



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

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

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

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

E-mail redp@cbj.gov.jo



❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

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

Contents

	Executive Summary	1
First	Monetary & Financial Sector	3
Second	Output, Prices and Employment	15
Third	Public Finance	25
Fourth	External Sector	35

Executive Summary

Real GDP registered a growth rate of 2.7 percent during 2012 against 2.6 percent during 2011. Latest economic indicators revealed mixed results. Travel receipts, workers' remittances, and deposits at licensed banks recorded significant improvements. On the other hand, unemployment and inflation as measured by CPI displayed a negative performance.

□ **Output, Prices and Employment**

During 2012, real GDP at market prices grew by 2.7 percent compared to 2.6 percent during 2011. Inflation, measured by the Consumer Price Index (CPI) witnessed an increase by 7.0 percent during the first four months of 2013, compared to 3.8 percent during the same period of 2012. Furthermore, the unemployment rate during the first quarter of 2013 increased to 12.8 percent compared to 11.4 percent during the same quarter in 2012.

□ **Monetary and Financial Sector**

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 3,094.6 million (46.7 percent) at the end of the first four months of 2013, compared to its level at the end of 2012. Accordingly, it reached US\$ 9,727.2 million which covers around 5.2 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 847.5 million (3.4 percent) at the end of the first four months of 2013, compared to its level at the end of 2012, standing at JD 25,792.6 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 401.0 million (2.2 percent), at the end of the first four months of 2013, compared to its level at the end of 2012, to reach JD 18,230.8 million.
- Total deposits at licensed banks increased by JD 1,236.7 million (5.0 percent) at the end of the first four months of 2013, compared to its level at the end of 2012, totaling JD 26,206.3 million. This increase was an outcome of the increase in JD deposits by JD 1,542.0 million (8.7 percent) and the decrease in foreign currency deposits by JD 305.3 million (4.2 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,998.1 points at the end of the first four months of 2013, increasing by 40.5 points or 2.1 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first two months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 19.1 million comparing to a fiscal deficit in the amount of JD 39.8 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 12.0 million at the end of March 2013, comparing to its level at the end of 2012, to stand at JD 11,660.0 million (48.6 percent of GDP). Outstanding external public debt increased by JD 238.7 million at the end of March 2013 comparing to its level at the end of 2012 to reach JD 5,171.1 million, (21.6 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 70.2 percent of GDP at the end of March 2013 compared to 75.5 percent at the end of 2012.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 1.9 percent during the first quarter in 2013 to reach JD 1,342.4 million. In contrast, merchandize imports decreased by 0.3 percent, totaling JD 3,753.6 million. As a result, the trade deficit declined by 1.5 percent compared to the same period in 2012, to reach JD 2,411.2 million. The preliminary data during the first four months in 2013 compared to the same period in 2012 showed an increase in travel receipts (excluding travel receipts from Libyan visitors) by 5.5 percent and a decrease in travel payments by 0.3 percent. Also, total workers' remittances receipts increased by 3.6 percent compared to its level in the same period of 2012. The balance of payments for 2012 displayed a deficit in the current account in the amount of JD 3,979.1 million, (18.1 percent of GDP) up from JD 2,462.6 million (12.0 percent of GDP) during 2011. Moreover, the Foreign Direct Investment (FDI) recorded net inflow to Jordan by JD 996.1 million during 2012 compared to a net inflow of JD 1,046.2 million during 2011. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 19,135.1 million at the end of 2012 compared to JD 15,242.8 million at the end of 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 3,094.6 million, (46.7 percent) at the end of the first four months of 2013, compared to their level at the end of 2012, to stand at US\$ 9,727.2 million. This level of reserves covers around 5.2 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 847.5 million, (3.4 percent), at the end of the first four months of 2013, compared to its level at the end of the previous year, to total JD 25,792.6 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 401.0 million, (2.2 percent) at the end of the first four months of 2013, compared to its level at the end of 2012, to stand at JD 18,230.8 million.
- Total deposits at licensed banks increased by JD 1,236.7 million, (5.0 percent), at the end of the first four months of 2013, compared to its level at the end of 2012, to reach JD 26,206.3 million.
- The interest rates on all types of deposits and overdraft credit facilities at licensed banks increased at the end of the April 2013 compared to their level in the previous month, whereas interest rates on "loans and advances" and "discounted bills and bonds" decreased during April 2013. As for the first four months of 2013, the interest rates on deposits and credit facilities increased compared to their levels at the end of 2012, with the exception of discount bills and bonds credit facilities.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,998.1 points at the end of the first four months of 2013, increasing by 40.5 points (2.1 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 0.1 billion (0.7 percent), compared to its registered level of 2012, to stand at JD 19.0 billion.

Main Monetary Indicators

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

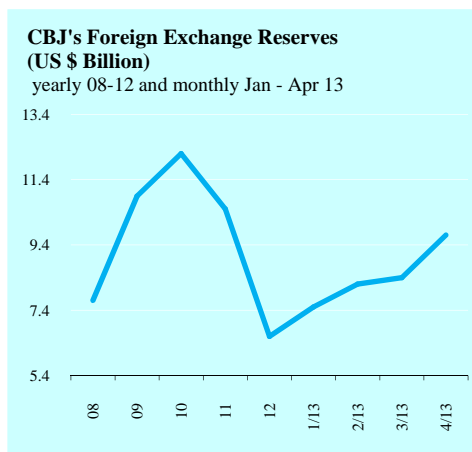
	2012	End of April	
		2012	2013
US\$ 6,632.6	CBJ's Foreign Currency Reserves*	US\$ 8,793.1	US\$ 9,727.2
-37.0%		-16.5%	46.7%
24,945.1	Money Supply (M2)	24,526.7	25,792.6
3.4%		1.7%	3.4%
17,829.8	Credit Facilities, of which:	16,776.6	18,230.8
12.5%		5.8%	2.2%
15,375.6	Private Sector (Resident)	14,608.5	15,741.6
7.6%		2.3%	2.4
24,969.6	Total Deposits, of which:	24,823.2	26,206.3
2.4%		1.8%	5.0%
17,711.0	In JD	19,136.0	19,253.0
-7.4%		0.1%	8.7%
7,258.6	In Foreign Currencies	5,687.2	6,953.3
38.0%		8.1%	-4.2%
20,387.1	Deposits of Private Sector (Resident), of which:	19,900.5	21,083.0
2.4%		0.0%	3.4%
15,084.3	In JD	16,192.0	16,193.4
-8.6%		-1.9%	7.4%
5,302.8	In Foreign Currencies	3,708.5	4,889.6
56.0%		9.1%	-7.8%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

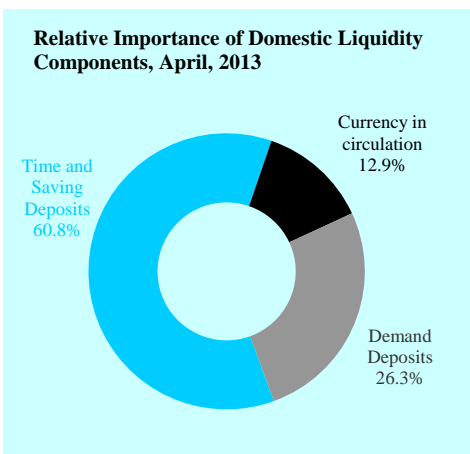
The CBJ's foreign currency reserves increased by US\$ 3,094.6 million (46.7 percent), at the end of the first four months of 2013, compared to their level at the end of 2012, to reach US\$ 9,727.2 million. This level of reserves covers around 5.2 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

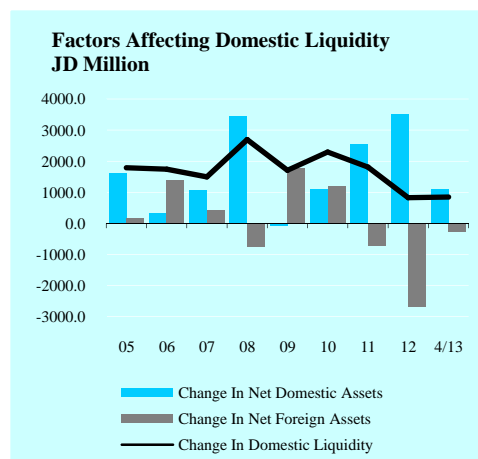
- Domestic liquidity totaled JD 25,792.6 million at the end of the first four months of 2013, increasing by JD 847.5 million, or 3.4 percent, compared to an increase of JD 407.8 million, or 1.7 percent, at the end of the same period of 2012.
- ◆ **Developments in both the components and the factors affecting domestic liquidity between the end of the first four months of 2013 and the end of 2012, reveal the following:**
 - **Components of Domestic Liquidity**
 - Deposits increased by JD 749.5 million, or 3.4 percent, at the end of the first four months of 2013, compared to their level at the end of 2012, to total JD 22,479.6 million, compared with an increase amounting to JD 355.3 million, or 1.7 percent, at the end of the same period of 2012.

- Currency in circulation increased by JD 98.0 million, or 3.0 percent, at the end of the first four months of 2013, compared to its level at the end of 2012, to reach JD 3,313.0 million, against an increase in the amount of JD 52.4 million, or 1.7 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,103.2 million, or 6.0 percent, at the end of the first four months of 2013, compared to its level at the end of 2012, against an increase of JD



1,400.3 million, or 9.5 percent, during the same period of 2012. This increase was an outcome of the increase in net domestic assets of the licensed banks by JD 1,876.0 million, or 9.0 percent, and the decrease of net domestic assets of the CBJ by JD 772.8 million, or 30.2 percent.

- Net foreign assets of the banking system decreased by JD 255.7 million, or 3.8 percent, at the end of the first four months of 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 992.6 million, or 10.6 percent, in the same period of 2012. This decrease was an outcome of the decline of net foreign assets of the licensed banks by JD 1,130.2 million and the increase of net foreign assets of the CBJ by JD 874.5 million, or 14.2 percent.

Factors Affecting Domestic Liquidity (M2)

JD Million

		End of April	
2012		2012	2013
6,665.5	Foreign Assets (Net)	8,377.5	6,409.8
6,139.7	CBJ	8,082.7	7,014.2
525.8	Licensed Banks	294.8	-604.4
18,279.7	Domestic Assets (Net)	16,149.1	19,382.8
-2,562.7	CBJ, of which:	-4,615.6	-3,335.6
1,567.8	Claims on Public Sector (Net)	634.4	1,473.5
-4,150.5	Other Items (Net*)	-5,269.6	-4,829.3
20,842.4	Licensed Banks	20,764.7	22,718.4
8,377.1	Claims on Public Sector (Net)	7,535.5	8,936.9
15,953.5	Claims on Private Sector	15,235.0	16,662.1
-3,468.2	Other Items (Net)	-2,005.8	-2,880.6
24,945.1	Money Supply (M2)	24,526.6	25,792.6
3,215.0	Currency in Circulation	3,071.7	3,313.0
21,730.1	Total Deposits, of which:	21,454.9	22,479.6
5,395.6	In Foreign Currencies	3,897.1	5,006.0

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

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

Interest Rates on Monetary Policy Instruments (%)			
		April	
2012		2012	2013
5.00	Re-discount Rate	5.00	5.00
4.75	Repurchase Agreements Rate (Repos)	4.75	4.75
4.00	Overnight Deposit Window Rate	2.75	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Re-Discount Rate: 5.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.75 percent.
- Overnight Window Deposit Rate: 4.00 percent.

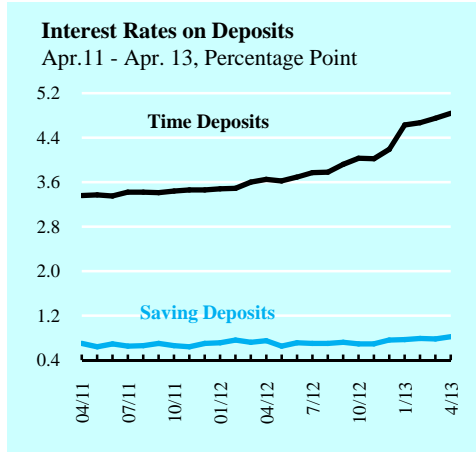
- ◆ The weighted average interest rate on the latest issue of three-month (CDs) and six-month (CDs), which dates back to October 2008, was 5.64 percent and 5.94 percent, respectively.
- ◆ The interest rate on the last repurchases for both one week and one month maturities was 4.25%.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of April 2013 increased by 9 basis points, compared to its level at the previous month to stand at 4.84 percent. This rate is higher by 65 basis points than its level at the end of 2012.

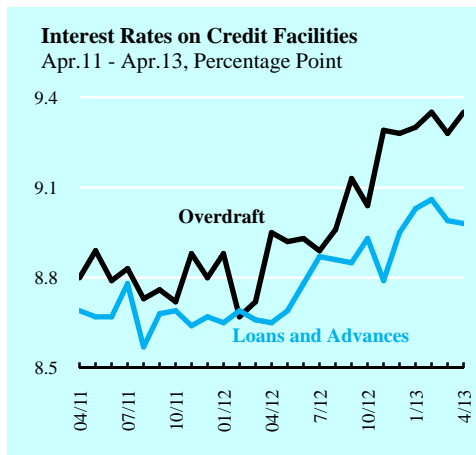
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of April 2013 increased by 4 basis points compared to its level at the end of the previous month to stand at 0.82 percent. This rate is higher than its level at the end of 2012 by 6 basis points.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of April 2013 increased by 10 basis points compared to the level recorded in the previous month to stand at 0.58 percent. This rate is higher than its level at the end of 2012 by 16 basis points.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of April 2013 increased by 7 basis points compared to its level at the end of the previous month and the end of 2012, standing at 9.35 percent.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 7 basis points at the end of April 2013, compared to its level at the end of the previous month, to stand at 9.53 percent. This rate is lower than its level at the end of 2012 by 6 basis points.

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

		April		Change Relative to the Preceding Year
2012		2012	2013	Basis Points
Deposits				
0.42	Demand	0.45	0.58	16
0.76	Saving	0.75	0.82	6
4.19	Time	3.65	4.84	65
Credit Facilities				
9.59	Discounted Bills and Bonds	9.56	9.53	-6
8.95	Loans and Advances	8.65	8.98	3
9.28	Overdraft	8.96	9.35	7
8.68	Prime Lending Rate	8.25	8.87	19

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by one basis point at the end of April 2013, compared to its level at the end of the previous month, to stand at 8.98 percent. This rate is higher than its level of 2012 by 3 basis points.
- The Prime lending rate stood at 8.87 percent at the end of April 2013, 19 basis points higher than its level at the end of 2012.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, decreased by 62 basis points compared to its level at the end of 2012, to reach 414 basis points at the end of April 2013.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,230.8 million at the end of the first four months of 2013, increasing by JD 401.0 million, or 2.2 percent, compared to its level at the end of 2012, against an increase in the amount of JD 925.4 million, or 5.8 percent, during the same period in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of the first four months of 2013 demonstrates an increase in credit facilities extended to the industrial sector by JD 127.0 million, or 5.0 percent, the construction sector by JD 93.4 million, or 2.5 percent, the item "other", which generally represents credit facilities extended to individuals, by JD 89.7 million, or 2.3 percent and the financial services sector by JD 89.4 million or 18.4 percent. Meanwhile, the credit facilities extended to the general trade sector, decreased by JD 14.2 million, or 0.4 percent, compared to its level at the end of 2012.
 - The classification of extended credit facilities, according to the borrower, at the end of the first four months of 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 366.0 million, or 2.4 percent, the private sector (non-resident) by JD 26.0 million, or 3.0 percent, the public sector (central government plus public institutions) by JD 5.4, or 0.3 percent, and the financial institutions by JD 3.7 million, or 40.7 percent, compared to their levels at the end of 2012.
- **Deposits at Licensed Banks**
- Total deposits at licensed banks stood at JD 26,206.3 million at the end of the first four months of 2013, increasing by JD 1,236.7 million, or 5.0 percent, compared to its level at the end of 2012, against an increase of JD 445.3 million, or 1.8 percent, during the same period of 2012.
 - The increase in total deposits at licensed banks at the end of the first four months of 2013 was as a result of the increase in the deposits of the private sector (resident) by JD 695.9 million, or 3.4 percent, the private sector (non-resident) by JD 303.0 million, or 11.6 percent, the public sector (central government *plus* public institutions) by JD 216 million, or 12.7 percent, and the non-

banking financial institutions by JD 21.8 million, or 7.9 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of the first four months of 2013 reveal that “deposits in local currencies” increased by JD 1,542.0 million, or 8.7 percent, and “deposits in the foreign currency” decreased by JD 305.3 million, or 4.2 percent, compared to their levels at the end of 2012.

□ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a positive performance at the end of the first four months of 2013 compared to the end of 2012. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the (ASE) totaled JD 848.6 million in April 2013; up by JD 443.4 million, or 109.4 percent, compared to its level at the end of the previous month, against an increase of JD 5.9 million, or 2.6 percent, during the same month in 2012. However, the trading volume totaled JD 1,672.3 million, during the first four months of 2013, up by JD 856.5 million, or 105.0 percent, compared to the same period of 2012.

■ Traded Shares

The number of traded shares in April 2013 totaled 415.0 million shares; down by 24.4 million shares, or 5.6 percent, compared to its level at the preceding month, against a decrease amounting to 47.6 million shares, or 16.5 percent, during the same month of 2012. As for the first four months of 2013, the number of traded shares totaled 1,349.9 million shares, compared to 966.6 million shares traded during the same period of 2012, increasing by 383.3 million shares or 39.7 percent.

Share Price Index (SPI)

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) decreased by 103.3 points, or 4.9 percent, at the end of April 2013 compared to its level at the

end of the previous month, to stand at 1,998.1 points, against a decrease in the amount of 9.2 points, or 0.5 percent, during the same month of 2012. As for the first four months of 2013, the SPI increased by 40.5 points, or 2.1 percent, compared to its level at the end of 2012, against a drop in the amount of 13.9 points, or 0.7 percent during the same period in 2012. The aforementioned increase was a result of the increase in the SPI for the financial sector by 78.3 points, or 3.3 percent, and the industrial sector by 13.8, or 0.6 percent. Meanwhile, the SPI for the services sector decreased by 17.5 points, or 1.1 percent, compared to their levels at the end of 2012.

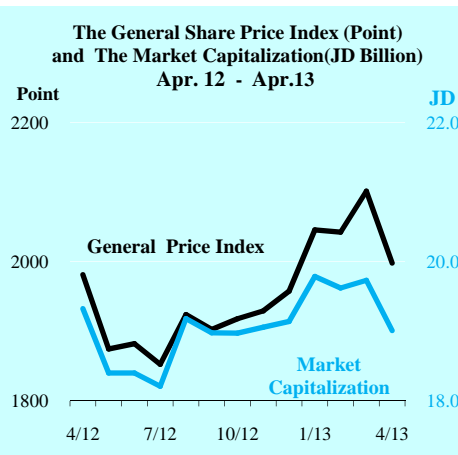
Market Capitalization

The ASE's market capitalization totaled JD 19.0 billion at the end of April 2013; a decrease of 0.7 JD billion, or 3.6 percent, compared to its level at the end of the previous month, against a decrease of JD 0.1

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

2012		April	
		2012	2013
1,957.6	General Index	1,981.2	1,998.1
2,363.6	Financial Sector	2,468.1	2,441.9
2,176.6	Industrial Sector	2,123.8	2,190.4
1,651.1	Services Sector	1,621.3	1,633.6

Source: Amman Stock Exchange.



billion, or 0.6 percent, during the same month of 2012. As for, the first four months of 2013, the market capitalization decreased by JD 0.1 billion, or 0.7 percent, compared to its level at the end of 2012, against maintaining the same level during the same period of 2012.

■ **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 9.2 million in April 2013, compared to an inflow of JD 0.6 million during the same month of 2012; the value of shares acquired by non-Jordanian in April 2013 amounted to JD 531.6 million, while the value of shares sold by the same group amounted to JD 522.4 million. However, non-Jordanian net

Main Amman Stock Exchange Trading Indicators, JD Million			
		April	
2012		2012	2013
1,978.8	Value Traded	232.6	848.6
7.9	Average Daily Trading	11.1	38.6
19,141.5	Market Capitalization	19,325.9	19,010.9
2,384.1	No. of Traded Shares (million)	240.6	415.0
37.6	Net Investment of Non-Jordanian	0.6	9.2
322.9	Non-Jordanian Buying	48.3	531.6
285.3	Non-Jordanian Selling	47.7	522.4

Source: Amman Stock Exchange.

investment recorded an inflow amounting to JD 61.5 million during the first four months of 2013, compared to an inflow in the amount of JD 9.4 million during the same period of 2012.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.2 percent, during the fourth quarter of 2012, compared to 3.1 percent during the same quarter of 2011. Moreover, GDP at current market prices, grew by 6.4 percent, during the fourth quarter of 2012, compared to 9.6 percent, during the same quarter of 2011.
- As for 2012, both GDP at constant and current market prices, grew by 2.7 percent and 7.3 percent, compared to 2.6 percent and 9.1 percent, during 2011, respectively.
- Inflation, measured by the CPI, increased to 7.0 percent during the first four months of 2013, compared to 3.8 percent during the same period of 2012.
- The unemployment rate went up during the first quarter of 2013, to stand at 12.8 percent (11.1 percent for males and 20.5 percent for females), compared to 11.4 percent (10.0 percent for males and 18.0 percent for females) during the same quarter of 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.2 percent.

□ Developments of (GDP)

Despite the continued unfavorable international and regional economic and political conditions. Real GDP grew by 2.7 percent in 2012 compared to 2.6 percent during 2011. When excluding “net taxes on products”, which grew by 3.2 percent compared to a contraction of 1.1 percent during 2011, GDP at constant basic prices grew by 2.5 percent, compared to 3.3 percent during 2011, which points to the decelerated growth in the productive sectors.

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

	Q 1	Q2	Q3	Q4	Percentages Year
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	2.7
GDP at Current Market Prices	8.0	8.0	6.9	6.4	7.3

Source: Department of Statistics.

GDP at current market prices grew by 7.3 percent compared to 9.1 percent during 2011. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 4.5 percent in 2012 compared to 6.4 percent during 2011.

The main sectors contributed to the economic growth in 2012 are “finance, insurance, real estate and business services” (1.0 percentage point), “wholesale and retail trade, restaurants and hotels” (0.7 percentage point), and “transport, storage and communications” (0.6 percentage point). These sectors collectively accounted for 85.2 percent of real GDP growth in 2012.

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

communications” sectors that grew by 6.8 percent, 6.6 percent, 5.2 percent and 4.1 percent compared to 3.7 percent, 5.1 percent, 3.4 percent and 3.3 percent during 2011, respectively.

While sectors of “manufacturing” and “producers of government services” exhibited a slow performance. They grew by 2.3 percent and 3.0 percent, respectively, against a growth amounting to 4.0 percent and 3.3 percent during 2011, respectively. In contrast, the sectors of “mining and quarrying”, “agriculture” and “construction” experienced a noticeable contraction amounting to 17.1 percent, 9.4 percent and 1.0 percent compared to a growth at 17.7 percent and 3.9 percent, and contract at 4.3 percent, respectively.

■ Microeconomic Indicators

- Industrial production quantity index almost maintained its growth rate during the first quarter of 2013 against a growth amounting to 4.6 percent during the same quarter of 2012. This can be attributed to the following:
 - Manufacturing production quantity index maintained its growth rate at 3.7 percent (against the same period of 2012). This came as a result of the improvement in production of



some items, mainly; “chemical products” (26.2 percent), and “food products and beverages” (11.1 percent), on one hand, and the decrease in “refined petroleum products” (35.7 percent), “cement” (16.7 percent) and “iron and steel” (23.2 percent) on the other.

- “Mining and quarrying” production quantity index decreased by 18.3 percent, against a decrease amounting to 1.3 percent during the same period of 2012. This decrease was mainly attributed to the contraction of production quantity index for potash by 18.8 percent, and phosphate by 17.1 percent; owing to a decline in the global demand.
- Electricity production quantity index decreased by 17.5 percent, compared to an increase amounting to 22.4 percent during the same period of 2012; due to the decline in the demand of industry sectors.
- The number of passengers through Royal Jordanian recorded a decrease of 0.1 percent, during the first four months of 2013, compared to a strong growth of 21.7 percent during the same period of 2012.
- Cargo through Royal Jordanian contracted by 10.4 percent, during the first four months of 2013, compared to a growth by 4.1 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 22.1 percent during the first four months of 2013, compared to an increase of 13.0 percent during the same period of 2012.
- Licensed areas for buildings grew by 18.3 percent during the first quarter of 2013, compared to a growth amounted to 14.7 percent during the same quarter of 2012.
- Number of departures contracted by 10.4 percent during the first four months of 2013, that it maintained the contraction rate in the same period of 2012.

Main Sectoral Indicators

Percentages*

2012	Item	Available Period		
		2012		2013
	Industrial Sector			
0.2	Industrial production quantity index	4.6	January – March	0.03
1.4	Manufacturing production quantity index	3.7		3.7
3.3	Food products and beverages	-2.8		11.1
9.8	Refined petroleum products	18.1		-35.7
-2.5	Iron and steel	13.6		-23.2
-22.6	Cement, lime and plaster	-16.4		-16.7
-3.7	Chemical products	-11.2		26.2
-16.9	“Mining and quarrying” production quantity index	-1.3		-18.3
-15.3	Phosphate	-4.8		-17.1
-19.0	Potash	2.3		-18.8
6.5	Electricity production quantity index	22.4		-17.5
5.8	The number of passengers through the Royal Jordanian	21.7	January – April	-0.1
-1.7	Cargo through the Royal Jordanian	4.1		-10.4
8.5	Licensed areas for buildings	14.7	January – March	18.3
0.9	Quantities of exported and imported goods shipped through the Aqaba port	13.0	January – April	-22.1
-7.7	Number of departures	-10.4		-10.4

*Sources:

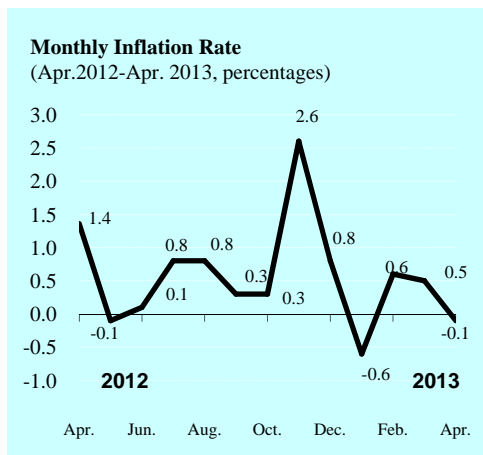
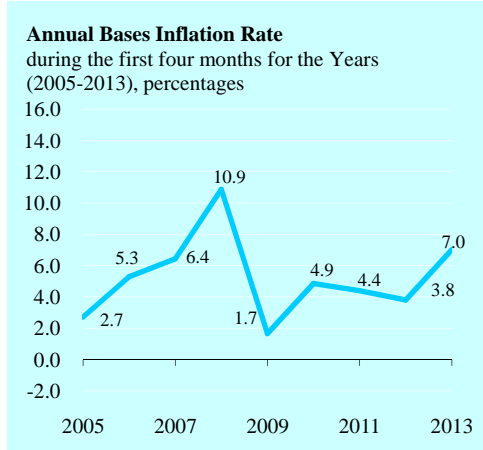
- Monthly Statistical Bulletin / Central Bank of Jordan.

- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during the first four months of 2013, to stand at 7.0 percent, compared to 3.8 percent during the same period in 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and “transportation” items, which were affected by the government's decision of liberalizing the prices of petroleum products (that was applied in November 2012). These items collectively contributed to the overall inflation rate by 3.6 percentage points, compared to 0.3 percentage point during the same period in 2012. Furthermore, the CPI was affected by the domestic increase in food prices; influenced by demand and supply factors.

In April 2013, the CPI decreased by 0.1 percent compared with March 2013. This was mainly due to the decrease in the prices of some items; mainly “transportation”, “fuels and lighting”, in addition to “clothing and footwear”.



Developments of the CPI basket during the first four months of 2013, compared to the same period of 2012:

- ◆ “Food items” group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 4.9 percent compared to an increase of 4.2 percent during the same period of 2012. The contribution of this group to the overall rate of inflation reached 1.7 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its items, particularly; “vegetables” (18.5 percent), “fruits” (17.2 percent), “meat and poultry” (8.0 percent), and “dairy products and eggs” (4.5 percent), while the prices of “cereals and products”, “cigarettes” and “oils and fats” have declined by 1.3 percent, 8.7 percent, and 0.7 percent, respectively.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level for this group increased by 5.0 percent compared to an increase of 6.1 percent during the same period of 2012. The group's contribution to the overall inflation rate reached 0.2 percentage point. The increase in the prices of this group was affected by the rise in the prices of “footwear” and “clothes”, which grew by 9.1 percent and 3.9 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 8.8 percent compared to an increase of 2.8 percent during the same period of 2012. Accordingly, this group contributed to the overall inflation rate by 2.3 percentage points. The increase in the prices of this group was driven by the sharp rise in the prices of “fuels and lighting” item by 25.2 percent, compared to a slight increase by 0.4 percent during the same period in 2012, which was affected by the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items showed a varied increase ranges between 2.5 percent for “rents” and 5.5 percent for “house utensils”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 8.8 percent compared to 3.8 percent during the same period of 2012. Accordingly, this group contributed by 2.8 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase of “transportation” item, by 18.6 percent, compared to an increase of 2.8 percent during the same period of 2012; affected by the rise in public transportation fare, as a result of the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, particularly; “personal care” (5.7 percent), “recreation” (4.6 percent), and “education” (4.1 percent).

□ Employment

- ◆ The unemployment rate (unemployed percent of the labor force) increased during the first quarter of 2013, reached 12.8 percent (11.1 percent for males and 20.5 percent for females), compared to 11.4 percent (10.0 percent for males and 18.0 percent for females) during the same quarter of 2012. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 17.2 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) during the first quarter of 2013 reached 37.3 percent (60.8 percent for males against 13.3 percent for females) compared to 38.2 percent (61.5 percent for males against 14.3 percent for females) during the same quarter of 2012.
- ◆ The employed rate among the age group 15 years and above reached 32.5 percent during the first quarter of 2013. The employed workers in the sector of “public administration, defense, and social security” accounted for 26.8 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.2 percent), “education” (11.6 percent), “manufacturing” (9.5 percent), and the remaining percent is distributed among sectors of “transport and storage”, “construction” and other.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 19.1 million during the first two months in 2013, comparing to a fiscal deficit in the amount of JD 39.8 million, during the same period in 2012. Excluding foreign grants (JD 183.3 million), the general budget deficit reaches JD 202.4 million compared to a deficit in the amount of JD 39.8 million during the same period in 2012.
- Gross outstanding domestic public debt (budgetary and own-budget) reached JD 12,759.0 million (53.2 percent of GDP), at the end of March 2013, reflecting a rise in the amount of JD 81.0 million compared to its level at the end of 2012.
- Net outstanding domestic public debt increased by JD 12.0 million at the end of March 2013 compared to its level at the end of 2012, to reach JD 11,660.0 million (48.6 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 238.7 million at the end of March 2013, compared to its level at the end of 2012, to stand at JD 5,171.1 million (21.6 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 16,831.1 million (70.2 percent of GDP) at the end of March 2013 compared to JD 16,580.4 million (75.5 percent of GDP) at the end of 2012.

□ The performance of the general budget during the first two months in 2013 compared to the same period in 2012:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 160.1 million, or 52.5 percent, in February 2013 comparing to the same month in 2012 to reach JD 464.8 million. As for the first two months in 2013, these revenues were up by JD 143.8 million, or 20.0 percent, compared to the same period in 2012 to stand at JD 863.9 million. This result was driven by the rise in foreign grants by JD 183.3 million, on one hand, and the drop in domestic revenues by JD 39.5 million, on the other.

Main Government Budget Indicators during the first two months in 2013:

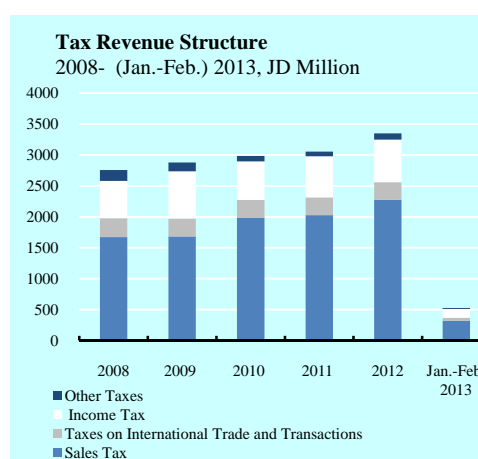
(JD Million and Percentages)

	February		Growth Rate %	Jan. – Feb.		Growth Rate %
	2012	2013		2012	2013	
Total Revenues and Grants	304.7	464.8	52.5	720.1	863.9	20.0
Domestic Revenues, of which:	304.7	319.8	5.0	720.1	680.6	-5.5
Tax Revenues, of which:	237.2	244.9	3.2	504.1	525.0	4.1
General Sales Tax	185	160.4	-13.3	349.6	317.9	-9.1
Other Revenues, of which:	66.2	73.2	10.6	212.4	152.5	-28.2
Land Registration Fees	13.2	17.4	31.8	24.5	32.9	34.3
Foreign Grants	0.0	145.0	–	0.0	183.3	–
Total Expenditures	410	509	24.1	759.9	883.0	16.2
Overall Deficit/ Surplus	-105.3	-44.2	–	-39.8	-19.1	–

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues decreased by JD 39.5 million, or 5.5 percent, in the first two months in 2013 compared to the same period in 2012, to reach JD 680.6 million. This decrease was an outcome of the rise in the proceeds of “tax revenues” by JD 20.9 million, and the drop in “other revenues” and “pension contributions” by JD 59.9 million, and JD 0.5 million, respectively.



- **Tax Revenues**

Tax revenues increased by JD 20.9 million, or 4.1 percent, during the first two months in 2013 compared to the same period in 2012, to reach JD 525.0 million (77.1 percent of domestic revenues). This increase was driven by:

- The increase in the proceeds of “income and profit taxes” by JD 46.8 million or 48.5 percent, which reached JD 143.2 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 46.0 million, and the increase in the proceeds of “income tax from individuals” by JD 0.8 million. Accordingly, income tax from companies accounted for 85.8 percent of total taxes on income and profits to reach JD 122.8 million (of which JD 60.7 million from banks and financial institutions).
- The increase in the proceeds of “taxes on international trade and transactions” (customs duties and fees) by JD 2.7 million or 5.8 percent, which reached JD 49.1 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.
- The decrease in the proceeds of general sales tax on goods and services by JD 31.7 million which reached JD 317.9 million. This result was driven by the decrease in the

proceeds of “sales tax on domestic goods”, “sales tax on imported goods” by JD 30.8 million and JD 12.5 million, respectively. However, the proceeds of “sales tax on commercial sector” and “sales tax on services” increased by JD 8.0 million and JD 3.6 million, respectively.

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

“Other revenues” decreased by JD 59.9 million, or 28.2 percent, during the first two months in 2013 to reach JD 152.5 million. This drop was an outcome of:

- The decline in property income by JD 56.8 million to stand at JD 18.8 million (of which financial surplus of independent government units amounted to JD 14.7 million).
- The decrease in miscellaneous revenues by JD 4.7 million to stand at JD 26.3 million.
- The increase in revenues from selling goods and services by JD 1.6 million to reach JD 107.4 million.

● **Pension Contributions**

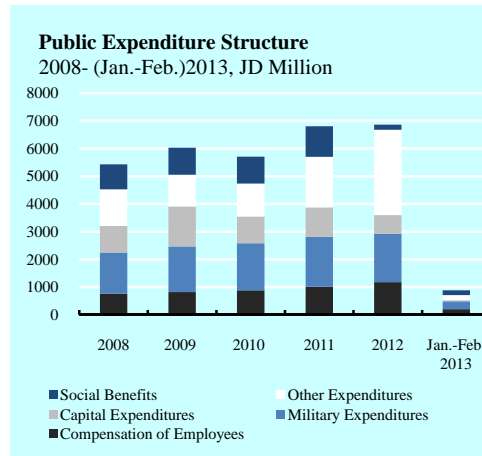
Pension contributions were down by JD 0.5 million during the first two months in 2013, standing at JD 3.1 million.

◆ **Foreign Grants**

Foreign grants amounted JD 183.3 million during the first two months in 2013, of which additional grants from Saudi Arabia in the amount of JD 141.8 million.

Public Expenditures

Public expenditures witnessed an increase by JD 99.0 million, or 24.1 percent, in February 2013 compared to the same month in 2012 to stand at JD 509.0 million. Moreover, public expenditures increased by JD 123.1 million, or 16.2 percent during the first two



months in 2013, to stand at JD 883.0 million. This increase was a result of the rise in both current expenditures and capital expenditures by 13.8 percent, 109.4 percent, respectively.

Current Expenditures

Current expenditures increased by JD 102.1 million, or 13.8 percent, during the first two months in 2013, to reach JD 842.8 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 20.1 million to reach JD 202.0 million.
- The increase in interest payments, on internal and external public debt, by JD 23.6 million to stand at JD 86.7 million.

- The increase in social benefit expenditures by JD 24.3 million to stand at JD 170.6 million.
- The decrease in military expenditures by JD 40.3 million to total JD 282.9 million.
- The drop in “purchases of goods and services” by JD 1.6 million to stand at JD 24.4 million.
- The decrease in good's subsidies by JD 3.3 million to stand at JD 36.7 million.

◆ Capital Expenditures

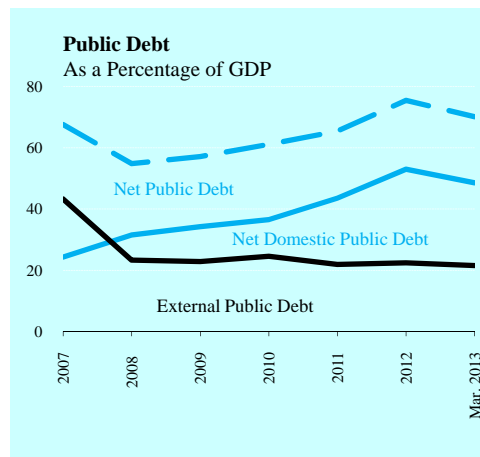
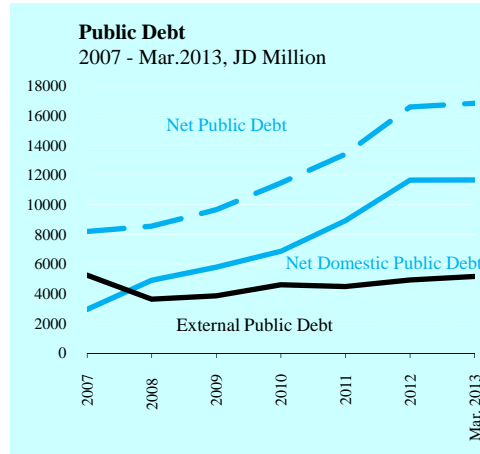
Capital expenditures increased by JD 21.0 million, or 109.4 percent during the first two months in 2013 comparing to the same period during 2012, to reach JD 40.2 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 19.1 million during the first two months of 2013, against a fiscal deficit in the amount of JD 39.8 million during the same period in 2012.
- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 67.6 million during the first two months in 2013, against a primary surplus of JD 23.3 million during the same period in 2012.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) has increased by JD 81.0 million at the end of March 2013 compared to its level at the end of 2012 to reach JD 12,759.0 million, or 53.2 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 175.0 million and the decrease in the gross outstanding domestic debt for own-budget agencies by JD 93.0 million. This increase in the budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 215.0 million to reach JD 9,857.0 million at the end of March 2013, 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 740.0 million, on the other.



- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 12.0 million at the end of March 2013 comparing to its level at the end of 2012 to total JD 11,660.0 million, or 48.6 percent of GDP. The aforementioned increase was driven by the rise in gross outstanding domestic public debt by JD 81.0 million, and the increase in the government deposits at the banking system by JD 70.0 million comparing to their level at the end of 2012.
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 238.7 million at the end of March 2013 compared to its level at the end of 2012, amounting to JD 5,171.1 million (21.6 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 45.3 percent, while debt in Euros accounted for 8.7 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 15.8 percent and 16.0 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 250.7 million at the end of March 2013 comparing to its level at the end of 2012 to stand at JD 16,831.1 million, (70.2 percent of GDP), against JD 16,580.4 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP declined by 5.3 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 86.2 million during the first quarter of 2013 (of which interest payments amounting to JD 17.7 million) compared to JD 88.0 million (of which interest payments amounting to JD 17.8 million) during the same period in 2012.

□ Fiscal and Price Measures

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

Oil Derivatives Price Developments				
	Unit	2013		Change %
		April	May	
Unleaded Gasoline 90	Fils/Liter	800.0	765.0	-4.4
Unleaded Gasoline 95	Fils/Liter	970.0	930	-4.1
Gas Oil (Diesel)	Fils/Liter	665.0	635	-4.5
Gas Oil/ electricity	Fils/Liter	665.0	635	-4.5
Kerosene	Fils/Liter	665.0	635	-4.5
Liquid Gas (12.5kg)	JD/Unit	10.0	10.0	0.0
Fuel oil for industry	JD/Ton	494.2	479.7	-2.9
Fuel oil/ electricity	JD/Ton	494.2	487.6	-1.3
Fuel oil for ships	JD/Ton	494.2	487.6	-1.3
Fuel oil for airplanes (local companies)	Fils/Liter	610.0	579.0	-5.1
Fuel oil for airplanes (foreign companies)	Fils/Liter	615.0	584.0	-5.0
Fuel oil for unplanned flights	Fils/Liter	630.0	599.0	-4.9
Asphalt	JD/Ton	529.2	513.8	-2.9

Source: Jordan Petroleum Refinery CO. (1/5/2013).

- The cabinet decided to increase the accommodation sales tax from 8% to 16% to go into effect on 1st May 2013 (April 2013).

□ Grants, Loans and Other Agreements

- Signing a grant agreement with the Chinese government in the amount of Yuan 80 million (equivalent to US\$ 12.5 million) to finance certain development projects (to be agreed upon later). This grant comes under the economic and technical cooperation agreement signed between the government of Jordan and the government of China (April 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 0.8 percent in March 2013 compared to its level in the same month of 2012 to record JD 467.3 million. As for the first quarter of 2013, total merchandize exports increased by 1.9 percent compared to the same period in 2012 to reach JD 1,342.4 million.
- **Merchandize imports** decreased by 1.3 percent in March 2013 compared to its level in the same month of 2012 to reach JD 1,319.3 million. As for the first quarter of 2013, merchandize imports decreased by 0.3 percent compared to the same period in 2012 to reach JD 3,753.6 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 2.4 percent in March 2013 compared to the same month in 2012 standing at JD 852.0 million. As for the first quarter of 2013, the trade balance deficit declined by 1.5 percent compared to the same period in 2012 to reach JD 2,411.2 million.
- **Travel receipts** increased during the first four months of 2013 compared to its level in the same period of 2012 (excluding travel recipes from Libyan visitors) by 5.5 percent, while travel payments decreased by 0.3 percent.
- **Total workers' remittances receipts** increased by 3.6 percent during the first four months of 2013 compared to their level in the same quarter in 2012 to reach JD 801.5 million.
- **The current account of the balance of payments** registered a deficit of JD 3,979.1 million (18.1 percent of GDP) during 2012 compared to a deficit of JD 2,462.6 million (12.0 percent of GDP) in 2011.
- **Net FDI inflows** recorded JD 996.1 million during 2012, down from JD 1,046.2 million during 2011.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 19,135.1 million at the end of 2012; an increase of JD 3,892.3 million over its level at the end of 2011.

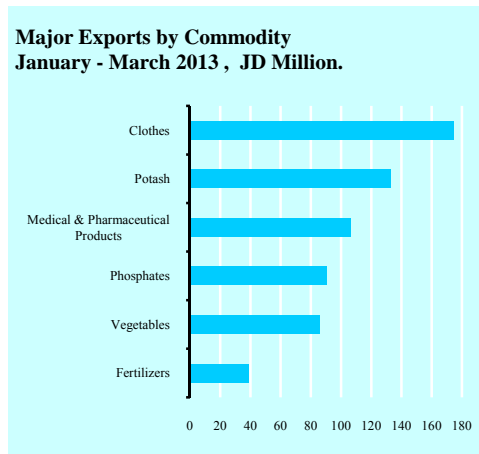
□ External Trade

- As a result of the increase in domestic exports by JD 5.6 million and the decrease in imports by JD 12.4 million, during the first quarter in 2013, the volume of external trade (domestic exports *plus* imports) decreased by JD 6.8 million to stand at JD 4,882.3 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
Jan - March				Jan - March			
	2012	2013	Percentage Change		2012	2013	Percentage Change
					2010/2011	2011/2012	
Exports				External Trade	4,889.1	4,882.3	-0.1
Iraq	127.1	190.4	49.8	Total Exports	1,317.3	1,342.4	1.9
United States	181.8	185.5	2.0	Domestic Exports	1,123.1	1,128.7	0.5
Saudi Arabia	100.9	131.2	30.0	Re-exports	194.2	213.7	10.0
India	130.2	92.1	-29.3	Imports	3,766.0	3,753.6	-0.3
Indonesia	56.9	51.2	-10.0	Trade Balance	-2,448.7	-2,411.2	-1.5
UAE	34.3	39.6	15.5	Source: Department of Statistics.			
Syria	60.9	37.8	-37.9				
Imports							
Saudi Arabia	1,070.6	780.3	-27.1				
China	322.9	383.3	18.7				
Italy	113.8	202.2	77.7				
United States	305.1	200.3	-34.3				
UAE	68.7	140.9	105.1				
Germany	144.1	138.6	-3.8				
Turkey	106.3	137.5	29.4				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports increased by 1.9 percent during the first quarter in 2013 compared to a 3.5 percent decrease during the same period in 2012, to record JD 1,342.4 million. This increase



resulted from a rise in domestic exports and re-exports by JD 5.6 million and JD 19.5 million, 0.5 percent and 10.0 percent, to reach JD 1,128.7 million and 213.7 million, respectively.

◆ The developments of domestic exports during the first quarter in 2013 compared to the same period in 2012 reveals the following:

- Exports of **medical and pharmaceutical products** increased by JD 28.4 million, 36.6 percent, to reach JD 105.9 million, compared to an increase of 1.6 percent during the same period in 2012. The Algerian, Saudi, Sudanese and UAE Markets accounted for 53.7 percent of these exports.

- Exports of **potash** increased by JD 4.2 million, 3.3 percent, to stand at JD 132.6 million. The Chinese, Indonesian and Malaysian markets accounted for 67.0 percent of these exports.
- Exports of **vegetables** decreased by JD 33.1 million, 27.8 percent, to total JD 85.9 million, compared to JD 119.0 million during the same period in 2012. The Syrian, Iraqi and UAE markets were the main destinations of these exports accounting for 65.3 percent.

Major Domestic Exports by Commodity, JD Million
January - March 2012,2013

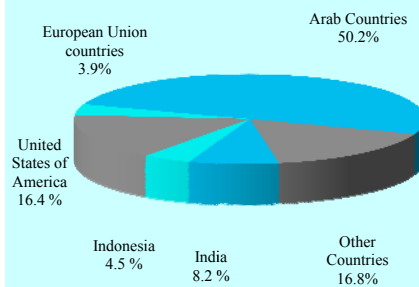
	2012	2013	Percentage Change
Domestic Exports	1,123.1	1,128.7	0.5
Clothes	172.6	174.4	1.0
United States	161.9	162.7	0.5
Potash	128.4	132.6	3.3
China	36.3	33.4	-8.0
Indonesia	25.1	28.8	14.7
Malaysia	8.2	26.6	224.4
Medical & Pharmaceutical Products	77.5	105.9	36.6
Algeria	11.3	19.7	74.3
Saudi Arabia	20.2	17.6	-12.9
Sudan	4.4	11.2	154.5
Iraq	6.7	8.4	25.4
Phosphates	134.2	90.2	-32.8
India	83.3	62.8	-24.6
Indonesia	22.5	8.4	-62.7
Bulgaria	13.6	7.5	-44.9
Vegetables	119.0	85.9	-27.8
Syria	45.1	27.4	-39.2
Iraq	3.5	22.2	534.3
UAE	6.8	6.5	-4.4
Fertilizers	32.4	38.6	19.1
Turkey	4.5	15.1	235.6
India	19.9	10.7	-46.2
Bulgaria	-	3.9	-

Source: Department of Statistics.

- Exports of **phosphates** decreased by JD 44.0 million, 32.8 percent, to register JD 90.2 million, compared to an increase of 43.2 percent during the same period in 2012. This decline was mainly due to decrease in exported quantities by 26.3 percent and the decrease in prices by 8.7 percent. It is worth noting that the Indian market was the main destination for these exports during the first quarter in 2013, accounting for 69.6 percent of phosphates exports, followed by Indonesia and Bulgaria.

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

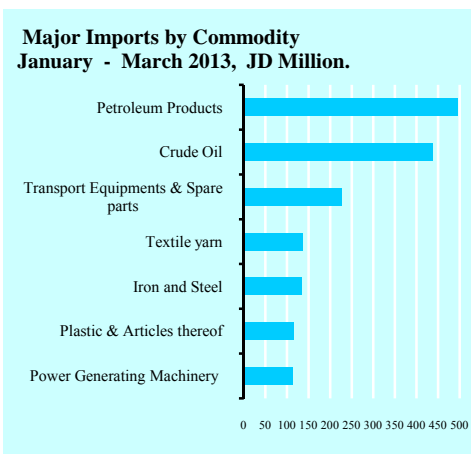
**Geographic Distribution of Domestic Exports
January- March 2013 .**



and “Fertilizers” topped the list of domestic exports during the first quarter in 2013; accounting for 55.6 percent of domestic exports down from 59.1 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that the Iraq, USA, Saudi Arabia, India, Indonesia, UAE and Syria, were the main destination markets for Jordanian domestic exports during the first quarter in 2013; accounting for 64.5 percent of domestic exports, up from 61.6 percent during the same period in 2012.

■ Merchandize Imports:

Merchandize imports amounted to JD 3,753.6 million during the first quarter in 2013, decreasing by JD 12.4 million, 0.3 percent, compared to an increase of 21.3 percent during the same period in 2012.



◆ The developments of imports during the first quarter in 2013 compared with the same period in 2012 reveals the following:

- **Petroleum products** imports decreased by JD 111.7 million, 18.4 percent, to total JD 496.0 million compared to an increase of 118.9 percent during the same period in 2012. This decrease was mainly attributable to the decrease in fuel oil imports in light of the increase of gas flows from Egypt. The main source markets of these imports were Singapore Saudi Arabia and Kuwait.
- **Crude oil** imports decreased by JD 154.7 million, 26.1 percent, to reach JD 437.4 million, compared to a rise by 44.3 percent during the same period in 2012. This decrease was attributed to the decline in the prices of oil by 7.7 percent and the decline in imported quantities by 20.0 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Transport equipments and Spare Parts** increased by JD 34.4 million, 17.9 percent, to reach JD 226.9 million compared to a decrease by 9.6 percent during the same period in 2012. South Korea, the USA and Japan were the main origin markets for these imports; accounting for 60.5 percent of these imports.
- Imports of **Iron & Steel** decreased by JD 14.3 million, 9.6 percent to reach JD 134.7 million, compared to a decrease of 10.2 percent during the same period in 2012. The markets of Ukraine, China and Syria accounted for 44.5 percent of these imports.

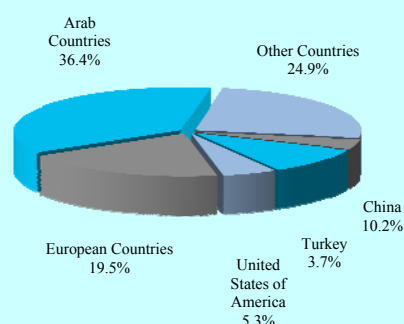
Major Imports by Commodity, JD Million
January – March 2012,2013

	2012	2013	Percentage Change
Total Imports	3766.0	3753.6	-0.3
Petroleum Products	607.7	496.0	-18.4
Singapore	0.0	131.6	-
Saudi Arabia	187.6	99.2	-47.1
Kuwait	68.8	73.2	6.4
Crude oil	592.1	437.4	-26.1
Saudi Arabia	577.5	385.6	-33.2
Transport Equipments and Spare Parts	192.5	226.9	17.9
South Korea	73.2	49.9	-31.8
United States	27.4	52.5	91.6
Japan	21.6	34.8	61.1
Textile Yarn, Fabrics & Related Products	101.6	135.6	33.5
China	40.5	52.8	30.4
Taiwan	25.3	29.9	18.2
Pakistan	2.0	13.7	585.0
Iron & Steel	149.0	134.7	-9.6
Ukraine	57.4	28.6	-50.2
China	7.4	18.1	144.6
Syria	4.8	13.2	175.0
Plastic & Articles Thereof	103.4	116.3	12.5
Saudi Arabia	56.9	59.9	5.3
China	3.9	9.1	133.3
UAE	4.6	6.9	50.0
Power Generating Machinery	33.6	112.3	233.9
Italy	1.5	62.3	-
Finland	0.1	23.8	-
Germany	5.7	11.3	98.2

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that the main imports were petroleum products, crude oil, “transport equipments and spare parts”, “Textile yarn, fabrics, made up articles and related products”, “Iron

**Geographic Distribution of Imports
January - March 2013.**



and steel” and “Plastic and Articles thereof” “power generating machinery and equipment”, accounted for 44.2 percent of total imports during the first quarter 2013; down from 47.3 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, Italy, the USA, UAE, Germany and Turkey topped the list of imports sources during the first quarter of 2013; accounting for 56.6 percent compared to 52.8 percent during the same period of 2012.

■ Re-Exports

The value of re-exported goods increased by JD 19.5 million, 10.0 percent, during the first quarter in 2013 compared to the same period in 2012, recording JD 213.7 million.

■ Trade Balance

The trade balance deficit during the first quarter in 2013 decreased by JD 37.5 million, 1.5 percent, to register JD 2,411.3 million compared to the same period in 2012.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 27.8 million, 3.6 percent, during the first four months in 2013 compared to the same period in 2012 to register JD 801.5 million.

□ Travel

■ Receipts

Travel receipts decreased by JD 15.3 million, 2.0 percent, during the first four months in 2013 compared to the same period in 2012 to register JD 761.4 million. In case of excluding travel receipts from the Libyans these receipts will rise by 5.5 percent during first four months.

■ Payments

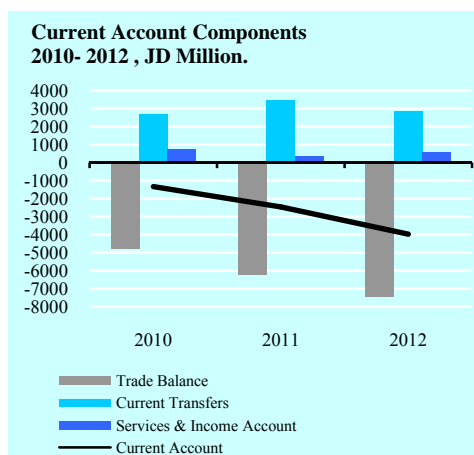
Travel payments decreased by 0.3 percent, during the first four months in 2013 compared to the same period in 2012 to stand at JD 246.6 million.

□ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for 2012 compared to 2011, reveals the following developments:

- The current account recorded a deficit of JD 3,979.1 million (18.1 percent of GDP) compared to a deficit of JD 2,462.6 (12.0 percent of GDP) million during 2011. This was an outcome of the following developments:

- ◆ An expansion in the trade balance deficit by JD 1,187.1 million, 19.0 percent, to reach JD 7,448.8 million compared to 2011.



- ◆ Services account recorded a surplus of JD 814.9 million, compared to a surplus

of JD 472.0 million during 2011. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 1,644.6 million and JD 161.6 million, respectively, and to the recorded deficit of transportation (net) and other services (net) by JD 848.9 million and JD 142.4 million, respectively.

- ◆ Income account recorded a deficit of JD 213.7 million compared to a deficit of JD 127.6 million in 2011, as a result of recording a deficit of JD 485.2 million in investment income (net) and a surplus of JD 271.5 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 586.2 million; to reach JD 2,868.5 million, as a result of the decline in net transfers of public sector (foreign grants) and in the transfers of other sectors (net) by JD 383.8 million and JD

202.4 million, to reach JD 1,048.1 million and JD 1,820.4 million, respectively, during 2012. It's worth mentioning that the workers' remittances (net) increased by 4.5 percent, during 2012 to record 1,960.6.

- The capital and financial account with the rest of the world showed a decrease in net foreign assets by JD 3,944.7 million during 2012 compared to a similar decrease in an amount of JD 2,382.4 million during 2011, this can be attributed to the following:
 - ◆ A decrease in the reserve assets of the CBJ by JD 2,337.3 million compared to a decrease amounting to JD 1,172.3 million during 2011.
 - ◆ FDI in the Kingdom recorded a net inflow of JD 996.1 million compared to a similar inflow of JD 1,046.2 million during 2011.
 - ◆ Other investments (net) registered a net inflow in an amount of JD 406.8 million compared to an outflow amounting to JD 22.7 million during 2011.
 - ◆ Portfolio investments (net) recorded a net inflow of JD 206.5 million compared to a similar inflow in an amount of JD 208.5 million during the same period in 2011.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in an amount of JD 19,135.1 million at the end of 2012 compared to JD 15,242.8 million at the end of 2011. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 1,763.0 million to reach JD 14,506.2 million at the end of 2012 compared to the end of 2011. This decrease was mainly a result of the decline in CBJ's reserve assets by JD 2,331.5 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 2,129.0 million at the end of 2012 compared to the end of 2011; standing at JD 33,641.3 million. This was mainly due to the following:
 - ◆ An increase in the stock of foreign direct investment (FDI) in Jordan by JD 996.1 million to stand at JD 17,590.3 million.
 - ◆ An increase in trade credits extended to residents of Jordan from outside by JD 349.5 million, to stand at JD 1,103.9 million.
 - ◆ An increase in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 627.3 million. This mainly resulted from the increase in CBJ loans (IMF credits and loans), general government loans and other sector loans by JD 230.0 million, JD 54.1 and JD 348.4 million respectively.
 - ◆ An increase in the deposits of non-residents at the Jordanian commercial banks by JD 32.2 million. This was due to the increase of non-resident deposits at CBJ by JD 503.3 million to reach JD 612.9 million and to the decrease of non-resident deposits at commercial banks by 471.1 million to reach JD 5,527.2 million.
 - ◆ A decrease in the stock of portfolio investments in the Kingdom by JD 16.1 million to reach JD 2,785.1 million.