



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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OUR VISION

To continue maintaining monetary and financial stability and thereby contributing to the achievement of economic and social growth in the kingdom.

OUR MISSION

Maintaining monetary stability represented in maintaining the stability of the Jordanian Dinar exchange rate and the general prices level. And contributing to providing an investment environment that is both attractive and motivating for the economic and social development through providing a convenient interest rate structure and implementing macro and micro prudential supervision policies that maintain financial and banking stability. In addition to providing safe and efficient national payments systems, promoting financial inclusion, and protecting the financial customer. To this end, the Central Bank of Jordan employs optimally its human, material, financial, technical and knowledge resources.

OUR VALUES

- | | | |
|----------------------------|---|---|
| Loyalty | : | Commitment, responsibility, and dedication to the institution, its staff and clients. |
| Integrity | : | Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers. |
| Excellence | : | To make a difference in the quality of services provided in accordance with international standards and practices. |
| Continuous Learning | : | Aspiring to continuously improve professional and academic levels in accordance with international best practices. |
| Involvement | : | Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency. |
| Transparency | : | Disclosing information and knowledge, and simplifying and clarifying procedures and regulations in accordance with professional standards and pertinent rules |

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Executive Summary

□ Output, Prices and Employment

During 2016, real GDP at market prices, grew by 2.0 percent, against 2.4 percent during 2015. The Consumer Price Index increased during the first four months of 2017 by 3.7 percent, compared to a contraction of 1.2 percent during the same period of 2016. Furthermore, the unemployment rate during the first quarter of 2017 amounted to 18.2 percent.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,119.8 million at the end of the first four months of 2017. This level of reserves covers around 7.5 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 32,147.9 million at the end of the first four months of 2017, compared to JD 32,876.2 million at the end of 2016.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 23,711.9 million at the end of the first four months of 2017, compared to JD 22,905.8 at the end of 2016.
- Total deposits at licensed banks amounted to JD 32,418.8 million at the end of the first four months of 2017, compared to JD 32,900.0 million at the end of 2016.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,185.3 points at the end of the first four months of 2017, compared to JD 2,170.3 million at the end of 2016.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 191.9 million during the first quarter of 2017 compared to a fiscal deficit in the amount of JD 174.3 million during the same period in 2016. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 76.0 million at the end of March 2017 compared to its level at the end of 2016, standing at JD 15,869.7 million (57.1 percent of GDP). Outstanding external public debt (budget and guaranteed) increased by JD 282.9 million at the end of March 2017 compared to its level at the end of 2016 to reach JD 10,581.9 million (38.1 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 95.2 percent of GDP at the end of March 2017 compared to 95.1 percent of GDP at the end of 2016.
- **External Sector:** Total merchandise exports (domestic exports *plus* re-exports) increased by 6.7 percent in the first quarter of 2017 to reach JD 1,239.2 million. Meanwhile, merchandise imports decreased by 0.4 percent to reach JD 3,444.5 million. As a result, the trade balance deficit decreased by 4.0 percent compared to the same period in 2016, to reach JD 2,205.3 million. The preliminary data for the first four months of 2017 showed an increase in travel receipts and travel payments by 17.9 percent and 10.5 percent respectively, compared to the same period of 2016. Moreover, total workers' remittances receipts increased by 2.4 percent during the first four months of 2017 compared to the same period in 2016. The preliminary data for the balance of payments of 2016 displayed a slight increase in the current account deficit to reach JD 2,560.2 million (9.3 percent of GDP) up from JD 2,418.2 million (9.1 percent of GDP) during 2015. Meanwhile, the current account deficit excluding grants increased to reach 12.6 percent of GDP compared with 12.3 percent of GDP during 2015. Moreover, net direct investment recorded an inflow of JD 1,090.3 million during of 2016 compared to a net inflow of JD 1,135.5 million during 2015. Furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 26,635.1 million at end of 2016 up form JD 24,815.1 million at the end of 2015.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,119.8 million at the end of the first four months of 2017. This level of reserves covers around 7.5 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 32,147.9 million at the end of the first four months of 2017, compared to JD 32,876.2 million at the end of 2016.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 23,711.9 million at the end of the first four months of 2017, compared to JD 22,905.8 million at the end of 2016.
- Total deposits at licensed banks amounted to JD 32,418.8 million at the end of the first four months of 2017, compared to JD 32,900.0 million at the end of 2016.
- The interest rates on all types of the credit facilities extended by the licensed bank had increased, except the interest rate on the discounted bills and bonds. While the interest rates on all types of deposits held by the licensed banks had shown a variation in terms of the rise and fall, the interest rate on the time deposits had increased, and the interest rate on the demand deposits had decreased, meanwhile the interest rate on saving deposit remains the same at the end of 2016.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,185.3 points at the end of the first four months of 2017, compared to 2,170.3 points at the end of 2016. Moreover, the market capitalization reached JD 17,471.8 million at the end of the first four months of 2017, compared to JD 17,339.4 million at the end of 2016.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

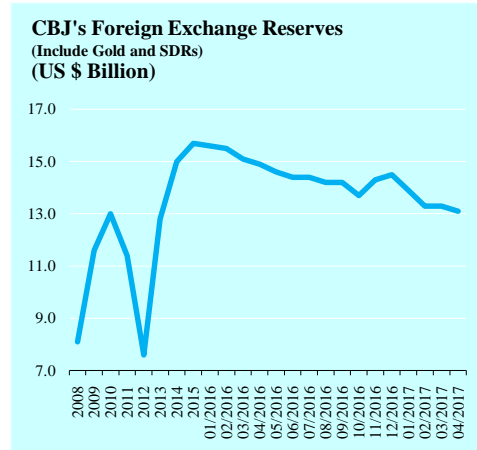
		End of April	
2016		2016	2017
US\$ 14,499.9	CBJ's Foreign Reserves*	US\$ 14,926.0	US\$ 13,119.8
-7.6%		-4.9%	-9.5%
32,876.2	Money Supply (M2)	32,056.5	32,147.9
4.0%		1.4%	-2.2%
22,905.8	Credit Facilities, of which:	21,800.1	23,711.9
8.5%		3.3%	3.5%
19,901.4	Private Sector (Resident)	18,810.1	20,668.0
10.0%		3.9%	3.9%
32,900.0	Total Deposits, of which:	32,922.8	32,418.8
0.9%		1.0%	-1.5%
25,968.2	In JD	26,257.3	25,205.6
-0.2%		0.9%	-2.9%
6,931.8	In Foreign Currencies	6,665.5	7,213.2
5.3%		1.2%	4.1%
26,952.9	Deposits of Private Sector (Resident), of which:	26,064.2	26,219.6
4.5%		1.0%	-2.7%
21,572.9	In JD	21,367.2	20,871.3
1.9%		1.0%	-3.3%
5,380.0	In Foreign Currencies	4,697.0	5,348.3
16.0%		1.3%	-0.6%

* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,119.8 million at the end of the first four months of 2017. This level of reserves covers around 7.5 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

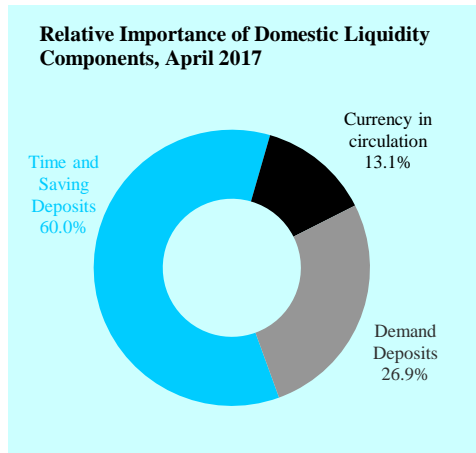
■ Domestic liquidity amounted to JD 32.1 billion at the end of the first four months of 2017, compared to JD 32.9 billion at the end of 2016.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of April 2017 compared to their levels at the end of 2016, reveal the following:**

● Components of Domestic Liquidity

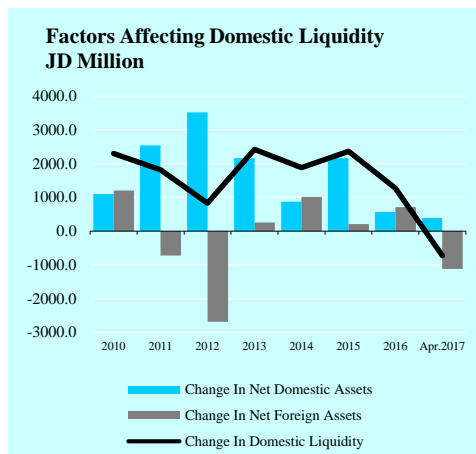
- Total deposits within the liquidity concept amounted to JD 27.9 billion at the end of the first four months of 2017, compared to JD 28.0 billion at the end of the first four months of 2016, and JD 28.7 billion at the end of 2016.

- Currency in circulation amounted to JD 4.2 billion at the end of the first four months of 2017, compared to JD 4.1 billion at the end of the first four months of 2016, and JD 4.2 billion at the end of 2016.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 24.4 billion at the end of the first four months of 2017, compared to JD 24.2 billion at the end of the first four months of 2016, and JD 24.0 billion at the end of 2016.



- Net foreign assets of the banking system amounted to JD 7.7 billion at the end of the first four months of 2017, compared to JD 7.9 billion at the end of the first four months of 2016, and JD 8.8 billion at the end of 2016. The net foreign assets at the CBJ amounted to JD 9.0 billion at the end of the first four months of 2017.

Factors Affecting Domestic Liquidity (M2) JD Million

		End of April	
2016		2016	2017
8,845.4	Foreign Assets (Net)	7,853.1	7,727.9
9,831.5	CBJ	9,820.6	8,988.3
-986.1	Licensed Banks	-1,967.5	-1,260.4
24,030.8	Domestic Assets (Net)	24,203.4	24,420.0
-5,194.1	CBJ, of which:	-5,337.8	-4,324.6
1,043.1	Claims on Public Sector (Net)	1,327.0	1,022.9
-6,260.1	Other Items (Net*)	-6,687.8	-5,370.7
29,225.0	Licensed Banks	29,541.2	28,744.5
9,955.9	Claims on Public Sector (Net)	10,424.5	10,036.3
20,567.4	Claims on Private Sector	19,397.1	21,430.9
-1,298.3	Other Items (Net)	-280.4	-2,722.7
32,876.2	Money Supply (M2)	32,056.5	32,147.9
4,181.3	Currency in Circulation	4,050.9	4,206.3
28,694.9	Total Deposits, of which:	28,005.6	27,941.6
5,418.9	In Foreign Currencies	4,768.7	5,385.0

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

◆ On March 19th, 2017, the CBJ increased the interest rates on the CBJ main rate and other key monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest Rate: 3.50 percent.
- Re-Discount Rate: 4.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.25 percent
- Weekly/ Monthly Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 2.50 percent.

- ◆ The interest rate margin on CDs was brought up from 3.00 – 3.25 percent to be 3.25 – 3.50 percent.
- ◆ This decision aims to maintain the foundations of financial and monetary stability in the kingdom, including the stability of the general level of prices in consistence with the developments in interest rates in the financial markets and global financial markets in the region.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

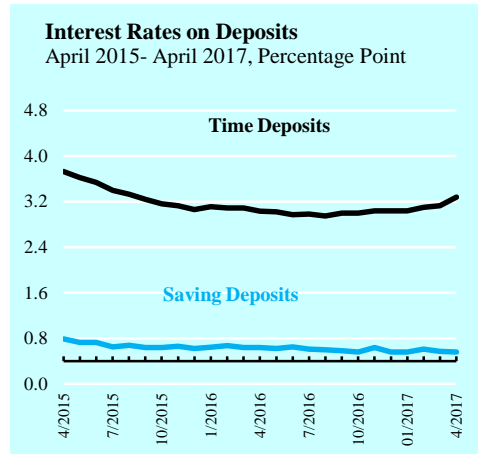
- Time Deposits: The weighted average interest rate on time deposits at the end of April 2017 increased by 14 basis points, compared to its level in the previous month to stand at 3.28 percent. This rate is higher by 24 basis points than its level at the end of 2016.

Interest Rates on Monetary Policy Instruments, percentage points

2016		April	
		2016	2017
3.75	Re-discount Rate	3.75	4.50
3.50	Repurchase Agreements Rate (overnight)	3.50	4.25
1.75	Overnight Deposit Window Rate	1.50	2.50
2.75	Repurchase Agreements rate (one week)	2.50	3.50
2.75	Repurchase Agreements rate (one month)	2.50	3.50
2.50	Certificates of Deposits (one week)	2.25	3.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

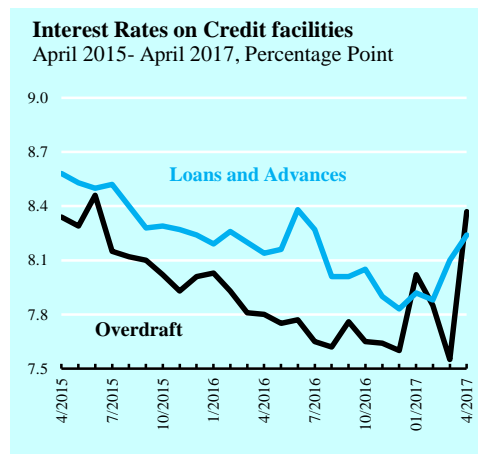
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of April 2017 decreased by one basis point, compared to its level registered in the previous month to stand at 0.56 percent. This rate is the same level registered at the end of 2016.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of April 2017 increased by one basis point, compared to its level registered in the previous months to stand at 0.23 percent. This rate is lower by 3 basis points than its level registered at the end of 2016.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at April 2017 increased by 2 basis points compared to its level in the previous month to stand at 8.37 percent, this rate is higher by 77 basis points than its level registered at the end of 2016.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of April 2017 increased by 38 basis points compared to its level in the previous month to stand at 9.17 percent. This rate is lower by 125 basis points than its level at the end of 2016.

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

	April		Change Relative to the Preceding Year Basis Points
	2016	2017	
Deposits			
0.26 Demand	0.30	0.23	-3
0.56 Saving	0.64	0.56	0
3.04 Time	3.03	3.28	24
Credit Facilities			
10.42 Discounted Bills and Bonds	10.07	9.17	-125
7.83 Loans and Advances	8.14	8.24	41
7.60 Overdraft	7.80	8.37	77
8.37 Prime Lending Rate	8.39	8.59	22

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” at the end of April 2017 increased by 6 basis points, compared to its level registered in the previous month, to stand at 8.24 percent. This rate is higher by 41 basis points than its level registered at the end of 2016.
- The prime lending rate stood at 8.59 percent at the end of April 2017, which is higher by one basis point than its level registered at the previous month, and higher by 22 basis points than its level registered at the end of 2016.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, reached 496 basis points at the end of April 2017, which is higher by 17 basis points than its level registered at the end of December 2016.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 806.1 million, or 3.5 percent, at the end of the first four months of 2017, compared to its level at the end of 2016, against an increase of JD 696.6 million, or 3.3 percent, during the same period in 2016.
- In terms of borrowers, credit facilities at the end of the first four months of 2017 had shown an increase in credit extended to the private sector (resident) by 766.6 million, or 3.9 percent, the private sector (non-resident) by JD 25.9 million, or 5.4 percent, central government by JD 14.4 million, or 0.7 percent, and the financial institution by JD 0.3 million, or 2.6 percent. Meanwhile, credit facilities extended to public institutions declined by JD 1.1 million, or 0.3 percent, compared to their levels at the end of 2016.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 32,418.8 million at the end of the first four months of 2017, decreasing by JD 481.2 million, or 1.5 percent, compared to its level at the end of 2016, against an increase of JD 324.3 million, or 1.0 percent, during the same period in 2016. This decrease due to the reclassification process of banks subsidiaries deposits were reclassified from customer deposits to bank deposits.
- The currency composition of deposits at the end of the first four months of 2017 revealed that the JD deposits amounted to JD 25.2 billion, and the deposit in foreign currency amounted to JD 7.2 billion, compared to JD 26.2 billion to the JD deposits and JD 6.7 billion to the deposits in foreign currency at the end of the first four months of 2016. As for the end of 2016, the JD deposits amounted to JD 26.0 billion and the deposits in foreign currency amounted to JD 6.9 billion.

□ **Amman Stock Exchange (ASE)**

Indicators of ASE displayed a mixed performance at the end of the first four months of 2017 compared to 2016. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at ASE totaled JD 203.9 million in April 2017; up by JD 14.4 million, or 7.6 percent, compared to its level in the previous month, against a decrease of JD 113.9 million, or 39.1 percent, during the same month in 2016. As for the first four months of 2017, the trading volume increased by JD 998.6 million, compared to the same period in 2016, to reach JD 1,872.3 million.

■ **Traded Shares**

The number of traded shares in April 2017 totaled 158.1 million shares, decreased by 0.2 million shares, or 0.1 percent, compared to its level in the previous month, against a decrease by 66.0 million shares, or 29.3 percent, during the same month in 2016. As for the first four months of 2017, the number of traded shares amounted to 821.0 million shares, compared to 804.7 million shares traded during the same period in 2016.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 64.9 points, or 2.9 percent, at the end of April 2017, compared to its

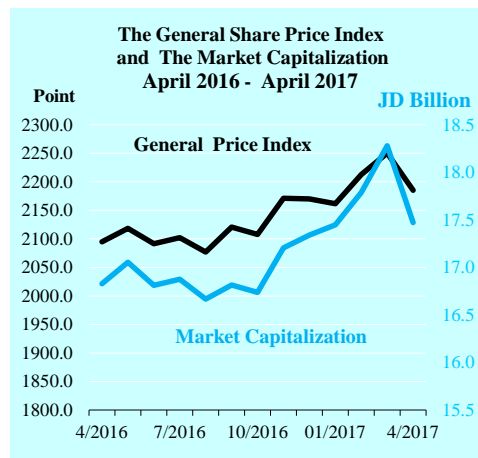
		April	
2016		2016	2017
2,170.3	General Index	2,094.7	2,185.3
2,933.2	Financial Sector	2,826.7	2,975.8
2,093.0	Industrial Sector	1,938.6	2,056.8
1,604.7	Services Sector	1,614.0	1,601.2

Source: Amman Stock Exchange.

level in the previous month to stand at 2,185.3 points, against a decrease of 57.2 points, or 2.7 percent, during the same month in 2016. Furthermore, by the end of the first four months in 2017, the SPI increased by 15 points or 0.7 percent against a decrease of 41.6 points, or 1.9 percent, during the same period in 2016. The aforementioned increase was an outcome of the increase in the SPI of the financial sector by 42.6 points, or 1.5 percent, and the decreased in the SPI for the Industrial sector by 36.2 points, or 1.7 percent and the services sector by 3.4 points, or 0.2 percent, compared to their levels at the end of 2016.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 17.5 billion at the end of April 2017, decreasing by JD 807.7 million, or 4.4 percent, compared to its level in the previous month, against a



decrease of JD 599.9 million, or 3.4 percent, during the same month in 2016. As for the first four months of 2017, the market capitalization increased by JD 132.4 million, or 0.8 percent, compared to a decrease of JD 1.2 billion or 6.4 percent, during the same period in 2016.

■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 5.1 million in April 2017, compared to an inflow of JD 7.0 million during the same month in 2016. The value of shares acquired by non-Jordanian in April 2017 amounted to JD 29.7 million, while their selling amounted to JD 24.7 million. As for the first four months of 2017, non-

Main Amman Stock Exchange Trading Indicators, JD Million			
		April	
2016		2016	2017
2,329.5	Value Traded	177.6	203.9
9.5	Average Daily Trading	8.9	10.2
17,339.4	Market Capitalization	16,828.0	17,471.8
1,836.7	No. of Traded Shares (million)	159.7	158.1
237.1	Net Investment of Non-Jordanian	7.0	5.1
666.5	Non-Jordanian Buying	35.2	29.7
429.4	Non-Jordanian Selling	28.2	24.7

Source: Amman Stock Exchange.

Jordanian net investment recorded an outflow amounted JD 398.6 million, compared to an inflow of JD 129.6 million, during the same period in 2016.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.0 percent during the fourth quarter of 2016, against 2.6 percent during the same quarter of 2015. At current market prices, GDP grew by 2.7 percent during the fourth quarter of 2016, compared to 4.6 percent during the same quarter of 2015.
- Accordingly, GDP at constant market prices grew by 2.0 percent during 2016, against 2.4 percent during 2015. At current market prices, GDP grew by 3.0 percent during 2016, compared to 4.7 percent during 2015.
- The Consumer Price Index (CPI) increased during the first four months of 2017 by 3.7 percent, against a contraction of 1.2 percent during the same period of 2016.
- The unemployment rate during the first quarter of 2017 amounted of 18.2 percent (13.9 percent for males and 33.0 percent for females), The highest unemployment rate among youth reached 39.5 percent for the categories of 15-19 years old, and 35.4 percent for those between 20-24 years.

□ Developments of GDP

- Despite the deepening of the political and social unrest in the region, particularly in Syria and Iraq, that have strongly influenced the performance of many economic sectors; the real GDP grew by 2.0 percent during 2016 compared to 2.4 percent during 2015. When excluding “net taxes on products”, which grew by 1.1 percent, GDP at constant basic prices grew by 2.2 percent during 2016, compared to 2.6 percent during 2015.

**Quarterly Growth Rates of GDP at Market Prices
2014 - 2016**

	Q 1	Q2	Q3	Q4	Percentages Year
2014					
GDP at Constant Market Prices	3.2	2.8	3.1	3.3	3.1
GDP at Current Market Prices	7.1	6.1	6.2	7.2	6.6
2015					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	2.4
GDP at Current Market Prices	5.1	4.5	4.7	4.6	4.7
2016					
GDP at Constant Market Prices	2.3	1.9	1.8	2.0	2.0
GDP at Current Market Prices	3.8	3.2	2.6	2.7	3.0

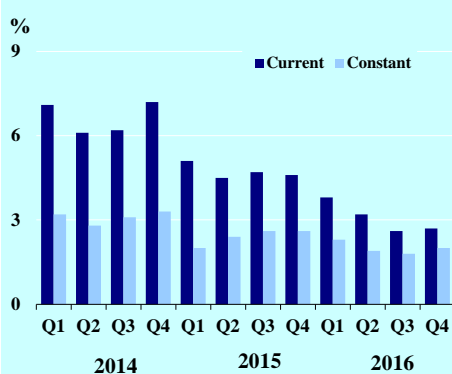
Source: Department of Statistics.

At current market prices, GDP grew by 3.0 percent during 2016, compared to 4.7 percent during 2015. This slowdown in nominal growth is mainly attributed to the slowdown in the general price level, measured by the GDP deflator, which grew by 1.0 percent compared to 2.3 percent during 2015, as a reflection of the continuous decline of oil prices in the international market which contributed in reducing the inflationary pressures upon the national economy.

The main sectors contributed to the economic growth during 2016 were; “finance and insurance services” (0.5 percentage point), “transport, storage, and communications” (0.5 percentage point), manufacturing (0.2 percentage point), and “electricity and water” (0.2 percentage point). These sectors collectively accounted for 70 percent of real GDP growth during 2016.

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

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



Gross Domestic Product At Constant Market Prices, Percentages

Sectors	Relative change		Contribution	
	2015	2016	2015	2016
GDP At Constant Market Prices	2.4	2.0	2.4	2.0
Agriculture, Hunting, Forestry, And Fishing	5.0	3.8	0.2	0.1
Mining And Quarrying	11.0	-12.1	0.2	-0.2
Manufacturing	1.3	1.1	0.2	0.2
Electricity And Water	10.9	8.9	0.2	0.2
Construction	-1.3	1.1	-0.1	0.1
Wholesale And Retail Trade	1.2	1.5	0.1	0.1
Restaurant And Hotels	-3.3	-4.0	-	-
Transport, Storage & Communications	3.1	3.1	0.5	0.5
Finance And Insurance Services	4.8	5.2	0.5	0.5
Real Estate	2.2	2.2	0.2	0.2
Community, Social And Personal Services	4.0	3.8	0.2	0.2
Producers Of Government Services	2.3	1.2	0.3	0.1
Producers Of Private Non-Profit Services To	5.7	4.1	-	-
Domestic Services Of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators displayed divergent performance. Some indicators recorded a notable growth, such as; “mining and quarrying production quantity index” (19.3 percent), “licensed areas for buildings” (18.0 percent), and “number of departures” (10.5 percent). However, other indicators showed a contraction, particularly; cargo through Royal Jordanian (8.4 percent) and value traded at the real estate market (6.7 percent). The following table displays the performance of the main sectoral indicators.

Main Sectoral Indicators*

Percentage Points

2015	2016	Item	2016	Available period	2017
-12.5	1.4	Licensed areas for buildings	2.6	January-March	18.0
-8.8	-1.5	Manufacturing production quantity index	-5.6		-3.3
-0.5	-16.2	Food products and beverages	0.2		-18.1
45.9	-7.3	Tobacco products	6.4		-36.8
-1.7	-13.3	Refined petroleum products	-24.7		2.1
63.8	95.0	Wearing apparel	29.0		27.2
3.4	-11.6	Non-metallic mineral products	-6.7		-3.4
-10.8	-2.9	Chemical products	-30.9		1.0
16.9	-9.1	“Mining and quarrying” production quantity index	-8.3		19.3
-38.3	-5.3	Extraction of crude petroleum and natural gas	-3.4		-21.3
17.6	-9.1	Other mining and quarrying	-8.4	19.8	
-7.9	2.1	Number of passengers through Royal Jordanian	4.6	January – April	4.2
-0.7	-21.2	Cargo through Royal Jordanian	-7.4		-8.4
-7.4	0.5	Number of departures	-2.2		10.5
-2.0	-7.2	Value traded at the real estate market	-3.0	January – May	-6.7

* : 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 the Consumer Price Index (CPI), increased by 3.7 percent during the first four months of 2017, compared with a contraction of 1.2 percent during the same period of 2016. This came as a result of the increase in the prices of oil in the global markets and its impact on domestic prices, in addition to a set of government measures that included cancellation of tax exemptions on many goods and services and raising of taxes and fees on a number of other goods and services. The main groups that witnessed an increase in their prices are:

- Transportation prices increased by 15.2 percent compared to a contraction by 6.3 percent during the same period of 2016. affected by the government's decision to raise public transport fares by 10 percent effective January

Inflation Rate during the first four months of the years (2009-2017)



Inflation Rate during the first four months of years 2016 - 2017

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		First four months 2016	First four months 2017	First four months 2016	First four months 2017
All Items	100.0	-1.2	3.7	-1.2	3.7
1) Food and non-Alcoholic Beverages, of which:	33.4	-2.9	-0.4	-1.0	-0.1
Food	30.5	-3.2	-0.5	-1.0	-0.2
Meat and Poultry	8.2	-7.6	-8.5	-0.7	-0.7
Dairy Products and Eggs	4.2	-1.9	-0.4	-0.1	0.0
Vegetables and Legumes Dry and Canned	4.2	-4.4	17.0	-0.2	0.6
Fruits and Nuts	2.7	-4.3	-6.1	-0.1	-0.2
Oils and Fats	1.9	2.9	2.7	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.4	1.1	9.4	0.0	0.4
3) Clothing and footwear	3.5	3.7	-2.8	0.1	-0.1
4) Housing, of which:	21.9	0.7	2.7	0.2	0.6
Rents	15.6	3.2	2.1	0.5	0.4
Fuels and Lighting	4.8	-8.2	4.0	-0.4	0.2
5) Household Furnishings and Equipment	4.2	1.0	1.3	0.0	0.1
6) Health	2.2	0.6	10.0	0.0	0.2
7) Transportation	13.6	-6.3	15.2	-0.8	1.9
8) Communication	3.5	-0.3	1.4	0.0	0.0
9) Culture and Recreation	2.3	5.7	10.0	0.1	0.2
10) Education	5.4	1.1	3.6	0.1	0.2
11) Restaurants and Hotels	1.8	1.1	0.1	0.0	0.0
12) Other Goods and Services	3.7	0.5	6.9	0.0	0.3

Source: Department of Statistics.

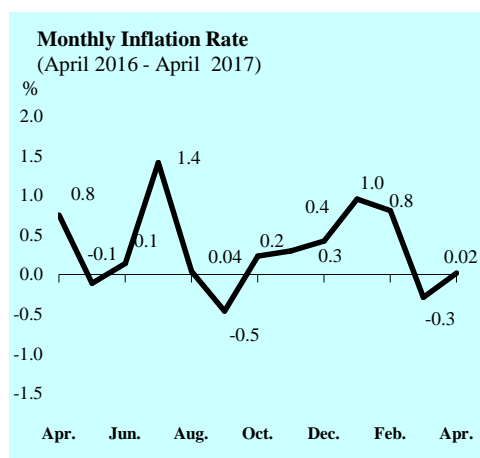
5th, 2017 in addition to impose a lump-sum tax of 30 fils per liter of gasoline 90, and 70 fils per liter of gasoline 95, effective February 1st, 2017.

- Housing prices increased by 2.7 percent compared with a rise of 0.7 percent during the same period of 2016. This increase was attributed (partially) to an increase in the prices of “fuels and lighting” by 4.0 percent compared to a contraction by 8.2 percent during the same period of 2016.
- “Alcohol, tobacco, and cigarettes” prices increased by 9.4 percent compared with a rise of 1.1 percent during the same period of 2016, as a result of the government's decision to raise the tax on cigarettes offered for domestic consumption in varying amounts.

The above groups have collectively raised inflation during the first four months of 2017 by 2.9 percentage points, compared with a negative contribution of 0.6 percentage point during the same period of 2016.

In contrast, prices of other groups and items showed varied contractions, mainly; “food and non-alcoholic beverages” (0.4 percent), “clothing and footwear” (2.8 percent).

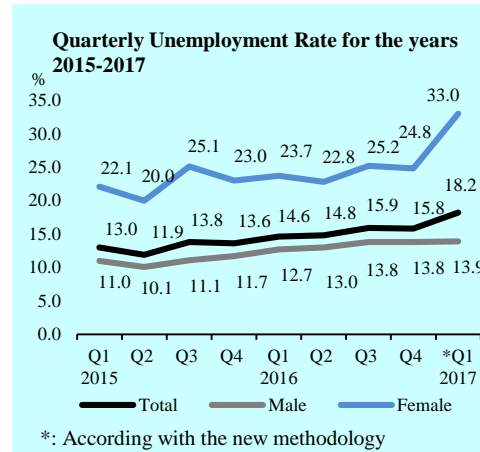
In April 2017, the CPI witnessed a stabilization compared with March 2017. This was due to the increase in prices of some groups and items, mainly; “Fruits and Nuts” (5.4 percent), “clothing and footwear” (1.2 percent), and the decrease in prices of other items such as, “Meat and Poultry” (2.6 percent), and “Dairy products and Eggs” (0.4 percent).



□ Labor Market

The Department of Statistics has developed the methodology of the labor force survey since the first quarter of 2017*, to cope with the new recommendations issued by the International Labour Organization (ILO), of which; excluding the un-paid workers from the “employed persons”

definition, noting that they used to be considered in the previous methodology as employed ones. In addition, the sample size has been extended to 16 thousand households instead of 13 thousand households, based on the results of Jordan's Population Census-2015. Hereby, the prominent indicators of the labor Market during the first quarter of 2017, according to the new methodology:



- The unemployment rate was 18.2 percent (13.9 percent for males, and 33.0 percent for females).
- The highest unemployment rates were between the two age categories (15-19) years and (20-24) years, by (39.5 percent) and (35.4 percent), respectively.
- The refined economic participation rate (the labor force attributed to the population 15 years and above), was 40.5 percent (63.0 percent for males, and 18.3 percent for females).
- The employed percent among the population (15 years and above) was 33.1 percent.

* The data before the first quarter of 2017 is not available, according to the new methodology

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 191.9 million during the first quarter of 2017, comparing to a fiscal deficit in the amount of JD 174.3 million during the same period in 2016. Hence, the fiscal deficit, as a percent of GDP, maintained its level achieved during the same period of the preceding year, amounting to 2.8 percent. When excluding foreign grants (JD 50.0 million), the general budget deficit widens to reach JD 241.9 million compared to a deficit in the amount of JD 304.7 million during the same period in 2016.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 76.0 million at the end of March 2017 compared to its level at the end of 2016, to reach JD 15,869.7 million (57.1 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 282.9 million at the end of March 2017, compared to its level at the end of 2016, to stand at JD 10,581.9 million (38.1 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose to JD 26,451.6 million (95.2 percent of GDP) at the end of March 2017 compared to JD 26,092.7 million (95.1 percent of GDP) at the end of 2016.
 - Central government banks deposits decreased by JD 100.5 million at the end of March 2017 compared to the end of 2016 to reach JD 1,912.8 million.
 - Accordingly, net outstanding domestic public debt rose by JD 176.5 million to reach JD 13,956.9 million. Moreover, net outstanding public debt increased by JD 459.4 million at the end of March 2017 to reach JD 24,538.8 million (88.3 percent of GDP).
- **The performance of the general budget during the first quarter of 2017 compared to the same period in 2016:**

■ **Public Revenues**

Public revenues (including foreign grants) decreased by JD 58.2 million, or 9.9 percent, in March 2017 compared to the same month of 2016 to reach JD 528.0 million. As for the first quarter of 2017, public revenues went down by JD 29.9 million, or 1.9 percent, compared to the same period in 2016 to stand at JD 1,562.8 million. This came as an outcome of the decrease in foreign grants by JD 80.4 million, and the increase in domestic revenues by JD 50.5 million.

Main Government Budget indicators during the first quarter of 2017:

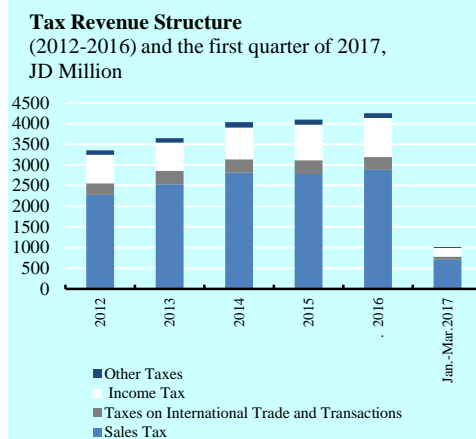
(JD Million and Percentages)

	March		Growth Rate	Jan. – Mar.		Growth Rate
	2016	2017		2016	2017	
Total Revenues and Grants	586.2	528.0	-9.9	1,592.7	1,562.8	-1.9
Domestic Revenues, of which:	555.2	501.2	-9.7	1,462.3	1,512.8	3.5
Tax Revenues, of which:	360.3	299.5	-16.9	1,042.5	1,019.0	-2.3
General Sales Tax	235.7	227.9	-3.3	688.7	705.9	2.5
Other Revenues	193.4	200.7	3.8	415.4	491.1	18.2
Foreign Grants	31.0	26.8	-13.5	130.4	50.0	-61.7
Total Expenditures, of which:	679.8	606.0	-10.9	1,767.0	1,754.7	-0.7
Capital Expenditures	69.5	42.6	-38.7	117.3	110.0	-6.2
Overall Deficit/ Surplus (including grants)	-93.6	-78.0	-	-174.3	-191.9	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 50.5 million, or 3.5 percent, during the first quarter of 2017 compared to the same period in 2016, to reach JD 1,512.8 million. This increase was an outcome of the rise in the proceeds of “other revenues”, by JD 75.7 million, and the drop of tax revenues and pension contributions by JD 23.5 million and JD 1.7 million, respectively.



- **Tax Revenues**

Tax revenues decreased by JD 23.5 million, or 2.3 percent, during the first quarter of 2017 compared to the same period in 2016, to reach JD 1,019.0 million (67.4 percent of domestic revenues). Following are the main developments in tax revenues items:

- An increase in the proceeds of general sales tax on goods and services by JD 17.2 million, or 2.5 percent, to reach JD 705.9 million (accounting for 69.3 percent of total tax revenues). This result was driven by the increase in the proceeds of sales tax on domestic goods and on commercial sector by JD 17.1 million and JD 26.0 million, respectively, and the decline in the proceeds of sales tax on services and on imported goods by JD 19.0 million and JD 6.9 million, respectively.
- A decline in the proceeds of income and profit taxes by JD 38.3 million, or 15.5 percent, to reach JD 208.6 million (accounting for 20.5 percent of total tax revenues). This decline was mainly an outcome of the decrease in the proceeds of income tax from companies and other projects by JD 41.0 million and the rise in the proceeds of income tax from individuals by JD 2.7 million. Accordingly, income tax from companies accounted for 76.5 percent of total taxes on income and profits, amounting to JD 159.6 million.

- A decrease in the proceeds of taxes on “international trade and transactions” (including customs duties and fees) by JD 1.7 million or 2.1 percent, to reach JD 77.6 million (accounting for 7.6 percent of total tax revenues).
- A decrease in the proceeds of taxes on financial transactions (real-estates tax) by JD 0.7 million, or 2.5 percent, to reach JD 26.9 million (accounting for 2.6 percent of total tax revenues).

● **Non-Tax Revenues**

- “Other revenues” increased by JD 75.7 million, or 18.2 percent, during the first quarter of 2017 to reach JD 491.1 million. This increase was chiefly due to:
 - ❖ An increase in miscellaneous revenues by JD 52.4 million to stand at JD 223.7 million.
 - ❖ An increase in property income by JD 16.2 million to stand at JD 45.0 million (of which financial surplus of independent government units amounted to JD 32.0 million against JD 23.4 million during the same period in 2016).
 - ❖ An increase in “revenues from selling goods and services” by JD 7.1 million to reach JD 222.4 million.
- Pension contributions witnessed a decrease of JD 1.7 million, or 38.6 percent, during the first quarter of 2017, standing at JD 2.7 million.

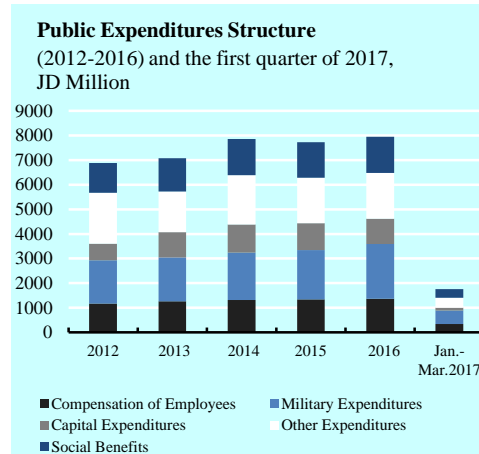
◆ **Foreign Grants**

Foreign grants decreased by JD 80.4 million, or 61.7 percent, during the first quarter of 2017, standing at JD 50.0 million compared to JD 130.4 million during the same period in 2016.

Public Expenditures

Public expenditures witnessed a decrease of JD 73.8 million, or 10.9 percent, in March 2017 compared to the same month in 2016 to stand at JD 606.0 million. Moreover, public expenditures decreased by JD 12.3 million, or 0.7 percent during the first quarter of 2017, to stand at JD 1,754.7 million. This decrease was a

result of the drop in current expenditures by JD 5.0 million, and the decline in capital expenditures by JD 7.3 million.



Current Expenditures

Current expenditures decreased by JD 5.0 million, or 0.3 percent, during the first quarter of 2017 to reach JD 1,644.7 million. This decrease was chiefly due to:

- A drop in social benefits by JD 16.6 million to stand at JD 351.1 million, accounting for 21.3 percent of total current expenditures.
- A decrease in interest payments (commitment basis) by JD 11.9 million to stand at JD 198.6 million, accounting for 12.1 percent of total current expenditures.
- A drop in the “purchases of goods and services” item by JD 12.7 million to reach JD 76.1 million. This item accounted for 4.6 percent of total current expenditures.
- A decrease in the subsidies item by JD 7.9 million to stand at JD 54.4 million, accounting for 3.3 percent of total current expenditures.

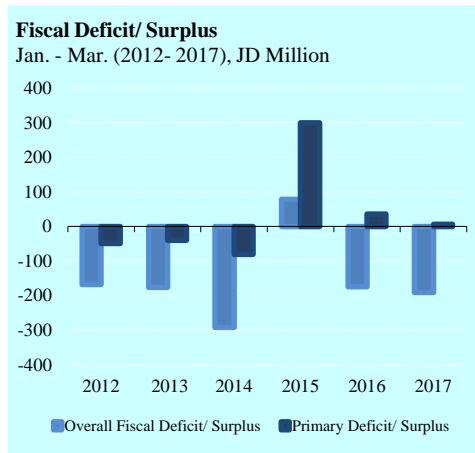
- An increase in military expenditures by JD 42.3 million to total JD 553.8 million, accounting for 33.7 percent of total current expenditures (31.6 percent of total public expenditures).
- A rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 3.5 million to reach JD 337.2 million, accounting for 20.5 percent of total current expenditures (19.2 percent of total public expenditures).

◆ **Capital Expenditures**

Capital expenditures decreased by JD 7.3 million, or 6.2 percent during the first quarter of 2017 compared to the same period in 2016, to reach JD 110.0 million.

■ **General Budget Deficit/ Surplus**

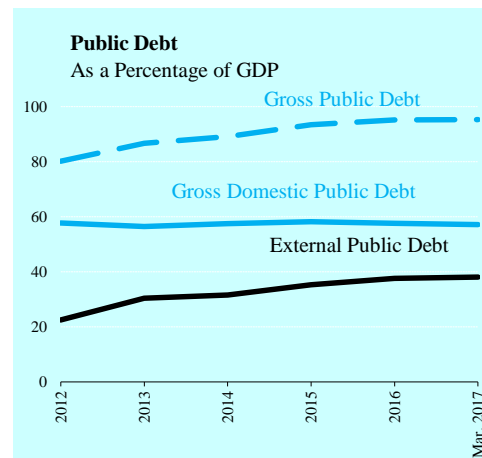
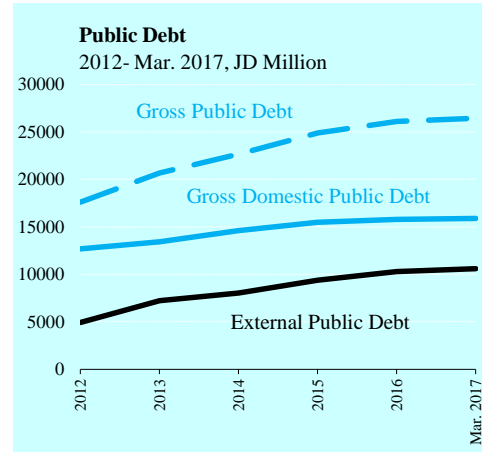
- ◆ The general budget, including foreign grants, displayed a fiscal deficit amounted to JD 191.9 million during the first quarter of 2017, an increase of JD 17.6 million compared to its level during the same period in 2016. As a percent of GDP, budget deficit kept the same level that reached during the corresponding period of the previous year, amounting to 2.8 percent.



- ◆ When foreign grants were excluded, the general budget fiscal deficit widened to JD 241.9 million during the first quarter of 2017, against a fiscal deficit of JD 304.7 million in the same period in 2016.
- ◆ The general budget recorded a primary surplus (total domestic revenues minus total public expenditures excluding interest payments on public debt) in the amount of JD 6.7 million during the first quarter of 2017, against a primary surplus of JD 36.2 million during the same period in 2016.

Public Debt

Gross outstanding domestic public debt rose by JD 76.0 million at the end of March 2017 compared to its level at the end of 2016 to total JD 15,869.7 million (57.1 percent of GDP). This increase was the outcome of the drop in total domestic public debt of the general budget by JD 111.8 million, and the increase in the total domestic public debt of own-budget agencies by JD 187.8 million compared to their levels at the end of 2016, standing at JD 13,063.0 million and JD 2,806.7 million, respectively, at the end of March 2017. The decrease in the budgetary domestic public debt was mainly attributed to the drop in the balance of treasury bills and bonds at the end of March of this year by JD 64.1 million compared to the level achieved at the end of 2016 to reach JD 12,658.9 million. Meanwhile, the outstanding balance of loans and advances provided by the CBJ to the central government declined by JD 47.9 million compared to their level achieved at the end of 2016, to reach JD 404.0 million. Moreover, the rise of the domestic public debt of



own-budget agencies was driven by the increase in “loans and advances” extended to these institutions by JD 37.8 million compared to their level at the end of 2016, to reach JD 2,124.2 million, whereas the “independent institutions' bonds” rose by JD 150.0 million at the end of 2016, amounting to JD 682.5 million at the end of March 2017.

- Regarding the balance of the external public debt (budget and guaranteed) at the end of March 2017, it went up by JD 282.9 million compared to its level at the end of 2016 to reach JD 10,581.9 million (38.1 percent of GDP). It is worth mentioning that the balance of the external debt denominated in the U.S. dollar accounted for almost two thirds of the total external debt, while external debt in SDR accounted for 11.7 percent. The debt in Kuwaiti Dinars and Japanese Yen accounted for 6.6 percent, and 6.7 percent, respectively, whereas the debt in Euro constituted only 6.3 percent of the external public debt.
- In light of the abovementioned developments, gross public debt (domestic and external) increased by JD 358.9 million at the end of March 2017 compared to its level at the end of 2016 to stand at JD 26,451.6 million (95.2 percent of GDP), against JD 26,092.7 million (95.1 percent Of GDP) at the end of 2016.
- On the other hand, government deposits with the banking system declined by JD 100.5 million at the end of March of this year compared to its level at the end of 2016 to reach JD 1,912.8 million.
- Thus, net domestic public debt of the central government (the total balance of the domestic public debt of the central government minus government deposits with the banking system) rose by JD 176.5 million at the end of March 2017 to reach JD 13,956.9 million (50.2 percent of GDP). Furthermore, net public debt increased by JD 459.4 million at the end of March of this year to stand at JD 24,538.8 million, accounting for 88.3 percent of GDP compared to 87.7 percent of GDP at the end of 2016.

- External debt service (budget and guaranteed) decreased by JD 255.9 million during the first quarter of 2017 compared to the same period in 2016 to reach JD 229.9 million (including principal payments of JD 169.9 million and interest of JD 60.0 million).

□ Fiscal and Price Measures

- The Oil Derivatives Pricing Committee decided to reduce the prices of most oil derivatives, as follows:

Development of Oil Derivatives Price

	Unit	2017		Percentage Change
		May	June	
Unleaded Gasoline 90	Fils/Liter	675	665	-1.5
Unleaded Gasoline 95	Fils/Liter	890	890	0.0
Unleaded Gasoline 98		1,040	1,040	0.0
Gas Oil (Diesel)	Fils/Liter	490	480	-2.0
Kerosene	Fils/Liter	490	480	-2.0
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	340.9	335.6	-1.6
Fuel for airplanes (local companies)	Fils/Liter	367	353	-3.8
Fuel for airplanes (foreign companies)	Fils/Liter	372	358	-3.8
Fuel for unplanned flights	Fils/Liter	387	373	-3.6
Asphalt	JD/Ton	330.8	325.4	-1.6

Source: Jordan Petroleum Refinery Company (1/6/2017).

- Issuance of the amending by-law for driving licenses and vehicle registration and licensing fees for the year 2017, by imposing an additional fee for the ownership transfer of any vehicle from one person to another for both individuals and corporate (except public, agricultural and construction vehicles), as follows: (January 2017).

Engine category CC	Vehicles aged 10 years or less	Vehicles older than 10 years
		Fees in JD
Less than 1500	40	50
Higher than 1500 to 2000	80	100
Higher than 2000 to 3000	120	400
Higher than 3000 to 4000	150	550
Higher than 4000	200	700

- The cabinet decided to impose an excise tax in the amount of 5 piaster per liter on unleaded gasoline 90 (January 2017).
- Issuance of the amending by-law for the year 2017 for the special tax by-law NO. (80) for the year 2000, as follows: (February 2017).
 - Raising the special tax on cigarettes for domestic consumption according to the recommended retail price.
 - Raising the special tax on prepaid and post-paid mobile and radio subscriptions to become 26 percent.
 - Imposing a special tax by JD 2.6 on mobile phone subscription service for each new SIM card sold starting from Feb.15, 2017.
 - Imposing a special tax on soft drinks by 10 percent.

- Issuance of the amending by-law for the year 2017 for the work permit fees for non-Jordanian workers NO. (67) for the year 2014, as follows: (February 2017).
 - Fulfilled JD 400 from the employer for a work permit or renewal in whole or any part of the year.
 - Fulfilled JD 175 from institutions and companies operating in the clothing industry and knitting sector which are registered in the Investment Commission.
 - Fulfilled JD 500 on home worker, gardener, chef, worker in private farm or similar.
 - Fulfilled JD 300 from the employer in all economic sectors and activities for each temporary work permit that does not exceed six months.
 - Fulfilled an additional fee of JD 100 from the employer for each work permit issuance or renewal for all economic sectors and activities, allocated to the Employment-Technical and Vocational Education and Training Fund (E-TVET Fund).
- Issuance of the amending by-law for the year 2017 of the allowance of customs duties for the imported exempted goods NO. (47) for the year 2014, to assure collecting allowances for any imported goods subject to custom duties fees of 5% of the value of those goods, so that this allowance shouldn't be less than JD 100 or exceed JD 10,000 (February 2017).
- The cabinet decided to abolish the previous decisions related to the general sales tax on goods and services, which included the following: (February 2017).
 - Reducing the general sales tax on rebar from 16% to 8%.
 - Reducing the general sales tax on internet subscription services at home, whether fixed or other from 16% to 8%.
 - Reducing the general sales tax on internet subscriptions services on landline phone from 16% to 8%.
 - Reduction and unification the general sales tax on internet services at 8%, regardless of the technology used or the beneficiary.

- The cabinet adopted a bundle of fiscal measures, including the following: (February 2017)
 - Deducting 10% of any monthly salaries exceeding JD 2,000 for all employees in the public sector, including the Prime Minister and Ministers, starting from Feb. 1st, 2017.
 - Increasing allocation to National Aid Fund by 10% and worth up to JD 10 million.
 - Amendment the passport renewal and issuance fees, whether expired or the remaining validity is less than 180 days, from JD 20 to JD 50.
 - Raising the minimum wage limit to become JD220, at the beginning of March.
- The cabinet decided to approve the amendment of the special sales tax instructions on tobacco, alcoholic beverages, spirits, and beer, in Aqaba Special Economic Zone (ASEZ) as mentioned in the decision of the Aqaba Special Economic Zone authority's council of commissioners (February 2017).
- The Cabinet decided to impose a special tax on imported cigarettes, with locally-produced alternatives, in the Aqaba Special Economic Zone (ASEZ) at a minimum rate exceeds 15 percent of the special tax levied on the local alternatives. The minimum selling price of the imported cigarettes should exceed 15 percent of the selling price of other locally-produced alternatives. (April 2017).

□ Grants, Loans and Other Agreements

- Signing an additional financing grant agreement extended by the World Bank, in the amount of USD 10.8 million, to support a project for "Syrian refugee host communities response to emergency services and enhance capability to adapt with social changes" (January 2017).
- Signing a grant agreement provided by the European Union (EU) in the amount of EUR 55 million, as a sectoral support through the general budget aiming at promoting private sector

development, and adopting reforms in the field of business environment and investment climate. The EU provided an additional EUR 10 million to the original amount (EUR 45 million) to contribute in mitigating the repercussions of the Syria crisis, and honoring its commitments to the bilateral cooperation and the London donor conference (January 2017).

- Signing a grant agreement with the Kuwait Fund for Arab Economic Development in the amount of USD 14.1 million, to finance projects implemented by the Cities and Villages Development Bank (January 2017).
- Signing the US wheat grant agreement for the year 2017, in the amount of 100,000 tones as part of the food aid program implemented by the United States (February 2017).
- Signing a grant agreement with the Canadian government in the amount of USD 7.6 million to support the Ministry of Education plan "To speed up Syrian students access to formal education", as has been agreed at the London Donor Conference (February 2017).
- Signing a grant agreement with the Japanese government in the amount of USD 4.5 million to finance the purchase of advanced machines and security equipment for 5 Jordanian border centers in the aim of enhancing their security conditions. (March 2017).
- Signing a memorandum of understanding (MoU) with the Italian government. The MoU includes the Italian assistance program, within the framework of Italian commitments during the London Conference to support Jordan, in the amount of EUR 168.8 million for the period (2017-2019); aiming at supporting the general budget and financing development projects in a number of vital sectors. (March 2017).
- Signing a grant, protocol agreement with the UNICEF in the amount of JD 1,174.0 million to support the National Aid Fund in financing its studies and strengthening its institutional capacity building. (March 2017).
- Signing a grant agreement with the German Reconstruction Bank of EUR 44.0 million to finance the second phase of the energy supply project for host communities for Syrian refugees (March 2017).

- Signing two grant agreements in the amount of EUR 1.7 million provided by the European Investment Bank (EIB) distributed as follows (May 2017):
 - A grant agreement in the amount of EUR 714.0 thousand to provide technical assistance to finance a feasibility study of a project for an industrial waste water treatment plant in Zarqa through a public private partnership framework.
 - A grant agreement in the amount of EUR 1.0 million to implement additional activities and studies to operate the first phase of the Red Sea – Dead Sea water conveyance project.
- Signing an additional grant agreement provided by the Japanese government through the Japanese International Cooperation Agency (JICA), in the amount of USD 21.6 million to support the second phase of the project aiming at improving the efficiency of the water sector in the northern governorates hosting Syrian refugees (May 2017).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 2.9 percent in March 2017 compared to the same month of 2016 to reach JD 421.8 million. As for the first quarter of 2017, total merchandize exports increased by 6.7 percent compared to the same period of 2016 to reach JD 1,239.2 million.
- **Merchandize imports** decreased by 6.9 percent in March 2017 compared to the same month of 2016 to reach JD 1,199.9 million. As for the first quarter of 2017, total merchandize imports decreased by 0.4 percent compared to the same period of 2016 to reach JD 3,444.5 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 8.9 percent in March 2017 compared to the same month of 2016; standing at JD 778.1 million. As for the first quarter of 2017, trade balance deficit decreased by 4.0 percent compared to the same period of 2016 to reach JD 2,205.3 million.
- **Travel receipts and Travel payments** increased April 2017 compared to the same month of 2016 by 27.5 percent and 16.2 percent, to reach JD 309.2 million and JD 86.6 million; respectively. As for the first four months in 2017, both travel receipts and travel payments increased by 17.9 percent and 10.5 percent, to reach JD 1,009.7 million and JD 325.1 million, compared to the same period in 2016; respectively.
- **Total workers' remittances receipts** slightly increased by 0.1 percent in April 2017 compared to the same month of 2016 to reach JD 221.2 million. Meanwhile, the first four months of 2017 witnessed an increase in total workers remittances receipts by 2.4 percent compared to same period of 2016, to reach JD 828.0 million.
- **The current account of the balance of payments** registered a slight increase in the deficit to reach JD 2,560.2 million (9.3 percent of GDP) during 2016 compared to a deficit of JD 2,418.2 million (9.1 percent of GDP) during 2015. Meanwhile, the current account deficit excluding grants went up to reach 12.6 percent of GDP compared with 12.3 percent of GDP during 2015.

External Sector

May 2017

- **Net direct investment** recorded an inflow of JD 1,090.3 million during 2016, down from JD 1,135.5 million during 2015.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 26,635.1 million at the end of 2016; compared to JD 24,815.1 million at the end of 2015.

□ External Trade

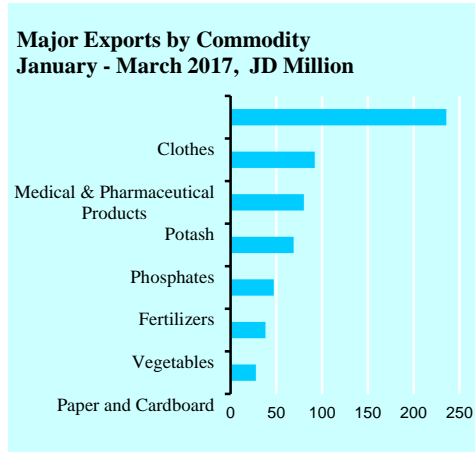
- As a result of the increase in domestic exports by JD 43.4 million, and the decrease in imports by JD 14.5 million during the first quarter of 2017, the volume of external trade (domestic exports *plus* imports) increased by JD 28.9 million to stand at JD 4,443.2 million compared to the same period of 2016.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-March				January-March				
	2016	2017	Percentage Change		Percentage Change 2016/2015	2017	Percentage Change 2017/2016	
Exports				External Trade	4,414.3	-2.9	4,443.2	0.7
USA	220.9	246.9	11.8	Total Exports	1,161.5	-10.7	1,239.2	6.7
Saudi Arabia	157.8	119.3	-24.4	Domestic Exports	955.3	-12.7	998.7	4.5
Iraq	82.6	93.3	13.1	Re-exports	206.2	-0.1	240.5	16.7
India	76.6	83.6	9.1	Imports	3,459.0	0.2	3,444.5	-0.4
UAE	43.3	48.6	12.3	Trade Balance	-2,297.5	6.7	-2,205.3	-4.0
Kuwait	43.3	32.3	-25.4	Source: Department of Statistics.				
Qatar	22.0	27.5	25.2					
Imports								
China	488.9	457.5	-6.4					
Saudi Arabia	397.8	424.3	6.7					
USA	231.8	283.5	22.3					
UAE	115.0	230.8	100.7					
Germany	162.7	151.2	-7.0					
Turkey	121.7	125.5	3.6					
Italy	144.5	122.4	-15.3					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 6.7 percent during the first quarter of 2017, to record JD 1,239.2 million. This increase came as a result of the increase in both domestic exports and re-exports by JD 43.4 million, (4.5 percent) and JD 34.3 million (16.7

percent), to reach JD 998.7 million, and JD 240.5 million; respectively.



◆ The developments of domestic exports during the first quarter of 2017 compared to the same period in 2016 reveals the following:

- Exports of **Potash** increased by JD 25.9 million, or 47.9 percent, to stand at JD 80.1 million. The Indian, Chinese, Egyptian and Indonesian markets accounted for 76.9 percent of these exports.
- Exports of **Fertilizers** increased by JD 20.2 million, or 74.7 percent, to reach JD 47.2 million. Iraq, Turkey and India were the main destination markets for these exports, accounting for 88.1 percent.
- Exports of **Vegetables** decreased by JD 9.6 million, or 19.9 percent, to reach JD 38.3 million. The UAE, Qatar and Saudi Arabia were the main destination markets; accounting for 48.3 percent.

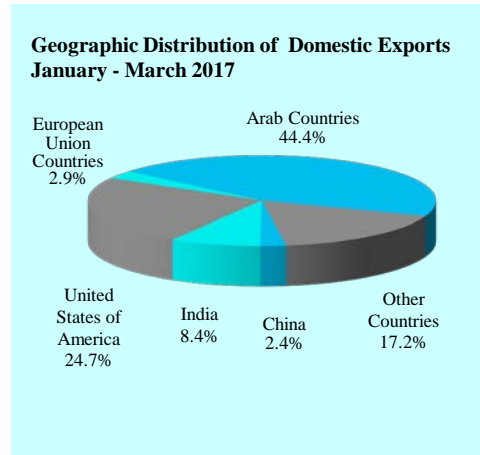
- Exports of **Phosphates** decreased by JD 11.7 million, or 14.4 percent, to register JD 69.0 million. This was a result of the increase in exported quantities by 6.2 and the decrease in prices by 19.4 percent. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 80.1 percent.
- Exports of **Medical & Pharmaceutical Products** decreased by JD 12.7 million, or 12.2 percent, to reach JD 91.9 million. The markets of Saudi Arabia, the USA, Algeria and Iraq accounted for 55.5 percent of these exports.

**Major Domestic Exports by Commodity, JD Million
January-March 2016-2017**

	2016	2017	Percentage Change
Domestic Exports	955.3	998.7	4.5
Clothes	208.6	235.5	12.9
USA	185.8	209.0	12.5
Medical & Pharmaceutical Products	104.6	91.9	-12.2
Saudi Arabia	25.6	19.1	-25.4
USA	4.9	11.3	133.1
Algeria	15.6	10.6	-32.1
Iraq	10.4	9.9	-5.0
Potash	54.2	80.1	47.9
India	21.4	28.8	35.0
China	0.0	21.9	-
Egypt	5.0	5.9	16.9
Indonesia	2.2	4.9	121.8
Phosphates	80.7	69.0	-14.4
India	48.9	37.4	-23.5
Indonesia	16.2	17.9	10.5
Fertilizers	27.0	47.2	74.7
Iraq	12.0	21.0	75.7
Turkey	5.5	14.7	167.0
India	3.6	5.9	63.9
Vegetables	47.9	38.3	-19.9
UAE	7.9	6.8	-13.9
Qatar	6.1	6.6	8.2
Saudi Arabia	7.6	5.1	-32.9
Paper & Cardboard	30.0	27.6	-7.9
Saudi Arabia	14.3	12.4	-13.3
Iraq	8.5	6.1	-28.2
UAE	2.2	3.3	50.0

Source: Department of Statistics.

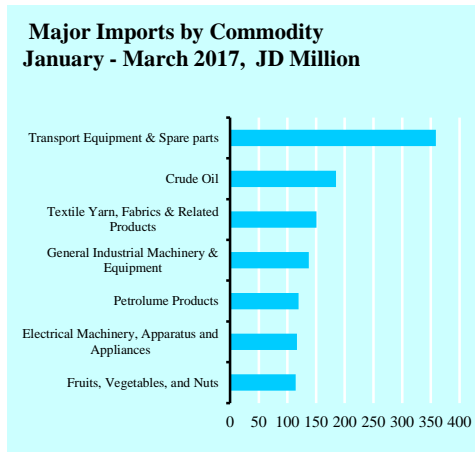
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, “medical and pharmaceutical products”,



potash, phosphates, fertilizers, vegetables, and “paper and cardboard” topped the list of domestic exports during the first quarter of 2017; accounting for 59.0 percent, compared with 57.9 percent during the same period in 2016. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, Iraq, India, the UAE, Kuwait and Qatar were the main destination markets during the first quarter of 2017; accounting for 65.2 percent, compared with 67.7 percent during the same period of 2016.

■ **Merchandize Imports:**

Merchandize imports decreased by 0.4 percent to reach JD 3,444.5 million during the first quarter of 2017, compared to an increase by 0.2 percent during the same period of 2016.



◆ **The developments of imports during the first quarter of 2017 compared with the same period of 2016 reveals the following:**

- **Petroleum Products Imports** decreased by JD 41.7 million or 25.9 percent to reach JD 119.1 million. This decrease was mainly due to the decrease in imported quantities and the increase in prices. The UK, the UAE, and Spain were the main origin markets, accounting for 70.4 percent of these imports.
- **Electrical Machinery Apparatus and Appliances imports** decreased by JD 37.6 million or 24.5 percent to reach JD 116.4 million. China, Turkey, and Italy were the main origin markets accounting for 60.1 percent of these imports.
- **Transport Equipment and Spare Parts imports** decreased by JD 14.9 million or 4.0 percent to reach JD 358.8 million. The USA, South Korea and Japan were the main origin markets accounting for 58.2 percent of these imports.

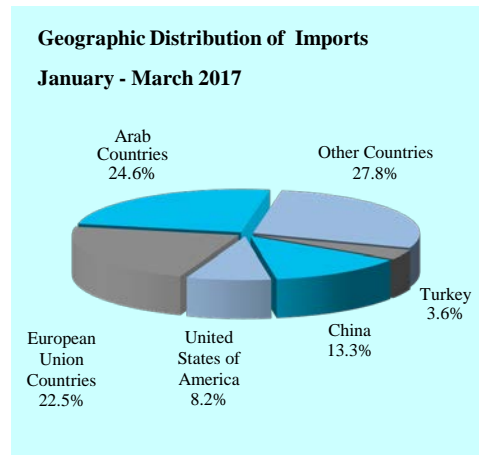
- **General Industrial Machinery and Equipment** imports increased by JD 46.4 million or 51.2 percent to reach JD 137.1 million. France, China, and Italy were the main origin Markets accounting for 58.5 percent of these imports.
- **Crude oil** imports increased by JD 77.8 million, or 72.9 percent, to reach 184.5 million. This increase was mainly due to an increase in prices by 76.1 percent and a decrease in imported quantities by 1.8 percent. Noting that crude oil imports came from the Saudi market.

**Major Imports by Commodity, JD Million
January-March 2016-2017**

	2016	2017	Percentage Change
Total Imports	3,459.0	3,444.5	-0.4
Transport Equipment & Spare Parts	373.7	358.8	-4.0
USA	69.4	81.9	18.0
South Korea	78.5	65.1	-17.1
Japan	80.9	62.0	-23.3
Crude Oil	106.7	184.5	72.9
Saudi Arabia	106.7	184.5	72.9
Textile Yarn, Fabrics and Related Products	145.5	150.4	3.3
China	57.9	58.3	0.8
Taiwan	42.5	42.5	-
Turkey	13.3	13.9	4.6
General Industrial Machinery & Equipment	90.7	137.1	51.2
France	5.3	42.2	-
China	19.5	24.0	23.3
Italy	13.8	14.0	1.4
Petroleum Products	160.8	119.1	-25.9
UK	0.2	45.4	-
UAE	15.4	22.6	47.1
Spain	20.4	15.8	-22.9
Electrical Machinery Apparatus and Appliances	154.0	116.4	-24.5
China	43.4	44.4	2.4
Turkey	10.7	13.1	22.0
Italy	17.3	12.4	-28.5
Fruits, Vegetables & Nuts	103.8	114.5	10.3
Egypt	15.4	20.1	30.8
USA	8.7	15.0	72.6
Italy	11.8	10.1	-14.4

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “transport equipment”, “crude oil”, “textile yarn, fabrics and related products”, “general industrial machinery and



equipment”, “petroleum products”, “electrical machinery apparatus and appliances”, “fruits, vegetables and nuts” topped the list of imports during the first quarter of 2017, accounting for 34.3 percent; compared to 32.8 percent during the same period of 2016. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the USA, the UAE, Germany, Turkey and Italy were the main source markets during the first quarter of 2017; accounting for 52.1 percent, compared to 48.1 percent during the same period in 2016.

■ Re-Exports

The value of re-exported goods increased by JD 34.3 million, or 16.7 percent during the first quarter of 2017 compared to the same period of 2016, to reach JD 240.5 million.

■ Trade Balance

The trade balance deficit decreased by JD 92.2 million, or 4.0 percent during the first quarter of 2017, to register JD 2,205.3 million, compared to the same period of 2016.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts slightly increased by 0.1 percent in April 2017 compared to the same month of 2016, to register JD 221.2 million. As for the first four months of 2017 total workers' remittances receipts increased by 2.4 percent compared to the same period of 2016 to reach JD 828.0 million.

□ Travel

■ Receipts

Travel receipts increased by JD 66.7 million, or 27.5 percent, in April 2017 compared to the same month of 2016, to register JD 309.2 million. As for the first four months of 2017, travel receipts increased by 153.1 million or 17.9 percent compared to the same period of 2016, to stand at JD 1,009.7 million.

■ Payments

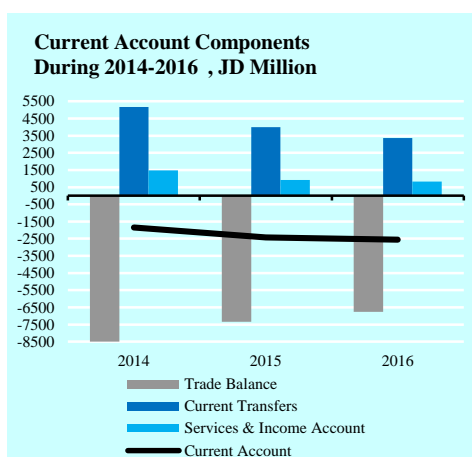
Travel payments increased by JD 12.1 million, or 16.2 percent, in April 2017 compared to the same month of 2016, to stand at JD 86.6 million. As for the first four months of 2017, travel payments increased by 31.0 million or 10.5 percent compared to the same period of 2016, to stand at JD 325.1 million.

□ Balance of Payments

The preliminary data for the balance of payments during 2016 compared to 2015 reveals the following:

- The current account recorded a deficit of JD 2,560.2 million (9.3 percent of GDP) in 2016 compared to a deficit of JD 2,418.2 million (9.1 percent of GDP) during 2015. Meanwhile, the current account deficit excluding grants increased to reach JD 3,451.7 million (12.6 percent of GDP) compared to JD 3,264.0 million (12.3 percent of GDP) during 2015. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 574.7 million, or 7.8 percent, to reach JD 6,761.5 million compared to JD 7,366.2 million during 2015.



- ◆ A decrease in the surplus of the services account compared to 2015 by JD 188.1 million, to reach JD 1,047.7 million.
- ◆ A decrease in the deficit recorded in the income account to register JD 216.0 million compared to a similar deficit of JD 307.1 million during 2015. This was an outcome of the decrease in the deficit recorded in investment income (net) by JD 97.4 million to reach JD 438.7 million and the decrease in the surplus recorded in compensation of employees (net) by JD 6.3 million, to reach JD 222.7 million.
- ◆ A decrease in the surplus of net current transfers by JD 619.7 million; to reach JD 3,369.6 million. This came as a result of the increase in net transfers of the public sector (foreign grants) during 2016 by JD 46.3 million to reach JD 891.0 million, and the decrease in the net transfers of other sectors by JD 666.0 million to reach JD 2,478.6 million.

- The capital and financial account registered a net inflow of JD 2,236.5 million during 2016, compared to a net inflow of JD 1,945.4 million during 2015. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,090.3 million compared to an inflow of JD 1,135.5 million during 2015.
 - ◆ Portfolio investment recorded a net inflow of JD 848.9 million compared to a net inflow of JD 919.6 million during 2015.
 - ◆ Other investment registered a net outflow of JD 545.8 million compared to a net inflow of JD 357.9 million during 2015.
 - ◆ A decrease in the reserve assets of the CBJ by JD 783.1 million, compared to an increase of JD 547.6 million during 2015.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 26,635.1 million at the end of 2016 compared to JD 24,815.1 million at the end of 2015. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 112.8 million at the end of 2016 compared to the end of 2015 to reach JD 18,545.2 million. This was an outcome of the decrease in the CBJ's reserve assets by JD 730.0 million, and the increase the currency and deposits of the banking sector held abroad by JD 505.3 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 1,707.2 million at the end of 2016 compared to the end of 2015; to reach JD 45,180.3 million, due to the following developments:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,079.1 million to stand at JD 22,825.4 million.
 - ◆ An increase in the stock of portfolio investment in Jordan by JD 659.9 million to stand at JD 7,429.1 million; due to the issuance of sovereign Eurobonds in the international markets in the total amount of JD 710.0 million (USD1,000 million).
 - ◆ An increase in the outstanding balance of general government long-term loans by JD 364.3 million, to reach JD 3,813.1 million.
 - ◆ An increase in trade credits extended to residents by JD 162.0 million to reach JD 720.7 million.
 - ◆ A decrease in the deposits of non-residents at the banking system by JD 579.2 million (a decrease by JD 195.7 million at the CBJ and by JD 383.5 million at banks).
 - ◆ A decrease in the outstanding of the International Monetary Fund (IMF) credit facilities to Jordan by JD 173.1 million to reach JD 1,137.4 million.