



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 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

- | | | |
|----------------------------|---|---|
| Loyalty | : | Commitment and dedication to the institution, its staff and clients. |
| Integrity | : | Seeking to achieve our organizational goals honestly and objectively. |
| Excellence | : | Seeking to continuously improve our performance and deliver our services in accordance with international standards. |
| Continuous Learning | : | Aspiring to continuously improve practical and academic skills to maintain a level of excellence in accordance with international best practices. |
| Teamwork | : | Working together, on all levels of management, to achieve our national and organizational goals with a collective spirit of commitment. |
| Transparency | : | 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 1.1 percent during the first three quarters of 2016, against a contraction of 0.7 percent during the same period of 2015. Furthermore, the unemployment rate increased during the third quarter of 2016 to stand at 15.9 percent compared to 13.8 percent during the same quarter in 2015.

□ Monetary and Financial Sector

- The CBJ's foreign currency reserves amounted to US\$ 12,583.6 at the end of September 2016. This level of reserves covers around 7.0 months of the kingdom's import of goods and services.
- Domestic liquidity increased by JD 1,113.4 million (3.5 percent) at the end of the third quarter of 2016, compared to its level at the end of 2015, to stand at JD 32,718.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,344.8 million (6.4 percent) at the end of the third quarter of 2016, compared to its level at the end of 2015, to stand at JD 22,448.3 million.
- Total deposits at licensed banks increased by JD 693.2 million (2.1 percent) at the end of the third quarter of 2016, compared to its level at the end of 2015, to stand at JD 33,291.7 million. This increase was a result of the increase in the JD deposits by 403.7 million (1.6 percent) and the increase in foreign currency deposits by JD 289.5 million (4.4 percent),
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,120.5 points at the end of the third quarter of 2016, decreasing by 15.7 points, or 0.7 percent, compared to its level at the end of 2015.

- **Public Finance:** During the first eight months of 2016, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 370.0 million compared to a fiscal deficit in the amount of JD 554.5 million during the same period of 2015. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 714.0 million at the end of August 2016, compared to its level at the end of 2015, to stand at JD 16,200.0 million (59.0 percent of GDP). while outstanding external public debt decreased by JD 34.3 million at the end of July 2016 compared to its level at the end of 2015 to reach JD 9,424.8 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 August 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 3.8 percent to reach JD 3,540.4 million, similarly, merchandize imports decreased by 7.6 percent to reach JD 9,050.0 million during the first eight months of 2016. As a result, the trade balance deficit decreased by 9.8 percent compared to the same period of 2015, to reach JD 5,509.6 million. The preliminary data for the first nine months of 2016 showed a decrease in travel receipts by 1.2 percent and an increase in travel payments by 8.6 percent compared to the same period of 2015. Moreover, total workers' remittances receipts decreased by 4.0 percent during the first nine months of 2016 compared to the same period of 2015. 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 449.3 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 \$ 12,583.6 million at the end of September 2016. This level of reserves covers around 7.0 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,113.4 million (3.5 percent) at the end of the first nine months of 2016, compared to its level at the end of 2015, to total JD 32,718.9 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,344.8 million (6.4 percent) at the end of the first nine months of 2016, compared to its level at the end of 2015 to reach JD 22,448.3 million.
- Total deposits at licensed banks increased by JD 693.2 million (2.1 percent) at the end of the first nine months of 2016, compared to its level at the end of 2015, to stand at JD 33,291.7 million.
- The interest rates on all types of deposits and credit facilities, except discounted bills & bonds, decreased at the end of the first nine 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 2,120.5 points at the end of September 2016, decreasing by 15.7 points (0.7 percent), compared to its level at the end of 2015. Moreover, the market capitalization decreased by JD 1,171.0 million (6.5 percent), compared to its registered level in 2015, to stand at JD 16,813.7 million.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

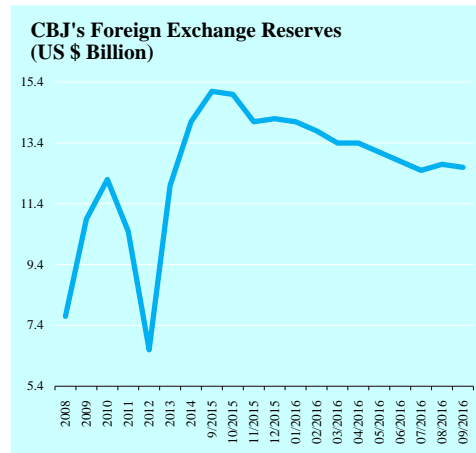
2015		End of September	
		2015	2016
US\$ 14,153.5	CBJ's Foreign Currency Reserves*	US\$ 15,114.4	US\$ 12,583.6
0.5%		7.4%	-11.1%
31,605.5	Money Supply (M2)	31,177.8	32,718.9
8.1%		6.6%	3.5%
21,103.5	Credit Facilities, of which:	20,838.1	22,448.3
9.5%		8.1%	6.4%
18,098.1	Private Sector (Resident)	17,818.3	19,463.0
4.6%		3.0%	7.5%
32,598.5	Total Deposits, of which:	32,245.8	33,291.7
7.7%		6.6%	2.1%
26,014.5	In JD	25,836.6	26,418.2
8.3%		7.6%	1.6%
6,584.0	In Foreign Currencies	6,409.2	6,873.5
5.4%		2.6%	4.4%
25,799.7	Deposits of Private Sector (Resident), of which:	25,232.1	26,510.0
7.6%		5.2%	2.8%
21,163.0	In JD	20,703.5	21,631.9
8.1%		5.8%	2.2%
4,636.7	In Foreign Currencies	4,528.6	4,878.1
5.3%		2.9%	5.2%

* 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 \$ 12,583.6 million at the end of September 2016. This level of reserves covers around 7.0 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

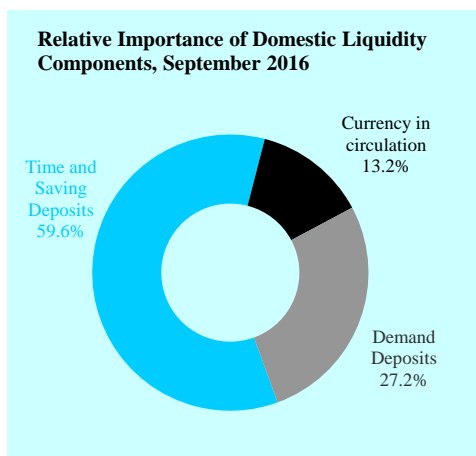
■ Domestic liquidity totaled JD 32,718.9 million at the end of the third quarter of 2016, increasing by JD 1,113.4 million, or 3.5 percent, compared to an increase of JD 1,937.4 million, or 6.6 percent, during the same period in 2015.

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

● Components of Domestic Liquidity

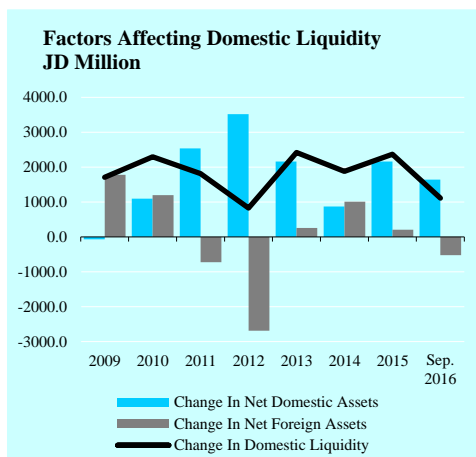
- Deposits increased by JD 730.8 million, or 2.6 percent, at the end the third quarter of 2016, compared to their level at the end of 2015, to total JD 28,403.1 million, compared to an increase of JD 1,700.0 million, or 6.7 percent, during the same period in 2015.

- Currency in circulation increased by JD 382.6 million, or 9.7 percent, at the end of the third quarter of 2016, compared to its level at the end of 2015, to reach JD 4,315.8 million, against an increase of JD 237.4 million, or 6.2 percent, during the same period in 2015.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 1,638.6 million, or 7.0 percent, at the end of the third quarter of 2016, compared to its level at the end of 2015, against an increase of JD 1,685.5 million, or 7.9 percent, during the same period in 2015. This increase was a result of the increase in net domestic assets at the CBJ by JD 1,157.0 million, or 20.0 percent, and its increase at licensed banks by JD 481.6 million, or 1.7 percent.



- Net foreign assets of the banking system decreased by JD 525.5 million, or 6.5 percent, at the end of the third quarter of 2016, compared to their level at the end of 2015, against an increase in the amount of JD 252.0 million, or 3.2 percent, during the same period in 2015. This increase was a result of the decrease in net foreign assets at the CBJ by JD 720.7 million, or 7.1 percent, and the increase of net foreign assets at licensed banks by JD 195.2 million or 9.8 percent.

Factors Affecting Domestic Liquidity (M2)

JD Million

		End of September	
2015		2015	2016
8,137.3	Foreign Assets (Net)	8,184.2	7,611.8
10,124.2	CBJ	10,779.7	9,403.5
-1,986.9	Licensed Banks	-2,595.5	-1,791.7
23,468.2	Domestic Assets (Net)	22,993.6	25,107.0
-5,781.8	CBJ, of which:	-6,275.6	-4,624.8
1,519.1	Claims on Public Sector (Net)	1,426.3	1,366.6
-7,324.1	Other Items (Net*)	-7,725.3	-6,014.1
29,250.2	Licensed Banks	29,269.2	29,731.8
10,220.9	Claims on Public Sector (Net)	10,249.4	10,816.6
18,681.3	Claims on Private Sector	18,386.4	20,126.3
348.0	Other Items (Net)	633.4	-1,211.1
31,605.5	Money Supply (M2)	31,177.8	32,718.9
3,933.2	Currency in Circulation	4,041.8	4,315.8
27,672.3	Total Deposits, of which:	27,136.0	28,403.1
4,709.6	In Foreign Currencies	4,574.1	4,933.4

* 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 9th, 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

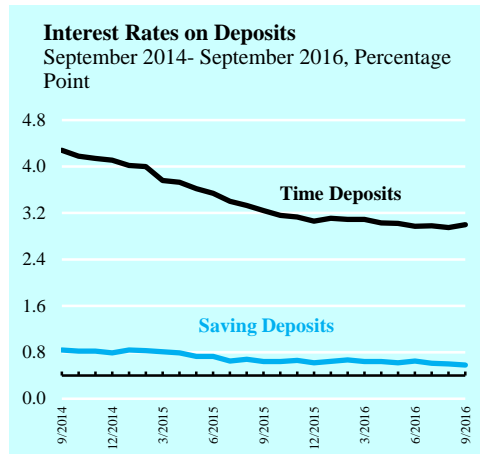
- Time Deposits: The weighted average interest rate on time deposits at the end of September 2016 increased by 5 basis points, compared to its level at the end of the previous month, to stand at 3.00 percent. This rate is lower by 6 basis points than its level at the end of 2015.

Interest Rates on Monetary Policy Instruments, percentage points

2015		September	
		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.

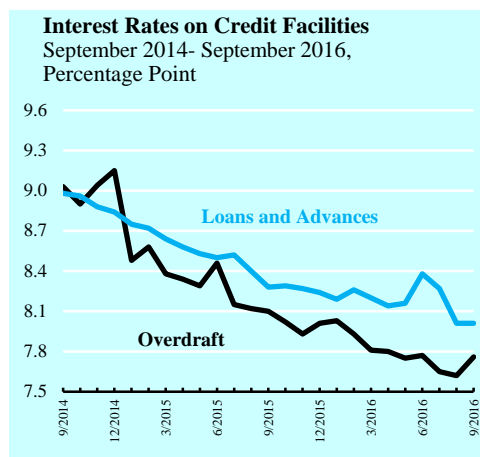
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of September 2016 decreased by 2 basis points, compared to its level registered in the previous month to stand at 0.58 percent, which is 4 basis points lower than its level registered at the end of 2015.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of September 2016 maintained the same level registered in the previous months 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 September 2016 increased by 14 basis points compared to its level in the previous month to stand at 7.76 percent, this rate is lower by 25 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 September 2016, decreased by 118 basis points compared to its level in the previous month to stand at 9.46 percent. This rate is higher by 76 basis points than its level at the end of 2015.

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

	September		Change Relative to the Preceding Year Basis Points
	2015	2016	
Deposits			
0.32 Demand	0.33	0.24	-8
0.62 Saving	0.64	0.58	-4
3.06 Time	3.24	3.00	-6
Credit Facilities			
8.70 Discounted Bills and Bonds	9.24	9.46	76
8.24 Loans and Advances	8.28	8.01	-23
8.01 Overdraft	8.10	7.76	-25
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 September 2016 maintained the same level registered 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 September 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 501 basis points, at the end of September 2016, which is lower by 17 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 1,344.8 million, or 6.4 percent, at the end of the third quarter of 2016, compared to its level at the end of 2015, against an increase of JD 1,563.6 million, or 8.1 percent during the same period in 2015.

- The extended credit facilities, according to economic activity, at the end of the third quarter of 2016 demonstrates an increase in the credit extended to "others" item which generally represents facilities extended to individuals, by JD 477.9 million, or 9.2 percent, followed by the credit extended to the "construction" sector by JD 328.4 million, or 6.7 percent, and the public services and utilities and general trade sectors by JD 112.7 million, or 3.5 percent, and 97.8 million, or 2.5 percent, respectively, compared to their levels at the end of 2015.
- In terms of borrowers, credit facilities at the end of the third quarter of 2016 had shown an increase in credit extended to the private sector (resident) by 1,364.8 million, or 7.5 percent, the public institutions by JD 25.5 million, or 7.8 percent, the private sector (non-resident) by JD 5.2 million, or 1.1 percent, and the financial institutions by JD 3.1 million, or 34.4 percent. Meanwhile, credit facilities extended to the central government declined by JD 53.9 million, or 2.5 percent, compared to their levels at the end of 2015.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,291.7 million at the end of the third quarter of 2016, increasing by JD 693.2 million, or 2.1 percent, compared to its level at the end of 2015, against an increase of JD 1,984.8 million, or 6.6 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 710.3 million, or 2.8 percent, the public sector (central government plus public institutions) by JD 21.8 million, or 0.8 percent, and the private sector (non-resident)

by JD 28.9 million, or 0.8 percent. In contrast, the non-banking financial institutions' deposits decreased by JD 67.8 million, or 15.3 percent.

- The currency composition of deposits at the end of the third quarter of 2016 revealed that JD deposits increased by JD 403.7 million, or 1.6 percent, and “deposits in the foreign currency” increased by JD 289.5 million, or 4.4 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 third quarter of 2016 compared to 2015. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 138.7 million in September 2016; down by JD 33.1 million, or 19.3 percent, compared to its level in the previous month, against a decrease of JD 101.6 million, during the same month in 2015. As for the third quarter of 2016, the trading volume decreased by JD 783.8 million, or 32.6 percent, compared to the same period in 2015, to reach JD 1,622.5 million.

■ Traded Shares

The number of traded shares in September 2016 totaled 133.0 million shares; down by 21.3 million shares, or 13.8 percent, compared to its level in the previous month, against a decrease amounting to 43.4 million shares, or 20.9 percent, during the same month in 2015. As for the third quarter of 2016, the number of traded shares decreased by 584.7 million shares, or 28.6 percent, amounting to 1,459.5 million shares, compared to 2,044.2 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 increased by 43.6 points, or 2.1 percent, at the end of September 2016 compared to its level in the previous

month to stand at 2,120.5 point, against a decrease of 52.4 points, or 2.5 percent, during the same month in 2015. Furthermore, the SPI decreased by 15.8 points, or 0.7 percent, at the end of the third quarter of 2016 compared to its level at the end of 2015, against a decrease in the amount of 120.3 points, or 5.6 percent, during the same period in 2015. The aforementioned decrease was an outcome of the decrease in the SPI of the services sector by 106.5 points, or 6.2 percent, and the financial sector by 21.9 points or 0.8 percent. Meanwhile, the SPI for the industrial sector increased by 76.1 points, or 4.1 percent, compared to their levels at the end of 2015.

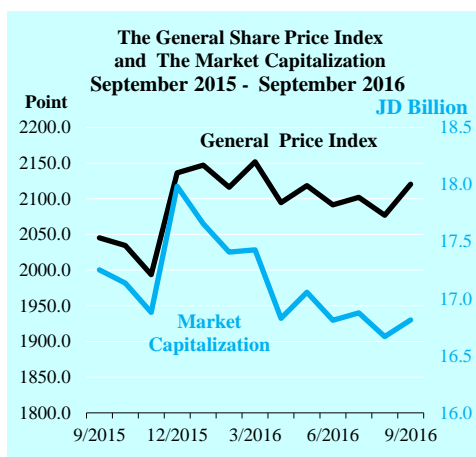
Market Capitalization

The ASE's market capitalization totaled JD 16.8 billion at the end of September 2016; increasing by JD 145.3 million, or 0.9 percent, compared to its level in the previous month, against a decrease of JD 0.7 billion, or 4.0 percent,

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

2015		September	
		2015	2016
2,136.3	General Index	2,045.2	2,120.5
2,906.2	Financial Sector	2,829.2	2,884.3
1,848.8	Industrial Sector	1,808.8	1,924.9
1,726.7	Services Sector	1,592.9	1,620.2

Source: Amman Stock Exchange.



during the same month in 2015. As for the third quarter of 2016, the market capitalization decreased by JD 1,171.0 million, or 6.5 percent, compared to a decrease of JD 830.1 million or 4.6 percent, during the same period in 2015.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 21.0 million in September 2016, compared to an outflow of JD 7.4 million during the same month in 2015; the value of shares acquired by non-Jordanian in September 2016 amounted to JD 15.7 million, while their selling amounted to JD 36.7 million. As for the third

Main Amman Stock Exchange Trading Indicators, JD Million			
		September	
2015		2015	2016
3,417.1	Value Traded	202.1	138.7
13.9	Average Daily Trading	10.6	9.2
17,984.7	Market Capitalization	17,252.5	16,813.7
2,585.8	No. of Traded Shares (million)	164.5	133.0
10.6	Net Investment of Non-Jordanian	-7.4	-21.0
981.7	Non-Jordanian Buying	43.5	15.7
971.1	Non-Jordanian Selling	50.9	36.7

Source: Amman Stock Exchange.

quarter of 2016, non-Jordanian net investment recorded an inflow amounted JD 119.8 million, compared to an outflow of JD 4.4 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 1.1 percent during the first three quarters of 2016, against a contraction of 0.7 percent during the same period of 2015.
- The unemployment rate increased during the third quarter of 2016 to stand at 15.9 percent (13.8 percent for males and 25.2 percent for females), compared to 13.8 percent (11.1 percent for males and 25.1 percent for females) during the same quarter of 2015. The unemployment rate among academic degree holders (Bachelor and higher) reached 22.4 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
2014					
GDP at Constant Market Prices	3.2	2.8	3.1	3.3	3.1
GDP at Current Market Prices	7.1	6.1	6.2	7.2	6.6
2015					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	2.4
GDP at Current Market Prices	5.1	4.5	4.7	4.6	4.7
2016					
GDP at Constant Market Prices	2.3	1.9	-	-	-
GDP at Current Market Prices	3.8	3.2	-	-	-

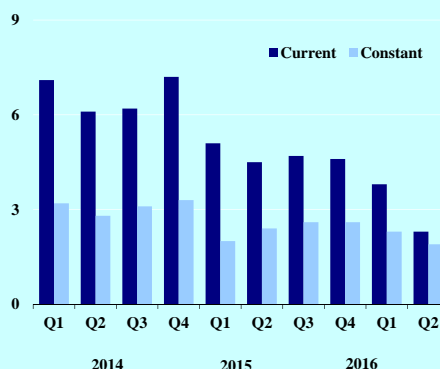
Source: Department of Statistics.

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
GDP At Market Prices	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; Manufacturing production quantity index (4.2 percent) and “Mining and quarrying” production quantity index (3.9 percent). However, other indicators showed a contraction, particularly; Cargo through Royal Jordanian (-20.4 percent) and Value traded at the real estate market (-3.4 percent). The following table displays the performance of the main sectoral indicators.

Main Sectoral Indicators*

Percentage Points

2014	2015	Item	2015	Available period	2016
-1.2	-8.8	Manufacturing production quantity index**	-	August	4.2
-0.7	-0.5	Food products and beverages	-		-24.7
0.2	45.9	Tobacco products	-		-5.4
-0.8	-1.7	Refined petroleum products	-		29.7
0.3	63.8	Wearing apparel	-		147.5
0.6	3.4	Non-metallic mineral products	-		-13.1
-0.6	-10.8	Chemical products	-		-12.2
1.6	16.9	“Mining and quarrying” production quantity index**	-		3.9
0.0	-38.3	Extraction of crude petroleum and natural gas	-		-10.2
1.6	17.6	Other mining and quarrying	-		4.1
7.2	-12.5	Licensed areas for buildings	-15.9	January- August	-6.5
-2.8	-7.9	Number of passengers through Royal Jordanian	-8.0	January-September	3.2
-1.7	-0.7	Cargo through Royal Jordanian	-0.1		-20.4
16.7	-3.5	Quantities of exported and imported goods shipped through Aqaba port	1.0		-5.2
-0.5	-7.4	Number of departures	-6.7		0.2
22.4	-2.0	Value traded at the real estate market	-6.6		-3.4

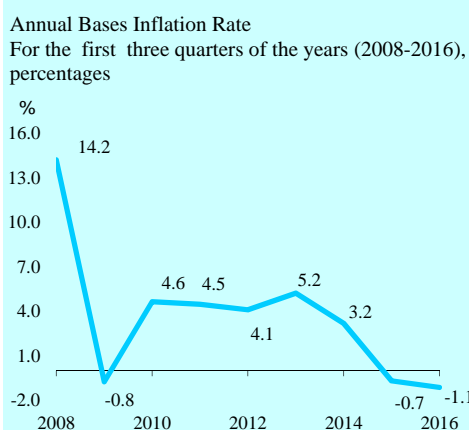
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

** : - 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 1.1 percent during the first three quarters of 2016, compared with a contraction of 0.7 percent during the same period of 2015. This came as a result of the continuous falling in the prices of food and oil in the global markets and its impact on domestic prices. The main groups and items that witnessed decline in their prices are transportation (6.5 percent), “fuels and lighting” (6.2 percent), and “meat and poultry” (9.4 percent). They collectively contributed in reducing the overall inflation rate by 2.0 percentage points.



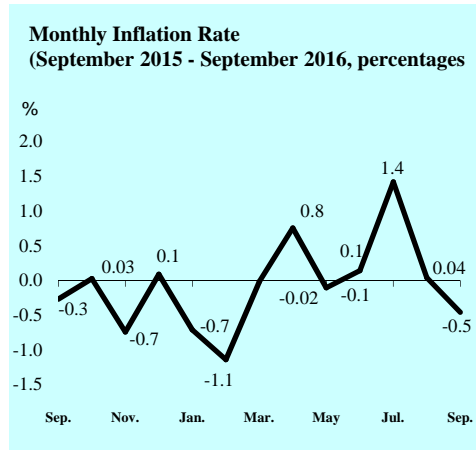
Inflation Rate during the first three quarters for the Year 2015 - 2016

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan - Sep.	Jan - Sep.	2015	2016
All Items	100.0	-0.7	-1.1	-0.7	-1.1
1) Food and non-Alcoholic Beverages, of which:	33.4	1.3	-3.0	0.4	-1.0
Meat and Poultry	8.2	1.1	-9.4	0.1	-0.8
Dairy Products and Eggs	4.2	0.1	-2.0	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.9	0.6	-2.7	0.0	-0.1
Fruits and Nuts	2.7	6.4	-2.8	0.2	-0.1
Oils and Fats	1.9	3.5	2.7	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.4	3.8	2.7	0.2	0.1
3) Clothing and footwear	3.5	5.6	2.3	0.2	0.1
4) Housing, of which:	21.9	0.9	0.8	0.2	0.2
Rents	15.6	5.2	2.7	0.8	0.5
Fuels and Lighting	4.8	-12.5	-6.2	-0.6	-0.3
5) Household Furnishings and Equipment	4.2	2.1	0.9	0.1	0.0
6) Health	2.2	3.4	2.3	0.1	0.1
7) Transportation	13.6	-14.2	-6.5	-2.2	-0.9
8) Communication	3.5	0.1	-0.3	0.0	0.0
9) Culture and Recreation	2.3	4.8	4.1	0.1	0.1
10) Education	5.4	3.5	1.3	0.2	0.1
11) Restaurants and Hotels	1.8	1.6	1.4	0.0	0.0
12) Other Goods and Services	3.7	1.0	1.3	0.0	0.0

Source: Department of Statistics.

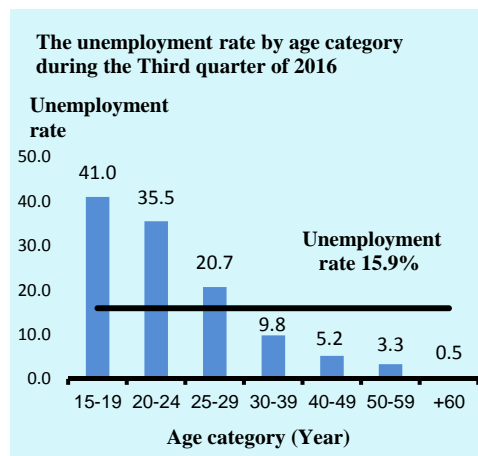
In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (4.1 percent), rents (2.7 percent), and clothing (2.3 percent).

In September 2016, the CPI witnessed a contraction by 0.5 percent compared with August 2016. This was due to the decline in the prices of some items, mainly; “vegetables and legumes dry and canned” (7.2 percent), “Meat and Poultry” (4.8 percent), and “Restaurants and Hotels” (1.3 percent).



■ Employment

- The unemployment rate increased during the third quarter of 2016 to reach 15.9 percent (13.8 percent for males and 25.2 percent for females), compared to 13.8 percent (11.1 percent for males and 25.1 percent for females) during the same period of 2015.



- The unemployment among youth reached 41.0 percent for the categories of 15-19 years old, and 35.5 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 third quarter of 2016 reached 36.3 percent (58.8 percent for males and 13.4 percent for females), compared to 37.6 percent (60.5 percent for males and 14.5 percent for females) during the same quarter in 2015.
- The employment rate among population of 15 years and older reached 30.5 percent during the third quarter of 2016, compared to 32.4 percent during the same quarter in 2015. The employees in the sector of “public administration, defense, and social security” accounted for 25.6 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.3 percent), education (11.8 percent), and manufacturing (9.4 percent).

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 370.0 million during the first eight months of 2016, comparing to a fiscal deficit in the amount of JD 554.5 million during the same period in 2015. When excluding foreign grants (JD 281.3 million), the general budget deficit reaches JD 651.3 million compared to a deficit in the amount of JD 894.3 million during the same period in 2015.
- Gross outstanding domestic public debt increased by JD 714.0 million at the end of August 2016 compared to its level at the end of 2015, to reach JD 16,200.0 million (59.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) went up by JD 34.3 million at the end of August 2016, compared to its level at the end of 2015, to stand at JD 9,424.8 million (34.3 percent of GDP).
- As a result, gross outstanding public debt (domestic and external) reached JD 25,624.8 million (93.3 percent of GDP) at the end of August 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 eight months of 2016 compared to the same period in the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 105.9 million, or 22.4 percent, in August 2016 compared to the same month of 2015 to reach JD 578.4 million. As for the first eight months of 2016, these revenues were up by JD 374.3 million, or 8.7 percent, compared to the same period in 2015 to stand at JD 4,689.7 million. This came as an outcome of the increase in domestic revenues by JD 432.8 million, and the decrease in foreign grants by JD 58.5 million.

Main Government Budget Indicators during the first eight months of 2016:

(JD Million and Percentages)

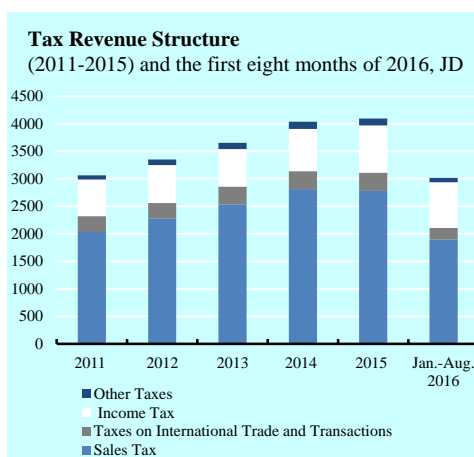
	August		Growth Rate	Jan. – Aug.		Growth Rate
	2015	2016		2015	2016	
Total Revenues and Grants	473.0	578.9	22.4	4,315.4	4,689.7	8.7
Domestic Revenues, of which:	440.8	546.3	23.9	3,975.6	4,408.4	10.9
Tax Revenues, of which:	333.1	341.0	2.4	2,875.8	3,015.5	4.9
General Sales Tax	255.6	262.5	2.7	1,827.9	1,896.2	3.7
Other Revenues	106.0	204.1	92.5	1,087.8	1,382.1	27.1
Foreign Grants	32.2	32.6	1.2	339.8	281.3	-17.2
Total Expenditures, of which:	654.4	632.0	-3.4	4,869.9	5,059.7	3.9
Capital Expenditures	107.6	66.2	-38.5	579.8	552.9	-4.6
Overall Deficit/ Surplus	-181.4	-53.1	-	-554.5	-370.0	-33.3

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase by JD 432.8 million, or 10.9 percent, during the first eight months of 2016 compared to the same period in 2015, to reach JD 4,408.4 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues”, by JD 139.7 million, JD 294.3 million, respectively,

and the drop in pension contribution by JD 1.2 million.



● Tax Revenues

Tax revenues increased by JD 139.7 million, or 4.9 percent, during the first eight months of 2016 compared to the same period in 2015, to reach JD 3,015.5 million (68.4 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 68.3 million, or 3.7 percent, which reached JD 1,896.2 million (accounting for 62.9 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 25.2 million, JD 32.0 million, JD 4.4 million, JD 6.6 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 79.9 million, or 10.7 percent, which reached JD 829.2 million (accounting for 27.5 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 87.9 million, and decrease in the proceeds of “income tax from individuals” by JD 8.0 million. Accordingly, income tax from companies accounted for 82.6 percent of total taxes on income and profits to reach JD 685.7 million.

- An increase in real-estates tax (taxes on financial transactions) by JD 3.2 million, or 4.2 percent, to reach JD 78.9 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 11.7 million or 5.3 percent, to reach JD 210.5 million (accounting for 7.0 percent of total tax revenues).

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

“Other revenues” increased by JD 294.3 million, or 27.1 percent, during the first eight months of 2016 to reach JD 1,382.1 million. This increase was chiefly due to:

- An increase in miscellaneous revenues by JD 294.6 million to stand at JD 571.6 million.
- A rise in property income by JD 6.2 million to stand at JD 240.5 million (of which financial surplus of independent government units amounted to JD 220.8 million against JD 206.1 million during the same period in 2015).
- A decrease in “revenues from selling goods and services” by JD 6.5 million to reach JD 570.0 million.

- **Pension Contributions**

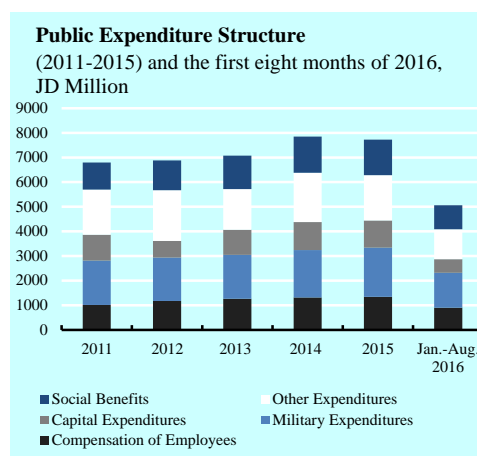
Pension contributions witnessed a decrease by JD 1.2 million, or 10.0 percent, during the first eight months of 2016, standing at JD 10.8 million.

- ◆ **Foreign Grants**

Foreign grants decreased by JD 58.5 million, or 17.2 percent, during the first eight months of 2016, standing at JD 281.3 million.

Public Expenditures

Public expenditures witnessed an decrease by JD 22.4 million, or 3.4 percent, in August 2016 compared to the same month in 2015 to stand at JD 632.0 million. Moreover, public expenditures increased by JD 189.8 million, or 3.9 percent during the first eight months of 2016 compared to the same period in 2015, to stand at JD 5,059.7 million. This increase was an outcome of the rise in current expenditures by JD 216.7 million, and the decline in capital expenditures by JD 26.9 million.



Current Expenditures

Current expenditures increased by JD 216.7 million, or 5.1 percent, during the first eight months of 2016, to reach JD 4,506.8 million. This result was driven by the increase in most current expenditure items. More specifically:

- An increase in military expenditures by JD 96.8 million to total JD 1,412.3 million, accounting for 31.3 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 14.4 million to reach JD 902.9 million, accounting for 20.0 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 30.3 million to stand at JD 260.1 million, accounting for 5.8 percent of total current expenditures.
- A rise in social benefit expenditures by JD 4.4 million to stand at JD 970.8 million, accounting for 21.5 percent of total current expenditures.

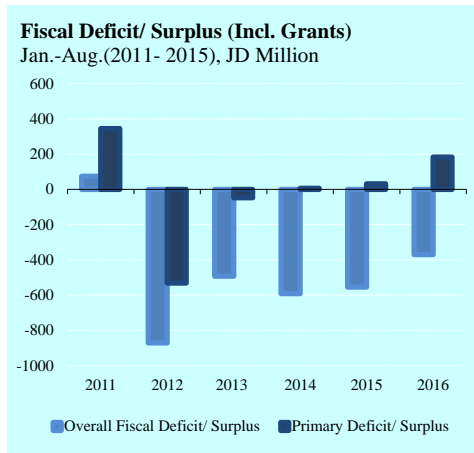
- A drop in interest payments by JD 33.1 million to stand at JD 552.9 million, accounting for 12.3 percent of total current expenditures.
- A drop in goods subsidies by JD 13.3 million to stand at JD 77.7 million, accounting for 1.7 percent of total current expenditures.

◆ Capital Expenditures

Capital expenditures decreased by JD 26.9 million, or 4.6 percent during the first eight months of 2016 compared to the same period in 2015, to reach JD 552.9 million.

■ General Budget Deficit/ Surplus

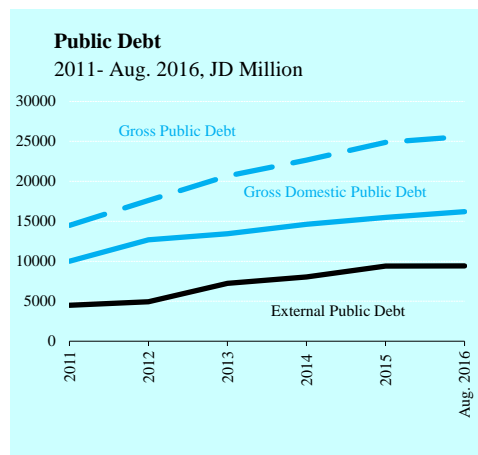
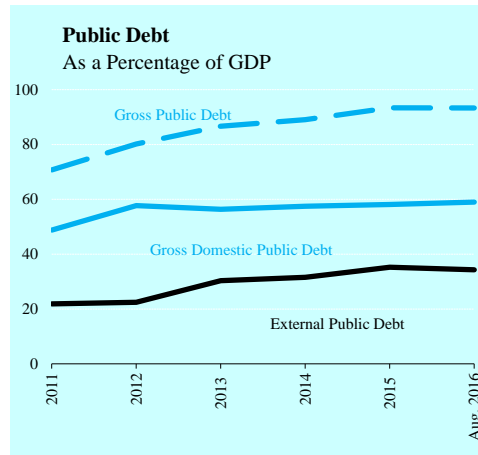
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 370.0 million during the first eight months of 2016, against a fiscal deficit in the amount of JD 554.5 million during the same period in 2015.



- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 182.9 million during the first eight months of 2016, against a primary surplus of JD 31.5 million during the same period in 2015, if foreign grant was excluded the general budget recorded a primary deficit in the amount of JD 98.4 million, during the first eight months of 2016, against a primary deficit of JD 308.3 million during the same period in 2015.

Public Debt

Gross outstanding domestic public debt increased by JD 714.0 million at the end of August 2016 compared to its level at the end of 2015 to total JD 16,200.0 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 796.0 million at the end of August 2016, compared to their level at the end of 2015, standing at JD 13,180.0 million, however, the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government declined by JD 80.0 million to stand at JD 432.0 million, and the increase in the gross domestic debt of own-budget agencies by JD 58.0 million to stand at JD 2,565.0 million, on the other. In this regard, loans and advances extended to these agencies went up by JD 23.0 million to stand



at JD 2,012.0 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 1,100.0 million at the end of August 2016 comparing to its level at the end of 2015 to total JD 14,557.0 million (53.0 percent of GDP).
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 34.3 million at the end of August 2016 compared to its level at the end of 2015, amounting to JD 9,424.8 million (34.3 percent of GDP). The currency debt structure shows that external debt in US dollars accounted for 59.8 percent, while debt in Euros accounted for 6.7 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 7.8 percent and 7.9 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 15.0 percent.
- Gross public debt (domestic and external) increased by JD 748.3 million at the end of August 2016 compared to its level at the end of 2015 to stand at JD 25,624.8 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 972.7 million during the first eight months of 2016 to stand at JD 1,344.7 million, compared to same period of 2015. This rise was a result of domestic bonds in dollar amortization by JD 815.0 million (USD 1,150.0 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:

	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).
 - The Council of Commissioners of the Energy and Mineral Resources Regulatory Commission (EMRC) has announced the new electricity tariffs for subscribers, to replace the tariffs published in the Official Gazette in 2015 (October 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).
- Signing a soft loan agreement provided by the World Bank in the amount of USD 300.0 million, as a contribution to cover the fiscal gap for the year 2016 (October 2016).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 18.2 percent in August 2016 compared to the same month of 2015 to record JD 593.4 million. As for the first eight months of 2016, total merchandize exports decreased by 3.8 percent compared to the same period of 2015 to reach JD 3,540.4 million.
- **Merchandize imports** decreased by 9.5 percent in August 2016 compared to the same month of 2015 to reach JD 1,262.7 million. As for the first eight months of 2016, total merchandize imports decreased by 7.6 percent compared to the same period of 2015 to reach JD 9,050.0 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 25.0 percent in August 2016 compared to the same month in 2015; standing at JD 669.3 million. As for the first eight months of 2016, trade balance deficit decreased by 9.8 percent compared to the same period of 2015 to reach JD 5,509.6 million.
- **Travel receipts** increased by 11.6 percent in September 2016 compared to the same month of 2015 to reach JD 301.2 million, similarly travel payments increased by 16.4 percent, to reach JD 85.0 million. As for the first nine months of 2016, travel receipts decreased by 1.2 percent to reach JD 2,209.6 million, while travel payments increased by 8.6 percent to reach JD 726.0 million compared to the same period of 2015.
- **Total workers' remittances receipts** decreased by 12.3 percent in September 2016 compared to the same month of 2015 to reach JD 217.1 million. As for the first nine months of 2016, total workers' remittance decreased by 4.0 percent compared to the same period of 2015 to reach JD 1,964.3 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 during the first half of 2016; compared to JD 24,412.9 million at the end of 2015.

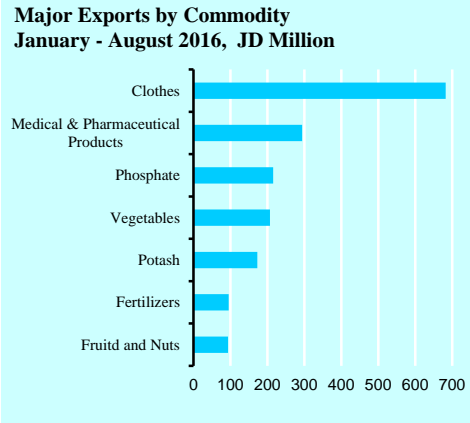
□ External Trade

- As a result of the decrease in domestic exports by JD 236.3 million and the decline in imports by JD 741.5 million in the first eight months of 2016, compared to the same period of 2015, the volume of external trade (domestic exports *plus* imports) decreased by JD 977.8 million to stand at JD 11,979.4 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January - August				January - August				
	2015	2016	Percentage Change		2015	Percentage Change 2015/2014	2016	Percentage Change 2016/2015
Exports				External Trade	12,957.2	-8.7	11,979.4	-7.5
USA	675.5	706.8	4.6	Total Exports	3,681.8	-6.3	3,540.4	-3.8
Saudi Arabia	517.4	465.2	-10.1	Domestic Exports	3,165.7	-6.7	2,929.4	-7.5
India	279.4	232.6	-16.8	Re-exports	516.1	-3.9	611.0	18.4
Iraq	357.7	212.3	-40.6	Imports	9,791.5	-9.3	9,050.0	-7.6
Kuwait	109.4	163.7	49.6	Trade Balance	-6,109.7	-11.0	-5,509.6	-9.8
UAE	151.0	147.2	-2.5	Source: Department of Statistics.				
Qatar	68.4	83.9	22.7					
Imports								
China	1,245.0	1,269.4	2.0					
Saudi Arabia	1,589.7	1,033.1	-35.0					
USA	606.3	610.3	0.7					
Italy	359.6	424.3	17.9					
Germany	466.3	400.4	-14.1					
UAE	385.8	360.5	-6.5					
Turkey	335.9	325.8	-3.0					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports decreased by 3.8 percent in the first eight months of 2016, to record JD 3,540.4 million. This



decrease resulted from a decline in domestic exports by JD 236.3 million, or 7.5 percent, to reach JD 2,929.4 million, and the increase in re-exports by 18.4 percent, to reach JD 611.0 million.

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

- Exports of **Potash** decreased by JD 110.3 million, or 38.9 percent, to stand at JD 173.1 million. The Indian, Malaysian and Chinese markets accounted for 63.0 percent of these exports.
- Exports of **Vegetables** decreased by JD 37.3 million, or 15.3 percent, to reach JD 206.9 million. The UAE, Saudi and Kuwaiti markets were the main destinations of these exports, accounting for 64.0 percent.

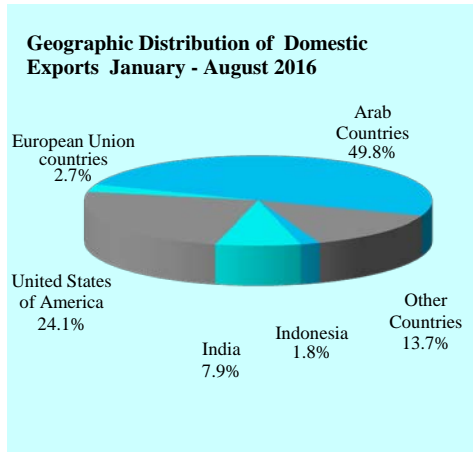
- Exports of **Phosphates** decreased by JD 14.6 million, or 6.3 percent, to register JD 215.6 million. This decrease was mainly a result of the decrease in prices by 12.4 percent and the increase in exported quantities by 6.9 percent. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 79.7 percent.
- Exports of **Medical & Pharmaceutical Products** increased by JD 44.3 million, or 17.7 percent, to reach JD 294.1 million. The markets of Saudi Arabia, Algeria, Iraq, and Sudan accounted for 56.7 percent of these exports.

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

	2015	2016	Percentage Change
Domestic Exports	3,165.7	2,929.4	-7.5
Clothes	661.8	682.3	3.1
USA	599.3	609.5	1.7
Medical & Pharmaceutical Products	249.8	294.1	17.7
Saudi Arabia	61.6	65.0	5.4
Algeria	28.2	44.8	58.8
Iraq	23.4	33.8	44.7
Sudan	25.2	23.2	-8.0
Phosphates	230.2	215.6	-6.3
India	154.1	135.7	-11.9
Indonesia	35.7	36.2	1.4
Vegetables	244.2	206.9	-15.3
UAE	45.4	46.8	3.1
Saudi Arabia	43.2	44.1	1.9
Kuwait	33.8	41.6	23.3
Potash	283.4	173.1	-38.9
India	75.9	48.1	-36.6
Malaysia	35.1	35.2	0.2
China	82.5	25.7	-68.8
Fertilizers	92.8	95.3	2.7
India	38.0	28.9	-23.9
Turkey	17.7	26.2	48.0
Iraq	8.2	23.7	190.9
Fruits and Nuts	115.0	93.7	-18.5
Saudi Arabia	37.2	27.1	-27.2
Kuwait	28.7	33.1	15.3
UAE	11.1	11.0	-0.9

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

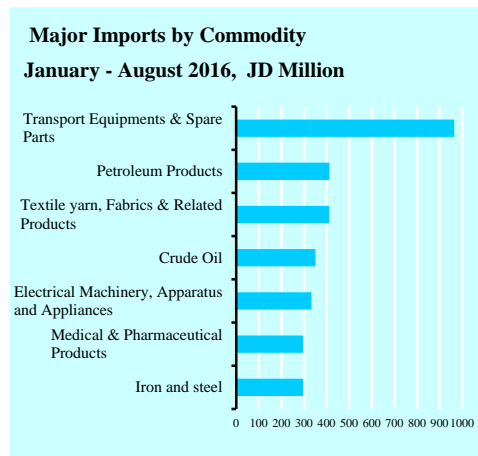


“fruits and nuts” topped the list of domestic exports in the first eight months of 2016; accounting for 60.1 percent of domestic exports, compared with 59.3 percent in the same period of 2015. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE and Qatar were the main destination markets for domestic exports in the first eight months of 2016; accounting for 68.7 percent of domestic exports, compared with 68.2 percent during the same period of 2015.

It’s worth mentioning that domestic exports to GCC countries increased by 1.6 percent during the first eight months of 2016, accounting for 31.5 percent of total domestic exports, compared with 28.7 percent during the same period of 2015.

■ **Merchandize Imports:**

Merchandize imports decreased by 7.6 percent to reach JD 9,050.0 million in the first eight months of 2016, compared to a decrease by 9.3 percent during the same period of 2015.



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

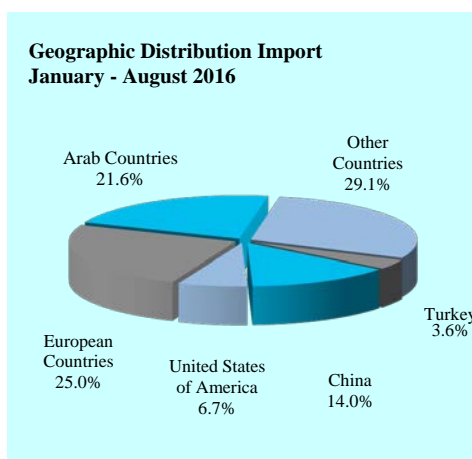
- **Petroleum Products** imports decreased by JD 386.0 million, or 48.3 percent, to reach JD 412.6 million. This decrease was mainly due to a decline in imported quantities and prices, in addition to the start of the Liquefied Natural Gas (LNG) terminal operations at the port of Aqaba, as the Kingdom’s imports of LNG reached by JD 347.4 million. The main source markets of petroleum products imports were Saudi Arabia, Italy, the UAE; accounting for 65.9 percent.
- **Crude oil** imports decreased by JD 345.9 million, or 49.6 percent, to reach 351.1 million. This decrease was mainly due to a decline in prices by 30.4 percent and in imported quantities by 27.7 percent compared to the same period of 2015. Noting that Crude oil imports came from the Saudi market.

- Transport Equipment and Spare Parts** imports increased by JD 98.9 million or 11.4 percent to reach JD 964.3 million. South Korea, Japan and the USA were the main origin markets for these imports; accounting for 59.0 percent.
- Electrical Machinery, Apparatus, and Appliances** imports increased by JD 59.8 million or 21.9 percent. The markets of China, Italy, and Turkey accounted for 44.4 percent of these imports.

Major Imports by Commodity, JD Million			
First eight months 2015-2016			
	2015	2016	Percentage Change
Total Imports	9,791.5	9,050.0	-7.6
Transport Equipment & Spare Parts	865.4	964.3	11.4
South Korea	183.1	203.2	11.0
Japan	186.7	201.3	7.8
USA	134.9	164.4	21.9
Petroleum Products	798.6	412.6	-48.3
Saudi Arabia	256.8	127.9	-50.2
Italy	50.7	86.8	71.2
UAE	22.6	57.2	153.1
Textile Yarn, Fabrics and Related Products	401.8	411.0	2.3
China	156.0	156.9	0.6
Taiwan	132.4	128.5	-2.9
Turkey	24.4	42.1	72.5
Crude oil	697.0	351.1	-49.6
Saudi Arabia	697.0	351.1	-49.6
Electrical Machinery, Apparatus & Appliances	273.5	333.3	21.9
China	75.6	91.5	21.0
Italy	16.5	29.2	77.0
Turkey	26.6	27.3	2.6
Medical & pharmaceutical products	260.2	296.6	14.0
Germany	32.5	38.6	18.8
USA	26.6	37.6	41.4
France	27.3	28.1	2.9
Iron and Steel	319.9	296.1	-7.4
China	119.9	93.9	-21.7
Iran	58.7	41.4	-29.5
Ukraine	19.0	33.5	76.3

Source: Department of Statistics.

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



crude oil, “electrical machinery apparatus and appliances”, “medical and pharmaceutical products” and “iron and steel” topped the list of imports in the first eight months of 2016, accounting for 33.9 percent of total imports; down from 36.9 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, the UAE, and Turkey were the main sources of imports in the first eight months of 2016; accounting for 48.9 percent of total imports, compared to 51.0 percent in the same period of 2015.

■ Re-Exports

The value of re-exported goods increased by JD 95.0 million, or 18.4 percent in the first eight months of 2016 compared to the same period of 2015, to reach JD 611.0 million.

■ Trade Balance

The trade balance deficit in the first eight months of 2016 decreased by JD 600.1 million, or 9.8 percent, to register JD 5,509.6 million, compared to the same period of 2015.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 12.3 percent in September 2016, compared to the same month of 2015 to register JD 217.1 million. As for the first nine months of 2016, total workers' remittances receipts decreased by 4.0 percent compared to the same period of 2015 to reach JD 1,964.3 million.

□ Travel

■ Receipts

Travel receipts increased by JD 31.3 million, or 11.6 percent, in September 2016, compared to the same month of 2015 to register JD 301.2 million. As for the first nine months of 2016, travel receipts decreased by JD 25.9 million or 1.2 percent compared to the same period of 2015 to reach JD 2,209.6 million.

■ Payments

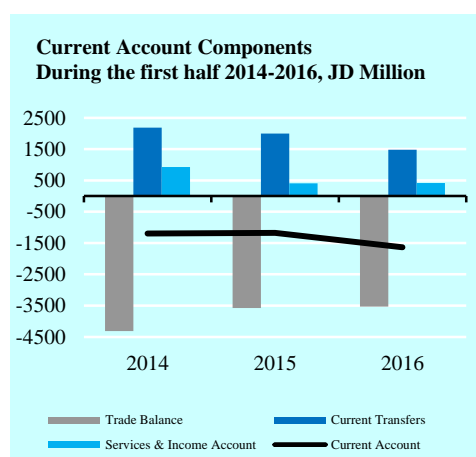
Travel payments increased by JD 12.0 million, or 16.4 percent, in September 2016, compared to the same month of 2015 to stand at JD 85.0 million. As for the first nine months of 2016, travel payments increased by JD 57.7 million or 8.6 percent compared to the same period of 2015 to reach JD 726.0 million.

□ Balance of Payments

The preliminary data of the balance of payments during the 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 1,441.7 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 half 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 half of 2015. This was an outcome of the decrease 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 half 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 a net 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 21,911.4 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.
 - ◆ An increase in the extended trade credits to non-residents by JD 82.2 million to reach JD 640.9 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.