



Central Bank of Jordan

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

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

**Central Bank of Jordan**

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37Amman11118Jordan

Website: <http://www.cbj.gov.jo>

E-mail [redp@cbj.gov.jo](mailto:redp@cbj.gov.jo)



## ❑ 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 half of 2016, real GDP at market prices, grew by 2.1 percent, against 2.2 percent during the same period of 2015. The Consumer Price Index continued its contraction by 1.2 percent during the first eight months 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 amounted to US\$ 12,667.0 at the end of the first eight months of 2016. This level of reserves covers around 7.1 months of the kingdom's import of goods and services.
- Domestic liquidity increased by JD 1,000.8 million (3.2 percent) at the end of the first eight months of 2016, compared to its level at the end of 2015, to stand at JD 32,606.3 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,209.9 million (5.7 percent) at the end of the first eight months of 2016, compared to its level at the end of 2015, to stand at JD 22,313.4 million.
- Total deposits at licensed banks increased by JD 661.4 million (2.0 percent) at the end of the first eight months of 2016, compared to its level at the end of 2015, to stand at JD 33,259.9 million. This increase was a result of the increase in the JD deposits by 331.8 million (1.3 percent) and the increase in foreign currency deposits by JD 329.6 million (5.0 percent),
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,076.8 points at the end of the first eight months of 2016, decreasing by 59.5 points, or 2.8 percent, compared to its level at the end of 2015.

- **Public Finance:** During the first seven months of 2016, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 317.0 million compared to a fiscal deficit in the amount of JD 374.0 million during the same period of 2015. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 650.0 million at the end of July 2016, compared to its level at the end of 2015, to stand at JD 16,136.0 million (59.0 percent of GDP). while outstanding external public debt decreased by JD 15.2 million at the end of July 2016 compared to its level at the end of 2015 to reach JD 9,375.3 million, (34.3 percent of GDP). Accordingly, the gross public debt (domestic and external) stood at 93.3 percent of GDP at the end of July 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 7.3 percent to reach JD 2,947.0 million while merchandize imports decreased by 7.3 percent to reach JD 7,787.2 million during the first seven months of 2016. As a result, the trade balance deficit increased by 7.2 percent compared to the same period of 2015, to reach JD 4,840.2 million. The preliminary data for the first eight months of 2016 showed a decrease in travel receipts by 2.9 percent and an increase in travel payments by 7.7 percent compared to the same period of 2015. Moreover, total workers' remittances receipts decreased by 2.8 percent during the first eight months of 2016. The balance of payments for the first half of 2016 displayed a deficit in the current account amounting to JD 1,634.8 million, (12.7 percent of GDP) up from JD 1,176.3 million (9.5 percent of GDP) during the first half of 2015, while the current account deficit excluding grants increased to reach 14.5 percent of GDP compared with 11.6 percent of GDP during the first half of 2015. Moreover, net direct investment recorded an inflow of JD 533.4 million during the first half of 2016 compared to a net inflow of JD 211.7 million during the first half of 2015, furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 25,929.8 million at end of June 2016 compared to JD 24,414.9 million at the end of 2015.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's foreign currency reserves amounted to US \$ 12,667.0 million at the end of the first eight months of 2016. This level of reserves covers around 7.1 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,000.8 million (3.2 percent) at the end of the first eight months of 2016, compared to its level at the end of 2015, to total JD 32,606.3 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,209.9 million (5.7 percent) at the end of the first eight months of 2016, compared to its level at the end of 2015 to reach JD 22,313.4 million.
- Total deposits at licensed banks increased by JD 661.4 million (2.0 percent) at the end of the first eight months of 2016, compared to its level at the end of 2015, to stand at JD 33,259.9 million.
- The interest rates on all types of deposits and credit facilities, except discounted bills & bonds, decreased at the end of the first eight months of 2016 compared to their levels at the end of 2015.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,076.8 points at the end of the first eight months of 2016, decreasing by 59.5 points (2.8 percent), compared to its level at the end of 2015. Moreover, the market capitalization decreased by JD 1,316.3 million (7.3 percent), compared to its registered level in 2015, to stand at JD 16,668.4 million.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

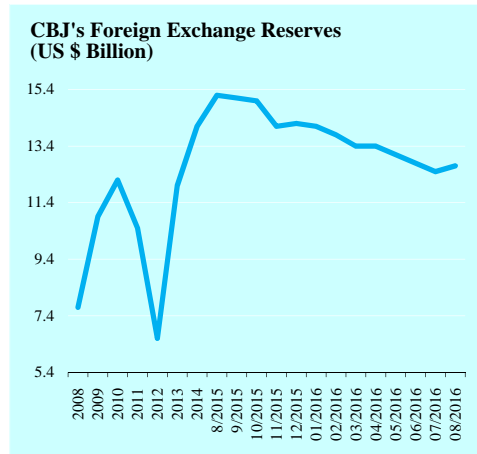
2015		End of August	
		2015	2016
US\$ 14,153.5	CBJ's Foreign Currency Reserves*	US\$ 15,240.4	US\$ 12,667.0
0.5%		8.3%	-10.5%
31,605.5	Money Supply (M2)	31,164.1	32,606.3
8.1%		6.6%	3.2%
21,103.5	Credit Facilities, of which:	20,609.5	22,313.4
9.5%		6.9%	5.7%
18,098.1	Private Sector (Resident)	17,682.5	19,314.7
4.6%		2.2%	6.7%
32,598.5	Total Deposits, of which:	32,123.5	33,259.9
7.7%		6.2%	2.0%
26,014.5	In JD	25,694.2	26,346.3
8.3%		7.0%	1.3%
6,584.0	In Foreign Currencies	6,429.3	6,913.6
5.4%		2.9%	5.0%
25,799.7	Deposits of Private Sector (Resident), of which:	25,144.9	26,393.3
7.6%		4.9%	2.3%
21,163.0	In JD	20,607.5	21,479.3
8.1%		5.3%	1.5%
4,636.7	In Foreign Currencies	4,537.4	4,913.9
5.3%		3.1%	6.0%

\* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves amounted to US \$ 12,667.0 million at the end of the first eight months of 2016. This level of reserves covers around 7.1 months of the kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

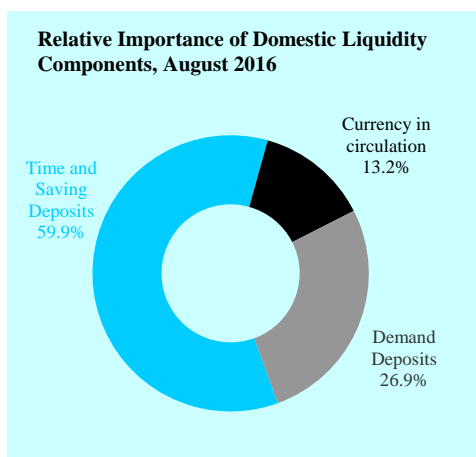
■ Domestic liquidity totaled JD 32,606.3 million at the end of the first eight months of 2016, increasing by JD 1,000.8 million, or 3.2 percent, compared to an increase of JD 1,923.7 million, or 6.6 percent, during the same period in 2015.

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

#### ● Components of Domestic Liquidity

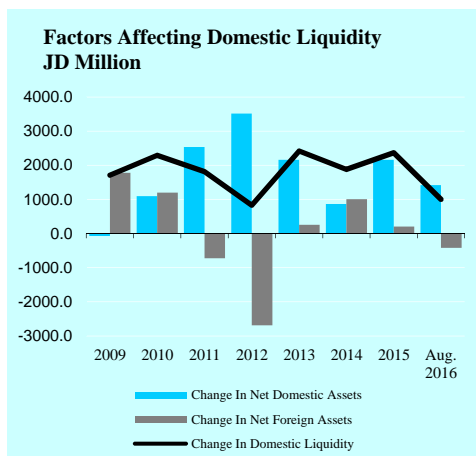
- Deposits increased by JD 635.6 million, or 2.3 percent, at the end the first eight months of 2016, compared to their level at the end of 2015, to total JD 28,307.9 million, compared to an increase of JD 1,696.3 million, or 6.7 percent, during the same period in 2015.

- Currency in circulation increased by JD 365.2 million, or 9.3 percent, at the end of the first eight months of 2016, compared to its level at the end of 2015, to reach JD 4,298.4 million, against an increase of JD 227.3 million, or 6.0 percent, during the same period in 2015.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,419.3 million, or 6.0 percent, at the end of the first eight months of 2016, compared to its level at the end of 2015, against an increase of JD 1,296.7 million, or 6.1 percent, during the same period in 2015. This increase was a result of the increase in net domestic assets at the CBJ by JD 1,217.4 million, or 21.1 percent, and its increase at licensed banks by JD 201.7 million, or 0.7 percent.



- Net foreign assets of the banking system decreased by JD 418.5 million, or 5.1 percent, at the end of the first eight months of 2016, compared to their level at the end of 2015, against an increase in the amount of JD 627.0 million, or 7.9 percent, during the same period in 2015. This increase was a result of the decrease in net foreign assets at the CBJ by JD 794.3 million, or 7.8 percent, and the increase of net foreign assets at licensed banks by JD 375.8 million or 18.9 percent.

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

		End of August	
2015		2015	2016
<b>8,137.3</b>	<b>Foreign Assets (Net)</b>	<b>8,559.3</b>	<b>7,718.8</b>
10,124.2	CBJ	10,968.2	9,329.9
-1,986.9	Licensed Banks	-2,408.9	-1,611.1
<b>23,468.2</b>	<b>Domestic Assets (Net)</b>	<b>22,604.8</b>	<b>24,887.5</b>
-5,781.8	CBJ, of which:	-6,533.6	-4,564.4
1,519.1	Claims on Public Sector (Net)	1,282.1	1,663.2
-7,324.1	Other Items (Net*)	-7,839.1	-6,250.4
29,250.2	Licensed Banks	29,138.4	29,451.9
10,220.9	Claims on Public Sector (Net)	10,253.0	10,497.9
18,681.3	Claims on Private Sector	18,249.3	19,986.9
348.0	Other Items (Net)	636.1	-1,032.9
<b>31,605.5</b>	<b>Money Supply (M2)</b>	<b>31,164.1</b>	<b>32,606.3</b>
<b>3,933.2</b>	<b>Currency in Circulation</b>	<b>4,031.7</b>	<b>4,298.4</b>
<b>27,672.3</b>	<b>Total Deposits, of which:</b>	<b>27,132.3</b>	<b>28,307.9</b>
4,709.6	In Foreign Currencies	4,601.1	4,976.4

\* 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

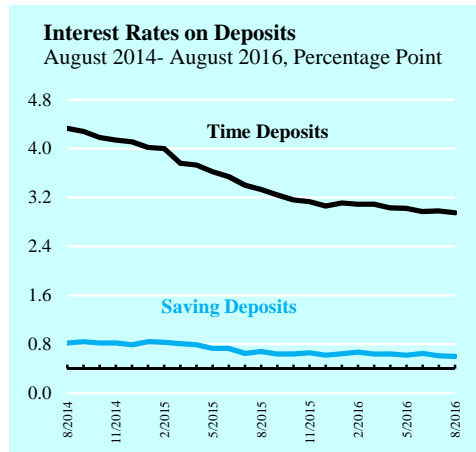
- Time Deposits: The weighted average interest rate on time deposits at the end of August 2016 decreased by 3 basis points, compared to its level at the end of the previous month, to stand at 2.95 percent. This rate is lower by 11 basis points than its level at the end of 2015.

Interest Rates on Monetary Policy Instruments, percentage points

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

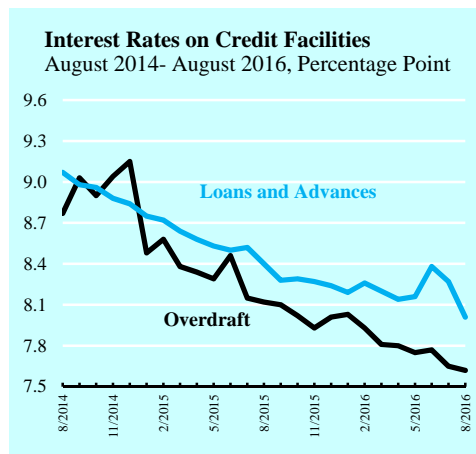
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of August 2016 decreased by one basis point, compared to its level registered in the previous month to stand at 0.60 percent, which is two basis points lower than its level registered at the end of 2015.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of August 2016 decreased by one basis point, compared to its level registered in the previous month to stand at 0.24 percent. This rate is lower by 8 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 August 2016 decreased by 3 basis points compared to its level in the previous month to stand at 7.62 percent, this rate is lower by 39 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 August 2016, decreased by 16 basis points compared to its level in the previous month to stand at 10.64 percent. This rate is higher by 194 basis points than its level at the end of 2015.

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

	August		Change Relative to the Preceding Year Basis Points
	2015	2016	
<b>Deposits</b>			
0.32 Demand	0.33	0.24	-8
0.62 Saving	0.68	0.60	-2
3.06 Time	3.33	2.95	-11
<b>Credit Facilities</b>			
8.70 Discounted Bills and Bonds	9.16	10.64	194
8.24 Loans and Advances	8.40	8.01	-23
8.01 Overdraft	8.12	7.62	-39
8.37 Prime Lending Rate	8.37	8.39	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” at the end of August 2016 decreased by 26 basis points, compared to its level in the previous month, to stand at 8.01 percent. This rate is lower by 23 basis points than its level registered at the end of 2015.
- The prime lending rate stood at 8.39 percent at the end of August 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 506 basis points, at the end of August 2016, which is lower by 12 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 1,209.9 million, or 5.7 percent, at the end of the first eight months of 2016, compared to its level at the end of 2015, against an increase of JD 1,335.0 million, or 6.9 percent during the same period in 2015.



- The extended credit facilities, according to economic activity, at the end of the first eight months of 2016 demonstrates an increase in the credit extended to "others" item which generally represents facilities extended to individuals, by JD 463.5 million, or 8.9 percent, followed by the credit extended to the "construction" sector by JD 323.4 million, or 6.6 percent, and the industry and mining sectors by JD 98.6 million, or 4.6 percent, and 70.9 million, or 41.7 percent, respectively, compared to their levels at the end of 2015.
- In terms of borrowers, credit facilities at the end of the first eight months of 2016 had shown an increase in credit extended to the private sector (resident) by 1,216.6 million, or 6.7 percent, the public institutions by JD 31.3 million, or 9.6 percent, the private sector (non-resident) by JD 11.2 million, or 2.4 percent, and the financial institutions by JD 2.9 million, or 32.2 percent. Meanwhile, credit facilities extended to the central government declined by JD 52.2 million, or 2.4 percent, compared to their levels at the end of 2015.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,259.9 million at the end of the first eight months of 2016, increasing by JD 661.4 million, or 2.0 percent, compared to its level at the end of 2015, against an increase of JD 1,862.5 million, or 6.2 percent, during the same period in 2015.
- This increase was a result of the increase in the deposits of the private sector (resident) by JD 593.5 million, or 2.3 percent, the public sector (central government plus public institutions) by JD 85.3 million, or 3.1 percent, and the private sector (non-resident)

by JD 52.7 million, or 1.4 percent. In contrast, the non-banking financial institutions' deposits decreased by JD 70.2 million, or 15.8 percent.

- The currency composition of deposits at the end of the first eight months of 2016 revealed that JD deposits increased by JD 331.8 million, or 1.3 percent, and “deposits in the foreign currency” increased by JD 329.6 million, or 5.0 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 eight months of 2016 compared to 2015. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at ASE totaled JD 171.7 million in August 2016; up by JD 55.3 million, or 47.5 percent, compared to its level in the previous month, against a decrease of JD 287.9 million, during the same month in 2015. As for the first eight months of 2016, the trading volume decreased by JD 720.4 million, or 32.7 percent, compared to the same period in 2015, to reach JD 1,483.8 million.

##### ■ Traded Shares

The number of traded shares in August 2016 totaled 154.3 million shares; up by 44.5 million shares, or 40.5 percent, compared to its level in the previous month, against a decrease amounting to 175.5 million shares, or 45.8 percent, during the same month in 2015. As for the first eight months of 2016, the number of traded shares decreased by 553.2 million shares, or 29.4 percent, amounted to 1,326.5 million shares, compared to 1,879.7 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 25.3 points, or 1.2 percent, at the end of August 2016 compared to its level in the previous month

to stand at 2,076.8 point, against a decrease of 28.1 points, or 1.3 percent, during the same month in 2015. Furthermore, the SPI decreased by 59.5 points, or 2.8 percent, at the end of the first eight months of 2016 compared to its level at the end of 2015, against a decrease in the amount of 67.9 points, or 3.1 percent, during the same period in 2015. The aforementioned decrease was an outcome of the decrease in the SPI of the services sector by 150.0 points, or 8.7 percent, and the financial sector by 77.5 points or 2.7 percent. Meanwhile, the SPI for the industrial sector increased by 62.9 points, or 3.4 percent, compared to their levels at the end of 2015.

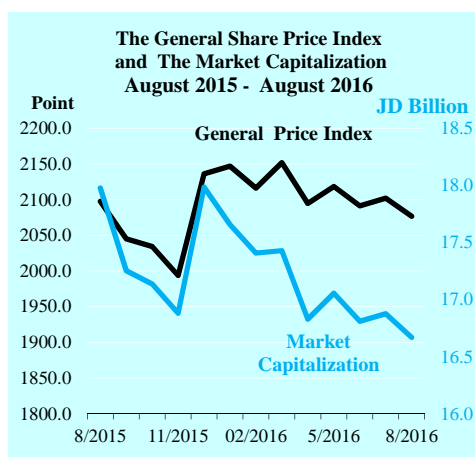
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

2015		August	
		2015	2016
2,136.3	General Index	2,097.6	2,076.8
2,906.2	Financial Sector	2,860.4	2,828.7
1,848.8	Industrial Sector	1,848.8	1,911.7
1,726.7	Services Sector	1,664.2	1,576.7

Source: Amman Stock Exchange.

**Market Capitalization**

The ASE's market capitalization totaled JD 16.7 billion at the end of August 2016; decreasing by JD 207.4 million, or 1.2 percent, compared to its level in the previous month, against an increase of JD 0.2 billion, or 0.9 percent, during



the same month in 2015. As for the first eight months of 2016, the market capitalization decreased by JD 1,316.3 million, or 7.3 percent, compared to a decrease of JD 106 million or 0.6 percent, during the same period in 2015.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 2.2 million in August 2016, compared to an outflow of JD 4.2 million during the same month in 2015; the value of shares acquired by non-Jordanian in August 2016 amounted to JD 23.5 million, while their selling amounted to JD 25.7 million. As for the first eight months of 2016, non-

<b>Main Amman Stock Exchange Trading Indicators, JD Million</b>			
		<b>August</b>	
<b>2015</b>		<b>2015</b>	<b>2016</b>
3,417.1	Value Traded	303.7	171.7
13.9	Average Daily Trading	13.8	7.5
17,984.7	Market Capitalization	17,976.6	16,668.4
2,585.8	No. of Traded Shares (million)	207.9	154.3
10.6	Net Investment of Non-Jordanian	-4.2	-2.2
981.7	Non-Jordanian Buying	59.9	23.5
971.1	Non-Jordanian Selling	64.1	25.7

Source: Amman Stock Exchange.

Jordanian net investment recorded an inflow amounted JD 140.8 million, compared to an inflow of JD 3.0 million, during the same period in 2015.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.9 percent during the second quarter of 2016, against 2.4 percent during the same quarter of 2015. At current market prices, GDP grew by 3.2 percent during the second quarter of 2016, compared to 4.5 percent during the same quarter of 2015.
- Accordingly, GDP at constant market prices, grew by 2.1 percent during the first half of 2016, against 2.2 percent during the same half of 2015. At current market prices, GDP grew by 3.5 percent during the first half of 2016, compared to 4.8 percent during the same half of 2015.
- The Consumer Price Index (CPI) continued its contraction by 1.2 percent during the first eight months 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 real GDP grew by 2.1 percent during the first half of 2016 compared to 2.2 percent during the same period of 2015. When excluding “net taxes on products”, which grew by 1.3 percent, GDP at constant basic prices grew by 2.3 percent during the first half of 2016, compared to the same percent during the first half of 2015.

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

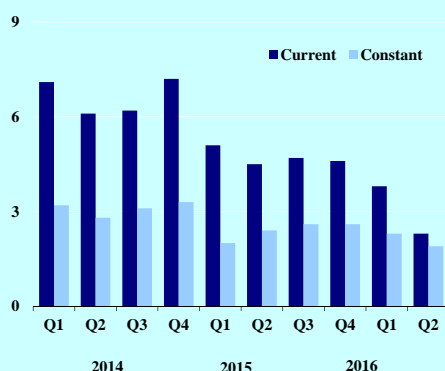
Source: Department of Statistics.

At current market prices, GDP grew by 3.5 percent during the first half of 2016, compared to 4.8 percent during the same period 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 1.3 percent compared to 2.6 percent during the first half 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 half of 2016 were; “transports, storage and communications” (0.5 percentage point), “electricity and water” (0.3 percentage point), agriculture (0.2 percentage point), and construction (0.1 percentage point). These sectors collectively accounted for 52.4 percent of real GDP growth during the first half of 2016.

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

**Quarterly Growth Rates of GDP at Market Prices (2014- 2016), %**



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

Sectors	Relative change		Contribution	
	First Half 2015	2016	First Half 2015	2016
<b>GDP At Market Prices</b>	2.2	2.1	2.2	2.1
Agriculture, Hunting, Forestry, And Fishing	-0.8	6.6	-	0.2
Mining And Quarrying	16.5	-17.9	0.2	-0.3
Manufacturing	1.4	0.8	0.2	0.1
Electricity And Water	3.3	14.1	0.1	0.3
Construction	-1.0	1.7	-	0.1
Wholesale And Retail Trade	1.8	1.5	0.1	0.1
Restaurant And Hotels	-4.3	-1.2	-	-
Transport, Storage & Communications	2.5	3.3	0.4	0.5
Finance And Insurance Services	5.8	5.3	0.6	0.5
Real Estate	2.2	2.2	0.2	0.2
Community, Social And Personal Services	3.0	3.5	0.1	0.2
Producers Of Government Services	1.5	1.4	0.2	0.2
Producers Of Private Non-Profit Services To	6.3	4.1	-	-
Domestic Services Of Households	0.1	0.1	-	-

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

### □ Microeconomic Indicators

The microeconomic indicators displayed divergent performance for the current year. Some indicators recorded a notable growth, such as; number of passengers through Royal Jordanian (3.2 percent). However, other indicators showed a contraction, particularly; “mining and quarrying production quarrying index” (-8.2 percent). The following table displays the performance of the main sectoral indicators.

#### Main Sectoral Indicators\*

Percentage Points

2014	2015	Item	2015	Available period	2016
-1.2	-8.8	<b>Manufacturing production quantity index**</b>	-	<b>July</b>	<b>2.4</b>
-0.7	-0.5	Food products and beverages	-		-12.6
0.2	45.9	Tobacco products	-		20.9
-0.8	-1.7	Refined petroleum products	-		-20.7
0.3	63.8	Wearing apparel	-		68.5
0.6	3.4	Non-metallic mineral products	-		-1.3
-0.6	-10.8	Chemical products	-		20.4
<b>1.6</b>	<b>16.9</b>	<b>“Mining and quarrying” production quantity index**</b>	-		<b>-8.2</b>
0.0	-38.3	Extraction of crude petroleum and natural gas	-		-11.4
1.6	17.6	Other mining and quarrying	-		-8.2
<b>7.2</b>	<b>-12.5</b>	<b>Licensed areas for buildings</b>	<b>-18.4</b>	<b>January- July</b>	<b>-5.9</b>
<b>-2.8</b>	<b>-7.9</b>	<b>Number of passengers through Royal Jordanian</b>	<b>-9.4</b>	<b>January-August</b>	<b>3.2</b>
<b>-1.7</b>	<b>-0.7</b>	<b>Cargo through Royal Jordanian</b>	<b>0.1</b>		<b>-17.9</b>
<b>16.7</b>	<b>-3.5</b>	<b>Quantities of exported and imported goods shipped through Aqaba port</b>	<b>6.2</b>		<b>-8.7</b>
<b>-0.5</b>	<b>-7.4</b>	<b>Number of departures</b>	<b>-8.0</b>		<b>-2.4</b>
<b>22.4</b>	<b>-2.0</b>	<b>Value traded at the real estate market</b>	<b>-7.1</b>		<b>2.2</b>

\* : 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 1.2 percent during the first eight months of 2016, compared with 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” (-6.8 percent), transportation (-7.0 percent), and “meat and poultry” (-8.9 percent). They collectively contributed in reducing the overall inflation rate by (-2.0) percentage points.

**Annual Bases Inflation Rate  
For the first eight months of years (2008-2016),  
percentages**



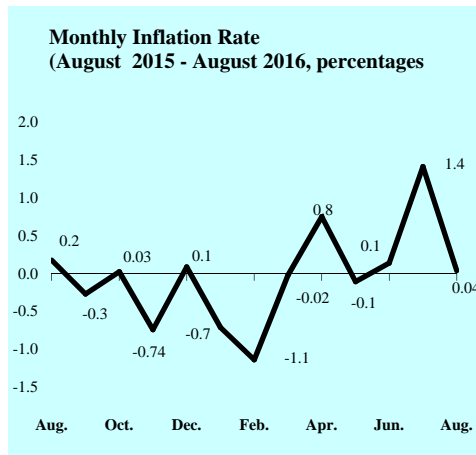
**Inflation Rate during the first eight months for  
the Year 2015 - 2016**

Expenditure Groups	Relative Imp.	Relative change Jan - Aug.		Contribution Jan - Aug.	
		2015	2016	2015	2016
All Items	100.0	-0.6	-1.2	-0.6	-1.2
1) Food and non-Alcoholic Beverages, of which:	33.36	1.2	-2.7	0.4	-0.9
Meat and Poultry	8.24	1.2	-8.9	0.1	-0.8
Dairy Products and Eggs	4.23	-0.2	-1.8	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.89	-1.0	-1.7	0.0	-0.1
Fruits and Nuts	2.73	6.9	-3.0	0.2	-0.1
Oils and Fats	1.92	3.5	2.6	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.43	3.9	2.4	0.2	0.1
3) Clothing and footwear	3.55	5.8	2.8	0.2	0.1
4) Housing, of which:	21.92	1.1	0.7	0.2	0.2
Rents	15.57	5.3	2.8	0.8	0.5
Fuels and Lighting	4.85	-12.0	-6.8	-0.6	-0.3
5) Household Furnishings and Equipment	4.19	2.2	1.0	0.1	0.0
6) Health	2.21	3.7	2.0	0.1	0.0
7) Transportation	13.58	-14.0	-7.0	-2.2	-0.9
8) Communication	3.50	0.2	-0.3	0.0	0.0
9) Culture and Recreation	2.27	4.5	4.4	0.1	0.1
10) Education	5.41	3.7	1.1	0.2	0.1
11) Restaurants and Hotels	1.83	1.8	1.3	0.0	0.0
12) Other Goods and Services	3.75	1.1	1.0	0.0	0.0

Source: Department of Statistics.

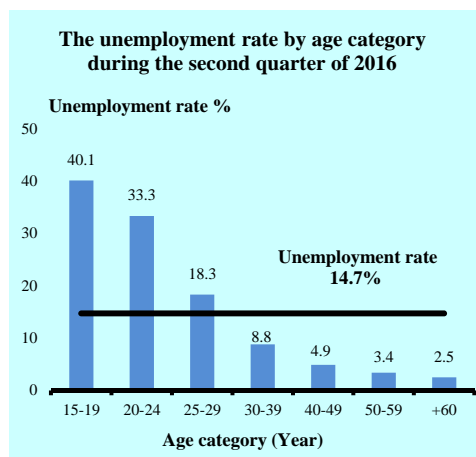
In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (4.4 percent), clothing (2.9 percent), and rents (2.8 percent).

In August 2016, the CPI witnessed an increase by 0.04 percent compared with July 2016. This was due to the increase in the prices of some items, mainly; “vegetables and legumes dry and canned” (5.4 percent), “oils and fats” (1.5 percent), and “Restaurants and Hotels” (2.4 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 317.0 million during the first seven months of 2016, comparing to a fiscal deficit in the amount of JD 374.0 million, during the same period in 2015. When excluding foreign grants (JD 248.7 million), the general budget deficit reaches JD 565.7 million compared to a deficit in the amount of JD 681.6 million during the same period in 2015.
- Gross outstanding domestic public debt increased by JD 650.0 million at the end of July 2016 compared to its level at the end of 2015, to reach JD 16,136.0 million (59.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) decreased by JD 15.2 million at the end of July 2016, compared to its level at the end of 2015, to stand at JD 9,375.3 million (34.3 percent of GDP).
- As a result, gross outstanding public debt (domestic and external) reached JD 25,511.3 million (93.3 percent of GDP) at the end of July 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 seven months of 2016 compared to the same period in the preceding year:

##### ■ Public Revenues

Public revenues (including foreign grants) increased by JD 90.9 million, or 18.5 percent, in July 2016 compared to the same month of 2015 to reach JD 582.5 million. As for the first seven months of 2016, these revenues were up by JD 269.2 million, or 7.0 percent, compared to the same period in 2015 to stand at JD 4,110.7 million. This came as an outcome of the increase in domestic revenues by JD 328.1 million, and the decrease in foreign grants by JD 58.9 million.

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

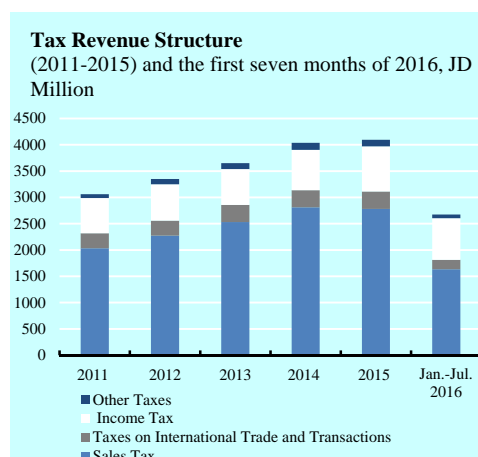
(JD Million and Percentages)

	July		Growth Rate	Jan. – July		Growth Rate
	2015	2016		2015	2016	
<b>Total Revenues and Grants</b>	<b>491.6</b>	<b>582.5</b>	<b>18.5</b>	<b>3,841.5</b>	<b>4,110.7</b>	<b>7.0</b>
Domestic Revenues, of which:	478.6	574.5	20.0	3,533.9	3,862.0	9.3
Tax Revenues, of which:	379.1	374.0	-1.3	2,541.8	2,674.4	5.2
General Sales Tax	225.4	210.3	-6.7	1,572.3	1,633.7	3.9
Other Revenues	97.9	199.3	103.6	981.8	1,178.0	20.0
Foreign Grants	13.0	8.0	-38.5	307.6	248.7	-19.1
<b>Total Expenditures, of which:</b>	<b>642.1</b>	<b>608.3</b>	<b>-5.3</b>	<b>4,215.5</b>	<b>4,427.7</b>	<b>5.0</b>
Capital Expenditures	88.2	86.2	-2.3	472.2	486.7	3.1
<b>Overall Deficit/ Surplus</b>	<b>-150.5</b>	<b>-25.8</b>	<b>-</b>	<b>-374.0</b>	<b>-317.0</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase by JD 328.1 million, or 9.3 percent, during the first seven months of 2016 compared to the same period in 2015, to reach JD 3,862.0 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues”, by JD 132.6 million, JD 196.2 million, respectively, and the drop in pension contribution by JD 0.7 million.



### ● Tax Revenues

Tax revenues increased by JD 132.6 million, or 5.2 percent, during the first seven months of 2016 compared to the same period in 2015, to reach JD 2,674.4 million (69.2 percent of domestic revenues). Following are the main developments in tax revenues items:

- An increase in the proceeds of “general sales tax on goods and services” by JD 61.4 million, or 3.9 percent, which reached JD 1,633.7 million (accounting for 61.1 percent of total tax revenues). This result was driven by the increase in the proceeds of “sales tax on services”, “sales tax on commercial sector” “sales tax on imported goods”, and “sales tax on domestic goods”, by JD 31.5 million, JD 20.1 million, JD 9.3 million, JD 0.4 million respectively.
- An increase in the proceeds of “income and profit taxes” by JD 75.9 million, or 10.6 percent, which reached JD 792.5 million (accounting for 29.6 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 84.2 million, and decrease in the proceeds of “income tax from individuals” by JD 8.3 million. Accordingly, income tax from companies accounted for 84.0 percent of total taxes on income and profits to reach JD 665.5 million.

- An increase in real-estates tax (taxes on financial transactions) by JD 5.9 million, or 9.4 percent, to reach JD 68.8 million (accounting for 2.6 percent of total tax revenues).
- A decrease in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 10.5 million or 5.5 percent, to reach JD 179.5 million (accounting for 6.7 percent of total tax revenues).

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

“Other revenues” increased by JD 196.1 million, or 20.0 percent, during the first seven months of 2016 to reach JD 1,178.0 million. This increase was chiefly due to:

- An increase in miscellaneous revenues by JD 262.6 million to stand at JD 491.5 million.
- A drop in property income by JD 15.7 million to stand at JD 194.9 million (of which financial surplus of independent government units amounted to JD 181.0 million against JD 185.6 million during the same period in 2015).
- A decrease in “revenues from selling goods and services” by JD 13.4 million to reach JD 491.5 million.

- **Pension Contributions**

Pension contributions witnessed a slight decrease by JD 0.7 million, or 6.8 percent, during the first seven months of 2016, standing at JD 9.6 million.

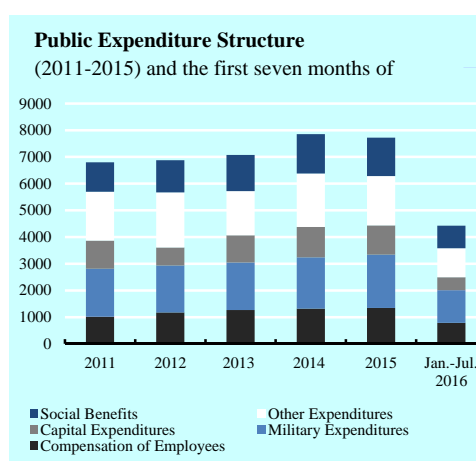
- ◆ **Foreign Grants**

Foreign grants decreased by JD 58.9 million, or 19.1 percent, during the first seven months of 2016, standing at JD 248.7 million.



## Public Expenditures

Public expenditures witnessed an decrease by JD 33.8 million, or 5.3 percent, in July 2016 compared to the same month in 2015 to stand at JD 608.3 million. Moreover, public expenditures increased by JD 212.2 million, or 5.0 percent during the first seven months of 2016 compared to the same period in 2015, to stand at JD 4,427.7 million. This increase was a result of the rise in current expenditures by JD 197.8 million, and capital expenditures by JD 14.5 million.



## Current Expenditures

Current expenditures increased by JD 197.8 million, or 5.3 percent, during the first seven months of 2016, to reach JD 3,941.0 million. This result was driven by the increase in some current expenditure items. More specifically:

- An increase in military expenditures by JD 73.1 million to total JD 1,224.6 million, accounting for 31.1 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 4.4 million to reach JD 785.4 million, accounting for 19.9 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 40.3 million to stand at JD 225.6 million, accounting for 5.7 percent of total current expenditures.
- A drop in interest payments by JD 26.1 million to stand at JD 481.4 million, accounting for 12.2 percent of total current expenditures.

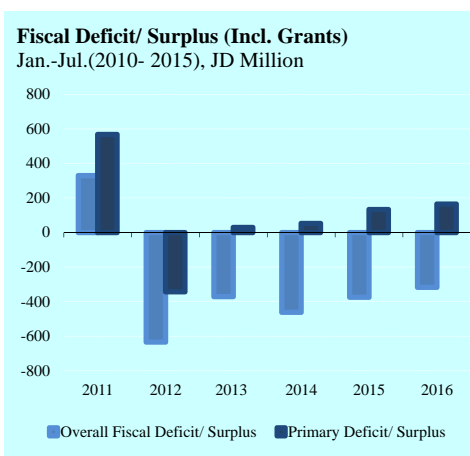
- A drop in goods subsidies by JD 21.5 million to stand at JD 69.5 million, accounting for 1.8 percent of total current expenditures.
- A drop in social benefit expenditures by JD 1.9 million to stand at JD 847.9 million, accounting for 21.5 percent of total current expenditures.

#### ◆ Capital Expenditures

Capital expenditures increased by JD 14.5 million, or 3.1 percent during the first seven months of 2016 compared to the same period in 2015, to reach JD 486.7 million.

#### ■ General Budget Deficit/ Surplus

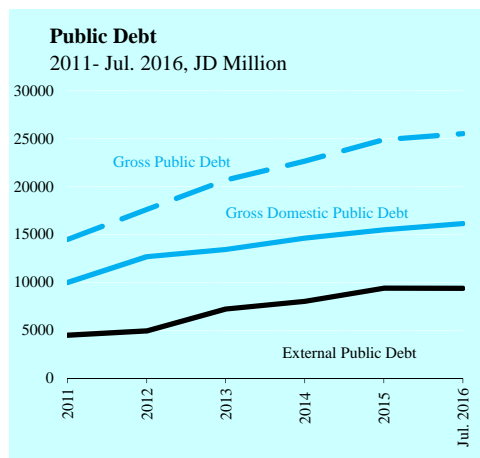
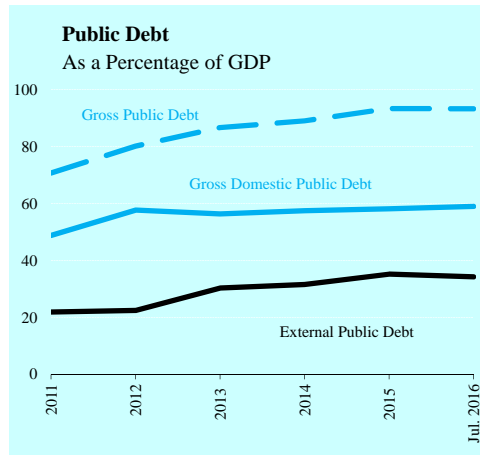
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 317.0 million during the first seven months of 2016, against a fiscal deficit in the amount of JD 374.0 million during the same period in 2015.



- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 164.4 million during the first seven months of 2016, against a primary surplus of JD 133.5 million during the same period in 2015, if foreign grant was excluded the general budget recorded a primary deficit in the amount of JD 84.3 million, during the first seven months of 2016, against a primary deficit of JD 174.1 million during the same period in 2015.

Public Debt

Gross outstanding domestic public debt increased by JD 650.0 million at the end of July 2016 compared to its level at the end of 2015 to total JD 16,136.0 million, or 59.0 percent of GDP. This rise in gross outstanding domestic public debt was an outcome of the rise in gross budgetary government debt, on one hand, as “Treasury bills and bonds” increased by JD 746.0 million at the end of July 2016, compared to their level at the end of 2015, standing at JD 13,130.0 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 44.0 million to stand at JD 2,507.0 million, on the other. In this regard, loans and advances extended to these agencies decreased by JD 34.0 million to stand



at JD 1,955.0 million, and the decrease in the own-budget agencies' bonds by 10.0 million to stand at JD 553.0 million compared to its level at the end of 2015.

- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 647.0 million at the end of July 2016 comparing to its level at the end of 2015 to total JD 14,104.0 million (51.5 percent of GDP).
- Outstanding balance of external public debt (budgetary and guaranteed) decreased by JD 15.2 million at the end of July 2016 compared to its level at the end of 2015, amounting to JD 9,375.3 million (34.3 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 60.0 percent, while debt in Euros accounted for 6.6 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 7.8 percent and 8.0 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 14.9 percent.
- Gross public debt (domestic and external) increased by JD 634.8 million at the end of July 2016 compared to its level at the end of 2015 to stand at JD 25,511.3 million, (93.3 percent of GDP), against JD 24,876.5 million (93.4 percent of GDP) at the end of 2015.
- External debt service (budgetary and guaranteed) increased by JD 472.1 million during the first seven months of 2016 to stand at JD 798.0 million, compared to same period of 2015. This rise was a result of domestic bonds in dollar amortization by JD 355.0 million (USD 500.0 million), during the month of February of this year.

### □ Fiscal and Price Measures

- Rising 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
		September	October	
Unleaded Gasoline 90	Fils/Liter	555	575	3.6
Unleaded Gasoline 95	Fils/Liter	720	745	3.5
Gas Oil (Diesel)	Fils/Liter	425	435	2.4
Kerosene	Fils/Liter	425	435	2.4
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	289.1	299.4	3.6
Fuel for airplanes (local companies)	Fils/Liter	326	332	1.8
Fuel for airplanes (foreign companies)	Fils/Liter	331	337	1.8
Fuel for unplanned flights	Fils/Liter	346	352	1.7
Asphalt	JD/Ton	278.0	288.2	3.7

Source: Jordan Petroleum Refinery Company (1/10/2016).

- 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 removal the reduction in fees and taxes on land purchases by 50% (July 2016).

#### □ Grants, Loans and Other Agreements

- Signing a protocol grant agreement in the amount of JD 27.9 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).
- Signing a grant agreement in the amount of EUR 20.0 million provided by the German Development Bank (KfW) to support the education sector for implement the project entitled "Funding for salaries to support accelerating the arrival of Syrian children in formal learning", and implemented this grants as a follow up to London conference to support Jordan (August 2016).
- Signing a grant agreement in the amount of USD 20.0 million with Kuwait Fund to support Jordan Response Plan for Syrian Crisis 2016 – 2018 (September 2016).

#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 7.2 percent in July 2016 compared to the same month of 2015 to record JD 440.6 million. As for the first seven months of 2016, total merchandize exports decreased by 7.3 percent compared to the same period of 2015 to reach JD 2,974.0 million.
- **Merchandize imports** decreased by 25.7 percent in July 2016 compared to the same month of 2015 to reach JD 974.5 million. As for the first seven months of 2016, total merchandize imports decreased by 7.3 percent compared to the same period of 2015 to reach JD 7,787.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 36.1 percent in July 2016 compared to the same month in 2015; standing at JD 533.9 million. As for the first seven months of 2016, trade balance deficit decreased by 7.2 percent compared to the same period of 2015 to reach JD 4,840.2 million.
- **Travel receipts** decreased by 8.4 percent in August 2016 compared to the same month of 2015 to reach JD 335.6 million, while travel payments increased by 8.6 percent, to reach JD 84.3 million. As for the first eight months of 2016, travel receipts decreased by 2.9 percent to reach JD 1,908.4 million, while travel payments increased by 7.7 percent to reach JD 641.0 million compared to the same period of 2015.
- **Total workers' remittances receipts** increased by 2.2 percent in August 2016 compared to the same month of 2015 to reach JD 227.5 million. As for the first eight months of 2016, total workers' remittance decreased by 2.8 percent compared to the same period of 2015 to reach JD 1,747.2 million.
- **The current account of the balance of payments** registered a deficit of JD 1,634.8 million (12.7 percent of GDP) during the first half of 2016 compared to a deficit of JD 1,176.3 million (9.5 percent of GDP) during the first half of 2015, while the current account deficit excluding grants went up to reach 14.5 percent of GDP compared with 11.6 percent of GDP during the first half of 2015.
- **Net direct investment** recorded an inflow of JD 533.4 million during the first half of 2016, up from JD 449.3 million during the first half of 2015.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 25,929.8 million at the end of June 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 254.5 million and the decline in imports by JD 609.7 million in the first seven months of 2016, compared to the same period of 2015, the volume of external trade (domestic exports *plus* imports) decreased by JD 864.2 million to stand at JD 10,258.0 million.

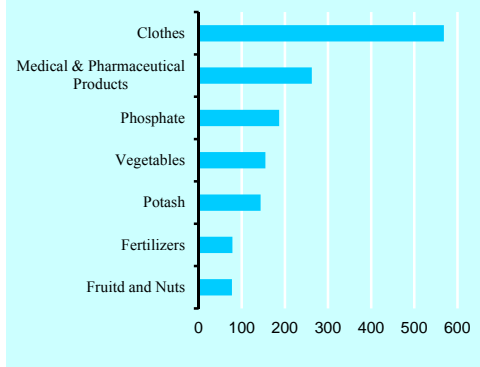
Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January - July				January - July				
	2015	2016	Percentage Change		2015	Percentage Change 2015/2014	2016	Percentage Change 2016/2015
<b>Exports</b>				External Trade	11,122.2	-9.6	10,258.0	-7.8
USA	572.8	587.8	2.6	Total Exports	3,179.6	-7.0	2,947.0	-7.3
Saudi Arabia	440.4	401.0	-9.0	Domestic Exports	2,725.3	-7.7	2,470.8	-9.3
India	248.6	201.2	-19.1	Re-exports	454.3	-2.4	476.2	4.8
Iraq	329.8	184.5	-44.1	Imports	8,396.9	-10.2	7,787.2	-7.3
Kuwait	80.8	129.7	60.6	Trade Balance	-5,217.3	-12.1	-4,840.2	-7.2
UAE	128.8	122.0	-5.2	Source: Department of Statistics.				
Qatar	59.1	66.3	12.1					
<b>Imports</b>								
China	1,049.8	1,089.8	3.8					
Saudi Arabia	1,444.8	900.6	-37.7					
USA	533.4	511.5	-4.1					
Italy	312.1	360.2	15.4					
Germany	407.2	351.9	-13.6					
UAE	312.9	311.1	-0.6					
Turkey	272.1	286.5	5.3					
Source: Department of Statistics.								



### ■ Merchandize Exports:

Total merchandize exports decreased by 7.3 percent in the first seven months of 2016, to record JD 2,947.0 million. This

Major Exports by Commodity  
January - July 2016, JD Million



decrease resulted from a decline in domestic exports by JD 254.5 million, or 9.3 percent, to reach JD 2,470.8 million, and the increase in re-exports by 4.8 percent, to reach JD 476.2 million.

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

- Exports of **Potash** decreased by JD 99.3 million, or 40.9 percent, to stand at JD 143.6 million. The Indian, Malaysian and Chinese markets accounted for 59.2 percent of these exports.
- Exports of **Vegetables** decreased by JD 47.9 million, or 23.6 percent, to reach JD 155.0 million. The UAE, Kuwaiti and Saudi markets were the main destinations of these exports, accounting for 62.5 percent.

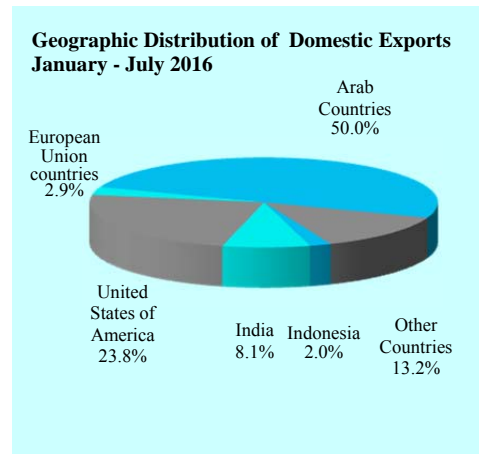
- Exports of **Phosphates** increased by JD 8.1 million, or 4.2 percent, to register JD 186.6 million. This increase was mainly a result of the increase in exported quantities by 7.8 percent and the decrease in prices by 11.1 percent. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 81.2 percent.
- Exports of **Medical & Pharmaceutical Products** increased by JD 48.8 million, or 22.8 percent, to reach JD 262.4 million. The markets of Saudi Arabia, Algeria, Iraq, and Sudan accounted for 56.8 percent of these exports.

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

	2015	2016	Percentage Change
<b>Domestic Exports</b>	<b>2,725.3</b>	<b>2,470.8</b>	<b>-9.3</b>
<b>Clothes</b>	<b>562.8</b>	<b>568.7</b>	<b>1.1</b>
USA	507.4	504.2	-0.6
<b>Medical &amp; Pharmaceutical Products</b>	<b>213.6</b>	<b>262.4</b>	<b>22.8</b>
Saudi Arabia	53.5	58.4	9.2
Algeria	21.6	39.8	84.3
Iraq	22.7	29.9	32.1
Sudan	21.9	21.0	-4.0
<b>Phosphates</b>	<b>194.9</b>	<b>186.8</b>	<b>-4.2</b>
India	130.4	117.8	-9.7
Indonesia	29.7	33.8	13.8
<b>Vegetables</b>	<b>202.9</b>	<b>155.0</b>	<b>-23.6</b>
UAE	35.3	36.2	2.7
Kuwait	26.5	31.5	18.8
Saudi Arabia	32.1	29.0	-9.4
<b>Potash</b>	<b>242.9</b>	<b>143.6</b>	<b>-40.9</b>
India	69.9	41.7	-40.4
Malaysia	34.7	27.3	-21.3
China	57.7	16.0	-72.2
<b>Fertilizers</b>	<b>84.9</b>	<b>78.6</b>	<b>-7.4</b>
India	38.0	28.6	-24.7
Iraq	8.1	23.2	185.0
Turkey	14.3	11.8	-17.8
<b>Fruits and Nuts</b>	<b>99.4</b>	<b>77.2</b>	<b>-22.4</b>
Saudi Arabia	32.4	23.3	-28.1
Kuwait	21.8	25.0	14.7
UAE	10.0	9.6	-4.0

Source: Department of Statistics.

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

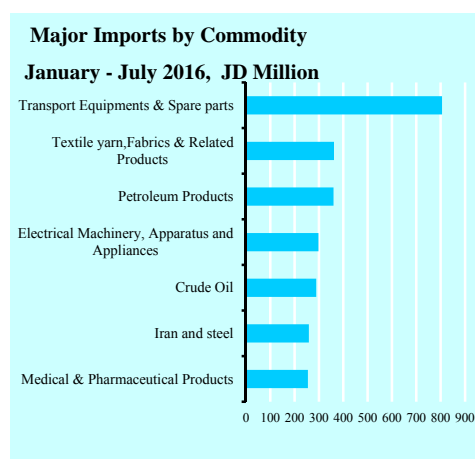


“fruits and nuts” topped the list of domestic exports in the first seven months of 2016; accounting for 59.6 percent of domestic exports, compared with 58.8 percent in the same period of 2015. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE and Qatar were the main destination markets for domestic exports in the first seven months of 2016; accounting for 68.5 percent of domestic exports, compared with 68.3 percent during the same period of 2015.

Its worth mentioning that domestic exports to GCC countries increased by 1.2 percent during the first seven months of 2016, accounting for 31.2 percent of total domestic exports, compared with 27.9 percent during the same period of 2015.

### ■ Merchandize Imports:

Merchandize imports decreased by 7.3 percent to reach JD 7,787.2 million in the first seven months of 2016, compared to a decrease by 10.2 percent during the same period of 2015.



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

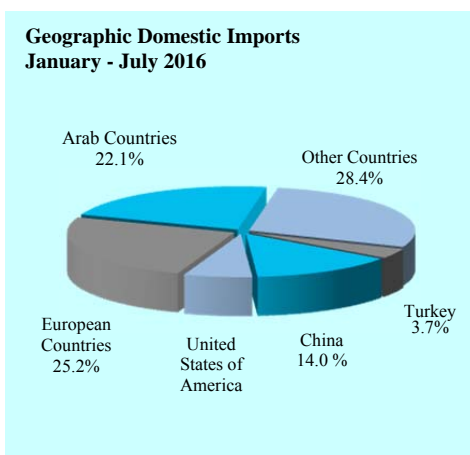
- **Petroleum Products** imports decreased by JD 396.4 million, or 52.4 percent, to reach JD 359.6 million. This decrease was mainly due to a decline in imported quantities and prices, in addition to the start of the Liquefied Natural Gas (LNG) terminal operations at the port of Aqaba as the Kingdom's imports of LNG increased by JD 194.4 million. The main source markets of these imports were Saudi Arabia, Italy, Spain; accounting for 68.5 percent.
- **Crude oil** imports decreased by JD 341.3 million, or 54.2 percent, to reach 288.3 million. This decrease was mainly due to a decline in prices by 33.5 percent and in imported quantities by 31.1 percent compared to the same period of 2015. Noting that Crude oil imports came from the Saudi market.

- Electrical Machinery, Apparatus, and Appliances** imports increased by JD 76.7 million or 34.7 percent. The markets of China, Italy, and Turkey accounted for 44.7 percent of these imports.
- Transport Equipment and Spare Parts** imports increased by JD 67.6 million or 9.2 percent to reach JD 805.7 million. South Korea, Japan and the USA were the main origin markets for these imports; accounting for 58.9 percent.

<b>Major Imports by Commodity, JD Million</b>			
<b>First seven months 2015-2016</b>			
	<b>2015</b>	<b>2016</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>8,396.9</b>	<b>7,787.2</b>	<b>-7.3</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>738.1</b>	<b>805.7</b>	<b>9.2</b>
South Korea	152.2	170.4	11.9
Japan	157.0	166.3	5.9
USA	118.1	138.2	17.0
<b>Textile Yarn, Fabrics and Related Products</b>	<b>352.4</b>	<b>361.3</b>	<b>8.9</b>
Saudi Arabia	135.5	135.2	-0.2
Italy	116.7	116.2	-0.5
Spain	21.0	36.0	71.7
<b>Petroleum Products</b>	<b>756.0</b>	<b>359.6</b>	<b>-52.4</b>
China	256.5	127.6	-50.3
Taiwan	50.6	64.2	26.7
Turkey	0.2	54.6	-
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>221.0</b>	<b>297.7</b>	<b>34.7</b>
China	62.0	81.6	31.6
Italy	14.1	27.3	94.2
USA	22.5	24.3	8.1
<b>Crude oil</b>	<b>629.1</b>	<b>288.3</b>	<b>-54.2</b>
Saudi Arabia	629.1	288.3	-54.2
<b>Iron and Steel</b>	<b>251.6</b>	<b>258.5</b>	<b>2.7</b>
China	92.7	69.8	-24.6
Iran	39.1	41.4	6.1
Ukraine	18.2	27.1	48.7
<b>Medical &amp; pharmaceutical products</b>	<b>233.3</b>	<b>254.5</b>	<b>9.1</b>
Germany	29.3	33.9	15.7
USA	23.6	33.1	40.3
France	23.1	23.2	0.3

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “transport equipment and spare parts”, “textile yarn, fabrics and related products”, “petroleum products”, “electrical machinery apparatus and appliances”, crude oil and “iron and steel” and “medical and pharmaceutical products” topped the list of imports in the first seven months of 2016, accounting for 33.7 percent of total imports; down from 37.9 percent during the same period of 2015. Meanwhile, the geographical distribution of imports indicates that the markets of China, Saudi Arabia, the USA, Italy, Germany, UAE, and Turkey were the main sources of imports in the first seven months of 2016; accounting for 48.9 percent of total imports, compared to 51.6 percent in the same period of 2015.



#### ■ Re-Exports

The value of re-exported goods increased by JD 21.9 million, or 4.8 percent in the first seven months of 2016 compared to the same period of 2015, to reach JD 476.2 million.

### ■ Trade Balance

The trade balance deficit in the first seven months of 2016 decreased by JD 377.1 million, or 7.2 percent, to register JD 4,840.2 million, compared to the same period of 2015.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 2.2 percent in August 2016, compared to the same month of 2015 to register JD 227.5 million. As for the first eight months of 2016, total workers' remittances receipts decreased by 2.8 percent compared to the same period of 2015 to reach JD 1,747.2 million.

### □ Travel

#### ■ Receipts

Travel receipts decreased by JD 30.8 million, or 8.4 percent, in August 2016, compared to the same month of 2015 to register JD 335.6 million. As for the first eight months of 2016, travel receipts decreased by JD 57.2 million or 2.9 percent compared to the same period of 2015 to reach JD 1,908.4 million.

#### ■ Payments

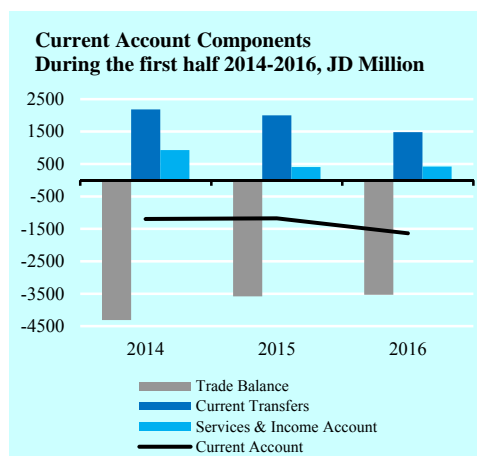
Travel payments increased by JD 6.7 million, or 8.6 percent, in August 2016, compared to the same month of 2015 to stand at JD 84.3 million. As for the first eight months of 2016, travel payments increased by JD 45.7 million or 7.7 percent compared to the same period of 2015 to reach JD 641.0 million.

### □ Balance of Payments

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

- The current account recorded a deficit of JD 1,634.8 million (12.7 percent of GDP) compared to a deficit of JD 1,176.3 million (9.5 percent of GDP) during the first half of 2015. While the current account deficit excluding grants increased to reach JD 1,864.8 million or 14.5 percent of GDP compared to JD 1,441.3 million or 11.6 percent of GDP in first half of 2015. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit during the first half of 2016 by JD 46.4 million, 1.3 percent, to reach JD 3,532.9 million compared to JD 3,579.3 million in the first half of 2015.



- ◆ A decrease in the surplus of the services account compared to the first quarter of 2015 by JD 25.6 million to reach JD 457.2 million.
- ◆ The income account recorded a deficit of JD 38.5 million compared to a similar deficit of JD 77.9 million during the first quarter of 2015. This was an outcome of the increase in the deficit recorded in investment income (net) by JD 42.6 million to reach JD 147.8 million and the decrease in the surplus recorded in compensation of employees (net) by JD 3.2 million, to reach JD 109.3 million.
- ◆ A decrease in the surplus of net current transfers by JD 518.7 million; to reach JD 1,479.4 million, as a result of the decrease in net transfers of the public sector (foreign grants) during the first half of 2016 by JD 35.3 million, to reach JD 229.7 million, and the decrease in the net transfers of other sectors by JD 483.4 million to reach JD 1,249.7 million.



- The capital and financial account during the first quarter of 2016 registered a net inflow of JD 1,459.1 million, compared to a net inflow of JD 674.8 million during the first half of 2015.

This can be attributed to the following:

- ◆ Direct investment recorded a net inflow of JD 533.4 million compared to an inflow of JD 449.3 million during the first half of 2015.
- ◆ Portfolio investments recorded a net inflow of JD 1.3 million compared to an outflow of JD 50.4 million during the first half of 2015.
- ◆ Other investments registered a net outflow of JD 87.5 million compared to an inflow of JD 552.0 million during the first half of 2015.
- ◆ A decrease in the reserve assets of CBJ by JD 981.9 million, compared to an increase of JD 317.0 million during the first half 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 25,929.8 million at the end of June 2016 compared to JD 24,414.9 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 713.4 million to reach JD 17,944.6 million at the end of June 2016 compared to the end of 2015. The CBJ's reserve assets decreased by JD 778.6 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 801.5 million at the end of June 2016 compared to the end of 2015; standing at JD 43,874.3 million due to the following developments:
  - ◆ An increase in the stock of direct investment in Jordan by JD 565.4 million to stand at JD 21,944.0 million.
  - ◆ An increase in the outstanding balance of the general government long-term loans by JD 62.8 million to reach JD 3,511.7 million.
  - ◆ A decrease in the deposits of non-residents at the banking system by JD 54.8 million, to reach JD 7,821.1 million.
  - ◆ An increase extended trade credits to non-residents by JD 82.2 million to reach JD 640.9 million.