



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

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

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

Real GDP registered a growth rate of 2.6 percent during the first quarter of 2013 against 3.0 percent during the same quarter of 2012. Latest economic indicators revealed mixed results. Workers' remittances, deposits at licensed banks, credit facilities by licensed banks, net outstanding domestic debt and trade deficit recorded significant improvements. On the other hand, unemployment and inflation as measured by CPI displayed a negative performance.

□ Output, Prices and Employment

In the first quarter of 2013, real GDP at market prices grew by 2.6 percent compared to 3.0 percent during the first quarter of 2012. Inflation, measured by the Consumer Price Index (CPI) witnessed an increase by 6.5 percent during the first half of 2013, compared to 3.9 percent during the same period of 2012. Furthermore, the unemployment rate during the second quarter of 2013 increased to 12.6 percent compared to 11.6 percent during the same quarter in 2012.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 3,028.9 million (45.7 percent) at the end of the first half of 2013, compared to its level at the end of 2012. Accordingly, it reached US\$ 9,661.5 million which covers around 5.2 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 1,297.1 million (5.2 percent) at the end of the first half of 2013, compared to its level at the end of 2012, standing at JD 26,242.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 541.5 million (3.0 percent), at the end of the first half of 2013, compared to its level at the end of 2012, to reach JD 18,371.3 million.
- Total deposits at licensed banks increased by JD 1,555.7 million (6.2 percent) at the end of the first half of 2013, compared to its level at the end of 2012, totaling JD 26,525.3 million. This increase was an outcome of the increase in JD deposits by JD 1,977.4 million (11.2 percent) and the decrease in foreign currency deposits by JD 421.7 million (5.8 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,980.5 points at the end of the first half of 2013, increasing by 22.9 points or 1.2 percent, compared to its level at the end of 2012.

- **Public Finance:** During the first five months of 2013, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 459.9 million comparing to a fiscal deficit in the amount of JD 251.3 million during the same period in 2012. Net outstanding domestic debt (budgetary and own-budget) increased by JD 214.0 million at the end of May 2013, comparing to its level at the end of 2012, to stand at JD 11,862.0 million (49.4 percent of GDP). Outstanding external public debt increased by JD 431.7 million at the end of May 2013 comparing to its level at the end of 2012 to reach JD 5,364.1 million, (22.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 71.8 percent of GDP at the end of May 2013 compared to 75.5 percent at the end of 2012.

- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 0.2 percent during the first five months in 2013 to reach JD 2,284.8 million. Also, merchandize imports decreased by 1.8 percent, totaling JD 6,247.4 million. As a result, the trade deficit declined by 2.6 percent compared to the same period in 2012, to reach JD 3,962.6 million. The preliminary data during the first half of 2013 compared to the same period in 2012 showed a decrease in travel receipts by 3.3 percent due to the decline in the inbound medical tourism and a decrease in travel payments by 2.1 percent. In contrast, total workers' remittances receipts increased by 2.5 percent compared to its level in the same period of 2012. The balance of payments during the first quarter of 2013 displayed a deficit in the current account amounting to JD 642.1 million, (12.0 percent of GDP) down from JD 1,395.4 million (28.6 percent of GDP) during the same quarter of 2012. Moreover, Net Direct Investment recorded a net inflow of JD 450.6 million during the first quarter of 2013 compared to a net inflow of JD 260.0 million during the same quarter of 2012. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 19,705.0 million at the end of March 2013 compared to JD 18,873.7 million at the end of December 2012.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 3,028.9 million, (45.7 percent) at the end of the first half of 2013, compared to their level at the end of 2012, to stand at US\$ 9,661.5 million. This level of reserves covers around 5.2 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,297.1 million, (5.2 percent), at the end of the first half of 2013, compared to its level at the end of the previous year, to total JD 26,242.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 541.5 million, (3.0 percent) at the end of the first half of 2013, compared to its level at the end of 2012, to stand at JD 18,371.3 million.
- Total deposits at licensed banks increased by JD 1,555.7 million, (6.2 percent), at the end of the first half of 2013, compared to its level at the end of 2012, to reach JD 26,525.3 million.
- The interest rates on deposits and credit facilities at licensed banks increased at the end of the June 2013 compared to their levels in the previous month, with the exception of interest rates on "time deposits" and "demand deposits". As for the first half of 2013, the interest rates on deposits and credit facilities increased compared to their levels at the end of 2012, with the exception of "saving deposits" and "demand deposits" which decreased compared to their levels at the end of 2012.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 1,980.5 points at the end of the first half of 2013, increasing by 22.9 points (1.2 percent), compared to its level at the end of 2012. Moreover, the market capitalization decreased by JD 679.7 million (3.6 percent), compared to its registered level of 2012, to stand at JD 18.5 billion.

Main Monetary Indicators

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

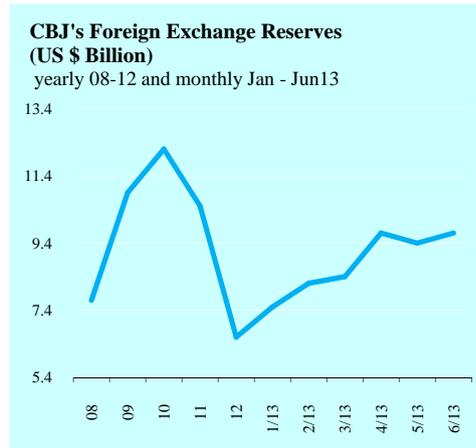
	2012	End of June	
		2012	2013
US\$ 6,632.6 -37.0%	CBJ's Foreign Currency Reserves*	US\$ 6,753.0 -35.9%	US\$ 9,661.5 45.7%
24,945.1 3.4%	Money Supply (M2)	24,758.4 2.7%	26,242.2 5.2%
17,829.8 12.5%	Credit Facilities, of which:	17,107.3 7.9%	18,371.3 3.0%
15,375.6 7.6%	Private Sector (Resident)	14,926.5 4.5%	15,975.3 3.9%
24,969.6 2.4%	Total Deposits, of which:	24,981.2 2.5%	26,525.3 6.2%
17,711.0 -7.4%	In JD	18,750.1 -1.9%	19,688.4 11.2%
7,258.6 38.0%	In Foreign Currencies	6,231.1 18.5%	6,836.9 -5.8%
20,387.1 2.4%	Deposits of Private Sector (Resident), of which:	20,224.6 1.6%	21,387.9 4.9%
15,084.3 -8.6%	In JD	15,968.4 -3.3%	16,633.4 10.3%
5,302.8 56.0%	In Foreign Currencies	4,256.2 25.2%	4,754.5 -10.3%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 3,028.9 million (45.7 percent), at the end of the first half of 2013, compared to their level at the end of 2012, to reach US\$ 9,661.5 million. This level of reserves covers around 5.2 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

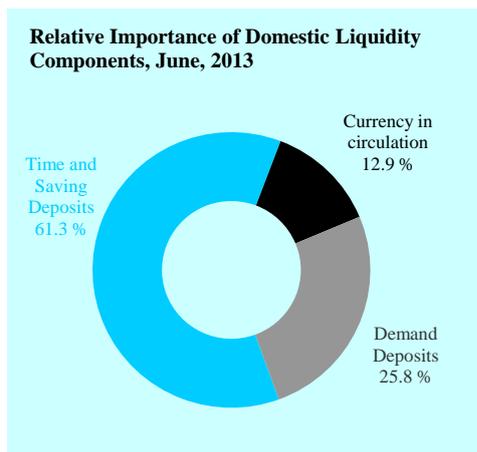
■ Domestic liquidity totaled JD 26,242.2 million at the end of the first half of 2013, increasing by JD 1,297.1 million, or 5.2 percent, compared to an increase of JD 639.5 million, or 2.7 percent, at the end of the same period of 2012.

◆ **Developments in both the components and the factors affecting domestic liquidity between the end of the first half of 2013 and the end of 2012, reveal the following:**

● Components of Domestic Liquidity

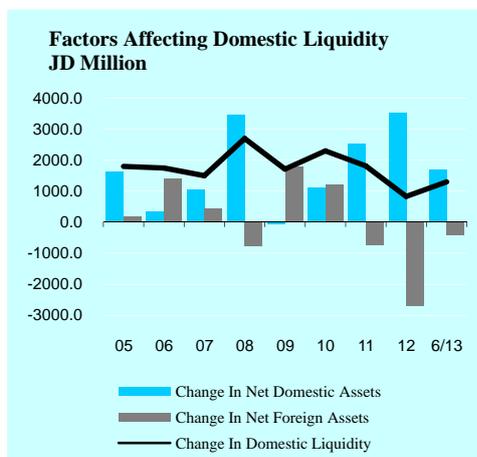
- Deposits increased by JD 1,116.8 million, or 5.1 percent, at the end of the first half of 2013, compared to their level at the end of 2012, to total JD 22,846.9 million, compared with an increase amounting to JD 498.9 million, or 2.4 percent, at the end of the same period of 2012.

- Currency in circulation increased by JD 180.3 million, or 5.6 percent, at the end of the first half of 2013, compared to its level at the end of 2012, to reach JD 3,395.3 million, against an increase in the amount of JD 140.6 million, or 4.7 percent, during the same period of 2012.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,705.1 million, or 9.3 percent, at the end of the first half of 2013, compared to its level at the end of 2012, against an increase of JD 2,210.1 million, or 15.0 percent, during the same period of 2012. This increase was an outcome of the increase in net domestic assets of the licensed banks by JD 2,270.4 million, or 10.9 percent, and the decrease of net domestic assets of the CBJ by JD 565.3 million, or 22.1 percent.



- Net foreign assets of the banking system decreased by JD 408.0 million, or 6.1 percent, at the end of the first half of 2013, compared to their level at the end of 2012, against a decrease in the amount of JD 1,570.6 million, or 16.8 percent, in the same period of 2012. This decrease was an outcome of the decline of net foreign assets of the licensed banks by JD 1,172.4 million and the increase of net foreign assets of the CBJ by JD 764.4 million, or 12.5 percent.

Factors Affecting Domestic Liquidity (M2)

JD Million

	2012	End of June	
		2012	2013
6,665.5	Foreign Assets (Net)	7,799.5	6,257.5
6,139.7	CBJ	6,787.4	6,904.1
525.8	Licensed Banks	1,012.1	-646.6
18,279.7	Domestic Assets (Net)	16,958.9	19,984.7
-2,562.7	CBJ, of which:	-3,274.0	-3,128.1
1,567.8	Claims on Public Sector (Net)	1,398.5	1,493.3
-4,150.5	Other Items (Net*)	-4,692.0	-4,641.6
20,842.4	Licensed Banks	20,232.9	23,112.8
8,377.1	Claims on Public Sector (Net)	7,306.6	9,074.1
15,953.5	Claims on Private Sector	15,573.3	16,625.7
-3,468.2	Other Items (Net)	-2,647.0	-2,587.0
24,945.1	Money Supply (M2)	24,758.4	26,242.2
3,215.0	Currency in Circulation	3,159.9	3,395.3
21,730.1	Total Deposits, of which:	21,598.5	22,846.9
5,395.6	In Foreign Currencies	4,371.1	4,866.6

* 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 August 7th, 2013, the CBJ decreased the interest rate on all monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:

		June	
2012		2012	2013
5.00	Re-discount Rate	5.00	5.00
4.75	Repurchase Agreements Rate (Repos)	4.75	4.75
4.00	Overnight Deposit Window Rate	3.25	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

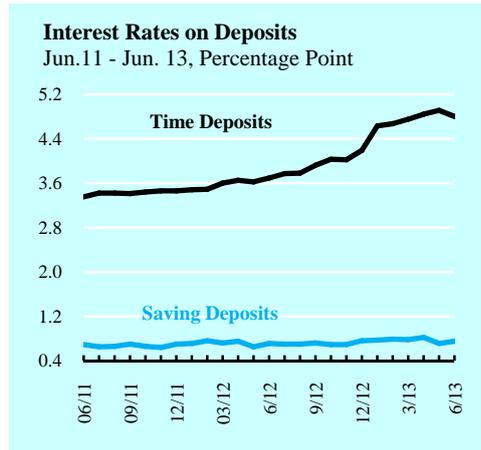
- Re-Discount Rate: 4.75 percent.
 - Interest Rate on Overnight Repurchase Agreements: 4.50 percent.
 - Overnight Window Deposit Rate: 3.75 percent.
 - The interest rate on the last repurchases for both one week and one month maturities was 4.00%.
- ◆ This decision aims at increasing credit to the private sector, as well as promoting investments to support the growth of the economy.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of June 2013 decreased by 11 basis points, compared to its level at the end of the previous month to stand at 4.80 percent. This rate is higher by 61 basis points than its level at the end of 2012.

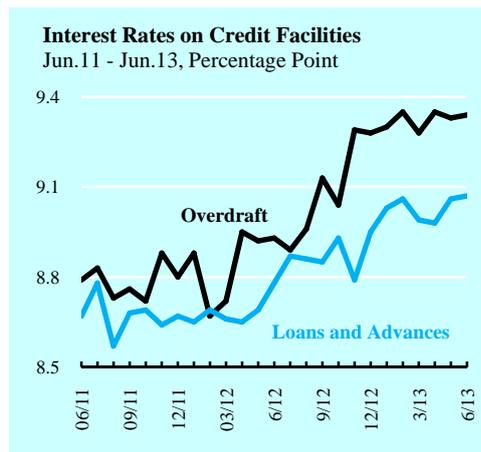
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of June 2013 increased by 4 basis points compared to its level at the end of the previous month to stand at 0.75 percent. This rate is lower than its level at the end of 2012 by 1 basis point.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of June 2013 decreased by 16 basis points compared to the level recorded in the previous month to stand at 0.37 percent. This rate is lower than its level at the end of 2012 by 5 basis points.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of June 2013 increased by 1 basis point compared to its level at the end of the previous month to stand at 9.34 percent. This rate is higher than its level at the end of 2012 by 6 basis points.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by 40 basis points at the end of June 2013, compared to its level at the end of the previous month, to stand at 9.79 percent. This rate is higher than its level at the end of 2012 by 20 basis points.

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

		June		Change Relative to the Preceding Year
2012		2012	2013	Basis Points
Deposits				
0.42	Demand	0.43	0.37	-5
0.76	Saving	0.71	0.75	-1
4.19	Time	3.69	4.80	61
Credit Facilities				
9.59	Discounted Bills and Bonds	9.24	9.79	20
8.95	Loans and Advances	8.78	9.07	12
9.28	Overdraft	8.93	9.34	6
8.68	Prime Lending Rate	8.31	8.85	17

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 1 basis point at the end of June 2013, compared to its level at the end of the previous month, to stand at 9.07 percent. This rate is higher than its level of 2012 by 12 basis points.
- The Prime lending rate stood at 8.85 percent at the end of June 2013, 17 basis points higher than its level at the end of 2012.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, decreased by 49 basis points compared to its level at the end of 2012, to reach 427 basis points at the end of June 2013.

□ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks totaled JD 18,371.3 million at the end of the first half of 2013, increasing by JD 541.5 million, or 3.0 percent, compared to its level at the end of 2012, against an increase in the amount of JD 1,256.1 million, or 7.9 percent, during the same period in 2012.

- The classification of extended credit facilities, according to economic activity, at the end of the first half of 2013 demonstrates an increase in credit facilities classified as "other", which generally represents credit facilities extended to individuals, by JD 169.4 million, or 4.4 percent, the construction sector by JD 165.8 million, or 4.5 percent, and the industrial sector by JD 95.8 million or 3.8 percent. Meanwhile, the credit facilities extended to the transportation services sector decreased by JD 16.6 million, or 3.0 percent, and those extended to the general trade sector decreased by JD 7.7 million or 0.2 percent, compared to their levels at the end of 2012.
- The classification of extended credit facilities, according to the borrower, at the end of the first half of 2013 shows an increase in credit facilities extended to the private sector (resident) by JD 599.7 million, or 3.9 percent, the public sector (central government *plus* public institutions) by JD 9.3, or 0.6 percent, and the financial institutions by JD 3.3 million, or 36.3 percent. Meanwhile, the credit facilities extended to the private sector (non-resident) decreased by JD 70.8 million, or 8.3 percent, compared to their levels at the end of 2012.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 26,525.3 million at the end of the first half of 2013, increasing by JD 1,555.7 million, or 6.2 percent, compared to its level at the end of 2012, against an increase of JD 603.3 million, or 2.5 percent, during the same period of 2012.
- The increase in total deposits at licensed banks at the end of the first half of 2013 was as a result of the increase in the deposits of the private sector (resident) by JD 1,000.9 million, or 4.9 percent, the private sector (non-resident) by JD 361.1 million, or 13.8 percent, the public sector (central government *plus* public institutions) by JD 164.0 million, or 9.7 percent, and the non-

banking financial institutions by JD 29.7 million, or 10.8 percent, compared to their levels of 2012.

- The developments in the currency structure of deposits at the end of the first half of 2013 reveal that “deposits in local currencies” increased by JD 1,977.4 million, or 11.2 percent, and “deposits in the foreign currency” decreased by JD 421.7 million, or 5.8 percent, compared to their levels at the end of 2012.

□ Amman Stock Exchange (ASE)

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

■ Trading Volume

Trading volume at the (ASE) totaled JD 234.7 million in June 2013; up by JD 53.3 million, or 29.4 percent, compared to its level at the end of the previous month, against a decrease of JD 15.8 million, or 10.7 percent, during the same month in 2012. However, the trading volume totaled JD 2,088.4 million during the first half of 2013, down by JD 993.5 million, compared to the same period of 2012.

■ Traded Shares

The number of traded shares in June 2013 totaled 218.8 million shares; up by 17.2 million shares, or 8.5 percent, compared to its level at the end of preceding month, against a decrease amounting to 38.0 million shares, or 19.6 percent, during the same month of 2012. As for the first half of 2013, the number of traded shares totaled 1,770.3 million shares, compared to 1,316.2 million shares traded during the same period of 2012, increasing by 454.1 million shares or 34.5 percent.

■ **Share Price Index (SPI)**

The Share Price Index (SPI) weighted by market capitalization of free float shares at (ASE) decreased by 37.0 points, or 1.8 percent, at the end of June 2013 compared to its level at the

end of the previous month, to stand at 1,980.5 points, against an increase in the amount of 7.6 points, or 0.4 percent, during the same month of 2012. As for the first half of 2013, the SPI increased by 22.9 points, or 1.2 percent, compared to its level at the end of 2012, against a drop in the amount of 113.0 points, or 5.7 percent during the same period in 2012. The aforementioned increase was a result of the increase in the SPI for the financial sector by 77.0 points, or 3.3 percent. Meanwhile, the SPI for the services sector and the industrial sector decreased by 45.0 points, or 2.7 percent and 41.1, or 1.9 percent, compared to their levels at the end of 2012.

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

2012		June	
		2012	2013
1,957.6	General Index	1,882.1	1,980.5
2,363.6	Financial Sector	2,333.2	2,440.6
2,176.6	Industrial Sector	2,047.4	2,135.5
1,651.1	Services Sector	1,558.6	1,606.1

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 18.5 billion at the end of June 2013; a decrease of 0.6 JD billion, or 3.1 percent, compared to its level at the end of the previous month, against a decrease of JD 46.0 million, or 0.3 percent,



during the same month of 2012. As for, the first half of 2013, the market capitalization decreased by JD 679.7 million, or 3.6 percent, compared to its level at the end of 2012, against a decrease of JD 918.9 billion, or 4.7 percent during the same period of 2012.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at the (ASE) recorded an inflow amounting to JD 40.5 million in June 2013, compared to no inflows during the same month of 2012; the value of shares acquired by non-Jordanian in June 2013 amounted to JD 71.0 million, while the value of shares sold by the same group amounted to JD 30.5 million. Moreover, non-Jordanian net investment recorded an

Main Amman Stock Exchange Trading Indicators, JD Million			
		June	
2012		2012	2013
1,978.8	Value Traded	131.7	234.7
7.9	Average Daily Trading	6.6	11.2
19,141.5	Market Capitalization	18,353.8	18,461.8
2,384.1	No. of Traded Shares (million)	155.8	218.8
37.6	Net Investment of Non-Jordanian	0.0	40.5
322.9	Non-Jordanian Buying	15.9	71.0
285.3	Non-Jordanian Selling	15.9	30.5

Source: Amman Stock Exchange.

inflow amounting to JD 106.1 million during the first half of 2013, compared to an inflow in the amount of JD 17.0 million during the same period of 2012.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 2.6 percent, during the first quarter of 2013, compared to 3.0 percent during the same quarter of 2012. Moreover, GDP at current market prices, grew by 9.5 percent during the first quarter of 2013, compared to 8.0 percent during the same quarter of 2012.
- Inflation, measured by the CPI, increased to 6.5 percent during the first half of 2013, compared to 3.9 percent during the same period of 2012.
- The unemployment rate went up during the second quarter of 2013, to stand at 12.6 percent (10.3 percent for males and 22.4 percent for females), compared to 11.6 percent (10.3 percent for males and 17.8 percent for females) during the same quarter of 2012. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 17.2 percent.

□ Developments of (GDP)

As a reflection of the repercussions of the Arab Spring and the unrest in the region that still have their effects on the Jordanian economy in various sectors. Real GDP grew by 2.6 percent during the first quarter of 2013 compared to 3.0 percent during the same quarter in 2012. When excluding “net taxes on products”, which grew by 3.5 percent compared to 2.1 percent during the same quarter in 2012, GDP at constant basic prices grew by 2.5 percent, compared to 3.1 percent during the same quarter in 2012.

**Quarterly Growth Rates of GDP at Market Prices
2011 - 2013**

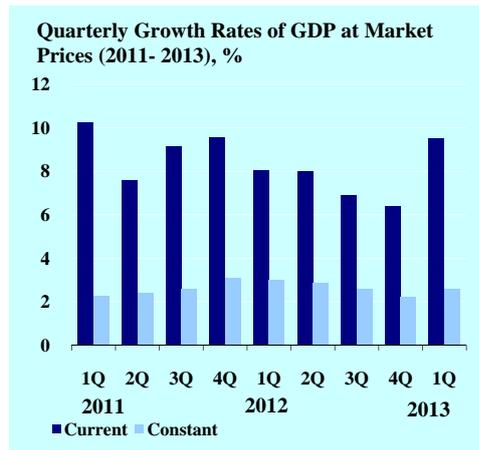
	Q 1	Q2	Q3	Q4	Percentages Year
2011					
GDP at Constant Market Prices	2.3	2.4	2.6	3.1	2.6
GDP at Current Market Prices	10.3	7.6	9.1	9.6	9.1
2012					
GDP at Constant Market Prices	3.0	2.9	2.6	2.2	2.7
GDP at Current Market Prices	8.0	8.0	6.9	6.4	7.3
2013					
GDP at Constant Market Prices	2.6				
GDP at Current Market Prices	9.5				

Source: Department of Statistics.

GDP at current market prices grew by 9.5 percent compared to 8.0 percent during the same quarter in 2012. This nominal growth is mainly attributed to the rise in the general price level, measured by the GDP deflator, by 6.7 percent during the first quarter of 2013 compared to 4.9 percent during the same quarter in 2012.

The main sectors contributed to the economic growth during the first quarter of 2013 are “finance, insurance, real estate and business services” (0.8 percentage point), “trade” (0.6 percentage point), “transport, storage and communications” (0.5 percentage point), and “manufacturing” (0.4 percentage point). These sectors collectively accounted for 88.5 percent of real GDP growth during the first quarter of 2013.

The developments of economic sectors showed that most sectors witnessed positive real growth at divergent rates during the first quarter of 2013; some sectors witnessed an accelerated improvement in performance; mainly “construction” (7.8 percent), “wholesale and retail trade, restaurants and hotels” (5.6 percent), “finance, insurance, real estate and business services” (3.8 percent), and “producers of government services” (2.5 percent) sectors, compared to 2.8 percent, 2.9 percent, 1.9 percent and 1.8 percent during the same quarter in 2012, respectively.



While sectors of “manufacturing” and “transport, storage and communications” exhibited a slow performance during the first quarter of 2013. They grew by 2.2 percent and 3.5 percent, respectively, against a growth amounting to 3.7 percent and 4.3 percent during the same quarter in 2012, respectively. In contrast, the sectors of “mining and quarrying”, “agriculture” and “electricity and water” experienced a contraction amounting to 18.3 percent, 8.3 percent and 6.0 percent compared to a contraction of 1.3 percent and a growth of 3.6 percent, and 8.9 percent, respectively.

□ Microeconomic Indicators

- Industrial production quantity index grew by 1.4 percent during the first five months of 2013 against a growth amounting to 2.6 percent during the same period of 2012. This can be attributed to the following:
 - Manufacturing production quantity index maintained its growth rate at 3.3 percent (against the same period of 2012). This came as a result of the improvement in production of

some items, mainly; “chemical products” (18.7 percent), and “food products and beverages” (10.4 percent), on one hand, and the decrease in “cement” (32.7 percent), “refined petroleum products” (24.7 percent), and “iron and steel” (20.6 percent), on the other.

- “Mining and quarrying” production quantity index decreased by 7.5 percent, against a decrease amounting to 13.6 percent during the same period of 2012. This decrease was mainly attributed to a contraction of production quantity index for phosphate by 10.6 percent, and potash by 2.5 percent; owing to a decline in the demand of some major importing countries for these materials especially India.
- Electricity production quantity index decreased by 10.7 percent, compared to an increase amounting to 15.9 percent during the same period of 2012; due to a decline in the demand of industry sectors.
- The number of passengers through Royal Jordanian recorded a decrease of 0.1 percent, during the first half of 2013, compared to a growth of 16.0 percent during the same period of 2012.
- Cargo through Royal Jordanian contracted by 9.9 percent, during the first half of 2013, compared to a growth by 4.2 percent during the same period of 2012.
- Quantities of exported and imported goods shipped through Aqaba port recorded a decline of 16.5 percent during the first half of 2013, compared to an increase of 2.8 percent during the same period of 2012.
- Licensed areas for buildings grew by 12.4 percent during the first five months of 2013, compared to a growth amounted to 7.1 percent during the same period of 2012.
- Number of departures contracted by 11.7 percent during the first half of 2013, compared to a decrease amounted to 4.3 percent during the same period of 2012.

Main Sectoral Indicators

Percentages*

2012	Item	Available Period			
		2012		2013	
	Industrial Sector				
0.2	Industrial production quantity index	2.6	January – May	1.4	
1.4	Manufacturing production quantity index	3.3		3.3	
3.3	Food products and beverages	-2.1		10.4	
9.8	Refined petroleum products	6.0		-24.7	
-2.5	Iron and steel	6.9		-20.6	
-22.6	Cement, lime and plaster	-12.4		-32.7	
-3.7	Chemical products	-0.7		18.7	
-16.9	“Mining and quarrying” production quantity index	-13.6		-7.5	
-15.3	Phosphate	-12.7		-10.6	
-19.0	Potash	-15.2		-2.5	
6.5	Electricity production quantity index	15.9		-10.7	
8.5	Licensed areas for buildings	7.1		12.4	
5.8	The number of passengers through the Royal Jordanian	16.0		January – June	-0.1
-1.7	Cargo through the Royal Jordanian	4.2			-9.9
0.9	Quantities of exported and imported goods shipped through the Aqaba port	2.8	-16.5		
-7.7	Number of departures	-4.3	-11.7		

*Sources:

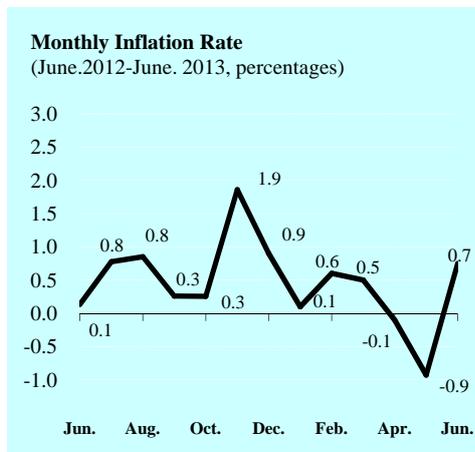
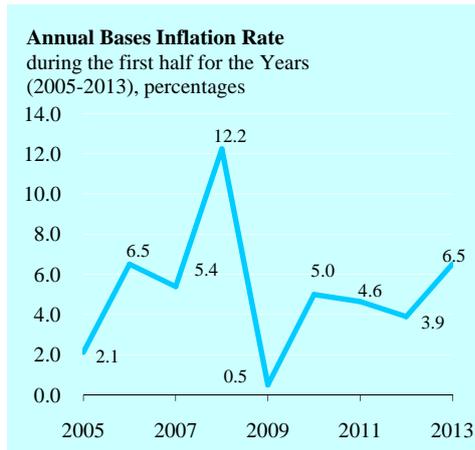
- Monthly Statistical Bulletin / Central Bank of Jordan.

- Royal Jordanian.

Prices

The inflation rate, measured by the percentage change in the CPI, continued to increase at a faster pace during the first half of 2013, to stand at 6.5 percent, compared to 3.9 percent during the same period in 2012. This came as a result of the sharp increase in the prices of “fuels and lighting” and “transportation” items, which were affected by the government's decision of liberalizing the prices of petroleum products (November 2012). These items collectively contributed to the overall inflation rate by 3.3 percentage points, compared to 0.5 percentage point during the same period in 2012. Furthermore, the CPI was affected by the global increase in food prices compared to their levels during the same period of 2012.

In June 2013, the CPI increased by 0.7 percent compared with May 2013. This was mainly due to the increase in the prices of some items; mainly “vegetables”, “meat and poultry”, in addition to “transportation” and “rents” items.



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

- ◆ “Food items” group, constitutes 36.7 percent of the CPI basket. The prices of this group increased by 4.4 percent compared to an increase of 4.2 percent during the same period of 2012. The contribution of this group to the overall rate of inflation reached 1.6 percentage points. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; “fruits” (17.6 percent) “vegetables” (14.2 percent), , “meat and poultry” (7.1 percent), and “dairy products and eggs” (4.6 percent), while the prices of “cigarettes”, “cereals and products”, and “oils and fats” have declined by 8.8 percent, 1.4 percent, and 0.8 percent, respectively.

- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The average price level for this group increased by 5.0 percent compared to an increase of 5.4 percent during the same period of 2012. The group's contribution to the overall inflation rate reached 0.2 percentage point. The increase in the prices of this group was affected by the rise in the prices of “footwear” and “clothes”, which grew by 9.6 percent and 3.8 percent, respectively.

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 8.9 percent compared to an increase of 2.7 percent during the same period of 2012. Accordingly, this group contributed to the overall inflation rate by 2.3 percentage points. The increase in the prices of this group was driven by the sharp rise in the prices of “fuels and lighting” item by 24.4 percent, compared to a slight increase by 0.4 percent during the same period in 2012, which was affected by the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items showed a varied increase ranges between 2.9 percent for “household appliances” and 5.7 percent for “house utensils”.

- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 7.6 percent compared to 4.3 percent during the same period of 2012. Accordingly, this group contributed by 2.4 percentage points to the overall inflation rate. The increase in the prices of this group was a result of the increase of “transportation” item, by 15.8 percent, compared to an increase of 4.4 percent during the same period of 2012; affected by the rise in public transportation fare, as a result of the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, particularly; “personal care” (4.9 percent), “recreation” (4.7 percent), and “education” (4.1 percent).

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) increased during the second quarter of 2013, reached 12.6 percent (10.3 percent for males and 22.4 percent for females), compared to 11.6 percent (10.3 percent for males and 17.8 percent for females) during the same quarter of 2012. The unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 17.2 percent.
- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the second quarter of 2013 reached 37.7 percent (60.9 percent for males against 14.1 percent for females), compared to 38.3 percent (61.7 percent for males against 14.1 percent for females) during the same quarter of 2012.
- ◆ The employed rate among the age group 15 years and over reached 33.0 percent during the second quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 25.3 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.4 percent), “education” (12.8 percent), “manufacturing” (10.0 percent), and the remaining percent is distributed among sectors of “transport and storage”, “construction” and others.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 459.9 million during the first five months in 2013, comparing to a fiscal deficit in the amount of JD 251.3 million, during the same period in 2012. Excluding foreign grants (JD 218.2 million), the general budget deficit reaches JD 678.1 million compared to a deficit in the amount of JD 273.0 million during the same period in 2012.
- Net outstanding domestic public debt increased by JD 214.0 million at the end of May 2013 compared to its level at the end of 2012, to reach JD 11,862.0 million (49.4 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 431.7 million at the end of May 2013, compared to its level at the end of 2012, to stand at JD 5,364.1 million (22.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 17,226.1 million (71.8 percent of GDP) at the end of May 2013 compared to JD 16,580.4 million (75.5 percent of GDP) at the end of 2012.

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

■ Public Revenues

Public revenues (including foreign grants) increased by JD 68.7 million, or 19.7 percent, in May 2013 comparing to the same month in 2012 to reach JD 417.9 million. As for the first five months in 2013, these revenues were up by JD 108.2 million, or 5.0 percent, compared to the same period in 2012 to stand at JD 2,273.0 million. This result was driven by the rise in foreign grants by JD 196.5 million, on one hand, and the drop in domestic revenues by JD 88.3 million, on the other.

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

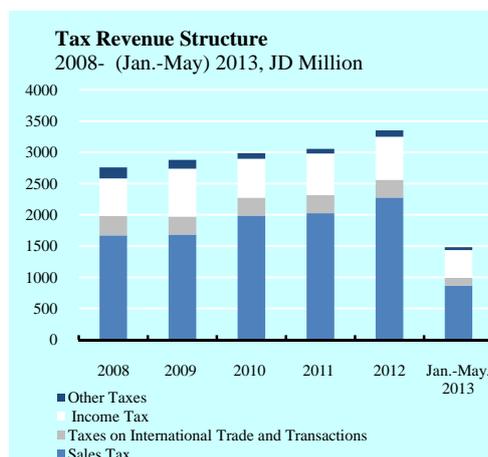
(JD Million and Percentages)

	May		Growth Rate %	Jan. – May		Growth Rate %
	2012	2013		2012	2013	
Total Revenues and Grants	349.2	417.9	19.7	2,164.8	2,273.0	5.0
Domestic Revenues, of which:	344.7	413.6	20.0	2,143.1	2,054.8	-4.1
Tax Revenues, of which:	257.1	261.0	1.5	1,469.8	1,481.9	0.8
General Sales Tax	189.4	191.5	1.1	866.5	866.6	0.0
Other Revenues, of which:	85.1	150.2	76.5	663.5	563.3	-15.1
Land Registration Fees	4.5	4.3	-4.4	21.7	218.2	905.5
Foreign Grants	561.5	600.4	6.9	2,416.1	2,732.9	13.1
Total Expenditures	60.1	84.6	40.8	151.3	270.3	78.7
Overall Deficit/ Surplus	-212.3	-182.5	-	-251.3	-459.9	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues decreased by JD 88.3 million, or 4.1 percent, in the first five months in 2013 compared to the same period in 2012, to reach JD 2,054.8 million. This decrease was an outcome of the rise in the proceeds of “tax revenues” by JD 12.1 million, and the drop in “other revenues” and “pension contributions” by JD 100.2 million, and JD 0.2 million, respectively.



● Tax Revenues

Tax revenues increased by JD 12.1 million, or 0.8 percent, during the first five months in 2013 compared to the same period in 2012, to reach JD 1,481.9 million (72.1 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of customs duties and the real-estates tax. Following are the main developments in tax revenues items:

- The increase in the proceeds of general sales tax on goods and services by JD 0.1 million which reached JD 866.6 million (accounting for 58.5 percent of total tax revenues). This result was driven by the increase in the proceeds of “sales tax on commercial sector”, “sales tax on services” by JD 22.7 million and JD 2.9 million, respectively. However, the proceeds of “sales tax on domestic goods” and “sales tax on imported goods” decreased by JD 19.7 million and JD 5.8 million, respectively, which indicates a decline in private consumption spending.
- The decrease in the proceeds of “income and profit taxes” by JD 8.1 million or 1.8 percent, which reached JD 444.6 million (accounting for 30.0 percent of total tax revenues). This decrease was due to the decline in the proceeds of “income tax from companies and other projects” by JD 11.6 million, and the increase in the proceeds of “income tax from individuals” by JD 3.5 million. Accordingly, income tax from companies accounted for 86.2 percent of total taxes on income and profits to reach JD 383.1 million (of which JD 167.0 million from banks and financial institutions).
- The increase in the proceeds of “taxes on international trade and transactions” (customs duties and fees) by JD 11.2 million or 9.8 percent, which reached JD 125.5 million

(accounting for 8.5 percent of total tax revenues). this can be attributed to the increase in goods imports (excluding crude oil, oil derivatives, liquid gas and electricity) by 14.9 percent.

- The increase in real-estates tax (taxes on financial transactions) by JD 8.9 million, or 24.5 percent, to reach 45.2 million (accounting for 3.1 percent of total tax revenues).

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

“Other revenues” decreased by JD 100.2 million, or 15.1 percent, during the first five months in 2013 to reach JD 563.3 million. This drop was an outcome of:

- The decline in property income by JD 59.7 million to stand at JD 180.1 million (of which financial surplus of independent government units amounted to JD 167.7 million).
- The decrease in miscellaneous revenues by JD 59.8 million to stand at JD 82.9 million.
- The increase in revenues from selling goods and services by JD 19.3 million to reach JD 300.3 million.

- **Pension Contributions**

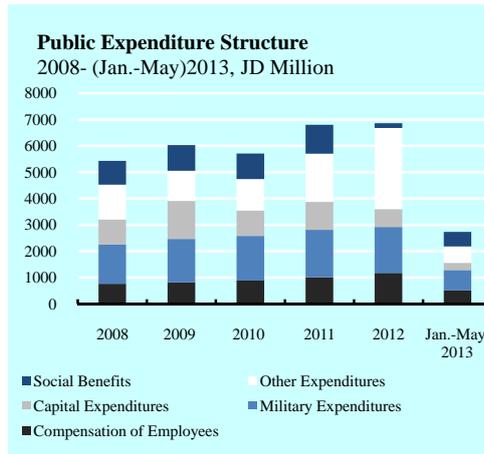
Pension contributions were down by JD 0.2 million during the first five months in 2013, standing at JD 9.6 million.

- ◆ **Foreign Grants**

Foreign grants were up by JD 196.5 million during the first five months in 2013, standing at JD 218.2 million. The aforementioned grants included an additional grant from Saudi Arabia in the amount of JD 141.0 million (equivalent to US\$ 200.0 million), as well as a grant from Kuwait in the amount of JD 47.0 million under the framework of grants provided by GCC fund.

Public Expenditures

Public expenditures witnessed an increase by JD 38.9 million, or 6.9 percent, in May 2013 compared to the same month in 2012 to stand at JD 600.4 million. Moreover, public expenditures increased by JD 316.8 million, or 13.1 percent during the first five months in 2013, to stand at JD 2,732.9 million. This increase was a result of the rise in both current expenditures and capital expenditures by 8.7 percent, and 78.7 percent, respectively.



Current Expenditures

Current expenditures increased by JD 197.8 million, or 8.7 percent, during the first five months in 2013, to reach JD 2,462.6 million. This increase was due to:

- The increase in military expenditures by JD 93.2 million to total JD 766.1 million, accounting for 31.1 percent of total current expenditures.
- The increase in social benefit expenditures by JD 116.3 million to stand at JD 548.9 million, accounting for 22.3 percent of total current expenditures, due to including direct cash subsidies allocations in the social safety net item.
- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 39.3 million to reach JD 518.2 million, accounting for 21.0 percent of total current expenditures.

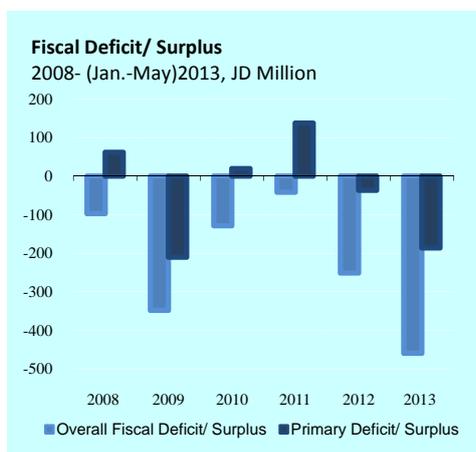
- The increase in interest payments, on internal and external public debt, by JD 59.0 million to stand at JD 273.4 million, accounting for 11.1 percent of total current expenditures.
- The rise in “purchases of goods and services” by JD 20.7 million to stand at JD 105.6 million, accounting for 4.3 percent of total current expenditures.
- The decrease in good's subsidies by JD 144.0 million to stand at JD 112.4 million, accounting for 4.6 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 119.0 million, or 78.7 percent during the first five months in 2013 comparing to the same period during 2012, to reach JD 270.3 million.

■ General Budget Deficit/ Surplus

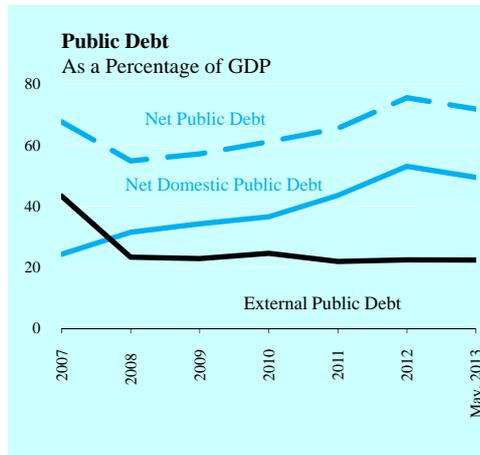
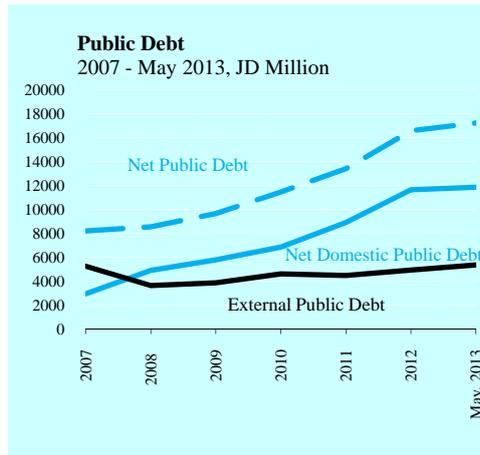
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 459.5 million during the first five months of 2013, against a fiscal deficit in the amount of JD 251.3 million during the same period in 2012.



- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 186.5 million during the first five months in 2013, against a primary deficit of JD 36.9 million during the same period in 2012.

Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 214.0 million at the end of May 2013 comparing to its level at the end of 2012 to total JD 11,862.0 million, or 49.4 percent of GDP. The aforementioned increase was the outcome of the rise in gross outstanding domestic public debt by JD 326.0 million to reach JD 13,004.0 million, and the increase in the government deposits at the banking system by JD 113.0 million to reach JD 1,142.0 million. This increase in the budgetary domestic public debt was mainly the outcome of the rise in “Treasury bills and bonds” in the amount of JD 464.0 million to reach JD 10,106.0 million at the end of May 2013, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 712.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 106.0 million to reach JD 1,071.0 million at the end of May 2013, while loans and advances extended to these agencies increased by JD 10.0 million to stand at JD 1,089.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 431.7 million at the end of May 2013 compared to its level at the end of 2012, amounting to JD 5,364.1 million (22.4 percent of GDP). This increase was driven by the government's issuance of domestic bonds in dollar in the value of JD 354 million (equivalent to US\$ 500 million), in February 2013, in addition to receiving the second tranche of the IMF loan under the stand-by arrangement in the amount of JD 270 million, in April 2013. The currency debt structure shows that external debt in US dollars accounted for 43.2 percent, while debt in Euros accounted for 8.6 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 13.8 percent and 15.7 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 645.7 million at the end of May 2013 comparing to its level at the end of 2012 to stand at JD 17,226.1 million, (71.8 percent of GDP), against JD 16,580.4 million (75.5 percent of GDP) at the end of 2012. Consequently, the ratio of net public debt to GDP declined by 3.7 percentage points compared to its level at the end of 2012.
- External debt service (budgetary and guaranteed) amounted to JD 189.7 million during the first five months of 2013 (of which interest payments amounting to JD 44.7 million) compared to JD 202.8 million (of which interest payments amounting to JD 45.6 million) during the same period in 2012.

□ Fiscal and Price Measures

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

Oil Derivatives Price Developments				
	Unit	2013		Change %
		July	August	
Unleaded Gasoline 90	Fils/Liter	785	810	3.2
Unleaded Gasoline 95	Fils/Liter	950	980	3.2
Gas Oil (Diesel)	Fils/Liter	645	665	3.1
Gas Oil/ electricity	Fils/Liter	645	665	3.1
Kerosene	Fils/Liter	645	665	3.1
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	469.3	468.7	-0.1
Fuel oil/ electricity	JD/Ton	469.3	468.7	-0.1
Fuel oil for ships	JD/Ton	473	468.7	-0.9
Fuel oil for airplanes (local companies)	Fils/Liter	583	604	3.6
Fuel oil for airplanes (foreign companies)	Fils/Liter	588	609	3.6
Fuel oil for unplanned flights	Fils/Liter	603	624	3.5
Asphalt	JD/Ton	502.8	502.2	-0.1

Source: Jordan Petroleum Refinery CO. (1/8/2013).

- The cabinet approved the amending by-law for the year 2013 for the special tax by-law NO. (80) for the year 2000, to come into effect starting from its issuance date in the official gazette. The amendments included the following (July 2013):
 - ◆ The abolition of the special tax rate listed in item No.(6) regarding mobile phones and radio subscription service fees, both post paid and prepaid to become 24% instead of 12%.

- ◆ Raising the special tax on all cell phones including smart phones to become 16% instead of 8%.

□ Grants, Loans and Other Agreements

- Signing an emergency loan agreement with the world bank in the amount of US\$ 150 million in order to alleviate part of the economic burdens the budget endures by hosting hundreds of thousands of Syrian refugees. (July 2013).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 2.6 percent in May 2013 compared to its level in the same month of 2012 to record JD 476.1 million. As for the first five months of 2013, total merchandize exports decreased by 0.2 percent compared to the same period in 2012 to reach JD 2,284.8 million.
- **Merchandize imports** decreased by 4.0 percent in May 2013 compared to its level in the same month of 2012 to reach JD 1,239.4 million. As for the first five months of 2013, merchandize imports decreased by 1.8 percent compared to the same period in 2012 to reach JD 6,247.4 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 7.7 percent in May 2013 compared to the same month in 2012 standing at JD 763.3 million. As for the first five months of 2013, the trade balance deficit declined by 2.6 percent compared to the same period in 2012 to reach JD 3,962.6 million.
- **Travel receipts** decreased during the first half of 2013 compared to its level in the same period of 2012 by 3.3 percent due to the decline in the inbound medical tourism. Also, travel payments decreased by 2.1 percent.
- **Total workers' remittances receipts** increased by 2.5 percent during the first half of 2013 compared to their level in the same period in 2012 to reach JD 1,271.8 million.
- **The current account of the balance of payments** registered a deficit of JD 642.1 million (12.0 percent of GDP) during the first quarter of 2013 compared to a deficit of JD 1,395.4 million (28.6 percent of GDP) during the same quarter of 2012.
- **The direct investment** recorded a net inflow of JD 450.6 million during the first quarter of 2013, up from JD 260.0 million during the same quarter of 2012.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 19,705.0 million at the end of the first quarter of 2013; an increase of JD 831.3 million over its level at the end of December 2012.

□ External Trade

- As a result of the increase in domestic exports by JD 11.8 million and the decrease in imports by JD 112.6 million during the first five months in 2013, the volume of external trade (domestic exports *plus* imports) decreased by JD 100.8 million to stand at JD 8,176.3 million.

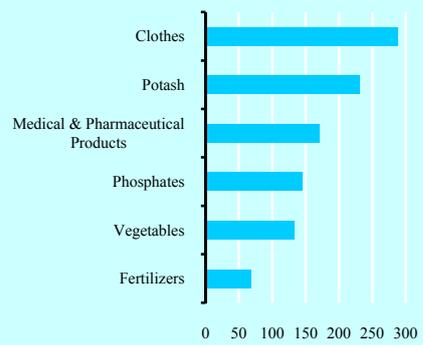
Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
Jan - May				Jan - May			
	2012	2013	Percentage Change		2012	2013	Percentage Change
					2010/2011	2011/2012	
Exports				External Trade	8,277.1	8,176.3	-1.2
Iraq	248.4	336.1	35.3	Total Exports	2,289.6	2,284.8	-0.2
United States	289.9	308.1	6.3	Domestic Exports	1,917.1	1,928.9	0.6
Saudi Arabia	189.8	233.1	22.8	Re-exports	372.5	355.9	-4.5
India	192.9	180.8	-6.3	Imports	6,360.0	6,247.4	-1.8
Indonesia	79.1	104.0	31.5	Trade Balance	-4,070.4	-3,962.6	-2.6
UAE	64.4	67.8	5.3	Source: Department of Statistics.			
Syria	100.5	50.2	-50.0				
Imports							
Saudi Arabia	1,723.7	1,166.4	-32.3				
China	560.3	639.2	14.1				
United States	403.4	397.2	-1.5				
Italy	243.6	294.3	20.8				
Germany	241.3	242.7	0.6				
Egypt	207.1	227.1	9.7				
Turkey	204.4	223.9	9.5				
UAE	155.3	222.0	42.9				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports decreased by 0.2 percent during the first five months of 2013 compared to a 2.2 percent decrease during the same period in 2012, to record JD 2,284.8

million. This decrease resulted from an increase in domestic exports by JD 11.8 million, 0.6 percent, to reach JD 1,928.9 million, and the decrease in re-exports by JD 16.6 million, 4.5 percent, to reach JD 355.9 million.

Major Exports by Commodity
January - May 2013 , JD Million



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

- Exports of **medical and pharmaceutical products** increased by JD 23.9 million, 16.3 percent, to reach JD 170.8 million, compared to an increase of 11.4 percent during the same period in 2012. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 56.8 percent of these exports.

- Exports of **potash** increased by JD 28.3 million, 13.9 percent, to stand at JD 231.7 million. The Indonesian, Malaysian and Indian markets accounted for 61.8 percent of these exports.
- Exports of **vegetables** decreased by JD 71.7 million, 35.0 percent, to total JD 133.3 million, compared to JD 205.0 million during the same period in 2012. The Iraqi, Syrian and UAE markets were the main destinations of these exports accounting for 61.4 percent.

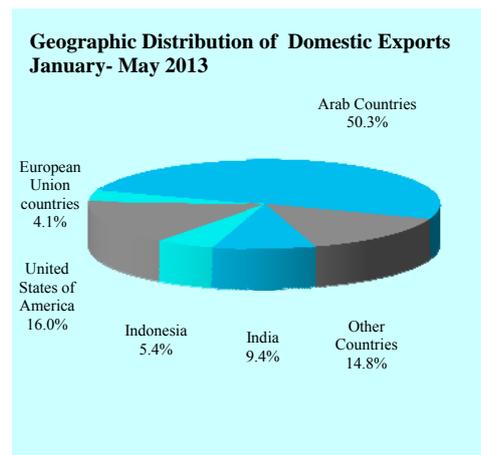
Major Domestic Exports by Commodity, JD Million
January - May 2012,2013

	2012	2013	Percentage Change
Domestic Exports	1,917.1	1,928.9	0.6
Clothes	272.0	287.9	5.8
United States	253.4	268.1	5.8
Potash	203.4	231.7	13.9
Indonesia	31.4	59.4	89.2
Malaysia	20.4	46.4	127.5
China	29.4	37.3	26.9
Medical & Pharmaceutical Products	146.9	170.8	16.3
Saudi Arabia	34.8	33.6	-3.4
Algeria	23.2	29.4	26.7
Iraq	13.2	17.0	28.8
Sudan	13.0	17.0	30.8
Phosphates	188.5	145.4	-22.9
India	117.2	103.0	-12.1
Indonesia	33.5	17.0	-49.3
Bulgaria	16.3	9.8	-39.9
Vegetables	205.0	133.3	-35.0
Iraq	27.0	38.8	43.7
Syria	67.9	28.9	-57.4
UAE	17.8	14.2	-20.2
Fertilizers	95.2	68.1	-28.5
India	35.9	28.0	-22.0
Turkey	16.9	15.1	-10.7
Bulgaria	-	11.2	-

Source: Department of Statistics.

- Exports of **phosphates** decreased by JD 43.1 million, 22.9 percent, to register JD 145.4 million, compared to an increase of 11.5 percent during the same period in 2012. This decline was mainly due to decrease in exported quantities by 14.7 percent and the decrease in prices by 9.6 percent. It is worth noting that the Indian market was the main destination for these exports during the first five months in 2013, accounting for 70.8 percent of phosphates exports.

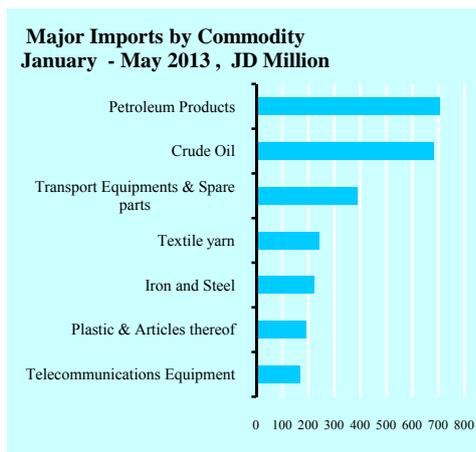
- In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, “medical and pharmaceutical products”, phosphates, vegetables, and



Fertilizers topped the list of domestic exports during the first five months in 2013; accounting for 53.8 percent of domestic exports down from 58.0 percent during the same period in 2012. Meanwhile, the geographical distribution of domestic exports indicates that the Iraq, USA, Saudi Arabia, India, Indonesia, UAE and Syria, were the main destination markets for Jordanian domestic exports during the first five months of 2013; accounting for 66.4 percent of domestic exports, up from 60.8 percent during the same period in 2012.

■ Merchandize Imports:

Merchandize imports amounted to JD 6,247.4 million during the first five months in 2013, decreasing by JD 112.6 million, 1.8 percent, compared to an increase of 15.4 percent during the same period in 2012.



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

- **Crude oil** imports decreased by JD 367.9 million, 35.1 percent, to reach JD 680.5 million, compared to a rise by 22.7 percent during the same period in 2012. This decrease was attributed to the decline in the prices of oil by 9.0 percent and the decline in imported quantities by 28.7 percent. Also, it's worth noting that most of crude oil imports came from the Saudi market.
- **Petroleum products** imports decreased by JD 328.6 million, 31.8 percent, to total JD 703.6 million compared to an increase of 109.2 percent during the same period in 2012. This decrease was mainly attributable to the decrease in fuel oil imports in light of the increase of gas flows from Egypt. The main source markets of these imports were Singapore, Saudi Arabia, and Turkey.

- Imports of **Transport equipments and Spare Parts** increased by JD 45.1 million, 13.2 percent, to reach JD 386.5 million compared to a decrease by 2.8 percent during the same period in 2012. South Korea, the USA and Japan were the main origin markets for these imports; accounting for 59.6 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by JD 52.4 million, 27.7 percent to reach JD 241.8 million, compared to an increase of 6.0 percent during the same period in 2012. The markets of China, Taiwan and Pakistan accounted for 71.3 percent of these imports.

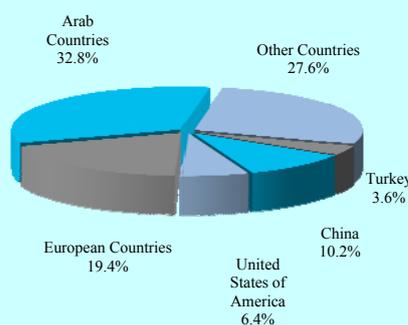
Major Imports by Commodity, JD Million
January – May 2012,2013

	2012	2013	Percentage Change
Total Imports	6,360.0	6,247.4	-1.8
Petroleum Products	1,032.2	703.6	-31.8
Singapore	0.0	131.6	-
Saudi Arabia	272.1	99.5	-63.4
Turkey	59.8	80.0	33.8
Crude oil	1,048.4	680.5	-35.1
Saudi Arabia	981.0	603.6	-38.5
Transport Equipments and Spare Parts	341.4	386.5	13.2
South Korea	120.5	84.2	-30.1
United States	51.2	85.4	66.8
Japan	37.5	60.8	62.1
Textile Yarn, Fabrics & Related Products	189.4	241.8	27.7
China	79.8	90.0	12.8
Taiwan	43.7	56.2	28.6
Pakistan	4.8	26.1	443.8
Iron & Steel	239.8	220.8	-7.9
Ukraine	87.1	51.7	-40.6
China	12.9	24.0	86.0
Saudi Arabia	11.9	19.7	65.5
Plastic & Articles Thereof	173.6	191.8	10.5
Saudi Arabia	87.8	94.6	7.7
China	7.7	14.4	87.0
UAE	7.3	11.6	58.9
Telecommunications Equipment	140.1	168.6	20.3
China	78.7	99.8	26.8
Vietnam	2.8	20.5	632.1
India	23.1	10.8	-53.2

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that the main imports were crude oil, petroleum products, “transport equipments and spare parts”, “Textile yarn, fabrics, made up articles and related products”, “Iron and steel”, “Plastic and Articles thereof”, and “Telecommunications Equipment”, accounted for 41.5 percent of total imports during the first five months of 2013; down from 49.8 percent during the same period of 2012. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, USA, Italy, Germany, Egypt, Turkey, and UAE topped the list of imports sources during the first five months of 2013; accounting for 54.6 percent compared to 58.8 percent during the same period of 2012.

**Geographic Distribution of Imports
January - May 2013**



■ Re-Exports

The value of re-exported goods decreased by JD 16.6 million, 4.5 percent, during the first five months in 2013 compared to the same period in 2012, recording JD 355.9 million.

■ Trade Balance

The trade balance deficit during the first five months in 2013 decreased by JD 107.8 million, 2.6 percent, to register JD 3,962.6 million compared to the same period in 2012.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 31.5 million, 2.5 percent, during the first half of 2013 compared to the same period of 2012 to register JD 1,271.8 million.

□ Travel

■ Receipts

Travel receipts decreased by JD 39.2 million, 3.3 percent, during the first half of 2013 compared to the same period of 2012 to register JD 1,156.1 million, mainly due to the decrease in the inbound medical tourism.

■ Payments

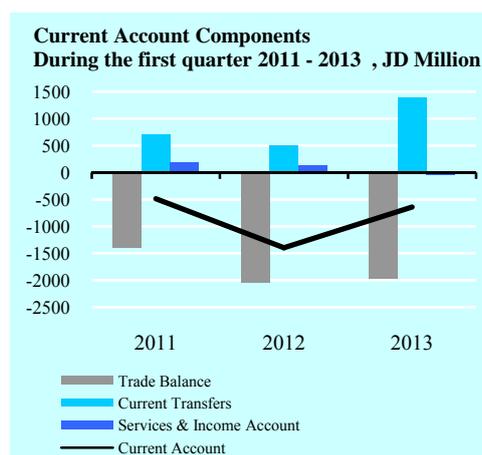
Travel payments decreased by JD 8.6 million, 2.1 percent, during the first half of 2013 compared to the same period of 2012 to stand at JD 398.6 million.

□ Balance of Payments

The comparison of the preliminary statistics of the balance of payments for the first quarter of 2013 compared to the same quarter of 2012, reveals the following developments:

- The current account recorded a deficit of JD 642.1 million (12.0 percent of GDP) compared to a deficit of JD 1,395.4 (28.6 percent of GDP) million during the first quarter of 2012. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 58.3 million, 2.9 percent, to reach JD 1,978.3 million compared to the first quarter in 2012.



- ◆ An increase in the surplus of the services account by JD 2.9 million to reach JD 100.9 million. This was mainly due to the registered surplus of travel (net) and government services (net) by JD 364.2 million and JD 15.8 million, respectively, and to the recorded deficit of transportation (net) and other services (net) by JD 231.3 million and JD 47.8 million, respectively.
- ◆ Income account recorded a deficit of JD 149.6 million compared to a surplus of JD 34.9 million during the first quarter of 2012, as a result of recording a deficit of JD 199.2 million in investment income (net) and a surplus of JD 49.6 million in compensation of employees (net).
- ◆ An increase in the surplus of net current transfers by JD 876.6 million; to reach JD 1,384.9 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 852.4 million and JD 24.2 million, to reach JD 921.8 million and JD 463.1 million,

respectively, during the first quarter of 2013. It's worth mentioning that the workers' remittances (net) increased by 4.1 percent, during the first quarter of 2013 to record JD 533.4 million.

- The capital and financial account showed a decrease in net foreign assets by JD 272.4 million during the first quarter of 2013 compared to a similar decrease in an amount of JD 1,110.4 million during the first quarter of 2012, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 450.0 million compared to a similar inflow of JD 260.0 million during the first quarter of 2012.
 - ◆ Portfolio investments (net) recorded a net inflow of JD 76.5 million compared to a similar inflow in an amount of JD 120.4 million during the first quarter of 2012.
 - ◆ Other investments (net) registered a net inflow in an amount of JD 991.7 million compared to an outflow amounting to JD 69.0 million during the first quarter of 2012.
 - ◆ An increase in the reserve assets of CBJ by JD 1,246.4 million compared to a decrease amounting to JD 799.0 million during the first quarter of 2012.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in an amount of JD 19,705.0 million at the end of the first quarter of 2013 compared to JD 18,873.7 million at the end of 2012. 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 1,424.8 million to reach JD 15,931.0 million at the end of the first quarter of 2013 compared to the end of 2012. This increase was mainly due to the following developments:
 - ◆ An increase in CBJ's reserves by JD 1,222.0 million.
 - ◆ An increase in loans granted by licensed banks to non-residents by JD 41.9 million, to reach JD 895.3 million.
 - ◆ A decrease in the deposits of licensed banks by JD 20.7 million, to reach JD 4,706.4 million.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 2,256.1 million at the end of the first quarter of 2013 compared to the end of 2012; standing at JD 35,636.0 million. This was mainly due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 452.3 million to stand at JD 18,109.6 million.
 - ◆ An increase in the stock of portfolio investments in the Kingdom by JD 213.7 million to reach JD 2,998.8 million. Mainly as a result of the increase in the market value of shares owned by non-residents at Amman stock Exchange (ASE) by JD 153.0 million.
 - ◆ An increase in the deposits of non-residents at the banking system by JD 1,474.7 million to reach JD 796.5 million. (an increase of JD 667.1 million at CBJ, and an increase of JD 807.6 million at licensed banks).
 - ◆ An increase in trade credits extended to residents of Jordan by JD 179.4 million, to stand at JD 954.9 million.
 - ◆ A decrease in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 78.3 million to reach JD 5,123.5 million.