



Central Bank of Jordan

## **Recent Monetary & Economic Developments in Jordan**

**Research Dept / Monthly Report  
April, 2016**

**Central Bank of Jordan**

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#### **OUR VISION**

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

#### **OUR MISSION**

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

#### **OUR VALUES**

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



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### Executive Summary

#### □ Output, Prices and Employment

During the year of 2015, real GDP at market prices, grew by 2.4 percent, compared to 3.1 percent during 2014. The Consumer Price Index continued its contraction by 1.2 percent during the first quarter of 2016, against a contraction of 0.9 percent during the same quarter of 2015. Furthermore, the unemployment rate increased during the first quarter of 2016 to stand at 14.6 percent compared to 13.0 percent during the same quarter in 2015.

#### □ Monetary and Financial Sector

- The CBJ's foreign currency reserves decreased by US\$ 726.8 million (5.1 percent) at the end of the first quarter 2016, compared to their level at the end of 2015. Standing at US\$ 13,426.7 million, this level of reserves covers around 7.3 months of the kingdom's import of goods and services.
- Domestic liquidity increased by JD 408.9 million (1.3 percent) at the end of the first quarter 2016 compared to its level at the end of 2015, to stand at JD 32,014.4 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 381.3 million (1.8 percent) at the end of the first quarter 2016 compared to its level at the end of 2015, to stand at JD 21,484.8 million.
- Total deposits at licensed banks increased by JD 408.5 million (1.3 percent) at the end of the first quarter 2016 compared to its level at the end of 2015, to stand at JD 33,007.0 million. This increase was a result of the increase in the JD deposits by 300.3 million (1.2 percent) and the increase in foreign currency deposits by JD 108.2 million (1.6 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,151.9 point at the end of the first quarter 2016, increasing by 15.6 points, or 0.7 percent, compared to its level at the end of 2015.

- **Public Finance:** During the first two months of 2016, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 80.6 million compared to a fiscal deficit in the amount of JD 77.2 million during the same period of 2015. Net outstanding domestic debt (budgetary and own-budget) increased by JD 270.0 million at the end of February 2016, compared to its level at the end of 2015, to stand at JD 13,727.0 million (51.5 percent of GDP). Outstanding external public debt increased by JD 50.9 million at the end of February 2016 compared to its level at the end of 2015 to reach JD 9,441.4 million, (35.4 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 86.9 percent of GDP at the end of February 2016 compared to 85.8 percent of GDP at the end of 2015.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 9.8 percent to reach JD 726.8 while merchandize imports increased by 6.2 percent to reach JD 2,241.5 million in the first two months of 2016. As a result, the trade deficit increased by 16.0 percent compared to the same period of 2015, to reach JD 1,514.7 million. The preliminary data for the first quarter of 2016 showed a decrease in travel receipts by 4.6 percent and an increase in travel payments by 4.9 percent compared to the same period of 2015. Moreover, total workers' remittances receipts decreased by 6.8 percent during the first quarter of 2016. The balance of payments for the year 2015 displayed a deficit in the current account amounting to JD 2,365.6 million, (8.9 percent of GDP) up from JD 1,851.7 million (7.3 percent of GDP) during 2014, while the current account deficit excluding grants decreased to reach 11.9 percent of GDP compared with 12.6 percent of GDP during 2014. Moreover, net direct investment recorded an inflow of JD 904.4 million during 2015 compared to a net inflow of JD 1,367.5 million during 2014, furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 24,357.5 million at end 2015 compared to JD 22,578.8 million at the end of 2014.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's foreign currency reserves decreased by US\$ 726.8 million (5.1 percent) at the end of the first quarter 2016, compared to their level at the end of 2015, to stand at US \$ 13,426.7 million. This level of reserves covers around 7.3 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 408.9 million (1.3 percent) at the end of the first quarter 2016, compared to its level at the end of 2015, to total JD 32,014.4 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 381.3 million (1.8 percent) at the end of the first quarter 2016, compared to its level at the end of 2015 to reach JD 21,484.8 million.
- Total deposits at licensed banks increased by JD 408.5 million (1.3 percent) at the end of the first quarter 2016 compared to its level at the end of 2015, to stand at JD 33,007.0 million.
- The interest rates on all types of deposits and credit facilities extended by licensed banks had decreased at the end of the first quarter 2016, compared to their levels at the end of 2015, except the interest rates on time and saving deposits.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,151.9 point at the end of the first quarter 2016, increasing by 15.6 points (0.7 percent), compared to its level at the end of 2015. Moreover, the market capitalization decreased by JD 556.7 million (3.1 percent), compared to its registered level in 2015, to stand at JD 17,427.9 million.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

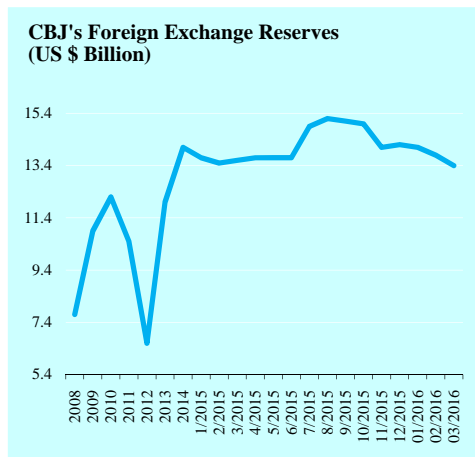
		End of March	
2015		2015	2016
US\$ 14,153.5	CBJ's Foreign Currency Reserves*	US\$ 13,604.5	US\$ 13,426.7
0.5%		-3.4%	-5.1%
31,605.5	Money Supply (M2)	29,962.0	32,014.4
8.1%		2.5%	1.3%
21,103.5	Credit Facilities, of which:	19,782.5	21,484.8
9.5%		2.6%	1.8%
18,098.2	Private Sector (Resident)	17,235.0	18,569.6
4.6%		-0.4%	2.6%
32,598.5	Total Deposits, of which:	31,145.4	33,007.0
7.7%		2.9%	1.3%
26,014.5	In JD	24,833.2	26,314.8
8.3%		3.4%	1.2%
6,584.0	In Foreign Currencies	6,312.2	6,692.2
5.4%		1.0%	1.6%
25,799.7	Deposits of Private Sector (Resident), of which:	24,382.7	25,935.2
7.6%		1.7%	0.5%
21,163.1	In JD	19,957.0	21,232.9
8.1%		2.0%	0.3%
4,636.7	In Foreign Currencies	4,425.7	4,702.3
5.3%		0.5%	1.4%

\* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves decreased by US\$ 726.8 million (5.1 percent), at the end of the first quarter 2016, compared to their level at the end of 2015 to reach US\$ 13,426.7 million. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

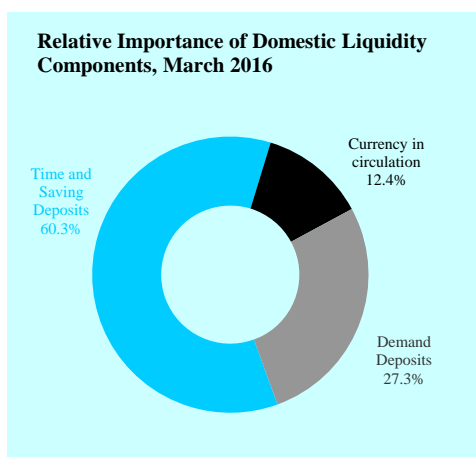
■ Domestic liquidity totaled JD 32,014.4 million at the end of the first quarter 2016, increasing by JD 408.9 million, or 1.3 percent, compared to an increase of JD 721.6 million, or 2.5 percent, during the same period in 2015.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of the first quarter 2016 compared to their levels at the end of 2015, reveal the following:**

#### ● Components of Domestic Liquidity

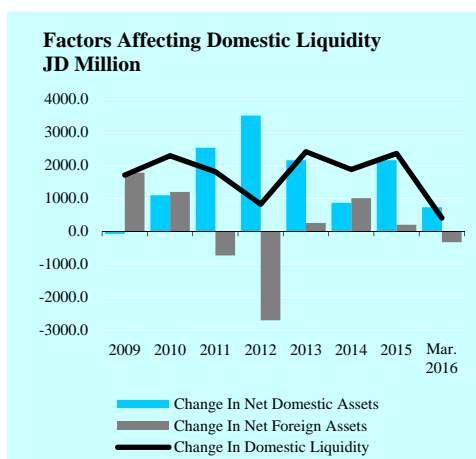
- Deposits increased by JD 368.4 million, or 1.3 percent, at the end the first quarter 2016, compared to their level at the end of 2015, to total JD 28,040.7 million, compared to an increase of JD 755.2 million, or 3.0 percent, during the same period in 2015.

- Currency in circulation increased by JD 40.5 million, or 1.0 percent, at the end of the first quarter 2016, compared to its level at the end of 2015, to reach JD 3,973.7 million, against a decrease in the amount of JD 33.6 million, or 0.9 percent, during the same period in 2015.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 733.8 million, or 3.1 percent, at the end of the first quarter 2016, compared to its level at the end of 2015, against an increase of JD 514.3 million, or 2.4 percent, during the same period in 2015. This increase was a result of the increase in net domestic assets at the licensed banks by JD 377.8 million, or 1.3 percent, and its increase at the CBJ by JD 355.9 million, or 6.2 percent.



- Net foreign assets of the banking system decreased by JD 325.0 million, or 4.0 percent, at the end of the first quarter 2016, compared to their level at the end of 2015, against an increase in the amount of JD 207.4 million, or 2.6 percent, during the same period in 2015. This decrease was a result of the decrease in net foreign assets at the CBJ by JD 291.1 million, or 2.9 percent, and the decrease of net foreign assets at the licensed banks by JD 33.9 million or 1.7 percent.

#### Factors Affecting Domestic Liquidity (M2) JD Million

2015		End of March	
		2015	2016
<b>8,137.3</b>	<b>Foreign Assets (Net)</b>	<b>8,139.6</b>	<b>7,812.4</b>
10,124.2	CBJ	10,058.9	9,833.2
-1,986.9	Licensed Banks	-1,919.3	-2,020.8
<b>23,468.2</b>	<b>Domestic Assets (Net)</b>	<b>21,822.4</b>	<b>24,202.0</b>
-5,781.8	CBJ, of which:	-5,907.3	-5,425.9
1,519.1	Claims on Public Sector (Net)	1,092.7	1,825.5
-7,324.1	Other Items (Net*)	-7,022.8	-7,274.3
29,250.2	Licensed Banks	27,729.7	29,628.0
10,220.9	Claims on Public Sector (Net)	10,188.7	10,332.2
18,681.3	Claims on Private Sector	17,771.4	19,162.5
348.0	Other Items (Net)	-230.4	133.3
<b>31,605.5</b>	<b>Money Supply (M2)</b>	<b>29,962.0</b>	<b>32,014.4</b>
<b>3,933.2</b>	<b>Currency in Circulation</b>	<b>3,770.8</b>	<b>3,973.7</b>
<b>27,672.3</b>	<b>Total Deposits, of which:</b>	<b>26,191.2</b>	<b>28,040.7</b>
4,709.6	In Foreign Currencies	4,492.3	4,792.0

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

◆ On July 9<sup>th</sup>, 2015, the CBJ lowered the interest rates on monetary policy tools by 25 basis points, to become as follows:

- CBJ main interest Rate: 2.5 percent.
- Re-Discount Rate: 3.75 percent.

- Interest Rate on Overnight Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 1.50 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.

◆ The interest rate margin on CDs was brought down to 2.25 – 2.50 percent.

◆ This decision aims at stimulating credit and reducing its cost, in addition to encouraging consumption and investment, thus fostering economic growth. The decision came in light of the continuous monitoring of domestic and international developments, and backed with the slowdown in economic growth as well as declining inflation.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

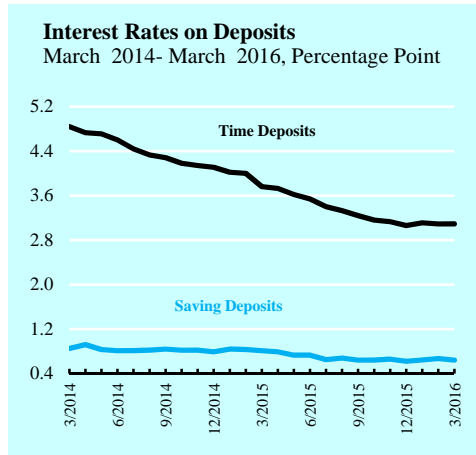
- Time Deposits: The weighted average interest rate on time deposits at the end of March 2016 remained at the same level registered in the previous month to stand at 3.09 percent. This rate is higher by 3 basis points than its level at the end of 2015.

Interest Rates on Monetary Policy Instruments, percentage points

2015		March	
		2015	2016
3.75	Re-discount Rate	4.00	3.75
3.50	Repurchase Agreements Rate (overnight)	3.75	3.50
1.50	Overnight Deposit Window Rate	1.75	1.50
2.50	Repurchase Agreements rate (one week)	2.75	2.50
2.50	Repurchase Agreements rate (one month)	2.75	2.50
	Certificates of Deposits (one week)	2.50	2.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

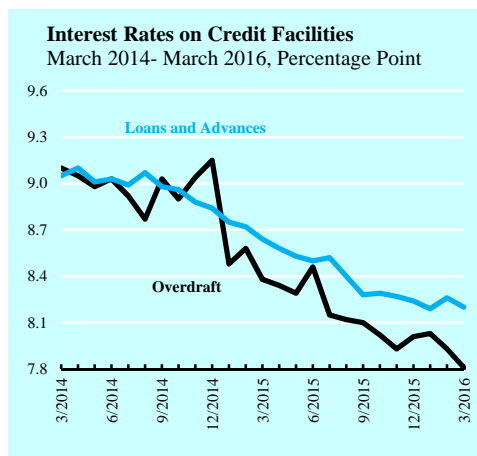
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of March 2016 decreased by 3 basis points, compared to its level at the end of the previous month to stand at 0.64 percent. This rate is higher by 2 basis points than its level at the end of 2015.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of March 2016 maintained the same level registered in the previous month to stand at 0.31 percent. This rate is lower by 1 basis point than its level at the end of 2015 .

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of March 2016 decreased by 12 basis points compared to its level in the previous month to stand at 7.81 percent, this rate is lower by 20 basis points than its level at the end of 2015.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of March 2016, decreased by 101 basis points compared to its level in the previous month to stand at 8.55 percent. This rate is lower by 15 basis points than its level at the end of 2015.

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

	March		Change Relative to the Preceding Year Basis Points
	2015	2016	
<b>Deposits</b>			
0.32 Demand	0.42	0.31	-1
0.62 Saving	0.81	0.64	2
3.06 Time	3.76	3.09	3
<b>Credit Facilities</b>			
8.70 Discounted Bills and Bonds	9.75	8.55	-15
8.24 Loans and Advances	8.64	8.20	-4
8.01 Overdraft	8.38	7.81	-20
8.37 Prime Lending Rate	8.51	8.37	-

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 6 basis points compared to its level in the previous month to stand at 8.20 percent. This rate is lower by 4 basis points than its level at the end of 2015.
- The prime lending rate stood at 8.37 percent at the end of March 2016, to maintain its level at the end of 2015.
- As a result, the interest rate margin, which is the difference between the rates on loans and advances and the rates on time deposits, reached 511 basis points, at the end of March 2016, which is lower by 7 basis point than its level at the end of 2015.

**□ Credit Facilities Extended by Licensed Banks**

- Total credit facilities extended by licensed banks increased by JD 381.3 million, or 1.8 percent, at the end of the first quarter 2016, compared to its level at the end of 2015, against an increase of JD 508.0 million, or 2.6 percent during the same period in 2015.



- The extended credit facilities, according to economic activity, at the end of the first quarter 2016 demonstrates an increase in credit extended to the "construction" sector by JD 394.1 million, or 8.0 percent, the "industrial" sector by 66.7 million, or 3.1 percent, and the transportation services and mining sectors by JD 59.5 million, or 22.9 percent, and JD 50.0 million, or 29.4 percent, respectively. Meanwhile, the credit facilities extended to the "others" item, which generally represents facilities extended to individuals, decreased by JD 113.2 million, or 2.2 percent, as well as the public services and utilities sector by JD 70.2 million, or 2.2 percent, compared to their levels at the end of 2015.
- In terms of borrowers, credit facilities at the end of the first quarter 2016 had shown an increase in credit extended to the private sector (resident) by 471.5 million, or 2.6 percent, the public institutions by JD 11.3 million, or 3.5 percent, and the financial institutions by JD 4.8 million or 53.4 percent. Meanwhile, the credit facilities extended to the central government declined by JD 88.2 million, or 4.0 percent, the private sector (non-resident) by 18.1 million, or 3.8 percent, compared to their levels at the end of 2015.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,007.0 million at the end of the first quarter 2016, increasing by JD 408.5 million, or 1.3 percent, compared to its level at the end of 2015, against an increase of JD 884.4 million, or 2.9 percent, during the same period in 2015.
- This increase was a result of the increase in the deposits of the public sector (central government plus public institutions) by JD 268.5 million, or 9.9 percent, the private sector (resident) by JD 135.5 million, or 0.5 percent, and the private sector (non-resident) by JD 55.8 million, or 1.5 percent. In contrast, the non-banking financial institutions deposits decreased by JD 51.3 million, or 11.6 percent.

- The currency composition of deposits at the end of the first quarter 2016 revealed that JD deposits increased by JD 300.3 million, or 1.2 percent, and “deposits in the foreign currency” increased by JD 108.2 million, or 1.6 percent, compared to their levels at the end of 2015.

#### □ **Amman Stock Exchange (ASE)**

Indicators of ASE displayed a mixed performance at the end of the first quarter 2016 compared to 2015. This can be demonstrated as follows:

##### ■ **Trading Volume**

Trading volume at ASE totaled JD 291.5 million in March 2016; up by JD 72.0 million, or 32.8 percent, compared to its level in the previous month, against a decrease of JD 13.9 million, or 5.8 percent, during the same month in 2015. As for the first quarter in 2016, the trading volume increased by JD 49.0 million, or 7.6 percent compared to the same period in 2015 to reach JD 696.2 million.

##### ■ **Traded Shares**

The number of traded shares in March 2016 totaled 225.8 million shares; up by 19.5 million shares, or 9.5 percent, compared to its level in the previous month, against a decrease amounting to 38.3 million shares, or 15.5 percent, during the same month in 2015. As for the first quarter in 2016, the number of traded shares amounted to 644.9 million shares compared to 662.6 million shares traded during the same period in 2015.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 35.6 points, or 1.7 percent, at the end of March 2016 compared to its level in

the previous month to stand at 2,151.9 point, against a decrease of 60.1 points, or 2.7 percent, during the same month in 2015. Furthermore, at the end of the first quarter in 2016, the SPI increased by 15.6 points or 0.7 percent compared to its level at the end of 2015, against a decrease in the amount of 30.1 points or 1.4 percent during the same period in 2015. The aforementioned increase was an outcome of the increase in the SPI for the industrial sector by 147.9 points, or 8.0 percent, and the decrease in the SPI for the services sector by 57.4 points, or 3.3 percent, and the financial sector by 15.5 points or 0.5 percent, compared to their levels at the end of 2015.

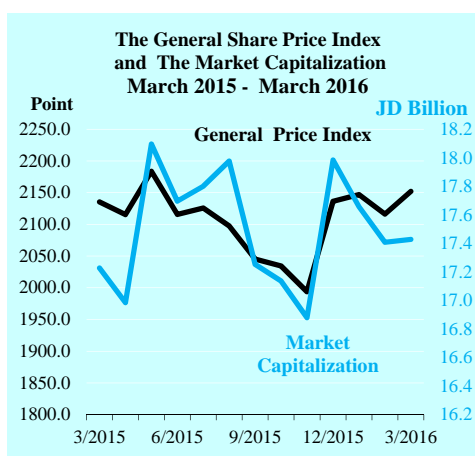
■ **Market Capitalization**

The ASE's market capitalization totaled JD 17.4 billion at the end of March 2016; increasing by JD 19.9 million, or 0.1 percent, compared to its level in the previous month

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

2015		March	
		2015	2016
2,136.3	General Index	2,135.4	2,151.9
2,906.2	Financial Sector	2,890.5	2,890.7
1,848.8	Industrial Sector	1,771.5	1,996.7
1,726.7	Services Sector	1,785.9	1,669.3

Source: Amman Stock Exchange.



against a decrease of JD 649.4 million or 3.6 percent, during the same month in 2015. As for the first quarter in 2016, the market capitalization decreased by JD 556.7 million, or 3.1 percent, compared to a decrease of JD 855.8 million or 4.7 percent, during the same month in 2015.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 82.3 million in March 2016, compared to an inflow of JD 10.2 million during the same month in 2015; the value of shares acquired by non-Jordanian in March 2016 amounted to JD 115.5 million, while their selling amounted to JD 33.2 million. As for the first quarter in 2016, non-

Main Amman Stock Exchange Trading Indicators, JD Million			
		March	
2015		2015	2016
3,417.1	Value Traded	223.8	291.5
13.9	Average Daily Trading	9.7	12.7
17,984.7	Market Capitalization	17,226.8	17,427.9
2,585.8	No. of Traded Shares (million)	209.7	225.8
10.6	Net Investment of Non-Jordanian	10.1	82.3
981.7	Non-Jordanian Buying	55.4	115.5
971.1	Non-Jordanian Selling	45.3	33.2

Source: Amman Stock Exchange.

Jordanian net investment recorded an inflow amounted JD 122.5 million, compared to an inflow of JD 12.6 million, during the same period in 2015.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.6 percent during the fourth quarter of 2015, compared to 3.3 percent during the same quarter of 2014. At current market prices, GDP grew by 4.6 percent during the fourth quarter of 2015, compared to 7.2 percent during the same quarter of 2014.
- Accordingly, the real GDP grew by 2.4 percent during 2015, compared to 3.1 percent during 2014. At current market prices, GDP grew by 4.7 percent during 2015, compared to 6.6 percent during 2014.
- The Consumer Price Index (CPI) continued its contraction by 1.2 percent during the first quarter of 2016 against a contraction of 0.9 percent during the same quarter of 2015.
- The unemployment rate increased during the first quarter of 2016 to stand at 14.6 percent (12.7 percent for males and 23.7 percent for females), compared to 13.0 percent (11.0 percent for males and 22.1 percent for females) during the same quarter of 2015. The unemployment rate among academic degree holders (Bachelor and higher) reached 20.2 percent.

### □ Developments of GDP

The national economy experienced a marked slowdown during the year of 2015; affected by deepening of the political and social unrest in the region, particularly; in Syria and Iraq, that strongly influenced the performance of many economic sectors. The real GDP grew by 2.4 percent compared to 3.1 percent during 2014. When excluding “net taxes on products”, which grew by 1.2 percent, GDP at constant basic prices grew by 2.6 percent during 2015, compared to 3.2 percent during 2014.

**Quarterly Growth Rates of GDP at Market Prices  
2014 - 2015**

	Q 1	Q2	Q3	Q4	Percentages Year
<b>2014</b>					
GDP at Constant Market Prices	3.2	2.8	3.1	3.3	<b>3.1</b>
GDP at Current Market Prices	7.1	6.1	6.2	7.2	<b>6.6</b>
<b>2015</b>					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	<b>2.4</b>
GDP at Current Market Prices	5.1	4.5	4.7	4.6	<b>4.7</b>

Source: Department of Statistics.

At current market prices, GDP grew by 4.7 percent during 2015, compared to 6.6 percent during 2014. This decline in nominal growth is mainly attributed to the slowdown in the general price level, measured by the GDP deflator, which grew by 2.3 percent compared to 3.4 percent during 2014, as a reflection of the decline in oil prices in the international market since the last quarter of 2014 which contributed in reducing the production costs.

The main sectors contributed to the economic growth during the year of 2015 were; “finance and insurance services” (0.5 percentage point), “transports, storage and communications” (0.5 percentage point), “producers of government services” (0.3 percentage point) “mining and quarrying” (0.2 percentage point), and manufacturing (0.2 percentage point). These sectors collectively accounted for 70.8 percent of real GDP growth during 2015.

The economic sectors displayed a wide variation in their performance during the year of 2015. Some sectors recorded accelerated growth, such as “electricity and water”, “finance and insurance services”, and “transport, storage and communications”. In contrast, “restaurant and hotels”, and construction, experienced a contraction. On the other hand, “producers of government services” and “domestic services of households” sectors maintained their performance.



**Gross Domestic Product At Market Prices, Percentages**

Sectors	Relative change		Contribution	
	2014	2015	2014	2015
<b>GDP At Market Prices</b>	3.1	2.4	3.1	2.4
Agriculture, Hunting, Forestry, And Fishing	7.6	5.0	0.2	0.2
Mining And Quarrying	27.6	11.0	0.3	0.2
Manufacturing	1.5	1.3	0.3	0.2
Electricity And Water	3.3	10.9	0.1	0.2
Construction	6.8	-1.3	0.3	-0.1
Wholesale And Retail Trade	3.9	1.2	0.3	0.1
Restaurant And Hotels	2.9	-3.3	-	-
Transport, Storage & Communications	1.6	3.1	0.2	0.5
Finance And Insurance Services	2.7	4.8	0.3	0.5
Real Estate	2.2	2.1	0.2	0.2
Community, Social And Personal Services	4.7	4.0	0.2	0.2
Producers Of Government Services	2.3	2.3	0.3	0.3
Producers Of Private Non-Profit Services To	7.0	5.7	-	-
Domestic Services Of Households	0.1	0.1	-	-

Source : Department of Statistics.  
 - :Less than 0.1 percentage point.

### □ Microeconomic Indicators

The microeconomic indicators displayed divergent performance for the current year. Some indicators recorded a notable growth, such as; licensed areas for building (18.5 percent), and “Mining and quarrying” production quantity index (1.3 percent). However, other indicators showed a contraction, particularly; manufacturing production quantity index (-7.2 percent), and quantities of exported and imported goods shipped through Aqaba port (-16.3 percent). The following table displays the performance of the main sectoral indicators.

#### Main Sectoral Indicators\*

Percentage Points

2014	2015	Item	2015	Available period	2016
-1.2	-8.4	<b>Manufacturing production quantity index</b>	-	<b>February</b>	<b>-7.2</b>
-0.7	-1.6	Food products and beverages	-		-0.9
0.2	-0.1	Tobacco products	-		0.4
-0.8	0.4	Refined petroleum products	-		-4.1
0.3	-0.2	Wearing apparel	-		-0.7
0.6	0.2	Iron and steel	-		-0.1
-0.6	-2.0	Chemical products	-		-4.3
<b>1.6</b>	<b>0.8</b>	<b>“Mining and quarrying” production quantity index</b>	-		<b>1.3</b>
1.8	0.8	Mining of chemical and fertilizer minerals	-		1.0
-0.2	0.0	Quarrying of stone, sand and clay	-		0.3
<b>7.2</b>	<b>-12.5</b>	<b>Licensed areas for buildings</b>	<b>-36.8</b>	<b>January-February</b>	<b>18.5</b>
<b>-2.8</b>	<b>-7.9</b>	<b>Number of passengers through Royal Jordanian</b>	<b>-13.8</b>	<b>January-March</b>	<b>4.6</b>
<b>-1.7</b>	<b>-0.7</b>	<b>Cargo through Royal Jordanian</b>	<b>-4.9</b>		<b>-5.9</b>
<b>16.7</b>	<b>-3.5</b>	<b>Quantities of exported and imported goods shipped through Aqaba port</b>	<b>17.5</b>		<b>-16.3</b>
<b>-0.5</b>	<b>-7.4</b>	<b>Number of departures</b>	<b>-10.7</b>	<b>January-April</b>	<b>-2.2</b>
<b>22.4</b>	<b>-2.0</b>	<b>Value traded at the real estate market</b>	<b>-12.6</b>		<b>-3.9</b>

\* : Computed based on the data from the following sources:

- Department of Statistics.
- Department of land and survey.
- Royal Jordanian.

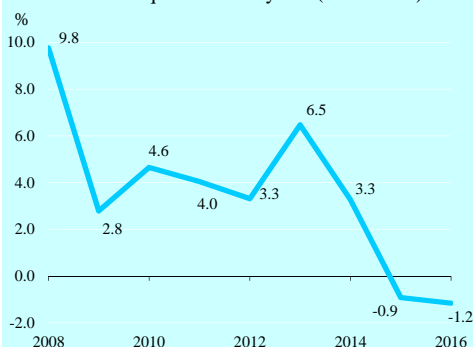
\*\* : The methodology of computing the manufacturing and "mining and quarrying" production indices has been modified, and so far, there are no available data upon the monthly growth rates for 2015.



## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), continued its contraction by 1.2 percent during the first quarter of 2016, against a contraction of 0.9 percent during the same quarter of 2015. This came as a result of the continuous falling in the prices of oil and related goods and services in the global markets and its impact on domestic prices. The main groups and items that witnessed decline in their prices are “fuels and lighting” (-8.5 percent), “meat and poultry” (-7.9 percent), and transportation (-6.0). They collectively contributed in reducing the overall inflation rate by -1.8 percentage points.

**Annual Bases Inflation Rate**  
For the first quarter of the years (2008-2016)



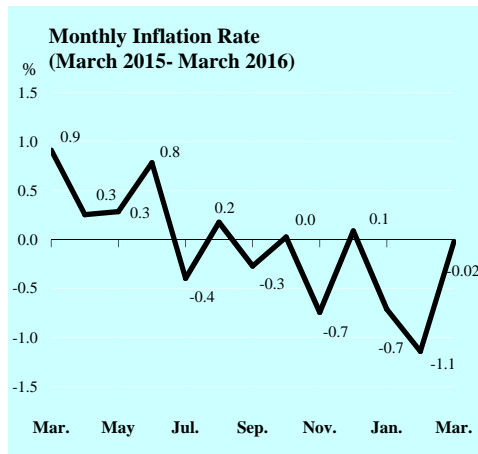
**Inflation Rate during the first quarter for the Year 2015 - 2016**

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		First quarter	First quarter	2015	2016
All Items	100.0	-0.9	-1.2	-0.9	-1.2
1) Food and non-Alcoholic Beverages, of which:	33.4	0.5	-3.0	0.2	-1.0
Meat and Poultry	8.2	-0.5	-7.9	0.0	-0.7
Dairy Products and Eggs	4.2	0.2	-1.7	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.9	-8.0	-5.5	-0.3	-0.2
Fruits and Nuts	2.7	11.3	-3.5	0.3	-0.1
Oils and Fats	1.9	3.1	3.1	0.1	0.1
2) Alcohol and Tobacco and Cigarettes	4.4	6.2	1.3	0.2	0.1
3) Clothing and footwear	3.5	7.4	3.9	0.3	0.2
4) Housing, of which:	21.9	1.6	0.7	0.3	0.2
Rents	15.6	5.8	3.2	0.9	0.5
Fuels and Lighting	4.8	-11.6	-8.5	-0.6	-0.4
5) Household Furnishings and Equipment	4.2	2.7	1.1	0.1	0.0
6) Health	2.2	4.7	0.0	0.1	0.0
7) Transportation	13.6	-16.3	-6.0	-2.5	-0.8
8) Communication	3.5	0.2	-0.3	0.0	0.0
9) Culture and Recreation	2.3	2.5	5.8	0.1	0.1
10) Education	5.4	3.7	1.1	0.2	0.1
11) Restaurants and Hotels	1.8	2.0	1.2	0.0	0.0
12) Other Goods and Services	3.7	1.8	0.4	0.1	0.0

Source: Department of Statistics.

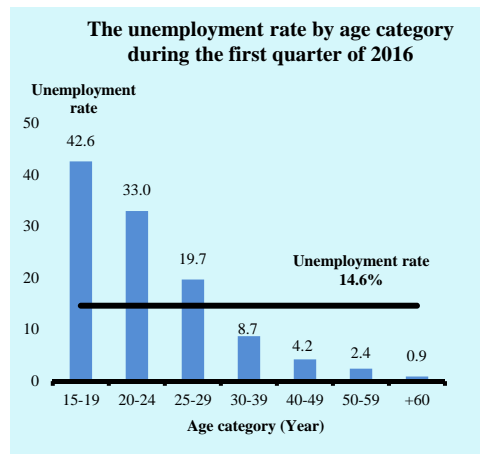
In contrast, prices of other groups and items showed varied increases, mainly; clothing (4.1 percent), and “culture and recreation” (5.8 percent).

In March 2016, the CPI witnessed a relative stability compared with February 2016. This was due to the increase in the prices of some items, mainly; “meat and poultry”, and health, on the one hand, and the contraction of “fruits and nuts” and clothing on the other hand.



□ Employment

◆ The unemployment rate increased during the first quarter of 2016 to reach 14.6 percent (12.7 percent for males and 23.7 percent for females), compared to 13.0 percent (11.0 percent for males and 22.1 percent for females) during the same quarter of 2015.



◆ The unemployment among youth remains high at 42.6 percent for the categories of 15-19 years old, and 33.0 percent for those between 20-24 years.

- ◆ The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during the first quarter of 2016 reached 35.7 percent (58.5 percent for males and 12.5 percent for females), compared to 36.0 percent (59.4 percent for males and 12.5 percent for females) during the same quarter in 2015.
  
- ◆ The employment rate among population of 15 years and older reached 30.5 percent during the first quarter of 2016, compared to 31.3 percent during the same quarter in 2015. The employees in the sector of “public administration, defense, and social security” accounted for 26.9 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.6 percent), education (11.3 percent), and manufacturing (9.4 percent).



### Third : Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 80.6 million during the first two months of 2016, comparing to a fiscal deficit in the amount of JD 77.2 million, during the same period in 2015. When excluding foreign grants (JD 99.4 million), the general budget deficit reaches JD 180.0 million compared to a deficit in the amount of JD 188.6 million during the same period in 2015.
- Net outstanding domestic public debt increased by JD 270.0 million at the end of February 2016 compared to its level at the end of 2015, to reach JD 13,727.0 million (51.5 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 50.9 million at the end of February 2016, compared to its level at the end of 2015, to stand at JD 9,441.4 million (35.4 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 23,168.4 million (86.9 percent of GDP) at the end of February 2016 compared to JD 22,847.5 million (85.8 percent of GDP) at the end of 2015.

#### □ The performance of the general budget during the first two months of 2016 compared to the same period in the preceding year:

##### ■ Public Revenues

Public revenues (including foreign grants) decreased by JD 33.3 million, or 6.7 percent, in February 2016 compared to the same month of 2015 to reach JD 460.3 million. As for the first two months of 2016, these revenues were up by JD 22.4 million, or 2.3 percent, compared to the same period in 2015 to stand at JD 1,006.6 million. This came as an outcome of the increase in domestic revenues by JD 34.4 million, and the drop in foreign grants by JD 12.0 million.

**Main Government Budget Indicators during the first two months of 2016:**

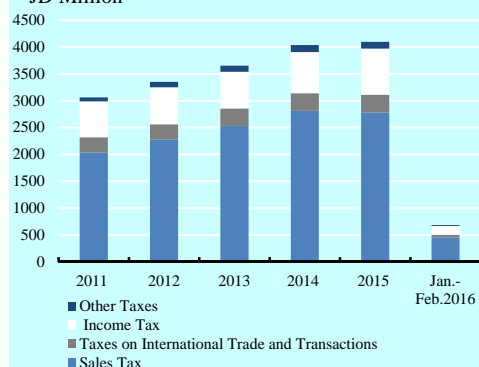
(JD Million and Percentages)

	February		Growth Rate	Jan. – Feb.		Growth Rate
	2015	2016		2015	2016	
<b>Total Revenues and Grants</b>	<b>493.6</b>	<b>460.3</b>	<b>-6.7</b>	<b>984.2</b>	<b>1,006.6</b>	<b>2.3</b>
Domestic Revenues, of which:	429.9	396.4	-7.8	872.8	907.2	3.9
Tax Revenues, of which:	266.0	284.1	6.8	632.6	682.4	7.9
General Sales Tax	200.0	218.6	9.3	421.5	453.0	7.5
Other Revenues	162.3	110.4	-32.0	237.6	221.9	-6.6
Foreign Grants	63.7	63.9	0.3	111.4	99.4	-10.8
<b>Total Expenditures, of which:</b>	<b>578.8</b>	<b>599.1</b>	<b>3.5</b>	<b>1,061.4</b>	<b>1,087.2</b>	<b>2.4</b>
Capital Expenditures	42.8	42.5	-0.7	58.1	47.8	-17.7
<b>Overall Deficit/ Surplus</b>	<b>-85.2</b>	<b>-138.8</b>	<b>-</b>	<b>-77.2</b>	<b>-80.6</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues increased by JD 34.4 million, or 3.9 percent, during the first two months of 2016 compared to the same period in 2015, to reach JD 907.2 million. This increase was an outcome of the rise in “tax revenues” and “pension contributions” by JD 49.8 million, and JD 0.3 million, respectively, and the drop in the proceeds of “other revenues” by JD 15.7 million.

**Tax Revenue Structure**  
(2011-2015) and the first two months of 2016,  
JD Million

### ● Tax Revenues

Tax revenues increased by JD 49.8 million, or 7.9 percent, during the first two months of 2016 compared to the same period in 2015, to reach JD 682.4 million (75.2 percent of domestic revenues). Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 31.5 million, or 7.5 percent, which reached JD 453.0 million (accounting for 66.4 percent of total tax revenues). This result was driven by the increase in the proceeds of “sales tax on imported goods” and “sales tax on services” by 23.3 million, and JD 13.1 million, respectively. However, the proceeds of “sales tax on commercial sector” and “sales tax on domestic goods” have decreased by JD 3.6 million, and JD 1.3 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 13.8 million, or 9.4 percent, which reached JD 160.3 million (accounting for 23.5 percent of total tax revenues). This rise was an outcome of the increase in the proceeds of “income tax from companies and other projects” by JD 13.9 million, and a slight decrease in the proceeds of “income tax from individuals” by JD 0.1 million. Accordingly, income tax from companies accounted for 80.7 percent of total taxes on income and profits to reach JD 129.3 million.

- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 3.0 million or 6.1 percent, to reach JD 51.9 million (accounting for 7.6 percent of total tax revenues).
- Real-estates tax (taxes on financial transactions) witnessed an increase by JD 1.4 million, or 8.9 percent, to reach JD 17.1 million (accounting for 2.5 percent of total tax revenues).

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

“Other revenues” decreased by JD 15.7 million, or 6.6 percent, during the first two months of 2016 to reach JD 221.9 million. This decrease was chiefly due to:

- A drop in property income by JD 79.0 million to stand at JD 8.4 million (of which financial surplus of independent government units amounted to JD 5.7 million against JD 82.6 million during the same period in 2015).
- A decrease in miscellaneous revenues by JD 48.0 million to stand at JD 84.8 million.
- An increase in “revenues from selling goods and services” by JD 15.4 million to reach JD 128.8 million.

- **Pension Contributions**

Pension contributions witnessed a slight increase by JD 0.3 million, or 11.5 percent, during the first two months of 2016, standing at JD 2.9 million.

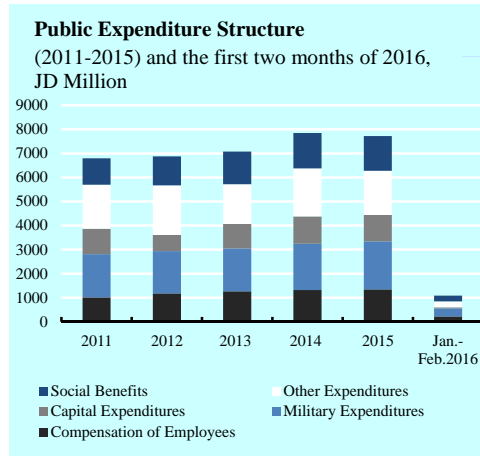
- ◆ **Foreign Grants**

Foreign grants decreased by JD 12.0 million, or 10.8 percent, during the first two months of 2016, standing at JD 99.4 million.



■ **Public Expenditures**

Public expenditures witnessed an increase by JD 20.3 million, or 3.5 percent, in February 2016 compared to the same month in 2015 to stand at JD 599.1 million. Moreover, public expenditures increased by JD 25.8 million, or 2.4 percent during the first two months of 2016 compared to the same period in 2015, to stand at JD 1,087.2 million. This increase was an outcome of the rise in current expenditures by JD 36.1 million, and the drop in capital expenditures by JD 10.3 million.



◆ **Current Expenditures**

Current expenditures increased by JD 36.1 million, or 3.6 percent, during the first two months of 2016, to reach JD 1,039.4 million. This increase was chiefly due to:

- An increase in military expenditures by JD 17.6 million to total JD 333.4 million, accounting for 32.1 percent of total current expenditures.
- An increase in social benefit expenditures by JD 9.9 million to stand at JD 242.5 million, accounting for 23.3 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 2.8 million to reach JD 219.0 million, accounting for 21.1 percent of total current expenditures.

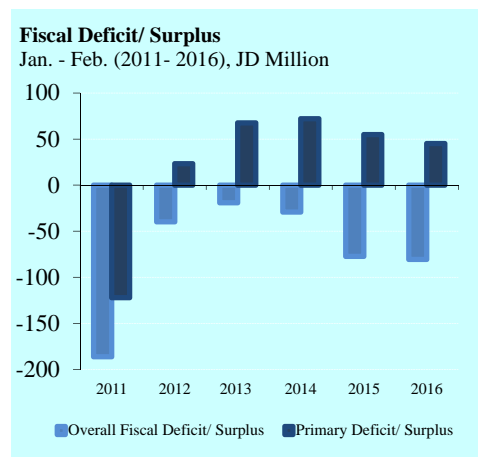
- An increase in “purchases of goods and services” by JD 11.3 million to stand at JD 45.5 million, accounting for 4.4 percent of total current expenditures.
- A drop in interest payments by JD 6.2 million to stand at JD 125.8 million, accounting for 12.1 percent of total current expenditures.
- A decrease in goods subsidies by JD 7.9 million to stand at JD 26.3 million, accounting for 2.5 percent of total current expenditures.

#### ◆ Capital Expenditures

Capital expenditures decreased by JD 10.3 million, or 17.7 percent during the first two months of 2016 compared to the same period in 2015, to reach JD 47.8 million.

#### ■ General Budget Deficit/ Surplus

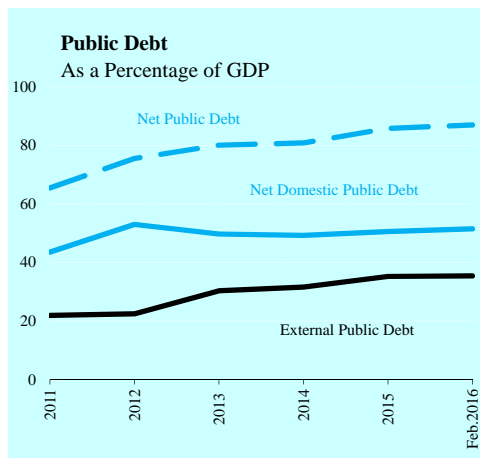
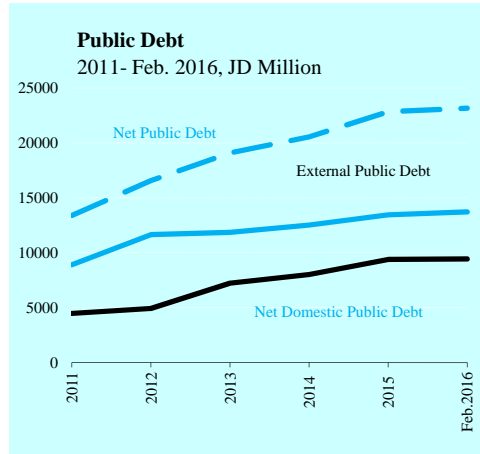
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 80.6 during the first two months of 2016, against a fiscal deficit in the amount of JD 77.2 million during the same period in 2015.



- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 45.2 million during the first two months of 2016, against a primary surplus of JD 54.8 million during the same period in 2015.

Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 270.0 million at the end of February 2016 comparing to its level at the end of 2015 to total JD 13,727.0 million, or 51.5 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 124.0 million to reach JD 15,610.0 million, and the decrease in the government deposits at the banking system by JD 146.0 million to reach JD 1,883.0 million. This rise in gross outstanding domestic public debt was an outcome of the rise in gross budgetary government debt, on one hand, as “Treasury bills and bonds” increased by JD 228.0 million at the end of February 2016, compared to their level at the end of 2015, standing at JD 12,612.0 million, however, the outstanding balance of “loans and advances” extended by CBJ to the budgetary central



government declined by JD 40.0 million to stand at JD 472.0 million, and the decrease in the domestic debt of own-budget agencies by JD 57.0 million to stand at JD 2,494.0 million, on the other. In this regard, loans and advances extended to these agencies decreased by JD 57.0 million to stand at JD 1,932.0 million. While, own-budget agencies' bonds maintained their level at the end of 2015 to stand at JD 563.0 million.

- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 50.9 million at the end of February 2016 compared to its level at the end of 2015, amounting to JD 9,441.4 million (35.4 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 60.0 percent, while debt in Euros accounted for 6.1 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 7.4 percent and 8.2 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 15.4 percent.
- Net public debt (domestic and external) increased by JD 320.9 million at the end of February 2016 compared to its level at the end of 2015 to stand at JD 23,168.4 million, (86.9 percent of GDP), against JD 22,847.5 million (85.8 percent of GDP) at the end of 2015.
- External debt service (budgetary and guaranteed) amounted to JD 451.6 million during the first two months of 2016 (of which interest payments amounting to JD 43.4 million) compared to JD 62.8 million (of which interest payments amounting to JD 35.2 million) during the same period in 2015.

### □ Fiscal and Price Measures

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

#### Development of Oil Derivatives Price

	Unit	2016		Percentage Change
		April	May	
Unleaded Gasoline 90	Fils/Liter	525	535	1.9
Unleaded Gasoline 95	Fils/Liter	695	705	1.4
Gas Oil (Diesel)	Fils/Liter	355	365	2.8
Kerosene	Fils/Liter	355	365	2.8
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	207.5	217	4.6
Fuel for airplanes (local companies)	Fils/Liter	295	305	3.4
Fuel for airplanes (foreign companies)	Fils/Liter	300	310	3.3
Fuel for unplanned flights	Fils/Liter	315	325	3.2
Asphalt	JD/Ton	231.7	241.2	4.1

Source: Jordan Petroleum Refinery Company (1/5/2016).

- The Investment Council decided to reduce the income tax on information and communication technology sector to 5%, as well as sales tax rate to zero, in addition to the exemption of production inputs from all taxes and fees (January 2016).
- Land Transport Regulatory Commission decided to reduce public transport fares by 10%, to be effective starting Feb. 2016 (January 2016).

### □ Grants, Loans and Other Agreements

- Signing a concessional loan and a grant agreements with the European Bank for Reconstruction and Development (EBRD), in the amount of US\$ 19.5 million, distributed as follows (January 2016):
  - US\$ 14 million concessional loan agreement to finance the implementation of the East Zarqa Waterwaste Project.
  - US\$ 5.5 million grant agreement for the same project, to finance work, services and related procurement for the construction of a new wastewater pipeline, as well as the rehabilitation of an existing wastewater pipeline, from East Zarqa station to Samara Wastewater Treatment Plant.
- Signing a grant agreement extended by Kuwait in the amount of US\$ 20 million, to support the Jordanian response plan to the Syrian crisis (January 2016).
- Signing a grant agreement extended by Canadian government in the amount of CAD 39 million, that targets sustainable economic growth in Jordan by implementing two Canadian funded projects, distributed as follows (January 2016):
  - CAD 19.85 million to support “Sustainable Economic Development through Renewable Energy Project”.

- CAD 19.1 million to the project of “Enterprises Development in the Jordan Valley”.
- Signing a grant agreement extended by the Islamic Development Bank (IDB) in the amount of US\$ 200 thousand, to finance the capacity building project of rural societies within the framework of village health program (February 2016).
- Signing an additional grant agreement in the amount of US\$ 16.4 million, extended by the Japanese government, outside the framework of bilateral assistance, which aims to mitigate the burdens of hosting Syrian refugees (March 2016).





#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 1.8 percent in February 2016 compared to the same month of 2015 to record JD 364.5 million. As for the first two months of 2016, total merchandize exports decreased by 9.8 percent compared to the same period of 2015 to reach JD 726.8 million.
- **Merchandize imports** decreased by 0.6 percent in February 2016 compared to the same month of 2015 to reach JD 1,105.6 million. As for the first two months of 2016, total merchandize imports increased by 6.2 percent compared to the same period of 2015 to reach JD 2,241.5 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 0.04 percent in February 2016 compared to the same month in 2015; standing at JD 741.1 million. As for the first two months of 2016, trade balance deficit increased by 16.0 percent compared to the same period of 2015 to reach JD 1,514.7 million.
- **Travel receipts** decreased in March 2016 compared to the same month of 2015 by 0.2 percent to reach JD 215.8 million, while travel payments increased by 5.7 percent, to reach JD 74.3 million. As for the first quarter of 2016, travel receipts decreased by 4.6 percent to reach JD 612.4 million, while travel payments increased by 4.9 percent to reach JD 216.5 million compared to the same period of 2015.
- **Total workers' remittances receipts** decreased by 10.8 percent in March 2016 compared to the same month of 2015 to reach JD 205.2 million. As for the first quarter of 2016, total workers' remittance decreased by 6.8 percent compared to the same period of 2015 to reach JD 587.5 million.
- **The current account of the balance of payments** registered a deficit of JD 2,365.6 million (8.9 percent of GDP) during 2015 compared to a deficit of JD 1,851.7 million (7.3 percent of GDP) during 2014, while the current account deficit excluding grants decreased to reach 11.9 percent of GDP compared with 12.6 percent of GDP in 2014 .
- **Net direct investment** recorded an inflow of JD 904.4 million during 2015, down from JD 1,367.5 million during 2014.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 24,357.5 million at the end of 2015; compared to JD 22,578.8 million at the end of 2014.

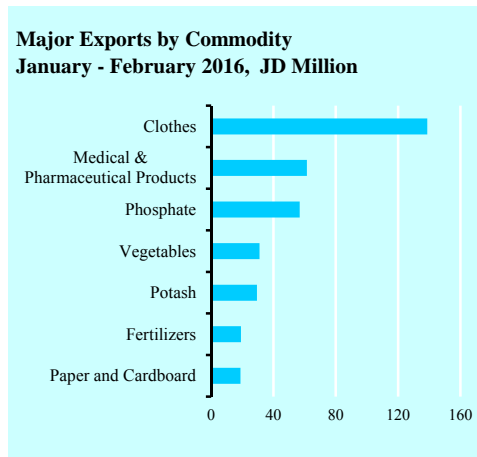
#### □ External Trade

- As a result of the decrease in domestic exports by JD 68.0 million and an increase in imports by JD 130.0 million in the first two months of 2016, compared to the same period of 2015, the volume of external trade (domestic exports *plus* imports) increased by JD 62.0 million to stand at JD 2,840.4 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January - February				January - February				
	2015	2016	Percentage Change		2015	Percentage Change 2015/2014	2016	Percentage Change 2016/2015
<b>Exports</b>				External Trade	2,778.4	-16.0	2,840.4	2.2
USA	144.6	143.7	-0.6	Total Exports	805.4	-13.2	726.8	-9.8
Saudi Arabia	90.4	100.9	11.6	Domestic Exports	666.9	-16.8	598.9	-10.2
Iraq	109.3	59.4	-45.7	Re-exports	138.5	9.5	127.9	-7.7
India	69.0	45.5	-34.1	Imports	2,111.5	-15.7	2,241.5	6.2
Kuwait	10.6	27.4	158.5	Trade Balance	-1,306.1	-17.2	-1,514.7	16.0
UAE	25.1	23.8	-5.2	Source: Department of Statistics.				
Lebanon	16.8	16.5	-1.8					
<b>Imports</b>								
China	284.8	329.1	15.6					
Saudi Arabia	439.6	260.3	-40.8					
USA	129.0	138.5	7.4					
Germany	90.9	109.9	20.9					
Italy	65.6	98.8	50.6					
UAE	71.0	87.2	22.8					
France	38.1	85.1	123.4					
Japan	58.2	77.5	33.2					
Source: Department of Statistics.								

### ■ Merchandize Exports:

Total merchandize exports decreased by 9.8 percent in first two months of 2016, compared to a decrease of 13.2 percent during the same month of



2015, to record JD 726.8 million. This decrease resulted from a decline in domestic exports by JD 68.0 million, or 10.2 percent, to reach JD 598.9 million, and in re-exports by 7.7 percent, to reach JD 127.9 million.

### ◆ The developments of domestic exports in first two months of 2016 compared to the same period of 2015 reveal the following:

- Exports of **Vegetables** decreased by JD 26.8 million, or 46.3 percent, to reach JD 31.1 million. The Kuwaiti, UAE and Saudi markets were the main destinations of these exports, accounting for 51.1 percent, of vegetables exports.

- Exports of **Potash** decreased by JD 21.1 million, or 41.8 percent, to stand at JD 29.4 million. The Indian, Malaysian and Egyptian markets accounted for 70.7 percent of these exports.
- Exports of **Phosphates** increased by JD 8.7 million, or 18.0 percent, to register JD 56.9 million. This increase was mainly a result of the increase in exported quantities by 32.6 percent and the decrease in the prices by 11.0 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 60.8 percent.

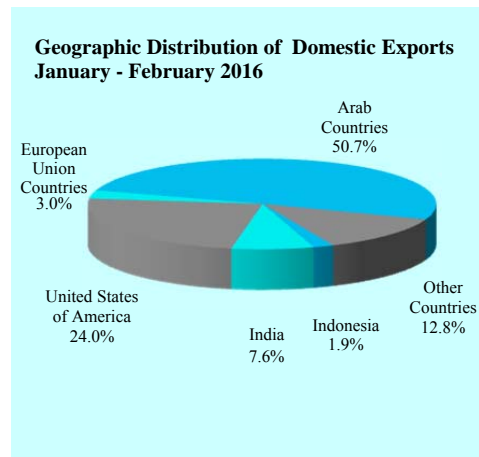
**Major Domestic Exports by Commodity, JD Million**  
January – February 2015-2016

	2015	2016	Percentage Change
<b>Domestic Exports</b>	<b>666.9</b>	<b>598.9</b>	<b>-10.2</b>
<b>Clothes</b>	<b>143.1</b>	<b>138.7</b>	<b>-3.1</b>
USA	129.7	124.3	-4.2
<b>Medical &amp; Pharmaceutical Products</b>	<b>55.4</b>	<b>61.5</b>	<b>11.0</b>
Saudi Arabia	18.8	15.8	-16.0
Iraq	7.3	7.6	4.1
Algeria	2.7	6.2	129.6
UAE	4.8	5.6	16.7
<b>Phosphates</b>	<b>48.2</b>	<b>56.9</b>	<b>18.0</b>
India	40.5	34.6	-14.6
Indonesia	3.5	9.6	174.3
<b>Vegetables</b>	<b>57.9</b>	<b>31.1</b>	<b>-46.3</b>
Kuwait	4.1	5.9	43.9
UAE	4.7	5.0	6.4
Saudi Arabia	3.2	5.0	56.3
<b>Potash</b>	<b>50.5</b>	<b>29.4</b>	<b>-41.8</b>
India	12.4	9.7	-21.8
Malaysia	13.0	7.6	-41.5
Egypt	3.2	3.5	9.4
<b>Fertilizers</b>	<b>28.3</b>	<b>19.2</b>	<b>-32.2</b>
Iraq	5.5	11.9	116.4
Turkey	0.2	3.7	-
Tunisia	0.3	0.4	33.3
<b>Paper &amp; Cardboard</b>	<b>19.6</b>	<b>18.8</b>	<b>-4.1</b>
Saudi Arabia	5.6	9.1	62.5
Iraq	7.1	5.1	-28.2
UAE	1.3	1.5	15.4

Source: Department of Statistics.

- Exports of **Medical & Pharmaceutical**

**Products** increased by JD 6.1 million, or 11.0 percent, to reach JD 61.5 million. The Saudi, Iraqi, Algerian, and UAE markets accounted for 57.2 percent of these exports.

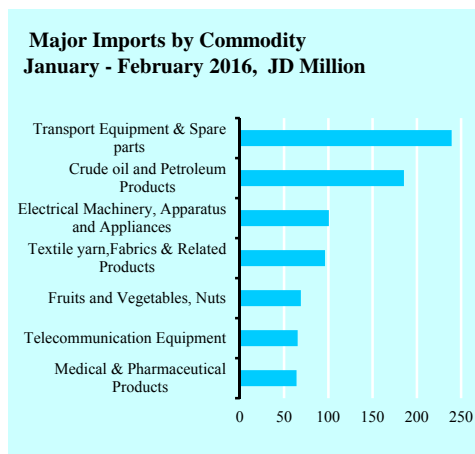


- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, “Medical and Pharmaceutical Products”, Phosphates, Vegetables, Potash, Fertilizers and “Paper and Cardboard” topped the list of domestic exports in the first two months of 2016; accounting for 59.4 percent of domestic exports, compared with 60.4 percent in the same period of 2015. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, Iraq, India, Kuwait, UAE and Lebanon were the main destination markets for domestic exports in the first two months of 2016; accounting for 69.7 percent of domestic exports, compared with 69.8 percent during the same period of 2015.

Domestic exports to GCC countries increased by 20.2 percent, accounting for 29.1 percent of total domestic exports, compared with 21.8 percent during the same period of 2015.

### ■ Merchandize Imports:

Merchandize imports increased by 6.2 percent to reach JD 2,241.5 million in the first two months of 2016, compared to a decrease by 15.7 percent during the same period of 2015.



### ◆ The developments of imports in the first two months of 2016 compared with the same period in 2015 reveal the following:

- **Transport Equipment and Spare Parts** imports increased by JD 57.7 million or 31.8 percent to reach JD 239.4 million. Japan, South Korea and the USA were the main origin markets for these imports; accounting for 61.4 percent.
- **Electrical Machinery Apparatus and Appliances** imports increased by JD 45.9 million or 83.9 percent. The markets of China, Italy and Malaysia accounted for 51.2 percent of these imports.
- **Fruits, Vegetables and Nuts** imports increased by JD 20.5 million or 42.3 percent. The markets of Egypt, Italy and the USA accounted for 32.6 percent of these imports.

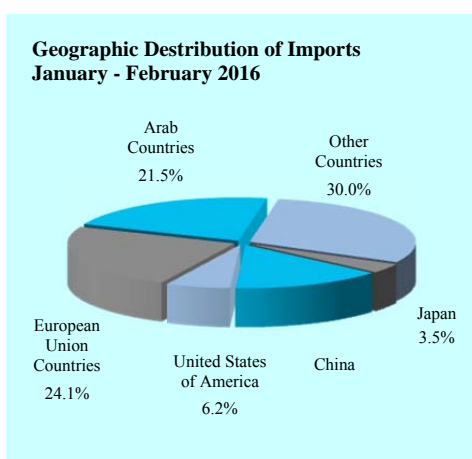
- **Crude Oil and Petroleum Products**

imports decreased by JD 214.2 million, or 53.6 percent, to reach JD 185.5 million. This decrease was mainly due to a decline in imported quantities and prices, in addition to the start of the Liquefied Natural Gas (LNG) pipeline operations at the port of Aqaba. The main source markets of these imports were Saudi Arabia, Italy and UAE; accounting for 83.2 percent. Noting that crude oil imports came from the Saudi market.

<b>Major Imports by Commodity, JD Million</b> January - February 2015-2016			
	<b>2015</b>	<b>2016</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>2,111.5</b>	<b>2,241.5</b>	<b>6.2</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>181.7</b>	<b>239.4</b>	<b>31.8</b>
Japan	37.5	52.7	40.5
South Korea	34.8	50.9	40.3
USA	30.8	43.4	46.3
<b>Crude Oil &amp; Petroleum Products</b>	<b>399.7</b>	<b>185.5</b>	<b>-53.6</b>
Saudi Arabia	284.6	120.5	-57.7
Italy	0.0	18.2	-
UAE	1.4	15.7	-
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>54.7</b>	<b>100.6</b>	<b>83.9</b>
China	11.9	33.8	184.0
Italy	3.4	10.4	205.9
Malaysia	0.2	7.3	-
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>89.3</b>	<b>96.2</b>	<b>7.7</b>
China	35.4	42.0	18.6
Taiwan	27.1	26.4	-2.6
Turkey	4.8	6.5	35.4
<b>Fruits, Vegetables and Nuts</b>	<b>48.5</b>	<b>69.0</b>	<b>42.3</b>
Egypt	4.5	9.1	102.2
Italy	3.7	7.2	94.6
USA	3.6	6.2	72.2
<b>Telecommunications Equipment</b>	<b>53.9</b>	<b>65.3</b>	<b>21.2</b>
China	32.9	40.5	23.1
Vietnam	12.1	14.9	23.1
Egypt	2.3	1.8	-21.7
<b>Medical &amp; Pharmaceutical Products</b>	<b>64.4</b>	<b>64.0</b>	<b>-0.6</b>
Egypt	9.5	9.3	-2.1
Italy	7.8	6.0	-23.1
Syria	5.8	5.9	1.7

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Parts”, “Crude Oil and Petroleum Products”, “Electrical Machinery Apparatus and



Appliances”, “Textile Yarn, Fabrics Made up Articles and Related Products”, “Fruits, Vegetables and Nuts”, “Telecommunications Equipment” and “Medical and Pharmaceutical Products” topped the list of imports in first two months of 2016, accounting for 36.6 percent of total imports; down from 42.3 percent during the same period of 2015. Meanwhile, the geographical distribution of imports indicates that the markets of China, Saudi Arabia, the USA, Germany, Italy, UAE, France and Japan were the main sources of imports in the first two months of 2016; accounting for 52.9 percent of total imports, compared to 55.8 percent in the same period of 2015.

#### ■ Re-Exports

The value of re-exported goods decreased by JD 10.6 million, or 7.7 percent in the first two months of 2016 compared to the same period of 2015, to reach JD 127.9 million.



### ■ Trade Balance

The trade balance deficit in the first two months of 2016 increased by JD 208.6 million, or 16.0 percent, to register JD 1,514.7 million, compared to the same period of 2015.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 10.8 percent in March 2016, compared to the same month of 2015 to register JD 205.2 million. As for the first quarter of 2016, total workers' remittances receipts decreased by 6.8 percent compared to the same period of 2015 to reach JD 587.5 million.

### □ Travel

#### ■ Receipts

Travel receipts decreased by JD 0.4 million, or 0.2 percent, in March 2016, compared to the same month of 2015 to register JD 215.8 million. As for the first quarter of 2016, travel receipts decreased by JD 29.6 million or 4.6 percent compared to the same period of 2015 to reach JD 612.4 million.

#### ■ Payments

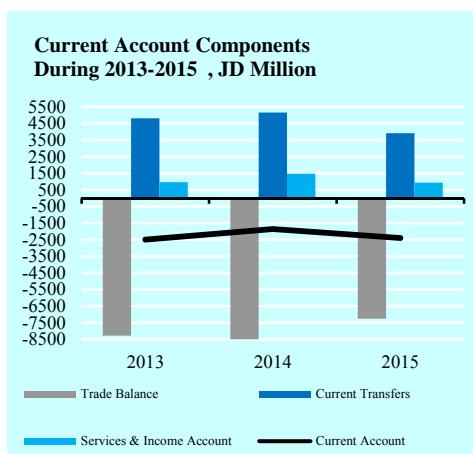
Travel payments increased by JD 4.0 million, or 5.7 percent, in March 2016, compared to the same month of 2015 to stand at JD 74.3 million. As for the first quarter of 2016, travel payments increased by JD 10.2 million or 4.9 percent compared to the same period of 2015 to reach JD 216.5 million.

### □ Balance of Payments

The preliminary data of the balance of payments during 2015 compared to 2014, reveals the following developments:

- The current account recorded a deficit of JD 2,365.6 million (8.9 percent of GDP) compared to a deficit of JD 1,851.7 million (7.3 percent of GDP) during 2014. While the current account deficit excluding grants decreased to reach JD 3,167.8 million or 11.9 percent of GDP compared to JD 3,193.1 million or 12.6 percent of GDP in 2014. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit during 2015 by JD 1,246.3 million, 14.7 percent, to reach JD 7,249.3 million compared to JD 8,495.6 million during 2014.



- ◆ A decrease in the surplus of the services account by JD 492.5 million to reach JD 1,286.4 million.
- ◆ Income account recorded a deficit of JD 347.8 million compared to a deficit of JD 295.9 million during 2014. This was an outcome of the increase in the deficit recorded in investment income (net) by JD 57.1 million and the increase in the surplus recorded in compensation of employees (net) by JD 5.2 million, to reach JD 576.6 million and JD 228.8 million, respectively.
- ◆ A decrease in the surplus of net current transfers by JD 1,215.8 million; to reach JD 3,945.1 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 539.2 million, to reach JD 802.2 million, and the decrease of the transfers of other sectors by JD 676.6 million to reach JD 3,142.9 million.

- The capital and financial account during 2015 registered a net inflow of JD 1,593.7 million, compared to a net inflow of JD 908.9 million during 2014. This can be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 904.4 million compared to an inflow of JD 1,367.5 million during 2014.
  - ◆ Portfolio investments recorded a net inflow of JD 918.4 million compared to an inflow of JD 824.9 million during 2014.
  - ◆ Other investments registered a net inflow of JD 313.7 million compared to an inflow of JD 391.4 million during 2014.
  - ◆ An increase in the reserve assets of CBJ by JD 547.6 million, compared to an increase of JD 1,678.0 million during 2014.

#### □ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 24,357.5 million at the end of 2015 compared to JD 22,578.8 million at the end of 2014. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 121.0 million to reach JD 18,657.9 million at the end of 2015 compared to the end of 2014. The CBJ's reserve assets increased by JD 372.6 million, while the currency and deposits of the banking sector decreased by JD 294.0 million.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 1,899.7 million at the end of 2015 compared to the end of 2014; standing at JD 43,015.5 million due to the following developments:
  - ◆ An increase in the stock of direct investment in Jordan by JD 883.0 million to stand at JD 21,269.9 million.
  - ◆ An increase in the stock of portfolio investments by JD 956.8 million to reach JD 6,728.0 million. Due to the issuance of sovereign Eurobonds in the international markets in a total amount of JD 1,418.0 million and the amortization of bonds in a total of JD 531.8 million.
  - ◆ An increase in the outstanding balance of the general government long-term loans by JD 182.6 million to reach JD 3,377.9 million.
  - ◆ An increase in the outstanding balance of the international monetary fund credit facilities by JD 346.2 million to reach JD 1,310.5 million.
  - ◆ A decrease in the deposits of non-residents at the banking system by JD 323.2 million, to reach JD 7,411.6 million.