



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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OUR VISION

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

OUR MISSION

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and a sound macroeconomic environment. Furthermore, the Central Bank of Jordan strives to ensure the safety and soundness of the banking system and the resilience of the national payments system. To this end, the Central Bank of Jordan adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve its objectives.

OUR VALUES

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

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Executive Summary

□ Output, Prices and Employment

- During the first three quarters of 2014, real GDP at market prices, grew by 3.0 percent, compared to 2.8 percent during the same period of 2013. Inflation, measured by the percentage change in the Consumer Price Index (CPI), declined to 0.2 percent in January 2015 compared to 3.3 percent in the same month of 2014. Furthermore, the unemployment rate during 2014 declined to 11.9 percent compared to 12.6 percent during 2013.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 381.0 million (2.7 percent) at the end of January 2015, compared to their level at the end of 2014, standing at US\$ 13,697.9 million. This level of reserves covers around 7.1 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 480.5 million (1.6 percent) at the end of January 2015 compared to its level at the end of 2014, to stand at JD 29,720.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 48.6 million (0.3 percent) at the end of January 2015 compared to its level at the end of 2014, to stand at JD 19,323.1 million.
- Total deposits at licensed banks increased by JD 585.0 million (1.9 percent) at the end of January 2015, compared to its level at the end of 2014, totaling JD 30,846.0 million. This increase was a result of the increase in JD deposits by JD 537.8 million (2.2 percent) and the increase in foreign currency deposits by JD 47.2 million (0.8 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,169.6 points at the end of January 2015, increasing by 4.1 points, or 0.2 percent, compared to its level at the end of 2014.

- **Public Finance:** During the first eleven months of 2014, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 889.9 million compared to a fiscal deficit in the amount of JD 1,100.8 million during the same period in 2013. Net outstanding domestic debt (budgetary and own-budget) increased by JD 802.0 million at the end of November 2014, compared to its level at the end of 2013, to stand at JD 12,664.0 million (49.5 percent of GDP). Outstanding external public debt increased by JD 806.4 million at the end of November 2014 compared to its level at the end of 2013 to reach JD 8,040.9 million, (31.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 80.9 percent of GDP at the end of November 2014 compared to 80.0 percent of GDP at the end of 2013.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 6.0 percent during 2014 to reach JD 5,953.6 million. Also, merchandize imports increased by 3.1 percent during 2014, totaling JD 16,145.9 million. As a result, the trade deficit increased by 1.4 percent compared to its level in 2013 to reach JD 10,192.3 million. The preliminary data for January 2015 shows a decrease in travel receipts by 6.0 percent and an increase in travel payments by 15.6 percent. Moreover, total worker's remittances increased by 2.2 percent during January 2015. The balance of payments during the first three quarters of 2014 displayed a deficit in the current account amounting to JD 1,391.3 million, (7.5 percent of GDP) down from JD 1,633.8 million (9.3 percent of GDP) during the first three quarters of 2013. Moreover, Net Direct Investment recorded an inflow of JD 975.5 million during the first three quarters of 2014 compared to a net inflow of JD 1,049.5 million during the first three quarters of 2013. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 22,121.0 million at the end of September 2014 compared to JD 20,842.5 million at the end of December 2013.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 381.0 million (2.7 percent) at the end of January 2015, compared to their level at the end of 2014, to stand at US\$ 13,697.9 million. This level of reserves covers around 7.1 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 480.5 million (1.6 percent) at the end of January 2015, compared to its level at the end of 2014, to total JD 29,720.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 48.6 million (0.3 percent) at the end of January 2015, compared to its level at the end of 2014 to reach JD 19,323.1 million.
- Total deposits at licensed banks increased by JD 585.0 million (1.9 percent) at the end of January 2015, compared to its level at the end of 2014, to reach JD 30,846.0 million.
- The interest rates on all types of credit facilities and time deposits at licensed banks decreased at the end of January 2015, compared to their levels at the end of 2014, while the interest rates on demand deposits and saving deposits had increased.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,169.6 points at the end of January 2015, increasing by 4.1 points (0.2 percent), compared to its level at the end of 2014. Moreover, the market capitalization decreased by JD 254.9 million (1.4 percent), compared to its registered level of 2014, to stand at JD 17.8 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

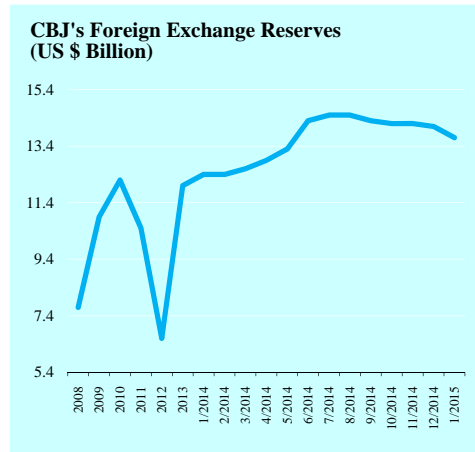
	2014	End of January	
		2014	2015
US\$ 14,078.8	17.3%	US\$ 12,430.5	3.5%
		US\$ 13,698.0	-2.7%
29,240.4	6.9%	27,795.6	1.6%
19,274.5	1.8%	19,013.9	0.4%
17,304.1	4.4%	16,521.8	-0.3%
30,261.0	9.7%	28,090.7	1.8%
24,013.1	14.3%	21,570.2	2.7%
6,247.9	-5.2%	6,520.5	-1.1%
23,976.9	8.0%	22,545.9	1.6%
19,574.9	10.9%	17,992.5	2.0%
4,402.0	-3.2%	4,553.4	0.1%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves decreased by US\$ 381.0 million (2.7 percent), at the end of January 2015, compared to their level at the end of 2014, to reach US\$ 13,697.9 million. This level of reserves covers around 7.1 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

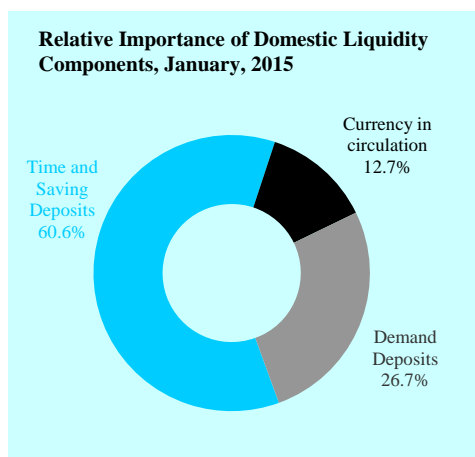
■ Domestic liquidity totaled JD 29,720.9 million at the end of January 2015, increasing by JD 480.5 million, or 1.6 percent, compared to an increase of JD 432.3 million, or 1.6 percent, during the same month of 2014.

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

● Components of Domestic Liquidity

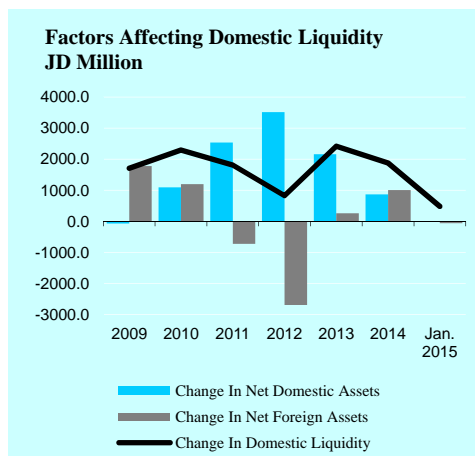
- Deposits increased by JD 502.1 million, or 2.0 percent, at the end of January 2015, compared to their level at the end of 2014, to total JD 25,938.1 million, compared with an increase amounting to JD 452.6 million, or 1.9 percent, during the same month of 2014.

- Currency in circulation decreased by JD 21.6 million, or 0.6 percent, at the end of January 2015, compared to its level at the end of 2014, to reach JD 3,782.8 million, against a decrease in the amount of JD 20.3 million, or 0.6 percent, during the same month of 2014.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 540.5 million, or 2.5 percent, at the end of January 2015, compared to its level at the end of 2014, against an increase of JD 146.3 million,



or 0.7 percent, at the same month of 2014. This increase was an outcome of the increase in net domestic assets at the licensed banks and CBJ by JD 453.5 million, or 1.7 percent, and JD 87.0 million, or 1.5 percent, respectively.

- Net foreign assets of the banking system decreased by JD 60.0 million, or 0.8 percent, at the end of January 2015, compared to their level at the end of 2014, against an increase in the amount of JD 285.9 million, or 4.1 percent, during the same month of 2014. This increase was an outcome of the decrease in net foreign assets at the CBJ by JD 105.8 million or 1.1 percent, and the increase of net foreign assets at the licensed banks by JD 45.8 million, or 2.3 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2014		End of January	
		2014	2015
7,932.3	Foreign Assets (Net)	7,209.3	7,872.2
9,939.5	CBJ	8,797.6	9,833.6
-2,007.2	Licensed Banks	-1,588.3	-1,961.4
21,308.1	Domestic Assets (Net)	20,586.2	21,848.7
-5,753.9	CBJ, of which:	-4,872.9	-5,666.9
1,219.0	Claims on Public Sector (Net)	1,229.9	1,418.1
-6,995.3	Other Items (Net*)	-6,123.3	-7,107.3
27,062.1	Licensed Banks	25,459.2	27,515.6
9,635.3	Claims on Public Sector (Net)	9,747.8	9,656.9
17,830.4	Claims on Private Sector	17,164.2	17,884.2
-403.6	Other Items (Net)	-1,452.8	-25.5
29,240.4	Money Supply (M2)	27,795.5	29,720.9
3,804.4	Currency in Circulation	3,586.2	3,782.7
25,436.0	Total Deposits, of which:	24,209.4	25,938.2
4,463.5	In Foreign Currencies	4,654.9	4,476.5

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

□ Interest Rate Structure

■ Interest Rates on Monetary Instruments

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

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

- ◆ The updated monetary policy operating framework involves issuing certificates of deposit with different volumes and maturities, and adopting a new interest rate to be accredited as the reference rate for administrating the monetary policy, which is called "CBJ main interest rate".
- ◆ This decision attempts to help banks enhance their abilities to maintain their liquidities to meet their operational requirements and respond to the growing financing needs of different economic sectors.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

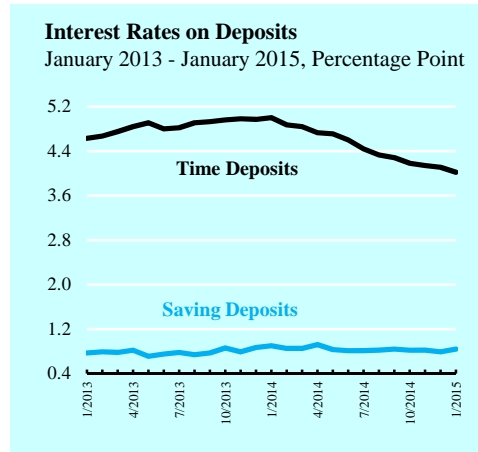
- Time Deposits: The weighted average interest rate on time deposits at the end of January 2015 decreased by 9 basis points, compared to its level of the previous year to stand at 4.02 percent.

Interest Rates on Monetary Policy Instruments, percentage points

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

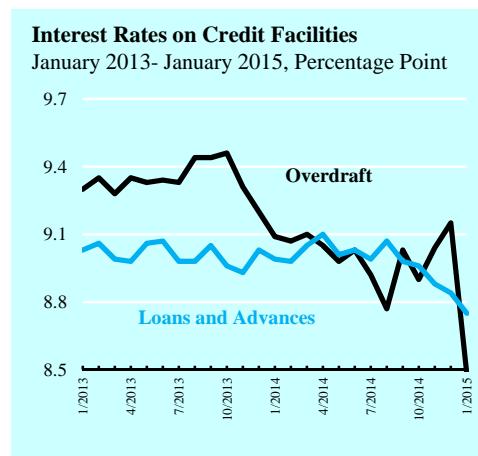
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of January 2015 increased by 5 basis points compared to its level of the previous year to stand at 0.84 percent.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of January 2015 increased by 3 basis points compared to its level of the previous year to stand at 0.46 percent.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of January 2015 decreased by 67 basis points compared to its level of the previous year to stand at 8.48 percent.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of January 2015, decreased by 50 basis points compared with its level recorded in the previous year to reach 9.45 percent.

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

		January		Change Relative to the Preceding Year
2014		2014	2015	Basis Points
Deposits				
0.43	Demand	0.49	0.46	3
0.79	Saving	0.90	0.84	5
4.11	Time	5.00	4.02	-9
Credit Facilities				
9.95	Discounted Bills and Bonds	9.60	9.45	-50
8.84	Loans and Advances	8.99	8.75	-9
9.15	Overdraft	9.09	8.48	-67
8.72	Prime Lending Rate	8.79	8.72	0

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances”

decreased by 9 basis points at the end of January 2015, compared to its level of the previous year to stand at 8.75 percent.

- The Prime lending rate stood at 8.72 percent at the end of January 2015, to maintain its level at the end of 2014.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, reached 473 basis points, at the end of January 2015, to maintain its level at the end of 2014.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 48.6 million (0.3%) at the end of January 2015, compared to its level at the end of 2014, against an increase in the amount of JD 74.2 million, or 0.4 percent during the same month of 2014.

- The classification of extended credit facilities, according to economic activity, at the end of January 2015 demonstrates an increase in the industry sector, by JD 166.3 million, or 6.6 percent, the financial services by JD 9.1, or 1.7 percent, and the "tourism, hotels and restaurants" sector by JD 8.2, or 1.4 percent. Meanwhile, the credit facilities extended to the "public utilities & services" and mining sectors decreased by JD 142.9 million, or 6.6 percent, and JD 19.1 million, or 9.7 percent, respectively, compared to their levels at the end of 2014.
- The classification of extended credit facilities, according to the borrower, at the end of January 2015 shows an increase in credit facilities extended to the private sector (resident) by JD 48.7 million, or 0.3 percent, the private sector (non-resident) by JD 6.2 million, or 1.3 percent, and the financial institutions by JD 0.6 million or 9.1 percent. Meanwhile, the credit facilities extended to the central government credit facilities declined by JD 6.9 million or 0.6 percent.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 30,846.0 million at the end of January 2015, increasing by JD 585.0 million, or 1.9 percent, compared to its level at the end of 2014, against an increase of JD 497.5 million, or 1.8 percent, at the end of 2014.
- The increase in total deposits at licensed banks at the end of January 2015 was a result of the increase in the deposits of the private sector (resident) by JD 428.5 million, or 1.8 percent, the public sector (central government plus public institutions) by JD 119.0 million, or 4.8 percent, the private sector (non-resident) by

JD 49.3 million, or 1.4 percent, and the non-banking financial institutions by JD 4.6 million, or 1.3 percent, compared to their levels at the end of 2014.

- The developments in the currency structure of deposits at the end of January 2015 reveal that JD deposits increased by JD 537.8 million, or 2.2 percent, while “deposits in the foreign currency” increased by JD 47.2 million, or 0.8 percent, compared to their levels at the end of 2014.

□ **Amman Stock Exchange (ASE)**

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

■ **Trading Volume**

Trading volume at the ASE totaled JD 185.6 million in January 2015; down by JD 85.1 million, or 31.4 percent, compared to its level of the previous month, against an increase of JD 100.5 million, or 47.9 percent, during the same month in 2014.

■ **Traded Shares**

The number of traded shares in January 2015 totaled 205.0 million shares; down by 100.8 million shares, or 33.0 percent, compared to its level of the previous month, against an increase amounting to 151.3 million shares, or 84.5 percent, during the same month in 2014.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increased by 4.1 points, or 0.2 percent, at the end of January 2015 compared to its level at the end of the previous year, to stand at 2,169.6 points, against an increase in the amount of 141.2 points, or 6.8 percent, compared to the same month in 2014. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 23.8 points, or 0.8 percent, and the decrease in the SPI for the services sector by 23.1 points, or 1.3 percent, and the industrial sector by 12.0 points, or 0.6 percent respectively.

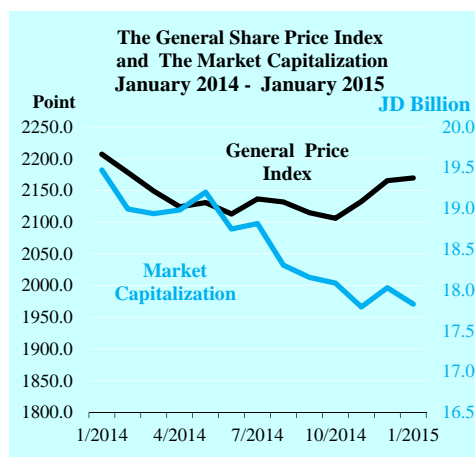
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

2014		January	
		2014	2015
2,165.5	General Index	2,207.0	2,169.6
2,920.9	Financial Sector	3,022.2	2,944.7
1,852.0	Industrial Sector	1,996.2	1,840.0
1,794.8	Services Sector	1,659.8	1,771.7

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 17.8 billion at the end of January 2015; a decrease of JD 254.9 million, or 1.4 percent, compared to its level at the end of the previous year, against an increase of JD 1.2 billion or 6.8 percent, during the same month in 2014.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at the ASE recorded an outflow amounting to JD 0.6 million in January 2015, compared to an outflow of JD 4.1 million during the same month in 2014; the value of shares acquired by non-Jordanian in January 2015 amounted to JD 27.9 million, while the value of shares sold by the same group amounted to JD 28.5 million.

Main Amman Stock Exchange Trading Indicators, JD Million

		January	
2014		2014	2015
2,263.4	Value Traded	310.1	185.6
9.1	Average Daily Trading	15.5	10.9
18,082.6	Market Capitalization	19,470.5	17,827.7
2,321.8	No. of Traded Shares (million)	330.3	205.0
-22.1	Net Investment of Non-Jordanian	-4.1	-0.6
362.7	Non-Jordanian Buying	37.7	27.9
384.8	Non-Jordanian Selling	41.8	28.5

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP) at constant market prices, grew by 3.1 percent, during the third quarter of 2014, compared to 2.8 percent during the same quarter of 2013. Moreover, GDP at current market prices, grew by 6.2 percent during the third quarter of 2014, compared to 8.0 percent during the same quarter of 2013.
- Accordingly, GDP at constant market prices, grew by 3.0 percent, during the first three quarters of 2014, compared to 2.8 percent during the same period of 2013. Moreover, GDP at current market prices, grew by 6.5 percent during the first three quarters of 2014, compared to 9.0 percent during the same period of 2013.
- The CPI inflation fell to 0.2 percent in January 2015, compared to 3.3 percent in the same month of 2014.
- The unemployment rate declined during 2014, to stand at 11.9 percent (10.1 percent for males and 20.7 percent for females), compared to 12.6 percent (10.6 percent for males and 22.2 percent for females) during 2013. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.3 percent.

□ Developments of GDP

Despite the reflection of the repercussions of the Arab Spring and the unrest in the region, that still have their effects on the Jordanian economy, real GDP grew by 3.0 percent during the first three quarters of 2014, compared to 2.8 percent during the same period of 2013. When excluding “net taxes on products”, which grew by 2.8 percent, GDP at constant basic prices grew by 3.1 percent during the first three quarters of 2014, compared to 2.7 percent during the same period of 2013.

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

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

Source: Department of Statistics.

At current market prices, GDP grew by 6.5 percent during the first three quarters of 2014, compared to 9.0 percent during the same period of 2013. This decline in nominal growth is mainly attributed to a decelerated growth in the general price level, measured by the GDP deflator, which grew by 3.3 percent, compared to 6.0 percent during the first three quarters of 2013, as a reflection of the fading impact of the government's decision of liberalizing the prices of petroleum products on the national economy, and the decline in the producer price index of both the "mining and quarrying" and manufacturing.

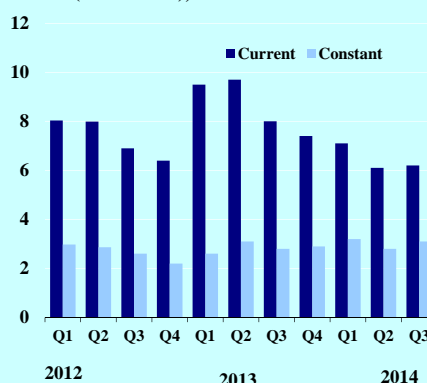
The main sectors contributed to the economic growth during the first three quarters of 2014 are "finance, insurance, real estate and business services" (0.5 percentage point), "wholesale and retail trade, restaurants and hotels" (0.5 percentage point), construction (0.4 percentage point), "transport, storage and communications" (0.3 percentage point), and manufacturing (0.3 percentage point). These sectors collectively accounted for 66.7 percent of real GDP growth during the above-mentioned period.

The developments of economic sectors during the first three quarters of 2014 showed that all sectors witnessed positive real growth at divergent rates; where some sectors witnessed an accelerated improvement in their performance; mainly “wholesale and retail trade, restaurants and hotels” which grew by 4.3 percent, “producers of government services” (1.9 percent), “mining and quarrying” (14.2 percent), “electricity and water” (4.3 percent) and agriculture (3.0 percent). While other sectors exhibited a slowdown in performance.

Microeconomic Indicators

- Industrial production quantity index grew by 1.7 percent during 2014 compared to a growth of 1.6 percent during 2013. This was attributed to the following:

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



Growth Rate of GDP at Market Prices, Percentages

	Three quarters	
	2013	2014
Agriculture,Hunting,Forestry, And Fishing	1.0	3.0
Mining And Quarrying	-10.5	14.2
Manufacturing	1.7	1.5
Electricity And Water	-0.6	4.3
Construction	8.4	7.8
Wholesale & Retail Trade, Restuarants& Hotels	3.6	4.3
Transport,Storage & Communications	4.0	1.8
Finance,Insurance,Real Estate And Business Services	3.8	2.7
Community,Social And Personal Services	5.9	5.0
Producers Of Government Services	1.3	1.9
Producers Of Private Non-Profit Services To Households	6.9	6.7
Domestic Services Of Households	0.1	0.1
Gross Domestic Product At Market Prices	2.8	3.0

Source: Department of Statistics.

- “Mining and quarrying” production quantity index grew by 28.3 percent, against a decrease of 11.5 percent during 2013. This growth was mainly attributed to the increase of production quantity index for phosphate by 38.6 percent and potash by 20.3 percent; owing to an increase in the demand of some major importing countries; especially China and India.
- Electricity production quantity index grew by 1.5 percent, compared to a decrease of 4.5 percent during 2013; due to an increase in the demand of mining and quarrying industry sector.
- Manufacturing production quantity index declined by 0.3 percent, compared to a growth of 3.3 percent during 2013. This came as a result of a contraction in production of some of its components, mainly; “chemicals products” (6.5 percent), and “refined petroleum products” (2.9 percent), on one hand, and an increase of some items, mainly; “cement, lime and plaster” (10.2 percent) and “tobacco products” (5.3 percent), on the other.
- Quantities of exported and imported goods shipped through Aqaba port grew by 16.7 percent during 2014, compared to a decline by 15.7 percent during 2013.
- Number of passengers through Royal Jordanian declined by 2.8 percent during 2014, against a contraction of 3.7 percent during 2013.
- Cargo through Royal Jordanian contracted by 1.7 percent during 2014, compared to a decrease of 9.5 percent during 2013.
- Licensed areas for buildings grew by 7.2 percent during 2014, compared to a growth of 8.4 percent during 2013.
- Number of departures declined by 5.0 percent in 2014, against a decline of 13.5 percent in 2013.

Main Sectoral Indicators*

Percentage Points

Item	2013	Available period	2014
Industrial production quantity index	1.6		1.7
Manufacturing production quantity index	3.3		-0.3
Food products and beverages	5.0		-1.5
Tobacco products	29.8		5.3
Refined petroleum products	-10.8		-2.9
Cement, lime and plaster	-17.7		10.2
Iron and steel	-13.8		0.6
Chemical products	14.0		-6.5
“Mining and quarrying” production quantity index	-11.5	The whole year	28.3
Phosphate	-15.7		38.6
Potash	-5.2		20.3
Electricity production quantity index	-4.5		1.5
Licensed areas for buildings	8.4		7.2
Quantities of exported and imported goods shipped through Aqaba port	-15.7		16.7
Number of passengers through Royal Jordanian	-3.7		-2.8
Cargo through Royal Jordanian	-9.5		-1.7
Number of departures	-13.5		-5.0

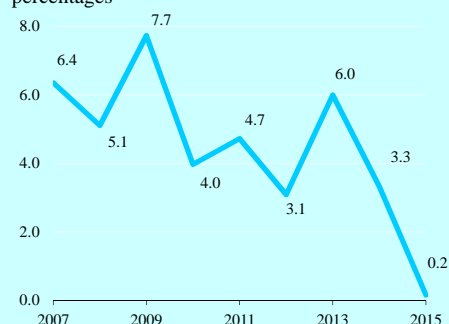
* : Sources:
- Department of Statistics.
- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the Consumer Price Index (CPI), declined during the first month of 2015, to stand at 0.2 percent, compared to 3.3 percent during the same month of 2014. This came as a result of the fall in the prices of oil and related goods and services in the global markets and its impact on domestic prices. The main groups and items that witnessed decline in their prices are; transportation (14.2 percent), “fuels and lighting” (9.5 percent), and “vegetables and legumes dry and canned” (11.1 percent). They collectively contributed in reducing the overall inflation rate by 3.2 percentage points, compared to a positive contribution amounted to 1.3 percentage points in January 2014. In contrast, some items witnessed an increase in their prices mainly; “tobacco and

Annual Bases Inflation Rate

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



Inflation Rate in January 2014 - 2015

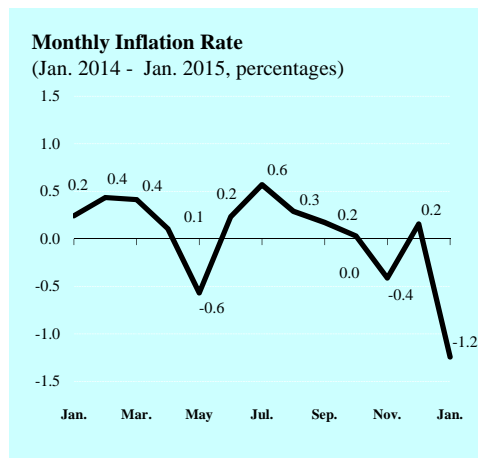
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan. 2014	Jan. 2015	Jan. 2014	Jan. 2015
All Items	100	3.3	0.2	3.3	0.2
1) Food and non-Alcoholic Beverages, of which:	33.4	2.5	1.5	0.7	0.5
Meat and Poultry	8.2	-2.6	2.4	-0.2	0.2
Dairy Products and Eggs	4.2	3.3	2.1	0.1	0.1
Vegetables and Legumes Dry and Canned	3.9	19.9	-11.1	0.7	-0.5
Fruits and Nuts	2.7	5.6	14.8	0.1	0.4
Non-alcoholic beverages	2.9	2.6	0.6	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.4	1.4	14.8	0.1	0.6
3) Clothing and footwear	3.5	7.2	8.5	0.3	0.3
4) housing, of which:	21.9	5.4	2.0	1.1	0.5
Rents	15.6	7.5	5.8	1.1	0.9
Fuels and Lighting	4.8	0.5	-9.5	0.0	-0.5
5) Household Furnishings and Equipment	4.2	1.4	3.0	0.1	0.1
6) health	2.2	4.4	4.7	0.1	0.1
7) Transportation	13.6	3.8	-14.2	0.6	-2.2
8) Communication	3.5	-0.2	0.2	0.0	0.0
9) Culture and Recreation	2.3	0.8	0.7	0.0	0.0
10) Education	5.4	3.9	3.8	0.2	0.2
11) Restaurants and Hotels	1.8	4.7	2.2	0.1	0.0
12) Other Goods and Services	3.7	-0.8	2.2	0.0	0.1

Source: Department of Statistics.

cigarettes” (14.8 percent), due to the government's decision of increasing tax on cigarettes (February 2014), and “fruits and nuts” (14.8 percent) influenced by supply and demand factors in the domestic market.

In January 2015, the CPI contracted by 1.2 percent compared with December 2014. This was due to the fall in prices of some groups and items, mainly; transportation group, “fuels and lighting”, and “fruit and nuts” items.

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



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

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) declined during 2014; to stand at 11.9 percent (10.1 percent for males and 20.7 percent for females), compared to 12.6

percent (10.6 percent for males and 22.2 percent for females) during 2013. Furthermore, the unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.3 percent.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2014 reached 36.4 percent (59.7 percent for males and 12.6 percent for females), compared to 37.1 percent (60.4 percent for males and 13.2 percent for females) during 2013.
- ◆ The employment rate among population of 15 years and older reached 32.1 percent during 2014, compared to 32.4 percent during 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.2 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.3 percent), education (11.9 percent), and manufacturing (10.2 percent).

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 899.9 million during the first eleven months of 2014, comparing to a fiscal deficit in the amount of JD 1,100.8 million, during the same period of 2013. When excluding foreign grants (JD 755.6 million), the general budget deficit reaches JD 1,655.5 million compared to a deficit in the amount of JD 1,680.2 million during the same period of 2013.
- Net outstanding domestic public debt increased by JD 802.0 million at the end of November 2014 compared to its level at the end of 2013, to reach JD 12,664.0 million (49.5 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 806.4 million at the end of November 2014, compared to its level at the end of 2013, to stand at JD 8,040.9 million (31.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 20,704.9 million (80.9 percent of GDP) at the end of November 2014 compared to JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.

□ The performance of the general budget during the first eleven months of 2014 compared to the same period of the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 28.5 million, or 6.7 percent, in November 2014 comparing to the same month of 2013 to reach JD 455.4 million. As for the first eleven months of 2014, these revenues were up by JD 943.4 million, or 18.5 percent, compared to the same period of 2013 to stand at JD 6,055.0 million. This rise came as a result of the increase in domestic revenues by JD 767.2 million, as well as foreign grants by JD 176.2 million.

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

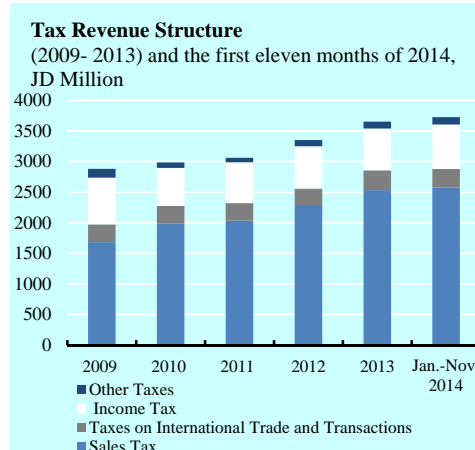
(JD Million and Percentages)

	Nov.		Growth Rate	Jan. – Nov.		Growth Rate
	2013	2014		2013	2014	
Total Revenues and Grants	426.9	455.4	6.7	5,111.6	6,055.0	18.5
Domestic Revenues, of which:	397.8	421.2	5.9	4,532.2	5,299.4	16.9
Tax Revenues, of which:	282.7	296.7	5.0	3,297.3	3,724.6	13.0
General Sales Tax	226.0	232.5	2.9	2,235.6	2,575.1	15.2
Other Revenues	113.4	122.8	8.3	1,214.8	1,556.2	28.1
Foreign Grants	29.1	34.2	17.5	579.4	755.6	30.4
Total Expenditures, of which:	630.2	659.3	4.6	6,212.4	6,954.9	12.0
Capital Expenditures	106.2	116.6	9.8	711.9	878.5	23.4
Overall Deficit/ Surplus	-203.3	-203.9	-	-1,100.8	-899.9	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 767.2 million, or 16.9 percent, during the first eleven months of 2014 compared to the same period of 2013, to reach JD 5,299.4 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 427.3 million, and JD 341.4 million, respectively, and the drop in “pension contributions” by JD 1.5 million.



● Tax Revenues

Tax revenues increased by JD 427.3 million, or 13.0 percent, during the first eleven months of 2014 compared to the same period of 2013, to reach JD 3,724.6 million (70.3 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of the general sales tax on goods and services, in addition to income and profit taxes. Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 339.5 million, or 15.2 percent, which reached JD 2,575.1 million (accounting for 69.1 percent of total tax revenues). This result was driven by the increase in the proceeds of all general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on imported goods”, “sales tax on services”, and “sales tax on domestic goods” have increased by JD 241.1 million, JD 83.9 million, JD 14.1 million, and JD 0.4 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 66.9 million, or 10.1 percent, which reached JD 726.4 million (accounting for 19.5 percent of total tax revenues). This rise was a result of the increase in the proceeds of “income tax from companies and other projects” by JD 47.0 million, and the rise in the proceeds of “income tax from individuals” by JD 19.9 million. Accordingly, income tax from companies accounted for 80.4 percent of total taxes on income and profits to reach JD 584.3 million (of which JD 275.6 million from banks and financial institutions).

- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 4.5 million or 1.5 percent, to reach JD 303.0 million (accounting for 8.1 percent of total tax revenues).
- An increase in real-estates tax (taxes on financial transactions) by JD 16.4 million, or 15.8 percent, to reach JD 120.1 million (accounting for 3.2 percent of total tax revenues).

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

“Other revenues” increased by JD 341.4 million, or 28.1 percent, during the first eleven months of 2014 to reach JD 1,556.2 million. This increase was chiefly due to:

- A rise in miscellaneous revenues by JD 257.5 million to stand at JD 481.4 million.
- An increase in “revenues from selling goods and services” by JD 83.6 million to reach JD 810.1 million.
- An increase in property income by JD 0.3 million to stand at JD 264.7 million (of which financial surplus of independent government units amounted to JD 232.7 million).

- **Pension Contributions**

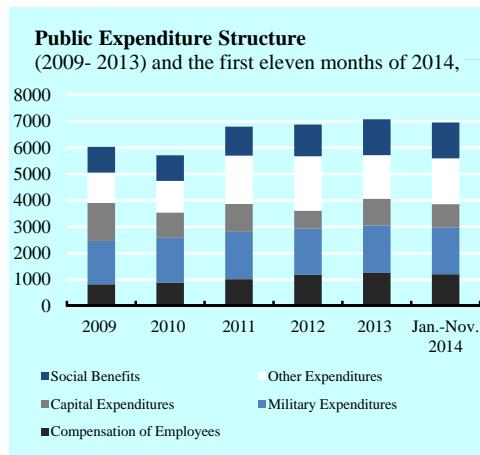
Pension contributions were down by JD 1.5 million during the first eleven months of 2014, standing at JD 18.6 million.

- ◆ **Foreign Grants**

Foreign grants increased by JD 176.2 million during the first eleven months of 2014, standing at JD 755.6 million.

Public Expenditures

Public expenditures witnessed an increase by JD 29.1 million, or 4.6 percent, in November 2014 compared to the same month in 2013 to stand at JD 659.3 million. Moreover, public expenditures increased by JD 742.5 million, or 12.0 percent during the first eleven months of 2014, to stand at JD 6,954.9 million. This increase was a result of the rise in both current expenditures and capital expenditures by 10.5 percent, and 23.4 percent, respectively.



Current Expenditures

Current expenditures increased by JD 575.9 million, or 10.5 percent, during the first eleven months of 2014, to reach JD 6,076.4 million. This result was driven by the increase in most current expenditures items. More specifically:

- An increase in military expenditures by JD 122.7 million to total JD 1,777.3 million, accounting for 29.2 percent of total current expenditures.
- An increase in social benefit expenditures by JD 114.5 million to stand at JD 1,361.6 million, accounting for 22.4 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 50.7 million to reach JD 1,201.4 million, accounting for 19.8 percent of total current expenditures.

- An increase in interest payments, on internal and external public debt, by JD 198.3 million to stand at JD 861.5 million, accounting for 14.1 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 79.6 million to stand at JD 308.0 million, accounting for 5.1 percent of total current expenditures.
- A decrease in goods subsidies by JD 7.2 million to stand at JD 217.8 million, accounting for 3.6 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

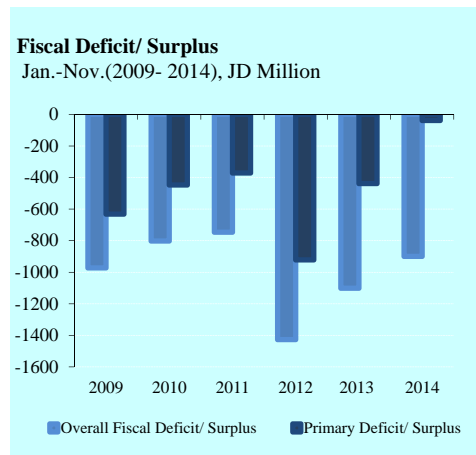
◆ Capital Expenditures

Capital expenditures increased by JD 166.6 million, or 23.4 percent during the first eleven months of 2014 compared to the same period of 2013, to reach JD 878.5 million.

■ General Budget Deficit/ Surplus

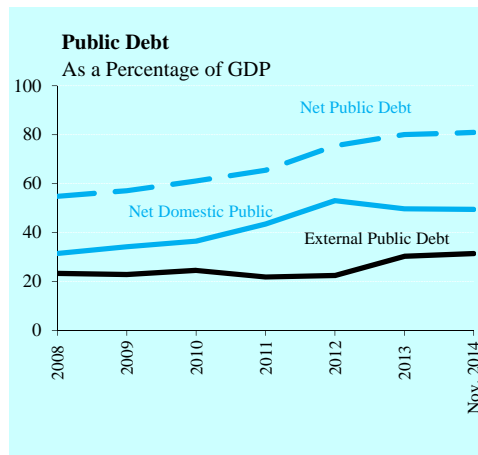
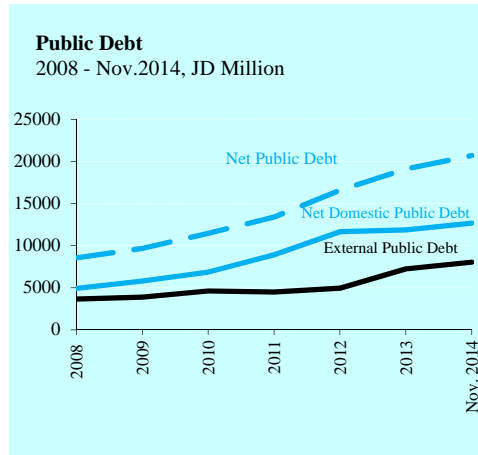
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 899.9 million during the first eleven months of 2014, against a fiscal deficit in the amount of JD 1,100.8 million during the same period of 2013.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 38.4 million during the first eleven months of 2014, against a primary deficit of JD 437.6 million during the same period of 2013.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 802.0 million at the end of November 2014 comparing to its level at the end of 2013 to total JD 12,664.0 million, or 49.5 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 915.0 million to reach JD 14,355.0 million, and the increase in the government deposits at the banking system by JD 114.0 million to reach JD 1,691.0 million. In details, the increase in the budgetary domestic public debt was mainly an outcome of the rise in “Treasury bills and bonds” in the amount of JD 1,388.0 million to reach JD 12,256.0 million at the end of November 2014, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 592.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 260.0 million to reach JD 609.0 million at the end of November 2014, and loans and advances extended to these agencies decreased by JD 125.0 million to stand at JD 889.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 806.4 million at the end of November 2014 compared to its level at the end of 2013, amounting to JD 8,040.9 million (31.4 percent of GDP). This increase was driven by receiving the fourth and the fifth tranches of the IMF loan under the Stand-By Arrangement (SBA) in the amount of JD 182.9 million (equivalent to US\$ 258 million) in April, as well as the sixth tranche of the loan in the amount of JD 89 million (equivalent to US\$ 125 million) which was received in November, in addition to the issuance of sovereign Eurobonds in the international markets in the amount of US\$ 1.0 billion in June. The currency debt structure shows that external debt in US dollars accounted for 58.2 percent, while debt in Euros accounted for 6.0 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 7.5 percent and 10.7 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 14.2 percent.
- Net public debt (domestic and external) increased by JD 1,608.4 million at the end of November 2014 compared to its level at the end of 2013 to stand at JD 20,704.9 million, (80.9 percent of GDP), against JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.
- External debt service (budgetary and guaranteed) amounted to JD 766.5 million during the first eleven months of 2014 (of which interest payments amounting to JD 183.7 million) compared to JD 539.3 million (of which interest payments amounting to JD 117.0 million) during the same period of 2013.

□ Fiscal and Price Measures

- Reducing the prices of all types of oil derivatives noticeably, as follows:

Development of Oil Derivatives Price

	Unit	2015		Percentage Change
		January	February	
Unleaded Gasoline 90	Fils/Liter	590	525	-11.0
Unleaded Gasoline 95	Fils/Liter	735	660	-10.2
Gas Oil (Diesel)	Fils/Liter	460	405	-12.0
Kerosene	Fils/Liter	460	405	-12.0
Liquid Gas (12.5kg)	JD/Unit	8.75	8.00	-8.6
Fuel oil for industry	JD/Ton	295	265	-10.2
Fuel for airplanes (local companies)	Fils/Liter	410	362	-11.7
Fuel for airplanes (foreign companies)	Fils/Liter	415	367	-11.6
Fuel for unplanned flights	Fils/Liter	430	382	-11.2
Asphalt	JD/Ton	315	285	-9.5

Source: Jordan Petroleum Refinery Company (1/2/2015).

- The cabinet approved the work permit fees for non-Jordanian workers by-law for 2014, to be effective from its issuance in the official Gazette (June 2014).
- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite Kingdom of Jordan, in the amount of US\$ 1.0 billion. These bonds due after five years and carry a fixed annual interest rate of 1.945

percent. This issuance is the second one for the kingdom in the international markets, guaranteed by the U.S government (June 2014).

- The cabinet decided to reduce the general sales tax rate on micro-financing companies sales to become 3% starting from the year 2009 onwards. Provided that these companies are not allowed to deduct any taxes on their purchases, as of 20/7/2014 (July 2014).
- The cabinet approved the income tax law for the year 2014, to be effective starting from 1st January 2015 (January 2015).

□ Grants, Loans and Other Agreements

- Signing a memorandum of understanding (MoU) concerning EU financial assistance to Jordan for the years (2014 – 2017), providing grants ranging between EUR (312 – 382) million. Jordan and the EU also signed two grant agreements in the total amount of EUR 59.5 million, of which EUR 47.5 million for supporting Jordan's public finance management and public administration reforms, while the remaining EUR 12 million will go for supporting the implementation of the EU – Jordan Action plan of the European Neighborhood policy (October 2014).
- Signing an agreement with German Development Bank (KfW) in the amount of EUR 20 million in order to help the Kingdom cope with effects of climate change in the water sector, in addition to supporting services grant agreement in the amount of EUR 1.5 million (October 2014).

- Signing a grant agreement between the government of Jordan and the Japan International Cooperation Agency (JICA), under which the Japanese government will provide a grant aid amounting to Japanese Yen 2,238 million (equivalent to US\$ 20 million) for the assistance of the implementation of the project of rehabilitation and expansion of water networks in Balqa governorate, as part of the Japanese grants program for climate change and environment protection (November 2014).
- Signing an economic and technical cooperation agreement between the government of Jordan and the government of China under which the Chinese government will provide Jordan with a grant in the amount of Yuan 50 million (equivalent to US\$ 8.0 million) to finance certain development projects (to be agreed upon later) (December 2014).
- Signing a framework arrangements agreement with the South Korean government regarding the Korean aid (grants) program allocated for Jordan in 2014 in the total amount of US\$ 18 million, provided by the Korea International Cooperation Agency (KOICA), distributed as follows (December 2014):
 - US\$ 4.3 million provided for the Ministry of Health for building and equipping three comprehensive healthcare centers.
 - US\$ 5.2 million provided for the Ministry of Education for the establishment of deaf and hard of hearing service center.
 - US\$ 8.5 million provided for the general supplies department for the establishment of an e-procurement system.

- Signing five grant agreements with the Saudi Fund for Development (SFD) in the total amount of US\$176 million, as part of Saudi Arabia's contribution to the Gulf Cooperation Council (GCC) grant to support priority projects in the Kingdom. These funds are distributed as follows (February 2015):
 - US\$70 million grant to establish and furnish Princess Basma Hospital.
 - US\$6 million grant for building laboratories for the Jordan Food and Drug Administration.
 - US\$12 million for the establishment of an X-ray centre.
 - US\$37 million for implementing rehabilitation and maintenance works at the King Hussein Medical Centre.
 - US\$52 million will go to financing the King Hussein Cancer Centre's expansion project.
- Signing a memorandum of understanding with the US government, under which the United States will provide annual grants amounting to US\$ 1.0 billion during the period 2015-2017, within its annual support program to the Kingdom, to cover economic, development and military aspects (February 2015).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 23.0 percent in December 2014 compared to the same month of 2013, to record JD 536.4 million. As for the year 2014, total merchandize exports increased by 6.0 percent to reach JD 5,953.6 million.
- **Merchandize imports** decreased by 9.0 percent in December 2014 compared to the same month of 2013, to reach JD 1,275.2 million. As for the year 2014, merchandize imports increased by 3.1 percent to reach JD 16,145.9 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 23.4 percent in December 2014 compared to the same month in 2013; standing at JD 738.8 million. As for the year 2014, the trade deficit increased by 1.4 percent to reach JD 10,192.3 million.
- **Travel receipts** decreased in January 2015 compared to January 2014 by JD 15.6 million, or 6.0 percent, to reach JD 245.3 million. On the other hand, **Travel Payments** increased by JD 9.5 million, or 15.6 percent, to reach JD 70.5 million.
- **Total workers' remittances receipts** increased by 2.2 percent in January 2015 compared to January 2014 to reach JD 211.0 million.
- **The current account of the balance of payments** registered a deficit of JD 1,391.3 million (7.5 percent of GDP) during the first three quarters of 2014 compared to a deficit of JD 1,633.8 million (9.3 percent of GDP) during the first three quarters of 2013.
- **Net direct investment** recorded an inflow of JD 975.5 million during the first three quarters of 2014, down from JD 1,049.5 million during the first three quarters of 2013.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 22,121.0 million at the end of September 2014; an increase of JD 1,278.5 million compared to its level at the end of December 2013.

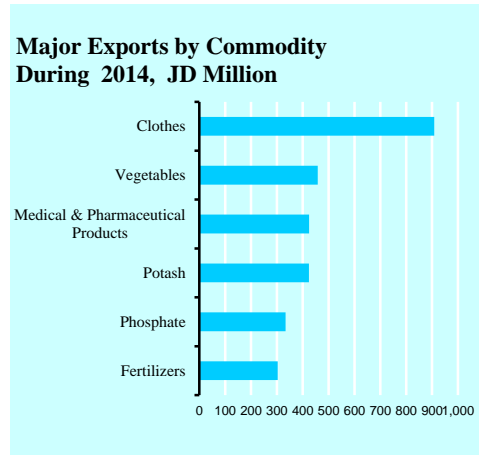
□ External Trade

- As a result of the increase in domestic exports and imports by JD 358.5 million and JD 478.6 million during the year 2014 compared to 2013, the volume of external trade (domestic exports *plus* imports) increased by JD 837.1 million to stand at JD 21,309.6 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-December				January- December				
	2013	2014	Percentage Change		Percentage Change 2013/2012	2014	Percentage Change 2014/2013	
Exports				External Trade	20,472.5	5.1	21,309.6	4.1
USA	847.6	929.9	9.7	Total Exports	5,618.0	0.3	5,953.6	6.0
Iraq	883.1	828.5	-6.2	Domestic Exports	4,805.2	1.2	5,163.7	7.5
Saudi Arabia	651.7	708.7	8.7	Re-exports	812.8	-4.4	789.9	-2.8
India	350.9	459.7	31.0	Imports	15,667.3	6.3	16,145.9	3.1
UAE	192.3	201.4	4.7	Trade Balance	10,049.3	10.0	10,192.3	1.4
Syria	95.9	142.2	48.3	Source: Department of Statistics.				
China	73.6	131.3	78.4					
Imports								
Saudi Arabia	2,850.4	3,162.1	10.9					
China	1,620.1	1,698.4	4.8					
USA	969.3	937.1	-3.3					
India	789.9	883.1	11.8					
UAE	520.2	776.1	49.2					
Germany	598.1	637.1	6.5					
Turkey	538.5	602.9	12.0					
South Korea	393.1	542.0	37.9					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 6.0 percent during 2014, compared to an increase of 0.3 percent during 2013, to record JD 5,953.6 million.



This increase resulted from a rise in domestic exports by JD 358.5 million, or 7.5 percent, to reach JD 5,163.7 million, and a decline in re-exports by 2.8 percent, to reach JD 789.9 million.

◆ The developments of domestic exports during 2014 compared to 2013 reveal the following:

- Exports of **vegetables** increased by JD 93.4 million, or 25.6 percent, to total JD 457.7 million, compared to an increase of 2.9 percent in 2013. The UAE, Iraqi, and the Saudi markets were the main destinations of these exports, accounting for 47.9 percent.

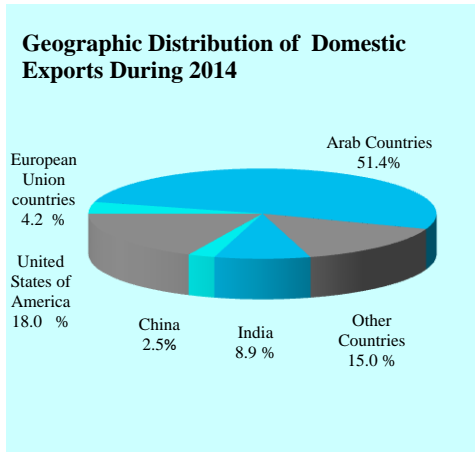
- Exports of **Fertilizers** increased by JD 93.9 million, or 44.9 percent, to reach JD 303.0 million, compared to a decrease of 13.9 percent during 2013. The Indian, Turkish and Ethiopian, Markets accounted for 61.9 percent of these exports.
- Exports of **phosphate** increased by JD 66.1 million, or 24.7 percent, to register JD 333.5 million, compared to a decrease of 37.2 percent during 2013. This decrease was mainly due to an increase in exported quantities by 42.3 percent and a decline in the prices of phosphate by 12.4 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 69.0 percent of phosphate exports.

**Major Domestic Exports by Commodity, JD Million
2013-2014**

	2013	2014	Percentage Change
Domestic Exports	4,805.2	5,163.7	7.5
Clothes	810.1	908.2	12.1
USA	748.2	820.7	9.7
Vegetables	364.3	457.7	25.6
UAE	66.6	82.9	24.5
Iraq	53.3	74.2	39.2
Saudi Arabia	51.9	62.0	19.5
Medical & Pharmaceutical Products	438.7	424.4	-3.3
Saudi Arabia	100.5	109.6	9.1
Algeria	81.3	57.4	-29.4
Iraq	51.2	49.1	-4.1
Sudan	39.7	37.9	-4.5
Potash	420.0	423.8	0.9
China	65.9	125.7	90.7
India	92.5	111.4	20.4
Malaysia	64.3	36.2	-43.7
Phosphate	267.4	333.5	24.7
India	192.3	230.2	19.7
Indonesia	35.8	51.8	44.7
Bulgaria	11.9	11.8	-0.8
Fertilizers	209.1	303.0	44.9
India	45.6	81.0	77.6
Turkey	45.2	61.9	36.9
Ethiopia	29.7	44.8	50.8

Source: Department of Statistics.

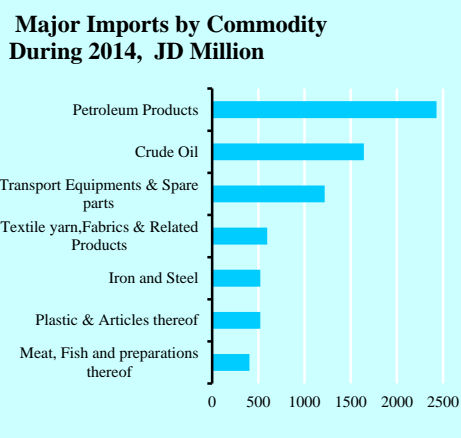
- Exports of **potash** increased by JD 3.8 million, or 0.9 percent, to stand at JD 423.8 million, compared to a 12.3 percent decrease during 2013. The Chinese, Indian, and Malaysian markets accounted for 64.5 percent of these exports.



- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, vegetables, “medical and pharmaceutical products”, potash, phosphate, and fertilizers topped the list of domestic exports during the year 2014; accounting for 55.2 percent of domestic exports, up from 52.2 percent during the year 2013. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, India, the UAE, Syria and China, were the main destination markets for domestic exports during the year 2014; accounting for 65.9 percent of domestic exports, up from 64.4 percent during the year 2013.

■ Merchandize Imports:

Merchandize imports increased by 3.1 percent to reach JD 16,145.9 million during 2014, compared to a similar increase of 6.3 percent during 2013.



◆ The developments of imports during 2014 compared with 2013 reveal the following:

- **Petroleum products** imports increased by JD 558.1 million, or 29.8 percent, to total JD 2,429.0 million compared to a decrease of 18.2 percent during 2013. This increase was mainly attributable to the repeated interruptions of Egyptian gas flows, used in electricity generation, which was substituted by fuel oil and diesel. The main source markets of these imports were the India, UAE, and Saudi Arabia.
- **Crude oil** imports decreased by JD 185.5 million, or 10.1 percent, to reach JD 1,642.7 million, compared to a decrease of JD 130.0 million, or 6.6 percent during 2013. This increase was attributed to the decline in prices by 8.0 percent and a decrease in quantities by 2.3 percent. It's worth noting that crude oil imports came from the Saudi market.

- Imports of **Transport equipment's and Spare Parts** increased by JD 257.8 million, or 26.9 percent, to reach JD 1,217.8 million compared to an increase of 13.4 percent during 2013. The USA, Japan and South Korea were the main markets for these imports; accounting for 62.8 percent.

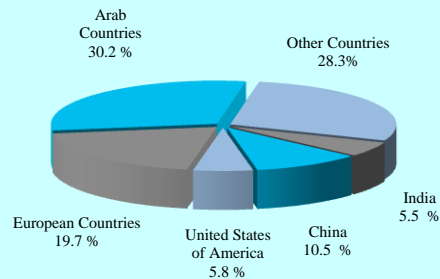
- Consequently, the commodity composition of imports indicates that

Major Imports by Commodity, JD Million 2013-2014			
	2013	2014	Percentage Change
Total Imports	15,667.3	16,145.9	3.1
Petroleum Products	1,870.9	2,429.0	29.8
India	468.6	533.7	13.9
Saudi Arabia	166.1	403.9	143.2
UAE	79.8	313.5	292.9
Crude oil	1,828.2	1,642.7	-10.1
Saudi Arabia	1,598.8	1,642.7	2.7
Transport Equipment's & Spare Parts	960.0	1,217.8	26.9
USA	208.5	273.9	31.4
Japan	177.8	256.4	44.2
South Korea	200.1	234.0	16.9
Textile Yarn, Fabrics & Related Products	589.1	595.3	1.1
China	228.7	243.1	6.3
Taiwan	160.4	168.2	4.9
Turkey	40.3	39.1	-3.0
Plastic and articles thereof	484.1	522.0	7.8
Saudi Arabia	228.2	258.1	13.1
China	39.8	33.2	-16.6
UAE	29.1	33.1	13.7
Iron & Steel	571.0	522.0	-8.6
China	81.3	145.8	79.3
Ukraine	124.1	101.4	-18.3
Saudi Arabia	53.8	46.6	-13.4
Meat, Fish and Preparations thereof	398.3	403.2	1.2
Brazil	110.4	99.6	-9.8
Australia	78.9	82.6	4.7
India	35.9	41.9	16.7

Source: Department of Statistics.

petroleum products, crude oil, “transport equipment’s and spare parts”, “textile yarn, fabrics, made up articles and related products”, “plastic and articles thereof”, “iron and

Geographic Distribution of Imports During 2014



steel”, and “meat, fish and preparations thereof” topped the list of imports during 2014, accounting for 45.4 percent of total imports; up from 42.8 percent during 2013. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, India, the UAE, Germany Turkey and South Korea were the main sources of imports during 2014; accounting for 57.2 percent of total imports, compared to 52.8 percent during 2013.

■ Re-Exports

A decrease of JD 22.9 million, or 2.8 percent, was registered in the value of re-exported goods during 2014 compared to 2013, to reach JD 789.9 million.

■ Trade Balance

The trade balance deficit during 2014 increased by JD 143.0 million, or 1.4 percent, to register JD 10,192.3 million, compared to 2013.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 2.2 percent, in January 2015, compared to January 2014 to register JD 211.0 million.

□ Travel

■ Receipts

Travel receipts decreased by JD 15.6 million, or 6.0 percent, in January 2015, compared to January 2014 to register JD 245.3 million.

■ Payments

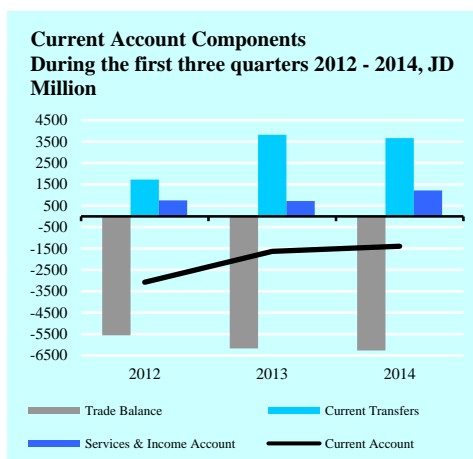
Travel payments increased by JD 9.5 million, or 15.6 percent, in January 2015, compared to January 2014 to stand at JD 70.5 million.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1391.3 million (7.5 percent of GDP) compared to a deficit of JD 1,633.8 million (9.3 percent of GDP) during the first three quarters of 2013. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit during the first three quarters of 2014 by JD 97.8 million, 1.6 percent, to reach JD 6,273.8 million



compared to JD 6,176.0 million during the same period in 2013.

- ◆ An increase in the surplus of the services account by JD 509.7 million to reach JD 1,417.1 million.
- ◆ Income account recorded a deficit of JD 200.4 million compared to a deficit of JD 189.1 million during the first three quarters of 2013, as a result of a deficit of JD 369.6 million in investment income (net) and a surplus of JD 169.2 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 158.1 million; to reach JD 3,665.8 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 638.3

million, to reach JD 846.3 million, and the increase of the transfers of other sectors by 480.2 million to reach JD 2,819.5 million. It's worth mentioning that the workers' remittances receipts increased by 2.2 percent, during the first three quarters of 2014 to stand at JD 1,809.2 million.

- The capital and financial account in the first three quarters of 2014 registered a net inflow of JD 1,068.2 million, compared to a net inflow of JD 1133.1 million during the same period of 2013. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 975.5 million compared to a similar inflow of JD 1049.5 million during the same period of 2013.
 - ◆ Portfolio investments recorded a net inflow of JD 935.8 million compared to an inflow of JD 366.7 million during the same period of 2013.
 - ◆ Other investments registered a net inflow of JD 866.7 million compared to an inflow of JD 2,499.4 million during the same period of 2013.
 - ◆ An increase in the reserve assets of CBJ by JD 1,712.1 million, compared to an increase of JD 2,783.3 million during the same period of 2013.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 22,121.0 million at the end of September 2014 compared to JD 20,842.5 million at the end of December 2013. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 1,091.1 million to reach JD 18,651.1 million at the end of September 2014 compared to the end of December 2013. This increase was a result of the rise in CBJ's reserves by 1,672.9 million, and the decrease in loans by banks to non-residents and banks' deposits abroad by JD 329.2 million and JD 234.6 million, respectively.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 2,369.6 million at the end of September 2014 compared to the end of December 2013; standing at JD 40,772.1 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,166.8 million to stand at JD 20,147.9 million.
 - ◆ An increase in the stock of portfolio investments by JD 1,321.9 million to reach JD 6,003.4 million.
 - ◆ A decrease in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 289.8 million to reach JD 5,162.7 million.
 - ◆ An increase in trade credits by JD 127.0 million, to stand at JD 832.9 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 19.9 million. (an increase of JD 14.7 million at the CBJ, and an increase of JD 5.2 million at the licensed banks) to reach JD 8,246.1 million.