



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

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

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37Amman11118Jordan

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

43

Executive Summary

□ Output, Prices and Employment

During the first half of 2019, real GDP at market prices grew by 1.9 percent, compared to a growth rate of 2.0 percent during the same period of 2018. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first ten months of 2019 by 0.3 percent, compared to a rise of 4.5 percent during the same period of 2018. Furthermore, the unemployment rate increased during the second quarter of 2019 to stand at 19.2 percent, compared to 18.7 percent during the same quarter of 2018.

GDP

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,216.8 million at the end of September 2019. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 34,649.9 million at the end of September 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 27,023.1 million at the end of September 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 35,015.2 million at the end of September 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 1,827.7 points at the end of September 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 891.5 million (-4.3 percent of GDP) during the first eight months of 2019, compared to a fiscal deficit of JD 781.4 million (-3.9 percent of GDP) during the same period of 2018. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 1,148.1 million at the end of August 2019 compared to its level at the end of 2018, standing at JD 17,368.8 million (55.9 percent of GDP). Moreover, outstanding external public debt (budget and guaranteed) went up by JD 384.5 million at the end of August 2019, compared to its level at the end of 2018, to reach JD 12,472.0 million (40.1 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 96.0 percent of GDP at the end of August 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 6.4 percent during the first eight months of 2019 to reach JD 3,785.5 million. Meanwhile, merchandize imports decreased by 5.2 percent to reach JD 8,952.4 million. As a result, the trade balance deficit decreased by 12.3 percent compared to same period of 2018, to reach JD 5,166.9 million. The preliminary data for the first three quarters of 2019 showed an increase in travel receipts by 9.0 percent and an increase in travel payments by 4.9 percent compared to the same period of 2018. Moreover, total workers' remittances receipts increased by 0.6 percent for the first three quarters of 2019 compared to the same period of 2018. The preliminary data for the balance of payments during the first half of 2019 displayed a deficit in the current account amounted to JD 969.9 million (6.7 percent of GDP) compared to a deficit of JD 1,446.3 million (10.4 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach 7.9 percent of GDP compared with 11.3 percent of GDP during the same period of 2018. Moreover, net direct investment recorded a net inflow of JD 333.3 million during the first half of 2019 compared to a net inflow of JD 382.5 million during the same period of 2018. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 33,335.0 million at the end of the first half of 2019 up from JD 32,174.9 million at the end of 2018.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,216.8 million at the end of September 2019. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 34,649.9 million at the end of September 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 27,023.1 million at the end of September 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 35,015.2 million at the end of September 2019, compared to JD 33,848.1 million at the end of 2018.
- The interest rates on all types of deposits and credit facilities extend by the licensed banks had increased at the end of September 2019, except the interest rate on saving deposit and “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 1,827.7 points at the end of September 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 14,998.5 million at the end of September 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

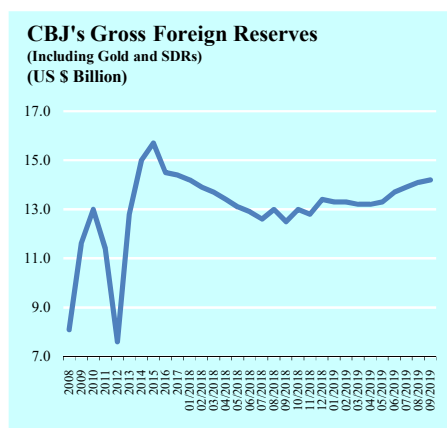
| | | End of September | |
|---------------|--|------------------|---------------|
| 2018 | | 2018 | 2019 |
| US\$ 13,392.3 | CBJ's Foreign Reserves* | US\$ 12,474.6 | US\$ 14,216.8 |
| -6.9% | | -13.3% | 6.2% |
| 33,359.3 | Money Supply (M2) | 33,390.9 | 34,649.9 |
| 1.2% | | 1.3% | 3.9% |
| 26,111.8 | Credit Facilities, of which: | 25,884.1 | 27,023.1 |
| 5.6% | | 4.6% | 3.5% |
| 23,011.3 | Private Sector (Resident) | 22,753.0 | 23,906.8 |
| 5.8% | | 4.6% | 3.9% |
| 33,848.1 | Total Deposits, of which: | 33,829.6 | 35,015.2 |
| 2.0% | | 1.9% | 3.4% |
| 25,667.6 | In JD | 25,686.3 | 26,822.6 |
| 0.1% | | 0.2% | 4.5% |
| 8,180.5 | In Foreign Currencies | 8,143.3 | 8,192.6 |
| 8.3% | | 7.8% | 0.1% |
| 26,944.5 | Deposits of Private Sector (Resident), of which: | 27,101.7 | 27,894.2 |
| 0.1% | | 0.7% | 3.5% |
| 20,846.4 | In JD | 21,048.6 | 21,822.8 |
| -1.9% | | -1.0% | 4.7% |
| 6,098.1 | In Foreign Currencies | 6,053.1 | 6,071.4 |
| 7.8% | | 7.0% | -0.4% |

* Including gold reserves and special drawing rights.

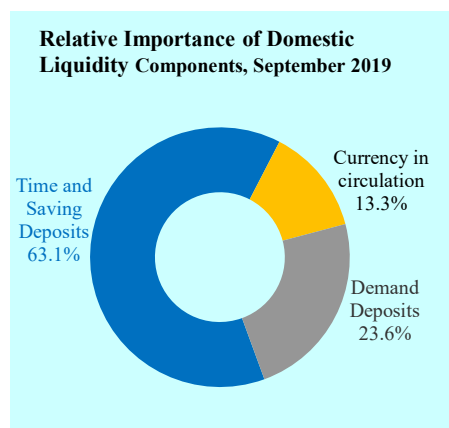
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,216.8 million at the end of September 2019. This level

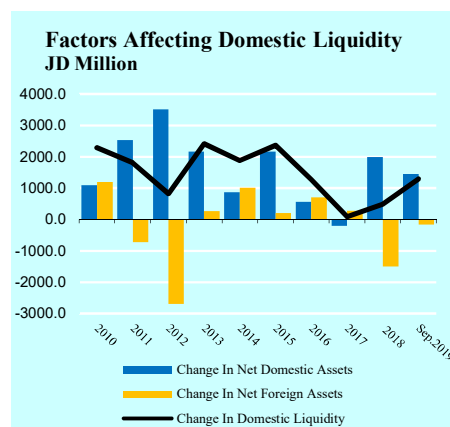


- Currency in circulation amounted to JD 4.6 billion at the end of September 2019, compared to JD 4.4 billion at the end of September 2018, and JD 4.3 billion at the end of 2018.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 27.4 billion at the end of September 2019,



compared to JD 26.1 billion at the end of September 2018, and JD 26.0 billion at the end of 2018.

- Net foreign assets of the banking system amounted to JD 7.2 billion at the end of September 2019, compared to JD 7.3 billion at the end of September 2018, and JD 7.4 billion at the end of 2018. The CBJ's net foreign assets amounted to JD 9.7 billion at the end of September 2019.

Factors Affecting Domestic Liquidity (M2) JD Million

| | | End of September | |
|-----------------|----------------------------------|------------------|-----------------|
| 2018 | | 2018 | 2019 |
| 7,368.3 | Foreign Assets (Net) | 7,333.6 | 7,208.2 |
| 9,151.3 | CBJ | 8,809.6 | 9,741.8 |
| -1,783.0 | Licensed Banks | -1,476.0 | -2,533.6 |
| 25,991.0 | Domestic Assets (Net) | 26,057.3 | 27,441.7 |
| -4,345.0 | CBJ, of which: | -3,911.6 | -4,614.0 |
| 675.2 | Claims on Public Sector (Net) | 810.6 | 491.0 |
| -5,043.0 | Other Items (Net*) | -4,745.0 | -5,128.3 |
| 30,336.1 | Licensed Banks | 29,968.8 | 32,055.7 |
| 10,234.1 | Claims on Public Sector (Net) | 10,240.5 | 11,416.9 |
| 23,686.8 | Claims on Private Sector | 23,494.0 | 24,616.3 |
| -3,584.8 | Other Items (Net) | -3,765.7 | -3,977.5 |
| 33,359.3 | Money Supply (M2) | 33,390.9 | 34,649.9 |
| 4,296.4 | Currency in Circulation | 4,384.1 | 4,598.8 |
| 29,062.9 | Total Deposits, of which: | 29,006.8 | 30,051.1 |
| 6,168.0 | In Foreign Currencies | 6,118.9 | 6,182.5 |

* 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 October 31st, 2019, the CBJ cut the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.00 percent.
- Re-discount Rate: 5.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.75 percent.
- Overnight Deposit Window Rate: 3.25 percent.
- Weekly/ Monthly Repurchase Agreements: 4.00 percent.
- The interest rate on weekly certificates of deposit: 4.00 percent.

This decision comes in response to the recent developments in the interest rates in the regional and international markets, and supported by the comfortable level of foreign exchange reserves held by the CBJ and the low inflation level. Moreover, the decision aims to catalyze the growth of credit facilities granted to various economic sectors and promote domestic spending, both consumption and investment, which will positively affect the economic growth.

Interest Rates on Monetary Policy Instruments, percentage points

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

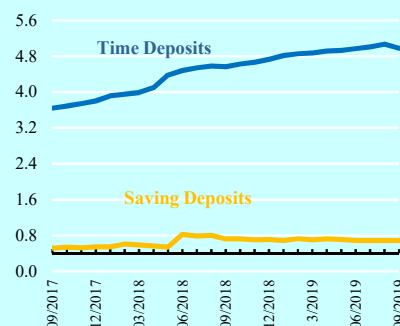
■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits decreased by 9 basis points at the end of September 2019, compared to its level in the previous month, to stand at 4.98 percent. This rate is higher by 25 basis points than its level at the end of 2018.
- **Saving Deposits:** The weighted average interest rate on saving deposits maintained at the same level as September 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 increased by one basis point at the end of September 2019, compared to its level registered in the previous month to stand at 0.47 percent. This rate is higher by 9 basis points than its level at the end of 2018.

Interest Rates on Deposits

September 2017- September 2019, Percentage Points

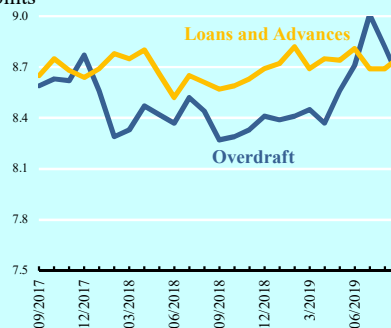


◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts decreased by 20 basis points at the end of September 2019, compared to its level registered in the previous month to stand at 8.62 percent. This rate is higher by 21 basis points than its level at the end of 2018.

Interest Rates on Credit facilities

September 2017- September 2019, Percentage Points



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by one basis point at the end of September 2019, compared to its level registered in the previous month, to stand at 8.77 percent. This rate is lower by 87 basis points than its level at the end of 2018.

| Weighted Average Interest Rates on Deposits and Credit Facilities at Licensed Banks, percentage points | | | | |
|--|----------------------------|-----------|------|--|
| | | September | | Change Relative to the Preceding Year |
| 2018 | | 2018 | 2019 | Basis Points |
| Deposits | | | | |
| 0.38 | Demand | 0.39 | 0.47 | 9 |
| 0.71 | Saving | 0.72 | 0.69 | -2 |
| 4.73 | Time | 4.57 | 4.98 | 25 |
| Credit Facilities | | | | |
| 9.64 | Discounted Bills and Bonds | 9.67 | 8.77 | 87 |
| 8.69 | Loans and Advances | 8.57 | 8.76 | 7 |
| 8.41 | Overdraft | 8.27 | 8.62 | 21 |
| 9.57 | Prime Lending Rate | 9.45 | 9.66 | 9 |
| 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 September 2019, compared to its level registered in the previous month, and higher by 7 basis points than its level at the end of 2019, to stand at 8.76 percent.
- The prime lending rate stood at 9.66 percent at the end of September 2019, decreasing by 7 basis points compared to its level registered in the previous month. This rate is higher by 9 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 911.3 million, or 3.5 percent, during the first nine months of 2019, against an increase by JD 1,147.3 million, or 4.6 percent, during the same period in 2018.
- In terms of borrowers, the credit facilities during the first nine months of 2019 had shown an increase in credit extended to the private sector (resident) by JD 895.5 million, or 3.9 percent, the public institutions by JD 68.1 million, or 15.9 percent, and the

non-banking financial institutions by JD 10.3 million, or 47.9 percent. In contrast, the credit facilities extended to the private sector (non-resident) decreased by JD 38.7 million, or 5.9 percent and the central government by JD 23.9 million, or 1.2 percent, compared to their levels at the end of 2018.

❑ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 35,015.2 million at the end of September 2019, increasing by JD 1,167.1 million, or 3.4 percent, compared to its level at the end of 2018, against an increase of JD 631.9 million, or 1.9 percent, during the same period in 2018.
- The currency composition of deposits at the end of September 2019 revealed that the JD deposits amounted to JD 26.8 billion, and the deposits in foreign currencies amounted to JD 8.2 billion, compared to JD 25.7 billion of JD deposits, and JD 8.1 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 three quarters of 2019. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 152.0 million in September 2019, increasing by JD 44.0 million, or 40.8 percent, compared to its level registered in the previous month, against a decrease by JD 107.6 million, or 56.1 percent during the same month in 2018. As for the first three quarters of 2019, the trading volume decreased by JD 84.5 million, or 7.3 percent, compared to the same period in 2018, to reach JD 1,077.3 million.

■ Traded Shares

The number of traded shares in September 2019 totaled 125.7 million shares, increasing by 36.6 million shares, or 41.1 percent, compared to its level registered in the previous month, against an increase by 6.5 million shares, or 8.7 percent, during the same month in 2018. As for the first three quarters of 2019, the number of traded shares amounted to 903.5 million shares, compared to 831.6 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 6.6 points, or 0.4 percent, at the end of September 2019, compared to its level in the previous month, to stand at 1,827.7 points, against a decrease by 10.2 points, or 0.5 percent, during the same month in 2018. As for the first three quarters of 2019, the SPI decreased by 81.1 points, or 4.2 percent, against a decrease by 151.2 points, or 7.1 percent, during the same period in 2018. The aforementioned decrease was an outcome of the decrease in the SPI of the financial sector by 169.9 points, or 6.4 percent, the industrial sector by 56.0 points, or 3.0 percent, and increase in the SPI of services sector by 20.2 points, or 1.6 percent, compared to their levels at the end of 2018.

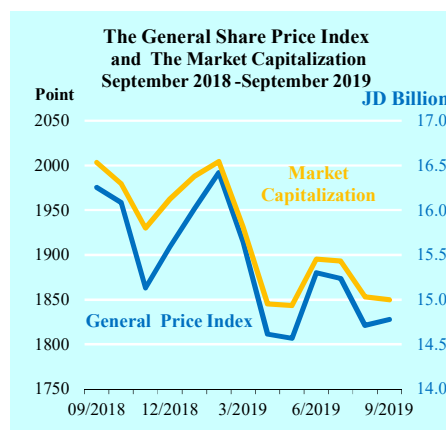
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

| | | September | |
|---------|-------------------|-----------|---------|
| 2018 | | 2018 | 2019 |
| 1,908.8 | General Index | 1,975.6 | 1,827.7 |
| 2,652.7 | Financial Sector | 2,707.9 | 2,482.8 |
| 1,882.7 | Industrial Sector | 1,981.9 | 1,826.7 |
| 1,279.8 | Services Sector | 1,351.1 | 1,300.0 |

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 15.0 billion at the end of September 2019, decreasing by JD 32.4 million, or 0.2 percent, compared to its level registered in the previous month, against a decrease by JD 59.4 million, or 0.4 percent, during the same month in 2018. As for the first three quarters of 2019, the market capitalization decreased by JD 1,124.2 million, or 7.0 percent, against a decrease by JD 426.2 million, or 2.5 percent, during the same period in 2018.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 4.8 million in September 2019, compared to an inflow by JD 5.3 million during the same month in 2018. The value of shares buying by non-Jordanian in September 2019 amounted to JD 42.1 million, while their selling

amounted to JD 46.9 million. As for the first three quarters of 2019, the non-Jordanian net investment recorded an outflow amounting to JD 47.3 million, compared to an inflow by JD 33.2 million during the same period in 2018.

Main Amman Stock Exchange Trading Indicators, JD Million

| | | September | |
|----------|---------------------------------|-----------|----------|
| 2018 | | 2018 | 2019 |
| 2,319.3 | Value Traded | 84.0 | 152.0 |
| 9.3 | Average Daily Trading | 4.2 | 6.9 |
| 16,122.7 | Market Capitalization | 16,536.3 | 14,998.5 |
| 1,245.9 | No. of Traded Shares (million) | 80.7 | 125.7 |
| 484.5 | Net Investment of Non-Jordanian | 5.3 | -4.8 |
| 1,231.8 | Non-Jordanian Buying | 17.8 | 42.1 |
| 747.3 | Non-Jordanian Selling | 12.4 | 46.9 |

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the second quarter of 2019, against 2.1 percent during the same quarter of 2018. At current market prices, GDP grew by 3.3 percent during the second quarter of 2019, compared to 3.9 percent during the same quarter of 2018.
- Accordingly, the real GDP grew by 1.9 percent during the first half of 2019, against 2.0 percent during the same period of 2018. At current market prices, GDP grew by 3.6 percent during the first half of 2019 compared to 3.9 percent during the same period of 2018.
- The general price level, measured by the percentage change in the CPI, increased during the first ten months of 2019 by 0.3 percent, compared to a rise of 4.5 percent during the same period of 2018.
- The unemployment rate increased during the second quarter of 2019 to stand at 19.2 percent (17.1 percent for males and 27.2 percent for females), compared to 18.7 percent (16.6 percent for males and 26.8 percent for females) during the same quarter of 2018. The highest unemployment rate among youth reached 46.2 percent for those between 15-19 years old, and 39.9 percent for those between 20-24 years old.

■ Developments of GDP

- Gross domestic product (GDP), at constant market prices witnessed a slight slowdown, growing by 1.9 percent during the first half of 2019, compared to 2.0 percent during the same period 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 witnessed a slowdown in its performance, growing by 0.2 during the first half of 2019 compared to 1.2 percent during the same period of 2018) GDP, at constant basic prices, grew by 2.1 percent during the first half of 2019, maintaining the same growth rate achieved during 2018.

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

Percentages

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

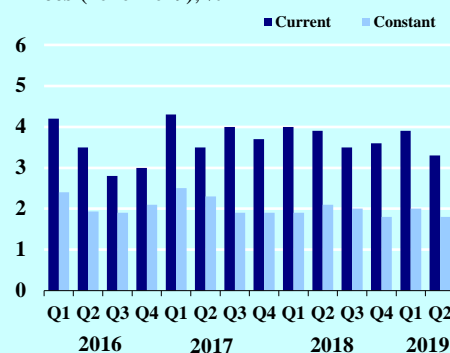
Source: Department of Statistics.

At current market prices, GDP grew by 3.6 percent during the first half of 2019, compared to 3.9 percent during the same period of 2018. This increase is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.7 percent during the first half of 2019 compared to 1.9 percent during the same period of 2018.

The main sectors that contributed to the real economic growth during the first half of 2019 include: “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 84.2 percent of the real GDP growth rate during the first half of 2019.

The economic sectors displayed a divergent performance during the first half of 2019. Some sectors recorded accelerated growth, such as “mining and quarrying”, “transport, storage and communications”, “producers of government services”. Meanwhile, agriculture, manufacturing, “electricity and water”, “finance and insurance services”, real estate, “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 (2016- 2019), %



Main Sectors Contributed to Economic Growth at Constant Prices

| Sectors | Relative change | | Contribution | |
|---------------------------------------|-----------------|---------|--------------|---------|
| | 2018 H1 | 2019 H1 | 2018 H1 | 2019 H1 |
| GDP At Constant Market Prices | 2.0 | 1.9 | 2.0 | 1.9 |
| Agriculture | 3.4 | 3.2 | 0.2 | 0.2 |
| Mining And Quarrying | 1.9 | 4.9 | 0.1 | 0.1 |
| Manufacturing | 1.3 | 1.2 | 0.2 | 0.2 |
| Electricity And Water | 2.3 | 1.7 | 0.1 | 0.1 |
| Construction | -0.2 | -0.6 | - | - |
| Wholesale And Retail Trade | 1.2 | 0.9 | 0.1 | 0.1 |
| Restaurant And Hotels | 1.3 | 1.0 | - | - |
| Transport, Storage And Communications | 3.1 | 3.3 | 0.3 | 0.3 |
| Finance And Insurance Services | 3.9 | 3.5 | 0.3 | 0.3 |
| Real Estate | 2.6 | 2.5 | 0.4 | 0.4 |
| Social And Personal Services | 4.1 | 3.4 | 0.3 | 0.2 |
| Producers of Government Services | 1.2 | 1.6 | 0.2 | 0.2 |
| Producers of Private Non-Profit | 2.9 | 2.8 | - | - |
| 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 departures” (15.2 percent) and “mining and quarrying production quantity index” (5.6 percent). However, other indicators showed a contraction, particularly; “licensed areas for buildings” (42.6 percent), “value traded at the real estate market” (19.5 percent) and “Manufacturing production quantity index” (4.5 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 | -11.7 | Jan-Aug | -42.6 |
| -2.4 | -7.0 | Manufacturing production quantity index | -7.2 | Jan-sep | -4.5 |
| -4.9 | -12.7 | Food products and beverages | -18.0 | | 6.2 |
| -3.1 | -7.2 | Tobacco products | -0.7 | | 5.1 |
| -7.3 | -16.9 | Refined petroleum products | -17.3 | | -7.2 |
| -6.3 | -4.3 | Wearing apparel | -12.0 | | -2.0 |
| 1.9 | -5.6 | Non-metallic mineral products | -1.1 | | -11.1 |
| 0.3 | 27.7 | Chemical products | 34.4 | | 10.5 |
| 13.4 | 0.5 | “Mining and quarrying” production quantity index | 1.9 | | 5.6 |
| -13.8 | -6.2 | Extraction of crude petroleum and natural gas | -5.1 | | -5.8 |
| 13.6 | 0.6 | Other mining and quarrying | 2.0 | | 5.7 |
| -14.1 | -13.0 | Value traded at the real estate market | -11.9 | | -19.5 |
| 6.9 | 3.8 | Number of passengers through Royal Jordanian | 4.1 | | 0.0 |
| 8.4 | 10.6 | Cargo through Royal Jordanian | 12.7 | | -13.7 |
| 7.3 | 7.4 | Number of departures | 5.6 | Jan-Oct | 15.2 |

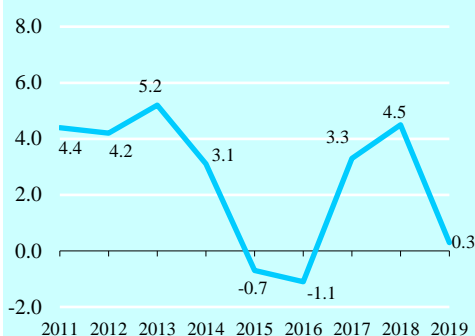
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

□ Prices

The general price level, measured by the percentage change in CPI, increased by 0.3 percent during the first ten months of 2019, compared to a rise of 4.5 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 ten 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 5.8 percent, compared to a contraction of 4.5 percent during the same period of 2018.
 - “Cereals and products” prices increased by 4.2 percent, compared to a rise of 20.5 percent during the same period of 2018.

Inflation Rate during the first ten months for the years (2011-2019), %



Inflation Rate During the First ten Months for the Years 2018 – 2019

| Expenditure Groups | Relative Imp. | Relative change | | Contribution | |
|--|---------------|-----------------|------|--------------|------|
| | | Jan-October | | Jan-October | |
| | | 2018 | 2019 | 2018 | 2019 |
| All Items | 100.0 | 4.5 | 0.3 | 4.5 | 0.3 |
| 1) Food and non-Alcoholic Beverages | 33.4 | 3.0 | 0.2 | 0.9 | 0.1 |
| Food | 30.5 | 3.0 | 0.3 | 0.9 | 0.1 |
| Cereals and Products | 5.0 | 20.5 | 4.2 | 0.8 | 0.2 |
| Meat and Poultry | 8.2 | 0.9 | -1.8 | 0.1 | -0.1 |
| Fish and Sea Product | 0.8 | 1.5 | -0.3 | 0.0 | 0.0 |
| Dairy Products and Eggs | 4.2 | 0.6 | -4.1 | 0.0 | -0.2 |
| Oil and Fats | 1.9 | 4.7 | 1.2 | 0.1 | 0.0 |
| Fruits and Nuts | 2.7 | -0.1 | -1.9 | 0.0 | 0.0 |
| Vegetables and Legumes Dry and Canned | 3.9 | -4.5 | 5.8 | -0.2 | 0.2 |
| 2) Alcohol and Tobacco and Cigarettes | 4.4 | 14.8 | -1.9 | 0.7 | -0.1 |
| Alcohol | 0.0 | 2.4 | 0.0 | 0.0 | 0.0 |
| Tobacco and Cigarettes | 4.4 | 14.9 | -1.9 | 0.7 | -0.1 |
| 3) Clothing and footwear | 3.5 | -1.5 | -1.2 | -0.1 | 0.0 |
| 4) Housing | 21.9 | 3.6 | 1.7 | 0.8 | 0.4 |
| Rents | 15.6 | 2.7 | 2.4 | 0.5 | 0.4 |
| Fuels and Lighting | 4.8 | 8.4 | -0.5 | 0.4 | 0.0 |
| 5) Household Furnishings and Equipment | 4.2 | 1.8 | 0.1 | 0.1 | 0.0 |
| 6) Health | 2.2 | 6.4 | 1.3 | 0.2 | 0.0 |
| 7) Transportation | 13.6 | 10.5 | -1.5 | 1.5 | -0.2 |
| 8) Communication | 3.5 | 0.2 | 0.0 | 0.0 | 0.0 |
| 9) Culture and Recreation | 2.3 | 2.3 | 1.7 | 0.1 | 0.0 |
| 10) Education | 5.4 | 2.7 | 1.8 | 0.1 | 0.1 |
| 11) Restaurants and Hotels | 1.8 | 7.1 | 0.7 | 0.1 | 0.0 |
| 12) Other Goods and Services | 3.7 | 2.0 | 1.1 | 0.1 | 0.0 |

Source: Department of Statistics.

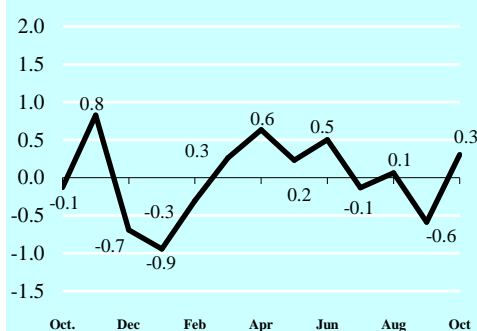
- Housing prices increased by 1.7 percent compared to a rise of 3.6 percent during the same period of 2018. This increase was mainly attributed to the increase in the prices of “rents” item by 2.4 percent compared to an increase of 2.7 percent during the first ten months of 2018.
- “Education” prices increased by 1.8 percent compared to a rise of 2.7 percent during the same period of 2018.

The above groups and items collectively contributed to the inflation rate during the first ten months of 2019 by 0.9 percentage points.

- The decrease in the prices of some items and groups, notably, transportation (1.5 percent), “meat and poultry” (1.8 percent), “dairy products and eggs” (4.1 percent), and “tobacco and cigarettes” (1.9 percent). These groups and items contributed to the decline in the inflation rate during the first ten months of 2019 by 0.6 percentage point.

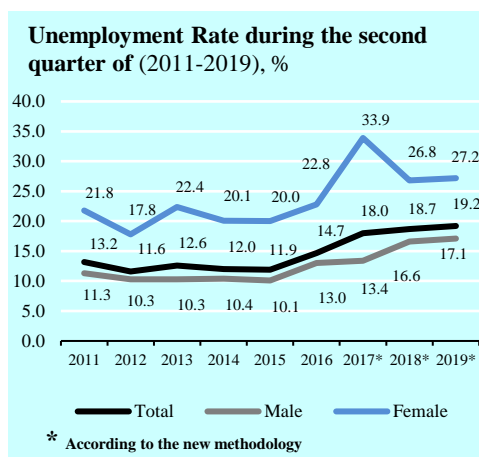
In October 2019, the CPI witnessed an increase compared to September 2019 by 0.3 percent. This was an outcome of the increase of the prices of some items, mainly, transportation (1.4 percent), “fuels and lighting” (0.3 percent), “vegetables and legumes dry and canned” (1.3 percent), and “Dairy products and Eggs” (1.3 percent) and the decrease in the prices of some groups and items, mainly, “clothing and footwear” (0.3 percent) and “meat and poultry” (0.8 percent).

Monthly Inflation Rate
(Oct. 2018 - Oct. 2019) , %



□ Labor Market

- The unemployment rate reached 19.2 percent (17.1 percent for males, and 27.2 percent for females) during the second quarter of 2019, compared to 18.7 percent (16.6 percent for males and 26.8 percent for females) during the same quarter of 2018.
- The unemployment among youth remains high at 46.2 percent for the category (15-19) years old, and 39.9 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 25.9 percent during the second quarter of 2019.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.6 percent (53.9 percent for males, and 14.5 percent for females), compared to 35.7 percent (55.3 percent for males and 15.3 percent for females) during the second quarter of 2018.
- The employment rate among population (15 years and older) reached 28.0 percent.



Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded an overall fiscal deficit in the amount of JD 891.5 million (-4.3 percent of GDP) during the first eight months of 2019, compared to a deficit of JD 781.4 million (-3.9 percent of GDP) during the same period of 2018. When excluding foreign grants (JD 151.8 million), the overall fiscal deficit reached JD 1,043.3 million (-5.0 percent of GDP), compared to a deficit of JD 972.1 million (-4.9 percent of GDP) in the same period of 2018.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 1,148.1 million at the end of August 2019, compared to its level at the end of 2018, to reach JD 17,368.8 million (55.9 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 384.5 million at the end of August 2019, compared to its level at the end of 2018, to stand at JD 12,472.0 million (40.1 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 1,532.4 million to reach JD 29,840.7 million (96.0 percent of GDP) at the end of August 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 198.3 million at the end of August 2019, compared to the end of 2018, to reach JD 1,209.4 million.
 - Accordingly, net outstanding domestic public debt increased by JD 1,346.3 million to reach JD 16,159.4 million (52.0 percent of GDP) at the end of August 2019. Moreover, net outstanding public debt increased by JD 1,730.8 million to reach JD 28,631.4 million (92.1 percent of GDP).
- **The performance of the general budget during the first eight 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 August 2019 compared to the same month in 2018, to stand at JD 537.3 million. As for the first eight months of 2019, public revenues went up by JD 150.4 million, or 3.2 percent, compared to the same period in 2018 to stand at JD 4,873.6 million. This came as a result of the increase in domestic revenues by JD 189.3 million, and the decreased in foreign grants by JD 38.9 million.

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

(JD Million and Percentages)

| | August | | Growth Rate | Jan. – Aug. | | Growth Rate |
|---|---------------|---------------|-------------|----------------|----------------|-------------|
| | 2018 | 2019 | | 2018 | 2019 | |
| Total Revenues and Grants | 531.8 | 537.3 | 1.0 | 4,723.2 | 4,873.6 | 3.2 |
| Domestic Revenues, of which: | 478.2 | 537.2 | 12.3 | 4,532.5 | 4,721.8 | 4.2 |
| Tax Revenues, of which: | 325.3 | 400.5 | 23.1 | 3,035.2 | 3,063.6 | 0.9 |
| General Sales Tax | 262.4 | 330.3 | 25.9 | 2,001.9 | 1,973.2 | -1.4 |
| Other Revenues | 152.0 | 135.9 | 10.6- | 1,490.2 | 1,652.3 | 10.9 |
| Foreign Grants | 53.6 | 0.1 | 99.8- | 190.7 | 151.8 | -20.4 |
| Total Expenditures | 654.4 | 690.0 | 5.4 | 5,504.6 | 5,765.1 | 4.7 |
| Current Expenditures | 615.4 | 626.6 | 1.8 | 4,999.8 | 5,296.6 | 5.9 |
| Capital Expenditures | 39.0 | 63.4 | 62.6 | 504.8 | 468.4 | -7.2 |
| Overall Deficit/ Surplus (Including Grants) | -122.6 | -152.7 | - | -781.4 | -891.5 | - |
| Overall Fiscal Deficit/ Surplus (Including Grants) as a percent of GDP | - | - | - | -3.9 | -4.3 | - |

Source: Ministry of Finance/ General Government Finance Bulletin.

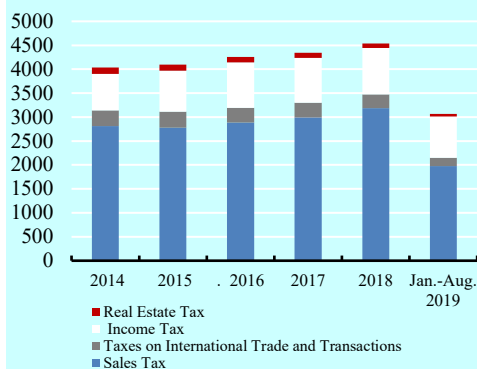
◆ **Domestic Revenues**

Domestic revenues increased by JD 189.3 million, or 4.2 percent, during the first eight months of 2019, compared to the same period of 2018, to reach JD 4,721.8 million. This increase was an

outcome of the rise in the proceeds of “other revenues” and “tax revenues” by 162.1 million and JD 28.4 million, respectively, and the drop in “pension contributions” by JD 1.2 million.

Tax Revenue Structure

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

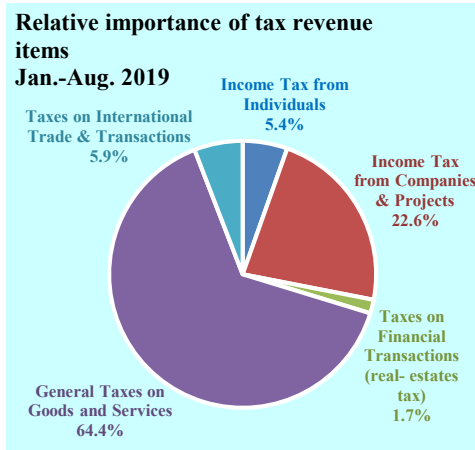


- **Tax Revenues**

Tax revenues increased by JD 28.4 million, or 0.9 percent, during the first eight months of 2019, compared to the same period of 2018, to reach JD 3,063.6 million (64.9 percent of domestic revenues). **Following are the main developments in tax revenue items:**

- An increase in the proceeds of **income and profit taxes** by JD 80.3 million, or 10.3 percent, to reach JD 859.7 million, accounting for 28.1 percent of total tax revenues. This increase came as a result of the rise in the proceeds of income tax on individuals by JD 40.9 million, or 32.7 percent, to reach JD 166.1 million. This was due to the implementation of the Amending 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 39.5 million, or 6.0 percent to reach JD 693.7 million, Accounting for 80.7 percent of total proceeds of income and profits taxes, as a result of the increase in the profit for the companies listed on the Amman Stock Exchange by 2.0 percent to reach JD 573.2 million in the first half of 2019, compared to JD 561.8 million for the same period of 2018.
- A decrease in the proceeds of **general sales tax on goods and services** by JD 28.7 million, or 1.4 percent, to reach JD 1,973.2 million, accounting for 64.4 percent of total tax revenues. This result was driven by the drop in the proceeds of sales tax on imported goods by JD 59.0 million. However, the proceeds of sales tax on services went up by JD 15.0 million, on commercial sector by JD 9.5 million, on domestic goods by JD 5.8 million.

- A decrease in the proceeds of **taxes on financial transactions (real estate tax)** by JD 11.0 million, or 17.8 percent, to reach JD 50.8 million.
- A decrease in the proceeds of **taxes on international trade and transactions**



(including customs duties and fees) by JD 12.3 million, or 6.4 percent, to reach JD 179.8 million.

● Non-Tax Revenues

- “Other revenues” increased by JD 162.1 million, or 10.9 percent, in the first eight months of 2019 to reach JD 1,652.3 million. This increase was chiefly due to the following:
 - An increase in the property income revenues by JD 121.9 million to stand at JD 316.4 million (of which financial surplus of own-budget governmental agencies amounted to JD 291.1 million against JD 180.3 million during the same period of 2018).
 - An increase in miscellaneous revenues by JD 32.5 million to stand at JD 729.7 million.
 - An increase in revenues from selling goods and services by JD 7.7 million to reach JD 606.2 million.
- Pension contributions witnessed a decrease of JD 1.2 million, in the first eight months of 2019 compared to the same period of 2018, standing at JD 5.9 million.

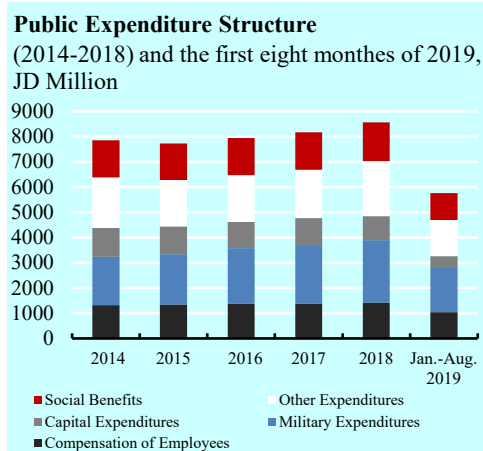
◆ Foreign Grants

Foreign grants decreased by JD 38.9 million, or 20.4 percent, in the first eight months of 2019, standing at JD 151.8 million compared to JD 190.7 million during the same period of 2018.

■ Public Expenditures

Public expenditures increased by JD 35.6 million, or 5.4 percent in August 2019, compared to the same month in 2018, to stand at JD 690.0 million. As for the first eight months of 2019, public expenditures increased by JD

260.5 million, or 4.7 percent, compared to the same period in 2018 to stand at JD 5,765.1 million. This increase was an outcome of the rise in current expenditures by 5.9 percent, and the drop in capital expenditures by 7.2 percent.

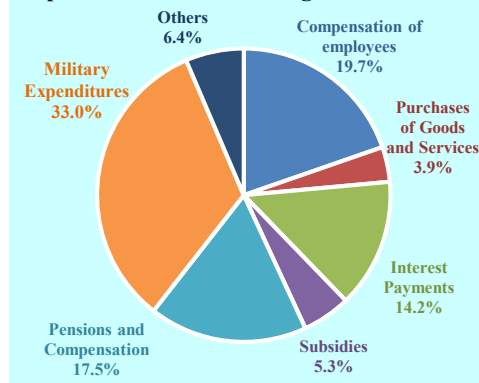


◆ Current Expenditures

Current expenditures went up by JD 296.8 million, or 5.9 percent, in the first eight months of 2019 to reach JD 5,296.6 million (91.9 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 89.1 percent, against 90.7 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 105.5 million to reach JD 1,043.0 million.
- An increase in military expenditures item by JD 102.6 million to total JD 1,749.2 million.
- An increase in interest payments (commitment basis) by JD 75.4 million to stand at JD 753.3 million.
- An increase in the pensions and compensation by JD 43.6 million to stand at JD 923.9 million.
- An increase in the purchases of goods and services by JD 20.1 million to reach JD 203.9 million.
- A decrease in subsidies by JD 3.4 million, to stand at JD 282.7 million.

Relative importance of current expenditure items Jan.-Aug. 2019

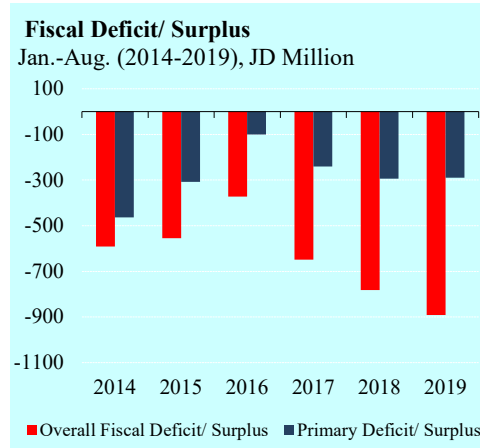


◆ Capital Expenditures

Capital expenditures decreased by JD 36.4 million, or 7.2 percent, during the first eight months of 2019, compared to the same period of 2018 to reach JD 468.4 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 891.5 million during the first eight months of 2019, compared to a fiscal deficit of JD 781.4 million during the same period of 2018. As a percent of



- GDP, the fiscal deficit reached to 4.3 percent compared to 3.9 percent in the same period of 2018.
- ◆ When foreign grants were excluded, the overall fiscal deficit amounted to JD 1,043.3 million (-5.0 percent of GDP) during the first eight months of 2019, compared to a fiscal deficit of JD 972.1 million (-4.9 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 290.0 million (-1.4 percent of GDP) during the first eight months of 2019, against a primary deficit of JD 294.2 million (-1.5 percent of GDP) in the same period of 2018.
- ◆ When foreign grants were included, the primary deficit amounted to JD 138.2 million (-0.7 percent of GDP), compared to a primary deficit of JD 103.5 million (-0.5 percent of GDP) in the same period of 2018.

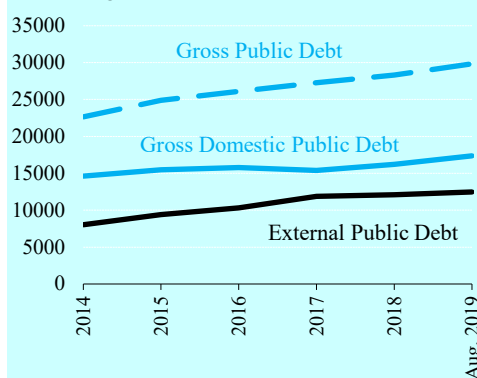
Public Debt

Gross outstanding domestic public debt increased by JD 1,148.1 million, at the end of August 2019 compared to its level at the end of 2018, to stand at JD 17,368.8 million (55.9 percent of GDP compared to 54.1 percent of GDP at the end of 2018). This increase was an outcome of the rise in the domestic public debt of the general budget by JD 1,339.4 million, and the decrease in the domestic public debt of own-budget agencies by JD 191.4 million compared to their levels at the end of 2018, standing at JD 14,691.7 million and JD

2,677.1 million, respectively. The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds by JD 1,340.0 million, compared to its level at the end of 2018, to reach JD 14,415.3 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

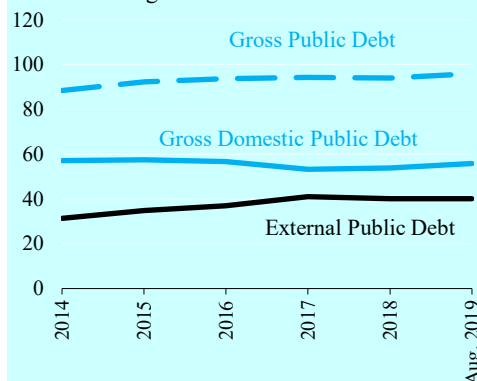
Public Debt

2014- Aug.2019, JD Million



Public Debt

As a Percentage of GDP



institutions by JD 138.9 million, compared to their level at the end of 2018, to reach JD 2,119.1 million. Whereas the own-budget agencies bonds decreased by JD 52.5 million, compared to the end of 2018, to reach JD 558.0 million.

- The balance of the external public debt (budget and guaranteed) went up by JD 384.5 million at the end of August 2019, compared to its level at the end of 2018, to reach JD 12,472.0 million (40.1 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 73.2 percent of the total external public debt, and the debt in Euro accounted for 9.5 percent. However, the Japanese Yen accounted for 5.7 percent, Kuwaiti Dinar (5.0 percent), and SDR (4.5 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 1,532.4 million at the end of August 2019 to stand at JD 29,840.7 million (96.0 percent of GDP) compared to JD 28,308.3 million (94.4 percent of GDP).
- On the other hand, government deposits with the banking system decreased by JD 198.3 million at the end of August 2019, compared to the end of 2018, to reach JD 1,209.4 million.
- Thus, net domestic public debt of the central government (the gross domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 1,346.3 million at the end of August 2019 to reach JD 16,159.4 million (52.0 percent of GDP compared to 49.4 percent of GDP at the end of 2018). Whereas, net public debt increased by JD 1,730.8 million to stand at JD 28,631.4 million, accounting for 92.1 percent of GDP compared to 89.7 percent of GDP at the end of 2018.
- External debt service (budget and guaranteed) increased by JD 662.0 million during the first eight months of 2019, compared to the same period of 2018, to reach JD 1,472.8 million (including principal payments of JD 1,200.2 million and interest of JD 272.5 million).

□ Fiscal and Price Measures of 2019

◆ November

- The Oil Derivatives Pricing Committee decided to decrease the prices of all oil derivatives, while maintaining the price of liquid gas cylinder and gasoline 95 and 98 unchanged, as follows:

Development of Oil Derivatives Price

| | Unit | 2019 | | Percentage Change |
|--|-------------|---------|----------|-------------------|
| | | October | November | |
| Unleaded Gasoline 90 | Fils/Liter | 770 | 765 | -0.6 |
| Unleaded Gasoline 95 | Fils/Liter | 1,005 | 1,005 | 0.0 |
| Unleaded Gasoline 98 | Fils/Liter | 1,155 | 1,155 | 0.0 |
| Gas Oil (Diesel) | Fils/Liter | 605 | 595 | -1.7 |
| Kerosene | Fils/Liter | 605 | 595 | -1.7 |
| Liquid Gas (12.5kg) | JD/Cylinder | 7.0 | 7.0 | 0.0 |
| Fuel oil (1%) | JD/Ton | 408.6 | 336.9 | -17.5 |
| Fuel for airplanes (local companies) | Fils/Liter | 447 | 437 | -2.2 |
| Fuel for airplanes (foreign companies) | Fils/Liter | 452 | 442 | -2.2 |
| Fuel for unplanned flights | Fils/Liter | 467 | 457 | -2.1 |
| Asphalt | JD/Ton | 403.5 | 331.8 | -17.8 |

Source: Jordan Petroleum Refinery Company (1/11/2019).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in November 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The cabinet decided took several measures to activate the real estate market. These decisions expire on 31/12/2019, as a following:

- Exempting apartments not exceeding 150 square meters, not including services, from registration fees, regardless of the seller.
- Reduction of registration fees of apartments by 50% imposed on areas more than 150 square meters, regardless of the area of the apartment.
- Reducing registration fees for the sale of land by 50% from the fees stipulated in the Land Registration Fees Law.
- Reduction of the sale tax of the property by 50% from the tax prescribed for land regardless of the seller, and for apartments if the seller is a natural person.

◆ **October**

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

◆ **September**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in September 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- Issuing the amending by-law for the year 2019, for the permit fees for non-jordanian workers, to collect JD 400 from the employer shall be charged a fee for issuing or renewing a work permit, for full or part of a year per worker, for various economic sectors and activities, except the following:
 - Collect JD 175 for each worker in all institutions and companies operating in the clothing and textile industry sector, which are registered in the Investment Commission.

- Collect JD 900 for each worker more than the first worker in the household, or the gardener and the chef.
- Collect JD 1,000 for each worker in licensed massage shops, nightclubs, bars and disco.
- Collect JD 2,400 for each worker with specialized skills, which exceed the number or the percentage of the allowed foreign labor.
- Collect JD 1400 for each worker who work in daily basis, for a free permit in the agricultural sector.
- Collect JD 1900 for each worker who work in daily basis, for a free permit in the construction, loading and unloading sector or whoever the Minister of Labor decides to consider them in this category.

◆ August

- 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.
- The cabinet decided has introduced new rules and custom service fee for personal online cross-border purchases of apparel and clothing, shoes, children's toys and food items, as follows:
 - All the shipments that are valued under 50 JD, will be subject to 5 JD customs service fee, the customers are required to declare these purchases on Jordan Customs Authority's new platform, failure to do that would mean paying 15 JD as the fee. that the maximum allowed annual orders' amount per person must not exceed 500 JD.

- Shipments that are valued between 51 JD to 100 JD, will be subject to 10 JD customs service fee. the customers are required to declare these purchases on Jordan Customs Authority's new platform, failure to do that would mean paying 25 JD as the fee, that the maximum allowed annual orders' amount per person must not exceed 500 JD.
- Shipments worth more than 1000 JD, are subject to duties and taxes prescribed by applicable legislation.

◆ 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

◆ October

- Signing a assistance agreement with the Italian government in the amount of EUR 85 million to support general budget. The agreement aims at contributing to the implementation of the 2016-2025 National Strategy for Human Resources Development.

◆ 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 promote 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 follows:
 - EUR 650 million, as soft loans to support the general budget, with EUR 400 million (EUR 100 million each year), and EUR 250 million to support development projects.
 - EUR 200 million, for non-sovereign finance "Non-government borrowing and no government guarantees."
 - EUR 150 million, grants and technical assistance through several initiatives to support the Jordan Response Plan.
- Signing a grant agreement provided by the Japan in the amount of USD 4.5 million, to improve the Civil Defence Department's (CDD) capabilities.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 15.7 percent in August 2019, compared to the same month of 2018 to reach JD 525.5 million. As for the first eight months of 2019, total merchandize exports increased by 6.4 percent compared to the same period of 2018 to reach JD 3,785.5 million.
- **Merchandize imports** decreased by 10.8 percent in August 2019, compared to the same month of 2018 to reach JD 1,059.6 million. As for the first eight months of 2019, Merchandize imports decreased by 5.2 percent compared to the same period of 2018 to reach JD 8,952.4 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 27.2 percent in August 2019 compared to the same month of 2018; standing at JD 534.1 million. As for the first eight months of 2019, the trade balance deficit decreased by 12.3 percent, compared to the same period of 2018 to reach JD 5,166.9 million.
- **Travel receipts** increased by 7.7 percent in September 2019 compared to the same month of 2018 to reach JD 345.2 million. As for the first three quarters of 2019, travel receipts increased by 9.0 percent compared to the same period of 2018 to reach JD 3,145.2 million. While travel payments increased by 5.3 percent in September 2019 compared to the same month of 2018 to reach JD 75.0 million. As for the first three quarters of 2019 travel payments increased by 4.9 percent, compared to the same period of 2018 to reach JD 827.3 million.
- **Total workers' remittances receipts** increased by 4.4 percent in September 2019 compared to the same month of 2018 to reach JD 215.2 million. As for the first three quarters of 2019, total workers' remittances increased by 0.6 percent, compared to the same period of 2018 to reach JD 1,962.4 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 969.9 million (6.7 percent of GDP) during the first half of 2019 compared to a deficit of JD 1,446.3 million (10.4 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach 7.9 percent of GDP during the first half of 2019, compared with 11.3 percent of GDP during the same period of 2018.

- **Net direct investment** recorded an net inflow of JD 333.3 million during the first half of 2019, compared to JD 382.5 million during the same period of 2018.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 33,335.0 million at the end of the first half of 2019, compared to JD 32,174.9 million at the end of 2018.

□ External Trade

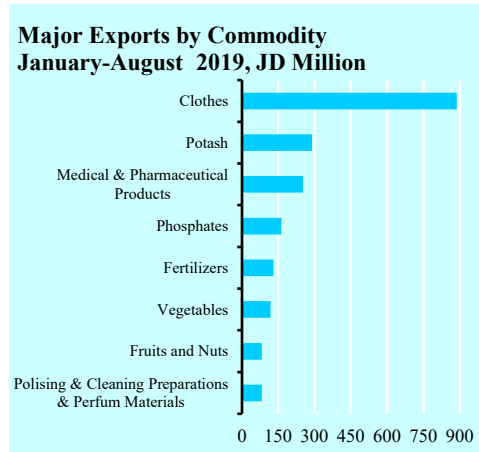
- As a result of the increase in domestic exports by JD 180.5 million and the decrease in imports by JD 495.1 million during the first eight months of 2019, the volume of external trade (domestic exports *plus* imports) decreased by JD 314.6 million to stand at JD 12,147.9 million compared with the same period of 2018.

| Jordan's Major Trading Partners | | | | Main External Trade Indicators | | | | |
|-----------------------------------|---------|---------|-------------------|-----------------------------------|----------|-----------------------|----------|-----------------------|
| JD Million | | | | JD Million | | | | |
| January-August | | | | January- August | | | | |
| | 2018 | 2019 | Percentage Change | | 2018 | Percentage Change (%) | 2019 | Percentage Change (%) |
| Exports | | | | External Trade | | | | |
| USA | 818.5 | 869.9 | 6.3 | | 12,462.5 | 0.1 | 12,147.9 | -2.5 |
| Saudi Arabia | 335.0 | 342.1 | 2.1 | Total Exports | | | | |
| India | 315.1 | 320.3 | 1.7 | | 3,556.8 | 2.9 | 3,785.5 | 6.4 |
| Iraq | 287.8 | 265.2 | -7.9 | Domestic Exports | | | | |
| Kuwait | 119.9 | 118.6 | -1.1 | | 3,105.0 | 3.4 | 3,195.5 | 6.0 |
| China | 41.6 | 108.1 | 159.9 | Re-exports | | | | |
| UAE | 105.9 | 100.4 | -5.2 | | 541.8 | 0.4 | 590.0 | 8.9 |
| Imports | | | | Imports | | | | |
| Saudi Arabia | 1,609.0 | 1,568.0 | -2.5 | | 9,447.5 | -0.9 | 8,952.4 | -5.2 |
| China | 1,272.5 | 1,411.7 | 10.9 | Trade Balance | | | | |
| USA | 821.8 | 770.7 | -6.2 | | -5,890.7 | -3.2 | -5,166.9 | -12.3 |
| India | 286.9 | 425.2 | 48.2 | Source: Department of Statistics. | | | | |
| Germany | 424.7 | 399.4 | -6.0 | | | | | |
| Egypt | 221.4 | 374.2 | 69.0 | | | | | |
| Italy | 316.7 | 290.9 | -8.1 | | | | | |
| Source: Department of Statistics. | | | | | | | | |

■ Merchandize Exports:

Total merchandize exports increased by 6.4 percent during the first eight months of 2019, to reach JD 3,785.5 million. This increase resulted from an increase in domestic exports by JD 180.5 million, or 6.0 percent to reach JD 3,195.5

million and an increase in re-exports by JD 48.2 million, or 8.9 percent to reach JD 590.0 million.



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

- Exports of **Clothes** increased by JD 66.0 million, or 8.0 percent, to stand at JD 886.7 million. The USA market accounted for 89.4 percent of these exports.
- Exports of **Potash** increased by JD 44.2 million, or 18.0 percent, to stand at JD 289.8 million. The markets of China, India, Egypt and Indonesia accounted for 79.4 percent of these exports.
- Exports of **Polishing & cleaning preparations & perfume materials** increased by JD 13.2 million, or 19.4 percent, to reach JD 81.4 million. Iraq, Saudi Arabia, and Libya were the main destination markets; accounting for 81.0 percent of these exports.

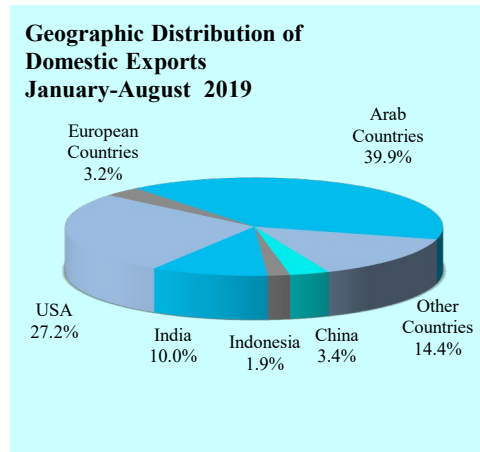
- Exports of **Fertilizers** increased by JD 2.1 million or 1.6 percent to stand at JD 129.8 million. India, Turkey and Spain were the main destination markets for these export, accounting for 65.8 percent.
- Exports of **Vegetables** decreased by JD 27.6 million or 19.0 percent to reach JD 117.4 million. It is worth noting that Saudi Arabia, Kuwait and UAE were the main markets for these exports, accounting for 63.7 percent.
- Exports of **Phosphates** decreased by JD 9.5 million, or 5.5 percent, to reach JD 162.1 million. The markets of India and Indonesia accounted for 94.0 percent of these exports.

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

| | 2018 | 2019 | Percentage Change |
|--|----------------|----------------|-------------------|
| Domestic Exports | 3,015.0 | 3,195.5 | 6.0 |
| Clothes | 820.7 | 886.7 | 8.0 |
| USA | 724.7 | 793.1 | 9.4 |
| Potash | 245.6 | 289.8 | 18.0 |
| China | 34.8 | 100.9 | 189.9 |
| India | 65.0 | 77.4 | 19.1 |
| Egypt | 27.7 | 34.8 | 25.6 |
| Indonesia | 23.0 | 17.9 | -22.2 |
| Medical & Pharmaceutical Products | 254.4 | 252.4 | -0.8 |
| Saudi Arabia | 51.0 | 63.3 | 24.1 |
| Iraq | 47.2 | 50.4 | 6.8 |
| Algeria | 27.6 | 23.1 | -16.3 |
| USA | 15.1 | 17.0 | 12.6 |
| Phosphates | 171.6 | 162.1 | -5.5 |
| India | 112.3 | 112.4 | 0.1 |
| Indonesia | 45.8 | 40.0 | -12.7 |
| Fertilizers | 127.7 | 129.8 | 1.6 |
| India | 73.1 | 67.4 | -7.8 |
| Turkey | 23.7 | 9.3 | -60.3 |
| Spain | 0.0 | 8.7 | - |
| Vegetables | 145.0 | 117.4 | -19.0 |
| Saudi Arabia | 40.3 | 33.0 | -18.1 |
| Kuwait | 31.7 | 24.9 | -21.5 |
| UAE | 27.3 | 16.9 | -38.1 |
| Fruits and Nuts | 86.1 | 81.5 | -5.3 |
| Iraq | 5.3 | 25.0 | 371.7 |
| Saudi Arabia | 24.7 | 21.3 | -13.8 |
| Kuwait | 25.6 | 7.8 | -69.5 |
| Polishing & Cleaning Preparations & Perfume Materials | 68.2 | 81.4 | 19.4 |
| Iraq | 38.0 | 44.9 | 18.2 |
| Saudi Arabia | 16.9 | 17.1 | 1.2 |
| libya | 1.6 | 3.9 | 143.8 |

Source: Department of Statistics.

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

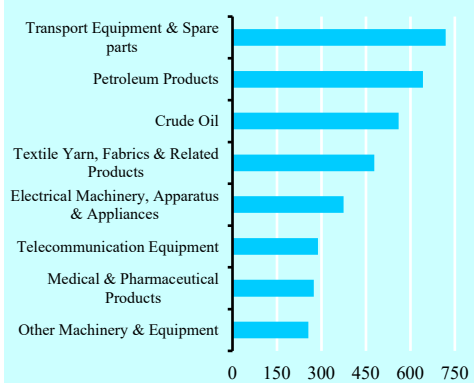


Phosphates, Fertilizers, Vegetables, “Fruits and Nuts” and “Polishing & Cleaning Preparation & Perfume”, topped the list of domestic exports during the first eight months of 2019; accounting for 62.6 percent, compared with 63.7 percent during the same period of 2018. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, Kuwait, China and the UAE were the main destination markets during the first eight months of 2019; accounting for 66.5 percent, compared with 67.1 percent during the same period of 2018.

■ Merchandize Imports:

Merchandize imports decreased by 5.2 percent to reach JD 8,952.4 million during the first eight months of 2019, compared to a decrease by 0.9 percent during the same period 2018.

**Major Imports by Commodity
January-August 2019, JD Million**



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

- **Petroleum Products** imports decreased by JD 113.5 million or 15.0 percent to stand at JD 642.5 million. Saudi Arabia, India and Bahrain were the main markets, accounting for 89.6 percent of these imports.
- **Crude Oil** imports decreased by JD 36.9 million, or 6.2 percent, to reach JD 560.8 million. This decrease was mainly due to an increase in imported quantities by 0.6 percent and a decrease in prices by 6.8 percent. Noting that all crude oil imports came from Saudi Arabia.
- **Transport Equipment & Spare Parts** imports decreased by JD 10.8 million or 1.5 percent to reach JD 718.9 million. The USA, Japan, Germany and South Korea were the main origin markets, accounting for 65.4 percent of these imports.
- **Medical & Pharmaceutical Product** imports decreased by JD 9.1 million or 3.2 percent to reach JD 274.8 million. Germany, the USA and France were the main markets, accounting for 33.2 percent of these imports.

- **Electrical Machinery, Apparatus and Appliances** imports increased by JD 46.2 million or 14.1 percent to reach JD 374.3 million. China, Italy and Germany were the main origin markets accounting for 63.6 percent of these imports.
- **Textile, Yarn, Fabrics & Related Products** imports increased by JD 36.3 million or 8.2 percent to reach JD 478.8 million. China, Taiwan, and Turkey were the main origin markets accounting for 76.4 percent of these imports.
- **Telecommunication Equipment** imports increased by JD 26.8 million or 10.2 percent, to reach JD 288.3 million. China, Vietnam and India were the main origin markets accounting for 90.8 percent of these imports.

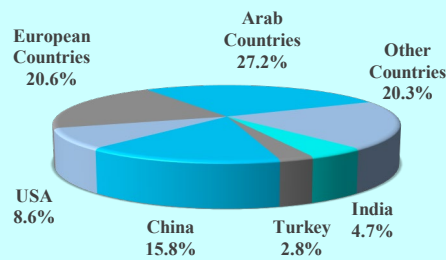
**Major Imports by Commodity, JD Million
January-August 2018-2019**

| | 2018 | 2019 | Percentage Change |
|--|----------------|----------------|-------------------|
| Total Imports | 9,447.5 | 8,952.4 | -5.2 |
| Transport Equipment & Spare Parts | 729.7 | 718.9 | -1.5 |
| USA | 169.6 | 166.5 | -1.8 |
| Japan | 110.7 | 103.6 | -6.4 |
| Germany | 117.6 | 103.6 | -11.9 |
| South Korea | 103.6 | 96.6 | -6.8 |
| Petroleum Products | 756.0 | 642.5 | -15.0 |
| Saudi Arabia | 336.4 | 354.4 | 5.4 |
| India | 63.5 | 163.5 | 157.5 |
| Bahrain | 14.5 | 57.8 | 298.6 |
| Crude Oil | 597.7 | 560.8 | -6.2 |
| Saudi Arabia | 597.7 | 560.8 | -6.2 |
| Textile Yarn, Fabrics and Related Products | 442.5 | 478.8 | 8.2 |
| China | 186.9 | 220.7 | 18.1 |
| Taiwan | 118.2 | 112.0 | -5.2 |
| Turkey | 40.5 | 33.1 | -18.3 |
| Electrical Machinery Apparatus and Appliances | 328.1 | 374.3 | 14.1 |
| China | 124.2 | 184.1 | 48.2 |
| Italy | 22.6 | 31.5 | 39.4 |
| Germany | 18.1 | 22.3 | 23.2 |
| Telecommunication Equipment | 261.5 | 288.3 | 10.2 |
| China | 185.6 | 157.7 | -15.0 |
| Vietnam | 42.5 | 76.8 | 80.7 |
| India | 1.8 | 27.2 | - |
| Medical & Pharmaceutical Product | 283.9 | 274.8 | -3.2 |
| Germany | 41.7 | 40.4 | -3.1 |
| USA | 31.5 | 28.3 | -10.2 |
| France | 25.8 | 22.6 | -12.4 |
| Other Machinery & Equipment | 247.1 | 256.0 | 3.6 |
| China | 74.3 | 112.8 | 51.8 |
| Germany | 32.4 | 32.7 | 0.9 |
| Italy | 40.1 | 32.0 | -20.2 |

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”, “Medical & pharmaceutical Product” and “Other Machinery and Equipment”, topped the list of imports during the first eight months of 2019, accounting for 40.2 percent, compared to 38.6 percent during the same period of 2018. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, India, Germany, Egypt and Italy were the main source markets during the first eight months of 2019; accounting for 58.5 percent of imports, compared to 52.4 percent during the same period of 2018.

**Geographic Distribution of Imports
January-August 2019**



■ Re-Exports

The value of re-exported goods in August 2019 increased by JD 32.9 million, or 70.8 percent, compared to the same month of 2018, to stand at JD 79.4 million. As for the first eight months of 2019, re-exports increased by 8.9 percent to reach JD 590.0 million compared to the same period of 2018.

■ Trade Balance

The trade balance deficit decreased by JD 199.3 million, or 27.2 percent in August 2019 compared to the same month of 2018, to reach JD 534.1 million. As for the first eight months of 2019, the trade balance deficit decreased by 12.3 percent to reach JD 5,166.9 million compared to the same period of 2018

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 4.4 percent in September 2019 compared to the same month of 2018, to register JD 215.2 million. As for the first three quarters of 2019, total workers' remittances increased by JD 12.0 million, or 0.6 percent, to register JD 1,962.4 million, compared to the same period of 2018.

□ Travel

■ Receipts

Travel receipts increased by JD 24.8 million, or 7.7 percent, in September 2019 compared to the same month of 2018, to register JD 345.2 million. As for the first three quarters of 2019, travel receipts increased by JD 260.1 million, or 9.0 percent, to register JD 3,145.2 million, compared to the same period of 2018.

■ Payments

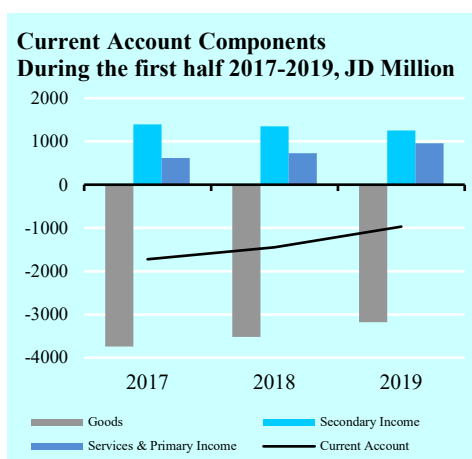
Travel payments increased by JD 3.8 million, or 5.3 percent, in September 2019 compared to the same month of 2018, to stand at JD 75.0 million. As for the first three quarters of 2019, travel payments increased by 38.5 million, or 4.9 percent, to register JD 827.3 million, compared to the same period of 2018.

□ Balance of Payments

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

- The current account recorded a deficit of JD 969.9 million (6.7 percent of GDP) compared to a deficit of JD 1,446.3 million (10.4 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach JD 1,147.6 million (7.9 percent of GDP) during the first half of 2019 compared to JD 1,581.7 million (11.3 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 half of 2019 by JD 341.2 million, or 9.7 percent, to reach JD 3,180.7 million compared to JD 3,521.9 million during the same period of 2018.



- ◆ An increase in the services account surplus compared to the same period of 2018 by JD 225.5 million, to reach JD 932.3 million.
- ◆ An increase in the primary income account surplus by JD 7.5 million, to reach JD 26.5 million during the first half of 2019 compared to a surplus of JD 19.0 million during the same period of 2018. This was mainly due to decrease in deficit of the investment income (net) by JD 1.2 million, and increase in the surplus of “compensation of employees (net)” by JD 6.3 million.
- ◆ An decrease in the secondary income net surplus by JD 97.8 million to reach JD 1,252.0 million compared to JD 1,349.8 million during the same period of 2018, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 42.3 million to reach JD 177.7 million, and the decrease in the surplus of other sectors transfers (net) by JD 140.1 million to reach JD 1,074.3 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 18.0 million during the first half of 2019 compared to a net inflow of JD 12.0 million during the same period of 2018. Meanwhile, the financial account registered a net inflow of JD 1,214.1 million during the first half of 2019 compared to a net inflow of JD 1,725.5 million during the same period of 2018, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 333.3 million compared to a net inflow of JD 382.5 million during the same period of 2018.
 - ◆ Portfolio investment recorded a net outflow of JD 738.0 million compared to a net outflow of JD 108.8 million during the same period of 2018.
 - ◆ Other investment registered a net inflow of JD 1,547.9 million compared to a net inflow of JD 467.7 million during the same period of 2018.
 - ◆ A decrease in the reserve assets of the CBJ by JD 70.9 million, compared to a decrease of JD 984.1 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 33,335.0 million at the end of the first half of 2019 compared to JD 32,174.9 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 154.7 million at the end of the first half of 2019 to reach JD 17,679.6 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 56.4 million and decrease in the currency and deposits of the banking sector abroad by JD 166.8 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 1,005.4 million at the end of the first half of 2019, to reach JD 51,014.6 million, this was due to the following developments:
 - ◆ An increase of government long term loans by JD 686.7 million to stand at JD 5,214.5 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 522.4 million to stand at JD 9,256.3 million (increase by JD 558.4 million for the licensed banks and decrease by JD 36 million for the CBJ).
 - ◆ An increase in the stock of direct investment in the kingdom by JD 414.4 million to stand at JD 25,345.4 million.
 - ◆ An increase of other sectors long term loans by JD 148.0 million to stand at JD 1,944.3 million.
 - ◆ A decrease of trade credits to residents in the kingdom by JD 4.4 million to stand at JD 827.2 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 44.3 million to reach JD 492.3 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 747.0 million to stand at JD 7,255.3 million.