



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 |

Contents

	Executive Summary	1
First	Monetary & Financial Sector	3
Second	Output, Prices and Employment	15
Third	Public Finance	23
Fourth	External Sector	39

Executive Summary

□ Output, Prices and Employment

Real GDP at market prices grew by 2.0 percent during 2019, compared to a growth rate of 1.9 percent during 2018. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first quarter of 2020 by 1.9 percent, compared to a rise of 1.2 percent during the same quarter of 2019. Furthermore, the unemployment rate increased during 2019 to stand at 19.0 percent, compared to 18.6 percent during 2018.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,563.2 million at the end of the first quarter of 2020. This level of reserves covers around 8.1 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 35,685.4 million at the end of the first quarter of 2020, compared to JD 34,969.7 million at the end of 2019.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 27,636.5 million at the end of the first quarter of 2020, compared to JD 27,079.7 million at the end of 2019.
- Total deposits at licensed banks amounted to JD 35,323.5 million at the end of the first quarter of 2020, compared to JD 35,305.3 million at the end of 2019.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,668.2 points at the end of the first quarter of 2020, compared to 1,815.2 points at the end of 2019.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 106.2 million (-2.0 percent of GDP) during the first two months of 2020, comparing to a fiscal deficit of JD 123.0 million (-2.4 percent of GDP) during the same period of 2019. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 129.4 million at the end of February 2020, compared to its level at the end of 2019, to reach JD 17,867.4 million (57.1 percent of GDP). However, outstanding external public debt (budget and guaranteed) went down by JD 38.4 million at the end of February 2020, compared to its level at the end of 2019, to stand at JD 12,299.8 million (39.3 percent of GDP). Accordingly, gross outstanding public debt (domestic and external) rose by JD 91.0 million to reach JD 30,167.2 million at the end of February 2020 (96.5 percent of GDP), compared to JD 30,076.2 million (96.7 percent of GDP) at the end of 2019.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 14.5 percent during the first two months of 2020 to reach JD 986.6 million. Meanwhile, merchandize imports decreased by 1.8 percent to reach JD 2,202.2 million. As a result, the trade balance deficit decreased by 12.0 percent compared to the same period of 2019, to reach JD 1,215.6 million. The preliminary data for the first quarter of 2020 showed a decrease in travel receipts by 10.7 percent and a decrease in travel payments by 16.6 percent compared to the same period of 2019. Moreover, total workers' remittances receipts decreased by 5.4 percent during the first quarter of 2020 compared to the same period of 2019. The preliminary data for the balance of payments during 2019 displayed a deficit in the current account amounted to JD 873.2 million (2.8 percent of GDP) compared to a deficit of JD 2,103.6 million (7.0 percent of GDP) during 2018. Meanwhile, the current account deficit excluding grants decreased to reach 5.8 percent of GDP compared with 10.6 percent of GDP during 2018. Moreover, net direct investment recorded a net inflow of JD 621.0 million during the 2019 compared to a net inflow of JD 683.4 million during the 2018. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,944.6 million at the end of the 2019 up from JD 32,149.6 million at the end of 2018.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,563.2 million at the end of the first quarter of 2020. This level of reserves covers around 8.1 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 35,685.4 million at the end of the first quarter of 2020, compared to JD 34,969.7 million at the end of 2019.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 27,636.5 million at the end of the first quarter of 2020, compared to JD 27,079.7 million at the end of 2019.
- Total deposits at licensed banks amounted to JD 35,323.5 million at the end of the first quarter of 2020, compared to JD 35,305.3 million at the end of 2019.
- The interest rates on all types of deposits held by the licensed banks had decreased at the end of February 2020, compared to their levels at the end of 2019. Also, the interest rates on all types of credit facilities extended by the licensed banks had decreased at the end of February 2020, compared to their levels at the end of 2019.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,668.2 points at the end of the first quarter of 2020, compared to 1,815.2 points at the end of 2019. Moreover, the market capitalization reached JD 13,137.6 million at the end of the first quarter 2020, compared to JD 14,914.8 million at the end of 2019.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

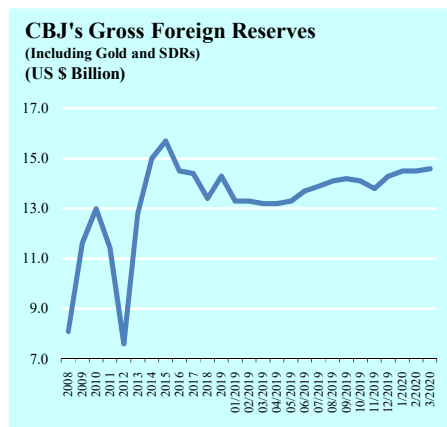
	2019	End of March	
		2019	2020
US\$ 14,329.3	CBJ's Foreign Reserves*	US\$ 13,241.3	US\$ 14,563.2
7.0%		-1.1%	1.6%
34,969.7	Money Supply (M2)	33,258.8	35,685.4
4.8%		-0.3%	2.0%
27,079.7	Credit Facilities, of which:	26,352.3	27,636.5
3.7%		0.9%	2.1%
23,996.2	Private Sector (Resident)	23,297.5	24,537.7
4.3%		1.2%	2.3%
35,305.3	Total Deposits, of which:	33,754.5	35,323.5
4.3%		-0.3%	0.1%
27,107.3	In JD	25,680.3	26,825.7
5.6%		0.1%	-1.0%
8,198.0	In Foreign Currencies	8,074.2	8,497.9
0.2%		-1.3%	3.7%
28,292.1	Deposits of Private Sector (Resident), of which:	27,154.5	28,554.5
5.0%		0.8%	0.9%
22,130.5	In JD	21,131.9	22,195.1
6.2%		1.4%	0.3%
6,161.6	In Foreign Currencies	6,022.6	6,359.4
1.0%		-1.2%	3.2%

* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Reserves

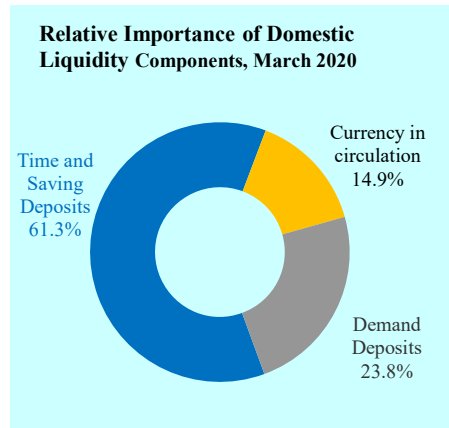
The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,563.2 million at the end of the first quarter of 2020. This level of reserves covers around 8.1 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

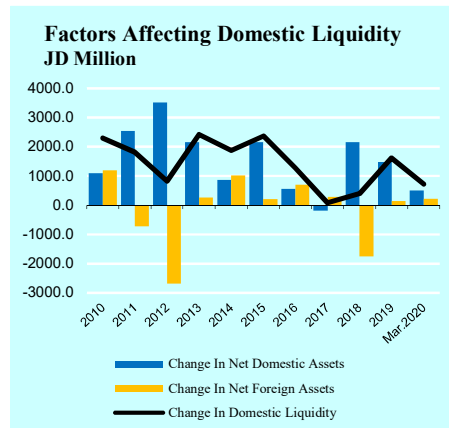
- Domestic liquidity amounted to JD 35.7 billion at the end of the first quarter of 2020, compared to JD 35.0 billion at the end of 2019.
- ◆ **Developments in the components and the factors affecting domestic liquidity at the end of the first quarter of 2020, compared to their levels at the end of 2019, reveal the following:**
 - **Components of Domestic Liquidity**
 - Total liquidity deposits amounted to JD 30.4 billion at the end of the first quarter of 2020, compared to JD 28.9 billion at the end of the first quarter of 2019, and JD 30.3 billion at the end of 2019.

- Currency in circulation amounted to JD 5.3 billion at the end of the first quarter of 2020, compared with JD 4.3 billion at the end of the first quarter of 2019, and JD 4.6 billion at the end of 2019.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 28.0 billion at the end of the first quarter of 2020, compared to JD 26.2 billion at the end of the first quarter of 2019, and JD 27.5 billion at the end of 2019.



- Net foreign assets of the banking system amounted to JD 7.7 billion at the end of the first quarter of 2020, compared to JD 7.1 billion at the end of the first quarter of 2019, and JD 7.5 billion at the end of 2019. The net foreign assets of the CBJ amounted to JD 10.1 billion at the end of the first quarter of 2020.

Factors Affecting Domestic Liquidity (M2)

JD Million

		End of March	
2019		2019	2020
7,506.9	Foreign Assets (Net)	7,093.0	7,724.5
9,974.9	CBJ	9,086.8	10,125.9
-2,468.0	Licensed Banks	-1,993.8	-2,401.4
27,462.8	Domestic Assets (Net)	26,165.8	27,960.9
-4,810.9	CBJ, of which:	-4,265.5	-3,645.5
570.3	Claims on Public Sector (Net)	511.5	242.7
-5,404.1	Other Items (Net*)	-4,799.6	-3,911.1
32,273.5	Licensed Banks	30,431.3	31,606.4
11,335.3	Claims on Public Sector (Net)	10,521.9	11,526.6
24,724.3	Claims on Private Sector	23,988.5	25,270.9
-3,786.1	Other Items (Net)	-4,079.1	-5,191.0
34,969.7	Money Supply (M2)	33,258.8	35,685.4
4,631.0	Currency in Circulation	4,317.1	5,318.8
30,338.7	Total Deposits, of which:	28,941.7	30,366.6
6,237.6	In Foreign Currencies	6,094.4	6,455.8

* 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 and CBJ’s procedures

◆ The CBJ cut its monetary policy interest rates twice during March 2020. On March 5, the CBJ cut the interest rates on all its instruments by 50 basis points. Moreover, on March 16, the CBJ cut the

2019		March	
		2019	2020
4.00	CBJ main rate	4.75	2.50
5.00	Re-discount Rate	5.75	3.50
4.75	Repurchase Agreements Rate (overnight)	5.50	3.25
3.25	Overnight Deposit Window Rate	4.00	2.00
4.00	Repurchase Agreements rate (one week and one month)	4.75	2.50
4.00	Certificates of Deposits (one week)	4.75	2.50

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

overnight deposit window rate by 75 basis points, and by 100 basis points on the other policy rates, to become as follows:

- The CBJ main interest rate: 2.50 percent.
- Re-discount Rate: 3.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.25 percent.
- Overnight Deposit Window Rate: 2.00 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.
- The interest rate on weekly certificates of deposit: 2.50 percent.

In addition, the CBJ has decided to cut the Required Reserve Ratio (RRR) on the deposits held by banks from 7% to 5%, which will provide additional liquidity to banks in the amount of JD 550 million.

The CBJ has also conducted repurchase agreements (REPO) with commercial banks by JD 500 million, with maturity up to one year.

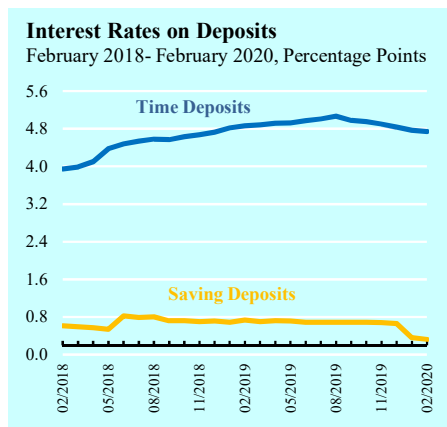
Moreover, the CBJ has introduced financing program to support SMEs companies, by a total amount of JD 500 million, and with a customer lending rate by 2%.

These set of procedures aimed to contain the repercussions of the “emerging COVID-19 virus” impact on the national economy. Also, these measures aimed to reduce the financing costs to all economic sectors and to ensure the continuity of economic activity and recovery after the crisis.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits decreased by 3 basis points at the end of February 2020, compared to its level in the previous month, to stand at 4.74 percent. This rate is lower by 10 basis points than its level at the end of 2019.



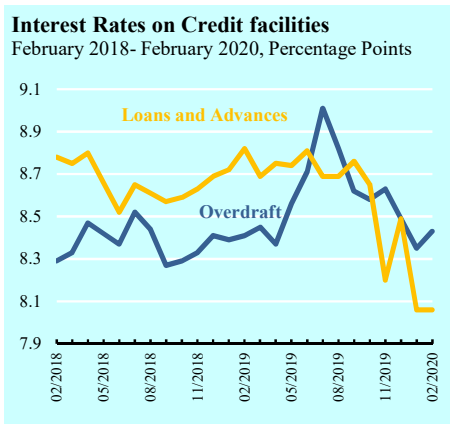
- **Saving Deposits:** The weighted average interest rate on saving deposits decreased by 4 basis points at the end of February 2020, compared to its level in the previous month, to stand at 0.32 percent. This rate is lower by 34 basis points than its level at the end of 2019.
- **Demand Deposits:** The weighted average interest rate on demand deposits decreased by 4 basis points at the end of February 2020, compared to its level in the previous month, to stand at 0.42 percent. This rate is lower by two basis points than its level at the end of 2019.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 8 basis points at the end of February 2020, compared to its level in the previous month, to stand at 8.43 percent. This rate is lower by 6 basis points than its level at the end of 2019.

- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 15 basis points at the end of February 2020, compared to its level in the previous month, to stand at 8.51 percent. This rate is lower by 104 basis points than its level at the end of 2019

- **Loans and Advances:** The weighted average interest rate on “loans and advances” at the end of February 2020, maintained the same level as the previous month, to stand at 8.06 percent. This level is lower by 43 basis points than its level at the end of 2019.



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

2019	February		Change Relative to the Preceding Year Basis Points	
	2019	2020		
Deposits				
0.44	Demand	0.36	0.42	-2
0.66	Saving	0.73	0.32	-34
4.84	Time	4.86	4.74	-10
Credit Facilities				
9.55	Discounted Bills and Bonds	8.87	8.51	-104
8.49	Loans and Advances	8.82	8.06	-43
8.49	Overdraft	8.41	8.43	-6
9.33	Prime Lending Rate	9.79	9.31	-2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The prime lending rate stood at 9.31 percent at the end of February 2020, this level is lower by two basis point than its level at the previous month, and at the end of 2019.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 556.7 million, or 2.1 percent, during the first quarter of 2020, against an increase by JD 240.5 million, or 0.9 percent, during the same period in 2019.
- In terms of borrower sectors, the credit facilities at the end of the first quarter of 2020 had shown an increase in credit extended to the private sector (resident) by JD 541.5 million, or 2.3 percent, the non-banking financial institutions by JD 100.2 million, and public institutions by JD 31.7 million, or 6.3 percent. In contrast, the credit facilities extended to the central government decreased by JD 83.2 million, or 4.4 percent, and the private sector (non-resident) by JD 33.4 million, or 5.0 percent, compared to their levels at the end of 2019.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 35,323.5 million at the end of the first quarter of 2020, increasing by JD 18.2 million, or 0.1 percent, compared to its level at the end of 2019, against a decrease of JD 93.6 million, or 0.3 percent, during the same period in 2019.
- The currency composition of deposits at the end of the first quarter of 2020 revealed that the JD deposits amounted to JD 26.8 billion, and the deposits in foreign currencies amounted to JD 8.5 billion, compared to JD 25.7 billion of JD deposits, and JD 8.1 billion of deposits in foreign currency at the end of the same period in 2019, and JD 27.1 billion of JD deposits, and JD 8.2 billion in deposit in foreign currency at the end 2019.

□ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during the first quarter of 2020. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 57.0 million in March 2020, decreasing by JD 65.3 million, or 53.4 percent, compared to its level registered in the previous month, against an increase by JD 68.7 million, or 70.7 percent, during the same month in 2019. As for the first quarter of 2020, the trading volume decreased by JD 69.6 million, compared to the same period in 2019, to reach JD 284.4 million.

■ Traded Shares

The number of traded shares in March 2020 totaled 52.3 million shares, decreasing by 63.5 million shares, or 54.9 percent, compared to its level registered in the previous month, against an increase by 22.7 million shares, during the same month in 2019. As for the first quarter of 2020, the number of traded shares amounted to 261.2 million shares, compared to 294.4 million shares during the same period in 2019.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreased by 167.4 points, or 9.1 percent, at the end of March 2020, compared to its level in the previous month, to stand at 1,668.2 points, against a

decrease by 77.8 points, or 3.9 percent, during the same month in 2019. Furthermore, the SPI decreased by 147.0 points, or 8.1 percent, at the end of the first quarter of 2020, compared to its level at the end of 2019, against an increase in 5.5 points or 0.3 percent at the same period in 2019. The aforementioned decrease was an outcome of the decrease in the SPI of the financial and services sectors by 253.9 points, or 10.4 percent, and 78.6 points, or 6.1 percent, respectively, and the increase in the SPI of the industrial sector by 2.5 points, or 0.1 percent, compared to their levels at the end of 2019.

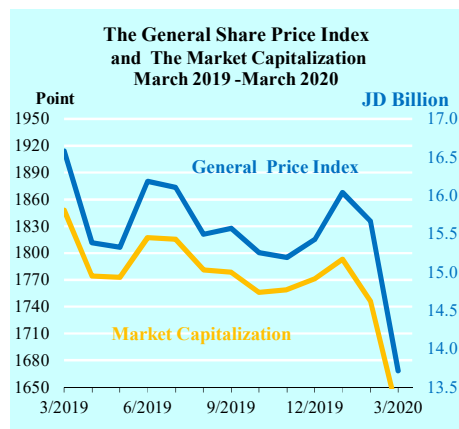
■ Market Capitalization

The ASE's market capitalization totaled JD 13.1 billion at the end of March 2020, decreasing by JD 1,483.7 million, or 10.1 percent, compared to its level registered in the previous month, against an increase by JD 733.7 million, or 4.4

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

		March	
2019	General Index	2019	2020
2,450.0	Financial Sector	2,660.7	2,196.1
1,857.0	Industrial Sector	1,847.2	1,859.5
1,293.0	Services Sector	1,288.7	1,214.5

Source: Amman Stock Exchange.



percent, during the same month in 2019. As for the first quarter of 2020, the market capitalization decreased by JD 1,777.2 million, or 11.9 percent, against an increase by JD 312.8 million, or 1.9 percent, during the same period in the previous year.

■ Non - Jordanian Net Investment

Non - Jordanian net investment at ASE recorded an outflow amounted of JD 4.7 million in March 2020, compared to an outflow by JD 40.6 million during the same month in 2019. The value of shares buying by non-Jordanian in March 2020 amounted to JD 5.1 million, while their selling amounted to JD 9.8 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
		March	
2019		2019	2020
1,585.4	Value Traded	165.9	57.0
6.4	Average Daily Trading	7.9	4.8
14,914.8	Market Capitalization	15,809.9	13,137.6
1,247.2	No. of Traded Shares (million)	103.2	52.3
114.1	Net Investment of Non-Jordanian	-40.6	-4.7
528.7	Non-Jordanian Buying	47.6	5.1
414.6	Non-Jordanian Selling	88.2	9.8

Source: Amman Stock Exchange.

The Non-Jordanian net investment during the first quarter 2020 recorded an outflow amounting to JD 35.5 million, compared to an outflow of JD 42.3 million during the same period in 2019.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.1 percent during the fourth quarter of 2019, against 1.8 percent during the same quarter of 2018. At current market prices, GDP grew by 4.1 percent during the fourth quarter of 2019, compared to 3.6 percent during the same quarter of 2018.
- Accordingly, the real GDP grew by 2.0 percent during 2019, against 1.9 percent during 2018. At current market prices, GDP grew by 3.7 percent during 2019, maintaining same growth rate achieved during 2018.
- The general price level, measured by the percentage change in the CPI, increased during the first quarter of 2020 by 1.9 percent, compared to a rise of 1.2 percent during the same quarter of 2019.
- The unemployment rate increased during 2019 to stand at 19.0 percent (17.0 percent for males and 27.0 percent for females), compared to 18.6 percent (16.5 percent for males and 26.8 percent for females) during 2018. The highest unemployment rate among youth reached 48.3 percent for those between 15-19 years old, and 39.2 percent for those between 20-24 years old.

□ Developments of GDP

- Gross domestic product (GDP), at constant market prices grew by 2.0 percent during 2019, compared to 1.9 percent during 2018. When excluding “net taxes on products” (which witnessed a slowdown in its performance, growing by 0.6 during 2019 compared to 1.2 percent during 2018) GDP, at constant basic prices, grew by 2.1 percent during 2019, compared to 2.0 during 2018.

Quarterly Growth Rates of GDP at Market Prices (2017 – 2019)

Percentages

	Q1	Q2	Q3	Q4	Year
2017					
GDP at Constant Prices	2.5	2.3	1.9	1.9	2.1
GDP at Current Prices	4.3	3.5	4.0	3.7	3.9
2018					
GDP at Constant Prices	1.9	2.1	2.0	1.8	1.9
GDP at Current Prices	4.0	3.9	3.5	3.6	3.7
2019					
GDP at Constant Prices	2.0	1.8	1.9	.21	2.0
GDP at Current Prices	3.9	3.3	3.5	4.1	3.7

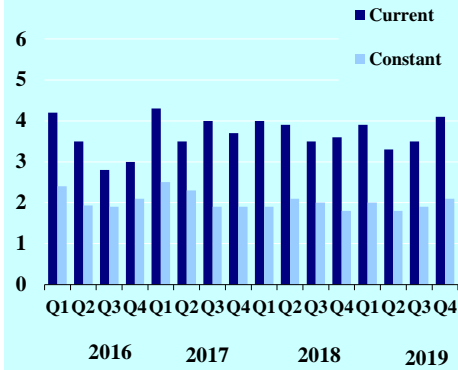
Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2019, maintaining same growth rate achieved during 2018. This comes in light of the growth of the general price level, measured by the GDP deflator, by 1.7 percent during 2019 compared to 1.8 percent during 2018.

The main sectors that contributed to the real economic growth during 2019 include: “real estate” (0.4 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point) “producers of government services” (0.3 percentage point), manufacturing (0.2 percentage point), and “social and personal services” (0.2 percentage point). These sectors collectively accounted for 85.0 percent of the real GDP growth rate during 2019.

The economic sectors displayed a divergent performance during 2019. Some sectors recorded accelerated growth, such as “mining and quarrying”, “restaurant and hotels”, “finance and insurance services”, “producers of government services”. “Meanwhile, agriculture, manufacturing, “electricity and water”, “social and personal services”, and “wholesale and retail trade”, experienced a slowdown. On the other hand, the construction sector continued to witness contraction in its performance.

Quarterly Growth Rates of GDP at Market Prices (2016- 2019), %



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution	
	2018 Jan-Sep	2019 Jan-Sep	2018 Jan-Sep Percentage Point	2019 Jan-Sep Percentage Point
GDP at Constant Market Prices	1.9	2.0	1.9	2.0
Agriculture	3.2	2.6	0.2	0.1
Mining And Quarrying	0.5	5.5	-	0.1
Manufacturing	1.4	1.2	0.3	0.2
Electricity And Water	2.2	1.8	0.1	0.1
Construction	-0.3	-0.4	-	-
Wholesale And Retail Trade	1.3	1.0	0.1	0.1
Restaurant And Hotels	1.0	1.2	-	-
Transport, Storage And Communications	3.2	3.2	0.3	0.3
Finance And Insurance Services	3.4	3.6	0.3	0.3
Real Estate	2.5	2.5	0.4	0.4
Social And Personal Services	3.8	3.3	0.2	0.2
Producers of Government Services	1.1	2.1	0.1	0.3
Producers of Private Non-Profit	2.7	2.6	-	-
Domestic Services of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators of the available period displayed a divergent performance. Some indicators recorded a growth, such as; “production of phosphate” (17.6 percent). However, other indicators showed a contraction, particularly; “licensed areas for buildings” (21.4 percent), “value traded at the real estate market” (16.1 percent) and “manufacturing production quantity index” (15.1 percent). The following table displays the performance of the main sectoral indicators during the available period.

Main Sectoral Indicators*

Percentage Points

2018	2019	Item	2019	Available period	2020
-21.5	-35.1	Licensed areas for buildings	-43.7	Jan	-21.4
-7.0	-6.9	Manufacturing production quantity index	-4.4		-15.1
-12.7	5.6	Food products and beverages	-		-
-7.2	7.8	Tobacco products	-		-
-16.9	-20.8	Refined petroleum products	-		-
-4.3	-7.1	Wearing apparel	-		-
-5.6	-7.2	Non-metallic mineral products	-		-
27.7	14.3	Chemical products	-		-
0.5	5.5	“Mining and quarrying” production quantity index	7.8		-2.5
-6.2	2.9	Extraction of crude petroleum and natural gas	-		
0.6	5.5	Other mining and quarrying	-		
3.8	1.2	Number of passengers through Royal Jordanian	2.1	Jan-Feb	-5.9
10.6	-16.4	Cargo through Royal Jordanian	-8.5		-5.0
7.4	14.5	Number of departures	16.1		7.2
-13.1	-12.0	Value traded at the real estate market	-23.9		-16.1
-7.8	13.8	Production of phosphate	3.4		17.6

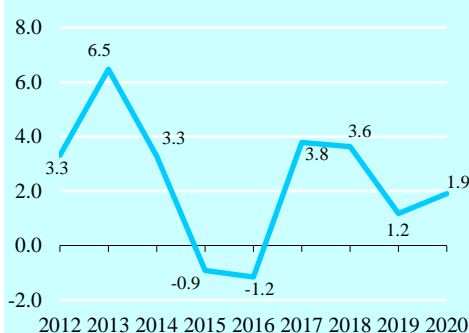
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in CPI, increased by 1.9 percent during the first quarter of 2020, compared to a rise of 1.2 percent during the same quarter of 2019. It should be pointed out that the Department of Statistics has recently modified the CPI base year to become 2018 instead of 2010. The inflation rate during the first quarter of 2020 was an outcome of the following:

- The increase in the prices of some items and groups, notably:
 - “fruits and nuts” prices increased by 7.1 percent, compared to a contraction of 4.7 percent during the first quarter of 2019.
 - Transportation prices increased by 3.9 percent, compared to a rise of 0.4 percent during the first quarter of 2019.

Inflation Rate during first two quarter of the years (2012-2020),%



Inflation Rate During first quarter of 2019-2020

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2019	2020	2019	2020
All Items	100.0	1.2	1.9	1.2	1.9
1) Food and non-Alcoholic Beverages	26.5	1.0	2.9	0.3	0.8
Food	23.8	1.0	3.2	0.2	0.8
Cereals and Products	4.2	6.0	1.3	0.2	0.1
Meat and Poultry	4.7	-5.6	5.5	-0.3	0.3
Fish and Sea Product	0.4	-1.8	1.0	0.0	0.0
Dairy Products and Eggs	3.7	-2.2	3.5	-0.1	0.1
Oil and Fats	1.7	2.8	-1.6	0.0	0.0
Fruits and Nuts	2.6	-4.7	7.1	-0.1	0.2
Vegetables and Legumes Dry and Canned	3.0	12.3	4.6	0.3	0.1
2) Alcohol and Tobacco and Cigarettes	4.4	-0.1	-2.0	0.0	-0.1
Alcohol	0.0	0.4	0.1	0.0	0.0
Tobacco and Cigarettes	4.4	-0.1	-2.0	0.0	-0.1
3) Clothing and footwear	4.1	-2.5	-0.3	-0.1	0.0
4) Housing	23.8	1.8	1.0	0.4	0.2
Rents	17.5	1.9	1.2	0.3	0.2
Fuels and Lighting	4.7	1.5	0.3	0.1	0.0
5) Household Furnishings and Equipment	4.9	1.1	0.8	0.1	0.0
6) Health	4.0	2.8	1.1	0.1	0.0
7) Transportation	16.0	0.4	3.9	0.1	0.6
8) Communication	2.8	0.0	0.0	0.0	0.0
9) Culture and Recreation	2.6	-3.2	3.3	-0.1	0.1
10) Education	4.3	7.0	2.8	0.3	0.1
11) Restaurants and Hotels	1.8	3.7	0.9	0.1	0.0
12) Other Goods and Services	4.8	0.2	1.3	0.0	0.1

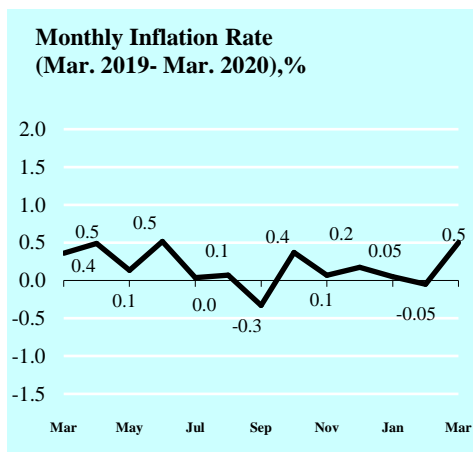
Source: Department of Statistics.

- Housing prices increased by 1.0 percent compared to a rise of 1.8 percent during the first quarter of 2019. This increase was in light of the increase in the price of rents item by 1.2 percent compared to an increase of 1.9 percent during the first quarter of 2019.
- Education prices increased by 2.8 percent compared to a rise of 7.0 percent during the first quarter of 2019.

The above groups and items collectively contributed to the inflation rate during the first quarter of 2020 by 1.1 percentage point.

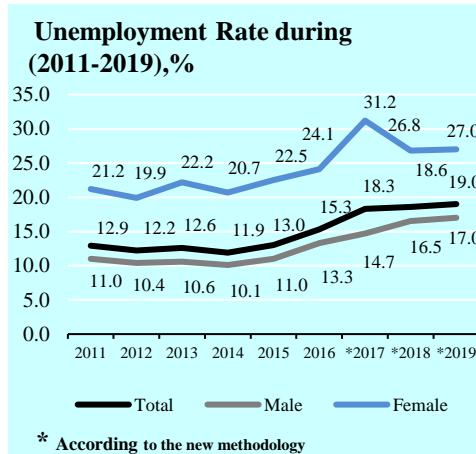
- The decrease in the prices of some items and groups, notably, “oil and fats” (1.6 percent), “clothing and footwear” (0.3 percent), “tobacco and cigarettes” (2.0 percent). These groups and items contributed to the decline in the inflation rate during the first quarter of 2020 by 0.1 percentage point

In March 2020, the CPI witnessed an increase compared to February 2020 by 0.5 percent. This was an outcome of the increase in the prices of some items and groups, mainly, “Vegetables and Legumes Dry and Canned” (7.6 percent) and “Meat and Poultry” (5.8 percent), and the decrease in the prices of some items and groups, notably, Transportation (1.1 percent) and Housing (0.3 percent).



■ Labor Market

■ The unemployment rate reached 19.0 percent (17.0 percent for males, and 27.0 percent for females) during 2019, compared to 18.6 percent (16.5 percent for males and 26.8 percent for females) during 2018.



- The un rate among youth remains high at 48.3 percent for the category (15-19) years old, and 39.2 percent for the category (20-24) years old during 2019.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 24.5 percent during 2019.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.3 percent (54.0 percent for males, and 14.0 percent for females), compared to 36.2 percent (56.9 percent for males and 15.9 percent for females) during 2018.
- The employment rate among population. (15 years and olders) reached 27.8 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 106.2 million (-2.0 percent of GDP) during the first two months of 2020, comparing to a fiscal deficit of JD 123.0 million (-2.4 percent of GDP) during the same period of 2019. When excluding foreign grants (JD 65.3 million), the general budget deficit increase to reach JD 171.4 million (-3.3 percent of GDP), compared to a deficit of JD 161.0 million (-3.1 percent of GDP) in the same period of 2019.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 129.4 million at the end of February 2020, compared to its level at the end of 2019, to reach JD 17,867.4 million (57.1 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 38.4 million at the end of February 2020, compared to its level at the end of 2019, to stand at JD 12,299.8 million (39.3 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 91.0 million to reach JD 30,167.2 million at the end of February 2020 (96.5 percent of GDP), compared to JD 30,076.2 million (96.7 percent of GDP) at the end of 2019.
- Central government banks deposits decreased by JD 65.8 million at the end of February 2020, compared to the end of 2019, to reach JD 1,212.3 million.
- Accordingly, net outstanding domestic public debt increased by JD 195.2 million to reach JD 16,655.1 million (53.3 percent of GDP) at the end of February 2020. Moreover, net outstanding public debt increased by JD 156.8 million to reach JD 28,954.9 million (92.6 percent of GDP).

□ **The performance of the general budget during the first two months of 2020 compared with the same period of 2019:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 22.4 million, or 4.7 percent, in February 2020 compared to the same month in 2019, to stand at JD 494.0 million. As for the first two months of 2020, public revenue went up by JD 45.0 million, or 3.9 percent, compared to the same period in 2019 to stand at JD 1,199.1 million. This came as an outcome of the increase in foreign grants by JD 27.3 million, and the increase in domestic revenues by JD 17.7 million.

Main Government Budget Indicators during the first two months of 2020:

(JD Million and Percentages)

	February		Growth Rate	Jan. – Feb.		Growth Rate
	2019	2020		2019	2020	
Total Revenues and Grants	471.6	494.0	4.7	1,154.1	1,199.1	3.9
Domestic Revenues, of which:	458.9	488.0	6.3	1,116.1	1,133.8	1.6
Tax Revenues, of which:	279.7	379.9	35.8	768.3	885.1	15.2
General Sales Tax	204.7	283.9	38.7	506.5	608.3	20.1
Other Revenues	178.3	107.5	-39.7	346.6	247.8	-28.5
Foreign Grants	12.8	6.0	-53.1	38.0	65.3	71.8
Total Expenditures, of which:	680.7	705.9	3.7	1,277.1	1,305.2	2.2
Current Expenditures	637.4	690.5	8.3	1,230.4	1,285.8	4.5
Capital Expenditures	43.3	15.4	-64.4	46.7	19.5	-58.2
Overall Deficit/ Surplus (Including Grants)	-209.1	-211.9	-	-123.0	-106.2	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-2.4	-2.0	-

Source: Ministry of Finance/ General Government Finance Bulletin.

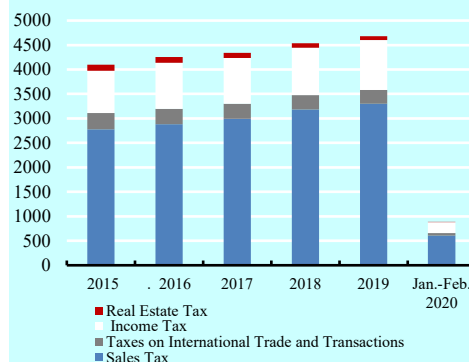
◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 17.7 million, or 1.6 percent, in the first two months of 2020 compared to the same period of 2019 to reach JD 1,133.8 million. This increase was an outcome of

the rise in tax revenues by JD 116.8 million, and the drop in the proceeds of “other revenues” and “pension contributions” by JD 98.8 million, and JD 0.2 million, respectively.

Tax Revenue Structure

(2015-2019) and the first two months of 2020, JD Million

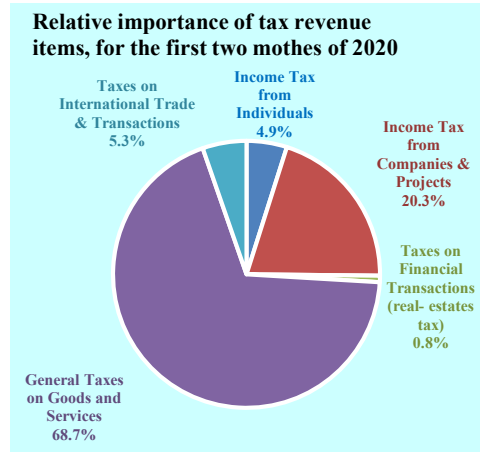


- **Tax Revenues**

Tax revenues increased by JD 116.8 million, or 15.2 percent, during the first two months of 2020 compared to the same period of 2019 to reach JD 885.1 million (78.1 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 101.8 million, or 20.1 percent, to reach JD 608.3 million, accounting for 68.7 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on commercial sector by JD 58.5 million, and on domestic goods by JD 55.1 million. However, the proceeds of sales tax on imported goods were down by JD 10.6 million, and on services by JD 1.3 million.
- An increase in the proceeds of **income and profit taxes** by JD 24.1 million, or 12.1 percent, to reach JD 222.8 million, accounting for 25.2 percent of total tax revenues. This increase was a result of the rise in the proceeds of taxes on companies and projects by JD 22.0 million, or 14.0 percent, to account for 80.5 percent of total proceeds of income and profits taxes, amounting to JD 179.4 million. The proceeds of “income taxes on individuals” increased by JD 2.0 million, or 4.8 percent, to reach JD 43.3 million

- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 3.1 million, or 6.2 percent, to reach JD 47.1 million.



- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 5.9 million, or 46.1 percent, to reach JD 6.9 million.

● Non-Tax Revenues

- “Other revenues” decreased by JD 98.8 million, or 28.5 percent, in the first two months of 2020 to reach JD 247.8 million. This decrease was chiefly due to the following:
 - A decrease in miscellaneous revenues by JD 99.5 million to stand at JD 69.4 million.
 - A decrease in revenues from selling goods and services by JD 16.1 million to reach JD 123.2 million.
 - An increase in the property income by JD 16.7 million to stand at JD 55.2 million (of which financial surplus of independent government units amounted to JD 51.5 million against JD 35.6 million during the same period of 2019).
- Pension contributions witnessed a decrease of JD 0.2 million, in the first two months of 2020 compared to the same period of 2019, standing at JD 1.0 million.

◆ Foreign Grants

Foreign grants increased by JD 27.3 million, or 71.8 percent, in the first two months of 2020, standing at JD 65.3 million compared to JD 38.0 million during the same period of 2019.

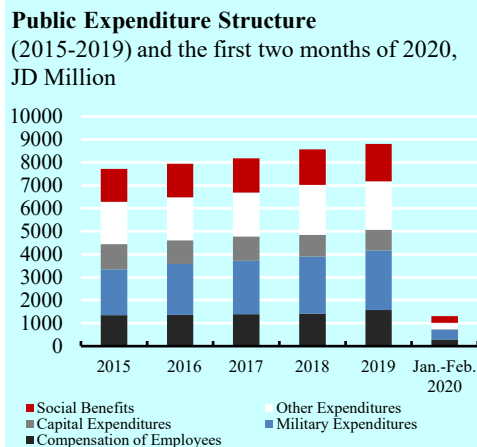
■ Public Expenditures

Public expenditures increased by JD 25.2 million, or 3.7 percent, in February 2020 compared to the same month in 2019, to stand at JD 705.9 million. As for the first two months of 2020, public expenditures increased by JD 28.1 million, or 2.2 percent, compared to the same period in 2019 to stand at JD 1,305.2

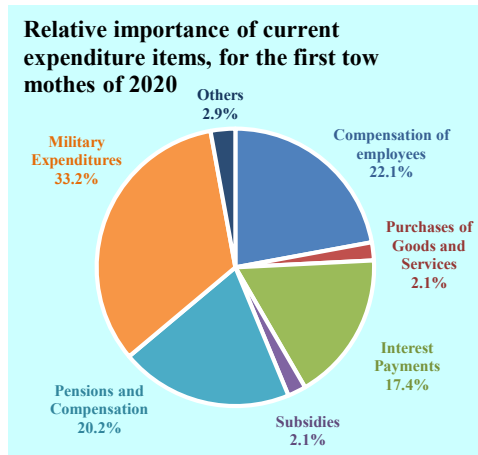
million. This increase was a result of the rise in current expenditures by 4.5 percent, and the drop in capital expenditures by 58.2 percent

◆ Current Expenditures

Current expenditures went up by JD 55.4 million, or 4.5 percent, in the first two months of 2020 to reach JD 1,285.8 million (98.5 percent of public expenditures). Because of the rise of current expenditures is higher than that of domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased to 88.2 percent, against 90.7 percent during the same period of 2019. The increase in current expenditures is due to the evolution of its components, as follow:



- An increase in the compensation of civil sector’s employees (wages, salaries and social security contributions) by JD 36.5 million, to reach JD 284.2 million.
- An increase in pensions and compensation by JD 32.8 million, to stand at JD 259.0 million.
- An increase in interest payments (commitment basis) by JD 20.2 million, to stand at JD 224.0 million.
- An increase in military expenditures by JD 13.2 million, to total JD 427.2 million.
- An increase in subsidies by JD 2.6 million, to stand at JD 27.4 million.
- A decrease in the purchases of goods and services by JD 13.0 million, to reach JD 27.0 million.



◆ **Capital Expenditures**

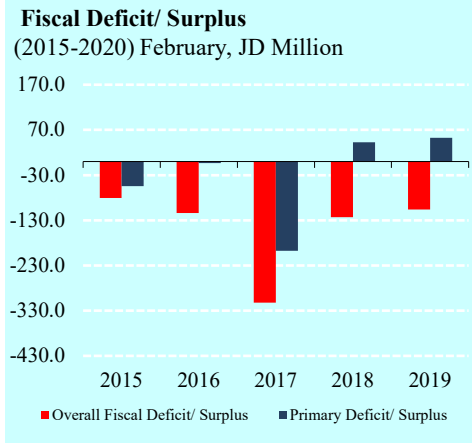
Capital expenditures decreased by JD 27.2 million, or 58.2 percent, during the first two months of 2020 compared to the same period of 2019, to reach JD 19.5 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 106.2 million during the first two months of 2020, compared to a fiscal deficit of JD 123.0 million during the same

period of 2019. As a percent of GDP, the budget deficit reached 2.0 percent compared to a budget deficit of 2.4 percent in the same period of 2019. When foreign grants are excluded, the general budget deficit increase to reach JD 171.4 million (-3.3 percent of GDP) during the first two months of 2020, compared to a fiscal deficit of JD 161.0 million (-3.1 percent of GDP) in the same period of 2019.

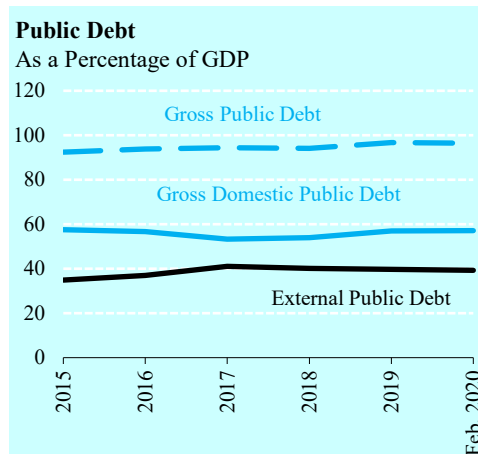
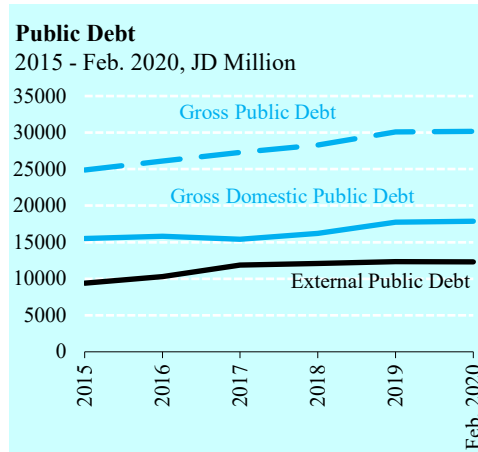
- ◆ The general budget, excluded foreign grants, recorded a primary surplus (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 52.6 million (1.0 percent of GDP) during the first two months of 2020, against a primary surplus of JD 42.8 million (0.8 percent of GDP) in the same period of 2019.
- ◆ When foreign grants are included, the primary surplus of the general budget reached JD 117.8 million (2.3 percent of GDP), compared to a primary surplus of JD 80.8 million (1.6 percent of GDP) in the same period of 2019.



Public Debt

Gross outstanding domestic public debt increased by JD 129.4 million, at the end of February 2020 compared to its level at the end of 2019, to stand at JD 17,867.4 million (57.1 percent of GDP compared to 57.0 percent of GDP at the end of 2019). This increase was a result of the rise in the domestic public debt of the general budget by JD 160.1 million, and the decrease in the domestic public debt of own-budget agencies by JD 30.7 million compared to their levels at the end of 2019, standing at JD 15,376.3 million and

JD 2,491.1 million, respectively. The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds by JD 160.0 million, compared to its level at the end of 2019 to reach JD 15,100.3 million, and the stability of the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved at the end of 2019 at JD 271.7 million. Moreover, the decrease in the domestic public debt of own-budget agencies was driven by the decrease in the loans and advances extended to these



agencies by JD 30.7 million, compared to their level at the end of 2019 to reach JD 1,953.1 million, and the stability of their bonds at its 2019 level, amounting to JD 538.0 million.

- The balance of the external public debt (budget and guaranteed) went down by JD 38.4 million at the end of February 2020, compared to its level at the end of 2019, to reach JD 12,299.8 million (39.3 percent of GDP compared to 39.7 percent of GDP at the end of 2019). It is worth mentioning that the balance of the external public debt denominated in the U.S. Dollar accounted for 74.1 percent of the total external public debt, and the debt in Euro accounted for 9.9 percent. However, the Japanese Yen accounted for 5.4 percent, Kuwaiti Dinar (5.0 percent), and SDR (3.5 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 91.0 million at the end of February 2020 to stand at JD 30,167.2 million (96.5 percent of GDP), compared to JD 30,076.2 million (96.7 percent of GDP) at the end of 2019.
- On the other hand, government deposits with the banking system decrease by JD 65.8 million at the end of February 2020, compared to the end of 2019, to reach JD 1,212.3 million.
- Thus, net domestic public debt of the central government (the gross domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 195.2 million to reach JD 16,655.1 million (53.3 percent of GDP compared to 52.9 percent of GDP at the end of 2019). Whereas, net public debt increased by JD 156.8 million to stand at JD 28,954.9 million, accounting for 92.6 percent of GDP compared to 92.6 percent of GDP at the end of 2019.
- External debt service (budget and guaranteed) decreased by JD 41.5 million during the first two months of 2020, compared to the same period of 2019, to reach JD 150.8 million (including principal payments of JD 85.7 million and interest of JD 65.1 million).

□ **Fiscal and Price Measures of 2020**

◆ **May**

- The Oil Derivatives Pricing Committee decided to decrease the prices of all oil derivatives, while maintaining the price of liquid gas cylinder unchanged, as follows:

Development of Oil Derivatives Price

	Unit	2020		Percentage Change
		April	May	
Unleaded Gasoline 90	Fils/Liter	625	550	-12.0
Unleaded Gasoline 95	Fils/Liter	840	765	-8.9
Unleaded Gasoline 98	Fils/Liter	990	915	-7.6
Gas Oil (Diesel)	Fils/Liter	465	395	-15.1
Kerosene	Fils/Liter	465	395	-15.1
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	262.7	225.6	-14.1
Fuel for airplanes (local companies)	Fils/Liter	280	195	-30.4
Fuel for airplanes (foreign companies)	Fils/Liter	285	200	-29.8
Fuel for unplanned flights	Fils/Liter	300	215	-28.3
Asphalt	JD/Ton	257.6	220.5	-14.4

Source: Jordan Petroleum Refinery Company (1/5/2020).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils.

◆ April

- The Energy and Minerals Regulatory Commission decided to determine fuel price bands item at 0 fils, starting in April 2020.
- In view of the exceptional circumstances that the Kingdom is going through due to the Corona virus, and to support efforts to meet these conditions, the Cabinet of Ministers has taken a set of decisions in order to alleviate the repercussions of the Corona virus, as follows:
 - Issue instructions that allow importers to withdraw goods before paying duties and taxes due in emergency situations.
 - The work of the increase in the employees of the government apparatus over the percentage of technical allowances, and the increase in the salaries of officers and members of the Jordanian armed forces and the security services, and the system amending the teachers' rank system, from the beginning of May 2020 until the end of 2020, be halted.
 - Deduction of the percentage from salaries of the highest categories in the state as donations, as of the April salary, as follows:
 - Donate 40% of the monthly salary of the Prime Minister.
 - Donate 30% of the monthly salary to each of the Minister's Excellencies, and those in their rank.
 - Donate 30% of the monthly salary to all chairmen of the Boards of Commissioners, boards of bodies and authorities, and heads of official universities and those of their rank or salary.

- Donate 10% of the monthly salary of the second group of the higher category and those of their rank, members of the boards of any authority or authority, the executive directors of any public official institution or public institution, general managers of government-owned companies or a government contributions management company, and faculty members in public universities.
- Donate 10% of the monthly salary to all employees working under comprehensive contracts for all bonuses whose monthly salaries exceed JD 2000.
- Stop the bonuses and overtime bonuses for all employees covered by holiday announcements while working in the Defense Law, whose total salaries exceed JD 1300.
- Halting the exchange of bonuses and the mobility allowance of government representatives on the boards of directors of companies to which they contribute or the company of government contributions management and its subsidiaries.
- Stopping the payment of salaries (thirteenth, fourteenth and fifteenth) in companies that are wholly owned by the government and the company of government contributions management and companies that have a percentage of 50% ownership by the government or the government contributions management company.
- Stopping the transportation allowance and the monthly transportation allowances stipulated in the transportation system for all employees working in government ministries and departments or any council, authority, institution or public body affiliated with the government or in companies wholly owned by the government.

- Stopping the payment of monthly gasoline allocations for the vehicles of employees who use government vehicles.
- Withholding what you forgot 50% of the financial dues for users on the account of purchasing services or on the account of the reward or at the expense of any other items covered by holiday announcements while working in the Defense Law who do not receive pensions, and stopping the payment of dues for those who receive pensions.
- Halting appointments in all ministries, government departments, public official institutions, public institutions, authorities, authorities, and companies owned by the government, the Greater Amman Municipality and municipalities until the end of the year 2020.

◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in March 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ February

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in February 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ January

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 2020, as follows:
 - Distracted to the military retired person shall from the rank of Lieutenant-Colonel and without an increase over his total pension by an amounts ranging from JD 25 to JD 30.
 - Distracted to the heirs of military retirees who retired or deceased on their job after 1/6/2010, by JD 20 distributed equally between heirs.
 - Distracted to the civil retired shall be paid an additional minimum of JD 10, and his retire must not be less than JD 300 on 1/1/2020.
 - This allowance is not paid to military retirees working in the government or in any council, authority, public institution, government-owned company, municipality, endowment department, or any other agency affiliated with it, nor are retired employees who are subsidiaries working in government agencies and official institutions.

- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 40 percent, starting from 1/1/2020 until 31/12/2020.
- The cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 1981, as follows:
 - Paying a bonus of no more than JD 100, a monthly subsidy, for each retired non-blind military needing someone who helps him to exercise his daily life, with a certificate from the Supreme Military Medical Committee.
 - Paying a bonus of no more than JD 220, a monthly subsidy, for each retired blind military who needs someone to help him in his daily life, with a certificate from the Supreme Military Medical Committee.
- The Cabinet decided to lower the general sales tax on 54 commodities to 2 percent, down from 4 percent, and lower the general sales tax on 22 commodities to 5 percent, down from 10 percent.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 11.0 percent in February 2020, compared to the same month of 2019 to reach JD 486.6 million. As for the first two months of 2020, total merchandize exports increased by 14.5 percent compared to the same period of 2019 to reach JD 986.6 million.
- **Merchandize imports** increased by 5.7 percent in February 2020, compared to the same month of 2019 to reach JD 1,114.4 million. As for the first two months of 2020, Merchandize imports decreased by 1.8 percent compared to the same period of 2019 to reach JD 2,202.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 1.8 percent in February 2020 compared to the same month of 2019; standing at JD 627.8 million. As for the first two months of 2020, the trade balance deficit decreased by 12.0 percent, compared to the same period of 2019 to reach JD 1,215.6 million.
- **Travel receipts** decreased by 56.5 percent in March 2020 compared to the same month of 2019 to reach JD 132.2 million. Meanwhile, travel receipts decreased by 10.7 percent during the first quarter of 2020 compared to the same period of 2019 to reach JD 784.0 million. While travel payments decreased by 60.3 percent in March 2020 compared to the same month of 2019 to reach JD 30.9 million. Meanwhile, travel payments decreased by 16.6 percent during the first quarter of 2020 compared to the same period of 2019 to reach JD 191.1 million.
- **Total workers' remittances receipts** decreased by 6.8 percent in March 2020 compared to the same month of 2019 to reach JD 194.6 million. As for the first quarter of 2020, total workers' remittances decreased by 5.4 percent, compared to the same period of 2019 to reach JD 600.2 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 873.2 million (2.8 percent of GDP) during the 2019 compared to a deficit of JD 2,103.6 million (7.0 percent of GDP) during the 2018. Meanwhile, the current account deficit excluding grants decreased to reach 5.8 percent of GDP during the 2019, compared with 10.6 percent of GDP during the 2018.

- **Net direct investment** recorded a net inflow of JD 621.0 million during the 2019, compared to a net inflow of JD 683.4 million during the 2018.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,944.6 million at the end of the 2019, compared to JD 32,149.6 million at the end of 2018.

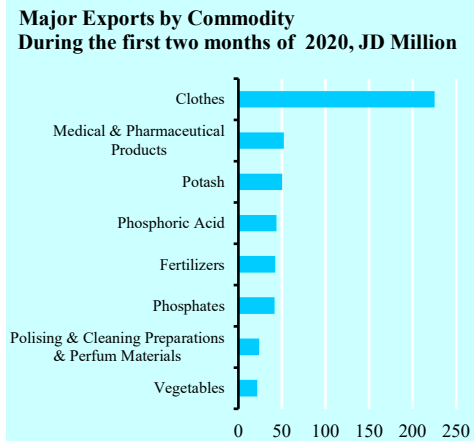
□ External Trade

- As a result of the increase in domestic exports by JD 128.7 million and the decrease in imports by JD 40.7 million during the first two months of 2020, the volume of external trade (domestic exports *plus* imports) increased by JD 88.0 million to stand at JD 3,056.1 million compared to the same period of 2019.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-February				January- February				
	2019	2020	Percentage Change		Percentage Change (%)	2020	Percentage Change (%)	
Exports				External Trade	2,968.1	1.0	3,056.1	3.0
USA	201.6	261.1	29.5	Total Exports	861.5	10.4	986.6	14.5
India	98.1	105.1	7.1	Domestic Exports	725.2	12.0	853.9	17.7
Saudi Arabia	71.7	73.8	2.9	Re-exports	136.3	2.5	132.7	-2.6
Iraq	59.0	57.9	-1.9	Imports	2,242.9	-2.1	2,202.2	-1.8
UAE	18.7	48.9	161.5	Trade Balance	-1,381.4	-8.6	-1,215.6	-12.0
Kuwait	18.8	28.0	48.9	Source: Department of Statistics.				
Lebanon	10.6	17.5	65.1					
Imports								
Saudi Arabia	419.0	444.2	6.0					
China	360.2	333.9	-7.3					
USA	176.3	179.0	1.6					
Egypt	137.0	90.6	-33.9					
Germany	112.0	81.3	-27.4					
Italy	66.3	67.6	2.0					
UAE	56.5	67.2	18.9					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 14.5 percent during the first two months 2020, to reach JD 986.6 million. This increase was an outcome of an increase in domestic exports by JD 128.7 million, or 17.7 percent to reach JD 853.9 million and a decrease in re-exports by JD 3.6 million, or 2.6 percent to reach JD 132.7 million.



◆ The developments of domestic exports during the first two months of 2020 compared with the same period of 2019 reveals the following:

- Exports of **Phosphoric Acid** increased by JD 25.2 million, to stand at JD 43.6 million. It is worth noting that India and Bangladesh accounted for 96.1 percent these exports.
- Exports of **clothes** increased by JD 24.7 million or 12.3 percent to reach JD 225.0 million. It is worth noting that the USA market accounted for 89.5 percent of these exports.
- Exports of “**Medical & Pharmaceutical Products**” increased by JD 9.4 million, or 22.0 percent, to reach JD 52.2 million. The USA, Saudi Arabia, Iraq, and the UAE were the main destination markets; accounting for 58.6 percent of these exports.

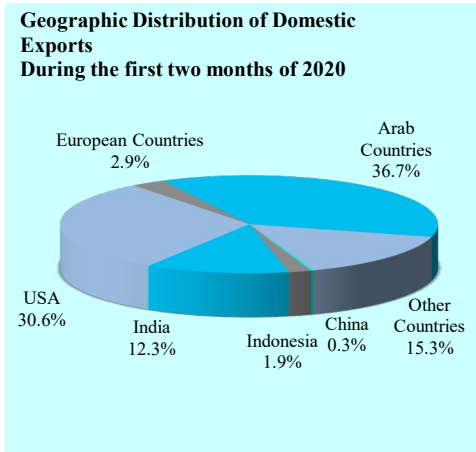
- Exports of **Polishing & Cleaning Preparation & Perfume Materials** increased by JD 6.5 million, or 37.4 percent, to reach JD 23.8 million. The markets of Iraq and Saudi Arabia accounted for 71.8 percent of these exports.
- Exports of **Fertilizers** increased by JD 2.5 million or 6.3 percent to stand at JD 42.3 million. India, Spain and Romania were the main destination markets for these export, accounting for 83.5 percent.
- Exports of **Potash** decreased by JD 20.6 million, or 29.1 percent, to stand at JD 50.2 million. The markets of Malaysia, India, and Brazil accounted for 61.8 percent of these exports.

Major Domestic Exports by Commodity, JD Million
The first two months, 2019-2020

	2019	2020	Percentage Change
Domestic Exports	725.2	853.9	17.7
Clothes	200.3	225.0	12.3
USA	179.2	201.3	12.3
Medical & Pharmaceutical Products	42.8	52.2	22.0
USA	5.6	9.6	72.2
Saudi Arabia	7.7	8.7	13.7
Iraq	6.5	7.6	15.7
UAE	2.6	4.7	80.8
Potash	70.8	50.2	-29.1
Malaysia	1.3	14.7	-
India	25.2	10.8	-57.1
Barazil	0.0	5.5	-
Phosphoric Acid	18.4	43.6	137.0
India	13.6	36.1	164.5
Bangladesh	0.0	5.8	-
Fertilizers	39.8	42.3	6.3
India	32.0	31.9	-0.2
Spain	0.0	2.0	-
Romania	0.0	1.4	-
Phosphates	39.2	41.4	5.6
India	24.8	23.6	-4.9
Indonesia	13.6	14.3	5.0
Polishing & Cleaning Preparation & Perfume Materials	17.3	23.8	37.4
Iraq	9.5	12.4	30.5
Saudi Arabia	3.8	4.7	23.7
Vegetables	19.4	21.8	12.7
Saudi Arabia	3.3	3.7	11.2
UAE	3.6	3.7	4.2
Kuwait	4.2	3.2	-23.8
Bahrain	2.4	2.7	12.5

Source: Department of Statistics.

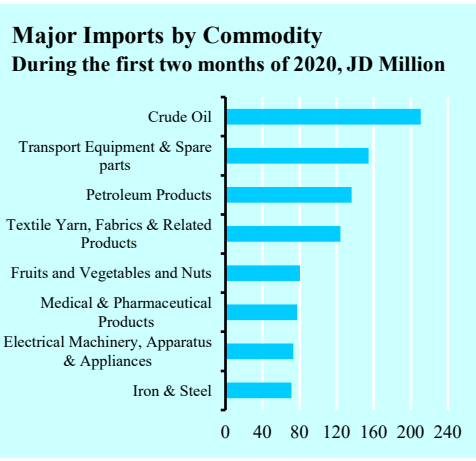
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, “Medical & Pharmaceutical



Products”, Potash, “Phosphoric Acid”, Fertilizers, Phosphates, “Polishing & Cleaning Preparation & Perfume Materials” and Vegetables topped the list of domestic exports during the first two months of 2020; accounting for 58.6 percent, compared with 61.8 percent during the same period of 2019 . Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, , Iraq, the UAE, Kuwait, and Lebanon were the main destination markets during the first two months of 2020; accounting for 69.4 percent, compared with 66.0 percent during the same period of 2019 .

■ **Merchandise Imports:**

Merchandise imports decreased by 1.8 percent to reach JD 2,202.2 million during the first two months of 2020, compared to a decrease by 2.1 percent during the same period of 2019.



◆ **The developments of imports during the first two months of 2020 compared with the same period of 2019 reveals the following:**

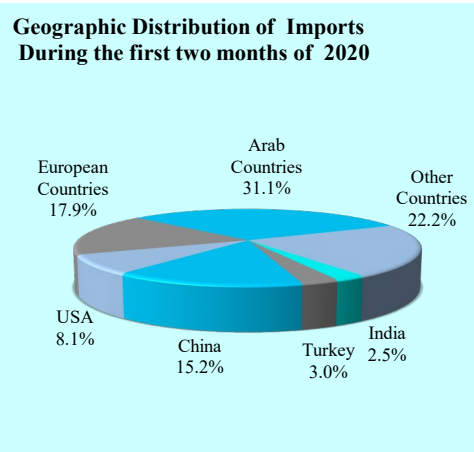
- **Petroleum Products** imports decreased by JD 63.9 million or 32.0 percent to stand at JD 136.0 million. Saudi Arabia and the UK were the main markets, accounting for 93.7 percent of these imports.
- **Transport Equipment & Spare Parts** imports decreased by JD 58.0 million or 27.3 percent to reach JD 154.6 million. South Korea, Japan, the USA and Germany were the main origin markets, accounting for 63.8 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports decreased by JD 14.6 million or 16.6 percent to reach JD 73.1 million. China, the USA and Turkey were the main markets accounting for 50.2 percent of these imports.

- **Crude oil** imports increased by JD 77.0 million, or 57.5 percent, to reach JD 210.9 million. Saudi Arabia and Iraq, were the main origin markets accounting for 100 percent of these imports.
- **Medical & Pharmaceutical Products** imports increased by JD 36.6 million or 89.9 percent to reach JD 77.4 million. Germany, the USA and France were the main origin markets accounting for 33.1 percent of these imports.
- **Vegetables & fruits and nuts** imports increased by JD 25.2 million or 45.6 percent to reach JD 80.5 million. The USA, Egypt and Iran were the main markets, accounting for 36.4 percent of these imports.

Major Imports by Commodity, JD Million			
the first two months, 2019-2020			
	2019	2020	Percentage Change
Total Imports	2242.9	2202.2	-1.8
Crude Oil	133.9	210.9	57.5
Saudi Arabia	133.9	190.1	42.0
Iraq	0.0	20.8	-
Transport Equipment & Spare Parts	212.6	154.6	-27.3
South Korea	26.4	28.7	8.7
Japan	28.8	25.6	-11.1
USA	52.0	23.4	-55.0
Germany	31.2	21.0	-32.7
Petroleum Products	199.9	136.0	-32.0
Saudi Arabia	111.7	121.7	9.0
UK	0.0	5.7	-
Textile Yarn, Fabrics and Related Products	107.1	124.1	15.9
China	49.9	55.3	10.8
Taiwan	24.5	30.1	22.9
Turkey	6.8	9.8	44.1
Vegetables & fruits and nuts	55.3	80.5	45.6
USA	8.7	12.6	44.5
Egypt	5.2	9.9	92.3
Iran	0.4	6.8	-
Medical & Pharmaceutical Products	40.8	77.4	89.9
Germany	4.5	12.1	171.6
USA	3.9	7.8	100.0
France	3.6	5.7	58.8
Electrical Machinery Apparatus and Appliances	87.7	73.1	-16.6
China	38.1	27.6	-27.4
USA	2.2	4.6	109.1
Turkey	7.2	4.5	-37.5
Iron & Steel	48.8	71.2	45.9
Russia	4.6	14.9	223.3
Saudi Arabia	15.6	10.2	-34.3
Ukraine	8.8	8.6	-1.5

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that Crude Oil, “Transport Equipment and Spare Part”, Petroleum Products, “Textile Yarn, Fabrics and Related Products”, Vegetables and fruits and nuts” “Medical & Pharmaceutical Products”, “Electrical



Machinery Apparatus and Appliances”, and Iron & Steel, topped the list of imports during the first two months of 2020, accounting for 42.1 percent, compared with 39.5 percent during the same period of 2019. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Egypt, Germany, Italy and the UAE, were the main source markets during the first two months of 2020; accounting for 57.4 percent of imports, compared to 59.2 percent during the same period of 2019.

■ **Re-Exports**

The value of re-exported goods in February 2020 decreased by JD 6.5 million, or 8.9 percent, compared to the same month of 2019, to stand at JD 66.5 million. As for the first two months of 2020, Re-exports decreased by JD 3.6 million, or 2.6 percent compared to the same period of 2019 to reach JD 132.7 million.

■ **Trade Balance**

The trade balance deficit increased by JD 11.7 million, or 1.8 percent in February 2020 compared to the same month of 2019 , to reach JD 627.8 million. As for the first two months of 2020, the trade balance deficit decreased by JD 165.8 million, or 12.0 percent compared to the same period of 2019, to reach JD 1,215.6 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 6.8 percent in March 2020 compared to the same month of 2019, to register JD 194.6 million. As for the first quarter of 2020, total workers' remittances decreased by JD 34.0 million or 5.4 percent, to register JD 600.2 million, compared to the same period of 2019 .

□ Travel

■ Receipts

Travel receipts decreased by JD 171.9 million, or 56.5 percent, in March 2020 compared to the same month of 2019, to register JD 132.2 million. As for the first quarter of 2020, travel receipts decreased by 10.7 percent, to register JD 784.0 million, compared to the same period of 2019.

■ Payments

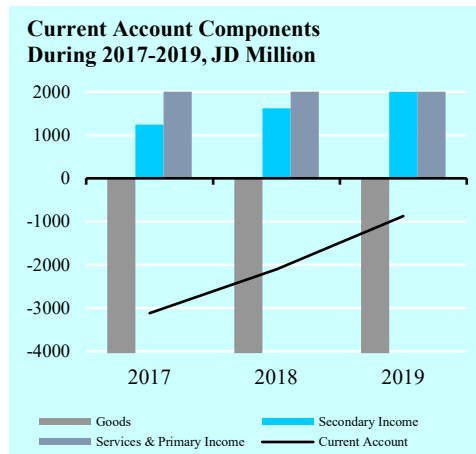
Travel payments decreased by JD 46.9 million, or 60.3 percent, in March 2020 compared to the same month of 2019, to stand at JD 30.9 million. As for the first quarter of 2020, travel payments decreased by 16.6 percent, to register JD 191.1 million, compared to the same period of 2019.

□ Balance of Payments

The preliminary data for the balance of payments during 2019 reveals the following:

- The current account recorded a deficit of JD 873.2 million (2.8 percent of GDP) compared to a deficit of JD 2,103.6 million (7.0 percent of GDP) during 2018. Meanwhile, the current account deficit excluding grants decreased to reach JD 1,817.2 million (5.8 percent of GDP) during 2019 compared to JD 3,183.5 million (10.6 percent of GDP) during 2018. This was an outcome of the following developments:

- ◆ A decrease in the goods balance deficit during 2019 by JD 1,004.7 million, or 13.7 percent, to reach JD 6,309.8 million compared to JD 7,314.5 million during 2018.



- ◆ An increase in the services account surplus compared to 2018 by JD 465.0 million, to reach JD 2,225.1 million.
- ◆ An increase in the primary income account deficit by JD 81.5 million, to reach JD 223.3 million during 2019 compared to a deficit of JD 141.8 million during 2018. This was mainly due to increase in deficit of the investment income (net) by JD 89.0 million, and increase in the surplus of “compensation of employees (net)” by JD 7.5 million.
- ◆ A decrease in the secondary income surplus by JD 157.8 million to reach JD 3,434.8 million compared to JD 3,592.6 million during 2018, this was a result of the decrease in net transfers of the public sector (foreign grants) by JD 135.9 million to reach JD 944.0 million, and the decrease in the net surplus transfer of other sectors transfers (net) by JD 21.9 million to reach JD 2,490.8 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 48.0 million during 2019 compared to a net inflow of JD 24.0 million during 2018. Meanwhile, the financial account registered a net inflow of JD 1,276.4 million during 2019 compared to a net inflow of JD 2,816.5 million during 2018, this could be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 621.0 million compared to a net inflow of JD 683.4 million during 2018.
 - ◆ Portfolio investment recorded a net outflow of JD 752.2 million compared to a net outflow of JD 129.6 million during 2018.
 - ◆ Other investment registered a net inflow of JD 1,540.8 million compared to a net inflow of JD 1,586.5 million during 2018.
 - ◆ An increase in the reserve assets of the CBJ by JD 133.2 million, compared to a decrease of JD 676.2 million during 2018.

□ 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 32,944.6 million at the end of 2019 compared to JD 32,149.6 million at the end of 2018. This was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 519.8 million at the end of 2019 to reach JD 18,379.4 million. This was mainly due to the increase in the CBJ's reserve assets by JD 584.9 million and decrease in the currency and deposits of the licensed banks abroad by JD 53.0 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 1,314.8 million at the end of 2019 to reach JD 51,324.0 million, this was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 772.8 million or 3.1 percent, to stand at JD 25,703.8 million.
 - ◆ An increase of government long term loans by JD 723.4 million or 16.1 percent, to stand at JD 5,251.2 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 527.2 million to stand at JD 9,261.1 million (increase by JD 592.1 million for the licensed banks and decrease by JD 64.9 million for the CBJ).
 - ◆ An increase of other sectors long term loans by JD 301.1 million or 16.8 percent, to stand at JD 2,097.4 million.
 - ◆ A decrease of trade credits to residents in the kingdom by JD 68.5 million or 8.2 percent, to stand at JD 763.1 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 838.1 million or 10.5 percent, to stand at JD 7,164.2 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 178.1 million or 33.2 percent, to reach JD 358.5 million.