



Central Bank of Jordan

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

**Research Dept. Monthly Report  
December, 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

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

The data published in this report are considered actual, final and consistent with those received by the Central Bank of Jordan (CBJ) from their original sources, unless otherwise explicitly indicated in the context of this report. Nonetheless, the nature of some data should be taken into account in this regard, such as the foreign direct investment (FDI) data in the balance of payments, which are based on a Flows concept during a specific period of time, but not on a Stocks concept, which is measured at a specific point of time. Accordingly, the quarterly data of such investments should be studied carefully, and analyzed on an annual basis, and then compared to their level in previous years.

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### Executive Summary

#### □ Output, Prices and Employment

In the first three quarters of 2013, real GDP at market prices, grew by 2.8 percent, maintaining its growth rate during the same period of 2012. Inflation, measured by the Consumer Price Index (CPI), witnessed an increase by 5.8 percent during the first eleven months of 2013 compared to 4.5 percent during the same period of 2012. Furthermore, the unemployment rate during the third quarter of 2013 increased to 14.0 percent compared to 13.1 percent during the same quarter of 2012.

#### □ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) reached US\$ 12,053.7 million at the end of November 2013, with an increase of US\$ 5,421.1 million (81.7 percent) compared to its level at the end of 2012. This level of reserves covers around 6.3 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 2,461.4 million (9.9 percent) at the end of November 2013 compared to its level at the end of 2012, to stand at JD 27,406.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 959.2 million (5.4 percent) at the end of November 2013 compared to its level at the end of 2012, to reach JD 18,789.0 million.
- Total deposits at licensed banks increased by JD 2,643.9 million (10.6 percent) at the end of November 2013, compared to its level at the end of 2012, totaling JD 27,613.5 million. This increase was an outcome of the increase in JD deposits by JD 3,228.9 million (18.2 percent) and the decrease in foreign currency deposits by JD 585.0 million (8.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,022.6 points at the end of November 2013, increasing by 65.0 points, or 3.3 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first ten months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 897.5 million compared to a fiscal deficit in the amount of JD 1,161.1 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 779.0 million at the end of October 2013, compared to its level at the end of 2012, to stand at JD 12,427.0 million (51.8 percent of GDP). Outstanding external public debt increased by JD 1,218.5 million at the end of October 2013 compared to its level at the end of 2012 to reach JD 6,150.9 million, (25.6 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 77.4 percent of GDP at the end of October 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 0.5 percent during the first ten months of 2013 to reach JD 4,666.2 million. In contrast, merchandize imports increased by 7.4 percent, totaling JD 13,026.7 million. As a result, the trade deficit increased by 12.3 percent compared to the same period in 2012, to reach JD 8,360.5 million. The preliminary data during the first eleven months of 2013 compared to the same period in 2012 showed a decrease in travel receipts by 4.2 percent due to the decline in the inbound medical tourism and a similar decline in travel payments by 4.3 percent. In contrast, total workers' remittances receipts increased by 3.9 percent compared to their level in the same period of 2012. The balance of payments during the first three quarters of 2013 displayed a deficit in the current account amounting to JD 2,112.7 million, (12.1 percent of GDP) down from JD 3,439.1 million (21.4 percent of GDP) during the same period in 2012. Moreover, Net Direct Investment recorded an inflow of JD 1,041.2 million during the first three quarters of 2013 compared to a net inflow of JD 866.9 million during the same period in 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 20,136.8 million at the end of September 2013 compared to JD 18,883.7 million at the end of December 2012.



## First: Monetary and Financial Sector

### □ Summary

- The foreign currency reserves at the CBJ increased by US\$ 5,421.1 million (81.7 percent) at the end of November 2013, compared to their level at the end of 2012, to stand at US\$ 12,053.7 million. This level of reserves covers around 6.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 2,461.4 million, (9.9 percent), at the end of November 2013, compared to its level at the end of the previous year, to total JD 27,406.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 959.2 million, (5.4 percent) at the end of November 2013, compared to its level at the end of 2012, to stand at JD 18,789.0 million.
- Total deposits at licensed banks increased by JD 2,643.9 million, (10.6 percent), at the end of November 2013, compared to its level at the end of 2012, to reach JD 27,613.5 million.
- The interest rates on deposits and credit facilities at licensed banks decreased at the end of November 2013 compared to the previous month except interest rate on time deposits which increased. As compared to their levels at the end of 2012, the interest rates on deposits increased except demand deposits, meanwhile, interest rates on credit facilities decreased with the exception of "overdraft" credit facilities which increased compared to its 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 2,022.6 points at the end of November 2013, increasing by 65.0 points (3.3 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 1.2 billion (6.2 percent), compared to its registered level of 2012, to stand at JD 18.0 billion.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

		End of November	
2012		2012	2013
US\$ 6,632.6	CBJ's Foreign Currency Reserves*	US\$ 6,314.5	US\$ 12,053.7
-37.0%		-40.0%	81.7%
24,945.1	Money Supply (M2)	25,032.4	27,406.5
3.4%		3.8%	9.9%
17,829.8	Credit Facilities, of which:	17,529.7	18,789.0
12.5%		10.6%	5.4%
15,375.6	Private Sector (Resident)	15,237.7	16,448.9
7.6%		6.7%	7.0%
24,969.6	Total Deposits, of which:	24,998.5	27,613.5
2.4%		2.5%	10.6%
17,711.0	In JD	17,669.1	20,939.9
-7.4%		-7.6%	18.2%
7,258.6	In Foreign Currencies	7,329.4	6,673.6
38.0%		39.4%	-8.1%
20,387.1	Deposits of Private Sector (Resident), of which:	20,477.9	22,199.6
2.4%		2.9%	8.9%
15,084.3	In JD	15,071.9	17,563.4
-8.6%		-8.7%	16.4%
5,302.8	In Foreign Currencies	5,406.0	4,636.2
56.0%		59.1%	-12.6%

\* 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\$ 5,421.1 million (81.7 percent), at the end of November 2013, compared to their level at the end of 2012, to reach US\$ 12,053.7 million. This level of reserves covers around 6.3 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

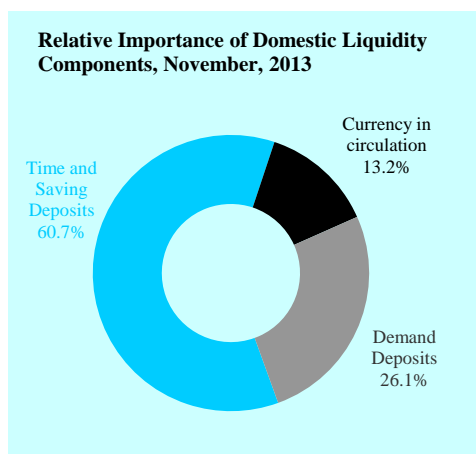
■ Domestic liquidity totaled JD 27,406.5 million at the end of November 2013, increasing by JD 2,461.4 million, or 9.9 percent, compared to an increase of JD 913.5 million, or 3.8 percent, during the same period of 2012.

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

#### ● Components of Domestic Liquidity

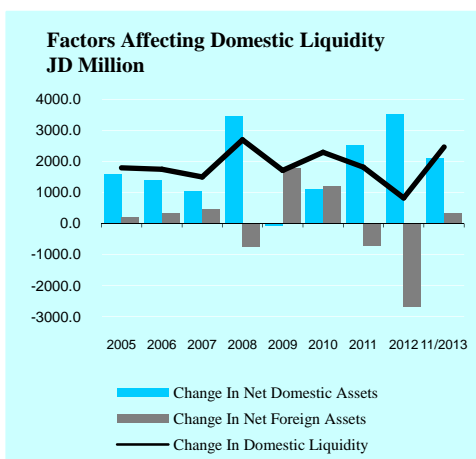
- Deposits increased by JD 2,051.9 million, or 9.4 percent, at the end of November 2013, compared to their level at the end of 2012, to total JD 23,782.0 million, compared with an increase amounting to JD 682.2 million, or 3.2 percent, during the same period of 2012.

- Currency in circulation increased by JD 409.5 million, or 12.7 percent, at the end of November 2013, compared to its level at the end of 2012, to reach JD 3,624.5 million, against an increase in the amount of JD 231.3 million, or 7.7 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 2,109.4 million, or 11.5 percent, at the end of November 2013, compared to its level at the end of 2012, against an increase of JD 3,280.0 million, or 22.2 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 4,213.6 million, or 20.2 percent, and the decrease in net domestic assets of the CBJ by JD 2,104.2 million, or 82.1 percent.



- Net foreign assets of the banking system increased by JD 352.0 million, or 5.3 percent, at the end of November 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 2,366.6 million, or 25.3 percent, in the same period in 2012. This increase was an outcome of the increase of net foreign assets of the CBJ by JD 2,469.9 million or 40.2 percent, and the decrease of net foreign assets of the licensed banks by JD 2,117.9 million.

#### Factors Affecting Domestic Liquidity (M2) JD Million

2012		End of November	
		2012	2013
<b>6,665.5</b>	<b>Foreign Assets (Net)</b>	<b>7,003.5</b>	<b>7,017.5</b>
6,139.7	CBJ	6,311.1	8,609.6
525.8	Licensed Banks	692.4	-1,592.1
<b>18,279.7</b>	<b>Domestic Assets (Net)</b>	<b>18,028.8</b>	<b>20,389.0</b>
-2,562.7	CBJ, of which:	-2,673.0	-4,667.0
1,567.8	Claims on Public Sector (Net)	1,401.7	886.6
-4,150.5	Other Items (Net*)	-4,094.5	-5,574.0
20,842.4	Licensed Banks	20,701.8	25,056.0
8,377.1	Claims on Public Sector (Net)	8,270.2	9,943.2
15,953.5	Claims on Private Sector	15,802.5	17,102.3
-3,468.2	Other Items (Net)	-3,370.9	-1,989.5
<b>24,945.1</b>	<b>Money Supply (M2)</b>	<b>25,032.4</b>	<b>27,406.5</b>
<b>3,215.0</b>	<b>Currency in Circulation</b>	<b>3,250.6</b>	<b>3,624.5</b>
<b>21,730.1</b>	<b>Total Deposits, of which:</b>	<b>21,781.8</b>	<b>23,782.0</b>
5,395.6	In Foreign Currencies	5,542.0	4,731.2

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

◆ On October 22<sup>th</sup>, 2013, the CBJ decreased the interest rate on all monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:

**Interest Rates on Monetary Policy Instruments (%)**

		November	
2012		2012	2013
5.00	Re-discount Rate	5.00	4.50
4.75	Repurchase Agreements Rate (overnight)	4.75	4.25
4.00	Overnight Deposit Window Rate	3.25	3.50
4.25	Repurchase Agreements rate (one week)	3.75	3.75
4.25	Repurchase Agreements rate (one month)	-	3.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

● **Re-Discount Rate:** 4.50 percent.

● **Interest Rate on Overnight Repurchase Agreements:** 4.25 percent.

● **Overnight Deposit Window Rate:** 3.50 percent.

● The interest rate on the last repurchases for both one week and one month maturities was 3.75 percent.

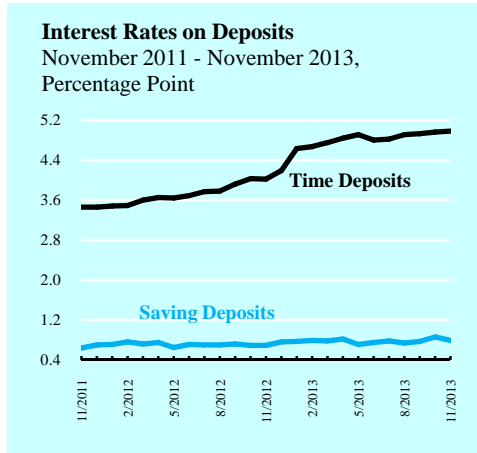
◆ This decision aims at increasing credit to the private sector, as well as promoting investments to support the growth of the economy.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

● **Time Deposits:** The weighted average interest rate on time deposits at the end of November 2013 increased by 2 basis points, compared to its level at the end of the previous month to stand at 4.98 percent. This rate is higher by 79 basis points than its level at the end of 2012.

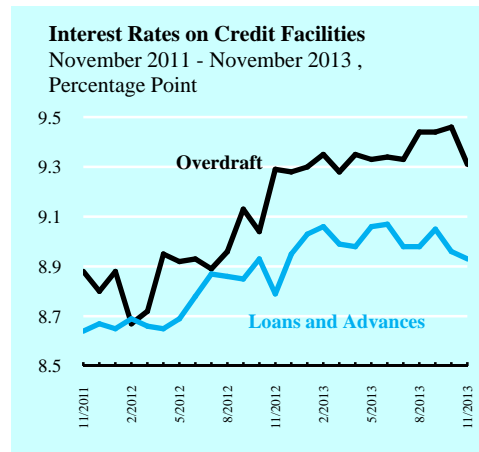
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of November 2013 decreased by 7 basis points compared to its level at the end of the previous month to stand at 0.79 percent. This rate is higher than its level at the end of 2012 by 3 basis point.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of November 2013 decreased by 2 basis points compared to the level recorded in the previous month to stand at 0.36 percent. This rate is lower by 6 basis points than the level recorded at the end of 2012.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of November 2013 decreased by 15 basis points compared to its level at the previous month to stand at 9.31 percent. This rate is higher than its level at the end of 2012 by 3 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 17 basis points at the end of November 2013, compared to its level at the end of the previous month, to stand at 9.31 percent. This rate is lower than its level at the end of 2012 by 28 basis points.

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

2012		November		Change Relative to the Preceding Year Basis Points
		2012	2013	
<b>Deposits</b>				
0.42	Demand	0.45	0.36	-6
0.76	Saving	0.69	0.79	3
4.19	Time	4.02	4.98	79
<b>Credit Facilities</b>				
9.59	Discounted Bills and Bonds	9.21	9.31	-28
8.95	Loans and Advances	8.79	8.93	-2
9.28	Overdraft	9.29	9.31	3
8.68	Prime Lending Rate	8.42	8.85	17

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances”

decreased by 3 basis points at the end of November 2013, compared to its level at the end of the previous month, to stand at 8.93 percent. This rate is lower than its level of 2012 by two basis points.

- The Prime lending rate stood at 8.85 percent at the end of November 2013, 17 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 81 basis points compared to its level at the end of 2012, to reach 395 basis points at the end of November 2013.

#### □ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,789.0 million at the end of November 2013, increasing by JD 959.2 million, or 5.4 percent, compared to its level at the end of 2012, against an increase in the amount of JD 1,678.5 million, or 10.6 percent, during the same period in 2012.



- The classification of extended credit facilities, according to economic activity, at the end of November 2013 demonstrates an increase in credit facilities extended to the construction sector and credit facilities classified as "other", which generally represents credit facilities extended to individuals, by JD 402.1 million, or 10.9 percent, and JD 239.4 million or 6.3 percent, respectively. In addition, credit facilities extended to the industrial, general trade and mining sectors increased by JD 135.6 million, JD 130.8 million and JD 102.4 million, respectively. Meanwhile, the credit facilities extended to the public services and utilities sector decreased by JD 59.9 million, or 2.8 percent compared to their levels at the end of 2012.
  - The classification of extended credit facilities, according to the borrower, at the end of November 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 1,073.3 million, or 7.0 percent, and the non-banking financial institutions by JD 1.0 million, or 11.0 percent. In addition, the credit facilities extended to the central government decreased by JD 59.0 million or 4.8 percent, as well as those extended to the public institutions and private sector (non-resident) which decreased by JD 28.8 million or 8.1 percent, and JD 27.3 million or 3.2 percent, respectively, compared to their level at the end of 2012.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 27,613.5 million at the end of November 2013, increasing by JD 2,643.9 million, or 10.6 percent, compared to its level at the end of 2012, against an increase of JD 620.6 million, or 2.5 percent, during the same period of 2012.
  - The increase in total deposits at licensed banks at the end of November 2013 was a result of the increase in the deposits of the private sector (resident) by JD 1,812.5 million, or 8.9 percent, the private sector (non-resident) by JD 473.0 million, or 18.1 percent, the public sector (central government *plus* public institutions) by

JD 340.0 million, or 20.0 percent, and the non-banking financial institutions by JD 18.4 million, or 6.7 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of November 2013 reveal that “deposits in the local currency” increased by JD 3,228.9 million, or 18.2 percent, and “deposits in the foreign currency” decreased by JD 585.0 million, or 8.1 percent, compared to their levels at the end of 2012.

#### □ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a variation in the performance of its key indicators at the end of November 2013 compared to the end of 2012. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at the (ASE) totaled JD 170.5 million in November 2013; up by JD 22.9 million, or 15.5 percent, compared to its level at the end of the previous month, against a decrease of JD 5.8 million, or 3.7 percent, during the same month in 2012. However, the trading volume totaled JD 2,817.6 million during the first eleven months of 2013, up by JD 1,036.4 million, compared to the same period of 2012.

##### ■ Traded Shares

The number of traded shares in November 2013 totaled 193.4 million shares; up by 39.2 million shares, or 25.4 percent, compared to its level at the end of preceding month, against an increase amounting to 31.7 million shares, or 20.7 percent, during the same month of 2012. As end of November 2013, the number of traded shares totaled 2,526.8 million shares, compared to 2,178.0 million shares traded during the same period of 2012, increasing by 348.8 million shares or 16.0 percent.

**Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 53.3 points, or 2.7 percent, at the end of November 2013 compared to its level at the

end of the previous month, to stand at 2,022.6 points, against an increase in the amount of 11.4 points, or 0.6 percent, during the same month of 2012. As end of November 2013, the SPI increased by 65.0 points, or 3.3 percent, compared to its level at the end of 2012, against a drop in the amount of 65.8 points, or 3.3 percent during the same period in 2012. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 284.9 points, or 12.1 percent, and the decrease of industrial and services sectors by 224.3 points, or 10.3 percent and 43.3 points, or 2.6 percents respectively, compared to its levels at the end of 2012.

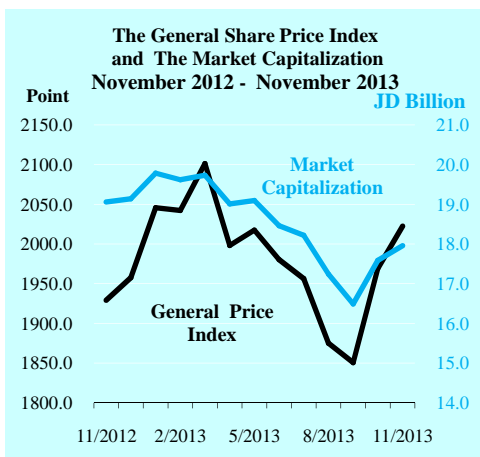
**Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector**

		November	
2012		2012	2013
1,957.6	<b>General Index</b>	1,929.3	2,022.6
2,363.6	Financial Sector	2,320.4	2,648.5
2,176.6	Industrial Sector	2,178.0	1,952.3
1,651.1	Services Sector	1,621.0	1,607.8

Source: Amman Stock Exchange.

**Market Capitalization**

The ASE's market capitalization totaled JD 18.0 billion at the end of November 2013; an increase of JD 371.4 million, or 2.1 percent, compared to its level at the end of the previous month, against an increase of JD 86.2 million or 0.5 percent, during the



same month of 2012. As end of November 2013, the market capitalization decreased by JD 1.2 billion, or 6.2 percent, compared to its level at the end of 2012, against a decrease of JD 213.6 million, or 1.1 percent during the same period of 2012.

#### ■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 4.7 million in November 2013, compared to an inflow in the amount of JD 5.6 million during the same month of 2012; the value of shares acquired by non-Jordanian in November 2013 amounted to JD 23.4 million, while the value of shares sold by the same group amounted to JD 18.7 million. Moreover, non-

Main Amman Stock Exchange Trading Indicators, JD Million			
		November	
2012		2012	2013
1,978.8	Value Traded	149.2	170.5
7.9	Average Daily Trading	7.5	9.0
19,141.5	Market Capitalization	19,059.1	17,960.4
2,384.1	No. of Traded Shares (million)	184.8	193.4
37.6	Net Investment of Non-Jordanian	5.6	4.7
322.9	Non-Jordanian Buying	20.7	23.4
285.3	Non-Jordanian Selling	15.1	18.7

Source: Amman Stock Exchange.

Jordanian net investment recorded an inflow amounting to JD 135.0 million during the first eleven months of 2013, compared to an inflow in the amount of JD 33.2 million during the same period of 2012.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.8 percent, during the third quarter of 2013, compared to 2.6 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 8.0 percent during the third quarter of 2013, compared to 6.9 percent during the same quarter of 2012.
- As for the first three quarters of 2013, GDP at constant prices, grew by 2.8 percent, maintaining its growth rate during the first three quarters of 2012. Furthermore, GDP at current market prices grew by 9.0 percent, compared to 7.6 percent during the same period of 2012.
- Inflation, measured by the CPI, increased to 5.8 percent during the first eleven months of 2013, compared to 4.5 percent during the same period of 2012.
- The unemployment rate went up during the third quarter of 2013, to stand at 14.0 percent (11.3 percent for males and 26.8 percent for females), compared to 13.1 percent (10.7 percent for males and 24.0 percent for females) during the same quarter of 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 20.6 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, real GDP grew by 2.8 percent during the first three quarters of 2013, maintaining its growth rate during the same period of 2012. When excluding “net taxes on products”, which grew by 3.2 percent during the first three quarters of 2013, compared to 3.3 percent during the same period of 2012, GDP at constant basic prices grew by 2.7 percent during the first three quarters of 2013, maintaining its growth rate during the same period of 2012.

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

	Q 1	Q2	Q3	Q4	Percentages Year
<b>2011</b>					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	<b>2.6</b>
GDP at Current Market Prices	10.3	7.6	9.1	9.6	<b>9.1</b>
<b>2012</b>					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	<b>2.7</b>
GDP at Current Market Prices	8.0	8.0	6.9	6.4	<b>7.3</b>
<b>2013</b>					
GDP at Constant Market Prices	2.6	3.1	2.8		
GDP at Current Market Prices	9.5	9.7	8.0		

Source: Department of Statistics.

GDP at current market prices grew by 9.0 percent during the first three quarters of 2013, compared to 7.6 percent during the same period of 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.0 percent during the first three quarters of 2013, compared to 4.7 percent during the same period in 2012.

The main sectors contributed to the economic growth during the first three quarters of 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “transport, storage and communications” (0.6 percentage point), “trade, restaurants & hotels” (0.4 percentage point), construction (0.4 percentage point), and manufacturing (0.3 percentage point). These sectors collectively accounted for 89.3 percent of real GDP growth during the first three quarters of 2013.

The developments of economic sectors during the first three quarters of 2013; showed that most sectors witnessed positive real growth at divergent rates some sectors witnessed an accelerated improvement in performance; mainly construction (8.4 percent), and agriculture (1.0 percent), compared to a slight growth by 0.2 percent in construction, and a contraction by 9.6 percent in agriculture, during the same period of 2012.



While some sectors exhibited a decelerated growth rates during the first three quarters of 2013, mainly; “finance, insurance, real estate and business services” (3.8 percent), “transport, storage and communications” (4.0 percent), “trade, restaurants and hotels” (3.6 percent), manufacturing (1.7 percent) and “producers of government services” (1.3 percent), against a growth of 5.0 percent, 4.9 percent, 7.1 percent, 2.4 percent and 2.0 percent, during the same period of 2012, respectively. In contrast, the sectors of “mining and quarrying”, and “electricity and water” experienced a contraction of 10.5 percent and 0.6 percent, respectively, compared to a contraction of 14.1 percent in “mining and quarrying”, and a growth of 7.2 percent in “electricity and water” during the same period of 2012.

#### □ Microeconomic Indicators

- Industrial production quantity index grew by 1.4 percent during the first ten months of 2013 against a growth of 0.1 percent during the same period of 2012. This can be attributed to the following:
  - Manufacturing production quantity index grew by 3.7 percent, compared to a growth of 0.8 percent during the same period of 2012. This came as a result of an improvement in production

of some items, mainly; “chemical products” (10.5 percent), and “food products and beverages” (7.3 percent), on one hand, and a decrease in cement (19.1 percent), “refined petroleum products” (10.3 percent), and “iron and steel” (12.1 percent), on the other.

- “Mining and quarrying” production quantity index decreased by 14.7 percent, against a decrease of 14.2 percent during the same period of 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 14.5 percent and potash by 13.8 percent; owing to a decline in the demand of some major importing countries for these materials, especially India.
- Electricity production quantity index decreased by 6.7 percent, compared to an increase of 9.2 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 a decrease of 3.5 percent, during the first eleven months of 2013, compared to a growth of 6.8 percent during the same period of 2012.
- Cargo through Royal Jordanian contracted by 8.1 percent, during the first eleven months of 2013, compared to a contraction of 2.9 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 15.0 percent during the first eleven months of 2013, compared to an increase of 2.0 percent during the same period of 2012.
- Licensed areas for buildings grew by 5.8 percent during the first ten months of 2013, compared to a growth of 2.6 percent during the same period of 2012.
- Number of departures contracted by 13.7 percent during the first eleven months of 2013, compared to a decrease of 7.9 percent during the same period of 2012.



## Main Sectoral Indicators

Percentages\*

2012	Item	Available Period			
		2012		2013	
	<b>Industrial Sector</b>				
8.5	Licensed areas for buildings	2.6	January – October	5.8	
0.2	Industrial production quantity index	0.1		1.4	
1.4	Manufacturing production quantity index	0.8		3.7	
3.3	Food products and beverages	1.5		7.3	
9.8	Refined petroleum products	7.7		-10.3	
-2.5	Iron and steel	-0.6		-12.1	
-22.6	Cement, lime and plaster	-21.9		-19.1	
-3.7	Chemical products	-2.7		10.5	
-16.9	“Mining and quarrying” production quantity index	-14.2		-14.7	
-15.3	Phosphate	-17.8		-14.5	
-19.0	Potash	-10.5		-13.8	
6.5	Electricity production quantity index	9.2		-6.7	
-7.7	Number of departures	-7.9		January – November	-13.7
0.9	Quantities of exported and imported goods shipped through Aqaba port	2.0			-15.0
5.8	The number of passengers through Royal Jordanian	6.8	-3.5		
-1.7	Cargo through Royal Jordanian	-2.9	-8.1		

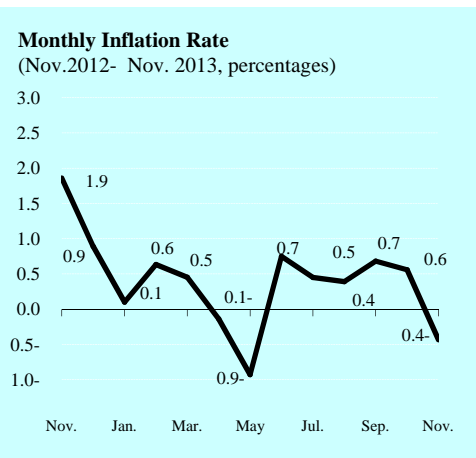
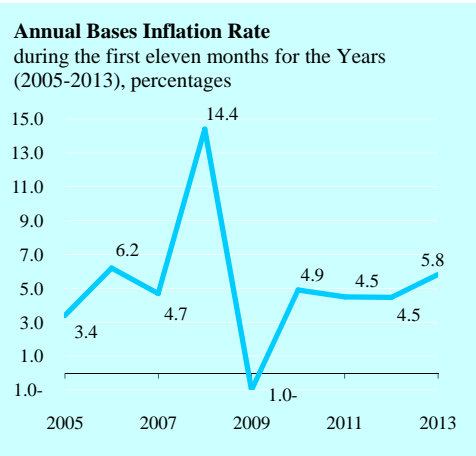
\*Sources:

- 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 eleven months of 2013, to stand at 5.8 percent, compared to 4.5 percent during the same period of 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 2.8 percentage points, compared to 1.0 percentage point during the same period of 2012.



In November 2013, the CPI decreased by 0.4 percent compared with October 2013. This was mainly due to the decrease in the prices of some items; mainly vegetables, “meat and poultry”, transportation, and “fuels and lighting”.

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

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 3.7 percent compared to an increase of 4.8 percent during the same period of 2012. The contribution of this group to the overall inflation rate reached 1.3 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 (16.9 percent), vegetables (12.8 percent), “meat and poultry” (4.5 percent), and “dairy products and eggs” (4.5 percent), while the prices of cigarettes, “oils and fats” , and “cereals and products” have declined by 8.6 percent, 1.4 percent, and 1.1 percent, respectively.
  
- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level of this group increased by 5.6 percent compared to an increase of 4.8 percent during the same period of 2012. The group's contribution to the overall inflation rate reached 0.3 percentage point. The increase in the prices of this group was affected by the rise in the prices of clothes and footwear, which grew by 4.7 percent and 8.9 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 8.8 percent compared to an increase of 3.0 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 22.0 percent, which was affected by the government's decision of liberalizing the prices of petroleum products, compared to a slight increase by 2.2 percent during the same period of 2012. In addition, prices of other items showed a varied increase ranges between 5.3 percent for “household appliances” and 4.1 percent for rents.
  
- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 6.3 percent compared to 5.3 percent during the same period of 2012. Accordingly, this group contributed by 1.9 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of transportation item, by 12.4 percent, compared to an increase of 7.9 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, mainly; education (4.9 percent), recreation (2.8 percent), and personal care (2.3 percent).

## □ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) increased during the third quarter of 2013; to stand at 14.0 percent (11.3 percent for males and 26.8 percent for females), compared to 13.1 percent (10.7 percent for males and 24.0 percent for females) during the same quarter of 2012. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 20.6 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the third quarter of 2013 reached 36.8 percent (59.7 percent for males against 13.1 percent for females), compared to 38.0 percent (61.2 percent for males against 14.1 percent for females) during the same quarter of 2012.
- ◆ The employed rate among the population of 15 years and over reached 31.6 percent during the third quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.3 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (16.2 percent), and the remaining percent is distributed among other sectors.



### Third : Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 897.5 million during the first ten months of 2013, comparing to a fiscal deficit in the amount of JD 1,161.1 million, during the same period in 2012. When excluding foreign grants (JD 550.3 million), the general budget deficit reaches JD 1,447.8 million compared to a deficit in the amount of JD 1,257.7 million during the same period in 2012.
- Net outstanding domestic public debt increased by JD 779.0 million at the end of October 2013 compared to its level at the end of 2012, to reach JD 12,427.0 million (51.8 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 1,218.5 million at the end of October 2013, compared to its level at the end of 2012, to stand at JD 6,150.9 million (25.6 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 18,577.9 million (77.4 percent of GDP) at the end of October 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 ten months of 2013 compared to the same period in 2012:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 4.5 million, or 1.2 percent, in October 2013 comparing to the same month in 2012 to reach JD 386.1 million. As for the first ten months of 2013, these revenues were up by JD 819.9 million, or 21.2 percent, compared to the same period in 2012 to stand at JD 4,684.7 million. This result was mainly driven by the increase in foreign grants by JD 453.7 million, as well as domestic revenues by JD 366.2 million.

## Main Government Budget Indicators during the first ten months of 2013:

(JD Million and Percentages)

	October		Growth Rate	Jan. – Oct.		Growth Rate
	2012	2013		2012	2013	
<b>Total Revenues and Grants</b>	<b>381.6</b>	<b>386.1</b>	<b>1.2</b>	<b>3,864.8</b>	<b>4,684.7</b>	<b>21.2</b>
Domestic Revenues, of which:	310.8	372.9	20.0	3,768.2	4,134.4	9.7
Tax Revenues, of which:	214.9	273.9	27.5	2,636.5	3,014.6	14.3
General Sales Tax	156.0	212.8	36.4	1,679.1	2,009.6	19.7
Other Revenues	93.2	97.3	4.4	1,111.8	1,101.4	-0.9
Foreign Grants	70.9	13.2	-81.4	96.6	550.3	469.7
<b>Total Expenditures, of which:</b>	<b>487.5</b>	<b>541.9</b>	<b>11.2</b>	<b>5,025.9</b>	<b>5,582.2</b>	<b>11.1</b>
Capital Expenditures	57.6	72.1	25.2	465.9	605.7	30.0
<b>Overall Deficit/ Surplus</b>	<b>-105.9</b>	<b>-155.8</b>	<b>-</b>	<b>-1,161.1</b>	<b>-897.5</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

## ◆ Domestic Revenues

Domestic revenues increased by JD 366.2 million, or 9.7 percent, in the first ten months of 2013 compared to the same period in 2012, to reach JD 4,134.4 million. This increase was an outcome of the rise in the proceeds of “tax revenues” by JD 378.1 million, and the drop in “other revenues” and “pension contributions” by JD 10.4 million, and JD 1.4 million, respectively.

## Tax Revenue Structure

(2008-2012) and the first ten months of 2013, JD Million





### ● Tax Revenues

Tax revenues increased by JD 378.1 million, or 14.3 percent, during the first ten months of 2013 compared to the same period in 2012, to reach JD 3,014.6 million (72.9 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of general sales tax on goods and services. Following are the main developments in tax revenues items:

- The increase in the proceeds of “general sales tax on goods and services” by JD 330.5 million which reached JD 2,009.6 million (accounting for 66.7 percent of total tax revenues). This result was driven by the increase in the proceeds of all general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on domestic goods”, “sales tax on imported goods” and “sales tax on services” have increased by JD 134.1 million, JD 91.5 million, JD 82.1 million and JD 22.8 million, respectively, which indicates an improvement in private consumption spending.
- The slight decrease in the proceeds of “income and profit taxes” by JD 0.9 million, or 0.1 percent, which reached JD 638.3 million (accounting for 21.2 percent of total tax revenues). This result was driven by the decrease in the proceeds of “income tax from companies and other projects” by JD 0.9 million, while “income tax from individuals” have maintained the same level as in the corresponding period of 2012. Accordingly, income tax from companies accounted for 82.3 percent of total taxes on income and profits to reach JD 525.3 million (of which JD 223.8 million from banks and financial institutions).

- The increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 35.6 million or 15.1 percent, which reached JD 271.9 million (accounting for 9.0 percent of total tax revenues).
- The increase in real-estates tax (taxes on financial transactions) by JD 12.9 million, or 15.8 percent, to reach JD 94.8 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” decreased by JD 10.4 million, or 0.9 percent, during the first ten months of 2013 to reach JD 1,101.4 million. This drop was an outcome of:

- The decline in property income by JD 51.1 million to stand at JD 259.7 million (of which financial surplus of independent government units amounted to JD 233.9 million).
- The decrease in miscellaneous revenues by JD 56.9 million to stand at JD 178.7 million.
- The increase in “revenues from selling goods and services” by JD 97.5 million to reach JD 663.0 million.

● **Pension Contributions**

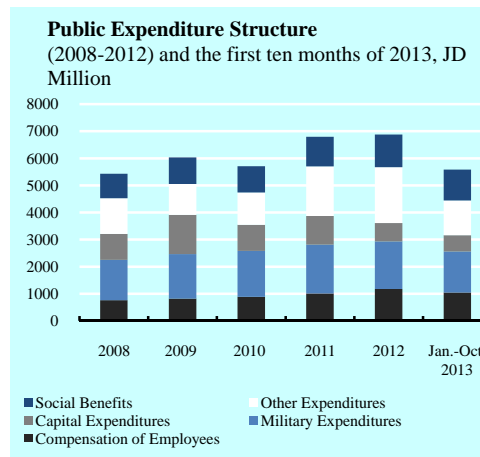
Pension contributions were down by JD 1.4 million during the first ten months of 2013, standing at JD 18.4 million.

◆ **Foreign Grants**

Foreign grants were up by JD 453.7 million during the first ten months of 2013, standing at JD 550.3 million. The aforementioned grants included additional grants from Saudi Arabia and United States of America in the amount of JD 354.0 million (equivalent to US\$ 500.0 million), as well as grants provided by GCC fund.

## Public Expenditures

Public expenditures witnessed an increase by JD 54.4 million, or 11.2 percent, in October 2013 compared to the same month in 2012 to stand at JD 541.9 million. Moreover, public expenditures increased by JD 556.3 million, or 11.1 percent during the first ten months of 2013, to stand at JD 5,582.2 million. This increase was a result of the rise in both current expenditures and capital expenditures by 9.1 percent, and 30.0 percent, respectively.



## Current Expenditures

Current expenditures increased by JD 416.5 million, or 9.1 percent, during the first ten months of 2013, to reach JD 4,976.5 million. This increase was due to:

- The increase in military expenditures by JD 134.1 million to total JD 1,510.9 million, accounting for 30.4 percent of total current expenditures.
- The increase in social benefit expenditures by JD 263.9 million to stand at JD 1,138.4 million, accounting for 22.9 percent of total current expenditures, due to including direct cash subsidies allocations in the social safety net item.
- The rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 76.3 million to reach JD 1,046.9 million, accounting for 21.0 percent of total current expenditures.

- The increase in interest payments, on internal and external public debt, by JD 159.5 million to stand at JD 590.1 million, accounting for 11.9 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 17.0 million to stand at JD 202.4 million, accounting for 4.1 percent of total current expenditures.
- The decrease in goods subsidies by JD 261.5 million to stand at JD 185.2 million, accounting for 3.7 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

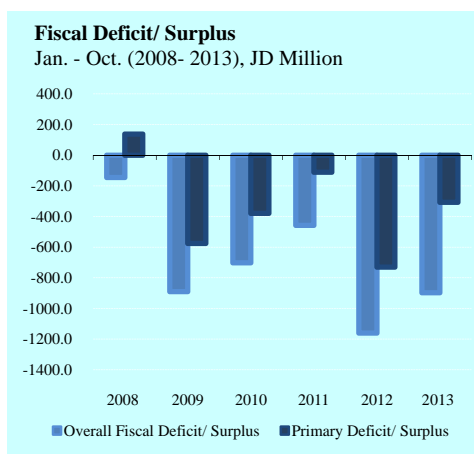
#### ◆ Capital Expenditures

Capital expenditures increased by JD 139.8 million, or 30.0 percent during the first ten months of 2013 comparing to the same period of 2012, to reach JD 605.7 million.

#### ■ General Budget Deficit/ Surplus

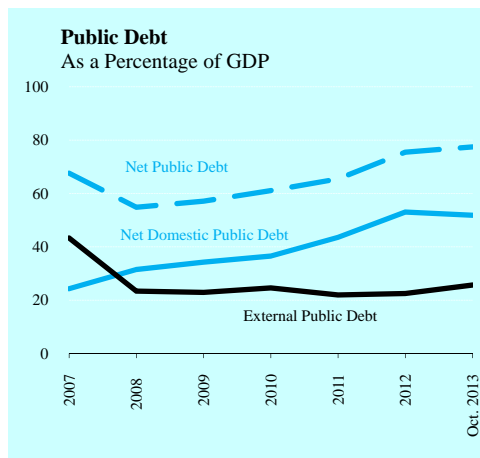
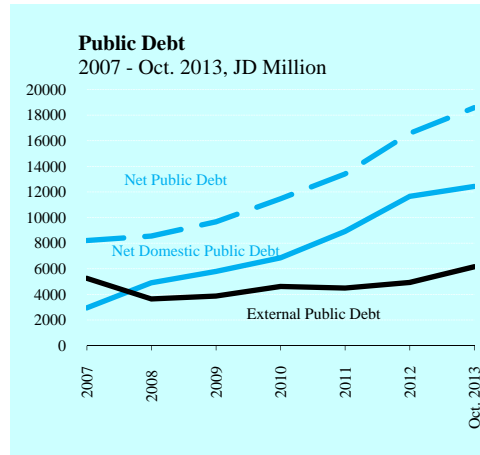
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 897.5 million during the first ten months of 2013, against a fiscal deficit in the amount of JD 1,161.1 million during the same period in 2012.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 307.4 million during the first ten months of 2013, against a primary deficit of JD 730.5 million during the same period in 2012.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 779.0 million at the end of October 2013 comparing to its level at the end of 2012 to total JD 12,427.0 million, or 51.8 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 882.0 million to reach JD 13,560.0 million, and the increase in the government deposits at the banking system by JD 104.0 million to reach JD 1,133.0 million. In details, the increase in the budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 1,288.0 million to reach JD 10,930.0 million at the end of October 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 80.0 million to stand at JD 672.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 262.0 million to reach JD 915.0 million at the end of October 2013, in addition, loans and advances extended to these agencies decreased by JD 57.0 million to stand at JD 1,022.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 1,218.5 million at the end of October 2013 compared to its level at the end of 2012, amounting to JD 6,150.9 million (25.6 percent of GDP). This increase was driven by the government's issuance of domestic bonds in dollar twice this year, in the total value of JD 815 million (equivalent to US\$ 1,150.0 million), as the first issue, in February, amounted to JD 354 million (US\$ 500 million), and the second issue, in August, amounted to JD 461 million (US\$ 650 million), in addition to receiving the second tranche of the IMF loan under the stand-by arrangement (SBA) in the amount of JD 274 million, (equivalent to US\$ 387 million), in April 2013. The currency debt structure shows that external debt in US dollars accounted for 48.0 percent, while debt in Euros accounted for 8.7 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 11.8 percent and 14.5 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 1,997.5 million at the end of October 2013 compared to its level at the end of 2012 to stand at JD 18,577.9 million, (77.4 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 increased by 1.9 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 427.5 million during the first ten months of 2013 (of which interest payments amounting to JD 96.0 million) compared to JD 442.3 million (of which interest payments amounting to JD 90.1 million) during the same period in 2012.

### □ Fiscal and Price Measures

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

#### Oil Derivatives Price Developments

	Unit	2013	2014	Percentage Change
		December	January	
Unleaded Gasoline 90	Fils/Liter	810	830	2.5
Unleaded Gasoline 95	Fils/Liter	980	1,010	3.1
Gas Oil (Diesel)	Fils/Liter	670	685	2.2
Gas Oil/ electricity	Fils/Liter	670	685	2.2
Kerosene	Fils/Liter	670	685	2.2
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	473	477	0.8
Fuel oil/ electricity	JD/Ton	473	477	0.8
Fuel oil for ships	JD/Ton	473	477	0.8
Fuel oil for airplanes (local companies)	Fils/Liter	611	628	2.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	616	633	2.8
Fuel oil for unplanned flights	Fils/Liter	631	648	2.7
Asphalt	JD/Ton	506.7	511	0.8

Source: Jordan Petroleum Refinery Company. (1/1/2014).

- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite kingdom of Jordan, in the amount of US\$ 1.25 billion. These bonds due after seven years in one payment and carry a fixed annual interest rate of 2.503 percent which would be paid semi-annually until maturity. This issuance is the first of its kind for

the kingdom in the international markets, as it is guaranteed by the U.S government (October 2013).

#### □ Grants, Loans and Other Agreements

- Signing a financial cooperation agreement with the German government under the development cooperation program for the years (2013 – 2014), to provide financial assistance in the value of EUR 85.5 million, of which soft loans amounting to EUR 74 million and grants in the amount of EUR 11.5 millions to support several projects in certain sectors including water and sanitation, climate change and support for Syrian refugees, to be implemented through the German Development Bank (KfW) (December 2013).
- Signing memorandums of understanding between the government of Jordan and the Japanese government, to provide an emergency grant of one billion Yen (equivalent to US\$ 10.1 million) to reduce the burden of hosting the growing numbers of Syrian refugees (November 2013).



#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 4.4 percent in October 2013 compared to its level in the same month of 2012 to record JD 483.5 million. As for the first ten months of 2013, total merchandize exports decreased by 0.5 percent compared to the same period in 2012 to reach JD 4,666.2 million.
- **Merchandize imports** increased by 17.9 percent in October 2013 compared to its level in the same month of 2012 to reach JD 1,323.7 million. As for the first ten months of 2013, merchandize imports increased by 7.4 percent compared to the same period in 2012 to reach JD 13,026.7 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 27.4 percent in October 2013 compared to the same month in 2012 standing at JD 840.2 million. As for the first ten months of 2013, the trade balance deficit increased by 12.3 percent compared to the same period in 2012 to reach JD 8,360.5 million.
- **Travel receipts** decreased during the first eleven months of 2013 compared to its level in the same period of 2012 by 4.2 percent due to the decline in the inbound medical tourism. Also, travel payments registered a decline of 4.3 percent.
- **Total workers' remittances receipts** increased by 3.9 percent during the first eleven months of 2013 compared to their level in the same period in 2012 to reach JD 2,368.0 million.
- **The current account of the balance of payments** registered a deficit of JD 2,112.7 million (12.1 percent of GDP) during the first three quarters of 2013 compared to a deficit of JD 3,439.1 million (21.4 percent of GDP) during the same period in 2012.
- **Net direct investment** recorded an inflow of JD 1,041.6 million during the first three quarters of 2013, up from JD 866.9 million during the same period in 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 20,136.8 million at the end of September 2013; an increase of JD 1,253.1 million over its level at the end of December 2012.

#### □ External Trade

- As a result of the increase in domestic exports by JD 2.9 million and the increase in imports by JD 894.7 million during the first ten months in 2013, the volume of external trade (domestic exports *plus* imports) increased by JD 897.6 million to stand at JD 17,007.0 million.

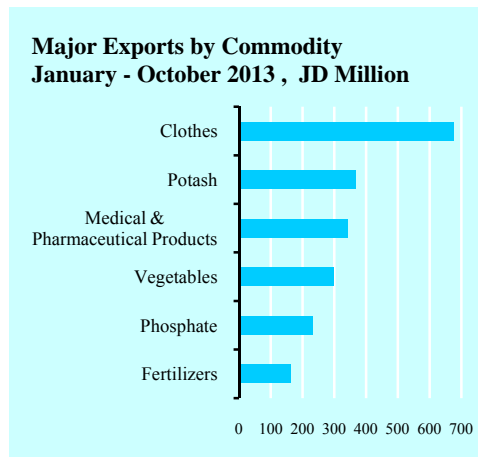
Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
Jan - Oct				Jan - Oct				
	2012	2013	Percentage Change		2012	Percentage Change 2010/2011	2013	Percentage Change 2011/2012
<b>Exports</b>				External Trade	16,109.4	7.0	17,007.0	5.6
Iraq	562.5	722.4	28.4	Total Exports	4,688.1	-1.6	4,666.2	-0.5
USA	662.4	705.2	6.5	Domestic Exports	3,977.4	-1.2	3,980.3	0.1
Saudi Arabia	424.0	547.5	29.1	Re-exports	710.7	-4.3	685.9	-3.5
India	445.2	298.9	-32.9	Imports	12,132.0	10.0	13,026.7	7.4
UAE	147.6	157.4	6.6	Trade Balance	-7,443.9	18.8	-8,360.5	12.3
Indonesia	143.8	141.1	-1.9	Source: Department of Statistics.				
Kuwait	63.1	78.7	24.7					
<b>Imports</b>								
Saudi Arabia	2,860.6	2,338.8	-18.2					
China	1,138.2	1,355.3	19.1					
USA	846.7	844.8	-0.2					
Italy	587.6	636.1	8.3					
India	340.5	558.6	64.1					
Germany	462.7	485.7	5.0					
Turkey	458.0	456.2	-0.4					
UAE	321.8	452.9	40.7					
Source: Department of Statistics.								

## ■ Merchandize

### Exports:

Total merchandize exports decreased by 0.5 percent during the first ten months of 2013 compared to a 1.6 percent decline during the same period in

2012, to record JD 4,666.2 million. This decrease resulted from an increase in domestic exports by JD 2.9 million, or 0.1 percent, to reach JD 3,980.0 million, and a decline in re-exports by JD 24.8 million, or 3.5 percent, to reach JD 685.9 million.



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

- Exports of **medical and pharmaceutical products** increased by JD 49.5 million, or 16.9 percent, to reach JD 342.2 million, compared to an increase of 0.3 percent during the same period in 2012. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 60.8 percent of these exports.

- Exports of **potash** decreased by JD 55.1 million, or 13.1 percent, to stand at JD 365.4 million, compared to a 13.4 percent decrease during the same period in 2012. The Indian, Indonesian, Chinese, and Malaysian and markets accounted for 72.3 percent of these exports.
- Exports of **vegetables** decreased by JD 16.0 million, or 5.1 percent, to total JD 299.0 million, compared to JD 315.0 million during the same period in 2012. The UAE, Saudi and Iraqi markets were the main destinations of these exports accounting for 48.3 percent.

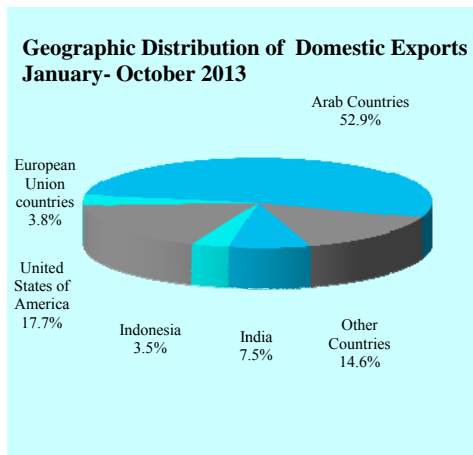
## Major Domestic Exports by Commodity, JD Million

January - October 2012,2013

	2012	2013	Percentage Change
<b>Domestic Exports</b>	<b>3,977.4</b>	<b>3,980.3</b>	<b>0.1</b>
<b>Clothes</b>	<b>621.5</b>	<b>675.5</b>	<b>8.7</b>
USA	584.1	626.3	7.2
<b>Potash</b>	<b>420.5</b>	<b>365.4</b>	<b>-13.1</b>
India	84.2	72.2	-14.3
Indonesia	71.0	72.1	1.5
China	126.2	65.9	-47.8
Malaysia	31.3	53.9	72.2
<b>Medical &amp; Pharmaceutical Products</b>	<b>292.7</b>	<b>342.2</b>	<b>16.9</b>
Saudi Arabia	66.4	79.7	20.0
Algeria	50.9	57.4	12.8
Iraq	30.8	37.6	22.1
Sudan	21.0	33.4	59.0
<b>Vegetables</b>	<b>315.0</b>	<b>299.0</b>	<b>-5.1</b>
UAE	55.2	51.2	-7.2
Saudi Arabia	15.4	48.1	212.3
Iraq	33.7	45.1	33.8
<b>Phosphate</b>	<b>346.5</b>	<b>230.3</b>	<b>-33.5</b>
India	227.9	162.6	-28.7
Indonesia	42.7	28.9	-32.3
Bulgaria	37.6	11.9	-68.4
<b>Fertilizers</b>	<b>223.6</b>	<b>162.5</b>	<b>-27.3</b>
India	106.6	45.6	-57.2
Turkey	31.1	31.7	1.9
Bulgaria	16.7	27.4	64.1

Source: Department of Statistics.

- Exports of **phosphate** decreased by JD 116.2 million, 33.5 percent, to register JD 230.3 million, compared to a decrease of 2.4 percent during the same period in 2012. This decline was mainly due to the decrease in both

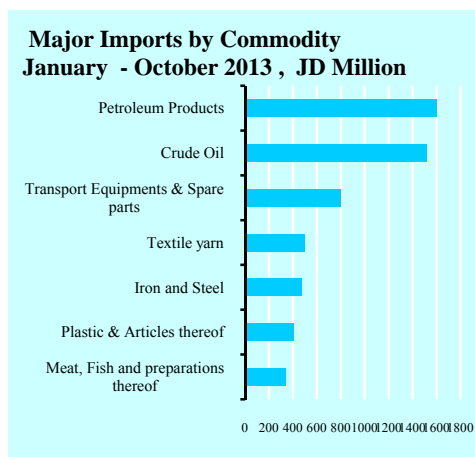


quantities and prices by 24.4 percent and 12.1 percent, respectively. It is worth noting that the Indian market was the main destination for these exports, accounting for 70.6 percent of phosphates exports.

- Consequently, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, “medical and pharmaceutical products”, vegetables, phosphate, and Fertilizers topped the list of domestic exports during the first ten months of 2013; accounting for 52.1 percent of domestic exports, down from 55.8 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, Saudi Arabia, India, the UAE, Indonesia, and Kuwait were the main destination markets for Jordanian domestic exports during the first ten months of 2013; accounting for 66.6 percent of domestic exports, up from 61.6 percent during the same period in 2012.

### ■ Merchandize Imports:

Merchandize imports amounted to JD 13,026.6 million during the first ten months of 2013, increasing by JD 894.7 million, or 7.4 percent, compared to an increase of 10.0 percent during the same period in 2012.



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

- **Crude oil** imports decreased by JD 178.3 million, 10.5 percent, to reach JD 1,514.3 million, compared to an increase of 10.6 percent during the same period in 2012. This decrease was attributed to the decline in both, quantities and prices by 5.5 percent and 5.4 percent, respectively. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 306.5 million, or 16.1 percent, to total JD 1,598.0 million compared to an increase of 55.4 percent during the same period in 2012. The main source markets of these imports were India, Belgium and Italy.

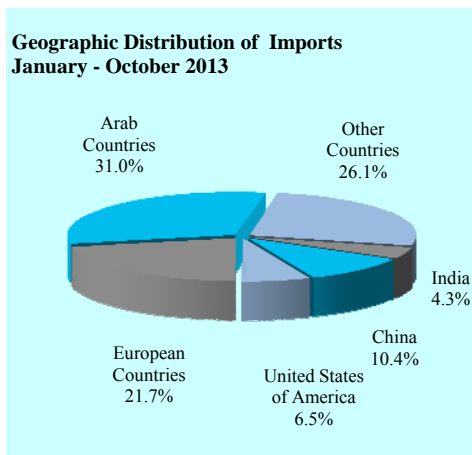
- Imports of **Transport equipments and Spare Parts** increased by JD 87.9 million, 12.3 percent, to reach JD 799.9 million compared to an increase by 4.4 percent during the same period in 2012. the USA, South Korea and Japan were the main origin markets for these imports; accounting for 60.6 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 103.7 million, 26.1 percent to reach JD 501.2 million, compared to an increase of 4.8 percent during the same period in 2012. The markets of China, Taiwan and Pakistan accounted for 72.5 percent of these imports.

**Major Imports by Commodity, JD Million**  
January – October 2012,2013

	2012	2013	Percentage Change
<b>Total Imports</b>	<b>12,132.0</b>	<b>13,026.7</b>	<b>7.4</b>
<b>Petroleum Products</b>	<b>1,904.5</b>	<b>1,598.0</b>	<b>-16.1</b>
India	80.8	286.6	254.7
Belgium	0.2	188.1	-
Italy	286.6	182.4	-36.4
<b>Crude oil</b>	<b>1,692.6</b>	<b>1,514.3</b>	<b>-10.5</b>
Saudi Arabia	1,564.1	1,288.1	-17.6
<b>Transport Equipments and Spare Parts</b>	<b>712.0</b>	<b>799.9</b>	<b>12.3</b>
USA	119.8	172.7	44.2
South Korea	231.9	171.8	-25.9
Japan	87.0	139.9	60.8
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>397.5</b>	<b>501.2</b>	<b>26.1</b>
China	166.4	194.5	16.9
Taiwan	91.1	133.0	46.0
Pakistan	14.3	36.1	152.4
<b>Iron &amp; Steel</b>	<b>477.5</b>	<b>470.9</b>	<b>-1.4</b>
Ukraine	156.1	109.8	-29.7
China	37.3	58.7	57.4
Syria	22.3	44.5	99.6
<b>Plastic &amp; Articles Thereof</b>	<b>352.1</b>	<b>404.6</b>	<b>14.9</b>
Saudi Arabia	168.1	192.1	14.3
China	20.5	33.2	62.0
UAE	17.2	24.0	39.5
<b>Meat, fish and preparations thereof</b>	<b>316.0</b>	<b>341.0</b>	<b>7.9</b>
Brazil	59.9	93.3	55.8
Australia	65.1	66.1	1.5
India	35.6	31.4	-11.8

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that petroleum products, crude oil, “transport equipments and spare parts”, “Textile yarn, fabrics, made up articles and related products”, “Iron and steel”, “Plastic and



Articles thereof”, and “Meat, fish and preparations thereof”, topped the list of imports during the first ten months of 2013, accounting for 43.2 percent of total imports; down from 48.2 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, India, Germany, Turkey and the UAE were the main sources of imports during the first ten months of 2013; accounting for 54.7 percent compared to 57.8 percent during the same period of 2012.

#### ■ Re-Exports

A decrease of JD 24.8 million, or 3.5 percent, was registered in the value of re-exported goods during the first ten months of 2013 compared to the same period in 2012, to reach JD 685.9 million.

#### ■ Trade Balance

The trade balance deficit during the first ten months of 2013 increased by JD 916.6 million, or 12.3 percent, to register JD 8,360.5 million compared to the same period in 2012.



### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 88.3 million, or 3.9 percent, during the first eleven months of 2013 compared to the same period of 2012 to register JD 2,368.0 million.

### □ Travel

#### ■ Receipts

Travel receipts decreased by JD 97.0 million, or 4.2 percent, during the first eleven months of 2013 compared to the same period of 2012 to register JD 2,191.3 million, mainly due to the decrease in the inbound medical tourism.

#### ■ Payments

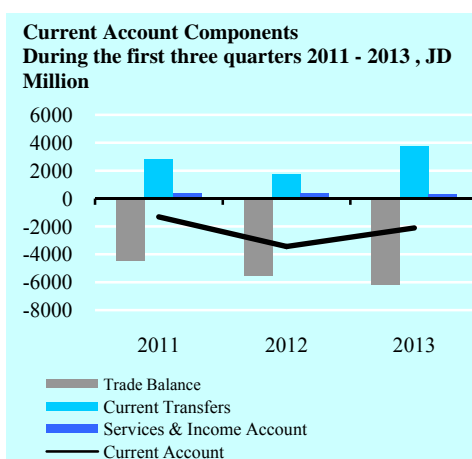
Travel payments decreased by JD 32.9 million, or 4.3 percent, during the first eleven months of 2013 compared to the same period of 2012 to stand at JD 729.5 million.

### □ Balance of Payments

The preliminary data of the balance of payments for the first three quarters of 2013 compared to the same period of 2012, reveals the following developments:

- The current account recorded a deficit of JD 2,112.7 million (12.1 percent of GDP) compared to a deficit of JD 3,439.1 (21.4 percent of GDP) million during the first three quarters of 2012. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit by JD 619.0 million, 11.1 percent, to reach JD 6,176.9 million compared to the same period in 2012.



- ◆ A decrease in the surplus of the services

account by JD 139.3 million to reach JD 453.2 million. As a result of the decline in the registered surpluses for both travel (net) and government services (net), to reach JD 1,180.0 million and JD 77.8 million, respectively, and the decrease in the registered deficit for other services (net) to reach JD 116.0 million and an increase in the registered deficit for transportation (net) to reach JD 688.6 million.

- ◆ Income account recorded a deficit of JD 158.5 million compared to a similar deficit of JD 197.0 million during the first three quarters of 2012, as a result of recording a deficit of JD 326.5 million in investment income (net) and a surplus of JD 168.0 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 2,046.2 million; to reach JD 3,769.5 million, as a result of the increase in net transfers of public sector (foreign grants) and in

the transfers of other sectors (net) by JD 1,182.2 million and JD 864.0 million, to reach JD 1,445.1 million and JD 2,324.4 million, respectively. It's worth mentioning that the workers' remittances (net) increased by 3.0 percent, during the first three quarters of 2013 to record JD 1,769.6 million.

- The capital and financial account in the first three quarters of 2013 registered a net inflow of JD 1,337.0 million compared to a net inflow of JD 3,051.0 million during the same period of 2012, this can be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 1,041.6 million compared to a similar inflow of JD 866.9 million during the first three quarters of 2012.
  - ◆ Portfolio investments recorded a net inflow of JD 256.4 million compared to a similar inflow of JD 174.1 million during the first three quarters of 2012.
  - ◆ Other investments registered a net inflow of JD 2,821.5 million compared with an outflow of JD 126.4 million during the first three quarters of 2012.
  - ◆ An increase in the reserve assets of CBJ by JD 2,783.3 million compared to a decrease of JD 2,136.0 million during the first three quarters 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 of JD 20,136.8 million at the end of September 2013 compared to JD 18,883.7 million at the end of December 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 2,602.0 million to reach JD 17,119.9 million at the end of September of 2013 compared to the end of December 2012. This increase was a result of the rise in CBJ's reserves by 2,668.9 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 3,855.1 million at the end of September 2013 compared to the end of December 2012; standing at JD 37,256.7 million due to the following:
  - ◆ An increase in the stock of direct investment in Jordan by JD 1,040.8 million to stand at JD 18,698.1 million.
  - ◆ An increase in the stock of portfolio investments by JD 554.8 million to reach JD 3,339.9 million as a result of the increase in the market value of shares owned by non-residents at Amman stock Exchange (ASE) by JD 453.9 million.
  - ◆ An increase in the deposits of non-residents at the banking system by JD 1,931.5 million to reach JD 8,426.3 million. (an increase of JD 750.7 million at the CBJ, and an increase of JD 1,180.8 million at licensed banks).
  - ◆ A decrease in trade credits extended to residents in Jordan by JD 46.8 million, to stand at JD 728.7 million.
  - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 409.2 million to reach JD 5,632.7 million (drawings of IMF Found Credits and loans).