



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept. Monthly Report
June, 2012**

Central Bank of Jordan

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❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

The data published in this report are considered actual, final and consistent with those received by the Central 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.

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Executive Summary

The latest available economic indicators on the earlier period of 2012 reveal mixed results. On the one hand, travel receipts, workers' remittances, credit facilities extended by licensed banks, and unemployment rate, recorded significant improvement. On the other hand, current account deficit, and net outstanding public debt show a deterioration in performance. Moreover, the real economy registered a growth rate of 3.0% during the first quarter of 2012 against 2.3% during the same quarter in 2011.

- **Output, Prices and Employment:** In the first quarter of 2012, real GDP at market prices grew by 3.0 percent compared to 2.3 percent in the same quarter of 2011. Inflation, measured by the Consumer Price Index (CPI), slowed down to 3.9 percent during the first five months of 2012 compared to 4.6 percent during the same period of 2011. Furthermore, the unemployment rate in the second quarter of 2012 declined to 11.6 percent compared to 13.2 percent in the same quarter of 2011.
- **Monetary and Financial Sector:**
 - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,733.7 million, or 16.5 percent, at the end of the first four months of 2012, compared to their level at the end of 2011, standing at US\$ 8,772.4 million.
 - Domestic liquidity grew by JD 407.8 million, or 1.7 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, standing at JD 24,526.7 million.
 - The outstanding balance of credit facilities extended by licensed banks was up by JD 925.4 million, or 5.8 percent, at the end of the first four months of 2012, compared to its level at the end of 2011, standing at JD 16,776.6 million.
 - Total deposits at licensed banks increased by JD 445.3 million, or 1.8 percent, at the end of the first four months of 2012, compared to their level at the end of 2011, totaling JD 24,823.2 million.
 - The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,981.2 points at the end of the first four months of 2012, decreasing by 13.9 points, or 0.7 percent, compared to its level at the end of 2011.

- **Public Finance:** During the first four months in 2012, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 39.0 million, comparing to a fiscal deficit in the amount of JD 148.6 million during the same period in 2011. Net outstanding domestic debt (budgetary and own-budget) increased by JD 1,058.0 million at the end of April 2012, comparing to its level at the end of 2011, to stand at JD 9,973.0 million (44.9 percent of GDP). Outstanding external public debt increased by JD 85.7 million at the end of April 2012 comparing to its level at the end of 2011; to reach JD 4,572.5 million, (20.6 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 65.5 percent of GDP at the end of April 2012.

- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 0.1 percent during the first four months of 2012 to reach JD 1,825.7 million. In contrast, the merchandize imports increased by 19.5 percent, totaling JD 5,064.1 million. As a result, the trade deficit expanded by 34.2 percent compared to the same period in the previous year; to reach JD 3,238.4 million. Furthermore, the preliminary figures for the first half of 2012 compared to the same period in 2011 showed an increase in travel receipts and payments by 19.1 percent and 2.3 percent, respectively. In addition, total workers' remittances receipts during the first half of 2012 increased by 1.7 percent compared to the same period in 2011. The preliminary figures for the balance of payments for the first quarter of 2012 displayed a deficit in the current account amounting to JD 1,395.2 million, up from JD 448.1 million during the same period in the previous year. Moreover, the Foreign Direct Investment (FDI) recorded a net inflow to Jordan by JD 177.2 million during the first quarter of 2012 compared to a net inflow of JD 255.1 million during the same period in 2011. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounting to JD 16,803.5 million at the end of the first quarter of 2012 compared to JD 14,888.3 million at the end of 2011.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 2,849.3 million, or 27.1 percent, at the end of May 2012, compared to their level at the end of 2011, standing at US\$ 7,656.8 million. This level of reserves covers around 4.4 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 507.5 million, or 2.1 percent, at the end of the first five months of 2012, compared to its level at the end of 2011, to total JD 24,626.4 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,078.6 million, or 6.8 percent, at the end of the first five months of 2012, compared to its level at the end of 2011, to stand at JD 16,929.8 million.
- Total deposits at licensed banks increased by JD 458.8 million, or 1.9 percent, at the end of the first five months of 2012, in comparison with their level at the end of 2011, totaling JD 24,836.7 million.
- The interest rates on all types of deposits and credit facilities at licensed banks increased at the end of the first five months of 2012 except for the saving deposits, which decreased compared to its level at the end of 2011.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,874.5 points at the end of the first five months of 2012, decreasing by 120.6 points, or 6.0 percent, compared to its level at the end of 2011. Moreover, the market capitalization decreased by JD 0.9 billion compared to its registered level of 2011 to stand at JD 18.4 billion.

Main Monetary Indicators

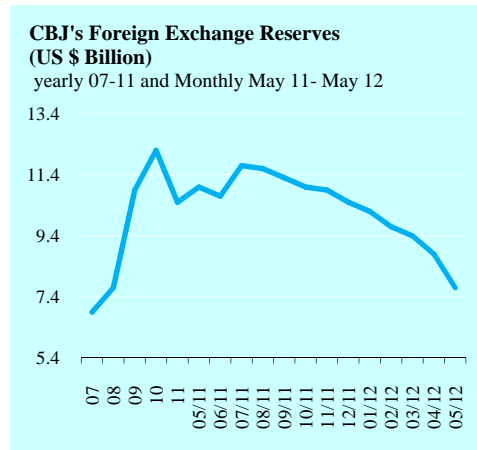
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of May	
		2011	2012
US\$ 10,506.1	CBJ's Foreign Currency Reserves	US\$ 10,989.8	US\$ 7,656.8
-14.2%		-10.2%	-27.1%
24,118.9	Money Supply (M2)	22,579.9	24,626.4
8.1%		1.2%	2.1%
15,851.2	Credit Facilities, of which:	15,408.8	16,929.8
9.7%		6.6%	6.8%
14,284.1	Private Sector (Resident)	13,826.9	14,789.4
10.1%		6.5%	3.5%
24,377.9	Total Deposits, of which:	22,755.8	24,836.7
8.3%		1.1%	1.9%
19,119.1	In JD	17,662.8	18,797.3
8.5%		0.3%	-1.7%
5,258.8	In Foreign Currencies	5,093.0	6,039.4
7.6%		4.2%	14.8%
19,905.8	Deposits of Private Sector (Resident), of which:	18,551.1	20,160.0
8.5%		1.1%	1.3%
16,507.6	In JD	15,241.8	16,089.0
8.5%		0.2%	-2.5%
3,398.2	In Foreign Currencies	3,309.3	4,071.0
8.6%		5.7%	19.8%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 2,849.3 million, or 27.1 percent, at the end of May 2012, compared to their level at the end of 2011, to reach US\$ 7,656.8 million. This level of reserves covers around 4.4 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

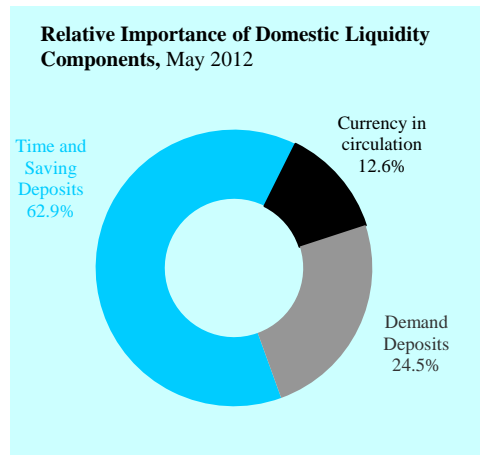
■ Domestic liquidity totaled JD 24,626.4 million at the end of the first five months of 2012, increasing by JD 507.5 million, or 2.1 percent, compared to an increase of JD 273.2 million, or 1.2 percent, during the same period of 2011.

◆ **Developments in the components of domestic liquidity, and the factors affecting liquidity during the first five months of 2012, reveal the following:**

● Components of Domestic Liquidity

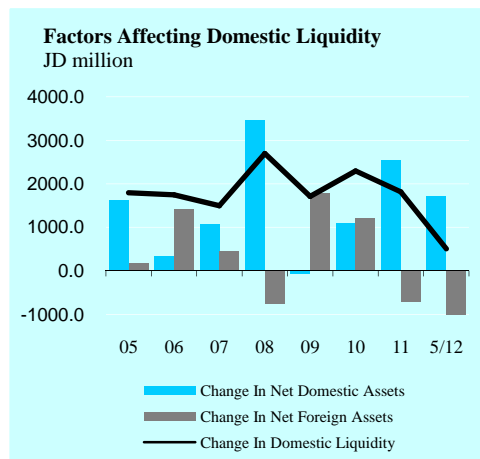
- Deposits increased by JD 413.0 million, or 2.0 percent, at the end of the first five months of 2012, compared to their level at the end of 2011, to total JD 21,512.6 million, against an increase amounting to JD 150.0 million, or 0.8 percent, at the end of the same period of 2011.

- Currency in circulation increased by JD 94.5 million, or 3.1 percent, at the end of the first five months of 2012, compared to its level at the end of 2011, to reach JD 3,113.8 million, against an increase in the amount of JD 123.2 million, or 4.3 percent, during the same period of 2011.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,714.4 million, or 11.6 percent, at the end of May 2012, compared to its level at the end of 2011, against an increase of JD



1,095.3 million, or 9.0 percent, during the same period of 2011. This increase was a result of the increase in net domestic assets at the CBJ by JD 1,999.6 million, or 34.2 percent, and its decrease at licensed banks by JD 285.2 million, or 1.4 percent.

- Net foreign assets of the banking system decreased by JD 1,206.9 million, or 12.9 percent, at the end of May 2012, compared to their level at the end of 2011, against a decrease in the amount of JD 822.1 million, or 8.2 percent, in the same period of 2011. This decrease was an outcome of the decline of these assets at the CBJ by JD 1,905.6 million, or 20.6 percent, and its increase at licensed banks by JD 698.7 million.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

Year		Change in balance relative to the end of May	
		2011	2012
-724.9	Foreign Assets (Net)	-822.1	-1,206.9
-733.2	CBJ	-815.5	-1,905.6
8.3	Licensed Banks	-6.6	698.7
2,537.1	Domestic Assets (Net)	1,095.3	1,714.4
1,009.9	CBJ, of which:	1,000.9	1,999.6
46.8	Claims on Public Sector (Net)	-6.4	319.3
962.5	Other Items (Net*)	1,007.1	1,680.4
1,527.2	Licensed Banks	94.4	-285.2
1,744.9	Claims on Public Sector (Net)	375.1	795.4
1,311.5	Claims on Private Sector	904.8	503.6
-1,529.2	Other Items (Net)	-1,185.5	-1,584.2
1,812.2	Money Supply (M2)	273.2	507.5
175.6	Currency in Circulation	123.2	94.5
1,636.6	Total Deposits, of which:	150.0	413.0
294.3	In Foreign Currencies	170.6	696.1

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

□ Interest Rate Structure

◆ Interest Rates on Monetary Policy Instruments

- On May 31th, 2012, the CBJ raised the interest rate on the overnight window deposit facility by 50 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:

- **Re-Discount Rate:** 5.00 percent.
- **Interest Rate on Overnight Repurchase Agreements:** 4.75 percent.
- **Overnight Deposit Window Rate:** 3.25 percent.

- Developments in interest rates on Certificates of Deposit (CDs) show that:

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.

- As part of the new operational framework for the CBJ's monetary policy, and with the aim of providing the necessary liquidity to the banking system and minimizing volatility in interest rates in the interbank market, the CBJ introduced the weekly repurchase agreements facility. The interest rate and the volume of this facility will be determined by the CBJ.

Interest Rates on Monetary Policy Instruments (%)

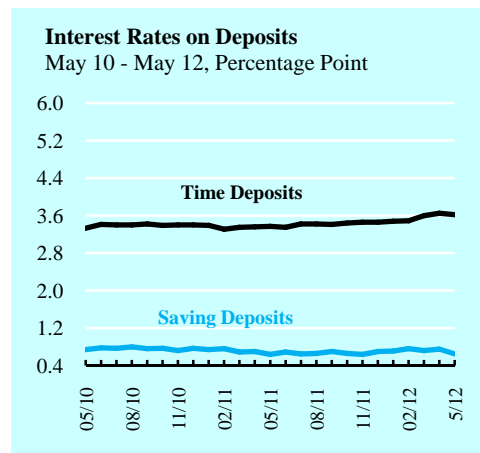
End of year		May	
		2011	2012
4.50	Re-discount Rate	4.25	5.00
4.25	Repurchase Agreements Rate (Repos)	4.00	4.75
2.25	Overnight Deposit Window Rate	2.00	3.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

◆ Interest Rates in the Banking Sector

• Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of May 2012 decreased by one basis point, compared to their level at the end of the previous month, to stand at 3.64 percent.



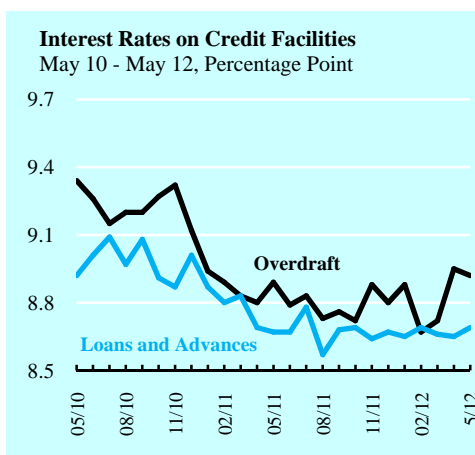
As a result, this rate was higher than its level at the end of 2011 by 18 basis points.

- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of May 2012 decreased by 10 basis points compared to its level at the end of the preceding month, thereby reaching 0.65 percent. As a result, this rate is lower than its level at the end of 2011 by 5 basis points.
- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of May 2012 decreased by one basis point compared to its level registered at the end of the preceding month, standing at 0.44 percent, which is higher than its level at the end of 2011 by one basis point.

• Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of May 2012 decreased by 4 basis points compared to its level at the end of the previous month, standing at 8.92 percent. Accordingly, this rate is higher than its level recorded at the end of 2011 by 12 basis points.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 21 basis points at the end of May 2012, compared to its level at the end of the preceding month, to stand at 9.35 percent. As a result, this rate was one basis point higher than its level of 2011.



- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by 4 basis points at the end of May 2012, compared to its level at the end of the preceding month, to stand at 8.69 percent. Furthermore, this rate was 2 basis points higher than its level at the end of 2011.

Year	May		Change Relative to the Preceding Year Basis Points	
	2011	2012		
Deposits				
0.43	Demand	0.44	0.44	1
0.70	Saving	0.64	0.65	-5
3.46	Time	3.37	3.64	18
Credit Facilities				
9.34	Discounted Bills and Bonds	9.32	9.35	1
8.67	Loans and Advances	8.67	8.69	2
8.80	Overdraft	8.89	8.92	12
8.22	Prime Lending Rate	8.18	8.25	3

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **The Prime Lending Rate:** This rate stood at 8.25 percent at the end of May 2012, 3 basis points higher than its level at the end of 2011.

□ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 16,929.8 million at the end of the first five months of 2012, increasing by JD 1,078.6 million, or 6.8 percent, compared to its level at the end of the preceding year, against an increase in the amount of JD 957.4 million or 6.6 percent, during the same period of 2011.
- ◆ The classification of extended credit facilities, according to economic activity, during May 2012 demonstrates that the increase in these facilities was mainly due to the increase in credit facilities extended to the public services and utilities sector, which increased by JD 683.6 million, or 60.2 percent, and the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 289.2 million or 8.5 percent, as well as the increase in the construction sector by JD 74.1 million, or 2.1 percent, compared to their levels at the end of 2011. However, credit facilities extended for the General Trade sector decreased by JD 63.7 million, or 1.7 percent, compared to their level at the end of 2011.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the credit facilities during the first five months of 2012 was mainly due to the credit facilities extended to the central government, which increased by JD 608.6 million, and the private sector (resident), which increased by JD 505.3 million, or 3.5 percent, compared to their level at the end of 2011. Furthermore, the credit facilities extended to the non-banking financial institutions increased by JD 3.3 million, or 66.0 percent. Meanwhile, the credit facilities extended to public institutions and private sector (non-resident) decreased by JD 19.8 million, or 5.3 percent, and JD 19.0 million, or 2.0 percent, respectively, compared to their level at the end of 2011.

□ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 24,836.7 million at the end of the first five months of 2012, increasing by JD 458.8 million, or 1.9 percent, compared to its level in the preceding year, against an increase of JD 251.0 million, or 1.1 percent, during the same period of 2011.

- ◆ The increase in total deposits at licensed banks at the end of the first five months of 2012 was an outcome of the increase of the deposits of the private sector (resident) by JD 254.2 million, or 1.3 percent, and the increase in the deposits of the public sector (central government *plus* public institutions) by JD 85.3, or 5.6 percent, as well as the increase of the deposits of private sector (non-resident) by JD 66.6 million, or 2.5 percent. Moreover, the deposits of non-banking financial institutions increased by JD 52.6 million or 19.0 percent, compared to their levels at the end of 2011.
- ◆ The developments in the currency structure of deposits at the end of the first five months of 2012 reveal that “deposits in foreign currencies” increased by JD 780.6 million, or 14.8 percent, and “deposits in the local currency” decreased by JD 321.8 million, or 1.7 percent, compared to their levels at the end of 2011.

□ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange (ASE) displayed a negative performance at the end of May 2012 compared to the preceding month, as well as for the first five months of 2012. This can be demonstrated as follows:

• Trading Volume

Trading volume at the (ASE) totaled JD 147.5 million in May 2012; down by JD 85.1 million, or 36.6 percent, compared to its level at the end of the preceding month, against an increase of JD 49.1 million, or 18.6 percent, during the same month in 2011. However, trading volume stood at JD 963.2 million during the first five months of 2012; a decline amounting to JD 526.8 million compared with the volume registered over the same period in 2011.

• Traded Shares

The number of traded shares in May 2012 totaled 193.8 million; down by 46.8 million shares, or 19.5 percent, compared to its level at the previous month, against an increase amounting to 96.6 million shares, or 24.7 percent, during the same month of 2011. Furthermore, the number of traded shares during the first five months of 2012 stood at 1,160.4 million shares, compared with 2,123.8 million shares traded during the same period of 2011.

• **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) decreased by 106.7 points, or 5.4 percent, at the end of May 2012 compared to its level at the end of the preceding month,

to stand at 1,874.5 points, against a decrease in the amount of 38.2 points, or 1.7 percent, during the same month of 2011. As for the first five months of 2012, the SPI dropped by 120.6 points, or 6.0 percent, compared with its level at the end of 2011, against a drop in the amount of 213.8 points, or 9.0 percent, during the same period of 2011. The above-mentioned drop during the first five months of 2012 was chiefly attributed to the decline in the SPI for the services and financial sector by 146.1 points, or 8.6 percent, and 121.9 points, or 5.0 percent, respectively, as well as the decline in the SPI for the industrial sector by 103.4 points, or 4.8 percent, compared to their levels at the end of 2011.

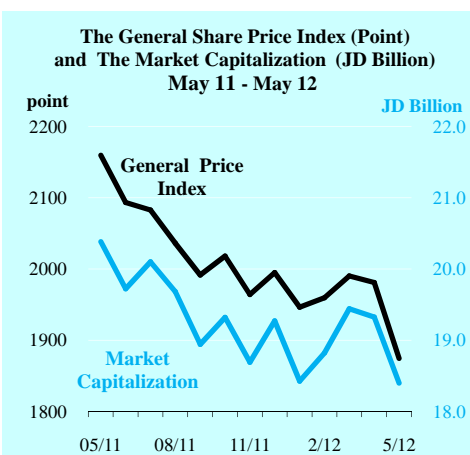
Share Price Index Weighted by Market Capitalization of Free Float Shares by Sector

Year		May	
		2011	2012
1,995.1	General Index	2,159.8	1,874.5
2,443.9	Financial Sector	2,740.9	2,322.0
2,149.9	Industrial Sector	2,285.8	2,046.5
1,693.7	Services Sector	1,718.9	1,547.6

Source: Amman Stock Exchange.

• **Market Capitalization**

The ASE's market capitalization totaled JD 18.4 billion at the end of May 2012; a decline of 0.9 JD billion, or 4.8 percent, compared to its level at the end of the previous month, against a decrease of JD 0.2 billion, or 0.9 percent, during



the same month of 2011. Furthermore, the market capitalization during the first five months of 2012 declined by JD 0.9 billion, or 4.5 percent, compared to its level registered at the end of 2011, against a decline amounting to around JD 1.5 billion, or 6.7 percent, over the same period of 2011.

- **Non - Jordanian Net Investment**

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 7.5 million in May 2012, compared to an inflow of JD 0.6 million during the same month of 2011; the value of shares acquired by non- Jordanians in May 2012 stood at JD 21.8 million, while the value of shares sold by the same group amounted to JD 14.3 million. Moreover, non-Jordanian net investment

Main Amman Stock Exchange Trading Indicators, JD Million			
Year		May	
2011		2011	2012
2,850.3	Value Traded	313.7	147.5
11.5	Average Daily Trading	14.9	6.4
19,272.8	Market Capitalization	20,384.7	18,399.8
4,072.3	No. of Traded Shares (million)	487.8	193.8
78.6	Net Investment of Non-Jordanian	0.6	7.5
555.8	Non-Jordanian Buying	57.4	21.8
477.2	Non-Jordanian Selling	56.8	14.3

Source: Amman Stock Exchange.

displayed an inflow amounting to JD 16.9 million during the first five months of 2012, against an inflow in the amount of JD 73.9 million during the same period of 2011.

Second: Output, Prices and Employment

■ Summary

- During the first quarter of 2012, real GDP at market prices grew by 3.0 percent, compared to 2.3 percent during the same quarter of 2011. When excluding “net taxes on products”, which grew by 2.1 percent, GDP growth rate at constant basic prices increases to 3.1 percent compared to 2.5 percent during the same quarter of 2011.
- Inflation, measured by the CPI, slowed down to 3.9 percent during the first five months of 2012, compared to 4.6 percent during the same period of 2011.
- The unemployment rate in the second quarter of 2012 declined to 11.6 percent of the total labor force (10.3 percent for males and 17.8 percent for females) compared to 13.2 percent (11.3 percent for males and 21.4 percent for females) in the same quarter of 2011. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 14.1 percent.

▣ Developments of (GDP)

Despite the unfavorable international and regional economic and political conditions. **Real GDP grew by 3.0 percent during the first quarter of 2012** compared to 2.3 percent during the same quarter of 2011. When excluding “net taxes on products”, which grew by 2.1 percent, **GDP growth rate at constant basic prices reaches 3.1 percent**, compared to 2.5 percent during the first quarter of 2011.

**Quarterly Growth Rates of GDP at Market Prices
2010 - 2011**

					Percentages
	Q 1	Q2	Q3	Q4	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				
GDP at Current Market Prices	8.0				

Source: Department of Statistics.

GDP at current prices grew by 8.0 percent compared to 10.3 percent during the first quarter of 2011. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 4.9 percent during the first quarter of 2012, compared to 7.8 percent during the same quarter of 2011.

Analyzing the developments of economic sectors showed that all sectors witnessed positive real growth at divergent rates during the first quarter of 2012, except **“mining and quarrying”** sector which shrank by 1.3 percent compared to growth by 43.0 percent during the same quarter of 2011. Some sectors recorded notable improvement in



performance; **“construction”**, **“electricity and water”** and **“restaurant and hotels”** sectors grew by 2.8 percent, 8.9 percent and 14.2 percent compared to a contraction by 23.6 percent, 1.0 percent and 3.3 percent during the first quarter of 2011, respectively. In addition, the sectors of **“transport, storage and communications”**, **“manufacturing”** and **“agriculture”** witnessed an accelerated improvement; growing at 4.3 percent, 3.7 percent and 3.6 percent, respectively, against a growth amounting to 1.3 percent, 3.3 percent, and 2.2 percent, during the first quarter of 2011 respectively. In contrast, the sectors of **“wholesale and retail trade”**, **“finance, insurance, real estate and business services”**, and **“producers of government services”** experienced a slowdown; growing at 2.0 percent, 1.9 percent and 1.8 percent, respectively, compared to 4.8 percent, 5.6 percent and 3.0 percent, respectively, during the first quarter of 2011.

The contribution of commodity - and service - producing sectors in the overall GDP growth rate, at constant basic prices, amounted to 1.1 percentage points and 2.0 percentage points, respectively, during the first quarter of 2012, compared to 0.03 percentage point and 2.47 percentage points, respectively, during the first quarter of 2011.

■ Microeconomic Indicators

- Industrial production quantity index improved by 4.0 percent during the first four months of 2012 against a slight decline amounting to 0.8 percent during the same period of 2011. This can be attributed to the following:
 - Manufacturing production quantity index grew by 3.6 percent against a decline amounting to 3.6 percent during the same period of 2011. This came as a result of the improvement in the production of some items, particularly; “refined petroleum products” (13.9 percent), and “iron and steel” (6.5 percent), on one hand, and the decrease in “cement ” (15.6 percent), and “food products and beverages” (2.9 percent) on the other.
 - Electricity production quantity index grew by 18.9 percent, owing to the increasing demand of manufacturing sectors for electricity.
 - “Mining and quarrying” production quantity index decreased by 4.1 percent against a growth by 32.4 percent during the same period of 2011, as the production of phosphate contracted by 6.4 percent and the production of potash by 1.8 percent.
- The number of passengers through the Royal Jordanian recorded a remarkable growth.
- The number of departures declined.
- “Quantities of exported and imported goods shipped through the Aqaba port” and “Cargo through the Royal Jordanian” and “licensed areas for buildings” recorded a decelerated growth in their performances.

Summary of the Main Sectoral Indicators:

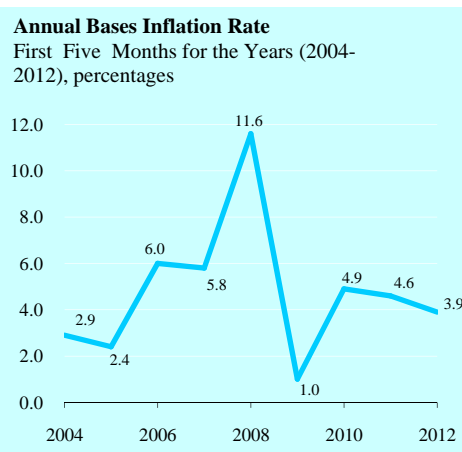
Percentages*				
2011	Item	Available Period		
		2011		2012
Industrial Sector				
-0.3	Industrial production quantity index	-0.8	January - April	4.0
-2.2	Manufacturing production quantity index	-3.6		3.6
-4.2	Food products and beverages	-1.4		-2.9
-5.0	Refined petroleum products	1.5		13.9
9.9	Iron and steel	-1.7		6.5
-26.5	Cement	-35.1		-15.6
-1.3	Chemical products	-2.1		-1.4
16.5	"Mining and quarrying" production quantity index	32.4		-4.1
16.8	Phosphate	20.1		-6.4
17.2	Potash	54.2		-1.8
4.5	Electricity production quantity index	0.1		18.9
25.7	Licensed areas for (residential and non-residential) buildings	37.2	January - May	7.3
6.2	The number of passengers through the Royal Jordanian	4.1	January - March	25.9
13.8	Quantities of exported and imported goods shipped through the Aqaba port	20.7	January - May	6.5
-3.8	Cargo through the Royal Jordanian	10.7	January - March	2.1
-21.5	Number of departures	-15.7	January - May	-6.5

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

▣ Prices

The general price level continued to increase at a slower pace during the first five months of 2012 compared to the same period of 2011. The inflation rate, measured by the percentage change in the CPI, stood at 3.9 percent,

compared to 4.6 percent during the same period of 2011. This increase in the price level was driven by the global increase in the prices of food items and oil.



Developments of the CPI basket in the first five months of 2012:

- ◆ “Food items”, constitute about 36.7 percent of the CPI basket. The prices of this group increased by 4.2 percent during the first five months of 2012 compared to an increase of 4.4 percent in the same period of 2011. The contribution of this group to the overall rate of inflation reached 1.5 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of “dairy products and eggs” (15.0 percent), “meat and poultry” (7.1 percent), and “sugar and confectionaries” (5.1 percent). At the same time, prices of

“vegetables”, “fruits”, and “cereals and products” have declined by 6.5 percent, 3.4 percent, and 1.5 percent, respectively.

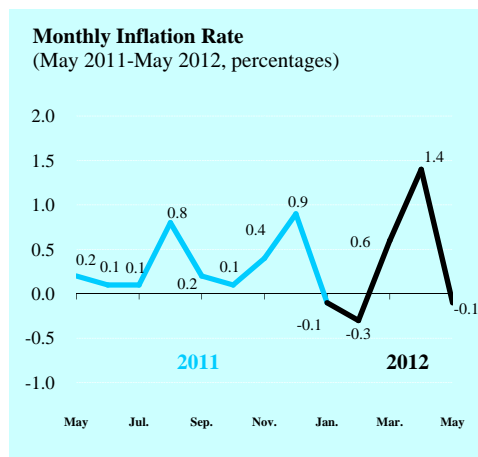
- ◆ **“Clothing and footwear”** group has the least weight in the CPI basket (5.0 percent). **The average price level for this group increased by 5.7 percent during the first five months of 2012 compared to an increase of 5.1 percent in the same period of 2011. Accordingly, the group's contribution to the overall inflation rate reached 0.3 percentage point during the five months of 2011.** The increase in the prices of this group during the first five months of 2012 was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 5.6 percent and 5.9 percent, respectively, compared to 5.1 percent and 4.8 percent respectively, during the first five months of 2011.

- ◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. **The prices of housing increased by 2.8 percent during the first five months of 2012 compared to an increase of 4.1 percent in the same period of 2011. Accordingly, this group contributed to the overall inflation rate by 0.8 percentage point during the first five months of 2012.** The increase in the prices of this group was driven by the rise in the prices of “rents” item by 4.2 percent. In addition, prices of other items showed a varied increase ranging from 0.4 percent for “fuels and lighting” and 4.3 percent for “house utensils”.

- ◆ **“Other goods and services”** account for 31.6 percent of the CPI basket. **The prices of this group increased by 4.0 percent during the first five months of 2012 compared to 5.1 percent in the same period of 2011. Accordingly, this group contributed 1.3 percentage points to the overall inflation rate during the first five months of 2012.** The increase in the prices of this group was a result of the rise in the prices of “medical care” (8.7 percent), “personal care” (8.0 percent), “recreation” (3.9 percent), and “education” (3.1 percent). While the prices of “transportation” increased slightly by 3.3 percent compared to 8.4 percent, during the same period of 2011.

Moreover, **the CPI in May 2012 decline by 0.1 percent compared with March 2012.** This was mainly due to the rise in the prices of “fruits” and “transportation and communication”, on one hand, and the decrease in other

items, most noticeably “vegetables”, “dairy products and eggs” and “personal care” on the other hand.



□ Employment

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and above) during the second quarter of 2012 reached 38.3 percent (61.7 percent for males against 14.1 percent for females) compared to 39.7 percent (63.3 percent for males against 15.2 percent for females) during the same quarter of 2011.
- ◆ The employed rate among the age group 15 years and above reached 33.8 percent during the second quarter of 2012. The employed workers in the sector of “public administration, defense, and social security” accounted for 25.0 percent of the total employed, followed by workers in the “wholesale and retail trade” sector (15.6 percent). The remaining percent is distributed among sectors of education, manufacturing, and other.
- ◆ The unemployment rate (unemployed percent of the labor force) in the second quarter of 2012 reached 11.6 percent (10.3 percent for males and 17.8 percent for females) compared to 13.2 percent (11.3 percent for males and 21.4 percent for females) during the same quarter of 2011. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 14.1 percent.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 39.0 million during the first four months in 2012, comparing to a fiscal deficit in the amount of JD 148.6 million, during the same period in 2011. Excluding foreign grants (JD 17.2 million), the general budget deficit reaches to JD 56.2 million compared to a deficit in the amount of JD 166.4 million during the same period in 2011.
- Gross outstanding domestic public debt (budgetary and own-budget) reached to JD 10,969.0 million (49.4 percent of GDP), at the end of April 2012, reflecting a rise amounting to JD 973.0 million compared to its level at the end of 2011.
- Net outstanding domestic public debt increased by JD 1,058.0 million at the end of April 2012, to reach JD 9,973.0 million (44.9 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 85.7 million at the end of April 2012, compared to its level at the end of 2011, to stand at JD 4,572.5 million (20.6 percent of GDP).

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

■ Public Revenues

Public revenues (including foreign grants) increased by JD 205.4 million, or 39.0 percent, in April 2012 comparing to the same month in 2011 to reach JD 732.7 million. As for the first four months in 2012, these revenues were up by JD 281.7 million, or 18.4 percent, compared to the same period in 2011 to stand at JD 1,815.6 million. This result was mainly driven by the increase in domestic revenues by JD 282.3 million, on one hand, and the drop in foreign grants by JD 0.6 million, on the other.

Main Government Budget Indicators during April and the First Four Months in 2012 and 2011:

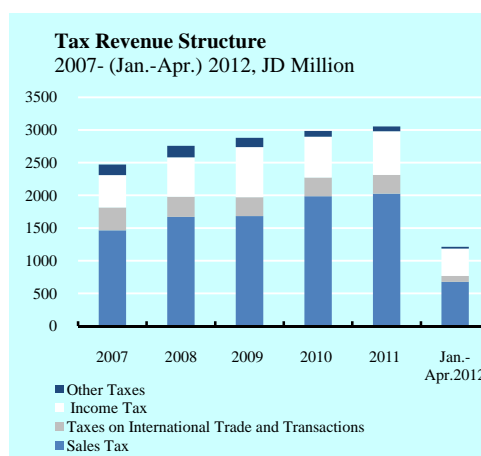
(JD Million and Percentages)

	April		Growth Rate %	Jan. – Apr.		Growth Rate %
	2011	2012		2011	2012	
Total Revenues and Grants	527.3	732.7	39.0	1533.9	1815.6	18.4
Domestic Revenues, of which:	527.3	729.9	38.4	1516.1	1798.4	18.6
Tax Revenues, of which:	452.2	504.0	11.5	1137.1	1212.7	6.6
General Sales Tax	139.9	187.5	34.0	629.6	677.1	7.5
Other Revenues, of which:	73.6	224.4	204.9	372.2	578.4	55.4
Land Registration Fees	7.6	14.9	96.1	42.6	55.3	29.8
Foreign Grants	0.0	2.8	0.0	17.8	17.2	-3.4
Total Expenditures	436.1	603.7	38.4	1682.5	1854.6	10.2
Overall Deficit/ Surplus	91.2	129.0		-148.6	-39.0	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 282.3 million, or 18.6 percent, during the first four months in 2012 compared to the same period in 2011, to reach JD 1,815.6 million. This increase was a result of; the rise in the proceeds of “other revenues”, “tax revenues” and “pension contributions” by JD 206.2 million, JD 75.6 million and JD 0.5 million, respectively.



◀ Tax Revenues

Tax revenues increased by JD 75.6 million, or 6.6 percent, during the first four months in 2012 compared to the same period in 2011, to reach JD 1,212.7 million (67.4 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of “income and profit taxes”** by JD 19.5 million or 4.9 percent, which reached JD 420.8 million. This increase was due to the rise in the proceeds of “income tax from companies and other projects” by JD 25.9 million, and the drop in the proceeds of “income tax from individuals” by JD 6.4 million. Accordingly, income tax from companies accounted for 89.3 percent of total taxes on income and profits to reach JD 375.9 million (of which JD 26.4 million from banks and financial institutions).
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 3.1 million or 3.6 percent, which reached JD 88.4 million. This result was driven by the increase in the proceeds of “customs duties and fees” by JD 3.1 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 increase in the proceeds of general sales tax on goods and services** by JD 47.5 million which reached JD 677.1

million. This result was driven by the increase in the proceeds of all its items specifically, the proceeds of “sales tax on imported goods” increased by JD 7.6 million. Moreover, the proceeds of “sales tax on services”, “sales tax on domestic goods” as well as the proceeds of “sales tax on commercial sector” have also increased by JD 13.5 million, JD 17.4 million and JD 9.0 million, respectively.

◀ Other Revenues (Non-Tax Revenues)

“Other revenues” increased by JD 206.2 million, or 55.4 percent, during the first four months in 2012 to reach JD 578.4 million. This increase was an outcome of:

- The rise in property income by JD 185.9 million to stand at JD 235.1 million (of which financial surplus of independent government units amounted to JD 226.2 million).
- The increase in revenues from selling goods and services by JD 21.4 million to stand at JD 217.5 million.
- The decrease in miscellaneous revenues by JD 1.1 million to reach JD 125.8 million.

◀ Pension Contributions

Pension contributions were up by JD 0.5 million during the first four months in 2012 compared to the same period in 2011 standing at JD 7.3 million.

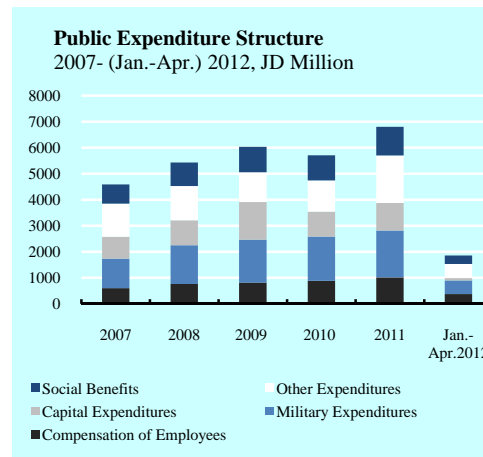
◆ Foreign Grants

Foreign grants were down by JD 0.6 million during the first four months in 2012 comparing to the same period in 2011, standing at JD 17.2 million.

Public Expenditures

Public expenditures witnessed an increase by JD 167.6 million, or 38.4 percent, in April 2012 compared to the same month in 2011 to stand at JD 603.7 million. During the first four months in 2012 public expenditures accordingly rose by JD 172.1 million, or

10.2 percent, to stand at JD 1,854.6 million. This increase was an outcome of the rise in current expenditures by 12.3 percent and the drop in capital expenditures by 19.1 percent.



Current Expenditures

Current expenditures increased by JD 193.6 million, or 12.3 percent, during the first four months in 2012, to reach JD 1,763.4 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 44.6 million to reach JD 377.8 million.
- The increase in social benefit expenditures by JD 23.5 million to stand at JD 324.9 million.

- The increase in good's subsidies by JD 106.3 million to stand at JD 207.5 million.
- The increase in interest payments, on internal and external public debt, by JD 34.6 million to stand at JD 174.8 million.
- The decrease in military expenditures by JD 17.3 million to total JD 520.4 million.
- The drop in “purchases of goods and services” by JD 10.3 million to stand at JD 64.2 million.

◆ Capital Expenditures

Capital expenditures decreased by JD 21.5 million, or 19.1 percent during the first four months in 2012 comparing to the same period in 2011, to reach JD 91.2 million.

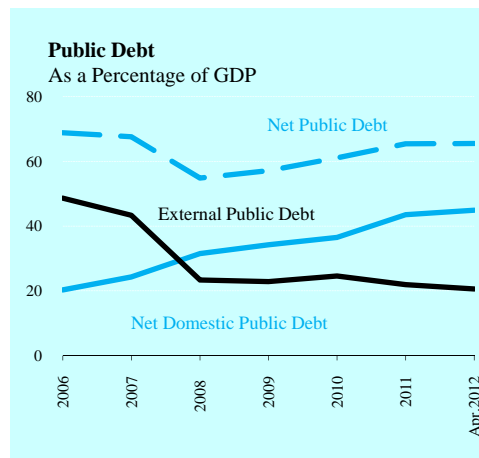
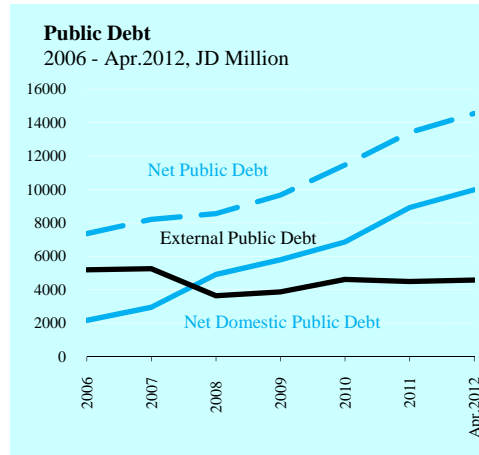
■ General Budget Deficit/ Surplus

- ◆ **The general budget, including grants, displayed a fiscal deficit amounted to JD 39.0 million during the first four months in 2012**, against a fiscal deficit of JD 148.6 million during the same period in 2011.
- ◆ **The general budget showed a primary surplus** (after excluding interest payments on public debt from total expenditures) **reached to JD 135.0 million during the first four months in 2012**, against a primary deficit of JD 9.2 million during the same period in 2011.

Public Debt

Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) had increased by JD 973.0 million at the end of April 2012 compared to its level at the end of 2011 to reach JD 10,969.0 million, or 49.4 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 131.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 842.0 million. This increase in the gross outstanding

domestic debt for own-budget agencies was driven by the significant increase in direct credit facilities provided by banking sources by JD 598.1 million to reach JD 778.0 million at the end of April 2012 compared to JD 179.9 million at the end of 2011 due to the increase borrowing on behalf of Jordan's National Electric Power Company as a result of frequent interrupted of natural gas supplies from Egypt.



- **Net outstanding domestic public debt** (gross outstanding domestic public debt *minus* government deposits at the banking system) **increased by JD 1,058.0 million at the end of April 2012** comparing to its level at the end of 2011 to total JD 9,973.0 million, or 44.9 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 973.0 million, and the decrease in the government deposits at the banking system by JD 84.0 million comparing to their level at the end of 2011.
- **Outstanding balance of external public debt (budgetary and guaranteed) increased** by JD 85.7 million at the end of April 2012 compared to its level at the end of 2011, amounting to JD 4,572.5 million (20.6 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 41.3 percent, while debt in Euros accounted for 8.3 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 20.2 percent and 18.9 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 1,143.7 million at the end of April 2012 comparing to its level at the end of 2011 to stand at JD 14,545.5 million, or 65.5 percent of GDP, against JD 13,401.8 million (65.4 percent of GDP) at the end of 2011. Consequently, the ratio of net public debt to GDP increased by 0.1 percentage point compared to its level at the end of 2011.
- **External debt service (budgetary and guaranteed)** amounted to JD 158.6 million during the first four months in 2012 (of which interest payments amounting to JD 29.1 million) compared to JD 149.1 million (of which interest payments amounting to JD 31.6 million) during the same period in 2011.

□ Fiscal and Price Measures

- The Cabinet decided to adjust the prices on some types of oil derivatives as of 13th June 2012, while maintaining the prices on Diesel and Kerosene unchanged in addition for liquid Gas Cylinder as follows:

Oil Derivatives Price Developments				
	Unit	2011	2012	Change %
		September	June	
Unleaded Gasoline 90	Fils/Liter	620	700	12.9
Unleaded Gasoline 95	Fils/Liter	795	1000	25.8
Gas Oil (Diesel)	Fils/Liter	515	515	0.0
Kerosene	Fils/Liter	515	515	0.0
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0
Fuel oil for industry	JD/Ton	501.2	501.2	0.0
Fuel oil for ships	JD/Ton	511.3	556.9	8.9
Fuel oil for airplanes (local companies)	Fils/Liter	614	657	7.0
Fuel oil for airplanes (foreign companies)	Fils/Liter	619	662	6.9
Fuel oil for unplanned flights	Fils/Liter	634	677	6.8
Asphalt	JD/Ton	536.7	595.7	11.0

Source: Jordan Petroleum Refinery CO.

- The Cabinet approved the reduction of sales tax on cooked cheese containing vegetable oils and/ or vegetable fat from 16% to 4% (June 2012):

- The cabinet approved the amending by-law for the special tax for the year 2012, which came into effect in July 1, 2012. The amendments were represented as follows:
 - Amending the value of the special tax on beer and beer without alcohol from (1400) Fils / liter to the (2000) Fils / liter.
 - Amending the value of the special tax on spirits and alcoholic beverages including wines and other fermented beverages from (2500) Fils / liter to the (3500) Fils / liter.
 - Amending the special tax rate on cigars from (15%) to (100%).
 - Amending the paragraph (a/5) of Article (3) of the original by-law, by adding cars designed for trips to this paragraph and modifying the ratio set forth in this item from (56%) to (64%).
 - Amending paragraph (b/5) of Article (3) of the original by-law, by adding cars designed for trips to this paragraph and modifying the ratio set forth in this item from (81%) to (91%).
 - Amending the value of the special tax on air travel tickets for outside the kingdom, which includes a section to leave any of the Kingdom's airports regardless of the place and date of the point of issuing a ticket from JD 30 to JD 40.

□ Grants, Loans and Other Agreements

- Signing a soft loan agreement between the government of Jordan and the German Bank of Reconstruction (KFW), in the amount of €23.5 million to fund important projects for the water sector (June 2012).
- Signing a loan guarantee agreement between the Government of Jordan and Kuwait Fund for Arab Development in amount of KD 15 million (equivalent to around JD 37 million) to contribute in financing the third expansion project of AL-Samra power station (July 2012).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 11.1 percent in April 2012 compared to the same month in 2011 to record JD 508.5 million. As for the first four months in 2012, total merchandize exports increased by 0.1 percent to reach JD 1,825.7 million.
- **Merchandize imports** increased by 14.7 percent in April 2012 compared to the same month in the previous year amounting to JD 1,298.1 million. As for the first four months in 2012, merchandize imports were up by 19.5 percent to total JD 5,064.1 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 17.2 percent in April 2012 compared to the same month in 2011 standing at JD 789.6 million. As for the first four months in 2012, the trade deficit expanded by 34.2 percent to reach JD 3,238.4 million.
- **Travel receipts and payments** increased by 37.5 percent and 17.0 percent in June 2012 compared to the same month in the preceding year to record JD 222.6 million and JD 96.1 million, respectively. As for the first half in 2012, travel receipts and travel payments increased by 19.1 percent and 2.3 percent, to reach JD 1,203.9 million and JD 407.2 million, respectively.
- **Total workers' remittances receipts** increased by 15.9 percent in June 2012 compared to the same month in 2011 to reach JD 251.7 million. As for the first half of 2012, total worker's remittances increased by 1.7 percent to reach JD 1,229.8 million.
- **The current account of the balance of payments** displayed a deficit of JD 1,395.2 million (28.6 percent of GDP) during the first quarter of 2012 compared to a deficit of JD 488.1 million (10.8 percent of GDP) in the same quarter in 2011.
- **Net FDI inflows to Jordan** recorded JD 177.2 million during the first quarter of 2012, down from JD 255.1 million during the same period in 2011.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 16,803.5 million at the end of the first quarter of 2012; recording an increase of JD 1,915.2 million over its level at the end of December 2011.

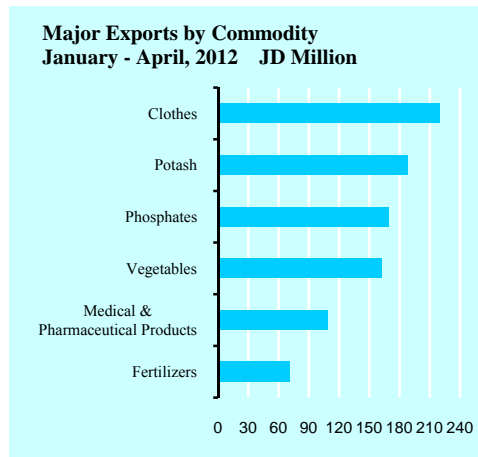
□ External Trade

As a result of the decrease in domestic exports by JD 10.5 million and the increase in imports by JD 827.9 million, respectively, during the first four months of 2012, the volume of external trade (domestic exports *plus* imports) increased by JD 817.4 million to stand at JD 6,600.3 million.

Jordan's Major Trade Partners Jan. – Apr. 2011- 2012, JD Million				Developments of External Trade Indicators, JD Million									
	2011	2012	Percentage Change	Jan. – Apr.									
Exports				2011	Percentage Change 2010/2011	2012	Percentage Change 2011/2012						
United States	208.5	232.2	11.3	External Trade	5782.9	20.0	6600.3	14.1					
Iraq	296.1	187.9	-36.5										
India	155.2	180.7	16.4										
Saudi Arabia	132.6	136.4	2.9										
Syria	99.3	82.7	-16.7										
China	40.8	72.7	78.2										
Indonesia	28.7	72.0	150.9										
Imports									Total Exports	1823.1	13.0	1825.7	0.1
Saudi Arabia	987.8	1436.7	45.4						Domestic Exports	1546.7	13.5	1536.2	-0.7
China	407.4	429.9	5.5	Re-exports	276.4	10.2	289.5	4.7					
United States	256.1	362.9	41.7	Imports	4236.2	22.6	5064.1	19.5					
Belarus	-	228.9	-	Trade Balance	-2413.1	31.1	-3238.4	34.2					
Egypt	176.2	189.2	7.4	Source: Department of Statistics.									
Germany	233.9	187.9	-19.7										
Turkey	145.9	167.1	14.5										
Source: Department of Statistics.													

■ Merchandize Exports:

Total merchandize exports increased slightly by 0.1 percent during the first four months of 2012 compared to a 13.0 percent increase during the same period in 2011, to record JD 1,825.7 million. This



increase resulted from a rise in re-exports by JD 13.1 million or 4.7 percent to record JD 289.5 million, despite the decline in domestic exports by JD 10.5 million or 0.7 percent to reach JD 1,536.2 million.

The developments of domestic exports during the first four months of 2012 compared with the same period in the previous year reveals the following:

- Exports of **phosphates** increased by JD 43.2 million, or 34.2 percent, to register JD 169.6 million, compared to an increase of 55.9 percent during the first four months in 2011. This increase was mainly due to the increase in prices by 36.4 percent and decrease in quantities of phosphates by 1.6 percent. The Indian, Indonesian and Bulgarian Markets accounted for 87.3 percent of these exports.

- Exports of **potash** increased by JD 23.4 million, or 14.2 percent, to stand at JD 187.7 million.
- Exports of **medical and pharmaceutical products** increased by JD 1.6 million, or 1.5 percent, to reach JD 108.2 million, compared to a decrease of 3.9 percent during the first four months in 2011. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 55.3 percent of these exports.
- Exports of **vegetables** decreased by JD 28.5

Major Domestic Exports by Commodity

Jan.-Apr. 2011 - 2012, JD Million

	2011	2012	Percentage Change
Domestic Exports	1,546.7	1,536.2	-0.7
Clothes	201.6	219.7	9.0
United States	185.4	205.4	10.8
Potash	164.3	187.7	14.2
Phosphates	126.4	169.6	34.2
India	83.2	106.5	28.0
Indonesia	8.7	28.0	221.8
Bulgaria	3.2	13.6	325.0
Vegetables	191.0	162.5	-14.9
Syria	67.9	60.4	-11.0
Iraq	68.6	15.2	-77.8
Russia	9.5	11.5	21.1
Medical & Pharmaceutical Products	106.6	108.2	1.5
Saudi Arabia	24.6	26.6	8.1
Algeria	13.3	14.6	9.8
Iraq	8.1	9.6	18.5
Sudan	10.9	9.0	-17.4
Fertilizers	88.4	70.7	-20.0
India	20.1	35.9	78.6
Ethiopia	51.7	10.5	-79.7
Turkey	0.1	7.5	7400.0

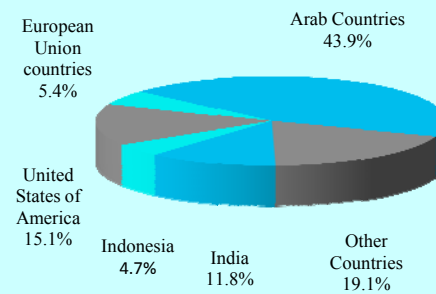
Source: Department of Statistics.

million, or 14.9 percent, to total JD 162.5 million, compared to an increase of 10.3 percent during the first four months of 2011. Syrian, Iraqi and Russian markets were the main destinations of these exports accounting for 53.6 percent. This decrease was mainly due to the decline of vegetable exports to Iraqi market by JD 53.4 million.

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

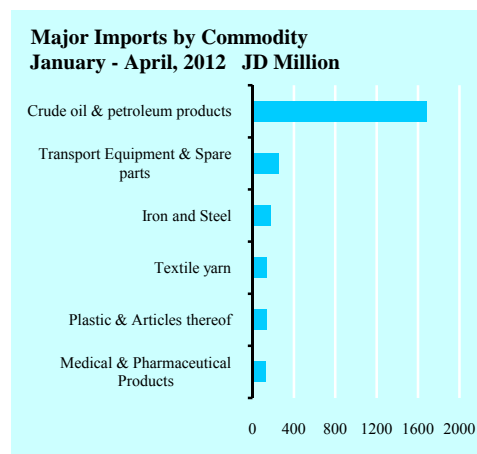
topped the list of domestic exports during the first four months of 2012 accounting for 59.8 percent of domestic exports up from 56.8 percent during the same period of 2011. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, India, Saudi Arabia, Syria, China and Indonesia were the main destination markets for Jordanian domestic exports during the first four months of 2012; accounting for 62.8 percent of domestic exports, up from 62.1 percent during the same period in 2011.

**Geographic Distribution of Domestic Exports
January - April, 2012**



■ Merchandize Imports:

Merchandize imports amounted to JD 5,064.1 million during the first four months of 2012, increasing by JD 827.9 million, or 19.5 percent, compared to a similar increase by 22.6 percent during the same period of 2011.



The developments of imports during the first four months of 2012 compared with previous period reveals the following:

- **Petroleum products** imports increased by JD 490.6 million, or 141.8 percent, to total JD 836.7 million compared to an increase of 119.6 percent during the same period in 2011. This increase was mainly attributable to the disruptions of Egyptian gas supply. The main source markets of these imports were Belarus, Saudi Arabia and the USA.
- **Crude oil** imports increased by JD 175.2 million, or 25.8 percent, to reach JD 854.0 million, compared to a rise by 55.1 percent during the same period in 2011. This increase was attributed to the rise in the prices of oil by 11.2 percent and the increase in the imported quantities by 13.1 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Iron & Steel** decreased by JD 25.4 million, or 12.4 percent to reach JD 179.3 million, compared to an increase of 54.8 percent during the corresponding period of 2011. The markets of Ukraine, Turkey and Japan accounted for 56.1 percent of these imports.
- Imports of **Transport equipments and Spare Parts** decreased by JD 22.6 million, or 8.0 percent, to reach JD 259.4 million compared to a decrease by 25.1 percent during the same period of 2011. South Korea, Germany and the USA were the main origin markets for these imports; accounting for 67.3 percent of these imports.

Major Imports by Commodity

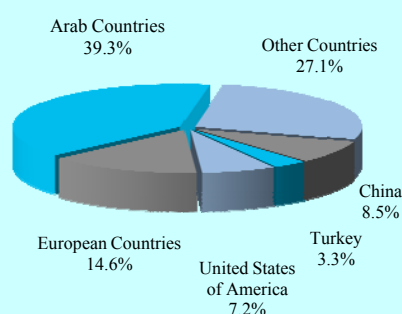
Jan.-Apr. 2011- 2012, JD Million

	2011	2012	Percentage Change
Total Imports	4,236.2	5,064.1	19.5
Crude Oil	678.8	854.0	25.8
Saudi Arabia	600.8	828.1	37.8
Petroleum Products	346.1	836.7	141.8
Belarus	0.0	228.9	-
Saudi Arabia	104.0	218.6	110.2
United States	28.8	107.4	272.9
Transport Equipments and Spare Parts	282.0	259.4	-8.0
South Korea	86.9	95.4	9.8
Germany	70.0	41.0	-41.4
United States	26.4	38.1	44.3
Iron & Steel	204.7	179.3	-12.4
Ukraine	40.4	70.7	75.0
Turkey	63.7	16.2	-74.6
Japan	1.9	13.7	621.1
Textile Yarn, Fabrics & Related Products	136.3	138.2	1.4
China	61.9	57.4	-7.3
Taiwan	28.1	31.6	12.5
Turkey	7.6	11.3	48.7
Plastic & Articles Thereof	129.9	138.1	6.3
Saudi Arabia	62.3	72.5	16.4
Kuwait	7.5	8.2	9.3
UAE	5.1	6.1	19.6
Medical and pharmaceutical products	121.7	132.8	9.1
Germany	13.5	18.1	34.1
United Kingdom	9.5	12.7	33.7
France	16.1	12.2	-24.2

Source: Department of Statistics.

The commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipments and spare parts”, “iron and steel”, “Textile yarn, fabrics, made up articles and related products”, “Plastic and Articles thereof” and

Geographic Distribution of Imports
January - April, 2012



“Medical and pharmaceutical Products” accounted for 50.1 percent of total imports during the first four months of 2012; up from 44.8 percent during The same period in 2011. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Belarus, Egypt, Germany and Turkey topped the list of imports sources during the first four months of 2012; accounting for 59.3 percent compared to 52.1 percent during the same period in 2011.

■ Re-Exports

The value of re-exported goods increased by JD 13.1 million, or 4.7 percent during the first four months in 2012, recording JD 289.5 million.

■ Trade Balance

The trade balance deficit during the first four months of 2012 increased by JD 825.3 million, or 34.2 percent to register JD 3,238.4 million compared to the same period in 2011.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 34.6 million or 15.9 percent in June 2012 compared to the same month in 2011 to register JD 251.7 million. As for the first half of 2012, total workers' remittances receipts increased by 1.7 percent to reach JD 1,229.8 million.

□ Travel

■ Receipts

Travel receipts increased by JD 193.1 million, or 19.1 percent, during the first half of 2012 to register JD 1,203.9 million, despite the fall in the number of inbound tourists by 25.1 percent. This increase was mainly due to the rise in the high expenditure inbound tourists.

■ Payments

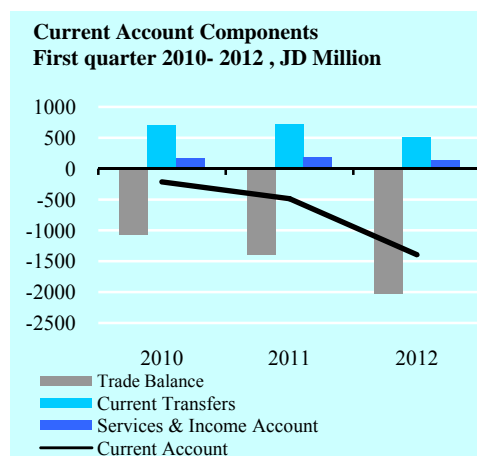
Travel payments increased by 2.3 percent, during the first half of 2012 to stand at JD 407.2 million, compared with JD 398.1 million during the same period in 2011.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1,395.2 million (28.6 percent of GDP) compared to a deficit of JD 488.1 million (10.8 percent of GDP) during the same quarter in 2011. This was an outcome of the following developments:

- An expansion in the trade balance deficit by JD 636.9 million, or 45.7 percent, to reach JD 2,030.7 million in the first quarter of 2012 compared to a deficit amounting to JD 1,393.8 million in the same quarter in 2011.



- Services account recorded a surplus of JD 80.2 million, compared to a surplus of JD 143.4 million during the first quarter of 2011. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 362.3 million and JD 14.8 million, respectively, and to the registered deficit of transportation (net) and other services (net) by JD 267.1 million and JD 29.8 million respectively.
- An increase in the surplus of the income account (net) by JD 1.5 million compared to the same quarter in 2011 to register JD 49.8 million, as a result of the increase in the surplus of investment income (net) by JD 3.7 million, and a decrease in the surplus of compensation of employees (net) by JD 2.2 million.
- A decrease in the surplus of net current transfers by JD 208.5 million; to reach JD 505.5 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 17.0 million and JD 191.5 million, to reach JD 66.6 million and JD 438.9 million, respectively, during the first quarter of 2012. It's worth mentioning that the workers' remittances

receipts decreased by JD 17.4 million or 3.3 percent while workers' remittances payments increased by JD 2.0 million or 2.8 percent during the first quarter of 2012.

- The capital and financial account with the rest of the world showed a decrease in its foreign assets by JD 918.9 million during the first quarter of 2012 compared to a similar decrease in the amount of JD 718.6 million during the same quarter in 2011, this can be attributed to the following:
 - FDI in the Kingdom recorded a net inflow amounted to JD 177.2 million during the first quarter of 2012 compared to JD 255.1 million during the same quarter in 2011.
 - Portfolio investments (net) recorded a net inflow amounted to JD 131.2 million compared to a similar inflow in the amount of JD 71.2 million during the first quarter in 2011.
 - Other investments (net) registered a net outflow in the amount of JD 181.9 million compared to a similar outflow amounting to JD 297.9 million during the same quarter in 2011.
 - A decrease in the reserve assets of the CBJ by JD 799.0 million during the first quarter of 2012 compared to a decrease amounting to JD 699.6 million during the same quarter in 2011.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in the amount of JD 16,803.5 million at the end of the first quarter of 2012 compared to JD 14,888.3 million at the end of December 2011. This increase was due to the following developments:

- 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 1,428.7 million at the end of the first quarter of 2012 compared to the end of 2011; to stand at JD 32,586.6 million. This was mainly due to the following outcomes:
 - An increase in the stock of foreign direct investment (FDI) in Jordan by JD 177.4 million to stand at JD 16,768.4 million.
 - An increase in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 126.9 million; to reach JD 4,684.1 million.
 - A decrease in the deposits of non-resident at the Jordanian banking system by JD 277.7 million to reach JD 6,184.9 million.
 - An increase in the stock of portfolio investments in the Kingdom by JD 1153.9 million to reach 3,955.1 million.
- 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 486.5 million to reach JD 15,783.1 million at the end of the first quarter of 2012 compared to the end of 2011. This decrease was mainly a result of the decline in the CBJ's reserve assets by JD 748.4 million, the increase in the deposits of commercial banks abroad by JD 148.4 million and the increase in foreign assets represented by loans granted by commercial banks to non residents by JD 17.8 million.