



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 the first quarter of 2018, real GDP at market prices, grew by 1.9 percent, compared to a growth rate of 2.2 percent during the same period in 2017. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first five months of 2018 by 4.1 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\$ 13,067.7 million at the end of May 2018. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,585.3 million at the end of May 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 25,639.2 million at the end of May 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,865.4 million at the end of May 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 2,096.0 points at the end of May 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 377.8 million (3.9 percent of GDP) in the first third of 2018 compared to a fiscal deficit in the amount of JD 146.7 million (1.6 percent of GDP) in the same period of 2017. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 607.9 million at the end of April 2018 compared to its level at the end of 2017, standing at JD 16,010.0 million (55.5 percent of GDP). However, outstanding external public debt (budget and guaranteed) went down by JD 156.1 million at the end of April 2018 compared to its level at the end of 2017, to reach JD 11,711.1 million (40.5 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 96.0 percent of GDP at the end of April 2018 compared to 95.9 percent of GDP at the end of 2017.
- **External Sector:** Total merchandise exports (domestic exports *plus* re-exports) increased by 2.3 percent during the first four months of 2018 to reach JD 1,663.2 million. Meanwhile, merchandise imports decreased by 2.5 percent to reach JD 4,590.7 million. As a result, the trade balance deficit decreased by 5.0 percent compared to the same period of 2017, to reach JD 2,927.5 million. The preliminary data in the first five months of 2018 showed an increase in travel receipts by 9.9 percent and a decrease in travel payments by 9.9 percent compared to the same period of 2017. Moreover, total workers' remittances receipts increased by 1.2 percent in the first five months of 2018 compared to the same period of 2017. The preliminary data for the balance of payments during the first quarter of 2018 displayed a deficit in the current account amounted to JD 654.0 million (9.7 percent of GDP) compared to a deficit of JD 767.7 million (11.8 percent of GDP) during the first quarter of 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.9 percent of GDP compared with 13.2 percent of GDP during the first quarter of 2017. Moreover, net direct investment recorded a net inflow of JD 201.5 million during the first quarter of 2018 compared to a net inflow of JD 436.8 million during the first quarter of 2017. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 30,607.4 million at end of the first quarter of 2018 up from JD 29,350.5 million at the end of 2017.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,067.7 million at the end of May 2018. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,585.3 million at the end of May 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 25,639.2 million at the end of May 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,865.4 million at the end of May 2018, compared to JD 33,197.7 million at the end of 2017.
- The interest rates on all types of deposits held by the licensed banks had increased at the end of May 2018, except the interest rate on saving deposits, which had decreased. While the interest rates on all types of credit facilities extended by the licensed banks had decreased, except the interest rate on the “loans and advances”, which had increased.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,096.0 points at the end of May 2018, compared to 2,126.8 points at the end of 2017. Moreover, the market capitalization reached JD 17,475.6 million at the end of May 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

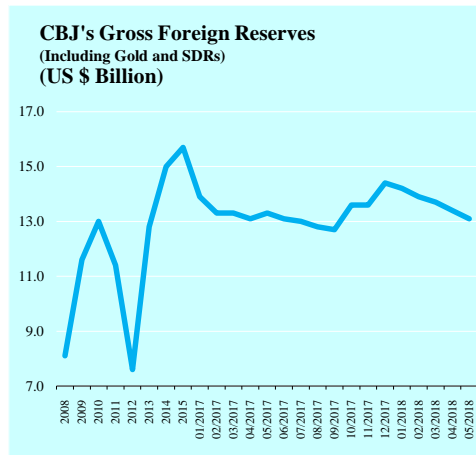
		End of May	
2017		2017	2018
US\$ 14,391.8	CBJ's Foreign Reserves*	US\$ 13,277.3	US\$ 13,067.7
-0.7%		-8.4%	-9.2%
32,957.6	Money Supply (M2)	32,258.3	33,585.3
0.2%		-1.9%	1.9%
24,736.8	Credit Facilities, of which:	23,768.5	25,639.2
8.0%		3.8%	3.6%
21,747.1	Private Sector (Resident)	20,714.2	22,532.1
9.3%		4.1%	3.6%
33,197.7	Total Deposits, of which:	32,481.5	33,865.4
0.9%		-1.3%	2.0%
25,642.2	In JD	25,262.1	26,081.4
-1.3%		-2.7%	1.7%
7,555.5	In Foreign Currencies	7,219.4	7,784.0
9.0%		4.1%	3.0%
26,916.3	Deposits of Private Sector (Resident), of which:	26,197.3	27,051.7
-0.1%		-2.8%	0.5%
21,258.2	In JD	20,842.1	21,275.3
-1.5%		-3.4%	0.1%
5,658.1	In Foreign Currencies	5,355.2	5,776.4
5.2%		-0.5%	2.1%

* 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\$ 13,067.7 million at the end of May 2018. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

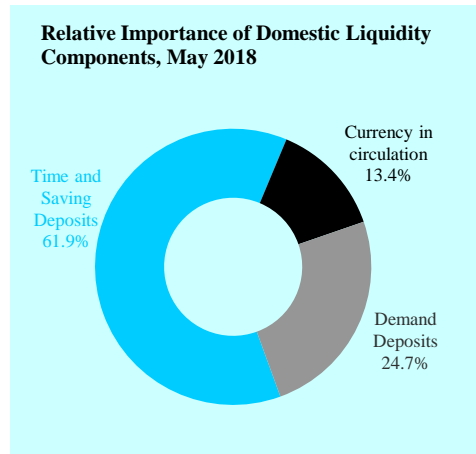
■ Domestic liquidity amounted to JD 33.6 billion at the end of May 2018, compared to JD 33.0 billion at the end of 2017.

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

- **Components of Domestic Liquidity**

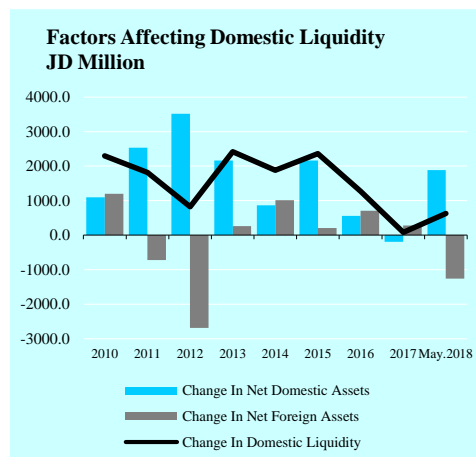
- Total liquidity deposits amounted to JD 29.1 billion at the end of May 2018, compared to JD 28.0 billion during the same period in 2017, and JD 28.6 billion at the end of 2017.

- Currency in circulation amounted to JD 4.5 billion at the end of May 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 25.7 billion at the end of May 2018, compared to JD 24.3 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 7.9 billion at the end of May 2018, compared to JD 8.0 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 9.5 billion at the end of May 2018.

Factors Affecting Domestic Liquidity (M2)
 JD Million

		End of May	
2017		2017	2018
9,122.6	Foreign Assets (Net)	7,972.5	7,866.9
10,260.0	CBJ	9,215.6	9,500.8
-1,137.4	Licensed Banks	-1,243.1	-1,633.9
23,835.0	Domestic Assets (Net)	24,285.8	25,718.4
-5,398.5	CBJ, of which:	-4,514.6	-4,517.4
653.1	Claims on Public Sector (Net)	954.5	866.6
-6,074.5	Other Items (Net*)	-5,492.3	-5,407.2
29,233.6	Licensed Banks	28,800.4	30,235.8
9,336.7	Claims on Public Sector (Net)	10,007.1	9,792.0
22,502.9	Claims on Private Sector	21,544.2	23,269.0
-2,606.0	Other Items (Net)	-2,750.9	-2,825.1
32,957.6	Money Supply (M2)	32,258.3	33,585.3
4,326.5	Currency in Circulation	4,233.3	4,501.8
28,631.1	Total Deposits, of which:	28,025.0	29,083.5
5,696.5	In Foreign Currencies	5,404.0	5,833.1

* 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 June 19th, 2018, CBJ raised the overnight deposit window rate by 25 basis points, while kept the interest rates on the other monetary policy instruments unchanged, 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: 3.50 percent.
- Weekly/ Monthly Repurchase Agreements: 4.25 percent.
- The interest rate on weekly certificates of deposits: 4.25 percent.

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.

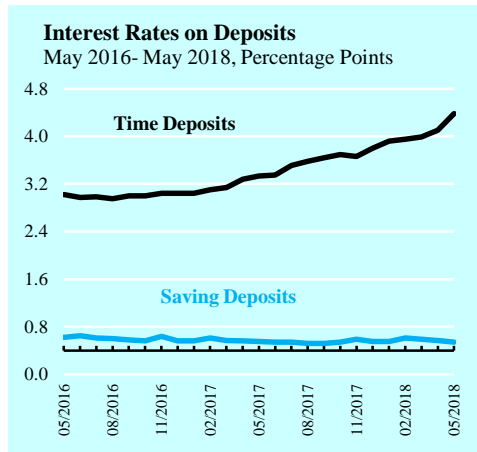
Interest Rates on Monetary Policy Instruments, percentage points			
		May	
2017		2017	2018
4.00	CBJ main rate	3.50	4.25
5.00	Re-discount Rate	4.50	5.25
4.75	Repurchase Agreements Rate (overnight)	4.25	5.00
3.00	Overnight Deposit Window Rate	2.50	3.25
4.00	Repurchase Agreements rate (one week and one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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits increased by 28 basis points at the end of May 2018, compared to its level in the previous month, to stand at 4.38 percent. This rate is higher by 58 basis points than its level at the end of 2017.

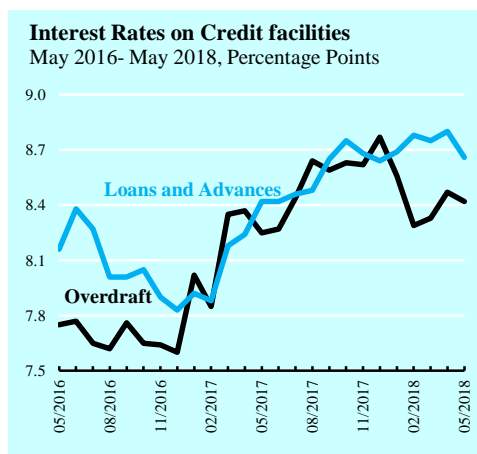


- Saving Deposits: The weighted average interest rate on saving deposits at the end of May 2018 decreased by 3 basis points, compared to its level registered in the previous month, to stand at 0.54 percent. This rate is lower by one basis point than its level registered at the end of 2017.

- Demand Deposits: The weighted average interest rate on demand deposits increased by 16 basis points at the end of May 2018, compared to its level registered in the previous month, to stand at 0.40 percent. This rate is higher by 6 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 decreased by 5 basis points at the end of May 2018, compared to its level registered in the previous month, to stand at 8.42 percent. This rate is lower by 35 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” decreased by 57 basis points at the end of May 2018, compared to its level registered in the previous month, to stand at 10.05 percent. This rate is lower by 18 basis points than its level registered at the end of 2017.

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

2017		May		Change Relative to the Preceding Year Basis Points
		2017	2018	
Deposits				
0.34	Demand	0.21	0.40	6
0.55	Saving	0.55	0.54	-1
3.80	Time	3.33	4.38	58
Credit Facilities				
10.23	Discounted Bills and Bonds	9.47	10.05	-18
8.64	Loans and Advances	8.42	8.66	2
8.77	Overdraft	8.25	8.42	-35
8.83	Prime Lending Rate	8.59	9.36	53

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 14 basis points at the end of May 2018, compared to its level registered in the previous month, to stand at 8.66 percent. This rate is higher by 2 basis points than its level registered at the end of 2017.
- The prime lending rate stood at 9.36 percent at the end of May 2018, which is higher by 23 basis points than its level registered in the previous month. This rate is higher by 53 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 902.4 million, or 3.6 percent, at the end of May 2018, compared to its level at the end of 2017, against an increase of JD 862.7 million, or 3.8 percent, during the same period in 2017.

- In terms of borrowers, the credit facilities during the end of May 2018 had shown an increase in credit extended to the private sector (resident) by JD 785.0 million, or 3.6 percent, the private sector (non-resident) by JD 51.7 million, or 10.3 percent, the public institutions by JD 47.6 million, or 13.3 percent, the central government by JD 12.4 million, or 0.6 percent, the financial institutions by JD 5.8 million, or 34.1 percent, compared to their levels at the end of 2017

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,865.4 million at the end of May 2018, increasing by JD 667.7 million, or 2.0 percent, compared to its level at the end of 2017, against a decrease of JD 418.5 million, or 1.3 percent, during the same period in 2017.
- The currency composition of deposits at the end of May 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 25.3 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 five months of 2018, compared to 2017. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at ASE totaled JD 207.5 million in May 2018, increased by JD 93.4 million, or 81.8 percent, compared to its level registered in the previous month, against a decreased of JD 41.6 million during the same month in 2017. As for the first five months of 2018, the trading volume decreased by JD 1,328.4 million, compared to the same period in 2017, to reach JD 706.2 million.

■ **Traded Shares**

The number of traded shares in May 2018 totaled 120.2 million shares, increased by 18.2 million shares, or 17.8 percent, compared to its level registered in the previous month, against a decrease by 20.4 million shares during the same month in 2017. As for the first five months of 2018, the number traded shares amounted to 543.6 million shares, compared to 958.7 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 95.5 points, or 4.4 percent, at the end of May 2018, compared to its level registered in the previous month, to stand at 2,096.0

points, against a decrease of 10.1 points, or 0.5 percent, during the same month in 2017. Furthermore, the SPI decreased by 30.8 points, or 1.4 percent, at the end of the first five months of 2018, compared to its level at the end of 2017, against an increase of 5.0 points, or 0.2 percent during the same period in 2017. The aforementioned decrease was an outcome of the decrease in the SPI of the financial sector by 52.5 points, or 1.8 percent, the services sector by 24.2 points, or 1.7 percent, and the industrial sector by 18.2 points, or 0.8 percent, compared to their levels at the end of 2017.

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

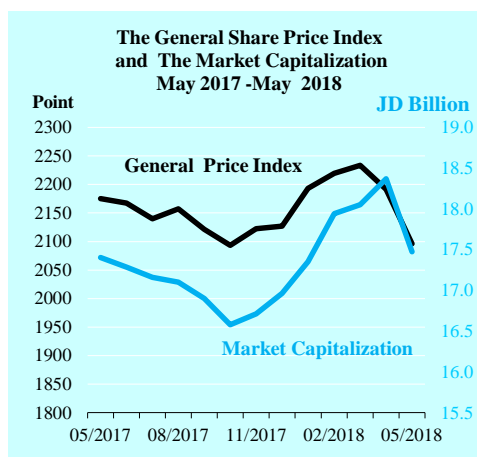
		May	
2017		2017	2018
2,126.8	General Index	2,175.2	2,096.0
2,881.5	Financial Sector	2,942.1	2,829.0
2,229.5	Industrial Sector	2,172.3	2,211.3
1,449.7	Services Sector	1,546.8	1,425.5

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 17.5 billion at the end of May 2018, decreasing by JD 893.5 million, or 4.9 percent, compared to its level registered in the previous month, against a decrease of JD 67.1 million, or 0.4 percent, during the same month in 2017. As for the first five months of 2018, the market capitalization increased by JD 513.1 million,

or 3.0 percent, compared to an increase of JD 65.3 million, or 0.4 percent, during the same period in 2017.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 6.0 million in May 2018, compared to an outflow of JD 8.0 million during the same month in 2017. The value of shares buying by non-Jordanian in May 2018 amounted to JD 108.8 million, while their selling amounted to JD 114.8 million. As for the first five months of 2018, non-Jordanian net investment recorded an outflow of JD 12.1 million, compared to an outflow of JD 406.6 million, during the same period in 2017.

Main Amman Stock Exchange Trading Indicators, JD Million

2017		May	
		2017	2018
2,926.2	Value Traded	162.3	207.5
11.8	Average Daily Trading	7.4	9.4
16,962.6	Market Capitalization	17,404.7	17,475.6
1,716.7	No. of Traded Shares (million)	137.7	120.2
-334.3	Net Investment of Non-Jordanian	-8.0	-6.0
995.0	Non-Jordanian Buying	24.3	108.8
1,329.2	Non-Jordanian Selling	32.3	114.8

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.9 percent during the first quarter of 2018, against 2.2 percent during the same quarter of 2017. At current market prices, GDP grew by 3.9 percent during the first quarter of 2018, maintaining the same growth rate achieved during the same period of 2017.
- The general price level, measured by the percentage change in the CPI, increased during the first five months of 2018 by 4.1 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 1.9 percent during the first quarter of 2018, compared to a growth rate of 2.2 percent during same period of 2017. When excluding “net taxes on products”, which grew by 1.4 percent, GDP at constant basic prices grew by 2.0 percent during the first quarter of 2018, Compared to 2.3 percent during the same period of 2017.

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

	Q1	Q2	Q3	Q4	Percentages Year
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
2018					
GDP at Constant Market Prices	1.9	-	-	-	-
GDP at Current Market Prices	3.9	-	-	-	-

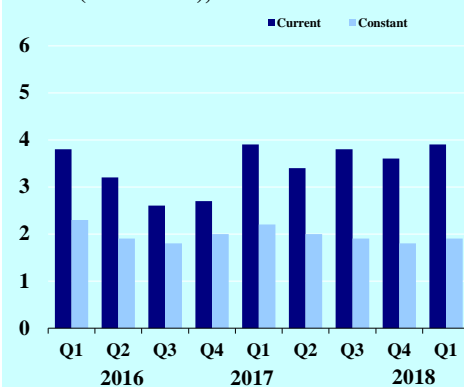
Source: Department of Statistics.

At current market prices, GDP grew by 3.9 percent during the first quarter of 2018, maintaining the same growth rate achieved during the same period of 2017. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.9 percent, compared to 1.7 percent during the first quarter of 2017.

The main sectors contributed to the real economic growth during the first quarter 2018; “finance and insurance services” (0.4 percentage point), “transport, storage and communications” (0.4 percentage point), “wholesale and retail trade” (0.2 percentage point), “real estate” (0.2 percentage point) and “community, social and personal services” (0.2 percentage point). These sectors collectively accounted for 73.7 percent of real GDP growth during the first quarter of 2018.

The economic sectors displayed a divergent performance during the first quarter of 2018. Some sectors recorded accelerated growth, such as “transport, storage and communications”, “community, social and personal services”. Meanwhile, “Mining and quarrying”, “Finance and Insurance Services”, Manufacturing, Agriculture “electricity and water”, “Wholesale and Retail trade”, “Restaurant and Hotels”, and “Producers of Government Services” experienced a slowdown, on the other hand construction sector showed a contraction in its performance.

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



GDP At Constant Market Prices, Percentages

Sectors	Relative change First quarter		Contribution First quarter	
	2017	2018	2017	2018
GDP At Constant Market Prices	2.2	1.9	2.2	1.9
Agriculture, Hunting, Forestry, And Fishing	8.2	3.5	0.3	0.1
Mining And Quarrying	14.7	2.9	0.2	-
Manufacturing	1.3	0.5	0.2	0.1
Electricity And Water	4.3	2.5	-	-
Construction	-1.5	-0.6	-0.1	-
Wholesale And Retail Trade	1.9	1.6	0.2	0.2
Restaurant And Hotels	1.6	1.5	-	-
Transport, Storage And Communications	1.5	2.9	0.2	0.4
Finance And Insurance Services	4.3	3.6	0.5	0.4
Real Estate	2.2	2.2	0.2	0.2
Social And Personal	3.9	4.1	0.2	0.2
Producers of Government Services	1.1	1.0	0.1	0.1
Producers of Private Non-Profit	4.3	3.0	-	-
Domestic Services of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators displayed a divergent performance during the available period of 2018. Some indicators recorded a notable growth, such as; “cargo through Royal Jordanian” (14.1 percent), “number of passengers through Royal Jordanian” (4.0 percent) and “mining and quarrying production quantity index” (0.9 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (9.4 percent) and “Manufacturing production quantity index” (7.1 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	13.9	Jan. –Apr.	8.7
-2.4	Manufacturing production quantity index	-3.4		-7.1
-4.9	Food products and beverages	-19.4		-25.5
-3.1	Tobacco products	-28.4		8.9
-7.3	Refined petroleum products	0.3		-23.2
-6.3	Wearing apparel	16.7		-19.5
1.9	Non-metallic mineral products	-1.4		12.2
0.3	Chemical products	11.8		43.9
13.4	“Mining and quarrying” production quantity index	31.6		0.9
-13.8	Extraction of crude petroleum and natural gas	-18.0		-2.5
13.6	Other mining and quarrying	32.2	1.0	
-14.1	Value traded at the real estate market	-6.7	Jan. –May.	-9.4
7.3	Number of departures	9.0		2.8
6.9	Number of passengers through Royal Jordanian	3.6		4.0
8.4	Cargo through Royal Jordanian	-5.5		14.1

* : 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 4.1 percent during the first five 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 five months of 2018:

- “Cereals and products” prices increased by 18.3 percent compared to a contraction by 0.2 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.

Inflation rate during the first five months of the years (2010-2018)



Inflation rate during the first five months of the years 2017 – 2018

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2017	2018	2017	2018
All Items	100.00	3.7	4.1	3.7	4.1
1) Food and non-Alcoholic Beverages	33.36	-0.4	2.3	-0.1	0.7
Food	30.51	-0.5	2.2	-0.2	0.6
Cereals and Products	4.99	-0.2	18.3	0.0	0.8
Meat and Poultry	8.24	-8.5	3.5	-0.7	0.2
Dairy Products and Eggs	4.23	-0.3	-0.9	0.0	0.0
Oil and Fats	1.92	3.0	5.1	0.1	0.1
Fruits and Nuts	2.73	-5.1	0.6	-0.2	0.0
Vegetables and Legumes Dry and Canned	3.89	16.1	-12.0	0.6	-0.5
2) Alcohol and Tobacco and Cigarettes	4.43	9.8	15.7	0.4	0.7
3) Clothing and footwear	3.55	-2.7	-1.5	-0.1	-0.1
4) Housing	21.92	2.7	3.3	0.6	0.8
Rents	15.57	2.1	2.8	0.4	0.5
Fuels and Lighting	4.85	3.9	6.2	0.2	0.3
5) Household Furnishings and Equipment	4.19	1.3	2.0	0.1	0.1
6) Health	2.21	9.6	6.4	0.2	0.2
7) Transportation	13.58	15.0	9.5	1.9	1.3
8) Communication	3.50	1.5	0.4	0.0	0.0
9) Culture and Recreation	2.27	10.0	2.1	0.2	0.1
10) Education	5.41	3.6	2.3	0.2	0.1
11) Restaurants and Hotels	1.83	0.2	6.5	0.0	0.1
12) Other Goods and Services	3.75	6.9	2.5	0.3	0.1

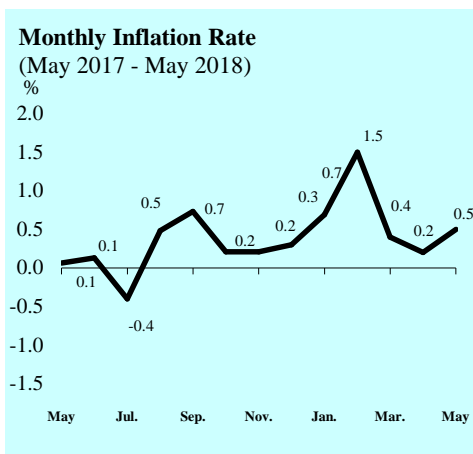
Source: Department of Statistics.

- “Tobacco and cigarettes” prices increased significantly by 15.7 percent compared to a rise of 9.8 percent during the first five 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.
- Housing prices increased by 3.3 percent compared to a rise of 2.7 percent during the first five months of 2017. This increase was mainly attributed to an increase in the prices of rents items by 2.8 percent compared to a rise by 2.1 percent during the first five months of 2017 and increase in the prices of “fuels and lighting” items by 6.2 percent compared to an increase of 3.9 percent.
- Transportation prices increased by 9.5 percent compared to an increase by 15.0 percent, during the first five 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 five months of 2018 by 3.6 percentage points, compared to a contribution of 2.9 percentage points during the same period of 2017.

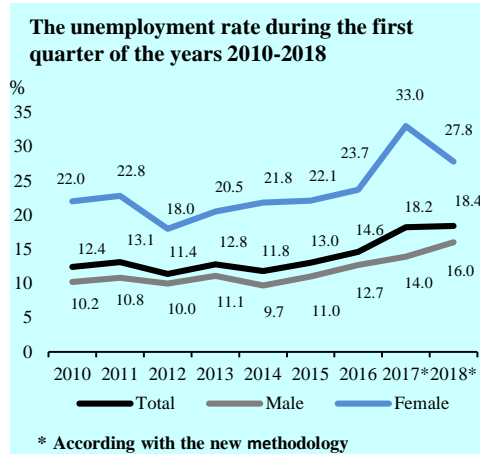
In contrast, prices of other groups and items showed varied contractions, mainly; “vegetables and legumes dry and canned” (12.0 percent), “clothing and footwear” (1.5 percent).

In May 2018, the CPI witnessed an increase compared to April 2018 by 0.5 percent. This was due to the increase in prices of some groups and items, mainly; “transportation” (2.0 percent), “vegetables and legumes dry and canned” (2.3 percent), and “fuels and lighting” (2.4 percent), and the decrease “dairy products and eggs” (0.6 percent) and “cereals and products” (0.2 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 377.8 million (3.9 percent of GDP) in the first third of 2018, comparing to a fiscal deficit in the amount of JD 146.7 million (1.6 percent of GDP) during the same period in 2017. When excluding foreign grants (JD 74.1 million), the general budget deficit widens to reach JD 451.9 million (4.7 percent of GDP) compared to a deficit in the amount of JD 231.7 million (2.5 percent of GDP) during the same period in 2017.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 607.9 million at the end of April 2018 compared to its level at the end of 2017, to reach JD 16,010.0 million (55.5 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 156.1 million at the end of April 2018, compared to its level at the end of 2017, to stand at JD 11,711.1 million (40.5 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose to JD 27,721.1 million (96.0 percent of GDP) at the end of April 2018 compared to JD 27,269.3 million (95.9 percent of GDP) at the end of 2017.
 - Central government banks deposits decreased by JD 305.0 million at the end of April 2018 compared to the end of 2017 to reach JD 1,528.5 million.
 - Accordingly, net outstanding domestic public debt increased by JD 912.9 million to reach JD 14,481.5 million (50.2 percent of GDP) at the end of April 2018. Moreover, net outstanding public debt increased by JD 756.8 million to reach JD 26,192.6 million (90.7 percent of GDP).
- **The performance of the general budget during the first third of 2018 compared to the same period of 2017:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) went up by JD 51.1 million, or 6.4 percent, in April 2018 compared to the same month in 2017, to stand at JD 854.4 million. As for the first third of 2018, public revenues went up by JD 97.6 million, or 4.1 percent, compared to the same period in 2017 to stand at JD 2,463.7 million. This came as a result of the increase in domestic revenues by JD 108.5 million, and decrease in foreign grants by JD 10.9 million.

Main Government Budget indicators during the first third of 2018:

(JD Million and Percentages)

	April		Growth Rate	Jan. – Apr.		Growth Rate
	2017	2018		2017	2018	
Total Revenues and Grants	803.3	854.4	6.4	2,366.1	2,463.7	4.1
Domestic Revenues, of which:	768.3	852.4	10.9	2,281.1	2,389.6	4.8
Tax Revenues, of which:	574.4	613.5	6.8	1,593.4	1,624.1	1.9
General Sales Tax	205.3	241.0	17.4	911.2	953.6	4.7
Other Revenues	192.9	238.2	23.5	684.0	762.2	11.4
Foreign Grants	35.0	2.0	-94.3	85.0	74.1	-12.8
Total Expenditures, of which:	758.2	761.9	0.5	2,512.8	2,841.5	13.1
Capital Expenditures	148.5	116.2	-21.8	258.5	244.8	-5.3
Overall Deficit/ Surplus (Including Grants)	45.1	92.5	-	-146.7	-377.8	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-1.6	-3.9	-

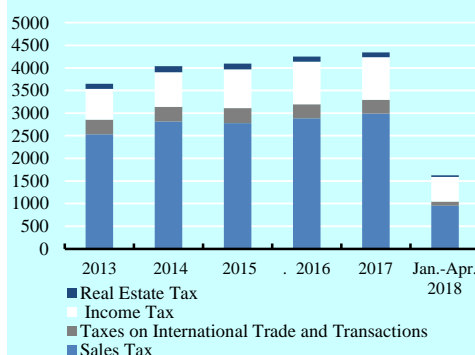
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 108.5 million, or 4.8 percent, in the first third of 2018 compared to the same period of 2017, to reach JD 2,389.6 million. This increase was an outcome of the rise in the proceeds of “other revenues” and “tax revenues” by JD 78.2 million and JD 30.7 million, respectively, and the drop in pension contributions by JD 0.4 million. Although the rise in domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased to 92.0 percent in the first third of 2018 against 101.2 percent in the same period of 2017.

Tax Revenue Structure

(2013-2017) and the first third of 2018, JD Million

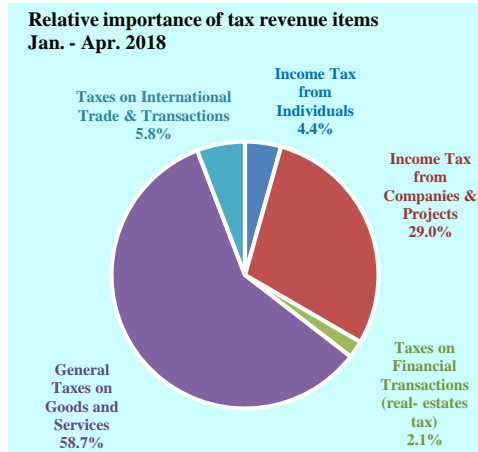


- **Tax Revenues**

Tax revenues increased by JD 30.7 million, or 1.9 percent, during the first third of 2018 compared to the same period of 2017, to reach JD 1,624.1 million (68.0 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 42.4 million, or 4.7 percent, to reach JD 953.6 million (accounting for 58.7 percent of total tax revenues). This result was driven by the increase in the proceeds of domestic goods by JD 33.8 million, and on sales tax on services by JD 18.3 million, and on commercial sector by JD 10.9 million. However, the proceeds of sales tax on imported goods went down by JD 20.6 million.
- A decline in the proceeds of **income and profit taxes** by JD 3.8 million, or 0.7 percent, to reach JD 541.9 million (accounting for 33.4 percent of total tax revenues). This decline was mainly a result of the decrease in the proceeds of income tax from individuals by JD 7.5 million. Meanwhile, the income tax from companies and projects increase by JD 3.6 million, or 0.8 percent. Accordingly, income tax from companies and projects accounted for 86.9 percent of total proceeds of income and profits taxes, amounting to JD 471.1 million.

- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 5.3 million, or 5.3 percent, to reach JD 94.6 million.



- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 2.5 million, or 6.8 percent, to reach JD 34.0 million.

● Non-Tax Revenues

- “Other revenues” increased by JD 78.2 million, or 11.4 percent, in the first third of 2018 to reach JD 762.2 million. This increase was chiefly due to the following:
 - An increase in miscellaneous revenues by JD 42.5 million to stand at JD 332.1 million.
 - An increase in property income by JD 31.1 million to stand at JD 112.1 million (of which financial surplus of independent government units amounted to JD 103.6 million against JD 66.4 million in the same period of 2017).
 - An increase in revenues from selling goods and services by JD 4.6 million to reach JD 318.0 million.
- Pension contributions witnessed a decrease of JD 0.4 million, or 10.8 percent, in the first third of 2018 compared to same period of 2017, standing at JD 3.3 million.

◆ Foreign Grants

Foreign grants decreased by JD 10.9 million, or 12.8 percent, in the first third of 2018, standing at JD 74.1 million compared to JD 85.0 million in the same period of 2017.

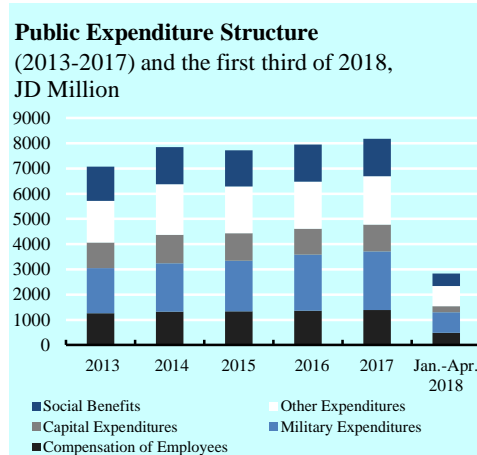
■ Public Expenditures

Public expenditures increased by JD 3.7 million, or 0.5 percent, in April 2018 compared to the same month in 2017, to stand at JD 761.9 million. Moreover, public expenditures increased by JD

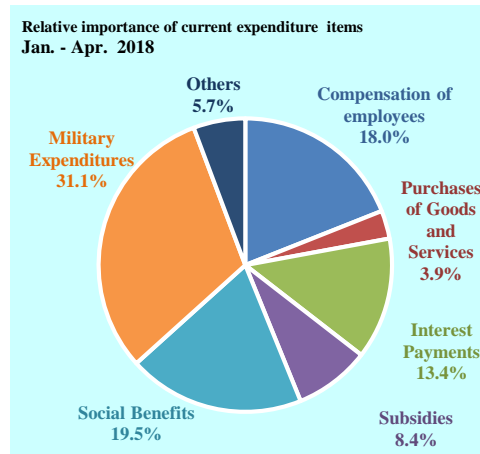
328.7 million, or 13.1 percent, during the first third of 2018 to stand at JD 2,841.5 million. This increase was an outcome of the rise in current expenditures by 15.2 percent, and decrease capital expenditures by 5.3 percent.

◆ Current Expenditures

Current expenditures went up by JD 342.4 million, or 15.2 percent, in the first third of 2018 to reach JD 2,596.7 million (91.4 percent of public expenditures). This result was driven by the increase in most current expenditure items. More specifically:



- An increase in subsidies by JD 137.5 million to stand at JD 217.4 million.
- A rise in interest payments (commitment basis) by JD 82.4 million to stand at JD 348.0 million.
- An increase in military expenditures by JD 59.9 million to total JD 808.2 million.
- An increase in social benefits by JD 26.7 million to stand at JD 505.7 million.
- A rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 6.4 million to reach JD 466.5 million.
- However, the purchases of goods and services decreased by JD 10.4 million to reach JD 102.4 million.

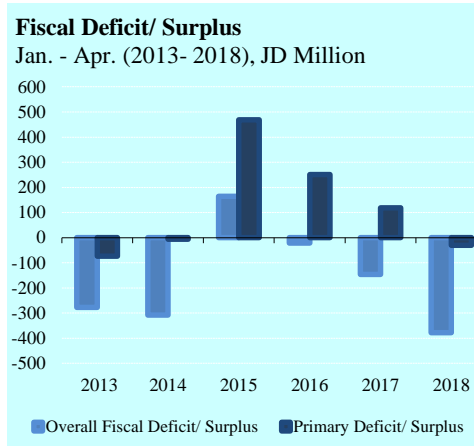


◆ Capital Expenditures

Capital expenditures decreased by JD 13.7 million, or 5.3 percent, during the first third of 2018 compared to the same period of 2017, to reach JD 244.8 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, displayed an overall fiscal deficit amounted to JD 377.8 million during the first third of 2018, an increase of JD 231.1 million, against a fiscal deficit in the amount of JD 146.7 million during the

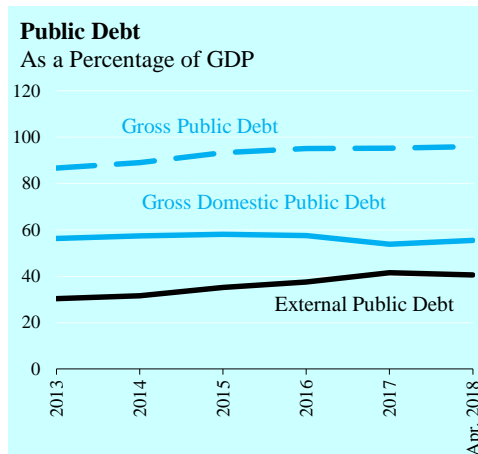
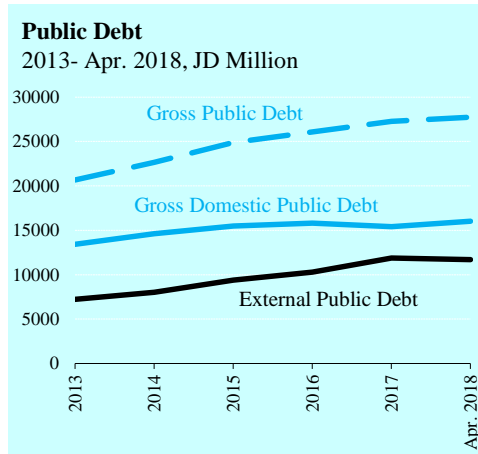


same period of 2017. As a percent of GDP, the budget deficit reached 3.9 percent, compared to 1.6 percent in the same period of 2017.

- ◆ When foreign grants were excluded, the general budget deficit widened to JD 451.9 million (4.7 percent of GDP) during the first third of 2018, against a fiscal deficit of JD 231.7 million (2.5 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 103.9 million (1.1 percent of GDP) during the first third of 2018, against a primary surplus of JD 33.9 million (0.4 percent of GDP) in the same period of 2017.

Public Debt

Gross outstanding domestic public debt increased by JD 607.9 million, at the end of April 2018 compared to its level at the end of 2017, to total JD 16,010.0 million (55.5 percent of GDP comparing to 54.2 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 622.1 million, and the decrease in the total domestic public debt of own-budget agencies by JD 14.1 million compared to their levels at the end of 2017, standing at JD 13,168.9 million and JD 2,841.2 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 April 2018 by JD 657.2 million, compared to the level achieved at the end of 2017 to reach JD 12,851.1 million. Whereas the outstanding balance of loans and advances provided by the CBJ to the central government decreased by JD 40.0 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 14.1 million compared to their level at the end of 2017, to reach JD 2,183.7 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 156.1 million at the end of April 2018, compared to its level at the end of 2017 to reach JD 11,711.1 million (40.5 percent of GDP comparing to 41.7 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 68.3 percent of the total external debt, and the debt in Euro accounted for 8.7 percent. However, the SDR accounted for 8.1 percent, Japanese Yen (6.6 percent), and Kuwaiti Dinar (5.8 percent).
- In light of the abovementioned developments, gross public debt (domestic and external) increased by JD 451.8 million at the end of April 2018 compared to its level at the end of 2017, to stand at JD 27,721.1 million (96.0 percent of GDP), against JD 27,269.3 million (95.9 percent of GDP) at the end of 2017.
- On the other hand, government deposits with the banking system declined by JD 305.0 million at the end of April 2018 compared to the end of 2017, to reach JD 1,528.5 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 912.9 million at the end of April 2018 to reach JD 14,481.5 million (50.2 percent of GDP comparing to 47.7 percent of GDP at the end of last year). Whereas, net public debt increased by JD 756.8 million at the end of April 2018 to stand at JD 26,192.6 million, accounting for 90.7 percent of GDP compared to 89.4 percent of GDP at the end of 2017.

- External debt service (budget and guaranteed) increased by JD 132.0 million during the first third of 2018 compared to same period of 2017, to reach JD 455.2 million (including principal payments of JD 322.7 million and interest of JD 132.5 million).

□ Fiscal and Price Measures of 2018

◆ July

- The Oil Derivatives Pricing Committee decided to maintain the prices of main types of oil derivatives and liquid gas cylinder for households unchanged, and raise the prices of other derivatives, as follows:

Development of Oil Derivatives Price

	Unit	2018		Percentage Change
		June	July	
Unleaded Gasoline 90	Fils/Liter	815	815	0.0
Unleaded Gasoline 95	Fils/Liter	1,050	1,050	0.0
Unleaded Gasoline 98	Fils/Liter	1,200	1,200	0.0
Gas Oil (Diesel)	Fils/Liter	615	615	0.0
Kerosene	Fils/Liter	615	615	0.0
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	399.3	440.2	10.2
Fuel for airplanes (local companies)	Fils/Liter	470	479	1.9
Fuel for airplanes (foreign companies)	Fils/Liter	475	484	1.9
Fuel for unplanned flights	Fils/Liter	490	499	1.8
Asphalt	JD/Ton	392.0	434.8	10.9

Source: Jordan Petroleum Refinery Company (1/7/2018).

- The cabinet decided to decrease the special tax on hybrid vehicles with 2500cc engines and less, as follows:
 - Reduce the special tax on hybrid vehicles, to become:
 - 30 percent starting from 1/7/2018 to 31/12/2018.
 - 35 percent starting from 1/1/2019 to 31/12/2019.
 - 40 percent starting from 1/1/2020 to 31/12/2020.
 - 45 percent starting from 1/1/2021 to 31/12/2021.
 - Reduce the special tax of scrapping old fuel-run cars and exchanging them for hybrid vehicles, to become as follows:
 - 12.5 percent starting from 1/7/2018 to 31/12/2018.
 - 20 percent starting from 1/1/2019 to 31/12/2019.
 - 25 percent starting from 1/1/2020 to 31/12/2020.
 - 30 percent starting from 1/1/2021 to 31/12/2021.
 - Amend the special tax imposed for each car ride imported by weight, as follows:
 - JD 350 for each car less than 1000 Kg.
 - JD 500 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.
- The Energy and Minerals Regulatory Commission decided to adjust fuel price bands item, which is included in the electricity bill, to become 24 fils instead of 17 fils, starting in July, while continuing to exempt families consuming less than 300 kilowatts per month.
- The cabinet decided to continue the implementation of the previous decision, which include the deduction of 10 percent of any monthly salaries exceeding JD 2,000 for the Prime Minister and Ministers, starting from July 1, 2018, until the end of this year.

◆ June

- The cabinet decided to withdraw the draft law amending the income Tax Law No 34 for the year 2014. The decision comes in line with the Royal directives contained in the letter of Designation, which stressed the need for a comprehensive review of the tax system and the tax burden in an integrated manner.
- 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 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 amend fuel price bands item, included in the electric bill, to become 14 files instead of 12 files, 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 amend fuel price bands item, included in the electric bill, to become 12 files instead of 4 files, 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.

- Cancel the exemptions in 2012 on hybrid car, to become 55 percent of the car's price instead of 25 percent in case buy new car, and in case scrapping old fuel-run cars and exchanging them for hybrid vehicles from 40 percent instead 12.5 percent.
- 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 14.9 percent in April 2018 compared to the same month of 2017 to reach JD 442.1 million. As for the first four months of 2018, total merchandize exports increased by 2.3 percent compared with the same period of 2017 to reach JD 1,663.2 million.
- **Merchandize imports** decreased by 2.9 percent in April 2018 compared to the same month of 2017 to reach JD 1,220.7 million. As for the first four months of 2018, merchandize imports decreased by 2.5 percent compared with the same period of 2017 to reach JD 4,590.7 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 10.8 percent in April 2018 compared to the same month of 2017; standing at JD 778.6 million. As for the first four months of 2018, the trade balance deficit decreased by 5.0 percent compared to the same period of 2017 to reach JD 2,927.5 million.
- **Travel receipts** increased by 2.1 percent in May 2018 compared to the same month of 2017 to reach JD 271.7 million. As for the first five months of 2018, travel receipts increased by 9.9 percent compared to the same period of 2017 to reach JD 1,436.5 million, while travel payments decreased by 6.8 percent in May 2018 compared to the same month of 2017 to reach JD 66.2 million. As for the first five months of 2018, travel payment decreased by 9.9 percent compared to the same period of 2017 to reach JD 370.1 million.
- **Total workers' remittances receipts** increased by 1.3 percent in May 2018 compared to the same month of 2017 to reach JD 223.0 million. As for the first five months of 2018, total workers' remittances receipts increased by 1.2 percent compared to the same period of 2017 to reach JD 1,061.1 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 654.0 million (9.7 percent of GDP) during the first quarter of 2018 compared to a deficit of JD 767.7 million (11.8 percent of GDP) during the first quarter of 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.9 percent of GDP during the first quarter of 2018 compared with 13.2 percent of GDP during the first quarter of 2017.

- **Net direct investment** recorded an inflow of JD 201.5 million during the first of quarter of 2018, compared to JD 436.8 million during the first of quarter of 2017.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 30,607.4 million at the end of the first quarter of 2018, compared to JD 29,350.5 million at the end of 2017.

□ External Trade

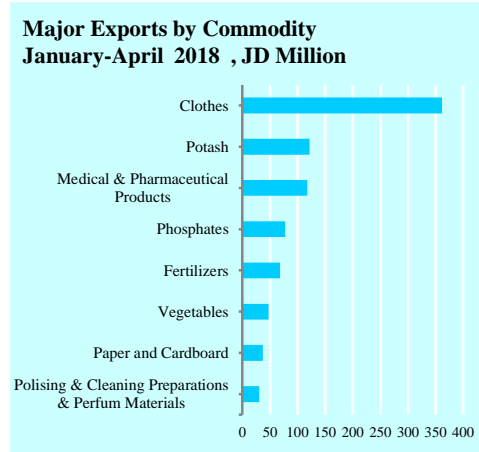
- As a result of the increase in domestic exports by JD 53.2 million and the decrease in imports by JD 117.1 million during the first four months of 2018, the volume of external trade (domestic exports *plus* imports) decreased by JD 63.9 million to stand at JD 5,964.4 million compared to the same period of 2017.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
January-April				January- April			
	2017	2018	Percentage Change		2017	2018	Percentage Change (%)
Exports				External Trade	6,028.3	5,964.4	-1.1
USA	310.1	369.7	19.2	Total Exports	1,626.3	1,663.2	2.3
India	115.6	149.0	28.9	Domestic Exports	1,320.5	1,373.7	4.0
Saudi Arabia	169.4	141.0	-16.8	Re-exports	305.8	289.5	-5.3
Iraq	111.2	136.1	22.4	Imports	4,707.8	4,590.7	-2.5
UAE	64.1	43.4	-32.3	Trade Balance	-3,081.5	-2,927.5	-5.0
Kuwait	47.9	36.9	-23.0	Source: Department of Statistics.			
Qatar	40.5	31.2	-23.0				
Imports							
Saudi Arabia	557.5	767.0	37.6				
China	611.5	605.3	-1.0				
USA	559.4	403.5	-27.9				
Germany	196.2	196.8	0.3				
UAE	280.6	183.6	-34.6				
Italy	175.6	174.8	-0.5				
Turkey	166.2	171.9	3.4				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports increased by 2.3 percent during the first four months of 2018, to record JD 1,663.2 million. This increase resulted from an increase in domestic exports by JD 53.2 million, or 4.0 percent to reach JD 1,373.7

million and a decrease in re-exports by JD 16.3 million, or 5.3 percent to reach JD 289.5 million.



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

- Exports of **Clothes** increased by JD 63.2 million, or 21.2 percent, to stand at JD 361.9 million. The USA market accounted for 87.6 percent of these exports.
- Exports of **Fertilizers** increased by JD 20.6 million, or 43.2 percent, to reach JD 68.3 million. The markets of India, Iraq, and Vietnam accounted for 58.2 percent of these exports.
- Exports of **Potash** increased by JD 17.4 million, or 16.7 percent, to stand at JD 121.3 million. The Indian, Chinese, Malaysian, and Egyptian markets accounted for 64.1 percent of these exports.

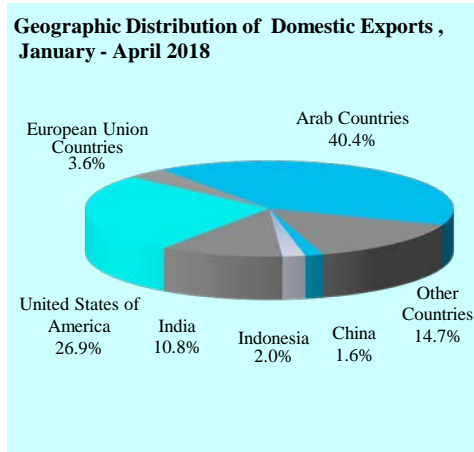
- Exports of **Polishing & Cleaning Preparations & Perfum Materials** increased by JD 2.3 million, or 8.1 percent, to reach JD 30.7 million. Iraq, Saudi Arabia and Qatar were the main destination markets; accounting for 80.8 percent of these exports.
- Exports of **Phosphates** decreased by JD 20.3 million, or 20.8 percent, to register JD 77.3 million. This decrease resulted from a decrease in export by 25.0 percent and an increase in prices by 5.7 percent. It is worth noting that the Indian and Indonesian markets were the main destinations for phosphates exports, accounting for 90.6 percent.
- Exports of **Vegetables** decreased by JD 19.1 million, or 28.8 percent, to reach JD 47.2 million. Saudi Arabia, The UAE, Kuwait and Bahrain were the main destination markets for these exports, accounting for 72.2 percent.

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

	2017	2018	Percentage Change
Domestic Exports	1,320.5	1,373.7	4.0
Clothes	298.7	361.9	21.2
USA	263.5	316.9	20.3
Potash	103.9	121.3	16.7
India	32.4	28.3	-12.7
China	23.0	19.3	-16.1
Malaysia	7.9	17.6	122.8
Egypt	9.1	12.5	37.4
Medical & Pharmaceutical Products	124.8	117.4	-5.9
Saudi Arabia	28.8	23.2	-19.4
Iraq	13.9	20.7	48.9
Algeria	14.5	12.6	-13.1
USA	11.9	10.3	-13.4
Phosphates	97.6	77.3	-20.8
India	58.7	55.3	-5.8
Indonesia	25.2	14.7	-41.7
Fertilizers	47.7	68.3	43.2
India	5.9	43.1	-
Iraq	18.7	8.3	-55.6
Vietnam	0.0	6.8	-
Vegetables	66.3	47.2	-28.8
Saudi Arabia	11.3	12.4	9.7
UAE	12.2	9.1	-25.4
Kuwait	10.5	7.8	-25.7
Bahrain	3.5	4.8	37.1
Paper and cardboard	36.9	37.0	0.3
Saudi Arabia	17.0	16.5	-2.9
Iraq	7.8	7.8	0.0
Yemen	0.7	1.8	157.1
Polishing & Cleaning Preparations & Perfum Materials	28.4	30.7	8.1
Iraq	14.3	16.6	16.1
Saudi Arabia	5.9	7.4	25.4
Qatar	0.3	0.8	166.7

Source: Department of Statistics.

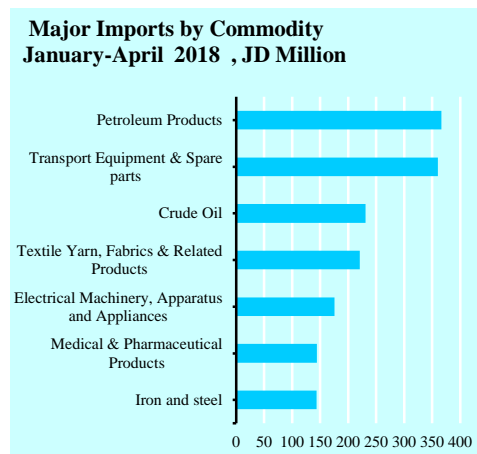
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical



products”, phosphates, fertilizers, vegetables, “paper and cardboard”, and “polishing and cleaning preparations and perfume materials” topped the list of domestic exports during the first four months of 2018; accounting for 62.7 percent, compared with 60.9 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 four months of 2018; accounting for 66.0 percent, compared with 65.0 percent during the same period of 2017.

■ **Merchandize Imports:**

Merchandize imports decreased by 2.5 percent to reach JD 4,590.7 million during the first four months of 2018, compared to an increase by 3.2 percent during the same period of 2017.



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

- **Transport Equipment & Spare Parts** imports decreased by JD 108.2 million or 23.1 percent to reach JD 359.9 million. The USA, Japan and Germany were the main origin markets, accounting for 52.8 percent of these imports.
- **Crude Oil** imports decreased by JD 25.2 million, or 9.8 percent, to reach JD 230.8 million. This decrease was mainly due to a decrease in imported quantities by 28.0 percent and an increase in prices by 25.2 percent, compared with the same period of 2017. Noting that crude oil imports came from Saudi Arabia.
- **Petroleum Products** imports increased by JD 232.0 million or 172.7 percent to reach JD 366.3 million. Saudi Arabia, UAE and India were the main markets, accounting for 80.7 percent of these imports.

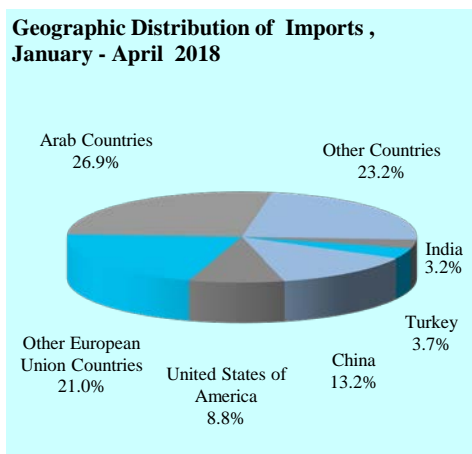
- **Iron and Steel** imports increased by JD 29.9 million or 26.3 percent to reach JD 143.7 million. Saudi Arabia, Russia and China were the main origin markets accounting for 64.0 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports increased by JD 20.8 million or 13.4 percent to reach JD 175.5 million. China, Turkey and Italy were the main origin markets accounting for 55.7 percent of these imports.
- **Textile Yarn, Fabrics, and Related products** imports increased by JD 9.2 million or 4.4 percent to reach JD 220.6 million. China, Taiwan and Turkey were the main origin markets, accounting for 76.5 percent of these imports.

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

	2017	2018	Percentage Change
Total Imports	4,707.8	4,590.7	-2.5
Petroleum Products	134.3	366.3	172.7
Saudi Arabia	12.7	201.0	-
UAE	23.2	49.5	113.4
India	15.4	45.0	192.2
Transport Equipment & Spare Parts	468.1	359.9	-23.1
USA	104.3	78.0	-25.2
Japan	83.3	59.0	-29.2
Germany	58.7	53.1	-9.5
Crude Oil	256.0	230.8	-9.8
Saudi Arabia	256.0	230.8	-9.8
Textile Yarn, Fabrics and Related Products	211.4	220.6	4.4
China	77.8	87.7	12.7
Taiwan	65.7	65.4	-0.5
Turkey	20.5	15.6	-23.9
Electrical Machinery Apparatus and Appliances	154.7	175.5	13.4
China	61.3	66.6	8.6
Turkey	17.2	20.1	16.9
Italy	17.7	11.0	-37.9
Medical & Pharmaceutical Products	139.8	144.0	3.0
Germany	19.3	22.0	14.0
USA	16.1	17.6	9.3
France	12.9	13.8	7.0
Iron and Steel	113.8	143.7	26.3
Saudi Arabia	9.2	52.0	465.2
Russia	4.2	20.3	383.3
China	32.1	19.7	-38.6

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “petroleum products”, “transport equipment and spare part”, “crude oil”, “textile yarn, fabrics and related products”, “electrical machinery apparatus and appliances”, “medical and pharmaceutical products”, and “Iron and steel”, topped the list of imports during the first four months of 2018, accounting for 35.7 percent; compared to 31.4 percent during the same period of 2017. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Germany, the UAE, Italy, and Turkey were the main source markets during the first four months of 2018; accounting for 54.5 percent of imports, compared to 54.1 percent during the same period of 2017.



■ Re-Exports

The value of re-exported goods in April 2018 increased by JD 10.7 million, or 16.4 percent, compared to the same month of 2017, to register JD 76.0 million. As for the first four months of 2018, the value of re-exported goods decreased by JD 16.3 million, or 5.3 percent compared to the same period of 2017 to reach JD 289.5 million.

■ Trade Balance

The trade balance deficit decreased by JD 93.9 million, or 10.8 percent in April 2018 compared to the same month of 2017, to register JD 778.6 million. As for the first four months of 2018, trade balance deficit decreased by JD 154.0 million, or 5.0 percent, to register JD 2,927.5 million, compared to the same period of 2017.

□ Total Workers' Remittances Receipts

■ Total workers' remittances receipts increased by 1.3 percent in May 2018 compared to the same month of 2017, to register JD 223.0 million. As for the first five months of 2018, total workers' remittances receipts increased by 1.2 percent compared to the same period of 2017 to reach JD 1,061.1 million.

□ Travel

■ Receipts

Travel receipts increased by JD 5.5 million, or 2.1 percent, in May 2018 compared to the same month of 2017, to register JD 271.7 million. As for the first five months of 2018, travel receipts increased by 9.9 percent compared to the same period of 2017 to reach JD 1,436.5 million.

■ Payments

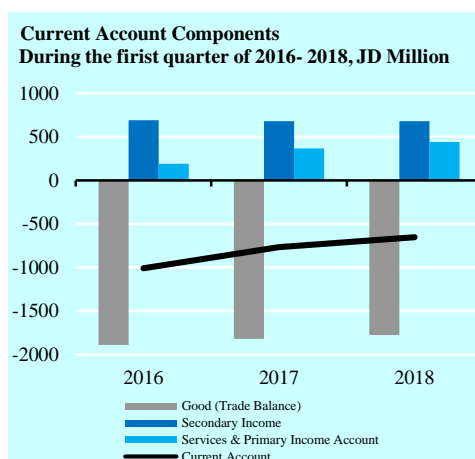
Travel payments decreased by JD 4.8 million, or 6.8 percent, in May 2018 compared to the same month of 2017, to stand at JD 66.2 million. As for the first five months of 2018, travel payment decreased by 9.9 percent compared to the same period of 2017 to reach JD 370.1 million.

□ Balance of Payments

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

■ The current account recorded a deficit of JD 654.0 million (9.7 percent of GDP) compared to a deficit of JD 767.7 million (11.8 percent of GDP) during the first quarter of 2017. Meanwhile, the current account deficit excluding grants decreased to reach JD 737.6 million (10.9 percent of GDP) during the first quarter of 2018 compared to JD 859.0 million (13.2 percent of GDP) during the first quarter of 2017. This was an outcome of the following developments:

- ◆ A decrease in the goods balance deficit during the first quarter of 2018 by JD 44.0 million, or 2.4 percent, to reach JD 1,773.8 million compared to JD 1,817.8 million during the same period of 2017.



- ◆ An increase in the services account surplus compared to the first of quarter of 2017 by JD 62.3 million, to reach JD 359.4 million.
- ◆ An increase in the primary income account surplus by JD 9.5 million, to reach JD 81.6 million during the first of quarter of 2018 compared to the same period of 2017. This was mainly due to an increase in surplus of the investment income (net) by JD 11.2 million, and a decrease in the surplus of compensation of employees (net) by JD 1.7 million.
- ◆ A decrease in the secondary income surplus by JD 2.1 million to reach JD 678.8 million compared to JD 680.9 million during the first of quarter of 2017, this was outcome of the decrease in net transfers of the public sector (foreign grants) by JD 7.7 million to reach JD 83.6 million, and the increase in the net surplus transfers of other sectors by JD 5.6 million to reach JD 595.2 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 13.8 million during the first quarter of 2018 compared to a net inflow of JD 6.0 million during the first quarter of 2017. Meanwhile, the financial account registered a net inflow of JD 795.9 million during the first quarter of 2018 compared to a net inflow of JD 1,054.0 million during the first quarter of 2017, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 201.5 million compared to a net inflow of JD 436.8 million during the first quarter of 2017.
 - ◆ Portfolio investment recorded a net inflow of JD 11.9 million compared to a net outflow of JD 416.9 million during the first quarter of 2017.
 - ◆ Other investment registered a net inflow of JD 36.8 million compared to a net inflow of JD 137.8 million during the first quarter of 2017.
 - ◆ A decrease in the reserve assets of the CBJ by JD 545.7 million, compared to a decrease of JD 896.3 million during the first quarter of 2017.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 30,607.4 million at the end of the first quarter of 2018 compared to JD 29,350.5 million at the end of 2017. This was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 776.5 million at the end of the first quarter of 2018 to reach JD 17,918.3 million. This was mainly due to the decrease in the currency and deposits of the banking sector abroad by JD 165.8 million and decrease in the CBJ's reserve assets by JD 532.7 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 480.4 million at the end of the first quarter of 2018, to reach JD 48,525.7 million, this was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 186.8 million to stand at JD 24,504.6 million.
 - ◆ An increase in the stock of portfolio investment in the kingdom by JD 416.1 million to stand at JD 8,625.9 million.
 - ◆ An increase of government long term loans by JD 82.4 million to stand at JD 4,311.3 million.
 - ◆ A decrease in the trade credits which given to residents in the kingdom by 102.1 to stand of 730.6.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 69.2 million to reach JD 832.2 million.
 - ◆ A decrease in the deposits of non-residents at the banking sector by JD 65.7 million to stand at JD 7,507.4 million (decrease by JD 39.7 million for the CBJ and by 26.0 for the licensed banks).