



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
April, 2010**

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

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

E-mail redp@cbj.gov.jo



❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

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

Contents

	Executive Summary	6
First	Monetary & Financial Sector	8
Second	Output & Prices	20
Third	Public Finance	29
Fourth	External Sector	38

Executive Summary

According to indicators available to-date, the national economy displayed favorable results in the external sector and a number of monetary indicators, including the narrow down in external current account deficit and the sustained rise in foreign currency reserves. On the other hand, the preliminary estimates released by the Department of Statistics showed a deceleration in real GDP growth in 2009, affected by the repercussions of the global economic and financial crisis.

❑ **Output and Prices:** Real Gross Domestic Product (GDP) grew at 2.8 percent in 2009 compared to 7.8 percent in 2008. The Consumer Price Index (CPI) revealed a rise by 4.6 percent during the first quarter in 2010 against a rise in the amount of 2.8 percent during the same period in 2009. Furthermore, investments benefiting from the Investment Promotion Law totaled JD 685.9 million in the first quarter in 2010, of which 23.3 percent were foreign investments, compared to JD 249.8 million during the same period in 2009.

❑ **Monetary and Financial Sector:**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 266.3 million, or 2.4 percent, at the end of the first quarter in 2010 compared with their level at the end of 2009; standing at US\$ 11,145.3 million.
- Domestic liquidity grew by JD 278.2 million, or 1.4 percent, at the end of the first quarter in 2010 compared with its level at the end of 2009; standing at JD 20,291.5 million.
- The outstanding balance of credit facilities extended by licensed banks was up by JD 113.3 million, or 0.9 percent, at the end of the first quarter in 2010 compared with its level at the end of 2009; standing at JD 13,430.5 million.
- Total deposits at licensed banks increased by JD 472.2 million, or 2.3 percent, at the end of the first quarter in 2010 compared with its level at the end of 2009; totaling JD 20,770.6 million.

- The share price index, weighted by market capitalization of free float shares, at Amman Stock Exchange (ASE) experienced a 15.8 point decline, or 0.6 percent, at the end of March 2010 compared with its level at the end of 2009; standing at 2,517.7 points.
- **Public Finance:** The general budget, including foreign grants, showed a fiscal surplus amounting to JD 158.8 million during the first two months in 2010. Excluding grants (amounting to JD 53.4 million), the surplus shrinks to JD 105.4 million. Net outstanding domestic public debt (budgetary and own-budget) declined by JD 4.0 million at the end of February 2010 compared to its level at the end of 2009; standing at JD 5,787.0 million, or 32.9 percent of GDP. In contrast, outstanding external public debt increased by JD 12.0 million at the end of February 2010 compared to its level at the end of 2009; totaling JD 3,881.0 million, or 22.1 percent of GDP.
- **External Sector:** The value of total merchandize exports (domestic exports *plus* re-exports) decreased by 6.0 percent during the first two months in 2010 to reach JD 748.7 million. By contrast, the value of merchandize imports was up by 11.7 percent; totaling JD 1,592.4 million. In effect, the trade deficit widened by 34.0 percent compared with the same period in the preceding year; amounting to JD 843.7 million. Further, the preliminary figures for the first quarter in 2010 showed an increase in the travel receipts and travel payments by 39.6 percent and 40.0 percent compared to the same period in 2009, respectively. In addition, the receipts of workers' remittances increased by 0.9 percent. It is worth indicating in this regard that the preliminary figures for the balance of payments in 2009 displayed a deficit in the current account amounting to JD 899.8 million; down from JD 1,546.0 million in 2008. Finally, the net inflows of foreign direct investment (FDI) came at JD 1,691.0 million in 2009 compared with JD 2,005.7 million in 2008. In addition, the international investment position (IIP) displayed a net obligation to abroad amounting to JD 13,088.2 million at the end of 2008 compared with JD 15,059.0 million at the end of 2007.

First: Monetary and Financial Sector

□ Summary:

- Foreign currency reserves at the CBJ increased by US\$ 266.3 million, or 2.4 percent, at the end of the first quarter in 2010 compared with their level at the end of 2009; standing at US\$ 11,145.3 million. The aforementioned level of reserves is equivalent to around 8.1 months of the Kingdom's imports of goods and services. Moreover, these reserves stood at US\$ 11,129.1 million as of April 26, 2010; up by US\$ 250.1 million compared with their level at the end of 2009.
- Domestic liquidity at the end of the first quarter in 2010 was up by JD 278.2 million, or 1.4 percent, compared with its level at the end of the previous year to total JD 20,291.5 million.
- The outstanding balance of the credit facilities extended by licensed banks increased by JD 113.3 million, or 0.9 percent, at the end of the first quarter in 2010 compared with its level at the end of 2009; standing at JD 13,430.5 million.
- Total deposits at licensed banks increased by JD 472.2 million, or 2.3 percent, at the end of the first quarter in 2010 in comparison with its level at the end of 2009; totaling JD 20,770.6 million.
- Interest rates on credit facilities at licensed banks have gone up during the first quarter in 2010. However, interest rates on deposits have gone down compared with their levels at the end of 2009.

- The share price index, weighted by market capitalization of free float shares, at Amman Stock Exchange (ASE) dropped by 15.8 points, or 0.6 percent, at the end of March 2010 compared with its level at the end of 2009; standing at 2,517.7 points. Accordingly, the market capitalization declined by around JD 0.8 billion, or 3.6 percent, to stand at JD 21.7 billion at the end of March 2010.

Main Monetary Indicators

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

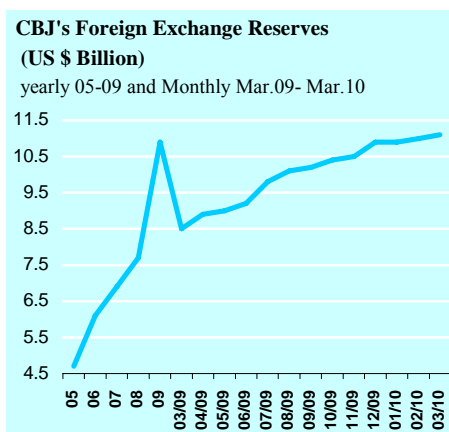
Year		End of March	
		2009	2010
US\$ 10,879.0	CBJ's Foreign Exchange Reserves	US\$ 8,517.5	US\$ 11,145.3
%40.5		%10.0	%2.4
20,013.3	Money Supply (M2)	18,686.7	20,291.5
%9.3		%2.1	%1.4
13,317.2	Credit Facilities, of which:	12,903.7	13,430.5
%2.1		%-1.1	%0.9
12,041.3	Private Sector (Resident)	11,719.6	12,136.7
%1.4		%-1.3	%0.8
20,298.4	Total Deposits, of which:	18,695.0	20,770.6
%12.1		%3.3	%2.3
15,865.0	In JD	14,258.8	16,145.6
%18.9		%6.8	%1.8
4,433.4	In Foreign Currencies	4,436.3	4,625.0
%-6.7		%-6.7	%4.3
16,256.7	Deposits of Private Sector (Resident), of which:	14,711.2	16,537.8
%13.7		%2.9	%1.7
13,500.0	In JD	11,971.1	13,631.7
%19.5		%5.9	%1.0
2,756.7	In Foreign Currencies	2,740.1	2,906.1
%-7.8		%-8.4	%5.4

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ Foreign Reserves:

The CBJ foreign currency reserves were up by US\$ 266.3 million, or 2.4 percent, at the end of the first quarter in 2010 compared with their level at the end of 2009; standing at US\$ 11,145.3 million. Further, these reserves stood at US\$ 11,129.1

million as of April 26, 2010; up by US\$ 250.1 million compared with their level at the end of 2009. The aforementioned level of reserves is equivalent to around 8.1 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2):

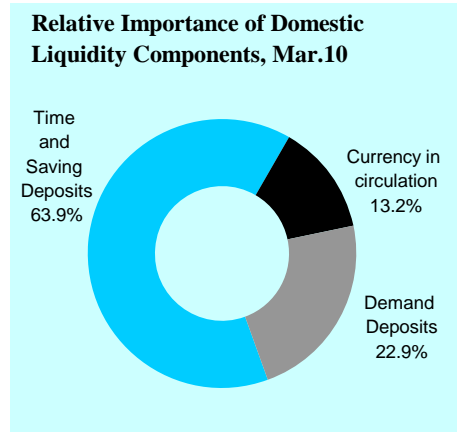
■ Domestic liquidity totaled JD 20,291.5 million at the end of March 2010; increasing by JD 41.7 million, or merely 0.2 percent, compared with its level at the end of the preceding month against an increase in the amount of JD 37.5 million, or 0.2 percent, during the same month in 2009. As for the first quarter in 2010, domestic liquidity was up by JD 278.2 million, or 1.4 percent, compared to its level at the end of 2009, against an increase in the amount of JD 382.5 million, or 2.1 percent during the same period in 2009.

◆ **The comparison between the developments in domestic liquidity components as well as the factors affecting liquidity at the end of the first quarter in 2010 and that at the end of 2009 reveals the following:**

● Components of Domestic Liquidity:

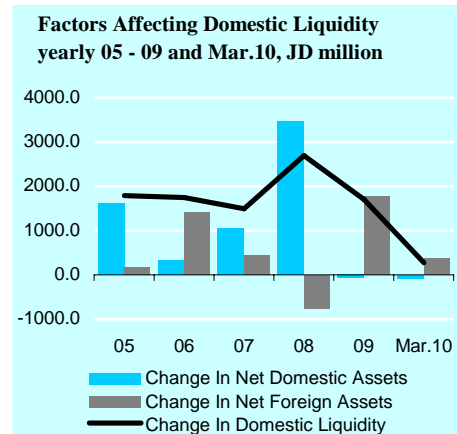
- Deposits increased by JD 265.9 million, or 1.5 percent, at the end of the first quarter in 2010 compared with their levels at the end of 2009; totaling JD 17,599.7 million, against an increase amounting to JD 464.1 million, or 3.0 percent, at the end of the same period in 2009.

- Currency with the public was up by JD 12.3 million, or 0.5 percent, at the end of the first quarter in 2010; standing at JD 2,691.8 million compared with its level at the end of 2009 against a decrease in the amount of JD 81.6 million, or 3.1 percent, at the end of the same period in 2009.



• **Factors Affecting Domestic Liquidity:**

○ Net domestic assets at the banking system declined by JD 82.6 million, or 0.7 percent, at the end of the first quarter in 2010 compared with its level at the end of 2009 against an increase in the amount of JD 137.9



million, or 1.2 percent, during the same period in 2009. The decline recorded during the first three months in 2010 was an outcome of the drop in the volume of these assets at the CBJ by JD 172.2 million, or 2.7 percent, on one hand, and the increase in the volume of these assets at the licensed banks by JD 89.6 million, or 0.5 percent, on the other.

- o Net foreign assets at the banking system was up by JD 360.8 million, or 4.1 percent, at the end of the first quarter in 2010 compared with its level at the end of 2009 against an increase in the amount of JD 244.6 million, or 3.4 percent, at the end of the first quarter in 2009. The aforementioned increase was the direct result to the increase in the volume of net foreign assets at the licensed banks and the CBJ by JD 202.8 million, or 55.5 percent, and JD 158.0 million, or 1.7 percent, respectively.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

Year		Change in balance relative to the end of March	
		2009	2010
1,780.1	Foreign Assets (Net)	244.6	360.8
2,433.2	CBJ	481.3	158.0
-653.1	Licensed Banks	-236.7	202.8
-71.0	Domestic Assets (Net)	137.9	-82.6
-2,552.8	CBJ, of which:	-595.0	-172.2
-302.8	Claims on Public Sector (Net)	-112.3	-79.7
-2,250.0	Other Items (Net*)	-482.5	-92.5
2,481.8	Licensed Banks	732.9	89.6
630.5	Claims on Public Sector (Net)	100.4	-284.4
159.9	Claims on Private Sector	25	99.9
1,691.4	Other Items (Net)	607.5	274.1
1,709.1	Money Supply (M2)	382.5	278.2
14.7	Currency in Circulation	-81.6	12.3
1,694.4	Total Deposits, of which:	464.1	265.9
-436.1	In Foreign Currencies	-310.6	95.4

* 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:

- For the first time in 2010, the CBJ slashed the interest rates on its monetary instruments by 50 basis points on February 21, 2010. Accordingly, as of the above date, the aforementioned rates became as follows:
 - **Re-Discount Rate:** 4.25 percent.
 - **Interest Rate on Overnight Repurchase Agreements:** 4.00 percent.
 - **Overnight Deposit Window Rate:** 2.00 percent.

The developments in the interest rates on certificates of deposits (CDs) can be demonstrated as follows:

- The CBJ did not issue any kind of certificates of deposits (CDs) during 2009 as well as the elapsed period in the current year. Accordingly, the weighted average interest rate on the latest issue of three-month CDs, which dates back to October 26, 2008, was 5.64 percent.

Interest Rates on Monetary Policy Instruments (%)

End of year		March	
		2009	2010
4.75	Re-discount Rate	5.75	4.25
4.50	Repurchase Agreements Rate (Repos)	5.50	4.00
2.50	Overnight Deposit Window Rate	3.50	2.00

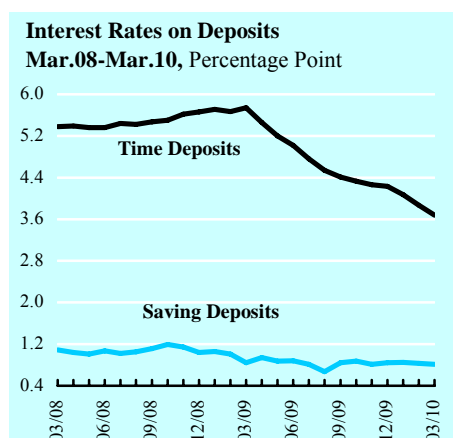
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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

◆ **Interest Rates in the Banking Sector:**

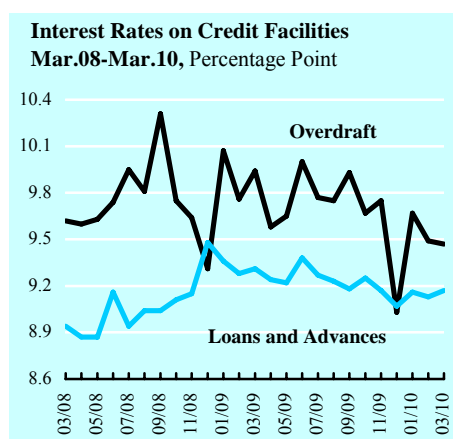
• **Interest Rates on Deposits**

- **Time Deposits:** the weighted average interest rate on time deposits stood at 3.68 percent at the end of March 2010; around 19.0 basis points and 55.0 basis points lower compared to its level at the end of the preceding month and the end of 2009, respectively.



- **Saving Deposits:** the weighted average interest rate on saving deposits was down by 2.0 basis points, at the end of March 2010 compared to the previous month, to stand at 0.81 percent. Further, this rate was 3.0 basis points lower compared to its level at the end of the preceding year.

- **Demand Deposits:** the weighted average interest rate on demand deposits at the end of March 2010 increased by 1.0 basis point compared with its level at the end of the preceding month to stand at 0.48 percent. However, this rate was 19.0 basis points less compared to its levels at the end of the preceding year.



- **Interest Rates on Credit Facilities:**

- **Overdraft Accounts:** the weighted average interest rate on overdraft accounts stood at 9.47 percent at the end of March 2010; 2.0 basis points lower compared with its level at the end of the previous month. Nevertheless, this rate was 44.0 basis points higher compared to the end of 2009.

- **Discounted Bills and Bonds:** the weighted average interest rate on “discounted bills and bonds” was up by 20.0

basis points at the end of March 2010 compared to the preceding month; standing at 9.63 percent. Moreover, this rate was 46.0 basis points higher compared to its level at the end of the previous year.

- **Loans and Advances:** the weighted average interest rate on “loans and advances” stood at 9.17 percent at the end of March 2010; around 4.0 basis points higher compared to its level at the end of the previous month, and 10.0 basis points higher compared to its level at the end of 2009.

- **The Prime Lending Rate** stood at 8.20 percent at the end of March 2010; 14.0 basis points lower compared to its level at the end of 2009.

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

Year		March		Change Relative to the Year 2009 Basis Points
		2009	2010	
Deposits				
0.67	Demand	0.85	0.48	-19
0.84	Saving	0.84	0.81	-3
4.23	Time	5.74	3.68	-55
Credit Facilities				
9.17	Discounted Bills and Bonds	9.30	9.63	46
9.07	Loans and Advances	9.31	9.17	10
9.03	Overdraft	9.94	9.47	44
8.34	Prime Lending Rate	8.45	8.20	-14

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Credit Facilities Extended by Licensed Banks:

- ◆ The outstanding balance of credit facilities extended by the licensed banks totaled JD 13,430.5 million at the end of the first quarter in 2010; an increase amounting to JD 113.3 million, or 0.9 percent, compared with its level at the end of the previous year, against a drop in the amount of JD 140.6 million, or 1.1 percent, during the corresponding period in 2009.
- ◆ The classification of extended credit facilities according to economic activity during the first quarter in 2010 demonstrates that the credit facilities extended to the sectors of construction, industry and “tourism, restaurants and hotels” have gone up by JD 476.3 million, or 18.4 percent; JD 60.7 million, or 3.7 percent; and JD 21.4 million, or 5.0 percent, respectively, compared with their levels at the end of 2009. Meanwhile, the credit facilities extended to the sectors of general trade and agriculture have declined by JD 14.1 million, or 0.4 percent, and JD 10.3 million, or 4.5 percent, respectively. In addition, the credit facilities extended to activities classified as “Other” (mostly represent the facilities extended to individuals) dropped by JD 404.5 million, or 11.9 percent, compared to their levels at the end of 2009.

□ Deposits at Licensed Banks:

- ◆ Total deposits at licensed banks stood at JD 20,770.6 million at the end of the first quarter in 2010; an increase in the amount of JD 472.2 million, or 2.3 percent, compared with their level at the end of the preceding year, against an increase amounting to JD 592.4 million, or 3.3 percent, during the corresponding period in 2009.
- ◆ The aforementioned increase in total deposits at the licensed banks during the first three months in 2010 was the outcome of the increase in the deposits of the private sector (resident) by JD 281.1 million, or 1.7 percent; the increase in the deposits of the private sector (non-resident) by JD 120.8 million, or 5.3 percent; and the increase in the deposits of the public sector (central government *plus* public institutions) by JD 91.4 million, or 5.6 percent, on the one hand, and the decline in the deposits of non-banking financial

institutions by JD 21.1 million, or 14.1 percent, compared to their levels at the end of 2009, on the other.

- ◆ The developments in the currency structure of deposits during the first quarter in 2010 reveal that “deposits in local currency” and “deposits in foreign currencies” have increased by JD 280.6 million, or 1.8 percent, and JD 191.6 million, or 4.3 percent, respectively, compared with their levels at the end of 2009.

□ Amman Stock Exchange (ASE):

The indicators of the Amman Stock Exchange (ASE) displayed an improvement in their performance at the end of the first quarter in 2010 compared with the end of the preceding year. This can be demonstrated as follows:

- **Trading Volume:**

The volume of trade at the ASE totaled JD 929.5 million in March 2010; up by JD 436.6 million, or 88.6 percent, compared with its level at the end of the previous month against an increase in the amount of JD 191.5 million, or 19.5 percent, during the same month in 2009. However, the trading volume stood at JD 2,014.1 million during the first quarter in 2010; a decline amounting to JD 737.0 million, or 26.8 percent, compared with the volume registered over the same period in 2009.

- **Traded Shares:**

The number of traded shares in March 2010 totaled 963.1 million; up by 547.6 million shares, or 131.8 percent, compared with the end of the preceding month, against an increase in the amount of 134.4 million shares, or 24.3 percent, during the same month in 2009. Further, the number of traded shares during the first quarter in 2010 stood at 1,843.6 million shares compared with 1,551.4 million shares traded during the same period in 2009.

- **Share Price Index:**

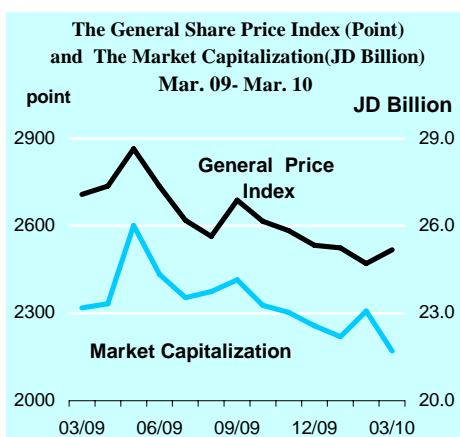
The share price index (SPI), weighted by market capitalization of free float shares, at Amman Stock Exchange (ASE), gained 46.8 points, or 1.9 percent, at the end of March 2010 compared with its level at the end of the previous month to stand at 2,517.7 points, against an increase in the amount of 91.7 points, or 3.5 percent, during the same month in 2009. As for the first quarter in 2010, the SPI dropped by 15.8 points, or 0.6 percent, compared with its level at the end of the preceding year, compared to a drop in the amount of 50.3 points, or 1.8 percent, during the same period in 2009. The above-mentioned decline during the first three months in 2010 was the outcome of the drop in the SPI for the sectors of industry and services by 53.3 points, or 1.9 percent, and 7.7 points, or 0.4 percent, respectively, on one hand, and the increase in the SPI for the financial sector by 2.5 points, or 0.1 percent, on the other, compared to their levels at the end of 2009.

year		March	
		2009	2010
2,533.5	General Index	2,708.2	2,517.7
3,026.8	Financial Sector	3,447.2	3,029.3
2,738.8	Industrial Sector	2,788.7	2,685.5
2,107.9	Services Sector	2,044.7	2,100.2

Source: Amman Stock Exchange.

- **Market Capitalization:**

The market capitalization of the ASE totaled JD 21.7 billion at the end of March 2010; remaining unchanged compared with its level at the end of the previous month, against a drop amounting to JD 0.1 billion, or 0.4 percent, during the same month in the preceding year. Nonetheless,



the market capitalization, during the first quarter in 2010, dropped down by about JD 0.8 billion, or 3.6 percent, compared with its level at the end of 2009 following a decline amounting to around JD 2.2 billion, or 8.7 percent, over the same period in 2009.

- **Non - Jordanian Net Investment:**

Non - Jordanian net investment at ASE recorded an inflow amounting to JD 31.0 million in March 2010 against an inflow amounting to JD 6.2 million during the same month in 2009; the value of shares acquired by non-Jordanians in March 2010 stood at JD 196.5 million, while the value of shares sold by the said group amounted to JD 165.5 million. Moreover, non-

Jordanian net investment displayed an inflow amounting to JD 3.9 million during the first quarter in 2010 against an inflow in the amount of JD 24.8 million during the same period in 2009.

Main Amman Stock Exchange Trading Indicators, JD Million

Year		March	
		2009	2010
9,665.3	Value Traded	1,171.2	929.5
38.8	Average Daily Trading	53.2	40.4
22,571.1	Market Capitalization	23,187.5	21,715.7
6,022.5	No. of Traded Shares (million)	687.0	963.1
(3.8)	Net Investment of Non-Jordanian	6.2	31.0
2,135.5	Non-Jordanian Buying	304.2	196.5
2,139.3	Non-Jordanian Selling	298.0	165.5

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 2.8 percent and 3.7 percent, respectively, in 2009 compared to 7.8 percent for each in 2008.
- Real GDP, at both market and basic prices, was up by 2.9 percent and 5.0 percent, respectively, during the fourth quarter in 2009 compared to a growth, at market prices, amounting to 2.1 percent during the third quarter in 2009 and 4.1 percent during the fourth quarter in 2008.
- The general price level, as measured by the Consumer Price Index (CPI), increased by 4.6 percent during the first quarter in 2010 (against an increase amounting to 2.8 percent during the same period in 2009). The price rebound came after the minor CPI deflation registered during 2009 in the amount of 0.7 percent.
- Investments benefiting from the Investment Promotion Law (IPL) totaled JD 685.9 million during the first quarter in 2010 (of which foreign investments constitute 23.3 percent of the total), compared to JD 249.8 million during the same period in 2009.

□ Developments in Gross Domestic Product (GDP)

According to the preliminary estimates released by the Department of Statistics (DOS), the national economy experienced a marked slowdown in 2009 affected by the global financial crisis and its negative repercussions on regional and global economic growth. **GDP, at constant market prices, grew at 2.8 percent in 2009 compared to 7.8 percent in 2008.** When excluding “net taxes on products”, which displayed a contraction in 2009, **growth of GDP at constant basic prices goes up to 3.7 percent** compared to 7.8 percent in 2008.

Moreover, **GDP, at current market prices grew at 8.0 percent** compared to 24.9 percent in 2008, which came in light of the increase **in the general price level, measured by the GDP deflator, by 5.1 percent during 2009** compared to 15.9 percent during 2008.

**Quarterly Growth Rates of GDP at Market Prices
2007 - 2009**

	Percentages				
	Q1	Q2	Q3	Q4	Year
2007					
GDP at Constant Market Prices	11.1	10.8	8.1	5.7	8.8
GDP at Current Market Prices	17.6	15.5	16.6	15.1	16.2
2008					
GDP at Constant Market Prices	8.5	9.1	9.4	4.1	7.8
GDP at Current Market Prices	23.6	23.9	30.7	20.9	24.9
2009					
GDP at Constant Market Prices	3.2	2.8	2.1	2.9	2.8
GDP at Current Market Prices	11.5	8.5	5.7	7.3	8.0

Source: Department of Statistics.

The slow pace of real economic growth in 2009 was basically affected by the decline in domestic merchandise exports by 19.4 percent against a noticeable growth amounting to 39.2 percent in 2008 due to the repercussions of the global financial crisis, coupled with the deceleration in the service-producing sectors which grew at 3.9 percent compared to a marked growth amounting to 7.8 percent during 2008.



In further details, the economic sectors displayed a wide variation in their performance during 2009. **Some sectors witnessed a marked**

improvement, particularly **the construction sector** which picked up strongly, recording a real growth rate of 14.0 percent compared to a growth of 12.6 percent during 2008. In addition, **the agriculture sector** registered a marked growth amounting to 12.9 percent compared to a growth of 1.3 percent in the preceding year. Meanwhile, the sector of **“producers of government services”** experienced a solid growth in 2009 growing at 7.1 percent against 3.9 percent in 2008.

On the other hand, **some sectors experienced a slowdown** in their real growth, particularly the sectors of “wholesale and retail trade, restaurants and hotels”, manufacturing, and “transport and communications” which grew at 1.9 percent, 2.4 percent, and 7.1 percent, respectively, against a growth rate of 11.0 percent, 6.1 percent, and 8.2 percent, respectively, in 2008. In contrast, **the sectors of “mining and quarrying” and “finance and insurance services” experienced a contraction** amounting to 28.6 percent and 3.6 percent, respectively, compared to a high growth amounting to 13.3 percent and 14.3 percent, respectively, in 2008.

Moreover, the item of “net taxes on products” (taxes on domestic and imported products) contracted by 2.9 percent in 2009 against a positive growth in the amount of 7.7 percent in 2008. This fall was driven by the slowdown in economic activity in the Kingdom, which resulted in a decline in the proceeds of the general sales tax on domestic goods as well as on commercial sector, in addition to the decline in merchandise imports and the consequent reduction in the proceeds of customs duties.

On the front of the sectoral contribution in 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 1.1 percentage points and 2.6 percentage points, respectively, in 2009 compared to 2.7 percentage points and 5.1 percentage points, respectively, in 2008. Meanwhile, the contribution of “net taxes on products” was negative; standing at -0.5 percentage point against 1.3 percentage points in 2008.**

As for GDP developments during the last quarter of 2009, GDP at constant and current market prices grew at 2.9 percent and 7.3 percent, respectively, compared to 4.1 percent and 20.9 percent, respectively, in 2008.

□ Microeconomic Indicators

The latest sectoral indicators displayed divergent performance during the current year. Some indicators recorded a fast growth, most notably indicators of the transportation sector (number of passengers as well as cargo shipped through the Royal Jordanian Airlines and the quantities of exported and imported goods shipped through the Aqaba port), in addition to the “mining and quarrying” production quantity index. However, “licensed areas for building” indicator displayed a decelerated growth. On the other hand, some other indicators showed a downward trend, particularly the manufacturing production quantity index and cement sales to the domestic market.

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

Fast pace growing indicators *
Percentages

The whole 2009	Item	January - February	
		2009	2010
-28.6	"Mining and quarrying" production quantity index	-10.2	4.1
The whole 2009	Item	January- March	
		2009	2010
-1.0	The number of passengers through the Royal Jordanian	-11.2	20.4
-27.5	Cargo through the Royal Jordanian	-31.5	12.1
-16.2	Quantities of exported and imported goods shipped through the Aqaba port	-20.0	24.4
2.9	Production of chemical acids	-48.4	115.6
0.5	Number of departures	2.2	34.0
-17.8	Production of phosphate	-31.2	57.7
-8.5	Production of fertilizers	-50.9	151.4
-4.6	Production of cement	-0.8	0.2

Decelerating indicators *
Percentages

The whole 2009	Item	January- February	
		2009	2010
17.5	Licensed areas for building	13.5	0.6

Contracting indicators *
Percentages

The whole 2009	Item	January - February	
		2009	2010
-1.7	Industrial production quantity index	-4.0	-1.9
1.2	Manufacturing production quantity index	-2.7	-1.0
-8.1	Electricity production quantity index	-19.2	-6.6
The whole 2009	Item	January- March	
		2009	2010
-3.6	Production of petroleum products	-13.5	-7.5
0.4	Quantity of cement sales to the domestic market (excluding imported quantities)	8.9	-7.0
-44.0	Production of potash	1.9	-35.4

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

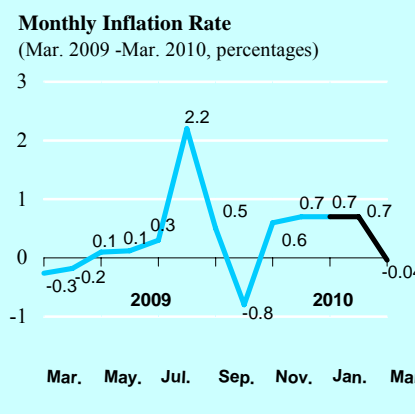
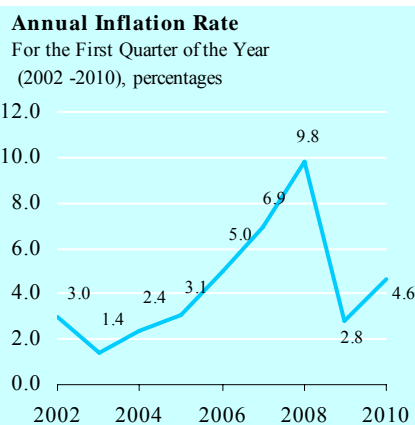
□ Investments Benefiting from the Investment Promotion Law

- ◆ According to the latest statistics issued by the Jordan Investment Board (JIB), **investments benefiting from the Investment Promotion Law (IPL) during the first quarter in 2010 totaled JD 685.9 million compared to JD 249.8 million during the same period in 2009.** This reflects a marked increase amounting to JD 436.1 million, which took place despite the repercussions of the global economic and financial crisis.
- ◆ As for the sectoral distribution of investments benefiting from the IPL during the first quarter in 2010, **it was noted that the sector of “leisure and recreational compounds”, unexpectedly, came in the first rank in terms of the size of investments; accounted for 36.4 percent (JD 249.4 million).** This is followed by the sectors of industry, hotels, hospitals, transportation and agriculture, which accounted for 32.4 percent, 23.5 percent, 4.1 percent, 2.3 percent and 1.3 percent, respectively.
- ◆ On the front of the distribution of total investments according to nationality, the latest statistics revealed that the value of foreign investments benefiting from the IPL has increased to stand at JD 160.1 million (accounting for 23.3 percent of total investments) during the first quarter in 2010 compared to JD 80.2 million during the same period in 2009. Domestic investments surged to reach JD 525.8 million compared to JD 169.6 million during the corresponding period in 2009 (accounting for the remaining 76.7 percent of the total).
- ◆ In this regard, it is worth noting that the nature and coverage of investments benefiting from the IPL differ from those of the 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 outside world in various sectors, including the real estate sector.

□ Prices

The consumer prices showed a rise during the first quarter in 2010 compared to the same period in the preceding year, after registering a limited deflation amounting to 0.7 percent, on average, during the whole year of 2009. In more details, **the general price level, as measured by the Consumer Price Index (CPI), increased by 4.6 percent against a rise amounting to 2.8 percent during the same period in 2009.** Such a rise in average consumer prices was affected by the increase in the prices of oil derivatives and related goods and services compared to the same period in the preceding year.

Moreover, consumer prices have declined slightly in March 2010 compared to their level in the preceding month (monthly inflation rate chart). The most important items that contributed to such an outcome were the limited decrease in the prices of “food items” group, particularly vegetables and “dairy products and eggs”, on one hand, and the slight increase in the prices of “other goods and services”, on the other hand.



Price developments of main components of the CPI basket during the first quarter in 2010 compared to the same period in 2009 can be outlined as follows:

- ◆ The prices of “**food items**” group (which make up the largest weight amongst the CPI components; accounting for 36.65 percent) registered a moderate inflation amounting to 3.3 percent during the first quarter in 2010 compared to a marked increase amounting to 7.3 percent during the same period in 2009. **The contribution of this group to the overall rate of inflation recorded during the first quarter in 2010 reached 1.2 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 “meats and poultry” which leapt by 7.1 percent. In addition, the prices of “sugar and confectionaries” and cigarettes increased by 20.6 percent and 8.2 percent, respectively. In contrast, the prices of some other items have declined, including fruits and “oils and fat”, which declined by 5.7 percent and 4.6 percent, respectively.
- ◆ The prices of “**clothing and footwear**” group (which make up the least weight among the components of CPI basket, accounting for 4.95 percent) grew at 1.4 percent during the first quarter in 2010 compared to 7.0 percent during the same period in 2009. Accordingly, **this group’s contribution to the overall inflation rate during the first quarter in 2010 amounted to 0.1 percentage point.** The prices of this group were affected by the deceleration in the prices of clothes and footwear which grew by 1.4 percent and 1.6 percent, respectively, during the first quarter in 2010 compared to a rise in the amount of 6.1 percent and 10.4 percent, respectively, during the some period in 2009.

- ◆ The prices of **housing group** (which account for 26.78 percent of the CPI basket) increased by 3.9 percent over the first quarter in 2010 against a rise amounting to 1.9 percent during the same period in 2009. In effect, **this group contributed to the overall inflation rate by 1.0 percentage point during the first quarter in 2010.** The increase in the prices of this group was affected by the rise in the prices of “fuels and electricity” item by 8.4 percent. In addition, other items recorded mixed rates of increase in their prices, ranging from 0.2 percent for “household appliances” and 5.6 percent for “house utensils”. It is worth mentioning in this regard that the prices of “rents” item, which account for 14.3 percent of the CPI basket, experienced an increase in the amount of 2.4 percent during the period under consideration.

- ◆ The prices of **“other goods and services”** group (which account for 31.62 percent of the CPI basket) increased by 7.6 percent in the first quarter in 2010 against a contraction of 3.0 percent during the same period in 2009. In consequence, **this group contributed to the overall inflation rate by 2.3 percentage points during the first quarter in 2010.** The increase in the prices of this group came out as a main result of the rise in the prices of transportation item (which is the main component of this group) by 14.8 percent against a noticeable drop amounting to 12.4 percent during the same period in 2009, due to the rise in the prices of oil derivatives compared to the same period in 2009. In addition, the prices of most other items in this group have increased, particularly education and “personal care” which gone up by 6.5 percent and 5.3 percent, respectively.

Third: Public Finance

□ Summary:

- The general budget, including grants, showed a fiscal surplus amounting to JD 158.8 million during the first two months in 2010, compared to a fiscal deficit in the amount of JD 33.1 million during the same period in 2009. Excluding grants (amounting to JD 53.4 million), the surplus narrows to JD 105.4 million.
- Gross outstanding domestic public debt (budgetary and own-budget) stood at JD 6,955.0 million, or 39.5 percent of GDP, at the end of February 2010; reflecting a drop amounting to JD 131.0 million compared to its level at the end of 2009.
- Net outstanding domestic public debt totaled JD 5,787.0 million, or 32.9 percent of GDP, at the end of February 2010; down by JD 4.0 million compared to its level at the end of 2009.
- Outstanding external public debt, budgetary and guaranteed, increased by JD 12.0 million at the end of February 2010 in comparison with its level at the end of 2009; standing at JD 3,881.0 million, or 22.1 percent of GDP.

□ The performance of the general budget during the first two months in 2010 compared to the same period in 2009:

■ Public Revenues

Public revenues (including foreign grants) were up by JD 29.7 million, or 10.4 percent, in the month of February 2010 compared to the same month in 2009 to reach JD 316.5 million. As for the first two months in 2010, these revenues were up by JD 30.9 million, or 3.5 percent, compared to the same period in the preceding year to stand at JD 910.3 million. This result was driven by the increase in both domestic revenues and foreign grants by JD 21.8 million and JD 9.1 million, respectively.

Main Government Budget Indicators during February and the first two months of 2010 and 2009:

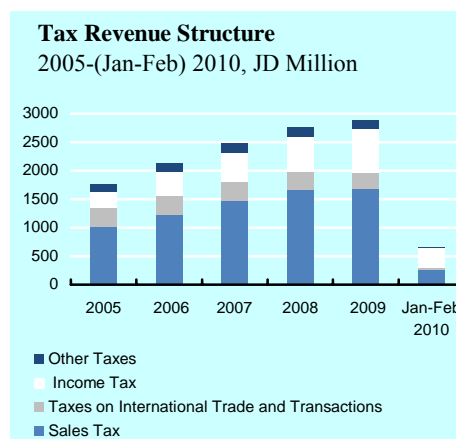
(JD Million and Percentages)

	February		Growth Rate %	Jan. – Feb.		Growth Rate %
	2009	2010		2009	2010	
Total Revenues and Grants	286.8	316.5	10.4	879.4	910.3	3.5
Domestic Revenues, of which:	264.8	298.6	12.8	835.1	856.9	2.6
Tax Revenues, of which:	204.3	184.9	-9.5	716.9	663.8	-7.4
General Sales Tax	113.8	127.6	12.1	214.1	260.2	21.5
Other Revenues, of which:	58.9	112.1	90.3	115.2	190.1	65.0
Land Registration Fees	11.0	10.8	-1.8	22.1	21.0	-5.0
Foreign Grants	22.0	17.9	-18.6	44.3	53.4	20.5
Total Expenditures	494.3	410.7	-16.9	912.5	751.5	-17.6
Overall Deficit/ Surplus	-207.5	-94.2		-33.1	158.8	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 21.8 million, or 2.6 percent, in the first two months in 2010 compared to the same period in 2009; amounting to JD 856.9 million. This was the outcome of the increase in the proceeds of other revenues by JD 74.9 million, on one hand, and the decline in the proceeds of tax revenues by JD 53.1 million, on another. It is worth indicating in this regard, that pension contributions remained unchanged during the period under consideration.



◀ Tax Revenues

Tax revenues were down by JD 53.1 million, or 7.4 percent, during the first two months in 2010 compared to the same period in 2009, to reach JD 663.8 million; accounting for 77.5 percent of domestic revenues. This decline was mainly attributed to the following developments:

- **The decrease in the proceeds of “income and profit taxes”** by 21.5 percent, to reach JD 347.2 million. This decline was an outcome to the decline in the proceeds of “income tax from companies and other projects” by JD 101.4 million, on one hand, and the increase in the proceeds of “income tax from individuals” by JD 6.4 million, on another. In further details, income tax from companies accounted for 89.0 percent of total taxes on income and profits; standing at JD 309.1 million (of which JD 147.1 million from the income of banks and financial institutions). **It is worth mentioning in this regard, that the decrease in the proceeds of “income and profit taxes” was driven by the slowdown pace of the real growth registered in 2009 and its repercussions on the companies’ profits during the said year.**
- **The increase in the general sales tax on goods and services** by JD 46.1 million, or 21.5 percent, to reach JD 260.2 million. This aforementioned increase was driven by the rise in the proceeds of all general sales tax items. More specifically, the proceeds of “sales tax on services” as well as “sales tax on domestic goods” have increased by JD 23.0 million and JD 12.9 million, respectively. Moreover, the proceeds of “sales tax on the commercial sector” as well as “sales tax on imported goods” increased by JD 9.5 million and JD 0.7 million, respectively. It is worth noting in this respect, that actual proceeds of the general sales tax on goods and services during the first two months in 2010 amounted to 13.4 percent of their targeted level in the General Budget Law. It should also be noted that the amended Sales Tax Law No. (29) for the year 2009 came into effect as of the beginning of this year, which is

based on the principle of unification of the taxation measures relating to the sales tax and the abolition of fragmentation and lack of clarity in some laws in order to be consolidated under an integrated legislative frame.

- **The decline in the proceeds of “taxes on international trade and transactions”** by JD 1.9 million, or 4.4 percent, to stand at JD 40.9 million. Such decline was the result of the drop in the proceeds of departure tax by JD 1.2 million, in addition to the decline in the proceeds of “customs duties and fees” by JD 0.7 million to stand at JD 40.2 million.

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

Other revenues increased significantly by JD 74.9 million, or 65.0 percent, to reach JD 190.1 million in the first two months in 2010. This increase was chiefly attributable to the rise in property income proceeds by JD 63.3 million to stand at JD 65.9 million. Specifically, the item of “financial surplus of independent government units” witnessed an increase in the amount of JD 58.4 million. Moreover, revenues from selling goods and services displayed an increase amounting to 11.4 percent to reach JD 93.5 million while “miscellaneous revenues” rose by 7.0 percent.

◀ **Pension Contributions**

Pension contributions remained unchanged during the first two months in 2010 compared to their level in the same period in 2009, standing at JD 3.0 million.

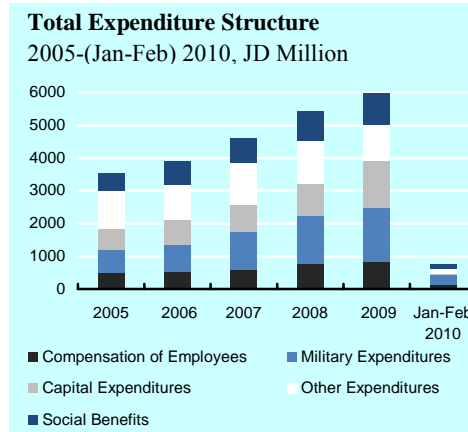
◆ **Foreign Grants**

Foreign grants went up by JD 9.1 during the first two months in 2010 to stand at JD 53.4 million.

■ Public Expenditures

Public expenditures declined by JD 83.6 million, or 16.9 percent, in February 2010 compared to the same month in 2009 to stand at JD 410.7 million. However, these expenditures declined by JD 161.0 million, or 17.6 percent, during the first two months in

2010 to stand at JD 751.5 million. This decline was the outcome of the drop in both capital and current expenditures by 68.4 percent and 6.8 percent, respectively.



◆ Current Expenditures

Current expenditures were down by JD 51.5 million or 6.8 percent, during the first two months in 2010; amounting to JD 700.8 million. This decline was attributable to the fall in both social benefit expenditures and “purchases of goods and services”. In further details, social benefit expenditures have declined by JD 62.7 million to stand at JD 137.4 million, noting that the General Budget for the current year does not include any allowances for the Social Safety Net. “Purchases of goods and services” have also declined by JD 24.8 million owing to the decision of the Cabinet to cut operating expenses of all ministries and independent public

institutions by 20.0 percent. In contrast, compensation of employees of the civil servants (wages, salaries and social security contributions) as well as military expenditures were up by JD 10.5 million and JD 6.0 million to total JD 143.0 million and JD 283.2 million, respectively. Moreover the items of pensions expenditures and interest payments, both internal and external, have increased by JD 5.6 million and JD 15.5 million, respectively.

◆ **Capital Expenditures**

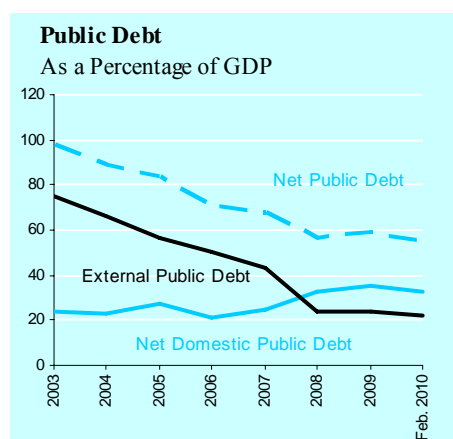
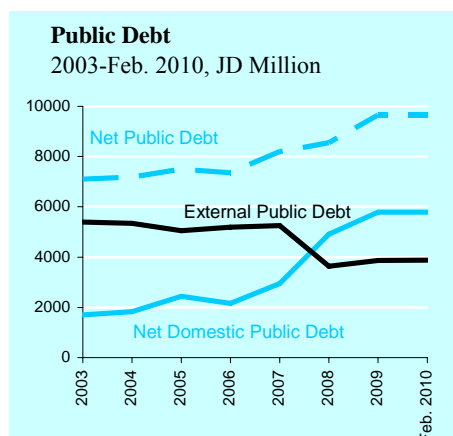
Capital expenditures witnessed a decline in the amount of JD 109.5 million, or 68.4 percent, during the first two months in 2010, compared to the same period in the preceding year; standing at JD 50.7 million. Accordingly, the achievement ratio of capital expenditures stood at 5.3 percent of their projected level in the Budget Law for 2010.

■ **General Budget Deficit/ Surplus**

- ◆ **The general budget, including grants, displayed a fiscal surplus amounting to JD 158.8 million in the first two months in 2010** against a fiscal deficit in the amount of JD 33.1 million during the same period in 2009.
- ◆ **The general budget showed a primary surplus** (after excluding interest payments on public debt from total expenditures) **amounting to JD 212.7 million in the first two months in 2010** against a primary surplus in the amount of JD 5.3 million in the same period in 2009.

□ Public Debt

- **Gross outstanding domestic public debt for the government (budgetary and own-budget agencies) was down** by JD 131.0 million at the end of February 2010 compared to its level at the end of 2009 to reach JD 6,955.0 million, or 39.5 percent of GDP. This decline was mainly attributed to the decrease in the outstanding balance of the “treasury bills and bonds” by JD 100.0 million to total JD 5,653.0 million, or 81.3 percent of gross outstanding domestic public debt at the end of February 2010, on one hand, and the decline 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 952.0 million at the end of February 2010, on the other hand. It is worth indicating in this regard that the latter item includes securities for settling the treasury account.



- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **decreased by JD 4.0 million at the end of February 2010** compared to the end of 2009 to total JD 5,787.0 million, or 32.9 percent of GDP. The aforementioned decline was the

combined result of the drop in gross outstanding domestic public debt by JD 131.0 million and the decline in the government deposits at the banking system by JD 126.0 million compared to their level at the end of 2009.

- **Outstanding balance of external public debt (budgetary and guaranteed) was up** by JD 12.0 million at the end of February 2010 compared to the end of 2009; amounting to JD 3,881.0 million, or 22.1 percent of GDP. The currency structure of this debt indicates that external debt in the US dollar accounted for 34.2 percent, while debt in Euro accounted for 10.3 percent. Further, external debt in Japanese Yen and Kuwaiti Dinar accounted for 26.5 percent and 18.6 percent of outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 8.0 million at the end of February 2010 compared to the end of 2009 to stand at JD 9,668.0 million, or 55.0 percent of GDP, against JD 9,660.0 million, or 59.4 percent of GDP, at the end of 2009. Consequently, the ratio of net public debt to GDP has gone down by 4.4 percentage points. 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 the 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 40.7 million during the first two months of 2010 (of which interest payments amounting to JD 11.7 million) compared to JD 32.2 million during the same period in 2009 (of which interest payments amounting to JD 10.0 million).

□ Fiscal and Price Measures

- ◆ Raising the prices of all types of oil derivatives as of April 16, 2010, while maintaining the prices of domestic liquid gas unchanged, as follows:

	Unti	2010		Change %
		March	April	
Fuel oil for industry	JD/Ton	367.7	370.1	0.7
Fuel oil for ships	JD/Ton	367.7	370.1	0.7
Fuel oil for airplanes (local companies)	Fils/Liter	434	455	4.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	439	460	4.8
Fuel oil for unplanned flights	Fils/Liter	454	475	4.6
Asphalt	JD/Ton	395.1	397.6	0.6
Unleaded Gasoline 90	Fils/Liter	525	550	4.8
Unleaded Gasoline 95	Fils/Liter	630	660	4.8
Gas Oil (Diesel)	Fils/Liter	465	485	4.3
Kerosene	Fils/Liter	465	485	4.3
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0

□ Grants, Loans, and other Agreements

- ◆ Signing the French Debt-Swap Agreement against development projects in the amount of EUR 2.7 million, to contribute in financing the project of Royal Botanic Garden and the project of the Training Centre in the Ministry of Finance (April 2010).
- ◆ Signing a loan guarantee agreement between the government of Jordan and the Saudi Fund for Development (SFD), in the amount of SR 193 million, equivalent to around US\$ 51.6 million, to contribute in financing the third expansion of Al-Samra Power Station which aims at meeting the growing demand for electricity in the Kingdom (April 2010).

Fourth: External Sector

□ Summary

- The value of **total merchandize exports** (domestic exports *plus* re-exports) declined by 7.3 percent in February 2010 compared with the same month in 2009 to stand at JD 360.3 million. As for the first two months in 2010, total merchandize exports were down by 6.0 percent; amounting to JD 748.7 million.
- The value of **merchandize imports** increased by 22.3 percent in February 2010 compared with the same month in the previous year; amounting to JD 786.6 million. Regarding the first two months in 2010, total merchandize imports increased by 11.7 percent; amounting to JD 1,592.4 million.
- In light of the above, the **trade balance deficit** (the value of total exports *minus* the value of imports) widened by 67.2 percent in February 2010 compared to the same month in 2009; standing at JD 426.3 million. As for the first two months in 2010, the trade deficit has increased by 34.0 percent; amounting to JD 843.7 million.
- According to the preliminary figures, **travel receipts** increased by 48.6 percent during the month of March 2010 compared to the same month in the preceding year to stand at JD 191.5 million. Similarly, the payments of this item increased by 40.6 percent; amounting to JD 66.1 million. As for the first quarter in 2010, both travel receipts and payments were up by 39.6 percent and 40.0 percent to stand at JD 502.6 million, and JD 184.5 million, respectively.
- According to the preliminary figures, **total workers' remittances** amounted to JD 206.7 million during the month of March 2010; a decline amounting to 0.4 percent. In contrast, total workers' remittances increased by 0.9 percent, to stand at JD 588.8 million, during the first quarter in 2010.
- **The current account of the balance of payments** displayed a deficit amounting to JD 899.8 million in 2009 compared with a deficit in the amount of JD 1,546.0 million in 2008.

- **FDI inflows** totaled JD 1,691.0 million in 2009 compared with JD 2,005.7 million in 2008.
- **The international investment position (net)** recorded a decline in net obligations of the Kingdom to abroad amounting to JD 1,970.8 million at the end of 2008 compared with the end of 2007; standing at JD 13,088.2 million.

□ External Trade

In light of the increase in domestic exports as well as imports by JD 22.1 million and JD 166.4 million, respectively, during the first two months in 2010, the volume of external trade (domestic exports *plus* imports) increased by JD 188.5 million to stand at JD 2,222.8 million.

Jordan's Major Trade Partners

January- February 2009, 2010

JD Million

	2009	2010	Percentage Change
Exports			
Iraq	117.9	111.3	-5.6
United States	98.8	93.6	-5.3
Saudi Arabia	47.9	56.1	17.1
India	47.6	47.9	0.6
Syria	33.1	43.7	32.0
United Arab Emirates	14.5	21.7	49.7
Indonesia	32.6	20.9	-35.9
Imports			
Saudi Arabia	226.2	299.7	32.5
China	158.7	168.6	6.2
United States	91.3	96.4	5.6
Egypt	87.4	85.5	-2.2
Germany	101.8	84.9	-16.6
Japan	45.0	72.2	60.4
South Korea	55.2	68.0	23.2
Italy	42.3	51.1	20.8
France	35.2	45.2	28.4

Source: Department of Statistics.

Developments of External

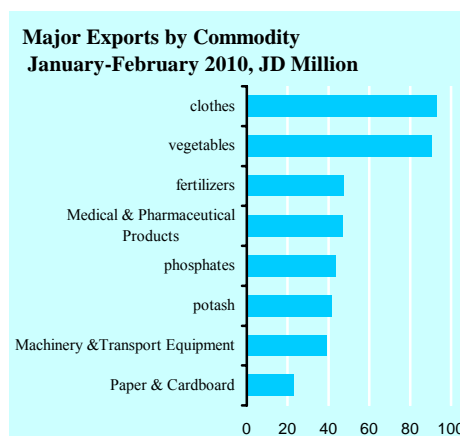
Trade Indicators, JD Million

	January - February			
	2009	Percentage	2010	Percentage
		Change		Change
	2009/2008		2010/2009	
External Trade	2,034.3	-13.0	2,222.8	9.3
Total Exports	796.5	3.8	748.7	-6.0
Domestic Exports	608.3	5.3	630.4	3.6
Re-exports	188.2	-0.7	118.3	-37.1
Imports	1,426.0	-19.0	1,592.4	11.7
Trade Balance	-629.5	-36.7	-843.7	34.0

Source: Department of Statistics.

■ Merchandize Exports:

Total merchandize exports declined by 6.0 percent during the first two months in 2010 to reach JD 748.7 million compared with a growth amounting to 3.8 percent during the same period in 2009. This fall was an outcome to the increase in the value of domestic exports by JD 22.1 million, or 3.6 percent, to reach JD 630.4 million, on one hand, and the decline in the value of re-exports by JD 69.9 million or 37.1 percent to reach JD 118.3 million, on another.



The comparison between the developments in domestic exports during the first two months in 2010 and the corresponding period in 2009 reveals the following:

- The exports of **clothes** declined by JD 3.1 million, or 3.2 percent, to reach JD 93.1 million. The geographical distribution was such that the US market accounted for 93.7 percent.
- The exports of **vegetables** increased by JD 13.7 million, or 17.8 percent, to reach JD 90.7 million. The geographical distribution indicated that the markets of Syria, Iraq, and Russia accounted, collectively, for 74.0 percent of these exports.
- The exports of **fertilizers** declined by JD 3.3 million, or 6.5 percent, to reach JD 47.5 million. This development was the outcome of the decline in the prices of fertilizers by 56.1 percent, on one hand, and the increase in the quantities exported by 113.1 percent, on another. The Ethiopian, Indian and Japanese markets accounted, collectively, for 81.1 percent of these exports.
- The exports of **medical and pharmaceutical products** increased by JD 3.3 million, or 7.6 percent, to stand at JD 46.9 million. The Saudi, Algerian, Sudanese and Lebanese markets accounted, collectively, for 50.5 percent of these exports.

- The exports of **phosphates** decreased by JD 30.5 million, or 41.1 percent, to reach JD 43.7 million. This decline was the outcome of the decline in the prices of phosphates by 62.3 percent, on one hand, and the increase in the quantities exported by 56.4 percent, on another. The markets of India, Indonesia and Netherlands were the main destination for these exports; accounting, collectively, for 96.1 percent.
- The exports of **potash** decreased by JD 7.0 million, or 14.4 percent, to stand at JD 41.7 million. Such decline was mainly attributable to the decline in the prices of potash by 41.1 percent, on the one hand, and the increase in the quantities exported by 45.6 percent, on the other. The geographical distribution of exports reveals that the Indonesian, Indian and Malaysian markets accounted, collectively, for 44.8 percent of these exports.

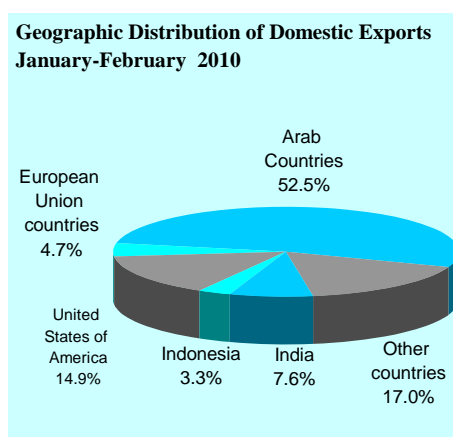
Major Domestic Exports by Commodity January- February 2009 , 2010, JD Million

	2009	2010	Percentage Change
Domestic Exports	608.3	630.4	3.6
Clothes	96.2	93.1	-3.2
United States	88.9	87.2	-1.9
Vegetables	77.0	90.7	17.8
Syria	20.9	30.2	44.5
Iraq	28.5	29.9	4.9
Russia	6.0	7.0	16.7
Fertilizers	50.8	47.5	-6.5
Ethiopia	0.0	19.0	-
India	3.9	11.5	194.9
Japan	41.4	8.0	-80.7
Medical & Pharmaceutical Products	43.6	46.9	7.6
Saudi Arabia	14.1	8.9	-36.9
Algeria	3.2	5.6	75.0
Sudan	3.4	5.1	50.0
Lebanon	3.8	4.1	7.9
Phosphates	74.2	43.7	-41.1
India	14.5	27.5	89.7
Indonesia	32.5	12.0	-63.1
Netherlands	0.0	2.5	-
Potash	48.7	41.7	-14.4
Indonesia	0.0	8.7	-
India	28.0	6.7	-76.1
Malayzia	0.0	3.3	-
Machinery & Transport Equipment	30.7	39.1	27.4
Saudi Arabia	7.6	13.9	82.9
Iraq	9.1	11.2	23.1
Qatar	1.2	3.2	166.7
Paper and Cardboard	18.5	22.8	23.2
Saudi Arabia	4.7	6.5	38.3
Iraq	7.1	6.1	-14.1
Egypt	0.9	3.6	300.0

Source: Department of Statistics.

- The exports of **machinery and transport equipment** increased by JD 8.4 million, or 27.4 percent, to total JD 39.1 million. The geographical distribution was such that the markets of Saudi Arabia, Iraq and Qatar accounted, collectively, for 72.4 percent of these exports.
- The exports of **paper and cardboard** increased by JD 4.3 million, or 23.2 percent. The geographical distribution was such that the markets of Saudi Arabia, Iraq and Egypt accounted, collectively, for 71.1 percent of these exports.

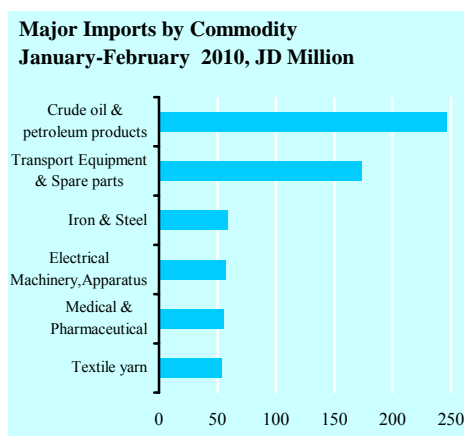
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, vegetables, fertilizers, “medical and pharmaceutical products”, phosphates, potash, “machinery and transport equipment” and “paper and cardboard” topped



the list of exporting materials during the first two months in 2010; accounting, collectively, for 67.5 percent of domestic exports; down from 72.3 percent during the same period in 2009. On the other side, the geographical distribution of domestic exports indicates that the markets of Iraq, USA, Saudi Arabia, India, Syria, UAE and Indonesia were the main destinations for the Jordanian domestic exports during the first two months in 2010; accounting, collectively, for 62.7 percent of domestic exports; down from 64.5 percent in the corresponding period in 2009.

■ Merchandize Imports:

The value of merchandize imports stood at JD 1,592.4 million in the first two months in 2010; increasing by JD 166.4 million, or 11.7 percent, against a decline amounting to 19.0 percent during the same period in the preceding year.



The comparison between the developments in the Jordanian imports during the first two months in 2010 and that at the same period in 2009 reveals the following:

- The imports of **crude oil** increased by JD 57.6 million, or 45.7 percent, to reach JD 183.6 million. This increase was the combined effect of the increase in the oil prices by 42.3 percent, and the increase in the imported quantities of crude oil by 2.4 percent. It is worthy to note in this regards that most of Jordanian imports of crude oil come from the Saudi market.
- The imports of **transport equipment and spare parts** increased by JD 22.9 million, or 15.2 percent, to reach JD 173.4 million. The markets of Japan, South Korea and Germany were the main sources of these imports; accounting, collectively, for 68.9 percent of these imports.
- The imports of **petroleum products** increased by JD 37.1 million, or 144.4 percent, to total JD 62.8 million. The markets of Saudi Arabia, France and Italy were the main sources of these imports.

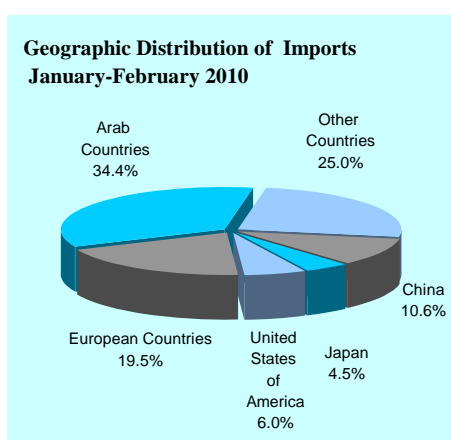
- The imports of **iron and steel** declined by JD 21.8 million, or 27.2 percent; totaling JD 58.3 million. The markets of Ukraine, Russia and UAE were the main sources of these imports.
- The imports of **electrical machinery, apparatus and appliances** increased by JD 11.3 million, or 24.9 percent, to reach JD 56.7 million. The markets of China, Croatia, South Korea and Germany accounted, collectively, for 50.3 percent of these imports.
- The imports of **medical and pharmaceutical products** increased by JD 11.4 million, or 26.0 percent, to reach JD 55.3 million. The markets of UK, Switzerland, Germany and Japan were the main sources of these imports; accounting collectively for 50.1 percent of these imports.

Major Imports by Commodity			
January- February 2009, 2010, JD Million			
	2009	2010	Percentage Change
Total Imports	1,426.0	1,592.4	11.7
Crude Oil	126.0	183.6	45.7
Saudi Arabia	116.4	161.8	39.0
Transport Equipment and Spare Parts	150.5	173.4	15.2
Japan	23.7	49.7	109.7
South Korea	32.1	39.5	23.1
Germany	43.6	30.3	-30.5
Petroleum Products	25.7	62.8	144.4
Saudi Arabia	4.3	37.2	765.1
France	4.6	14.9	223.9
Italy	0.0	7.2	-
Iron & Steel	80.1	58.3	-27.2
Ukraine	34.7	20.8	-40.1
Russia	10.2	10.3	1.0
United Arab Emirates	0.2	4.1	-
Electrical Machinery, Apparatus and Appliances	45.4	56.7	24.9
China	6.5	8.4	29.2
Croatia	0.0	8.0	-
South Korea	2.2	6.3	186.4
Germany	5.2	5.8	11.5
Medical & Pharmaceutical Products	43.9	55.3	26.0
United Kingdom	2.8	9.0	221.4
switzerland	3.7	9.0	143.2
Germany	5.6	6.2	10.7
Japan	1.7	3.5	105.9
Textile Yarn, Fabrics & Related Products	55.6	53.3	-4.1
China	25.8	24.2	-6.2
Taiwan	8.6	9.5	10.5
Syria	2.6	3.0	15.4

Source: Department of Statistics.

- The imports of **textile yarn, fabrics, made up articles and related products** declined by JD 2.3 million, or 4.1 percent; amounting to JD 53.3 million. The main source for these imports was the Chinese market followed by the markets of Taiwan, and Syria.

The commodity composition of imports indicates that “crude oil”, “transport equipment and spare parts”, “petroleum products”, “iron and steel”, “electrical machinery, apparatus and appliances”, “medical and pharmaceutical products” and “textile yarn, fabrics, made up



articles and related products” topped the list of imported materials; accounting, collectively, for 40.4 percent of total imports in the first two months in 2010; up from 37.0 percent during the same period in 2009. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, USA, Egypt, Germany and Japan topped the list of the sources of imports in the first two months in 2010; accounting, collectively, for 50.7 percent of total imports; up from 49.8 percent during the first two months in 2009.

■ Re-Exported:

The value of re-exported goods declined by JD 69.9 million, or 37.1 percent, during the first two months in 2010 to reach JD 118.3 million.

■ Trade Balance:

Trade balance deficit widened by JD 214.2 million, or 34.0 percent, in the first two months in 2010 compared with the same period in 2009 to stand at JD 843.7 million.

□ Workers' Remittances Receipts:

Workers' remittances amounted to JD 206.7 million during the month of March 2010; a drop amounting to 0.4 percent. However, these remittances increased by 0.9 percent to stand at JD 588.8 million during the first three months in 2010.

□ Travel:

■ Receipts:

Travel receipts increased by JD 142.7 million, or 39.6 percent, during the first quarter in 2010 to stand at JD 502.6 million. The increase in the tourism income was owing to the increase in the number of the Kingdom's visitors (tourists) by 26.1 percent during the first quarter in 2010 to stand at 1,495 thousand visitors compared to 1,185 thousand during the same quarter in 2009

■ Payments:

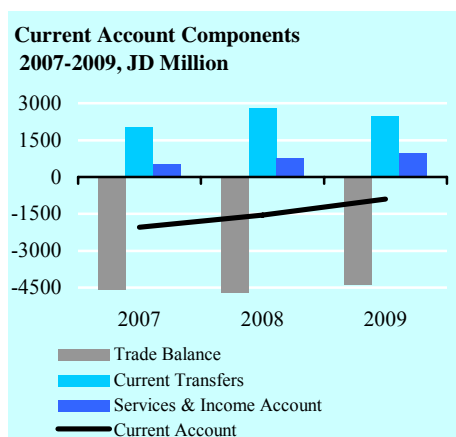
Travel payments increased by JD 52.7 million, or 40.0 percent, during the first quarter in 2010 to stand at JD 184.5 million. Such development was attributable to the increase in the number of spending tourists by 64.7 percent during the first three months in 2010 to stand at 718 thousand tourists compared with 436 thousand during the same period in 2009.

□ Balance of Payments:

The preliminary statistics of the balance of payments in 2009 compared with 2008 indicate the following developments:

- The current account deficit amounted to JD 899.8 million compared with JD 1,546.0 million in 2008. This was the outcome of the following developments:

- The marked narrow down in the trade balance deficit by JD 730.7 million, or 14.4 percent, to reach JD 4,353.7 million in 2009 compared with a deficit amounting to JD 5,084.4 million in 2008.



- The surplus of the services balance which amounted to JD 530.1 million compared with a surplus amounting to JD 249.6 million in 2008. This surplus was chiefly due to the surplus registered by the items of travel receipts (net) as well as government services (net) which amounted to JD 1,311.4 million and JD 150.7 million, respectively. Meanwhile, the item of transportation (net) registered a deficit in the amount of JD 810.7 million. In addition, the item of other services (net) experienced a deficit amounting to JD 121.3 million.
- The surplus of income account (net) declined by JD 60.1 million, amounting to JD 433.5 million compared with JD 493.6 million in 2008. Such decline was attributable to the decline in compensation of employees (net) by JD 113.4 million, on one hand, and the increase in investment income (net) by JD 53.3 million, on another.
- Net current transfers declined by JD 304.9 million; totaling JD 2,490.3 million in light of the decline in net transfers of the public sector (foreign grants) by JD 274.8 million to register JD 675.5 million in 2009 compared with JD 950.3 million in 2008, in addition to the decline in the net transfers of other sectors by JD 30.1 million to reach JD 1,814.8

million compared with JD 1,844.9 million in 2008; noting that the volume of workers' remittances (net) registered a decline of JD 47.1 million, or 2.4 percent, to reach JD 1,899.6 million in 2009.

- As for the capital and financial transactions with the rest of the world, the capital and financial account recorded a net inflow amounting to JD 306.7 million in 2009 against a net inflow in the amount of JD 1,439.5 million in 2008 owing chiefly to the following:
 - FDI inflows (net) amounted to JD 1,691.0 million in 2009 compared with JD 2,005.7 million in 2008.
 - Net outflow in portfolio investment amounted to JD 447.0 million compared with net inflow in the amount of JD 406.8 million in 2008.
 - Net inflow of other investments in the amount of JD 1,322.9 million in 2009 against a net outflow amounting to JD 356.4 million in the preceding year.
 - The significant increase in the reserve assets of the CBJ by JD 2,209.2 million compared with an increase amounting to JD 808.8 million in 2008.

□ **International Investment Position (IIP):**

The international investment position (which represents the Kingdom's net position (stock) of external assets and liabilities) displayed an obligation to abroad in the amount of JD 13,088.2 million at the end of 2008 compared with an obligation in the amount of JD 15,059.0 million at the end of 2007. The aforementioned decline can be attributed to the following developments:

- The rise in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 94.8 million at the end of 2008 compared to the end of 2007 to stand at JD 13,232.4 million at the end of 2008. This was mainly driven by the rise in the reserve assets of the CBJ in abroad by JD 701.5 million and the increase in external assets represented by the loans granted by commercial banks to non-resident entities by JD 226.7 million, on one hand, and the decline in the position of external assets of currency and deposits of commercial banks in the amount of JD 734.5 million, on another.
- The decline in the position of external liabilities (the stock of claims, obligations and financial assets) for all economic sectors residing in the Kingdom by JD 1,876.0 million at the end of 2008 compared to the end of 2007; to stand at JD 26,320.6 million at the end of 2008. This was mainly the outcome of the following:
 - The decline in the balance of external loans extended to the central government by JD 1,585.9 million to amount to JD 3,317.1 million due to the execution of the debt buyback agreement with the Paris Club creditors.
 - The decline in the stock of portfolio investment in the Kingdom by JD 1,283.7 million, amounting to JD 4,930.7 million, owing chiefly to the decline in the Share Price Index (SPI) at the Amman Stock Exchange (ASE) in 2008.
 - The increase in the stock of FDI in the Kingdom by JD 185.2 million to stand at JD 11,570.6 million despite the decline in the Share Price Index (SPI) at the Amman Stock Exchange (ASE) in 2008.
 - The increase in the position of deposits of non-resident bodies at the banking system by JD 849.4 million (JD 775.3 million for licensed banks and JD 74.1 million for the CBJ); to stand at JD 5,585.6 million.