



Central Bank of Jordan

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

**Research Dept. Monthly Report  
August, 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 quarter of 2013, real GDP at market prices grew by 2.6 percent compared to 3.0 percent during the first quarter of 2012. Inflation, measured by the Consumer Price Index (CPI) witnessed an increase by 6.2 percent during the first eight months of 2013, compared to 4.1 percent during the same period of 2012. Furthermore, the unemployment rate during the second quarter of 2013 increased to 12.6 percent compared to 11.6 percent during the same quarter in 2012.

#### □ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 3,259.6 million (49.1 percent) at the end of July 2013, compared to its level at the end of 2012. Accordingly, it reached US\$ 9,892.2 million which covers around 5.3 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 1,723.8 million (6.9 percent) at the end of July 2013, compared to its level at the end of 2012, standing at JD 26,668.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 731.3 million (4.1 percent), at the end of July 2013, compared to its level at the end of 2012, to reach JD 18,561.1 million.
- Total deposits at licensed banks increased by JD 1,781.1 million (7.1 percent) at the end of July 2013, compared to its level at the end of 2012, totaling JD 26,750.7 million. This increase was an outcome of the increase in JD deposits by JD 2,151.8 million (12.1 percent) and the decrease in foreign currency deposits by JD 370.7 million (5.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,956.5 points at the end of July 2013, decreasing by 1.1 points or 0.1 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first half of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 309.2 million comparing to a fiscal deficit in the amount of JD 416.7 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 304.0 million at the end of June 2013, comparing to its level at the end of 2012, to stand at JD 11,952.0 million (49.8 percent of GDP). Outstanding external public debt increased by JD 438.3 million at the end of June 2013 comparing to its level at the end of 2012 to reach JD 5,370.7 million, (22.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 72.2 percent of GDP at the end of June 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 1.6 percent during the first half in 2013 to reach JD 2,758.0 million. Also, merchandize imports increased by 0.9 percent, totaling JD 7,553.6 million. As a result, the trade deficit increased by 2.5 percent compared to the same period in 2012, to reach JD 4,795.6 million. The preliminary data during the first seven months of 2013 compared to the same period in 2012 showed a decrease in travel receipts by 8.4 percent due to the decline in the inbound medical tourism and similar decline in travel payments by 5.8 percent. In contrast, total workers' remittances receipts increased by 2.6 percent compared to its level in the same period of 2012. The balance of payments during the first quarter of 2013 displayed a deficit in the current account amounting to JD 642.1 million, (12.0 percent of GDP) down from JD 1,395.4 million (28.6 percent of GDP) during the same quarter of 2012. Moreover, Net Direct Investment recorded an inflow of JD 450.6 million during the first quarter of 2013 compared to a net inflow of JD 260.0 million during the same quarter of 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 19,705.0 million at the end of March 2013 compared to JD 18,873.7 million at the end of December 2012.



## First: Monetary and Financial Sector

### □ Summary

- The foreign currency reserves at the CBJ increased by US\$ 3,259.6 million, (49.1 percent) at the end of July 2013, compared to their level at the end of 2012, to stand at US\$ 9,892.2 million. This level of reserves covers around 5.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,723.8 million, (6.9 percent), at the end of July 2013, compared to its level at the end of the previous year, to total JD 26,668.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 731.3 million, (4.1 percent) at the end of July 2013, compared to its level at the end of 2012, to stand at JD 18,561.1 million.
- Total deposits at licensed banks increased by JD 1,781.1 million, (7.1 percent), at the end of July 2013, compared to its level at the end of 2012, to reach JD 26,750.7 million.
- The interest rates on deposits and credit facilities at licensed banks decreased at the end of July 2013 compared to their levels in the previous month, with the exception of interest rates on "time deposits" and "saving deposits". As of the end of July 2013, the interest rates on deposits and credit facilities increased compared to their levels at the end of 2012, with the exception of "demand deposits" which decreased compared to their level at the end of 2012.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,956.5 points at the end of July 2013, decreasing by 1.1 points (0.1 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 0.9 billion (4.8 percent), compared to its registered level of 2012, to stand at JD 18.2 billion.

**Main Monetary Indicators**

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

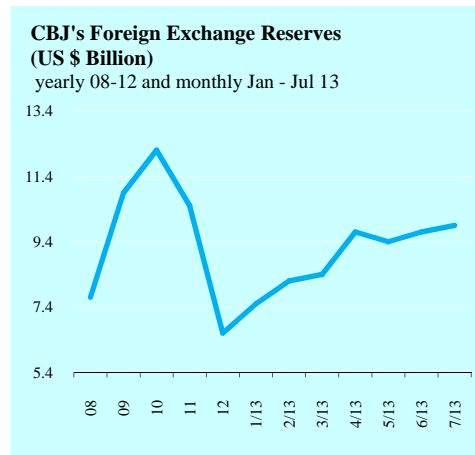
	2012	End of July	
		2012	2013
US\$ 6,632.6	CBJ's Foreign Currency Reserves*	US\$ 6,651.2	US\$ 9,892.2
-37.0%		-36.8%	49.1%
24,945.1	Money Supply (M2)	24,863.4	26,668.9
3.4%		3.1%	6.9%
17,829.8	Credit Facilities, of which:	17,234.5	18,561.1
12.5%		8.7%	4.1%
15,375.6	Private Sector (Resident)	15,059.7	16,184.2
7.6%		5.4%	5.3%
24,969.6	Total Deposits, of which:	25,046.3	26,750.7
2.4%		2.7%	7.1%
17,711.0	In JD	18,661.3	19,862.8
-7.4%		-2.4%	12.1%
7,258.6	In Foreign Currencies	6,385.0	6,887.9
38.0%		21.4%	-5.1%
20,387.1	Deposits of Private Sector (Resident), of which:	20,276.4	21,523.6
2.4%		1.9%	5.6%
15,084.3	In JD	15,929.1	16,778.4
-8.6%		-3.5%	11.2%
5,302.8	In Foreign Currencies	4,347.3	4,745.2
56.0%		27.9%	-10.5%

\* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Currency Reserves

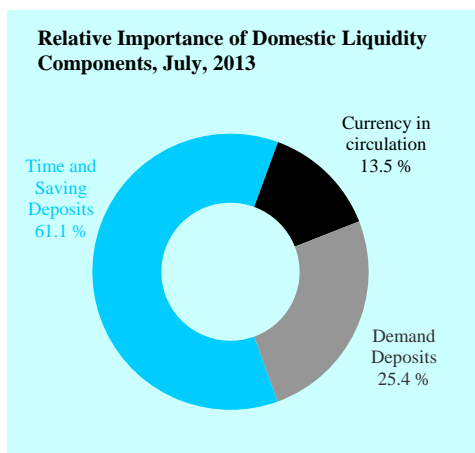
The CBJ's foreign currency reserves increased by US\$ 3,259.6 million (49.1 percent), at the end of July 2013, compared to their level at the end of 2012, to reach US\$ 9,892.2 million. This level of reserves covers around 5.3 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

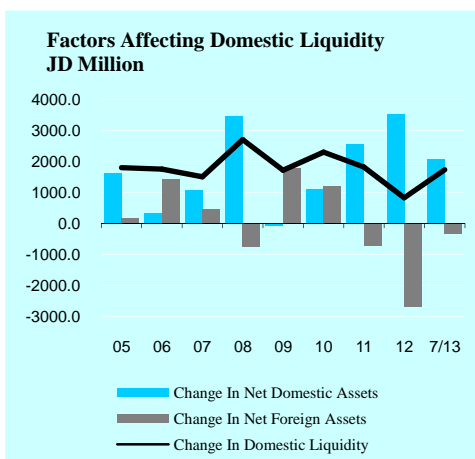
- Domestic liquidity totaled JD 26,668.9 million at the end of July 2013, increasing by JD 1,723.8 million, or 6.9 percent, compared to an increase of JD 744.5 million, or 3.1 percent, at the end of the same period of 2012.
- ◆ **Developments in both the components and the factors affecting domestic liquidity between the end of July 2013 and the end of 2012, reveal the following:**
  - **Components of Domestic Liquidity**
    - Deposits increased by JD 1,343.8 million, or 6.2 percent, at the end of July 2013, compared to their level at the end of 2012, to total JD 23,073.9 million, compared with an increase amounting to JD 562.9 million, or 2.7 percent, at the end of the same period of 2012.

- Currency in circulation increased by JD 380.0 million, or 11.8 percent, at the end of July 2013, compared to its level at the end of 2012, to reach JD 3,595.0 million, against an increase in the amount of JD 181.6 million, or 6.0 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 2,064.3 million, or 11.3 percent, at the end of July 2013, compared to its level at the end of 2012, against an increase of JD 2,496.8 million, or 16.9 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 2,621.3 million, or 12.6 percent, and the decrease of net domestic assets of the CBJ by JD 557.0 million, or 21.7 percent.



- Net foreign assets of the banking system decreased by JD 340.5 million, or 5.1 percent, at the end of July 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 1,752.3 million, or 18.7 percent, in the same period of 2012. This decrease was an outcome of the decline of net foreign assets of the licensed banks by JD 1,289.5 million and the increase of net foreign assets of the CBJ by JD 949.0 million, or 15.5 percent.

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

2012		End of July	
		2012	2013
<b>6,665.5</b>	<b>Foreign Assets (Net)</b>	<b>7,617.8</b>	<b>6,325.0</b>
6,139.7	CBJ	6,804.2	7,088.7
525.8	Licensed Banks	813.6	-763.7
<b>18,279.7</b>	<b>Domestic Assets (Net)</b>	<b>17,245.6</b>	<b>20,343.9</b>
-2,562.7	CBJ, of which:	-3,243.1	-3,119.8
1,567.8	Claims on Public Sector (Net)	1,288.1	1,596.8
-4,150.5	Other Items (Net*)	-4,550.7	-4,736.8
20,842.4	Licensed Banks	20,488.7	23,463.7
8,377.1	Claims on Public Sector (Net)	7,554.5	9,251.5
15,953.5	Claims on Private Sector	15,664.2	16,836.4
-3,468.2	Other Items (Net)	-2,730.0	-2,624.2
<b>24,945.1</b>	<b>Money Supply (M2)</b>	<b>24,863.4</b>	<b>26,668.9</b>
<b>3,215.0</b>	<b>Currency in Circulation</b>	<b>3,200.9</b>	<b>3,595.0</b>
<b>21,730.1</b>	<b>Total Deposits, of which:</b>	<b>21,662.5</b>	<b>23,073.9</b>
5,395.6	In Foreign Currencies	4,495.7	4,894.3

\* 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 August 7<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 (%)			
		July	
2012		2012	2013
5.00	Re-discount Rate	5.00	5.00
4.75	Repurchase Agreements Rate (Repos)	4.75	4.75
4.00	Overnight Deposit Window Rate	3.25	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

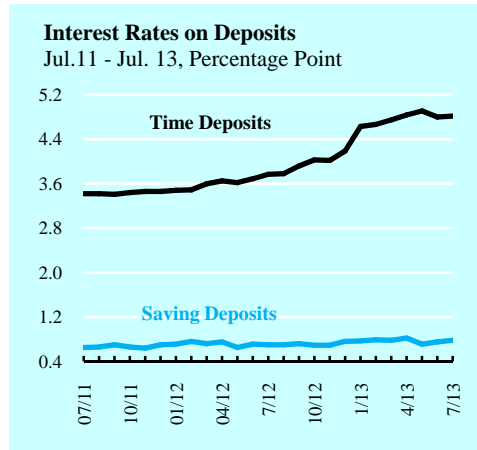
- **Re-Discount Rate:** 4.75 percent.
  - **Interest Rate on Overnight Repurchase Agreements:** 4.50 percent.
  - **Overnight Window Deposit Rate:** 3.75 percent.
  - The interest rate on the last repurchases for both one week and one month maturities was 4.00 percent.
- ◆ This decision aims at increasing 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 July 2013 increased by 2 basis points, compared to its level at the end of the previous month to stand at 4.82 percent. This rate is higher by 63 basis points than its level at the end of 2012.

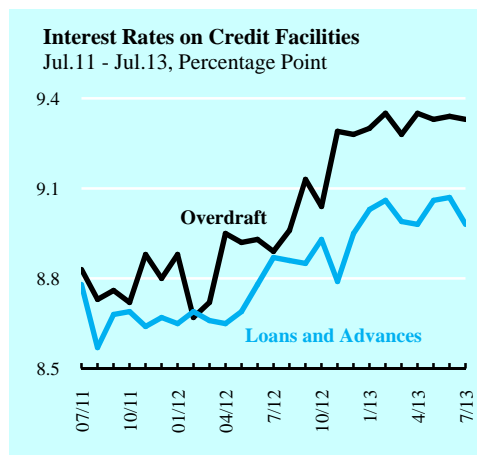
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of July 2013 increased by 3 basis points compared to its level at the end of the previous month to stand at 0.78 percent. This rate is higher than its level at the end of 2012 by 2 basis points.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of July 2013 decreased by 1 basis point compared to the level recorded in the previous month to stand at 0.36 percent. This rate is lower than its level at the end of 2012 by 6 basis points.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of July 2013 decreased by 1 basis point compared to its level at the end of the previous month to stand at 9.33 percent. This rate is higher than its level at the end of 2012 by 5 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 4 basis points at the end of July 2013, compared to its level at the end of the previous month, to stand at 9.75 percent. This rate is higher than its level at the end of 2012 by 16 basis points.

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

		July		Change Relative to the Preceding Year
2012		2012	2013	Basis Points
<b>Deposits</b>				
0.42	Demand	0.45	0.36	-6
0.76	Saving	0.70	0.78	2
4.19	Time	3.77	4.82	63
<b>Credit Facilities</b>				
9.59	Discounted Bills and Bonds	9.31	9.75	16
8.95	Loans and Advances	8.87	8.98	3
9.28	Overdraft	8.89	9.33	5
8.68	Prime Lending Rate	8.34	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 9 basis points at the end of July 2013, compared to its level at the end of the previous month, to stand at 8.98 percent. This rate is higher than its level of 2012 by 3 basis points.
- The Prime lending rate stood at 8.85 percent at the end of July 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 60 basis points compared to its level at the end of 2012, to reach 416 basis points at the end of July 2013.

**□ Credit Facilities Extended by Licensed Banks**

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,561.1 million at the end of July 2013, increasing by JD 731.3 million, or 4.1 percent, compared to its level at the end of 2012, against an increase in the amount of JD 1,383.3 million, or 8.7 percent, during the same period in 2012.



- The classification of extended credit facilities, according to economic activity, at the end of July 2013 demonstrates an increase in credit facilities classified as "other", which generally represents credit facilities extended to individuals, by JD 234.6 million, or 6.1 percent, and the increase in construction sector by JD 189.4 million, or 5.1 percent, as well as the industrial sector by JD 154.3 million or 6.1 percent. Meanwhile, the credit facilities extended to the general trade sector decreased by JD 14.9 million, or 0.4 percent, compared to their levels at the end of 2012.
  - The classification of extended credit facilities, according to the borrower, at the end of July 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 808.6 million, or 5.3 percent, the central government by JD 26.1 million, or 2.1 percent, and the financial institutions by JD 3.6 million, or 39.6 percent. Meanwhile, the credit facilities extended to the private sector (non-resident) decreased by JD 83.8 million, or 9.8 percent, and the public institutions by JD 23.2 million, or 6.5 percent, compared to their levels at the end of 2012.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 26,750.7 million at the end of July 2013, increasing by JD 1,781.1 million, or 7.1 percent, compared to its level at the end of 2012, against an increase of JD 668.4 million, or 2.7 percent, during the same period of 2012.
  - The increase in total deposits at licensed banks at the end of July 2013 was a result of the increase in the deposits of the private sector (resident) by JD 1,136.6 million, or 5.6 percent, the private sector (non-resident) by JD 371.7 million, or 14.2 percent, the public sector (central government *plus* public institutions) by JD 207.1 million, or 12.2 percent, and the non-banking financial

institutions by JD 65.7 million, or 23.9 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of July 2013 reveal that “deposits in local currencies” increased by JD 2,151.8 million, or 12.1 percent, and “deposits in the foreign currency” decreased by JD 370.7 million, or 5.1 percent, compared to their levels at the end of 2012.

#### □ Amman Stock Exchange (ASE)

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

##### ■ Trading Volume

Trading volume at the (ASE) totaled JD 155.2 million in July 2013; down by JD 79.5 million, or 33.9 percent, compared to its level at the end of the previous month, against an increase of JD 5.6 million, or 4.3 percent, during the same month in 2012. However, the trading volume totaled JD 2,243.6 million during the first seven months of 2013, up by JD 1,011.4 million, compared to the same period of 2012.

##### ■ Traded Shares

The number of traded shares in July 2013 totaled 148.0 million shares; down by 70.8 million shares, or 32.4 percent, compared to its level at the end of preceding month, against an increase amounting to 38.8 million shares, or 24.9 percent, during the same month of 2012. As of end of July 2013, the number of traded shares totaled 1,918.4 million shares, compared to 1,510.8 million shares traded during the same period of 2012, increasing by 407.6 million shares or 27.0 percent.

■ **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) decreased by 24 points, or 1.2 percent, at the end of July 2013 compared to its level at the

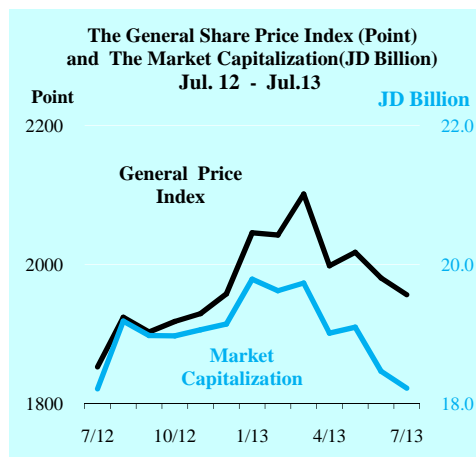
end of the previous month, to stand at 1,956.5 points, against a decrease in the amount of 29.6 points, or 1.6 percent, during the same month of 2012. As of end of July 2013, the SPI decreased by 1.1 points, or 0.1 percent, compared to its level at the end of 2012, against a drop in the amount of 142.6 points, or 7.1 percent during the same period in 2012. The aforementioned decrease was an outcome of the decrease in the SPI for the services sector by 93.4 points, or 5.7 percent, and the industrial sector by 81.0 points, or 3.7 percent. Meanwhile, the SPI for the financial sector increased by 76.7 points, or 3.2 percent, compared to their levels at the end of 2012.

		July	
2012		2012	2013
1,957.6	General Index	1,852.5	1,956.5
2,363.6	Financial Sector	2,287.0	2,440.3
2,176.6	Industrial Sector	2,041.4	2,095.6
1,651.1	Services Sector	1,531.3	1,557.7

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 18.2 billion at the end of July 2013; a decrease of JD 0.2 billion, or 1.3 percent, compared to its level at the end of the previous month, against a decrease of JD 0.1 billion, or 0.8 percent,



during the same month of 2012. As of end of July 2013, the market capitalization decreased by JD 0.9 billion, or 4.8 percent, compared to its level at the end of 2012, against a decrease of JD 1.1 billion, or 5.5 percent during the same period of 2012.

#### ■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 12.1 million in July 2013, compared to no inflows during the same month of 2012; the value of shares acquired by non-Jordanian in July 2013 amounted to JD 34.4 million, while the value of shares sold by the same group amounted to JD 22.3 million. Moreover, non-Jordanian net investment recorded an

Main Amman Stock Exchange Trading Indicators, JD Million			
		July	
2012		2012	2013
1,978.8	Value Traded	137.3	155.2
7.9	Average Daily Trading	6.0	6.7
19,141.5	Market Capitalization	18,208.9	18,219.4
2,384.1	No. of Traded Shares (million)	194.6	148.0
37.6	Net Investment of Non-Jordanian	0.0	12.1
322.9	Non-Jordanian Buying	15.3	34.4
285.3	Non-Jordanian Selling	15.3	22.3

Source: Amman Stock Exchange.

inflow amounting to JD 118.1 million during the first seven months of 2013, compared to an inflow in the amount of JD 16.9 million during the same period of 2012.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.6 percent, during the first quarter of 2013, compared to 3.0 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 9.5 percent during the first quarter of 2013, compared to 8.0 percent during the same quarter of 2012.
- Inflation, measured by the CPI, increased to 6.2 percent during the first eight months of 2013, compared to 4.1 percent during the same period of 2012.
- The unemployment rate went up during the second quarter of 2013, to stand at 12.6 percent (10.3 percent for males and 22.4 percent for females), compared to 11.6 percent (10.3 percent for males and 17.8 percent for females) during the same quarter of 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.2 percent.

### □ Developments of (GDP)

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

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

	Q 1	Q2	Q3	Q4	Percentages Year
<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				
GDP at Current Market Prices	9.5				

Source: Department of Statistics.

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

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

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



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

#### □ Microeconomic Indicators

- Industrial production quantity index grew by 1.4 percent during the first seven months of 2013 against a growth of 1.2 percent during the same period of 2012. This can be attributed to the following:
  - Manufacturing production quantity index grew by 3.1 percent, compared to a growth of 1.9 percent (against the same period of 2012). This came as a result of the improvement in production of some items, mainly; “chemical products” (13.1

percent), and “food products and beverages” (9.1 percent), on one hand, and the decrease in “cement” (25.7 percent), “refined petroleum products” (20.0 percent), and “iron and steel” (12.7 percent), on the other.

- “Mining and quarrying” production quantity index decreased by 5.5 percent, against a decrease of 14.6 percent during the same period of 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 8.1 percent, and potash by 0.8 percent; owing to a decline in the demand of some major importing countries for these materials especially India.
- Electricity production quantity index decreased by 9.8 percent, compared to a strong increase of 12.6 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 0.1 percent, during the first half of 2013, compared to a growth of 16.0 percent during the same period of 2012.
- Cargo through Royal Jordanian contracted by 9.9 percent, during the first half of 2013, compared to a growth by 4.2 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 16.5 percent during the first half of 2013, compared to an increase of 2.8 percent during the same period of 2012.
- Licensed areas for buildings grew by 8.9 percent during the first half of 2013, compared to a growth of 6.9 percent during the same period of 2012.
- Number of departures contracted by 16.5 percent during the first seven months of 2013, compared to a decrease of 6.7 percent during the same period of 2012.



## Main Sectoral Indicators

Percentages\*

2012	Item	Available Period		
		2012		2013
	<b>Industrial Sector</b>			
<b>8.5</b>	<b>Licensed areas for buildings</b>	<b>6.9</b>	January – June	<b>8.9</b>
<b>5.8</b>	<b>The number of passengers through the Royal Jordanian</b>	<b>16.0</b>		<b>-0.1</b>
<b>-1.7</b>	<b>Cargo through the Royal Jordanian</b>	<b>4.2</b>		<b>-9.9</b>
<b>0.9</b>	<b>Quantities of exported and imported goods shipped through the Aqaba port</b>	<b>2.8</b>		<b>-16.5</b>
<b>0.2</b>	<b>Industrial production quantity index</b>	<b>1.2</b>	January – July	<b>1.4</b>
<b>1.4</b>	<b>Manufacturing production quantity index</b>	<b>1.9</b>		<b>3.1</b>
3.3	Food products and beverages	-1.0		9.1
9.8	Refined petroleum products	10.2		-20.0
-2.5	Iron and steel	-2.5		-12.7
-22.6	Cement, lime and plaster	-18.5		-25.7
-3.7	Chemical products	-2.5		13.1
<b>-16.9</b>	<b>“Mining and quarrying” production quantity index</b>	<b>-14.6</b>		<b>-5.5</b>
-15.3	Phosphate	-16.4		-8.1
-19.0	Potash	-13.1		-0.8
<b>6.5</b>	<b>Electricity production quantity index</b>	<b>12.6</b>		<b>-9.8</b>
<b>-7.7</b>	<b>Number of departures</b>	<b>-6.7</b>	<b>-16.5</b>	

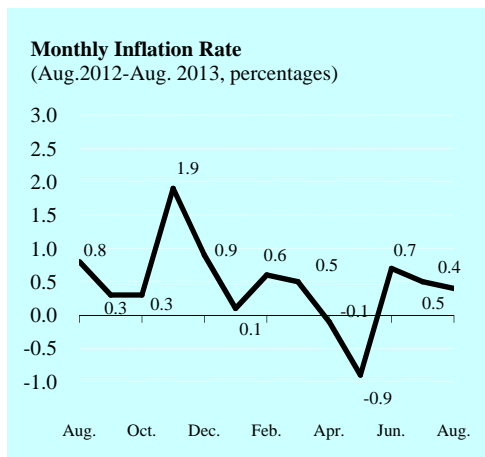
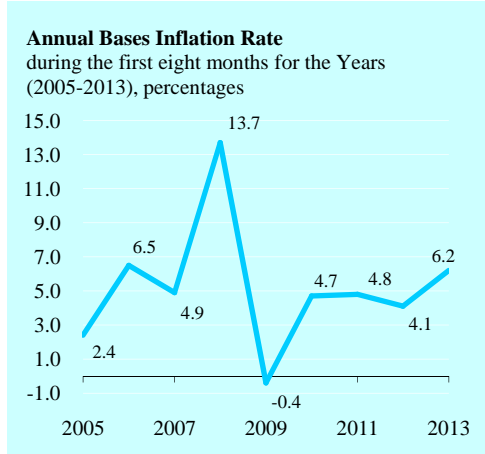
\*Sources:

- 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 eight months of 2013, to stand at 6.2 percent, compared to 4.1 percent during the same period in 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and “transportation” items, which were affected by the government's decision of liberalizing the prices of petroleum products (November 2012). These items collectively contributed to the overall inflation rate by 3.1 percentage points, compared to 0.7 percentage point during the same period in 2012. Furthermore, the CPI was affected by the global increase in the prices of some food items compared to their levels during the same period of 2012.

In August 2013, the CPI increased by 0.4 percent compared with July 2013. This was mainly due to the increase in the prices of some items; mainly vegetables, fruits, clothing, footwear, and transportation.



**Developments of the CPI basket during the first eight 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 4.0 percent compared to an increase of 4.5 percent during the same period of 2012. The contribution of this group to the overall inflation rate reached 1.5 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; “fruits” (16.8 percent) “vegetables” (11.9 percent), “meat and poultry” (6.4 percent), and “dairy products and eggs” (4.6 percent), while the prices of “cigarettes”, “cereals and products”, and “oils and fats” have declined by 8.8 percent, 1.3 percent, and 1.2 percent, respectively.
  
- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level for this group increased by 5.1 percent (the same increase that registered during the same period of 2012). The group's contribution to the overall inflation rate reached 0.2 percentage point. The increase in the prices of this group was affected by the rise in the prices of “footwear” and “clothes”, which grew by 9.6 percent and 3.9 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 9.1 percent compared to an increase of 2.6 percent during the same period of 2012. Accordingly, this group contributed to the overall inflation rate by 2.3 percentage points. The increase in the prices of this group was driven by the sharp rise in the prices of “fuels and lighting” item by 24.2 percent, which was affected by the government's decision of liberalizing the prices of petroleum products compared to a slight increase by 0.4 percent during the same period in 2012. In addition, prices of other items showed a varied increase ranges between 2.6 percent for “household appliances” and 5.7 percent for “house utensils”.
  
- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 6.9 percent compared to 4.7 percent during the same period of 2012. Accordingly, this group contributed by 2.2 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 14.0 percent, compared to an increase of 6.1 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” (4.2 percent), “personal care” (4.0 percent), and “recreation” (3.9 percent).

### □ Employment

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



### Third : Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 309.2 million during the first half of 2013, comparing to a fiscal deficit in the amount of JD 416.7 million, during the same period in 2012. Excluding foreign grants (JD 433.2 million), the general budget deficit reaches JD 742.4 million compared to a deficit in the amount of JD 441.9 million during the same period in 2012.
- Net outstanding domestic public debt increased by JD 304.0 million at the end of June 2013 compared to its level at the end of 2012, to reach JD 11,952.0 million (49.8 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 438.3 million at the end of June 2013, compared to its level at the end of 2012, to stand at JD 5,370.7 million (22.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 17,322.7 million (72.2 percent of GDP) at the end of June 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 half of 2013 compared to the same period in 2012:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 365.6 million, or 107.8 percent, in June 2013 comparing to the same month in 2012 to reach JD 704.9 million. As for the first half of 2013, these revenues were up by JD 473.8 million, or 18.9 percent, compared to the same period in 2012 to stand at JD 2,977.9 million. This result was mainly driven by the increase in foreign grants by JD 408.0 million, as well as domestic revenues by JD 65.8 million.

## Main Government Budget Indicators during the first half of 2013:

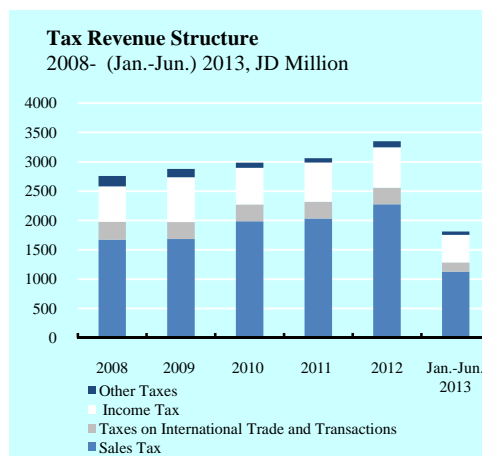
(JD Million and Percentages)

	June		Growth Rate %	Jan. – Jun.		Growth Rate %
	2012	2013		2012	2013	
<b>Total Revenues and Grants</b>	<b>339.3</b>	<b>704.9</b>	<b>107.8</b>	<b>2,504.1</b>	<b>2,977.9</b>	<b>18.9</b>
Domestic Revenues, of which:	335.8	489.9	45.9	2,478.9	2,544.7	2.7
Tax Revenues, of which:	235.7	328.6	39.4	1,705.5	1,810.5	6.2
General Sales Tax	177.3	261.2	47.3	1,043.8	1,127.8	8.0
Other Revenues	98.2	160.1	63.0	761.7	723.4	-5.0
Foreign Grants	3.5	215.0	6,042.9	25.2	433.2	1,619.0
<b>Total Expenditures, of which:</b>	<b>504.7</b>	<b>554.2</b>	<b>9.8</b>	<b>2,920.8</b>	<b>3,287.1</b>	<b>12.5</b>
Capital Expenditures	53.1	53.7	1.1	204.4	324.0	58.5
<b>Overall Deficit/ Surplus</b>	<b>-165.4</b>	<b>-150.7</b>	<b>-</b>	<b>-416.7</b>	<b>-309.2</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

## ◆ Domestic Revenues

Domestic revenues increased by JD 65.8 million, or 2.7 percent, in the first half of 2013 compared to the same period in 2012, to reach JD 2,544.7 million. This increase was an outcome of the rise in the proceeds of “tax revenues” by JD 105.0 million, and the drop in “other revenues” and “pension contributions” by JD 38.3 million, and JD 0.9 million, respectively.





### ● Tax Revenues

Tax revenues increased by JD 105.0 million, or 6.2 percent, during the first half of 2013 compared to the same period in 2012, to reach JD 1,810.5 million (71.1 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 84.0 million which reached JD 1,127.8 million (accounting for 62.3 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 services” and “sales tax on imported goods” have increased by JD 36.8 million, JD 33.2 million, JD 8.9 million and JD 5.1 million, respectively, which indicates an improvement in private consumption spending.
- The decrease in the proceeds of “income and profit taxes” by JD 6.7 million or 1.4 percent, which reached JD 469.9 million (accounting for 26.0 percent of total tax revenues). This decrease was due to the decline in the proceeds of “income tax from companies and other projects” by JD 13.2 million, and the increase in the proceeds of “income tax from individuals” by JD 6.5 million. Accordingly, income tax from companies accounted for 84.3 percent of total taxes on income and profits to reach JD 396.1 million (of which JD 168.2 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 17.9 million or 12.8 percent, which reached JD 157.3 million

(accounting for 8.7 percent of total tax revenues). this can be attributed to the increase in goods imports (excluding crude oil, oil derivatives, liquid gas and electricity) by 16.6 percent.

- The increase in real-estates tax (taxes on financial transactions) by JD 9.8 million, or 21.4 percent, to reach JD 55.5 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” decreased by JD 38.3 million, or 5.0 percent, during the first half of 2013 to reach JD 723.4 million. This drop was an outcome of:

- The decline in property income by JD 70.3 million to stand at JD 193.2 million (of which financial surplus of independent government units amounted to JD 179.3 million).
- The decrease in miscellaneous revenues by JD 48.2 million to stand at JD 112.4 million.
- The increase in revenues from selling goods and services by JD 80.2 million to reach JD 417.8 million.

#### ● Pension Contributions

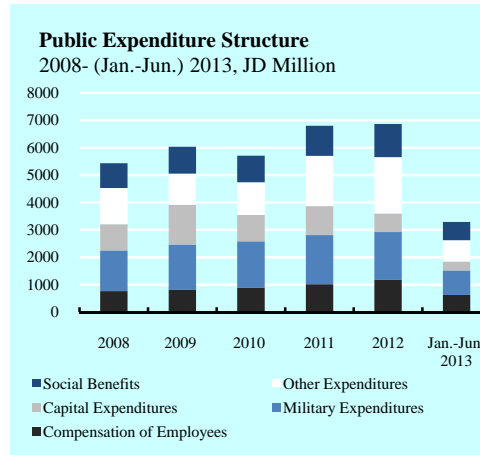
Pension contributions were down by JD 0.9 million during the first half of 2013, standing at JD 10.8 million.

#### ◆ Foreign Grants

Foreign grants were up by JD 408.0 million during the first half of 2013, standing at JD 433.2 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 a grants provided by GCC fund.

## Public Expenditures

Public expenditures witnessed an increase by JD 49.5 million, or 9.8 percent, in June 2013 compared to the same month in 2012 to stand at JD 554.2 million. Moreover, public expenditures increased by JD 366.3 million, or 12.5 percent during the first half of 2013, to stand at JD 3,287.1 million. This increase was a result of the rise in both current expenditures and capital expenditures by 9.1 percent, and 58.5 percent, respectively.



## Current Expenditures

Current expenditures increased by JD 246.7 million, or 9.1 percent, during the first half of 2013, to reach JD 2,963.1 million. This increase was due to:

- The increase in military expenditures by JD 94.0 million to total JD 898.5 million, accounting for 30.3 percent of total current expenditures.
- The increase in social benefit expenditures by JD 150.0 million to stand at JD 666.1 million, accounting for 22.5 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 44.6 million to reach JD 622.6 million, accounting for 21.0 percent of total current expenditures.

- The increase in interest payments, on internal and external public debt, by JD 83.8 million to stand at JD 336.3 million, accounting for 11.3 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 28.9 million to stand at JD 129.8 million, accounting for 4.4 percent of total current expenditures.
- The decrease in goods subsidies by JD 178.0 million to stand at JD 135.4 million, accounting for 4.6 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

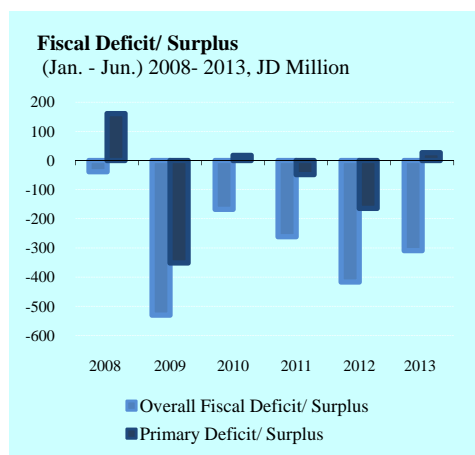
#### ◆ Capital Expenditures

Capital expenditures increased by JD 119.6 million, or 58.5 percent during the first half of 2013 comparing to the same period during 2012, to reach JD 324.0 million.

#### ■ General Budget Deficit/ Surplus

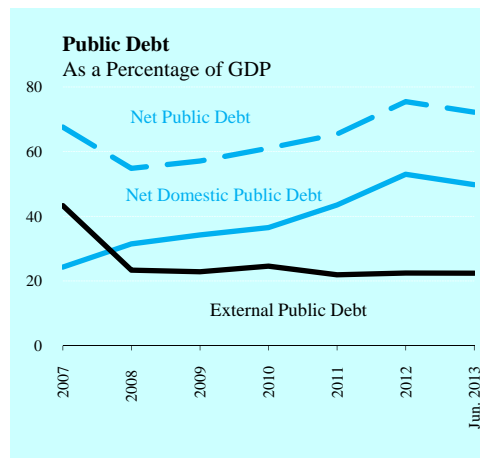
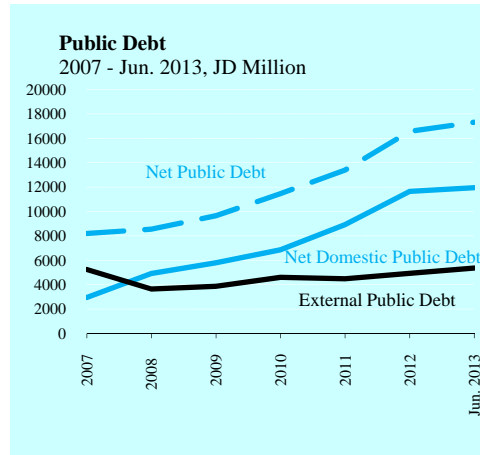
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 309.2 million during the first half of 2013, against a fiscal deficit in the amount of JD 416.7 million during the same period in 2012.

- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 27.1 million during the first half of 2013, against a primary deficit of JD 164.2 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 304.0 million at the end of June 2013 comparing to its level at the end of 2012 to total JD 11,952.0 million, or 49.8 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 510.0 million to reach JD 13,188.0 million, and the increase in the government deposits at the banking system by JD 207.0 million to reach JD 1,236.0 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 614.0 million to reach JD 10,256.0 million at the end of June 2013, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 712.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 95.0 million to reach JD 1,082.0 million at the end of June 2013, while loans and advances extended to these agencies increased by JD 37.0 million to stand at JD 1,116.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 438.3 million at the end of June 2013 compared to its level at the end of 2012, amounting to JD 5,370.7 million (22.4 percent of GDP). This increase was driven by the government's issuance of domestic bonds in dollar in the value of JD 354 million (equivalent to US\$ 500 million), in February 2013, 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 43.0 percent, while debt in Euros accounted for 8.6 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 13.9 percent and 16.0 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 742.3 million at the end of June 2013 comparing to its level at the end of 2012 to stand at JD 17,322.7 million, (72.2 percent of GDP), against JD 16,580.4 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP declined by 3.3 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 250.2 million during the first half of 2013 (of which interest payments amounting to JD 57.7 million) compared to JD 275.9 million (of which interest payments amounting to JD 58.7 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:

<b>Oil Derivatives Price Developments</b>				
	Unit	2013		Change %
		August	September	
Unleaded Gasoline 90	Fils/Liter	810	825	1.9
Unleaded Gasoline 95	Fils/Liter	980	1000	2.0
Gas Oil (Diesel)	Fils/Liter	665	680	2.3
Gas Oil/ electricity	Fils/Liter	665	680	2.3
Kerosene	Fils/Liter	665	680	2.3
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	468.7	475.1	1.4
Fuel oil/ electricity	JD/Ton	468.7	475.1	1.4
Fuel oil for ships	JD/Ton	468.7	475.1	1.4
Fuel oil for airplanes (local companies)	Fils/Liter	604	621	2.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	609	626	2.8
Fuel oil for unplanned flights	Fils/Liter	624	641	2.7
Asphalt	JD/Ton	502.2	508.9	1.3

Source: Jordan Petroleum Refinery CO. (1/9/2013).

- The cabinet decided to approve amending electricity tariffs starting from 15 August 2013, pursuant to the provisions of Article (18/electricity prices) of the concession agreement granted to the Jordanian Electric Power Company (JEPCO). Following are the main contents of the decision: (August 2013)
  - ◆ Separating the household sector from regular consumers sector, and raising tariffs for those whose consumption

exceeds 600 kilowatt/ hour starting from 2014, while excluding those households whose consumption is less than that amount from the raise.

- ◆ Unification of all banking sector tranches in a single one, so that this sector pays the tariff of the second tranche in 2013 standing at 265 fils/KW/ hour and the determined raises for the following years until 2017.
- ◆ Introducing two tranches for the small industrial sector; the first one for consumptions ranging from 1 to 10,000 kilowatt/ hour per month, and the second for any consumption exceeding that amount, with excluding the first tranche from the raise.
- ◆ Excluding the agricultural sector from the raise.
- ◆ Raising the electricity tariffs on all other tranches and sectors (including regular consumers sector) at rates ranging between 0 - 15 percent.
- ◆ Abolition of discounts granted in the current electricity tariffs system which include; the discount granted to the associations and the security bodies (by 25 percent), and free consumption granted to municipalities for street lighting, in addition to excluding electricity companies employees hired after the issuance of this decision from the discounts granted to current employees ( amounting to 75 percent).

#### □ Grants, Loans and Other Agreements

- Signing an emergency loan agreement with the world bank in the amount of US\$ 150 million in order to alleviate part of the economic burdens the budget endures by hosting hundreds of thousands of Syrian refugees. (July 2013).



#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 7.3 percent in June 2013 compared to its level in the same month of 2012 to record JD 475.2 million. As for the first half of 2013, total merchandize exports decreased by 1.6 percent compared to the same period in 2012 to reach JD 2,758.0 million.
- **Merchandize imports** increased by 14.0 percent in June 2013 compared to its level in the same month of 2012 to reach JD 1,281.1 million. As for the first half of 2013, merchandize imports increased by 0.9 percent compared to the same period in 2012 to reach JD 7,553.6 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 32.0 percent in June 2013 compared to the same month in 2012 standing at JD 805.9 million. As for the first half of 2013, the trade balance deficit increased by 2.5 percent compared to the same period in 2012 to reach JD 4,795.6 million.
- **Travel receipts** decreased during the first seven months of 2013 compared to its level in the same period of 2012 by 8.4 percent due to the decline in the inbound medical tourism. Also, travel payments registered a similar decline of 5.8 percent.
- **Total workers' remittances receipts** increased by 2.6 percent during the first seven months of 2013 compared to their level in the same period in 2012 to reach JD 1,531.0 million.
- **The current account of the balance of payments** registered a deficit of JD 642.1 million (12.0 percent of GDP) during the first quarter of 2013 compared to a deficit of JD 1,395.4 million (28.6 percent of GDP) during the same quarter of 2012.
- **Net direct investment** recorded an inflow of JD 450.6 million during the first quarter of 2013, up from JD 260.0 million during the same quarter of 2012.

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

#### □ External Trade

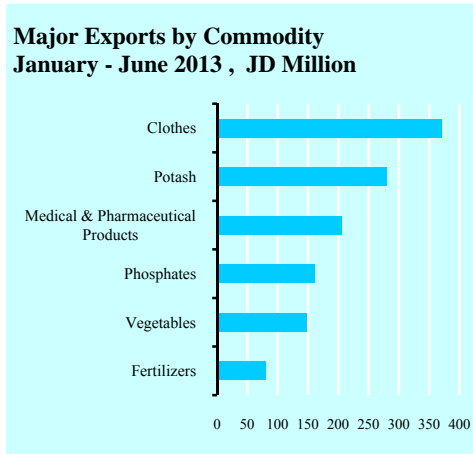
- As a result of the decrease in domestic exports by JD 20.3 million and the increase in imports by JD 70.4 million during the first half in 2013, the volume of external trade (domestic exports *plus* imports) increased by JD 50.1 million to stand at JD 9,891.7 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
Jan - Jun				Jan - Jun			
	2012	2013	Percentage Change		2012	2013	Percentage Change
<b>Exports</b>							
Iraq	306.5	406.9	32.8	External Trade	9,841.6	9,891.7	0.5
United States	365.3	392.9	7.6	Total Exports	2,802.3	2,758.0	-1.6
Saudi Arabia	240.6	285.2	18.5	Domestic Exports	2,358.4	2,338.1	-0.9
India	221.9	219.8	-0.9	Re-exports	443.9	419.9	-5.4
Indonesia	101.9	105.1	3.1	Imports	7,483.2	7,553.6	0.9
UAE	82.8	85.1	2.8	Trade Balance	-4,680.9	-4,795.6	2.5
Syria	109.2	55.8	-48.9				
<b>Imports</b>							
Saudi Arabia	1,925.8	1,326.3	-31.1				
China	679.0	800.1	17.8				
United States	509.1	462.3	-9.2				
Italy	299.8	355.9	18.7				
India	238.9	301.5	26.2				
Germany	294.1	291.6	-0.9				
Turkey	232.3	283.2	21.9				
Egypt	246.7	269.4	9.2				
Source: Department of Statistics.				Source: Department of Statistics.			

### ■ Merchandize Exports:

Total merchandize exports decreased by 1.6 percent during the first half of 2013 compared to a 2.1 percent decline during the same period in 2012, to record JD 2,758.0 million.

This decrease resulted from a decrease in domestic exports by JD 20.3 million, 0.9 percent, to reach JD 2,338.1 million, and the decline in re-exports by JD 24.0 million, 5.4 percent, to reach JD 419.9 million.



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

- Exports of **medical and pharmaceutical products** increased by JD 20.7 million, 11.2 percent, to reach JD 205.8 million, compared to an increase of 4.9 percent during the same period in 2012. The Saudi, Algerian, Sudanese and Iraqi Markets accounted for 58.2 percent of these exports.

- Exports of **potash** increased by JD 1.2 million, 0.4 percent, to stand at JD 279.4 million, compared to a 2.9 percent increase during the same period in 2012. The Indonesian, Indian, Malaysian and Chinese markets accounted for 77.9 percent of these exports.
- Exports of **vegetables** decreased by JD 78.2 million, 34.6 percent, to total JD 147.7 million, compared to JD 225.9 million during the same period in 2012. The Iraqi, Syrian and UAE markets were the main destinations of these exports accounting for 58.6 percent.

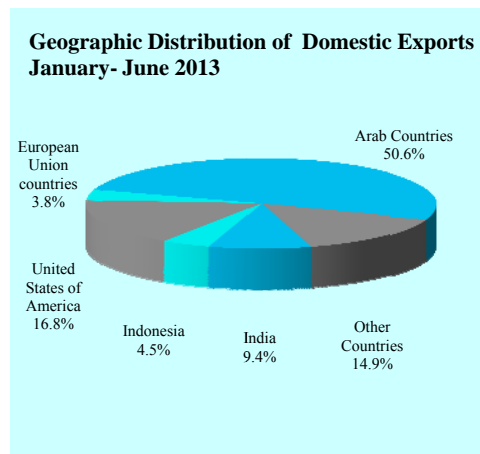
**Major Domestic Exports by Commodity, JD Million**  
January - June 2012,2013

	2012	2013	Percentage Change
<b>Domestic Exports</b>	<b>2,358.4</b>	<b>2,338.1</b>	<b>-0.9</b>
<b>Clothes</b>	<b>343.3</b>	<b>370.2</b>	<b>7.8</b>
United States	320.1	344.1	7.5
<b>Potash</b>	<b>278.2</b>	<b>279.4</b>	<b>0.4</b>
Indonesia	49.9	62.3	24.8
India	38.3	53.8	40.5
Malaysia	25.1	51.0	103.2
China	106.9	50.5	-52.8
<b>Medical &amp; Pharmaceutical Products</b>	<b>185.1</b>	<b>205.8</b>	<b>11.2</b>
Saudi Arabia	45.7	43.5	-4.8
Algeria	30.3	36.5	20.5
Sudan	14.4	20.0	38.9
Iraq	17.3	19.7	13.9
<b>Phosphates</b>	<b>214.9</b>	<b>161.1</b>	<b>-25.0</b>
India	135.9	115.8	-14.8
Indonesia	33.5	17.0	-49.3
Bulgaria	19.8	9.8	-50.5
<b>Vegetables</b>	<b>225.9</b>	<b>147.7</b>	<b>-34.6</b>
Iraq	27.9	39.7	42.3
Syria	68.0	28.9	-57.5
UAE	25.6	18.0	-29.7
<b>Fertilizers</b>	<b>123.3</b>	<b>80.4</b>	<b>-34.8</b>
India	35.9	35.7	-0.6
Turkey	31.0	15.1	-51.3
Bulgaria	11.2	11.2	-

Source: Department of Statistics.

- Exports of **phosphates** decreased by JD 53.8 million, 25.0 percent, to register JD 161.1 million, compared to an increase of 4.7 percent during the same period in 2012. This decline was mainly due to the decrease in both quantities and prices by 16.5 percent and 10.2 percent, respectively. It is worth noting that the Indian market was the main destination for these exports during the first half in 2013, accounting for 71.9 percent of phosphates exports.

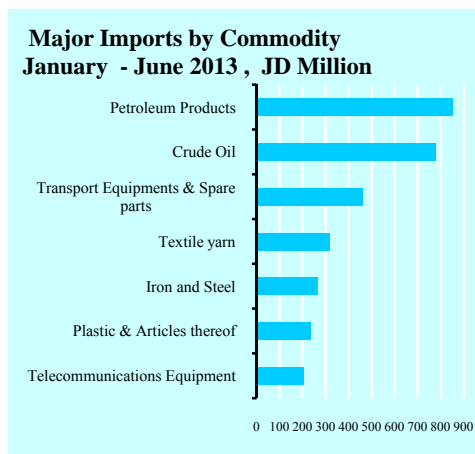
- In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, “medical and pharmaceutical products”, phosphates,



vegetables, and Fertilizers topped the list of domestic exports during the first half in 2013; accounting for 53.2 percent of domestic exports down from 58.1 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that the Iraq, USA, Saudi Arabia, India, Indonesia, UAE and Syria, were the main destination markets for Jordanian domestic exports during the first half of 2013; accounting for 66.3 percent of domestic exports, up from 60.6 percent during the same period in 2012.

### ■ Merchandize Imports:

Merchandize imports amounted to JD 7,553.6 million during the first half in 2013, increasing by JD 70.4 million, 0.9 percent, compared to an increase of 12.5 percent during the same period in 2012.



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

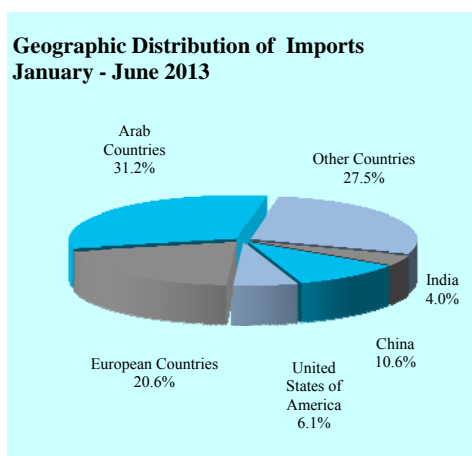
- **Crude oil** imports decreased by JD 413.0 million, 34.7 percent, to reach JD 778.1 million, compared to a rise by 15.9 percent during the same period in 2012. This decrease was attributed to the decline in the prices of oil by 6.9 percent and the decline in imported quantities by 29.9 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 308.5 million, 26.6 percent, to total JD 851.1 million compared to an increase of 79.0 percent during the same period in 2012. This decrease was mainly attributable to the decline in fuel oil imports in light of the increase of gas flows from Egypt. The main source markets of these imports were Singapore, India and Turkey.

- Imports of **Transport equipments and Spare Parts** increased by JD 34.4 million, 8.0 percent, to reach JD 462.8 million compared to an increase by 2.3 percent during the same period in 2012. South Korea, the USA and Japan were the main origin markets for these imports; accounting for 59.4 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 79.7 million, 33.6 percent to reach JD 316.6 million, compared to an increase of 8.2 percent during the same period in 2012. The markets of China, Taiwan and Pakistan accounted for 73.2 percent of these imports.

<b>Major Imports by Commodity, JD Million</b>			
January – June 2012,2013			
	<b>2012</b>	<b>2013</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>7,483.2</b>	<b>7,553.6</b>	<b>0.9</b>
<b>Petroleum Products</b>	<b>1,159.6</b>	<b>851.1</b>	<b>-26.6</b>
Singapore	0.0	131.6	-
India	80.8	131.5	62.7
Turkey	59.8	105.3	76.1
<b>Crude oil</b>	<b>1,191.1</b>	<b>778.1</b>	<b>-34.7</b>
Saudi Arabia	1,114.2	676.0	-39.3
<b>Transport Equipments and Spare Parts</b>	<b>428.4</b>	<b>462.8</b>	<b>8.0</b>
South Korea	151.2	102.8	-32.0
United States	63.0	98.2	55.9
Japan	46.7	74.1	58.7
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>236.9</b>	<b>316.6</b>	<b>33.6</b>
China	99.7	115.4	15.7
Taiwan	56.6	88.8	56.9
Pakistan	5.8	27.5	374.1
<b>Iron &amp; Steel</b>	<b>291.9</b>	<b>267.8</b>	<b>-8.3</b>
Ukraine	104.2	62.0	-40.5
China	20.7	28.3	36.7
Saudi Arabia	14.3	25.4	77.6
<b>Plastic &amp; Articles Thereof</b>	<b>204.8</b>	<b>236.2</b>	<b>15.3</b>
Saudi Arabia	99.7	116.1	16.4
China	9.9	17.4	75.8
UAE	9.1	14.1	54.9
<b>Telecommunications Equipment</b>	<b>160.5</b>	<b>207.3</b>	<b>29.2</b>
China	88.5	124.0	40.1
Vietnam	5.0	22.9	358.0
India	24.5	13.0	-46.9

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 “Telecommunications Equipment”, topped the list of imports during the first half of 2013, accounting for 41.3 percent of total imports; down from 49.1 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, USA, Italy, India, Germany, Turkey and Egypt topped were the main sources of imports during the first half of 2013; accounting for 54.2 percent compared to 59.1 percent during the same period of 2012.



#### ■ Re-Exports

The value of re-exported goods decreased by JD 24.0 million, 5.4 percent, during the first half in 2013 compared to the same period in 2012, recording JD 419.9 million.

#### ■ Trade Balance

The trade balance deficit during the first half in 2013 increased by JD 114.7 million, 2.5 percent, to register JD 4,795.6 million compared to the same period in 2012.



### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 39.1 million, 2.6 percent, during the first seven months of 2013 compared to the same period of 2012 to register JD 1,531.0 million.

### □ Travel

#### ■ Receipts

Travel receipts decreased by JD 122.9 million, 8.4 percent, during the first seven months of 2013 compared to the same period of 2012 to register JD 1,333.8 million, mainly due to the decrease in the inbound medical tourism.

#### ■ Payments

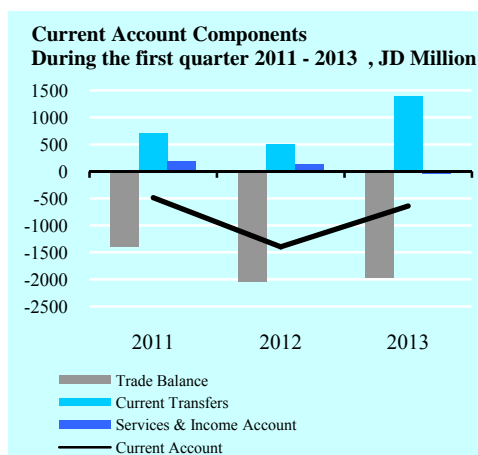
Travel payments decreased by JD 29.1 million, 5.8 percent, during the first seven months of 2013 compared to the same period of 2012 to stand at JD 468.6 million.

### □ Balance of Payments

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

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

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



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

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

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

**□ International Investment Position (IIP)**

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

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