



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
February, 2014**

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 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.

Contents

Executive Summary

1

First

**Monetary & Financial
Sector**

3

Second

**Output, Prices and
Employment**

15

Third

Public Finance

25

Fourth

External Sector

35

Executive Summary

□ Output, Prices and Employment

In the first three quarters of 2013, real GDP at market prices, grew by 2.8 percent, maintaining its growth rate during the same period of 2012. Inflation, measured by the Consumer Price Index (CPI), witnessed an increase by 3.4 percent during January 2014 compared to 6.7 percent during the same month of 2013. Furthermore, the unemployment rate during 2013 increased by 12.6 percent compared to 12.2 percent during 2012.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 424.7 million (3.5 percent) at the end of January 2014, compared to its level at the end of 2013, standing at US\$ 12,430.5 million. This level of reserves covers around 6.5 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 432.3 million (1.6 percent) at the end of January 2014 compared to its level at the end of 2013, to stand at JD 27,795.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 74.2 million (0.4 percent) at the end of January 2014 compared to its level at the end of 2013, to reach JD 19,013.9 million.
- Total deposits at licensed banks increased by JD 497.5 million (1.8 percent) at the end of January 2014, compared to its level at the end of 2013, totaling JD 28,090.7 million. This increase was an outcome of the increase in JD deposits by JD 567.2 million (2.7 percent) and the decrease in foreign currency deposits by JD 69.7 million (1.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,207.0 points at the end of January 2014, increasing by 141.2 points, or 6.8 percent, compared to its level at the end of 2013.

- **Public Finance:** During the first eleven months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,100.8 million compared to a fiscal deficit in the amount of JD 1,427.2 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 213.8 million at the end of 2013, compared to its level at the end of 2012, to stand at JD 11,862.3 million (49.4 percent of GDP). Outstanding external public debt increased by JD 2,302.1 million at the end of 2013 compared to its level at the end of 2012 to reach JD 7,234.5 million, (30.2 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 79.6 percent of GDP at the end of 2013 compared to 75.5 percent at the end of 2012.

- **External Sector:** Total merchandise exports (domestic exports *plus* re-exports) increased by 0.3 percent during 2013 to reach JD 5,616.6 million. In contrast, merchandise imports increased by 5.4 percent, totaling JD 15,523.5 million. As a result, the trade deficit increased by 8.5 percent compared to 2012, to reach JD 9,906.9 million. The preliminary data showed an increase in travel receipts by 1.4 percent and a decline in travel payments by 4.1 percent during 2013 compared to 2012. In contrast, total workers' remittances receipts increased by 4.4 percent during 2013 compared to their level in 2012. The balance of payments during the first three quarters of 2013 displayed a deficit in the current account amounting to JD 2,112.7 million, (12.1 percent of GDP) down from JD 3,439.1 million (21.4 percent of GDP) during the same period in 2012. Moreover, Net Direct Investment recorded an inflow of JD 1,041.2 million during the first three quarters of 2013 compared to a net inflow of JD 866.9 million during the same period in 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 20,136.8 million at the end of September 2013 compared to JD 18,883.7 million at the end of December 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 424.7 million (3.5 percent) at the end of January 2014, compared to their level at the end of 2013, to stand at US\$ 12,430.5 million. This level of reserves covers around 6.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 432.3 million, (1.6 percent), at the end of January 2014, compared to its level at the end of 2013, to total JD 27,795.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 74.2 million, (0.4 percent) at the end of January 2014, compared to its level at the end of 2013, to stand at JD 19,013.9 million.
- Total deposits at licensed banks increased by JD 497.5 million, (1.8 percent), at the end of January 2014, compared to its level at the end of 2013, to reach JD 28,090.7 million.
- The interest rates on all deposits at licensed banks increased at the end of January 2014 compared to their levels at the end of 2013. Meanwhile, interest rates on all credit facilities decreased compared to their levels at the end of 2013.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,207.0 points at the end of January 2014, increasing by 141.2 points (6.8 percent), compared to its level at the end of 2013. Moreover, the market capitalization increased by JD 1.2 billion (6.8 percent), compared to its registered level of 2013, to stand at JD 19.5 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

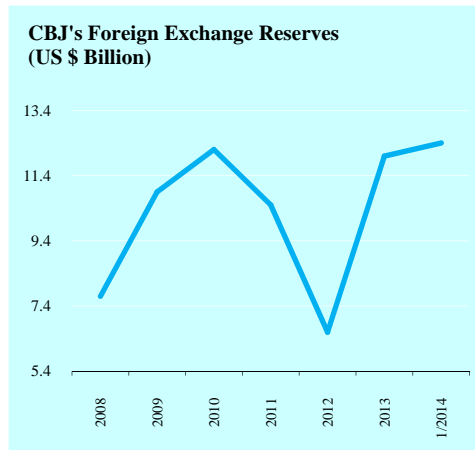
	2013	End of January	
		2013	2014
US\$ 12,005.8	81.0%	US\$ 7,504.5	US\$ 12,340.5
CBJ's Foreign Currency Reserves*		13.1%	3.5%
27,363.4	9.7%	24,978.1	27,795.7
Money Supply (M2)		0.1%	1.6%
18,939.7	6.2%	17,824.1	19,013.9
Credit Facilities, of which:		0.0%	0.4%
16,569.1	7.8%	15,411.0	16,644.0
Private Sector (Resident)		0.2%	0.5%
27,593.2	10.5%	25,179.3	28,090.7
Total Deposits, of which:		0.8%	1.8%
21,003.0	18.6%	17,973.6	21,570.2
In JD		1.5%	2.7%
6,590.2	-9.2%	7,205.7	6,520.5
In Foreign Currencies		-0.7%	-1.1%
22,195.8	8.9%	20,449.9	22,545.9
Deposits of Private Sector (Resident), of which:		0.3%	1.6%
17,646.1	17.0%	15,243.7	17,992.5
In JD		1.1%	2.0%
4,549.7	-14.2%	5,206.2	4,553.4
In Foreign Currencies		-1.8%	0.1%

* 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\$ 424.7 million (3.5 percent), at the end of January 2014, compared to their level at the end of 2013, to reach US\$ 12,430.5 million. This level of reserves covers around 6.5 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

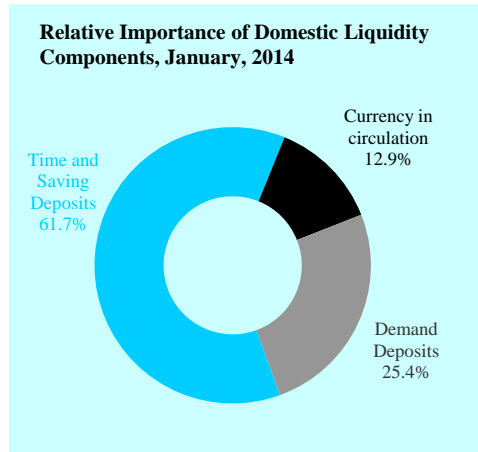
■ Domestic liquidity totaled JD 27,795.7 million at the end of January 2014, increasing by JD 432.3 million, or 1.6 percent, compared to an increase of JD 33.0 million, or 0.1 percent, at the end of the same month of 2013.

◆ **Developments in both the components and the factors affecting domestic liquidity between the end of January 2014 and the end of 2013, reveal the following:**

● Components of Domestic Liquidity

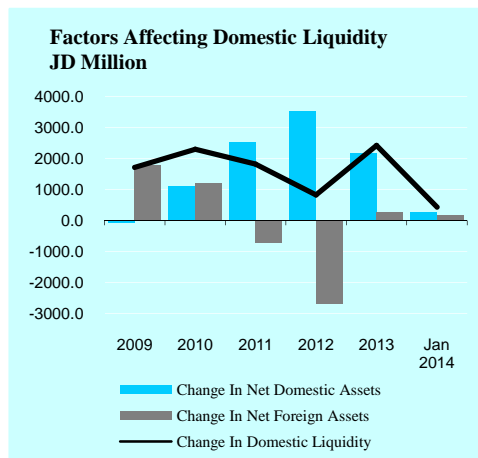
- Deposits increased by JD 452.6 million, or 1.9 percent, at the end of January 2014, compared to their level at the end of 2013, to total JD 24,209.4 million, compared with an increase amounting to JD 54.3 million, or 0.2 percent, at the end of the same month of 2013.

- Currency in circulation increased by JD 20.3 million, or 0.6 percent, at the end of January 2014, compared to its level at the end of 2013, to reach JD 3,586.3 million, against a decrease in the amount of JD 21.3 million, or 0.7 percent, at the end of the same month of 2013.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 268.5 million, or 1.3 percent, at the end of January 2014, compared to its level at the end of 2013, against an increase of JD 305.3 million, or 1.7 percent, at the



end of the same month of 2013. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 612.8 million, or 2.5 percent, and its decrease at the CBJ by JD 344.3 million, or 7.6 percent.

- Net foreign assets of the banking system increased by JD 163.8 million, or 2.4 percent, at the end of January 2014, compared to their level at the end of 2013, against a decrease in the amount of JD 272.3 million, or 4.1 percent, at the end of the same month of 2013. This increase was an outcome of the increase of net foreign assets at the CBJ by JD 310.3 million or 3.7 percent, and the decrease of net foreign assets at the licensed banks by JD 146.5 million, or 9.4 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2013		End of January	
		2013	2014
6,923.4	Foreign Assets (Net)	6,393.2	7,087.2
8,487.4	CBJ	6,123.2	8,797.7
-1,564.0	Licensed Banks	270.0	-1,710.5
20,440.0	Domestic Assets (Net)	18,584.9	20,708.5
-4,528.6	CBJ, of which:	-2,558.8	-4,872.9
1,244.3	Claims on Public Sector (Net)	1,530.0	1,229.9
-5,793.5	Other Items (Net*)	-4,108.8	-6,123.3
24,968.6	Licensed Banks	21,143.7	25,581.4
9,714.8	Claims on Public Sector (Net)	8,487.6	9,747.8
17,201.9	Claims on Private Sector	15,987.0	17,286.4
-1,948.1	Other Items (Net)	-3,330.9	-1,452.8
27,363.4	Money Supply (M2)	24,978.1	27,795.7
3,606.6	Currency in Circulation	3,193.7	3,586.3
23,756.8	Total Deposits, of which:	21,784.4	24,209.4
4,635.2	In Foreign Currencies	5,321.2	4,655.0

* 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:

Interest Rates on Monetary Policy Instruments, percentage points

		January	
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.

- 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.

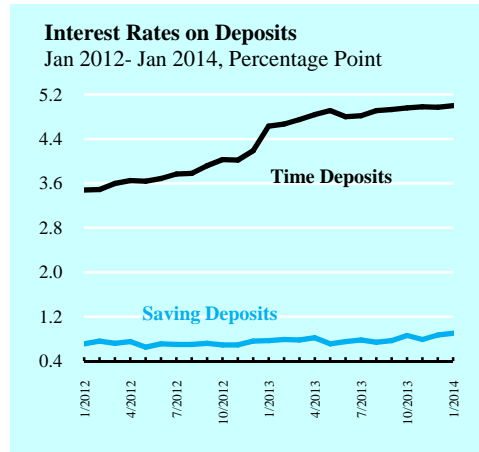
◆ This decision aims to enhance credit to the private sector, as well as promoting investments which in turn support the economic growth.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of January 2014 increased by 3 basis points, compared to its level at the end of 2013 to stand at 5.00 percent.

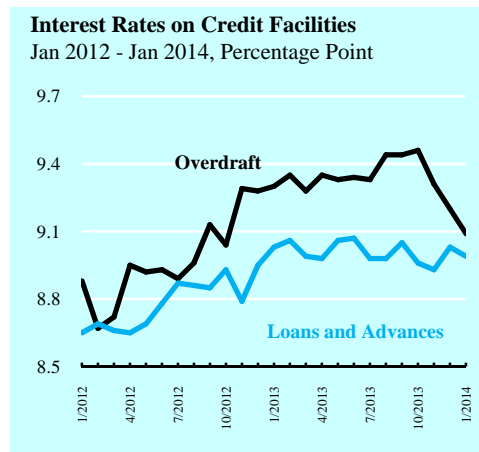
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of January 2014 increased by 3 basis points compared to its level at the end of 2013 to stand at 0.90 percent.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of January 2014 increased by 11 basis points compared to the level recorded at the end of 2013 to stand at 0.49 percent.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of January 2014 decreased by 11 basis points compared to its level at the end of 2013 to stand at 9.09 percent.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 53 basis points at the end of January 2014, compared to its level at the end of 2013, to stand at 9.60 percent.

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

2013		January		Change Relative to the Preceding Year Basis Points
		2013	2014	
Deposits				
0.38	Demand	0.49	0.49	11
0.87	Saving	0.77	0.90	3
4.97	Time	4.63	5.00	3
Credit Facilities				
10.13	Discounted Bills and Bonds	9.63	9.60	-53
9.03	Loans and Advances	9.03	8.99	-4
9.20	Overdraft	9.30	9.09	-11
8.85	Prime Lending Rate	8.78	8.79	-6

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 4 basis points at the end of January 2014, compared to its level at the end of 2013, to stand at 8.99 percent.
- The Prime lending rate stood at 8.79 percent at the end of January 2014, 6 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, decreased by 7 basis points at the end of January 2014, compared to its level at the end of 2013, to reach 399 basis points.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 19,013.9 million at the end of January 2014, increasing by JD 74.2 million, or 0.4 percent, compared to its level at the end of 2013, against a decrease in the amount of JD 5.7 million, during the same month of 2013.

- The classification of extended credit facilities, according to economic activity, at the end of January 2014 demonstrates an increase in credit facilities extended to the general trade sector, and tourism, hotel, and restaurant sector by JD 64.5 million, or 1.6 percent, and JD 63.7 million or 12.7 percent, respectively. In addition, credit facilities extended to the construction, financial services sectors increased by JD 54.1 million or 1.3 percent, JD 45.6 million or 9.0 percent, respectively. Meanwhile, the credit facilities extended to the public services and utilities, and industrial sectors decreased by JD 69.8 million, or 3.2 percent, and 62.0 million, or 2.3 percent, respectively compared to their levels at the end of 2013.
- The classification of extended credit facilities, according to the borrower, at the end of January 2014 shows an increase in credit facilities extended to the private sector (resident) by JD 74.9 million, or 0.5 percent, and the private sector (non-resident) by JD 4.9 million, or 0.6 percent. Meanwhile, the credit facilities extended to the public institutions and the non-banking financial institutions decreased by JD 6.1 million or 1.9 percent, and JD 1.4 million or 14.5 percent, respectively, compared to their levels at the end of 2013.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 28,090.7 million at the end of January 2014, increasing by JD 497.5 million, or 1.8 percent, compared to its level at the end of 2013, against an increase of JD 209.7 million, or 0.8 percent, during the same months of 2013.
- The increase in total deposits at licensed banks at the end of January 2014 was a result of the increase in the deposits of the

private sector (resident) by JD 350.1 million, or 1.6 percent, the public sector (Central government plus public institutions) by 195.8 million or 9.8 percent, and the non-banking financial institutions by JD 31.3 million, or 11.3 percent, compared to their levels at the end of 2013. Meanwhile, the deposits of private sector (non-resident) decreased by 79.6 million, or 2.6 percent.

- The developments in the currency structure of deposits at the end of January 2014 reveal that JD deposits increased by JD 567.2 million, or 2.7 percent, while “deposits in the foreign currency” decreased by JD 69.7 million, or 1.1 percent, compared to their levels at the end of 2013.

□ Amman Stock Exchange (ASE)

The indicators of the ASE displayed a positive performance in its key indicators at the end of January 2014 compared to the end of 2013. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the ASE totaled JD 310.1 million in January 2014; up by JD 100.5 million, or 47.9 percent than its level at the end of 2013, against an increase of JD 7.0 million, or 3.5 percent, during the same month in 2013.

■ Traded Shares

The number of traded shares in January 2014 totaled 330.3 million shares; up by 151.3 million shares, or 84.5 percent, than its level at the end of 2013, against an increase amounting to 8.9 million shares, or 4.3 percent, during the same month in 2013.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 141.2 points, or 6.8 percent, at the end of January 2014 compared to

its level at the end of 2013, to stand at 2,207.0 points, against an increase in the amount of 88.1 points, or 4.5 percent, during the same month in 2013. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 318.2 points, or 11.8 percent, and the industrial sector by 31.3 points, or 1.6 percent. Meanwhile, the SPI for the services sector decreased by 5.0 points, or 0.3 percent, compared to its levels at the end of 2013.

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

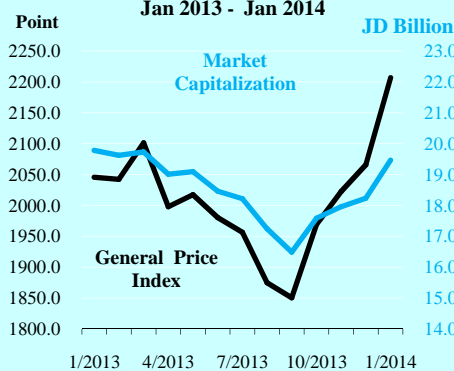
		January	
2013		2013	2014
2,065.8	General Index	2,045.7	2,207.0
2,703.9	Financial Sector	2,481.8	3,022.1
1,964.9	Industrial Sector	2,275.6	1,996.2
1,664.8	Services Sector	1,673.9	1,659.8

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 19.5 billion at the end of January 2014; an increase of JD 1.2 billion, or 6.8 percent, compared to its level at the end of the 2013, against an increase of JD 0.7 billion or 3.4 percent, during the same month in 2013.

The General Share Price Index and The Market Capitalization Jan 2013 - Jan 2014



■ Non - Jordanian Net Investment

Non - Jordanian net investment at the ASE recorded an outflow amounting to JD 4.1 million in January 2014, compared to an inflow in the amount of JD 7.0 million during the same month of 2013; the value of shares acquired by non-Jordanian in January 2014 amounted to JD 37.7 million, while the value of shares sold by the same group amounted to JD 41.8 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
		January	
2013		2013	2014
3,027.3	Value Traded	204.6	310.1
12.4	Average Daily Trading	10.8	15.5
18,233.5	Market Capitalization	19,787.1	19,470.5
2,705.8	No. of Traded Shares (million)	214.9	330.3
146.9	Net Investment of Non-Jordanian	7.0	-4.1
939.5	Non-Jordanian Buying	34.3	37.7
792.6	Non-Jordanian Selling	27.2	41.8

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.8 percent, during the third quarter of 2013, compared to 2.6 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 8.0 percent during the third quarter of 2013, compared to 6.9 percent during the same quarter of 2012.
- As for the first three quarters of 2013, GDP at constant prices, grew by 2.8 percent, maintaining its growth rate during the first three quarters of 2012. Furthermore, GDP at current market prices grew by 9.0 percent, compared to 7.6 percent during the same period of 2012.
- Inflation, measured by the CPI, increased by 3.4 percent during January of 2014, compared to 6.7 percent during the same month of 2013.
- The unemployment rate went up during 2013, to stand at 12.6 percent (10.6 percent for males and 22.2 percent for females), compared to 12.2 percent (10.4 percent for males and 19.9 percent for females) during 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.8 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 the first three quarters of 2013, maintaining its growth rate during the same period of 2012. When excluding “net taxes on products”, which grew by 3.2 percent during the first three quarters of 2013, compared to 3.3 percent during the same period of 2012, GDP at constant basic prices grew by 2.7 percent during the first three quarters of 2013, maintaining its growth rate during the same period of 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		
GDP at Current Market Prices	9.5	9.7	8.0		

Source: Department of Statistics.

GDP at current market prices grew by 9.0 percent during the first three quarters of 2013, compared to 7.6 percent during the same period of 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.0 percent during the first three quarters of 2013, compared to 4.7 percent during the same period in 2012.

The main sectors contributed to the economic growth during the first three quarters of 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “transport, storage and communications” (0.6 percentage point), “trade, restaurants & hotels” (0.4 percentage point), construction (0.4 percentage point), and manufacturing (0.3 percentage point). These sectors collectively accounted for 89.3 percent of real GDP growth during the first three quarters of 2013.

The developments of economic sectors during the first three quarters of 2013; showed that most sectors witnessed positive real growth at divergent rates some sectors witnessed an accelerated improvement in performance; mainly construction (8.4 percent) and agriculture (1.0 percent), compared to a slight growth by 0.2 percent in construction, and a contraction by 9.6 percent in agriculture, during the same period of 2012.



While some sectors exhibited a decelerated growth rates during the first three quarters of 2013, mainly; “finance, insurance, real estate and business services” (3.8 percent), “transport, storage and communications” (4.0 percent), “trade, restaurants and hotels” (3.6 percent), manufacturing (1.7 percent) and “producers of government services” (1.3 percent), against a growth of 5.0 percent, 4.9 percent, 7.1 percent, 2.4 percent and 2.0 percent, during the same period of 2012, respectively. In contrast, the sectors of “mining and quarrying” and “electricity and water” experienced a contraction of 10.5 percent and 0.6 percent, respectively, compared to a contraction of 14.1 percent in “mining and quarrying” and a growth of 7.2 percent in “electricity and water” during the same period of 2012.

□ Microeconomic Indicators

- Industrial production quantity index grew by 1.6 percent during 2013 against a growth of 0.2 percent during 2012. This can be attributed to the following:
 - Manufacturing production quantity index grew by 3.3 percent, compared to a growth of 1.5 percent during 2012. This came as

a result of an improvement in production of some items, mainly; “chemical products” (14.2 percent), and “food products and beverages” (5.0 percent), on one hand, and a decrease in cement (17.7 percent), “iron and steel” (13.8 percent) and “refined petroleum products” (10.8 percent), on the other.

- “Mining and quarrying” production quantity index decreased by 11.5 percent, against a decrease of 16.9 percent during 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 15.7 percent and potash by 5.2 percent; owing to a decline in the demand of some major importing countries for these materials, especially India.
- Electricity production quantity index decreased by 4.5 percent, compared to an increase of 6.5 percent during 2012; due to a decline in the demand of industry sectors.
- The number of passengers through Royal Jordanian recorded a decrease of 3.7 percent during 2013, compared to a growth of 5.8 percent during 2012.
- Cargo through Royal Jordanian contracted by 9.5 percent during 2013, compared to a contraction of 1.7 percent during 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 15.7 percent during 2013, compared to an increase of 0.9 percent during 2012.
- Licensed areas for buildings decreased by 2.0 percent during 2013, compared to a growth of 8.5 percent during 2012.
- Number of departures contracted by 13.5 percent during 2013, compared to a decrease of 7.7 percent during 2012.

Main Sectoral Indicators

Percentages*

Item	2012		2013
Industrial production quantity index	0.2		1.6
Manufacturing production quantity index	1.5		3.3
Food products and beverages	3.3		5.0
Refined petroleum products	9.8		-10.8
Iron and steel	-2.5		-13.8
Cement, lime and plaster	-22.6		-17.7
Chemical products	-3.2		14.2
“Mining and quarrying” production quantity index	-16.9		-11.5
Phosphate	-15.3		-15.7
Potash	-19.0		-5.2
Electricity production quantity index	6.5		-4.5
The number of passengers through Royal Jordanian	5.8		-3.7
Cargo through Royal Jordanian	-1.7		-9.5
Quantities of exported and imported goods shipped through Aqaba port	0.9		-15.7
Licensed areas for buildings	8.5		-2.0
Number of departures	-7.7		-13.5

*Sources:

- Monthly Statistical Bulletin / Central Bank of Jordan.

- Royal Jordanian.

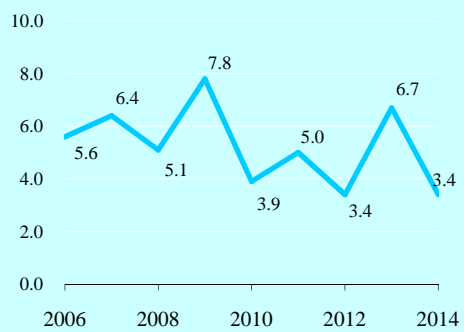
Prices

The inflation rate, measured by the percentage change in the CPI, increased in January 2014, to stand at 3.4 percent, compared to 6.7 percent during the same month of 2013. This came as a result of the rise in the prices of some items, mainly; 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, which was attributed to the government's decision of increasing the tariff on imported clothing (mid-September 2013), in addition to the increase of 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.

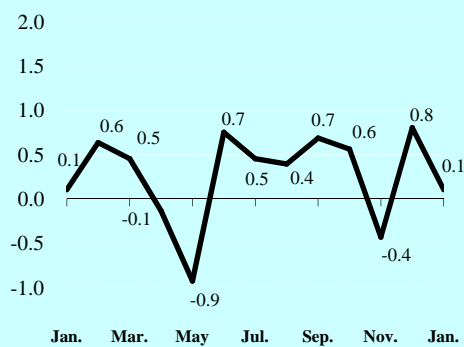
These items collectively contributed to the overall inflation rate by 2.6 percentage points, compared to 1.2 percentage points during the same month of 2013.

Compared with December 2013, the CPI in January 2014 increased by 0.1 percent. This was due to the increase in the prices of some items; mainly “meat and poultry”, “sugar and confectionaries”, “house utensils” and transportation.

Annual Bases Inflation Rate
for the first month for the Years (2006-2014), percentages



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



Developments of the CPI basket during January 2014, compared to January 2013:

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 3.0 percent compared to an increase of 4.0 percent during January 2013. The contribution of this group to the overall inflation rate reached 1.1 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; vegetables (21.6 percent), fruits (10.7 percent), and “dairy products and eggs” (3.2 percent), on one hand, and a decrease in prices of “meat and poultry” (2.1 percent), and “oils and fats” (1.0 percent), on the other.
- ◆ “Clothing and footwear” group has the least weight in the CPI basket 5.0 percent. The prices of this group increased by 7.3 percent compared to an increase of 3.6 percent during January 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 (7.4 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 (6.7 percent).
- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 4.2 percent compared to an increase of 8.6 percent during January 2013. Accordingly, it contributed to the overall inflation rate by 1.1 percentage points. The increase in the prices of this group was driven by the increase in the prices of rents by 7.7 percent, compared to an increase of

2.5 percent during January 2013; 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 1.7 percent for “house utensils” and 0.2 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 2.4 percent compared to 9.5 percent during the same month of 2013. Accordingly, this group contributed by 0.8 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 5.8 percent, compared to an increase of 4.1 percent during the same month of 2013; 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 (5.5 percent), and transportation (3.3 percent).

□ **Employment**

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the fourth quarter of 2013; to stand at 11.0 percent (9.5 percent for males and 18.7 percent for females), compared to 12.5 percent (10.8 percent for males and 19.9 percent for females) during the same quarter of 2012.

- ◆ Accordingly, the unemployment rate during 2013 increased to stand at 12.6 percent (10.6 percent for males and 22.2 percent for females), compared to 12.2 percent (10.4 percent for males and 19.9 percent for females) during 2012. Furthermore, the unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 17.8 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2013 reached 37.1 percent (60.4 percent for males against 13.2 percent for females), compared to 38.0 percent (61.3 percent for males against 14.1 percent for females) during 2012.
- ◆ The employed rate among the population of 15 years and over reached 32.4 percent during 2013, compared to 33.4 percent during 2012. The employees in the sector of “public administration, defense, and social security” accounted for 26.2 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.7 percent), education (12.1 percent), manufacturing (9.9 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 1,100.8 million during the first eleven months of 2013, comparing to a fiscal deficit in the amount of JD 1,427.2 million, during the same period in 2012. When excluding foreign grants (JD 579.4 million), the general budget deficit reaches JD 1,680.2 million compared to a deficit in the amount of JD 1,523.8 million during the same period in 2012.
- Net outstanding domestic public debt increased by JD 213.8 million at the end of 2013 compared to its level at the end of 2012, to reach JD 11,862.3 million (49.4 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 2,302.1 million at the end of 2013, compared to its level at the end of 2012, to stand at JD 7,234.5 million (30.2 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 19,096.8 million (79.6 percent of GDP) at the end of 2013 compared to JD 16,580.9 million (75.5 percent of GDP) at the end of 2012.

□ The performance of the general budget during the first eleven months of 2013 compared to the same period in 2012:

■ Public Revenues

Public revenues (including foreign grants) declined by JD 224.0 million, or 34.4 percent, in November 2013 comparing to the same month in 2012 to reach JD 426.9 million. As for the first eleven months of 2013, these revenues were up by JD 595.8 million, or 13.2 percent, compared to the same period in 2012 to stand at JD 5,111.6 million. This rise came as a result of the increase in foreign grants by JD 482.8 million, and domestic revenues by JD 113.1 million.

Main Government Budget Indicators during the first eleven months of 2013:

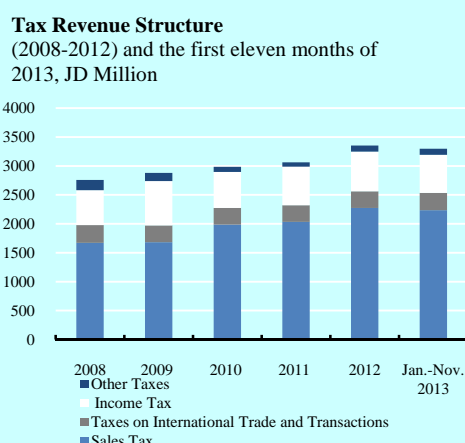
(JD Million and Percentages)

	November		Growth Rate	Jan. – Nov.		Growth Rate
	2012	2013		2012	2013	
Total Revenues and Grants	650.9	426.9	-34.4	4,515.8	5,111.6	13.2
Domestic Revenues, of which:	650.9	397.8	-38.9	4,419.1	4,532.2	2.6
Tax Revenues, of which:	499.9	282.7	-43.4	3,136.4	3,297.3	5.1
General Sales Tax	436.2	226.0	-48.2	2,115.3	2,235.6	5.7
Other Revenues	149.3	113.4	-24.0	1,261.1	1,214.8	-3.7
Foreign Grants	0.0	29.1	-	96.6	579.4	499.8
Total Expenditures, of which:	917.0	630.2	-31.3	5,942.9	6,212.4	4.5
Capital Expenditures	46.6	106.2	127.9	512.5	711.9	38.9
Overall Deficit/ Surplus	-266.1	-203.3	-	-1,427.2	-1,100.8	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 113.1 million, or 2.6 percent, in the first eleven months of 2013 compared to the same period in 2012, to reach JD 4,532.2 million. This increase was an outcome of the rise in the proceeds of “tax revenues” by JD 160.9 million, and the drop in “other revenues” and “pension contributions” by JD 46.3 million, and JD 1.5 million, respectively.



● Tax Revenues

Tax revenues increased by JD 160.9 million, or 5.1 percent, during the first eleven months of 2013 compared to the same period in 2012, to reach JD 3,297.3 million (72.8 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of general sales tax on goods and services. Following are the main developments in tax revenues items:

- The increase in the proceeds of “general sales tax on goods and services” by JD 120.3 million which reached JD 2,235.6 million (accounting for 67.8 percent of total tax revenues). This result was driven by the increase in the proceeds of most general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on imported goods” and “sales tax on services” have increased by JD 158.3 million, JD 50.9 million, and JD 30.8 million, respectively. However, the proceeds of “sales tax on domestic goods” decreased by JD 119.7 million.
- The decrease in the proceeds of “income and profit taxes” by JD 8.5 million, or 1.3 percent, which reached JD 659.5 million (accounting for 20.0 percent of total tax revenues). This result was driven by the decrease in the proceeds of “income tax from companies and other projects” by JD 8.1 million, as well as “income tax from individuals” by JD 0.4 million. Accordingly, income tax from companies accounted for 81.5 percent of total taxes on income and profits to reach JD 537.3 million (of which JD 223.8 million from banks and financial institutions).

- The increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 37.6 million or 14.4 percent, which reached JD 298.5 million (accounting for 9.1 percent of total tax revenues).
- The increase in real-estates tax (taxes on financial transactions) by JD 11.5 million, or 12.5 percent, to reach JD 103.7 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” decreased by JD 46.3 million, or 3.7 percent, during the first eleven months of 2013 to reach JD 1,214.8 million. This drop was an outcome of:

- The decline in property income by JD 51.2 million to stand at JD 264.4 million (of which financial surplus of independent government units amounted to JD 236.6 million).
- The decrease in miscellaneous revenues by JD 100.9 million to stand at JD 223.9 million.
- The increase in “revenues from selling goods and services” by JD 105.7 million to reach JD 726.5 million.

- **Pension Contributions**

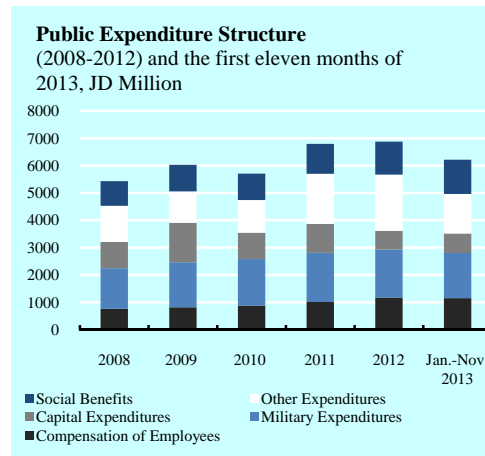
Pension contributions were down by JD 1.5 million during the first eleven months of 2013, standing at JD 20.1 million.

- ◆ **Foreign Grants**

Foreign grants were up by JD 482.8 million during the first eleven months of 2013, standing at JD 579.4 million. The aforementioned grants included additional grants from Saudi Arabia and United States of America in the amount of JD 354.0 million (equivalent to US\$ 500.0 million), as well as grants provided by GCC fund.

Public Expenditures

Public expenditures witnessed a decrease by JD 286.8 million, or 31.3 percent, in November 2013 compared to the same month in 2012 to stand at JD 630.2 million. However, public expenditures increased by JD 269.5 million, or 4.5 percent during the first eleven months of 2013, to stand at JD 6,212.4 million. This increase was a result of the rise in both current expenditures and capital expenditures by 1.3 percent, and 38.9 percent, respectively.



Current Expenditures

Current expenditures increased by JD 70.1 million, or 1.3 percent, during the first eleven months of 2013, to reach JD 5,500.5 million. This increase was due to:

- The increase in military expenditures by JD 123.8 million to total JD 1,654.6 million, accounting for 30.1 percent of total current expenditures.
- The increase in social benefit expenditures by JD 190.7 million to stand at JD 1,247.1 million, accounting for 22.7 percent of total current expenditures, due to including direct cash subsidies allocations in the social safety net item.
- The rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 78.7 million to reach JD 1,150.7 million, accounting for 20.9 percent of total current expenditures.

- The increase in interest payments, on internal and external public debt, by JD 157.5 million to stand at JD 663.2 million, accounting for 12.1 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 34.5 million to stand at JD 228.4 million, accounting for 4.2 percent of total current expenditures.
- The decrease in goods subsidies by JD 547.0 million to stand at JD 225.0 million, accounting for 4.1 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

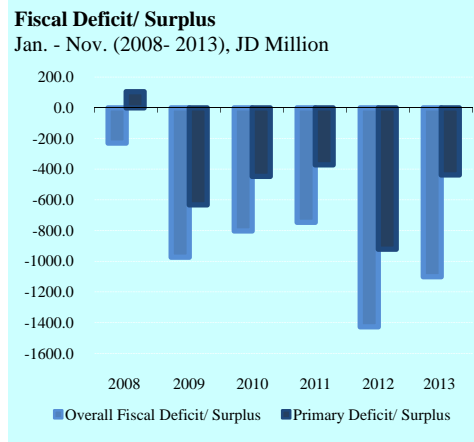
◆ Capital Expenditures

Capital expenditures increased by JD 199.4 million, or 38.9 percent during the first eleven months of 2013 comparing to the same period of 2012, to reach JD 711.9 million.

■ General Budget Deficit/ Surplus

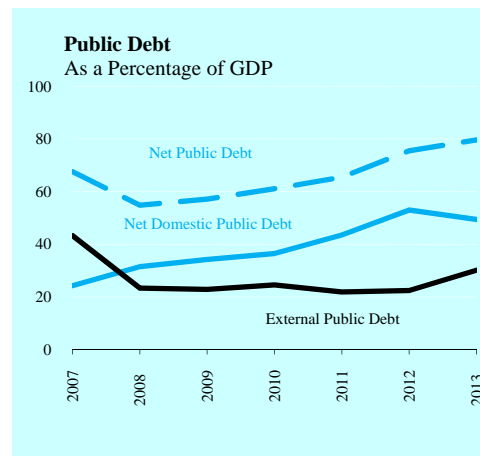
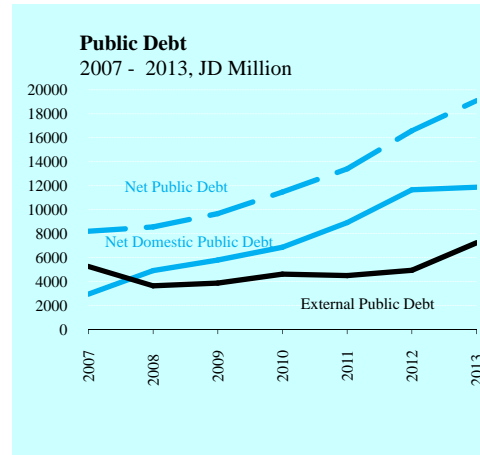
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,100.8 million during the first eleven months of 2013, against a fiscal deficit in the amount of JD 1,427.2 million during the same period in 2012.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 437.6 million during the first eleven months of 2013, against a primary deficit of JD 921.5 million during the same period in 2012.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 213.8 million at the end of 2013 comparing to its level at the end of 2012 to total JD 11,862.3 million, or 49.4 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 761.9 million to reach JD 13,439.5 million, and the increase in the government deposits at the banking system by JD 548.0 million to reach JD 1,577.0 million. In details, the increase in the budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 1,226.0 million to reach JD 10,868.0 million at the end of 2013, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 672.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 308.0 million to reach JD 869.0 million at the end of 2013, in addition, loans and advances extended to these agencies decreased by JD 65.0 million to stand at JD 1,014.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 2,302.1 million at the end of 2013 compared to its level at the end of 2012, amounting to JD 7,234.5 million (30.2 percent of GDP). This increase was driven by the government's issuance of domestic bonds in dollar twice this year, in the total value of JD 815 million (equivalent to US\$ 1,150.0 million), as the first issue, in February, amounted to JD 354 million (US\$ 500 million), and the second issue, in August, amounted to JD 461 million (US\$ 650 million), in addition to receiving the second and the third tranches of the IMF loan under the stand-by arrangement (SBA) in the total amount of JD 457 million, (equivalent to US\$ 387 million for the second tranche and US\$ 258 million for the third tranche). The currency debt structure shows that external debt in US dollars accounted for 54.4 percent, while debt in Euros accounted for 7.2 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 9.2 percent and 12.2 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 2,515.9 million at the end of 2013 compared to its level at the end of 2012 to stand at JD 19,096.8 million, (79.6 percent of GDP), against JD 16,580.9 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP increased by 4.1 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 598.9 million during 2013 (of which interest payments amounting to JD 129.8 million) compared to JD 558.1 million (of which interest payments amounting to JD 120.6 million) during 2012.

□ Fiscal and Price Measures

- Raising the prices of all oil derivatives, while maintaining the price of liquid gas cylinder unchanged, as follows:

Oil Derivatives Price Developments

	Unit	2014		Percentage Change
		February	March	
Unleaded Gasoline 90	Fils/Liter	820	835	1.8
Unleaded Gasoline 95	Fils/Liter	1,000	1,015	1.5
Gas Oil (Diesel)	Fils/Liter	670	680	1.5
Gas Oil/ electricity	Fils/Liter	670	680	1.5
Kerosene	Fils/Liter	670	680	1.5
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	475.2	476.9	0.4
Fuel oil/ electricity	JD/Ton	475.2	476.9	0.4
Fuel oil for ships	JD/Ton	475.2	479.7	0.9
Fuel oil for airplanes (local companies)	Fils/Liter	608	611	0.5
Fuel oil for airplanes (foreign companies)	Fils/Liter	613	616	0.5
Fuel oil for unplanned flights	Fils/Liter	628	631	0.5
Asphalt	JD/Ton	509.1	510.9	0.4

Source: Jordan Petroleum Refinery Company (1/3/2014).

- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite kingdom of Jordan, in the amount of US\$ 1.25 billion. These bonds due after seven years in one payment and carry a fixed annual interest rate of 2.503 percent which would be paid semi-annually until maturity. This issuance is the first of its kind for

the kingdom in the international markets, as it is guaranteed by the U.S government (October 2013).

□ Grants, Loans and Other Agreements

- Signing a financial cooperation agreement with the German government under the development cooperation program for the years (2013 – 2014), to provide financial assistance in the value of EUR 85.5 million, of which soft loans amounting to EUR 74 million and grants in the amount of EUR 11.5 millions to support several projects in certain sectors including water and sanitation, climate change and support for Syrian refugees, to be implemented through the German Development Bank (KfW), December 2013.
- Signing memorandums of understanding between the government of Jordan and the Japanese government, to provide an emergency grant of one billion Yen (equivalent to US\$ 10.1 million) to reduce the burden of hosting the growing numbers of Syrian refugees (November 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 15.0 percent in December 2013 compared to its level in the same month of 2012 to record JD 436.0 million. As for 2013, total merchandize exports increased by 0.3 percent compared to 2012 to reach JD 5,616.6 million.
- **Merchandize imports** decreased by 2.1 percent in December 2013 compared to its level in the same month of 2012 to reach JD 1,288.0 million. As for 2013, merchandize imports increased by 5.4 percent compared to 2012 to reach JD 15,523.5 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 6.2 percent in December 2013 compared to the same month in 2012 standing at JD 852.1 million. As for 2013, the trade balance deficit increased by 8.5 percent compared to 2012 to reach JD 9,906.9 million.
- **Travel receipts** increased during 2013 compared to its level in 2012 by 1.4 percent. Also, travel payments registered a decline of 4.1 percent.
- **Total workers' remittances receipts** increased by 4.4 percent during 2013 compared to their level in 2012 to reach JD 2,586.3 million.
- **The current account of the balance of payments** registered a deficit of JD 2,112.7 million (12.1 percent of GDP) during the first three quarters of 2013 compared to a deficit of JD 3,439.1 million (21.4 percent of GDP) during the same period in 2012.
- **Net direct investment** recorded an inflow of JD 1,041.6 million during the first three quarters of 2013, up from JD 866.9 million during the same period in 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 20,136.8 million at the end of September 2013; an increase of JD 1,253.1 million over its level at the end of December 2012.

□ External Trade

- As a result of the increase in domestic exports by JD 55.2 million and the increase in imports by JD 789.7 million during 2013, the volume of external trade (domestic exports *plus* imports) increased by JD 845.0 million to stand at JD 20,328.3 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
	2012	2013	Percentage Change		2012	Percentage Change 2012/2011	2013	Percentage Change 2013/2012
Exports				External Trade	19,483.4	6.8	20,328.3	4.3
Iraq	716.4	883.5	23.3	Total Exports	5,599.5	-1.5	5,616.6	0.3
USA	788.5	847.5	7.5	Domestic Exports	4,749.6	-1.2	4,804.8	1.2
Saudi Arabia	523.6	651.4	24.4	Re-exports	849.9	-3.3	811.8	-4.5
India	510.5	350.9	-31.3	Imports	14,733.8	9.6	15,523.5	5.4
UAE	173.7	192.2	10.6	Trade Balance	-9,134.3	17.8	-9,906.9	8.5
Indonesia	192.7	161.6	-16.1	Source: Department of Statistics.				
Algeria	91.4	98.1	7.3					
Imports								
Saudi Arabia	3469.7	2,853.7	-17.8					
China	1416.4	1,585.8	12.0					
USA	977.5	966.4	-1.1					
India	506.8	785.5	55.0					
Italy	658.6	734.5	11.5					
Germany	575.2	574.2	-0.2					
Turkey	568.9	535.7	-5.8					
UAE	418.8	519.7	24.1					
Source: Department of Statistics.								

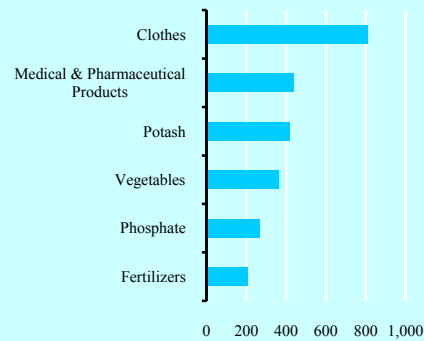
■ Merchandize Exports:

Total merchandize exports increased by 0.3 percent during 2013 compared to a 1.5 percent decline during 2012, to record JD 5,616.6 million.

This increase resulted from

an increase in domestic exports by JD 55.2 million, or 1.2 percent, to reach JD 4,804.8 million, and a decline in re-exports by JD 38.1 million, or 4.5 percent, to reach JD 811.8 million.

**Major Exports by Commodity
2013 , JD Million**



◆ The developments of domestic exports during 2013 compared to 2012 reveals the following:

- Exports of **medical and pharmaceutical products** increased by JD 56.7 million, or 14.8 percent, to reach JD 438.7 million, compared to an increase of 7.7 percent during 2012. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 62.2 percent of these exports.

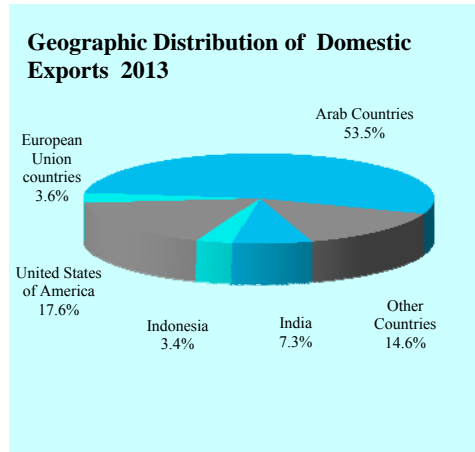
- Exports of **potash** decreased by JD 58.9 million, or 12.3 percent, to stand at JD 420.0 million, compared to a 19.3 percent decrease during 2012. The Indian, Indonesian, Chinese, and Malaysian markets accounted for 72.7 percent of these exports.
- Exports of **vegetables** increased by JD 10.1 million, or 2.9 percent, to total JD 364.3 million, compared to JD 354.2 million during 2012. The UAE, Iraqi and Saudi markets were the main destinations of these exports accounting for 48.8 percent.

Major Domestic Exports by Commodity, JD Million

	2012	2013	Percentage Change
Domestic Exports	4,749.6	4,804.8	1.2
Clothes	738.0	810.1	9.8
USA	692.6	748.1	8.0
Medical & Pharmaceutical Products	382.0	438.7	14.8
Saudi Arabia	93.4	100.5	7.6
Algeria	66.5	81.3	22.2
Iraq	40.2	51.2	27.3
Sudan	28.5	39.7	39.3
Potash	478.9	420.0	-12.3
India	85.9	92.5	7.7
Indonesia	95.4	82.7	-13.3
China	126.2	65.9	-47.8
Malaysia	43.9	64.3	46.5
Vegetables	354.2	364.3	2.9
UAE	62.8	66.6	5.9
Iraq	39.4	53.3	35.3
Saudi Arabia	16.2	51.9	219.7
Phosphate	426.0	267.4	-37.2
India	286.6	192.3	-32.9
Indonesia	57.8	35.8	-38.0
Bulgaria	37.6	11.9	-68.4
Fertilizers	242.8	209.1	-13.9
India	107.3	45.6	-57.5
Turkey	32.4	45.2	39.3
Ethiopia	20.9	29.7	41.9

Source: Department of Statistics.

- Exports of **phosphate** decreased by JD 158.6 million, 37.2 percent, to register JD 267.4 million, compared to a decrease of 4.5 percent during 2012. This decline was mainly due to the decrease in both

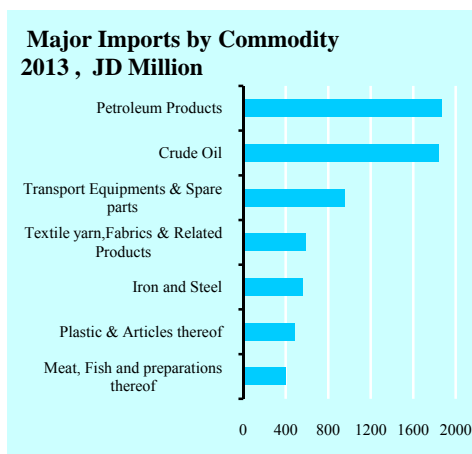


quantities and prices by 25.2 percent and 16.1 percent, respectively. It is worth noting that the Indian market was the main destination for these exports, accounting for 71.9 percent of phosphates exports.

- Consequently, the commodity breakdown of domestic exports indicates that the exports of clothes, “medical and pharmaceutical products”, potash, vegetables, phosphate, and Fertilizers topped the list of domestic exports during 2013; accounting for 52.2 percent of domestic exports, down from 55.2 percent during 2012. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, Saudi Arabia, India, the UAE, Indonesia, and Algeria were the main destination markets for Jordanian domestic exports during 2013; accounting for 66.3 percent of domestic exports, up from 63.1 percent during 2012.

■ Merchandize Imports:

Merchandize imports amounted to JD 15,523.5 million during 2013, increasing by JD 789.9 million, or 5.4 percent, compared to an increase of 9.6 percent during 2012.



◆ The developments of imports during 2013 compared with 2012 reveals the following:

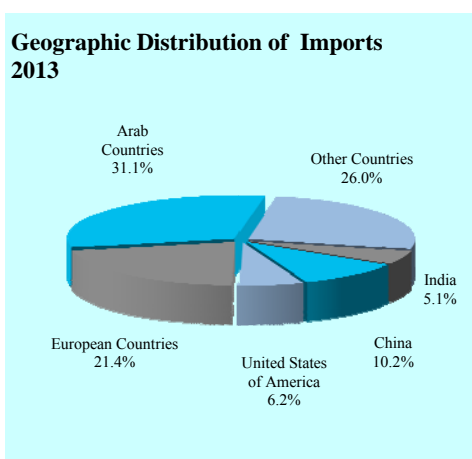
- **Crude oil** imports decreased by JD 113.0 million, 5.8 percent, to reach JD 1,845.4 million, compared to an increase of 5.5 percent during 2012. This decrease was attributed to the decline in both, quantities and prices by 1.6 percent and 4.3 percent, respectively. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 415.4 million, or 18.2 percent, to total JD 1,870.7 million compared to an increase of 43.9 percent during 2012. The main source markets of these imports were India, Belgium and Italy.

- Imports of **Transport equipments and Spare Parts** increased by JD 111.6 million, 13.2 percent, to reach JD 958.2 million compared to an increase by 6.8 percent during 2012. the USA, South Korea and Japan were the main origin markets for these imports; accounting for 61.1 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 92.5 million, 18.7 percent to reach JD 588.4 million, compared to an increase of 8.5 percent during 2012. The markets of China, Taiwan and Turkey accounted for 72.9 percent of these imports.

Major Imports by Commodity, JD Million			
	2012	2013	Percentage Change
Total Imports	14,733.7	15,523.5	5.4
Crude oil	1,958.2	1,845.2	-5.8
Saudi Arabia	1,794.0	1,599.6	-10.8
Petroleum Products	2,286.1	1,870.7	-18.2
India	192.8	468.6	143.1
Belgium	0.2	188.1	-
Italy	286.6	186.2	-35.0
Transport Equipments and Spare Parts	846.6	958.2	13.2
USA	145.2	208.5	43.6
South Korea	266.0	200.1	-24.8
Japan	114.3	177.0	54.9
Textile Yarn, Fabrics & Related Products	495.9	588.4	18.7
China	203.9	228.5	12.1
Taiwan	117.1	160.4	37.0
Turkey	37.5	40.1	6.9
Iron & Steel	593.6	563.7	-5.0
Ukraine	175.4	124.1	-29.2
China	60.4	77.3	28.0
Saudi Arabia	41.7	53.8	29.0
Plastic & Articles Thereof	438.2	483.5	10.3
Saudi Arabia	207.5	228.2	10.0
China	26.4	39.7	50.6
UAE	21.6	29.1	34.6
Meat, fish and preparations thereof	379.9	397.1	4.5
Brazil	72.4	110.1	52.1
Australia	78.3	78.9	0.8
India	41.9	35.9	-14.3

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 “Meat, fish and preparations thereof”, topped the list of imports during 2013, accounting for 43.2 percent of total imports; down from 47.4 percent during 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, India, Italy, Germany, Turkey and the UAE were the main sources of imports during 2013; accounting for 55.1 percent compared to 58.3 percent during 2012.



■ Re-Exports

A decrease of JD 38.1 million, or 4.5 percent, was registered in the value of re-exported goods during 2013 compared to 2012, to reach JD 811.8 million.

■ Trade Balance

The trade balance deficit during 2013 increased by JD 772.7 million, or 8.5 percent, to register JD 9,906.9 million compared to 2012.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 108.7 million, or 4.4 percent, during 2013 compared to 2012 to register JD 2,586.3 million.

□ Travel

■ Receipts

Travel receipts increased by JD 39.5 million, or 1.4 percent, during 2013 compared to 2012 to register JD 2,923.0 million.

■ Payments

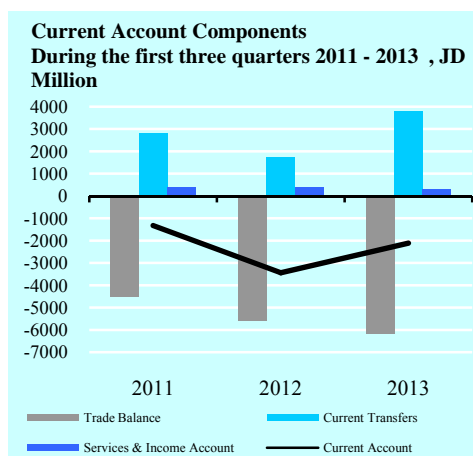
Travel payments decreased by JD 33.6 million, or 4.1 percent, during 2013 compared to 2012 to stand at JD 778.3 million.

□ Balance of Payments

The preliminary data of the balance of payments for the first three quarters of 2013 compared to the same period of 2012, reveals the following developments:

- The current account recorded a deficit of JD 2,112.7 million (12.1 percent of GDP) compared to a deficit of JD 3,439.1 (21.4 percent of GDP) million during the first three quarters of 2012. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit by JD 619.0 million, 11.1 percent, to reach JD 6,176.9 million compared to the same period in 2012.



- ◆ A decrease in the surplus of the services

account by JD 139.3 million to reach JD 453.2 million. As a result of the decline in the registered surpluses for both travel (net) and government services (net), to reach JD 1,180.0 million and JD 77.8 million, respectively, and the decrease in the registered deficit for other services (net) to reach JD 116.0 million and an increase in the registered deficit for transportation (net) to reach JD 688.6 million.

- ◆ Income account recorded a deficit of JD 158.5 million compared to a similar deficit of JD 197.0 million during the first three quarters of 2012, as a result of recording a deficit of JD 326.5 million in investment income (net) and a surplus of JD 168.0 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 2,046.2 million; to reach JD 3,769.5 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 1,182.2 million and JD 864.0 million, to reach JD 1,445.1 million and JD 2,324.4 million, respectively. It's worth mentioning that the workers' remittances (net) increased by 3.0 percent, during the first three quarters of 2013 to record JD 1,769.6 million.

- The capital and financial account in the first three quarters of 2013 registered a net inflow of JD 1,337.0 million compared to a net inflow of JD 3,051.0 million during the same period of 2012, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,041.6 million compared to a similar inflow of JD 866.9 million during the first three quarters of 2012.
 - ◆ Portfolio investments recorded a net inflow of JD 256.4 million compared to a similar inflow of JD 174.1 million during the first three quarters of 2012.
 - ◆ Other investments registered a net inflow of JD 2,821.5 million compared with an outflow of JD 126.4 million during the first three quarters of 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 2,783.3 million compared to a decrease of JD 2,136.0 million during the first three quarters of 2012.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 20,136.8 million at the end of September 2013 compared to JD 18,883.7 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 2,602.0 million to reach JD 17,119.9 million at the end of September of 2013 compared to the end of December 2012. This increase was a result of the rise in CBJ's reserves by 2,668.9 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 3,855.1 million at the end of September 2013 compared to the end of December 2012; standing at JD 37,256.7 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,040.8 million to stand at JD 18,698.1 million.
 - ◆ An increase in the stock of portfolio investments by JD 554.8 million to reach JD 3,339.9 million as a result of the increase in the market value of shares owned by non-residents at Amman stock Exchange (ASE) by JD 453.9 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,931.5 million to reach JD 8,426.3 million. (an increase of JD 750.7 million at the CBJ, and an increase of JD 1,180.8 million at licensed banks).
 - ◆ A decrease in trade credits extended to residents in Jordan by JD 46.8 million, to stand at JD 728.7 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 409.2 million to reach JD 5,632.7 million (drawings of IMF Found Credits and loans).