



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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OUR VISION

To be one of the most capable central banks regionally and internationally in maintaining monetary stability and ensuring the soundness of the financial system thereby contributing to sustained economic growth in the Kingdom.

OUR MISSION

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and a sound macroeconomic environment. Furthermore, the Central Bank of Jordan strives to ensure the safety and soundness of the banking system and the resilience of the national payments system. To this end, the Central Bank of Jordan adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve its objectives.

OUR VALUES

- | | | |
|----------------------------|---|---|
| Loyalty | : | Commitment and dedication to the institution, its staff and clients. |
| Integrity | : | Seeking to achieve our organizational goals honestly and objectively. |
| Excellence | : | Seeking to continuously improve our performance and deliver our services in accordance with international standards. |
| Continuous Learning | : | Aspiring to continuously improve practical and academic skills to maintain a level of excellence in accordance with international best practices. |
| Teamwork | : | Working together, on all levels of management, to achieve our national and organizational goals with a collective spirit of commitment. |
| Transparency | : | Dissemination of information and knowledge, and the simplification of procedures and regulations in a comprehensible and professional manner. |

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Executive Summary

□ Output, Prices and Employment

During the first three quarters of 2016, real GDP at market prices, grew by 2.0 percent, against 2.3 percent during the same period of 2015. The Consumer Price Index continued its contraction by 0.8 percent during 2016, against a contraction of 0.9 percent during 2015. Furthermore, the unemployment rate increased during 2016 to stand at 15.3 percent compared to 13.0 percent during 2015.

□ Monetary and Financial Sector

- The CBJ's foreign currency reserves amounted to US\$ 12,883.1 at the end of 2016. This level of reserves covers around 7.3 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,270.7 million (4.0 percent) in 2016, compared to its level in 2015, to stand at JD 32,876.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,802.3 million (8.5 percent) in 2016, compared to its level in 2015, to stand at JD 22,905.8 million.
- Total deposits at licensed banks increased by JD 301.5 million (0.9 percent) in 2016, compared to its level in 2015, to stand at JD 32,900.0 million.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,170.3 points in 2016, increasing by 34.0 points, or 1.6 percent, compared to its level in 2015.

- **Public Finance:** During the first eleven months of 2016, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 803.3 million compared to a fiscal deficit in the amount of JD 1,025.6 million during the same period of 2015. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 716.1 million at the end of November 2016, compared to its level at the end of 2015, to stand at JD 16,202.1 million (59.0 percent of GDP). Outstanding external public debt increased by JD 654.7 million at the end of November 2016 compared to its level at the end of 2015 to reach JD 10,045.0 million, (36.6 percent of GDP). Accordingly, the gross public debt (domestic and external) stood at 95.6 percent of GDP at the end of November 2016 compared to 93.4 percent of GDP at the end of 2015.
- **External Sector:** Total merchandise exports (domestic exports *plus* re-exports) decreased by 4.6 percent to reach JD 4,855.9 million. Similarly, merchandise imports decreased by 7.1 percent to reach JD 12,440.0 million during the first eleven months of 2016. As a result, the trade balance deficit decreased by 8.6 percent compared to the same period of 2015, to reach JD 7,584.1 million. The preliminary data for 2016 showed a decrease in travel receipts by 0.5 percent and an increase in travel payments by 8.4 percent compared to 2015. Moreover, total workers' remittances receipts decreased by 2.4 percent during 2016 compared to 2015. The balance of payments for the first three quarters of 2016 displayed a deficit in the current account amounting to JD 1,910.2 million (9.5 percent of GDP) down from JD 1,979.6 million (10.1 percent of GDP) during the same period of 2015. Meanwhile, the current account deficit excluding grants decreased to reach 11.3 percent of GDP compared with 11.9 percent of GDP during the first three quarters of 2015. Moreover, net direct investment recorded an inflow of JD 809.1 million during the first three quarters of 2016 compared to a net inflow of JD 808.2 million during the same period of 2015. Furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 26,656.5 million at end of September 2016 up from JD 24,815.1 million at the end of 2015.

First: Monetary and Financial Sector

□ Summary

- The CBJ's foreign currency reserves amounted to US\$ 12,883.1 million at the end of 2016. This level of reserves covers around 7.3 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 1,270.7 million (4.0 percent) in 2016, compared to its level in 2015, to total JD 32,876.2 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,802.3 million (8.5 percent) in 2016, compared to its level in 2015, to reach JD 22,905.8 million.
- Total deposits at licensed banks increased by JD 301.5 million (0.9 percent) in 2016, compared to its level in 2015, to stand at JD 32,900.0 million.
- The interest rates on all types of deposits and credit facilities, except discounted bills & bonds, had decreased at the end of 2016 compared to their levels at the end of 2015.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,170.3 points in 2016, increasing by 34.0 points (1.6 percent), compared to its level in 2015. Moreover, the market capitalization decreased by JD 645.3 million (3.6 percent), compared to its registered level in 2015, to stand at JD 17,339.4 million.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

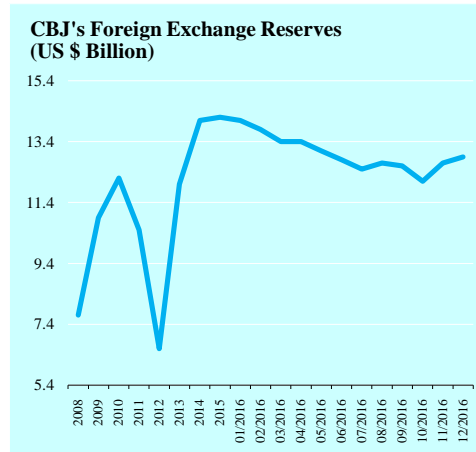
	End of December	
	2015	2016
CBJ's Foreign Currency Reserves*	US\$ 14,153.5	US\$ 12,883.1
	0.5%	-9.0%
Money Supply (M2)	31,605.5	32,876.2
	8.1%	4.0%
Credit Facilities, of which:	21,103.5	22,905.8
	9.5%	8.5%
Private Sector (Resident)	18,098.1	19,901.4
	4.6%	10.0%
Total Deposits, of which:	32,598.5	32,900.0
	7.7%	0.9%
In JD	26,014.5	25,968.2
	8.3%	-0.2%
In Foreign Currencies	6,584.0	6,931.8
	5.4%	5.3%
Deposits of Private Sector (Resident), of which:	25,799.7	26,952.9
	7.6%	4.5%
In JD	21,163.1	21,572.9
	8.1%	1.9%
In Foreign Currencies	4,636.7	5,380.0
	5.3%	16.0%

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves amounted to US\$ 12,883.1 million at the end of 2016. This level of reserves covers around 7.3 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

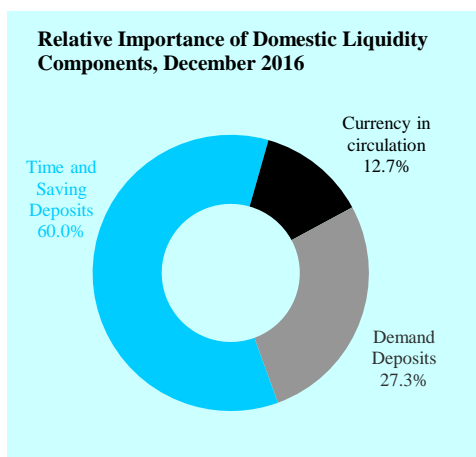
■ Domestic liquidity totaled JD 32,876.2 million in 2016, increasing by JD 1,270.7 million, or 4.0 percent, compared to an increase of JD 2,365.1 million, or 8.1 percent, during 2015.

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

● Components of Domestic Liquidity

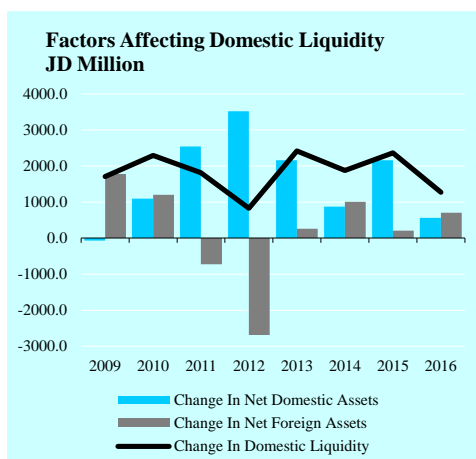
- Deposits increased by JD 1,022.4 million, or 3.7 percent, in 2016, compared to their level in 2015, to total JD 28,694.8 million, compared to an increase of JD 2,236.4 million, or 8.8 percent, during 2015.

- Currency in circulation increased by JD 248.1 million, or 6.3 percent in 2016, compared to its level in 2015, to reach JD 4,181.3 million, against an increase of JD 128.8 million, or 3.4 percent, during 2015.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 562.6 million, or 2.4 percent, in 2016, compared to its level in 2015, against an increase of JD 2.2 billion, or 10.1 percent, during 2015.



This increase was a result of the increase in net domestic assets at the CBJ by JD 587.6 million, or 10.2 percent, and the decrease of net domestic assets at the licensed banks by JD 25.2 million, or 0.08 percent.

- Net foreign assets of the banking system increased by JD 708.0 million, or 8.7 percent, in 2016, compared to their level in 2015, against an increase in the amount of JD 205.1 million, or 2.6 percent, during 2015. This increase was a result of the increase of net foreign assets at the licensed banks by JD 1,000.8 million, or 50.4 percent, and the decrease of net foreign assets at the CBJ by JD 292.8 million, or 2.9 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

	End of December	
	2015	2016
Foreign Assets (Net)	8,137.3	8,845.4
CBJ	10,124.2	9,831.5
Licensed Banks	-1,986.9	-986.1
Domestic Assets (Net)	23,468.2	24,030.8
CBJ, of which:	-5,781.8	-5,194.1
Claims on Public Sector (Net)	1,519.1	1,043.1
Other Items (Net*)	-7,324.1	-6,260.1
Licensed Banks	29,250.2	29,225.0
Claims on Public Sector (Net)	10,220.9	9,955.9
Claims on Private Sector	18,681.3	20,567.4
Other Items (Net)	348.0	-1,298.3
Money Supply (M2)	31,605.5	32,876.2
Currency in Circulation	3,933.2	4,181.3
Total Deposits, of which:	27,672.3	28,694.9
In Foreign Currencies	4,709.6	5,418.9

* 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 December 18th, 2016, the CBJ increased the interest rates on certain monetary policy tools by 25 basis points, to become as follows:

- The CBJ main interest Rate: 2.75 percent.
- Re-Discount Rate: 3.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 1.75 percent.
- Weekly/ Monthly Repurchase Agreements: 2.75 percent.

◆ The interest rate margin on CDs was brought up from 2.25 – 2.50 percent to be 2.50 – 2.75 percent.

◆ This decision aims to ensure the competitiveness and attractiveness of Jordanian dinar as a saving instrument, as well as maintaining monetary and banking stability. The central bank will continue to take all necessary monetary and banking actions to achieve its monetary policy objectives, and its contribution in creating an attractive environment for local and foreign investment, and enable the national economy to achieve appropriate growth rates.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

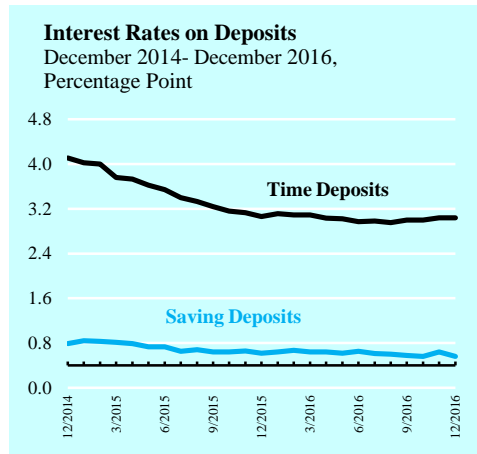
- Time Deposits: The weighted average interest rate on time deposits at the end of December 2016 maintained the same level registered in the previous month to stand at 3.04 percent. This rate is lower by 2 basis points than its level at the end of 2015.

Interest Rates on Monetary Policy Instruments, percentage points

	December	
	2015	2016
Re-discount Rate	3.75	3.75
Repurchase Agreements Rate (overnight)	3.50	3.50
Overnight Deposit Window Rate	1.50	1.75
Repurchase Agreements rate (one week)	2.50	2.75
Repurchase Agreements rate (one month)	2.50	2.75
Certificates of Deposits (one week)	2.25	2.50

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

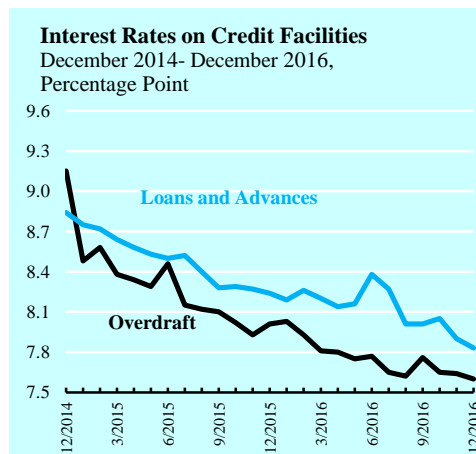
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of December 2016 decreased by 8 basis points compared to its level registered in the previous month to stand at 0.56 percent, which is 6 basis points lower than its level registered at the end of 2015.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of December 2016 increased by 2 basis points compared to its level registered in the previous month to stand at 0.26 percent. This rate is lower by 6 basis points than its level at the end of 2015.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of December 2016 decreased by 4 basis points compared to its level in the previous month to stand at 7.60 percent, this rate is lower by 41 basis points than its level registered at the end of 2015.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of December 2016 increased by 5 basis points compared to its level in the previous month to stand at 10.42 percent. This rate is higher by 172 basis points than its level at the end of 2015.

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

	December		Change Relative to the Preceding Year
	2015	2016	Basis Points
Deposits			
Demand	0.32	0.26	-6
Saving	0.62	0.56	-6
Time	3.06	3.04	-2
Credit Facilities			
Discounted Bills and Bonds	8.70	10.42	172
Loans and Advances	8.24	7.83	-41
Overdraft	8.01	7.60	-41
Prime Lending Rate	8.37	8.37	0

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” at the end of December 2016 decreased by 7 basis points compared to its level in the previous month to stand at 7.83 percent. This rate is lower by 41 basis points than its level registered at the end of 2015.
- The prime lending rate stood at 8.37 percent at the end of 2016. This rate is the same level registered at the end of 2015.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, reached 479 basis points at the end of 2016, which is lower by 39 basis points than its level registered at the end of 2015.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,802.3 million, or 8.5 percent in 2016, compared to its level in 2015, against an increase of JD 1,829.0 million, or 9.5 percent, during 2015.

- In terms of borrowers, credit facilities in 2016 had shown an increase in credit extended to the private sector (resident) by 1,803.3 million, or 10.0 percent, the public institutions by JD 32.6 million, or 10.0 percent, the private sector (non-resident) by JD 2.7 million, or 0.5 percent and the financial institutions by JD 2.6 million, or 28.9 percent. Meanwhile, credit facilities extended to the central government declined by JD 38.8 million, or 1.8 percent, compared to their levels in 2015.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 32,900.0 million in 2016, increasing by JD 301.5 million, or 0.9 percent, compared to its level in 2015, against an increase of JD 2,337.5 million, or 7.7 percent, during 2015.
- This increase was a result of the increase in the deposits of the private sector (resident) by JD 1,153.2 million, or 4.5 percent, and the decrease in the private sector (non-resident) by JD 547.1 million, or 15.0 percent, and the deposits of the public sector (central government plus public institutions) by JD 246.9 million, or 9.1 percent, and the non-banking financial institutions by JD 57.7 million, or 13.0 percent.
- The currency composition of deposits in 2016 revealed that “deposits in foreign currency” increased by JD 347.8 million, or 5.3 percent, while the JD deposits decreased by JD 46.3 million, or 0.2 percent, compared to their levels in 2015.

□ Amman Stock Exchange (ASE)

Indicators of ASE displayed a mixed performance during the year of 2016 compared to 2015. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at ASE totaled JD 172.5 million in December 2016; down by JD 185.8 million, or 51.9 percent, compared to its level in the previous month, against an increase of JD 482.1 million, during the same month in 2015. As for 2016, the trading volume decreased by JD 1,087.6 million, or 31.8 percent, compared to its level in 2015, to reach JD 2,329.5 million.

■ **Traded Shares**

The number of traded shares in December 2016 totaled 115.7 million shares; down by 13.6 million shares, or 10.5 percent, compared to its level in the previous month, against an increase by 100.5 million shares, or 77.1 percent, during the same month in 2015. As for 2016, the number of traded shares decreased by 749.1 million shares, or 29.0 percent, amounting to 1,836.7 million shares, compared to 2,585.8 million shares traded during 2015.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 0.7 point at the end of December 2016

compared to its level in the previous month to stand at 2,170.3

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

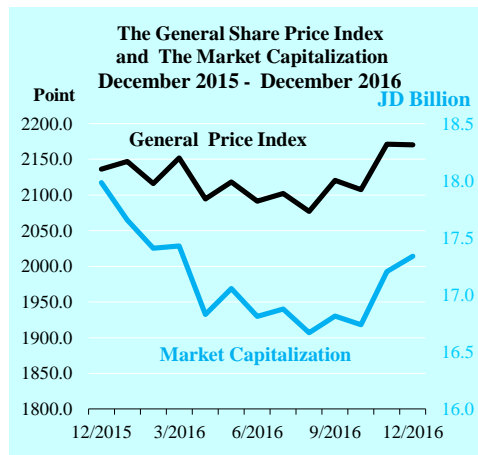
	December	
	2015	2016
General Index	2,136.3	2,170.3
Financial Sector	2,906.2	2,933.2
Industrial Sector	1,848.8	2,093.0
Services Sector	1,726.7	1,604.7

Source: Amman Stock Exchange.

points, against an increase of 142.6 points, or 7.2 percent, during the same month in 2015. As for 2016, the SPI increased by 34.0 points, or 1.6 percent, compared to its level in 2015, against a decrease by 29.2 points, or 1.3 percent, during 2015. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 244.2 points, or 13.2 percent, and the financial sector by 27.0 points, or 0.9 percent. Meanwhile, the SPI for the services sector decreased by 122.0 points, or 7.1 percent, compared to their levels in 2015.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 17.3 billion at the end of December 2016; increasing by JD 135.3 million, or 0.8 percent, compared to its level in the previous month, against an increase of JD 1.1



billion, or 6.5 percent, during the same month in 2015. As for 2016, the market capitalization decreased by JD 645.3 million, or 3.6 percent, compared to a decrease of JD 97.9 million, or 0.5 percent, during 2015.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 42.8 million in December 2016, compared to an inflow of JD 12.1 million during the same month in 2015; the value of shares acquired by non-Jordanian in December 2016 amounted to JD 62.2 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million		
	December	
	2015	2016
Value Traded	635.2	172.5
Average Daily Trading	28.9	9.1
Market Capitalization	17,984.7	17,339.4
No. of Traded Shares (million)	230.9	115.7
Net Investment of Non-Jordanian	12.1	42.8
Non-Jordanian Buying	481.6	62.2
Non-Jordanian Selling	469.5	19.4

Source: Amman Stock Exchange.

amounted to JD 19.4 million. As for 2016, non-Jordanian net investment recorded an inflow amounted to JD 237.1 million, compared to an inflow of JD 10.6 million, during 2015.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the third quarter of 2016, against 2.6 percent during the same quarter of 2015. At current market prices, GDP grew by 2.6 percent during the third quarter of 2016, compared to 4.7 percent during the same quarter of 2015.
- Accordingly, GDP at constant market prices grew by 2.0 percent during the first three quarters of 2016, against 2.3 percent during the same period of 2015. At current market prices, GDP grew by 3.2 percent during the first three quarters of 2016, compared to 4.8 percent during the same period of 2015.
- The Consumer Price Index (CPI) continued its contraction by 0.8 percent during 2016, against a contraction of 0.9 percent in 2015.
- The unemployment rate increased during 2016 to stand at 15.3 percent (13.3 percent for males and 24.1 percent for females), compared to 13.0 percent (11.0 percent for males and 22.5 percent for females) during 2015. The highest unemployment rate among youth reached 40.0 percent for the categories of 15-19 years old, and 34.5 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 the first three quarters of 2016 compared to 2.3 percent during the same period of 2015. When excluding “net taxes on products”, which grew by 1.1 percent, GDP at constant basic prices grew by 2.2 percent during the first three quarters of 2016, compared to 2.5 percent during the same period of 2015.

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

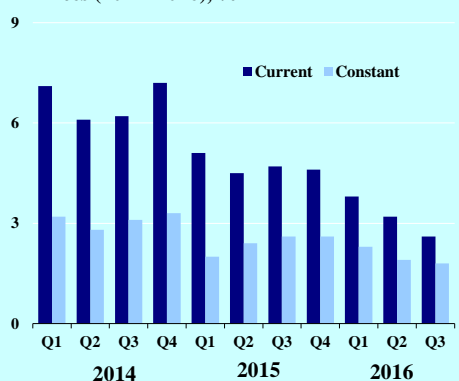
Source: Department of Statistics.

At current market prices, GDP grew by 3.2 percent during the first three quarters of 2016, compared to 4.8 percent during the same period of 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 1.1 percent compared to 2.4 percent during the first three quarters of 2015, as a reflection of the continuous decline of oil prices in the international market which contributed in reducing the inflationary pressures upon the national economy.

The main sectors contributed to the economic growth during the first three quarters of 2016 were; “finance and insurance services” (0.6 percentage point), “transports, storage and communications” (0.5 percentage point), agriculture (0.2 percentage point), “electricity and water” (0.2 percentage point). These sectors collectively accounted for 75 percent of real GDP growth during the first three quarters of 2016.

The economic sectors displayed a wide variation in their performance during the first three quarter of 2016. Some sectors recorded accelerated growth, such as “electricity and water”, “finance and insurance services” agriculture, “transport, storage and communications”, and construction. Meanwhile, manufacturing, and “wholesale and retail trade” 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 Market Prices, Percentages

Sectors	Relative change		Contribution	
	First three quarters 2015	2016	First three quarters 2015	2016
GDP At Market Prices	2.3	2.0	2.3	2.0
Agriculture, Hunting, Forestry, And Fishing	0.7	5.3	-	0.2
Mining And Quarrying	16.8	-14.7	0.2	-0.2
Manufacturing	1.4	0.8	0.2	0.1
Electricity And Water	8.6	10.8	0.2	0.2
Construction	-2.7	0.8	-0.1	-
Wholesale And Retail Trade	1.4	1.3	0.1	0.1
Restaurant And Hotels	-3.4	-0.9	-	-
Transport, Storage & Communications	3.0	3.2	0.4	0.5
Finance And Insurance Services	5.5	5.6	0.5	0.6
Real Estate	2.2	2.2	0.2	0.2
Community, Social And Personal Services	4.1	3.6	0.2	0.2
Producers Of Government Services	2.4	1.2	0.3	0.1
Producers Of Private Non-Profit Services To	6.2	4.1	-	-
Domestic Services Of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators displayed divergent performance for the year 2016. Some indicators recorded a notable growth, such as; Manufacturing production quantity index (1.0 percent), “Number of passengers through Royal Jordanian” (2.1 percent), and “number of departures” (0.5 percent). However, other indicators showed a contraction, particularly; Cargo through Royal Jordanian (21.2 percent) and Value traded at the real estate market (7.2 percent). The following table displays the performance of the main sectoral indicators.

Main Sectoral Indicators*

Percentage Points

2014	2015	Item	2015	Available period	2016
16.7	-3.5	Quantities of exported and imported goods shipped through Aqaba port	-1.0	January-October	-5.9
7.2	-12.5	Licensed areas for buildings	-15.4	January- November	-4.9
-1.2	-8.8	Manufacturing production quantity index**	-	December	0.4
-0.7	-0.5	Food products and beverages	-		-26.4
0.2	45.9	Tobacco products	-		-19.5
-0.8	-1.7	Refined petroleum products	-		13.5
0.3	63.8	Wearing apparel	-		159.1
0.6	3.4	Non-metallic mineral products	-		-31.1
-0.6	-10.8	Chemical products	-		7.3
1.6	16.9	“Mining and quarrying” production quantity index**	-		-8.5
0.0	-38.3	Extraction of crude petroleum and natural gas	-		-6.2
1.6	17.6	Other mining and quarrying	-		-8.6
-0.5	-7.4	Number of departures	-7.4	The whole Year	0.5
22.4	-2.0	Value traded at the real estate market	-2.0		-7.2
-2.8	-7.9	Number of passengers through Royal Jordanian	-7.9		2.1
-1.7	-0.7	Cargo through Royal Jordanian	-0.7		-21.2

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

** : - The methodology of computing the manufacturing and “mining and quarrying” production indices has been modified, and so far, there are no available data upon the monthly growth rates for 2015.

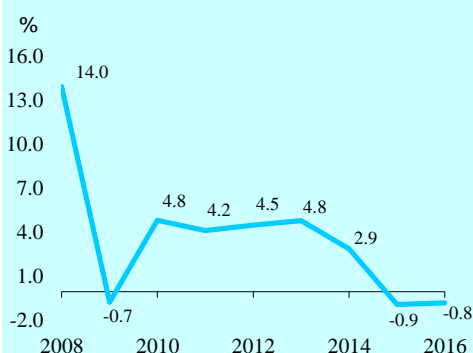
- Compared to the same month in the previous year.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), continued its contraction by 0.8 percent during 2016, compared with a contraction of 0.9 percent in 2015. This came as a result of the continuous falling in the prices of food and oil in the global markets and its impact on domestic prices. The main groups and items that witnessed contraction in their prices are transportation (3.9 percent), “fuels and lighting” (4.5 percent), and “meat and poultry” (10.2 percent). They collectively contributed in reducing the overall inflation rate by 1.6 percentage points.

Annual Bases Inflation Rate

For the years (2008-2016), percentages



Inflation Rate during the Year 2015 - 2016

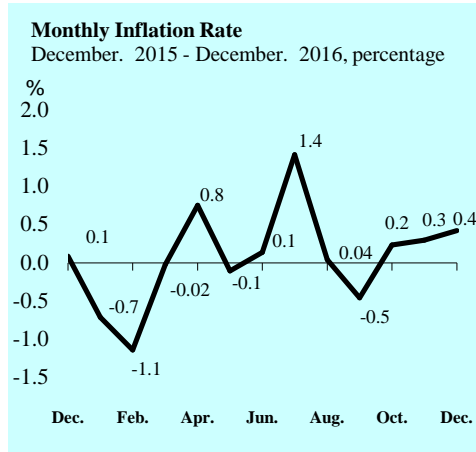
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2015	2016	2015	2016
All Items	100.0	-0.9	-0.8	-0.9	-0.8
1) Food and non-Alcoholic Beverages, of which:	33.4	1.1	-3.5	0.4	-1.1
Meat and Poultry	8.2	0.3	-10.2	0.0	-0.9
Dairy Products and Eggs	4.2	0.6	-2.6	0.0	-0.1
Vegetables and Legumes Dry and Canned	3.9	1.8	-4.5	0.1	-0.2
Fruits and Nuts	2.7	4.8	-3.0	0.1	-0.1
Oils and Fats	1.9	3.7	2.5	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.4	3.5	3.2	0.1	0.1
3) Clothing and footwear	3.5	4.9	1.5	0.2	0.1
4) Housing, of which:	21.9	0.6	1.2	0.1	0.3
Rents	15.6	4.9	2.6	0.8	0.4
Fuels and Lighting	4.8	-13.3	-4.5	-0.7	-0.2
5) Household Furnishings and Equipment	4.2	1.9	1.0	0.1	0.0
6) Health	2.2	2.6	3.8	0.1	0.1
7) Transportation	13.6	-14.1	-3.9	-2.2	-0.5
8) Communication	3.5	0.1	-0.2	0.0	0.0
9) Culture and Recreation	2.3	5.5	4.6	0.1	0.1
10) Education	5.4	3.1	1.9	0.2	0.1
11) Restaurants and Hotels	1.8	1.3	1.2	0.0	0.0
12) Other Goods and Services	3.7	0.8	2.2	0.0	0.1

Source: Department of Statistics.

In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (4.6 percent), clothing and footwear (1.5 percent), rents (2.6 percent).

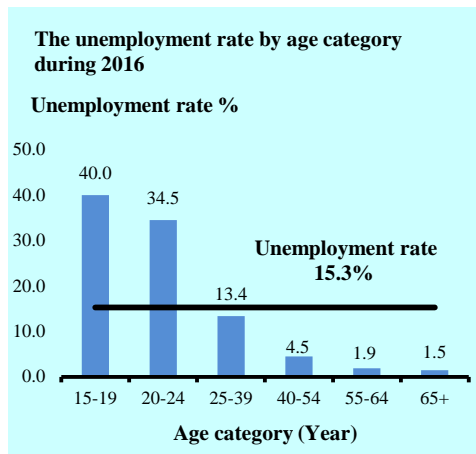
In December 2016, the CPI witnessed an increasing by 0.4 percent compared with November 2016. This was due to the increase in the prices of some

groups and items, mainly; “culture and recreation” (1.8 percent), “Meat and Poultry” (4.6 percent), “vegetables and legumes dry and canned” (2.7 percent), and housing (1.0 percent), and the contraction in prices of other groups and items such as, transportation (1.3 percent), and “Fruits and Nuts” (4.9 percent).



■ Employment

- The unemployment rate increased during 2016 to reach 15.3 percent (13.3 percent for males and 24.1 percent for females), compared to 13.0 percent (11.0 percent for males and 22.5 percent for females) during 2015.



- The unemployment among youth reached 40.0 percent for the categories of 15-19 years old, and 34.5 percent for those between 20-24 years.

- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2016 reached 36.0 percent (58.7 percent for males and 13.2 percent for females), compared to 36.7 percent (60.0 percent for males and 13.3 percent for females) during 2015.
- The employment rate among population of 15 years and older reached 30.5 percent during 2016, compared to 31.9 percent during 2015. The employees in the sector of “public administration, defense, and social security” accounted for 26.1 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.4 percent), education (11.5 percent), and manufacturing (9.7 percent).

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 803.3 million during the first eleven months of 2016, comparing to a fiscal deficit in the amount of JD 1,025.6 million during the same period in 2015. When excluding foreign grants (JD 406.4 million), the general budget deficit reaches JD 1,209.7 million compared to a deficit in the amount of JD 1,474.0 million during the same period in 2015.
- Gross outstanding domestic public debt increased by JD 716.1 million at the end of November 2016 compared to its level at the end of 2015, to reach JD 16,202.1 million (59.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) went up by JD 654.7 million at the end of November 2016, compared to its level at the end of 2015, to stand at JD 10,045.2 million (36.6 percent of GDP).
- As a result, gross outstanding public debt (domestic and external) reached JD 26,247.3 million (95.6 percent of GDP) at the end of November 2016 compared to JD 24,876.5 million (93.4 percent of GDP) at the end of 2015.

□ The performance of the general budget during the first eleven months of 2016 compared to the same period in the preceding year:

■ Public Revenues

Public revenues (including foreign grants) increased by JD 101.3 million, or 22.9 percent, in November 2016 compared to the same month of 2015 to reach JD 542.9 million. As for the first eleven months of 2016, these revenues were up by JD 452.1 million, or 7.9 percent, compared to the same period in 2015 to stand at JD 6,187.3 million. This came as an outcome of the increase in domestic revenues by JD 494.1 million, and the decrease in foreign grants by JD 42.0 million.

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

(JD Million and Percentages)

	November		Growth Rate	Jan. –Nov.		Growth Rate
	2015	2016		2015	2016	
Total Revenues and Grants	441.6	542.9	22.9	5,735.2	6,187.3	7.9
Domestic Revenues, of which:	402.3	482.5	19.9	5,286.8	5,780.9	9.3
Tax Revenues, of which:	290.7	336.3	15.7	3,784.6	3,970.4	4.9
General Sales Tax	231.0	269.7	16.8	2,539.0	2,661.4	4.8
Other Revenues	110.1	145.2	31.9	1,485.6	1,796.5	20.9
Foreign Grants	39.3	60.4	53.7	448.4	406.4	-9.4
Total Expenditures, of which:	632.5	674.6	6.7	6,760.8	6,990.6	3.4
Capital Expenditures	78.5	110.3	40.5	815.8	801.7	-1.7
Overall Deficit/ Surplus	-190.9	-131.7	-	-1,025.6	-803.3	-

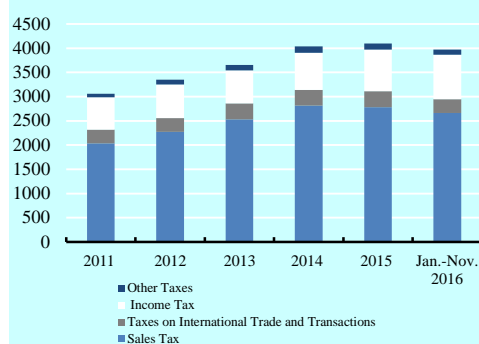
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase by JD 494.1 million, or 9.3 percent, during the first eleven months of 2016 compared to the same period in 2015, to reach JD 5,780.9 million. This increase was an outcome of the rise in the proceeds of “tax revenues”, and “other revenues”, by JD 185.8 million, JD 310.9 million, respectively, and the drop in pension contribution by JD 2.6 million.

Tax Revenue Structure

(2011-2015) and the first eleven months of 2016, JD Million.



- **Tax Revenues**

Tax revenues increased by JD 185.8 million, or 4.9 percent, during the first eleven months of 2016 compared to the same period in 2015, to reach JD 3,970.4 million (68.7 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 122.4 million, or 4.8 percent, which reached JD 2,661.4 million (accounting for 67.0 percent of total tax revenues). This result was driven by the increase in the proceeds of “sales tax on commercial sector”, “sales tax on services”, “sales tax on domestic goods”, and “sales tax on imported goods” by JD 51.0 million, JD 47.2 million, JD 15.5 million, and JD 8.6 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 87.2 million, or 10.5 percent, which reached JD 914.1 million (accounting for 23.0 percent of total tax revenues). This rise was an outcome of the increase in the proceeds of “income tax from companies and other projects” by JD 97.5 million, and decrease in the proceeds of “income tax from individuals” by JD 10.3 million. Accordingly, income tax from companies accounted for 80.3 percent of total taxes on income and profits to reach JD 733.7 million.

- A decrease in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 18.6 million or 6.1 percent, to reach JD 287.9 million (accounting for 7.3 percent of total tax revenues).
- A decrease in real-estates tax (taxes on financial transactions) by JD 5.0 million, or 4.5 percent, to reach JD 107.0 million (accounting for 2.7 percent of total tax revenues).

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

“Other revenues” increased by JD 310.9 million, or 20.9 percent, during the first eleven months of 2016 to reach JD 1,796.5 million. This increase was chiefly due to:

- An increase in miscellaneous revenues by JD 346.5 million to stand at JD 731.5 million.
- An increase in “revenues from selling goods and services” by JD 7.8 million to reach JD 786.7 million.
- A drop in property income by JD 43.5 million to stand at JD 278.3 million (of which financial surplus of independent government units amounted to JD 257.7 million against JD 285.0 million during the same period in 2015).

- **Pension Contributions**

Pension contributions witnessed a decrease by JD 2.6 million, or 15.7 percent, during the first eleven months of 2016, standing at JD 14.0 million.

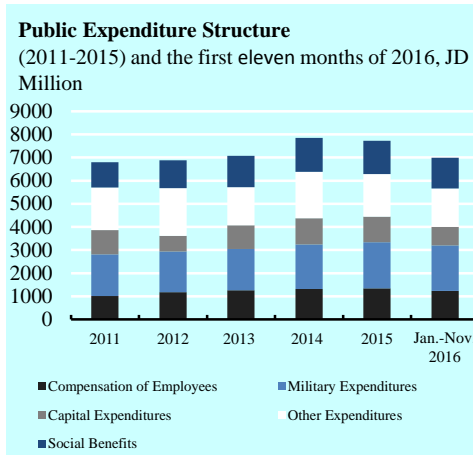
- ◆ **Foreign Grants**

Foreign grants decreased by JD 42.0 million, or 9.4 percent, during the first eleven months of 2016, standing at JD 406.4 million.

Public Expenditures

Public expenditures witnessed an increase by JD 42.1 million, or 6.7 percent, in November 2016 compared to the same month in 2015 to stand at JD 674.6 million. Moreover, public expenditures increased by JD 229.8 million, or 3.4 percent during the first eleven months of 2016 compared to the same period in 2015, to stand at JD 6,990.6 million. This increase was an

outcome of the rise in current expenditures by JD 243.9 million, and the decline in capital expenditures by JD 14.1 million.



Current Expenditures

Current expenditures increased by JD 243.9 million, or 4.1 percent, during the first eleven months of 2016, to reach JD 6,188.9 million. This increase was chiefly due to:

- An increase in military expenditures by JD 140.3 million to total JD 1,962.3 million, accounting for 31.7 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 22.2 million to reach JD 1,239.6 million, accounting for 20.0 percent of total current expenditures.
- A rise in social benefit expenditures by JD 8.3 million to stand at JD 1,328.7 million, accounting for 21.5 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 67.3 million to stand at JD 371.7 million, accounting for 6.0 percent of total current expenditures.

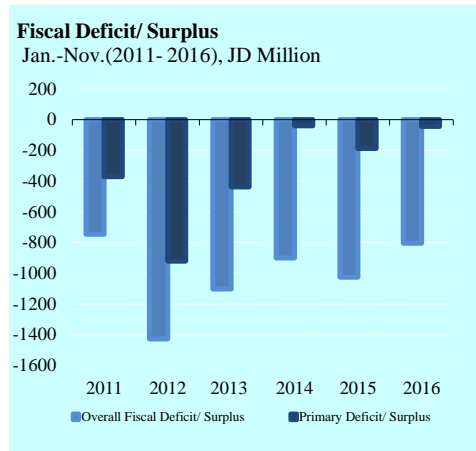
- An increase in goods subsidies by JD 5.9 million to stand at JD 113.2 million, accounting for 1.8 percent of total current expenditures.
- A drop in interest payments by JD 79.5 million to stand at JD 760.1 million, accounting for 12.3 percent of total current expenditures.

◆ Capital Expenditures

Capital expenditures decreased by JD 14.1 million, or 1.7 percent during the first eleven months of 2016 compared to the same period in 2015, to reach JD 801.7 million.

■ General Budget Deficit/ Surplus

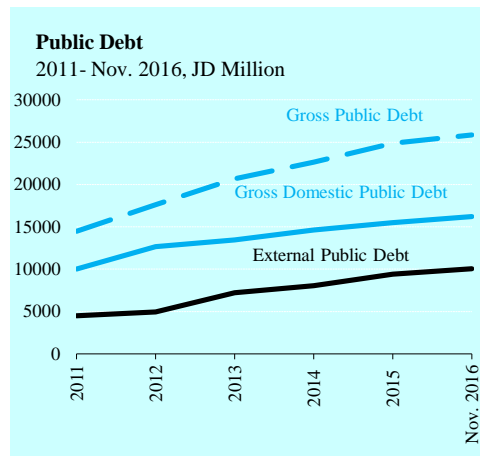
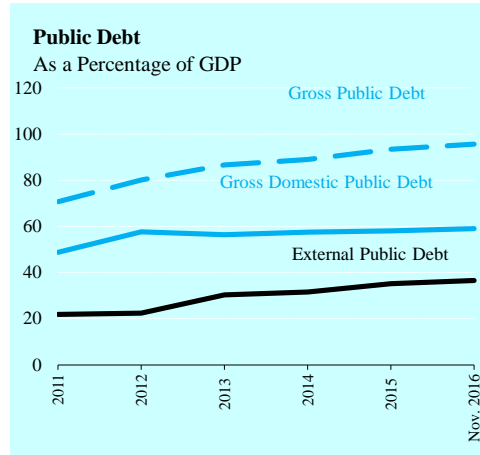
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 803.3 million during the first eleven months of 2016, against a fiscal deficit in the amount of JD 1,025.6 million during the same period in 2015.



- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 43.2 million during the first eleven months of 2016, against a primary deficit of JD 186.0 million during the same period in 2015, if foreign grant was excluded, the general budget recorded a primary deficit in the amount of JD 449.6 million, during the first eleven months of 2016, against a primary deficit of JD 634.4 million during the same period in 2015.

Public Debt

Gross outstanding domestic public debt increased by JD 716.1 million at the end of November 2016 compared to its level at the end of 2015 to total JD 16,202.1 million, or 59.0 percent of GDP. This rise in gross outstanding domestic public debt was an outcome of the rise in gross budgetary government debt, on one hand, as “Treasury bills and bonds” increased by JD 789.0 million at the end of November 2016, compared to their level at the end of 2015, standing at JD 13,173.0 million, however, the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government declined by JD 80.0 million to stand at JD 432.0 million. Moreover, gross domestic debt of own-budget agencies increased by JD 26.0 million to stand at JD 2,577.0 million, on the other. In this regard, loans and advances extended to these



agencies went up by JD 55.0 million to stand at JD 2,044.0 million, while own-budget agencies' bonds decreased by 30.0 million to stand at JD 533.0 million compared to its level at the end of 2015.

- Net outstanding domestic public debt (gross outstanding domestic public debt *minus* government deposits at the banking system) increased by JD 897.8 million at the end of November 2016 comparing to its level at the end of 2015 to total JD 14,354.8 million (52.3 percent of GDP).
- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 654.7 million at the end of November 2016 compared to its level at the end of 2015, amounting to JD 10,045.2 million (36.6 percent of GDP). This increase was driven by the issuance of sovereign Eurobonds in international markets in the amount of USD 1.0 billion in November 2016. The currency debt structure shows that external debt in US dollars accounted for 64.4 percent, while debt in Euros accounted for 6.2 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 6.5 percent and 7.1 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 13.2 percent.
- Gross public debt (domestic and external) increased by JD 1,370.8 million at the end of November 2016 compared to its level at the end of 2015 to stand at JD 26,247.3 million, (95.6 percent of GDP), against JD 24,876.5 million (93.4 percent of GDP) at the end of 2015.

- External debt service (budgetary and guaranteed) increased by JD 236.4 million during the first eleven months of 2016 to stand at JD 1,577.7 million, compared to same period of 2015. This rise was a result of domestic bonds in dollar amortization by JD 815.0 million (USD 1,150.0 million), during of February and August of this year.

□ Fiscal and Price Measures

- The cabinet decided to increase the prices of all types of oil derivatives, while maintaining the price of liquid gas cylinder unchanged, as follows:

Development of Oil Derivatives Price

	Unit	2017		Percentage Change
		January	February	
Unleaded Gasoline 90	Fils/Liter	620	665	7.3
Unleaded Gasoline 95	Fils/Liter	810	880	8.6
Gas Oil (Diesel)	Fils/Liter	465	480	3.2
Kerosene	Fils/Liter	465	480	3.2
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	349.7	355.5	1.7
Fuel for airplanes (local companies)	Fils/Liter	373	378	1.3
Fuel for airplanes (foreign companies)	Fils/Liter	378	383	1.3
Fuel for unplanned flights	Fils/Liter	393	398	1.3
Asphalt	JD/Ton	339.5	345.3	1.7

Source: Jordan Petroleum Refinery Company (1/2/2017).

- 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 3 piaster per liter on unleaded gasoline 90 (3 piasters at the beginning of February 2017 and two piaster at the beginning of March 2017), and 7 piaster per liter on unleaded gasoline 95, to be effective starting Feb. 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%.
 - 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%.

- 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.
- 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).

□ 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).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 10.0 percent in November 2016 compared to the same month of 2015 to record JD 391.6 million. As for the first eleven months of 2016, total merchandize exports decreased by 4.6 percent compared to the same period of 2015 to reach JD 4,855.9 million.
- **Merchandize imports** decreased by 2.5 percent in November 2016 compared to the same month of 2015 to reach JD 1,182.9 million. As for the first eleven months of 2016, merchandize imports decreased by 7.1 percent compared to the same period of 2015 to reach JD 12,440.0 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 1.7 percent in November 2016 compared to the same month of 2015; standing at JD 791.3 million. As for the first eleven months of 2016, trade balance deficit decreased by 8.6 percent compared to the same period of 2015 to reach JD 7,584.1 million.
- **Travel receipts** increased by 3.3 percent in December 2016 compared to the same month of 2015 to reach JD 221.5 million, while travel payments increased by 1.6 percent to reach JD 58.4 million. During 2016, travel receipts decreased by 0.5 percent to reach JD 2,870.9 million, while travel payments increased by 8.4 percent to reach JD 892.9 million compared to 2015.
- **Total workers' remittances receipts** increased by 3.2 percent in December 2016 compared to the same month of 2015 to reach JD 221.3 million. During 2016, total workers' remittances decreased by 2.4 compared to 2015 to reach JD 2,628.6 million.
- **The current account of the balance of payments** registered a deficit of JD 1,910.2 million (9.5 percent of GDP) during the first three quarters of 2016 compared to a deficit of JD 1,979.6 million (10.1 percent of GDP) during the same period of 2015. Meanwhile, the current account deficit excluding grants went down to reach 11.3 percent of GDP compared with 11.9 percent of GDP during the first three quarters of 2015.
- **Net direct investment** recorded an inflow of JD 809.1 million during the first three quarters of 2016, up from JD 808.2 million during the same period of 2015.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 26,656.5 million at end of September 2016; compared to JD 24,815.1 million at the end of 2015.

□ External Trade

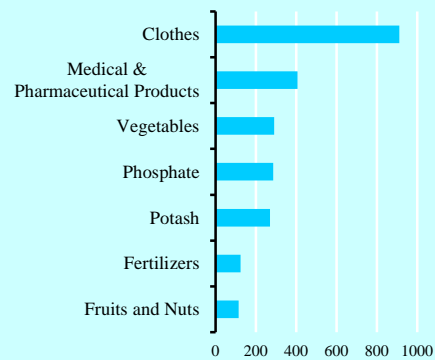
- As a result of the decrease in both domestic exports and imports by JD 422.0 million and JD 946.2 million, respectively, during the first eleven months of 2016 compared to the same period of 2015, the volume of external trade (domestic exports *plus* imports) decreased by JD 1,368.2 million to stand at JD 16,417.5 million.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January – November				January – November				
	2015	2016	Percentage Change		2015	Percentage Change 2015/2014	2016	Percentage Change 2016/2015
Exports				External Trade	17,785.7	-9.6	16,417.5	-7.7
USA	912.5	945.9	3.7	Total Exports	5,088.7	-6.1	4,855.9	-4.6
Saudi Arabia	725.2	594.4	-18.0	Domestic Exports	4,399.5	-6.3	3,977.5	-9.6
India	389.7	311.1	-20.2	Re-exports	689.2	-4.3	878.4	27.5
Iraq	453.7	302.1	-33.4	Imports	13,386.2	-10.6	12,440.0	-7.1
Kuwait	191.6	219.2	14.4	Trade Balance	-8,297.5	-13.2	-7,584.1	-8.6
UAE	210.1	209.7	-0.2	Source: Department of Statistics.				
Qatar	98.8	110.1	11.4					
Imports								
China	1,707.6	1,732.2	1.4					
Saudi Arabia	2,032.4	1,483.0	-27.0					
USA	818.0	886.1	8.3					
Italy	509.8	558.6	9.6					
Germany	617.6	539.6	-12.6					
UAE	541.6	529.1	-2.3					
Turkey	502.2	437.3	-12.9					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports decreased by 4.6 percent during the first eleven months of 2016, to record JD 4,855.9 million. This decrease resulted from a

Major Exports by Commodity
January - November 2016, JD Million



decline in domestic exports by JD 422.0 million, or 9.6 percent, to reach JD 3,977.5 million, and the increase in re-exports by 27.5 percent, to reach JD 878.4 million.

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

- Exports of **Potash** decreased by JD 134.5 million, or 33.2 percent, to stand at JD 270.1 million. The Indian, Chinese and Malaysian markets accounted for 68.0 percent of these exports.
- Exports of **Vegetables** decreased by JD 86.7 million, or 23.0 percent, to reach JD 290.7 million. UAE, the Saudi Arabia and Kuwait were main destinations markets, accounting for 63.4 percent.

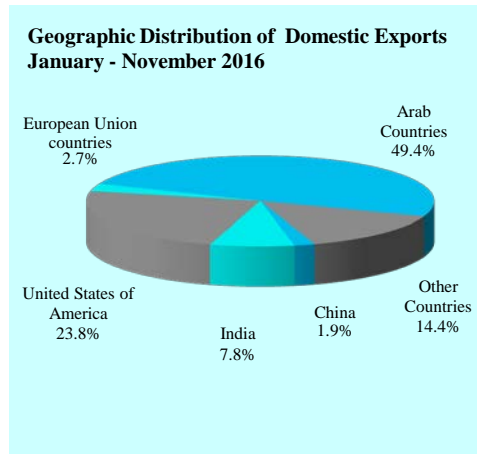
- Exports of **Phosphates** decreased by JD 49.3 million, or 14.7 percent, to register JD 285.4 million. This was a result of the decrease in prices and exported quantities by 14.2 percent and 0.5 percent, respectively. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 83.0 percent.
- Exports of **Medical & Pharmaceutical Products** increased by JD 58.7 million, or 16.9 percent, to reach JD 405.8 million. The markets of Saudi Arabia, Algeria, Iraq, and Sudan accounted for 56.9 percent of these exports.

**Major Domestic Exports by Commodity, JD Million
January - November, 2015-2016**

	2015	2016	Percentage Change
Domestic Exports	4,399.5	3,977.5	-9.6
Clothes	888.1	911.3	2.6
USA	801.1	814.6	1.7
Medical & Pharmaceutical Products	347.1	405.8	16.9
Saudi Arabia	80.3	91.7	14.2
Algeria	41.9	60.4	44.2
Iraq	28.8	48.0	66.7
Sudan	37.9	30.6	-19.3
Vegetables	377.4	290.7	-23.0
UAE	72.0	64.5	-10.4
Saudi Arabia	73.0	63.8	-12.6
Kuwait	61.8	56.2	-9.1
Phosphates	334.7	285.4	-14.7
India	228.3	180.2	-21.1
Indonesia	50.9	56.5	11.0
Potash	404.6	270.1	-33.2
India	102.4	71.0	-30.7
China	134.1	70.5	-47.4
Malaysia	44.3	41.9	-5.4
Fertilizers	140.4	123.2	-12.3
Turkey	26.5	37.1	40.0
Iraq	22.6	34.3	51.8
India	45.1	30.3	-32.8
Fruits and Nuts	138.9	114.4	-17.6
Kuwait	41.8	40.8	-2.4
Saudi Arabia	41.5	29.9	-28.0
UAE	12.4	12.8	3.2

Source: Department of Statistics.

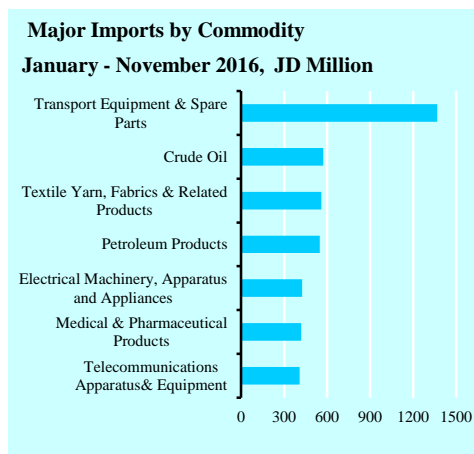
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, “medical and pharmaceutical products”,



vegetables, phosphates, potash, fertilizers and “fruits and nuts” topped the list of domestic exports during the first eleven months of 2016; accounting for 60.4 percent, compared with 59.8 percent during the same period of 2015. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE and Qatar were the main destination markets during the first eleven months of 2016; accounting for 67.7 percent, compared with 67.8 percent during the same period of 2015.

■ Merchandize Imports:

Merchandize imports decreased by 7.1 percent to reach JD 12,440.0 million during the first eleven months of 2016, compared to a decrease by 10.6 percent during the same period of 2015.



◆ The developments of imports during the first eleven months of 2016 compared with the same period of 2015 reveals the following:

- **Petroleum Products** imports decreased by JD 411.4 million, or 42.9 percent, to reach JD 548.5 million. This decrease was mainly due to a decline in imported quantities and prices. The main source markets of petroleum products imports were Saudi Arabia, Italy, and UAE; accounting for 63.8 percent.
- **Crude oil** imports decreased by JD 310.0 million, or 35.1 percent, to reach 573.8 million. This decrease was mainly due to a decline in prices by 22.2 percent and in imported quantities by 16.5 percent compared to the same period of 2015. Noting that crude oil imports came from the Saudi market.

- **Transport Equipment and Spare Parts**

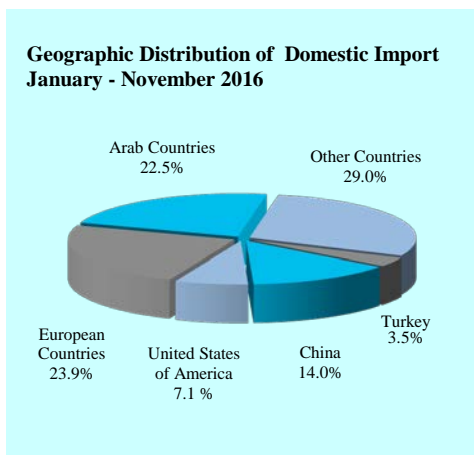
imports increased by JD 146.4 million or 12.0 percent to reach JD 1,368.0 million. South Korea, Japan and the USA were the main origin markets accounting for 59.4 percent.

- **Medical and pharmaceutical products** imports increased by JD 50.8 million or 13.8 percent. The markets of Germany, USA, and France accounted for 34.3 percent of these imports.

Major Imports by Commodity, JD Million			
January - November 2015-2016			
	2015	2016	Percentage Change
Total Imports	13,386.2	12,440.0	-7.1
Transport Equipment & Spare Parts	1,221.6	1,368.0	12.0
South Korea	256.7	284.4	10.8
Japan	261.3	283.6	8.5
USA	193.9	244.9	26.3
Crude oil	883.8	573.8	-35.1
Saudi Arabia	883.8	573.8	-35.1
Textile Yarn, Fabrics and Related Products	551.8	559.7	1.4
China	209.2	215.4	3.0
Taiwan	184.8	174.8	-5.4
Turkey	36.1	56.1	55.4
Petroleum Products	959.9	548.5	-42.9
Saudi Arabia	293.5	145.0	-50.6
Italy	86.4	114.4	32.4
UAE	25.5	90.5	254.9
Electrical Machinery, Apparatus & Appliances	410.3	425.4	3.7
China	122.4	118.0	-3.6
Turkey	34.9	36.2	3.7
Italy	27.0	34.5	27.8
Medical & pharmaceutical products	368.1	418.9	13.8
Germany	47.8	53.7	12.3
USA	36.1	49.2	36.3
France	40.1	40.9	2.0
Telecommunications Apparatus & Equipment	387.8	407.2	5.0
China	241.5	266.7	10.4
Vietnam	90.1	82.1	-8.9
Egypt	14.0	14.9	6.4

Source: Department of Statistics.

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



“electrical machinery apparatus and appliances”, “medical and pharmaceutical products” and “telecommunications apparatus and equipment” topped the list of imports during the first eleven months of 2016, accounting for 34.6 percent; down from 35.7 percent during the same period of 2015. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the USA, Italy, Germany, the UAE, and Turkey were the main source markets during the first eleven months of 2016; accounting for 49.6 percent, compared to 50.3 percent during the same period of 2015.

■ Re-Exports

The value of re-exported goods increased by JD 189.2 million, or 27.5 percent in the first eleven months of 2016 compared to the same period of 2015, to reach JD 878.4 million.

■ Trade Balance

The trade balance deficit during the first eleven months of 2016 decreased by JD 713.4 million, or 8.6 percent, to register JD 7,584.1 million, compared to the same period of 2015.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 3.2 percent in December 2016, compared to the same month of 2015 to register JD 221.3 million. During 2016, total workers' remittances receipts decreased by 2.4 percent compared to 2015, to reach JD 2,628.6 million.

□ Travel

■ Receipts

Travel receipts increased by JD 7.1 million, or 3.3 percent, in December 2016, compared to the same month of 2015 to register JD 221.5 million. During 2016, travel receipts decreased by JD 15.2 million or 0.5 percent compared to 2015 to reach JD 2,870.9 million.

■ Payments

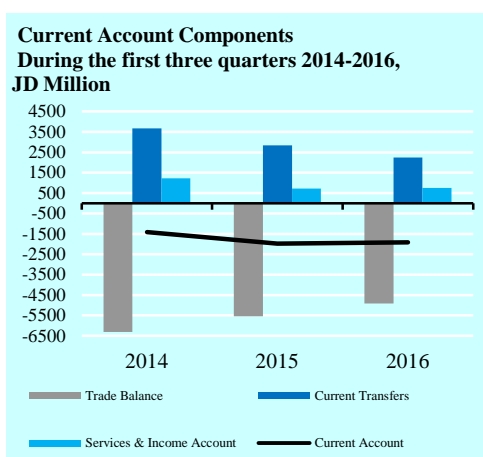
Travel payments increased by JD 0.9 million, or 1.6 percent, in December 2016, compared to the same month of 2015 to stand at JD 58.4 million. During 2016, travel payments increased by JD 69.5 million or 8.4 percent compared to the same period of 2015 to reach JD 892.9 million.

□ Balance of Payments

The preliminary data for the balance of payments during the first three quarters of 2016 compared to the same period of 2015 reveals the following:

- The current account recorded a deficit of JD 1,910.2 million (9.5 percent of GDP) compared to a deficit of JD 1,979.6 million (10.1 percent of GDP) during the first three quarters of 2015. Meanwhile, the current account deficit excluding grants decreased to reach JD 2,274.0 million or 11.3 percent of GDP compared to JD 2,324.4 million or 11.9 percent of GDP during the first three quarters of 2015. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 627.3 million, or 11.3 percent, to reach JD 4,909.4 million compared to JD 5,536.7 million during the first three quarters of 2015.



- ◆ A decrease in the surplus of the services account compared to the first three quarters of 2015 by JD 15.9 million to reach JD 877.6 million.
- ◆ The income account recorded a deficit of JD 125.6 million compared to a deficit of JD 177.7 million during the first three quarters of 2015. This was an outcome of the decrease in the deficit recorded in investment income (net) by JD 59.2 million to reach JD 292.6 million and the decrease in the surplus recorded in compensation of employees (net) by JD 7.1 million, to reach JD 167.0 million.
- ◆ A decrease in the surplus of net current transfers by JD 594.1 million; to reach JD 2,247.2 million, as a result of the increase in net transfers of the public sector (foreign grants) during the first three quarters of 2016 by JD 19.2 million, to reach JD 363.3 million, and the decrease in the net transfers of other sectors by JD 613.3 million to reach JD 1,883.9 million.

- The capital and financial account registered a net inflow of JD 1,658.8 million during the first three quarters of 2016, compared to a net inflow of JD 1,478.3 million during the same period of 2015. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 809.1 million compared to an inflow of JD 808.2 million during the first three quarters of 2015.
 - ◆ Portfolio investments recorded a net inflow of JD 27.7 million compared to a net inflow of JD 978.8 million during the first three quarters of 2015.
 - ◆ Other investments registered a net outflow of JD 434.3 million compared to a net inflow of JD 874.8 million during the first three quarters of 2015.
 - ◆ A decrease in the reserve assets of the CBJ by JD 1,201.3 million, compared to an increase of JD 1,244.5 million during the first three quarters of 2015.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 26,656.5 million at the end of September 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 722.1 million to reach JD 17,935.9 million at the end of September 2016, compared to the end of 2015. The CBJ's reserve assets decreased by JD 1,003.4 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 1,119.3 million at the end of September 2016 compared to the end of 2015; to reach JD 44,592.3 million, this increase was due to the following developments:
 - ◆ An increase in the stock of direct investment in Jordan by JD 888.2 million to stand at JD 22,634.4 million.
 - ◆ An increase in the outstanding balance of general government long-term loans by JD 167.6 million, to reach JD 3,616.4 million.
 - ◆ An increase in trade credits extended to residents by JD 93.1 million to reach JD 651.8 million.