



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

37

Executive Summary

□ Output, Prices and Employment

During 2018, real GDP at market prices, grew by 1.9 percent, compared to a growth rate of 2.1 percent during 2017. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first quarter of 2019 by 0.7 percent, compared to a rise of 3.7 percent during the same period of 2018. Furthermore, the unemployment rate increased during 2018 to stand at 18.6 percent compared to 18.3 percent during 2017.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,241.3 million at the end of the first quarter of 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,258.8 million at the end of the first quarter of 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,352.3 million at the end of the first quarter of 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,754.5 million at the end of the first quarter of 2019, compared to JD 33,848.1 million at the end of 2018.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,914.3 points at the end of the first quarter of 2019, compared to 1,908.8 points at the end of 2018.

- ❑ **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 122.5 million (2.4 percent of GDP) during the first two months of 2019, compared to a fiscal deficit of JD 312.4 million (6.4 percent of GDP) during the same period of 2018. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 319.8 million at the end of February 2019 compared to its level at the end of 2018, standing at JD 16,540.5 million (54.6 percent of GDP). Moreover, outstanding external public debt (budget and guaranteed) went down by JD 13.6 million at the end of February 2019, compared to its level at the end of 2018, to reach JD 12,073.9 million (39.8 percent of GDP). Accordingly, the ratio of total public debt (domestic and external) to the end of February 2019 remained at the same rate of GDP as at the end of 2018, amounting to 94.4 percent of GDP.
- ❑ **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 9.8 percent during the first two months of 2019 to reach JD 857.7 million. Meanwhile, merchandize imports decreased by 1.8 percent to reach JD 2,242.9 million. As a result, the trade balance deficit decreased by 7.8 percent compared to same period of 2018, to reach JD 1,385.2 million. The preliminary data for the first quarter of 2019 showed an increase in travel receipts by 5.2 percent and an increase in travel payments by 1.2 percent compared to the same period of 2018. Moreover, total workers' remittances receipts increased by 3.6 percent in the first quarter of 2019 compared to the same period of 2018. The preliminary data for the balance of payments during 2018 displayed a deficit in the current account amounted to JD 2,107.8 million (7.0 percent of GDP) compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.3 percent of GDP compared with 13.3 percent of GDP during the same period of 2017. Moreover, net direct investment recorded a net inflow of JD 679.8 million during 2018 compared to a net inflow of JD 1,436.4 million during 2017. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,094.7 million at the end of 2018 up from JD 29,432.7 million at the end of 2017.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,241.3 million at the end of the first quarter of 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,258.8 million at the end of the first quarter of 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,352.3 million at the end of the first quarter of 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,754.5 million at the end of the first quarter of 2019, compared to JD 33,848.1 million at the end of 2018.
- The interest rates on all types of deposits held by the licensed banks had decreased at the end of the first quarter of 2019, except the interest rate on time deposits which had increased, compared to their levels at the end of 2018. Meanwhile, the interest rates on the credit facilities extended by the licensed banks had shown a mixed performance, decreased on “discounted bills and bonds”, increased on “overdraft”, while the interest rate on “loans and advances” had maintained at the same level as the end of 2018.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,914.3 points at the end of the first quarter of 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 15,809.9 million at the end of the first quarter of 2019, compared to JD 16,122.7 million at the end of 2018.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

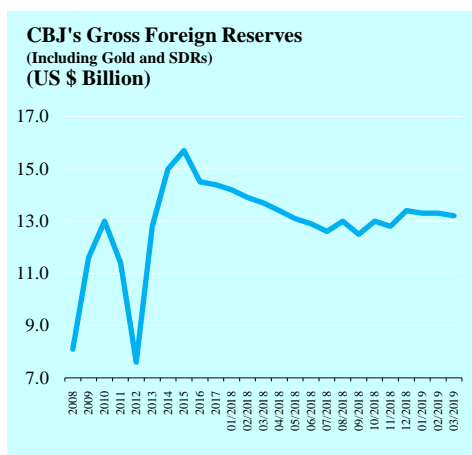
		End of March	
2018		2018	2019
13,392.3	CBJ's Foreign Reserves*	US\$ 13,671.9	US\$ 13,241.3
-6.9%		-5.0%	-1.1%
33,359.3	Money Supply (M2)	33,355.1	33,258.8
1.2%		1.2%	-0.3%
26,111.8	Credit Facilities, of which:	25,195.7	26,352.3
5.6%		1.9%	0.9%
23,011.3	Private Sector (Resident)	22,172.3	23,297.5
5.8%		2.0%	1.2%
33,848.1	Total Deposits, of which:	33,618.6	33,754.5
2.0%		1.3%	-0.3%
25,667.6	In JD	25,922.3	25,680.3
0.1%		1.1%	0.1%
8,180.5	In Foreign Currencies	7,696.3	8,074.2
8.3%		1.1%	-1.3%
26,944.5	Deposits of Private Sector (Resident), of which:	27,137.3	27,154.5
0.1%		0.8%	0.8%
20,846.4	In JD	21,416.3	21,131.9
-1.9%		0.7%	1.4%
6,098.1	In Foreign Currencies	5,721.0	6,022.6
7.8%		1.1%	-1.2%

* 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\$ 13,241.3 million at the end of the first quarter of 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

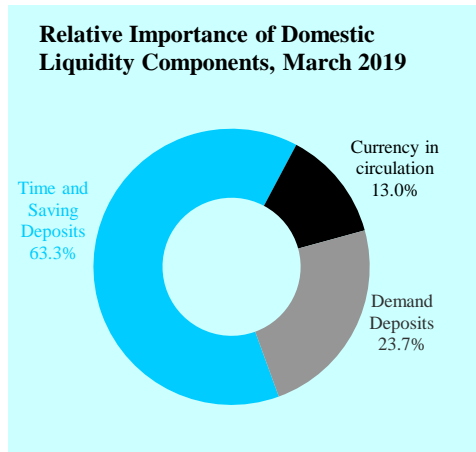
■ Domestic liquidity amounted to JD 33.3 billion at the end of the first quarter of 2019, compared to JD 33.4 billion at the end of 2018.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of the first quarter of 2019, compared to their levels at the end of 2018, reveal the following:**

● Components of Domestic Liquidity

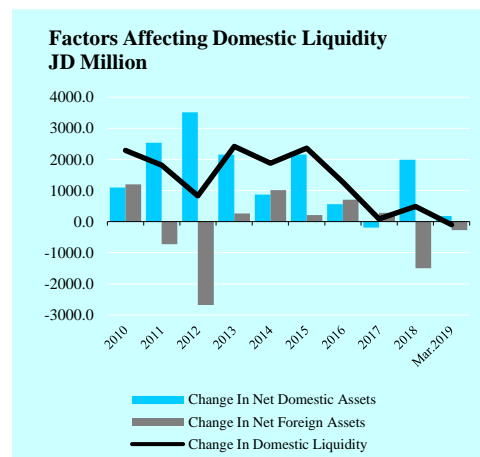
- Total liquidity deposits amounted to JD 28.9 billion at the end of the first quarter of 2019, which is the same level as the end of the first quarter of 2018, and JD 29.1 billion at the end of 2018.

- Currency in circulation amounted to JD 4.3 billion at the end of the first quarter of 2019, compared with JD 4.4 billion at the end of the first quarter of 2018, and JD 4.3 billion at the end of 2018.



• Factors Affecting Domestic Liquidity

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



JD 24.8 billion at the end of the first quarter of 2018, and JD 26.0 billion at the end of 2018.

- Net foreign assets of the banking system amounted to JD 7.1 billion at the end of the first quarter of 2019, compared with JD 8.5 billion at the end of the first quarter of 2018, and 7.4 at the end of 2018. The CBJ's net foreign assets amounted to JD 9.1 billion at the end of the first quarter of 2019.

Factors Affecting Domestic Liquidity (M2)
JD Million

		End of March	
2018		2018	2019
7,368.3	Foreign Assets (Net)	8,511.9	7,093.0
9,151.3	CBJ	9,852.2	9,086.8
-1,783.0	Licensed Banks	-1,340.3	-1,993.8
25,991.0	Domestic Assets (Net)	24,843.2	26,165.8
-4,345.0	CBJ, of which:	-4,950.7	-4,265.5
675.2	Claims on Public Sector (Net)	972.4	511.5
-5,043.0	Other Items (Net*)	-5,945.7	-4,799.6
30,336.1	Licensed Banks	29,793.9	30,431.3
10,234.1	Claims on Public Sector (Net)	9,558.0	10,521.9
23,686.8	Claims on Private Sector	22,916.6	23,987.4
-3,584.8	Other Items (Net)	-2,680.7	-4,078.0
33,359.3	Money Supply (M2)	33,355.1	33,258.8
4,296.4	Currency in Circulation	4,443.2	4,317.1
29,062.9	Total Deposits, of which:	28,912.0	28,941.7
6,168.0	In Foreign Currencies	5,772.0	6,094.3

* This item includes Certificates of Deposit in Jordanian Dinar.
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments

- ◆ On December 24th, 2018, CBJ raised the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.75 percent.
- Re-discount Rate: 5.75 percent.

Interest Rates on Monetary Policy Instruments, percentage points

2018		March	
		2018	2019
4.75	CBJ main rate	4.25	4.75
5.75	Re-discount Rate	5.25	5.75
5.50	Repurchase Agreements Rate (overnight)	5.00	5.50
4.00	Overnight Deposit Window Rate	3.25	4.00
4.75	Repurchase Agreements rate (one week and one month)	4.25	4.75
4.75	Certificates of Deposits (one week)	4.25	4.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

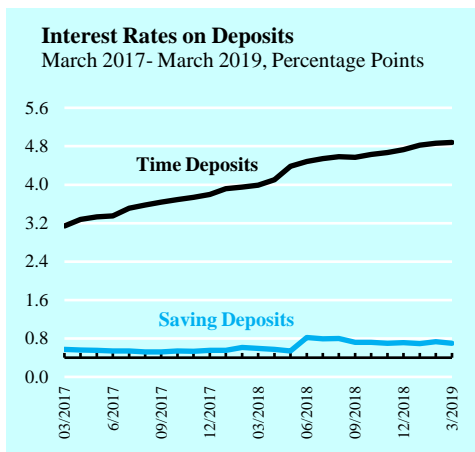
- Interest Rate on Overnight Repurchase Agreements: 5.50 percent.
- Overnight Deposit Window Rate: 4.00 percent.
- Weekly/ Monthly Repurchase Agreements: 4.75 percent.
- The interest rate on weekly certificates of deposit: 4.75 percent.

This decision comes in light of the developments in the regional and international markets' interest rates in order to preserve monetary and financial stability, in addition to insure the attractiveness of the financial instruments denominated in Jordanian Dinar.

■ Interest Rates in the Banking Sector

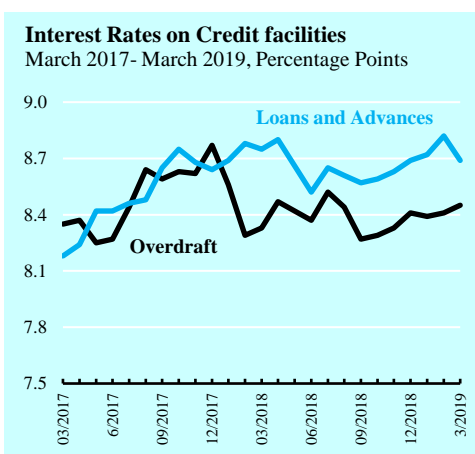
◆ Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits increased by 2 basis points at the end of March 2019, compared to its level in the previous month, to stand at 4.88 percent. This rate is higher by 15 basis points than its level at the end of 2018.
- **Saving Deposits:** The weighted average interest rate on saving deposits decreased by 3 basis points at the end of March 2019, compared to its level registered in the previous month to stand at 0.70 percent. This rate is lower by one basis point than its level at the end of 2018.
- **Demand Deposits:** The weighted average interest rate on demand deposits increased by one basis point at the end of March 2019, compared to its level registered in the previous month to stand at 0.37 percent. This rate is lower by one basis point than its level at the end of 2018.



◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 4 basis points at the end of March 2019, compared to its level registered in the previous month to stand at 8.45 percent. This rate is higher by 4 basis points than its level at the end of 2018.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by one basis point at the end of March 2019, compared to its level registered in the previous month, to stand at 8.88 percent. This rate is lower by 76 basis points than its level at the end of 2018.
- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 13 basis points at the end of March 2019, compared to its level registered in the previous month, to stand at 8.69 percent, which is the same rate as the end of 2018.
- The prime lending rate stood at 9.79 percent at the end of March 2019, maintaining the same level registered in the previous month. This rate is higher by 22 basis points than its level at the end of 2018.

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

		March		Change Relative to the Preceding Year Basis Points
2018		2018	2019	
Deposits				
0.38	Demand	0.23	0.37	-1
0.71	Saving	0.59	0.70	-1
4.73	Time	3.99	4.88	15
Credit Facilities				
9.64	Discounted Bills and Bonds	9.97	8.88	-76
8.69	Loans and Advances	8.75	8.69	0
8.41	Overdraft	8.33	8.45	4
9.57	Prime Lending Rate	9.04	9.79	22

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 240.5 million, or 0.9 percent, during the first quarter of 2019, against an increase by JD 458.9 million, or 1.9 percent, during the same period in 2018.
- In terms of borrowers, the credit facilities at the end of the first quarter of 2019 had shown an increase in credit extended to the private sector (resident) by JD 286.2 million, or 1.2 percent, the public institution by 30.7 million, or 7.2 percent, and the private sector (non-resident) by JD 5.1 million, or 0.8 percent. In contrast,

the credit facilities extended to the central government decreased by JD 81.7 million, or 4.1 percent, compared to their levels at the end of 2018.

■ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,754.5 million at the end of the first quarter of 2019, decreasing by JD 93.6 million, or 0.3 percent, compared to its level at the end of 2018, against an increase of JD 420.9 million, or 1.3 percent, during the same period in 2018.
- The currency composition of deposits at the end of the first quarter of 2019 revealed that the JD deposits amounted to JD 25.7 billion, and the deposits in foreign currencies amounted to JD 8.1 billion, compared to JD 25.9 billion of JD deposits, and JD 7.7 billion of deposits in foreign currencies at the end of the same period in 2018, and JD 25.7 billion of JD deposits, and JD 8.2 billion in deposit in foreign currencies at the end 2018.

■ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during the first quarter of 2019. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 165.9 million in March 2019, increasing by JD 68.7 million, or 70.7 percent, compared to its level registered in the previous month, against a decrease by JD 7.3 million during the same month in 2018. As for the first quarter of 2019, the trading volume decreased by JD 30.6 million, compared to the same period in 2018, to reach JD 354.0 million.

■ Traded Shares

The number of traded shares in March 2019 totaled 103.2 million shares, increasing by 22.7 million shares, compared to its level registered in the previous month, against a decrease by 10.0 million shares during the same month in 2018. As for the first quarter of 2019, the number of traded shares amounted to 249.4 million shares, compared to 321.5 million shares during the same period in 2018.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreased by 77.8 points, or 3.9 percent, at the end of March 2019, compared to its level in the previous month, to stand at 1,914.3 points, against an increase by 13.6 points, or 0.6 percent, during the same month in 2018. As for the first quarter of 2019, the SPI increased by 5.5 points, or 0.3 percent, against an increase by 106.5 points, or 5.0 percent, during the same period in 2018. The aforementioned increase was an outcome of the increase in the SPI of the services sector by 8.9 points, or 0.7 percent, the financial sector by 8.0 points, or 0.3 percent, and the decrease in the SPI of industrial sector by 35.6 points, or 1.9 percent, compared to their levels at the end of 2018.

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

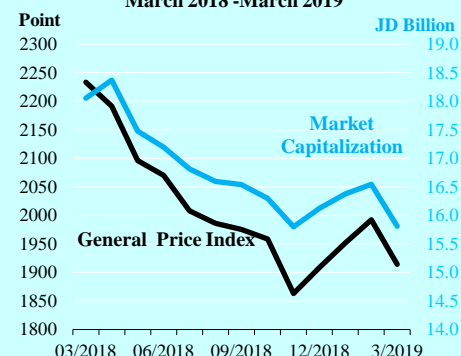
		March	
2018		2018	2019
1,908.8	General Index	2,233.3	1,914.3
2,652.7	Financial Sector	3,022.5	2,660.7
1,882.7	Industrial Sector	2,312.6	1,847.2
1,279.8	Services Sector	1,504.7	1,288.7

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 15.8 billion at the end of March 2019, increasing by JD 733.7 million, or 4.4 percent, compared to its level registered at the previous month, against an increase by JD 108.1 million, or 0.6 percent, during the same month in 2018. As for the first quarter of 2019, the market capitalization increased by JD 312.8 million, or 1.9 percent, against an increase by JD 1,087.9 million, or 6.4 percent, during the same period in the previous year.

The General Share Price Index (Point) and The Market Capitalization (JD Billion) March 2018 - March 2019



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 40.6 million in March 2019, compared with an inflow by JD 1.6 million during the same month in 2018. The value of shares buying by non-Jordanian in March 2019 amounted to JD 47.6 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million			
		March	
2018		2018	2019
2,319.3	Value Traded	131.7	165.9
9.3	Average Daily Trading	6.3	7.9
16,122.7	Market Capitalization	18,050.5	15,809.9
1,245.9	No. of Traded Shares (million)	107.6	103.2
484.5	Net Investment of Non-Jordanian	1.6	-40.6
1,231.8	Non-Jordanian Buying	22.6	47.6
747.3	Non-Jordanian Selling	21.0	88.2
Source: Amman Stock Exchange.			

amounted to JD 88.2 million. As for the first quarter of 2019, the non-Jordanian net investment recorded an outflow amounting to JD 42.3 million, compared with an outflow by JD 5.1 million during the same period in 2018.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the fourth quarter of 2018, against 1.9 percent during the same quarter of 2017. At current market prices, GDP grew by 3.6 percent during the fourth quarter of 2018, compared to 3.7 percent during the same quarter of 2017.
- Accordingly, the real GDP grew by 1.9 percent during 2018, against 2.1 percent during 2017. At current market prices, GDP grew by 3.7 percent during 2018, compared to 3.9 percent during 2017.
- The general price level, measured by the percentage change in the CPI, increased during the first quarter of 2019 by 0.7 percent, compared to a rise of 3.7 percent during the same period of 2018.
- The unemployment rate increased during 2018 to stand at 18.6 percent (16.5 percent for males and 26.8 percent for females), compared to 18.3 percent (14.7 percent for males and 31.2 percent for females) during 2017. The highest unemployment rate among youth reached 46.3 percent for those between 15-19 years old, and 37.8 percent for those between 20-24 years old.

■ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 1.9 percent during 2018, compared to 2.1 percent during 2017. Economic growth has been strongly affected by the uncertainty prevailing in the region, which contributed to the decline in Foreign Direct Investment (FDI) to the kingdom in addition to the slowdown in mining and quarrying sector, which is highly linked to the global demand. When excluding “net taxes on products”, which grew by 1.2 percent, GDP at constant basic prices grew by 2.0 percent during 2018, compared to 2.2 percent during 2017.

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

	Q1	Q2	Q3	Q4	Percentages Year
2016					
GDP at Constant Prices	2.4	1.9	1.9	2.1	2.1
GDP at Current Prices	4.2	3.5	2.8	3.0	3.4
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

Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2018, compared to 3.9 percent growth 2017. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.8 percent during 2018 Compared to 1.7 percent during 2017. It should be noted that the Department of Statistics prepared and published the quarterly estimated GDP for the year 2018, and re-estimated GDP for previous years (2008-2017) according to a new methodology that included the transition from the United Nations System of National Accounts (SNA) of 1968 and some concepts of the (SNA) of 1993 to (SNA) of 2008 as well as the adjustment of the base year to become 2016 instead of 1994.

The main sectors that contributed to the real economic growth during 2018; “real estate” (0.4 percentage point), “manufacturing” (0.3 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point), and “community, social and personal services” (0.2 percentage point). These sectors collectively accounted for 78.9 percent of real GDP growth during 2018.

The economic sectors displayed a divergent performance during 2018. Some sectors recorded accelerated growth, such as “transport, storage and communications”, “manufacturing”, and “producers of government services”. Meanwhile, “mining and quarrying”, agriculture, “electricity and water”, “finance and insurance services”, and “wholesale and retail trade”, “restaurant and hotels” and “real estate”, experienced a slowdown. On the other hand, “construction” sector witnessed a contraction in its performance.

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



The main sectors contributed to economic growth at constant prices
Percentage

Sectors	Relative change		Contribution	
	2017	2018	2017	2018
GDP At Constant Market Prices	2.1	1.9	2.1	1.9
Agriculture	4.8	3.2	0.3	0.2
Mining And Quarrying	13.0	0.5	0.3	-
Manufacturing	1.0	1.4	0.2	0.3
Electricity And Water	2.5	2.2	0.1	0.1
Construction	-1.1	-0.3	-	-
Wholesale And Retail Trade	1.6	1.3	0.1	0.1
Restaurant And Hotels	1.1	1.0	-	-
Transport, Storage And Communications	2.7	3.2	0.2	0.3
Finance And Insurance Services	3.8	3.4	0.3	0.3
Real Estate	2.6	2.5	0.4	0.4
Social And Personal	3.8	3.8	0.2	0.2
Producers of Government Services	0.9	1.1	0.1	0.1
Producers of Private Non-Profit	3.8	2.7	-	-
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 in 2019. Some indicators recorded a notable growth, such as; “Number of passengers through Royal Jordanian” (1.6 percent), “number of departures” (10.8 percent) and “mining and quarrying production quantity index” (4.1 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (23.2 percent) and “Manufacturing production quantity index” (2.1 percent). The following table displays the performance of the main sectoral indicators during the available period.

Main Sectoral Indicators*

Percentage Points

2017	2018	Item	2018	Available period	2019
4.5	-21.5	Licensed areas for buildings	-15.7	Jan-Feb	-41.8
-2.4	-7.0	Manufacturing production quantity index	-4.8		-2.1
-4.9	-12.7	Food products and beverages	-16.6		9.8
-3.1	-7.2	Tobacco products	16.0		-15.8
-7.3	-16.9	Refined petroleum products	-26.1		-12.2
-6.3	-4.3	Wearing apparel	-14.3		30.4
1.9	-5.6	Non-metallic mineral products	26.3		-14.4
0.3	27.7	Chemical products	56.3		25.2
13.4	0.5	“Mining and quarrying” production quantity index	6.2		4.1
-13.8	-6.2	Extraction of crude petroleum and natural gas	3.4		-5.8
13.6	0.6	Other mining and quarrying	6.2		4.2
6.9	3.8	Number of passengers through Royal Jordanian	6.5	Jan-Mar	1.6
8.4	10.6	Cargo through Royal Jordanian	17.7		-11.7
7.3	7.4	Number of departures	8.2		10.8
-14.1	-13.0	Value traded at the real estate market	-7.0		-23.2

* : 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 0.7 percent during the first quarter of 2019, compared to a rise of 3.7 percent during the same period of 2018. The drop in inflation occurred as the impact of price and tax measures taken by the government in early 2018 started to fade, most notably, the tax on tobacco and cigarettes and the tax on gasoline. The main groups and items that witnessed an increase in their prices during the first quarter of 2019:

- “Cereals and products” prices increased by 8.5 percent, compared to a rise of 15.5 percent during the same period of 2018.
- “Vegetables and Legumes Dry and Canned” prices increased by 17.3 percent, compared to a contraction of 14.5 percent during the same period of 2018.

Inflation Rate during the first quarter for the years (2011-2019)



Inflation rate during the first quarter for the years 2018 – 2019

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019
All Items	100.00	3.7	0.7	3.7	0.7
1) Food and non-Alcoholic Beverages	33.36	1.1	0.7	0.4	0.2
Food	30.51	0.9	0.9	0.3	0.3
Cereals and Products	4.99	15.5	8.5	0.6	0.4
Meat and Poultry	8.24	1.7	-7.2	0.1	-0.5
Fish and Sea Product	0.82	1.2	-0.9	0.0	0.0
Dairy Products and Eggs	4.23	-2.0	-2.7	-0.1	-0.1
Oil and Fats	1.92	5.3	1.5	0.1	0.0
Fruits and Nuts	2.73	0.9	-2.7	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.89	-14.5	17.3	-0.6	0.6
2) Alcohol and Tobacco and Cigarettes	4.43	16.6	0.3	0.8	0.0
3) Clothing and footwear	3.55	-0.5	-2.0	0.0	-0.1
4) Housing	21.92	3.2	1.8	0.7	0.4
Rents	15.57	2.8	1.9	0.5	0.3
Fuels and Lighting	4.85	5.5	2.1	0.2	0.1
5) Household Furnishings and Equipment	4.19	2.0	0.6	0.1	0.0
6) Health	2.21	6.3	1.6	0.2	0.0
7) Transportation	13.58	8.8	-1.1	1.2	-0.2
8) Communication	3.50	0.6	0.0	0.0	0.0
9) Culture and Recreation	2.27	1.7	0.9	0.0	0.0
10) Education	5.41	1.9	2.4	0.1	0.1
11) Restaurants and Hotels	1.83	5.6	2.4	0.1	0.1
12) Other Goods and Services	3.75	2.7	1.0	0.1	0.0

Source: Department of Statistics.

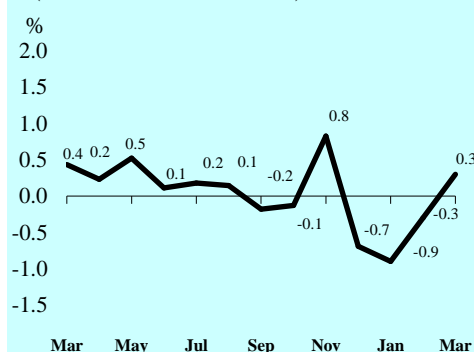
- Housing prices increased by 1.8 percent compared to a rise of 3.2 percent during the first quarter of 2018. This increase was mainly attributed to the increase in the prices of “rents” item by 1.9 percent compared to a rise of 2.8 percent during the first quarter of 2018, and the increase in the prices of “fuels and lighting” item by 2.1 percent compared to an increase of 5.5 percent. during the same period of 2018.
- “Education” prices increased by 2.4 percent compared to a rise of 1.4 percent during the first quarter of 2018.

The above groups and items collectively contributed to the inflation rate during the first quarter of 2019 by 1.5 percentage points, compared to a contribution of 0.9 percentage points during the same period of 2018.

In contrast, prices of other groups and items witnessed contractions, mainly; “meat and poultry” (7.2 percent), “fruits and nuts”(2.7 percent), and “clothing and footwear” (2.0 percent) and transportation (1.1 percent).

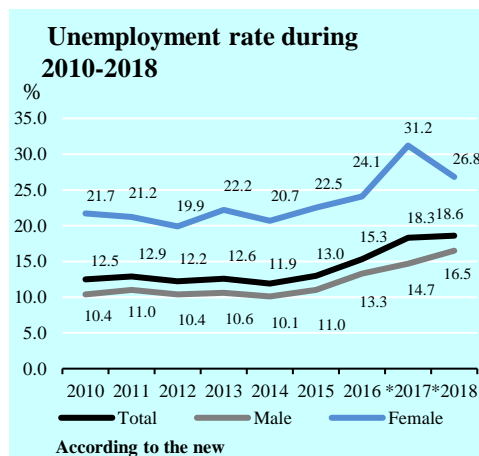
- In March 2019, the CPI witnessed an increase compared to February 2019 by 0.3 percent. This was an outcome of the increase in the prices of some groups and items, mainly, “fruits and Nuts” (3.0 percent), “Meat and poultry” (0.5 percent), “Fuel and lighting” (0.4 percent), and the decrease of the prices of some items, mainly, “vegetables and legumes dry and canned” (1.5 percent) and “Dairy products and Eggs” (0.7 percent).

Monthly Inflation Rate
(March 2018 - March 2019)



□ Labor Market

- The unemployment rate reached 18.6 percent (16.5 percent for males, and 26.8 percent for females) during 2018, compared to 18.3 percent (14.7 percent for males and 31.2 percent for females) during 2017.
- The unemployment among youth remains high at 46.3 percent for the categories of 15-19 years old, and 37.8 percent for those between 20-24 years.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 23.5 percent during 2018.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 36.2 percent (56.4 percent for males, and 15.4 percent for females), compared to 39.2 percent (60.8 percent for males and 17.3 percent for females) during 2017.
- The employment rate among population (15 years and older) reached 29.5 percent.



Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 122.5 million (2.4 percent of GDP) during the first two months of 2019, comparing to a fiscal deficit of JD 312.4 million (6.4 percent of GDP) during the same period of 2018. When excluding foreign grants (JD 38.0 million), the general budget deficit increase to reach JD 160.5 million (3.2 percent of GDP), compared to a deficit of JD 377.5 million (7.8 percent of GDP) in the same period of 2018.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 319.8 million at the end of February 2019, compared to its level at the end of 2018, to reach JD 16,540.5 million (54.6 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 13.6 million at the end of February 2019, compared to its level at the end of 2018, to stand at JD 12,073.9 million (39.8 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 306.1 million to reach JD 28,614.4 million at the end of February 2019 (94.4 percent of GDP), compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- Central government banks deposits decreased by JD 60.3 million at the end of February 2019, compared to the end of 2018, to reach JD 1,347.4 million.
- Accordingly, net outstanding domestic public debt increased by JD 380.0 million to reach JD 15,193.1 million (50.1 percent of GDP) at the end of February 2019. Moreover, net outstanding public debt increased by JD 366.4 million to reach JD 27,267.0 million (90.0 percent of GDP).

□ **The performance of the general budget during the First two months of 2019 compared with the same period of 2018:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) decreased by JD 21.3 million, or 4.3 percent, in February 2019 compared to the same month in 2018, to stand at JD 471.6 million. As for the first two months of 2019, public revenue went up by JD 26.3 million, or 2.3 percent, compared to the same period in 2018 to stand at JD 1,154.1 million. This came as a result of the increase in domestic revenues by JD 53.4 million. and decrease in foreign grants by JD 27.1 million.

Main Government Budget indicators during the first two months of 2019:

(JD Million and Percentages)

	February		Growth Rate	Jan. – Feb.		Growth Rate
	2018	2019		2018	2019	
Total Revenues and Grants	492.9	471.6	-4.3	1,127.8	1,154.1	2.3
Domestic Revenues, of which:	437.6	458.9	4.9	1,062.7	1,116.1	5.0
Tax Revenues, of which:	279.2	279.7	0.2	720.4	768.3	6.6
General Sales Tax	219.9	204.7	-6.9	491.9	506.5	3.0
Other Revenues	157.5	178.3	13.2	340.8	346.6	1.7
Foreign Grants	55.3	12.8	-76.9	65.1	38.0	-41.6
Total Expenditures, of which:	763.0	680.4	-10.8	1,440.2	1,276.6	-11.4
Capital Expenditures	64.4	43.3	-32.8	69.1	46.7	-32.4
Overall Deficit/ Surplus (Including Grants)	-270.1	-208.7	-	-312.4	-122.5	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-6.4	-2.4	-

Source: Ministry of Finance/ General Government Finance Bulletin.

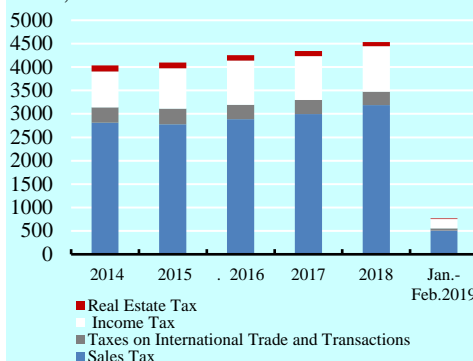
◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 53.4 million, or 5.0 percent, during the first two months of 2019 compared to the same period of 2018 to reach JD 1,116.1 million. This increase was an outcome of

the rise in the proceeds of “tax revenues” and “other revenues” by JD 47.9 million, and JD 5.8 million, respectively, and the drop in pension contributions by JD 0.3 million.

Tax Revenue Structure

(2014-2018) and the first two months of 2019, JD Million



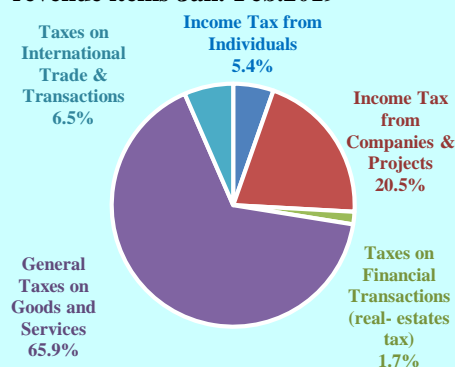
- **Tax Revenues**

Tax revenues increased by JD 47.9 million, or 6.6 percent, during the first two months of 2019 compared to the same period of 2018 to reach JD 768.3 million (68.8 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 14.6 million, or 3.0 percent, to reach JD 506.5 million, accounting for 65.9 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 12.7 million, and on imported goods by JD 9.1 million, and on services by JD 2.4 million. However, the proceeds of sales tax on commercial sector went down by JD 9.4 million.
- An increase in the proceeds of **income and profit taxes** by JD 33.2 million, or 20.1 percent, to reach JD 198.7 million, accounting for 25.9 percent of total tax revenues. This increase was an outcome of the rise in the proceeds of income tax on individuals by JD 15.2 million, or 58.2 percent, to reach JD 41.3 million. This is due to the introduction of the law amending the income tax law passed at the end of 2018, in addition to the extension of the exemption from the delay penalties imposed on the tax payers until the end of April 2019. And increase in “companies and projects” by JD 18.0 million, or 12.9 percent. Income tax from companies and projects accounted for 79.2 percent of total proceeds of income and profits taxes, amounting to JD 157.4 million.

- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 3.8 million, or 8.2 percent, to reach JD 50.2 million.
- A decrease in the proceeds of **taxes on financial transactions**

Relative importance of tax revenue items Jan.-Feb.2019



(**real-estates tax**) by JD 3.8 million, or 22.9 percent, to reach JD 12.8 million, as a result of slows performance in the real estate's sector.

● Non-Tax Revenues

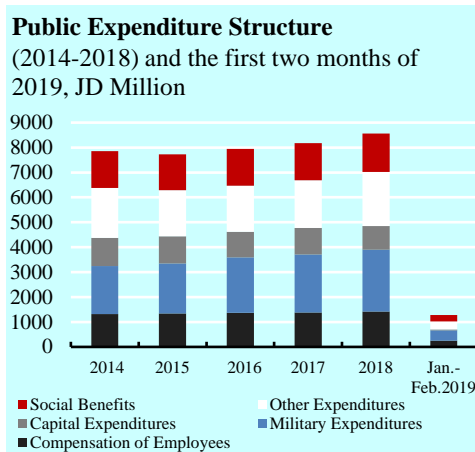
- "Other revenues" increased by JD 5.8 million, or 1.7 percent, in the first two months of 2019 to reach JD 346.6 million. This increase was chiefly due to the following:
 - An increase in the property income by JD 8.4 million to stand at JD 38.5 million (of which financial surplus of independent government units amounted to JD 35.6 million against JD 26.4 million during the same period of 2018).
 - An increase in miscellaneous revenues by JD 5.4 million to stand at JD 168.9 million.
 - A decrease in revenues from selling goods and services by JD 7.9 million to reach JD 139.3 million.
- Pension contributions witnessed a decrease of JD 0.3 million, in the first two months of 2019 compared to the same period of 2018, standing at JD 1.2 million.

◆ Foreign Grants

Foreign grants decreased by JD 27.1 million, or 41.6 percent, in the first two months of 2019, standing at JD 38.0 million compared to JD 65.1 million during the same period of 2018.

■ Public Expenditures

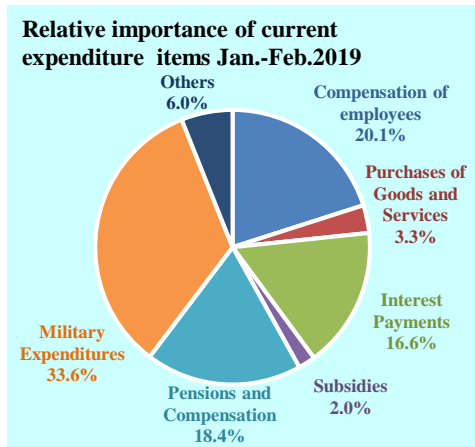
Public expenditures decreased by JD 82.6 million, or 10.8 percent, in February 2019 compared to the same month in 2018, to stand at JD 680.4 million. As for the first two months of 2019, public expenditures decreased by JD 163.6 million, or 11.4 percent, compared to the same period in 2018 to stand at JD 1,276.6 million. This decrease was an outcome of the drop in current expenditures by 10.3 percent, and the decrease in capital expenditures by 32.4 percent.



◆ Current Expenditures

Current expenditures went down by JD 141.1 million, or 10.3 percent, in the first two months of 2019 to reach JD 1,230.0 million (96.3 percent of public expenditures). Because of the rise of domestic revenues and drop current expenditure, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased to 90.7 percent, against 77.5 percent during the same period of 2018. The decrease in current expenditures is due to the evolution of its components, as follow:

- A decrease in subsidies by JD 158.1 million, to stand at JD 24.7 million. This is mainly due to government disbursement of cash subsidy to the beneficiaries of JD 155 million during the first two months of 2018, while subsidies were not disbursed during the same period of 2019.
- A decrease in the purchases of goods and services by JD 5.0 million, to reach JD 40.3 million.
- An increase in interest payments (commitment basis) by JD 24.0 million, to stand at JD 203.8 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 18.7 million, to reach JD 246.8 million.
- An increase in pensions and compensation by JD 9.0 million, to stand at JD 226.2 million.
- An increase in military expenditures by JD 13.0 million, to total JD 413.9 million.

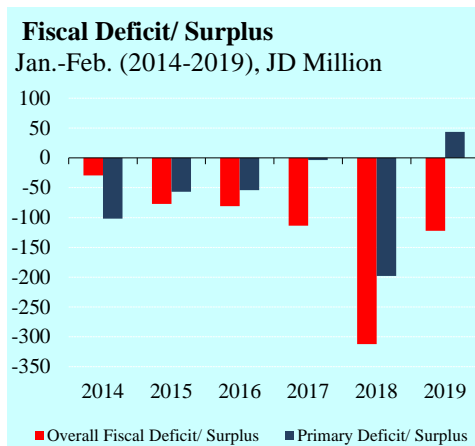


◆ Capital Expenditures

Capital expenditures decreased by JD 22.4 million, or 32.4 percent, during the first two months of month of 2019 compared to the same period of 2018, to reach JD 46.7 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 122.5 million during the first two months of 2019, compared to a fiscal deficit of JD 312.4 million during the same period of 2018. As a percent of



GDP, the budget deficit reached 2.4 percent compared to budget deficit 6.4 percent in the same period of 2018.

- ◆ When foreign grants are excluded, the general budget deficit increase to reach JD 160.5 million (3.2 percent of GDP) during the first two months of 2019, compared to a fiscal deficit of JD 377.5 million (7.8 percent of GDP) in the same period of 2018.
- ◆ The general budget recorded a primary surplus (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 43.3 million (0.9 percent of GDP) during the first two months of 2019, against a primary deficit of JD 197.7 million (4.1 percent of GDP) in the same period of 2018.
- ◆ When foreign grants are included, the primary surplus of the general budget reached JD 81.3 million (1.6 percent of GDP), compared to a primary deficit of JD 132.6 million (2.7 percent of GDP) in the same period of 2018.

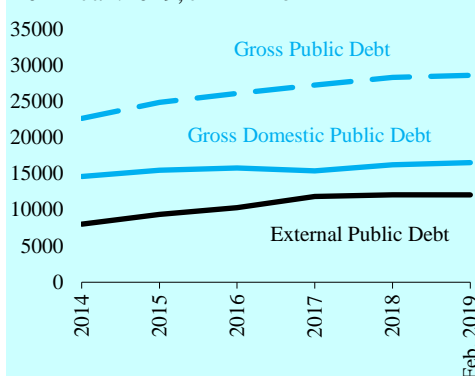
Public Debt

Gross outstanding domestic public debt increased by JD 319.8 million, at the end of February 2019 compared to its level at the end of 2018, to stand at JD 16,540.5 million (54.6 percent of GDP compared to 54.1 percent of GDP at the end of 2018). This increase was a result of the rise in the domestic public debt of the general budget by JD 399.6 million, and the decrease in the domestic public debt of own-budget agencies by JD 79.9 million compared to their levels at the end of 2018, standing

at JD 13,751.9 million and JD 2,788.6 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 400 million, compared to its level at the end of 2018 to reach JD 13,475.3 million, and the stability the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved at the end of 2018 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

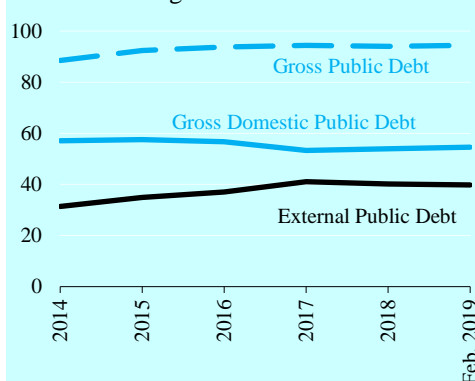
Public Debt

2014- Jan.2019, JD Million



Public Debt

As a Percentage of GDP



extended to these institutions by JD 59.9 million, compared to their level at the end of 2018 to reach JD 2,198.1 million. Whereas the independent institutions' bonds decreased by JD 20.0 million, compared to the end of 2018 to reach JD 590.5 million.

- The balance of the external public debt (budget and guaranteed) went down by JD 13.6 million at the end of February 2019, compared to its level at the end of 2018, to reach JD 12,073.9 million (39.8 percent of GDP compared to 40.3 percent of GDP at the end of 2018). It is worth mentioning that the balance of the external public debt denominated in the U.S. Dollar accounted for 72.5 percent of the total external public debt, and the debt in Euro accounted for 9.0 percent. However, the Japanese Yen 5.9 percent, Kuwaiti Dinar (5.3 percent) and SDR (5.2 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 306.1 million at the end of February 2019 to stand at JD 28,614.4 million (94.4 percent of GDP), compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- On the other hand, government deposits with the banking system decrease by JD 60.3 million at the end of February 2019, compared to the end of 2018, to reach JD 1,347.4 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 380.0 million to reach JD 15,193.1 million (50.1 percent of GDP compared to 49.4 percent of GDP at the end of 2018). Whereas, net public debt increased by JD 366.4 million to stand at JD 27,267.0 million, accounting for 90.0 percent of GDP compared to 89.7 percent of GDP at the end of 2018.
- External debt service (budget and guaranteed) decreased by JD 53.5 million during the first two months of 2019, compared to the same period of 2018, to reach JD 192.3 million (including principal payments of JD 125.0 million and interest of JD 67.3 million).

□ Fiscal and Price Measures of 2019

◆ May

- The Oil Derivatives Pricing Committee decided to maintain the prices of all oil derivatives unchanged, and rise fuel for airplanes and asphalt, as follows:

Development of Oil Derivatives Price

	Unit	2019		Percentage Change
		April	May	
Unleaded Gasoline 90	Fils/Liter	750	750	0.0
Unleaded Gasoline 95	Fils/Liter	1,000	1,000	0.0
Unleaded Gasoline 98	Fils/Liter	1,150	1,150	0.0
Gas Oil (Diesel)	Fils/Liter	610	610	0.0
Kerosene	Fils/Liter	560	560	0.0
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	N.A	427.9	-
Fuel for airplanes (local companies)	Fils/Liter	449	461	2.7
Fuel for airplanes (foreign companies)	Fils/Liter	454	466	2.6
Fuel for unplanned flights	Fils/Liter	469	481	2.6
Asphalt	JD/Ton	420.6	421.5	0.2

Source: Jordan Petroleum Refinery Company (1/5/2019).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in May 2019, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ April

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in April 2019, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in March 2019, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ February

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 10 fils instead of 12 fils, starting in February 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to remove the fees on agricultural exports until the end of this year.
- The Cabinet approved an amended by-law 2019 for the school donation by-law. The amendment includes a reduction in contributions for Jordanian students, in addition to determining the amount imposed on non-jordanian students, as follows:

Educational level	Jordanian Students	Non - Jordanians
The preliminary level from the first grade to the sixth grade	JD 3	JD 40
The intermecliate level from the seventh grade to the tenth grade	JD 4	JD 40
The secondary level (Academic branches)	JD 6	JD 60
The secondary level (Vocational Branches)	JD 6	JD 80

◆ January

- The Cabinet decided to grant private school buses that are subject to be replaced, registered, or licensed full tax and customs duties exemptions, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.

- The Cabinet decided to grant the tourist buses, that are currently operating, and subject to be replaced, or those that will be registered or licensed full exemptions from taxes and customs duties, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.
- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 12 fils instead of 18 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to not extend the special tax exemptions for electric cars, thus becomes subject to a special tax of 25 percent.
- The Cabinet decided to fix the price of "kerosene" for four months, starting from January 2019 until April 30th, and reduce it in the case of falling prices globally.
- 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 35 percent, starting from 1/1/2019 until 31/12/2019.
- The Cabinet decided to lower the general sales tax on 61 commodities to 4 percent, down from 10 and 16 percent. The list includes foodstuffs such as canned meat, fish, cheese, pasta, vegetables, fruit, table salt, and tomato paste, in addition to pencils, among others, according to the statement.

□ Grants, Loans and Other Agreements for 2019

◆ March

- Signing a loan agreement with the European Investment Bank (EIB) in the amount EUR 65 million, to finance the improvement of water supply systems in the Deir Alla and Al Karamah districts of the Jordan Valley.

- Signing a memorandum of understanding with the Agence Française de Développement (AFD), to provide a financing package for Jordan and committing EUR 1 billion over the period 2019-2022, as follow:
 - EUR 650 million, as soft loans to support the general budget, with EUR 400 million (EUR 100 million each year), and EUR 250 million to support development projects.
 - EUR 200 million, for non-sovereign finance "Non-government borrowing and no government guarantees."
 - EUR 150 million, grants and technical assistance through several initiatives to support the Jordan Response Plan.
- Signing a grant agreement provided by the Japan in the amount of USD 4.5 million, to improve the Civil Defence Department's (CDD) capabilities.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 7.7 percent in February 2019, compared to the same month of 2018 to reach JD 435.7 million. As for the first two months of 2019, total merchandize exports increased by 9.8 percent compared to the same period of 2018 to reach JD 857.7 million.
- **Merchandize imports** decreased by 0.7 percent in February 2019, compared to the same month of 2018 to reach JD 1,054.7 million. As for the first two months of 2019, Merchandize imports decreased by 1.8 percent compared to the same period of 2018 to reach JD 2,242.9 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 5.9 percent in February 2019 compared to the same month of 2018; standing at JD 619.0 million. As for the first two months of 2019, the trade balance deficit decreased by 7.8 percent, compared to the same period of 2018 to reach JD 1,385.2 million.
- **Travel receipts** decreased by 2.8 percent in March 2019 compared to the same month of 2018 to reach JD 304.1 million. As for the first quarter of 2019, travel receipts increased by 5.2 percent compared to the same period of 2018 to reach JD 878.0 million. While travel payments decreased by 5.4 percent in March 2019 compared to the same month of 2018 to reach JD 77.8 million. As the first quarter of 2019 travel payments increased by 1.2 percent, compared to the same period of 2018 to reach JD 229.2 million.
- **Total workers' remittances receipts** increased by 3.0 percent in March 2019 compared to the same month of 2018 to reach JD 208.7 million. As for the first quarter of 2019, total workers remittances increased by 3.6 percent, compared to the same period of 2018 to reach JD 634.2 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,107.8 million (7.0 percent of GDP) during 2018 compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.3 percent of GDP during 2018, compared with 13.3 percent of GDP during 2017.

- **Net direct investment** recorded an net inflow of JD 679.8 million during 2018, compared to JD 1,436.4 million during 2017.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,094.7 million at the end of 2018, compared to JD 29,432.7 million at the end of 2017.

□ External Trade

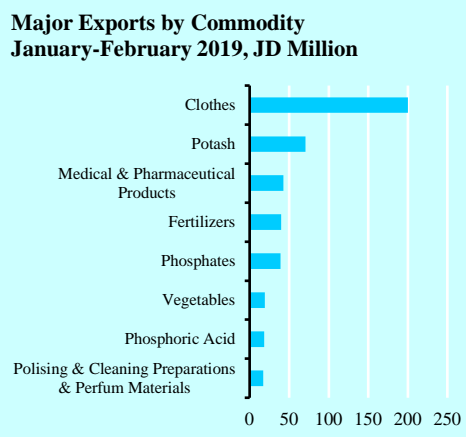
- As a result of the increase in domestic exports by JD 73.6 million and the decrease in imports by JD 40.5 million during the first two months of 2019, the volume of external trade (domestic exports *plus* imports) increased by JD 33.1 million to stand at JD 2,964.3 million compared with the same period of 2018.

Jordan's Major Trading Partners				Main External Trade Indicators				
JD Million				JD Million				
January-February				January-February				
	2018	2019	Percentage Change		2018	Percentage Change (%)	2019	Percentage Change (%)
Exports				External Trade	2,931.2	1.1	2,964.3	1.1
USA	176.9	201.6	14.0	Total Exports	780.8	-4.6	857.7	9.8
India	88.5	98.1	10.8	Domestic Exports	647.8	0.0	721.4	11.4
Saudi Arabia	62.7	70.3	12.1	Re-exports	133.0	-21.7	136.3	2.5
Iraq	56.9	59.0	3.7	Imports	2,283.4	1.5	2,242.9	-1.8
China	10.8	21.5	99.1	Trade Balance	-1,502.6	4.9	-1,385.2	-7.8
Indonesia	15.5	19.9	28.4	Source: Department of Statistics.				
UAE	18.2	18.4	1.1					
Imports								
Saudi Arabia	412.0	419.0	1.7					
China	315.4	360.2	14.2					
USA	217.1	176.3	-18.8					
Egypt	51.4	137.0	166.5					
India	62.7	115.2	83.7					
Germany	91.8	112.0	22.0					
Italy	86.5	66.3	-23.4					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 9.8 percent during the first two months of 2019, to reach JD 857.7 million. This increase resulted from an increase in domestic exports by JD 73.6 million, or 11.4 percent

to reach JD 721.4 million and an increase in re-exports by JD 3.3 million, or 2.5 percent to reach JD 136.3 million.



◆ The developments of domestic exports during the first two months of 2019 compared with the same period of 2018 reveals the following:

- Exports of **Clothes** increased by JD 26.9 million, or 15.5 percent, to stand at JD 200.3 million. The USA market accounted for 89.5 percent of these exports.
- Exports of **Fertilizers** increased by JD 11.8 million or 42.1 percent to reach JD 39.8 million. It is worth noting that India, Croatia and Algeria were the main markets for these exports, accounting for 92.0 percent.
- Exports of **Potash** increased by JD 4.2 million, or 6.3 percent, to stand at JD 70.8 million. The markets of India, China, Egypt and Indonesia accounted for 85.6 percent of these exports.

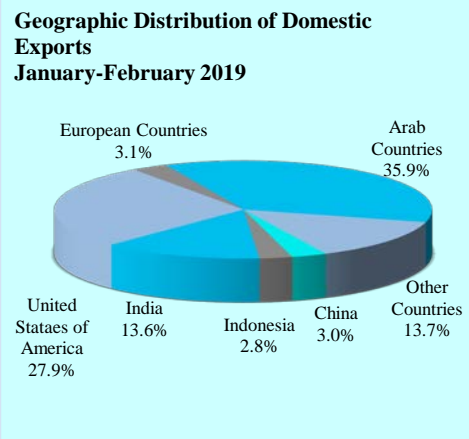
- Exports of **Polishing & cleaning preparations & perfume materials** increased by JD 4.2 million, or 32.1 percent, to reach JD 17.3 million. Iraq, Saudi Arabia, and Libya were the main destination markets; accounting for 81.5 percent of these exports.
- Exports of **Phosphoric Acid** increased by JD 4.0 million or 27.8 percent to stand at JD 18.4 million. India and Saudi Arabia were the main destination markets for these export, accounting for 98.4 percent
- Exports of **Medical & Pharmaceutical Products** decreased by JD 0.1 million, or 0.2 percent, to reach JD 42.8 million. The markets of Saudi Arabia, Iraq, the USA and Algeria accounted for 53.7 percent of these exports.

Major Domestic Exports by Commodity, JD Million
January- February 2018-2019

	2018	2019	Percentage Change
Domestic Exports	647.8	721.4	11.4
Clothes	173.4	200.3	15.5
USA	150.4	179.2	19.1
Potash	66.6	70.8	6.3
India	18.5	25.2	36.2
China	9.3	20.3	118.3
Egypt	5.4	9.4	74.1
Indonesia	10.7	5.7	-46.7
Medical & Pharmaceutical Products	42.9	42.8	-0.2
Saudi Arabia	8.4	7.7	-8.3
Iraq	7.2	6.5	-9.7
USA	6.5	5.6	-13.8
Algeria	2.8	3.2	14.3
Fertilizers	28.0	39.8	42.1
India	24.3	32.0	31.7
Croatia	0.0	3.7	-
Algeria	0.1	0.9	800.0
Phosphates	39.8	39.2	-1.5
India	31.8	24.8	-22.0
Indonesia	4.4	13.6	209.1
Vegetables	19.6	19.4	-1.0
Kuwait	2.7	4.2	55.6
UAE	3.9	3.6	-7.7
Saudi Arabia	4.5	3.3	-26.7
Phosphoric Acid	14.4	18.4	27.8
India	10.8	13.6	25.9
Saudi Arabia	0.4	4.5	-
Polishing & Cleaning Preparations & Perfume Materials	13.1	17.3	32.1
Iraq	7.1	9.5	33.8
Saudi Arabia	3.5	3.8	8.6
Lybia	0.2	0.8	300.0

Source: Department of Statistics.

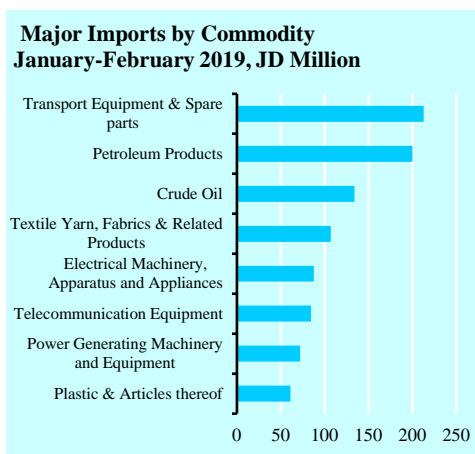
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical products”,



Fertilizers, phosphates, vegetables, Phosphoric Acid and “Polishing & Cleaning preparation & Perfume”, topped the list of domestic exports during the first two months of 2019; accounting for 62.1 percent, compared with 61.4 percent during the same period of 2018. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, China, Indonesia, and the UAE were the main destination markets during the first two months of 2019; accounting for 67.8 percent, compared with 66.3 percent during the same period of 2018.

■ Merchandize Imports:

Merchandize imports decreased by 1.8 percent to reach JD 2,242.9 million during the first two months of 2019, compared to an increase by 1.5 percent during the same period 2018.



◆ The developments of imports during the first two months of 2019 compared with the same period of 2018 reveals the following:

- **Plastic & Articles thereof** imports decreased by JD 11.2 million or 15.5 percent to reach JD 61.1 million. Saudi Arabia, China and the UAE were the main origin markets accounting for 71.2 percent of these imports.
- **Textile Yarn, Fabrics and Related Products** imports decreased by JD 7.5 million or 6.5 percent to stand at JD 107.1 million. China, Taiwan and Turkey were the main markets, accounting for 75.8 percent of these imports
- **Crude Oil** imports decreased by JD 3.4 million, or 2.5 percent, to reach JD 133.9 million. This decrease was mainly outcome from an increase in imported quantities by 1.4 percent and a decrease in prices by 3.8 percent. Noting that all crude oil imports came from Saudi Arabia.

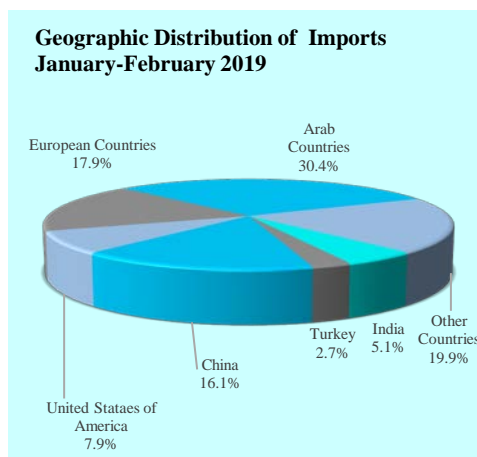
- Electrical Machinery, Apparatus and Appliances** imports decreased by JD 2.4 million or 2.7 percent to reach JD 87.7 million. China, Germany and Turkey were the main origin markets accounting for 60.3 percent of these imports.
- Transport Equipment & Spare Parts** imports decreased by JD 0.7 million or 0.3 percent to reach JD 212.6 million. The USA, Mexico, Germany and Japan were the main origin markets, accounting for 68.9 percent of these imports.
- Power Generating Machinery & equipment** import increased by JD 6.4 million or 9.8 percent to reach JD 71.9 million. The USA, China and Finland were the main markets, accounting for 88.9 percent of these imports.

**Major Imports by Commodity, JD Million
January-February 2018-2019**

	2018	2019	Percentage Change
Total Imports	2283.4	2242.9	-1.8
Transport Equipment & Spare Parts	213.3	212.6	-0.3
USA	46.5	52.0	11.8
Mexico	25.9	34.5	33.2
Germany	25.5	31.2	22.4
Japan	38.9	28.8	-26.0
Petroleum Products	174.3	199.9	14.7
Saudi Arabia	118.5	111.7	-5.7
India	18.1	46.9	-
Bahrain	0	27.3	-
Crude Oil	137.3	133.9	-2.5
Saudi Arabia	137.3	133.9	-2.5
Textile Yarn, Fabrics and Related Products	114.6	107.1	-6.5
China	48.4	49.9	3.1
Taiwan	33.4	24.5	-26.6
Turkey	7.4	6.8	-8.1
Electrical Machinery Apparatus and Appliances	90.1	87.7	-2.7
China	36.8	38.1	3.5
Germany	3.9	7.6	94.9
Turkey	10.0	7.2	-28.0
Telecommunication Equipment	55.7	84.2	51.2
China	41.3	55.0	33.2
Vietnam	7.0	15.5	141.4
India	0.0	7.2	-
Power Generating Machinery and Equipment	65.5	71.9	9.8
USA	14.1	28.6	102.0
China	7.4	22.2	200.0
Finland	0.0	13.1	-
Plastic & Articles thereof	72.3	61.1	-15.5
Saudi Arabia	40.0	33.3	-16.8
China	5.7	5.7	0.0
UAE	3.8	4.5	18.4

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “transport equipment and spare part”, “petroleum products”, “crude oil”, “textile yarn, fabrics and related products”, “electrical machinery apparatus and appliances”, “Telecommunication equipment”, “Power Generating Machinery and equipment” and “Plastic Articles thereof”, topped the list of imports during the first two months of 2019, accounting for 42.7 percent; compared to 40.4 percent during the same period of 2018. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Egypt, India, Germany, and Italy were the main source markets during the first two months of 2019; accounting for 61.8 percent of imports, compared to 54.2 percent during the same period of 2018.



■ Re-Exports

The value of re-exported goods in February 2019 increased by JD 0.6 million, or 0.8 percent, compared to the same month of 2018, to stand at JD 73.0 million. As for the first two months of 2019, Re-exports increased by 2.5 percent to reach JD 136.3 million compared to the same period of 2018.

■ Trade Balance

The trade balance deficit decreased by JD 39.1 million, or 5.9 percent in February 2019 compared to the same month of 2018, to reach JD 619.0 million. As for the first two months of 2019, the trade balance deficit decreased by 7.8 percent to reach JD 1,385.2 million compared to the same period of 2018

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 3.0 percent in March 2019 compared to the same month of 2018, to register JD 208.7 million. As for the first quarter of 2019, total workers' remittances increased by JD 22.3 million, or 3.6 percent, to register JD 634.2 million, compared to the same period of 2018.

□ Travel

■ Receipts

Travel receipts decreased by JD 8.7 million, or 2.8 percent, in March 2019 compared to the same month of 2018, to register JD 304.1 million. As for the first quarter of 2019, travel receipts increased by JD 43.7 million, or 5.2 percent, to register JD 878.0 million, compared to the same period of 2018.

■ Payments

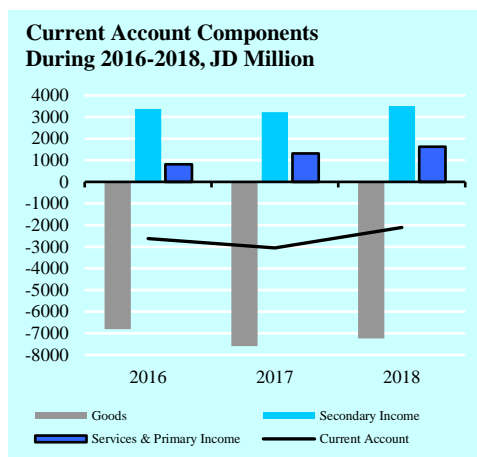
Travel payments decreased by JD 4.4 million, or 5.4 percent, in March 2019 compared to the same month of 2018, to stand at JD 77.8 million. As for the first quarter of 2019, travel payments increased by 2.8 million, or 1.2 percent, to register JD 229.2 million, compared to the same period of 2018.

□ Balance of Payments

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

- The current account recorded a deficit of JD 2,107.8 million (7.0 percent of GDP) compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach JD 3,103.3 million (10.3 percent of GDP) during 2018 compared to JD 3,831.4 million (13.3 percent of GDP) during 2017. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit during 2018 by JD 353.8 million, or 4.7 percent, to reach JD 7,239.4 million compared to JD 7,593.2 million during 2017.



- ◆ An increase in the services account surplus compared to 2017 by JD 310.5 million, to reach JD 1,766.3 million.
- ◆ A decrease in the primary income account deficit by JD 4.9 million, to reach JD 141.6 million during 2018 compared to a deficit of JD 146.5 million during 2017. This was mainly due to a decrease in deficit of the investment income (net) by JD 11.4 million, and a decrease in the surplus of “compensation of employees (net)” by JD 6.5 million.
- ◆ An increase in the secondary income surplus by JD 276.9 million to reach JD 3,506.9 million compared to JD 3,230.0 million during 2017, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 218.0 million to reach JD 995.5 million, and the increase in the net surplus transfers of other sectors by JD 58.9 million to reach JD 2,511.4 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 55.0 million during 2018 compared to a net inflow of JD 30.0 million during 2017. Meanwhile, the financial account registered a net inflow of JD 2,795.5 million during 2018 compared to a net inflow of JD 2,297.5 million during 2017, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 679.8 million compared to a net inflow of JD 1,436.4 million during 2017.
 - ◆ Portfolio investment recorded a net outflow of JD 146.5 million compared to a net inflow of JD 676.7 million during 2017.
 - ◆ Other investment registered a net inflow of JD 1,586.0 million compared to a net outflow of JD 91.5 million during 2017.
 - ◆ A decrease in the reserve assets of the CBJ by JD 676.2 million, compared to a decrease of JD 92.4 million during 2017.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 32,094.7 million at the end of 2018 compared to JD 29,432.7 million at the end of 2017. This was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 883.3 million at the end of 2018 to reach JD 17,811.7 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 712.4 million and decrease in the currency and deposits of the banking sector abroad by JD 188.0 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 1,778.7 million at the end of 2018, to reach JD 49,906.4 million, this was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 609.7 million to stand at JD 24,927.5 million.
 - ◆ An increase of government long term loans by JD 298.9 million to stand at JD 4,527.8 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 1,160.8 million to stand at JD 8,733.9 million (increase by JD 748.6 million for the CBJ and increase by 412.2 for the licensed banks).
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 364.8 million to reach JD 536.6 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 264.9 million to stand at JD 7,944.6 million.