



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
January, 2013**

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

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

E-mail redp@cbj.gov.jo



❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

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

Contents

Executive Summary

1

First

**Monetary & Financial
Sector**

3

Second

**Output, Prices and
Employment**

15

Third

Public Finance

25

Fourth

External Sector

35

Executive Summary

Real GDP registered a growth rate of 2.8 percent during the first three quarters of 2012 against 2.4 percent during the same period of 2011. Latest economic indicators reveal mixed results. Travel receipts, workers' remittances, and credit facilities extended by licensed banks, recorded significant improvement. On the other hand, current account deficit, net outstanding public debt and unemployment rate showed a deterioration in performance.

- ❑ **Output, Prices and Employment:** In the first three quarters of 2012, real GDP at market prices grew by 2.8 percent compared to 2.4 percent in the first three quarters of 2011. Inflation, measured by the Consumer Price Index (CPI), went up to 4.8 percent in 2012 compared to 4.4 percent in 2011. Furthermore, the unemployment rate in the fourth quarter of 2012 stood at 12.5 percent of the total labor force, compared to 12.1 percent during the same quarter of 2011.
- ❑ **Monetary and Financial Sector:**
 - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 3,890.0 million at the end of 2012, compared to their level at the end of 2011, standing at US\$ 6,616.1 million. This level of reserves covers around 3.6 months of Jordan's imports of goods and services.
 - Domestic liquidity grew by JD 826.2 million, or 3.4 percent, at the end of 2012, compared to its level at the end of 2011, standing at JD 24,945.1 million.
 - The outstanding balance of credit facilities extended by licensed banks increased by JD 1,965.8 million, or 12.4 percent, at the end of 2012, compared to its level at the end of 2011, standing at JD 17,817.0 million.
 - Total deposits at licensed banks increased by JD 591.8 million, or 2.4 percent, at the end of 2012, compared to their level at the end of 2011, totaling JD 24,969.7 million.
 - The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,957.6 points at the end of 2012, decreasing by 37.5 points, or 1.9 percent, compared to its level at the end of 2011.

- **Public Finance:** During the first eleven months of 2012, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,427.2 million, comparing to a fiscal deficit in the amount of JD 745.9 million during the same period in 2011. Net outstanding domestic debt (budgetary and own-budget) increased by JD 2,567.0 million at the end of November 2012, comparing to its level at the end of 2011, to stand at JD 11,482.0 million (51.7 percent of GDP). Outstanding external public debt increased by JD 380.5 million at the end of November 2012 comparing to its level at the end of 2011; to reach JD 4,867.3 million, (21.9 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 73.6 percent of GDP at the end of November 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 1.7 percent during the first eleven months of 2012 to reach JD 5,085.8 million. In contrast, merchandize imports increased by 11.0 percent, totaling JD 13,517.4 million. As a result, the trade deficit expanded by 20.4 percent compared to the same period in 2011, to reach JD 8,431.6 million. Furthermore, the preliminary figures during 2012 compared to 2011 showed an increase in travel receipts by 15.3 percent and a decrease in travel payments by 1.5 percent. In addition, total workers' remittances receipts during 2012 increased by 3.5 percent compared to 2011. The preliminary figures of the balance of payments for the first three quarters of 2012 displayed a deficit in the current account in the amount of JD 3,366.2 million, up from JD 1,320.1 million during the same period in 2011. Moreover, the Foreign Direct Investment (FDI) recorded a net inflow to Jordan by JD 781.2 million during the first three quarters of 2012 compared to a net inflow of JD 784.3 million during the same period in 2011. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounting to JD 18,298.2 million at the end of September of 2012 compared to JD 18,392.4 million at the end of the June of 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 3,890.0 million, at the end of 2012, compared to their level at the end of 2011, standing at US\$ 6,616.1 million. This level of reserves covers around 3.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 826.2 million, or 3.4 percent, at the end of 2012, compared to its level at the end of 2011, to total JD 24,945.1 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,965.8 million, or 12.4 percent, at the end of 2012, compared to its level at the end of 2011, to stand at JD 17,817.0 million.
- Total deposits at licensed banks increased by JD 591.8 million, or 2.4 percent, at the end of 2012, in comparison with their level at the end of 2011, totaling JD 24,969.7 million.
- The interest rates on all types of deposits and credit facilities at licensed banks increased at the end of 2012 compared to their level at the end of 2011, with the exception of interest rates on "demand deposits" which decreased by one basis point.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,957.6 points at the end of 2012, decreasing by 37.5 points, or 1.9 percent, compared to its level at the end of 2011. Moreover, the market capitalization decreased by JD 131.2 million or 0.7 percent, compared to its registered level of 2011, to stand at JD 19.1 billion.

Main Monetary Indicators

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

	End of December	
	2011	2012
CBJ's Foreign Currency Reserves*	US\$ 10,506.1 -14.2%	US\$ 6,616.1 -37.0%
Money Supply (M2)	24,118.9 8.1%	24,945.1 3.4%
Credit Facilities, of which:	15,851.2 9.7%	17,817.0 12.4%
Private Sector (Resident)	14,284.1 10.1%	15,355.7 7.5%
Total Deposits, of which:	24,377.9 8.3%	24,969.7 2.4%
In JD	19,119.1 8.5%	17,711.0 -7.4%
In Foreign Currencies	5,258.8 7.6%	7,258.6 38.0%
Deposits of Private Sector (Resident), of which:	19,905.8 8.5%	20,387.0 2.4%
In JD	16,507.6 8.5%	15,084.2 -8.6%
In Foreign Currencies	3,398.2 8.6%	5,302.8 56.0%

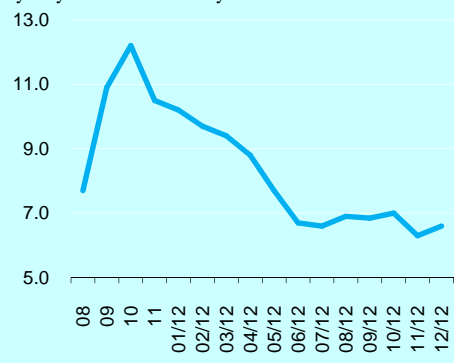
* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 3,890.0 million, at the end of 2012, compared to their levels at the end of 2011, to reach US\$ 6,616.1 million. This level of reserves covers around 3.6 months of the Kingdom's imports of goods and services.

CBJ's Foreign Exchange Reserves (US \$ Billion)
yearly 08-11 and Monthly Jan.12 - Dec.12



□ Domestic Liquidity (M2)

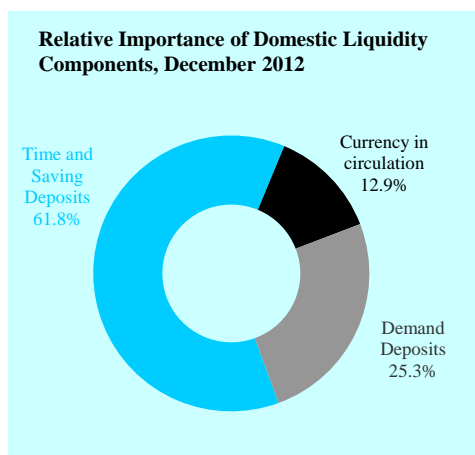
■ Domestic liquidity totaled JD 24,945.1 million at the end of 2012, increasing by JD 826.2 million, or 3.4 percent, compared to an increase of JD 1,812.2 million, or 8.1 percent, during 2011.

◆ **Developments in both the components and the factors affecting domestic liquidity during 2012, reveal the following:**

● Components of Domestic Liquidity

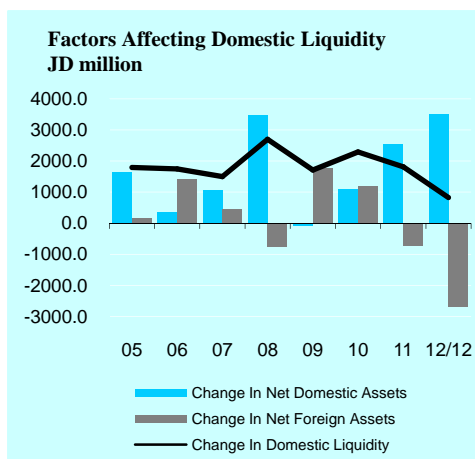
- Deposits increased by JD 630.5 million, or 3.0 percent, at the end of 2012, compared to their level at the end of 2011, to total JD 21,730.1 million, compared with an increase amounting to JD 1,636.6 million, or 8.4 percent, during 2011.

- Currency in circulation increased by JD 195.7 million, or 6.5 percent, at the end of 2012, compared to its level at the end of 2011, to reach JD 3,215.0 million, against an increase in the amount of JD 175.6 million, or 6.2 percent, during 2011.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 3,514.3 million, or 23.8 percent, at the end of 2012, compared to its level at the end of 2011, against an increase of JD 2,537.1



million, or 20.7 percent, during 2011. This increase was a result of the increase in net domestic assets at the CBJ by JD 3,281.6 million, or 56.2 percent, and its increase at licensed banks by JD 232.7 million, or 1.1 percent.

- Net foreign assets of the banking system decreased by JD 2,688.1 million, or 28.7 percent, at the end of 2012, compared to their level at the end of 2011, against a decrease in the amount of JD 724.9 million, or 7.2 percent, in 2011. This decrease was an outcome of the decline of these assets at the CBJ by JD 3,091.9 million, or 33.5 percent, and its increase at licensed banks by JD 403.8 million.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

	Change in balance relative to the end of December	
	2011	2012
Foreign Assets (Net)	-724.9	-2,688.1
CBJ	-733.2	-3,091.9
Licensed Banks	8.3	403.8
Domestic Assets (Net)	2,537.1	3,514.3
CBJ, of which:	1,009.9	3,281.6
Claims on Public Sector (Net)	46.9	1,117.7
Other Items (Net*)	962.5	2,163.5
Licensed Banks	1,527.2	232.7
Claims on Public Sector (Net)	1,744.9	1,618.8
Claims on Private Sector	1,311.5	1,008.5
Other Items (Net)	-1,529.2	-2,394.6
Money Supply (M2)	1,812.2	826.2
Currency in Circulation	175.6	195.7
Total Deposits, of which:	1,636.6	630.5
In Foreign Currencies	294.3	1,869.8

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

- ◆ On December 3rd, 2012, the CBJ raised the interest rate on the overnight window deposit facility by 75 basis points, and maintained the interest rates on the other monetary policy instruments unchanged. Accordingly, the interest rates on monetary policy instruments became as follows:

Interest Rates on Monetary Policy Instruments (%)

	December	
	2011	2012
Re-discount Rate	4.50	5.00
Repurchase Agreements Rate (Repos)	4.25	4.75
Overnight Deposit Window Rate	2.25	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

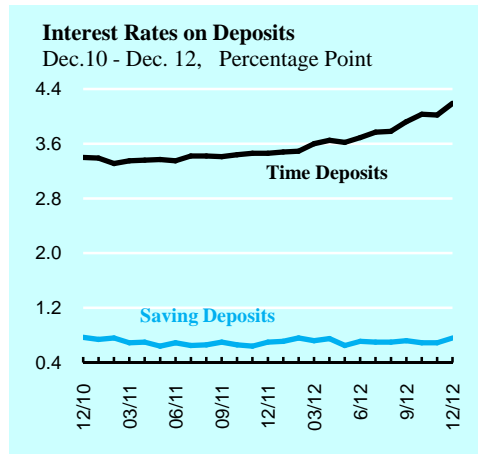
- Re-Discount Rate: 5.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.75 percent.
- Overnight Window Deposit Rate: 4.00 percent.
- ◆ The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent and 5.94 percent, respectively.
- ◆ The interest rate on the last repurchases for both one week and one month maturities was 4.25%.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of December 2012 increased by 17 basis points, compared to its level at the end of the previous month, to stand at 4.19 percent. As a result, this rate was higher than its level at the end of 2011 by 73 basis points.

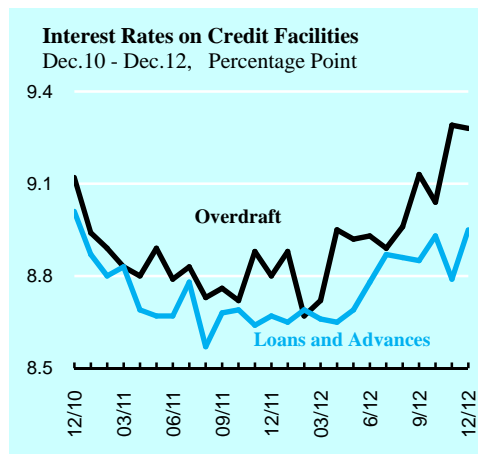
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of December 2012 increased by 7 basis points compared to its level at the end of the previous month reaching 0.76 percent. As a result, this rate was higher than its level at the end of 2011 by 6 basis points.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of December 2012 decreased by 3 basis points compared to its level at the end of the previous month, standing at 0.42 percent. As a result, this rate was lower than its level at the end of 2011 by one basis point.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of December 2012 decreased by one basis point compared to its level at the end of the previous month, standing at 9.28 percent. Accordingly, this rate is higher than its level recorded at the end of 2011 by 48 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by 38 basis points at the end of December 2012, compared to its level at the end of the preceding month, to stand at 9.59 percent. As a result, this rate is higher than its level of 2011 by 25 basis points.

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

	December		Change Relative to the Preceding Year Basis Points
	2011	2012	
Deposits			
Demand	0.43	0.42	-1
Saving	0.70	0.76	6
Time	3.46	4.19	73
Credit Facilities			
Discounted Bills and Bonds	9.34	9.59	25
Loans and Advances	8.67	8.95	28
Overdraft	8.80	9.28	48
Prime Lending Rate	8.22	8.68	46

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 16 basis points at the end of December 2012, compared to its level at the end of the preceding month, to stand at 8.95 percent. Furthermore, this rate was 28 basis points higher than its level at the end of 2011.
- The Prime lending rate stood at 8.68 percent at the end of December 2012, 46 basis points higher than its level at the end of 2011.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, decreased at the end of December 2012 by 45 basis points compared to its level at the end of 2011 to reach 476 basis points.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 17,817.0 million at the end of December 2012,

increasing by JD 1,965.8 million, or 12.4 percent, compared to its level at the end of the preceding year, against an increase in the amount of JD 1,399.8 million or 9.7 percent, during 2011.

- The classification of extended credit facilities, according to economic activity, at the end of 2012 demonstrates an increase in credit facilities extended to the public services and utilities sector, which increased by JD 870.1 million, or 76.6 percent, and an increase in the item "other", which generally represents credit facilities extended to individuals, by JD 387.9 million or 11.4 percent. Credit facilities extended to the construction sector increased by JD 319.2 million, or 9.2 percent, and for the industrial sector by JD 288.2 million, or 12.5 percent, compared to their levels at the end of 2011.
- The classification of extended credit facilities according to the borrower at the end of 2012 shows an increase in credit facilities extended to the private sector (resident) by JD 1,071.6 million, or 7.5 percent, and credit facilities extended to the central government by JD 1,018.7 million, compared to their levels at the end of 2011.

Credit facilities extended to the non-banking financial institutions increased by JD 4.1 million. Meanwhile, the credit facilities extended to the private sector (non-resident) and to the public institutions decreased by JD 120.6 million, or 12.4 percent, and JD 8.2 million, or 2.2 percent, respectively, compared to their levels at the end of 2011.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 24,969.7 million at the end of 2012, increasing by JD 591.8 million, or 2.4 percent, compared to its level in the preceding year, against an increase of JD 1,873.1 million, or 8.3 percent, during 2011.

- The increase in total deposits at licensed banks at the end of 2012 was an outcome of the increase of the deposits of the private sector (resident) by JD 481.2 million, or 2.4 percent, as well as the increase in the deposits of the public sector (central government *plus* public institutions) by JD 162.3 million, or 10.6 percent, compared to their levels at the end of 2011. Meanwhile, the deposits of private sector (non-resident) and non banking financial institutions decreased by JD 49.6 million or, 1.9 percent, and JD 2.1 million, or 0.8 percent, respectively, compared to their levels of 2011.
- The developments in the currency structure of deposits at the end of 2012 reveal that “deposits in foreign currencies” increased by JD 1,999.8 million, or 38.0 percent, and “deposits in the local currency” decreased by JD 1,408.1 million, or 7.4 percent, compared to their levels at the end of 2011.

□ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a negative performance at the end of 2012 compared to the end of 2011. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the (ASE) totaled JD 197.6 million in December 2012; up by JD 48.4 million, or 32.4 percent, compared to its level at the end of the preceding month, against an increase of JD 42.0 million, or 30.2 percent, during the same month in 2011. However, trading volume stood at JD 1,978.8 million during 2012; a decline amounting to JD 871.4 million compared with the volume registered in 2011.

■ Traded Shares

The number of traded shares in December 2012 totaled 206.0 million; up by 21.2 million shares, or 11.5 percent, compared to its level of the previous month, against an increase amounting to 36.3 million shares, or 22.5 percent, during the same month of 2011. Furthermore, the number of traded shares during 2012 stood at 2,384.1 million shares, compared with 4,072.3 million shares traded during 2011.

■ Share Price Index (SPI)

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) increased by 28.3 points, or 1.5 percent, at the end of December 2012 compared to its level at the end of the preceding month, to stand at 1,957.6

points, against an increase in the amount of 30.9 points, or 1.6 percent, during the same month of 2011. As for the whole year, the SPI dropped by 37.5 points, or 1.9 percent, compared with its level at the end of 2011, against a drop in the amount of 378.5 points, or 15.9 percent, during the same period of 2011. The above-mentioned drop in 2012 was an outcome of the decline in the SPI for the financial sector by 80.3 points, or 3.3 percent, the decline of the services sector by 42.6 points, or 2.5 percent, and the increase in the SPI for the industrial sector by 26.7, or 1.2 percent, compared to their levels at the end of 2011.

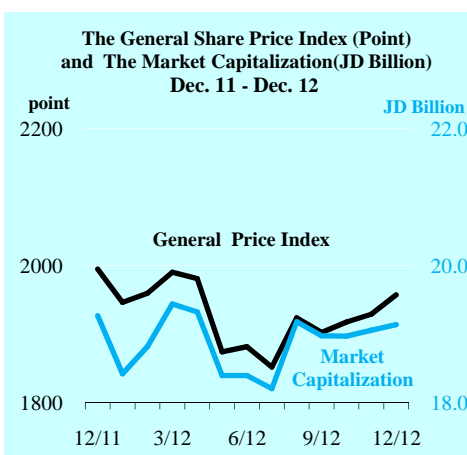
■ Market Capitalization

The ASE's market capitalization totaled JD 19.1 billion at the end of December 2012; an increase of 82.4 JD million, or 0.4 percent, compared to its level at the end of the previous month, against a decrease of JD 0.6 billion, or 3.2 percent, during the same month of

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

	December	
	2011	2012
General Index	1,995.1	1,957.6
Financial Sector	2,443.9	2,363.6
Industrial Sector	2,149.9	2,176.6
Services Sector	1,693.7	1,651.1

Source: Amman Stock Exchange.



2011. Furthermore, the market capitalization during 2012 declined by JD 131.2 million, or 0.7 percent, compared to its level registered at the end of 2011, against a decline amounting to around JD 2.6 billion, or 11.9 percent, during 2011.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow in December 2012 in the amount of JD 4.4 million, compared to an outflow of JD 4.8 million during the same month of 2011; the value of shares acquired by non - Jordanians in December 2012 stood at JD 32.9 million, while the value of shares sold by the same group amounted to JD 28.4 million. Moreover, non-Jordanian net investment displayed an inflow amounting to JD 37.6 million during 2012, against an inflow in the amount of JD 78.6 million during 2011.

Main Amman Stock Exchange Trading Indicators, JD Million

	December	
	2011	2012
Value Traded	181.1	197.6
Average Daily Trading	9.5	9.9
Market Capitalization	19,272.8	19,141.5
No. of Traded Shares (million)	197.3	206.0
Net Investment of Non-Jordanian	(4.8)	4.4
Non-Jordanian Buying	31.4	32.9
Non-Jordanian Selling	36.2	28.4

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.6 percent, during the third quarter of 2012, maintained its level recorded at the same quarter of 2011. Moreover, GDP at current market prices grew by 6.9 percent, during the third quarter of 2012, compared to 9.1 percent, during the same quarter of 2011.
- As for the first three quarters of 2012, both GDP at constant and current market prices, grew by 2.8 percent and 7.6 percent, compared to 2.4 percent and 9.0 percent, during the same period of 2011, respectively.
- Inflation, measured by the CPI, reached 4.8 percent during 2012, compared to 4.4 percent during 2011.
- The unemployment rate in the fourth quarter of 2012 stand at 12.5 percent of the total labor force (10.8 percent for males and 19.9 percent for females). The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 16.0 percent.

□ Developments of (GDP)

Despite the continued unfavorable international and regional economic and political conditions. Real GDP grew by 2.8 percent during the first three quarters of 2012 compared to 2.4 percent during the same period of 2011. When excluding “net taxes on products”, which grew by 3.3 percent, compared to a contraction of 1.6 percent during the same period of 2011, GDP at constant basic prices grew by 2.7 percent, compared to 3.2 percent during the same period of 2011, which points to the decelerated growth in the economic sectors.

**Quarterly Growth Rates of GDP at Market Prices
2010 - 2012**

	Q 1	Q2	Q3	Q4	Percentages Year
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6		
GDP at Current Market Prices	8.0	8.0	6.9		

Source: Department of Statistics.

GDP at current market prices grew by 7.6 percent compared to 9.0 percent during the first three quarters of 2011. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 4.7 percent during the first three quarters of 2012 compared to 6.4 percent during the same period of 2011.

The main sectors contributed to the economic growth during the first three quarters of 2012 are “finance, insurance, real estate and business services” (1.0 percentage point), “wholesale and retail trade, restaurants and hotels” (0.7 percentage point), and “transport, storage and communications” (0.7 percentage point). These sectors collectively accounted for 85.7 percent of real growth during the first three quarters of 2012.

The developments of economic sectors showed that most sectors witnessed positive real growth at divergent rates during the first three quarters of 2012; some sectors witnessed an accelerated improvement in performance; mainly “electricity and water”, “wholesale and retail trade, restaurants and hotels”, “finance, insurance, real estate

and business services” and “transport, storage and communications” sectors that grew by 7.2 percent, 7.1 percent, 5.0 percent and 4.9 percent compared to 1.4 percent, 3.9 percent, 3.7 percent and 3.1 percent during the first three quarters of 2011, respectively.

While sectors of “manufacturing” and “producers of government services” exhibited a slow performance. They grew by 2.4 percent and 2.0 percent, respectively, against a growth amounting to 4.1 percent and 3.2 percent during the first three quarters of 2011 respectively. In contrast, the sectors of “mining and quarrying” and “agriculture” experienced a noticeable contraction amounting to 14.1 percent and 9.6 percent compared to 21.5 percent and 4.7 percent, respectively.

■ Microeconomic Indicators

- Industrial production quantity index slightly improved by 0.2 percent during the first eleven months of 2012 against a decline amounting to 0.5 percent during the same period of 2011. This can be attributed to the following:
 - Manufacturing production quantity index grew by 1.1 percent against a decline amounting to 2.3 percent during the same period of 2011. This came as a result of the improvement in



production of some items, mainly; “refined petroleum products” (10.2 percent), and “food products and beverages” (2.2 percent), on one hand, and the decrease in “cement” (22.1 percent), and “chemical products” (3.8 percent) on the other.

- Electricity production quantity index grew by 9.0 percent, compared to an increase amounting to 2.0 percent during the same period of 2011; due to the increase in the demand of households and industry sectors.
- “Mining and quarrying” production quantity index decreased by 16.1 percent against a growth amounting to 17.8 percent during the same period of 2011. This decrease was mainly attributed to the contraction of production quantity index for phosphate by 16.4 percent; owing to the labor strikes and a decline in the global demand, and potash by 16.2 percent.
- The number of passengers through the Royal Jordanian recorded an accelerated growth of 10.7 percent, during the first eight months of 2012, compared to a growth of 6.0 percent during the same period of 2011.
- Cargo through the Royal Jordanian contracted by 1.8 percent, during the first eight months of 2012, compared to a slight increase of 0.1 percent during the same period of 2011.
- Number of departures contracted by 7.7 percent during 2012, compared to a noticeable decrease amounted to 21.5 percent during 2011.
- Quantities of exported and imported goods shipped through the Aqaba port recorded a decelerated growth of 2.0 percent during the first eleven months of 2012, compared to an increase of 13.7 percent during the same period of 2011.
- And licensed areas for buildings witnessed a decelerated growth in its performances; grew by 4.0 percent during the first eleven months of 2012, compared to 25.0 percent during the same period of 2011.

Main Sectoral Indicators

Percentages*

2011	Item	Available Period			
		2011		2012	
Industrial Sector					
-0.3	Industrial production quantity index	-0.5	January - November	0.2	
-2.2	Manufacturing production quantity index	-2.3		1.1	
-4.2	Food products and beverages	-3.5		2.2	
-5.0	Refined petroleum products	-5.3		10.2	
9.9	Iron and steel	8.2		-0.1	
-26.5	Cement, lime and plaster	-27.1		-22.1	
-1.3	Chemical products	-2.3		-3.8	
16.5	“Mining and quarrying” production quantity index	17.8		-16.1	
16.8	Phosphate	17.8		-16.4	
17.2	Potash	19.0		-16.2	
4.5	Electricity production quantity index	2.0		9.0	
25.7	Licensed areas for (residential and non-residential) buildings	25.0		January - November	4.0
6.2	The number of passengers through the Royal Jordanian	6.0		January - August	10.7
13.8	Quantities of exported and imported goods shipped through the Aqaba port	13.7	January - November	2.0	
-3.8	Cargo through the Royal Jordanian	0.1	January - August	-1.8	
-21.5	Number of departures	-21.5	January - December	-7.7	

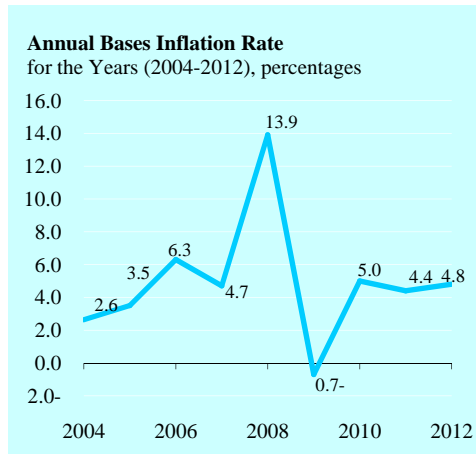
*Sources:

- Monthly Statistical Bulletin / Central Bank of Jordan.

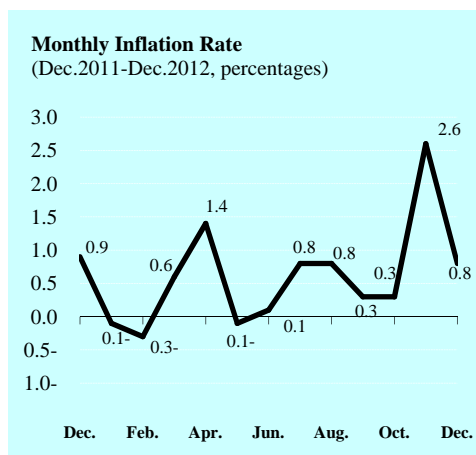
- Royal Jordanian.

Prices

The general price level continued to increase at a faster pace during 2012 compared to 2011. The inflation rate, measured by the percentage change in the CPI, stood at 4.8 percent, compared to 4.4 percent during 2011. The price level during 2012, mainly, was affected by the Government's decision of the elimination of subsidies on petroleum products, which has been reflected through the last two months of 2012, in addition to the global increase in food prices.



Moreover, the CPI in December 2012 increased by 0.8 percent compared with November 2012. This was mainly due to the rise in the prices of “transportation”, “fuels and electricity”, and “meat and poultry” on one hand, and the decrease in other items, most noticeably “vegetables”, “fruits”, and “personal care” on the other hand.



Developments of the CPI basket in 2012, compared to 2011:

- ◆ “Food items” group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 4.6 percent compared to an increase of 4.1 percent in the same period of 2011. The contribution of this group to the overall rate of inflation reached 1.7 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of “dairy products and eggs” (13.0 percent), “meat and poultry” (6.4 percent), and “vegetables” (5.0 percent). At the same time, prices of “cereals and products” has declined by 1.3 percent.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level for this group increased by 4.7 percent compared to an increase of 6.2 percent during the same period of 2011. The group's contribution to the overall inflation rate reached 0.3 percentage point. The increase in the prices of this group was affected by the rise in the prices of “clothes”, which grew by 4.3 percent compared to 6.2 percent, during 2011.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 3.5 percent compared to an increase of 3.8 percent in 2011. Accordingly, this group contributed to the overall inflation rate by 1.0 percentage point.

The increase in the prices of this group was driven by the rise in the prices of “rents” and “fuels and lighting” items by 3.6 percent and 4.1 percent. In addition, prices of other items showed a varied increase ranging from 1.2 percent for “House rep. , Garbage and water” and 3.4 percent for “house utensils”.

- ◆ “Other goods and services” group account for 31.6 percent of the CPI basket. The prices of this group increased by 5.7 percent compared to 5.1 percent during 2011. Accordingly, this group contributed 1.8 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase of all items of the group, particularly; “transportation” (9.0 percent), “medical care” (7.2 percent), “personal care” (5.7 percent), and “education” (3.2 percent).

□ **Employment**

- ◆ The unemployment rate (unemployed percent of the labor force) in the fourth quarter of 2012 reached 12.5 percent (10.8 percent for males and 19.9 percent for females), compared to 12.1 percent (10.7 percent for males and 18.3 percent for females) during the same quarter of 2011. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 16.0 percent.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) during the fourth quarter of 2012 reached 37.7 percent (60.6 percent for males against 14.1 percent for females) compared to 38.9 percent (62.4 percent for males against 14.9 percent for females) during the same quarter of 2011.

- ◆ The employed rate among the age group 15 years and above reached 33.0 percent during the fourth quarter of 2012. The employed workers in the sector of “public administration, defense, and social security” accounted for 25.9 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.2 percent). The remaining percent is distributed among sectors of education, manufacturing, “transport and storage”, construction and other.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,427.2 million during the first eleven months of 2012, comparing to a fiscal deficit in the amount of JD 745.9 million, during the same period in 2011. Excluding foreign grants (JD 96.6 million), the general budget deficit reaches JD 1,523.8 million compared to a deficit in the amount of JD 1,847.2 million during the same period in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached JD 12,709.0 million (57.2 percent of GDP), at the end of November 2012, reflecting a rise amounting to JD 2,713.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 2,567.0 million at the end of November 2012, to reach JD 11,482.0 million (51.7 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 380.5 million at the end of November 2012, compared to its level at the end of 2011, to stand at JD 4,867.3 million (21.9 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 16,349.3 million (73.6 percent of GDP) at the end of November 2012 compared to JD 13,401.8 million (65.4 percent of GDP) at the end of 2011.

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

■ Public Revenues

Public revenues (including foreign grants) increased by JD 350.3 million, or 116.5 percent, in November 2012 comparing to the same month in 2011 to reach JD 650.9 million. As for the first eleven months of 2012, these revenues were down by JD 473.7 million, or 9.5 percent, compared to the same period in 2011 to stand at JD 4,515.7 million. This result was driven by the drop in foreign grants by JD 1,004.7 million, on one hand, and the increase in domestic revenues by JD 531.0 million, on the other.

Main Government Budget Indicators during the first eleven months of 2012:

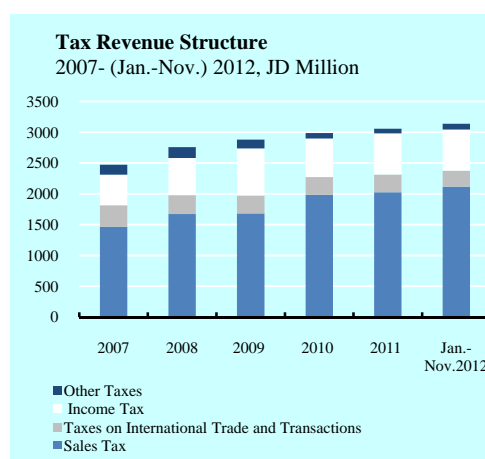
(JD Million and Percentages)

	November		Growth Rate %	Jan. – Nov.		Growth Rate %
	2011	2012		2011	2012	
Total Revenues and Grants	300.6	650.9	116.5	4,989.4	4,515.7	-9.5
Domestic Revenues, of which:	253.1	650.9	157.2	3,888.1	4,419.1	13.7
Tax Revenues, of which:	190.9	499.9	161.9	2,831.0	3,136.4	10.8
General Sales Tax	142.1	436.2	207.0	1,873.6	2,115.3	12.9
Other Revenues, of which:	60.6	149.3	146.4	1,038.2	1,261.2	21.5
Land Registration Fees	10.3	21.2	105.8	133.0	190.2	43.0
Foreign Grants	47.5	0.0	-100.0	1,101.3	96.6	-91.2
Total Expenditures	589.0	917.0	55.7	5,735.3	5,942.9	3.6
Overall Deficit/ Surplus	-288.4	-266.1		-745.9	-1,427.2	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 530.9 million, or 13.7 percent, during the first eleven months of 2012 compared to the same period in 2011, to reach JD 4,419.0 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues” and “pension contributions” by JD 305.3 million, JD 223.0 million, and JD 2.6 million, respectively.



- **Tax Revenues**

Tax revenues increased by JD 305.3 million, or 10.8 percent, during the first eleven months of 2012 compared to the same period in 2011, to reach JD 3,136.3 million (71.0 percent of domestic revenues). This increase was driven by:

- The increase in the proceeds of general sales tax on goods and services by JD 241.7 million which reached JD 2,115.3 million. This result was driven by the increase in the proceeds of its most items specifically, the proceeds of “sales tax on domestic goods” , “sales tax on imported goods” and “sales tax on services” which have increased by JD 217.9 million, JD 35.0 million and JD 9.5 million, respectively. However, the proceeds of “sales tax on commercial sector” decreased by JD 20.7 million.
- The increase in the proceeds of “income and profit taxes” by JD 40.9 million or 6.5 percent, which reached JD 667.9 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 50.8 million, and the drop in the proceeds of “income tax from individuals” by JD 9.9 million. Accordingly, income tax from companies accounted for 81.7 percent of total taxes on income and profits to reach JD 545.4 million (of which JD 220.5 million from banks and financial institutions).
- The decrease in the proceeds of “taxes on international trade and transactions” by JD 2.6 million or 1.0 percent, which

reached JD 260.9 million. This result was driven by the drop in the proceeds of “customs duties and fees” by JD 2.6 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.

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

“Other revenues” increased by JD 223.0 million, or 21.5 percent, during the first eleven months of 2012 to reach JD 1,261.2 million. This increase was an outcome of:

- The rise in property income by JD 85.9 million to stand at JD 315.6 million (of which financial surplus of independent government units amounted to JD 289.0 million).
- The increase in revenues from selling goods and services by JD 70.3 million to stand at JD 620.8 million.
- The increase in miscellaneous revenues by JD 66.8 million to reach JD 324.8 million.

- **Pension Contributions**

Pension contributions were up by JD 2.6 million during the first eleven months of 2012 compared to the same period in 2011, standing at JD 21.5 million.

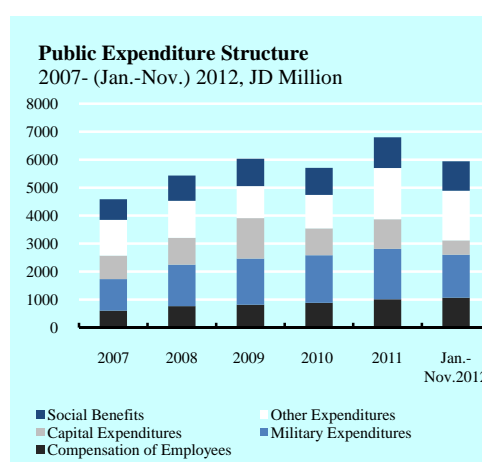
- ◆ **Foreign Grants**

Foreign grants were down by JD 1,004.7 million during the first eleven months of 2012 comparing to the same period in 2011, standing at JD 96.6 million.

Public Expenditures

Public expenditures witnessed an increase by JD 328.0 million, or 55.7 percent, in November 2012 compared to the same month in 2011 to stand at JD 917.0 million. Moreover, public expenditures increased by JD 207.6 million, or 3.6 percent during the first eleven

months of 2012, to stand at JD 5,942.9 million. This increase was an outcome of the rise in current expenditures by 8.2 percent and the drop in capital expenditures by 28.4 percent.



Current Expenditures

Current expenditures increased by JD 410.6 million, or 8.2 percent, during the first eleven months of 2012, to reach JD 5,430.4 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 144.1 million to reach JD 1,072.0 million.
- The increase in interest payments, on internal and external public debt, by JD 131.0 million to stand at JD 505.7 million.

- The increase in good's subsidies by JD 130.3 million to stand at JD 772.0 million.
- The increase in social benefit expenditures by JD 85.5 million to stand at JD 1,056.4 million.
- The decrease in military expenditures by JD 63.9 million to total JD 1,530.8 million.
- The drop in “purchases of goods and services” by JD 36.7 million to stand at JD 193.9 million.

◆ Capital Expenditures

Capital expenditures decreased by JD 203.0 million, or 28.4 percent during the first eleven months of 2012 comparing to the same period in 2011, to reach JD 512.5 million.

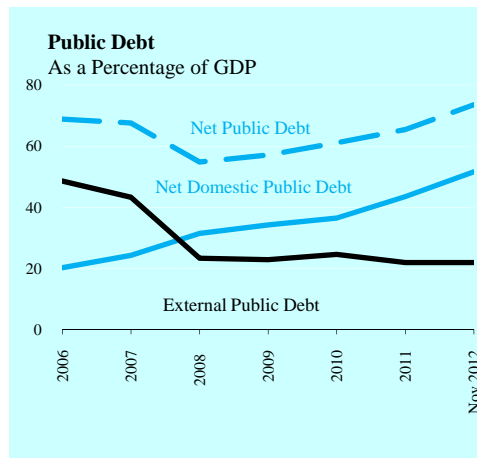
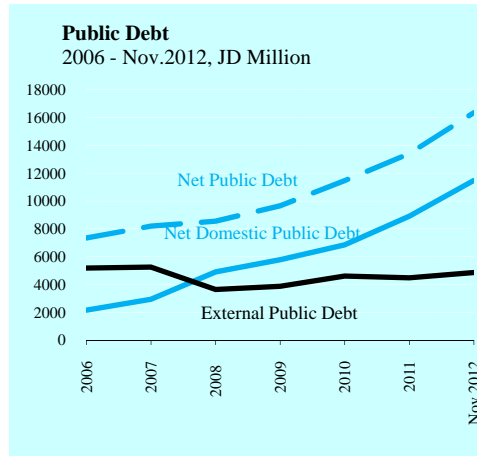
■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,427.2 million during the first eleven months of 2012, against a fiscal deficit in the amount of JD 745.9 million during the same period in 2011.
- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 921.5 million during the first eleven months of 2012, against a primary deficit of JD 371.2 million during the same period in 2011.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) has increased by JD 2,713.0 million at the end of November 2012 compared to its level at the end of 2011 to reach JD 12,709.0 million, or 57.2 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 1,763.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 950.0 million. This increase in the gross outstanding domestic debt for own-

budget agencies was driven by the significant increase in direct credit facilities provided by banking sources by JD 795.0 million to reach JD 975.0 million at the end of November 2012 compared to JD 180.0 million at the end of 2011. This increase was, mainly, an outcome of the rise in borrowing on behalf of Jordan's National Electric Power Company as a result of frequent interruption and decline of natural gas supplies from Egypt.



- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 2,567.0 million at the end of November 2012 comparing to its level at the end of 2011 to total JD 11,482.0 million, or 51.7 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 2,713.0 million, and the increase in the government deposits at the banking system by JD 146.0 million comparing to their level at the end of 2011.
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 380.5 million at the end of November 2012 compared to its level at the end of 2011, amounting to JD 4,867.3 million (21.9 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 39.1 percent, while debt in Euros accounted for 9.5 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 18.5 percent and 17.0 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 2,947.5 million at the end of November 2012 comparing to its level at the end of 2011 to stand at JD 16,349.3 million, or 73.6 percent of GDP, against JD 13,401.8 million (65.4 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP increased by 8.2 percentage points compared to its level at the end of 2011.
- External debt service (budgetary and guaranteed) amounted to JD 485.9 million during the first eleven months of 2012 (of which interest payments amounting to JD 108.6 million) compared to JD 438.9 million (of which interest payments amounting to JD 106.6 million) during the same period in 2011.

□ Fiscal and Price Measures

- Adjusting the prices on all oil derivatives, except liquid Gas Cylinder, as of 1st February 2013 as follows:

Oil Derivatives Price Developments				
	Unit	2013		Change %
		January	February	
Unleaded Gasoline 90	Fils/Liter	780.0	800.0	2.6
Unleaded Gasoline 95	Fils/Liter	970.0	990.0	2.1
Gas Oil (Diesel)	Fils/Liter	665.0	685.0	3.0
Gas Oil/ electricity	Fils/Liter	650.0	680.0	4.6
Kerosene	Fils/Liter	665.0	685.0	3.0
Liquid Gas (12.5kg)	JD/Unit	10.0	10.0	0.0
Fuel oil for industry	JD/Ton	472.4	492.3	4.2
Fuel oil/ electricity	JD/Ton	472.4	492.3	4.2
Fuel oil for ships	JD/Ton	503.8	494.9	-1.8
Fuel oil for airplanes (local companies)	Fils/Liter	618.0	634.0	2.6
Fuel oil for airplanes (foreign companies)	Fils/Liter	623.0	639.0	2.6
Fuel oil for unplanned flights	Fils/Liter	638.0	654.0	2.5
Asphalt	JD/Ton	506.1	527.0	4.1

Source: Jordan Petroleum Refinery CO. (4/2/2013).

□ Grants, Loans and Other Agreements

- Signing a framework memo with the United Arab Emirates (UAE) to regulate its contribution in GCC grant, in the amount of US\$ 1.25 billion, to finance priority development projects identified by the Jordanian government (January 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 2.4 percent in November 2012 compared to the same month in 2011 to record JD 398.2 million. As for the first eleven months of 2012, total merchandize exports decreased by 1.7 percent to reach JD 5,085.8 million.
- **Merchandize imports** increased by 30.9 percent in November 2012 compared to the same month of 2011 amounting to JD 1,499.1 million. As for the first eleven months of 2012, merchandize imports were up by 11.0 percent to total JD 13,517.4 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 49.4 percent in November 2012 compared to the same month in 2011 standing at JD 1,100.9 million. As for the first eleven months of 2012, the trade deficit expanded by 20.4 percent to reach JD 8,431.6 million.
- **Travel receipts and payments** increased in December 2012 compared to the same month in 2011 by 16.1 and 2.4 percent to record JD 168.2 million and JD 49.5 million respectively. As for 2012, travel receipts increased by 15.3 percent to reach JD 2,456.5 million. In contrast, travel payments decreased by 1.5 percent to record JD 811.9 million.
- **Total workers' remittances receipts** decreased by 5.3 percent in December 2012 compared to the same month in 2011 to reach JD 207.0 million. As for 2012, total worker's remittances increased by 3.5 percent to reach JD 2,537.3 million.
- **The current account of the balance of payments** registered a deficit of JD 3,366.2 million during the first three quarters of 2012 compared to a deficit of JD 1,320.1 million in the same period in 2011.
- **Net FDI inflows to Jordan** recorded JD 781.2 million during the first three quarters of 2012, down from JD 784.3 million during the same period in 2011.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 18,298.2 million at the end of September 2012; a decrease of JD 94.2 million over its level at the end of June 2012.

□ External Trade

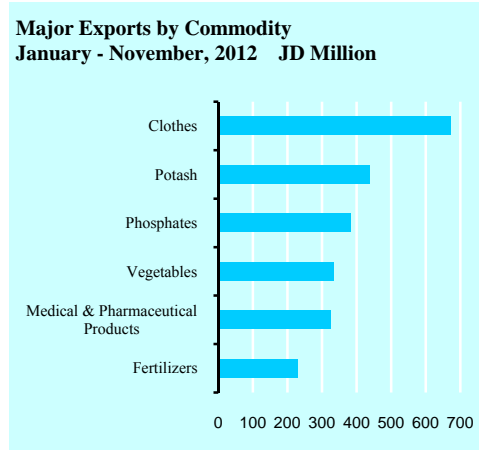
- As a result of the decrease in domestic exports by JD 54.4 million and the increase in imports by JD 1,341.5 million, during the first eleven months of 2012, the volume of external trade (domestic exports *plus* imports) increased by JD 1,287.1 million to stand at JD 17,830.7 million.

Jordan's Major Trading Partners				Main External Trade Indicators			
JD Million				JD Million			
Jan.–Nov.				Jan.–Nov.			
	2011	2012	Percentage Change		Percentage Change 2010/2011	2012	Percentage Change 2011/2012
Exports				External Trade	16,543.6	17,830.7	7.8
United States	660.6	720.5	9.1	Total Exports	5,174.9	5,085.8	-1.7
Iraq	660.4	635.0	-3.8	Domestic Exports	4,367.7	4,313.3	-1.2
India	590.0	474.7	-19.5	Re-exports	807.2	772.5	-4.3
Saudi Arabia	400.4	464.1	15.9	Imports	12,175.9	13,517.4	11.0
UAE	147.4	164.0	11.3	Trade Balance	-7,001.0	-8,431.6	20.4
Indonesia	142.7	159.3	11.6	Source: Department of Statistics.			
Lebanon	194.4	158.0	-18.7				
Imports							
Saudi Arabia	2,674.1	3,250.5	21.6				
China	1,193.5	1,261.5	5.7				
United States	795.2	916.8	15.3				
Italy	625.5	651.5	4.2				
Turkey	358.3	625.7	74.6				
Egypt	493.1	533.3	8.2				
Germany	547.9	507.4	-7.4				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports decreased by 1.7 percent during the first eleven months of 2012 compared to a 15.2 percent increase during the same period in 2011, to record

JD 5,085.8 million. This decrease resulted from a decrease in domestic exports by JD 54.4 million, 1.2 percent, to record JD 4,313.3 million, and a decrease in re-exports by JD 34.7 million, 4.3 percent, to reach JD 772.5 million.



◆ The developments of domestic exports during the first eleven months of 2012 compared with the same period in 2011 reveals the following:

- Exports of **phosphates** decreased by JD 14.2 million, 3.6 percent, to register JD 383.2 million, compared to an increase of 63.8 percent during the first eleven months in 2011. This decrease was mainly due to decrease in exported quantities by 20.8 percent and the increase in prices by 21.8 percent. The Indian, Indonesian and Bulgarian Markets accounted for 87.8 percent of these exports.

- Exports of **potash** decreased by JD 92.9 million, 17.5 percent, to stand at JD 438.5 million.
- Exports of **medical and pharmaceutical products** increased by JD 18.1 million, 5.9 percent, to reach JD 325.7 million, compared to a decrease of 13.0 percent during the first eleven months in 2011. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 58.2 percent of these exports.

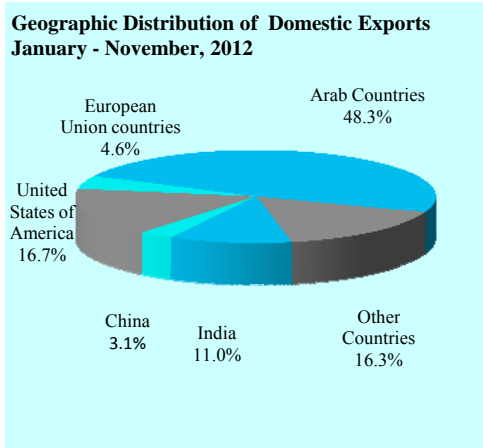
**Major Domestic Exports by Commodity, JD Million
Jan.–Nov.**

	2011	2012	Percentage Change
Domestic Exports	4,367.7	4,313.3	-1.2
Clothes	639.2	673.6	5.4
United States	593.6	632.6	6.6
Potash	531.4	438.5	-17.5
Phosphates	397.4	383.2	-3.6
India	248.5	253.8	2.1
Indonesia	42.5	47.7	12.2
Bulgaria	20.7	34.8	68.1
Vegetables	324.8	333.2	2.6
Syria	72.8	71.1	-2.3
UAE	49.5	59.3	19.8
Iraq	83.0	37.0	-55.4
Medical & Pharmaceutical Products	307.6	325.7	5.9
Saudi Arabia	78.8	77.1	-2.2
Algeria	39.1	55.7	42.5
Iraq	23.8	34.2	43.7
Sudan	33.1	22.7	-31.4
Fertilizers	288.5	231.1	-19.9
India	183.2	106.6	-41.8
Turkey	0.3	31.0	-
Iraq	11.4	29.1	155.3

Source: Department of Statistics.

- Exports of **vegetables** increased by JD 8.4 million, 2.6 percent, to total JD 333.2 million, compared to an increase of 10.7 percent during the first eleven months of 2011. The Syrian, UAE and Iraqi markets were the main destinations of these exports accounting for 50.2 percent. It is worth noting that, vegetables exports to the UAE increased by JD 9.8 million.

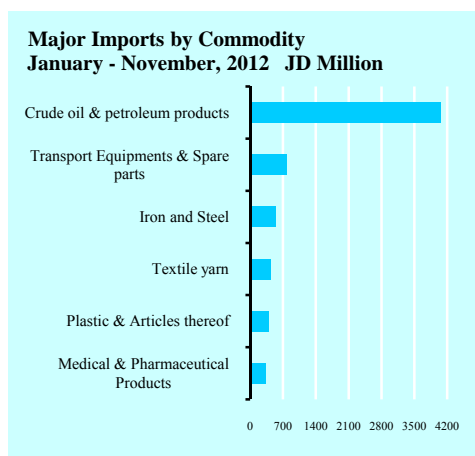
- In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, phosphates, vegetables, “medical and pharmaceutical products” and fertilizers topped the list of domestic exports



during the first eleven months of 2012 accounting for 55.3 percent of domestic exports down from 57.0 percent during the same period of 2011. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, UAE, Indonesia, and Lebanon, were the main destination markets for Jordanian domestic exports during the first eleven months of 2012; accounting for 64.3 percent of domestic exports, up from 64.0 percent during the same period in 2011.

■ Merchandize Imports:

Merchandize imports amounted to JD 13,517.4 million during the first eleven months of 2012, increasing by JD 1,341.5 million, 11.0 percent, compared to a similar increase by 21.3 percent during the same period of 2011.



◆ The developments of imports during the first eleven months of 2012 compared with the same period of 2011 reveals the following:

- **Petroleum products** imports increased by JD 762.6 million, 52.5 percent, to total JD 2,214.9 million compared to an increase of 137.1 percent during the same period of 2011. This increase was mainly attributable to the decrease in Egyptian gas supplies which was replaced by diesel and fuel oil. The main source markets of these imports were Saudi Arabia, Italy and Turkey.
- **Crude oil** imports increased by JD 153.9 million, 9.1 percent, to reach JD 1,849.9 million, compared to a rise by 38.9 percent during the same period in 2011. This increase was attributed to the rise in the prices of oil by 4.0 percent and the increase in the imported quantities by 4.9 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.

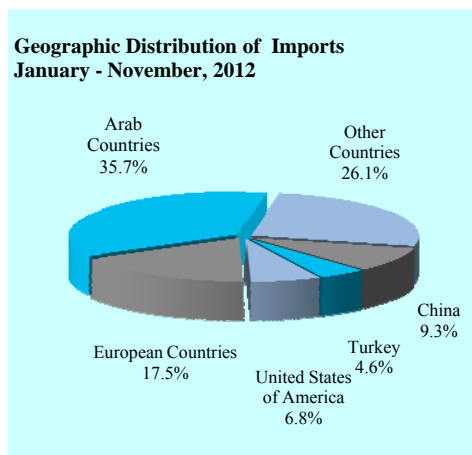
- Imports of **Iron & Steel** increased by JD 73.7 million, 15.8 percent to reach JD 540.8 million, compared to an increase of 13.0 percent during the corresponding period of 2011. The markets of Ukraine, China and Turkey accounted for 49.5 percent of these imports.
- Imports of **Transport equipments and Spare Parts** increased by JD 44.6 million, 6.1 percent, to reach JD 778.6 million compared to a decrease by 14.6 percent during the same period of 2011. South Korea, the USA and Germany were the main origin markets for these imports; accounting for 64.5 percent of these imports.

**Major Imports by Commodity, JD Million
Jan.–Nov.**

	2011	2012	Percentage Change
Total Imports	12,175.9	13,517.4	11.0
Petroleum Products	1452.3	2214.9	52.5
Saudi Arabia	312.5	515.3	64.9
Italy	269.5	318.3	18.1
Turkey	0.2	307.0	-
Crude Oil	1696.0	1849.9	9.1
Saudi Arabia	1511.6	1794.0	18.7
Transport Equipments and Spare Parts	734.0	778.6	6.1
South Korea	249.4	248.8	-0.2
United States	81.5	131.8	61.7
Germany	142.0	121.6	-14.4
Iron & Steel	467.1	540.8	15.8
Ukraine	92.6	166.4	79.7
China	48.3	50.9	5.4
Turkey	98.6	50.3	-49.0
Textile Yarn, Fabrics & Related Products	414.2	443.6	7.1
China	180.6	183.0	1.3
Taiwan	90.1	104.2	15.6
Turkey	29.3	35.2	20.1
Plastic & Articles Thereof	349.3	391.1	12.0
Saudi Arabia	158.0	184.8	17.0
China	15.2	23.8	56.6
United states	15.4	20.7	34.4
Medical and pharmaceutical products	332.9	328.5	-1.3
Germany	38.6	46.7	21.0
France	34.4	30.5	-11.3
Switzerland	36.6	25.9	-29.2

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that the main imports were petroleum products, crude oil “transport equipments and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Plastic and Articles thereof” and “Medical and pharmaceutical Products” accounted for 48.4 percent of total imports during the first eleven months of 2012; up from 44.7 percent during the same period in 2011. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, Turkey, Egypt and Germany topped the list of imports sources during the first eleven months of 2012; accounting for 57.3 percent compared to 54.9 percent during the same period in 2011.



■ Re-Exports

The value of re-exported goods decreased by JD 34.7 million, 4.3 percent, during the first eleven months in 2012 compared to the same period of 2011, recording JD 772.5 million.

■ Trade Balance

The trade balance deficit during the first eleven months of 2012 increased by JD 1,430.6 million, 20.4 percent, to register JD 8,431.6 million compared to the same period in 2011.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by JD 11.7 million, 5.3 percent, in December 2012 compared to the same month in 2011 to register JD 207.0 million. As for 2012, total workers' remittances receipts increased by 3.5 percent to reach JD 2,537.3 million.

□ Travel

■ Receipts

Travel receipts increased by JD 326.7 million, 15.3 percent, during 2012 to register JD 2,456.5 million.

■ Payments

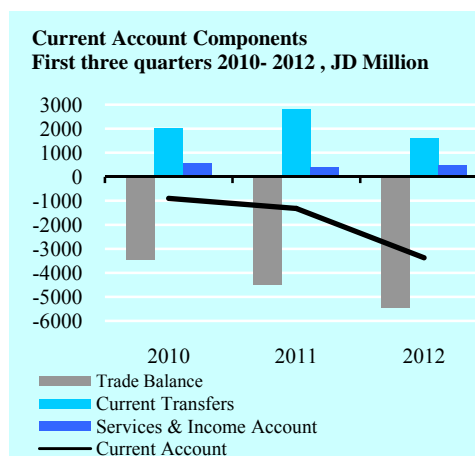
Travel payments decreased by 1.5 percent, during 2012 to stand at JD 811.9 million, compared with JD 823.9 million during 2011.

□ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for the first three quarters of 2012 compared to the same period of 2011, reveals the following developments:

- The current account recorded a deficit of JD 3,366.2 million compared to a deficit of JD 1,320.1 million during the same period in 2011. This was an outcome of the following developments:

- ◆ An expansion in the trade balance deficit by JD 972.2 million, 21.7 percent, to reach JD 5,460.2 million in the first three quarters of 2012 compared to the same period in 2011.



- ◆ Services account recorded a surplus of JD 566.6 million, compared to a surplus of JD 419.4 million during the first three quarters of 2011. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 1,248.9 million and JD 84.7 million, respectively, and to the recorded deficit of transportation (net) and other services (net) by JD 642.4 million and JD 124.6 million, respectively.
- ◆ Income account recorded a deficit of JD 92.6 million compared to a deficit of JD 41.4 million in the same period of 2011, as a result of recording a deficit of JD 284.8 million in investment income (net) and a surplus of JD 192.2 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 1,169.9 million; to reach JD 1,620.0 million, as a result of the decline in net transfers of public sector (foreign grants) and in the transfers of other sectors (net) by JD 963.8 million and JD 206.1 million, to reach JD 245.9 million and JD 1,374.1

million, respectively, during the first three quarters of 2012. It's worth mentioning that the workers' remittances receipts increased by JD 93.4 million, 5.7 percent, while workers' remittances payments increased by JD 10.4 million, 5.0 percent, during the first three quarters of 2012.

- The capital and financial account with the rest of the world showed a decrease in net foreign assets by JD 3,258.7 million during the first three quarters of 2012 compared to a similar decrease in the amount of JD 1,403.3 million during the same period in 2011, this can be attributed to the following:
 - ◆ FDI in the Kingdom recorded a net inflow amounted to JD 781.2 million compared to JD 784.3 million during the same period in 2011.
 - ◆ Portfolio investments (net) recorded a net inflow amounted to JD 174.1 million compared to an outflow in an amount of JD 158.8 million during the same period in 2011.
 - ◆ Other investments (net) registered a net inflow in the amount of JD 167.8 million compared to a similar inflow amounting to JD 129.4 million during the same period in 2011.
 - ◆ A decrease in the reserve assets of the CBJ by JD 2,136.0 million compared to a decrease amounting to JD 677.1 million during the same period in 2011.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in the amount of JD 18,298.2 million at the end of September of 2012 compared to JD 18,392.4 million at the end of June 2012. This decrease 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 378.7 million to reach JD 14,912.0 million at the end of September of 2012 compared to the end of June 2012. This increase was mainly a result of the increase in the CBJ's reserve assets by JD 377.0 million, and the increase in the deposits of commercial banks abroad by JD 48.2 million
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 284.5 million at the end of September 2012 compared to the end of June 2012; to stand at JD 33,210.2 million. This was mainly due to the following outcomes:
 - ◆ An increase in the deposits of non-residents at the Jordanian commercial banks by JD 334.1 million to reach JD 6,059.8 million.
 - ◆ An increase in the stock of foreign direct investment (FDI) in Jordan by JD 330.3 million to stand at JD 17,375.4 million.
 - ◆ An increase in CBJ's loans by JD 279.0 million to reach JD 422.4 million.
 - ◆ A decrease in the stock of portfolio investments in the Kingdom by JD 764.9 million to reach JD 2,961.4 million.