



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 |

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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 two months of 2018 by 3.3 percent, compared to a rise of 3.5 percent in the same period of 2017. Furthermore, the unemployment rate during the fourth quarter of 2017 amounted to 18.5 percent.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,898.9 million at the end of February 2018. This level of reserves covers around 7.7 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,197.5 million at the end of February 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 25,098.8 million at the end of February 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,418.4 million at the end of February 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 2,219.7 points at the end of February 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 42.7 million (-1.8 percent of GDP) in the first month of 2018 compared to a fiscal surplus in the amount of JD 114.3 million (4.8 percent of GDP) in the same period of 2017. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 166.1 million at the end of January 2018 compared to its level at the end of 2017, standing at JD 15,568.2 million (54.2 percent of GDP). Outstanding external public debt (budget and guaranteed) increased by JD 7.7 million at the end of January 2018 compared to its level at the end of 2017 to reach JD 11,874.9 million (41.4 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 95.6 percent of GDP at the end of January 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 19.1 percent during January 2018 to reach JD 376.4 million. Meanwhile, merchandize imports increased by 8.1 percent to reach JD 1,270.6 million. As a result, the trade balance deficit increased by 26.0 percent compared to the same month of 2017, to reach JD 894.2 million. The preliminary data in the first two months of 2018 shows an increase in travel receipts by 7.2 percent and a decrease in travel payments by 10.9 percent compared to the same period of 2017. Moreover, total workers' remittances receipts increased by 3.0 percent in the first two months 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 account 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 form 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\$ 13,898.9 million at the end of February 2018. This level of reserves covers around 7.7 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,197.5 million at the end of February 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 25,098.8 million at the end of February 2018, compared to JD 24,736.8 million at the end of 2017.
- Total deposits at licensed banks amounted to JD 33,418.4 million at the end of February 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 February 2018, except the interest rate on demand deposits, which had decreased, compared to their levels at the end of 2017. While the interest rate 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 2,219.7 points at the end of February 2018, compared to 2,126.8 points at the end of 2017. Moreover, the market capitalization reached JD 17,942.4 million at the end of February 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

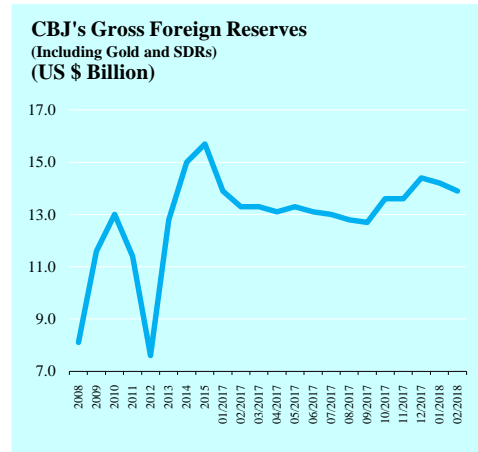
		End of February	
2017		2017	2018
US\$ 14,391.8	CBJ's Foreign Reserves*	US\$ 13,294.1	US\$ 13,898.9
-0.7%		-8.3%	-3.4%
32,957.6	Money Supply (M2)	31,893.9	33,197.5
0.2%		-3.0%	0.7%
24,736.8	Credit Facilities, of which:	23,192.7	25,098.8
8.0%		1.3%	1.5%
21,747.1	Private Sector (Resident)	20,158.8	22,098.6
9.3%		1.3%	1.6%
33,197.7	Total Deposits, of which:	32,317.0	33,418.4
0.9%		-1.8%	0.7%
25,642.2	In JD	25,192.1	25,747.6
-1.3%		-3.0%	0.4%
7,555.5	In Foreign Currencies	7,124.9	7,670.8
9.0%		2.9%	1.5%
26,916.3	Deposits of Private Sector (Resident), of which:	26,153.8	27,000.6
-0.1%		-3.0%	0.3%
21,258.2	In JD	20,931.2	21,278.7
-1.5%		-3.0%	0.1%
5,658.1	In Foreign Currencies	5,222.6	5,721.9
5.2%		-2.9%	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\$ 13,898.9 million at the end of February 2018. This level of reserves covers around 7.7 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

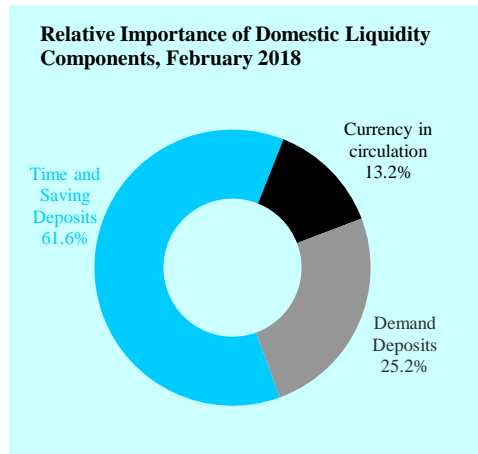
■ Domestic liquidity amounted to JD 33.2 billion at the end of February 2018, compared to JD 33.0 billion at the end of 2017.

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

- **Components of Domestic Liquidity**

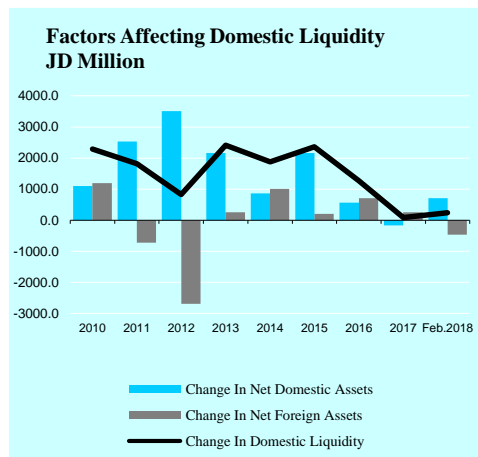
- Total liquidity deposits amounted to JD 28.8 billion at the end of February 2018, compared to JD 27.8 billion at the end of February 2017, and JD 28.6 billion at the end of 2017.

- Currency in circulation amounted to JD 4.4 billion at the end of February 2018, compared to JD 4.1 billion at the end of February 2017, and JD 4.3 billion at the end of February 2017.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 24.5 billion at the end of February 2018, compared to JD 23.9 billion at the end of February 2017, and JD 23.8 billion at the end of 2017.



- Net foreign assets of the banking system amounted to JD 8.7 billion at the end of February 2018, compared to JD 8.0 billion at the end of February 2017, and JD 9.1 billion at the end of 2017. The net foreign assets at the CBJ amounted to JD 10.0 billion at the end of February 2018.

Factors Affecting Domestic Liquidity (M2)
 JD Million

		End of February	
2017		2017	2018
9,122.6	Foreign Assets (Net)	7,963.4	8,657.0
10,260.0	CBJ	9,063.0	10,014.5
-1,137.4	Licensed Banks	-1,099.6	-1,357.5
23,835.0	Domestic Assets (Net)	23,930.5	24,540.5
-5,398.5	CBJ, of which:	-4,512.5	-5,136.9
653.1	Claims on Public Sector (Net)	1,177.5	929.3
-6,074.5	Other Items (Net*)	-5,713.0	-6,088.9
29,233.6	Licensed Banks	28,443.1	29,677.5
9,336.7	Claims on Public Sector (Net)	9,870.0	9,439.2
22,502.9	Claims on Private Sector	20,905.1	22,871.3
-2,606.0	Other Items (Net)	-2,332.0	-2,633.0
32,957.6	Money Supply (M2)	31,893.9	33,197.5
4,326.5	Currency in Circulation	4,089.8	4,378.0
28,631.1	Total Deposits, of which:	27,804.1	28,819.5
5,696.5	In Foreign Currencies	5,266.9	5,779.0

* 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 25th, 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 Rates on Monetary Policy Instruments, percentage points			
2017		February	
		2017	2018
4.00	Re-discount Rate	3.25	4.00
5.00	Repurchase Agreements Rate (overnight)	4.25	5.00
4.75	Overnight Deposit Window Rate	4.00	4.75
3.00	Repurchase Agreements rate (one week)	2.25	3.00
4.00	Repurchase Agreements rate (one month)	3.25	4.00
4.00	Certificates of Deposits (one week)	3.00	4.00

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- 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 local interest rates levels consistent with global and regional interest rates.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

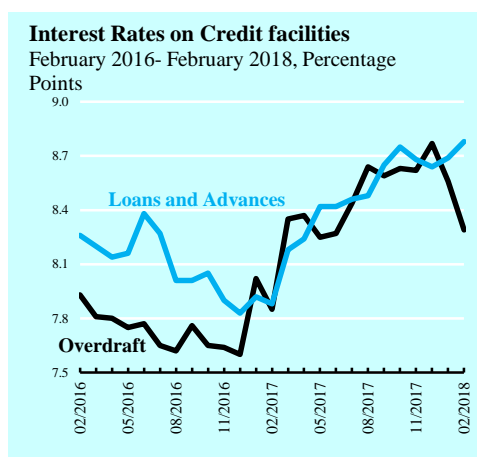
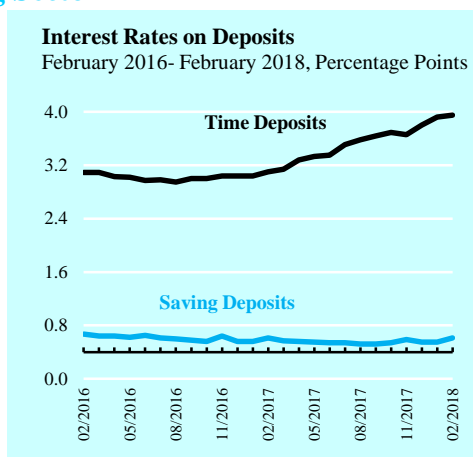
- Time Deposits: The weighted average interest rate on time deposits increased by 3 basis points at the end of February 2018, compared to its level in the previous month, to stand at 3.95 percent. This rate is higher by 15 basis points than its level at the end of 2017.

- Saving Deposits: The weighted average interest rate on saving deposits at the end of February 2018 increased by 6 basis points, compared to its level registered in the previous month, to stand at 0.61 percent. This rate is higher by 6 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 February 2018, compared to its level registered in the previous month, to stand at 0.24 percent. This rate is lower by 10 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 decreased by 27 basis points at the end of February 2018, compared to its level registered in the previous month, to stand at 8.29 percent. This rate is lower by 48 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 15 basis points at the end of February 2018, compared to its level registered in the previous month, to stand at 10.19 percent. This rate is lower by 4 basis points than its level registered at the end of 2017.

	February		Change Relative to the Preceding Year Basis Points	
	2017	2018		
Deposits				
0.34	Demand	0.21	0.24	-10
0.55	Saving	0.61	0.61	6
3.80	Time	3.10	3.95	15
Credit Facilities				
10.23	Discounted Bills and Bonds	8.92	10.19	-4
8.64	Loans and Advances	7.88	8.78	14
8.77	Overdraft	7.85	8.29	-48
8.83	Prime Lending Rate	8.43	8.91	8

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 9 basis points at the end of February 2018, compared to its level registered in the previous month, to stand at 8.78 percent. This rate is higher by 14 basis points than its level registered at the end of 2017.
- The prime lending rate stood at 8.91 percent at the end of February 2018, maintaining the same level registered in the previous month. This rate is higher by 8 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 362.0 million, or 1.5 percent, at the end of February 2018, compared to its level at the end of 2017, against an increase of JD 286.9 million, or 1.3 percent, during the same period in 2017.

- In terms of borrowers, the credit facilities at the end of February 2018 had shown an increase in credit extended to the private sector (resident) by JD 351.5 million, or 1.6 percent, the private sector (non-resident) by JD 23.7 million, or 4.7 percent, the public institutions by JD 5.0 million, or 1.4 percent, the financial institutions by JD 3.0 million, or 17.6 percent. Meanwhile, the credit facilities extended to the central government had decreased by JD 21.2 million, or (%1.0), compared to their levels at the end of 2017.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,418.4 million at the end of February 2018, increasing by JD 220.7 million, or 0.7 percent, compared to its level at the end of 2017, against a decrease of JD 583.0 million, or 1.8 percent, during the same period in 2017.
- The currency composition of deposits at the end of February 2018, revealed that the JD deposits amounted to JD 25.7 billion, and the deposits in foreign currency amounted to JD 7.7 billion, compared to JD 25.2 billion of JD deposits, and JD 7.1 billion of deposits in foreign currency at the end of February 2017. As for the end of 2017, the JD Deposits amounted to JD 25.6 billion, and deposits in foreign currency a mounted JD 7.6 billion at the end of 2017.

□ Amman Stock Exchange (ASE)

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

■ **Trading Volume**

Trading volume at ASE totaled JD 138.9 million at the end of February 2018, increased by JD 24.9 million, or 21.8 percent, compared to its level registered in the previous month, against an increase of JD 592.1 million, during the same month in 2017. As for the first two months of 2018, the trading volume decreased by JD 1,226.0 million, compared to the same period in 2017, to reach JD 252.9 million.

■ **Traded Shares**

The number of traded shares in February 2018 totaled 117.6 million shares, increased by 21.4 million shares, or 22.2 percent, compared to its level registered in the previous month, against an increase by 65.1 million shares during the same month in 2017. As for the first two months of 2018, the number traded shares amounted to 213.8 million shares, compared to 504.7 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 26.4 point, or 1.2 percent, at the end of February 2018, compared to its level registered in the previous month, to stand at 2,219.7

points, against an increase of 51.3 point, or 2.4 percent, during the same month in 2017. Furthermore, at the end of the first two months in 2018, the SPI increased by 92.9 points, or 4.4 percent, compared to its level at the end of 2017, against an increase of 42.5 point, or 2.0 percent during the same period in 2017. The aforementioned increase was an outcome of the increase in the SPI of the financial sector by 120.9 points, or 4.2 percent, the services sector by 66.5 point, or 4.0 percent, and industrial sector by 36.8 points, or 1.6 percent, compared to their levels at the end of 2017.

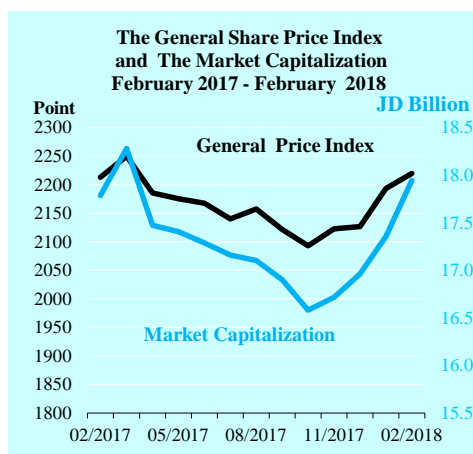
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

		February	
2017		2017	2018
2,126.8	General Index	2,212.8	2,219.7
2,881.5	Financial Sector	3,045.9	3,002.4
2,229.5	Industrial Sector	2,069.5	2,266.3
1,449.7	Services Sector	1,600.1	1,516.2

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 17.9 billion at the end of February 2018, increasing by JD 587.9 million, or 3.4 percent, compared to its level registered in the previous month, against an increase of JD 339.1 million, or 1.9 percent, during the same month in 2017. As for the first two months of 2018, the market capitalization increased by JD 979.9 million, or 5.8 percent, compared to an increase of JD 446.8 million, or 2.6 percent, during the same period in 2017.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 0.6 million in February 2018, compared to an outflow of JD 384.4 million during the same month in 2017. The value of shares buying by non-Jordanian in February 2018 amounted to JD 40.0 million, while their selling amounted to JD 39.4 million. As for the first two months of 2018, non-Jordanian net investment recorded an outflow of JD 6.7 million, compared to an outflow of JD 396.0 million, during the same period in 2017.

Main Amman Stock Exchange Trading Indicators, JD Million

		February	
2017		2017	2018
2,926.2	Value Traded	1,035.5	138.9
11.8	Average Daily Trading	51.8	6.9
16,962.6	Market Capitalization	17,786.2	17,942.4
1,716.7	No. of Traded Shares (million)	284.9	117.6
-334.3	Net Investment of Non-Jordanian	-384.4	0.6
995.0	Non-Jordanian Buying	521.0	40.0
1,329.2	Non-Jordanian Selling	905.4	39.4

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 two months of 2018 by 3.3 percent, compared to a rise of 3.5 percent during the same period of 2017.
- The unemployment rate during the fourth quarter of 2017 amounted of 18.5 percent (16.1 percent for males and 27.5 percent for females), The highest unemployment rate among youth reached 45.4 percent for the categories of 15-19 years old, and 36.4 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
2015					
GDP at Constant Market Prices	2.0	2.4	2.6	2.6	2.4
GDP at Current Market Prices	5.1	4.5	4.7	4.6	4.7
2016					
GDP at Constant Market Prices	2.3	1.9	1.8	2.0	2.0
GDP at Current Market Prices	3.8	3.2	2.6	2.7	3.0
2017					
GDP at Constant Market Prices	2.2	2.0	1.9	1.8	2.0
GDP at Current Market Prices	3.9	3.4	3.8	3.6	3.7

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 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
GDP At Constant Market Prices	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 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” (14.2 percent) and “manufacturing production quantity index” (5.1 percent). The following table displays the performance of the main sectoral indicators.

Main Sectoral Indicators*					
Percentage Points					
2017	Item	2017	Available period	2018	
-14.1	Value traded at the real estate market	6.2	Jan.	-14.2	
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		

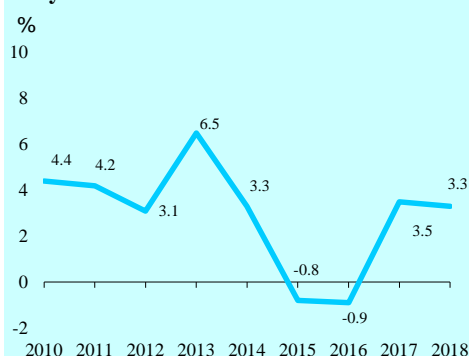
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in CPI, increased by 3.3 percent during the first two months of 2018, compared to a rise of 3.5 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 two months of 2018:

- “Cereals and products” prices increased significantly by 12.0 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.

Inflation Rate during the first two months for the years 2010-2018



Inflation Rate during (2017 – 2018)

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Feb 2017	Jan-Feb 2018	Jan-Feb 2017	Jan-Feb 2018
All Items	100.00	3.5	3.3	3.5	3.3
1) Food and non-Alcoholic Beverages	33.36	-0.3	-0.1	-0.1	0.0
Food	30.51	-0.4	-0.4	-0.1	-0.1
Cereals and Products	4.99	-0.1	12.0	0.0	0.5
Meat and Poultry	8.24	-5.2	0.2	-0.4	0.0
Dairy Products and Eggs	4.23	-0.5	-3.5	0.0	-0.2
Oil and Fats	1.92	2.5	5.2	0.0	0.1
Fruits and Nuts	2.73	-9.9	-1.0	-0.3	0.0
Vegetables and Legumes Dry and Canned	3.89	13.3	-14.4	0.5	-0.6
2) Alcohol and Tobacco and Cigarettes	4.43	7.8	17.8	0.3	0.8
3) Clothing and footwear	3.55	-3.1	0.0	-0.1	0.0
4) Housing	21.92	2.7	3.1	0.6	0.7
Rents	15.57	2.1	2.8	0.4	0.5
Fuels and Lighting	4.85	3.8	5.3	0.2	0.2
5) Household Furnishings and Equipment	4.19	1.3	1.8	0.1	0.1
6) Health	2.21	10.7	6.2	0.2	0.2
7) Transportation	13.58	14.4	8.9	1.8	1.2
8) Communication	3.50	0.9	1.0	0.0	0.0
9) Culture and Recreation	2.27	10.6	1.3	0.2	0.0
10) Education	5.41	3.6	1.4	0.2	0.1
11) Restaurants and Hotels	1.83	-0.1	4.2	0.0	0.1
12) Other Goods and Services	3.75	6.6	3.0	0.3	0.1

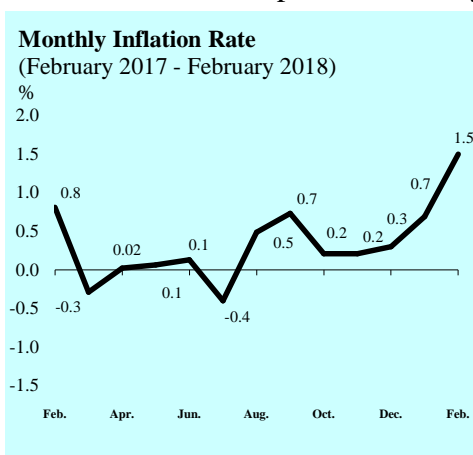
Source: Department of Statistics.

- “Tobacco and cigarettes” prices increased significantly by 17.9 percent compared to a rise of 7.8 percent the during first two months of 2017, as a result of the government's decision to raise the tax on cigarettes by 200 fills for each pack of cigarettes offered for domestic consumption.
- Housing prices increased by 3.1 percent compared to a rise of 2.7 percent during the first two months 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 two months of 2017 and increase in the prices of “fuels and lighting” by 5.3 percent compared to an increase of 3.8 percent, As a result of the government’s decision to amend fuel price band item, included in the electric bill to become 12 fills instead of 4 fills, starting in February 2018.
- Transportation prices increased by 8.9 percent compared to an increase by 14.4 percent, during the first two months 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 two months of 2018 by 3.2 percentage points, compared to a contribution of 2.8 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” (14.4 percent), “dairy products and eggs” (3.5 percent).

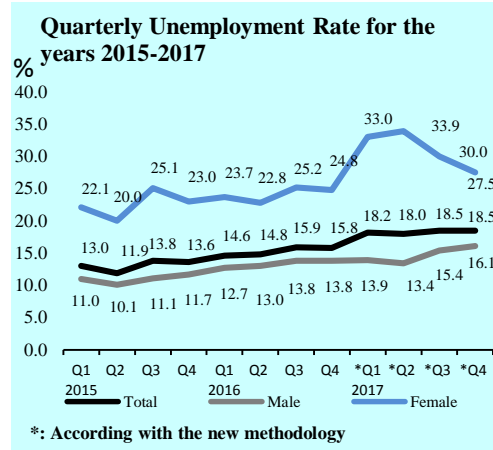
In February 2018, the CPI witnessed an increase compared to January 2018 by 1.5 percent. This was due to the increase in prices of some groups and items, mainly; “Cereals and products” (20.9 percent), “dairy products and eggs” (3.6 percent), transportation (3.3 percent), and “fuels and lighting” (1.6 percent), and the decrease “vegetables and legumes dry and canned” (4.9 percent) and “Meat and poultry” (1.8 percent).



□ 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 the fourth quarter of 2017, according to the new methodology:



*: According with the new methodology

- The unemployment rate reached 18.5 percent (16.1 percent for males, and 27.5 percent for females). While, the unemployment rate among academic degree holders (Bachelor and higher) reached 22.8 percent.
- The highest unemployment rates were between the two age categories 15-19 years and 20-24 years, by (45.4 percent) and (36.4 percent), respectively.
- The refined economic participation rate (the labor force attributed to the population 15 years and above), was 38.1 percent (60.0 percent for males, and 16.2 percent for females).
- The employed percent among the population (15 years and above) was 31.0 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 42.7 million (-1.8 percent of GDP) in the first month of 2018, comparing to a fiscal surplus in the amount of JD 114.3 million (4.8 percent of GDP) during the same period in 2017. When excluding foreign grants (JD 9.8 million), the general budget deficit widens to reach JD 52.5 million (-2.2 percent of GDP) compared to a surplus in the amount of JD 100.0 million (4.2 percent of GDP) during the same period in 2017.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 166.1 million at the end of January 2018 compared to its level at the end of 2017, to reach JD 15,568.2 million (54.2 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 7.7 million at the end of January 2018, compared to its level at the end of 2017, to stand at JD 11,874.9 million (41.4 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose to JD 27,443.1 million (95.6 percent of GDP) at the end of January 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 181.2 million at the end of January 2018 compared to the end of 2017 to reach JD 1,652.3 million.
 - Accordingly, net outstanding domestic public debt increased by JD 347.2 million to reach JD 13,915.8 million (48.5 percent of GDP) at the end of January 2018. However, net outstanding public debt increased by JD 354.9 million to reach JD 25,790.7 million (89.8 percent of GDP).
- **The performance of the general budget during the first month of 2018 compared to the same period of 2017:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) went up by JD 30.5 million, or 5.0 percent, in the first month of 2018 compared to the same period of 2017 to stand at JD 634.9 million. This came as an outcome of the increase in domestic revenues by JD 35.0 million, and a decrease in foreign grants by JD 4.5 million.

Main Government Budget indicators during the first month of 2018

(JD Million and Percentages)

	January		Growth Rate
	2017	2018	
Total Revenues and Grants	604.4	634.9	5.0
Domestic Revenues, of which:	590.1	625.1	5.9
Tax Revenues, of which:	432.1	441.2	2.1
General Sales Tax	254.9	271.9	6.7
Other Revenues	157.3	183.3	16.5
Foreign Grants	14.3	9.8	-31.5
Total Expenditures, of which:	490.1	677.6	38.3
Capital Expenditures	4.0	4.7	17.5
Overall Deficit/ Surplus (Including Grants)	114.3	-42.7	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	4.8	-1.8	-

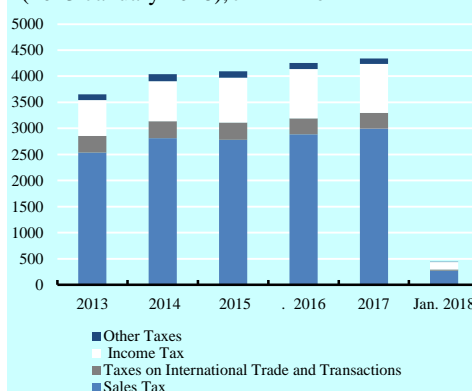
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 35.0 million, or 5.9 percent, in the first month of 2018 compared to the same period of 2017, to reach JD 625.1 million. This increase was an outcome of the rise in the proceeds of “other revenues” and “tax revenues” by JD 26.0 million, and JD 9.1 million, respectively, and the drop in

pension contributions by JD 0.1 million. Accordingly, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) witnessed a decrease to reach 92.9 percent in the month of 2018 against 121.4 percent in the same period of 2017.

Tax Revenue Structure (2013-January 2018), JD Million



- **Tax Revenues**

Tax revenues increased by JD 9.1 million, or 2.1 percent, during the first month of 2018 compared to the same period of 2017, to reach JD 441.2 million (70.6 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 17.0 million, or 6.7 percent, to reach JD 271.9 million (accounting for 61.6 percent of total tax revenues). This result was an outcome of the increase in the proceeds of sales tax on services and domestic goods by JD 9.1 million, and JD 4.7 million, respectively.
- A decline in the proceeds of **income and profit taxes** by JD 4.3 million, or 3.0 percent, to reach JD 137.0 million (accounting for 31.1 percent of total tax revenues). This decline was mainly an outcome of the decrease in the proceeds of income tax from individuals by JD 3.7 million. And decrease in the proceeds of income tax from companies and projects by JD 0.6 million. Accordingly, income tax from companies and projects accounted for 90.1 percent of total proceeds of income and profits taxes, amounting to JD 123.4 million.

- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 1.7 million, or 6.5 percent, to reach JD 24.4 million (accounting for 5.5 percent of total tax revenues).
- A decrease in the proceeds of **taxes on financial transactions (real-estate tax)** by JD 1.9 million, or 19.4 percent, to reach JD 7.9 million (accounting for 1.8 percent of total tax revenues).

● Non-Tax Revenues

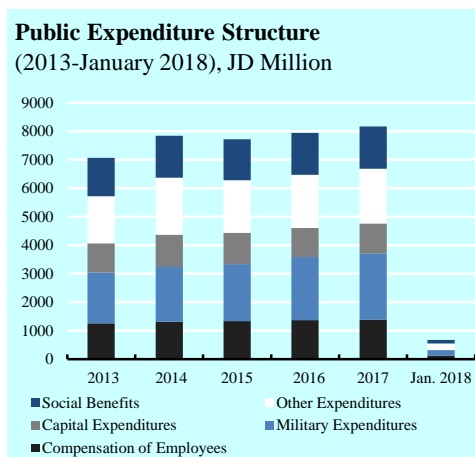
- “Other revenues” increased by JD 26.0 million, or 16.5 percent, in the first month of 2018 to reach JD 183.3 million. This increase was chiefly due to the following:
 - An increase in miscellaneous revenues by JD 20.8 million to stand at JD 83.1million.
 - An increase in revenues from selling goods and services by JD 0.7 million to reach JD 74.0 million.
 - An increase in property income by JD 4.5 million to stand at JD 26.2 million (of which financial surplus of independent government units amounted to JD 24.4 million against JD 20.4 million in the same period of 2017).
- Pension contributions witnessed a decrease of JD 0.1 million, or 14.3 percent, in the first month of 2018 compared to same period of 2017, standing at JD 0.6 million.

◆ Foreign Grants

Foreign grants decreased by JD 4.5 million, or 31.5 percent, in the first month of 2018, standing at JD 9.8 million compared to JD 14.3 million in the same period of 2017.

Public Expenditures

Public expenditures increased by JD 187.5 million, or 38.3 percent, in the first month of 2018 to stand at JD 677.6 million. This increase was a result of the rise in current expenditures and capital expenditures by JD 38.4 million and JD 17.5 million, respectively.



Current Expenditures

Current expenditures went up by JD 186.8 million, or 38.4 percent, in the first month of 2018 to reach JD 672.9 million, 99.3 percent of public expenditures. This result was driven by the increase in the majority of its items:

- An increase in military expenditures by JD 21.5 million to total JD 196.3 million, accounting for 29.2 percent of total current expenditures.
- A rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 10.2 million to reach JD 123.7 million, accounting for 18.4 percent of total current expenditures.
- An increase in social benefits by JD 5.7 million to stand at JD 118.2 million, accounting for 17.6 percent of total current expenditures.
- An increase in interest payments (commitment basis) by JD 34.1 million to stand at JD 90.4 million, accounting for 13.4 percent of total current expenditures.

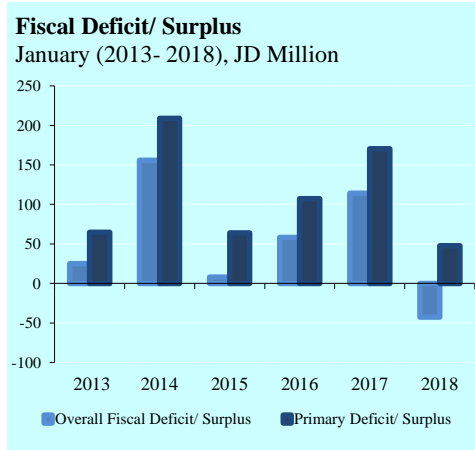
- An increase in subsidies by JD 117.2 million to stand at JD 126.4 million, accounting for 18.8 percent of total current expenditures.
- However, the purchases of goods and services decreased by JD 3.9 million to reach JD 4.6 million, accounting for 0.7 percent of total current expenditures.

◆ **Capital Expenditures**

Capital expenditures increased by JD 0.7 million, or 17.5 percent, during the first month of 2018 compared to same period of 2017, to reach JD 4.7 million.

■ **General Budget Deficit/ Surplus**

- ◆ The general budget, including foreign grants, displayed an overall fiscal deficit amounted to JD 42.7 million during the first month of 2018, compared to an overall surplus of JD 114.3 million during the same period of 2017. As a percent of GDP, the budget deficit reached 1.8 percent, compared surplus to 4.8 percent in the same period of 2017.

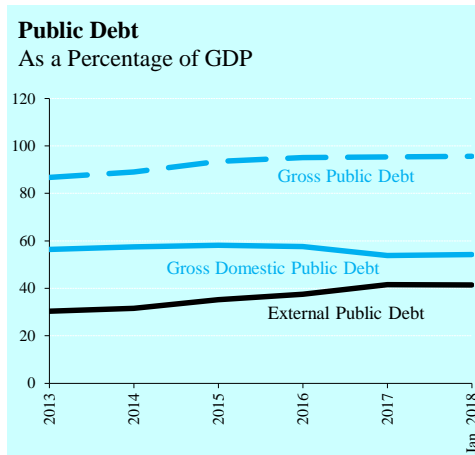
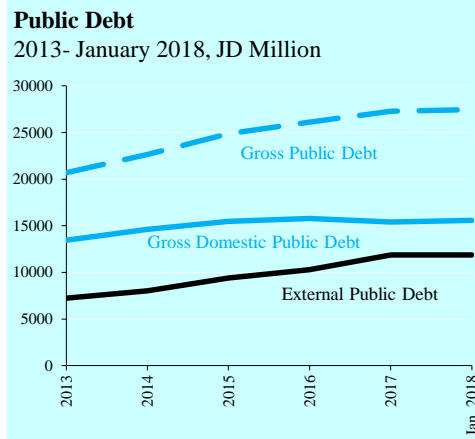


- ◆ When foreign grants were excluded, the general budget deficit widened to JD 52.5 million (-2.2 percent of GDP) during the first month of 2018, against a fiscal surplus of JD 100 million (4.2 percent of GDP) in the same period of 2017.
- ◆ The general budget recorded that the primary deficit (domestic revenues *minus* total public expenditures excluding interest payments on public debt) achieved a surplus in the amount of JD 37.9 million (1.6 percent of GDP) during the first month of 2018, against a primary surplus of JD 156.3 million (6.6 percent of GDP) in the same period of 2017.

Public Debt

- Gross outstanding domestic public debt increased by JD 166.1 million at the end of January 2018 compared to its level at the end of 2017 to total JD 15,568.2 million (54.2 percent of GDP). This increase was an outcome of the rise in total domestic public debt of the general budget by JD 115.0 million, and the increase in the total domestic public debt of own-budget agencies by JD 51.1 million compared to their levels at the end of 2017, standing at JD 12,661.8 million and JD 2,906.4 million, respectively. The increase in the

budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds at the end of January 2018 by JD 115.0 million compared to the level achieved at the end of 2017 to reach JD 12,308.9 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. Moreover, the rise of the domestic public debt



of own-budget agencies was driven by the increase in loans and advances extended to these institutions by JD 51.1 million compared to their level at the end of 2017, to reach JD 2,248.9 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 up by JD 7.7 million at the end of January 2018, compared to its level at the end of 2017 to reach JD 11,874.9 million (41.4 percent of GDP). It is worth mentioning that the balance of the external public debt denominated in the U.S. dollar accounted for 67.2 percent of the total external debt, and the SDR accounted for 9.0 percent. However, the debt in Euro accounted for 8.9 percent, Japanese Yen (6.7 percent), and Kuwaiti Dinar (5.9 percent).
- In light of the abovementioned developments, gross public debt (domestic and external) increased by JD 173.8 million at the end of January 2018 compared to its level at the end of 2017 to stand at JD 27,443.1 million (95.6 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 181.2 million at the end of January 2018 compared to the end of 2017 to reach JD 1,652.3 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 347.2 million at the end of January 2018 to reach JD 13,915.8 million (48.5 percent of GDP). Whereas, net public debt increased by JD 354.9 million at the end of January 2018 to stand at JD 25,790.7 million, accounting for 89.8 percent of GDP compared to 88.9 percent of GDP at the end of 2017.

- External debt service (budget and guaranteed) increased by JD 95.1 million during January 2018 compared to same period of 2017 to reach JD 158.7 million (including principal payments of JD 110.4 million and interest of JD 48.3 million).

□ Fiscal and Price Measures of 2018

◆ April

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

Development of Oil Derivatives Price

	Unit	2018		Percentage Change
		March	April	
Unleaded Gasoline 90	Fils/Liter	760	780	2.6
Unleaded Gasoline 95	Fils/Liter	985	1,005	2.0
Unleaded Gasoline 98	Fils/Liter	1,135	1,155	1.8
Gas Oil (Diesel)	Fils/Liter	560	570	1.8
Kerosene	Fils/Liter	520	520	0.0
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	387.4	383.1	-1.1
Fuel for airplanes (local companies)	Fils/Liter	445	441	-0.9
Fuel for airplanes (foreign companies)	Fils/Liter	450	446	-0.9
Fuel for unplanned flights	Fils/Liter	465	461	-0.9
Asphalt	JD/Ton	380.5	375.9	-1.2

Source: Jordan Petroleum Refinery Company (1/4/2018).

- 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.

◆ March

- The Energy and Minerals Regulatory Commission decided to amendment 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 amendment 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 20m euros. 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 in the same amount will 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) decreased by 19.1 percent in January 2018 compared to the same month of 2017 to reach JD 376.4 million.
- **Merchandize imports** increased by 8.1 percent in January 2018 compared to the same month of 2017 to reach JD 1,270.6 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 26.0 percent in January 2018 compared to the same month of 2017; standing at JD 894.2 million.
- **Travel receipts** increased by 4.3 percent in February 2018 compared to the same month of 2017 to reach JD 223.9 million, Meanwhile, As for the first two months of 2018, Travel receipts increased by 7.2 percent compared to the same period of 2017 to reach JD 521.4 Million. Travel payments decreased by 10.9 percent in February 2018 compared to the same month of 2017 to reach JD 71.2 million. As for the first two months of 2018, Travel payment decreased by 10.9 percent compared to the same period of 2017 to reach JD 143.4 Million.
- **Total workers' remittances receipts** increased by 2.0 percent in February compared to the same month of 2017 to reach JD 190.7 million. As for the first two months of 2018, Total workers' remittances receipts increased by 3.0 percent compared to the same period of 2017 to reach JD 409.2 Million.
- **The current account of the balance of payments** (including grants) registered a deficit accounted 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.

External Sector

March 2018

- **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.

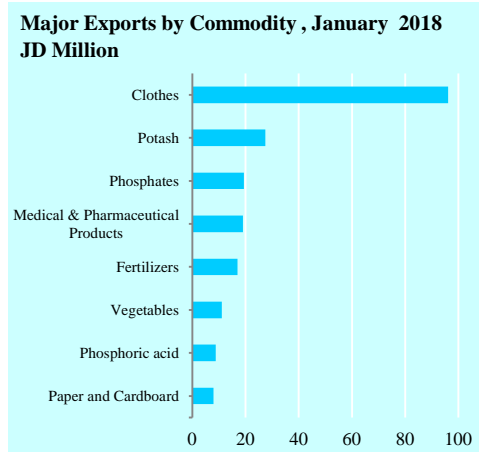
□ External Trade

- As a result of the decrease in domestic exports by JD 26.9 million, and the increase in imports by JD 95.4 million during January of 2018, the volume of external trade (domestic exports *plus* imports) increased by JD 68.5 million to stand at JD 1,586.4 million compared to the same month of 2017.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million			
	January		Percentage Change		January		Percentage Change (%)
	2017	2018			2017	2018	
Exports				External Trade			
USA	83.3	91.1	9.4	1,517.9	5.4	1,586.4	4.5
India	30.1	49.9	65.8	Total Exports			
Saudi Arabia	33.4	30.9	-7.5	465.5	28.3	376.4	-19.1
Iraq	34.7	27.3	-21.3	Domestic Exports			
UAE	15.3	9.9	-35.3	342.7	15.0	315.8	-7.8
Qatar	9.9	6.3	-36.4	Re-exports			
Kuwait	8.8	6.1	-30.7	122.8	89.5	60.6	-50.7
Imports				Imports			
Saudi Arabia	115.8	186.1	60.7	1,175.2	2.9	1,270.6	8.1
China	161.5	162.2	0.4	Trade Balance			
USA	88.2	149.2	69.2	-709.7	-8.9	-894.2	26.0
Italy	35.2	49.7	41.2	Source: Department of Statistics.			
Germany	48.7	49.0	0.6				
Turkey	46.6	41.5	-10.9				
India	48.9	40.0	-18.2				
Source: Department of Statistics.							

■ Merchandize Exports:

Total merchandize exports decreased by 19.1 percent during January 2018, to record JD 376.4 million. This decrease resulted from a decrease in domestic exports by JD 26.9 million, or 7.8 percent to reach JD 315.8 million and a decrease in re-exports by JD 62.2 million, or 50.7 percent to reach JD 60.6 million.



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

- Exports of **Potash** decreased by JD 4.2 million, or 13.3 percent, to stand at JD 27.4 million. The Indian, Egyptian, Turkey and Japan markets accounted for 81.4 percent of these exports.
- Exports of **phosphates** decreased by JD 2.3 million, or 10.6 percent, to register JD 19.4 million. This was a result of the decrease in exported quantities by 7.4 percent and the decrease in prices by 3.4 percent. It is worth noting that the Indian and Iran markets were the main destinations for phosphates exports, accounting for 88.7 percent.
- Exports of **paper and cardboard** decreased by JD 0.8 million, or 9.1 percent, to reach JD 8.0 million. Saudi Arabia, Iraq, and Lebanon were the main destination markets for these exports, accounting for 85.0 percent.

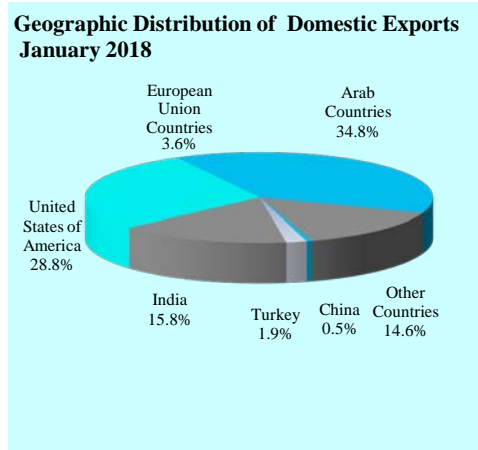
- Exports of **Clothes** increased by JD 15.2 million, or 18.8 percent, to stand at JD 96.1 million. The USA market accounted for 85.3 percent of these exports.
- Exports of **phosphoric Acid** increased by JD 0.9 million, or 11.4 percent, to reach JD 8.8 million. India, Turkey and Saudi Arabia were the main destination markets; accounting for 80.7 percent of these exports.
- Exports of **vegetables** increased by JD 0.4 million, or 3.7 percent, to reach JD 11.1 million. The markets of the UAE, Saudi Arabia, Kuwait, and Iraq accounted for 66.7 percent of these exports.

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

	2017	2018	Percentage Change
Domestic Exports	342.7	315.8	-7.8
Clothes	80.9	96.1	18.8
USA	72.9	82.0	12.5
Potash	31.6	27.4	-13.3
India	12.8	13.4	4.7
Turkey	3.8	3.7	-2.6
Japan	0.0	2.9	-
Egypt	1.9	2.3	21.1
Phosphates	21.7	19.4	-10.6
India	11.8	14.0	18.6
Iran	2.8	3.2	14.3
Medical & Pharmaceutical Products	23.2	19.0	-18.1
Saudi Arabia	3.6	4.2	16.7
Iraq	1.5	3.5	133.3
USA	3.7	2.0	-45.9
UAE	1.0	1.8	80.0
Fertilizers	26.3	17.0	-35.4
India	0.4	15.1	-
Iraq	11.4	0.5	-95.6
Sudan	0.2	0.3	50.0
Vegetables	10.7	11.1	3.7
UAE	2.1	2.5	19.0
Saudi Arabia	0.5	2.4	380.0
Kuwait	0.8	1.3	62.5
Iraq	0.8	1.2	50.0
Phosphoric Acid	7.9	8.8	11.4
India	3.9	6.1	56.4
Turkey	0.0	0.9	-
Saudi Arabia	0.2	0.1	-50.0
Paper and cardboard	8.8	8.0	-9.1
Saudi Arabia	4.2	4.9	16.7
Iraq	2.0	1.5	-25.0
Lebanon	0.3	0.4	33.3

Source: Department of Statistics.

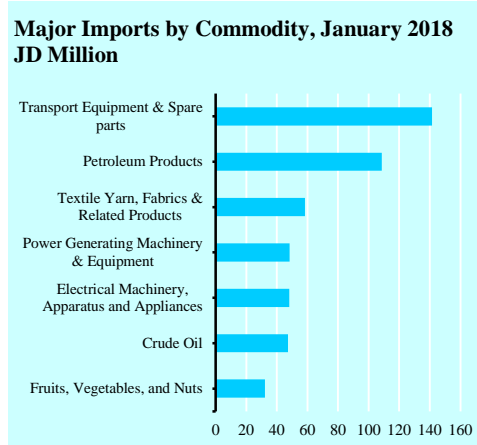
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, phosphates, “medical and



pharmaceutical products”, fertilizers, vegetables, “phosphoric Acid” and “paper and cardboard”, topped the list of domestic exports during January 2018; accounting for 65.5 percent, compared with 61.6 percent during the same month of 2017. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Qatar and Kuwait were the main destination markets during January 2018; accounting for 70.1 percent, compared with 62.2 percent during the same month of 2017.

■ **Merchandize Imports:**

Merchandize imports increased by 8.1 percent to reach JD 1,270.6 million during January 2018, compared to an increase by 2.9 percent during the same month of 2017.



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

- **Petroleum products** imports increased by JD 55.6 million or 104.7 percent to reach JD 108.7 million. Saudi Arabia, India and Qatar were the main markets, accounting for 84.5 percent of these imports.
- **Power generating machinery and equipment** imports increased by JD 40.4 million or 511.4 percent to reach JD 48.3 million. The USA, Spain, and Denmark were the main origin markets, accounting for 72.3 percent of these imports.
- **Electrical machinery, apparatus and appliances** imports increased by JD 13.7 million or 39.7 percent to reach JD 48.2 million. China, Turkey and Italy were the main origin markets accounting for 63.9 percent of these imports.

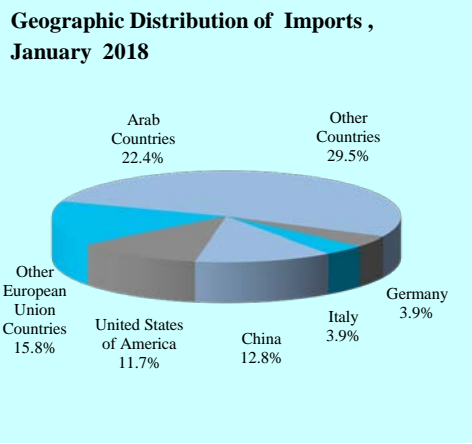
- **Crude oil** imports increased by JD 10.3 million, or 27.8 percent, to reach JD 47.3 million. This increase was an outcome from an increase in prices by 27.9 percent and a decrease in quantities by 0.2 percent, compared with January 2017. Noting that crude oil imports came from Saudi Arabia.
- **Transport equipment & spare parts** imports increased by JD 5.0 million or 3.7 percent to reach JD 141.5 million. The USA, Japan, and South Korea were the main origin markets, accounting for 57.3 percent of these imports.
- **Textile Yarn, Fabrics, and Related products** imports increased by JD 4.7 million or 8.8 percent to reach JD 58.4 million. China, Taiwan and Turkey were the main origin markets, accounting for 77.2 percent of these imports.

Major Imports by Commodity, JD Million
January 2017-2018

	2017	2018	Percentage Change
Total Imports	1,175.2	1,270.6	8.1
Transport Equipment & Spare Parts	136.5	141.5	3.7
USA	31.4	30.5	-2.9
Japan	27.0	27.2	0.7
South Korea	24.5	23.4	-4.5
Petroleum Products	53.1	108.7	104.7
Saudi Arabia	0.3	57.6	-
India	15.4	18.1	17.5
Qatar	0.0	16.2	-
Textile Yarn, Fabrics and Related Products	53.7	58.4	8.8
China	21.8	24.9	14.2
Taiwan	15.0	16.1	7.3
Turkey	5.4	4.1	-24.1
Power generating Machinery & equipment	7.9	48.3	511.4
USA	0.6	13.5	-
Spain	0.0	10.9	-
China	0.2	10.5	-
Electrical Machinery Apparatus and Appliances	34.5	48.2	39.7
China	12.5	22.2	77.6
Turkey	5.6	5.8	3.6
Italy	2.2	2.8	27.3
Crude Oil	37.0	47.3	27.8
Saudi Arabia	37.0	47.3	27.8
Fruits, vegetables, and nuts	37.8	32.2	-14.8
China	4.7	4.3	-8.5
Italy	1.1	2.3	109.1
France	2.9	2.3	-20.7

Source: Department of Statistics.

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



“power generating machinery and equipment”, “electrical machinery apparatus and appliances”, “crude oil”, and “Fruits and nuts and vegetables”, topped the list of imports during January 2018, accounting for 38.1 percent; compared to 30.7 percent during the same month of 2017. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Italy, Germany, Turkey, and India were the main source markets during January 2018; accounting for 53.3 percent of imports, compared to 46.4 percent during same month of 2017.

■ **Re-Exports**

The value of re-exported goods in January 2018 decreased by JD 62.2 million, or 50.7 percent, compared to the same month of 2017, to register JD 60.6 million.

■ Trade Balance

The trade balance deficit increased by JD 184.5 million, or 26.0 percent, in January 2018 compared to the same month of 2017, to register JD 894.2 million.

□ Total Workers' Remittances Receipts

- Total workers' remittances receipts increased by 2.0 percent in February 2018 compared to the same month of 2017, to register JD 190.7 million. As for the first two months of 2018, Total workers' remittances receipts increased by 3.0 percent compared to the same period of 2017 to reach JD 409.2 Million.

□ Travel

■ Receipts

Travel receipts increased by JD 9.3 million, or 4.3 percent, in February 2018 compared to the same month of 2017, to register JD 223.9 million. As for the first two months of 2018, Travel receipts increased by 7.2 percent compared to the same period of 2017 to reach JD 521.4 Million.

■ Payments

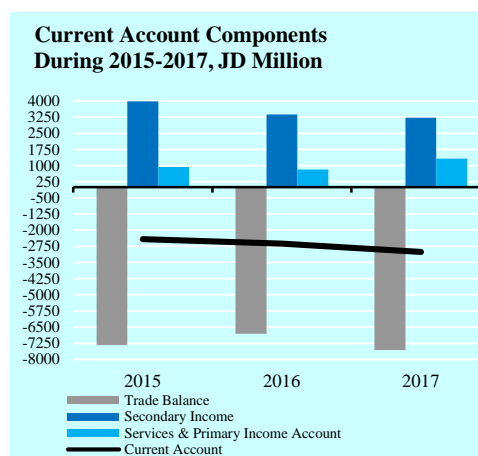
Travel payments decreased by JD 8.7 million, or 10.9 percent, in February 2018 compared to the same month of 2017, to stand at JD 71.2 million. As for the first two months of 2018, Travel payment decreased by 10.9 percent compared to the same period of 2017 to reach JD 143.4 Million.

□ 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 deposits of non-residents at the banking sector by JD 384.7 million (decrease by JD 102.8 million for the CBJ and increase by 487.5 for the licensed banks).
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 660.7 million to stand at JD 8,209.8 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 236.0 million to reach JD 901.4 million.