



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
November, 2015**

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37Amman11118Jordan

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

E-mail redp@cbj.gov.jo



❑ OUR VISION

To be one of the most capable central banks regionally and internationally in maintaining monetary stability and ensuring the soundness of the financial system thereby contributing to sustained economic growth in the Kingdom.

❑ OUR MISSION

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and a sound macroeconomic environment. Furthermore, the Central Bank of Jordan strives to ensure the safety and soundness of the banking system and the resilience of the national payments system. To this end, the Central Bank of Jordan adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve its objectives.

❑ OUR VALUES

| | | |
|----------------------------|---|---|
| Loyalty | : | Commitment and dedication to the institution, its staff and clients. |
| Integrity | : | Seeking to achieve our organizational goals honestly and objectively. |
| Excellence | : | Seeking to continuously improve our performance and deliver our services in accordance with international standards. |
| Continuous Learning | : | Aspiring to continuously improve practical and academic skills to maintain a level of excellence in accordance with international best practices. |
| Teamwork | : | Working together, on all levels of management, to achieve our national and organizational goals with a collective spirit of commitment. |
| Transparency | : | Dissemination of information and knowledge, and the simplification of procedures and regulations in a comprehensible and professional manner. |

Contents

Executive Summary

1

First

Monetary & Financial Sector

3

Second

Output, Prices and Employment

15

Third

Public Finance

23

Fourth

External Sector

37

Executive Summary

□ Output, Prices and Employment

During the first half of 2015, real GDP at market prices, grew by 2.2 percent, compared to 3.0 percent during the same half of 2014. The Consumer Price Index, contracted by 0.7 percent in the first ten months of 2015, against an increase of 3.1 percent in the same period of 2014. Furthermore, the unemployment rate increased during the third quarter of 2015 to stand at 13.8 percent compared to 11.4 percent during the same quarter of 2014.

□ Monetary and Financial Sector

- Foreign currency reserves at the Central Bank of Jordan (CBJ) increased by US\$ 887.6 million (6.3 percent) at the end of the October of 2015, compared to their level at the end of 2014, standing at US\$ 14,966.4 million. This level of reserves covers around 8.0 months of Jordan's imports of goods and services.
- Domestic liquidity grew by JD 2,088.2 million (7.1 percent) at the end of the ten months of 2015 compared to its level at the end of 2014, to stand at JD 31,328.6 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,739.9 million (9.0 percent) at the end of the ten months of 2015 compared to its level at the end of 2014, to stand at JD 21,014.4 million.
- Total deposits at licensed banks increased by JD 2,118.7 million (7.0 percent) at the end of the ten months of 2015, compared to its level at the end of 2014, totaling JD 32,379.7 million. This increase was a result of the increase in JD deposits by JD 2,003.6 million (8.3 percent) and the increase in foreign currency deposits by JD 115.1 million (1.8 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,034.4 points at the end of the October of 2015, decreasing by 131.0 points, or 6.1 percent, compared to its level at the end of 2014.

- ❑ **Public Finance:** During the first nine months of 2015, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 655.7 million compared to a fiscal deficit in the amount of JD 561.1 million during the same period of 2014. Net outstanding domestic debt (budgetary and own-budget) increased by JD 258.0 million at the end of September 2015, compared to its level at the end of 2014, to stand at JD 12,783.0 million (47.1 percent of GDP). Outstanding external public debt increased by JD 1,499.5 million at the end of September 2015 compared to its level at the end of 2014 to reach JD 9,529.6 million, (35.1 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 82.2 percent of GDP at the end of September 2015 compared to 80.8 percent of GDP at the end of 2014.
- ❑ **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) and imports decreased by 7.2 percent and 13.1 percent, to reach JD 4,162.4 million and JD 10,584.0 million, respectively, during the first nine months of 2015. As a result, the trade deficit decreased by 16.5 percent compared to its level in the first nine months of 2014 to reach JD 6,421.6 million. The preliminary data for the first eleven months of 2015 showed a decrease in travel receipts by 7.6 percent and an increase in travel payments by 1.1 percent; respectively. Moreover, total worker's remittances increased by 1.9 percent during first ten months of 2015. The balance of payments for first half of 2015 displayed a deficit in the current account amounting to JD 1,135.3 million, (9.2 percent of GDP) down from JD 1,171.0 million (9.9 percent of GDP) during first half of 2014. Moreover, Net Direct Investment recorded an inflow of JD 400.0 million during the first half of 2015 compared to a net inflow of JD 707.6 million during the same period of 2014. Furthermore, the International Investment Position (IIP) registered a net obligation to abroad in the amount of JD 23,158.4 million at the end of second quarter of 2015 compared to JD 22,773.5 million at the end of 2014.

First: Monetary and Financial Sector

□ Summary

- Foreign currency reserves at the CBJ increased by US\$ 887.6 million (6.3 percent) at the end of the October of 2015, compared to their level at the end of 2014, to stand at US\$ 14,966.4 million. This level of reserves covers around 8.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity increased by JD 2,088.2 million (7.1 percent) at the end of the first ten months of 2015, compared to its level at the end of 2014, to total JD 31,328.6 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,739.3 million (9.0 percent) at the end of the first ten months of 2015, compared to its level at the end of 2014 to reach JD 21,014.4 million.
- Total deposits at licensed banks increased by JD 2,118.7 million (7.0 percent) at the end of the first ten months of 2015, compared to its level at the end of 2014, to reach JD 32,379.7 million.
- The interest rates on all credit facilities and deposits at licensed banks had decreased at the end of October of 2015, compared to their levels at the end of 2014.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,034.4 points at the end of the October of 2015, decreasing by 131.0 points (6.1 percent), compared to its level at the end of 2014. Moreover, the market capitalization decreased by JD 946.0 million (5.2 percent), compared to its registered level in 2014, to stand at JD 17,136.6 million.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

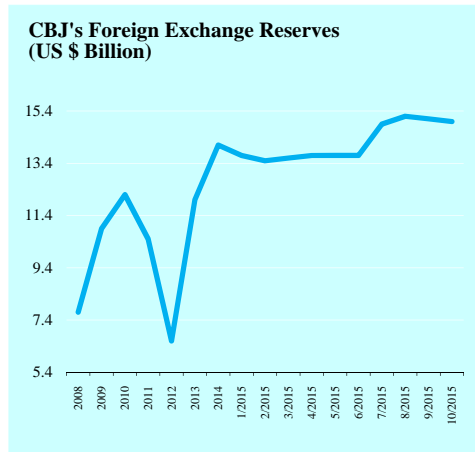
| | | End of October | |
|---------------|--|----------------|---------------|
| 2014 | | 2014 | 2015 |
| US\$ 14,078.8 | CBJ's Foreign Currency Reserves* | US\$ 14,213.4 | US\$ 14,966.4 |
| 17.3% | | 18.4% | 6.3% |
| 29,240.4 | Money Supply (M2) | 29,053.8 | 31,328.6 |
| 6.9% | | 6.2% | 7.1% |
| 19,274.5 | Credit Facilities, of which: | 19,431.1 | 21,014.4 |
| 1.8% | | 2.6% | 9.0% |
| 17,304.1 | Private Sector (Resident) | 17,519.2 | 17,991.7 |
| 4.4% | | 5.7% | 4.0% |
| 30,261.0 | Total Deposits, of which: | 29,977.3 | 32,379.7 |
| 9.7% | | 8.6% | 7.0% |
| 24,013.1 | In JD | 23,634.3 | 26,016.7 |
| 14.3% | | 12.5% | 8.3% |
| 6,247.9 | In Foreign Currencies | 6,343.0 | 6,363.0 |
| -5.2% | | -3.8% | 1.8% |
| 23,976.9 | Deposits of Private Sector (Resident), of which: | 23,905.8 | 25,400.3 |
| 8.0% | | 7.7% | 5.9% |
| 19,574.9 | In JD | 19,444.5 | 20,909.3 |
| 10.9% | | 10.2% | 6.8% |
| 4,402.0 | In Foreign Currencies | 4,461.3 | 4,491.0 |
| -3.2% | | -1.9% | 2.0% |

* Except gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Currency Reserves

The CBJ's foreign currency reserves increased by US\$ 887.6 million (6.3 percent), at the end of the October of 2015, compared to their level at the end of 2014, to reach US\$ 14,966.4 million. This level of reserves covers around 8.0 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

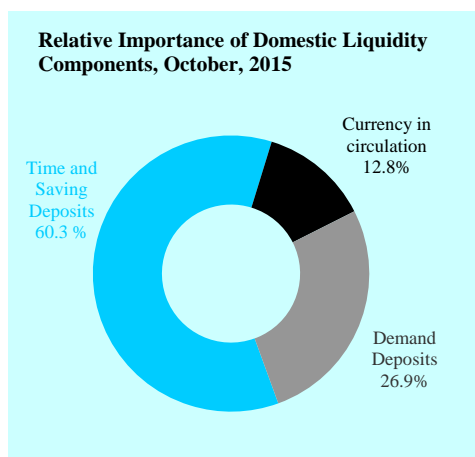
- Domestic liquidity totaled JD 31,328.6 million at the end of the October of 2015, increasing by JD 2,088.2 million, or 7.1 percent, compared to an increase of JD 1,690.4 million, or 6.2 percent, during the same period in 2014.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of the ten months of 2015 compared to their levels at the end of 2014, reveal the following:**

- **Components of Domestic Liquidity**

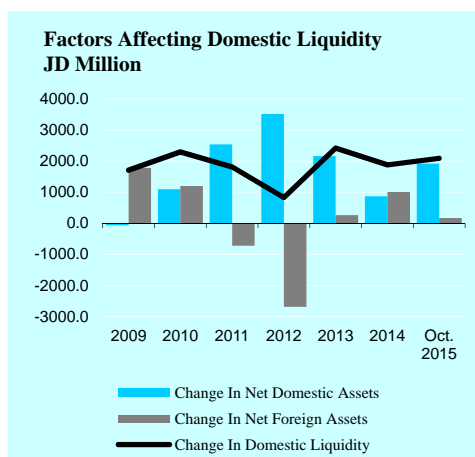
- Deposits increased by JD 1,887.3 million, or 7.4 percent, at the end of the October of 2015, compared to their level at the end of 2014, to total JD 27,323.3 million, against an increase amounting to JD 1,420.3 million, or 6.0 percent, during the same period in 2014.

- Currency in circulation increased by JD 200.9 million, or 5.3 percent, at the end of the October of 2015, compared to its level at the end of 2014, to reach JD 4,005.3 million, against an increase in the amount of JD 270.1 million, or 7.5 percent, during the same period in 2014.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system increased by JD 1,920.1 million, or 9.0 percent, at the end of the October of 2015, compared to its level at the end of 2014, against an increase of JD 895.1



million, or 4.4 percent, during the same period in 2014. This increase was an outcome of the increase in net domestic assets at the licensed banks by JD 2,415.7 million, or 8.9 percent, and its decrease at the CBJ by JD 495.6 million, or 8.6 percent, respectively.

- Net foreign assets of the banking system increased by JD 168.1 million, or 2.1 percent, at the end of the ten months of 2015, compared to their level at the end of 2014, against an increase in the amount of JD 795.3 million, or 11.5 percent, during the same period in 2014. This increase was a result of the increase in net foreign assets at the CBJ by JD 713.1 million or 7.2 percent, and the decrease of net foreign assets at licensed banks by JD 545.0 million, or 27.2 percent.

Factors Affecting Domestic Liquidity (M2)
JD Million

| | | End of October | |
|-----------------|----------------------------------|-----------------|-----------------|
| 2014 | | 2014 | 2015 |
| 7,932.3 | Foreign Assets (Net) | 7,718.7 | 8,100.3 |
| 9,939.5 | CBJ | 9,941.4 | 10,652.5 |
| -2,007.2 | Licensed Banks | -2,222.7 | -2,552.2 |
| 21,308.1 | Domestic Assets (Net) | 21,335.1 | 23,228.3 |
| -5,753.9 | CBJ, of which: | -5,659.7 | -6,249.5 |
| 1,219.0 | Claims on Public Sector (Net) | 1,423.5 | 1,531.8 |
| -6,995.3 | Other Items (Net*) | -7,105.6 | -7,804.5 |
| 27,062.1 | Licensed Banks | 26,994.8 | 29,477.8 |
| 9,635.3 | Claims on Public Sector (Net) | 9,310.1 | 10,246.6 |
| 17,830.4 | Claims on Private Sector | 18,058.2 | 18,566.6 |
| -403.6 | Other Items (Net) | -373.5 | 664.6 |
| 29,240.4 | Money Supply (M2) | 29,053.8 | 31,328.6 |
| 3,804.4 | Currency in Circulation | 3,876.7 | 4,005.3 |
| 25,436.0 | Total Deposits, of which: | 25,177.1 | 27,323.3 |
| 4,463.5 | In Foreign Currencies | 4,541.8 | 4,543.9 |

* 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 July 9th, 2015, the CBJ lowered the interest rates on monetary policy tools by 25 basis points, to become as follows:

- CBJ main interest Rate: 2.5 percent.
- Re-Discount Rate: 3.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 1.50 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.

◆ The interest rate margin on CDs was brought down to 2.25 – 2.50 percent.

◆ This decision aims at stimulating credit and reducing its cost, in addition to encouraging consumption and investment, thus fostering economic growth. The decision came in light of the continuous monitoring of domestic and international developments, and backed with the slowdown in economic growth as well as declining inflation.

■ 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 October of 2015 decreased by 8 basis points, compared to its level in the previous month to stand at 3.16 percent. This rate is lower by 95 basis points than its level at the end of 2014.

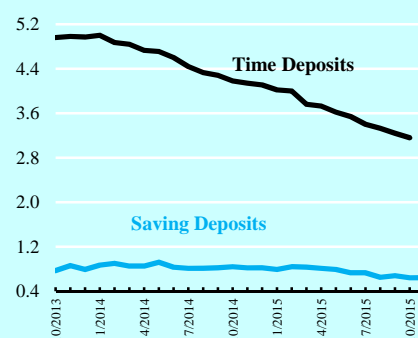
Interest Rates on Monetary Policy Instruments, percentage points

| 2014 | | October | |
|------|--|---------|------|
| | | 2014 | 2015 |
| 4.25 | Re-discount Rate | 4.25 | 3.75 |
| 4.00 | Repurchase Agreements Rate (overnight) | 4.00 | 3.50 |
| 2.75 | Overnight Deposit Window Rate | 2.75 | 1.50 |
| 3.00 | Repurchase Agreements rate (one week) | 3.00 | 2.50 |
| 3.00 | Repurchase Agreements rate (one month) | 3.00 | 2.50 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of October of 2015 maintained the same level registered in the previous month to stand at 0.64 percent. This rate is lower by 15 basis points than its level at the end of 2014.

Interest Rates on Deposits
October 2013 - October 2015, Percentage Point

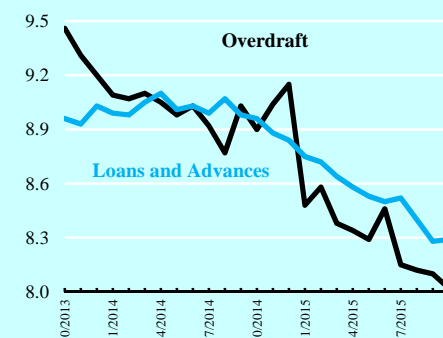


- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of October of 2015 maintained the same level registered in the previous month to stand at 0.33 percent. This rate is lower by 10 basis points than its level at the end of 2014.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts at the end of the October of 2015 decreased by 8 basis points compared to its level in the previous month to stand at 8.02 percent. This rate is lower by 113 basis points than its level at the end of 2014.

Interest Rates on Credit Facilities
October 2013- October 2015, Percentage Point



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” at the end of the October of 2015, increased by 10 basis points compared to its level recorded in the previous month to reach 9.34 percent. This rate is lower by 61 basis points compared to its level at the end of 2014.

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

| | | October | | Change Relative to the Preceding Year |
|--------------------------|----------------------------|---------|------|--|
| 2014 | | 2014 | 2015 | Basis Points |
| Deposits | | | | |
| 0.43 | Demand | 0.43 | 0.33 | -10 |
| 0.79 | Saving | 0.82 | 0.64 | -15 |
| 4.11 | Time | 4.18 | 3.16 | -95 |
| Credit Facilities | | | | |
| 9.95 | Discounted Bills and Bonds | 9.88 | 9.34 | -61 |
| 8.84 | Loans and Advances | 8.96 | 8.29 | -55 |
| 9.15 | Overdraft | 8.90 | 8.02 | -113 |
| 8.72 | Prime Lending Rate | 8.74 | 8.37 | -35 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by one basis point at the end of the October of 2015, compared to its level in the previous month to stand at 8.29 percent. This rate is lower by 55 basis points than its level at the end of 2014.
- The prime lending rate stood at 8.37 percent at the end of the October of 2015, which is lower by 35 basis points than its level at the end of 2014.
- As a result, the interest rate margin, which is the difference between the rates on loans and advances and the rates on time deposits, reached 513 basis points, at the end of the October of 2015, which is higher by 40 basis points than its level at the end of 2014.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,739.9 million (9.0%) at the end of the ten months of 2015, compared to its level at the end of 2014, against an increase of JD 491.4 million, or 2.6 percent during the same period in 2014.

- The classification of extended credit facilities, according to economic activity, at the end of the ten months of 2015 demonstrates an increase in credit to the public services and utilities sector by JD 1,066.9 million, or 49.2 percent, followed by "others" item which generally represents facilities extended to individuals by JD 537.8 million, or 12.0 percent and the credit facilities extended to the "construction" sector by JD 338.2 million, or 7.4 percent. Meanwhile the credit facilities extended to the "industry" and "transportation" sectors decreased by JD 325.0 million, or 12.8 percent and 31.4 million or 10.7 percent, respectively, compared to their levels at the end of 2014.
- In terms of borrowers, credit facilities at the end of October 2015 had shown an increase in credit extended to the central government by JD 1,052.1 million, or 92.8 percent, the private sector (resident) by JD 687.6 million, or 4.0 percent, and the financial institutions by JD 9.7 million. Meanwhile, credit facilities extended to the private sector (non-resident) decreased by JD 0.9 million, or 0.2 percent, as well as credit to public institutions which decreased by 8.5 million or 2.4 percent compared to their levels at the end of 2014.

■ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 32,379.7 million at the end of the ten months of 2015, increasing by JD 2,118.7 million, or 7.0 percent, compared to its level at the end of 2014, against an increase of JD 2,384.1 million, or 8.6 percent, during the same period in 2014.
- The increase in total deposits at licensed banks at the end of the first ten months of 2015 was a result of the increase in the deposits of the private sector (resident) by JD 1,423.5 million, or 5.9 percent, the public sector (central government plus public institutions) by JD 374.4 million, or 15.2 percent, the private

sector (non-resident) by JD 227.3 million, or 6.6 percent, and the non-banking financial institutions by JD 93.6 million, or 26.0 percent, compared to their levels at the end of 2014.

- The currency composition of deposits at the end of the first ten months of 2015 reveal that JD deposits increased by JD 2,003.6 million, or 8.3 percent, while “foreign currency deposits” increased by JD 115.1 million, or 1.8 percent, compared to their levels at the end of 2014.

□ Amman Stock Exchange (ASE)

Indicators of ASE displayed a mixed performance during the ten months of 2015 compared to 2014. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 222.6 million in October 2015; increased by JD 20.5 million or 10.1 percent, compared to its level in the previous month, against an increase of JD 31.7 million, or 19.4 percent, during the same month in 2014. As for the first ten months of 2015, the trading volume increased by JD 790.5 million, or 43.0 percent compared to the same period in 2014 to reach JD 2,628.8 million.

■ Traded Shares

The number of traded shares in October 2015 totaled 180.4 million shares; increasing by 15.9 million shares, or 9.7 percent, compared to its level in the previous month, against a decrease amounting to 4.6 million shares, or 2.8 percent, during the same month in 2014. As for the first ten months of 2015, the number of traded shares amounted to 2,224.5 million shares compared to 1,844.7 million shares traded during the same period in 2014, up by 379.8 million shares, or 20.6 percent.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreased by 10.8 points, or 0.5 percent, at the end of October 2015 compared to its level in the previous

month, to stand at 2,034.4 points, against a decrease of 8.9 points, or 0.4 percent, during the same month in 2014. Furthermore, at the end of October 2015 the SPI decreased by 131.0 points, or 6.1 percent compared to its level at the end of 2014, against a rise in the amount of 40.3 points, or 2.0 percent during the same period in 2014. The aforementioned decrease was an outcome of the decrease in the SPI for the services sector by 187.4 points, or 10.4 percent, the financial sector by 123.0 points, or 4.2 percent, and the industrial sector by 71.8 points, or 3.9 percent, compared to their levels at the end of 2014.

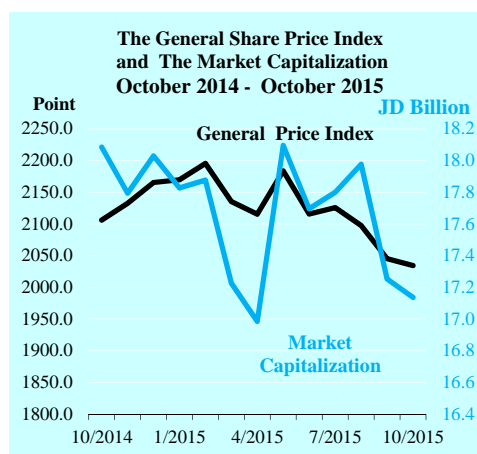
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

| 2014 | | October | |
|---------|-------------------|---------|---------|
| | | 2014 | 2015 |
| 2,165.5 | General Index | 2,106.1 | 2,034.4 |
| 2,920.9 | Financial Sector | 2,889.8 | 2,797.9 |
| 1,852.0 | Industrial Sector | 1,827.3 | 1,780.2 |
| 1,794.8 | Services Sector | 1,655.0 | 1,607.4 |

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 17.1 billion at the end of October 2015; decreasing by JD 115.9 million, or 0.7 percent, compared to its level in the previous month, against a decrease of JD 72.2



million or 0.4 percent, during the same month in 2014. As for the first ten months of 2015, the market capitalization decreased by JD 946.0 million, or 5.2 percent, compared to a decrease of JD 148.6 million, or 0.8 percent, during the same period in 2014.

■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 4.6 million in October 2015, compared to an inflow of JD 7.7 million during the same month in 2014; the value of shares acquired by non-Jordanian in October 2015 amounted to JD 48.6 million, while their selling amounted to JD 53.2 million. As for the first ten months of 2015, non-Jordanian net

investment recorded an outflow amounted to JD 9.0 million compared to an outflow of JD 27.4 million, during the same period in 2014.

| Main Amman Stock Exchange Trading Indicators, JD Million | | | |
|--|---------------------------------|----------|----------|
| | | October | |
| 2014 | | 2014 | 2015 |
| 2,263.4 | Value Traded | 131.8 | 222.6 |
| 9.1 | Average Daily Trading | 6.9 | 11.1 |
| 18,082.6 | Market Capitalization | 18,084.9 | 17,136.6 |
| 2,321.8 | No. of Traded Shares (million) | 157.0 | 180.4 |
| -22.1 | Net Investment of Non-Jordanian | 7.7 | -4.6 |
| 362.7 | Non-Jordanian Buying | 27.8 | 48.6 |
| 384.8 | Non-Jordanian Selling | 20.1 | 53.2 |
| Source: Amman Stock Exchange. | | | |

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.4 percent during the second quarter of 2015, compared to 2.8 percent during the same quarter of 2014. At current market prices, GDP grew by 4.5 percent during the second quarter of 2015, compared to 6.1 percent during the same quarter of 2014.
- Accordingly, the real GDP grew by 2.2 percent during the first half of 2015, compared to 3.0 percent during the same half of 2014. At current market prices, GDP grew by 4.8 percent during the first half of 2015, compared to 6.6 percent during the same half of 2014.
- The Consumer Price Index (CPI) contracted by 0.7 percent during the first ten months of 2015, against an increase of 3.1 percent in the same period of 2014.
- The unemployment rate increased during the third quarter of 2015 to stand at 13.8 percent (11.1 percent for males and 25.1 percent for females), compared to 11.4 percent (9.2 percent for males and 22.0 percent for females) during the same quarter of 2014. The unemployment rate among academic degree holders (Bachelor Degree and higher) reached 21.2 percent.

■ Developments of GDP

The national economy experienced a marked slowdown during the first half of 2015; affected by deepening of the political and social unrest in the region; particularly in Syria and Iraq, that strongly influenced the performance of many economic sectors. The real GDP grew by 2.2 percent (the slowest growth rate since first half of 2010) compared to 3.0 percent during the first half of 2014. When excluding “net taxes on products”, which grew by 1.5 percent, GDP at constant basic prices grew by 2.3 percent during the first half of 2015, compared to 2.9 percent during the same period of 2014.

**Quarterly Growth Rates of GDP at Market Prices
2014 - 2015**

| | 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 | - | - | - |
| GDP at Current Market Prices | 5.1 | 4.5 | - | - | - |

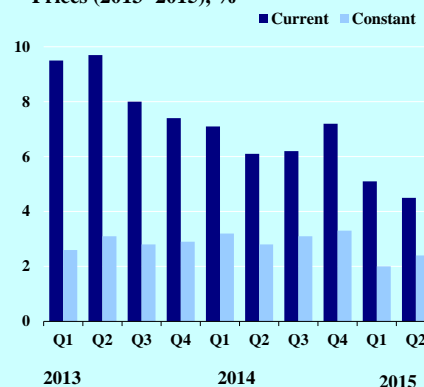
Source: Department of Statistics.

At current market prices, GDP grew by 4.8 percent during the first half of 2015, compared to 6.6 percent during the same half of 2014. This decline in nominal growth is mainly attributed to the slowdown in the general price level, measured by the GDP deflator, which grew by 2.6 percent compared to 3.5 percent during the first half of 2014, as a reflection of the decline in oil prices in the international market since the last quarter of 2014 which contributed in reducing the production costs.

The main sectors contributed to the economic growth during the first half of 2015 were; “finance and insurance services” (0.6 percentage point), “transports, storage and communications” (0.4 percentage point), “mining and quarrying” (0.2 percentage point), and manufacturing (0.2 percentage point). These sectors collectively accounted for 63.6 percent of real GDP growth during the above-mentioned period.

The economic sectors displayed a wide variation in their performance during the first half of 2015. Some sectors recorded accelerated improvements, such as “mining and quarrying”, “finance and insurance services”, “transport, storage and communications”. In contrast, “restaurant and hotels”, construction, and agriculture experienced a contraction. On the other hand, “real state” and “domestic Services of households” sectors maintained their performance, while the other sectors registered decelerated growth.

Quarterly Growth Rates of GDP at Market Prices (2013- 2015), %



Gross Domestic Product At Market Prices, Percentages

| Sectors | Relative change | | Contribution | |
|---|-----------------|------|--------------|------|
| | 2014 | 2015 | 2014 | 2015 |
| GDP At Market Prices | 3.0 | 2.2 | 3.0 | 2.2 |
| Agriculture, Hunting, Forestry, And Fishing | 0.8 | -0.8 | - | - |
| Mining And Quarrying | 4.3 | 16.5 | 0.1 | 0.2 |
| Manufacturing | 1.6 | 1.4 | 0.3 | 0.2 |
| Electricity And Water | 8.1 | 3.3 | 0.2 | 0.1 |
| Construction | 4.6 | -1.0 | 0.2 | - |
| Wholesale And Retail Trade | 4.1 | 1.8 | 0.4 | 0.2 |
| Restaurant And Hotels | 5.5 | -4.3 | 0.1 | - |
| Transport, Storage & Communications | 2.2 | 2.5 | 0.3 | 0.4 |
| Finance And Insurance Services | 4.6 | 5.8 | 0.4 | 0.6 |
| Real Estate | 2.2 | 2.2 | 0.2 | 0.2 |
| Community, Social And Personal Services | 5.3 | 3.0 | 0.2 | 0.1 |
| Producers Of Government Services | 2.2 | 1.5 | 0.2 | 0.2 |
| Producers Of Private Non-Profit Services To | 6.6 | 6.3 | - | - |
| 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 during the available period of 2015. Some indicators recorded a notable growth, such as “mining and quarrying” production quantity index (16.9 percent). However, other indicators showed a contraction, particularly; licensed areas for building (-17.4 percent) and number of passengers through the Royal Jordanian (-8.0 percent). **The following table displays the performance of the main sectoral indicators.**

Main Sectoral Indicators*

Percentage Points

| 2014 | Item | 2014 | Available period | 2015 |
|------|--|------|---------------------|-------|
| 7.2 | Licensed areas for buildings | 10.5 | January – September | -17.4 |
| -0.2 | Manufacturing production quantity index | -0.2 | | -0.6 |
| -1.5 | Food products and beverages | -3.0 | | 3.0 |
| 5.3 | Tobacco products | 11.3 | | -7.1 |
| -2.9 | Refined petroleum products | -6.9 | | 15.2 |
| 10.2 | Cement, lime and plaster | 9.7 | | -15.9 |
| 0.6 | Iron and steel | -3.8 | | 2.4 |
| -6.5 | Chemical products | -3.2 | | -2.7 |
| 28.3 | “Mining and quarrying” production quantity index | 15.8 | | 16.9 |
| 38.6 | Phosphate | 24.4 | | 21.1 |
| 20.3 | Potash | 9.5 | | 13.5 |
| -2.8 | Number of passengers through Royal Jordanian | -1.0 | | -8.0 |
| -1.7 | Cargo through Royal Jordanian | -3.9 | | -0.1 |
| 16.7 | Quantities of exported and imported goods shipped through Aqaba port | 15.5 | January-October | -1.0 |
| -0.5 | Number of departures | -0.7 | January-November | -7.7 |
| 22.4 | Value traded at the real estate market | 21.0 | | -4.4 |

* : Sources:

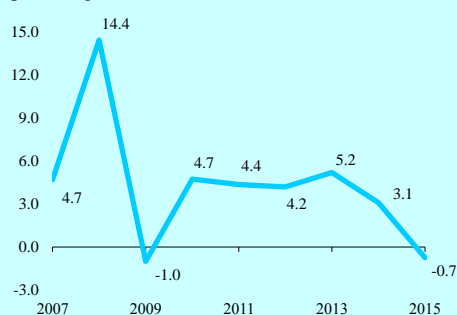
- Department of Statistics.
- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), contracted by 0.7 percent during the first ten months of 2015, against an increase of 3.1 percent during the same period of 2014. This came as a result of the fall in the prices of oil and related goods and services in the global markets and its impact on domestic prices. The main groups and items that witnessed decline in their prices are transportation (-14.4 percent) and “fuels and lighting” (-12.9 percent). They collectively contributed in reducing the overall inflation rate by 2.9 percentage points, compared to a positive contribution amounted to 0.5 percentage point during the first ten months of 2014.

Annual Bases Inflation Rate

For the first ten months of the years (2007-2015), percentages



Inflation Rate during the first ten months of the years 2014 - 2015

| Expenditure Groups | Relative Imp. | Relative change | | Contribution | |
|--|---------------|-----------------|-------|--------------|------|
| | | 2014 | 2015 | 2014 | 2015 |
| All Items | 100.0 | 3.1 | -0.7 | 3.1 | -0.7 |
| 1) Food and non-Alcoholic Beverages, of which: | 33.4 | 0.2 | 1.4 | 0.1 | 0.5 |
| Meat and Poultry | 8.2 | -0.7 | 1.2 | -0.1 | 0.1 |
| Dairy Products and Eggs | 4.2 | 0.1 | 0.2 | 0.0 | 0.0 |
| Vegetables and Legumes Dry and Canned | 3.9 | -1.5 | 1.5 | -0.1 | 0.1 |
| Fruits and Nuts | 2.7 | 2.0 | 6.3 | 0.1 | 0.2 |
| Oils and Fats | 1.9 | -0.5 | 3.7 | 0.0 | 0.1 |
| 2) Alcohol and Tobacco and Cigarettes | 4.4 | 15.0 | 3.7 | 0.5 | 0.2 |
| 3) Clothing and footwear | 3.5 | 9.4 | 5.4 | 0.3 | 0.2 |
| 4) Housing, of which: | 21.9 | 4.9 | 0.8 | 1.1 | 0.2 |
| Rents | 15.6 | 6.9 | 5.1 | 1.1 | 0.8 |
| Fuels and Lighting | 4.8 | 0.2 | -12.9 | 0.0 | -0.7 |
| 5) Household Furnishings and Equipment | 4.2 | 2.2 | 2.0 | 0.1 | 0.1 |
| 6) Health | 2.2 | 6.5 | 3.1 | 0.1 | 0.1 |
| 7) Transportation | 13.6 | 3.3 | -14.4 | 0.5 | -2.2 |
| 8) Communication | 3.5 | -0.1 | 0.1 | 0.0 | 0.0 |
| 9) Culture and Recreation | 2.3 | 2.6 | 5.1 | 0.1 | 0.1 |
| 10) Education | 5.4 | 3.6 | 3.3 | 0.2 | 0.2 |
| 11) Restaurants and Hotels | 1.8 | 2.0 | 1.5 | 0.0 | 0.0 |
| 12) Other Goods and Services | 3.7 | 1.1 | 0.9 | 0.0 | 0.0 |

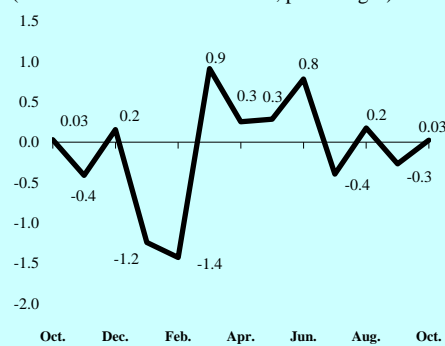
Source: Department of Statistics.

In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (5.1 percent), “fruits and nuts” (6.3 percent), and “oils and fats” (3.7 percent); influenced by supply and demand factors in the domestic market.

In October 2015, the CPI witnessed a relative stabilization compared with September, 2015. This was due to the increase in prices for some of items, mainly; “fruits and nuts” (6.7 percent), “vegetables and legumes dry and canned” (2.1 percent), and the decline in prices for other groups and items, mainly; transportation (-0.4 percent) and “fuels and lighting” (-1.3 percent). In

addition to “clothing and footwear” (-0.6 percent), in the wake of the reduction of the general sales tax from 16 percent to 8 percent on clothing and footwear, also reducing the special tax on clothing manufactured from natural leather from 25 percent to 8 percent.

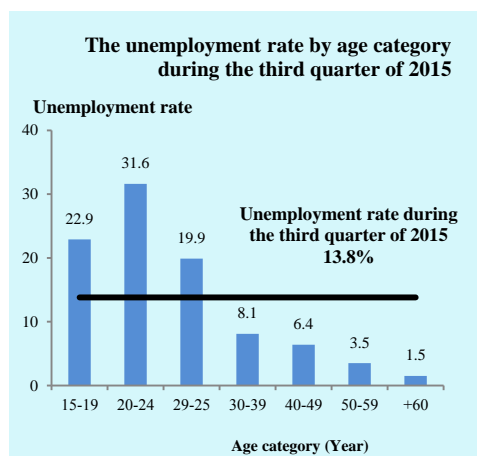
Monthly Inflation Rate
(October 2014 - October 2015, percentages)



□ Employment

- ◆ The unemployment rate (the ratio of unemployed people to the labor force) increased during the third quarter of 2015 to stand at 13.8 percent (11.1 percent for males and 25.1 percent for females), compared to 11.4 percent (9.2 percent for males and 22.0 percent for females) during the same quarter of 2014. Furthermore, the unemployment rate among academic degree holders (Bachelor Degree and higher) reached 21.2 percent.

- ◆ The unemployment among youth remains high at 22.9 percent for the categories of 15-19 years old, and 31.6 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 the third quarter of 2015 reached 37.6 percent (60.5 percent for males and 14.5 percent for females), compared to 36.2 percent (59.6 percent for males and 12.5 percent for females) during the same quarter in 2014.
- ◆ The employment rate among population of 15 years and older reached 32.4 percent during the third quarter of 2015, compared to 32.1 percent during the same quarter of 2014. The employees in the sector of “public administration, defense, and social security” accounted for 25.8 percent of the total employed, followed by employees in the “wholesale and retail trade” (15.4 percent), education (12.6 percent), and manufacturing (10.1 percent).

Third : Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 655.7 million during the first nine months of 2015, compared to a fiscal deficit in the amount of JD 561.1 million, during the same period in 2014. When excluding foreign grants (JD 370.4 million), the general budget deficit reaches JD 1,026.1 million compared to a deficit in the amount of JD 1,195.2 million during the same period in 2014.
- Net outstanding domestic public debt increased by JD 258.0 million at the end of September 2015 compared to its level at the end of 2014, to reach JD 12,783.0 million (47.1 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 1,499.5 million at the end of September 2015, compared to its level at the end of 2014, to stand at JD 9,529.6 million (35.1 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 22,312.6 million (82.2 percent of GDP) at the end of September 2015 compared to JD 20,555.1 million (80.8 percent of GDP) at the end of 2014.

□ The performance of the general budget during the first nine months of 2015 compared to the same period in the preceding year:

■ Public Revenues

Public revenues (including foreign grants) decreased by JD 225.0 million, or 30.5 percent, in September 2015 comparing to the same month of 2014 to reach JD 513.1 million. As for the first nine months of 2015, these revenues were down by JD 288.8 million, or 5.6 percent, compared to the same period in 2014 to stand at JD 4,827.6 million. This came as a result of the decrease in domestic revenues by JD 25.1 million and foreign grants by JD 263.7 million.

Main Government Budget Indicators during the first nine months of 2015:

(JD Million and Percentages)

| | September | | Growth Rate | Jan. – Sep. | | Growth Rate |
|--------------------------------------|--------------|---------------|--------------|----------------|----------------|-------------|
| | 2014 | 2015 | | 2014 | 2015 | |
| Total Revenues and Grants | 738.1 | 513.1 | -30.5 | 5,116.4 | 4,827.6 | -5.6 |
| Domestic Revenues, of which: | 573.1 | 482.5 | -15.8 | 4,482.3 | 4,457.2 | -0.6 |
| Tax Revenues, of which: | 411.7 | 303.4 | -26.3 | 3,138.3 | 3,178.2 | 1.3 |
| General Sales Tax | 333.3 | 234.3 | -29.7 | 2,112.9 | 2,062.2 | -2.4 |
| Other Revenues | 159.7 | 178.0 | 11.5 | 1,328.7 | 1,265.9 | -4.7 |
| Foreign Grants | 165.0 | 30.6 | -81.5 | 634.1 | 370.4 | -41.6 |
| Total Expenditures, of which: | 708.2 | 613.5 | -13.4 | 5,677.5 | 5,483.4 | -3.4 |
| Capital Expenditures | 130.5 | 85.2 | -34.7 | 684.4 | 665.1 | -2.8 |
| Overall Deficit/ Surplus | 29.9 | -100.3 | - | -561.1 | -655.7 | - |

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues decreased by JD 25.1 million, or 0.6 percent, during the first nine months of 2015 compared to the same period in 2014, to reach JD 4,457.2 million. This decrease was an outcome of the drop in “other revenues” and “pension contributions” by

JD 62.8 million, and JD 2.1 million, respectively, and the rise in the proceeds of “tax revenues” by JD 39.9 million.

Tax Revenue Structure
(2010- 2014) and the first nine months of 2015,
JD Million



● Tax Revenues

Tax revenues increased by JD 39.9 million, or 1.3 percent, during the first nine months of 2015 compared to the same period in 2014, to reach JD 3,178.2 million (71.3 percent of domestic revenues). Following are the main developments in tax revenues items:

- A decrease in the proceeds of “general sales tax on goods and services” by JD 50.7 million, or 2.4 percent, which reached JD 2,062.2 million (accounting for 64.9 percent of total tax revenues). This result was driven by the decrease in the proceeds of “sales tax on imported goods” and “sales tax on commercial sector” by 44.1 million, and JD 21.9 million, respectively. While “sales tax on domestic goods” and “sales tax on services” have increased by JD 12.6 million, and JD 2.8 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 98.0 million, or 14.5 percent, which reached JD 774.8 million (accounting for 24.4 percent of total tax revenues). This rise was a result of the increase in the proceeds of “income tax from companies and other projects” by JD 54.1 million, and the rise in the proceeds of “income tax from individuals” by JD 43.9 million. Accordingly, income tax from companies accounted for 78.8 percent of total taxes on income and profits to reach JD 610.8 million.

- A slight increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 0.4 million or 0.2 percent, to reach JD 250.1 million (accounting for 7.9 percent of total tax revenues).
- A decrease in real-estates tax (taxes on financial transactions) by JD 7.8 million, or 7.9 percent, to reach JD 91.1 million (accounting for 2.9 percent of total tax revenues).

- **Other Revenues (Non-Tax Revenues)**

“Other revenues” decreased by JD 62.8 million, or 4.7 percent, during the first nine months of 2015 to reach JD 1,265.9 million. This decrease was chiefly due to:

- A decrease in property income by JD 164.1 million to stand at JD 309.5 million (of which financial surplus of independent government units amounted to JD 276.9 million).
- A decrease in “revenues from selling goods and services” by JD 19.9 million to reach JD 643.7 million.
- A rise in miscellaneous revenues by JD 121.2 million to stand at JD 312.7 million.

- **Pension Contributions**

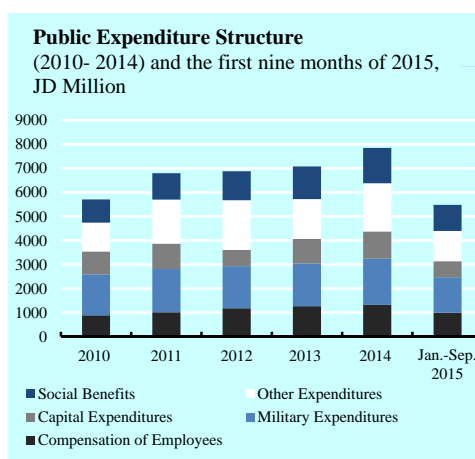
Pension contributions were down by JD 2.1 million during the first nine months of 2015, standing at JD 13.2 million.

- ◆ **Foreign Grants**

Foreign grants decreased by JD 263.7 million during the first nine months of 2015, standing at JD 370.4 million.

Public Expenditures

Public expenditures witnessed a decrease by JD 94.7 million, or 13.4 percent, in September 2015 compared to the same month in 2014 to stand at JD 613.5 million. Moreover, public expenditures declined by JD 194.1 million, or 3.4 percent during the first nine months of 2015, to stand at JD 5,483.4 million. This decrease was a result of the drop in current expenditures by JD 174.8 million, and capital expenditures by JD 19.3 million.



Current Expenditures

Current expenditures decreased by JD 174.8 million, or 3.5 percent, during the first nine months of 2015, to reach JD 4,818.3 million. This decrease was chiefly due to:

- A decrease in social benefit expenditures by JD 62.8 million to stand at JD 1,086.4 million, accounting for 22.5 percent of total current expenditures.
- A drop in interest payments, by JD 20.0 million to stand at JD 670.3 million, accounting for 13.9 percent of total current expenditures.
- A decrease in goods subsidies by JD 79.8 million to stand at JD 102.0 million, accounting for 2.1 percent of total current expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

- An increase in military expenditures by JD 21.3 million to total JD 1,475.8 million, accounting for 30.6 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 14.0 million to reach JD 995.9 million, accounting for 20.7 percent of total current expenditures.
- An increase in “purchases of goods and services” by JD 5.5 million to stand at JD 257.7 million, accounting for 5.3 percent of total current expenditures.

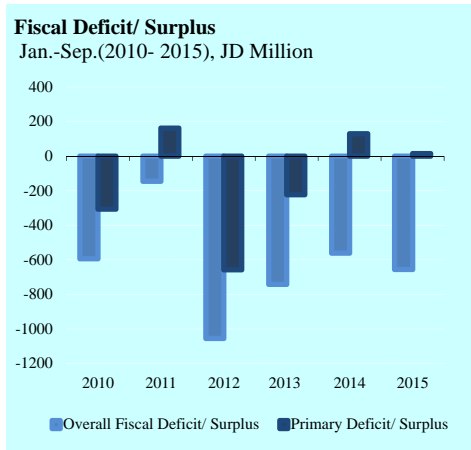
◆ Capital Expenditures

Capital expenditures decreased by JD 19.3 million, or 2.8 percent during the first nine months of 2015 compared to the same period in 2014, to reach JD 665.1 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 655.7 million during the first nine months of 2015, against a fiscal deficit in the amount of JD 561.1 million during the same period in 2014.

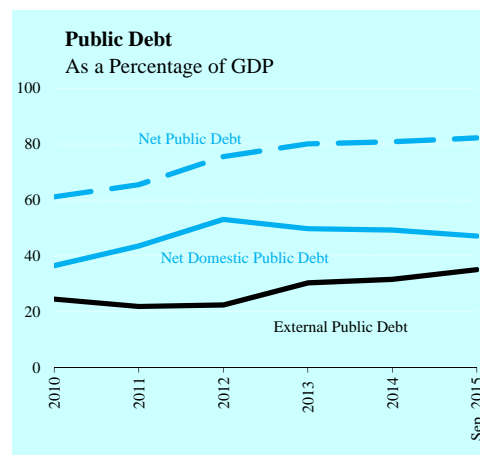
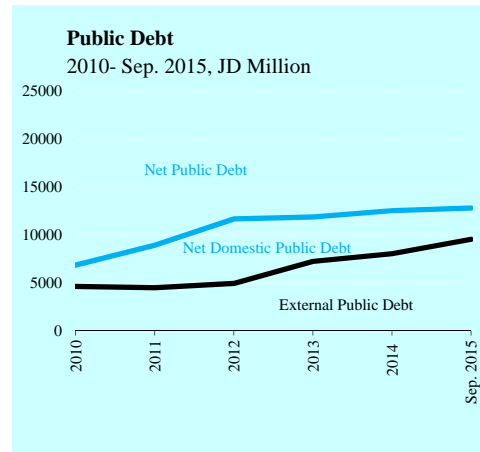
- ◆ The general budget showed a primary surplus (after excluding interest payments on public debt from total expenditures) amounted to JD 14.7 million during the first nine months of 2015, against a primary surplus of JD 129.2 million during the same period in 2014.



Public Debt

Net outstanding domestic public debt (gross outstanding domestic public debt minus government deposits at the banking system) increased by JD 258.0 million at the end of September 2015 comparing to its level at the end of 2014 to total JD 12,783.0 million, or 47.1 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 346.0 million to reach JD 14,967.0 million, and the increase in the government deposits at the banking system by JD 88.0 million to reach JD 2,184.0 million. This rise in gross outstanding domestic public debt was

an outcome of the decline in gross budgetary government debt, on one hand, as “Treasury bills and bonds” decreased by JD 462.0 million at the end of September 2015, compared to their level at the end of 2014 standing at JD 12,009.0 million, moreover, the outstanding balance of “loans and advances” extended by CBJ to the budgetary central government declined by JD 80.0 million to stand at JD 512.0 million, and the increase in the domestic debt of own-budget agencies on the other. In this regard, loans and advances extended to these agencies increased



by JD 900.0 million to stand at JD 1,839.0 million. While, own-budget agencies' bonds decreased by JD 46.0 million at the end of September 2015 comparing to its level at the end of 2014 to stand at JD 563.0 million.

- Outstanding balance of external public debt (budgetary and guaranteed) increased by JD 1,499.5 million at the end of September 2015 compared to its level at the end of 2014, amounting to JD 9,529.6 million (35.1 percent of GDP). This increase was driven by the issuance of sovereign Eurobonds in international markets in the amount of US\$ 1.5 billion in June, in addition to receiving the seventh tranche of the IMF loan under the stand-by arrangement (SBA) in the amount of JD 142.0 million (equivalent to US\$ 200 million) in April, as well as the eighth and final tranche of the loan in the amount of JD 281.4 million (equivalent to US\$ 396.3 million) which was received in August of this year. The currency debt structure shows that external debt in US dollars accounted for 60.8 percent, while debt in Euros accounted for 5.5 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 6.5 percent and 8.3 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 16.0 percent.
- Net public debt (domestic and external) increased by JD 1,757.5 million at the end of September 2015 compared to its level at the end of 2014 to stand at JD 22,312.6 million, (82.2 percent of GDP), against JD 20,555.1 million (80.8 percent of GDP) at the end of 2014.
- External debt service (budgetary and guaranteed) amounted to JD 405.7 million during the first nine months of 2015 (of which interest payments amounting to JD 144.6 million) compared to JD 632.7 million (of which interest payments amounting to JD 144.1 million) during the same period in 2014.

□ Fiscal and Price Measures

- Reducing the prices of all types of oil derivatives, while maintaining the price of liquid gas cylinder unchanged, as follows:

Development of Oil Derivatives Price

| | Unit | 2015 | | Percentage Change |
|--|------------|----------|----------|-------------------|
| | | November | December | |
| Unleaded Gasoline 90 | Fils/Liter | 555.0 | 535.0 | -3.6 |
| Unleaded Gasoline 95 | Fils/Liter | 720.0 | 700.0 | -2.8 |
| Gas Oil (Diesel) | Fils/Liter | 410.0 | 400.0 | -2.4 |
| Kerosene | Fils/Liter | 410.0 | 400.0 | -2.4 |
| Liquid Gas (12.5kg) | JD/Unit | 7.0 | 7.0 | 0.0 |
| Fuel oil for industry | JD/Ton | 243.1 | 234.3 | -3.6 |
| Fuel for airplanes (local companies) | Fils/Liter | 342.0 | 336.0 | -1.8 |
| Fuel for airplanes (foreign companies) | Fils/Liter | 347.0 | 341.0 | -1.7 |
| Fuel for unplanned flights | Fils/Liter | 362.0 | 356.0 | -1.7 |
| Asphalt | JD/Ton | 263.0 | 253.7 | -3.5 |

Source: Jordan Petroleum Refinery Company (1/12/2015).

- In order to stimulate the real estate sector in Jordan, the cabinet decided to exempt homebuyers from registration fees for the first 150 square metres (sq.m.) of apartments sized 180sq.m. or less, regardless of the character of the seller. Meanwhile, apartments that exceed 180sq.m. are subject to the registration fees on the whole area without exemptions. This decision will be valid until the end of the year 2015 (July 2015).

- Approving the 2015 law on the transfer of the revenues of government departments and units, aiming at resolving the distortions and imbalances accompanied by off-budget spending, as well as curbing public finances in general. The law will be effective starting 1st Jan. 2016 (September 2015).
- Amending the fixed charges on the water bill, to be effective starting 1st Oct. 2015, as follows (September 2015):
 - 0 - 18 cubic meter per cycle/ three months; an increase of 2.0 JDs on the quarterly bill.
 - 19 – 72 cubic meter per cycle/ three months; an increase of 4.0 JDs on the quarterly bill.
 - 73 and higher cubic meter per cycle/ three months; an increase of 6.0 JDs on the quarterly bill.
- Reducing the general sales tax from 16% to 8% on the following items; clothes, leather clothes and bags, watches, shoes, perfumes, cosmetics, jewelry and toys, in addition to reducing the special tax from 25% to 8% on perfumes, cosmetics and natural leather clothing (October 2015).
- Completion of the issuance of non-guaranteed sovereign Eurobonds in the international markets, in the amount of US\$ 500 million. These bonds due after ten years and carry an annual interest rate 6.125 percent (November 2014).
- The Cabinet decided to extend the exemptions granted to economic activities that benefit from tariff or tax incentives or exemptions for three years (December 2015)

□ Grants, Loans and Other Agreements

- Signing four grant agreements extended by the United States Agency for International Development (USAID) in the

amount of US\$ 429.7 million, under the U.S. regular and additional economic assistance program for Jordan. These funds are distributed as follows (September 2015):

- An agreement to support prioritized development projects listed within the General Budget law for the year 2015, in the amount of US\$ 231.4 million.
 - The development of the social sector quality agreement in the amount of US\$ 133.4 million, for the implementation of several projects and programs in the fields of health sector, mother and child care, reproductive health, family planning, education, water, environment, population policy, and gender policies.
 - Enhancing the democratic accountability agreement in the amount of US\$ 35.7 million, for the implementation of several projects and programs in the areas of the rule of law, governance, civil society, and supporting the political reform efforts.
 - The economic development agreement in the amount of US\$ 29.2 million, for the implementation of several development projects in the fields of boosting economic growth, improving economic opportunities, trade and investment, infrastructure, enhancing the competitiveness of the private sector, promoting economic opportunities, and environment.
- Signing a grant agreement with the Arab Fund for Economic and Social Development (AFESD) in the amount of KWD 300 thousand (equivalent to US\$ 992 thousand), to finance an electronic tracking system for transit trucks development project in the kingdom (October 2015).

- Signing a complementary loan agreement in the amount of US\$ 12.8 million, provided by South Korea through the Export-Import Bank of Korea (EXIM Bank), in order to finance the costs of additional safety features and essential facilities, necessary to complete the implementation of the Research and Training Reactor Construction Project (JRTR), located at the Jordan University of Science and Technology, which has been previously financed from the original loan agreement signed on 27th Jul. 2010, in the amount of US\$ 70 million (October 2015).
- Signing two soft loan agreements with the European Investment Bank (EIB) in the amount of US\$ 126 million, distributed as follows (November 2015):
 - US\$ 72 million loan agreement to finance the National Electric Power Company's Green Corridor project.
 - US\$ 54 million loan agreement related to the Wadi Arab Water System II project.
- Signing a grant agreement extended by European Union in the amount of EUR 52 million, to support the implementation of the skills for employment and social inclusion program (November 2015).
- Signing two grant agreements in the total amount of US\$165 million and a soft loan agreement in the amount of US\$53.3 million, provided by the Saudi Fund for Development (SFD), distributed as follows (November 2015):
 - US\$ 65 million grant agreement to finance the reconstruction and rehabilitation of the desert road project (R15).

- US\$ 100 million a frame grant agreement to support priority development projects in Syrian refugee hosting communities.
- US\$ 53.3 million soft loan agreement guaranteed by the government of Jordan, to finance the project of fourth steam unit (combined cycle) of the Samra Power Generating Plant.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 13.4 percent in September 2015 compared to the same month of 2014, to record JD 481.1 million. As for the first nine months of 2015, total merchandize exports decreased by 7.2 percent to reach JD 4,162.4 million.
- **Merchandize imports** decreased by 23.0 percent in September 2015 compared to the same month of 2014, to reach JD 1,058.8 million. As for the nine months of 2015, total merchandize imports decreased by 13.1 percent to reach JD 10,584.0 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 29.6 percent in September 2015 compared to the same month in 2014; standing at JD 577.7 million. As for the first nine months of 2015, the trade balance deficit declined by 16.5 percent to reach JD 6,421.6 million.
- **Travel receipts** decreased in November 2015 compared to November 2014 by 9.1 percent, to reach JD 198.3 million, and travel payments decreased by 2.6 percent compared to the same month of 2014 to reach JD 44.4 million. As for the first eleven months of 2015; travel receipts decreased by 7.6 percent to record JD 2,671.7 million, on the other hand, travel payments increased by 1.1 percent to reach JD 766.0 million.
- **Total workers' remittances receipts** increased by 3.4 percent in October 2015 compared to October 2014 to reach JD 229.7 million. As for the first ten months 2015; total workers, remittances receipts increased by 1.9 percent to reach JD 2,275.6 million.
- **The current account of the balance of payments** registered a deficit of JD 1,135.5 million (9.2 percent of GDP) during first half of 2015 compared to a deficit of JD 1,171.0 million (9.9 percent of GDP) first half of 2014.
- **Net direct investment** recorded an inflow of JD 400.0 million during the first half of 2015, down from JD 707.6 million during the first half of 2014.

External Sector

November 2015

- **International Investment Position (IIP)** displayed a net obligation to abroad of JD 23,158.4 million at the end of second quarter of 2015; compared to JD 22,773.5 million at the end of 2014.

□ External Trade

- As a result of the decrease in domestic exports and imports by JD 285.5 million and JD 1,590.3 million, respectively, during the first nine months of 2015 compared to the same period in 2014, the volume of external trade (domestic exports *plus* imports) decreased by JD 1,875.7 million to stand at JD 14,188.6 million.

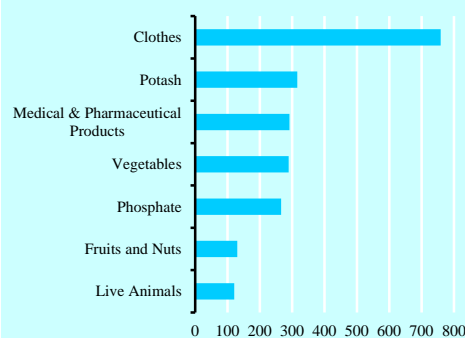
| Jordan's Major Trading Partners | | | | Main External Trade Indicators | | | | |
|-----------------------------------|---------|---------|-------------------|-----------------------------------|-----------|-------------------|----------|-------------------|
| JD Million | | | | JD Million | | | | |
| January - September | | | | January - September | | | | |
| | 2014 | 2015 | Percentage Change | | 2014 | Percentage Change | 2015 | Percentage Change |
| Exports | | | | | 2014/2013 | | | |
| USA | 707.7 | 775.2 | 9.5 | External Trade | 16,064.4 | 5.2 | 14,188.6 | -11.7 |
| Saudi Arabia | 551.4 | 609.2 | 10.5 | Total Exports | 4,486.6 | 7.3 | 4,162.4 | -7.2 |
| Iraq | 638.8 | 384.5 | -39.8 | Domestic Exports | 3,890.1 | 8.8 | 3,604.6 | -7.3 |
| India | 329.5 | 329.0 | -0.2 | Re-exports | 596.5 | -2.1 | 557.8 | -6.5 |
| UAE | 147.0 | 169.6 | 15.4 | Imports | 12,174.3 | 4.1 | 10,584.0 | -13.1 |
| Kuwait | 91.2 | 142.2 | 55.9 | Trade Balance | -7,687.7 | 2.4 | -6,421.6 | -16.5 |
| China | 93.0 | 97.0 | 4.3 | Source: Department of Statistics. | | | | |
| Imports | | | | | | | | |
| Saudi Arabia | 2,345.3 | 1,769.5 | -24.6 | | | | | |
| China | 1,270.4 | 1,369.4 | 7.8 | | | | | |
| USA | 718.7 | 667.0 | -7.2 | | | | | |
| Germany | 482.0 | 511.2 | 6.1 | | | | | |
| UAE | 663.2 | 437.3 | -34.1 | | | | | |
| Turkey | 495.4 | 432.7 | -12.7 | | | | | |
| South Korea | 437.0 | 377.1 | -13.7 | | | | | |
| Italy | 370.6 | 371.1 | 0.1 | | | | | |
| Source: Department of Statistics. | | | | | | | | |

■ Merchandize Exports:

Total merchandize exports decreased by 7.2 percent during the first nine months of 2015, compared to an increase of 7.3 percent during the same

period in 2014, to record JD 4,162.4 million. This decrease resulted from a decline in domestic exports by JD 285.5 million, or 7.3 percent, to reach JD 3,604.6 million, and an decrease in re-exports by 6.5 percent, to reach JD 557.8 million.

**Major Exports by Commodity
During January - September 2015, JD**



◆ The developments of domestic exports during the first nine months of 2015 compared to the same period in 2014 reveal the following:

- Exports of **vegetables** decreased by JD 49.9 million, or 14.7 percent, to total JD 288.8 million. The Saudi markets, UAE and Kuwait were the main destinations of these exports, accounting for 52.8 percent.

- Exports of **Medical & Pharmaceutical products** decreased by JD 23.9 million, or 7.6 percent, to reach JD 291.2 million. The Saudi Algerian, Sudanese and Iraqi markets accounted for 56.3 percent of these exports.
- Exports of **phosphates** increased by JD 24.5 million, or 10.2 percent, to register JD 265.5 million. This increase was mainly due to a decrease in exported quantities by 0.2 percent and an increase in the prices of phosphate by 32.7 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 68.8 percent of phosphate exports.

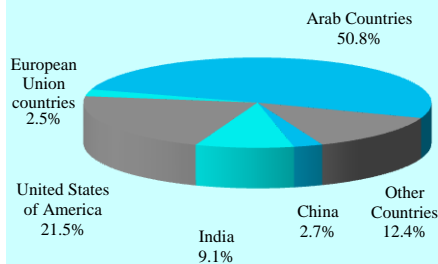
Major Domestic Exports by Commodity, JD Million
January – September 2014-2015

| | 2014 | 2015 | Percentage Change |
|--|----------------|----------------|-------------------|
| Domestic Exports | 3,890.1 | 3,604.6 | -7.3 |
| Clothes | 689.4 | 758.9 | 10.1 |
| USA | 625.8 | 689.3 | 10.1 |
| Potash | 314.9 | 315.5 | 0.2 |
| China | 88.0 | 95.1 | 8.1 |
| India | 87.1 | 88.9 | 2.1 |
| Malaysia | 30.7 | 35.1 | 14.3 |
| Medical & Pharmaceutical Products | 315.1 | 291.2 | -7.6 |
| Saudi Arabia | 83.2 | 74.7 | -10.2 |
| Algeria | 51.4 | 33.1 | -35.6 |
| Sudan | 25.7 | 29.8 | 16.0 |
| Iraq | 17.5 | 26.4 | 50.9 |
| Vegetables | 338.7 | 288.8 | -14.7 |
| Saudi Arabia | 47.6 | 57.1 | 20.0 |
| UAE | 58.0 | 52.8 | -9.0 |
| Kuwait | 44.6 | 42.7 | -4.3 |
| Phosphate | 241.0 | 265.5 | 10.2 |
| India | 166.0 | 182.6 | 10.0 |
| Indonesia | 37.8 | 38.0 | 0.5 |
| Fruit & Nuts | 98.2 | 130.1 | 32.5 |
| Saudi Arabia | 17.6 | 39.7 | 125.6 |
| Kuwait | 5.6 | 38.3 | - |
| Iraq | 45.3 | 17.2 | -62.0 |
| Live Animals | 120.8 | 120.8 | 0.0 |
| Saudi Arabia | 95.1 | 116.3 | 22.3 |

Source: Department of Statistics.

- Exports of **potash** increased by JD 0.6 million, or 0.2 percent, to stand at JD 315.5 million. The Chinese, Indian and Malaysian, markets accounted for 69.4 percent of these exports.

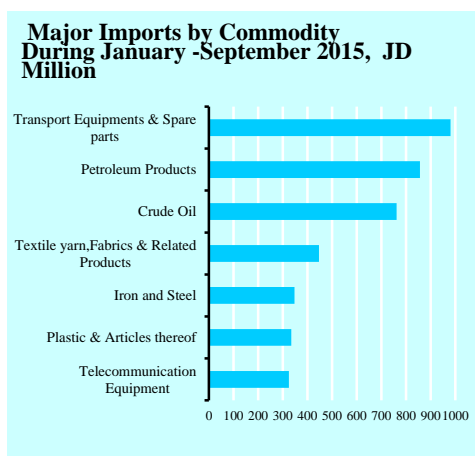
Geographic Distribution of Domestic Exports January- September 2015



- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical products”, vegetables, phosphates, fruits & nuts and Live Animals topped the list of domestic exports during the first nine months of 2015; accounting for 60.2 percent of domestic exports, up from 54.4 percent during the same period in 2014. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, Iraq, India, the UAE, Kuwait and China were the main destination markets for domestic exports during the first nine months of 2015; accounting for 69.5 percent of domestic exports, up from 65.8 percent during the same period in 2014.

■ Merchandize Imports:

Merchandize imports decreased by 13.1 percent to reach JD 10,584.0 million during the first nine months of 2015, compared to an increase by 4.1 percent during same period in 2014 to the reach JD 12,174.3 million.



◆ The developments of imports during the first nine months of 2015 compared with the same period in 2014 reveal the following:

- **Petroleum products** imports decreased by JD 1,052.6 million, or 55.1 percent, to total JD 856.5 million. The main source markets of these imports were Saudi Arabia, Turkey and Belgium.
- **Crude oil** imports decreased by JD 509.3 million, or 40.1 percent, to reach JD 761.7 million. This decrease was mainly attributed to the decline in prices by 49.1 percent, while imported quantities increased by 17.7 percent. It's worth noting that crude oil imports came from the Saudi market.

- Imports of **Transport equipment's and Spare Parts** increased by JD 69.8 million, or 7.7 percent, to reach JD 980.5 million. Japan, South Korea and USA were the main markets for these imports; accounting for 58.2 percent.

- Consequently, the commodity composition of imports indicates that “transport equipment's and spare parts”, petroleum products, crude oil,

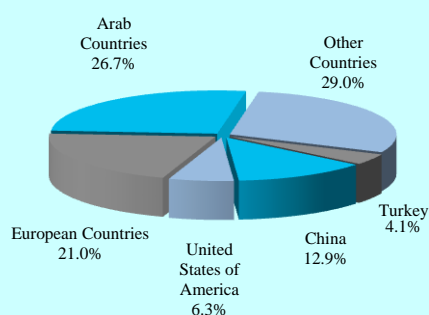
Major Imports by Commodity, JD Million
During first nine months 2014-2015

| | 2014 | 2015 | Percentage Change |
|---|-----------------|-----------------|-------------------|
| Total Imports | 12,174.3 | 10,584.0 | -13.1 |
| Transport Equipment's & Spare Parts | 910.7 | 980.5 | 7.7 |
| Japan | 190.6 | 210.4 | 10.4 |
| South Korea | 180.2 | 205.9 | 14.3 |
| USA | 208.4 | 154.7 | -25.8 |
| Petroleum Products | 1,909.2 | 856.5 | -55.1 |
| Saudi Arabia | 213.8 | 309.5 | 44.8 |
| Turkey | 201.8 | 129.9 | -35.6 |
| Belgium | 64.4 | 128.2 | 99.1 |
| Crude oil | 1,270.9 | 761.6 | -40.1 |
| Saudi Arabia | 1,270.9 | 761.6 | -40.1 |
| Textile Yarn, Fabrics & Related Products | 448.6 | 447.1 | -0.3 |
| China | 188.2 | 173.5 | -7.8 |
| Taiwan | 119.9 | 145.6 | 21.4 |
| Turkey | 28.7 | 28.7 | 0.0 |
| Iron & steel | 405.5 | 347.7 | -14.3 |
| China | 87.4 | 128.9 | 47.5 |
| Iran | 4.5 | 64.3 | - |
| Saudi Arabia | 39.1 | 27.1 | -30.7 |
| Plastic & Articles thereof | 396.5 | 334.7 | -15.6 |
| Saudi Arabia | 199.9 | 159.8 | -20.0 |
| UAE | 23.6 | 28.5 | 20.8 |
| China | 25.5 | 22.8 | -10.6 |
| Telecommunication Machinery & Equipment | 250.3 | 324.9 | 29.8 |
| China | 153.1 | 203.6 | 33.0 |
| Vietnam | 34.2 | 74.4 | 117.5 |
| Egypt | 12.0 | 11.4 | -5.0 |

Source: Department of Statistics.

“textile yarn, fabrics, made up articles and related products”, “iron and steel”, “plastic & articles thereof” and “Telecommunication Equipment” topped the list of imports during the

**Geographic Distribution of Imports
January- September 2015**



first nine months 2015, accounting for 38.3 percent of total imports; down from 45.9 percent during the same period in 2014. Meanwhile, the geographical distribution of imports indicates that the markets of Saudi Arabia, China, the USA, Germany, the UAE, Turkey and South Korea were the main sources of imports during the first nine months 2015; accounting for 52.6 percent of total imports, compared to 52.7 percent during the same period in 2014.

■ Re-Exports

A decrease of JD 38.8 million, or 6.5 percent, was registered in the value of re-exported goods during the first nine months of 2015 compared to the same period in 2014, to reach JD 557.8 million.

■ Trade Balance

The trade balance deficit during the first nine months of 2015 decreased by JD 1,266.1 million, or 16.5 percent, to register JD 6,421.6 million, compared to the same period in 2014.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 3.4 percent in October 2015, compared to October 2014 to register JD 229.7 million. As for the first ten months of 2015, total workers' remittances receipts increased by 1.9 percent to reach JD 2,275.6 million compared to the same period of 2014.

□ Travel

■ Receipts

Travel receipts decreased by JD 19.8 million, or 9.1 percent, in November 2015, compared to November 2014 to register JD 198.3 million. As for the first eleven months of 2015, travel receipts decreased by 7.6 percent to reach JD 2,671.7 million compared to the same period of 2014.

■ Payments

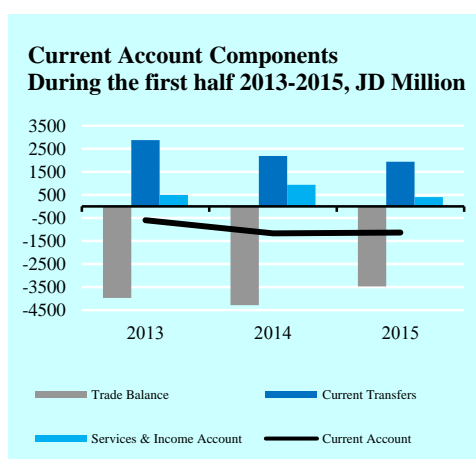
Travel payments decreased by JD 1.2 million, or 2.6 percent, in November 2015, compared to November 2014 to stand at JD 44.4 million. As for the first eleven months of 2015, travel payments increased by 1.1 percent to reach JD 766.0 million compared to the same period of 2014.

□ Balance of Payments

The preliminary data of the balance of payments for first half of 2015 compared to first half of 2014, reveals the following developments:

- The current account recorded a deficit of JD 1,135.5 million (9.2 percent of GDP) compared to a deficit of JD 1,171.0 million (9.9 percent of GDP) during first half of 2014. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit during first half of 2015 by JD 811.5 million, 18.9 percent, to reach JD 3,374.8 million compared to JD 4,286.3 million during first half of 2014.



- ◆ A decrease in the surplus of the services account by JD 495.3 million to reach JD 474.3 million.
- ◆ Income account recorded a deficit of JD 71.0 million compared to a deficit of JD 37.9 million during first half of 2014, as a result of the increase in the deficit recorded in investment income (net) by JD 35.1 million and the increase in the surplus recorded in compensation of employees (net) by JD 2.0 million.
- ◆ A decrease in the surplus of net current transfers by JD 247.6 million; to reach JD 1,936.0 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 200.0 million, to reach JD 204.8 million, and the decrease of the transfers of other sectors by 47.6 million to reach JD 1,731.6 million. It's worth mentioning that the workers' remittances receipts increased by 1.5 percent, during first half of 2015 to stand at JD 1,197.8 million.

- The capital and financial account in first half of 2015 registered a net inflow of JD 561.6 million, compared to a net inflow of JD 686.0 million during first half of 2014. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 400.0 million compared to a similar inflow of JD 707.6 million during first half of 2014.
 - ◆ Portfolio investments recorded a net inflow of JD 50.4 million compared to an inflow of JD 943.6 million during first half of 2014.
 - ◆ Other investments registered a net outflow of JD 526.4 million compared to an inflow of JD 650.7 million during first half of 2014.
 - ◆ An increase in the reserve assets of CBJ by JD 317.0 million, compared to an increase of JD 1,616.7 million during first half of 2014.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external assets and liabilities, displayed an obligation to abroad of JD 23,158.4 million at the end of the first half of 2015 compared to JD 22,773.5 million at the end of 2014. 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 15.3 million to reach JD 18,525.5 million at the end of first half of 2015 compared to the end of 2014. This increase was result of the decrease in currency and deposits of the banking sector by JD 213.5 million, and the increase of CBJ's reserve assets by JD 247.4 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 415.1 million at the end of first half of 2015 compared to the end of 2014; standing at JD 41,683.9 million due to the following:
 - ◆ An increase in the stock of direct investment in Jordan by JD 494.2 million to stand at JD 20,902.9 million.
 - ◆ An increase in the deposits of non-residents at licensed banks JD 342.3 million.
 - ◆ A decrease in the stock of portfolio investments by JD 76.9 million to reach JD 5,843.8 million.
 - ◆ A decrease in the outstanding balance of long-term loans on the general government by JD 52.7 million to reach JD 3,142.6 million.
 - ◆ A decrease in the stock of portfolio investments by JD 76.9 million to reach JD 5,843.8 million.
 - ◆ A decrease in the stock of trade credits liabilities by JD 45.2 million to reach JD 642.1 million.