,144.5 million. Similarly, the merchandize imports increased by 17.6 percent, totaling JD 11,807.2 million. As a result, the trade deficit expanded by 20.2 percent compared to the same period of the previous year; to reach JD 6,662.8 million. Furthermore, the preliminary figures for 2011 compared to 2010 showed a decrease in travel receipts and payments by 16.4 percent and 1.8 percent, respectively. In addition, total workers' remittances receipts during of 2011 decreased by 5.2 percent compared to the same period of 2010. The preliminary figures for the balance of payments for the first three quarters of 2011 displayed a deficit in the current account amounting to JD 1,323.3 million, up from JD 666.6 million during the same period in 2010. Moreover, the Foreign Direct Investment (FDI) recorded a net inflow to Jordan by JD 802.4 million during the first three quarters of 2011 compared to a net inflow of JD 975.3 million during the same period in 2010. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad amounting to JD 13,545.4 million at the end of September 2011 compared to JD 12,461.4 million at the end of December 2010.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,730.5 million, or 14.1 percent, at the end of 2011; compared to their level at the end of 2010; standing at US\$ 10,510.7 million. This level of reserves covers around 6.5 months of the Kingdom's imports of goods and services.
- At the end of 2011 Domestic liquidity increased by JD 1,812.2 million, or 8.1 percent, compared to its level at the end of the previous year to total JD 24,118.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,399.8 million, or 9.7 percent, at the end of 2011 compared to its level at the end of 2010, to stand at JD 15,851.2 million.
- Total deposits at licensed banks increased by JD 1,873.1 million, or 8.3 percent, at the end of 2011 in comparison with their level at the end of 2010; totaling JD 24,377.9 million.
- The interest rates on all types of credit facilities and deposits at licensed banks decreased at the end of 2011, compared to their levels at the end of 2010, with the exception of the interest rates on time deposits which increased by 6 basis points compared to its level at the end of 2010.

- The (SPI) weighted by market capitalization of free float shares at (ASE) reached 1,995.1 points at the end of 2011, decreasing by 378.5 points, or 15.9 percent, compared to its level at the end of 2010. As a result, the market capitalization decreased by JD 2.6 billion, or 11.9 percent, at the end of 2011 compared to its level at the end of 2010 to stand at JD 19.3 billion.

Main Monetary Indicators

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

Year		End of December	
		2010	2011
US\$ 12,241.2	CBJ's Foreign Currency Reserves	US\$ 12,241.2	US\$ 10,510.7
12.5%		12.5%	-14.1%
22,306.7	Money Supply (M2)	22,306.7	24,118.9
11.5%		11.5%	8.1%
14,451.4	Credit Facilities, of which:	14,451.4	15,851.2
8.5%		8.5%	9.7%
12,979.1	Private Sector (Resident)	12,979.1	14,284.1
7.8%		7.8%	10.1%
22,504.8	Total Deposits, of which:	22,504.8	24,377.9
10.9%		10.9%	8.3%
17,617.2	In JD	17,617.2	19,119.1
11.0%		11.0%	8.5%
4,887.6	In Foreign Currencies	4,887.6	5,258.8
10.2%		10.2%	7.6%
18,343.9	Deposits of Private Sector (Resident), of which:	18,343.9	19,905.8
12.8%		12.8%	8.5%
15,214.4	In JD	15,214.4	16,507.6
12.7%		12.7%	8.5%
3,129.5	In Foreign Currencies	3,129.5	3,398.2
13.5%		13.5%	8.6%

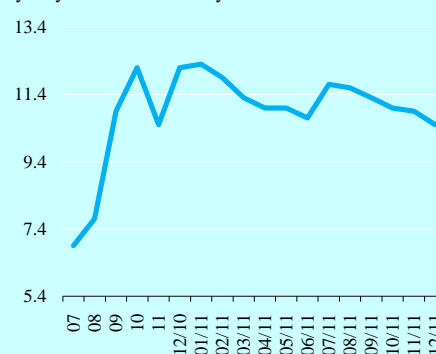
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 385.5 million, or 3.5 percent, at the end of December 2011 compared to their level in the previous month, standing at US\$ 10,510.7 million. Moreover, these reserves decreased by US\$ 1,730.5 million or 14.1 percent, at the end of the 2011, compared to their level at the end of 2010.

This level of reserves is equivalent to cover around 6.5 months of the Kingdom's imports of goods and services.

CBJ's Foreign Exchange Reserves (US \$ Billion)
yearly 07-11 and Monthly Dec. 10 - Dec. 11



□ Domestic Liquidity (M2)

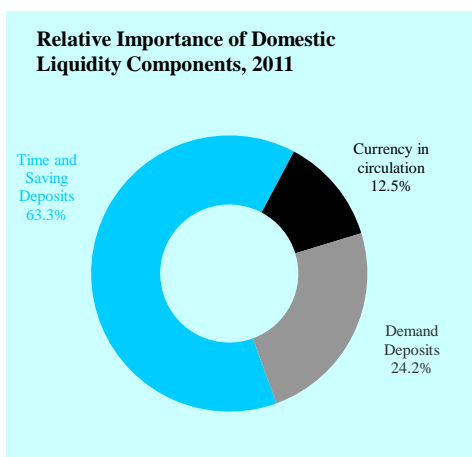
- Domestic liquidity totaled JD 24,118.9 million at the end of December 2011, increasing by JD 75.9 million, or 0.3 percent, compared to its level at the end of the preceding month, against a decrease in the amount of JD 393.2 million, or 1.8 percent, during the same month in 2010. Moreover, domestic liquidity increased by JD 1,812.2 million, or 8.1 percent, at the end of 2011, against an increase in the amount of JD 2,293.4 million, or 11.5 percent, during the same period of 2010.

◆ Developments in the domestic liquidity components and the factors affecting liquidity between the end of 2011 and the end of 2010 reveal the following:

● Components of Domestic Liquidity

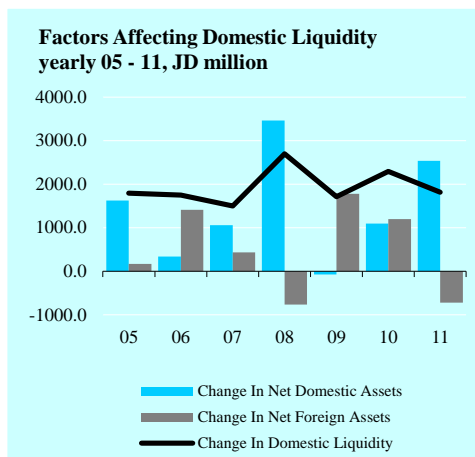
- Deposits increased by JD 1,636.6 million, or 8.4 percent, at the end of 2011 compared to their level at the end of 2010, totaling JD 21,099.6 million, against an increase amounting to JD 2,129.2 million, or 12.3 percent, at the end of the same period of 2010.

- Currency in circulation increased by JD 175.6 million, or 6.2 percent, at the end of 2011, standing at JD 3,019.3 million compared to its level at the end of 2010, against an increase in the amount of JD 164.2 million, or 6.1 percent, at the end of the same period of 2010.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 2,533.8 million, or 20.7 percent, at the end of 2011 compared to its level at the end of 2010, against an increase of JD 1,096.3 million, or 9.8 percent, during the same period of 2010. This increase was a result of the increase in net domestic assets at the CBJ by JD 1,006.6 million, or 14.7 percent, and their increase at licensed banks by JD 1,527.2 million, or 8.0 percent.



- Net foreign assets of the banking system decreased by JD 721.6 million, or 7.2 percent, at the end of 2011 compared to their level at the end of 2010, against an increase in the amount of JD 1,197.1 million, or 13.5 percent in the same period of 2010. This decrease was an outcome of the decline of these assets at the CBJ by JD 729.8 million and their increase at licensed banks by JD 8.2 million respectively.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

Year		Change in balance relative to the end of December	
		2010	2011
1,197.1	Foreign Assets (Net)	1,197.1	-721.6
718.3	CBJ	718.3	-729.8
478.8	Licensed Banks	478.8	8.2
1,096.3	Domestic Assets (Net)	1,096.3	2,533.8
-574.7	CBJ, of which:	-574.7	1,006.6
-275.1	Claims on Public Sector (Net)	-275.1	39.3
-299.6	Other Items (Net*)	-299.6	966.7
1,671.0	Licensed Banks	1,671.0	1,527.2
597.9	Claims on Public Sector (Net)	597.9	1,744.9
919.3	Claims on Private Sector	919.3	1,311.5
153.8	Other Items (Net)	153.8	-1,529.2
2,293.4	Money Supply (M2)	2,293.4	1,812.2
164.1	Currency in Circulation	164.1	175.6
2,129.3	Total Deposits, of which:	2,129.3	1,636.6
342.3	In Foreign Currencies	342.3	294.3

* 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 1st, 2011, the CBJ raised the interest rates on monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:

- **Re-Discount Rate:** 4.50 percent.
- **Interest Rate on Overnight Repurchase Agreements:** 4.25 percent.
- **Overnight Deposit Window Rate:** 2.25 percent.

Developments in interest rates on Certificates of Deposit (CDs) show that:

- The CBJ did not issue any (CDs) since October 2008.
- Accordingly, the weighted average interest rate on the latest issue of three-month (CDs) and six – months (CDs), which dates back to October 26, 2008, was 5.64 percent and 5.94 percent, respectively.

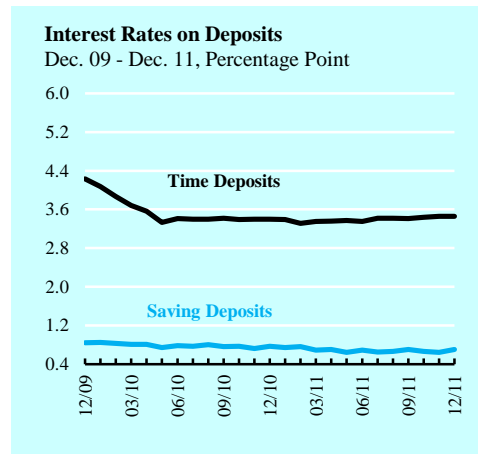
End of year		December	
		2010	2011
4.25	Re-discount Rate	4.25	4.50
4.00	Repurchase Agreements Rate (Repos)	4.00	4.25
2.00	Overnight Deposit Window Rate	2.00	2.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

◆ Interest Rates in the Banking Sector

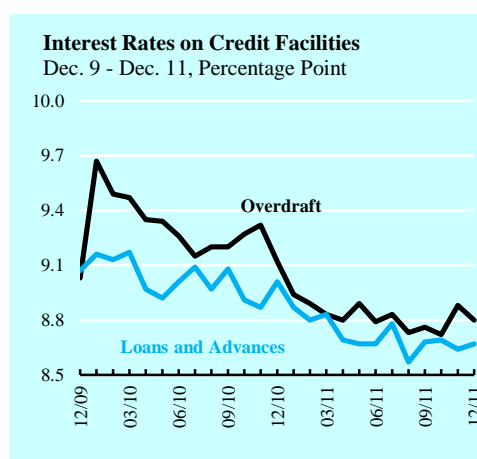
• Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of December, 2011 maintained its level recorded at the preceding month, standing at 3.46 percent. Accordingly, this rate was 6 basis points higher than its level at the end of 2010.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of December, 2011 increased by 6 basis points compared to its level in the previous month, to reach 0.70 percent. Moreover, this rate was 7 basis points lower than its level at the end of the preceding year.
 - **Demand Deposits:** The weighted average interest rate on demand deposits at the end of December, 2011 increased by 2 basis points compared to its level at the end of the previous month, standing at 0.43 percent. As a result, this rate was lower than its level at the end of 2010 by 1 basis points.
- #### • Interest Rates on Credit Facilities
- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts stood at 8.80 percent at the end of December 2011, higher than its level at the end of the previous month by 8 basis points. However, this rate was 32 basis points lower than its level at the end of 2010.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 8 basis points at the end of December 2011 compared to its level at the preceding month, to stand at 9.34 percent. Moreover, this rate was 7 basis points lower than its level at the end of the previous year.
- **Loans and Advances:** The weighted average interest rate on “loans and advances” stood at 8.67 percent at the end of December 2011, 3 basis points higher than its level at the end of the previous month. Compared to its level at the end of 2010, this rate was 34 basis points lower.
- **The Prime Lending Rate:** This rate stood at 8.22 percent at the end of December 2011, 2 basis points higher than its level at the end of 2010.



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

Year		December		Change Relative to the Year 2010 Basis Points
		2010	2011	
Deposits				
0.44	Demand	0.44	0.43	-1
0.77	Saving	0.77	0.70	-7
3.40	Time	3.40	3.46	6
Credit Facilities				
9.41	Discounted Bills and Bonds	9.41	9.34	-7
9.01	Loans and Advances	9.01	8.67	-34
9.12	Overdraft	9.12	8.80	-32
8.20	Prime Lending Rate	8.20	8.22	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 15,851.2 million at the end of December 2011, increasing by JD 152.8 million, or 1.0 percent, compared to its level at the end of the previous month, against a decrease in the amount of JD 80.6 million or 0.6 percent, during the same month of 2010. During 2011, credit facilities grew by JD 1,399.8 million, or 9.7 percent, compared to an increase of JD 1,134.2 million, or 8.5 percent, during the same period of 2010.
- ◆ The classification of extended credit facilities, according to economic activity, during 2011 demonstrates that the increase in these facilities was mainly due to the increase in credit facilities extended for the industry sector, which increased by JD 368.2 million, or 19.1 percent, and the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 317.8 million or 10.3 percent, compared to their levels at the end of 2010. In addition, the credit facilities extended for both the construction and the general trade sectors increased by JD million 295.9, or 9.3 percent, and JD 185.0 million, or 5.1 percent, respectively, compared to their levels at the end of 2010.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the extended credit facilities was mainly in the credit facilities extended to the private sector (resident), which increased by JD 1,305.0 million, or 10.1 percent, at the end of December 2011, compared to their level at the end of 2010. Furthermore, the credit facilities extended to the public sector (central government *plus* public institutions) and to the non-banking financial institutions increased by JD 140.4 million, or 31.4 percent, and JD 0.6 million, or 13.6 percent, respectively. However, credit facilities extended to the private sector (non-resident) decreased by JD 46.1 million, or 4.5 percent, compared to their levels at the end of 2010.

□ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 24,377.9 million at the end of December 2011, increasing by JD 95.8 million, or 0.4 percent, compared to its level at the end of the previous month, against an increase of JD 443.9 million, or 2.0 percent, during the same month of 2010. During 2011, total deposits increased by JD 1,873.1 million, or 8.3 percent, compared to their level at the end of the preceding year, against an increase amounting to JD 2,206.4 million, or 10.9 percent, during the same period of 2010.
- ◆ The increase in total deposits at licensed banks during 2011 was an outcome of the increase in the deposits of the private sector (resident) by JD 1,561.9 million, or 8.5 percent, the deposits of the private sector (non-resident) by JD 253.4 million, or 10.5 percent, and the deposits of non-banking financial institutions by JD 74.3 million or 36.7 percent. However, the deposits of the public sector (central government *plus* public institutions) decreased by JD 16.5 million, or 1.1 percent, compared to their levels at the end of 2010.
- ◆ The developments in the currency structure of deposits during 2011 reveal that both “deposits in the local currency” and “deposits in foreign currencies” increased by JD 1,501.9 million, or 8.5 percent, and JD 371.2 million, or 7.6 percent, respectively, compared to their levels at the end of 2010.

□ Amman Stock Exchange (ASE)

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

- **Trading Volume**

The trading volume at the (ASE) totaled JD 181.1 million in December 2011; up by JD 42.0 million, or 30.2 percent, compared to its level at the end of the previous month, against a increase of JD 70.1 million, or 24.7 percent, during the same month in 2010. Furthermore, the trading volume stood at JD 2,850.3 million during 2011; a decline amounting to JD 3,839.7 million, or 57.4 percent, compared to its level during the same period of 2010.

- **Traded Shares**

The number of traded shares in December 2011 totaled 197.3 million; up by 36.3 million shares, or 22.5 percent, compared to their level at the end of the preceding month, against a increase amounting to 167.1 million shares, or 51.9 percent, during the same month of 2010. Moreover, the number of traded shares during 2011 stood at 4,072.3 million shares compared to 6,988.9 million shares traded during the same period of 2010.

- **Share Price Index (SPI)**

The Share Price Index weighted by market capitalization of free float shares at (ASE) increased by 30.9 points, or 1.6 percent, at the end of December 2011 compared to its level at the end of the previous month to

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

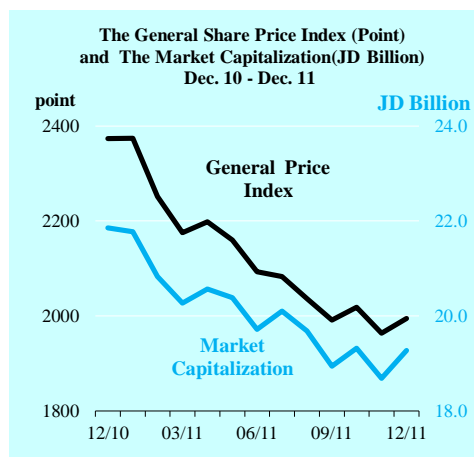
year		December	
		2010	2011
2,373.6	General Index	2,373.6	1,995.1
2,911.7	Financial Sector	2,911.7	2,443.9
2,576.6	Industrial Sector	2,576.6	2,149.9
1,897.2	Services Sector	1,897.2	1,693.7

Source: Amman Stock Exchange.

stand at 1,995.1 points, against an increase in the amount of 19.0 points, or 0.8 percent, during the same month in 2010. During 2011, the SPI dropped by 378.5 points, or 15.9 percent, compared to its level at the end of the preceding year, against a decline in the amount of 159.9 points, or 6.3 percent, during the same period of 2010. The above-mentioned drop during 2011 was mainly due to the decline in the SPI for, the financial, industrial and the services sectors by 467.8 points, or 16.1 percent, 426.7 points, or 16.6 percent, and 203.5 points, or 10.7 percent, respectively, compared to their levels at the end of 2010.

• **Market Capitalization**

The ASE's market capitalization totaled JD 19.3 billion at the end of December 2011; a increase of 0.6 JD billion, or 3.2 percent, compared to its level at the end of the previous month, against an increase of 0.7 billion (3.3%) during the same month in the preceding year. Moreover, the market capitalization decreased by JD 2.6 billion, or 11.9 percent, during 2011, compared to its level at the end of 2010, against a decline amounting to around JD 0.6 billion, or 2.7 percent, over the same period of 2010.



- **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an outflow amounting to JD 4.8 million in December 2011, compared to an inflow of JD 1.2 million during the same month of 2010; the value of shares acquired by non- Jordanians in December 2011 stood at JD 31.4 million, while the value of shares sold by the same group amounted to JD 36.2 million. Furthermore, non- Jordanian net investment

Main Amman Stock Exchange Trading Indicators, JD Million			
Year		December	
2010		2010	2011
6,690.0	Value Traded	354.2	181.1
26.8	Average Daily Trading	17.7	9.5
21,858.2	Market Capitalization	21,858.2	19,272.8
6,988.8	No. of Traded Shares (million)	489.0	197.3
(14.6)	Net Investment of Non- Jordanian	1.2	(4.8)
1,036.6	Non- Jordanian Buying	61.7	31.4
1,051.2	Non- Jordanian Selling	60.5	36.2

Source: Amman Stock Exchange.

displayed an inflow amounting to JD 78.6 million during 2011, against an outflow in the amount of JD 14.6 million during the same period of 2010.

Second: Output, Prices and Employment

□ Summary

- During the third quarter of 2011, real GDP grew by 2.6 percent at market prices, compared to 2.2 percent during the same period of 2010. When excluded “net taxes on products”, which contracted by 0.8 percent, GDP growth rate at constant basic prices increases to 3.3 percent comparing to 3.4 percent during the same quarter of 2010.
- As for the first three quarters of 2011, GDP at both market and basic prices, registered real growth rates of 2.4 percent and 3.2 percent, respectively, compared to 2.0 percent and 3.1 percent, respectively, during the first three quarters of 2010.
- Inflation rate, measured by the CPI, reached 4.4 percent during 2011, comparing to 5.0 percent during 2010.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) reached 38.9 percent during the fourth quarter of 2011 compared to 39.0 percent during the same period of 2010. Moreover, the unemployment rate in the fourth quarter of 2011 increased to 12.1 percent compared to 11.8 percent in the same quarter of 2010.

□ Developments of (GDP)

According to preliminarily estimates released by DOS, the national economy achieved positive results during the third quarter of 2011. **The real GDP at market prices, grew by 2.6 percent, compared to 2.2 percent during the same quarter of 2010.** As for the first three quarters of 2011, real GDP grew by 2.4 percent comparing to 2.0 percent during the same period of 2010. When excluding “net taxes on products”, which contracted by 1.6 percent, **GDP growth rate at constant basic prices reaches 3.2 percent**, comparing to 3.1 percent during the same period of 2010.

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

	Percentages				
	Q 1	Q2	Q3	Q4	Year
2009					
GDP at Constant Market Prices	5.1	5.2	7.7	3.9	5.5
GDP at Current Market Prices	7.2	7.7	9.0	9.6	8.5
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3	2.4	2.6		
GDP at Current Market Prices	10.3	7.6	9.1		

Source: Department of Statistics.

GDP at current market prices grew by 9.0 percent compared to 9.5 percent during the first three quarters of 2010. This nominal growth rate is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.4 percent during the first three quarters of 2011, compared to 7.3 percent during the same period of 2010.



In more details, the “**mining and quarrying**” sector recorded a noticeable real growth rate amounted to 21.5 percent during the first three quarters of 2011, compared to 8.8 percent during the same period of 2010. As well, the “**manufacturing**” sector witnessed an expansion of 4.1 percent, compared to 1.6 percent during the same period of 2010. The

sectors of **“trade, restaurants and hotels”** and **“electricity and water”** also grew by 3.9 percent and 1.4 percent, respectively, compared to a contraction amounting to 2.3 percent and 4.2 percent, respectively, during the same period of 2010. In contrast, **“finance, insurance, real estate and business services”**, **“agriculture”**, and **“transport and communication”** sectors witnessed a slow pace of performance, as they grew by 3.7 percent, 4.7 percent, and 3.1 percent, respectively, comparing to 7.1 percent, 8.2 percent, and 5.1 percent, respectively, during the same period of 2010. However, the **“construction”** sector experienced a noticeable contraction amounting to 6.6 percent comparing to a contraction by 2.6 percent during the first three quarters of 2010.

The contribution of commodity - and service - producing sectors in **the overall GDP growth rate, at constant basic prices, amounted to 1.0 percentage point and 2.2 percentage points, respectively, during the first three quarters of 2011, comparing to 0.5 percentage point and 2.6 percentage points, respectively, during the same period of 2010.**

□ Microeconomic Indicators

Latest sectoral economic indicators displayed a mixed performance. Indicators that showed a fast-paced economic growth include; “licensed areas for building” and “electricity production quantity index”. Other indicators such as “number of passengers through the Royal Jordanian airlines”, “quantities of exported and imported goods shipped through the Aqaba port”, and the production quantity index for “mining and quarrying” displayed a slow pace of economic activities. Downward trends were noticed in; “number of departures” and the “manufacturing production quantity index”. **Summary of the main sectoral indicators:**

Percentages*

The whole 2010	Item	Available Period		
		2010		2011
Industrial Sector				
-3.1	Industrial production quantity index	-3.0	January - November	-0.5
39.7	“Mining and quarrying” production quantity index	37.3	January - November	17.8
	Production of phosphate	26.4	The whole year	15.3
	Production of potash	72.2	The whole year	16.8
-5.6	Manufacturing production quantity index	-5.2	January - November	-2.3
	Production of petroleum products	-5.3	The whole year	-5.7
	Production of chemical acids	9.9	The whole year	-10.4
	Production of fertilizers	5.4	The whole year	-4.9
-5.0	Electricity production quantity index	-4.7	January - November	2.0
Construction Sector				
-3.8	Production of cement	0.1	January - March	-15.1
-3.0	Quantity of cement sales to the domestic market (excluding imported quantities)	-7.0	January - March	-6.6
7.8	Licensed areas for (residential and non-residential) buildings	5.1	January - November	25.2
Transport Sector				
13.6	The number of passengers through the Royal Jordanian	14.8	January - October	5.8
18.7	Quantities of exported and imported goods shipped through the Aqaba port	17.5	January - November	13.7
30.3	Cargo through the Royal Jordanian	33.9	January - October	-2.9
	Number of departures	19.9	The whole year	-21.5

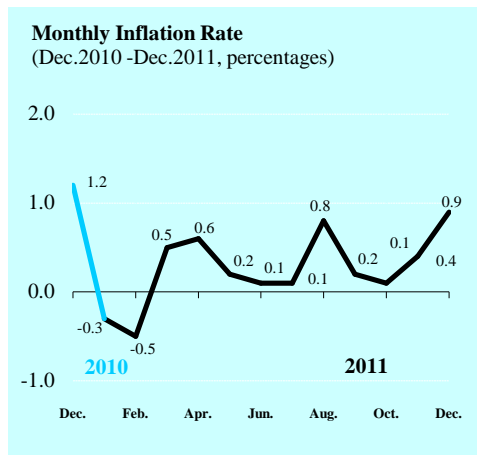
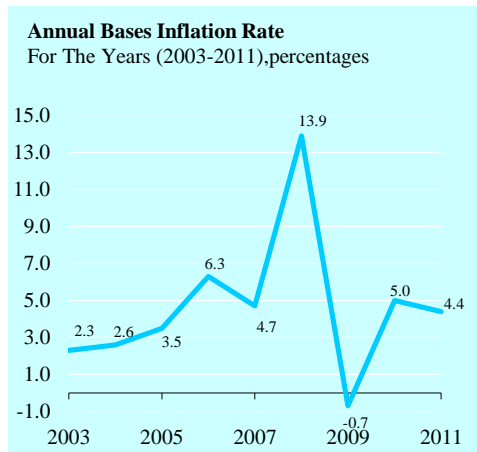
- Monthly Statistical Bulletin / Central Bank of Jordan.

- Cement Companies in Jordan.

- Royal Jordanian.

Prices

The general price level continued to increase at a slower pace during 2011 compared to 2010; the inflation rate, measured by the percentage change in the CPI, stood at 4.4 percent in 2011, comparing to 5.0 percent in 2010. This increase in the price level was driven by the global increase in the prices of basic commodities' and oil.



Moreover, CPI in December 2011 registered a rise of 0.9 percent comparing to November 2011. This increase was mainly due to the increase in the prices of “meats and poultry”, “vegetables” and “rents”.

Developments of the CPI basket during 2011:

- ◆ **“Food items”**, constitute about 36.7 percent of the CPI basket. **The prices of this group increased by 4.1 percent during 2011 compared to an increase by 5.0 percent in 2010. The contribution of this group to the overall rate of inflation reached 1.5 percentage points.** The increase in the prices of food items was mainly driven by the increase of the prices of “meat and poultry”, which leapt by 7.6 percent, “sugar and confectionaries”, “diary products and eggs”, and “fruits”, which increased by 8.2 percent, 4.9 percent and 2.3 percent, respectively. However, the prices of “cereals and products” and “vegetables” declined by 2.5 percent and 4.8 percent, respectively.

- ◆ **“Clothing and footwear” group** has the least weight in the CPI basket (5.0 percent). **The prices of this group increased by 6.2 percent during 2011 compared to an increase of 1.9 percent in 2010. Accordingly, the group's contribution to the overall inflation rate amounted to 0.3 percentage point during the period under analysis.** The increase of the prices of this group was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 6.2 percent and 6.1 percent, respectively, during 2011 comparing to 1.7 percent and 2.5 percent respectively, in 2010.

- ◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. **The prices of housing increased by 3.8 percent during 2011 compared to an increase of 4.1 percent in 2010. Accordingly, this group contributed to the overall inflation rate by 1.0 percentage point during 2011.** The increase in the prices of this group was driven by the rise in the prices of “rents” item by 4.8 percent and “fuels and lighting” item by 2.8 percent. In addition, prices of “other items” showed a varied increase ranging from 0.9 percent for “house repairing, garbage and water” and 4.5 percent for “house utensils”.

- ◆ **“Other goods and services”** account for 31.6 percent of the CPI basket. **The prices of this group increased by 5.1 percent during 2011 comparing to 6.3 percent in 2010. Accordingly, this group resulted in a 1.6 percentage points increase in overall inflation during 2011.** The increase in the prices of this group was a result of the rise in the prices of “personal care”, “transportation”, and “education” which increased by 9.5 percent, 6.8 percent, and 5.0 percent, respectively, while the prices of “communication” declined by 1.9 percent.

□ Employment

- ◆ The refined economic participation rate (the ratio of the labor force to the population 15 years and over) reached 38.9 percent (62.4 percent for males against 14.9 percent for females) during the fourth quarter of 2011, compared to 39.0 percent (63.2 percent for males against 14.3 percent for females) during the same period of 2010.
- ◆ The employed rate among the age group (15 years and above) reached 34.2 percent during the fourth quarter of 2011. The employed workers in the sector of “public administration, defense, and social security” accounted for 24.9 percent of total employed, followed by workers in the “wholesale and retail trade” sector (14.4 percent). The remaining percent is distributed among sectors of education, manufacturing, and other sectors.
- ◆ The unemployment rate (unemployed percent of the labor force) in the fourth quarter of 2011 increased to 12.1 percent (10.7 percent for males and 18.3 percent for females) compared to 11.8 percent (10.0 percent for males and 20.0 percent for females) during the same period of 2010. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 15.5 percent compared with other educational levels.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a deficit in the amount of JD 738.9 million during the first eleven months of 2011, comparing to a deficit in the amount of JD 801.8 million, during the same period in the preceding year. Excluding foreign grants (JD 1,101.3 million), the general budget deficit reaches to JD 1,840.2 million compared to a deficit in the amount of JD 1,090.4 million, during the same period in 2010.
- Gross outstanding domestic public debt (budgetary and own-budget) reached to JD 9,561.0 million (46.9 percent of GDP), at the end of November 2011, reflecting a rise amounting to JD 1,581.0 million compared to its level at the end of 2010.
- Net outstanding domestic public debt increased by JD 1,698.0 million at the end of November 2011, to reach JD 8,550.0 million (41.9 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) decreased by JD 94.1 million at the end of November 2011, compared to the end of 2010, to stand at JD 4,516.7 million (22.1 percent of GDP).

□ The performance of the general budget during the first eleven months of 2011:

■ Public Revenues

Public revenues (including foreign grants) declined by JD 71.4 million, or 19.1 percent, in November 2011 compared to November 2010 to reach JD 302.6 million. As for the first eleven months of 2011, these revenues had increased by JD 844.6 million, or 20.3 percent, comparing to the same period in 2010 to stand at JD 4,996.4 million. This result was mainly driven by the increase in foreign grants by JD 812.7 million as well as domestic revenues by JD 31.9 million.

Main Government Budget Indicators during November and the first eleven months of 2011 and 2010:

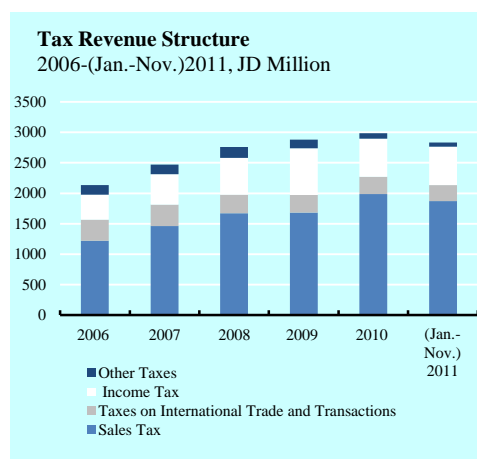
(JD Million and Percentages)

	November		Growth Rate %	Jan. – Nov.		Growth Rate %
	2010	2011		2010	2011	
Total Revenues and Grants	374.0	302.6	-19.1	4,151.8	4,996.4	20.3
Domestic Revenues, of which:	374.0	255.1	-31.8	3,863.2	3,895.1	0.8
Tax Revenues, of which:	210.2	190.9	-9.2	2,716.4	2,831.0	4.2
General Sales Tax	164.1	142.1	-13.2	1,792.5	1,873.6	4.5
Other Revenues, of which:	160.6	62.6	-61.0	1,128.2	1,045.2	-7.4
Land Registration Fees	8.2	10.3	25.6	117.8	133.0	12.9
Foreign Grants	0.0	47.5		288.6	1,101.3	281.3
Total Expenditures	473.9	589.0	24.3	4,953.6	5,735.3	15.8
Overall Deficit/ Surplus	-99.9	-286.4		-801.8	-738.9	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 31.9 million, or 0.8 percent, during the first eleven months of 2011 comparing to the same period of 2010, to reach JD 3,895.1 million. This increase was an outcome of; the rise in the proceeds of “tax revenues” and “pension contribution” by JD 114.6 million and JD 0.3 million respectively, on one hand, and the decline in “other revenues” by JD 83.0 million, on another.



◀ Tax Revenues

Tax revenues increased by JD 114.6 million, or 4.2 percent, in the first eleven months of 2011 compared to the same period in 2010, to reach JD 2,831.0 million (72.7 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of general sales tax on goods and services** by JD 81.1 million or 4.5 percent, which reached JD 1,873.6 million. Specifically, the proceeds of “sales tax on imported goods” increased by JD 81.1 million, as well as the proceeds of “sales tax on domestic goods” increased by JD 9.5 million. In addition, the proceeds of “sales tax on commercial sector” increased by JD 5.3 million. In contrast, the proceeds of “sales tax on services” declined by JD 14.8 million.
- **The increase in the proceeds of “income and profit taxes”** by JD 40.6 million or 6.9 percent, which reached JD 627.0 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 47.0 million, and the drop in the proceeds of “income tax from individuals” by JD 6.4 million. Accordingly, income tax from companies accounted for 78.9 percent of total taxes on income and profits (JD 494.6 million) of which JD 226.0 million came from banks and financial institutions.
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 5.1 million or 2.0 percent, which reached JD 263.5 million. This result was driven by the

increase in the proceeds of “customs duties and fees” by JD 13.6 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.

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

“Other revenues” decreased by JD 83.0 million, or 7.4 percent, in the first eleven months of 2011 to reach JD 1,045.2 million. This increase was an outcome of:

- The decrease in miscellaneous revenues by JD 62.3 million to reach JD 265.0 million.
- The drop in property income by JD 29.8 million to stand at JD 229.7 million (of which financial surplus of independent government units amounted to JD 201.3 million).
- The increase in revenues from selling goods and services by JD 9.1 million to stand at JD 550.5 million.

◀ **Pension Contributions**

Pension contributions increased by JD 0.3 million during the first eleven months of 2011 to stand at JD 18.9 million.

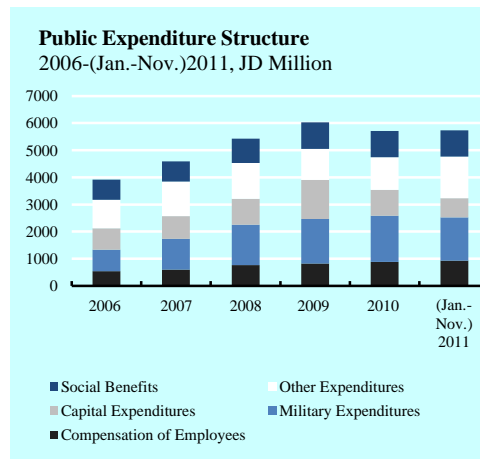
◆ **Foreign Grants**

Foreign grants increased by JD 812.7 million during the first eleven months of 2011 comparing to the same period of 2010 to reach JD 1,101.3 million.

Public Expenditures

Public expenditures witnessed an increase by JD 115.1 million, or 24.3 percent, in November 2011 comparing to the same month in 2010 to stand at JD 589.0 million. During the first eleven months of 2011, public expenditures accordingly rose by JD 781.7

million, or 15.8 percent, to stand at JD 5,735.3 million. The increase in public expenditures was an outcome of the rise in current expenditures by 18.9 percent, on one hand, and the drop in capital expenditures by 2.2 percent, on the other.



Current Expenditures

Current expenditures increased by JD 798.1 million, or 18.9 percent, in the first eleven months of 2011, to reach JD 5,019.8 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 116.0 million to reach JD 927.9 million.
- The significant increase in goods' subsidies by JD 486.9 million, due to the rise in the world commodity prices, particularly wheat prices, in addition to maintaining liquid gas

subsidy and fixing some of the prices of oil derivatives (Kerosene, Gasoline, Diesel). As a result, goods' subsidies stood at JD 641.7 million in the first eleven months of 2011 compared to JD 154.8 million during the same period of 2010.

- The increase in interest payments, on internal and external public debt, by JD 19.7 million to stand at JD 374.7 million.
- The increase in social benefit expenditures by JD 127.2 million to stand at JD 970.9 million.
- The increase in military expenditures by JD 24.6 million to total JD 1,594.7 million.
- The decrease in “purchases of good and services” by JD 17.5 million to stand at JD 230.6 million.

◆ Capital Expenditures

Capital expenditures declined by JD 16.4 million, or 2.2 percent to reach JD 715.5 million, in the first eleven months of 2011, compared to the same period of 2010.

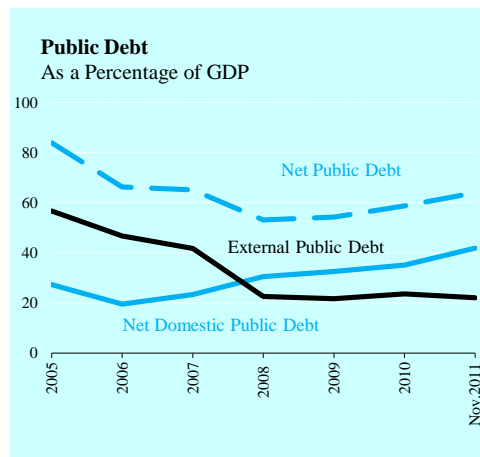
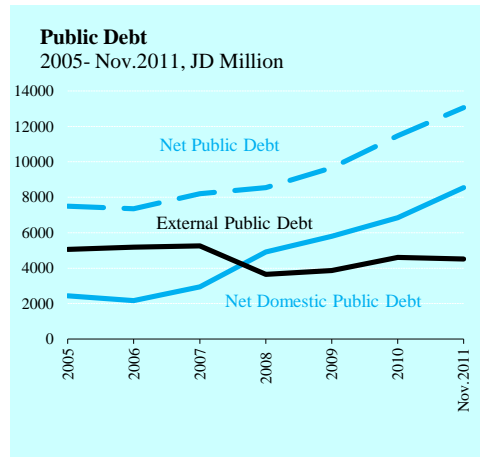
v General Budget Deficit/ Surplus

- ◆ **The general budget, including grants displayed a fiscal deficit amounted to JD 738.9 million, during the first eleven months of 2011,** against a fiscal deficit of JD 801.8 million, during the same period of 2010.
- ◆ **The general budget showed a primary deficit** (after excluding interest payments on public debt from total expenditures) **reached to JD 364.2 million during the first eleven months of 2011,** against a primary deficit of JD 446.8 million during the same period of 2010.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) had increased by JD 1,581.0 million at the end of November 2011 compared to its level at the end of 2010 to reach JD 9,561.0 million, or 46.9 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 937.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 644.0 million. The increase in the budgetary domestic public debt was

driven by the rise in the balance of the “treasury bills and bonds” in the amount of JD 1,056.0 million to total JD 7,466.0 million at the end of November 2011, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 832.0 million at the end of November 2011, on the other.



- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **increased by JD 1,698.0 million at the end of November 2011** comparing to its level at the end of 2010 to total JD 8,550.0 million, or 41.9 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 1,581.0 million, and the decrease in the government deposits at the banking system by JD 118.0 million comparing to their level at the end of 2010.
- **Outstanding balance of external public debt (budgetary and guaranteed) decreased** by JD 94.1 million at the end of November 2011 compared to its level at the end of 2010, amounted to JD 4,516.7 million (22.1 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 38.5 percent, while debt in Euros accounted for 8.7 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 22.2 percent and 19.2 percent of the outstanding external public debt, respectively.
- v **Net public debt (domestic and external) increased** by JD 1,603.9 million at the end of November 2011 comparing to its level at the end of 2010 to stand at JD 13,066.7 million, or 64.0 percent of GDP, against JD 11,462.8 million (61.1 percent of GDP) at the end of 2010. Consequently, the ratio of net public debt to GDP increased by 2.9 percentage points compared to its level at the end of 2010.
- v **External debt service (budgetary and guaranteed)** amounted to JD 438.9 million during the first eleven months of 2011 (of which interest payments amounting to JD 106.6 million) compared to JD 392.4 million (of which interest payments amounting to JD 89.0 million) in the same period in 2010.

□ Fiscal and Price Measures

- ◆ Adjusting the prices on some types of oil derivatives with fixing the prices of other oil derivatives, as follows:

	Unit	2011		Change %
		August	September	
Unleaded Gasoline 90	Fils/Liter	620	620	0.0
Unleaded Gasoline 95	Fils/Liter	795	795	0.0
Gas Oil (Diesel)	Fils/Liter	515	515	0.0
Kerosene	Fils/Liter	515	515	0.0
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0
Fuel oil for industry	JD/Ton	517.4	501.2	-3.1
Fuel oil for ships	JD/Ton	517.4	511.2	-1.2
Fuel oil for airplanes (local companies)	Fils/Liter	640.0	614	-4.1
Fuel oil for airplanes (foreign companies)	Fils/Liter	645.0	619	-4.0
Fuel oil for unplanned flights	Fils/Liter	660.0	634	-3.9
Asphalt	JD/Ton	553.9	536.7	-3.1

Source: Jordan Petroleum Refinery CO.

□ Grants, Loans and Other Agreements

- ◆ Signing a grant agreement extended by the Kuwait Fund for Arab Economic Development in the amount of Kuwaiti Dinar 620.0 million (equivalent to JD 1.5 million) to finance technical and economic feasibility studies for developing Oil Shale Exploitation in Wadi Abu Hamam Area (December 2011).

- ◆ Signing a soft loan agreement extended by the Spanish government in the amount of EUR 12.0 million to finance developing water sector in the northern region project (December 2011).
- ◆ Signing two grant agreements extended by the Chinese government as follows: (November 2011)
 - Economic and technical cooperation agreement between the government of Jordan and the government of China, under which the latter extends a grant to the Kingdom in the amount of yuan 50.0 million (equivalent to US \$ 7.9 million) to finance certain development projects (to be agreed upon later).
 - A special agreement for delivering firefighting and first aid equipment to the Civil Defense Department in The Abdali Urban Regeneration Project in the amount of yuan 18.0 million (equivalent to US \$ 2.8 million).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 3.7 percent in November 2011 compared to the same month in 2010 to record JD 407.9 million. As for the first eleven months of 2011, total merchandize exports increased by 14.5 percent to reach JD 5,144.5 million.
- **Merchandize imports** increased by 20.7 percent in November 2011 compared to the same month in the previous year amounting to JD 1,103.5 million. As for the first eleven months of 2011, merchandize imports were up by 17.6 percent to total JD 11,807.2 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 33.5 percent in November 2011 compared to the same month in 2010 standing at JD 695.6 million. As for the first eleven months of 2011, the trade deficit expanded by 20.2 percent to reach JD 6,662.8 million.
- **Travel receipts** decreased by 15.6 percent in December 2011 compared to the same month in the preceding year to record JD 128.9 million. In contrast, travel payments increased by 7.6 percent in December 2011 compared to the same month in 2010. As for 2011, travel receipts and payments decreased by 16.4 percent and 1.8 percent to reach JD 2,026.3 million and JD 997.8 million, respectively.
- **Total workers' remittances receipts** increased by 1.9 percent in December 2011 compared to the same month in 2010 to reach JD 218.7 million. As for 2011, total workers' remittances receipts decreased by 5.2 percent compared to 2010 to total JD 2,451.5 million.
- **The current account of the balance of payments** displayed a deficit of JD 1,323.3 million during the first three quarters of 2011 compared to a deficit of JD 666.6 million during the same period of the previous year.

- **Net FDI inflows to Jordan** recorded JD 802.4 million during the first three quarters of 2011, down from JD 975.3 million during the same period of 2010.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 13,545.4 million at the end of September 2011; recording an increase of 1,084.0 million over its level at the end of December 2010.

□ External Trade

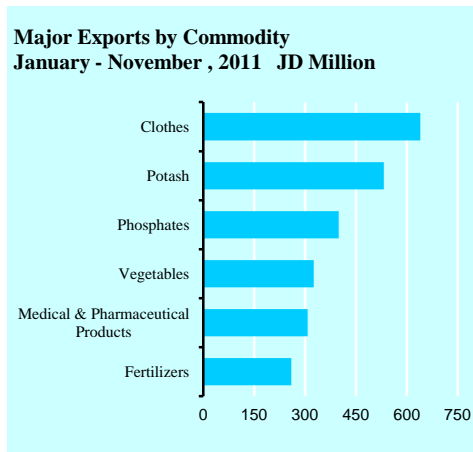
As a result of the increase in domestic exports and imports by JD 553.3 and JD 1,769.9 million, respectively, during the first eleven months of 2011, the volume of external trade (domestic exports *plus* imports) increased by JD 2,323.2 million to stand at JD 16,148.7 million.

Jordan's Major Trade Partners January – November 2010- 2011, JD Million				Developments of External Trade Indicators, JD Million				
	2010	2011	Percentage Change	January - November				
	2010	2011	Percentage Change	2010	Percentage Change 2009/2010	2011	Percentage Change 2010/2011	
Exports				External Trade	13,825.5	11.6	16,148.7	16.8
United States	599.8	660.6	10.1	Total Exports	4,492.7	9.4	5,144.5	14.5
Iraq	581.1	660.4	13.6	Domestic Exports	3,788.2	17.0	4,341.5	14.6
India	515.6	559.5	8.5	Re-exports	704.5	-18.8	803.0	14.0
Saudi Arabia	398.2	401.6	0.9	Imports	10,037.3	9.7	11,807.2	17.6
Lebanon	123.8	194.3	56.9	Trade Balance	-5,544.6	10.0	-6,662.8	20.2
Syria	152.8	164.6	7.7	Source: Department of Statistics.				
UAE	166.5	150.0	-9.9					
Imports								
Saudi Arabia	1,924.4	2,673.6	38.9					
China	1,077.5	1,193.4	10.8					
United States	566.6	701.6	23.8					
Italy	354.9	623.4	75.7					
Germany	679.0	497.2	-26.8					
Egypt	450.4	497.1	10.4					
UAE	267.3	484.4	81.2					

■ Merchandize Exports:

Total merchandize exports increased by 14.5 percent during the first eleven months of 2011 compared to a 9.4 percent increase during the same period of 2010, to record JD 5,144.5 million. This increase resulted from a

rise in domestic exports and re- exports of JD 553.3 million and JD 98.5 million, or 14.6 percent and 14.0 percent, to reach JD 4,341.5 million and JD 803.0 million, respectively.



The developments of domestic exports during the first eleven months of 2011 reveals the following:

- Exports of **phosphates** increased by JD 155.9 million, or 64.3 percent, to reach JD 398.5 million, compared to a decline of 4.1 percent during the same period of 2010. This increase was an outcome of the rise in both quantities and prices of phosphates by 23.7 percent and 32.8 percent, respectively. The Indian, Indonesian and Bulgarian markets accounted for 79.4 percent of phosphates exports.

- Exports of **potash** increased by JD 128.1 million, or 31.8 percent, to stand at JD 531.4 million, compared to an increase of 33.9 percent during the same period of 2010. The Chinese, Indian, and Malaysian markets accounted for 60.6 percent of potash exports.
- Exports of **vegetables** increased by JD 31.5 million, or 10.7 percent, to total JD 324.8 million, compared to an increase of 20.0 percent during the same period of 2010. Iraqi and Syrian and UAE markets were the main destinations of these exports accounting for 63.2 percent.

Major Domestic Exports by Commodity

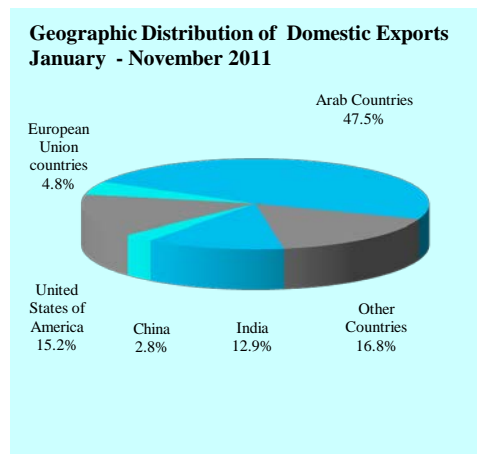
January- November, 2010 - 2011, JD Million

	2010	2011	Percentage Change
Domestic Exports	3,788.2	4,341.5	14.6
Clothes	572.9	639.2	11.6
United States	533.5	593.6	11.3
Potash	403.3	531.4	31.8
India	175.2	134.4	-23.3
China	68.5	112.8	64.7
Malaysia	38.1	74.9	96.6
Phosphates	242.6	398.5	64.3
India	161.0	250.0	55.3
Indonesia	38.1	42.5	11.5
Bulgaria	0	24.0	-
Vegetables	293.3	324.8	10.7
Iraq	64.8	83.0	28.1
Syria	61.8	72.8	17.8
UAE	54.2	49.5	-8.7
Medical & Pharmaceutical Products	353.6	307.6	-13.0
Saudi Arabia	102.4	78.8	-23.0
Algeria	53.4	39.1	-26.8
Sudan	35.3	33.1	-6.2
Iraq	22.3	23.8	6.7
Fertilizers	280.1	259.5	-7.4
India	162.0	151.3	-6.6
Ethiopia	39.6	70.3	77.5

Source: Department of Statistics.

- Exports of **fertilizers** decreased by JD 20.6 million, or 7.4 percent, to register JD 259.5 million, compared to an increase of 28.5 percent during the same period of 2010. The Indian and the Ethiopian Markets accounted for 85.4 percent of these exports.

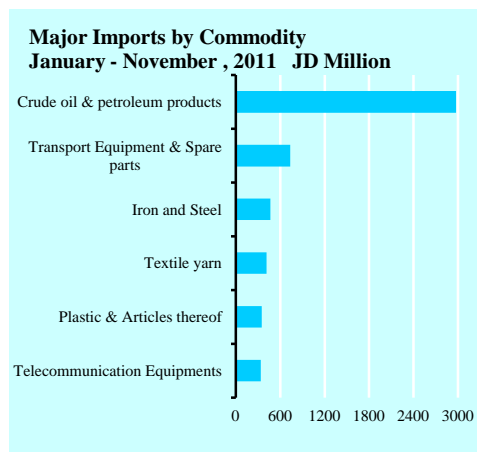
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, phosphates, vegetables, “medical and pharmaceutical products” and fertilizers topped the list of



exports during the first eleven months of 2011 accounting for 56.7 percent of domestic exports up from 56.6 percent during the corresponding period of 2010. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, Lebanon, Syria and UAE were the main destination markets for Jordanian domestic exports during the first eleven months of 2011; accounting for 64.3 percent of domestic exports, down from 67.0 percent during the corresponding period of 2010.

■ Merchandize Imports:

Merchandize imports amounted to JD 11,807.2 million during the first eleven months of 2011 increasing by JD 1,769.9 million, or 17.6 percent, compared to an increase by 9.7 percent during the same period of 2010.



The developments of imports during the first eleven months of 2011 reveals the following:

- **Petroleum products** imports increased by JD 759.6 million, or 124.0 percent, to total JD 1,372.1 million compared to an increase of 144.9 percent during the same period of 2010. This increase was mainly attributable to the rise in the prices of petroleum products in international markets as well as the disruptions of Egyptian gas supply caused by pipeline attacks. The main source markets of these imports were Saudi Arabia, Italy and UAE.
- **Crude oil** imports increased by JD 383.4 million, or 31.4 percent, to reach JD 1,604.1 million, compared to a rise by 17.7 percent during the same period of 2010. This increase was attributed to the rise in the prices of oil by 43.6 percent, despite the decrease in the imported quantities by 8.5 percent. Also, its worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Iron & Steel** increased by JD 53.7 million, or 13.0 percent to reach JD 467.1 million, compared to a decrease of 2.0 percent during the corresponding period of 2010. The markets of Turkey, Ukraine and China accounted for 51.3 percent of these imports.
- Imports of **Transport equipments and Spare Parts** decreased by JD 125.2 million, or 14.6 percent, to reach JD 734.0 million compared to a decrease by 15.5 percent during the same period of 2010. South Korea, Germany and Japan were the main origin markets for these imports; accounting for 67.4 percent of these imports.

Major Imports by Commodity

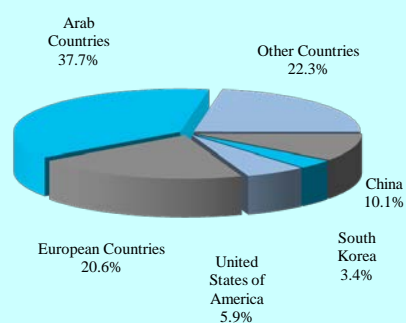
January – November, 2010, 2011, JD Million

	2010	2011	Percentage Change
Total Imports	10,037.3	11,807.2	17.6
Crude Oil	1,220.7	1,604.1	31.4
Saudi Arabia	1,077.8	1,513.0	40.4
Petroleum Products	612.5	1,372.1	124.0
Saudi Arabia	200.3	310.4	55.0
Italy	56.4	267.4	374.1
UAE	83.9	257.4	206.8
Transport Equipments and Spare Parts	859.2	734.0	-14.6
South Korea	224.1	249.4	11.3
Germany	168.9	142.0	-15.9
Japan	192.2	103.5	-46.1
Iron & Steel	413.4	467.1	13.0
Turkey	95.4	98.6	3.4
Ukraine	102.5	92.6	-9.7
China	33.6	48.3	43.8
Textile Yarn, Fabrics & Related Products	358.1	414.2	15.7
China	175.9	180.6	2.7
Taiwan	59.4	90.1	51.7
Turkey	17.4	29.3	68.4
Plastic & Articles Thereof	287.4	349.3	21.5
Saudi Arabia	130.7	158.0	20.9
Kuwait	24.2	17.4	-28.1
Taiwan	9.9	15.8	59.6
Telecommunication Equipments	282.3	335.1	18.7
China	145.0	152.1	4.9
South Korea	34.4	34.2	-0.6
India	30.7	28.2	-8.1

Source: Department of Statistics.

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

Geographic Distribution of Imports
Januray - November 2011



Equipments” accounted for 44.7 percent of total imports during the first eleven months of 2011; up from 40.2 percent during the same period of previous year. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, Germany, Egypt and UAE topped the list of imports sources during the first eleven months of 2011; accounting for 56.5 percent compared to 53.0 percent during the same period of 2010.

■ Re-Exports

The value of re-exported goods increased by JD 98.5 million, or 14.0 percent during the first eleven months of 2011, recording JD 803.0 million.

■ Trade Balance

The trade balance deficit during the first eleven months of 2011 increased by JD 1118.1 million, or 20.2 percent to register JD 6,662.8 million compared to the same period of 2010.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 5.2 percent to total JD 2,451.5 million during 2011 compared to 2010.

□ Travel

■ Receipts

Travel receipts decreased by JD 397.0 million, or 16.4 percent, during 2011 to register JD 2,026.3 million. This decrease was attributed to a 18.6 percent fall in the number of inbound tourists in 2011 compared to 2010.

■ Payments

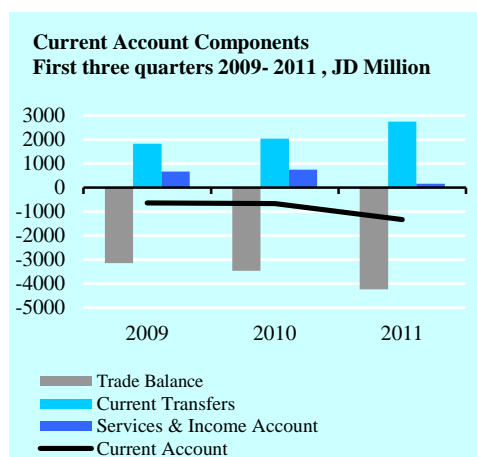
Travel payments decreased by 1.8 percent, during of 2011 to stand at JD 997.8 million.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1,323.3 million compared to a deficit of JD 666.6 million during the first three quarters of 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit of JD 778.7 million, or 22.5 percent, to reach JD 4,238.1 million in the first three quarters of 2011 compared to a deficit amounting to JD 3,459.4 million in the first three quarters of 2010.



- Services account recorded a surplus of JD 120.6 million, compared to a surplus of JD 545.8 million during the first three quarters of the preceding year. This was mainly due to the decrease in the surplus of travel (net) by JD 312.7 million, an increase in the deficit of transportation (net) by JD 109.5 million from one side, and the increase in the surplus of government services (net) by JD 24.5 million on the other side.
- A decrease in the surplus of the income account (net) by JD 159.2 million compared to the first three quarters of 2010 to register JD 42.5 million, as a result of the increase in the deficit of investment income (net) by JD 139.6 million, and a decrease in the surplus of compensation of employees (net) by JD 19.6 million.
- An increase in the surplus of net current transfers by JD 706.4 million; to reach JD 2,751.7 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

655.0 million and JD 51.4 million, to reach JD 1,239.7 million and JD 1,512.0 million, respectively, during the first three quarters of 2011. It's worth mentioning that the workers' remittances receipts and payments decreased by JD 60.4 million and JD 31.7 million, or 3.6 percent and 13.3 percent, during the first three quarters of 2011 respectively.

- The capital and financial account with the rest of the world showed a net inflow of JD 1,342.7 million during the first three quarters of 2011 compared to an inflow in the amount of JD 415.3 million during the same period of 2010 owing mainly to the following:
 - FDI in the Kingdom recorded a net inflow amounted to JD 831.1 million during the first three quarters of 2011 compared to JD 972.5 million during the same period of the preceding year. While, the direct investment abroad registered an increase of JD 28.7 million compared with a decrease of JD 2.8 million during the same period of 2010.
 - Portfolio investments (net) recorded a net outflow amounted to JD 157.8 million compared to a similar outflow in the amount of JD 69.6 million during the same period of 2010.
 - Other investments (net) registered an inflow in the amount of JD 21.0 million compared to an outflow amounting to JD 255.0 million during the same period of 2010.
 - The decrease in reserve assets of CBJ by JD 677.1 million during the first three quarters of 2011 compared to an increase amounting to JD 235.6 million during the same period of 2010.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in the amount of JD 13,545.4 million at the end of September 2011 compared to JD 12,461.4 million at the end of December 2010. This increase was due to the following developments:

- 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 1,279.5 million at the end of September 2011 compared to the end of December 2010; to stand at JD 30,792.4 million. This was mainly due to the following outcomes:
 - An increase in the stock of foreign direct investment (FDI) in Jordan by JD 831.1 million to stand at JD 16,379.1 million.
 - An increase in the deposits of non-resident at the Jordanian banking system by JD 488.5 million to reach JD 6,775.9 million.
 - A decrease in the stock of non-residents' portfolio investments in the Kingdom by JD 79.9 million; amounting to JD 2,842.8 million. This decrease was mainly attributed to the increase in the position of non-resident portfolio investment at banks by JD 79.6 million and the decline in government bonds by JD 42.7 million.
 - A decrease in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 34.6 million; to reach JD 4,109.4 million.

- 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 195.5 million to reach JD 17,247.0 million at the end of September 2011 compared to the end of December 2010. This increase was mainly a result of the rise in the outstanding balance of commercial banks' deposits abroad by JD 498.7 million, an increase in CBJ's other assets by JD 126.5 million, an increase in portfolio investments of the commercial banks by JD 172.8 million, a decrease in the CBJ's reserve assets and in the outstanding balance of loans granted by commercial banks to non-resident entities by JD 570.0 million and JD 50.3 million, respectively.