



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
March, 2015**

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

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and 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 adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve 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. |

Contents

| | | |
|---------------|--|-----------|
| | Executive Summary | 1 |
| First | Monetary & Financial Sector | 3 |
| Second | Output, Prices and Employment | 15 |
| Third | Public Finance | 23 |
| Fourth | External Sector | 35 |

Executive Summary

□ Output, Prices and Employment

- During 2014, real GDP at market prices, grew by 3.1 percent, compared to 2.8 percent in 2013. The general price level, measured by the Consumer Price Index (CPI), contracted by 0.8 percent in the first two months of 2015, against an increase of 3.3 percent in the same period of 2014. Furthermore, the unemployment rate during 2014 declined to 11.9 percent compared to 12.6 percent during 2013.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 542.0 million (3.8 percent) at the end of February 2015, compared to their level at the end of 2014, standing at US\$ 13,536.8 million. This level of reserves covers around 7.0 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 688.4 million (2.4 percent) at the end of February 2015 compared to its level at the end of 2014, to stand at JD 29,928.8 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 82.9 million (0.4 percent) at the end of February 2015 compared to its level at the end of 2014, to stand at JD 19,357.4 million.
- Total deposits at licensed banks increased by JD 777.0 million (2.6 percent) at the end of February 2015, compared to its level at the end of 2014, totaling JD 31,038.0 million. This increase was a result of the increase in JD deposits by JD 747.0 million (3.1 percent) and the increase in foreign currency deposits by JD 30.0 million (0.5 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,195.5 points at the end of February 2015, increasing by 30.0 points, or 1.4 percent, compared to its level at the end of 2014.

- **Public Finance:** During the year of 2014, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 585.3 million compared to a fiscal deficit in the amount of JD 1,318.2 million in 2013. Net outstanding domestic debt (budgetary and own-budget) increased by JD 663.0 million at the end of 2014, compared to its level at the end of 2013, to stand at JD 12,525.0 million (49.2 percent of GDP). Outstanding external public debt increased by JD 795.6 million at the end of 2014 compared to its level at the end of 2013 to reach JD 8,030.1 million, (31.6 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 80.8 percent of GDP at the end of 2014 compared to 80.0 percent of GDP at the end of 2013.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) and imports decreased by 8.8 percent and 24.0 percent, to reach JD 434.4 million and JD 1,041.5 million, respectively, during January 2015. As a result, the trade deficit decreased by 32.0 percent compared to its level in January 2014 to reach JD 607.1 million. The preliminary data for the first two months of 2015 show a decrease in travel receipts by 9.9 percent and an increase in travel payments by 0.5 percent. Moreover, total worker's remittances increased by 2.6 percent during February 2015. The balance of payments for 2014 displayed a deficit in the current account amounting to JD 1,730.4 million, (6.8 percent of GDP) down from JD 2,458.0 million (10.3 percent of GDP) during 2013. Moreover, Net Direct Investment recorded an inflow of JD 1,190.7 million during the first three quarters of 2014 compared to a net inflow of JD 1,229.6 million during 2013. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 23,063.9 million at the end of 2014 compared to JD 21,191.0 million at the end of 2013.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 542.0 million (3.8 percent) at the end of February 2015, compared to their level at the end of 2014, to stand at US\$ 13,536.8 million. This level of reserves covers around 7.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 688.4 million (2.4 percent) at the end of February 2015, compared to its level at the end of 2014, to total JD 29,928.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 82.9 million (0.4 percent) at the end of February 2015, compared to its level at the end of 2014 to reach JD 19,357.4 million.
- Total deposits at licensed banks increased by JD 777.0 million (2.6 percent) at the end of February 2015, compared to its level at the end of 2014, to reach JD 31,038.0 million.
- The interest rates on all types of credit facilities at licensed banks decreased at the end of February 2015, compared to their levels at the end of 2014 except discounted bills and bonds, while the interest rates on deposits had increased except time deposits.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,195.5 points at the end of February 2015, increasing by 30.0 points (1.4 percent), compared to its level at the end of 2014. Moreover, the market capitalization decreased by JD 206.4 million (1.1 percent), compared to its registered level of 2014, to stand at JD 17.9 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

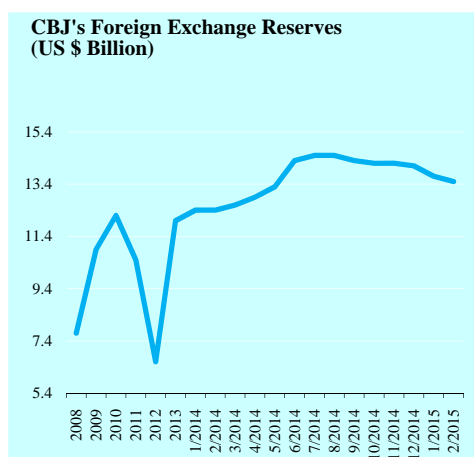
| | | End of February | |
|---------------|--|-----------------|---------------|
| 2014 | | 2014 | 2015 |
| US\$ 14,078.8 | CBJ's Foreign Currency Reserves* | US\$ 12,421.0 | US\$ 13,536.8 |
| 17.3% | | 3.5% | -3.8% |
| 29,240.4 | Money Supply (M2) | 27,720.7 | 29,928.9 |
| 6.9% | | 1.3% | 2.4% |
| 19,274.5 | Credit Facilities, of which: | 18,628.8 | 19,357.4 |
| 1.8% | | -1.6% | 0.4% |
| 17,304.1 | Private Sector (Resident) | 16,588.7 | 17,283.1 |
| 4.4% | | 0.1% | -0.1% |
| 30,261.0 | Total Deposits, of which: | 28,294.6 | 31,038.0 |
| 9.7% | | 2.5% | 2.6% |
| 24,013.1 | In JD | 21,810.4 | 24,760.1 |
| 14.3% | | 3.8% | 3.1% |
| 6,247.9 | In Foreign Currencies | 6,484.2 | 6,277.9 |
| -5.2% | | -1.6% | 0.5% |
| 23,976.9 | Deposits of Private Sector (Resident), of which: | 22,381.7 | 24,407.0 |
| 8.0% | | 0.8% | 1.8% |
| 19,574.9 | In JD | 17,872.3 | 20,000.8 |
| 10.9% | | 1.3% | 2.2% |
| 4,402.0 | In Foreign Currencies | 4,509.4 | 4,406.2 |
| -3.2% | | -0.9% | 0.1% |

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves decreased by US\$ 542.0 million (3.8 percent), at the end of February 2015, compared to their level at the end of 2014, to reach US\$ 13,536.8 million. This level of reserves covers around 7.0 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

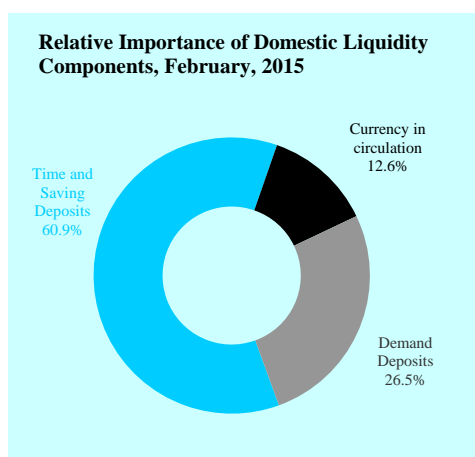
■ Domestic liquidity totaled JD 29,928.9 million at the end of February 2015, increasing by JD 688.5 million, or 2.4 percent, compared to an increase of JD 357.3 million, or 1.3 percent, during the same period in 2014.

◆ **Developments in both the components and the factors affecting domestic liquidity at the end of February 2015, reveal the following:**

● Components of Domestic Liquidity

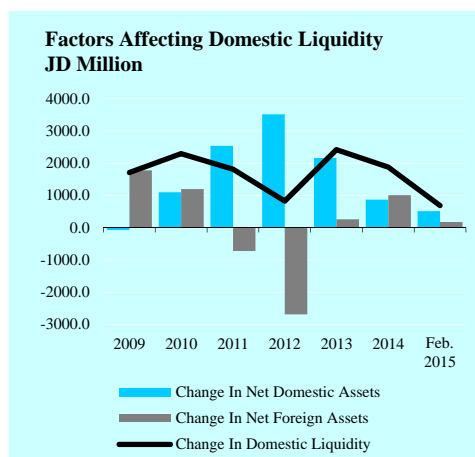
- Deposits increased by JD 721.5 million, or 2.8 percent, at the end of February 2015, compared to their level at the end of 2014, to total JD 26,157.5 million, compared with an increase amounting to JD 346.2 million, or 1.5 percent, during the same period in 2014.

- Currency in circulation decreased by JD 33.0 million, or 0.9 percent, at the end of February 2015, compared to its level at the end of 2014, to reach JD 3,771.4 million, against an increase in the amount of JD 11.1 million, or 0.3 percent, during the same period in 2014.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 512.9 million, or 2.4 percent, at the end of February 2015, compared to its level at the end of 2014, against an increase of JD 290.9 million, or 1.4 percent, during the same period in 2014. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 673.9 million, or 2.5 percent, and its decrease at the CBJ by JD 161.2 million, or 2.8 percent, respectively.



- Net foreign assets of the banking system increased by JD 175.6 million, or 2.2 percent, at the end of February 2015, compared to their level at the end of 2014, against an increase in the amount of JD 66.4 million, or 1.0 percent, during the same period in 2014. This increase was an outcome of the increase in net foreign assets at the CBJ by JD 110.7 million or 1.1 percent, and the increase of net foreign assets at the licensed banks by JD 64.9 million, or 3.2 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

| | | End of February | |
|-----------------|----------------------------------|-----------------|-----------------|
| 2014 | | 2014 | 2015 |
| 7,932.3 | Foreign Assets (Net) | 6,989.9 | 8,107.9 |
| 9,939.5 | CBJ | 8,816.1 | 10,050.2 |
| -2,007.2 | Licensed Banks | -1,826.2 | -1,942.4 |
| 21,308.1 | Domestic Assets (Net) | 20,730.9 | 21,821.0 |
| -5,753.9 | CBJ, of which: | -4,893.5 | -5,915.1 |
| 1,219.0 | Claims on Public Sector (Net) | 1,280.8 | 1,421.8 |
| -6,995.3 | Other Items (Net*) | -6,194.9 | -7,359.2 |
| 27,062.1 | Licensed Banks | 25,624.3 | 27,736.0 |
| 9,635.3 | Claims on Public Sector (Net) | 9,819.0 | 9,747.2 |
| 17,830.4 | Claims on Private Sector | 17,228.3 | 17,817.4 |
| -403.6 | Other Items (Net) | -1,423.0 | 171.4 |
| 29,240.4 | Money Supply (M2) | 27,720.7 | 29,928.9 |
| 3,804.4 | Currency in Circulation | 3,617.7 | 3,771.4 |
| 25,436.0 | Total Deposits, of which: | 24,103.0 | 26,157.5 |
| 4,463.5 | In Foreign Currencies | 4,620.8 | 4,467.9 |

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

□ Interest Rate Structure

■ Interest Rates on Monetary Instruments

◆ On February 3rd, 2015, the CBJ updated its monetary policy operations framework and modified the interest rates structure on monetary policy tools, to become as follows:

- CBJ main interest Rate: 2.75 percent.
- Re-Discount Rate: 4.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.75 percent.
- Overnight Deposit Window Rate: 1.75 percent.
- Weekly/ Monthly Repurchase Agreements: 2.75 percent.

◆ The updated monetary policy operating framework involves issuing certificates of deposit with different volumes and maturities, and adopting a new interest rate to be accredited as the reference rate for administrating the monetary policy, which is called "CBJ main interest rate".

◆ This decision attempts to help banks enhance their abilities to maintain their liquidities to meet their operational requirements and respond to the growing financing needs of different economic sectors.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

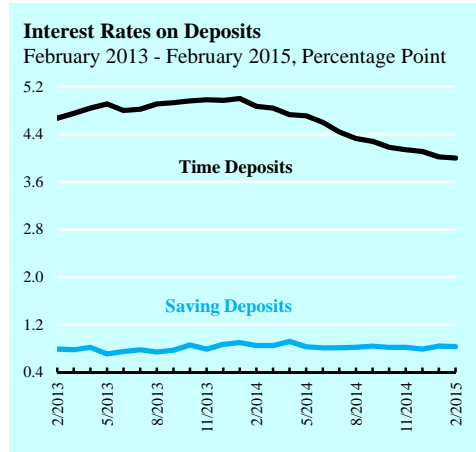
- Time Deposits: The weighted average interest rate on time deposits at the end of February 2015 decreased by two basis points, compared to its level of the previous month to stand at 4.00 percent. This rate is lower by 11 basis points than its level at the end of 2014.

Interest Rates on Monetary Policy Instruments, percentage points

| 2014 | | February | |
|------|--|----------|------|
| | | 2014 | 2015 |
| 4.25 | Re-discount Rate | 4.25 | 4.00 |
| 4.00 | Repurchase Agreements Rate (overnight) | 4.00 | 3.75 |
| 2.75 | Overnight Deposit Window Rate | 3.25 | 1.75 |
| 3.00 | Repurchase Agreements rate (one week) | 3.50 | 2.75 |
| 3.00 | Repurchase Agreements rate (one month) | 3.50 | 2.75 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

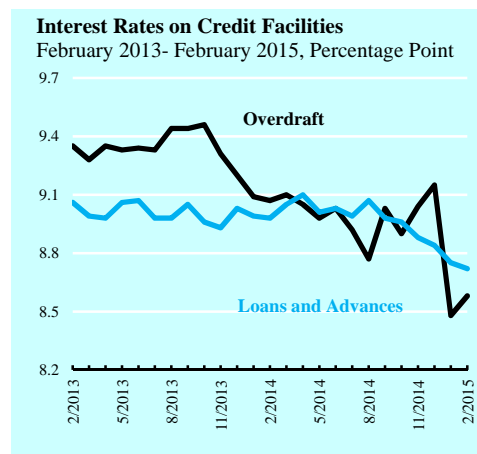
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of February 2015 decreased by one basis point compared to its level of the previous month to stand at 0.83 percent. This rate is higher by 4 basis points than its level at the end of 2014.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of February 2015 maintained its level registered in the previous month to stand at 0.46 percent. This rate is higher by 3 basis points compared to its level at the end of 2014.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of February 2015 increased by 10 basis points compared to its level of the previous month to stand at 8.58 percent. This rate is lower by 57 basis points compared to its level at the end of 2014.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of February 2015, increased by 60 basis points compared with its level recorded in the previous month to reach 10.05 percent. This rate is higher by 10 basis points compared to its level at the end of 2014.

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

| | February | | Change Relative to the Preceding Year Basis Points |
|---------------------------------|----------|-------|---|
| | 2014 | 2015 | |
| Deposits | | | |
| 0.43 Demand | 0.52 | 0.46 | 3 |
| 0.79 Saving | 0.85 | 0.83 | 4 |
| 4.11 Time | 4.87 | 4.00 | -11 |
| Credit Facilities | | | |
| 9.95 Discounted Bills and Bonds | 9.50 | 10.05 | 10 |
| 8.84 Loans and Advances | 8.98 | 8.72 | -12 |
| 9.15 Overdraft | 9.07 | 8.58 | -57 |
| 8.72 Prime Lending Rate | 8.79 | 8.63 | -9 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 3 basis points at the end of February 2015, compared to its level of the previous month to stand at 8.72 percent. This rate is lower by 12 basis points than its level at the end of 2014.
- The Prime lending rate stood at 8.63 percent at the end of February 2015, which is lower by 9 basis points than its level at the end of 2014.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, reached 472 basis points, at the end of February 2015, which is higher by one basis point than its level at the end of 2014.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 82.9 million (0.4%) at the end of February 2015, compared to its level at the end of 2014, against a decrease in the amount of JD 310.9 million, or 1.6 percent during the same period of 2014.

- The classification of extended credit facilities, according to economic activity, at the end of February 2015 demonstrates an increase in the "others" item which generally represents facilities extended to individuals by JD 161.1 million, or 3.6 percent, the "public services and utilities" by JD 49.5, or 2.3 percent, and the "tourism, hotels and restaurants" sector by JD 28.7, or 5.0 percent. Meanwhile, the credit facilities extended to the "industry" and "construction" sectors decreased by JD 80.9 million, or 3.2 percent, and JD 51.0 million, or 1.1 percent, respectively, compared to their levels at the end of 2014.
- The classification of extended credit facilities, according to the borrower, at the end of February 2015 shows an increase in credit facilities extended to the Central Government by JD 96.1 million, or 8.5 percent, the private sector (non-resident) by JD 15.6 million, or 3.2 percent, and the financial institutions by JD 0.7 million or 10.6 percent. Meanwhile, the credit facilities extended to the private sector (resident) and public institutions declined by JD 21 million, or 0.1 percent, and JD 8.5 million, or 2.4 percent, respectively.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 31,038.0 million at the end of February 2015, increasing by JD 777.0 million, or 2.6 percent, compared to its level at the end of 2014, against an increase of JD 701.4 million, or 2.5 percent, at the same period in 2014.
- The increase in total deposits at licensed banks at the end of February 2015 was a result of the increase in the deposits of the private sector (resident) by JD 430.1 million, or 1.8 percent, the public sector (central government plus public institutions) by JD

287.4 million, or 11.6 percent, the private sector (non-resident) by JD 21.2 million, or 0.6 percent, and the non-banking financial institutions by JD 38.3 million, or 10.6 percent, compared to their levels at the end of 2014.

- The developments in the currency structure of deposits at the end of February 2015 reveal that JD deposits increased by JD 747.0 million, or 3.1 percent, while “deposits in the foreign currency” increased by JD 30.0 million, or 0.5 percent, compared to their levels at the end of 2014.

□ Amman Stock Exchange (ASE)

Indicators of the ASE displayed a mixed performance at the end of February 2015 compared to 2014. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the ASE totaled JD 237.7 million in February 2015; up by JD 52.1 million, or 28.1 percent, compared to its level of the previous month, against a decrease of JD 76.4 million, or 24.6 percent, during the same month in 2014. As for the first two months in 2015, the trading volume decreased by JD 120.6 million, or 22.2 percent compared to the same period in 2014.

■ Traded Shares

The number of traded shares in February 2015 totaled 248.0 million shares; up by 43.0 million shares, or 21.0 percent, compared to its level of the previous month, against a decrease amounting to 106.2 million shares, or 32.2 percent, during the same month in 2014. As for the first two months in 2015, the number of traded shares amounted to 453.0 million shares compared to 554.4 million shares traded during the same period in 2014.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 25.9 points, or 1.2 percent, at the end of February 2015 compared to its level at the end of the previous month, to stand at 2,195.5 points, against a

decrease in the amount of 28.8 points, or 1.3 percent, during the same month in 2014. Furthermore, in the first two months in 2015 the SPI increased by 30 points, or 1.4 percent compared to its level at the end of 2014, against a rise in the amount of 112.4 points, or 5.4 percent during the same period in 2014. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 64.0 points, or 2.2 percent, and the services sector by 28.2 points, or 1.6 percent, and decline of the industrial sector by 24.3 points, or 1.3 percent.

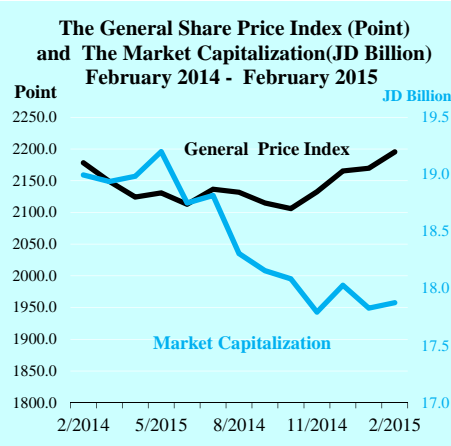
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

| | | February | |
|---------|-------------------|----------|---------|
| 2014 | | 2014 | 2015 |
| 2,165.5 | General Index | 2,178.2 | 2,195.5 |
| 2,920.9 | Financial Sector | 3,035.3 | 2,984.9 |
| 1,852.0 | Industrial Sector | 1,874.1 | 1,827.7 |
| 1,794.8 | Services Sector | 1,632.9 | 1,823.0 |

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 17.9 billion at the end of February 2015; up by JD 48.5 million, or 0.3 percent, compared to its level at the end of the previous month, against a decrease of JD 0.5 billion or 2.4 percent, during the same month in 2014. As



for the first two months in 2015, the market capitalization decreased by JD 206.4 million, or 1.1 percent, compared to an increase of JD 0.8 billion or 4.2 percent during the same period in 2014.

■ Non - Jordanian Net Investment

Non-Jordanian net investment at the ASE recorded an inflow amounting to JD 3.0 million in February 2015, compared to an outflow of JD 15.0 million during the same month in 2014; the value of shares acquired by non-Jordanian in February 2015 amounted to JD 37.1 million, while the value of shares sold by the same group amounted to JD 34.0

| Main Amman Stock Exchange Trading Indicators, JD Million | | | |
|--|---------------------------------|----------|----------|
| | | February | |
| 2014 | | 2014 | 2015 |
| 2,263.4 | Value Traded | 233.7 | 237.7 |
| 9.1 | Average Daily Trading | 11.7 | 12.5 |
| 18,082.6 | Market Capitalization | 18,994.9 | 17,876.2 |
| 2,321.8 | No. of Traded Shares (million) | 224.1 | 248.0 |
| -22.1 | Net Investment of Non-Jordanian | -15.0 | 3.0 |
| 362.7 | Non-Jordanian Buying | 47.3 | 37.1 |
| 384.8 | Non-Jordanian Selling | 62.4 | 34.0 |

Source: Amman Stock Exchange.

million. As for the first two months in 2015, non-Jordanian net investment recorded an inflow amounted to JD 2.4 million compared to an outflow of JD 19.1 million, during the same period in 2014.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP) at constant market prices, grew by 3.3 percent, during the fourth quarter of 2014, compared to 2.9 percent during the same quarter of 2013. Moreover, GDP at current market prices, grew by 7.2 percent during the fourth quarter of 2014, compared to 7.4 percent during the same quarter of 2013.
- Accordingly, GDP at constant market prices, grew by 3.1 percent, during 2014, compared to 2.8 percent during 2013. Moreover, GDP at current market prices, grew by 6.6 percent during 2014, compared to 8.6 percent during 2013.
- The general price level, measured by the Consumer Price Index (CPI) contracted by 0.8 percent in the first two months of 2015, against an increase of 3.3 percent in the same period of 2014.
- The unemployment rate declined during 2014, to stand at 11.9 percent (10.1 percent for males and 20.7 percent for females), compared to 12.6 percent (10.6 percent for males and 22.2 percent for females) during 2013. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.3 percent.

□ Developments of GDP

Despite the reflection of the repercussions of the Arab Spring and the unrest in the region, that still have their effects on the Jordanian economy, real GDP grew by 3.1 percent during 2014, compared to 2.8 percent during 2013. When excluding “net taxes on products”, which grew by 2.4 percent, GDP at constant basic prices grew by 3.2 percent during 2014, compared to 2.8 percent during 2013.

**Quarterly Growth Rates of GDP at Market Prices
2013 - 2014**

| | Q 1 | Q2 | Q3 | Q4 | Percentages |
|-------------------------------|-----|-----|-----|-----|-------------|
| | | | | | Year |
| 2013 | | | | | |
| GDP at Constant Market Prices | 2.6 | 3.1 | 2.8 | 2.9 | 2.8 |
| GDP at Current Market Prices | 9.5 | 9.7 | 8.0 | 7.4 | 8.6 |
| 2014 | | | | | |
| GDP at Constant Market Prices | 3.2 | 2.8 | 3.1 | 3.3 | 3.1 |
| GDP at Current Market Prices | 7.1 | 6.1 | 6.2 | 7.2 | 6.6 |

Source: Department of Statistics.

At current market prices, GDP grew by 6.6 percent during 2014, compared to 8.6 percent during 2013. This decline in nominal growth is mainly attributed to a decelerated growth in the general price level, measured by the GDP deflator, which grew by 3.4 percent, compared to 5.6 percent during 2013, as a reflection of the fading impact of the government's decision of liberalizing the prices of petroleum products on the national economy, and the decline in oil prices in the international market during the last quarter of 2014. In addition to the contraction in the producer price index of both the "mining and quarrying" and manufacturing.

The main sectors contributed to the economic growth during 2014 are "finance, insurance, real estate and business services" (0.5 percentage point), "wholesale and retail trade" (0.3 percentage point), construction (0.3 percentage point), "mining and quarrying" (0.3 percentage point), manufacturing (0.3 percentage point), and agriculture (0.2 percentage point). These sectors collectively accounted for 61.3 percent of real GDP growth during the above-mentioned period.

The developments of economic sectors during 2014 showed that all sectors witnessed positive real growth at divergent rates; where some sectors witnessed an accelerated improvement in their performance; mainly “wholesale and retail trade, restaurants and hotels” which grew by 3.7 percent, “mining and quarrying” (27.6 percent), “electricity and water” (3.3 percent), agriculture (7.6 percent) and “producers of private non-profit services to households” (7.0 percent). While other sectors exhibited a slowdown in performance.

Microeconomic Indicators

- Industrial production quantity index grew by 2.7 percent during January 2015 compared to a contraction of 0.9 percent during the same month of 2014. This was attributed to the following:



Growth Rate of GDP at Constant Market Prices, Percentages

| | 2013 | 2014 |
|--|------------|------------|
| Agriculture,Hunting,Forestry, And Fishing | -3.5 | 7.6 |
| Mining And Quarrying | -10.9 | 27.6 |
| Manufacturing | 1.9 | 1.5 |
| Electricity And Water | 0.8 | 3.3 |
| Construction | 8.7 | 6.8 |
| Wholesale & Retail Trade, Restuarants& Hotels | 3.2 | 3.7 |
| Transport,Storage & Communications | 4.0 | 1.6 |
| Finance,Insurance,Real Estate And Business Services | 4.0 | 2.5 |
| Community,Social And Personal Services | 5.7 | 4.7 |
| Producers Of Government Services | 2.4 | 2.3 |
| Producers Of Private Non-Profit Services To Households | 6.3 | 7.0 |
| Domestic Services Of Households | 0.1 | 0.1 |
| Gross Domestic Product At Market Prices | 2.8 | 3.1 |

Source: Department of Statistics.

- “Mining and quarrying” production quantity index grew by 36.8 percent, against an increase of 4.4 percent during January 2014. This growth was mainly attributed to the increase of production quantity index for phosphate by 44.7 percent and potash by 30.7 percent; owing to an increase in the demand of some major importing countries; especially China and India.
- Manufacturing production quantity index grew by 1.8 percent, compared to a decrease of 2.2 percent during January 2014. This came as a result of a growth in production of some of its components, mainly; “refined petroleum products” (55.4 percent), and “food products and beverages” (10.9 percent), on one hand, and a decline of some items, mainly; “cement, lime and plaster” (51.0 percent) and “tobacco products” (26.1 percent), on the other.
- Electricity production quantity index decrease of 14.0 percent, compared to grew by 9.8 percent during January 2014.
- Quantities of exported and imported goods shipped through Aqaba port grew by 19.3 percent during the first two months of 2015, compared to an increase of 1.4 percent during the same period of 2014.
- Number of passengers through Royal Jordanian declined by 10.8 percent during January 2015, against a growth of 7.4 percent during the same month of 2014.
- Cargo through Royal Jordanian contracted by 12.4 percent during January 2015, compared to a decrease of 3.9 percent during the same month of 2014.
- Licensed areas for buildings declined by 37.3 percent during January 2015, compared to a growth of 43.6 percent during the same month of 2014.
- Number of departures declined by 7.1 percent in the first two months of 2015, against a contraction of 0.8 percent during the same period of 2014.

Main Sectoral Indicators*

Percentage Points

| 2014 | Item | 2014 | A vailable data | 2015 |
|------|---|-------|---------------------------|-------|
| 1.7 | Industrial production quantity index | -0.9 | | 2.7 |
| -0.2 | Manufacturing production quantity index | -2.2 | | 1.8 |
| -1.5 | Food products and beverages | -11.9 | | 10.9 |
| 5.3 | Tobacco products | 26.9 | | -26.1 |
| -2.9 | Refined petroleum products | 29.1 | | 55.4 |
| 10.2 | Cement, lime and plaster | 39.1 | | -51.0 |
| 0.6 | Iron and steel | 27.7 | January | -12.6 |
| -6.5 | Chemical products | 10.1 | | -10.5 |
| 28.3 | “Mining and quarrying” production quantity index | 4.4 | | 36.8 |
| 38.6 | Phosphate | 5.8 | | 44.7 |
| 20.3 | Potash | 2.8 | | 30.7 |
| 1.5 | Electricity production quantity index | 9.8 | | -14.0 |
| 7.2 | Licensed areas for buildings | 43.6 | | -37.3 |
| -2.8 | Number of passengers through Royal Jordanian | 7.4 | | -10.8 |
| -1.7 | Cargo through Royal Jordanian | -3.9 | | -12.4 |
| 16.7 | Quantities of exported and imported goods shipped through Aqaba port | 1.4 | | 19.3 |
| -0.5 | Number of departures | -0.8 | January - February | -7.1 |

* : Sources:

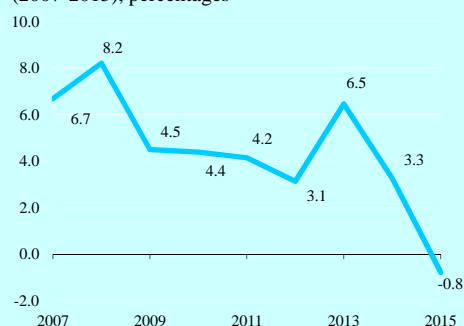
- Department of Statistics.
- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), contracted by 0.8 percent during the first two months of 2015, against an increase of 3.3 percent during the same period of 2014. This came as a result of the fall in the prices of oil and related goods and services in the global markets and its impact on domestic prices. The main groups and items that witnessed decline in their prices are; transportation (16.5 percent), “fuels and lighting” (11.3 percent), and “vegetables and legumes dry and canned” (8.0 percent). They collectively contributed in reducing the overall inflation rate by 3.4 percentage points, compared to a positive contribution amounted to

Annual Bases Inflation Rate

For the first two months of the years (2007-2015), percentages



Inflation Rate during the first two months of the years 2014 - 2015

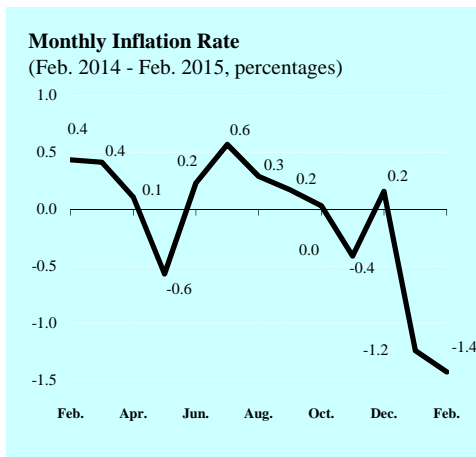
| Expenditure Groups | Relative Imp. | Relative change | | Contribution | |
|--|---------------|------------------|-------|--------------|------|
| | | January-February | | 2014 | 2015 |
| All Items | 100 | 3.3 | -0.8 | 3.3 | -0.8 |
| 1) Food and non-Alcoholic Beverages, of which: | 33.4 | 2.1 | 0.7 | 0.7 | 0.2 |
| Meat and Poultry | 8.2 | -1.5 | -0.6 | -0.1 | -0.1 |
| Dairy Products and Eggs | 4.2 | 2.6 | 0.9 | 0.1 | 0.0 |
| Vegetables and Legumes Dry and Canned | 3.9 | 15.2 | -8.0 | 0.6 | -0.3 |
| Fruits and Nuts | 2.7 | 4.9 | 12.6 | 0.1 | 0.3 |
| Non-alcoholic beverages | 2.9 | 2.1 | 0.3 | 0.1 | 0.0 |
| 2) Alcohol and Tobacco and Cigarettes | 4.4 | 8.8 | 8.2 | 0.4 | 0.3 |
| 3) Clothing and footwear | 3.5 | 6.4 | 7.8 | 0.2 | 0.3 |
| 4) housing, of which: | 21.9 | 5.3 | 1.6 | 1.2 | 0.4 |
| Rents | 15.6 | 7.5 | 5.8 | 1.2 | 0.9 |
| Fuels and Lighting | 4.8 | 0.2 | -11.3 | 0.0 | -0.6 |
| 5) Household Furnishings and Equipment | 4.2 | 1.6 | 2.9 | 0.1 | 0.1 |
| 6) health | 2.2 | 4.4 | 4.7 | 0.1 | 0.1 |
| 7) Transportation | 13.6 | 2.6 | -16.5 | 0.4 | -2.5 |
| 8) Communication | 3.5 | -0.2 | 0.2 | 0.0 | 0.0 |
| 9) Culture and Recreation | 2.3 | 1.4 | 2.0 | 0.0 | 0.0 |
| 10) Education | 5.4 | 3.9 | 3.7 | 0.2 | 0.2 |
| 11) Restaurants and Hotels | 1.8 | 3.4 | 2.1 | 0.1 | 0.0 |
| 12) Other Goods and Services | 3.7 | -0.4 | 2.0 | 0.0 | 0.1 |

Source: Department of Statistics.

1.0 percentage points during the above-mentioned period. In contrast, some items witnessed an increase in their prices mainly; “fruits and nuts” (12.6 percent) influenced by supply and demand factors in the domestic market, and “tobacco and cigarettes” (8.2 percent), due to the government's decision of increasing tax on cigarettes (February 2014).

In February 2015, the CPI contracted by 1.4 percent compared with January 2015. This was due to the fall in prices of some groups and items, mainly; transportation group, “fuels and lighting”, and “fruit and nuts” items.

It is worth mentioning that the Department of Statistics recently updated the base year of CPI to 2010 instead of 2006, which resulted in slight changes in the registered inflation rates for the years (2010-2014). As shown in the right-hand side table.



| Year | Inflation Rate (2006 = 100) | Inflation Rate (2010 = 100) | Difference |
|------|-----------------------------|-----------------------------|------------|
| 2010 | 5.0 | 4.8 | -0.2 |
| 2011 | 4.4 | 4.2 | -0.2 |
| 2012 | 4.7 | 4.5 | -0.2 |
| 2013 | 5.6 | 4.8 | -0.8 |
| 2014 | 2.8 | 2.9 | +0.1 |

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) declined during 2014; to stand at 11.9 percent (10.1 percent for males and 20.7 percent for females), compared to 12.6 percent (10.6 percent for males and 22.2 percent for females) during 2013. Furthermore, the unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.3 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2014 reached 36.4 percent (59.7 percent for males and 12.6 percent for females), compared to 37.1 percent (60.4 percent for males and 13.2 percent for females) during 2013.
- ◆ The employment rate among population of 15 years and older reached 32.1 percent during 2014, compared to 32.4 percent during 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.2 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.3 percent), education (11.9 percent), and manufacturing (10.2 percent).

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 585.3 million in 2014, comparing to a fiscal deficit in the amount of JD 1,318.2 million, in 2013. When excluding foreign grants (JD 1,236.5 million), the general budget deficit reaches JD 1,821.8 million compared to a deficit in the amount of JD 1,957.3 million in 2013.
- Net outstanding domestic public debt increased by JD 663.0 million at the end of 2014 compared to its level at the end of 2013, to reach JD 12,525.0 million (49.2 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 795.6 million at the end of 2014, compared to its level at the end of 2013, to stand at JD 8,030.1 million (31.6 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 20,555.1 million (80.8 percent of GDP) at the end of 2014 compared to JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.

□ The performance of the general budget during 2014 compared with the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 565.3 million, or 87.3 percent, in December 2014 comparing to the same month of 2013 to reach JD 1,212.6 million. As for the whole year of 2014, these revenues were up by JD 1,508.7 million, or 26.2 percent, compared to 2013 to stand at JD 7,267.6 million. This rise came as a result of the increase in domestic revenues by JD 911.3 million, as well as foreign grants by JD 597.4 million.

Main Government Budget Indicators during 2014:

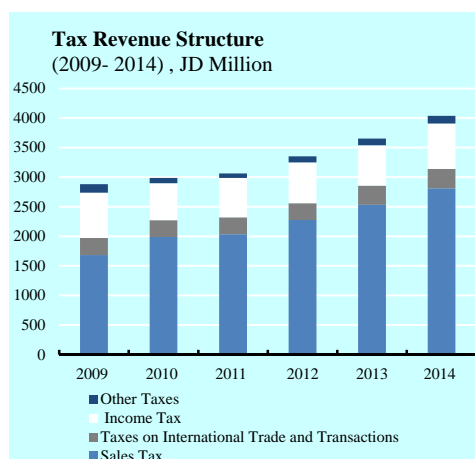
(JD Million and Percentages)

| | Dec. | | Growth Rate | Jan. – Dec. | | Growth Rate |
|--------------------------------------|---------------|----------------|-------------|-----------------|----------------|-------------|
| | 2013 | 2014 | | 2013 | 2014 | |
| Total Revenues and Grants | 647.3 | 1,212.6 | 87.3 | 5,758.9 | 7,267.6 | 26.2 |
| Domestic Revenues, of which: | 587.6 | 731.7 | 24.5 | 5,119.8 | 6,031.1 | 17.8 |
| Tax Revenues, of which: | 355.2 | 312.6 | -12.0 | 3,652.4 | 4,037.2 | 10.5 |
| General Sales Tax | 297.3 | 236.3 | -20.5 | 2,532.9 | 2,811.4 | 11.0 |
| Other Revenues | 230.4 | 416.7 | 80.9 | 1,445.3 | 1,972.9 | 36.5 |
| Foreign Grants | 59.7 | 480.9 | 705.5 | 639.1 | 1,236.5 | 93.5 |
| Total Expenditures, of which: | 864.7 | 898.0 | 3.9 | 7,077.1 | 7,852.9 | 11.0 |
| Capital Expenditures | 309.1 | 257.8 | -16.6 | 1,021.0 | 1,136.3 | 11.3 |
| Overall Deficit/ Surplus | -217.4 | 314.6 | - | -1,318.2 | -585.3 | - |

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 911.3 million, or 17.8 percent, in 2014 compared to 2013, to reach JD 6,031.1 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 384.8 million, and JD 527.6 million, respectively, and the drop in “pension contributions” by JD 1.1 million.



● Tax Revenues

Tax revenues increased by JD 384.8 million, or 10.5 percent, in 2014 compared with 2013, to reach JD 4,037.2 million (66.9 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of the general sales tax on goods and services, in addition to income and profit taxes. Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 278.5 million, or 11.0 percent, which reached JD 2,811.4 million (accounting for 69.6 percent of total tax revenues). This result was driven by the increase in the proceeds of most general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on imported goods”, and “sales tax on services” have increased by JD 248.3 million, JD 36.9 million, and JD 18.6 million, respectively. However, the proceeds of “sales tax on domestic goods” decreased by JD 25.3 million.
- An increase in the proceeds of “income and profit taxes” by JD 84.4 million, or 12.4 percent, which reached JD 766.3 million (accounting for 19.0 percent of total tax revenues). This rise was a result of the increase in the proceeds of “income tax from companies and other projects” by JD 62.3 million, and the rise in the proceeds of “income tax from individuals” by JD 22.1 million. Accordingly, income tax from companies accounted for 79.9 percent of total taxes on income and profits to reach JD 612.3 million (of which JD 277.5 million from banks and financial institutions).

- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 2.5 million or 0.8 percent, to reach JD 327.4 million (accounting for 8.1 percent of total tax revenues).
- An increase in real-estates tax (taxes on financial transactions) by JD 19.4 million, or 17.2 percent, to reach JD 132.1 million (accounting for 3.3 percent of total tax revenues).

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

“Other revenues” increased by JD 527.6 million, or 36.5 percent, in 2014 to reach JD 1,972.9 million. This increase was chiefly due to:

- A rise in miscellaneous revenues by JD 220.3 million to stand at JD 573.9 million.
- An increase in property income by JD 216.4 million to stand at JD 515.9 million, includes the recurrent and non recurrent revenues received from Telecommunication regulatory Commission, (of which financial surplus of independent government units amounted to JD 482.0 million).
- An increase in “revenues from selling goods and services” by JD 90.9 million to reach JD 883.1 million.

- **Pension Contributions**

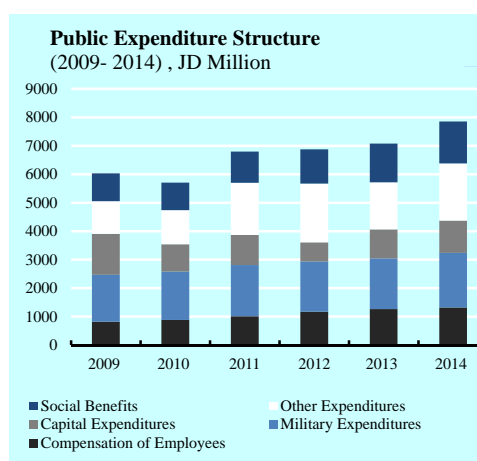
Pension contributions were down by JD 1.1 million in 2014, standing at JD 21.0 million.

- ◆ **Foreign Grants**

Foreign grants increased by JD 597.4 million in 2014, standing at JD 1,236.5 million.

Public Expenditures

Public expenditures witnessed an increase by JD 33.3 million, or 3.9 percent, in December 2014 compared to the same month in 2013 to stand at JD 898.0 million. Moreover, public expenditures increased by JD 775.8 million, or 11.0 percent in 2014, to stand at JD 7,852.9 million. This increase was a result of the rise in both current expenditures and capital expenditures by 10.9 percent, and 11.3 percent, respectively.



Current Expenditures

Current expenditures increased by JD 660.5 million, or 10.9 percent, during 2014, to reach JD 6,716.6 million. This result was driven by the increase in most current expenditures items. More specifically:

- An increase in military expenditures by JD 139.3 million to total JD 1,918.0 million, accounting for 28.6 percent of total current expenditures.
- An increase in social benefit expenditures by JD 114.7 million to stand at JD 1,472.6 million, accounting for 21.9 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 52.8 million to reach JD 1,319.8 million, accounting for 19.6 percent of total current expenditures.

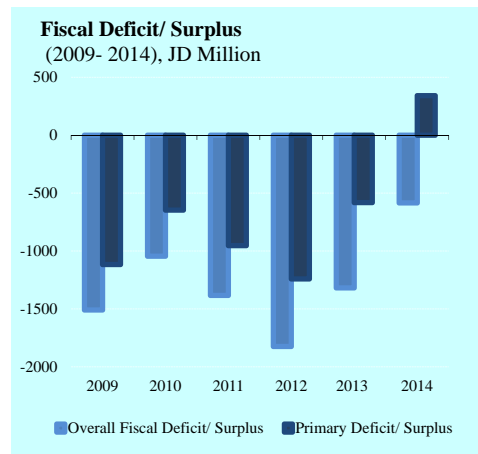
- An increase in interest payments, on internal and external public debt, by JD 189.5 million to stand at JD 926.0 million, accounting for 13.8 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 209.5 million to stand at JD 480.0 million, accounting for 7.1 percent of total current expenditures.
- A decrease in goods subsidies by JD 35.2 million to stand at JD 225.0 million, accounting for 3.3 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

◆ Capital Expenditures

Capital expenditures increased by JD 115.3 million, or 11.3 percent during 2014 compared to 2013, to reach JD 1,136.3 million.

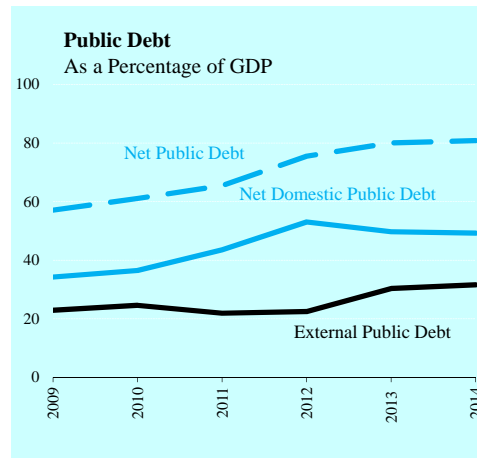
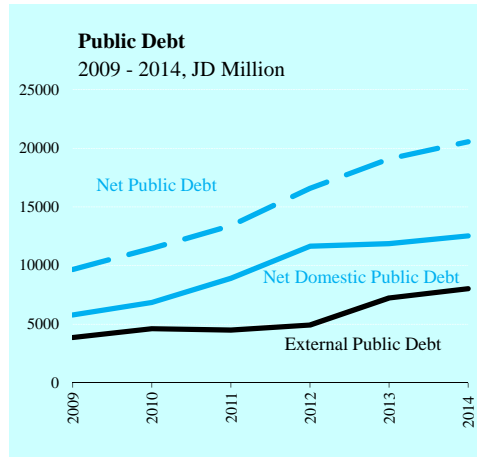
■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 585.3 million in 2014, against a fiscal deficit in the amount of JD 1,318.2 million in 2013.
- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 340.7 million in 2014, against a primary deficit of JD 581.7 million in 2013.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 663.0 million at the end of 2014 comparing to its level at the end of 2013 to total JD 12,525.0 million, or 49.2 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 1,181.0 million to reach JD 14,621.0 million, and the increase in the government deposits at the banking system by JD 519.0 million to reach JD 2,096.0 million. In details, the increase in the budgetary domestic public debt was mainly an outcome of the rise in “Treasury bills and bonds” in the amount of JD 1,603.0 million to reach JD 12,471.0 million at the end of 2014, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 592.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 260.0 million to reach JD 609.0 million at the end of 2014, and loans and advances extended to these agencies decreased by JD 75.0 million to stand at JD 939.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 795.6 million at the end of 2014 compared to its level at the end of 2013, amounting to JD 8,030.1 million (31.6 percent of GDP). This increase was driven by receiving the fourth and the fifth tranches of the IMF loan under the Stand-By Arrangement (SBA) in the amount of JD 182.9 million (equivalent to US\$ 258 million) in April, as well as the sixth tranche of the loan in the amount of JD 89 million (equivalent to US\$ 125 million) which was received in November, in addition to the issuance of sovereign Eurobonds in the international markets in the amount of US\$ 1.0 billion in June. The currency debt structure shows that external debt in US dollars accounted for 58.7 percent, while debt in Euros accounted for 5.7 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 7.2 percent and 10.7 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 14.3 percent.
- Net public debt (domestic and external) increased by JD 1,458.6 million at the end of 2014 compared to its level at the end of 2013 to stand at JD 20,555.1 million, (80.8 percent of GDP), against JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.
- External debt service (budgetary and guaranteed) amounted to JD 906.3 million during 2014 (of which interest payments amounting to JD 204.6 million) compared to JD 598.9 million (of which interest payments amounting to JD 129.8 million) during 2013.

□ Fiscal and Price Measures

- Maintaining the prices of all types of oil derivatives unchanged, except Gasoline 90/95, as follows:

Development of Oil Derivatives Price

| | Unit | 2015 | | Percentage Change |
|--|------------|-------|-------|-------------------|
| | | March | April | |
| Unleaded Gasoline 90 | Fils/Liter | 585 | 610 | 4.3 |
| Unleaded Gasoline 95 | Fils/Liter | 740 | 775 | 4.7 |
| Gas Oil (Diesel) | Fils/Liter | 455 | 455 | 0.0 |
| Kerosene | Fils/Liter | 455 | 455 | 0.0 |
| Liquid Gas (12.5kg) | JD/Unit | 8.00 | 8.00 | 0.0 |
| Fuel oil for industry | JD/Ton | 310.3 | 310.3 | 0.0 |
| Fuel for airplanes (local companies) | Fils/Liter | 406 | 406 | 0.0 |
| Fuel for airplanes (foreign companies) | Fils/Liter | 411 | 411 | 0.0 |
| Fuel for unplanned flights | Fils/Liter | 426 | 426 | 0.0 |
| Asphalt | JD/Ton | 331.8 | 331.8 | 0.0 |

Source: Jordan Petroleum Refinery Company (1/4/2015).

□ Grants, Loans and Other Agreements

- Signing five grant agreements with the Saudi Fund for Development (SFD) in the total amount of US\$176 million, as part of Saudi Arabia's contribution to the Gulf Cooperation Council (GCC) grant to support priority projects in the Kingdom. These funds are distributed as follows (February 2015):

- US\$70 million grant to establish and furnish Princess Basma Hospital.
 - US\$6 million grant for building laboratories for the Jordan Food and Drug Administration.
 - US\$12 million for the establishment of an X-ray centre.
 - US\$37 million for implementing rehabilitation and maintenance works at the King Hussein Medical Centre.
 - US\$52 million will go to financing the King Hussein Cancer Centre's expansion project.
- Signing a memorandum of understanding with the US government, under which the United States will provide annual grants amounting to US\$ 1.0 billion during the period 2015-2017, within its annual support program to the Kingdom, to cover economic, development and military aspects (February 2015).
 - Signing two technical and financial assistance agreements with the German government in the amount of EUR 193 million (equivalent to JD155 million), in order to support certain development projects financed by the German government within the development cooperation Program framework between the two countries (February 2015).
 - Signing three additional grant agreements between the Jordanian government and the Japanese government, in the total amount of US\$ 17.5 million (equivalent to JD12.4 million). These grants are allocated as follows (March 2015):
 - A grant in the amount of Japanese Yen 1.0 billion (equivalent to US\$ 8.4 million) extended for the provision of medical equipment for the ministry of health, under the framework of Japan's non-project grant aid (NPGA).

- A grant in the amount of Japanese Yen 1.0 billion (equivalent to US\$ 8.4 million) extended for the provision of medical equipment for the ministry of health and Prince Hamzah Hospital, under the framework of Japan's new program for economic and social development assistance.
- A grant in the amount of Japanese Yen 97.6 million (equivalent to US\$ 820 thousand) extended by the Japanese international cooperation agency (JICA) to cover the Construction expenses of the Petra Museum, under the Cultural Grant Aid program.
- Signing a soft loan agreement between the Jordanian government and the Arab Fund for Economic and Social Development (AFESD), in the amount of US\$ 100 million in order to finance a program to support small and medium size projects (April 2015).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 8.8 percent in January 2015 compared to the same month of 2014, to record JD 434.0 million.
- **Merchandize imports** decreased by 24.0 percent in January 2015 compared to the same month of 2014, to reach JD 1,041.5 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 32.0 percent in January 2015 compared to the same month in 2014; standing at JD 607.1 million.
- **Travel receipts** decreased in February 2015 compared to February 2014 by 16.0 percent, to reach JD 177.8 million, while travel payments decreased by 11.8 percent compared to the same month of 2014 to reach JD 65.5 million. As for the first two months of 2015; travel receipts decreased by 9.9 percent to record JD 425.8 million, on the other hand, travel payments increased slightly by 0.5 percent to reach JD 136.0 million.
- **Total workers' remittances receipts** increased by 3.1 percent in February 2015 compared to February 2014 to reach JD 189.2 million. As for the first two months of 2015; total workers, remittances receipts increased by 2.6 percent to reach JD 400.2 million.
- **The current account of the balance of payments** registered a deficit of JD 1,730.4 million (6.8 percent of GDP) during 2014 compared to a deficit of JD 2,458.0 million (10.6 percent of GDP) during 2013.
- **Net direct investment** recorded an inflow of JD 1,190.7 million during the 2014, down from JD 1,229.6 million of 2013.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 23,063.9 million at the end of 2014; an increase of JD 1,872.9 million compared to its level at the end of 2013.

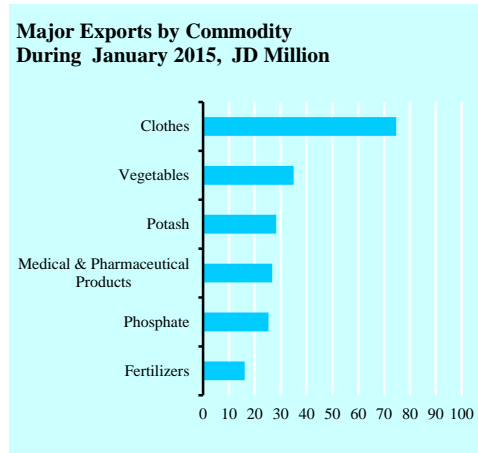
□ External Trade

- As a result of the decrease in domestic exports and imports by JD 57.4 million and JD 328.0 million during January 2015 compared to January 2014, the volume of external trade (domestic exports *plus* imports) decreased by JD 385.4 million to stand at JD 1,391.7 million.

| Jordan's Major Trading Partners JD Million | | | | Main External Trade Indicators JD Million | | | | |
|---|-------|-------|-------------------|--|-----------------------------|------|-----------------------------|-------|
| January | | | | January- | | | | |
| | 2014 | 2015 | Percentage Change | | Percentage Change 2014/2013 | 2015 | Percentage Change 2015/2014 | |
| Exports | | | | External Trade | 1,777.1 | 17.9 | 1,391.7 | -21.7 |
| USA | 71.1 | 72.6 | 2.1 | Total Exports | 476.3 | 15.0 | 434.4 | -8.8 |
| Iraq | 61.9 | 56.2 | -9.2 | Domestic Exports | 407.6 | 19.9 | 350.2 | -14.1 |
| Saudi Arabia | 51.2 | 49.7 | -2.9 | Re-exports | 68.7 | -7.5 | 84.2 | 22.6 |
| India | 20.7 | 49.3 | 138.2 | Imports | 1,369.5 | 17.4 | 1,041.5 | -24.0 |
| UAE | 18.2 | 18.0 | -1.1 | Trade Balance | -893.2 | 18.7 | -607.1 | -32.0 |
| Syria | 11.0 | 11.0 | - | Source: Department of Statistics. | | | | |
| Lebanon | 8.0 | 7.9 | -1.3 | | | | | |
| Imports | | | | | | | | |
| Saudi Arabia | 263.1 | 189.5 | -28.0 | | | | | |
| China | 143.7 | 131.7 | -8.4 | | | | | |
| USA | 75.0 | 71.0 | -5.3 | | | | | |
| India | 138.1 | 58.3 | -57.8 | | | | | |
| Germany | 72.9 | 48.7 | -33.2 | | | | | |
| Russia | 57.0 | 42.3 | -25.8 | | | | | |
| Italy | 37.9 | 34.1 | -10.0 | | | | | |
| Turkey | 56.5 | 31.9 | -43.5 | | | | | |
| Source: Department of Statistics. | | | | | | | | |

■ Merchandize Exports:

Total merchandize exports decreased by 8.8 percent during January 2015, compared to an increase of 15.0 percent



during January 2014, to record JD 434.4 million. This increase resulted from a decline in domestic exports by JD 57.4 million, or 14.1 percent, to reach JD 350.2 million, and an incline in re-exports by 22.6 percent, to reach JD 84.2 million.

◆ The developments of domestic exports during January 2015 compared to January 2014 reveal the following:

- Exports of **vegetables** decreased by JD 2.2 million, or 5.9 percent, to total JD 35.0 million. The Syrian, Iraqi, and the UAE markets were the main destinations of these exports, accounting for 63.1 percent.

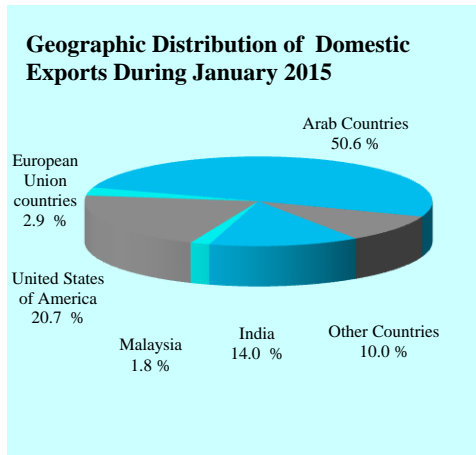
- Exports of **Fertilizers** decreased by JD 17.2 million, or 51.7 percent, to reach JD 16.1 million. The Indian, Algerian and Saudi markets accounted for 90.1 percent of these exports.
- Exports of **phosphate** decreased by JD 1.5 million, or 5.6 percent, to register JD 25.3 million. This decrease was mainly due to a decrease in exported quantities by 8.9 percent and an increase in the prices of phosphate by 3.8 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 88.5 percent of phosphate exports.

**Major Domestic Exports by Commodity, JD Million
2014-2015**

| | 2014 | 2015 | Percentage Change |
|--|--------------|--------------|-------------------|
| Domestic Exports | 407.6 | 350.2 | -14.1 |
| Clothes | 68.6 | 74.7 | 8.9 |
| USA | 62.7 | 68.0 | 8.5 |
| Vegetables | 37.2 | 35.0 | -5.9 |
| Syria | 12.7 | 12.4 | -2.4 |
| Iraq | 4.6 | 6.5 | 41.3 |
| UAE | 4.2 | 3.2 | -23.8 |
| Potash | 26.6 | 28.3 | 6.4 |
| India | 0.7 | 12.2 | - |
| Malaysia | 0.9 | 6.2 | 588.9 |
| Italia | 1.8 | 2.4 | 33.3 |
| Medical & Pharmaceutical Products | 29.6 | 26.7 | -9.8 |
| Saudi Arabia | 8.3 | 9.7 | 16.9 |
| Iraq | 4.3 | 4.2 | -2.3 |
| Lebanon | 1.0 | 3.1 | 210.0 |
| Sudan | 1.9 | 1.8 | -5.3 |
| Phosphate | 26.8 | 25.3 | -5.6 |
| India | 14.7 | 22.4 | 52.4 |
| Fertilizers | 33.3 | 16.1 | -51.7 |
| India | - | 13.5 | - |
| Algeria | 0.1 | 0.7 | 600.0 |
| Saudi Arabia | 0.4 | 0.3 | -25.0 |

Source: Department of Statistics.

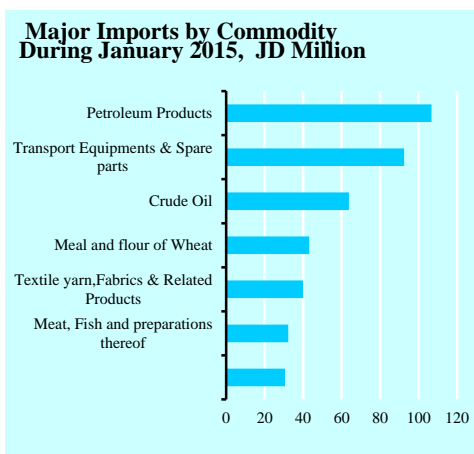
- Exports of **potash** increased by JD 1.7 million, or 6.4 percent, to stand at JD 28.3 million. The Indian, and Malaysian and Italian markets accounted for 73.5 percent of these exports.



- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, vegetables, potash, “medical and pharmaceutical products”, phosphate, and fertilizers topped the list of domestic exports during January 2015; accounting for 58.9 percent of domestic exports, up from 54.5 percent during January 2014. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, India, Syria, the UAE and Lebanon were the main destination markets for domestic exports during January 2015; accounting for 75.6 percent of domestic exports, up from 59.4 percent during January 2014.

■ **Merchandize Imports:**

Merchandize imports decreased by 24.0 percent to reach JD 1,041.5 million during January 2014, compared to an increase of 17.4 percent during January 2014.



◆ **The developments of imports during January 2015 compared with January 2014 reveal the following:**

- **Petroleum products** imports decreased by JD 108.0 million, or 50.3 percent, to total JD 106.7 million. The main source markets of these imports were Saudi Arabia, India, and Belgium.
- **Crude oil** imports decreased by JD 88.4 million, or 58.1 percent, to reach JD 63.8 million. This increase was mainly attributed to the decline in prices by 58.0 percent, while imported quantities remained at the same level of January last year. It's worth noting that crude oil imports came from the Saudi market.

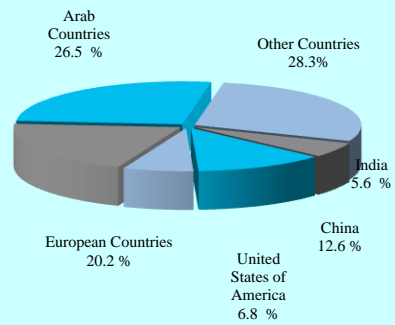
- Imports of **Transport equipment's and Spare Parts** decreased by JD 3.1 million, or 3.2 percent, to reach JD 92.8 million. Japan, South Korea and the USA were the main markets for these imports; accounting for 57.3 percent.
- Consequently, the commodity composition of imports indicates that petroleum products, “transport equipment’s and spare parts”, crude

| Major Imports by Commodity, JD Million 2014-2015 | | | |
|---|----------------|----------------|--|
| | 2014 | 2015 | Percentage Change^c |
| Total Imports | 1,369.5 | 1,041.5 | -24.0 |
| Petroleum Products | 214.7 | 106.7 | -50.3 |
| Saudi Arabia | 0.4 | 52.3 | - |
| India | 108.1 | 35.6 | -67.1 |
| Belgium | 0.1 | 17.6 | - |
| Transport Equipment's & Spare Parts | 95.6 | 92.5 | 3.2 |
| Japan | 22.6 | 18.8 | -16.8 |
| South Korea | 20.0 | 17.2 | -14.0 |
| USA | 19.8 | 17.0 | -14.1 |
| Crude oil | 152.2 | 63.8 | -58.1 |
| Saudi Arabia | 152.2 | 63.8 | -58.1 |
| Wheat and flour of wheat | 1.1 | 43.2 | - |
| Russia | - | 32.2 | - |
| Romania | - | 10.3 | - |
| India | 0.3 | 0.3 | - |
| Textile Yarn, Fabrics & Related Products | 51.6 | 40.0 | -22.5 |
| China | 24.3 | 16.6 | -31.7 |
| Taiwan | 9.9 | 11.3 | 14.1 |
| Turkey | 2.2 | 3.0 | 36.4 |
| Meat, Fish and Preparations thereof | 34.7 | 32.3 | -6.9 |
| Brazil | 10.6 | 7.6 | -28.3 |
| Australia | 6.4 | 6.3 | -1.6 |
| India | 4.5 | 3.1 | -31.1 |
| Medicinal and pharmaceutical products | 28.5 | 30.6 | 7.4 |
| Switzerland | 2.2 | 4.0 | 81.8 |
| Germany | 5.2 | 4.0 | -23.1 |
| USA | 1.6 | 2.8 | 75.0 |

Source: Department of Statistics.

oil, “Wheat and flour of wheat” “textile yarn, fabrics, made up articles and related products”, and “meat, fish and preparations thereof”, “Medical and

Geographic Distribution of Imports During January 2015



Pharmaceutical Products topped the list of imports during January 2015, accounting for 39.3 percent of total imports; down from 42.2 percent during January 2014. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, India, Germany, Russia, Italy and Turkey were the main sources of imports during January 2015; accounting for 58.3 percent of total imports, compared to 61.6 percent during January 2014.

■ **Re-Exports**

An increase of JD 15.5 million, or 22.6 percent, was registered in the value of re-exported goods during January 2015 compared to January 2014, to reach JD 84.2 million.

■ Trade Balance

The trade balance deficit during January 2015 increased by JD 286.1 million, or 32.0 percent, to register JD 607.1 million, compared to January 2014.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 3.1 percent in February 2015, compared to February 2014 to register JD 189.2 million. As for the first two months of 2015, total workers, remittances receipts increased by 2.6 percent to reach JD 400.2 million compared to the same period of 2014.

□ Travel

■ Receipts

Travel receipts decreased by JD 33.9 million, or 16.0 percent, in February 2015, compared to February 2014 to register JD 177.8 million. As for the first two months of 2015, travel receipts decreased by 9.9 percent to reach JD 425.8 million compared to the same period of 2014.

■ Payments

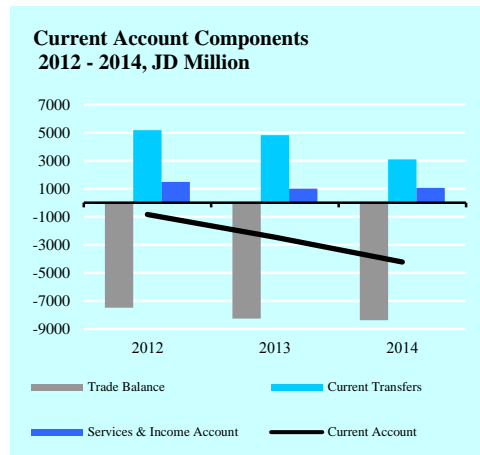
Travel payments decreased by JD 8.8 million, or 11.8 percent, in February 2015, compared to February 2014 to stand at JD 65.5 million. As for the first two months of 2015, travel payments increased slightly by 0.5 percent to reach JD 136.0 million compared to the same period of 2014.

□ Balance of Payments

The preliminary data of the balance of payments for the **2014** compared to 2013, reveals the following developments:

- The current account recorded a deficit of JD 1,730.4 million (6.8 percent of GDP) compared to a deficit of JD 2,458.0 million (10.3 percent of GDP) during 2013. This was an outcome of the following developments:

◆ An increase in the trade balance deficit during 2014 by JD 106.1 million, 1.3 percent, to reach JD 8,376.2 million compared to JD 8,270.1 million during 2013.



- ◆ An increase in the surplus of the services account by JD 541.6 million to reach JD 1,780.8 million.
- ◆ Income account recorded a deficit of JD 295.9 million compared to a deficit of JD 240.4 million during 2013, as a result of a deficit of JD 519.5 million in investment income (net) and a surplus of JD 223.6 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 347.6 million; to reach JD 5,160.9 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 278.6 million, to reach JD 1,341.4 million, and the increase of the transfers of other sectors by 626.2 million to reach JD 3,819.5 million. It's worth mentioning that the workers' remittances receipts increased by 2.6 percent, during 2014 to stand at JD 2,388.0 million.

- The capital and financial account in 2014 registered a net inflow of JD 1,157.3 million, compared to a net inflow of JD 1,688.0 million during 2013. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,190.7 million compared to a similar inflow of JD 1,229.6 million during 2013.
 - ◆ Portfolio investments recorded a net inflow of JD 784.5 million compared to an inflow of JD 1,268.4 million during 2013.
 - ◆ Other investments registered a net inflow of JD 857.1 million compared to an inflow of JD 2,901.8 million during 2013.
 - ◆ An increase in the reserve assets of CBJ by JD 1,678.1 million, compared to an increase of JD 3,713.5 million during 2013.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 23,063.9 million at the end of 2014 compared to JD 21,191.0 million at the end of 2013. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 867.0 million to reach JD 18,427.0 million at the end of 2014 compared to the end of 2013. This increase was a result of the rise in CBJ's reserves by 1,574.1 million, and the decrease in loans by banks to non-residents and banks' deposits abroad by JD 336.1 million and JD 239.4 million, respectively.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 2,740.0 million at the end of 2014 compared to the end of 2013; standing at JD 41,491.0 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,419.5 million to stand at JD 20,400.7 million.
 - ◆ An increase in the stock of portfolio investments by JD 1,225.3 million to reach JD 5,920.7 million.
 - ◆ A decrease in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 148.9 million to reach JD 3,195.2 million.
 - ◆ An increase in trade credits by JD 211.7 million, to stand at JD 917.6 million.
 - ◆ A decrease in the deposits of non-residents at the banking system by JD 138.8 million. (a decrease of JD 152.5 million at the CBJ, and an increase of JD 13.7 million at the licensed banks) to reach JD 8,089.4 million.