



Central Bank of Jordan

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

**Research Dept / Monthly Report  
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Classification level: Public

**Central Bank of Jordan**

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

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

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



#### **OUR VISION**

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

#### **OUR MISSION**

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

#### **OUR VALUES**

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

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### Executive Summary

#### □ Output, Prices and Employment

Real GDP at market prices grew by 2.0 percent during 2019, compared to a growth rate of 1.9 percent during 2018. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first five months of 2020 by 1.2 percent, compared to a rise of 1.0 percent during the same period of 2019. Furthermore, the unemployment rate increased during the first quarter of 2020 to stand at 19.3 percent, compared to 19.0 percent during the same quarter of 2019.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,276.7 million at the end of May 2020. This level of reserves covers around 7.9 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 35,855.8 million at the end of May 2020, compared to JD 34,969.7 million at the end of 2019.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 28,057.8 million at the end of May 2020, compared to JD 27,082.2 million at the end of 2019.
- Total deposits at licensed banks amounted to JD 34,847.4 million at the end of May 2020, compared to JD 35,305.3 million at the end of 2019.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,643.3 points at the end of May 2020, compared to 1,815.2 points at the end of 2019.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 694.9 million (-6.9 percent of GDP) during the first four months of 2020, comparing to a fiscal deficit of JD 304.1 million (-2.9 percent of GDP) during the same period of 2019. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 1,196.3 million at the end of April 2020, compared to its level at the end of 2019, to reach JD 18,934.3 million (61.3 percent of GDP). However, outstanding external public debt (budget and guaranteed) went up by JD 122.3 million at the end of April 2020, compared to its level at the end of 2019, to stand at JD 12,460.5 million (40.4 percent of GDP). Accordingly, gross outstanding public debt (domestic and external) rose by JD 1,318.6 million to reach JD 31,394.8 million at the end of April 2020 (101.7 percent of GDP), compared to JD 30,076.2 million (96.7 percent of GDP) at the end of 2019.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 7.5 percent during the first four months of 2020 to reach JD 1,632.5 million. Meanwhile, merchandize imports decreased by 19.0 percent to reach JD 3,678.3 million. As a result, the trade balance deficit decreased by 26.3 percent compared to the same period of 2019, to reach JD 2,045.8 million. The preliminary data for the first five months of 2020 showed a decrease in travel receipts by 47.9 percent and a decrease in travel payments by 50.9 percent compared to the same period of 2019. Moreover, total workers' remittances receipts decreased by 9.7 percent during the first five months of 2020 compared to the same period of 2019. The preliminary data for the balance of payments during the first quarter of 2020 displayed a deficit in the current account amounted to JD 309.2 million (4.2 percent of GDP) compared to a deficit of JD 329.9 million (4.6 percent of GDP) during the first quarter of 2019. Meanwhile, the current account deficit excluding grants decreased to reach 5.2 percent of GDP compared with 5.8 percent of GDP during the first quarter of 2019. Moreover, net direct investment recorded a net inflow of JD 214.9 million during the first quarter of 2020 compared to a net inflow of JD 183.5 million during the first quarter of 2019. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,701.1 million at the end of first quarter of 2020 down from JD 32,793.7 million at the end of 2019.

## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,276.7 million at the end of May 2020. This level of reserves covers around 7.9 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 35,855.8 million at the end of May 2020, compared to JD 34,969.7 million at the end of 2019.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 28,057.8 million at the end of May 2020, compared to JD 27,082.2 million at the end of 2019.
- Total deposits at licensed banks amounted to JD 34,847.4 million at the end of May 2020, compared to JD 35,305.3 million at the end of 2019.
- In May 2020, both credit and deposit interest rates at licensed banks declined, compared to their levels at the end of 2019.



- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,643.3 points at the end of May 2020, compared to 1,815.2 points at the end of 2019. Moreover, the market capitalization reached JD 12,858.3 million at the end of May 2020, compared to JD 14,914.8 million at the end of 2019.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

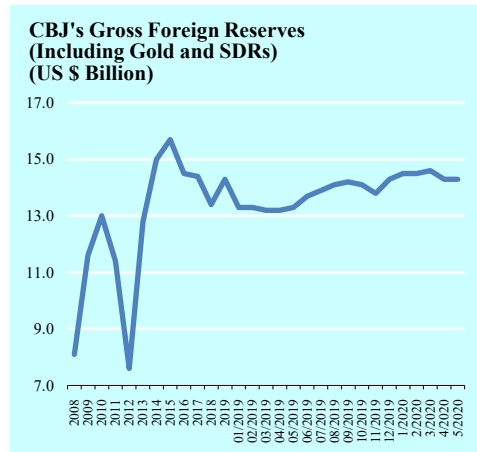
	2019	End of May	
		2019	2020
US\$ 14,329.3		US\$ 13,321.4	US\$ 14,276.7
7.0%	CBJ's Foreign Reserves*	-0.5%	-0.4%
34,969.7		33,842.8	35,855.8
4.8%	Money Supply (M2)	1.4%	2.5%
27,082.2		26,730.5	28,057.8
3.7%	Credit Facilities, of which:	2.4%	3.6%
23,998.6		23,671.3	24,839.0
4.3%	Private Sector (Resident)	2.9%	3.5%
35,305.3		34,039.6	34,847.4
4.3%	Total Deposits, of which:	0.6%	-1.3%
27,107.3		25,934.5	26,570.6
5.6%	In JD	1.0%	-2.0%
8,198.0		8,105.1	8,276.8
0.2%	In Foreign Currencies	-0.9%	1.0%
28,292.1		27,289.7	28,201.1
5.0%	Deposits of Private Sector (Resident), of which:	1.3%	-0.3%
22,130.5		21,257.1	22,013.1
6.2%	In JD	2.0%	-0.5%
6,161.6		6,032.6	6,188.0
1.0%	In Foreign Currencies	-1.1%	0.4%

\* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 14,276.7 million at the end of May 2020. This level of reserves covers around 7.9 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

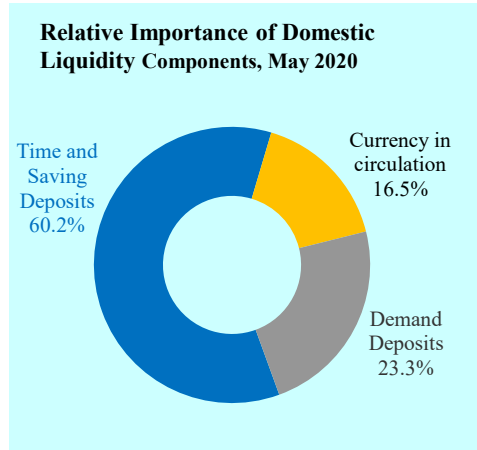
■ Domestic liquidity amounted to JD 35.9 billion at the end of May 2020, compared to JD 35.0 billion at the end of 2019.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of May 2020, compared to their levels at the end of 2019, reveal the following:**

- **Components of Domestic Liquidity**

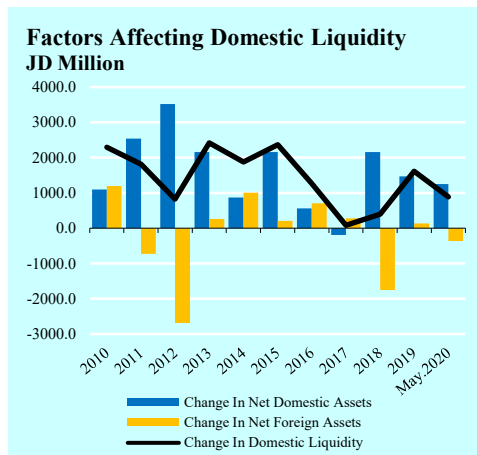
- Total liquidity deposits amounted to JD 29.9 billion at the end of May 2020, compared to JD 29.2 billion at the end of May 2019, and JD 30.3 billion at the end of 2019.

- Currency in circulation amounted to JD 5.9 billion at the end of May 2020, compared with JD 4.6 billion at the end of May 2019, and at the end of 2019.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 28.7 billion at the end of May 2020, compared to JD 27.1 billion at the end of May 2019, and JD 27.5 billion at the end of 2019.



- Net foreign assets of the banking system amounted to JD 7.1 billion at the end of May 2020, compared to JD 6.7 billion at the end of May 2019, and JD 7.5 billion at the end of 2019. The net foreign assets of the CBJ amounted to JD 9.6 billion at the end of May 2020.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

2019		End of May	
		2019	2020
<b>7,507.4</b>	<b>Foreign Assets (Net)</b>	<b>6,747.1</b>	<b>7,139.8</b>
9,974.8	CBJ	9,045.7	9,648.0
-2,467.4	Licensed Banks	-2,298.6	-2,508.2
<b>27,462.3</b>	<b>Domestic Assets (Net)</b>	<b>27,095.7</b>	<b>28,716.0</b>
-4,810.9	CBJ, of which:	-3,788.3	-3,033.4
570.3	Claims on Public Sector (Net)	542.2	802.1
-5,404.1	Other Items (Net*)	-4,353.1	-3,858.3
32,273.1	Licensed Banks	30,883.9	31,749.5
11,335.3	Claims on Public Sector (Net)	10,668.7	11,833.2
24,742.8	Claims on Private Sector	24,341.9	25,528.5
-3,805.0	Other Items (Net)	-4,126.7	-5,612.3
<b>34,969.7</b>	<b>Money Supply (M2)</b>	<b>33,842.8</b>	<b>35,855.8</b>
<b>4,631.0</b>	<b>Currency in Circulation</b>	<b>4,629.3</b>	<b>5,921.9</b>
<b>30,338.7</b>	<b>Total Deposits, of which:</b>	<b>29,213.5</b>	<b>29,933.9</b>
6,237.6	In Foreign Currencies	6,117.1	6,258.5

\* This item includes Certificates of Deposit in Jordanian Dinar.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments and CBJ’s procedures

◆ The CBJ cut its monetary policy interest rates twice during March 2020. On March 5, the CBJ cut the interest rates on all its instruments by 50 basis points. Moreover, on March 17, the CBJ cut the

overnight deposit window rate by 75 basis points, and by 100 basis points on the other policy rates, to become as follows:

- The CBJ main interest rate: 2.50 percent.
- Re-discount Rate: 3.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.25 percent.
- Overnight Deposit Window Rate: 2.00 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.
- The interest rate on weekly certificates of deposit: 2.50 percent.

The CBJ conducted a set of procedures aimed to contain the repercussions of the “emerging COVID-19 virus” impact on the national economy. Also, these measures aimed to reduce the financing costs to all economic sectors and to ensure the continuity of economic activity and recovery after the crisis:

Interest Rates on Monetary Policy Instruments, percentage points

2019		May	
		2019	2020
4.00	CBJ main rate	4.75	2.50
5.00	Re-discount Rate	5.75	3.50
4.75	Repurchase Agreements Rate (overnight)	5.50	3.25
3.25	Overnight Deposit Window Rate	4.00	2.00
4.00	Repurchase Agreements rate (one week and one month)	4.75	2.50
4.00	Certificates of Deposits (one week)	4.75	2.50

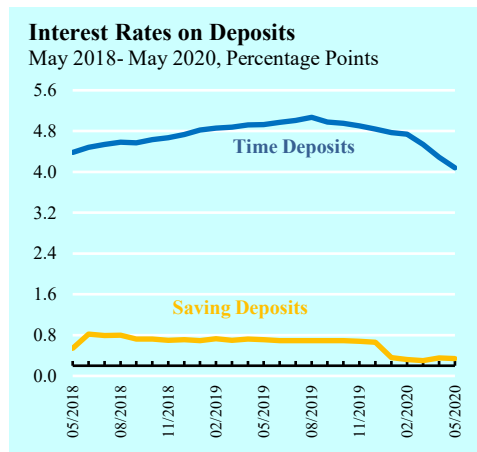
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The CBJ has decided to cut the Required Reserve Ratio (RRR) on the deposits held by banks from 7% to 5%, which provides additional liquidity to banks in the amount of JD 550 million.
- The CBJ has also conducted repurchase agreements (REPO) with commercial banks by JD 850 million, with maturity up to one year.
- Moreover, the CBJ has introduced financing program to support SMEs companies, by a total amount of JD 500 million, and with a customer lending rate by 2%.

### ■ Interest Rates in the Banking Sector

#### ◆ Interest Rates on Deposits

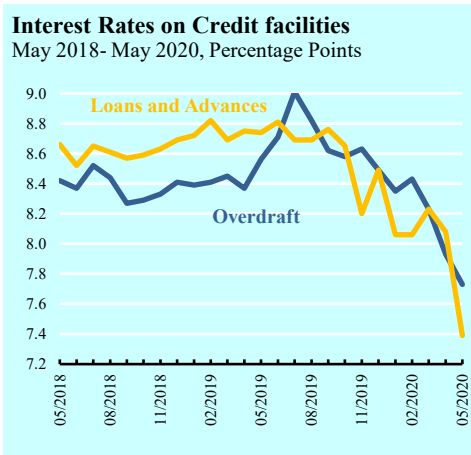
- Time Deposits: The weighted average interest rate on time deposits decreased by 21 basis points at the end of May 2020, compared to its level in the previous month, to stand at 4.08 percent. This rate is lower by 76 basis points than its level at the end of 2019.



- Saving Deposits: The weighted average interest rate on saving deposits decreased by one basis point at the end of May 2020, compared to its level in the previous month, to stand at 0.34 percent. This rate is lower by 32 basis points than its level at the end of 2019.
- Demand Deposits: The weighted average interest rate on demand deposits decreased by two basis points at the end of May 2020, compared to its level in the previous month, to stand at 0.38 percent. This rate is lower by 6 basis points than its level at the end of 2019.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts decreased by 20 basis points at the end of May 2020, compared to its level in the previous month, to stand at 7.73 percent. This rate is lower by 76 basis points than its level at the end of 2019.
- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 6 basis points at the end of May 2020, compared to its level in the previous month, to stand at 8.69 percent. This rate is lower by 86 basis points than its level at the end of 2019
- **Loans and Advances:** The weighted average interest rate on “loans and advances” decrease by 69 basis points at the end of May 2020, compared to its level registered in the previous month, to stand at 7.39 percent. This rate is lower by 110 basis points than its level at the end of 2019.



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

		May		Change Relative to the Preceding Year Basis Points
		2019	2020	
<b>Deposits</b>				
0.44	Demand	0.42	0.38	-6
0.66	Saving	0.71	0.34	-32
4.84	Time	4.93	4.08	-76
<b>Credit Facilities</b>				
9.55	Discounted Bills and Bonds	8.21	8.69	-86
8.49	Loans and Advances	8.74	7.39	-110
8.49	Overdraft	8.56	7.73	-76
9.33	Prime Lending Rate	9.79	8.37	-96

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The prime lending rate stood at 8.37 percent at the end of May 2020, this level is lower by 58 basis points than its level at the previous month, and 96 basis points than its level at the end of 2019.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 975.6 million, or 3.6 percent, at the end of May 2020, against an increase by JD 618.7 million, or 2.4 percent, during the same period in 2019.
- In terms of borrower sectors, the credit facilities at the end of May 2020 had shown an increase in credit extended to the private sector (resident) by JD 840.4 million, or 3.5 percent, the non-banking financial institutions by JD 101.1 million, and public institutions by JD 61.2 million, or 12.2 percent, and central government by JD 37.1 million, or 2.0 percent. In contrast, the credit facilities extended to the private sector (non-resident) by JD 64.2 million, or 9.5 percent, compared to their levels at the end of 2019.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 34,847.4 million at the end of May 2020, decreasing by JD 457.9 million, or 1.3 percent, compared to its level at the end of 2019, against an increase of JD 191.5 million, or 0.6 percent, during the same period in 2019.



- The currency composition of deposits at the end of May 2020 revealed that the JD deposits amounted to JD 26.6 billion, and the deposits in foreign currencies amounted to JD 8.3 billion, compared to JD 25.9 billion of JD deposits, and JD 8.1 billion of deposits in foreign currency at the end of May 2019, and JD 27.1 billion of JD deposits, and JD 8.2 billion in deposit in foreign currency at the end 2019.

#### □ Amman Stock Exchange (ASE)<sup>(1)</sup>

The ASE main indicators showed a mixed performance during the first five months of 2020. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at ASE totaled JD 31.3 million in May 2020, compared to JD 82.8 million at the end of May 2019. As for the first five months of 2020, the trading volume reached JD 315.6 million.

##### ■ Traded Shares

The number of traded shares in May 2020 totaled 27.9 million shares, compared to JD 79.9 million at the end of May 2019. As for the first five of 2020, the number of traded shares amounted to 289.1 million shares.

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<sup>(1)</sup> The trading at ASE has been suspended during the period 17/3/2020 to 9/5/2020, with the aim to protect investors and local companies from the repercussions of COVID-19.

### ■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE reached 1,643.3 points at the end of May 2020, compared to 1,806.5 points at the end of

May 2019. Furthermore, the SPI decreased by 171.9 points, or 9.5 percent, at the end of the first five months of 2020, compared to its level at the end of 2019. The aforementioned decrease was an outcome of the decrease in the SPI of the financial and services sectors by 289.6 points, or 11.8 percent, and 90.9 points, or 7.0 percent, respectively, and the industrial sector by 31.9 points, or 1.7 percent, compared to their levels at the end of 2019.

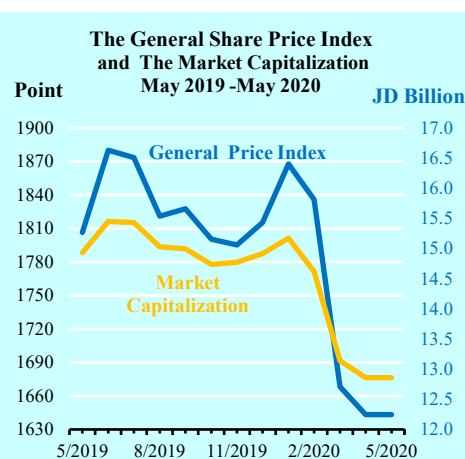
### ■ Market Capitalization

The ASE's market capitalization totaled JD 12.9 billion at the end of May 2020, compared to JD 14.9 billion during the same month in 2019. As for the first five months of 2020, the market capitalization decreased by JD 2,056.5 million, or 13.8 percent.

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

		May	
2019		2019	2020
1,815.2	General Index	1,806.5	1,643.3
2,450.0	Financial Sector	2,501.7	2,160.3
1,857.0	Industrial Sector	1,791.2	1,825.1
1,293.0	Services Sector	1,231.2	1,202.1

Source: Amman Stock Exchange.



### ■ Non - Jordanian Net Investment

Non - Jordanian net investment at ASE recorded an outflow amounted of JD 8.0 million in May 2020, compared to an outflow by JD 1.6 million during the same month in 2019. The value of shares buying by non-Jordanian in May 2020 amounted to JD 3.9 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million			
		May	
2019		2019	2020
1,585.4	Value Traded	82.8	31.3
6.4	Average Daily Trading	3.9	2.2
14,914.8	Market Capitalization	14,934.0	12,858.3
1,247.2	No. of Traded Shares (million)	79.9	27.9
114.1	Net Investment of Non-Jordanian	-1.6	-8.0
528.7	Non-Jordanian Buying	10.6	3.9
414.6	Non-Jordanian Selling	12.2	11.9

Source: Amman Stock Exchange.

amounted to JD 11.9 million. The Non-Jordanian net investment during the first five months of 2020 recorded an outflow amounting to JD 43.5 million.

## Second: Output, Prices and Employment

### ■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.1 percent during the fourth quarter of 2019, against 1.8 percent during the same quarter of 2018. At current market prices, GDP grew by 4.1 percent during the fourth quarter of 2019, compared to 3.6 percent during the same quarter of 2018.
- Accordingly, real GDP grew by 2.0 percent during 2019, compared to 1.9 percent during 2018. At current market prices, GDP grew by 3.7 percent during 2019, maintaining same growth rate achieved during 2018.
- The general price level, measured by the percentage change in the CPI, increased during the first five months of 2020 by 1.2 percent, compared to a rise of 1.0 percent during the same period of 2019.
- The unemployment rate increased during the first quarter of 2020 to stand at 19.3 percent (18.1 percent for males and 24.4 percent for females), compared to 19.0 percent (16.4 percent for males and 28.9 percent for females) during the first quarter of 2019. The highest unemployment rate among youth reached 48.3 percent for the (15-19) years old category and 39.7 percent for the (20-24) years old category.

### ■ Developments of GDP

- Gross domestic product (GDP), at constant market prices grew by 2.0 percent during 2019, compared to 1.9 percent during 2018. When excluding “net taxes on products” (which witnessed a slowdown in its performance, growing by 0.6 during 2019 compared to 1.2 percent during 2018) GDP, at constant basic prices, grew by 2.1 percent during 2019, compared to 2.0 during 2018.

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

Percentages

	Q1	Q2	Q3	Q4	Year
<b>2017</b>					
GDP at Constant Prices	2.5	2.3	1.9	1.9	2.1
GDP at Current Prices	4.3	3.5	4.0	3.7	3.9
<b>2018</b>					
GDP at Constant Prices	1.9	2.1	2.0	1.8	1.9
GDP at Current Prices	4.0	3.9	3.5	3.6	3.7
<b>2019</b>					
GDP at Constant Prices	2.0	1.8	1.9	2.1	2.0
GDP at Current Prices	3.9	3.3	3.5	4.1	3.7

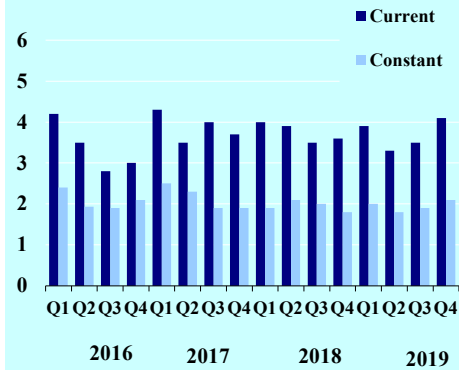
Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2019, maintaining same growth rate achieved during 2018. This comes in light of the growth of the general price level, measured by the GDP deflator, by 1.7 percent during 2019 compared to 1.8 percent during 2018.

The main sectors that contributed to the real economic growth during 2019 include: “real estate” (0.4 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point) “producers of government services” (0.3 percentage point), manufacturing (0.2 percentage point), and “social and personal services” (0.2 percentage point). These sectors collectively accounted for 85.0 percent of the real GDP growth rate during 2019.

The economic sectors displayed a divergent performance during 2019. Some sectors recorded accelerated growth, such as “mining and quarrying”, “restaurant and hotels”, “finance and insurance services”, “producers of government services”. “Meanwhile, agriculture, manufacturing, “electricity and water”, “social and personal services”, and “wholesale and retail trade”, experienced a slowdown. On the other hand, the construction sector continued to witness contraction in its performance.

Quarterly Growth Rates of GDP at Market Prices (2016- 2019), %



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution Percentage Point	
	2018	2019	2018	2019
<b>GDP at Constant Market Prices</b>	1.9	2.0	1.9	2.0
Agriculture	3.2	2.6	0.2	0.1
Mining And Quarrying	0.5	5.5	-	0.1
Manufacturing	1.4	1.2	0.3	0.2
Electricity And Water	2.2	1.8	0.1	0.1
Construction	-0.3	-0.4	-	-
Wholesale And Retail Trade	1.3	1.0	0.1	0.1
Restaurant And Hotels	1.0	1.2	-	-
Transport, Storage And Communications	3.2	3.2	0.3	0.3
Finance And Insurance Services	3.4	3.6	0.3	0.3
Real Estate	2.5	2.5	0.4	0.4
Social And Personal Services	3.8	3.3	0.2	0.2
Producers of Government Services	1.1	2.1	0.1	0.3
Producers of Private Non-Profit	2.7	2.6	-	-
Domestic Services of Households	0.1	0.1	-	-

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

### Microeconomic Indicators

The microeconomic indicators of the available period displayed a divergent performance. Some indicators recorded a growth, such as; “Chemical products” (57.5 percent). However, other indicators showed a contraction, particularly; “Licensed areas for buildings” (13.8 percent), “value traded at the real estate market” (16.1 percent) and “manufacturing production quantity index” (15.1 percent). The following table displays the performance of the main sectoral indicators during the available period.

#### Main Sectoral Indicators\*

Percentage Points					
2018	2019	Item	2019	Available period	2020
-7.0	-6.9	<b>Manufacturing production quantity index</b>	-4.4	Jan	-15.1
-12.7	5.6	Food products and beverages	21.5		13.7
-7.2	7.8	Tobacco products	-13.5		28.4
-16.9	-20.8	Refined petroleum products	-34.2		-78.0
-4.3	-7.1	Wearing apparel	46.5		-18.0
-5.6	-7.2	Non-metallic mineral products	6.5		1.4
27.7	14.3	Chemical products	25.8		57.5
0.5	5.5	<b>“Mining and quarrying” production quantity index</b>	7.8		-2.5
-6.2	2.9	Extraction of crude petroleum and natural gas	-4.8		56.7
0.6	5.5	Other mining and quarrying	7.9		-2.9
-21.5	-35.1	<b>Licensed areas for buildings</b>	-41.8	Jan-Feb	-13.8
-13.1	-12.0	<b>Value traded at the real estate market</b>	-23.9		-16.1
7.4	14.5	<b>Number of departures</b>	11.4	Jan-Apr	-40.5
-7.8	13.8	<b>Production of phosphate</b>	3.8		-1.6
3.8	1.2	<b>Number of passengers through Royal Jordanian</b>	1.0	Jan-May	-53.2
10.6	-16.4	<b>Cargo through Royal Jordanian</b>	-12.1		-36.7

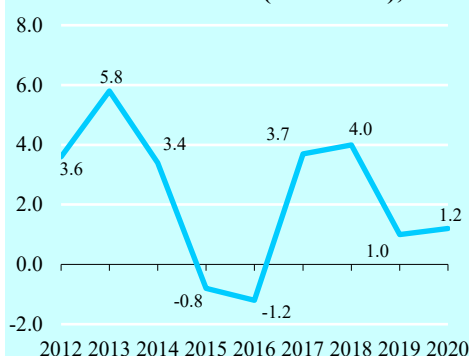
\* : Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

### Prices

The general price level, measured by the percentage change in CPI, increased by 1.2 percent during the first five months of 2020, compared to a rise of 1.0 percent during the same period of 2019. The inflation rate during the first five months of 2020 was an outcome of the following:

- The increase in the prices of some items and groups, notably:
  - “Fruits and nuts” prices increased by 6.8 percent, compared to a contraction of 1.6 percent during the first five months of 2019.
  - “Meat and poultry” prices increased by 4.6 percent compared to a contraction of 4.2 percent during the first five months of 2019.

**Inflation Rate During the First Five Months of the Years (2012-2020), %**



**Inflation Rate during the First Five Months of 2019-2020**

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2019	2020	2019	2020
<b>All Items</b>	<b>100.0</b>	<b>1.0</b>	<b>1.2</b>	<b>1.0</b>	<b>1.2</b>
<b>1) Food and non-Alcoholic Beverages</b>	<b>26.5</b>	<b>0.8</b>	<b>3.4</b>	<b>0.2</b>	<b>0.9</b>
<b>Food</b>	<b>23.8</b>	<b>0.9</b>	<b>3.8</b>	<b>0.2</b>	<b>0.9</b>
Cereals and Products	4.17	4.7	1.5	0.2	0.1
Meat and Poultry	4.69	-4.2	4.6	-0.2	0.2
Fish and Sea Product	0.41	-2.0	2.1	0.0	0.0
Dairy Products and Eggs	3.72	-2.9	5.0	-0.1	0.2
Oil and Fats	1.70	1.5	-1.2	0.0	0.0
Fruits and Nuts	2.57	-1.6	6.8	0.0	0.2
Vegetables and Legumes Dry and Canned	2.96	9.0	7.5	0.2	0.2
<b>2) Alcohol and Tobacco and Cigarettes</b>	<b>4.37</b>	<b>-0.8</b>	<b>-1.2</b>	<b>0.0</b>	<b>-0.1</b>
Alcohol	0.01	0.4	0.1	0.0	0.0
Tobacco and Cigarettes	4.37	-0.8	-1.3	0.0	-0.1
<b>3) Clothing and footwear</b>	<b>4.12</b>	<b>-1.5</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.0</b>
<b>4) Housing</b>	<b>23.78</b>	<b>1.6</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>
Rents	17.54	1.9	1.2	0.3	0.2
Fuels and Lighting	4.69	0.8	-4.7	0.0	-0.2
<b>5) Household Furnishings and Equipment</b>	<b>4.94</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>
<b>6) Health</b>	<b>4.00</b>	<b>2.5</b>	<b>1.2</b>	<b>0.1</b>	<b>0.0</b>
<b>7) Transportation</b>	<b>15.98</b>	<b>0.7</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>8) Communication</b>	<b>2.83</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>9) Culture and Recreation</b>	<b>2.55</b>	<b>-3.2</b>	<b>3.0</b>	<b>-0.1</b>	<b>0.1</b>
<b>10) Education</b>	<b>4.35</b>	<b>4.5</b>	<b>2.8</b>	<b>0.2</b>	<b>0.1</b>
<b>11) Restaurants and Hotels</b>	<b>1.79</b>	<b>3.0</b>	<b>1.0</b>	<b>0.1</b>	<b>0.0</b>
<b>12) Other Goods and Services</b>	<b>4.77</b>	<b>0.7</b>	<b>1.9</b>	<b>0.0</b>	<b>0.1</b>

Source: Department of Statistics.

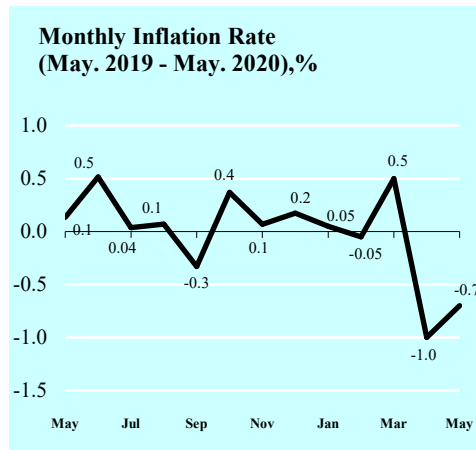


- “Dairy products and eggs” prices increased by 5.0 percent compared to a contraction of 2.9 percent during the first five months of 2019.

The above groups and items collectively contributed to the inflation rate during the first five months of 2020 by 0.6 percentage point.

- The decrease in the prices of some items and groups, notably, “oil and fats” (1.2 percent), “clothing and footwear” (0.4 percent), “tobacco and cigarettes” (1.3 percent),“ These groups and items contributed to the decline in the inflation rate during the first five months of 2020 by 0.1 percentage point

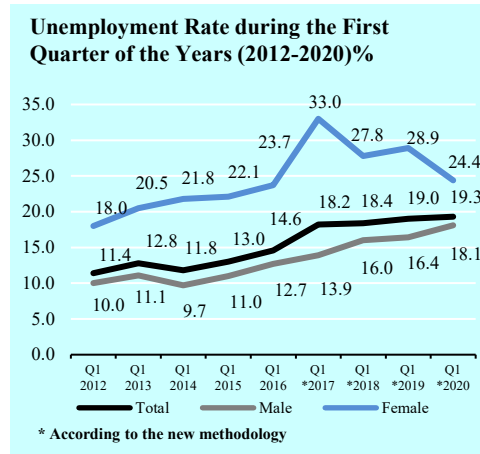
In May 2020, the CPI witnessed a decline compared to April 2020 by 0.7 percent. This was an outcome of the decrease in the prices of some items and groups, mainly, Housing (0.5 percent) and “Transportation” (3.1



percent), and the increase in the prices of some items and groups, mainly, “clothing and footwear” (1.2 percent) and “fruits and nuts” (0.5 percent).

□ Labor Market

■ The unemployment rate reached 19.3 percent (18.1 percent for males, and 24.4 percent for females) during the first quarter of 2020, compared to 19.0 percent (16.4 percent for males and 28.9 percent for females), during the same quarter of 2019.



- The unemployment rate among youth, during the first quarter of 2020, remains high at 48.3 percent for the category (15-19) years old, and 39.7 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 22.1 percent during the first quarter of 2020.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.5 percent (54.8 percent for males, and 14.0 percent for females), compared to 35.1 percent (54.4 percent for males and 15.0 percent for females) during the same quarter of 2019.
- The employment rate among population. (15 years and older) reached 27.8 percent.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 694.9 million (-6.9 percent of GDP) during the first four months of 2020, comparing to a fiscal deficit of JD 304.1 million (-2.9 percent of GDP) during the same period of 2019. When excluding foreign grants (JD 105.8 million), the general budget deficit increases to JD 800.6 million (-7.9 percent of GDP), compared to a deficit of JD 388.7 million (-3.7 percent of GDP) in the same period of 2019.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 1,196.3 million at the end of April 2020, compared to its level at the end of 2019, to reach JD 18,934.3 million (61.3 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 122.3 million at the end of April 2020, compared to its level at the end of 2019, to stand at JD 12,460.5 million (40.4 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 1,318.6 million to reach JD 31,394.8 million at the end of April 2020 (101.7 percent of GDP), compared to JD 30,076.2 million (96.7 percent of GDP) at the end of 2019.
- Central government banks deposits increased by JD 76.1 million at the end of April 2020, compared to the end of 2019, to reach JD 1,354.2 million.
- Accordingly, net outstanding domestic public debt increased by JD 1,120.2 million to reach JD 17,580.1 million (56.9 percent of GDP) at the end of April 2020. Moreover, net outstanding public debt increased by JD 1,242.5 million to reach JD 30,040.6 million (97.3 percent of GDP).

□ **The performance of the general budget during the first four months of 2020 compared with the same period of 2019:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) decreased by JD 412.3 million, or 47.9 percent, in April 2020 compared to the same month in 2019, to stand at JD 448.0 million. As for the first four months of 2020, public revenue went down by JD 547.9 million, or 21.3 percent, compared to the same period in 2019 to stand at JD 2,019.3 million. This came as an outcome of the decrease in domestic revenues by JD 569.1 million, and the increase in foreign grants by JD 21.2 million.

## Main Government Budget Indicators during the first four months of 2020:

(JD Million and Percentages)

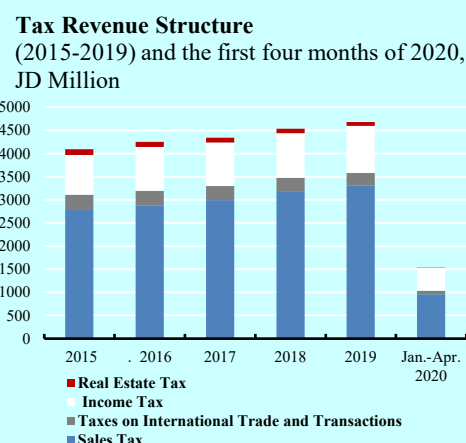
	April		Growth Rate	Jan.-Apr.		Growth Rate
	2019	2020		2019	2020	
<b>Total Revenues and Grants</b>	<b>860.3</b>	<b>448.0</b>	<b>47.9-</b>	<b>2,567.2</b>	<b>2,019.3</b>	<b>21.3-</b>
Domestic Revenues, of which:	836.6	430.8	48.5-	2,482.6	1,913.5	22.9-
Tax Revenues, of which:	552.4	385.1	30.3-	1,600.6	1,549.9	3.2-
General Sales Tax	196.5	148.3	24.5-	898.1	958.5	6.7
Other Revenues	283.4	45.1	84.1-	879.2	361.2	58.9-
Foreign Grants	23.7	17.1	27.8-	84.6	105.8	25.1
<b>Total Expenditures, of which:</b>	<b>866.0</b>	<b>694.4</b>	<b>19.8-</b>	<b>2,871.3</b>	<b>2,714.2</b>	<b>5.5-</b>
Current Expenditures	788.8	663.1	15.9-	2,651.1	2,598.1	2.0-
Capital Expenditures	77.2	31.2	59.6-	220.2	116.1	47.3-
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>5.8-</b>	<b>246.4-</b>	<b>-</b>	<b>304.1-</b>	<b>694.9-</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.9-</b>	<b>6.9-</b>	<b>-</b>

Source: Ministry of Finance/ General Government Finance Bulletin.

## ◆ Domestic Revenues

Domestic revenues witnessed a decrease of JD 569.1 million, or 22.9 percent, in the first four months of 2020, compared to the same period of 2019, to reach JD 1,913.5 million. This decrease was an outcome of the drop in the proceeds of “other revenues”, and “tax

revenues”, and “pension contributions” by JD 518.0 million, and JD 50.7 million and JD 0.4 million, respectively. This is due to the closure imposed by the government on the public and private sectors to face the COVID-19 pandemic.



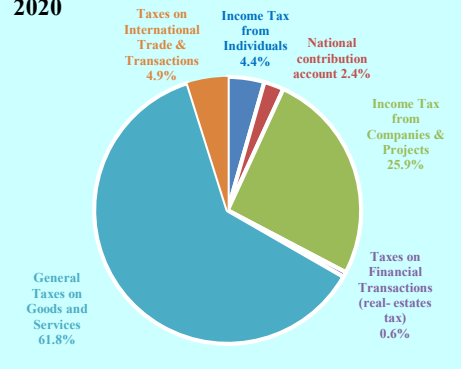
- **Tax Revenues**

Tax revenues decreased by JD 50.7 million, or 3.2 percent, during the first four months of 2020, compared to the same period of 2019, to reach JD 1,549.9 million (81.0 percent of domestic revenues). Following are the main developments in tax revenue items:

- A decrease in the proceeds of **income and profit taxes** by JD 77.1 million, or 13.2 percent, to reach JD 506.7 million, accounting for 32.7 percent of total tax revenues. This decrease was a result of the drop in the proceeds of income taxes on companies and projects by JD 86.6 million, or 17.8 percent, to account for 79.1 percent of total proceeds of income and profits taxes, amounting to JD 400.6 million. The proceeds of “income taxes on individuals” decreased by JD 27.8 million, or 28.8 percent, to reach JD 68.8 million. In addition, JD 37.3 million have been collected under the national contribution account item, which was included in the Amending Law of Income Tax Law.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 16.3 million, or 17.8 percent, to reach JD 75.3 million.
- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 17.6 million, or 65.2 percent, to reach JD 9.4 million.
- An increase in the proceeds of **general sales tax on goods and services** by JD 60.4 million, or 6.7 percent, to reach JD 958.5

million, accounting for 61.8 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 159.2 million, and on commercial sector by JD 9.2 million.

**Relative importance of tax revenue items, for the first four months of 2020**



However, the proceeds of sales tax on imported goods were down by JD 57.8 million, and on services by JD 50.2 million.

#### ● Non-Tax Revenues

- “Other revenues” decreased by JD 518.0 million, or 58.9 percent, during the first four months of 2020 to reach JD 361.2 million. This decrease was chiefly due to the following:
  - A decrease in miscellaneous revenues by JD 325.3 million to stand at JD 108.0 million.
  - A decrease in revenues from selling goods and services by JD 126.1 million to reach JD 168.6 million.
  - A decrease in the property income by JD 66.5 million to stand at JD 84.7 million (of which financial surplus of independent government units amounted to JD 79.7 million against JD 137.0 million during the same period of 2019).
- Pension contributions decreased by JD 0.4 million, during the first four months of 2020, standing at JD 2.4 million.

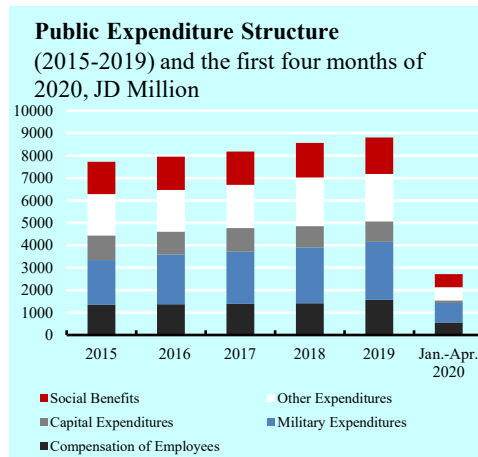


### ◆ Foreign Grants

Foreign grants increased by JD 21.2 million, or 25.1 percent, in the first four months of 2020, standing at JD 105.8 million compared to JD 84.6 million during the same period of 2019.

### ■ Public Expenditures

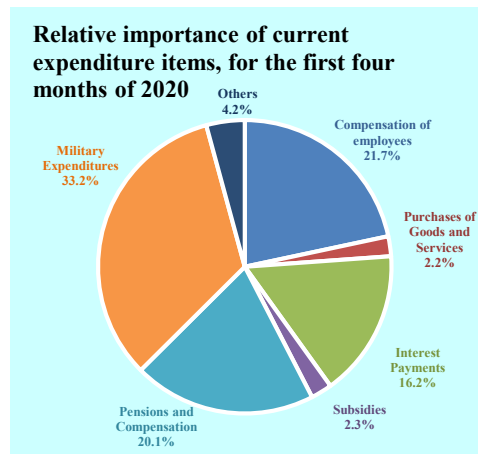
Public expenditures decreased by JD 171.6 million, or 19.8 percent, in April 2020 compared to the same month in 2019, to stand at JD 694.4 million. This is due to government measures taken to rationalize expenditures in order to address the COVID-19 pandemic. As for the first four months of 2020, public expenditures decreased by JD 157.1 million, or 5.5 percent, compared to the same period in 2019 to stand at JD 2,714.2 million. This decrease was a result of the drop in current expenditures by 2.0 percent, and the drop in capital expenditures by 47.3 percent



### ◆ Current Expenditures

Current expenditures went down by JD 53.0 million, or 2.0 percent, in the first four months of 2020, to reach JD 2,598.1 million (95.7 percent of public expenditures). Because of the rise in current expenditures and the drop of domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased by 20.0 percentage points, compared to its level in the same period of 2019, to reach to 73.6 percent. The decrease in current expenditures is due to the evolution of its components, as follow:

- A decrease in subsidies by JD 114.5 million, to stand at JD 60.7 million.
- A decrease in the purchases of goods and services by JD 31.0 million, to reach JD 57.0 million.
- An increase in pensions and compensation by JD 63.2 million, to stand at JD 523.1 million.
- An increase in the compensation of civil sector’s employees (wages, salaries and social security contributions) by JD 45.0 million, to reach JD 562.8 million.
- An increase in interest payments (commitment basis) by JD 34.0 million, to stand at JD 421.5 million.
- An increase in military expenditures by JD 25.9 million, to total JD 863.1 million.

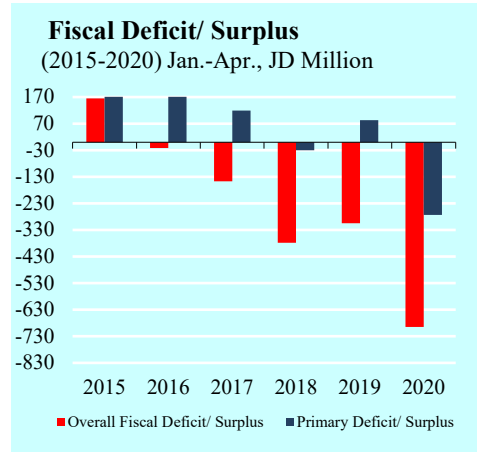


◆ **Capital Expenditures**

Capital expenditures decreased by JD 104.1 million, or 47.3 percent, during the first four months of 2020 compared to the same period of 2019, to reach JD 116.1 million.

### ■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, increased by JD 390.8 million, during the first four months of 2020, to reach JD 694.9 million (-6.9 percent of GDP), compared to a fiscal deficit of JD 304.1 million

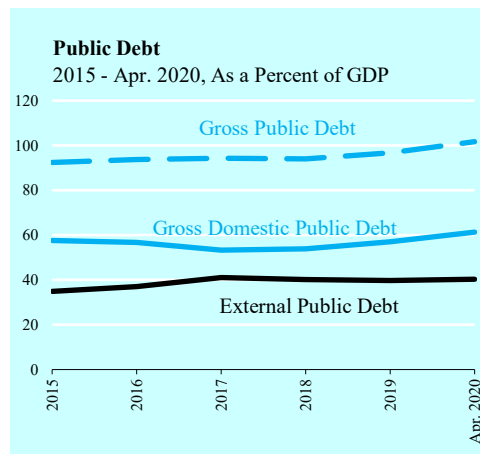
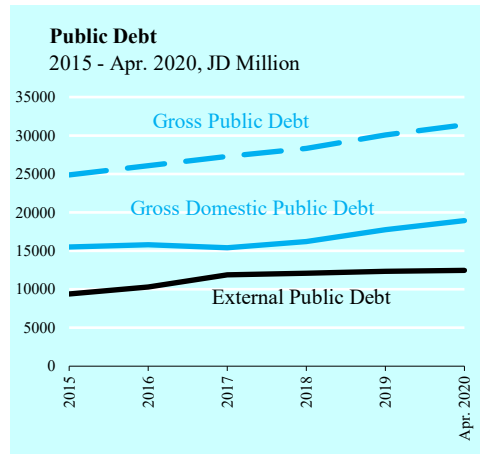


- (-2.9 percent of GDP), in the same period of 2019. When foreign grants are excluded, the general budget deficit increases to reach JD 800.6 million (-7.9 percent of GDP), compared to a fiscal deficit of JD 388.7 million (-3.7 percent of GDP) in the same period of 2019.
- ◆ The primary deficit, including foreign grants, (total revenues *minus* total public expenditures excluding interest payments on public debt) increased by JD 378.0 million, to reach JD 379.2 million (-3.8 percent of GDP) during the first four months of 2020, against a primary deficit of JD 1.2 million (-0.01 percent of GDP) in the same period of 2019.
- ◆ When foreign grants are excluding, the primary deficit of the general budget reached JD 273.4 million (-2.8 percent of GDP), compared to a primary surplus of JD 83.4 million (0.8 percent of GDP) in the same period of 2019.

Public Debt

Gross outstanding domestic public debt increased by JD 1,196.3 million, at the end of April 2020 compared to its level at the end of 2019, to stand at JD 18,934.3 million (61.3 percent of GDP compared to 57.0 percent of GDP at the end of 2019). This increase was a result of the rise in the domestic public debt of the general budget by JD 1,209.9 million, and the decrease in the domestic public debt of own-budget agencies by JD 13.6 million, compared to their levels at the end of 2019, standing at JD 16,426.1 million and JD 2,508.2 million, respectively.

The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds by JD 1,210.0 million, compared to its level at the end of 2019, to reach JD 16,150.3 million, and the stability of the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved at the end of 2019 at JD 271.7 million.



- The decrease in the domestic public debt of own-budget agencies was driven by the decrease in the loans and advances extended to these agencies by JD 13.6 million, compared to their level at the end of 2019, to reach JD 1,970.2 million, and the stability of their bonds at its 2019 level, amounting to JD 538.0 million.
- The balance of the external public debt (budget and guaranteed) went up by JD 122.3 million at the end of April 2020, compared to its level at the end of 2019, to reach JD 12,460.5 million (40.4 percent of GDP compared to 39.7 percent of GDP at the end of 2019). It is worth mentioning that the balance of the external public debt denominated in the U.S. Dollar accounted for 74.1 percent of the total external public debt, and the debt in Euro accounted for 9.6 percent. However, the Japanese Yen accounted for 5.3 percent, Kuwaiti Dinar (4.8 percent), and SDR (4.0 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 1,318.6 million at the end of April 2020 to stand at JD 31,394.8 million (101.7 percent of GDP), compared to JD 30,076.2 million (96.7 percent of GDP) at the end of 2019.
- On the other hand, government deposits with the banking system increase by JD 76.1 million at the end of April 2020, compared to the end of 2019, to reach JD 1,354.2 million.
- Thus, net domestic public debt of the central government (the gross domestic public debt of the central government *minus* government deposits with the banking system) increased by JD 1,120.2 million at the end of April 2020, compared to its level at the end of 2019, to reach JD 17,580.1 million (56.9 percent of GDP compared to 52.9 percent of GDP at the end of 2019). Whereas, net public debt increased by JD 1,242.5 million to stand at JD 30,040.6 million, accounting for 97.3 percent of GDP compared to 92.6 percent of GDP at the end of 2019.
- External debt service (budget and guaranteed) decreased by JD 92.8 million during the first four months of 2020, compared to the same period of 2019, to reach JD 301.1 million (including principal payments of JD 163.7 million and interest of JD 137.4 million).

## □ Fiscal and Price Measures of 2020

### ◆ July

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

**Development of Oil Derivatives Prices**

	Unit	2020		Percentage Change
		June	July	
Unleaded Gasoline 90	Fils/Liter	600	655	9.2
Unleaded Gasoline 95	Fils/Liter	820	875	6.7
Unleaded Gasoline 98	Fils/Liter	970	1,025	5.7
Gas Oil (Diesel)	Fils/Liter	410	465	13.4
Kerosene	Fils/Liter	410	465	13.4
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	235.9	281.1	19.2
Fuel for airplanes (local companies)	Fils/Liter	223	279	25.1
Fuel for airplanes (foreign companies)	Fils/Liter	228	284	24.6
Fuel for unplanned flights	Fils/Liter	243	299	23.0
Asphalt	JD/Ton	230.8	276.0	19.6

Source: Jordan Petroleum Refinery Company (1/7/2020).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2020.

### ◆ June

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2020.

## ◆ May

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2020.

## ◆ April

- The Energy and Minerals Regulatory Commission decided to determine fuel price bands item at 0 fils, starting in April 2020.
- In view of the exceptional circumstances that the Kingdom is going through due to the COVID-19 virus, and to support efforts to meet these conditions, the Cabinet of Ministers has taken a set of decisions in order to alleviate the repercussions of the COVID-19 virus, as follows:
  - Issue instructions that allow importers to withdraw goods before paying duties and taxes due in emergency situations.
  - The work of the increase in the employees of the government apparatus over the percentage of technical allowances, and the increase in the salaries of officers and members of the Jordanian armed forces and the security services, and the system amending the teachers' rank system, from the beginning of May 2020 until the end of 2020, be halted.
  - Deduction of the percentage from salaries of the highest categories in the state as donations, as of the April salary, as follows:
    - Donate 40% of the monthly salary of the Prime Minister.
    - Donate 30% of the monthly salary to each of the Minister's Excellencies, and those in their rank.
    - Donate 30% of the monthly salary to all chairmen of the Boards of Commissioners, boards of bodies and authorities, and heads of official universities and those of their rank or salary.

- Donate 10% of the monthly salary of the second group of the higher category and those of their rank, members of the boards of any authority or authority, the executive directors of any public official institution or public institution, general managers of government-owned companies or a government contributions management company, and faculty members in public universities.
- Donate 10% of the monthly salary to all employees working under comprehensive contracts for all bonuses whose monthly salaries exceed JD 2000.
- Stop the bonuses and overtime bonuses for all employees covered by holiday announcements while working in the Defense Law, whose total salaries exceed JD 1300.
- Halting the exchange of bonuses and the mobility allowance of government representatives on the boards of directors of companies to which they contribute or the company of government contributions management and its subsidiaries.
- Stopping the payment of salaries (thirteenth, fourteenth and fifteenth) in companies that are wholly owned by the government and the company of government contributions management and companies that have a percentage of 50% ownership by the government or the government contributions management company.
- Stopping the transportation allowance and the monthly transportation allowances stipulated in the transportation system for all employees working in government ministries and departments or any council, authority, institution or public body affiliated with the government or in companies wholly owned by the government.



- Stopping the payment of monthly gasoline allocations for the vehicles of employees who use government vehicles.
- Withholding what you forgot 50% of the financial dues for users on the account of purchasing services or on the account of the reward or at the expense of any other items covered by holiday announcements while working in the Defense Law who do not receive pensions, and stopping the payment of dues for those who receive pensions.
- Halting appointments in all ministries, government departments, public official institutions, public institutions, authorities, authorities, and companies owned by the government, the Greater Amman Municipality and municipalities until the end of the year 2020.

**◆ March**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in March 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

**◆ February**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in February 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

**◆ January**

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

- The cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 2020, as follows:
  - Distracted to the military retired person shall from the rank of Lieutenant-Colonel and without an increase over his total pension by an amounts ranging from JD 25 to JD 30.
  - Distracted to the heirs of military retirees who retired or deceased on their job after 1/6/2010, by JD 20 distributed equally between heirs.
  - Distracted to the civil retired shall be paid an additional minimum of JD 10, and his retire must not be less than JD 300 on 1/1/2020.
  - This allowance is not paid to military retirees working in the government or in any council, authority, public institution, government-owned company, municipality, endowment department, or any other agency affiliated with it, nor are retired employees who are subsidiaries working in government agencies and official institutions.
- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 40 percent, starting from 1/1/2020 until 31/12/2020.
- The cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 1981, as follows:

- Paying a bonus of no more than JD 100, a monthly subsidy, for each retired non-blind military needing someone who helps him to exercise his daily life, with a certificate from the Supreme Military Medical Committee.
- Paying a bonus of no more than JD 220, a monthly subsidy, for each retired blind military who needs someone to help him in his daily life, with a certificate from the Supreme Military Medical Committee.
- The Cabinet decided to lower the general sales tax on 54 commodities to 2 percent, down from 4 percent, and lower the general sales tax on 22 commodities to 5 percent, down from 10 percent.

#### □ Grants, Loans and Other Agreements for 2020

##### ◆ July

- Signing a grant agreement with the United States Agency for International Development (USAID) and the British International Development Agency (DFID) in the amount of USD 26 million, to support Jordanian families who were severely affected by the economic pressures resulting from the COVID-19 pandemic, through the National Aid Fund.

##### ◆ May

- Signing the delivery and receipt certificate for the Chinese government to provide a consignment of preventive medical supplies for COVID-19 virus response of USD 0.75 million.
- Signing an additional grant agreement with the European Investment Bank in the amount of EUR 2.0 million, to support the Jordan Valley Water Resources Project. The grant is in the form of technical assistance from the bank's Economic Resilience Initiative (ERI).

- Signing a grant agreement with the King Abdullah bin Abdulaziz Islamic Relief Program, which is administered by the Islamic Development Bank, in the amount of USD 0.5 million, to provide medical supplies and equipment to the Ministry of Health as a COVID-19 virus response, by purchasing 12 artificial respirators and 50 beds for intensive care.
- Signing three development assistance agreements with the United States in the amount of USD 340.3 million. Within the framework of the US economic aid programme to support Jordan in 2019.

#### ◆ April

- Signing a grant agreement with the International Finance Corporation (IFC) worth USD 2.0 million to help promoting partnership projects between public and private sectors in the Kingdom in several sectors, such as transportation, water services, education, health care, and tourism.
- Signing a soft financing agreement with the Bank for Reconstruction and Development in the amount of USD 200 million to support the youth, technology and work project.

#### ◆ March

- Signing a grant agreement with the United Nations High Commissioner for Refugees (UNHCR) in the amount of USD 2.48 million to support ministries and government institutions with providing services to Jordanian citizens and Syrian refugees, and to assist the government response to the COVID-19 pandemic.



## Fourth: External Sector

### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 38.6 percent in April 2020, compared to the same month of 2019 to reach JD 259.4 million. As for the first four months of 2020, total merchandize exports decreased by 7.5 percent compared to the same period of 2019 to reach JD 1,632.5 million.
- **Merchandize imports** decreased by 46.9 percent in April 2020, compared to the same month of 2019 to reach JD 677.9 million. As for the first four months of 2020, Merchandize imports decreased by 19.0 percent compared to the same period of 2019 to reach JD 3,678.3 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 51.0 percent in April 2020 compared to the same month of 2019; standing at JD 418.5 million. As for the first four months of 2020, the trade balance deficit decreased by 26.3 percent, compared to the same period of 2019 to reach JD 2,045.8 million.
- **Travel receipts** decreased by 47.9 percent during the first five months of 2020, to register JD 784.0 million, compared to the same period of 2019. While, travel payments decreased by 50.9 percent during the first five months of 2020, to register JD 191.1 million, compared to the same period of 2019.
- **Total workers' remittances receipts** decreased by 23.1 percent in May 2020 compared to the same month of 2019 to reach JD 180.0 million. As for the first five months of 2020, total workers' remittances decreased by 9.7 percent, compared to the same period of 2019 to reach JD 980.7 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 309.2 million (4.2 percent of GDP) during the first quarter of 2020 compared to a deficit of JD 329.9 million (4.6 percent of GDP) during the same quarter of 2019. Meanwhile, the current account deficit excluding grants decreased to reach 5.2 percent of GDP during the first quarter of 2020, compared with 5.8 percent of GDP during the same quarter of 2019.

- **Net direct investment** recorded a net inflow of JD 214.9 million during the first quarter of 2020, compared to a net inflow of JD 183.5 million during the first quarter of 2019.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,701.1 million at the end of the first quarter of 2020, compared to JD 32,793.7 million at the end of 2019.

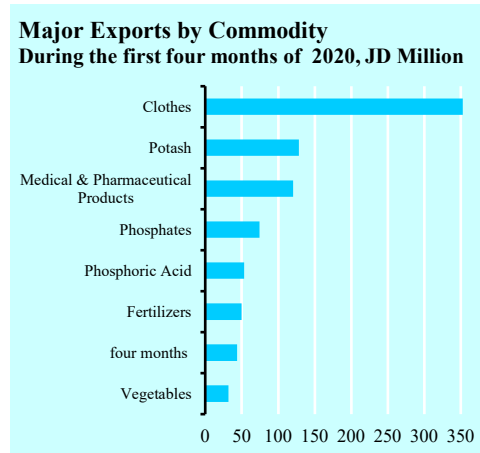
#### □ External Trade

- As a result of the decrease in domestic exports by JD 44.9 million and the decrease in imports by JD 861.1 million during the first four months of 2020, the volume of external trade (domestic exports *plus* imports) decreased by JD 906.0 million to stand at JD 5,102.0 million compared to the same period of 2019.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-April				January- April				
	2019	2020	Percentage Change	2019	Percentage Change (%)	2020	Percentage Change (%)	
<b>Exports</b>				<b>External Trade</b>				
USA	380.4	387.3	1.8	6,008.0	0.6	5,102.0	-15.1	
Saudi Arabia	168.4	144.9	-14.0	Total Exports	1,764.9	6.1	1,632.5	-7.5
India	150.5	144.0	-4.3	Domestic Exports	1,468.6	6.9	1,423.7	-3.1
Iraq	126.7	118.3	-6.6	Re-exports	296.3	2.4	208.8	-29.5
UAE	40.7	73.1	79.6	Imports	4,539.4	-1.3	3,678.3	-19.0
Kuwait	58.7	42.0	-28.4	Trade Balance	-2,774.5	-5.5	-2,045.8	-26.3
Indonesia	32.9	39.2	19.1	Source: Department of Statistics.				
<b>Imports</b>								
Saudi Arabia	826.3	636.8	-22.9					
China	670.6	499.0	-25.6					
USA	350.1	326.7	-6.7					
Egypt	260.4	154.0	-40.9					
Germany	224.9	144.8	-35.6					
UAE	119.4	122.6	2.7					
Turky	121.3	116.2	-4.2					
Source: Department of Statistics.								

### ■ Merchandize Exports:

Total merchandize exports decreased by 7.5 percent during the first four months of 2020, to reach JD 1,632.5 million. This decrease was a result of a decrease in domestic



exports by JD 44.9 million, or 3.1 percent to reach JD 1,423.7 million and a decrease in re-exports by JD 87.5 million, or 29.5 percent to reach JD 208.8 million.

### ◆ The developments of domestic exports during the first four months of 2020 compared with the same period of 2019 reveals the following:

- Exports of **clothes** decreased by JD 18.4 million or 4.9 percent to reach JD 354.5 million. It is worth noting that the USA market accounted for 89.8 percent of these exports.
- Exports of **“Vegetables”** decreased by JD 17.2 million, or 35.2 percent, to reach JD 31.7 million. The markets of Saudi Arabia, the UAE, Kuwait and Bahrain accounted for 58.0 percent of these exports.
- Exports of **Potash** decreased by JD 14.0 million, or 9.8 percent, to stand at JD 128.2 million. The markets of China, India and Malaysia accounted for 60.3 percent of these exports.



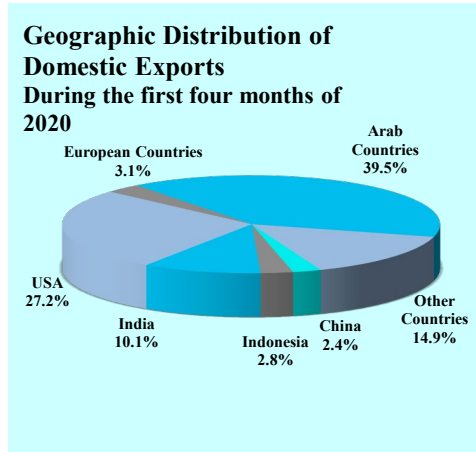
- Exports of “**Medical & Pharmaceutical Products**” decreased by JD 6.2 million, or 4.9 percent, to reach JD 120.2 million. Saudi Arabia, Iraq, the USA, and Algeria were the main destination markets; accounting for 63.2 percent of these exports.
- Exports of **Fertilizers** decreased by JD 0.4 million or 0.8 percent to stand at JD 49.8 million. India, Romania and Spain were the main destination markets for these exports, accounting for 78.5 percent.
- Exports of **Phosphoric Acid** increased by JD 15.9 million or 42.3 percent, to stand at JD 42.3 million. It is worth noting that India and Bangladesh accounted for 93.5 percent these exports.

**Major Domestic Exports by Commodity, JD Million**  
The first four months, 2019-2020

	2019	2020	Percentage Change
<b>Domestic Exports</b>	<b>1,468.6</b>	<b>1,423.7</b>	<b>-3.1</b>
<b>Clothes</b>	<b>372.9</b>	<b>354.5</b>	<b>-4.9</b>
USA	337.2	318.0	-5.7
<b>Potash</b>	<b>142.2</b>	<b>128.2</b>	<b>-9.8</b>
China	43.4	31.3	-27.9
India	38.8	25.1	-35.3
Malaysia	8.4	20.9	148.8
<b>Medical &amp; Pharmaceutical Products</b>	<b>126.4</b>	<b>120.2</b>	<b>-4.9</b>
Saudi Arabia	31.2	27.7	-11.2
Iraq	21.8	21.7	-0.5
USA	10.1	16.0	58.4
Algeria	14.1	10.6	-24.8
<b>Phosphates</b>	<b>71.9</b>	<b>74.2</b>	<b>3.2</b>
India	50.6	38.5	-23.9
Indonesia	18.1	27.4	51.4
<b>Phosphoric Acid</b>	<b>37.6</b>	<b>53.5</b>	<b>42.3</b>
India	24.0	42.1	75.4
Bangladesh	0.0	7.9	-
<b>Fertilizers</b>	<b>50.2</b>	<b>49.8</b>	<b>-0.8</b>
India	32.0	34.8	8.7
Romania	0.0	2.3	-
Spain	0.0	2.0	-
<b>Polishing &amp; Cleaning Preparation &amp; Perfume Materials</b>	<b>41.1</b>	<b>43.5</b>	<b>5.8</b>
Iraq	21.5	24.4	13.5
Saudi Arabia	8.8	6.7	-23.9
<b>Vegetables</b>	<b>48.9</b>	<b>31.7</b>	<b>-35.2</b>
Saudi Arabia	9.7	5.9	-39.2
UAE	9.0	4.9	-45.6
Kuwait	9.2	4.0	-56.5
Bahrain	5.6	3.6	-35.7

Source: Department of Statistics.

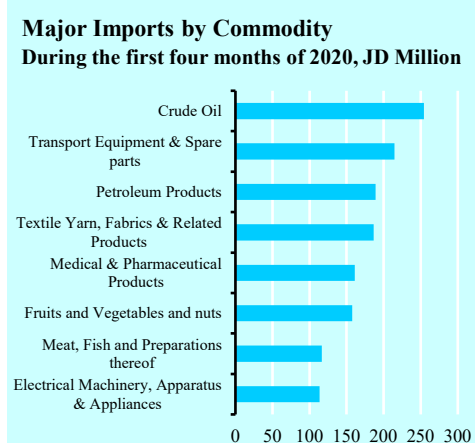
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, “Medical & Pharmaceutical Products”,



Phosphates, “Phosphoric Acid”, Fertilizers, “Polishing & Cleaning Preparation & Perfume Materials” and Vegetables topped the list of domestic exports during the first four months of 2020; accounting for 60.1 percent, compared with 60.7 percent during the same period of 2019 . Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, the UAE, Kuwait, and Indonesia were the main destination markets during the first four months of 2020; accounting for 66.6 percent, compared with 65.3 percent during the same period of 2019.

■ **Merchandise Imports:**

Merchandise imports decreased by 19.0 percent to reach JD 3,678.3 million during the first four months of 2020, compared to a decrease by 1.3 percent during the same period of 2019.



◆ **The developments of imports during the first four months of 2020 compared with the same period of 2019 reveals the following:**

- **“Transport Equipment & Spare Parts”** imports decreased by JD 195.9 million or 47.7 percent to reach JD 214.8 million. South Korea, Japan, the USA and Germany were the main origin markets, accounting for 67.6 percent of these imports.
- **Petroleum Products** imports decreased by JD 175.2 million or 48.1 percent to stand at JD 189.3 million. Saudi Arabia and the UK were the main markets, accounting for 90.7 percent of these imports.
- **“Electrical Machinery, Apparatus and Appliances”** imports decreased by JD 46.5 million or 29.1 percent to reach JD 113.4 million. China, Italy and Turkey were the main markets accounting for 48.5 percent of these imports.

- **“Textile Yarn, Fabrics and Related Products”** imports decreased by JD 34.3 million or 15.5 percent to reach JD 186.3 million. China, Taiwan and Turkey were the main markets, accounting for 73.9 percent of these imports.
- **Crude oil** imports decreased by JD 27.7 million, or 9.8 percent, to reach JD 254.3 million. Saudi Arabia and Iraq, were the main origin markets accounting for 100.0 percent of these imports.
- **“Medical & Pharmaceutical Products”** imports increased by JD 35.7 million or 28.5 percent to reach JD 161.0 million. Germany, the USA and Italy were the main origin markets accounting for 33.5 percent of these imports.

#### Major Imports by Commodity, JD Million

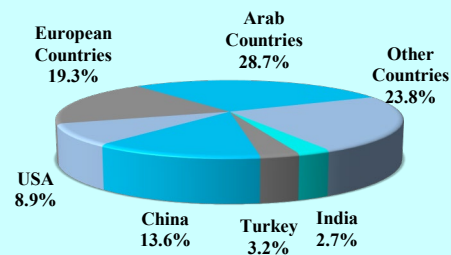
The first four months, 2019-2020

	2019	2020	Percentage Change
<b>Total Imports</b>	<b>4,539.4</b>	<b>3,678.3</b>	<b>-19.0</b>
<b>Crude Oil</b>	<b>282.0</b>	<b>254.3</b>	<b>-9.8</b>
Saudi Arabia	292.0	229.4	-18.7
Iraq	-	24.9	-
<b>Transport Equipment &amp; Spare Parts</b>	<b>410.7</b>	<b>214.8</b>	<b>-47.7</b>
South Korea	54.0	39.3	-27.2
Japan	49.4	36.5	-26.1
USA	104.5	35.1	-66.4
Germany	65.6	27.8	-57.4
<b>Petroleum Products</b>	<b>364.5</b>	<b>189.3</b>	<b>-48.1</b>
Saudi Arabia	189.4	162.4	-14.3
UK	-	9.3	-
<b>Textile Yarn, Fabrics and Related Products</b>	<b>220.6</b>	<b>186.3</b>	<b>-15.5</b>
China	98.1	75.5	-23.0
Taiwan	50.9	46.3	-9.0
Turkey	15.7	15.9	1.3
<b>Medical &amp; Pharmaceutical Products</b>	<b>125.3</b>	<b>161.0</b>	<b>28.5</b>
Germany	15.5	24.9	60.6
USA	13.6	17.3	27.2
Italy	8.4	11.7	39.3
<b>Vegetables &amp; fruits and nuts</b>	<b>125.2</b>	<b>157.7</b>	<b>26.0</b>
Egypt	19.4	29.6	52.6
USA	21.1	21.9	3.8
Iran	1.1	9.5	-
<b>Meat, Fish and preparations thereof</b>	<b>104.4</b>	<b>116.6</b>	<b>11.7</b>
Barazil	28.0	28.1	0.4
Australia	16.3	16.5	1.2
New Zealand	8.9	13.8	53.1
<b>Electrical Machinery Apparatus and Appliances</b>	<b>159.9</b>	<b>113.4</b>	<b>-29.1</b>
China	69.4	40.7	-41.4
USA	10.1	7.6	-24.8
Turkey	11.0	6.7	-39.1

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that Crude Oil, “Transport Equipment and Spare Part”, Petroleum Products, “Textile Yarn, Fabrics and Related Products”, “Medical & Pharmaceutical Products”, Vegetables and fruits and nuts” and Meat, Fish and

**Geographic Distribution of Imports**  
During the first four months of 2020



preparations thereof, “Electrical Machinery Apparatus and Appliances” topped the list of imports during the first four months of 2020, accounting for 37.9 percent, compared with 39.5 percent during the same period of 2019. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Egypt, Germany, the UAE and Turkey, were the main source markets during the first four months of 2020; accounting for 54.4 percent of imports, compared to 56.7 percent during the same period of 2019.

#### ■ Re-Exports

The value of re-exported goods in April 2020 decreased by JD 34.7 million, or 53.6 percent, compared to the same month of 2019, to stand at JD 30.0 million. As for the first four months of 2020, Re-exports decreased by JD 87.5 million, or 29.5 percent compared to the same period of 2019 to reach JD 208.8 million.

#### ■ Trade Balance

The trade balance deficit decreased by JD 453.1 million, or 51.0 percent in April 2020 compared to the same month of 2019 , to reach JD 418.5 million. As for the first four months of 2020, the trade balance deficit decreased by JD 728.7 million, or 26.3 percent compared to the same period of 2019, to reach JD 2,045.8 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 23.1 percent in May 2020 compared to the same month of 2019, to register JD 180.0 million. As for the first five months of 2020, total workers' remittances decreased by JD 104.8 million or 9.7 percent, to register JD 980.7 million, compared to the same period of 2019.

### □ Travel

#### ■ Receipts

Travel receipts decreased by 47.9 percent during the first five months of 2020, to register JD 784.0 million, compared to the same period of 2019.

#### ■ Payments

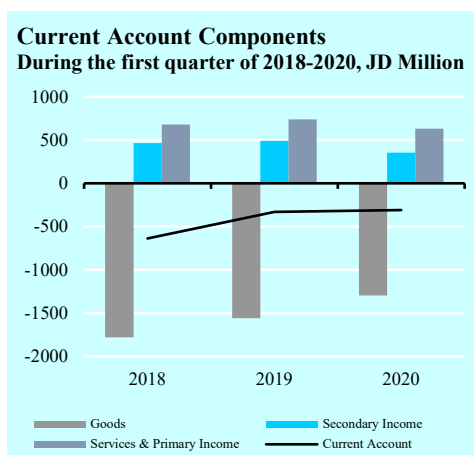
Travel payments decreased by 50.9 percent during the first five months of 2020, to register JD 191.1 million, compared to the same period of 2019.

### □ Balance of Payments

The preliminary data for the balance of payments during the first quarter of 2020 reveals the following:

- The current account recorded a deficit of JD 309.2 million (4.2 percent of GDP) compared to a deficit of JD 329.9 million (4.6 percent of GDP) during the same quarter of 2019. Meanwhile, the current account deficit excluding grants decreased to reach JD 387.5 million (5.2 percent of GDP) compared to JD 419.2 million (5.8 percent of GDP) during the same quarter of 2019. This was an outcome of the following developments:

- ◆ A decrease in the goods balance deficit by JD 264.5 million, or 17.0 percent, to reach JD 1,295.0 million compared to JD 1,559.5 million during the same quarter of 2019.



- ◆ A decrease in the services account surplus 2018 by JD 80.2 million, to reach JD 348.8 million compared to the same quarter of 2019.
- ◆ A decrease in the primary income account surplus by JD 54.2 million, to reach JD 6.3 million compared to a surplus of JD 60.5 million during the same quarter of 2019. This was mainly due to increase in deficit of the investment income (net) by JD 43.9 million, and decrease in the surplus of “compensation of employees (net)” by JD 2.2 million to reach JD 50.2 million.
- ◆ A decrease in the secondary income surplus by JD 109.4 million to reach JD 630.7 million compared to JD 740.1 million the same quarter of 2019, this was a result of the decrease in net transfers of the public sector (foreign grants) by JD 11.0 million to reach JD 78.3 million, and the decrease in the net surplus transfer of other sectors transfers (net) by JD 98.4 million to reach JD 552.4 million.

- As for the capital and financial account during the first quarter of 2020, the capital account registered a net inflow of JD 14.0 million compared to a net inflow of JD 4.0 million during the same quarter of 2019. Meanwhile, the financial account registered a net inflow of JD 122.9 million during the first quarter of 2020 compared to a net inflow of JD 612.0 million during the same quarter of 2019, this could be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 214.9 million compared to a net inflow of JD 183.5 million.
  - ◆ Portfolio investment recorded a net outflow of JD 42.1 million compared to a net outflow of JD 134.6 million.
  - ◆ Other investment registered a net inflow of JD 57.2 million compared to a net inflow of JD 379.9 million.
  - ◆ An increase in the reserve assets of the CBJ by JD 107.1 million, compared to a decrease of JD 183.2 million.

#### □ 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 32,701.1 million at the end of the first quarter of 2020 compared to JD 32,793.7 million at the end of 2019. This 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 219.7 million at the end of the first quarter of 2020 to reach JD 18,732.4 million. This was mainly due to the increase in the CBJ's reserve assets by JD 172.0 million and increase in the currency and deposits of the licensed banks abroad by JD 66.6 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 126.9 million at the end of the first quarter of 2020 to reach JD 51,433.5 million, this was due to the following developments:
  - ◆ An increase in the stock of direct investment in the kingdom by JD 127.1 million or 0.5 percent, to stand at JD 25,773.3 million.
  - ◆ An increase of government long term loans by JD 123.3 million or 2.3 percent, to stand at JD 5,374.5 million.
  - ◆ An increase of other sectors long term loans by JD 71.0 million or 3.4 percent, to stand at JD 2,168.4 million.
  - ◆ An increase in the balance of the international monetary fund credit facilities by JD 43.4 million or 12.1 percent, to reach JD 401.9 million.
  - ◆ A decrease in the deposits of non-residents at the banking sector by JD 178.7 million or 1.9 percent to stand at JD 9,082.4 million (decrease by JD 50.6 million for the licensed banks and decrease by JD 128.1 million for the CBJ).
  - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 71.7 million or 1.0 percent, to stand at JD 7,090.2 million.
  - ◆ A decrease of trade credits to residents in the kingdom by JD 26.5 million or 3.3 percent, to stand at JD 779.1 million.