



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
June, 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 2.6 percent during the first quarter of 2013 against 3.0 percent during the same quarter of 2012. Latest economic indicators revealed mixed results. Workers' remittances, deposits at licensed banks, credit facilities by licensed banks, net outstanding domestic debt and trade deficit recorded significant improvements. On the other hand, travel receipts unemployment and inflation as measured by CPI displayed a negative performance.

□ Output, Prices and Employment

In the first quarter of 2013, real GDP at market prices grew by 2.6 percent compared to 3.0 percent during the first quarter of 2012. Inflation, measured by the Consumer Price Index (CPI) witnessed an increase by 6.6 percent during the first five months of 2013, compared to 3.9 percent during the same period of 2012. Furthermore, the unemployment rate during the second quarter of 2013 increased to 12.6 percent compared to 11.6 percent during the same quarter in 2012.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 2,761.5 million (41.6 percent) at the end of the first five months of 2013, compared to its level at the end of 2012. Accordingly, it reached US\$ 9,394.1 million which covers around 5.0 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 1,005.1 million (4.0 percent) at the end of the first five months of 2013, compared to its level at the end of 2012, standing at JD 25,950.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 462.7 million (2.6 percent), at the end of the first five months of 2013, compared to its level at the end of 2012, to reach JD 18,292.5 million.
- Total deposits at licensed banks increased by JD 1,255.2 million (5.0 percent) at the end of the first five months of 2013, compared to its level at the end of 2012, totaling JD 26,224.8 million. This increase was an outcome of the increase in JD deposits by JD 1,622.9 million (9.2 percent) and the decrease in foreign currency deposits by JD 367.7 million (5.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,017.5 points at the end of the first five months of 2013,

increasing by 59.9 points or 3.1 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first four months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 277.4 million comparing to a fiscal deficit in the amount of JD 39.0 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) decreased by JD 76.0 million at the end of April 2013, comparing to its level at the end of 2012, to stand at JD 11,572.0 million (48.2 percent of GDP). Outstanding external public debt increased by JD 465.2 million at the end of April 2013 comparing to its level at the end of 2012 to reach JD 5,397.6 million, (22.5 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 70.7 percent of GDP at the end of April 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 0.9 percent during the first four months in 2013 to reach JD 1,808.7 million. Also, merchandize imports decreased by 1.7 percent, totaling JD 4,982.7 million. As a result, the trade deficit declined by 2.1 percent compared to the same period in 2012, to reach JD 3,174.0 million. The preliminary data during the first five months in 2013 compared to the same period in 2012 showed a decrease in travel receipts by 3.5 percent due to the decline in medical tourism and a decrease in travel payments by 1.5 percent. While, total workers' remittances receipts increased by 3.1 percent compared to its level in the same period of 2012. The balance of payments during the first quarter of 2013 displayed a deficit in the current account in the amount of JD 642.1 million, (12.0 percent of GDP) down from JD 1,395.4 million (28.6 percent of GDP) during the same quarter of 2012. Moreover, the Direct Investment recorded net inflow to Jordan by JD 450.6 million during the first quarter of 2013 compared to a net inflow of JD 260.0 million during the same quarter of 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 19,705.0 million at the end of March 2013 compared to JD 18,873.7 million at the end of 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 2,761.5 million, (41.6 percent) at the end of the first five months of 2013, compared to their level at the end of 2012, to stand at US\$ 9,394.1 million. This level of reserves covers around 5.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,005.1 million, (4.0 percent), at the end of the first five months of 2013, compared to its level at the end of the previous year, to total JD 25,950.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 462.7 million, (2.6 percent) at the end of the first five months of 2013, compared to its level at the end of 2012, to stand at JD 18,292.5 million.
- Total deposits at licensed banks increased by JD 1,255.2 million, (5.0 percent), at the end of the first five months of 2013, compared to its level at the end of 2012, to reach JD 26,224.8 million.
- The interest rates on all types of deposits and credit facilities at licensed banks decreased at the end of the May 2013 compared to their level in the previous month, whereas interest rates on "time deposits" and "loans and advances" increased during May 2013. As for the first five months of 2013, the interest rates on deposits and credit facilities increased compared to their levels at the end of 2012, with the exception of "saving deposits" and "discounted bills and bonds" credit facilities.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,017.5 points at the end of the first five months of 2013, increasing by 59.9 points (3.1 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 45.3 billion (0.2 percent), compared to its registered level of 2012, to stand at JD 19.1 billion.

Main Monetary Indicators

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

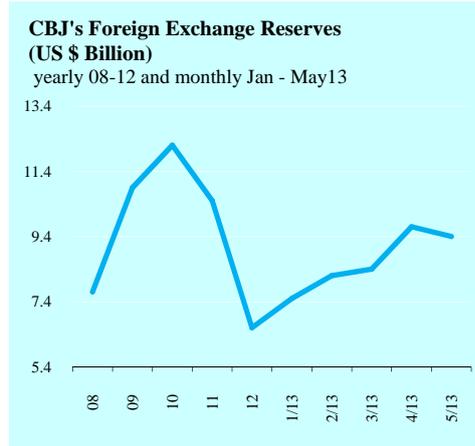
	2012	End of May	
		2012	2013
US\$ 6,632.6	CBJ's Foreign Currency Reserves*	US\$ 7,674.0	US\$ 9,394.1
-37.0%		-27.1%	41.6%
24,945.1	Money Supply (M2)	24,626.4	25,950.2
3.4%		2.1%	4.0%
17,829.8	Credit Facilities, of which:	16,929.8	18,292.5
12.5%		6.8%	2.6%
15,375.6	Private Sector (Resident)	14,789.3	15,813.5
7.6%		3.5%	2.8%
24,969.6	Total Deposits, of which:	24,836.7	26,224.8
2.4%		1.9%	5.0%
17,711.0	In JD	18,797.3	19,333.9
-7.4%		-1.7%	9.2%
7,258.6	In Foreign Currencies	6,039.4	6,890.9
38.0%		14.8%	-5.1%
20,387.1	Deposits of Private Sector (Resident), of which:	20,160.0	21,140.9
2.4%		1.3%	3.7%
15,084.3	In JD	16,089.0	16,315.6
-8.6%		-2.5%	8.2%
5,302.8	In Foreign Currencies	4,071.0	4,825.3
56.0%		19.8%	-9.0%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 2,761.5 million (41.6 percent), at the end of the first five months of 2013, compared to their level at the end of 2012, to reach US\$ 9,394.1 million. This level of reserves covers around 5.0 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

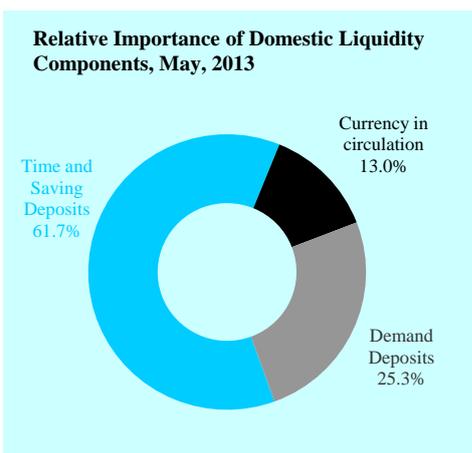
- Domestic liquidity totaled JD 25,950.2 million at the end of the first five months of 2013, increasing by JD 1,005.1 million, or 4.0 percent, compared to an increase of JD 507.5 million, or 2.1 percent, at the end of the same period of 2012.

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

- **Components of Domestic Liquidity**

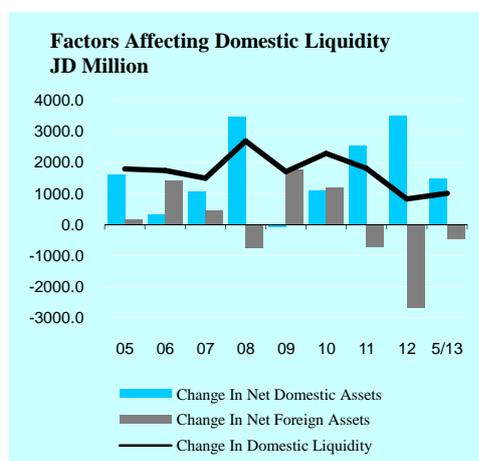
- Deposits increased by JD 851.6 million, or 3.9 percent, at the end of the first five months of 2013, compared to their level at the end of 2012, to total JD 22,581.7 million, compared with an increase amounting to JD 413.0 million, or 2.0 percent, at the end of the same period of 2012.

- Currency in circulation increased by JD 153.5 million, or 4.8 percent, at the end of the first five months of 2013, compared to its level at the end of 2012, to reach JD 3,368.5 million, against an increase in the amount of JD 94.5 million, or 3.1 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,483.4 million, or 8.1 percent, at the end of the first five months of 2013, compared to its level at the end of 2012, against an increase of JD 1,718.8 million, or 11.7



percent, during the same period of 2012. This increase was an outcome of the increase in net domestic assets of the licensed banks by JD 1,922.0 million, or 9.2 percent, and the decrease of net domestic assets of the CBJ by JD 438.6 million, or 17.1 percent.

- Net foreign assets of the banking system decreased by JD 478.3 million, or 7.2 percent, at the end of the first five months of 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 1,211.3 million, or 12.9 percent, in the same period of 2012. This decrease was an outcome of the decline of net foreign assets of the licensed banks by JD 1,073.6 million and the increase of net foreign assets of the CBJ by JD 595.3 million, or 9.7 percent.

Factors Affecting Domestic Liquidity (M2)

JD Million

		End of May	
2012		2012	2013
6,665.5	Foreign Assets (Net)	8,158.8	6,187.2
6,139.7	CBJ	7,338.1	6,735.0
525.8	Licensed Banks	820.7	-547.8
18,279.7	Domestic Assets (Net)	16,467.6	19,763.0
-2,562.7	CBJ, of which:	-3,856.9	-3,001.4
1,567.8	Claims on Public Sector (Net)	769.3	1,616.0
-4,150.5	Other Items (Net*)	-4,645.7	-4,637.6
20,842.4	Licensed Banks	20,324.5	22,764.4
8,377.1	Claims on Public Sector (Net)	7,560.7	8,990.5
15,953.5	Claims on Private Sector	15,408.8	16,463.1
-3,468.2	Other Items (Net)	-2,645.0	-2,689.2
24,945.1	Money Supply (M2)	24,626.4	25,950.2
3,215.0	Currency in Circulation	3,113.8	3,368.5
21,730.1	Total Deposits, of which:	21,512.6	22,581.7
5,395.6	In Foreign Currencies	4,221.9	4,950.5

* 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:

Interest Rates on Monetary Policy Instruments (%)

		May	
2012		2012	2013
5.00	Re-discount Rate	5.00	5.00
4.75	Repurchase Agreements Rate (Repos)	4.75	4.75
4.00	Overnight Deposit Window Rate	3.25	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

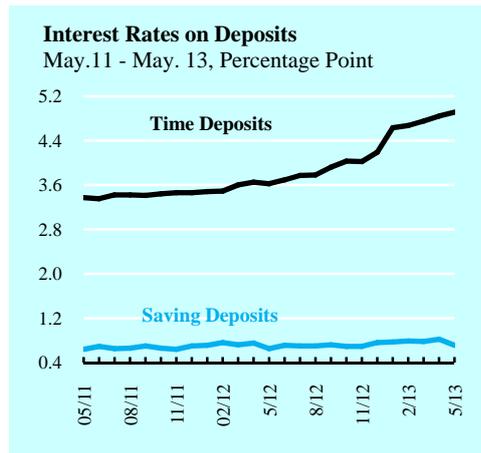
- Re-Discount Rate: 5.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.75 percent.
- Overnight Window Deposit Rate: 4.00 percent.
- ◆ The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent and 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 May 2013 increased by 7 basis points, compared to its level at the previous month to stand at 4.91 percent. This rate is higher by 72 basis points than its level at the end of 2012.

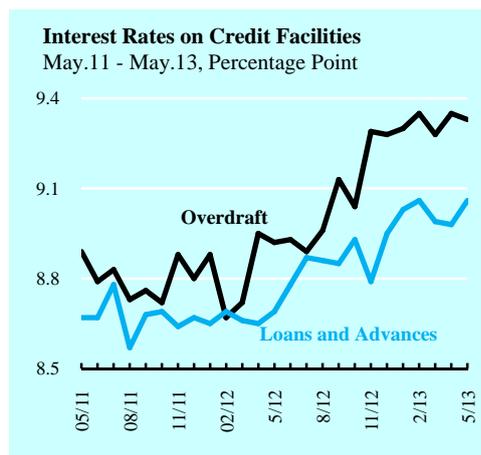
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of May 2013 decreased by 11 basis points compared to its level at the end of the previous month to stand at 0.71 percent. This rate is lower than its level at the end of 2012 by 5 basis points.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of May 2013 decreased by 3 basis points compared to the level recorded in the previous month to stand at 0.53 percent. This rate is higher than its level at the end of 2012 by 11 basis points.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of May 2013 decreased by 2 basis points compared to its level at the end of the previous month to stand at 9.33 percent. This rate is higher than its level at the end of 2012 by 5 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 14 basis points at the end of May 2013, compared to its level at the end of the previous month, to stand at 9.39 percent. This rate is lower than its level at the end of 2012 by 20 basis points.

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

		May		Change Relative to the Preceding Year
2012		2012	2013	Basis Points
Deposits				
0.42	Demand	0.44	0.53	11
0.76	Saving	0.65	0.71	-5
4.19	Time	3.62	4.91	72
Credit Facilities				
9.59	Discounted Bills and Bonds	9.35	9.39	-20
8.95	Loans and Advances	8.69	9.06	11
9.28	Overdraft	8.92	9.33	5
8.68	Prime Lending Rate	8.25	8.97	29

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 May 2013, compared to its level at the end of the previous month, to stand at 9.06 percent. This rate is higher than its level of 2012 by 11 basis points.
- The Prime lending rate stood at 8.97 percent at the end of May 2013, 29 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 61 basis points compared to its level at the end of 2012, to reach 415 basis points at the end of April 2013.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,292.5 million at the end of the first five months of 2013, increasing by JD 462.7 million, or 2.6 percent, compared to its level at the end of 2012, against an increase in the amount of JD 1,078.6 million, or 6.8 percent, during the same period in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of the first five months of 2013 demonstrates an increase in credit facilities extended to the construction sector by JD 151.6 million, or 4.1 percent, the item "other", which generally represents credit facilities extended to individuals, by JD 133.9 million, or 3.5 percent, and the industrial sector by JD 95.5 million or 3.8 percent. Meanwhile, the credit facilities extended to the agriculture sector, decreased by JD 17.5 million, or 6.9 percent, compared to its level at the end of 2012.
- The classification of extended credit facilities, according to the borrower, at the end of the first five months of 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 437.9 million, or 2.8 percent, the public sector (central government plus public institutions) by JD 40.3, or 2.5 percent, and the financial institutions by JD 2.4 million, or 26.4 percent. Meanwhile, the credit facilities extended to the private sector (non-resident) decreased by JD 17.9 million, or 2.1 percent, compared to their levels at the end of 2012.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 26,224.8 million at the end of the first five months of 2013, increasing by JD 1,255.2 million, or 5.0 percent, compared to its level at the end of 2012, against an increase of JD 458.8 million, or 1.9 percent, during the same period of 2012.
- The increase in total deposits at licensed banks at the end of the first five months of 2013 was as a result of the increase in the deposits of the private sector (resident) by JD 753.9 million, or 3.7 percent, the private sector (non-resident) by JD 308.2 million, or 11.8 percent, the public sector (central government *plus* public institutions) by JD 166.5 million, or 9.8 percent, and the non-banking financial institutions by JD 26.6 million, or 9.7 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of the first five months of 2013 reveal that “deposits in local currencies” increased by JD 1,622.9 million, or 9.2 percent, and “deposits in the foreign currency” decreased by JD 367.7 million, or 5.1 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 the first five months of 2013 compared to the end of 2012. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the (ASE) totaled JD 181.4 million in May 2013; down by JD 667.2 million, or 78.6 percent, compared to its level at the end of the previous month, against a decrease of JD 85.1 million, or 36.6 percent, during the same month in 2012. However, the trading volume totaled JD 1,853.7 million, during the first five months of 2013, up by JD 890.5 million, or 92.5 percent, compared to the same period of 2012.

■ Traded Shares

The number of traded shares in May 2013 totaled 201.6 million shares; down by 213.4 million shares, or 51.4 percent, compared to its level at the preceding month, against a decrease amounting to 46.8 million shares, or 19.5 percent, during the same month of 2012. As for the first five months of 2013, the number of traded shares totaled 1,551.5 million shares, compared to 1,160.4 million shares traded during the same period of 2012, increasing by 391.1 million shares or 33.7 percent.

■ **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 19.4 points, or 1.0 percent, at the end of May 2013 compared to its level at the

end of the previous month, to stand at 2,017.5 points, against a decrease in the amount of 106.7 points, or 5.4 percent, during the same month of 2012. As for the first five months of 2013, the SPI increased by 59.9 points, or 3.1 percent, compared to its level at the end of 2012, against a drop in the amount of 120.6 points, or 6.0 percent during the same period in 2012. The aforementioned increase was a result of the increase in the SPI for the financial sector by 106.3 points, or 4.5 percent, and the industrial sector by 38.3, or 1.8 percent. Meanwhile, the SPI for the services sector decreased by 18.8 points, or 1.1 percent, compared to their levels at the end of 2012.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 19.1 billion at the end of May 2013; an increase of 0.1 JD billion, or 0.5 percent, compared to its level at the end of the previous month, against a decrease of JD 0.9

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

2012		May	
		2012	2013
1,957.6	General Index	1,874.5	2,017.5
2,363.6	Financial Sector	2,322.0	2,469.9
2,176.6	Industrial Sector	2,046.5	2,214.9
1,651.1	Services Sector	1,547.6	1,632.3

Source: Amman Stock Exchange.

The General Share Price Index (Point) and The Market Capitalization (JD Billion) May. 12 - May.13



billion, or 4.8 percent, during the same month of 2012. As for, the first five months of 2013, the market capitalization decreased by JD 45.3 billion, or 0.2 percent, compared to its level at the end of 2012, against a decrease of JD 0.9 billion, or 4.5 percent during the same period of 2012.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 4.1 million in May 2013, compared to an inflow of JD 7.5 million during the same month of 2012; the value of shares acquired by non-Jordanian in May 2013 amounted to JD 28.5 million, while the value of shares sold by the same group amounted to JD 24.4 million. However, non-Jordanian net investment recorded an inflow amounting to JD

65.6 million during the first five months of 2013, compared to an inflow in the amount of JD 16.9 million during the same period of 2012.

Main Amman Stock Exchange Trading Indicators, JD Million

		May	
2012		2012	2013
1,978.8	Value Traded	147.5	181.4
7.9	Average Daily Trading	6.4	8.6
19,141.5	Market Capitalization	18,399.8	19,096.2
2,384.1	No. of Traded Shares (million)	193.8	201.6
37.6	Net Investment of Non-Jordanian	7.5	4.1
322.9	Non-Jordanian Buying	21.8	28.5
285.3	Non-Jordanian Selling	14.3	24.4

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 first quarter of 2013, compared to 3.0 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 9.5 percent during the first quarter of 2013, compared to 8.0 percent during the same quarter of 2012.
- Inflation, measured by the CPI, increased to 6.6 percent during the first five months of 2013, compared to 3.9 percent during the same period of 2012.
- The unemployment rate went up during the second quarter of 2013, to stand at 12.6 percent (10.3 percent for males and 22.4 percent for females), compared to 11.6 percent (10.3 percent for males and 17.8 percent for females) during the same quarter of 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.2 percent.

□ Developments of (GDP)

As a reflection of the repercussions of the Arab Spring and the unrest in the region that still have their effects on the Jordanian economy in various sectors. Real GDP grew by 2.6 percent during the first quarter of 2013 compared to 3.0 percent during the same quarter in 2012. When excluding “net taxes on products”, which grew by 3.5 percent compared to 2.1 percent during the same quarter in 2012, GDP at constant basic prices grew by 2.5 percent, compared to 3.1 percent during the same quarter in 2012.

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

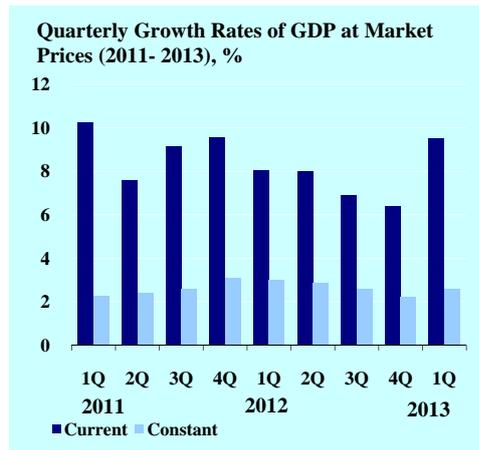
	Q 1	Q2	Q3	Q4	Percentages Year
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	2.7
GDP at Current Market Prices	8.0	8.0	6.9	6.4	7.3
2013					
GDP at Constant Market Prices	2.6				
GDP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

Source: Department of Statistics.

GDP at current market prices grew by 9.5 percent compared to 8.0 percent during the same quarter in 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.7 percent during the first quarter of 2013 compared to 4.9 percent during the same quarter in 2012.

The main sectors contributed to the economic growth during the first quarter of 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “trade” (0.6 percentage point), “transport, storage and communications” (0.5 percentage point), and “manufacturing” (0.4 percentage point). These sectors collectively accounted for 88.5 percent of real GDP growth during the first quarter of 2013.

The developments of economic sectors showed that most sectors witnessed positive real growth at divergent rates during the first quarter of 2013; some sectors witnessed an accelerated improvement in performance; mainly “construction” (7.8 percent), “wholesale and retail trade, restaurants and hotels” (5.6 percent), “finance, insurance, real estate and business services” (3.8 percent), and “producers of government services” (2.5 percent) sectors, compared to 2.8 percent, 2.9 percent, 1.9 percent and 1.8 percent during the same quarter in 2012, respectively.



While sectors of “manufacturing” and “transport, storage and communications” exhibited a slow performance during the first quarter of 2013. They grew by 2.2 percent and 3.5 percent, respectively, against a growth amounting to 3.7 percent and 4.3 percent during the same quarter in 2012, respectively. In contrast, the sectors of “mining and quarrying”, “agriculture” and “electricity and water” experienced a contraction amounting to 18.3 percent, 8.3 percent and 6.0 percent compared to a contraction of 1.3 percent and a growth of 3.6 percent, and 8.9 percent, respectively.

□ Microeconomic Indicators

- Industrial production quantity index grew by 1.4 percent during the first five months of 2013 against a growth amounting to 2.6 percent during the same period of 2012. This can be attributed to the following:
 - Manufacturing production quantity index maintained its growth rate at 3.3 percent (against the same period of 2012). This came as a result of the improvement in production of

some items, mainly; “chemical products” (18.7 percent), and “food products and beverages” (10.4 percent), on one hand, and the decrease in “cement” (32.7 percent), “refined petroleum products” (24.7 percent), and “iron and steel” (20.6 percent) on the other.

- “Mining and quarrying” production quantity index decreased by 7.5 percent, against a decrease amounting to 13.6 percent during the same period of 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 10.6 percent, and potash by 2.5 percent; owing to a decline in the demand of some major importing countries for these materials especially India.
- Electricity production quantity index decreased by 10.7 percent, compared to an increase amounting to 15.9 percent during the same period of 2012; due to a decline in the demand of industry sectors.
- The number of passengers through Royal Jordanian recorded an increase of 1.1 percent, during the first five months of 2013, compared to a strong growth of 18.1 percent during the same period of 2012.
- Cargo through Royal Jordanian contracted by 10.0 percent, during the first five months of 2013, compared to a growth by 3.8 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 17.9 percent during the first five months of 2013, compared to an increase of 6.5 percent during the same period of 2012.
- Licensed areas for buildings grew by 16.8 percent during the first four months of 2013, compared to a growth amounted to 14.7 percent during the same period of 2012.
- Number of departures contracted by 11.8 percent during the first five months of 2013, compared to a decrease amounted to 6.5 percent during the same period of 2012.

Main Sectoral Indicators

Percentages*

2012	Item	Available Period		
		2012		2013
	Industrial Sector			
8.5	Licensed areas for buildings	14.7	January – April	16.8
0.2	Industrial production quantity index	2.6	January – May	1.4
1.4	Manufacturing production quantity index	3.3		3.3
3.3	Food products and beverages	-2.1		10.4
9.8	Refined petroleum products	6.0		-24.7
-2.5	Iron and steel	6.9		-20.6
-22.6	Cement, lime and plaster	-12.4		-32.7
-3.7	Chemical products	-0.7		18.7
-16.9	“Mining and quarrying” production quantity index	-13.6		-7.5
-15.3	Phosphate	-12.7		-10.6
-19.0	Potash	-15.2		-2.5
6.5	Electricity production quantity index	15.9		-10.7
5.8	The number of passengers through the Royal Jordanian	18.1		1.1
-1.7	Cargo through the Royal Jordanian	3.8		-10.0
0.9	Quantities of exported and imported goods shipped through the Aqaba port	6.5		-17.9
-7.7	Number of departures	-6.5		-11.8

*Sources:

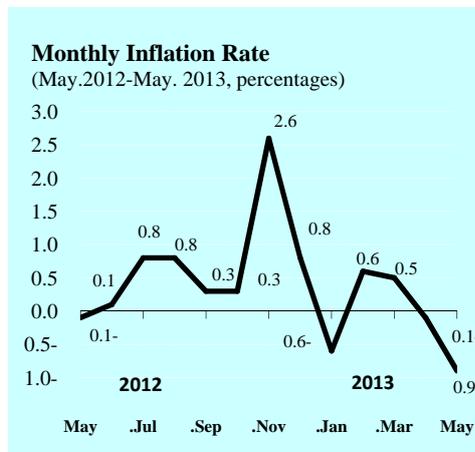
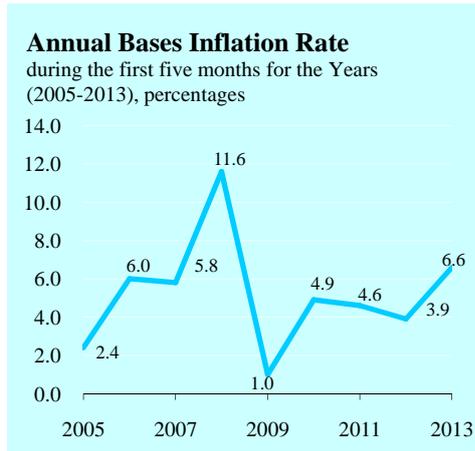
- Monthly Statistical Bulletin / Central Bank of Jordan.

- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during the first five months of 2013, to stand at 6.6 percent, compared to 3.9 percent during the same period in 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and “transportation” items, which were affected by the government's decision of liberalizing the prices of petroleum products (November 2012). These items collectively contributed to the overall inflation rate by 3.5 percentage points, compared to 0.4 percentage point during the same period in 2012. Furthermore, the CPI was affected by the global increase in food prices compared to their levels during the same period of 2012.

In May 2013, the CPI decreased by 0.9 percent compared with April 2013. This was mainly due to the decrease in the prices of some items; mainly “vegetables”, “meat and poultry”, in addition to “transportation” and “fuels and lighting” items.



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

- ◆ “Food items” group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 4.4 percent compared to an increase of 4.2 percent during the same period 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 components, particularly; “fruits” (17.5 percent) “vegetables” (14.1 percent), , “meat and poultry” (7.3 percent), and “dairy products and eggs” (4.5 percent), while the prices of “cereals and products”, “cigarettes” and “oils and fats” have declined by 1.4 percent, 8.8 percent, and 0.7 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 5.7 percent during the same period 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 “footwear” and “clothes”, which grew by 9.4 percent and 3.8 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 8.7 percent compared to an increase of 2.8 percent during the same period 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 24.7 percent, compared to a slight increase by 0.4 percent during the same period in 2012, which was affected by the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items showed a varied increase ranges between 2.5 percent for “rents” and 5.6 percent for “house utensils”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 7.6 percent compared to 4.3 percent during the same period of 2012. Accordingly, this group contributed by 2.4 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 15.8 percent, compared to an increase of 4.4 percent during the same period of 2012; affected by the rise in public transportation fare, as a result of the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, particularly; “personal care” (4.9 percent), “recreation” (4.7 percent), and “education” (4.1 percent).

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) increased during the second quarter of 2013, reached 12.6 percent (10.3 percent for males and 22.4 percent for females), compared to 11.6 percent (10.3 percent for males and 17.8 percent for females) during the same quarter of 2012. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 17.2 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the second quarter of 2013 reached 37.7 percent (60.9 percent for males against 14.1 percent for females), compared to 38.3 percent (61.7 percent for males against 14.1 percent for females) during the same quarter of 2012.
- ◆ The employed rate among the age group 15 years and over reached 33.0 percent during the second quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 25.3 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.4 percent), “education” (12.8 percent), “manufacturing” (10.0 percent), and the remaining percent is distributed among sectors of “transport and storage”, “construction” and others.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 277.4 million during the first four months in 2013, comparing to a fiscal deficit in the amount of JD 39.0 million, during the same period in 2012. Excluding foreign grants (JD 213.9 million), the general budget deficit reaches JD 491.3 million compared to a deficit in the amount of JD 56.2 million during the same period in 2012.
- Gross outstanding domestic public debt (budgetary and own-budget) reached JD 12,952.0 million (54.0 percent of GDP), at the end of April 2013, reflecting a rise in the amount of JD 274.0 million compared to its level at the end of 2012.
- Net outstanding domestic public debt decreased by JD 76.0 million at the end of April 2013 compared to its level at the end of 2012, to reach JD 11,572.0 million (48.2 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 465.2 million at the end of April 2013, compared to its level at the end of 2012, to stand at JD 5,397.6 million (22.5 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 16,969.6 million (70.7 percent of GDP) at the end of April 2013 compared to JD 16,580.4 million (75.5 percent of GDP) at the end of 2012.

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

■ Public Revenues

Public revenues (including foreign grants) decreased by JD 132.9 million, or 18.1 percent, in April 2013 comparing to the same month in 2012 to reach JD 599.8 million. As for the first four months in 2013, these revenues were up by JD 39.5 million, or 2.2 percent, compared to the same period in 2012 to stand at JD 1,855.1 million. This result was driven by the rise in foreign grants by JD 196.7 million, on one hand, and the drop in domestic revenues by JD 157.2 million, on the other.

Main Government Budget Indicators during the first four months in 2013:

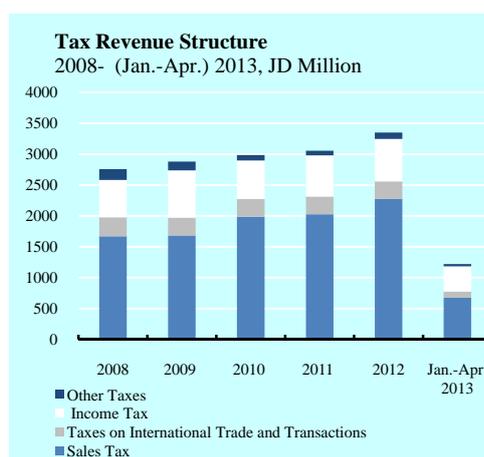
(JD Million and Percentages)

	April		Growth Rate %	Jan. – Apr.		Growth Rate %
	2012	2013		2012	2013	
Total Revenues and Grants	732.7	599.8	-18.1	1815.6	1855.1	2.2
Domestic Revenues, of which:	729.9	596.0	-18.3	1798.4	1641.2	-8.7
Tax Revenues, of which:	504.0	428.7	-14.9	1212.7	1220.9	0.7
General Sales Tax	187.5	173.4	-7.5	677.1	675.1	-0.3
Other Revenues, of which:	224.4	165.9	-26.1	578.4	413.1	-28.6
Land Registration Fees	14.9	21.2	42.3	55.3	75.0	35.6
Foreign Grants	2.8	3.8	35.7	17.2	213.9	1,143.6
Total Expenditures	603.7	700.8	16.1	1854.6	2132.5	15.0
Overall Deficit/ Surplus	129.0	-101.0	-	-39.0	-277.4	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues decreased by JD 157.2 million, or 8.7 percent, in the first four months in 2013 compared to the same period in 2012, to reach JD 1,641.2 million. This decrease was an outcome of the rise in the proceeds of “tax revenues” by JD 8.2 million, and the drop in “other revenues” and “pension contributions” by JD 165.3 million, and JD 0.1 million, respectively.



- **Tax Revenues**

Tax revenues increased by JD 8.2 million, or 0.7 percent, during the first four months in 2013 compared to the same period in 2012, to reach JD 1,220.9 million (74.4 percent of domestic revenues). This increase was driven by:

- The increase in the proceeds of “taxes on international trade and transactions” (customs duties and fees) by JD 11.1 million or 12.6 percent, which reached JD 99.5 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.
- The decrease in the proceeds of “income and profit taxes” by JD 10.1 million or 2.4 percent, which reached JD 410.7 million. This decrease was due to the decline in the proceeds of “income tax from companies and other projects” by JD 14.9 million, and the increase in the proceeds of “income tax from individuals” by JD 4.8 million. Accordingly, income tax from companies accounted for 87.9 percent of total taxes on income and profits to reach JD 361.0 million (of which JD 165.1 million from banks and financial institutions).
- The decrease in the proceeds of general sales tax on goods and services by JD 2.0 million which reached JD 675.1 million. This result was driven by the decrease in the

proceeds of “sales tax on domestic goods”, “sales tax on imported goods” by JD 13.5 million and JD 10.7 million, respectively. However, the proceeds of “sales tax on commercial sector” and “sales tax on services” increased by JD 14.2 million and JD 8.0 million, respectively.

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

Other revenues” decreased by JD 165.3 million, or 28.6 percent, during the first four months in 2013 to reach JD 413.1 million. This drop was an outcome of:

- The decline in property income by JD 126.6 million to stand at JD 108.5 million (of which financial surplus of independent government units amounted to JD 99.4 million).
- The decrease in miscellaneous revenues by JD 62.7 million to stand at JD 63.1 million.
- The increase in revenues from selling goods and services by JD 24.0 million to reach JD 241.5 million.

● **Pension Contributions**

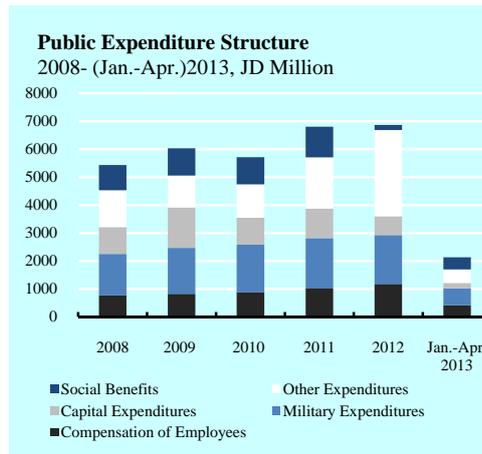
Pension contributions were down by JD 0.1 million during the first four months in 2013, standing at JD 7.2 million.

◆ **Foreign Grants**

Foreign grants were up by JD 196.7 million during the first four months in 2013, standing at JD 213.9 million.

Public Expenditures

Public expenditures witnessed an increase by JD 97.1 million, or 16.1 percent, in April 2013 compared to the same month in 2012 to stand at JD 700.8 million. Moreover, public expenditures increased by JD 277.9 million, or 15.0 percent during the first four



months in 2013, to stand at JD 2,132.5 million. This increase was a result of the rise in both current expenditures and capital expenditures by 10.4 percent, 103.6 percent, respectively.

Current Expenditures

Current expenditures increased by JD 183.4 million, or 10.4 percent, during the first four months in 2013, to reach JD 1,946.8 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 33.3 million to reach JD 411.1 million.
- The increase in interest payments, on internal and external public debt, by JD 29.8 million to stand at JD 203.8 million.

- The increase in social benefit expenditures by JD 111.6 million to stand at JD 436.5 million.
- The increase in military expenditures by JD 91.7 million to total JD 612.1 million.
- The rise in “purchases of goods and services” by JD 17.3 million to stand at JD 81.5 million.
- The decrease in good's subsidies by JD 115.0 million to stand at JD 92.5 million. It is worth mentioning that this item includes only food subsidies starting from 2013.

◆ Capital Expenditures

Capital expenditures increased by JD 94.5 million, or 103.6 percent during the first four months in 2013 comparing to the same period during 2012, to reach JD 185.7 million.

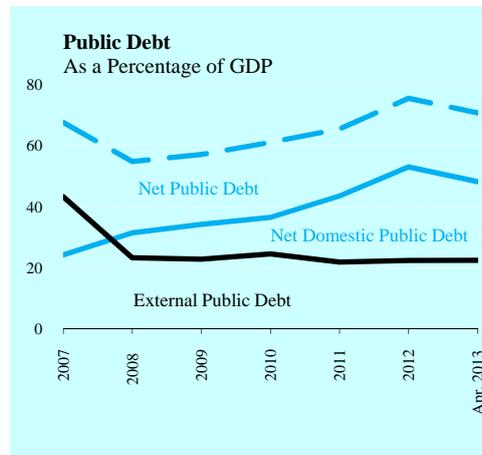
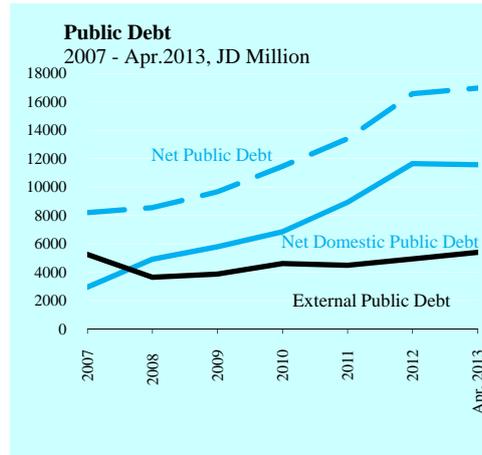
■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 277.4 million during the first four months of 2013, against a fiscal deficit in the amount of JD 39.0 million during the same period in 2012.
- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 73.6 million during the first four months in 2013, against a primary surplus of JD 135.0 million during the same period in 2012.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) has increased by JD 274.0 million at the end of April 2013 compared to its level at the end of 2012 to reach JD 12,952.0 million, or 54.0 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 383.0 million and the decrease in the gross outstanding domestic debt for own-budget agencies by JD 108.0 million. This increase in the

budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 418.0 million to reach JD 10,060.0 million at the end of April 2013, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 712.0 million, on the other.



- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) decreased by JD 76.0 million at the end of April 2013 comparing to its level at the end of 2012 to total JD 11,572.0 million, or 48.2 percent of GDP. The aforementioned decrease was driven by the rise in gross outstanding domestic public debt by JD 274.0 million, and the increase in the government deposits at the banking system by JD 352.0 million comparing to their level at the end of 2012.
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 465.2 million at the end of April 2013 compared to its level at the end of 2012, amounting to JD 5,397.6 million (22.5 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 43.1 percent, while debt in Euros accounted for 8.5 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 14.2 percent and 15.5 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 389.4 million at the end of April 2013 comparing to its level at the end of 2012 to stand at JD 16,969.6 million, (70.7 percent of GDP), against JD 16,580.4 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP declined by 4.8 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 152.6 million during the first four months of 2013 (of which interest payments amounting to JD 28.0 million) compared to JD 150.7 million (of which interest payments amounting to JD 21.2 million) during the same period in 2012.

□ Fiscal and Price Measures

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

Oil Derivatives Price Developments				
	Unit	2013		Change %
		June	July	
Unleaded Gasoline 90	Fils/Liter	765	785	2.6
Unleaded Gasoline 95	Fils/Liter	930	950	2.2
Gas Oil (Diesel)	Fils/Liter	635	645	1.6
Gas Oil/ electricity	Fils/Liter	635	645	1.6
Kerosene	Fils/Liter	635	645	1.6
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	473.8	469.3	-0.9
Fuel oil/ electricity	JD/Ton	473.8	469.3	-0.9
Fuel oil for ships	JD/Ton	483.6	473	-2.2
Fuel oil for airplanes (local companies)	Fils/Liter	575	583	1.4
Fuel oil for airplanes (foreign companies)	Fils/Liter	580	588	1.4
Fuel oil for unplanned flights	Fils/Liter	595	603	1.3
Asphalt	JD/Ton	507.6	502.8	-0.9

Source: Jordan Petroleum Refinery CO. (1/7/2013).

□ Grants, Loans and Other Agreements

- Signing a grant agreement with the Chinese government in the amount of Yuan 80 million (equivalent to US\$ 12.5 million) to finance certain development projects (to be agreed upon later). This grant comes under the economic and technical cooperation agreement signed between the government of Jordan and the government of China (April 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 8.3 percent in April 2013 compared to its level in the same month of 2012 to record JD 466.4 million. As for the first four months of 2013, total merchandize exports decreased by 0.9 percent compared to the same period in 2012 to reach JD 1,808.7 million.
- **Merchandize imports** decreased by 5.2 percent in April 2013 compared to its level in the same month of 2012 to reach JD 1,229.1 million. As for the first four months of 2013, merchandize imports decreased by 1.7 percent compared to the same period in 2012 to reach JD 4,982.7 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 3.2 percent in April 2013 compared to the same month in 2012 standing at JD 762.7 million. As for the first four months of 2013, the trade balance deficit declined by 2.1 percent compared to the same period in 2012 to reach JD 3,174.0 million.
- **Travel receipts** decreased during the first five months of 2013 compared to its level in the same period of 2012 by 3.5 percent due to the decline in medical tourism. Also, travel payments decreased by 1.5 percent.
- **Total workers' remittances receipts** increased by 3.1 percent during the first five months of 2013 compared to their level in the same period in 2012 to reach JD 1,018.7 million.
- **The current account of the balance of payments** registered a deficit of JD 642.1 million (12.0 percent of GDP) during the first quarter of 2013 compared to a deficit of JD 1,395.4 million (28.6 percent of GDP) during the same quarter of 2012.
- **The direct investment** recorded an inflow of JD 450.6 million during the first quarter of 2013, up from JD 260.0 million during the same quarter of 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 19,705.0 million at the end of the first quarter of 2013; an increase of JD 831.3 million over its level at the end of 2012.

□ External Trade

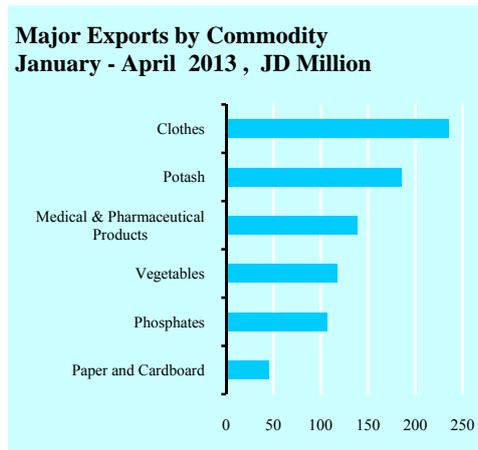
- As a result of the decrease in both domestic exports and imports by JD 15.0 million and JD 86.7 million; respectively, during the first four months in 2013, the volume of external trade (domestic exports *plus* imports) decreased by JD 101.7 million to stand at JD 6,503.3 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
Jan - April				Jan - April			
	2012	2013	Percentage Change		2012	2013	Percentage Change
Exports							
Iraq	188.1	279.3	48.5	External Trade	6,605.0	6,503.3	-1.5
United States	232.2	249.3	7.4	Total Exports	1,825.7	1,808.7	-0.9
Saudi Arabia	136.4	181.6	33.1	Domestic Exports	1,535.6	1,520.6	-1.0
India	180.1	116.0	-35.6	Re-exports	290.1	288.1	-0.7
Indonesia	72.0	75.1	4.3	Imports	5,069.4	4,982.7	-1.7
UAE	44.3	53.2	20.1	Trade Balance	-3,243.7	-3,174.0	-2.1
Syria	82.7	43.3	-47.6				
Imports							
Saudi Arabia	1,461.9	1,007.6	-31.1				
China	429.4	510.5	18.9				
United States	349.0	301.2	-13.7				
Italy	173.5	241.4	39.1				
Turkey	167.3	193.7	15.8				
Germany	187.6	187.1	-0.3				
UAE	91.1	180.3	97.9				
Source: Department of Statistics.				Source: Department of Statistics.			

■ Merchandize Exports:

Total merchandize exports decreased by 0.9 percent during the first four months in 2013 compared to a 0.1 percent increase during the same period in 2012, to record JD 1,808.7 million. This decrease

resulted from a decline in domestic exports and re-exports by JD 15.0 million and JD 2.0 million, 1.0 percent and 0.7 percent, to reach JD 1,520.6 million and 288.1 million, respectively.



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

- Exports of **medical and pharmaceutical products** increased by JD 31.0 million, 28.7 percent, to reach JD 139.0 million, compared to an increase of 1.3 percent during the same period in 2012. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 54.7 percent of these exports.

- Exports of **potash** decreased by JD 2.5 million, 1.3 percent, to stand at JD 185.0 million. The Indonesian, Malaysian and Chinese markets accounted for 66.6 percent of these exports.
- Exports of **vegetables** decreased by JD 44.9 million, 27.6 percent, to total JD 117.6 million, compared to JD 162.5 million during the same period in 2012. The Iraqi, Syrian and UAE markets were the main destinations of these exports accounting for 65.1 percent.

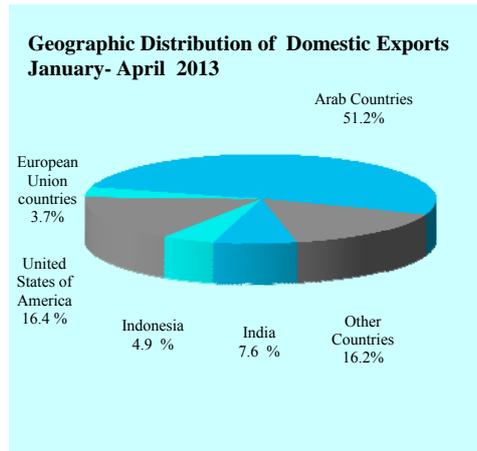
Major Domestic Exports by Commodity, JD Million
January - April 2012,2013

	2012	2013	Percentage Change
Domestic Exports	1,535.6	1,520.6	-1.0
Clothes	219.7	235.0	7.0
United States	205.5	219.5	6.8
Potash	187.5	185.0	-1.3
Indonesia	29.9	48.0	60.5
Malaysia	11.0	40.0	263.6
China	70.1	35.2	-49.8
Medical & Pharmaceutical Products	108.0	139.0	28.7
Saudi Arabia	26.6	26.4	-0.8
Algeria	14.6	23.3	59.6
Iraq	9.6	13.6	41.7
Sudan	8.9	12.8	43.8
Vegetables	162.5	117.6	-27.6
Iraq	15.2	37.9	149.3
Syria	60.4	28.5	-52.8
UAE	9.7	10.1	4.1
Phosphates	169.0	106.5	-37.0
India	105.9	75.5	-28.7
Indonesia	28.0	8.4	-70.0
Bulgaria	13.6	7.5	-44.9
Paper and cardboard	44.8	45.2	0.9
Saudi Arabia	13.0	14.2	9.2
Iraq	11.8	13.9	17.8
Syria	3.6	3.8	5.6

Source: Department of Statistics.

- Exports of **phosphates** decreased by JD 62.5 million, 37.0 percent, to register JD 106.5 million, compared to an increase of 33.7 percent during the same period in 2012. This decline was mainly due to decrease in exported quantities by 30.9 percent and the decrease in prices by 8.8 percent. It is worth noting that the Indian market was the main destination for these exports during the first four months in 2013, accounting for 70.9 percent of phosphates exports.

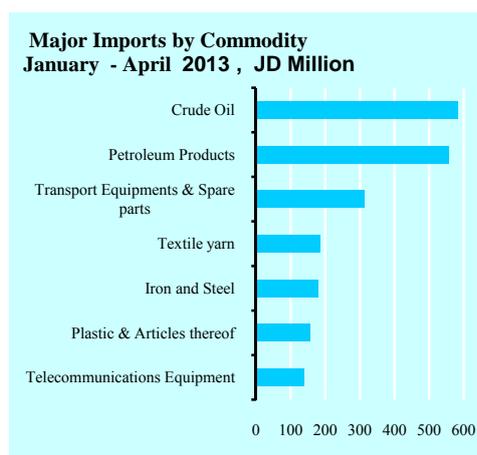
- In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, “medical and pharmaceutical products”, vegetables, phosphates, and “Paper



and cardboard” topped the list of domestic exports during the first four months in 2013; accounting for 54.6 percent of domestic exports down from 58.1 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that the Iraq, USA, Saudi Arabia, India, Indonesia, UAE and Syria, were the main destination markets for Jordanian domestic exports during the first four months in 2013; accounting for 65.6 percent of domestic exports, up from 60.6 percent during the same period in 2012.

■ Merchandize Imports:

Merchandize imports amounted to JD 4,982.7 million during the first four months in 2013, decreasing by JD 86.7 million, 1.7 percent, compared to an increase of 19.7 percent during the same period in 2012.



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

- **Crude oil** imports decreased by JD 298.2 million, 33.8 percent, to reach JD 583.4 million, compared to a rise by 29.9 percent during the same period in 2012. This decrease was attributed to the decline in the prices of oil by 8.8 percent and the decline in imported quantities by 27.4 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 304.9 million, 35.4 percent, to total JD 556.2 million compared to an increase of 148.8 percent during the same period in 2012. This decrease was mainly attributable to the decrease in fuel oil imports in light of the increase of gas flows from Egypt. The main source markets of these imports were Singapore, Saudi Arabia ,and Turkey.

- Imports of **Transport equipments and Spare Parts** increased by JD 53.1 million, 20.5 percent, to reach JD 311.9 million compared to a decrease by 8.2 percent during the same period in 2012. South Korea, the USA and Japan were the main origin markets for these imports; accounting for 58.3 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 47.4 million, 34.3 percent to reach JD 185.5 million, compared to an increase of 1.3 percent during the same period in 2012. The markets of China, Taiwan and Pakistan accounted for 71.2 percent of these imports.

Major Imports by Commodity, JD Million

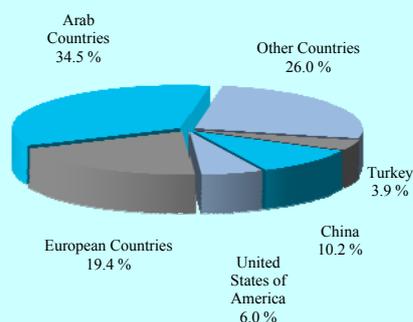
January – April 2012,2013

	2012	2013	Percentage Change
Total Imports	5,069.4	4,982.7	-1.7
Crude oil	881.6	583.4	-33.8
Saudi Arabia	828.1	531.6	-35.8
Petroleum Products	861.1	556.2	-35.4
Singapore	0.0	131.6	-
Saudi Arabia	243.5	99.4	-59.2
Turkey	59.8	80.0	33.8
Transport Equipments and Spare Parts	258.8	311.9	20.5
South Korea	95.4	67.2	-29.6
United States	38.0	67.2	76.8
Japan	28.5	47.4	66.3
Textile Yarn, Fabrics & Related Products	138.1	185.5	34.3
China	57.3	69.3	20.9
Taiwan	31.6	43.8	38.6
Pakistan	3.6	18.9	425.0
Iron & Steel	179.1	179.2	0.1
Ukraine	70.7	39.7	-43.8
China	9.8	20.3	107.1
Saudi Arabia	8.7	17.0	95.4
Plastic & Articles Thereof	137.7	155.5	12.9
Saudi Arabia	72.3	76.6	5.9
China	5.6	11.9	112.5
UAE	6.0	9.2	53.3
Telecommunications Equipment	111.3	138.4	24.3
China	64.2	79.2	23.4
Vietnam	2.1	18.7	790.5
India	18.6	9.5	-48.9

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipments and spare parts”, “Textile yarn, fabrics, made up articles and related products”, “Iron and steel”, “Plastic and Articles thereof”, and “Telecommunications Equipment”, accounted for 42.3 percent of total imports during the first four months of 2013; down from 50.7 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, USA, Italy, Turkey, Germany, and UAE topped the list of imports sources during the first four months of 2013; accounting for 52.6 percent compared to 56.4 percent during the same period of 2012.

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



■ Re-Exports

The value of re-exported goods decreased by JD 2.0 million, 0.7 percent, during the first four months in 2013 compared to the same period in 2012, recording JD 288.1 million.

■ Trade Balance

The trade balance deficit during the first four months in 2013 decreased by JD 69.7 million, 2.1 percent, to register JD 3,174.0 million compared to the same period in 2012.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 30.6 million, 3.1 percent, during the first five months of 2013 compared to the same period of 2012 to register JD 1,018.7 million.

□ Travel

■ Receipts

Travel receipts decreased by JD 34.1 million, 3.5 percent, during the first five months of 2013 compared to the same period of 2012 to register JD 947.2 million, mainly due to the decrease in the number of medical tourists.

■ Payments

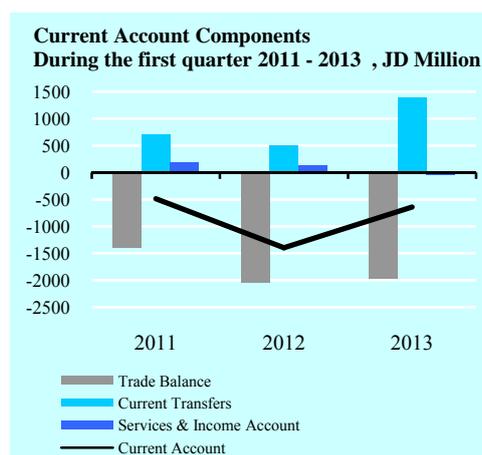
Travel payments decreased by 1.5 percent, during the first five months of 2013 compared to the same period of 2012 to stand at JD 306.3 million.

□ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for the first quarter of 2013 compared to the same quarter of 2012, reveals the following developments:

- The current account recorded a deficit of JD 642.1 million (12.0 percent of GDP) compared to a deficit of JD 1,395.4 (28.6 percent of GDP) million during the first quarter of 2012. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 58.3 million, 2.9 percent, to reach JD 1,978.3 million compared to the first quarter in 2012.



- ◆ An increase in the surplus of the services account by JD 2.9 million to reach JD 100.9 million. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 364.2 million and JD 15.8 million, respectively, and to the recorded deficit of transportation (net) and other services (net) by JD 231.3 million and JD 47.8 million, respectively.
- ◆ Income account recorded a deficit of JD 149.6 million compared to a surplus of JD 34.9 million during the first quarter of 2012, as a result of recording a deficit of JD 199.2 million in investment income (net) and a surplus of JD 49.6 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 876.6 million; to reach JD 1,384.9 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 852.4 million and JD 24.2 million, to reach JD 921.8 million and JD 463.1 million,

respectively, during the first quarter of 2013. It's worth mentioning that the workers' remittances (net) increased by 4.1 percent, during the first quarter of 2013 to record JD 533.4 million.

- The capital and financial account showed a decrease in net foreign assets by JD 272.4 million during the first quarter of 2013 compared to a similar decrease in an amount of JD 1,110.4 million during the first quarter of 2012, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 450.0 million compared to a similar inflow of JD 260.0 million during the first quarter of 2012.
 - ◆ Portfolio investments (net) recorded a net inflow of JD 76.5 million compared to a similar inflow in an amount of JD 120.4 million during the first quarter of 2012.
 - ◆ Other investments (net) registered a net inflow in an amount of JD 991.7 million compared to an outflow amounting to JD 69.0 million during the first quarter of 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 1,246.4 million compared to a decrease amounting to JD 799.0 million during the first quarter of 2012.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in an amount of JD 19,705.0 million at the end of the first quarter of 2013 compared to JD 18,873.7 million at the end of 2012. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 1,424.8 million to reach JD 15,931.0 million at the end of the first quarter of 2013 compared to the end of 2012. This increase was mainly due to the following developments:
 - ◆ An increase in CBJ's reserves by JD 1,222.0 million.
 - ◆ An increase in loans granted by licensed banks to non-residents by JD 41.9 million, to reach JD 895.3 million.
 - ◆ A decrease in the deposits of licensed banks by JD 20.7 million, to reach JD 4,706.4 million.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 2,256.1 million at the end of the first quarter of 2013 compared to the end of 2012; standing at JD 35,636.0 million. This was mainly due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 452.3 million to stand at JD 18,109.6 million.
 - ◆ An increase in the stock of portfolio investments in the Kingdom by JD 213.7 million to reach JD 2,998.8 million. Mainly as a result of the increase in the market value of shares owned by non-residents at Amman stock Exchange (ASE) by JD 153.0 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,474.7 million to reach JD 796.5 million. (an increase of JD 667.1 million at CBJ, and an increase of JD 807.6 million at licensed banks).
 - ◆ An increase in trade credits extended to residents of Jordan by JD 179.4 million, to stand at JD 954.9 million.
 - ◆ A decrease in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 78.3 million to reach JD 5,123.5 million.