



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

Research Dept. Monthly Report

July, 2011

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

Website <http://www.cbj.gov.jo>

E-mail redp@cbj.gov.jo



❑ OUR VISION

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

❑ OUR MISSION

Maintaining monetary stability in the Kingdom and ensuring the convertibility of the Jordanian Dinar and an interest rate structure consistent with the level of economic activity thereby contributing toward a sound macroeconomic environment. Furthermore, the Central Bank of Jordan strives to ensure the safety and soundness of the banking system and the resilience of the national payments system. To this end, the Central Bank of Jordan employs its human, technological, and financial resources in an optimal manner in order to effectively implement its objectives

❑ OUR VALUES

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

The data published in this report are considered actual, final and consistent with those received by the Central 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.

Contents

	Executive Summary	6
First	Monetary & Financial Sector	8
Second	Output & Prices	21
Third	Public Finance	30
Fourth	External Sector	40

Executive Summary

Latest available indicators displayed mixed outcomes for the year 2011. Some indicators signaled marked improvement, particularly domestic exports and credit facilities extended by the licensed banks. In contrast, travel receipts and worker's remittances from a broad displayed negative performance. Further, preliminary national accounts estimates released by the Department of Statistics (DOS) displayed a stable growth of Real Gross Domestic Product (GDP) during the first quarter in 2011, comparing to the same quarter in 2010.

❑ **Output and Prices:** In the first quarter of 2011, real GDP at market prices grew by 2.3 percent comparing to 2.4 percent in the first quarter of 2010. During the first half of 2011, the Consumer Price Index (CPI) has increased by 4.6 percent, comparing to an increase by 5.0 percent in the same period of 2010. Investments benefiting from the Investment Promotion Law (IPL) totaled JD 614.2 million during the first half of 2011 (of which 43.1 percent were foreign investments), comparing to JD 876.2 million (of which 23.0 percent were foreign investments) during the same period in 2010.

❑ **Monetary and Financial Sector:**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,541.9 million, or 12.6 percent, at the end of June 2011 compared to their level at the end of 2010; standing at US\$ 10,699.3 million.
- Domestic liquidity grew by JD 725.5 million, or 3.3 percent, at the end of June 2011 compared to its level at the end of 2010; standing at JD 23,032.2 million.
- The outstanding balance of credit facilities extended by licensed banks was up by JD 1,118.1 million, or 7.7 percent, at the end of June 2011 compared to its level at the end of 2010; standing at JD 15,569.5 million.
- Total deposits at licensed banks increased by JD 697.5 million, or 3.1 percent, at the end of June 2011 compared to their level at the end of 2010; totaling JD 23,202.3 million.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,093.5 points at the end of June 2011, decreasing by 280.1 points, or 11.8 percent, compared to its level at the end of 2010.

- ❑ **Public Finance:** During the first five months of 2011, the general budget, including foreign grants, recorded a deficit in the amount of JD 41.8 million, comparing to a deficit in the amount of JD 128.8 million for the same period of 2010. Net outstanding domestic debt (budgetary and own-budget) increased by JD 516.0 million as of May 2011, comparing to its level at the end of 2010, to stand at JD 7,368.0 million (35.1 percent of GDP). Outstanding external public debt decreased by JD 2.1 million at the end of May 2011 comparing to its level at the end of 2010; to reach JD 4,608.7 million, (21.9 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 57.0 percent of GDP.
- ❑ **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 16.4 percent during the first five months of 2011 to reach JD 2,343.5 million. Similarly, the merchandize imports increased by 22.2 percent, totaling JD 5,252.4 million. As a result, the trade deficit expanded by 27.3 percent compared to the same period of the previous year; to reach JD 2,908.9 million. Furthermore, the preliminary figures for the first half of 2011 showed a decrease in travel receipts and an increase in its payments by 12.8 percent and 0.3 percent respectively, compared to the same period in 2010. In addition, total workers' remittances receipts during the first half of 2011 decreased by 3.1 percent compared to the same period of 2010. The preliminary figures for the balance of payments for the first quarter of 2011 displayed a deficit in the current account amounting to JD 541.3 million, up from JD 153.7 million during the same period in 2010. Moreover, the foreign direct investment (FDI) recorded a net inflow to Jordan by JD 210.9 million during the first quarter of 2011 compared to a net inflow of JD 312.8 million during the same period in 2010. Furthermore, the International Investment Position (IIP) witnessed a net obligation to abroad amounting to JD 13,183.4 million at the end of the first quarter of 2011 compared to JD 12,429.5 million at the end of 2010.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,541.9 million, or 12.6 percent, at the end of June 2011; compared to their level at the end of 2010; standing at US\$ 10,699.3 million. This level of reserves is equivalent to around 6.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity at the end of June 2011 increased by JD 725.5 million, or 3.3 percent, compared to its level at the end of the previous year to total JD 23,032.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,118.1 million, or 7.7 percent, at the end of June 2011 compared to its level at the end of 2010, to stand at JD 15,569.5 million.
- Total deposits at licensed banks increased by JD 697.5 million, or 3.1 percent, at the end of June 2011 in comparison with their level at the end of 2010; totaling JD 23,202.3 million.
- Interest rates on all kinds of deposits and credit facilities at licensed banks decreased at the end of June 2011, compared to their levels at the end of 2010.

- The SPI weighted by market capitalization of free float shares at ASE reached 2,093.5 points at the end of June 2011, decreasing by 280.1 points, or 11.8 percent, compared to its level at the end of 2010. Further, the market capitalization decreased by JD 2.1 billion, or 9.8 percent, at the end of June 2011 compared to its level at the end of 2010 to stand at JD 19.7 billion.

Main Monetary Indicators

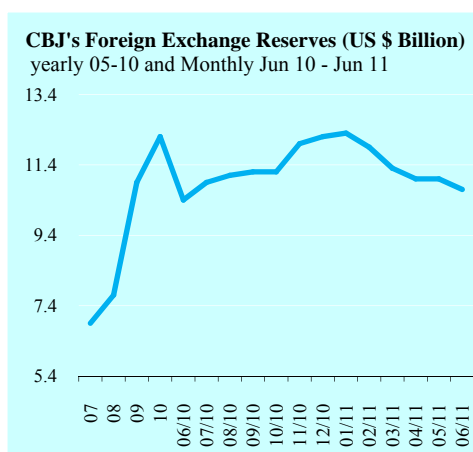
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of June	
		2010	2011
US\$ 12,241.2	CBJ's Foreign Currency Reserves	US\$ 10,356.1	US\$ 10,966.3
12.5%		-4.8%	-12.6%
22,306.7	Money Supply (M2)	20,792.8	23,032.2
11.5%		3.9%	3.3%
14,451.4	Credit Facilities, of which:	13,890.5	15,569.5
8.5%		4.3%	7.7%
12,979.1	Private Sector (Resident)	12,570.3	14,026.8
7.8%		4.4%	8.1%
22,504.8	Total Deposits, of which:	21,217.3	23,202.3
10.9%		4.5%	3.1%
17,617.2	In JD	16,511.2	17,973.4
11.0%		4.1%	2.0%
4,887.6	In Foreign Currencies	4,706.1	5,228.9
10.2%		6.2%	7.0%
18,343.9	Deposits of Private Sector (Resident), of which:	16,920.7	18,907.3
12.8%		4.1%	3.1%
15,214.4	In JD	13,943.0	15,496.7
12.7%		3.3%	1.9%
3,129.5	In Foreign Currencies	2,977.7	3,410.6
13.5%		8.0%	9.0%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves decreased by US\$ 290.5 million, or 2.6 percent, at the end of June 2011 compared to their level in the previous month; standing at US\$ 10,699.3 million. Moreover, these reserves decreased by US\$ 1,541.9 million or 12.6 percent, at the end of the first half of 2011, compared to their level at the end of 2010. This level of reserves is equivalent to around 6.5 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

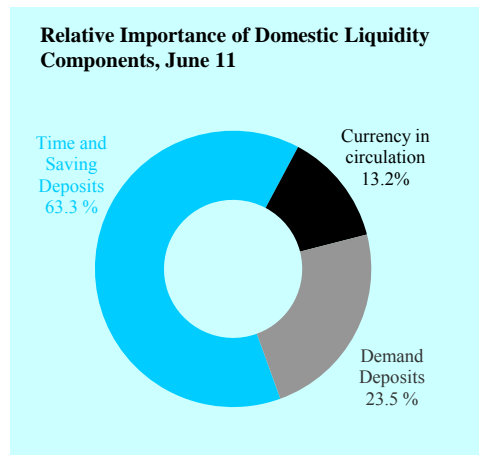
■ Domestic liquidity totaled JD 23,032.2 million at the end of June 2011; decreasing by JD 452.3 million, or 2.0 percent, compared to its level at the end of the preceding month, against an increase in the amount of JD 252.7 million, or 1.2 percent, during the same month in 2010. Moreover, domestic liquidity increased by JD 725.5 million, or 3.3 percent, at the end of the first half of 2011, against an increase in the amount of JD 779.5 million, or 3.9 percent, during the same period of 2010.

◆ **Developments in the domestic liquidity components and the factors affecting liquidity between the end of the first half of 2011 and the end of 2010 reveal the following:**

● **Components of Domestic Liquidity**

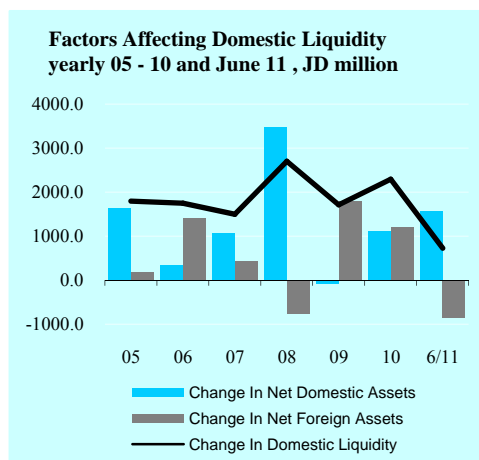
- Deposits increased by JD 528.6 million, or 2.7 percent, at the end of the first half of 2011 compared to their level at the end of 2010; totaling JD 19,991.6 million, against an increase amounting to JD 691.7 million, or 4.0 percent, at the end of the same period of 2010.

- Currency in circulation increased by JD 196.9 million, or 6.9 percent, at the end of the first half of 2011; standing at JD 3,040.6 million compared to its level at the end of 2010, against an increase in the amount of JD 88.1 million, or 3.3 percent, at the end of the same period of 2010.



- **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,569.2 million, or 12.8 percent, at the end of the first half of 2011 compared to its level at the end of 2010, against an increase by JD 783.8



million, or 7.0 percent, during the same period of 2010. This increase was a result of the increase in net domestic assets at the CBJ by JD 1,243.0 million, or 18.1 percent, and the increase in these assets at the licensed banks by JD 326.2 million, or 1.7 percent.

- Net foreign assets of the banking system decreased by JD 843.7 million, or 8.4 percent, at the end of the first half of 2011 compared to their level at the end of 2010, against a decrease in the amount of JD 4.3 million in the same period of 2010. This decrease was an outcome of the decrease in these assets at the CBJ by JD 984.3 million, or 9.9 percent, and the increase in these assets at the Licensed banks by JD 140.6 million, or 123.7 percent.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

Year		Change in balance relative to the end of June	
		2010	2011
1,197.1	Foreign Assets (Net)	-4.3	-843.7
718.3	CBJ	-356.6	-984.3
478.8	Licensed Banks	352.3	140.6
1,096.3	Domestic Assets (Net)	783.8	1,569.2
-574.7	CBJ, of which:	394.6	1,243.0
-275.1	Claims on Public Sector (Net)	-86.8	215.2
-299.6	Other Items (Net*)	481.2	1,027.2
1,671.0	Licensed Banks	389.2	326.2
597.9	Claims on Public Sector (Net)	147.2	448.8
919.3	Claims on Private Sector	546.4	1,109.0
153.8	Other Items (Net)	-304.4	-1,231.6
2,293.4	Money Supply (M2)	779.5	725.5
164.2	Currency in Circulation	88.1	196.9
2,129.2	Total Deposits, of which:	691.4	528.6
342.2	In Foreign Currencies	135.1	269.3

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

□ Interest Rate Structure

◆ Interest Rates on Monetary Policy Instruments

- On 1/6/2011, the CBJ raised the interest rates on monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:
 - **Re-Discount Rate:** 4.50 percent.
 - **Interest Rate on Overnight Repurchase Agreements:** 4.25 percent.
 - **Overnight Deposit Window Rate:** 2.25 percent.

Developments in interest rates on certificates of deposit (CDs) show that:

- The CBJ did not issue any CDs since October 2008, accordingly, the weighted average interest rate on the latest issue of three-month CDs, which dates back to October 26, 2008, was 5.64 percent.

Interest Rates on Monetary Policy Instruments (%)

End of year		June	
		2010	2011
4.25	Re-discount Rate	4.25	4.50
4.00	Repurchase Agreements Rate (Repos)	4.00	4.25
2.00	Overnight Deposit Window Rate	2.00	2.25

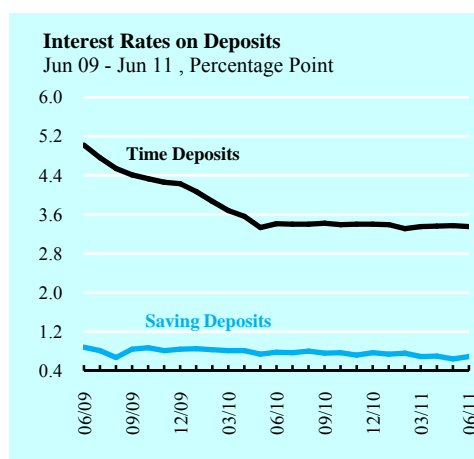
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The weighted average interest rate on the latest issue of six-month CDs, which dates back to October 26, 2008, was 5.94 percent.

◆ Interest Rates in the Banking Sector

• Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of June 2011 decreased by 2 basis points compared to its level at the end of the preceding month; standing at 3.35 percent. Accordingly, this rate was 5 basis points lower than its level at the end of 2010.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of June 2011 increased by 5 basis points compared to its level in the previous month, to reach 0.69 percent. However, this rate was 8 basis points lower than its level at the end of the preceding year.

- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of June 2011 went down by 6 basis points compared to its level at the end of the previous month; standing at 0.38 percent. As a result, this rate was 6 basis points lower than its level at the end of 2010.

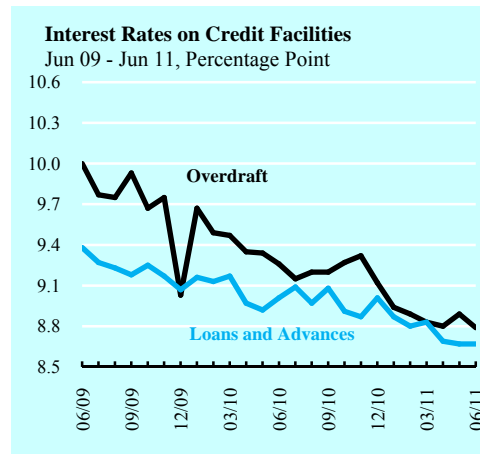
• Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts stood at 8.79 percent at the end of June 2011; 10 basis points lower than its level at the end of the previous month. Moreover, this rate was 33 basis points lower than its level at the end of 2010.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” declined by 19 basis points at the end of June 2011 compared to its level at the preceding month; to stand at 9.13 percent. Moreover, this rate was 28 basis points lower than its level at the end of the previous year.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” stood at 8.67 percent at the end of June 2011, maintaining its level at the end of the previous month. Compared to its level at the end of 2010, this rate was 34 basis points lower.

- **The Prime Lending Rate:** This rate stood at 8.19 percent at the end of June 2011; one basis point lower than its level at the end of 2010.



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

Year		June 2010	June 2011	Change Relative to the Year 2010 Basis Points
Deposits				
0.44	Demand	0.48	0.38	-6
0.77	Saving	0.78	0.69	-8
3.40	Time	3.41	3.35	-5
Credit Facilities				
9.41	Discounted Bills and Bonds	9.28	9.13	-28
9.01	Loans and Advances	9.01	8.67	-34
9.12	Overdraft	9.26	8.79	-33
8.20	Prime Lending Rate	8.20	8.19	-1

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 15,569.5 million at the end of June 2011; an increase amounting to JD 160.7 million, or 1.0 percent, compared to its level at the end of the previous month, against an increase in the amount of JD 240.2 million, or 1.8 percent, during the same month of 2010. As for the first half of 2011, credit facilities grew by JD 1,118.1 million, or 7.7 percent, compared to an increase of JD 573.3 million, or 4.3 percent, during the same period of 2010.
- ◆ The classification of extended credit facilities, according to economic activity, during the first half of 2011 demonstrates that the increase in these facilities was mainly due to the increase in the item "other" which generally represents credit facilities extended to individuals by JD 387.7 million or 12.5 percent and the increase in credit facilities extended for the industry sector, which increased by JD 372.9 million, or 19.3 percent, compared to their levels at the end of 2010. In addition, the credit facilities extended for both the construction and the general trade sectors increased by JD million 143.7 or 4.5 percent and JD 67.2 million or 1.9 percent, respectively, compared to their levels at the end of 2010.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the extended credit facilities was mainly in the credit facilities extended to the private sector (resident), which increased by JD 1,047.7 million, or 8.1 percent, at the end of June 2011, compared to their level at the end of 2010. Further, the credit facilities extended to the public sector (central government *plus* public institutions), and to the non-banking financial institutions increased by JD 102.4 million (22.9%), JD 7.8 million. However, credit facilities extended to the private sector (non-resident) went down by JD 39.8 million, or 3.9 percent, compared to their levels at the end of 2010.

□ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 23,202.3 million at the end of June 2011; an increase in the amount of JD 446.5 million, or 2.0 percent, compared to its level at the end of the previous month, against an increase of JD 300.4 million, or 1.4 percent, during the same month of 2010. As for the first half of 2011, total deposits increased by JD 697.5 million, or 3.1 percent, compared to their level at the end of the preceding year, against an increase amounting to JD 918.9 million, or 4.5 percent, during the corresponding period of 2010.
- ◆ The increase in total deposits at licensed banks during the first half of 2011 was an outcome of the increase in deposits of the private sector (resident) by JD 563.4 million, or 3.1 percent and the increase in the deposits of the private sector (non-resident) by JD 166.0 million, or 6.9 percent compared to their levels at the end of 2010 on one hand, and the decrease in the deposits of non-banking financial institutions by JD 18.7 million, or 9.2 percent, and the decrease in the deposits of public sector (central government *plus* institutions) by JD 13.2 million, or 0.9 percent, compared to their levels at the end of 2010, on the other hand.
- ◆ The developments in the currency structure of deposits during the first half of 2011 reveal that both “deposits in local currencies” and “deposits in foreign currency” increased by JD 356.2 million, or 2.0 percent, and JD 341.3 million, or 7.0 percent, respectively, compared to their levels at the end of 2010.

□ Amman Stock Exchange (ASE)

The indicators of Amman Stock Exchange displayed a negative performance at the end of the first half 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 248.5 million in June 2011; down by JD 65.1 million, or 20.8 percent, compared to its level at the end of the previous month, against a decrease of JD 93.6 million, or 16.0 percent, during the same month in 2010. Furthermore, the trading volume stood at JD 1,738.5 million during the first half of 2011; a decline amounting to JD 2,485.8 million, or 58.8 percent, compared to its level during the same period of 2010.

- **Traded Shares**

The number of traded shares in June 2011 totaled 368.9 million; down by 118.9 million shares, or 24.4 percent, compared to its level at the end of the preceding month, against a decrease amounting to 144.0 million shares, or 22.7 percent, during the same month in 2010. Moreover, the number of traded shares during the first half of 2011 stood at 2,492.7 million shares compared to 4,245.9 million shares traded during the same period of 2010.

- **Share Price Index (SPI)**

The Share Price Index weighted by market capitalization of free float shares at ASE decreased by 66.3 points, or 3.1 percent, at the end of June 2011 compared to its level at the end of the previous month to stand at 2,093.5 points, against a decrease

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

year		June	
		2010	2011
2,373.6	General Index	2,348.6	2,093.5
2,911.7	Financial Sector	2,871.3	2,655.0
2,576.6	Industrial Sector	2,483.5	2,219.0
1,897.2	Services Sector	1,932.8	1,677.7

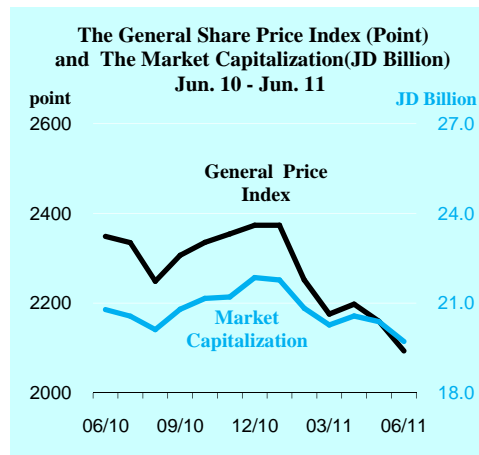
Source: Amman Stock Exchange.

in the amount of 53.0 points, or 2.2 percent, during the same month in 2010. As for the first half in 2011, the SPI dropped by 280.1 points, or 11.8 percent, compared to its level at the end of the preceding year, against a decline in the amount of 184.9 points, or 7.3 percent, during the same period of 2010. The above-mentioned drop during the first half of 2011 was mainly due to the decline in the SPI for the industrial, financial and the services sectors by 357.6 points, or 13.9 percent, 256.7 points, or 8.8 percent, and 219.5 points, or 11.6 percent, respectively, compared to their levels at the end of 2010.

- **Market Capitalization**

The ASE's market capitalization totaled JD 19.7 billion at the end of June 2011; a decrease of 0.7 JD billion, or 3.4 percent, compared to its level at the end of the previous month, against a decline of 0.1 JD billion, or 2.3 percent during the same month in the preceding year.

Moreover, the market capitalization decreased by JD 2.2 billion, or 10.0 percent, during the first half of 2011, compared to its level at the end of 2010, against a decline amounting to around JD 1.7 billion, or 7.7 percent, over the same period of 2010.



- **Non - Jordanian Net Investment**

Non - Jordanian net investment at ASE recorded an inflow amounting to JD 3.3 million in June 2011, compared to an inflow amounting to JD 7.2 million during the same month in 2010; the value of shares acquired by non - Jordanians in June 2011 stood at JD 37.0 million, while the value of shares sold by the said group amounted to JD 33.7 million. Furthermore, non-Jordanian net investment displayed an inflow amounting to JD 77.2

million during the first half of 2011, against an outflow in the amount of JD 0.4 million during the same period of 2010.

Main Amman Stock Exchange Trading Indicators, JD Million			
Year		June	
2010		2010	2011
6,690.0	Value Traded	492.7	248.5
26.8	Average Daily Trading	22.4	11.3
21,858.2	Market Capitalization	20,787.4	19,722.9
6,988.9	No. of Traded Shares (million)	489.6	368.9
(14.6)	Net Investment of Non-Jordanian	7.2	3.3
1,036.6	Non-Jordanian Buying	88.0	37.0
1,051.2	Non-Jordanian Selling	80.8	33.7

Source: Amman Stock Exchange.

Second: Output and Prices

□ Summary

- During the first quarter of 2011, Gross Domestic Product (GDP) grew by 2.3 percent at market prices and 2.5 percent at basic prices, comparing to 2.4 percent at market prices and 4.1 percent at basic prices during the first quarter in 2010.
- The general price level, measured by the Consumer Price Index (CPI) increased by 4.6 percent during the first half of 2011 against an increase of 5.0 percent during the same period in 2010.
- Investments benefiting from the Investment Promotion Law (IPL) totaled JD 614.2 million during the first half of 2011 (of which foreign investments constitute 43.1 percent of the total), comparing to JD 876.2 million (of which 23.0 percent were foreign investments) during the same period in 2010.

□ Developments in Gross Domestic Product (GDP)

According to preliminary estimates released by DOS, the growth of the national economy remained almost stable during the first quarter of 2011, comparing to the same quarter in 2010. **GDP, at constant market prices grew at 2.3 percent during the first quarter in 2011, comparing to 2.4 percent during the same quarter in 2010.** This flat growth rate was an outcome of the regional and political conditions on one hand, and the slowdown in services sectors on the other. When excluding “net taxes on products”, which increased by 0.9 percent during the first quarter in 2011, **GDP growth rate at constant basic prices reaches 2.5 percent,** comparing to 4.1 percent during the same quarter in 2010.

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

					Percentages
	Q 1	Q2	Q3	Q4	Year
2009					
GDP at Constant Market Prices	5.1	5.2	7.7	3.9	5.5
GDP at Current Market Prices	7.2	7.7	9.0	9.6	8.5
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3				
GDP at Current Market Prices	10.3				

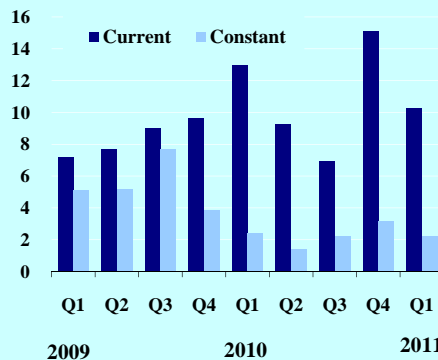
Source: Department of Statistics.

GDP at current market prices grew by 10.3 percent comparing to 13.0 percent during the first quarter of 2010. This high nominal growth rate is mainly attributed to **the rise in the general price level, measured by the GDP deflator by 7.8 percent**

during the first quarter of 2011, comparing to 10.3 percent during the same period of 2010.

Various economic sectors displayed mixed performance during the first quarter of 2011. **Some sectors witnessed a marked improvement, particularly “mining and quarrying” sector which recorded a real growth**

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



rate of 43.0 percent during the first quarter of 2011, comparing to a contraction amounting to 18.7 percent during the same period of 2010. Meanwhile, **“trade, restaurants and hotels”** and **“manufacturing”** sectors witnessed an improvement in their performance during the first quarter of 2011 amounted to 4.1 percent and 3.3 percent, respectively, comparing to 0.6 percent and 1.1 percent during the same period in 2010, respectively.

On the other hand, **“finance, insurance, real estate and business services”**, **“agriculture”** and **“transport and communication”** displayed a slowdown in their performance in the first quarter of 2011 were they registered growth rates of 5.6 percent, 2.2 percent and 1.3 percent, respectively, comparing to 10.4 percent, 6.3 percent and 5.8 percent during the same period in 2010, respectively. In contrast, **“construction”** experienced a noticeable contraction estimated by 23.6 percent comparing to an increase by 6.1 percent during the first quarter in 2010. Further, **“electricity and water”** witnessed a minor contraction by 1.0 percent comparing to a decline by 15.5 percent during the first quarter in 2010.

The contribution of commodity and service producing sectors **in the overall GDP growth, at constant basic prices, amounted to 0.03 percentage point and 2.47 percentage points during the first quarter in 2011, respectively, comparing to 0.03 percentage point and 4.07 percentage points during the first quarter in 2010.**

In the light of the recent results of the annual surveys conducted by the DOS, the growth rates for (2006-2010) have been updated recently. The updated figures differ significantly from the earlier released figures by DOS, as shown in the table below:

Growth rates of GDP at constant and current market prices

		Percentages				
		2006	2007	2008	2009	2010
Growth rates at constant prices	Previous figures	7.9	8.5	7.6	2.3	3.1
	Adjusted figures	8.1	8.2	7.2	5.5	2.3
Growth rates at current prices	Previous figures	24.3	13.5	27.9	10.6	9.6
	Adjusted figures	19.6	13.6	28.5	8.5	10.9

□ Microeconomic Indicators

The latest sectoral indicators display mixed performance. The indicators that showed a fast pace of economic growth rate includes; “licensed areas for building” and the “quantities of exported and imported goods shipped through the Aqaba port”, in addition to the “mining and quarrying” and Electricity production quantity index. Other indicators such as “number of passengers through the Royal Jordanian Airlines”, “the production of phosphate” and “number of departures”, all displayed a slow pace of economic activity. The indicators that showed a downward trend includes; cement production and sales to the domestic market, in addition to the “manufacturing production quantity index”.

Summary of the main sectoral indicators:

a)

Fast pace growing indicators * Percentages			
The whole 2010	Item	January - May	
		2010	2011
39.7	"Mining and quarrying" production quantity index	5.6	29.1
7.8	Licensed areas for building	-8.3	37.8
-5.0	Electricity production quantity index	-7.6	0.5
72.2	Production of potash	-14.2	44.0
-5.3	Production of petroleum products	-4.8	4.4
The whole 2010	Item	January - June	
		2010	2011
18.7	Quantities of exported and imported goods shipped through the Aqaba port	19.1	20.7

b)

Decelerating indicators * Percentages			
The whole 2010	Item	January - March	
		2010	2011
13.6	The number of passengers through the Royal Jordanian	20.4	4.1
30.3	Cargo through the Royal Jordanian	12.1	10.7
The whole 2010	Item	January - May	
		2010	2011
26.7	Production of phosphate	36.2	17.5
The whole 2010	Item	January - June	
		2010	2011
19.9	Number of departures	30.2	18.4

c)

Contracting indicators * Percentages			
The whole 2010	Item	January - March	
		2010	2011
-3.0	Quantity of cement sales to the domestic market (excluding imported quantities)	-7.0	-6.6
-3.8	Production of cement	0.1	-15.1
The whole 2010	Item	January - May	
		2010	2011
-5.6	Manufacturing production quantity index	-4.8	-2.9
-3.1	Industrial production quantity index	-4.4	-0.4
5.4	Production of fertilizers	34.9	-8.5
9.9	Production of chemical acids	31.4	-6.6

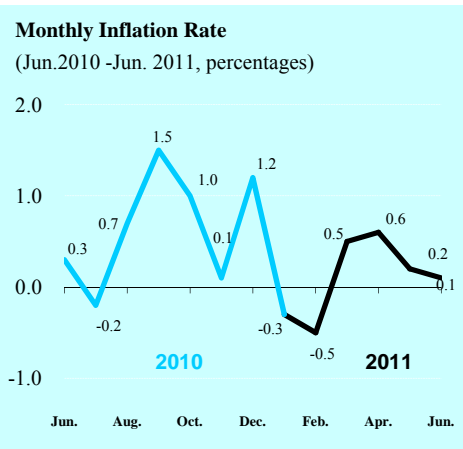
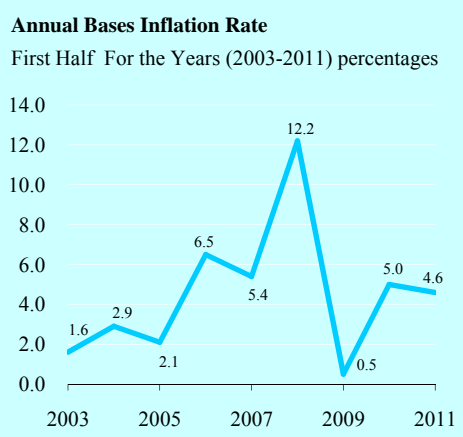
* : Calculated Items, Based on Data Issued by the Following Sources:
 - Monthly Statistical Bulletin / Central Bank of Jordan.
 - Cement Companies in Jordan.
 - Royal Jordanian.

□ Investments Benefiting from the Investment Promotion Law

- ◆ According to the latest data issued by the Jordan Investment Board (JIB), **planned investments benefiting from the Investment Promotion Law (IPL) totaled JD 614.2 million during the first half of 2011 comparing to JD 876.2 million during the same period of 2010.**
- ◆ The sectoral distribution of investments benefiting from the IPL show that the industrial sector, which is one of the most important sectors in terms of generating income and employment, came in the first rank in terms of investments' size, accounting for 79.5 percent (JD 488.1 million). This is followed by hotels, agriculture, hospitals, “conference centers and exhibitions”, “leisure and recreational compounds” and transportation, which accounted for 12.4 percent, 3.7 percent, 2.2 percent, 1.6 percent, 0.4 percent and 0.2 percent, respectively.
- ◆ The distribution of total investments according to nationality reveals that the value of foreign investments benefited from the IPL had increased to JD 264.6 million (accounting for 43.1 percent of total investments) during the first half of 2011 comparing to JD 201.4 million in the same period in 2010. Domestic investments accounted for the remaining 56.9 percent.
- ◆ The coverage of investments benefiting from the IPL differs from those of the Foreign Direct Investment (FDI) statistics in the balance of payments. The IPL's indicator measures the size of planned investments by both domestic and foreign investors in a number of targeted economic sectors in accordance with the IPL. The FDI statistics, in turn, measure the actual size of capital inflows from the outside world in various sectors, including the real estate sector.

□ Prices

The general price level measured by the Consumer Price Index (CPI) increased by 4.6 percent during the first half of 2011, comparing with an increase by 5.0 percent during the same period in 2010. The increase was derived by an increase in the prices of primary commodities, in particular the prices of oil and food in the international markets, comparing to the same period in the preceding year.



Moreover, consumer prices have increased slightly by 0.1 percent in June 2011 comparing to their level in the preceding month. This rise was mainly due to the increase in the prices of “meat and poultry”, “oils and fats” and “rents” items.

The developments of the CPI basket during the first half in 2011 comparing to the same period of 2010 show:

- ◆ **“Food items”**, constitute about 36.7 percent of the CPI basket, **the prices of this group increased by 4.7 percent during the first half of 2011 comparing to an increase amounting to 4.1 percent during the same period of 2010. The contribution of this group to the overall rate of inflation reached 1.7 percentage points.** The rise in the prices of this group was driven by the increase in the prices of most items included in this group. Specifically the prices of “vegetables” which leapt by 9.4 percent, against a decline amounting to 0.1 percent during the same period of 2010 as well as the prices of “sugar and confectionaries” and “fruits”, which increased by 7.9 percent and 6.7 percent, respectively. The prices of “cereals and products” item, however, declined by 2.7 percent comparing to a rise amounting to 2.4 percent during the same period of 2010.
- ◆ **“Clothing and footwear” group** have the least weight in the CPI basket about 5.0 percent. **The prices of this group increased by 5.2 percent during the first half of 2011 comparing to an increase by 0.9 percent during the same period of 2010. Accordingly, this group's contribution to the overall inflation rate amounted to 0.3 percentage point during the period under analysis.** The pace of prices increase of this group was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 5.2 percent and 5.0 percent, respectively, during the first half of 2011 comparing to 0.7 percent and 1.9 percent during the same period of 2010, respectively.

◆ **“Housing”** accounts for 26.78 percent of the CPI basket. **The prices of housing increased by 4.0 percent comparing to an increase by 4.3 percent during the same period of 2010. In effect, this group contributed to the overall inflation rate by 1.0 percentage point during the first half of 2011.** The increase in the prices of this group was derived by the rise in the prices of “rents” item by 5.1 percent and “fuels and lighting” item by 3.2 percent. In addition, other items showed a varied rates of increase in their prices, ranging from 1.0 percent for “house repairing, garbage and water” to 4.5 percent for “cleaning materials”.

“Other goods and services” accounts for 31.62 percent of the CPI basket. **Their average prices increased by 5.0 percent during the first half of 2011 comparing to a larger increase amounting to 7.6 percent during the same period of 2010. In consequence, this group pulled up the overall inflation rate by 1.6 percentage points during the first half of 2011.** The increase in the average prices of the later group was a result of the rise in the prices of “personal care”, “transportation”, and “education” which increased by 8.0 percent, 7.9 percent and 5.9 percent, respectively. On the other hand, the prices of some other items had declined, most notably “communication” which dropped by 3.7 percent.

Third: Public Finance

□ Summary:

- During the first five months in 2011, the general budget, including foreign grants, recorded a deficit in the amount of JD 41.8 million comparing to a deficit in the amount of JD 128.8 million, during the same period in the preceding year. Excluding foreign grants (estimated by to JD 315.0 million), the general budget displays a deficit in the amount of JD 356.8 million.
- Gross outstanding domestic public debt (budgetary and own- budget) reached at JD 8,512.0 million (40.5 percent of GDP), at the end of May 2011, reflecting a rise amounting to JD 532.0 million comparing to its level at the end of 2010.
- Net outstanding domestic public debt reached JD 7,368.0 million (35.1 percent of GDP), at the end of May 2011, by an increase of JD 516.0 million comparing to its level at the end of 2010.
- Outstanding external public debt (budgetary and guaranteed) dropped by JD 2.1 million at the end of May 2011 in comparison with its level at the end of 2010 to stand at JD 4,608.7 million, (21.9 percent of GDP).

□ The performance of the general budget:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 357.5 million, or 104.0 percent, in May 2011 comparing to the same month in 2010 to reach JD 701.1 million. As for the first five months in 2011, these revenues had increased by JD 228.0 million, or 11.4 percent, comparing to the same period in 2010 to stand at JD 2,235.0 million. This result was driven by the increase in domestic revenues and foreign grants by JD 42.0 million and JD 186.0 million, respectively.

Main Government Budget Indicators during May and the first five months of 2011 and 2010:

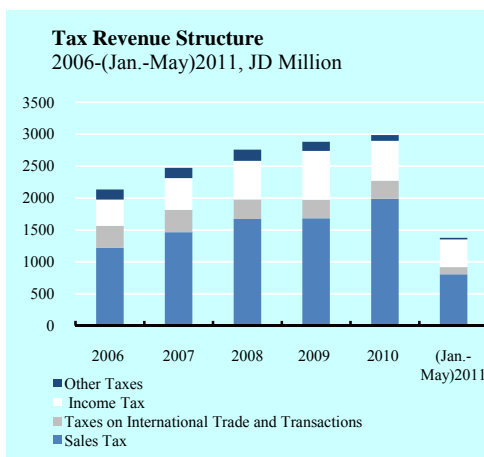
(JD Million and Percentages)

	May		Growth Rate %	Jan. – May		Growth Rate %
	2010	2011		2010	2011	
Total Revenues and Grants	343.6	701.1	104.0	2,007.0	2,235.0	11.4
Domestic Revenues, of which:	318.2	403.9	26.9	1,878.0	1,920.0	2.2
Tax Revenues, of which:	219.9	240.2	9.2	1,337.2	1,377.3	3.0
General Sales Tax	161.9	175.4	8.3	739.4	805.0	8.9
Other Revenues, of which:	96.7	162.0	67.5	532.8	534.2	0.3
Land Registration Fees	10.6	10.9	2.8	56.3	53.5	-5.0
Foreign Grants	25.4	297.2	1,070.1	129.0	315.0	144.2
Total Expenditures	443.8	594.3	33.9	2,135.8	2,276.8	6.6
Overall Deficit/ Surplus	-100.2	106.8		-128.8	-41.8	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 42.0 million, or 2.2 percent, during the first five months of 2011 comparing to the same period in 2010, to reach JD 1,920.0 million. This increase was an outcome of the rise in the proceeds of “tax revenues”, “other revenues” and “pension contributions” by JD 40.1 million, JD 1.4 million and JD 0.5 million, respectively.



◀ Tax Revenues

Tax revenues increased by JD 40.1 million, or 3.0 percent, in the first five months of 2011 comparing to the same period in 2010, to reach JD 1,377.3 million; (71.7 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of general sales tax on goods and services** by JD 65.6 million or 8.9 percent, which reached JD 805.0 million. Specifically, the proceeds of “sales tax on domestic goods” increased by JD 2.5 million, while the proceeds of “sales tax on imported goods” and the proceeds of “sales tax on services” increased by JD 62.0 million and JD 4.1 million, respectively. In contrast, the proceeds of “sales tax on the commercial sector” had declined by JD 3.0 million.
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 5.2 million or 4.9 percent, which reached JD 111.9 million. This result was driven by the rise in the proceeds of “customs duties and fees” by JD 6.5 million.
- **The decrease in the proceeds of “income and profit taxes”** by JD 15.3 million or 3.4 percent, which reached JD 434.6 million. This decrease was due to the decline in the proceeds of “income tax from individuals” by JD 14.9 million, and the drop in the proceeds of “income tax from companies and other projects” by JD 0.4 million. In details, income tax from companies accounted for 84.9 percent of total taxes on income and profits, standing at JD 368.9

million (of which JD 183.5 million from the income of banks and financial institutions).

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

“Other revenues” increased by JD 1.4 million, or 0.3 percent, in the first five months of 2011 to reach JD 534.2 million. This increase was the outcome of:

- The rise in property income by JD 13.4 million to stand at JD 150.2 million (of which financial surplus of independent government units amounting to JD 138.3 million).
- The increase in miscellaneous revenues by JD 2.5 million to reach JD 143.8 million.
- The decrease in revenues from selling goods and services by JD 14.5 million to stand at JD 240.2 million.

◀ **Pension Contributions**

Pension contributions increased by JD 0.5 million during the first five months of 2011 to stand at JD 8.5 million.

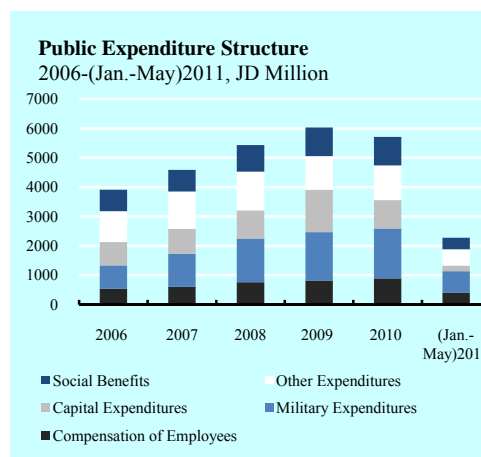
◆ **Foreign Grants**

Foreign grants increased by JD 186.0 million during the first five months in 2011 comparing to the same period in 2010 to reach JD 315.0 million.

■ Public Expenditures

Public expenditures witnessed a substantial increase by JD 150.5 million, or 33.9 percent, in May 2011 comparing to the same month in 2010 to stand at JD 594.3 million. Moreover, these expenditures rose by JD 141.0 million, or 6.6 percent, during the first five months in 2011 to stand at JD

2,276.8 million. This increase was the outcome of the rise in current expenditures by 12.1 percent, on one hand, and the drop in capital expenditures by 30.9 percent, on the other.



◆ Current Expenditures

Current expenditures increased by JD 225.0 million, or 12.1 percent, in the first five months in 2011, to reach JD 2,089.1 million. This increase was due to:

- The rise in the civil sector's employees' compensation (wages, salaries and social security contributions) by JD 50.0 million to reach at JD 412.1 million.
- The increase in goods subsidies by JD 83.2 million, due to the recurrent rise in the world commodity prices, particularly wheat prices, in addition to maintaining the domestic liquid gas subsidy.

As a result, goods subsidy stood at JD 152.1 million in the first five months in 2011 against JD 68.9 million in the same period in 2010.

- Interest payments, both internal and external, has also increased by JD 31.0 million to stand at JD 179.1 million.
- “social benefit expenditures” has also increased by JD 24.6 million to stand at JD 392.6 million.
- The military expenditures and the “purchases of goods and services” have also increased by JD 24.6 million and JD 4.1 million, to total JD 729.0 million and JD 110.0 million, respectively.

◆ **Capital Expenditures**

Capital expenditures declined in the amount of JD 84.0 million, or 30.9 percent to reach JD 187.7 million, in the first five months of 2011, comparing to the same period in 2010.

■ **General Budget Deficit/ Surplus**

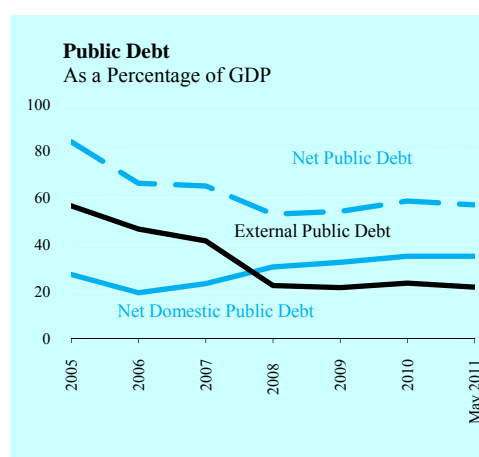
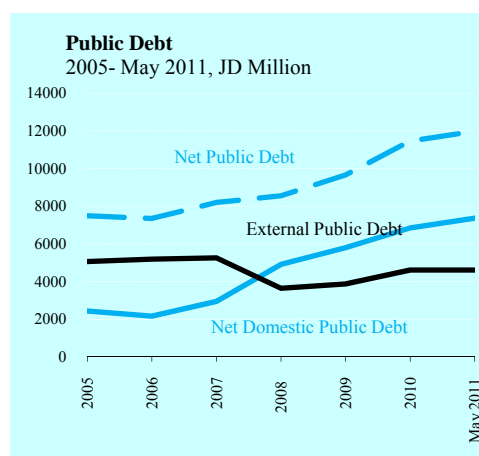
- ◆ **The general budget, including grants, displayed a fiscal deficit by to JD 41.8 million, during the first five months in 2011** against a fiscal deficit in the amount of JD 128.8 million, during the same period in 2010.
- ◆ **The general budget showed a primary surplus** (after excluding interest payments on public debt from total expenditures) **of JD 137.3 million, during the first five months in 2011** against a primary surplus in the amount of JD 19.3 million, during the same period in 2010.

Public Debt

- Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) was up by JD 532.0 million at the end of May 2011 comparing to its level at the end of 2010 to reach JD 8,512.0 million, or 40.5 percent of GDP. This rise was the outcome of the increase in the budgetary domestic public debt as well as the gross outstanding domestic public debt for own-budget agencies by JD 356.0 million and JD 176.0 million, respectively. The increase in the budgetary domestic public debt was mainly the outcome of the rise in the balance of the “treasury bills and bonds” in the amount**

of JD 421.0 million to total JD 6,831.0 million at the end of May 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 40.0 million to stand at JD 872.0 million at the end of May 2011, on the other.

- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system)**



increased by JD 516.0 million at the end of May 2011 comparing to its level at the end of 2010 to total JD 7,368.0 million, or 35.1 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 532.0 million and the increase in the government deposits at the banking system by JD 15.0 million compared to their level at the end of 2010.

- **Outstanding balance of external public debt (budgetary and guaranteed) decreased** by JD 2.1 million at the end of May 2011 comparing to its level at the end of 2010, to amount to JD 4,608.7 million, (21.9 percent of GDP). The currency structure of this debt indicates that external debt in US dollars accounted for 38.6 percent, while debt in Euros accounted for 9.1 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 22.1 percent and 19.1 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 513.9 million at the end of May 2011 comparing to its level at the end of 2010 to stand at JD 11,976.7 million, or 57.0 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 decreased by 4.1 percentage points comparing to its level at the end of 2010. It is worth mentioning in this respect that the amended Public Debt Management Law for 2008 set new ceilings for the public debt. Accordingly, net outstanding domestic public debt and outstanding external public debt shall not exceed 40.0 percent of GDP for each. In addition, total outstanding public debt shall not exceed 60.0 percent of GDP.
- **External debt service (budgetary and guaranteed)**, on a cash basis, amounted to JD 181.5 million during the first five months of 2011 (of which interest payments amounting to JD 47.0 million) comparing to JD 154.1 million during the same period in 2010 (of which interest payments amounting to JD 32.8 million).

□ **Fiscal and Price Measures**

- ◆ Maintaining the prices of many types of oil derivatives unchanged, while decreasing the prices of others as detailed in the table below:

	Unti	2011		Change %
		May	June	
Unleaded Gasoline 90	Fils/Liter	620	620	0.0
Unleaded Gasoline 95	Fils/Liter	795	795	0.0
Gas Oil (Diesel)	Fils/Liter	515	515	0.0
Kerosene	Fils/Liter	515	515	0.0
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0
Fuel oil for industry	JD/Ton	520.5	505.7	-2.9
Fuel oil for ships	JD/Ton	522.0	519.2	-0.5
Fuel oil for airplanes (local companies)	Fils/Liter	677	631	-6.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	682	636	-6.7
Fuel oil for unplanned flights	Fils/Liter	697	651	-6.6
Asphalt	JD/Ton	557.1	541.4	-2.8

Source: Jordan Petroleum Refinery CO.

- In order to continue stimulating the real estate sector, the Cabinet decided to extend the exemptions from the registration fees and the property transfer tax granted to the real estate sector. Accordingly, apartments that do not exceed 150 squared meters are fully exempted, regardless of the character of the seller. Apartments larger than 150 squared meters are subject to a reduced fee. The exemption from the property transfer tax was reduced in 24 July,2011. By the

end of August ,2011 the property transfer tax will be 5% and will be further increased until it reaches 8% in November , 2011 (July 2011).

- Additional exemptions and reductions of the sales tax had covered 105 goods and services to bring the number of exempted goods and services to 260 goods and services, some goods and services were fully exempted such as fresh dates ,cucumbers and tomatoes.The tax was reduced on a number of other commodities from 16.0% to 4.0% ,such as Alfrickh and bulgur wheat and peanut (July 2011).

□ Grants, Loans and Other Agreements

- ◆ Signing a grant agreement in the amount of US\$ 1.0 billion extended from The Kingdom of Saudi Arabia to support the general budget (July 2011).
- ◆ Signing a memorandum of understanding with French Development Agency (AFD), under which France will provide the Kingdom with 600 million euros to finance development projects water, energy, sanitation, transport and environment in the period 2011-2013. In addition, the French agency will supply the Kingdom with 40 million euros to support small and medium enterprises (July 2011).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 29.6 percent in May 2011 compared to the same month in 2010 to record JD 518.0 million. As for the first five months of 2011, total merchandize exports increased by 16.4 percent to reach JD 2,343.5 million.
- **Merchandize imports** increased by 29.4 percent in May 2011 compared to the same month in the previous year amounting to JD 1,090.8 million. As for the first five months of 2011, merchandize imports were up by 22.2 percent to total JD 5,252.4 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 29.3 percent in May 2011 compared to the same month in 2010 standing at JD 572.8 million. As for the first five months of 2011, the trade deficit expanded by 27.3 percent to reach JD 2,908.9 million.
- **Travel receipts** decreased by 24.1 percent during June 2011 compared to the same month in the preceding year to record JD 152.6 million. Similarly, **travel payments** decreased by 0.5 percent during June 2011 to reach JD 106.3 million. As for the first half of 2011, travel receipts decreased by 12.8 percent compared to the same period of 2010 to reach JD 949.3 million, while travel payments increased by 0.3 percent to reach JD 463.0 million.
- **Total workers' remittances receipts** decreased by 9.6 percent during June 2011 compared to the same month in 2010 to reach JD 217.1 million. As for the first half of 2011, total workers' remittances receipts decreased by 3.1 percent compared to the same period of 2010 to total JD 1,209.7 million.
- **The current account of the balance of payments** displayed a deficit of JD 541.3 million during the first quarter of 2011 compared to a deficit of JD 153.7 million during the same period in the previous year.

- **Net FDI inflows to Jordan** recorded JD 210.9 million during the first quarter of 2011, down from JD 312.8 million during the same period in 2010.
- **International Investment Position (IIP)** displayed an increase in net obligations of the kingdom to abroad by JD 753.9 million to reach 13,183.4 million at the end of the first quarter of 2011.

□ External Trade

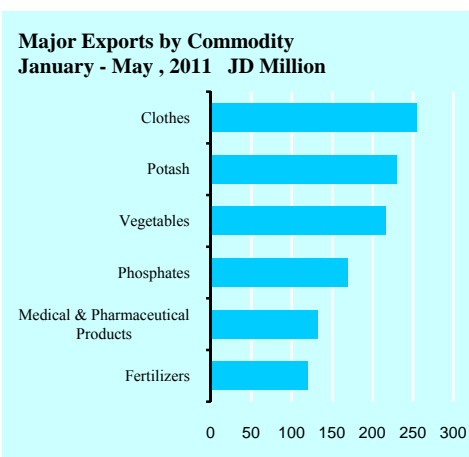
As a result of the increase in domestic exports and imports by JD 283.2 and JD 955.0 million, respectively, during the first five months of 2011, the volume of external trade (domestic exports *plus* imports) increased by JD 1,238.2 million to stand at JD 7,238.6 million.

Jordan's Major Trade Partners January – May 2010- 2011, JD Million				Developments of External Trade Indicators, JD Million				
	2010	2011	Percentage Change	January - May				
Exports				2010	Percentage Change 2009/2010	2011	Percentage Change 2010/2011	
Iraq	277.1	351.8	27.0	External Trade	6,000.4	12.1	7,238.6	20.6
United States	242.0	262.9	8.6	Total Exports	2,013.2	3.0	2,343.5	16.4
India	191.3	196.1	2.5	Domestic Exports	1,703.0	14.1	1,986.2	16.6
Saudi Arabia	157.5	172.0	9.2	Re-exports	310.2	-33.0	357.3	15.2
Syria	100.4	110.0	9.6	Imports	4,297.4	11.3	5,252.4	22.2
Lebanon	54.8	90.5	65.1	Trade Balance	-2,284.2	19.8	-2,908.9	27.3
Ethiopia	18.4	71.0	285.9	Source: Department of Statistics.				
Imports								
Saudi Arabia	775.0	1,253.1	61.7					
China	426.6	530.1	24.3					
United States	240.2	297.8	24.0					
Germany	277.8	250.0	-10.0					
Egypt	213.2	228.0	6.9					
Italy	165.6	224.0	35.3					
South Korea	183.8	188.6	2.6					
Turkey	123.0	178.6	45.2					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 16.4 percent during the first five months of 2011 compared to a 3.0 percent increase during the same period in 2010, to record JD 2,343.5 million. This increase resulted from a rise in domestic exports

and re- exports of JD 283.2 million and JD 47.1 million, or 16.6 percent and 15.2 percent, to reach JD 1,986.2 million and JD 357.3 million, respectively.



The developments in domestic exports during the first five months of 2011 reveals the following:

- Exports of **phosphates** increased by JD 69.4 million, or 69.6 percent, to reach JD 169.6 million, compared to a decline of 36.1 percent during the same period of 2010. This increase reflects a rise in both quantities and prices of phosphates by 36.2 percent and 24.2 percent, respectively. The Indian, Indonesian and Turkish markets accounted for 80.1 percent of phosphates exports.

- Exports of **potash** increased by JD 60.8 million, or 35.9 percent, to stand at JD 230.0 million, compared to an increase of 38.0 percent during the first five months in 2010. The geographical distribution of these exports indicates that Chinese, Indian and Malaysian markets accounted for 60.2 percent of potash exports.
- Exports of **vegetables** increased by JD 28.8 million, or 15.4 percent, to total JD 216.4 million, compared to an increase of 18.6 percent during the same period of 2010. Iraqi and Syrian markets were the main destinations of these exports accounting for 65.5 percent.

Major Domestic Exports by Commodity

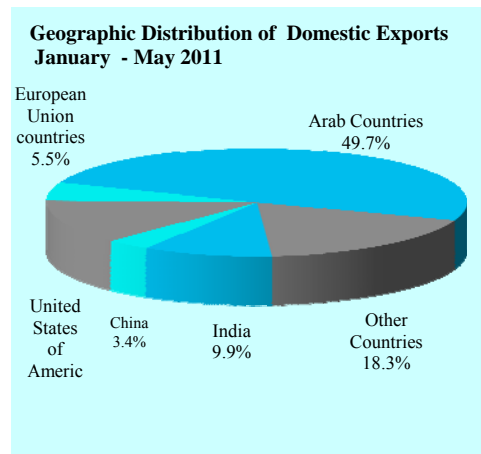
January- May, 2010 - 2011, JD Million

	2010	2011	Percentage Change
Domestic Exports	1,703.0	1,986.2	16.6
Clothes	230.9	254.1	10.0
United States	214.4	233.4	8.9
Potash	169.2	230.0	35.9
China	24.5	65.8	168.6
India	57.7	42.0	-27.2
Malaysia	23.9	30.7	28.5
Vegetables	187.6	216.4	15.4
Iraq	56.4	71.6	27.0
Syria	59.1	70.2	18.8
Phosphates	100.2	169.6	69.6
India	67.0	110.3	64.6
Indonesia	21.9	15.1	-31.1
Turkey	-	10.7	-
Medical & Pharmaceutical Products	139.7	131.9	-5.6
Saudi Arabia	32.2	29.3	-9.0
Algeria	21.7	16.4	-24.4
United Arab Emirates	6.7	14.5	116.4
Sudan	15.6	12.5	-19.9
Fertilizers	117.1	119.5	2.0
Ethiopia	17.4	70.3	304.0

Source: Department of Statistics.

- Exports of **Medical and pharmaceutical products** decreased by JD 7.8 million, or 5.6 percent, to register JD 131.9 million, compared to an increase of 13.9 percent during the same period of 2010. The Saudi, Algerian, Emirates and Sudanese Markets accounted for 55.8 percent of these exports.

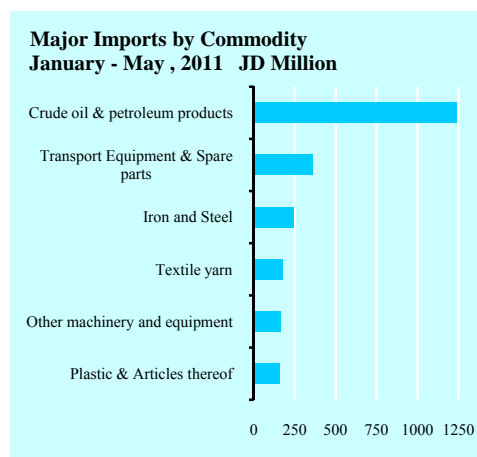
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, vegetables, phosphates, “medical and pharmaceutical products” and fertilizers topped the list of exports



during the first five months of 2011 accounting for 56.5 percent of domestic exports up from 55.5 percent during the corresponding period of 2010. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, India, Saudi Arabia, Syria, Lebanon and Ethiopia were the main destination markets for Jordanian domestic exports during the first five months of 2011; accounting for 63.2 percent of domestic exports, up from 61.2 percent during the corresponding period of 2010.

■ Merchandize Imports:

Merchandize imports amounted to JD 5,252.4 million during the first five months of 2011 increasing by JD 955.0 million, or 22.2 percent, compared to an increase by 11.3 percent during the same period of 2010.



The developments of imports during the first five months of 2011 reveals the following:

- Imports of **petroleum products**, mainly coming from Saudi Arabia, Russia and Italy, increased by JD 204.7 million, or 95.2 percent, to total JD 419.7 million compared to an increase of 112.2 percent during the same period in 2010.
- Imports of **Iron & Steel** increased by JD 72.5 million, or 41.6 percent to reach JD 246.7 million, compared to a decrease of 8.9 percent during the corresponding period of 2010. The markets of Turkey, Ukraine and Russia accounted for 61.1 percent of these imports.

- Imports of **Crude Oil** increased by JD 313.5 million, or 62.2 percent, to reach JD 817.3 million, compared to a rise by 51.8 percent during the same period of 2010. This increase was attributed to the rise in both quantities and prices of oil by 13.9 percent and 42.5 percent, respectively. Also, its worth noting that most of the Jordanian crude oil imports came from the Saudi market.
- Imports of **Transport equipments and Spare Parts** decreased by JD 79.9 million, or 18.1 percent, to reach JD 362.3 million compared to a rise by 2.6 percent during the same period of 2010. South Korea, Germany and Japan were the main origin markets for these imports; accounting for 66.5 percent of these imports.

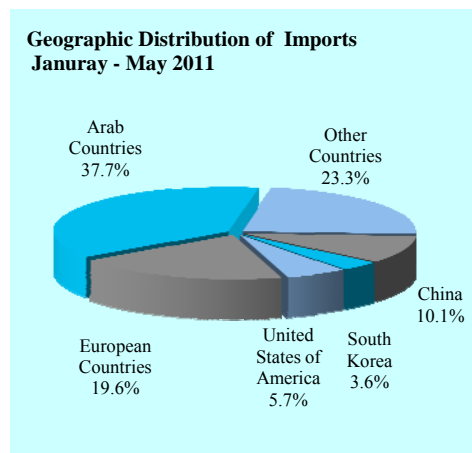
Major Imports by Commodity

January - May 2010, 2011, JD Million

	2010	2011	Percentage Change
Total Imports	4,297.4	5,252.4	22.2
Crude Oil	503.8	817.3	62.2
Saudi Arabia	439.8	755.1	71.7
Petroleum Products	215.0	419.7	95.2
Saudi Arabia	54.4	135.1	148.3
Russia	0.0	113.0	-
Italy	25.2	75.1	198.0
Transport Equipment and Spare Parts	442.2	362.3	-18.1
South Korea	101.0	110.5	9.4
Germany	89.4	81.4	-8.9
Japan	119.5	49.1	-58.9
Iron & Steel	174.2	246.7	41.6
Turkey	27.0	72.4	168.1
Ukraine	49.6	52.7	8.2
Russia	27.1	25.6	-5.5
Textile Yarn, Fabrics & Related Products	151.0	178.7	18.3
China	70.4	80.4	14.2
Taiwan	24.9	37.8	51.8
Turkey	6.6	10.3	56.1
Other Machinery and Equipment	117.7	161.9	37.6
China	29.1	39.4	35.4
Germany	12.8	24.7	93.0
Italy	14.1	20.7	46.8
Plastic & Articles Thereof	127.8	159.9	25.1
Saudi Arabia	56.7	75.5	33.2
Kuwait	12.6	9.4	-25.4
United States	4.0	6.2	55.0

Source: Department of Statistics.

The commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipment and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Other Machinery and Equipment” and “Plastic and Articles thereof”; accounting for 44.7 percent of total imports during the first five months of 2011; up from 40.3 percent during the same period of previous year. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Germany, Egypt and Italy topped the list of imports sources during the first five months of 2011; accounting for 53.0 percent compared to 48.8 percent during the same period of 2010.



■ Re-Exports

The value of re-exported goods increased by JD 47.1 million, or 15.2 percent during the first five months of 2011, recording JD 357.3 million.

■ Trade Balance

The trade balance deficit increased, from its level in the first five months of 2010, by JD 624.7 million, or 27.3 percent recording JD 2,908.9 million.

❑ **Total Workers' Remittances Receipts**

Compared to the same period of 2010 Total workers' remittances receipts decreased by 3.1 percent to total JD 1,209.7 million during the first half of 2011.

❑ **Travel**

■ **Receipts**

Travel receipts decreased by JD 139.6 million, or 12.8 percent, during the first half of 2011 to register JD 949.3 million. This decrease was attributed to a 13.2 percent fall in the number of inbound tourists in this period compared to the same period of 2010.

■ **Payments**

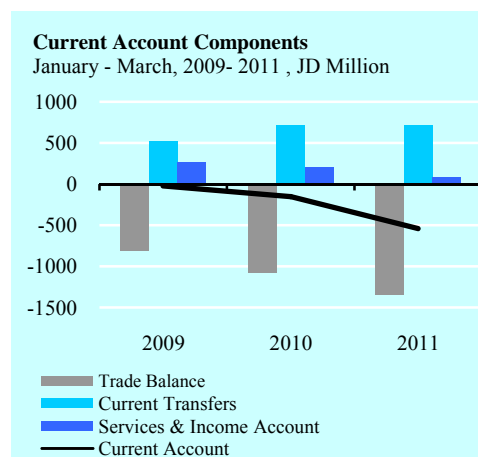
Travel payments increased by 0.3 percent, during the first half of 2011 to stand at JD 463.0 million.

❑ **Balance of Payments**

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

- The current account recorded a deficit of JD 541.3 million compared to a deficit of JD 153.7 million during the first quarter of 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit of JD 261.1 million, or 24.2 percent, to reach JD 1,338.3 million in 2010 compared to a deficit amounting to JD 1,077.2 million in the first quarter of 2010.
- Services account recorded a surplus of JD 73.0 million, compared to a surplus of JD 93.6 million during the first quarter of the preceding year. This was a result of a surplus by JD 281.1 million and JD 71.4 million in travel (net) and government services (net) respectively, and a deficit of JD 254.8 million and JD 24.7 million in the items of transportation (net) and other services (net), respectively.
- A decrease in the surplus of the income account (net) to register JD 11.2 million, compared to JD 113.6 million during the same quarter of 2010. This decrease was an outcome of a deficit recorded in the investment income (net) by JD 38.4 million and the surplus recorded in compensation of employees (net) by JD 49.6 million.
- A decrease in the net current transfers of JD 3.5 million; which registered JD 712.8 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 185.4 million; to record JD 93.5 million despite the increase in transfers of other sectors (net) by JD 181.9 million; to total JD 619.3 million during the first quarter of 2011. Further, net workers' remittances increased by JD 18.0 million or 4.1 percent to reach JD 459.5 million.



- The capital and financial account with the rest of the world showed a net inflow of JD 656.3 million during the first quarter of 2011 compared to an outflow in the amount of JD 25.5 million during the same quarter of 2010 owing chiefly to the following:
 - Net FDI inflow to the Kingdom amounted to JD 210.9 million during the first quarter of 2011 compared to JD 312.8 million during the same quarter of the preceding year. Additionally, foreign Investment abroad registered a net outflow of JD 9.4 million compared with a net inflow of JD 12.2 million during the same period in 2010.
 - Net inflow of the portfolio investment amounted to JD 112.2 million compared to a similar inflow in the amount of JD 11.3 million during the same period in 2010.
 - Net outflow of other investments in the amount of JD 357.0 million compared to a similar outflow amounting to JD 178.1 million during the same period in 2010.
 - The decrease in reserve assets of CBJ by JD 699.6 million during the first quarter of 2011 against a rise amounting to JD 183.7 million during the same period in 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 13,183.4 million at the end of the first quarter of 2011 compared to JD 12,429.5 million at the end of 2010. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 395.5 million at the end of first quarter of 2011 compared to the end of 2010; amounting to JD 16,656.0 million at the end of the first quarter of 2011. This decrease was mainly as a

result of a decrease in the reserve assets of the CBJ by JD 664.0 million, a rise in the outstanding balance of external assets of currency and deposits of commercial banks by JD 336.2 million, a decline in portfolio investments of the commercial banks by JD 60.4 million, and a decrease in loans granted by the commercial banks to non-resident entities by JD 1.3 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 323.5 million at the end of the first quarter of 2011 compared to the end of 2010; to stand at JD 29,839.4 million. This was mainly due to the following outcomes:
 - An increase in the stock of Foreign Direct Investment (FDI) in the Kingdom by JD 210.9 million to stand at JD 15,758.9 million.
 - An increase in the stock of non-residents' portfolio investments in the Kingdom by JD 91.6 million; amounting to JD 3,014.3 million. This increase was mainly attributable to the rise in the position of non-resident portfolio investment at banks by JD 70.9 million.
 - An increase in the outstanding balance of external loans extended to the economic sectors (resident) in the Kingdom by JD 4.1 million; to reach JD 4,151.1 million.
 - An increase in the position of non-resident deposits at the banking system by JD 20.6 million to reach JD 6,266.8 million.