



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
March, 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 2.7 percent during 2012 against 2.6 percent during 2011. Latest economic indicators revealed mixed results. Travel receipts, workers' remittances, and deposits at licensed banks recorded significant improvements. On the other hand, current account deficit and net outstanding public debt displayed negative performance.

□ **Output, Prices and Employment**

During 2012, real GDP at market prices grew 2.7 percent compared to 2.6 percent during 2011. Inflation, measured by the Consumer Price Index (CPI) witnessed an increase by 7.2 percent during the first two months of 2013 compared to 3.5 percent during the same period of 2012. Furthermore, the unemployment rate in 2012 declined to 12.2 percent of the total labor force, compared to 12.9 percent in 2011.

□ **Monetary and Financial Sector**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 1,591.1 million (24.0 percent) at the end of February 2013, compared to their level at the end of 2012. Accordingly, it reached US\$ 8,223.7 million which covers around 4.5 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 149.8 million (0.6 percent) at the end of February 2013, compared to its level at the end of 2012, standing at JD 25,094.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 48.7 million, at the end of February 2013, compared to its level at the end of 2012, to reach at JD 17,878.5 million.
- Total deposits at licensed banks increased by JD 429.9 million (1.7 percent) at the end of February 2013, compared to their level at the end of 2012, totaling JD 25,399.5 million. This increase was an outcome of the increase in JD deposits by JD 577.8 million (3.3 percent) and the decrease in foreign currency deposits by JD 147.9 million (2.0 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,042.4 points at the end of February 2013, increasing by 84.8 points or 4.3 percent, compared to its level at the end of 2012.

- **Public Finance:** During the whole year of 2012, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,807.7 million (8.2 percent of GDP) comparing to a fiscal deficit in the amount of JD 1,383.8 million (6.8 percent of GDP) in the preceding year. Net outstanding domestic debt (budgetary and own-budget) increased by JD 2,733.0 million at the end of 2012, comparing to its level at the end of 2011, to stand at JD 11,648.0 million (53.0 percent of GDP). Outstanding external public debt increased by JD 445.6 million at the end of 2012 comparing to its level at the end of 2011 to reach JD 4,932.4 million, (22.5 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 75.5 percent of GDP at the end of 2012.

- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 4.1 percent during January 2013 to reach JD 420.8 million. In addition, merchandize imports decreased by 13.9 percent, totaling JD 1,166.9 million. As a result, the trade deficit declined by 18.6 percent compared to the same month in 2012, to reach JD 746.1million. The preliminary data during the first two months in 2013 compared to the same period in 2012 showed an increase in both travel receipts and travel payments by 1.8 percent and 3.6 percent respectively. Total workers' remittances receipts increased by 4.1 percent compared to its level in the same period of 2012. The balance of payments for 2012 displayed a deficit in the current account in the amount of JD 3,979.1 million, up from JD 2,462.6 million during 2011. Moreover, the Foreign Direct Investment (FDI) recorded net inflow to Jordan by JD 996.1 million during 2012 compared to a net inflow of JD 1,046.2 million during 2011. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 19,135.1 million at the end of 2012 compared to JD 15,242.8 million at the end of 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 1,591.1 million, at the end of February 2013, compared to their level at the end of 2012, to stand at US\$ 8,223.7 million. This level of reserves covers around 4.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 149.8 million, (0.6 percent), at the end of February 2013, compared to its level at the end of the previous year, to total JD 25,094.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 48.7 million, at the end of February 2013, compared to its level at the end of 2012, to stand at JD 17,878.5 million.
- Total deposits at licensed banks increased by JD 429.9 million, (1.7 percent) at the end of February 2013, compared to their level at the end of 2012, to reach JD 25,399.5 million.
- The interest rates on all types of deposits and credit facilities at licensed banks increased at the end of February 2013 compared to their level at the end of 2012.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,042.4 points at the end of February 2013, increasing by 84.8 points (4.3 percent), compared to its level at the end of 2012. Moreover, the market capitalization increased by JD 0.5 billion (2.5 percent), compared to its registered level of 2012, to stand at JD 19.6 billion.

Main Monetary Indicators

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

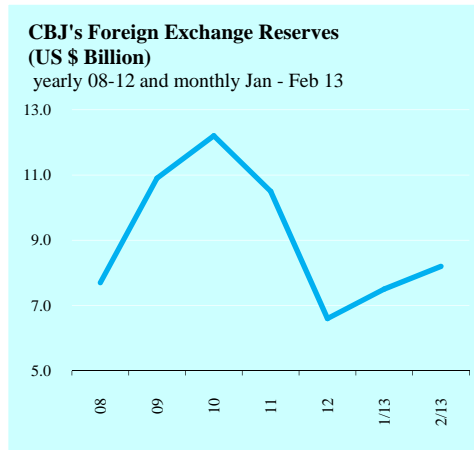
	2012	End of February	
		2012	2013
US\$ 6,632.6	CBJ's Foreign Currency Reserves*	US\$ 9,753.7	US\$ 8,223.7
-37.0%		-7.4%	24.0%
24,945.1	Money Supply (M2)	24,346.4	25,094.9
3.4%		0.9%	0.6%
17,829.8	Credit Facilities, of which:	16,437.1	17,878.5
12.5%		3.7%	0.3%
15,375.6	Private Sector (Resident)	14,535.0	15,412.9
7.6%		1.8%	0.2%
24,969.6	Total Deposits, of which:	24,686.3	25,399.5
2.4%		1.3%	1.7%
17,711.0	In JD	19,118.0	18,288.8
-7.4%		0.0%	3.3%
7,258.6	In Foreign Currencies	5,568.3	7,110.7
38.0%		5.9%	-2.0%
20,387.1	Deposits of Private Sector (Resident), of which:	20,075.6	20,549.3
2.4%		0.9%	0.8%
15,084.3	In JD	16,392.4	15,531.3
-8.6%		-0.7%	3.0%
5,302.8	In Foreign Currencies	3,683.2	5,018.0
56.0%		8.4%	-5.4%

* 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\$ 1,591.1 million (24.0 percent), at the end of February 2013, compared to their level at the end of 2012, to reach US\$ 8,223.7 million. This level of reserves covers around 4.5 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

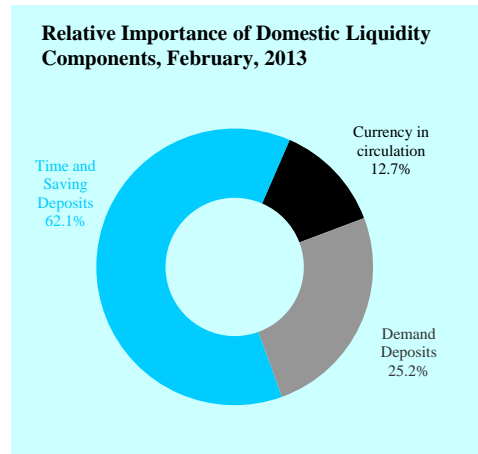
■ Domestic liquidity totaled JD 25,094.9 million at the end of February 2013, increasing by JD 149.8 million, or 0.6 percent, compared to an increase of JD 227.5 million, or 0.9 percent, at the end of the same period of 2012.

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

● Components of Domestic Liquidity

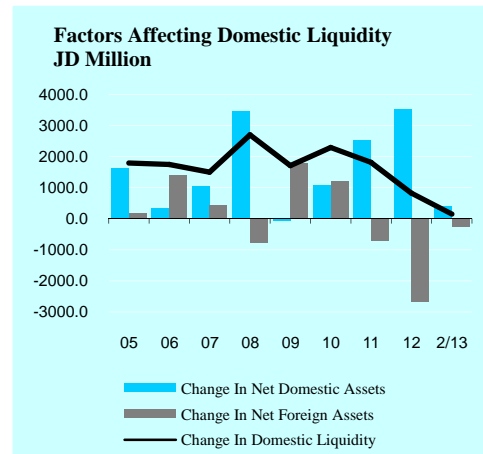
- Deposits increased by JD 168.0 million, or 0.8 percent, at the end of February 2013, compared to their level at the end of 2012, to total JD 21,898.1 million, compared with an increase amounting to JD 259.1 million, or 1.2 percent, at the end of the same period of 2012.

- Currency in circulation decreased by JD 18.2 million, or 0.6 percent, at the end of February 2013, compared to its level at the end of 2012, to reach JD 3,196.8 million, against a decrease in the amount of JD 31.6 million, or 1.0 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 415.8 million, or 2.3 percent, at the end of February 2013, compared to its level at the end of 2012, against an



increase of JD 491.2 million, or 3.3 percent, during the same period of 2012. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 743.1 million, or 3.6 percent, and its decrease at CBJ by JD 327.3 million, or 12.8 percent.

- Net foreign assets of the banking system decreased by JD 266.0 million, or 4.0 percent, at the end of February 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 263.7 million, or 2.8 percent, in the same period of 2012. This decrease was an outcome of the decline of these assets at the licensed banks by JD 587.8 million and its increase at CBJ by JD 321.8 million, or 5.2 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

		End of February	
2012		2012	2013
6,665.5	Foreign Assets (Net)	9,106.4	6,399.5
6,139.7	CBJ	8,733.8	6,461.5
525.8	Licensed Banks	372.6	-62.0
18,279.7	Domestic Assets (Net)	15,240.0	18,695.4
-2,562.7	CBJ, of which:	-5,380.3	-2,890.1
1,567.8	Claims on Public Sector (Net)	436.3	1,215.2
-4,150.5	Other Items (Net*)	-5,836.2	-4,125.2
20,842.4	Licensed Banks	20,620.3	21,585.5
8,377.1	Claims on Public Sector (Net)	7,069.4	8,815.1
15,953.5	Claims on Private Sector	15,164.2	15,987.7
-3,468.2	Other Items (Net)	-1,613.3	-3,217.3
24,945.1	Money Supply (M2)	24,346.4	25,094.9
3,215.0	Currency in Circulation	2,987.7	3,196.8
21,730.1	Total Deposits, of which:	21,358.7	21,898.1
5,395.6	In Foreign Currencies	3,812.5	5,147.4

* 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 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 (%)			
		February	
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	2.75	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

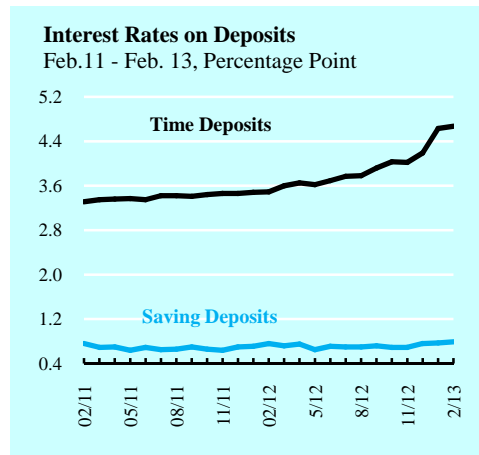
- Re-Discount Rate: 5.00 percent.
 - Interest Rate on Overnight Repurchase Agreements: 4.75 percent.
 - Overnight Window Deposit Rate: 4.00 percent.
- ◆ The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent 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 February 2013 increased by 4 basis points, compared to its level at the previous month to stand at 4.67 percent. This rate is higher by 48 basis points than its level at the end of 2012.

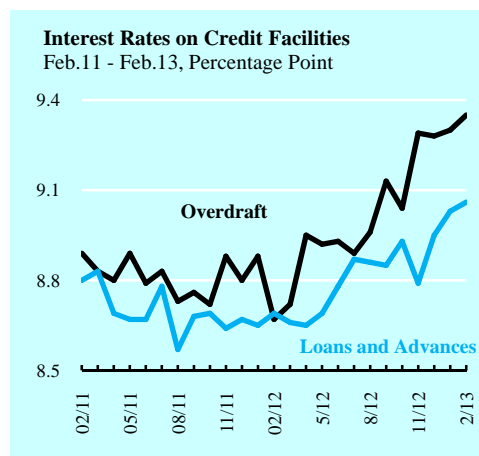
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of February 2013 increased by 2 basis points compared to its level at the end of the previous months to stand at 0.79 percent. This rate is higher than its level at the end of 2012 by 3 basis points.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of February 2013 maintained the same level recorded in the previous month to stand at 0.49 percent. This rate is higher than its level at the end of 2012 by 7 basis points.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of February 2013 increased by 5 basis points compared to its level at the end of the previous months, standing at 9.35 percent. This rate is higher than its level at the end of 2012 by 7 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by 62 basis points at the end of February 2013, compared to its level at the end of the previous month, to stand at 10.25 percent. This rate is higher than its level at the end of 2012 by 66 basis points.

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

		February		Change
		2012	2013	Relative to
				the
				Preceding
				Year
2012				Basis Points
Deposits				
0.42	Demand	0.46	0.49	7
0.76	Saving	0.76	0.79	3
4.19	Time	3.49	4.67	48
Credit Facilities				
9.59	Discounted Bills and Bonds	9.54	10.25	66
8.95	Loans and Advances	8.69	9.06	11
9.28	Overdraft	8.67	9.35	7
8.68	Prime Lending Rate	8.24	8.87	19

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 3 basis

points at the end of February 2013, compared to its level at the end of the previous month. This rate is higher than its level of 2012 by 11 basis points.

- The Prime lending rate stood at 8.87 percent at the end of February 2013, 19 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 37 basis points compared to its level at the end of 2012, to reach 439 basis points at the end of February 2013.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 17,878.5 million at the end of February 2013, increasing by JD 48.7 million, or 0.3 percent, compared to its level at the end of 2012, against an increase in the amount of JD 585.9 million, or 3.7 percent, during the same period in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of February 2013 demonstrates an increase in credit facilities extended to the public services and utilities sector by JD 95.3 million, or 4.7 percent, the mining sector by JD 55.1 million, the general trade sector by JD 46.2 million, or 1.2 percent, and construction sector by JD 34.1 million or 0.9 percent. Meanwhile, the credit facilities extended to the industrial sector, decreased by JD 190.0 million, or 7.1 percent, compared to their levels at the end of 2012.
- The classification of extended credit facilities, according to the borrower, at the end of February 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 37.3 million, or 0.2 percent, and the private sector (non-resident) by JD 6.3 million, or 0.7 percent, compared to their levels at the end of 2012.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 25,399.5 million at the end of February 2013, increasing by JD 429.9 million, or 1.7 percent, compared to its level at the end of 2012, against an increase of JD 308.4 million, or 1.3 percent, during the same period of 2012.
- The increase in total deposits at licensed banks at the end of February 2013 was as a result of the increase in the deposits of the private sector (non-resident) by JD 230.2 million, or 8.8 percent, the private sector (resident) by JD 162.2 million, or 0.8 percent, the public sector (central government plus public institutions) by JD 21.2 million, or 1.2 percent, and the non-banking financial

institutions by JD 16.3 million, or 5.9 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of February 2013 reveal that “deposits in local currencies” increased by JD 577.8 million, or 3.3 percent, and “deposits in the foreign currency” decreased by JD 147.9 million, or 2.0 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 February 2013 compared to the end of 2012. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at the (ASE) totaled JD 213.9 million in February 2013; up by JD 9.3 million, or 4.5 percent, compared to its level at the end of the previous month, against an increase of JD 41.2 million, or 26.1 percent, during the same month in 2012. However, the trading volume totaled JD 418.5 million, during the first two months in 2013 up by JD 62.1 million, or 17.4 percent, compared to the same period of 2012.

■ **Traded Shares**

The number of traded shares in February 2013 totaled 280.7 million; up by 65.8 million shares, or 30.6 percent, compared to its level at the preceding month, against an increase amounting to 28.4 million shares, or 13.9 percent, during the same month of 2012. As for, the number of traded shares during the first two month in 2013 totaled 495.6 million shares, compared to 437.8 million shares traded during the same period of 2012.

■ Share Price Index (SPI)

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) decreased by 3.3 points, or 0.2 percent, at the end of February 2013 compared to its level at the

end of the previous month, to stand at 2,042.4 points, against an increase in the amount of 13.2 points, or 0.7 percent, during the same month of 2012. Further, the first two months in 2013, the SPI increased by 84.8 points, or 4.3 percent, compared to its level at the end of 2012, against a drop in the amount of 35.3 point, or 1.8 percent during the same period in 2012. The above – mentioned up was result of the increase in the SPI for the financial sector by 143.4 points, or 6.1 percent, the services sector by 34.6, or 2.0 percent, and the industrial sector by 34.5 points, or 1.6 percent, compared to their levels at the end of 2012.

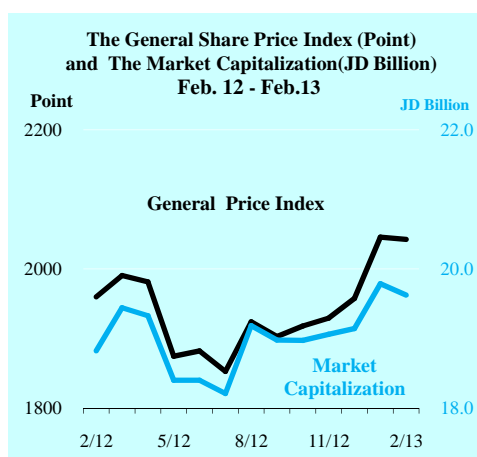
Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector

2012		February	
		2012	2013
1,957.6	General Index	1,959.8	2,042.4
2,363.6	Financial Sector	2,412.3	2,507.0
2,176.6	Industrial Sector	2,128.1	2,211.1
1,651.1	Services Sector	1,636.4	1,685.7

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 19.6 billion at the end of February 2013; a decrease of 0.2 JD billion, or 1.0 percent, compared to its level at the end of the previous month, against a decrease of JD 0.4 billion,



or 2.2 percent, during the same month of 2012. As for, the first two months of 2012, the market capitalization increased by JD 0.5 billion, or 2.5 percent, compared to a decrease totaled JD 0.5 billion, or 2.6 percent, during the same period of 2012.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 4.2 million in February 2013, compared to an outflow of JD 1.3 million during the same month of 2012; the value of shares acquired by non-Jordanian in February 2013 amounted to JD 28.8 million, while the value of shares sold by the same group amounted to JD 24.6 million. However, non-

Main Amman Stock Exchange Trading Indicators, JD Million			
		February	
2012		2012	2013
1,978.8	Value Traded	198.8	213.9
7.9	Average Daily Trading	9.5	10.7
19,141.5	Market Capitalization	18,822.5	19,622.5
2,384.1	No. of Traded Shares (million)	233.1	280.7
37.6	Net Investment of Non-Jordanian	(1.3)	4.2
322.9	Non-Jordanian Buying	19.3	28.8
285.3	Non-Jordanian Selling	20.6	24.6

Source: Amman Stock Exchange.

Jordanian net investment recorded an inflow amounted to JD 11.3 million during the first two months in 2013, compared to an inflow in the amount of JD 3.4 million during the same period of 2012.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.2 percent, during the fourth quarter of 2012, compared to 3.1 percent during the same quarter of 2011. Moreover, GDP at current market prices, grew by 6.4 percent, during the fourth quarter of 2012, compared to 9.6 percent, during the same quarter of 2011.
- As for 2012, both GDP at constant and current market prices, grew by 2.7 percent and 7.3 percent, compared to 2.6 percent and 9.1 percent, during 2011, respectively.
- Inflation, measured by the CPI, increased to 7.2 percent during the first two months of 2013, compared to 3.5 percent during the same period of 2012.
- The unemployment rate went down in 2012, to stand at 12.2 percent of the total labor force (10.4 percent for males and 19.9 percent for females), compared to 12.9 percent of the total labor force (11.0 percent for males and 21.2 percent for females) in 2011. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 15.9 percent.

□ Developments of (GDP)

Despite the continued unfavorable international and regional economic and political conditions. Real GDP grew by 2.7 percent in 2012 compared to 2.6 percent during 2011. When excluding “net taxes on products”, which grew by 3.2 percent, compared to a contraction of 1.1 percent during 2011, GDP at constant basic prices grew by 2.5 percent, compared to 3.3 percent during 2011, which points to the decelerated growth in the productive sectors.

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

	Q 1	Q2	Q3	Q4	Percentages Year
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	2.7
GDP at Current Market Prices	8.0	8.0	6.9	6.4	7.3

Source: Department of Statistics.

GDP at current market prices grew by 7.3 percent compared to 9.1 percent during 2011. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 4.5 percent in 2012 compared to 6.4 percent during 2011.

The main sectors contributed to the economic growth in 2012 are “finance, insurance, real estate and business services” (1.0 percentage point), “wholesale and retail trade, restaurants and hotels” (0.7 percentage point), and “transport, storage and communications” (0.6 percentage point). These sectors collectively accounted for 85.2 percent of real GDP growth in 2012.

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

communications” sectors that grew by 6.8 percent, 6.6 percent, 5.2 percent and 4.1 percent compared to 3.7 percent, 5.1 percent, 3.4 percent and 3.3 percent during 2011, respectively.

While sectors of “manufacturing” and “producers of government services” exhibited a slow performance. They grew by 2.3 percent and 3.0 percent, respectively, against a growth amounting to 4.0 percent and 3.3 percent during 2011, respectively. In contrast, the sectors of “mining and quarrying”, “agriculture” and “construction” experienced a noticeable contraction amounting to 17.1 percent, 9.4 percent and 1.0 percent compared to a growth at 17.7 percent and 3.9 percent, and contract at 4.3 percent, respectively.

■ Microeconomic Indicators

- Industrial production quantity index decline by 3.8 percent during the first month of 2013 against a strong growth amounting to 6.5 percent during the same month of 2012. This can be attributed to the following:
 - “Mining and quarrying” production quantity index decreased by 32.1 percent against a decreased amounting to 1.5 percent



during the same month of 2012. This decrease was mainly attributed to the contraction of production quantity index for potash by 36.6 percent, and phosphate by 26.3 percent; owing to a decline in the global demand.

- Electricity production quantity index decreased by 16.3 percent, compared to an increase amounting to 33.9 percent during the same month of 2012; due to the decline in the demand of industry sectors.
- Manufacturing production quantity index grew by 0.5 percent against a growth amounting to 5.0 percent during the same month of 2012. This came as a result of the improvement in production of some items, mainly; “chemical products” (26.2 percent), and “food products and beverages” (13.8 percent), on one hand, and the decrease in “refined petroleum products” (61.3 percent), “iron and steel” (47.5 percent) and “cement” (35.4 percent) on the other.
- The number of passengers through the Royal Jordanian recorded an decrease of 4.9 percent, during the first two months of 2013, compared to a growth of 26.4 percent during the same period of 2012.
- Cargo through the Royal Jordanian contracted by 11.3 percent, during the first two months of 2013, compared to a slight decrease of 0.6 percent during the same period of 2012.
- Number of departures contracted by 7.4 percent during the first two months of 2013, compared to a decrease amounted to 8.5 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through the Aqaba port recorded a decline of 22.9 percent during the first two months of 2013, compared to an increase of 11.9 percent during the same period of 2012.
- Licensed areas for buildings witnessed a decelerated growth in its performance; grew by 9.7 percent during the first month of 2013, compared to 18.9 percent during the same month of 2012.

Main Sectoral Indicators

Percentages*

2012	Item	Available Period		
		2012		2013
	Industrial Sector			
0.2	Industrial production quantity index	6.5	January	-3.8
1.4	Manufacturing production quantity index	5.0		0.5
3.3	Food products and beverages	-0.5		13.8
9.8	Refined petroleum products	31.3		-61.3
-2.5	Iron and steel	48.5		-47.5
-22.6	Cement, lime and plaster	-8.0		-35.4
-3.7	Chemical products	-17.3		26.2
-16.9	“Mining and quarrying” production quantity index	-1.5		-32.1
-15.3	Phosphate	-1.4		-26.3
-19.0	Potash	-3.5		-36.6
6.5	Electricity production quantity index	33.9		-16.3
8.5	Licensed areas for (residential and non-residential) buildings	18.9		9.7
0.9	Quantities of exported and imported goods shipped through the Aqaba port	11.9		-22.9
-7.7	Number of departures	-8.5		-7.4
5.8	The number of passengers through the Royal Jordanian	26.4	-4.9	
-1.7	Cargo through the Royal Jordanian	-0.6	-11.3	

*Sources:

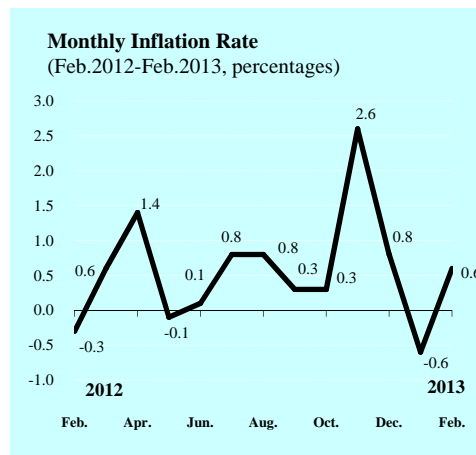
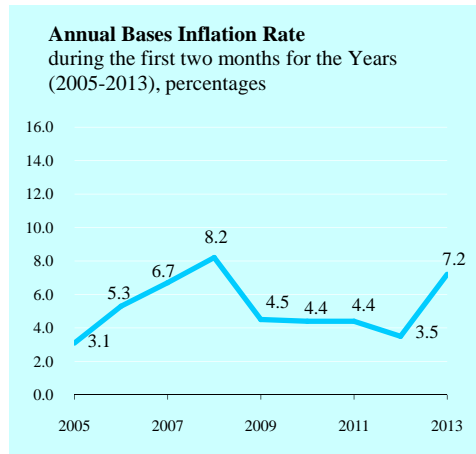
- Monthly Statistical Bulletin / Central Bank of Jordan.

- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during the first two months of 2013, to stand at 7.2 percent, compared to 3.5 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 was affected by the Government's decision of the liberalizing the prices of petroleum products, (that was applied in November 2012). These items collectively contributed to the overall inflation rate by 3.8 percentage points, compared to 0.1 percentage point during the same period in 2012. Furthermore, the CPI was affected by the domestic increase in food prices; influenced by demand and supply factors.

In February 2013, the CPI increase by 0.6 percent compared with January 2013. This was mainly due to the increase in the prices of some items; mainly “fruits”, “Vegetables”, “dairy products and eggs”, in addition “transportation”.



Developments of the CPI basket during the first two 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 5.1 percent compared to an increase of 4.0 percent in the same period of 2012. 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 most of its items, particularly; “vegetables” (20.5 percent), “fruits” (17.4 percent), “meat and poultry” (8.2 percent), and “dairy products and eggs” (5.8 percent), while the prices of “cereals and products”, and “oils and fats” have declined by 1.2 percent, 1.0 percent, respectively.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level for this group increased by 3.6 percent compared to an increase of 6.6 percent during the same 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 7.7 percent and 2.5 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 24.9 percent, compared to a slight increase by 0.3 percent during the same period in 2012, which was affected by the government's decision of the liberalizing the prices of petroleum products. In addition, prices of other items showed a varied increase ranging from 2.5 percent for “rents” and 5.2 percent for “house utensils”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 9.6 percent compared to 3.0 percent during the same period of 2012. Accordingly, this group contributed 2.9 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 20.3 percent, compared to a increase of 0.6 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” (6.5 percent), “recreation” (4.7 percent), and “education” (4.1 percent).

□ Employment

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

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,807.7 million (8.2 percent of GDP) in 2012, comparing to a fiscal deficit in the amount of JD 1,382.8 million, (6.8 percent of GDP) in 2011. Excluding foreign grants (JD 327.1 million), the general budget deficit reaches JD 2,134.8 million compared to a deficit in the amount of JD 2,597.8 million during the same period in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached JD 12,678.0 million (57.7 percent of GDP), at the end of 2012, reflecting a rise amounting to JD 2,682.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 2,733.0 million at the end of 2012, to reach JD 11,648.0 million (53.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 445.6 million at the end of 2012, compared to its level at the end of 2011, to stand at JD 4,932.4 million (22.5 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 16,580.4 million (75.5 percent of GDP) at the end of 2012 compared to JD 13,401.8 million (65.5 percent of GDP) at the end of 2011.

□ The performance of the general budget during 2012 compared with the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 114.3 million, or 26.9 percent, in December 2012 comparing to the same month in 2011 to reach JD 538.7 million. As for the whole year of 2012, these revenues were down by JD 359.5 million, or 6.6 percent, compared to the preceding year to stand at JD 5,054.4 million. This result was driven by the drop in foreign grants by JD 887.9 million, on one hand, and the increase in domestic revenues by JD 528.5 million, on the other.

Main Government Budget Indicators during 2012:

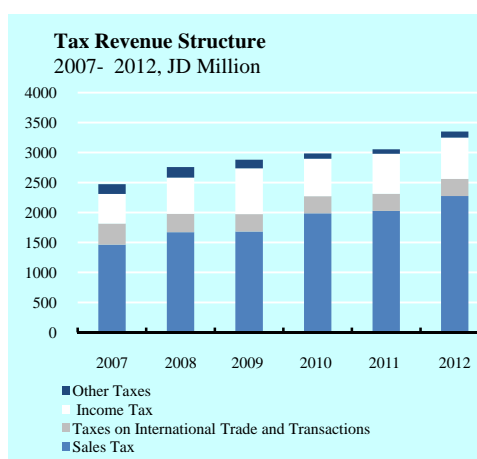
(JD Million and Percentages)

	December		Growth Rate %	Jan. – Dec.		Growth Rate %
	2011	2012		2011	2012	
Total Revenues and Grants	424.4	538.7	26.9	5,413.8	5,054.4	-6.6
Domestic Revenues, of which:	310.7	308.2	-0.8	4,198.8	4,727.3	12.6
Tax Revenues, of which:	231.2	215.0	-7.0	3,062.2	3,351.4	9.4
General Sales Tax	159.6	159.4	-0.1	2,033.2	2,274.7	11.9
Other Revenues, of which:	77.7	90.4	16.3	1,115.9	1,351.6	21.1
Land Registration Fees	14.5	22.2	53.1	147.5	212.4	44.0
Foreign Grants	113.7	230.5	102.7	1,215.0	327.1	-73.1
Total Expenditures	1,061.3	919.2	-13.4	6,796.6	6,862.1	1.0
Overall Deficit/ Surplus	-636.9	-380.5	-	-1,382.8	-1,807.7	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 528.5 million, or 12.6 percent, in 2012 compared to 2011, to reach JD 4,727.3 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues” and “pension contributions” by JD 289.2 million, JD 235.7 million, and JD 3.6 million, respectively.



- **Tax Revenues**

Tax revenues increased by JD 289.2 million, or 9.4 percent, in 2012 compared with 2011, to reach JD 3,351.4 million (70.9 percent of domestic revenues). This increase was driven by:

- The increase in the proceeds of general sales tax on goods and services by JD 241.5 million which reached JD 2,274.7 million. This result was driven by the increase in the proceeds of its most items specifically, the proceeds of “sales tax on domestic goods” , “sales tax on imported goods” and “sales tax on services” which have increased by JD 220.2 million, JD 39.1 million and JD 14.1 million, respectively. However, the proceeds of “sales tax on commercial sector” decreased by JD 31.8 million.
- The increase in the proceeds of “income and profit taxes” by JD 21.0 million or 3.1 percent, which reached JD 688.4 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 37.0 million, and the drop in the proceeds of “income tax from individuals” by JD 16.0 million. Accordingly, income tax from companies accounted for 80.9 percent of total taxes on income and profits to reach JD 556.6 million (of which JD 102.7 million from banks and financial institutions).
- The decrease in the proceeds of “taxes on international trade and transactions” (Customs duties and fees) by JD 1.5 million

or 0.5 percent, which reached JD 285.5 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.

● Other Revenues (Non-Tax Revenues)

“Other revenues” increased by JD 235.7 million, or 21.1 percent, in 2012 to reach JD 1,351.6 million. This increase was an outcome of:

- The rise in property income by JD 80.8 million to stand at JD 332.3 million (of which financial surplus of independent government units amounted to JD 304.4 million).
- The increase in revenues from selling goods and services by JD 82.5 million to stand at JD 682.0 million.
- The increase in miscellaneous revenues by JD 72.4 million to reach JD 337.4 million.

● Pension Contributions

Pension contributions were up by JD 3.6 million in 2012 compared to the preceding year, standing at JD 24.3 million.

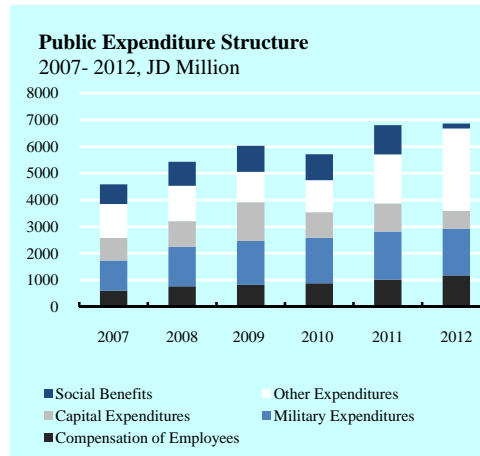
◆ Foreign Grants

Foreign grants were down by JD 887.9 million in 2012 comparing with 2011, standing at JD 327.1 million.

■ **Public Expenditures**

Public expenditures witnessed a drop by JD 142.1 million, or 13.4 percent, in December 2012 compared to the same month in 2011 to stand at JD 919.2 million. Moreover, public expenditures increased by JD 65.5 million, or 1.0 percent

in 2012, to stand at JD 6,862.1 million. This increase was an outcome of the rise in current expenditures by 7.8 percent and the drop in capital expenditures by 36.1 percent.



◆ **Current Expenditures**

Current expenditures increased by JD 446.7 million, or 7.8 percent, during the year 2012, to reach JD 6,186.2 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 162.9 million to reach JD 1,176.4 million.
- The increase in interest payments, on internal and external public debt, by JD 153.2 million to stand at JD 582.7 million.

- The increase in good's subsidies by JD 90.5 million to stand at JD 887.6 million.
- The increase in social benefit expenditures by JD 109.5 million to stand at JD 1,206.9 million.
- The decrease in military expenditures by JD 52.9 million to total JD 1,744.8 million.
- The drop in “purchases of goods and services” by JD 29.2 million to stand at JD 236.2 million.

◆ Capital Expenditures

Capital expenditures decreased by JD 381.2 million, or 36.1 percent during the year 2012 comparing to the year 2011, to reach JD 675.9 million.

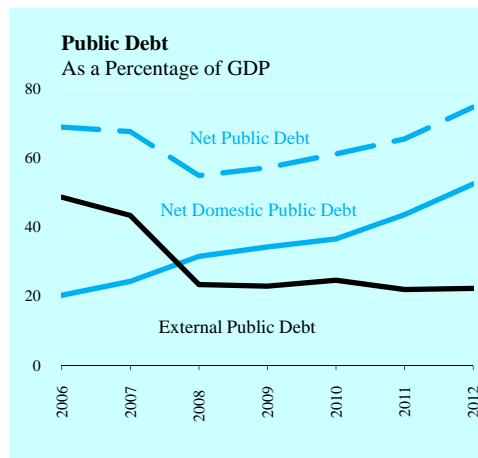
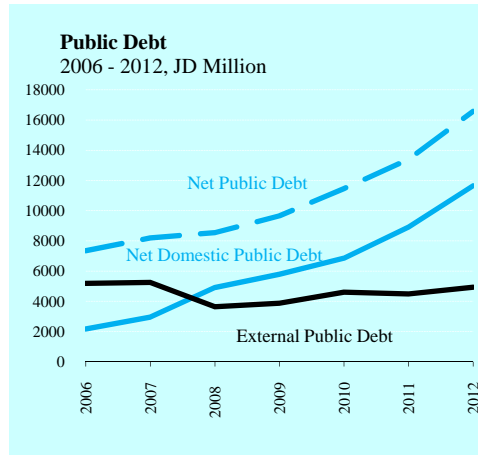
■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,807.7 million (8.2 percent of GDP) during the year 2012, against a fiscal deficit in the amount of JD 1,382.8 million (6.8 percent of GDP) during the year 2011.
- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 1,225.0 million (5.6 percent of GDP) during the year 2012, against a primary deficit of JD 953.3 million (4.7 percent of GDP) during the year 2011.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) has increased by JD 2,682.0 million at the end of 2012 compared to its level at the end of 2011 to reach JD 12,678.0 million, or 57.7 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 1,728.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 954.0 million. This increase in the gross outstanding

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



- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 2,733.0 million at the end of 2012 comparing to its level at the end of 2011 to total JD 11,648.0 million, or 53.0 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 2,682.0 million, and the decline in the government deposits at the banking system by JD 52.0 million comparing to their level at the end of 2011.
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 445.6 million at the end of 2012 compared to its level at the end of 2011, amounting to JD 4,932.4 million (22.5 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 40.3 percent, while debt in Euros accounted for 9.3 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 18.1 percent and 16.8 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 3,178.6 million at the end of 2012 comparing to its level at the end of 2011 to stand at JD 16,580.4 million, or 75.5 percent of GDP, against JD 13,401.8 million (65.5 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP increased by 10.0 percentage points compared to its level at the end of 2011.
- External debt service (budgetary and guaranteed) amounted to JD 558.1 million during the year 2012 (of which interest payments amounting to JD 120.5 million) compared to JD 518.8 million (of which interest payments amounting to JD 120.7 million) during the year 2011.

□ Fiscal and Price Measures

- Adjusting the prices on all oil derivatives, except liquid gas cylinder, as follows:

Oil Derivatives Price Developments				
	Unit	2013		Change %
		March	April	
Unleaded Gasoline 90	Fils/Liter	835.0	800.0	-4.2
Unleaded Gasoline 95	Fils/Liter	1030.0	970.0	-5.8
Gas Oil (Diesel)	Fils/Liter	710.0	665.0	-6.3
Gas Oil/ electricity	Fils/Liter	700.0	665.0	-5.0
Kerosene	Fils/Liter	710.0	665.0	-6.3
Liquid Gas (12.5kg)	JD/Unit	10.0	10.0	0.0
Fuel oil for industry	JD/Ton	506.8	494.2	-2.5
Fuel oil/ electricity	JD/Ton	506.8	494.2	-2.5
Fuel oil for ships	JD/Ton	506.8	494.2	-2.5
Fuel oil for airplanes (local companies)	Fils/Liter	660.0	610.0	-7.6
Fuel oil for airplanes (foreign companies)	Fils/Liter	665.0	615.0	-7.5
Fuel oil for unplanned flights	Fils/Liter	680.0	630.0	-7.4
Asphalt	JD/Ton	542.5	529.2	-2.5

Source: Jordan Petroleum Refinery CO. (1/4/2013).

□ Grants, Loans and Other Agreements

- Signing a financing agreement in the amount of US\$ 65 million with the Kuwaiti government, within its share of GCC grant, to finance the liquified natural gas sea port project in Aqaba (March 2013).
- Signing three financing agreements in a total amount of US\$ 179.4 million with the Saudi Arabian government, within its

share of GCC grant, to finance priority development projects, as follows (February 2013):

- An agreement in the amount of US\$ 42.4 million to finance the project of completing economic development zones' infrastructure.
- An agreement in the amount of US\$ 75.0 million to finance the establishment of Al Shiddiyeh railway.
- An agreement in the amount of US\$ 62.0 million to fund universities and technical community colleges infrastructure development projects.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 4.1 percent in January 2013 compared to its level in the same month of 2012 to record JD 420.8 million.
- **Merchandize imports** decreased by 13.9 percent in January 2012 compared to its level in the same month of 2012 to reach JD 1,166.9 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 18.6 percent in January 2013 compared to the same month in 2012 standing at JD 746.1 million.
- **Travel receipts and payments** increased during the first two months of 2013 compared to its level in the same period of 2012 by 1.8 and 3.6 percent to record JD 345.8 million and JD 120.1 million respectively.
- **Total workers' remittances receipts** increased by 4.1 percent during the first two months of 2013 compared to their level in the same period in 2012 to reach JD 374.7 million.
- **The current account of the balance of payments** registered a deficit of JD 3,979.1 million during 2012 compared to a deficit of JD 2,462.6 million in 2011.
- **Net FDI inflows** recorded JD 996.1 million during 2012, down from JD 1,046.2 million during 2011.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 19,135.1 million at the end of 2012; an increase of JD 3,892.3 million over its level at the end of 2011.

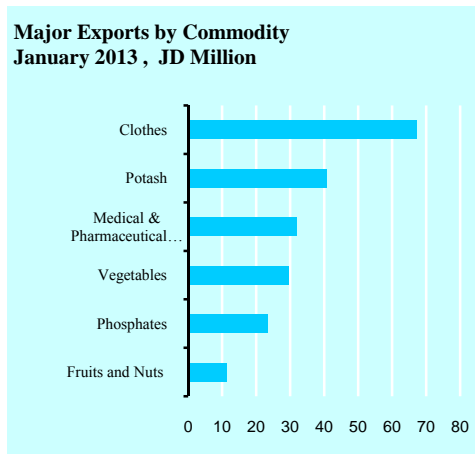
□ External Trade

- As a result of the decrease in domestic exports by JD 22.8 million and the decrease in imports by JD 188.1 million, during January 2013, the volume of external trade (domestic exports *plus* imports) decreased by JD 210.9 million to stand at JD 1,513.3 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
Jan				Jan				
	2012	2013	Percentage Change		2012	Percentage Change 2010/2011	2013	Percentage Change 2011/2012
Exports				External Trade	1,724.2	22.2	1,513.3	-12.2
United States	62.6	68.9	10.1	Total Exports	438.8	-4.4	420.8	-4.1
Iraq	40.0	54.6	36.5	Domestic Exports	369.2	-3.8	346.4	-6.2
Saudi Arabia	26.3	38.9	47.9	Re-exports	69.6	-7.6	74.4	6.9
India	29.1	27.0	-7.2	Imports	1,355.0	32.0	1,166.9	-13.9
Syria	18.3	17.2	-6.0	Trade Balance	-916.2	61.4	-746.1	-18.6
Indonesia	22.8	13.9	-39.0	Source: Department of Statistics.				
UAE	9.6	13.9	44.8					
Imports								
Saudi Arabia	375.4	281.9	-24.9					
China	108.1	118.5	9.6					
Italy	33.0	108.5	228.8					
United States	81.2	72.8	-10.3					
Germany	57.8	51.0	-11.8					
Egypt	47.9	44.8	-6.5					
India	54.9	32.2	-41.4					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports decreased by 4.1 percent during January 2013 compared to a 4.4 percent decrease during the same month in 2012, to record JD 420.8 million.



This decline resulted from a decrease in domestic exports by JD 22.8 million, 6.2 percent, to reach JD 346.4 million, and an increase in re-exports by JD 4.8 million, 6.9 percent, to reach JD 74.4 million.

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

- Exports of **potash** decreased by JD 17.9 million, 30.6 percent, to stand at JD 40.7 million. The Indonesian, Malaysian and Taiwanese markets accounted for 73.5 percent of these exports.

- Exports of **medical and pharmaceutical products** increased by JD 12.7 million, 66.6 percent, to reach JD 31.8 million, compared to a decrease of 21.3 percent during the same month in 2012. The Saudi, Yemeni, UAE and Sudanese Markets accounted for 52.2 percent of these exports.
- Exports of **vegetables** decreased by JD 9.9 million, 25.2 percent, to total JD 29.6 million, compared to a decrease of 29.7 percent during the same month in 2012. The Syrian, UAE and Lebanese markets were the main destinations of these exports accounting for 63.9 percent.

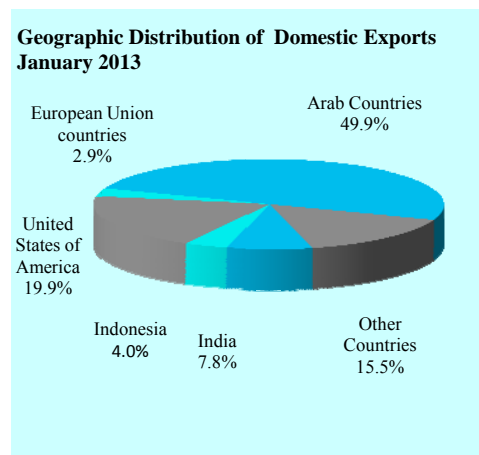
Major Domestic Exports by Commodity, JD Million
January 2012,2013

	2012	2013	Percentage Change
Domestic Exports	369.2	346.4	-6.2
Clothes	61.3	67.1	9.5
United States	57.9	62.9	8.6
Phosphates	58.5	40.7	-30.4
Indonesia	11.2	13.9	24.2
Malaysia	-	11.9	-
Taiwan	-	4.1	-
Medical & Pharmaceutical Products	19.1	31.8	66.6
Saudi Arabia	5.5	6.1	9.9
Yemen	0.7	3.7	-
UAE	1.1	3.7	-
Sudan	1.3	3.1	133.8
Vegetables	39.5	29.6	-25.2
Syria	13.8	13.3	-3.8
UAE	3.1	3.2	3.3
Lebanon	2.1	2.4	15.9
phosphates	47.2	23.5	-50.2
India	25.1	23.5	-6.4
Fruits and Nuts	0.7	11.4	-
Iraq	-	10.3	-

Source: Department of Statistics.

- Exports of **phosphates** decreased by JD 23.7 million, 50.2 percent, to register JD 23.5 million, compared to an increase of 50.4 percent during the same month in 2012. This decline was mainly due to decrease in exported quantities by 51.4 percent and the increase in prices by 2.6 percent. It is worth noting that the Indian market was the main destination for these exports during January 2013

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

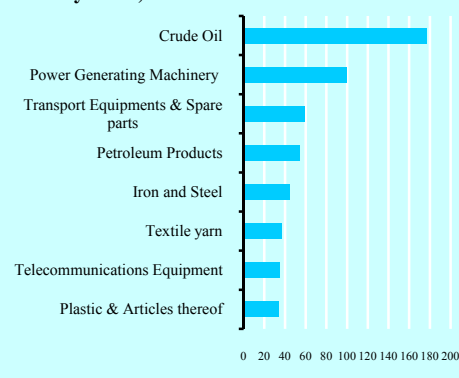


products”, vegetables, phosphates, and “fruits and nuts” topped the list of domestic exports during January 2013 accounting for 58.9 percent of domestic exports down from 61.3 percent during January 2012. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, India, Syria, Indonesia and UAE, were the main destination markets for Jordanian domestic exports during January 2013; accounting for 67.7 percent of domestic exports, up from 56.5 percent during January 2012.

■ **Merchandize Imports:**

Merchandize imports amounted to JD 1,166.9 million during January 2013, decreasing by JD 188.1 million, 13.9 percent, compared to an increase by 32.0 percent during the same month in 2012.

**Major Imports by Commodity
January 2013 , JD Million**



◆ **The developments of imports during January 2013 compared with the same month in 2012 reveals the following:**

- **Petroleum products** imports decreased by JD 143.5 million, 72.4 percent, to total JD 54.6 million compared to an increase of 221.6 percent during the same month in 2012. This decrease was mainly attributable to the decrease in diesel and fuel oil imports. The main source markets of these imports were Saudi Arabia, Italy and UAE.
- **Crude oil** imports decreased by JD 75.0 million, 29.7 percent, to reach JD 177.5 million, compared to a rise by 71.9 percent during the same month in 2012. This decrease was attributed to the decline in the prices of oil by 3.5 percent and the decline in imported quantities by 27.2 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.

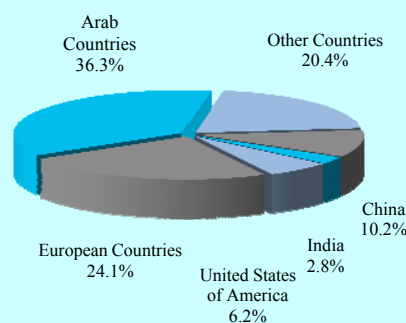
- Imports of **Transport equipments and Spare Parts** decreased by JD 11.1 million, 15.7 percent, to reach JD 59.4 million compared to a decrease by 23.2 percent during January 2012. South Korea, the USA and Germany were the main origin markets for these imports; accounting for 61.0 percent of these imports.
- Imports of **Iron & Steel** decreased by JD 10.9 million, 19.5 percent to reach JD 44.9 million, compared to a decrease of 13.2 percent during 2011. The markets of Ukraine, China and Syria accounted for 52.6 percent of these imports.

Major Imports by Commodity, JD Million			
January 2012,2013			
	2012	2013	Percentage Change
Total Imports	1,355.0	1,166.9	-13.9
Crude Oil	252.5	177.5	-29.7
Saudi Arabia	238.0	155.0	-34.9
Power Generating Machinery	15.4	99.5	546.1
Italy	0.9	61.6	-
Finland	-	20.8	-
Germany	4.5	9.7	115.6
Transport Equipments and Spare Parts	70.5	59.4	-15.7
South Korea	27.3	15.5	-43.2
United States	10.2	11.0	7.4
Germany	12.2	9.8	-19.9
Petroleum Products	198.1	54.6	-72.4
Saudi Arabia	31.1	29.6	-4.8
Italy	-	23.7	-
United Arab Emirates	1.1	0.6	-45.5
Iron & Steel	55.8	44.9	-19.5
Ukraine	22.8	9.7	-57.5
China	2.5	9.6	284.0
Syria	1.3	4.3	230.8
Textile Yarn, Fabrics & Related Products	39.7	37.1	-6.5
China	17.8	15.3	-14.0
Taiwan	10.2	7.8	-23.5
Turkey	2.2	2.8	27.3
Telecommunications Equipment	19.4	35.4	82.5
China	8.4	15.9	89.3
Sweden	-	5.8	-
Vietnam	0.2	3.8	1800
Plastic & Articles Thereof	36.4	33.7	-7.4
Saudi Arabia	20.2	17.1	-15.3
China	1.7	3.6	111.8
United Arab Emirates	0.9	2.4	166.7

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that the main imports were crude oil, “power generating machinery and equipment” “transport equipments and spare parts”, petroleum products, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Telecommunications apparatus and equipment” and “Plastic and Articles thereof” and accounted for 46.5 percent of total imports during January 2013; down from 50.8 percent during January 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, Italy, the USA, Germany, Egypt and India topped the list of imports sources during January 2013; accounting for 60.8 percent compared to 56.0 percent during January 2012.

**Geographic Distribution of Imports
January 2013**



■ Re-Exports

The value of re-exported goods increased by JD 4.8 million, 6.9 percent, during January 2013 compared to 2011, recording JD 74.4 million.

■ Trade Balance

The trade balance deficit during January 2013 decreased by JD 170.1 million, 18.6 percent, to register JD 746.1 million compared to the same month in 2012.

☐ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 14.9 million, 4.1 percent, during the first two months in 2013 compared to the same period in 2012 to register JD 374.7 million.

☐ Travel

■ Receipts

Travel receipts increased by JD 6.0 million, 1.8 percent, during the first two months in 2013 compared to the same period in 2012 to register JD 345.8 million.

■ Payments

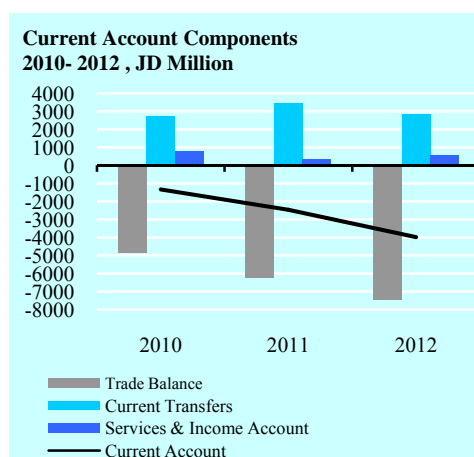
Travel payments increased by 3.6 percent, during the first two months in 2013 compared to the same period in 2012 to stand at JD 120.1 million.

☐ Balance of Payments

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

- The current account recorded a deficit of JD 3,979.1 million (18.1 percent of GDP) compared to a deficit of JD 2,462.6 (12.0 percent of GDP) million during 2011. This was an outcome of the following developments:

- ◆ An expansion in the trade balance deficit by JD 1,187.1 million, 19.0 percent, to reach JD 7,448.8 million compared to 2011.



- ◆ Services account recorded a surplus of JD 814.9 million,

compared to a surplus of JD 472.0 million during 2011. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 1,644.6 million and JD 161.6 million, respectively, and to the recorded deficit of transportation (net) and other services (net) by JD 848.9 million and JD 142.4 million, respectively.

- ◆ Income account recorded a deficit of JD 213.7 million compared to a deficit of JD 127.6 million in 2011, as a result of recording a deficit of JD 485.2 million in investment income (net) and a surplus of JD 271.5 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 586.2 million; to reach JD 2,868.5 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 383.8 million and JD 202.4 million, to reach JD 1,048.1 million and JD 1,820.4

million, respectively, during 2012. It's worth mentioning that the workers' remittances (net) increased by 4.5 percent, during 2012 to record 1,960.6.

- The capital and financial account with the rest of the world showed a decrease in net foreign assets by JD 3,944.7 million during 2012 compared to a similar decrease in an amount of JD 2,382.4 million during 2011, this can be attributed to the following:
 - ◆ A decrease in the reserve assets of the CBJ by JD 2,337.3 million compared to a decrease amounting to JD 1,172.3 million during 2011.
 - ◆ FDI in the Kingdom recorded a net inflow of JD 996.1 million compared to a similar inflow of JD 1,046.2 million during 2011.
 - ◆ Other investments (net) registered a net inflow in an amount of JD 406.8 million compared to an outflow amounting to JD 22.7 million during 2011.
 - ◆ Portfolio investments (net) recorded a net inflow of JD 206.5 million compared to a similar inflow in an amount of JD 208.5 million during the same period in 2011.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in an amount of JD 19,135.1 million at the end of 2012 compared to JD 15,242.8 million at the end of 2011. 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 1,763.0 million to reach JD 14,506.2 million at the end of 2012 compared to the end of 2011. This increase was mainly a result of the decrease in CBJ's reserve assets by JD 2,331.5 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 2,129.0 million at the end of 2012 compared to the end of 2011; standing at JD 33,641.3 million. This was mainly due to the following:
 - ◆ An increase in the stock of foreign direct investment (FDI) in Jordan by JD 996.1 million to stand at JD 17,590.3 million.
 - ◆ An increase in trade credits extended to residents of Jordan from outside by JD 349.5 million, to stand at JD 1,103.9 million.
 - ◆ An increase in loans on all economic sectors (resident) in the kingdom by JD 627.3 million. This mainly resulted from the increase in CBJ loans (IMF credits and loans), general government loans and other sector loans by JD 230.0 million, JD 54.1 and JD 348.4 million respectively.
 - ◆ An increase in the deposits of non-residents at the Jordanian commercial banks by JD 32.2 million. This was due to the increase of non-resident deposits at CBJ by JD 503.3 million to reach JD 612.9 million and to the decrease of non-resident deposits at commercial banks by 471.1 million to reach JD 5,527.2 million.
 - ◆ A decrease in the stock of portfolio investments in the Kingdom by JD 16.1 million to reach JD 2,785.1 million.