



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

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 of Jordan (CBJ) from their original sources, unless otherwise explicitly indicated in the context of this report. Nevertheless, the nature of some data should be taken into account in this regards such as the foreign direct investment (FDI) data in the balance of payments, which are based on the Flows (i.e. inflows and outflows) concept during a specific period of time (typically one year) but not the concept of Stocks, which is measured at a specific point of time. Accordingly, the quarterly data of such investments should be studied carefully, analyzed on an annual basis, and then compared to its level in previous years.

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Executive Summary

Latest available indicators display mixed outcomes for the year 2011. Some indicators signal marked improvement, particularly domestic exports and credit facilities extended by the licensed banks. In contrast, travel and total workers' remittances receipts displayed negative performance. Further, preliminary national accounts estimates released by the Department of Statistics (DOS) displayed an improvement in the Real Gross Domestic Product (GDP) during the second quarter of 2011, to reach 2.4 percent, as a result Real GDP during the first half of 2011 reached 2.3 percent.

- ❑ **Output and Prices:** In the second quarter of 2011, real GDP at market prices grew by 2.4 percent comparing to 1.4 percent in the second quarter of 2010. As for the first half of 2011, real GDP at market prices grew by 2.3 percent comparing to 1.9 percent during the same period of 2010. The Consumer Price Index (CPI), during the first ten months of 2011 showed an inflation by 4.6 percent comparing to 4.8 percent in the same period of 2010.
- ❑ **Monetary and Financial Sector:**
 - Foreign currency reserves at the Central Bank of Jordan (CBJ) decreased by US\$ 1,209.2 million, or 9.9 percent, at the end of October 2011 compared to their level at the end of 2010; standing at US\$ 11,032.0 million.
 - Domestic liquidity grew by JD 1,635.5 million, or 7.3 percent, at the end of October 2011 compared to its level at the end of 2010; standing at JD 23,942.2 million.
 - The outstanding balance of credit facilities extended by licensed banks was up by JD 1,142.7 million, or 7.9 percent, at the end of October 2011 compared to its level at the end of 2010; standing at JD 15,594.1 million.
 - Total deposits at licensed banks increased by JD 1,636.5 million, or 7.3 percent, at the end of October 2011 compared to their level at the end of 2010; totaling JD 24,141.3 million.
 - The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,018.2 points at the end of October 2011, decreasing by 355.4 points, or 15.0 percent, compared to its level at the end of 2010.
- ❑ **Public Finance:** During the first nine months of 2011, the general budget, including foreign grants, recorded a deficit in the amount of JD

140.6 million, comparing to a deficit in the amount of JD 593.2 million for the same period of 2010. Net outstanding domestic debt (budgetary and own-budget) increased by JD 891.0 million at the end of September 2011, comparing to its level at the end of 2010, to stand at JD 7,743.0 million (38.0 percent of GDP). Outstanding external public debt decreased by JD 37.7 million at the end of September 2011 comparing to its level at the end of 2010; to reach JD 4,573.1 million, (22.4 percent of GDP). It is worth mentioning that the net public debt (domestic and external) stood at 60.4 percent of GDP at the end of September 2011.

- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 15.4 percent during the first three quarters of 2011 to reach JD 4,243.9 million. Similarly, the merchandize imports increased by 18.8 percent, totaling JD 9,542.6 million. As a result, the trade deficit expanded by 21.6 percent compared to the same period of the previous year; to reach JD 5,298.7 million. Furthermore, the preliminary figures for the first ten months of 2011 compared to the same period in 2010 showed a decrease in travel receipts and payments by 16.6 percent and 2.1 percent, respectively. In addition, total workers' remittances receipts during the first ten months of 2011 decreased by 4.2 percent compared to the same period of 2010. The preliminary figures for the balance of payments for the first half of 2011 displayed a deficit in the current account amounting to JD 1,151.4 million, up from JD 549.1 million during the same period in 2010. Moreover, the foreign direct investment (FDI) recorded a net inflow to Jordan by JD 560.9 million during the first half of 2011 compared to a net inflow of JD 655.0 million during the same period in 2010. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad amounting to JD 13,896.2 million at the end of June 2011 compared to JD 13,220.1 million at the end of March 2011.

First: Monetary and Financial Sector

□ Summary

- The foreign currency reserves at the CBJ decreased by US\$ 1,209.2 million, or 9.9 percent, at the end of October 2011; compared to their level at the end of 2010; standing at US\$ 11,032.0 million. This level of reserves is equivalent to cover around 6.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity at the end of October 2011 increased by JD 1,635.5 million, or 7.3 percent, compared to its level at the end of the previous year to total JD 23,942.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,142.7 million, or 7.9 percent, at the end of October 2011 compared to its level at the end of 2010, to stand at JD 15,594.1 million.
- Total deposits at licensed banks increased by JD 1,636.5 million, or 7.3 percent, at the end of October 2011 in comparison with their level at the end of 2010; totaling JD 24,141.3 million.
- The interest rates of all kinds of credit facilities and deposits at licensed banks decreased at the end of October 2011, compared to their levels at the end of 2010, except the interest rates on time deposits which increased by 4 basis points at end of October 2011 compared to the end of 2010.

- The SPI weighted by market capitalization of free float shares at ASE reached 2,018.2 points at the end of October 2011, decreasing by 355.4 points, or 15.0 percent, compared to its level at the end of 2010. As a result, the market capitalization decreased by JD 2.5 billion, or 11.6 percent, at the end of October 2011 compared to its level at the end of 2010 to stand at JD 19.3 billion.

Main Monetary Indicators

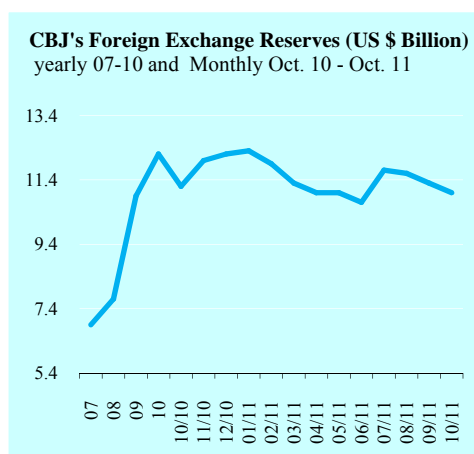
JD Million, and Percentage Change Relative to the Previous Year (%)

Year		End of October	
		2010	2011
US\$ 12,241.2	CBJ's Foreign Currency Reserves	US\$ 11,246.8	US\$ 11,032.0
12.5%		3.4%	-9.9%
22,306.7	Money Supply (M2)	21,933.7	23,942.2
11.5%		9.6%	7.3%
14,451.4	Credit Facilities, of which:	14,228.4	15,594.1
8.5%		6.8%	7.9%
12,979.1	Private Sector (Resident)	12,849.1	14,126.1
7.8%		6.7%	8.8%
22,504.8	Total Deposits, of which:	22,225.2	24,141.3
10.9%		9.5%	7.3%
17,617.2	In JD	17,338.4	18,811.3
11.0%		9.3%	6.8%
4,887.6	In Foreign Currencies	4,886.8	5,330.0
10.2%		10.2%	9.1%
18,343.9	Deposits of Private Sector (Resident), of which:	17,958.2	19,643.1
12.8%		10.5%	7.1%
15,214.4	In JD	14,866.8	16,186.9
12.7%		10.1%	6.4%
3,129.5	In Foreign Currencies	3,091.4	3,456.2
13.5%		12.1%	10.4%

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves declined by US\$ 268.1 million, or 2.4 percent, at the end of October 2011 compared to their level in the previous month; standing at US\$ 11,032.0 million. Moreover, these reserves decreased by US\$ 1,209.2 million or 9.9 percent, at the end of the first ten months of 2011, compared to their level at the end of 2010. This level of reserves is equivalent to cover around 6.6 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

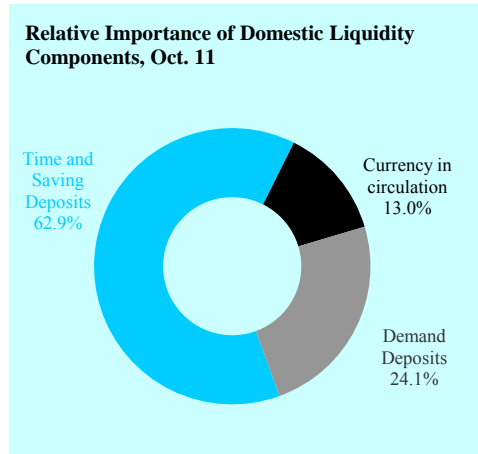
■ Domestic liquidity totaled JD 23,942.2 million at the end of October 2011; increasing by JD 140.6 million, or 0.6 percent, compared to its level at the end of the preceding month, against an increase in the amount of JD 314.4 million, or 1.5 percent, during the same month in 2010. Moreover, domestic liquidity increased by JD 1,635.5 million, or 7.3 percent, at the end of the first ten months of 2011, against an increase in the amount of JD 1,920.4 million, or 9.6 percent, during the same period of 2010.

◆ **Developments in the domestic liquidity components and the factors affecting liquidity between the end of the first ten months of 2011 and the end of 2010 reveal the following:**

● **Components of Domestic Liquidity**

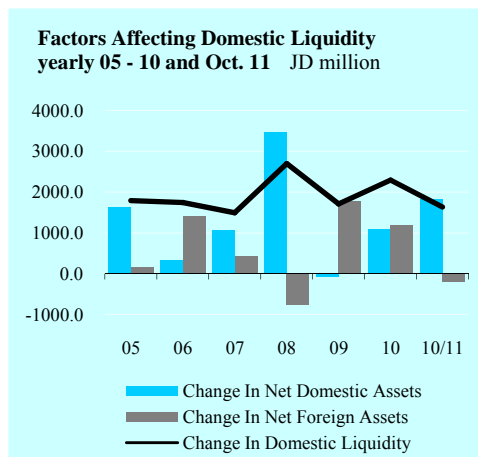
- Deposits increased by JD 1,365.4 million, or 7.0 percent, at the end of the first ten months of 2011 compared to their level at the end of 2010; totaling JD 20,828.4 million, against an increase amounting to JD 1,772.5 million, or 10.2 percent, at the end of the same period of 2010.

- Currency in circulation increased by JD 270.1 million, or 9.5 percent, at the end of the first ten months of 2011; standing at JD 3,113.8 million compared to its level at the end of 2010, against an increase in the amount of JD 147.9 million, or 5.5 percent, at the end of the same period of 2010.



- **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,820.8 million, or 14.9 percent, at the end of October 2011 compared to its level at the end of 2010, against an increase of JD 1,246.4 million, or 11.2 percent, during the same period of 2010. This increase was a result of the increase in net domestic assets at the CBJ by JD 746.8 million, or 10.9 percent, and their increase at the licensed banks by JD 1,074.0 million, or 5.6 percent.



- Net foreign assets of the banking system decreased by JD 185.2 million, or 1.8 percent, at the end of October 2011 compared to their level at the end of 2010, against an increase in the amount of JD 674.0 million, or 7.6 percent in the same period of 2010. This decrease was an outcome of the decline of these assets at the CBJ by JD 334.3 million and their increase at licensed banks by JD 149.1 million respectively.

Changes in Factors Affecting Domestic Liquidity (M2)
JD Million

Year		Change in balance relative to the end of October	
		2010	2011
1,197.1	Foreign Assets (Net)	674.0	-185.2
718.3	CBJ	5.7	-334.3
478.8	Licensed Banks	668.3	149.1
1,096.3	Domestic Assets (Net)	1,246.4	1,820.8
-574.7	CBJ, of which:	179.6	746.8
-275.1	Claims on Public Sector (Net)	-182.0	104.7
-299.6	Other Items (Net*)	361.5	641.4
1,671.0	Licensed Banks	1066.8	1,074.0
597.9	Claims on Public Sector (Net)	706.5	939.3
919.3	Claims on Private Sector	815.7	1,181.3
153.8	Other Items (Net)	-455.4	-1,046.6
2,293.4	Money Supply (M2)	1920.4	1,635.5
164.1	Currency in Circulation	147.9	270.1
2,129.3	Total Deposits, of which:	1772.5	1,365.4
342.3	In Foreign Currencies	359.6	362.5

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

□ Interest Rate Structure

◆ Interest Rates on Monetary Policy Instruments

- On 1/6/2011, the CBJ raised the interest rates on monetary policy instruments by 25 basis points. Accordingly, the interest rates on monetary policy instruments became as follows:

- **Re-Discount Rate:** 4.50 percent.

- **Interest Rate on Overnight Repurchase Agreements:** 4.25 percent.

- **Overnight Deposit Window Rate:** 2.25 percent.

Developments in interest rates on certificates of deposit (CDs) show that:

- The CBJ did not issue any CDs since October 2008. Accordingly, the weighted average interest rate on the latest issue of three-month CDs, which dates back to October 26, 2008, was 5.64 percent.

- The weighted average interest rate on the latest issue of three-month CDs and six – months

CDs, which dates back to October 26, 2008, was 5.64 percent and 5.94 percent, respectively.

Interest Rates on Monetary Policy Instruments (%)

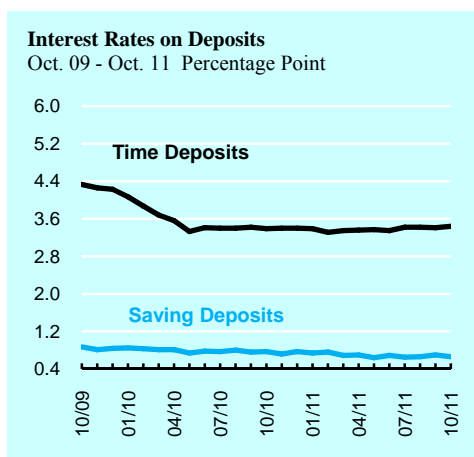
End of year		October	
		2010	2011
4.25	Re-discount Rate	4.25	4.50
4.00	Repurchase Agreements Rate (Repos)	4.00	4.25
2.00	Overnight Deposit Window Rate	2.00	2.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

◆ Interest Rates in the Banking Sector

• Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits at the end of October 2011 increased by 3 basis points compared to its level at the end of the preceding month standing at 3.44 percent. Accordingly, this rate was 4 basis points higher than its level at the end of 2010.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of October 2011 decreased by 5 basis points compared to its level in the previous month, to reach 0.66 percent. However, this rate was 11 basis points lower than its level at the end of the preceding year.
 - **Demand Deposits:** The weighted average interest rate on demand deposits at the end of October 2011 decreased by 4 basis points compared to its level at the end of the previous month; standing at 0.43 percent. As a result, this rate was lower than its level at the end of 2010 by a single basis point.
- ### • Interest Rates on Credit Facilities
- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts stood at 8.72 percent at the end of October 2011; lower than its level at the end of the previous month by 4 basis points. Moreover, this rate was 40 basis points lower than its level at the end of 2010.

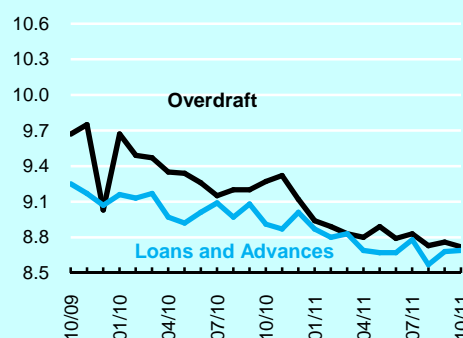
- Discounted Bills and Bonds:

The weighted average interest rate on “discounted bills and bonds” increased by 8 basis points at the end of October 2011 compared to its level at the preceding month; to stand at 9.36 percent. Moreover, this rate was 5 basis points lower than its level at the end of the previous year.

- Loans and Advances: The weighted average interest rate on “loans and advances” stood at 8.69 percent at the end of October 2011, one basis point higher than its level at the end of the previous month. Compared to its level at the end of 2010, this rate was 32 basis points lower.

- The Prime Lending Rate: This rate stood at 8.22 percent at the end of October 2011; 2 basis points higher than its level at the end of 2010.

Interest Rates on Credit Facilities
Oct. 09 - Oct. 11 Percentage Point



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

Year		October 2010	October 2011	Change Relative to the Year 2010 Basis Points
Deposits				
0.44	Demand	0.41	0.43	-1
0.77	Saving	0.77	0.66	-11
3.40	Time	3.39	3.44	4
Credit Facilities				
9.41	Discounted Bills and Bonds	9.15	9.36	-5
9.01	Loans and Advances	8.91	8.69	-32
9.12	Overdraft	9.27	8.72	-40
8.20	Prime Lending Rate	8.20	8.22	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Credit Facilities Extended by Licensed Banks

- ◆ The outstanding balance of credit facilities extended by licensed banks totaled JD 15,594.1 million at the end of October 2011; an increase amounting to JD 29.8 million, or 0.2 percent, compared to its level at the end of the previous month, against an increase in the amount of JD 216.4 million or 1.5 percent, during the same month of 2010. As for the first ten months of 2011, credit facilities grew by JD 1,142.7 million, or 7.9 percent, compared to an increase of JD 911.2 million, or 6.8 percent, during the same period of 2010.
- ◆ The classification of extended credit facilities, according to economic activity, during the first ten months of 2011 demonstrates that the increase in these facilities was mainly due to the increase in the item "other", which generally represents credit facilities extended to individuals, by JD 393.1 million or 12.7 percent and the increase in credit facilities extended for the industry sector, which increased by JD 333.3 million, or 17.3 percent, compared to their levels at the end of 2010. In addition, the credit facilities extended for both the construction and the general trade sectors increased by JD million 218.7 or 6.9 percent and JD 94.5 million or 2.6 percent, respectively, compared to their levels at the end of 2010.
- ◆ The classification of extended credit facilities according to the borrower reveals that the boost in the extended credit facilities was mainly in the credit facilities extended to the private sector (resident), which increased by JD 1,147.0 million, or 8.8 percent, at the end of October 2011, compared to their level at the end of 2010. Furthermore, the credit facilities extended to the public sector (central government *plus* public institutions) and to the non-banking financial institutions increased by JD 72.5 million, or 16.2 percent, and JD 0.5 million, or 11.4 percent, respectively. However, credit facilities extended to the private sector (non-resident) decreased by JD 77.4 million, or 7.6 percent, compared to their levels at the end of 2010.

□ Deposits at Licensed Banks

- ◆ Total deposits at licensed banks stood at JD 24,141.3 million at the end of October 2011; an increase in the amount of JD 108.0 million, or 0.4 percent, compared to its level at the end of the previous month, against an increase of JD 421.3 million, or 1.9 percent, during the same month of 2010. As for the first ten months of 2011, total deposits increased by JD 1,636.5 million, or 7.3 percent, compared to their level at the end of the preceding year, against an increase amounting to JD 1,926.8 million, or 9.5 percent, during the same period of 2010.
- ◆ The increase in total deposits at licensed banks during the first ten months of 2011 was an outcome of the increase in deposits of the private sector (resident) by JD 1,299.2 million, or 7.1 percent, the deposits of the private sector (non-resident) by JD 262.8 million, or 10.9 percent, the deposits of non-banking financial institutions by JD 39.8 million or 19.6 percent and the deposits of public sector (central government *plus* public institutions) by JD 34.7 million, or 2.2 percent, compared to their levels at the end of 2010.
- ◆ The developments in the currency structure of deposits during the first ten months of 2011 reveal that both “deposits in local currencies” and “deposits in foreign currency” increased by JD 1,194.1 million, or 6.8 percent, and JD 442.4 million, or 9.1 percent, respectively, compared to their levels at the end of 2010.

□ Amman Stock Exchange (ASE)

The indicators of the Amman Stock Exchange displayed a negative performance at the end of the first ten months of 2011 compared to the end of the preceding year. This can be demonstrated as follows:

- **Trading Volume**

The trading volume at the ASE totaled JD 181.6 million in October 2011; down by JD 16.7 million, or 8.4 percent, compared to its level at the end of the previous month, against a decrease of JD 171.2 million, or 30.6 percent, during the same month in 2010. Furthermore, the trading volume stood at JD 2,530.0 million during the first ten months of 2011; a decline amounting to JD 3,521.6 million, or 58.2 percent, compared to its level during the same period of 2010.

- **Traded Shares**

The number of traded shares in October 2011 totaled 260.5 million; down by 92.8 million shares, or 26.3 percent, compared to its level at the end of the preceding month, against a decrease amounting to 165.0 million shares, or 29.2 percent, during the same month of 2010. Moreover, the number of traded shares during the first ten months of 2011 stood at 3,714.0 million shares compared to 6,177.9 million shares traded during the same period of 2010.

- **Share Price Index (SPI)**

The Share Price Index weighted by market capitalization of free float shares at ASE increased by 26.6 points, or 1.3 percent, at the end of October 2011 compared to its level at the end of the previous

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

year		October	
		2010	2011
2,373.6	General Index	2,335.6	2,018.2
2,911.7	Financial Sector	2,853.3	2,519.8
2,576.6	Industrial Sector	2,469.0	2,154.6
1,897.2	Services Sector	1,939.6	1,654.2

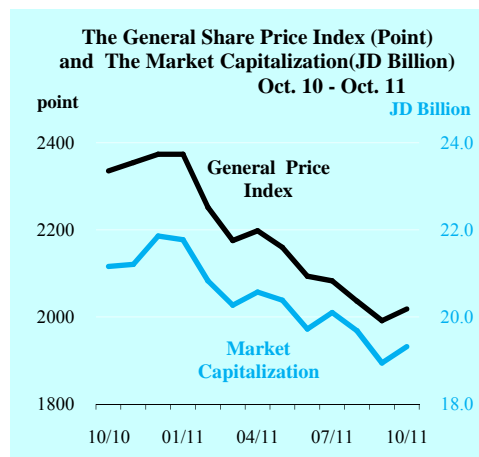
Source: Amman Stock Exchange.

month to stand at 2,018.2 points, against an increase in the amount of 29.1 points, or 1.3 percent, during the same month in 2010. As for the first ten months of 2011, the SPI dropped by 355.4 points, or 15.0 percent, compared to its level at the end of the preceding year, against a decline in the amount of 197.9 points, or 7.8 percent, during the same period of 2010. The above-mentioned drop during the first ten months of 2011 was mainly due to the decline in the SPI for the industrial, the financial and the services sectors by 422.0 points, or 16.4 percent, 391.9 points, or 13.5 percent, and 243.0 points, or 12.8 percent, respectively, compared to their levels at the end of 2010.

- **Market Capitalization**

The ASE's market capitalization totaled JD 19.3 billion at the end of October 2011; an increase of 0.4 JD billion, or 2.0 percent, compared to its level at the end of the previous month, against an increase of 0.4 JD billion, or 1.9 percent during the same month in the preceding year.

Moreover, the market capitalization decreased by JD 2.5 billion, or 11.6 percent, during the first ten months of 2011, compared to its level at the end of 2010, against a decline amounting to around JD 1.3 billion, or 5.8 percent, over the same period of 2010.



- **Non - Jordanian Net Investment**

Non - Jordanian net investment at ASE recorded an outflow amounting to JD 1.5 million in October 2011, compared to an inflow of JD 0.9 million during the same month of 2010; the value of shares acquired by non- Jordanians in October 2011 stood at JD 26.5 million, while the value of shares sold by the same group amounted to JD 28.0 million. Furthermore, non-Jordanian net investment displayed an inflow amounting to JD 78.0 million during the first ten months of 2011, against an outflow in the amount of JD 18.2 million during the same period of 2010.

Main Amman Stock Exchange Trading Indicators, JD Million

Year		October	
		2010	2011
6,690.0	Value Traded	388.7	181.6
26.8	Average Daily Trading	18.5	8.3
21,858.2	Market Capitalization	21,159.2	19,320.4
6,988.8	No. of Traded Shares (million)	399.2	260.5
(14.6)	Net Investment of Non-Jordanian	0.9	(1.5)
1,036.6	Non-Jordanian Buying	45.3	26.5
1,051.2	Non-Jordanian Selling	44.4	28.0

Source: Amman Stock Exchange.

Second: Output and Prices

□ Summary

- During the second quarter of 2011, real GDP grew by 2.4 percent at market prices, comparing to 1.4 percent during the same period of 2010. When excluding “net taxes on products”, which displayed a contraction by 4.1 percent, GDP growth rate at constant basic prices goes up to 3.9 percent comparing to 1.9 percent during the same quarter of 2010.
- As for the first half of 2011, GDP at both market and basic prices, registered a real growth rate of 2.3 and 3.2 percent, respectively, compared to 1.9 percent and 3.0 percent, respectively, during the first half of 2010.
- Inflation rate, measured by the CPI reached 4.6 percent during the first ten months of 2011, comparing to 4.8 percent during the same period of 2010.

□ Developments in Gross Domestic Product (GDP)

According to preliminary estimates released by DOS, the national economy achieved positive results during the second quarter of 2011. **The real GDP at market prices, grew 2.4 percent during the second quarter of 2011, comparing to 1.4 percent during the same quarter of 2010.** As for the first half of 2011, real GDP grew by 2.3 percent comparing to 1.9 percent during the same period of 2010. When excluding “net taxes on products”, which displayed a contraction by 2.1 percent, **GDP growth rate at constant basic prices reaches 3.2 percent,** comparing to 3.0 percent during the same period of 2010.

**Quarterly Growth Rates of GDP at Market Prices
2009 - 2011**

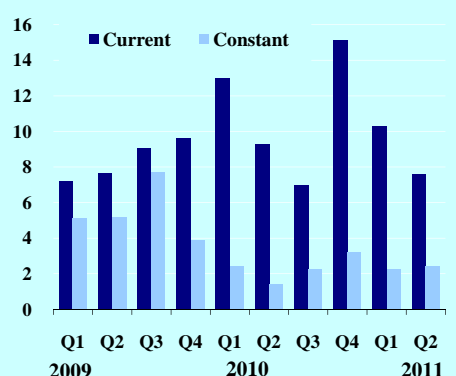
	Percentages				Year
	Q 1	Q2	Q3	Q4	
2009					
GDP at Constant Market Prices	5.1	5.2	7.7	3.9	5.5
GDP at Current Market Prices	7.2	7.7	9.0	9.6	8.5
2010					
GDP at Constant Market Prices	2.4	1.4	2.2	3.2	2.3
GDP at Current Market Prices	13.0	9.3	7.0	15.1	10.9
2011					
GDP at Constant Market Prices	2.3	2.4			
GDP at Current Market Prices	10.3	7.6			

Source: Department of Statistics.

GDP at current market prices grew by 8.9 percent

comparing to 11.0 percent during the first half of 2010. This nominal growth rate is mainly attributed to the rise in the general price level, measured by the GDP deflator by 6.4 percent during the first half of 2011, comparing to 9.0 percent during the same period of 2010.

Quarterly Growth Rates of GDP at Market Prices (2009 - 2011), %



Various economic sectors displayed mixed performance during the first half of 2011. **Some sectors witnessed a marked improvement, particularly the “mining and quarrying” sector** which recorded a real growth rate of 25.1 percent during the first half of 2011, comparing to a contraction amounted to 6.1 percent during the same period of 2010. Meanwhile, the **“manufacturing”** sector witnessed an expansion by 4.1 percent, comparing

to 1.5 percent during the same period of 2010. Sectors of **“trade, restaurants and hotels”** and **“electricity and water”** grew by 4.7 percent, 1.5 percent, respectively, comparing to a contraction amounting to 2.5 percent, 9.5 percent, during the same period in 2010, respectively. In contrast, **“finance, insurance, real estate and business services”** and **“agriculture”** and **“transport and communication”** exhibited a slow performance were they grew by 4.3 percent, 4.3 percent and 2.9 percent, respectively, comparing to 8.9 percent, 7.8 percent and 5.6 percent during the same period of 2010. In contrast, the **“construction”** sector experienced a noticeable contraction amounting to 11.2 percent comparing to a decline by 3.9 percent during the first half of 2010.

The contribution of commodity producing sectors **in the overall GDP growth rate, at constant basic prices, amounted to 0.8 percentage point, while the contribution of service producing sectors reached 2.4 percentage points, comparing to -0.02 percentage point and 3.02 percentage points during the first half of 2010.**

□ Microeconomic Indicators

Latest sectoral indicators displayed mixed performance. Indicators that showed a fast-paced of economic growth include; “quantities of exported and imported goods shipped through the Aqaba port” and the quantity index of “electricity production”. Other indicators such as “number of passengers” and “cargo through the Royal Jordanian airlines” and the production quantity index for “mining and quarrying” displayed slow pace of economic activities. Downward trend include noticed in; “number of departures” and the “manufacturing production quantity index”.

Summary of the main sectoral indicators:

Prices

a) **Fast pace growing indicators ***
Percentages

The whole 2010	Item	January - September	
		2010	2011
-5.0	Electricity production quantity index	-4.6	0.7
18.7	Quantities of exported and imported goods shipped through the Aqaba port	11.3	17.7
7.8	Licensed areas for (residential and non-residential) buildings	-0.6	31.9

b) **Decelerating indicators ***
Percentages

The whole 2010	Item	January - July	
		2010	2011
13.6	The number of passengers through the Royal Jordanian	15.4	9.7
30.3	Cargo through the Royal Jordanian	27.8	1.5
The whole 2010	Item	January - September	
		2010	2011
39.7	"Mining and quarrying" production quantity index	32.9	20.8
The whole 2010	Item	January - October	
		2010	2011
26.7	Production of phosphate	27.7	16.7
72.2	Production of potash	53.0	22.8

c) **Contracting indicators ***
Percentages

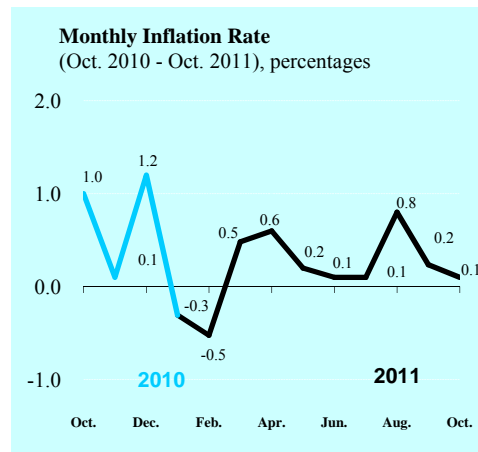
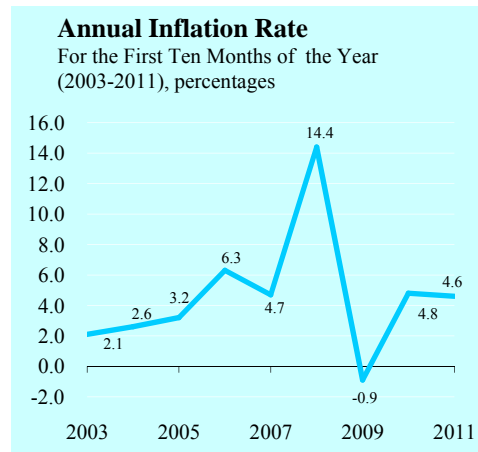
The whole 2010	Item	January - March	
		2010	2011
-3.0	Quantity of cement sales to the domestic market (excluding imported quantities)	-7.0	-6.6
-3.8	Production of cement	0.1	-15.1
The whole 2010	Item	January - September	
		2010	2011
-3.1	Industrial production quantity index	-3.9	-0.6
-5.6	Manufacturing production quantity index	-6.0	-2.7
The whole 2010	Item	January - October	
		2010	2011
19.9	Number of departures	21.6	-21.8
-5.3	Production of petroleum products	-4.6	-4.7
9.9	Production of chemical acids	15.7	-8.5
5.4	Production of fertilizers	12.3	-3.6

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

Inflation rate measured by the increase in the CPI reached 4.6 percent during the first ten months of 2011, comparing to 4.8 percent during the same period of 2010. This increase in the price level was driven by an increase in the global basic commodities' prices and oil.

Moreover, inflation in October 2011 registered 0.1

percent comparing to September 2011. This prices increase was mainly due to the increase in the prices of “fruits”, “dairy products and eggs” as well as education item, and the decline in the prices of “meat and poultry” item and vegetables.



Developments of the CPI basket during the first ten months of 2011:

- ◆ **“Food items”**, constitute about 36.7 percent of the CPI basket. **The prices of this group increased by 4.4 percent during the first ten months of 2011 comparing to an increase amounted to 4.5 percent during the same period of 2010. The contribution of this group to the overall rate of inflation reached 1.6 percentage points.** The increase in the prices on this group was driven by the increase in the prices of most items included in this group. Specifically, the prices of “meat and poultry”, which leapt by 7.7 percent, “sugar and confectionaries”, “diary products and eggs”, and “fruits”, which increased by 8.6 percent, 3.9 percent and 3.5 percent, respectively. However, the prices of “cereals and products” and vegetables declined by 2.5 percent and 2.1 percent.
- ◆ **“Clothing and footwear” group** has the least weight in the CPI basket (5.0 percent). **The prices of this group increased by 6.1 percent during the first ten months of 2011 comparing to an increase by 1.2 percent during the same period of 2010. Accordingly, the group's contribution to the overall inflation rate amounted to 0.3 percentage point during the period under analysis.** The rate at which the prices of this group increased, was affected by the rise in the prices of “clothes” and “footwear” items, which grew by 6.1 percent and 5.9 percent, respectively, during the first ten months of 2011 comparing to 1.0 percent and 2.1 percent during the same period of 2010, respectively.

◆ **“Housing”** expenses account for 26.8 percent of the CPI basket. **The prices of housing increased by 3.9 percent during the first ten months of 2011 comparing to an increase by 4.2 percent during the same period of 2010. Accordingly, this group contributed to the overall inflation rate by 1.0 percentage points during the first ten months of 2011.** The increase in the prices of this group was driven by the rise in the prices of “rents” item by 4.9 percent and “fuels and lighting” item by 3.2 percent. In addition, prices of “other items” showed a varied increase, ranging from 0.9 percent for “house repairing, garbage and water” and 4.6 percent for “house utensils”.

“Other goods and services” accounts for 31.6 percent of the CPI basket. **The average prices of this group increased by 5.3 percent during the first ten months of 2011 comparing to a larger increase amounted to 6.5 percent during the same period of 2010. Accordingly, this group pulled up the overall inflation rate by 1.7 percentage points during the first ten months of 2011.** The increase in the average prices of this group was a result of the rise in the prices of “personal care”, “transportation”, and “education” which increased by 9.5 percent, 7.5 percent and 5.4 percent, respectively. While the prices of “communication” have declined by 2.3 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a deficit in the amount of JD 140.6 million during the first nine months of 2011, comparing to a deficit in the amount of JD 593.2 million, during the same period in the preceding year. Excluding foreign grants (JD 1,046.0 million), the general budget deficit reaches to JD 1,186.6 million compared to a deficit in the amount of JD 871.8 million, during the same period in 2010.
- Gross outstanding domestic public debt (budgetary and own- budget) reached to JD 8,731.0 million (42.8 percent of GDP), at the end of September 2011, reflecting a rise amounting to JD 751.0 million compared to its level at the end of 2010.
- Net outstanding domestic public debt increased by JD 891.0 million at the end of September 2011, to reach JD 7,743.0 million (38.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) decreased by JD 37.7 million at the end of September 2011, compared to the end of 2010, to stand at JD 4,573.1 million (22.4 percent of GDP).

□ The performance of the general budget during the first nine months of 2011:

■ Public Revenues

Public revenues (including foreign grants) had slightly declined by JD 5.7 million, or 1.8 percent, in September 2011 comparing to September 2010 to reach JD 302.5 million. As for the first nine months of 2011, these revenues had increased by JD 821.3 million, or 23.8 percent, comparing to the same period in 2010 to stand at JD 4,268.8 million. This result was mainly driven by the increase in foreign grants by JD 767.4 million as well as domestic revenues by JD 53.9 million.

Main Government Budget Indicators during September and the first nine months of 2011 and 2010:

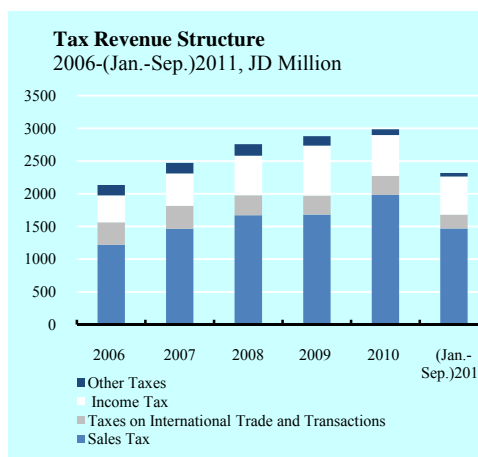
(JD Million and Percentages)

	September		Growth Rate %	Jan. – Sep.		Growth Rate %
	2010	2011		2010	2011	
Total Revenues and Grants	308.2	302.5	-1.8	3,447.5	4,268.8	23.8
Domestic Revenues, of which:	278.2	302.5	8.7	3,168.9	3,222.8	1.7
Tax Revenues, of which:	209.1	212.8	1.8	2,268.2	2,317.8	2.2
General Sales Tax	161.5	165.3	2.4	1,440.9	1,468.9	1.9
Other Revenues, of which:	67.5	88.3	30.8	886.9	889.9	0.3
Land Registration Fees	8.9	14.6	64.0	97.9	107.7	10.0
Foreign Grants	30.0	0.0	-100.0	278.6	1,046.0	275.4
Total Expenditures	462.1	518.2	12.1	4,040.7	4,409.4	9.1
Overall Deficit/ Surplus	-153.9	-215.7		-593.2	-140.6	

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues increased by JD 53.9 million, or 1.7 percent, during the first nine months of 2011 comparing to the same period of 2010, to reach JD 3,222.8 million. This increase was an outcome of; the rise in the proceeds of “tax revenues” by JD 49.6 million, the rise in “other revenues” by JD 3.0 million, as well as the rise in “pension contributions” by JD 1.3 million.



◀ Tax Revenues

Tax revenues increased by JD 49.6 million, or 2.2 percent, in the first nine months of 2011 comparing to the same period in 2010, to reach JD 2,317.8 million (71.9 percent of domestic revenues). This increase was driven by:

- **The increase in the proceeds of general sales tax on goods and services** by JD 28.0 million or 1.9 percent, which reached JD 1,468.9 million. Specifically, the proceeds of “sales tax on imported goods” increased by JD 49.6 million, as well as the proceeds of “sales tax on commercial sector” increased by JD 0.7 million. In contrast, the proceeds of “sales tax on domestic goods” and the proceeds of “sales tax on services” had declined by JD 22.2 million and JD 0.1 million, respectively.
- **The increase in the proceeds of “taxes on international trade and transactions”** by JD 1.7 million or 0.8 percent, which reached JD 211.6 million. This result was driven by the increase in the proceeds of “customs duties and fees” by JD 7.5 million. It is worth mentioning that the “departure tax” which was part of “taxes on international trade and transactions” has been abolished pursuant to the provisions of the temporary amending law of the Sales Tax Law No. (29) for the year 2009.
- **The increase in the proceeds of “income and profit taxes”** by JD 35.8 million or 6.5 percent, which reached JD 584.2 million. This increase was due to the rise in the proceeds of “income tax from

companies and other projects” by JD 39.0 million, and the drop in the proceeds of “income tax from individuals” by JD 3.2 million. Accordingly, income tax from companies accounted for 79.9 percent of total taxes on income and profits (JD 467.0 million) of which JD 221.2 million came from banks and financial institutions.

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

“Other revenues” increased by JD 3.0 million, or 0.3 percent, in the first nine months of 2011 to reach JD 889.9 million. This increase was an outcome of:

- The increase in revenues from selling goods and services by JD 1.0 million to stand at JD 449.5 million.
- The increase in miscellaneous revenues by JD 26.6 million to reach JD 230.9 million.
- The drop in property income by JD 24.6 million to stand at JD 209.5 million (of which financial surplus of independent government units amounted to JD 187.7 million).

◀ **Pension Contributions**

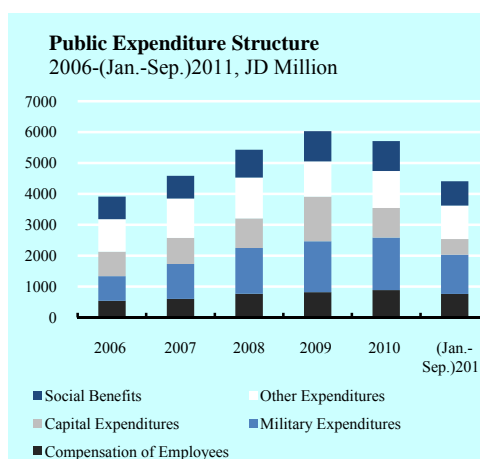
Pension contributions increased by JD 1.3 million during the first nine months of 2011 to stand at JD 15.1 million.

◆ **Foreign Grants**

Foreign grants increased by JD 767.4 million during the first nine months of 2011 comparing to the same period of 2010 to reach JD 1,046.0 million.

■ Public Expenditures

Public expenditures witnessed an increase by JD 56.1 million, or 12.1 percent, in September 2011 comparing to the same month in 2010 to stand at JD 518.2 million. During the first nine months of 2011, public expenditures accordingly rose by JD 368.7 million, or 9.1 percent, to stand at JD 4,409.4 million. The



increase in public expenditures was an outcome of the rise in current expenditures by 13.2 percent, on one hand, and the drop in capital expenditures by 14.4 percent, on the other.

◆ Current Expenditures

Current expenditures increased by JD 454.4 million, or 13.2 percent, in the first nine months of 2011, to reach JD 3,901.9 million. This increase was due to:

- The rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 101.9 million to reach JD 763.6 million.
- The increase in goods' subsidies by JD 229.3 million, due to the recurrent rise in the world commodity prices, particularly wheat prices, in addition to maintaining liquid gas subsidy and fixing some of the prices of oil derivatives (kerosene, Gasoline, Diesel). As a result, goods' subsidies stood at JD 346.5 million in the first

nine months of 2011 compared to JD 117.2 million during the same period of 2010.

- The increase in interest payments, on internal and external public debt, by JD 20.4 million to stand at JD 307.3 million.
- The increase in social benefit expenditures by JD 89.5 million to stand at JD 788.2 million.
- The decrease in “purchases of good and services” by JD 13.9 million to stand at JD 195.9 million.
- The decrease in military expenditures by JD 15.1 million to total JD 1,269.5 million.

◆ **Capital Expenditures**

Capital expenditures declined by JD 85.7 million, or 14.4 percent to reach JD 507.5 million, in the first nine months of 2011, comparing to the same period of 2010.

■ **General Budget Deficit/ Surplus**

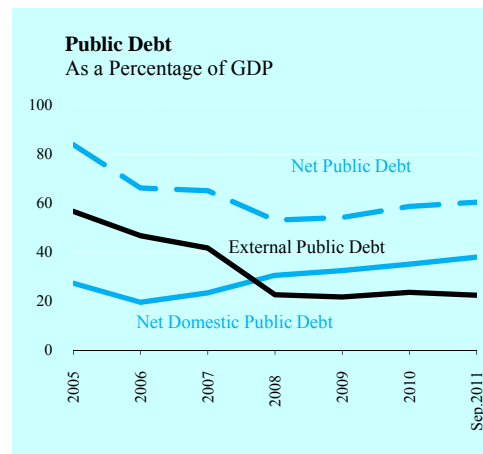
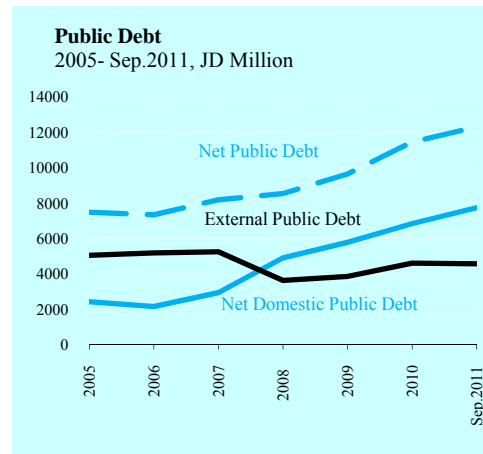
- ◆ **The general budget, including grants displayed a fiscal deficit amounted to JD 140.6 million, during the first nine months of 2011, against a fiscal deficit of JD 593.2 million, during the same period of 2010.**
- ◆ **The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) reached to JD 166.7 million during the first nine months of 2011, against a primary deficit of JD 306.3 million during the same period of 2010.**

Public Debt

■ **Gross outstanding domestic public debt of the government (budgetary and own-budget agencies) had increased by JD 751.0 million at the end of September 2011 comparing to its level at the end of 2010 to reach JD 8,731.0 million, or 42.8 percent of GDP. This rise was an outcome of the increase in the budgetary domestic public debt by JD 188.0 million and the increase in the gross outstanding domestic debt for own-budget agencies by JD 563.0 million. The increase in the budgetary domestic public debt was driven by the rise in the balance of the “treasury**

bills and bonds” in the amount of JD 296.0 million to total JD 6,706.0 million at the end of September 2011, on one hand, and the drop in the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government by JD 80.0 million to stand at JD 832.0 million at the end of September 2011, on the other.

■ **Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 891.0 million at the end of September 2011**



comparing to its level at the end of 2010 to total JD 7,743.0 million, or 38.0 percent of GDP. The aforementioned increase was an outcome of the rise in gross outstanding domestic public debt by JD 751.0 million, and the decrease in the government deposits at the banking system by JD 141.0 million comparing to their level at the end of 2010.

- **Outstanding balance of external public debt (budgetary and guaranteed) decreased** by JD 37.7 million at the end of September 2011 compared to its level at the end of 2010, amounted to JD 4,573.1 million (22.4 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 38.6 percent, while debt in Euros accounted for 8.5 percent. Further, external debt in Japanese Yen and Kuwaiti Dinars accounted for 23.0 percent and 19.2 percent of the outstanding external public debt, respectively.
- **Net public debt (domestic and external) increased** by JD 853.3 million at the end of September 2011 comparing to its level at the end of 2010 to stand at JD 12,316.1 million, or 60.4 percent of GDP, against JD 11,462.8 million (61.1 percent of GDP) at the end of 2010. Consequently, the ratio of net public debt to GDP decreased by 0.7 percentage point compared to its level at the end of 2010.
- **External debt service (budgetary and guaranteed)** amounted to JD 329.9 million during the first nine months of 2011 (of which interest payments amounting to JD 78.8 million) compared to JD 298.6 million (of which interest payments amounting to JD 64.7 million) in the same period in 2010.

□ Fiscal and Price Measures

- ◆ Adjusting the prices on some types of oil derivatives with fixing the prices of other oil derivatives, as follows:

	Unit	2011		Change %
		August	September	
Unleaded Gasoline 90	Fils/Liter	620	620	0.0
Unleaded Gasoline 95	Fils/Liter	795	795	0.0
Gas Oil (Diesel)	Fils/Liter	515	515	0.0
Kerosene	Fils/Liter	515	515	0.0
Liquid Gas (12.5kg)	JD/Unit	6.5	6.5	0.0
Fuel oil for industry	JD/Ton	517.4	501.2	-3.1
Fuel oil for ships	JD/Ton	517.4	511.2	-1.2
Fuel oil for airplanes (local companies)	Fils/Liter	640.0	614	-4.1
Fuel oil for airplanes (foreign companies)	Fils/Liter	645.0	619	-4.0
Fuel oil for unplanned flights	Fils/Liter	660.0	634	-3.9
Asphalt	JD/Ton	553.9	536.7	-3.1

Source: Jordan Petroleum Refinery CO.

□ Grants, Loans and Other Agreements

- ◆ Signing a memorandum of understanding with the United States in the amount of US \$ 300 million, including loan guarantees in the amount of US \$ 250 million to support small and medium-sized enterprises (SMEs), in addition to a grant in the amount of US \$ 50 million extended by the United States Agency for International Development (USAID) (October 2011).

- ◆ Signing five grant agreements extended by the United States Agency for International Development (USAID) in the amount of US \$ 359.3 million, as part of the regular U.S. economic assistance program to Jordan. These funds are allocated to the following purposes: (October 2011)
 - Financing development priority projects included in the General Budget Law in order to reduce deficit (in the amount of US \$ 184.0 million).
 - Human resources development (in the amount of US \$ 88.5 million) through the following:
 - Supporting the education sector (in the amount of US \$ 48.1 million).
 - Supporting the health sector (in the amount of US \$ 23.6 million).
 - Financing projects related to improving the living conditions of women, youth and children (in the amount of US \$ 14.6 million).
 - The remaining amount of US \$ 2.2 million will be allocated for supporting the implementation of the program.
 - Enhancing economic growth and opportunities (in the amount of US \$ 39.8 million) through financing a number of development priority projects aiming at improving economic opportunities and boosting trade and investment.
 - Management of water resources and environment (in the amount of US \$ 25 million) to complete priority projects in the sectors of water and environment.

Completing the implementation of several ongoing priority projects in the fields of justice, media and good governance (in the amount of US \$ 22 million).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 9.9 percent in September 2011 compared to the same month in 2010 to record JD 486.4 million. As for the first three quarters of 2011, total merchandize exports increased by 15.4 percent to reach JD 4,243.9 million.
- **Merchandize imports** increased by 24.3 percent in September 2011 compared to the same month in the previous year amounting to JD 1,117.0 million. As for the first three quarters of 2011, merchandize imports were up by 18.8 percent to total JD 9,542.6 million.
- Consequently, the **trade balance deficit** (total exports *minus* imports) decreased by 38.1 percent in September 2011 compared to the same month in 2010 standing at JD 630.6 million. As for the first three quarters of 2011, the trade deficit expanded by 21.6 percent to reach JD 5,298.7 million.
- **Travel receipts** decreased by 4.6 percent during October 2011 compared to the same month in the preceding year to record JD 167.8 million. In contrast, **travel payments** increased by 2.8 percent during September 2011 to reach JD 66.3 million. As for the first ten months of 2011, travel receipts and payments decreased by 16.6 percent and 2.1 percent to reach JD 1,711.2 million and JD 854.0 million, respectively.
- **Total workers' remittances receipts** decreased by 2.7 percent during October 2011 compared to the same month in 2010 to reach JD 212.2 million. As for the first ten months of 2011, total workers' remittances receipts decreased by 4.2 percent compared to the same period of 2010 to total JD 2,048.1 million.
- **The current account of the balance of payments** displayed a deficit of JD 1,151.4 million during the first half of 2011 compared to a deficit of JD 549.1 million during the same period of the previous year.

- **Net FDI inflows to Jordan** recorded JD 560.9 million during the first half of 2011, down from JD 655.0 million during the same period of 2010.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 13,896.2 million at the end of June 2011; recording an increase of 676.1 million over its level at the end of March 2011.

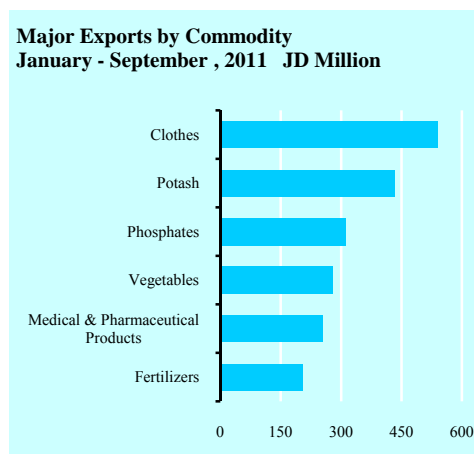
□ External Trade

As a result of the increase in domestic exports and imports by JD 482.9 and JD 1,507.7 million, respectively, during the first three quarters of 2011, the volume of external trade (domestic exports *plus* imports) increased by JD 1,990.6 million to stand at JD 13,122.7 million.

Jordan's Major Trade Partners January – September 2010- 2011, JD Million				Developments of External Trade Indicators, JD Million				
	2010	2011	Percentage Change	January - September				
	2010	2011	Percentage Change	2010	Percentage Change 2009/2010	2011	Percentage Change 2010/2011	
Exports				External Trade	1,1132.1	11.5	13,122.7	17.9
Iraq	468.3	560.1	19.6	Total Exports	3,677.7	8.7	4,243.9	15.4
United States	491.3	554.8	12.9	Domestic Exports	3,097.2	17.4	3,580.1	15.6
India	432.8	409.6	-5.4	Re-exports	580.5	-21.9	663.8	14.3
Saudi Arabia	314.8	330.8	5.1	Imports	8,034.9	9.4	9,542.6	18.8
Lebanon	94.1	166.3	76.7	Trade Balance	-4,357.2	9.9	-5,298.7	21.6
Syria	136.8	148.0	8.2	Source: Department of Statistics.				
UAE	138.2	121.8	-11.9					
Imports								
Saudi Arabia	1,522.5	2,204.7	44.8					
China	876.1	977.6	11.6					
Italy	450.5	534.0	18.5					
United States	287.6	511.3	77.8					
Germany	536.3	415.7	-22.5					
Egypt	372.5	402.2	8.0					
South Korea	201.2	376.6	87.2					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 15.4 percent during the first three quarters of 2011 compared to a 8.7 percent increase during the same period of 2010, to record JD 4,243.9 million. This increase resulted from a rise in domestic exports and re- exports of



JD 482.9 million and JD 83.3 million, or 15.6 percent and 14.3 percent, to reach JD 3,580.1 million and JD 663.8 million, respectively.

The developments of domestic exports during the first three quarters of 2011 reveals the following:

- Exports of **phosphate** increased by JD 121.1 million, or 63.2 percent, to reach JD 312.8 million, compared to a decline of 15.2 percent during the same period of 2010. This increase was an outcome of the rise in both quantities and prices of phosphate by 25.8 percent and 29.8 percent, respectively. The Indian, Indonesian and Turkish markets accounted for 79.4 percent of phosphates exports.

- Exports of **potash** increased by JD 110.0 million, or 34.1 percent, to stand at JD 433.0 million, compared to an increase of 40.5 percent during the same period of 2010. The Chinese, Indian, and Malaysian markets accounted for 60.5 percent of potash exports.
- Exports of **vegetables** increased by JD 23.3 million, or 9.1 percent, to total JD 279.3 million, compared to an increase of 22.0 percent during the same period of 2010. Iraqi and Syrian markets were the main destinations of these exports accounting for 51.9 percent.

Major Domestic Exports by Commodity

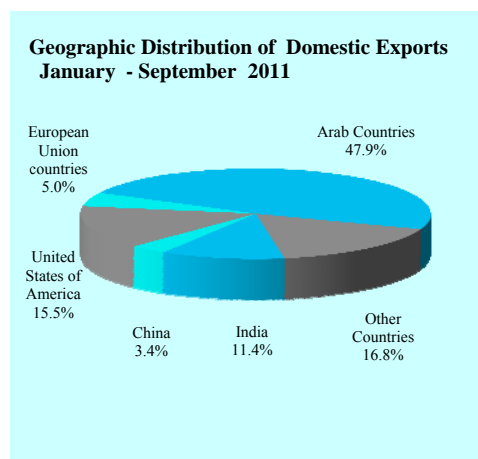
January- September, 2010 - 2011, JD Million

	2010	2011	Percentage Change
Domestic Exports	3,097.2	3,580.1	15.6
Clothes	472.7	540.8	14.4
United States	440.0	502.2	14.1
Potash	323.0	433.0	34.1
China	56.3	112.8	100.4
India	141.2	85.9	-39.2
Malaysia	29.9	63.3	111.7
Phosphates	191.7	312.8	63.2
India	131.3	198.8	51.4
Indonesia	33.0	32.3	-2.1
Turkey	0.8	17.4	-
Vegetables	256.0	279.3	9.1
Iraq	59.1	74.1	25.4
Syria	59.9	70.8	19.0
Medical & Pharmaceutical Products	287.1	255.3	-11.1
Saudi Arabia	80.6	68.8	-14.6
Algeria	44.5	28.4	-36.2
Sudan	28.5	26.9	-5.6
Iraq	17.3	20.2	16.8
Fertilizers	240.1	206.1	-14.1
India	147.2	105.5	-28.3
Ethiopia	24.3	70.3	189.3

Source: Department of Statistics.

- Exports of **fertilizes** decreased by JD 34.0 million, or 14.1 percent, to register JD 206.1 million, compared to an increase of 30.0 percent during the same period of 2010. The Indian and the Ethiopian Markets accounted for 85.3 percent of these exports.

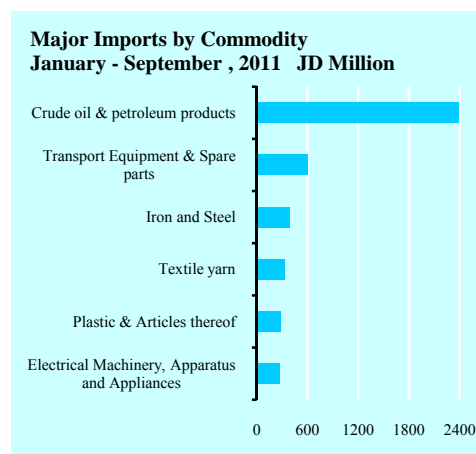
In light of the aforementioned developments, the commodity breakdown of domestic exports indicates that the exports of clothes, potash, vegetables, phosphates, “medical and pharmaceutical products” and fertilizers topped the list of exports



during the first three quarters of 2011 accounting for 56.6 percent of domestic exports down from 57.2 percent during the corresponding period of 2010. Meanwhile, the geographical distribution of domestic exports indicates that Iraq, the USA, India, Saudi Arabia, Lebanon, Syria and UAE were the main destination markets for Jordanian domestic exports during the first three quarters of 2011; accounting for 64.0 percent of domestic exports, down from 67.0 percent during the corresponding period of 2010.

■ Merchandize Imports:

Merchandize imports amounted to JD 9,542.6 million during the first three quarters of 2011 increasing by JD 1,507.7 million, or 18.8 percent, compared to an increase by 9.4 percent during the same period of 2010.



The developments of imports during the first three quarters of 2011 reveals the following:

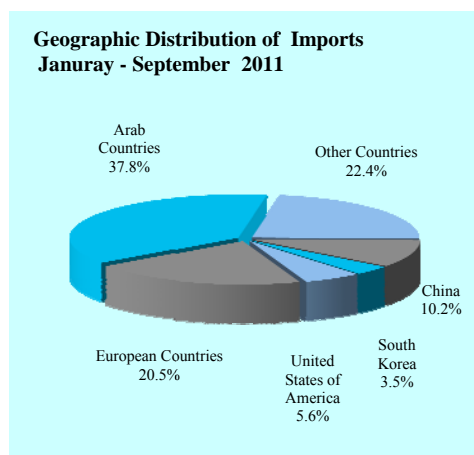
- **Petroleum products** imports increased by JD 607.7 million, or 150.5 percent, to total JD 1,011.5 million compared to an increase of 106.3 percent during the same period of 2010. The main source markets of these imports were Saudi Arabia, Italy and Russia.
- **Crude oil** imports increased by JD 410.1 million, or 42.5 percent, to reach JD 1,374.5 million, compared to a rise by 21.9 percent during the same period of 2010. This increase was attributed to the rise in the prices of oil by 45.2 percent, despite the decrease in the imported quantities by 1.9 percent. Also, its worth noting that most of the crude oil imports came from the Saudi market.

- Imports of **Iron & Steel** increased by JD 69.0 million, or 21.1 percent to reach JD 395.4 million, compared to a decrease of 9.5 percent during the corresponding period of 2010. The markets of Turkey, Ukraine and Russia accounted for 52.9 percent of these imports.
- Imports of **Transport equipments and Spare Parts** decreased by JD 122.0 million, or 16.7 percent, to reach JD 608.3 million compared to a decrease by 10.6 percent during the same period of 2010. South Korea, Germany and Japan were the main origin markets for these imports; accounting for 67.7 percent of these imports.

Major Imports by Commodity			
January – September, 2010, 2011, JD Million			
	2010	2011	Percentage Change
Total Imports	8,034.9	9,542.6	18.8
Crude Oil	964.4	1,374.5	42.5
Saudi Arabia	850.0	1,283.4	51.0
Petroleum Products	403.8	1,011.5	150.5
Saudi Arabia	149.5	241.0	61.2
Italy	41.0	216.1	427.1
UAE	52.7	186.7	254.3
Transport Equipments and Spare Parts	730.3	608.3	-16.7
South Korea	184.2	205.0	11.3
Germany	147.7	122.5	-17.1
Japan	172.3	84.4	-51.0
Iron & Steel	326.4	395.4	21.1
Turkey	65.3	90.0	37.8
Ukraine	84.5	76.8	-9.1
Russia	41.4	42.5	2.7
Textile Yarn, Fabrics & Related Products	292.7	334.3	14.2
China	145.1	148.1	2.1
Taiwan	45.4	69.4	52.9
Turkey	13.4	22.7	69.4
Plastic & Articles Thereof	234.7	285.2	21.5
Saudi Arabia	105.4	129.0	22.4
Kuwait	20.7	14.4	-30.4
South Korea	6.4	12.9	101.6
Electrical Machinery, Apparatus and Appliances	215.1	271.1	26.0
China	112.5	123.0	9.3
South Korea	24.2	29.9	23.6
India	23.6	22.5	-4.7

Source: Department of Statistics.

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



and Appliances” accounted for 44.9 percent of total imports during the first three quarters of 2011; up from 39.4 percent during the same period of previous year. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Italy, Germany, Egypt and UAE topped the list of imports sources during the first three quarters of 2011; accounting for 56.8 percent compared to 52.9 percent during the same period of 2010.

■ Re-Exports

The value of re-exported goods increased by JD 83.3 million, or 14.3 percent during the first three quarters of 2011, recording JD 663.8 million.

■ Trade Balance

The trade balance deficit during the first three quarters of 2011 increased by JD 941.5 million, or 21.6 percent to register JD 5,298.7 million compared to the same period of 2010.

□ **Total Workers' Remittances Receipts**

Total workers' remittances receipts decreased by 4.2 percent to total JD 2,048.1 million during the first ten months of 2011 compared to the same period of 2010.

□ **Travel**

■ **Receipts**

Travel receipts decreased by JD 341.1 million, or 16.6 percent, during the first ten months of 2011 to register JD 1,711.2 million. This decrease was attributed to a 19.0 percent fall in the number of inbound tourists in this period compared to the same period of 2010.

■ **Payments**

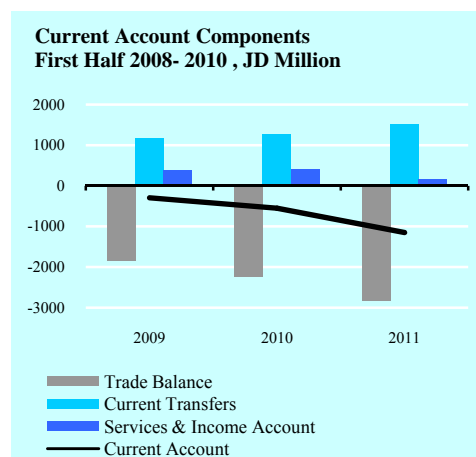
Travel payments decreased by 2.1 percent, during the first ten months of 2011 to stand at JD 854.0 million.

□ **Balance of Payments**

The comparison of the preliminary statistics of the balance of payments for the first half of 2011 compared to the same period in 2010, reveals the following developments:

- The current account recorded a deficit of JD 1,151.4 million compared to a deficit of JD 549.1 million during the first half of 2010. This was an outcome of the following developments:

- An expansion in the trade balance deficit of JD 582.9 million, or 26.0 percent, to reach JD 2,823.2 million in the first half of 2011 compared to a deficit amounting to JD 2,240.3 million in the first half of 2010.
- Services account recorded a surplus of JD 83.2 million, compared to a surplus of JD 284.4 million during the first half of the preceding year. This was mainly due to the decrease in the surplus of travel (net) by JD 141.0 million, an increase in the deficit of transportation (net) by JD 89.2 million from one side, and the increase in the surplus of government services (net) by JD 29.6 million on the other side.
- A decrease in the surplus of the income account (net) by JD 60.5 million compared to the first half of 2010 to register JD 69.0 million, as a result of the increase in the deficit of investment income (net) by JD 43.8 million, and a decrease in the surplus of compensation of employees (net) by JD 16.7 million.
- An increase in the surplus of net current transfers by JD 242.3 million; to reach JD 1,519.6 million, as a result of the increase in net transfers of public sector (foreign grants) and in the transfers of other sectors (net) by JD 118.2 million and JD 124.1 million, to reach JD 464.1 million and JD 1,055.5 million, respectively, during the first half of 2011. It's worth mentioning that the workers' remittances receipts and payments decreased by JD 18.4 million and JD 26.2 million, or 1.5 percent and 15.9 percent, during the first half of 2011 respectively.



- The capital and financial account with the rest of the world showed a net inflow of JD 1,597.2 million during the first half of 2011 compared to an inflow in the amount of JD 639.3 million during the same period of 2010 owing mainly to the following:
 - FDI in the Kingdom recorded a net inflow amounted to JD 560.9 million during the first half of 2011 compared to JD 655.0 million during the same period of the preceding year. While, the direct investment abroad registered an increase of JD 15.4 million compared with a decrease of JD 2.4 million during the same period of 2010.
 - The portfolio investment (net) recorded a net inflow amounted to JD 131.7 million compared to a similar inflow in the amount of JD 37.1 million during the same period of 2010.
 - The other investments (net) registered an outflow in the amount of JD 173.5 million compared to a similar outflow amounting to JD 347.6 million during the same period of 2010.
 - The decrease in reserve assets of CBJ by JD 1,093.5 million during the first half of 2011 compared to a similar decrease amounting to JD 292.4 million during the same period of 2010.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad in the amount of JD 13,896.2 million at the end of June 2011 compared to JD 13,220.1 million at the end of March 2011. This increase was due to the following developments:

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 1,105.5 million at the end of June 2011 compared to the end of March 2011; to stand at JD 30,981.6 million. This was mainly due to the following outcomes:

- An increase in the deposits of non-resident at the Jordan banking system by JD 815.8 million to reach JD 7,082.6 million.
- An increase in the stock of foreign direct investment (FDI) in Jordan by JD 311.2 million to stand at JD 16,108.9 million.
- A decrease in the stock of non-residents' portfolio investments in the Kingdom by JD 46.5 million; amounting to JD 2,967.8 million. This decrease was mainly attributed to the drop in the position of non-resident portfolio investment at banks by JD 78.5 million.
- An increase in the outstanding balance of external loans extended to the different economic sectors (resident) in the Kingdom by JD 20.8 million; to reach JD 4,128.2 million.
- 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 429.4 million to reach JD 17,085.4 million at the end of June 2011 compared to the end of March 2011. This increase was mainly a result of the rise in the outstanding balance of commercial banks' deposits abroad by JD 678.9 million, an increase in CBJ's other assets by JD 126.5 million, an increase in portfolio investments of the commercial banks by JD 6.2 million, a decrease in the CBJ's reserve assets and in the outstanding balance of loans granted by the commercial banks to non-resident entities by JD 319.9 million and JD 38.5 million, respectively.