



Central Bank of Jordan

## **Recent Monetary & Economic Developments in Jordan**

**Research Dept / Monthly Report  
April, 2018**

**Central Bank of Jordan**

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

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

E-mail [redp@cbj.gov.jo](mailto: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**

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



## **Contents**

	<b>Executive Summary</b>	<b>1</b>
<b>First</b>	<b>Monetary &amp; Financial Sector</b>	<b>3</b>
<b>Second</b>	<b>Output, Prices and Employment</b>	<b>15</b>
<b>Third</b>	<b>Public Finance</b>	<b>23</b>
<b>Fourth</b>	<b>External Sector</b>	<b>37</b>



### Executive Summary

#### □ Output, Prices and Employment

During 2017, real GDP at market prices, grew by 2.0 percent. Thus, maintaining the same growth rate during 2016. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first quarter of 2018 by 3.7 percent, compared to a rise of 3.8 percent in the same period of 2017. Furthermore, the unemployment rate during the of 2017 amounted to 18.3 percent.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,671.9 million at the end of the first quarter 2018. This level of reserves covers around 7.6 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,355.1 million at the end of the first quarter 2018, compared to JD 32,957.6 million at the end of 2017.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 25,195.7 million at the end of the first quarter 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,618.6 million at the end of the first quarter 2018, compared to JD 33,197.7 million at the end of 2017.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,233.3 points at the end of the first quarter 2018, compared to JD 2,126.8 points at the end of 2017.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 313.0 million (6.6 percent of GDP) in the first two months of 2018 compared to a fiscal deficit in the amount of JD 113.9 million (2.5 percent of GDP) in the same period of 2017. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 262.0 million at the end of February 2018 compared to its level at the end of 2017, standing at JD 15,664.1 million (54.7 percent of GDP). Outstanding external public debt (budget and guaranteed) went down by JD 72.7 million at the end of February 2018 compared to its level at the end of 2017, to reach JD 11,794.5 million (41.1 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 95.8 percent of GDP at the end of February 2018 compared to 95.3 percent of GDP at the end of 2017.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 4.5 percent during the first two months of 2018 to reach JD 780.4 million. Meanwhile, merchandize imports increased by 3.9 percent to reach JD 2,333.2 million. As a result, the trade balance deficit increased by 8.8 percent compared to the same period of 2017, to reach JD 1,552.4 million. The preliminary data in the first quarter of 2018 showed an increase in travel receipts by 14.6 percent and a decrease in travel payments by 9.0 percent compared to the same period of 2017. Moreover, total workers' remittances receipts increased by 0.8 percent in the first quarter of 2018 compared to the same period of 2017. The preliminary data for the balance of payments during 2017 displayed a deficit in the current amounted to accounted to JD 3,018.0 million (10.6 percent of GDP) compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) during 2016. Meanwhile, the current account deficit excluding grants increased to reach 13.3 percent of GDP compared with 12.8 percent of GDP during 2016. Moreover, net direct investment recorded a net inflow of JD 1,177.3 million during 2017 compared to a net inflow of JD 1,100.3 million during 2016. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 29,043.7 million at end of 2017 up from JD 26,904.4 million at the end of 2016.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,671.9 million at the end of the first quarter 2018. This level of reserves covers around 7.6 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,355.1 million at the end of the first quarter 2018, compared to JD 32,957.6 million at the end of 2017.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 25,195.7 million at the end of the first quarter 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,618.6 million at the end of the first quarter 2018, compared to JD 33,197.7 million at the end of 2017.
- The interest rates on all types of deposits at licensed banks had increased at the end of the first quarter 2018, except the interest rate on demand deposits, which had decreased, compared to their levels at the end of 2017. While the interest rates on all types of credit facilities extended by licensed banks had decreased, except the interest rate on “loans and advances”, which had increased, compared to their levels at the end of 2017.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,233.3 points at the end of the first quarter 2018, compared to 2,126.8 points at the end of 2017. Moreover, the market capitalization reached JD 18,050.5 million at the end of the first quarter 2018, compared to JD 16,962.6 million at the end of 2017.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

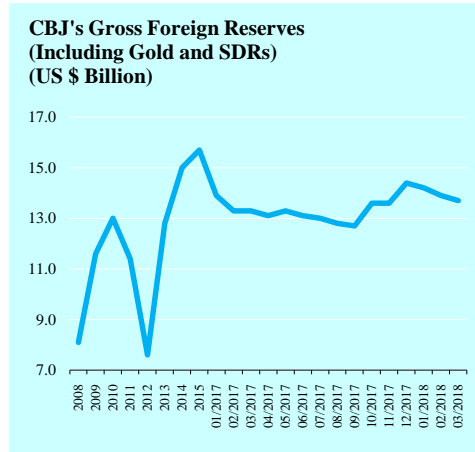
		End of March	
2017		2017	2018
US\$ 14,391.8	CBJ's Foreign Reserves*	US\$ 13,302.7	US\$ 13,671.9
-0.7%		-8.3%	-5.0%
32,957.6	Money Supply (M2)	31,962.2	33,355.1
0.2%		-2.8%	1.2%
24,736.8	Credit Facilities, of which:	23,413.5	25,195.7
8.0%		2.2%	1.9%
21,747.1	Private Sector (Resident)	20,427.6	22,172.3
9.3%		2.6%	2.0%
33,197.7	Total Deposits, of which:	32,307.4	33,618.6
0.9%		-1.8%	1.3%
25,642.2	In JD	25,060.2	25,922.3
-1.3%		-3.5%	1.1%
7,555.5	In Foreign Currencies	7,247.2	7,696.3
9.0%		4.6%	1.9%
26,916.3	Deposits of Private Sector (Resident), of which:	26,114.4	27,137.3
-0.1%		-3.1%	0.8%
21,258.2	In JD	20,751.6	21,416.3
-1.5%		-3.8%	0.7%
5,658.1	In Foreign Currencies	5,362.8	5,721.0
5.2%		-0.3%	1.1%

\* 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\$ 13,671.9 million at the end of the first quarter 2018. This level of reserves covers around 7.6 months of the kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

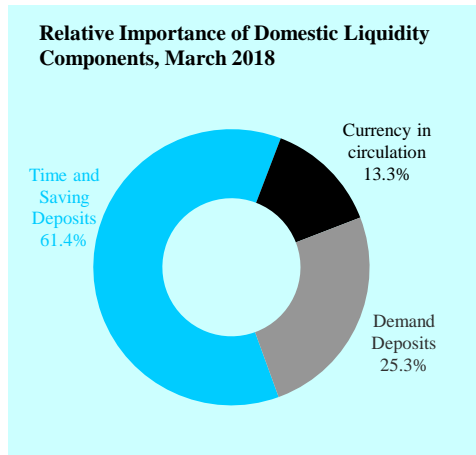
■ Domestic liquidity amounted to JD 33.4 billion at the end of the first quarter 2018, compared to JD 33.0 billion at the end of 2017.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of the first quarter 2018, compared to their levels at the end of 2017, reveal the following:**

- **Components of Domestic Liquidity**

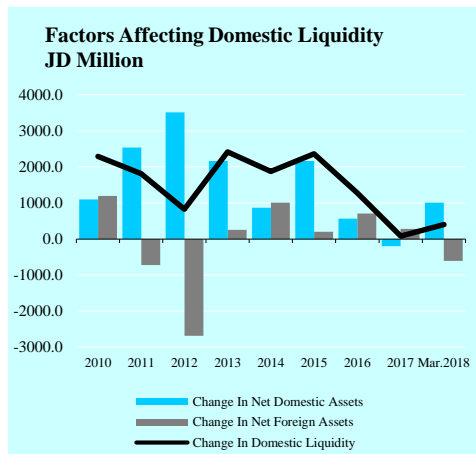
- Total liquidity deposits amounted to JD 28.9 billion at the end of the first quarter 2018, compared to JD 27.8 billion at the end of the first quarter 2017, and JD 28.6 billion at the end of 2017.

- Currency in circulation amounted to JD 4.4 billion at the end of the first quarter 2018, compared to JD 4.2 billion at the end of the first quarter 2017, and JD 4.3 billion at the end of 2017.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 24.8 billion at the end of the first quarter 2018, compared to JD 24.2 billion at the end of the first quarter 2017, and JD 23.8 billion at the end of 2017.



- Net foreign assets of the banking system amounted to JD 8.5 billion at the end of the first quarter 2018, compared to JD 7.8 billion at the end of the first quarter 2017, and JD 9.1 billion at the end of 2017. The net foreign assets at the CBJ amounted to JD 9.9 billion at the end of the first quarter 2018.

**Factors Affecting Domestic Liquidity (M2)**  
 JD Million

		End of March	
2017		2017	2018
<b>9,122.6</b>	<b>Foreign Assets (Net)</b>	<b>7,790.5</b>	<b>8,511.9</b>
10,260.0	CBJ	9,113.6	9,852.2
-1,137.4	Licensed Banks	-1,323.1	-1,340.3
<b>23,835.0</b>	<b>Domestic Assets (Net)</b>	<b>24,171.7</b>	<b>24,843.2</b>
-5,398.5	CBJ, of which:	-4,512.1	-4,950.7
653.1	Claims on Public Sector (Net)	1,082.5	972.4
-6,074.5	Other Items (Net*)	-5,617.6	-5,945.7
29,233.6	Licensed Banks	28,683.8	29,793.9
9,336.7	Claims on Public Sector (Net)	10,098.2	9,558.0
22,502.9	Claims on Private Sector	21,189.2	22,916.6
-2,606.0	Other Items (Net)	-2,603.6	-2,680.7
<b>32,957.6</b>	<b>Money Supply (M2)</b>	<b>31,962.1</b>	<b>33,355.1</b>
<b>4,326.5</b>	<b>Currency in Circulation</b>	<b>4,163.0</b>	<b>4,443.2</b>
<b>28,631.1</b>	<b>Total Deposits, of which:</b>	<b>27,799.2</b>	<b>28,911.9</b>
5,696.5	In Foreign Currencies	5,407.2	5,772.1

\* 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 March 25<sup>th</sup>, 2018, the CBJ raised the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.25 percent.
- Re-Discount Rate: 5.25 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.00 percent.

- Overnight Deposit Window Rate: 3.25 percent.
- Weekly/ Monthly Repurchase Agreements: 4.25 percent.
- The interest rate on weekly certificates of deposits: 4.25 percent.

This decision aims to strengthening monetary and financial stability in the kingdom and increase the attractiveness of the instruments issued in Dinars against other currencies by maintaining the structure of domestic interest rates levels consistent with the global and regional interest rates.

**Interest Rates on Monetary Policy Instruments, percentage points**

2017		March	
		2017	2018
4.00	Re-discount Rate	3.50	4.25
5.00	Repurchase Agreements Rate (overnight)	4.50	5.25
4.75	Overnight Deposit Window Rate	4.25	5.00
3.00	Repurchase Agreements rate (one week)	2.50	3.25
4.00	Repurchase Agreements rate (one month)	3.50	4.25
4.00	Certificates of Deposits (one week)	3.25	4.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

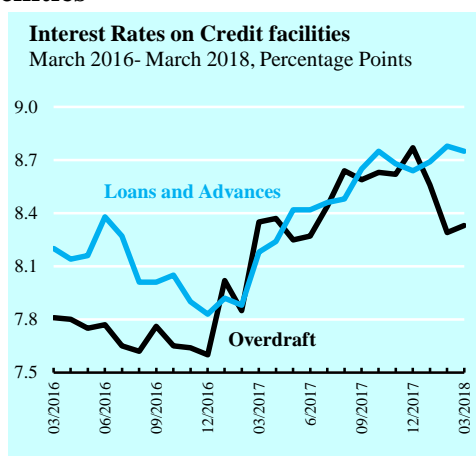
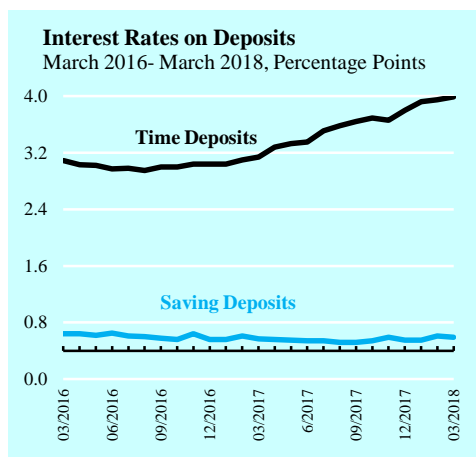
- Time Deposits: The weighted average interest rate on time deposits increased by 4 basis points at the end of the first quarter 2018, compared to its level in the previous month, to stand at 3.99 percent. This rate is higher by 19 basis points than its level at the end of 2017.

- Saving Deposits: The weighted average interest rate on saving deposits at the end of the first quarter 2018 decreased by 2 basis points, compared to its level registered in the previous month, to stand at 0.59 percent. This rate is higher by 4 basis points than its level registered at the end of 2017.

- Demand Deposits: The weighted average interest rate on demand deposits decreased by one basis point at the end of the first quarter 2018, compared to its level registered in the previous month, to stand at 0.23 percent. This rate is lower by 11 basis points than its level registered at the end of 2017.

◆ Interest Rates on Credit Facilities

- Overdraft Accounts: The weighted average interest rate on overdraft accounts increased by 4 basis points at the end of the first quarter 2018, compared to its level registered in the previous month, to stand at 8.33 percent. This rate is lower by 44 basis points than its level registered at the end of 2017.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 22 basis points at the end of the first quarter 2018, compared to its level registered in the previous month, to stand at 9.97 percent. This rate is lower by 26 basis points than its level registered at the end of 2017.

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

		March		Change Relative to the Preceding Year Basis Points
2017		2017	2018	
<b>Deposits</b>				
0.34	Demand	0.22	0.23	-11
0.55	Saving	0.57	0.59	4
3.80	Time	3.14	3.99	19
<b>Credit Facilities</b>				
10.23	Discounted Bills and Bonds	8.79	9.97	-26
8.64	Loans and Advances	8.18	8.75	11
8.77	Overdraft	8.35	8.33	-44
8.83	Prime Lending Rate	8.58	9.04	21

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 3 basis points at the end of the first quarter 2018, compared to its level registered in the previous month, to stand at 8.75 percent. This rate is higher by 11 basis points than its level registered at the end of 2017.
- The prime lending rate stood at 9.04 percent at the end of the first quarter 2018, which is higher by 13 basis points than its level registered in the previous month. This rate is higher by 21 basis points than its level registered at the end of 2017.

**□ Credit Facilities Extended by Licensed Banks**

- Total credit facilities extended by licensed banks increased by JD 458.9 million, or 1.9 percent, at the end of the first quarter 2018, compared to its level at the end of 2017, against an increase of JD 507.7 million, or 2.2 percent, during the same period in 2017.



- In terms of borrowers, the credit facilities at the end of the first quarter 2018 had shown an increase in credit extended to the private sector (resident) by JD 425.2 million, or 2.0 percent, the public institutions by JD 34.8 million, or 9.7 percent, the private sector (non-resident) by JD 33.7 million, or 6.7 percent, the financial institutions by JD 2.4 million, or 14.1 percent. Meanwhile, the credit facilities extended to the central government had decreased by JD 37.2 million, or 1.8 percent, compared to their levels at the end of 2017.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,618.6 million at the end of the first quarter 2018, increasing by JD 420.9 million, or 1.3 percent, compared to its level at the end of 2017, against a decrease of JD 592.6 million, or 1.8 percent, during the same period in 2017.
- The currency composition of deposits at the end of the first quarter 2018, revealed that the JD deposits amounted to JD 25.9 billion, and the deposits in foreign currency amounted to JD 7.7 billion, compared to JD 25.1 billion of JD deposits, and JD 7.2 billion of deposits in foreign currency at the end of the first quarter 2017. As for the end of 2017, the JD Deposits amounted to JD 25.6 billion, and deposits in foreign currency amounted to JD 7.6 billion at the end of 2017.

#### □ Amman Stock Exchange (ASE)

The main indicators of ASE showed a mixed performance during the first quarter 2018, compared to 2017. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at ASE totaled JD 131.7 million in March 2018, decreased by JD 7.3 million, or 5.2 percent, compared to its level registered in the previous month, against a decrease of JD 846.0 million, during the same month in 2017. As for the first quarter of 2018, the trading volume decreased by JD 1,283.8 million, compared to the same period in 2017, to reach JD 384.6 million.

■ **Traded Shares**

The number of traded shares in March 2018 totaled 107.6 million shares, decreased by 10.0 million shares, or 8.5 percent, compared to its level registered in the previous month, against a decrease by 126.5 million shares during the same month in 2017. As for the first quarter of 2018, the number traded shares amounted to 321.5 million shares, compared to 663.0 million shares traded during the same period in 2017.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 13.6 point, or 0.6 percent, at the end of March 2018, compared to its level registered in the previous month, to stand at 2,233.3

points, against an increase of 37.4 points, or 1.7 percent, during the same month in 2017. Furthermore, at the end of the first quarter in 2018, the SPI increased by 106.5 points, or 5.0 percent, compared to its level at the end of 2017, against an increase of 79.9 points, or 3.7 percent during the same period in 2017. The aforementioned increase was an outcome of the increase in the SPI of the financial sector by 141.0 points, or 4.9 percent, industrial sector by 83.0 points, or 3.7 percent, and the services sector by 55.0 points, or 3.8 percent, compared to their levels at the end of 2017.

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

		March	
2017		2017	2018
2,126.8	<b>General Index</b>	2,250.2	2,233.3
2,881.5	Financial Sector	3,091.8	3,022.5
2,229.5	Industrial Sector	2,086.7	2,312.5
1,449.7	Services Sector	1,623.2	1,504.7

Source: Amman Stock Exchange.

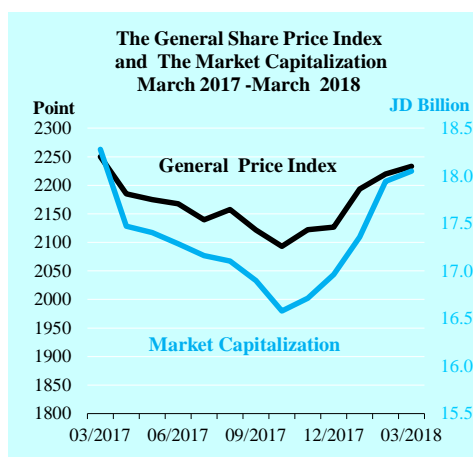
### ■ Market Capitalization

The ASE's market capitalization totaled JD 18.1 billion at the end of March 2018, increasing by JD 108.1 million, or 0.6 percent, compared to its level registered in the previous month, against an increase of JD 493.3 million, or 2.8 percent, during the same month in 2017. As for the first quarter of 2018, the market capitalization increased

by JD 1,087.9 million, or 6.4 percent, compared to an increase of JD 940.1 million, or 5.4 percent, during the same period in 2017.

### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 1.6 million in March 2018, compared to an outflow of JD 7.7 million during the same month in 2017. The value of shares buying by non-Jordanian in March 2018 amounted to JD 22.6 million, while their selling amounted to JD 21.0 million. As for the first quarter of 2018, non-Jordanian net investment recorded an outflow of JD 5.1 million, compared to an outflow of JD 403.7 million, during the same period in 2017.



#### Main Amman Stock Exchange Trading Indicators, JD Million

	2017	March	
		2017	2018
2,926.2	Value Traded	189.5	131.7
11.8	Average Daily Trading	8.6	6.3
16,962.6	Market Capitalization	18,279.5	18,050.5
1,716.7	No. of Traded Shares (million)	158.3	107.6
-334.3	Net Investment of Non-Jordanian	-7.7	1.6
995.0	Non-Jordanian Buying	24.2	22.6
1,329.2	Non-Jordanian Selling	31.9	21.0

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 fourth quarter of 2017, against 2.0 percent during the same quarter of 2016. At current market prices, GDP grew by 3.6 percent during the fourth quarter of 2017, compared to 2.7 percent during the same quarter of 2016.
- Accordingly, the real GDP grew by 2.0 percent during 2017. Thus, maintaining the same growth rate during 2016. At current market prices, GDP grew by 3.7 percent during 2017, compared to 3.0 percent during 2016.
- The general price level, measured by the percentage change in the CPI, increased during the first quarter of 2018 by 3.7 percent, compared to a rise of 3.8 percent during the same period of 2017.
- The unemployment rate during 2017 amounted of 18.3 percent (14.7 percent for males and 31.2 percent for females), The highest unemployment rate among youth reached 37.5 percent for the categories of 15-19 years old, and 37.3 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 2017, maintaining the same level of growth rate recorded in 2016. When excluding “net taxes on products”, which grew by 1.2 percent, GDP at constant basic prices grew by 2.1 percent during 2017, Compared to 2.2 percent in 2016.

**Quarterly Growth Rates of GDP at Market Prices  
2015 - 2017**

	Q1	Q2	Q3	Q4	Percentages Year
<b>2015</b>					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	<b>2.4</b>
GDP at Current Market Prices	5.1	4.5	4.7	4.6	<b>4.7</b>
<b>2016</b>					
GDP at Constant Market Prices	2.3	1.9	1.8	2.0	<b>2.0</b>
GDP at Current Market Prices	3.8	3.2	2.6	2.7	<b>3.0</b>
<b>2017</b>					
GDP at Constant Market Prices	2.2	2.0	1.9	1.8	<b>2.0</b>
GDP at Current Market Prices	3.9	3.4	3.8	3.6	<b>3.7</b>

Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2017, compared to 3.0 percent in 2016. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.7 percent, compared to 1.0 percent in 2016.

The main sectors contributed to the real economic growth during 2017 were; “finance and insurance services” (0.4 percentage point), “transport, storage and communications” (0.4 percentage point), “mining and quarrying” (0.2 percentage point), agriculture (0.2 percentage point) and manufacturing (0.2 percentage point). These sectors collectively accounted for 70 percent of real GDP growth during 2017.

The economic sectors displayed a divergent performance during 2017. Some sectors recorded accelerated growth, such as “mining and quarrying”, Agriculture, “Wholesale and retail trade” and “restaurant and hotels”. Meanwhile, “Finance and Insurance Services”, “transport, storage and communications”, Manufacturing, “electricity and water” and “real estate” experienced a slowdown, on the other hand construction sector showed a contraction in its performance.

Quarterly Growth Rates of GDP at Market Prices (2015- 2017), %



GDP At Constant Market Prices, Percentages

Sectors	Relative change		Contribution	
	2016	2017	2016	2017
<b>GDP At Constant Market Prices</b>	2.0	2.0	2.0	2.0
Agriculture, Hunting,	3.8	4.8	0.1	0.2
Mining And Quarrying	-12.1	13.0	-0.2	0.2
Manufacturing	1.1	1.0	0.2	0.2
Electricity And Water	8.9	2.5	0.2	0.1
Construction	1.1	-1.1	0.1	-0.1
Wholesale And Retail Trade	1.5	1.6	0.1	0.1
Restaurant And Hotels	-1.0	0.6	-	-
Transport, Storage &	3.1	2.7	0.5	0.4
Finance And Insurance	5.2	3.8	0.5	0.4
Real Estate	2.3	2.2	0.2	0.2
Community, Social And	3.8	3.8	0.2	0.2
Producers Of Government	1.2	0.9	0.1	0.1
Producers Of Private Non-Domestic Services Of	4.1	3.8	-	-
	0.1	0.1	-	-

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

### □ Microeconomic Indicators

The microeconomic indicators displayed a divergent performance during the available period of 2018. Some indicators recorded a notable growth, such as; “cargo through Royal Jordanian” (17.7 percent), “number of passengers through Royal Jordanian” (6.5 percent) and “mining and quarrying production quantity index” (6.2 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (7.0 percent) and “manufacturing production quantity index” (5.1 percent). The following table displays the performance of the main sectoral indicators during the available period of 2018 compared to the same period of 2017.

<b>Main Sectoral Indicators*</b>				
Percentage Points				
2017	Item	2017	Available period	2018
4.5	Licensed areas for buildings	20.7	Jan. –Feb.	-15.7
-2.4	Manufacturing production quantity index	-0.9		-5.1
-4.9	Food products and beverages	-17.3		-16.6
-3.1	Tobacco products	-28.9		16.0
-7.3	Refined petroleum products	-7.3		-26.1
-6.3	Wearing apparel	88.8		-14.3
1.9	Non-metallic mineral products	4.2		26.3
0.3	Chemical products	1.5		56.4
13.4	“Mining and quarrying” production quantity index	3.7		6.2
-13.8	Extraction of crude petroleum and natural gas	-26.0		3.4
13.6	Other mining and quarrying	4.1	6.2	
7.3	Number of departures	4.7	Jan. –Mar.	8.2
6.9	Number of passengers through Royal Jordanian	0.5		6.5
8.4	Cargo through Royal Jordanian	-11.4		17.7
-14.1	Value traded at the real estate market	-6.2		-7.0

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

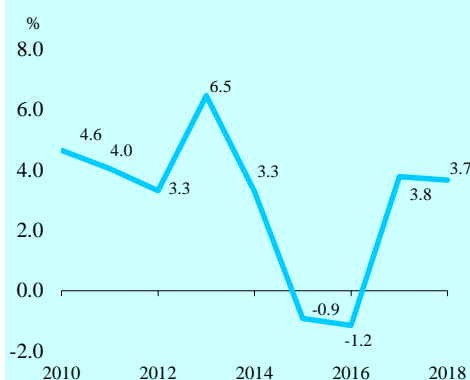


## Prices

The general price level, measured by the percentage change in CPI, increased by 3.7 percent during the first quarter of 2018, compared to a rise of 3.8 percent during the same period of 2017. This came as a result of the increase in the prices of oil in the global markets and its impact on domestic prices, in addition to a set of government measures that included liberalizing the prices of bread and raising sales tax to become 10 percent on exempted sales and subordinated from sales tax (zero and 4 percent). Hereby, the main groups and items that witnessed an increase in their prices during the first quarter of 2018:

- “Tobacco and cigarettes” prices increased significantly by 16.7 percent compared to a rise of 8.9 percent the during first quarter of 2017, as a result of the government's decision to raise the tax on cigarettes by 20 piasters for each pack of cigarettes offered for domestic consumption.

**Inflation Rate during the first quarter (2010-2018)**



**Inflation Rate during (2017 – 2018)**

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		first quarter 2017	2018	first quarter 2017	2018
All Items	100.00	3.8	3.7	3.8	3.7
1) Food and non-Alcoholic Beverages	33.36	-0.3	1.1	-0.1	0.4
Food	30.51	-0.4	0.9	-0.1	0.3
Cereals and Products	4.99	-0.1	15.5	0.0	0.6
Meat and Poultry	8.24	-7.0	1.7	-0.6	0.1
Dairy Products and Eggs	4.23	-0.7	-2.0	0.0	-0.1
Oil and Fats	1.92	2.5	5.3	0.0	0.1
Fruits and Nuts	2.73	-7.8	0.9	-0.2	0.0
Vegetables and Legumes Dry and Canned	3.89	16.4	-14.5	0.6	-0.6
2) Alcohol and Tobacco and Cigarettes	4.43	8.9	16.6	0.4	0.8
3) Clothing and footwear	3.55	-2.9	-0.5	-0.1	0.0
4) Housing	21.92	2.8	3.2	0.6	0.7
Rents	15.57	2.1	2.8	0.4	0.5
Fuels and Lighting	4.85	4.1	5.5	0.2	0.2
5) Household Furnishings and Equipment	4.19	1.3	2.0	0.1	0.1
6) Health	2.21	10.8	6.3	0.2	0.2
7) Transportation	13.58	15.6	8.8	1.9	1.2
8) Communication	3.50	1.3	0.6	0.0	0.0
9) Culture and Recreation	2.27	10.4	1.7	0.2	0.0
10) Education	5.41	3.6	1.9	0.2	0.1
11) Restaurants and Hotels	1.83	0.0	5.6	0.0	0.1
12) Other Goods and Services	3.75	6.8	2.7	0.3	0.1

Source: Department of Statistics.

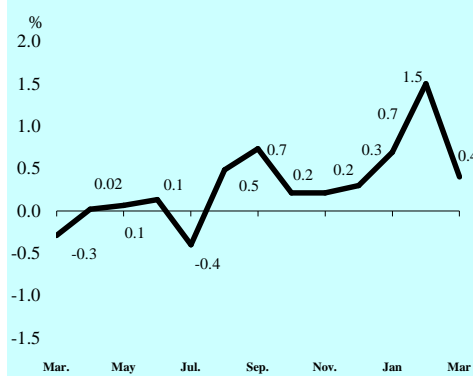
- “Cereals and products” prices increased significantly by 15.5 percent compared to a contraction by 0.1 percent during the same period of 2017, as a result of the government’s decision to liberalize the prices of bread and the shift from goods subsidies to direct cash subsidies for the eligible households.
- Housing prices increased by 3.2 percent compared to a rise of 2.8 percent during the first quarter of 2017. This increase was mainly attributed to an increase in the prices of “rents” by 2.8 percent compared to a rise by 2.1 percent during the first quarter of 2017 and increase in the prices of “fuels and lighting” by 5.5 percent compared to an increase of 4.1 percent.
- Transportation prices increased by 8.8 percent compared to an increase by 15.6 percent, during the first quarter of 2017. This increase was attributed to the government’s decision to raise public transport fees by (10 percent) as of February 2018.

The above groups and items have collectively raised inflation rate during the first quarter of 2018 by 3.4 percentage points, compared to a contribution of 3.0 percentage points during the same period of 2017.

In contrast, prices of other groups and items showed varied contractions, mainly; “vegetables and legumes dry and canned” (14.5 percent), “dairy products and eggs” (2.0 percent).

In March 2018, the CPI witnessed an increase compared to February 2018 by 0.4 percent. This was due to the increase in prices of some groups and items, mainly; “Fruits and Nuts” (6.0 percent), “Meat and poultry” (3.2 percent), “vegetables and legumes dry and canned” (2.3 percent) and education (1.6 percent), and the decrease “Clothing and footwear” (2.4 percent) and transportation (0.3 percent).

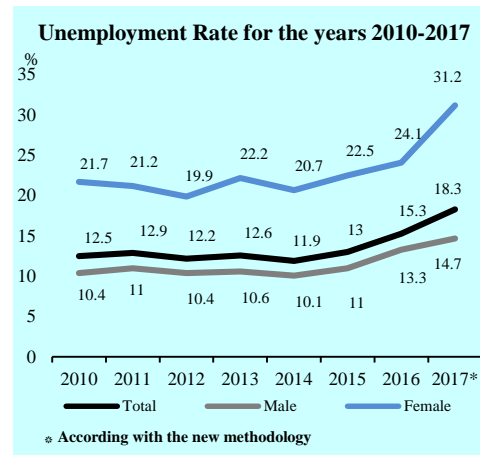
**Monthly Inflation Rate**  
(March 2017 - March 2018)



## □ Labor Market

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

methodology as employed ones. In addition, the sample size has been extended to 16 thousand households instead of 13 thousand households, based on the results of Jordan's Population Census-2015. Hereby, the prominent indicators of the labor market during 2017, according to the new methodology:



- The unemployment rate reached 18.3 percent (14.7 percent for males, and 31.2 percent for females). While, the unemployment rate among academic degree holders (Bachelor and higher) reached 23.4 percent.
- The highest unemployment rates were between the two age categories 15-19 years and 20-24 years, by (37.5 percent) and (37.3 percent), respectively.
- The refined economic participation rate (the labor force attributed to the population 15 years and above), was 39.2 percent (60.8 percent for males, and 17.3 percent for females).
- The employed percent among the population (15 years and above) was 32.0 percent the employees in the sector of “public administration, defense, and social security” accounted for 25.9 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.8 percent), education (12.8 percent), and manufacturing (10.0 percent).

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



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 313.0 million (6.6 percent of GDP) in the first two months of 2018, comparing to a fiscal deficit in the amount of JD 113.9 million (2.5 percent of GDP) during the same period in 2017. When excluding foreign grants (JD 65.1 million), the general budget deficit widens to reach JD 378.1 million (7.9 percent of GDP) compared to a deficit in the amount of JD 137.1 million (3.0 percent of GDP) during the same period in 2017.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 262.0 million at the end of February 2018 compared to its level at the end of 2017, to reach JD 15,664.1 million (54.7 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 72.7 million at the end of February 2018, compared to its level at the end of 2017, to stand at JD 11,794.5 million (41.1 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose to JD 27,458.6 million (95.8 percent of GDP) at the end of February 2018 compared to JD 27,269.3 million (95.3 percent of GDP) at the end of 2017.
  - Central government banks deposits decreased by JD 323.8 million at the end of February 2018 compared to the end of 2017 to reach JD 1,509.7 million.
  - Accordingly, net outstanding domestic public debt increased by JD 585.8 million to reach JD 14,154.4 million (49.4 percent of GDP) at the end of February 2018. Moreover, net outstanding public debt increased by JD 513.1 million to reach JD 25,948.9 million (90.5 percent of GDP).
- **The performance of the general budget during the first two months of 2018 compared to the same period of 2017:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) went up by JD 62.4 million, or 14.5 percent, in February 2018 compared to the same month in 2017, to stand at JD 492.8 million. As for the first two months of 2018, public revenues went up by JD 92.9 million, or 9.0 percent, compared to the same period in 2017 to stand at JD 1,127.7 million. This came as a result of the increase in domestic revenues by JD 51.0 million, as well as foreign grants by JD 41.9 million.

**Main Government Budget indicators during the first two months of 2018:**

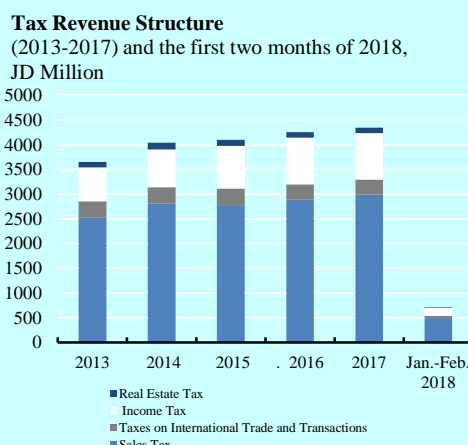
(JD Million and Percentages)

	February		Growth Rate	Jan. – Feb.		Growth Rate
	2017	2018		2017	2018	
<b>Total Revenues and Grants</b>	<b>430.4</b>	<b>492.8</b>	<b>14.5</b>	<b>1,034.8</b>	<b>1,127.7</b>	<b>9.0</b>
Domestic Revenues, of which:	421.5	437.5	3.8	1,011.6	1,062.6	5.0
Tax Revenues, of which:	287.4	279.1	-2.9	719.5	720.3	0.1
General Sales Tax	223.1	219.8	-1.5	478.0	491.7	2.9
Other Revenues	133.1	157.5	18.3	290.4	340.8	17.4
Foreign Grants	8.9	55.3	521.3	23.2	65.1	180.6
<b>Total Expenditures, of which:</b>	<b>658.6</b>	<b>763.1</b>	<b>15.9</b>	<b>1,148.7</b>	<b>1,440.7</b>	<b>25.4</b>
Capital Expenditures	63.4	64.4	1.6	67.4	69.1	2.5
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-228.2</b>	<b>-270.3</b>	<b>-</b>	<b>-113.9</b>	<b>-313.0</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.5</b>	<b>-6.6</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 51.0 million, or 5.0 percent, in the first two months of 2018 compared to the same period of 2017, to reach JD 1,062.6 million. This increase was an outcome of the rise in the proceeds of “other revenues” and “tax revenues” by JD 50.4 million, and JD 0.8 million, respectively, and the drop in pension contributions by JD 0.2 million. Although the rise in domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased to 77.5 percent in the first two months of 2018 against 93.6 percent in the same period of 2017.



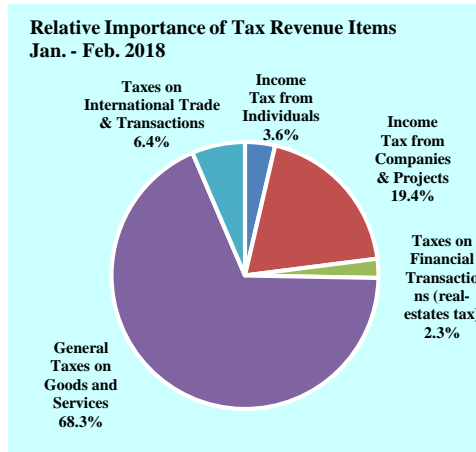
- **Tax Revenues**

Tax revenues increased by JD 0.8 million, or 0.1 percent, during the first two months of 2018 compared to the same period of 2017, to reach JD 720.3 million (67.8 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 13.7 million, or 2.9 percent, to reach JD 491.7 million (accounting for 68.3 percent of total tax revenues). This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 19.1 million. In addition, the proceeds of sales tax on commercial sector increased by JD 6.0 million and on services by JD 4.3 million. However, the proceeds of sales tax on imported goods went down by JD 15.7 million.
- A decline in the proceeds of **income and profit taxes** by JD 4.8 million, or 2.8 percent, to reach JD 165.6 million (accounting for 23.0 percent of total tax revenues). This decline was mainly a result of the decrease in the proceeds of income tax from individuals by JD 4.7 million. Meanwhile, the income tax from companies and projects maintained almost their performance during the corresponding period last year about JD 139 million. Accordingly, income tax from companies and projects accounted for 84.2 percent of total proceeds of income and profits taxes, amounting to JD 139.4 million.



- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 6.4 million, or 12.1 percent, to reach JD 46.4 million.



- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 1.7 million, or 9.3 percent, to reach JD 16.6 million.

- **Non-Tax Revenues**

- “Other revenues” increased by JD 50.4 million, or 17.4 percent, in the first two months of 2018 to reach JD 340.8 million. This increase was chiefly due to the following:
  - An increase in miscellaneous revenues by JD 43.2 million to stand at JD 163.8 million.
  - An increase in revenues from selling goods and services by JD 9.8 million to reach JD 147.0 million.
  - A decrease in property income by JD 2.6 million to stand at JD 30.0 million (of which financial surplus of independent government units amounted to JD 26.4 million against JD 22.4 million in the same period of 2017).
- Pension contributions witnessed a decrease of JD 0.2 million, or 11.8 percent, in the first two months of 2018 compared to same period of 2017, standing at JD 1.5 million.

### ◆ Foreign Grants

Foreign grants increased by JD 41.9 million, or 180.6 percent, in the first two months of 2018, standing at JD 65.1 million compared to JD 23.2 million in the same period of 2017.

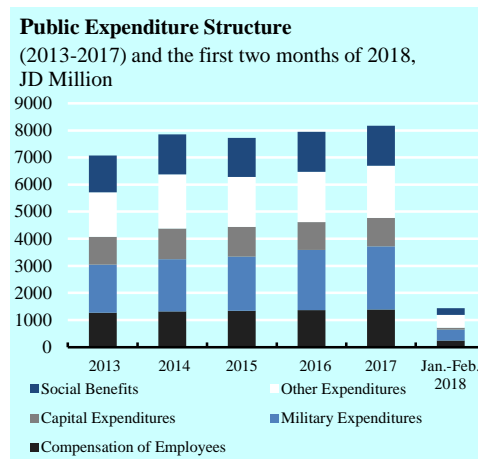
### ■ Public Expenditures

Public expenditures increased by JD 104.5 million, or 15.9 percent, in February 2018 compared to the same month in 2017, to stand at JD 763.1 million. Moreover, public expenditures increased

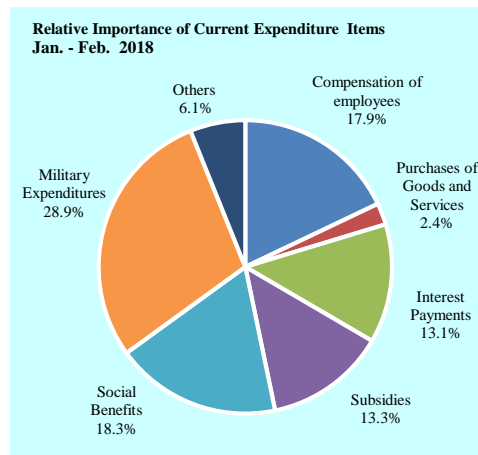
by JD 292.0 million, or 25.4 percent, during the first two months of 2018 to stand at JD 1,440.7 million. This increase was a result of the rise in current expenditures and capital expenditures by 26.8 percent and 2.5 percent, respectively.

### ◆ Current Expenditures

Current expenditures went up by JD 290.3 million, or 26.8 percent, in the first two months of 2018 to reach JD 1,371.6 million (95.2 percent of public expenditures). This result was driven by the increase in the majority of its items:



- An increase in military expenditures by JD 34.6 million to total JD 396.2 million, accounting for 28.9 percent of total current expenditures.
- An increase in social benefits by JD 14.1 million to stand at JD 250.7 million.
- A rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 24.9 million to reach JD 245.9 million.
- An increase in subsidies by JD 158.4 million to stand at JD 182.8 million.
- A rise in interest payments (commitment basis) by JD 46.3 million to stand at JD 179.7 million.
- However, the purchases of goods and services decreased by JD 21.9 million to reach JD 32.7 million.

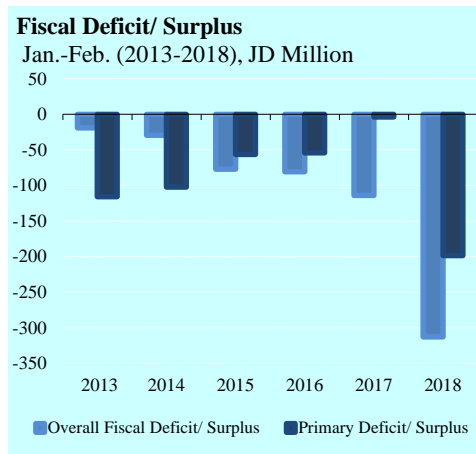


### ◆ Capital Expenditures

Capital expenditures increased by JD 1.7 million, or 2.5 percent, during the first two months of 2018 compared to the same period of 2017, to reach JD 69.1 million.

### ■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, displayed an overall fiscal deficit amounted to JD 313.0 million during the first two months of 2018, an increase of JD 199.1 million, against a fiscal deficit in the amount of JD 113.9 million during the same period of 2017. As a



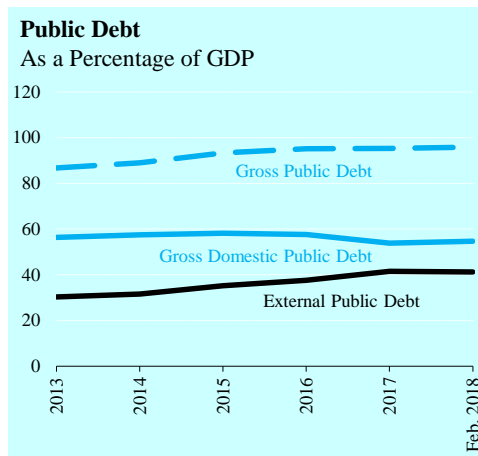
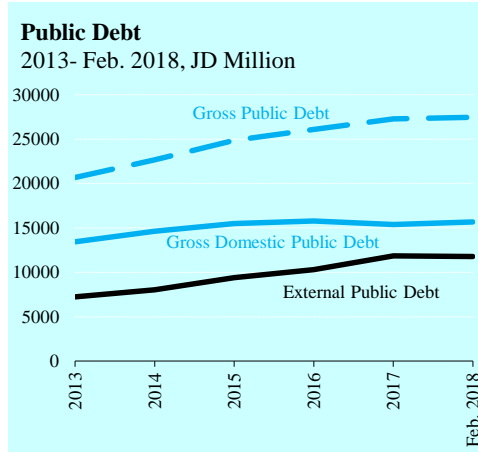
percent of GDP, the budget deficit reached 6.6 percent, compared to 2.5 percent in the same period of 2017.

- ◆ When foreign grants were excluded, the general budget deficit widened to JD 378.1 million (7.9 percent of GDP) during the first two months of 2018, against a fiscal deficit of JD 137.1 million (3.0 percent of GDP) in the same period of 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 198.4 million (4.2 percent of GDP) during the first two months of 2018, against a primary deficit of JD 3.7 million (0.1 percent of GDP) in the same period of 2017.

Public Debt

Gross outstanding domestic public debt increased by JD 262.0 million, at the end of February 2018 compared to its level at the end of 2017, to total JD 15,664.1 million (54.7 percent of GDP). This increase was an outcome of the rise in total domestic public debt of the general budget by JD 289.5 million, and the decrease in the total domestic public debt of own-budget agencies by JD 27.4 million compared to their levels at the end of 2017, standing at JD 12,836.3 million and JD 2,827.9 million, respectively.

The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds at the end of February 2018 by JD 290.0 million, compared to the level achieved at the end of 2017 to reach JD 12,483.9 million. Whereas the outstanding balance of loans and advances provided by the CBJ to the central government maintained their level achieved at the end of 2017, amounting to JD 351.7 million. However, the drop in the



domestic public debt of own-budget agencies was driven by the decrease in loans and advances extended to these institutions by JD 27.4 million compared to their level at the end of 2017, to reach JD 2,170.4 million, whereas the independent institutions' bonds maintained their level achieved at the end of 2017, amounting to JD 657.5 million.

- Regarding the balance of the external public debt (budget and guaranteed) it went down by JD 72.7 million at the end of February 2018, compared to its level at the end of 2017 to reach JD 11,794.5 million (41.1 percent of GDP). It is worth mentioning that the balance of the external public debt denominated in the U.S. dollar accounted for 67.5 percent of the total external debt, and the debt in Euro accounted for 8.8 percent. However, the SDR accounted for 8.6 percent, Japanese Yen (6.8 percent), and Kuwaiti Dinar (5.8 percent).
- In light of the abovementioned developments, gross public debt (domestic and external) increased by JD 189.3 million at the end of February 2018 compared to its level at the end of 2017, to stand at JD 27,458.6 million (95.8 percent of GDP), against JD 27,269.3 million (95.3 percent of GDP) at the end of 2017.
- On the other hand, government deposits with the banking system declined by JD 323.8 million at the end of February 2018 compared to the end of 2017, to reach JD 1,509.7 million.
- Thus, net domestic public debt of the central government (the total balance of the domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 585.8 million at the end of February 2018 to reach JD 14,154.4 million (49.4 percent of GDP). Whereas, net public debt increased by JD 513.1 million at the end of February 2018 to stand at JD 25,948.9 million, accounting for 90.5 percent of GDP compared to 88.9 percent of GDP at the end of 2017.

- External debt service (budget and guaranteed) increased by JD 65.0 million during the first two months of 2018 compared to same period of 2017, to reach JD 245.8 million (including principal payments of JD 173.1 million and interest of JD 72.7 million).

#### □ Fiscal and Price Measures of 2018

##### ◆ May

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

#### Development of Oil Derivatives Price

	Unit	2018		Percentage Change
		April	May	
Unleaded Gasoline 90	Fils/Liter	780	815	4.5
Unleaded Gasoline 95	Fils/Liter	1,005	1,050	4.5
Unleaded Gasoline 98	Fils/Liter	1,155	1,200	3.9
Gas Oil (Diesel)	Fils/Liter	570	615	7.9
Kerosene	Fils/Liter	520	615	18.3
Fuel oil for industry	JD/Ton	383.1	399.3	4.2
Fuel for airplanes (local companies)	Fils/Liter	441	470	6.6
Fuel for airplanes (foreign companies)	Fils/Liter	446	475	6.5
Fuel for unplanned flights	Fils/Liter	461	490	6.3
Asphalt	JD/Ton	375.8	392.0	4.3
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0

Source: Jordan Petroleum Refinery Company (1/5/2018).

**◆ 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.

**◆ 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.
  - 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:

Engine category CC	Vehicles aged 10 years or less		Vehicles older than 10 years	
	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

**□ Grants, Loans and Other Agreements**

- 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” (March 2018).

#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 14.9 percent in February 2018 compared to the same month of 2017 to reach JD 404.4 million. As for the first two months of 2018, total merchandize exports decreased by 4.5 percent compared with the same period of 2017 to reach JD 780.8 million.
- **Merchandize imports** decreased by 0.6 percent in February 2018 compared to the same month of 2017 to reach JD 1,062.5 million. As for the first two months of 2018, merchandize imports increased by 3.9 percent compared with the same period of 2017 to reach JD 2,333.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 8.3 percent in February 2018 compared to the same month of 2017; standing at JD 658.1 million. As for the first two months of 2018, the trade balance deficit increased by 8.8 percent compared to the same period of 2017 to reach JD 1,552.4 million.
- **Travel receipts** increased by 29.5 percent in March 2018 compared to the same month of 2017 to reach JD 312.8 million. As for the first quarter of 2018, travel receipts increased by 14.6 percent compared to the same period of 2017 to reach JD 834.2 Million. Travel payments decreased by 5.5 percent in March 2018 compared to the same month of 2017 to reach JD 82.2 million. As for the first quarter of 2018, travel payment decreased by 9.0 percent compared to the same period of 2017 to reach JD 225.6 Million.
- **Total workers' remittances receipts** decreased by 3.3 percent in March compared to the same month of 2017 to reach JD 202.7 million. As for the first quarter of 2018, total workers' remittances receipts increased by 0.8 percent compared to the same period of 2017 to reach JD 611.9 Million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 3,018.0 million (10.6 percent of GDP) during 2017 compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) during 2016. Meanwhile, the current account deficit excluding grants increased to reach 13.3 percent of GDP compared with 12.8 percent of GDP during 2016.

- **Net direct investment** recorded an inflow of JD 1,177.3 million during 2017, compared to JD 1,100.3 million during 2016.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 29,043.7 million at the end of 2017; compared to JD 26,904.4 million at the end of 2016.

#### □ External Trade

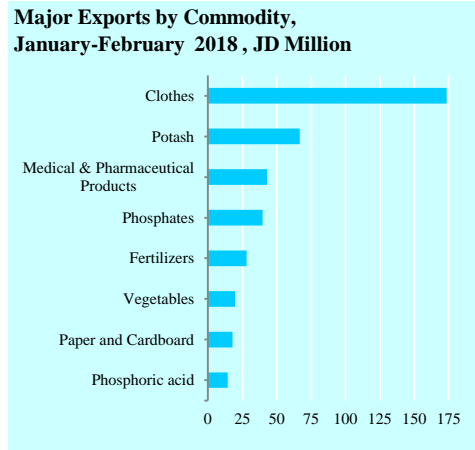
- As a result of the increase in domestic exports by JD 0.4 million and the increase in imports by JD 88.6 million during the first two months of 2018, the volume of external trade (domestic exports *plus* imports) increased by JD 89.0 million to stand at JD 2,981.0 million compared to the same period of 2017.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
January-February				January- February			
	2017	2018	Percentage Change		2017	2018	Percentage Change (%)
<b>Exports</b>				External Trade	2,892.0	2,981.0	3.1
USA	163.9	176.9	7.9	Total Exports	817.3	780.8	-4.5
India	46.2	88.5	91.6	Domestic Exports	647.4	647.8	0.1
Saudi Arabia	68.0	62.7	-7.8	Re-exports	169.9	133.0	-21.7
Iraq	65.3	56.9	-12.9	Imports	2,244.6	2,333.2	3.9
UAE	30.0	18.2	-39.3	Trade Balance	-1,427.3	-1,552.4	8.8
Kuwait	17.5	15.7	-10.3	Source: Department of Statistics.			
Indonesia	14.7	15.5	5.4				
<b>Imports</b>							
Saudi Arabia	266.6	412.0	54.5				
China	320.6	315.4	-1.6				
USA	163.6	217.1	32.7				
Germany	96.4	91.8	-4.8				
Italy	74.3	86.5	16.4				
France	77.1	81.2	5.3				
Turkey	83.1	79.3	-4.6				
Source: Department of Statistics.							

### ■ Merchandize Exports:

Total merchandize exports decreased by 4.5 percent during the first two months of 2018, to record JD 780.8 million. This decrease resulted from an increase in domestic exports by JD 0.4 million, or 0.1 percent to reach JD 647.8

million and a decrease in re-exports by JD 36.9 million, or 21.7 percent to reach JD 133.0 million.



### ◆ The developments of domestic exports during the first two months of 2018 compared with same period of 2017 reveals the following:

- Exports of **Clothes** increased by JD 16.9 million, or 10.8 percent, to stand at JD 173.4 million. The USA market accounted for 86.7 percent of these exports.
- Exports of **Potash** increased by JD 16.0 million, or 31.6 percent, to stand at JD 66.6 million. The Indian, Indonesia, China and Malaysia markets accounted for 71.2 percent of these exports.
- Exports of **Phosphoric Acid** increased by JD 3.3 million, or 29.7 percent, to reach JD 14.4 million. India, Turkey and Saudi Arabia were the main destination markets; accounting for 84.0 percent of these exports.

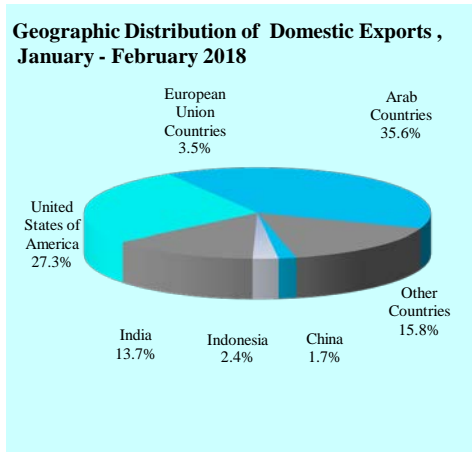
- Exports of **Fertilizers** decreased by JD 11.9 million, or 29.8 percent, to reach JD 28.0 million. India, Iraq and Iran were the main destination markets for these exports, accounting for 91.4 percent.
- Exports of **Medical & Pharmaceutical Products** decreased by JD 8.7 million, or 9.9 percent, to reach JD 42.9 million. The markets of Saudi Arabia, Iraq, the USA and Sudan accounted for 58.3 percent of these exports.
- Exports of **Phosphates** decreased by JD 4.2 million, or 9.5 percent, to register JD 39.8 million. This was a result of the decrease in exported quantities by 21.6 percent and the increase in prices by 3.6 percent. It is worth noting that the Indian and Indonesia markets were the main destinations for phosphates exports, accounting for 91.0 percent.

**Major Domestic Exports by Commodity, JD Million  
January-February, 2017-2018**

	2017	2018	Percentage Change
<b>Domestic Exports</b>	<b>647.4</b>	<b>647.8</b>	<b>0.1</b>
<b>Clothes</b>	<b>156.5</b>	<b>173.4</b>	<b>10.8</b>
USA	140.0	150.4	7.4
<b>Potash</b>	<b>50.6</b>	<b>66.6</b>	<b>31.6</b>
India	21.0	18.5	-11.9
Indonesia	0.7	10.7	-
China	11.6	9.3	-19.8
Malaysia	2.8	8.9	217.9
<b>Medical &amp; Pharmaceutical Products</b>	<b>51.6</b>	<b>42.9</b>	<b>-16.9</b>
Saudi Arabia	7.5	8.4	12.0
Iraq	5.6	7.2	28.6
USA	6.6	6.5	-1.5
Sudan	4.5	2.9	-35.6
<b>Phosphates</b>	<b>44.0</b>	<b>39.8</b>	<b>-9.5</b>
India	18.6	31.8	71.0
Indonesia	13.9	4.4	-68.3
<b>Fertilizers</b>	<b>39.9</b>	<b>28.0</b>	<b>-29.8</b>
India	0.4	24.3	-
Iraq	20.7	0.8	-96.1
Iran	0.4	0.5	25.0
<b>Vegetables</b>	<b>22.2</b>	<b>19.6</b>	<b>-11.7</b>
Saudi Arabia	1.5	4.5	200.0
UAE	3.8	3.9	2.6
Kuwait	1.9	2.7	42.1
Bahrain	0.8	1.9	137.5
<b>Paper and cardboard</b>	<b>17.7</b>	<b>17.8</b>	<b>0.6</b>
Saudi Arabia	7.9	9.1	15.2
Iraq	3.8	3.7	-2.6
Yemen	0	0.9	-
<b>Phosphoric Acid</b>	<b>11.1</b>	<b>14.4</b>	<b>29.7</b>
India	3.9	10.8	176.9
Turkey	0.0	0.9	-
Saudi Arabia	0.3	0.4	33.3

Source: Department of Statistics.

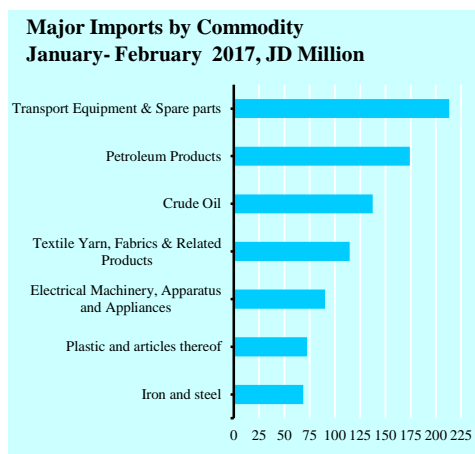
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical



products”, phosphates, fertilizers, vegetables, “paper and cardboard”, and “phosphoric Acid” topped the list of domestic exports during the first two months of 2018; accounting for 62.1 percent, compared with 60.8 percent during the same period of 2017. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Kuwait and Indonesia were the main destination markets during the first two months of 2018; accounting for 67.1 percent, compared with 62.7 percent during the same period of 2017.

■ **Merchandize Imports:**

Merchandize imports increased by 3.9 percent to reach JD 2,333.2 million during the first two months of 2018, compared to an increase by 3.1 percent during the same period of 2017.



◆ **The developments of imports during the first two months of 2018 compared with the same period of 2017 reveals the following:**

- **Petroleum products** imports increased by JD 98.3 million or 129.3 percent to reach JD 174.3 million. Saudi Arabia, India and Qatar were the main markets, accounting for 87.7 percent of these imports.
- **Crude oil** imports increased by JD 24.5 million, or 21.7 percent, to reach JD 137.3 million. This increase was an outcome from an increase in prices by 21.5 percent and an increase in quantities by 0.2 percent, compared with the same period of 2017. Noting that crude oil imports came from Saudi Arabia.
- **Electrical machinery, apparatus and appliances** imports increased by JD 19.9 million or 28.3 percent to reach JD 90.1 million. China, Turkey and Italy were the main origin markets accounting for 58.3 percent of these imports.



- Textile Yarn, Fabrics, and Related products** imports increased by JD 11.8 million or 11.5 percent to reach JD 114.6 million. China, Taiwan and Turkey were the main origin markets, accounting for 77.8 percent of these imports.
- Plastic and Articles thereof** imports increased by JD 10.0 million or 16.1 percent to reach JD 72.3 million. The Saudi Arabia, China, and UAE were the main origin markets, accounting for 68.5 percent of these imports.
- Transport equipment & spare parts** imports decreased by JD 23.0 million or 9.7 percent to reach JD 213.3 million. The USA, Japan and South Korea were the main origin markets, accounting for 55.6 percent of these imports.

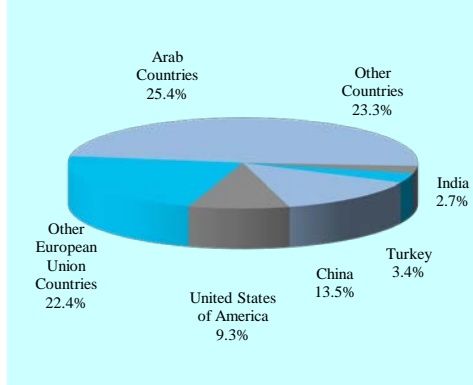
**Major Imports by Commodity, JD Million**  
January- February 2017-2018

	2017	2018	Percentage Change
<b>Total Imports</b>	<b>2,244.6</b>	<b>2,333.2</b>	<b>3.9</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>236.3</b>	<b>213.3</b>	<b>-9.7</b>
USA	56.2	46.5	-17.3
Japan	41.6	38.9	-6.5
South Korea	42.2	33.2	-21.3
<b>Petroleum Products</b>	<b>76.0</b>	<b>174.3</b>	<b>129.3</b>
Saudi Arabia	0.5	118.5	-
India	15.4	18.1	17.5
Qatar	0.0	16.2	-
<b>Crude Oil</b>	<b>112.8</b>	<b>137.3</b>	<b>21.7</b>
Saudi Arabia	112.8	137.3	21.7
<b>Textile Yarn, Fabrics and Related Products</b>	<b>102.8</b>	<b>114.6</b>	<b>11.5</b>
China	44.8	48.4	8.0
Taiwan	26.2	33.4	27.5
Turkey	9.0	7.4	-17.8
<b>Electrical Machinery Apparatus and Appliances</b>	<b>70.2</b>	<b>90.1</b>	<b>28.3</b>
China	26.0	36.8	41.5
Turkey	9.5	10.0	5.3
Italy	3.5	5.7	62.9
<b>Plastic and Articles thereof</b>	<b>62.3</b>	<b>72.3</b>	<b>16.1</b>
Saudi Arabia	33.1	40.0	20.8
China	4.1	5.7	39.0
UAE	4.8	3.8	-20.8
<b>Iron and steel</b>	<b>64.7</b>	<b>68.7</b>	<b>6.2</b>
Saudi Arabia	4.6	27.1	489.1
China	22.3	10.3	-53.8
Egypt	3.8	8.7	128.9

Source: Department of Statistics.

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

**Geographic Distribution of Imports ,  
January - February 2018**



fabrics and related products”, “electrical machinery apparatus and appliances”, “Plastic and Articles thereof”, and “Iron and Steel”, topped the list of imports during the first two months of 2018, accounting for 37.3 percent; compared to 32.3 percent during the same period of 2017. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Germany, Italy, France and Turkey were the main source markets during the first two months of 2018; accounting for 55.0 percent of imports, compared to 48.2 percent during the same period of 2017.

#### ■ Re-Exports

The value of re-exported goods in February 2018 increased by JD 25.3 million, or 53.7 percent, compared to the same month of 2017, to register JD 72.4 million. As for the first two months of 2018, the Value of re-exported goods decreased by JD 36.9 million, or 21.7 percent compared to the same period of 2017 to reach JD 133.0 million.

### ■ Trade Balance

The trade balance deficit decreased by JD 59.4 million, or 8.3 percent, in February 2018 compared to the same month of 2017, to register JD 658.1 million. As for the first two months of 2018, trade balance deficit increased by JD 125.1 million, or 8.8 percent, to register JD 1,552.4 million, compared to the same period of 2017.

### □ Total Workers' Remittances Receipts

- Total workers' remittances receipts decreased by 3.3 percent in March 2018 compared to the same month of 2017, to register JD 202.7 million. As for the first quarter of 2018, total workers' remittances receipts increased by 0.8 percent compared to the same period of 2017 to reach JD 611.9 Million.

### □ Travel

#### ■ Receipts

Travel receipts increased by JD 71.3 million, or 29.5 percent, in March 2018 compared to the same month of 2017, to register JD 312.8 million. As for the first quarter of 2018, travel receipts increased by 14.6 percent compared to the same period of 2017 to reach JD 834.2 Million.

#### ■ Payments

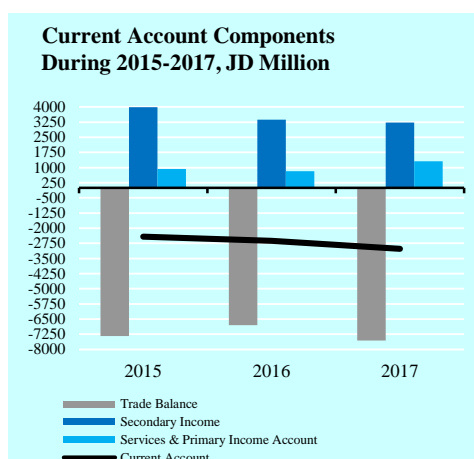
Travel payments decreased by JD 4.8 million, or 5.5 percent, in March 2018 compared to the same month of 2017, to stand at JD 82.2 million. As for the first quarter of 2018, travel payment decreased by 9.0 percent compared to the same period of 2017 to reach JD 225.6 Million.

### □ Balance of Payments

The preliminary data for the balance of payments during 2017 compared to 2016 reveals the following:

- The current account recorded a deficit of JD 3,018.0 million (10.6 percent of GDP) in 2017 compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) during 2016. Meanwhile, the current account deficit excluding grants increased to reach JD 3,795.7 million (13.3 percent of GDP) compared to JD 3,510.0 million (12.8 percent of GDP) during 2016. This was an outcome of the following developments:

- ◆ An increase in the trade balance deficit during 2017 by JD 758.2 million, or 11.1 percent, to reach JD 7,565.5 million compared to JD 6,807.3 million during 2016.



- ◆ An increase in the services account surplus compared to 2016 by JD 428.0 million, to reach JD 1,463.2 million.
- ◆ Primary income account recorded a deficit of JD 145.7 million compared to a deficit of JD 216.0 million during 2016. This was mainly due to the decrease in deficit of the investment income (net) by JD 76.5 million, and decrease in the surplus of workers' remittances (net) by JD 6.2 million.
- ◆ A decrease in the secondary income surplus by JD 139.6 million; to reach JD 3,230.0 million, as a result of the decrease in net transfers of the public sector (foreign grants) during 2017 by JD 113.5 million to reach JD 777.5 million, and the decrease in the net transfers of other sectors by JD 26.1 million to reach JD 2,452.5 million.

- The capital and financial account registered a net inflow of JD 2,034.8 million during 2017, compared to a net inflow of JD 2,375.7 million during 2016. This can be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 1,177.3 million compared to an inflow of JD 1,100.3 million during 2016.
  - ◆ Portfolio investment recorded a net inflow of JD 676.7 million compared to a net inflow of JD 845.9 million during 2016.
  - ◆ Other investment registered a net inflow of JD 58.4 million compared to a net outflow of JD 406.6 million during 2016.
  - ◆ A decrease in the reserve assets of the CBJ by JD 92.4 million, compared to decrease of JD 783.1 million during 2016.

#### □ 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 29,043.7 million at the end of 2017 compared to JD 26,904.4 million at the end of 2016. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 164.5 million at the end of 2017 compared to the end of 2016 to reach JD 18,694.8 million. This was mainly due to the increase in the currency and deposits of the banking sector abroad by JD 157.0 million and increase in the CBJ's reserve assets by JD 29.5 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 2,303.8 million at the end of 2017 compared to the end of 2016; to reach JD 47,738.5 million, due to the following developments:
  - ◆ An increase in the stock of direct investment in the kingdom by JD 1,223.3 million to stand at JD 24,058.7 million.
  - ◆ An increase in the stock of portfolio investment in the kingdom by JD 660.7 million to stand at JD 8,209.8 million, this was mainly due to the Issuance of JD 1,065 million (USD 1.5 billions) Eurobonds in the international markets.
  - ◆ An increase of government long term loans by JD 415.8 million to stand at JD 4,228.9 million.
  - ◆ An increase in the deposits of non-residents at the banking sector by JD 384.7 million to stand at JD 7,573.1 million (decrease by JD 102.8 million for the CBJ and increase by 487.5 for the licensed banks).
  - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 236.0 million to reach JD 901.4 million.