



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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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



OUR VISION

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

OUR MISSION

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

OUR VALUES

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

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Executive Summary

□ Output, Prices and Employment

During 2018, real GDP at market prices, grew by 1.9 percent, compared to a growth rate of 2.1 percent during 2017. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first four months of 2019 by 0.6 percent, compared to a rise of 3.9 percent during the same period of 2018. Furthermore, the unemployment rate increased during the first quarter of 2019 to stand at 19.0 percent, compared to 18.4 percent during the same quarter of 2018.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,200.4 million at the end of April 2019. This level of reserves covers around 7.1 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,490.9 million at the end of April 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,513.1 million at the end of April 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,913.4 million at the end of April 2019, compared to JD 33,848.1 million at the end of 2018.
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,811.4 points at the end of April 2019, compared to 1,908.8 points at the end of 2018.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 297.9 million (3.9 percent of GDP) during the first quarter of 2019, compared to a fiscal deficit of JD 470.3 million (6.3 percent of GDP) during the same period of 2018. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 617.2 million at the end of March 2019 compared to its level at the end of 2018, standing at JD 16,837.9 million (55.0 percent of GDP). However, outstanding external public debt (budget and guaranteed) went down by JD 10.8 million at the end of March 2019, compared to its level at the end of 2018, to reach JD 12,076.7 million (39.4 percent of GDP). Accordingly, the ratio of gross public debt (domestic and external) to GDP remained at the same 2018 level, amounting to 94.4 percent.
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 9.3 percent during the first quarter of 2019 to reach JD 1,334.5 million. Meanwhile, merchandize imports decreased by 3.2 percent to reach JD 3,263.3 million. As a result, the trade balance deficit decreased by 10.2 percent compared to same period of 2018, to reach JD 1,928.8 million. The preliminary data for the four months of 2019 showed an increase in travel receipts by 6.1 percent and an increase in travel payments by 3.2 percent compared to the same period of 2018. Moreover, total workers' remittances receipts increased by 1.6 percent in the first four months of of 2019 compared to the same period of 2018. The preliminary data for the balance of payments during 2018 displayed a deficit in the current account amounted to JD 2,107.8 million (7.0 percent of GDP) compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.3 percent of GDP compared with 13.3 percent of GDP during the same period of 2017. Moreover, net direct investment recorded a net inflow of JD 679.8 million during 2018 compared to a net inflow of JD 1,436.4 million during 2017. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,094.7 million at the end of 2018 up from JD 29,432.7 million at the end of 2017.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,200.4 million at the end of April 2019. This level of reserves covers around 7.1 months of the kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,490.9 million at the end of April 2019, compared to JD 33,359.3 million at the end of 2018.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 26,513.1 million at the end of April 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 33,913.4 million at the end of April 2019, compared to JD 33,848.1 million at the end of 2018.
- The interest rates on all types of deposits held by the licensed banks had increased at the end of April 2019, compared to their levels at the end of 2018. Meanwhile, the interest rates on the credit facilities extended by the licensed banks had decreased at the end of April 2019, except the interest rate on loans and advances, which had increased, compared to their levels at the end of 2018.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,811.4 points at the end of April 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 14,950.7 million at the end of April 2019, compared to JD 16,122.7 million at the end of 2018.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

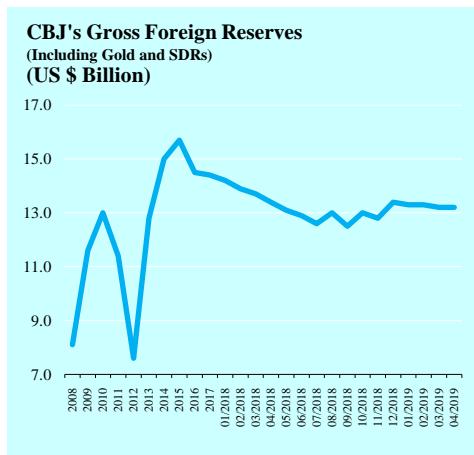
		End of April	
2018		2018	2019
US\$13,392.3	CBJ's Foreign Reserves*	US\$ 13,393.8	US\$ 13,200.4
-6.9%		-6.9%	-1.4%
33,359.3	Money Supply (M2)	33,497.7	33,490.9
1.2%		1.6%	0.4%
26,111.8	Credit Facilities, of which:	25,386.3	26,513.1
5.6%		2.6%	1.5%
23,011.3	Private Sector (Resident)	22,354.1	23,480.9
5.8%		2.8%	2.0%
33,848.1	Total Deposits, of which:	33,874.3	33,913.4
2.0%		2.0%	0.2%
25,667.6	In JD	26,094.8	25,803.8
0.1%		1.8%	0.5%
8,180.5	In Foreign Currencies	7,779.5	8,109.6
8.3%		3.0%	-0.9%
26,944.5	Deposits of Private Sector (Resident), of which:	27,165.1	27,176.6
0.1%		0.9%	0.9%
20,846.4	In JD	21,401.2	21,124.7
-1.9%		0.7%	1.3%
6,098.1	In Foreign Currencies	5,763.9	6,051.9
7.8%		1.9%	-0.8%

* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,200.4 million at the end of April 2019. This level of reserves covers around 7.1 months of the kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

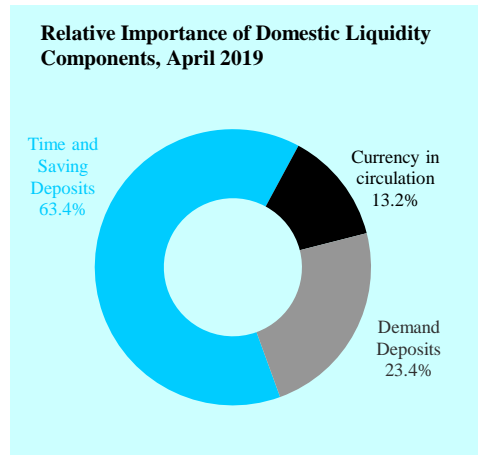
■ Domestic liquidity amounted to JD 33.5 billion at the end of April 2019, compared to JD 33.4 billion at the end of 2018.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of April 2019, compared to their levels at the end of 2018, reveal the following:**

- **Components of Domestic Liquidity**

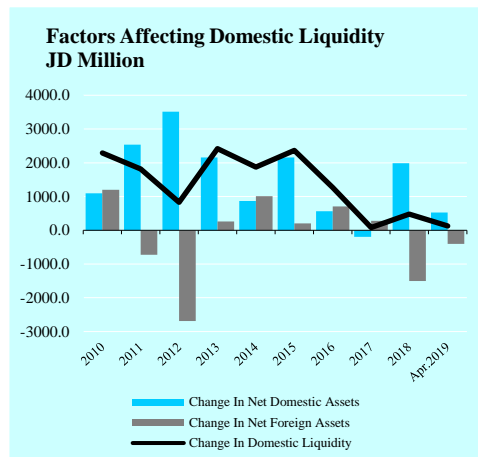
- Total liquidity deposits amounted to JD 29.1 billion at the end of April 2019, which is the same level at the end of 2018.

- Currency in circulation amounted to JD 4.4 billion at the end of April 2019, maintaining the same level registered in the same month during 2018, and compared with JD 4.3 billion at the end of 2018.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 26.5 billion at the end of April 2019, compared to JD 25.2 billion at the end of April 2018, and JD 26.0 billion at the end of 2018.



- Net foreign assets of the banking system amounted to JD 7.0 billion at the end of April 2019, compared to JD 8.3 billion at the end of April 2018, and 7.4 at the end of 2018. The CBJ's net foreign assets amounted to JD 9.1 billion at the end of April 2019.

Factors Affecting Domestic Liquidity (M2) JD Million

2018		End of April	
		2018	2019
7,368.3	Foreign Assets (Net)	8,269.2	6,969.8
9,151.3	CBJ	9,735.2	9,096.5
-1,783.0	Licensed Banks	-1,466.0	-2,126.7
25,991.0	Domestic Assets (Net)	25,228.5	26,521.1
-4,345.0	CBJ, of which:	-4,820.7	-4,169.4
675.2	Claims on Public Sector (Net)	857.3	384.9
-5,043.0	Other Items (Net*)	-5,701.0	-4,576.8
30,336.1	Licensed Banks	30,049.2	30,690.4
10,234.1	Claims on Public Sector (Net)	9,688.3	10,682.0
23,686.8	Claims on Private Sector	23,102.0	24,154.4
-3,584.8	Other Items (Net)	-2,741.0	-4,146.0
33,359.3	Money Supply (M2)	33,497.7	33,490.9
4,296.4	Currency in Circulation	4,414.7	4,404.7
29,062.9	Total Deposits, of which:	29,083.0	29,086.2
6,168.0	In Foreign Currencies	5,841.5	6,133.9

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

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments

◆ On December 24th, 2018, CBJ raised the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.75 percent.
- Re-discount Rate: 5.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.50 percent.
- Overnight Deposit Window Rate: 4.00 percent.
- Weekly/ Monthly Repurchase Agreements: 4.75 percent.
- The interest rate on weekly certificates of deposit: 4.75 percent.

This decision comes in light of the developments in the regional and international markets' interest rates in order to preserve monetary and financial stability, in addition to insure the attractiveness of the financial instruments denominated in Jordanian Dinar.

Interest Rates on Monetary Policy Instruments, percentage points			
2018		April	
		2018	2019
4.75	CBJ main rate	4.25	4.75
5.75	Re-discount Rate	5.25	5.75
5.50	Repurchase Agreements Rate (overnight)	5.00	5.50
4.00	Overnight Deposit Window Rate	3.25	4.00
4.75	Repurchase Agreements rate (one week and one month)	4.25	4.75
4.75	Certificates of Deposits (one week)	4.25	4.75

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

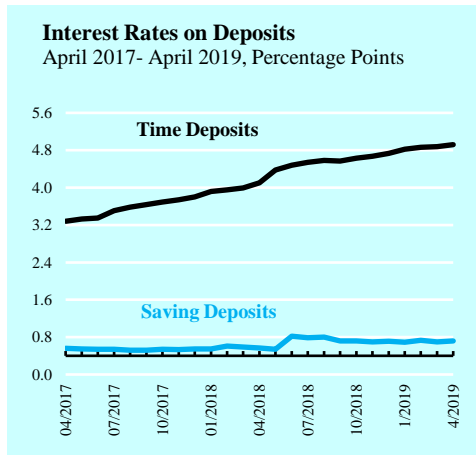
■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits increased by 4 basis points at the end of April 2019, compared to its level in the previous month, to stand at 4.92 percent. This rate is higher by 19 basis points than its level at the end of 2018.

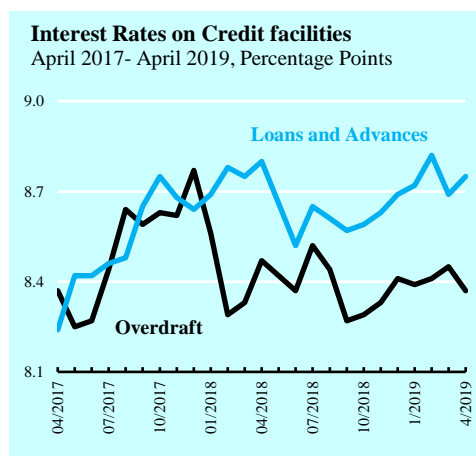
- Saving Deposits: The weighted average interest rate on saving deposits increased by 2 basis points at the end of April 2019, compared to its level registered in the previous month to stand at 0.72 percent. This rate is higher by one basis point than its level at the end of 2018.

- Demand Deposits: The weighted average interest rate on demand deposits increased by 2 basis points at the end of April 2019, compared to its level registered in the previous month to stand at 0.39 percent. This rate is higher by one basis point than its level at the end of 2018.



◆ Interest Rates on Credit Facilities

- Overdraft Accounts: The weighted average interest rate on overdraft accounts decreased by 8 basis points at the end of April 2019, compared to its level registered in the previous month to stand at 8.37 percent. This rate is lower by 4 basis points than its level at the end of 2018.



- Discounted Bills and Bonds: The weighted average interest rate on “discounted bills and bonds” decreased by 12 basis points at the end of April 2019, compared to its level registered in the previous month, to stand at 8.76 percent. This rate is lower by 88 basis points than its level at the end of 2018.

2018		April		Change Relative to the Preceding Year Basis Points
		2018	2019	
Deposits				
0.38	Demand	0.24	0.39	1
0.71	Saving	0.57	0.72	1
4.73	Time	4.10	4.92	19
Credit Facilities				
9.64	Discounted Bills and Bonds	10.62	8.76	-88
8.69	Loans and Advances	8.80	8.75	6
8.41	Overdraft	8.47	8.37	-4
9.57	Prime Lending Rate	9.13	9.79	22

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” increased by 6 basis points at the end of April 2019, compared to its level registered in the previous month, to stand at 8.75 percent, which is the same rate at the end of 2018.
- The prime lending rate stood at 9.79 percent at the end of April 2019, maintaining the same level registered in the previous month. This rate is higher by 22 basis points than its level at the end of 2018.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 401.3 million, or 1.5 percent, at the end of April 2019, against an increase by JD 649.5 million, or 2.6 percent, during the same period in 2018.
- In terms of borrowers, the credit facilities at the end of April 2019 had shown an increase in credit extended to the private sector (resident) by JD 469.6 million, or 2.0 percent, the public

institution by JD 29.6 million, or 6.9 percent, and the non-banking financial institutions by JD 6.2 million, or 28.8 percent. In contrast, the credit facilities extended to the central government decreased by JD 94.1 million, or 4.7 percent, compared to their levels at the end of 2018.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 33,913.4 million at the end of April 2019, increasing by JD 65.3 million, or 0.2 percent, compared to its level at the end of 2018, against an increase of JD 676.6 million, or 2.0 percent, during the same period in 2018.
- The currency composition of deposits at the end of April 2019 revealed that the JD deposits amounted to JD 25.8 billion, and the deposits in foreign currencies amounted to JD 8.1 billion, compared to JD 26.1 billion of JD deposits, and JD 7.8 billion of deposits in foreign currencies at the end of the same period in 2018, and JD 25.7 billion of JD deposits, and JD 8.2 billion in deposit in foreign currencies at the end 2018.

□ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during the first four months of 2019. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 134.1 million in April 2019, decreasing by JD 31.9 million, or 19.2 percent, compared to its level registered in the previous month, against a decrease by JD 17.5 million, or 13.3 percent during the same month in 2018. As for the first four months of 2019, the trading volume decreased by JD 10.6 million, compared to the same period in 2018, to reach JD 488.1 million.

■ Traded Shares

The number of traded shares in April 2019 totaled 112.1 million shares, increasing by 8.9 million shares, compared to its level registered in the previous month, against a decrease by 5.6 million shares during the same month in 2018. As for the first four months of 2019, the number of traded shares amounted to 361.6 million shares, compared to 423.5 million shares during the same period in 2018.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 102.8 points, or 5.4 percent, at the end of April 2019, compared to its level in the previous month, to stand at 1,811.4 points, against a

decrease by 41.8 points, or 1.9 percent, during the same month in 2018. As for the first four months of 2019, the SPI decreased by 97.4 points, or 5.1 percent, against an increase by 64.7 points, or 3.0 percent, during the same period in 2018. The aforementioned decrease was an outcome of the decrease in the SPI of the financial sector by 118.7 points, or 4.5 percent, the industrial sector by 86.3 points, or 4.6 percent, and the SPI of services sector by 79.8 points, or 6.2 percent, compared to their levels at the end of 2018.

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

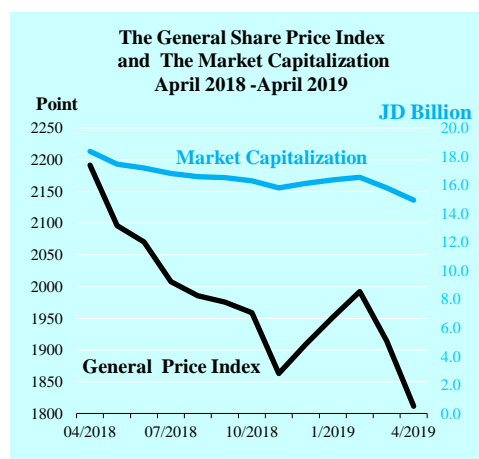
		April	
2018		2018	2019
1,908.8	General Index	2,191.5	1,811.4
2,652.7	Financial Sector	3,006.9	2,534.0
1,882.7	Industrial Sector	2,157.5	1,796.4
1,279.8	Services Sector	1,478.0	1,200.0

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 15.0 billion at the end of April 2019, decreasing by JD 859.3 million, or 5.4 percent, compared to its level registered at the previous month, against an increase by JD 318.7 million, or 1.8 percent, during the same month in 2018. As for the first four months of 2019, the

market capitalization decreased by JD 1,172.0 million, or 7.3 percent, against an increase by JD 1,406.6 million, or 8.3 percent, during the same period in 2018.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 3.0 million in April 2019, compared to an outflow by JD 1.0 million during the same month in 2018. The value of shares buying by non-Jordanian in April 2019 amounted to JD 46.5 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million		April	
		2018	2019
2,319.3	Value Traded	114.1	134.1
9.3	Average Daily Trading	5.2	6.1
16,122.7	Market Capitalization	18,369.2	14,950.7
1,245.9	No. of Traded Shares (million)	102.0	112.1
484.5	Net Investment of Non-Jordanian	-1.0	3.0
1,231.8	Non-Jordanian Buying	19.9	46.5
747.3	Non-Jordanian Selling	20.9	43.5

Source: Amman Stock Exchange.

amounted to JD 43.5 million. As for the first four months of 2019, the non-Jordanian net investment recorded an outflow amounting to JD 39.3 million, compared to an outflow by JD 6.1 million during the same period in 2018.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 1.8 percent during the fourth quarter of 2018, against 1.9 percent during the same quarter of 2017. At current market prices, GDP grew by 3.6 percent during the fourth quarter of 2018, compared to 3.7 percent during the same quarter of 2017.
- Accordingly, the real GDP grew by 1.9 percent during 2018, against 2.1 percent during 2017. At current market prices, GDP grew by 3.7 percent during 2018, compared to 3.9 percent during 2017.
- The general price level, measured by the percentage change in the CPI, increased during the first four months of 2019 by 0.6 percent, compared to a rise of 3.9 percent during the same period of 2018.
- The unemployment rate increased during the first quarter of 2019 to stand at 19.0 percent (16.4 percent for males and 28.9 percent for females), compared to 18.4 percent (16.0 percent for males and 27.8 percent for females) during the same quarter of 2018. The highest unemployment rate among youth reached 48.7 percent for those between 15-19 years old, and 38.5 percent for those between 20-24 years old.

□ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 1.9 percent during 2018, compared to 2.1 percent during 2017. Economic growth has been strongly affected by the uncertainty prevailing in the region, which contributed to the decline in Foreign Direct Investment (FDI) to the kingdom, in addition to the slowdown in the mining and quarrying sector, which is highly linked to the global demand. When excluding “net taxes on products”, which grew by 1.2 percent, GDP at constant basic prices grew by 2.0 percent during 2018, compared to 2.2 percent during 2017.

Quarterly Growth Rates of GDP at Market Prices (2016 – 2018)

Percentages

	Q1	Q2	Q3	Q4	Year
2016					
GDP at Constant Prices	2.4	1.9	1.9	2.1	2.1
GDP at Current Prices	4.2	3.5	2.8	3.0	3.4
2017					
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
2018					
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

Source: Department of Statistics.

At current market prices, GDP grew by 3.7 percent during 2018, compared to 3.9 percent growth during 2017. This increase in nominal growth is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.8 percent during 2018 compared to 1.7 percent during 2017. It should be noted that the Department of Statistics prepared and published the quarterly estimated GDP data for the year 2018, and re-estimated GDP data for previous years (2008-2017) according to a new methodology that included the transition from the United Nations System of National Accounts (SNA) of 1968 and some concepts of (SNA) of 1993 to (SNA) of 2008, as well as the adjustment of the base year to become 2016 instead of 1994.

The main sectors that contributed to the real economic growth during 2018; “real estate” (0.4 percentage point), “manufacturing” (0.3 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point), and “community, social and personal services” (0.2 percentage point). These sectors collectively accounted for 78.9 percent of real GDP growth during 2018.

The economic sectors displayed a divergent performance during 2018. Some sectors recorded accelerated growth, such as “transport, storage and communications”, manufacturing, and “producers of government services”. Meanwhile, “mining and quarrying”, agriculture, “electricity and water”, “finance and insurance services”, and “wholesale and retail trade”, “restaurant and hotels” and “real estate”, experienced a slowdown. On the other hand, construction sector witnessed a contraction in its performance.



The main sectors contributed to economic growth at constant prices
Percentage

Sectors	Relative change		Contribution	
	2017	2018	2017	2018
GDP At Constant Market Prices	2.1	1.9	2.1	1.9
Agriculture	4.8	3.2	0.3	0.2
Mining And Quarrying	13.0	0.5	0.3	-
Manufacturing	1.0	1.4	0.2	0.3
Electricity And Water	2.5	2.2	0.1	0.1
Construction	-1.1	-0.3	-	-
Wholesale And Retail Trade	1.6	1.3	0.1	0.1
Restaurant And Hotels	1.1	1.0	-	-
Transport, Storage And Communications	2.7	3.2	0.2	0.3
Finance And Insurance Services	3.8	3.4	0.3	0.3
Real Estate	2.6	2.5	0.4	0.4
Social And Personal Services	3.8	3.8	0.2	0.2
Producers of Government Services	0.9	1.1	0.1	0.1
Producers of Private Non-Profit	3.8	2.7	-	-
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 in 2019. Some indicators recorded a notable growth, such as; “Number of passengers through Royal Jordanian” (2.6 percent), “number of departures” (11.4 percent) and “mining and quarrying production quantity index” (0.9 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (22.2 percent) and “Manufacturing production quantity index” (0.8 percent). The following table displays the performance of the main sectoral indicators during the available period.

Main Sectoral Indicators*					
Percentage Points					
2017	2018	Item	2018	Available period	2019
4.5	-21.5	Licensed areas for buildings	8.7	Jan-Mar	-41.6
-2.4	-7.0	Manufacturing production quantity index	-7.0		-0.8
-4.9	-12.7	Food products and beverages	-21.4		12.4
-3.1	-7.2	Tobacco products	13.0		-8.0
-7.3	-16.9	Refined petroleum products	-30.1		9.7
-6.3	-4.3	Wearing apparel	-13.6		21.6
1.9	-5.6	Non-metallic mineral products	19.6		-19.5
0.3	27.7	Chemical products	54.8		8.2
13.4	0.5	“Mining and quarrying” production quantity index	2.9		0.9
-13.8	-6.2	Extraction of crude petroleum and natural gas	-1.1		-3.9
13.6	0.6	Other mining and quarrying	2.9	-14.9	
6.9	3.8	Number of passengers through Royal Jordanian	6.0	Jan-Apr	2.6
8.4	10.6	Cargo through Royal Jordanian	16.3		-10.4
7.3	7.4	Number of departures	4.6		11.4
-14.1	-13.0	Value traded at the real estate market	-6.8		-22.2

* : 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 0.6 percent during the first four months of 2019, compared to a rise of 3.9 percent during the same period of 2018. The drop in inflation occurred as the impact of price and tax measures taken by the government in early 2018 started to fade, most notably, the tax on tobacco and cigarettes and the ending of bread subsidies, as well as the drop in oil prices in the international markets. The main groups and items that witnessed an increase in their prices during the first four months of 2019:

- “Cereals and products” prices increased by 6.8 percent, compared to a rise of 17.3 percent during the same period of 2018.
- “Vegetables and Legumes Dry and Canned” prices increased by 15.3 percent, compared to a contraction of 14.2 percent during the same period of 2018.

Inflation Rate during the first four months for the years (2011-2019)



Inflation rate during the first four months for the years 2018 – 2019

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Apr 2018	Jan-Apr 2019	Jan-Apr 2018	Jan-Apr 2019
All Items	100.00	3.9	0.6	3.9	0.6
1) Food and non-Alcoholic Beverages	33.36	1.8	0.5	0.6	0.2
Food	30.51	1.6	0.7	0.5	0.2
Cereals and Products	4.99	17.3	6.8	0.7	0.3
Meat and Poultry	8.24	3.0	-6.4	0.2	-0.5
Fish and Sea Product	0.82	1.5	-0.9	0.0	0.0
Dairy Products and Eggs	4.23	-1.4	-3.0	-0.1	-0.1
Oil and Fats	1.92	5.3	1.4	0.1	0.0
Fruits and Nuts	2.73	1.2	-1.7	0.0	0.0
Vegetables and Legumes Dry and Canned	3.89	-14.2	15.3	-0.6	0.5
2) Alcohol and Tobacco and Cigarettes	4.43	16.0	-0.1	0.7	0.0
3) Clothing and footwear	3.55	-1.1	-1.5	0.0	-0.1
4) Housing	21.92	3.2	1.8	0.7	0.4
Rents	15.57	2.8	1.9	0.5	0.3
Fuels and Lighting	4.85	5.6	1.9	0.2	0.1
5) Household Furnishings and Equipment	4.19	2.0	0.5	0.1	0.0
6) Health	2.21	6.3	1.5	0.2	0.0
7) Transportation	13.58	9.1	-0.8	1.3	-0.1
8) Communication	3.50	0.5	0.0	0.0	0.0
9) Culture and Recreation	2.27	1.9	0.8	0.0	0.0
10) Education	5.41	2.2	2.1	0.1	0.1
11) Restaurants and Hotels	1.83	6.2	1.8	0.1	0.0
12) Other Goods and Services	3.75	2.6	1.0	0.1	0.0

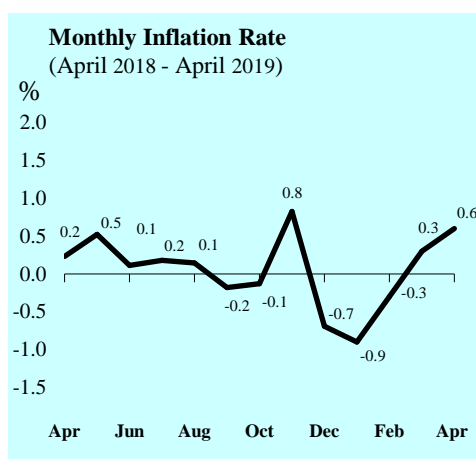
Source: Department of Statistics.

- Housing prices increased by 1.8 percent compared to a rise of 3.2 percent during the first four months of 2018. This increase was mainly attributed to the increase in the prices of “rents” item by 1.9 percent compared to a rise of 2.8 percent during the first four months of 2018, and the increase in the prices of “fuels and lighting” item by 1.9 percent compared to an increase of 5.6 percent during the same period of 2018.
- “Education” prices increased by 2.1 percent compared to a rise of 2.2 percent during the first four months of 2018.

The above groups and items collectively contributed to the inflation rate during the first four months of 2019 by 1.3 percentage points, compared to a contribution of 1.0 percentage points during the same period of 2018.

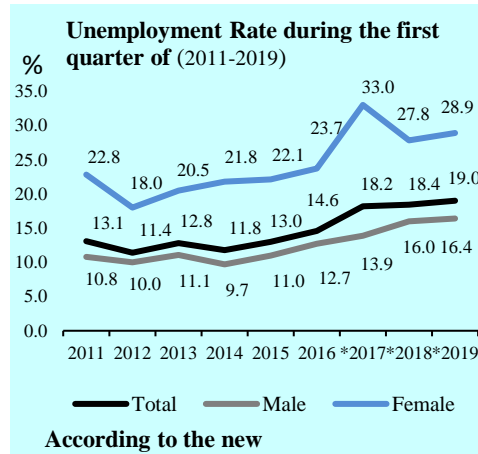
In contrast, prices of other groups and items witnessed contractions, mainly; transportation (0.8 percent), “meat and poultry” (6.4 percent), and “dairy products and eggs” (3.0 percent), and “fruits and nuts”(1.7 percent), and “clothing and footwear” (1.5 percent).

- In April 2019, the CPI witnessed an increase compared to March 2019 by 0.6 percent. This was an outcome of the increase in the prices of some groups and items, mainly, “fruits and Nuts” (6.9 percent), “Meat and poultry” (4.5 percent), “Fuel and lighting” (1.9 percent), and transportation (2.1 percent), and the decrease of the prices of some items, mainly, “vegetables and legumes dry and canned” (2.5 percent) and “tobacco and cigarettes” (1.6 percent).



□ Labor Market

- The unemployment rate reached 19.0 percent (16.4 percent for males, and 28.9 percent for females) during the first quarter of 2019, compared to 18.4 percent (16.0 percent for males and 27.8 percent for females) during the same quarter of 2018.



- The unemployment among youth remains high at 48.7 percent for the category (15-19) years old, and 38.5 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 24.4 percent during the first quarter of 2019.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 35.1 percent (54.4 percent for males, and 15.0 percent for females), compared to 36.5 percent (57.4 percent for males and 15.2 percent for females) during the first quarter of 2018.
- The employment rate among population (15 years and older) reached 28.4 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded an overall fiscal deficit in the amount of JD 297.9 million (3.9 percent of GDP) during the first quarter of 2019, compared to a deficit of JD 470.3 million (6.3 percent of GDP) during the same period of 2018. When excluding foreign grants (JD 60.9 million), the overall fiscal deficit reached JD 358.8 million (4.7 percent of GDP), compared to a deficit of JD 542.4 million (7.2 percent of GDP) in the same period of 2018.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 617.2 million at the end of March 2019, compared to its level at the end of 2018, to reach JD 16,837.9 million (55.0 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went down by JD 10.8 million at the end of March 2019, compared to its level at the end of 2018, to stand at JD 12,076.7 million (39.4 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 606.3 million to reach JD 28,914.6 million at the end of March 2019, compared to JD 28,308.3 million at the end of 2018, keeping the same ratio to GDP recorded in the previous year, which was 94.4 percent.
- Central government banks deposits decreased by JD 38.7 million at the end of March 2019, compared to the end of 2018, to reach JD 1,369.0 million.
- Accordingly, net outstanding domestic public debt increased by JD 655.8 million to reach JD 15,468.9 million (50.5 percent of GDP) at the end of March 2019. Moreover, net outstanding public debt increased by JD 645.0 million to reach JD 27,545.6 million (90.0 percent of GDP).

□ **The performance of the general budget during the first quarter of 2019 compared to the same period of 2018:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 71.3 million, or 14.8 percent, in March 2019 compared to the same month in 2018, to stand at JD 552.8 million. As for the first quarter of 2019, public revenues went up by JD 97.6 million, or 6.1 percent, compared to the same period in 2018 to stand at JD 1,706.9 million. This came as an outcome of the increase in domestic revenues by JD 108.8 million and the decrease in foreign grants by JD 11.2 million.

Main Government Budget indicators during the first quarter of 2019:

(JD Million and Percentages)

	March		Growth Rate	Q1		Growth Rate
	2018	2019		2018	2019	
Total Revenues and Grants	481.9	552.8	14.8	1,609.3	1,706.9	6.1
Domestic Revenues, of which:	474.5	529.9	11.7	1,537.2	1,646.0	7.1
Tax Revenues, of which:	290.2	279.9	-3.5	1,010.6	1,048.1	3.7
General Sales Tax	220.7	195.1	-11.6	712.6	701.6	-1.5
Other Revenues	183.2	249.2	36.0	524.0	595.8	13.7
Foreign Grants	7.0	22.9	227.1	72.1	60.9	-15.5
Total Expenditures, of which:	639.4	728.1	13.9	2,079.6	2,004.8	-3.6
Capital Expenditures	59.5	96.3	61.8	128.6	143.0	11.2
Overall Deficit/ Surplus (Including Grants)	-157.9	-175.3	-	-470.3	-297.9	-
Overall Fiscal Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-6.3	-3.9	-

Source: Ministry of Finance/ General Government Finance Bulletin.

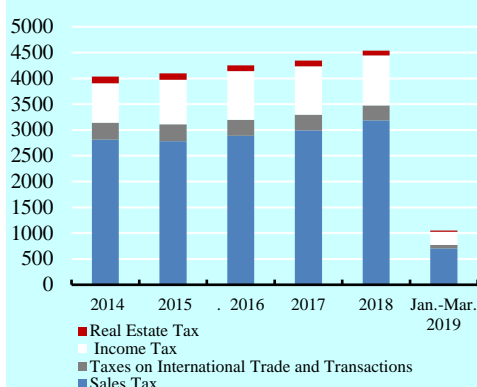
◆ **Domestic Revenues**

Domestic revenues increased by JD 108.8 million, or 7.1 percent, during the first quarter of 2019, compared to the same period of 2018, to reach JD 1,646.0 million. This increase was an outcome of

the rise in the proceeds of “other revenues” and tax revenues by JD 71.8 million and JD 37.5 million, respectively; and the drop in pension contributions by JD 0.6 million.

Tax Revenue Structure

(2014-2018) and the first quarter of 2019, JD Million

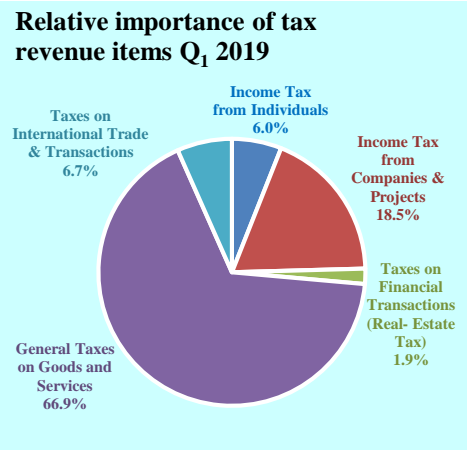


- **Tax Revenues**

Tax revenues increased by JD 37.5 million, or 3.7 percent, during the first quarter of 2019, compared to the same period of 2018, to reach JD 1,048.1 million (63.7 percent of domestic revenues). **Following are the main developments in tax revenue items:**

- An increase in the proceeds of **income and profit taxes** by JD 56.3 million, or 28.0 percent, to reach JD 257.5 million, accounting for 24.6 percent of total tax revenues. This increase came as a result of the rise in the proceeds of income tax on individuals by JD 22.0 million, or 53.7 percent, to reach JD 63.0 million. This was due to the implementation of the new Income Tax Law, in addition to the extension of the exemption from income tax late payment fees until the end of June 2019. Further, the proceeds of taxes on “companies and projects” increased by JD 34.2 million, or 21.3 percent, accounting for 75.5 percent of total proceeds of income and profits taxes, amounting to JD 194.4 million.
- A decrease in the proceeds of **general sales tax on goods and services** by JD 11.0 million, or 1.5 percent, to reach JD 701.6 million, accounting for 66.9 percent of total tax revenues. This result was driven by the drop in the proceeds of sales tax on services by JD 5.6 million, on commercial sector by JD 3.2 million, and on imported goods by JD 2.2 million. However, the proceeds of sales tax on domestic goods went up by JD 0.1 million.

- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 1.8 million, or 2.5 percent, to reach JD 69.7 million.
- A decrease in the proceeds of **taxes on financial transactions**



(**real estate tax**) by JD 5.9 million, or 23.3 percent, to reach JD 19.4 million due to the slow performance of the real estate sector.

● Non-Tax Revenues

- “Other revenues” increased by JD 71.8 million, or 13.7 percent, in the first quarter of 2019 to reach JD 595.8 million. This increase was chiefly due to the following:
 - An increase in the property income revenues by JD 65.1 million to stand at JD 99.6 million (of which financial surplus of own-budget governmental agencies amounted to JD 89.0 million against JD 28.1 million during the same period of 2018).
 - An increase in miscellaneous revenues by JD 31.0 million to stand at JD 281.4 million.
 - A decrease in revenues from selling goods and services by JD 24.3 million to reach JD 214.8 million.
- Pension contributions witnessed a decrease of JD 0.6 million, in the first quarter of 2019 compared to the same period of 2018, standing at JD 2.0 million.

◆ Foreign Grants

Foreign grants decreased by JD 11.2 million, or 15.5 percent, in the first quarter of 2019, standing at JD 60.9 million compared to JD 72.1 million during the same period of 2018.

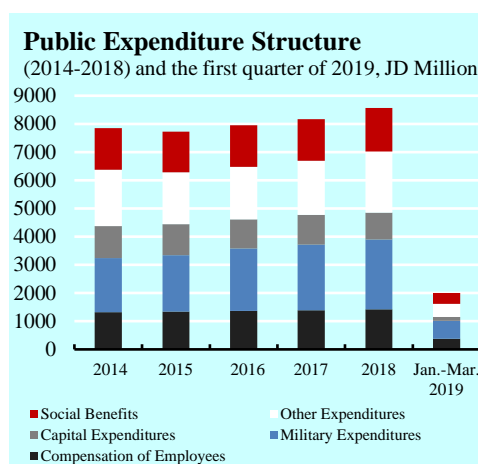
■ Public Expenditures

Public expenditures increased by JD 88.7 million, or 13.9 percent, in March 2019 compared to the same month in 2018, to stand at JD 728.1 million. As for the first quarter of 2019, public expenditures decreased by JD

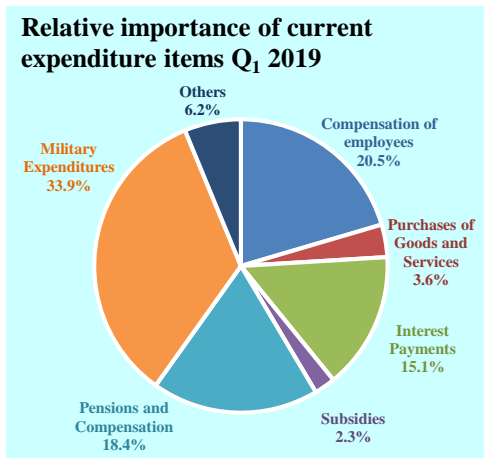
74.8 million, or 3.6 percent, compared to the same period in 2018 to stand at JD 2,004.8 million. This decrease was an outcome of the drop in current expenditures by 4.6 percent, and the increase in capital expenditures by 11.2 percent.

◆ Current Expenditures

Current expenditures went down by JD 89.2 million, or 4.6 percent, in the first quarter of 2019 to reach JD 1,861.8 million (92.9 percent of public expenditures). Because of the rise of domestic revenues and the drop of current expenditure, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased to 88.4 percent, against 78.8 percent during the same period of 2018. The decrease in current expenditures was due to the following:



- A decrease in subsidies by JD 154.6 million, to stand at JD 43.3 million. This was mainly due to the government spending on cash subsidies to beneficiaries of JD 155 million during the first quarter of 2018, while subsidies were not disbursed during the same period of 2019.
- A decrease in the purchases of goods and services by JD 1.2 million to reach JD 66.7 million.
- An increase in interest payments (commitment basis) by JD 33.0 million to stand at JD 281.4 million.
- An increase in military expenditures by JD 32.6 million to total JD 631.3 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 31.4 million to reach JD 380.7 million.
- An increase in pensions and compensation by JD 15.0 million to stand at JD 342.5 million.

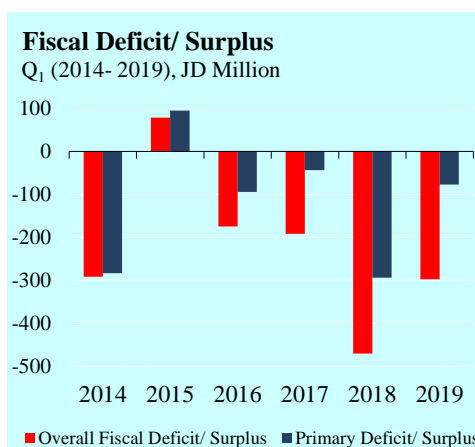


◆ **Capital Expenditures**

Capital expenditures increased by JD 14.4 million, or 11.2 percent, during the first quarter of 2019, compared to the same period of 2018 to reach JD 143.0 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 297.9 million during the first quarter of 2019, compared to a fiscal deficit of JD 470.3 million during the same period of 2018. As a percent of GDP, the fiscal deficit

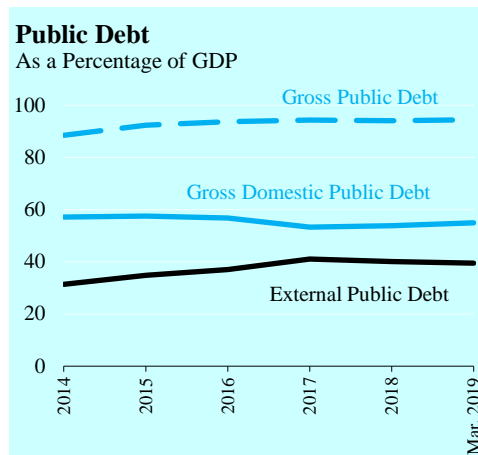
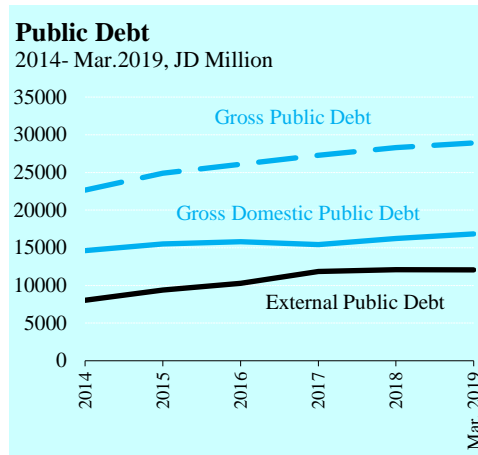


dropped to 3.9 percent compared to 6.3 percent in the same period of 2018.

- ◆ When foreign grants were excluded, the overall fiscal deficit amounted to JD 358.8 million (4.7 percent of GDP) during the first quarter of 2019, compared to a fiscal deficit of JD 542.4 million (7.2 percent of GDP) in the same period of 2018.
- ◆ The general budget recorded a primary deficit (domestic revenues *minus* total public expenditures excluding interest payments on public debt) in the amount of JD 77.4 million (1.0 percent of GDP) during the first quarter of 2019, against a primary deficit of JD 294.0 million (3.9 percent of GDP) in the same period of 2018.
- ◆ When foreign grants were included, the primary deficit decreased to JD 16.5 million (0.2 percent of GDP), compared to a primary deficit of JD 221.9 million (3.0 percent of GDP) in the same period of 2018.

Public Debt

Gross outstanding domestic public debt increased by JD 617.2 million, at the end of March 2019 compared to its level at the end of 2018, to stand at JD 16,837.9 million (55.0 percent of GDP compared to 54.1 percent of GDP at the end of 2018). This increase was a result of the rise in the domestic public debt of the general budget by JD 724.6 million, and the decrease in the domestic public debt of own-budget agencies by JD 107.5 million compared to their levels at the end of 2018, standing at JD 14,076.9 million and JD 2,761.0 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 725.0 million, compared to its level at the end of 2018, to reach JD 13,800.3 million, and the stability the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved at the end of 2018 at JD 271.7 million. Moreover, the decrease in the domestic public debt of own-budget agencies was driven by the decrease in the loans and advances



extended to these institutions by JD 87.5 million, compared to their level at the end of 2018, to reach JD 2,170.5 million. Whereas the own-budget agencies bonds decreased by JD 20.0 million, compared to the end of 2018, to reach JD 590.5 million.

- The balance of the external public debt (budget and guaranteed) went down by JD 10.8 million at the end of March 2019, compared to its level at the end of 2018, to reach JD 12,076.7 million (39.4 percent of GDP compared to 40.3 percent of GDP at the end of 2018). It is worth mentioning that the balance of the external public debt denominated in the U.S. Dollar accounted for 72.2 percent of the total external public debt, and the debt in Euro accounted for 9.4 percent. However, the Japanese Yen accounted to 5.9 percent, Kuwaiti Dinar (5.2 percent), and SDR (5.1 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 606.3 million at the end of March 2019 to stand at JD 28,914.6 million to compared to JD 28,308.3 million at the end of 2018, keeping the ratio to GDP achieved at the end of last year unchanged at 94.4 percent.
- On the other hand, government deposits with the banking system decreased by JD 38.7 million at the end of March 2019, compared to the end of 2018, to reach JD 1,369.0 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 655.8 million at the end of March 2019 to reach JD 15,468.9 million (50.5 percent of GDP compared to 49.4 percent of GDP at the end of 2018). Whereas, net public debt increased by JD 645.0 million to stand at JD 27,545.6 million, accounting for 90.0 percent of GDP compared to 89.7 percent of GDP at the end of 2018.
- External debt service (budget and guaranteed) decreased by JD 46.4 million during the first quarter of 2019, compared to the same period of 2018, to reach JD 249.0 million (including principal payments of JD 167.9 million and interest of JD 81.1 million).

□ Fiscal and Price Measures of 2019

◆ June

- In the light of the government's decision to impose a special tax on the main oil derivatives, the oil derivatives pricing committee raised the prices of main oil derivatives in 11/6/2019. However, the prices of other derivatives had been reduced in 1/6/2019, while maintaining the price of liquid gas cylinder unchanged, as follows:

Development of Oil Derivatives Price

	Unit	2019		Percentage Change
		May	June	
Unleaded Gasoline 90	Fils/Liter	750	780	4.0
Unleaded Gasoline 95	Fils/Liter	1,000	1,010	1.0
Unleaded Gasoline 98	Fils/Liter	1,150	1,160	0.9
Gas Oil (Diesel)	Fils/Liter	610	620	1.6
Kerosene	Fils/Liter	560	620	10.7
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	427.9	414.3	-3.2
Fuel for airplanes (local companies)	Fils/Liter	461	460	-0.2
Fuel for airplanes (foreign companies)	Fils/Liter	466	465	-0.2
Fuel for unplanned flights	Fils/Liter	481	480	-0.2
Asphalt	JD/Ton	421.5	409.2	-2.9

Source: Jordan Petroleum Refinery Company (11/6/2019).

- Issuing of the amending by-law for the year 2019 for the special tax, which includes levying a lump-sum tax on oil derivatives , as follows:
 - Unleaded Gasoline 90: instead of by 37 Piaster per liter.
 - Unleaded Gasoline 95: instead of by 57.5 Piaster per liter.

- Unleaded Gasoline 98: instead of by 70 Piaster per liter.
- Gas Oil (Diesel): instead of by 16.5 Piaster per liter.
- Kerosene: instead of by 16.5 Piaster per liter.
- Liquefied petroleum gas: instead of by 60 JD per ton.
- Asphalt: instead of by 45 JD per ton.
- Fuel oil: instead of by 20 JD per ton.
- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in June 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet approved a bundle of measures to increase the volume of trade in the real estate market, including the following:
 - Inclusion the system of area distributed between the partners (the system of excretion of the quadrilateral) for all lands in the Kingdom, except land that falls under special laws, because of its effect on removing the commonality and increasing the number of secretion transactions.
 - Lower the basic price of real estate by 20 percent.
 - Exempt heirs from transfer fees until the end of this year.

◆ May

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

◆ April

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

◆ March

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

◆ February

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 10 fils instead of 12 fils, starting in February 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to remove the fees on agricultural exports until the end of this year.
- The Cabinet approved an amended by-law 2019 for the school donation by-law. The amendment includes a reduction in contributions for Jordanian students, in addition to determining the amount imposed on non-jordanian students, as follows:

Educational level	Jordanian Students	Non - Jordanians
The preliminary level from the first grade to the sixth grade	JD 3	JD 40
The intermecliate level from the seventh grade to the tenth grade	JD 4	JD 40
The secondary level (Academic branches)	JD 6	JD 60
The secondary level (Vocational Branches)	JD 6	JD 80

◆ January

- The Cabinet decided to grant private school buses that are subject to be replaced, registered, or licensed full tax and customs duties exemptions, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.
- The Cabinet decided to grant the tourist buses, that are currently operating, and subject to be replaced, or those that will be registered or licensed full exemptions from taxes and customs duties, starting effective from the date of the Cabinet's decision until 31/12/2019, and for one time only.

- The Energy and Minerals Regulatory Commission decided to reduce fuel price bands item, which is included in the electricity bill, to become 12 fils instead of 18 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to not extend the special tax exemptions for electric cars, thus becomes subject to a special tax of 25 percent.
- The Cabinet decided to fix the price of "kerosene" for four months, starting from January 2019 until April 30th, and reduce it in the case of falling prices globally.
- 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 35 percent, starting from 1/1/2019 until 31/12/2019.
- The Cabinet decided to lower the general sales tax on 61 commodities to 4 percent, down from 10 and 16 percent. The list includes foodstuffs such as canned meat, fish, cheese, pasta, vegetables, fruit, table salt, and tomato paste, in addition to pencils, among others, according to the statement.

□ Grants, Loans and Other Agreements for 2019

◆ April

- Signing three development assistance agreements provided by the United States in the amount of USD 329 million, within the US economic aid programme to support Jordan in 2018, to implement several projects and programs by the United States Agency for International Development (USAID). Distributed as follows:
 - USD 265 million to support the sectors of health, education, water, women, youth, and gender policies.
 - USD 30 million to support the rule of law, governance, civil society, and political reform.
 - USD 34 million to promote economic growth, trade and investment, enhancing the competitiveness of the private sector, and improving economic opportunities.

◆ March

- Signing a loan agreement with the European Investment Bank (EIB) in the amount EUR 65 million, to finance the improvement of water supply systems in the Deir Alla and Al Karamah districts of the Jordan Valley.
- Signing a memorandum of understanding with the Agence Française de Développement (AFD), to provide a financing package for Jordan and committing EUR 1 billion over the period 2019-2022, as follow:
 - EUR 650 million, as soft loans to support the general budget, with EUR 400 million (EUR 100 million each year), and EUR 250 million to support development projects.
 - EUR 200 million, for non-sovereign finance "Non-government borrowing and no government guarantees."
 - EUR 150 million, grants and technical assistance through several initiatives to support the Jordan Response Plan.
- Signing a grant agreement provided by the Japan in the amount of USD 4.5 million, to improve the Civil Defence Department's (CDD) capabilities.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 8.3 percent in March 2019, compared to the same month of 2018 to reach JD 476.8 million. As for the first quarter of 2019, total merchandize exports increased by 9.3 percent compared to the same period of 2018 to reach JD 1,334.5 million.
- **Merchandize imports** decreased by 6.1 percent in March 2019, compared to the same month of 2018 to reach JD 1,020.4 million. As for the first quarter of 2019, Merchandize imports decreased by 3.2 percent compared to the same period of 2018 to reach JD 3,263.3 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 15.9 percent in March 2019 compared to the same month of 2018; standing at JD 543.6 million. As for the first quarter of 2019, the trade balance deficit decreased by 10.2 percent, compared to the same period of 2018 to reach JD 1,928.8 million.
- **Travel receipts** increased by 8.3 percent in April 2019 compared to the same month of 2018 to reach JD 358.0 million. As for the first four months of 2019, travel receipts increased by 6.1 percent compared to the same period of 2018 to reach JD 1,236.0 million. While travel payments increased by 9.1 percent in April 2019 compared to the same month of 2018 to reach JD 85.4 million. As the first four months of 2019 travel payments increased by 3.2 percent, compared to the same period of 2018 to reach JD 314.6 million.
- **Total workers' remittances receipts** decreased by 4.0 percent in April 2019 compared to the same month of 2018 to reach JD 217.1 million. As for the first four months of 2019, total workers remittances increased by 1.6 percent, compared to the same period of 2018 to reach JD 851.3 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,107.8 million (7.0 percent of GDP) during 2018 compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach 10.3 percent of GDP during 2018, compared with 13.3 percent of GDP during 2017.

- **Net direct investment** recorded an net inflow of JD 679.8 million during 2018, compared to JD 1,436.4 million during 2017.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,094.7 million at the end of 2018, compared to JD 29,432.7 million at the end of 2017.

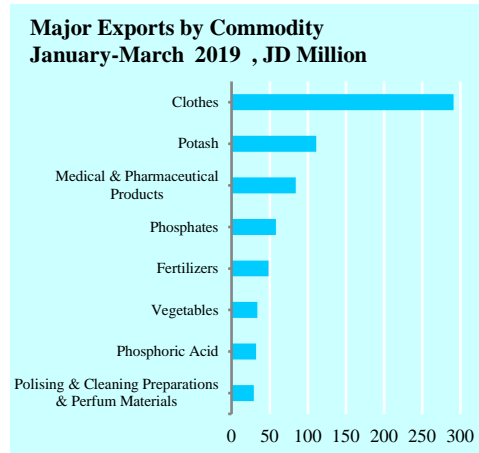
□ External Trade

- As a result of the increase in domestic exports by JD 95.3 million and the decrease in imports by JD 106.8 million during the first quarter of 2019, the volume of external trade (domestic exports *plus* imports) decreased by JD 11.5 million to stand at JD 4,366.2 million compared with the same period of 2018.

Jordan's Major Trading Partners JD Million				Main External Trade Indicators JD Million				
January-March				January-March				
	2018	2019	Percentage Change		2018	Percentage Change (%)	2019	Percentage Change (%)
Exports				External Trade	4,377.7	-1.7	4,366.2	-0.3
USA	280.9	295.7	5.3	Total Exports	1,221.1	-1.6	1,334.5	9.3
India	117.7	126.3	7.3	Domestic Exports	1,007.6	0.7	1,102.9	9.5
Saudi Arabia	105.0	119.1	13.4	Re-exports	213.5	-11.2	231.6	8.5
Iraq	93.9	91.0	-3.1	Imports	3,370.1	-2.3	3,263.3	-3.2
China	11.5	32.9	186.1	Trade Balance	-2,149.0	-2.7	-1,928.8	-10.2
Kuwait	26.2	31.6	20.6					
UAE	33.0	29.5	-10.6					
Imports								
Saudi Arabia	589.8	609.8	3.4					
China	473.7	500.9	5.7					
USA	305.2	256.6	-15.9					
Egypt	80.4	201.1	150.1					
Germany	141.8	157.1	10.8					
India	88.9	154.0	73.2					
Italy	126.6	101.8	-19.6					
Source: Department of Statistics.				Source: Department of Statistics.				

■ Merchandize Exports:

Total merchandize exports increased by 9.3 percent during the first quarter of 2019, to reach JD 1,334.5 million. This increase resulted from an increase in domestic exports by JD 95.3 million, or 9.5 percent to reach JD 1,102.9 million and an increase in re-exports by JD 18.1 million, or 8.5 percent to reach JD 231.6 million.



◆ The developments of domestic exports during the first quarter of 2019 compared with the same period of 2018 reveals the following:

- Exports of **Potash** increased by JD 22.9 million, or 26.0 percent, to stand at JD 111.0 million. The markets of India, China, Egypt and Indonesia accounted for 81.9 percent of these exports.
- Exports of **Clothes** increased by JD 16.4 million, or 6.0 percent, to stand at JD 291.2 million. The USA market accounted for 90.7 percent of these exports.
- Exports of **Phosphoric Acid** increased by JD 12.4 million or 62.9 percent to stand at JD 32.1 million. India and Saudi Arabia were the main destination markets for these export, accounting for 96.6 percent.

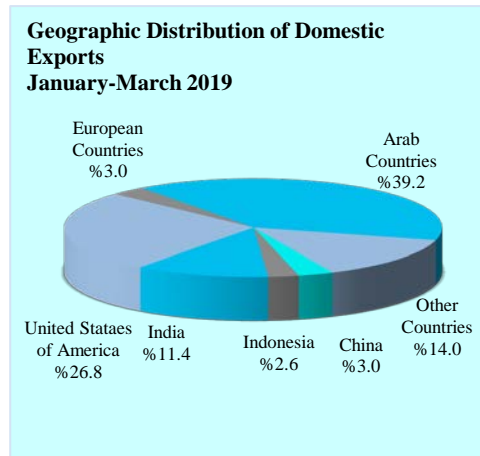
- Exports of **Polishing & cleaning preparations & perfume materials** increased by JD 7.4 million, or 33.8 percent, to reach JD 29.3 million. Iraq, Saudi Arabia, and Libya were the main destination markets; accounting for 79.9 percent of these exports.
- Exports of **Medical & Pharmaceutical Products** increased by JD 4.8 million, or 6.1 percent, to reach JD 84.1 million. The markets of Saudi Arabia, Iraq, Algeria and the USA accounted for 55.6 percent of these exports.
- Exports of **Fertilizers** increased by JD 2.9 million or 6.4 percent to reach JD 48.4 million. It is worth noting that India, Vietnam and Croatia were the main markets for these exports, accounting for 86.4 percent.

Major Domestic Exports by Commodity, JD Million
January- March 2018-2019

	2018	2019	Percentage Change
Domestic Exports	1,007.6	1,102.9	9.5
Clothes	274.8	291.2	6.0
USA	242.3	264.1	9.0
Potash	88.1	111.0	26.0
India	23.1	32.6	41.1
China	9.3	31.0	233.3
Egypt	11.9	14.9	25.2
Indonesia	11.0	12.4	12.7
Medical & Pharmaceutical Products	79.3	84.1	6.1
Saudi Arabia	18.3	16.0	-12.6
Iraq	12.7	13.3	4.7
Algeria	7.4	10.1	36.5
USA	8.1	7.4	-8.6
Phosphates	60.7	58.0	-4.4
India	43.8	38.9	-11.2
Indonesia	10.6	15.9	50.0
Fertilizers	45.5	48.4	6.4
India	30.3	32.0	5.6
Vitnam	6.8	6.1	-10.3
Croatia	0.0	3.7	-
Vegetables	32.2	33.6	4.3
Saudi Arabia	8.3	6.7	-19.3
Kuwait	5.0	6.7	34.0
UAE	5.8	5.8	0.0
Phosphoric Acid	19.7	32.1	62.9
India	15.6	18.9	21.2
Saudi Arabia	0.5	12.1	-
Polishing & Cleaning Preparations & Perfume Materials	21.9	29.3	33.8
Iraq	11.8	15.6	32.2
Saudi Arabia	5.6	6.1	8.9
Lybia	0.3	1.7	466.7

Source: Department of Statistics.

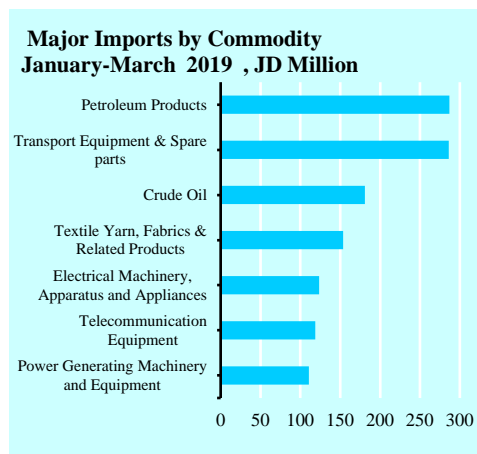
- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, “medical and pharmaceutical products”,



phosphates, Fertilizers, vegetables, Phosphoric Acid and “Polishing & Cleaning preparation & Perfume”, topped the list of domestic exports during the first quarter of 2019; accounting for 62.4 percent, compared with 61.8 percent during the same period of 2018. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, China, Kuwait, and the UAE were the main destination markets during the first quarter of 2019; accounting for 65.8 percent, compared with 66.3 percent during the same period of 2018.

■ Merchandize Imports:

Merchandize imports decreased by 3.2 percent to reach JD 3,263.3 million during the first quarter of 2019, compared to an decrease by 2.3 percent during the same period 2018.



◆ The developments of imports during the first quarter of 2019 compared with the same period of 2018 reveals the following:

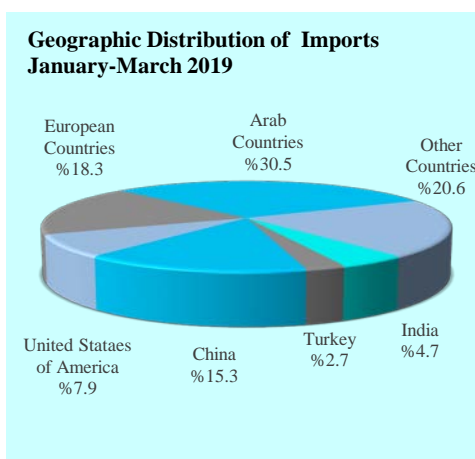
- **Textile Yarn, Fabrics and Related Products** imports decreased by JD 14.7 million or 8.7 percent to stand at JD 153.8 million. China, Taiwan and Turkey were the main markets, accounting for 74.1 percent of these imports
- **Electrical Machinery, Apparatus and Appliances** imports decreased by JD 11.1 million or 8.2 percent to reach JD 123.7 million. China, Germany and Turkey were the main origin markets accounting for 58.5 percent of these imports.
- **Plastic & Articles thereof** imports decreased by JD 10.9 million or 10.4 percent to reach JD 93.9 million. Saudi Arabia, China and the UAE were the main origin markets accounting for 73.5 percent of these imports.

- **Crude Oil** imports decreased by JD 1.4 million, or 0.8 percent, to reach JD 181.0 million. This decrease was mainly outcome from an increase in imported quantities by 1.0 percent and a decrease in prices by 1.7 percent. Noting that all crude oil imports came from Saudi Arabia.
- **Power Generating Machinery & equipment** import increased by JD 1.6 million or 1.5 percent to reach JD 110.8 million. The USA, China and Finland were the main markets, accounting for 86.4 percent of these imports.
- **Transport Equipment & Spare Parts** imports increased by JD 1.9 million or 0.7 percent to reach JD 286.1 million. The USA, Germany, Mexico and Japan were the main origin markets, accounting for 66.8 percent of these imports.

Major Imports by Commodity, JD Million January-March 2018-2019			
	2018	2019	Percentage Change
Total Imports	3,370.1	3,263.3	-3.2
Petroleum Products	230.8	287.1	24.4
Saudi Arabia	171.5	161.4	-5.9
India	18.2	58.4	220.9
Bahrain	0.0	30.2	-
Transport Equipment & Spare Parts	284.2	286.1	0.7
USA	60.3	67.3	11.6
Germany	39.1	45.5	16.4
Mexico	27.4	40.3	47.1
Japan	47.7	38.1	-20.1
Crude Oil	182.4	181.0	-0.8
Saudi Arabia	182.4	181.0	-0.8
Textile Yarn, Fabrics and Related Products	168.5	153.8	-8.7
China	71.4	69.8	-2.2
Taiwan	48.0	34.2	-28.8
Turkey	10.5	10.0	-4.8
Electrical Machinery Apparatus and Appliances	134.8	123.7	-8.2
China	53.4	54.0	1.1
Germany	7.6	9.7	27.6
Turkey	15.5	8.7	-43.9
Telecommunication Equipment	87.6	118.7	35.5
China	62.5	71.4	14.2
Vietnam	13.2	26.6	101.5
India	0.0	10.0	-
Power Generating Machinery and Equipment	109.2	110.8	1.5
USA	37.2	52.8	41.9
China	10.1	29.8	195.0
Finland	0.2	13.1	-
Plastic &Articles thereof	104.8	93.9	-10.4
Saudi Arabia	57.3	53.8	-6.1
China	9.0	7.8	-13.3
UAE	6.0	7.4	23.3

Source: Department of Statistics.

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



machinery apparatus and appliances”, “Telecommunication equipment”, “Power Generating Machinery and equipment” and “Plastic Articles thereof”, topped the list of imports during the first quarter of 2019, accounting for 41.5 percent; compared to 38.6 percent during the same period of 2018. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Egypt, Germany, India, and Italy were the main source markets during the first quarter of 2019; accounting for 60.7 percent of imports, compared to 53.6 percent during the same period of 2018.

■ Re-Exports

The value of re-exported goods in March 2019 increased by JD 14.9 million, or 18.5 percent, compared to the same month of 2018, to stand at JD 95.4 million. As for the first quarter of 2019, Re-exports increased by 8.5 percent to reach JD 231.6 million compared to the same period of 2018.

■ Trade Balance

The trade balance deficit decreased by JD 102.8 million, or 15.9 percent in March 2019 compared to the same month of 2018, to reach JD 543.6 million. As for the first quarter of 2019, the trade balance deficit decreased by 10.2 percent to reach JD 1,928.8 million compared to the same period of 2018

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 4.0 percent in April 2019 compared to the same month of 2018, to register JD 217.1 million. As for the first four months of 2019, total workers' remittances increased by JD 13.2 million, or 1.6 percent, to register JD 851.3 million, compared to the same period of 2018.

□ Travel

■ Receipts

Travel receipts increased by JD 27.5 million, or 8.3 percent, in April 2019 compared to the same month of 2018, to register JD 358.0 million. As for the first four months of 2019, travel receipts increased by JD 71.2 million, or 6.1 percent, to register JD 1,236.0 million, compared to the same period of 2018.

■ Payments

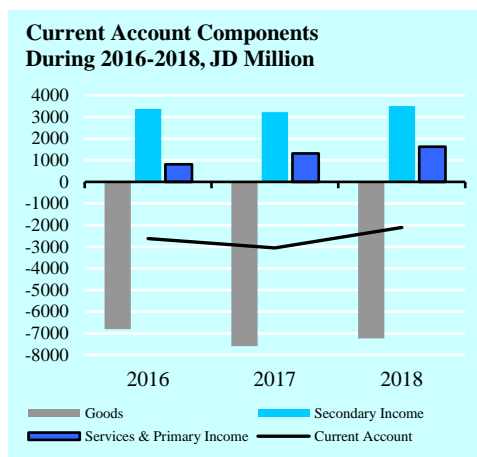
Travel payments increased by JD 7.1 million, or 9.1 percent, in April 2019 compared to the same month of 2018, to stand at JD 85.4 million. As for the first four months of 2019, travel payments increased by 9.9 million, or 3.2 percent, to register JD 314.6 million, compared to the same period of 2018.

□ Balance of Payments

The preliminary data for the balance of payments during 2018 reveals the following:

- The current account recorded a deficit of JD 2,107.8 million (7.0 percent of GDP) compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) during 2017. Meanwhile, the current account deficit excluding grants decreased to reach JD 3,103.3 million (10.3 percent of GDP) during 2018 compared to JD 3,831.4 million (13.3 percent of GDP) during 2017. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit during 2018 by JD 353.8 million, or 4.7 percent, to reach JD 7,239.4 million compared to JD 7,593.2 million during 2017.



- ◆ An increase in the services account surplus compared to 2017 by JD 310.5 million, to reach JD 1,766.3 million.
- ◆ A decrease in the primary income account deficit by JD 4.9 million, to reach JD 141.6 million during 2018 compared to a deficit of JD 146.5 million during 2017. This was mainly due to a decrease in deficit of the investment income (net) by JD 11.4 million, and a decrease in the surplus of “compensation of employees (net)” by JD 6.5 million.
- ◆ An increase in the secondary income surplus by JD 276.9 million to reach JD 3,506.9 million compared to JD 3,230.0 million during 2017, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 218.0 million to reach JD 995.5 million, and the increase in the net surplus transfers of other sectors by JD 58.9 million to reach JD 2,511.4 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 55.0 million during 2018 compared to a net inflow of JD 30.0 million during 2017. Meanwhile, the financial account registered a net inflow of JD 2,795.5 million during 2018 compared to a net inflow of JD 2,297.5 million during 2017, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 679.8 million compared to a net inflow of JD 1,436.4 million during 2017.
 - ◆ Portfolio investment recorded a net outflow of JD 146.5 million compared to a net inflow of JD 676.7 million during 2017.
 - ◆ Other investment registered a net inflow of JD 1,586.0 million compared to a net outflow of JD 91.5 million during 2017.
 - ◆ A decrease in the reserve assets of the CBJ by JD 676.2 million, compared to a decrease of JD 92.4 million during 2017.

□ 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 32,094.7 million at the end of 2018 compared to JD 29,432.7 million at the end of 2017. This 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 (residing) in the Kingdom by JD 883.3 million at the end of 2018 to reach JD 17,811.7 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 712.4 million and decrease in the currency and deposits of the banking sector abroad by JD 188.0 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 1,778.7 million at the end of 2018, to reach JD 49,906.4 million, this was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 609.7 million to stand at JD 24,927.5 million.
 - ◆ An increase of government long term loans by JD 298.9 million to stand at JD 4,527.8 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 1,160.8 million to stand at JD 8,733.9 million (increase by JD 748.6 million for the CBJ and increase by 412.2 for the licensed banks).
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 364.8 million to reach JD 536.6 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 264.9 million to stand at JD 7,944.6 million.