

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

**Research Dept. Monthly Report**

**February, 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.           |

**Transparency** : Dissemination of information and knowledge, and the simplification of procedures and regulations in a comprehensible and professional manner.

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

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## Executive Summary

**Latest available economic indicators display mixed outcomes for 2012. 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 third quarter of 2011, to reach 2.6 percent. As a result, the growth of real GDP during the first three quarters of 2011 reached 2.4 percent.**

- ❑ **Output, Prices and Employment:** In the third quarter of 2011, real GDP at market prices grew by 2.6 percent comparing to 2.2 percent in the third quarter of 2010. As for the first three quarters of 2011, real GDP at market prices grew by 2.4 percent comparing to 2.0 percent during the same period of 2010. Inflation measured by the Consumer Price Index (CPI), during the first month of 2012 slowed down to 3.4 percent comparing to 5.0 percent during the same month of 2011. Furthermore, the unemployment rate in the fourth quarter of 2011 increased to 12.1 percent compared to 11.8 percent in the same quarter of 2010.
- ❑ **Monetary and Financial Sector:**
  - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 330.2 million, or 3.1 percent, at the end of January 2012 compared to their level at the end of 2011, standing at US\$ 10,180.5 million.
  - Domestic liquidity grew by JD 170.7 million, or 0.7 percent, at the end of January 2012 compared to its level at the end of 2011, standing at JD 24,289.6 million.
  - The outstanding balance of credit facilities extended by licensed banks was up by JD 169.9 million, or 1.1 percent, at the end of January 2012 compared to its level at the end of 2011, standing at JD 16,021.1 million.
  - Total deposits at licensed banks increased by JD 241.5 million, or 1.0 percent, at the end of January 2012 compared to their level at the end of 2011, totaling JD 24,619.4 million.
  - The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,995.1 points at the end of 2011, decreasing by 378.5 points, or 15.9 percent, compared to its level at the end of 2010.

- **Public Finance:** During the first eleven months of 2011, the general budget, including foreign grants, recorded a deficit in the amount of JD 738.9 million, comparing to a deficit in the amount of JD 801.8 million for the same period of 2010. Net outstanding domestic debt (budgetary and own-budget) increased by JD 2,063.0 million at the end of 2011, comparing to its level at the end of 2010, to stand at JD 8,915.0 million (43.7 percent of GDP). In contrast, outstanding external public debt decreased by JD 124.0 million at the end of 2011 comparing to its level at the end of 2010; to reach JD 4,486.8 million, (22.0 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 65.7 percent of GDP at the end of 2011.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 13.3 percent during 2011 to reach JD 5,654.1 million. Similarly, the merchandize imports increased by 17.6 percent, totaling JD 12,994.0 million. As a result, the trade deficit expanded by 21.1 percent compared to the previous year; to reach JD 7,339.9 million. Furthermore, the preliminary figures for 2011 compared to 2010 showed a decrease in travel receipts and payments by 16.4 percent and 1.8 percent, respectively. In addition, total workers' remittances receipts during January 2012 decreased by 4.5 percent compared to the same month of 2011. The preliminary figures for the balance of payments for the first three quarters of 2011 displayed a deficit in the current account amounting to JD 1,323.3 million, up from JD 666.6 million during the same period in 2010. Moreover, the foreign direct investment (FDI) recorded a net inflow to Jordan by JD 802.4 million during the first three quarters of 2011 compared to a net inflow of JD 975.3 million during the same period in 2010. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad amounting to JD 13,545.4 million at the end of September 2011 compared to JD 12,461.4 million at the end of December 2010.

## First: Monetary and Financial Sector

### □ Summary:

- The foreign currency reserves at the CBJ decreased by US\$ 330.2 million, or 3.1 percent, at the end of January 2012, compared to their level at the end of 2011, standing at US\$ 10,180.5 million. This level of reserves covers around 6.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 170.7 million, or 0.7 percent, at the end of January 2012, compared to its level at the end of 2011, to total JD 24,289.6 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 169.9 million, or 1.1 percent, at the end of January 2012 compared to its level at the end of 2011, to stand at JD 16,021.1 million.
- Total deposits at licensed banks increased by JD 241.5 million, or 1.0 percent, at the end of January 2012 in comparison with their level at the end of 2011, totaling JD 24,619.4 million.
- The interest rates on all types of deposits at licensed banks increased at the end of January 2012, compared to their levels at the end of 2011, and the interests on all types of credit facilities decreased with the exception of the interest rates on the overdraft accounts, which increased 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 1,995.1 points at the end of 2011, decreasing by 378.5 points, or 15.9 percent, compared to its level at the end of 2010. As a result, the market capitalization decreased by JD 2.6 billion, or 11.9 percent, at the end of 2011 compared to its level at the end of 2010 to stand at JD 19.3 billion.

#### Main Monetary Indicators

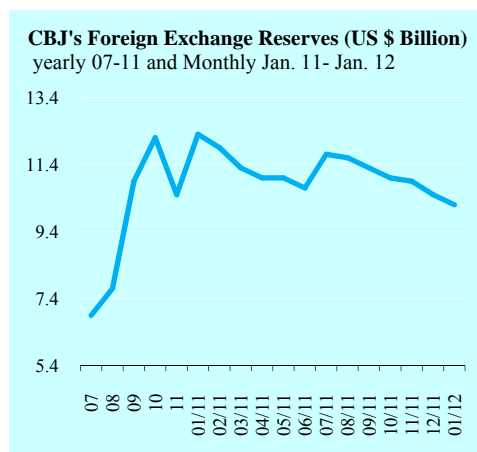
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of January	
		2011	2012
US\$ 10,510.7	CBJ's Foreign Currency Reserves	US\$ 12,279.5	US\$ 10,180.3
-14.1%		0.3%	-3.1%
24,118.9	Money Supply (M2)	22,530.9	24,289.6
8.1%		1.0%	0.7%
15,851.2	Credit Facilities, of which:	14,628.7	16,021.1
9.7%		1.2%	1.1%
14,284.0	Private Sector (Resident)	13,122.7	14,289.8
10.1%		1.1%	0.0%
24,377.9	Total Deposits, of which:	22,682.1	24,619.4
8.3%		0.8%	1.0%
19,119.1	In JD	17,687.2	19,070.3
8.5%		0.4%	-0.3%
5,258.8	In Foreign Currencies	4,994.9	5,549.1
7.6%		2.2%	5.5%
19,905.8	Deposits of Private Sector (Resident), of which:	18,558.1	20,023.7
8.5%		1.2%	0.6%
16,507.6	In JD	15,332.2	16,372.7
8.5%		0.8%	-0.8%
3,398.2	In Foreign Currencies	3,225.9	3,651.0
8.6%		3.1%	7.4%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

#### □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 330.2 million, or 3.1 percent, at the end of January 2012 compared to their level at the end of 2011, standing at US\$ 10,180.5 million. This level of reserves is equivalent to cover around 6.3 months of the Kingdom's imports of goods and services.



#### □ Domestic Liquidity (M2)

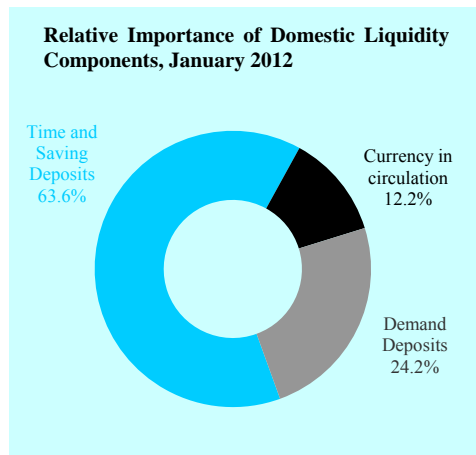
- Domestic liquidity totaled JD 24,289.6 million at the end of January 2012, increasing by JD 170.7 million, or 0.7 percent, compared to an increase of JD 224.1 million, or 1.0 percent during the same month in 2011.

#### ◆ Developments in the domestic liquidity components and the factors affecting liquidity between the end of January 2012 and the end of 2011 reveal the following:

##### ● Components of Domestic Liquidity

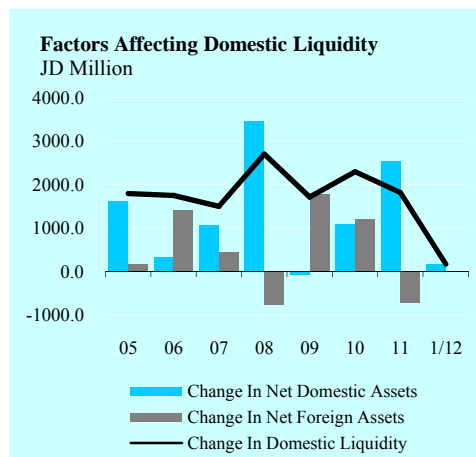
- Deposits increased by JD 226.5 million, or 1.1 percent, at the end of January 2012 compared to their level at the end of 2011, totaling JD 21,326.1 million, against an increase amounting to JD 234.8 million, or 1.2 percent, at the end of the same month in 2011.

- Currency in circulation decreased by JD 55.8 million, or 1.8 percent, at the end of January 2012, standing at JD 2,963.5 million compared to its level at the end of 2011, against a decrease in the amount of JD 10.6 million, or 0.4 percent during the same month in 2011.



- **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 172.3 million, or 1.2 percent, at the end of January 2012 compared to its level at the end of 2011, against an increase of JD 139.8 million, or 1.1 percent, during the same month in 2011. This increase was a result of the increase in net domestic assets at the CBJ by JD 190.8 million, or 3.3 percent, and their decrease at licensed banks by JD 18.5 million, or 0.1 percent.



- Net foreign assets of the banking system decreased by JD 1.6 million, at the end of January 2012 compared to their level at the end of 2011, against an increase in the amount of JD 84.4 million, in the same month in 2011. This decrease was an outcome of the decline of these assets at the CBJ by JD 206.1 million and their increase at licensed banks by JD 204.5 million.

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

Year		Change in balance relative to the end of January	
		2011	2012
<b>-721.6</b>	<b>Foreign Assets (Net)</b>	<b>84.4</b>	<b>-1.6</b>
-729.8	CBJ	0.1	-206.1
8.2	Licensed Banks	84.3	204.5
<b>2,533.8</b>	<b>Domestic Assets (Net)</b>	<b>139.8</b>	<b>172.3</b>
1,006.6	CBJ, of which:	83.3	190.8
39.3	Claims on Public Sector (Net)	49.1	85.5
966.7	Other Items (Net*)	34.4	105.3
1,527.2	Licensed Banks	56.5	-18.5
1,744.9	Claims on Public Sector (Net)	-29.0	91.1
1,311.5	Claims on Private Sector	146.8	22.7
-1,529.2	Other Items (Net)	-61.3	-132.3
<b>1,812.2</b>	<b>Money Supply (M2)</b>	<b>224.2</b>	<b>170.7</b>
<b>175.6</b>	<b>Currency in Circulation</b>	<b>-10.6</b>	<b>-55.8</b>
<b>1,636.6</b>	<b>Total Deposits, of which:</b>	<b>234.8</b>	<b>226.5</b>
294.3	In Foreign Currencies	115.5	284.8

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

## □ Interest Rate Structure

### ◆ Interest Rates on Monetary Policy Instruments

- On 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.

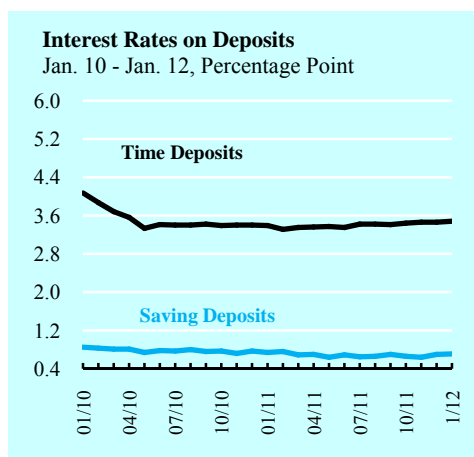
End of year		February	
		2011	2012
4.50	Re-discount Rate	4.25	5.00
4.25	Repurchase Agreements Rate (Repos)	4.00	4.75
2.25	Overnight Deposit Window Rate	2.00	2.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

## ◆ Interest Rates in the Banking Sector

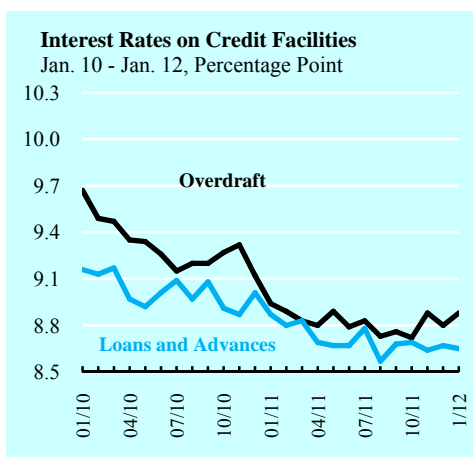
### • Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of January 2012 increased by 2 basis points, compared to their level at the end of 2011, standing at 3.48 percent.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of January 2012 increased by one basis point compared to its level at the end of the preceding year, standing at 0.71 percent.
  - **Demand Deposits:** The weighted average interest rate on demand deposits at the end of January 2012 increased by 2 basis points compared to its level at the end of the preceding year, standing at 0.45 percent.
- ### • Interest Rates on Credit Facilities
- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of January 2012 increased by 8 basis points compared to its level at the end of the preceding year, standing at 8.88 percent.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 13 basis points at the end of January 2012 compared to its level at the preceding year, to stand at 9.21 percent.



- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 2 basis points at the end of January 2012 compared to its level at the preceding year to stand at 8.65 percent.

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

Year		January		Change Relative to the Preceding Year Basis Points
		2011	2012	
<b>Deposits</b>				
0.43	Demand	0.42	0.45	2
0.70	Saving	0.74	0.71	1
3.46	Time	3.39	3.48	2
<b>Credit Facilities</b>				
9.34	Discounted Bills and Bonds	9.34	9.21	-13
8.67	Loans and Advances	8.87	8.65	-2
8.80	Overdraft	8.94	8.88	8
8.22	Prime Lending Rate	8.18	8.22	0

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **The Prime Lending Rate:** This rate stood at 8.22 percent at the end of January 2012, thereby registering the same level for this rate at the end of 2011.

#### □ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 16,021.1 million at the end of January 2012, increasing by JD 169.9 million, or 1.1 percent, compared to its level at the end of the preceding year, against an increase in the amount of JD 177.3 million or 1.2 percent, during the same month in 2011.
- ◆ The classification of extended credit facilities, according to economic activity, during January 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 153.2 million, or 13.5 percent, and the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 122.1 million or 3.6 percent. In addition, the credit facilities extended for the industry, the general trade, and the construction sectors decreased by JD million 64.2, or 2.8 percent, JD 63.3 million, or 1.7 percent, and JD 25.8 million, or 0.7 percent, respectively, compared to their levels 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 public sector, which increased by JD 173.7 million, or 29.5 percent, at the end of January 2012, compared to their level at the end of 2011. Furthermore, the credit facilities extended to the private sector (resident) and to the non-banking financial institutions increased by JD 5.8 million, and JD 4.1 million, respectively. However, credit facilities extended to the private sector (non-resident) decreased by JD 13.7 million, or 1.4 percent.



## □ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 24,619.4 million at the end of January 2012, increasing by JD 241.5 million, or 1.0 percent, compared to its level in the preceding year, against an increase of JD 177.3 million, or 0.8 percent, during the same month in 2011.
- ◆ The increase in total deposits at licensed banks during January 2012 was an outcome of the increase in the deposits of the private sector (resident) by JD 118.0 million, or 0.6 percent, the deposits of the public sector (central government *plus* public institutions) by 94.8, or 6.2 percent, the deposits of the private sector (non-resident) by JD 15.1 million, or 0.6 percent, and the deposits of non-banking financial institutions by JD 13.6 million, or 4.9 percent, compared to their levels at the end of 2011.
- ◆ The developments in the currency structure of deposits during January 2012 reveal that “deposits in the local currency” decreased by JD 48.8 million, or 0.3 percent, while “deposits in foreign currencies” increased by JD 290.3 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 negative performance at the end of 2011 compared to the end of the preceding year. This can be demonstrated as follows:

- **Trading Volume**

The trading volume at the (ASE) totaled JD 181.1 million in December 2011; up by JD 42.0 million, or 30.2 percent, compared to its level at the end of the previous month, against an increase of JD 70.1 million, or 24.7 percent, during the same month in 2010. Furthermore, the trading volume stood at JD 2,850.3 million during 2011; a decline amounting to JD 3,839.7 million, or 57.4 percent, compared to its level during the same period of 2010.

- **Traded Shares**

The number of traded shares in December 2011 totaled 197.3 million; up by 36.3 million shares, or 22.5 percent, compared to their level at the end of the preceding month, against an increase amounting to 167.1 million shares, or 51.9 percent, during the same month of 2010. Moreover, the number of traded shares during 2011 stood at 4,072.3 million shares compared to 6,988.9 million shares traded during the same period of 2010.

- **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 30.9 points, or 1.6 percent, at the end of December 2011 compared to its level at the

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

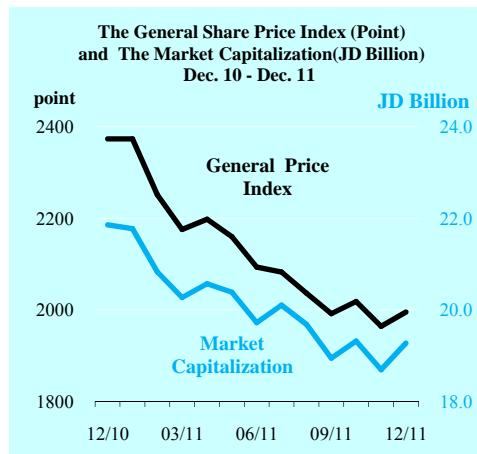
year		December	
		2010	2011
2,373.6	<b>General Index</b>	2,373.6	1,995.1
2,911.7	Financial Sector	2,911.7	2,443.9
2,576.6	Industrial Sector	2,576.6	2,149.9
1,897.2	Services Sector	1,897.2	1,693.7

Source: Amman Stock Exchange.

end of the previous month to stand at 1,995.1 points, against an increase in the amount of 19.0 points, or 0.8 percent, during the same month in 2010. During 2011, the SPI dropped by 378.5 points, or 15.9 percent, compared to its level at the end of the preceding year, against a decline in the amount of 159.9 points, or 6.3 percent, during the same period of 2010. The above-mentioned drop during 2011 was mainly due to the decline in the SPI for, the financial, industrial and the services sectors by 467.8 points, or 16.1 percent, 426.7 points, or 16.6 percent, and 203.5 points, or 10.7 percent, respectively, compared to their levels at the end of 2010.

- **Market Capitalization**

The ASE's market capitalization totaled JD 19.3 billion at the end of December 2011; an increase of 0.6 JD billion, or 3.2 percent, compared to its level at the end of the previous month, against an increase of 0.7 billion (3.3%) during the same month in the preceding year. Moreover, the market capitalization decreased by JD 2.6 billion, or 11.9 percent, during 2011, compared to its level at the end of 2010, against a decline amounting to around JD 0.6 billion, or 2.7 percent, over the same period of 2010.



- **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an outflow amounting to JD 4.8 million in December 2011

, compared to an inflow of JD 1.2 million during the same month of 2010; the value of shares acquired by non- Jordanians in December 2011 stood at JD 31.4 million, while the value of shares sold by the same group amounted to JD 36.2 million.

<b>Main Amman Stock Exchange Trading Indicators, JD Million</b>			
<b>Year</b>		<b>December</b>	
<b>2010</b>		<b>2010</b>	<b>2011</b>
<b>6,690.0</b>	Value Traded	<b>354.2</b>	<b>181.1</b>
<b>26.8</b>	Average Daily Trading	<b>17.7</b>	<b>9.5</b>
<b>21,858.2</b>	Market Capitalization	<b>21,858.2</b>	<b>19,272.8</b>
<b>6,988.8</b>	No. of Traded Shares (million)	<b>489.0</b>	<b>197.3</b>
<b>(14.6)</b>	Net Investment of Non-Jordanian	<b>1.2</b>	<b>(4.8)</b>
<b>1,036.6</b>	Non-Jordanian Buying	<b>61.7</b>	<b>31.4</b>
<b>1,051.2</b>	Non-Jordanian Selling	<b>60.5</b>	<b>36.2</b>

Source: Amman Stock Exchange.

Furthermore, non-Jordanian net investment displayed an inflow amounting to JD 78.6 million during 2011, against an outflow in the amount of JD 14.6 million during the same period of 2010.

## Second: Output and Prices

### □ Summary

- During the third quarter of 2011, real GDP grew by 2.6 percent at market prices, comparing to 2.2 percent during the same period of 2010. When excluded “net taxes on products”, which contracted by 0.8 percent, GDP growth rate at constant basic prices increases to 3.3 percent comparing to 3.4 percent during the same quarter of 2010.
- Accordingly, GDP at both market and basic prices, registered real growth rates of 2.4 percent and 3.2 percent, respectively during the first three quarters of 2011 comparing to 2.0 percent and 3.1 percent, respectively, during the same period in 2010.
- Inflation measured by the CPI, reached 3.4 percent during January 2012, comparing to 5.0 percent during January 2011.
- The unemployment rate in the fourth quarter of 2011 increased to 12.1 percent of the total labor force (10.7 percent for males and 18.3 percent for females) comparing to 11.8 percent (10.0 percent for males and 20.0 percent for females) in the same period of 2010. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 15.5 percent.

## □ Developments of (GDP)

According to preliminary estimates released by DOS, the national economy achieved positive results during the third quarter of 2011. **The real GDP grew by 2.6 percent, comparing to 2.2 percent during the same quarter of 2010.** As for the first three quarters of 2011, real GDP grew by 2.4 percent comparing to 2.0 percent during the same period of 2010. When excluding “net taxes on products”, which decreased by 1.6 percent, **GDP growth rate at constant basic prices reaches 3.2 percent**, comparing to 3.1 percent in the same period of 2010.

	Percentages				
	Q1	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		
GDP at Current Market Prices	10.3	7.6	9.1		

Source: Department of Statistics.

**GDP at current prices grew by 9.0 percent** comparing to 9.5 percent during the first three quarters of 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 the first three quarters of 2011, compared to 7.3 percent during the same period of 2010.



In more details, the “**mining and quarrying**” sector recorded a noticeable real growth rate amounted to 21.5 percent during the first three quarters of 2011, compared to 8.8 percent during the same period of 2010. As well, the “**manufacturing**” sector witnessed an expansion of 4.1 percent, compared to 1.6 percent during the same period of 2010. The sectors of “**trade, restaurants and hotels**” and “**electricity and water**” also grew by 3.9 percent and 1.4 percent, respectively, compared to a contraction amounting to 2.3 percent and 4.2 percent, respectively, during the same period of 2010. In contrast, “**finance, insurance, real estate and business services**”, “**agriculture**”, and “**transport and communication**” sectors witnessed a slow pace of performance, as they grew by 3.7 percent, 4.7 percent, and 3.1 percent, respectively, comparing to 7.1 percent, 8.2 percent, and 5.1 percent, respectively,

during the same period of 2010. However, the “**construction**” sector experienced a noticeable contraction amounting to 6.6 percent comparing to a contraction by 2.6 percent during the first three quarters of 2010.

The contribution of commodity - and service - producing sectors **in the overall GDP growth rate, at constant basic prices, amounted to 1.0 percentage point and 2.2 percentage points, respectively, during the first three quarters of 2011, comparing to 0.5 percentage point and 2.6 percentage points, respectively, during the same period of 2010.**

#### **□ Microeconomic Indicators**

Latest sectoral economic indicators displayed a mixed performance. Indicators that showed a fast-paced economic growth include; “licensed areas for building” and “electricity production quantity index”. Other indicators such as “number of passengers through the Royal Jordanian airlines”, “quantities of exported and imported goods shipped through the Aqaba port”, and the production quantity index for “mining and quarrying” displayed a slow pace of economic activities. Downward trends were noticed in; “number of departures” and the “manufacturing production quantity index”. **Summary of the main sectoral indicators:**



Percentages\*

The whole 2010	Item	Available Period		
		2010		2011
<b>Industrial Sector</b>				
	<b>Industrial production quantity index</b>	<b>-3.1</b>	<b>The whole year</b>	<b>-0.3</b>
	<b>“Mining and quarrying” production quantity index</b>	<b>39.7</b>	<b>The whole year</b>	<b>16.5</b>
	Production of phosphate	26.7	The whole year	16.3
	Production of potash	72.2	The whole year	16.8
	<b>Manufacturing production quantity index</b>	<b>-5.6</b>	<b>The whole year</b>	<b>-2.2</b>
	Production of petroleum products	-5.3	The whole year	-5.7
	Production of chemical acids	9.9	The whole year	-10.4
	Production of fertilizers	5.4	The whole year	-4.9
	<b>Electricity production quantity index</b>	<b>-5.0</b>	<b>The whole year</b>	<b>4.5</b>
<b>Construction Sector</b>				
-3.8	Production of cement	0.1	January - March	-15.1
-3.0	Quantity of cement sales to the domestic market (excluding imported quantities)	-7.0	January - March	-6.6
	Licensed areas for ( residential and non-residential) buildings	7.8	The whole year	25.7
<b>Transport Sector</b>				
	The number of passengers through the Royal Jordanian	13.6	The whole year	6.2
	Quantities of exported and imported goods shipped through the Aqaba port	18.7	The whole year	13.8
	Cargo through the Royal Jordanian	30.3	The whole year	-3.8
	Number of departures	19.9	The whole year	-21.5

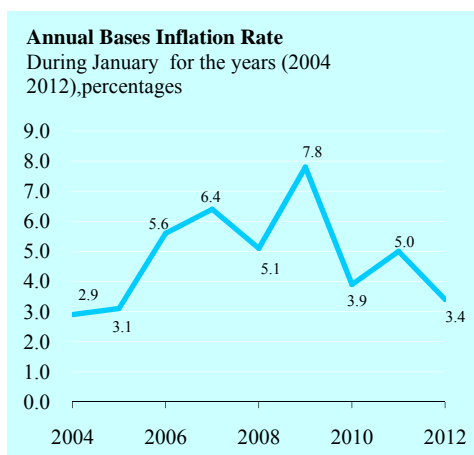
- Monthly Statistical Bulletin / Central Bank of Jordan.

- Cement Companies in Jordan.

- Royal Jordanian.

## □ Prices

The general price level continued to increase at a slower pace during January 2012 comparing to the same month of 2011; the inflation rate, measured by the percentage change in the CPI, stood at 3.4 percent,



comparing to 5.0 percent in January 2011. This increase in the price level was driven by the global increase in the prices of basic commodities and oil.

### Developments of the CPI basket in January 2012:

- ◆ “Food items”, constitute about 36.7 percent of the CPI basket. The prices of this group increased by 3.9 percent during January 2012 comparing to an increase by 5.2 percent in the same month 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 was mainly driven by the increase in the prices of “dairy products and eggs”, “meat and poultry”, “sugar and confectionaries” which increased by 13.5 percent, 9.6 percent and 5.8 percent, respectively. At the same

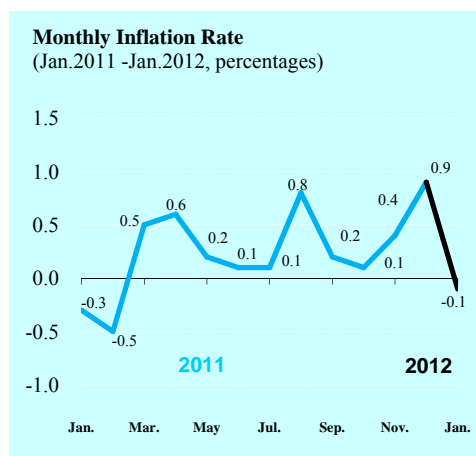
time, prices of “vegetables”, “fruits” and “cereals and products” have declined by 14.3 percent, 5.0 percent and 2.5 percent, respectively.

- ◆ **“Clothing and footwear” group** has the least weight in the CPI basket (5.0 percent). **The average price level for this group increased by 6.6 percent during January 2012 comparing to an increase of 5.0 percent in the same month of 2011. Accordingly, the group's contribution to the overall inflation rate reached 0.4 percentage point during the period under analysis.** The increase of the prices of this group in January 2012 was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 6.4 percent and 7.3 percent, respectively, comparing to 5.3 percent and 4.0 percent respectively, in January 2011.
- ◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. **The prices of housing increased by 2.7 percent during January 2012 compared to an increase of 4.4 percent in the same month of 2011. Accordingly, this group contributed to the overall inflation rate by 0.7 percentage point during the first month 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 0.1 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 2.8 percent during January 2012 comparing to 5.4 percent in the same month of 2011. Accordingly, this group contributed 0.9 percentage point in the overall inflation during January 2012.** The increase in the prices of this group was a result of the rise in the prices of “personal care”, “recreation”, “medical care” and “education” which increased by 8.9 percent, 7.1 percent, 6.7 percent, and 3.0 percent, respectively, while the prices of “transportation” increased slightly by 0.3 percent.

Moreover, **CPI in January 2012 registered a minor decrease of 0.1 percent comparing to December 2011.** This was mainly due to the decrease in the prices of “vegetables”, “fruits” and “cereals and products”, on one hand, and

the rise in other items most noticeably “meats and poultry”, and “dairy products and eggs”, on the other.



## □ Employment

- ◆ The refined economic participation rate (the ratio of the labor force to the population 15 years and over) reached 38.9 percent (62.4 percent for males against 14.9 percent for females) during the fourth quarter of 2011, compared to 39.0 percent (63.2 percent for males against 14.3 percent for females) during the same period of 2010.
- ◆ The employed rate among the age group (15 years and above) reached 34.2 percent during the fourth quarter of 2011. The employed workers in the sector of “public administration, defense, and social security” accounted for 24.9 percent of total employed, followed by workers in the “wholesale and retail trade” sector (14.4 percent). The remaining percent is distributed among sectors of education, manufacturing, and others.

The unemployment rate (unemployed percent of the labor force) in the fourth quarter of 2011 increased to 12.1 percent (10.7 percent for males and 18.3 percent for females) compared to 11.8 percent (10.0 percent for males and 20.0 percent for females) during the same period of 2010. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 15.5 percent.

### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a deficit in the amount of JD 738.9 million during the first eleven months of 2011, comparing to a deficit in the amount of JD 801.8 million, during the same period in 2010. Excluding foreign grants (JD 1,101.3 million), the general budget deficit reaches to JD 1,840.2 million compared to a deficit in the amount of JD 1,090.4 million, during the same period in 2010.
- Gross outstanding domestic public debt (budgetary and own-budget) reached to JD 9,996.0 million (49.0 percent of GDP), at the end of 2011, reflecting a rise amounting to JD 2,016.0 million compared to its level at the end of 2010.
- Net outstanding domestic public debt increased by JD 2,063.0 million at the end of 2011, to reach JD 8,915.0 million (43.7 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) decreased by JD 124.0 million at the end of 2011, compared to the end of 2010, to stand at JD 4,486.8 million (22.0 percent of GDP).

#### □ The performance of the general budget during the first eleven months of 2011:

##### ■ Public Revenues

Public revenues (including foreign grants) declined by JD 71.4 million, or 19.1 percent, in November 2011 compared to November 2010 to reach JD 302.6 million. As for the first eleven months of 2011, these revenues had increased by JD 844.6 million, or 20.3 percent, comparing to the same period in 2010 to stand at JD 4,996.4 million. This result was mainly driven by the increase in foreign grants by JD 812.7 million as well as domestic revenues by JD 31.9 million.

**Main Government Budget Indicators during November and the first eleven months of 2011 and 2010:**

(JD Million and Percentages)

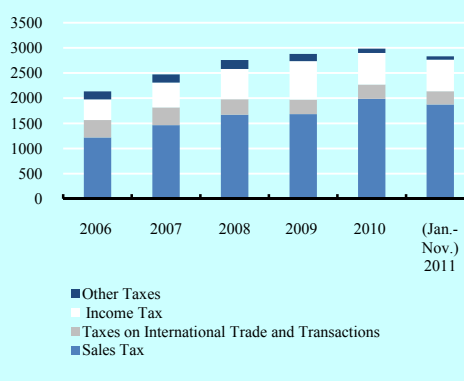
	November		Growth Rate %	Jan. – Nov.		Growth Rate %
	2010	2011		2010	2011	
<b>Total Revenues and Grants</b>	<b>374.0</b>	<b>302.6</b>	<b>-19.1</b>	<b>4,151.8</b>	<b>4,996.4</b>	<b>20.3</b>
Domestic Revenues, of which:	374.0	255.1	-31.8	3,863.2	3,895.1	0.8
Tax Revenues, of which:	210.2	190.9	-9.2	2,716.4	2,831.0	4.2
General Sales Tax	164.1	142.1	-13.2	1,792.5	1,873.6	4.5
Other Revenues, of which:	160.6	62.6	-61.0	1,128.2	1,045.2	-7.4
Land Registration Fees	8.2	10.3	25.6	117.8	133.0	12.9
Foreign Grants	0.0	47.5		288.6	1,101.3	281.3
<b>Total Expenditures</b>	<b>473.9</b>	<b>589.0</b>	<b>24.3</b>	<b>4,953.6</b>	<b>5,735.3</b>	<b>15.8</b>
<b>Overall Deficit/ Surplus</b>	<b>-99.9</b>	<b>-286.4</b>		<b>-801.8</b>	<b>-738.9</b>	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 31.9 million, or 0.8 percent, during the first eleven months of 2011 comparing to the same period of 2010, to reach JD 3,895.1 million. This increase was an outcome of; the rise in the proceeds of “tax revenues” and “pension contribution” by JD 114.6 million and JD 0.3 million respectively, on one hand, and the decline in “other revenues” by JD 83.0 million, on another.

**Tax Revenue Structure**  
2006-(Jan.-Nov.)2011, JD Million



## ◀ Tax Revenues

Tax revenues increased by JD 114.6 million, or 4.2 percent, in the first eleven months of 2011 compared to the same period in 2010, to reach JD 2,831.0 million (72.7 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of general sales tax on goods and services** by JD 81.1 million or 4.5 percent, which reached JD 1,873.6 million. Specifically, the proceeds of “sales tax on imported goods” increased by JD 81.1 million, as well as the proceeds of “sales tax on domestic goods” increased by JD 9.5 million. In addition, the proceeds of “sales tax on commercial sector” increased by JD 5.3 million. In contrast, the proceeds of “sales tax on services” declined by JD 14.8 million.
- **The increase in the proceeds of “income and profit taxes”** by JD 40.6 million or 6.9 percent, which reached JD 627.0 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 47.0 million, and the drop in the proceeds of “income tax from individuals” by JD 6.4 million. Accordingly, income tax from companies accounted for 78.9 percent of total taxes on income and profits (JD 494.6 million) of which JD 226.0 million came from banks and financial institutions.
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 5.1 million or 2.0 percent, which reached JD 263.5 million. This result was driven by the



increase in the proceeds of “customs duties and fees” by JD 13.6 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.

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

“Other revenues” decreased by JD 83.0 million, or 7.4 percent, in the first eleven months of 2011 to reach JD 1,045.2 million. This increase was an outcome of:

- The decrease in miscellaneous revenues by JD 62.3 million to reach JD 265.0 million.
- The drop in property income by JD 29.8 million to stand at JD 229.7 million (of which financial surplus of independent government units amounted to JD 201.3 million).
- The increase in revenues from selling goods and services by JD 9.1 million to stand at JD 550.5 million.

#### ◀ **Pension Contributions**

Pension contributions increased by JD 0.3 million during the first eleven months of 2011 to stand at JD 18.9 million.

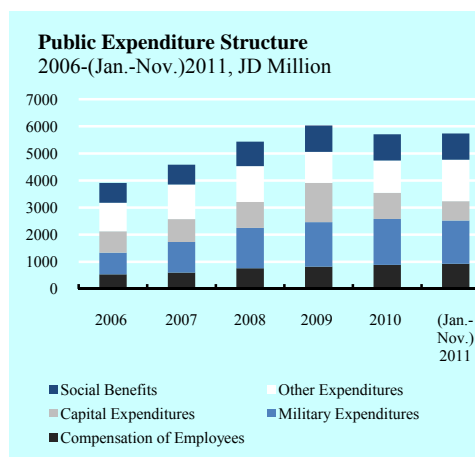
#### ◆ **Foreign Grants**

Foreign grants increased by JD 812.7 million during the first eleven months of 2011 comparing to the same period of 2010 to reach JD 1,101.3 million.

## ■ Public Expenditures

Public expenditures witnessed an increase by JD 115.1 million, or 24.3 percent, in November 2011 comparing to the same month in 2010 to stand at JD 589.0 million. During the first eleven months of 2011, public expenditures accordingly rose by JD 781.7 million, or 15.8 percent, to

stand at JD 5,735.3 million. The increase in public expenditures was an outcome of the rise in current expenditures by 18.9 percent, on one hand, and the drop in capital expenditures by 2.2 percent, on the other.



## ◆ Current Expenditures

Current expenditures increased by JD 798.1 million, or 18.9 percent, in the first eleven months of 2011, to reach JD 5,019.8 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 116.0 million to reach JD 927.9 million.
- The significant increase in goods' subsidies by JD 486.9 million, due to the rise in the world commodity prices, particularly wheat prices, in addition to maintaining liquid gas

subsidy and fixing some of the prices of oil derivatives (Kerosene, Gasoline, Diesel). As a result, goods' subsidies stood at JD 641.7 million in the first eleven months of 2011 compared to JD 154.8 million during the same period of 2010.

- The increase in interest payments, on internal and external public debt, by JD 19.7 million to stand at JD 374.7 million.
- The increase in social benefit expenditures by JD 127.2 million to stand at JD 970.9 million.
- The increase in military expenditures by JD 24.6 million to total JD 1,594.7 million.
- The decrease in “purchases of good and services” by JD 17.5 million to stand at JD 230.6 million.

#### ◆ **Capital Expenditures**

Capital expenditures declined by JD 16.4 million, or 2.2 percent to reach JD 715.5 million, in the first eleven months of 2011, compared to the same period of 2010.

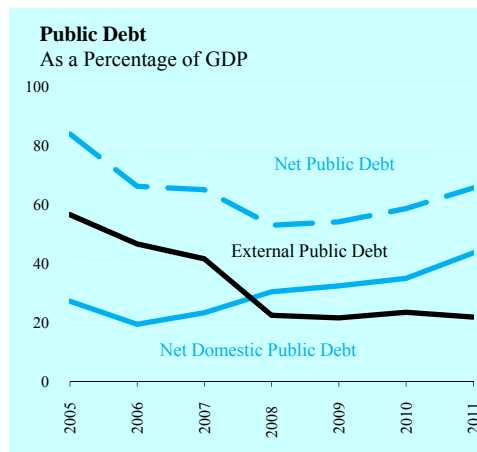
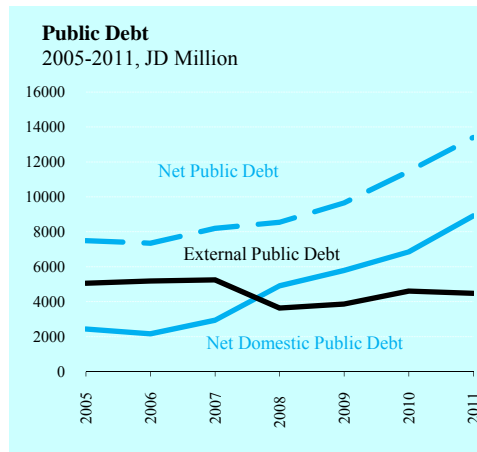
#### ■ **General Budget Deficit/ Surplus**

- ◆ **The general budget, including grants displayed a fiscal deficit amounted to JD 738.9 million, during the first eleven months of 2011**, against a fiscal deficit of JD 801.8 million, during the same period of 2010.
- ◆ **The general budget showed a primary deficit** (after excluding interest payments on public debt from total expenditures) **reached to JD 364.2 million during the first eleven months of 2011**, against a primary deficit of JD 446.8 million during the same period of 2010.

## □ Public Debt

■ **Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) had increased by JD 2,016.0 million at the end of 2011 compared to its level at the end of 2010 to reach JD 9,996.0 million, or 49.0 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 1,282.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 734.0 million. The**

increase in the budgetary domestic public debt was driven by the rise in the balance of the “treasury bills and bonds” in the amount of JD 1,415.0 million to total JD 7,825.0 million at the end of 2011, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 832.0 million at the end of 2011, on the other.



- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **increased by JD 2,063.0 million at the end of 2011** comparing to its level at the end of 2010 to total JD 8,915.0 million, or 43.7 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 2,016.0 million, and the decrease in the government deposits at the banking system by JD 48.0 million comparing to their level at the end of 2010.
- **Outstanding balance of external public debt (budgetary and guaranteed) decreased** by JD 124.0 million at the end of 2011 compared to its level at the end of 2010, amounted to JD 4,486.8 million (22.0 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 38.8 percent, while debt in Euros accounted for 8.2 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 22.2 percent and 19.4 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 1,939.0 million at the end of 2011 comparing to its level at the end of 2010 to stand at JD 13,401.8 million, or 65.7 percent of GDP, against JD 11,462.8 million (61.1 percent of GDP) at the end of 2010. Consequently, the ratio of net public debt to GDP increased by 4.6 percentage points compared to its level at the end of 2010.
- **External debt service (budgetary and guaranteed)** amounted to JD 518.8 million during 2011 (of which interest payments amounting to JD 120.8 million) compared to JD 450.0 million (of which interest payments amounting to JD 104.2 million) in 2010.

#### □ 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 of JD 200 per month. It also approved the reconsideration of morbidity salaries so that the amount shouldn't 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 two grant agreements extended by the European Union in the amount of EUR 20.0 million, as part of the European assistance program for the years 2011-2013, aiming to support the implementation of development projects and programs in the Kingdom. The first grant in the amount of EUR 15.0 million is allocated to support the second phase of service sector modernization program in Jordan. Whereas the second grant in the amount of EUR 5.0 million is allocated to support the second phase of supporting research, technological development and innovation project (February 2012).
- ◆ Signing meeting minutes between the Jordanian government and the German government, which includes allocating an amount of

EUR 13.3 million as additional assistance in the form of grants and technical aid (February 2012).

- ◆ Signing two grant agreements extended by the European Union in the amount of EUR 103.0 million to support the general budget, in addition to the implementation of development projects and programs of priority in different sectors. The first grant in the amount of EUR 25.0 million is allocated to support projects in the sectors of water, local development, democracy and governance, while the second grant in the amount of EUR 78.0 million is allocated to support the general budget to implement programs in the sectors of renewable energy sectors, education and public finance reforms, which will be disbursed in batches during the years 2012-2014 (December 2011).

## Fourth: External Sector

### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 2.5 percent in December 2011 compared to the same month in 2010 to record JD 509.7 million. As for 2011, total merchandize exports increased by 13.3 percent to reach JD 5,654.1 million.
- **Merchandize imports** increased by 17.2 percent in December 2011 compared to the same month in the previous year amounting to JD 1,186.8 million. As for 2011, merchandize imports were up by 17.6 percent to total JD 12,994.0 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 31.4 percent in December 2011 compared to the same month in 2010 standing at JD 677.1 million. As for 2011, the trade deficit expanded by 21.1 percent to reach JD 7,339.9 million.
- **Travel receipts** decreased by 15.6 percent in December 2011 compared to the same month in the preceding year to record JD 128.9 million. In contrast, travel payments increased by 7.6 percent in December 2011 compared to the same month in 2010. As for 2011, travel receipts and payments decreased by 16.4 percent and 1.8 percent to reach JD 2,026.3 million and JD 997.8 million, respectively.
- **Total workers' remittances receipts** decreased by 4.5 percent in January 2012 compared to the same month in 2011 to reach JD 186.3 million.
- **The current account of the balance of payments** displayed a deficit of JD 1,323.3 million during the first three quarters of 2011 compared to a deficit of JD 666.6 million during the same period of the previous year.



- **Net FDI inflows to Jordan** recorded JD 802.4 million during the first three quarters of 2011, down from JD 975.3 million during the same period of 2010.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 13,545.4 million at the end of September 2011; recording an increase of 1,084.0 million over its level at the end of December 2010.

#### □ External Trade

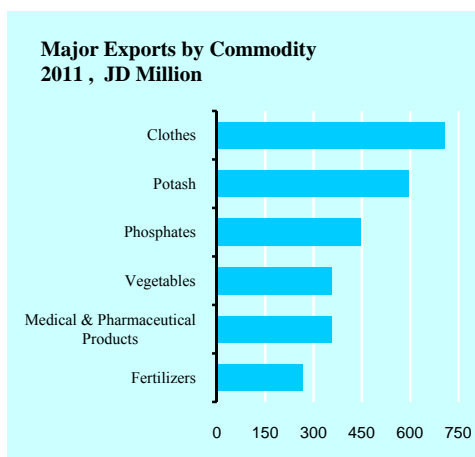
As a result of the increase in domestic exports and imports by JD 563.1 and JD 1,943.9 million, respectively, during 2011, the volume of external trade (domestic exports *plus* imports) increased by JD 2,507.0 million to stand at JD 17,774.0 million.

<b>Jordan's Major Trade Partners</b> 2010- 2011, JD Million				<b>Developments of External Trade Indicators, JD Million</b>				
	2010	2011	Percentage Change		2010	Percentage Change 2009/2010	2011	Percentage Change 2010/2011
<b>Exports</b>				External Trade	15,267.0	11.5	17,774.0	16.4
United States	655.8	733.8	11.9	Total Exports	4,990.1	10.2	5,654.1	13.3
Iraq	648.2	715.0	10.3	Domestic Exports	4,216.9	17.8	4,780.0	13.4
India	550.9	615.5	11.7	Re-exports	773.2	-18.4	874.1	13.0
Saudi Arabia	451.0	447.7	-0.7	Imports	11,050.1	9.3	12,994.0	17.6
Lebanon	138.0	209.0	51.4	Trade Balance	-6,060.0	8.6	-7,339.9	21.1
Syria	169.4	181.4	7.1	Source: Department of Statistics.				
UAE	179.7	163.3	-9.1					
<b>Imports</b>								
Saudi Arabia	2164.4	2965.5	37.0					
China	1188.6	1294.4	8.9					
United States	615.6	765.1	24.3					
Italy	379.3	684.6	80.5					
Germany	729.0	554.2	-24.0					
Egypt	492.9	537.7	9.1					
UAE	286.0	504.4	76.4					
Source: Department of Statistics.								

## ■ Merchandize Exports:

Total merchandize exports increased by 13.3 percent during 2011 compared to a 10.2 percent increase during 2010, to record JD 5,654.1 million. This increase resulted from a rise in domestic exports and

re- exports of JD 563.1 million and JD 100.9 million, or 13.4 percent and 13.0 percent, to reach JD 4,780.0 million and JD 874.1 million, respectively.



### The developments of domestic exports during 2011 compared with previous year reveals the following:

- Exports of **phosphates** increased by JD 182.3 million, or 68.8 percent, to reach JD 447.3 million, compared to a decline of 2.3 percent during 2010. This increase was an outcome of the rise in both quantities and prices of phosphates by 25.1 percent and 35.0 percent, respectively. The Indian, Indonesian and Turkish markets accounted for 78.5 percent of phosphates exports.

- Exports of **potash** increased by JD 142.4 million, or 31.6 percent, to stand at JD 593.7 million, compared to an increase of 42.3 percent during 2010. The Indian, Chinese and Malaysian markets accounted for 62.0 percent of potash exports.
- Exports of **vegetables** increased by JD 32.2 million, or 10.0 percent, to total JD 356.1 million, compared to an increase of 15.7 percent during 2010. Iraqi and Syrian and UAE markets were the main destinations of these exports accounting for 62.0 percent.

#### Major Domestic Exports by Commodity

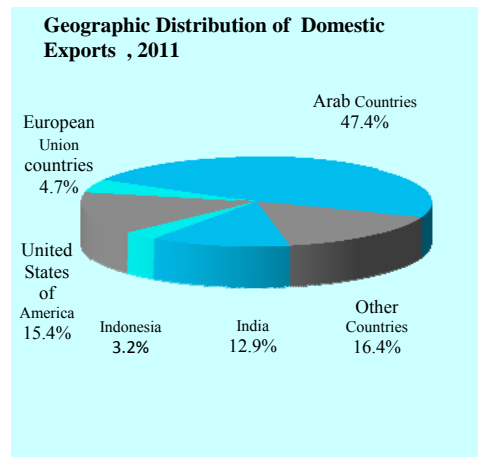
2010 - 2011, JD Million

	2010	2011	Percentage Change
<b>Domestic Exports</b>	<b>4216.9</b>	<b>4780.0</b>	<b>13.4</b>
<b>Clothes</b>	<b>622.8</b>	<b>708.3</b>	<b>13.7</b>
United States	579.0	658.2	13.7
<b>Potash</b>	<b>451.3</b>	<b>593.7</b>	<b>31.6</b>
India	197.5	159.8	-19.1
China	68.5	130.0	89.8
Malaysia	48.2	78.1	62.0
<b>Phosphates</b>	<b>265.0</b>	<b>447.3</b>	<b>68.8</b>
India	170.5	278.9	63.6
Indonesia	43.7	45.2	3.4
Turkey	8.5	27.2	220.0
<b>Vegetables</b>	<b>323.8</b>	<b>356.1</b>	<b>10.0</b>
Iraq	74.6	84.8	13.7
Syria	68.8	81.8	18.9
UAE	57.9	54.1	-6.6
<b>Medical &amp; Pharmaceutical Products</b>	<b>423.2</b>	<b>354.7</b>	<b>-16.2</b>
Saudi Arabia	127.4	92.8	-27.2
Algeria	69.0	46.4	-32.8
Sudan	39.7	37.1	-6.5
Iraq	27.1	29.3	8.1
<b>Fertilizers</b>	<b>311.4</b>	<b>266.6</b>	<b>-14.4</b>
India	162.3	151.3	-6.8
Ethiopia	68.2	70.3	3.1
Japan	22.7	4.6	-79.7

Source: Department of Statistics.

- Exports of **fertilizes** decreased by JD 44.8 million, or 14.4 percent, to register JD 266.6 million, compared to an increase of 30.4 percent during 2010 this is mainly due to the decrease in the exports of fertilizers to Japan by 79.7 percent. The Indian and the Ethiopian Markets accounted for 83.1 percent of these exports.

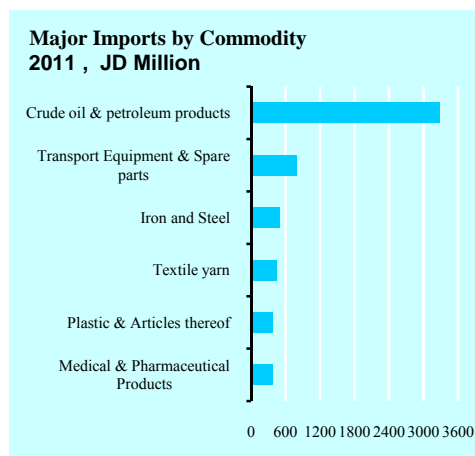
**In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, phosphates, vegetables, “medical and pharmaceutical products” and fertilizers topped**



**the list of exports during 2011 accounting for 57.0 percent of domestic exports up from 56.9 percent during 2010. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, Lebanon, Syria and UAE were the main destination markets for Jordanian domestic exports during 2011; accounting for 64.1 percent of domestic exports, down from 66.2 percent during 2010.**

## ■ Merchandize Imports:

Merchandize imports amounted to JD 12,994.0 million during 2011 increasing by JD 1,943.9 million, or 17.6 percent, compared to an increase by 9.3 percent during 2010.



**The developments of imports during 2011 compared with previous year reveals the following:**

- **Petroleum products** imports increased by JD 827.9 million, or 121.7 percent, to total JD 1,508.0 million compared to an increase of 128.3 percent during 2010. 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, Italy and the UAE.
- **Crude oil** imports increased by JD 407.4 million, or 30.0 percent, to reach JD 1,764.5 million, compared to a rise by 23.6 percent during 2010. This increase was attributed to the rise in the prices of oil by 41.7 percent, despite the decrease in the imported

quantities by 8.2 percent. Also, its worth noting that most of crude oil imports came from the Saudi market.

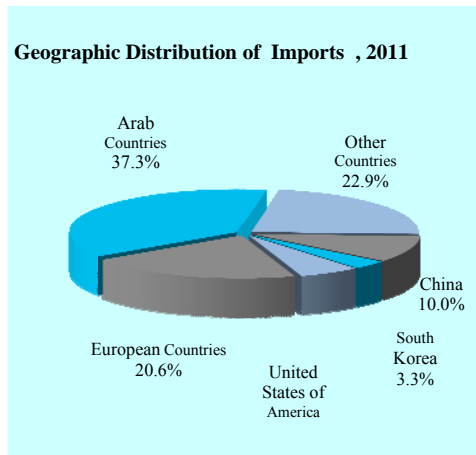
- Imports of **Iron & Steel** increased by JD 33.9 million, or 7.3 percent to reach JD 498.8 million, compared to an increase of 2.4 percent during the corresponding period of 2010. The markets of Turkey, Ukraine and China accounted for 51.5 percent of these imports.
- Imports of **Transport equipments and Spare Parts** decreased by JD 133.9 million, or 14.5 percent, to reach JD 791.5 million compared

<b>Major Imports by Commodity</b> 2010- 2011, JD Million			
	<b>2010</b>	<b>2011</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>11,050.1</b>	<b>12,994.0</b>	<b>17.6</b>
<b>Crude Oil</b>	<b>1,357.1</b>	<b>1764.5</b>	<b>30.0</b>
Saudi Arabia	1,203.1	1664.9	38.4
<b>Petroleum Products</b>	<b>680.1</b>	<b>1508.0</b>	<b>121.7</b>
Saudi Arabia	246.5	350.5	42.2
Italy	56.4	292.7	419.0
UAE	85.4	258.5	202.7
<b>Transport Equipments and Spare Parts</b>	<b>925.4</b>	<b>791.5</b>	<b>-14.5</b>
South Korea	243.5	272.1	11.7
Germany	180.4	151.2	-16.2
Japan	204.6	110.3	-46.1
<b>Iron &amp; Steel</b>	<b>464.9</b>	<b>498.8</b>	<b>7.3</b>
Turkey	107.7	106.3	-1.3
Ukraine	109.8	99.4	-9.5
China	38.4	51.4	33.9
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>396.1</b>	<b>451.0</b>	<b>13.9</b>
China	192.7	193.6	0.5
Taiwan	67.2	100.3	49.3
Turkey	19.5	32.7	67.7
<b>Plastic &amp; Articles Thereof</b>	<b>316.6</b>	<b>382.3</b>	<b>20.8</b>
Saudi Arabia	144.5	174.5	20.7
Kuwait	25.5	19.5	-23.5
Taiwan	10.6	17.3	63.2
<b>Medical and pharmaceutical products</b>	<b>343.9</b>	<b>376.2</b>	<b>9.4</b>
Switzerland	41.9	47.8	14.1
Germany	35.3	43.5	23.2
France	31.3	37.1	18.5

Source: Department of Statistics.

to a decrease by 19.2 percent during the same period of 2010. South Korea, Germany and Japan were the main markets for these imports; accounting for 67.4 percent of these imports.

**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 “Medical and pharmaceutical Products” accounted for 44.4 percent of total imports during 2011; up from 40.6 percent during The previous year. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, Germany, Egypt and UAE topped the list of imports sources during 2011; accounting for 56.2 percent compared to 53.0 percent during 2010.**

#### ■ Re-Exports

The value of re-exported goods increased by JD 100.9 million, or 13.0 percent during 2011, recording JD 874.1 million.

## ■ Trade Balance

The trade balance deficit during 2011 increased by JD 1,279.9 million, or 21.1 percent to register JD 7,339.9 million compared to 2010.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 4.5 percent to total JD 186.3 million during January 2012 compared to the same month in 2011.

### □ Travel

#### ■ Receipts

Travel receipts decreased by JD 397.0 million, or 16.4 percent, during 2011 to register JD 2,026.3 million. This decrease was attributed to a 18.6 percent fall in the number of inbound tourists in 2011 compared to 2010.

#### ■ Payments

Travel payments decreased by 1.8 percent, during 2011 to stand at JD 997.8 million.

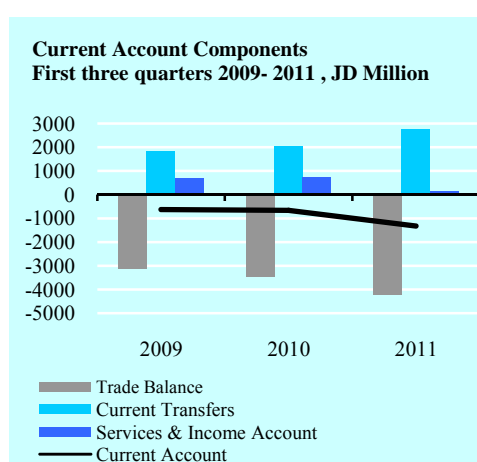
### □ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for the first three quarters of 2011 compared to the same period in 2010, reveals the following developments:



- The current account recorded a deficit of JD 1,323.3 million compared to a deficit of JD 666.6 million during the first three quarters of 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit of JD 778.7 million, or 22.5 percent, to reach JD 4,238.1 million in the first three quarters of 2011 compared to a deficit amounting to JD 3,459.4 million in the first three quarters of 2010.



- Services account recorded a surplus of JD 120.6 million, compared to a surplus of JD 545.8 million during the first three quarters of the preceding year. This was mainly due to the decrease in the surplus of travel (net) by JD 312.7 million, an increase in the deficit of transportation (net) by JD 109.5 million from one side, and the increase in the surplus of government services (net) by JD 24.5 million on the other side.
- A decrease in the surplus of the income account (net) by JD 159.2 million compared to the first three quarters of 2010 to register JD 42.5 million, as a result of the increase in the

deficit of investment income (net) by JD 139.6 million, and a decrease in the surplus of compensation of employees (net) by JD 19.6 million.

- An increase in the surplus of net current transfers by JD 706.4 million; to reach JD 2,751.7 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 655.0 million and JD 51.4 million, to reach JD 1,239.7 million and JD 1,512.0 million, respectively, during the first three quarters of 2011. It's worth mentioning that the workers' remittances receipts and payments decreased by JD 60.4 million and JD 31.7 million, or 3.6 percent and 13.3 percent, during the first three quarters of 2011 respectively.
- The capital and financial account with the rest of the world showed a net inflow of JD 1,342.7 million during the first three quarters of 2011 compared to an inflow in the amount of JD 415.3 million during the same period of 2010 owing mainly to the following:
  - FDI in the Kingdom recorded a net inflow amounted to JD 831.1 million during the first three quarters of 2011 compared to JD 972.5 million during the same period of the preceding year. While, the direct investment abroad registered an increase of JD 28.7 million compared with a decrease of JD 2.8 million during the same period of 2010.
  - Portfolio investments (net) recorded a net outflow amounted to JD 157.8 million compared to a similar outflow in the amount of JD 69.6 million during the same period of 2010.

- Other investments (net) registered an inflow in the amount of JD 21.0 million compared to an outflow amounting to JD 255.0 million during the same period of 2010.
- The decrease in reserve assets of CBJ by JD 677.1 million during the first three quarters of 2011 compared to an increase amounting to JD 235.6 million during the same period of 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 13,545.4 million at the end of September 2011 compared to JD 12,461.4 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 1,279.5 million at the end of September 2011 compared to the end of December 2010; to stand at JD 30,792.4 million. This was mainly due to the following outcomes:
  - An increase in the stock of foreign direct investment (FDI) in Jordan by JD 831.1 million to stand at JD 16,379.1 million.
  - An increase in the deposits of non-resident at the Jordanian banking system by JD 488.5 million to reach JD 6,775.9 million.
  - A decrease in the stock of non-residents' portfolio investments in the Kingdom by JD 79.9 million; amounting to JD 2,842.8 million. This decrease was mainly attributed to the increase in the position of non-resident portfolio investment at banks by JD 79.6 million and the decline in government bonds by JD 42.7 million.

- A decrease in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 34.6 million; to reach JD 4,109.4 million.
- 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 195.5 million to reach JD 17,247.0 million at the end of September 2011 compared to the end of December 2010. This increase was mainly a result of the rise in the outstanding balance of commercial banks' deposits abroad by JD 498.7 million, an increase in CBJ's other assets by JD 126.5 million, an increase in portfolio investments of the commercial banks by JD 172.8 million, a decrease in the CBJ's reserve assets and in the outstanding balance of loans granted by the commercial banks to non-resident entities by JD 570.0 million and JD 50.3 million, respectively.