



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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❑ OUR VISION

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

❑ OUR MISSION

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. |

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Executive Summary

□ Output, Prices and Employment

- During the first half of 2014, real GDP at market prices, grew by 3.0 percent, compared to 2.8 percent during the same period of 2013. Inflation, measured by the percentage change in the Consumer Price Index (CPI), declined to 3.2 percent during the first eight months of 2014 compared to 6.2 percent during the same period of 2013. Furthermore, the unemployment rate during the second quarter of 2014 decreased to 12.0 percent compared to 12.6 percent during the same quarter of 2013.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 2,532.0 million (21.1 percent) during the first eight months of 2014, compared to their level at the end of 2013, standing at US\$ 14,537.8 million. This level of reserves covers around 7.5 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 1,742.3 million (6.4 percent) during the first eight months of 2014 compared to its level at the end of 2013, to stand at JD 29,105.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 254.7 million (1.3 percent) during the first eight months of 2014, compared to its level at the end of 2013, to stand at JD 19,194.4 million.
- Total deposits at licensed banks increased by JD 2,031.3 million (7.4 percent) during the first eight months of 2014, compared to its level at the end of 2013, totaling JD 29,624.5 million. This increase was a result of the increase in JD deposits by JD 2,170.1 million (10.3 percent) and the decrease in foreign currency deposits by JD 138.8 million (2.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,131.9 points during the first eight months of 2014, increasing by 66.1 points, or 3.2 percent, compared to its level at the end of 2013.

- **Public Finance:** During the first seven months of 2014, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 461.5 million compared to a fiscal deficit in the amount of JD 370.4 million during the same period in 2013. Net outstanding domestic debt (budgetary and own-budget) increased by JD 78.0 million at the end of July 2014, compared to its level at the end of 2013, to stand at JD 11,940.0 million (46.7 percent of GDP). Outstanding external public debt increased by JD 1,173.2 million at the end of July 2014 compared to its level at the end of 2013 to reach JD 8,407.7 million, (32.9 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 79.6 percent of GDP at the end of July 2014 compared to 80.0 percent at the end of 2013.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 5.2 percent during the first seven months of 2014 to reach JD 3,417.5 million. Also, merchandize imports increased by 3.6 percent during the first seven months of 2014, totaling JD 9,324.6 million. As a result, the trade deficit increased by 2.7 percent compared to the same period in 2013, to reach JD 5,907.2 million. The preliminary data shows an increase in travel receipts and payments during the first eight months of 2014 by 10.2 percent and 3.9 percent, respectively. Moreover total worker's remittances increased by 1.9 percent during the same period in 2014. The balance of payments during the first half of 2014 displayed a deficit in the current account amounting to JD 1179.3 million, (10.0 percent of GDP) up from JD 598.0 million (5.4 percent of GDP) during the first half of 2013. Moreover, Net Direct Investment recorded an inflow of JD 659.4 million during the first half of 2014 compared to a net inflow of JD 722.1 million during the first half of 2013. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 21,881.3 million at the end of June 2014 compared to JD 20,842.5 million at the end of December 2013.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 2,532.0 million (21.1 percent) during the first eight months of 2014, compared to their level at the end of 2013, to stand at US\$ 14,537.8 million. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,742.3 million (6.4 percent) during the first eight months of 2014, compared to its level at the end of 2013, to total JD 29,105.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 254.7 million (1.3 percent) during the first eight months of 2014, compared to its level at the end of 2013 to reach JD 19,194.4 million.
- Total deposits at licensed banks increased by JD 2,031.3 million (7.4 percent) during the first eight months of 2014, compared to its level at the end of 2013, to reach JD 29,624.5 million.
- The interest rates on all types of deposits at licensed banks decreased during the first eight months of 2014, compared to their levels at the end of 2013, except the interest rates on demand deposits which had increased. Whereas, the interest rates on all credit facilities increased during the first eight months of 2014 compared to the end of 2013 except the interest rate on overdrafts facilities.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,131.9 points during the first eight months of 2014, increasing by 66.1 points (3.2 percent), compared to its level at the end of 2013. Moreover, the market capitalization increased by JD 72.5 million (0.4 percent), compared to its registered level of 2013, to stand at JD 18.3 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

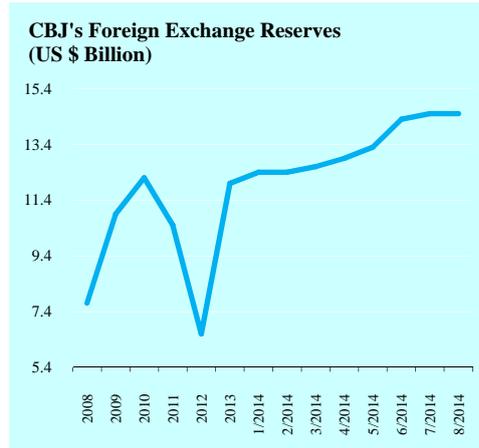
		End of August	
2013		2013	2014
US\$ 12,005.8	CBJ's Foreign Currency Reserves*	US\$ 10,759.1	US\$ 14,537.8
81.0%		62.2%	21.1%
27,363.4	Money Supply (M2)	27,132.1	29,105.7
9.7%		8.8%	6.4%
18,939.7	Credit Facilities, of which:	18,620.1	19,194.4
6.2%		4.4%	1.3%
16,569.1	Private Sector (Resident)	16,223.7	17,250.0
7.8%		5.5%	4.1%
27,593.2	Total Deposits, of which:	27,150.9	29,624.5
10.5%		8.7%	7.4%
21,003.0	In JD	20,373.2	23,173.1
18.6%		15.0%	10.3%
6,590.2	In Foreign Currencies	6,777.7	6,451.4
-9.2%		-6.6%	-2.1%
22,195.8	Deposits of Private Sector (Resident), of which:	21,876.4	23,592.6
8.9%		7.3%	6.3%
17,646.1	In JD	17,143.0	19,018.2
17.0%		13.6%	7.8%
4,549.7	In Foreign Currencies	4,733.4	4,574.4
-14.2%		10.7%	0.5%

* 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 increased by US\$ 2,532.0 million (21.1 percent), at the end of the first eight months of 2014, compared to their level at the end of 2013, to reach US\$ 14,537.8 million. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

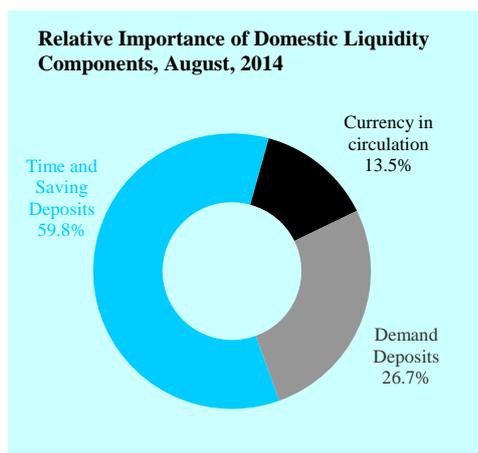
■ Domestic liquidity totaled JD 29,105.7 million at the end of the first eight months of 2014, increasing by JD 1,742.3 million, or 6.4 percent, compared to an increase of JD 2,187.0 million, or 8.8 percent, during the same period in 2013.

◆ **Developments in both the components and the factors affecting domestic liquidity during the first eight months of 2014, reveal the following:**

● Components of Domestic Liquidity

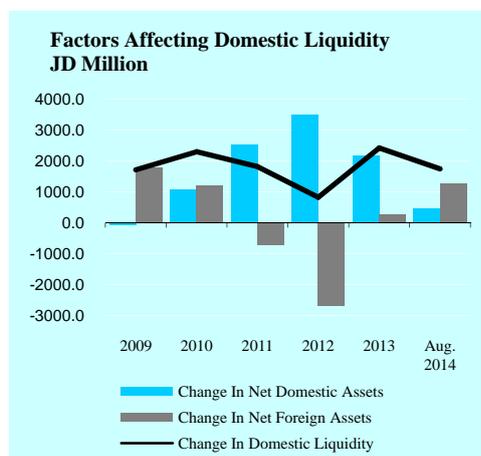
- Deposits increased by JD 1,414.8 million, or 6.0 percent, at the end of the first eight months of 2014, compared to their level at the end of 2013, to total JD 25,171.6 million, compared with an increase amounting to JD 1,717.2 million, or 7.9 percent, during the same period in 2013.

- Currency in circulation increased by JD 327.5 million, or 9.1 percent, at the end of the first eight months of 2014, compared to its level at the end of 2013, to reach JD 3,934.1 million, against an increase in the amount of JD 469.9 million, or 14.6 percent, during the same period in 2013.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 464.1 million, or 2.3 percent, during the first eight months of 2014, compared to its level at the end of 2013, against an increase of JD 2,270.3 million, or 12.4 percent, during the same period in 2013. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 1,746.0 million, or 7.0 percent, and its decrease at the CBJ by JD 1,282.0 million, or 28.3 percent.



- Net foreign assets of the banking system increased by JD 1,278.2 million, or 18.5 percent, during the first eight months of 2014, compared to their level at the end of 2013, against a decrease in the amount of JD 83.2 million, or 1.2 percent, during the same period in 2013. This increase was an outcome of the increase in net foreign assets at the CBJ by JD 1,681.1 million or 19.8 percent, and the decrease of net foreign assets at the licensed banks by JD 402.9 million, or 25.8 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2013		End of August	
		2013	2014
6,923.4	Foreign Assets (Net)	6,582.3	8,201.6
8,487.4	CBJ	7,785.5	10,168.5
-1,564.0	Licensed Banks	-1,203.2	1,966.9
20,440.0	Domestic Assets (Net)	20,549.9	20,904.1
-4,528.6	CBJ, of which:	-3,776.6	-5,810.5
1,244.3	Claims on Public Sector (Net)	1,353.4	1,251.4
-5,793.5	Other Items (Net*)	-5,150.3	-7,084.1
24,968.6	Licensed Banks	24,326.5	26,714.6
9,714.8	Claims on Public Sector (Net)	9,710.4	9,381.4
17,201.9	Claims on Private Sector	16,873.6	17,794.0
-1,948.1	Other Items (Net)	-2,257.5	-460.8
27,363.4	Money Supply (M2)	27,132.2	29,105.7
3,606.6	Currency in Circulation	3,684.9	3,934.1
23,756.8	Total Deposits, of which:	23,447.3	25,171.6
4,635.2	In Foreign Currencies	4,841.2	4,667.1

* 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 June 25th, 2014, the CBJ lowered the interest rate on the overnight deposit window and the weekly/monthly repurchase agreements by 50 basis points, and maintained the interest rates on the other monetary policy instruments unchanged. Accordingly, the interest rates on monetary policy instruments become as follows:

		August	
2013		2013	2014
4.50	Re-discount Rate	4.75	4.25
4.25	Repurchase Agreements Rate (overnight)	4.50	4.00
3.50	Overnight Deposit Window Rate	3.75	2.75
3.75	Repurchase Agreements rate (one week)	4.00	3.00
3.75	Repurchase Agreements rate (one month)	4.00	3.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

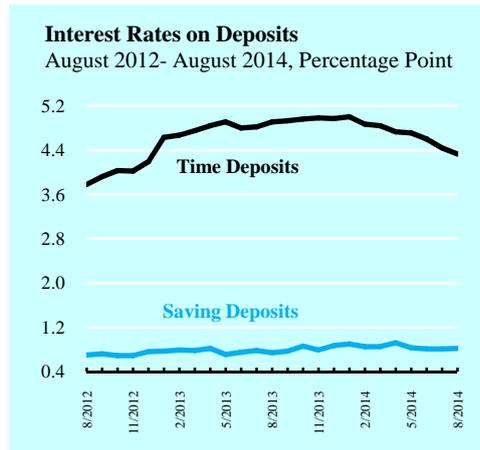
- Re-Discount Rate: 4.25 percent.
 - Interest Rate on Overnight Repurchase Agreements: 4.00 percent.
 - Overnight Deposit Window Rate: 2.75 percent.
 - Weekly/Monthly Repurchase Agreements: 3.00 percent.
- ◆ This decision attempts to stimulate economic growth through provision of credit for various economic sectors and promote investments.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of August 2014 decreased by 11 basis points, compared to its level of the previous month to stand at 4.33 percent. This rate is lower by 64 basis points than its level at the end of 2013.

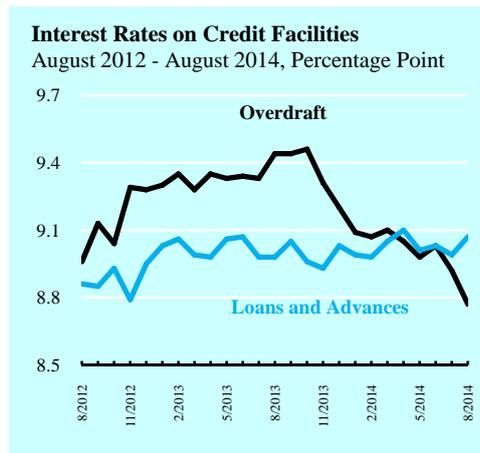
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of August 2014 increased by one basis point than its level in the previous month to stand at 0.82 percent. This rate is lower by 5 basis points compared to its level at the end of 2013.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of August 2014 decreased by one basis point compared to its level of the previous month to stand at 0.55 percent. This rate is higher by 17 basis points than its level at the end of 2013.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of August 2014 decreased by 15 basis points compared to its level of the previous month to stand at 8.77 percent. This rate is lower by 43 basis points compared to its level at the end of 2013.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of August 2014, increased by 44 basis points compared with its level recorded in the previous month to reach 10.17 percent. This rate is higher by 4 basis points, compared to its level at the end of 2013.

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

2013		August		Change Relative to the Preceding Year Basis Points
		2013	2014	
Deposits				
0.38	Demand	0.41	0.55	17
0.87	Saving	0.74	0.82	-5
4.97	Time	4.91	4.33	-64
Credit Facilities				
10.13	Discounted Bills and Bonds	9.33	10.17	4
9.03	Loans and Advances	8.98	9.07	4
9.20	Overdraft	9.44	8.77	-43
8.85	Prime Lending Rate	8.85	8.74	-11

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 8 basis points at the end of August 2014, compared to its level of the previous month to stand at 9.07 percent, this rate is higher by 4 basis points than its level at the end of 2013.
- The Prime lending rate stood at 8.74 percent at the end of August 2014, 11 basis points lower than its level at the end of 2013.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, increased by 68 basis points at the end of August 2014, compared to its level at the end of 2013, to reach 474 basis points.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 254.7 million (1.3%) at the end of August 2014, compared to its

level at the end of 2013, against an increase in the amount of JD 790.3 million, or 4.4 percent, during the same period in 2013.

- The classification of extended credit facilities, according to economic activity, at the end of August 2014 demonstrates an increase in the "other" item; which generally represents credit facilities extended to individuals by JD 622.1 million, or 15.0 percent, and those extended to the construction sector by JD 78.6 million, or 1.9 percent, and the Agriculture sector by 61.0 million, or 25.9 percent. Meanwhile, the credit facilities extended to the general trade and public services and utilities sectors decreased by JD 409.3 million, or 10.4 percent, and JD 211.4 million, or 9.7 percent, respectively, compared to their levels at the end of 2013.
 - The classification of extended credit facilities, according to the borrower, at the end of August 2014 shows an increase in credit facilities extended to the private sector (resident) by JD 680.9 million, or 4.1 percent, and the public institutions by JD 52.8 million, or 16.5 percent. Meanwhile, the credit facilities extended to the private sector (non-resident) decreased by JD 336.0 million or 41.1 percent, the central government credit facilities declined by JD 141.7 million or 11.6 percent, and the non-banking financial institutions credit facilities declined by JD 1.4 million, or 14.7 percent, compared to their levels at the end of 2013.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 29,624.5 million at the end of August 2014, increasing by JD 2,031.3 million, or 7.4 percent, compared to its level at the end of 2013, against an increase of JD 2,181.3 million, or 8.7 percent, during the same period in 2013.
 - The increase in total deposits at licensed banks during the first eight months of 2014 was a result of the increase in the deposits of the private sector (resident) by JD 1,396.8 million, or 6.3 percent,

the private sector (non-resident) by JD 302.0 million, or 9.7 percent, the public sector (Central government plus public institutions) by 229.3 million or 11.4 percent, and the non-banking financial institutions by JD 103.2 million, or 37.1 percent, compared to their levels at the end of 2013.

- The developments in the currency structure of deposits at the end of August 2014 reveal that JD deposits increased by JD 2,170.1 million, or 10.3 percent, while “deposits in the foreign currency” decreased by JD 138.8 million, or 2.1 percent, compared to their levels at the end of 2013.

□ Amman Stock Exchange (ASE)

Indicators of the ASE displayed a mixed performance during the first eight months of 2014 compared to 2013. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the ASE totaled JD 122.2 million in August 2014; up by JD 18.7 million, or 18.1 percent, compared to its level of the previous month, against a decrease of JD 43.6 million, or 28.1 percent, during the same month in 2013. However, the trading volume totaled JD 1,543.0 million, during the first eight months of 2014; down by JD 1,484.3 million, or 49.0 percent, compared to the same period in 2013.

■ Traded Shares

The number of traded shares in August 2014 totaled 115.4 million shares; up by 20.0 million shares, or 21.0 percent, compared to its level of the previous month, against a decrease amounting to 36.0 million shares, or 24.3 percent, during the same month in 2013. However, the number of traded shares during the first eight months of 2014 totaled 1,526.1 million shares, compared to 2,030.3 million shares traded during the same period in 2013 down by 504.2 million shares, or 24.8 percent.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreased by 4.7 points, or 0.2 percent, at the end of August 2014 compared to its level at the end of the

previous month, to stand at 2,131.9 points, against a decrease in the amount of 81.5 points, or 4.2 percent, during the same month in 2013. Furthermore, during the first eight months of 2014, the SPI increased by 66.1 points, or 3.2 percent compared to its level at the end of 2013, against a fall in the amount of 82.6 points, or 4.2 percent during the same period in 2013. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 203.1 points, or 7.5 percent, and the decrease in the SPI for the industrial and services sectors by 62.8 points, or 3.2 percent, and 29.3 points, or 1.8 percent, respectively.

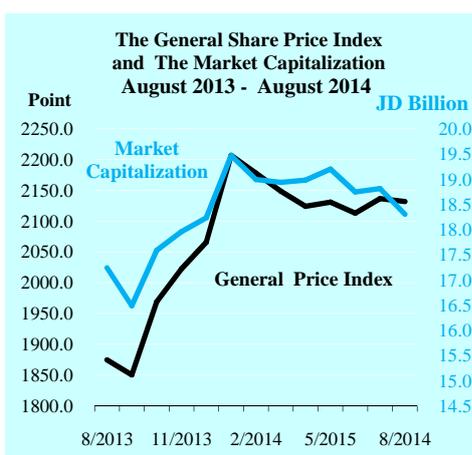
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

2013		August	
		2013	2014
2,065.8	General Index	1,875.0	2,131.9
2,703.9	Financial Sector	2,393.1	2,907.0
1,964.9	Industrial Sector	1,929.4	1,902.1
1,664.8	Services Sector	1,488.8	1,635.5

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 18.3 billion at the end of August 2014; a decrease of JD 509.2 million, or 2.7 percent, compared to its level at the end of the previous month, against a decrease of JD 976.2 million



or 5.4 percent, during the same month in 2013. As for, the first eight months of 2014, the market capitalization increased by JD 72.5 million, or 0.4 percent, compared to a decrease of JD 1.9 billion, or 9.9 percent, during the same period in 2013.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at the ASE recorded an inflow amounting to JD 5.4 million in August 2014, compared to an inflow in the amount of JD 2.4 million during the same month in 2013; the value of shares acquired by non-Jordanian in August 2014 amounted to JD 22.2 million, while the value of shares sold by the same group amounted to JD 16.8 million. As for, the first eight months of 2014, non-Jordanian net investment recorded an outflow amounted to JD 28.2 million, compared with an inflow of JD 120.6 million during the same period in 2013.

Main Amman Stock Exchange Trading Indicators, JD Million			
		August	
2013		2013	2014
3,027.3	Value Traded	111.6	122.2
12.4	Average Daily Trading	6.2	5.8
18,233.5	Market Capitalization	17,243.2	18,306.1
2,705.8	No. of Traded Shares (million)	112.0	115.4
146.9	Net Investment of Non-Jordanian	2.4	5.4
939.5	Non-Jordanian Buying	16.9	22.2
792.6	Non-Jordanian Selling	14.5	16.8

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.8 percent, during the second quarter of 2014, compared to 3.1 percent during the same quarter of 2013. Moreover, GDP at current market prices, grew by 6.1 percent during the second quarter of 2014, compared to 9.7 percent during the same quarter of 2013.
- Accordingly, GDP at constant market prices, grew by 3.0 percent, during the first half of 2014, compared to 2.8 percent during the same period of 2013. Moreover, GDP at current market prices, grew by 6.6 percent during the first half of 2014, compared to 9.6 percent during the same period of 2013.
- The CPI inflation fell to 3.2 percent during the first eight months of 2014, compared to 6.2 percent during the same period of 2013.
- The unemployment rate went down during the second quarter of 2014, to stand at 12.0 percent (10.4 percent for males and 20.1 percent for females), compared to 12.6 percent (10.3 percent for males and 22.4 percent for females) during the same quarter in 2013. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 16.6 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 3.0 percent during the first half of 2014, compared to 2.8 percent during the same period of 2013. When excluding “net taxes on products”, which grew by 3.2 percent, GDP at constant basic prices grew by 2.9 percent during the first half of 2014, compared to 2.8 percent during the same period of 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	-	-	-
GDP at Current Market Prices	7.1	6.1	-	-	-

Source: Department of Statistics.

At current market prices, GDP grew by 6.6 percent during the first half of 2014, compared to 9.6 percent during the same period of 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 3.5 percent, compared to 6.6 percent during the first half of 2013, as a reflection of the fading impact of the government's decision of liberalizing the prices of petroleum products on the national economy.

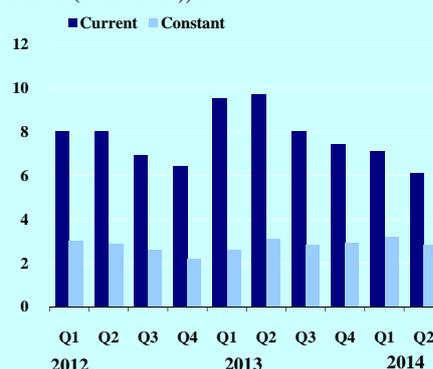
The main sectors contributed to the economic growth during the first half of 2014 are "finance, insurance, real estate and business services" (0.7 percentage point), "wholesale and retail trade, restaurants and hotels" (0.4 percentage point), "transport, storage and communications" (0.3 percentage point), manufacturing (0.3 percentage point), construction (0.2 percentage point) and "electricity and water" (0.2 percentage point). These sectors collectively accounted for 68.1 percent of real GDP growth during the above-mentioned period.

The developments of economic sectors during the first half of 2014 showed that all sectors witnessed positive real growth at divergent rates; where some sector witnessed an accelerated improvement in performance; mainly “wholesale and retail trade, restaurants and hotels” which grew by 4.2 percent, “electricity and water” (8.1 percent), “mining and quarrying” (4.3 percent), “producers of government services” (2.2 percent) and agriculture (0.8 percent). In contrast, other sectors exhibited a decelerated growth.

■ Microeconomic Indicators

- Industrial production quantity index grew by 0.1 percent during the first seven months of 2014 compared to a growth of 1.4 percent during the same period of 2013. This was attributed to the following:

Quarterly Growth Rates of GDP at Market Prices (2012- 2014), %



Growth Rate of GDP at Market Prices during the first half of 2013-2014, Percentages

	2013	2014
Agriculture, Hunting, Forestry, And Fishing	-0.6	0.8
Mining And Quarrying	-5.1	4.3
Manufacturing	1.9	1.6
Electricity And Water	-2.1	8.1
Construction	8.8	4.6
Wholesale & Retail Trade, Restaurants & Hotels	3.7	4.2
Transport, Storage & Communications	3.5	2.2
Finance, Insurance, Real Estate And Business Services	3.9	3.3
Community, Social And Personal Services	6.7	5.3
Producers Of Government Services	1.5	2.2
Producers Of Private Non-Profit Services To Households	7.0	6.6
Domestic Services Of Households	0.1	0.1
Gross Domestic Product At Market Prices	2.8	3.0

Source: Department of Statistics.

- “Mining and quarrying” production quantity index grew by 5.7 percent, against a decrease of 4.7 percent during the same period of 2013. This growth was mainly attributed to the increase of production quantity index for phosphate (9.5 percent) and potash (3.3 percent).
- Electricity production quantity index grew by 13.4 percent, compared to a decrease of 9.8 percent during the same period of 2013; due to an increase in the demand of mining and quarrying industry sector.
- Manufacturing production quantity index declined by 1.5 percent, compared to a growth of 3.1 percent during the same period of 2013. This came as a result of a contraction in production of some of its components, mainly; “chemical products” (6.4 percent) and “food products and beverages” (3.3 percent), on one hand, and an increase of some items, mainly; “tobacco products” (8.9 percent) and “cement, lime and plaster” (6.4 percent), on the other.
- Quantities of exported and imported goods shipped through Aqaba port grew by 7.3 percent during the first seven months of 2014, compared to a decline of 16.7 percent during the same period of 2013.
- Number of passengers through Royal Jordanian declined by 1.5 percent during the first eight months of 2014, against a contraction by 2.3 percent during the same period of 2013.
- Cargo through Royal Jordanian contracted by 5.1 percent during the first eight months of 2014, compared to a decrease of 8.4 percent during the same period of 2013.
- Licensed areas for buildings grew by 7.3 percent during the first seven months of 2014, compared to a growth of 6.9 percent during the same period of 2013.
- Number of departures grew by 1.2 percent during the first eight months of 2014, against a decline of 14.7 percent during the same period of 2013.

Main Sectoral Indicators*

Percentage Points

2013	Item	2013	available period	2014
1.6	Industrial production quantity index	1.4	January - July	0.1
3.3	Manufacturing production quantity index	3.1		-1.5
5.0	Food products and beverages	9.1		-3.3
29.8	Tobacco products	24.6		8.9
-10.8	Refined petroleum products	-20.0		-3.6
-17.7	Cement, lime and plaster	-25.7		6.4
-13.8	Iron and steel	-12.7		-4.4
14.2	Chemical products	13.1		-6.4
-11.5	“Mining and quarrying” production quantity index	-4.7		5.7
-15.7	Phosphate	-8.1		9.5
-5.2	Potash	0.9		3.3
-4.5	Electricity production quantity index	-9.8		13.4
8.4	Licensed areas for buildings	6.9		7.3
-15.7	Quantities of exported and imported goods shipped through Aqaba port	-16.7		7.3
-13.5	Number of departures	-14.7		January - August
-3.7	Number of passengers through Royal Jordanian	-2.3	-1.5	
-9.5	Cargo through Royal Jordanian	-8.4	-5.1	

* : Sources:

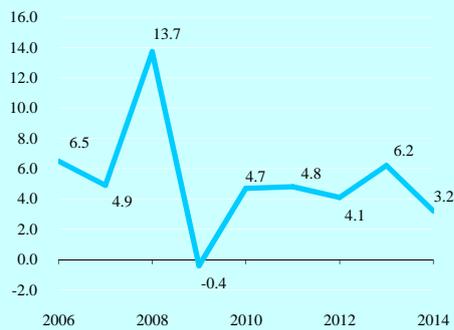
- Department of Statistics.
- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

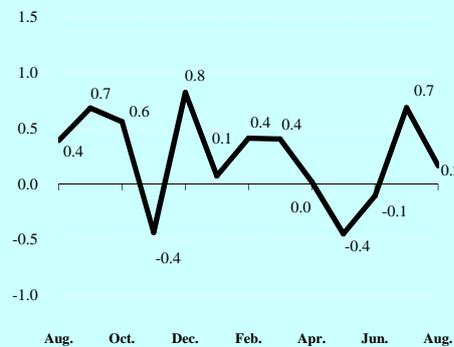
Inflation, measured by the percentage change in the Consumer Price Index (CPI), for the first eight months of 2014, stood at 3.2 percent, compared to 6.2 percent during the same period of 2013. This came as a result of the rise in the prices of some items, mainly; the increase of the prices of cigarettes, rents, clothes and education. These items collectively contributed to the overall inflation rate by 2.3 percentage points, compared to 0.7 percentage point during the same period of 2013.

In August 2014, the CPI increased by 0.2 percent compared with July 2014. This was due to the increase in prices of some items, mainly; vegetables, “dairy products and eggs” and footwear.

Annual Bases Inflation Rate
During the first eight months of years (2006-2014), percentages



Monthly Inflation Rate
(Aug. 2013- Aug. 2014, percentages)



Developments of the CPI basket during the first eight months of 2014, compared to the same period of 2013:

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 1.8 percent compared to an increase of 4.0 percent during the same period of 2013. The contribution of this group to the overall inflation rate reached 0.6 percentage point. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; cigarettes (13.5 percent), according to the government's decision of increasing tax on cigarettes (February 2014), in addition to “dry and canned legumes” (5.8 percent), and fruits (4.2 percent). In contrast, prices of “oils and fats”, “meats and poultry” and vegetables declined by 0.9 percent, 0.5 percent and 0.2 percent, respectively.
- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The prices of this group increased by 10.1 percent compared to an increase of 5.1 percent during the same period of 2013. The group's contribution to the overall inflation rate reached 0.5 percentage point. The increase in the prices of this group was affected by the rise in the prices of clothes (10.4 percent) due to the government's decision of increasing tariff on imported clothing (mid-September 2013), in addition to the rise in the prices of footwear (8.9 percent).
- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 4.0 percent compared to an

increase of 9.1 percent during the same period of 2013. Accordingly, it contributed to the overall inflation rate by 1.1 percentage points which was driven by the increase in the prices of rents by 7.2 percent, owing to the increase in the domestic demand as a result of the Syrian refugees influx. In addition, prices of other items showed varied increase ranges between 4.5 percent for “cleaning materials” and 0.1 percent for “house repairing, garbage and water”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 3.2 percent compared to 6.9 percent during the same period of 2013. Accordingly, this group contributed by 1.0 percentage point to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of education by 5.5 percent, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; “medical care” (6.5 percent) and transportation (3.4 percent).

□ **Employment**

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the second quarter of 2014; to stand at 12.0 percent (10.4 percent for males and 20.1 percent for females), compared to 12.6 percent (10.3 percent for males and

22.4 percent for females) during the same quarter of 2013. Furthermore, the unemployment rate among academic degree holders (Bachelor Degree and higher) reached 16.6 percent.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the second quarter in 2014 reached 36.6 percent (60.1 percent for males and 12.7 percent for females), compared to 37.7 percent (60.9 percent for males and 14.1 percent for females) during the second quarter of 2013.
- ◆ The employed rate among population of 15 years and over reached 32.2 percent during the second quarter of 2014, compared to 33.0 percent during the same quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.8 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (14.3 percent), and the remaining percent is distributed among other sectors.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 461.5 million during the first seven months of 2014, comparing to a fiscal deficit in the amount of JD 370.4 million, during the same period of 2013. When excluding foreign grants (JD 329.9 million), the general budget deficit reaches JD 791.4 million compared to a deficit in the amount of JD 842.6 million during the same period of 2013.
- Net outstanding domestic public debt increased by JD 78.0 million at the end of July 2014 compared to its level at the end of 2013, to reach JD 11,940.0 million (46.7 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 1,173.2 million at the end of July 2014, compared to its level at the end of 2013, to stand at JD 8,407.7 million (32.9 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 20,347.7 million (79.6 percent of GDP) at the end of July 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 the first seven months of 2014 compared to the same period of the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 24.1 million, or 4.9 percent, in July 2014 comparing to the same month of 2013 to reach JD 519.3 million. As for the first seven months of 2014, these revenues were up by JD 339.9 million, or 9.8 percent, compared to the same period of 2013 to stand at JD 3,813.1 million. This result was driven by the increase in domestic revenues by JD 482.2 million, on one hand, and the drop in foreign grants by JD 142.3 million, on the other.

Main Government Budget Indicators during the first seven months of 2014:

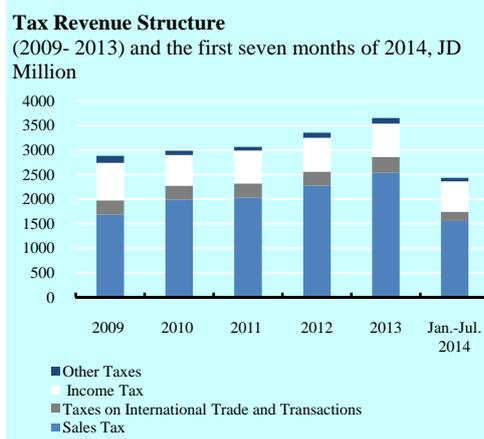
(JD Million and Percentages)

	Jul.		Growth Rate	Jan. – Jul.		Growth Rate
	2013	2014		2013	2014	
Total Revenues and Grants	495.2	519.3	4.9	3,473.2	3,813.1	9.8
Domestic Revenues, of which:	456.3	480.6	5.3	3,001.0	3,483.2	16.1
Tax Revenues, of which:	350.2	383.7	9.6	2,160.7	2,432.4	12.6
General Sales Tax	213.0	248.3	16.6	1,340.8	1,554.7	16.0
Other Revenues	104.2	95.0	-8.8	827.6	1,038.9	25.5
Foreign Grants	38.9	38.7	-0.5	472.2	329.9	-30.1
Total Expenditures, of which:	556.5	626.7	12.6	3,843.6	4,274.6	11.2
Capital Expenditures	67.6	73.6	8.9	391.6	460.9	17.7
Overall Deficit/ Surplus	-61.3	-107.4	-	-370.4	-461.5	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 482.2 million, or 16.1 percent, during the first seven months of 2014 compared to the same period of 2013, to reach JD 3,483.2 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 271.7 million, and JD 211.3 million, respectively, and the drop in “pension contributions” by JD 0.8 million.



● Tax Revenues

Tax revenues increased by JD 271.7 million, or 12.6 percent, during the first seven months of 2014 compared to the same period of 2013, to reach JD 2,432.4 million (69.8 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 213.9 million, or 16.0 percent, which reached JD 1,554.7 million (accounting for 63.9 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 services”, and “sales tax on imported goods” have increased by JD 187.5 million, JD 19.6 million, and JD 11.3 million, respectively. Whereas, “sales tax on domestic goods” declined by JD 4.5 million.
- An increase in the proceeds of “income and profit taxes” by JD 45.9 million, or 8.1 percent, which reached JD 616.0 million (accounting for 25.3 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 34.8 million, and the rise in the proceeds of “income tax from individuals” by JD 11.1 million. Accordingly, income tax from companies accounted for 84.3 percent of total taxes on income and profits to reach JD 519.4 million (of which JD 267.4 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 5.2 million or 2.8 percent, to reach JD 189.1 million (accounting for 7.8 percent of total tax revenues).
- An increase in real-estates tax (taxes on financial transactions) by JD 6.7 million, or 10.2 percent, to reach JD 72.6 million (accounting for 3.0 percent of total tax revenues).

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

“Other revenues” increased by JD 211.3 million, or 25.5 percent, during the first seven months of 2014 to reach JD 1,038.9 million. This increase was chiefly due to:

- A rise in miscellaneous revenues by JD 257.4 million to stand at JD 385.2 million.
- An increase in “revenues from selling goods and services” by JD 27.7 million to reach JD 504.4 million.
- A decrease in property income by JD 73.8 million to stand at JD 149.3 million (of which financial surplus of independent government units amounted to JD 130.4 million).

- **Pension Contributions**

Pension contributions were down by JD 0.8 million during the first seven months of 2014, standing at JD 11.9 million.

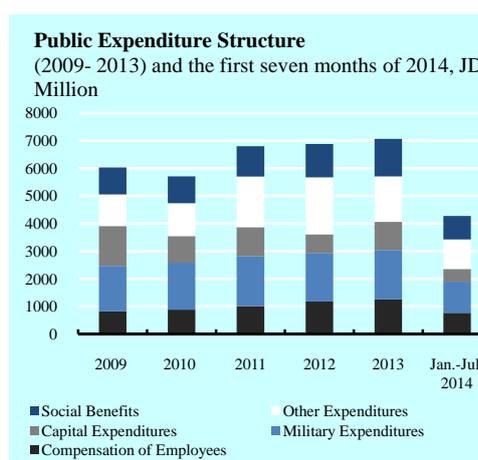
- ◆ **Foreign Grants**

Foreign grants decreased by JD 142.3 million during the first seven months of 2014, standing at JD 329.9 million.

Public Expenditures

Public expenditures witnessed an increase by JD 70.2 million, or 12.6 percent, in July 2014 compared to the same month in 2013 to stand at JD 626.7 million. Moreover, public expenditures increased by JD 431.0 million, or 11.2 percent during the first seven months of 2014, to stand at JD 4,274.6 million. This

increase was a result of the rise in both current expenditures and capital expenditures by 10.5 percent, and 17.7 percent, respectively.



Current Expenditures

Current expenditures increased by JD 361.7 million, or 10.5 percent, during the first seven months of 2014, to reach JD 3,813.7 million. This result was driven by the increase in all current expenditures items. More specifically:

- An increase in military expenditures by JD 65.9 million to total JD 1,127.7 million, accounting for 29.6 percent of total current expenditures.
- An increase in social benefit expenditures by JD 78.4 million to stand at JD 849.5 million, accounting for 22.3 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 35.8 million to reach JD 766.7 million, accounting for 20.1 percent of total current expenditures.

- An increase in interest payments, on internal and external public debt, by JD 114.5 million to stand at JD 514.0 million, accounting for 13.5 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 37.4 million to stand at JD 188.1 million, accounting for 4.9 percent of total current expenditures.
- A rise in goods subsidies by JD 6.0 million to stand at JD 144.1 million, accounting for 3.8 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

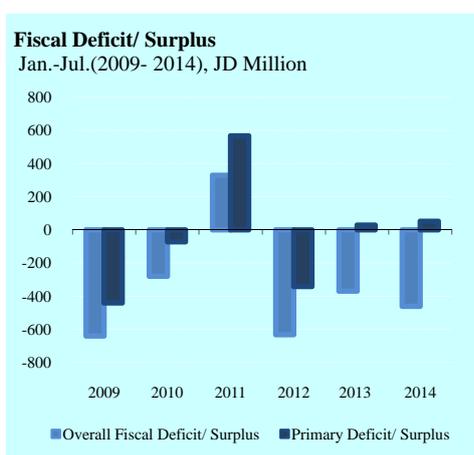
◆ Capital Expenditures

Capital expenditures increased by JD 69.3 million, or 17.7 percent during the first seven months of 2014 compared to the same period in 2013, to reach JD 460.9 million.

■ General Budget Deficit/ Surplus

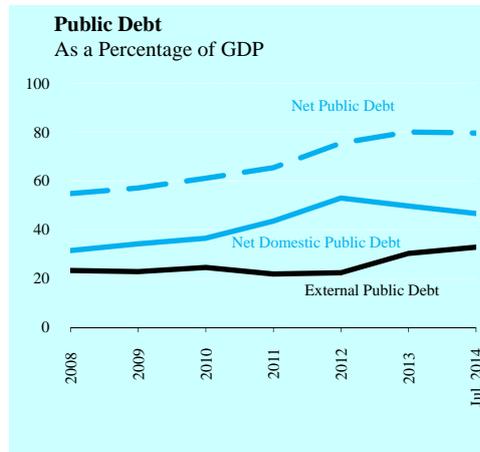
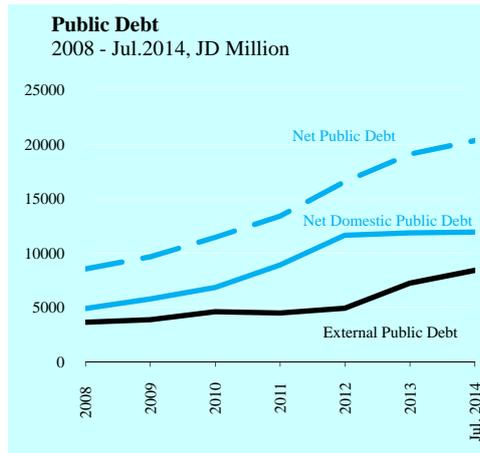
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 461.5 million during the first seven months of 2014, against a fiscal deficit in the amount of JD 370.4 million during the same period of 2013.

- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 52.5 million during the first seven months of 2014, against a primary surplus of JD 29.1 million during the same period of 2013.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 78.0 million at the end of July 2014 comparing to its level at the end of 2013 to total JD 11,940.0 million, or 46.7 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 303.0 million to reach JD 13,743.0 million, and the increase in the government deposits at the banking system by JD 226.0 million to reach JD 1,803.0 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 488.0 million to reach JD 11,356.0 million at the end of July 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 40.0 million to stand at JD 632.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 26.0 million to reach JD 843.0 million at the end of July 2014, and loans and advances extended to these agencies decreased by JD 112.0 million to stand at JD 902.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 1,173.2 million at the end of July 2014 compared to its level at the end of 2013, amounting to JD 8,407.7 million (32.9 percent of GDP). It is worth mentioning that the government has received 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. The currency debt structure shows that external debt in US dollars accounted for 42.9 percent, while debt in Euros accounted for 8.7 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 13.8 percent and 16.1 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 13.5 percent.
- Net public debt (domestic and external) increased by JD 1,251.2 million at the end of July 2014 compared to its level at the end of 2013 to stand at JD 20,347.7 million, (79.6 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 313.8 million during the first seven months of 2014 (of which interest payments amounting to JD 97.5 million) compared to JD 288.9 million (of which interest payments amounting to JD 62.3 million) during the same period of 2013.

□ Fiscal and Price Measures

- Reducing the prices of most types of oil derivatives noticeably, while maintaining the price of liquid gas cylinder unchanged, as follows:

Development of Oil Derivatives Price

	Unit	2014		Percentage Change
		September	October	
Unleaded Gasoline 90	Fils/Liter	800	790	-1.3
Unleaded Gasoline 95	Fils/Liter	970	960	-1.0
Gas Oil (Diesel)	Fils/Liter	650	630	-3.1
Kerosene	Fils/Liter	650	630	-3.1
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	462.5	448.2	-3.1
Fuel oil for ships	JD/Ton	468.5	470.8	0.5
Fuel oil for airplanes (local companies)	Fils/Liter	586	564	-3.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	591	569	-3.7
Fuel oil for unplanned flights	Fils/Liter	606	584	-3.6
Asphalt	JD/Ton	495.6	480.4	-3.1

Source: Jordan Petroleum Refinery Company (1/10/2014).

- The government decided to double the visa's fees to enter the Kingdom as of the first of April, whether it is ordinary or electronic visa (April 2014).
- The cabinet decided to exclude remittances outflow the Kingdom from the general sales tax (April 2014).

- The cabinet decided to impose 1 percent as a customs service's fees, on exempted imported goods. This fee should not be lower than JD 25 and should not exceed JD 2000. However, imports of some government bodies including; armed forces, security agencies, ministries, departments, government agencies, embassies, and diplomatic corps in the Kingdom will be excluded from this fee (April 2014).
- The cabinet decided to reduce the general sales tax rate on financing companies sales (excluding SMEs financing companies) from 16% to 8% starting from the year 2010 onwards, to burden similar taxes to banks and other financial institutions (April 2014).
- The cabinet approved the work permit fees for non-Jordanian workers by-law for 2014, to be effective from its issuance in the official Gazette (June 2014).
- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite Kingdom of Jordan, in the amount of US\$ 1.0 billion. These bonds due after five years and carry a fixed annual interest rate of 1.945 percent. This issuance is the second one for the kingdom in the international markets, guaranteed by the U.S government (June 2014).
- The cabinet decided to reduce the general sales tax rate on micro-financing companies sales to become 3% starting from

the year 2009 onwards. Provided that these companies are not allowed to deduct any taxes on their purchases, as of 20/7/2014 (July 2014).

□ Grants, Loans and Other Agreements

- Signing the second development policy loan agreement with the world bank in the amount of US\$ 250 million, to support three government policies, which are; improving transparency and accountability, enhancing debt management, improving efficiency of government spending and promoting private sector-driven economic growth (April 2014).
- Signing three grant agreements in the total amount of US\$ 232 million with Saudi Arabia within its share in GCC grant, distributed as follows: (May 2014).
 - Road construction project agreement in the value of US\$ 54 Million.
 - The establishment of two sewerage pumping stations in Zarqa governorate project agreement in the value of US\$ 23 million.
 - The reconstruction of the Zarqa – Omari border road project agreement in the value of US\$ 155 million.
- Signing four grant agreements extended by the United States Agency for International Development (USAID) in the amount

of US\$ 633 million, under the U.S. regular and additional economic assistance program for Jordan for the year 2014. These funds are distributed as follows (September 2014):

- A grant to support prioritised development projects listed within the Budget Law for the year 2014, in the amount of US\$ 436 million.
- The improvement of basic services provided for citizens agreement, in the amount of US\$ 126.4 million, for the implementation of several projects in the fields of mother and child care, reproductive health, family planning, basic education, water and environment.
- The economic development agreement in the amount of US\$ 43.2 million, for the implementation of several projects in the areas of boosting economic growth, trade and investment, infrastructure, enhancing the competitiveness of the private sector, and promoting economic opportunities.
- Enhancing the democratic accountability agreement in the amount of US\$ 27.5 million, for the implementation of several projects in the fields of the rule of law, governance, civil society, and supporting the political reform efforts.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 3.9 percent in July 2014 compared to the same month of 2013, to record JD 471.3 million. As for the first seven months of 2014, total merchandize exports increased by 5.2 percent to reach JD 3,417.5 million.
- **Merchandize imports** decreased by 16.0 percent in July 2014 compared to the same month of 2013, to reach JD 1,170.0 million. As for the first seven months of 2014, merchandize imports increased by 3.6 percent to reach JD 9,324.7 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 22.6 percent in July 2014 compared to the same month in 2013; standing at JD 698.7 million. As for the first seven months of 2014, the trade deficit increased by 2.7 percent to reach JD 5,907.2 million.
- **Travel receipts and Payments** increased during the first eight months of 2014 compared to the same period of 2013, by JD 199.6 million and JD 22.2 million or 10.2 percent and 3.9 percent, respectively.
- **Total workers' remittances receipts** increased by 1.9 percent during the first eight months of 2014 compared to the same period of 2013 to reach JD 1,771.0 million.
- **The current account of the balance of payments** registered a deficit of JD 1179.3 million (10.0 percent of GDP) during the first half of 2014 compared to a deficit of JD 598.0 million (5.4 percent of GDP) during the first half of 2013.
- **Net direct investment** recorded an inflow of JD 659.4 million during the first half of 2014, down from JD 722.1 million during the first half of 2013.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 21,881.3 million at the end of June 2014; an increase of JD 1038.8 million compared to its level at the end of December 2013.

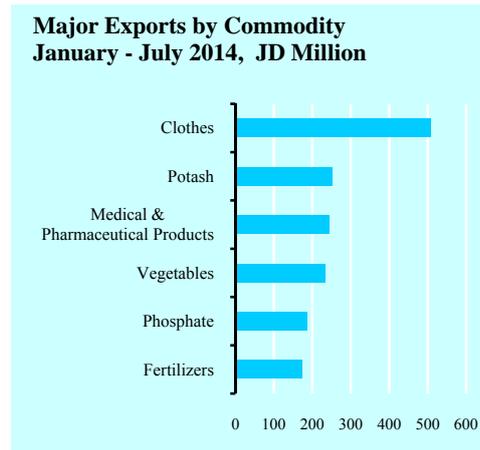
□ External Trade

- As a result of the increase in domestic exports by JD 185.7 million and the increase in imports by JD 325.9 million during the first seven months of 2014, the volume of external trade (domestic exports *plus* imports) increased by JD 511.6 million to stand at JD 12,276.6 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-July				January-July				
	2013	2014	Percentage Change		2013	Percentage Change 2013/2012	2014	Percentage Change 2014/2013
Exports				External Trade	4.3	12,276.6	2.9	11,765.0
USA	473.2	526.0	11.2	Total Exports	5.2	3,417.5	-1.3	3,248.8
Iraq	494.1	498.1	0.8	Domestic Exports	6.7	2,951.9	-0.3	2,766.2
Saudi Arabia	353.7	406.8	15.0	Re-exports	-3.5	465.6	-6.8	482.6
India	261.5	260.2	-0.5	Imports	3.6	9,324.7	3.9	8,998.8
Syria	60.1	100.6	67.4	Trade Balance	2.7	-5,907.2	7.1	-5,750.0
UAE	104.2	96.6	-7.3	Source: Department of Statistics.				
China	53.5	77.8	45.4					
Imports								
Saudi Arabia	1,580.4	1,835.0	16.1					
China	925.1	927.3	0.2					
UAE	287.6	583.8	103.0					
USA	571.6	561.4	-1.8					
India	323.7	469.6	45.1					
Germany	342.8	376.4	9.8					
Russia	328.7	373.0	13.5					
Turkey	96.6	366.6	279.5					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 5.2 percent during the first seven months of 2014, compared to a decline of 1.3 percent during the same period in



2013, to record JD 3,417.5 million. This increase resulted from an increase in domestic exports by JD 185.7 million, or 6.7 percent, to reach JD 2,951.9 million, and a decline in re-exports by JD 17.0 million, or 3.5 percent, to reach JD 465.6 million.

◆ The developments of domestic exports during the first seven months of 2014 compared to the same period in 2013 reveal the following:

- Exports of **Fertilizers** increased by JD 75.8 million, or 76.7 percent, to reach JD 174.6 million, compared to a decrease of 32.1 percent during the same period in 2013. The Ethiopian, Indian, and Turkey Markets accounted for 61.2 percent of these exports.

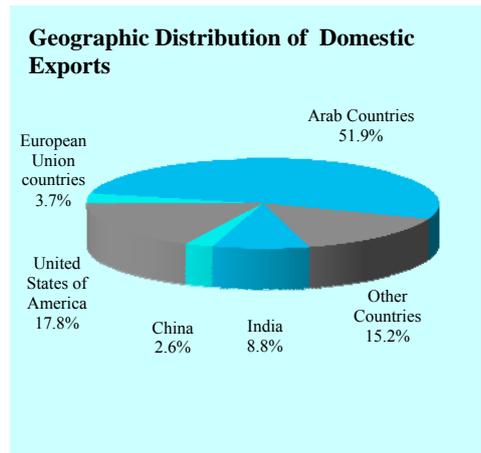
- Exports of **vegetables** increased by JD 50.1 million, or 27.1 percent, to total JD 235.3 million, compared to a decrease of 9.5 percent in the same period of 2013. The Iraqi, Syrian, and the UAE markets were the main destinations of these exports, accounting for 54.3 percent.
- Exports of **phosphate** decreased by JD 1.5 million, or 0.8 percent, to register JD 187.7 million, compared to a decrease of 23.6 percent during the same period of 2013. This decrease was mainly due to a decline in the prices of phosphate by 19.0 percent and an increase in exported quantities by 22.5 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 66.6 percent of phosphates exports.

Major Domestic Exports by Commodity, JD Million
January - July 2013, 2014

	2013	2014	Percentage Change
Domestic Exports	2,766.2	2,951.9	6.7
Clothes	451.8	508.0	12.4
USA	419.2	457.9	9.2
Potash	297.7	251.2	-15.6
China	50.8	74.2	46.1
India	61.1	73.4	20.1
Malaysia	51.8	30.3	-41.5
Medical & Pharmaceutical Products	243.3	245.4	0.9
Saudi Arabia	52.7	66.7	26.6
Algeria	41.9	39.4	-6.0
Iraq	27.0	25.2	-6.7
Sudan	23.7	21.0	-11.4
Vegetables	185.2	235.3	27.1
Iraq	40.8	48.1	17.9
Syria	29.2	46.8	60.3
UAE	27.3	32.8	20.1
Phosphate	189.2	187.7	-0.8
India	139.8	125.0	-10.6
Indonesia	21.1	33.6	59.2
Newzealand	0.0	5.7	-
Fertilizers	98.8	174.6	76.7
Ethiopia	0.0	44.8	-
India	45.6	38.1	-16.4
Turkey	20.7	24.0	15.9

Source: Department of Statistics.

- Exports of **potash** decreased by JD 46.5 million, or 15.6 percent, to stand at JD 251.2 million, compared to a 8.6 percent increase during the same period in 2013. The Chinese,

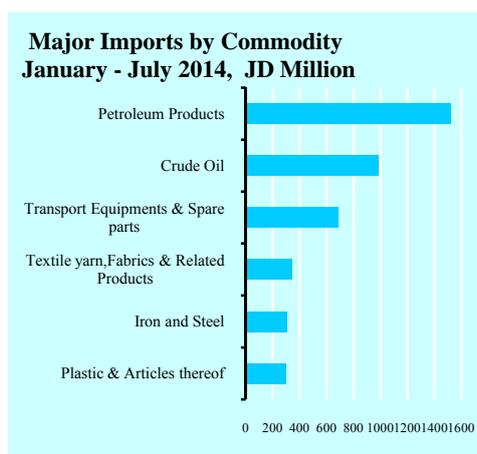


Indian, and Malaysian markets accounted for 70.8 percent of these exports.

- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical products”, vegetables, phosphate, and fertilizers topped the list of domestic exports during the first seven months of 2014; accounting for 54.3 percent of domestic exports, up from 53.0 percent during the same period in 2013. Meanwhile, the geographical distribution of domestic exports indicates that USA, Iraq, Saudi Arabia, India, Syria, the UAE and China, were the main destination markets for domestic exports during the first seven months of 2014; accounting for 66.6 percent of domestic exports, up from 65.1 percent during the same period in 2013.

■ Merchandize Imports:

Merchandize imports increased by 3.6 percent to reach JD 9,324.7 million during the first seven months of 2014, compared to a similar increase of 3.9 percent during the same period of 2013.



◆ The developments of imports during the first seven months of 2014 compared with the same period of 2013 reveal the following:

- **Petroleum products** imports increased by JD 432.9 million, or 39.6 percent, to total JD 1,526.4 million compared to a decrease of 16.2 percent during the first seven months of 2013. This increase was mainly attributable to the repeated interruptions of Egyptian gas flows, used in electricity generation, which was substituted by fuel oil and diesel. The main source markets of these imports were the UAE, Russia, and India.
- **Crude oil** imports decreased by JD 14.9 million, or 1.5 percent, to reach JD 987.6 million, compared to a decrease of JD 339.9 million, or 25.3 percent during the first seven months of 2013. This increase was attributed to the rise in prices by 4.3 percent and a decrease in quantities by 5.5 percent. It's worth noting that crude oil imports came from the Saudi market.

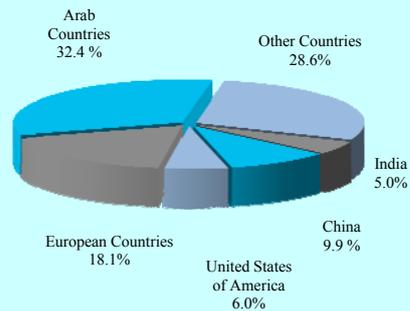
- Imports of **Transport equipments and Spare Parts** increased by JD 152.9 million, or 28.5 percent, to reach JD 689.1 million compared to an increase of 6.9 percent during the first seven months of 2013. The USA, Japan and South Korea were the main markets for these imports; accounting for 63.2 percent.
- Consequently, the commodity composition of imports indicates that petroleum products, crude oil, “transport equipments and spare parts”, “textile yarn, fabrics, made up articles and related products”, “iron and

Major Imports by Commodity, JD Million January - June 2013, 2014			
	2013	2014	Percentage Change
Total Imports	8,998.8	9,324.7	3.6
Petroleum Products	1,093.5	1,526.4	39.6
UAE	42.1	308.7	633.3
Russia	25.0	254.7	918.8
India	131.5	244.9	86.2
Crude oil	1,002.5	987.6	-1.5
Saudi Arabia	824.0	987.6	19.9
Transport Equipments and Spare Parts	536.2	689.1	28.5
USA	113.2	161.6	42.8
Japan	87.6	140.0	59.9
South Korea	118.3	134.2	13.4
Textile Yarn, Fabrics & Related Products	358.7	341.9	-4.7
China	133.4	142.4	6.7
Taiwan	95.5	89.4	-6.4
Turkey	25.3	21.4	-15.4
Iron & Steel	316.5	303.1	-4.2
Ukraine	72.0	70.9	-1.5
China	35.0	48.3	38.0
Egypt	23.9	31.8	33.1
Plastic and Articles thereof	272.4	295.9	8.6
Saudi Arabia	131.2	155.7	18.7
China	20.4	18.7	-8.3
UAE	16.9	17.7	4.7

Source: Department of Statistics.

steel”, and “plastic and articles thereof” topped the list of imports during the first seven months of 2014, accounting for 44.4 percent of total imports; up from 39.8 percent during the same period in 2013.

**Geographic Distribution of Imports
January - July 2014**



Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the UAE, India, Turkey and Germany were the main sources of imports during the first half of 2014; accounting for 55.0 percent of total imports, compared to 48.5 percent during the same period of 2013.

■ Re-Exports

A decrease of JD 17.0 million, or 3.5 percent, was registered in the value of re-exported goods during the first seven months of 2014 compared to the same period of 2013, to reach JD 465.6 million. This decrease was attributed to a decline in re-exports of “medical and pharmaceutical products”, “Power Generating Machinery and Equipment”, “Iron and steel” and “Textile Yarn, fabrics, Made up Articles and Related Products” by JD 19.9 million, JD 11.1 million, JD 8.3 million and JD 9.5 million, or 45.8 percent, 50.0 percent, 55.8 percent and 53.4 percent, respectively, and the increase in re-exports of “Transport Equipments and Spare

Parts”, “Telecommunication Equipments” and “Machinery Specialized for Agriculture, Industry and Construction Sectors” by JD 27.6 million, JD 20.7 million and JD 12.1 million, or 48.3 percent, 85.9 percent and 74.1 percent, respectively.

■ Trade Balance

The trade balance deficit during the first seven months of 2014 increased by JD 157.2 million, or 2.7 percent, to register JD 5,907.2 million, compared to the same period of 2013.

□ Total Workers’ Remittances Receipts

Total workers’ remittances receipts increased by JD 1.9 percent, during the first eight months of 2014, compared to the same period in 2013 to register JD 1,771.0 million.

□ Travel

■ Receipts

Travel receipts increased by JD 199.6 million, or 10.2 percent, during the first eight months of 2014, compared to the same period in 2013 to register JD 2,155.6 million.

■ Payments

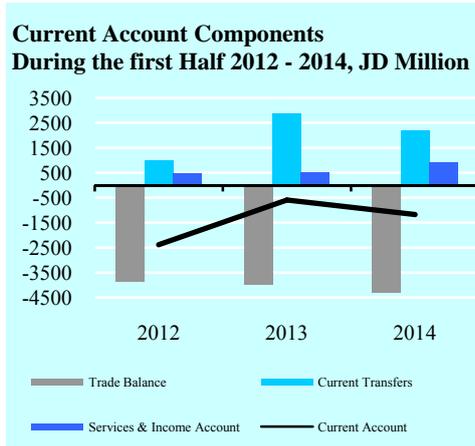
Travel payments increased by JD 22.2 million, or 3.9 percent, during the first eight months of 2014, compared to the same period in 2013 to stand at JD 586.1 million.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1179.3 million (10.0 percent of GDP) compared to a deficit of JD 598.0 million (5.4 percent of GDP) during the first half of 2013. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit during the first half of 2014 by JD 312.4 million, 7.9 percent, to reach JD 4,286.2 million compared to JD



3,973.8 million during the same period in 2013.

- ◆ An increase in the surplus of the services account by JD 404.8 million to reach JD 968.4 million.
- ◆ Income account recorded a deficit of JD 43.5 million compared to a deficit of JD 58.8 million during the first half of 2013, as a result of a deficit of JD 154.0 million in investment income (net) and a surplus of JD 110.5 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 689.0 million; to reach JD 2,182.0 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 980.6

million, to reach JD 404.3 million, and the increase of the transfers of other sectors by 291.6 million to reach JD 1,777.7 million. It's worth mentioning that the workers' remittances receipts increased by 3.1 percent, during the first half of 2014 to stand at JD 1,180.5 million.

- The capital and financial account in the first half of 2014 registered a net inflow of JD 637.1 million, compared to a net inflow of JD 534.7 million during the same period of 2013. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 659.4 million compared to a similar inflow of JD 722.1 million during the same period of 2013.
 - ◆ Portfolio investments recorded a net inflow of JD 943.9 million compared to an inflow of JD 279.0 million during the same period of 2013.
 - ◆ Other investments registered a net inflow of JD 649.7 million compared to an inflow of JD 1,574.3 million during the same period of 2013.
 - ◆ An increase in the reserve assets of CBJ by JD 1,616.7 million, compared to an increase of JD 2,041.0 million during the same period of 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 21,881.3 million at the end of June 2014 compared to JD 20,842.5 million at the end of December 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 1,768.8 million to reach JD 19,328.7 million at the end of June 2014 compared to the end of December 2013. This increase was a result of the rise in CBJ's reserves by 1,666.9 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 2807.5 million at the end of June 2014 compared to the end of December 2013; standing at JD 41,216.2 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 639.5 million to stand at JD 19,620.7 million.
 - ◆ An increase in the stock of portfolio investments by JD 1,538.7 million to reach JD 6,220.2 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 224.4 million. (a decrease of JD 22.5 million at the CBJ, and an increase of JD 246.9 million at the licensed banks) to reach JD 8,450.6 million
 - ◆ An increase in trade credits by JD 228.1 million, to stand at JD 934.0 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 149.1 million to reach JD 5,601.6 million.