



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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❑ OUR VISION

To be one of the most capable central banks regionally and internationally in maintaining monetary stability and ensuring the soundness of the financial system thereby contributing to sustained economic growth in the Kingdom.

❑ OUR MISSION

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and 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 adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve its objectives.

❑ OUR VALUES

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

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

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Executive Summary

□ Output, Prices and Employment

In 2013, real GDP at market prices, grew by 2.8 percent, compared to 2.7 percent during 2012. Inflation, measured by the Consumer Price Index (CPI), stood at 3.2 percent during the first four months of 2014 compared to 7.0 percent during the same period of 2013. Furthermore, the unemployment rate during the first quarter of 2014 decreased to 11.8 percent compared to 12.8 percent during the same quarter of 2013.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 880.0 million (7.3 percent) during the first four months of 2014, compared to their level at the end of 2013, standing at US\$ 12,885.8 million. This level of reserves covers around 6.6 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 780.5 million (2.9 percent) during the first four months of 2014 compared to its level at the end of 2013, to stand at JD 28,143.9 million.
- The outstanding balance of credit facilities extended by licensed banks decreased by JD 130.1 million (0.7 percent) during the first four months of 2014, compared to its level at the end of 2013, to reach JD 18,809.6 million.
- Total deposits at licensed banks increased by JD 1,141.9 million (4.1 percent) during the first four months of 2014, compared to its level at the end of 2013, totaling JD 28,735.1 million. This increase was an outcome of the increase in JD deposits by JD 1,393.7 million (6.6 percent) and the decrease in foreign currency deposits by JD 251.8 million (3.8 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,124.2 points at the end of April 2014, increasing by 58.4 points, or 2.8 percent, compared to its level at the end of 2013.

- **Public Finance:** During the first quarter of 2014, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 291.9 million compared to a fiscal deficit in the amount of JD 176.4 million during the same period in 2013. Net outstanding domestic debt (budgetary and own-budget) increased by JD 588.0 million at the end of March 2014, compared to its level at the end of 2013, to stand at JD 12,450.0 million (48.6 percent of GDP). Outstanding external public debt increased by JD 28.5 million at the end of March 2014 compared to its level at the end of 2013 to reach JD 7,263.0 million, (28.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 77.0 percent of GDP at the end of March 2014 compared to 80.0 percent at the end of 2013.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 8.5 percent during the first quarter of 2014 to reach JD 1,456.3 million. Also, merchandize imports stayed at the same level of the first quarter of 2013, totaling JD 3,783.8 million. As a result, the trade deficit decreased by 4.6 percent compared to the same period in 2013, to reach JD 2,327.5 million. The preliminary data shows an increase in travel receipts and payments during the first four months of 2014 by 12.9 percent and 10.8 percent, respectively. Moreover total worker's remittances increased by 3.8 percent during the same period in 2014. The balance of payments during 2013 displayed a deficit in the current account amounting to JD 2,384.6 million, (10.0 percent of GDP) down from JD 3,345.3 million (15.2 percent of GDP) during 2012. Moreover, Net Direct Investment recorded an inflow of JD 1,265.8 million during 2013 compared to a net inflow of JD 1,059.3 million during 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 21,222.9 million at the end of December 2013 compared to JD 18,887.6 million at the end of December 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 880.0 million (7.3 percent) during the first four months of 2014, compared to their level at the end of 2013, to stand at US\$ 12,885.8 million. This level of reserves covers around 6.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 780.5 million (2.9 percent) during the first four months of 2014, compared to its level at the end of 2013, to total JD 28,143.9 million.
- The outstanding balance of credit facilities extended by licensed banks decreased by JD 130.1 million (0.7 percent) during the first four months of 2014, compared to its level at the end of 2013, to stand at JD 18,809.6 million.
- Total deposits at licensed banks increased by JD 1,141.9 million (4.1 percent) during the first four months of 2014, compared to its level at the end of 2013, to reach JD 28,735.1 million.
- The interest rates on all deposits and credit facilities at licensed banks decreased during the first four months of 2014, compared to their levels at the end of 2013, except the interest rates on Demand deposits, and the interest rates on loans and advances.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,124.2 points during the first four months of 2014, increasing by 58.4 points (2.8 percent), compared to its level at the end of 2013. Moreover, the market capitalization increased by JD 0.8 billion (4.1 percent), compared to its registered level of 2013, to stand at JD 19.0 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

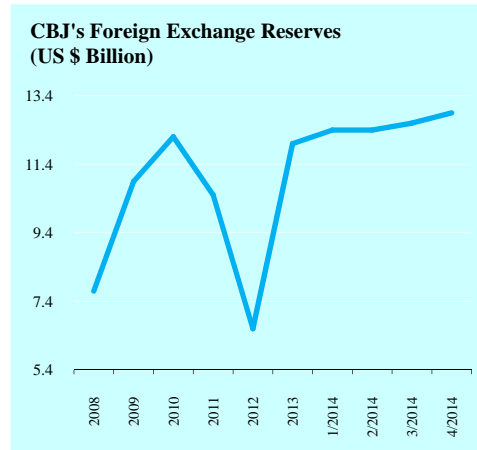
	2013	End of April	
		2013	2014
US\$ 12,005.8	81.0%	US\$ 9,727.2	US\$ 12,885.8
		46.7%	7.3%
27,363.4	9.7%	25,792.7	28,143.9
		3.4%	2.9%
18,939.7	6.2%	18,230.8	18,809.6
		2.2%	-0.7%
16,569.1	7.8%	15,741.6	16,860.8
		2.4%	1.8%
27,593.2	10.5%	26,206.3	28,735.1
		5.0%	4.1%
21,003.0	18.6%	19,253.0	22,396.7
		8.7%	6.6%
6,590.2	-9.2%	6,953.3	6,338.4
		-4.2%	-3.8%
22,195.8	8.9%	21,083.0	22,881.4
		3.4%	3.1%
17,646.1	17.0%	16,193.4	18,463.6
		7.4%	4.6%
4,549.7	-14.2%	4,889.6	4,417.8
		-7.8%	-2.9%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 880.0 million (7.3 percent), at the end of April 2014, compared to their level at the end of 2013, to reach US\$ 12,885.8 million. This level of reserves covers around 6.6 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

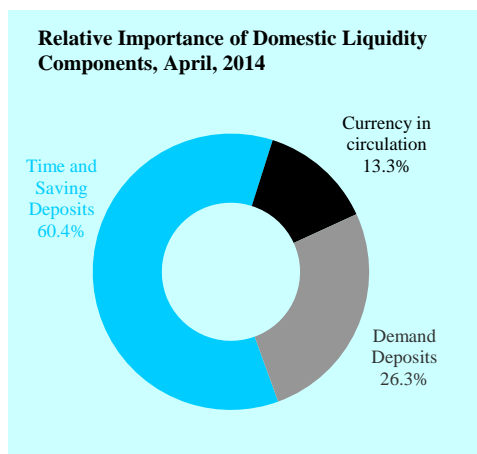
■ Domestic liquidity totaled JD 28,143.9 million at the end of April 2014, increasing by JD 780.5 million, or 2.9 percent, during the first four months of 2014 compared to an increase of JD 847.6 million, or 3.4 percent, during the same period of 2013.

◆ **Developments in both the components and the factors affecting domestic liquidity during the first four months of 2014, reveal the following:**

● **Components of Domestic Liquidity**

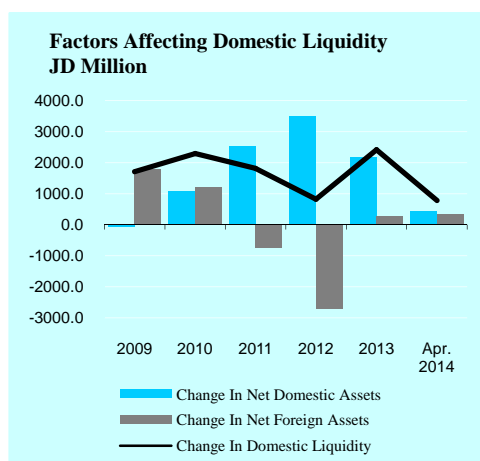
- Deposits increased by JD 654.1 million, or 2.8 percent, at the end of April 2014, compared to their level at the end of 2013, to total JD 24,410.9 million, compared with an increase amounting to JD 749.6 million, or 3.4 percent, during the same period of 2013.

- Currency in circulation increased by JD 126.4 million, or 3.5 percent, at the end of April 2014, compared to its level at the end of 2013, to reach JD 3,733.0 million, against an increase in the amount of JD 98.0 million, or 3.0 percent, during the same period of 2013.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 439.0 million, or 2.1 percent, during the first four months of 2014, compared to its level at the end of 2013, against an increase of JD 1,103.3 million, or 6.0 percent, during the same period of 2013. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 808.2 million, or 3.2 percent, and its decrease at the CBJ by JD 369.2 million, or 8.2 percent.



- Net foreign assets of the banking system increased by JD 341.5 million, or 4.9 percent, during the first four months of 2014, compared to their level at the end of 2013, against a decrease in the amount of JD 255.7 million, or 3.8 percent, during the same period of 2013. This increase was an outcome of the increase of net foreign assets at the CBJ by JD 503.4 million or 5.9 percent, and the decrease of net foreign assets at the licensed banks by JD 161.9 million, or 10.4 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2013		End of April	
		2013	2014
6,923.4	Foreign Assets (Net)	6,409.8	7,264.9
8,487.4	CBJ	7,014.2	8,990.8
-1,564.0	Licensed Banks	-604.4	-1,725.9
20,440.0	Domestic Assets (Net)	19,382.9	20,879.0
-4,528.6	CBJ, of which:	-3,335.6	-4,897.8
1,244.3	Claims on Public Sector (Net)	1,473.5	1,528.4
-5,793.5	Other Items (Net*)	-4,829.3	-6,447.8
24,968.6	Licensed Banks	22,718.5	25,776.8
9,714.8	Claims on Public Sector (Net)	8,809.3	9,575.2
17,201.9	Claims on Private Sector	16,396.1	17,399.4
-1,948.1	Other Items (Net)	-2,486.9	-1,197.8
27,363.4	Money Supply (M2)	25,792.7	28,143.9
3,606.6	Currency in Circulation	3,313.0	3,733.0
23,756.8	Total Deposits, of which:	22,479.7	24,410.9
4,635.2	In Foreign Currencies	5,006.0	4,530.7

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

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

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

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

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

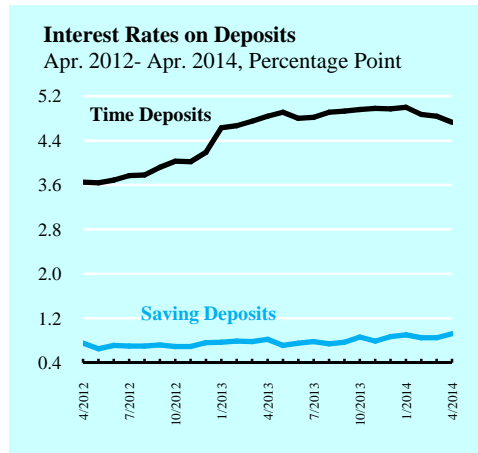
- Time Deposits: The weighted average interest rate on time deposits at the end of April 2014 decreased by 11 basis points, compared to its level of the previous month to stand at 4.73 percent. This rate is lower by 24 basis points than its level at the end of 2013.

Interest Rates on Monetary Policy Instruments, percentage points

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

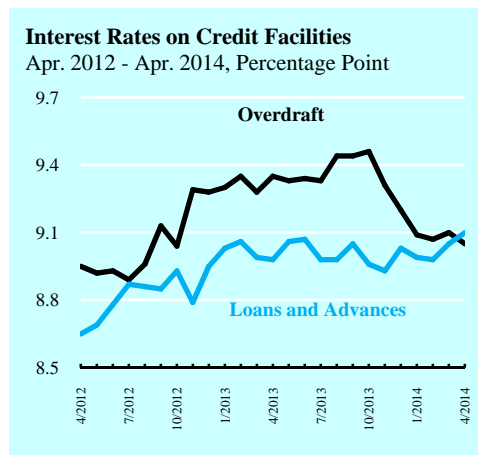
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of April 2014 increased by 7 basis points compared with its level recorded in the previous month to stand at 0.92 percent. This rate is higher by 5 basis points compared to its level at the end of 2013.



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

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of April 2014 decreased by 5 basis points compared to its level of the previous month to stand at 9.05 percent. This rate is lower by 15 basis points compared to its level at the end of 2013.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of April 2014, increased by 3 basis points compared with the level recorded in the previous month to reach 9.53 percent. This rate is lower by 60 basis points, compared to its level at the end of 2013.

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

		April		Change Relative to the Preceding Year
2013		2013	2014	
Deposits				
0.38	Demand	0.56	0.52	14
0.87	Saving	0.82	0.92	5
4.97	Time	4.84	4.73	-24
Credit Facilities				
10.13	Discounted Bills and Bonds	9.53	9.53	-60
9.03	Loans and Advances	8.98	9.10	7
9.20	Overdraft	9.35	9.05	-15
8.85	Prime Lending Rate	8.87	8.76	-9

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 5 basis points at the end of April 2014, compared to its level of the previous month to stand at 9.10 percent. This rate is higher by 7 basis points, compared to its level at the end of 2013.
- The Prime lending rate stood at 8.76 percent at the end of April 2014, 9 basis points lower than its level at the end of 2013.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, increased by 31 basis points at the end of April 2014, compared to its level at the end of 2013, to reach 437 basis points.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,809.6 million at the end of April 2014, decreasing by JD 130.1 million, or 0.7 percent, compared to its

level at the end of 2013, against an increase in the amount of JD 401.0 million, or 2.2 percent, during the same period of 2013.

- The classification of extended credit facilities, according to economic activity, at the end of April 2014 demonstrates a decrease in credit facilities extended to the general trade sector, financial services sector and industry sector, by JD 397.2 million, or 10.1 percent, JD 112.6 million or 22.1 percent, and JD 53.2 million or 2.0 percent, respectively. Meanwhile, the credit facilities extended to the construction sector and the "other" item; which generally represents credit facilities extended to individuals increased by JD 138.5 million, or 3.4 percent, and 283.9 million, or 6.8 percent, respectively. Furthermore, the credit facilities extended to the transportation services sector increased by JD 39.7 million, or 7.4 percent, compared to their levels at the end of 2013.
- The classification of extended credit facilities, according to the borrower, at the end of April 2014 shows a decrease in credit facilities extended to the private sector (non-resident) by JD 392.1 million, or 47.9 percent, the central government by JD 26.9 million, or 2.2 percent, the non-banking financial institutions by JD 1.9 million, or 20.0 percent, and the public institutions by JD 1.0 million, or 0.3 percent. Meanwhile, the credit facilities extended to the private sector (resident) increased by JD 291.7 million or 1.8 percent, compared to their levels at the end of 2013.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 28,735.1 million at the end of April 2014, increasing by JD 1,141.9 million, or 4.1 percent, compared to its level at the end of 2013, against an increase of JD 1,236.7 million, or 5.0 percent, during the same period of 2013.
- The increase in total deposits at licensed banks during the first four months of 2014 was a result of the increase in the deposits of the

private sector (resident) by JD 685.6 million, or 3.1 percent, the public sector (Central government plus public institutions) by 212.4 million or 10.6 percent, the private sector (non-resident) by JD 202.5 million, or 6.5 percent, and the non-banking financial institutions by JD 41.4 million, or 14.9 percent, compared to their levels at the end of 2013.

- The developments in the currency structure of deposits at the end of April 2014 reveal that JD deposits increased by JD 1,393.7 million, or 6.6 percent, while “deposits in the foreign currency” decreased by JD 251.8 million, or 3.8 percent, compared to their levels at the end of 2013.

□ Amman Stock Exchange (ASE)

The indicators of the ASE displayed a divergent performance in its key indicators during the first four months of 2014 compared to 2013. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the ASE totaled JD 204.3 million in April 2014; down by JD 15.5 million, or 7.1 percent, compared to its level of the previous month, against an increase of JD 443.4 million, or 109.4 percent, during the same month in 2013. However, the trading volume totaled JD 968.0 million, during the first four months of 2014; down by JD 704.3 million, or 42.1 percent, compared to the same period of 2013.

■ Traded Shares

The number of traded shares in April 2014 totaled 194.0 million shares; down by 54.8 million shares, or 22.0 percent, compared to its level of the previous month, against a decrease amounting to 24.4 million shares, or 5.6 percent, during the same month in 2013. However, the number of traded shares during the first four months of 2014 totaled 997.2 million shares, compared to 1,349.9 million shares traded during the same period of 2013.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreased by 24.7 points, or 1.1 percent, at the end of April 2014 compared to its level at the end of the

previous month, to stand at 2,124.2 points, against a decrease in the amount of 103.3 points, or 4.9 percent, during the same month in 2013. Furthermore, during the first four months of 2014, the SPI increased by 58.4 points, or 2.8 percent compared to its level at the end of 2013, against a rise in the amount of 40.5 points, or 2.1 percent during the same period in 2013. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 240.4 points, or 8.9 percent, and the decrease in the SPI for the services and industrial sectors by 103.0 points, or 6.2 percent, and 60.3 points, or 3.1 percent, respectively.

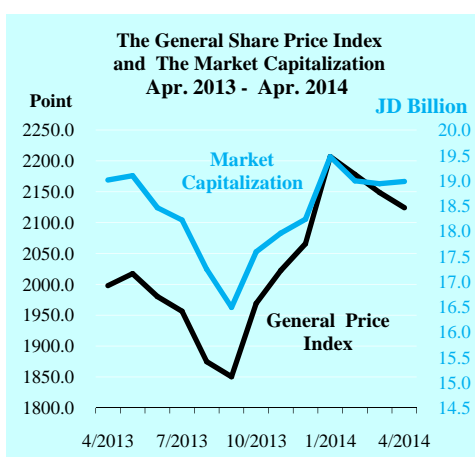
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

		April	
2013		2013	2014
2,065.8	General Index	1,998.1	2,124.2
2,703.9	Financial Sector	2,441.9	2,944.3
1,964.9	Industrial Sector	2,190.4	1,904.6
1,664.8	Services Sector	1,633.6	1,561.8

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 19.0 billion at the end of April 2014; an increase of JD 45.6 million, or 0.2 percent, compared to its level at the end of the previous month, against a decrease of JD 0.7 billion or 3.6 percent, during



the same month in 2013. As for, the first four months of 2014, the market capitalization increased by JD 0.8 billion, or 4.1 percent, compared to a decrease of JD 0.1 billion, or 0.7 percent, during the same period in 2013.

■ Non - Jordanian Net Investment

Non-Jordanian net investment at the ASE recorded an outflow amounting to JD 2.6 million in April 2014, compared to an inflow in the amount of JD 9.2 million during the same month in 2013; the value of shares acquired by non-Jordanian in April 2014 amounted to JD 25.4 million, while the value of shares sold by the same group amounted to JD 28.0 million. As for, the first four months of 2014, non-Jordanian net investment recorded an outflow amounted to JD 19.1 million, compared with an inflow of JD 61.5 million during the same period in 2013.

Main Amman Stock Exchange Trading Indicators, JD Million

		April	
2013		2013	2014
3,027.3	Value Traded	848.6	204.3
12.4	Average Daily Trading	38.6	9.3
18,233.5	Market Capitalization	19,010.9	18,983.5
2,705.8	No. of Traded Shares (million)	415.0	194.0
146.9	Net Investment of Non-Jordanian	9.2	-2.6
939.5	Non-Jordanian Buying	531.6	25.4
792.6	Non-Jordanian Selling	522.4	28.0

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.9 percent, during the fourth quarter of 2013, compared to 2.2 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 7.4 percent during the fourth quarter of 2013, compared to 6.4 percent during the same quarter of 2012.
- Accordingly, GDP at constant market prices during 2013 stood at 2.8 percent, compared to 2.7 percent during 2012. Furthermore, GDP at current market prices grew by 8.6 percent, compared to 7.3 percent during 2012.
- The CPI inflation fell to 3.2 percent during the first four months of 2014, compared to 7.0 percent during the same period of 2013.
- The unemployment rate went down during the first quarter of 2014, to stand at 11.8 percent (9.7 percent for males and 21.8 percent for females), compared to 12.8 percent (11.1 percent for males and 20.5 percent for females) during the same quarter in 2013. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 18.1 percent.

□ Developments of GDP

As a reflection of the repercussions of the Arab Spring and the unrest in the region, that still have their effects on the Jordanian economy, real GDP grew by 2.8 percent during 2013, compared to 2.7 percent during 2012. When excluding “net taxes on products”, which grew by 3.2 percent during 2013, GDP at constant basic prices grew by 2.8 percent during 2013, compared to 2.5 percent during 2012.

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

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

Source: Department of Statistics.

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

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

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

Microeconomic Indicators

- Industrial production quantity index grew by 0.1 percent during the first quarter of 2014 compared to a growth of 0.2 percent during the same quarter of 2013. This can be attributed to the following:

- “Mining and quarrying” production quantity index grew by 3.2 percent, against a large decrease of 18.3 percent during the same



Growth Rate of GDP at Market Prices, 2012-2013, Percentages

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

Source: Department of Statistics.

quarter of 2013. This growth was mainly attributed to the increase of production quantity index for phosphate (3.7 percent) and potash (3.2 percent).

- Electricity production quantity index grew by 18.5 percent, compared to a decrease by 17.5 percent during the same quarter of 2013; due to an increase in the demand of mining and quarrying industry sector.
- Manufacturing production quantity index declined by 1.6 percent, compared to a growth of 4.0 percent during the same quarter of 2013. This came as a result of a contraction in production of some of its components, mainly; “food products and beverages” (5.0 percent) and “cement, lime and plaster” (2.8 percent), on one hand, and an increase of some items, mainly; “iron and steel” (14.4 percent) and “chemical products” (2.4 percent), on the other.
- Quantities of exported and imported goods shipped through Aqaba port grew by 5.0 percent during the first quarter of 2014, compared to a decline of 21.9 percent during the same period of 2013.
- Number of passengers through Royal Jordanian increased by 0.4 percent during the first four months of 2014, against a contraction by 0.1 percent during the same period of 2013.
- Cargo through Royal Jordanian contracted by 5.2 percent during the first four months of 2014, compared to a decrease of 10.4 percent during the same period of 2013.
- Licensed areas for buildings decreased by 29.6 percent during the first quarter of 2014, compared to a growth of 18.3 percent during the same period of 2013.
- Number of departures grew by 1.9 percent during the first four months of 2014, against a decrease of 10.4 percent during the same period of 2013.

Main Sectoral Indicators*

Percentage Points

2013	Item	2013	A available data	2014
1.6	Industrial production quantity index	0.2	January - March	0.1
3.3	Manufacturing production quantity index	4.0		-1.6
5.0	Food products and beverages	11.2		-5.0
-4.2	Textiles	20.6		-1.9
-10.8	Refined petroleum products	-35.7		-0.9
-17.7	Cement, lime and plaster	-16.7		-2.8
-13.8	Iron and steel	-23.2		14.4
14.2	Chemical products	28.3		2.4
-11.5	“Mining and quarrying” production quantity index	-18.3		3.2
-17.4	Phosphate	-17.1		3.7
-5.2	Potash	-18.8		3.2
-4.5	Electricity production quantity index	-17.5		18.5
-2.0	Licensed areas for buildings	18.3		-29.6
15.7	Quantities of exported and imported goods shipped through Aqaba port	-21.9		5.0
-13.5	Number of departures	-10.4		January - April
-3.7	Number of passengers through Royal Jordanian	-0.1	0.4	
-9.5	Cargo through Royal Jordanian	-10.4	-5.2	

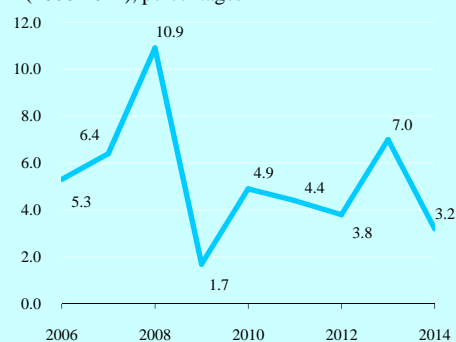
*Sources:

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

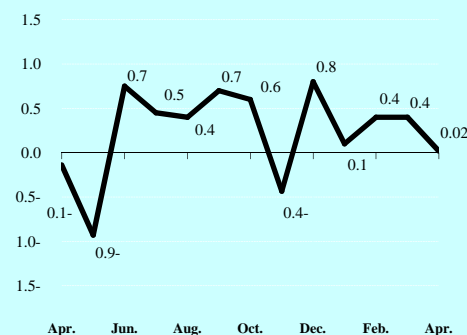
Prices

The inflation rate, measured by the percentage change in the CPI, for the first four months of 2014, stood at 3.2 percent, compared to 7.0 percent during the same period of 2013. This came as a result of the rise in the prices of some items, mainly; the increase of the prices of cigarettes, according to the government's decision of increasing the tax on cigarettes (February 2014), fruits, vegetables and rents, driven by the increase in the domestic demand as a result of the Syrian refugees influx, and the increase in the prices of clothes, due to the government's decision of increasing the tariff on imported clothing (mid-September 2013), in addition to the increase in the prices of education, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. These items collectively contributed to the overall inflation rate by 2.7 percentage points, compared to 1.6 percentage points during the same period of 2013.

Annual Bases Inflation Rate
during the four months for the years
(2006-2014), percentages



Monthly Inflation Rate
(Apr. 2013- Apr.2014, percentages)



The general price in April 2014 maintained its level compared with March 2014, as it registered approximately zero inflation rate.

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

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 2.8 percent compared to an increase of 4.9 percent during the same period of 2013. The contribution of this group to the overall inflation rate reached 1.0 percentage point. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; fruits (8.2 percent), vegetables (7.0 percent), and cigarettes (11.6 percent), according to the government's decision of increasing the tax on cigarettes (February 2014).

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The prices of this group increased by 8.2 percent compared to an increase of 5.0 percent during the same period of 2013. The group's contribution to the overall inflation rate reached 0.4 percentage point. The increase in the prices of this group was affected by the rise in the prices of clothes (8.6 percent) due to the government's decision of increasing the tariff on imported clothing (mid-September 2013), in addition to the rise in the prices of footwear (6.8 percent).

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 3.9 percent compared to an increase of 8.8 percent during the same period of 2013. Accordingly, it contributed to the overall inflation rate by 1.0 percentage point. The increase in the prices of this group was driven by the increase in the prices of rents by 7.7 percent, owing to the increase in the domestic demand as a result of the Syrian refugees influx. In addition, prices of other items showed a varied increase ranges between 4.3 percent for “cleaning materials” and 0.4 percent for “household appliances”.
- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 2.2 percent compared to 8.8 percent during the same period of 2013. Accordingly, this group contributed by 0.7 percentage point to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of education, by 5.6 percent, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; “medical care” (5.3 percent), and transportation (2.2 percent).

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the first quarter of 2014; to stand at

11.8 percent (9.7 percent for males and 21.8 percent for females), compared to 12.8 percent (11.1 percent for males and 20.5 percent for females) during the same quarter of 2013. Furthermore, the unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 18.1 percent.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the first quarter in 2014 reached 35.9 percent (58.9 percent for males and 12.4 percent for females), compared to 36.4 percent (60.0 percent for males and 12.1 percent for females) during the first quarter of 2013.
- ◆ The employed rate among the population of 15 years and over reached 31.7 percent during the first quarter of 2014, compared to 32.5 percent during the same quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.3 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.1 percent), and the remaining percent is distributed among other sectors.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 291.9 million during the first quarter of 2014, comparing to a fiscal deficit in the amount of JD 176.4 million, during the same period in 2013. When excluding foreign grants (JD 202.6 million), the general budget deficit reaches JD 494.5 million compared to a deficit in the amount of JD 386.5 million during the same period in 2013.
- Net outstanding domestic public debt increased by JD 588.0 million at the end of March 2014 compared to its level at the end of 2013, to reach JD 12,450.0 million (48.6 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 28.5 million at the end of March 2014, compared to its level at the end of 2013, to stand at JD 7,263.0 million (28.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 19,713.0 million (77.0 percent of GDP) at the end of March 2014 compared to JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.

□ The performance of the general budget during the first quarter of 2014 compared to the same period in the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 100.0 million, or 25.5 percent, in March 2014 comparing to the same month in 2013 to reach JD 491.4 million. As for the first quarter of 2014, these revenues were up by JD 197.5 million, or 15.7 percent, compared to the same period in 2013 to stand at JD 1,452.8 million. This rise came as an outcome of the increase in domestic revenues by JD 205.0 million and the drop in foreign grants by JD 7.5 million.

Main Government Budget Indicators during the first quarter of 2013:

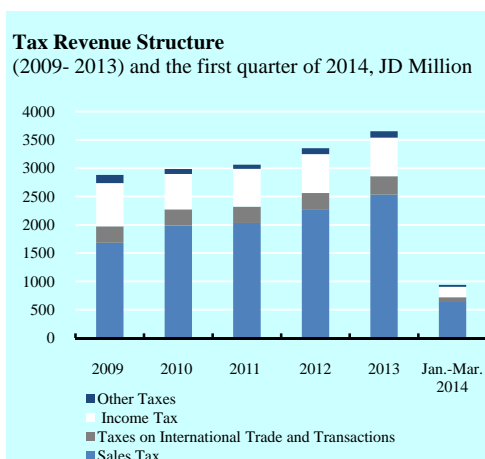
(JD Million and Percentages)

	March		Growth Rate	Jan. – Mar.		Growth Rate
	2013	2014		2013	2014	
Total Revenues and Grants	391.4	491.4	25.5	1,255.3	1,452.8	15.7
Domestic Revenues, of which:	364.6	462.9	27.0	1,045.2	1,250.2	19.6
Tax Revenues, of which:	267.2	333.6	24.9	792.2	937.3	18.3
General Sales Tax	183.8	245.0	33.3	501.7	636.7	26.9
Other Revenues	94.7	127.3	34.4	247.2	307.9	24.6
Foreign Grants	26.8	28.5	6.3	210.1	202.6	-3.6
Total Expenditures, of which:	548.7	754.1	37.4	1,431.7	1,744.7	21.9
Capital Expenditures	58.9	105.8	79.6	99.1	168.8	70.3
Overall Deficit/ Surplus	-157.3	-262.7	-	-176.4	-291.9	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 205.0 million, or 19.6 percent, during the first quarter of 2014 compared to the same period in 2013, to reach JD 1,250.2 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 145.1 million, and JD 60.7 million, respectively, and the drop in “pension contributions” by JD 0.8 million.



● Tax Revenues

Tax revenues increased by JD 145.1 million, or 18.3 percent, during the first quarter of 2014 compared to the same period in 2013, to reach JD 937.3 million (75.0 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of the general sales tax on goods and services. Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 135.0 million which reached JD 636.7 million (accounting for 67.9 percent of total tax revenues). This result was driven by the increase in the proceeds of all general sales tax items. More specifically, the proceeds of “sales tax on commercial sector” “sales tax on imported goods”, “sales tax on domestic goods” and “sales tax on services” have increased by JD 80.3 million, JD 36.4 million, JD 13.7 million and JD 4.6 million, respectively.
- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 8.9 million or 11.9 percent, to reach JD 83.7 million (accounting for 8.9 percent of total tax revenues).
- An increase in real-estates tax (taxes on financial transactions) by JD 6.4 million, or 25.3 percent, to reach JD 31.7 million (accounting for 3.4 percent of total tax revenues).

- A decrease in the proceeds of “income and profit taxes” by JD 5.2 million, or 2.7 percent, which reached JD 185.2 million (accounting for 19.8 percent of total tax revenues). This result was an outcome of the decrease in the proceeds of “income tax from companies and other projects” by JD 9.8 million, and the rise in the proceeds of “income tax from individuals” by JD 4.6 million. Accordingly, income tax from companies accounted for 80.1 percent of total taxes on income and profits to reach JD 148.3 million (of which JD 77.7 million from banks and financial institutions).

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

“Other revenues” increased by JD 60.7 million, or 24.6 percent, during the first quarter of 2014 to reach JD 307.9 million. This increase was an outcome of:

- An increase in “revenues from selling goods and services” by JD 39.2 million to reach JD 209.8 million.
- A rise in property income by JD 12.4 million to stand at JD 42.7 million (of which financial surplus of independent government units amounted to JD 33.1 million).
- An increase in miscellaneous revenues by JD 9.1 million to stand at JD 55.4 million.

- **Pension Contributions**

Pension contributions were down by JD 0.8 million during the first quarter of 2014, standing at JD 5.0 million.

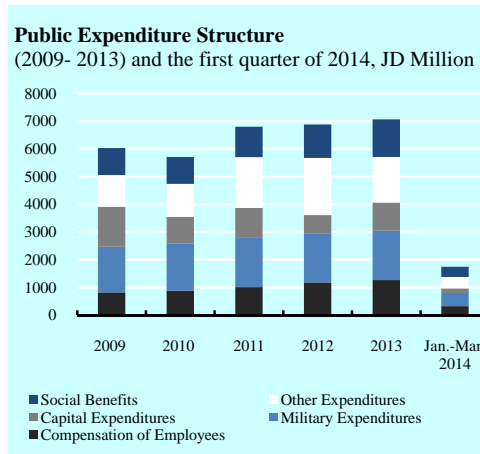
- ◆ **Foreign Grants**

Foreign grants decreased by JD 7.5 million during the first quarter of 2014, standing at JD 202.6 million.

Public Expenditures

Public expenditures witnessed an increase by JD 205.4 million, or 37.4 percent, in March 2014 compared to the same month in 2013 to stand at JD 754.1 million. Moreover, public expenditures increased by JD 313.0 million, or 21.9 percent during the first quarter of 2014, to stand at JD 1,744.7 million. This

increase was a result of the rise in both current expenditures and capital expenditures by 18.3 percent, and 70.3 percent, respectively.



Current Expenditures

Current expenditures increased by JD 243.3 million, or 18.3 percent, during the first quarter of 2014, to reach JD 1,575.9 million. This increase was due to:

- An increase in military expenditures by JD 20.6 million to total JD 471.5 million, accounting for 29.9 percent of total current expenditures.
- An increase in social benefit expenditures by JD 110.3 million to stand at JD 367.6 million, accounting for 23.3 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 21.6 million to reach JD 325.3 million, accounting for 20.6 percent of total current expenditures.

- An increase in interest payments, on internal and external public debt, by JD 74.7 million to stand at JD 211.0 million, accounting for 13.4 percent of total current expenditures.
- A rise in “purchases of goods and services” by JD 11.9 million to stand at JD 66.1 million, accounting for 4.2 percent of total current expenditures.
- A decrease in goods subsidies by JD 15.2 million to stand at JD 51.5 million, accounting for 3.3 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

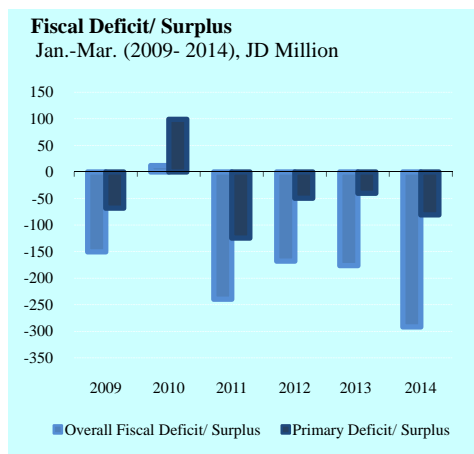
◆ Capital Expenditures

Capital expenditures increased by JD 69.7 million, or 70.3 percent during the first quarter of 2014 compared to the same period in 2013, to reach JD 168.8 million.

■ General Budget Deficit/ Surplus

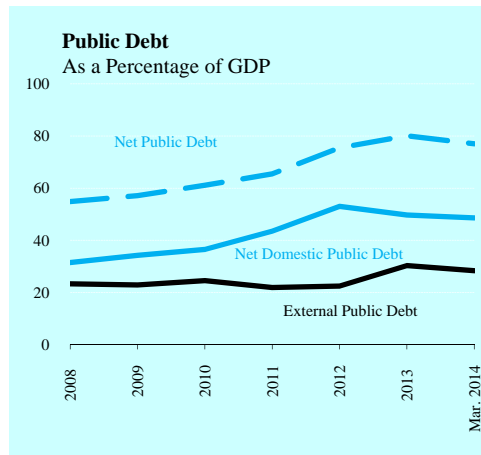
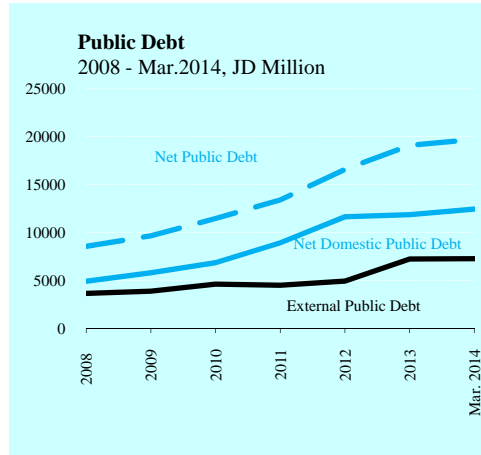
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 291.9 million during the first quarter of 2014, against a fiscal deficit in the amount of JD 176.4 million during the same period in 2013.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 80.9 million during the first quarter of 2014, against a primary deficit of JD 40.1 million during the same period in 2013.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 588.0 million at the end of March 2014 comparing to its level at the end of 2013 to total JD 12,450.0 million, or 48.6 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 377.0 million to reach JD 13,817.0 million, and the decrease in the government deposits at the banking system by JD 210.0 million to reach JD 1,367.0 million. In details, the increase in the budgetary domestic public debt



was mainly an outcome of the rise in “Treasury bills and bonds” in the amount of JD 482.0 million to reach JD 11,350.0 million at the end of March 2014, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 632.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 30.0 million to reach JD 839.0 million at the end of March 2014, moreover, loans and advances extended to these agencies decreased by JD 33.0 million to stand at JD 981.0 million.

- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 28.5 million at the end of March 2014 compared to its level at the end of 2013, amounting to JD 7,263.0 million (28.4 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 54.0 percent, while debt in Euros accounted for 7.2 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 9.3 percent and 12.5 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 616.5 million at the end of March 2014 compared to its level at the end of 2013 to stand at JD 19,713.0 million, (77.0 percent of GDP), against JD 19,096.5 million (80.0 percent of GDP) at the end of 2013. Consequently, the ratio of net public debt to GDP decreased by 3.0 percentage points compared to its level at the end of 2013.
- External debt service (budgetary and guaranteed) amounted to JD 112.2 million during the first quarter of 2014 (of which interest payments amounting to JD 40.3 million) compared to JD 86.2 million (of which interest payments amounting to JD 17.7 million) during the same period in 2013.

□ Fiscal and Price Measures

- Adjusting the prices of many types of oil derivatives, while maintaining the price of liquid gas cylinder unchanged, as follows:

Oil Derivatives Price Developments

	Unit	2014		Percentage Change
		May	June	
Unleaded Gasoline 90	Fils/Liter	840	845	0.6
Unleaded Gasoline 95	Fils/Liter	1,025	1,030	0.5
Gas Oil (Diesel)	Fils/Liter	675	670	-0.7
Kerosene	Fils/Liter	675	670	-0.7
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	462.7	467.5	1.0
Fuel oil for ships	JD/Ton	483.5	477.2	-1.3
Fuel oil for airplanes (local companies)	Fils/Liter	601	601	0.0
Fuel oil for airplanes (foreign companies)	Fils/Liter	606	606	0.0
Fuel oil for unplanned flights	Fils/Liter	621	621	0.0
Asphalt	JD/Ton	495.8	500.9	1.0

Source: Jordan Petroleum Refinery Company (1/6/2014).

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

shares in companies and bank accounts are also excluded of cash subsidy (February 2014).

- The cabinet approved the amending by-law for the year 2014 for the special tax by-law NO. (80) for the year 2000, to come into effect starting from its issuance date in the Official Gazette. The amendments included raising the value of the special tax on a set of luxury goods, most notably, beers, alcoholic beverages, nuts and tobacco by different percentages (February 2014).
- The government decided to double the visa's fees to enter the Kingdom as of the first of April, whether it is normal or electronic visa (April 2014).
- The cabinet decided to exclude remittances flow outside the Kingdom from the general sales tax (April 2014).
- The cabinet decided to impose 1 percent as a customs service's fees, on exempted imported goods. This fee should not be lower than JD 25 and should not exceed JD 2000. However, imports of some government bodies including; armed forces, security agencies, ministries, departments, government agencies, embassies, and diplomatic corps in the Kingdom will be excluded from this fee (April 2014).
- The cabinet decided to reduce the general sales tax rate on financing companies sales (excluding SMEs financing

companies) from 16% to 8%, to burden similar taxes to banks and other financial institutions (April 2014).

□ Grants, Loans and Other Agreements

- Signing a five-years US\$ 140 million American aid agreement to support the rule of law, citizen engagement participation, and civil society across the kingdom (January 2014).
- Signing two grant agreements extended by European Union in the amount of EUR 40 million (equivalent to US\$ 54.4 million), of which EUR 30 million to support the education sector, while EUR 10 million to finance the sanitation services support project in the Jordanian communities hosting Syrian refugees (January 2014).
- Signing an additional aid agreement with the German government in the amount of EUR 25 million (equivalent to US\$ 34 million), of which EUR 15 million to support water sector and EUR 10 million to help mitigating the burden of hosting Syrian refugees (February 2014).
- Signing two memorandums of understanding between Jordan and Japan, under which the Japanese government will provide two additional grants in the total value of US\$ 32 million. The first grant (US\$ 24.7 million) is designed for the urgent improvement of water sector capacity for the host communities of Syrian refugees in northern governorates, while the second grant (US\$ 7.5 million) is designed to provide medical

equipments to support the health sector in the Kingdom (March 2014).

- Singing a EUR 180 million Macro-Financial Assistance (MFA) Loan Facility Agreement and Memorandum of understanding between Jordan and the European Union, to enable the Kingdom overcoming the consequences of the economic crisis, facing the economic and financial challenges, and overcoming the repercussion of the political developments in the region, including the impact of the Syrian refugees crisis (March 2014).
- Signing the second development policy loan agreement with the world bank in the amount of US\$ 250 million, to support three government policies, which are; improving transparency and accountability, enhancing debt management, improving efficiency of government spending and promoting private sector-driven economic growth (April 2014).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 13.1 percent in March 2014 compared to the same month of 2013, to record JD 528.6 million. As for the first quarter of 2014, total merchandize exports increased by 8.5 percent to reach JD 1,456.3 million.
- **Merchandize imports** decreased by 4.8 percent in March 2014 compared to the same month of 2013, to reach JD 1,284.3 million. As for the first quarter of 2014, merchandize imports maintained its level in the first quarter of 2013 to total JD 3,783.8 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 14.3 percent in March 2014 compared to the same month in 2013; standing at JD 755.7 million. As for the first quarter of 2014, the trade deficit decreased by 4.6 percent to reach JD 2,327.5 million.
- **Travel receipts** increased during the first four months of 2014 compared to the same period of 2013, by 12.9 percent. Also, travel payments registered an increase of 10.8 percent.
- **Total workers' remittances receipts** increased by 3.8 percent during the first four months of 2014 compared to the same period of 2013 to reach JD 831.9 million.
- **The current account of the balance of payments** registered a deficit of JD 2,384.6 million (10.0 percent of GDP) during 2013 compared to a deficit of JD 3,345.3 million (15.2 percent of GDP) during 2012.
- **Net direct investment** recorded an inflow of JD 1,265.8 million during 2013, up from JD 1,059.3 million during 2012.

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

□ External Trade

- As a result of the increase in domestic exports by JD 132.8 million and the increase in imports by JD 0.4 million during the first quarter of 2014, the volume of external trade (domestic exports *plus* imports) increased by JD 133.2 million to stand at JD 5,045.3 million.

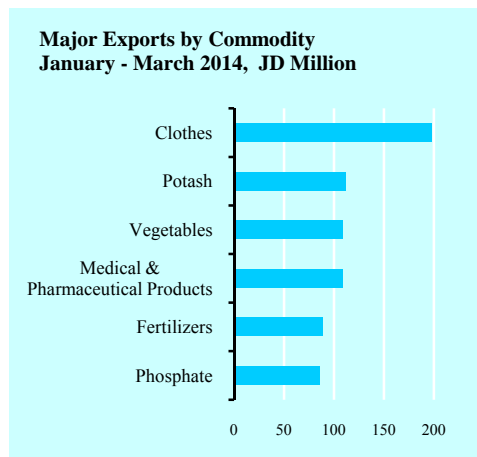
Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-March				January-March				
	2013	2014	Percentage Change		2013	Percentage Change 2013/2012	2014	Percentage Change 2014/2013
Exports				External Trade	4,912.1	0.3	5,045.3	2.7
Iraq	190.4	223.7	17.5	Total Exports	1,342.4	1.9	1,456.3	8.5
USA	185.5	206.4	11.3	Domestic Exports	1,128.7	0.5	1,261.5	11.8
Saudi Arabia	131.2	160.3	22.2	Re-exports	213.7	9.9	194.8	-8.8
India	92.1	110.3	19.8	Imports	3,783.4	0.3	3,783.8	0.0
Syria	37.8	58.1	53.7	Trade Balance	-2,441.0	-0.6	-2,327.5	-4.6
Ethiopia	0.8	45.2	-	Source: Department of Statistics.				
China	34.2	37.7	10.2					
Imports								
Saudi Arabia	780.3	645.1	-17.3					
China	383.3	404.9	5.6					
India	79.7	334.4	319.6					
USA	200.3	227.3	13.5					
UAE	140.9	177.3	25.8					
Germany	138.6	170.8	23.2					
Turkey	137.5	164.9	19.9					
Russia	27.3	115.2	322.0					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 8.5 percent during the first quarter of 2014, compared to a 1.9 percent increase during the same period in 2013, to record JD 1,456.3 million.

This increase resulted from

an increase in domestic exports by JD 132.8 million, or 11.8 percent, to reach JD 1,261.5 million, and a decline in re-exports by JD 18.9 million, or 8.8 percent, to reach JD 194.8 million.



◆ The developments of domestic exports during the first quarter of 2014 compared to the same period in 2013 reveal the following:

- Exports of **medical and pharmaceutical products** increased by JD 2.6 million, or 2.5 percent, to reach JD 108.5 million, compared to an increase of 37.0 percent during the same period in 2013. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 64.1 percent of these exports.

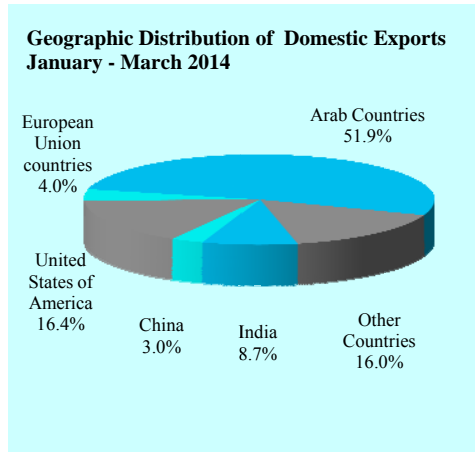
- Exports of **potash** decreased by JD 20.5 million, or 15.5 percent, to stand at JD 112.1 million, compared to a 3.5 percent increase during the same period in 2013. The Chinese, Indian, and Malaysian markets accounted for 65.4 percent of these exports.
- Exports of **vegetables** increased by JD 23.1 million, or 26.9 percent, to total JD 109.0 million, compared to a decrease of 27.8 percent in the same period of 2013. The Syrian, Iraqi, and Kuwait, markets were the main destinations of these exports, accounting for 64.2 percent.

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

	2013	2014	Percentage Change
Domestic Exports	1,128.7	1,261.5	11.8
Clothes	174.4	198.1	13.6
USA	162.7	178.8	9.9
Potash	132.6	112.1	-15.5
China	33.4	35.6	6.6
India	11.1	29.6	166.7
Malaysia	26.6	8.1	-69.5
Vegetables	85.9	109.0	26.9
Syria	27.4	37.5	36.9
Iraq	22.2	23.5	5.9
Kuwait	5.2	9.0	73.1
Fertilizers	38.6	88.6	129.5
Ethiopia	0.0	44.8	-
India	10.7	8.5	-20.6
Iraq	2.8	8.2	192.6
Phosphate	90.2	86.0	-4.7
India	62.8	62.0	-1.3
Indonesia	8.4	12.7	51.2
Taiwan	2.8	3.4	21.4
Medical & Pharmaceutical Products	105.9	108.5	2.5
Saudi Arabia	17.6	31.6	79.5
Algeria	19.7	21.7	10.2
Iraq	8.4	9.5	13.1
Sudan	11.2	6.7	-40.2

Source: Department of Statistics.

- Exports of **phosphate** decreased by JD 4.2 million, or 4.7 percent, to register JD 86.0 million, compared to a decrease of 32.5 percent during the same period of 2013. This decrease was mainly due to a decrease in the prices of

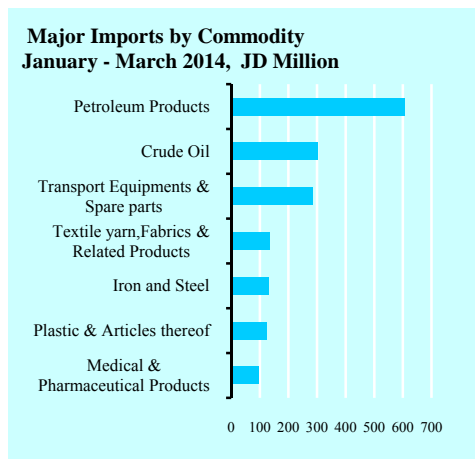


phosphate by 21.7 percent and an increase in exported quantities by 21.8 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 72.1 percent of phosphates exports.

- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, vegetables, “medical and pharmaceutical products”, fertilizers, and phosphate topped the list of domestic exports during the first quarter of 2014; accounting for 55.7 percent of domestic exports, up from 55.6 percent during the same period in 2013. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, Saudi Arabia, India, Syria, Ethiopia and China, were the main destination markets for domestic exports during the first quarter of 2014; accounting for 66.7 percent of domestic exports, up from 59.5 percent during the same period in 2013.

■ **Merchandize Imports:**

Merchandize imports amounted to JD 3,783.8 million during the first quarter of 2014, stayed at the same level of the first quarter of 2013, compared to an increase of 0.3 percent during the same period of 2013.



◆ **The developments of imports during the first quarter of 2014 compared with the same period of 2013 reveal the following:**

- **Petroleum products** imports increased by JD 109.2 million, or 22.0 percent, to total JD 605.2 million compared to a decrease of 21.5 percent during the first quarter of 2013. The main source markets of these imports were India, Russia and Turkey.
- **Crude oil** imports decreased by JD 163.9 million, or 35.1 percent, to reach JD 303.3 million, compared to a decrease of 24.6 percent during the first quarter of 2013. This decrease was attributed to a decline in quantities by 35.1 percent and an increase in prices by 0.1 percent. It's worth noting that most of crude oil imports came from the Saudi market.

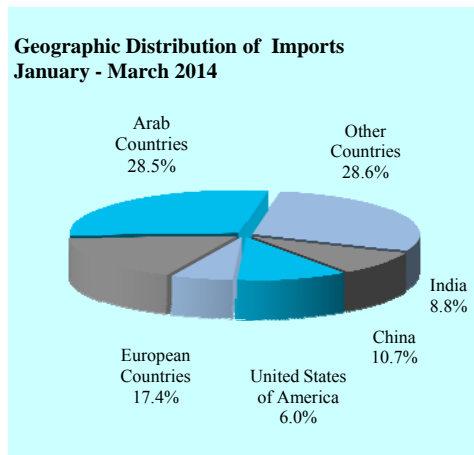
- Imports of **Transport equipments and Spare Parts** increased by JD 59.9 million, or 26.8 percent, to reach JD 283.3 million compared to an increase of 16.4 percent during the first quarter of 2013. the USA, Japan and South Korea were the main markets for these imports; accounting for 64.4 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** stayed at the same level of the same quarter of 2013 to reach JD 135.6 million, compared to an increase of 33.7 percent during the first quarter of 2013. The markets of China, Taiwan and turkey accounted for 71.8 percent of these imports.

Major Imports by Commodity, JD Million
January - March 2013, 2014

	2013	2014	Percentage Change
Total Imports	3,783.4	3,783.8	0.0
Petroleum Products	496.0	605.2	22.0
India	-	244.9	-
Russia	-	73.3	-
Turkey	53.9	72.9	35.2
Crude oil	467.2	303.3	-35.1
Saudi Arabia	385.6	303.3	-21.3
Transport Equipments and Spare Parts	223.4	283.3	26.8
USA	52.5	63.1	20.1
Japan	34.8	61.7	77.3
South Korea	49.9	57.6	15.4
Textile Yarn, Fabrics & Related Products	135.6	135.6	0.0
China	52.8	60.2	14.0
Taiwan	29.9	30.1	0.7
Turkey	9.9	7.0	-29.3
Iron & Steel	134.7	132.1	-1.9
Ukraine	28.6	37.5	31.1
China	18.1	21.0	16.0
Saudi Arabia	10.6	16.0	50.9
Plastic & Articles Thereof	116.3	122.5	5.3
Saudi Arabia	59.9	61.3	2.3
China	9.1	8.4	-7.7
UAE	6.9	8.0	15.9
Meat, fish and preparations thereof	92.9	95.4	2.7
Germany	10.8	15.3	41.7
France	11.1	9.6	-13.5
Switzerland	8.4	9.2	9.5

Source: Department of Statistics.

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



products”, “iron and steel”, “plastic and articles thereof”, and “Medical and Pharmaceutical products” topped the list of imports during the first quarter of 2014, accounting for 44.3 percent of total imports; up from 44.0 percent during the same period in 2013. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, India, the USA, the UAE, Germany, Turkey and Russia were the main sources of imports during the first quarter of 2014; accounting for 59.2 percent of total imports, compared to 49.9 percent during the same period of 2013.

■ Re-Exports

A decrease of JD 18.9 million, or 8.8 percent, was registered in the value of re-exported goods during the first quarter of 2014 compared to the same period of 2013, to reach JD 194.8 million.

■ Trade Balance

The trade balance deficit during the first quarter of 2014 decreased by JD 113.5 million, or 4.6 percent, to register JD 2,327.5 million, compared to the same period of 2013.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 3.8 percent, during the first four months of 2014, compared to the same period in 2013 to register JD 831.9 million.

□ Travel

■ Receipts

Travel receipts increased by JD 117.8 million, or 12.9 percent, during the first four months of 2014, compared to the same period in 2013 to register JD 1,028.6 million.

■ Payments

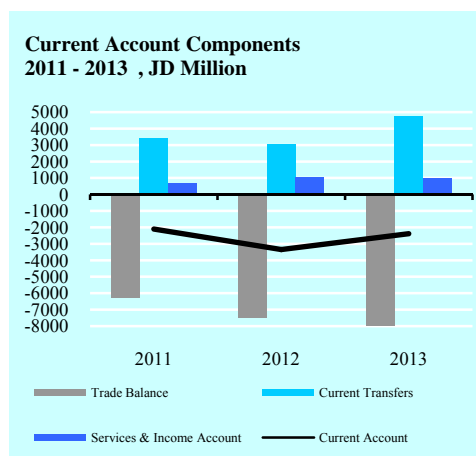
Travel payments increased by JD 26.8 million, or 10.8 percent, during the first four months of 2014, compared to the same period in 2013 to stand at JD 275.5 million.

□ Balance of Payments

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

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

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



- ◆ A decrease in the surplus of the services

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

- ◆ Income account recorded a deficit of JD 240.4 million compared to a deficit of JD 275.9 million during 2012, as a result of a deficit of JD 460.7 million in investment income (net) and a surplus of JD 220.3 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 1,648.8 million; to reach JD 4,733.7 million, as a result of the increase in net transfers of public sector (foreign grants) and in

the transfers of other sectors (net) by JD 571.9 million and JD 1,076.9 million, to reach JD 1,620.0 million and JD 3,113.7 million, respectively. It's worth mentioning that the workers' remittances (net) increased by 4.4 percent, during 2013 to stand at JD 2,327.7 million.

- The capital and financial account in 2013 registered a net inflow of JD 2,052.8 million, compared to a net inflow of JD 3,693.6 million during 2012. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,265.8 million compared to a similar inflow of JD 1,059.3 million during 2012.
 - ◆ Portfolio investments recorded a net inflow of JD 1,133.6 million compared to an inflow of JD 206.5 million during 2012.
 - ◆ Other investments registered a net inflow of JD 3,365.2 million compared to an inflow of JD 100.4 million during 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 3,713.5 million, compared to a decrease of JD 2,325.6 million during 2012.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 21,222.9 million at the end of December 2013 compared to JD 18,887.6 million at the end of December 2012. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 2,965.6 million to reach JD 17,483.5 million at the end of December of 2013 compared to the end of December 2012. This increase was a result of the rise in CBJ's reserves by 3,541.1 million.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 5,300.9 million at the end of December 2013 compared to the end of December 2012; standing at JD 38,706.4 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,276.9 million to stand at JD 18,934.2 million.
 - ◆ An increase in the stock of portfolio investments by JD 1,380.8 million to reach JD 4,206.0 million due to the issuance of sovereign Eurobonds by the central government in the amount of JD 886.3 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,731.4 million. (an increase of JD 734.0 million at the CBJ, and an increase of JD 997.4 million at the licensed banks) to reach JD 8,226.2.
 - ◆ An increase in trade credits by JD 239.7 million, to stand at JD 1,019.1 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 782.2 million to reach JD 5,965.6 million (drawings of IMF credits and loans).