



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 |

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Executive Summary

□ Output, Prices and Employment

During 2017, real GDP at market prices, grew by 2.0 percent. Thus, maintaining the same growth rate during 2016. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first four months of 2018 by 3.9 percent, compared to a rise of 3.7 percent in the same period of 2017. Furthermore, the unemployment rate increased during the first quarter of 2018 to stand at 18.4 percent compared to 18.2 percent during the same quarter of 2017.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,393.9 million at the end of April 2018. This level of reserves covers around 7.4 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,497.7 million at the end of April 2018, compared to JD 32,957.6 million at the end of 2017.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 25,386.3 million at the end of April 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,874.3 million at the end of April 2018, compared to JD 33,197.7 million at the end of 2017.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,191.5 points at the end of April 2018, compared to JD 2,126.8 points at the end of 2017.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 470.4 million (6.5 percent of GDP) in the first quarter of 2018 compared to a fiscal deficit in the amount of JD 191.8 million (2.8 percent of GDP) in the same period of 2017. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 471.1 million at the end of March 2018 compared to its level at the end of 2017, standing at JD 15,873.2 million (55.2 percent of GDP). Outstanding external public debt (budget and guaranteed) went down by JD 20.4 million at the end of March 2018 compared to its level at the end of 2017, to reach JD 11,846.8 million (41.2 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 96.4 percent of GDP at the end of March 2018 compared to 95.3 percent of GDP at the end of 2017.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 1.5 percent during the first quarter of 2018 to reach JD 1,221.1 million. Meanwhile, merchandize imports decreased by 2.2 percent to reach JD 3,370.1 million. As a result, the trade balance deficit decreased by 2.6 percent compared to the same period of 2017, to reach JD 2,149.0 million. The preliminary data in the first four months of 2018 showed an increase in travel receipts by 11.8 percent and a decrease in travel payments by 10.6 percent compared to the same period of 2017. Moreover, total workers' remittances receipts increased by 1.2 percent in the first four months of 2018 compared to the same period of 2017. The preliminary data for the balance of payments during 2017 displayed a deficit in the current amounted to accounted to JD 3,018.0 million (10.6 percent of GDP) compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) during 2016. Meanwhile, the current account deficit excluding grants increased to reach 13.3 percent of GDP compared with 12.8 percent of GDP during 2016. Moreover, net direct investment recorded a net inflow of JD 1,177.3 million during 2017 compared to a net inflow of JD 1,100.3 million during 2016. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 29,043.7 million at end of 2017 up form JD 26,904.4 million at the end of 2016.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,393.9 million at the end of April 2018. This level of reserves covers around 7.4 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,497.7 million at the end of April 2018, compared to JD 32,957.6 million at the end of 2017.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 25,386.3 million at the end of April 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,874.3 million at the end of April 2018, compared to JD 33,197.7 million at the end of 2017.
- The interest rates on all types of credit facilities and deposits at licensed banks had increased at the end of April 2018, except the interest rate on “overdraft accounts” and demand deposits, which had decreased, compared to their levels at the end of 2017.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,191.5 points at the end of April 2018, compared to 2,126.8 points at the end of 2017. Moreover, the market capitalization reached JD 18,369.2 million at the end of April 2018, compared to JD 16,962.6 million at the end of 2017.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

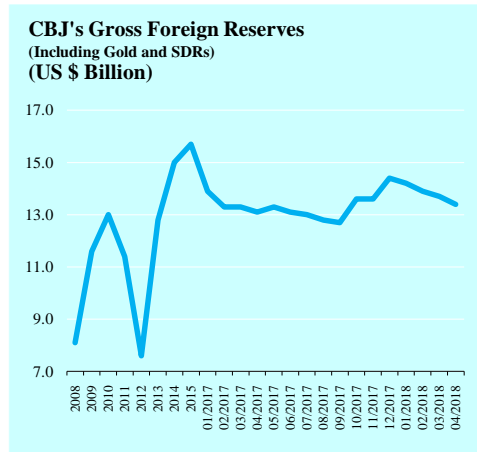
		End of April	
2017		2017	2018
US\$ 14,391.8	CBJ's Foreign Reserves*	US\$ 13,119.7	US\$ 13,393.9
-0.7%		-9.5%	-6.9%
32,957.6	Money Supply (M2)	32,147.9	33,497.7
0.2%		-2.2%	1.6%
24,736.8	Credit Facilities, of which:	23,711.9	25,386.3
8.0%		3.5%	2.6%
21,747.1	Private Sector (Resident)	20,668.0	22,354.1
9.3%		3.9%	2.8%
33,197.7	Total Deposits, of which:	32,418.8	33,874.3
0.9%		-1.5%	2.0%
25,642.2	In JD	25,205.6	26,094.8
-1.3%		-2.9%	1.8%
7,555.5	In Foreign Currencies	7,213.2	7,779.5
9.0%		4.1%	3.0%
26,916.3	Deposits of Private Sector (Resident), of which:	26,219.6	27,165.1
-0.1%		-2.7%	0.9%
21,258.2	In JD	20,871.3	21,401.2
-1.5%		-3.3%	0.7%
5,658.1	In Foreign Currencies	5,348.3	5,763.9
5.2%		-0.6%	1.9%

* 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\$ 13,393.9 million at the end of April 2018. This level of reserves covers around 7.4 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

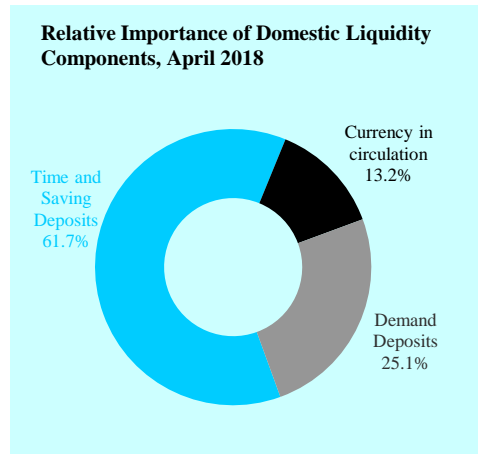
■ Domestic liquidity amounted to JD 33.5 billion at the end of April 2018, compared to JD 33.0 billion at the end of 2017.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of April 2018, compared to their levels at the end of 2017, reveal the following:**

- **Components of Domestic Liquidity**

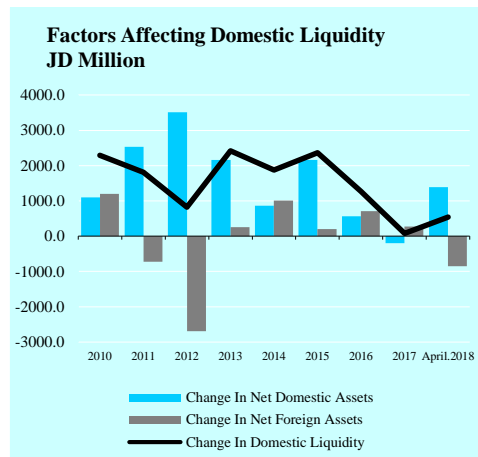
- Total liquidity deposits amounted to JD 29.1 billion at the end of April 2018, compared to JD 27.9 billion during the same period in 2017, and JD 28.6 billion at the end of 2017.

- Currency in circulation amounted to JD 4.4 billion at the end of April 2018, compared to JD 4.2 billion during the same period in 2017, and JD 4.3 billion at the end of 2017.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 25.2 billion at the end of April 2018, compared to JD 24.4 billion during the same period in 2017, and JD 23.8 billion at the end of 2017.



- Net foreign assets of the banking system amounted to JD 8.3 billion at the end of April 2018, compared to JD 7.7 billion during the same period in 2017, and JD 9.1 billion at the end of 2017. The net foreign assets at the CBJ amounted to JD 9.7 billion at the end of April 2018.

Factors Affecting Domestic Liquidity (M2)
 JD Million

		End of April	
2017		2017	2018
9,122.6	Foreign Assets (Net)	7,727.9	8,269.2
10,260.0	CBJ	8,988.3	9,735.2
-1,137.4	Licensed Banks	-1,260.4	-1,466.0
23,835.0	Domestic Assets (Net)	24,420.0	25,228.5
-5,398.5	CBJ, of which:	-4,324.6	-4,820.7
653.1	Claims on Public Sector (Net)	1,022.9	857.3
-6,074.5	Other Items (Net*)	-5,370.7	-5,701.0
29,233.6	Licensed Banks	28,744.5	30,049.2
9,336.7	Claims on Public Sector (Net)	10,036.3	9,688.3
22,502.9	Claims on Private Sector	21,430.9	23,102.0
-2,606.0	Other Items (Net)	-2,722.7	-2,741.0
32,957.6	Money Supply (M2)	32,147.9	33,497.7
4,326.5	Currency in Circulation	4,206.3	4,414.7
28,631.1	Total Deposits, of which:	27,941.6	29,083.0
5,696.5	In Foreign Currencies	5,385.0	5,841.5

* 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 March 25th, 2018, the CBJ raised the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.25 percent.
- Re-Discount Rate: 5.25 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.00 percent.
- Overnight Deposit Window Rate: 3.25 percent.
- Weekly/ Monthly Repurchase Agreements: 4.25 percent.
- The interest rate on weekly certificates of deposits: 4.25 percent.

Interest Rates on Monetary Policy Instruments, percentage points			
		April	
2017		2017	2018
4.00	Re-discount Rate	3.50	4.25
5.00	Repurchase Agreements Rate (overnight)	4.50	5.25
4.75	Overnight Deposit Window Rate	4.25	5.00
3.00	Repurchase Agreements rate (one week)	2.50	3.25
4.00	Repurchase Agreements rate (one month)	3.50	4.25
4.00	Certificates of Deposits (one week)	3.25	4.25

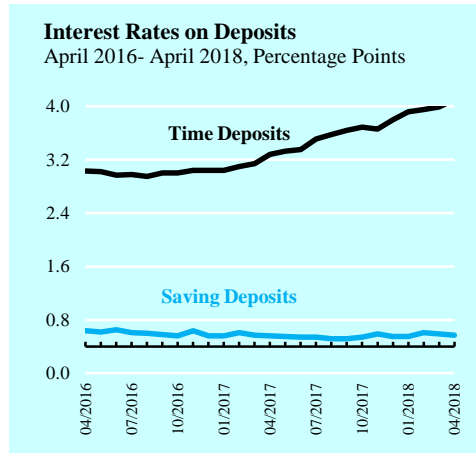
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

This decision aims to strengthening monetary and financial stability in the kingdom and increase the attractiveness of the instruments issued in Dinars against other currencies by maintaining the structure of domestic interest rates levels consistent with the global and regional interest rates.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

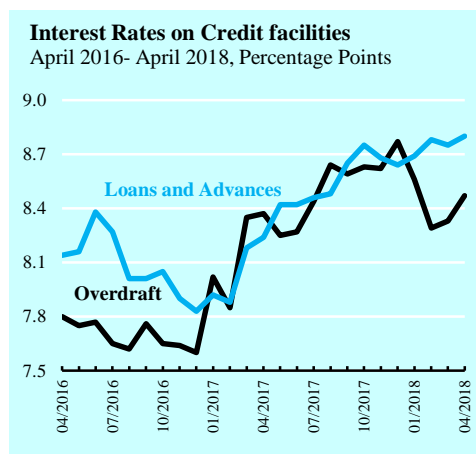
- Time Deposits: The weighted average interest rate on time deposits increased by 11 basis points at the end of April 2018, compared to its level in the previous month, to stand at 4.10 percent. This rate is higher by 30 basis points than its level at the end of 2017.



- Saving Deposits: The weighted average interest rate on saving deposits at the end of April 2018 decreased by 2 basis points, compared to its level registered in the previous month, to stand at 0.57 percent. This rate is higher by 5 basis points than its level registered at the end of 2017.
- Demand Deposits: The weighted average interest rate on demand deposits increased by one basis point at the end of April 2018, compared to its level registered in the previous month, to stand at 0.24 percent. This rate is lower by 10 basis points than its level registered at the end of 2017.

◆ Interest Rates on Credit Facilities

- Overdraft Accounts: The weighted average interest rate on overdraft accounts increased by 14 basis points at the end of April 2018, compared to its level registered in the previous month, to stand at 8.47 percent. This rate is lower by 30 basis points than its level registered at the end of 2017.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by 65 basis points at the end of April 2018, compared to its level registered in the previous month, to stand at 10.62 percent. This rate is higher by 39 basis points than its level registered at the end of 2017.

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

2017		April		Change Relative to the Preceding Year Basis Points
		2017	2018	
Deposits				
0.34	Demand	0.23	0.24	-10
0.55	Saving	0.56	0.57	2
3.80	Time	3.28	4.10	30
Credit Facilities				
10.23	Discounted Bills and Bonds	9.17	10.62	39
8.64	Loans and Advances	8.24	8.80	16
8.77	Overdraft	8.37	8.47	-30
8.83	Prime Lending Rate	8.59	9.13	30

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 5 basis points at the end of April 2018, compared to its level registered in the previous month, to stand at 8.80 percent. This rate is higher by 16 basis points than its level registered at the end of 2017.
- The prime lending rate stood at 9.13 percent at the end of April 2018, which is higher by 9 basis points than its level registered in the previous month. This rate is higher by 30 basis points than its level registered at the end of 2017.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 649.5 million, or 2.6 percent, during the first four months of 2018, compared to its level at the end of 2017, against an increase of JD 806.1 million, or 3.5 percent, during the same period in 2017.

- In terms of borrowers, the credit facilities during the first four months of 2018 had shown an increase in credit extended to the private sector (resident) by JD 607.0 million, or 2.8 percent, the private sector (non-resident) by JD 41.5 million, or 8.3 percent, the public institutions by JD 24.6 million, or 6.9 percent, the financial institutions by JD 3.6 million, or 21.2 percent. Meanwhile, the credit facilities extended to the central government had decreased by JD 27.2 million, or 1.3 percent, compared to their levels at the end of 2017.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,874.3 million at the end of April 2018, increasing by JD 676.6 million, or 2.0 percent, compared to its level at the end of 2017, against a decrease of JD 481.2 million, or 1.5 percent, during the same period in 2017.
- The currency composition of deposits at the end of April 2018, revealed that the JD deposits amounted to JD 26.1 billion, and the deposits in foreign currency amounted to JD 7.8 billion, compared to JD 25.2 billion of JD deposits, and JD 7.2 billion of deposits in foreign currency during the same month in 2017. As for the end of 2017, the JD Deposits amounted to JD 25.6 billion, and deposits in foreign currency amounted to JD 7.6 billion at the end of 2017.

□ Amman Stock Exchange (ASE)

The main indicators of ASE showed a mixed performance during the first four months of 2018, compared to 2017. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 114.1 million in April 2018, decreased by JD 17.5 million, or 13.3 percent, compared to its level registered in the previous month, against an increase of JD 14.4 million during the same month in 2017. As for the first four months of 2018, the trading volume decreased by JD 1,373.6 million, compared to the same period in 2017, to reach JD 498.7 million.

■ Traded Shares

The number of traded shares in April 2018 totaled 102.0 million shares, decreased by 5.6 million shares, or 5.2 percent, compared to its level registered in the previous month, against a decrease by 0.2 million shares during the same month in 2017. As for April 2018, the number traded shares amounted to 423.5 million shares, compared to 821.0 million shares traded during the same period in 2017.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreased by 41.8 points, or 1.9 percent, at the end of April 2018, compared to its level registered in the previous

month, to stand at 2,191.5 points, against a decrease of 64.9 points, or 2.9 percent, during the same month in 2017. Furthermore, the SPI increased by 64.7 points, or 3.0 percent, at the end of April 2018, compared to its level at the end of 2017, against an increase of 15.0 points, or 0.7 percent during the same period in 2017. The aforementioned increase was an outcome of the increase in the SPI of the financial sector by 125.4 points, or 4.4 percent, the services sector by 28.3 points, or 2.0 percent, and the industrial sector by 72.0 points, or 3.2 percent, compared to their levels at the end of 2017.

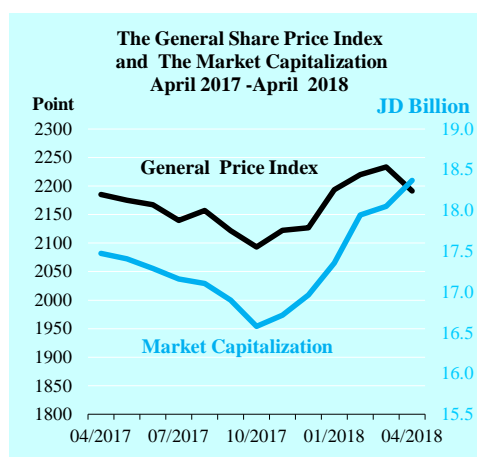
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

		April	
2017		2017	2018
2,126.8	General Index	2,185.3	2,191.5
2,881.5	Financial Sector	2,975.8	3,006.9
2,229.5	Industrial Sector	2,056.8	2,157.5
1,449.7	Services Sector	1,601.3	1,478.0

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 18.4 billion at the end of April 2018, increasing by JD 318.7 million, or 1.8 percent, compared to its level registered in the previous month, against a decrease of JD 807.6 million, or 4.4 percent, during the same month in 2017. As for April 2018, the market capitalization increased by JD 1,406.6 million, or 8.3 percent, compared to an increase of JD 132.5 million, or 0.8 percent, during the same period in 2017.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 1.0 million in April 2018, compared to an inflow of JD 5.1 million during the same month in 2017. The value of shares buying by non-Jordanian in April 2018 amounted to JD 19.9 million, while their selling amounted to JD 20.9 million. As for April 2018, non-Jordanian net investment recorded an outflow of JD 6.1 million, compared to an outflow of JD 398.6 million, during the same period in 2017.

Main Amman Stock Exchange Trading Indicators, JD Million

	2017	April	
		2017	2018
2,926.2	Value Traded	203.9	114.1
11.8	Average Daily Trading	10.2	5.2
16,962.6	Market Capitalization	17,471.8	18,369.2
1,716.7	No. of Traded Shares (million)	158.1	102.0
-334.3	Net Investment of Non-Jordanian	5.1	-1.0
995.0	Non-Jordanian Buying	29.7	19.9
1,329.2	Non-Jordanian Selling	24.7	20.9

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the fourth quarter of 2017, against 2.0 percent during the same quarter of 2016. At current market prices, GDP grew by 3.6 percent during the fourth quarter of 2017, compared to 2.7 percent during the same quarter of 2016.
- Accordingly, the real GDP grew by 2.0 percent during 2017. Thus, maintaining the same growth rate during 2016. At current market prices, GDP grew by 3.7 percent during 2017, compared to 3.0 percent during 2016.
- The general price level, measured by the percentage change in the CPI, increased during the first four months of 2018 by 3.9 percent, compared to a rise of 3.7 percent during the same period of 2017.
- The unemployment rate increased during the first quarter of 2018 to stand at 18.4 percent (16.0 percent for males and 27.8 percent for females), compared to 18.2 percent (14.0 percent for males and 33.0 percent for females) during the same quarter of 2017. The highest unemployment rate among youth reached 47.7 percent for the categories of 15-19 years old, and 37.6 percent for those between 20-24 years.

□ Developments of GDP

- Despite continuing of the political and social unrest in the region, particularly in Syria and Iraq, that have strongly affected the performance of many key economic sectors; the real GDP grew by 2.0 percent during 2017, maintaining the same level of growth rate recorded in 2016. When excluding “net taxes on products”, which grew by 1.2 percent, GDP at constant basic prices grew by 2.1 percent during 2017, Compared to 2.2 percent in 2016.

**Quarterly Growth Rates of GDP at Market Prices
2015 - 2017**

	Q1	Q2	Q3	Q4	Percentages Year
2015					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	2.4
GDP at Current Market Prices	5.1	4.5	4.7	4.6	4.7
2016					
GDP at Constant Market Prices	2.3	1.9	1.8	2.0	2.0
GDP at Current Market Prices	3.8	3.2	2.6	2.7	3.0
2017					
GDP at Constant Market Prices	2.2	2.0	1.9	1.8	2.0
GDP at Current Market Prices	3.9	3.4	3.8	3.6	3.7

Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2017, compared to 3.0 percent in 2016. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.7 percent, compared to 1.0 percent in 2016.

The main sectors contributed to the real economic growth during 2017 were; “finance and insurance services” (0.4 percentage point), “transport, storage and communications” (0.4 percentage point), “mining and quarrying” (0.2 percentage point), agriculture (0.2 percentage point) and manufacturing (0.2 percentage point). These sectors collectively accounted for 70 percent of real GDP growth during 2017.

The economic sectors displayed a divergent performance during 2017. Some sectors recorded accelerated growth, such as “mining and quarrying”, Agriculture, “Wholesale and retail trade” and “restaurant and hotels”. Meanwhile, “Finance and Insurance Services”, “transport, storage and communications”, Manufacturing, “electricity and water” and “real estate” experienced a slowdown, on the other hand construction sector showed a contraction in its performance.

Quarterly Growth Rates of GDP at Market Prices (2015- 2017), %



GDP At Constant Market Prices, Percentages

Sectors	Relative change		Contribution	
	2016	2017	2016	2017
GDP At Constant Market Prices	2.0	2.0	2.0	2.0
Agriculture, Hunting,	3.8	4.8	0.1	0.2
Mining And Quarrying	-12.1	13.0	-0.2	0.2
Manufacturing	1.1	1.0	0.2	0.2
Electricity And Water	8.9	2.5	0.2	0.1
Construction	1.1	-1.1	0.1	-0.1
Wholesale And Retail Trade	1.5	1.6	0.1	0.1
Restaurant And Hotels	-1.0	0.6	-	-
Transport, Storage &	3.1	2.7	0.5	0.4
Finance And Insurance	5.2	3.8	0.5	0.4
Real Estate	2.3	2.2	0.2	0.2
Community, Social And	3.8	3.8	0.2	0.2
Producers Of Government	1.2	0.9	0.1	0.1
Producers Of Private Non-Domestic Services Of	4.1	3.8	-	-
	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators displayed a divergent performance during the available period of 2018. Some indicators recorded a notable growth, such as; “cargo through Royal Jordanian” (16.3 percent), “number of passengers through Royal Jordanian” (6.0 percent) and “mining and quarrying production quantity index” (2.9 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (7.0 percent) and “Licensed areas for buildings” (19.1 percent). The following table displays the performance of the main sectoral indicators during the available period of 2018 compared to the same period of 2017.

Main Sectoral Indicators*				
Percentage Points				
2017	Item	2017	Available period	2018
4.5	Licensed areas for buildings	18.0	Jan. –Mar.	-19.1
-2.4	Manufacturing production quantity index	-3.3		-6.8
-4.9	Food products and beverages	-16.7		-18.4
-3.1	Tobacco products	-36.3		13.0
-7.3	Refined petroleum products	2.1		-30.1
-6.3	Wearing apparel	27.1		-13.6
1.9	Non-metallic mineral products	-3.1		18.9
0.3	Chemical products	1.0		54.8
13.4	“Mining and quarrying” production quantity index	19.3		2.9
-13.8	Extraction of crude petroleum and natural gas	-21.3		-1.1
13.6	Other mining and quarrying	19.8		2.9
-14.1	Value traded at the real estate market	-6.2		-7.0
7.3	Number of departures	10.5		Jan. –Apr.
6.9	Number of passengers through Royal Jordanian	4.2	6.0	
8.4	Cargo through Royal Jordanian	-8.4	16.3	

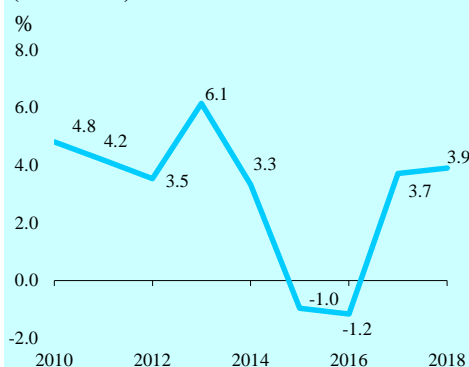
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in CPI, increased by 3.9 percent during the first four months of 2018, compared to a rise of 3.7 percent during the same period of 2017. This came as a result of the increase in the prices of oil in the global markets and its impact on domestic prices, in addition to a set of government measures that included liberalizing the prices of bread and raising sales tax to become 10 percent on exempted sales and subordinated from sales tax (zero and 4 percent). Hereby, the main groups and items that witnessed an increase in their prices during the first four months of 2018:

- “Tobacco and cigarettes” prices increased significantly by 16.1 percent compared to a rise of 9.5 percent during the first four months of 2017, as a result of the government's decision to raise the tax on cigarettes by 20 piasters for each pack of cigarettes offered for domestic consumption.

Inflation Rate during the first four months (2010-2018)



Inflation Rate during the first four months (2017 – 2018)

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Apr 2017	Jan-Apr 2018	Jan-Apr 2017	Jan-Apr 2018
All Items	100.00	3.7	3.9	3.7	3.9
1) Food and non-Alcoholic Beverages	33.4	-0.4	1.8	-0.1	0.6
Food	30.5	-0.5	1.6	-0.2	0.5
Cereals and Products	5.0	-0.1	17.3	0.0	0.7
Meat and Poultry	8.2	-8.5	3.0	-0.7	0.2
Dairy Products and Eggs	4.2	-0.4	-1.4	0.0	-0.1
Oil and Fats	1.9	2.7	5.3	0.0	0.1
Fruits and Nuts	2.7	-6.1	1.2	-0.2	0.0
Vegetables and Legumes Dry and Canned	3.9	17.0	-14.2	0.6	-0.6
2) Alcohol and Tobacco and Cigarettes	4.4	9.4	16.0	0.4	0.7
3) Clothing and footwear	3.5	-2.8	-1.1	-0.1	0.0
4) Housing	21.9	2.7	3.2	0.6	0.7
Rents	15.6	2.1	2.8	0.4	0.5
Fuels and Lighting	4.8	4.0	5.6	0.2	0.2
5) Household Furnishings and Equipment	4.2	1.3	2.0	0.1	0.1
6) Health	2.2	10.0	6.3	0.2	0.2
7) Transportation	13.6	15.2	9.1	1.9	1.3
8) Communication	3.5	1.4	0.5	0.0	0.0
9) Culture and Recreation	2.3	10.0	1.9	0.2	0.0
10) Education	5.4	3.6	2.2	0.2	0.1
11) Restaurants and Hotels	1.8	0.1	6.2	0.0	0.1
12) Other Goods and Services	3.7	6.9	2.6	0.3	0.1

Source: Department of Statistics.

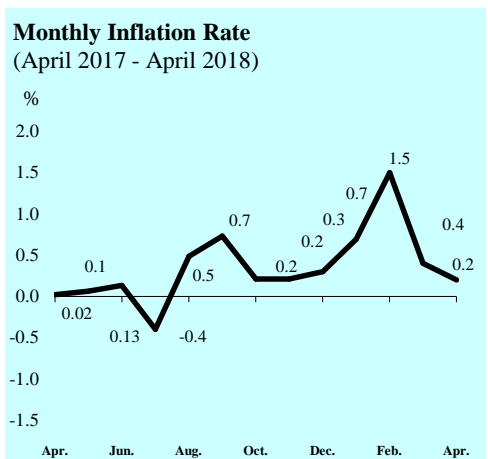
- “Cereals and products” prices increased significantly by 17.3 percent compared to a contraction by 0.1 percent during the same period of 2017, as a result of the government’s decision to liberalize the prices of bread and the shift from goods subsidies to direct cash subsidies for the eligible households.
- Housing prices increased by 3.2 percent compared to a rise of 2.7 percent during the first four months of 2017. This increase was mainly attributed to an increase in the prices of “rents” by 2.8 percent compared to a rise by 2.1 percent during the first four months of 2017 and increase in the prices of “fuels and lighting” by 5.6 percent compared to an increase of 4.0 percent.
- Transportation prices increased by 9.1 percent compared to an increase by 15.2 percent, during the first four months of 2017. This increase was attributed to the government’s decision to raise public transport fees by (10 percent) as of February 2018.

The above groups and items have collectively raised inflation rate during the first four months of 2018 by 3.4 percentage points, compared to a contribution of 2.9 percentage points during the same period of 2017.

In contrast, prices of other groups and items showed varied contractions, mainly; “vegetables and legumes dry and canned” (14.2 percent), “dairy products and eggs” (1.4 percent).

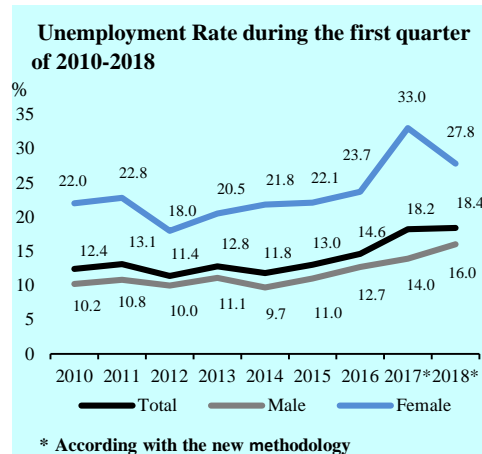
In April 2018, the CPI witnessed an increase compared to March 2018 by 0.2 percent. This was due to the increase in prices of some groups and items, mainly; “fruits and nuts” (2.9

percent), “vegetables and legumes dry and canned” (1.8 percent) transportation (1.0 percent), and “Fuels and Lighting” (0.3 percent), and the decrease “dairy products and eggs” (1.0 percent) and clothing (0.1 percent).



□ Labor Market

- The unemployment rate reached 18.4 percent (16.0 percent for males, and 27.8 percent for females) during the first quarter of 2018, compared to 18.2 percent (14.0 percent for males and 33.0 percent for females) during the same quarter of 2017.



- The unemployment among youth remains high at 47.7 percent for the categories of 15-19 years old and 37.6 percent for those between 20-24 years.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 24.1 percent during the first quarter of 2018, compared to 16.5 percent among non-academic degree holders (less than secondary).
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 36.5 percent (57.4 percent for males, and 15.2 percent for females), compared to 40.6 percent (63.2 percent for males and 18.3 percent for females) during the same quarter of 2017.
- The employment rate among population (15 years and older) reached 29.8 percent compared to 32.2 percent during the same quarter of 2017. The employees in the sector of “public administration, defense, and social security” accounted for 26.5 of the total employed, followed by employees in the “wholesale and retail trade” (15.1 percent), education (12.8 percent), and manufacturing (9.6 percent).

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 470.4 million (6.5 percent of GDP) in the first quarter of 2018, comparing to a fiscal deficit in the amount of JD 191.8 million (2.8 percent of GDP) during the same period in 2017. When excluding foreign grants (JD 72.1 million), the general budget deficit widens to reach JD 542.5 million (7.5 percent of GDP) compared to a deficit in the amount of JD 241.8 million (3.5 percent of GDP) during the same period in 2017.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 471.1 million at the end of March 2018 compared to its level at the end of 2017, to reach JD 15,873.2 million (55.2 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 20.4 million at the end of March 2018, compared to its level at the end of 2017, to stand at JD 11,846.8 million (41.2 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose to JD 27,720.0 million (96.4 percent of GDP) at the end of March 2018 compared to JD 27,269.3 million (95.3 percent of GDP) at the end of 2017.
 - Central government banks deposits decreased by JD 396.1 million at the end of March 2018 compared to the end of 2017 to reach JD 1,437.4 million.
 - Accordingly, net outstanding domestic public debt increased by JD 867.2 million to reach JD 14,435.8 million (50.2 percent of GDP) at the end of March 2018. Moreover, net outstanding public debt increased by JD 846.8 million to reach JD 26,282.6 million (91.4 percent of GDP).
- **The performance of the general budget during the first quarter of 2018 compared to the same period of 2017:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) went down by JD 46.4 million, or 8.8 percent, in March 2018 compared to the same month in 2017, to stand at JD 481.6 million. As for the first quarter of 2018, public revenues went up by JD 46.4 million, or 3.0 percent, compared to the same period in 2017 to stand at JD 1,609.2 million. This came as a result of the increase in domestic revenues by JD 24.3 million, as well as foreign grants by JD 22.1 million.

Main Government Budget indicators during the first quarter of 2018:

(JD Million and Percentages)

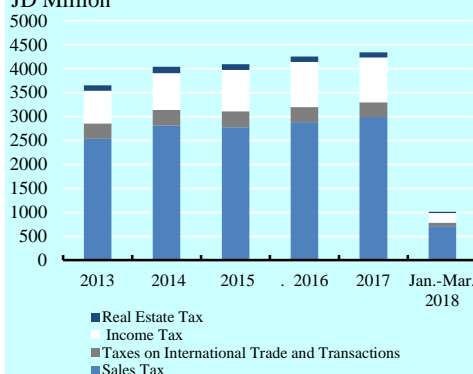
	March		Growth Rate	Jan. – mar.		Growth Rate
	2017	2018		2017	2018	
Total Revenues and Grants	528.0	481.6	-8.8	1,562.8	1,609.2	3.0
Domestic Revenues, of which:	501.2	474.5	-5.3	1,512.8	1,537.1	1.6
Tax Revenues, of which:	299.5	290.2	-3.1	1,019.0	1,010.5	-0.8
General Sales Tax	227.9	220.7	-3.2	705.9	712.4	0.9
Other Revenues	200.7	183.2	-8.7	491.1	524.0	6.7
Foreign Grants	26.8	7.0	-73.9	50.0	72.1	44.2
Total Expenditures, of which:	605.9	639.0	5.5	1,754.6	2,079.7	18.5
Capital Expenditures	42.6	58.9	38.3	110.0	128.0	16.4
Overall Deficit/ Surplus (Including Grants)	-77.9	-157.4	-	-191.8	-470.4	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-2.8	-6.5	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 24.3 million, or 1.6 percent, in the first quarter of 2018 compared to the same period of 2017, to reach JD 1,537.1 million. This increase was an outcome of the rise in the proceeds of other revenues by JD 32.9 million, and the drop in “tax revenues” and “pension contributions” by

JD 8.5 million, and JD 0.1 million, respectively. Although the rise in domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased to 78.8 percent in the first quarter of 2018 against 92.0 percent in the same period of 2017.

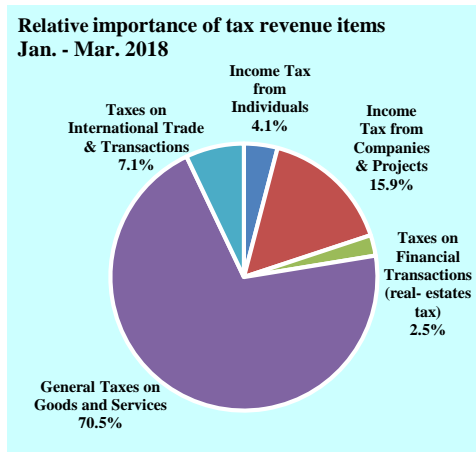
Tax Revenue Structure(2013-2017) and the first quarter of 2018,
JD Million

- **Tax Revenues**

Tax revenues decreased by JD 8.5 million, or 0.8 percent, during the first quarter of 2018 compared to the same period of 2017, to reach JD 1,010.5 million (65.7 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 6.5 million, or 0.9 percent, to reach JD 712.4 million (accounting for 70.5 percent of total tax revenues). This result was driven by the increase in the proceeds of sales tax on services by JD 17.2 million, and on domestic goods by JD 16.8 million. However, the proceeds of sales tax on imported goods went down by JD 26.5 million, and on commercial sector by JD 1.0 million.
- A decline in the proceeds of **income and profit taxes** by JD 7.3 million, or 3.5 percent, to reach JD 201.3 million (accounting for 19.9 percent of total tax revenues). This decline was mainly a result of the decrease in the proceeds of income tax from individuals by JD 7.9 million. Meanwhile, the income tax from companies and projects increase by JD 0.6 million, or 0.4 percent. Accordingly, income tax from companies and projects accounted for 79.6 percent of total proceeds of income and profits taxes, amounting to JD 160.2 million.

- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 6.1 million, or 7.9 percent, to reach JD 71.5 million.



- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 1.6 million, or 5.9 percent, to reach JD 25.3 million.

● Non-Tax Revenues

- “Other revenues” increased by JD 32.9 million, or 6.7 percent, in the first quarter of 2018 to reach JD 524.0 million. This increase was chiefly due to the following:
 - An increase in miscellaneous revenues by JD 26.8 million to stand at JD 250.5 million.
 - An increase in revenues from selling goods and services by JD 16.7 million to reach JD 239.1 million.
 - A decrease in property income by JD 10.6 million to stand at JD 34.4 million (of which financial surplus of independent government units amounted to JD 28.1 million against JD 32.0 million in the same period of 2017).
- Pension contributions witnessed a decrease of JD 0.1 million, or 3.7 percent, in the first quarter of 2018 compared to same period of 2017, standing at JD 2.6 million.

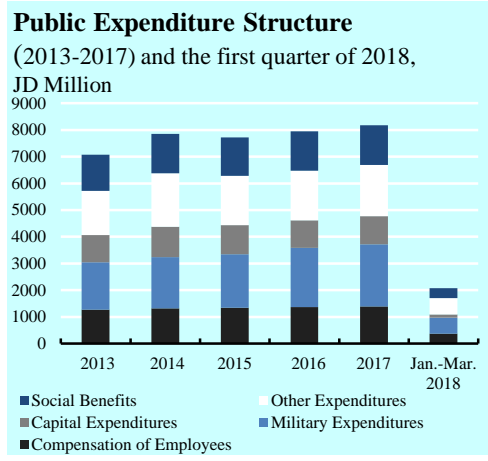
◆ **Foreign Grants**

Foreign grants increased by JD 22.1 million, or 44.2 percent, in the first quarter of 2018, standing at JD 72.1 million compared to JD 50.0 million in the same period of 2017.

■ **Public Expenditures**

Public expenditures increased by JD 33.1 million, or 5.5 percent, in March 2018 compared to the same month in 2017, to stand at JD 639.0 million. Moreover, public expenditures increased by JD

325.1 million, or 18.5 percent, during the first quarter of 2018 to stand at JD 2,079.7 million. This increase was a result of the rise in current expenditures and capital expenditures by 18.7 percent and 16.4 percent, respectively.

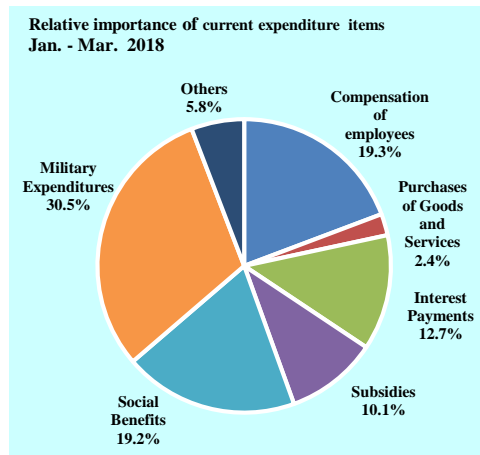


◆ **Current Expenditures**

Current expenditures went up by JD 307.1 million, or 18.7 percent, in the first quarter of 2018 to reach JD 1,951.7 million (93.8 percent of public expenditures). This result was driven by the increase in the majority of its items:

- An increase in subsidies by JD 143.3 million to stand at JD 197.7 million.
- An increase in military expenditures by JD 40.7 million to total JD 594.5 million.
- A rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 38.8 million to reach JD 376.0 million.
- An increase in social benefits by JD 24.1 million to stand at JD 375.2 million.

- A rise in interest payments (commitment basis) by JD 49.8 million to stand at JD 248.3 million.



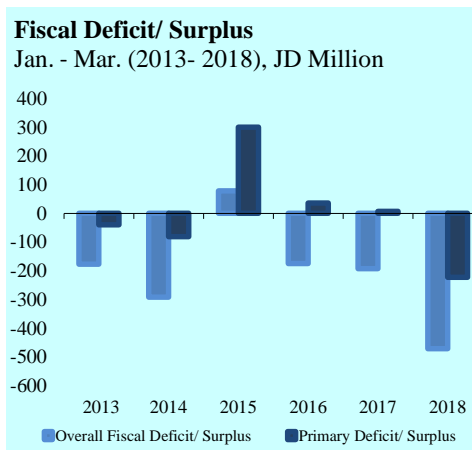
- However, the purchases of goods and services decreased by JD 29.9 million to reach JD 46.2 million.

◆ Capital Expenditures

Capital expenditures increased by JD 18.0 million, or 16.4 percent, during the first quarter of 2018 compared to the same period of 2017, to reach JD 128.0 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, displayed an overall fiscal deficit amounted to JD 470.4 million during the first quarter of 2018, an increase of JD 278.6 million, against a fiscal deficit in the amount of JD 191.8 million during



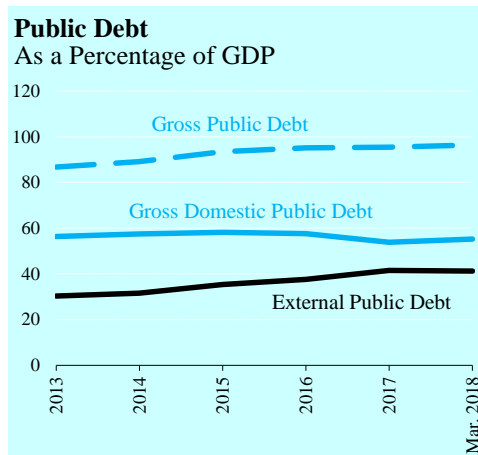
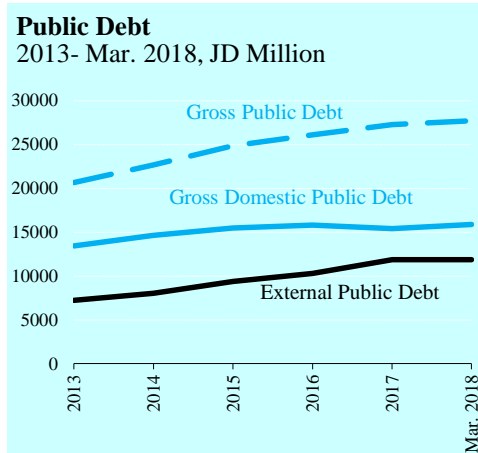
the same period of 2017. As a percent of GDP, the budget deficit reached 6.5 percent, compared to 2.8 percent in the same period of 2017.

- ◆ When foreign grants were excluded, the general budget deficit widened to JD 542.5 million (7.5 percent of GDP) during the first quarter of 2018, against a fiscal deficit of JD 241.8 million (3.5 percent of GDP) in the same period of 2017.
- ◆ The general budget recorded a primary deficit (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 294.3 million (4.1 percent of GDP) during the first quarter of 2018, against a primary deficit of JD 43.3 million (0.6 percent of GDP) in the same period of 2017.

Public Debt

Gross outstanding domestic public debt increased by JD 471.1 million, at the end of March 2018 compared to its level at the end of 2017, to total JD 15,873.2 million (55.2 percent of GDP comparing to 53.9 percent of GDP at the end of last year). This increase was an outcome of the rise in total domestic public debt of the general budget by JD 505.0 million, and the decrease in the total domestic public debt of own-budget agencies by JD 33.9 million compared to their levels at the end of 2017, standing at JD 13,051.8 million and JD 2,821.4 million, respectively.

The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds at the end of March 2018 by JD 540.0 million, compared to the level achieved at the end of 2017 to reach JD 12,733.9 million. Whereas the outstanding balance of loans and advances provided by the CBJ to the central government decreased by JD 40 million, compared to the achieved at the end of 2017, to reach JD 311.7 million. However, the drop in the domestic public debt of own-budget agencies was driven by the decrease in loans and advances



extended to these institutions by JD 33.9 million compared to their level at the end of 2017, to reach JD 2,163.9 million, whereas the independent institutions' bonds maintained their level achieved at the end of 2017, amounting to JD 657.5 million.

- Regarding the balance of the external public debt (budget and guaranteed) it went down by JD 20.4 million at the end of March 2018, compared to its level at the end of 2017 to reach JD 11,846.8 million (41.2 percent of GDP comparing to 41.5 percent of GDP at the end of last year). It is worth mentioning that the balance of the external public debt denominated in the U.S. dollar accounted for 67.5 percent of the total external debt, and the debt in Euro accounted for 8.8 percent. However, the SDR accounted for 8.6 percent, Japanese Yen (6.9 percent), and Kuwaiti Dinar (5.8 percent).
- In light of the abovementioned developments, gross public debt (domestic and external) increased by JD 450.7 million at the end of March 2018 compared to its level at the end of 2017, to stand at JD 27,720.0 million (96.4 percent of GDP), against JD 27,269.3 million (95.3 percent of GDP) at the end of 2017.
- On the other hand, government deposits with the banking system declined by JD 396.1 million at the end of March 2018 compared to the end of 2017, to reach JD 1,437.4 million.
- Thus, net domestic public debt of the central government (the total balance of the domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 867.2 million at the end of March 2018 to reach JD 14,435.8 million (50.2 percent of GDP comparing to 47.4 percent of GDP at the end of last year). Whereas, net public debt increased by JD 846.8 million at the end of March 2018 to stand at JD 26,282.6 million, accounting for 91.4 percent of GDP compared to 88.9 percent of GDP at the end of 2017.

- External debt service (budget and guaranteed) increased by JD 65.5 million during the first quarter of 2018 compared to same period of 2017, to reach JD 295.4 million (including principal payments of JD 209.3 million and interest of JD 86.1 million).
- **Fiscal and Price Measures of 2018**
 - ◆ **June**
 - Issuance of Royal Decree to freeze the price hikes on fuel derivatives and the charges on oil prices item in the electricity bill for month of June, and to maintain the prices as they were in May, in order to alleviate the economic burdens on citizens during the holy month of Ramadan.
 - ◆ **May**
 - The Oil Derivatives Pricing Committee decided to rise the prices of all types of oil derivatives, while maintaining the price of liquid gas cylinder for households unchanged, as follows:

Development of Oil Derivatives Price

	Unit	2018		Percentage Change
		April	May	
Unleaded Gasoline 90	Fils/Liter	780	815	4.5
Unleaded Gasoline 95	Fils/Liter	1,005	1,050	4.5
Unleaded Gasoline 98	Fils/Liter	1,155	1,200	3.9
Gas Oil (Diesel)	Fils/Liter	570	615	7.9
Kerosene	Fils/Liter	520	615	18.3
Fuel oil for industry	JD/Ton	383.1	399.3	4.2
Fuel for airplanes (local companies)	Fils/Liter	441	470	6.6
Fuel for airplanes (foreign companies)	Fils/Liter	446	475	6.5
Fuel for unplanned flights	Fils/Liter	461	490	6.3
Asphalt	JD/Ton	375.8	392.0	4.3
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0

Source: Jordan Petroleum Refinery Company (1/5/2018).

- The Energy and Minerals Regulatory Commission decided to adjust fuel price bands item, which is included in the electricity bill, to become 17 fils instead of 15 fils, starting in May, while continuing to exempt families consuming less than 300 kilowatts per month.
- The government, in a cabinet meeting approved a draft law amending the Income Tax Law No. 34 of 2014. The new law aims at addressing avoidance, tax evasion, improving tax administration and expanding the tax base.

◆ April

- The Energy and Minerals Regulatory Commission decided to raise fuel price bands item, included in the electric bill, to become 15 fils instead of 14 fils, starting in April, while continuing to exempt the household slide that consumes less than 300 kilowatts per month.
- The Cabinet decided to reduce the customs tariff on A4 writing and printing paper, to become 5 percent instead of 10 percent.

◆ March

- The Energy and Minerals Regulatory Commission decided to amendment fuel price bands item, included in the electric bill, to become 14 fils instead of 12 fils, starting in March, while continuing to exempt the household that consumes less than 300 kilowatt per month.
- The Cabinet decided to exempt the jewelry such as gold, silver and others from goods and services tax, instead to impose a 5 percent.

◆ February

- The Director General of Land Transport Regulatory Commission (LTRC) decided to raise the public transport fares by 10 percent as of 7/2/2018. The decision covers medium and large public buses and all taxis.
- The Energy and Minerals Regulatory Commission decided to amendment fuel price bands item, included in the electric bill, to become 12 fils instead of 4 fils, starting in February, while continuing to exempt the household that consumes less than 300 kilowatt per month.

- The Cabinet decided to impose a zero rate sales tax on books, newspapers, periodicals, children's picture books, drawing and coloring books.

◆ January

- The cabinet adopted a bundle of fiscal measures, including the following:
 - Determine the price of flour by JD 222 per ton, and prices of bread in bakeries, as follows:
 - JD 0.40 for small pita bread per kilogram.
 - JD 0.32 for large pita bread per kilogram.
 - JD 0.35 for arabic bread (Mashrouh) per kilogram.
 - Raise sales tax to become 10 percent on exempted sales and subordinated from sales tax (zero and 4 per cent). The taxes on essential commodities remained unchanged.
 - impose an excise tax 20 piasters has been added on cigarette packets.
 - impose fees for each car ride are imported by weight, as follows:
 - JD 500 for each car less than 1000 Kg.
 - JD 750 for each car higher than 1000 Kg to 1250 Kg.
 - JD 1000 for each car higher than 1250Kg to 1500Kg.
 - JD 1500 for each car higher than 1500Kg.
 - Raising the special tax on gasoline 95 & 98 to become 30 percent.
 - Raising the special tax on soft drinks to become 20 percent.
 - decreasing fee for the ownership transfer of any vehicle from one person to another for both individuals and corporate (except public, agricultural and construction vehicles), as follows:

Engine category CC	Vehicles aged 10 years or less		Vehicles older than 10 years	
	Previous Fees	Current Fees	Previous Fees	Current Fees
Less than 1500	50	40	40	30
Higher than 1500 to 2000	100	80	80	60
Higher than 2000	400	200	120	100

□ Grants, Loans and Other Agreements

- Signing two grant agreements worth EUR 20 million to support economic growth and partnerships. The first grant agreement will be allocated for the “Trade-for-Development” project to enhance inclusive economic growth in the Kingdom, in the amount of EUR 10 million. The second grant, which has the same amount, will be used to finance the project “Support the Implementation of the Partnership Priorities in Jordan” (March 2018).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 4.4 percent in March 2018 compared to the same month of 2017 to reach JD 440.3 million. As for the first quarter of 2018, total merchandize exports decreased by 1.5 percent compared with the same period of 2017 to reach JD 1,221.1 million.
- **Merchandize imports** decreased by 9.4 percent in March 2018 compared to the same month of 2017 to reach JD 1,086.7 million. As for the first quarter of 2018, merchandize imports decreased by 2.2 percent compared with the same period of 2017 to reach JD 3,370.1 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 16.9 percent in March 2018 compared to the same month of 2017; standing at JD 646.4 million. As for the first quarter of 2018, the trade balance deficit decreased by 2.6 percent compared to the same period of 2017 to reach JD 2,149.0 million.
- **Travel receipts** increased by 5.4 percent in April 2018 compared to the same month of 2017 to reach JD 330.5 million. As for the first four months of 2018, travel receipts increased by 11.8 percent compared to the same period of 2017 to reach JD 1,164.8 million, while travel payments decreased by 14.7 percent in April 2018 compared to the same month of 2017 to reach JD 78.3 million. As for the first four months of 2018, travel payment decreased by 10.6 percent compared to the same period of 2017 to reach JD 303.9 million.
- **Total workers' remittances receipts** increased by 2.3 percent in April compared to the same month of 2017 to reach JD 226.2 million. As for the first four months of 2018, total workers' remittances receipts increased by 1.2 percent compared to the same period of 2017 to reach JD 838.1 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 3,018.0 million (10.6 percent of GDP) during 2017 compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) during 2016. Meanwhile, the current account deficit excluding grants increased to reach 13.3 percent of GDP compared with 12.8 percent of GDP during 2016.

External Sector

May 2018

- **Net direct investment** recorded an inflow of JD 1,177.3 million during 2017, compared to JD 1,100.3 million during 2016.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 29,043.7 million at the end of 2017; compared to JD 26,904.4 million at the end of 2016.

□ External Trade

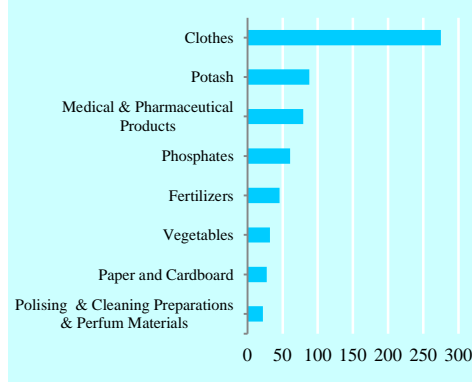
- As a result of the increase in domestic exports by JD 8.9 million and the decrease in imports by JD 74.4 million during the first quarter of 2018, the volume of external trade (domestic exports *plus* imports) decreased by JD 65.5 million to stand at JD 4,377.7 million compared to the same period of 2017.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
January-March				January- March			
	2017	2018	Percentage Change		2017	2018	Percentage Change (%)
Exports				External Trade	4,443.2	4,377.7	-1.5
USA	246.9	280.9	13.8	Total Exports	1,239.2	1,221.1	-1.5
India	83.6	117.7	40.8	Domestic Exports	998.7	1,007.6	0.9
Saudi Arabia	119.3	105.0	-12.0	Re-exports	240.5	213.5	-11.2
Iraq	93.3	93.9	0.6	Imports	3,444.5	3,370.1	-2.2
UAE	48.6	33.0	-32.1	Trade Balance	-2,205.3	-2,149.0	-2.6
Kuwait	32.3	26.2	-18.9	Source: Department of Statistics.			
Qatar	27.5	22.4	-18.5				
Imports							
Saudi Arabia	424.3	589.8	39.0				
China	457.5	473.7	3.5				
USA	283.5	305.2	7.7				
Germany	151.2	141.8	-6.2				
Italy	122.4	126.6	3.4				
Turkey	125.5	125.3	-0.2				
France	113.2	97.7	-13.7				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports decreased by 1.5 percent during the first quarter of 2018, to record JD 1,221.1 million. This decrease resulted from an increase in domestic exports by JD 8.9 million, or 0.9 percent to reach JD 1,007.6 million and a decrease in re-exports by JD 27.0 million, or 11.2 percent to reach JD 213.5 million.

Major Exports by Commodity
January-March 2018, JD Million



◆ The developments of domestic exports during the first quarter of 2018 compared with same period of 2017 reveals the following:

- Exports of **Clothes** increased by JD 39.3 million, or 16.7 percent, to stand at JD 274.8 million. The USA market accounted for 88.2 percent of these exports.
- Exports of **Potash** increased by JD 8.0 million, or 10.0 percent, to stand at JD 88.1 million. The Indian, Egyptian, Indonesia, and Malaysia markets accounted for 63.5 percent of these exports.
- Exports of **Polishing & Cleaning Preparations & Perfum Materials** increased by JD 0.4 million, or 1.9 percent, to reach JD 21.9 million. Iraq, Saudi Arabia and Qatar were the main destination markets; accounting for 82.2 percent of these exports.

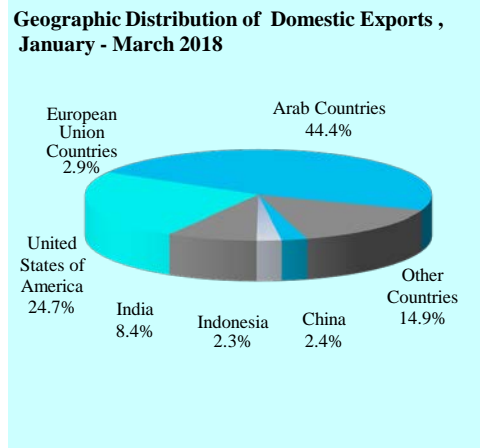
- Exports of **Medical & Pharmaceutical Products** decreased by JD 12.6 million, or 13.7 percent, to reach JD 79.3 million. The markets of Saudi Arabia, Iraq, The UAE and The USA accounted for 60.8 percent of these exports.
- Exports of **Phosphates** decreased by JD 8.3 million, or 12.0 percent, to register JD 60.7 million. It is worth noting that the Indian and Indonesia markets were the main destinations for phosphates exports, accounting for 89.6 percent.
- Exports of **Vegetables** decreased by JD 6.1 million, or 15.9 percent, to reach JD 32.2 million. Saudi Arabia, The UAE, Kuwait and Bahrain were the main destination markets for these exports, accounting for 68.9 percent.

**Major Domestic Exports by Commodity, JD Million
January-March, 2017-2018**

	2017	2018	Percentage Change
Domestic Exports	998.7	1,007.6	0.9
Clothes	235.5	274.8	16.7
USA	209.0	242.3	15.9
Potash	80.1	88.1	10.0
India	28.8	23.1	-19.8
Egypt	5.9	11.9	101.7
Indonesia	4.9	11.0	124.5
Malaysia	3.0	9.9	230.0
Medical & Pharmaceutical Products	91.9	79.3	-13.7
Saudi Arabia	19.1	18.3	-4.2
Iraq	9.9	12.7	28.3
UAE	7.0	9.1	30.0
USA	11.3	8.1	-28.3
Phosphates	69.0	60.7	-12.0
India	37.4	43.8	17.1
Indonesia	17.9	10.6	-40.8
Fertilizers	47.2	45.5	-3.6
India	5.9	30.3	-
Vietnam	0.0	6.8	-
Turkey	14.7	2.1	-85.7
Vegetables	38.3	32.2	-15.9
Saudi Arabia	5.1	8.3	62.7
UAE	6.8	5.8	-14.7
Kuwait	4.4	5.0	13.6
Bahrain	1.6	3.1	93.8
Paper and cardboard	27.6	27.3	-1.1
Saudi Arabia	12.4	13.2	6.5
Iraq	6.1	5.4	-11.5
Yemen	0.4	1.3	225.0
Polishing & Cleaning Preparations & Perfum Materials	21.5	21.9	1.9
Iraq	10.8	11.8	9.3
Saudi Arabia	4.5	5.6	24.4
Qatar	0.2	0.6	200.0

Source: Department of Statistics.

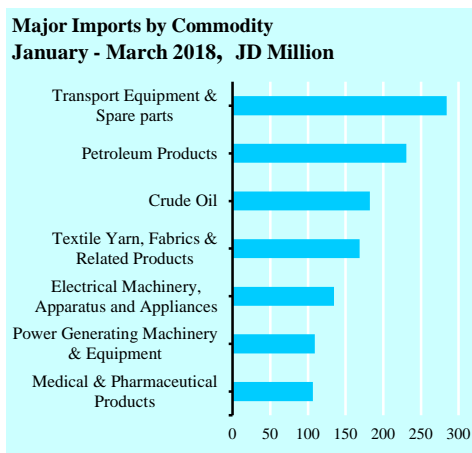
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical



products”, phosphates, fertilizers, vegetables, “paper and cardboard”, and “polishing and cleaning preparations and perfume materials” topped the list of domestic exports during the first quarter of 2018; accounting for 62.5 percent, compared with 61.2 percent during the same period of 2017. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Kuwait and Qatar were the main destination markets during the first quarter of 2018; accounting for 67.4 percent, compared with 65.2 percent during the same period of 2017.

■ **Merchandize Imports:**

Merchandize imports decreased by 2.2 percent to reach JD 3,370.1 million during the first quarter of 2018, compared to an increase by 0.1 percent during the same period of 2017.



◆ **The developments of imports during the first quarter of 2018 compared with the same period of 2017 reveals the following:**

- **Transport Equipment & Spare Parts** imports decreased by JD 74.6 million or 20.8 percent to reach JD 284.2 million. The USA, Japan and South Korea were the main origin markets, accounting for 52.9 percent of these imports.
- **Crude Oil** imports decreased by JD 2.1 million, or 1.1 percent, to reach JD 182.4 million. This decrease was mainly due to an increase in prices by 23.2 percent and a decrease in imported quantities by 19.8 percent, compared with the same period of 2017. Noting that crude oil imports came from Saudi Arabia.
- **Medical & Pharmaceutical Products** imports decreased by JD 0.8 million or 0.7 percent to reach JD 106.7 million. Germany, The USA and France were the main origin markets, accounting for 37.1 percent of these imports.

- **Petroleum Products** imports increased by JD 111.7 million or 93.8 percent to reach JD 230.8 million. Saudi Arabia, India and Italy were the main markets, accounting for 89.7 percent of these imports.
- **Power Generating Machinery and Equipment** imports increased by JD 81.6 million or 295.7 percent to reach JD 109.2 million. The USA, Spain and Denmark were the main origin markets accounting for 65.3 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports increased by JD 18.4 million or 15.8 percent to reach JD 134.8 million. China, Turkey and Italy were the main origin markets accounting for 57.4 percent of these imports.
- **Textile Yarn, Fabrics, and Related products** imports increased by JD 18.1 million or 12.0 percent to reach JD 168.5 million. China, Taiwan and Turkey were the main origin markets, accounting for 77.1 percent of these imports.

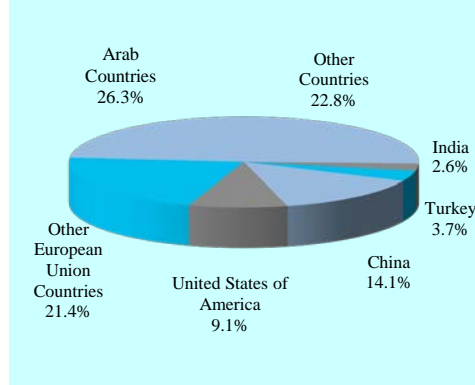
Major Imports by Commodity, JD Million
January- March 2017-2018

	2017	2018	Percentage Change
Total Imports	3,444.5	3,370.1	-2.2
Transport Equipment & Spare Parts	358.8	284.2	-20.8
USA	81.9	60.3	-26.4
Japan	62.0	47.7	-23.1
South Korea	65.1	42.2	-35.2
Petroleum Products	119.1	230.8	93.8
Saudi Arabia	12.5	171.5	-
India	15.4	18.2	18.2
Italy	5.0	17.3	246.0
Crude Oil	184.5	182.4	-1.1
Saudi Arabia	184.5	182.4	-1.1
Textile Yarn, Fabrics and Related Products	150.4	168.5	12.0
China	58.3	71.4	22.5
Taiwan	42.5	48.0	12.9
Turkey	13.9	10.5	-24.5
Electrical Machinery Apparatus and Appliances	116.4	134.8	15.8
China	44.4	53.4	20.3
Turkey	13.1	15.5	18.3
Italy	12.4	8.5	-31.5
Power Generating Machinery and Equipment	27.6	109.2	295.7
USA	2.2	37.2	-
Spain	6.0	23.6	293.3
Denmark	0.2	10.5	-
Medical & Pharmaceutical Products	107.5	106.7	-0.7
Germany	15.1	14.8	-2.0
USA	11.9	14.0	17.6
France	9.3	10.8	16.1

Source: Department of Statistics.

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

**Geographic Distribution of Imports ,
January - March 2018**



fabrics and related products”, “electrical machinery apparatus and appliances”, “power generation machinery equipment”, and “medical and pharmaceutical products”, topped the list of imports during the first quarter of 2018, accounting for 36.1 percent; compared to 30.9 percent during the same period of 2017. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Germany, Italy, Turkey and France were the main source markets during the first quarter of 2018; accounting for 55.2 percent of imports, compared to 48.7 percent during the same period of 2017.

■ Re-Exports

The value of re-exported goods in March 2018 increased by JD 9.9 million, or 14.0 percent, compared to the same month of 2017, to register JD 80.5 million. As for the first quarter of 2018, the value of re-exported goods decreased by JD 27.0 million, or 11.2 percent compared to the same period of 2017 to reach JD 213.5 million.

■ Trade Balance

The trade balance deficit decreased by JD 131.6 million, or 16.9 percent, in March 2018 compared to the same month of 2017, to register JD 646.4 million. As for the first quarter of 2018, trade balance deficit decreased by JD 56.3 million, or 2.6 percent, to register JD 2,149.0 million, compared to the same period of 2017.

□ Total Workers' Remittances Receipts

- Total workers' remittances receipts increased by 2.3 percent in April 2018 compared to the same month of 2017, to register JD 226.2 million. As for the first four months of 2018, total workers' remittances receipts increased by 1.2 percent compared to the same period of 2017 to reach JD 838.1 million.

□ Travel

■ Receipts

Travel receipts increased by JD 16.8 million, or 5.4 percent, in April 2018 compared to the same month of 2017, to register JD 330.5 million. As for the first four months of 2018, travel receipts increased by 11.8 percent compared to the same period of 2017 to reach JD 1,164.8 million.

■ Payments

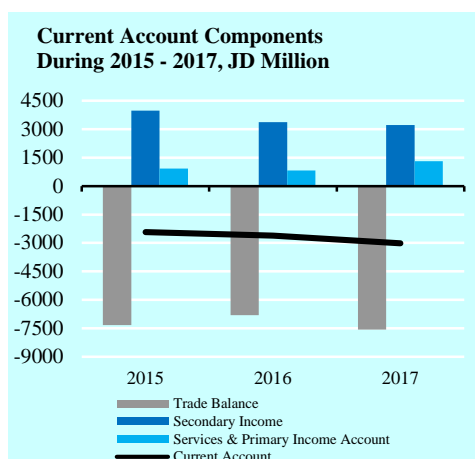
Travel payments decreased by JD 13.5 million, or 14.7 percent, in April 2018 compared to the same month of 2017, to stand at JD 78.3 million. As for the first four months of 2018, travel payment decreased by 10.6 percent compared to the same period of 2017 to reach JD 303.9 million.

□ Balance of Payments

The preliminary data for the balance of payments during 2017 compared to 2016 reveals the following:

- The current account recorded a deficit of JD 3,018.0 million (10.6 percent of GDP) in 2017 compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) during 2016. Meanwhile, the current account deficit excluding grants increased to reach JD 3,795.7 million (13.3 percent of GDP) compared to JD 3,510.0 million (12.8 percent of GDP) during 2016. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit during 2017 by JD 758.2 million, or 11.1 percent, to reach JD 7,565.5 million compared to JD 6,807.3 million during 2016.



- ◆ An increase in the services account surplus compared to 2016 by JD 428.0 million, to reach JD 1,463.2 million.
- ◆ Primary income account recorded a deficit of JD 145.7 million compared to a deficit of JD 216.0 million during 2016. This was mainly due to the decrease in deficit of the investment income (net) by JD 76.5 million, and decrease in the surplus of workers' remittances (net) by JD 6.2 million.
- ◆ A decrease in the secondary income surplus by JD 139.6 million; to reach JD 3,230.0 million, as a result of the decrease in net transfers of the public sector (foreign grants) during 2017 by JD 113.5 million to reach JD 777.5 million, and the decrease in the net transfers of other sectors by JD 26.1 million to reach JD 2,452.5 million.

- The capital and financial account registered a net inflow of JD 2,034.8 million during 2017, compared to a net inflow of JD 2,375.7 million during 2016. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,177.3 million compared to an inflow of JD 1,100.3 million during 2016.
 - ◆ Portfolio investment recorded a net inflow of JD 676.7 million compared to a net inflow of JD 845.9 million during 2016.
 - ◆ Other investment registered a net inflow of JD 58.4 million compared to a net outflow of JD 406.6 million during 2016.
 - ◆ A decrease in the reserve assets of the CBJ by JD 92.4 million, compared to decrease of JD 783.1 million during 2016.

□ 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 29,043.7 million at the end of 2017 compared to JD 26,904.4 million at the end of 2016. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 164.5 million at the end of 2017 compared to the end of 2016 to reach JD 18,694.8 million. This was mainly due to the increase in the currency and deposits of the banking sector abroad by JD 157.0 million and increase in the CBJ's reserve assets by JD 29.5 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 2,303.8 million at the end of 2017 compared to the end of 2016; to reach JD 47,738.5 million, due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 1,223.3 million to stand at JD 24,058.7 million.
 - ◆ An increase in the stock of portfolio investment in the kingdom by JD 660.7 million to stand at JD 8,209.8 million, this was mainly due to the Issuance of JD 1,065 million (USD 1.5 billions) Eurobonds in the international markets.
 - ◆ An increase of government long term loans by JD 415.8 million to stand at JD 4,228.9 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 384.7 million to stand at JD 7,573.1 million (decrease by JD 102.8 million for the CBJ and increase by 487.5 for the licensed banks).
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 236.0 million to reach JD 901.4 million.