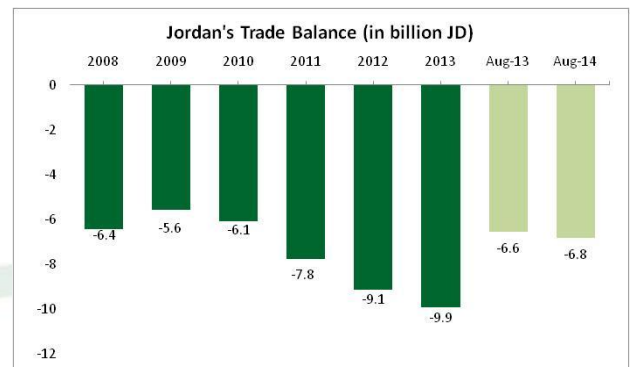


Flash comment: Jordan's trade deficit up 4.1% during first eight months of 2014

October 22, 2014

- Jordan's trade deficit increased by JD 271 million or 4.1% during the first eight months of 2014, compared to the same time period in 2013.
- The trade deficit stands at JD 6,823.1 million for the first eight months of 2014, compared to JD 6,551.8 million for the same time period in 2013.
- Both exports and imports grew over the same time period, as exports grew by 5.9% while imports grew at a slower pace of 4.8%.
- It is important to note that national exports actually grew by 7% over the same time period and re-exports dropped by 0.1%.



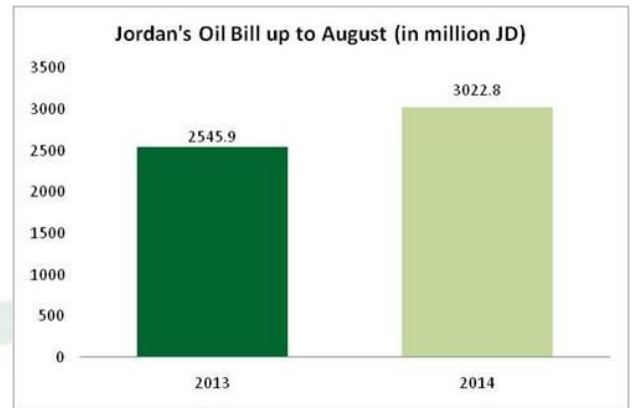
Source: Department of Statistics
Central Bank of Jordan

Exports Driven by Fertilizers, Fruits and Vegetables, and Clothes

- Total exports grew to JD 3,931 million from JD 3,711.2 million for the time period.
- Fertilizer exports continued growing this year, up by 37% following sluggish export levels in 2013, while fruit and vegetable exports grew 15.8%, pharmaceutical exports grew by 0.3%, and clothes exports grew 13.4%.
- Meanwhile, phosphate exports increased by 9.6% over the same time period, after fluctuating during the beginning of the year.
- On the other hand, potash exports continued declining as they dropped by 15.9%, following already low levels of exports in 2013.

Oil Continues to Push Import Bill Up

- Meanwhile, imports grew to reach JD 10,754.1 million from JD 10,263 million for the same time period.
- The increase is a result of an increase in machinery and machinery equipment imports by 11.2%, and vehicles and motorcycles imports grew by 21.8%.
- On the other hand, electronics imports plummeted by 33.8% after they witnessed huge import levels in 2013, while metal and its products imports dropped 23.2%.
- Most significantly, crude oil imports, which make up more than one quarter of total imports, increased by 18.7% to reach JD 3,022.8 million from JD 2,545.9 million over the time periods.
- A more detailed look at Jordan's monthly oil bill reveals that oil imports in August 2014 were up by almost 15% when compared to August 2013, while international oil prices were down by around 6.4% over the same time period.
- The rise in oil imports despite a drop in oil prices could indicate lower levels of Egyptian gas inflows from Egypt for the month of August.
- Jordan relies on the gas to generate electricity, and if supply is cut off, the Jordanian government resorts to oil to generate electricity, pushing the oil bill up.
- The oil bill fell by around JD 545 million in 2013, mostly due to strong Egyptian gas supply in the first half of the year, but if the Egyptian gas supply remains inconsistent, it is anticipated that the oil bill will reverse the 2013 trend and instead grow in 2014, especially when compared to 2013 levels.
- In addition, and with the continuous influx of Syrian refugees, it is expected that the trade balance will remain under significant pressure in the coming period.



Source: Department of Statistics

A breakdown of Jordan's monthly oil bill in million JD

Month	2013	2014	Nominal Change
January	262.8	404.6	+141.8
February	416.9	264.4	-152.5
March	359.5	319.1	-40.4
April	238.9	478.6	+239.7
May	250.1	370.6	+120.5
June	251.4	427.5	+176.1
July	424.0	365.3	-58.7
August	342.3	392.7	+50.4
Total	2,545.9	3,022.8	+476.9

Source: Department of Statistics

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