



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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❑ OUR VISION

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

❑ OUR MISSION

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

❑ OUR VALUES

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

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Executive Summary

□ Output, Prices and Employment

In the first quarter of 2014 , real GDP at market prices, grew by 3.2 percent, compared to 2.6 percent during the same quarter of 2013. Inflation, measured by the Consumer Price Index (CPI), declined to 3.3 percent during the first five months of 2014 compared to 6.6 percent during the same period of 2013. Furthermore, the unemployment rate during the first quarter of 2014 decreased to 11.8 percent compared to 12.8 percent during the same quarter of 2013.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 1,281.9 million (10.7 percent) during the first five months of 2014, compared to their level at the end of 2014, standing at US\$ 13,287.7 million. This level of reserves covers around 6.9 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 947.1 million (3.5 percent) during the first five months of 2014 compared to its level at the end of 2013, to stand at JD 28,310.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 101.3 million (0.5 percent) during the first five months of 2014, compared to its level at the end of 2013.
- Total deposits at licensed banks increased by JD 1,249.7 million (4.5 percent) during the first five months of 2014, compared to its level at the end of 2013, totaling JD 28,842.9 million. This increase was an outcome of the increase in JD deposits by JD 1,626.7 million (7.7 percent) and the decrease in foreign currency deposits by JD 377.0 million (5.7 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,130.9 points at the end of May 2014, increasing by 65.1 points, or 3.2 percent, compared to its level at the end of 2013.

- **Public Finance:** During the first four months in 2014, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 308.0 million compared to a fiscal deficit in the amount of JD 277.4 million during the same period in 2013. Net outstanding domestic debt (budgetary and own-budget) increased by JD 550.0 million at the end of April 2014, compared to its level at the end of 2013, to stand at JD 12,412.0 million (48.5 percent of GDP). Outstanding external public debt increased by JD 288.3 million at the end of April 2014 compared to its level at the end of 2013 to reach JD 7,522.8 million, (29.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 77.9 percent of GDP at the end of April 2014 compared to 80.0 percent at the end of 2013.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 8.1 percent during the first four months of 2014 to reach JD 1,954.9 million. Also, merchandize imports increased by 5.5 percent during the first four months of 2014, totaling JD 5,315.9 million. As a result, the trade deficit increased by 4.1 percent compared to the same period in 2013, to reach JD 3,361.0 million. The preliminary data shows an increase in travel receipts and payments during the first five months of 2014 by 14.0 percent and 10.9 percent, respectively. Moreover total worker's remittances increased by 3.8 percent during the same period in 2014. The balance of payments during the first quarter of 2014 displayed a deficit in the current account amounting to JD 231.5 million, (4.0 percent of GDP) up from JD 157.5 million (2.9 percent of GDP) during the first quarter of 2013. Moreover, Net Direct Investment recorded an inflow of JD 148.5 million during the first quarter of 2014 compared to a net inflow of JD 430.6 million during the first quarter of 2013. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 21,686.8 million at the end of March 2014 compared to JD 21,114.3 million at the end of December 2013.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ increased by US\$ 1,281.9 million (10.7 percent) during the first five months of 2014, compared to their level at the end of 2013, to stand at US\$ 13,287.7 million. This level of reserves covers around 6.9 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 947.1 million (3.5 percent) during the first five months of 2014, compared to its level at the end of 2013, to total JD 28,310.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 101.3 million (0.5 percent) during the first five months of 2014, compared to its level at the end of 2013 to reach JD 19,041.0 million.
- Total deposits at licensed banks increased by JD 1,249.7 million (4.5 percent) during the first five months of 2014, compared to its level at the end of 2013, to reach JD 28,842.9 million.
- The interest rates on all deposits and credit facilities at licensed banks decreased during the first five months of 2014, compared to their levels at the end of 2013, except the interest rates on demand deposits.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at the Amman Stock Exchange (ASE) reached 2,130.9 points during the first five months of 2014, increasing by 65.1 points (3.2 percent), compared to its level at the end of 2013. Moreover, the market capitalization increased by JD 0.9 billion (5.0 percent), compared to its registered level of 2013, to stand at JD 19.2 billion.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

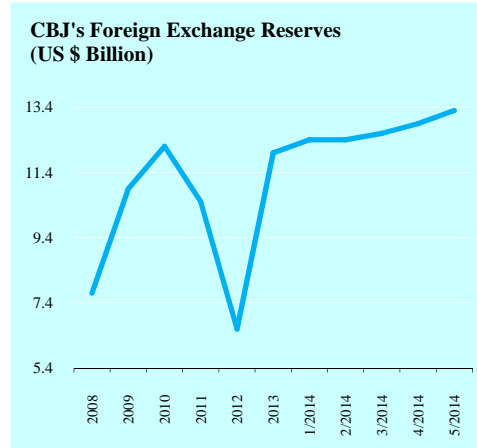
	2013	End of May	
		2013	2014
US\$ 12,005.8	81.0%	US\$ 9,394.1	US\$ 13,287.7
		41.6%	10.7%
27,363.4	9.7%	25,950.2	28,310.5
		4.0%	3.5%
18,939.7	6.2%	18,292.5	19,041.0
		2.6%	0.5%
16,569.1	7.8%	15,813.5	17,064.5
		2.8%	3.0%
27,593.2	10.5%	26,224.8	28,842.9
		5.0%	4.5%
21,003.0	18.6%	19,333.9	22,629.7
		9.2%	7.7%
6,590.2	-9.2%	6,890.9	6,213.2
		-5.1%	-5.7%
22,195.8	8.9%	21,140.9	22,914.1
		3.7%	3.2%
17,646.1	17.0%	16,315.6	18,578.6
		8.2%	5.3%
4,549.7	-14.2%	4,825.3	4,335.5
		-9.0%	-4.7%

* 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\$ 1,281.9 million (10.7 percent), at the end of May 2014, compared to their level at the end of 2013, to reach US\$ 13,287.7 million. This level of reserves covers around 6.9 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

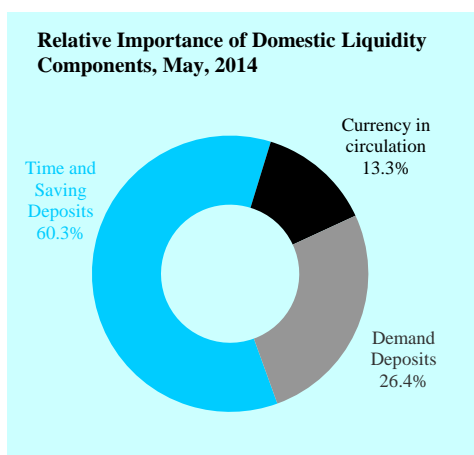
- Domestic liquidity totaled JD 28,310.5 million at the end of May 2014, increasing by JD 947.1 million, or 3.5 percent, during the first five months of 2014 compared to an increase of JD 1,005.1 million, or 4.0 percent, during the same period in 2013.

- ◆ **Developments in both the components and the factors affecting domestic liquidity during the first five months of 2014, reveal the following:**

- **Components of Domestic Liquidity**

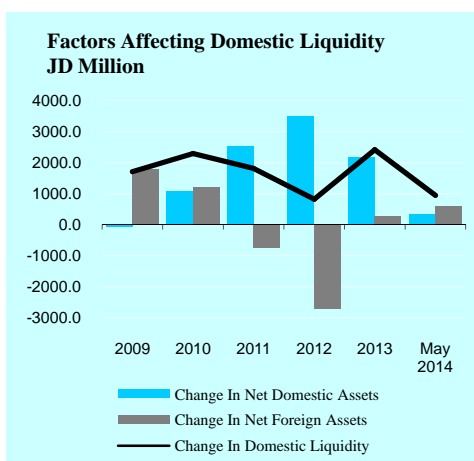
- Deposits increased by JD 776.8 million, or 3.3 percent, at the end of May 2014, compared to their level at the end of 2013, to total JD 24,533.6 million, compared with an increase amounting to JD 851.6 million, or 3.9 percent, during the same period in 2013.

- Currency in circulation increased by JD 170.3 million, or 4.7 percent, at the end of May 2014, compared to its level at the end of 2013, to reach JD 3,776.9 million, against an increase in the amount of JD 153.5 million, or 4.8 percent, during the same period in 2013.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 609.2 million, or 3.0 percent, during the first five months of 2014, compared to its level at the end of 2013, against an increase of JD 1,483.4 million, or 8.1 percent, during the same period in 2013. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 1,171.4 million, or 4.7 percent, and its decrease at the CBJ by JD 562.2 million, or 12.4 percent.



- Net foreign assets of the banking system increased by JD 337.9 million, or 4.9 percent, during the first five months of 2014, compared to their level at the end of 2013, against a decrease in the amount of JD 478.3 million, or 7.2 percent, during the same period in 2013. This increase was an outcome of the increase of net foreign assets at the CBJ by JD 716.6 million or 8.4 percent, and the decrease of net foreign assets at the licensed banks by JD 378.7 million, or 24.2 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

2013		End of May	
		2013	2014
6,923.4	Foreign Assets (Net)	6,187.2	7,261.3
8,487.4	CBJ	6,735.0	9,204.0
-1,564.0	Licensed Banks	-547.8	-1,942.7
20,440.0	Domestic Assets (Net)	19,763.0	21,049.2
-4,528.6	CBJ, of which:	-3,001.4	-5,090.8
1,244.3	Claims on Public Sector (Net)	1,616.0	1,396.8
-5,793.5	Other Items (Net*)	-4,637.6	-6,509.6
24,968.6	Licensed Banks	22,764.4	26,140.0
9,714.8	Claims on Public Sector (Net)	8,990.5	9,518.6
17,201.9	Claims on Private Sector	16,463.1	17,615.2
-1,948.1	Other Items (Net)	-2,689.2	-993.8
27,363.4	Money Supply (M2)	25,950.2	28,310.5
3,606.6	Currency in Circulation	3,368.5	3,776.9
23,756.8	Total Deposits, of which:	22,581.7	24,533.6
4,635.2	In Foreign Currencies	4,950.5	4,405.0

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

◆ On June 25th, 2014, the CBJ lowered the interest rate on the overnight deposit window and the repurchase agreements (one week or more) by 50 basis points, and maintained the interest rates on the other monetary policy instruments unchanged. Accordingly, the interest rates on monetary policy instruments become as follows:

		May	
2013		2013	2014
4.50	Re-discount Rate	5.00	4.25
4.25	Repurchase Agreements Rate (overnight)	4.75	4.00
3.50	Overnight Deposit Window Rate	4.00	3.25
3.75	Repurchase Agreements rate (one week)	4.25	3.50
3.75	Repurchase Agreements rate (one month)	4.25	3.50

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Re-Discount Rate: 4.25 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.00 percent.
- Overnight Deposit Window Rate: 2.75 percent.
- Weekly/Monthly Repurchase Agreements: 3.00 percent.

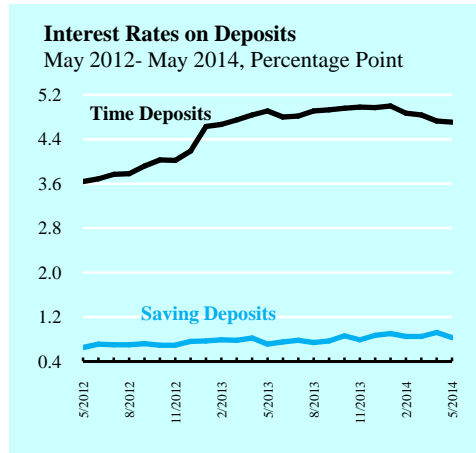
◆ This decision attempts to stimulate economic growth and job creation through provision of credit at lower costs for various economic sectors.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits at the end of May 2014 decreased by 2 basis points, compared to its level of the previous month to stand at 4.71 percent. This rate is lower by 26 basis points than its level at the end of 2013.

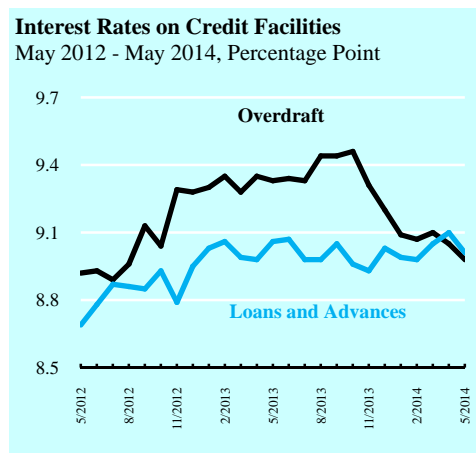
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of May 2014 decreased by 9 basis points compared with its level recorded in the previous month to stand at 0.83 percent. This rate is lower by 4 basis points compared to its level at the end of 2013.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of May 2014 increased by 2 basis points compared to its level of the previous month to stand at 0.54 percent. This rate is higher by 16 basis points compared to its level at the end of 2013.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of May 2014 decreased by 7 basis points compared to its level of the previous month to stand at 8.98 percent. This rate is lower by 22 basis points compared to its level at the end of 2013.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of May 2014, increased by 14 basis points compared with the level recorded in the previous month to reach 9.67 percent. This rate is lower by 46 basis points, compared to its level at the end of 2013.

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

2013		May		Change Relative to the Preceding Year Basis Points
		2013	2014	
Deposits				
0.38	Demand	0.53	0.54	16
0.87	Saving	0.71	0.83	-4
4.97	Time	4.91	4.71	-26
Credit Facilities				
10.13	Discounted Bills and Bonds	9.39	9.67	-46
9.03	Loans and Advances	9.06	9.01	-2
9.20	Overdraft	9.33	8.98	-22
8.85	Prime Lending Rate	8.97	8.76	-9

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 9 basis points at the end of May 2014, compared to its level of the previous month to stand at 9.01 percent. This rate is lower by 2 basis points, compared to its level at the end of 2013.
- The Prime lending rate stood at 8.76 percent at the end of May 2014, 9 basis points lower than its level at the end of 2013.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, increased by 24 basis points at the end of May 2014, compared to its level at the end of 2013, to reach 430 basis points.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by 101.3 million (0.5%) at the end of May 2014, compared to its level

at the end of 2013, against an increase in the amount of JD 462.7 million, or 2.6 percent, during the same period in 2013.

- The classification of extended credit facilities, according to economic activity, at the end of May 2014 demonstrates an increase in credit facilities extended to the "other" item; which generally represents credit facilities extended to individuals by JD 585.2 million, or 14.1 percent, and those extended to the construction sector by JD 96.5 million, or 2.4 percent, and the industry sector by 25.4 million, or 1.0 percent. Meanwhile, the credit facilities extended to the general trade and public services and utilities sectors decreased by JD 388.1 million, or 9.9 percent, and JD 160.4 million, or 7.4 percent, respectively, compared to their levels at the end of 2013.
- The classification of extended credit facilities, according to the borrower, at the end of May 2014 shows an increase in credit facilities extended to the private sector (resident) by JD 495.4 million, or 3.0 percent, and the public institutions by JD 40.2 million, or 12.5 percent. Meanwhile, the credit facilities was declined to those extended to the private sector (non-resident) by JD 370.3 million or 45.3 percent, the central government by JD 62.5 million or 5.1 percent, and the non-banking financial institutions by JD 1.6 million, or 16.8 percent, compared to their levels at the end of 2013.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 28,842.9 million at the end of May 2014, increasing by JD 1,249.7 million, or 4.5 percent, compared to its level at the end of 2013, against an increase of JD 1,255.2 million, or 5.0 percent, during the same period in 2013.
- The increase in total deposits at licensed banks during the first five months of 2014 was a result of the increase in the deposits of the

private sector (resident) by JD 718.3 million, or 3.2 percent, the public sector (Central government plus public institutions) by 258.2 million or 12.9 percent, the private sector (non-resident) by JD 200.8 million, or 6.5 percent, and the non-banking financial institutions by JD 72.4 million, or 26.1 percent, compared to their levels at the end of 2013.

- The developments in the currency structure of deposits at the end of May 2014 reveal that JD deposits increased by JD 1,626.7 million, or 7.7 percent, while “deposits in the foreign currency” decreased by JD 377.0 million, or 5.7 percent, compared to their levels at the end of 2013.

□ Amman Stock Exchange (ASE)

Indicators of the ASE displayed a mixed performance during the first five months of 2014 compared to 2013. This can be demonstrated as follows:

■ Trading Volume

Trading volume at the ASE totaled JD 141.4 million in May 2014; down by JD 62.9 million, or 30.8 percent, compared to its level of the previous month, against a decrease of JD 667.2 million, or 78.6 percent, during the same month in 2013. However, the trading volume totaled JD 1,109.4 million, during the first five months of 2014; down by JD 744.3 million, or 40.2 percent, compared to the same period in 2013.

■ Traded Shares

The number of traded shares in May 2014 totaled 133.8 million shares; down by 60.2 million shares, or 31.0 percent, compared to its level of the previous month, against a decrease amounting to 213.4 million shares, or 51.4 percent, during the same month in 2013. However, the number of traded shares during the first five months of 2014 totaled 1,131.0 million shares, compared to 1,551.5 million shares traded during the same period in 2013.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 6.7 points, or 0.3 percent, at the end of May 2014 compared to its level at the end of the previous month,

to stand at 2,130.9 points, against an increase in the amount of 19.4 points, or 1.0 percent, during the same month in 2013. Furthermore, during the first five months of 2014, the SPI increased by 65.1 points, or 3.2 percent compared to its level at the end of 2013, against a rise in the amount of 59.9 points, or 3.1 percent during the same period in 2013. The aforementioned increase was an outcome of the increase in the SPI for the financial sector by 255.3 points, or 9.4 percent, and the decrease in the SPI for the industrial and services sectors by 108.4 points, or 5.5 percent, and 74.2 points, or 4.5 percent, respectively.

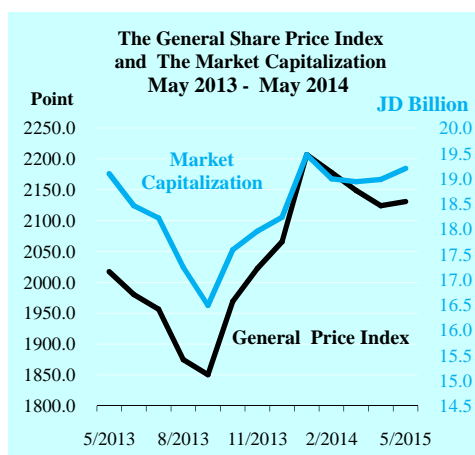
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

2013		May	
		2013	2014
2,065.8	General Index	2,017.5	2,130.9
2,703.9	Financial Sector	2,469.9	2,959.2
1,964.9	Industrial Sector	2,214.9	1,856.5
1,664.8	Services Sector	1,632.3	1,590.6

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 19.2 billion at the end of May 2014; an increase of JD 0.2 billion, or 0.9 percent, compared to its level at the end of the previous month, against an increase of JD 0.1 billion or 0.5 percent, during



the same month in 2013. As for, the first five months of 2014, the market capitalization increased by JD 0.9 billion, or 5.0 percent, compared to a decrease of JD 45.3 million, or 0.2 percent, during the same period in 2013.

■ Non - Jordanian Net Investment

Non-Jordanian net investment at the ASE recorded an inflow amounting to JD 6.7 million in May 2014, compared to an inflow in the amount of JD 4.1 million during the same month in 2013; the value of shares acquired by non-Jordanian in May 2014 amounted to JD 24.4 million, while the value of shares sold by the same group amounted to JD 17.7 million. As for, the first five months of 2014, non-Jordanian net investment recorded an outflow amounted to JD 12.5 million, compared with an inflow of JD 65.6 million during the same period in 2013.

Main Amman Stock Exchange Trading Indicators, JD Million			
		May	
2013		2013	2014
3,027.3	Value Traded	181.4	141.4
12.4	Average Daily Trading	8.6	7.4
18,233.5	Market Capitalization	19,096.2	19,154.0
2,705.8	No. of Traded Shares (million)	201.6	133.8
146.9	Net Investment of Non-Jordanian	4.1	6.7
939.5	Non-Jordanian Buying	28.5	24.4
792.6	Non-Jordanian Selling	24.4	17.7

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic product (GDP) at constant market prices, grew by 3.2 percent, during the first quarter of 2014, compared to 2.6 percent during the same quarter of 2013. Moreover, GDP at current market prices, grew by 7.1 percent during the first quarter of 2014, compared to 9.5 percent during the same quarter of 2013.
- The CPI inflation fell to 3.3 percent during the first five months of 2014, compared to 6.6 percent during the same period of 2013.
- The unemployment rate went down during the first quarter of 2014, to stand at 11.8 percent (9.7 percent for males and 21.8 percent for females), compared to 12.8 percent (11.1 percent for males and 20.5 percent for females) during the same quarter in 2013. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 18.1 percent.

□ Developments of GDP

Despite the reflection of the repercussions of the Arab Spring and the unrest in the region, that still have their effects on the Jordanian economy, real GDP grew by 3.2 percent during the first quarter of 2014, compared to 2.6 percent during the same quarter of 2013. When excluding “net taxes on products”, which grew by 2.7 percent, GDP at constant basic prices grew by 3.2 percent during the first quarter of 2014, compared to 2.5 percent during the same quarter of 2013.

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

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

Source: Department of Statistics.

At current market prices, GDP grew by 7.1 percent during the first quarter of 2014, compared to 9.5 percent during the same quarter of 2013. This decline in nominal growth is mainly attributed to a decelerated growth in the general price level, measured by the GDP deflator, which grew by 3.9 percent, compared to 6.7 percent during the first quarter of 2013, as a reflection of the fading impact of the government's decision of liberalizing the prices of petroleum products on the national economy.

The main sectors contributed to the economic growth during the first quarter of 2014 are "finance, insurance, real estate and business services" (0.8 percentage point), "transport, storage and communications" (0.5 percentage point), "producers of government services" (0.4 percentage point), construction (0.3 percentage point) and manufacturing (0.3 percentage point). These sectors collectively accounted for 71.9 percent of real GDP growth during the above-mentioned period.

The developments of economic sectors during the first quarter of 2014 showed that all sectors witnessed positive real growth at divergent rates; where some sector witnessed an accelerated improvement in performance; mainly “mining and quarrying” which grew by 7.1 percent, “electricity and water” (4.1 percent), “producers of government services” (3.8 percent) and agriculture (3.1 percent). In contrast, other sectors exhibited a decelerated growth.

Microeconomic Indicators

- Industrial production quantity index grew by 0.5 percent during the first four months of 2014 compared to a growth of 0.7 percent during the same period of 2013. This can be attributed to the following:



Growth Rate of GDP at Market Prices during the first quarter of 2013-2014, Percentages

	2013	2014
Agriculture, Hunting, Forestry, And Fishing	-8.3	3.1
Mining And Quarrying	-18.3	7.1
Manufacturing	2.2	1.9
Electricity And Water	-6.0	4.1
Construction	7.8	6.5
Wholesale & Retail Trade, Restuarants& Hotels	5.6	1.6
Transport, Storage & Communications	3.5	3.3
Finance, Insurance, Real Estate And Business Services	3.8	3.7
Community, Social And Personal Services	7.7	5.8
Producers Of Government Services	2.5	3.8
Producers Of Private Non-Profit Services To Households	7.0	6.7
Domestic Services Of Households	0.1	0.1
Gross Domestic Product At Market Prices	2.6	3.2

Source: Department of Statistics.

- “Mining and quarrying” production quantity index grew by 10.9 percent, against a large decrease of 20.2 percent during the same period of 2013. This growth was mainly attributed to the increase of production quantity index for phosphate (14.1 percent) and potash (9.6 percent).
- Electricity production quantity index grew by 19.6 percent, compared to a decrease by 14.1 percent during the same period of 2013; due to an increase in the demand of mining and quarrying industry sector.
- Manufacturing production quantity index declined by 1.8 percent, compared to a growth of 4.3 percent during the same period of 2013. This came as a result of a contraction in production of some of its components, mainly; “refined petroleum products” (6.8 percent) and “food products and beverages” (5.4 percent), on one hand, and an increase of some items, mainly; “cement, lime and plaster” (16.5 percent) and “chemical products” (1.7 percent), on the other.
- Quantities of exported and imported goods shipped through Aqaba port grew by 8.4 percent during the first four months of 2014, compared to a decline of 22.1 percent during the same period of 2013.
- Number of passengers through Royal Jordanian increased by 0.4 percent during the first four months of 2014, against a contraction by 0.1 percent during the same period of 2013.
- Cargo through Royal Jordanian contracted by 5.2 percent during the first four months of 2014, compared to a decrease of 10.4 percent during the same period of 2013.
- Licensed areas for buildings decreased by 31.8 percent during the first four months of 2014, compared to a growth of 16.8 percent during the same period of 2013.
- Number of departures grew by 1.9 percent during the first four months of 2014, against a decrease of 10.4 percent during the same period of 2013.

Main Sectoral Indicators*

Percentage Points

2013	Item	2013	A available data	2014
1.6	Industrial production quantity index	0.7	January - April	0.5
3.3	Manufacturing production quantity index	4.3		-1.8
5.0	Food products and beverages	10.9		-5.4
-4.2	Textiles	15.9		1.6
-10.8	Refined petroleum products	-28.4		-6.8
-17.7	Cement, lime and plaster	-27.1		16.5
-13.8	Iron and steel	-16.5		0.3
14.2	Chemical products	21.5		1.7
-11.5	“Mining and quarrying” production quantity index	-20.2		10.9
-17.4	Phosphate	-22.5		14.1
-5.2	Potash	-17.5		9.6
-4.5	Electricity production quantity index	-14.1		19.6
-2.0	Licensed areas for buildings	16.8		-31.8
15.7	Quantities of exported and imported goods shipped through Aqaba port	-22.1		8.4
-13.5	Number of departures	-10.4		1.9
-3.7	Number of passengers through Royal Jordanian	-0.1		0.4
-9.5	Cargo through Royal Jordanian	-10.4	-5.2	

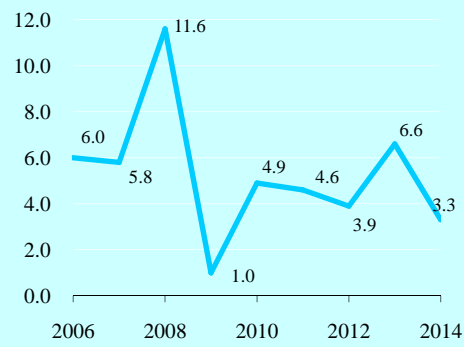
*Sources:

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

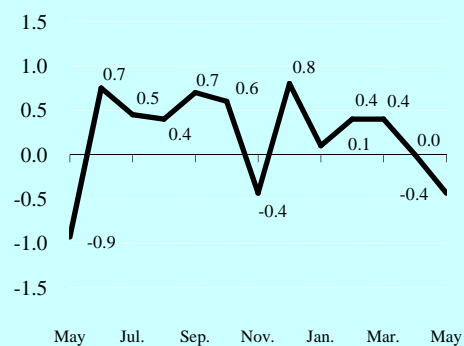
Prices

The inflation rate, measured by the percentage change in the CPI, for the first five months of 2014, stood at 3.3 percent, compared to 6.6 percent during the same period of 2013. This came as a result of the rise in the prices of some items, mainly; the increase of the prices of cigarettes, according to the government's decision of increasing the tax on cigarettes (February 2014), and prices of fruits, vegetables and rents, driven by the increase in the domestic demand as a result of the Syrian refugees influx, besides the increase in the prices of clothes, due to the government's decision of raising the tariff on imported clothing (mid-September 2013), in addition to the increase in the prices of education, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. These items collectively contributed to the overall inflation rate by 2.7 percentage points, compared to 1.3 percentage points during the same period of 2013.

Annual Bases Inflation Rate
during the first five months of Years
(2006-2014), percentages



Monthly Inflation Rate
(May 2013- May 2014, percentages)



In May 2014, the CPI declined by 0.4 percent compared with April 2014. This was mainly due to the decrease in prices of some items, mainly; “vegetables”, “meat and poultry” and “dairy products and eggs”.

Developments of the CPI basket during the first five months of 2014, compared to the same period of 2013:

- ◆ “Food items” group, constitutes 36.6 percent of the CPI basket. The prices of this group increased by 2.7 percent compared to an increase of 4.4 percent during the same period of 2013. The contribution of this group to the overall inflation rate reached 1.0 percentage point. The increase in the prices of “food items” group was mainly driven by the increase in the prices of most of its components, particularly; cigarettes (12.4 percent), according to the government's decision of increasing the tax on cigarettes (February 2014), in addition to fruits (6.9 percent), vegetables (6.7 percent).
- ◆ “Clothing and footwear” group has the least weight in the CPI basket (5.0 percent). The prices of this group increased by 8.8 percent compared to an increase of 5.0 percent during the same period of 2013. The group's contribution to the overall inflation rate reached 0.4 percentage point. The increase in the prices of this group was affected by the rise in the prices of clothes (9.3 percent) due to the government's decision of increasing the tariff on imported clothing (mid-September 2013), in addition to the rise in the prices of footwear (7.3 percent).

- ◆ “Housing” expenses account for 26.8 percent of the CPI basket. The prices of housing increased by 4.1 percent compared to an increase of 8.7 percent during the same period of 2013. Accordingly, it contributed to the overall inflation rate by 1.1 percentage points. The increase in the prices of this group was driven by the increase in the prices of rents by 7.7 percent, owing to the increase in the domestic demand as a result of the Syrian refugees influx. In addition, prices of other items showed a varied increase ranges between 4.4 percent for “cleaning materials” and 0.2 percent for “fuels and lighting”.
- ◆ “Other goods and services” group accounts for 31.6 percent of the CPI basket. The prices of this group increased by 2.6 percent compared to 8.3 percent during the same period of 2013. Accordingly, this group contributed by 0.8 percentage point to the overall inflation rate. The increase in the prices of this group was a result of the increase in the prices of education, by 5.6 percent, which was affected by the increase of the private schools' tuition; owing to the government's decision of liberalizing the prices of petroleum products. In addition, prices of other items increased, mainly; “medical care” (5.5 percent), and transportation (2.8 percent).

□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) decreased during the first quarter of 2014; to stand at

11.8 percent (9.7 percent for males and 21.8 percent for females), compared to 12.8 percent (11.1 percent for males and 20.5 percent for females) during the same quarter of 2013. Furthermore, the unemployment rate among the academic degree holders (Bachelor Degree and higher) reached 18.1 percent.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the first quarter in 2014 reached 35.9 percent (58.9 percent for males and 12.4 percent for females), compared to 36.4 percent (60.0 percent for males and 12.1 percent for females) during the first quarter of 2013.
- ◆ The employed rate among the population of 15 years and over reached 31.7 percent during the first quarter of 2014, compared to 32.5 percent during the same quarter of 2013. The employees in the sector of “public administration, defense, and social security” accounted for 26.3 percent of the total employed, followed by employees in the “wholesale and retail trade” sector (15.1 percent), and the remaining percent is distributed among other sectors.

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 308.0 million during the first four months in 2014, comparing to a fiscal deficit in the amount of JD 277.4 million, during the same period in 2013. When excluding foreign grants (JD 220.9 million), the general budget deficit reaches JD 528.9 million compared to a deficit in the amount of JD 491.3 million during the same period in 2013.
- Net outstanding domestic public debt increased by JD 550.0 million at the end of April 2014 compared to its level at the end of 2013, to reach JD 12,412.0 million (48.5 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 288.3 million at the end of April 2014, compared to its level at the end of 2013, to stand at JD 7,522.8 million (29.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 19,934.8 million (77.9 percent of GDP) at the end of April 2014 compared to JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.

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

■ Public Revenues

Public revenues (including foreign grants) increased by JD 91.2 million, or 15.2 percent, in April 2014 comparing to the same month in 2013 to reach JD 691.0 million. As for the first four months in 2014, these revenues were up by JD 288.7 million, or 15.6 percent, compared to the same period in 2013 to stand at JD 2,143.8 million. This rise came as a result of the increase in domestic revenues by JD 281.7 million, as well as foreign grants by JD 7.0 million.

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

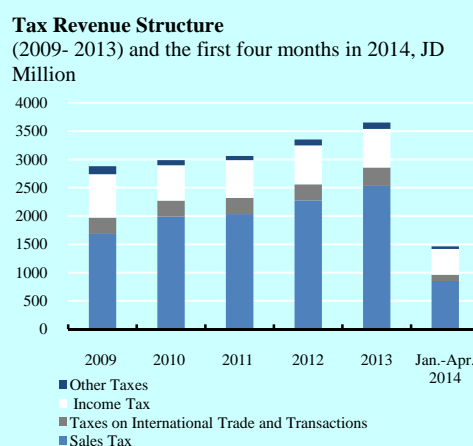
(JD Million and Percentages)

	April		Growth Rate	Jan. – Apr.		Growth Rate
	2013	2014		2013	2014	
Total Revenues and Grants	599.8	691.0	15.2	1,855.1	2,143.8	15.6
Domestic Revenues, of which:	596.0	672.7	12.9	1,641.2	1,922.9	17.2
Tax Revenues, of which:	428.7	524.7	22.4	1,220.9	1,462.0	19.7
General Sales Tax	173.4	215.4	24.2	675.1	852.1	26.2
Other Revenues	165.9	146.3	-11.8	413.1	454.2	9.9
Foreign Grants	3.8	18.3	381.6	213.9	220.9	3.3
Total Expenditures, of which:	700.8	707.1	0.9	2,132.5	2,451.8	15.0
Capital Expenditures	86.6	66.7	-23.0	185.7	235.5	26.8
Overall Deficit/ Surplus	-101.0	-16.1	-	-277.4	-308.0	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 281.7 million, or 17.2 percent, during the first four months in 2014 compared to the same period in 2013, to reach JD 1,922.9 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD 241.1 million, and JD 41.1 million, respectively, and the drop in “pension contributions” by JD 0.5 million.



● Tax Revenues

Tax revenues increased by JD 241.1 million, or 19.7 percent, during the first four months in 2014 compared to the same period in 2013, to reach JD 1,462.0 million (76.0 percent of domestic revenues). This increase was chiefly driven by the rise in the proceeds of the general sales tax on goods and services, in addition to income and profit taxes. Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 177.0 million which reached JD 852.1 million (accounting for 58.3 percent of total tax revenues). This result was driven by the increase in the proceeds of all general sales tax items. More specifically, the proceeds of “sales tax on commercial sector”, “sales tax on imported goods”, “sales tax on domestic goods” and “sales tax on services” have increased by JD 111.0 million, JD 45.9 million, JD 13.3 million and JD 6.8 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 45.4 million, or 11.1 percent, which reached JD 456.1 million (accounting for 31.2 percent of total tax revenues). This rise was a result of the increase in the proceeds of “income tax from companies and other projects” by JD 32.0 million, and the rise in the proceeds of “income tax from individuals” by JD 13.4 million. Accordingly, income tax from companies accounted for 86.2 percent of total taxes on income and profits to reach JD 393.0 million (of which JD 208.7 million from banks and financial institutions).

- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 10.2 million or 10.3 percent, to reach JD 109.7 million (accounting for 7.5 percent of total tax revenues).
- An increase in real-estates tax (taxes on financial transactions) by JD 8.5 million, or 23.9 percent, to reach JD 44.1 million (accounting for 3.0 percent of total tax revenues).

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

“Other revenues” increased by JD 41.1 million, or 9.9 percent, during the first four months in 2014 to reach JD 454.2 million. This increase was chiefly due to:

- An increase in “revenues from selling goods and services” by JD 58.7 million to reach JD 300.2 million.
- A rise in miscellaneous revenues by JD 12.6 million to stand at JD 75.7 million.
- A decrease in property income by JD 30.2 million to stand at JD 78.3 million (of which financial surplus of independent government units amounted to JD 65.1 million).

- **Pension Contributions**

Pension contributions were down by JD 0.5 million during the first four months in 2014, standing at JD 6.7 million.

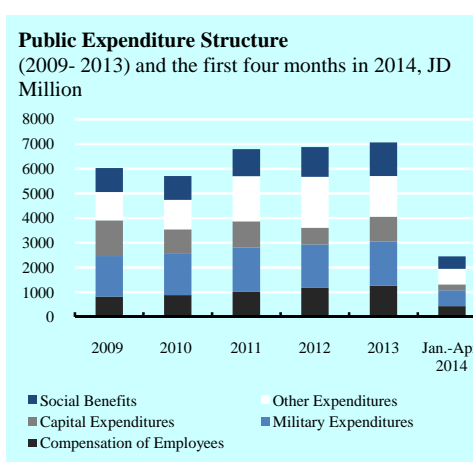
- ◆ **Foreign Grants**

Foreign grants increased by JD 7.0 million during the first four months in 2014, standing at JD 220.9 million.

Public Expenditures

Public expenditures witnessed an increase by JD 6.3 million, or 0.9 percent, in April 2014 compared to the same month in 2013 to stand at JD 707.1 million. Moreover, public expenditures increased by JD 319.3 million, or 15.0 percent during the first four months in 2014, to stand at JD 2,451.8 million. This

increase was a result of the rise in both current expenditures and capital expenditures by 13.8 percent, and 26.8 percent, respectively.



Current Expenditures

Current expenditures increased by JD 269.5 million, or 13.8 percent, during the first four months in 2014, to reach JD 2,216.3 million. This result was driven by the increase in all current expenditure items. More specifically:

- An increase in military expenditures by JD 35.1 million to total JD 647.2 million, accounting for 29.2 percent of total current expenditures.
- An increase in social benefit expenditures by JD 69.8 million to stand at JD 506.3 million, accounting for 22.8 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 20.2 million to reach JD 431.3 million, accounting for 19.5 percent of total current expenditures.

- An increase in interest payments, on internal and external public debt, by JD 97.7 million to stand at JD 301.5 million, accounting for 13.6 percent of total current expenditures.
- A rise in goods subsidies by JD 18.6 million to stand at JD 111.1 million, accounting for 5.0 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.
- An increase in “purchases of goods and services” by JD 18.1 million to stand at JD 99.6 million, accounting for 4.5 percent of total current expenditures.

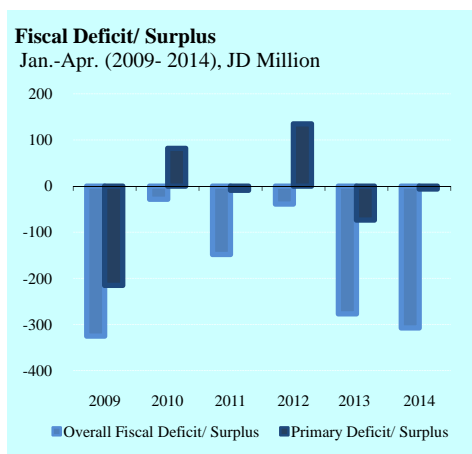
◆ Capital Expenditures

Capital expenditures increased by JD 49.8 million, or 26.8 percent during the first four months in 2014 compared to the same period in 2013, to reach JD 235.5 million.

■ General Budget Deficit/ Surplus

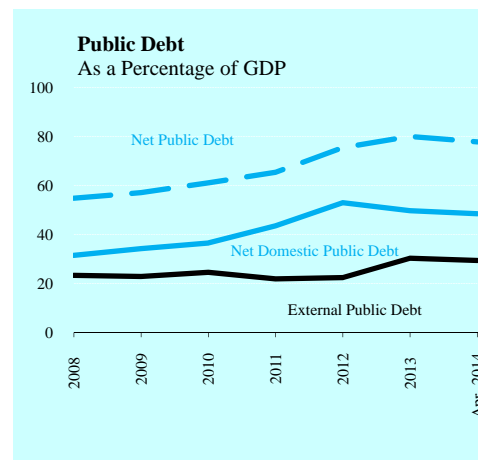
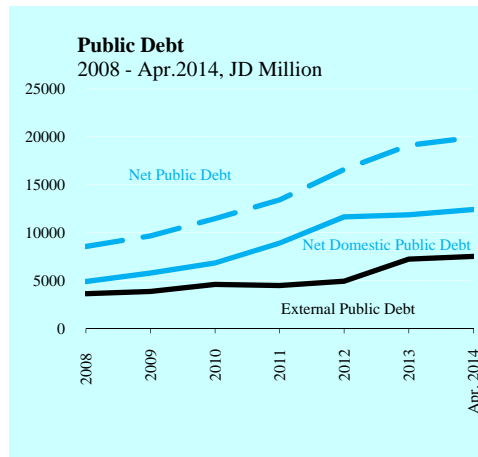
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 308.0 million during the first four months in 2014, against a fiscal deficit in the amount of JD 277.4 million during the same period in 2013.

- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 6.5 million during the first four months in 2014, against a primary deficit of JD 73.6 million during the same period in 2013.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 550.0 million at the end of April 2014 comparing to its level at the end of 2013 to total JD 12,412.0 million, or 48.5 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 571.0 million to reach JD 14,011.0 million, and the increase in the government deposits at the banking system by JD 23.0 million to reach JD 1,600.0 million. In details, the increase in the budgetary domestic public debt was mainly an outcome of the rise in “Treasury bills and bonds” in the amount of JD 657.0 million to reach JD 11,525.0 million at the end of April 2014, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 40.0 million to stand at JD 632.0 million, on the other. Meanwhile, own-budget agencies bonds decreased by JD 30.0 million to reach JD 839.0 million at the end of April 2014, moreover, loans and advances extended to these agencies decreased by JD 13.0 million to stand at JD 1,001.0 million.



- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 288.3 million at the end of April 2014 compared to its level at the end of 2013, amounting to JD 7,522.8 million (29.4 percent of GDP). This increase was driven by receiving the fourth and the fifth tranches of the IMF loan under the Stand-By Arrangement (SBA) in the amount of JD 182.9 million (equivalent to US\$ 258 million) in April. The currency debt structure shows that external debt in US dollars accounted for 52.4 percent, while debt in Euros accounted for 7.0 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 9.9 percent and 12.0 percent of the outstanding external public debt, respectively.
- Net public debt (domestic and external) increased by JD 838.3 million at the end of April 2014 compared to its level at the end of 2013 to stand at JD 19,934.8 million, (77.9 percent of GDP), against JD 19,096.5 million (80.0 percent of GDP) at the end of 2013.
- External debt service (budgetary and guaranteed) amounted to JD 197.3 million during the first four months of 2014 (of which interest payments amounting to JD 60.0 million) compared to JD 152.6 million (of which interest payments amounting to JD 28.0 million) during the same period in 2013.

□ Fiscal and Price Measures

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

Development of Oil Derivatives Price

	Unit	2014		Percentage Change
		June	July	
Unleaded Gasoline 90	Fils/Liter	845	855	1.2
Unleaded Gasoline 95	Fils/Liter	1,030	1,040	1.0
Gas Oil (Diesel)	Fils/Liter	670	675	0.7
Kerosene	Fils/Liter	670	675	0.7
Liquid Gas (12.5kg)	JD/Unit	10	10	0.0
Fuel oil for industry	JD/Ton	467.5	477.6	2.2
Fuel oil for ships	JD/Ton	477.2	477.6	0.1
Fuel oil for airplanes (local companies)	Fils/Liter	601	606	0.8
Fuel oil for airplanes (foreign companies)	Fils/Liter	606	611	0.8
Fuel oil for unplanned flights	Fils/Liter	621	626	0.8
Asphalt	JD/Ton	500.9	511.6	2.1

Source: Jordan Petroleum Refinery Company (1/7/2014).

- The government decided to double the visa's fees to enter the Kingdom as of the first of April, whether it is ordinary or electronic visa (April 2014).
- The cabinet decided to exclude remittances outflow the Kingdom from the general sales tax (April 2014).

- The cabinet decided to impose 1 percent as a customs service's fees, on exempted imported goods. This fee should not be lower than JD 25 and should not exceed JD 2000. However, imports of some government bodies including; armed forces, security agencies, ministries, departments, government agencies, embassies, and diplomatic corps in the Kingdom will be excluded from this fee (April 2014).
- The cabinet decided to reduce the general sales tax rate on financing companies sales (excluding SMEs financing companies) from 16% to 8% from the year 2010 onwards, to burden similar taxes to banks and other financial institutions (April 2014).
- The cabinet approved the work permit fees for non-Jordanian workers by-law for 2014, to be effective from its issue in the official Gazette (June 2014).
- Completion of the issuance of sovereign Eurobonds in the international markets on behalf of the Hashemite Kingdom of Jordan, in the amount of US\$ 1.0 billion. These bonds due after five years and carry a fixed annual interest rate of 1.945 percent. This issuance is the second one for the kingdom in the international markets, guaranteed by the U.S government (June 2014).
- The cabinet decided to reduce the general sales tax rate on micro-financing companies sales to become 3% starting from

the year 2009 onwards. Provided that these companies are not allowed to deduct any taxes on their purchases, as of 20/7/2014 (July 2014).

□ Grants, Loans and Other Agreements

- Signing the second development policy loan agreement with the world bank in the amount of US\$ 250 million, to support three government policies, which are; improving transparency and accountability, enhancing debt management, improving efficiency of government spending and promoting private sector-driven economic growth (April 2014).
- Signing three grant agreements in the total amount of US\$ 232 million with Saudi Arabia within its share in GCC grant, distributed as follows: (May 2014).
 - Road construction project agreement in the value of US\$ 54 Million.
 - The establishment of two sewerage pumping stations in Zarqa governorate project agreement in the value of US\$ 23 million.
 - The reconstruction of the Zarqa – Omari border road project agreement in the value of US\$ 155 million.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 6.9 percent in April 2014 compared to the same month of 2013, to record JD 498.5 million. As for the first four months of 2014, total merchandize exports increased by 8.1 percent to reach JD 1,954.9 million.
- **Merchandize imports** increased by 22.1 percent in April 2014 compared to the same month of 2013, to reach JD 1,532.1 million. As for the first four months of 2014, merchandize imports increased by 5.5 percent to reach JD 5,315.9 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) increased by 31.2 percent in April 2014 compared to the same month in 2013; standing at JD 1,033.6 million. As for the first four months of 2014, the trade deficit increased by 4.1 percent to reach JD 3,361.0 million.
- **Travel receipts** increased during the first five months of 2014 compared to the same period of 2013, by 14.0 percent. Also, travel payments registered an increase of 10.9 percent.
- **Total workers' remittances receipts** increased by 3.8 percent during the first five months of 2014 compared to the same period of 2013 to reach JD 1,057.3 million.
- **The current account of the balance of payments** registered a deficit of JD 231.5 million (4.0 percent of GDP) during the first quarter of 2014 compared to a deficit of JD 157.5 million (2.9 percent of GDP) during the first quarter of 2013.
- **Net direct investment** recorded an inflow of JD 148.5 million during the first quarter of 2014, down from JD 430.6 million during the first quarter of 2013.

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 21,686.8 million at the end of March 2014; an increase of JD 572.5 million compared to its level at the end of December 2013.

□ External Trade

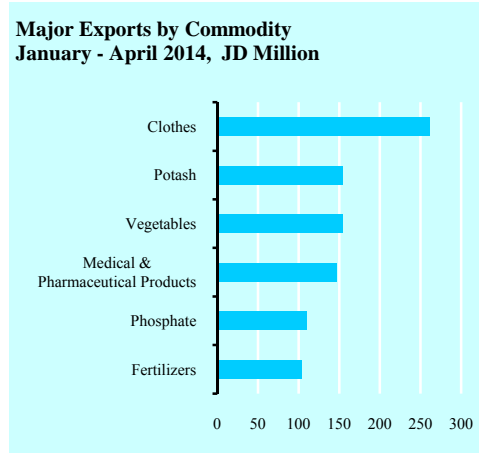
- As a result of the increase in domestic exports by JD 165.9 million and the increase in imports by JD 277.8 million during the first four months of 2014, the volume of external trade (domestic exports *plus* imports) increased by JD 433.7 million to stand at JD 7,002.5 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-April				January-April				
	2013	2014	Percentage Change		2013	Percentage Change 2013/2012	2014	Percentage Change 2014/2013
Exports				External Trade	6,558.8	-0.7	7,002.5	6.8
Iraq	279.3	304.6	9.1	Total Exports	1,809.1	-0.9	1,954.9	8.1
USA	249.3	274.7	10.2	Domestic Exports	1,520.7	-1.0	1,686.6	10.9
Saudi Arabia	181.6	214.6	18.2	Re-exports	288.4	-0.6	268.3	-7.0
India	116.0	124.4	7.2	Imports	5,038.1	-0.6	5,315.9	5.5
Syria	43.3	71.9	66.1	Trade Balance	-3,229.0	-0.5	-3,361.0	4.1
China	36.3	61.2	68.6	Source: Department of Statistics.				
UAE	53.2	47.2	-11.3					
Imports								
Saudi Arabia	1,007.6	1,045.9	3.8					
China	510.5	523.6	2.6					
India	111.5	372.9	234.4					
USA	301.2	318.0	5.6					
Germany	187.1	232.1	24.1					
Turkey	193.7	228.2	17.8					
UAE	180.3	224.8	24.7					
South Korea	128.2	203.9	59.0					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 8.1 percent during the first four months of 2014, compared to a 0.9 percent decrease during the same period in 2013, to record JD 1,954.9

million. This increase resulted from an increase in domestic exports by JD 165.9 million, or 10.9 percent, to reach JD 1,686.6 million, and a decline in re-exports by JD 20.1 million, or 7.0 percent, to reach JD 268.3 million.



◆ The developments of domestic exports during the first four months of 2014 compared to the same period in 2013 reveal the following:

- Exports of **medical and pharmaceutical products** increased by JD 7.6 million, or 5.5 percent, to reach JD 146.6 million, compared to an increase of 28.7 percent during the same period in 2013. The Saudi, Algerian, Iraqi and Sudanese Markets accounted for 63.6 percent of these exports.

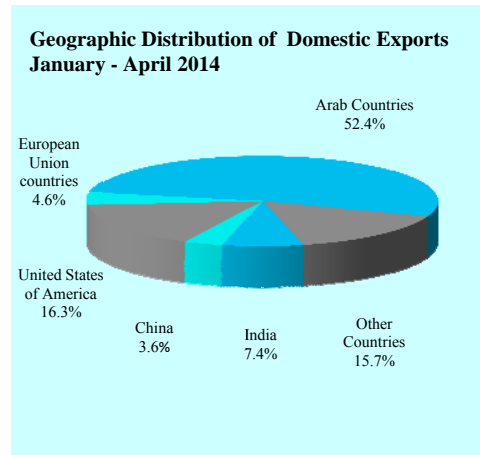
- Exports of **potash** decreased by JD 30.2 million, or 16.3 percent, to stand at JD 154.8 million, compared to a 1.3 percent decrease during the same period in 2013. The Chinese, Indian, and Malaysian markets accounted for 66.6 percent of these exports.
- Exports of **vegetables** increased by JD 36.2 million, or 30.8 percent, to total JD 153.8 million, compared to a decrease of 27.7 percent in the same period of 2013. The Syrian, Iraqi, and Kuwaiti, markets were the main destinations of these exports, accounting for 64.3 percent.

Major Domestic Exports by Commodity, JD Million
January - April 2013, 2014

	2013	2014	Percentage Change
Domestic Exports	1520.7	1686.6	10.9
Clothes	235.0	261.0	11.1
USA	219.5	235.6	7.3
Potash	185.0	154.8	-16.3
China	35.2	59.1	67.9
India	20.0	30.3	51.5
Malaysia	40.0	13.7	-65.8
Vegetables	117.6	153.8	30.8
Syria	28.5	43.0	50.9
Iraq	37.9	42.6	12.4
Kuwait	8.2	13.3	62.2
Fertilizers	44.8	104.6	133.5
Ethiopia	0.0	44.8	-
Bulgaria	7.6	13.8	81.6
India	10.7	8.5	-20.6
Phosphate	106.5	109.6	2.9
India	75.5	71.8	-4.9
Indonesia	8.4	20.0	138.1
Taiwan	6.3	3.4	-46.0
Medical & Pharmaceutical Products	139.0	146.6	5.5
Saudi Arabia	26.4	40.5	53.4
Algeria	23.3	29.7	27.5
Iraq	13.6	14.5	6.6
Sudan	12.8	8.6	-32.8

Source: Department of Statistics.

- Exports of **phosphate** increased by JD 3.1 million, or 2.9 percent, to register JD 109.6 million, compared to a decrease of 37.0 percent during the same period of 2013. This increase was mainly due to a decrease in the prices of

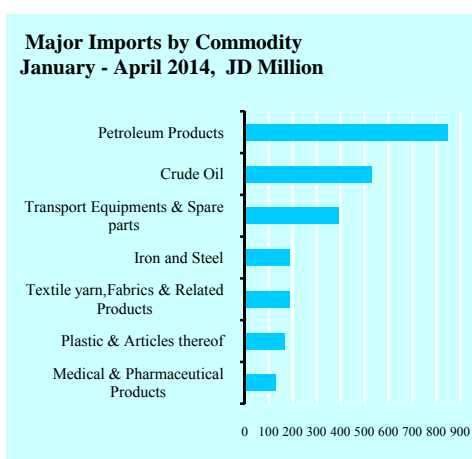


phosphate by 21.5 percent and an increase in exported quantities by 31.2 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 65.5 percent of phosphates exports.

- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, vegetables, “medical and pharmaceutical products”, phosphate, and fertilizers topped the list of domestic exports during the first four months of 2014; accounting for 55.2 percent of domestic exports, up from 54.4 percent during the same period in 2013. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, Saudi Arabia, India, Syria, China and the UAE, were the main destination markets for domestic exports during the first four months of 2014; accounting for 65.1 percent of domestic exports, up from 63.1 percent during the same period in 2013.

■ Merchandize Imports:

Merchandize imports increased by 5.5 percent to reach JD 5,315.9 million during the first four months of 2014, compared to a decrease of 0.6 percent during the same period of 2013.



◆ The developments of imports during the first four months of 2014 compared with the same period of 2013 reveal the following:

- **Petroleum products** imports increased by JD 292.3 million, or 52.6 percent, to total JD 848.5 million compared to a decrease of 35.4 percent during the first four months of 2013. The main source markets of these imports were India, Russia and Saudi Arabia.
- **Crude oil** imports decreased by JD 109.8 million, or 17.2 percent, to reach JD 528.6 million, compared to a decrease of 27.6 percent during the first four months of 2013. This decrease was attributed to a decline in quantities by 18.5 percent and an increase in prices by 1.6 percent. It's worth noting that most of crude oil imports came from the Saudi market.

- Imports of **Transport equipments and Spare Parts** increased by JD 81.9 million, or 26.3 percent, to reach JD 393.8 million compared to an increase of 20.5 percent during the first four months of 2013. the USA, Japan and South Korea were the main markets for these imports; accounting for 62.3 percent of these imports.
- Imports of **Textile yarn, Fabrics & related products** increased by 0.6 percent to reach JD 186.6 million, compared to an increase of 34.4 percent during the first four months of 2013. The markets of China, Taiwan and turkey accounted for 70.5 percent of these imports.

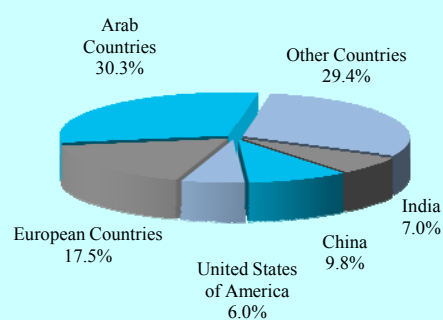
Major Imports by Commodity, JD Million
January - April 2013, 2014

	2013	2014	Percentage Change
Total Imports	5,037.7	5,315.9	5.5
Petroleum Products	556.2	848.5	52.6
India	-	244.9	-
Russia	-	119.4	-
Saudi Arabia	99.4	110.9	11.6
Crude oil	638.4	528.6	-17.2
Saudi Arabia	531.6	528.6	-0.6
Transport Equipments and Spare Parts	311.9	393.8	26.3
USA	67.2	86.2	28.3
Japan	47.4	80.6	70.0
South Korea	67.2	78.5	16.8
Iron & Steel	179.2	188.2	5.0
Ukraine	39.7	54.1	36.3
China	20.3	27.9	37.4
Saudi Arabia	17.0	20.8	22.4
Textile Yarn, Fabrics & Related Products	185.5	186.6	0.6
China	69.3	76.8	10.8
Taiwan	43.8	44.1	0.7
Turkey	13.4	10.7	-20.1
Plastic & Articles Thereof	155.5	169.0	8.7
Saudi Arabia	76.6	85.6	11.7
China	11.9	11.2	-5.9
UAE	9.2	10.1	9.8
Medical & Pharmaceutical Products	129.1	130.4	1.0
Germany	14.7	19.7	34.0
France	16.6	13.9	-16.3
Switzerland	10.4	12.2	17.3

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that petroleum products, crude oil, “transport equipments and spare parts”, “iron and steel”, “textile yarn, fabrics, made up articles and related products”,

**Geographic Distribution of Imports
January - April 2014**



“plastic and articles thereof”, and “Medical and Pharmaceutical products” topped the list of imports during the first four months of 2014, accounting for 46.0 percent of total imports; up from 42.8 percent during the same period in 2013. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, India, the USA, Germany, Turkey, the UAE and South Korea were the main sources of imports during the first four months of 2014; accounting for 59.2 percent of total imports, compared to 52.0 percent during the same period of 2013.

■ Re-Exports

A decrease of JD 19.8 million, or 6.9 percent, was registered in the value of re-exported goods during the first four months of 2014 compared to the same period of 2013, to reach JD 268.3 million.

■ Trade Balance

The trade balance deficit during the first four months of 2014 increased by JD 132.0 million, or 4.1 percent, to register JD 3,361.0 million, compared to the same period of 2013.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by JD 3.8 percent, during the first five months of 2014, compared to the same period in 2013 to register JD 1,057.3 million.

□ Travel

■ Receipts

Travel receipts increased by JD 160.0 million, or 14.0 percent, during the first five months of 2014, compared to the same period in 2013 to register JD 1,301.1 million.

■ Payments

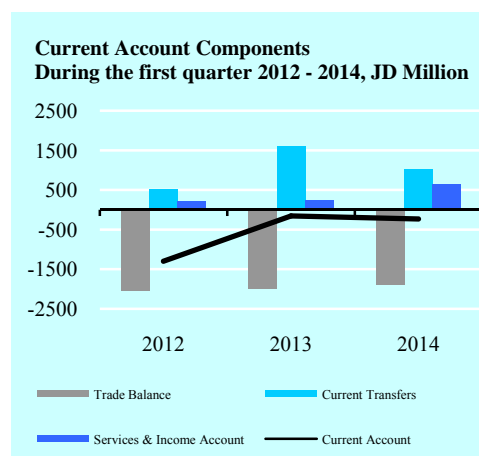
Travel payments increased by JD 33.8 million, or 10.9 percent, during the first five months of 2014, compared to the same period in 2013 to stand at JD 344.3 million.

□ Balance of Payments

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

- The current account recorded a deficit of JD 231.5 million (4.0 percent of GDP) compared to a deficit of JD 157.5 million (2.9 percent of GDP) during the first quarter of 2013. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 108.2 million, 5.4 percent, to reach JD 1,896.6 million compared to the same period in 2013.



- ◆ An increase in the surplus of the services account by JD 372.4 million to reach JD 592.4 million, due to the rise in the surplus for both travel (net) and government services (net) to reach JD 526.8 million and JD 354.2 million, respectively. While, transportation (net) and other services (net) registered a deficit of JD 229.0 million and JD 59.6 million, respectively.
- ◆ Income account recorded a surplus of JD 57.6 million compared to a surplus of JD 24.5 million during the first quarter of 2013, as a result of a surplus of JD 6.3 million in investment income (net) and a surplus of JD 51.3 million in compensation of employees (net).
- ◆ A decrease in the surplus of net current transfers by JD 587.7 million; to reach JD 1,015.1 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 689.6

million, to reach JD 235.0 million, and the increase of the transfers of other sectors by 101.9 million to reach JD 780.1 million. It's worth mentioning that the workers' remittances receipts increased by 3.1 percent, during the first quarter of 2014 to stand at JD 549.7 million.

- The capital and financial account in the first quarter of 2014 registered a net inflow of JD 106.5 million, compared to a net inflow of JD 264.3 million during the same quarter of 2013. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 148.5 million compared to a similar inflow of JD 430.6 million during the same quarter of 2013.
 - ◆ Portfolio investments recorded a net inflow of JD 189.7 million compared to an inflow of JD 161.7 million during the same quarter of 2013.
 - ◆ Other investments registered a net inflow of JD 191.0 million compared to an inflow of JD 920.4 million during the same quarter of 2013.
 - ◆ An increase in the reserve assets of CBJ by JD 422.9 million, compared to an increase of JD 1,248.4 million during the same quarter of 2013.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 21,686.8 million at the end of March 2014 compared to JD 21,114.3 million at the end of December 2013. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 235.7 million to reach JD 17,795.7 million at the end of March 2014 compared to the end of December 2013. This increase was a result of the rise in CBJ's reserves by 458.3 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 808.2 million at the end of March 2014 compared to the end of December 2013; standing at JD 39,482.5 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 156.4 million to stand at JD 19,090.6 million.
 - ◆ An increase in the stock of portfolio investments by JD 790.4 million to reach JD 5,471.9 million.
 - ◆ A decrease in the deposits of non-residents at the banking system by JD 103.4 million. (a decrease of JD 46.5 million at the CBJ, and a decrease of JD 56.9 million at the licensed banks) to reach JD 8,122.8 million
 - ◆ An increase in trade credits by JD 86.9 million, to stand at JD 1,106.0 million.
 - ◆ A decrease in the outstanding balance of loans on all economic sectors (resident) in the kingdom by JD 156.6 million to reach JD 5,301.4 million.