



Central Bank of Jordan

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

**Research Dept / Monthly Report  
December, 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 first three quarters of 2016, real GDP at market prices, grew by 2.0 percent, against 2.3 percent during the same period of 2015. The Consumer Price Index continued its contraction by 0.9 percent during the first eleven months of 2016, against a contraction of 0.8 percent during the same period of 2015. Furthermore, the unemployment rate increased during the third quarter of 2016 to stand at 15.9 percent compared to 13.8 percent during the same quarter in 2015.

#### □ Monetary and Financial Sector

- The CBJ's foreign currency reserves amounted to US\$ 12,708.6 at the end of November 2016. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 867.0 million (2.7 percent) at the end of November 2016, compared to its level at the end of 2015, to stand at JD 32,472.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,633.2 million (7.7 percent) at the end of November 2016, compared to its level at the end of 2015, to stand at JD 22,736.7 million.
- Total deposits at licensed banks increased by JD 303.1 million (0.9 percent) at the end of November 2016, compared to its level at the end of 2015, to stand at JD 32,901.6 million. This increase was a result of the increase in foreign currency deposits by JD 289.5 million (4.4 percent) and the increase in the JD deposits by JD 13.6 million (0.1 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,171.0 points at the end of November 2016, increasing by 34.7 points, or 1.6 percent, compared to its level at the end of 2015.

- **Public Finance:** During the first eleven months of 2016, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 803.3 million compared to a fiscal deficit in the amount of JD 1,025.6 million during the same period of 2015. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 716.1 million at the end of November 2016, compared to its level at the end of 2015, to stand at JD 16,202.1 million (59.0 percent of GDP). Outstanding external public debt increased by JD 654.7 million at the end of November 2016 compared to its level at the end of 2015 to reach JD 10,045.0 million, (36.6 percent of GDP). Accordingly, the gross public debt (domestic and external) stood at 95.6 percent of GDP at the end of November 2016 compared to 93.4 percent of GDP at the end of 2015.
- **External Sector:** Total merchandise exports (domestic exports *plus* re-exports) decreased by 4.1 percent to reach JD 4,464.3 million. Similarly, merchandise imports decreased by 7.5 percent to reach JD 11,257.1 million during the first ten months of 2016. As a result, the trade balance deficit decreased by 9.7 percent compared to the same period of 2015, to reach JD 6,792.8 million. The preliminary data for the first eleven months of 2016 showed a decrease in travel receipts by 0.8 percent and an increase in travel payments by 9.0 percent compared to the same period of 2015. Moreover, total workers' remittances receipts decreased by 2.9 percent during the first eleven months of 2016 compared to the same period of 2015. The balance of payments for the first three quarters of 2016 displayed a deficit in the current account amounting to JD 1,910.2 million (9.5 percent of GDP) down from JD 1,979.6 million (10.1 percent of GDP) during the same period of 2015. Meanwhile, the current account deficit excluding grants decreased to reach 11.3 percent of GDP compared with 11.9 percent of GDP during the first three quarters of 2015. Moreover, net direct investment recorded an inflow of JD 809.1 million during the first three quarters of 2016 compared to a net inflow of JD 808.2 million during the same period of 2015. Furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 26,708.7 million at end of September 2016 up from JD 24,815.1 million at the end of 2015.

## First: Monetary and Financial Sector

### □ Summary

- The CBJ's foreign currency reserves amounted to US \$ 12,708.6 million at the end of November 2016. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 867.0 million (2.7 percent) at the end of the first eleven months of 2016, compared to its level at the end of 2015, to total JD 32,472.5 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,633.2 million (7.7 percent) at the end of the first eleven months of 2016, compared to its level at the end of 2015, to reach JD 22,736.7 million.
- Total deposits at licensed banks increased by JD 303.1 million (0.9 percent) at the end of the first eleven months of 2016, compared to its level at the end of 2015, to stand at JD 32,901.6 million.
- The interest rates on all types of deposits and credit facilities, except discounted bills & bonds, had decreased at the end of November 2016 compared to their levels at the end of 2015.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,171.0 points at the end of November 2016, increasing by 34.7 points (1.6 percent), compared to its level at the end of 2015. Moreover, the market capitalization decreased by JD 780.5 million (4.3 percent), compared to its registered level in 2015, to stand at JD 17,204.1 million.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

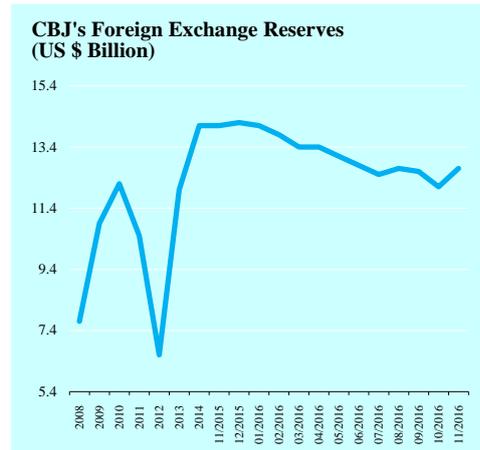
		End of November	
2015		2015	2016
US\$ 14,153.5	CBJ's Foreign Currency Reserves*	US\$ 14,077.3	US\$ 12,708.6
0.5%		-0.01%	-10.2%
31,605.5	Money Supply (M2)	31,366.6	32,472.5
8.1%		7.3%	2.7%
21,103.5	Credit Facilities, of which:	21,048.0	22,736.7
9.5%		9.2%	7.7%
18,098.1	Private Sector (Resident)	17,994.2	19,759.6
4.6%		4.0%	9.2%
32,598.5	Total Deposits, of which:	32,433.5	32,901.6
7.7%		7.2%	0.9%
26,014.5	In JD	25,972.7	26,028.1
8.3%		8.2%	0.1%
6,584.0	In Foreign Currencies	6,460.8	6,873.5
5.4%		3.4%	4.4%
25,799.7	Deposits of Private Sector (Resident), of which:	25,607.3	26,669.2
7.6%		6.8%	3.4%
21,163.1	In JD	21,049.1	21,667.8
8.1%		7.5%	2.4%
4,636.7	In Foreign Currencies	4,558.2	5,001.4
5.3%		3.5%	7.9%

\* 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 amounted to US \$ 12,708.6 million at the end of November 2016. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

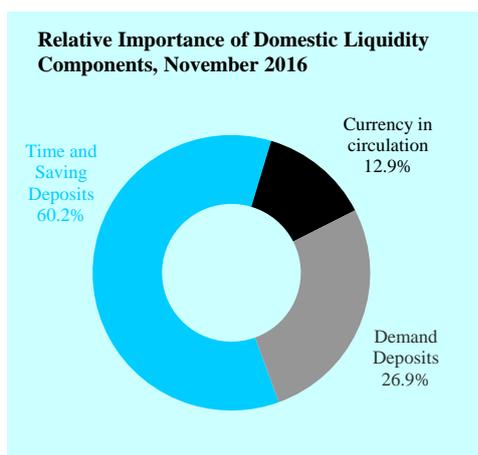
■ Domestic liquidity totaled JD 32,472.5 million at the end of November 2016, increasing by JD 867.0 million, or 2.7 percent, compared to an increase of JD 2,126.2 million, or 7.3 percent, during the same period in 2015.

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

#### ● Components of Domestic Liquidity

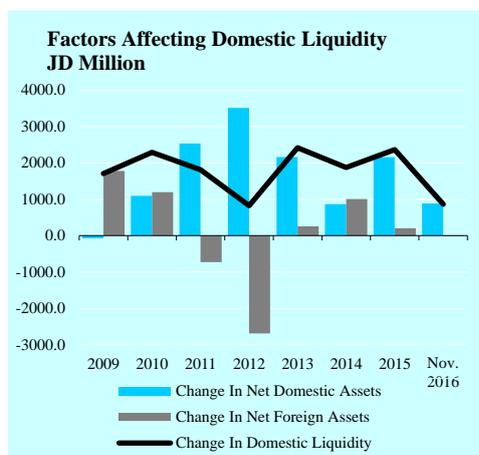
- Deposits increased by JD 618.7 million, or 2.2 percent, at the end of the first eleven months of 2016, compared to their level at the end of 2015, to total JD 28,290.9 million, compared to an increase of JD 1,978.7 million, or 7.8 percent, during the same period in 2015.

- Currency in circulation increased by JD 248.3 million, or 6.3 percent, at the end of November 2016, compared to its level at the end of 2015, to reach JD 4,181.5 million, against an increase of JD 147.5 million, or 3.9 percent, during the same period in 2015.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 883.9 million, or 3.8 percent, at the end of November 2016, compared to its level at the end of 2015, against an increase of JD 2.2 billion, or 10.4 percent, during the same period in 2015.



This increase was a result of the increase in net domestic assets at the CBJ by JD 825.5 million, or 14.3 percent, and its increase at licensed banks by JD 58.4 million, or 0.2 percent.

- Net foreign assets of the banking system decreased by JD 17.2 million, or 0.2 percent, at the end of the first eleven months of 2016, compared to their level at the end of 2015, against a decrease in the amount of JD 81.3 million, or 1.0 percent, during the same period in 2015. This decrease was a result of the decrease of net foreign assets at the CBJ by JD 521.2 million, or 5.1 percent, and the increase of net foreign assets at licensed banks by JD 504.0 million or 25.4 percent.

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

		End of November	
2015		2015	2016
<b>8,137.3</b>	<b>Foreign Assets (Net)</b>	<b>7,850.9</b>	<b>8,120.3</b>
10,124.2	CBJ	10,092.0	9,603.0
-1,986.9	Licensed Banks	-2,241.1	-1,482.7
<b>23,468.2</b>	<b>Domestic Assets (Net)</b>	<b>23,515.7</b>	<b>24,352.2</b>
-5,781.8	CBJ, of which:	-5,729.0	-4,956.3
1,519.1	Claims on Public Sector (Net)	1,792.8	1,279.6
-7,324.1	Other Items (Net*)	-7,545.0	-6,258.9
29,250.2	Licensed Banks	29,244.7	29,308.6
10,220.9	Claims on Public Sector (Net)	10,172.8	10,228.9
18,681.3	Claims on Private Sector	18,572.0	20,421.8
348.0	Other Items (Net)	499.9	-1,342.1
<b>31,605.5</b>	<b>Money Supply (M2)</b>	<b>31,366.6</b>	<b>32,472.5</b>
<b>3,933.2</b>	<b>Currency in Circulation</b>	<b>3,951.9</b>	<b>4,181.5</b>
<b>27,672.3</b>	<b>Total Deposits, of which:</b>	<b>27,414.7</b>	<b>28,290.9</b>
4,709.6	In Foreign Currencies	4,622.9	5,055.8

\* 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 December 18<sup>th</sup>, 2016, the CBJ increased the interest rates on certain monetary policy tools by 25 basis points, to become as follows:

- The CBJ main interest Rate: 2.75 percent.
- Re-Discount Rate: 3.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 1.75 percent.
- Weekly/ Monthly Repurchase Agreements: 2.75 percent.

◆ The interest rate margin on CDs was brought up from 2.25 – 2.50 percent to be 2.50 – 2.75 percent.

◆ This decision aims to ensure the competitiveness and attractiveness of Jordanian dinar as a saving instrument, as well as maintaining monetary and banking stability. The central bank will continue to take all necessary monetary and banking actions to achieve its monetary policy objectives, and its contribution in creating an attractive environment for local and foreign investment, and enable the national economy to achieve appropriate growth rates.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

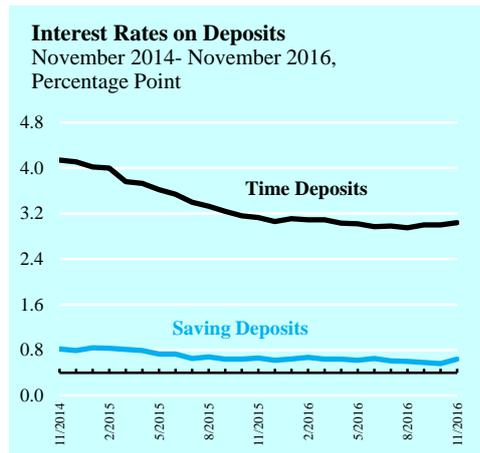
- Time Deposits: The weighted average interest rate on time deposits at the end of November 2016 increased by 4 basis points, compared to its level registered in the previous month to stand at 3.04 percent. This rate is lower by 2 basis points than its level at the end of 2015.

Interest Rates on Monetary Policy Instruments, percentage points

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

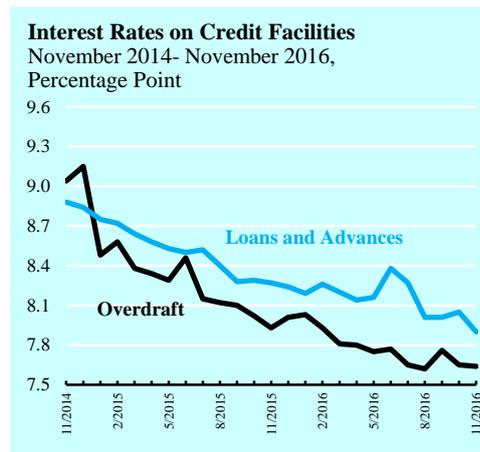
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of November 2016 increased by 8 basis points, compared to its level registered in the previous month to stand at 0.64 percent, which is 2 basis points higher than its level registered at the end of 2015.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of November 2016 maintained the same level registered in the previous months to stand at 0.24 percent. This rate is lower by 8 basis points 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 November 2016 decreased by one basis point compared to its level in the previous month to stand at 7.64 percent, this rate is lower by 37 basis points than its level registered at the end of 2015.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of November 2016, decreased by 6 basis points compared to its level in the previous month to stand at 10.37 percent. This rate is higher by 167 basis points than its level at the end of 2015.

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

	November		Change Relative to the Preceding Year Basis Points
	2015	2016	
<b>Deposits</b>			
0.32 Demand	0.33	0.24	-8
0.62 Saving	0.66	0.64	2
3.06 Time	3.13	3.04	-2
<b>Credit Facilities</b>			
8.70 Discounted Bills and Bonds	9.24	10.37	167
8.24 Loans and Advances	8.27	7.90	-34
8.01 Overdraft	7.93	7.64	-37
8.37 Prime Lending Rate	8.37	8.39	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” at the end of November 2016 decreased by 15 basis points compared to its level in the previous month, to stand at 7.90 percent. This rate is lower by 34 basis points than its level registered at the end of 2015.
- The prime lending rate stood at 8.39 percent at the end of November 2016, this rate is higher by 2 basis points than its level registered at the end of 2015.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, reached 486 basis points at the end of November 2016, which is lower by 32 basis points than its level registered at the end of 2015.

**□ Credit Facilities Extended by Licensed Banks**

- Total credit facilities extended by licensed banks increased by JD 1,633.2 million, or 7.7 percent, at the end of the first eleven months of 2016, compared to its level at the end of 2015, against an increase of JD 1,773.5 million, or 9.2 percent during the same period in 2015.

- The extended credit facilities, according to economic activity, at the end of the first eleven months of 2016 demonstrates an increase in the credit extended to the "construction" sector by JD 644.8 million, or 13.1 percent, followed by "others" item which generally represents facilities extended to individuals, by JD 371.4 million, or 7.2 percent, and the "mining" and the "public services and utilities" sectors by JD 120.1 million, or 70.6 percent, and 115.3 million, or 3.6 percent, respectively, compared to their levels at the end of 2015.
- In terms of borrowers, credit facilities at the end of November 2016 had shown an increase in credit extended to the private sector (resident) by 1,661.5 million, or 9.2 percent, the public institutions by JD 39.0 million, or 12.0 percent, the private sector (non-resident) by JD 4.0 million, or 0.8 percent and the financial institutions by JD 1.8 million, or 20.0 percent. Meanwhile, credit facilities extended to the central government declined by JD 73.2 million, or 13.3 percent, compared to their levels at the end of 2015.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 32,901.6 million at the end of the first eleven months of 2016, increasing by JD 303.1 million, or 0.9 percent, compared to its level at the end of 2015, against an increase of JD 2,172.5 million, or 7.2 percent, during the same period in 2015.
- This increase was a result of the increase in the deposits of the private sector (resident) by JD 869.5 million, or 3.4 percent, and the decrease in the deposits of the public sector (central government plus public institutions) by JD 278.9 million, or 10.3 percent, the private sector (non-resident) by JD 218.1 million, or

6.0 percent, and the non-banking financial institutions by JD 69.4 million, or 15.7 percent.

- The currency composition of deposits at the end of the first eleven months of 2016 revealed that “deposits in foreign currency” increased by JD 289.5 million, or 4.4 percent, and the JD deposits increased by JD 13.6 million, or 0.1 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 eleven months of 2016 compared to 2015. This can be demonstrated as follows:

##### ■ **Trading Volume**

Trading volume at ASE totaled JD 358.3 million in November 2016; up by JD 182.3 million, compared to its level in the previous month, against a decrease of JD 69.5 million, or 31.2 percent, during the same month in 2015. As for the first eleven months of 2016, the trading volume decreased by JD 625.0 million, or 22.5 percent, compared to the same period in 2015, to reach JD 2,156.9 million.

##### ■ **Traded Shares**

The number of traded shares in November 2016 totaled 129.3 million shares; down by 3 million shares, or 2.3 percent, compared to its level in the previous month, against a decrease amounting to 50 million shares, or 27.7 percent, during the same month in 2015. As for the first eleven months of 2016, the number of traded shares decreased by 633.9 million shares, or 26.9 percent, amounting to 1,721.0 million shares, compared to 2,354.9 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 63.4 points, or 3 percent, at the end of November 2016 compared to its level in the previous

month to stand at 2,171.0 point, against a decrease of 40.7 points, or 2 percent, during the same month in 2015. Furthermore, the SPI increased by 34.7 points, or 1.6 percent, at the end of the first eleven months of 2016 compared to its level at the end of 2015, against a decrease in the amount of 171.8 points, or 7.9 percent, during the same period in 2015. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 233.2 points, or 12.6 percent, and the financial sector by 19.0 points or 0.7 percent. Meanwhile, the SPI for the services sector decreased by 104.0 points, or 6.0 percent, compared to their levels at the end of 2015.

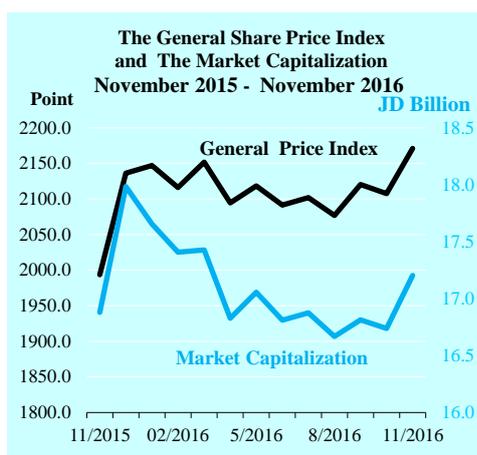
### ■ Market Capitalization

The ASE's market capitalization totaled JD 17.2 billion at the end of November 2016; increasing by JD 466.2 million, or 2.8 percent, compared to its level in the previous month, against a decrease of JD 256.7 million, or 1.5 percent,

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

2015		November	
		2015	2016
2,136.3	General Index	1,993.7	2,171.0
2,906.2	Financial Sector	2,730.2	2,925.1
1,848.8	Industrial Sector	1,771.9	2,082.0
1,726.7	Services Sector	1,582.9	1,622.7

Source: Amman Stock Exchange.



during the same month in 2015. As for the first eleven months of 2016, the market capitalization decreased by JD 780.6 million, or 4.3 percent, compared to a decrease of JD 1.2 billion or 6.7 percent, during the same period in 2015.

#### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 50.5 million in November 2016, compared to an inflow of JD 7.5 million during the same month in 2015; the value of shares acquired by non-Jordanian in November 2016 amounted to JD 150.4 million, while their selling amounted to JD 99.9 million. As for the first

<b>Main Amman Stock Exchange Trading Indicators, JD Million</b>			
		<b>November</b>	
<b>2015</b>		<b>2015</b>	<b>2016</b>
3,417.1	Value Traded	153.1	358.3
13.9	Average Daily Trading	7.3	16.3
17,984.7	Market Capitalization	16,879.9	17,204.1
2,585.8	No. of Traded Shares (million)	130.4	129.3
10.6	Net Investment of Non-Jordanian	7.5	50.5
981.7	Non-Jordanian Buying	32.5	150.4
971.1	Non-Jordanian Selling	25.1	99.9

Source: Amman Stock Exchange.

eleven months of 2016, non-Jordanian net investment recorded an inflow amounted to JD 194.2 million, compared to an outflow of JD 1.5 million, during the same period in 2015.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the third quarter of 2016, against 2.6 percent during the same quarter of 2015. At current market prices, GDP grew by 2.6 percent during the third quarter of 2016, compared to 4.7 percent during the same quarter of 2015.
- Accordingly, GDP at constant market prices grew by 2.0 percent during the first three quarters of 2016, against 2.3 percent during the same period of 2015. At current market prices, GDP grew by 3.2 percent during the first three quarters of 2016, compared to 4.8 percent during the same period of 2015.
- The Consumer Price Index (CPI) continued its contraction by 0.9 percent during the first eleven months of 2016, against a contraction of 0.8 percent during the same period of 2015.
- The unemployment rate increased during the third quarter of 2016 to stand at 15.9 percent (13.8 percent for males and 25.2 percent for females), compared to 13.8 percent (11.1 percent for males and 25.1 percent for females) during the same quarter of 2015. The unemployment rate among academic degree holders (Bachelor and higher) reached 22.4 percent.

### □ Developments of GDP

- Despite the deepening of the political and social unrest in the region, particularly; in Syria and Iraq, that have strongly influenced the performance of many economic sectors; the real GDP grew by 2.0 percent during the first three quarters of 2016 compared to 2.3 percent during the same period of 2015. When excluding “net taxes on products”, which grew by 1.1 percent, GDP at constant basic prices grew by 2.2 percent during the first three quarters of 2016, compared to 2.5 percent during the same period of 2015.

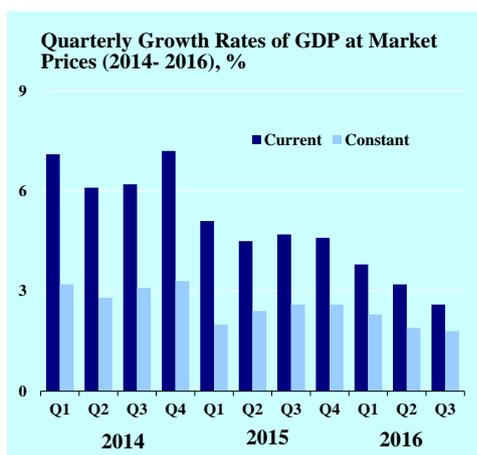
Quarterly Growth Rates of GDP at Market Prices 2014 - 2016					
	Q 1	Q2	Q3	Q4	Percentages Year
<b>2014</b>					
GDP at Constant Market Prices	3.2	2.8	3.1	3.3	<b>3.1</b>
GDP at Current Market Prices	7.1	6.1	6.2	7.2	<b>6.6</b>
<b>2015</b>					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	<b>2.4</b>
GDP at Current Market Prices	5.1	4.5	4.7	4.6	<b>4.7</b>
<b>2016</b>					
GDP at Constant Market Prices	2.3	1.9	1.8	-	-
GDP at Current Market Prices	3.8	3.2	2.6	-	-

Source: Department of Statistics.

At current market prices, GDP grew by 3.2 percent during the first three quarters of 2016, compared to 4.8 percent during the same period of 2015. This slowdown in nominal growth is mainly attributed to the slowdown in the general price level, measured by the GDP deflator, which grew by 1.1 percent compared to 2.4 percent during the first three quarters of 2015, as a reflection of the continuous decline of oil prices in the international market which contributed in reducing the inflationary pressures upon the national economy.

The main sectors contributed to the economic growth during the first three quarters of 2016 were; “finance and insurance services” (0.6 percentage point), “transports, storage and communications” (0.5 percentage point), agriculture (0.2 percentage point), “electricity and water” (0.2 percentage point). These sectors collectively accounted for 75 percent of real GDP growth during the first three quarters of 2016.

The economic sectors displayed a wide variation in their performance during the first three quarter of 2016. Some sectors recorded accelerated growth, such as “electricity and water”, “finance and insurance services” agriculture, “transport, storage and communications”, and construction. Meanwhile, manufacturing, and “wholesale and retail trade” experienced slowdown. On the other hand, “mining and quarrying”, and “restaurant and hotels” sector showed contraction in its performance.



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

Sectors	Relative change		Contribution	
	First three quarters 2015	First three quarters 2016	First three quarters 2015	First three quarters 2016
<b>GDP At Market Prices</b>	2.3	2.0	2.3	2.0
Agriculture, Hunting, Forestry, And Fishing	0.7	5.3	-	0.2
Mining And Quarrying	16.8	-14.7	0.2	-0.2
Manufacturing	1.4	0.8	0.2	0.1
Electricity And Water	8.6	10.8	0.2	0.2
Construction	-2.7	0.8	-0.1	-
Wholesale And Retail Trade	1.4	1.3	0.1	0.1
Restaurant And Hotels	-3.4	-0.9	-	-
Transport, Storage & Communications	3.0	3.2	0.4	0.5
Finance And Insurance Services	5.5	5.6	0.5	0.6
Real Estate	2.2	2.2	0.2	0.2
Community, Social And Personal Services	4.1	3.6	0.2	0.2
Producers Of Government Services	2.4	1.2	0.3	0.1
Producers Of Private Non-Profit Services To	6.2	4.1	-	-
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 year 2016. Some indicators recorded a notable growth, such as; “Mining and quarrying” production quantity index (4.2 percent), “Number of passengers through Royal Jordanian” (2.5 percent), and “number of departures” (0.4 percent). However, other indicators showed a contraction, particularly; Cargo through Royal Jordanian (20.9 percent) and Value traded at the real estate market (7.2 percent). The following table displays the performance of the main sectoral indicators.

#### Main Sectoral Indicators\*

Percentage Points

2014	2015	Item	2015	Available period	2016
7.2	-12.5	Licensed areas for buildings	-15.6	January- October	-6.8
-1.2	-8.8	Manufacturing production quantity index**	-	October	0.0
-0.7	-0.5	Food products and beverages	-		-21.6
0.2	45.9	Tobacco products	-		-12.1
-0.8	-1.7	Refined petroleum products	-		3.5
0.3	63.8	Wearing apparel	-		82.3
0.6	3.4	Non-metallic mineral products	-		-18.4
-0.6	-10.8	Chemical products	-		4.8
1.6	16.9	“Mining and quarrying” production quantity index**	-		4.2
0.0	-38.3	Extraction of crude petroleum and natural gas	-		3.1
1.6	17.6	Other mining and quarrying	-		4.2
16.7	-3.5	Quantities of exported and imported goods shipped through Aqaba port	-1.0	January-October	-5.9
-2.8	-7.9	Number of passengers through Royal Jordanian	-8.5	January-November	2.5
-1.7	-0.7	Cargo through Royal Jordanian	-0.9		-20.9
-0.5	-7.4	Number of departures	-7.7		0.4
22.4	-2.0	Value traded at the real estate market	-2.0	January-December	-7.2

\* : Computed based on the data from Department of Statistics, Department of land and survey, and 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.

- Compared to the same month in the previous year.

## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), continued its contraction by 0.9 percent during the first eleven months of 2016, compared with a contraction of 0.8 percent during the same period of 2015. This came as a result of the continuous falling in the prices of food and oil in the global markets and its impact on domestic prices. The main groups and items that witnessed contraction in their prices are transportation (4.7 percent), “fuels and lighting” (4.9 percent), and “meat and poultry” (10.2 percent). They collectively contributed in reducing the overall inflation rate by 1.7 percentage points.

### Annual Bases Inflation Rate

For the first Eleven months of the years (2008-2016), percentages



### Inflation Rate during the first eleven months for the Year 2015 - 2016

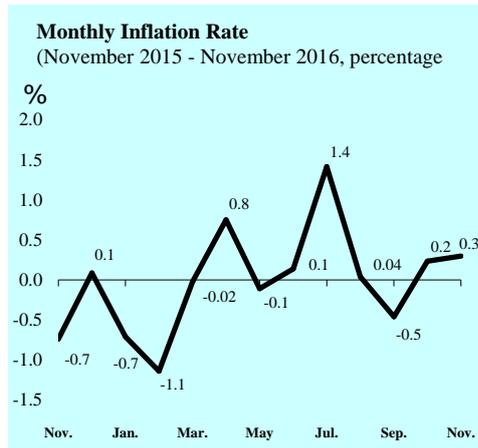
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan - Nov. 2015	Jan - Nov. 2016	Jan - Nov. 2015	Jan - Nov. 2016
<b>All Items</b>	<b>100.0</b>	<b>-0.8</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-0.9</b>
<b>1) Food and non-Alcoholic Beverages, of which:</b>	<b>33.4</b>	<b>1.3</b>	<b>-3.4</b>	<b>0.4</b>	<b>-1.1</b>
Meat and Poultry	8.2	0.9	-10.2	0.1	-0.9
Dairy Products and Eggs	4.2	0.4	-2.5	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.9	0.7	-4.0	0.0	-0.2
Fruits and Nuts	2.7	6.5	-3.1	0.2	-0.1
Oils and Fats	1.9	3.7	2.5	0.1	0.0
<b>2) Alcohol and Tobacco and Cigarettes</b>	<b>4.4</b>	<b>3.6</b>	<b>3.0</b>	<b>0.1</b>	<b>0.1</b>
<b>3) Clothing and footwear</b>	<b>3.5</b>	<b>5.1</b>	<b>1.7</b>	<b>0.2</b>	<b>0.1</b>
<b>4) Housing, of which:</b>	<b>21.9</b>	<b>0.7</b>	<b>1.1</b>	<b>0.2</b>	<b>0.2</b>
Rents	15.6	5.1	2.6	0.8	0.4
Fuels and Lighting	4.8	-13.1	-4.9	-0.7	-0.2
<b>5) Household Furnishings and Equipment</b>	<b>4.2</b>	<b>2.0</b>	<b>1.0</b>	<b>0.1</b>	<b>0.0</b>
<b>6) Health</b>	<b>2.2</b>	<b>2.8</b>	<b>3.2</b>	<b>0.1</b>	<b>0.1</b>
<b>7) Transportation</b>	<b>13.6</b>	<b>-14.3</b>	<b>-4.7</b>	<b>-2.2</b>	<b>-0.6</b>
<b>8) Communication</b>	<b>3.5</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.0</b>
<b>9) Culture and Recreation</b>	<b>2.3</b>	<b>5.3</b>	<b>4.2</b>	<b>0.1</b>	<b>0.1</b>
<b>10) Education</b>	<b>5.4</b>	<b>3.2</b>	<b>1.7</b>	<b>0.2</b>	<b>0.1</b>
<b>11) Restaurants and Hotels</b>	<b>1.8</b>	<b>1.4</b>	<b>1.2</b>	<b>0.0</b>	<b>0.0</b>
<b>12) Other Goods and Services</b>	<b>3.7</b>	<b>0.9</b>	<b>1.9</b>	<b>0.0</b>	<b>0.1</b>

Source: Department of Statistics.

In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (4.2 percent), clothing and footwear (1.7 percent), rents (2.6 percent).

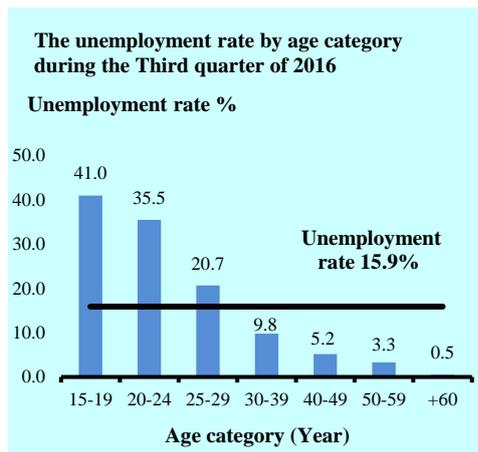
In November 2016, the CPI witnessed an increasing by 0.3 percent compared with October

2016. This was due to the increase in the prices of some groups, mainly; transportation (1.7 percent), and “culture and recreation” (5.4 percent), and the contraction in prices of other items such as, “Meat and Poultry” (2.5 percent), and “vegetables and legumes dry and canned” (2.8 percent), and “Fruits and Nuts” (4.9 percent).



**Employment**

- The unemployment rate increased during the third quarter of 2016 to reach 15.9 percent (13.8 percent for males and 25.2 percent for females), compared to 13.8 percent (11.1 percent for males and 25.1 percent for females) during the same period of 2015.



- The unemployment among youth reached 41.0 percent for the categories of 15-19 years old, and 35.5 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 third quarter of 2016 reached 36.3 percent (58.8 percent for males and 13.4 percent for females), compared to 37.6 percent (60.5 percent for males and 14.5 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 third quarter of 2016, compared to 32.4 percent during the same quarter in 2015. The employees in the sector of “public administration, defense, and social security” accounted for 25.6 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.3 percent), education (11.8 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 803.3 million during the first eleven months of 2016, comparing to a fiscal deficit in the amount of JD 1,025.6 million during the same period in 2015. When excluding foreign grants (JD 406.4 million), the general budget deficit reaches JD 1,209.7 million compared to a deficit in the amount of JD 1,474.0 million during the same period in 2015.
- Gross outstanding domestic public debt increased by JD 716.1 million at the end of November 2016 compared to its level at the end of 2015, to reach JD 16,202.1 million (59.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) went up by JD 654.7 million at the end of November 2016, compared to its level at the end of 2015, to stand at JD 10,045.2 million (36.6 percent of GDP).
- As a result, gross outstanding public debt (domestic and external) reached JD 26,247.3 million (95.6 percent of GDP) at the end of November 2016 compared to JD 24,876.5 million (93.4 percent of GDP) at the end of 2015.

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

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 101.3 million, or 22.9 percent, in November 2016 compared to the same month of 2015 to reach JD 542.9 million. As for the first eleven months of 2016, these revenues were up by JD 452.1 million, or 7.9 percent, compared to the same period in 2015 to stand at JD 6,187.3 million. This came as an outcome of the increase in domestic revenues by JD 494.1 million, and the decrease in foreign grants by JD 42.0 million.

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

(JD Million and Percentages)

	November		Growth Rate	Jan. -Nov.		Growth Rate
	2015	2016		2015	2016	
<b>Total Revenues and Grants</b>	<b>441.6</b>	<b>542.9</b>	<b>22.9</b>	<b>5,735.2</b>	<b>6,187.3</b>	<b>7.9</b>
Domestic Revenues, of which:	402.3	482.5	19.9	5,286.8	5,780.9	9.3
Tax Revenues, of which:	290.7	336.3	15.7	3,784.6	3,970.4	4.9
General Sales Tax	231.0	269.7	16.8	2,539.0	2,661.4	4.8
Other Revenues	110.1	145.2	31.9	1,485.6	1,796.5	20.9
Foreign Grants	39.3	60.4	53.7	448.4	406.4	-9.4
<b>Total Expenditures, of which:</b>	<b>632.5</b>	<b>674.6</b>	<b>6.7</b>	<b>6,760.8</b>	<b>6,990.6</b>	<b>3.4</b>
Capital Expenditures	78.5	110.3	40.5	815.8	801.7	-1.7
<b>Overall Deficit/ Surplus</b>	<b>-190.9</b>	<b>-131.7</b>	<b>-</b>	<b>-1,025.6</b>	<b>-803.3</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase by JD 494.1 million, or 9.3 percent, during the first eleven months of 2016 compared to the same period in 2015, to reach JD 5,780.9 million. This increase was an outcome of the rise in the proceeds of “tax revenues”, and “other revenues”, by JD 185.8 million, JD 310.9 million, respectively, and the drop in pension contribution by JD 2.6 million.

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

### ● Tax Revenues

Tax revenues increased by JD 185.8 million, or 4.9 percent, during the first eleven months of 2016 compared to the same period in 2015, to reach JD 3,970.4 million (68.7 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 122.4 million, or 4.8 percent, which reached JD 2,661.4 million (accounting for 67.0 percent of total tax revenues). This result was driven by the increase in the proceeds of “sales tax on commercial sector”, “sales tax on services”, “sales tax on domestic goods”, and “sales tax on imported goods” by JD 51.0 million, JD 47.2 million, JD 15.5 million, and JD 8.6 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 87.2 million, or 10.5 percent, which reached JD 914.1 million (accounting for 23.0 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 97.5 million, and decrease in the proceeds of “income tax from individuals” by JD 10.3 million. Accordingly, income tax from companies accounted for 80.3 percent of total taxes on income and profits to reach JD 733.7 million.

- A decrease in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 18.6 million or 6.1 percent, to reach JD 287.9 million (accounting for 7.3 percent of total tax revenues).
- A decrease in real-estates tax (taxes on financial transactions) by JD 5.0 million, or 4.5 percent, to reach JD 107.0 million (accounting for 2.7 percent of total tax revenues).

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

“Other revenues” increased by JD 310.9 million, or 20.9 percent, during the first eleven months of 2016 to reach JD 1,796.5 million. This increase was chiefly due to:

- An increase in miscellaneous revenues by JD 346.5 million to stand at JD 731.5 million.
- An increase in “revenues from selling goods and services” by JD 7.8 million to reach JD 786.7 million.
- A drop in property income by JD 43.5 million to stand at JD 278.3 million (of which financial surplus of independent government units amounted to JD 257.7 million against JD 285.0 million during the same period in 2015).

- **Pension Contributions**

Pension contributions witnessed a decrease by JD 2.6 million, or 15.7 percent, during the first eleven months of 2016, standing at JD 14.0 million.

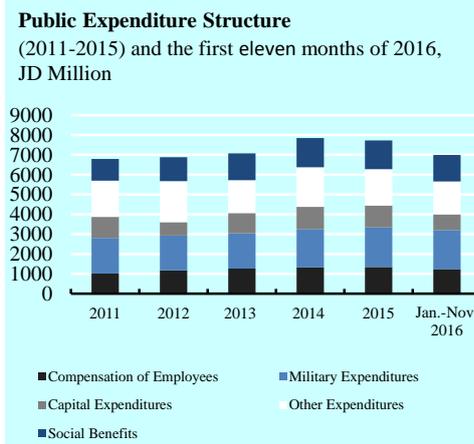
- ◆ **Foreign Grants**

Foreign grants decreased by JD 42.0 million, or 9.4 percent, during the first eleven months of 2016, standing at JD 406.4 million.

## Public Expenditures

Public expenditures witnessed an increase by JD 42.1 million, or 6.7 percent, in November 2016 compared to the same month in 2015 to stand at JD 674.6 million. Moreover, public expenditures increased by JD 229.8 million, or 3.4 percent during the first eleven months of 2016 compared to the same period in 2015, to stand at JD 6,990.6 million.

This increase was an outcome of the rise in current expenditures by JD 243.9 million, and the decline in capital expenditures by JD 14.1 million.



## Current Expenditures

Current expenditures increased by JD 243.9 million, or 4.1 percent, during the first eleven months of 2016, to reach JD 6,188.9 million. This increase was chiefly due to:

- An increase in military expenditures by JD 140.3 million to total JD 1,962.3 million, accounting for 31.7 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 22.2 million to reach JD 1,239.6 million, accounting for 20.0 percent of total current expenditures.
- A rise in social benefit expenditures by JD 8.3 million to stand at JD 1,328.7 million, accounting for 21.5 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 67.3 million to stand at JD 371.7 million, accounting for 6.0 percent of total current expenditures.

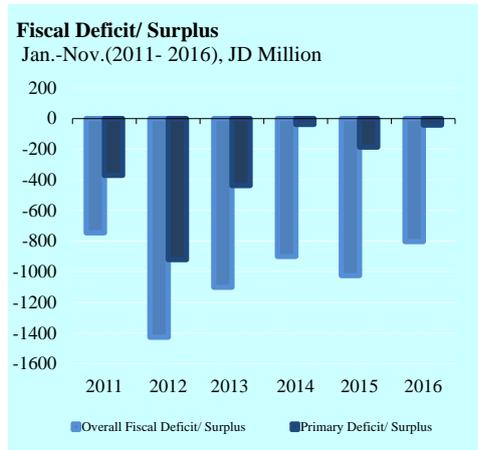
- An increase in goods subsidies by JD 5.9 million to stand at JD 113.2 million, accounting for 1.8 percent of total current expenditures.
- A drop in interest payments by JD 79.5 million to stand at JD 760.1 million, accounting for 12.3 percent of total current expenditures.

#### ◆ Capital Expenditures

Capital expenditures decreased by JD 14.1 million, or 1.7 percent during the first eleven months of 2016 compared to the same period in 2015, to reach JD 801.7 million.

#### ■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 803.3 million during the first eleven months of 2016, against a fiscal deficit in the amount of JD 1,025.6 million during the same period in 2015.

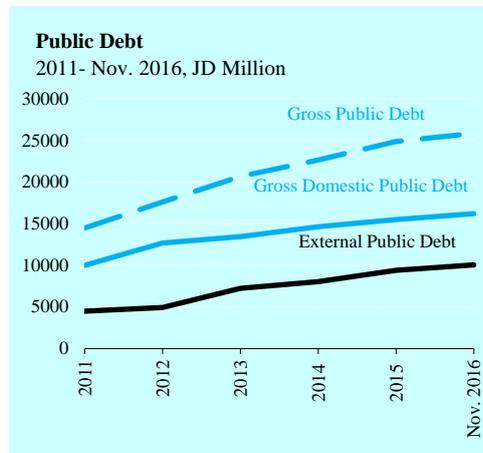
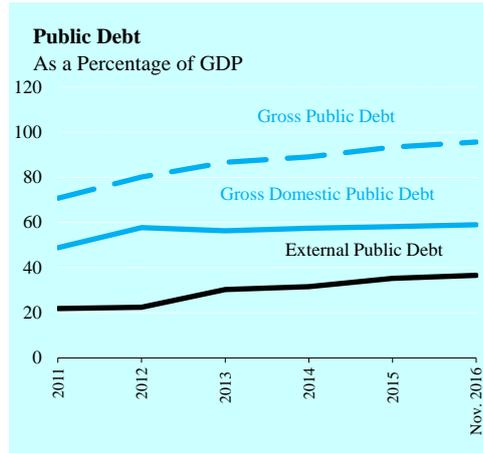


- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 43.2 million during the first eleven months of 2016, against a primary deficit of JD 186.0 million during the same period in 2015, if foreign grant was excluded, the general budget recorded a primary deficit in the amount of JD 449.6 million, during the first eleven months of 2016, against a primary deficit of JD 634.4 million during the same period in 2015.

Public Debt

Gross outstanding domestic public debt increased by JD 716.1 million at the end of November 2016 compared to its level at the end of 2015 to total JD 16,202.1 million, or 59.0 percent of GDP. 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 789.0 million at the end of November 2016, compared to their level at the end of 2015, standing at JD 13,173.0

million, however, the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government declined by JD 80.0 million to stand at JD 432.0 million. Moreover, gross domestic debt of own-budget agencies increased by JD 26.0 million to stand at JD 2,577.0 million, on the other. In this regard, loans and advances extended to these



agencies went up by JD 55.0 million to stand at JD 2,044.0 million, while own-budget agencies' bonds decreased by 30.0 million to stand at JD 533.0 million compared to its level at the end of 2015.

- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 897.8 million at the end of November 2016 comparing to its level at the end of 2015 to total JD 14,354.8 million (52.3 percent of GDP).
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 654.7 million at the end of November 2016 compared to its level at the end of 2015, amounting to JD 10,045.2 million (36.6 percent of GDP). This increase was driven by the issuance of sovereign Eurobonds in international markets in the amount of USD 1.0 billion in November 2016. The currency debt structure shows that external debt in US dollars accounted for 64.4 percent, while debt in Euros accounted for 6.2 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 6.5 percent and 7.1 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 13.2 percent.
- Gross public debt (domestic and external) increased by JD 1,370.8 million at the end of November 2016 compared to its level at the end of 2015 to stand at JD 26,247.3 million, (95.6 percent of GDP), against JD 24,876.5 million (93.4 percent of GDP) at the end of 2015.
- External debt service (budgetary and guaranteed) increased by JD 236.4 million during the first eleven months of 2016 to stand at JD 1,577.7 million, compared to same period of 2015. This rise was a result of domestic bonds in dollar amortization by JD 815.0 million (USD 1,150.0 million), during of February and August of this year.

### □ Fiscal and Price Measures

- The cabinet decided to increase 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	2017	Percentage Change
		December	January	
Unleaded Gasoline 90	Fils/Liter	580	620	6.9
Unleaded Gasoline 95	Fils/Liter	755	810	7.3
Gas Oil (Diesel)	Fils/Liter	435	465	6.9
Kerosene	Fils/Liter	435	465	6.9
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	313.6	349.7	11.5
Fuel for airplanes (local companies)	Fils/Liter	340	373	9.7
Fuel for airplanes (foreign companies)	Fils/Liter	345	378	9.6
Fuel for unplanned flights	Fils/Liter	360	393	9.2
Asphalt	JD/Ton	302.5	339.5	12.2

Source: Jordan Petroleum Refinery Company (1/1/2017).

- The cabinet adopted a bundle of fiscal measures, which includes the following: (June 2016)
  - Raising cigarettes price by 50 Fils per packet in the customs zone (inside the Kingdom), and by 100 Fils per packet in the Aqaba Special Economic Zone.
  - Removal of the general sales tax and customs exemptions on clothes and shoes.

- Reducing depreciation allowance on used imported cars.
- Raising the selling price of Diesel, Kerosene, and unleaded gasoline by 25 Fils per liter.
- Raising the special tax on alcoholic beverages and wine from JD 3.75 to JD 5.5 per liter in the customs zone.
- The cabinet decided for removal the reduction in fees and taxes on land purchases by 50% (July 2016).
- The Council of Commissioners of the Energy and Mineral Resources Regulatory Commission (EMRC) has announced the new electricity tariffs for subscribers, to replace the tariffs published in the Official Gazette in 2015 (October 2016).

#### □ Grants, Loans and Other Agreements

- Signing a soft loan agreement provided by the World Bank in the amount of USD 300.0 million, as a contribution to cover the fiscal gap for the year 2016 (October 2016).
- Signing four grant agreements in the amount of USD 787 million under the US 2016 economic assistance package for Jordan (October 2016), distributed as follows:
  - Cash Budget support in the amount of USD 412 million, to finance priority projects within the 2016 Budget Law.
  - Social Sector development in the amount of USD 244.3 million, through the implementation of several projects and programs within the following sectors: health, mother and child care, reproductive health, education, water, environment, and others.
  - Strengthening democratic accountability in the amount of USD 60 million, will be allocated to implement several projects in the fields of; the rule of law, governance, civil society, and supporting political reform efforts.

- Supporting economic development in the amount of USD 70.5 million, will be allocated for the implementation of a several priority projects to promote economic growth, improve economic opportunities, trade and investment, infrastructure, and enhance private sector competitiveness.
- Signing two soft loan agreements provided by the French Agency for Development in the amount of EUR 132 million. The first loan (in the amount of EUR 100 million) aims to support the general budget, particularly, the municipal finance sector (Sector Policy Loan). The second loan (in the amount of EUR 32 million), is allocated for the project of improving access to water, and the disposal of sewage in the governorate of Irbid. This loan comes as a part of the financing and donor response to the consequences of the Syrian crisis on Jordan and within the commitments and pledges made under the London conference (November 2016).
- Signing a concessional loan agreement extended by the Japanese international cooperation agency (JICA) in the amount of Yen 30 billion (equivalent to USD 254 million) to directly support the general budget in order to enhance the financial situation and contribute to cover the financing gap for the year 2016-2017, in order to mitigate the financial challenges facing the kingdom (December 2016).
- Signing two grant agreements extended by European Union through the French Development Agency in the amount of EUR 40 million, to support the water and sewage sector in the governorate of Irbid as a part of follow up outcomes of the London conference (December 2016).

- Signing a grant agreement extended by Indian government in the amount of USD 2 million, to support humanitarian assistance for Syrian refugees and host communities (December 2016).
- Signing a concessional financing and a grants agreements extended by European Bank for Reconstruction and Development (EBRD) in the amount of EUR 45 million, half of it grant, to finance and implementation the Ain Ghazal Wastewater Project (December 2016).
- Signing an additional financing grant agreement extended by the World Bank in the amount of USD 10.8 million, to support a project for "Syrian refugee host communities response to emergency services and enhance capability to adapt with social changes" (January 2017).

#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 5.0 percent in October 2016 compared to the same month of 2015 to record JD 466.3 million. As for the first ten months of 2016, total merchandize exports decreased by 4.1 percent compared to the same period of 2015 to reach JD 4,464.3 million.
- **Merchandize imports** decreased by 2.2 percent in October 2016 compared to the same month of 2015 to reach JD 1,212.9 million. As for the first ten months of 2016, total merchandize imports decreased by 7.5 percent compared to the same period of 2015 to reach JD 11,257.1 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 0.4 percent in October 2016 compared to the same month in 2015; standing at JD 746.6 million. As for the first ten months of 2016, trade balance deficit decreased by 9.7 percent compared to the same period of 2015 to reach JD 6,792.8 million.
- **Travel receipts** increased by 11.1 percent in November 2016 compared to the same month of 2015 to reach JD 220.4 million, while travel payments increased by 20.0 percent to reach JD 53.3 million. As for the first ten months of 2016, travel receipts decreased by 0.8 percent to reach JD 2,649.4 million, while travel payments increased by 9.0 percent to reach JD 834.5 million compared to the same period of 2015.
- **Total workers' remittances receipts** increased by 6.8 percent in November 2016 compared to the same month of 2015 to reach JD 216.4 million. As for the first eleven months of 2016, total workers' remittances decreased by 2.9 percent compared to the same period of 2015 to reach JD 2,407.3 million.
- **The current account of the balance of payments** registered a deficit of JD 1,910.2 million (9.5 percent of GDP) during the first three quarters of 2016 compared to a deficit of JD 1,979.6 million (10.1 percent of GDP) during the same period of 2015. Meanwhile, the current account deficit excluding grants went down to reach 11.3 percent of GDP compared with 11.9 percent of GDP during the first three quarters of 2015.
- **Net direct investment** recorded an inflow of JD 809.1 million during the first three quarters of 2016, up from JD 808.2 million during the same period of 2015.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 26,708.7 million at end of September 2016; compared to JD 24,815.1 million at the end of 2015.

#### □ External Trade

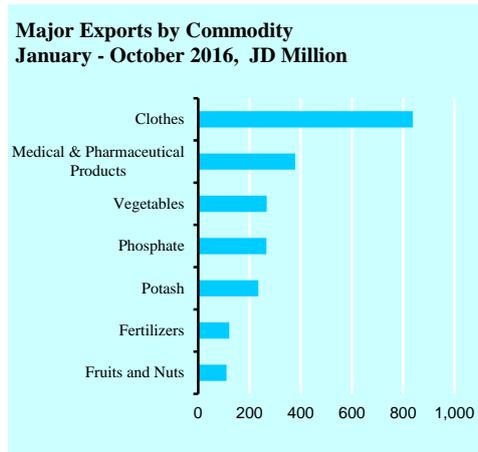
- As a result of the decrease in both domestic exports and imports by JD 372.7 million and JD 915.9 million, respectively, during the first ten months of 2016 compared to the same period of 2015, the volume of external trade (domestic exports *plus* imports) decreased by JD 1,288.6 million to stand at JD 14,912.3 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January – October				January – October				
	2015	2016	Percentage Change		2015	Percentage Change 2015/2014	2016	Percentage Change 2016/2015
<b>Exports</b>				External Trade	16,200.9	-9.0	14,912.3	-8.0
USA	845.8	874.3	3.4	Total Exports	4,653.6	-6.0	4,464.3	-4.1
Saudi Arabia	678.0	558.1	-17.7	Domestic Exports	4,027.9	-6.3	3,655.2	-9.3
India	361.3	291.4	-19.3	Re-exports	625.7	-4.0	809.1	29.3
Iraq	415.0	276.3	-33.4	Imports	12,173.0	-9.8	11,257.1	-7.5
Kuwait	171.3	203.9	19.0	Trade Balance	-7,519.4	-12.0	-6,792.8	-9.7
UAE	192.0	188.5	-1.8	Source: Department of Statistics.				
Qatar	90.1	100.3	11.3					
<b>Imports</b>								
China	1,566.2	1,582.4	1.0					
Saudi Arabia	1,878.5	1,310.9	-30.2					
USA	751.8	799.2	6.3					
Italy	448.6	517.4	15.3					
Germany	567.7	490.2	-13.7					
UAE	488.9	445.2	-8.9					
Turkey	469.5	397.0	-15.4					
Source: Department of Statistics.								

### ■ Merchandize Exports:

Total merchandize exports decreased by 4.1 percent during the first ten months of 2016, to record JD 4,464.3 million. This decrease resulted from a decline in domestic exports

by JD 372.7 million, or 9.3 percent, to reach JD 3,655.2 million, and the increase in re-exports by 29.3 percent, to reach JD 809.1 million.



### ◆ The developments of domestic exports during the first ten months of 2016 compared to the same period of 2015 reveals the following:

- Exports of **Potash** decreased by JD 132.6 million, or 36.1 percent, to stand at JD 234.8 million. The Indian, Chinese and Malaysian markets accounted for 65.8 percent of these exports.
- Exports of **Vegetables** decreased by JD 78.7 million, or 22.7 percent, to reach JD 267.4 million. Saudi Arabia, the UAE and Kuwait were main destinations markets, accounting for 64.1 percent.

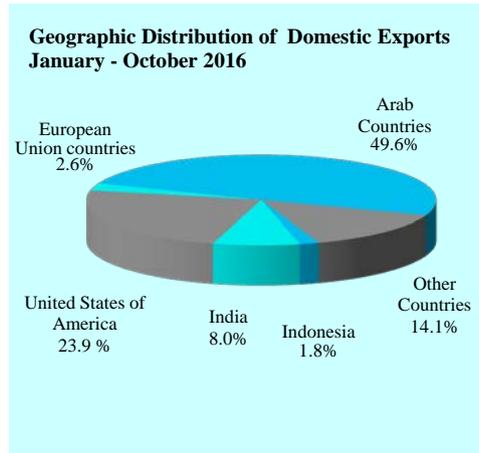
- Exports of **Phosphates** decreased by JD 38.7 million, or 12.7 percent, to register JD 266.1 million. This was mainly a result of the decrease in prices by 14.3 percent and the increase in exported quantities by 1.8 percent. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 82.1 percent.
- Exports of **Medical & Pharmaceutical Products** increased by JD 56.7 million, or 17.6 percent, to reach JD 378.7 million. The markets of Saudi Arabia, Algeria, Iraq, and Sudan accounted for 56.9 percent of these exports.

**Major Domestic Exports by Commodity, JD Million**  
First ten months 2015-2016

	2015	2016	Percentage Change
<b>Domestic Exports</b>	<b>4,027.9</b>	<b>3,655.2</b>	<b>-9.3</b>
<b>Clothes</b>	<b>823.4</b>	<b>837.4</b>	<b>1.7</b>
USA	745.8	752.5	0.9
<b>Medical &amp; Pharmaceutical Products</b>	<b>322.0</b>	<b>378.7</b>	<b>17.6</b>
Saudi Arabia	78.2	88.0	12.5
Algeria	36.8	56.7	54.1
Iraq	27.2	43.2	58.8
Sudan	36.1	27.7	-23.3
<b>Vegetables</b>	<b>346.1</b>	<b>267.4</b>	<b>-22.7</b>
Saudi Arabia	70.3	60.1	-14.5
UAE	64.1	58.9	-8.1
Kuwait	54.0	52.4	-3.0
<b>Phosphates</b>	<b>304.8</b>	<b>266.1</b>	<b>-12.7</b>
India	208.2	170.5	-18.1
Indonesia	46.2	48.0	3.9
<b>Potash</b>	<b>367.4</b>	<b>234.8</b>	<b>-36.1</b>
India	94.7	62.1	-34.4
China	122.1	52.6	-56.9
Malaysia	43.9	39.9	-9.1
<b>Fertilizers</b>	<b>109.3</b>	<b>120.9</b>	<b>10.6</b>
Turkey	23.7	36.1	52.3
Iraq	8.3	34.3	313.3
India	45.1	30.3	-32.8
<b>Fruits and Nuts</b>	<b>135.3</b>	<b>110.8</b>	<b>-18.1</b>
Kuwait	41.0	40.3	-1.7
Saudi Arabia	40.8	29.2	-28.2
UAE	12.0	12.3	2.5

Source: Department of Statistics.

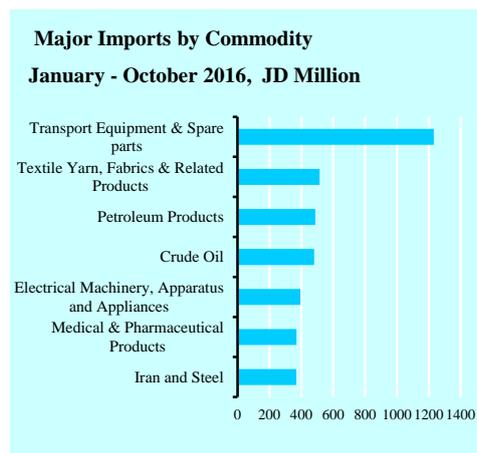
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, “medical and pharmaceutical products”,



vegetables, phosphates, potash, fertilizers and “fruits and nuts” topped the list of domestic exports during the first ten months of 2016; accounting for 60.6 percent, compared with 59.8 percent during the same period of 2015. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE and Qatar were the main destination markets for domestic exports during the first ten months of 2016; accounting for 68.2 percent, compared with 68.4 percent during the same period of 2015.

### ■ Merchandize Imports:

Merchandize imports decreased by 7.5 percent to reach JD 11,257.1 million during the first ten months of 2016, compared to a decrease by 9.8 percent during the same period of 2015.



### ◆ The developments of imports during the first ten months of 2016 compared with the same period in 2015 reveals the following:

- **Petroleum Products** imports decreased by JD 410.4 million, or 45.7 percent, to reach JD 488.2 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) terminal operations at the port of Aqaba, as the Kingdom's imports of LNG reached JD 446.4 million. The main source markets of petroleum products imports were Saudi Arabia, Italy, and Spain; accounting for 66.8 percent.
- **Crude oil** imports decreased by JD 345.8 million, or 41.8 percent, to reach 480.9 million. This decrease was mainly due to a decline in prices by 24.9 percent and in imported quantities by 22.6 percent compared to the same period of 2015. Noting that Crude oil imports came from the Saudi market.

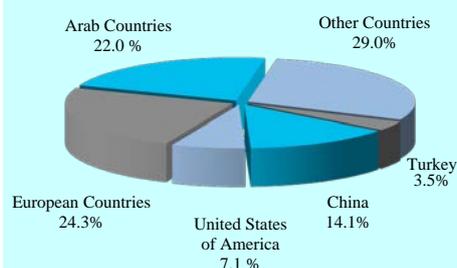
- Transport Equipment and Spare Parts** imports increased by JD 123.2 million or 11.1 percent to reach JD 1,123.0 million. South Korea, Japan and the USA were the main origin markets for these imports; accounting for 59.4 percent.
- Electrical Machinery, Apparatus, and Appliances** imports increased by JD 33.1 million or 9.2 percent. The markets of China, Turkey, and Italy accounted for 44.9 percent of these imports.

<b>Major Imports by Commodity, JD Million</b>			
<b>First ten months 2015-2016</b>			
	<b>2015</b>	<b>2016</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>12,172.9</b>	<b>11,257.1</b>	<b>-7.5</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>1,107.8</b>	<b>1,231.0</b>	<b>11.1</b>
South Korea	233.6	257.3	10.2
Japan	237.4	256.8	8.2
USA	176.6	217.4	23.1
<b>Textile Yarn, Fabrics and Related Products</b>	<b>502.7</b>	<b>515.0</b>	<b>2.4</b>
China	192.3	197.0	2.4
Taiwan	166.6	162.5	-2.5
Turkey	32.6	51.9	59.2
<b>Petroleum Products</b>	<b>898.6</b>	<b>488.2</b>	<b>-45.7</b>
Saudi Arabia	271.2	144.4	-46.8
Italy	63.9	114.3	78.9
Spain	0.2	67.4	-
<b>Crude oil</b>	<b>826.7</b>	<b>480.9</b>	<b>-41.8</b>
Saudi Arabia	826.7	480.9	-41.8
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>361.8</b>	<b>394.9</b>	<b>9.2</b>
China	104.4	111.9	7.2
Turkey	32.9	33.4	1.5
Italy	24.4	32.0	31.1
<b>Medical &amp; pharmaceutical products</b>	<b>331.8</b>	<b>369.5</b>	<b>11.4</b>
Germany	42.5	49.5	16.5
USA	32.1	43.9	36.8
France	35.1	36.9	5.1
<b>Iron and Steel</b>	<b>394.1</b>	<b>369.2</b>	<b>-6.3</b>
China	144.0	124.9	-13.3
Iran	80.8	55.1	-31.8
Ukraine	20.2	39.9	97.5

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “transport equipment and spare parts”, “textile yarn, fabrics and related products”, “petroleum products”, crude oil,

**Geographic Distribution of Domestic Import  
January - October 2016**



“electrical machinery apparatus and appliances”, “medical and pharmaceutical products” and “iron and steel” topped the list of imports during the first ten months of 2016, accounting for 34.2 percent; down from 36.3 percent during the same period of 2015. Meanwhile, the geographical distribution of imports indicates that the markets of China, Saudi Arabia, the USA, Italy, Germany, the UAE, and Turkey were the main sources of imports during the first ten months of 2016; accounting for 49.2 percent, compared to 50.7 percent during the same period of 2015.

#### ■ Re-Exports

The value of re-exported goods increased by JD 183.4 million, or 29.3 percent in the first ten months of 2016 compared to the same period of 2015, to reach JD 809.1 million.

### ■ Trade Balance

The trade balance deficit during the first ten months of 2016 decreased by JD 726.6 million, or 9.7 percent, to register JD 6,792.8 million, compared to the same period of 2015.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 6.8 percent in November 2016, compared to the same month of 2015 to register JD 216.4 million. As for the first eleven months of 2016, total workers' remittances receipts decreased by 2.9 percent compared to the same period of 2015, to reach JD 2,407.3 million.

### □ Travel

#### ■ Receipts

Travel receipts increased by JD 22.1 million, or 11.1 percent, in November 2016, compared to the same month of 2015 to register JD 220.4 million. As for the first eleven months of 2016, travel receipts decreased by JD 22.3 million or 0.8 percent compared to the same period of 2015 to reach JD 2,649.4 million.

#### ■ Payments

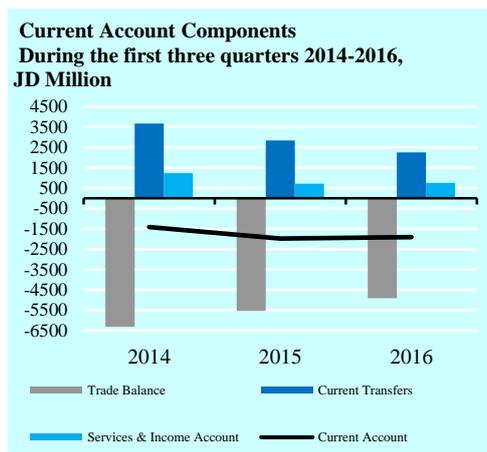
Travel payments increased by JD 8.9 million, or 20.0 percent, in November 2016, compared to the same month of 2015 to stand at JD 53.3 million. As for the first eleven months of 2016, travel payments increased by JD 68.6 million or 9.0 percent compared to the same period of 2015 to reach JD 834.5 million.

### □ Balance of Payments

The preliminary data for the balance of payments during the first three quarters of 2016 compared to the same period of 2015 reveals the following:

- The current account recorded a deficit of JD 1,910.2 million (9.5 percent of GDP) compared to a deficit of JD 1,979.6 million (10.1 percent of GDP) during the first three quarters of 2015. Meanwhile, the current account deficit excluding grants decreased to reach JD 2,274.0 million or 11.3 percent of GDP compared to JD 2,324.4 million or 11.9 percent of GDP in first three quarters of 2015. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 627.3 million, or 11.3 percent, to reach JD 4,909.4 million compared to JD 5,536.7 million during the first three quarters of 2015.



- ◆ A decrease in the surplus of the services account compared to the first three quarters of 2015 by JD 15.9 million to reach JD 877.6 million.
- ◆ The income account recorded a deficit of JD 125.6 million compared to a deficit of JD 177.7 million during the first three quarters of 2015. This was an outcome of the decrease in the deficit recorded in investment income (net) by JD 59.2 million to reach JD 292.6 million and the decrease in the surplus recorded in compensation of employees (net) by JD 7.1 million, to reach JD 167.0 million.
- ◆ A decrease in the surplus of net current transfers by JD 594.1 million; to reach JD 2,247.2 million, as a result of the decrease in net transfers of the public sector (foreign grants) during the first three quarters of 2016 by JD 19.2 million, to reach JD 363.3 million, and the decrease in the net transfers of other sectors by JD 613.3 million to reach JD 1,883.9 million.

- The capital and financial account registered a net inflow of JD 1,761.7 million during the first three quarters of 2016, compared to a net inflow of JD 1,478.3 million during the same period of 2015. This can be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 809.1 million compared to an inflow of JD 808.2 million during the first three quarters of 2015.
  - ◆ Portfolio investments recorded a net inflow of JD 27.7 million compared to a net inflow of JD 978.8 million during the first three quarters of 2015.
  - ◆ Other investments registered a net outflow of JD 331.2 million compared to a net inflow of JD 874.8 million during the first three quarters of 2015.
  - ◆ A decrease in the reserve assets of the CBJ by JD 1,201.3 million, compared to an increase of JD 1,244.5 million during the first three quarters of 2015.

#### □ 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 26,708.7 million at the end of September 2016 compared to JD 24,815.1 million at the end of 2015. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 722.1 million to reach JD 17,935.9 million at the end of September 2016, compared to the end of 2015. The CBJ's reserve assets decreased by JD 1,003.4 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 1,171.5 million at the end of September 2016 compared to the end of 2015; to reach JD 44,664.0 million, this increase was due to the following developments:
  - ◆ An increase in the stock of direct investment in Jordan by JD 888.2 million to stand at JD 22,634.4 million.
  - ◆ An increase in the outstanding balance of general government long-term loans by JD 167.6 million, to reach JD 3,616.4 million.
  - ◆ An increase in trade credits extended to residents by JD 93.1 million to reach JD 651.8 million.