



Central Bank of Jordan

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

**Research Dept / Monthly Report  
July, 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 quarter of 2016, real GDP at market prices, grew by 2.3 percent, against 2.0 percent during the same quarter of 2015. The Consumer Price Index continued its contraction by 1.4 percent during the first half of 2016, against a contraction of 0.6 percent during the same period of 2015. Furthermore, the unemployment rate increased during the second quarter of 2016 to stand at 14.7 percent compared to 11.9 percent during the same quarter in 2015.

#### □ Monetary and Financial Sector

- The CBJ's foreign currency reserves decreased by US\$ 1,402.4 million (9.9 percent) at the end of the first half of 2016, compared to their level at the end of 2015, standing at US\$ 12,751.1 million. This level of reserves covers around 7.1 months of the kingdom's import of goods and services.
- Domestic liquidity increased by JD 510.8 million (1.6 percent) at the end of the first half of 2016, compared to its level at the end of 2015, to stand at JD 32,116.3 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,062.7 million (5.0 percent) at the end of the first half of 2016, compared to its level at the end of 2015, to stand at JD 22,166.2 million.
- Total deposits at licensed banks increased by JD 402.5 million (1.2 percent) at the end of the first half of 2016, compared to its level at the end of 2015, to stand at JD 33,001.0 million. This increase was a result of the increase in foreign currency deposits by JD 209.5 million (3.2 percent) and the increase in the JD deposits by 193.0 million (0.7 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,091.4 points at the end of June 2016, decreasing by 44.9 points, or 2.1 percent, compared to its level at the end of 2015.

- **Public Finance:** During the first five months of 2016, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 158.6 million compared to a fiscal deficit in the amount of JD 94.9 million during the same period of 2015. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 230.0 million at the end of May 2016, compared to its level at the end of 2015, to stand at JD 15,716.0 million (57.8 percent of GDP). Outstanding external public debt increased by JD 44.0 million at the end of May 2016 compared to its level at the end of 2015 to reach JD 9,434.5 million, (34.7 percent of GDP). Accordingly, the gross public debt (domestic and external) stood at 92.5 percent of GDP at the end of May 2016 compared to 93.4 percent of GDP at the end of 2015.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 5.6 percent to reach JD 2,050.3 while merchandize imports decreased by 0.3 percent to reach JD 5,891.7 million during the first five months of 2016. As a result, the trade balance deficit increased by 2.8 percent compared to the same period of 2015, to reach JD 3,841.4 million. The preliminary data for the first half of 2016 showed a decrease in travel receipts by 3.6 percent and an increase in travel payments by 6.9 percent compared to the same period of 2015. Moreover, total workers' remittances receipts decreased by 4.3 percent during the first half of 2016. The balance of payments for the first quarter of 2016 displayed a deficit in the current account amounting to JD 1,106.7 million, (17.7 percent of GDP) up from JD 557.7 million (9.3 percent of GDP) during the first quarter of 2015, while the current account deficit excluding grants increased to reach 19.3 percent of GDP compared with 11.4 percent of GDP during the first quarter of 2015. Moreover, net direct investment recorded an inflow of JD 355.5 million during the first quarter of 2016 compared to a net inflow of JD 237.6 million during the first quarter of 2015, furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 25,354.6 million at end of March 2016 compared to JD 24,412.8 million at the end of 2015.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's foreign currency reserves decreased by US\$ 1,402.4 million (9.9 percent) at the end of the first half of 2016, compared to their level at the end of 2015, to stand at US \$ 12,751.1 million. This level of reserves covers around 7.1 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 510.8 million (1.6 percent) at the end of the first half of 2016, compared to its level at the end of 2015, to total JD 32,116.3 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,062.7 million (5.0 percent) at the end of the first half of 2016, compared to its level at the end of 2015 to reach JD 22,166.2 million.
- Total deposits at licensed banks increased by JD 402.5 million (1.2 percent) at the end of the first half of 2016, compared to its level at the end of 2015, to stand at JD 33,001.0 million.
- The interest rates on all types of credit facilities increased at the end of the first half of 2016 compared to their levels at the end of 2015 except overdraft. Meanwhile, the interest rates on all types of deposits decreased except saving deposits.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,091.4 points at the end of the first half of 2016, decreasing by 44.9 points (2.1 percent), compared to its level at the end of 2015. Moreover, the market capitalization decreased by JD 1,173.9 million (6.5 percent), compared to its registered level in 2015, to stand at JD 16,810.8 million.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

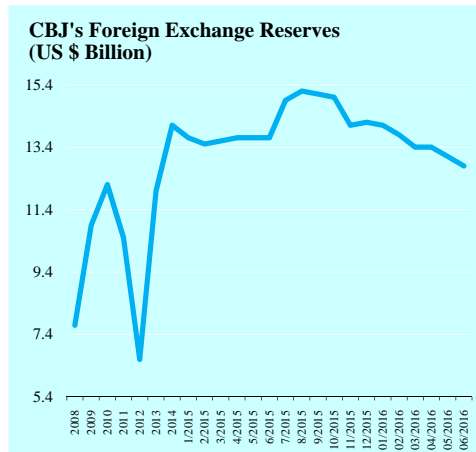
		End of June	
2015		2015	2016
US\$ 14,153.5	CBJ's Foreign Currency Reserves*	US\$ 13,659.1	US\$ 12,751.1
0.5%		-3.0%	-9.9%
31,605.5	Money Supply (M2)	30,710.7	32,116.3
8.1%		5.0%	1.6%
21,103.5	Credit Facilities, of which:	20,253.1	22,166.2
9.5%		5.1%	5.0%
18,098.1	Private Sector (Resident)	17,469.2	19,179.0
4.6%		1.0%	6.0%
32,598.5	Total Deposits, of which:	31,783.8	33,001.0
7.7%		5.0	1.2%
26,014.5	In JD	25,317.1	26,207.5
8.3%		5.4%	0.7%
6,584.0	In Foreign Currencies	6,466.7	6,793.5
5.4%		3.5%	3.2%
25,799.7	Deposits of Private Sector (Resident), of which:	24,900.8	25,825.1
7.6%		3.9%	0.1%
21,163.0	In JD	20,354.7	21,168.9
8.1%		4.0%	0.03%
4,636.7	In Foreign Currencies	4,546.1	4,656.2
5.3%		3.3%	0.4%

\* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves decreased by US\$ 1,402.4 million (9.9 percent) at the end of the first half of 2016, compared to their level at the end of 2015, to reach US\$ 12,751.1 million. This level of reserves covers around 7.1 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

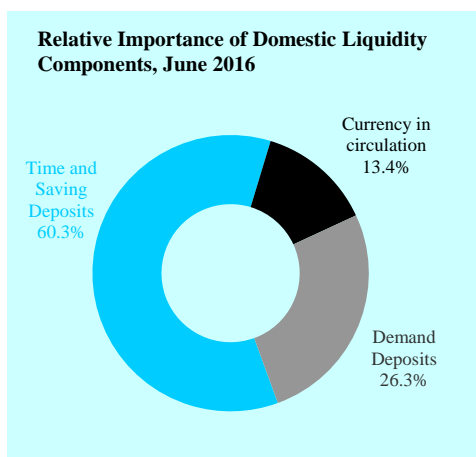
■ Domestic liquidity totaled JD 32,116.3 million at the end of the first half of 2016, increasing by JD 510.8 million, or 1.6 percent, compared to an increase of JD 1,470.3 million, or 5.0 percent, during the same period in 2015.

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

#### ● Components of Domestic Liquidity

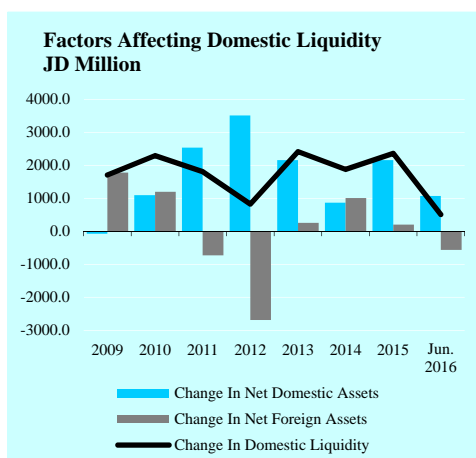
- Deposits increased by JD 127.4 million, or 0.5 percent, at the end the first half of 2016, compared to their level at the end of 2015, to total JD 27,799.7 million, compared to an increase of JD 1,340.1 million, or 5.3 percent, during the same period in 2015.

- Currency in circulation increased by JD 383.4 million, or 9.7 percent, at the end of the first half of 2016, compared to its level at the end of 2015, to reach JD 4,316.6 million, against an increase of JD 130.2 million, or 3.4 percent, during the same period in 2015.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,071.7 million, or 4.6 percent, at the end of the first half of 2016, compared to its level at the end of 2015, against an increase of JD 1,737.2 million, or 8.2 percent, during the same period in 2015. This increase was a result of the increase in net domestic assets at the CBJ by JD 993.2 million, or 17.2 percent, and its increase at licensed banks by JD 78.4 million, or 0.3 percent.



- Net foreign assets of the banking system decreased by JD 560.9 million, or 6.9 percent, at the end of the first half of 2016, compared to their level at the end of 2015, against a decrease in the amount of JD 266.9 million, or 3.4 percent, during the same period in 2015. This decrease was a result of the decrease in net foreign assets at the CBJ by JD 480.7 million, or 4.7 percent, and the decrease of net foreign assets at licensed banks by JD 80.2 million or 4.0 percent.

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

		End of June	
2015		2015	2016
<b>8,137.3</b>	<b>Foreign Assets (Net)</b>	<b>7,665.4</b>	<b>7,576.4</b>
10,124.2	CBJ	10,159.8	9,643.5
-1,986.9	Licensed Banks	-2,494.4	-2,067.1
<b>23,468.2</b>	<b>Domestic Assets (Net)</b>	<b>23,045.3</b>	<b>24,539.9</b>
-5,781.8	CBJ, of which:	-5,813.7	-4,788.7
1,519.1	Claims on Public Sector (Net)	1,589.2	1,601.6
-7,324.1	Other Items (Net*)	-7,426.3	-6,413.2
29,250.2	Licensed Banks	28,859.1	29,328.5
10,220.9	Claims on Public Sector (Net)	10,356.9	10,337.8
18,681.3	Claims on Private Sector	18,040.9	19,780.5
348.0	Other Items (Net)	461.3	-789.8
<b>31,605.5</b>	<b>Money Supply (M2)</b>	<b>30,710.7</b>	<b>32,116.3</b>
<b>3,933.2</b>	<b>Currency in Circulation</b>	<b>3,934.6</b>	<b>4,316.6</b>
<b>27,672.3</b>	<b>Total Deposits, of which:</b>	<b>26,776.1</b>	<b>27,799.7</b>
<b>4,709.6</b>	In Foreign Currencies	<b>4,606.0</b>	<b>4,727.9</b>

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

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

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

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

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

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

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

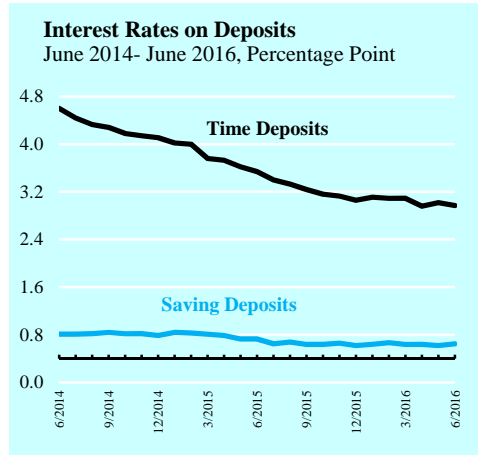
- Time Deposits: The weighted average interest rate on time deposits at the end of June 2016 decreased by 5 basis points, compared to its level at the end of the previous month, to stand at 2.97 percent. This rate is lower by 9 basis points than its level at the end of 2015.

Interest Rates on Monetary Policy Instruments, percentage points

2015		June	
		2015	2016
3.75	Re-discount Rate	4.00	3.75
3.50	Repurchase Agreements Rate (overnight)	3.75	3.50
1.50	Overnight Deposit Window Rate	1.75	1.50
2.50	Repurchase Agreements rate (one week)	2.75	2.50
2.50	Repurchase Agreements rate (one month)	2.75	2.50
	Certificates of Deposits (one week)	2.5	2.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

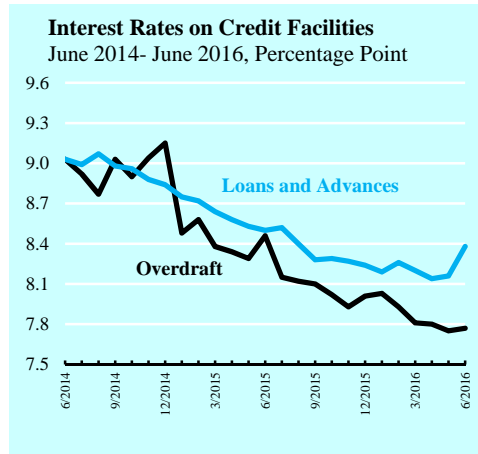
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of June 2016 increased by 3 basis points, compared to its level registered in the previous month to stand at 0.65 percent, which is 3 basis points higher than its level registered at the end of 2015.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of June 2016 decreased by 3 basis points, compared to its level at end of the previous month to stand at 0.25 percent. This rate is lower by 7 basis points than its level registered at the end of 2015 .

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of June 2016 increased by 2 basis points compared to its level in the previous month to stand at 7.77 percent, this rate is lower by 24 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 June 2016, decreased by 68 basis points compared to its level in the previous month to stand at 9.59 percent. This rate is higher by 89 basis points than its level at the end of 2015.

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

	June		Change Relative to the Preceding Year Basis Points
	2015	2016	
<b>Deposits</b>			
0.32 Demand	0.38	0.25	-7
0.62 Saving	0.73	0.65	3
3.06 Time	3.54	2.97	-9
<b>Credit Facilities</b>			
8.70 Discounted Bills and Bonds	9.52	9.59	89
8.24 Loans and Advances	8.50	8.38	14
8.01 Overdraft	8.46	7.77	-24
8.37 Prime Lending Rate	8.46	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 June 2016

increased by 22 basis points, compared to its level in the previous month, to stand at 8.38 percent. This rate is higher by 14 basis points than its level registered at the end of 2015.

- The prime lending rate stood at 8.39 percent at the end of June 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 541 basis points, at the end of June 2016, which is higher by 23 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 1,062.7 million, or 5.0 percent, at the end of the first half of 2016, compared to its level at the end of 2015, against an increase of JD 978.6 million, or 5.1 percent during the same period in 2015.



- The extended credit facilities, according to economic activity, at the end of the first half of 2016 demonstrates an increase in credit extended to "others" item, which generally represents facilities extended to individuals, by JD 326.4 million, or 6.3 percent, followed by the "construction" sector by JD 312.3 million, or 6.4 percent, and the general trade and transportation services sectors by JD 96.7 million, or 2.5 percent, and 70.5 million, or 27.1 percent, respectively, compared to their levels at the end of 2015.
- In terms of borrowers, credit facilities at the end of the first half of 2016 had shown an increase in credit extended to the private sector (resident) by 1,080.8 million, or 6.0 percent, the public institutions by JD 23.0 million, or 7.1 percent, and the financial institutions by JD 1.7 million, or 19.0 percent. Meanwhile, credit facilities extended to the central government and the private sector (non-resident) declined by JD 32.3 million, or 1.5 percent, and 10.5 million, or 2.2 percent respectively, compared to their levels at the end of 2015.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,001.0 million at the end of the first half of 2016, increasing by JD 402.5 million, or 1.2 percent, compared to its level at the end of 2015, against an increase of JD 1,522.8 million, or 5.0 percent, during the same period in 2015.
- This increase was a result of the increase in the deposits of the public sector (central government plus public institutions) by JD 220.7 million, or 8.1 percent, the private sector (non-resident) by JD 162.9 million, or 4.5 percent, the private sector (resident) by JD 25.4 million, or 0.1 percent. In contrast, the non-banking financial institutions' deposits decreased by JD 6.5 million, or 1.5 percent.

- The currency composition of deposits at the end of the first half of 2016 revealed that JD deposits increased by JD 209.5 million, or 3.2 percent, and “deposits in the foreign currency” increased by JD 193.0 million, or 0.7 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 half of 2016 compared to 2015. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at ASE totaled JD 138.7 million in June 2016; down by JD 44.6 million, or 24.3 percent, compared to its level in the previous month, against an increase of JD 85.1 million, or 45.6 percent, during the same month in 2015. As for the first half of 2016, the trading volume decreased by JD 113.3 million, or 8.7 percent, compared to the same period in 2015, to reach JD 1,195.7 million.

##### ■ Traded Shares

The number of traded shares in June 2016 totaled 113.0 million shares; down by 31.7 million shares, or 21.9 percent, compared to its level in the previous month, against an increase amounting to 21.7 million shares, or 10.6 percent, during the same month in 2015. As for the first half of 2016, the number of traded shares amounted to 1,062.4 million shares, compared to 1,288.4 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 decreased by 27.1 points, or 1.3 percent, at the end of June 2016 compared to its

level in the previous month to stand at 2,091.4 point, against a decrease of 68.0 points, or 3.1 percent, during the same month in 2015. Furthermore, the SPI decreased by 44.9 points, or 2.1 percent, at the end of the first half of 2016 compared to its level at the end of 2015, against a decrease in the amount of 49.9 points, or 2.1 percent, during the same period in 2015. The aforementioned decrease was an outcome of the decrease in the SPI of the services sector by 132.6 points, or 7.7 percent, and the financial sector by 106.6 points or 3.7 percent, and the increase in the SPI for the industrial sector by 164.9, or 8.9 percent, compared to their levels at the end of 2015.

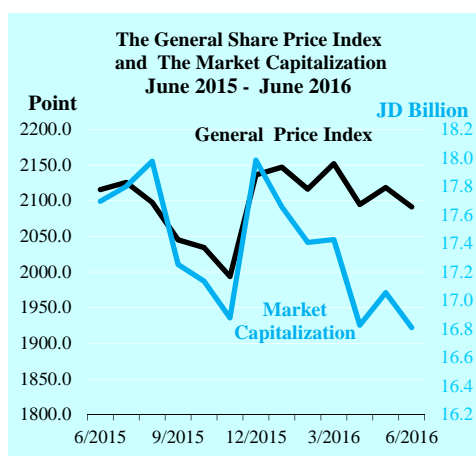
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

2015		June	
		2015	2016
2,136.3	General Index	2,115.6	2,091.4
2,906.2	Financial Sector	2,811.8	2,799.5
1,848.8	Industrial Sector	1,855.5	2,013.7
1,726.7	Services Sector	1,790.3	1,594.1

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 16.8 billion at the end of June 2016; decreasing by JD 244.9 million, or 1.4 percent, compared to its level in the previous month, against a decrease of JD 400.5



million, or 2.2 percent, during the same month in 2015. As for the first half of 2016, the market capitalization decreased by JD 1,173.9 million, or 6.5 percent, compared to a decrease of JD 387 million or 2.1 percent, during the same period in 2015.

#### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 3.1 million in June 2016, compared to an outflow of JD 6.9 million during the same month in 2015; the value of shares acquired by non-Jordanian in June 2016 amounted to JD 35.2 million, while their selling amounted to JD 38.3 million. As for the first half of 2016, non-Jordanian net

Main Amman Stock Exchange Trading Indicators, JD Million			
		June	
2015		2015	2016
3,417.1	Value Traded	271.7	138.7
13.9	Average Daily Trading	12.4	6.6
17,984.7	Market Capitalization	17,695.6	16,810.8
2,585.8	No. of Traded Shares (million)	226.7	113.0
10.6	Net Investment of Non-Jordanian	-6.9	-3.1
981.7	Non-Jordanian Buying	56.9	35.2
971.1	Non-Jordanian Selling	63.8	38.3

Source: Amman Stock Exchange.

investment recorded an inflow amounted JD 141.3 million, compared to an inflow of JD 8.5 million, during the same period in 2015.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.3 percent during the first quarter of 2016, against 2.0 percent during the same quarter of 2015. At current market prices, GDP grew by 3.8 percent during the first quarter of 2016, compared to 5.1 percent during the same quarter of 2015.
- The Consumer Price Index (CPI) continued its contraction by 1.4 percent during the first half of 2016, against a contraction of 0.6 percent during the same period of 2015.
- The unemployment rate increased during the second quarter of 2016 to stand at 14.7 percent (13.0 percent for males and 22.8 percent for females), compared to 11.9 percent (10.1 percent for males and 20.0 percent for females) during the same quarter of 2015. The unemployment rate among academic degree holders (Bachelor and higher) reached 18.6 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 national economy experienced improvement in performance during the first quarter of 2016, the real GDP grew by 2.3 percent compared to 2.0 percent during the first quarter of 2015. When excluding “net taxes on products”, which grew by 1.4 percent, GDP at constant basic prices grew by 2.5 percent during the first quarter of 2016, compared to 2.0 percent during the same quarter 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	-	-	-	-
GDP at Current Market Prices	3.8	-	-	-	-

Source: Department of Statistics.

At current market prices, GDP grew by 3.8 percent during the first quarter of 2016, compared to 5.1 percent during the same quarter of 2015. This decline in nominal growth is mainly attributed to the slowdown in the general price level, measured by the GDP deflator, which grew by 1.4 percent compared to 3.1 percent during the first quarter 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 quarter of 2016 were; “transports, storage and communications” (0.5 percentage point), “electricity and water” (0.3 percentage point), “wholesale and retail trade” (0.2 percentage point), and construction (0.1 percentage point). These sectors collectively accounted for 47.8 percent of real GDP growth during the first quarter of 2016.

The economic sectors displayed a wide variation in their performance during the first quarter of 2016. Some sectors recorded accelerated growth, such as “electricity and water”, “transport, storage and communications”, and construction. Meanwhile, agriculture, manufacturing, and “producers of government services” experienced slowdown. On the other hand, “mining and quarrying” sector showed contraction in its performance, whereas, real estate sector maintained its registered performance during the first quarter of 2015.



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

Sectors	Relative change		Contribution	
	2015	2016	2015	2016
<b>GDP At Market Prices</b>	2.0	2.3	2.0	2.3
Agriculture, Hunting, Forestry, And Fishing	7.7	6.4	0.3	0.2
Mining And Quarrying	10.1	-8.4	0.2	-0.1
Manufacturing	1.0	0.9	0.2	0.1
Electricity And Water	1.8	16.4	0.0	0.3
Construction	-3.4	2.6	-0.1	0.1
Wholesale And Retail Trade	1.2	1.7	0.1	0.2
Restaurant And Hotels	-6.0	0.7	-	-
Transport, Storage & Communications	1.8	3.0	0.3	0.5
Finance And Insurance Services	5.2	5.1	0.5	0.5
Real Estate	2.2	2.2	0.2	0.2
Community, Social And Personal Services	3.0	3.1	0.1	0.1
Producers Of Government Services	1.4	1.3	0.2	0.2
Producers Of Private Non-Profit Services To	6.3	4.0	-	-
Domestic Services Of Households	0.1	0.1	-	-

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

### □ Microeconomic Indicators

The microeconomic indicators displayed divergent performance for the current year. Some indicators recorded a notable growth, such as; number of passengers through Royal Jordanian (4.4 percent). However, other indicators showed a contraction, particularly; “mining and quarrying production quarrying index” (-18.4 percent). The following table displays the performance of the main sectoral indicators.

#### Main Sectoral Indicators\*

Percentage Points

2014	2015	Item	2015	Available period	2016
-1.2	-8.8	<b>Manufacturing production quantity index**</b>	-	<b>May</b>	<b>-4.6</b>
-0.7	-0.5	Food products and beverages	-		-15.1
0.2	45.9	Tobacco products	-		3.2
-0.8	-1.7	Refined petroleum products	-		-36.7
0.3	63.8	Wearing apparel	-		116.2
0.6	3.4	Non-metallic mineral products	-		-11.8
-0.6	-10.8	Chemical products	-		9.7
<b>1.6</b>	<b>16.9</b>	<b>“Mining and quarrying” production quantity index**</b>	-		<b>-18.4</b>
0.0	-38.3	Extraction of crude petroleum and natural gas	-		-10.8
-0.2	-55.6	Other mining and quarrying	-		-18.4
7.2	-12.5	Licensed areas for buildings	-21.5	<b>January- May</b>	<b>-3.7</b>
-2.8	-7.9	Number of passengers through Royal Jordanian	-15.0	<b>January-June</b>	<b>4.4</b>
-1.7	-0.7	Cargo through Royal Jordanian	-0.5		-14.1
16.7	-3.5	Quantities of exported and imported goods shipped through Aqaba port	6.2		-8.8
-0.5	-7.4	Number of departures	-13.1		-2.9
22.4	-2.0	Value traded at the real estate market	-11.0		-6.1

\* : 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 1.4 percent during the first half of 2016, against a contraction of 0.6 percent during the same period of 2015. This came as a result of the continuous falling in the prices of oil and related goods and services in the global markets and its impact on domestic prices. The main groups and items that witnessed decline in their prices are “fuels and lighting” (-7.8 percent), transportation (-7.0 percent), and “meat and poultry” (-8.1 percent). They collectively contributed in reducing the overall inflation rate by (-2.0) percentage points.

### Annual Bases Inflation Rate

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



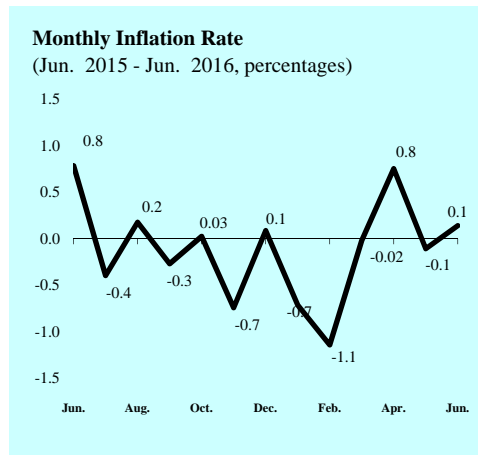
### Inflation Rate during the first half for the Year 2015 - 2016

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan - Jun	2015	2016	2015
All Items	100.00	-0.6	-1.4	-0.6	-1.4
1) Food and non-Alcoholic Beverages, of which:	33.36	1.1	-3.4	0.4	-1.1
Meat and Poultry	8.24	0.8	-8.1	0.1	-0.7
Dairy Products and Eggs	4.23	-0.3	-1.9	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.89	-2.6	-7.2	-0.1	-0.3
Fruits and Nuts	2.73	8.3	-4.7	0.2	-0.1
Oils and Fats	1.92	3.4	2.6	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.43	4.3	1.6	0.2	0.1
3) Clothing and footwear	3.55	6.1	3.5	0.2	0.1
4) Housing, of which:	21.92	1.4	0.7	0.3	0.2
Rents	15.57	5.6	3.0	0.9	0.5
Fuels and Lighting	4.85	-11.6	-7.8	-0.6	-0.4
5) Household Furnishings and Equipment	4.19	2.3	1.0	0.1	0.0
6) Health	2.21	4.1	1.4	0.1	0.0
7) Transportation	13.58	-14.5	-7.0	-2.2	-0.9
8) Communication	3.50	0.2	-0.3	0.0	0.0
9) Culture and Recreation	2.27	3.8	5.1	0.1	0.1
10) Education	5.41	3.7	1.1	0.2	0.1
11) Restaurants and Hotels	1.83	1.9	1.1	0.0	0.0
12) Other Goods and Services	3.75	1.4	0.8	0.1	0.0

Source: Department of Statistics.

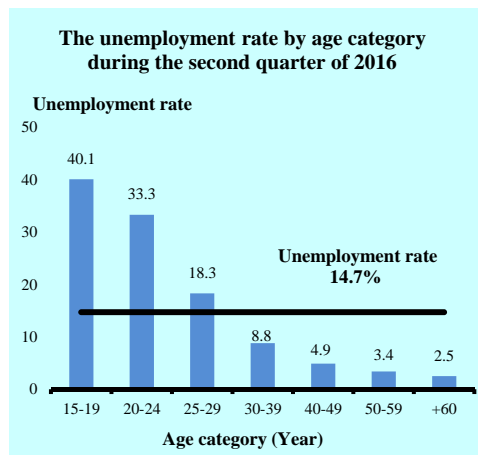
In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (5.1 percent), “clothing and footwear” (3.5 percent), and rents (3.0 percent).

In June 2016, the CPI witnessed an increase by 0.1 percent compared with May 2016. This was due to the increase in the prices of some items, mainly; “tobacco and cigarettes” (4.6 percent), “culture and recreation” (2.3 percent), and transportation (2.0 percent).



■ Employment

- The unemployment rate increased during the second quarter of 2016 to reach 14.7 percent (13.0 percent for males and 22.8 percent for females), compared to 11.9 percent (10.1 percent for males and 20.0 percent for females) during the same quarter of 2015.



- The unemployment among youth reached 40.1 percent for the categories of 15-19 years old, and 33.3 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 second quarter of 2016 reached 36.5 percent (59.6 percent for males and 13.3 percent for females), compared to 37.6 percent (61.3 percent for males and 13.7 percent for females) during the same quarter in 2015.
- The employment rate among population of 15 years and older reached 31.1 percent during the second quarter of 2016, compared to 33.1 percent during the same quarter in 2015. The employees in the sector of “public administration, defense, and social security” accounted for 26.4 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.5 percent), education (11.7 percent), and manufacturing (9.8 percent).



### Third : Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 158.6 million during the first five months of 2016, comparing to a fiscal deficit in the amount of JD 94.9 million, during the same period in 2015. When excluding foreign grants (JD 211.3 million), the general budget deficit reaches JD 369.9 million compared to a deficit in the amount of JD 363.4 million during the same period in 2015.
- Gross outstanding domestic public debt increased by JD 230.0 million at the end of May 2016 compared to its level at the end of 2015, to reach JD 15,716.0 million (57.8 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 44.0 million at the end of May 2016, compared to its level at the end of 2015, to stand at JD 9,434.5 million (34.7 percent of GDP).
- As a result, gross outstanding public debt (domestic and external) reached JD 25,150.5 million (92.5 percent of GDP) at the end of May 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 five months of 2016 compared to the same period in the preceding year:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 137.7 million, or 31.1 percent, in May 2016 compared to the same month of 2015 to reach JD 579.9 million. As for the first five months of 2016, these revenues were up by JD 149.1 million, or 5.2 percent, compared to the same period in 2015 to stand at JD 3,011.3 million. This came as an outcome of the increase in domestic revenues by JD 206.3 million, and the decrease in foreign grants by JD 57.2 million.

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

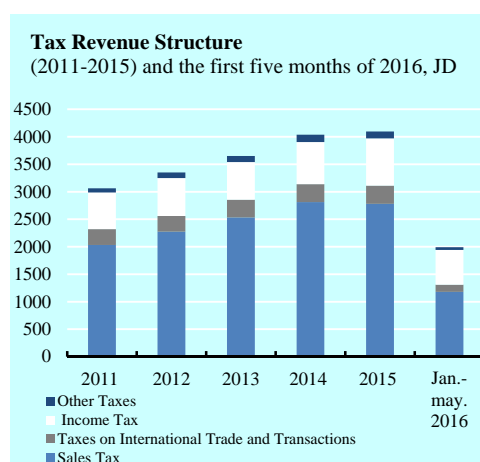
(JD Million and Percentages)

	May		Growth Rate	Jan. – May		Growth Rate
	2015	2016		2015	2016	
<b>Total Revenues and Grants</b>	<b>442.2</b>	<b>579.9</b>	<b>31.1</b>	<b>2,862.2</b>	<b>3,011.3</b>	<b>5.2</b>
Domestic Revenues, of which:	420.6	520.8	23.8	2,593.7	2,800.0	8.0
Tax Revenues, of which:	314.5	353.1	12.3	1,854.1	1,991.3	7.4
General Sales Tax	241.0	266.9	10.7	1,117.1	1,179.4	5.6
Other Revenues	104.4	165.9	58.9	732.5	801.3	9.4
Foreign Grants	21.6	59.1	173.6	268.5	211.3	-21.3
<b>Total Expenditures, of which:</b>	<b>701.8</b>	<b>716.4</b>	<b>2.1</b>	<b>2,957.1</b>	<b>3,169.9</b>	<b>7.2</b>
Capital Expenditures	126.9	98.0	-22.8	300.7	304.3	1.2
<b>Overall Deficit/ Surplus</b>	<b>-259.6</b>	<b>-136.5</b>	<b>-</b>	<b>-94.9</b>	<b>-158.6</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase by JD 206.3 million, or 8.0 percent, during the first five months of 2016 compared to the same period in 2015, to reach JD 2,800.0 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues”, and “pension contribution” by JD 137.2 million, JD 68.8 million, and JD 0.3 million, respectively.



### ● Tax Revenues

Tax revenues increased by JD 137.2 million, or 7.4 percent, during the first five months of 2016 compared to the same period in 2015, to reach JD 1,991.3 million (71.1 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 62.3 million, or 5.6 percent, which reached JD 1,179.4 million (accounting for 59.2 percent of total tax revenues). This result was driven by the increase in the proceeds of “sales tax on services”, “sales tax on imported goods”, “sales tax on commercial sector”, by 28.9 million, JD 18.2 million, JD 15.2 million, respectively. Meanwhile, sales tax on domestic goods declined by 0.1 million.
- An increase in the proceeds of “income and profit taxes” by JD 75.0 million, or 13.5 percent, which reached JD 631.3 million (accounting for 31.7 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 81.2 million, and decrease in the proceeds of “income tax from individuals” by JD 6.2 million. Accordingly, income tax from companies accounted for 84.3 percent of total taxes on income and profits to reach JD 532.5 million.

- An increase in real-estates tax (taxes on financial transactions) by JD 2.1 million, or 4.5 percent, to reach JD 48.7 million (accounting for 2.4 percent of total tax revenues).
- A decrease in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 2.3 million or 1.7 percent, to reach JD 131.8 million (accounting for 6.6 percent of total tax revenues).

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

“Other revenues” increased by JD 68.8 million, or 9.4 percent, during the first five months of 2016 to reach JD 801.3 million. This increase was chiefly due to:

- An increase in miscellaneous revenues by JD 138.0 million to stand at JD 304.4 million.
- A drop in property income by JD 62.1 million to stand at JD 131.1 million (of which financial surplus of independent government units amounted to JD 121.5 million against JD 170.6 million during the same period in 2015).
- A decrease in “revenues from selling goods and services” by JD 7.2 million to reach JD 365.8 million.

● **Pension Contributions**

Pension contributions witnessed a slight increase by JD 0.3 million, or 4.2 percent, during the first five months of 2016, standing at JD 7.4 million.

◆ **Foreign Grants**

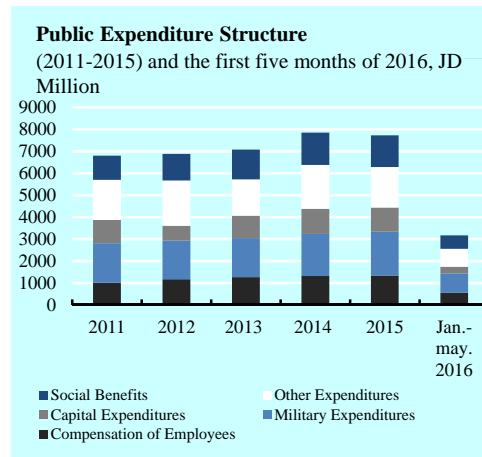
Foreign grants decreased by JD 57.2 million, or 21.3 percent, during the first five months of 2016, standing at JD 211.3 million.



## Public Expenditures

Public expenditures witnessed an increase by JD 14.6 million, or 2.1 percent, in May 2016 compared to the same month in 2015 to stand at JD 716.4 million. Moreover, public expenditures increased by JD 212.8 million, or 7.2 percent during the first five months of 2016 compared to the same period in 2015, to stand

at JD 3,169.9 million. This increase was a result of the rise in current expenditures by JD 209.2 million, and capital expenditures by JD 3.6 million.



## Current Expenditures

Current expenditures increased by JD 209.2 million, or 7.9 percent, during the first five months of 2016, to reach JD 2,865.6 million. This result was driven by the increase in most current expenditure items. More specifically:

- An increase in military expenditures by JD 60.6 million to total JD 878.2 million, accounting for 30.6 percent of total current expenditures.
- An increase in social benefit expenditures by JD 14.7 million to stand at JD 613.1 million, accounting for 21.4 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 5.4 million to reach JD 560.5 million, accounting for 19.6 percent of total current expenditures.

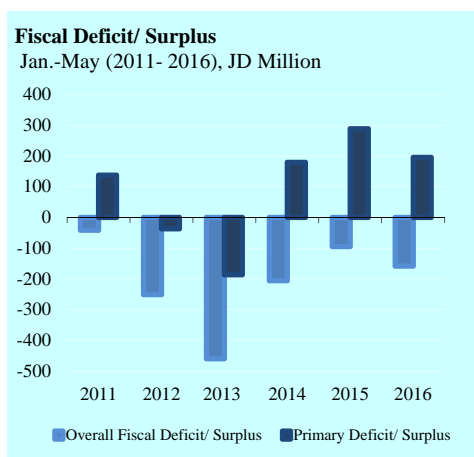
- An increase in “purchases of goods and services” by JD 59.9 million to stand at JD 170.9 million, accounting for 6.0 percent of total current expenditures.
- A drop in interest payments by JD 29.9 million to stand at JD 353.8 million, accounting for 12.3 percent of total current expenditures.
- A drop in goods subsidies by JD 8.6 million to stand at JD 63.0 million, accounting for 2.2 percent of total current expenditures.

#### ◆ Capital Expenditures

Capital expenditures increased by JD 3.6 million, or 1.2 percent during the first five months of 2016 compared to the same period in 2015, to reach JD 304.3 million.

#### ■ General Budget Deficit/ Surplus

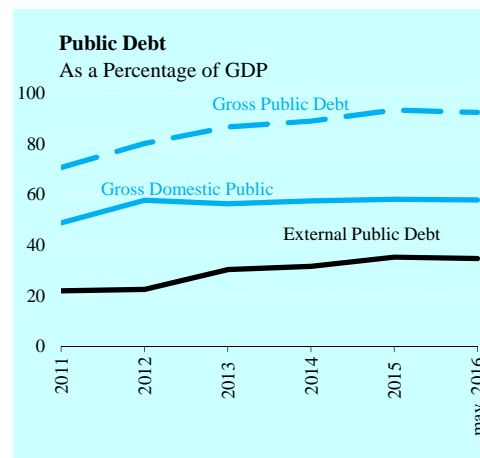
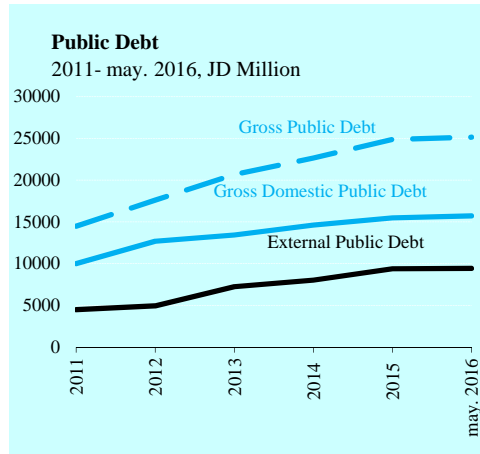
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 158.6 during the first five months of 2016, against a fiscal deficit in the amount of JD 94.9 million during the same period in 2015.



- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 195.2 million during the first five months of 2016, against a primary surplus of JD 288.8 million during the same period in 2015.

Public Debt

Gross outstanding domestic public debt increased by JD 230.0 million at the end of May 2016 compared to its level at the end of 2015 to total JD 15,716.0 million, or 57.8 percent of GDP. Meanwhile, government deposits at the banking system declined by JD 321.0 million compared to its level in 2015 to reach JD 1,708.0 million. As a result, net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 550.0 million to reach JD 14,007.0 million. This rise in gross outstanding domestic public debt was an outcome of the rise in gross budgetary government debt, on one hand, as “Treasury bills and bonds” increased by JD 358.0 million at the end of May 2016, compared to their level at the end of 2015, standing at JD 12,742.0 million, however, the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government declined



by JD 40.0 million to stand at JD 472.0 million, and the decrease in the gross domestic debt of own-budget agencies by JD 80.0 million to stand at JD 2,471.0 million, on the other. In this regard, loans and advances extended to these agencies decreased by JD 71.0 million to stand at JD 1,918.0 million, and the decrease in the own-budget agencies' bonds by 10 million to stand at JD 553.0 million compared to its level at the end of 2015.

- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 44.0 million at the end of May 2016 compared to its level at the end of 2015, amounting to JD 9,434.5 million (34.7 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 60.1 percent, while debt in Euros accounted for 6.6 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 7.3 percent and 8.0 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 15.3 percent.
- Gross public debt (domestic and external) increased by JD 274.0 million at the end of May 2016 compared to its level at the end of 2015 to stand at JD 25,150.5 million, (92.5 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) amounted to JD 639.5 million during the first five months of 2016 (of which interest payments amounting to JD 83.2 million) compared to JD 240.0 million (of which interest payments amounting to JD 80.8 million) during the same period in 2015.

### □ Fiscal and Price Measures

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

#### Development of Oil Derivatives Price

	Unit	2016		Percentage Change
		July	August	
Unleaded Gasoline 90	Fils/Liter	580	555	-4.3
Unleaded Gasoline 95	Fils/Liter	745	720	-3.4
Gas Oil (Diesel)	Fils/Liter	440	425	-3.4
Kerosene	Fils/Liter	440	425	-3.4
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	251.7	290.9	15.6
Fuel for airplanes (local companies)	Fils/Liter	347	332	-4.3
Fuel for airplanes (foreign companies)	Fils/Liter	352	337	-4.3
Fuel for unplanned flights	Fils/Liter	367	352	-4.1
Asphalt	JD/Ton	275.9	279.8	1.4

Source: Jordan Petroleum Refinery Company (1/8/2016).

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

- 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 car ownership transfer fees on all vehicles, except for the public transportation vehicles, by various amounts as follows:
    - JD 50 on cars with less than 1,500 cc engine,
    - JD 100 on cars up to 2,000 cc engine,
    - JD 400 on cars up to 3,000 cc engine,
    - JD 550 on cars up to 4,000 cc engine,
    - JD 700 on cars with higher than 4,000 cc engine.
  - 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 eliminate the reduction in fees and taxes on land purchases by 50% (July 2016).

#### □ Grants, Loans and Other Agreements

- Signing a concessional loan and a grant agreements with the European Bank for Reconstruction and Development (EBRD), in the amount of US\$ 19.5 million, distributed as follows (January 2016):

- US\$ 14 million concessional loan agreement to finance the implementation of the East Zarqa Wastewater Project.
- US\$ 5.5 million grant agreement for the same project, to finance work, services and related procurement for the construction of a new wastewater pipeline, as well as the rehabilitation of an existing wastewater pipeline, from East Zarqa station to Samara Wastewater Treatment Plant.
- Signing a grant agreement extended by Kuwait in the amount of US\$ 20 million, to support the Jordanian response plan to the Syrian crisis (January 2016).
- Signing a grant agreement extended by Canadian government in the amount of CAD 39 million, that targets sustainable economic growth in Jordan by implementing two Canadian funded projects, distributed as follows (January 2016):
  - CAD 19.85 million to support “Sustainable Economic Development through Renewable Energy Project”.
  - CAD 19.1 million to the project of “Enterprises Development in the Jordan Valley”.
- Signing a grant agreement extended by the Islamic Development Bank (IDB) in the amount of US\$ 200 thousand, to finance the capacity building project of rural societies within the framework of village health program (February 2016).
- Signing an additional grant agreement in the amount of US\$ 16.4 million, extended by the Japanese government, outside the framework of bilateral assistance, which aims to mitigate the burdens of hosting Syrian refugees (March 2016).

- The government agreed upon Britain's grant in the amount of USD 34 million to support Syrian refugees and Jordanian host communities provided by the Department for International Development / United Kingdom, and implemented by the Mercy Corps Organization as a follow up to the London conference to support the 2016-2018 Jordan Response Plan (June 2016).
- Signing a grant agreement in the amount of EUR 1.0 million provided by the French Development Agency within the third memorandum of understanding framework between the Jordanian and French governments for the period (2016-2018), to cover the cost of training and capability building for ministries and institutions, and provide the financing for studies and research in any area according to the government needs. In addition to financing priority sectors including water and sewage, energy, municipality and city development, transport, hard waste management, private sector and economic development encouragement, as well as environment (June 2016).
- Signing a protocol grant agreement in the amount of JD27.9 million with the United Nations Children's Emergency Fund (UNICEF) to support the ministry of education in providing quality education to children affected by the Syrian crisis. The project is part of schemes listed in the 2016-2018 Jordan Response Plan and as a follow up to the London conference on the Syrian crisis (July 2016).



#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 9.7 percent in May 2016 compared to the same month of 2015 to record JD 497.8 million. As for the first five months of 2016, total merchandize exports decreased by 5.6 percent compared to the same period of 2015 to reach JD 2,050.3 million.
- **Merchandize imports** decreased by 6.2 percent in May 2016 compared to the same month of 2015 to reach JD 1,200.6 million. As for the first five months of 2016, total merchandize imports decreased by 0.3 percent compared to the same period of 2015 to reach JD 5,891.7 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 14.9 percent in May 2016 compared to the same month in 2015; standing at JD 702.8 million. As for the first five months of 2016, trade balance deficit increased by 2.8 percent compared to the same period of 2015 to reach JD 3,841.4 million.
- **Travel receipts** decreased by 18.2 percent in June 2016 compared to the same month of 2015 to reach JD 169.9 million, while travel payments increased by 1.7 percent, to reach JD 73.4 million. As for the first half of 2016, travel receipts decreased by 3.6 percent to reach JD 1,300.1 million, while travel payments increased by 6.9 percent to reach JD 441.9 million compared to the same period of 2015.
- **Total workers' remittances receipts** decreased by 4.1 percent in June 2016 compared to the same month of 2015 to reach JD 238.0 million. As for the first half of 2016, total workers' remittance decreased by 4.3 percent compared to the same period of 2015 to reach JD 1,274.2 million.
- **The current account of the balance of payments** registered a deficit of JD 1,106.7 million (17.7 percent of GDP) during the first quarter of 2016 compared to a deficit of JD 557.7 million (9.3 percent of GDP) during the first quarter of 2015, while the current account deficit excluding grants went up to reach 19.3 percent of GDP compared with 11.4 percent of GDP during the first quarter of 2015.
- **Net direct investment** recorded an inflow of JD 355.5 million during the first quarter of 2016, up from JD 237.6 million during the first quarter of 2015.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 25,354.6 million at the end of March 2016; compared to JD 24,412.8 million at the end of 2015.

#### □ External Trade

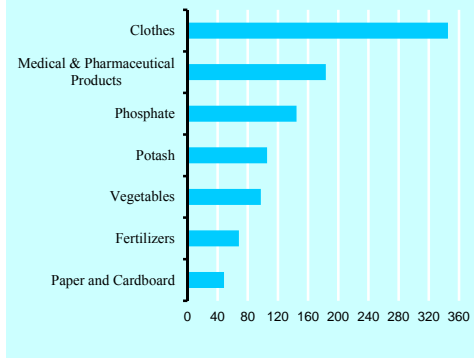
- As a result of the decrease in domestic exports by JD 147.9 million and the decline in imports by JD 17.4 million in the first five months of 2016, compared to the same period of 2015, the volume of external trade (domestic exports *plus* imports) decreased by JD 165.3 million to stand at JD 7,598.5 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January - May				January - May				
	2015	2016	Percentage Change		2015	Percentage Change 2015/2014	2016	Percentage Change 2016/2015
<b>Exports</b>				External Trade	7,763.8	-12.0	7,598.5	-2.1
USA	376.3	368.5	-2.1	Total Exports	2,172.4	-10.9	2,050.3	-5.6
Saudi Arabia	287.9	286.5	-0.5	Domestic Exports	1,854.7	-12.2	1,706.8	-8.0
India	174.4	147.4	-15.5	Re-exports	317.7	-2.4	343.5	8.1
Iraq	264.3	140.5	-46.8	Imports	5,909.1	-12.0	5,891.7	-0.3
Kuwait	36.1	82.3	128.0	Trade Balance	-3,736.7	-12.7	-3,841.4	2.8
UAE	87.1	79.0	-9.3	Source: Department of Statistics.				
Qatar	36.1	44.5	23.3					
<b>Imports</b>								
China	750.2	782.1	4.3					
Saudi Arabia	1,079.3	681.8	-36.8					
USA	361.0	382.4	5.9					
Germany	311.6	265.9	-14.7					
Italy	206.0	249.9	21.3					
Romania	67.0	249.5	272.4					
Turkey	170.2	205.7	20.9					
UAE	203.6	204.5	0.4					
Source: Department of Statistics.								

### ■ Merchandize Exports:

Total merchandize exports decreased by 5.6 percent in the first five months of 2016, to record JD 2,050.3 million. This

Major Exports by Commodity  
January - May 2016, JD Million



decrease resulted from a decline in domestic exports by JD 147.9 million, or 8.0 percent, to reach JD 1,706.8 million, and the increase in re-exports by 8.1 percent, to reach JD 343.5 million.

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

- Exports of **Potash** decreased by JD 67.4 million, or 39.0 percent, to stand at JD 105.6 million. The Indian, Malaysian and Chinese markets accounted for 62.3 percent of these exports.
- Exports of **Vegetables** decreased by JD 45.2 million, or 31.7 percent, to reach JD 97.3 million. The UAE, Kuwaiti and Saudi markets were the main destinations of these exports, accounting for 59.9 percent.

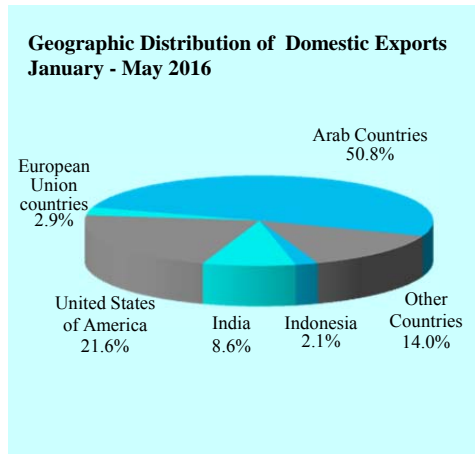
- Exports of **Medical & Pharmaceutical Products** increased by JD 32.8 million, or 21.8 percent, to reach JD 183.5 million. The Saudi, Algerian, Iraqi, and the Sudan markets accounted for 57.7 percent of these exports.
- Exports of **Phosphates** increased by JD 20.0 million, or 16.1 percent, to register JD 144.6 million. This increase was mainly a result of the increase in exported quantities by 27.9 percent and the decrease in prices by 9.2 percent. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 79.1 percent.

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

	2015	2016	Percentage Change
<b>Domestic Exports</b>	<b>1,854.7</b>	<b>1,706.8</b>	<b>-8.0</b>
<b>Clothes</b>	<b>363.4</b>	<b>345.4</b>	<b>-5.0</b>
USA	326.5	303.6	-7.0
<b>Medical &amp; Pharmaceutical Products</b>	<b>150.7</b>	<b>183.5</b>	<b>21.8</b>
Saudi Arabia	36.5	43.8	20.0
Algeria	14.5	25.4	75.2
Iraq	17.1	20.7	21.1
Sudan	16.1	15.9	-1.2
<b>Phosphates</b>	<b>124.6</b>	<b>144.6</b>	<b>16.1</b>
India	90.7	89.5	-1.3
Indonesia	17.7	24.9	40.7
<b>Potash</b>	<b>173.0</b>	<b>105.6</b>	<b>-39.0</b>
India	48.1	28.0	-41.8
Malaysia	34.5	21.8	-36.8
China	33.2	16.0	-51.8
<b>Vegetables</b>	<b>142.5</b>	<b>97.3</b>	<b>-31.7</b>
UAE	20.1	20.6	2.5
Kuwait	15.0	20.1	34.0
Saudi Arabia	19.3	17.6	-8.8
<b>Fertilizers</b>	<b>53.6</b>	<b>68.3</b>	<b>27.4</b>
India	26.9	24.1	-10.4
Iraq	7.0	23.0	228.6
Turkey	3.0	11.7	290.0
<b>Paper &amp; Cardboard</b>	<b>51.1</b>	<b>48.4</b>	<b>-5.3</b>
Saudi Arabia	18.7	24.2	29.4
Iraq	16.9	12.1	-28.4
UAE	3.4	3.9	14.7

Source: Department of Statistics.

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

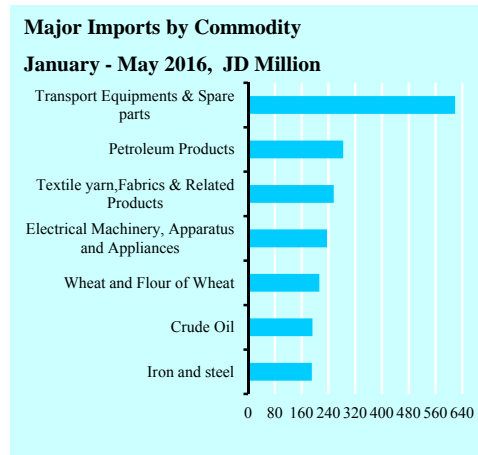


“paper and cardboard” topped the list of domestic exports in the first five months of 2016; accounting for 52.3 percent of domestic exports, compared with 57.1 percent in the same period of 2015. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE and Qatar were the main destination markets for domestic exports in the first five months of 2016; accounting for 67.3 percent of domestic exports, compared with 68.1 percent during the same period of 2015.

Its worth mentioning that domestic exports to GCC countries increased by 9.5 percent during the first five months of 2016, accounting for 30.6 percent of total domestic exports, compared with 25.7 percent during the same period of 2015.

■ **Merchandize Imports:**

Merchandize imports decreased by 0.3 percent to reach JD 5,891.7 million in the first five months of 2016, compared to a decrease by 12.0 percent during the same period of 2015.



◆ **The developments of imports in the first five months of 2016 compared with the same period in 2015 reveals the following:**

- **Petroleum Products** imports decreased by JD 229.7 million, or 44.7 percent, to reach JD 284.3 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. The main source markets of these imports were Saudi Arabia, Spain, and Italy; accounting for 72.7 percent.
- **Crude oil** imports decreased by JD 271.2 million, or 58.5 percent, to reach 192.2 million. This decrease was mainly due to a decline in prices by 37.9 percent and in imported quantities by 33.2 percent compared to the same period of 2015. Noting that Crude oil imports came from the Saudi market

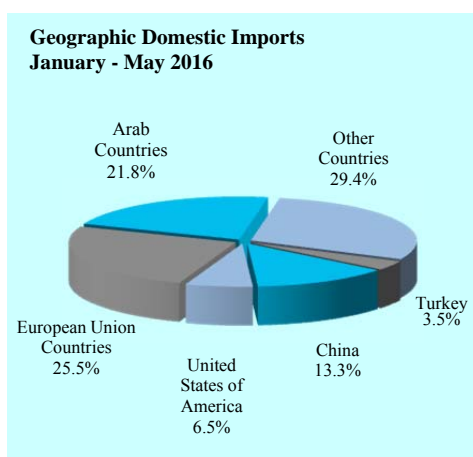
- **Transport Equipment and Spare Parts** imports increased by JD 92.1 million or 17.5 percent to reach JD 618.4 million. South Korea, Japan and the USA were the main origin markets for these imports; accounting for 60.4 percent.
- **Electrical Machinery, Apparatus, and Appliances** imports increased by JD 86.6 million or 58.2 percent. The markets of China, Italy and the USA accounted for 46.8 percent of these imports.
- **Wheat and Flour of Wheat** imports increased by JD 170.0 million. Romania was the main origin market, accounting for 80.1 percent of these imports.

**Major Imports by Commodity, JD Million**  
January - May 2015-2016

	2015	2016	Percentage Change
<b>Total Imports</b>	<b>5,909.1</b>	<b>5,891.7</b>	<b>-0.3</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>526.3</b>	<b>618.4</b>	<b>17.5</b>
South Korea	106.2	135.2	27.3
Japan	113.2	131.0	15.7
USA	83.2	107.4	29.1
<b>Petroleum Products</b>	<b>514.0</b>	<b>284.3</b>	<b>-44.7</b>
Saudi Arabia	201.0	122.6	-39.0
Spain	0.2	54.6	-
Italy	18.4	29.6	60.9
<b>Textile Yarn, Fabrics and Related Products</b>	<b>253.1</b>	<b>255.9</b>	<b>1.1</b>
China	95.2	97.0	1.9
Taiwan	84.3	82.5	-2.2
Turkey	14.9	23.8	59.8
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>149.0</b>	<b>235.6</b>	<b>58.2</b>
China	41.7	66.5	59.7
Italy	10.3	22.9	121.3
USA	10.4	20.9	101.2
<b>Wheat and Flour of Wheat</b>	<b>42.6</b>	<b>212.6</b>	<b>398.9</b>
Romania	21.0	170.3	711.0
<b>Crude oil</b>	<b>463.4</b>	<b>192.2</b>	<b>-58.5</b>
Saudi Arabia	463.4	192.2	-58.5
<b>Iron and Steel</b>	<b>184.4</b>	<b>190.4</b>	<b>3.3</b>
China	79.1	53.0	-33.0
Iron	18.4	33.9	84.9
Ukraine	13.2	20.8	57.0

Source: Department of Statistics.

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



apparatus and appliances”, “wheat and flour of wheat”, crude oil and “iron and steel” topped the list of imports in the first five months of 2016, accounting for 33.8 percent of total imports; down from 36.1 percent during the same period of 2015. Meanwhile, the geographical distribution of imports indicates that the markets of China, Saudi Arabia, the USA, Germany, Italy, Romania, Turkey, and UAE were the main sources of imports in the first five months of 2016; accounting for 51.3 percent of total imports, compared to 53.3 percent in the same period of 2015.

#### ■ Re-Exports

The value of re-exported goods increased by JD 25.8 million, or 8.1 percent in the first five months of 2016 compared to the same period of 2015, to reach JD 343.5 million.



### ■ Trade Balance

The trade balance deficit in the first five months of 2016 increased by JD 104.7 million, or 2.8 percent, to register JD 3,841.4 million, compared to the same period of 2015.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 4.1 percent in June 2016, compared to the same month of 2015 to register JD 238.0 million. As for the first half of 2016, total workers' remittances receipts decreased by 4.3 percent compared to the same period of 2015 to reach JD 1,274.2 million.

### □ Travel

#### ■ Receipts

Travel receipts decreased by JD 43.7 million, or 18.2 percent, in June 2016, compared to the same month of 2015 to register JD 196.9 million. As for the first half of 2016, travel receipts decreased by JD 48.5 million or 3.6 percent compared to the same period of 2015 to reach JD 1,300.1 million.

#### ■ Payments

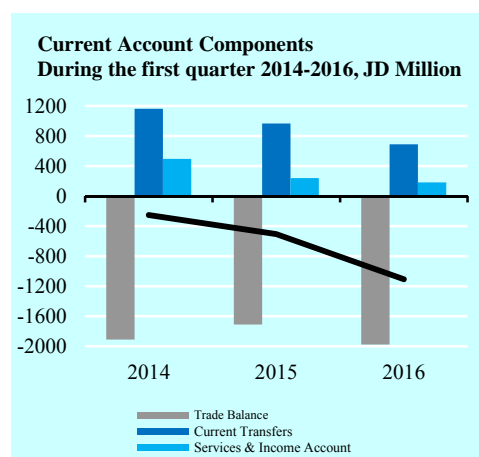
Travel payments increased by JD 1.2 million, or 1.7 percent, in June 2016, compared to the same month of 2015 to stand at JD 73.4 million. As for the first half of 2016, travel payments increased by JD 28.4 million or 6.9 percent compared to the same period of 2015 to reach JD 441.9 million.

### □ Balance of Payments

The preliminary data of the balance of payments during first quarter 2016 compared to the first quarter 2015, reveals the following developments:

- The current account recorded a deficit of JD 1,106.7 million (17.7 percent of GDP) compared to a deficit of JD 557.7 million (9.3 percent of GDP) during the first quarter 2015. While the current account deficit excluding grants increased to reach JD 1,206.4 million or 19.3 percent of GDP compared to JD 636.3 million or 11.4 percent of GDP in first quarter of 2015. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit during the first quarter of 2016 by JD 218.9 million, 12.5 percent, to reach JD 1,976.4 million compared to JD 1,757.5 million in the first quarter of 2015.



- ◆ A decrease in the surplus of the services account compared to the first quarter of 2015 by JD 49.8 million to reach JD 172.3 million.
- ◆ The income account recorded a surplus of JD 8.4 million compared to a surplus of JD 11.8 million during the first quarter of 2015. This was an outcome of the increase in the deficit recorded in investment income (net) by JD 0.4 million and the increase in the surplus recorded in compensation of employees (net) by JD 3.0 million, to reach JD 41.1 million and JD 49.5 million, respectively.
- ◆ A decrease in the surplus of net current transfers by JD 276.9 million; to reach JD 689.0 million, as a result of the decrease in net transfers of the public sector (foreign grants) during the first quarter of 2016 by JD 31.3 million, to reach JD 99.7 million, and the decrease in the net transfers of other sectors by JD 245.6 million to reach JD 589.3 million.

- The capital and financial account during the first quarter of 2016 registered a net inflow of JD 795.9 million, compared to a net inflow of JD 119.2 million during the first quarter of 2015. This can be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 355.5 million compared to an inflow of JD 237.6 million during the first quarter of 2015.
  - ◆ Portfolio investments recorded a net outflow of JD 15.3 million compared to an inflow of JD 9.0 million during the first quarter of 2015.
  - ◆ Other investments registered a net outflow of JD 18.0 million compared to an outflow of JD 76.2 million during the first quarter of 2015.
  - ◆ A decrease in the reserve assets of CBJ by JD 426.7 million, compared to an increase of JD 71.2 million during the first quarter 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 25,354.6 million at the end of March 2016 compared to JD 24,412.8 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 397.5 million to reach JD 18,260.4 million at the end of March 2016 compared to the end of 2015. The CBJ's reserve assets decreased by JD 388.6 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 544.3 million at the end of March 2016 compared to the end of 2015; standing at JD 43,615.0 million due to the following developments:
  - ◆ An increase in the stock of direct investment in Jordan by JD 382.2 million to stand at JD 21,728.3 million.
  - ◆ An increase in the outstanding balance of the general government long-term loans by JD 117.9 million to reach JD 3,566.8 million.
  - ◆ A decrease in the deposits of non-residents at the banking system by JD 72.6 million, to reach JD 7,693.7 million.