



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

Research Dept. Monthly Report

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Central Bank of Jordan

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❑ OUR VISION

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

❑ OUR MISSION

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	29
Fourth	External Sector	38

Executive Summary

According to the latest available indicators for the year 2010 and the elapsed period of 2011, the national economy displayed favorable results in both the monetary and the external sectors, and more specifically the growth in domestic exports, and the outstanding balance of credit facilities extended by the licensed banks. Furthermore, the preliminary national accounts estimates released by the Department of Statistics showed a noticeable improvement in the growth rate of real gross domestic product (GDP) in the fourth quarter of 2010, in comparison with the corresponding period of 2009, as well as the third quarter of 2010.

❑ **Output and Prices:** Real GDP at both market and basic prices grew by 3.1 percent and 4.3 percent respectively, during the whole year of 2010 compared to 2.3 percent and 3.2 percent respectively, during 2009. The Consumer Price Index (CPI) has increased by 4.4 percent during the first four months in 2011 against a rise in the amount of 4.9 percent during the same period of 2010. Regarding domestic and foreign investment indicators, investments benefiting from the Investment Promotion Law (IPL) totaled JD 1,660.6 million during 2010, of which 13.5 percent were foreign investments, compared to JD 1,821.1 million in 2009.

❑ **Monetary and Financial Sector:**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,245.3 million, or 10.2 percent, at the end of April 2011 compared to their level at the end of 2010; standing at US\$ 10,995.9 million.
- Domestic liquidity grew by JD 455.4 million, or 2.0 percent, at the end of April 2011 compared to its level at the end of 2010; standing at JD 22,762.3 million.
- The outstanding balance of credit facilities extended by licensed banks was up by JD 837.3 million, or 5.8 percent, at the end of April 2011 compared to its level at the end of 2010; standing at JD 15,288.7 million.
- Total deposits at licensed banks increased by JD 422.0 million, or 1.9 percent, at the end of April 2011 compared to their level at the end of 2010; totaling JD 22,926.8 million.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,198.0 points at the end of April 2011, decreasing by 175.6 points, or 7.4 percent, compared to its level at the end of 2010.
- **Public Finance:** The general budget, including foreign grants, showed a fiscal deficit amounting to JD 186.2 million, during the first two months in 2011 compared to a fiscal surplus in the amount of JD 138.6 million, during the same period in the preceding year. On the front of indebtedness, net outstanding domestic public debt (budgetary and own-budget) increased by JD 396.0 million at the end of February 2011 compared to its level at the end of 2010; standing at JD 7,248.0 million, or 34.5 percent of GDP. Outstanding external public debt also increased by JD 28.9 million at the end of February 2011 compared to its level at the end of 2010; totaling JD 4,639.7 million, or 22.1 percent of GDP.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 15.7 percent during the first quarter of 2011 to reach JD 1,367.6 million. Similarly, the merchandize imports increased by 19.8 percent, totaling JD 3,044.7 million. As a result, the trade deficit expanded by 23.3 percent compared to the same period of the previous year; to reach JD 1,677.1 million. Furthermore, the preliminary figures for the first four months of 2011 showed a decrease in travel receipts and an increase in its payments by 5.4 percent and 2.5 percent respectively, compared to the same period in 2010. In addition, the total workers' remittances receipts during the first four months of 2011 decreased slightly by 0.7 percent compared to the same period of 2010. The preliminary figures for the balance of payments in 2010 displayed a deficit in the current account amounting to JD 931.4 (4.8 percent of GDP) million, up from JD 802.4 million (4.5 percent of GDP) during 2009. Furthermore, the Foreign Direct Investment (FDI) recorded net inflows to Jordan by JD 1,208.0 million during 2010 compared to net inflows of JD 1,722.9 million in 2009.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,245.3 million, or 10.2 percent, at the end of April 2011; compared to their level at the end of 2010; standing at US\$ 10,995.9 million. This level of reserves is equivalent to around 7.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity at the end of April 2011 increased by JD 455.6 million, or 2.0 percent, compared to its level at the end of the previous year to total JD 22,762.3 million.
- The credit facilities' outstanding balance, extended by licensed banks, increased by JD 837.3 million, or 5.8 percent, at the end of April 2011 compared to its level at the end of 2010; standing at JD 15,288.7 million.
- Total deposits at licensed banks increased by JD 422.0 million, or 1.9 percent, at the end of April 2011 in comparison with their level at the end of 2010; totaling JD 22,926.8 million.
- Interest rates on all kinds of deposits and credit facilities, decreased at licensed banks at the end of April 2011, compared to their levels at the end of 2010.

- The SPI weighted by market capitalization of free float shares at ASE reached 2,198.0 points at the end of April 2011; decreased by 175.6 points, or 7.4 percent compared to its level at the end of 2010. Further, the market capitalization decreased by around JD 1.3 billion, or 5.9 percent, at the end of April 2011 compared to its level at the end of 2010 to stand at JD 20.6 billion.

Main Monetary Indicators

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

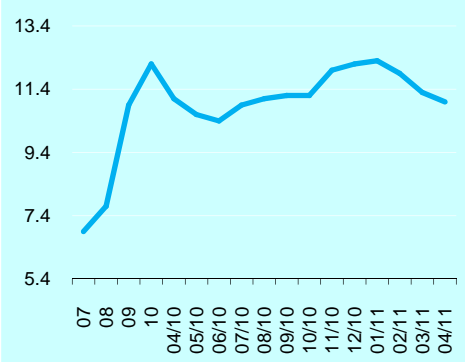
Year		End of April	
		2010	2011
US\$ 12,241.2	CBJ's Foreign Currency Reserves	US\$ 11,098.0	US\$ 10,995.9
12.5%		2.0%	-10.2%
22,306.7	Money Supply (M2)	20,474.7	22,762.3
11.5%		2.3%	2.0%
14,451.4	Credit Facilities, of which:	13,523.6	15,288.7
8.5%		1.5%	5.8%
12,979.1	Private Sector (Resident)	12,195.2	13,724.1
7.8%		1.3%	5.7%
22,504.8	Total Deposits, of which:	20,830.5	22,926.8
10.9%		2.6%	1.9%
17,617.2	In JD	16,156.8	17,787.2
11.0%		1.8%	1.0%
4,887.6	In Foreign Currencies	4,673.7	5,139.6
10.2%		5.4%	5.2%
18,343.9	Deposits of Private Sector (Resident), of which:	16,668.0	18,713.4
12.8%		2.5%	2.0%
15,214.4	In JD	13,742.0	15,394.4
12.7%		1.8%	1.2%
3,129.5	In Foreign Currencies	2,926.0	3,319.0
13.5%		6.1%	6.1%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves were down by US\$ 274.2 million, or 2.4 percent, at the end of April 2011 compared to their level in the previous month; standing at US\$ 10,995.9 million. Moreover, these reserves decreased by US\$ 1,245.3 million at the end of the first four months of 2011, or 10.2 percent, compared to their level at the end of 2010. This level of reserves is equivalent to around 7.5 months of the Kingdom's imports of goods and services. Furthermore, these reserves amounted to US\$ 11,005.4 million as of June 1, 2011; down by US\$ 1,235.8 million or 10.1 percent compared to their level at the end of 2010.

CBJ's Foreign Exchange Reserves (US \$ Billion)
yearly 07-10 and Monthly April.10- April.11



□ Domestic Liquidity (M2)

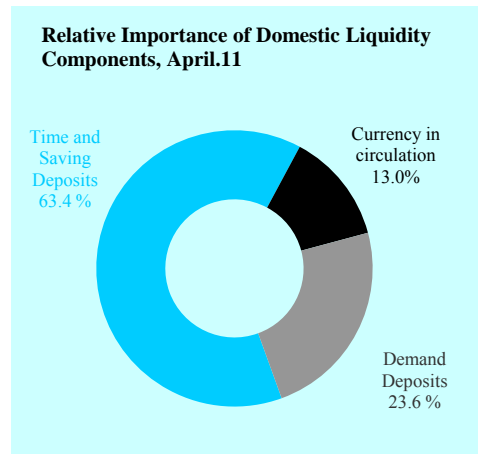
■ Domestic liquidity totaled JD 22,762.3 million at the end of April 2011; increasing by JD 221.2 million, or 1.0 percent, compared to its level at the end of the preceding month, against an increase in the amount of JD 183.2 million, or 0.9 percent, during the same month in 2010. Moreover, domestic liquidity increased by JD 455.6 million, or 2.0 percent, at the end of the first four months of 2011, against an increase in the amount of JD 461.4 million, or 2.3 percent, during the same period of 2010.

◆ **The comparison of the developments in the domestic liquidity components and the factors affecting liquidity between the end of the first four months in 2011 and the end of 2010 reveals the following:**

● Components of Domestic Liquidity

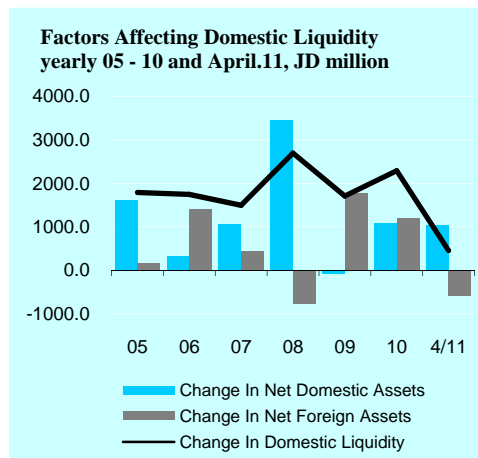
- Deposits increased by JD 344.4 million, or 1.8 percent, at the end of the first four months of 2011 compared to their level at the end of 2010; totaling JD 19,807.4 million, against an increase amounting to JD 394.7 million, or 2.3 percent, at the end of the same period of 2010.

- Currency in circulation increased by JD 111.2 million, or 3.9 percent, at the end of the first four months of 2011; standing at JD 2,954.9 million compared to its level at the end of 2010, against an increase in the amount of JD 66.7 million, or 2.5 percent, at the end of the same period of 2010.



- **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,050.7 million, or 8.6 percent, at the end of the first four months of 2011 compared to its level at the end of 2010, against



a growth in the amount of JD 140.8 million, or 1.3 percent, during the same period of 2010. This increase at the end of the first four months in 2011 was a result of the increase in net domestic assets at the CBJ by JD 987.4 million, or 14.4 percent, and the increase in these assets at the Licensed banks by JD 63.3 million, or 0.3 percent.

- Net foreign assets of the banking system decreased by JD 595.1 million, or 5.9 percent, at the end of the first four months of 2011 compared to their level at the end of 2010, against an increase in the amount of JD 320.6 million, or 3.6 percent, in the same period of 2010. This decrease was an outcome of the decrease in these assets at the CBJ by JD 808.7 million, or 8.1 percent, and the increase in these assets at the Licensed banks by JD 213.6 million.

Changes in Factors Affecting Domestic Liquidity (M2)

JD Million

Year		Change in balance relative to the end of April	
		2010	2011
1,197.1	Foreign Assets (Net)	320.6	-595.1
718.3	CBJ	141.9	-808.7
478.8	Licensed Banks	178.7	213.6
1,096.3	Domestic Assets (Net)	140.8	1,050.7
-574.7	CBJ, of which:	-111.7	987.4
-275.1	Claims on Public Sector (Net)	-147.2	72.9
-299.6	Other Items (Net*)	35.3	914.5
1,671.0	Licensed Banks	252.5	63.3
597.9	Claims on Public Sector (Net)	-178.2	367.1
919.3	Claims on Private Sector	161.4	808.1
153.8	Other Items (Net)	269.3	-1,111.9
2,293.4	Money Supply (M2)	461.4	455.6
164.2	Currency in Circulation	66.7	111.2
2,129.2	Total Deposits, of which:	394.7	344.4
342.2	In Foreign Currencies	138.5	238.2

* 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 increased the interest rates on its monetary policy instruments by 25 basis points. Accordingly, the interest rates on the 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.

As for the developments in interest rates on certificates of deposit (CDs), it is noted 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.

- 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 on Monetary Policy Instruments (%)

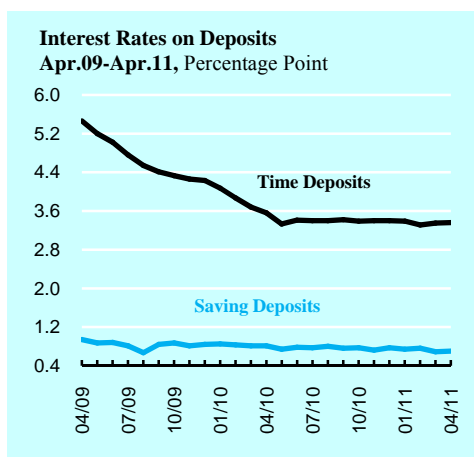
End of year		April	
2010		2010	2011
4.25	Re-discount Rate	4.25	4.25
4.00	Repurchase Agreements Rate (Repos)	4.00	4.00
2.00	Overnight Deposit Window Rate	2.00	2.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

◆ Interest Rates in the Banking Sector

• Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of April 2011 increased by one basis point compared to its level at the end of the preceding month; standing at 3.36 percent. Accordingly, this rate was 4 basis points lower compared to its level at the end of 2010.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of April 2011 increased by one basis point compared to its level in the previous month, to reach 0.70 percent. However, this rate was 7 basis points lower than its level at the end of the preceding year.

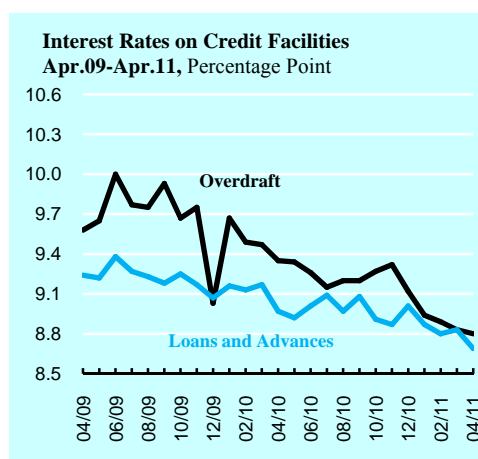
- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of April 2011 increased by 2 basis points compared to its level at the end of the previous month; standing at 0.44 percent, maintaining its level at the end of the preceding year.

• Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts stood at 8.80 percent at the end of April 2011; 3 basis points lower than its level at the end of the previous month. Moreover, this rate was 32 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” decreased by 17 basis points at the end of April 2011 compared to its level at the preceding month; to stand at 9.11 percent. Moreover, this rate was 30 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 8.69 percent at the end of April 2011; 14 basis points lower compared to its level at the end of the previous month. Compared to its level at the end of 2010, this rate was 32 basis points lower.

- The Prime Lending Rate:

This rate stood at 8.18 percent at the end of April 2011; 2 basis points lower than its level at the end of 2010.

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

Year		April		Change Relative to the Year 2010 Basis Points
		2010	2011	
Deposits				
0.44	Demand	0.45	0.44	0
0.77	Saving	0.81	0.70	-7
3.40	Time	3.56	3.36	-4
Credit Facilities				
9.41	Discounted Bills and Bonds	9.25	9.11	-30
9.01	Loans and Advances	8.97	8.69	-32
9.12	Overdraft	9.35	8.80	-32
8.20	Prime Lending Rate	8.20	8.18	-2

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 15,288.7 million at the end of April 2011; an increase amounting to JD 211.9 million, or 1.4 percent, compared to its level at the end of the previous month, against an increase in the amount of JD 93.1 million, or 0.7 percent, during the same month of 2010. As for the first four months of 2011, credit facilities grew by JD 837.3 million, or 5.8 percent, compared to an increase of JD 206.4 million, or 1.5 percent, during the same period of 2010.
- ◆ The classification of extended credit facilities according to economic activity during the first four months of 2011 demonstrates that the increase in the extended credit facilities was the outcome of the increase in these credit facilities for the sectors of industry and "other" items, which increased by JD 308.3 million, or 16.0 percent, and JD 230.0 million, or 7.4 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 745.0 million, or 5.7 percent, at the end of April 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 103.3 million, or 23.1 percent, and JD 8.8 million, respectively, compared to their levels at the end of 2010. However, the credit facilities extended to the private sector (non-resident) decreased by JD 19.9 million, or 2.0 percent.

□ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 22,926.8 million at the end of April 2011; an increase in the amount of JD 200.9 million, or 0.9 percent, compared to its level at the end of the previous month, against an increase of JD 59.9 million, or 0.3 percent, during the same month of 2010. As for the first four months of 2011, total deposits increased by JD 422.0 million, or 1.9 percent, compared to their level at the end of the preceding year, against an increase amounting to JD 532.1 million, or 2.6 percent, during the corresponding period of 2010.
- ◆ The increase in total deposits at licensed banks during the first four months of 2011 was an outcome of the increase in deposits of the private sector (resident) by JD 369.5 million, or 2.0 percent, the increase in the deposits of the private sector (non-resident) by JD 61.1 million, or 2.5 percent, and the increase in the deposits of non-banking financial institutions by JD 25.2 million, or 12.4 percent, on one hand, and the decrease in the deposits of the public sector by JD 33.8 million, or 2.2 percent, on the other hand, compared to their levels at the end of 2010.
- ◆ The developments in the currency structure of deposits during the first four months of 2011 reveal that both “deposits in foreign currencies” and “deposits in local currency” increased by JD 252.0 million, or 5.2 percent, and JD 170.0 million, or 1.0 percent, respectively, compared to their levels at the end of 2010.

□ Amman Stock Exchange (ASE)

The indicators of ASE displayed a negative performance at the end of the first four months 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 264.6 million in April 2011; down by JD 25.1 million, or 8.7 percent, compared to its level at the end of the previous month, against an increase of JD 201.7 million, or 21.7 percent, during the same month in 2010. Furthermore, the trading volume stood at JD 1,176.3 million during the first four months of 2011; a decline amounting to JD 1,969.0 million, or 62.6 percent, compared to its level during the same period of 2010.

- **Traded Shares**

The number of traded shares in April 2011 totaled 391.2 million; down by 28.1 million shares, or 6.7 percent, compared to its level at the end of the preceding month, against an increase amounting to 316.0 million shares, or 32.8 percent, during the same month in 2010. Moreover, the number of traded shares during the first four months of 2011 stood at 1,636.0 million shares compared to 3,122.7 million shares traded during the same period of 2010.

- **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 22.4 points, or 1.0 percent, at the end of April 2011 compared to its level at the end of the previous month to stand

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

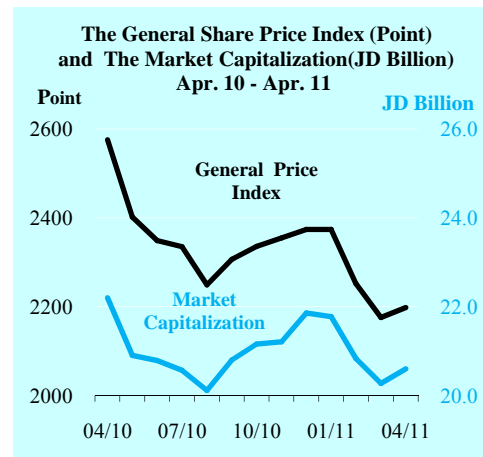
year		April	
		2010	2011
2,373.6	General Index	2,575.5	2,198.0
2,911.7	Financial Sector	3,166.1	2,731.5
2,576.6	Industrial Sector	2,734.8	2,360.5
1,897.2	Services Sector	2,042.6	1,770.1

Source: Amman Stock Exchange.

at 2,198.0 points, against an increase in the amount of 57.8 points, or 2.3 percent, during the same month in 2010. As for the first four months in 2011, the SPI dropped by 175.6 points, or 7.4 percent, compared to its level at the end of the preceding year, against a rise in the amount of 42.0 points, or 1.7 percent, during the same period of 2010. The above-mentioned drop during the first four months of 2011 was mainly due to the decline in the SPI for the industrial, services and the financial sectors by 216.1 points, or 8.4 percent, 127.1 points, or 6.7 percent, and 180.2 points, or 6.2 percent, respectively, compared to their levels at the end of 2010.

- **Market Capitalization**

The ASE's market capitalization totaled JD 20.6 billion at the end of April 2011; an increase of 0.3 JD billion, or 1.5 percent, compared to its level at the end of the previous month, against an increase of 0.5 JD billion, or 2.3 percent during the same month in the preceding year.



However, the market capitalization decreased by JD 1.3 billion, or 5.9 percent, during the first four months of 2011, compared to its level at the end of 2010, against a decline amounting to around JD 0.3 billion, or 1.3 percent, over the same period of 2010.

- **Non - Jordanian Net Investment**

Non - Jordanian net investment at ASE recorded an inflow amounting to JD 29.3 million in April 2011, compared to an outflow amounting to JD 10.0 million during the same month in 2010; the value of shares acquired by non - Jordanians in April 2011 stood at JD 71.3 million, while the value of shares sold by the said group amounted to JD 42.0 million. Furthermore, non-Jordanian net investment displayed an inflow amounting to JD 73.3 million during the first four months of 2011, against an outflow in the amount of JD 6.1 million during the same period of 2010.

Main Amman Stock Exchange Trading Indicators, JD Million

Year		April	
		2010	2011
6,690.0	Value Traded	1,131.2	264.6
26.8	Average Daily Trading	53.9	13.2
21,858.2	Market Capitalization	22,173.7	20,570.8
6,988.9	No. of Traded Shares (million)	1,279.1	391.2
(14.6)	Net Investment of Non-Jordanian	(10.0)	29.3
1,036.6	Non-Jordanian Buying	173.1	71.3
1,051.2	Non-Jordanian Selling	183.1	42.0

Source: Amman Stock Exchange.

Second: Output and Prices

□ Summary

- Gross Domestic Product (GDP) at both market and basic prices registered a real growth amounting to 3.1 percent and 4.3 percent, respectively, during the whole year of 2010 compared to 2.3 percent and 3.2 percent, respectively, during 2009.
- As for the last quarter of 2010, GDP at both market and basic prices registered a real growth rate of 3.8 percent and 4.8 percent, respectively, compared to 2.0 percent and 4.0 percent, respectively, during the same quarter in 2009.
- The general price level, as measured by the Consumer Price Index (CPI), increased by 4.4 percent during the first four months in 2011 against an increase amounting to 4.9 percent during the same period in 2010.
- Investments benefiting from the Investment Promotion Law (IPL) totaled JD 1,660.6 million during 2010 (of which foreign investments constitute 13.5 percent of the total), compared to JD 1,821.1 million in 2009.

□ Developments in Gross Domestic Product (GDP)

According to preliminarily estimates released by the Department of Statistics (DOS), the growth of the national economy maintained its upward trend during the last quarter of 2010. This favourable trend was driven by the improvement in regional and global conditions in 2010 and the growth of services and export-oriented sectors during the same year. **GDP, at constant market prices, grew at 3.8 percent in the last quarter of 2010 compared to 2.0 percent during the same quarter of 2009.** When excluding “net taxes on products”, which displayed a contraction by 2.6 percent during the last quarter of 2010, **GDP growth rate at constant basic prices rose to 4.8 percent** compared to 4.0 percent during the same quarter of 2009.

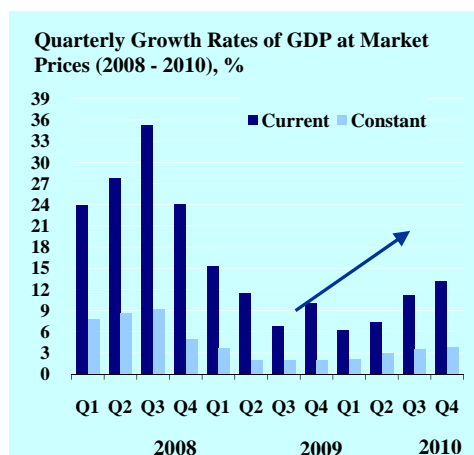
As for the **whole year of 2010**, the national economy also witnessed a sustained upward trend in its quarterly growth, to reach an annual growth rate of 3.1 percent, at constant market prices, compared to 2.3 percent during 2009.

**Quarterly Growth Rates of GDP at Market Prices
2008 - 2010**

	Percentages				
	Q 1	Q2	Q3	Q4	Year
2008					
GDP at Constant Market Prices	7.8	8.6	9.2	4.9	7.6
GDP at Current Market Prices	23.9	27.7	35.3	24.1	27.9
2009					
GDP at Constant Market Prices	3.6	1.9	1.9	2.0	2.3
GDP at Current Market Prices	15.3	11.4	6.8	10.0	10.6
2010					
GDP at Constant Market Prices	2.0	2.9	3.5	3.8	3.1
GDP at Current Market Prices	6.2	7.4	11.1	13.2	9.6

Source: Department of Statistics.

Despite such an improvement, the pace of real economic growth at market prices during 2010 was adversely affected by the contraction in “net taxes on products” which declined by 4.4 percent, as well as by the weak growth in commodity-producing sectors, especially the construction sector. On the other hand, **GDP at current market prices grew at 9.6 percent** compared to 10.6 percent in 2009, which came in light of **the rise in the general price level, measured by the GDP deflator, by 6.3 percent during the whole year of 2010** compared to 8.1 percent during 2009.



On the front of sectoral developments, economic sectors displayed a wide variation in their performance during 2010. **Some sectors witnessed a marked improvement, particularly “mining and quarrying” sector** which picked up strongly, recording a real growth rate of 32.4 percent in 2010 compared to a contraction amounting to 25.9 percent during 2009.

Meanwhile, **“manufacturing”** registered a growth amounting to 2.3 percent compared to 1.8 percent during 2009. The two sectors of **“trade, restaurants and hotels”** and **“finance, insurance, real estate and business services”** witnessed an improvement in their growth performance, amounting to 5.7 percent and 4.6 percent, respectively, in comparison with 3.9 percent and -0.7 percent, respectively, during 2009.

On the other hand, both **“agriculture”** and **“transport and communication”** sectors showed a slowdown in their performance during 2010 to register a growth rate of 8.2 percent and 6.2 percent, respectively, compared to 18.4 percent and 6.9 percent, respectively during 2009.

In contrast, the sector of **“construction”** experienced a noticeable **contraction** amounting to 8.1 percent compared to a positive growth rate of 12.9 percent in 2009. Furthermore, **“electricity and water”** sector witnessed a minor contraction by 0.2 percent in comparison with a decline of 1.1 percent during 2009.

On the front of sectoral contribution to economic growth, the data revealed that the contribution of both commodity- and service-producing sectors **in the overall GDP growth, at constant basic prices, amounted to 1.0 percentage point and 3.3 percentage points, respectively, in 2010, compared to 1.0 percentage point and 2.2 percentage points, respectively, in 2009. It is worth mentioning in this regard that the contribution of “net taxes on products” in GDP growth rate, at constant market prices, was negative, standing at -0.6 percentage point during 2010.**

□ Microeconomic Indicators

The latest sectoral indicators displayed divergent performance during the available period to date. Some indicators recorded a fast growth, most notably “licensed areas for building”, the quantities of exported and imported goods shipped through the Aqaba port and “mining and quarrying” production quantity index. Other indicators, such as number of passengers through the Royal Jordanian Airlines, and the production of phosphate, displayed a slow pace. In contrast, the performance of certain other indicators showed a downward trend, most notably cement production and sales to the domestic market, number of departures, and the manufacturing production quantity index.

The following tables display the performance of the main sectoral indicators categorized according to their performance and their respective periods:

Fast pace growing indicators * Percentages			
The whole 2010	Item	January	
		2010	2011
30.3	Cargo through the Royal Jordanian	-1.6	16.2
The whole 2010	Item	January - March	
		2010	2011
39.7	"Mining and quarrying" production quantity index	0.2	43.0
72.2	Production of potash	-35.4	79.8
7.8	Licensed areas for building	-0.5	28.0
-5.0	Electricity production quantity index	-7.3	0.5
-3.1	Industrial production quantity index	-2.5	0.0
The whole 2010	Item	January - April	
		2010	2011
18.7	Quantities of exported and imported goods shipped through the Aqaba port	16.0	19.3
-5.3	Production of petroleum products	-3.9	1.6

Decelerating indicators * Percentages			
The whole 2010	Item	January	
		2010	2011
13.6	The number of passengers through the Royal Jordanian	17.7	7.5
The whole 2010	Item	January- April	
		2010	2011
26.7	Production of phosphate	46.4	16.1

Contracting indicators * Percentages			
The whole 2010	Item	January - March	
		2010	2011
-5.6	Manufacturing production quantity index	-2.2	-3.2
-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 - April	
		2010	2011
9.9	Production of chemical acids	40.7	-4.3
5.4	Production of fertilizers	45.5	-4.3
19.9	Number of departures	34.1	-10.9

*. 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

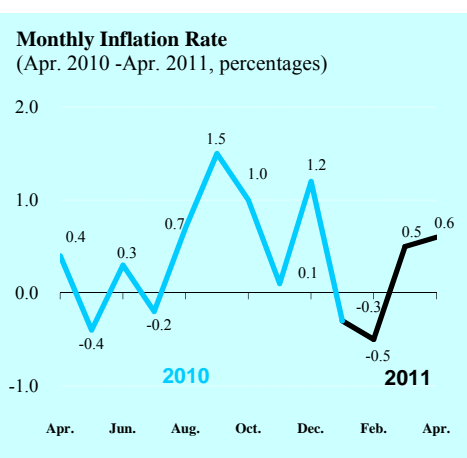
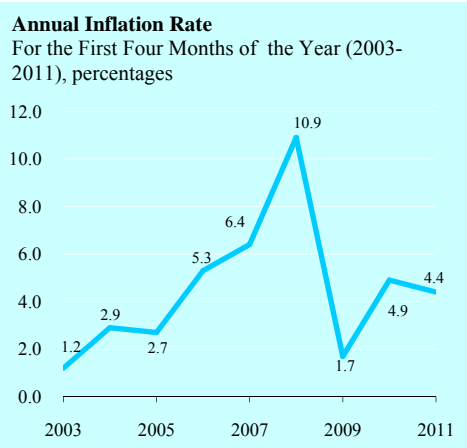
- ◆ According to the latest statistics issued by the Jordan Investment Board (JIB), **planned investments benefiting from the Investment Promotion Law (IPL) totaled JD 1,660.6 million during 2010 compared to JD 1,821.1 million in 2009.**
- ◆ As for the sectoral distribution of investments benefiting from the IPL, the sector of hotels unprecedently came in the **first rank in terms of size of investments; accounting for 41.6 percent (JD 690.0 million) during 2010.** This is followed by the sectors of industry, “leisure and recreational compounds”, transportation, hospitals and agriculture which accounted for 35.6 percent, 15.3 percent, 4.3 percent, 1.8 percent and 1.4 percent, respectively.
- ◆ Regarding the distribution of total investments according to nationality, the latest annual figures revealed that the value of domestic investments benefiting from the IPL has increased to stand at JD 1,436.5 million (accounting for 86.5 percent of total investments) during 2010 compared to JD 1,114.1 million in 2009, while foreign investments accounted for the remaining 13.5 percent.
- ◆ It is worth noting that the nature and the coverage of investments benefiting from the IPL differ from those of the Foreign Direct Investment (FDI) statistics in the balance of payments. The first 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, while FDI statistics measure the actual size of capital inflows from the outside world in various sectors, including the real estate sector.

□ Prices

The general price level, as measured by the Consumer Price Index (CPI), increased by 4.4 percent during the first four months of 2011 against a rise amounting to 4.9 percent during the same period in 2010.

Such a rise was chiefly affected by the increase in the prices of primary commodities, in particular the prices of oil and food items in the international markets, compared to the same period in the preceding year.

Moreover, **consumer prices have increased slightly by 0.6 percent in April 2011 compared to their level in the preceding month.** This rise was mainly due to the increase in the prices of “meat and poultry”, “vegetables”, “fruits”, as well as transportation item.



The price developments of main components of the CPI basket during the first four months in 2011 compared to the same period of 2010 can be outlined as follows:

- ◆ The prices of the **“food items” group** (which makes up the largest weight amongst the CPI components; accounting for 36.65 percent) **registered a rise amounting to 3.8 percent during the first four months in 2011 compared to an increase amounting to 3.9 percent during the same period of 2010. The contribution of this group to the overall rate of inflation recorded during the first four months in this year reached 1.4 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; particularly the prices of “vegetables” which leapt by 10.4 percent (against a decline amounting to 0.9 percent during the same period of 2010) as well as the prices of “sugar and confectionaries” and “fruits”, which increased by 7.7 percent and 4.9 percent, respectively. In contrast, the prices of “cereals and products” item declined by 3.2 percent compared to a rise amounting to 3.9 percent during the same period of 2010.
- ◆ The prices of the **“clothing and footwear” group** (which makes up the least weight among the components of the CPI basket, accounting for 4.95 percent) **rose by 4.9 percent during the first four months in 2011 compared to an increase in the amount of 0.9 percent during the same period of 2010. Accordingly, this group's contribution to the overall inflation rate amounted to 0.2 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 5.0 percent and 4.5 percent, respectively, during the first four months of 2011 compared to 0.7 percent and 1.5 percent, respectively, during the same period of 2010.

- ◆ The prices of **the housing group** (which accounts for 26.78 percent of the CPI basket) **increased by 4.3 percent during the first four months in 2011 compared to a lower increase amounting to 4.1 percent during the same period of 2010. In effect, the price change of this group contributed to the overall inflation rate by 1.1 percentage points during the first four months in 2011.** The increase in the prices of this group was affected by the rise in the prices of “rents” item by 5.3 percent and “fuels and electricity” item by 4.0 percent. In addition, other items recorded varied rates of increase in their prices, ranging from 0.9 percent for “house repairing, garbage and water” to 4.4 percent for “cleaning materials”.

The prices of **the “other goods and services” group** (which accounts for 31.62 percent of the CPI basket) **increased by 5.3 percent during the first four months in 2011 compared to a larger increase amounting to 7.7 percent during the same period of 2010. In consequence, this group contributed to the overall inflation rate by 1.7 percentage points during the first four months in 2011.** The increase in the prices of this group was effected by the rise recorded in the prices of most items, particularly “transportation”, “personal care” and “education” which increased by 9.3 percent, 7.7 percent and 5.9 percent, respectively, while the prices of some other items declined, most notably “communication” which dropped by 5.3 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, showed a fiscal deficit amounting to JD 186.2 million during the first two months in 2011, compared to a fiscal surplus in the amount of JD 138.2 million, during the same period in the preceding year. Excluding foreign grants (amounting to JD 17.8 million), the general budget shows a fiscal deficit in the amount of JD 204.0 million.
- Gross outstanding domestic public debt (budgetary and own- budget) stood at JD 8,164.0 million, or 38.9 percent of GDP, at the end of February 2011, reflecting a rise amounting to JD 184.0 million compared to its level at the end of 2010.
- Net outstanding domestic public debt totaled JD 7,248.0 million, or 34.5 percent of GDP, at the end of February 2011; up by JD 396.0 million compared to its level at the end of 2010.
- Outstanding external public debt (budgetary and guaranteed) increased by JD 28.9 million at the end of February 2011 in comparison with its level at the end of 2010; standing at JD 4,639.7 million, or 22.1 percent of GDP.

□ The performance of the general budget during the first two months in 2011 compared to the same period in 2010:

■ Public Revenues

Public revenues (including foreign grants) declined by JD 65.9 million, or 20.8 percent, in February 2011 compared to the same month in 2010 to reach JD 250.6 million. As for the first two months in 2011, these revenues were down by JD 304.6 million, or 33.5 percent, compared to the same period in 2010 to stand at JD 605.7 million. This result was driven by the decrease in both domestic revenues and foreign grants by JD 269.0 million and JD 35.6 million, respectively.

Main Government Budget Indicators during February and the first two months of 2011 and 2010:

(JD Million and Percentages)

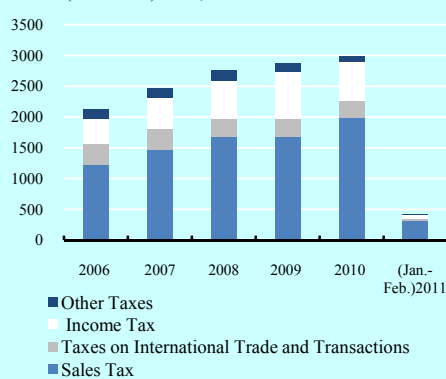
	February		Growth Rate %	Jan. – Feb.		Growth Rate %
	2010	2011		2010	2011	
Total Revenues and Grants	316.5	250.6	-20.8	910.3	605.7	-33.5
Domestic Revenues, of which:	298.6	250.6	-16.1	856.9	587.9	-31.4
Tax Revenues, of which:	184.6	174.2	-5.6	663.5	426.4	-35.7
General Sales Tax	127.3	128.5	0.9	259.9	307.5	18.3
Other Revenues, of which:	112.4	74.7	-33.5	190.4	158.3	-16.9
Land Registration Fees	10.4	8.9	-14.4	20.6	17.2	-16.5
Foreign Grants	17.9	0.0	-100	53.4	17.8	-66.7
Total Expenditures	417.9	445.8	6.7	772.1	791.9	2.6
Overall Deficit/ Surplus	-101.4	-195.2		138.2	-186.2	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues decreased by JD 269.0 million, or 31.4 percent, during the first two months in 2011 compared to the same period in 2010; amounting to JD 587.9 million. This decline was the outcome of the drop in both the proceeds of “tax revenues” by JD 237.1 million, and “other revenues” by JD 32.1 million, on one hand, and the rise in “pension contributions” by JD 0.2 million to reach JD 3.2 million, on the other.

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



◀ Tax Revenues

Tax revenues decreased by JD 237.1 million, or 35.7 percent, in the first two months in 2011 compared to the same period in 2010, to reach JD 426.4 million; accounting for 72.5 percent of domestic revenues. This decline was chiefly influenced by the following developments:

- **The decrease in the proceeds of “income and profit taxes”** by JD 277.2 million, or 79.8 percent, standing at JD 70.0 million. This decrease was due to the decline in the proceeds of “income tax from companies and other projects” by JD 260.3 million, and the drop in the proceeds of “income tax from individuals” by JD 16.9 million. In further details, income tax from companies accounted for 69.7 percent of total taxes on income and profits, standing at JD 48.8 million (of which JD 14.9 million from the income of banks and financial institutions). **The drop in the proceeds of “income and profit taxes” was chiefly attributable to the adjustment on the Temporary Income Tax Law No. (28) for the year 2009 by reducing the tax rates for some sectors, and pursuant to the provisions of this law, exempting the 6.0 percent tax on the tax receivables for all companies and banks, and thus extending the payment period until the end of April, 2011.**
- **The stability in the proceeds of “taxes on international trade and transactions”** to stand at JD 40.9 million. This result was driven by the decrease in the proceeds of “departure tax” by JD 0.7 million, and the rose in the proceeds of “customs duties and fees” by JD 0.7 million.

- **The increase in the proceeds of general sales tax on goods and services** by JD 47.6 million, or 18.3 percent, to reach JD 307.3 million. This increase was driven by the rise in most of general sales tax items' proceeds. Specifically, the proceeds of “sales tax on domestic goods” increased by JD 16.8 million, driven by tax measures adopted by the government on both types of gasoline and abolishing the general sales tax exemption on coffee. In addition, the proceeds of “sales tax on services” rose by JD 8.1 million. This increase was affected by the rise in the special sales tax on mobile phone calls from 8% to 12%. Moreover, the proceeds of “sales tax on imported goods” displayed an increase amounting to JD 26.2 million. In contrast, the proceeds of “sales tax on the commercial sector” declined by JD 3.5 million.

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

“Other revenues” decreased by JD 32.1 million, or 16.9 percent, in the first two months in 2011 to reach JD 158.3 million. This decrease was the outcome of the drop in property income proceeds by JD 33.7 million to stand at JD 32.7 million (of which financial surplus of independent government units amounting to JD 27.9 million); as well as the decrease in revenues from selling goods and services by JD 5.4 million to reach JD 88.1 million, on one hand, and the increase in miscellaneous revenues by JD 7.0 million to stand at JD 37.5 million, on the other.

◀ Pension Contributions

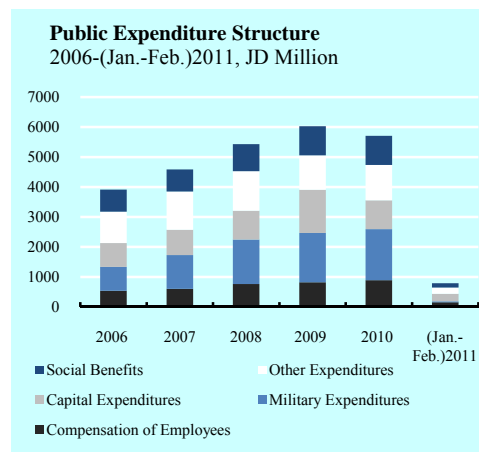
Pension contributions were up by JD 0.2 million during the first two months in 2011 to stand at JD 3.2 million.

◆ Foreign Grants

Foreign grants were down by JD 35.6 million during the first two months in 2011 compared to the same period in 2010, standing at JD 17.8 million.

■ Public Expenditures

Public expenditures decreased by JD 27.9 million, or 6.7 percent, in February 2011 compared to the same month in 2010 to stand at JD 445.8 million. This decline was the outcome of the drop in capital expenditures by 47.3 percent, on one hand, and the rise in current expenditures by 13.0 percent, on the other.



◆ Current Expenditures

Current expenditures were down by JD 37.7 million, or 5.2 percent, in the first two months in 2011; amounting to JD 759.1 million. This decrease was due to the drop in both the military expenditures and the “purchases of goods and services” by JD 32.8 million and JD 14.2 million, to total JD 250.4 million and JD 29.1 million, respectively. Meanwhile, the item of interest payments, both

internal and external, has increased by JD 10.2 million. In addition, goods subsidies increased by JD 48.6 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 77.8 million in the first two months in 2011 against JD 29.2 million in the same period in 2010. Moreover, “social benefit expenditures” have also increased by JD 9.5 million to stand at JD 146.9 million. Moreover, the compensation of the civil sector's employees (wages, salaries and social security contributions) has increased by JD 12.2 million to stand at JD 155.2 million.

◆ **Capital Expenditures**

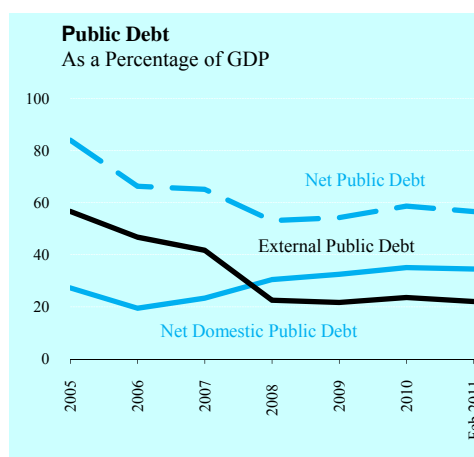
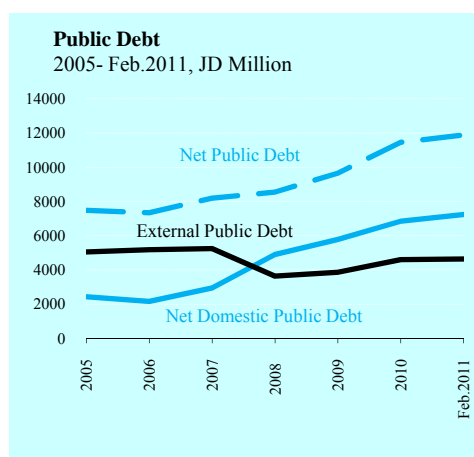
Capital expenditures witnessed a decline in the amount of JD 17.9 million, or 35.3 percent, in the first two months in 2011 compared to the same period in 2010; standing at JD 32.8 million.

■ **General Budget Deficit/ Surplus**

- ◆ **The general budget, including grants, displayed a fiscal deficit amounting to JD 186.2 million, during the first two months in 2011** against a fiscal surplus in the amount of JD 138.2 million, during the same period in 2010.
- ◆ **The general budget showed a primary deficit** (after excluding interest payments on public debt from total expenditures) **amounting to JD 122.1 million, during the first two months in 2011** against a primary surplus in the amount of JD 192.1 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 184.0 million at the end of February 2011 compared to its level at the end of 2010 to reach JD 8,164.0 million, or 38.9 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 129.0 million and JD 54.0 million, respectively. This 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 170.0 million to total JD 6,580.0 million at the end of February 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 February 2011, on the other.
- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **increased by JD 396.0 million at the end of February 2011** compared to its level at the end of 2010 to total JD 7,248.0 million, or



34.5 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 184.0 million and the decline in the government deposits at the banking system by JD 213.0 million compared to their level at the end of 2010.

- **Outstanding balance of external public debt (budgetary and guaranteed) was up** by JD 28.9 million at the end of February 2011 compared to its level at the end of 2010; amounting to JD 4,639.7 million, or 22.1 percent of GDP. The currency structure of this debt indicates that external debt in US dollars accounted for 38.9 percent, while debt in Euros accounted for 8.7 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 22.3 percent and 19.0 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 424.9 million at the end of February 2011 compared to its level at the end of 2010 to stand at JD 11,887.7 million, or 56.6 percent of GDP, against JD 11,462.8 million, or 58.7 percent of GDP, at the end of 2010. Consequently, the ratio of net public debt to GDP decreased by 2.1 percentage points compared to its level at the end of 2010. It is worth mentioning in this respect that the amended Public Debt Management Law for 2008 sets new ceilings for the public debt. According to the introduced amendments, 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 34.9 million during the first two months in 2011 (of which interest payments amounting to JD 11.1 million) compared to JD 40.7 million during the same period in 2010 (of which interest payments amounting to JD 11.7 million).

□ Fiscal and Price Measures

- ◆ Maintaining the prices of many types of oil derivatives unchanged, while adjusting the prices of others as of May 2011, as detailed in the table below:

	Unti	2011		Change %
		April	May	
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	491.9	520.5	5.8
Fuel oil for ships	JD/Ton	491.9	522.0	6.1
Fuel oil for airplanes (local companies)	Fils/Liter	646	677	4.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	651	682	4.8
Fuel oil for unplanned flights	Fils/Liter	666	697	4.7
Asphalt	JD/Ton	526.7	557.1	5.8

□ Grants, Loans and Other Agreements

- ◆ Signing a debt-for-development swap agreement between the Government of Jordan and the Italian's Government in the amount of € 16.0 million. The agreement specifies that 50.0 percent will go to economic and social development projects listed in the budget law, while the remaining percent will be allocated to new development projects with the possibility to be included in the budget law after agreeing on them with the Italian's government. According to this agreement the whole Jordanian Italian debt will be canceled, and the repayment of principal and interest on these loans will be suspended as of the signing date. (May 2011).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 6.9 percent in March 2011 compared to the same month in 2010; to record JD 464.7 million. As for the first quarter of 2011, total merchandize exports increased by 15.7 percent to reach JD 1,367.6 million.
- **Merchandize imports** increased by 21.9 percent in March 2011 compared to the same month in the previous year; amounting to JD 1,132.7 million. As for the first quarter of 2011, total merchandize imports were up by 19.8 percent to total JD 3,044.7 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 35.2 percent in March 2011 compared to the same month in 2010; standing at JD 668.0 million. As for the first quarter of 2011, the trade deficit expanded by 23.3 percent to reach JD 1,667.1 million.
- **Travel receipts** decreased by 18.6 percent during April 2011 compared to the same month in the preceding year; to record JD 184.1 million. In addition, **travel payments** maintained its level registered during the same period in 2010 of JD 86.6 million. As for the first four months of 2011, travel receipts decreased by 5.4 percent compared to the same period of 2010, while travel payments increased by 2.5 percent.
- **Total workers' remittances receipts** amounted to JD 203.1 million during April 2011; a decrease of 2.8 percent compared to the same month in 2010. As for the first four months of 2011, total workers' remittances receipts decreased slightly by 0.7 percent compared to the same period of 2010.
- **The current account of the balance of payments** displayed a deficit of JD 931.4 million (4.8 percent of GDP) during 2010 compared to a deficit of JD 802.4 million (4.5 percent of GDP) during 2009.

- **Net FDI inflows to Jordan** recorded JD 1,208.0 million in 2010, down from JD 1,722.9 million in 2009.

□ External Trade

The volume of external trade (domestic exports *plus* imports) increased by JD 622.2 million to stand at JD 4,203.7 million. As a result of the increase in domestic exports and imports by JD 159.4 and JD 502.8 million, respectively, during the first quarter of 2011.

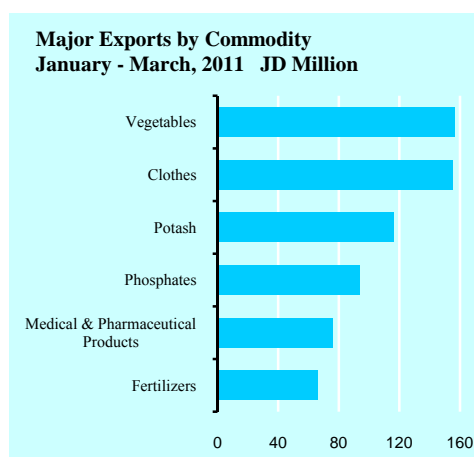
Jordan's Major Trade Partners January – March 2010- 2011, JD Million			
	2010	2011	Percentage Change
Exports			
Iraq	174.5	225.5	29.2
United States	149.3	159.4	6.8
India	82.2	113.4	38.0
Syria	68.6	83.9	22.3
Saudi Arabia	87.3	82.5	-5.5
Ethiopia	18.0	53.9	199.4
Lebanon	33.7	46.1	36.8
Imports			
Saudi Arabia	487.6	685.8	40.6
China	257.8	309.2	19.9
United States	150.9	185.4	22.9
Germany	153.2	168.6	10.1
Egypt	127.0	137.0	7.9
Italy	83.4	132.3	58.6
South Korea	106.8	116.0	8.6
Turkey	62.0	112.9	82.1
Source: Department of Statistics.			

Developments of External Trade Indicators, JD Million				
January - March				
	2010	Percentage Change 2009/2010	2011	Percentage Change 2010/2011
External Trade	3,541.5	13.6	4,203.7	18.7
Total Exports	1,181.9	1.0	1,367.6	15.7
Domestic Exports	999.6	13.3	1,159.0	15.9
Re-exports	182.3	-36.7	208.6	14.4
Imports	2,541.9	13.8	3,044.7	19.8
Trade Balance	-1,360.0	27.8	-1,677.1	23.3
Source: Department of Statistics.				

■ Merchandize Exports:

Total merchandize exports increased by 15.7 percent during the first quarter of 2011, compared to a 1.0 percent increase during the same period in 2010, to record JD 1,367.6 million. This increase resulted from a rise in domestic exports

and re- exports of JD 159.4 million and JD 26.3 million, or 15.9 percent and 14.4 percent, to reach JD 1,159.0 million and JD 208.6 million, respectively.



The comparison of the developments in domestic exports during the first quarter of 2011 and the corresponding period in 2010 reveals the following:

- Exports of **phosphates** increased by JD 35.6 million, or 61.0 percent, to reach JD 94.0 million, compared to a decline of 31.0 percent during the same period of 2010. This increase reflects a rise in both quantities and prices of phosphates by 33.6 percent and 20.5 percent, respectively. The Indian, Indonesian and Turkish markets accounted for 79.3 percent of phosphates exports.

- Exports of **potash** increased by JD 37.8 million, or 48.1 percent, to stand at JD 116.4 million, compared to an increase of 21.9 percent during the first quarter in 2010. The geographical distribution of exports indicates that Indian, Chinese and Malaysian markets accounted for 64.6 percent of potash exports.
- Exports of **vegetables** increased by JD 17.7 million, or 12.7 percent, to total JD 156.9 million, compared to an increase of 29.0 percent during the same period of 2010. Syrian and Iraqi markets were the main destinations of these exports; accounting for 73.4 percent.

Major Domestic Exports by Commodity

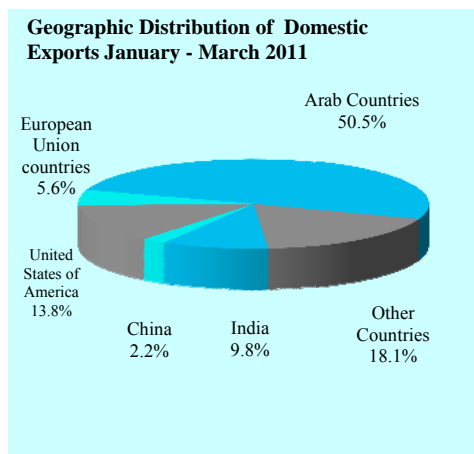
January- March, 2010 - 2011, JD Million

	2010	2011	Percentage Change
Domestic Exports	999.6	1159.0	15.9
Vegetables	139.2	156.9	12.7
Syria	47.1	59.0	25.3
Iraq	46.1	56.1	21.7
Clothes	145.7	155.2	6.5
United States	135.5	142.5	5.2
Potash	78.6	116.4	48.1
India	9.1	39.9	338.5
China	12.7	23.9	88.2
Malaysia	16.2	11.4	-29.6
Phosphates	58.4	94.0	61.0
India	38.2	64.7	69.4
Indonesia	14.5	5.3	-63.4
Turkey	-	4.5	-
Medical & Pharmaceutical Products	71.7	76.3	6.4
Algeria	8.5	11.5	35.3
United Arab Emirates	3.2	11.1	246.9
Saudi Arabia	12.7	9.9	-22.0
Sudan	8.8	9.2	4.5
Fertilizers	71.0	66.5	-6.3
Ethiopia	17.4	53.7	208.6

Source: Department of Statistics.

- Exports of **fertilizers** decreased by JD 4.5 million, or 6.3 percent, to register JD 66.5 million, compared to an increase of 1.7 percent during the same period of 2010. This decrease was an outcome of the fall in quantities exported by 34.1 percent despite the increase in prices of fertilizers by 42.1 percent. The Ethiopian market was the main destination; accounting for 80.8 percent of these exports.

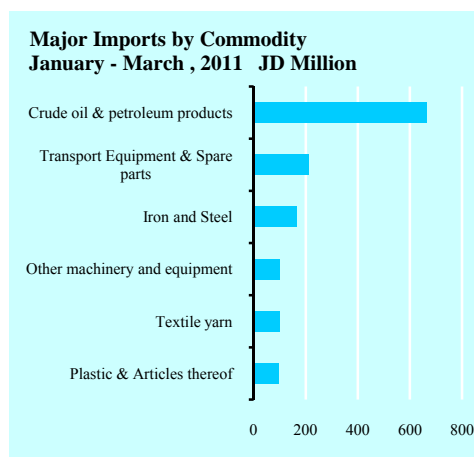
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of vegetables, clothes, potash, phosphates, fertilizers and “medical and pharmaceutical products”



topped the list of exports during the first quarter of 2011; accounting for 57.4 percent of domestic exports; up from 56.5 percent during the corresponding period of 2010. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, India, Syria, Saudi Arabia, Ethiopia, and Lebanon were the main destination markets for Jordanian domestic exports during the first quarter of 2011; accounting for 66.0 percent of domestic exports, up from 59.6 percent during the corresponding period of 2010.

■ Merchandize Imports:

Merchandize imports amounted to JD 3,044.7 million during the first quarter of 2011; increasing by JD 502.8 million, or 19.8 percent, compared to an increase by 13.8 percent during the same period of 2010.



The comparison between the developments in Jordanian imports during the first quarter of 2011 and the corresponding period of 2010 reveals the following:

- Imports of **petroleum products**, mainly coming from Saudi Arabia, Italy and the USA, increased by JD 163.4 million, or 142.2 percent, to total JD 278.3 million compared to an increase of 202.4 percent during the same period in 2010.
- Imports of **Iron & Steel** increased by JD 69.7 million, or 72.4 percent, to reach JD 166.0 million, compared to a decrease of 11.7 percent during the corresponding period of 2010. The markets of Turkey, Ukraine and Russia accounted for 62.6 percent of these imports.

- Imports of **Crude Oil** increased by JD 80.1 million, or 26.1 percent, to reach JD 387.0 million, compared to a rise by 50.5 percent during the same period of 2010. This increase was attributed to the rise in oil prices by 37.3 percent, despite the fall in imported quantities by 8.2 percent. 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 61.5 million, or 22.4 percent, to reach JD 212.9 million compared to a rise by 15.6 percent during the same period of 2010. South Korea, Germany and Japan were the main origin markets for these imports; accounting for 70.4 percent of these imports.

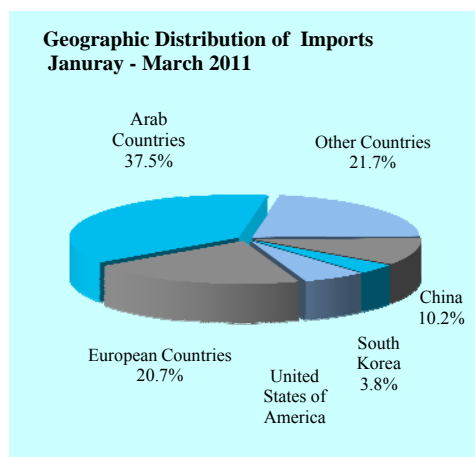
Major Imports by Commodity

January - March 2010, 2011, JD Million

	2010	2011	Percentage Change
Total Imports	2,541.9	3,044.7	19.8
Crude Oil	306.9	387.0	26.1
Saudi Arabia	269.7	354.8	31.6
Petroleum Products	114.9	278.3	142.2
Saudi Arabia	54.1	134.7	149.0
Italy	7.2	50.4	600.0
United States	0.6	28.6	-
Transport Equipment and Spare Parts	274.4	212.9	-22.4
South Korea	61.4	65.1	6.0
Germany	47.9	54.1	12.9
Japan	79.8	30.7	-61.5
Iron & Steel	96.3	166.0	72.4
Turkey	8.0	51.0	537.5
Ukraine	36.3	34.7	-4.4
Russia	15.3	18.2	19.0
Other Machinery and Equipment	63.1	99.6	57.8
China	17.2	21.1	22.7
Germany	7.6	19.7	159.2
Italy	6.7	13.1	95.5
Textile Yarn, Fabrics & Related Products	80.9	99.0	22.4
China	37.0	44.3	19.7
Taiwan	13.9	20.2	45.3
Turkey	3.2	5.6	75.0
Plastic & Articles Thereof	75.7	96.9	28.0
Saudi Arabia	34.0	46.2	35.9
Kuwait	8.9	6.0	-32.6
United States	1.9	5.8	205.3

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”, “Other Machinery and Equipment”, “Textile yarn, fabrics, made up articles and related products” and “Plastic and Articles thereof”;



accounting for 44.0 percent of total imports during the first quarter of 2011; up from 39.8 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 quarter of 2011; accounting for 53.2 percent compared to 49.6 percent during the same period of 2010.

■ Re-Exports

The value of re-exported goods increased by JD 26.3 million, or 14.4 percent during the first quarter of 2011, recording JD 208.6 million.

■ Trade Balance

The trade balance deficit increased, from its level in the first quarter of 2010, by JD 317.1 million, or 23.3 percent; recording JD 1,677.1 million.

❑ **Total Workers' Remittances Receipts**

Compared to the same period of 2010 Total workers' remittances receipts decreased slightly by 0.7 percent to total JD 792.0 million during the first four months of 2011.

❑ **Travel**

■ **Receipts**

Travel receipts decreased by JD 37.8 million, or 5.4 percent, during the first four months of 2011 to register JD 662.4 million. The decrease was attributed to a 4.8 percent fall in the number of inbound tourists in this period compared to the same period of 2010.

■ **Payments**

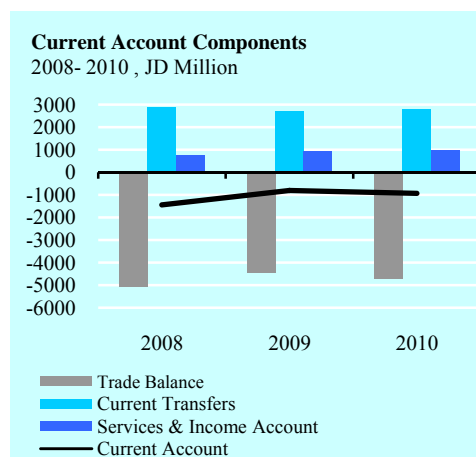
Travel payments increased by JD 7.0 million, or 2.5 percent, during the first quarter of 2011 to stand at JD 283.8 million.

❑ **Balance of Payments**

The comparison of the preliminary statistics of the balance of payments for the year 2010, reveals the following developments:

- The current account recorded a deficit amounted to JD 931.4 million (4.8 percent of GDP) compared to a deficit of JD 802.4 million (4.5 percent of GDP) in 2009. This was an outcome of the following developments:

- An expansion in the trade balance deficit of JD 273.0 million, or 6.1 percent, to reach JD 4,721.8 million in 2010 compared to a deficit amounting to JD 4,448.8 million in 2009.



- Services account recorded a surplus of JD 632.3 million, compared to a surplus of JD 521.8 million in 2009. This was, on one hand, due to a surplus in travel (net) and government services (net), of JD 1,406.9 million and JD 193.6 million respectively, and on the other hand for the deficit of JD 900.9 million and JD 67.3 million in the items of transportation (net) and other services (net), respectively.
- A decrease in the surplus of the income account (net) of JD 68.6 million, amounting to JD 359.7 million, compared to JD 428.3 million in 2009. This decrease was due to a decline in the investment income (net) and the compensation of employees (net) by JD 66.9 million and JD 1.7 million, respectively.
- An increase in the net current transfers of JD 102.1 million; which reached JD 2,798.4 million, due to the rise in net transfers

of public sector (foreign grants) by JD 167.1 million to reach JD 852.1 million during 2010. Furthermore, transfers of other sectors (net) were down by JD 65.0 million to JD 1,946.3 million. While the net workers' remittances increased by JD 37.9 million or 2.0 percent to reach JD 1,937.5 million.

- The capital and financial account with the rest of the world showed a net inflow of JD 579.3 million in 2010 compared to similar inflow in the amount of JD 419.3 million in 2009 owing chiefly to the following:
 - Net FDI inflow to the Kingdom amounted to JD 1,208.0 million during 2010 compared to JD 1,722.9 million in 2009. Additionally, foreign Investment abroad registered a net outflow of JD 20.2 million compared with JD 51.4 million in 2009.
 - Net inflow of the portfolio investment amounted to JD 547.1 million compared to a net outflow in the amount of JD 447.0 million during 2009.
 - Net outflow of other investments in the amount of JD 125.1 million in 2010 against a net inflow amounting to JD 1,403.6 million in the preceding year.
 - The increase in reserve assets of CBJ by JD 1,030.7 million compared to a rise amounting to JD 2,209.2 million during 2009.

□ **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 12,429.5 million at the end of 2010 compared to JD 12,100.0 million at the end of 2009. This increase was due to the following developments:

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 2,265.0 million at the end of 2010 compared to the end of 2009; to stand at JD 29,503.6 million. This increase was mainly due to the following outcomes:
 - An increase in the stock of Foreign Direct Investment (FDI) in the Kingdom by JD 807.4 million to stand at JD 15,548.0 million. This increase was due to FDI inflows by JD 1,208.0 million in 2010 and revaluation which came from the decline in the Share Price Index (SPI) at the Amman Stock Exchange (ASE) in 2010 compared to the previous year.
 - An increase in the stock of portfolio investment in the Kingdom by JD 580.4 million; amounting to JD 2,944.4 million. This increase was mainly attributable to the issuance of sovereign Euro-Bonds in the value of JD 532.5 during 2010.
 - An increase in the position of non-resident deposits at the banking system by JD 663.6 million to reach JD 6,287.4 million (A rise in deposits at licensed banks by JD 317.3 million and an increase in deposits at the CBJ by JD 346.3 million).

- An increase in the outstanding balance of external loans extended to the economic sectors (resident) in the Kingdom by JD 190.6 million; to reach JD 4,113.0 million.

An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 1,935.5 million at the end of 2010 compared to the end of 2009; amounting to JD 17,074.1 million at the end of 2010. This increase was mainly due to a rise in the reserve assets of the CBJ by JD 1,061.0 million, a rise in the outstanding balance of external assets of currency and deposits of commercial banks by JD 721.5 million, an increase in loans granted by the commercial banks to non-resident entities by JD 74.8 million, and a decline in portfolio investments of the commercial banks by JD 21.0 million.