



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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OUR VISION

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

OUR MISSION

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

OUR VALUES

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

Contents

	Executive Summary	1
First	Monetary & Financial Sector	3
Second	Output, Prices and Employment	15
Third	Public Finance	23
Fourth	External Sector	47

Executive Summary

□ Output, Prices and Employment

During the first three quarters of 2018, real GDP at market prices, grew by 2.0 percent, compared to a growth rate of 2.2 percent during the same period of 2017. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during January 2019 by 2.0 percent, compared to a rise of 3.0 percent during the same month of 2018. Furthermore, the unemployment rate increased during the fourth quarter of 2018 to stand at 18.7 percent compared to 18.5 percent during the same quarter of 2017.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,289.0 million at the end of January 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,227.4 million at the end of January 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 26,214.1 million at the end of January 2019, compared to JD 26,108.1 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,648.8 million at the end of January 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 1,951.6 points at the end of January 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 727.6 million (2.4 percent of GDP) in the 2018, compared to a fiscal deficit of JD 747.9 million (2.6 percent of GDP) in 2017. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 818.6 million at the end of 2018 compared to its level at the end of 2017, standing at JD 16,220.7 million (53.9 percent of GDP). Moreover, outstanding external public debt (budget and guaranteed) went up by JD 220.3 million at the end of 2018, compared to 2017, to reach JD 12,087.5 million (40.2 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 94.0 percent of GDP at the end of 2018, compared to 94.3 percent of GDP at the end of 2017.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 3.5 percent during 2018 to reach JD 5,518.5 million. Meanwhile, merchandize imports decreased by 1.4 percent to reach JD 14,353.2 million. As a result, the trade balance deficit decreased by 4.2 percent compared to 2017, to reach JD 8,834.7 million. The preliminary data for January 2019 showed an increase in travel receipts by 9.1 percent and an increase in travel payments by 4.1 percent compared to the same month of 2018. Moreover, total workers' remittances receipts increased by 4.4 percent in the 2019 compared to the same month of 2018. The preliminary data for the balance of payments during the first three quarters of 2018 displayed a deficit in the current account amounted to JD 1,971.2 million (9.0 percent of GDP) compared to a deficit of JD 2,376.0 million (11.2 percent of GDP) during the same period of 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.2 percent of GDP compared with 12.3 percent of GDP during the same period of 2017. Moreover, net direct investment recorded a net inflow of JD 538.9 million during the first three quarters of 2018 compared to a net inflow of JD 1,171.8 million during the same period of 2017. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 31,654.0 million at end of the third quarter of 2018 up from JD 29,432.7 million at the end of 2017.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,289.0 million at the end of January 2019. This level of reserves covers around 7.2 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,227.4 million at the end of January 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 26,214.1 million at the end of January 2019, compared to JD 26,108.1 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,648.8 million at the end of January 2019, compared to JD 33,848.1 million at the end of 2018.
- The interest rates on all types of credit facilities extended by the licensed banks had decreased at the end of January 2019, compared to their levels at the end of 2018, except the interest rate on “loans and advances” which had increased. Also, the interest rates on all types of deposits held by the licensed banks had decreased during the same period, except the interest rate on time deposits which had increased.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,951.6 points at the end of January 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 16,379.1 million at the end of January 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

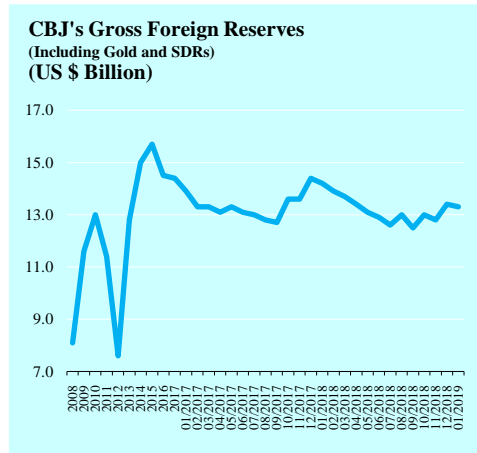
2018		End of January	
		2018	2019
13,392.2	CBJ's Foreign Reserves*	US\$ 14,178.0	US\$ 13,289.0
-6.9%		-1.5%	-0.8%
33,359.3	Money Supply (M2)	33,289.0	33,227.4
1.2%		1.0%	-0.4%
26,108.1	Credit Facilities, of which:	24,952.3	26,214.1
5.5%		0.9%	0.4%
23,007.0	Private Sector (Resident)	21,905.0	23,069.2
5.8%		0.7%	0.3%
33,848.1	Total Deposits, of which:	33,444.3	33,648.8
2.0%		0.7%	-0.6%
25,667.6	In JD	25,784.5	25,513.5
0.1%		0.6%	-0.6%
8,180.5	In Foreign Currencies	7,659.8	8,135.3
8.3%		1.4%	-0.6%
26,944.5	Deposits of Private Sector (Resident), of which:	27,049.2	26,872.5
0.1%		0.5%	-0.3%
20,846.4	In JD	21,326.6	20,797.4
-1.9%		0.3%	-0.2%
6,098.1	In Foreign Currencies	5,722.6	6,075.1
7.8%		1.1%	-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\$ 13,289.0 million at the end of January 2019. This level of reserves covers around 7.2



months of the kingdom's imports of goods and services.

□ Domestic Liquidity (M2)

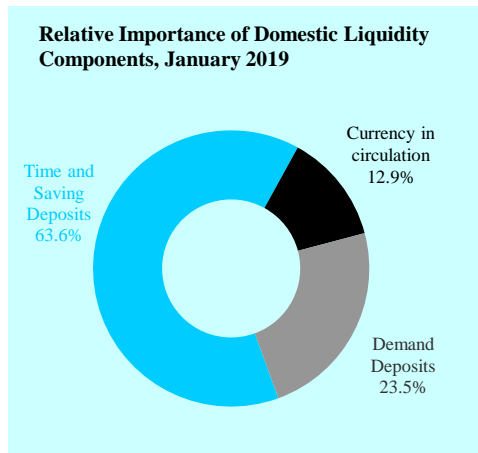
■ Domestic liquidity amounted to JD 33.2 billion at the end of January 2019, compared to JD 33.4 billion at the end of 2018.

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

- **Components of Domestic Liquidity**

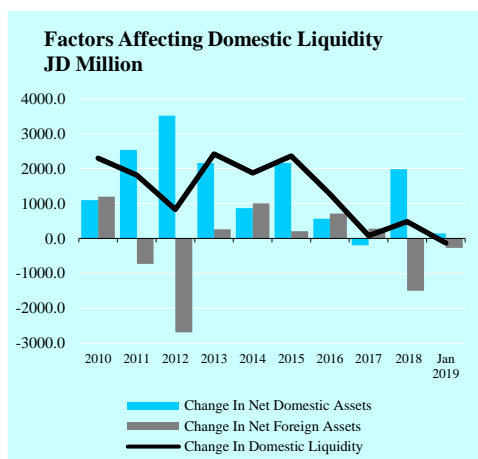
- Total liquidity deposits amounted to JD 29.0 billion at the end of January 2019, compared to JD 29.1 billion at the end of 2018.

- Currency in circulation amounted to JD 4.3 billion at the end of January 2019, which is approximately the same level as the end of 2018.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 26.2 billion at the end of January



2019, compared to JD 26.0 billion at the end of 2018.

- Net foreign assets of the banking system amounted to JD 7.1 billion at the end of January 2019, compared to JD 7.3 billion at the end of 2018. The net foreign assets of the CBJ amounted to JD 9.1 billion at the end of January 2019.

Factors Affecting Domestic Liquidity (M2)

JD Million

2018		End of January	
		2018	2019
7,342.3	Foreign Assets (Net)	8,870.5	7,068.4
9,151.4	CBJ	10,122.7	9,084.7
-1,809.1	Licensed Banks	-1,252.2	-2,016.3
26,017.0	Domestic Assets (Net)	24,418.5	26,159.0
-4,345.0	CBJ, of which:	-5,239.9	-4,298.7
675.2	Claims on Public Sector (Net)	797.6	496.9
-5,043.0	Other Items (Net*)	-6,060.3	-4,818.1
30,362.2	Licensed Banks	29,658.3	30,457.7
10,234.1	Claims on Public Sector (Net)	9,445.5	10,435.7
23,673.8	Claims on Private Sector	22,668.5	23,751.7
-3,545.7	Other Items (Net)	-2,455.7	-3,729.7
33,359.3	Money Supply (M2)	33,289.0	33,227.4
4,296.4	Currency in Circulation	4,373.8	4,275.8
29,062.9	Total Deposits, of which:	28,915.2	28,951.6
6,168.0	In Foreign Currencies	5,775.1	6,145.1

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

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments

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

- The CBJ main interest rate: 4.75 percent.
- Re-Discount Rate: 5.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.50 percent.
- Overnight Deposit Window Rate: 4.00 percent.
- Weekly/ Monthly Repurchase Agreements: 4.75 percent.
- The interest rate on weekly certificates of deposits: 4.75 percent.

Interest Rates on Monetary Policy Instruments, percentage points		January	
		2018	2019
4.75	CBJ main rate	4.00	4.75
5.75	Re-discount Rate	5.00	5.75
5.50	Repurchase Agreements Rate (overnight)	4.75	5.50
4.00	Overnight Deposit Window Rate	3.00	4.00
4.75	Repurchase Agreements rate (one week and one month)	4.00	4.75
4.75	Certificates of Deposits (one week)	4.00	4.75

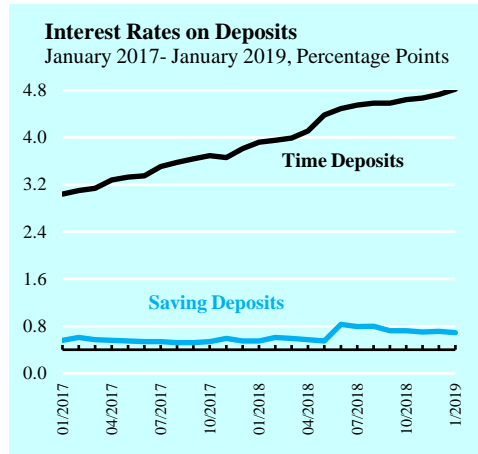
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

• Time Deposits: The weighted average interest rate on time deposits increased by 9 basis points at the end of January 2019, compared to its level at the end of 2018, to stand at 4.82 percent.

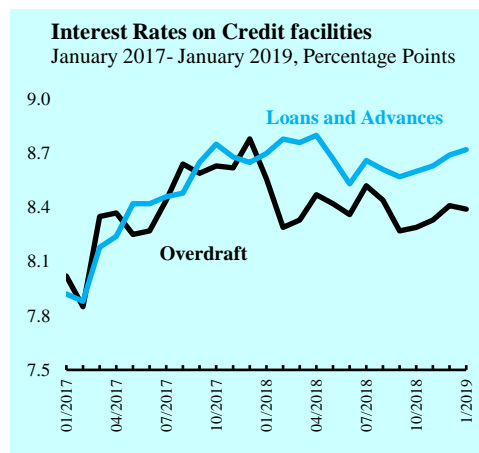


• Saving Deposits: The weighted average interest rate on saving deposits decreased by two basis points at the end of January 2019, compared to its level registered at the end of 2018 to stand at 0.69 percent.

• Demand Deposits: The weighted average interest rate on demand deposits decreased by two basis points at the end of January 2019, compared to its level registered at the end of 2018, to stand at 0.28 percent.

◆ Interest Rates on Credit Facilities

• Overdraft Accounts: The weighted average interest rate on overdraft accounts decreased by two basis points at the end of January 2019, compared to its level registered at the end of 2018, to stand at 8.39 percent.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 52 basis points at the end of January 2019, compared to its level registered at the end of 2018, to stand at 9.12 percent.
- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 3 basis points at the end of January 2019, compared to its level registered at the end of 2018, to stand at 8.72 percent.

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

2018		January		Change Relative to the Preceding Year Basis Points
		2018	2019	
Deposits				
0.30	Demand	0.25	0.28	-2
0.71	Saving	0.55	0.69	-2
4.73	Time	3.92	4.82	9
Credit Facilities				
9.64	Discounted Bills and Bonds	10.48	9.12	-52
8.69	Loans and Advances	8.70	8.72	3
8.41	Overdraft	8.56	8.39	-2
9.57	Prime Lending Rate	8.91	9.69	12

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The prime lending rate stood at 9.69 percent at the end of January 2019, up by 12 basis points compared to its level registered at the end of 2018.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 106.0 million, or 0.4 percent, at the end of January 2019, compared to its level at the end of 2018, against an increase of JD 215.5 million, or 0.9 percent, during the same month in 2018.
- In terms of borrowers, the credit facilities at the end of January 2019 had shown an increase in credit extended to the private sector (resident) by JD 62.2 million, or 0.3 percent, the central government by 28.5 million, or 1.4 percent, the private sector (non-resident) by JD 21.6 million, or 3.3 percent. While the credit

extended to the public institutions decreased by JD 6.8 million, or 1.6 percent, compared to their levels at the end of 2018.

❑ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,648.8 million at the end of January 2019, increasing by JD 199.3 million, or 0.6 percent, compared to its level at the end of 2018, against an increase of JD 246.6 million, or 0.7 percent, during the same month in 2018.
- The currency composition of deposits at the end of January 2019 revealed that the JD deposits amounted to JD 25.5 billion, and the deposits in foreign currency amounted to JD 8.1 billion, compared to JD 25.8 billion of JD deposits, and JD 7.7 billion of deposits in foreign currency at the end of the same month in 2018.

❑ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during January 2019. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 90.9 million in January 2019, decreasing by JD 501.2 million, compared to its level registered in the previous month, against a decrease of JD 10.7 million during the same month in 2018.

■ Traded Shares

The number of traded shares in January 2019 totaled 65.7 million shares, decreasing by 121.5 million shares, compared to its level registered in the previous month, against a decrease by 13.2 million shares, during the same month in 2018.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 42.8 points, or 2.2 percent, at the end of January 2019, compared to its level registered at the end of 2018, to stand at 1,951.6 points,

against an increase of 66.5 points, or 3.1 percent, during the same month in 2018. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 62.8 points, or 3.3 percent, the service sector by 38.1 points, or 3.0 percent, and the financial sector by 30.7 points, or 1.2 percent, compared to their levels at the end of 2018.

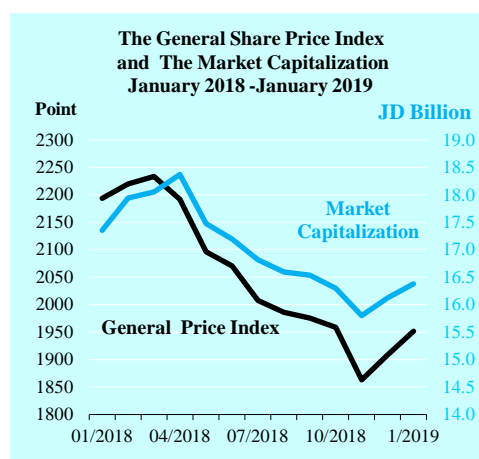
■ **Market Capitalization**

The ASE's market capitalization totaled JD 16.4 billion at January 2019, increasing by JD 256.4 million, or 1.6 percent, compared to its level registered at the end of 2018, against an increase of JD 392.0 million, or 2.3 percent, during the same month in 2018.

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

		January	
2018		2018	2019
1,908.8	General Index	2,193.3	1,951.6
2,652.7	Financial Sector	2,917.4	2,683.4
1,882.7	Industrial Sector	2,393.8	1,945.6
1,279.8	Services Sector	1,496.7	1,317.9

Source: Amman Stock Exchange.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 0.2 million in January 2019, compared to an outflow of JD 7.3 million during the same month in 2018. The value of shares buying by non-Jordanian in January 2019 amounted to JD 26.3 million, while their selling amounted to JD 26.1 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
		January	
2018		2018	2019
2,319.3	Value Traded	114.0	90.9
9.3	Average Daily Trading	5.2	4.3
16,122.7	Market Capitalization	17,354.5	16,379.1
1,245.9	No. of Traded Shares (million)	96.2	65.7
484.5	Net Investment of Non-Jordanian	-7.3	0.2
1,231.8	Non-Jordanian Buying	16.6	26.3
747.3	Non-Jordanian Selling	23.9	26.1

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.0 percent during the third quarter of 2018, against 1.9 percent during the same period of 2017. At current market prices, GDP grew by 3.5 percent during the third quarter of 2018, compared to 4.0 percent during the same quarter of 2017.
- Accordingly, the real GDP grew by 2.0 percent during the first three quarters of 2018, against 2.2 percent during the same period of 2017. At current market prices, GDP grew by 3.8 percent during the first three quarters of 2018, compared to 3.9 percent during the same period of 2017.
- The general price level, measured by the percentage change in the CPI, increased during January 2019 by 2.0 percent, compared to a rise of 3.0 percent during the same month of 2018.
- The unemployment rate increased during the fourth quarter of 2018 to stand at 18.7 percent (16.9 percent for males and 25.7 percent for females), compared to 18.5 percent (16.1 percent for males and 27.5 percent for females) during the same quarter of 2017. The highest unemployment rate among youth reached 47.3 percent for the categories of 15-19 years old, and 38.1 percent for those between 20-24 years.

□ Developments of GDP

- Despite continuing of the political and social unrest in the region, particularly in Syria and Iraq, that have strongly affected the performance of many key economic sectors, the real GDP grew by 2.0 percent during the first three quarters of 2018, compared to a growth rate of 2.2 percent during same period of 2017. When excluding “net taxes on products”, which grew by 1.3 percent, GDP at constant basic prices grew by 2.1 percent during the first three quarters of 2018, compared to 2.3 percent during the same period of 2017.

Quarterly Growth Rates of GDP at Market Prices 2016 - 2018					Percentages
	Q1	Q2	Q3	Q4	Year
2016					
GDP at Constant Market Prices	2.4	1.9	1.9	2.1	2.1
GDP at Current Market Prices	4.2	3.5	2.8	3.0	3.4
2017					
GDP at Constant Market Prices	2.5	2.3	1.9	1.9	2.1
GDP at Current Market Prices	4.3	3.5	4.0	3.7	3.9
2018					
GDP at Constant Market Prices	1.9	2.1	2.0	-	-
GDP at Current Market Prices	4.0	3.9	3.5	-	-

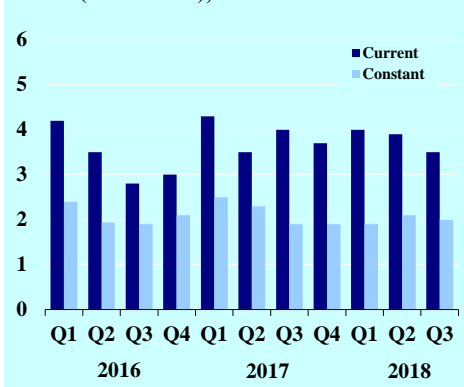
Source: Department of Statistics.

At current market prices, GDP grew by 3.8 percent during the first three quarters of 2018, compared to 3.9 percent growth during the same period of 2017. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.8 percent during the first three quarters of 2018. It should be noted that the Department of Statistics prepared and published the quarterly estimated GDP according to a new methodology that included the transition from the United Nations System of National Accounts (SNA) of 1968 and some concepts of the SNA 1993 to SNA 2008, as well as the adjustment of the base year to become 2016 instead of 1994.

The main sectors that contributed to the real economic growth during the first three quarters of 2018; “real estate” (0.4 percentage point), “manufacturing” (0.3 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point), and “community, social and personal services” (0.2 percentage point). These sectors collectively accounted for 75.0 percent of real GDP growth during the first three quarters of 2018.

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

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



GDP at Constant Market Prices *
Percentage

Sectors	Relative change		Contribution	
	First three quarters 2017	First three quarters 2018	First three quarters 2017	First three quarters 2018
GDP At Constant Market Prices	2.2	2.0	2.2	2.0
Agriculture, Hunting, Forestry, And Fishing	5.2	3.2	0.2	0.2
Mining And Quarrying	15.8	2.0	0.3	-
Manufacturing	1.1	1.5	0.2	0.3
Electricity And Water	2.6	2.3	0.1	0.1
Construction	0.1	-0.3	-	-
Wholesale And Retail Trade	1.5	1.3	0.1	0.1
Restaurant And Hotels	1.1	1.1	-	-
Transport, Storage And Communications	2.4	3.0	0.2	0.3
Finance And Insurance Services	4.0	3.6	0.3	0.3
Real Estate	2.6	2.6	0.4	0.4
Social And Personal	3.6	3.9	0.2	0.2
Producers of Government Services	0.9	1.1	0.1	0.1
Producers of Private Non-Profit	4.1	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. Some indicators recorded a notable growth, such as; “cargo through Royal Jordanian” (10.6 percent), “number of departures” (14.9 percent) and “mining and quarrying production quantity index” (0.5 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (23.8 percent) and “Manufacturing production quantity index” (7.0 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	-	Whole year	-
-2.4	-7.0	Manufacturing production quantity index	-		-
-4.9	-12.7	Food products and beverages	-		-
-3.1	-7.2	Tobacco products	-		-
-7.3	-16.9	Refined petroleum products	-		-
-6.3	-4.3	Wearing apparel	-		-
1.9	-5.6	Non-metallic mineral products	-		-
0.3	27.7	Chemical products	-		-
13.4	0.5	“Mining and quarrying” production quantity index	-		-
-13.8	-6.2	Extraction of crude petroleum and natural gas	-		-
13.6	0.6	Other mining and quarrying	-		-
6.9	3.8	Number of passengers through Royal Jordanian	-		-
8.4	10.6	Cargo through Royal Jordanian	-		-
7.3	7.4	Number of departures	5.2	January	14.9
-14.1	-13.0	Value traded at the real estate market	-14.2		-23.8

* : 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 2.0 percent during January 2019, compared to a rise of 3.0 percent during the same month of 2018. The main groups and items that witnessed an increase in their prices during January 2019:

- “Cereals and products” prices increased by 23.7 percent compared to a rise of 1.6 percent during the same period of 2018, as a result of the government’s decision taken in February 2018 to liberalize the prices of bread and the shift from goods subsidies to direct cash subsidies for the eligible households.
- “Vegetables and Legumes Dry and Canned” prices increased by 18.4 percent, compared to a contraction of 8.6 percent during January 2018.
- Housing prices increased by 2.1 percent compared to a rise of 3.0 percent during January 2018. This increase was mainly attributed to the increase in the prices of rents

Inflation rate during January (2011-2019)



Inflation rate during January of the years 2018 – 2019

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		January 2018	January 2019	January 2018	January 2019
All Items	100.00	3.0	2.0	3.0	2.0
1) Food and non-Alcoholic Beverages	33.36	-1.3	3.4	-0.4	1.0
Food	30.51	-1.6	3.6	-0.5	1.0
Cereals and Products	4.99	1.6	23.7	0.1	1.0
Meat and Poultry	8.24	0.4	-6.8	0.0	-0.5
Fish and Sea Product	0.82	0.5	-0.3	0.0	0.0
Dairy Products and Eggs	4.23	-6.8	0.7	-0.3	0.0
Oil and Fats	1.92	4.3	2.6	0.1	0.0
Fruits and Nuts	2.73	-2.1	-5.5	-0.1	-0.1
Vegetables and Legumes Dry and Canned	3.89	-8.6	18.4	-0.3	0.6
2) Alcohol and Tobacco and Cigarettes	4.43	21.2	0.2	0.9	0.0
3) Clothing and footwear	3.55	-0.2	-1.2	0.0	0.0
4) Housing	21.92	3.0	2.1	0.7	0.5
Rents	15.57	2.8	1.9	0.5	0.3
Fuels and Lighting	4.85	4.7	3.4	0.2	0.1
5) Household Furnishings and Equipment	4.19	1.9	1.0	0.1	0.0
6) Health	2.21	6.4	1.7	0.2	0.0
7) Transportation	13.58	8.7	0.4	1.2	0.1
8) Communication	3.50	1.9	0.0	0.1	0.0
9) Culture and Recreation	2.27	0.9	1.1	0.0	0.0
10) Education	5.41	1.4	2.9	0.1	0.2
11) Restaurants and Hotels	1.83	0.9	7.5	0.0	0.1
12) Other Goods and Services	3.75	4.0	0.9	0.2	0.0

Source: Department of Statistics.

item by 1.9 percent compared to a rise by 2.9 percent during January 2018, and the increase in the prices of “fuels and lighting” item by 3.4 percent compared to an increase of 4.7 percent, due to the addition of the fuel price difference item to the electricity bill as of the beginning of 2018.

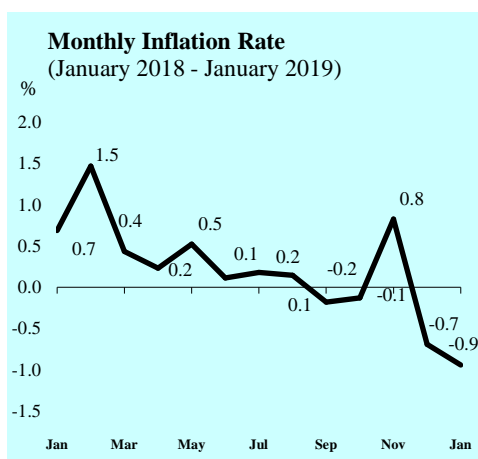
- Transportation prices increased by 0.4 percent compared to an increase by 8.7 percent during January 2018.
- “Education” prices increased by 2.9 percent compared to a rise of 1.4 percent during January 2018.

The above groups and items have collectively contributed to the inflation rate during January 2019 by 2.3 percentage points, compared to a contribution of 1.7 percentage points during the same period of 2018.

In contrast, prices of other groups and items witnessed contractions, mainly; “meat and poultry” (6.8 percent), “fruits and nuts” (5.5 percent), and “clothing and footwear” (1.2 percent).

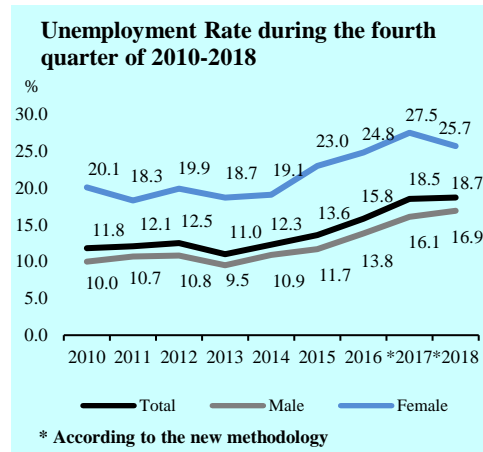
In January 2019, the CPI witnessed a decrease compared to December 2018 by 0.9 percent. The decrease was an outcome of the following:

- The decrease of the prices of most groups and items; mainly, “fuel and lighting” (1.2 percent), “vegetables and legumes dry and canned” (5.5 percent). “fruits and nuts” (3.9 percent), “transportation” (3.0 percent), “dairy products and eggs” (5.2 percent).
- The increase of the prices of some items, mainly; “meat and poultry” (1.4 percent), “oil and fats” (0.2 percent), and “cereals and products” (0.1 percent).



□ Labor Market

- The unemployment rate reached 18.7 percent (16.9 percent for males, and 25.7 percent for females) during the fourth quarter of 2018, compared to 18.5 percent (16.1 percent for males and 27.5 percent for females) during the same quarter of 2017.
- The unemployment among youth remains high at 47.3 percent for the categories of 15-19 years old, and 38.1 percent for those between 20-24 years.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 24.5 percent during the fourth quarter of 2018.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 35.8 percent (55.9 percent for males, and 15.2 percent for females), compared to 38.2 percent (60.1 percent for males and 16.3 percent for females) during the same quarter of 2017.
- The employment rate among population (15 years and older) reached 29.1 percent.



Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 727.6 million (2.4 percent of GDP) in 2018, comparing to a fiscal deficit of JD 747.9 million (2.6 percent of GDP) during 2017. When excluding foreign grants (JD 894.7 million), the general budget deficit widens to reach JD 1,622.3 million (5.4 percent of GDP), compared to a deficit of JD 1,455.8 million (5.0 percent of GDP) in 2017.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 818.6 million at the end of 2018, compared to its level at the end of 2017, to reach JD 16,220.7 million (53.9 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 220.3 million at the end of 2018, compared to its level at the end of 2017, to stand at JD 12,087.5 million (40.2 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 1,039.1 million to reach JD 28,308.3 million (94.0 percent of GDP) at the end of 2018, compared to JD 27,269.2 million (94.3 percent of GDP) at the end of 2017.
- Central government banks deposits decreased by JD 425.8 million at the end of 2018, compared to the end of 2017, to reach JD 1,407.7 million.
- Accordingly, net outstanding domestic public debt increased by JD 1,244.5 million to reach JD 14,813.1 million (49.2 percent of GDP) at the end of 2018. Moreover, net outstanding public debt increased by JD 1,464.9 million to reach JD 26,900.6 million (89.4 percent of GDP).

□ **The performance of the general budget during 2018 compared with the preceding year:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 251.3 million, or 23.3 percent, in December 2018 compared to the same month in 2017, to stand at JD 1,329.1 million. As for the whole year of 2018, public revenues went up by JD 414.3 million, or 5.6 percent, compared to 2017 to stand at JD 7,839.6 million. This came as a result of the increase in domestic revenues and foreign grants by JD 227.5 million, and JD 186.8 million, respectively.

Main Government Budget Indicators during 2018:

(JD Million and Percentages)

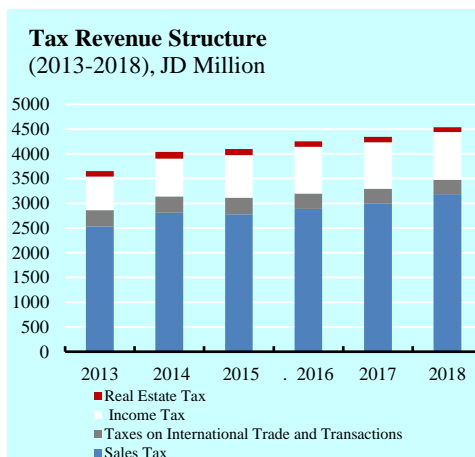
	December		Growth Rate	Jan. – Dec.		Growth Rate
	2017	2018		2017	2018	
Total Revenues and Grants	1,077.8	1,329.1	23.3	7,425.3	7,839.6	5.6
Domestic Revenues, of which:	609.9	746.8	22.4	6,717.4	6,944.9	3.4
Tax Revenues, of which:	332.1	433.5	30.5	4,343.6	4,535.6	4.4
General Sales Tax	260.8	307.6	17.9	2,993.5	3,184.6	6.4
Other Revenues	276.5	312.0	12.8	2,362.2	2,398.4	1.5
Foreign Grants	467.9	582.3	24.4	707.9	894.7	26.4
Total Expenditures, of which:	916.0	1,082.0	18.1	8,173.2	8,567.3	4.8
Capital Expenditures	257.6	260.9	1.3	1,060.2	947.7	-10.6
Overall Deficit/ Surplus (Including Grants)	161.9	247.3	-	-747.9	-727.6	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-2.6	-2.4	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 227.5 million, or 3.4 percent, in 2018 compared to 2017 to reach JD 6,944.9 million. This increase was an outcome of the rise in the proceeds of “tax revenues” and “other revenues” by JD

192.0 million and JD 36.2 million, respectively, and the drop in pension contributions by JD 0.7 million.

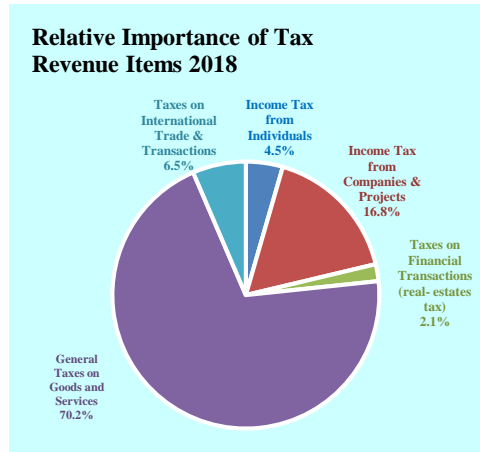


- **Tax Revenues**

Tax revenues increased by JD 192.0 million, or 4.4 percent, during 2018 compared to 2017 to reach JD 4,535.6 million (65.3 percent of domestic revenues). Following are the main developments in tax revenue items:

- An increase in the proceeds of **general sales tax on goods and services** by JD 191.1 million, or 6.4 percent, to reach JD 3,184.6 million, accounting for 70.2 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 127.8 million, on commercial sector by JD 76.1 million, and on services by JD 52.7 million. However, the proceeds of sales tax on imported goods were down by JD 65.7 million.
- An increase in the proceeds of **income and profit taxes** by JD 27.0 million, or 2.9 percent, to reach JD 965.0 million, accounting for 21.3 percent of total tax revenues. This increase was an outcome of the rise in the proceeds of income tax on “companies and projects” by JD 19.6 million, or 2.6 percent, and from individuals by JD 7.5 million, or 3.8 percent, to reach JD 202.8 million. Income tax from companies and projects accounted for 79.0 percent of total proceeds of income and profits taxes, amounting to JD 762.3 million. It is worth mentioning that the net profits of public shareholding companies listed in the Amman Stock Exchange rose by 44.7 percent during 2018 compared to 2017, to reach JD 1,170.0 million in 2018, compared to JD 809.0 million in the year before.

- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 11.4 million, or 3.7 percent, to reach JD 292.9 million.



- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 14.7 million, or 13.6 percent, to reach JD 93.0 million.

● Non-Tax Revenues

- “Other revenues” increased by JD 36.2 million, or 1.5 percent, in 2018 to reach JD 2,398.4 million. This increase was chiefly due to the following:
 - An increase in miscellaneous revenues by JD 103.4 million to stand at JD 1,191.5 million.
 - A decrease in revenues from selling goods and services by JD 14.3 million to reach JD 901.8 million.
 - A decrease in the property income by JD 52.9 million to stand at JD 305.1 million (of which financial surplus of independent government units amounted to JD 271.3 million against JD 319.4 million in 2017).
- Pension contributions witnessed a decrease of JD 0.7 million, in 2018 compared to 2017, standing at JD 10.9 million.

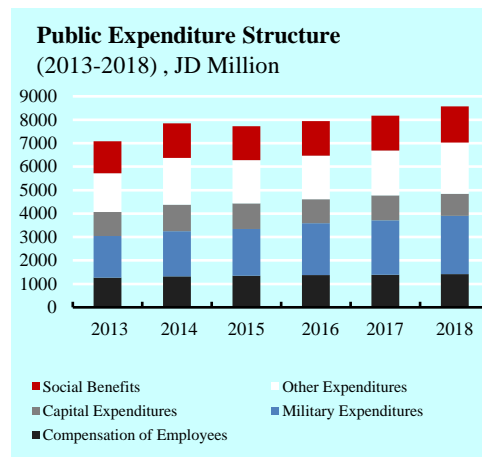
◆ Foreign Grants

Foreign grants increased by JD 186.8 million, or 26.4 percent, in 2018, standing at JD 894.7 million compared to JD 707.9 million in 2017.

■ Public Expenditures

Public expenditures increased by JD 166.0 million, or 18.1 percent, in December 2018 compared to the same month in 2017, to stand at JD 1,082.0 million. However, public expenditures increased by JD 394.1 million, or 4.8 percent, during

2018 to stand at JD 8,567.3 million. This increase was an outcome of the rise in current expenditures by 7.1 percent, and the decrease in capital expenditures by 10.6 percent.

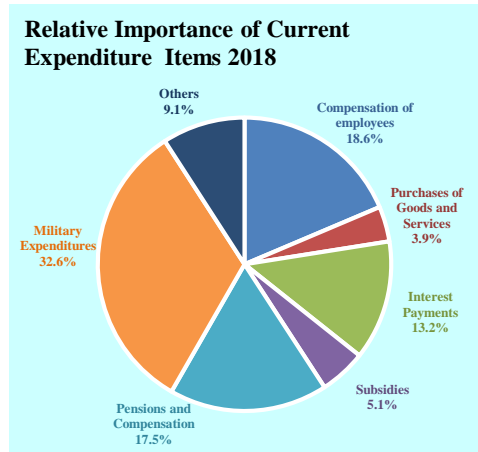


◆ Current Expenditures

Current expenditures went up by JD 506.6 million, or 7.1 percent, in 2018 to reach JD 7,619.6 million (88.9 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 91.1 percent, against 94.4 percent in 2017. The increase in current expenditures is due to the rise in most of its components, as follow:

- An increase in military expenditures by JD 157.0 million, to total JD 2,482.1 million.
- An increase in interest payments (commitment basis) by JD 148.2 million, to stand at JD 1,004.4 million.
- An increase in subsidies by JD 99.9 million, to stand at JD 391.4 million.
- An increase in pensions and compensation by JD 54.4 million, to stand at JD 1,331.5 million.

- An increase in the compensation of civil sector’s employees (wages, salaries and social security contributions) by JD 33.4 million, to reach JD 1,418.9 million.



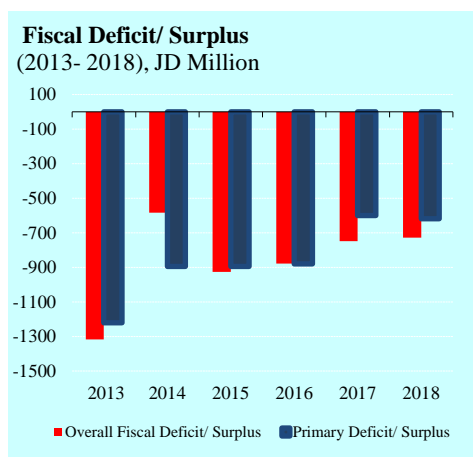
- However, the purchases of goods and services decreased by JD 84.1 million, to reach JD 295.5 million.

◆ **Capital Expenditures**

Capital expenditures decreased by JD 112.5 million, 10.6 percent, during 2018 compared to 2017, to reach JD 947.7 million.

■ General Budget Deficit/ Surplus

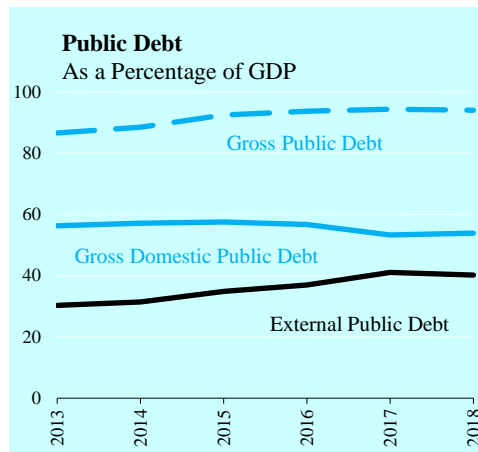
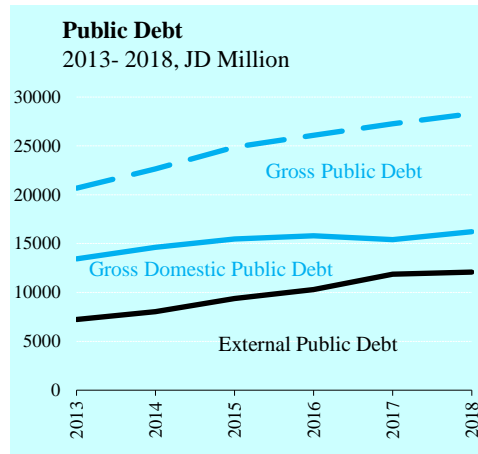
- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 727.6 million during 2018, a decrease of JD 20.3 million, compared to a fiscal deficit of JD 747.9 million during 2017. As a percent of GDP, the budget deficit reached 2.4 percent compared to 2.6 percent in 2017.



- ◆ When foreign grants are excluded, the general budget deficit widens to reach JD 1,622.3 million (5.4 percent of GDP) during 2018, compared to a fiscal deficit of JD 1,455.8 million (5.0 percent of GDP) in 2017.
- ◆ The general budget recorded a primary deficit (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 618.0 million (2.1 percent of GDP) during 2018, against a primary deficit of JD 599.6 million (2.1 percent of GDP) in 2017.
- ◆ When foreign grants are included, the primary surplus of the general budget reached JD 276.7 million (0.9 percent of GDP), compared to a primary surplus of JD 108.3 million (0.4 percent of GDP) in 2017.

Public Debt

Gross outstanding domestic public debt increased by JD 818.6 million, at the end of 2018 compared to its level at the end of 2017, to stand at JD 16,220.7 million (53.9 percent of GDP compared to 53.3 percent of GDP at the end of 2017). This increase was a result of the rise in the domestic public debt of the general budget by JD 805.5 million, and the increase in the domestic public debt of own-budget agencies by JD 13.2 million compared to their levels at the end of 2017, standing at JD 13,352.3 million and



JD 2,868.5 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 881.4 million, compared to its level at the end of 2017 to reach JD 13,075.3 million. Whereas the outstanding balance of loans and advances provided by the CBJ to the central government decreased by JD 80.0 million, compared to its level at the end of 2017 to reach JD 271.7 million. Moreover, the increase in the domestic public debt of own-budget agencies was driven by the increase in the loans and

advances extended to these institutions by JD 60.2 million, compared to their level at the end of 2017 to reach JD 2,258.0 million. Whereas the independent institutions' bonds decreased by JD 47.0 million, compared to the end of 2017 to reach JD 610.5 million.

- The balance of the external public debt (budget and guaranteed) went up by JD 220.3 million at the end of 2018, compared to its level at the end of 2017, to reach JD 12,087.5 million (40.2 percent of GDP compared to 41.1 percent of GDP at the end of 2017). 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 8.5 percent. However, the Japanese Yen 6.0 percent, SDR accounted for (5.6 percent), and Kuwaiti Dinar (5.3 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 1,039.1 million at the end of 2018 to stand at JD 28,308.3 million (94.0 percent of GDP), compared to JD 27,269.2 million (94.3 percent of GDP) at the end of 2017.
- On the other hand, government deposits with the banking system declined by JD 425.8 million at the end of 2018, compared to the end of 2017, to reach JD 1,407.7 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 1,244.5 million to reach JD 14,813.1 million (49.2 percent of GDP compared to 46.9 percent of GDP at the end of 2017). Whereas, net public debt increased by JD 1,464.9 million to stand at JD 26,900.6 million, accounting for 89.4 percent of GDP compared to 88.0 percent of GDP at the end of 2017.

- External debt service (budget and guaranteed) increased by JD 120.4 million during 2018, compared to 2017, to reach JD 1,300.1 million (including principal payments of JD 921.9 million and interest of JD 378.2 million).

□ Fiscal and Price Measures of 2019

◆ March

- The Oil Derivatives Pricing Committee decided to increase the prices of all oil derivatives but kerosene and liquid gas cylinder for households, as follows:

Development of Oil Derivatives Price

	Unit	2019		Percentage Change
		February	March	
Unleaded Gasoline 90	Fils/Liter	695	720	3.6
Unleaded Gasoline 95	Fils/Liter	905	940	3.9
Unleaded Gasoline 98	Fils/Liter	1,055	1,090	3.3
Gas Oil (Diesel)	Fils/Liter	560	600	7.1
Kerosene	Fils/Liter	560	560	0.0
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	391.2	415.7	6.3
Fuel for airplanes (local companies)	Fils/Liter	418	439	5.0
Fuel for airplanes (foreign companies)	Fils/Liter	423	444	5.0
Fuel for unplanned flights	Fils/Liter	438	459	4.8
Asphalt	JD/Ton	382.5	408.5	6.8

Source: Jordan Petroleum Refinery Company (1/3/2019).

- 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.
- **Fiscal and Price Measures of 2018**
- ◆ **December**
- The cabinet approved the income tax law for the year 2018, to be effective starting the first of January 2019.

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 18 fils instead of 22 fils, starting in December, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ November

- The Cabinet approved the regulations for the supervision of gold, silver and platinum jewelry No. (4) for the year 2018, which amend instructions No. (1) of 2018 and No. (9) of 2016. The amendment includes a reduction of fees charged by Jordan Standards and Metrology Organization, of which:
 - JD 350 for stamping one kilogram of local gold jewelry.
 - JD 850 for stamping one kilogram of imported gold jewelry.
 - JD 1000 for stamping one kilogram of imported or local platinum jewelry.

◆ September

- The Cabinet amended the supplement of the General Sales Tax Law by exempting fresh food commodities (fruits and vegetables) from general sales tax, which was subject to sales tax of 10 percent, and reducing the sales tax rate to 4 percent instead of 10 percent on agricultural products. In addition, the Cabinet exempted agricultural production inputs from the general sales tax.
- The Cabinet approved a new version of the draft law that amends the Income Tax Law No. 34 of 2014 (the first version was withdrawn in June). The new version aims to reform tax system, stimulate economic growth; financial stability; development; job creation in the provinces, and realize social justice as well as equality in the distribution of tax burden, through increasing the progressivity of the tax rates, in addition to fighting tax evasion and assaulting on public money.

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 22 fils instead of 24 fils, starting in July, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ July

- The cabinet decided to decrease the special tax on hybrid vehicles with 2500cc engines and less, as follows:
 - Reduce the special tax on hybrid vehicles, to become:
 - 30 percent starting from 1/7/2018 to 31/12/2018.
 - 35 percent starting from 1/1/2019 to 31/12/2019.
 - 40 percent starting from 1/1/2020 to 31/12/2020.
 - 45 percent starting from 1/1/2021 to 31/12/2021.
 - Reduce the special tax of scrapping old fuel-run cars and exchanging them for hybrid vehicles, to become as follows:
 - 12.5 percent starting from 1/7/2018 to 31/12/2018.
 - 20 percent starting from 1/1/2019 to 31/12/2019.
 - 25 percent starting from 1/1/2020 to 31/12/2020.
 - 30 percent starting from 1/1/2021 to 31/12/2021.
 - Amend the special tax imposed for each car ride are imported by weight, as follows:
 - JD 350 for each car less than 1000 Kg.
 - JD 500 for each car higher than 1000 Kg to 1250 Kg.
 - JD 1000 for each car higher than 1250Kg to 1500Kg.
 - JD 1500 for each car higher than 1500Kg.
- The Energy and Minerals Regulatory Commission decided to adjust fuel price bands item, which is included in the electricity bill, to become 24 fils instead of 17 fils, starting in July, while continuing to exempt families consuming less than 300 kilowatts per month.

- The cabinet decided to implement the decision, which was taken in February 2017, on the Prime Minister and Ministers, starting from July 1, 2018, until the end of this year. The previous decision include the deduction of 10 percent of any monthly salaries exceeding JD 2,000 for all public sector employees.

◆ June

- The cabinet decided to withdraw the draft law amending the income Tax Law No 34 for the year 2014. The decision comes in line with the Royal directives contained in the letter of Designation, which stressed the need for a comprehensive review of the tax system and the tax burden in an integrated manner.
- Issuance of Royal Decree to freeze the price hikes on fuel derivatives and the charges on oil prices item in the electricity bill for month of June, and to maintain the prices as they were in May, in order to alleviate the economic burdens on citizens during the holy month of Ramadan.

◆ May

- The Energy and Minerals Regulatory Commission decided to adjust fuel price bands item, which is included in the electricity bill, to become 17 fils instead of 15 fils, starting in May, while continuing to exempt families consuming less than 300 kilowatts per month.
- The government, in a cabinet meeting approved a draft law amending the Income Tax Law No. 34 of 2014. The new law aims at addressing avoidance, tax evasion, improving tax administration and expanding the tax base.

◆ April

- The Energy and Minerals Regulatory Commission decided to raise fuel price bands item, included in the electric bill, to become 15 fils instead of 14 fils, starting in April, while continuing to exempt the household slide that consumes less than 300 kilowatts per month.

- The Cabinet decided to reduce the customs tariff on A4 writing and printing paper, to become 5 percent instead of 10 percent.

◆ March

- The Energy and Minerals Regulatory Commission decided to amend fuel price bands item, included in the electric bill, to become 14 fils instead of 12 fils, starting in March, while continuing to exempt the household that consumes less than 300 kilowatt per month.
- The Cabinet decided to exempt the jewelry such as gold, silver and others from goods and services tax, instead to impose a 5 percent.
- The Cabinet approved the instructions No. (1) for the year 2018 that are amending the supervision instructions on gold, silver and platinum jewelry No. (9) of 2016. The amending includes raising the fees charged by the Jordan Standards and Metrology Organization for providing services, of which:
 - JD 750 for stamping one kilogram of local gold jewelry.
 - JD 1,750 for stamping one kilogram of imported gold jewelry.
 - JD 100 for stamping one kilogram of imported silver jewelry.
 - JD 2,000 for stamping kilogram of platinum jewelry.

◆ February

- The Director General of Land Transport Regulatory Commission (LTRC) decided to raise the public transport fares by 10 percent as of 7/2/2018. The decision covers medium and large public buses and all taxis.

- The Energy and Minerals Regulatory Commission decided to amend fuel price bands item, included in the electric bill, to become 12 fils instead of 4 fils, starting in February, while continuing to exempt the household that consumes less than 300 kilowatt per month.
- The Cabinet decided to impose a zero rate sales tax on books, newspapers, periodicals, children's picture books, drawing and coloring books.

◆ January

- The cabinet adopted a bundle of fiscal measures, including the following:
 - Determine the price of flour by JD 222 per ton, and prices of bread in bakeries, as follows:
 - JD 0.40 for small pita bread per kilogram.
 - JD 0.32 for large pita bread per kilogram.
 - JD 0.35 for arabic bread (Mashrouh) per kilogram.
 - Raise sales tax to become 10 percent on exempted sales and subordinated from sales tax (zero and 4 per cent). The taxes on essential commodities remained unchanged.
 - Impose an excise tax 20 piasters has been added on cigarette packets.
 - Cancel the exemption on hybrid cars, which the government began to apply in 2012, to become the special tax on hybrids 55 percent instead of 25 percent if the hybrid vehicle is purchased without removing an old vehicle. If an old vehicle is written off and replaced with a hybrid, the tax rate will be 40 percent instead of 12.5 percent.
 - Impose fees for each car ride are imported by weight, as follows:
 - JD 500 for each car less than 1000 Kg.
 - JD 750 for each car higher than 1000 Kg to 1250 Kg.

- JD 1000 for each car higher than 1250Kg to 1500Kg.
- JD 1500 for each car higher than 1500Kg.
- Raising the special tax on gasoline 95 & 98 to become 30 percent.
- Raising the special tax on soft drinks to become 20 percent.
- decreasing fee for the ownership transfer of any vehicle from one person to another for both individuals and corporate (except public, agricultural and construction vehicles), as follows:

□ Grants, Loans and Other Agreements for 2019

◆ March

- Signing a loan agreement with the European Investment Bank (EIB) in the amount EUR 65 million, to finance the improvement of water supply systems in the Deir Alla and Al Karamah districts of the Jordan Valley.
- Signing a memorandum of understanding with the Agence Française de Développement (AFD), to provide a financing package for Jordan and committing 1 billion euros over the period 2019-2022, as follow:

Engine category CC	Vehicles aged 10 years or less		Vehicles older than 10 years Fees in JD	
	Previous Fees	Current Fees	Previous Fees	Current Fees
Less than 1500	50	40	40	30
Higher than 1500 to 2000	100	80	80	60
Higher than 2000	400	200	120	100

- EUR 650 million, as soft loans to support the general budget, with 400 million euros (100 million euros each year), and 250 million euros 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.

□ Grants, Loans and Other Agreements for 2018

◆ December

- Signing a grant agreement provided by the China in the amount of USD 11.5 million. to finance the supply of 10 sets of cargo and baggage X-ray scanners at the Jordanian border crossings.
- Signing a two soft loans agreements with the German Development Bank (KfW), in the amount of EUR 97 million, to finance two vital projects in the water sector.
- Signing an agreement with the Saudi Fund for Development (SFD) under which the latter would reschedule 19 loan repayments worth USD 114 million owed by the government over a period of 20 years, in addition to a 5-year grace period.
- Signing a grant agreement provided by the United States and Denmark in the amount of USD 14 million, to support the health sector to ease the financial strain on the Ministry of Health as a result of the influx of Syrian refugees into the Kingdom.
- Signing a grant agreement provided by the European union in the amount of EUR 6.5 million, to finance the project of developing Karamah border crossing with Iraq, aims at improving the security procedures and facilitating the movement of passengers and goods at the crossing.
- Signing a grant agreement provided by the European union in the amount of EUR 30.6 million, to build ten new schools in Jordan.

◆ November

- Signing a soft loans agreement provided by Japan government in the amount USD 300 million to three-year, of aimed at supporting economic stability, the business environment and job creation in the Kingdom.

◆ October

- Signing a soft loans agreement provided by German government in the amount of EUR 86 million, to support General Budget and Jordan's economic reforms, as a part of the minutes of the talks, including grants and soft loans in the amount of EUR 462.1 million, to finance development projects and grants to support Syrian refugees.
- Signing a grant agreement provided by the European Union in the amount of EUR 50 million, to support rule of law initiatives in Jordan.
- Signing agreements and memorandums of understanding between Jordan and the Kingdom of Saudi Arabia, United Arab Emirates, and Kuwait, as an outcome of the Mecca summit pledges held in June 2018, to support Jordan to face its economic challenges resulting from the regional stability and its negative repercussions on the national economy, as well as maintain monetary stability. As follow by each country:
 - **The Kingdom of Saudi Arabia**
 - A grant agreement in the amount USD 250 million for five years to finance development projects in the General Budget Law.
 - **United Arab Emirates**
 - Submission of deposit in the Central Bank of Jordan worth USD 333.3 million.
 - A grant in the amount USD 250 million for five years to Support General Budget.
 - A development loan in the amount USD 50 million for development projects.
 - World Bank guarantees for Jordan to a maximum amount of USD 200 million.

- **Kuwait**

- Submission of deposit in the Central Bank of Jordan worth USD 500 million on preferential terms.
- A loan program in the amount USD 500 million for five years, of which USD 100 million yearly begin from 2019/2020, to finance development / capital projects in the General Budget.
- Initial Rescheduling Agreement of Kuwait Fund debt on Jordan in the amount of USD 300.7 million. The agreement provides for the rescheduling of the Fund's debt on the Government of Jordan which was not settled by 31 Dec. 2018. The agreement concerns 17 loans with a total value of KWD 91.1 million, which is approximately USD 300.7 million. The debt would be settled over 40 years with a grace period of 15 years at an interest rate of 1%.

- ◆ **September**

- Signing three financing agreements provided by the German government in the amount of EUR 115 million , to support the water and education sectors, of which by EUR 20 million within the new commitment Germany government for this year, and soft loan agreement in the amount of EUR 95 million under the Germany commitment in 2017.
- Signing a grant agreement provided by the Chinese government in the amount USD 31.5 million to finance the project of enlarging and rehabilitating the Sult- Ardhah road.
- Signing a grant agreement provided by the U.S. Trade and Development Agency (USTDA) in the amount USD 900 thousand to develop the Smart City in Amman in cooperation with Greater Amman Municipality.

◆ March

- Signing two grant agreements worth EUR 20 million to support economic growth and partnerships. The first grant agreement will be allocated for the “Trade-for-Development” project to enhance inclusive economic growth in the Kingdom, in the amount of EUR 10 million. The second grant, which has the same amount, will be used to finance the project “Support the Implementation of the Partnership Priorities in Jordan”.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 7.9 percent in December 2018 compared to the same month of 2017 to reach JD 551.4 million. As for 2018, total merchandize exports increased by 3.5 percent compared with 2017 to reach JD 5,518.4 million.
- **Merchandize imports** decreased by 7.3 percent in December 2018 compared to the same month of 2017 to reach JD 1,271.6 million. As for 2018, merchandize imports decreased by 1.4 percent compared with 2017 to reach JD 14,353.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 16.3 percent in December 2018 compared to the same month of 2017; standing at JD 720.2 million. As for 2018, the trade balance deficit decreased by 4.2 percent compared with 2017 to reach JD 8,834.7 million.
- **Travel receipts** increased by 9.1 percent in January 2019 compared to the same month of 2018 to reach JD 324.7 million. While travel payments increased by 4.1 percent in January 2019 compared to the same month of 2018 to reach JD 76.0 million.
- **Total workers' remittances receipts** increased by 4.4 percent in January 2019 compared to the same month of 2018 to reach JD 228.1 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 1,971.2 million (9.0 percent of GDP) during the first three quarters of 2018 compared to a deficit of JD 2,376.0 million (11.2 percent of GDP) during the same period of 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.2 percent of GDP during the first three quarters of 2018 compared with 12.3 percent of GDP during the same period of 2017.

- **Net direct investment** recorded an inflow of JD 538.9 million during the first three quarters of 2018, compared to JD 1,171.8 million during the same period of 2017.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 31,654.0 million at the end of the third quarter of 2018, compared to JD 29,432.7 million at the end of 2017.

□ External Trade

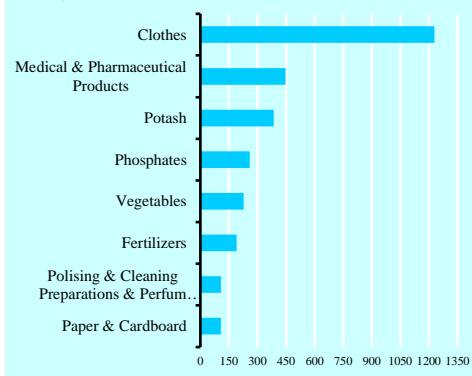
- As a result of the increase in domestic exports by JD 164.2 million and the decrease in imports by JD 200.5 million during 2018, the volume of external trade (domestic exports *plus* imports) decreased by JD 36.3 million to stand at JD 19,021.6 million compared to 2017.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
January- December				January- December			
	2017	2018	Percentage Change		2017	2018	Percentage Change (%)
Exports				External Trade	19,057.9	19,021.6	-0.2
USA	1112.6	1,228.5	10.4	Total Exports	5,333.1	5,518.5	3.5
Saudi Arabia	571.5	502.2	-12.1	Domestic Exports	4,504.2	4,668.4	3.6
India	382.7	483.9	26.4	Re-exports	828.9	850.1	2.6
Iraq	367.8	466.0	26.7	Imports	14,553.7	14,353.2	-1.4
UAE	203.5	185.2	-9.0	Trade Balance	-9,220.6	-8,834.7	-4.2
Kuwait	239.8	171.3	-28.6	Source: Department of Statistics.			
Qatar	114.6	98.4	-14.1				
Imports							
Saudi Arabia	1,954.1	2,392.3	22.4				
China	1,963.1	1,963.9	0.0				
USA	1,420.3	1,252.5	-11.8				
Germany	639.3	659.6	3.2				
UAE	705.6	584.7	-17.1				
Turkey	484.3	547.5	13.0				
Italy	589.2	445.5	-24.4				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports increased by 3.5 percent during 2018, to reach JD 5,518.5 million. This increase resulted from an increase in domestic exports by JD 164.2 million, or 3.6 percent to reach JD 4,668.4 million and an increase in re-exports by JD 21.2 million, or 2.6 percent to reach JD 850.1 million.

**Major Exports by Commodity
2018, JD Million**



◆ The developments of domestic exports during 2018 compared with 2017 reveals the following:

- Exports of **Clothes** increased by JD 127.4 million, or 11.6 percent, to stand at JD 1,228.9 million. The USA market accounted for 87.8 percent of these exports.
- Exports of **Potash** increased by JD 53.4 million, or 16.1 percent, to stand at JD 384.4 million. The markets of India, China, Malaysia and Egypt accounted for 65.3 percent of these exports.
- Exports of **Fertilizers** increased by JD 40.9 million, or 27.6 percent, to reach JD 189.3 million. The markets of India, Turkey and Sudan accounted for 74.4 percent of these exports.

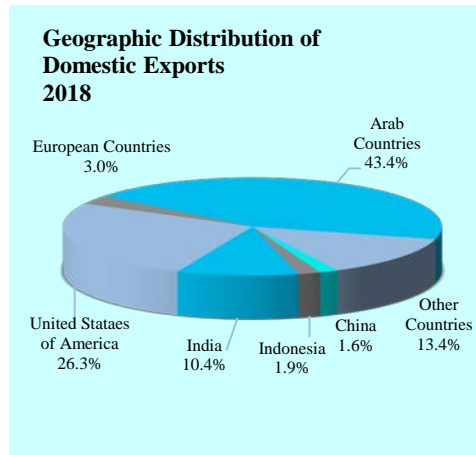
- Exports of **Vegetables** decreased by JD 55.9 million or 19.8 percent to stand at JD 226.4 million. Saudi Arabia, Kuwait and the UAE were the main destination markets for these export, accounting for 68.4 percent.
- Exports of **Phosphates** decreased by JD 22.9 million or 8.1 percent to reach JD 259.1 million, this decrease was an outcome of the decrease in quantities by 21.0 percent and the increase in prices by 16.3 percent. It is worth noting that India and Indonesia were the main markets for phosphate exports, accounting for 91.3 percent.
- Exports of **Paper and cardboard** decreased by JD 1.7 million, or 1.5 percent, to reach JD 108.4 million. Saudi Arabia, Iraq, Lebanon were the main destination markets; accounting for 68.9 percent of these exports.

Major Domestic Exports by Commodity, JD Million 2018

	2017	2018	Percentage Change
Domestic Exports	4,504.2	4,668.4	3.6
Clothes	1,101.5	1,228.9	11.6
USA	967.4	1,079.3	11.6
Medical & Pharmaceutical Products	447.0	446.8	0.0
Saudi Arabia	115.6	87.8	-24.0
Iraq	60.3	84.6	40.3
Algeria	45.0	50.1	11.3
UAE	37.3	36.5	-2.1
Potash	331.0	384.4	16.1
India	89.3	103.3	15.7
China	83.9	63.9	-23.8
Malaysia	27.5	42.0	52.7
Egypt	30.4	42.0	38.2
Phosphates	282.0	259.1	-8.1
India	178.7	181.3	1.5
Indonesia	68.1	55.2	-18.9
Vegetables	282.3	226.4	-19.8
Saudi Arabia	72.1	61.8	-14.3
Kuwait	53.5	53.2	-0.6
UAE	60.2	39.8	-33.9
Fertilizers	148.4	189.3	27.6
India	36.2	90.5	150.0
Turkey	40.0	29.8	-25.5
Sudan	7.2	20.5	184.7
Polishing & cleaning preparations & perfume materials	91.5	108.5	18.6
Iraq	45.8	59.2	29.3
Saudi Arabia	19.0	27.1	42.6
Paper and cardboard	110.1	108.4	-1.5
Saudi Arabia	53.2	38.2	-28.2
Iraq	21.9	31.2	42.5
Lebanon	5.1	5.3	3.9

Source: Department of Statistics.

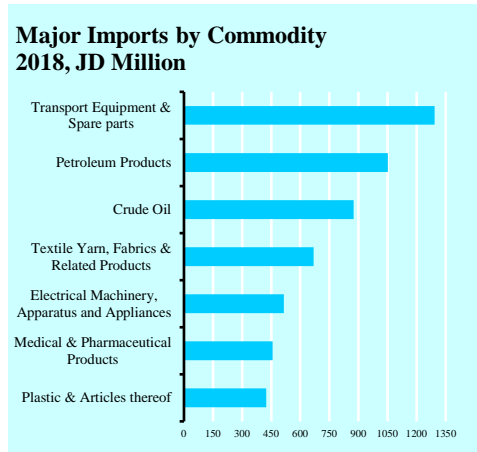
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, “medical and



pharmaceutical products” potash, phosphates, vegetables, fertilizers, “Polishing & Cleaning preparation & Perfume” and “paper and cardboard” topped the list of domestic exports during 2018; accounting for 63.2 percent, compared with 62.0 percent during 2017. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, the UAE, Kuwait and Qatar were the main destination markets during 2018; accounting for 67.2 percent, compared with 66.4 percent during 2017.

■ **Merchandise Imports:**

Merchandise imports decreased by 1.4 percent to reach JD 14,353.2 million during 2018, compared to an increase by 6.1 percent during 2017.



◆ **The developments of imports during 2018 compared with 2017 reveals the following:**

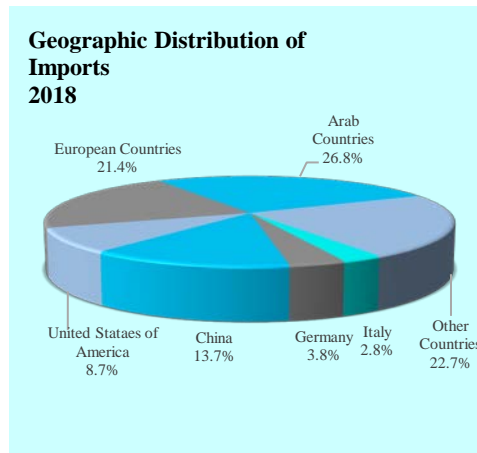
- **Transport Equipment & Spare Parts** imports decreased by JD 341.7 million or 20.9 percent to reach JD 1,293.2 million. The USA, Germany and Mexico were the main origin markets, accounting for 51.8 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports decreased by JD 10.0 million or 1.9 percent to reach JD 515.3 million. China, Turkey and Italy were the main origin markets accounting for 56.5 percent of these imports.
- **Petroleum Products** import increased by JD 288.1 million or 37.7 percent to reach JD 1,051.7 million. Saudi Arabia, Latvia and the UAE were the main markets, accounting for 79.1 percent of these imports.

- **Crude Oil** imports increased by JD 99.0 million, or 12.7 percent, to reach JD 875.8 million. This increase was mainly outcome from a decrease in imported quantities by 15.8 percent and an increase in prices by 33.8 percent. Noting that 96.6 percent of crude oil imports came from Saudi Arabia.
- **Plastic & Articles thereof** imports increased by JD 19.7 million or 4.9 percent to reach JD 424.6 million. Saudi Arabia, China and the UAE were the main origin markets accounting for 70.1 percent of these imports.
- **Medical & Pharmaceutical Products** imports increased by JD 17.1 million or 3.9 percent to stand at JD 457.1 million. Germany, the USA and France were the main markets, accounting for 35.3 percent of these imports.

Major Imports by Commodity, JD Million 2018			
	2017	2018	Percentage Change
Total Imports	14,553.7	14,353.2	-1.4
Transport Equipment & Spare Parts	1,634.8	1,293.2	-20.9
USA	372.6	284.7	-23.6
Germany	200.8	195.4	-2.7
Mexico	198.5	190.3	-4.1
Petroleum Products	763.6	1,051.7	37.7
Saudi Arabia	276.4	506.4	83.2
Latvia	-	165.3	-
UAE	106.5	160.5	50.7
Crude Oil	776.8	875.8	12.7
Saudi Arabia	776.8	845.8	8.9
Textile Yarn, Fabrics and Related Products	655.5	668.9	2.0
China	254.4	295.0	16.0
Taiwan	197.5	164.5	-16.7
Turkey	62.4	60.0	-3.8
Electrical Machinery Apparatus and Appliances	525.3	515.3	-1.9
China	222.6	201.7	-9.4
Turkey	45.4	57.8	27.3
Italy	34.9	31.4	-10.0
Medical & Pharmaceutical Products	440.0	457.1	3.9
Germany	59.1	62.8	6.3
USA	52.6	54.6	3.8
France	51.5	44.0	-14.6
Plastic & Articles thereof	404.9	424.6	4.9
Saudi Arabia	211.3	230.7	9.2
China	26.6	37.2	39.8
UAE	29.8	29.7	-0.3

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “transport equipment and spare part”, “petroleum products”, “crude oil”, “electrical machinery apparatus



and appliances”, “textile yarn, fabrics and related products” and “medical and pharmaceutical products”, and “Plastic Articles thereof”, topped the list of imports during 2018, accounting for 36.8 percent; compared to 35.7 percent during 2017. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Germany, the UAE, Turkey, and Italy were the main source markets during 2018; accounting for 54.7 percent of imports, compared to 53.3 percent during 2017.

■ Re-Exports

The value of re-exported goods in December 2018 decreased by JD 0.7 million, or 0.9 percent, compared to the same month of 2017, to stand at JD 75.7 million. As for 2018, the value of re-exported goods increased by JD 21.2 million, or 2.6 percent compared to 2017 to reach JD 850.1 million.

■ Trade Balance

The trade balance deficit decreased by JD 140.5 million, or 16.3 percent in December 2018 compared to the same month of 2017, to reach JD 720.2 million. As for 2018, trade balance deficit decreased by JD 385.9 million, or 4.2 percent, to register JD 8,834.7 million, compared to 2017.

□ Total Workers' Remittances Receipts

- Total workers' remittances receipts increased by 4.4 percent in January 2019 compared to the same month of 2018, to register JD 228.1 million.

□ Travel**■ Receipts**

Travel receipts increased by JD 27.2 million, or 9.1 percent, in January 2019 compared to the same month of 2018, to register JD 324.7 million.

■ Payments

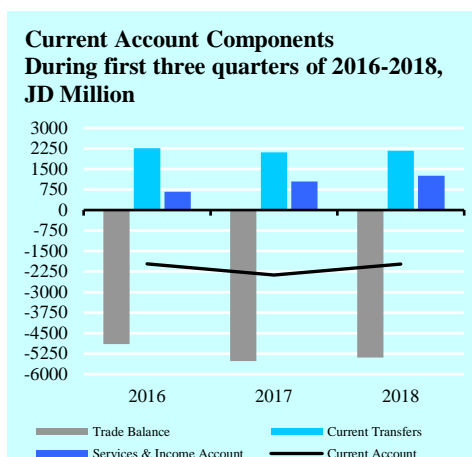
Travel payments increased by JD 3.0 million, or 4.1 percent, in January 2019 compared to the same month of 2018, to stand at JD 76.0 million.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1,971.2 million (9.0 percent of GDP) compared to a deficit of JD 2,376.0 million (11.2 percent of GDP) during the first three quarters 2017. Meanwhile, the current account deficit excluding grants decreased to reach JD 2,249.4 million (10.2 percent of GDP) during the first three quarters of 2018 compared to JD 2,617.3 million (12.3 percent of GDP) during the first three quarters 2017. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit during the first three quarters 2018 by JD 131.6 million, or 2.4 percent, to reach JD 5,394.0 million compared to JD 5,525.6 million during the same period of 2017.



- ◆ An increase in the services account surplus compared to the first three quarters of 2017 by JD 198.8 million, to reach JD 1,325.0 million.
- ◆ A decrease in the primary income account deficit by JD 20.6 million, to reach JD 65.0 million during the first three quarters of 2018 compared to a deficit of JD 85.6 million during the same period of 2017. This was mainly due to a decrease in deficit of the investment income (net) by JD 26.7 million, and a decrease in the surplus of “compensation of employees (net)” by JD 6.1 million.
- ◆ An increase in the secondary income surplus by JD 53.8 million to reach JD 2,162.8 million compared to JD 2,109.0 million during the first three quarters of 2017, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 36.9 million to reach JD 278.2 million, and the increase in the net surplus transfers of other sectors by JD 16.9 million to reach JD 1,884.6 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 41.3 million during the first three quarters 2018 compared to a net inflow of JD 18.0 million during the first three quarters 2017. Meanwhile, the financial account registered a net inflow of JD 2,433.3 million during the first three quarters 2018 compared to a net inflow of JD 2,448.0 million during the same period of 2017, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 538.9 million compared to a net inflow of JD 1,171.8 million during the same period of 2017.
 - ◆ Portfolio investment recorded a net outflow of JD 77.7 million compared to a net inflow of JD 30.4 million during the same period of 2017.
 - ◆ Other investment registered a net inflow of JD 699.0 million compared to a net outflow of JD 7.2 million during the same period of 2017.
 - ◆ A decrease in the reserve assets of the CBJ by JD 1,273.1 million, compared to a decrease of JD 1,253.0 million during the same period of 2017.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 31,654.0 million at the end of the third quarter of 2018 compared to JD 29,432.7 million at the end of 2017. This was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 1,658.6 million at the end of the third quarter of 2018 to reach JD 17,036.4 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 1,401.8 million and decrease in the currency and deposits of the banking sector abroad by JD 303.3 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 562.7 million at the end of the third quarter of 2018, to reach JD 48,690.4 million, this was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 523.7 million to stand at JD 24,841.5 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 365.1 million to stand at JD 7,938.2 million (increase by JD 294.5 million for the CBJ and increase by 70.6 for the licensed banks).
 - ◆ An increase of government long term loans by JD 134.6 million to stand at JD 4,363.5 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 351.8 million to stand at JD 7,858.0 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 257.4 million to reach JD 643.9 million.
 - ◆ A decrease in the short term trade credits which given to residents in the kingdom by 47.6 to stand of 785.1.