



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
February, 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

Real GDP registered a growth rate of 2.8 percent during the first three quarters of 2012 against 2.4 percent during the same period of 2011. Latest economic indicators revealed mixed results. Travel receipts, workers' remittances, and deposits at licensed banks recorded significant improvements. On the other hand, current account deficit and net outstanding public debt displayed negative performance.

- **Output, Prices and Employment:** In the first three quarters of 2012, real GDP at market prices grew by 2.8 percent compared to 2.4 percent in the first three quarters of 2011. Inflation, measured by the Consumer Price Index (CPI), went up to 6.7 percent during the first month of 2013 compared to 3.4 percent during the same month of 2012. Furthermore, the unemployment rate in 2012 stood at 12.2 percent of the total labor force, compared to 12.9 percent in 2011.
- **Monetary and Financial Sector:**
 - Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 871.9 million (13.1 percent) at the end of January 2013, compared to their level at the end of 2012, standing at US\$ 7,504.5 million. This level of reserves covers around 4.1 months of Jordan's imports of goods and services.
 - Domestic liquidity grew by JD 33.0 million, (0.1 percent) at the end of January 2013, compared to its level at the end of 2012, standing at JD 24,945.1 million.
 - The outstanding balance of credit facilities extended by licensed banks increased by JD 1,965.8 million, (12.4 percent) at the end of 2012, compared to its level at the end of 2011, standing at JD 24,978.1 million.
 - Total deposits at licensed banks increased by JD 209.7 million, (0.8 percent) at the end of January 2013, compared to their level at the end of 2012, totaling JD 25,179.3 million.
 - The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,045.7 points at the end of January 2013, increasing by 88.1 points, or 4.5 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first eleven months of 2012, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,427.2 million, comparing to a fiscal deficit in the amount of JD 745.9 million during the same period in 2011. Net outstanding domestic debt (budgetary and own-budget) increased by JD 2,733.5 million at the end of 2012, comparing to its level at the end of 2011, to stand at JD 11,648.5 million (52.4 percent of GDP). Outstanding external public debt increased by JD 445.6 million at the end of 2012 comparing to its level at the end of 2011; to reach JD 4,932.4 million, (22.2 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 74.6 percent of GDP at the end of the year 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 1.5 percent during 2012 to reach JD 5,598.7 million. In contrast, merchandize imports increased by 9.3 percent, totaling JD 14,690.7 million. As a result, the trade deficit expanded by 17.2 percent compared to 2011, to reach JD 9,092.0 million. Furthermore, the preliminary figures during January 2013 compared to January 2012 showed an increase in both travel receipts and travel payments by 0.5 percent and 3.2 percent respectively. In addition, total workers' remittances receipts during January 2013 increased by 6.1 percent compared to the same month in 2012. The preliminary figures of the balance of payments for the first three quarters of 2012 displayed a deficit in the current account in the amount of JD 3,366.2 million, up from JD 1,320.1 million during the same period in 2011. Moreover, the Foreign Direct Investment (FDI) recorded a net inflow to Jordan by JD 781.2 million during the first three quarters of 2012 compared to a net inflow of JD 784.3 million during the same period in 2011. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounting to JD 18,298.2 million at the end of September of 2012 compared to JD 18,392.4 million at the end of the June of 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 871.9 million (13.1 percent) at the end of January 2013, compared to their level at the end of 2012, to stand at US\$ 7,504.5 million. This level of reserves covers around 4.1 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 33.0 million, (0.1 percent), at the end of January 2013, compared to its level at the end of the previous year, to total JD 24,978.1 million.
- The outstanding balance of credit facilities extended by licensed banks decreased by JD 5.7 million, at the end of January 2013, compared to its level at the end of 2012, to stand at JD 17,824.1 million.
- Total deposits at licensed banks increased by JD 209.7 million, (0.8 percent) at the end of January 2013, compared to their level at the end of 2012, to reach JD 25,179.3 million.
- The interest rates on all types of deposits and credit facilities at licensed banks increased at the end of January 2013 compared to their level at the end of 2012.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,045.7 points at the end of January 2013, increasing by 88.1 points, or 4.5 percent, compared to its level at the end of 2012. Moreover, the market capitalization increased by JD 645.6 million or 3.4 percent, compared to its registered level of 2012, to stand at JD 19.8 billion.

Main Monetary Indicators

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

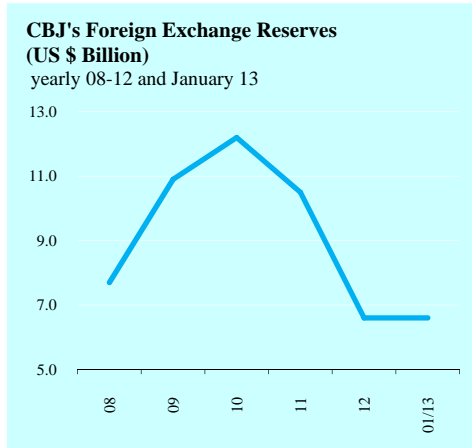
	2012	End of January	
		2012	2013
US\$ 6,632.6	CBJ's Foreign Currency Reserves*	US\$ 10,202.0	US\$ 7,504.5
-37.0%		-3.1%	13.1%
24,945.1	Money Supply (M2)	24,289.6	24,978.1
3.4%		0.7%	0.1%
17,829.8	Credit Facilities, of which:	16,021.1	17,824.1
12.5%		1.1%	0.0%
15,375.6	Private Sector (Resident)	14,289.8	15,411.0
7.6%		0.0%	0.2%
24,969.6	Total Deposits, of which:	24,619.4	25,179.3
2.4%		1.0%	0.8%
17,711.0	In JD	19,070.3	17,973.6
-7.4%		-0.3%	1.5%
7,258.6	In Foreign Currencies	5,549.1	7,205.7
38.0%		5.5%	-0.7%
20,387.1	Deposits of Private Sector (Resident), of which:	20,023.7	20,449.9
2.4%		0.6%	0.3%
15,084.3	In JD	16,372.7	15,243.7
-8.6%		-0.8%	1.1%
5,302.8	In Foreign Currencies	3,651.0	5,206.2
56.0%		7.4%	-1.8%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 871.9 million, or 13.1 percent, at the end of January 2013, compared to their levels at the end of 2012, to reach US\$ 7,504.5 million. This level of reserves covers around 4.1 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

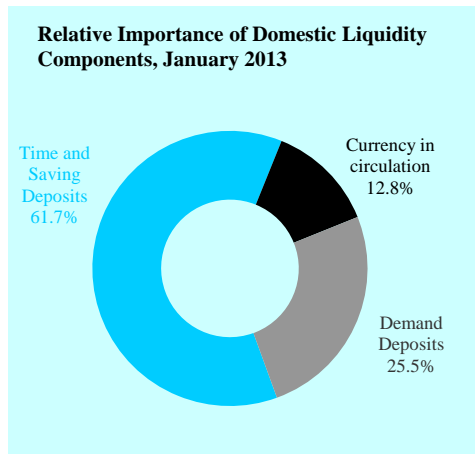
■ Domestic liquidity totaled JD 24,978.1 million at the end of January 2013, increasing by JD 33.0 million, or 0.1 percent, compared to an increase of JD 170.7 million, or 0.7 percent, at the end of the same month of 2012.

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

● Components of Domestic Liquidity

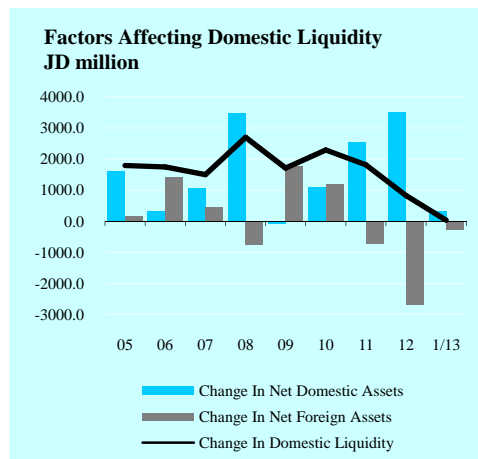
- Deposits increased by JD 54.3 million, or 0.2 percent, at the end of January 2013, compared to their level at the end of 2012, to total JD 21,784.4 million, compared with an increase amounting to JD 226.5 million, or 1.1 percent, at the end of the same month of 2012.

- Currency in circulation decreased by JD 21.3 million, or 0.7 percent, at the end of January 2013, compared to its level at the end of January 2012, to reach JD 3,193.7 million, against a decrease in the amount of JD 55.8 million, or 1.8 percent, during the same month of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 305.2 million, or 1.7 percent, at the end of January 2013, compared to its level at the end of 2012, against an increase of JD 170.0 million, or



1.2 percent, during the same month of 2012. This increase was a result of the increase in net domestic assets at the licensed banks by JD 301.3 million, or 1.5 percent and its increase at CBJ by JD 3.9 million, or 0.2 percent.

- Net foreign assets of the banking system decreased by JD 272.2 million, or 4.1 percent, at the end of January 2013, compared to their level at the end of 2012, against an increase in the amount of JD 0.6 million in the same month of 2012. This decrease was a result of the decline of these assets at the licensed banks by JD 255.8 million, or 48.7 percent, and its decrease at CBJ by JD 16.4 million, or 0.3 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2012		End of January	
		2012	2013
6,665.5	Foreign Assets (Net)	9,370.7	6,393.2
6,139.7	CBJ	9,044.2	6,123.2
525.8	Licensed Banks	326.5	270.0
18,279.7	Domestic Assets (Net)	14,918.9	18,584.9
-2,562.7	CBJ, of which:	-5,672.3	-2,558.8
1,567.8	Claims on Public Sector (Net)	528.0	1,530.0
-4,150.5	Other Items (Net*)	-6,219.9	-4,108.8
20,842.4	Licensed Banks	20,591.2	21,143.7
8,377.1	Claims on Public Sector (Net)	6,856.4	8,487.6
15,953.5	Claims on Private Sector	14,927.9	15,987.0
-3,468.2	Other Items (Net)	-1,193.1	-3,330.9
24,945.1	Money Supply (M2)	24,289.6	24,978.1
3,215.0	Currency in Circulation	2,963.5	3,193.7
21,730.1	Total Deposits, of which:	21,326.1	21,784.4
5,395.6	In Foreign Currencies	3,810.6	5,321.2

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

◆ On December 3rd, 2012, the CBJ raised the interest rate on the overnight window deposit facility by 75 basis points, and maintained the interest rates on the other monetary policy instruments unchanged. Accordingly, the interest rates on monetary policy instruments became as follows:

		January	
2012		2012	2013
5.00	Re-discount Rate	4.50	5.00
4.75	Repurchase Agreements Rate (Repos)	4.25	4.75
4.00	Overnight Deposit Window Rate	2.25	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

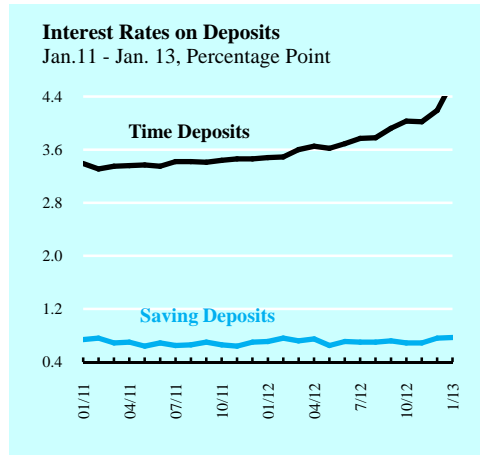
- Re-Discount Rate: 5.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.75 percent.
- Overnight Window Deposit Rate: 4.00 percent.
- ◆ The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent and 5.94 percent, respectively.
- ◆ The interest rate on the last repurchases for both one week and one month maturities was 4.25%.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of January 2013 increased by 44 basis points, compared to its level at the end of 2012, to stand at 4.63 percent.

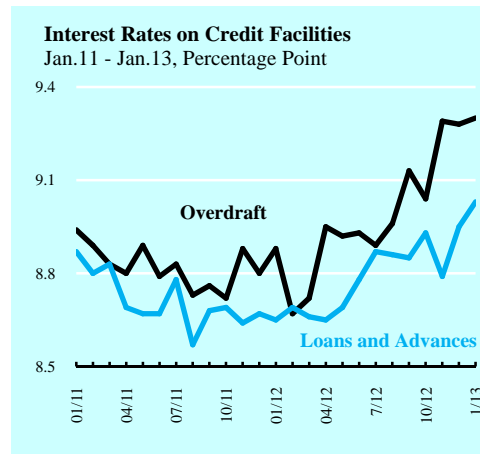
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of January 2013 increased by one basis point compared to its level at the end of 2012 reaching 0.77 percent.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of January 2013 increased by 7 basis points compared to its level at the end of 2012, standing at 0.49 percent.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of January 2013 increased by 2 basis points compared to its level at the end of 2012, standing at 9.30 percent.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by 4 basis points at the end of January 2013, compared to its level at the end of 2012, to stand at 9.63 percent.

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

		January		Change Relative to the Preceding Year
2012		2012	2013	Basis Points
Deposits				
0.42	Demand	0.45	0.49	7
0.76	Saving	0.71	0.77	1
4.19	Time	3.48	4.63	44
Credit Facilities				
9.59	Discounted Bills and Bonds	9.21	9.63	4
8.95	Loans and Advances	8.65	9.03	8
9.28	Overdraft	8.88	9.30	2
8.68	Prime Lending Rate	8.22	8.78	10

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 8 basis points at the end of January 2013,

compared to its level at the end of 2012, to stand at 9.03 percent.

- The Prime lending rate stood at 8.78 percent at the end of January 2013, 10 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 36 basis points compared to its level at the end of 2012 to reach 440 basis points at the end of January 2013.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 17,824.1 million at the end of January 2013, decreasing by JD 5.7 million, compared to its level at the end of 2012, against an increase in the amount of JD 169.9 million or 1.1 percent, during the same in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of January 2013 demonstrates a decrease in credit facilities extended to the industrial sector by JD 136.4 million, or 5.1 percent, the item "other", which generally represents credit facilities extended to individuals by JD 70.7 million or 1.8 percent, and the financial services sector by JD 15.2 million, or 3.1 percent. Meanwhile, the credit facilities extended to the public services and utilities sector, increased by JD 163.8 million, or 8.1 percent, as well of the general trade sector by JD 21.1 million, or 0.6 percent, compared to their levels at the end of 2012.
 - The classification of extended credit facilities, according to the borrower, at the end of January 2013 shows a decrease in credit facilities extended to the private sector (non-resident) by JD 35.6 million, or 4.2 percent, credit facilities extended to the central government by JD 4.6 million, or 0.4 percent, and to the public institutions sector by JD 3.4 million, or 1.0 percent. Meanwhile, the credit facilities extended to the private sector (resident) and non-banking financial institutions increased by JD 35.5 million, or 0.2 percent, and JD 2.4 million, or 26.7 percent, respectively, compared to their levels at the end of 2012.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 25,179.3 million at the end of January 2013, increasing by JD 209.7 million, or 0.8 percent, compared to its level at the end of 2012, against an increase of JD 241.5 million, or 1.0 percent, during the same month of 2012.
 - The increase in total deposits at licensed banks at the end of January 2013 was an outcome to the increase in the deposits of the

private sector (non-resident) by JD 131.9 million, or 5.1 percent, and the non-banking financial sector by JD 18.1 million, or 6.6 percent, and the private sector (resident) by JD 62.9 million, or 0.3 percent, and decrease in the deposits of the public sector (central government plus public institutions) by JD 3.2 million or, 0.2 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of January 2013 reveal that “deposits in local currencies” increased by JD 262.6 million, or 1.5 percent, and “deposits in the foreign currency” decreased by JD 52.9 million, or 0.7 percent, compared to their levels at the end of 2012.

□ Amman Stock Exchange (ASE)

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

■ Trading Volume

Trading volume at the (ASE) totaled JD 204.6 million in January 2013; up by JD 7.0 million, or 3.5 percent, compared to its level at the end of 2012, against a decrease of JD 23.6 million, or 13.0 percent, during the same month in 2012.

■ Traded Shares

The number of traded shares in January 2013 totaled 214.9 million; up by 8.9 million shares, or 4.3 percent, compared to its level of 2012, against an increase amounting to 7.4 million shares, or 3.8 percent, during the same month of 2012.

■ Share Price Index (SPI)

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 88.1 points, or 4.5 percent, at the end of January 2013 compared to its level at the end of 2012, to stand at

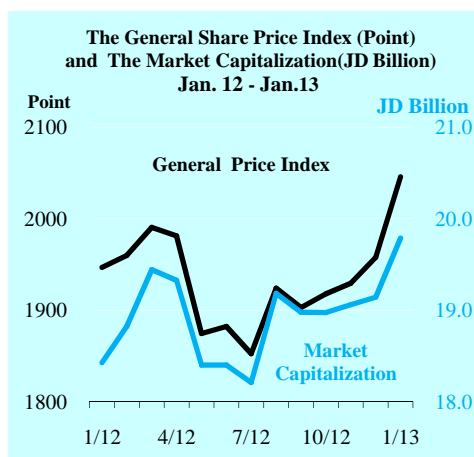
2,045.7 points, against a decrease in the amount of 48.5 points, or 2.4 percent, during the same month of 2012. The above-mentioned increase in 2013 was a result of the increase in the SPI for the financial sector by 118.2 points, or 5.0 percent, the increase of the industrial sector by 99.0, or 4.5 percent, and increase of the services sector by 22.8 points, or 1.4 percent, compared to their levels at the end of 2012.

		January	
2012		2012	2013
1,957.6	General Index	1,946.6	2,045.7
2,363.6	Financial Sector	2,384.1	2,481.8
2,176.6	Industrial Sector	2,087.8	2,275.6
1,651.1	Services Sector	1,660.8	1,673.9

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 19.8 billion at the end of January 2013; an increase of 0.7 JD billion, or 3.4 percent, compared to its level at the end of 2012, against a decrease of JD 0.8 billion, or 4.4 percent, during the same month of 2012.



■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow in January 2013 in the amount of JD 7.0 million, compared to an inflow of JD 4.7 million during the same month of 2012; the value of shares acquired by non - Jordanians in January 2013 amounted to JD 34.3 million, while the value of shares sold by the same group amounted to JD 27.2 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
		January	
2012		2012	2013
197.6	Value Traded	157.6	204.6
9.9	Average Daily Trading	7.2	10.8
19,141.5	Market Capitalization	18,426.2	19,787.1
206.0	No. of Traded Shares (million)	204.7	214.9
4.4	Net Investment of Non-Jordanian	4.7	7.0
32.9	Non-Jordanian Buying	30.2	34.3
28.4	Non-Jordanian Selling	25.5	27.2

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.6 percent, during the third quarter of 2012, maintained its level recorded at the same quarter of 2011. Moreover, GDP at current market prices grew by 6.9 percent, during the third quarter of 2012, compared to 9.1 percent, during the same quarter of 2011.
- As for the first three quarters of 2012, both GDP at constant and current market prices, grew by 2.8 percent and 7.6 percent, compared to 2.4 percent and 9.0 percent, during the same period of 2011, respectively.
- Inflation, measured by the CPI, increased to 6.7 percent during the first month of 2013, compared to 3.4 percent during the same month of 2012.
- The unemployment rate went down in 2012, to stand at 12.2 percent of the total labor force (10.4 percent for males and 19.9 percent for females), compared to 12.9 percent of the total labor force (11.0 percent for males and 21.2 percent for females) in 2011. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 15.9 percent.

□ Developments of (GDP)

Despite the continued unfavorable international and regional economic and political conditions. Real GDP grew by 2.8 percent during the first three quarters of 2012 compared to 2.4 percent during the same period of 2011. When excluding “net taxes on products”, which grew by 3.3 percent, compared to a contraction of 1.6 percent during the same period of 2011, GDP at constant basic prices grew by 2.7 percent, compared to 3.2 percent during the same period of 2011, which points to the decelerated growth in the productive sectors.

**Quarterly Growth Rates of GDP at Market Prices
2010 - 2012**

	Q 1	Q2	Q3	Q4	Percentages Year
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	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		
GDP at Current Market Prices	8.0	8.0	6.9		

Source: Department of Statistics.

GDP at current market prices grew by 7.6 percent compared to 9.0 percent during the first three quarters of 2011. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 4.7 percent during the first three quarters of 2012 compared to 6.4 percent during the same period of 2011.

The main sectors contributed to the economic growth during the first three quarters of 2012 are “finance, insurance, real estate and business services” (1.0 percentage point), “wholesale and retail trade, restaurants and hotels” (0.7 percentage point), and “transport, storage and communications” (0.7 percentage point). These sectors collectively accounted for 85.7 percent of real growth during the first three quarters of 2012.

The developments of economic sectors showed that most sectors witnessed positive real growth at divergent rates during the first three quarters of 2012; some sectors witnessed an accelerated improvement in performance; mainly “electricity and water”, “wholesale and retail trade, restaurants and hotels”, “finance, insurance, real estate

and business services” and “transport, storage and communications” sectors that grew by 7.2 percent, 7.1 percent, 5.0 percent and 4.9 percent compared to 1.4 percent, 3.9 percent, 3.7 percent and 3.1 percent during the first three quarters of 2011, respectively.

While sectors of “manufacturing” and “producers of government services” exhibited a slow performance. They grew by 2.4 percent and 2.0 percent, respectively, against a growth amounting to 4.1 percent and 3.2 percent during the first three quarters of 2011 respectively. In contrast, the sectors of “mining and quarrying” and “agriculture” experienced a noticeable contraction amounting to 14.1 percent and 9.6 percent compared to 21.5 percent and 4.7 percent, respectively.

■ Microeconomic Indicators

- Industrial production quantity index slightly improved by 0.2 percent during 2012 against a decline amounting to 0.2 percent during 2011. This can be attributed to the following:
 - Manufacturing production quantity index grew by 1.4 percent against a decline amounting to 2.1 percent during 2011. This



came as a result of the improvement in production of some items, mainly; “refined petroleum products” (9.8 percent), and “food products and beverages” (3.3 percent), on one hand, and the decrease in “cement” (22.6 percent), and “chemical products” (3.7 percent) on the other.

- Electricity production quantity index grew by 6.5 percent, compared to an increase amounting to 4.5 percent during 2011; due to the increase in the demand of households and industry sectors.
- “Mining and quarrying” production quantity index decreased by 16.9 percent against a growth amounting to 16.5 percent during 2011. This decrease was mainly attributed to the contraction of production quantity index for potash by 19.0 percent, and phosphate by 15.3 percent; owing to the labor strikes and a decline in the global demand.
- The number of passengers through the Royal Jordanian recorded an accelerated growth of 10.7 percent, during the first eight months of 2012, compared to a growth of 6.0 percent during the same period of 2011.
- Cargo through the Royal Jordanian contracted by 1.8 percent, during the first eight months of 2012, compared to a slight increase of 0.1 percent during the same period of 2011.
- Number of departures contracted by 7.7 percent during 2012, compared to a noticeable decrease amounted to 21.5 percent during 2011. Moreover, this indicator decreased by 10.2 percent during the first month of 2013.
- Quantities of exported and imported goods shipped through the Aqaba port recorded a growth of 0.9 percent during 2012, compared to an increase of 13.8 percent during 2011. Moreover, this indicator witnessed a noticeable decrease by 24.5 percent during the first month of 2013.
- Licensed areas for buildings witnessed a decelerated growth in its performance; grew by 8.5 percent during 2012, compared to 25.7 percent during 2011.

Main Sectoral Indicators

Percentages*

Item	Available Period	
	2011	2012
Industrial Sector		
Industrial production quantity index	-0.2	0.2
Manufacturing production quantity index	-2.1	1.4
Food products and beverages	-4.2	3.3
Refined petroleum products	-5.0	9.8
Iron and steel	9.9	-2.5
Cement, lime and plaster	-26.5	-22.6
Chemical products	-1.3	-3.7
“Mining and quarrying” production quantity index	16.5	-16.9
Phosphate	16.8	-15.3
Potash	17.2	-19.0
Electricity production quantity index	4.5	6.5
Licensed areas for (residential and non-residential) buildings	25.7	8.5
Quantities of exported and imported goods shipped through the Aqaba port	13.8	0.9
Number of departures	-21.5	-7.7
The number of passengers through the Royal Jordanian	6.0	January - August 10.7
Cargo through the Royal Jordanian	0.1	January - August -1.8

*Sources:

- Monthly Statistical Bulletin / Central Bank of Jordan.

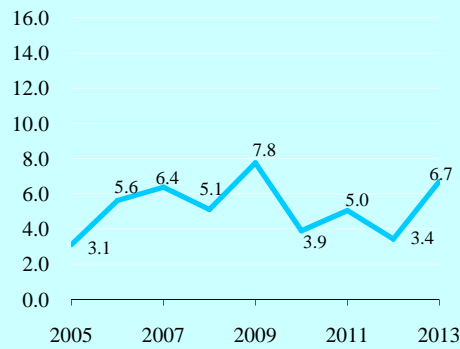
- Royal Jordanian.

Prices

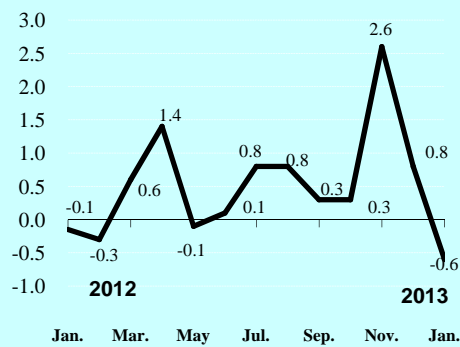
The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during the first month of 2013, to stand at 6.7 percent, compared to 3.4 percent during the same month in 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and ‘transportation’ items, which was affected by the Government's decision of the liberallizing the prices of petroleum products, (that was applied in November 2012). These items collectively contributed to the overall inflation rate by 3.7 percentage points, compared to 0.04 percentage point during the same month in 2012. Furthermore, the CPI was affected by the domestic increase in food prices; influenced by demand and supply factors.

In January 2013, the CPI decreased by 0.6 percent compared with December 2012. This was mainly due to the fall in the prices of some items; mainly “fruits”, “transportation”, and “medical care”.

Annual Bases Inflation Rate
for the first month of the Years (2005-



Monthly Inflation Rate
(Jan.2012-Jan.2013, percentages)



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

- ◆ “Food items” group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 4.0 percent compared to an increase of 3.9 percent in the same month of 2012. The contribution of this group to the overall rate of inflation reached 1.5 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its items, particularly; “fruits” (15.8 percent), “vegetables” (13.5 percent), and “meat and poultry” (6.9 percent), while the prices of “cigarettes”, “cereals and products”, and “oils and fats” have declined by 8.3 percent, 1.3 percent, and 1.0 percent, respectively.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level for this group increased by 3.6 percent compared to an increase of 6.6 percent during the same month of 2012. The group's contribution to the overall inflation rate reached 0.2 percentage point. The increase in the prices of this group was affected by the rise in the prices of “clothes” and “footwear”, which grew by 7.7 percent and 2.4 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 8.6 percent compared to an increase of 2.7 percent during the same month of 2012. Accordingly, this group contributed to the overall inflation rate by 2.3 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, compared to a slight increase by 0.1 percent during the same month in 2012, which was affected by the government's decision of the liberalizing the prices of petroleum products. In addition, prices of other items showed a varied increase ranging from 2.6 percent for “House furnishing” and 5.4 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 9.5 percent compared to 2.8 percent during the same month of 2012. Accordingly, this group contributed 3.0 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase of “transportation” item, by 19.3 percent, compared to a slight increase of 0.3 percent during the same month 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, particularly; “personal care” (7.6 percent), “recreation” (5.7 percent), and “education” (4.1 percent).

◆ □ Employment

- ◆ The unemployment rate (unemployed percent of the labor force) decreased in 2012, reached 12.2 percent (10.4 percent for males and 19.9 percent for females), compared to 12.9 percent (11.0 percent for males and 21.2 percent for females) in 2011. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 15.9 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) during 2012 reached 38.0 percent (61.3 percent for males against 14.2 percent for females) compared to 39.0 percent (62.8 percent for males against 14.7 percent for females) during 2011.
- ◆ The employed rate among the age group 15 years and above reached 33.4 percent during 2012. The employed workers in the sector of “public administration, defense, and social security” accounted for 25.5 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.5 percent), “education” (12.6 percent), “manufacturing”(9.7 percent), and the remaining percent is distributed among sectors of “transport and storage”, “construction” and other.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,427.2 million during the first eleven months of 2012, comparing to a fiscal deficit in the amount of JD 745.9 million, during the same period in 2011. Excluding foreign grants (JD 96.6 million), the general budget deficit reaches JD 1,523.8 million compared to a deficit in the amount of JD 1,847.2 million during the same period in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached JD 12,678.0 million (57.0 percent of GDP), at the end of 2012, reflecting a rise amounting to JD 2,682.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 2,733.5 million at the end of 2012, to reach JD 11,648.5 million (52.4 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 445.6 million at the end of 2012, compared to its level at the end of 2011, to stand at JD 4,932.4 million (22.2 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 16,580.9 million (74.6 percent of GDP) at the end of 2012 compared to JD 13,401.8 million (65.4 percent of GDP) at the end of 2011.

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

■ Public Revenues

Public revenues (including foreign grants) increased by JD 350.3 million, or 116.5 percent, in November 2012 comparing to the same month in 2011 to reach JD 650.9 million. As for the first eleven months of 2012, these revenues were down by JD 473.7 million, or 9.5 percent, compared to the same period in 2011 to stand at JD 4,515.7 million. This result was driven by the drop in foreign grants by JD 1,004.7 million, on one hand, and the increase in domestic revenues by JD 531.0 million, on the other.

Main Government Budget Indicators during the first eleven months of 2012:

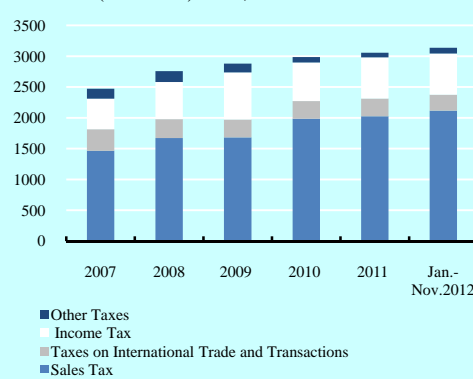
(JD Million and Percentages)

	November		Growth Rate %	Jan. – Nov.		Growth Rate %
	2011	2012		2011	2012	
Total Revenues and Grants	300.6	650.9	116.5	4,989.4	4,515.7	-9.5
Domestic Revenues, of which:	253.1	650.9	157.2	3,888.1	4,419.1	13.7
Tax Revenues, of which:	190.9	499.9	161.9	2,831.0	3,136.4	10.8
General Sales Tax	142.1	436.2	207.0	1,873.6	2,115.3	12.9
Other Revenues, of which:	60.6	149.3	146.4	1,038.2	1,261.2	21.5
Land Registration Fees	10.3	21.2	105.8	133.0	190.2	43.0
Foreign Grants	47.5	0.0	-100.0	1,101.3	96.6	-91.2
Total Expenditures	589.0	917.0	55.7	5,735.3	5,942.9	3.6
Overall Deficit/ Surplus	-288.4	-266.1		-745.9	-1,427.2	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 530.9 million, or 13.7 percent, during the first eleven months of 2012 compared to the same period in 2011, to reach JD 4,419.0 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues” and “pension contributions” by JD 305.3 million, JD 223.0 million, and JD 2.6 million, respectively.

Tax Revenue Structure
2007- (Jan.-Nov.) 2012, JD Million

- **Tax Revenues**

Tax revenues increased by JD 305.3 million, or 10.8 percent, during the first eleven months of 2012 compared to the same period in 2011, to reach JD 3,136.3 million (71.0 percent of domestic revenues). This increase was driven by:

- The increase in the proceeds of general sales tax on goods and services by JD 241.7 million which reached JD 2,115.3 million. This result was driven by the increase in the proceeds of its most items specifically, the proceeds of “sales tax on domestic goods” , “sales tax on imported goods” and “sales tax on services” which have increased by JD 217.9 million, JD 35.0 million and JD 9.5 million, respectively. However, the proceeds of “sales tax on commercial sector” decreased by JD 20.7 million.
- The increase in the proceeds of “income and profit taxes” by JD 40.9 million or 6.5 percent, which reached JD 667.9 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 50.8 million, and the drop in the proceeds of “income tax from individuals” by JD 9.9 million. Accordingly, income tax from companies accounted for 81.7 percent of total taxes on income and profits to reach JD 545.4 million (of which JD 220.5 million from banks and financial institutions).
- The decrease in the proceeds of “taxes on international trade and transactions” by JD 2.6 million or 1.0 percent, which

reached JD 260.9 million. This result was driven by the drop in the proceeds of “customs duties and fees” by JD 2.6 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” increased by JD 223.0 million, or 21.5 percent, during the first eleven months of 2012 to reach JD 1,261.2 million. This increase was an outcome of:

- The rise in property income by JD 85.9 million to stand at JD 315.6 million (of which financial surplus of independent government units amounted to JD 289.0 million).
- The increase in revenues from selling goods and services by JD 70.3 million to stand at JD 620.8 million.
- The increase in miscellaneous revenues by JD 66.8 million to reach JD 324.8 million.

● **Pension Contributions**

Pension contributions were up by JD 2.6 million during the first eleven months of 2012 compared to the same period in 2011, standing at JD 21.5 million.

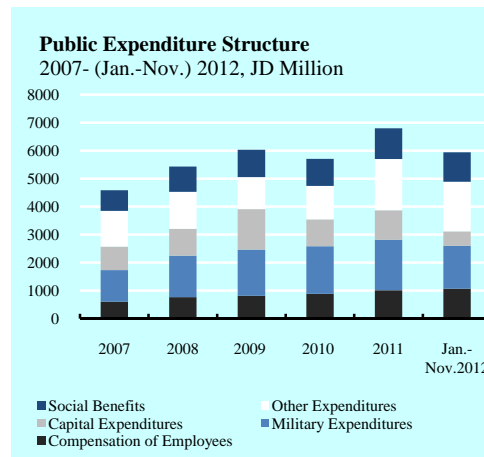
◆ **Foreign Grants**

Foreign grants were down by JD 1,004.7 million during the first eleven months of 2012 comparing to the same period in 2011, standing at JD 96.6 million.

Public Expenditures

Public expenditures witnessed an increase by JD 328.0 million, or 55.7 percent, in November 2012 compared to the same month in 2011 to stand at JD 917.0 million. Moreover, public expenditures increased by JD 207.6 million, or 3.6 percent during the first eleven

months of 2012, to stand at JD 5,942.9 million. This increase was an outcome of the rise in current expenditures by 8.2 percent and the drop in capital expenditures by 28.4 percent.



Current Expenditures

Current expenditures increased by JD 410.6 million, or 8.2 percent, during the first eleven months of 2012, to reach JD 5,430.4 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 144.1 million to reach JD 1,072.0 million.
- The increase in interest payments, on internal and external public debt, by JD 131.0 million to stand at JD 505.7 million.

- The increase in good's subsidies by JD 130.3 million to stand at JD 772.0 million.
- The increase in social benefit expenditures by JD 85.5 million to stand at JD 1,056.4 million.
- The decrease in military expenditures by JD 63.9 million to total JD 1,530.8 million.
- The drop in “purchases of goods and services” by JD 36.7 million to stand at JD 193.9 million.

◆ Capital Expenditures

Capital expenditures decreased by JD 203.0 million, or 28.4 percent during the first eleven months of 2012 comparing to the same period in 2011, to reach JD 512.5 million.

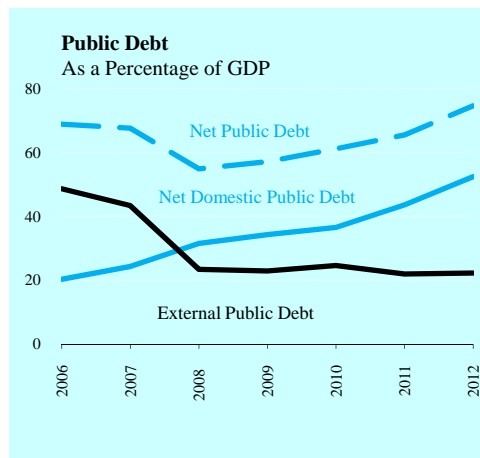
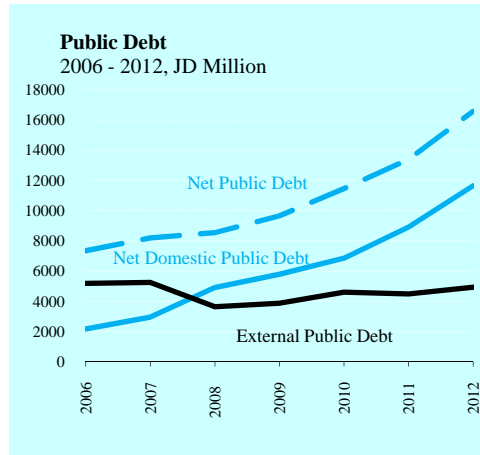
■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,427.2 million during the first eleven months of 2012, against a fiscal deficit in the amount of JD 745.9 million during the same period in 2011.
- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 921.5 million during the first eleven months of 2012, against a primary deficit of JD 371.2 million during the same period in 2011.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) has increased by JD 2,682.0 million at the end of 2012 compared to its level at the end of 2011 to reach JD 12,678.0 million, or 57.0 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 1,728.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 954.0 million. This increase in the gross outstanding domestic debt for own-

budget agencies was driven by the significant increase in direct credit facilities by JD 899.0 million to reach JD 1,079.0 million at the end of 2012 compared to JD 180.0 million at the end of 2011. This increase was, mainly, an outcome of the rise in borrowing on behalf of Jordan's National Electric Power Company as a result of frequent interruption and decline of natural gas supplies from Egypt.



- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 2,733.5 million at the end of 2012 comparing to its level at the end of 2011 to total JD 11,648.5 million, or 52.4 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 2,682.0 million, and the decline in the government deposits at the banking system by JD 52.0 million comparing to their level at the end of 2011.
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 445.6 million at the end of 2012 compared to its level at the end of 2011, amounting to JD 4,932.4 million (22.2 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 40.3 percent, while debt in Euros accounted for 9.3 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 18.1 percent and 16.8 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 3,179.2 million at the end of 2012 comparing to its level at the end of 2011 to stand at JD 16,580.9 million, or 74.6 percent of GDP, against JD 13,401.7 million (65.4 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP increased by 9.2 percentage points compared to its level at the end of 2011.
- External debt service (budgetary and guaranteed) amounted to JD 558.1 million during the year 2012 (of which interest payments amounting to JD 120.6 million) compared to JD 518.8 million (of which interest payments amounting to JD 120.8 million) during the year 2011.

□ Fiscal and Price Measures

- Adjusting the prices on all oil derivatives, except liquid Gas Cylinder, as follows:

Oil Derivatives Price Developments				
	Unit	2013		Change %
		February	March	
Unleaded Gasoline 90	Fils/Liter	800.0	835.0	4.4
Unleaded Gasoline 95	Fils/Liter	990.0	1030.0	4.0
Gas Oil (Diesel)	Fils/Liter	685.0	710.0	3.6
Gas Oil/ electricity	Fils/Liter	680.0	700.0	2.9
Kerosene	Fils/Liter	685.0	710.0	3.6
Liquid Gas (12.5kg)	JD/Unit	10.0	10.0	0.0
Fuel oil for industry	JD/Ton	492.3	506.8	2.9
Fuel oil/ electricity	JD/Ton	492.3	506.8	2.9
Fuel oil for ships	JD/Ton	494.9	506.8	2.4
Fuel oil for airplanes (local companies)	Fils/Liter	634.0	660.0	4.1
Fuel oil for airplanes (foreign companies)	Fils/Liter	639.0	665.0	4.1
Fuel oil for unplanned flights	Fils/Liter	654.0	680.0	4.0
Asphalt	JD/Ton	527.0	542.5	2.9

Source: Jordan Petroleum Refinery CO. (6/3/2013).

- The cabinet decided to extend the exemption for traders whose annual sales are over JD 50.0 thousand and less than JD 75.0 thousand, from registry in GST taxpayer list until 31/Dec/2013 (January 2013).

□ Grants, Loans and Other Agreements

- Signing a framework memo with the United Arab Emirates (UAE) to regulate its contribution in GCC grant, in the amount of US\$ 1.25 billion, to finance priority development projects identified by the Jordanian government (January 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 0.6 percent in December 2012 compared to the same month in 2011 to record JD 512.9 million. As for 2012, total merchandize exports decreased by 1.5 percent to reach JD 5,598.7 million.
- **Merchandize imports** decreased by 7.2 percent in December 2012 compared to the same month of 2011 amounting to JD 1,173.3 million. As for 2012, merchandize imports were up by 9.3 percent to total JD 14,690.7 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 12.5 percent in December 2012 compared to the same month in 2011 standing at JD 660.4 million. As for 2012, the trade deficit expanded by 17.2 percent to reach JD 9,092.0 million.
- **Travel receipts** and **payments** increased in January 2013 compared to the same month in 2012 by 0.5 and 3.2 percent to record JD 177.8 million and JD 56.6 million respectively.
- **Total workers' remittances receipts** increased by 6.1 percent in January 2013 compared to the same month in 2012 to reach JD 197.7 million.
- **The current account of the balance of payments** registered a deficit of JD 3,366.2 million during the first three quarters of 2012 compared to a deficit of JD 1,320.1 million in the same period in 2011.
- **Net FDI inflows to Jordan** recorded JD 781.2 million during the first three quarters of 2012, down from JD 784.3 million during the same period in 2011.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 18,298.2 million at the end of September 2012; a decrease of JD 94.2 million over its level at the end of June 2012.

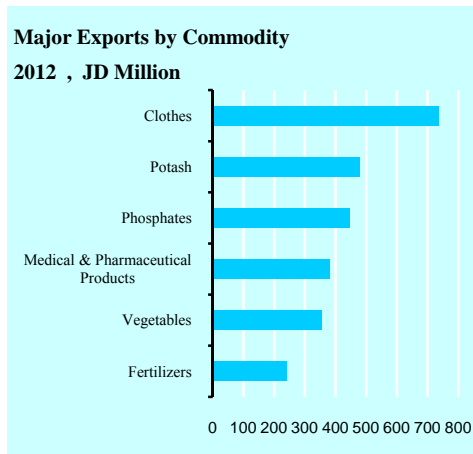
□ External Trade

- As a result of the decrease in domestic exports by JD 55.4 million and the increase in imports by JD 1,250.5 million, during 2012, the volume of external trade (domestic exports *plus* imports) increased by JD 1,195.1 million to stand at JD 19,441.2 million.

Jordan's Major Trading Partners				Main External Trade Indicators			
JD Million				JD Million			
Jan.–Dec.				Jan.–Dec.			
	2011	2012	Percentage Change		Percentage Change 2010/2011	2012	Percentage Change 2011/2012
Exports				External Trade	18,246.1	19,441.2	6.5
United States	733.8	788.5	7.5	Total Exports	5,684.6	5,598.7	-1.5
Iraq	715.1	716.2	0.2	Domestic Exports	4,805.9	4,750.5	-1.2
Saudi Arabia	446.5	523.5	17.2	Re-exports	878.7	848.2	-3.5
India	645.9	511.3	-20.8	Imports	13,440.2	14,690.7	9.3
Indonesia	152.0	192.7	26.8	Trade Balance	-7,755.6	-9,092.0	17.2
UAE	160.7	176.3	9.7	Source: Department of Statistics.			
Lebanon	209.0	167.4	-19.9				
Imports							
Saudi Arabia	2,968.7	3,458.6	16.5				
China	1,317.4	1,380.0	4.8				
United States	861.4	983.1	14.1				
Italy	688.5	686.8	-0.2				
Turkey	393.5	675.2	71.6				
Egypt	535.0	586.8	9.7				
Germany	607.5	568.6	-6.4				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports decreased by 1.5 percent during 2012 compared to a 13.9 percent increase during 2011, to record JD 5,598.7 million.



This decline resulted from a decrease in domestic exports by JD 55.4 million, 1.2 percent, to record JD 4,750.5 million, and a decrease in re-exports by JD 30.5 million, 3.5 percent, to reach JD 848.2 million.

◆ The developments of domestic exports during 2012 compared with 2011 reveals the following:

- Exports of **phosphates** decreased by JD 19.2 million, 4.3 percent, to register JD 426.9 million, compared to an increase of 68.3 percent during 2011. This decrease was mainly due to decrease in exported quantities by 19.7 percent and the increase in prices by 19.2 percent. The Indian, Indonesian and Bulgarian Markets accounted for 89.1 percent of these exports.

- Exports of **potash** decreased by JD 114.6 million, 19.3 percent, to stand at JD 479.1 million.
- Exports of **medical and pharmaceutical products** increased by JD 27.6 million, 7.8 percent, to reach JD 382.3 million, compared to a decrease of 16.2 percent during 2011. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 59.8 percent of these exports.

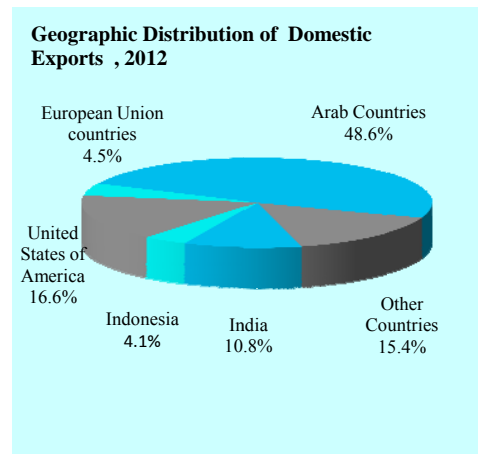
Major Domestic Exports by Commodity, JD Million 2011-2012

	2011	2012	Percentage Change
Domestic Exports	4,805.9	4,750.5	-1.2
Clothes	708.3	738.0	4.2
United States	658.1	692.6	5.2
Potash	593.7	479.1	-19.3
Phosphates	446.1	426.9	-4.3
India	277.3	287.5	3.7
Indonesia	45.2	57.8	27.9
Bulgaria	22.9	34.8	52.0
Medical & Pharmaceutical Products	354.7	382.3	7.8
Saudi Arabia	92.8	93.4	0.6
Algeria	46.4	66.5	43.3
Iraq	29.3	40.2	37.2
Sudan	37.1	28.6	-22.9
Vegetables	356.1	354.1	-0.6
Syria	81.8	76.8	-6.1
UAE	54.1	62.8	16.1
Iraq	84.8	39.4	-53.5
Fertilizers	295.6	242.7	-17.9
India	183.2	107.3	-41.4
Turkey	0.3	32.2	-
Iraq	12.2	32.1	163.9

Source: Department of Statistics.

- Exports of **vegetables** decreased by JD 2.0 million, 0.6 percent, to total JD 354.1 million, compared to an increase of 10.0 percent during 2011. The Syrian, UAE and Iraqi markets were the main destinations of these exports accounting for 49.0 percent.

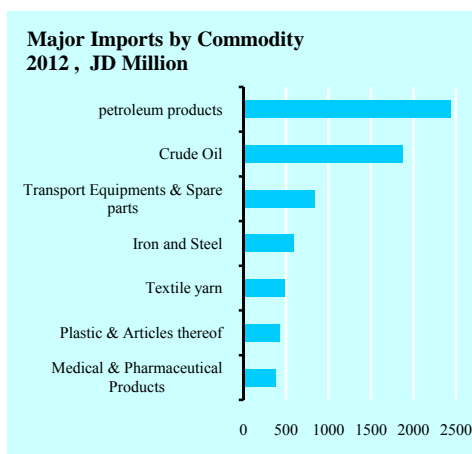
- In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, phosphates, vegetables,



“medical and pharmaceutical products” and fertilizers topped the list of domestic exports during 2012 accounting for 55.2 percent of domestic exports down from 57.5 percent during 2011. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, India, Indonesia, UAE and Lebanon, were the main destination markets for Jordanian domestic exports during 2012; accounting for 64.7 percent of domestic exports, up from 63.7 percent during 2011.

■ **Merchandize Imports:**

Merchandize imports amounted to JD 14,690.7 million during 2012, increasing by JD 1,250.5 million, 9.3 percent, compared to a similar increase by 21.6 percent during 2011.



◆ **The developments of imports during 2012 compared with 2011 reveals the following:**

- **Petroleum products** imports increased by JD 846.8 million, 53.3 percent, to total JD 2,435.3 million compared to an increase of 133.6 percent during 2011. This increase was mainly attributable to the decrease in Egyptian gas supplies which was replaced by diesel and fuel oil. The main source markets of these imports were Saudi Arabia, Italy and Turkey.
- **Crude oil** imports increased by JD 16.4 million, 0.9 percent, to reach JD 1,872.7 million, compared to a rise by 36.8 percent during 2011. This increase was attributed to the rise in the prices of oil by 3.6 percent and the decrease in the imported quantities by 2.7 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.

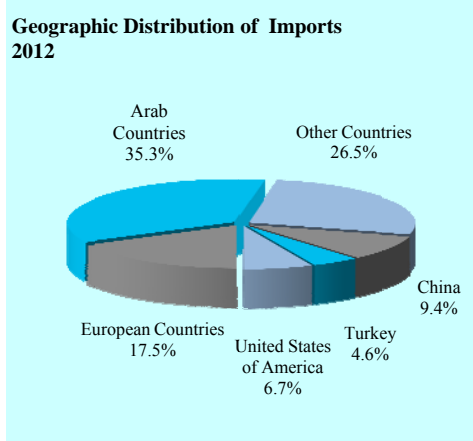
- Imports of **Iron & Steel** increased by JD 87.9 million, 17.6 percent to reach JD 587.7 million, compared to an increase of 7.5 percent during 2011. The markets of Ukraine, China and Turkey accounted for 48.6 percent of these imports.
- Imports of **Transport equipments and Spare Parts** increased by JD 51.7 million, 6.5 percent, to reach JD 844.1 million compared to a decrease by 14.4 percent during 2011. South Korea, the USA and Germany were the main origin markets for these imports; accounting for 64.3 percent of these imports.

Major Imports by Commodity, JD Million 2011-2012

	2011	2012	Percentage Change
Total Imports	13,440.2	14,690.7	9.3
Petroleum Products	1588.5	2435.3	53.3
Saudi Arabia	352.5	623.4	76.8
Turkey	0.3	331.7	-
Italy	294.7	318.3	8.0
Crude Oil	1856.3	1872.7	0.9
Saudi Arabia	1663.5	1794.0	7.8
Transport Equipments and Spare Parts	792.4	844.1	6.5
South Korea	272.1	265.9	-2.3
United States	88.6	144.6	63.2
Germany	151.9	132.4	-12.8
Iron & Steel	499.8	587.7	17.6
Ukraine	100.0	173.2	73.1
China	51.4	60.1	16.9
Turkey	106.3	52.5	-50.7
Textile Yarn, Fabrics & Related Products	457.2	490.8	7.3
China	199.4	200.8	0.7
Taiwan	100.3	117.1	16.7
Turkey	32.7	37.6	15.1
Plastic & Articles Thereof	382.3	433.3	13.4
Saudi Arabia	174.4	203.5	16.7
China	16.6	26.3	58.9
United states	16.7	25.0	49.8
Medical and pharmaceutical products	376.2	385.0	2.3
Germany	43.5	50.3	15.6
Switzerland	47.8	36.8	-22.8
France	37.1	32.9	-11.5

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that the main imports were petroleum products, crude oil “transport equipments and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Plastic and Articles thereof” and “Medical and pharmaceutical Products” accounted for 48.0 percent of total imports during 2012; up from 44.3 percent during 2011. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, Turkey, Egypt and Germany topped the list of imports sources during 2012; accounting for 56.8 percent compared to 54.8 percent during 2011.



■ Re-Exports

The value of re-exported goods decreased by JD 30.5 million, 3.5 percent, during 2012 compared to 2011, recording JD 848.2 million.

■ Trade Balance

The trade balance deficit during 2012 increased by JD 1,336.4 million, 17.2 percent, to register JD 9,092.0 million compared to 2011.

☐ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 11.4 million, 6.1 percent, in January 2013 compared to the same month in 2012 to register JD 197.7 million.

☐ Travel

■ Receipts

Travel receipts increased by JD 0.8 million, 0.5 percent, in January 2013 compared to the same month in 2012 to register JD 177.8 million.

■ Payments

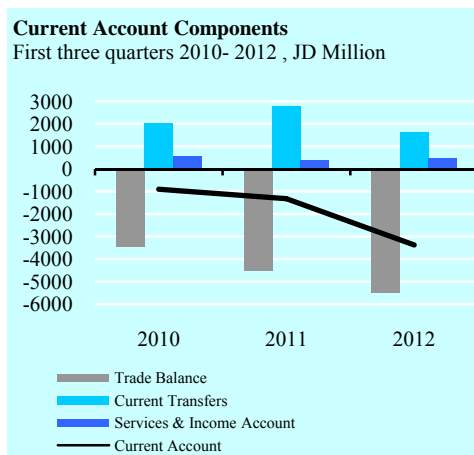
Travel payments increased by 3.2 percent, during January 2013 compared to the same month in 2012 to stand at JD 56.6 million.

☐ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for the first three quarters of 2012 compared to the same period of 2011, reveals the following developments:

- The current account recorded a deficit of JD 3,366.2 million compared to a deficit of JD 1,320.1 million during the same period in 2011. This was an outcome of the following developments:

- ◆ An expansion in the trade balance deficit by JD 972.2 million, 21.7 percent, to reach JD 5,460.2 million compared to the same period in 2011.



- ◆ Services account recorded a surplus of

JD 566.6 million, compared to a surplus of JD 419.4 million during the first three quarters of 2011. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 1,248.9 million and JD 84.7 million, respectively, and to the recorded deficit of transportation (net) and other services (net) by JD 642.4 million and JD 124.6 million, respectively.

- ◆ Income account recorded a deficit of JD 92.6 million compared to a deficit of JD 41.4 million in the same period of 2011, as a result of recording a deficit of JD 284.8 million in investment income (net) and a surplus of JD 192.2 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 1,169.9 million; to reach JD 1,620.0 million, as a result of the decline in net transfers of public sector (foreign grants) and in the transfers of other sectors (net) by JD 963.8 million and JD

206.1 million, to reach JD 245.9 million and JD 1,374.1 million, respectively, during the first three quarters of 2012. It's worth mentioning that the workers' remittances receipts increased by JD 93.4 million, 5.7 percent, while workers' remittances payments increased by JD 10.4 million, 5.0 percent, during the first three quarters of 2012.

- The capital and financial account with the rest of the world showed a decrease in net foreign assets by JD 3,258.7 million during the first three quarters of 2012 compared to a similar decrease in the amount of JD 1,403.3 million during the same period in 2011, this can be attributed to the following:
 - ◆ FDI in the Kingdom recorded a net inflow amounted to JD 781.2 million compared to JD 784.3 million during the same period in 2011.
 - ◆ Portfolio investments (net) recorded a net inflow amounted to JD 174.1 million compared to an outflow in an amount of JD 158.8 million during the same period in 2011.
 - ◆ Other investments (net) registered a net inflow in the amount of JD 167.8 million compared to a similar inflow amounting to JD 129.4 million during the same period in 2011.
 - ◆ A decrease in the reserve assets of the CBJ by JD 2,136.0 million compared to a decrease amounting to JD 677.1 million during the same period in 2011.

□ 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 18,298.2 million at the end of September of 2012 compared to JD 18,392.4 million at the end of June 2012. This decrease 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 378.7 million to reach JD 14,912.0 million at the end of September of 2012 compared to the end of June 2012. This increase was mainly a result of the increase in the CBJ's reserve assets by JD 377.0 million, and the increase in the deposits of commercial banks abroad by JD 48.2 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 284.5 million at the end of September 2012 compared to the end of June 2012; to stand at JD 33,210.2 million. This was mainly due to the following outcomes:
 - ◆ An increase in the deposits of non-residents at the Jordanian commercial banks by JD 334.1 million to reach JD 6,059.8 million.
 - ◆ An increase in the stock of foreign direct investment (FDI) in Jordan by JD 330.3 million to stand at JD 17,375.4 million.
 - ◆ An increase in CBJ's loans by JD 279.0 million to reach JD 422.4 million.
 - ◆ A decrease in the stock of portfolio investments in the Kingdom by JD 764.9 million to reach JD 2,961.4 million.