



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 2016, real GDP at market prices, grew by 2.0 percent, against 2.4 percent during 2015. The Consumer Price Index increased during the first quarter of 2017 by 3.8 percent, compared to a contraction of 1.2 percent during the same quarter of 2016. Furthermore, the unemployment rate increased during 2016 to stand at 15.3 percent compared to 13.0 percent during 2015.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,302.7 million at the end of the first quarter 2017. This level of reserves covers around 7.5 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 31,962.1 million at the end of the first quarter 2017, compared to JD 32,876.2 million at the end of 2016.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 23,413.5 million at the end of the first quarter 2017, compared to JD 22,905.8 at the end of 2016.
- Total deposits at licensed banks amounted to JD 32,307.4 million at the end of the first quarter 2017, compared to JD 32,900.0 million the end of 2016.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,250.2 points at the end of the first quarter 2017, compared to JD 2,170.3 million at the end of 2016.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 113.9 million (0.4 percent of GDP) during the first two months of 2017 compared to a fiscal deficit in the amount of JD 80.7 million (0.3 percent of GDP) during the same period in 2016. Gross outstanding domestic debt (budgetary and own-budget) increased by JD 85.2 million at the end of February 2017 compared to its level at the end of 2016, standing at JD 15,878.9 million (57.3 percent of GDP). Outstanding external public debt (budget and guaranteed) decreased by JD 57.6 million at the end of February 2017 compared to its level at the end of 2016 to reach JD 10,241.0 million (37.0 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 94.3 percent of GDP at the end of February 2017 compared to 95.1 percent of GDP at the end of 2016.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 28.4 percent in January of 2017 to reach JD 465.5 million. Similarly, merchandize imports increased by 3.5 percent to reach JD 1,175.2 million. As a result, the trade balance deficit decreased by 8.2 percent compared to the same month in 2016, to reach JD 709.7 million. The preliminary data for the first quarter of 2017 showed an increase in travel receipts and travel payments by 14.1 percent and 8.6 percent respectively, compared to the same period of 2016. Moreover, total workers' remittances receipts increased by 3.3 percent during the first quarter of 2017 compared to the same period in 2016. The preliminary data for the balance of payments of 2016 displayed a slight increase in the current account deficit to reach JD 2,560.2 million (9.3 percent of GDP) up from JD 2,418.2 million (9.1 percent of GDP) during 2015. Meanwhile, the current account deficit excluding grants increased to reach 12.6 percent of GDP compared with 12.3 percent of GDP during 2015. Moreover, net direct investment recorded an inflow of JD 1,090.3 million during of 2016 compared to a net inflow of JD 1,135.5 million during 2015. Furthermore, the international investment position (IIP) registered a net obligation to abroad in an amount of JD 26,635.1 million at end of 2016 up form JD 24,815.1 million at the end of 2015.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,302.7 million at the end of the first quarter 2017. This level of reserves covers around 7.5 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 31,962.1 million at the end of the first quarter 2017, compared to JD 32,876.2 million at the end of 2016.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 23,413.5 million at the end of the first quarter 2017, compared to JD 22,905.8 million at the end of 2016.
- Total deposits at licensed banks amounted to JD 32,307.4 million at the end of the first quarter 2017, compared to JD 32,900.0 million at the end of 2016.
- The interest rates on all types of deposits held by the licensed banks had increased, except the interest rate on the demand deposits. While the interest rates on all types of the credit facilities extended by the licensed bank had decreased, except the interest rate on "loans and advances", at the end of the first quarter 2017, compared to their levels at the end of 2016.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,250.2 points at the end of the first quarter 2017, compared to 2,170.3 points at the end of 2016. Moreover, the market capitalization reached JD 18,279.5 million at the end of the first quarter 2017, compared to JD 17,339.4 million at the end of 2016.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

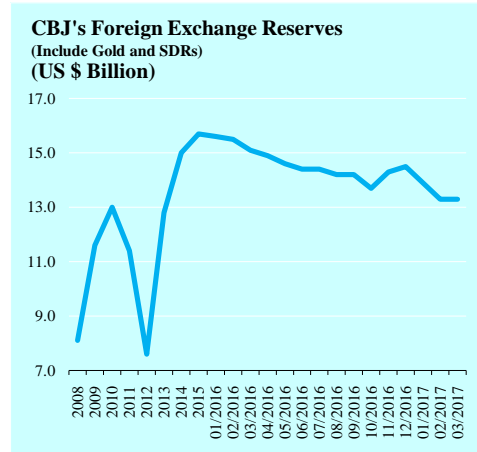
		End of March	
2016		2016	2017
US\$ 14,499.9	CBJ's Foreign Reserves*	US\$ 15,140.3	US\$ 13,302.7
-7.6%		-3.6%	-8.3%
32,876.2	Money Supply (M2)	32,014.4	31,962.1
4.0%		1.3%	-2.8%
22,905.8	Credit Facilities, of which:	21,484.8	23,413.5
8.5%		1.8%	2.2%
19,901.4	Private Sector (Resident)	18,569.6	20,427.6
10.0%		2.6%	2.6%
32,900.0	Total Deposits, of which:	33,007.0	32,307.4
0.9%		1.3%	-1.8%
25,968.2	In JD	26,314.8	25,060.2
-0.2%		1.2%	-3.5%
6,931.8	In Foreign Currencies	6,692.2	7,247.2
5.3%		1.6%	4.6%
26,952.9	Deposits of Private Sector (Resident), of which:	25,935.2	26,114.4
4.5%		0.5%	-3.1%
21,572.9	In JD	21,232.9	20,751.6
1.9%		0.3%	-3.8%
5,380.0	In Foreign Currencies	4,702.3	5,362.8
16.0%		1.4%	-0.3%

* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,302.7 million at the end of the first quarter 2017. This level of reserves covers around 7.5 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

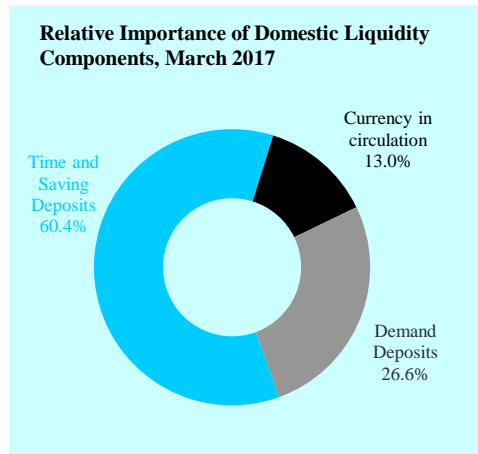
■ Domestic liquidity amounted to JD 32.0 billion at the end of the first quarter 2017, compared to JD 32.9 billion at the end of 2016.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of the first quarter 2017 compared to their levels at the end of 2016, reveal the following:**

● Components of Domestic Liquidity

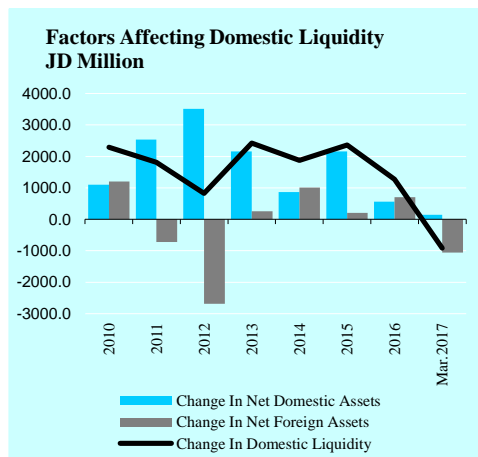
- Total deposits within the liquidity concept amounted to JD 27.8 billion at the end of the first quarter 2017, compared to JD 28.0 billion at the end of the first quarter 2016, and JD 28.7 billion at the end of 2016.

- Currency in circulation amounted to JD 4.2 billion at the end of the first quarter 2017, compared to JD 4.0 billion at the end of the first quarter 2016, and JD 4.2 billion at the end of 2016.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 24.2 billion at the end of the first quarter 2017,



compared to JD 24.1 billion at the end of the first quarter 2016, and JD 24.0 billion at the end of 2016.

- Net foreign assets of the banking system amounted to JD 7.8 billion at the end of the first quarter 2017, compared to JD 8.0 billion at the end of the first quarter 2016, and JD 8.8 billion at the end of 2016. The net foreign assets at the CBJ amounted to JD 9.1 billion at the end of the first quarter 2017.

Factors Affecting Domestic Liquidity (M2) JD Million

		End of March	
2016		2016	2017
8,845.4	Foreign Assets (Net)	7,963.4	7,790.5
9,831.5	CBJ	9,984.2	9,113.6
-986.1	Licensed Banks	-2,020.8	-1,323.1
24,030.8	Domestic Assets (Net)	24,051.0	24,171.6
-5,194.1	CBJ, of which:	-5,576.9	-4,512.1
1,043.1	Claims on Public Sector (Net)	1,674.5	1,082.5
-6,260.1	Other Items (Net*)	-7,274.3	-5,617.6
29,225.0	Licensed Banks	29,628.0	28,683.8
9,955.9	Claims on Public Sector (Net)	10,332.2	10,098.2
20,567.4	Claims on Private Sector	19,162.5	21,189.2
-1,298.3	Other Items (Net)	133.3	-2,603.6
32,876.2	Money Supply (M2)	32,014.4	31,962.1
4,181.3	Currency in Circulation	3,973.7	4,163.0
28,694.9	Total Deposits, of which:	28,040.7	27,799.1
5,418.9	In Foreign Currencies	4,791.9	5,407.2

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

□ Interest Rate Structure

■ Interest Rates on Monetary Policy Instruments

◆ On March 19th, 2017, the CBJ increased the interest rates on the CBJ main rate and other key monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest Rate: 3.50 percent.
- Re-Discount Rate: 4.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 4.25 percent
- Weekly/ Monthly Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 2.50 percent.

◆ The interest rate margin on CDs was brought up from 3.00 – 3.25 percent to be 3.25 – 3.50 percent.

◆ This decision aims to maintain the foundations of financial and monetary stability in the kingdom, including the stability of the general level of prices in consistence with the developments in interest rates in the financial markets and global financial markets in the region.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

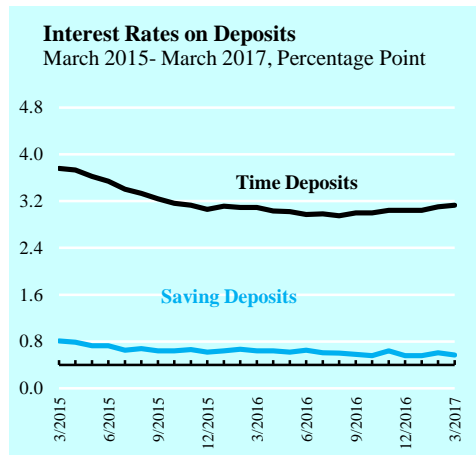
- Time Deposits: The weighted average interest rate on time deposits at the end of the first quarter 2017 increased by 3 basis points, compared to its level in the previous month to stand at 3.13 percent. This rate is higher by 9 basis points than its level at the end of 2016.

Interest Rates on Monetary Policy Instruments, percentage points

2016		March	
		2016	2017
3.75	Re-discount Rate	3.75	4.50
3.50	Repurchase Agreements Rate (overnight)	3.50	4.25
1.75	Overnight Deposit Window Rate	1.50	2.50
2.75	Repurchase Agreements rate (one week)	2.50	3.50
2.75	Repurchase Agreements rate (one month)	2.50	3.50
2.50	Certificates of Deposits (one week)	2.25	3.25

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

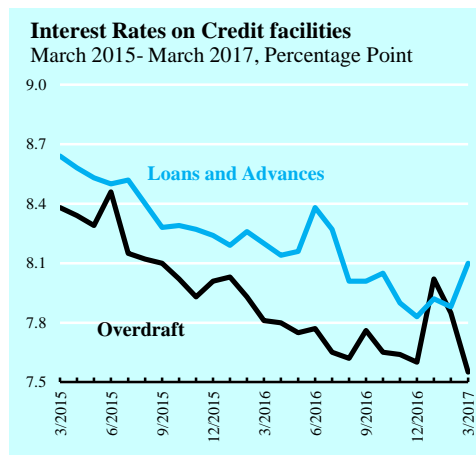
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of the first quarter 2017 decreased by 4 basis points, compared to its level registered in the previous month to stand at 0.57 percent. This rate is higher by one basis point than its level registered at the end of 2016.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of the first quarter 2017 increased by one basis point compared to its level registered in the previous months to stand at 0.22 percent. This rate is lower by 4 basis points than its level registered at the end of 2016.

◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of the first quarter 2017 decreased by 30 basis points compared to its level in the previous month to stand at 7.55 percent, this rate is lower by 5 basis points than its level registered at the end of 2016.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of the first quarter 2017 decreased by 150 basis points compared to its level in the previous month to stand at 7.42 percent. This rate is lower by 300 basis points than its level at the end of 2016.

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

	March		Change Relative to the Preceding Year Basis Points
	2016	2017	
Deposits			
0.26 Demand	0.31	0.22	-4
0.56 Saving	0.64	0.57	1
3.04 Time	3.09	3.13	9
Credit Facilities			
10.42 Discounted Bills and Bonds	8.55	7.42	300
7.83 Loans and Advances	8.20	8.10	27
7.60 Overdraft	7.81	7.55	5
8.37 Prime Lending Rate	8.37	8.58	21

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” at the end of the first quarter 2017 increased by 22 basis points, compared to its level registered in the previous month, to stand at 8.10 percent. This rate is higher by 27 basis points than its level registered at the end of 2016.
- The prime lending rate stood at 8.58 percent at the end of the first quarter 2017, which is higher by 21 basis points than its level registered at the end of 2016.
- As a result, the interest rate margin, which is the difference between interest rates on loans and advances and those on time deposits, reached 497 basis points at the end of the first quarter 2017, which is higher by 18 basis points than its level registered at the end of December 2016.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 507.7 million, or 2.2 percent, at the end of the first quarter 2017, compared to its level at the end of 2016, against an increase of JD 381.3 million, or 1.8 percent, during the same period in 2016.
- In terms of borrowers, credit facilities at the end of the first quarter 2017 had shown an increase in credit extended to the private sector (resident) by 526.2 million, or 2.6 percent, the private sector (non-resident) by JD 19.5 million, or 4.1 percent, and the public institution by JD 6.3 million, or 1.8 percent. Meanwhile, credit facilities extended to central government declined by JD 44.7 million, or 2.1 percent, compared to their levels at the end of 2016.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 32,307.4 million at the end of the first quarter 2017, decreasing by JD 592.6 million, or 1.8 percent, compared to its level at the end of 2016, against an increase of JD 408.5 million, or 1.3 percent, during the same period in 2016. This decrease due to the reclassification process of banks subsidiaries deposits were reclassified from customer deposits to bank deposits.
- The currency composition of deposits at the end of the first quarter 2017 revealed that the JD deposits amounted to JD 25.1 billion, and the deposit in foreign currency amounted to JD 7.2 billion, compared to JD 26.3 billion to the JD deposits and JD 6.7 billion to the deposits in foreign currency at the end of the first quarter 2016. As for the end of 2016, the JD deposits amounted to JD 26.0 billion and the deposits in foreign currency amounted to JD 6.9 billion.

□ **Amman Stock Exchange (ASE)**

Indicators of ASE displayed a mixed performance at the end of the first quarter 2017 compared to 2016. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at ASE totaled JD 189.5 million in March 2017; down by JD 846.0 million, compared to its level in the previous month, against an increase of JD 72.0 million, or 32.8 percent, during the same month in 2016. As for the first quarter of 2017, the trading volume increased by JD 972.2 million, compared to the same period in 2016, to reach JD 1,668.4 million.

■ **Traded Shares**

The number of traded shares in March 2017 totaled 158.3 million shares, decreased by 126.5 million shares, or 44.4 percent, compared to its level in the previous month, against an increase by 19.5 million shares, or 9.4 percent, during the same month in 2016. As for the first quarter of 2017, the number of traded shares amounted to 663.0 million shares, compared to 644.9 million shares traded during the same period in 2016.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 37.4 points, or 1.7 percent, at the end of March 2017 compared to its

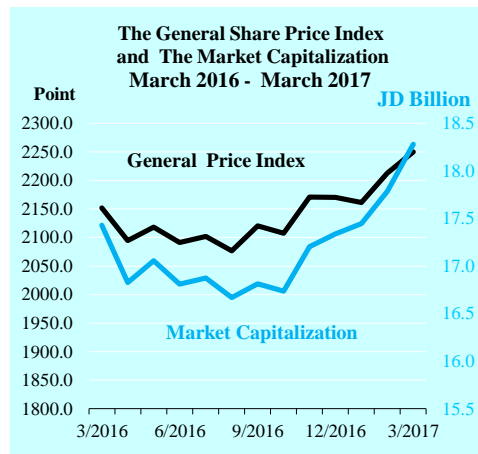
		March	
2016		2016	2017
2,170.3	General Index	2,151.9	2,250.2
2,933.2	Financial Sector	2,890.7	3,091.8
2,093.0	Industrial Sector	1,996.7	2,086.7
1,604.7	Services Sector	1,669.3	1,623.2

Source: Amman Stock Exchange.

level in the previous month to stand at 2,250.2 points, against an increase of 35.6 points, or 1.7 percent, during the same month in 2016. Furthermore, at the end of the first quarter in 2017, the SPI increased by 79.9 points or 3.7 percent compared to its level at the end of 2016. The aforementioned increase was an outcome of the increase in the SPI of the financial sector by 158.6 points, or 5.4 percent, the services sector by 18.5 points, or 1.2 percent, and the decrease in the SPI for the industrial sector by 6.3 points, or 0.3 percent, compared to their levels at the end of 2016.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 18.3 billion at the end of March 2017, increasing by JD 493.3 million, or 2.8 percent, compared to its level in the previous month, against an



increase of JD 20.0 million, or 0.1 percent, during the same month in 2016. As for the first quarter of 2017, the market capitalization increased by JD 940.1 million, or 5.4 percent, compared to a decrease of JD 556.8 million or 3.1 percent, during the same period in 2016.

■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 7.7 million in March 2017, compared to an inflow of JD 82.3 million during the same month in 2016. The value of shares acquired by non-Jordanian in March 2017 amounted to JD 24.2 million, while their selling amounted to JD 31.9 million. As for the first quarter of 2017, non-Jordanian net investment

Main Amman Stock Exchange Trading Indicators, JD Million			
		March	
2016		2016	2017
2,329.5	Value Traded	291.5	189.5
9.5	Average Daily Trading	12.7	8.6
17,339.4	Market Capitalization	17,427.9	18,279.5
1,836.7	No. of Traded Shares (million)	225.8	158.3
237.1	Net Investment of Non-Jordanian	82.3	-7.7
666.5	Non-Jordanian Buying	115.5	24.2
429.4	Non-Jordanian Selling	33.2	31.9

Source: Amman Stock Exchange.

recorded an outflow amounting to JD 403.7 million, compared to an inflow of JD 122.5 million, during the same period in 2016.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.0 percent during the fourth quarter of 2016, against 2.6 percent during the same quarter of 2015. At current market prices, GDP grew by 2.7 percent during the fourth quarter of 2016, compared to 4.6 percent during the same quarter of 2015.
- Accordingly, GDP at constant market prices grew by 2.0 percent during 2016, against 2.4 percent during 2015. At current market prices, GDP grew by 3.0 percent during 2016, compared to 4.7 percent during 2015.
- The Consumer Price Index (CPI) increased during the first quarter of 2017 by 3.8 percent, against a contraction of 1.2 percent during the same quarter of 2016.
- The unemployment rate increased during 2016 to stand at 15.3 percent (13.3 percent for males and 24.1 percent for females), compared to 13.0 percent (11.0 percent for males and 22.5 percent for females) during 2015. The highest unemployment rate among youth reached 40.0 percent for the categories of 15-19 years old, and 34.5 percent for those between 20-24 years.

□ Developments of GDP

- Despite the deepening of the political and social unrest in the region, particularly in Syria and Iraq, that have strongly influenced the performance of many economic sectors; the real GDP grew by 2.0 percent during 2016 compared to 2.4 percent during 2015. When excluding “net taxes on products”, which grew by 1.1 percent, GDP at constant basic prices grew by 2.2 percent during 2016, compared to 2.6 percent during 2015.

**Quarterly Growth Rates of GDP at Market Prices
2014 - 2016**

	Q 1	Q2	Q3	Q4	Percentages Year
2014					
GDP at Constant Market Prices	3.2	2.8	3.1	3.3	3.1
GDP at Current Market Prices	7.1	6.1	6.2	7.2	6.6
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

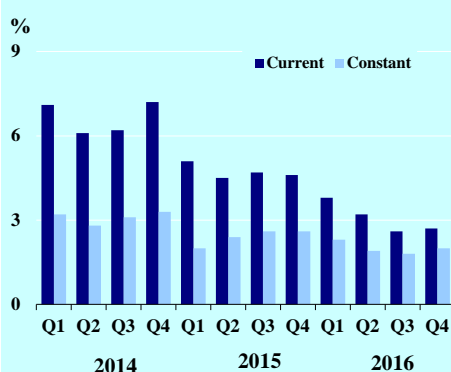
Source: Department of Statistics.

At current market prices, GDP grew by 3.0 percent during 2016, compared to 4.7 percent during 2015. This slowdown in nominal growth is mainly attributed to the slowdown in the general price level, measured by the GDP deflator, which grew by 1.0 percent compared to 2.3 percent during 2015, as a reflection of the continuous decline of oil prices in the international market which contributed in reducing the inflationary pressures upon the national economy.

The main sectors contributed to the economic growth during 2016 were; “finance and insurance services” (0.5 percentage point), “transport, storage, and communications” (0.5 percentage point), manufacturing (0.2 percentage point), and “electricity and water” (0.2 percentage point). These sectors collectively accounted for 70 percent of real GDP growth during 2016.

The economic sectors displayed a wide variation in their performance during 2016. Some sectors recorded accelerated growth, such as “finance and insurance services”, “wholesale and retail trade”, and construction. Meanwhile, manufacturing, and “electricity and water” experienced slowdown. On the other hand, “mining and quarrying”, and “restaurant and hotels” sector showed contraction in its performance.

Quarterly Growth Rates of GDP at Market Prices (2014- 2016),



Gross Domestic Product At Constant Market Prices, Percentages

Sectors	Relative change		Contribution	
	2015	2016	2015	2016
GDP At Constant Market Prices	2.4	2.0	2.4	2.0
Agriculture, Hunting, Forestry, And Fishing	5.0	3.8	0.2	0.1
Mining And Quarrying	11.0	-12.1	0.2	-0.2
Manufacturing	1.3	1.1	0.2	0.2
Electricity And Water	10.9	8.9	0.2	0.2
Construction	-1.3	1.1	-0.1	0.1
Wholesale And Retail Trade	1.2	1.5	0.1	0.1
Restaurant And Hotels	-3.3	-4.0	-	-
Transport, Storage & Communications	3.1	3.1	0.5	0.5
Finance And Insurance Services	4.8	5.2	0.5	0.5
Real Estate	2.2	2.2	0.2	0.2
Community, Social And Personal Services	4.0	3.8	0.2	0.2
Producers Of Government Services	2.3	1.2	0.3	0.1
Producers Of Private Non-Profit Services To	5.7	4.1	-	-
Domestic Services Of Households	0.1	0.1	-	-

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

□ Microeconomic Indicators

The microeconomic indicators displayed divergent performance. Some indicators recorded a notable growth, such as; “licensed areas for buildings” (20.7 percent), “number of departures” (4.7 percent) and “mining and quarrying production quantity index” (0.1 percent). However, other indicators showed a contraction, particularly; cargo through Royal Jordanian (11.4 percent) and value traded at the real estate market (6.2 percent). The following table displays the performance of the main sectoral indicators.

Main Sectoral Indicators*

Percentage Points

2015	2016	Item	2016	Available period	2017
-12.5	1.4	Licensed areas for buildings	18.5	January-February	20.7
-8.8	-1.5	Manufacturing production quantity index	-5.5		-0.3
-0.5	-16.2	Food products and beverages	-3.0		-17.5
45.9	-7.3	Tobacco products	16.0		-28.9
-1.7	-13.3	Refined petroleum products	-12.7		-7.3
63.8	95.0	Wearing apparel	-10.1		88.8
3.4	-11.6	Non-metallic mineral products	-11.6		4.2
-10.8	-2.9	Chemical products	-36.2		8.7
16.9	-9.1	“Mining and quarrying” production quantity index	8.0		0.1
-38.3	-5.3	Extraction of crude petroleum and natural gas	0.7		-26.0
17.6	-9.1	Other mining and quarrying	8.0	0.3	
-7.9	2.1	Number of passengers through Royal Jordanian	4.6	January – March	0.5
-0.7	-21.2	Cargo through Royal Jordanian	-5.9		-11.4
-2.0	-7.2	Value traded at the real estate market	0.3		-6.2
-7.4	0.5	Number of departures	-3.4		4.7

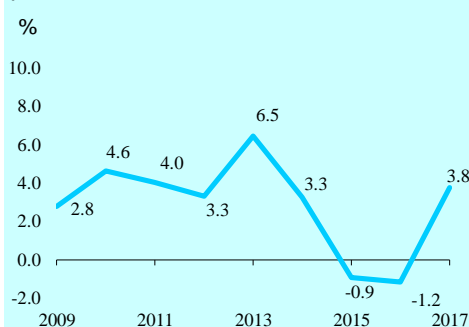
* : Computed based on the data from Department of Statistics, Department of land and survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), increased by 3.8 percent during the first quarter of 2017, compared with a contraction of 1.2 percent during the same quarter of 2016. This came as a result of the increasing 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 the cancellation of tax exemptions on many goods and services and the raising of taxes and fees on a number of other goods and services. The main groups that witnessed an increased in their prices are:

- Transportation prices increased by 15.6 percent compared to the decline by 6.0 percent during the same period of 2016. affected by the government's decision to raise public transport fares by 10 percent from the

Inflation Rate during the first quarter of the years (2009-2017)



Inflation Rate during the first quarter of years 2016 - 2017

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		First quarter 2016	First quarter 2017	First quarter 2016	First quarter 2017
All Items	100.0	-1.2	3.8	-1.2	3.8
1) Food and non-Alcoholic Beverages, of which:	33.4	-3.0	-0.3	-1.0	-0.1
Food	30.5	-3.3	-0.4	-1.0	-0.1
Meat and Poultry	8.2	-7.9	-7.0	-0.7	-0.6
Dairy Products and Eggs	4.2	-1.7	-0.7	-0.1	0.0
Vegetables and Legumes Dry and Canned	3.9	-5.5	16.4	-0.2	0.6
Fruits and Nuts	2.7	-3.5	-7.8	-0.1	-0.2
Oils and Fats	1.9	3.1	2.5	0.1	0.0
2) Alcohol and Tobacco and Cigarettes	4.4	1.3	8.9	0.1	0.4
3) Clothing and footwear	3.5	3.9	-2.9	0.2	-0.1
4) Housing, of which:	21.9	0.7	2.8	0.2	0.6
Rents	15.6	3.2	2.1	0.5	0.3
Fuels and Lighting	4.8	-8.5	4.1	-0.4	0.2
5) Household Furnishings and Equipment	4.2	1.1	1.3	0.0	0.1
6) Health	2.2	0.0	10.8	0.0	0.2
7) Transportation	13.6	-6.0	15.6	-0.8	1.9
8) Communication	3.5	-0.3	1.3	0.0	0.0
9) Culture and Recreation	2.3	5.8	10.4	0.1	0.2
10) Education	5.4	1.1	3.6	0.1	0.2
11) Restaurants and Hotels	1.8	1.2	0.0	0.0	0.0
12) Other Goods and Services	3.7	0.4	6.8	0.0	0.3

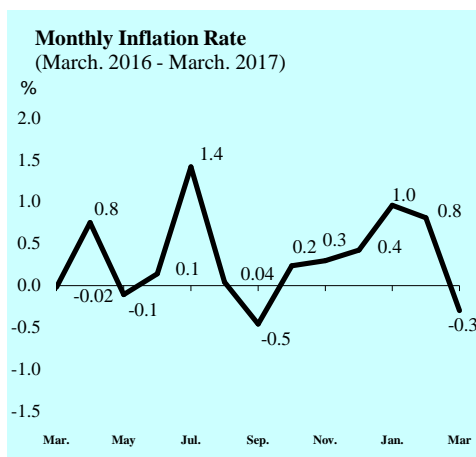
Source: Department of Statistics.

beginning of January 2017. In addition to tax of 3 piasters per liter of gasoline 90, and 7 piasters per liter of gasoline 95, from the beginning of February 2017.

- Housing prices increased by 2.8 percent compared with a rise of 0.7 percent during the same period of 2016. This increase is due, in part, to increasing in the prices of “fuels and lighting” by 4.1 percent compared to the decline by 8.5 percent during the same period of 2016.
- “Alcohol and tobacco and cigarettes” prices increased by 8.9 percent compared with a rise of 1.3 percent during the same period of 2016. As a result of the government's decision to raise the tax on cigarettes offered for domestic consumption in varying amounts.
- “Other goods and services” prices increased by 6.8 percent compared with a rise of 0.4 percent during the same period of 2016. This increase is due, in part, to raising the fees for the issuance or renewal of the passport.

Together, these groups have raised inflation during the first quarter of this year by 3.2 percentage points, compared with a negative contribution of 0.6 percentage point during the same quarter of 2016.

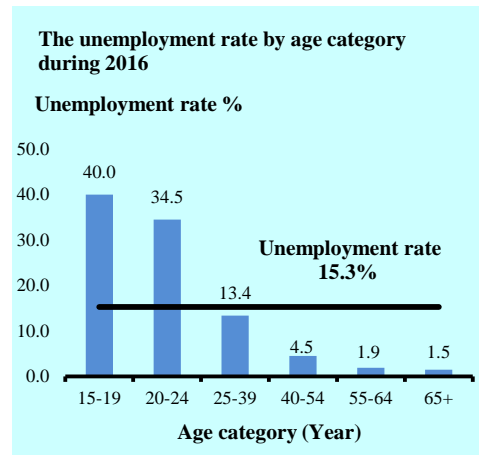
In contrast, prices of other groups and items showed varied decreases, mainly; “food and non-alcoholic beverages” (0.3 percent), “clothing and footwear” (2.9 percent).



In March 2017, the CPI witnessed a contraction by 0.3 percent compared with February 2017. This was due to the contraction in the prices of some groups and items, mainly; food (0.9 percent), “clothing and footwear” (0.5 percent), and the increase in prices of other items such as, “tobacco and cigarettes” (0.2 percent), and “alcoholic beverages” (0.1 percent).

□ Employment

- The unemployment rate increased during 2016 to reach 15.3 percent (13.3 percent for males and 24.1 percent for females), compared to 13.0 percent (11.0 percent for males and 22.5 percent for females) during 2015.



- The unemployment among youth reached 40.0 percent for the categories of 15-19 years old, and 34.5 percent for those between 20-24 years.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over) during 2016 reached 36.0 percent (58.7 percent for males and 13.2 percent for females), compared to 36.7 percent (60.0 percent for males and 13.3 percent for females) during 2015.
- The employment rate among population of 15 years and older reached 30.5 percent during 2016, compared to 31.9 percent during 2015. The employees in the sector of “public administration, defense, and social security” accounted for 26.1 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.4 percent), education (11.5 percent), and manufacturing (9.7 percent).

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 113.9 million during the first two months of 2017 (0.4 percent of GDP), comparing to a fiscal deficit in the amount of JD 80.7 million during the same period in 2016 (0.3 percent of GDP). When excluding foreign grants (JD 23.2 million), the general budget deficit widens to reach JD 137.1 million compared to a deficit in the amount of JD 180.1 million during the same period in 2016.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 85.2 million at the end of February 2017 compared to its level at the end of 2016, to reach JD 15,878.9 million (57.3 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 57.6 million at the end of February 2017, compared to its level at the end of 2016, to stand at JD 10,241.0 million (37.0 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose to JD 26,120.3 million (94.3 percent of GDP) at the end of February 2017 compared to JD 26,092.7 million (95.1 percent of GDP) at the end of 2016.
 - Central government banks deposits decreased by JD 224.4 million at the end of February 2017 compared to the end of 2016 to reach JD 1,788.9 million.
 - Accordingly, net outstanding public debt increased by JD 252.0 million at the end of February 2017 to reach JD 24,331.4 million (87.8 percent of GDP).
- **The performance of the general budget during the first two months of 2017 compared to the same period in 2016:**

■ **Public Revenues**

Public revenues (including foreign grants) decreased by JD 29.8 million, or 6.5 percent, in February 2017 compared to the same month of 2016 to reach JD 430.4 million. As for the first two months of 2017, public revenues went up by JD 28.3 million, or 2.8 percent, compared to the same period in 2016 to stand at JD 1,034.8 million. This came as an outcome of the increase in domestic revenues by JD 104.5 million, and the decrease in foreign grants by JD 76.2 million.

Main Government Budget indicators during the first two months of 2017:

(JD Million and Percentages)

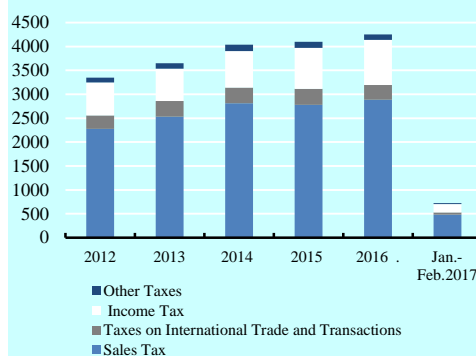
	February		Growth Rate	Jan. – Feb.		Growth Rate
	2016	2017		2016	2017	
Total Revenues and Grants	460.2	430.4	-6.5	1,006.5	1,034.8	2.8
Domestic Revenues, of which:	396.3	421.5	6.4	907.1	1,011.6	11.5
Tax Revenues, of which:	284.0	287.4	1.2	682.2	719.5	5.5
General Sales Tax	218.6	223.1	2.1	453.0	478.0	5.5
Other Revenues	110.4	133.1	20.6	222.0	290.4	30.8
Foreign Grants	63.9	8.9	-86.1	99.4	23.2	-76.7
Total Expenditures, of which:	599.1	658.6	9.9	1,087.2	1,148.7	5.7
Capital Expenditures	42.5	63.4	49.2	47.8	67.4	41.0
Overall Deficit/ Surplus (including grants)	-138.9	-228.2	-	-80.7	-113.9	-

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 104.5 million, or 11.5 percent, during the first two months of 2017 compared to the same period in 2016, to reach JD 1,011.6 million. This increase was an outcome of the rise in the proceeds of tax revenues, and “other revenues”, by JD 37.3 million and JD 68.4 million, respectively, and the drop of pension contribution by JD 1.2 million.

Tax Revenue Structure
(2012-2016) and the first two months of 2017,
JD Million



- **Tax Revenues**

Tax revenues increased by JD 37.3 million, or 5.5 percent, during the first two months of 2017 compared to the same period in 2016, to reach JD 719.5 million (71.1 percent of domestic revenues). Following are the main developments in tax revenues items:

- An increase in the proceeds of general sales tax on goods and services by JD 25.0 million, or 5.5 percent, to reach JD 478.0 million (accounting for 66.4 percent of total tax revenues). This result was driven by the increase in the proceeds of sales tax on domestic goods and on commercial sector by JD 12.4 million and JD 25.6 million, respectively, and the decline in the proceeds of sales tax on services and on imported goods by JD 6.8 million and JD 6.2 million, respectively.
- An increase in the proceeds of income and profit taxes by JD 10.1 million, or 6.3 percent, to reach JD 170.4 million (accounting for 23.7 percent of total tax revenues). This rise was mainly an outcome of the increase in the proceeds of income tax from companies and other projects by JD 10.2 million and the drop in the proceeds of income tax from individuals by JD 0.1 million. Accordingly, income tax from companies accounted for 81.9 percent of total taxes on income and profits, amounting to JD 139.5 million.

- An increase in the proceeds of taxes on “international trade and transactions” (including customs duties and fees) by JD 1.0 million or 1.9 percent, to reach JD 52.8 million (accounting for 7.3 percent of total tax revenues).
- An increase in the proceeds of taxes on financial transactions (real-estates tax) by JD 1.2 million, or 7.0 percent, to reach JD 18.3 million (accounting for 2.5 percent of total tax revenues).

● **Non-Tax Revenues**

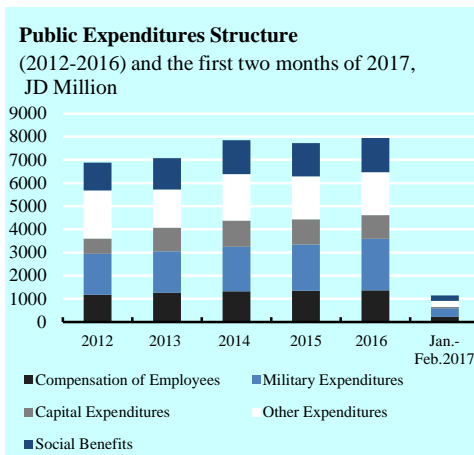
- “Other revenues” increased by JD 68.4 million, or 30.8 percent, during the first two months of 2017 to reach JD 290.4 million. This increase was chiefly due to:
 - ❖ An increase in miscellaneous revenues by JD 35.8 million to stand at JD 120.6 million.
 - ❖ An increase in “revenues from selling goods and services” by JD 8.4 million to reach JD 137.2 million.
 - ❖ An increase in property income by JD 24.2 million to stand at JD 32.6 million (of which financial surplus of independent government units amounted to JD 22.4 million against JD 5.7 million during the same period in 2016).
- Pension contributions witnessed a decrease of JD 1.2 million, or 41.4 percent, during the first two months of 2017, standing at JD 1.7 million.

◆ **Foreign Grants**

Foreign grants decreased by JD 76.2 million, or 76.7 percent, during the first two months of 2017, standing at JD 23.2 million compared to JD 99.4 million during the same period in 2016.

Public Expenditures

Public expenditures witnessed an increase of JD 59.5 million, or 9.9 percent, in February 2017 compared to the same month in 2016 to stand at JD 658.6 million. Moreover, public expenditures increased by JD 61.5 million, or 5.7 percent during the first two months of 2017, to stand at JD 1,148.7 million. This increase was a result of the rise in current expenditures by JD 41.9 million, and the increase in capital expenditures by JD 19.6 million.



Current Expenditures

Current expenditures increased by JD 41.9 million, or 4.0 percent, during the first two months of 2017 to reach JD 1,081.3 million. This increase was chiefly due to:

- An increase in military expenditures by JD 28.2 million to total JD 361.6 million, accounting for 33.4 percent of total current expenditures (31.5 percent of total public expenditures).
- A rise in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 2.0 million to reach JD 221.0 million, accounting for 20.4 percent of total current expenditures (19.2 percent of total public expenditures).
- An increase in interest payments by JD 7.6 million to stand at JD 133.4 million, accounting for 12.3 percent of total current expenditures.
- A rise in the “purchases of goods and services” item by JD 9.1 million to reach JD 54.6 million. This item accounted for 5.0 percent of total current expenditures.

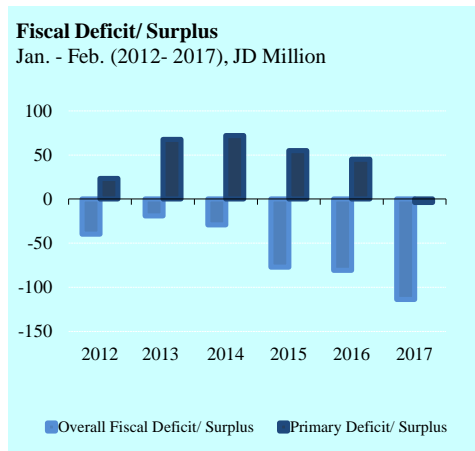
- A drop of social benefit by JD 5.9 million to stand at JD 236.6 million, accounting for 21.9 percent of total current expenditures.
- A decrease in the subsidies item by JD 15.1 million to stand at JD 24.4 million, accounting for 2.3 percent of total current expenditures.

◆ **Capital Expenditures**

Capital expenditures increased by JD 19.6 million, or 41.0 percent during the first two months of 2017 compared to the same period in 2016, to reach JD 67.4 million.

■ **General Budget Deficit/ Surplus**

◆ The general budget, including foreign grants, displayed a fiscal deficit amounted to JD 113.9 million during the first two months of 2017, an increase of JD 33.2 million compared to its level during the same period in 2016.

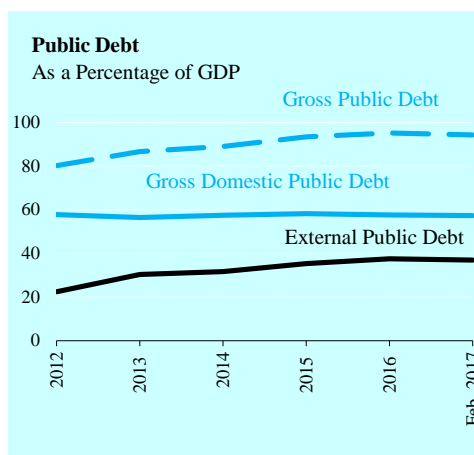
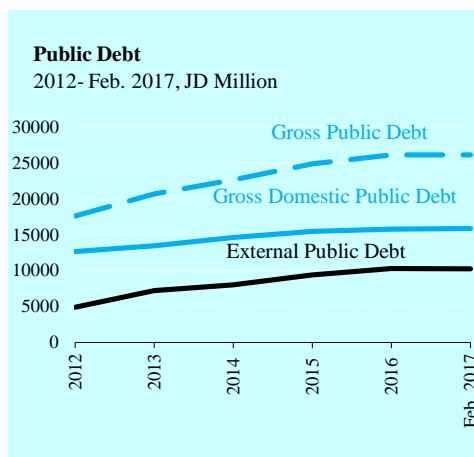


- ◆ When foreign grants were excluded, the general budget fiscal deficit widened to JD 137.1 million during the first two months of 2017, against a fiscal deficit of JD 180.1 million in the same period in 2016.
- ◆ The general budget recorded a lower primary deficit (total domestic revenues minus total public expenditures excluding interest payments on public debt) in the amount of JD 3.7 million during the first two months of 2017, against a primary deficit of JD 54.3 million during the same period in 2016.

Public Debt

Gross outstanding domestic public debt rose by JD 85.2 million at the end of February 2017 compared to its level at the end of 2016 to total JD 15,878.9 million (57.3 percent of GDP). The overall increase was an outcome of the rise in total domestic public debt of the general budget by JD 114.0 million, and the drop in the total domestic public debt of own-budget agencies by JD 28.8 million compared to their levels at the end of 2016, standing at JD 13,288.8 million and JD 2,590.1 million, respectively, at the end of February 2017. 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 of this year by JD 160.9 million compared to the level achieved at the end of 2016 to reach JD 12,883.9 million. Meanwhile, the outstanding balance of loans and advances provided by the CBJ to the central government declined by JD 40.0 million compared to their level achieved at the end of 2016, to reach JD 391.7 million. Moreover, the drop of the domestic public debt of own-



budget agencies was driven by the decrease in “loans and advances” extended to these institutions by JD 28.4 million compared to their level at the end of 2016, to reach JD 2,058.0 million, whereas the “independent institutions' bonds” have maintained their level achieved at the end of 2016, amounting to JD 533.0 million.

- Regarding the balance of the external public debt (budget and guaranteed) at the end of February 2017, it went down by JD 57.6 million compared to its level at the end of 2016 to reach JD 10,241.4 million (37.0 percent of GDP). It is worth mentioning that the balance of the external debt denominated in the U.S. dollar accounted for the largest share of the total external debt, amounting to 65.1 percent, while external debt in SDR accounted for 12.1 percent. The debt in Kuwaiti Dinars and Japanese Yen each accounted for 6.9 percent, whereas the debt in Euro constituted only 6.4 percent of the external public debt.
- In light of the abovementioned developments, gross public debt (domestic and external) increased by JD 27.6 million at the end of February 2017 compared to its level at the end of 2016 to stand at JD 26,120.3 million (94.3 percent of GDP), against JD 26,092.7 million (95.1 percent Of GDP) at the end of 2016.
- On the other hand, government deposits with the banking system declined by JD 224.4 million at the end of February of this year compared to its level at the end of 2016 to reach JD 1,788.9 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) rose by JD 309.6 million at the end of February 2017 to reach JD 14,090.0 million (50.8 percent of GDP compared to 50.2 percent of GDP in 2016). Furthermore, net public debt increased by JD 252.0 million at the end of February of this year to stand at JD 24,331.4 million, accounting for 87.8 percent of GDP compared to 87.7 percent of GDP at the end of 2016.

- External debt service (budget and guaranteed) decreased by JD 270.9 million during the first two months of 2017 compared to the same period in 2016 to reach JD 180.8 million (including principal payments of JD 127.4 million and interest of JD 53.4 million).

□ Fiscal and Price Measures

- The Oil Derivatives Pricing Committee decided to adjust the prices of oil derivatives, as follows:

Development of Oil Derivatives Price

	Unit	2017		Percentage Change
		April	May	
Unleaded Gasoline 90	Fils/Liter	665	675	1.5
Unleaded Gasoline 95	Fils/Liter	880	890	1.1
Gas Oil (Diesel)	Fils/Liter	480	490	2.1
Kerosene	Fils/Liter	480	490	2.1
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel oil for industry	JD/Ton	332.3	340.9	2.6
Fuel for airplanes (local companies)	Fils/Liter	363	367	1.1
Fuel for airplanes (foreign companies)	Fils/Liter	368	372	1.1
Fuel for unplanned flights	Fils/Liter	383	387	1.0
Asphalt	JD/Ton	322.1	330.8	2.7

Source: Jordan Petroleum Refinery Company (1/5/2017).

- Issuance of the amending by-law for driving licenses and vehicle registration and licensing fees for the year 2017, by imposing an additional 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: (January 2017).

Engine category CC	Vehicles aged 10 years or less	Vehicles older than 10 years
		Fees in JD
Less than 1500	40	50
Higher than 1500 to 2000	80	100
Higher than 2000 to 3000	120	400
Higher than 3000 to 4000	150	550
Higher than 4000	200	700

- The cabinet decided to impose an excise tax in the amount of 5 piaster per liter on unleaded gasoline 90 (January 2017).
- Issuance of the amending by-law for the year 2017 for the special tax by-law NO. (80) for the year 2000, as follows: (February 2017).
 - Raising the special tax on cigarettes for domestic consumption according to the recommended retail price.
 - Raising the special tax on prepaid and post-paid mobile and radio subscriptions to become 26 percent.
 - Imposing a special tax by JD 2.6 on mobile phone subscription service for each new SIM card sold starting from Feb.15, 2017.
 - Imposing a special tax on soft drinks by 10 percent.

- Issuance of the amending by-law for the year 2017 for the work permit fees for non-Jordanian workers NO. (67) for the year 2014, as follows: (February 2017).
 - Fulfilled JD 400 from the employer for a work permit or renewal in whole or any part of the year.
 - Fulfilled JD 175 from institutions and companies operating in the clothing industry and knitting sector which are registered in the Investment Commission.
 - Fulfilled JD 500 on home worker, gardener, chef, worker in private farm or similar.
 - Fulfilled JD 300 from the employer in all economic sectors and activities for each temporary work permit that does not exceed six months.
 - Fulfilled an additional fee of JD 100 from the employer for each work permit issuance or renewal for all economic sectors and activities, allocated to the Employment-Technical and Vocational Education and Training Fund (E-TVET Fund).
- Issuance of the amending by-law for the year 2017 of the allowance of customs duties for the imported exempted goods NO. (47) for the year 2014, to assure collecting allowances for any imported goods subject to custom duties fees of 5% of the value of those goods, so that this allowance shouldn't be less than JD 100 or exceed JD 10,000 (February 2017).
- The cabinet decided to abolish the previous decisions related to the general sales tax on goods and services, which included the following: (February 2017).
 - Reducing the general sales tax on rebar from 16% to 8%.
 - Reducing the general sales tax on internet subscription services at home, whether fixed or other from 16% to 8%.
 - Reducing the general sales tax on internet subscriptions services on landline phone from 16% to 8%.
 - Reduction and unification the general sales tax on internet services at 8%, regardless of the technology used or the beneficiary.

- The cabinet adopted a bundle of fiscal measures, including the following: (February 2017)
 - Deducting 10% of any monthly salaries exceeding JD 2,000 for all employees in the public sector, including the Prime Minister and Ministers, starting from Feb. 1st, 2017.
 - Increasing allocation to National Aid Fund by 10% and worth up to JD 10 million.
 - Amendment the passport renewal and issuance fees, whether expired or the remaining validity is less than 180 days, from JD 20 to JD 50.
 - Raising the minimum wage limit to become JD220, at the beginning of March.
- The cabinet decided to approve the amendment of the special sales tax instructions on tobacco, alcoholic beverages, spirits, and beer, in Aqaba Special Economic Zone (ASEZ) as mentioned in the decision of the Aqaba Special Economic Zone authority's council of commissioners (February 2017).
- The Cabinet decided to impose a special tax on imported cigarettes, with locally-produced alternatives, in the Aqaba Special Economic Zone (ASEZ) at a minimum rate exceeds 15 percent of the special tax levied on the local alternatives. The minimum selling price of the imported cigarettes should exceed 15 percent of the selling price of other locally-produced alternatives. (April 2017).

□ Grants, Loans and Other Agreements

- Signing an additional financing grant agreement extended by the World Bank, in the amount of USD 10.8 million, to support a project for "Syrian refugee host communities response to emergency services and enhance capability to adapt with social changes" (January 2017).
- Signing a grant agreement provided by the European Union (EU) in the amount of EUR 55 million, as a sectoral support through the general budget aiming at promoting private sector

development, and adopting reforms in the field of business environment and investment climate. The EU provided an additional EUR 10 million to the original amount (EUR 45 million) to contribute in mitigating the repercussions of the Syria crisis, and honoring its commitments to the bilateral cooperation and the London donor conference (January 2017).

- Signing a grant agreement with the Kuwait Fund for Arab Economic Development in the amount of USD 14.1 million, to finance projects implemented by the Cities and Villages Development Bank (January 2017).
- Signing the US wheat grant agreement for the year 2017, in the amount of 100,000 tones as part of the food aid program implemented by the United States (February 2017).
- Signing a grant agreement with the Canadian government in the amount of USD 7.6 million to support the Ministry of Education plan "To speed up Syrian students access to formal education", as has been agreed at the London Donor Conference (February 2017).
- Signing a grant agreement with the Japanese government in the amount of USD 4.5 million to finance the purchase of advanced machines and security equipment for 5 Jordanian border centers in the aim of enhancing their security conditions. (March 2017).
- Signing a memorandum of understanding (MoU) with the Italian government. The MoU includes the Italian assistance program, within the framework of Italian commitments during the London Conference to support Jordan, in the amount of EUR 168.8 million for the period (2017-2019); aiming at supporting the general budget and financing development projects in a number of vital sectors. (March 2017).
- Signing a grant, protocol agreement with the UNICEF in the amount of JD 1,174.0 million to support the National Aid Fund in financing its studies and strengthening its institutional capacity building. (March 2017).
- Signing a grant agreement with the German Reconstruction Bank of EUR 44.0 million to finance the second phase of the energy supply project for host communities for Syrian refugees (March 2017).

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 28.4 percent in January 2017 compared to the same month of 2016 to reach JD 465.5 million.
- **Merchandize imports** increased by 3.5 percent in January 2017 compared to the same month of 2016 to reach JD 1,175.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 8.2 percent in January 2017 compared to the same month of 2016; standing at JD 709.7 million.
- **Travel receipts and Travel payments** increased during March 2017 compared to the same month in 2016 by 10.1 percent and 9.4 percent, to reach JD 238.2 million and JD 83.4 million; respectively. As for the first quarter in 2017, both travel receipts and travel payments increased by 14.1 percent and 8.6 percent, to reach JD 700.5 million and JD 238.5 million, compared to the same period in 2016; respectively.
- **Total workers' remittances receipts** increased by 2.2 percent in March 2017 compared to the same month of 2016 to reach JD 209.7 million. Meanwhile, the first quarter of 2017 witnessed an increase in total workers remittances receipts by 3.3 percent compared to same period of 2016, to reach JD 606.8 million.
- **The current account of the balance of payments** registered a slight increase in the deficit recorded to reach JD 2,560.2 million (9.3 percent of GDP) during 2016 compared to a deficit of JD 2,418.2 million (9.1 percent of GDP) during 2015. Meanwhile, the current account deficit excluding grants went up to reach 12.6 percent of GDP compared with 12.3 percent of GDP during of 2015.
- **Net direct investment** recorded an inflow of JD 1,090.3 million during 2016, down from JD 1,135.5 million during 2015.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 26,635.1 million at the end of 2016; compared to JD 24,815.1 million at the end of 2015.

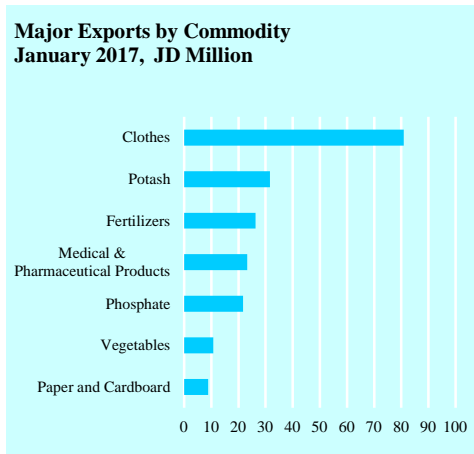
□ External Trade

- As a result of the increase in both domestic exports and imports by JD 45.1 million and JD 39.4 million, respectively during January in 2017, the volume of external trade (domestic exports *plus* imports) increased by JD 84.5 million to stand at JD 1,517.9 million compared to the same month of 2016.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January				January				
	2016	2017	Percentage Change		2016	Percentage Change 2016/2015	2017	Percentage Change 2017/2016
Exports				External Trade	1,433.4	5.3	1,517.9	5.9
USA	71.6	83.3	16.3	Total Exports	362.4	-16.6	465.5	28.4
Iraq	35.4	34.7	-2.0	Domestic Exports	297.6	-15.0	342.7	15.2
Saudi Arabia	49.1	33.4	-32.0	Re-exports	64.8	-23.0	122.8	89.5
India	17.5	30.1	72.0	Imports	1,135.8	12.4	1,175.2	3.5
UAE	11.7	15.3	30.9	Trade Balance	-773.4	34.2	709.7	-8.2
Turkey	0.5	13.4	-	Source: Department of Statistics.				
China	0.3	10.5	-					
Imports								
China	152.8	161.5	5.7					
Saudi Arabia	145.4	115.8	-20.3					
UAE	32.9	95.9	191.6					
USA	67.6	88.2	30.6					
France	24.4	57.4	134.9					
India	30.8	48.9	58.6					
Source: Department of Statistics.								

■ Merchandize Exports:

Total merchandize exports increased by 28.4 percent during January in 2017, to record JD 465.5 million. This surge resulted from an increase in domestic exports and re-exports by JD 45.1 million, (15.2 percent) and JD 58 million (89.5 percent), to reach JD 342.7 million, and JD 122.8 million; respectively.



◆ The developments of domestic exports during January 2017 compared to the same month of 2016 reveals the following:

- Exports of **Potash** increased by JD 12.5 million, or 65.3 percent, to stand at JD 31.6 million. The Indian, Chinese, Egyptian and Japanese markets accounted for 90.8 percent of these exports.
- Exports of **Phosphates** increased by JD 1.5 million, or 7.4 percent, to register JD 21.7 million. This was a result of the increase in exported quantities by 21.1 and the decrease in prices by 11.4 percent. It is worth noting that the Indian and Indonesian markets were the main destination for these exports, accounting for 76.7 percent.

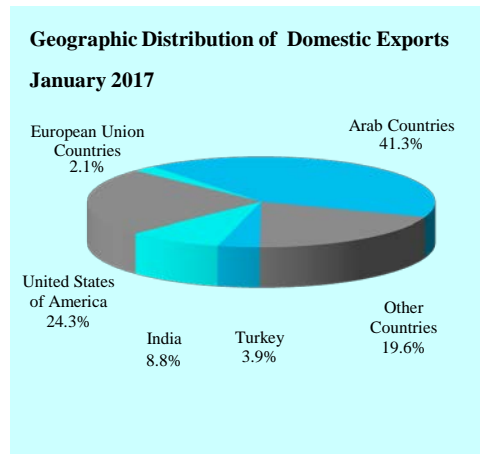
- Exports of **Vegetables** decreased by JD 5.7 million, or 34.5 percent, to reach JD 10.7 million. The UAE, Qatar and Kuwait were the main destination markets; accounting for 45.8 percent.
- Exports of **Medical & Pharmaceutical Products** decreased by JD 4.8 million, or 17.3 percent, to reach JD 23.2 million. The markets of the USA, Saudi Arabia, and Sudan accounted for 43.6 percent of these exports.

**Major Domestic Exports by Commodity, JD Million
January 2016-2017**

	2016	2017	Percentage Change
Domestic Exports	297.6	342.7	15.2
Clothes	71.6	80.9	12.9
USA	63.3	72.9	15.1
Potash	19.1	31.6	65.3
India	4.5	12.8	187.5
China	0.0	10.2	-
Egypt	2.2	3.8	71.7
Japan	0.0	1.9	-
Fertilizers	12.8	26.3	105.3
Turkey	1.0	12.2	-
Iraq	11.8	11.4	-3.4
Medical & Pharmaceutical Products	28.1	23.2	-17.3
USA	2.1	3.7	75.8
Saudi Arabia	5.4	3.6	-32.9
Iraq	2.6	2.8	4.5
Phosphates	20.2	21.7	7.4
India	12.6	11.8	-6.4
Indonesia	3.6	4.9	36.1
Vegetables	16.4	10.7	-34.5
UAE	3.0	2.1	-30.1
Qatar	2.3	2.0	-13.0
Kuwait	3.4	0.8	-76.5
Paper & Cardboard	9.3	8.8	-5.5
Saudi Arabia	4.5	4.2	-6.7
Iraq	2.8	2.0	-26.7
UAE	0.7	1.2	66.0

Source: Department of Statistics.

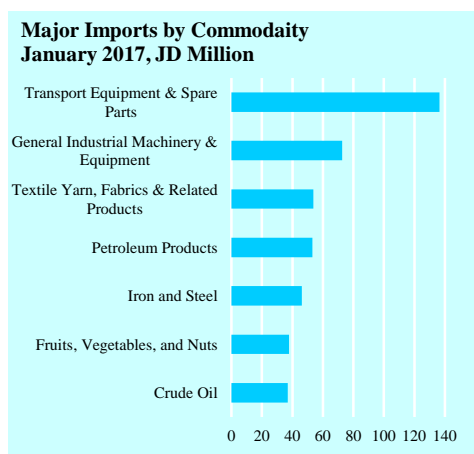
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, fertilizers,



“medical and pharmaceutical products”, phosphates, vegetables, and “paper and cardboard” topped the list of domestic exports during January 2017; accounting for 59.3 percent, compared with 59.6 percent during the same month in 2016. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Iraq, Saudi Arabia, India, the UAE, Turkey and China were the main destination markets during January 2017; accounting for 64.4 percent, compared with 62.5 percent during the same month in 2016.

■ Merchandize Imports:

Merchandize imports increased by 3.5 percent to reach JD 1,175.2 million in January 2017, compared to an increase by 12.4 percent during the same month in 2016.



◆ The developments of imports during January 2017 compared with the same month in 2016 reveals the following:

- **Transport Equipment and Spare Parts** imports increased by JD 19.6 million or 16.8 percent to reach JD 136.5 million. The UAE, Japan and South Korea were the main origin markets; accounting for 60.7 percent of these imports.
- **Iron and Steel** imports increased by JD 18.6 million or 67.1 percent to reach JD 46.2 million. The markets of Iran, China and Ukraine accounted for 76.6 percent of these imports.

- **Crude oil** imports increased by JD 0.4 million, or 1.1 percent, to reach 37.0 million. This increase was mainly due to an increase in prices by 105.9 percent and a decrease in imported quantities by 50.9 percent. Noting that crude oil imports came from the Saudi market.
- **Petroleum Products** imports decreased by JD 14.8 million, or 21.8 percent, to reach JD 53.1 million. This decrease was mainly due to the decline in both imported quantities and prices. The main source markets of these imports were the UAE, Spain, and India; accounting for 98.3 percent.

**Major Imports by Commodity, JD Million
January 2016-2017**

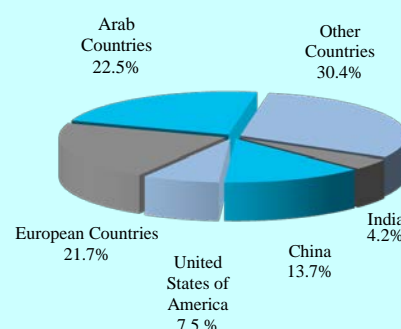
	2016	2017	Percentage Change
Total Imports	1,135.8	1,175.2	3.5
Transport Equipment & Spare Parts	116.9	136.5	16.8
USA	18.9	31.4	66.1
Japan	24.5	27.0	10.2
South Korea	24.3	24.5	0.8
General Industrial Machinery & Equipment	31.4	72.6	131.1
France	1.3	41.0	-
China	6.4	9.7	51.6
Germany	4.8	4.9	2.1
Textile Yarn, Fabrics and Related Products	44.3	53.7	21.3
China	18.9	21.8	15.3
Taiwan	13.6	15.0	10.3
Turkey	2.8	5.4	92.9
Petroleum Products	67.9	53.1	-21.7
UAE	0.7	21.2	-
Spain	2.0	15.6	-
India	0.1	15.4	-
Iron & Steel	27.6	46.2	67.1
Iran	5.7	15.6	173.7
China	5.1	13.6	167.7
Ukraine	6.4	6.2	-3.1
Fruits, Vegetables & Nuts	34.0	37.8	11.2
USA	2.9	4.7	62.1
Syria	2.7	4.0	48.1
Egypt	2.9	2.9	0.0
Crude Oil	36.6	37.0	1.1
Saudi Arabia	36.6	37.0	1.1

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “transport equipment and spare parts”, “general industrial machinery and equipment”, “textile

Geographic Distribution of Imports

January 2017



yarn, fabrics and related products”, “petroleum products”, “iron and steel”, “fruits, vegetables and nuts” and “crude oil” topped the list of imports during January 2017, accounting for 37.2 percent; compared to 31.6 percent during the same month of 2016. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the UAE, the USA, France, and India were the main source markets during January 2017; accounting for 48.3 percent, compared to 40.0 percent during the same month in 2016.

■ Re-Exports

The value of re-exported goods increased by JD 58.0 million, or 89.5 percent during January 2017 compared to the same month of 2016, to reach JD 122.8 million.

■ Trade Balance

The trade balance deficit decreased by JD 63.7 million, or 8.2 percent during January 2017, to register JD 709.7 million, compared to the same month of 2016.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 2.2 percent in March 2017 compared to the same month of 2016, to register JD 209.7 million. As for the first quarter of 2017 total workers' remittances receipts increased by 3.3 percent compared to the same period of 2016 to reach JD 606.8 million.

□ Travel

■ Receipts

Travel receipts increased by JD 21.9 million, or 10.1 percent, in March 2017 compared to the same month of 2016, to register JD 238.2 million. As for the first quarter of 2017, travel receipts increased by 86.4 million or 14.1 percent compared to the same period of 2016, to stand at JD 700.5 million.

■ Payments

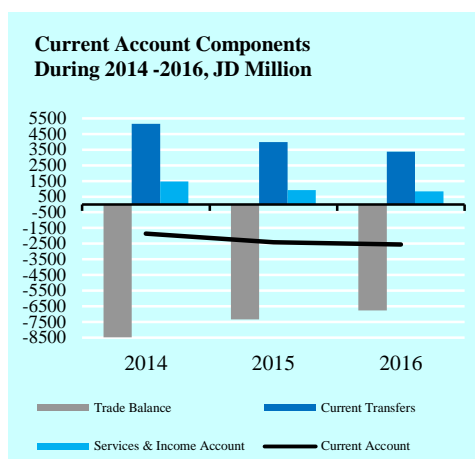
Travel payments increased by JD 7.2 million, or 9.4 percent, in March 2017 compared to the same month of 2016, to stand at JD 83.4 million. As for the first quarter of 2017, travel payments increased by 18.9 million or 8.6 percent compared to the same period of 2016, to stand at JD 238.5 million.

□ Balance of Payments

The preliminary data for the balance of payments during 2016 compared to 2015 reveals the following:

- The current account recorded a deficit of JD 2,560.2 million (9.3 percent of GDP) in 2016 compared to a deficit of JD 2,418.2 million (9.1 percent of GDP) during 2015. Meanwhile, the current account deficit excluding grants increased to reach JD 3,451.7 million (12.6 percent of GDP) compared to JD 3,264.0 million (12.3 percent of GDP) during 2015. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit by JD 574.7 million, or 7.8 percent, to reach JD 6,761.5 million compared to JD 7,366.2 million during 2015.



- ◆ A decrease in the surplus of the services account compared to 2015 by JD 188.1 million, to reach JD 1,047.7 million.
- ◆ A decrease in the deficit recorded in the income account to register JD 216.0 million compared to a similar deficit of JD 307.1 million during 2015. This was an outcome of the decrease in the deficit recorded in investment income (net) by JD 97.4 million to reach JD 438.7 million and the decrease in the surplus recorded in compensation of employees (net) by JD 6.3 million, to reach JD 222.7 million.
- ◆ A decrease in the surplus of net current transfers by JD 619.7 million; to reach JD 3,369.6 million. This came as a result of the increase in net transfers of the public sector (foreign grants) during 2016 by JD 46.3 million to reach JD 891.0 million, and the decrease in the net transfers of other sectors by JD 666.0 million to reach JD 2,478.6 million.

- The capital and financial account registered a net inflow of JD 2,236.5 million during 2016, compared to a net inflow of JD 1,945.4 million during 2015. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 1,090.3 million compared to an inflow of JD 1,135.5 million during 2015.
 - ◆ Portfolio investment recorded a net inflow of JD 848.9 million compared to a net inflow of JD 919.6 million during 2015.
 - ◆ Other investment registered a net outflow of JD 545.8 million compared to a net inflow of JD 357.9 million during 2015.
 - ◆ A decrease in the reserve assets of the CBJ by JD 783.1 million, compared to an increase of JD 547.6 million during 2015.

□ 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 26,635.1 million at the end of 2016 compared to JD 24,815.1 million at the end of 2015. This increase was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 112.8 million at the end of 2016 compared to the end of 2015 to reach JD 18,545.2 million. This was an outcome of the decrease in the CBJ's reserve assets by JD 730.0 million, and the increase the currency and deposits of the banking sector held abroad by JD 505.3 million.
- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 1,707.2 million at the end of 2016 compared to the end of 2015; to reach JD 45,180.3 million, due to the following developments:
 - ◆ An increase in the stock of direct investment in Jordan by JD 1,079.1 million to stand at JD 22,825.4 million.
 - ◆ An increase in the stock of portfolio investment in Jordan by JD 659.9 million to stand at JD 7,429.1 million; due to the issuance of sovereign Eurobonds in the international markets in the total amount of JD 710.0 million (USD1,000 million).
 - ◆ An increase in the outstanding balance of general government long-term loans by JD 364.3 million, to reach JD 3,813.1 million.

- ◆ An increase in trade credits extended to residents by JD 162.0 million to reach JD 720.7 million.
- ◆ A decrease in the deposits of non-residents at the banking system by JD 579.2 million (a decrease by JD 195.7 million at the CBJ and by JD 383.5 million at banks).
- ◆ A decrease in the outstanding of the International Monetary Fund (IMF) credit facilities to Jordan by JD 173.1 million to reach JD 1,137.4 million.