



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

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

❑ OUR VALUES

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

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

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Executive Summary

According to indicators available to-date for 2010, the national economy displayed favorable results in the public finance sector and a number of external sector indicators, including the fiscal surplus in the general budget, the declining net public debt as well as the comfortable level of foreign currency reserves. On the other hand, the preliminary estimates released by the Department of Statistics showed a deceleration in real GDP growth in 2009, owing to the repercussions of the global economic and financial crisis.

❑ **Output and Prices:** Real Gross Domestic Product (GDP) grew at 2.8 percent in 2009 compared to 7.8 percent in 2008. The Consumer Price Index (CPI) revealed a rise by 4.9 percent during the first four months in 2010 against a rise in the amount of 1.7 percent during the same period in 2009. Furthermore, investments benefiting from the Investment Promotion Law totaled JD 685.9 million in the first quarter of 2010, of which 23.3 percent were foreign investments, compared to JD 249.8 million during the same period in 2009.

❑ **Monetary and Financial Sector:**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) crept up by US\$ 219.0 million, or 2.0 percent, at the end of the first four months in 2010 compared with their level at the end of 2009; standing at US\$ 11,098.0 million.
- Domestic liquidity grew by JD 461.4 million, or 2.3 percent, at the end of the first four months of 2010 compared with its level at the end of 2009; totaling JD 20,474.7 million.
- The outstanding balance of credit facilities extended by licensed banks rose by JD 206.5 million, or 1.6 percent, at the end of the first four months in 2010 compared with its level at the end of 2009; standing at JD 13,523.6 million.
- Total deposits at licensed banks were up by JD 532.1 million, or 2.6 percent, at the end of the first four months in 2010 in comparison with their level at the end of 2009; totaling JD 20,830.5 million.
- The share price index, weighted by market capitalization of free float shares, at Amman Stock Exchange (ASE) went up by 42.0

points, or 1.7 percent, at the end of April 2010 compared with its level at the end of 2009; standing at 2,575.5 points.

- ❑ **Public Finance:** The general budget, including foreign grants, showed a fiscal surplus amounting to JD 18.2 million during the first quarter of 2010. Excluding grants (amounting to JD 68.2 million), the surplus turns to a deficit in the amount of JD 50.0 million. On the front of indebtedness, net outstanding domestic public debt (budgetary and own-budget) declined by JD 65.0 million at the end of March 2010 compared to its level at the end of 2009; standing at JD 5,726.0 million, or 32.5 percent of GDP. In addition, outstanding external public debt dropped by JD 4.1 million at the end of March 2010 compared to its level at the end of 2009; totaling JD 3,864.9 million, or 22.0 percent of GDP.
- ❑ **External Sector:** The value of total merchandize exports (domestic exports *plus* re-exports) increased by 1.1 percent during the first quarter in 2010 to reach JD 1,183.3 million. Similarly, the value of merchandize imports was up by 6.4 percent; totaling JD 2,391.6 million. In effect, the trade deficit widened by 12.2 percent compared with the same period in the preceding year; amounting to JD 1,208.3 million. Further, the preliminary figures for the first four months in 2010 showed an increase in the travel receipts and travel payments by 31.8 percent and 27.9 percent compared with the same period in 2009, respectively. In addition, total workers' remittances increased by 2.4 percent. It is worth indicating in this regard that the preliminary figures for the balance of payments in 2009 displayed a deficit in the current account amounting to JD 899.8 million; down from JD 1,546.0 million in 2008. Furthermore, net inflows of foreign direct investment (FDI) came at JD 1,691.0 million in 2009 compared with JD 2,005.7 million in 2008. Finally, the international investment position (IIP) displayed a net obligation to abroad amounting to JD 13,088.2 million at the end of 2008 compared with JD 15,059.0 million at the end of 2007.

First: Monetary and Financial Sector

■ Summary:

- Foreign currency reserves at the CBJ increased by US\$ 219.0 million, or 2.0 percent, at the end of the first four months in 2010 compared with their level at the end of 2009; standing at US\$ 11,098.0 million. The aforementioned level of reserves is equivalent to around 8.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity at the end of the first four months in 2010 was up by JD 461.4 million, or 2.3 percent, compared with its level at the end of the previous year to total JD 20,474.7 million.
- The outstanding balance of credit facilities extended by licensed banks crept up by JD 206.5 million, or 1.6 percent, at the end of the first four months in 2010 compared with its level at the end of 2009; standing at JD 13,523.6 million.
- Total deposits at licensed banks increased by JD 532.1 million, or 2.6 percent, at the end of the first four months in 2010 in comparison with its level at the end of 2009; totaling JD 20,830.5 million.
- Interest rates on credit facilities at licensed banks have increased during the first four months in 2010 with the exemption of the interest rates on "loans and advances". However, interest rates on deposits have declined compared with their levels at the end of 2009.

- The share price index, weighted by market capitalization of free float shares, at Amman Stock Exchange (ASE) rose by 42.0 points, or 1.7 percent, at the end of April 2010 compared with its level at the end of 2009; standing at 2,575.5 points. Nevertheless, the market capitalization melted down by around JD 0.3 billion, or 1.3 percent, to stand at JD 22.2 billion at the end of April 2010.

Main Monetary Indicators

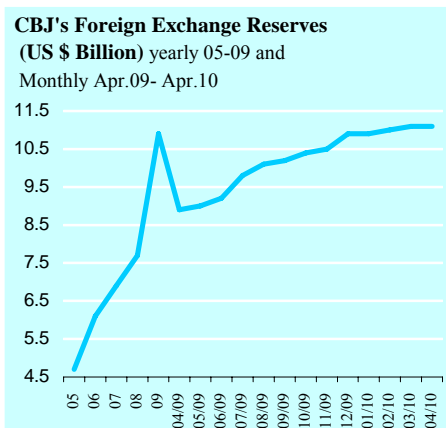
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of April	
		2009	2010
US\$ 10,879.0	CBJ's Foreign Exchange Reserves	US\$ 8,903.4	US\$ 11,098.0
∓40.5		∓15.0	∓2.0
20,013.3	Money Supply (M2)	18,947.9	20,474.7
∓9.3		∓3.5	∓2.3
13,317.2	Credit Facilities, of which:	12,865.0	13,523.6
∓2.1		∓1.4	∓1.6
12,041.3	Private Sector (Resident)	11,656.9	12,195.2
∓1.4		∓1.8	∓1.3
20,298.4	Total Deposits, of which:	18,978.2	20,830.5
∓12.1		∓4.8	∓2.6
15,865.0	In JD	14,588.4	16,156.8
∓18.9		∓9.3	∓1.8
4,433.4	In Foreign Currencies	4,389.8	4,673.7
∓6.7		∓7.7	∓5.4
16,256.7	Deposits of Private Sector (Resident), of which:	14,925.6	16,668.0
∓13.7		∓4.4	∓2.5
13,500.0	In JD	12,211.5	13,742.0
∓19.5		∓8.1	∓1.8
2,756.7	In Foreign Currencies	2,714.1	2,926.0
∓7.8		∓9.3	∓6.1

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ Foreign Reserves:

The CBJ foreign currency reserves were up by US\$ 219.0 million, or 2.0 percent, at the end of the first four months in 2010 compared with their level at the end of 2009; standing at US\$ 11,098.0 million. The aforementioned level of reserves is equivalent to around 8.0 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2):

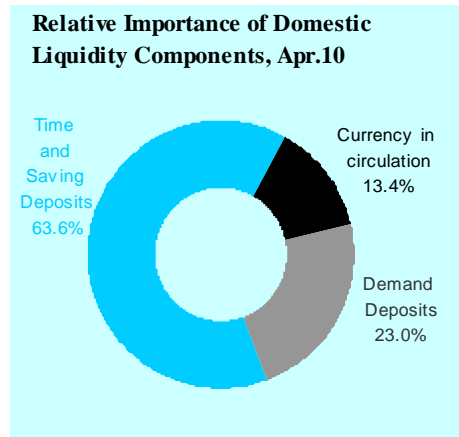
■ Domestic liquidity stood at JD 20,474.7 million at the end of April 2010; rising by JD 183.3 million, or 0.9 percent, compared with its level at the end of the preceding month against an increase in the amount of JD 261.2 million, or 1.4 percent, during the same month in 2009. As for the first four months in 2010, domestic liquidity was up by JD 461.4 million or 2.3 percent, compared to its level at the end of 2009, against an increase in the amount of JD 643.7 million, or 3.5 percent during the same period in 2009.

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

● **Components of Domestic Liquidity:**

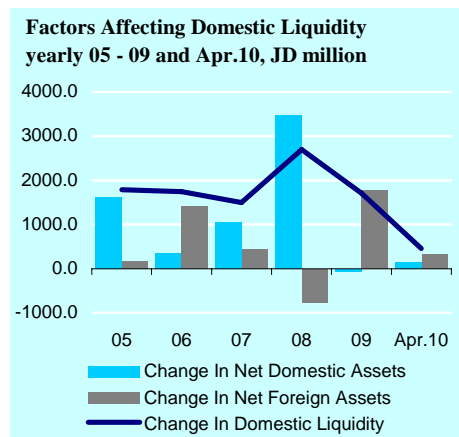
- Deposits increased by JD 394.7 million, or 2.3 percent, at the end of the first four months in 2010 compared with their level at the end of 2009; totaling JD 17,728.5 million, against an increase amounting to JD 701.3 million, or 4.5 percent, at the end of the same period in 2009.

- Currency with the public was up by JD 66.7 million, or 2.5 percent, at the end of the first four months in 2010; standing at JD 2,746.2 million compared with its level at the end of 2009 against a decrease in the amount of JD 57.6 million, or 2.2 percent, at the end of the same period in 2009.



• **Factors Affecting Domestic Liquidity:**

o Net domestic assets at the banking system increased by JD 140.8 million, or 1.3 percent, at the end of the first four months in 2010 compared with its level at the end of 2009 against an increase in the amount of JD 234.1 million, or 2.1 percent, during the same period in 2009. The rise recorded during the first four months in 2010 was an outcome to the increase in these assets at licensed banks by JD 252.5 million or 1.5 percent, on one hand, and the drop of these assets at the CBJ by JD 111.7 million, or 1.8 percent, on another.



- o Net foreign assets at the banking system was up by JD 320.6 million, or 3.6 percent, at the end of the first four months in 2010 compared with its level at the end of 2009 against an increase in the amount of JD 409.6 million, or 5.8 percent, at the end of the first four months in 2009. The aforementioned increase was driven by the increase in net foreign assets at licensed banks and CBJ by JD 178.7 million, or 48.9 percent, and JD 141.9 million, or 1.5 percent, respectively.

□ Interest Rate Structure:

Changes in Factors Affecting Domestic Liquidity (M2) JD Million

Year		Change in balance relative to the end of April	
		2009	2010
1,780.1	Foreign Assets (Net)	409.6	320.6
2,433.2	CBJ	716.2	141.9
-653.1	Licensed Banks	-306.2	178.7
-71.0	Domestic Assets (Net)	234.1	140.8
-2,552.8	CBJ, of which:	-818.2	-111.7
-302.8	Claims on Public Sector (Net)	-39.6	-147.2
-2,250.0	Other Items (Net*)	-778.4	35.3
2,481.8	Licensed Banks	1,052.3	252.5
630.5	Claims on Public Sector (Net)	62.5	-178.2
159.9	Claims on Private Sector	-51.0	-185.2
1,691.4	Other Items (Net)	1,040.8	615.9
1,709.1	Money Supply (M2)	643.7	461.4
14.7	Currency in Circulation	-57.6	66.7
1,694.4	Total Deposits, of which:	701.3	394.7
-436.1	In Foreign Currencies	-340.0	138.5

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

◆ **Interest Rates on Monetary Policy Instruments:**

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

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

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

Interest Rates on Monetary Policy Instruments (%)

End of year		April	
		2009	2010
4.75	Re-discount Rate	5.25	4.25
4.50	Repurchase Agreements Rate (Repos)	5.00	4.00
2.50	Overnight Deposit Window Rate	3.00	2.00

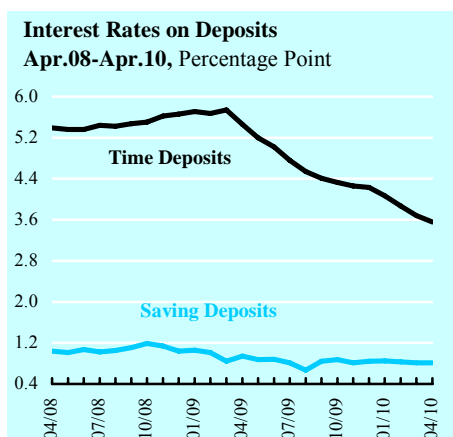
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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

◆ Interest Rates in the Banking Sector:

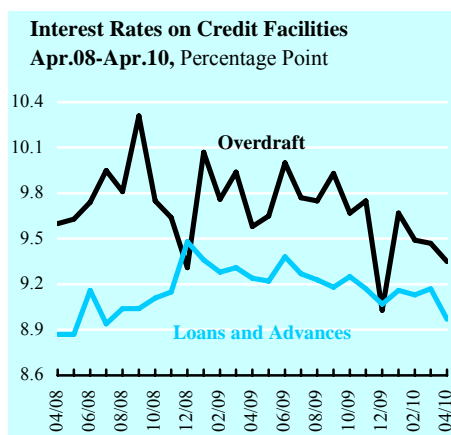
• Interest Rates on Deposits

- **Time Deposits:** the weighted average interest rate on time deposits stood at 3.56 percent at the end of April 2010; around 12.0 basis points and 67.0 basis points lower compared to its level at the end of the preceding month and the end of 2009, respectively.



- **Saving Deposits:** the weighted average interest rate on saving deposits at the end of April 2010 remains unchanged compared to its level at the previous month which amounts to 0.81 percent. Nonetheless, this rate was 3.0 basis points lower compared to its level at the end of the preceding year.
 - **Demand Deposits:** the weighted average interest rate on demand deposits at the end of April 2010 dropped by 3.0 basis points compared with its level at the end of the previous month to stand at 0.45 percent. In addition, this rate was 22.0 basis points less compared to its level at the end of the preceding year.
- ### • Interest Rates on Credit Facilities:
- **Overdraft Accounts:** the weighted average interest rate on the overdraft accounts stood at 9.35 percent at the end of April 2010; 12.0 basis points lower compared with its level at the end of the previous month. Nevertheless, this rate was 32.0 basis points higher compared to its level at the end of 2009.

- **Discounted Bills and Bonds:** the weighted average interest rate on “discounted bills and bonds” was down by 38.0 basis points at the end of April 2010 compared with its level at the preceding month, to stand at 9.25 percent. However, this rate was 8.0 basis points higher compared to its level at the end of the previous year.



- **Loans and Advances:** the weighted average interest rate on “loans and advances” stood at 8.97 percent at the end of April 2010; around 20.0 basis points lower compared to its level at the end of the previous month, and 10.0 basis points lower compared to its level at the end of 2009.

Year	April		Change Relative to the Year 2009 Basis Points	
	2009	2010		
Deposits				
0.67	Demand	0.87	0.45	-22
0.84	Saving	0.94	0.81	-3
4.23	Time	5.46	3.56	-67
Credit Facilities				
9.17	Discounted Bills and Bonds	9.97	9.25	8
9.07	Loans and Advances	9.24	8.97	-10
9.03	Overdraft	9.58	9.35	32
8.34	Prime Lending Rate	8.44	8.20	-14

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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

□ Credit Facilities Extended by Licensed Banks:

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 13,523.6 million at the end of the first four months in 2010, reflecting an increase amounting to JD 206.5 million, or 1.6 percent, compared with its level at the end of the previous year, against a drop in the amount of JD 179.3 million, or 1.4 percent, during the corresponding period in 2009.
- ◆ The classification of extended credit facilities according to economic activity during the first four months in 2010 demonstrated that the increase in total credit facilities was an outcome of the increase in the credit facilities extended to the sectors of construction and industry by JD 480.9 million, or 18.6 percent and JD 71.2 million, or 4.4 percent, respectively, compared with their levels at the end of 2009, on one hand, and the decline in the credit facilities extended to activities classified as “Other” (mostly represent facilities extended to individuals) by JD 379.1 million, or 11.2 percent, on the other.

□ Deposits at Licensed Banks:

- ◆ Total deposits at licensed banks totaled JD 20,830.5 million at the end of the first four months in 2010; increasing up by JD 532.1 million, or 2.6 percent, compared with its level at the end of the preceding year, compared with an increase amounting to JD 875.6 million, or 4.8 percent, during the corresponding period in 2009.
- ◆ The aforementioned increase in total deposits at the licensed banks during the first four months in 2010 was influenced by the increase in the deposits of all sectors; the deposits of the private sector (resident) increased by JD 411.3 million, or 2.5 percent; the deposits of the private sector (non-resident) were up by JD 104.3 million, or 4.6 percent; the deposits of the public sector (central government *plus* public institutions) crept up by JD 4.8 million, or 0.3 percent; and the deposits of non-banking financial institutions increased by JD 11.7 million, or 7.8 percent, compared to their levels at the end of 2009.

- ◆ The developments in the currency structure of deposits during the first four months in 2010 reveal that “deposits in local currency” and “deposits in foreign currencies” have increased by JD 291.8 million, or 1.8 percent, and JD 240.3 million, or 5.4 percent, respectively, compared with their levels at the end of 2009.

□ Amman Stock Exchange (ASE):

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

- **Trading Volume:**

The volume of trade at the ASE totaled JD 1,131.2 million in April 2010; surging by JD 201.7 million, or 21.7 percent, compared with its level at the end of the previous month against an increase in the amount of JD 33.9 million, or 2.9 percent, during the same month in 2009. However, the trading volume stood at JD 3,145.3 million during the first four months in 2010; a decline amounting to JD 810.8 million, or 20.5 percent, compared with the volume registered over the same period in 2009.

- **Traded Shares:**

The number of traded shares in April 2010 totaled 1,279.1 million; jumping by 316.0 million shares, or 32.8 percent, compared with its level at the end of the preceding month, against an increase in the amount of 48.4 million shares, or 7.0 percent, during April 2009. Further, the number of traded shares during the first four months in 2010 stood at 3,122.7 million shares compared with 2,286.8 million shares traded during the same period in 2009.

- **Share Price Index:**

The share price index (SPI), weighted by market capitalization of free float shares, at Amman Stock Exchange (ASE), gained 57.8 points, or 2.3 percent, at the end of April 2010 compared with its level at the end of the previous month to stand at 2,575.5 points, against an increase in the amount of 28.4

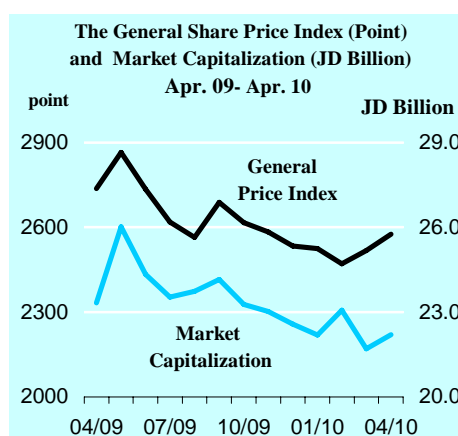
year		April	
		2009	2010
2,533.5	General Index	2,736.5	2,575.5
3,026.8	Financial Sector	3,572.3	3,166.1
2,738.8	Industrial Sector	2,672.0	2,734.8
2,107.9	Services Sector	2,029.4	2,042.6

Source: Amman Stock Exchange.

points, or 1.0 percent, during the same month in 2009. As for the first four months in 2010, the SPI increased by 42.0 points, or 1.7 percent, compared with its level at the end of the preceding year, against a drop in the amount of 21.9 points, or 0.8 percent, during the same period in 2009. The above-mentioned increase during the first four months in 2010 was chiefly attributed to the increase in the SPI for the financial sector by 139.3 points, or 4.6 percent, on one hand, and the drop in the SPI for the sectors of services and industry by 65.3 points, or 3.1 percent, and 4.0 points, or 0.1 percent, respectively, compared to their levels at the end of 2009, on another.

- **Market Capitalization:**

The market capitalization of the ASE totaled JD 22.2 billion at the end of April 2010; increasing by JD 0.5 billion, or 2.3 percent, compared with its level at the end of the previous month, against an increase amounting to JD 0.1 billion, or 0.4 percent, during April 2009. By



contrast, the market capitalization, during the first four months in 2010, melted down by about JD 0.3 billion, or 1.3 percent, compared with its level at the end of 2009 against a decline amounting to around JD 2.1 billion, or 8.3 percent, over the same period in 2009.

- **Non - Jordanian Net Investment:**

Non - Jordanian net investment at ASE recorded an outflow amounting to JD 10.0 million in April 2010 compared with an outflow of JD 3.9 million during the same month in 2009; the value of shares acquired by non-Jordanians in April 2010 stood at JD 173.1 million, while the value of shares sold amounted to JD 183.1 million. Moreover, non-Jordanian net investment displayed an outflow amounting to JD 6.1

million during the first four months in 2010 against an inflow in the amount of JD 20.9 million during the same period in the preceding year.

Main Amman Stock Exchange Trading Indicators, JD Million			
Year		April	
		2009	2010
9,665.3	Value Traded	1,205.1	1,131.2
38.8	Average Daily Trading	54.8	53.9
22,526.9	Market Capitalization	23,327.7	22,173.7
6,022.5	No. of Traded Shares (million)	735.4	1,279.1
(3.8)	Net Investment of Non-Jordanian	(3.9)	(10.0)
2,135.5	Non-Jordanian Buying	252.8	173.1
2,139.3	Non-Jordanian Selling	256.7	183.1

Source: Amman Stock Exchange.

Second: Output and Prices

□ Summary

- Gross Domestic Product (GDP), at both market and basic prices, registered a real growth amounting to 2.8 percent and 3.7 percent, respectively, in 2009 compared to 7.8 percent for each in 2008.
- Real GDP, at both market and basic prices, was up by 2.9 percent and 5.0 percent, respectively, during the fourth quarter in 2009 compared to a growth, at market prices, amounting to 2.1 percent during the third quarter in 2009 and 4.1 percent during the fourth quarter in 2008.
- The general price level, as measured by the Consumer Price Index (CPI), increased by 4.9 percent during the first four months in 2010 (against an increase amounting to 1.7 percent during the same period in 2009). The price rebound came after the minor CPI deflation registered during 2009 in the amount of 0.7 percent.
- Investments benefiting from the Investment Promotion Law (IPL) totaled JD 685.9 million during the first quarter in 2010 (of which foreign investments constitute 23.3 percent of the total), compared to JD 249.8 million during the same period in 2009.

□ Developments in Gross Domestic Product (GDP)

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

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

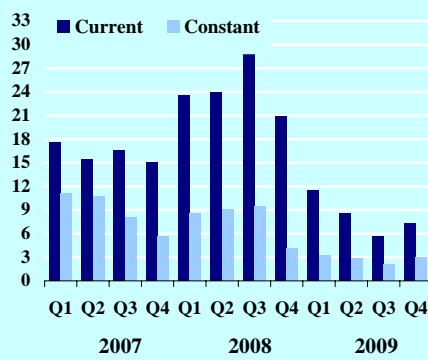
**Quarterly Growth Rates of GDP at Market Prices
2007 - 2009**

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

Source: Department of Statistics.

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

Quarterly Growth Rates of GDP at Market Prices (2007 - 2009), %



In further details, the economic sectors displayed a wide variation in their performance during 2009. **Some sectors witnessed a marked improvement, particularly the construction sector** which picked up strongly, recording a real growth rate of 14.0 percent compared to a

growth of 12.6 percent during 2008. In addition, **the agriculture sector** registered a marked growth amounting to 12.9 percent compared to a growth of 1.3 percent in the preceding year. Meanwhile, the sector of **“producers of government services”** experienced a solid growth in 2009, growing at 7.1 percent against 3.9 percent in 2008.

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

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

On the front of the sectoral contribution in economic growth, the data revealed that **the contribution of both commodity- and service-producing sectors in the overall GDP growth, at constant basic prices, amounted to 1.1 percentage points and 2.6 percentage points, respectively, in 2009 compared to 2.7 percentage points and 5.1 percentage points, respectively, in 2008. Meanwhile, the contribution of “net taxes on products” was negative; standing at -0.5 percentage point against 1.3 percentage points in 2008.**

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

□ Microeconomic Indicators

The latest sectoral indicators displayed divergent performance during the current year. Some indicators recorded a fast growth, most notably indicators of the transportation sector (number of passengers as well as cargo shipped through the Royal Jordanian Airlines and the quantities of exported and imported goods shipped through Aqaba port), in addition to the production of phosphate. However, some other indicators displayed a downward trend, particularly the manufacturing production quantity index, electricity production quantity index as well as cement sales to the domestic market.

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

Contracting indicators *			
Percentages			
The whole	Item	January - March	
		2009	2010
17.5	Licensed areas for building	13.1	-0.4
1.2	Manufacturing production quantity index	-5.1	-2.5
-8.1	Electricity production quantity index	-15.3	-7.3
-1.7	Industrial production quantity index	-6.4	-2.7
The whole	Item	January- April	
		2009	2010
0.4	Quantity of cement sales to the domestic market (excluding imported quantities)	6.7	-6.2
-3.6	Production of petroleum products	-13.5	-3.9
-44.0	Production of potash	-4.8	-20.6

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

Fast pace growing indicators *			
Percentages			
The whole	Item	January - March	
		2009	2010
-28.6	"Mining and quarrying" production quantity index	-12.0	0.2
-1.0	The number of passengers through the Royal Jordanian	-11.2	20.4
-27.5	Cargo through the Royal Jordanian	-31.5	12.1
The whole	Item	January- April	
		2009	2010
-16.2	Quantities of exported and imported goods shipped through the Aqaba port	-13.8	16.1
2.9	Production of chemical acids	-26.9	40.7
0.5	Number of departures	5.1	34.1
-17.8	Production of phosphate	-22.6	41.6
-8.5	Production of fertilizers	-24.6	45.5
-4.6	Production of cement	-4.8	3.3

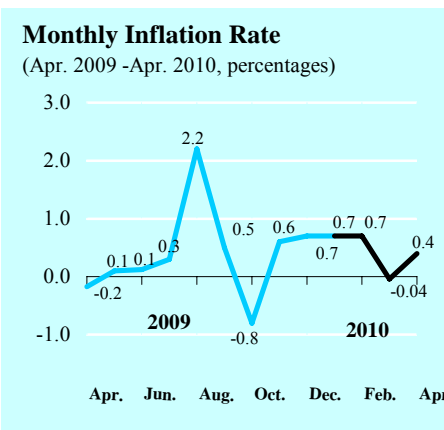
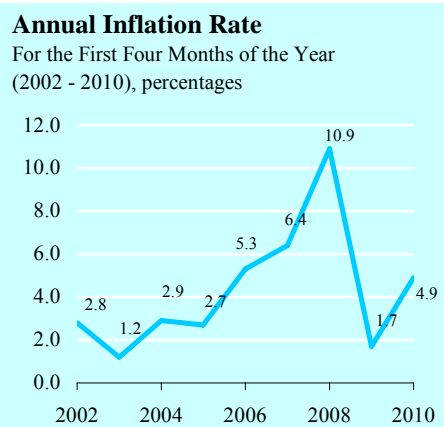
□ Investments Benefiting from the Investment Promotion Law

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

□ Prices

The consumer prices showed a rise during the first four months in 2010 compared to the same period in the preceding year, after registering a limited deflation amounting to 0.7 percent, on average, during the whole year of 2009. In more details, **the general price level, as measured by the Consumer Price Index (CPI), increased by 4.9 percent against a rise amounting to 1.7 percent during the same period in 2009.** Such a rise in average consumer prices was affected by the increase in the prices of oil derivatives and related goods and services compared to the same period in the preceding year.

Moreover, consumer prices have increased slightly by 0.4 percent in April 2010 compared to their level in the preceding month. The most important items that contributed to this increase were the prices of vegetables and fruits as well as transportation and “fuel and electricity”.



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

- ◆ The prices of “**food items**” group (which make up the largest weight amongst the CPI components; accounting for 36.65 percent) registered a moderate inflation amounting to 3.9 percent during the first four months in 2010 compared to a marked increase amounting to 5.8 percent during the same period in 2009. **The contribution of this group to the overall rate of infaltion recorded during the first four months in 2010 reached 1.4 percentage points.** The rise in the prices of this group was driven by the increase in the prices of most items included in this group; particularly the prices of “meats and poultry” which leapt by 8.7 percent. In addition, the prices of “sugar and confectionaries” and cigarettes increased by 20.2 percent and 8.8 percent, respectively. In contrast, the prices of some other items have declined, including fruits and “oils and fat” which declined by 4.0 percent and 3.7 percent, respectively.
- ◆ The prices of “**clothing and footwear**” group (which make up the least weight among the components of CPI basket, accounting for 4.95 percent) grew at 0.9 percent during the first four months in 2010 compared to 7.1 percent during the same period in 2009. Accordingly, **this group’s contribution to the overall inflation rate during the first four months in 2010 amounted to 0.1 percentage point.** The prices of this goup were affected by the deceleration in the prices of clothes and footwear which grew by 0.7 percent and 1.5 percent, respectively, during the first four months in 2010 compared to a rise in the amount of 6.2 percent and 10.5 percent, respectively, during the same period in 2009.

- ◆ The prices of **housing group** (which account for 26.78 percent of the CPI basket) increased by 4.1 percent over the first four months in 2010 against a rise amounting to 0.7 percent during the same period in 2009. In effect, **this group contributed to the overall inflation rate by 1.0 percentage point during the period under consideration.** The increase in the prices of this group was affected by the rise in the prices of “fuels and electricity” item by 8.9 percent. In addition, other items recorded mixed rates of increase in their prices, ranging from 0.3 percent for “household appliances” and 5.6 percent for “house utensils”. It is worth mentioning in this regard that the prices of “rents” item, which account for 14.3 percent of the CPI basket, experienced an increase in the amount of 2.4 percent during the period under consideration.
- ◆ The prices of **“other goods and services”** group (which account for 31.62 percent of the CPI basket) increased by 7.7 percent in the first four months in 2010 against a contraction of 3.8 percent during the same period in 2009. In consequence, **this group contributed to the overall inflation rate by 2.4 percentage points during the first four months in 2010.** The increase in the prices of this group came out as a main result of the rise in the prices of transportation item (which is the main component of this group) by 15.5 percent against a noticeable drop amounting to 13.9 percent during the same period in 2009, due to the rise in the prices of oil derivatives compared to the same period in 2009. In addition, the prices of most other items in this group have increased, in particular, education and “personal care” which gone up by 6.5 percent and 5.4 percent, respectively.

Third: Public Finance

□ Summary:

- The general budget, including grants, showed a fiscal surplus amounting to JD 18.2 million during the first quarter of 2010, compared to a fiscal deficit in the amount of JD 150.6 million during the same period in 2009. It is worth indicating that the realized surplus was mainly driven by the drop in capital expenditures. Excluding grants (amounting to JD 68.2 million), the surplus turns to a fiscal deficit in the amount of JD 50.0 million.
- Gross outstanding domestic public debt (budgetary and own-budget) stood at JD 7,012.0 million, or 39.9 percent of GDP, at the end of March 2010; reflecting a drop amounting to JD 74.0 million compared to its level at the end of 2009.
- Net outstanding domestic public debt totaled JD 5,726.0 million, or 32.5 percent of GDP, at the end of March 2010; down by JD 65.0 million compared to its level at the end of 2009.
- Outstanding external public debt, budgetary and guaranteed, dropped by JD 4.1 million at the end of March 2010 in comparison with its level at the end of 2009; standing at JD 3,864.9 million, or 22.0 percent of GDP.

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

■ Public Revenues

Public revenues (including foreign grants) declined by JD 9.4 million, or 2.6 percent, in the month of March 2010 compared to the same month in 2009; totaling JD 355.5 million. As for the first quarter of 2010, these revenues were up by JD 21.6 million, or 1.7 percent, compared to the same period in the preceding year to stand at JD 1,265.9 million. This increase was the result of the rise in foreign grants by JD 23.9 million, on one hand, and the drop in domestic revenues by JD 2.3 million, on the other hand.

Main Government Budget Indicators during March and the first quarter of 2010 and 2009:

(JD Million and Percentages)

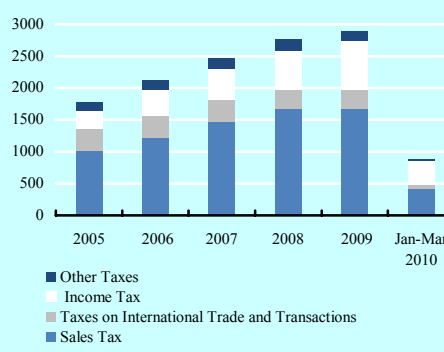
	March		Growth Rate %	Jan. – Mar.		Growth Rate %
	2009	2010		2009	2010	
Total Revenues and Grants	364.9	355.5	-2.6	1,244.3	1,265.9	1.7
Domestic Revenues, of which:	364.9	340.7	-6.6	1,200.0	1,197.7	-0.2
Tax Revenues, of which:	224.5	224.6	0.0	941.4	888.4	-5.6
General Sales Tax	153.0	161.9	5.8	367.1	422.1	15.0
Other Revenues, of which:	138.7	114.4	-17.5	253.9	304.6	20.0
Land Registration Fees	12.8	13.2	3.1	34.9	33.8	-3.2
Foreign Grants	0.0	14.8	-	44.3	68.2	54.0
Total Expenditures	482.4	496.2	2.9	1,394.9	1,247.7	-10.6
Overall Deficit/ Surplus	-117.5	-140.7		-150.6	18.2	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues declined by JD 2.3 million, or 0.2 percent, during the first quarter of 2010 compared to the same period in 2009; amounting to JD 1,197.7 million. This was the outcome of the drop in the proceeds of tax revenues by JD 53.0 million, on one hand, and the increase in the proceeds of other revenues by JD 50.7 million, on another. Further, it is worth indicating in this regard, that pension contributions remained unchanged during the period under consideration.

Tax Revenue Structure
2005-(Jan-Mar) 2010, JD Million



◀ Tax Revenues

Tax revenues were down by JD 53.0 million, or 5.6 percent, in the first quarter of 2010 compared to the same period in 2009, to reach JD 888.4 million; accounting for 74.2 percent of domestic revenues. This decline was chiefly influenced by the following developments:

- **The decrease in the proceeds of “income and profit taxes”** by 21.4 percent, standing at JD 376.3 million. This decrease was the outcome of the decline in the proceeds of “income tax from companies and other projects” by JD 107.7 million, on one hand, and the increase in the proceeds of “income tax from individuals” by JD 5.0 million, on another. In further details, income tax from companies accounted for 86.4 percent of total taxes on income and profits; standing at JD 325.3 million (of which JD 152.9 million from the income of banks and financial institutions). **It is worth mentioning in this regard, that the drop in the proceeds of “income and profit taxes” was chiefly driven by the slow pace of the real growth registered in 2009 and its repercussions on the companies' profits during the said year.**
- **The increase in the proceeds of general sales tax on goods and services** by JD 55.0 million, or 15.0 percent, to reach JD 422.1 million. This increase was driven by the rise in the proceeds of most general sales tax items. More specifically, the proceeds of “sales tax on services”, “sales tax on domestic goods” as well as the proceeds of “sales tax on the commercial sector” have increased by JD 31.5 million, JD 17.9 million and JD 6.2 million, respectively. In contrast, the proceeds of “sales tax on imported goods” witnessed a slight decline amounting to JD 0.6 million. It is worth noting in this respect, that actual proceeds of the general sales tax on goods and services during the first quarter of 2010 amounted to 21.7 percent of their targeted level in the General Budget Law. It is worthy to indicate that the amended Sales Tax Law No. (29) For 2009 came into effect as of the beginning of this year, which is

based on the principle of unification of the taxation measures relating to the sales tax and abolishing the fragmentation and lack of clarity in some laws in order to be consolidated under an integrated legislative frame. Within this context, the fees and taxes imposed on sales pursuant to the Additional Tax Law have been abolished.

- **The decline in the proceeds of “taxes on international trade and transactions”** by JD 1.3 million, or 2.0 percent, to stand at JD 65.2 million. Such a decline was the outcome of the drop in the proceeds of departure tax by JD 2.2 million, on one hand, and the increase in the proceeds of “customs duties and fees” by JD 0.9 million on the other hand, to stand at JD 64.3 million.

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

“Other revenues” surged significantly in the first quarter of 2010; increasing by JD 50.7 million, or 20.0 percent, to reach JD 304.6 million. This increase was chiefly attributable to the rise in property income proceeds by JD 53.4 million to stand at JD 57.1 million. Specifically, the item of “financial surplus of independent government units” witnessed an increase in the amount of JD 45.8 million. Moreover, revenues from selling goods and services displayed an increase amounting to 7.9 percent to reach JD 148.0 million while “miscellaneous revenues” dropped by 11.9 percent, to stand at JD 99.5 million.

◀ **Pension Contributions**

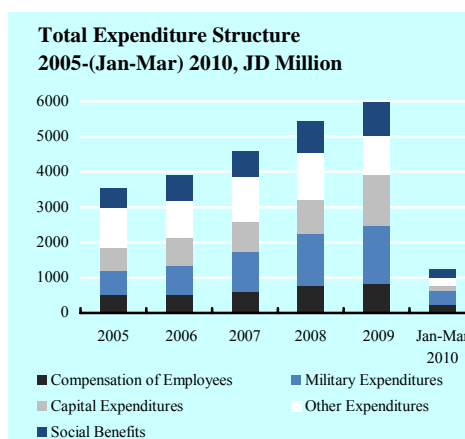
Pension contributions remained unchanged during the first quarter of 2010 compared to their level in the same period in 2009, standing at JD 4.7 million.

◆ **Foreign Grants**

Foreign grants rose by JD 23.9 during the first quarter of 2010 to stand at JD 68.2 million.

■ Public Expenditures

Public expenditures increased by JD 13.8 million, or 2.9 percent, in March 2010 compared to the same month in 2009 to total JD 496.2 million. In contrast, these expenditures declined by JD 147.2 million, or 10.6 percent, during the first quarter of 2010 to stand at JD 1,247.7 million. This decline was the outcome of the drop in both capital and current expenditures by 48.4 percent and 1.1 percent, respectively.



◆ Current Expenditures

Current expenditures were down by JD 12.1 million or 1.1 percent, in the first quarter of 2010; amounting to JD 1,103.8 million. This decline was attributable to the decline in both “social benefit expenditures” and “purchases of goods and services”. In further details, social benefit expenditures have declined by JD 42.4 million to stand at JD 228.1 million, noting that the General Budget for the current year does not include any allowances for the Social Safety Net. “Purchases of goods and services” have also declined by JD 35.4 million to stand at JD 62.9 million, driven by the decision of the Cabinet to cut operating expenses of all ministries and independent public institutions by 20.0 percent. In contrast, compensation of employees of the civil servants (wages,

salaries and social security contributions) as well as military expenditures were up by JD 13.4 million for each, to total JD 215.5 million and JD 422.5 million, respectively. Moreover, the items of pension expenditures and interest payments, both internal and external, have increased by and JD 8.8 million and JD 4.9 million, respectively.

◆ **Capital Expenditures**

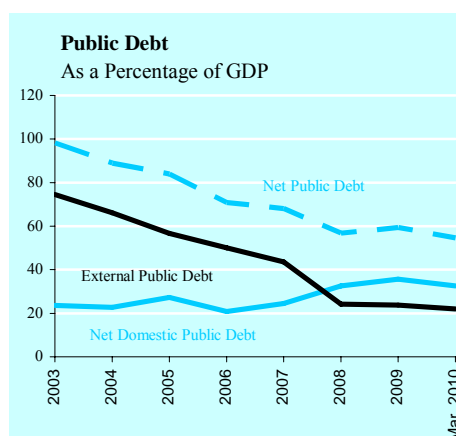
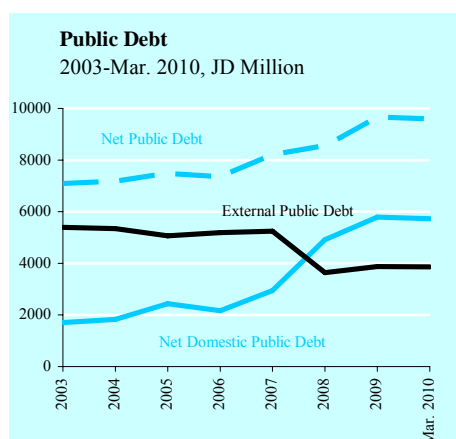
Capital expenditures witnessed a substantial decline in the amount of JD 135.1 million, or 48.4 percent during the first quarter of 2010, compared to the same period in the preceding year to stand at JD 143.9 million. Accordingly, the achievement ratio of capital expenditures stood at 14.9 percent of their projected level in the Budget Law for 2010.

■ **General Budget Deficit/ Surplus**

- ◆ **The general budget, including grants, displayed a fiscal surplus amounting to JD 18.2 million in the first quarter of 2010** against a deficit in the amount of JD 150.6 million during the same period in 2009.
- ◆ **The general budget showed a primary surplus** (after excluding interest payments on public debt from total expenditures) **amounting to JD 105.4 million during the first quarter of 2010** against a primary deficit in the amount of JD 68.3 million in the same period in 2009.

Public Debt

- Gross outstanding domestic public debt for the central government (budgetary and own-budget agencies) was down by JD 74.0 million at the end of March 2010 compared to its level at the end of 2009 to reach JD 7,012.0 million, or 39.9 percent of GDP. This decline was mainly attributed to the decrease in the outstanding balance of the “treasury bills and bonds” by JD 75.0 million to total JD 5,678.0 million, or 81.0 percent of gross outstanding domestic public debt at the end of March 2010, on one hand, and the decline in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 952.0 million at the end of March 2010. It is worth indicating in this regard, that the latter item includes securities for settling the treasury account.**



- Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **dropped by JD 65.0 million at the end of March 2010** compared to the end of 2009 to total JD 5,726.0 million, or 32.5 percent of GDP. The aforementioned decline was the combined result of the drop in gross outstanding domestic public debt by JD

74.0 million and the decline in the government deposit at the banking system by JD 8.0 million compared to their level at the end of 2009.

- **Outstanding balance of external public debt (budgetary and guaranteed) was down** by JD 4.1 million at the end of March 2010 compared to the end of 2009; amounting to JD 3,864.9 million, or 22.0 percent of GDP. The currency structure of this debt indicates that external debt in the US dollar accounted for 34.2 percent, while debt in Euro accounted for 10.3 percent. Further, external debt in Japanese Yen and Kuwaiti Dinar accounted for 26.5 percent and 18.6 percent of outstanding external public debt, respectively.
- **Net public debt (domestic and external) decreased** by JD 69.1 million at the end of March 2010 compared to the end of 2009 to stand at JD 9,590.9 million, or 54.5 percent of GDP, against JD 9,660.0 million, or 59.4 percent of GDP, at the end of 2009. Consequently, the ratio of net public debt to GDP has gone down by 4.9 percentage points. It is worth mentioning in this respect that the amended Public Debt Management Law for 2008 sets new ceilings for the public debt. According to the introduced amendments, net outstanding domestic public debt and the outstanding external public debt shall not exceed 40.0 percent of GDP for each. In addition, total outstanding public debt shall not exceed 60.0 percent of GDP.
- **External debt service (budgetary and guaranteed)** on a cash basis amounted to JD 73.2 million during the first quarter in 2010 (of which interest payments amounting to JD 15.7 million) compared to JD 52.7 million during the same period in 2009 (of which interest payments amounting to JD 14.8 million).

□ Fiscal and Price Measures

- ◆ Raising the prices of all types of oil derivatives as of May 14, 2010, while maintaining the prices of domestic liquid gas unchanged, as follows:

	Unit	2010		Change %
		April	May	
Fuel oil for industry	JD/Ton	370.1	385	4.0
Fuel oil for ships	JD/Ton	370.1	385	4.0
Fuel oil for airplanes (local companies)	Fils/Liter	455	471	3.5
Fuel oil for airplanes (foreign companies)	Fils/Liter	460	476	3.5
Fuel oil for unplanned flights	Fils/Liter	475	491	3.4
Asphalt	JD/Ton	397.6	413.4	4.0
Unleaded Gasoline 90	Fils/Liter	550	575	4.5
Unleaded Gasoline 95	Fils/Liter	660	690	4.5
Gas Oil (Diesel)	Fils/Liter	485	505	4.1
Kerosene	Fils/Liter	485	505	4.1
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0

- ◆ The Cabinet decided to increase pensions and salaries of morbidity for the social security participants by 3.0 percent, provided that this increase shall not be less than JD 10 or more than JD 20. Retirees with salaries exceeding JD 2000 have been excluded from this increase, upon the recommendation of the board of directors of the Social Security Corporation (April 2010).

□ Grants, Loans, and other Agreements

- ◆ Signing a soft loan agreement between the Government of Jordan and Abu Dhabi Fund for Development (ADFD) in the amount of AED 70.8 million, which is equivalent to US\$ 19.2 million, to finance the third phase of Al-Bashir Hospital Expansion Project which aims to keep pace with the growing demand for comprehensive health care in Jordan and the improvement of health services provided to the citizens (May 2010).

Fourth: External Sector

□ Summary

- The value of **total merchandize exports** (domestic exports *plus* re-exports) increased by 16.2 percent in March 2010 compared with the same month in 2009 to stand at JD 434.7 million. As for the first quarter in 2010, total merchandize exports increased by 1.1 percent; amounting to JD 1,183.3 million.
- The value of **merchandize imports** declined by 2.7 percent in March 2010 compared with the same month in the previous year; amounting to JD 799.2 million. Regarding the first quarter in 2010, total merchandize imports were up by 6.4 percent; amounting to JD 2,391.6 million.
- In light of the above, the **trade balance deficit** (the value of total exports *minus* the value of imports) narrowed by 18.4 percent in March 2010 compared to the same month in 2009; standing at JD 364.5 million. As for the first quarter in 2010, the trade deficit has gone up by 12.2 percent; amounting to JD 1,208.3 million.
- According to the preliminary figures, **travel receipts** increased by 32.0 percent during April 2010 compared to the same month in the preceding year to stand at JD 226.2 million. Similarly, the **payments** of this item rose by 2.4 percent; amounting to JD 64.0 million. As for the first four months in 2010, both travel receipts and payments increased by 31.8 percent and 27.9 percent to stand at JD 700.2 million and JD 248.5 million, respectively.
- According to the preliminary figures, **total workers' remittances** amounted to JD 208.9 million during April 2010; an increase amounting to 6.7 percent. Moreover, total workers' remittances increased by 2.4 percent, to stand at JD 797.7 million, during the first four months in 2010.
- **The current account of the balance of payments** displayed a deficit amounting to JD 899.8 million in 2009 compared with a deficit in the amount of JD 1,546.0 million in 2008.
- **FDI inflows** totaled JD 1,691.0 million in 2009 compared with JD 2,005.7 million in 2008.

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

□ External Trade

In light of the increase in domestic exports and imports by JD 118.0 million and JD 144.6 million, respectively, during the first quarter in 2010, the volume of external trade (domestic exports *plus* imports) increased by JD 262.6 million to stand at JD 3,392.7 million.

Jordan's Major Trade Partners

First Quarter 2009, 2010

JD Million

	2009	2010	Percentage Change
Exports			
Iraq	177.7	174.2	-2.0
United States	149.9	149.3	-0.4
Saudi Arabia	74.7	87.3	16.9
India	89.6	82.4	-8.0
Syria	48.9	68.6	40.3
Switzerland	0.0	35.4	-
Lebanon	35.7	33.7	-5.6
Imports			
Saudi Arabia	386.7	457.4	18.3
China	234.7	255.5	8.9
United States	152.1	141.5	-7.0
Egypt	135.7	124.5	-8.3
Germany	157.8	120.7	-23.5
Japan	68.5	104.6	52.7
South Korea	83.8	101.6	21.2
United Arab Emirates	34.8	79.0	127.0
Italy	70.6	75.5	6.9

Source: Department of Statistics.

Developments of External Trade Indicators, JD Million

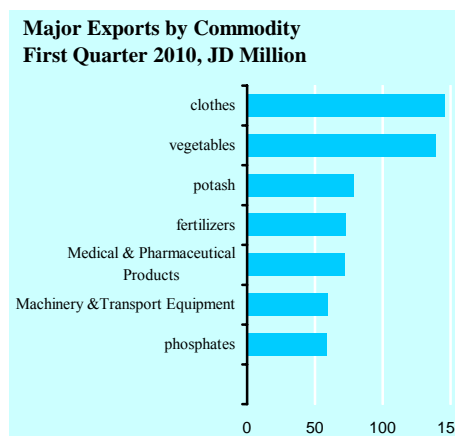
	First Quarter			
	Percentage		Percentage	
	2009	Change	2010	Change
	2009/2008		2010/2009	
External Trade	3,130.1	-15.8	3,392.7	8.4
Total Exports	1,170.5	-1.3	1,183.3	1.1
Domestic Exports	883.1	-1.5	1,001.1	13.4
Re-exports	287.4	-0.8	182.2	-36.6
Imports	2,247.0	-20.3	2,391.6	6.4
Trade Balance	-1,076.5	-34.1	-1,208.3	12.2

Source: Department of Statistics.

■ Merchandize Exports:

Total merchandize exports increased by 1.1 percent during the first quarter in 2010 to reach JD 1,183.3 million compared with a decrease amounting to 1.3 percent during the same period in 2009. This increase was an outcome of the rise in the value of domestic exports by JD 118.0 million, or 13.4 percent, to reach JD 1,001.1

million, on one hand, and the decline in the value of re-exports by JD 105.2 million or 36.6 percent to reach JD 182.2 million, on another.



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

- The exports of **clothes** declined by JD 1.0 million, or 0.7 percent, to reach JD 145.7 million. The geographical distribution was such that the US market accounting for 93.0 percent.
- The exports of **vegetables** increased by JD 31.3 million, or 29.0 percent, to reach JD 139.1 million. The geographical distribution indicated that the markets of Iraq, Syria, and Russia accounted, collectively, for 72.8 percent of these exports.
- The exports of **potash** increased by JD 14.1 million, or 21.9 percent, to stand at JD 78.6 million. Such rise was mainly attributable to the increase in the prices as well as quantities exported of potash by 43.5 percent and 115.4 percent, respectively. The geographical distribution reveals that the Malaysian, Indonesian and Chinese markets accounted, collectively, for 54.1 percent of these exports.

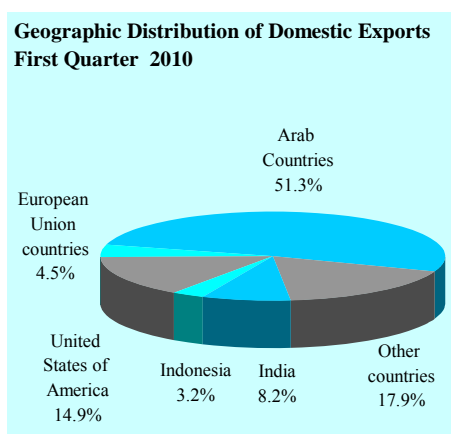
- The exports of **fertilizers** increased by JD 2.2 million, or 3.1 percent, to reach JD 72.6 million. This development was the outcome of the increase in the quantities exported by 63.5 percent, on one hand, and the decline in the prices of fertilizers by 36.9 percent, on another. The Indian, Ethiopian and Japanese markets accounted, collectively, for 80.0 percent of these exports.
- The exports of **machinery and transport equipments** rose by JD 12.7 million, or 27.3 percent, to total JD 59.2 million. The geographical distribution was such that the Saudi, Iraqi and Syrian markets accounted collectively, for 70.9 percent of these exports.

Major Domestic Exports by Commodity			
First Quarter 2009 , 2010, JD Million			
	2009	2010	Percentage Change
Domestic Exports	883.1	1,001.1	13.4
Clothes	146.7	145.7	-0.7
United States	135.5	135.5	0.0
Vegetables	107.8	139.1	29.0
Syria	31.3	47.1	50.5
Iraq	37.9	46.1	21.6
Russia	6.7	8.0	19.4
Potash	64.5	78.6	21.9
Malaysia	0.0	16.2	-
Indonesia	0.0	13.6	-
China	17.7	12.7	-28.2
Fertilizers	70.4	72.6	3.1
Ethiopia	21.0	31.1	48.1
India	0.0	19.0	-
Japan	41.4	8.0	-80.7
Machinery & Transport Equipment	46.5	59.2	27.3
Saudi Arabia	12.0	22.0	83.3
Iraq	14.5	16.3	12.4
Syria	3.1	3.7	19.4
Medical & Pharmaceutical Products	71.9	71.7	-0.3
Saudi Arabia	21.4	12.7	-40.7
Sudan	5.3	8.8	66.0
Algeria	8.3	8.5	2.4
Lebanon	5.7	6.4	12.3
Phosphates	84.7	58.6	-30.8
India	25.0	38.4	53.6
Indonesia	32.5	14.5	-55.4
Singapore	0.0	3.2	-

Source: Department of Statistics.

- The exports of **medical and pharmaceutical products** decreased by JD 0.2 million, or 0.3 percent, to stand at JD 71.7 million. The Saudi, Sudanese, Algerian, and Lebanese markets accounted, collectively, for 50.8 percent of these exports.
- The exports of **phosphates** declined by JD 26.1 million, or 30.8 percent, to reach JD 58.6 million. This decline was the outcome of the decrease in the prices of phosphates by 56.0 percent, on one hand, and the increase in the quantities exported by 57.2 percent, on another. The markets of India, Indonesia and Singapore were the main destinations for these exports; accounting, collectively, for 95.7 percent.

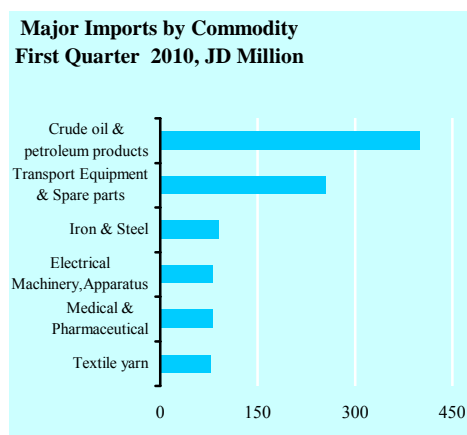
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, vegetables, potash, fertilizers, “machinery and transport equipments”, “medical and pharmaceutical products” and phosphates topped the list of exporting materials during the first



quarter in 2010; accounting, collectively, for 62.5 percent of domestic exports; down from 67.1 percent during the same period in 2009. On the other hand, the geographical distribution of domestic exports indicates that the markets of Iraq, USA, Saudi Arabia, India, Syria, Switzerland and Lebanon were the main destinations for the Jordanian domestic exports during the first quarter in 2010; accounting, collectively, for 63.0 percent of domestic exports; down from 65.3 percent in the corresponding period in 2009.

■ Merchandize Imports:

The value of merchandize imports stood at JD 2,391.6 million in the first quarter in 2010; increasing by JD 144.6 million, or 6.4 percent, against a decline amounting to 20.3 percent during the same period in the preceding year.



The comparison between the developments in the Jordanian imports during the first quarter in 2010 and the same period in 2009 reveals the following:

- The imports of **crude oil** surged by JD 75.5 million, or 33.1 percent, to reach JD 303.3 million. This increase was attributed to the rise in the oil prices by 54.1 percent, on one hand, and the drop in the imported quantities of crude oil by 13.6 percent, on the other hand. It is worthy to note in this regard that all Jordanian imports of crude oil come from the Saudi market.
- The imports of **transport equipment and spare parts** increased by JD 22.3 million, or 9.6 percent, to reach JD 255.5 million. The markets of Japan, South Korea and USA were the main sources of these imports; accounting, collectively, for 69.8 percent of these imports.
- The imports of **petroleum products** soared by JD 58.3 million, or 153.4 percent, to total JD 96.3 million. The Saudi, UAE and French markets were the main sources of these imports.

- The imports of **iron and steel** declined by JD 18.0 million, or 16.5 percent; totaling JD 90.8 million. The markets of Ukraine, Russia and UAE were the main sources of these imports.
- The imports of **electrical machinery, apparatus and appliances** went down by JD 11.6 million, or 12.6 percent, to reach JD 80.8 million. The markets of China, Croatia, South Korea and Germany accounted, collectively, for 49.5 percent of these imports.
- The imports of **medical and pharmaceutical products** rose by JD 12.2 million, or 17.9 percent, to reach JD 80.5 million. The markets of UK, Switzerland, Germany and Japan were the main sources of these imports; accounting collectively for 48.1 percent.

Major Imports by Commodity

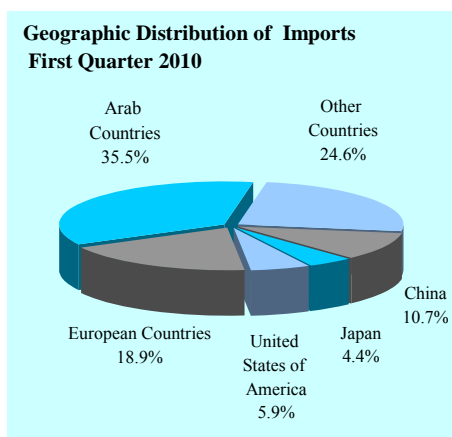
First Quarter 2009, 2010, JD Million

	2009	2010	Percentage Change
Total Imports	2,247.0	2,391.6	6.4
Crude Oil	227.8	303.3	33.1
Saudi Arabia	212.6	269.7	26.9
Transport Equipment and Spare Parts	233.2	255.5	9.6
Japan	37.5	73.2	95.2
South Korea	49.0	58.3	19.0
United States	33.3	46.8	40.5
Petroleum Products	38.0	96.3	153.4
Saudi Arabia	14.9	37.3	150.3
United Arab Emirates	2.9	34.9	1,103.4
France	4.7	14.9	217.0
Iron & Steel	108.8	90.8	-16.5
Ukraine	41.1	36.3	-11.7
Russia	17.5	15.9	-9.1
United Arab Emirates	0.6	6.4	966.7
Electrical Machinery, Apparatus and Appliances	92.4	80.8	-12.6
China	11.3	11.8	4.4
Croatia	0.0	10.7	-
South Korea	3.0	9.1	203.3
Germany	7.6	8.4	10.5
Medical & Pharmaceutical Products	68.3	80.5	17.9
United Kingdom	5.0	13.4	168.0
switzerland	5.0	10.3	106.0
Germany	9.4	9.5	1.1
Japan	2.5	5.5	120.0
Textile Yarn, Fabrics & Related Products	84.2	77.9	-7.5
China	35.0	34.8	-0.6
Taiwan	13.9	14.5	4.3
Syria	4.6	4.7	2.2

Source: Department of Statistics.

- The imports of **textile yarn, fabrics, made up articles and related products** declined by JD 6.3 million, or 7.5 percent; amounting to JD 77.9 million. The main source for these imports was the Chinese market followed by the Taiwanese and Syrian markets.

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



accounting, collectively, for 41.2 percent of total imports in the first quarter in 2010; up from 37.9 percent during the same period in 2009. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi, China, USA, Egypt, Germany and Japan topped the list of the sources of imports in the first quarter in 2010; accounting, collectively, for 50.4 percent compared to 50.5 percent during the first quarter in 2009.

■ Re-Exports:

The value of re-exported goods declined by JD 105.2 million, or 36.6 percent, during the first quarter in 2010 to reach JD 182.2 million. This drop was due to the decline in the value of re-exports of the items of “transport equipments and spare parts”, “dairy products and eggs”, non monetary gold and “vegetable oils and fats” by JD 34.1 million, JD 18.7 million, JD 16.4 million and JD 13.7 million, respectively.

■ Trade Balance:

Trade balance deficit widened by JD 131.8 million, or 12.2 percent, in the first quarter in 2010 compared with the same period in 2009 to stand at JD 1,208.3 million.

□ Total Workers' Remittances:

Total workers' remittances amounted to JD 208.9 million during the month of April 2010; an increase amounting to 6.7 percent compared to the same month in the preceding year. Moreover, these remittances increased by 2.4 percent to stand at JD 797.7 million during the first four months in 2010.

□ Travel:

■ Receipts:

Travel receipts increased by JD 168.9 million, or 31.8 percent, during the first four months in 2010 to stand at JD 700.2 million. The increase in the tourism income was driven by the increase in the number of the Kingdom's visitors (tourists) by 23.2 percent during the first four months in 2010 to stand at 2,162.0 thousand visitors compared with 1,755.0 thousand during the same period in 2009

■ Payments:

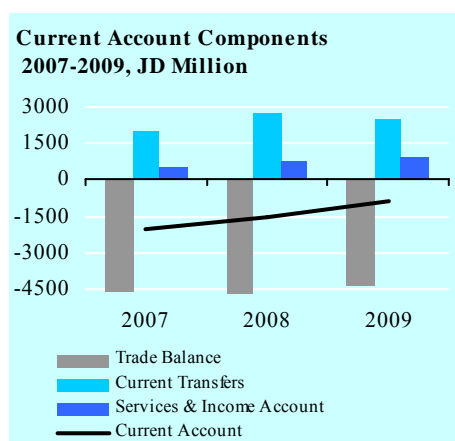
Travel payments increased by JD 54.2 million, or 27.9 percent, during the first four months in 2010 to stand at JD 248.5 million. This development was attributable to the increase in the number of spending tourists by 60.8 percent during the first four months in 2010 to stand at 1,031.0 thousand tourists compared with 641.0 thousand during the same period in 2009.

□ Balance of Payments:

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

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

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



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

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

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

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

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

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