

Jordan Economic Monitor

25 April 2012

April 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	N/A
Unemployment (%)	12.0	12.2	11.8	12.1	11.4

Prices	2008	2009	2010	2011	Q1 2012
Consumer Price Index (%)	13.9	-0.7	5.0	4.4	3.6
Producer Price Index (%)	55.7	-16.5	-2.4	14.7	9.2*

Foreign Trade	2008	2009	2010	2011	2M 2012
Total Exports (JD Million)	5,633.0	4,526.3	4,990.1	5,654.0	853.9
Imports (JD Million)	12,060.9	10,107.7	11,050.1	12,993.9	2,430.0
Trade Balance (JD Million)	(6,427.9)	(5,581.4)	(6,060.0)	(7,339.9)	(1,576.1)
% of GDP	41.2%	33.0%	32.3%	35.8%	

Balance of Payments	2008	2009	2010	2011	2012
Current Account (JD Million)	(1,457.2)	(882.9)	(1,336.3)	(2,048.2)	N/A
Workers' Remittances (JD Million)	2,242.0	2,214.2	2,247.3	2,152.1	N/A
Tourism Income (JD Million)	2,088.5	2,066.8	2,545.3	2,129.8	N/A
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	Feb 2012
Foreign Currency Reserves (JD Million)	5,490.5	7,713.3	8,679.1	7,448.8	6,898.0
Imports Coverage Ratio (Months)	6.1	7.8	7.6	6.0	5.9

Public Finance	2008	2009	2010	2011	Feb 2012
Fiscal Balance Incl. Grants (JD Million)	(338.2)	(1,509.3)	(1,045.2)	(1,387.9)	(39.8)*
% of GDP	2.2%	8.9%	5.6%	6.8%	
Net Outstanding Public Debt (JD Million)	8,551	9,660	11,463	13,402	13,921
% of GDP	54.8%	57.1%	61.1%	65.4%	

Money and Banking	2008	2009	2010	2011	Feb 2012
Growth in Money Supply - M2 (YoY)	17.3%	9.3%	11.5%	8.1%	8.5%
Total Credit Facilities (JD Million)	13,044.3	13,317.2	14,451.4	15,851.2	16,437.1
Total Deposits (JD Million)	18,102.6	20,298.4	22,504.8	24,377.9	24,686.3

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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

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

Source: DOS

► Inflation

YoY Growth (%)	2008	2009	2010	2011	Q1 2012
Consumer Price Index	13.9	-0.7	5.0	4.4	3.6
Of which:					
Food Items	18.6	1.7	5.0	4.1	3.8
Clothing and Footwear	7.3	5.8	1.9	6.2	5.8
Fuels and Electricity	48.5	-11.1	6.6	2.8	0.4
Transportation and Communications	14.5	-10.8	8.1	4.8	1.6

Inflation remained under control in the first quarter of the year as the government continued to subsidize fuel and electricity prices.

Source: DOS

► External Trade

External Trade Developments (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Total Exports	5,633.0	4,526.3	4,990.1	5,654.0	853.9	-5.4%
Domestic Exports	4,431.1	3,579.2	4,216.9	4,780.0	719.8	-6.1%
Re-Exports	1,201.9	947.2	773.2	874.1	134.1	-1.6%
Imports	12,060.9	10,107.7	11,050.1	12,993.9	2,430.0	27.1%
Trade Deficit	(6,427.9)	(5,581.4)	(6,060.0)	(7,339.9)	(1,576.1)	56.2%
% of GDP	41.2%	33.0%	32.3%	35.8%		

Jordan's trade deficit widens by 56% on soaring energy bill and falling exports.

Top 5 Export Destinations (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
United States	736.2	612.0	655.9	733.8	121.9	18.7%
Iraq	574.4	607.5	648.2	715.0	82.7	-42.1%
India	916.1	484.1	550.9	615.5	63.6	-20.5%
Saudi Arabia	337.7	377.4	451.0	447.7	56.8	3.8%
Indonesia	94.9	99.0	105.5	152	45.8	188.0%

Weaker demand from a number of key export markets.

Top 5 Import Origins (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Saudi Arabia	2,549.9	1,769.9	2,164.4	2,965.5	698.6	74.8%
China	1,252.2	1,113.0	1,188.6	1,294.4	215.2	8.9%
United States	551.1	707.3	615.6	765.1	164.7	66.4%
Germany	720.3	632.1	729.0	554.2	95.8	-25.4%
Italy	384.4	361.9	379.3	684.6	88.6	79.68%

Most oil imports came from Saudi Arabia

Major Exports (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Clothes	716.8	589.5	622.8	708.3	116.3	15.0%
Crude Potash	545.3	317.2	451.3	593.7	90.5	17.6%
Crude Phosphate	371.9	271.2	265.0	447.3	86.3	33.9%
Vegetables	276.7	264.8	309.5	336.8	75.3	-30.8%
Pharmaceuticals	352.8	334.0	421.7	354.0	47.6	16.0%

Although most major exports recorded strong growth in the first 2 months, significant drops in vegetable and fertilizer (not in top 5) exports resulted in a 6% drop in domestic exports.

Major Imports (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Oil & Oil Derivatives	2,309.7	1,467.9	2,165.3	3,434.1	819.4	101.4%
Machinery & Parts	1,024.3	865.0	976.4	989.8	146.0	-25.7%
Vehicles, Parts & Accessories	835.3	984.5	841.9	707.2	117.1	-28.1%
Cereals	656.9	400.3	422.7	392.2	112.1	219.8%
Electrical Equipment & Parts	901.6	632.7	600.7	624.8	93.4	-5.3%

Jordan's energy bill, which also includes electricity and natural gas imports, soared by more than 88% in the first 2 months of the year.

Source: DOS

Public Finance

Gov. Budget (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Domestic Revenues	4,375.3	4,187.8	4,261.1	4,198.9	720.1	22.5%
Total Expenditures	5,431.9	6,030.5	5,708.0	6,801.8	759.9	-4.0%
Fiscal Balance (exc. Grants)	(1056.5)	(1842.7)	(1,446.9)	(2,602.9)	(39.8)	-80.5%
% of GDP	6.8%	10.9%	7.7%	12.7%		
Fiscal Balance (inc. Grants)	(338.2)	(1509.3)	(1,045.2)	(1,387.9)	(39.8)	-78.6%
% of GDP	2.2%	8.9%	5.6%	6.8%		

Jordan's fiscal deficit improved to JD 40 million at the end of Feb. vs JD 186 million in the same period last year following a 22.5% growth in revenues and a 4% drop in expenses

Revenues (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Tax Revenues	2,758.0	2,880.0	2,986.0	3,055.2	504.1	18.2%
Taxes on Income & Profits	603.4	764.7	624.6	667.3	96.3	37.6%
Taxes on Goods & Services	1,690.5	1,698.3	1,997.8	2,026.4	349.6	13.7%
Other Revenues	1,617.3	1,307.9	1,275.1	1,143.7	216.1	33.8%
Foreign Grants	718.3	333.4	401.7	1,215.0	0.0	

The growth in government revenues came on the back of an 18% growth in taxes and a 34% growth in other revenues (mainly revenues from land registration, stamps, and financial surpluses). The government did not receive any foreign grants in the first 2 months.

Expenditures (JD Million)	2008	2009	2010	2011	2M 2012	YoY%
Current Expenditures	4,473.4	4,586.0	4,746.6	5,743.3	740.7	2.4%
% of GDP	28.7%	27.1%	25.3%	28.0%		
Capital Expenditures	958.5	1,444.5	961.4	1,058.5	19.2	-41.5%
% of GDP	6.1%	8.5%	5.1%	5.2%		

Despite the slight growth in current spending during Jan and Feb, the government's total expenditure fell by 4% on a 41.5% drop in capital expenditure.

Public Debt (JD Million)	2008	2009	2010	2011	Feb 2012	YTD%
Net Domestic Debt	4,911	5,791	6,852	8,914.9	9,289.0	4.2%
External Debt	3,640.2	3,869	4,610.8	4,486.8	4,631.6	3.2%
Net Public Debt	8,551	9,660	11,463	13,402	13,921	3.9%
% of GDP	54.8%	57.1%	61.1%	65.4%		

Jordan's net public debt stood at JD 13.9 billion by the end of Feb, an increase of JD 519 million, despite a budget deficit of only JD 40 million in the first 2 months as the government continued to guarantee the debt of NEPCO.

Source: CBJ, Ministry of Finance

► Money & Banking

Credit Facilities (JD Million)	2008	2009	2010	2011	Feb 2012	YTD%
Total Credit Facilities	13,044.3	13,317.2	14,451.4	15,851.2	16,437.1	3.7%
Of which :						
Industry	1,597.6	1,631.2	1,929.0	2,297.2	2,374.6	3.4%
General Trade	2,897.5	3,195.4	3,594.0	3,779.0	3,761.8	-0.5%
Construction	2,293.1	2,582.5	3,167.7	3,463.6	3,493.0	0.8%
Other (Mainly Retail)	3,952.7	3,392.1	3,093.8	3,411.6	3,483.4	2.1%
Public services & utilities	870.3	909.5	1,050.0	1,135.3	1,494.6	31.6%

Credit facilities grew by 3.7% in the first 2 months of the year fueled by a 31.6% growth in lending to Public Services & Utilities, mainly NEPCO.

Deposits (JD Million)	2008	2009	2010	2011	Feb 2012	YTD%
Total Deposits	18,102.6	20,298.4	22,504.8	24,377.9	24,686.3	1.3%
JD Deposits	13,348.5	15,865.0	17,617.2	19,119.1	19,118.0	-0.01%
Foreign Currency Deposits	4,754.1	4,433.4	4,887.6	5,258.8	5,568.3	5.9%
Dollarization Ratio	26.3%	21.8%	21.7%	21.6%	22.6%	

- JD deposits relatively unchanged
- Foreign currency deposits grow by 6%
- Total deposits grew by 1.3%
- As a result dollarization increased to 22.6%

Source: CBJ

Interest Rates	2008	2009	2010	2011	Feb 2012
CBJ Interest Rates					
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%
Key Interest Rates on Deposits					
Demand	1.01%	0.67%	0.44%	0.43%	0.46%
Time	5.66%	4.23%	3.40%	3.46%	3.49%
Key Interest Rates on Credit Facilities					
Overdrafts	9.31%	9.03%	9.12%	8.80%	8.67%
Loans & Advances	9.48%	9.07%	9.01%	8.67%	8.69%
Prime Lending Rate	8.45%	8.34%	8.20%	8.22%	8.24%

The CBJ increased its policy rates by 50 bps effective February 5, 2012.

However, interest rates on loans and deposits remained relatively stable in Feb as all banks reflected the increase in March.

Source: CBJ

► Money Supply

Components of Money Supply (JD Million)	2008	2009	2010	2011	Feb 2012	YTD%
Money Supply (M1)	5,573.0	6,039.5	6,550.0	7,271.5	7,101.2	-2.3%
Currency with the Public	2,664.8	2,679.5	2,843.6	3,019.3	2,987.7	-1.1%
Demand Deposits in JD	2,908.2	3,360.0	3,706.4	4,252.2	4,113.5	-3.3%
Quasi Money	12,731.2	13,973.8	15,756.7	16,847.4	17,245.2	2.4%
Demand deposits in foreign currencies	1,082.2	1,156.9	1,379.4	1,575.2	1,765.4	12.1%
Time and savings deposits in JD	9,405.8	11,084.6	12,525.2	13,321.5	13,432.6	0.8%
Time deposits in foreign currencies	2,243.2	1,732.3	1,852.1	1,950.7	2,047.2	4.9%
Money Supply (M2)	18,304.2	20,013.3	22,306.7	24,118.9	24,346.4	0.9%

A shift in demand deposits from JD to foreign currencies reduced narrow money (M1).

Monetary Survey (JD Million)	2008	2009	2010	2011	Feb 2012	YTD%
Net Foreign Assets	7,101.5	8,881.4	10,078.5	9,353.7	9,089.1	-2.8%
Net Domestic Assets	11,202.7	11,131.9	12,228.2	14,765.2	15,257.3	3.3%
Net Claims on Public Sector	4,773.1	5,100.8	5,423.7	7,215.2	7,491.7	3.8%
Claims on Private Sector	12,533.5	12,693.4	13,612.7	14,925.0	15,197.9	1.8%
Claims on Financial Institutions	335.0	237.7	222.7	204.5	208.2	1.8%
Other Items (Net)	(6,438.9)	(6,900.0)	(7,030.9)	(7,579.5)	(7,640.5)	0.8%
Money Supply (M2)	18,304.2	20,013.3	22,306.7	24,118.9	24,346.4	0.9%

Net foreign assets declined by 2.8% YTD on:

- widening current account deficit.
- Lower tourism income
- Lower remittances
- Lower FDI

Money creation continues to be driven by increasing government borrowing.

Source: CBJ

► Other Economic Indicators

Production Indices for Major Industries	2008	2009	2010	2011	2M 2012	YoY%
Phosphate	102.2	85.7	107.2	125.2	110.3	-9.5%
Potash	110.7	62.4	107.1	125.5	127.9	8.5%
Fertilizers	104.7	98.3	107.2	100.7	52.9	-49.5%
Cement & Lime	154.3	137.3	79.1	58.1	48.4	-7.0%
Pharmaceuticals	227.1	246.4	215.3	206.3	176.7	-19.1%
Food Products & Beverage	161.1	196.3	198.7	190.3	179.9	2.8%

Aqaba Port Activity	2008	2009	2010	2011	Q1 2012	YoY%
Imports (Thousand Ton)	9,165	8,302	8,795	10,208	3,239	32.0%
Exports (Thousand Ton)	7,787	5,898	8,055	8,975	2,092	-2.0%
Total Handling (Thousand Ton)	16,952	14,201	16,851	19,183	5,332	15.8%
Number of Ships	3,024	2,900	2,902	2,892	758	-1.0%

Real Estate & Construction Activity	2008	2009	2010	2011	2M 2012	YoY%
Construction Permits	21,703.0	25,238.0	26,660.0	30,963.0	5,204.0	15.0%
Licensed Area for Construction (Thousand M ²)	10,040.9	11,798.1	12,721.9	15,991.0	2,558.9	17.1%
Real Estate Trading Value (JD Million)	5,970.0	4,746.0	5,980.0	6,430.0	649.0	-22.3%

Tourism Activity	2008	2009	2010	2011	2M 2012	YoY%
Non-Jordanian Arrivals (Million)	6.95	6.88	7.81	6.37	0.86	-7.3%
Hotel Occupancy Rates (%)	55.3	45.8	48.0	41.9	N/A	

Amman Stock Exchange	2008	2009	2010	2011	3M 2012	YoY%
Market Capitalization (JD Million)	25,406	22,527	21,858	19,273	19,443	-4.1%
ASE Free Float Weighted Index	2,758	2,533	2,374	1,995	1,990	-8.5%
Value Traded (JD Million)	20,318	9,665	6,690	2,850	583.7	-36.0%

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

Significant slowdown in economic activity across most sectors

Capital Investments

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