



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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OUR VISION

To continue maintaining monetary and financial stability and thereby contributing to the achievement of economic and social growth in the kingdom.

OUR MISSION

Maintaining monetary stability represented in maintaining the stability of the Jordanian Dinar exchange rate and the general prices level. And contributing to providing an investment environment that is both attractive and motivating for the economic and social development through providing a convenient interest rate structure and implementing macro and micro prudential supervision policies that maintain financial and banking stability. In addition to providing safe and efficient national payments systems, promoting financial inclusion, and protecting the financial customer. To this end, the Central Bank of Jordan employs optimally its human, material, financial, technical and knowledge resources.

OUR VALUES

- | | | |
|----------------------------|---|---|
| Loyalty | : | Commitment, responsibility, and dedication to the institution, its staff and clients. |
| Integrity | : | Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers. |
| Excellence | : | To make a difference in the quality of services provided in accordance with international standards and practices. |
| Continuous Learning | : | Aspiring to continuously improve professional and academic levels in accordance with international best practices. |
| Involvement | : | Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency. |
| Transparency | : | Disclosing information and knowledge, and simplifying and clarifying procedures and regulations in accordance with professional standards and pertinent rules |

Contents

	Executive Summary	1
First	Monetary & Financial Sector	3
Second	Output, Prices and Employment	15
Third	Public Finance	23
Fourth	External Sector	37

Executive Summary

□ Output, Prices and Employment

During 2018, real GDP at market prices, grew by 1.9 percent, compared to a growth rate of 2.1 percent during 2017. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two months of 2019 by 1.1 percent, compared to a rise of 3.3 percent in the same period of 2018. Furthermore, the unemployment rate increased during 2018 to stand at 18.6 percent compared to 18.3 percent during 2017.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,255.7 million at the end of February 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,304.6 million at the end of February 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,269.0 million at the end of February 2019, compared to JD 26,108.1 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,731.9 million at the end of February 2019, compared to JD 33,848.1 million at the end of 2018.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,992.1 points at the end of February 2019, compared to 1,908.8 points at the end of 2018.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal surplus in the amount of JD 86.2 million (3.4 percent of GDP) during the month of January 2019, compared to a fiscal deficit of JD 42.3 million (-1.8 percent of GDP) during the same month of 2018. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 254.2 million at the end of January 2019 compared to its level at the end of 2018, standing at JD 16,474.9 million (54.3 percent of GDP). Moreover, outstanding external public debt (budget and guaranteed) went down by JD 30.6 million at the end of January 2019, compared to its level at the end of 2018, to reach JD 12,056.9 million (39.7 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 94.0 percent of GDP at the end of January 2019, compared to 94.4 percent of GDP at the end of 2018.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 12.1 percent during January 2019 to reach JD 421.9 million. Meanwhile, merchandize imports decreased by 2.7 percent to reach JD 1,188.1 million. As a result, the trade balance deficit decreased by 9.3 percent compared to January 2018, to reach JD 766.2 million. The preliminary data for the first two months of 2019 showed an increase in travel receipts by 10.0 percent and an increase in travel payments by 5.0 percent compared to the same period of 2018. Moreover, total workers' remittances receipts increased by 4.0 percent in the first two months of 2019 compared to the same period of 2018. The preliminary data for the balance of payments during 2018 displayed a deficit in the current account amounted to JD 2,107.8 million (7.0 percent of GDP) compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.3 percent of GDP compared with 13.3 percent of GDP during the same period of 2017. Moreover, net direct investment recorded a net inflow of JD 679.8 million during 2018 compared to a net inflow of JD 1,436.4 million during 2017. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,094.7 million at the end of 2018 up from JD 29,432.7 million at the end of 2017.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,255.7 million at the end of February 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,304.6 million at the end of February 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,269.0 million at the end of February 2019, compared to JD 26,108.1 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,731.9 million at the end of February 2019, compared to JD 33,848.1 million at the end of 2018.
- The interest rate on all types of deposits held by the licensed banks had increased at the end of February 2019, except the interest rate on demand deposits, which had decreased, compared to their levels at the end of 2018. In contrast, the interest rate on all types of credit facilities extended by the licensed banks had shown a mixed performance, the interest rate on “discount bills and bonds” had decreased and the intense rate on “loans and advances” had increased, while the interest rate on the overdraft had maintained the same level at the end of 2018.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,992.1 points at the end of February 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 16,543.7 million at the end of February 2019, compared to JD 16,122.7 million at the end of 2018.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

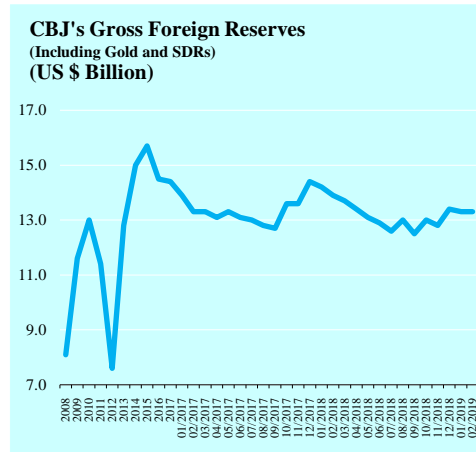
		End of February	
2018		2018	2019
13,392.2	CBJ's Foreign Reserves*	US\$ 13,898.9	US\$ 13,255.7
-6.9%		-3.4%	-1.0%
33,359.3	Money Supply (M2)	33,197.5	33,304.6
1.2%		0.7%	-0.2%
26,108.1	Credit Facilities, of which:	25,098.8	26,269.0
5.5%		1.5%	0.6%
23,007.6	Private Sector (Resident)	22,098.6	23,219.5
5.8%		1.6%	0.9%
33,848.1	Total Deposits, of which:	33,418.4	33,731.9
2.0%		0.7%	-0.3%
25,667.6	In JD	25,747.6	25,611.9
0.1%		0.4%	-0.2%
8,180.5	In Foreign Currencies	7,670.8	8,120.0
8.3%		1.5%	-0.7%
26,944.5	Deposits of Private Sector (Resident), of which:	27,000.6	27,017.2
0.1%		0.3%	0.3%
20,846.4	In JD	21,278.7	20,960.0
-1.9%		0.1%	0.5%
6,098.1	In Foreign Currencies	5,721.9	6,057.2
7.8%		1.1%	-0.7%

* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,255.7 million at the end of February 2019. This level of reserves covers around 7.2



months of the kingdom's imports of goods and services.

□ Domestic Liquidity (M2)

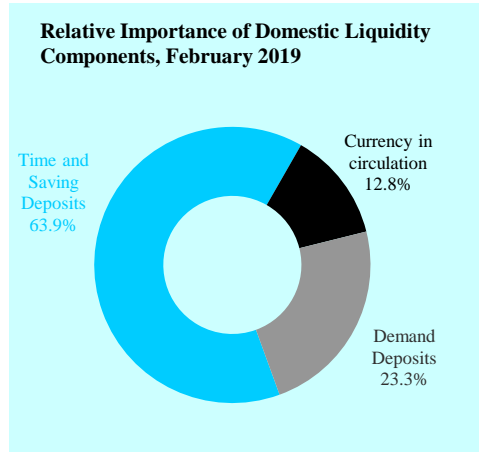
■ Domestic liquidity amounted to JD 33.3 billion at the end of February 2019, compared to JD 33.4 billion at the end of 2018.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of February 2019, compared to their levels at the end of 2018, reveal the following:**

● Components of Domestic Liquidity

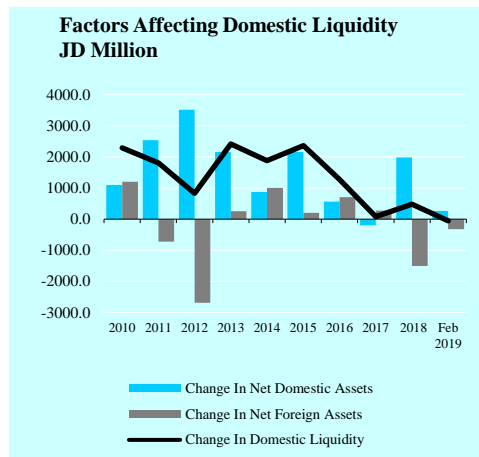
- Total liquidity deposits amounted to JD 29.0 billion at the end of February 2019, compared to JD 28.8 billion at the same month in the previous year, and JD 29.1 billion at the end of 2018.

- Currency in circulation amounted to JD 4.3 billion at the end of February 2019, compared with JD 4.4 billion at the same month in the previous year, and JD 4.3 billion at the end of 2018.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 26.3 billion at the end of February 2019, compared to



JD 24.5 billion at the same month in the previous year, and JD 26.0 billion at the end of 2018.

- Net foreign assets of the banking system amounted to JD 7.1 billion at the end of February 2019, compared to JD 8.7 billion at the same month in the previous year, and 7.4 at the end of 2018. The net foreign assets of the CBJ amounted to JD 9.1 billion at the end of February 2019.

Factors Affecting Domestic Liquidity (M2) JD Million

		End of February	
2018		2018	2019
7,368.3	Foreign Assets (Net)	8,657.0	7,050.4
9,151.3	CBJ	10,014.5	9,120.4
-1,783.0	Licensed Banks	-1,357.5	-2,070.0
25,991.0	Domestic Assets (Net)	24,540.5	26,254.2
-4,345.0	CBJ, of which:	-5,136.9	-4,340.9
675.2	Claims on Public Sector (Net)	929.3	561.5
-5,043.0	Other Items (Net*)	-6,088.9	-4,924.7
30,336.1	Licensed Banks	29,677.5	30,595.2
10,234.1	Claims on Public Sector (Net)	9,439.2	10,481.7
23,683.1	Claims on Private Sector	22,871.3	23,906.1
-3,581.1	Other Items (Net)	-2,633.0	-3,792.6
33,359.3	Money Supply (M2)	33,197.5	33,304.6
4,296.4	Currency in Circulation	4,378.0	4,272.3
29,062.9	Total Deposits, of which:	28,819.5	29,032.3
6,168.0	In Foreign Currencies	5,779.0	6,141.5

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

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments

◆ On December 24th, 2018, CBJ raised the interest rate on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.75 percent.
- Re-Discount Rate: 5.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.50 percent.
- Overnight Deposit Window Rate: 4.00 percent.
- Weekly/ Monthly Repurchase Agreements: 4.75 percent.
- The interest rate on weekly certificates of deposits: 4.75 percent.

2018		February	
		2018	2019
4.75	CBJ main rate	4.00	4.75
5.75	Re-discount Rate	5.00	5.75
5.50	Repurchase Agreements Rate (overnight)	4.75	5.50
4.00	Overnight Deposit Window Rate	3.00	4.00
4.75	Repurchase Agreements rate (one week and one month)	4.00	4.75
4.75	Certificates of Deposits (one week)	4.00	4.75

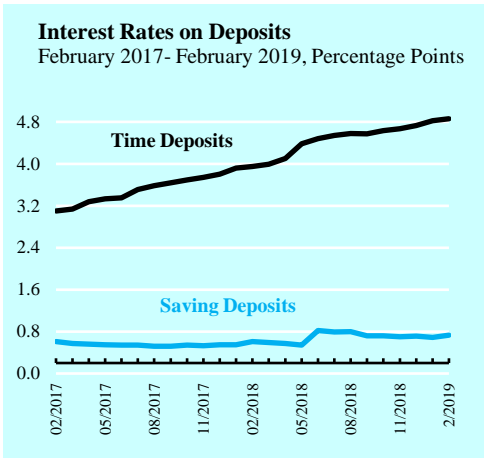
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

This decision comes in light of the developments in the regional and international markets' interest rates in order to preserve monetary and financial stability, in addition to insure the attractiveness of the financial instruments denominated in Jordanian Dinar.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

• Time Deposits: The weighted average interest rate on time deposits increased by 4 basis points at the end of February 2019, compared to its level in the previous month, to stand at 4.86 percent. This rate is higher by 13 basis points than its level at the end of 2018.

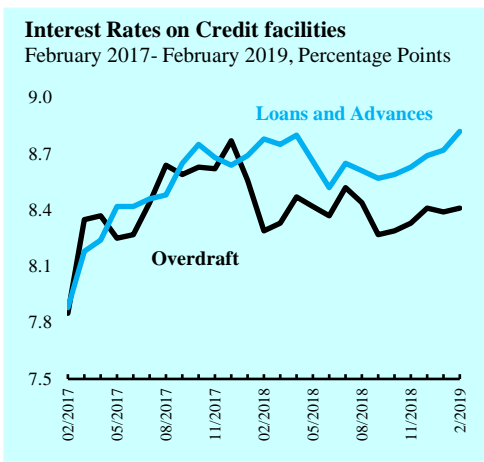


• Saving Deposits: The weighted average interest rate on saving deposits increased by 4 basis points at the end of February 2019, compared to its level registered in the previous month to stand at 0.73 percent. This rate is higher by 2 basis points than its level at the end of 2018.

• Demand Deposits: The weighted average interest rate on demand deposits maintaining the same level at the end of February 2019, compared to its level registered in the previous month to stand at 0.36 percent. This rate is lower by 2 basis points than its level at the end of 2018.

◆ Interest Rates on Credit Facilities

• Overdraft Accounts: The weighted average interest rate on overdraft accounts increased by 2 basis points at the end of February 2019, compared to its level registered in the previous month to stand at 8.41 percent. This rate had maintained the same level at the end of 2018.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 25 basis points at the end of February 2019, compared to its level registered in the previous month, to stand at 8.87 percent. This rate is lower by 77 basis points than its level at the end of 2018.

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

2018		February		Change Relative to the Preceding Year Basis Points
		2018	2019	
Deposits				
0.38	Demand	0.24	0.36	-2
0.71	Saving	0.61	0.73	2
4.73	Time	3.95	4.86	13
Credit Facilities				
9.64	Discounted Bills and Bonds	10.19	8.87	-77
8.69	Loans and Advances	8.78	8.82	13
8.41	Overdraft	8.29	8.41	0
9.57	Prime Lending Rate	8.91	9.79	22

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 10 basis points at the end of February 2019, compared to its level registered in the previous month, to stand at 8.82 percent. This rate is higher by 13 basis points than its level at the end of 2018.
- The prime lending rate stood at 9.79 percent at the end of February 2019, up by 10 basis points compared to its level registered in the previous month. This rate is higher by 22 basis points than its level at the end of 2018.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 160.9 million, or 0.6 percent, at the end of February 2019, compared to its level at the end of 2018, against an increase of JD 362.0 million, or 1.5 percent, during the same period in 2018.
- In terms of borrowers, the credit facilities at the end of February 2019 had shown an increase in credit extended to the private sector (resident) by JD 211.9 million, or 0.9 percent, the public institution by 12.2 million, or 2.8 percent. In contrast, the credit facility extended to the central government decreased by JD 57.9

million, or 2.9 percent, and the private sector (non-resident) by JD 5.2 million, or 0.8 percent compared to their levels at the end of 2018.

■ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,731.9 million at the end of February 2019, decreasing by JD 116.2 million, or 0.3 percent, compared to its level at the end of 2018, against an increase of JD 220.7 million, or 0.7 percent, during the same period in 2018.
- The currency composition of deposits at the end of February 2019 revealed that the JD deposits amounted to JD 25.6 billion, and the deposits in foreign currency amounted to JD 8.1 billion, compared to JD 25.7 billion of JD deposits, and JD 7.7 billion of deposits in foreign currency at the end of the same month in 2018, and JD 25.7 billion of JD deposits, and JD 8.2 billion in deposit in foreign currency at the end 2018.

■ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during February 2019. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 97.2 million in February 2019, increasing by JD 6.3 million, or 6.9 percent, compared to its level registered in the previous month, against an increase of JD 24.9 million during the same month in 2018. As for the first two months in 2019, the trading volume decreased by JD 64.8 million, compared to the same period in 2018, to reach JD 188.1 million.

■ Traded Shares

The number of traded shares in February 2019 totaled 80.5 million shares, increasing by 14.7 million shares, compared to its level registered in the previous month, against an increase by 21.4 million shares, during the same month in 2018. As for the first two months in 2019, the number of traded shares amounted to 146.2 million shares, compared to 213.8 million shares during the same period in 2018.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 40.5 points, or 2.1 percent, at the end of February 2019, compared to its level previous month, to stand at 1,992.1 points, against an increase of 26.4 points, or 1.2 percent, during the same month in 2018. Furthermore, the SPI increased by 83.3 points, or 4.4 percent, at the end of February 2019, compared to its level at the end of 2018, against an increase in 92.9 points or 4.4 percent at the same period in 2018. The aforementioned increase was an outcome of the increase in the SPI of the financial sector by 92.6 points, or 3.5 percent, the industrial sector by 83.8 points, or 4.4 percent, and the service sector by 50.5 points, or 3.9 percent, compared to their levels at the end of 2018.

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

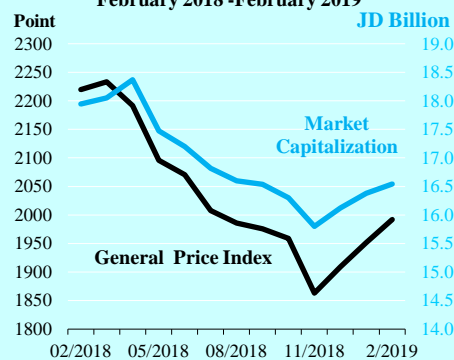
2018		February	
		2018	2019
1,908.8	General Index	2,219.7	1,992.1
2,652.7	Financial Sector	3,002.4	2,745.3
1,882.7	Industrial Sector	2,266.3	1,966.5
1,279.8	Services Sector	1,516.2	1,330.3

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 16.5 billion at February 2019, increasing by JD 164.6 million, or 1.0 percent, compared to its level registered at the previous month, against an increase of JD 587.9 million, or 3.4 percent, during the same month in 2018. As for the first two months in 2019, the market capitalization increased by JD 421.0 million or 2.6 percent, against an increase by JD 979.9 million or 5.8 percent at the same period in the previous year.

The General Share Price Index and The Market Capitalization February 2018 -February 2019



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 1.9 million in February 2019, compared to inflow of JD 0.6 million during the same month in 2018. The value of shares buying by non-Jordanian in February 2019 amounted to JD 22.9 million, while their selling amounted to JD 24.8 million. The Non-Jordanian

Main Amman Stock Exchange Trading Indicators, JD Million			
		February	
2018		2018	2019
2,319.3	Value Traded	138.9	97.2
9.3	Average Daily Trading	6.9	4.9
16,122.7	Market Capitalization	17,942.4	16,543.7
1,245.9	No. of Traded Shares (million)	117.6	80.5
484.5	Net Investment of Non-Jordanian	0.6	-1.9
1,231.8	Non-Jordanian Buying	40.0	22.9
747.3	Non-Jordanian Selling	39.4	24.8

Source: Amman Stock Exchange.

net investment at the beginning of the first tow month of 2019, recorded an outflow amounting to 1.7 million, compared to an outflow of 6.7 million at the same period in 2018.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the fourth quarter of 2018, against 1.9 percent during the same quarter of 2017. At current market prices, GDP grew by 3.6 percent during the fourth quarter of 2018, compared to 3.7 percent during the same quarter of 2017.
- Accordingly, the real GDP grew by 1.9 percent during of 2018, against 2.1 percent during 2017. At current market prices, GDP grew by 3.7 percent during 2018, compared to 3.9 percent during 2017.
- The general price level, measured by the percentage change in the CPI, increased during the first two months of 2019 by 1.1 percent, compared to a rise of 3.3 percent during the same period of 2018.
- The unemployment rate increased during 2018 to stand at 18.6 percent (16.5 percent for males and 26.8 percent for females), compared to 18.3 percent (14.7 percent for males and 31.2 percent for females) during 2017. The highest unemployment rate among youth reached 46.3 percent for the categories of 15-19 years old, and 37.8 percent for those between 20-24 years.

■ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 1.9 percent during 2018, compared to 2.1 percent during 2017. Economic growth has been strongly affected by the uncertainty prevailing in the region, which contributed to the decline in Foreign Direct Investment (FDI) to the kingdom in addition to the slowdown in mining and quarrying sector, which is highly linked to the global demand. When excluding “net taxes on products”, which grew by 1.2 percent, GDP at constant basic prices grew by 2.0 percent during 2018, compared to 2.2 percent during 2017.

**Quarterly Growth Rates of GDP at Market Prices
2016 - 2018**

	Q1	Q2	Q3	Q4	Percentages Year
2016					
GDP at Constant Market Prices	2.4	1.9	1.9	2.1	2.1
GDP at Current Market Prices	4.2	3.5	2.8	3.0	3.4
2017					
GDP at Constant Market Prices	2.5	2.3	1.9	1.9	2.1
GDP at Current Market Prices	4.3	3.5	4.0	3.7	3.9
2018					
GDP at Constant Market Prices	1.9	2.1	2.0	1.8	1.9
GDP at Current Market Prices	4.0	3.9	3.5	3.6	3.7

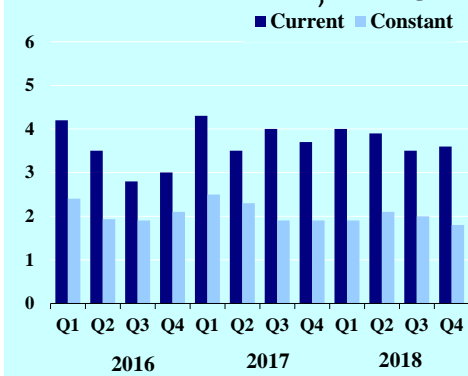
Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2018, compared to 3.9 percent growth 2017. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.8 percent during 2018 Compared to 1.7 percent during 2017. It should be noted that the Department of Statistics prepared and published the quarterly estimated GDP for the year 2018, and re-estimated GDP for previous years (2008-2017) according to a new methodology that included the transition from the United Nations System of National Accounts (SNA) of 1968 and some concepts of the SNA 1993 to SNA 2008, as well as the adjustment of the base year to become 2016 instead of 1994.

The main sectors that contributed to the real economic growth during 2018; “real estate” (0.4 percentage point), “manufacturing” (0.3 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point), and “community, social and personal services” (0.2 percentage point). These sectors collectively accounted for 78.9 percent of real GDP growth during 2018.

The economic sectors displayed a divergent performance during 2018. Some sectors recorded accelerated growth, such as “transport, storage and communications”, “manufacturing”, and “producers of government services”. Meanwhile, “mining and quarrying”, agriculture, “electricity and water”, “finance and insurance services”, and “wholesale and retail trade”, “restaurant and hotels” and “real estate”, experienced a slowdown. On the other hand, “construction” sector witnessed a contraction in its performance.

Quarterly Growth Rates of GDP at Market Prices (2016- 2018), Percentage



GDP at Constant Market Prices Percentage

Sectors	Relative change		Contribution	
	2017	2018	2017	2018
GDP At Constant Market Prices	2.1	1.9	2.1	1.9
Agriculture, Hunting, Forestry, And Fishing	4.8	3.2	0.3	0.2
Mining And Quarrying	13.0	0.5	0.3	-
Manufacturing	1.0	1.4	0.2	0.3
Electricity And Water	2.5	2.2	0.1	0.1
Construction	-1.1	-0.3	-	-
Wholesale And Retail Trade	1.6	1.3	0.1	0.1
Restaurant And Hotels	1.1	1.0	-	-
Transport, Storage And Communications	2.7	3.2	0.2	0.3
Finance And Insurance Services	3.8	3.4	0.3	0.3
Real Estate	2.6	2.5	0.4	0.4
Social And Personal	3.8	3.8	0.2	0.2
Producers of Government Services	0.9	1.1	0.1	0.1
Producers of Private Non-Profit	3.8	2.7	-	-
Domestic Services of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators of the available period displayed a divergent performance. Some indicators recorded a notable growth, such as; “Number of passengers through Royal Jordanian” (2.1 percent), “number of departures” (10.8 percent) and “mining and quarrying production quantity index” (7.8 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (23.2 percent) and “Manufacturing production quantity index” (3.7 percent). The following table displays the performance of the main sectoral indicators during the available period.

Main Sectoral Indicators*

Percentage Points					
2017	2018	Item	2018	Available period	2019
4.5	-21.5	Licensed areas for buildings	-	January	-
-2.4	-7.0	Manufacturing production quantity index	-2.3		-3.7
-4.9	-12.7	Food products and beverages	-15.7		22.7
-3.1	-7.2	Tobacco products	11.6		-13.5
-7.3	-16.9	Refined petroleum products	-17.6		-34.2
-6.3	-4.3	Wearing apparel	-10.8		46.5
1.9	-5.6	Non-metallic mineral products	22.5		-9.5
0.3	27.7	Chemical products	28.8		24.0
13.4	0.5	“Mining and quarrying” production quantity index	18.8		7.8
-13.8	-6.2	Extraction of crude petroleum and natural gas	0.3		-4.8
13.6	0.6	Other mining and quarrying	19.0	7.9	
6.9	3.8	Number of passengers through Royal Jordanian	4.8	Jan-Feb	2.1
8.4	10.6	Cargo through Royal Jordanian	17.6		-8.5
7.3	7.4	Number of departures	8.2	Jan-Mar	10.8
-14.1	-13.0	Value traded at the real estate market	-7.0		-23.2

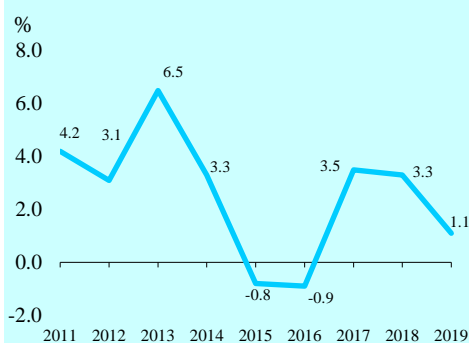
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in CPI, increased by 1.1 percent during the first two months of 2019, compared to a rise of 3.3 percent during the same period of 2018. The drop in inflation occurred as the impact of price and tax measures taken by the government in early 2018 started to fade, most notably, the tax on tobacco and cigarettes and the tax on gasoline. The main groups and items that witnessed an increase in their prices during the first two months of 2019:

- “Cereals and products” prices increased by 12.0 percent, maintaining the same growth rate achieved during the same period of 2018, as a result of the government’s decision taken in February 2018 to liberalize the price of bread and the shift from goods subsidies to direct cash subsidies for the eligible households.
- “Vegetables and Legumes Dry and Canned” prices increased by 18.7 percent, compared to a contraction of 14.4 percent during the same period of 2018.

Inflation Rate during the first two months for the years (2011-2019)



Inflation rate during the first two months for the years 2018 – 2019

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Feb 2018	Jan-Feb 2019	Jan-Feb 2018	Jan-Feb 2019
All Items	100.00	3.3	1.1	3.3	1.1
1) Food and non-Alcoholic Beverages	33.36	-0.1	1.7	0.0	0.5
Food	30.51	-0.4	2.0	-0.1	0.5
Cereals and Products	4.99	12.0	12.0	0.5	0.5
Meat and Poultry	8.24	0.2	-6.5	0.0	-0.4
Fish and Sea Product	0.82	0.6	-0.5	0.0	0.0
Dairy Products and Eggs	4.23	-3.5	-1.7	-0.2	-0.1
Oil and Fats	1.92	5.2	1.7	0.1	0.0
Fruits and Nuts	2.73	-1.0	-2.7	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.89	-14.4	18.7	-0.6	0.6
2) Alcohol and Tobacco and Cigarettes	4.43	17.8	0.3	0.8	0.0
3) Clothing and footwear	3.55	0.0	-2.4	0.0	-0.1
4) Housing	21.92	3.1	1.8	0.7	0.4
Rents	15.57	2.8	1.9	0.5	0.3
Fuels and Lighting	4.85	5.3	2.3	0.2	0.1
5) Household Furnishings and Equipment	4.19	1.8	0.9	0.1	0.0
6) Health	2.21	6.2	1.7	0.2	0.0
7) Transportation	13.58	8.9	-1.2	1.2	-0.2
8) Communication	3.50	1.0	0.0	0.0	0.0
9) Culture and Recreation	2.27	1.3	1.0	0.0	0.0
10) Education	5.41	1.4	2.9	0.1	0.2
11) Restaurants and Hotels	1.83	4.2	3.8	0.1	0.1
12) Other Goods and Services	3.75	3.0	1.1	0.1	0.0

Source: Department of Statistics.

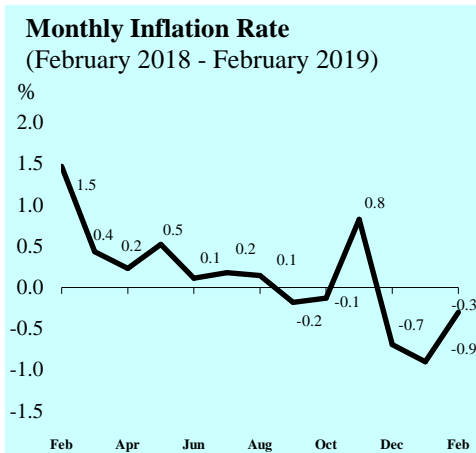
- Housing prices increased by 1.8 percent compared to a rise of 3.1 percent during the first two months of 2018. This increase was mainly attributed to the increase in the prices of “rents” item by 1.9 percent compared to a rise by 2.8 percent during the first two months of 2018, and the increase in the prices of “fuels and lighting” item by 2.3 percent compared to an increase of 5.3 percent.
- “Education” prices increased by 2.9 percent compared to a rise of 1.4 percent during the first two months of 2018.

The above groups and items have collectively contributed to the inflation rate during the first two months of 2019 by 1.7 percentage points, compared to a contribution of 0.7 percentage points during the same period of 2018.

In contrast, prices of other groups and items witnessed contractions, mainly; “meat and poultry” (6.5 percent), “fruits and nuts” (2.7 percent), and “clothing and footwear” (2.4 percent) and transportation (1.2 percent).

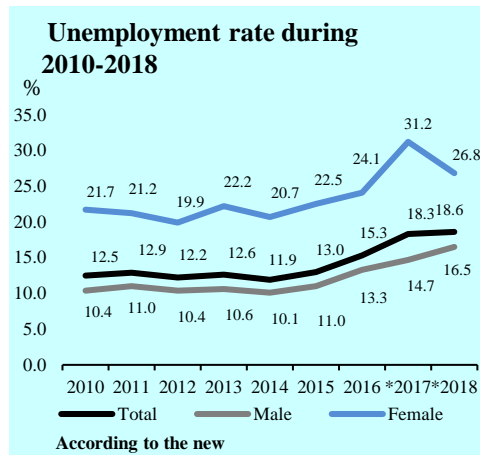
In February 2019, the CPI witnessed a decrease compared to January 2019 by 0.3 percent. The decrease was an outcome of the following:

- The decrease of the prices of most groups and items; mainly, “fuel and lighting” (0.6 percent), “vegetables and legumes dry and canned” (4.5 percent), “dairy products and eggs” (1.3 percent), and “clothing and footwear” (2.4 percent).
- The increase of the prices of some items, mainly; “fruits and nuts” (4.5 percent), “tobacco and cigarettes” (0.1 percent).



□ Labor Market

- The unemployment rate reached 18.6 percent (16.5 percent for males, and 26.8 percent for females) during 2018, compared to 18.3 percent (14.7 percent for males and 31.2 percent for females) during 2017.
- The unemployment among youth remains high at 46.3 percent for the categories of 15-19 years old, and 37.8 percent for those between 20-24 years.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 23.5 percent during 2018.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 36.2 percent (56.4 percent for males, and 15.4 percent for females), compared to 39.2 percent (60.8 percent for males and 17.3 percent for females) during 2017.
- The employment rate among population (15 years and older) reached 29.5 percent.



Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal surplus in the amount of JD 86.2 million (3.4 percent of GDP) during the month of January 2019, comparing to a fiscal deficit of JD 42.3 million (-1.8 percent of GDP) during the same month of 2018. When excluding foreign grants (JD 25.2 million), the general budget surplus narrows to reach JD 61.0 million (2.4 percent of GDP), compared to a deficit of JD 52.1 million (-2.2 percent of GDP) in the same month of 2018.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 254.2 million at the end of January 2019, compared to its level at the end of 2018, to reach JD 16,474.9 million (54.3 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 30.6 million at the end of January 2019, compared to its level at the end of 2018, to stand at JD 12,056.9 million (39.7 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 223.4 million to reach JD 28,531.7 million at the end of January 2019 (94.0 percent of GDP), compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
 - Central government banks deposits increased by JD 90.2 million at the end of January 2019, compared to the end of 2018, to reach JD 1,497.9 million.
 - Accordingly, net outstanding domestic public debt increased by JD 163.9 million to reach JD 14,977.0 million (49.3 percent of GDP) at the end of January 2019. Moreover, net outstanding public debt increased by JD 133.3 million to reach JD 27,033.9 million (89.1 percent of GDP).
- **The performance of the general budget during the month of January 2019 compared with the same month of 2018:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 47.6 million, or 7.5 percent, in January 2019 compared to the same month in 2018, to stand at JD 682.5 million. This came as a result of the increase in domestic revenues and foreign grants by JD 32.2 million, and JD 15.4 million, respectively.

Main Government Budget Indicators during the month of January 2019.

(JD Million and Percentages)

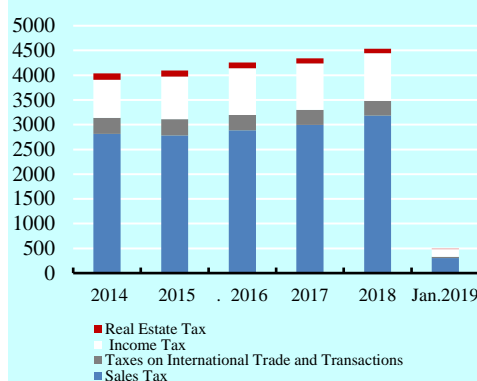
	January		Growth Rate
	2018	2019	
Total Revenues and Grants	634.9	682.5	7.5
Domestic Revenues, of which:	625.1	657.3	5.2
Tax Revenues, of which:	441.2	488.6	10.7
General Sales Tax	272.0	301.9	11.0
Other Revenues	183.3	168.3	-8.2
Foreign Grants	9.8	25.2	157.1
Total Expenditures, of which:	677.2	596.3	-11.9
Capital Expenditures	4.7	3.4	-27.7
Overall Deficit/ Surplus (Including Grants)	-42.3	86.2	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-1.8	3.4	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 32.2 million, or 5.2 percent, in January 2019 compared to the same month of 2018 to reach JD 657.3 million. This increase was an outcome of the rise in the proceeds of tax revenues by

JD 47.4 million, and the drop in “other revenues” and “pension contributions” by JD 15.0 million and JD 0.2 million, respectively.

Tax Revenue Structure
(2014-Jan.2019), JD Million

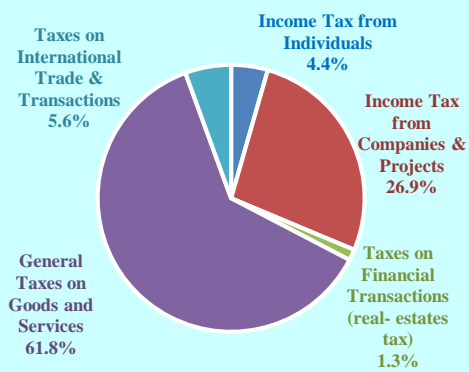
- **Tax Revenues**

Tax revenues increased by JD 47.4 million, or 10.7 percent, during January 2019 compared to the same month of 2018 to reach JD 488.6 million (74.3 percent of domestic revenues). Following are the main developments in tax revenue items:

- An increase in the proceeds of **general sales tax on goods and services** by JD 29.9 million, or 11.0 percent, to reach JD 301.9 million, accounting for 61.8 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 29.4 million, and on imported goods by JD 8.6 million. However, the proceeds of sales tax on services were down by JD 4.6 million, and on commercial sector by JD 3.6 million.
- An increase in the proceeds of **income and profit taxes** by JD 16.1 million, or 11.8 percent, to reach JD 153.0 million, accounting for 31.3 percent of total tax revenues. This increase was an outcome of the rise in the proceeds of income tax on individuals by JD 8.2 million, or 60.7 percent, to reach JD 21.7 million. This is due to the introduction of the law amending the income tax law passed at the end of 2018, in addition to the extension of the exemption from the delay penalties imposed on the tax payers until the end of April 2019. And increase in “companies and projects” by JD 7.9 million, or 6.4 percent. Income tax from companies and projects accounted for 85.8 percent of total proceeds of income and profits taxes, amounting to JD 131.3 million.

- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 2.8 million, or 11.5 percent, to reach JD 27.2 million.
- A decrease in the proceeds of **taxes on financial transactions**

Relative importance of tax revenue items Jan.2019



(**real-estates tax**) by JD 1.4 million, or 17.7 percent, to reach JD 6.5 million, as a result of slows performance in the real estate's sector.

● Non-Tax Revenues

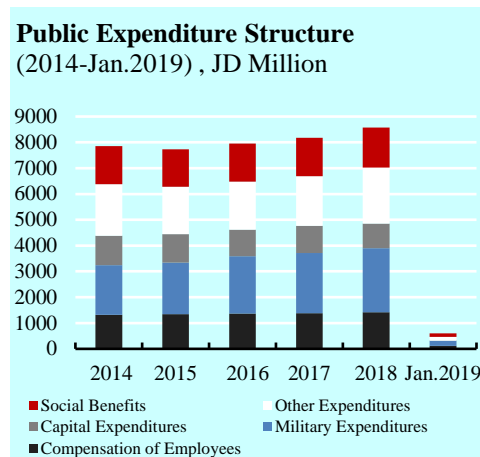
- "Other revenues" decreased by JD 15.0 million, or 8.2 percent, in January 2019 to reach JD 168.3 million. This increase was chiefly due to the following:
 - A decrease in the property income by JD 6.5 million to stand at JD 19.8 million (of which financial surplus of independent government units amounted to JD 18.8 million against JD 24.4 million during the same month of 2018).
 - A decrease in revenues from selling goods and services by JD 6.3 million to reach JD 67.8 million.
 - A decrease in miscellaneous revenues by JD 2.1 million to stand at JD 80.8 million.
- Pension contributions witnessed a decrease of JD 0.2 million, in January 2019 compared to the same month of 2018, standing at JD 0.4 million.

◆ Foreign Grants

Foreign grants increased by JD 15.4 million, or 157.1 percent, in January 2019, standing at JD 25.2 million compared to JD 9.8 million during the same month of 2018.

■ Public Expenditures

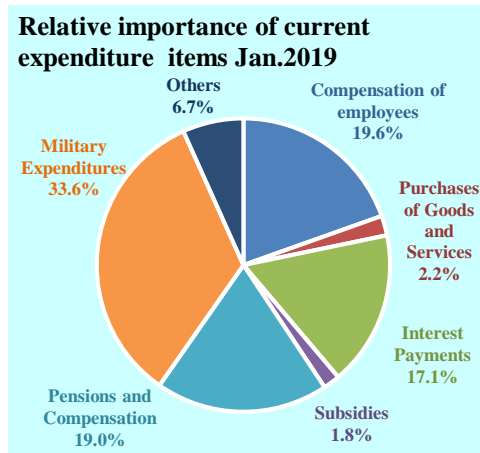
Public expenditures decreased by JD 80.9 million, or 11.9 percent, in January 2019 compared to the same month in 2018, to stand at JD 596.3 million. This decrease was an outcome of the drop in current expenditures by 11.8 percent, and the decrease in capital expenditures by 27.7 percent.



◆ Current Expenditures

Current expenditures went down by JD 79.6 million, or 11.8 percent, in January 2019 to reach JD 592.9 million (99.4 percent of public expenditures). Because of the rise of domestic revenues and drop current expenditure, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased to 110.9 percent, against 93.0 percent during the same month of 2018. The decrease in current expenditures is due to the evolution of its components, as follow:

- A decrease in subsidies by JD 115.5 million, to stand at JD 10.9 million.
- An increase in interest payments (commitment basis) by JD 10.8 million, to stand at JD 101.3 million.
- An increase in pensions and compensation by JD 4.9 million, to stand at JD 112.9 million.
- An increase in military expenditures by JD 2.7 million, to total JD 199.1 million.
- An increase in the compensation of civil sector’s employees (wages, salaries and social security contributions) by JD 0.9 million, to reach JD 116.0 million.
- An increase in the purchases of goods and services by JD 0.3 million, to reach JD 12.9 million.

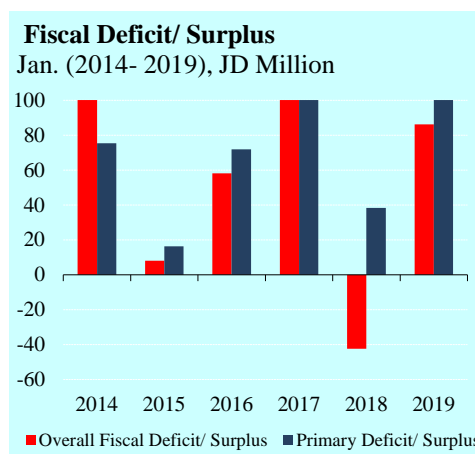


◆ **Capital Expenditures**

Capital expenditures decreased by JD 1.3 million, or 27.7 percent, during the month of January 2019 compared to the same month of 2018, to reach JD 3.4 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal surplus of JD 86.2 million during January 2019, compared to a fiscal deficit of JD 42.3 million during the same month of 2018. As a percent of

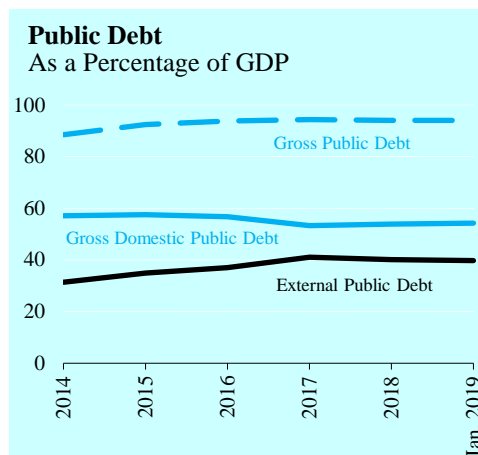
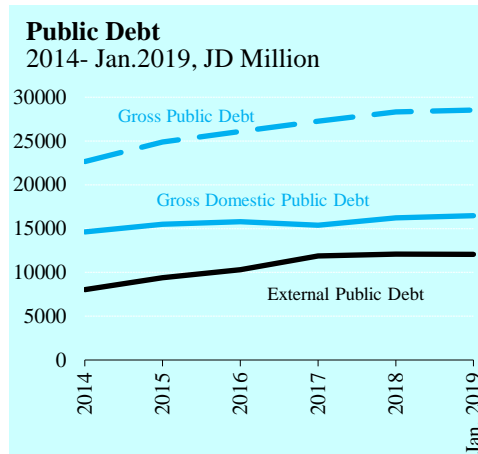


reached 3.4 percent compared to budget deficit -1.8 percent in the same month of 2018.

- ◆ When foreign grants are excluded, the general budget surplus narrows to reach JD 61.0 million (2.4 percent of GDP) during January 2019, compared to a fiscal deficit of JD 52.1 million (-2.2 percent of GDP) in the same month of 2018.
- ◆ The general budget recorded a primary surplus (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 162.3 million (6.4 percent of GDP) during January 2019, against a primary surplus of JD 38.4 million (1.6 percent of GDP) in the same month of 2018.
- ◆ When foreign grants are included, the primary surplus of the general budget reached JD 187.5 million (7.4 percent of GDP), compared to a primary surplus of JD 48.2 million (2.0 percent of GDP) in the same month of 2018.

Public Debt

Gross outstanding domestic public debt increased by JD 254.2 million, at the end of January 2019 compared to its level at the end of 2018, to stand at JD 16,474.9 million (54.3 percent of GDP compared to 54.1 percent of GDP at the end of 2018). This increase was a result of the rise in the domestic public debt of the general budget by JD 250.0 million, and the increase in the domestic public debt of own-budget agencies by JD 4.2 million compared to their levels at the end of 2018, standing at JD 13,602.2 million and JD 2,872.7 million, respectively. The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds by JD 250.0 million, compared to its level at the end of 2018 to reach JD 13,325.3 million, and the stability the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved at the end of 2018 at JD 271.7 million. Moreover, the increase in the domestic public debt of own-budget agencies was driven by the increase in the loans and advances



extended to these institutions by JD 24.2 million, compared to their level at the end of 2018 to reach JD 2,282.2 million. Whereas the independent institutions' bonds decreased by JD 20.0 million, compared to the end of 2018 to reach JD 590.5 million.

- The balance of the external public debt (budget and guaranteed) went down by JD 30.6 million at the end of January 2019, compared to its level at the end of 2018, to reach JD 12,056.9 million (39.7 percent of GDP compared to 40.3 percent of GDP at the end of 2018). It is worth mentioning that the balance of the external public debt denominated in the U.S. Dollar accounted for 72.6 percent of the total external public debt, and the debt in Euro accounted for 8.5 percent. However, the Japanese Yen 6.0 percent, SDR (5.3 percent), and Kuwaiti Dinar (5.3 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 223.4 million at the end of January 2019 to stand at JD 28,531.7 million (94.0 percent of GDP), compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- On the other hand, government deposits with the banking system increase by JD 90.2 million at the end of January 2019, compared to the end of 2018, to reach JD 1,497.9 million.
- Thus, net domestic public debt of the central government (the gross domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 163.9 million to reach JD 14,977.0 million (49.3 percent of GDP compared to 49.4 percent of GDP at the end of 2018). Whereas, net public debt increased by JD 133.3 million to stand at JD 27,033.9 million, accounting for 89.1 percent of GDP compared to 89.7 percent of GDP at the end of 2018.

- External debt service (budget and guaranteed) decreased by JD 53.5 million during the month of January 2019, compared to the same month of 2018, to reach JD 105.2 million (including principal payments of JD 58.8 million and interest of JD 46.4 million).

□ Fiscal and Price Measures of 2019

◆ April

- The Oil Derivatives Pricing Committee decided to increase the prices of all oil derivatives and maintain kerosene and liquid gas cylinder for households unchanged, as follows:

Development of Oil Derivatives Price

	Unit	2019		Percentage Change
		March	April	
Unleaded Gasoline 90	Fils/Liter	720	750	4.2
Unleaded Gasoline 95	Fils/Liter	940	1,000	6.4
Unleaded Gasoline 98	Fils/Liter	1,090	1,150	5.5
Gas Oil (Diesel)	Fils/Liter	600	610	1.7
Kerosene	Fils/Liter	560	560	0.0
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	415.7	N.A	-
Fuel for airplanes (local companies)	Fils/Liter	439	449	2.3
Fuel for airplanes (foreign companies)	Fils/Liter	444	454	2.3
Fuel for unplanned flights	Fils/Liter	459	469	2.2
Asphalt	JD/Ton	408.5	420.6	3.0

Source: Jordan Petroleum Refinery Company (1/4/2019).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in April 2019, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in March 2019, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ February

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 10 fils instead of 12 fils, starting in February 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to remove the fees on agricultural exports until the end of this year.
- The Cabinet approved an amended by-law 2019 for the school donation by-law. The amendment includes a reduction in contributions for Jordanian students, in addition to determining the amount imposed on non-jordanian students, as follows:

Educational level	Jordanian Students	Non - Jordanians
The preliminary level from the first grade to the sixth grade	JD 3	JD 40
The intermecliate level from the seventh grade to the tenth grade	JD 4	JD 40
The secondary level (Academic branches)	JD 6	JD 60
The secondary level (Vocational Branches)	JD 6	JD 80

◆ January

- The Cabinet decided to grant private school buses that are subject to be replaced, registered, or licensed full tax and customs duties exemptions, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.

- The Cabinet decided to grant the tourist buses, that are currently operating, and subject to be replaced, or those that will be registered or licensed full exemptions from taxes and customs duties, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.
- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 12 fils instead of 18 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to not extend the special tax exemptions for electric cars, thus becomes subject to a special tax of 25 percent.
- The Cabinet decided to fix the price of "kerosene" for four months, starting from January 2019 until April 30th, and reduce it in the case of falling prices globally.
- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 35 percent, starting from 1/1/2019 until 31/12/2019.
- The Cabinet decided to lower the general sales tax on 61 commodities to 4 percent, down from 10 and 16 percent. The list includes foodstuffs such as canned meat, fish, cheese, pasta, vegetables, fruit, table salt, and tomato paste, in addition to pencils, among others, according to the statement.

□ Grants, Loans and Other Agreements for 2019

◆ March

- Signing a loan agreement with the European Investment Bank (EIB) in the amount EUR 65 million, to finance the improvement of water supply systems in the Deir Alla and Al Karamah districts of the Jordan Valley.

- Signing a memorandum of understanding with the Agence Française de Développement (AFD), to provide a financing package for Jordan and committing EUR 1 billion over the period 2019-2022, as follow:
 - EUR 650 million, as soft loans to support the general budget, with EUR 400 million (EUR 100 million each year), and EUR 250 million to support development projects.
 - EUR 200 million, for non-sovereign finance "Non-government borrowing and no government guarantees."
 - EUR 150 million, grants and technical assistance through several initiatives to support the Jordan Response Plan.
- Signing a grant agreement provided by the Japan in the amount of USD 4.5 million, to improve the Civil Defence Department's (CDD) capabilities.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 12.1 percent in January 2019, compared to the same month of 2018 to reach JD 421.9 million.
- **Merchandize imports** decreased by 2.7 percent in January 2019, compared to the same month of 2018 to reach JD 1,188.1 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 9.3 percent in January 2019 compared to the same month of 2018; standing at JD 766.2 million.
- **Travel receipts** increased by 11.3 percent in February 2019 compared to the same month of 2018 to reach JD 249.2 million. As for the first two months of 2019, travel receipts increased by 10.0 percent compared to the same period of 2018 to reach JD 573.9 million. While travel payments increased by 5.9 percent in February 2019 compared to the same month of 2018 to reach JD 75.4 million. As for the first two months of 2019 travel payments increased by 5.0 percent, compared to the same period of 2018 to reach JD 151.4 million.
- **Total workers' remittances receipts** increased by 3.5 percent in February 2019 compared to the same month of 2018 to reach JD 197.4 million. As for the for first two months of 2019, total workers remittances increased by 4.0 percent, compared to the same period of 2018 to reach JD 425.5 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,107.8 million (7.0 percent of GDP) during 2018 compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.3 percent of GDP during 2018, compared with 13.3 percent of GDP during 2017.

External Sector

March 2019

- **Net direct investment** recorded an net inflow of JD 679.8 million during 2018, compared to JD 1,436.4 million during 2017.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,094.7 million at the end of 2018, compared to JD 29,432.7 million at the end of 2017.

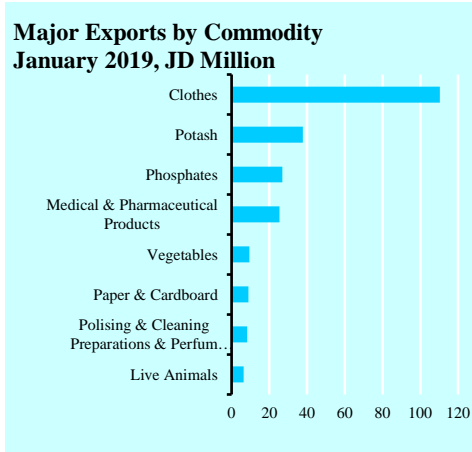
□ External Trade

- As a result of the increase in domestic exports by JD 42.9 million and the decrease in imports by JD 32.7 million during January 2019, the volume of external trade (domestic exports *plus* imports) increased by JD 10.2 million to stand at JD 1,546.8 million compared to January 2018.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January				January				
	2018	2019	Percentage Change		2018	Percentage Change (%)	2019	Percentage Change (%)
Exports				External Trade	1,536.6	0.9	1,546.8	0.7
USA	91.1	109.7	20.4	Total Exports	376.4	-19.9	421.9	12.1
India	49.9	36.0	27.9	Domestic Exports	315.8	-9.0	358.7	13.6
Saudi Arabia	30.9	32.6	5.5	Re-exports	60.6	-50.7	63.2	4.3
Iraq	27.3	29.9	9.5	Imports	1,220.8	3.9	1,188.1	-2.7
Indonesia	2.8	14.6	-	Trade Balance	-844.4	19.7	-766.2	-9.3
China	1.5	10.5	-	Source: Department of Statistics.				
UAE	9.9	9.3	-6.1					
Imports								
Saudi Arabia	186.1	173.8	-6.6					
China	162.2	171.8	5.9					
Egypt	28.2	78.3	-					
USA	149.2	73.3	-50.9					
India	40.0	72.5	81.3					
Germany	49.0	69.9	42.7					
Argentina	16.9	41.6	-					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 12.1 percent during January 2019, to reach JD 421.9 million. This increase resulted from an increase in domestic exports by JD 42.9 million, or 13.6 percent to reach JD 358.7 million and an increase in re-exports by JD 2.6 million, or 4.3 percent to reach JD 63.2 million.



◆ The developments of domestic exports during January 2019 compared with the same month of 2018 reveals the following:

- Exports of **Clothes** increased by JD 14.3 million, or 14.9 percent, to stand at JD 110.4 million. The USA market accounted for 88.8 percent of these exports.
- Exports of **Potash** increased by JD 10.4 million, or 38.0 percent, to stand at JD 37.8 million. The markets of India, China, Indonesia and Egypt accounted for 88.4 percent of these exports.
- Exports of **Phosphates** increased by JD 7.5 million or 38.7 percent to reach JD 26.9 million, this increase was an outcome of the increase in quantities by 43.0 percent and the decrease in prices by 3.2 percent. It is worth noting that India and Indonesia were the main markets for phosphate exports, accounting for 100.0 percent of these export.

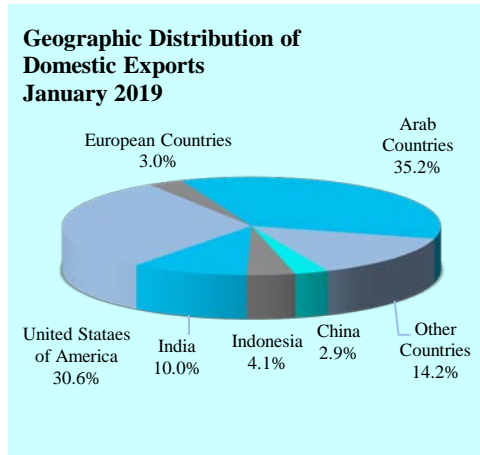
- Exports of **Medical & Pharmaceutical Products** increased by JD 6.3 million, or 33.2 percent, to reach JD 25.3 million. The markets of Saudi Arabia, Iraq, the USA and Algeria accounted for 50.2 percent of these exports.
- Exports of **Live Animals** increased by JD 3.3 million or 106.5 percent to stand at JD 6.4 million. Saudi Arabia and Kuwait were the main destination markets for these export, accounting for 85.9 percent.
- Exports of **Polishing & cleaning preparations & perfume materials** increased by JD 2.2 million, or 36.7 percent, to reach JD 8.2 million. Iraq, Saudi Arabia, and Libya were the main destination markets; accounting for 78.0 percent of these exports.

**Major Domestic Exports by Commodity, JD Million
January 2018-2019**

	2018	2019	Percentage Change
Domestic Exports	315.8	358.7	13.6
Clothes	96.1	110.4	14.9
USA	82.0	98.0	19.5
Potash	27.4	37.8	38.0
India	13.4	13.8	3.0
China	0.5	9.6	-
Indonesia	0.5	5.4	-
Egypt	3.7	4.6	24.3
Phosphates	19.4	26.9	38.7
India	14.0	17.9	27.9
Indonesia	1.8	9.0	-
Medical & Pharmaceutical Products	19.0	25.3	33.2
Saudi Arabia	4.2	4.6	9.5
Iraq	3.5	2.9	-17.1
USA	2.0	2.9	45.0
Algeria	0.1	2.3	-
Vegetables	11.1	9.4	-15.3
Kuwait	1.3	2.1	61.5
UAE	2.5	1.6	-36.0
Saudi Arabia	2.4	1.5	-37.5
Bahrain	1.0	1.2	20.0
Paper and cardboard	8.0	8.9	11.3
Saudi Arabia	4.9	4.0	-18.4
Iraq	1.5	2.7	80.0
Qatar	0.3	0.4	33.3
Polishing & cleaning preparations & perfume materials	6.0	8.2	36.7
Iraq	3.4	4.3	26.5
Saudi Arabia	1.7	1.7	-
Libya	0.1	0.4	-
Live Animals	3.1	6.4	-
Saudi Arabia	0.2	3.5	-
Kuwait	2.0	2.0	-

Source: Department of Statistics.

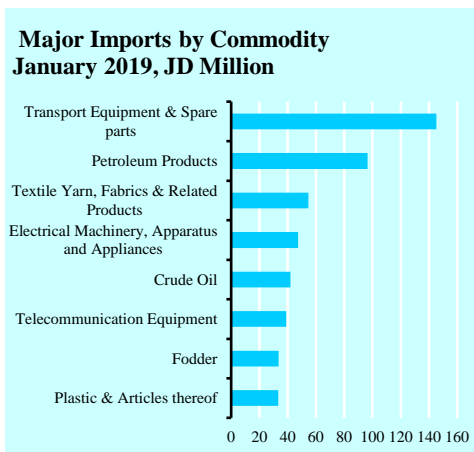
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash,



phosphates, “medical and pharmaceutical products”, vegetables, “paper and cardboard”, “Polishing & Cleaning preparation & Perfume” and Live Animals, topped the list of domestic exports during January 2019; accounting for 65.0 percent, compared with 60.2 percent during January 2018. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, Indonesia, china, and the UAE remain the main destination markets during January 2019; accounting for 67.6 percent, compared with January 2018.

■ **Merchandize Imports:**

Merchandize imports decreased by 2.7 percent to reach JD 1,188.1 million during January 2019, compared to an increase by 3.9 percent during January 2018.



◆ **The developments of imports during January 2019 compared with the same month of 2018 reveals the following:**

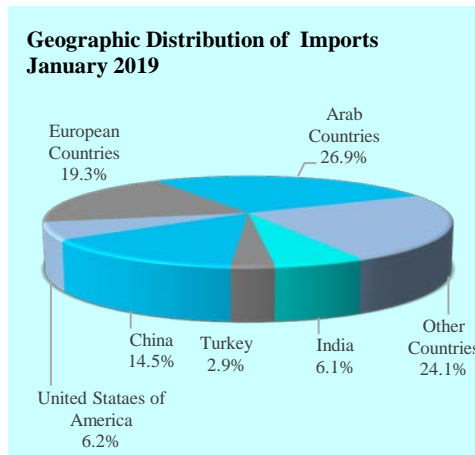
- **Petroleum Products** import decreased by JD 12.2 million or 11.2 percent to reach JD 96.5 million. Saudi Arabia, India and Bahrain were the main markets, accounting for 96.7 percent of these imports.
- **Plastic & Articles thereof** imports decreased by JD 7.2 million or 17.7 percent to reach JD 33.4 million. Saudi Arabia, china and the UAE were the main origin markets accounting for 71.3 percent of these imports.
- **Crude Oil** imports decreased by JD 5.3 million, or 11.2 percent, to reach JD 42.0 million. This decrease was mainly outcome from an increase in imported quantities by 1.4 percent and a decrease in prices by 12.3 percent. Noting that all crude oil imports came from Saudi Arabia.

- Textile Yarn, Fabrics and Related Products** imports decreased by JD 3.8 million or 6.5 percent to stand at JD 54.6 million. China, Taiwan and Turkey were the main markets, accounting for 75.5 percent of these imports.
- Electrical Machinery, Apparatus and Appliances** imports decreased by JD 0.9 million or 1.9 percent to reach JD 47.3 million. China, Turkey, Germany and Italy were the main origin markets accounting for 66.8 percent of these imports.
- Transport Equipment & Spare Parts** imports increased by JD 3.8 million or 2.7 percent to reach JD 145.3 million. The USA, Mexico, Japan and Germany were the main origin markets, accounting for 72.0 percent of these imports.

Major Imports by Commodity, JD Million January 2018-2019			
	2018	2019	Percentage Change
Total Imports	1,220.8	1,188.1	-2.7
Transport Equipment & Spare Parts	141.5	145.3	2.7
USA	30.5	34.3	12.5
Mexico	21.8	30.3	39.0
Japan	27.2	20.9	-23.2
Germany	14.9	19.1	28.2
Petroleum Products	108.7	96.5	-11.2
Saudi Arabia	57.6	45.3	-21.4
India	18.1	30.4	68.0
Bahrain	0.0	17.6	-
Textile Yarn, Fabrics and Related Products	58.4	54.6	-6.5
China	24.9	24.5	-1.6
Taiwan	16.1	12.3	-23.6
Turkey	4.1	4.4	7.3
Electrical Machinery Apparatus and Appliances	48.2	47.3	-1.9
China	22.2	19.0	-14.4
Turkey	5.8	5.7	-1.7
Germany	1.8	3.7	-
Italy	2.8	3.2	14.3
Crude Oil	47.3	42.0	-11.2
Saudi Arabia	47.3	42.0	-11.2
Telecommunication equipment	29.8	38.9	30.5
China	22.6	22.2	-1.8
Vietnam	3.5	8.3	-
India	0.0	4.2	-
Fodder	15.3	33.5	119.0
Argentina	11.5	30.3	163.5
Spain	0.7	0.6	-14.3
USA	0.4	0.4	-
Plastic & Articles thereof	40.6	33.4	-17.7
Saudi Arabia	21.6	18.1	-16.2
China	3.8	3.2	-15.8
UAE	2.3	2.5	8.7

Source: Department of Statistics.

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



“electrical machinery apparatus and appliances”, “crude oil”, and “Telecommunication equipment”, Fodder and “Plastic Articles thereof”, topped the list of imports during January 2019, accounting for 41.4 percent; compared to 40.1 percent during January 2018. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, Egypt, the USA, India, Germany, and Argentina were the main source markets during January 2019; accounting for 57.3 percent of imports, compared to 51.7 percent during January 2018.

■ Re-Exports

The value of re-exported goods in January 2019 increased by JD 2.6 million, or 4.3 percent, compared to the same month of 2018, to stand at JD 63.2 million.

■ Trade Balance

The trade balance deficit decreased by JD 78.2 million, or 9.3 percent in January 2019 compared to the same month of 2018, to reach JD 766.2 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 3.5 percent in February 2019 compared to the same month of 2018, to register JD 197.4 million. As for the first two months of 2019, total worker's remittances increased by JD 16.3 million, or 4.0 percent, to register JD 425.5 million, compared to the same period of 2018.

□ Travel

■ Receipts

Travel receipts increased by JD 25.2 million, or 11.3 percent, in February 2019 compared to the same month of 2018, to register JD 249.2 million. As for the first two months of 2019, travel receipts increased by JD 52.4 million, or 10.0 percent, to register JD 573.9 million, compared to the same period of 2018.

■ Payments

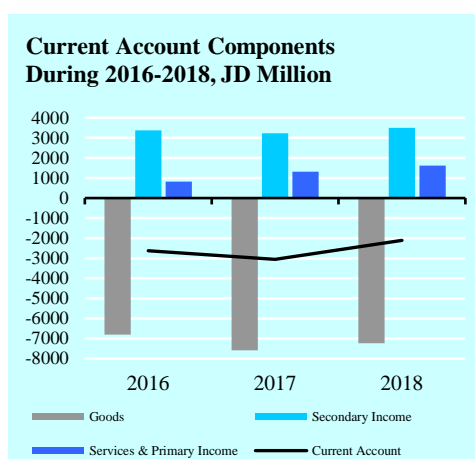
Travel payments increased by JD 4.2 million, or 5.9 percent, in February 2019 compared to the same month of 2018, to stand at JD 75.4 million. As for the first two months of 2019, Travel payments increased by 7.2 million, or 5.0 percent, to register JD 151.4 million, compared to the same period of 2018.

□ Balance of Payments

The preliminary data for the balance of payments during 2018 reveals the following:

- The current account recorded a deficit of JD 2,107.8 million (7.0 percent of GDP) compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach JD 3,103.3 million (10.3 percent of GDP) during 2018 compared to JD 3,831.4 million (13.3 percent of GDP) during 2017. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit during 2018 by JD 353.8 million, or 4.7 percent, to reach JD 7,239.4 million compared to JD 7,593.2 million during 2017.



- ◆ An increase in the services account surplus compared to 2017 by JD 310.5 million, to reach JD 1,766.3 million.
- ◆ A decrease in the primary income account deficit by JD 4.9 million, to reach JD 141.6 million during 2018 compared to a deficit of JD 146.5 million during 2017. This was mainly due to a decrease in deficit of the investment income (net) by JD 11.4 million, and a decrease in the surplus of “compensation of employees (net)” by JD 6.5 million.
- ◆ An increase in the secondary income surplus by JD 276.9 million to reach JD 3,506.9 million compared to JD 3,230.0 million during 2017, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 218.0 million to reach JD 995.5 million, and the increase in the net surplus transfers of other sectors by JD 58.9 million to reach JD 2,511.4 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 55.0 million during 2018 compared to a net inflow of JD 30.0 million during 2017. Meanwhile, the financial account registered a net inflow of JD 2,795.5 million during 2018 compared to a net inflow of JD 2,297.5 million during 2017, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 679.8 million compared to a net inflow of JD 1,436.4 million during 2017.
 - ◆ Portfolio investment recorded a net outflow of JD 146.5 million compared to a net inflow of JD 676.7 million during 2017.
 - ◆ Other investment registered a net inflow of JD 1,586.0 million compared to a net outflow of JD 91.5 million during 2017.
 - ◆ A decrease in the reserve assets of the CBJ by JD 676.2 million, compared to a decrease of JD 92.4 million during 2017.

□ 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 32,094.7 million at the end of 2018 compared to JD 29,432.7 million at the end of 2017. This 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 (residing) in the Kingdom by JD 883.3 million at the end of 2018 to reach JD 17,811.7 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 712.4 million and decrease in the currency and deposits of the banking sector abroad by JD 188.0 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 1,778.7 million at the end of 2018, to reach JD 49,906.4 million, this was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 609.7 million to stand at JD 24,927.5 million.
 - ◆ An increase of government long term loans by JD 298.9 million to stand at JD 4,527.8 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 1,160.8 million to stand at JD 8,733.9 million (increase by JD 748.6 million for the CBJ and increase by 412.2 for the licensed banks).
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 364.8 million to reach JD 536.6 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 264.9 million to stand at JD 7,944.6 million.