



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
July, 2019**

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

Website: <http://www.cbj.gov.jo>

E-mail redp@cbj.gov.jo



OUR VISION

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

OUR MISSION

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

OUR VALUES

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

Contents

Executive Summary

1

First

**Monetary & Financial
Sector**

3

Second

**Output, Prices and
Employment**

15

Third

Public Finance

23

Fourth

External Sector

41

Executive Summary

□ Output, Prices and Employment

During the first quarter of 2019, real GDP at market prices grew by 2.0 percent, compared to a growth rate of 1.9 percent during the same quarter of 2018. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first six months of 2019 by 0.5 percent, compared to a rise of 4.3 percent during the same period of 2018. Furthermore, the unemployment rate increased during the first quarter of 2019 to stand at 19.0 percent, compared to 18.4 percent during the same quarter of 2018.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,663.3 million at the end of June 2019. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,892.7 million at the end of June 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,858.7 million at the end of June 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 34,225.5 million at the end of June 2019, compared to JD 33,848.1 million at the end of 2018.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,880.1 points at the end of June 2019, compared to 1,908.8 points at the end of 2018.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 483.5 million (3.8 percent of GDP) during the first five months of 2019, compared to a fiscal deficit of JD 435.1 million (3.5 percent of GDP) during the same period of 2018. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 834.5 million at the end of May 2019 compared to its level at the end of 2018, standing at JD 17,005.2 million (55.2 percent of GDP). However, outstanding external public debt (budget and guaranteed) went up by JD 121.5 million at the end of May 2019, compared to its level at the end of 2018, to reach JD 12,209.0 million (39.5 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 94.6 percent of GDP at the end of May 2019, compared to 94.4 percent of GDP at the end of 2018.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 3.4 percent during the first five months of 2019 to reach JD 2,182.4 million. Meanwhile, merchandize imports decreased by 0.6 percent to reach JD 5,720.2 million. As a result, the trade balance deficit decreased by 3.0 percent compared to same period of 2018, to reach JD 3,537.7 million. The preliminary data for the first half of 2019 showed an increase in travel receipts by 8.3 percent and an increase in travel payments by 2.7 percent compared to the same period of 2018. Moreover, total workers' remittances receipts increased by 1.3 percent in the first half of 2019 compared to the same period of 2018. The preliminary data for the balance of payments during the first quarter of 2019 displayed a deficit in the current account amounted to JD 342.6 million (4.8 percent of GDP) compared to a deficit of JD 633.2 million (9.3 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach 6.0 percent of GDP compared with 10.5 percent of GDP during the same period of 2018. Moreover, net direct investment recorded a net inflow of JD 177.6 million during the first quarter of 2019 compared to a net inflow of JD 190.1 million during the same period of 2018. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,357.9 million at the end of the first quarter of 2019 up from JD 32,171.4 million at the end of 2018.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,663.3 million at the end of June 2019. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,892.7 million at the end of June 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,858.7 million at the end of June 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 34,225.5 million at the end of June 2019, compared to JD 33,848.1 million at the end of 2018.
- The interest rates on all types of deposits held by the licensed banks had increased at the end of June 2019, except the interest rate on saving deposit, which had decreased, compared to their levels at the end of 2018. Meanwhile, the interest rates on the credit facilities extended by the licensed banks had increased at the end of June 2019, except the interest rate on discounted bills and bonds, which had decreased, compared to their levels at the end of 2018.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,880.1 points at the end of June 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 15,450.8 million at the end of June 2019, compared to JD 16,122.7 million at the end of 2018.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

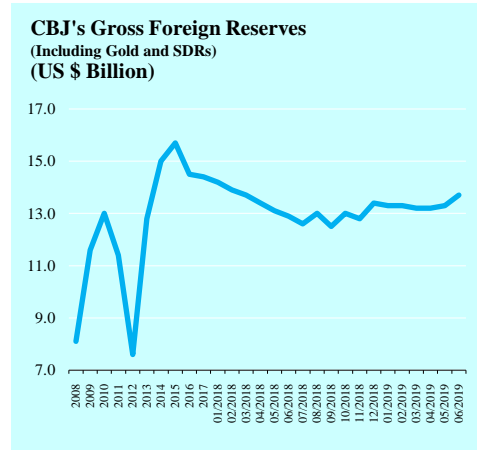
		End of June	
2018		2018	2019
US\$13,392.3	CBJ's Foreign Reserves*	US\$ 12,920.7	US\$ 13,663.3
-6.9%		-10.2%	2.0%
33,359.3	Money Supply (M2)	33,566.6	33,892.7
1.2%		1.8%	1.6%
26,111.8	Credit Facilities, of which:	25,731.4	26,858.7
5.6%		4.0%	2.9%
23,011.3	Private Sector (Resident)	22,568.2	23,763.1
5.8%		3.8%	3.3%
33,848.1	Total Deposits, of which:	33,750.3	34,255.5
2.0%		1.7%	1.1%
25,667.6	In JD	25,786.4	26,120.6
0.1%		0.6%	1.8%
8,180.5	In Foreign Currencies	7,963.9	8,104.9
8.3%		5.4%	-0.9%
26,944.5	Deposits of Private Sector (Resident), of which:	27,067.1	27,420.8
0.1%		0.6%	1.8%
20,846.4	In JD	21,112.7	21,372.9
-1.9%		-0.7%	2.5%
6,098.1	In Foreign Currencies	5,954.4	6,047.9
7.8%		5.2%	-0.8%

* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,663.3 million at the end of June 2019. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

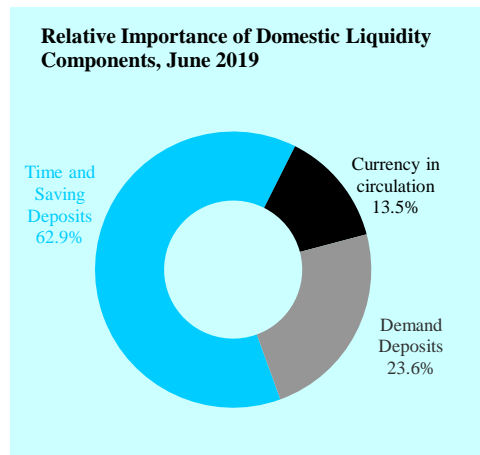
■ Domestic liquidity amounted to JD 33.9 billion at the end of June 2019, compared to JD 33.4 billion at the end of 2018.

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

- **Components of Domestic Liquidity**

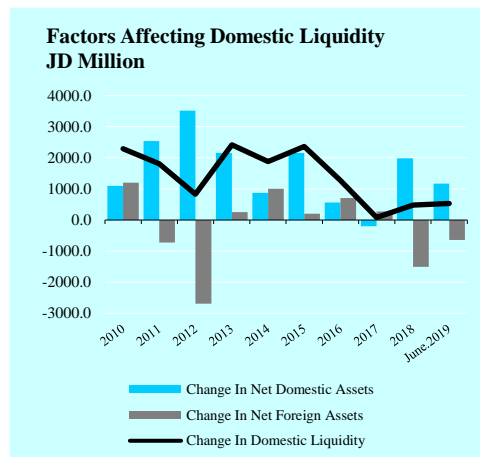
- Total liquidity deposits amounted to JD 29.3 billion at the end of June 2019, compared to JD 29.0 billion at the same period in 2018, and 29.1 billion at the end of 2018.

- Currency in circulation amounted to JD 4.6 billion at the end of June 2019, maintained the same level at the end of June 2018, and JD 4.3 billion at the end of 2018.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 27.2 billion at the end of June 2019, compared to JD 26.0 billion at the end of June 2018, and the end of 2018.



- Net foreign assets of the banking system amounted to JD 6.7 billion at the end of June 2019, compared to JD 7.6 billion at the end of June 2018, and JD 7.4 billion at the end of 2018. The CBJ's net foreign assets amounted to JD 9.3 billion at the end of June 2019.

Factors Affecting Domestic Liquidity (M2) JD Million

2018		End of June	
		2018	2019
7,368.3	Foreign Assets (Net)	7,611.6	6,728.9
9,151.3	CBJ	9,426.	9,290.2
-1,783.0	Licensed Banks	-1,814.4	-2,561.3
25,991.0	Domestic Assets (Net)	25,955.0	27,163.8
-4,345.0	CBJ, of which:	-4,322.8	-4,193.9
675.2	Claims on Public Sector (Net)	1,037.4	390.8
-5,043.0	Other Items (Net*)	-5,383.2	-4,607.3
30,336.1	Licensed Banks	30,277.8	31,357.7
10,234.1	Claims on Public Sector (Net)	9,775.8	11,017.8
23,686.8	Claims on Private Sector	23,299.9	24,441.8
-3,584.8	Other Items (Net)	-2,797.9	-4,101.9
33,359.3	Money Supply (M2)	33,566.6	33,892.7
4,296.4	Currency in Circulation	4,609.8	4,569.1
29,062.9	Total Deposits, of which:	29,956.8	29,323.6
6,168.0	In Foreign Currencies	6,007.9	6,119.4

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

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments

- ◆ On August 4th, 2019, CBJ cut the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.50 percent.
- Re-discount Rate: 5.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.25 percent.
- Overnight Deposit Window Rate: 3.75 percent.
- Weekly/ Monthly Repurchase Agreements: 4.50 percent.
- The interest rate on weekly certificates of deposit: 4.50 percent.

The decision comes in response to the recent developments of the interest rates in the regional and international markets, and aims to boost the growth of credit granted to various economic sectors and stimulate domestic spending, both consumption and investment, which will positively affect the rates of economic growth.

Interest Rates on Monetary Policy Instruments, percentage points

2018		June	
		2018	2019
4.75	CBJ main rate	4.25	4.75
5.75	Re-discount Rate	5.25	5.75
5.50	Repurchase Agreements Rate (overnight)	5.00	5.50
4.00	Overnight Deposit Window Rate	3.50	4.00
4.75	Repurchase Agreements rate (one week and one month)	4.25	4.75
4.75	Certificates of Deposits (one week)	4.25	4.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

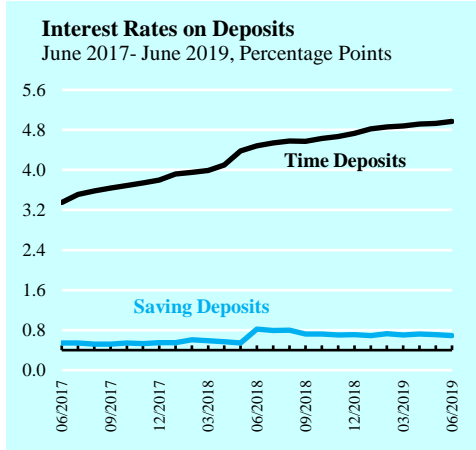
■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits increased by 4 basis points at the end of June 2019, compared to its level in the previous month, to stand at 4.97 percent. This rate is higher by 24 basis points than its level at the end of 2018.

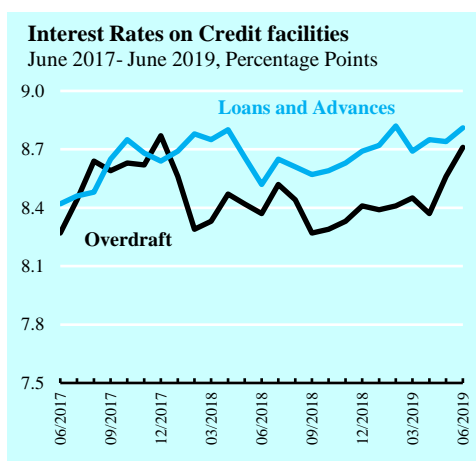
- Saving Deposits: The weighted average interest rate on saving deposits decreased by 2 basis points at the end of June 2019, compared to its level registered in the previous month to stand at 0.69 percent. This rate is lower by 2 basis points than its level at the end of 2018.

- Demand Deposits: The weighted average interest rate on demand deposits decreased by one basis point at the end of June 2019, compared to its level registered in the previous month to stand at 0.41 percent. This rate is higher by 3 basis points than its level at the end of 2018.



◆ Interest Rates on Credit Facilities

- Overdraft Accounts: The weighted average interest rate on overdraft accounts increased by 15 basis points at the end of June 2019, compared to its level registered in the previous month to stand at 8.71 percent. This rate is higher by 30 basis points than its level at the end of 2018.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” increased by 13 basis points at the end of June 2019, compared to its level registered in the previous month, to stand at 8.34 percent. This rate is lower by 130 basis points than its level at the end of 2018.

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

2018		June		Change Relative to the Preceding Year Basis Points
		2018	2019	
Deposits				
0.38	Demand	0.42	0.41	3
0.71	Saving	0.82	0.69	-2
4.73	Time	4.48	4.97	24
Credit Facilities				
9.64	Discounted Bills and Bonds	9.66	8.34	-130
8.69	Loans and Advances	8.52	8.81	12
8.41	Overdraft	8.37	8.71	30
9.57	Prime Lending Rate	9.41	9.79	22

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 7 basis points at the end of June 2019, compared to its level registered in the previous month, to stand at 8.81 percent. This rate is higher by 12 basis points than its level at the end of 2018.
- The prime lending rate stood at 9.79 percent at the end of June 2019, maintaining the same level registered in the previous month. This rate is higher by 22 basis points than its level at the end of 2018.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 746.9 million, or 2.9 percent, at the end of June 2019, against an increase by JD 994.6 million, or 4.0 percent, during the same period in 2018.
- In terms of borrowers, the credit facilities at the end of June 2019 had shown an increase in credit extended to the private sector (resident) by JD 751.8 million, or 3.3 percent, the public institutions by JD 45.9 million, or 10.7 percent, and the non-

banking financial institutions by JD 7.1 million, or 32.8 percent. In contrast, the credit facilities extended to the private sector (non-resident) by JD 39.5 million, or 6.0 percent, and central government by JD 18.4 million, or 0.9 percent, compared to their levels at the end of 2018.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 34,225.5 million at the end of June 2019, increasing by JD 377.4 million, or 1.1 percent, compared to its level at the end of 2018, against an increase of JD 552.6 million, or 1.7 percent, during the same period in 2018.
- The currency composition of deposits at the end of June 2019 revealed that the JD deposits amounted to JD 26.1 billion, and the deposits in foreign currencies amounted to JD 8.1 billion, compared to JD 25.8 billion of JD deposits, and JD 8.0 billion of deposits in foreign currencies at the end of the same period in 2018, and JD 25.7 billion of JD deposits, and JD 8.2 billion in deposit in foreign currencies at the end 2018.

□ Amman Stock Exchange (ASE)

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

■ Trading Volume

Trading volume at ASE totaled JD 97.2 million in June 2019, increasing by JD 14.4 million, or 17.4 percent, compared to its level registered in the previous month, against a decrease by JD 132.6 million, or 63.9 percent during the same month in 2018. As for the first half of 2019, the trading volume decreased by JD 113 million, or 14.5 percent, compared to the same period in 2018, to reach JD 668.1 million.

■ Traded Shares

The number of traded shares in June 2019 totaled 92.8 million shares, increasing by 12.9 million shares, compared to its level registered in the previous month, against a decrease by 59.8 million shares, or 49.8 percent, during the same month in 2018. As for the first half of 2019, the number of traded shares amounted to 534.3 million shares, compared to 604.0 million shares during the same period in 2018.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 73.6 points, or 4.1 percent, at the end of June 2019, compared to its level in the previous month, to stand at 1,880.1 points, against a decrease by 25.6 points, or 1.2 percent, during the same month in 2018. As for the first half of 2019, the SPI decreased by 28.7 points, or 1.5 percent, against a decrease by 56.3 points, or 2.6 percent, during the same period in 2018. The aforementioned decrease was an outcome of the decrease in the SPI of the financial sector by 76.7 points, or 2.9 percent, the industrial sector by 48.5 points, or 2.6 percent, and increase in the SPI of services sector by 29.6 points, or 2.3 percent, compared to their levels at the end of 2018.

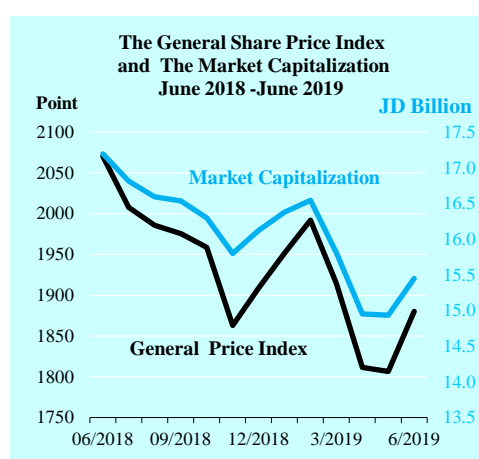
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

2018		June	
		2018	2019
1,908.8	General Index	2,070.4	1,880.1
2,652.7	Financial Sector	2,827.8	2,576.0
1,882.7	Industrial Sector	2,116.6	1,834.2
1,279.8	Services Sector	1,394.5	1,309.4

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 15.5 billion at the end of June 2019, increasing by JD 516.8 million, or 3.5 percent, compared to its level registered at the previous month, against a decrease by JD 279.7 million, or 1.6 percent, during the same month in 2018. As for the first half of 2019, the market capitalization decreased by JD 671.9 million, or 4.2 percent, against an increase by JD 233.3 million, or 1.4 percent, during the same period in 2018.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 0.3 million in June 2019, compared to an outflow by JD 1.7 million during the same month in 2018. The value of shares buying by non-Jordanian in June 2019 amounted to JD 17.3 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million			
		June	
2018		2018	2019
2,319.3	Value Traded	74.9	97.2
9.3	Average Daily Trading	4.2	5.7
16,122.7	Market Capitalization	17,195.9	15,450.8
1,245.9	No. of Traded Shares (million)	60.4	92.8
484.5	Net Investment of Non-Jordanian	-1.7	0.3
1,231.8	Non-Jordanian Buying	11.6	17.0
747.3	Non-Jordanian Selling	13.2	17.3

Source: Amman Stock Exchange.

amounted to JD 17.0 million. As for the first half of 2019, the non-Jordanian net investment recorded an outflow amounting to JD 40.6 million, compared to an outflow by JD 13.7 million during the same period in 2018.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices witnessed a slight improvement in its performance, growing by 2.0 percent during the first quarter of 2019, against 1.9 percent during the same quarter of 2018. At current market prices, GDP grew by 3.9 percent during the first quarter of 2019, compared to 4.0 percent during the same quarter of 2018.
- The general price level, measured by the percentage change in the CPI, increased during the first six months of 2019 by 0.5 percent, compared to a rise of 4.3 percent during the same period of 2018.
- The unemployment rate increased during the first quarter of 2019 to stand at 19.0 percent (16.4 percent for males and 28.9 percent for females), compared to 18.4 percent (16.0 percent for males and 27.8 percent for females) during the same quarter of 2018. The highest unemployment rate among youth reached 48.7 percent for those between 15-19 years old, and 38.5 percent for those between 20-24 years old.

□ Developments of GDP

- Gross domestic product (GDP), at constant market prices witnessed a slight improvement, which grew by 2.0 percent during 2019, compared to 1.9 percent during the same quarter of 2018. Economic growth has been strongly affected by the uncertainty prevailing in the region, which contributed to the decline in Foreign Direct Investment (FDI) in the kingdom. When excluding “net taxes on products”, which grew by 1.0 percent, GDP at constant basic prices grew by 2.1 percent during the first quarter of 2019, compared to 2.0 percent during the same quarter of 2018.

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

Percentages

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

Source: Department of Statistics.

At current market prices, GDP grew by 3.9 percent during the first quarter of 2019, compared to 4.0 percent during the same quarter of 2018. This increase is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.8 percent during the first quarter of 2019 compared to 2.0 percent growth during the same quarter of 2018.

The main sectors that contributed to the real economic growth during the first quarter of 2019; “real estate” (0.4 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point), manufacturing (0.2 percentage point), “producers of government services” (0.2 percentage point), and agriculture (0.2 percentage point). These sectors collectively accounted for 80.0 percent of the real GDP growth rate during the first quarter of 2019.

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

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



The main sectors contributed to economic growth at constant prices

Sectors	Relative change		Contribution	
	2018 Q1	2019 Q1	2018 Q1	2019 Q1
GDP At Constant Market Prices	1.9	2.0	1.9	2.0
Agriculture	3.5	3.6	0.2	0.2
Mining And Quarrying	2.9	0.9	0.1	-
Manufacturing	0.5	1.3	0.1	0.2
Electricity And Water	2.5	1.7	0.1	-
Construction	-0.6	-0.5	-	-
Wholesale And Retail Trade	1.6	1.1	0.1	0.1
Restaurant And Hotels	1.6	0.8	-	-
Transport, Storage And Communications	2.9	3.7	0.2	0.3
Finance And Insurance Services	3.6	3.3	0.3	0.3
Real Estate	2.5	2.7	0.4	0.4
Social And Personal Services	4.1	3.4	0.3	0.2
Producers of Government Services	1.0	1.4	0.1	0.2
Producers of Private Non-Profit	3.0	3.4	-	-
Domestic Services of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators of the available period displayed a divergent performance in 2019. Some indicators recorded a growth, such as; “Number of passengers through Royal Jordanian” (1.3 percent), “number of departures” (14.4 percent) and “mining and quarrying production quantity index” (3.8 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (21.0 percent) and “Manufacturing production quantity index” (1.0 percent). The following table displays the performance of the main sectoral indicators during the available period.

Main Sectoral Indicators*					
Percentage Points					
2017	2018	Item	2018	Available period	2019
4.5	-21.5	Licensed areas for buildings	-1.4	Jan-May	-51.7
-2.4	-7.0	Manufacturing production quantity index	-7.6		-1.0
-4.9	-12.7	Food products and beverages	-25.3		11.7
-3.1	-7.2	Tobacco products	7.0		-4.4
-7.3	-16.9	Refined petroleum products	-21.9		10.7
-6.3	-4.3	Wearing apparel	-19.5		17.9
1.9	-5.6	Non-metallic mineral products	6.4		-20.3
0.3	27.7	Chemical products	42.2		4.6
13.4	0.5	“Mining and quarrying” production quantity index	1.4		3.8
-13.8	-6.2	Extraction of crude petroleum and natural gas	-4.9		-5.2
13.6	0.6	Other mining and quarrying	1.5	3.5	
6.9	3.8	Number of passengers through Royal Jordanian	6.2	Jan-Jun	1.3
8.4	10.6	Cargo through Royal Jordanian	11.7		-11.6
7.3	7.4	Number of departures	4.7		14.4
-14.1	-13.0	Value traded at the real estate market	-10.8	Jun-July	-21.0

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

Prices

The general price level, measured by the percentage change in CPI, increased by 0.5 percent during the first six months of 2019, compared to a rise of 4.3 percent during the same period of 2018. The drop in inflation occurred as the impact of price and tax measures taken by the government in early 2018 faded out, most notably, the tax on tobacco and cigarettes and the liberalization of bread prices, as well as the drop in oil prices in the international markets. The inflation rate during the first six months of 2019 was an outcome of the following:

- The increase in the prices of some items and groups, notably:
 - “Vegetables and Legumes Dry and Canned” prices increased by 11.5 percent, compared to a contraction of 9.4 percent during the same period of 2018.
 - “Cereals and products” prices increased by 5.4 percent, compared to a rise of 19.0 percent during the same period of 2018.

Inflation rate during the first six months for the years (2011-2019)



Inflation rate during the first six months for the years 2018 – 2019

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-June 2018	Jan-June 2019	Jan-June 2018	Jan-June 2019
All Items	100.0	4.3	0.5	4.3	0.5
1) Food and non-Alcoholic Beverages	33.4	2.6	0.5	0.8	0.1
Food	30.5	2.6	0.6	0.7	0.2
Cereals and Products	5.0	19.0	5.4	0.8	0.3
Meat and Poultry	8.2	2.4	-4.0	0.2	-0.3
Fish and Sea Product	0.8	1.6	-0.5	0.0	0.0
Dairy Products and Eggs	4.2	-0.3	-3.8	0.0	-0.2
Oil and Fats	1.9	5.0	1.2	0.1	0.0
Fruits and Nuts	2.7	1.0	-1.0	0.0	0.0
Vegetables and Legumes Dry and Canned	3.9	-9.4	11.5	-0.4	0.4
2) Alcohol and Tobacco and Cigarettes	4.4	15.4	-1.1	0.7	-0.1
Alcohol	0.0	2.4	0.0	0.0	0.0
Tobacco and Cigarettes	4.4	15.5	-1.1	0.7	-0.1
3) Clothing and footwear	3.5	-1.6	-1.0	-0.1	0.0
4) Housing	21.9	3.4	1.8	0.8	0.4
Rents	15.6	2.8	2.1	0.5	0.4
Fuels and Lighting	4.8	6.6	1.1	0.3	0.0
5) Household Furnishings and Equipment	4.2	2.0	0.3	0.1	0.0
6) Health	2.2	6.6	1.1	0.2	0.0
7) Transportation	13.6	9.9	-1.0	1.4	-0.2
8) Communication	3.5	0.3	0.0	0.0	0.0
9) Culture and Recreation	2.3	2.2	1.2	0.1	0.0
10) Education	5.4	2.4	1.9	0.1	0.1
11) Restaurants and Hotels	1.8	6.7	1.1	0.1	0.0
12) Other Goods and Services	3.7	2.5	0.9	0.1	0.0

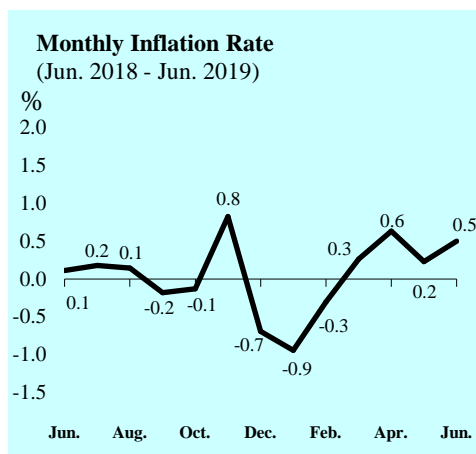
Source: Department of Statistics.

- Housing prices increased by 1.8 percent compared to a rise of 3.4 percent during the same period of 2018. This increase was mainly attributed to the increase in the prices of “fuels and lighting” item by 1.1 percent compared to an increase of 6.6 percent during the same period of 2018, and the increase of “rents” item by 2.1 percent compared to an increase of 2.8 percent during the first six months of 2018.
- “Education” prices increased by 1.9 percent compared to a rise of 2.4 percent during the same period of 2018.

The above groups and items collectively contributed to the inflation rate during the first six months of 2019 by 1.2 percentage points.

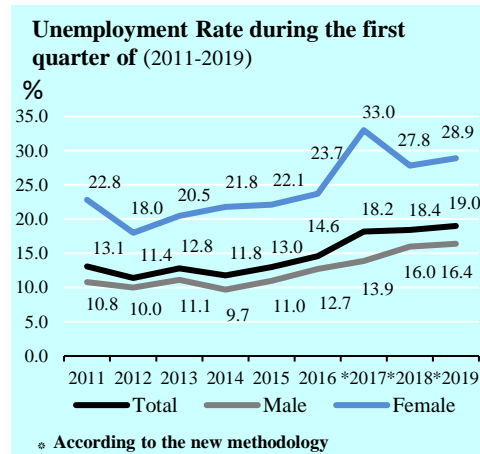
- The decrease in the prices of same items and groups, notably, transportation (1.0 percent), “meat and poultry” (4.0 percent), and “dairy products and eggs” (3.8 percent). These groups and items contributed to the decline in inflation rate during the first six months of 2019 by 0.7 percentage point.

In June 2019, the CPI witnessed an increase compared to May 2019 by 0.5 percent. This was an outcome of the increase in the prices of some groups and items, mainly, “meat and poultry” (3.2 percent), “housing” (2.0 percent), “transportation” (0.9 percent), and the decrease of the prices of some items, mainly, “vegetables and legumes dry and canned” (2.9 percent) and “fruits and nuts” (5.2 percent).



□ Labor Market

- The unemployment rate reached 19.0 percent (16.4 percent for males, and 28.9 percent for females) during the first quarter of 2019, compared to 18.4 percent (16.0 percent for males and 27.8 percent for females) during the same quarter of 2018.



- The unemployment among youth remains high at 48.7 percent for the category (15-19) years old, and 38.5 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 24.4 percent during the first quarter of 2019.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 35.1 percent (54.4 percent for males, and 15.0 percent for females), compared to 36.5 percent (57.4 percent for males and 15.2 percent for females) during the first quarter of 2018.
- The employment rate among population (15 years and older) reached 28.4 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded an overall fiscal deficit in the amount of JD 483.5 million (3.8 percent of GDP) during the first five months of 2019, compared to a deficit of JD 435.1 million (3.5 percent of GDP) during the same period of 2018. When excluding foreign grants (JD 90.5 million), the overall fiscal deficit reached JD 574.0 million (4.5 percent of GDP), compared to a deficit of JD 513.0 million (4.1 percent of GDP) in the same period of 2018.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 834.5 million at the end of May 2019, compared to its level at the end of 2018, to reach JD 17,055.2 million (55.2 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 121.5 million at the end of May 2019, compared to its level at the end of 2018, to stand at JD 12,209.0 million (39.5 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 955.9 million to reach JD 29,264.2 million (94.6 percent of GDP) at the end of May 2019, compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- Central government banks deposits decreased by JD 76.5 million at the end of May 2019, compared to the end of 2018, to reach JD 1,331.2 million.
- Accordingly, net outstanding domestic public debt increased by JD 910.9 million to reach JD 15,724.0 million (50.9 percent of GDP) at the end of May 2019. Moreover, net outstanding public debt increased by JD 1,032.4 million to reach JD 27,933.0 million (90.3 percent of GDP).

□ **The performance of the general budget during the first five months of 2019 compared to the same period of 2018:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 5.5 million, or 1.0 percent, in May 2019 compared to the same month in 2018, to stand at JD 552.3 million. As for the first five months of 2019, public revenues went up by JD 109.0 million, or 3.6 percent, compared to the same period in 2018 to stand at JD 3,119.5 million. This came as an outcome of the increase in domestic revenues by JD 96.4 million and the increase in foreign grants by JD 12.6 million.

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

(JD Million and Percentages)

	May		Growth Rate	Jan. - May		Growth Rate
	2018	2019		2018	2019	
Total Revenues and Grants	546.8	552.3	1.0	3,010.5	3,119.5	3.6
Domestic Revenues, of which:	543.0	546.4	0.6	2,932.6	3,029.0	3.3
Tax Revenues, of which:	353.1	310.7	-12.0	1,977.2	1,911.3	-3.3
General Sales Tax	276.8	234.3	-15.4	1,230.4	1,132.4	-8.0
Other Revenues	189.0	234.8	24.2	951.2	1,114.0	17.1
Foreign Grants	3.8	5.9	55.3	77.9	90.5	16.2
Total Expenditures, of which:	604.1	732.1	21.2	3,445.6	3,603.0	4.6
Capital Expenditures	50.0	67.5	35.0	294.8	287.7	-2.4
Overall Deficit/ Surplus (Including Grants)	-57.3	-179.8	-	-435.1	-483.5	-
Overall Fiscal Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-3.5	-3.8	-

Source: Ministry of Finance/ General Government Finance Bulletin.

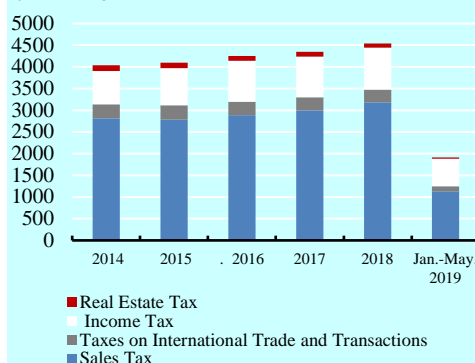
◆ **Domestic Revenues**

Domestic revenues increased by JD 96.4 million, or 3.3 percent, during the first five months of 2019, compared to the same period of 2018, to reach JD 3,029.0 million. This increase was an

outcome of the rise in the proceeds of other revenues by 162.8 million and the drop in “tax revenues” and “pension contributions” by JD 65.9 million and JD 0.6 million, respectively.

Tax Revenues Structure

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

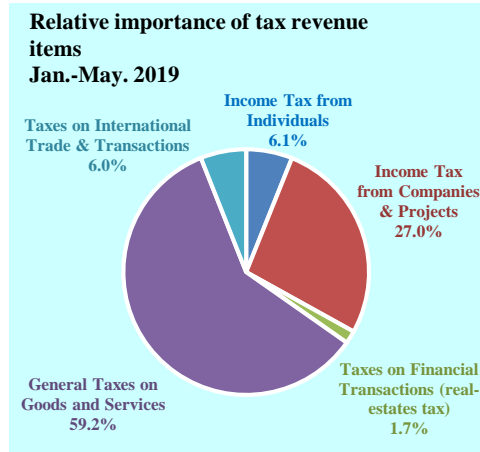


- **Tax Revenues**

Tax revenues decreased by JD 65.9 million, or 3.3 percent, during the first five months of 2019, compared to the same period of 2018, to reach JD 1,911.3 million (63.1 percent of domestic revenues). **Following are the main developments in tax revenue items:**

- A decrease in the proceeds of **general sales tax on goods and services** by JD 98.0 million, or 8.0 percent, to reach JD 1,132.4 million, accounting for 59.2 percent of total tax revenues. This result was driven by the drop in the proceeds of sales tax on commercial sector by JD 39.1 million, on domestic goods by JD 31.6 million, and on imported goods by JD 22.3 million. and on services by JD 4.8 million.
- A decrease in the proceeds of **taxes on financial transactions (real estate tax)** by JD 9.3 million, or 22.4 percent, to reach JD 32.3 million due to the slow performance of the real estate sector.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 4.9 million, or 4.1 percent, to reach JD 114.9 million.
- An increase in the proceeds of **income and profit taxes** by JD 46.4 million, or 7.9 percent, to reach JD 631.8 million, accounting for 33.1 percent of total tax revenues. This increase came as a result of the rise in the proceeds of income tax on individuals by JD 28.1 million, or 31.9 percent, to reach JD 116.2 million. This was due to the implementation of the new Income Tax Law, in addition to the extension of the exemption from income tax late payment fees until the end of June 2019.

Further, the proceeds of taxes on “companies and projects” increased by JD 18.2 million, or 3.7 percent, as a result of the increase in the profit for the companies listed on the Amman Stock Exchange by 22.3 percent to reach JD 258 million in the first quarter of 2019, compared to JD 211 million for the same period of 2018. Accordingly, income tax from companies and projects accounting for 81.6 percent of total proceeds of income and profits taxes, amounting to JD 515.5 million.



● Non-Tax Revenues

- “Other revenues” increased by JD 162.8 million, or 17.1 percent, in the first five months of 2019 to reach JD 1,114.0 million. This increase was chiefly due to the following:
 - An increase in the property income revenues by JD 93.0 million to stand at JD 217.5 million (of which financial surplus of own-budget governmental agencies amounted to JD 201.5 million against JD 114.4 million during the same period of 2018).
 - An increase in miscellaneous revenues by JD 103.5 million to stand at JD 530.0 million.
 - A decrease in revenues from selling goods and services by JD 33.7 million to reach JD 366.5 million.
- Pension contributions witnessed a decrease of JD 0.6 million, in the first five months of 2019 compared to the same period of 2018, standing at JD 3.6 million.

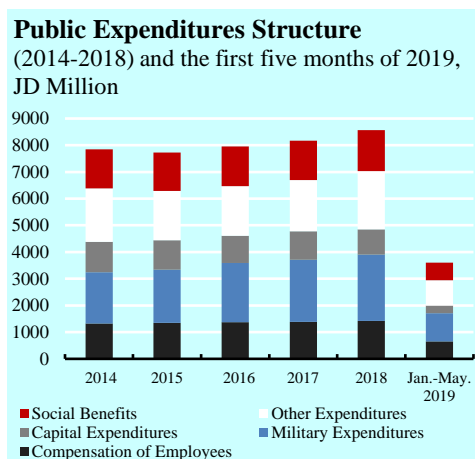
◆ Foreign Grants

Foreign grants increased by JD 12.6 million, or 16.2 percent, in the first five months of 2019, standing at JD 90.5 million compared to JD 77.9 million during the same period of 2018.

■ Public Expenditures

Public expenditures increased by JD 128.0 million, or 21.2 percent in May 2019, compared to the same month in 2018, to stand at JD 732.1 million. As for the first five months of 2019, public expenditures increased by JD 157.4 million, or 4.6 percent,

compared to the same period in 2018 to stand at JD 3,603.0 million. This increase was an outcome of the rise in current expenditures by 5.2 percent, and the drop in capital expenditures by 2.4 percent.

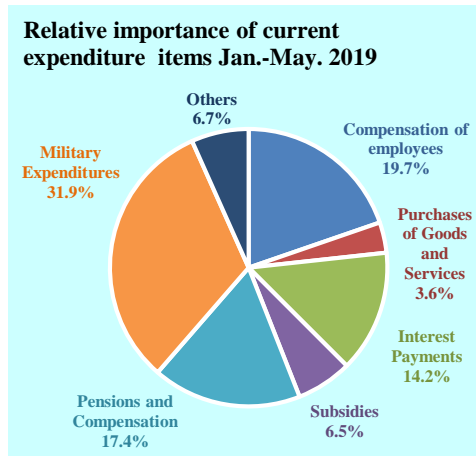


◆ Current Expenditures

Current expenditures went up by JD 164.5 million, or 5.2 percent, in the first five months of 2019 to reach JD 3,315.3 million (92.0 percent of public expenditures). Because of the growth rate of current expenditure is higher than that of domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased to 91.4 percent, against 93.1 percent during the same period of 2018. The increase in current expenditures was due to the following:

- An increase in the compensation of civil sector’s employees (wages, salaries and social security contributions) by JD 68.0 million to reach JD 653.7 million.
- An increase in interest payments (commitment basis) by JD 65.3 million to stand at JD 471.6 million.
- An increase in military expenditures item by JD 47.3 million to total JD 1,058.5 million.
- An increase in the pensions and compensation by JD 25.0 million to stand at JD 575.8 million.

- A decrease in subsidies by JD 12.3 million, to stand at JD 216.1 million.
- A decrease in the purchases of goods and services by JD 1.4 million to reach JD 117.9 million.

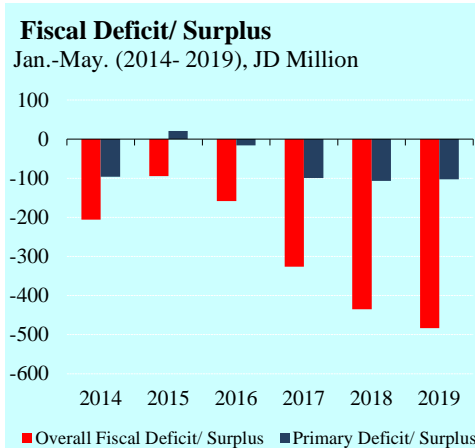


◆ **Capital Expenditures**

Capital expenditures decreased by JD 7.1 million, or 2.4 percent, during the first five months of 2019, compared to the same period of 2018 to reach JD 287.7 million.

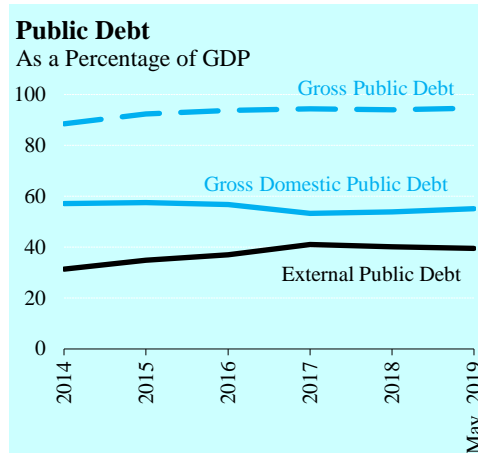
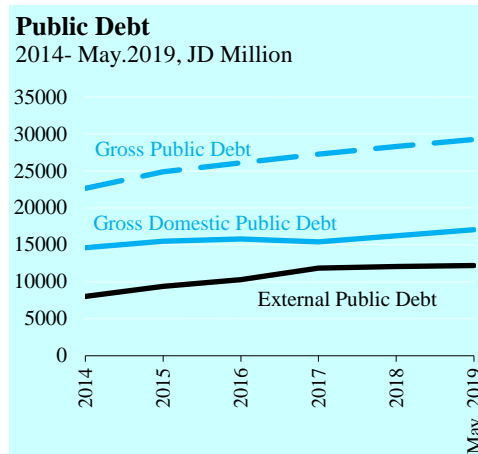
■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 483.5 million during the first five months of 2019, compared to a fiscal deficit of JD 435.1 million during the same period of 2018. As a percent of GDP, the fiscal deficit rise to 3.8 percent compared to 3.5 percent in the same period of 2018.
- ◆ When foreign grants were excluded, the overall fiscal deficit amounted to JD 574.0 million (4.5 percent of GDP) during the first five months of 2019, compared to a fiscal deficit of JD 513.0 million (4.1 percent of GDP) in the same period of 2018.
- ◆ The general budget recorded a primary deficit (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 102.4 million (0.8 percent of GDP) during the first five months of 2019, against a primary deficit of JD 106.7 million (0.9 percent of GDP) in the same period of 2018.
- ◆ When foreign grants were included, the primary deficit amounted to JD 11.9 million (0.1 percent of GDP), compared to a primary deficit of JD 28.8 million (0.2 percent of GDP) in the same period of 2018.



Public Debt

Gross outstanding domestic public debt increased by JD 834.5 million, at the end of May 2019 compared to its level at the end of 2018, to stand at JD 17,055.2 million (55.2 percent of GDP compared to 54.1 percent of GDP at the end of 2018). This increase was a result of the rise in the domestic public debt of the general budget by JD 989.4 million, and the decrease in the domestic public debt of own-budget agencies by JD 155.1 million compared to their levels at the end of 2018, standing at JD 14,341.7 million and JD 2,713.4 million, respectively. The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds by JD 990.0 million, compared to its level at the end of 2018, to reach JD 14,065.3 million, and the stability of the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved last year at JD 271.7 million. Moreover, the decrease in the domestic public debt of own-budget agencies was driven by the decrease in loans and advances extended to these institutions by JD 135.1 million,



compared to their level at the end of 2018, to reach JD 2,122.9 million. Whereas the own-budget agencies bonds decreased by JD 20.0 million, compared to the end of 2018, to reach JD 590.5 million.

- The balance of the external public debt (budget and guaranteed) went up by JD 121.5 million at the end of May 2019, compared to its level at the end of 2018, to reach JD 12,209.0 million (39.5 percent of GDP compared to 40.3 percent of GDP at the end of 2018). It is worth mentioning that the balance of the external public debt denominated in the U.S. Dollar accounted for 72.4 percent of the total external public debt, and the debt in Euro accounted for 9.3 percent. However, the Japanese Yen accounted for 5.8 percent, Kuwaiti Dinar (5.2 percent), and SDR (5.2 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 955.9 million at the end of May 2019 to stand at JD 29,264.2 million (94.6 percent of GDP) to compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- On the other hand, government deposits with the banking system decreased by JD 76.5 million at the end of May 2019, compared to the end of 2018, to reach JD 1,331.2 million.
- Thus, net domestic public debt of the central government (the gross domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 910.9 million at the end of May 2019 to reach JD 15,724.0 million (50.9 percent of GDP compared to 49.4 percent of GDP at the end of 2018). Whereas, net public debt increased by JD 1,032.4 million to stand at JD 27,933.0 million, accounting for 90.3 percent of GDP compared to 89.7 percent of GDP at the end of 2018.
- External debt service (budget and guaranteed) decreased by JD 32.3 million during the first five months of 2019, compared to the same period of 2018, to reach JD 507.9 million (including principal payments of JD 330.3 million and interest of JD 177.6 million).

□ Fiscal and Price Measures of 2019

◆ August

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

	Unit	2019		Percentage Change
		July	August	
Unleaded Gasoline 90	Fils/Liter	750	775	3.3
Unleaded Gasoline 95	Fils/Liter	970	1,000	3.1
Unleaded Gasoline 98	Fils/Liter	1,120	1,150	2.7
Gas Oil (Diesel)	Fils/Liter	590	605	2.5
Kerosene	Fils/Liter	590	605	2.5
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	393.3	426	8.3
Fuel for airplanes (local companies)	Fils/Liter	431	447	3.7
Fuel for airplanes (foreign companies)	Fils/Liter	436	452	3.7
Fuel for unplanned flights	Fils/Liter	451	467	3.5
Asphalt	JD/Ton	388.2	420.9	8.4

Source: Jordan Petroleum Refinery Company (1/8/2019).

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

◆ July

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

◆ June

- Issuing of the amending by-law for the year 2019 for the special tax, which includes levying a lump-sum tax on oil derivatives , as follows:
 - Unleaded Gasoline 90: instead of by 37 Piaster per liter.
 - Unleaded Gasoline 95: instead of by 57.5 Piaster per liter.
 - Unleaded Gasoline 98: instead of by 70 Piaster per liter.
 - Gas Oil (Diesel): instead of by 16.5 Piaster per liter.
 - Kerosene: instead of by 16.5 Piaster per liter.
 - Liquefied petroleum gas: instead of by 60 JD per ton.
 - Asphalt: instead of by 45 JD per ton.
 - Fuel oil: instead of by 20 JD per ton.
- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in June 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet approved a bundle of measures to increase the volume of trade in the real estate market, including the following:
 - Inclusion the system of area distributed between the partners (the system of excretion of the quadrilateral) for all lands in the Kingdom, except land that falls under special laws, because of its effect on removing the commonality and increasing the number of secretion transactions.
 - Lower the basic price of real estate by 20 percent.
 - Exempt heirs from transfer fees until the end of this year.

◆ May

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

◆ April

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

◆ March

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

◆ February

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 10 fils instead of 12 fils, starting in February 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to remove the fees on agricultural exports until the end of this year.

- The Cabinet approved an amended by-law 2019 for the school donation by-law. The amendment includes a reduction in contributions for Jordanian students, in addition to determining the amount imposed on non-jordanian students, as follows:

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

◆ January

- The Cabinet decided to grant private school buses that are subject to be replaced, registered, or licensed full tax and customs duties exemptions, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.
- The Cabinet decided to grant the tourist buses, that are currently operating, and subject to be replaced, or those that will be registered or licensed full exemptions from taxes and customs duties, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.
- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 12 fils instead of 18 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.

- The Cabinet decided to not extend the special tax exemptions for electric cars, thus becomes subject to a special tax of 25 percent.
- The Cabinet decided to fix the price of "kerosene" for four months, starting from January 2019 until April 30th, and reduce it in the case of falling prices globally.
- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 35 percent, starting from 1/1/2019 until 31/12/2019.
- The Cabinet decided to lower the general sales tax on 61 commodities to 4 percent, down from 10 and 16 percent. The list includes foodstuffs such as canned meat, fish, cheese, pasta, vegetables, fruit, table salt, and tomato paste, in addition to pencils, among others, according to the statement.

□ Grants, Loans and Other Agreements for 2019

◆ July

- Signing a loan agreement with the Saudi fund in the amount of USD 50 million, to support the built of new public schools in different parts of the Kingdom. The loan agreement is a part of Saudi Arabia's commitments to the Kingdom last year during the Mecca summit.
- signing a grant agreement with the Japanese government through Japan International Cooperation Agency (JICA) in the amount of USD 15.7 million, to contributing to strengthening the security measures of Aqaba Customs Department.

◆ June

- Signing a two soft loan agreement with the French Agency for Development (AFD) in the amount EU 95 million. Distributed as follows:
 - EU 80 million to municipal support through the state budget, aims at setting a working programme for 100 municipalities that have been affected by the Syrian crisis.
 - EU15 million to financing the 2019 general budget and maintaining investment spending.
- Signing a grant agreement with the EU in the amount EUR 20 million, to support a project “Innovation for Enterprise Growth and Jobs”.

◆ April

- Signing three development assistance agreements provided by the United States in the amount of USD 329 million, within the US economic aid programme to support Jordan in 2018, to implement several projects and programs by the United States Agency for International Development (USAID). Distributed as follows:
 - USD 265 million to support the sectors of health, education, water, women, youth, and gender policies.
 - USD 30 million to support the rule of law, governance, civil society, and political reform.
 - USD 34 million to promot economic growth, trade and investment, enhancing the competitiveness of the private sector, and improving economic opportunities.

◆ March

- Signing a loan agreement with the European Investment Bank (EIB) in the amount EUR 65 million, to finance the improvement of water supply systems in the Deir Alla and Al Karamah districts of the Jordan Valley.
- Signing a memorandum of understanding with the Agence Française de Développement (AFD), to provide a financing package for Jordan and committing EUR 1 billion over the period 2019-2022, as follow:
 - EUR 650 million, as soft loans to support the general budget, with EUR 400 million (EUR 100 million each year), and EUR 250 million to support development projects.
 - EUR 200 million, for non-sovereign finance "Non-government borrowing and no government guarantees."
 - EUR 150 million, grants and technical assistance through several initiatives to support the Jordan Response Plan.
- Signing a grant agreement provided by the Japan in the amount of USD 4.5 million, to improve the Civil Defence Department's (CDD) capabilities.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 3.7 percent in May 2019, compared to the same month of 2018 to reach JD 431.0 million. As for the first five months of 2019, total merchandize exports increased by 3.4 percent compared to the same period of 2018 to reach JD 2,182.4 million.
- **Merchandize imports** increased by 1.9 percent in May 2019, compared to the same month of 2018 to reach JD 1,180.8 million. As for the first five months of 2019, Merchandize imports decreased by 0.6 percent compared to the same period of 2018 to reach JD 5,720.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 5.4 percent in May 2019 compared to the same month of 2018; standing at JD 749.8 million. As for the first five months of 2019, the trade balance deficit decreased by 3.0 percent, compared to the same period of 2018 to reach JD 3,537.7 million.
- **Travel receipts** increased by 26.9 percent in June 2019 compared to the same month of 2018 to reach JD 350.5 million. As for the first half of 2019, travel receipts increased by 8.3 percent compared to the same period of 2018 to reach JD 1,854.5 million. While travel payments decreased by 4.6 percent in June 2019 compared to the same month of 2018 to reach JD 106.9 million. As for the first half of 2019 travel payments increased by 2.7 percent, compared to the same period of 2018 to reach JD 496.0 million.
- **Total workers' remittances receipts** decreased by 3.3 percent in June 2019 compared to the same month of 2018 to reach JD 210.9 million. As for the first half of 2019, total workers remittances increased by 1.3 percent, compared to the same period of 2018 to reach JD 1,296.4 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 342.6 million (4.8 percent of GDP) during the first quarter of 2019 compared to a deficit of JD 633.2 million (9.3 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach 6.0 percent of GDP during the first quarter of 2019, compared with 10.5 percent of GDP during the same period of 2018.

- **Net direct investment** recorded an net inflow of JD 177.6 million during the first quarter of 2019, compared to JD 190.1 million during the same period of 2018.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,357.9 million at the end of the first quarter of 2019, compared to JD 32,171.4 million at the end of 2018.

□ External Trade

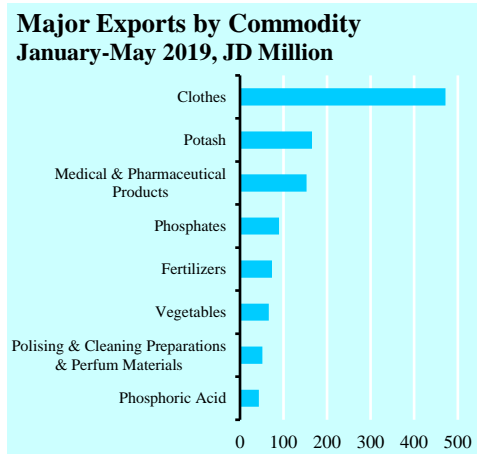
- As a result of the increase in domestic exports by JD 65.4 million and the decrease in imports by JD 37.4 million during the first five months of 2019, the volume of external trade (domestic exports *plus* imports) increased by JD 28.0 million to stand at JD 7,538.1 million compared with the same period of 2018.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-May				January- May				
	2018	2019	Percentage Change		Percentage Change (%)	2019	Percentage Change (%)	
Exports				External Trade	7,510.1	-2.0	7,538.1	0.4
USA	458.3	469.6	2.5	Total Exports	2,111.3	1.7	2,182.4	3.4
Saudi Arabia	185.0	204.4	10.5	Domestic Exports	1,752.5	2.6	1,817.9	3.7
India	192.2	199.8	4.0	Re-exports	358.8	-2.2	364.5	1.6
Iraq	179.0	156.2	-12.7	Imports	5,757.6	-3.3	5,720.2	-0.6
Kuwait	52.6	67.0	27.4	Trade Balance	-3,646.3	-6.0	-3,537.8	-3.0
UAE	59.0	50.4	-14.6	Source: Department of Statistics.				
China	31.0	48.0	54.8	Source: Department of Statistics.				
Imports								
Saudi Arabia	920.6	1,032.9	12.2					
China	789.7	855.6	8.3					
USA	503.8	472.9	-6.1					
Egypt	147.3	291.7	98.0					
Germany	239.2	272.7	14.0					
India	197.2	266.7	35.2					
Italy	210.8	172.0	-18.4					

■ Merchandize Exports:

Total merchandize exports increased by 3.4 percent during the first five months of 2019, to reach JD 2,182.4 million. This increase resulted from an increase in domestic exports by JD 65.4 million, or 3.7 percent to reach JD 1,817.9

million and an increase in re-exports by JD 5.7 million, or 1.6 percent to reach JD 364.5 million.



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

- Exports of **Clothes** increased by JD 20.6 million, or 4.6 percent, to stand at JD 471.7 million. The USA market accounted for 88.6 percent of these exports.
- Exports of **Potash** increased by JD 15.5 million, or 10.4 percent, to stand at JD 165.2 million. The markets of India, China, Egypt and Indonesia accounted for 78.5 percent of these exports.
- Exports of **Phosphoric Acid** increased by JD 12.2 million or 39.1 percent to stand at JD 43.4 million. India and Saudi Arabia were the main destination markets for these export, accounting for 96.3 percent.

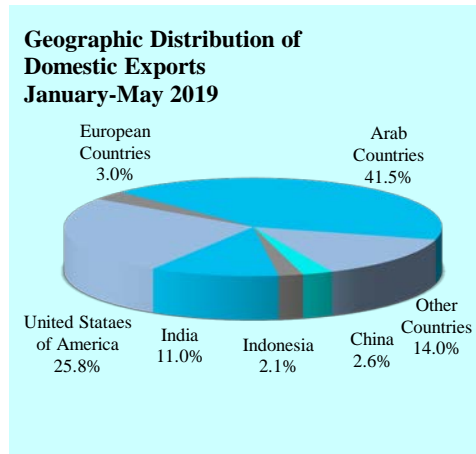
- Exports of **Polishing & cleaning preparations & perfume materials** increased by JD 11.1 million, or 27.6 percent, to reach JD 51.3 million. Iraq, Saudi Arabia, and Libya were the main destination markets; accounting for 80.1 percent of these exports.
- Exports of **Medical & Pharmaceutical Products** increased by JD 2.4 million, or 1.6 percent, to reach JD 153.0 million. The markets of Saudi Arabia, Iraq, Algeria and the USA accounted for 61.1 percent of these exports.
- Exports of **Vegetable** increased by JD 1.0 million or 1.5 percent to reach JD 66.1 million. It is worth noting that Saudi Arabia, Kuwait and the UAE were the main markets for these exports, accounting for 59.0 percent.

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

	2018	2019	Percentage Change
Domestic Exports	1,752.5	1,817.9	3.7
Clothes	451.1	471.7	4.6
USA	393.0	417.7	6.3
Potash	149.7	165.2	10.4
India	37.1	50.3	35.6
China	27.0	44.3	64.1
Egypt	15.0	20.4	36.0
Indonesia	12.9	14.7	14.0
Medical & Pharmaceutical Products	150.6	153.0	1.6
Saudi Arabia	32.4	34.9	7.7
Iraq	28.6	27.8	-2.8
Algeria	16.2	17.6	8.6
USA	10.3	13.2	28.2
Phosphates	101.9	89.8	-11.9
India	68.7	62.8	-8.6
Indonesia	27.8	22.7	-18.3
Fertilizers	80.3	73.1	-9.0
India	51.9	50.8	-2.1
Vitnam	6.9	6.1	-11.6
Croatia	0.0	3.7	-
Vegetables	65.1	66.1	1.5
Saudi Arabia	16.2	15.8	-2.5
Kuwait	11.2	11.9	6.3
UAE	13.4	11.3	-15.7
Polishing & Cleaning Preparations & Perfume Materials	40.2	51.3	27.6
Iraq	21.7	26.6	22.6
Saudi Arabia	10.0	11.8	18.0
Lybia	0.8	2.7	237.5
Phosphoric Acid	31.2	43.4	39.1
India	26.4	29.2	10.6
Saudi Arabia	1.0	12.6	-

Source: Department of Statistics.

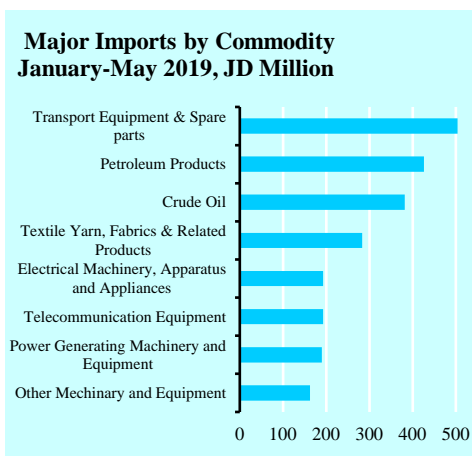
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, “Medical and Pharmaceutical Products”,



Phosphates, Fertilizers, Vegetables, “Polishing & Cleaning Preparation & Perfume”, and Phosphoric Acid topped the list of domestic exports during the first five months of 2019; accounting for 61.3 percent, compared with 61.1 percent during the same period of 2018. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE, and China were the main destination markets during the first five months of 2019; accounting for 65.8 percent, compared with 66.0 percent during the same period of 2018.

■ Merchandize Imports:

Merchandize imports decreased by 0.6 percent to reach JD 5,720.2 million during the first five months of 2019, compared to a decrease by 3.3 percent during the same period 2018.



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

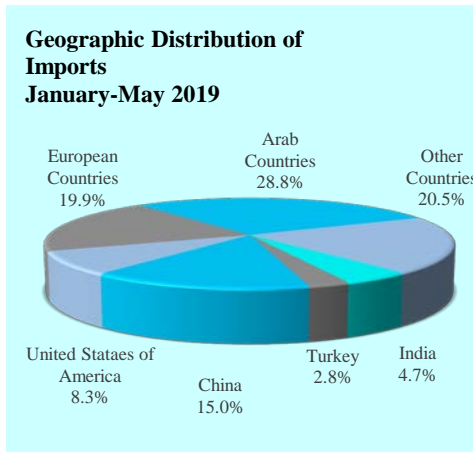
- **Petroleum Products** imports decreased by JD 36.3 million or 7.8 percent to stand at JD 426.5 million. Saudi Arabia, India and Bahrain were the main markets, accounting for 64.8 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports decreased by JD 20.6 million or 9.6 percent to reach JD 193.2 million. China, Germany and Turkey were the main origin markets accounting for 57.0 percent of these imports.
- **Textile, Yarn, Fabrics & Related Products** imports increased by JD 4.9 million or 1.8 percent to reach JD 283.6 million. China, Taiwan, and Turkey were the main origin markets accounting for 75.7 percent of these imports.
- **Telecommunication Equipment** increased by JD 30.8 million or 19.0 percent, to reach JD 193.1 million. China, Vietnam and India were the main origin markets accounting for 91.1 percent of these imports.

- Transport Equipment & Spare Parts** imports increased by JD 38.0 million or 8.7 percent to reach JD 477.2 million. The USA, Germany, South Korea and Japan were the main origin markets, accounting for 66.6 percent of these imports.
- Power Generating Machinery & equipment** import increased by JD 48.2 million or 34.0 percent to reach JD 189.9 million. The USA, China and Germany were the main markets, accounting for 72.9 percent of these imports.
- Crude Oil** imports increased by JD 98.5 million, or 34.7 percent, to reach JD 382.0 million. This increase was mainly result of an increase in imported quantities by 34.6 percent and a increase in prices by 0.1 percent. Noting that all crude oil imports came from Saudi Arabia.

Major Imports by Commodity, JD Million January-May 2018-2019			
	2018	2019	Percentage Change
Total Imports	5,757.6	5,720.2	-0.6
Transport Equipment & Spare Parts	439.2	477.2	8.7
USA	101.5	117.2	15.5
Germany	67.7	75.3	11.2
South Korea	62.6	63.3	1.1
Japan	67.0	62.0	-8.3
Petroleum Products	462.8	426.5	-7.8
Saudi Arabia	208.2	213.5	2.5
India	63.4	101.9	60.7
Bahrain	4.9	49.1	902.0
Crude Oil	283.5	382.0	34.7
Saudi Arabia	283.5	382.0	34.7
Textile Yarn, Fabrics and Related Products	278.7	283.6	1.8
China	112.9	128.6	13.9
Taiwan	80.1	65.2	-18.6
Turkey	21.9	20.8	-5.0
Electrical Machinery Apparatus and Appliances	213.7	193.2	-9.6
China	84.6	84.5	-0.1
Germany	11.9	13.2	10.9
Turkey	23.6	12.5	-47.0
Telecommunication Equipment	162.3	193.1	19.0
China	113.2	109.5	-3.3
Vietnam	28.7	54.1	88.5
India	0.1	12.3	-
Power Generating Machinery and Equipment	141.7	189.9	34.0
USA	38.8	77.2	99.0
China	13.8	40.2	191.3
Germany	3.4	21.0	517.6
Other Machinery and Equipment	160.1	162.4	1.4
China	47.1	68.6	45.6
Germany	19.3	24.3	25.9
Italy	25.7	21.7	-15.6

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, “Petroleum Products”, “Crude Oil”, “Textile Yarn, Fabrics and Related Products”, “Electrical Machinery



Apparatus and Appliances”, “Telecommunication Equipment”, “Power Generating Machinery and Equipment” and “Other Machinery and Equipment”, topped the list of imports during the first five months of 2019, accounting for 40.3 percent; compared to 37.2 percent during the same period of 2018. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Egypt, Germany, India, and Italy were the main source markets during the first five months of 2019; accounting for 58.8 percent of imports, compared to 52.3 percent during the same period of 2018.

■ Re-Exports

The value of re-exported goods in May 2019 decreased by JD 1.1 million, or 1.6 percent, compared to the same month of 2018, to stand at JD 68.2 million. As for the first five months of 2019, Re-exports increased by 1.6 percent to reach JD 364.5 million compared to the same period of 2018.

■ Trade Balance

The trade balance deficit increased by JD 38.6 million, or 5.4 percent in May 2019 compared to the same month of 2018, to reach JD 749.8 million. As for the first five months of 2019, the trade balance deficit decreased by 3.0 percent to reach JD 3,537.7 million compared to the same period of 2018

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 3.3 percent in June 2019 compared to the same month of 2018, to register JD 210.9 million. As for the first half of 2019, total workers' remittances increased by JD 17.1 million, or 1.3 percent, to register JD 1,296.4 million, compared to the same period of 2018.

□ Travel

■ Receipts

Travel receipts increased by JD 74.4 million, or 26.9 percent, in June 2019 compared to the same month of 2018, to register JD 350.5 million. As for the first half of 2019, travel receipts increased by JD 141.9 million, or 8.3 percent, to register JD 1,854.5 million, compared to the same period of 2018.

■ Payments

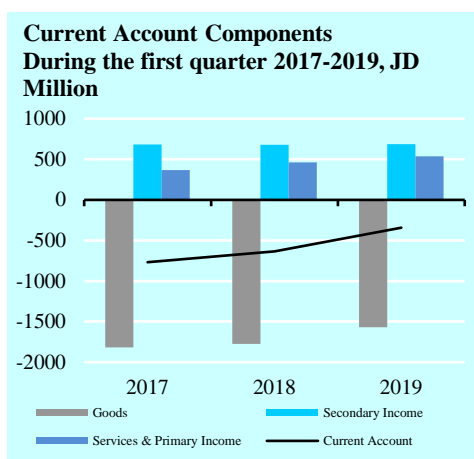
Travel payments decreased by JD 5.1 million, or 4.6 percent, in June 2019 compared to the same month of 2018, to stand at JD 106.9 million. As for the first half of 2019, travel payments increased by 13.1 million, or 2.7 percent, to register JD 496.0 million, compared to the same period of 2018.

□ Balance of Payments

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

- The current account recorded a deficit of JD 342.6 million (4.8 percent of GDP) compared to a deficit of JD 633.2 million (9.3 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach JD 428.4 million (6.0 percent of GDP) during the first quarter of 2019 compared to JD 716.7 million (10.5 percent of GDP) during the same period of 2018. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit during the first quarter of 2019 by JD 206.4 million, or 11.6 percent, to reach JD 1,567.4 million compared to JD 1,773.8 million during the same period of 2018.



- ◆ An increase in the services account surplus compared to the same period of 2018 by JD 60.1 million, to reach JD 428.8 million.
- ◆ An increase in the primary income account surplus by JD 15.8 million, to reach JD 107.6 million during the first quarter of 2019 compared to a surplus of JD 91.8 million during the same period of 2018. This was mainly due to increase in surplus of the investment income (net) by JD 10.9 million, and increase in the surplus of “compensation of employees (net)” by JD 4.9 million.
- ◆ An increase in the secondary income surplus by JD 8.3 million to reach JD 688.4 million compared to JD 680.1 million during the same period of 2018, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 2.2 million to reach JD 85.8 million, and the increase in the net surplus transfers of other sectors by JD 6.1 million to reach JD 602.6 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 6.0 million during the first quarter of 2019 compared to a net inflow of JD 6.0 million during the same period of 2018. Meanwhile, the financial account registered a net inflow of JD 559.3 million during the first quarter of 2019 compared to a net inflow of JD 794.0 million during the same period of 2018, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 177.6 million compared to a net inflow of JD 190.1 million during the same period of 2018.
 - ◆ Portfolio investment recorded a net outflow of JD 134.4 million compared to a net inflow of JD 9.9 million during the same period of 2018.
 - ◆ Other investment registered a net inflow of JD 331.4 million compared to a net inflow of JD 48.3 million during the same period of 2018.
 - ◆ A decrease in the reserve assets of the CBJ by JD 184.7 million, compared to a decrease of JD 545.7 million during the same period of 2018.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 32,357.9 million at the end of the first quarter of 2019 compared to JD 32,171.4 million at the end of 2018. This was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 149.0 million at the end of the first quarter of 2019 to reach JD 17,685.3 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 171.6 million and increase in the currency and deposits of the banking sector abroad by JD 22.0 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 37.5 million at the end of the first quarter of 2019, to reach JD 50,043.2 million, this was due to the following developments:
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 210.9 million to stand at JD 8,944.8 million (increase by JD 233.1 million for the licensed banks and decrease by 22.2 for the CBJ).
 - ◆ An increase of other sectors long term loans by JD 73.3 million to stand at JD 1,869.6 million.
 - ◆ An increase of government long term loans by JD 59.3 million to stand at JD 4,587.1 million.
 - ◆ An increase of trade credits to residents in the kingdom by JD 48.6 million to stand at JD 880.2 million.
 - ◆ A decrease in the stock of direct investment in the kingdom by JD 273.3 million to stand at JD 24,654.2 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 85.0 million to reach JD 451.6 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 47.4 million to stand at JD 7,954.9 million.