



Central Bank of Jordan

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

**Research Dept. Monthly Report  
April, 2012**

**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

Latest available economic indicators display mixed outcomes. Some indicators signal marked improvement, particularly domestic exports and credit facilities extended by the licensed banks. In contrast, travel and total workers' remittances receipts show negative performance. Further, preliminary national accounts estimates showed a pickup in the growth rate of the Real Gross Domestic Product (GDP) during the fourth quarter of 2011, to reach 3.1 percent. As a result, the growth of real GDP during 2011 reached 2.6 percent.

□ **Output, Prices and Employment:** In the fourth quarter of 2011, real GDP at market prices grew by 3.1 percent compared to 3.2 percent in the same quarter of 2010. As for the whole year of 2011, real GDP at market prices grew by 2.6 percent compared to 2.3 percent during 2010. Inflation, measured by the Consumer Price Index (CPI), slowed down to 3.6 percent during the first quarter of 2012 compared to 4.4 percent during the same period of 2011. Furthermore, the unemployment rate in the first quarter of 2012 declined to 11.4 percent compared to 13.1 percent in the same quarter of 2011.

□ **Monetary and Financial Sector:**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,142.3 million, or 10.9 percent, at the end of first Quarter 2012 compared to their level at the end of 2011, standing at US\$ 9,363.8 million.
- Domestic liquidity grew by JD 386.0 million, or 1.6 percent, at the end of first Quarter 2012 compared to its level at the end of 2011, standing at JD 24,504.9 million.
- The outstanding balance of credit facilities extended by licensed banks was up by JD 771.4 million, or 4.9 percent, at the end of first Quarter 2012 compared to its level at the end of 2011, standing at JD 16,622.6 million.
- Total deposits at licensed banks increased by JD 404.6 million, or 1.7 percent, at the end of first Quarter 2012 compared to their level at the end of 2011, totaling JD 24,782.5 million.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,990.4 points at the end of first Quarter 2012, decreasing by 4.7 points, or 0.2 percent, compared to its level at the end of 2011.

- **Public Finance:** During the first month in 2012, the general budget, including foreign grants, recorded a fiscal surplus in the amount of JD 65.5 million, comparing to a fiscal surplus in the amount of JD 9.0 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 186.0 million at the end of January 2012, comparing to its level at the end of 2011, to stand at JD 9,101.0 million (41.1 percent of GDP). Outstanding external public debt increased by JD 9.2 million at the end of January 2012 comparing to its level at the end of 2011; to reach JD 4,496.0 million, (20.3 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 61.4 percent of GDP at the end of January 2012.
  
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 5.4 percent during the first two months of 2012 to reach JD 853.9 million. In contrast, the merchandize imports increased by 27.1 percent, totaling JD 2,430.0 million. As a result, the trade deficit expanded by 56.2 percent compared to the same period in the previous year; to reach JD 1,576.1 million. Furthermore, the preliminary figures for the first quarter in 2012 compared to the same period in 2011 showed an increase in travel receipts and a decrease in its payments by 4.0 percent and 5.8 percent, respectively. In addition, total workers' remittances receipts during the first quarter in 2012 decreased by 3.3 percent compared to the same period of 2011. The preliminary figures for the balance of payments for 2011 displayed a deficit in the current account amounting to JD 2,048.2 million, up from JD 1,336.3 million during 2010. Moreover, the foreign direct investment (FDI) recorded a net inflow to Jordan by JD 1,043.0 million during 2011 compared to a net inflow of JD 1,172.1 million during 2010. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounting to JD 14,938.5 million at the end of December 2011 compared to JD 12,865.4 million at the end of 2010.



## First: Monetary and Financial Sector

### □ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,142.3 million, or 10.9 percent, at the end of March 2012, compared to their level at the end of 2011, standing at US\$ 9,363.8 million. This level of reserves covers around 5.4 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 386.0 million, or 1.6 percent, at the end of first quarter 2012, compared to its level at the end of 2011, to total JD 24,504.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 771.4 million, or 4.9 percent, at the end of first quarter 2012 compared to its level at the end of 2011, to stand at JD 16,622.6 million.
- Total deposits at licensed banks increased by JD 404.6 million, or 1.7 percent, at the end of first quarter 2012 in comparison with their level at the end of 2011, totaling JD 24,782.5 million.
- The interest rates on all types of deposits at licensed banks increased at the end of March 2012, compared to their levels at the end of 2011, and the interests on all types of credit facilities decreased compared to its level at the end of 2011.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,990.4 points at the end of first quarter 2012, decreasing by 4.7 points, or 0.2 percent, compared to its level at the end of 2011. While, the market capitalization increased by JD 0.1 billion, or 0.5 percent, at the end of first quarter 2012 compared to its level at the end of 2011 to stand at JD 19.4 billion.

**Main Monetary Indicators**

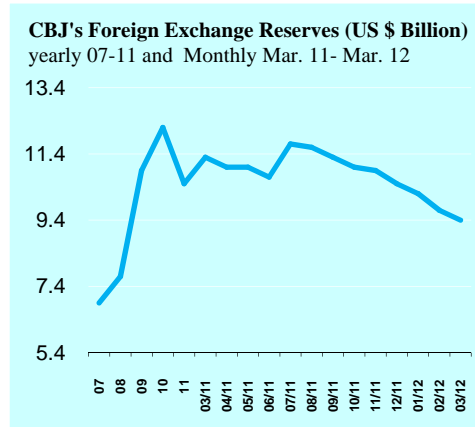
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of March	
		2011	2012
US\$ 10,506.1	CBJ's Foreign Currency Reserves	US\$ 11,270.1	US\$ 9,363.8
-14.2%		-7.9%	-10.9%
24,118.9	Money Supply (M2)	22,541.1	24,504.9
8.1%		1.1%	1.6%
15,851.2	Credit Facilities, of which:	15,076.8	16,622.6
9.7%		4.3%	4.9%
14,284.1	Private Sector (Resident)	13,567.1	14,597.7
10.1%		4.5%	2.2%
24,377.9	Total Deposits, of which:	22,725.9	24,782.5
8.3%		1.0%	1.7%
19,119.1	In JD	17,636.1	19,233.0
8.5%		0.1%	0.6%
5,258.8	In Foreign Currencies	5,089.8	5,549.5
7.6%		4.1%	5.5%
19,905.8	Deposits of Private Sector (Resident), of which:	18,628.4	20,111.5
8.5%		1.6%	1.0%
16,507.6	In JD	15,288.8	16,427.7
8.5%		0.5%	-0.5%
3,398.2	In Foreign Currencies	3,339.6	3,683.8
8.6%		6.7%	8.4%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 1,142.3 million, or 10.9 percent, at the end of March 2012 compared to their level at the end of 2011, standing at US\$ 9,363.8 million. This level of reserves is equivalent to cover around 5.4 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

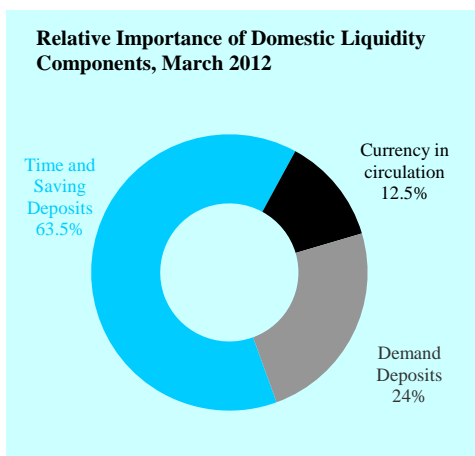
- Domestic liquidity totaled JD 24,504.9 million at the end of first quarter 2012, increasing by JD 386.0 million, or 1.6 percent, compared to an increase of JD 234.4 million, or 1.1 percent during the same period in 2011.

◆ **Developments in the domestic liquidity components and the factors affecting liquidity between the end of first quarter 2012 and the end of 2011 reveal the following:**

- **Components of Domestic Liquidity**

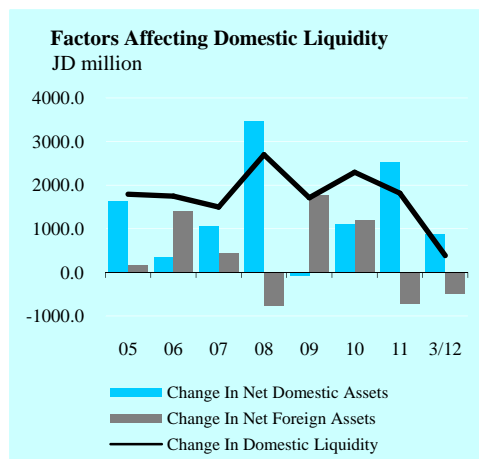
- Deposits increased by JD 342.9 million, or 1.6 percent, at the end of first quarter 2012 compared to their level at the end of 2011, totaling JD 21,442.5 million, against an increase amounting to JD 173.7 million, or 0.9 percent, at the end of the same period in 2011.

- Currency in circulation increased by JD 43.1 million, or 1.4 percent, at the end of first quarter 2012, standing at JD 3,062.4 million compared to its level at the end of 2011, against an increase in the amount of JD 60.7 million, or 2.1 percent during the same period in 2011.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 877.2 million, or 5.9 percent, at the end of March 2012 compared to its level at the end of 2011, against an increase of JD



601.9 million, or 4.9 percent, during the same period in 2011. This increase was a result of the increase in net domestic assets at the CBJ by JD 767.1 million, or 13.1 percent, and the increase at licensed banks by JD 110.1 million, or 0.5 percent.

- Net foreign assets of the banking system decreased by JD 491.2 million or 5.3 percent, at the end of March 2012 compared to their level at the end of 2011, against a decrease in the amount of JD 367.5 million, or 3.6 percent, in the same period of 2011. This decrease was an outcome of the decline of these assets at the CBJ by JD 748.8 million or 8.1 percent and the increase at licensed banks by JD 257.6 million.

**Changes in Factors Affecting Domestic Liquidity (M2)**  
JD Million

Year		Change in balance relative to the end of March	
		2011	2012
<b>-724.9</b>	<b>Foreign Assets (Net)</b>	<b>-367.5</b>	<b>-491.2</b>
-733.2	CBJ	-664.7	-748.8
8.3	Licensed Banks	297.2	257.6
<b>2,537.1</b>	<b>Domestic Assets (Net)</b>	<b>601.9</b>	<b>877.2</b>
1,009.9	CBJ, of which:	757.6	767.1
46.8	Claims on Public Sector (Net)	78.7	152.3
962.5	Other Items (Net*)	679.0	614.7
1,527.2	Licensed Banks	-155.7	110.1
1,744.9	Claims on Public Sector (Net)	294.8	482.1
1,311.5	Claims on Private Sector	631.7	327.0
-1,529.2	Other Items (Net)	-1082.2	-699.0
<b>1,812.2</b>	<b>Money Supply (M2)</b>	<b>234.4</b>	<b>386.0</b>
<b>175.6</b>	<b>Currency in Circulation</b>	<b>60.7</b>	<b>43.1</b>
<b>1,636.6</b>	<b>Total Deposits, of which:</b>	<b>173.7</b>	<b>342.9</b>
294.3	In Foreign Currencies	197.7	250.5

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

□ Interest Rate Structure

◆ Interest Rates on Monetary Policy Instruments

- On February 5<sup>th</sup>, 2012, the CBJ raised the interest rates on its monetary policy instruments by 50 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:

- **Re-Discount Rate:** 5.00 percent.
- **Interest Rate on Overnight Repurchase Agreements:** 4.75 percent.
- **Overnight Deposit Window Rate:** 2.75 percent.

Developments in interest rates on Certificates of Deposit (CDs) show that:

- The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent and 5.94 percent, respectively.

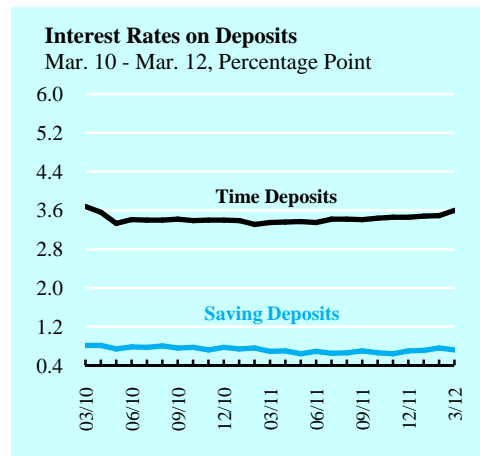
End of year		March	
		2011	2012
4.50	Re-discount Rate	4.25	5.00
4.25	Repurchase Agreements Rate (Repos)	4.00	4.75
2.25	Overnight Deposit Window Rate	2.00	2.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### ◆ Interest Rates in the Banking Sector

#### • Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of March 2012 increased by 11 basis points, compared to their level at the end of the previous month, standing at 3.60 percent. This rate was higher than its level at the end of 2011 by 14 basis points.



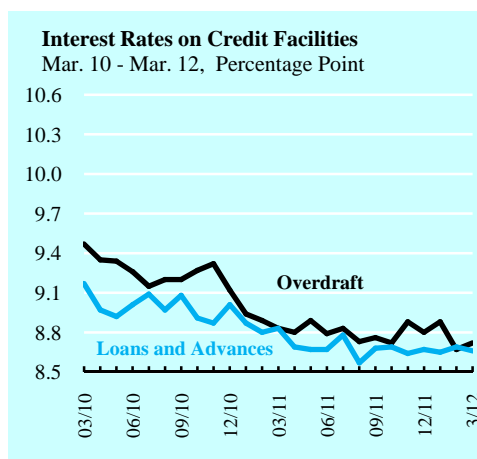
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of March 2012 decreased by 4 basis points compared to its level at the end of the preceding month, standing at 0.72 percent. This rate is higher than its level at the end of 2011 by 2 basis points.

- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of March 2012 decreased by one basis point compared to its level at the end of the preceding month, standing at 0.45 percent, higher than its level at the end of 2011 by 2 basis points.

#### • Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of March 2012 increased by 5 basis points compared to its level at the end of the previous month, standing at 8.72 percent. This rate is lower than its level recorded at the end of 2011 by 8 basis points.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 54 basis points at the end of March 2012 compared to its level at the preceding month, to stand at 9.00 percent. This rate is 34 basis points lower than its level of 2011.
- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 3 basis points at the end of March 2012 compared to its level at the preceding month to stand at 8.66 percent. This rate is one basis point lower than its level at the end of 2011.
- **The Prime Lending Rate:** This rate stood at 8.25 percent at the end of March 2012; 3 basis points higher than its level at the end of 2011.



Year		March		Change Relative to the Preceding Year Basis Points
		2011	2012	
<b>Deposits</b>				
0.43	Demand	0.42	0.45	2
0.70	Saving	0.69	0.72	2
3.46	Time	3.35	3.60	14
<b>Credit Facilities</b>				
9.34	Discounted Bills and Bonds	9.28	9.00	-34
8.67	Loans and Advances	8.83	8.66	-1
8.80	Overdraft	8.83	8.72	-8
8.22	Prime Lending Rate	8.18	8.25	3

Source: Central Bank of Jordan / Monthly Statistical Bulletin.



### □ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 16,622.6 million at the end of the first quarter 2012, increasing by JD 771.4 million, or 4.9 percent, compared to its level at the end of the preceding year, against an increase in the amount of JD 625.4 million or 4.3 percent, during the same period in 2011.
- ◆ The classification of extended credit facilities, according to economic activity, during March 2012 demonstrates that the increase in these facilities was mainly due to the increase in credit facilities extended for the public services and utilities sector, which increased by JD 529.9 million, or 46.7 percent, and the industry sector by JD 69.8 million, or 3 percent and the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 105.2 million or 3.1 percent, compared to their levels at the end of 2011. However, credit facilities extended for the Financial Services sector decreased by JD 52.3 million, or 12.1 percent, compared to their level at the end of 2011.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the extended credit facilities was mainly in the credit facilities extended to the private sector (resident), which increased by JD 313.6 million, or 2.2 percent, at the end of March 2012, compared to their level at the end of 2011. Furthermore, the credit facilities extended to the public sector, private sector (non-resident) and to the non-banking financial institutions increased by JD 435.6 million, or 74.1 percent, and JD 17.8 million or 1.8 percent, and JD 4.3 million respectively compared to their levels at the end of 2011.

### □ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 24,782.5 million at the end of first quarter 2012, increasing by JD 404.6 million, or 1.7 percent, compared to its level in the preceding year, against an increase of JD 221.1 million, or 1.0 percent, during the same period in 2011.

- ◆ The increase in total deposits at licensed banks at the end of first quarter of 2012 was an outcome of the increase in the deposits of the private sector (resident) by JD 205.7 million, or 1.0 percent, the deposits of the public sector (central government plus public institutions) by JD 207.2, or 13.5 percent, and the increase of the deposits of the private sector (non-resident) by JD 11 million, or 0.4 percent, on one hand, and the decline of the deposits of non-banking financial institutions by JD 19.3 million, or 7.0 percent, on another, compared to their levels at the end of 2011.
- ◆ The developments in the currency structure of deposits at the end of the first quarter of 2012 reveal that “deposits in the local currency” increased by JD 113.9 million, 0.6 percent while “deposits in foreign currencies” increased by JD 290.7 million, or 5.5 percent, compared to their levels at the end of 2011.

#### □ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a positive performance at the end of March 2012 compared to the end of the preceding month. While displayed a negative performance at the end of first quarter. This can be demonstrated as follows:

##### • Trading Volume

The trading volume at the (ASE) totaled JD 226.7 million in March 2012; up by JD 27.9 million, or 14 percent, compared to its level at the end of the preceding month, against an increase of JD 73.2 million, or 33.8 percent, during the same month in 2011. However, the trading volume stood at JD 583.2 million during the first quarter in 2012; a decline amounting to JD 328.5 million, or 36 percent compared with the volume registered over the same period in 2011.

##### • Traded Shares

The number of traded shares in March 2012 totaled 288.2 million; up by 55.1 million shares, or 23.6 percent, compared to their level at the previous month, against an increase amounting to 106.8 million shares, or 34.2 percent, during the same month of 2011. Further, the number of traded shares during the first quarter in 2012 stood at 726 million shares compared with 1,244.8 million shares traded during the same period in 2011.

• **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 30.6 points, or 1.6 percent, at the end of March 2012 compared to its level at the end of 2011 to stand at

1,990.4 points, against a decline in the amount of 76.1 points, or 3.4 percent during the same month in 2011. As for the first quarter in 2012, the SPI dropped by 4.7 points, or 0.2 percent, compared with its level at the end of the preceding year, against a drop in the amount of 198 points, or 8.3 percent, during the same period in 2011. The above-mentioned drop during the first quarter in 2012 was chiefly attributed to the decline in the SPI for the services and Industry sector by 18.3 points, or 1.1 percent, 72 points, or 0.3 percent, respectively, and increase in the SPI for the financial sector by 1.5 points, or 0.1 percent, compared to their levels at the end of 2011.

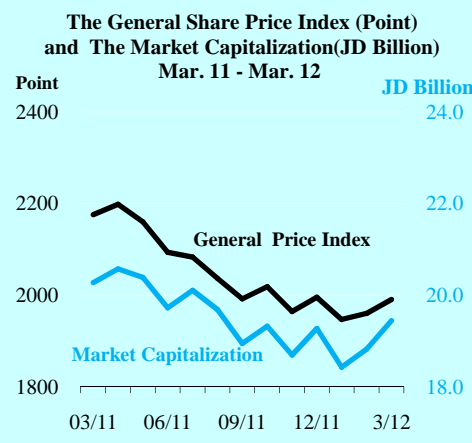
Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector

Year		March	
		2011	2012
1,995.1	General Index	2,175.6	1,990.4
2,443.9	Financial Sector	2,699.9	2,445.4
2,149.9	Industrial Sector	2,293.3	2,142.7
1,693.7	Services Sector	1,776.7	1,675.4

Source: Amman Stock Exchange.

• **Market Capitalization**

The ASE's market capitalization totaled JD 19.4 billion at the end of March 2012; a increase of 0.6 JD billion, or 3.2 percent, compared to its level at the end of the previous month, against a decrease of 0.5 billion 2.4 percent during the



same month in the preceding year. Furthermore, the market capitalization during the first quarter in 2012, rose up by JD 0.1 billions, or 0.5 percent compared with its level at the end of 2011, against decline amounting to around JD 1.6 billions, or 7.3 percent, over the same period in 2011.

• **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 5.4 million in March 2012, compared to an inflow of JD 38.6 million during the same month of 2011; the value of shares acquired by non- Jordanians in March 2012 stood at JD 32.3 million, while the value of shares sold by the same group amounted to JD 26.9 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
Year		March	
2011		2011	2012
2,850.3	Value Traded	289.7	226.7
11.5	Average Daily Trading	12.6	10.8
19,272.8	Market Capitalization	20,271.9	19,442.8
4,072.3	No. of Traded Shares (million)	419.3	288.2
78.6	Net Investment of Non-Jordanian	38.6	5.4
555.8	Non-Jordanian Buying	79.1	32.3
477.2	Non-Jordanian Selling	40.5	26.9

Source: Amman Stock Exchange.

Nevertheless, non-jordanian net investment displayed an inflow amounting to JD 8.8 million during the first quarter in 2012 against an inflow in the amount of JD 44 million during the same period in 2011.

## Second: Output, Prices and Employment

### ■ Summary

- During the fourth quarter of 2011, real GDP at market prices grew by 3.1 percent, compared to 3.2 percent during the same quarter of 2010. When excluding “net taxes on products”, which grew by 0.4 percent, GDP growth rate at constant basic prices increases to 3.6 percent compared to 4.2 percent during the same quarter of 2010.
- Accordingly, GDP at both market and basic prices, registered real growth rates 2.6 percent and 3.3 percent, respectively during 2011 compared to 2.3 percent and 3.4 percent, respectively, during 2010.
- Inflation, measured by the CPI, reached 3.6 percent during the first quarter of 2012, compared to 4.4 percent during the same period of 2011.
- The unemployment rate in the first quarter of 2012 declined to 11.4 percent of the total labor force (10.0 percent for males and 18.0 percent for females) compared to 13.1 percent (10.8 percent for males and 22.8 percent for females) in the same period of 2011. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 15.3 percent.

### ▣ Developments of (GDP)

According to preliminary estimates released by the Department of Statistics (DOS), the national economy achieved positive results despite the unfavorable international and regional economic and political conditions. **During the fourth quarter of 2011, real GDP grew by 3.1 percent.** As for the whole year of 2011, real GDP grew by 2.6 percent compared to 2.3 percent during 2010. When excluding “net taxes on products”, which decreased by 1.1 percent, **GDP growth rate at constant basic prices reaches 3.3 percent**, compared to 3.4 percent in 2010.

**Quarterly Growth Rates of GDP at Market Prices  
2009 - 2011**

	Percentages				
	Q 1	Q2	Q3	Q4	Year
<b>2009</b>					
GDP at Constant Market Prices	5.1	5.2	7.7	3.9	<b>5.5</b>
GDP at Current Market Prices	7.2	7.7	9.0	9.6	<b>8.5</b>
<b>2010</b>					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	<b>2.3</b>
GDP at Current Market Prices	13.0	9.3	7.0	15.1	<b>10.9</b>
<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>

Source: Department of Statistics.

**GDP at current prices grew by 9.1 percent** during 2011 compared to 10.9 percent during 2010. This nominal growth rate is mainly

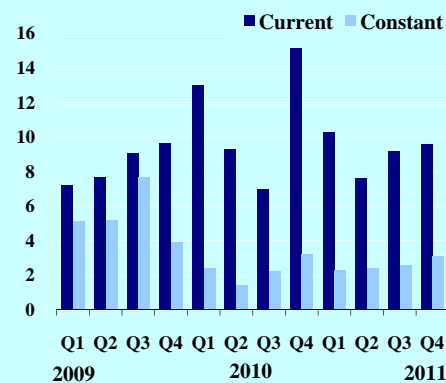
attributed to the rise in the general price level, measured by the GDP deflator, by 6.4 percent during 2011, compared to 8.4 percent in 2010.

In detail, the “**manufacturing**” sector recorded a real growth rate amounted to 4.0

percent during 2011, compared to 2.0 percent in 2010. The sectors of “**electricity and water**” and “**trade, restaurants and hotels**” also grew by 5.1 percent and 3.7 percent, respectively, compared to a contraction by 2.4 percent and 1.7 percent, respectively, during 2010. In contrast, “**mining and quarrying**”, “**finance, insurance, real estate and business services**”, “**agriculture**”, and “**transport and communication**” sectors witnessed a slowdown in performance, as they grew by 17.7 percent, 3.4 percent, 3.9 percent, and 3.3 percent, respectively, compared to 19.4 percent, 7.0 percent, 6.9 percent, and 5.2 percent, respectively, during 2010. However, the “**construction**” sector experienced a contraction by 4.3 percent compared to a contraction by 4.6 percent in 2010.

The contribution of commodity - and service - producing sectors **in the overall GDP growth rate, at constant basic prices, amounted to 1.2 percentage points and 2.1 percentage points, respectively, during 2011, compared to 0.7 percentage point and 2.7 percentage points, respectively, in 2010.**

Quarterly Growth Rates of GDP at Market Prices (2009 - 2011), %



### ■ Microeconomic Indicators

- Industrial production quantity index showed an improvement by 6.0 percent during the first two months of 2012 against a slight decline amounting to 0.4 percent during the same period of 2011. This can be attributed to the following:
  - Manufacturing production quantity index grew by 5.1 percent against a decline amounting to 3.1 percent during the same period of 2011. This came as a result of the improvement in the production of some items, particularly; “refined petroleum products” (by 25.1 percent), and “iron and steel” (by 22.6 percent), on one hand, and the decrease in “chemical products” (by 18.7 percent) and “cement ” (by 7.0 percent) on the other.
  - Electricity production quantity index grew by 24.3 percent, owing to the relatively cold winter this year, in addition to the increasing demand of manufacturing sectors for electricity.
  - “Mining and quarrying” production quantity index decreased by 0.6 percent, as the production of phosphate contracted by 9.5 percent and a slowdown in the production of Potash (recorded a growth rate of 8.5 percent comparing to 67.9 percent during the same period of 2011).
- The number of passengers through the Royal Jordanian recorded a remarkable growth.
- “Cargo through the Royal Jordanian” and “number of departures” indicators declined.
- “Quantities of exported and imported goods shipped through the Aqaba port” and “licensed areas for buildings” showed a slow downward pace in their performances.



## Summary of the Main Sectoral Indicators:

Percentages*					
The whole 2011	Item	Available Period			
		2011		2012	
<b>Industrial Sector</b>					
-0.3	<b>Industrial production quantity index</b>	-0.4	January - February	<b>6.0</b>	
-2.2	<b>Manufacturing production quantity index</b>	-3.1		<b>5.1</b>	
-4.2	Food products and beverages	-2.8		2.8	
-5.0	Refined petroleum products	-0.1		25.1	
9.9	Iron and steel	5.2		22.6	
-26.5	Cement	-31.0		-7.0	
-1.3	Chemical products	6.6		-18.7	
<b>16.5</b>	<b>“Mining and quarrying” production quantity index</b>	<b>34.7</b>		<b>-0.6</b>	
16.8	Phosphate	19.3		-9.5	
17.2	Potash	67.9		8.5	
<b>4.5</b>	<b>Electricity production quantity index</b>	<b>0.1</b>		<b>24.3</b>	
<b>25.7</b>	<b>Licensed areas for ( residential and non-residential) buildings</b>	<b>26.2</b>		<b>17.1</b>	
<b>6.2</b>	<b>The number of passengers through the Royal Jordanian</b>	<b>6.3</b>		January - February	<b>26.4</b>
<b>13.8</b>	<b>Quantities of exported and imported goods shipped through the Aqaba port</b>	<b>24.3</b>		January - February	<b>11.9</b>
-3.8	<b>Cargo through the Royal Jordanian</b>	<b>8.7</b>	January - February	<b>-0.6</b>	
-21.5	<b>Number of departures</b>	-4.4	January - March	<b>-11.1</b>	

\*Sources:  
- Monthly Statistical Bulletin / Central Bank of Jordan.  
- Royal Jordanian.

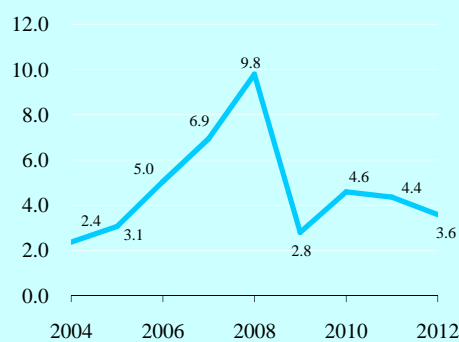
## Prices

The general price level continued to increase at a slower pace during the first quarter of 2012 comparing to the same period of 2011; the inflation rate, measured by the percentage change in the CPI, stood at 3.6 percent, compared to 4.4 percent during the same

period of 2011. This increase in the price level was driven by the global increase in the prices of food items and oil.

**Annual Inflation Rate**

For the First Quarter of the Year (2004-2012), percentages



### Developments of the CPI basket in the first quarter of 2012:

- ◆ “Food items”, constitute about 36.7 percent of the CPI basket. The prices of this group increased by 3.8 percent during the first quarter of 2012 compared to an increase by 3.6 percent in the same period of 2011. The contribution of this group to the overall rate of inflation reached 1.4 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of “dairy products and eggs”, “meat and poultry”, and “sugar and confectionaries”, which increased by 15.5 percent, 8.0 percent, and 5.2 percent, respectively. At the same

time, prices of “vegetables”, “fruits”, and “cereals and products” have declined by 13.5 percent, 4.6 percent, and 2.1 percent, respectively.

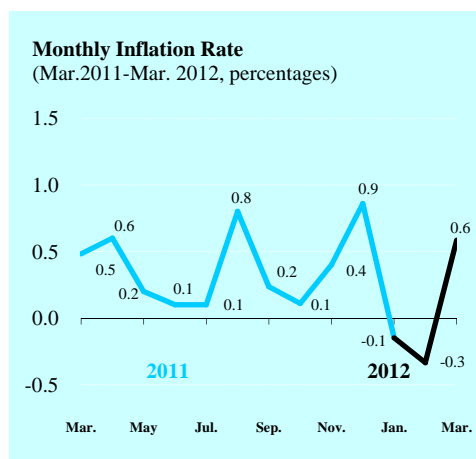
- ◆ **“Clothing and footwear”** group has the least weight in the CPI basket (5.0 percent). **The average price level for this group increased by 5.8 percent during the first quarter of 2012 comparing to an increase of 4.9 percent in the same period of 2011. Accordingly, the group's contribution to the overall inflation rate reached 0.3 percentage point during the period under analysis.** The increase in the prices of this group during the first quarter of 2012 was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 5.6 percent and 6.8 percent, respectively, compared to 5.1 percent and 4.3 percent respectively, during the first quarter of 2011.
  
- ◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. **The prices of housing increased by 2.8 percent during the first quarter of 2012 compared to an increase of 4.4 percent in the same period of 2011. Accordingly, this group contributed to the overall inflation rate by 0.8 percentage point during the first quarter of 2012.** The increase in the prices of this group was driven by the rise in the prices of “rents” item by 4.2 percent. In addition, prices of other items showed a varied increase ranging from 0.4 percent for “fuels and lighting” and 4.7 percent for “house utensils”.

- ◆ **“Other goods and services”** account for 31.6 percent of the CPI basket. **The prices of this group increased by 3.6 percent during the first quarter of 2012 compared to 5.3 percent in the same period of 2011. Accordingly, this group contributed 1.1 percentage points to the overall inflation rate during the first quarter of 2012.** The increase in the prices of this group was a result of the rise in the prices of “personal care”, “medical care”, “recreation”, and “education” which increased by 9.3 percent, 7.9 percent, 5.1 percent, and 3.1 percent, respectively, while the prices of “transportation” increased slightly by 2.1 percent compared to 10.1 percent, during the same period of 2011.

Moreover, **the CPI in March 2012 increased by 0.6 percent comparing to February 2012.** This was

mainly due to the rise in the prices of “vegetables”, “fruits”, and “transportation”, on one hand, and the decrease in other

items most noticeably “meats and poultry”, “clothing”, and “footwear” on the other.



### □ Employment

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) reached 38.2 percent (61.5 percent for males against 14.3 percent for females) during the first quarter of 2012, compared to 39.4 percent (63.3 percent for males against 14.9 percent for females) during the same quarter of 2011.
- ◆ The employed rate among the age group 15 years and above reached 33.8 percent during the first quarter of 2012. The employed workers in the sector of “public administration, defense, and social security” accounted for 25.8 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.1 percent). The remaining percent is distributed among sectors of education, manufacturing, and other.
- ◆ The unemployment rate (unemployed percent of the labor force) in the first quarter of 2012 reached 11.4 percent (10.0 percent for males and 18.0 percent for females) compared to 13.1 percent (10.8 percent for males and 22.8 percent for females) during the same quarter of 2011. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 15.3 percent.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal surplus in the amount of JD 65.5 million during the first month in 2012, comparing to a fiscal surplus in the amount of JD 9.0 million, during the same month in 2011. Excluding foreign grants, the general budget surplus reaches to JD 65.5 million compared to a deficit in the amount of JD 8.8 million during the same month in 2011. It worth mentioning that the treasury did not receive any foreign grants during January 2012 comparing to JD 17.8 million during the same month in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached to JD 10,175.0 million (45.9 percent of GDP), at the end of January 2012, reflecting a rise amounting to JD 179.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 186.0 million at the end of January 2012, to reach JD 9,101.0 million (41.1 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 9.2 million at the end of January 2012, compared to its level at the end of 2011, to stand at JD 4,496.0 million (20.3 percent of GDP).

#### □ The performance of the general budget during the first month in 2012 compared with the same month in preceding year:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 60.3 million, or 17.0 percent, in January 2012 comparing to January 2011 to reach JD 415.4 million. This result was mainly driven by the increase in domestic revenues by JD 78.1 million, without any foreign grants registered during January 2012 comparing to JD 17.8 million during the same month in the preceding year.

**Main Government Budget Indicators during January 2012 comparing to the same period in 2011:**

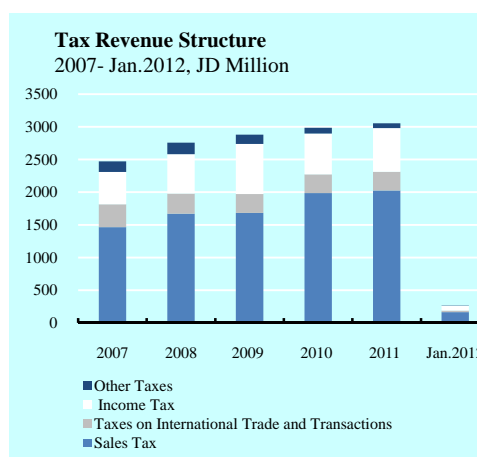
(JD Million and Percentages)

	January		Growth Rate %	Jan. – Dec.		Growth Rate %
	2011	2012		2010	2011	
<b>Total Revenues and Grants</b>	<b>355.1</b>	<b>415.4</b>	<b>17.0</b>	<b>4,662.8</b>	<b>5,413.9</b>	<b>16.1</b>
Domestic Revenues, of which:	337.3	415.4	23.2	4,261.1	4,198.9	-1.5
Tax Revenues, of which:	252.2	266.9	5.8	2,986.0	3,055.2	2.3
General Sales Tax	179.0	164.6	-8.0	1,987.3	2,026.4	2.0
Other Revenues, of which:	83.6	146.2	74.9	1,254.4	1,123.0	-10.5
Land Registration Fees	8.3	11.3	36.1	135.1	147.5	9.2
Foreign Grants	17.8	0.0		401.7	1,215.0	202.5
<b>Total Expenditures</b>	<b>346.1</b>	<b>349.9</b>	<b>1.1</b>	<b>5,708.0</b>	<b>6,801.8</b>	<b>19.2</b>
<b>Overall Deficit/ Surplus</b>	<b>9.0</b>	<b>65.5</b>		<b>-1,045.2</b>	<b>-1,387.9</b>	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 78.1 million, or 23.2 percent, during the first month in 2012 comparing to January 2011, to reach JD 415.4 million. This increase was a result of; the rise in the proceeds of “other revenues”, “tax revenues” and “pension contributions” by JD 62.6 million, JD 14.7 million and JD 0.8 million, respectively.





### ◀ Tax Revenues

Tax revenues increased by JD 14.7 million, or 5.8 percent, during the first month in 2012 compared to the same month in 2011, to reach JD 266.9 million (64.3 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of “income and profit taxes”** by JD 25.3 million or 52.2 percent, which reached JD 73.8 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 27.6 million, and the drop in the proceeds of “income tax from individuals” by JD 2.3 million. Accordingly, income tax from companies accounted for 86.9 percent of total taxes on income and profits to reach JD 64.1 million (of which JD 27.9 million from banks and financial institutions).
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 2.3 million or 11.0 percent, which reached JD 23.2 million. This result was driven by the increase in the proceeds of “customs duties and fees” by JD 2.3 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.
- **The decrease in the proceeds of general sales tax on goods and services** by JD 14.4 million or 8.0 percent, which

reached JD 164.6 million. Specifically, the proceeds of “sales tax on imported goods” decreased by JD 15.8 million, as well as the proceeds of “sales tax on domestic goods” which declined by JD 5.2 million. In contrast, the proceeds of “sales tax on services” and the proceeds of “sales tax on commercial sector” increased by JD 0.6 million and JD 6.0 million respectively.

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

“Other revenues” increased by JD 62.6 million, or 74.9 percent, during the first month in 2012 to reach JD 146.2 million. This decrease was an outcome of:

- The rise in property income by JD 57.1 million to stand at JD 73.6 million (of which financial surplus of independent government units amounted to JD 72.2 million).
- The increase in revenues from selling goods and services by JD 7.3 million to stand at JD 53.9 million.
- The decrease in miscellaneous revenues by JD 1.8 million to reach JD 18.7 million.

#### ◀ Pension Contributions

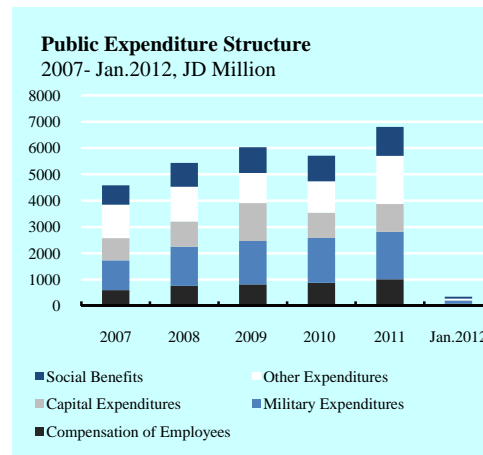
Pension contributions were up by JD 0.8 million during the first month in 2012 compared to the same month in 2011 standing at JD 2.3 million.

#### ◆ Foreign Grants

Foreign grants were down by JD 17.8 million during the first month in 2012 comparing to the same month in 2011. It is worth mentioning that the treasury did not receive any foreign grants during this month.

## ■ Public Expenditures

Public expenditures witnessed an increase by JD 3.8 million, or 1.1 percent, in January 2012 comparing to the same month in 2011 to stand at JD 349.9 million. This increase was an outcome of the rise in current expenditures by 1.7 percent and the decrease in capital expenditures by 20.6 percent.



## ◆ Current Expenditures

Current expenditures increased by JD 5.8 million, or 1.7 percent, during the first month in 2012, to reach JD 342.2 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 11.3 million to reach JD 88.0 million.
- The increase in interest payments, on internal and external public debt, by JD 4.8 million to stand at JD 30.9 million.
- The increase in social benefit expenditures by JD 1.7 million to stand at JD 72.4 million.

- The increase in military expenditures by JD 3.4 million to total JD 120.9 million.
- The increase in “purchases of goods and services” by JD 5.3 million to stand at JD 12.1 million.
- The decrease in good's subsidies by JD 26.9 million.

#### ◆ Capital Expenditures

Capital expenditures decreased by JD 2.0 million, or 20.6 percent during the first month in 2012 comparing to the same month in 2011, to reach JD 7.7 million.

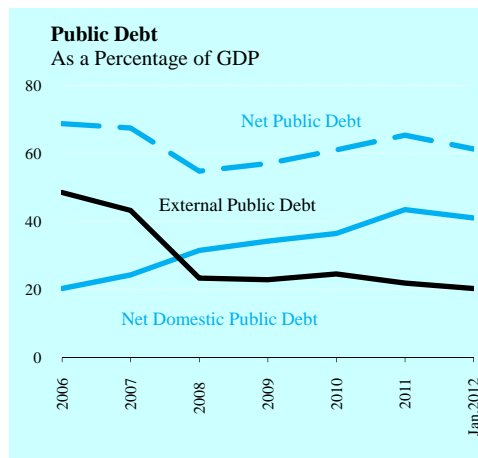
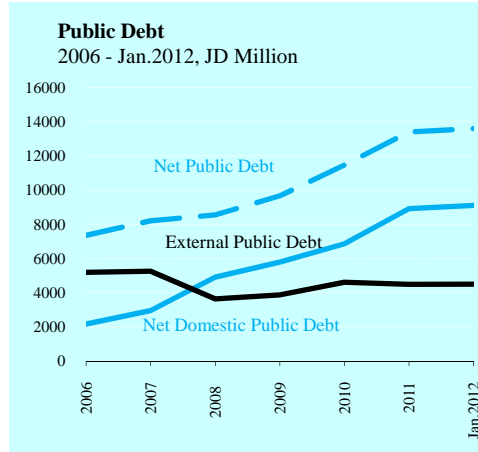
#### v General Budget Deficit/ Surplus

- ◆ **The general budget, including grants, displayed a fiscal surplus amounted to JD 65.5 million during the first month in 2012, against a fiscal surplus of JD 9.0 during the same month in 2011.**
- ◆ **The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) reached to JD 96.4 million during the first month in 2012, against a primary surplus of JD 35.1 million during the same month in 2011.**

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) had increased by JD 179.0 million at the end of January 2012 compared to its level at the end of 2011 to reach JD 10,175.0 million, or 45.9 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 12.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 167.0 million. This increase in the gross outstanding domestic debt for own-

budget agencies was driven by the significant increase in direct credit facilities provided by banking sources by JD 166.4 million to reach JD 346.3 million at the end of January 2012 compared to JD 179.9 million at the end of 2011 due to the increase borrowing on behalf of Jordan's National Electric Power Company as a result of frequent interrupted of natural gas supplies from Egypt.



- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **increased by JD 186.0 million at the end of January 2012** comparing to its level at the end of 2011 to total JD 9,101.0 million, or 41.1 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 179.0 million, and the decrease in the government deposits at the banking system by JD 7.0 million comparing to their level at the end of 2011.
- **Outstanding balance of external public debt (budgetary and guaranteed) increased** by JD 9.2 million at the end of January 2012 compared to its level at the end of 2011, amounting to JD 4,496.0 million (20.3 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 39.2 percent, while debt in Euros accounted for 8.6 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 22.4 percent and 18.8 percent of the outstanding external public debt, respectively.
- v **Net public debt (domestic and external) increased** by JD 195.2 million at the end of January 2012 comparing to its level at the end of 2011 to stand at JD 13,597.0 million, or 61.4 percent of GDP, against JD 13,401.8 million (65.4 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP declined by 4.0 percentage points compared to its level at the end of 2011.
- v **External debt service (budgetary and guaranteed)** amounted to JD 29.9 million during the first month in 2012 (of which interest payments amounting to JD 3.2 million) compared to JD 14.8 million (of which interest payments amounting to JD 3.5 million) during the same month in 2011.

#### □ Fiscal and Price Measures

- ◆ The Cabinet approved amended instructions for the cost of living allowance instructions for retirees for the year 2012 in both civil and military sectors and their heirs, with a minimum value of JD 30 per month, and a maximum limit of JD 200 per month. It also approved the reconsideration of morbidity salaries so that the amount should not be less than JD 225 per month for both civil and military retirees who receive morbidity salaries only (February 2012).
- ◆ The Cabinet decided to extend the exemption for traders, whose annual sales are over JD50.0 thousand and less than JD75.0 thousand, from registry in GST taxpayer list until the end of 2012 (January 2012).

#### □ Grants, Loans and Other Agreements

- ◆ Signing a grant agreement extended by the Japanese government in the amount of US\$ 3.22 million (equivalent to YEN 250 million), to finance the purchase of medical devices and equipment, in addition to equipments for vocational training institutes, as part of the new Japanese assistance program, aiming to encourage the marketing of industrial products from east Japan areas which were hit by the earthquake (March 2012).
- ◆ Signing a grant agreement extended by the Arab Fund for Economic and Social Development in the amount of US\$ 1.8 million (equivalent to KWD 500 million) to finance the purchase of ambulances and their supplies (March 2012).





#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 6.4 percent in February 2012 compared to the same month in 2011 to record JD 415.1 million. As for the first two months in 2012, total merchandize exports decreased by 5.4 percent to reach JD 853.9 million.
- **Merchandize imports** increased by 20.5 percent in February 2012 compared to the same month in the previous year amounting to JD 1,075.0 million. As for the first two months in 2012, merchandize imports were up by 27.1 percent to total JD 2,430.0 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 47.0 percent in February 2012 compared to the same month in 2011 standing at JD 659.9 million. As for the first two months in 2012, the trade deficit expanded by 56.2 percent to reach JD 1,576.1 million.
- **Travel receipts** increased by 10.9 percent in March 2012 compared to the same month in the preceding year to record JD 196.6 million. In contrast, travel payments decreased by 7.3 percent in March 2012 compared to the same month in 2011. As for the first quarter in 2012, travel receipts increased by 4.0 percent, while its payments decreased by 5.8 percent to reach JD 528.8 million and JD 179.5 million, respectively.
- **Total workers' remittances receipts** maintained its level in March 2012 compared to the same month in 2011 to reach JD 209.7 million. As for the first quarter of 2012, total worker's remittances decreased by 3.3 percent to reach JD 569.5 million.
- **The current account of the balance of payments** displayed a deficit of JD 2,048.2 million (10.0 percent of GDP) during 2011 compared to a deficit of JD 1,336.3 million (7.1 percent of GDP) in the previous year.
- **Net FDI inflows to Jordan** recorded JD 1,043.0 million during 2011, down from JD 1,172.1 million during 2010.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 14,938.5 million at the end of December 2011; recording an increase of 2,073.1 million above its level at the end of December 2010.

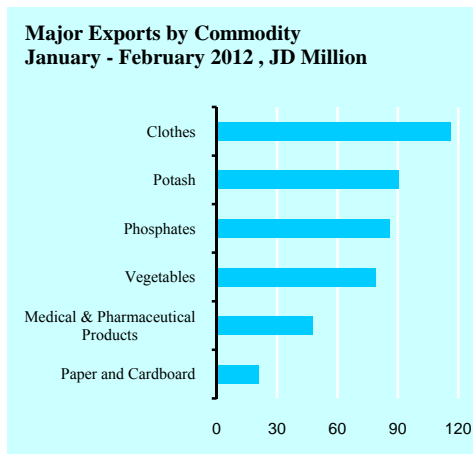
#### □ External Trade

As a result of the decrease in domestic exports by JD 46.6 million and the increase in imports by JD 518.0 million, respectively during the first two months of 2012, the volume of external trade (domestic exports *plus* imports) increased by JD 471.4 million to stand at JD 3,149.8 million.

<b>Jordan's Major Trade Partners</b> Jan. – Feb. 2011- 2012, JD Million				<b>Developments of External Trade Indicators, JD Million</b>									
	2011	2012	Percentage Change	Jan. – Feb.									
<b>Exports</b>				2011	Percentage Change 2009/2010	2012	Percentage Change 2010/2011						
United States	102.7	121.9	18.7	External Trade	2,678.4	19.5	3,149.8	17.6					
Iraq	142.7	82.7	-42.0										
India	79.9	63.9	-20.0										
Saudi Arabia	54.7	56.8	3.8										
Indonesia	15.9	45.8	188.1										
Syria	57.4	39.1	-31.9										
China	14.6	37.8	158.9										
<b>Imports</b>									Total Exports	902.7	20.8	853.9	-5.4
Saudi Arabia	399.6	698.6	74.8						Domestic Exports	766.4	21.9	719.8	-6.1
China	197.6	215.2	8.9						Re-exports	136.3	15.2	134.1	-1.6
United States	99.0	164.7	66.3	Imports	1,912.0	18.5	2,430.0	27.1					
Germany	128.3	95.7	-25.4	Trade Balance	-1,009.3	16.6	-1,576.1	56.2					
Italy	49.3	88.6	79.7	Source: Department of Statistics.									
Egypt	79.5	84.4	6.2										
Turkey	74.0	79.5	7.4										
Source: Department of Statistics.													

### ■ Merchandize Exports:

Total merchandize exports decreased by 5.4 percent during the first two months of 2012 compared to a 20.8 percent increase during the same period in 2011, to record JD 853.9 million. This decrease



resulted from a decline in domestic exports and re- exports of JD 46.6 million and JD 2.2 million, or 6.1 percent and 1.6 percent, to reach JD 719.8 million and JD 134.1 million, respectively.

**The developments of domestic exports during the first two months of 2012 compared with the same period in the previous year reveals the following:**

- Exports of "**machinery and transport equipment**" decreased by JD 17.4 million, or 36.1 percent, to reach JD 30.7 million, compared to a decline of 23.2 percent during the first two months in 2011. The Iraqi, Saudi and Lebanese markets accounted for 76.5 percent of these exports.

- Exports of **vegetables** decreased by JD 32.4 million, or 29.1 percent, to total JD 78.9 million, compared to an increase of 22.6 percent during the first two months of 2011. Syrian, Russian and Turkish markets were the main destinations of these exports accounting for 58.8 percent. This decrease was mainly due to the decline of vegetable exports to Iraqi market by JD 93.5 million.
- Exports of **phosphates** increased by JD 21.8 million, or 33.8 percent, to register JD 86.3 million, compared to an increase of 47.9 percent during the same period in 2011 this increase was

**Major Domestic Exports by Commodity**

Jan.-Feb. 2011 - 2012, JD Million

	2011	2012	Percentage Change
<b>Domestic Exports</b>	<b>766.4</b>	<b>719.0</b>	<b>-6.1</b>
<b>Clothes</b>	<b>101.1</b>	<b>116.4</b>	<b>15.1</b>
United States	93.2	109.6	17.6
<b>Potash</b>	<b>77.0</b>	<b>90.5</b>	<b>17.5</b>
<b>Phosphates</b>	<b>64.5</b>	<b>86.3</b>	<b>33.8</b>
India	43.0	55.9	30.0
Indonesia	5.3	14.1	166.0
Bulgaria	0.0	6.5	-
<b>Vegetables</b>	<b>111.3</b>	<b>78.9</b>	<b>-29.1</b>
Syria	72.3	30.9	-57.3
Russia	8.3	9.7	16.9
Turkey	0.0	5.8	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>41.1</b>	<b>47.6</b>	<b>15.8</b>
Saudi Arabia	6.9	12.5	81.2
Algeria	4.9	6.3	28.6
Iraq	2.3	5.3	130.4
United States	2.3	4.2	82.6
<b>Machinery and Transport Equipment</b>	<b>48.1</b>	<b>30.7</b>	<b>-36.1</b>
Iraq	24.5	14.4	-41.2
Saudi Arabia	6.1	7.6	24.6
Lebanon	0.4	1.5	275.0

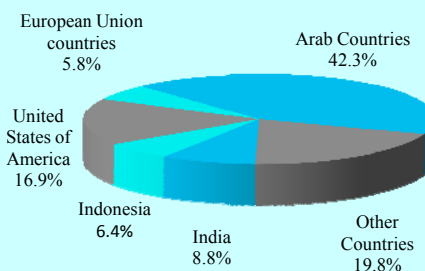
Source: Department of Statistics.

mainly due to the increase in prices and quantities of phosphates by 33.2 percent and 0.5 percent, respectively. The Indian, Indonesian and Bulgarian Markets accounted for 88.6 percent of these exports.

- Exports of **potash** increased by JD 13.5 million, or 17.5 percent, to stand at JD 90.5 million.

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

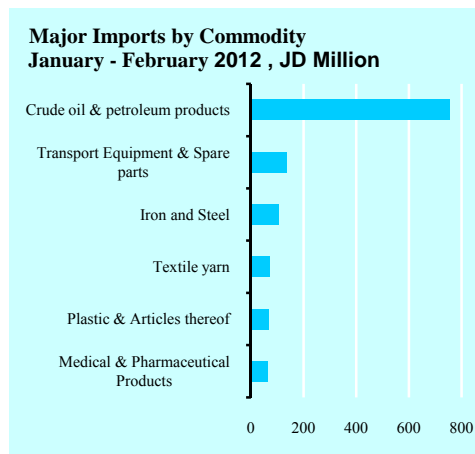
Geographic Distribution of Domestic Exports , January - February 2012



transport equipment” topped the list of exports during the first two months of 2012 accounting for 62.6 percent of domestic exports up from 57.8 percent during the same period of 2011. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, Indonesia, Syria and China were the main destination markets for Jordanian domestic exports during the first two months of 2012; accounting for 62.2 percent of domestic exports, up from 61.1 percent during the same period in 2011.

### ■ Merchandize Imports:

Merchandize imports amounted to JD 2,430.0 million during the first two months of 2012 increasing by JD 518.0 million, or 27.1 percent, compared to an increase by 18.5 percent during the same period in 2011.



### The developments of imports during the first two months of 2012 compared with previous period reveals the following:

- **Petroleum products** imports increased by JD 199.0 million, or 147.0 percent, to total JD 334.4 million compared to an increase of 68.8 percent during the same period in 2011. This increase was mainly attributable to the rise in the prices of petroleum products in international markets as well as the disruptions of Egyptian gas supply. The main source markets of these imports were Saudi Arabia, Kuwait, Russia.
- **Crude oil** imports increased by JD 198.5 million, or 90.0 percent, to reach JD 419.0 million, compared to a rise by 18.7 percent during the same period in 2011. This increase was attributed to the rise in the prices of oil by 20.6 percent and the increase in the imported quantities by 57.5 percent. Also, its worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Iron & Steel** decreased by JD 9.0 million, or 8.0 percent to reach JD 104.0 million, compared to an increase of 93.5 percent during the corresponding period of 2011. The markets of Ukraine, Turkey and Japan accounted for 57.7 percent of these imports.
- Imports of **Transport equipments and Spare Parts** decreased by JD 13.6 million, or 9.2 percent, to reach JD 134.1 million compared to a decrease by 14.8 percent during the same period of 2011. South Korea, Germany and the USA were the main origin markets for these imports; accounting for 69.0 percent of these imports.

**Major Imports by Commodity**

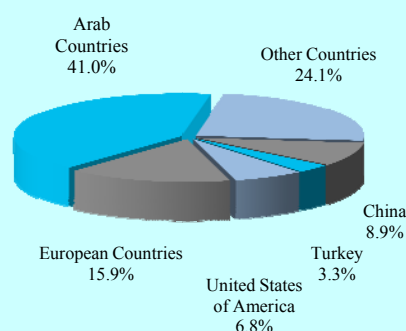
Jan.-Feb.2011- 2012, JD Million

	2011	2012	Percentage Change
<b>Total Imports</b>	<b>1,912.0</b>	<b>2,430.0</b>	<b>27.1</b>
<b>Crude Oil</b>	<b>220.5</b>	<b>419.0</b>	<b>90.0</b>
Saudi Arabia	201.1	404.4	101.1
<b>Petroleum Products</b>	<b>135.4</b>	<b>334.4</b>	<b>147.0</b>
Saudi Arabia	72.8	93.0	27.7
Kuwait	13.2	68.8	421.2
Russia	0.0	34.2	-
<b>Transport Equipments and Spare Parts</b>	<b>147.7</b>	<b>134.1</b>	<b>-9.2</b>
South Korea	41.0	52.3	27.6
Germany	43.8	20.2	-53.9
United States	13.0	20.0	53.8
<b>Iron &amp; Steel</b>	<b>113.0</b>	<b>104.0</b>	<b>-8.0</b>
Ukraine	26.2	41.5	57.2
Turkey	33.4	10.2	-69.5
Japan	0.3	8.3	2,666.7
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>61.8</b>	<b>71.3</b>	<b>15.4</b>
China	29.3	31.5	7.5
Taiwan	12.5	18.2	45.6
Turkey	3.3	4.3	30.3
<b>Plastic &amp; Articles Thereof</b>	<b>62.2</b>	<b>68.4</b>	<b>10.0</b>
Saudi Arabia	28.8	37.3	29.5
Kuwait	4.3	4.0	-7.0
Qatar	1.9	2.8	47.4
<b>Medical and pharmaceutical products</b>	<b>60.9</b>	<b>65.5</b>	<b>7.6</b>
Germany	5.1	9.0	76.5
United Kingdom	4.5	7.0	55.6
France	6.0	5.7	-5.0

Source: Department of Statistics.

The commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipments and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Plastic and Articles thereof” and

**Geographic Distribution of Imports  
January - February, 2012**



“Medical and pharmaceutical Products” accounted for 49.2 percent of total imports during the first two months of 2012; up from 40.6 percent during The same period in 2011. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Germany, Italy, Egypt, Turkey and India topped the list of imports sources during the first two months of 2012; accounting for 61.9 percent compared to 57.0 percent during the same period in 2011.

#### ■ Re-Exports

The value of re-exported goods decreased by JD 2.2 million, or 1.6 percent during the first two months in 2012, recording JD 134.1 million.

#### ■ Trade Balance

The trade balance deficit during the first two months of 2012 increased by JD 566.8 million, or 56.2 percent to register JD 1,576.1 million compared to the same period in 2011.



### □ Total Workers' Remittances Receipts

Total workers' remittances receipts in March 2012 registered the same level in March 2011 to reach JD 209.7 million. As the first quarter of 2012, total workers remittances receipts decreased by 3.3 percent to reach JD 569.5 million.

### □ Travel

#### ■ Receipts

Travel receipts increased by JD 20.5 million, or 4.0 percent, during the first quarter of 2012 to register JD 528.8 million, despite the fall in the number of inbound tourists by 12.4 percent. This increase was mainly due to the rise in the high expenditure inbound tourists.

#### ■ Payments

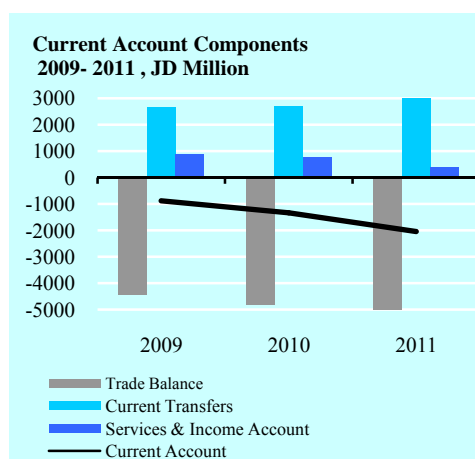
Travel payments decreased by 5.8 percent, during of the first quarter of 2012 to stand at JD 179.5 million, compared with JD 190.6 million during the same period in 2011.

### □ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for 2011 compared to 2010, reveals the following developments:

- The current account recorded a deficit of JD 2,048.2 million (10.0 percent of GDP) compared to a deficit of JD 1,336.3 million (7.1 percent of GDP) during 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit by JD 1,071.3 million, or 22.2 percent, to reach JD 5,895.1 million in 2011 compared to a deficit amounting to JD 4,823.8 million in 2010.



- Services account recorded a surplus of JD 519.8 million, compared to a surplus of JD 838.5 million during 2010. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 1,305.8 million and JD 201.6 million, respectively and the registered deficit of transportation (net) and other services (net) by JD 891.5 million and JD 69.1 million respectively.
- An increase in the surplus of the income account (net) by JD 62.9 million compared to 2010 to register JD 127.6 million, as a result of the increase in the deficit of investment income (net) by JD 29.5 million, and a decrease in the surplus of compensation of employees (net) by JD 33.4 million.
- An increase in the surplus of net current transfers by JD 741.0 million; to reach JD 3,454.7 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 652.5 million and JD 88.5 million, to reach JD 1,431.9 million and JD 2,022.8 million, respectively, during 2011.

It's worth mentioning that the workers' remittances receipts and payments decreased by JD 95.2 million and JD 34.6 million, or 4.2 percent and 11.2 percent, respectively during 2011.

- The capital and financial account with the rest of the world showed a net inflow of JD 2,218.5 million during 2011 compared to an inflow in the amount of JD 805.6 million during 2010 due to the following:
  - FDI in the Kingdom recorded a net inflow amounting to JD 1,043.0 million during 2011 compared to JD 1,172.1 million 2010.
  - Portfolio investments (net) recorded a net inflow amounted to JD 208.5 million compared to a similar inflow in the amount of JD 547.0 million during 2010.
  - Other investments (net) registered a net outflow in the amount of JD 183.4 million compared to an outflow amounting to JD 137.2 million during 2010.
  - A decrease in reserve assets of CBJ by JD 1,172.3 million during 2011 compared to an increase of JD 1,030.7 million during 2010.

#### □ 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 the amount of JD 14,938.5 million at the end of December 2011 compared to JD 12,865.4 million at the end of December 2010. This increase was due to the following developments:

- 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 1,302.2 million at the end of December 2011 compared to the end of 2010; to stand at JD 31,219.1 million. This was mainly due to the following outcomes:
  - An increase in the stock of foreign direct investment (FDI) in Jordan by JD 1,043.0 million to stand at JD 16,591.0 million.
  - A decrease in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 138.0 million; to reach JD 4,686.0 million.
  - An increase in the deposits of non-resident at the Jordanian banking system by JD 175.2 million to reach JD 6,462.6 million.
  - An increase in the stock of portfolio investments in the Kingdom by JD 121.5 million to reach 2,801.2 million.
- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 770.9 million to reach JD 16,280.6 million at the end of December 2011 compared to the end of 2010. This decrease was mainly a result of the decline in the CBJ's reserve assets by 1,084.2 million and the decrease in the stock of portfolio investments at commercial banks by JD 200.6 million.