



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
May, 2012**

Central Bank of Jordan

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❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

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

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Executive Summary

Latest available economic indicators display mixed outcomes. Some indicators signal marked improvement, particularly domestic exports and credit facilities extended by the licensed banks. In contrast, travel and total workers' remittances receipts show negative performance. Further, preliminary national accounts estimates showed a pickup in the growth rate of the Real Gross Domestic Product (GDP) during the fourth quarter of 2011, to reach 3.1 percent. As a result, the growth of real GDP during 2011 reached 2.6 percent.

- **Output, Prices and Employment:** In the fourth quarter of 2011, real GDP at market prices grew by 3.1 percent comparing to 3.2 percent in the same quarter of 2010. As for the whole year of 2011, real GDP at market prices grew by 2.6 percent compared to 2.3 percent during 2010. Inflation, measured by the Consumer Price Index (CPI), slowed down to 3.8 percent during the first four months of 2012 comparing to 4.4 percent during the same period of 2011. Furthermore, the unemployment rate in the first quarter of 2012 declined to 11.4 percent comparing to 13.1 percent in the same quarter of 2011.
- **Monetary and Financial Sector:**
 - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,733.7 million, or 16.5 percent, at the end of the first four months of 2012, compared to their level at the end of 2011, standing at US\$ 8,772.4 million.
 - Domestic liquidity grew by JD 407.8 million, or 1.7 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, standing at JD 24,526.7 million.
 - The outstanding balance of credit facilities extended by licensed banks was up by JD 925.4 million, or 5.8 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, standing at JD 16,776.6 million.
 - Total deposits at licensed banks increased by JD 445.3 million, or 1.8 percent, at the end of the first four months of 2012, compared to their level at the end of 2011, totaling JD 24,823.2 million.
 - The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,981.2 points at the end of the first four months of 2012, decreasing by 13.9 points, or 0.7 percent, compared to its level at the end of 2011.

- **Public Finance:** During the first quarter of 2012, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 168.0 million, comparing to a fiscal deficit in the amount of JD 239.0 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 800.0 million at the end of March 2012, comparing to its level at the end of 2011, to stand at JD 9,715.0 million (43.7 percent of GDP). Outstanding external public debt increased by JD 113.0 million at the end of March 2012 comparing to its level at the end of 2011; to reach JD 4,599.8 million, (20.7 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 64.4 percent of GDP at the end of March 2012.

- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 4.1 percent during the first quarter of 2012 to reach JD 1,311.4 million. In contrast, the merchandize imports increased by 22.2 percent, totaling JD 3,766.0 million. As a result, the trade deficit expanded by 43.2 percent compared to the same period in the previous year; to reach JD 2,454.6 million. Furthermore, the preliminary figures for the first four months in 2012 compared to the same period in 2011 showed an increase in travel receipts and a decrease in its payments by 10.5 percent and 4.5 percent, respectively. In addition, total workers' remittances receipts during the first four months in 2012 decreased by 2.3 percent compared to the same period of 2011. The preliminary figures for the balance of payments for 2011 displayed a deficit in the current account amounting to JD 2,048.2 million, up from JD 1,336.3 million during 2010. Moreover, the foreign direct investment (FDI) recorded a net inflow to Jordan by JD 1,043.0 million during 2011 compared to a net inflow of JD 1,172.1 million during 2010. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounting to JD 14,938.5 million at the end of December 2011 compared to JD 12,865.4 million at the end of 2010.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,733.7 million, or 16.5 percent, at the end of April 2012, compared to their level at the end of 2011, standing at US\$ 8,772.4 million. This level of reserves covers around 5.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 407.8 million, or 1.7 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, to total JD 24,526.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 925.4 million, or 5.8 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, to stand at JD 16,776.6 million.
- Total deposits at licensed banks increased by JD 445.3 million, or 1.8 percent, at the end of the first four months of 2012, in comparison with their level at the end of 2011, totaling JD 24,823.2 million.
- The interest rates on all types of deposits and credit facilities at licensed banks increased at the end of April 2012, except for the interest rates on loans and advances, compared to their levels at the end of 2011.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,981.2 points at the end of the first four months of 2012, decreasing by 13.9 points, or 0.7 percent, compared to its level at the end of 2011. However, the market capitalization maintained its registered level of 2011 at JD 19.3 billion.

Main Monetary Indicators

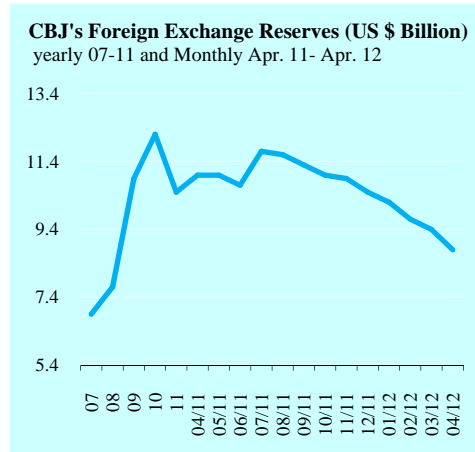
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of April	
		2011	2012
US\$ 10,506.1	CBJ's Foreign Currency Reserves	US\$ 10,995.9	US\$ 8,772.4
-14.2%		-10.2%	-16.5%
24,118.9	Money Supply (M2)	22,762.3	24,526.7
8.1%		2.0%	1.7%
15,851.2	Credit Facilities, of which:	15,288.7	16,776.6
9.7%		5.8%	5.8%
14,284.1	Private Sector (Resident)	13,724.1	14,635.7
10.1%		5.7%	2.5%
24,377.9	Total Deposits, of which:	22,926.8	24,823.2
8.3%		1.9%	1.8%
19,119.1	In JD	17,787.2	19,136.0
8.5%		1.0%	0.1%
5,258.8	In Foreign Currencies	5,139.6	5,687.2
7.6%		5.2%	8.1%
19,905.8	Deposits of Private Sector (Resident), of which:	18,713.4	19,900.5
8.5%		2.0%	0.0%
16,507.6	In JD	15,394.4	16,192.0
8.5%		1.2%	-1.9%
3,398.2	In Foreign Currencies	3,319.0	3,708.5
8.6%		6.1%	9.1%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 1,733.7 million, or 16.5 percent, at the end of April 2012, compared to their level at the end of 2011, to reach US\$ 8,772.4 million. This level of reserves covers around 5.0 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

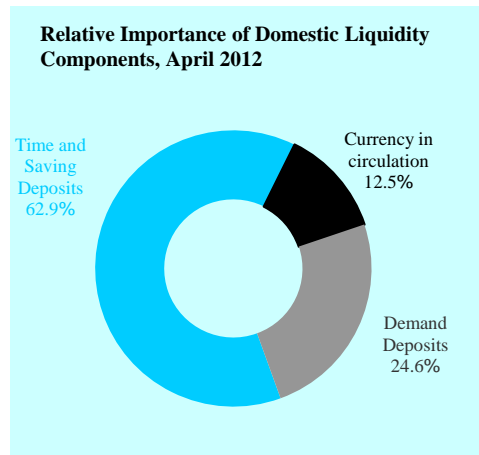
■ Domestic liquidity totaled JD 24,526.7 million at the end of the first four months of 2012, increasing by JD 407.8 million, or 1.7 percent, compared to an increase of JD 455.6 million, or 2.0 percent, during the same period of 2011.

◆ **Developments in the components of domestic liquidity, and the factors affecting liquidity during the first four months of 2012, reveal the following:**

● **Components of Domestic Liquidity**

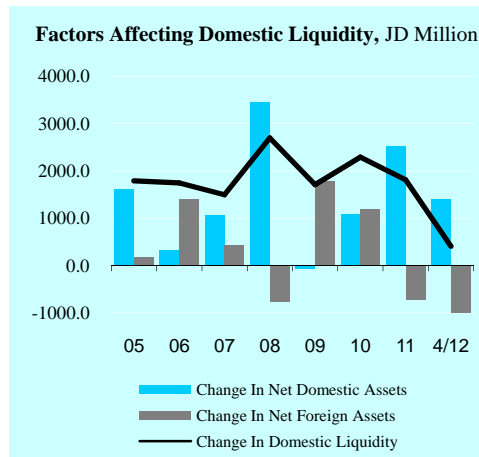
- Deposits increased by JD 355.4 million, or 1.7 percent, at the end of the first four months of 2012, compared to their level at the end of 2011, to total JD 21,455.0 million, against an increase amounting to JD 344.4 million, or 1.8 percent, at the end of the same period of 2011.

- Currency in circulation increased by JD 52.4 million, or 1.7 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, to reach JD 3,071.7 million, against an increase in the amount of JD 111.2 million, or 3.9 percent, during the same period of 2011.



Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system increased by JD 1,398.6 million, or 9.5 percent, at the end of April 2012, compared to its level at the end of



2011, against an increase of JD 1,050.7 million, or 8.6 percent, during the same period of 2011. This increase was a result of the increase in net domestic assets at the CBJ by JD 1,243.6 million, or 21.3 percent, and its increase at licensed banks by JD 155.0 million, or 0.8 percent.

- Net foreign assets of the banking system decreased by JD 990.8 million or 10.6 percent, at the end of April 2012, compared to their level at the end of 2011, against a decrease in the amount of JD 595.1 million, or 5.9 percent, in the same period of 2011. This decrease was an outcome of the decline of these assets at the CBJ by JD 1,163.6 million, or 12.6 percent, and its increase at licensed banks by JD 172.8 million.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

Year		Change in balance relative to the end of April	
		2011	2012
-724.9	Foreign Assets (Net)	-595.1	-990.8
-733.2	CBJ	-808.7	-1,163.6
8.3	Licensed Banks	213.6	172.8
2,537.1	Domestic Assets (Net)	1,050.7	1,398.6
1,009.9	CBJ, of which:	987.4	1,243.6
46.8	Claims on Public Sector (Net)	72.9	184.5
962.5	Other Items (Net*)	914.5	1,059.1
1,527.2	Licensed Banks	63.3	155.0
1,744.9	Claims on Public Sector (Net)	367.1	743.1
1,311.5	Claims on Private Sector	808.1	356.9
-1,529.2	Other Items (Net)	-1,111.9	-945.0
1,812.2	Money Supply (M2)	455.6	407.8
175.6	Currency in Circulation	111.2	52.4
1,636.6	Total Deposits, of which:	344.4	355.4
294.3	In Foreign Currencies	238.2	371.3

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

□ Interest Rate Structure

◆ Interest Rates on Monetary Policy Instruments

- On May 31th, 2012, the CBJ raised the interest rate on the overnight window deposit facility by 50 basis points, and maintained the interest rates on the other monetary policy instruments unchanged. Accordingly, the interest rates on monetary policy instruments became as follows:

- **Re-Discount Rate:** 5.00 percent.
- **Interest Rate on Overnight Repurchase Agreements:** 4.75 percent.
- **Overnight Deposit Window Rate:** 3.25 percent.

- Developments in interest rates on Certificates of Deposit (CDs) show that:

The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent and 5.94 percent, respectively.

- As part of the new operational framework for the CBJ's monetary policy, and with the aim of providing the necessary liquidity to the banking system and minimizing volatility in interest rates in the interbank market, the CBJ introduced the weekly repurchase agreements facility. The interest rate and the volume of this facility will be determined by the CBJ.

Interest Rates on Monetary Policy Instruments (%)

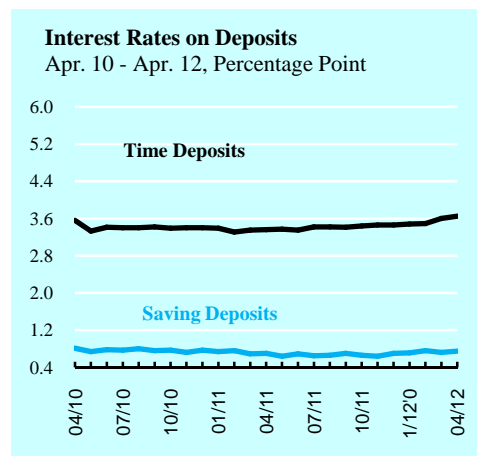
End of year		May	
		2011	2012
4.50	Re-discount Rate	4.25	5.00
4.25	Repurchase Agreements Rate (Repos)	4.00	4.75
2.25	Overnight Deposit Window Rate	2.00	3.25

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 2012 increased by 5 basis points, compared to their level at the end of the previous month, to stand at 3.65 percent. Furthermore, this rate was higher than its level at the end of 2011 by 19 basis points.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of April 2012 increased by 3 basis points compared to its level at the end of the preceding month, thereby reaching 0.75 percent. As a result, this rate is now higher than its level at the end of 2011 by 5 basis points.
- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of April 2012 maintained its level registered at the end of the preceding month, standing at 0.45 percent, which is higher than its level at the end of 2011 by 2 basis points.

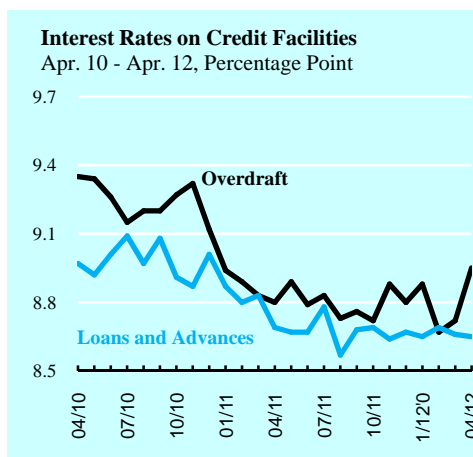
• Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of April 2012 increased by 23 basis points compared to its level at the end of the previous month, standing at 8.95 percent. Accordingly, this rate is higher than its level recorded at the end of 2011 by 15 basis points.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 56 basis points at the end of April 2012, compared to its level at the end of the preceding month, to stand at 9.56 percent. As a result, this rate was 22 basis points higher than its level of 2011.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 1 basis point at the end of April 2012, compared to its level at the end of the preceding month, to stand at 8.65 percent. Furthermore, this rate was 2 basis points lower than its level at the end of 2011.

- **The Prime Lending Rate:** This rate stood at 8.25 percent at the end of April 2012, 3 basis points higher than its level at the end of 2011.



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

Year		April		Change Relative to the Preceding Year Basis Points
		2011	2012	
Deposits				
0.43	Demand	0.44	0.45	2
0.70	Saving	0.70	0.75	5
3.46	Time	3.36	3.65	19
Credit Facilities				
9.34	Discounted Bills and Bonds	9.11	9.56	22
8.67	Loans and Advances	8.69	8.65	-2
8.80	Overdraft	8.80	8.95	15
8.22	Prime Lending Rate	8.18	8.25	3

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 16,776.6 million at the end of the first four months of 2012, increasing by JD 925.4 million, or 5.8 percent, compared to its level at the end of the preceding year, against an increase in the amount of JD 837.3 million or 5.8 percent, during the same period of 2011.
- ◆ The classification of extended credit facilities, according to economic activity, during April 2012 demonstrates that the increase in these facilities was mainly due to the increase in credit facilities extended for the public services and utilities sector, which increased by JD 484.8 million, or 42.7 percent, and the increase in the construction sector by JD 46.7 million, or 1.3 percent, as well as the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 349.6 million or 10.2 percent, compared to their levels at the end of 2011. However, credit facilities extended for the General Trade sector decreased by JD 28.5 million, or 0.8 percent, compared to their level at the end of 2011.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost to the growth of credit facilities during the first four months of 2012 was mainly in the credit facilities extended to the central government, which increased by JD 589.6 million, and the private sector (resident), which increased by JD 351.7 million, or 2.5 percent, at the end of April 2012, compared to their level at the end of 2011. Furthermore, the credit facilities extended to the non-banking financial institutions and to the private sector (non-resident) increased by JD 4.2 million, or 84.0 percent, and JD 4.0 million, or 0.4 percent, respectively, while the credit facilities extended to public institutions decreased by JD 24.1 million, or 6.5 percent.

□ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 24,823.2 million at the end of the first four months of 2012, increasing by JD 445.3 million, or 1.8 percent, compared to its level in the preceding year, against an increase of JD 422.0 million, or 1.9 percent, during the same period of 2011.

- ◆ The increase in total deposits at licensed banks at the end of the first four months of 2012 was an outcome of the increase in the deposits of the public sector (central government plus public institutions) by JD 247.2, or 16.1 percent, and the increase of the deposits of the private sector (non-resident) by JD 117 million, or 4.4 percent, and the increase of the deposits of non-banking financial institutions by JD 86.4 million, or 31.2 percent. However, these increase were accompanied by the decline in the deposits of the private sector (resident) by JD 5.3 million, compared to their levels at the end of 2011.
- ◆ The developments in the currency structure of deposits at the end of the first four months of 2012 reveal that “deposits in foreign currencies” increased by JD 428.4 million, or 8.1 percent, and “deposits in the local currency” increased by JD 16.9 million, or 0.1 percent, compared to their levels at the end of 2011.

□ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a negative performance at the end of April 2012 compared to the preceding month, as well as for the first four months. This can be demonstrated as follows:

• Trading Volume

Trading volume at the (ASE) totaled JD 232.6 million in April 2012; up by JD 5.9 million, or 2.6 percent, compared to its level at the end of the preceding month, against a decrease of JD 25.1 million, or 8.7 percent, during the same month in 2011. However, trading volume stood at JD 815.8 million during the first four months in 2012; a decline amounting to JD 360.5 million, or 30.6 percent, compared with the volume registered over the same period in 2011.

• Traded Shares

The number of traded shares in April 2012 totaled 240.6 million; down by 47.6 million shares, or 16.5 percent, compared to its level at the previous month, against a decrease amounting to 28.1 million shares, or 6.7 percent, during the same month of 2011. Furthermore, the number of traded shares during the first four months of 2012 stood at 966.6 million shares, compared with 1,636.0 million shares traded during the same period of 2011.

• **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) decreased by 9.2 points, or 0.5 percent, at the end of April 2012 compared to its level at the end of the preceding month,

to stand at 1,981.2 points, against an increase in the amount of 22.4 points, or 1.0 percent, during the same month of 2011. As for the first four months of 2012, the SPI dropped by 13.9 points, or 0.7 percent, compared with its level at the end of 2011, against a drop in the amount of 175.6 points, or 7.4 percent, during the same period of 2011. The above-mentioned drop during the first four months of 2012 was chiefly attributed to the decline in the SPI for the services and Industry sector by 72.4 points, or 4.3 percent, 26.1 points, or 1.2 percent, respectively, and increase in the SPI for the financial sector by 24.2 points, or 1.0 percent, compared to their levels at the end of 2011.

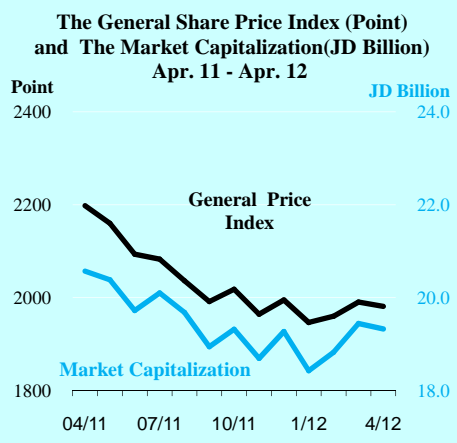
Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector

Year		April	
		2011	2012
1,995.1	General Index	2,198.0	1,981.2
2,443.9	Financial Sector	2,731.5	2,468.1
2,149.9	Industrial Sector	2,360.5	2,123.8
1,693.7	Services Sector	1,770.1	1,621.3

Source: Amman Stock Exchange.

• **Market Capitalization**

The ASE's market capitalization totaled JD 19.3 billion at the end of April 2012; a decline of 0.1 JD billion, or 0.6 percent, compared to its level at the end of the previous month, against an increase of 0.3 billion, or 1.5 percent, during



the same month of 2011. Furthermore, the market capitalization during the first four months of 2012 maintained its same level registered at the end of 2011, JD 19.3 billion, against a decline amounting to around JD 1.3 billion, or 5.9 percent, over the same period of 2011.

• **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 0.6 million in April 2012, compared to an inflow of JD 29.3 million during the same month of 2011; the value of shares acquired by non- Jordanians in April 2012 stood at JD 48.3 million, while the value of shares sold by the same group amounted to JD 47.7 million. Nevertheless, non-Jordanian net investment

Main Amman Stock Exchange Trading Indicators, JD Million			
Year		April	
2011		2011	2012
2,850.3	Value Traded	264.6	232.6
11.5	Average Daily Trading	13.2	11.1
19,272.8	Market Capitalization	20,570.8	19,325.9
4,072.3	No. of Traded Shares (million)	391.2	240.6
78.6	Net Investment of Non-Jordanian	29.3	0.6
555.8	Non-Jordanian Buying	71.3	48.3
477.2	Non-Jordanian Selling	42.0	47.7

Source: Amman Stock Exchange.

displayed an inflow amounting to JD 9.4 million during the first four months of 2012, against an inflow in the amount of JD 73.3 million during the same period of 2011.

Second: Output, Prices and Employment

■ Summary

- During the fourth quarter of 2011, real GDP at market prices grew by 3.1 percent, compared to 3.2 percent during the same quarter of 2010. When excluding “net taxes on products”, which grew by 0.4 percent, GDP growth rate at constant basic prices increases to 3.6 percent compared to 4.2 percent during the same quarter of 2010.
- GDP at both market and basic prices, registered real growth rates 2.6 percent and 3.3 percent, respectively during 2011 compared to 2.3 percent and 3.4 percent, respectively, during 2010.
- Inflation, measured by the CPI, reached 3.8 percent during the first fourth months of 2012, compared to 4.4 percent during the same period of 2011.
- The unemployment rate in the first quarter of 2012 declined to 11.4 percent of the total labor force (10.0 percent for males and 18.0 percent for females) compared to 13.1 percent (10.8 percent for males and 22.8 percent for females) in the same period of 2011. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 15.3 percent.

▣ Developments of (GDP)

According to preliminary estimates released by the Department of Statistics (DOS), the national economy achieved positive results despite the unfavorable international and regional economic and political conditions. **During the fourth quarter of 2011, real GDP grew by 3.1 percent.** As for the whole year of 2011, real GDP grew by 2.6 percent compared to 2.3 percent during 2010. When excluding “net taxes on products”, which decreased by 1.1 percent, **GDP growth rate at constant basic prices reaches 3.3 percent**, compared to 3.4 percent in 2010.

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

	Percentages				
	Q 1	Q2	Q3	Q4	Year
2009					
GDP at Constant Market Prices	5.1	5.2	7.7	3.9	5.5
GDP at Current Market Prices	7.2	7.7	9.0	9.6	8.5
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1

Source: Department of Statistics.

GDP at current prices grew by 9.1 percent during 2011 compared to 10.9 percent during 2010. This nominal growth rate is mainly

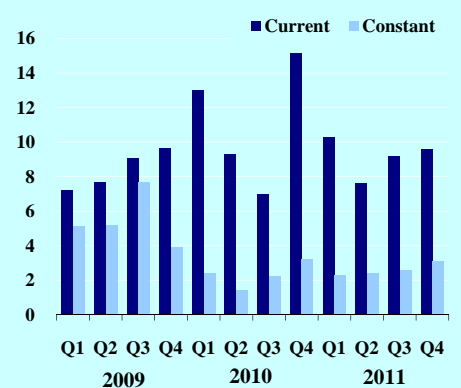
attributed to the rise in the general price level, measured by the GDP deflator, by 6.4 percent during 2011, compared to 8.4 percent in 2010.

In detail, the “**manufacturing**” sector recorded a real growth rate amounted to 4.0 percent during

2011, compared to 2.0 percent in 2010. The sectors of “**electricity and water**” and “**trade, restaurants and hotels**” also grew by 5.1 percent and 3.7 percent, respectively, compared to a contraction by 2.4 percent and 1.7 percent, respectively, during 2010. In contrast, “**mining and quarrying**”, “**finance, insurance, real estate and business services**”, “**agriculture**”, and “**transport and communication**” sectors witnessed a slowdown in performance, as they grew by 17.7 percent, 3.4 percent, 3.9 percent, and 3.3 percent, respectively, compared to 19.4 percent, 7.0 percent, 6.9 percent, and 5.2 percent, respectively, during 2010. However, the “**construction**” sector experienced a contraction by 4.3 percent compared to a contraction by 4.6 percent in 2010.

The contribution of commodity - and service - producing sectors **in the overall GDP growth rate, at constant basic prices, amounted to 1.2 percentage points and 2.1 percentage points, respectively, during 2011, compared to 0.7 percentage point and 2.7 percentage points, respectively, in 2010.**

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



■ Microeconomic Indicators

- Industrial production quantity index improved by 4.6 percent during the first quarter of 2012 against a slight decline amounting to 0.2 percent during the same period of 2011. This can be attributed to the following:
 - Manufacturing production quantity index grew by 3.7 percent against a decline amounting to 3.5 percent during the same period of 2011. This came as a result of the improvement in the production of some items, particularly; “refined petroleum products” (by 18.1 percent), and “iron and steel” (by 13.6 percent), on one hand, and the decrease in “cement ” (by 16.4 percent), and “chemical products” (by 11.2 percent) on the other.
 - Electricity production quantity index grew by 22.4 percent, owing to the increasing demand of manufacturing sectors for electricity.
 - “Mining and quarrying” production quantity index decreased by 1.3 percent, as the production of phosphate contracted by 4.8 percent and the production of Potash decelerated (recorded a growth rate of 2.3 percent compared to 79.8 percent during the same period of 2011).
- The number of passengers through the Royal Jordanian recorded a remarkable growth.
- The number of departures declined.
- “Quantities of exported and imported goods shipped through the Aqaba port” and “Cargo through the Royal Jordanian” and “licensed areas for buildings” recorded a decelerated growth in their performances.

Summary of the Main Sectoral Indicators:

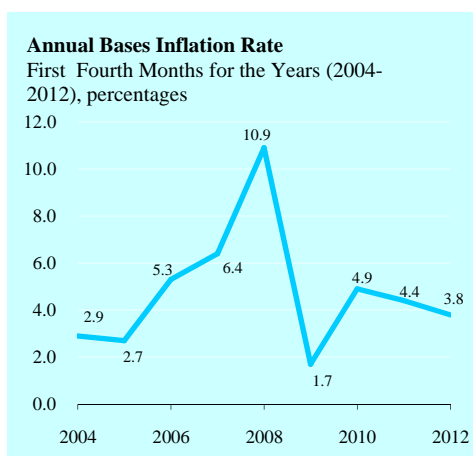
Percentages*					
2011	Item	Available Period			
		2011		2012	
Industrial Sector					
-0.3	Industrial production quantity index	-0.2	January - March	4.6	
-2.2	Manufacturing production quantity index	-3.5		3.7	
-4.2	Food products and beverages	-1.2		-2.8	
-5.0	Refined petroleum products	1.9		18.1	
9.9	Iron and steel	-4.9		13.6	
-26.5	Cement	-33.3		-16.4	
-1.3	Chemical products	1.8		-11.2	
16.5	“Mining and quarrying” production quantity index	43.0		-1.3	
16.8	Phosphate	24.0		-4.8	
17.2	Potash	79.8		2.3	
4.5	Electricity production quantity index	0.5		22.4	
25.7	Licensed areas for (residential and non-residential) buildings	27.0		January - March	15.0
6.2	The number of passengers through the Royal Jordanian	4.1		January - March	25.9
13.8	Quantities of exported and imported goods shipped through the Aqaba port	19.3	January - April	13.0	
-3.8	Cargo through the Royal Jordanian	10.7	January - March	2.1	
-21.5	Number of departures	-10.9	January - April	-10.4	

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

Prices

The general price level continued to increase at a slower pace during the first fourth months of 2012 comparing to the same period of 2011. The inflation rate, measured by the percentage change in the CPI, stood at 3.8 percent, compared to 4.4 percent

during the same period of 2011. This increase in the price level was driven by the global increase in the prices of food items and oil.



Developments of the CPI basket in the first fourth months of 2012:

- ◆ “Food items”, constitute about 36.7 percent of the CPI basket. The prices of this group increased by 4.2 percent during the first fourth months of 2012 compared to an increase by 3.8 percent in the same period of 2011. The contribution of this group to the overall rate of inflation reached 1.5 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of “dairy products and eggs”, “meat and poultry”, and “sugar and confectionaries”, which increased by 15.4 percent, 7.8 percent, and 5.0 percent,

respectively. At the same time, prices of “vegetables”, “fruits”, and “cereals and products” have declined by 9.5 percent, 3.5 percent, and 1.5 percent, respectively.

- ◆ **“Clothing and footwear”** group has the least weight in the CPI basket (5.0 percent). **The average price level for this group increased by 6.1 percent during the first fourth months of 2012 comparing to an increase of 4.9 percent in the same period of 2011. Accordingly, the group's contribution to the overall inflation rate reached 0.3 percentage point during the period under analysis.** The increase in the prices of this group during the first fourth months of 2012 was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 5.9 percent and 6.6 percent, respectively, compared to 5.0 percent and 4.5 percent respectively, during the first fourth months of 2011.

- ◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. **The prices of housing increased by 2.8 percent during the first fourth months of 2012 compared to an increase of 4.3 percent in the same period of 2011. Accordingly, this group contributed to the overall inflation rate by 0.8 percentage point during the first fourth months of 2012.** The increase in the prices of this group was driven by the rise in the prices of “rents” item by 4.2 percent. In addition, prices of other items showed a varied increase ranging from 0.4 percent for “fuels and lighting” and 4.4 percent for “house utensils”.

- ◆ **“Other goods and services”** account for 31.6 percent of the CPI basket. **The prices of this group increased by 3.8 percent during the first fourth months of 2012 compared to 5.3 percent in the same period of 2011. Accordingly, this group contributed 1.2 percentage points to the overall inflation rate during the first fourth months of 2012.** The increase in the prices of this group was a result of the rise in the prices of “personal care” (8.7 percent), “medical care” (8.4 percent), “recreation” (4.3 percent), and “education” (3.1 percent). While the prices of “transportation” increased slightly by 2.8 percent compared to 9.3 percent, during the same period of 2011.

Moreover, **the CPI in April 2012 increased by 1.4 percent comparing to March 2012.** This was mainly due to the rise in the prices of “vegetables”, “fruits”, and “meats and poultry”, on one hand, and the decrease in other items, most noticeably “dairy products and eggs” and “recreation” on the other hand.



□ Employment

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) reached 38.2 percent (61.5 percent for males against 14.3 percent for females) during the first quarter of 2012, compared to 39.4 percent (63.3 percent for males against 14.9 percent for females) during the same quarter of 2011.
- ◆ The employed rate among the age group 15 years and above reached 33.8 percent during the first quarter of 2012. The employed workers in the sector of “public administration, defense, and social security” accounted for 25.8 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.1 percent). The remaining percent is distributed among sectors of education, manufacturing, and other.
- ◆ The unemployment rate (unemployed percent of the labor force) in the first quarter of 2012 reached 11.4 percent (10.0 percent for males and 18.0 percent for females) compared to 13.1 percent (10.8 percent for males and 22.8 percent for females) during the same quarter of 2011. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 15.3 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 168.0 million during the first quarter of 2012, comparing to a fiscal deficit in the amount of JD 239.8 million, during the same period in 2011. Excluding foreign grants (JD 14.4 million), the general budget deficit reaches to JD 182.4 million compared to a deficit in the amount of JD 257.6 million during the same period in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached to JD 10,632.0 million (47.9 percent of GDP), at the end of March 2012, reflecting a rise amounting to JD 636.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 800.0 million at the end of March 2012, to reach JD 9,715.0 million (43.8 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 113.0 million at the end of March 2012, compared to its level at the end of 2011, to stand at JD 4,599.8 million (20.7 percent of GDP).

□ The performance of the general budget during the first quarter of 2012 compared to the same period in preceding year:

■ Public Revenues

Public revenues (including foreign grants) declined by JD 38.1 million, or 9.5 percent, in March 2012 comparing to the same month in 2011 to reach JD 362.8 million. As for the first quarter of 2012, these revenues were up by JD 76.3 million, or 7.6 percent, compared to the same period in 2011 to stand at JD 1,082.9 million. This result was mainly driven by the increase in domestic revenues by JD 79.7 million, on one hand, and the drop in foreign grants by JD 3.4 million, on the other hand.

Main Government Budget Indicators during March and the First quarter of 2012 and 2011:

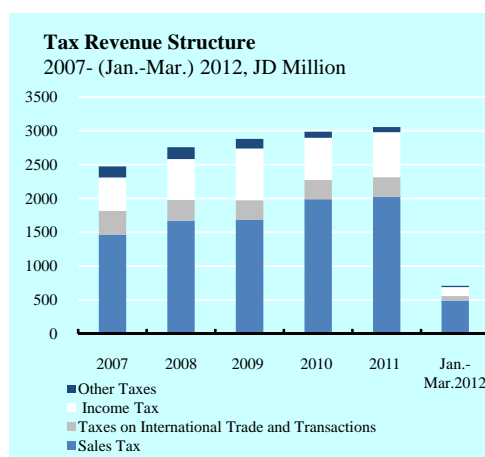
(JD Million and Percentages)

	March		Growth Rate %	Jan. – Mar.		Growth Rate %
	2011	2012		2011	2012	
Total Revenues and Grants	400.9	362.8	-9.5	1006.6	1082.9	7.6
Domestic Revenues, of which:	400.9	348.4	-13.1	988.8	1068.5	8.1
Tax Revenues, of which:	258.5	204.6	-20.9	684.9	708.7	3.5
General Sales Tax	182.2	140.0	-23.2	489.7	489.6	0.0
Other Revenues, of which:	140.3	141.6	0.9	298.6	354.0	18.6
Land Registration Fees	17.8	15.9	-10.7	35.0	40.4	15.4
Foreign Grants	0.0	14.4	-	17.8	14.4	-19.1
Total Expenditures	454.5	491.0	8.0	1246.4	1250.9	0.4
Overall Deficit/ Surplus	-53.6	-128.2		-239.8	-168.0	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 79.7 million, or 8.1 percent, during the first quarter of 2012 compared to the same period in 2011, to reach JD 1,068.5 million. This increase was a result of; the rise in the proceeds of “other revenues”, “tax revenues” and “pension contributions” by JD 55.4 million, JD 23.6 million and JD 0.5 million, respectively.



◀ Tax Revenues

Tax revenues increased by JD 23.8 million, or 3.5 percent, during the first quarter of 2012 compared to the same period in 2011, to reach JD 708.7 million (66.3 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of “income and profit taxes”** by JD 20.9 million or 18.6 percent, which reached JD 133.4 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 25.3 million, and the drop in the proceeds of “income tax from individuals” by JD 4.4 million. Accordingly, income tax from companies accounted for 77.7 percent of total taxes on income and profits to reach JD 103.7 million (of which JD 47.7 million from banks and financial institutions).
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 1.3 million or 2.0 percent, which reached JD 66.6 million. This result was driven by the increase in the proceeds of “customs duties and fees” by JD 1.3 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.
- **The decrease in the proceeds of general sales tax on goods and services** by JD 0.1 million which reached JD 489.6

million. Specifically, the proceeds of “sales tax on imported goods” decreased by JD 20.9 million. In contrast, the proceeds of “sales tax on services”, “sales tax on domestic goods” as well as the proceeds of “sales tax on commercial sector” have increased by JD 11.4 million and JD 8.0 million and JD 1.4 million respectively.

◀ Other Revenues (Non-Tax Revenues)

“Other revenues” increased by JD 55.4 million, or 18.6 percent, during the first quarter of 2012 to reach JD 354.0 million. This increase was an outcome of:

- The rise in property income by JD 47.3 million to stand at JD 86.9 million (of which financial surplus of independent government units amounted to JD 81.8 million).
- The increase in revenues from selling goods and services by JD 11.0 million to stand at JD 158.1 million.
- The decrease in miscellaneous revenues by JD 2.9 million to reach JD 109.0 million.

◀ Pension Contributions

Pension contributions were up by JD 0.5 million during the first quarter of 2012 compared to the same period in 2011 standing at JD 5.8 million.

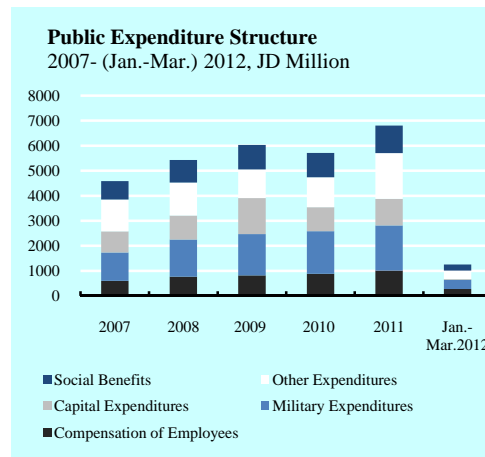
◆ Foreign Grants

Foreign grants were down by JD 3.4 million during the first quarter of 2012 comparing to the same period in 2011. Standing at JD 14.4 million.

■ Public Expenditures

Public expenditures witnessed an increase by JD 36.5 million, or 8.0 percent, in March 2012 compared to the same month in 2011 to stand at JD 491.0 million. During the first quarter of 2012 public expenditures accordingly rose by JD 4.5 million, or 0.4 percent, to

stand at JD 1,250.9 million. This increase was an outcome of the rise in current expenditures by 3.5 percent and the drop in capital expenditures by 54.3 percent.



◆ Current Expenditures

Current expenditures increased by JD 40.7 million, or 3.5 percent, during the first quarter of 2012, to reach JD 1220.4 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 18.8 million to reach JD 275.9 million.
- The increase in social benefit expenditures by JD 18.7 million to stand at JD 243.0 million.

- The increase in good's subsidies by JD 32.4 million to stand at JD 122.0 million.
- The increase in interest payments, on internal and external public debt, by JD 3.3 million to stand at JD 118.5 million.
- The decrease in military expenditures by JD 24.9 million to total JD 363.1 million.
- The drop in “purchases of goods and services” by JD 17.6 million to stand at JD 33.4 million.

◆ Capital Expenditures

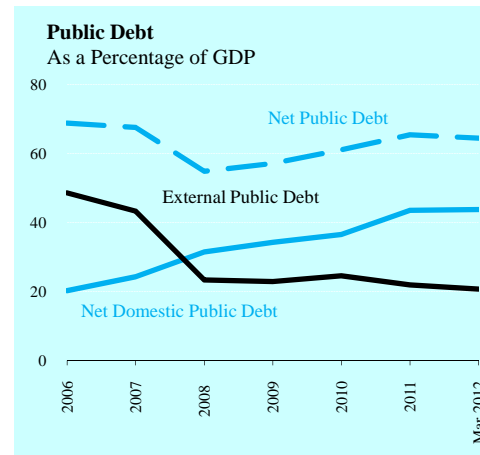
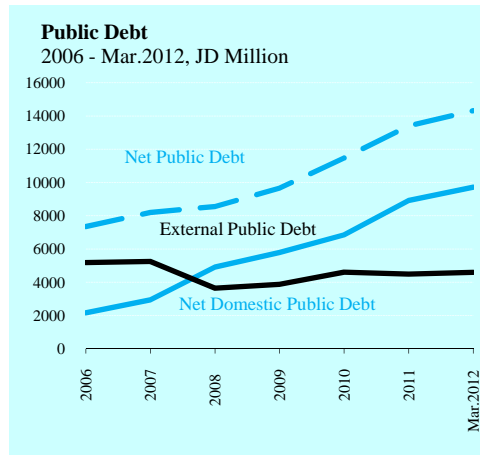
Capital expenditures decreased by JD 36.2 million, or 54.3 percent during the first quarter of 2012 comparing to the same period in 2011, to reach JD 30.5 million.

■ General Budget Deficit/ Surplus

- ◆ **The general budget, including grants, displayed a fiscal deficit amounted to JD 168.0 million during the first quarter of 2012,** against a fiscal deficit of JD 239.8 million during the same period in 2011.
- ◆ **The general budget showed a primary deficit** (after excluding interest payments on public debt from total expenditures) **reached to JD 49.5 million during the first quarter of 2012,** against a primary deficit of JD 124.6 million during the same period in 2011.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) had increased by JD 636.0 million at the end of March 2012 compared to its level at the end of 2011 to reach JD 10,632.0 million, or 47.9 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 189.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 446.0 million. This increase in the gross outstanding domestic debt for own-budget agencies was driven by the significant increase in direct credit facilities provided by banking sources by JD 460.9 million to reach JD 640.8 million at the end of March 2012 compared to JD 179.9 million at the end of 2011 due to the increase borrowing on behalf of Jordan's National Electric Power Company as a result of frequent interrupted of natural gas supplies from Egypt.



- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **increased by JD 800.0 million at the end of March 2012** comparing to its level at the end of 2011 to total JD 9,715.0 million, or 43.7 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 636.0 million, and the decrease in the government deposits at the banking system by JD 164.0 million comparing to their level at the end of 2011.
- **Outstanding balance of external public debt (budgetary and guaranteed) increased** by JD 113.0 million at the end of March 2012 compared to its level at the end of 2011, amounting to JD 4,599.8 million (20.7 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 41.5 percent, while debt in Euros accounted for 8.3 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 20.3 percent and 18.9 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 913.0 million at the end of March 2012 comparing to its level at the end of 2011 to stand at JD 14,314.8 million, or 64.4 percent of GDP, against JD 13,401.8 million (65.4 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP declined by one percentage points compared to its level at the end of 2011.
- **External debt service (budgetary and guaranteed)** amounted to JD 88.0 million during the first quarter of 2012 (of which interest payments amounting to JD 17.8 million) compared to JD 85.7 million (of which interest payments amounting to JD 21.2 million) during the same period in 2011.

□ Fiscal and Price Measures

- The Cabinet decided to adjust the prices on some types of oil derivatives as of 13th June 2012, while maintaining the prices on Diesel and Kerosene unchanged as follows:

Oil Derivatives Price Developments				
	Unit	2011	2012	Change %
		September	June	
Unleaded Gasoline 90	Fils/Liter	620	700	12.9
Unleaded Gasoline 95	Fils/Liter	795	1000	25.8
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	501.2	501.2	0.0
Fuel oil for ships	JD/Ton	511.3	556.9	8.9
Fuel oil for airplanes (local companies)	Fils/Liter	614	657	7.0
Fuel oil for airplanes (foreign companies)	Fils/Liter	619	662	6.9
Fuel oil for unplanned flights	Fils/Liter	634	677	6.8
Asphalt	JD/Ton	536.7	595.7	11.0

Source: Jordan Petroleum Refinery CO.

- The Cabinet approved a package of fiscal measures and decisions that will contribute in alleviating the widening budget deficit and save an amount of JD 300.0 million, as follows (May 2012):

- The deduction of 20% from the salaries of the Prime Minister and the Ministers for the benefit of the treasury as of the current month.
 - Requiring all ministries and government departments and institutions to reduce their operating costs by 15%.
 - Requiring all ministries and government departments and institutions to reduce their capital expenditures by 10%.
 - Reducing government subsidies provided for own- budget agencies by 15%.
 - Reducing the budget of the Ministry of Finance by JD 85.0 million.
- The Cabinet decided to raise the electricity tariff on household sector consumption, for households whose consumption exceeds 600 kilowatt / hours per month, by various and gradual rates, while maintaining the exemptions for those households whose consumption is less than that amount. Moreover, tariffs have also been raised on commercial sectors whose monthly consumption exceeds 2000 kilowatt, in addition to raising it on some major industries. Also, the government raised the electricity tariff on telecommunication companies, banks, major mining industries, street lightning, the Ports Corporation, hotels and water pumping by rates ranging from 22 to 150 percent (June 2012).
 - The Cabinet approved the reduction of Sales Tax on cellular phones from 16% to 8% (June 2012).

□ Grants, Loans and Other Agreements

- ◆ Signing an exchange of notes between the government of Jordan and the government of Japan, under which the Japanese government through the Japan International Cooperation Agency (JICA), provides a grant in the amount of US \$ 6.780 million (equivalent to around JPY 542.0 million), to contribute in the implementation of the “Improving Security Procedures and Equipment” project at the Karameh border crossing, as part of the Japanese assistance for the “Security Enhancement” program (May 2012).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 1.5 percent in March 2012 compared to the same month in 2011 to record JD 457.5 million. As for the first quarter in 2012, total merchandize exports decreased by 4.1 percent to reach JD 1,311.4 million.
- **Merchandize imports** increased by 18.0 percent in March 2012 compared to the same month in the previous year amounting to JD 1,336.1 million. As for the first quarter in 2012, merchandize imports were up by 22.2 percent to total JD 3,766.0 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 31.5 percent in March 2012 compared to the same month in 2011 standing at JD 878.6 million. As for the first quarter in 2012, the trade deficit expanded by 43.2 percent to reach JD 2,454.6 million.
- **Travel receipts** increased by 20.6 percent in April 2012 compared to the same month in the preceding year to record JD 234.9 million. In contrast, travel payments decreased by 1.0 percent in April 2012 compared to the same month in 2011. As for the first four months in 2012, travel receipts increased by 10.5 percent, while its payments decreased by 4.6 percent to reach JD 776.7 million and JD 274.4 million, respectively.
- **Total workers' remittances receipts** increased by 0.5 percent in April 2012 compared to the same month in 2011 to reach JD 204.2 million. As for the first four months of 2012, total worker's remittances decreased by 2.3 percent to reach JD 773.7 million.
- **The current account of the balance of payments** displayed a deficit of JD 2,048.2 million (10.0 percent of GDP) during 2011 compared to a deficit of JD 1,336.3 million (7.1 percent of GDP) in the previous year.
- **Net FDI inflows to Jordan** recorded JD 1,043.0 million during 2011, down from JD 1,172.1 million during 2010.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 14,938.5 million at the end of December 2011; recording an increase of 2,073.1 million over its level at the end of December 2010.

□ External Trade

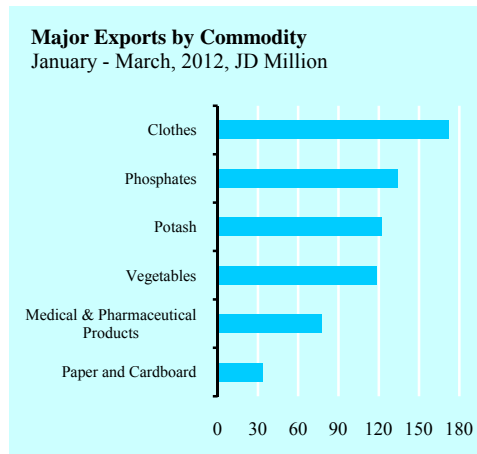
As a result of the decrease in domestic exports by JD 41.8 million and the increase in imports by JD 684.0 million, respectively during the first quarter of 2012, the volume of external trade (domestic exports *plus* imports) increased by JD 642.2 million to stand at JD 4,883.2 million.

Jordan's Major Trade Partners Jan. – Mar. 2011- 2012, JD Million				Developments of External Trade Indicators, JD Million				
	2011	2012	Percentage Change	Jan. – Mar.				
				2011	Percentage Change 2010/2011	2012	Percentage Change 2011/2012	
Exports				External Trade	4,241.0	19.8	4,883.2	15.1
United States	159.4	181.8	14.1	Total Exports	1,367.6	15.7	1,311.4	-4.1
Iraq	225.5	127.3	-43.5	Domestic Exports	1,159.0	15.9	1,117.2	-3.6
India	113.4	115.5	1.9	Re-exports	208.6	14.4	194.2	-6.9
Saudi Arabia	82.5	101.0	22.4	Imports	3,082.0	21.2	3,766.0	22.2
Indonesia	17.6	65.6	272.7	Trade Balance	-1,714.4	26.1	-2,454.6	43.2
Syria	83.9	60.9	-27.4	Source: Department of Statistics.				
Lebanon	46.1	47.2	2.4					
Imports								
Saudi Arabia	685.8	1070.6	56.1					
China	309.2	322.9	4.4					
United States	198.2	305.1	53.9					
Egypt	137.0	151.4	10.5					
Germany	193.1	144.1	-25.4					
Ukraine	42.7	115.2	169.8					
Italy	132.3	113.8	-14.0					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports decreased by 4.1 percent during the first quarter of 2012 compared to a 15.7 percent increase during the same period in 2011, to record JD 1,311.4 million. This decrease resulted from a decline in

domestic exports and re- exports of JD 41.8 million and JD 14.4 million, or 3.6 percent and 6.9 percent, to reach JD 1,117.2 million and JD 194.2 million, respectively.



The developments of domestic exports during the first quarter of 2012 compared with the same period in the previous year reveals the following:

- Exports of **phosphates** increased by JD 40.2 million, or 42.8 percent, to register JD 134.2 million, compared to an increase of 61.0 percent during the first quarter in 2011. This increase was mainly due to the increase in prices and quantities of phosphates by 36.4 percent and 4.6 percent, respectively. The Indian, Indonesian and Bulgarian Markets accounted for 89.0 percent of these exports.

- Exports of **potash** increased by JD 6.1 million, or 5.2 percent, to stand at JD 122.5 million.
- Exports of **medical and pharmaceutical products** increased by JD 1.2 million, or 1.6 percent, to reach JD 77.5 million, compared to a decrease of 23.2 percent during the first quarter in 2011. The Saudi, Algerian, Iraqi and UAE Markets accounted for 57.2 percent of these exports.
- Exports of **vegetables** decreased by JD 37.9 million, or 24.2

Major Domestic Exports by Commodity

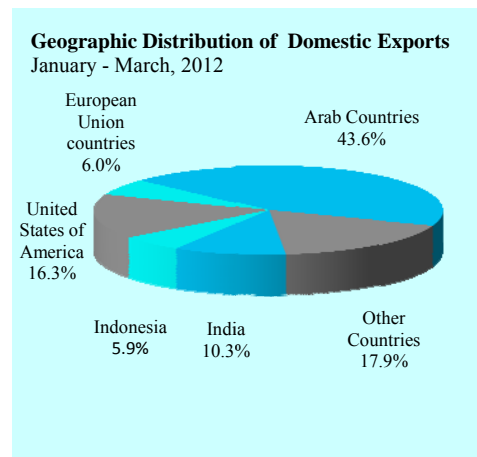
Jan.-Mar. 2011 - 2012, JD Million

	2011	2012	Percentage Change
Domestic Exports	1159.0	1117.2	-3.6
Clothes	155.2	172.6	11.2
United States	142.5	161.9	13.6
Phosphates	94.0	134.2	42.8
India	64.7	83.3	28.7
Indonesia	5.3	22.5	324.5
Bulgaria	3.2	13.6	325.0
Potash	116.4	122.5	5.2
Vegetables	156.9	119.0	-24.2
Syria	59.0	45.1	-23.6
Russia	9.3	11.3	21.5
Turkey	0.2	9.7	-
Medical & Pharmaceutical Products	76.3	77.5	1.6
Saudi Arabia	9.9	20.2	104.0
Algeria	11.5	11.3	-1.7
Iraq	4.1	6.7	63.4
UAE	11.1	6.1	-45.0
Paper and Cardboard	33.2	33.8	1.8
Saudi Arabia	8.3	9.6	15.7
Iraq	10.5	8.7	-17.1
UAE	3.8	3.3	-13.2

Source: Department of Statistics.

percent, to total JD 119.0 million, compared to an increase of 12.7 percent during the first quarter of 2011. Syrian, Russian and Turkish markets were the main destinations of these exports accounting for 55.5 percent. This decrease was mainly due to the decline of vegetable exports to Iraqi market by JD 52.6 million.

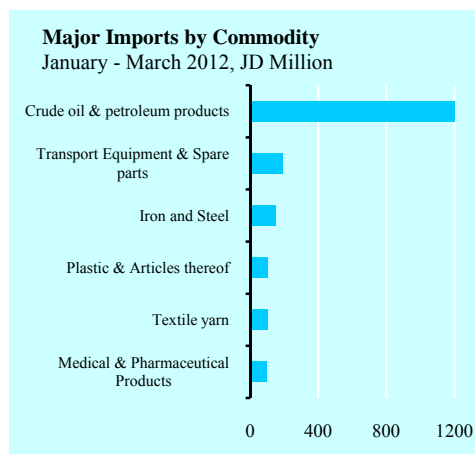
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, phosphates, potash, vegetables, “medical and pharmaceutical products” and “paper and cardboard”



topped the list of domestic exports during the first quarter of 2012 accounting for 59.0 percent of domestic exports up from 54.5 percent during the same period of 2011. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, Indonesia, Syria and Lebanon were the main destination markets for Jordanian domestic exports during the first quarter of 2012; accounting for 62.6 percent of domestic exports, down from 62.8 percent during the same period in 2011.

■ Merchandize Imports:

Merchandize imports amounted to JD 3,766.0 million during the first quarter of 2012 increasing by JD 684.0 million, or 22.2 percent, compared to an increase by 21.2 percent during the same period in 2011.



The developments of imports during the first quarter of 2012 compared with previous period reveals the following:

- **Petroleum products** imports increased by JD 329.4 million, or 118.4 percent, to total JD 607.7 million compared to an increase of 142.2 percent during the same period in 2011. This increase was mainly attributable to the rise in the prices of petroleum products in international markets as well as the disruptions of Egyptian gas supply. The main source markets of these imports were Saudi Arabia, the USA and Belarus.
- **Crude oil** imports increased by JD 205.1 million, or 53.0 percent, to reach JD 592.1 million, compared to a rise by 26.1 percent during the same period in 2011. This increase was attributed to the rise in the prices of oil by 16.6 percent and the increase in the imported quantities by 31.2 percent. Also, its worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Iron & Steel** decreased by JD 17.0 million, or 10.2 percent to reach JD 149.0 million, compared to an increase of 72.5 percent during the corresponding period of 2011. The markets of Ukraine, Turkey and Japan accounted for 56.6 percent of these imports.
- Imports of **Transport equipments and Spare Parts** decreased by JD 20.4 million, or 9.6 percent, to reach JD 192.5 million compared to a decrease by 22.4 percent during the same period of 2011. South Korea, Germany and the USA were the main origin markets for these imports; accounting for 67.2 percent of these imports.

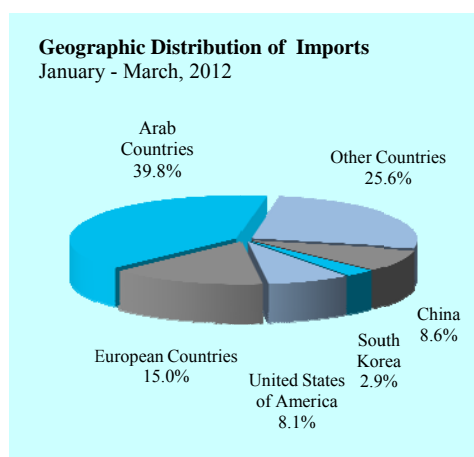
Major Imports by Commodity

Jan.-Mar. 2011- 2012, JD Million

	2011	2012	Percentage Change
Total Imports	3082.0	3766.0	22.2
Crude Oil	387.0	592.1	53.0
Saudi Arabia	354.8	577.5	62.8
Petroleum Products	278.3	607.7	118.4
Saudi Arabia	134.7	187.6	39.3
United States	28.6	106.9	273.8
Belarus	0.0	71.6	-
Transport Equipments and Spare Parts	212.9	192.5	-9.6
South Korea	65.1	73.2	12.4
Germany	54.1	28.8	-46.8
United States	19.8	27.4	38.4
Iron & Steel	166.0	149.0	-10.2
Ukraine	34.7	57.4	65.4
Turkey	51.0	13.5	-73.5
Japan	0.5	13.4	2580
Textile Yarn, Fabrics & Related Products	99.0	101.6	2.6
China	44.3	40.5	-8.6
Taiwan	20.2	25.3	25.2
Turkey	5.6	8.5	51.8
Plastic & Articles Thereof	96.9	103.4	6.7
Saudi Arabia	46.2	56.9	23.2
Kuwait	6.0	5.4	-10.0
UAE	3.4	4.6	35.3
Medical and pharmaceutical products	93.4	97.9	4.8
Germany	9.8	14.1	43.9
United Kingdom	7.2	10.3	43.1
United States	7.5	7.9	5.3

Source: Department of Statistics.

The commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipments and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Plastic and Articles thereof” and



“Medical and pharmaceutical Products” accounted for 49.0 percent of total imports during the first quarter of 2012; up from 43.8 percent during The same period in 2011. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Egypt, Germany, Ukraine and Italy topped the list of imports sources during the first quarter of 2012; accounting for 59.0 percent compared to 55.1 percent during the same period in 2011.

■ Re-Exports

The value of re-exported goods decreased by JD 14.4 million, or 6.9 percent during the first quarter in 2012, recording JD 194.2 million.

■ Trade Balance

The trade balance deficit during the first quarter of 2012 increased by JD 740.2 million, or 43.2 percent to register JD 2,454.6 million compared to the same period in 2011.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 1.1 million or 0.5 percent in April 2012 to register JD 204.2 million compared to the same month in 2011. As the first four months of 2012, total workers remittances receipts decreased by 2.3 percent to reach JD 773.7 million.

□ Travel

■ Receipts

Travel receipts increased by JD 73.6 million, or 10.5 percent, during the first four months of 2012 to register JD 776.7 million, despite the fall in the number of inbound tourists by 8.6 percent. This increase was mainly due to the rise in the high expenditure inbound tourists.

■ Payments

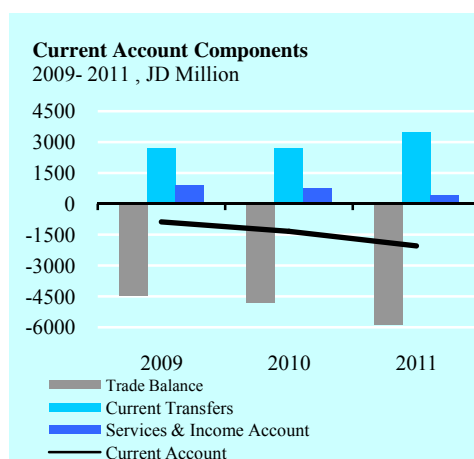
Travel payments decreased by 4.5 percent, during the first four months of 2012 to stand at JD 247.4 million, compared with JD 259.2 million during the same period in 2011.

□ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for 2011 compared to 2010, reveals the following developments:

- The current account recorded a deficit of JD 2,048.2 million (10.0 percent of GDP) compared to a deficit of JD 1,336.3 million (7.1 percent of GDP) during 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit by JD 1,071.3 million, or 22.2 percent, to reach JD 5,895.1 million in 2011 compared to a deficit amounting to JD 4,823.8 million in 2010.



- Services account recorded a surplus of JD 519.8 million, compared to a surplus of JD 838.5 million during 2010. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 1,305.8 million and JD 201.6 million, respectively and the registered deficit of transportation (net) and other services (net) by JD 891.5 million and JD 96.1 million respectively.
- An increase in the deficit of the income account (net) by JD 62.9 million compared to 2010 to register JD 127.6 million, as a result of the increase in the deficit of investment income (net) by JD 29.5 million, and a decrease in the surplus of compensation of employees (net) by JD 33.4 million.
- An increase in the surplus of net current transfers by JD 741.0 million; to reach JD 3,454.7 million, as a result of the increase in net transfers of public sector (foreign grants) and in the transfers of other sectors (net) by JD 652.5 million and JD 88.5 million, to reach JD 1,431.9 million and JD 2,022.8 million, respectively, during 2011.

It's worth mentioning that the workers' remittances receipts and payments decreased by JD 95.2 million and JD 34.6 million, or 4.2 percent and 11.2 percent, respectively during 2011.

- The capital and financial account with the rest of the world showed a net inflow of JD 2,218.5 million during 2011 compared to an inflow in the amount of JD 805.6 million during 2010 due to the following:
 - FDI in the Kingdom recorded a net inflow amounted to JD 1,043.0 million during 2011 compared to JD 1,172.1 million during 2010.
 - Portfolio investments (net) recorded a net inflow amounted to JD 208.5 million compared to a similar inflow in the amount of JD 547.0 million during 2010.
 - Other investments (net) registered a net outflow in the amount of JD 183.4 million compared to an inflow amounting to JD 137.2 million during 2010.
 - A decrease in reserve assets of CBJ by JD 1,172.3 million during 2011 compared to an increase amounting to JD 1,030.7 million during 2010.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in the amount of JD 14,938.5 million at the end of December 2011 compared to JD 12,865.4 million at the end of December 2010. This increase was due to the following developments:

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 1,302.2 million at the end of December 2011 compared to the end of 2010; to stand at JD 31,219.1 million. This was mainly due to the following outcomes:
 - An increase in the stock of foreign direct investment (FDI) in Jordan by JD 1,043.0 million to stand at JD 16,591.0 million.
 - An increase in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 138.0 million; to reach JD 4,686.0 million.
 - An increase in the deposits of non-resident at the Jordanian banking system by JD 175.2 million to reach JD 6,462.6 million.
 - An increase in the stock of portfolio investments in the Kingdom by JD 121.5 million to reach 2,801.2 million.
- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 770.9 million to reach JD 16,280.6 million at the end of December 2011 compared to the end of 2010. This decrease was mainly a result of the decline in the CBJ's reserve assets by 1,084.2 million and the decrease in the stock of portfolio investments at commercial banks by JD 200.6.