

Jordan Economic Monitor

31 May 2012

May Issue

GDP, Population & Income	2008	2009	2010	2011	Q1 2012
Nominal GDP (JD Million)	15,593	16,912	18,762	20,477	N/A
Real GDP Growth (%)	7.2	5.5	2.3	2.6	N/A
Nominal GDP Per Capita (JD)	2,666	2,828	3,069	3,276	N/A
Population (Million)	5.85	5.98	6.11	6.25	6.3
Unemployment (%)	12.0	12.2	11.8	12.1	11.4

Prices	2008	2009	2010	2011	4M 2012
Consumer Price Index (%)	13.9	-0.7	5.0	4.4	3.8
Producer Price Index (%)	55.7	-16.5	-2.4	14.7	9.5*

Foreign Trade	2008	2009	2010	2011	Q1 2012
Total Exports (JD Million)	5,633.0	4,526.3	4,990.1	5,654.0	1,311.4
Imports (JD Million)	12,060.9	10,107.7	11,050.1	12,993.9	3,766.0
Trade Balance (JD Million)	(6,427.9)	(5,581.4)	(6,060.0)	(7,339.9)	(2,454.6)
% of GDP	41.2%	33.0%	32.3%	35.8%	

Balance of Payments	2008	2009	2010	2011	Q1 2012
Current Account (JD Million)	(1,457.2)	(882.9)	(1,336.3)	(2,048.2)	N/A
Total Workers' Remittances (JD Million)	2,692.6	2,553.9	2,584.8	2,451.5	569.5
Travel Receipts (JD Million)	2,088.5	2,066.8	2,545.3	2,129.8	528.8
Capital & Financial Account (JD Million)	1,301.5	605.6	805.6	2,218.5	N/A
Foreign Direct Investment (JD Million)	2,005.7	1,713.3	1,172.1	1,043.0	N/A

Foreign Reserves	2008	2009	2010	2011	Mar 2012
Foreign Currency Reserves (JD Million)	5,490.5	7,713.3	8,679.1	7,448.8	6,639.0
Imports Coverage Ratio (Months)	6.1	7.8	7.6	6.5	5.4

Public Finance	2008	2009	2010	2011	Mar 2012
Fiscal Balance Incl. Grants (JD Million)	(338.2)	(1,509.3)	(1,045.2)	(1,387.9)	(168.0)
% of GDP	2.2%	8.9%	5.6%	6.8%	
Net Outstanding Public Debt (JD Million)	8,551	9,660	11,463	13,402	14,315
% of GDP	54.8%	57.1%	61.1%	65.4%	64.4%

Money and Banking	2008	2009	2010	2011	Mar 2012
Growth in Money Supply - M2 (YoY)	17.3%	9.3%	11.5%	8.1%	8.7%
Total Credit Facilities (JD Million)	13,044.3	13,317.2	14,451.4	15,851.2	16,622.6
Total Deposits (JD Million)	18,102.6	20,298.4	22,504.8	24,377.9	24,782.5

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► Real GDP Growth

YoY Growth (%)	2010					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Agriculture ,Hunting ,Forestry, And Fishing	6.3	9.4	9.1	4.2	6.9	2.2	6.4	5.4	2.4	3.9
Mining And Quarrying	-18.7	6.5	70.1	57.1	19.4	43.0	11.5	13.4	8.1	17.7
Manufacturing	1.1	1.8	1.9	3.1	2.0	3.3	4.8	4.3	3.8	4.0
Electricity And Water	-15.5	-4.0	4.9	3.1	-2.4	-1.0	3.5	1.3	16.0	5.1
Construction	6.1	-12.0	-0.2	-10.1	-4.6	-23.6	1.0	1.3	2.7	-4.3
Wholesale & Retail Trade	0.7	-7.1	-3.0	-0.4	-2.4	4.8	6.2	3.5	3.4	4.4
Restaurants & Hotels	-0.1	4.3	4.2	6.4	3.8	-3.3	-0.1	-2.8	0.9	-1.5
Transport, Storage & Communications	5.8	5.4	4.1	5.5	5.2	1.3	4.5	3.4	4.0	3.3
Finance And Insurance Services	18.0	9.5	3.7	9.3	9.8	7.3	3.6	3.1	2.8	4.2
Real Estate	4.8	5.9	4.1	4.3	4.7	4.3	2.3	2.3	2.3	2.8
Community, Social And Personal Services	6.2	4.1	4.7	2.5	4.3	2.5	2.5	2.0	1.2	2.0
Total	4.1	2.2	3.3	3.9	3.4	2.4	4.1	3.3	3.6	3.4
Producers Of Government Services	4.3	0.9	4.6	6.1	4.0	3.0	2.8	3.7	3.8	3.3
Producers Of Private Non-Profit Services	0.9	1.3	1.6	1.6	1.4	0.5	-0.9	-1.0	0.6	-0.2
Domestic Services Of Households	5.2	5.3	4.8	5.5	5.2	5.5	3.5	3.5	3.5	4.0
Total	4.1	2.1	3.4	4.2	3.5	2.5	3.9	3.3	3.6	3.3
Imputed Bank Service Charge	5.2	5.2	4.1	3.8	4.5	3.8	3.8	3.8	3.8	3.8
Real GDP at Basic Prices	4.1	1.9	3.4	4.2	3.4	2.5	3.9	3.3	3.6	3.3
Net Taxes On Product	-6.8	-0.7	-2.8	-2.4	-2.9	0.9	-4.1	-0.8	0.4	-1.1
Real GDP at Market Prices	2.4	1.4	2.2	3.2	2.3	2.3	2.4	2.6	3.1	2.6

Source: DOS

Real GDP growth picked up to 3.1% in Q4 2011 on stronger growth in the Electricity, Construction, and Tourism sectors.

► Inflation

YoY Growth (%)	2008	2009	2010	2011	4M 2012
Consumer Price Index (CPI)	13.9	-0.7	5.0	4.4	3.8
Of which:					
Food Items	18.6	1.7	5.0	4.1	4.2
Clothing and Footwear	7.3	5.8	1.9	6.2	6.1
Fuels and Electricity	48.5	-11.1	6.6	2.8	0.4
Transportation and Communications	14.5	-10.8	8.1	4.8	2.2

Source: DOS

Inflation edged slightly higher to 3.8% in the first 4 month of the year as the YOY change in CPI increased to 4.5% during April. Going forward, inflation is expected to accelerate in the second half of the year due to the government's recent decisions to gradually cut its fuel and electricity subsidies.

Public Finance

Gov. Budget (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Domestic Revenues	4,375.3	4,187.8	4,261.1	4,198.9	1068.5	8.1%
Total Expenditures	5,431.9	6,030.5	5,708.0	6,801.8	1250.9	0.36%
Fiscal Balance (exc. Grants)	(1056.5)	(1842.7)	(1,446.9)	(2,602.9)	(182.4)	29.2%
% of GDP	6.8%	10.9%	7.7%	12.7%		
Fiscal Balance (inc. Grants)	(338.2)	(1509.3)	(1,045.2)	(1,387.9)	(168.0)	29.9%
% of GDP	2.2%	8.9%	5.6%	6.8%		

Jordan's fiscal deficit before grants improved to JD 182 million by the end of March vs JD 258 million in the same period last year due to an 8% growth in domestic revenues and a slight increase of 0.4% in total expenses

Revenues (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Tax Revenues	2,758.0	2,880.0	2,986.0	3,055.2	708.7	3.5%
Taxes on Income & Profits	603.4	764.7	624.6	667.3	133.4	18.6%
Taxes on Goods & Services	1,690.5	1,698.3	1,997.8	2,026.4	489.6	-0.02%
Other Revenues	1,617.3	1,307.9	1,275.1	1,143.7	359.8	18.4%
Foreign Grants	718.3	333.4	401.7	1,215.0	14.4	-19.1%

Growth in revenues came on the back of a 3.5% growth in taxes and an 18% growth in other revenues (mainly from land registration, stamps, and financial surpluses). The government received only JD 14.4 million in foreign grants during Q1

Expenditures (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Current Expenditures	4,473.4	4,586.0	4,746.6	5,743.3	1220.4	3.5%
% of GDP	28.7%	27.1%	25.3%	28.0%		
Capital Expenditures	958.5	1,444.5	961.4	1,058.5	30.4	-54.3%
% of GDP	6.1%	8.5%	5.1%	5.2%		

The slight increase in total expenditure came on the back of a sharp drop of 54% in capital spending during Q1.

Public Debt (JD Million)	2008	2009	2010	2011	Mar 2012	YTD%
Net Domestic Debt	4,911	5,791	6,852	8,914.9	9,715.0	9.0%
External Debt	3,640.2	3,869	4,610.8	4,486.8	4,599.8	2.5%
Net Public Debt	8,551	9,660	11,463	13,402	14,315	6.8%
% of GDP	54.8%	57.1%	61.1%	65.4%	64.4%	

Jordan's net public debt stood at JD 14.3 billion by the end of March, a YTD increase of JD 913 million, despite a budget deficit of only JD 168 million in Q1 as the government continued to guarantee the debt of NEPCO.

Source: CBJ, Ministry of Finance

► External Trade

External Trade Developments (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Total Exports	5,633.0	4,526.3	4,990.1	5,654.0	1,311.4	-4.1%
Domestic Exports	4,431.1	3,579.2	4,216.9	4,780.0	1,117.2	-3.6%
Re-Exports	1,201.9	947.2	773.2	874.1	194.2	-6.9%
Imports	12,060.9	10,107.7	11,050.1	12,993.9	3,766.0	22.2%
Trade Deficit	(6,427.9)	(5,581.4)	(6,060.0)	(7,339.9)	(2,454.6)	43.2%
% of GDP	41.2%	33.0%	32.3%	35.8%		

Jordan's trade deficit grew by 43% during Q1 on a soaring energy bill and weaker exports.

Top 5 Export Destinations (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
United States	736.2	612.0	655.9	733.8	181.8	14.0%
Iraq	574.4	607.5	648.2	715.0	127.3	-43.5%
India	916.1	484.1	550.9	615.5	115.5	1.9%
Saudi Arabia	337.7	377.4	451.0	447.7	101.0	22.5%
Indonesia	94.9	99.0	105.5	152	65.6	271.6%

Despite higher demand from most key trade partners, the Iraqi ban on Jordanian vegetable exports during Q1 resulted in JD 98 million, or 43.5%, drop in exports to Iraq.

Top 5 Import Origins (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Saudi Arabia	2,549.9	1,769.9	2,164.4	2,965.5	1,070.6	56.1%
China	1,252.2	1,113.0	1,188.6	1,294.4	322.9	4.4%
United States	551.1	707.3	615.6	765.1	305.1	53.9%
Egypt	541.7	610.3	492.9	537.7	151.4	10.5%
Germany	720.3	632.1	729.0	554.2	144.1	-25.4%

Most oil imports continue to come from Saudi Arabia. Moreover, imports from USA surged by 54% in Q1.

Major Exports (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Clothes	716.8	589.5	622.8	708.3	172.6	11.2%
Crude Phosphate	371.9	271.2	265.0	447.3	134.2	42.8%
Crude Potash	545.3	317.2	451.3	593.7	122.5	5.2%
Vegetables	276.7	264.8	309.5	336.8	113.7	-25.8%
Pharmaceuticals	352.8	334.0	421.7	354.0	77.5	2.2%

The Iraqi ban also resulted in a drop of 26% in vegetable exports during Q1 while most other major exports recorded strong growth. The ban was lifted starting 1 April 2012.

Major Imports (JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Oil & Oil Derivatives	2,309.7	1,467.9	2,165.3	3,434.1	1,300.4	79.1%
Machinery & Parts	1,024.3	865.0	976.4	989.8	229.3	-19.2%
Cereals	656.9	400.3	422.7	392.2	213.9	138.2%
Vehicles, Parts & Accessories	835.3	984.5	841.9	707.2	169.4	-12.6%
Electrical Equipment & Parts	901.6	632.7	600.7	624.8	150.1	-3.8%

Jordan's energy bill, which also includes electricity and natural gas imports, soared by 69% in the first 3 months of the year.

Source: DOS

► Balance of Payments

(JD Million)	2008	2009	2010	2011	Q1 2012	YoY%
Current Account	(1,457.2)	(882.9)	(1,336.3)	(2,048.2)	N/A	N/A
Of Which:						
Trade Balance	(5,084.4)	(4,448.8)	(4,823.8)	(5,895.1)	N/A	N/A
Total Workers' Remittances	2,692.6	2,553.9	2,584.8	2,451.5	569.5	-3.3%
Travel Receipts	2,088.5	2,066.8	2,545.3	2,129.8	528.8	4.0%
Capital & Financial Account	1,301.5	605.6	805.6	2,218.5	N/A	N/A
Of Which:						
Foreign Direct Investments	2,005.7	1,713.3	1,172.1	1,043.0	N/A	N/A

Remittances dropped by 3.3% during Q1 2012 while travel receipts grew by 4% despite the decrease of 10.4% in the number of tourists during the same period

Source: CBJ

► CBJ Foreign Reserves

(JD Million)	2008	2009	2010	2011	Mar 2012	YTD%
Assets in Gold & Foreign Currencies	7,240.7	9,527.7	10,592.1	9,636.6	8,888.2	-7.8%
Of Which:						
Gold	252.8	319.4	411.5	452.1	494.3	9.3%
SDRs	2.6	162.8	159.7	160.5	161.0	0.3%
Cash, Balances, & Deposits	1,994.0	4,007.6	4,205.3	3,592.8	2,687.7	-25.2%
Bonds & Treasuries	4,073.7	4,116.7	4,891.5	4,374.4	4,488.5	2.6%
Liabilities in Foreign Currencies	1,558.5	1,584.3	1,869.8	1,334.9	1,249.8	-6.4%
Of Which:						
Licensed Banks Deposits	577.3	411.1	417.8	518.5	537.3	3.6%
Non-Residents Deposits	-0.1	-0.1	-0.1	-0.1	-0.1	0.0%
Gross Official Reserves of Foreign Currencies	5,490.5	7,713.3	8,679.1	7,448.8	6,639.0	-10.9%
Evaluated in U.S. Dollars	7,744.1	10,879.0	12,241.2	10,506.1	9,363.9	-10.9%
Months of Imports Coverage (Months)	6.1	7.8	7.6	6.5	5.4	
Net Assets of Gold & Foreign Currencies	5,682.2	7,943.4	8,722.3	8,301.7	7,638.4	-8.0%

Foreign currency reserves at the CBJ fell by USD 365 million, or 3.8%, in March, bringing the total drop for the first 3 months to USD 1.1 billion. Imports coverage remains around comfortable levels at 5.4 months compared to 6.5 months at the end of 2011.

Source: CBJ

► Loans & Deposits

Credit Facilities (JD Million)	2008	2009	2010	2011	Mar 2012	YTD%
Total Credit Facilities	13,044.3	13,317.2	14,451.4	15,851.2	16,622.6	4.9%
Of which :						
Industry	1,597.6	1,631.2	1,929.0	2,297.2	2,367.0	3.0%
General Trade	2,897.5	3,195.4	3,594.0	3,779.0	3,834.9	1.5%
Construction	2,293.1	2,582.5	3,167.7	3,463.6	3,474.5	0.3%
Other (Mainly Retail)	3,952.7	3,392.1	3,093.8	3,411.6	3,516.8	3.1%
Public services & utilities	870.3	909.5	1,050.0	1,135.3	1,665.2	46.7%

Growth in lending to the Public Services & Utilities sector; mainly NEPCO, continued to boost total loan growth in March.

Deposits (JD Million)	2008	2009	2010	2011	Mar 2012	YTD%
Total Deposits	18,102.6	20,298.4	22,504.8	24,377.9	24,782.5	1.7%
JD Deposits	13,348.5	15,865.0	17,617.2	19,119.1	19,233.0	0.6%
Foreign Currency Deposits	4,754.1	4,433.4	4,887.6	5,258.8	5,549.5	5.5%
Dollarization Ratio	26.3%	21.8%	21.7%	21.6%	22.4%	

Source: CBJ

- JD deposits up by 0.6% YTD
- Growth in FC deposits decelerated to 5.5% vs 6% at the end of Feb.
- As a result dollarization edged slightly lower to 22.4% vs 22.6% in the previous month.

► Interest Rates

CBJ Interest Rates	2008	2009	2010	2011	Mar 2012
Re-Discount Rate	6.25%	4.75%	4.25%	4.50%	5.00%
Repurchase Agreements	6.00%	4.50%	4.00%	4.25%	4.75%
Overnight Deposit Window	4.00%	2.50%	2.00%	2.25%	2.75%
T-Bills (6 months)	5.62%	2.83%	2.28%	3.23%	3.79%

The CBJ increased its policy rates by 50 Bps last Feb. and raised the overnight deposit window rate by another 50 Bps to 3.25% effective 31, May 2012

Key Interest Rates on Deposits	2008	2009	2010	2011	Mar 2012
Demand	1.01%	0.67%	0.44%	0.43%	0.45%
Time	5.66%	4.23%	3.40%	3.46%	3.60%

Key Interest Rates on Credit Facilities	2008	2009	2010	2011	Mar 2012
Overdrafts	9.31%	9.03%	9.12%	8.80%	8.71%
Loans & Advances	9.48%	9.07%	9.01%	8.67%	8.66%
Prime Lending Rate	8.45%	8.34%	8.20%	8.22%	8.25%

Source: CBJ

Despite the CBJ's interest rate hike in Feb, key interest rates on loans and deposits remained relatively stable in March except for the average interest rate on time deposits which increased by a shy 11 Bps.

► Money Supply

Components of Money Supply (JD Million)	2008	2009	2010	2011	Mar 2012	YTD%
Money Supply (M1)	5,573.0	6,039.5	6,550.0	7,271.5	7,268.3	-0.04%
Currency with the Public	2,664.8	2,679.5	2,843.6	3,019.3	3,062.4	1.4%
Demand Deposits in JD	2,908.2	3,360.0	3,706.4	4,252.2	4,205.9	-1.1%
Quasi Money	12,731.2	13,973.8	15,756.7	16,847.4	17,236.6	2.3%
Demand deposits in foreign currencies	1,082.2	1,156.9	1,379.4	1,575.2	1,679.0	6.6%
Time and savings deposits in JD	9,405.8	11,084.6	12,525.2	13,321.5	13,460.3	1.0%
Time deposits in foreign currencies	2,243.2	1,732.3	1,852.1	1,950.7	2,097.3	7.5%
Money Supply (M2)	18,304.2	20,013.3	22,306.7	24,118.9	24,504.9	1.6%

A shift from demand deposits in JDs to foreign currency deposits weighed on narrow money (M1).

It is also worth noting that FC deposits of residents decreased by around JD 36 million or 1% MoM in March

Monetary Survey (JD Million)	2008	2009	2010	2011	Mar 2012	YTD%
Net Foreign Assets	7,101.5	8,881.4	10,078.5	9,353.7	8,862.4	-5.3%
Net Domestic Assets	11,202.7	11,131.9	12,228.2	14,765.2	15,642.5	5.9%
Net Claims on Public Sector	4,773.1	5,100.8	5,423.7	7,215.2	7,849.8	8.8%
Claims on Private Sector	12,533.5	12,693.4	13,612.7	14,925.0	15,252.0	2.2%
Claims on Financial Institutions	335.0	237.7	222.7	204.5	208.8	2.1%
Other Items (Net)	(6,438.9)	(6,900.0)	(7,030.9)	(7,579.5)	(7,668.1)	1.2%
Money Supply (M2)	18,304.2	20,013.3	22,306.7	24,118.9	24,504.9	1.6%

Source: CBJ

Net foreign assets declined by 5.3% YTD on:

- Widening trade deficit
- Lower remittances
- Lower FDI
- Increasing dollarization

Money creation continues to be driven by increasing government borrowing.

► Other Economic Indicators

Production Indices for Major Industries	2008	2009	2010	2011	Q1 2012	YoY%
Phosphate	102.2	85.7	107.2	125.2	117.2	-4.8%
Potash	110.7	62.4	107.1	125.5	127.6	2.3%
Fertilizers	104.7	98.3	107.2	100.7	64.4	-27.9%
Cement & Lime	154.3	137.3	79.1	58.1	44.86	-16.4%
Pharmaceuticals	227.1	246.4	215.3	206.3	179.9	-14.9%
Food Products & Beverage	161.1	196.3	198.7	190.3	178.8	-2.8%

Aqaba Port Activity	2008	2009	2010	2011	4M 2012	YoY%
Imports (Thousand Ton)	9,165	8,302	8,795	10,208	4,205	24.8%
Exports (Thousand Ton)	7,787	5,898	8,055	8,975	2,878	-0.6%
Total Handling (Thousand Ton)	16,952	14,201	16,851	19,183	7,083	13.0%
Number of Vessels	2,662	2,331	2,369	2,395	865	4.2%

Real Estate & Construction Activity	2008	2009	2010	2011	Q1 2012	YoY%
Number of Construction Permits	21,703	25,238	26,660	30,963	7,993	14.7%
Licensed Area for Construction (Thousand M²)	10,041	11,798	12,722	15,991	3,909	15.0%
Real Estate Trading Value (JD Million)	5,970	4,746	5,980	6,430	1,042	-40.0%

Tourism Activity	2008	2009	2010	2011	4M 2012	YoY%
Non-Jordanian Arrivals (Million)	6.95	6.88	7.81	6.37	1.87	-10.9%
Hotel Occupancy Rates (%)	55.3	45.8	48.0	41.9	N/A	

Amman Stock Exchange	2008	2009	2010	2011	May 2012	YoY%
Market Capitalization (JD Million)	25,406	22,527	21,858	19,273	18,400	-9.7%
ASE Free Float Weighted Index	2,758	2,533	2,374	1,995	1,875	-13.2%
Average Daily Volume (JD Million)	78.56	36.68	24.35	11.19	6.25	-57.7%

Source: DOS, CBJ, Department of Land & Survey, Ministry of Tourism, ASE

The slowdown in activity across a number of key sectors persists

Capital Investments

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