



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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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

□ Output, Prices and Employment

In 2013, real GDP at market prices, grew by 2.8 percent, compared to 2.7 percent during 2012. Inflation, measured by the Consumer Price Index (CPI), stood at 3.2 percent during the first two months of 2014 compared to 7.2 percent during the same period of 2013. Furthermore, the unemployment rate during 2013 increased to 12.6 percent compared to 12.2 percent during 2012.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 424.7 million (3.5 percent) at the end of January 2014, compared to its level at the end of 2013, standing at US\$ 12,430.5 million. This level of reserves covers around 6.5 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 432.3 million (1.6 percent) at the end of January 2014 compared to its level at the end of 2013, to stand at JD 27,795.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 74.2 million (0.4 percent) at the end of January 2014 compared to its level at the end of 2013, to reach JD 19,013.9 million.
- Total deposits at licensed banks increased by JD 497.5 million (1.8 percent) at the end of January 2014, compared to its level at the end of 2013, totaling JD 28,090.7 million. This increase was an outcome of the increase in JD deposits by JD 567.2 million (2.7 percent) and the decrease in foreign currency deposits by JD 69.7 million (1.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,207.0 points at the end of January 2014, increasing by 141.2 points, or 6.8 percent, compared to its level at the end of 2013.

- **Public Finance:** During 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,307.2 million compared to a fiscal deficit in the amount of JD 1,824.0 million in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 214.0 million at the end of 2013, compared to its level at the end of 2012, to stand at JD 11,862.0 million (49.7 percent of GDP). Outstanding external public debt increased by JD 2,302.1 million at the end of 2013 compared to its level at the end of 2012 to reach JD 7,234.5 million, (30.3 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 80.0 percent of GDP at the end of 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 14.9 percent during January 2014 to reach JD 476.3 million. Also, merchandize imports increased by 17.4 percent, totaling JD 1,369.5 million. As a result, the trade deficit increased by 18.7 percent compared to the same period in 2013, to reach JD 893.2 million. The preliminary data shows an increase in travel receipts and payments during the first two months of 2014 by 12.3 percent and 12.7 percent. Moreover total worker's remittances increased by 4.1 percent during the same period in 2014. The balance of payments during 2013 displayed a deficit in the current account amounting to JD 2,384.6 million, (10.0 percent of GDP) down from JD 3,345.3 million (15.2 percent of GDP) during 2012. Moreover, Net Direct Investment recorded an inflow of JD 1,265.8 million during 2013 compared to a net inflow of JD 1,059.3 million during 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 21,222.9 million at the end of December 2013 compared to JD 18,887.6 million at the end of December 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 415.2 million (3.5 percent) at the end of February 2014, compared to their level at the end of 2013, to stand at US\$ 12,421.0 million. This level of reserves covers around 6.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 357.4 million, (1.3 percent), at the end of February 2014, compared to its level at the end of 2013, to total JD 27,720.8 million.
- The outstanding balance of credit facilities extended by licensed banks decreased by JD 310.9 million, (1.6 percent) at the end of February 2014, compared to its level at the end of 2013, to stand at JD 18,628.8 million.
- Total deposits at licensed banks increased by JD 701.4 million, (2.5 percent), at the end of February 2014, compared to its level at the end of 2013, to reach JD 28,294.6 million.
- The interest rates on all deposits at licensed banks decreased at the end of February 2014, compared to their levels at the end of 2013, except the interest rates on Demand deposits. Also, interest rates on all credit facilities decreased compared to their levels at the end of 2013.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,178.2 points at the end of February 2014, increasing by 112.4 points (5.4 percent), compared to its level at the end of 2013. Moreover, the market capitalization increased by JD 0.8 billion (4.2 percent), compared to its registered level of 2013, to stand at JD 19.0 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

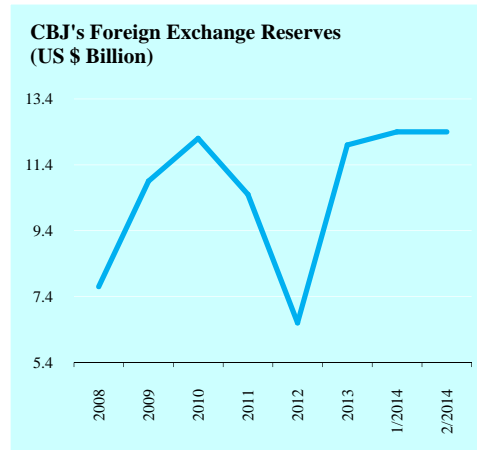
	2013	End of February	
		2013	2014
US\$ 12,005.8	81.0%	US\$ 8,223.7	US\$ 12,421.0
		24.0%	3.5%
27,363.4	9.7%	25,094.9	27,720.8
		0.6%	1.3%
18,939.7	6.2%	17,878.5	18,628.8
		0.3%	-1.6%
16,569.1	7.8%	15,412.9	16,588.7
		0.2%	0.1%
27,593.2	10.5%	25,399.5	28,294.6
		1.7%	2.5%
21,003.0	18.6%	18,288.8	21,810.4
		3.3%	3.8%
6,590.2	-9.2%	7,110.7	6,484.2
		-2.0%	-1.6%
22,195.8	8.9%	20,549.3	22,381.7
		0.8%	0.8%
17,646.1	17.0%	15,531.3	17,872.3
		3.0%	1.3%
4,549.7	-14.2%	5,018.0	4,509.4
		-5.4%	-0.9%

* 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\$ 415.2 million (3.5 percent), at the end of February 2014, compared to their level at the end of February 2013, to reach US\$ 12,421.0 million. This level of reserves covers around 6.5 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

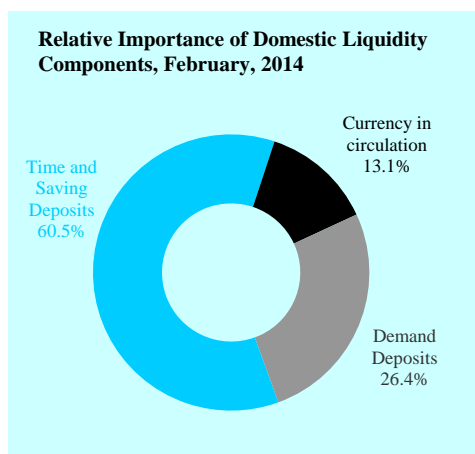
■ Domestic liquidity totaled JD 27,720.8 million at the end of February 2014, increasing by JD 357.4 million, or 1.3 percent, compared to an increase of JD 149.8 million, or 0.6 percent, during the same period of 2013.

◆ **Developments in both the components and the factors affecting domestic liquidity between the end of February 2014 and the end of 2013, reveal the following:**

● Components of Domestic Liquidity

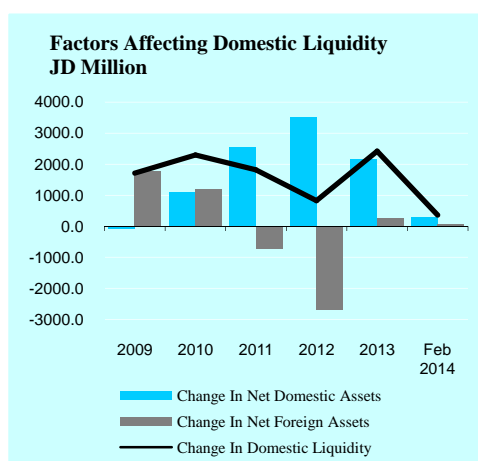
- Deposits increased by JD 346.2 million, or 1.5 percent, at the end of February 2014, compared to their level at the end of 2013, to total JD 24,103.0 million, compared with an increase amounting to JD 168.0 million, or 0.8 percent, during the same period of 2013.

- Currency in circulation increased by JD 11.2 million, or 0.3 percent, at the end of February 2014, compared to its level at the end of 2013, to reach JD 3,617.8 million, against a decrease in the amount of JD 18.2 million, or 0.6 percent, during the same period of 2013.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 290.8 million, or 1.4 percent, at the end of February 2014, compared to its level at the end of 2013, against an increase of JD 415.8 million, or 2.3 percent,



during the same period of 2013. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 655.7 million, or 2.6 percent, and its decrease at the CBJ by JD 364.9 million, or 8.1 percent.

- Net foreign assets of the banking system increased by JD 66.6 million, or 1.0 percent, at the end of February 2014, compared to their level at the end of 2013, against a decrease in the amount of JD 266.0 million, or 4.0 percent, during the same period of 2013. This increase was an outcome of the increase of net foreign assets at the CBJ by JD 328.7 million or 3.9 percent, and the decrease of net foreign assets at the licensed banks by JD 262.1 million, or 16.8 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2013		End of February	
		2013	2014
6,923.4	Foreign Assets (Net)	6,399.5	6,990.0
8,487.4	CBJ	6,461.5	8,816.1
-1,564.0	Licensed Banks	-62.0	-1,826.1
20,440.0	Domestic Assets (Net)	18,695.4	20,730.8
-4,528.6	CBJ, of which:	-2,890.1	-4,893.5
1,244.3	Claims on Public Sector (Net)	1,215.2	1,280.8
-5,793.5	Other Items (Net*)	-4,125.2	-6,194.9
24,968.6	Licensed Banks	21,585.5	25,624.3
9,714.8	Claims on Public Sector (Net)	8,815.1	9,818.9
17,201.9	Claims on Private Sector	15,987.7	17,228.3
-1,948.1	Other Items (Net)	-3,217.3	-1,422.9
27,363.4	Money Supply (M2)	25,094.9	27,720.8
3,606.6	Currency in Circulation	3,196.8	3,617.8
23,756.8	Total Deposits, of which:	21,898.1	24,103.0
4,635.2	In Foreign Currencies	5,147.4	4,620.8

* 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 January 20th, 2014, the CBJ lowered the interest rate on its key monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments become as follows:

- Re-Discount Rate: 4.25 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.00 percent.
- Overnight Deposit Window Rate: 3.25 percent.
- Weekly/Monthly Repurchase Agreements: 3.50 percent.

◆ This decision aims to enhance credit to the private sector, as well as promoting investments which in turn support the economic growth.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

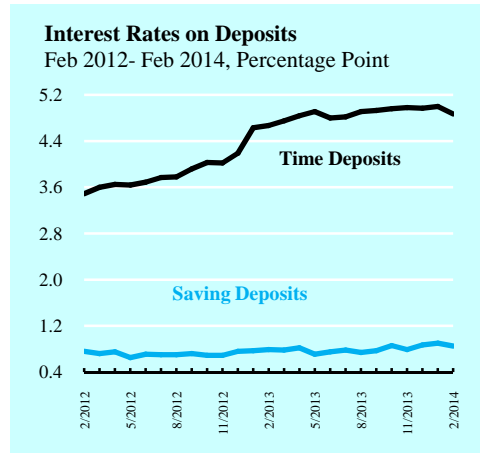
- Time Deposits: The weighted average interest rate on time deposits at the end of February 2014 decreased by 13 basis points, compared to its level of the previous month to stand at 4.87 percent. This rate is lower by 10 basis points than its level at the end of 2013.

Interest Rates on Monetary Policy Instruments, percentage points

		February	
2013		2013	2014
4.50	Re-discount Rate	5.00	4.25
4.25	Repurchase Agreements Rate (overnight)	4.75	4.00
3.50	Overnight Deposit Window Rate	4.00	3.25
3.75	Repurchase Agreements rate (one week)	4.25	3.50
3.75	Repurchase Agreements rate (one month)	4.25	3.50

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

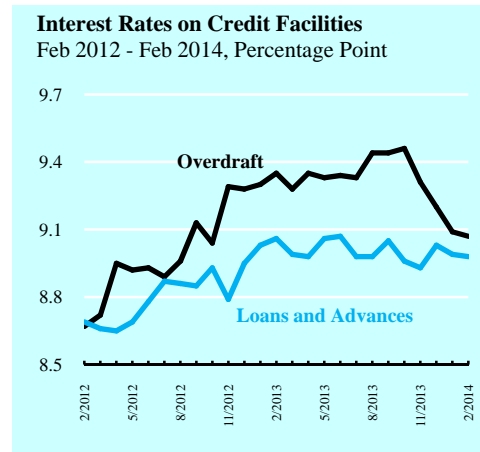
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of February 2014 decreased by 5 basis points compared to its level of the previous month to stand at 0.85 percent. This rate is lower by 2 basis points compared to its level at the end of 2013.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of February 2014 increased by 3 basis points compared to the level recorded of the previous month to stand at 0.52 percent. This rate is higher by 14 basis points compared to its level at the end of 2013.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of February 2014 decreased by 2 basis points compared to its level of the previous months to stand at 9.07 percent. This rate is lower by 13 basis points compared to its level at the end of 2013.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 10 basis points at the end of February 2014, compared to its level of the previous month to stand at 9.50 percent. This rate is lower by 63 basis points, compared to its level at the end of 2013.

Interest Rates on Deposits and Credit Facilities at Licensed Banks, percentage points

		February		Change
		2013	2014	Relative to the Preceding Year
2013				Basis Points
Deposits				
0.38	Demand	0.49	0.52	14
0.87	Saving	0.79	0.85	-2
4.97	Time	4.67	4.87	-10
Credit Facilities				
10.13	Discounted Bills and Bonds	10.25	9.50	-63
9.03	Loans and Advances	9.06	8.98	-5
9.20	Overdraft	9.35	9.07	-13
8.85	Prime Lending Rate	8.87	8.79	-6

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 1 basis point at the end of February 2014, compared to its level of the previous month to stand at 8.98 percent. This rate is lower by 5 basis points, compared to its level at the end of 2013.
- The Prime lending rate stood at 8.79 percent at the end of February 2014, 6 basis points lower than its level at the end of 2013.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, increased by 5 basis points at the end of February 2014, compared to its level at the end of 2013, to reach 411 basis points.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,628.8 million at the end of February 2014,

decreasing by JD 310.9 million, or 1.6 percent, compared to its level at the end of 2013, against an increase in the amount of JD 48.7 million, during the same period of 2013.

- The classification of extended credit facilities, according to economic activity, at the end of February 2014 demonstrates a decrease in credit facilities extended to the general trade sector, public services and utilities sector, and the industrial sector by JD 385.2 million, or 9.8 percent, JD 89.8 million or 4.1 percent, JD 68.0 million or 2.6 percent, respectively. Meanwhile, the credit facilities extended to the construction sector and the "other" item; which generally represents credit facilities extended to individuals increased by JD 140.0 million, or 3.4 percent, and 106.3 million, or 2.6 percent, respectively compared to their levels at the end of 2013.
- The classification of extended credit facilities, according to the borrower, at the end of February 2014 shows a decrease in credit facilities extended to the private sector (non-resident) by JD 322.9 million, or 39.5 percent, the public institutions by JD 8.6 million, or 2.7 percent, and the non-banking financial institutions by JD 0.3 million, or 3.2 percent. Meanwhile, the credit facilities extended to the private sector (resident) increased by JD 19.6 million or 0.1 percent, and central government by JD 1.2 million, compared to their levels at the end of 2013.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 28,294.6 million at the end of February 2014, increasing by JD 701.4 million, or 2.5 percent, compared to its level at the end of 2013, against an increase of JD 429.9 million, or 1.7 percent, during the same period of 2013.
- The increase in total deposits at licensed banks at the end of February 2014 was a result of the increase in the deposits of the

public sector (Central government plus public institutions) by 296.1 million or 14.8 percent, and the private sector (resident) by JD 185.9 million, or 0.8 percent, the private sector (non-resident) by JD 163.5 million, or 5.3 percent, and the non-banking financial institutions by JD 55.9 million, or 20.1 percent, compared to their levels at the end of 2013.

- The developments in the currency structure of deposits at the end of February 2014 reveal that JD deposits increased by JD 807.4 million, or 3.8 percent, while “deposits in the foreign currency” decreased by JD 106.0 million, or 1.6 percent, compared to their levels at the end of 2013.

□ Amman Stock Exchange (ASE)

The indicators of the ASE displayed a positive performance in its key indicators at the end during the first tow month in 2014 compared to the end of 2013. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the ASE totaled JD 233.7 million in February 2014; down by JD 76.4 million, or 24.6 percent, compared to its level at the previous month, against an increase of JD 9.3 million, or 4.5 percent, during the same month in 2013. However, the trading volume totaled JD 543.9 million, during the first two months in 2014; up by JD 125.4 million, or 30.0 percent, compared to the same period of 2013.

■ Traded Shares

The number of traded shares in February 2014 totaled 224.1 million shares; down by 106.2 million shares, or 32.2 percent, compared to its level at the previous month, against an increase amounting to 65.8 million shares, or 30.6 percent, during the same month in 2013. However, the number of traded shares during the first two month in 2014 totaled 554.4 million shares, compared to 495.6 million shares traded during the same period of 2013.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 28.8 points, or 1.3 percent, at the end of February 2014 compared to its level at the end of the

previous month, to stand at 2,178.2 points, against a decrease in the amount of 3.3 points, or 0.2 percent, during the same month in 2013. Furthermore, the first two months in 2014, the SPI increased by 112.4 points, or 5.4 percent compared to its level at the end of 2013, against a rise in the amount of 84.8 points, or 4.3 percent during the same period in 2013. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 331.4 points, or 12.3 percent. Meanwhile, the SPI for the industrial and services sectors decreased by 90.8 points, or 4.6 percent, and 31.9 points, or 1.9 percent, respectively, compared to its levels at the end of 2013.

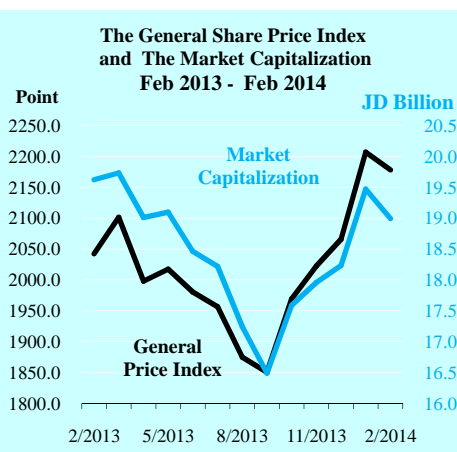
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

		February	
2013		2013	2014
2,065.8	General Index	2,042.4	2,178.2
2,703.9	Financial Sector	2,507.0	3,035.3
1,964.9	Industrial Sector	2,211.1	1,874.1
1,664.8	Services Sector	1,685.7	1,632.9

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 19.0 billion at the end of February 2014; a decrease of JD 0.5 billion, or 2.4 percent, compared to its level at the end of the previous months, against a decrease of JD 0.2



billion or 1.0 percent, during the same month in 2013. As for, the first two months of 2014, the market capitalization increased by JD 0.8 billion, or 4.2 percent, compared to an increase of JD 0.5 billion, or 2.5 percent, during the same period of 2013.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at the ASE recorded an outflow amounting to JD 15.0 million in February 2014, compared to an inflow in the amount of JD 4.2 million during the same month of 2013; the value of shares acquired by non-Jordanian in February 2014 amounted to JD 47.3 million, while the value of shares sold by the same group amounted to JD 62.4

million. As for, the first two months of 2014, non-Jordanian net investment recorded an outflow amounted to JD 19.1 million, compared to an inflow of JD 11.3 million during the same period of 2013.

Main Amman Stock Exchange Trading Indicators, JD Million			
		February	
2013		2013	2014
3,027.3	Value Traded	213.9	233.7
12.4	Average Daily Trading	10.7	11.7
18,233.5	Market Capitalization	19,622.5	18,994.9
2,705.8	No. of Traded Shares (million)	280.7	224.1
146.9	Net Investment of Non-Jordanian	4.2	-15
939.5	Non-Jordanian Buying	28.8	47.3
792.6	Non-Jordanian Selling	24.6	62.4

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.9 percent, during the fourth quarter of 2013, compared to 2.2 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 7.4 percent during the fourth quarter of 2013, compared to 6.4 percent during the same quarter of 2012.
- Accordingly, GDP at constant market prices during 2013 stood at 2.8 percent, compared to 2.7 percent during 2012. Furthermore, GDP at current market prices grew by 8.6 percent, compared to 7.3 percent during of 2012.
- The CPI inflation fell to 3.2 percent during the first two months of 2014, compared to 7.2 percent during the same period of 2013.
- The unemployment rate went up during 2013, to stand at 12.6 percent (10.6 percent for males and 22.2 percent for females), compared to 12.2 percent (10.4 percent for males and 19.9 percent for females) during 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.8 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 2013, compared to 2.7 percent during 2012. When excluding “net taxes on products”, which grew by 3.2 percent during 2013, GDP at constant basic prices grew by 2.8 percent during 2013, compared to 2.5 percent during 2012.

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

	Q 1	Q2	Q3	Q4	Percentages Year
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	2.7
GDP at Current Market Prices	8.0	8.0	6.9	6.4	7.3
2013					
GDP at Constant Market Prices	2.6	3.1	2.8	2.9	2.8
GDP at Current Market Prices	9.5	9.7	8.0	7.4	8.6

Source: Department of Statistics.

GDP at current market prices grew by 8.6 percent during 2013, compared to 7.3 percent during 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 5.6 percent during 2013, compared to 4.5 percent during 2012.

The main sectors contributed to the economic growth during 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “transport, storage and communications” (0.6 percentage point), construction (0.4 percentage point), manufacturing (0.3 percentage point), and “trade, restaurants and hotels” (0.3 percentage point). These sectors collectively accounted for 85.7 percent of real GDP growth during 2013.

The developments of economic sectors during 2013 showed that most sectors witnessed positive real growth at divergent rates. Construction sector witnessed an accelerated growth by 8.7 percent compared to a contraction by 1.0 percent during 2012. While the sectors of “mining and quarrying” and agriculture contracted by 10.9 percent and 3.5 percent, respectively. In contrast, other sectors exhibited a decelerated growth.

Microeconomic Indicators

- Industrial production quantity index decreased by 1.1 percent in January 2014 against a contraction by 3.6 percent during the same month of 2013. This can be attributed to the following:

- Manufacturing production quantity index declined by 2.5 percent, compared to a growth of 0.8 percent during the same month of 2013. This came as a result



	2012	2013
Agriculture,Hunting,Forestry, And Fishing	-9.4	-3.5
Mining And Quarrying	-17.1	-10.9
Manufacturing	2.3	1.9
Electricity And Water	6.6	0.8
Construction	-1.0	8.7
Wholesale & Retail Trade, Restuarants& Hotels	6.8	3.2
Transport,Storage & Communications	4.1	4.0
Finance,Insurance,Real Estate And Business Services	5.2	4.0
Community,Social And Personal Services	5.9	5.7
Producers Of Government Services	3.0	2.4
Producers Of Private Non-Profit Services To Households	3.0	6.3
Domestic Services Of Households	0.5	0.1
Gross Domestic Product At Market Prices	2.7	2.8

Source: Department of Statistics.

of a contraction in production of some of its components, mainly; “food products and beverages” (11.9 percent), and textiles (14.6 percent), on one hand, and an increase of some items, mainly; “cement, lime and plaster” (39.1 percent) and “refined petroleum products” (29.1 percent), on the other.

- “Mining and quarrying” production quantity index grew by 4.4 percent, against a large decrease of 32.1 percent during the same period of 2013. This growth was mainly attributed to the increase of production quantity index for phosphate (5.8 percent) and potash (2.8 percent).
- Electricity production quantity index grew by 9.8 percent, compared to a decrease by 16.3 percent during the same period of 2013; due to the increase in the demand of mining and quarrying industry sector.
- The number of passengers through Royal Jordanian grew by 5.3 percent during the first two months of 2014, compared to a decrease of 4.9 percent during the same period of 2013.
- Cargo through Royal Jordanian contracted by 2.9 percent during the first two months of 2014, compared to a growth of 11.3 percent during the same period of 2013.
- Quantities of exported and imported goods shipped through Aqaba port grew by 1.4 percent during the first two months of 2014, compared to a decline of 22.9 percent during the same period of 2013.
- Licensed areas for buildings decreased by 28.5 percent in January 2014, compared to a growth of 9.7 percent during the same month of 2013.
- Number of departures contracted by 0.8 percent during the first two months of 2014, against a decrease of 7.4 percent during the same period of 2013.

Main Sectoral Indicators

Percentages*

2013	Item	2013	A available data	2014	
-2.0	Licensed areas for buildings	9.7	January	-28.5	
1.6	Industrial production quantity index	-3.6		-1.1	
3.3	Manufacturing production quantity index	0.8		-2.5	
5.0	Food products and beverages	13.8		-11.9	
-4.2	Textiles	30.3		-14.6	
-10.8	Refined petroleum products	-61.3		29.1	
-13.8	Iron and steel	-47.5		24.0	
-17.7	Cement, lime and plaster	-35.4		39.1	
14.2	Chemical products	24.6		4.1	
-11.5	"Mining and quarrying" production quantity index	-32.1		4.4	
-17.4	Phosphate	-26.3		5.8	
-5.2	Potash	-36.6		2.8	
-4.5	Electricity production quantity index	-16.3		9.8	
15.7	Quantities of exported and imported goods shipped through Aqaba port	-22.9		January - February	1.4
-13.5	Number of departures	-7.4			-0.8
-3.7	The number of passengers through Royal Jordanian	-4.9	5.3		
-9.5	Cargo through Royal Jordanian	11.3		-2.9	

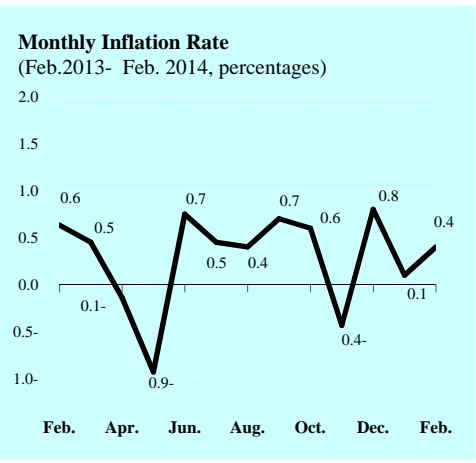
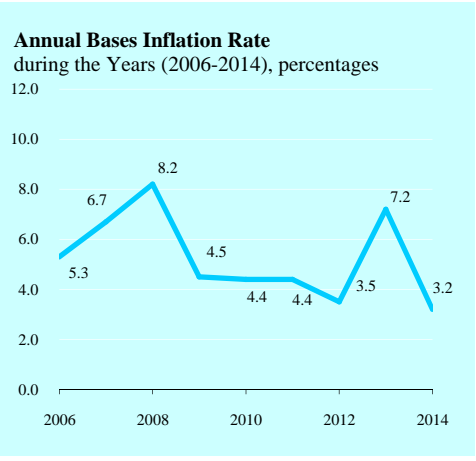
*Sources:

- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, for the first two months of 2014, stood at 3.2 percent, compared to 7.2 percent during the same period of 2013. This came as a result of the rise in the prices of some items, mainly; vegetables and rents, driven by the increase in the domestic demand as a result of the Syrian refugees influx, and the increase in the prices of clothes, due to the government's decision of increasing the tariff on imported clothing (mid-September 2013), in addition

to the increase of the prices of education, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. These items collectively contributed to the overall inflation rate by 2.3 percentage points, compared to 1.5 percentage points during the same period of 2013.



Compared with January 2014, the CPI in February 2014 increased by 0.4 percent. This was due to the increase in the prices of some items; mainly; “meat and poultry”, cigarettes, fruits, and “personal care”.

Developments of the CPI basket during the first two months of 2014, compared to the same period of 2013:

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 3.2 percent compared to an increase of 5.1 percent during the same period of 2013. The contribution of this group to the overall inflation rate reached 1.2 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; vegetables (15.6 percent), fruits (10.6 percent), and cigarettes (7.6 percent), according to the government's decision of increasing the tax on cigarettes since February 2014, on one hand, and a decrease in prices of “meat and poultry” (1.1 percent), and “oils and fats” (0.9 percent), on the other.
- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The prices of this group increased by 6.9 percent compared to an increase of 3.6 percent during the same period of 2013. 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 (7.0 percent) due to the government's decision of increasing the tariff on imported clothing (mid-September 2013), in addition to the rise in the prices of footwear (6.4 percent).

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 4.0 percent compared to an increase of 8.7 percent during the same period of 2013. Accordingly, it contributed to the overall inflation rate by 1.1 percentage points. The increase in the prices of this group was driven by the increase in the prices of rents by 7.7 percent, owing to the increase in the domestic demand as a result of the Syrian refugees influx. In addition, prices of other items showed a varied increase ranges between 3.6 percent for “cleaning materials” and 0.03 percent for “fuels and lighting”.
- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 2.1 percent compared to 9.6 percent during the same period of 2013. Accordingly, this group contributed by 0.6 percentage point to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of education, by 5.7 percent, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; “medical care” (5.3 percent), and transportation (2.2 percent).

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the fourth quarter of 2013; to stand at 11.0 percent (9.5 percent for males and 18.7 percent for females), compared to 12.5 percent (10.8 percent for males and 19.9 percent for females) during the same quarter of 2012.

- ◆ Accordingly, the unemployment rate during 2013 increased to stand at 12.6 percent (10.6 percent for males and 22.2 percent for females), compared to 12.2 percent (10.4 percent for males and 19.9 percent for females) during 2012. Furthermore, the unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 17.8 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2013 reached 37.1 percent (60.4 percent for males against 13.2 percent for females), compared to 38.0 percent (61.3 percent for males against 14.1 percent for females) during 2012.
- ◆ The employed rate among the population of 15 years and over reached 32.4 percent during 2013, compared to 33.4 percent during 2012. The employees in the sector of “public administration, defense, and social security” accounted for 26.2 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.7 percent), education (12.1 percent), manufacturing (9.9 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 1,307.2 million in 2013, comparing to a fiscal deficit in the amount of JD 1,824.0 million, in 2012. When excluding foreign grants (JD 639.1 million), the general budget deficit reaches JD 1,946.3 million compared to a deficit in the amount of JD 2,151.3 million in 2012.
- Net outstanding domestic public debt increased by JD 214.0 million at the end of 2013 compared to its level at the end of 2012, to reach JD 11,862.0 million (49.7 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 2,302.1 million at the end of 2013, compared to its level at the end of 2012, to stand at JD 7,234.5 million (30.3 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 19,096.5 million (80.0 percent of GDP) at the end of 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 2013 compared with the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 107.8 million, or 20.0 percent, in December 2013 comparing to the same month in 2012 to reach JD 646.6 million. As for the whole year of 2013, these revenues were up by JD 703.9 million, or 13.9 percent, compared to 2012 to stand at JD 5,758.2 million. This rise came as a result of the increase in domestic revenues by JD 392.2 million and foreign grants by JD 311.8 million.

Main Government Budget Indicators during 2013:

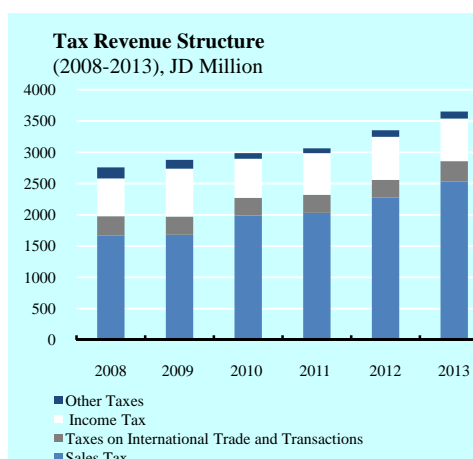
(JD Million and Percentages)

	December		Growth Rate	Jan. – Dec.		Growth Rate
	2012	2013		2012	2013	
Total Revenues and Grants	538.8	646.6	20.0	5,054.3	5,758.2	13.9
Domestic Revenues, of which:	308.1	586.9	90.5	4,726.9	5,119.1	8.3
Tax Revenues, of which:	215.0	355.1	65.2	3,351.4	3,652.4	9.0
General Sales Tax	159.6	297.3	86.3	2,274.7	2,532.9	11.4
Other Revenues	90.4	229.8	154.2	1,351.2	1,444.6	6.9
Foreign Grants	230.7	59.7	-74.1	327.3	639.1	95.3
Total Expenditures, of which:	935.3	853.0	-8.8	6,878.2	7,065.4	2.7
Capital Expenditures	162.9	303.1	86.1	675.4	1,015.0	50.3
Overall Deficit/ Surplus	-396.5	-206.4	-	-1,824.0	-1,307.2	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 392.2 million, or 8.3 percent, in 2013 compared to 2012, to reach JD 5,119.1 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 301.0 million and JD 93.4 million, respectively, and the drop in “pension contributions” by JD 2.2 million.



● Tax Revenues

Tax revenues increased by JD 301.0 million, or 9.0 percent, in 2013 compared with 2012, to reach JD 3,652.4 million (71.3 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 258.2 million which reached JD 2,532.9 million (accounting for 69.3 percent of total tax revenues). This result was driven by the increase in the proceeds of most general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on imported goods” and “sales tax on services” have increased by JD 192.3 million, JD 109.4 million, and JD 39.5 million, respectively. However, the proceeds of “sales tax on domestic goods” decreased by JD 83.0 million.
- The decrease in the proceeds of “income and profit taxes” by JD 6.4 million, or 0.9 percent, which reached JD 681.9 million (accounting for 18.7 percent of total tax revenues). This result was due to the decrease in the proceeds of “income tax from companies and other projects” by JD 6.5 million, and the rise in the proceeds of “income tax from individuals” by JD 0.1 million. Accordingly, income tax from companies accounted for 80.7 percent of total taxes on income and profits to reach JD 550.0 million (of which JD 228.0 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 39.3 million or 13.8 percent, which reached JD 324.9 million (accounting for 8.9 percent of total tax revenues).
- The increase in real-estates tax (taxes on financial transactions) by JD 9.9 million, or 9.6 percent, to reach JD 112.7 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” increased by JD 93.4 million, or 6.9 percent, in 2013 to reach JD 1,444.6 million. This increase was an outcome of:

- The increase in “revenues from selling goods and services” by JD 109.7 million to reach JD 792.1 million.
- The increase in miscellaneous revenues by JD 23.7 million to stand at JD 358.7 million.
- The decline in property income by JD 40.0 million to stand at JD 293.8 million (of which financial surplus of independent government units amounted to JD 262.5 million).

● **Pension Contributions**

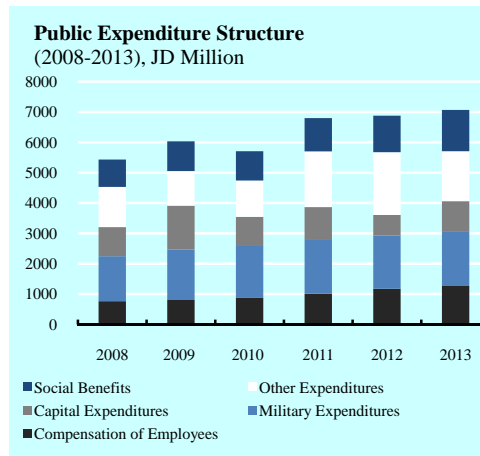
Pension contributions were down by JD 2.2 million in 2013, standing at JD 22.1 million.

◆ **Foreign Grants**

Foreign grants were up by JD 311.8 million in 2013, standing at JD 639.1 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 a decrease by JD 82.3 million, or 8.8 percent, in December 2013 compared to the same month in 2012 to stand at JD 853.0 million. However, public expenditures increased by JD 187.2 million, or 2.7 percent in 2013, to stand at JD 7,065.4 million. This increase was an outcome of the rise in capital expenditures by 50.3 percent, and the drop in current expenditures by 2.5 percent.



Current Expenditures

Current expenditures decreased by JD 152.4 million, or 2.5 percent, during 2013, to reach JD 6,050.4 million. This decrease was due to:

- The decrease in goods subsidies by JD 637.7 million to stand at JD 255.0 million, accounting for 4.2 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.
- The increase in military expenditures by JD 21.9 million to total JD 1,778.7 million, accounting for 29.4 percent of total current expenditures.
- The increase in social benefit expenditures by JD 151.5 million to stand at JD 1,357.9 million, accounting for 22.4 percent of total current expenditures, due to including direct cash subsidies allocations in the social safety net item.

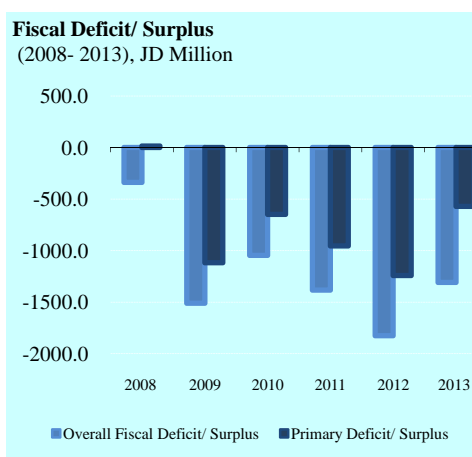
- The rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 90.6 million to reach JD 1,267.0 million, accounting for 20.9 percent of total current expenditures.
- The increase in interest payments, on internal and external public debt, by JD 153.6 million to stand at JD 736.5 million, accounting for 12.2 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 34.8 million to stand at JD 270.3 million, accounting for 4.5 percent of total current expenditures.

◆ Capital Expenditures

Capital expenditures increased by JD 339.6 million, or 50.3 percent during 2013 comparing with 2012, to reach JD 1,015.0 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,307.2 million in 2013, against a fiscal deficit in the amount of JD 1,824.0 million in 2012.



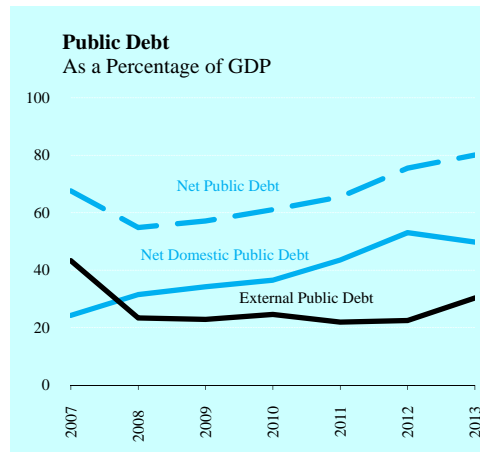
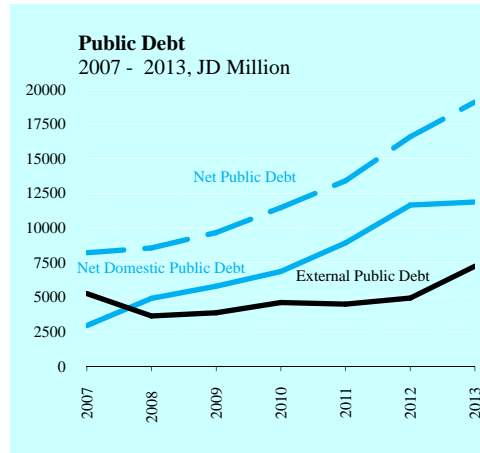
- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 570.7 million in 2013, against a primary deficit of JD 1,241.1 million in 2012.

Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 214.0 million at the end of 2013 comparing to its level at the end of 2012 to total JD 11,862.0 million, or 49.7 percent of GDP. The

above-mentioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 762.0 million to reach JD 13,440.0 million, and the increase in the government deposits at the banking system by JD 548.0 million to reach JD 1,577.0 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 1,226.0 million to reach JD 10,868.0 million at the end of 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 308.0 million to reach JD 869.0 million at the end of 2013, in addition, loans and advances extended to these agencies decreased by JD 65.0 million to stand at JD 1,014.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 2,302.1 million at the end of 2013 compared to its level at the end of 2012, amounting to JD 7,234.5 million (30.3 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, the issuance of sovereign Eurobonds in the international markets, in the total value of JD 886 million (equivalent to US\$ 1.25 billion). Moreover, receiving the second and the third tranches of the IMF loan under the stand-by arrangement (SBA) in the total amount of JD 457 million, (equivalent to US\$ 387 million for the second tranche and US\$ 258 million for the third tranche). The currency debt structure shows that external debt in US dollars accounted for 54.4 percent, while debt in Euros accounted for 7.2 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 9.2 percent and 12.2 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 2,516.1 million at the end of 2013 compared to its level at the end of 2012 to stand at JD 19,096.5 million, (80.0 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 4.5 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 598.9 million during 2013 (of which interest payments amounting to JD 129.8 million) compared to JD 558.1 million (of which interest payments amounting to JD 120.5 million) during 2012.

□ Fiscal and Price Measures

- Reducing the prices of most oil derivatives, while maintaining prices of unleaded gasoline and liquid gas cylinder unchanged, as follows:

Oil Derivatives Price Developments

	Unit	2014		Percentage Change
		March	April	
Unleaded Gasoline 90	Fils/Liter	835	835	0.0
Unleaded Gasoline 95	Fils/Liter	1,015	1,015	0.0
Gas Oil (Diesel)	Fils/Liter	680	670	-1.5
Gas Oil/ electricity	Fils/Liter	680	670	-1.5
Kerosene	Fils/Liter	680	670	-1.5
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	476.9	468.6	-1.7
Fuel oil/ electricity	JD/Ton	476.9	468.6	-1.7
Fuel oil for ships	JD/Ton	479.7	489.3	2.0
Fuel oil for airplanes (local companies)	Fils/Liter	611	599	-2.0
Fuel oil for airplanes (foreign companies)	Fils/Liter	616	604	-1.9
Fuel oil for unplanned flights	Fils/Liter	631	619	-1.9
Asphalt	JD/Ton	510.9	502	-1.7

Source: Jordan Petroleum Refinery Company (1/4/2014).

- The cabinet decided to amend the basis of providing cash subsidy for the Jordanian families, so that the subsidy will be disbursed to families whose annual income during 2013, (including additional allowances and rewards), is less than JD 10,000. Moreover, families that have three vehicles or net wealth equal to JD 250,000 in the form of land, properties, shares in companies and bank accounts are also excluded of cash subsidy (February 2014).

- The cabinet approved the amending by-law for the year 2014 for the special tax by-law NO. (80) for the year 2000, to come into effect starting from its issuance date in the Official Gazette. The amendments included raising the value of the special tax on a set of luxury goods, most notably, beers, alcoholic beverages, nuts and tobacco by different percentages (February 2014).
- The government decided to double the visa's fees to enter the Kingdom as of the first of April, whether it is normal or electronic visa (April 2014).
- The cabinet decided to exclude remittances flow outside the Kingdom from the general sales tax (April 2014).

□ Grants, Loans and Other Agreements

- Signing a five-years US\$ 140 million American aid agreement to support the rule of law, citizen engagement participation, and civil society across the kingdom (January 2014).
- Signing two grant agreements extended by European Union in the amount of EUR 40 million (equivalent to US\$ 54.4 million), of which EUR 30 million to support the education sector, while EUR 10 million to finance the sanitation services support project in the Jordanian communities hosting Syrian refugees (January 2014).
- Signing an additional aid agreement with the German government in the amount of EUR 25 million (equivalent to US\$ 34 million), of which EUR 15 million to support water

sector and EUR 10 million to help in mitigation the burden of hosting Syrian refugees (February 2014).

- Signing a EUR 180 million Macro-Financial Assistance (MFA) Loan Facility Agreement and Memorandum of understanding between Jordan and the European Union, to enable the Kingdom overcoming the consequences of the economic crises and facing the economic and financial challenges, and overcoming the repercussion of the political developments in the region, including the impact of the Syrian refugees crisis (March 2014).

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Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 14.9 percent in January 2014 compared to its level in the same month of 2013 to record JD 476.3 million.
- **Merchandize imports** increased by 17.4 percent in January 2014 compared to its level in the same month of 2013 to reach JD 1,369.5 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 18.7 percent in January 2014 compared to the same month in 2013 standing at JD 893.2 million.
- **Travel receipts** increased during the first two months of 2014 compared to its level in the same period of 2013 by 12.3 percent. Also, travel payments registered an increase of 12.7 percent.
- **Total workers' remittances receipts** increased by 4.1 percent during the first two months of 2014 compared to their level in the same period of 2013 to reach JD 390.0 million.
- **The current account of the balance of payments** registered a deficit of JD 2,384.6 million (10.0 percent of GDP) during 2013 compared to a deficit of JD 3,345.3 million (15.2 percent of GDP) during 2012.
- **Net direct investment** recorded an inflow of JD 1,265.8 million during 2013, up from JD 1,059.3 million during 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 21,222.9 million at the end of December 2013; an increase of JD 2,335.3 million over its level at the end of December 2012.

□ External Trade

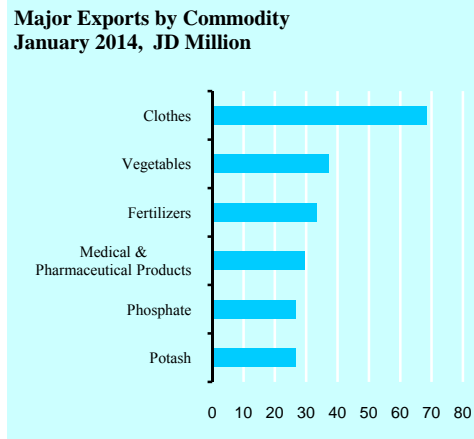
- As a result of the increase in domestic exports by JD 67.5 million and the increase in imports by JD 202.6 million during January 2014, the volume of external trade (domestic exports *plus* imports) increased by JD 270.1 million to stand at JD 1,777.1 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January				January				
	2013	2014	Percentage Change		2013	Percentage Change 2013/2012	2014	Percentage Change 2014/2013
Exports				External Trade	1,507.0	-8.5	1,777.1	17.9
USA	68.9	71.1	3.2	Total Exports	414.5	-5.5	476.3	14.9
Iraq	55.0	61.9	12.5	Domestic Exports	340.1	-7.8	407.6	19.8
Saudi Arabia	38.9	51.2	31.6	Re-exports	74.4	6.7	68.7	-7.7
Ethiopia	0.2	30.2	-	Imports	1,166.9	-8.7	1369.5	17.4
India	34.3	20.7	-39.7	Trade Balance	-752.4	-10.4	-893.2	18.7
Syria	17.2	18.2	5.8	Source: Department of Statistics.				
China	0.2	11.5	-					
Imports								
Saudi Arabia	281.9	263.1	-6.7					
China	118.5	143.7	21.3					
India	32.2	138.1	328.9					
USA	72.8	75.0	3.0					
Germany	51.0	72.9	42.9					
UAE	30.8	62.3	102.3					
Russia	9.2	57.0	519.6					
Turkey	24.0	56.5	135.4					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 14.9 percent during January 2014 compared to a 5.5 percent decline during the same month in 2013, to

record JD 476.3 million. This increase resulted from an increase in domestic exports by JD 67.5 million, or 19.8 percent, to reach JD 407.6 million, and a decline in re-exports by JD 5.7 million, or 7.7 percent, to reach JD 68.7 million.



◆ The developments of domestic exports during January 2014 compared to the same month in 2013 reveals the following:

- Exports of **medical and pharmaceutical products** decreased by JD 2.2 million, or 6.9 percent, to reach JD 29.6 million, compared to an increase of 68.3 percent during the same period in 2013. The Saudi, Iraqi, Libyan & Algerian Markets accounted for 67.2 percent of these exports.

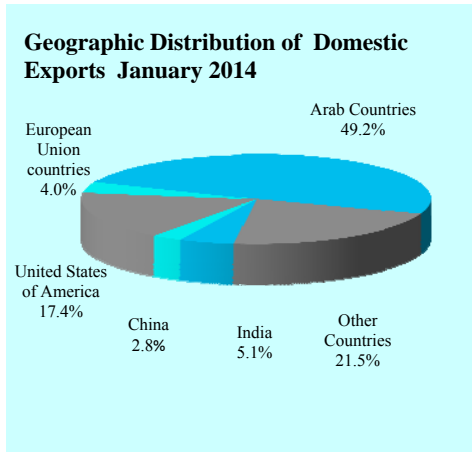
- Exports of **potash** decreased by JD 7.7 million, or 22.4 percent, to stand at JD 26.6 million, compared to a 41.2 percent decrease during January 2013. The Chinese, Belgium, South African and Italy markets accounted for 63.9 percent of these exports.
- Exports of **vegetables** increased by JD 7.6 million, or 25.7 percent, to total JD 37.2 million, compared to a decrease of 25.1 percent in the same period of 2013. The Syrian, Iraqi, and the UAE markets were the main destinations of these exports accounting for 57.8 percent.

Major Domestic Exports by Commodity, JD Million
January 2013, 2014

	2013	2014	Percentage Change
Domestic Exports	340.1	407.6	19.8
Clothes	67.1	68.6	2.2
USA	62.9	62.7	-0.3
Vegetables	29.6	37.2	25.7
Syria	13.3	12.7	-4.5
Iraq	1.8	4.6	155.6
UAE	3.2	4.2	31.3
Fertilizers	5.7	33.3	484.2
Ethiopia	0.0	30.0	-
Egypt	0.2	0.7	250.0
Iraq	0.8	0.7	-12.5
Medical & Pharmaceutical Products	31.8	29.6	-6.9
Saudi Arabia	6.1	8.3	36.1
Iraq	2.4	4.3	79.2
Libya	1.7	3.9	129.4
Algeria	3.0	3.4	13.3
Phosphate	23.5	26.8	14.0
India	23.5	14.7	-37.4
Indonesia	0.0	7.3	-
Japan	0.0	2.5	-
Potash	34.3	26.6	-22.4
China	0.0	10.6	-
Bulgaria	0.0	2.4	-
South Africa	0.0	2.2	-
Italy	0.0	1.8	-

Source: Department of Statistics.

- Exports of **phosphate** increased by JD 3.3 million, 14.0 percent, to register JD 26.8 million, compared to a decrease of 50.0 percent during the same month of 2013. This increase was mainly due to the

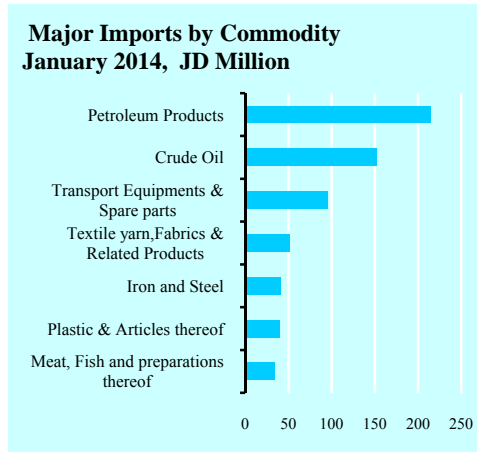


increase in exported quantities by 41.0 percent and the decrease in the prices of phosphates by 19.2 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 55.0 percent of phosphates exports.

- Consequently, the commodity breakdown of domestic exports indicates that the exports of clothes, vegetables, Fertilizers, phosphate, “medical and pharmaceutical products” and potash topped the list of domestic exports during January 2014; accounting for 54.5 percent of domestic exports, down from 56.5 percent during January 2013. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, Ethiopia, India, Syria and China, were the main destination markets for Jordanian domestic exports during January 2014; accounting for 65.0 percent of domestic exports, down from 63.1 percent during January 2013.

■ **Merchandize Imports:**

Merchandize imports amounted to JD 1,369.5 million during January 2014, increasing by JD 202.6 million, or 17.4 percent, compared to a decrease of 8.7 percent during January 2013.



◆ **The developments of imports during January 2014 compared with the same month of 2013 reveals the following:**

- **Crude oil** imports decreased by JD 25.3 million, 14.3 percent, to reach JD 152.2 million, compared to a decrease of 29.7 percent during January 2013. This decrease was attributed to the decline in both, quantities and prices by 13.5 percent and 0.9 percent, respectively. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports increased by JD 160.1 million, or 293.2 percent, to total JD 214.7 million compared to a decrease of 67.3 percent during January 2013. The main source markets of these imports were India, Russia and the UAE.

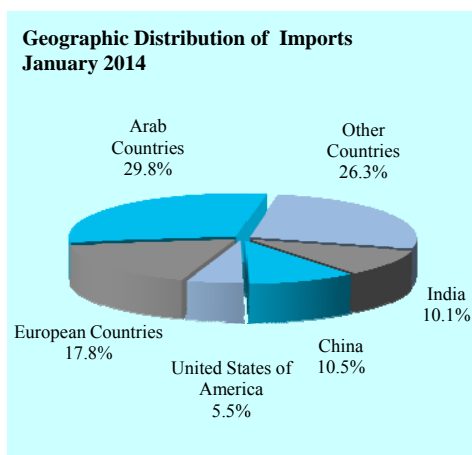
- Imports of **Transport equipments and Spare Parts** increased by JD 36.2 million, 60.9 percent, to reach JD 95.6 million compared to a decrease of 15.1 percent during January 2013. Japan, South Korea and the USA were the main origin markets for these imports; accounting for 64.5 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 14.5 million, 39.1 percent to reach JD 51.6 million, compared to a decrease of 6.1 percent during January 2013. The markets of China, Taiwan and the UAE accounted for 71.9 percent of these imports.

Major Imports by Commodity, JD Million
January 2013, 2014

	2013	2014	Percentage Change
Total Imports	1166.9	1369.5	17.4
Petroleum Products	54.6	214.7	293.2
India	0.0	108.1	-
Russia	0.0	47.7	-
UAE	0.6	32.7	-
Crude oil	177.5	152.2	-14.3
Saudi Arabia	155.0	152.2	-1.8
Transport Equipments and Spare Parts	59.4	95.6	60.9
Japan	9.6	22.6	135.4
South Korea	15.5	20.0	29.0
USA	10.5	19.1	81.9
Textile Yarn, Fabrics & Related Products	37.1	51.6	39.1
China	15.3	24.3	58.8
Taiwan	7.8	9.9	26.9
UAE	0.3	2.9	-
Plastic & Articles Thereof	33.7	39.5	17.2
Saudi Arabia	17.1	18.2	6.4
China	3.6	4.2	16.7
Taiwan	1.0	2.2	120.0
Meat, fish and preparations thereof	30.6	34.7	13.4
Brazil	7.9	10.6	34.2
Australia	4.8	6.4	33.3
India	3.2	4.5	40.6
Iron & Steel	44.9	40.8	-9.1
Ukraine	9.7	13.4	38.1
China	9.6	6.9	-28.1
Saudi Arabia	2.2	4.5	104.5

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”, “Plastic and Articles thereof”, “Meat, fish and preparations thereof” and “Iron and steel”, topped the list of imports during January 2014, accounting for 45.9 percent of total imports; up from 37.5 percent during January 2013. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, India, the USA, Germany, the UAE, Russia and Turkey were the main sources of imports during January 2014; accounting for 63.4 percent compared to 53.2 percent during the same month in 2013.



■ Re-Exports

A decrease of JD 5.7 million, or 7.7 percent, was registered in the value of re-exported goods during January 2014 compared to the same month in 2013, to reach JD 68.7 million.

■ Trade Balance

The trade balance deficit during January 2014 increased by JD 140.8 million, or 18.7 percent, to register JD 893.2 million compared to the same month in 2013.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 4.1 percent, during the first two months of 2014 compared to the same period in 2013 to register JD 390.0 million.

□ Travel

■ Receipts

Travel receipts increased by JD 50.9 million, or 12.3 percent, during the first two months of 2014 compared to the same period in 2013 to register JD 465.8 million.

■ Payments

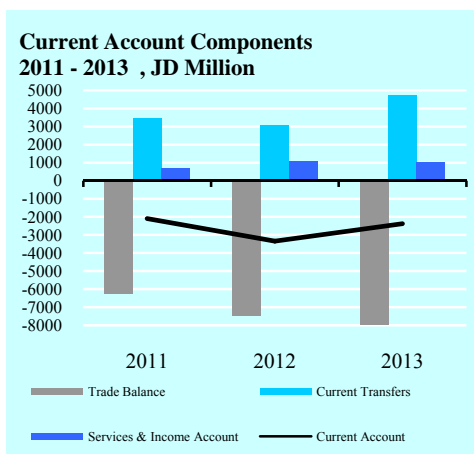
Travel payments increased by JD 15.2 million, or 12.7 percent, during the first two months of 2014 compared to the same period in 2013 to stand at JD 135.3 million.

□ Balance of Payments

The preliminary data of the balance of payments for 2013 compared to 2012, reveals the following developments:

- The current account recorded a deficit of JD 2,384.6 million (10.0 percent of GDP) compared to a deficit of JD 3,345.3 million (15.2 percent of GDP) during 2012. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit by JD 657.0 million, 8.8 percent, to reach JD 8,143.6 million compared to 2012.



- ◆ A decrease in the surplus of the services

account by JD 66.6 million to reach JD 1,265.7 million. As a result of the rise in the registered deficit for both transportation (net) and other services (net) to reach JD 881.6 million and JD 162.7 million respectively. Also, the travel (net) and government services (net) registered a surplus of JD 2,154.7 million and JD 155.3 million, respectively.

- ◆ Income account recorded a deficit of JD 240.4 million compared to a similar deficit of JD 275.9 million during 2012, as a result of a deficit of JD 460.7 million in investment income (net) and a surplus of JD 220.3 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 1,648.8 million; to reach JD 4,733.7 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 571.9 million and JD 1,076.9 million, to reach JD 1,620.0 million and JD 3,113.7 million, respectively. It's worth mentioning that the workers' remittances (net) increased by 4.4 percent, during 2013 to record JD 2,327.7 million.

- The capital and financial account in 2013 registered a net inflow of JD 2,052.8 million compared to a net inflow of JD 3,693.6 million during 2012, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,265.8 million compared to a similar inflow of JD 1,059.3 million during 2012.
 - ◆ Portfolio investments recorded a net inflow of JD 1,133.6 million compared to a similar inflow of JD 206.5 million during 2012.
 - ◆ Other investments registered a net inflow of JD 3,365.2 million compared with an inflow of JD 100.4 million during 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 3,713.5 million compared to a decrease of JD 2,325.6 million during 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 21,222.9 million at the end of December 2013 compared to JD 18,887.6 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 2,965.6 million to reach JD 17,483.5 million at the end of December of 2013 compared to the end of December 2012. This increase was a result of the rise in CBJ's reserves by 3,541.1 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 5,300.9 million at the end of December 2013 compared to the end of December 2012; standing at JD 38,706.4 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,276.9 million to stand at JD 18,934.2 million.
 - ◆ An increase in the stock of portfolio investments by JD 1,380.8 million to reach JD 4,206.0 million due to the Issuance of sovereign Euro bonds by the central government in the amount of JD 886.3 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,731.4 million. (an increase of JD 734.0 million at the CBJ, and an increase of JD 997.4 million at the licensed banks) to reach JD 8,226.2.
 - ◆ An increase in trade credits by JD 239.7 million, to stand at JD 1,019.1 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 782.2 million to reach JD 5,965.6 million (drawings of IMF Credits and loans).