



Central Bank of Jordan

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

**Research Dept. Monthly Report  
November, 2012**

**Central Bank of Jordan**

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## ❑ OUR VISION

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

## ❑ OUR MISSION

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

## ❑ OUR VALUES

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

The data published in this report are considered actual, final and consistent with those received by the Central 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

The real economy registered a growth rate of 2.9 percent during the first half of 2012 against 2.3 percent during the first half in 2011. Latest available economic indicators on the earlier period of 2012 reveal mixed results. On the one hand, travel receipts, workers' remittances, credit facilities extended by licensed banks, and unemployment rate, recorded significant improvement. On the other hand, current account deficit, and net outstanding public debt show a deterioration in performance.

- **Output, Prices and Employment:** In the first half of 2012, real GDP at market prices grew by 2.9 percent compared to 2.3 percent in the first half of 2011. Inflation, measured by the Consumer Price Index (CPI), went up to 4.3 percent during the first ten months of 2012 compared to 4.6 percent during the same period of 2011. Furthermore, the unemployment rate in the third quarter of 2012 stood at 13.1 percent.
- **Monetary and Financial Sector:**
  - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 3,498.1 million, or 33.3 percent, at the end of the first ten months of 2012, compared to their level at the end of 2011, standing at US\$ 7,008.0 million.
  - Domestic liquidity grew by JD 1,488.0 million, or 6.2 percent, at the end of the first ten months of 2012, compared to its level at the end of 2011, standing at JD 25,606.9 million.
  - The outstanding balance of credit facilities extended by licensed banks was up by JD 1,630.2 million, or 10.3 percent, at the end of the first ten months of 2012, compared to its level at the end of 2011, standing at JD 17,481.4 million.
  - Total deposits at licensed banks increased by JD 1,288.0 million, or 5.3 percent, at the end of the first ten months of 2012, compared to their level at the end of 2011, totaling JD 25,665.9 million.
  - The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,917.9 points at the end of the first ten months of 2012, decreasing by 77.2 points, or 3.9 percent, compared to its level at the end of 2011.

- **Public Finance:** During the first nine months of 2012, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,055.8 million, comparing to a fiscal deficit in the amount of JD 145.6 million during the same period in 2011. Net outstanding domestic debt (budgetary and own-budget) increased by JD 2,367.0 million at the end of September 2012, comparing to its level at the end of 2011, to stand at JD 11,282.0 million (50.8 percent of GDP). Outstanding external public debt increased by JD 280.4 million at the end of September 2012 comparing to its level at the end of 2011; to reach JD 4,767.2 million, (21.5 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 72.2 percent of GDP at the end of September 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 1.2 percent during the first nine months of 2012 to reach JD 4,224.5 million. In contrast, merchandize imports increased by 10.5 percent, totaling JD 10,896.0 million. As a result, the trade deficit expanded by 19.5 percent compared to the same period in the previous year, to reach JD 6,671.5 million. Furthermore, the preliminary figures for the first ten months of 2012 compared to the same period in 2011 showed an increase in travel receipts by 17.6 percent and an increase in travel payments by 0.3 percent. In addition, total workers' remittances receipts during the first ten months of 2012 increased by 5.5 percent compared to the same period in 2011. preliminary figures of the balance of payments for the first half of 2012 displayed a deficit in the current account in the amount of JD 2,592.4 million, up from JD 1,216.1 million during the same period in the previous year. Moreover, the Foreign Direct Investment (FDI) recorded a net inflow to Jordan by JD 450.9 million during the first half of 2012 compared to a net inflow of JD 594.3 million during the same period in 2011. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounting to JD 18,160.3 million at the end of June of 2012 compared to JD 17,100.0 million at the end of the March of 2012.



## First: Monetary and Financial Sector

### □ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 3,498.1 million, or 33.3 percent, at the end of the first ten months of 2012, compared to their level at the end of 2011, standing at US\$ 7,008.0 million. This level of reserves covers around 3.9 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,488.0 million, or 6.2 percent, at the end of October 2012, compared to its level at the end of 2011, to total JD 25,606.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,630.2 million, or 10.3 percent, at the end of October 2012, compared to its level at the end of 2011, to stand at JD 17,481.4 million.
- Total deposits at licensed banks increased by JD 1,288.0 million, or 5.3 percent, at the end of October 2012, in comparison with their level at the end of 2011, totaling JD 25,665.9 million.
- The interest rates on all types of deposits and credit facilities at licensed banks increased at the end of October 2012 compared to their level at the end of 2011, with the exception of interest rates on saving deposits.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,917.9 points at the end of October 2012, decreasing by 77.2 points, or 3.9 percent, compared to its level at the end of 2011. Moreover, the market capitalization decreased by JD 299.9 million or 1.6 percent, compared to its registered level of 2011, to stand at JD 18,972.9 million.

**Main Monetary Indicators**

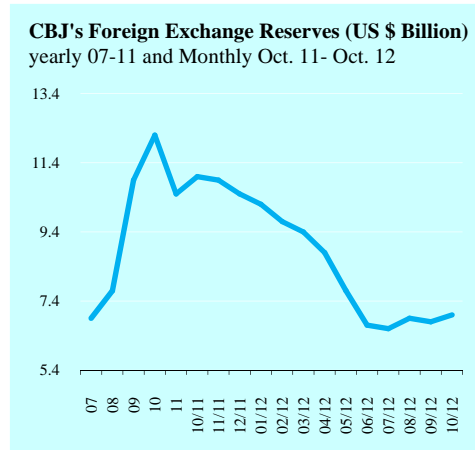
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of October	
		2011	2012
US\$ 10,506.1	CBJ's Foreign Currency Reserves	US\$ 11,032.0	US\$ 7,008.0
-14.2%		-9.9%	-33.3%
24,118.9	Money Supply (M2)	23,942.2	25,606.9
8.1%		7.3%	6.2%
15,851.2	Credit Facilities, of which:	15,594.1	17,481.4
9.7%		7.9%	10.3%
14,284.1	Private Sector (Resident)	14,126.1	15,183.9
10.1%		8.8%	6.3%
24,377.9	Total Deposits, of which:	24,141.3	25,665.9
8.3%		7.3%	5.3%
19,119.1	In JD	18,811.3	18,766.4
8.5%		6.8%	-1.8%
5,258.8	In Foreign Currencies	5,330.0	6,899.5
7.6%		9.1%	31.2%
19,905.8	Deposits of Private Sector (Resident), of which:	19,643.1	20,988.9
8.5%		7.1%	5.4%
16,507.6	In JD	16,186.9	16,124.0
8.5%		6.4%	-2.3%
3,398.2	In Foreign Currencies	3,456.2	4,864.9
8.6%		10.4%	43.2%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 3,498.1 million, or 33.3 percent, at the end of October 2012, compared to their levels at the end of 2011, to reach US\$ 7,008.0 million. This level of reserves covers around 3.9 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

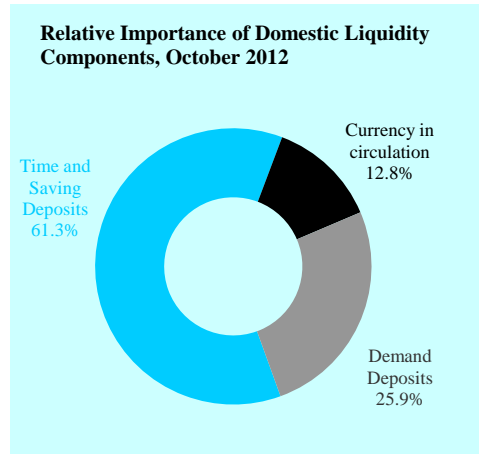
■ Domestic liquidity totaled JD 25,606.9 million at the end of October 2012, increasing by JD 1,488.0 million, or 6.2 percent, compared to an increase of JD 1,635.5 million, or 7.3 percent, during the same period of 2011.

◆ **Developments in both the components of and the factors affecting domestic liquidity during the first ten months of 2012, reveal the following:**

#### ● Components of Domestic Liquidity

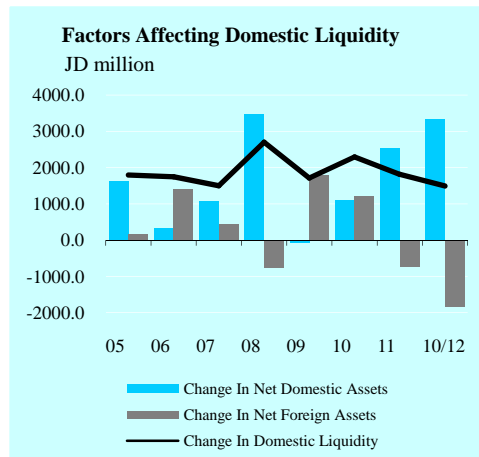
- Deposits increased by JD 1,221.1 million, or 5.8 percent, at the end of October 2012, compared to their level at the end of 2011, to total JD 22,320.7 million, against an increase amounting to JD 1,365.4 million, or 7.0 percent, at the end of the same period of 2011.

- Currency in circulation increased by JD 266.9 million, or 8.8 percent, at the end of October 2012, compared to its level at the end of 2011, to reach JD 3,286.2 million, against an increase in the amount of JD 270.1 million, or 9.5 percent, during the same period of 2011.



- **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 3,325.4 million, or 22.5 percent, at the end of October 2012, compared to its level at the end of 2011, against an increase of JD



1,820.8 million, or 14.9 percent, during the same period of 2011. This increase was a result of the increase in net domestic assets at the CBJ by JD 2,803.9 million, or 48.0 percent, and its increase at licensed banks by JD 521.5 million, or 2.5 percent.

- Net foreign assets of the banking system decreased by JD 1,837.4 million, or 19.6 percent, at the end of October 2012, compared to their level at the end of 2011, against a decrease in the amount of JD 185.2 million, or 1.8 percent, in the same period of 2011. This decrease was an outcome of the decline of these assets at the CBJ by JD 2,442.6 million, or 26.5 percent, and its increase at licensed banks by JD 605.2 million.

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

Year		Change in balance relative to the end of October	
		2011	2012
<b>-724.9</b>	<b>Foreign Assets (Net)</b>	<b>-185.2</b>	<b>-1,837.4</b>
-733.2	CBJ	-334.3	-2,442.6
8.3	Licensed Banks	149.1	605.2
<b>2,537.1</b>	<b>Domestic Assets (Net)</b>	<b>1,820.8</b>	<b>3,325.4</b>
1,009.9	CBJ, of which:	746.8	2,803.9
46.8	Claims on Public Sector (Net)	104.7	1,186.5
962.5	Other Items (Net*)	641.4	1,617.4
1,527.2	Licensed Banks	1,074.0	521.5
1,744.9	Claims on Public Sector (Net)	939.3	1,289.7
1,312.3	Claims on Private Sector	1,182.1	896.9
-1,529.2	Other Items (Net)	-1,046.6	-1,665.1
<b>1,812.2</b>	<b>Money Supply (M2)</b>	<b>1,635.4</b>	<b>1,488.0</b>
<b>175.6</b>	<b>Currency in Circulation</b>	<b>270.1</b>	<b>266.9</b>
<b>1,636.6</b>	<b>Total Deposits, of which:</b>	<b>1,365.3</b>	<b>1,221.1</b>
294.3	In Foreign Currencies	362.5	1,483.4

\* 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 3<sup>rd</sup>, 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:
  - **Re-Discount Rate:** 5.00 percent.
  - **Interest Rate on Overnight Repurchase Agreements:** 4.75 percent.
  - **Overnight Window Deposit Rate:** 4.00 percent.
- Developments in interest rates on Certificates of Deposit (CDs) show that:

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.

- With the aim of providing adequate liquidity to the banking system and minimizing volatility in interest rates in the interbank market, the CBJ introduced a new operational framework that includes the weekly repurchase agreements facility and outright open market operations. The interest rate and the volume of the weekly facility will be determined by the CBJ. The interest rate on the last repurchases for one week was 4.25%.

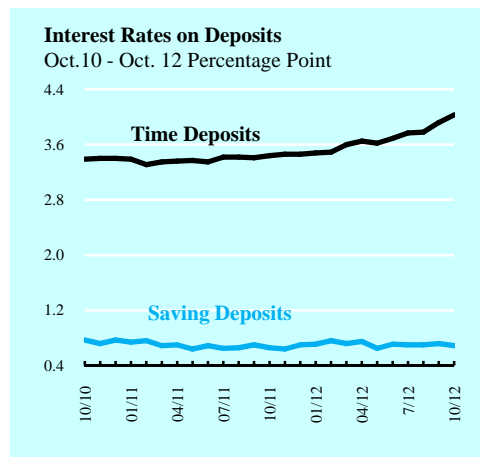
End of year		October	
		2011	2012
4.50	Re-discount Rate	4.50	5.00
4.25	Repurchase Agreements Rate (Repos)	4.25	4.75
2.25	Overnight Deposit Window Rate	2.25	3.25

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 October 2012 increased by 11 basis points, compared to their level at the end of the previous month, to stand at 4.03 percent. As a result, this rate was higher than its level at the end of 2011 by 57 basis points.



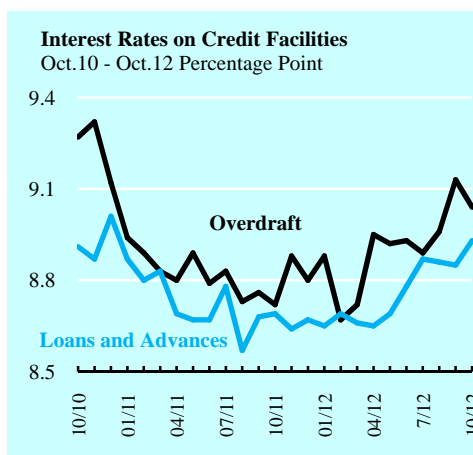
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of October 2012 decreased by 3 basis points, compared to their level of the preceding month, thereby reaching 0.69 percent. As a result, this rate was lower than its level at the end of 2011 by one basis point.

- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of October 2012 increased by one basis point compared to its level registered at the end of the preceding month, standing at 0.45 percent. As a result, this rate was higher than its level at the end of 2011 by 2 basis points.

#### • Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of October 2012 decreased by 9 basis points compared to its level at the end of the previous month, standing at 9.04 percent. Accordingly, this rate is higher than its level recorded at the end of 2011 by 24 basis points.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 2 basis points at the end of October 2012, compared to its level at the end of the preceding month, to stand at 9.41 percent. As a result, this rate is higher than its level of 2011 by 7 basis points.
- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by 8 basis points at the end of October 2012, compared to its level at the end of the preceding month, to stand at 8.93 percent. Furthermore, this rate was 26 basis points higher than its level at the end of 2011.
- **The Prime Lending Rate:** This rate stood at 8.42 percent at the end of October 2012, 20 basis points higher than its level at the end of 2011.



Year	October		Change Relative to the Preceding Year Basis Points	
	2011	2012		
<b>Deposits</b>				
0.43	Demand	0.43	0.45	2
0.70	Saving	0.66	0.69	-1
3.46	Time	3.44	4.03	57
<b>Credit Facilities</b>				
9.34	Discounted Bills and Bonds	9.36	9.41	7
8.67	Loans and Advances	8.69	8.93	26
8.80	Overdraft	8.72	9.04	24
8.22	Prime Lending Rate	8.22	8.42	20

Source: Central Bank of Jordan / Monthly Statistical Bulletin.



- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, decreased at the end of October 2012 by 31 basis points compared to its level at the end of 2011 to reach 490 basis points.

#### □ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 17,481.4 million at the end of October 2012, increasing by JD 1,630.2 million, or 10.3 percent, compared to its level at the end of the preceding year, against an increase in the amount of JD 1,142.7 million or 7.9 percent, during the same period of 2011.
- ◆ The classification of extended credit facilities, according to economic activity, during the first ten months of 2012 demonstrates that the increase in these facilities was mainly due to the increase in credit facilities extended to the public services and utilities sector, which increased by JD 725.2 million, or 63.9 percent, and the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 450.6 million or 13.2 percent. In addition, credit facilities extended to the industrial sector increased by JD 203.5 million, or 8.9 percent, and for the construction sector by JD 216.1 million, or 6.2 percent, compared to their level at the end of 2011.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the credit facilities during the first ten months of 2012 was mainly due to the credit facilities extended to the private sector (resident), which increased by JD 899.8 million, or 6.3 percent, and to the central government, which increased by JD 764.5 million, compared to their levels at the end of 2011. Furthermore, the credit facilities extended to the non-

banking financial institutions increased by JD 7.6 million. Meanwhile, the credit facilities extended to the private sector (non-resident) and to public institutions decreased by JD 27.0 million, or 2.8 percent, and JD 14.9 million, or 4.0 percent, respectively, compared to their levels at the end of 2011.

#### □ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 25,665.9 million at the end of October 2012, increasing by JD 1,288.0 million, or 5.3 percent, compared to its level in the preceding year, against an increase of JD 1,636.5 million, or 7.3 percent, during the same period of 2011.
- ◆ The increase in total deposits at licensed banks at the end of October 2012 was an outcome of the increase of the deposits of the private sector (resident) by JD 1,083.1 million, or 5.4 percent, and the increase of the deposits of private sector (non-resident) by JD 84.7 million, or 3.2 percent, as well as the increase in the deposits of the public sector (central government *plus* public institutions) by JD 87.5 million, or 5.7 percent, and the increase of the deposits of non-banking financial institutions by JD 32.7 million or 11.8 percent, compared to their levels at the end of 2011.
- ◆ The developments in the currency structure of deposits at the end of October 2012 reveal that “deposits in foreign currencies” increased by JD 1,640.7 million, or 31.2 percent, and “deposits in the local currency” decreased by JD 352.7 million, or 1.8 percent, compared to their levels at the end of 2011.

#### □ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a negative performance during the first ten months of 2012 compared to the end of 2011. This can be demonstrated as follows:

- **Trading Volume**

Trading volume at the (ASE) totaled JD 155.0 million in October 2012; up by JD 15.5 million, or 11.1 percent, compared to its level at the end of the preceding month, against a decrease of JD 16.7 million, or 8.4 percent, during the same month in 2011. However, trading volume stood at JD 1,632.0 million during the first ten months of 2012; a decline amounting to JD 898.0 million compared with the volume registered over the same period in 2011.

- **Traded Shares**

The number of traded shares in October 2012 totaled 153.1 million; down by 66.8 million shares, or 30.4 percent, compared to its level at the previous month, against a decrease amounting to 92.8 million shares, or 26.3 percent, during the same month of 2011. Furthermore, the number of traded shares during the first ten months of 2012 stood at 1,993.2 million shares, compared with 3,713.7 million shares traded during the same period of 2011.

- **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 15.2 points, or 0.8 percent, at the end of October 2012 compared to its level at the end of the preceding month, to stand at 1,917.9 points, against an increase in the amount of 26.6

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

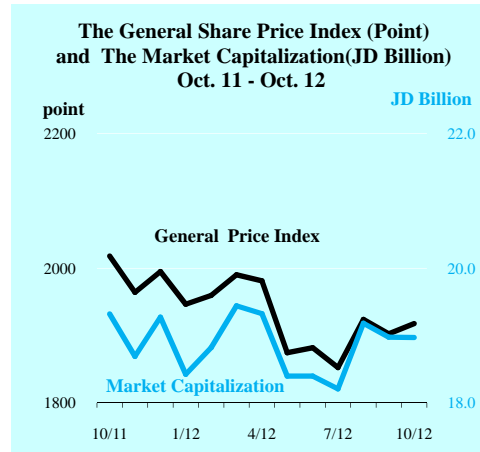
Year		October	
		2011	2012
1,995.1	<b>General Index</b>	<b>2,018.2</b>	<b>1,917.9</b>
2,443.9	Financial Sector	2,519.8	2,307.8
2,149.9	Industrial Sector	2,154.6	2,136.7
1,693.7	Services Sector	1,654.2	1,632.5

Source: Amman Stock Exchange.

points, or 1.3 percent, during the same month of 2011. As for the first ten months of 2012, the SPI dropped by 77.2 points, or 3.9 percent, compared with its level at the end of 2011, against a drop in the amount of 355.4 points, or 15.0 percent, during the same period of 2011. The above-mentioned drop during the first ten months of 2012 was an outcome of the decline in the SPI for the services sector by 61.2 points, or 3.6 percent, the decline of the financial sector by 136.1 points, or 5.6 percent, and the decrease in the SPI for the industrial sector by 13.2, or 0.6 percent, compared to their levels at the end of 2011.

• **Market Capitalization**

The ASE's market capitalization totaled JD 18,972.9 million at the end of October 2012; a decrease of 4.6 JD million compared to its level at the end of the previous month, against a decrease of JD 0.4 billion, or 2.0 percent, during the same



month of 2011. Furthermore, the market capitalization during the first ten months of 2012 declined by JD 299.8 million, or 1.6 percent, compared to its level registered at the end of 2011, against a decline amounting to around JD 2.5 billion, or 11.6 percent, over the same period of 2011.

- **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an inflow in October 2012 in the amount of JD 5.0 million, compared to an outflow of JD 1.5 million during the same month of 2011; the value of shares acquired by non - Jordanians in October 2012 stood at JD 28.6 million, while the value of shares sold by the same group amounted to JD 23.6 million. Moreover, non-Jordanian net investment

displayed an inflow amounting to JD 27.6 million during the first ten months of 2012, against an inflow in the amount of JD 78.0 million during the same period of 2011.

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

Year		October	
		2011	2012
2,850.2	Value Traded	181.6	155.0
11.5	Average Daily Trading	8.3	7.8
19,272.7	Market Capitalization	19,320.4	18,972.9
4,072.3	No. of Traded Shares (million)	260.5	153.1
78.6	Net Investment of Non-Jordanian	(1.5)	5.0
555.8	Non-Jordanian Buying	26.5	28.6
477.2	Non-Jordanian Selling	28.0	23.6

Source: Amman Stock Exchange.



## Second: Output, Prices and Employment

### ■ Summary

- Gross Domestic product (GDP) at both constant and current prices, grew by 2.9 and 8.0 percent, respectively during the second quarter of 2012, compared to 2.4 and 7.6 percent, respectively, during the same quarter of 2011.
- As for the first half of 2012, real GDP grew by 2.9 percent, compared to 2.3 percent during the first half of 2011. When excluding “net taxes on products”, which grew by 3.0 percent, compared to a contraction by 2.1 percent during the first half of 2011, GDP growth rate at constant basic prices reached 2.9 percent compared to 3.2 percent during the first half of 2011.
- Inflation, measured by the CPI, increased to 4.3 percent during the first ten months of 2012, compared to 4.6 percent during the same period of 2011.
- The unemployment rate in the third quarter of 2012 stand at 13.1 percent of the total labor force (10.7 percent for males and 24.0 percent for females). The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 18.2 percent.

### ▣ Developments of (GDP)

Despite the unfavorable international and regional economic and political conditions. **Real GDP grew by 2.9 percent during the first half of 2012** compared to 2.3 percent during the first half of 2011. When excluding “net taxes on products”, which grew by 3.0 percent, **GDP growth rate at constant basic prices grew by 2.9 percent**, compared to 3.2 percent during the first half of 2011.

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

	Percentages				
	Q1	Q2	Q3	Q4	Year
<b>2010</b>					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	<b>2.3</b>
GDP at Current Market Prices	13.0	9.3	7.0	15.1	<b>10.9</b>
<b>2011</b>					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	<b>2.6</b>
GDP at Current Market Prices	10.3	7.6	9.1	9.6	<b>9.1</b>
<b>2012</b>					
GDP at Constant Market Prices	3.0	2.9			
GDP at Current Market Prices	8.0	8.0			

Source: Department of Statistics.

**GDP at current market prices grew by 8.0 percent** compared to 8.9 percent during the first half of 2011. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 4.9 percent during the first half of 2012 compared to 6.4 percent during the first half of 2011.



The developments of economic sectors showed that most sectors witnessed positive real growth at divergent rates during the first half of 2012. Some sectors witnessed an accelerated improvement in performance; mainly **“electricity and water”, “wholesale & retail trade, restaurants & hotels” and “transport, storage & communications”** sectors that

grew by 7.4 percent, 6.4 percent and 5.5 percent compared to 1.5 percent, 4.7 percent and 2.9 percent during the first half of 2011, respectively.

While sectors of **“finance, insurance, real estate and business services”, “manufacturing” and “producers of government services”** exhibited a slow performance. They grew by 3.8 percent, 3.1 percent and 2.0 percent, respectively, against a growth amounting to 4.3 percent, 4.1 percent and 2.9 percent during the first half of 2011 respectively. In contrast, the sectors of **“mining & quarrying”, “agriculture” and “construction”** experienced a noticeable contraction amounting to 15.1 percent, 5.8 percent and 0.6 percent, respectively, compared to a growth in “mining and quarrying”, and “agriculture” by 25.1 percent and 4.3 percent, respectively, and a decrease in “construction” by 11.2 percent, during the first half of 2011.

The main sectors contributed to the economic growth during the first half of 2012 are “transport, storage and communications” by 0.8 percentage point, “finance, insurance, real estate and business services” (0.8 percentage point), “wholesale & retail trade, restaurants & hotels” (0.6 percentage point) and “manufacturing” (0.5 percentage point). These sectors collectively accounted for 93.1 percent of real growth during the first half of 2012.



### ■ Microeconomic Indicators

- Industrial production quantity index improved by 0.6 percent during the first three quarters of 2012 against a decline amounting to 0.5 percent during the same period of 2011. This can be attributed to the following:
  - **Manufacturing production quantity index grew by 1.3 percent** against a decline amounting to 2.4 percent during the same period of 2011. This came as a result of the improvement in production of some items, mainly; “refined petroleum products” (9.2 percent), and “food products and beverages” (1.1 percent), on one hand, and the decrease in “cement” (22.7 percent), and “chemical products” (1.2 percent) on the other.
  - **Electricity production quantity index grew by 10.7 percent**, compared to a slight increase amounting to 0.7 percent during the same period of 2011; owing to the increasing demand of manufacturing sectors for electricity.
  - **“Mining and quarrying” production quantity index decreased by 14.1 percent** against a growth amounting to 20.8 percent during the same period of 2011. This decrease was mainly attributed to the contraction of production quantity index for phosphate by 18.1 percent and potash by 9.7 percent.
- The number of passengers through the Royal Jordanian recorded an accelerated growth.
- Both cargo through the Royal Jordanian and number of departures contracted.
- “Quantities of exported and imported goods shipped through the Aqaba port” and “licensed areas for buildings” recorded a decelerated growth in their performances.

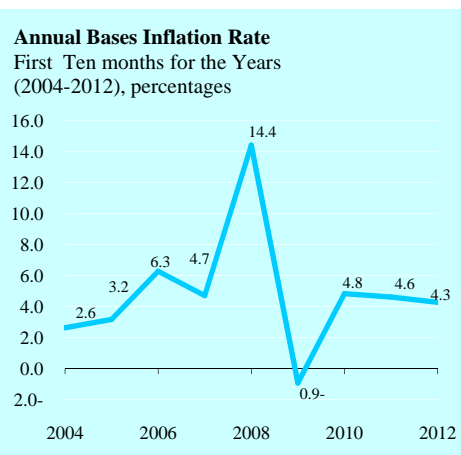
## Summary of the Main Sectoral Indicators:

Percentages*				
2011	Item	Available Period		
		2011		2012
<b>Industrial Sector</b>				
-0.3	<b>Industrial production quantity index</b>	-0.5	January - September	<b>0.6</b>
-2.2	<b>Manufacturing production quantity index</b>	-2.4		<b>1.3</b>
-4.2	Food products and beverages	-2.3		1.1
-5.0	Refined petroleum products	-5.4		9.2
9.9	Iron and steel	7.3		3.6
-26.5	Cement, lime and plaster	-26.8		-22.7
-1.3	Chemical products	-2.1		-1.2
<b>16.5</b>	<b>“Mining and quarrying” production quantity index</b>	<b>20.8</b>		<b>-14.1</b>
16.8	Phosphate	18.6		-18.1
17.2	Potash	24.8		-9.7
<b>4.5</b>	<b>Electricity production quantity index</b>	<b>0.7</b>		<b>10.7</b>
<b>25.7</b>	<b>Licensed areas for ( residential and non-residential) buildings</b>	<b>31.6</b>		<b>2.9</b>
<b>6.2</b>	<b>The number of passengers through the Royal Jordanian</b>	<b>6.0</b>		January - August
<b>13.8</b>	<b>Quantities of exported and imported goods shipped through the Aqaba port</b>	<b>14.8</b>	January - October	<b>2.2</b>
-3.8	<b>Cargo through the Royal Jordanian</b>	<b>0.1</b>	January - August	<b>-1.8</b>
-21.5	<b>Number of departures</b>	-21.8	January - October	<b>-6.5</b>
*Sources: - Monthly Statistical Bulletin / Central Bank of Jordan. - Royal Jordanian.				

## □ Prices

The general price level continued to increase at a slower pace during the first ten months of 2012 compared to the same period of 2011. The inflation rate, measured by the percentage change in the CPI, stood at 4.3 percent, compared to 4.6 percent

during the same period of 2011. This increase in the price level was driven by the global increase in the prices of food items and oil.



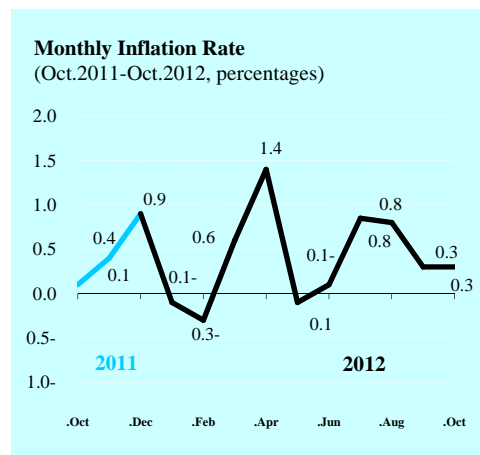
### Developments of the CPI basket in the first ten months of 2012:

- ◆ **“Food items”** group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 4.8 percent compared to an increase of 4.4 percent in the same period of 2011. The contribution of this group to the overall rate of inflation reached 1.8 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of “dairy products and eggs” (14.1 percent), “vegetables” (6.7 percent), “meat and poultry” (6.0 percent) and “sugar and confectionaries” (4.1 percent). At the same time, prices of “cereals and products”, and “fruits” have declined by 1.1 percent and 0.1 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 5.0 percent compared to an increase of 6.1 percent during the same period of 2011. 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” items, which grew by 4.7 percent and 6.0 percent compared to 6.1 percent and 5.9 percent, during the same period of 2011.
  
- ◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 2.5 percent compared to an increase of 3.9 percent in the same period of 2011. Accordingly, this group contributed to the overall inflation rate by 0.7 percentage point. The increase in the prices of this group was driven by the rise in the prices of “rents” item by 3.7 percent compared to an increase of 4.9 percent in the same period of 2011. In addition, prices of other items showed a varied increase ranging from 0.3 percent for “fuels and lighting” and 3.3 percent for “house utensils”.

- ◆ **“Other goods and services”** group account for 31.6 percent of the CPI basket. The prices of this group increased by 4.9 percent compared to 5.3 percent during the same period of 2011. Accordingly, this group contributed 1.6 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase of all items of the group, particularly; “medical care” (7.9 percent), “transportation& communication” (7.1 percent), “personal care” (5.2 percent), and “education” (3.1 percent).

Moreover, **the CPI in October 2012 increased by 0.3 percent compared with September 2012.** This was mainly due to the rise in the prices of “fruits” and “meat and poultry” on one hand, and the decrease in other items, most noticeably “vegetables” and “cereals and products” on the other hand.



### □ Employment

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) during the third quarter of 2012 reached 38.0 percent (61.2 percent for males against 14.1 percent for females) compared to 38.2 percent (61.9 percent for males against 13.6 percent for females) during the same quarter of 2011.
- ◆ The employed rate among the age group 15 years and above reached 33.0 percent during the third quarter of 2012. The employed workers in the sector of “public administration, defense, and social security” accounted for 25.2 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.9 percent). The remaining percent is distributed among sectors of education, manufacturing, and other.
- ◆ The unemployment rate (unemployed percent of the labor force) in the third quarter of 2012 reached 13.1 percent (10.7 percent for males and 24.0 percent for females). The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 18.2 percent.





### Third : Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,055.8 million during the first nine months of 2012, comparing to a fiscal deficit in the amount of JD 145.6 million, during the same period in 2011. Excluding foreign grants (JD 25.2 million), the general budget deficit reaches JD 1,081.0 million compared to a deficit in the amount of JD 1,191.6 million during the same period in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached JD 12,134.0 million (54.6 percent of GDP), at the end of September 2012, reflecting a rise amounting to JD 2,138.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 2,367.0 million at the end of September 2012, to reach JD 11,282.0 million (50.8 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 280.4 million at the end of September 2012, compared to its level at the end of 2011, to stand at JD 4,767.2 million (21.5 percent of GDP).

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

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 13.6 million, or 4.5 percent, in September 2012 comparing to the same month in 2011 to reach JD 314.1 million. As for the first nine months of 2012, these revenues were down by JD 781.2 million, or 18.3 percent, compared to the same period in 2011 to stand at JD 3,482.6 million. This result was driven by the drop in foreign grants by JD 1,020.8 million, on one hand, and the increase in domestic revenues by JD 239.6 million, on the other.

### Main Government Budget Indicators during September and the first nine months of 2012 and 2011:

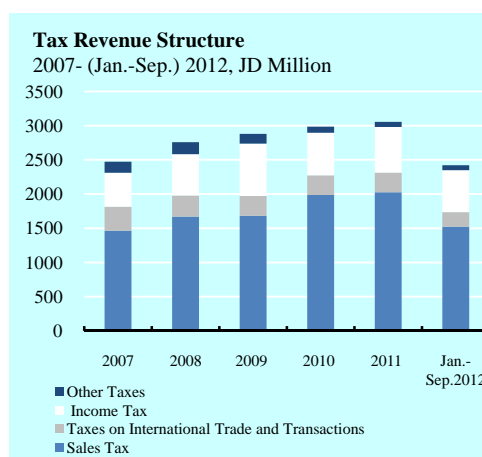
(JD Million and Percentages)

	September		Growth Rate %	Jan. – Sep.		Growth Rate %
	2011	2012		2011	2012	
<b>Total Revenues and Grants</b>	<b>300.5</b>	<b>314.1</b>	<b>4.5</b>	<b>4,263.8</b>	<b>3,482.6</b>	<b>-18.3</b>
Domestic Revenues, of which:	300.5	314.1	4.5	3,217.8	3,457.4	7.4
Tax Revenues, of which:	212.8	220.9	3.8	2,317.8	2,421.6	4.5
General Sales Tax	165.3	164.9	-0.2	1,468.9	1,523.1	3.7
Other Revenues, of which:	86.3	91.8	6.4	884.9	1,018.7	15.1
Land Registration Fees	14.6	15.2	4.1	107.7	147.9	37.3
Foreign Grants	0	0	-	1,046.0	25.2	-97.6
<b>Total Expenditures</b>	<b>518.2</b>	<b>498.6</b>	<b>-3.8</b>	<b>4,409.4</b>	<b>4,538.4</b>	<b>2.9</b>
<b>Overall Deficit/ Surplus</b>	<b>-217.7</b>	<b>-184.5</b>		<b>-145.6</b>	<b>-1,055.8</b>	

Source: Ministry of Finance/ General Government Finance Bulletin.

#### ◆ Domestic Revenues

Domestic revenues increased by JD 239.6 million, or 7.4 percent, during the first nine months of 2012 compared to the same period in 2011, to reach JD 3,457.4 million. This increase was a result of; the rise in the proceeds of “other revenues”, “tax revenues” and “pension contributions” by JD 133.8 million, JD 103.8 million, and JD 2.0 million, respectively.



### ◀ Tax Revenues

Tax revenues increased by JD 103.8 million, or 4.5 percent, during the first nine months of 2012 compared to the same period in 2011, to reach JD 2,421.6 million (70.0 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of general sales tax on goods and services** by JD 54.2 million which reached JD 1,523.1 million. This result was driven by the increase in the proceeds of 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 34.4 million, JD 25.8 million and JD 9.4 million, respectively. However, the proceeds of “sales tax on commercial sector” decreased by JD 15.4 million.
- **The increase in the proceeds of “income and profit taxes”** by JD 30.6 million or 5.2 percent, which reached JD 614.8 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 42.5 million, and the drop in the proceeds of “income tax from individuals” by JD 11.9 million. Accordingly, income tax from companies accounted for 82.9 percent of total taxes on income and profits to reach JD 509.5 million (of which JD 216.7 million from banks and financial institutions).
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 0.3 million or 0.1 percent,

which reached JD 211.9 million. This result was driven by the increase in the proceeds of “customs duties and fees” by JD 0.3 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 133.8 million, or 15.1 percent, during the first nine months of 2012 to reach JD 1,018.7 million. This increase was an outcome of:

- The rise in property income by JD 85.2 million to stand at JD 294.7 million (of which financial surplus of independent government units amounted to JD 275.2 million).
- The increase in revenues from selling goods and services by JD 55.1 million to stand at JD 504.6 million.
- The decrease in miscellaneous revenues by JD 6.5 million to reach JD 219.4 million.

#### ◀ **Pension Contributions**

Pension contributions were up by JD 2.0 million during the first nine months of 2012 compared to the same period in 2011, standing at JD 17.1 million.

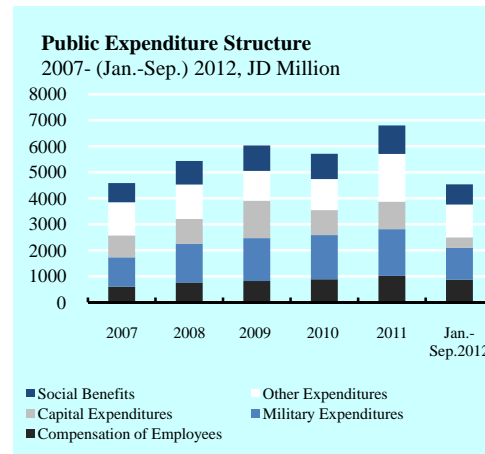
#### ◆ **Foreign Grants**

Foreign grants were down by JD 1,020.8 million during the first nine months of 2012 comparing to the same period in 2011, standing at JD 25.2 million.

## ■ Public Expenditures

Public expenditures witnessed a decrease by JD 19.6 million, or 3.8 percent, in September 2012 compared to the same month in 2011 to stand at JD 498.6 million. However, public expenditures rose by JD 129.0 million, or 2.9 percent during the first nine months

of 2012, to stand at JD 4,538.4 million. This increase was an outcome of the rise in current expenditures by 5.8 percent and the drop in capital expenditures by 19.5 percent.



## ◆ Current Expenditures

Current expenditures increased by JD 228.2 million, or 5.8 percent, during the first nine months of 2012, to reach JD 4,130.1 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 106.6 million to reach JD 870.2 million.
- The increase in good's subsidies by JD 100.2 million to stand at JD 446.7 million.

- The increase in interest payments, on internal and external public debt, by JD 90.0 million to stand at JD 397.3 million.
- The decrease in military expenditures by JD 49.9 million to total JD 1,219.6 million.
- The drop in “purchases of goods and services” by JD 27.9 million to stand at JD 168.0 million.
- The drop in social benefit expenditures by JD 7.6 million to stand at JD 780.6 million.

#### ◆ Capital Expenditures

Capital expenditures decreased by JD 99.2 million, or 19.5 percent during the first nine months of 2012 comparing to the same period in 2011, to reach JD 408.3 million.

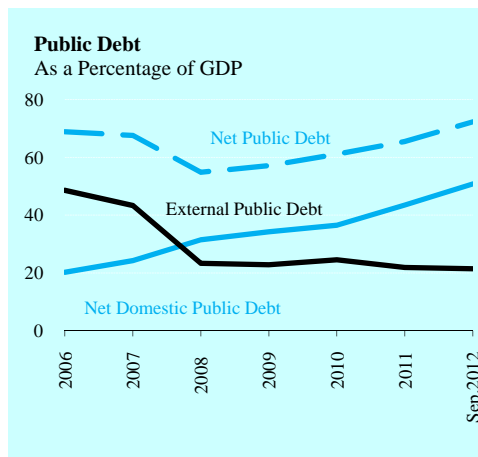
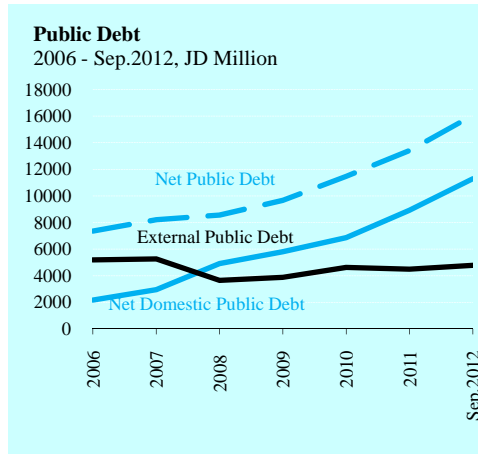
#### ■ General Budget Deficit/ Surplus

- ◆ **The general budget, including grants, displayed a fiscal deficit amounted to JD 1,055.8 million during the first nine months of 2012**, against a fiscal deficit of JD 145.6 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 658.5 million during the first nine months of 2012**, against a primary surplus of JD 161.7 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 2,138.0 million at the end of September 2012 compared to its level at the end of 2011 to reach JD 12,134.0 million, or 54.6 percent of GDP.

This rise was an outcome of the increase in the budgetary domestic public debt by JD 1,173.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 965.0 million. This increase in the gross outstanding domestic debt for own-budget agencies was driven by the significant increase in direct credit facilities provided by banking sources by JD 766.0 million to reach JD 946.0 million at the end of September 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 2,367.0 million at the end of September 2012** comparing to its level at the end of 2011 to total JD 11,282.0 million, or 50.8 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 2,138.0 million, and the decrease in the government deposits at the banking system by JD 230.0 million comparing to their level at the end of 2011.
- **Outstanding balance of external public debt (budgetary and guaranteed) increased** by JD 280.4 million at the end of September 2012 compared to its level at the end of 2011, amounting to JD 4,767.2 million (21.5 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 39.0 percent, while debt in Euros accounted for 7.7 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 19.7 percent and 17.4 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 2,647.4 million at the end of September 2012 comparing to its level at the end of 2011 to stand at JD 16,049.2 million, or 72.2 percent of GDP, against JD 13,401.8 million (65.4 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP increased by 6.8 percentage points compared to its level at the end of 2011.
- **External debt service (budgetary and guaranteed)** amounted to JD 371.0 million during the first nine months of 2012 (of which interest payments amounting to JD 79.1 million) compared to JD 329.9 million (of which interest payments amounting to JD 78.8 million) during the same period in 2011.



### □ Fiscal and Price Measures

- The Cabinet decided to liberalize /adjust the prices on Unleaded Gasoline 90, Diesel, Kerosene and Liquid Gas Cylinder as of 14<sup>th</sup> November 2012 until 31<sup>st</sup> December 2012. Starting from 1<sup>st</sup> January 2013, fuel prices will be adjusted on a monthly basis, according to the adopted pricing mechanisms through the fuel pricing committee. In addition, other oil derivatives prices which have been liberalized earlier were adjusted as follows:

#### Oil Derivatives Price Developments

	Unit	2012		Change %
		September	December	
<b>Unleaded Gasoline 90</b>	<b>Fils/Liter</b>	<b>700</b>	<b>800</b>	<b>14.3</b>
Unleaded Gasoline 95	Fils/Liter	1015	1015	0.0
<b>Gas Oil (Diesel)</b>	<b>Fils/Liter</b>	<b>515</b>	<b>685</b>	<b>33.0</b>
<b>Kerosene</b>	<b>Fils/Liter</b>	<b>515</b>	<b>685</b>	<b>33.0</b>
<b>Liquid Gas (12.5kg)</b>	<b>JD/Unit</b>	<b>6.5</b>	<b>10.0</b>	<b>53.8</b>
Fuel oil for industry	JD/Ton	520.1	475	-8.7
Fuel oil for ships	JD/Ton	520.1	501.5	-3.6
Fuel oil for airplanes (local companies)	Fils/Liter	655	621	-5.2
Fuel oil for airplanes (foreign companies)	Fils/Liter	660	626	-5.2
Fuel oil for unplanned flights	Fils/Liter	675	641	-5.0
Asphalt	JD/Ton	556.6	509	-8.6

Source: Jordan Petroleum Refinery CO (4/12/2012).

### □ Grants, Loans and Other Agreements

- Under the framework of Saudi Arabia's share in the Gulf Development Fund amounting to US\$ 1.25 billion, four agreements have been signed to finance a number of priority development projects valued around US\$ 487 million out of total US\$ 787 million for the entire first phase, of which US\$ 125 million will be provided this year, and the rest in the year 2013. While other projects in the remaining value of US\$ 300 million will be adopted later. Moreover, the Saudi Development Fund deposite US\$ 250 million at the central bank of Jordan to be spent on the agreed upon projects in 2013 (November 2012).
- Signing a grant agreement with the European Union (EU) in the amount of EUR 40.0 million (part of the additional assistance allocated by the EU in the total value of EUR 70 million), to support the implementation of good governance and development program. The first payment in the amount of EUR 20 million will be transferred to the treasury account before the end of this year, while the second payment in the amount of EUR 19.7 million will be transferred in 2013. Whereas the remaining amount of EUR 0.3 million, will be allocated to support civil society organizations, in addition to monitoring and evaluation expenditures (November 2012).

- Signing the meeting minutes of the development cooperation program for the years 2013-2014, between the Jordanian government and the Government of Germany, under which the German side committed to provide Jordan with financing in the value of EUR 88.6 million, including EUR 74 million in the form of soft loans and EUR 14.6 million in the form of grants and technical aid, to support the sectors of water, renewable energy and vocational training. Moreover, the German side provided additional aid in the value of EUR 25 million to assist Jordan in hosting the Syrian refugees through UNICEF (November 2012).



#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 4.4 percent in September 2012 compared to the same month in 2011 to record JD 507.7 million. As for the first nine months of 2012, total merchandize exports decreased by 1.2 percent to reach JD 4,224.5 million.
- **Merchandize imports** increased by 6.2 percent in September 2012 compared to the same month in the previous year amounting to JD 1,186.1 million. As for the first nine months of 2012, merchandize imports were up by 10.5 percent to total JD 10,896.0 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 7.6 percent in September 2012 compared to the same month in 2011 standing at JD 678.4 million. As for the first nine months of 2012, the trade deficit expanded by 19.5 percent to reach JD 6,671.5 million.
- **Travel receipts** increased by 18.4 percent in October 2012 compared to the same month in the preceding year to record JD 206.8 million. In addition, travel payments increased by 26.4 percent in October 2012 compared to the same month in 2011 to record JD 69.6 million. As for the first ten months in 2012, travel receipts increased by 17.6 percent to reach JD 2,099.5 million. In addition, travel payments increased by 0.3 percent to record JD 713.4 million.
- **Total workers' remittances receipts** increased by 4.3 percent in October 2012 compared to the same month in 2011 to reach JD 221.4 million. As for the first ten months of 2012, total worker's remittances increased by 5.5 percent to reach JD 2,160.8 million.
- **The current account of the balance of payments** displayed a deficit of JD 2,592.4 million during the first half of 2012 compared to a deficit of JD 1,216.1 million in the same half in 2011.
- **Net FDI inflows to Jordan** recorded JD 450.9 million during the first half of 2012, down from JD 594.3 million during the same period in 2011.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 18,160.3 million at the end of June 2012; recording an increase of JD 1,060.3 million over its level at the end of March 2012.

#### □ External Trade

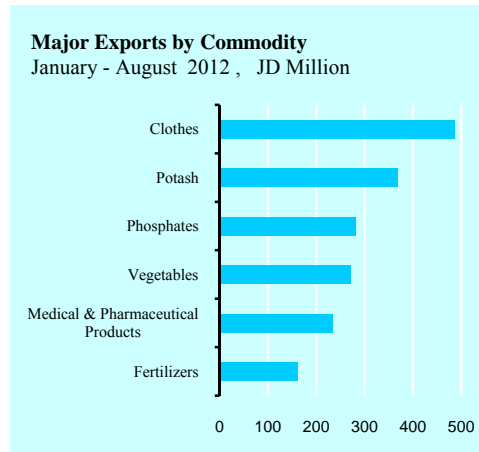
As a result of the decrease in domestic exports by JD 25.5 million and the increase in imports by JD 1,038.8 million, during the first nine months of 2012, the volume of external trade (domestic exports *plus* imports) increased by JD 1,013.3 million to stand at JD 14,477.9 million.

<b>Jordan's Major Trade Partners</b> Jan. – Aug. 2011- 2012, JD Million				<b>Developments of External Trade Indicators, JD Million</b>									
	2011	2012	Percentage Change	Jan. – Sep.									
<b>Exports</b>				2011	Percentage Change 2010/2011	2012	Percentage Change 2011/2012						
United States	486.6	516.7	6.3	External Trade	13,464.6	21.0	14,477.9	7.5					
Iraq	509.1	425.3	-16.5										
India	355.9	342.3	-3.8										
Saudi Arabia	287.1	333.4	16.1										
China	104.8	130.6	24.6										
UAE	105.0	118.8	13.1										
Syria	140.1	115.8	-17.3										
<b>Imports</b>									Total Exports	4,274.0	16.2	4,224.5	-1.2
Saudi Arabia	1,954.7	2,353.2	20.4						Domestic Exports	3,607.4	16.5	3,581.9	-0.7
China	873.7	908.4	4.0	Re-exports	666.6	14.8	642.6	-3.6					
United States	555.4	715.9	28.9	Imports	9,857.2	22.7	10,896.0	10.5					
Egypt	359.3	423.7	17.9	Trade Balance	5,583.2	28.1	6,671.5	19.5					
Italy	502.0	394.0	-21.5	Source: Department of Statistics.									
Germany	425.5	370.8	-12.9										
Turkey	272.9	336.9	23.5										
Source: Department of Statistics.													

### ■ Merchandize Exports:

Total merchandize exports decreased by 1.2 percent during the first nine months of 2012 compared to a 16.2 percent increase during the same period in 2011, to record JD 4,224.5

million. This decrease resulted from a decrease in domestic exports by JD 25.5 million, 0.7 percent, to record JD 3,581.9 million, and a decrease in re-exports by JD 24.0 million, 3.6 percent, to reach JD 642.6 million.



**The available detailed data about domestic exports during the first eight months of 2012 compared with the same period in 2011 reveals the following:**

- Exports of **phosphates** increased by JD 9.2 million, 3.4 percent, to register JD 281.7 million, compared to an increase of 69.7 percent during the first eight months in 2011. This increase was mainly due to the increase in prices by 26.3 percent and decrease in exported quantities by 18.1 percent. The Indian, Indonesian and Bulgarian Markets accounted for 88.7 percent of these exports.

- Exports of **potash** decreased by JD 2.3 million, 0.6 percent, to stand at JD 368.7 million.
- Exports of **medical and pharmaceutical products** increased by JD 8.6 million, 3.8 percent, to reach JD 234.7 million, compared to a decrease of 7.9 percent during the first eight months in 2011. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 58.7 percent of these exports.
- Exports of **vegetables** increased by JD 10.2

#### Major Domestic Exports by Commodity

Jan.-Aug. 2011 - 2012, JD Million

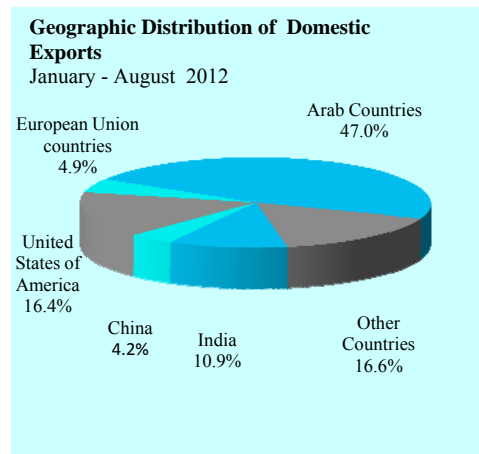
	2011	2012	Percentage Change
<b>Domestic Exports</b>	<b>3,193.6</b>	<b>3,145.1</b>	<b>-1.5</b>
<b>Clothes</b>	<b>475.5</b>	<b>487.1</b>	<b>2.4</b>
United States	440.3	456.6	3.7
<b>Potash</b>	<b>371.0</b>	<b>368.7</b>	<b>-0.6</b>
<b>Phosphates</b>	<b>272.5</b>	<b>281.7</b>	<b>3.4</b>
India	172.6	187.2	8.5
Indonesia	28.9	37.7	30.4
Bulgaria	8.3	25.0	201.2
<b>Vegetables</b>	<b>261.2</b>	<b>271.4</b>	<b>3.9</b>
Syria	70.6	68.4	-3.1
UAE	30.5	42.4	39.0
Iraq	73.0	29.8	-59.2
<b>Medical &amp; Pharmaceutical Products</b>	<b>226.1</b>	<b>234.7</b>	<b>3.8</b>
Saudi Arabia	57.7	56.8	-1.6
Algeria	25.2	38.8	54.0
Iraq	17.4	24.6	41.4
Sudan	23.4	17.5	-25.2
<b>Fertilizers</b>	<b>200.8</b>	<b>161.8</b>	<b>-19.4</b>
India	106.4	58.8	-44.7
Turkey	0.3	30.9	-
Ethiopia	67.3	20.9	-68.9

Source: Department of Statistics.



million, 3.9 percent, to total JD 271.4 million, compared to an increase of 9.4 percent during the first eight months of 2011. Syrian, UAE and the Iraqi markets were the main destinations of these exports accounting for 51.8 percent. This increase was mainly due to the increase of vegetables exports to the UAE market by JD 11.9 million.

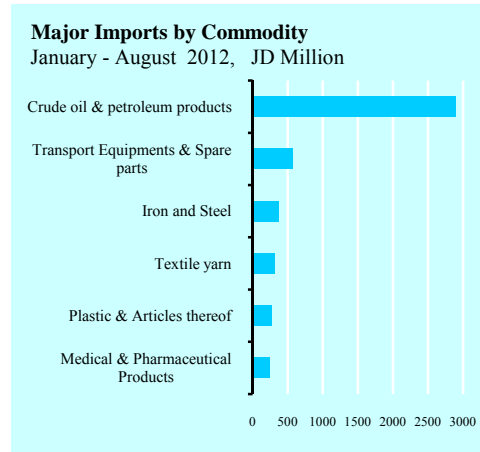
**In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, phosphates, vegetables, “medical and pharmaceutical products” and fertilizers topped the list**



**of domestic exports during the first eight months of 2012 accounting for 57.4 percent of domestic exports up from 56.6 percent during the same period of 2011. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, China, UAE, and Syria were the main destination markets for Jordanian domestic exports during the first eight months of 2012; accounting for 63.0 percent of domestic exports, up from 62.2 percent during the same period in 2011.**

### ■ Merchandize Imports:

Merchandize imports amounted to JD 10,896.0 million during the first nine months of 2012, increasing by JD 1,038.8 million, 10.5 percent, compared to a similar increase by 22.7 percent during the same period of 2011.



**The available detailed data about the developments of imports during the first eight months of 2012 compared with the same period of 2011 reveals the following:**

- **Petroleum products** imports increased by JD 635.6 million, 70.7 percent, to total JD 1,534.7 million compared to an increase of 167.7 percent during the same period of 2011. This increase was mainly attributable to the disruptions of Egyptian gas supplies. The main source markets of these imports were Saudi Arabia, Belarus and the USA.
- **Crude oil** imports increased by JD 85.1 million, 6.6 percent, to reach JD 1,366.8 million, compared to a rise by 50.9 percent during the same period in 2011. This increase was attributed to the rise in the prices of oil by 4.6 percent and the increase in the imported quantities by 1.9 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Iron & Steel** increased by JD 21.4 million, 6.0 percent to reach JD 381.0 million, compared to an increase of 27.2 percent during the corresponding period of 2011. The markets of Ukraine, Turkey and Russia accounted for 51.6 percent of these imports.
- Imports of **Transport equipments and Spare Parts** increased by JD 17.7 million, 3.2 percent, to reach JD 566.8 million compared to a decrease by 17.4 percent during the same period of 2011. South Korea, the USA and Germany were the main origin markets for these imports; accounting for 66.9 percent of these imports.

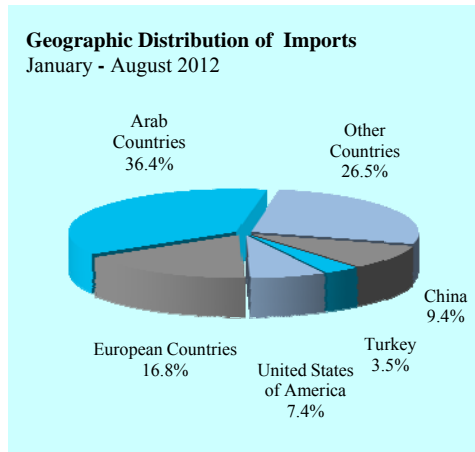
**Major Imports by Commodity**

Jan.-Aug. 2011- 2012, JD Million

	2011	2012	Percentage Change
<b>Total Imports</b>	<b>8,740.2</b>	<b>9,709.9</b>	<b>11.1</b>
<b>Crude Oil</b>	<b>1281.7</b>	<b>1366.8</b>	<b>6.6</b>
Saudi Arabia	1133.8	1331.5	17.4
<b>Petroleum Products</b>	<b>899.1</b>	<b>1534.7</b>	<b>70.7</b>
Saudi Arabia	209.8	333.2	58.8
Belarus	0.0	228.9	-
United States	29.6	203.1	586.1
<b>Transport Equipments and Spare Parts</b>	<b>549.1</b>	<b>566.8</b>	<b>3.2</b>
South Korea	182.4	190.3	4.3
United States	59.0	95.3	61.5
Germany	113.2	88.6	-21.7
<b>Iron &amp; Steel</b>	<b>359.5</b>	<b>381.0</b>	<b>6.0</b>
Ukraine	67.7	134.7	99.0
Turkey	86.7	34.2	-60.6
Russia	37.8	27.6	-27.0
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>299.3</b>	<b>314.6</b>	<b>5.1</b>
China	134.4	133.8	-0.4
Taiwan	60.7	72.2	18.9
Turkey	20.0	24.4	22.0
<b>Plastic &amp; Articles Thereof</b>	<b>254.4</b>	<b>276.4</b>	<b>8.6</b>
Saudi Arabia	116.0	132.9	14.6
China	11.2	17.1	52.7
Kuwait	13.3	16.2	21.8
<b>Medical and pharmaceutical products</b>	<b>237.0</b>	<b>246.5</b>	<b>4.0</b>
Germany	28.4	36.2	27.5
France	27.1	22.3	-17.7
United Kingdom	19.5	19.1	-2.1

Source: Department of Statistics.

The commodity composition of imports indicates that the main imports were petroleum, crude oil products, “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 48.3 percent of total imports during the first eight months of 2012; up from 44.4 percent during the same period in 2011. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Egypt, Italy, Germany and Turkey topped the list of imports sources during the first eight months of 2012; accounting for 56.7 percent compared to 56.6 percent during the same period in 2011.

#### ■ Re-Exports

The value of re-exported goods decreased by JD 24.0 million, 3.6 percent, during the first nine months in 2012, recording JD 642.6 million.

#### ■ Trade Balance

The trade balance deficit during the first nine months of 2012 increased by JD 1,088.3 million, 19.5 percent, to register JD 6,671.5 million compared to the same period in 2011.

#### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 9.2 million, 4.3 percent, in October 2012 compared to the same month in 2011 to register JD 221.4 million. As for the first ten months of 2012, total workers' remittances receipts increased by 5.5 percent to reach JD 2,160.8 million.

#### □ Travel

##### ■ Receipts

Travel receipts increased by JD 313.8 million, 17.6 percent, during the first ten months of 2012 to register JD 2,099.5 million.

##### ■ Payments

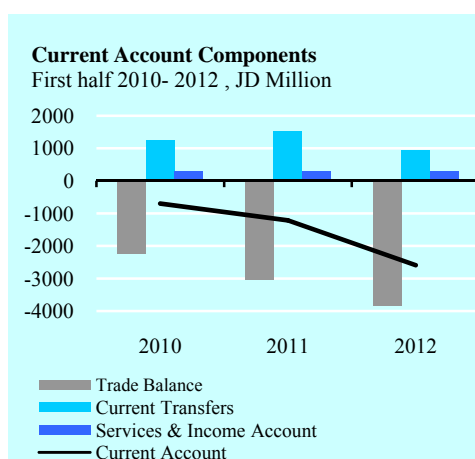
Travel payments increased by 0.3 percent, during the first ten months of 2012 to stand at JD 713.4 million, compared with JD 711.1 million during the same period in 2011.

#### □ Balance of Payments

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

- The current account recorded a deficit of JD 2,592.4 million compared to a deficit of JD 1,216.1 million during the same half in 2011. This was an outcome of the following developments:

- An expansion in the trade balance deficit by JD 782.0 million, 25.6 percent, to reach JD 3,832.3 million in the first half of 2012 compared to a deficit amounting to JD 3,050.3 million in the same half in 2011.



- Services account recorded a surplus of JD 301.1 million, compared to a surplus of JD 262.1 million during the first half of 2011. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 788.1 million and JD 71.4 million, respectively, and to the registered deficit of transportation (net) and other services (net) by JD 469.1 million and JD 89.3 million respectively.
- Income account recorded a deficit of JD 3.6 million in the first half of 2012 compared to a surplus of JD 39.5 million in the same half of 2011. As a result of recording a deficit of JD 128.0 million in investment income (net) and a surplus of JD 124.4 million in compensation to employees (net).
- A decrease in the surplus of net current transfers by JD 590.2 million; to reach JD 942.4 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 338.1 million and JD 252.1 million, to reach JD 107.7 million and JD 834.7 million, respectively, during the first half of

2012. It's worth mentioning that the workers' remittances receipts increased by JD 34.3 million, 3.2 percent, while workers' remittances payments increased by JD 7.3 million, 5.3 percent, during the first half of 2012.

- The capital and financial account with the rest of the world showed a decrease in financial account net foreign assets by JD 2,386.5 million during the first half of 2012 compared to a similar decrease in the amount of JD 1,730.3 million during the same half in 2011, this can be attributed to the following:
  - FDI in the Kingdom recorded a net inflow amounted to JD 448.3 million during the first half of 2012 compared to JD 578.9 million during the same half in 2011.
  - Portfolio investments (net) recorded a net inflow amounted to JD 165.8 million compared to a similar inflow in the amount of JD 89.5 million during the first half in 2011.
  - Other investments (net) registered a net outflow in the amount of JD 672.9 million compared to a similar outflow amounting to JD 31.6 million during the same half in 2011.
  - A decrease in the reserve assets of the CBJ by JD 2,445.3 million during the first half of 2012 compared to a decrease amounting to JD 1,093.5 million during the same half 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 18,160.3 million at the end of June of 2012 compared to JD 17,100.0 million at the end of March 2012. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 1,108.5 million to reach JD 14,638.4 million at the end of June of 2012 compared to the end of March 2012. This decrease was mainly a result of the decline in the CBJ's reserve assets by JD 1,715.6 million, the decrease in foreign assets represented by loans granted by commercial banks to non residents by JD 42.5 million and the increase in the deposits of commercial banks abroad by JD 653.3 million
- A decrease in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 48.2 million at the end of June 2012 compared to the end of March 2012; to stand at JD 32,798.7 million. This was mainly due to the following outcomes:
  - A decrease in the stock of portfolio investments in the Kingdom by JD 228.8 million to reach 3,726.3 million.
  - A decrease in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 29.8 million; to reach JD 4,751.7 million.
  - An increase in the stock of foreign direct investment (FDI) in Jordan by JD 253.6 million to stand at JD 17,045.1 million.
  - An increase in the deposits of non-resident at the Jordanian banking system by JD 3.6 million to reach JD 6,188.5 million.