



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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❑ **OUR VISION**

To 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. |

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Executive Summary

□ Output, Prices and Employment

During the first three quarters of 2015, real GDP at market prices, grew by 2.3 percent, compared to 3.0 percent during the same period of 2014. The Consumer Price Index, contracted by 0.9 percent in 2015, against an increase of 2.9 percent in 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

- The CBJ's foreign currency reserves reached US\$ 14,153.5 million at the end of 2015, compared to US\$ 14,078.8 million at the end of 2014. This level of reserves covers around 7.8 months of the kingdom's import of goods and services.
- Domestic liquidity grew by JD 2,365.1 million (8.1 percent) at the end of 2015 compared to its level at the end of 2014, to stand at JD 31,605.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,829.0 million (9.5 percent) at the end of 2015 compared to its level at the end of 2014, to stand at JD 21,103.5 million.
- Total deposits at licensed banks increased by JD 2,337.5 million (7.7 percent) at the end of 2015, compared to its level at the end of 2014, totaling JD 32,598.5 million. This increase was a result of the increase in JD deposits by JD 2,001.4 million (8.3 percent) and the increase in foreign currency deposits by JD 336.1 million (5.4 percent).
- The Share Price Index (SPI) weighted by the market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,136.3 points at the end of 2015, decreasing by 29.2 points, or 1.3 percent, compared to its level at the end of 2014.

- **Public Finance:** During the first eleven months of 2015, the general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,026.5 million compared to a fiscal deficit in the amount of JD 899.9 million during the same period of 2014. Net outstanding domestic debt (budgetary and own-budget) increased by JD 1,474.9 million at the end of November 2015, compared to its level at the end of 2014, to stand at JD 13,573.0 million (50.0 percent of GDP). Outstanding external public debt increased by JD 1,213.5 million at the end of November 2015 compared to its level at the end of 2014 to reach JD 9,243.6 million, (34.1 percent of GDP). Accordingly, the net public debt (domestic and external) stood at 84.1 percent of GDP at the end of November 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 5.8 percent and 11.2 percent, to reach JD 5,100.1 million and JD 13,293.6 million, respectively, during the first eleven months of 2015. As a result, the trade deficit decreased by 14.3 percent compared to the same period in 2014, to reach JD 8,193.5 million. The preliminary data for the year 2015 shows a decrease in travel receipts by 7.1 percent and an increase in travel payments by 1.6 percent compared to 2014. Moreover, total worker's remittances increased by 1.5 percent during 2015. The balance of payments for the first three quarters of 2015 displayed a deficit in the current account amounting to JD 1,904.3 million, (9.7 percent of GDP) up from JD 1,392.0 million (7.5 percent of GDP) during the first three quarters of 2014. Moreover, net direct investment recorded an inflow of JD 608.9 million during the first three quarter of 2015 compared to a net inflow of JD 1,061.9 million during the same period of 2014. furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 24,466.4 million at the end of September of 2015 compared to JD 22,848.7 million at the end of 2014.

First: Monetary and Financial Sector

□ Summary

- The CBJ's foreign currency reserves reached US\$ 14,153.5 at the end of 2015, compared to US\$ 14,078.8 million at the end of 2014. This level of reserves covers around 7.8 months of the kingdom's imports of goods and services.
- Domestic liquidity increased by JD 2,365.1 million (8.1 percent) at the end of 2015, compared to its level at the end of 2014, to total JD 31,605.7 million.
- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,829.0 million (9.5 percent) at the end of 2015, compared to its level at the end of 2014 to reach JD 21,103.5 million.
- Total deposits at licensed banks increased by JD 2,337.5 million (7.7 percent) at the end of 2015, compared to its level at the end of 2014, to reach JD 32,598.5 million.
- The interest rates on all credit facilities and deposits at licensed banks had decreased at the end 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 2,136.3 points at the end of 2015, decreasing by 29.2 points (1.3 percent), compared to its level at the end of 2014. Moreover, the market capitalization decreased by JD 97.9 million (0.5 percent), compared to its registered level in 2014, to stand at JD 17,984.7 million.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

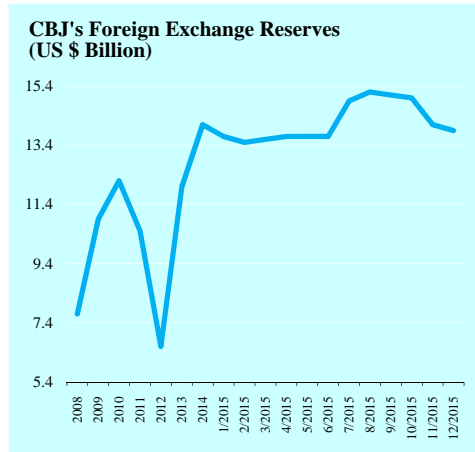
| | End of December | |
|--|-----------------|---------------|
| | 2014 | 2015 |
| CBJ's Foreign Currency Reserves* | US\$ 14,078.8 | US\$ 14,153.5 |
| | 17.3% | 0.5% |
| Money Supply (M2) | 29,240.4 | 31,605.7 |
| | 6.9% | 8.1% |
| Credit Facilities, of which: | 19,274.5 | 21,103.5 |
| | 1.8% | 9.5% |
| Private Sector (Resident) | 17,304.1 | 18,098.2 |
| | 4.4% | 4.6% |
| Total Deposits, of which: | 30,261.0 | 32,598.5 |
| | 9.7% | 7.7% |
| In JD | 24,013.1 | 26,014.5 |
| | 14.3% | 8.3% |
| In Foreign Currencies | 6,247.9 | 6,584.0 |
| | -5.2% | 5.4% |
| Deposits of Private Sector (Resident), of which: | 23,976.8 | 25,799.8 |
| | 8.0% | 7.6% |
| In JD | 19,574.8 | 21,163.1 |
| | 10.9% | 8.1% |
| In Foreign Currencies | 4,402.0 | 4,636.7 |
| | -3.2% | 5.3% |

* 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 reached US\$ 14,153.5 million at the end of 2015, compared to US\$ 14,078.8 million at the end of 2014. This level of reserves covers around 7.8 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

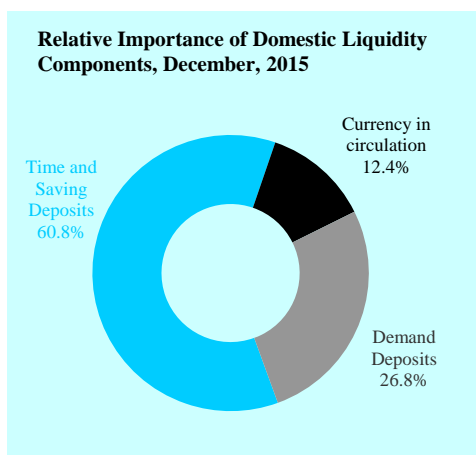
■ Domestic liquidity totaled JD 31,605.7 million at the end of 2015, increasing by JD 2,365.3 million, or 8.1 percent, compared to an increase of JD 1,877.0 million, or 6.9 percent, at the end of 2014.

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

● Components of Domestic Liquidity

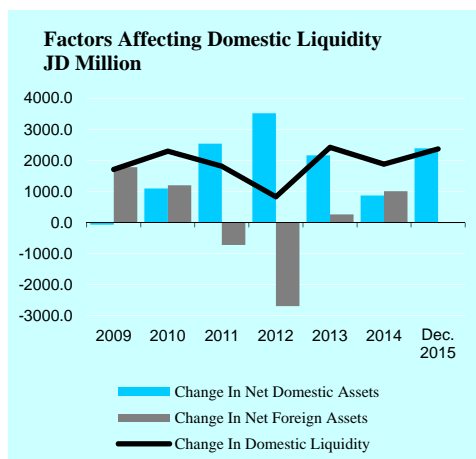
- Deposits increased by JD 2,236.4 million, or 8.8 percent, at the end 2015, compared to their level at the end of 2014, to total JD 27,672.4 million, against an increase amounting to JD 1,679.2 million, or 7.1 percent at the end of 2014.

- Currency in circulation increased by JD 128.9 million, or 3.4 percent, at the end of 2015, compared to its level at the end of 2014, to reach JD 3,933.3 million, against an increase in the amount of JD 197.8 million, or 5.5 percent, at the end of 2014.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system increased by JD 2,160.2 million, or 10.1 percent, at the end of 2015, compared to its level at the end of 2014, against an increase of JD 868.1 million,



or 4.2 percent, at the end of 2014. This increase was a result of the increase in net domestic assets at the licensed banks by JD 2,188.1 million, or 8.1 percent, and its decrease at the CBJ by JD 27.9 million, or 0.5 percent, respectively.

- Net foreign assets of the banking system increased by JD 205.1 million, or 2.6 percent, at the end of 2015, compared to their level at the end of 2014, against an increase in the amount of JD 1,008.9 million, or 14.6 percent, at the end of 2014. This increase was a result of the increase in net foreign assets at licensed banks by JD 20.3 million, or 1.0 percent, and the increase of net foreign assets at the CBJ by JD 184.8 million or 1.9 percent.

Factors Affecting Domestic Liquidity (M2) JD Million

| | End of December | |
|----------------------------------|-----------------|-----------------|
| | 2014 | 2015 |
| Foreign Assets (Net) | 7,932.3 | 8,137.3 |
| CBJ | 9,939.5 | 10,124.2 |
| Licensed Banks | -2,007.2 | -1,986.9 |
| Domestic Assets (Net) | 21,308.1 | 23,468.4 |
| CBJ, of which: | -5,753.9 | -5,781.8 |
| Claims on Public Sector (Net) | 1,219.0 | 1,519.1 |
| Other Items (Net*) | -6,995.3 | -7,324.1 |
| Licensed Banks | 27,062.1 | 29,250.2 |
| Claims on Public Sector (Net) | 9,635.3 | 10,220.9 |
| Claims on Private Sector | 17,830.3 | 18,681.3 |
| Other Items (Net) | -403.6 | 348.0 |
| Money Supply (M2) | 29,240.4 | 31,605.5 |
| Currency in Circulation | 3,804.4 | 3,933.3 |
| Total Deposits, of which: | 25,436.1 | 27,672.4 |
| In Foreign Currencies | 4,463.6 | 4,709.6 |

* 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

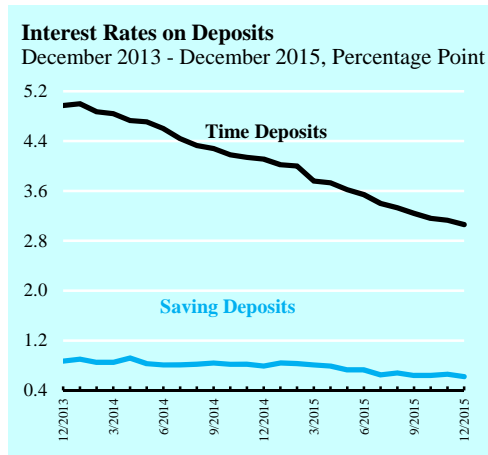
- Time Deposits: The weighted average interest rate on time deposits at the end of December 2015 decreased by 7 basis points, compared to its level in the previous month to stand at 3.06 percent. This rate is lower by 105 basis points than its level at the end of 2014.

Interest Rates on Monetary Policy Instruments, percentage points

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

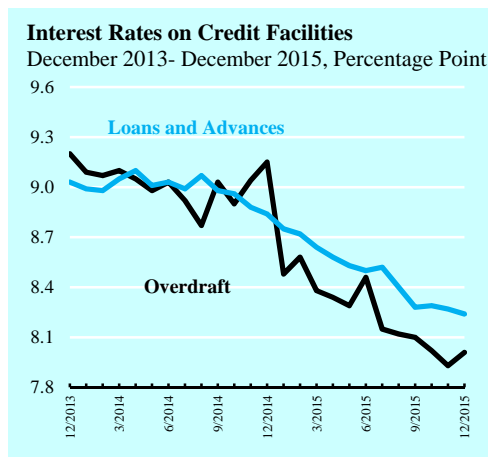
- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of December 2015 decreased by 4 basis points, compared to its level in the previous month to stand at 0.62 percent. This rate is lower by 17 basis points than its level at the end of 2014.



- **Demand Deposits:** The weighted average interest rate on demand deposits at the end of December 2015 decreased by one basis point compared to its level of the previous month to stand at 0.32 percent. This rate is lower by 11 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 December 2015 increased by 8 basis points compared to its level in the previous month to stand at 8.01 percent. This rate is lower by 114 basis points than its level at the end of 2014.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” at the end of December 2015, decreased by 54 basis points compared to its level recorded in the previous month to reach 8.70 percent. This rate is lower by 125 basis points compared to its level at the end of 2014.

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

| | December | | Change Relative to the Preceding Year Basis Points |
|----------------------------|----------|------|---|
| | 2014 | 2015 | |
| Deposits | | | |
| Demand | 0.43 | 0.32 | -11 |
| Saving | 0.79 | 0.62 | -17 |
| Time | 4.11 | 3.06 | -105 |
| Credit Facilities | | | |
| Discounted Bills and Bonds | 9.95 | 8.70 | -125 |
| Loans and Advances | 8.84 | 8.24 | -60 |
| Overdraft | 9.15 | 8.01 | -114 |
| Prime Lending Rate | 8.72 | 8.37 | -35 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 3 basis points at the end of December 2015, compared to its level in the previous month to stand at 8.24 percent. This rate is lower by 60 basis points than its level at the end of 2014.
- The prime lending rate stood at 8.37 percent at the end of December 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 518 basis points, at the end of December 2015, which is higher by 45 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 1,829.0 million (9.5%) at the end of 2015, compared to its level at the end of 2014, against an increase of JD 334.8 million, or 1.8 percent during the same period in 2014.

- The classification of extended credit facilities, according to economic activity, at the end of 2015 demonstrates an increase in credit to the public services and utilities sector by JD 1,062.0 million, or 48.9 percent, followed by "others" item which generally represents facilities extended to individuals by JD 688.5 million, or 15.3 percent and the credit facilities extended to the "construction" sector by JD 351.7 million, or 7.7 percent. Meanwhile the credit facilities extended to the "industry" and "transportation" sectors decreased by JD 385.4 million, or 15.2 percent and 32.9 million or 11.2 percent, respectively, compared to their levels at the end of 2014.
- In terms of borrowers, credit facilities at the end of 2015 had shown an increase in credit extended to the central government by JD 1,060.5 million, or 93.6 percent, the private sector (resident) by JD 794.0 million, or 4.6 percent, and the financial institutions by JD 2.4 million. Meanwhile, credit facilities extended to public institutions decreased by 23 million or 6.6 percent, and credit to the private sector (non-resident) decreased by JD 10.6 million or 1.0 percent compared to their levels at the end of 2014.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 32,598.5 million at the end of 2015, increasing by JD 2,337.5 million, or 7.7 percent, compared to its level at the end of 2014, against an increase of JD 2,667.8 million, or 9.7 percent, at the end of 2014.
- This increase was a result of the increase in the deposits of the private sector (resident) by JD 1,826.0 million, or 7.6 percent, the public sector (central government plus public institutions) by JD 246.0 million, or 10.0 percent, the private sector (non-resident) by JD 185.9 million, or 5.4 percent, and the non-banking financial

institutions by JD 82.8 million, or 23.0 percent, compared to their levels at the end of 2014.

- The currency composition of deposits at the end of 2015 reveal that JD deposits increased by JD 2,001.4 million, or 8.3 percent, while “foreign currency deposits” increased by JD 336.1 million, or 5.4 percent, compared to their levels at the end of 2014.

□ Amman Stock Exchange (ASE)

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

■ Trading Volume

Trading volume at ASE totaled JD 635.2 million in December 2015; increasing by JD 482.1 million compared to its level in the previous month, against an increase of JD 116.3 million, or 75.3 percent, during the same month in 2014. As for the end of 2015, the trading volume increased by JD 1,153.7 million, or 51.0 percent compared to its level at the end of 2014 to reach JD 3,417.1 million.

■ Traded Shares

The number of traded shares in December 2015 totaled 230.9 million shares; increasing by 100.5 million shares, or 77.1 percent, compared to its level in the previous month, against an increase amounting to 134.5 million shares, or 78.5 percent, during the same month in 2014. As for the end of 2015, the number of traded shares amounted to 2,585.8 million shares compared to 2,321.8 million shares traded during the year of 2014, up by 264.0 million shares, or 11.4 percent.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increased by 142.6 points, or 7.2 percent, at the end of December 2015 compared to its level in the previous month, to stand at 2,136.3 points, against an increase of 33.0 points, or 1.5 percent, during the same month in 2014. Furthermore, during the year of 2015, the SPI decreased by 29.2 points, or 1.3 percent compared to its level at the end of 2014, against a rise in the amount of 99.7 points, or 4.8 percent during the year of 2014. The aforementioned decrease was an outcome of the decrease in the SPI for the services sector by 68.1 points, or 3.8 percent, the financial sector by 14.7 points, or 0.5 percent, and the industrial sector by 3.2 points, or 0.2 percent, compared to their levels at the end of 2014.

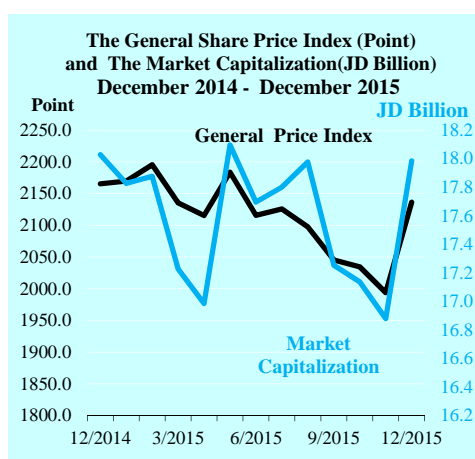
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sector

| | December | |
|----------------------|----------------|----------------|
| | 2014 | 2015 |
| General Index | 2,165.5 | 2,136.3 |
| Financial Sector | 2,920.9 | 2,906.2 |
| Industrial Sector | 1,852.0 | 1,848.8 |
| Services Sector | 1,794.8 | 1,726.7 |

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 18.0 billion at the end of December 2015; increasing by JD 1.1 billion, or 6.5 percent, compared to its level in the previous month, against an increase of JD



288.8 million or 1.6 percent, during the same month in 2014. As for the end of 2015, the market capitalization decreased by JD 97.9 million, or 0.5 percent, compared to a decrease of JD 150.9 million, or 0.8 percent, during the year of 2014.

■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an inflow amounting to JD 12.1 million in December 2015, compared to an inflow of JD 3.7 million during the same month in 2014; the value of shares acquired by non-Jordanian in December 2015 amounted to JD 481.6 million, while their selling amounted to JD 469.5 million. As for

| Main Amman Stock Exchange Trading Indicators, JD Million | | |
|--|----------|----------|
| | December | |
| | 2014 | 2015 |
| Value Traded | 270.7 | 635.2 |
| Average Daily Trading | 12.3 | 28.9 |
| Market Capitalization | 18,082.6 | 17,984.7 |
| No. of Traded Shares (million) | 305.8 | 230.9 |
| Net Investment of Non-Jordanian | 3.7 | 12.1 |
| Non-Jordanian Buying | 44.5 | 481.6 |
| Non-Jordanian Selling | 40.8 | 469.5 |

Source: Amman Stock Exchange.

the end of 2015, non-Jordanian net investment recorded an inflow amounted to JD 10.6 million compared to an outflow of JD 22.2 million, during the year of 2014.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.6 percent during the third quarter of 2015, compared to 3.1 percent during the same quarter of 2014. At current market prices, GDP grew by 4.7 percent during the third quarter of 2015, compared to 6.2 percent during the same quarter of 2014.
- Accordingly, the real GDP grew by 2.3 percent during the first three quarters of 2015, compared to 3.0 percent during the same period of 2014. At current market prices, GDP grew by 4.8 percent during the first three quarters of 2015, compared to 6.5 percent during the same period of 2014.
- The Consumer Price Index (CPI) contracted by 0.9 percent in 2015, against an increase of 2.9 percent in the 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 three quarters 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 2.3 percent compared to 3.0 percent during the first three quarters of 2014. When excluding “net taxes on products”, which grew by 1.3 percent, GDP at constant basic prices grew by 2.5 percent during the first three quarters of 2015, compared to 3.1 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 | 2.6 | - | - |
| GDP at Current Market Prices | 5.1 | 4.5 | 4.7 | - | - |

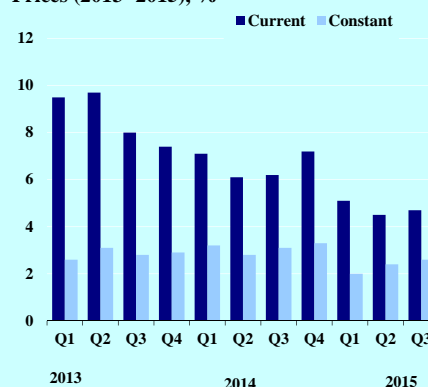
Source: Department of Statistics.

At current market prices, GDP grew by 4.8 percent during the first three quarters of 2015, compared to 6.5 percent during the same period 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 2.4 percent compared to 3.3 percent during the first three quarters 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 three quarters of 2015 were; “finance and insurance services” (0.5 percentage point), “transports, storage and communications” (0.4 percentage point), “producers of government services” (0.3 percentage point) “mining and quarrying” (0.2 percentage point), and manufacturing (0.2 percentage point). These sectors collectively accounted for 69.6 percent of real GDP growth during the above-mentioned period.

The economic sectors displayed a wide variation in their performance during the first three quarters of 2015. Some sectors recorded accelerated growth, such as “mining and quarrying”, “electricity and water”, “finance and insurance services”, “transport, storage and communications”, and “producers of government services”. In contrast, “restaurant and hotels”, and construction, experienced a contraction. On the other hand, “real state” and “domestic services of households” sectors maintained their performance.

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



Gross Domestic Product At Market Prices, Percentages

| Sectors | Relative change | | Contribution | |
|---|----------------------|------|--------------|------|
| | First three quarters | | | |
| | 2014 | 2015 | 2014 | 2015 |
| GDP At Market Prices | 3.0 | 2.3 | 3.0 | 2.3 |
| Agriculture, Hunting, Forestry, And Fishing | 3.0 | 0.7 | 0.1 | - |
| Mining And Quarrying | 14.2 | 16.8 | 0.2 | 0.2 |
| Manufacturing | 1.5 | 1.4 | 0.3 | 0.2 |
| Electricity And Water | 4.3 | 8.6 | 0.1 | 0.2 |
| Construction | 7.8 | -2.7 | 0.4 | -0.1 |
| Wholesale And Retail Trade | 4.3 | 1.4 | 0.4 | 0.1 |
| Restaurant And Hotels | 4.0 | -3.4 | - | - |
| Transport, Storage & Communications | 1.8 | 3.0 | 0.3 | 0.4 |
| Finance And Insurance Services | 3.3 | 5.5 | 0.3 | 0.5 |
| Real Estate | 2.2 | 2.2 | 0.2 | 0.2 |
| Community, Social And Personal Services | 5.0 | 4.1 | 0.2 | 0.2 |
| Producers Of Government Services | 1.9 | 2.4 | 0.2 | 0.3 |
| Producers Of Private Non-Profit Services To | 6.7 | 6.2 | - | - |
| 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 (15.1 percent). However, other indicators showed a contraction, particularly; licensed areas for building (-15.3 percent), number of passengers through the Royal Jordanian (-7.9 percent), and number of departures (-7.4 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 | 7.5 | January – November | -15.3 |
| -0.2 | Manufacturing production quantity index | -0.3 | | -1.2 |
| -1.5 | Food products and beverages | -2.2 | | 3.7 |
| 5.3 | Tobacco products | 6.3 | | -5.2 |
| -2.9 | Refined petroleum products | -4.9 | | 9.4 |
| 10.2 | Cement, lime and plaster | 10.2 | | -16.5 |
| 0.6 | Iron and steel | -2.8 | | 0.7 |
| -6.5 | Chemical products | -5.1 | | -3.4 |
| 28.3 | “Mining and quarrying” production quantity index | 21.5 | | 15.1 |
| 38.6 | Phosphate | 27.6 | | 18.3 |
| 20.3 | Potash | 17.6 | | 12.7 |
| -2.8 | Number of passengers through Royal Jordanian | -2.8 | The whole year | -7.9 |
| -1.7 | Cargo through Royal Jordanian | -1.7 | | -0.7 |
| 16.7 | Quantities of exported and imported goods shipped through Aqaba port | 16.7 | | -3.5 |
| -0.5 | Number of departures | -0.5 | | -7.4 |
| 22.4 | Value traded at the real estate market | 22.4 | | -2.0 |

*: Sources:

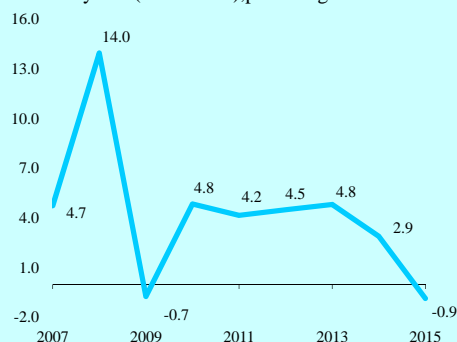
- Department of Statistics.
- Monthly Statistical Bulletin / Central Bank of Jordan.
- Royal Jordanian.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), contracted by 0.9 percent in 2015, against an increase of 2.9 percent in 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 (-14.1 percent), and “fuels and lighting” (-13.3 percent). They collectively contributed in reducing the overall inflation rate by 2.9 percentage points, compared to a positive contribution amounted to 0.3 percentage point during the year of 2014.

Annual Bases Inflation Rate

For the years (2007-2015), percentages



Inflation Rate during the years 2014 - 2015

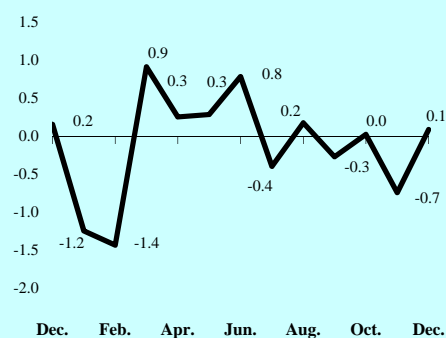
| Expenditure Groups | Relative Imp. | Relative change | | Contribution | |
|--|---------------|-----------------|-------|--------------|------|
| | | 2014 | 2015 | 2014 | 2015 |
| All Items | 100 | 2.9 | -0.9 | 2.9 | -0.9 |
| 1) Food and non-Alcoholic Beverages, of which: | 33.36 | 0.3 | 1.1 | 0.1 | 0.4 |
| Meat and Poultry | 8.24 | -0.3 | 0.3 | 0.0 | 0.0 |
| Dairy Products and Eggs | 4.23 | -0.4 | 0.6 | 0.0 | 0.0 |
| Vegetables and Legumes Dry and Canned | 3.89 | -2.2 | 1.8 | -0.1 | 0.1 |
| Fruits and Nuts | 2.73 | 2.5 | 4.8 | 0.1 | 0.1 |
| Oils and Fats | 1.92 | 0.0 | 3.7 | 0.0 | 0.1 |
| 2) Alcohol and Tobacco and Cigarettes | 4.43 | 15.0 | 3.5 | 0.5 | 0.1 |
| 3) Clothing and footwear | 3.55 | 9.3 | 4.9 | 0.3 | 0.2 |
| 4) Housing, of which: | 21.92 | 4.8 | 0.6 | 1.0 | 0.1 |
| Rents | 15.57 | 6.8 | 4.9 | 1.0 | 0.8 |
| Fuels and Lighting | 4.85 | -0.2 | -13.3 | 0.0 | -0.7 |
| 5) Household Furnishings and Equipment | 4.19 | 2.3 | 1.9 | 0.1 | 0.1 |
| 6) Health | 2.21 | 6.3 | 2.6 | 0.1 | 0.1 |
| 7) Transportation | 13.58 | 2.1 | -14.1 | 0.3 | -2.2 |
| 8) Communication | 3.50 | -0.1 | 0.1 | 0.0 | 0.0 |
| 9) Culture and Recreation | 2.27 | 2.6 | 5.5 | 0.1 | 0.1 |
| 10) Education | 5.41 | 3.4 | 3.1 | 0.2 | 0.2 |
| 11) Restaurants and Hotels | 1.83 | 2.1 | 1.3 | 0.0 | 0.0 |
| 12) Other Goods and Services | 3.75 | 1.3 | 0.8 | 0.0 | 0.0 |

Source: Department of Statistics.

In contrast, prices of other groups and items showed varied increases, mainly; “culture and recreation” (5.5 percent), “fruits and nuts” (4.8 percent), and “oils and fats” (3.7 percent); influenced by supply and demand factors in the domestic market.

In December 2015, the CPI increased by 0.1 percent compared with November 2015. This was due to the increase in the prices of some items, mainly; “vegetables and legumes dry and canned” (8.1 percent), and rents (1.4 percent).

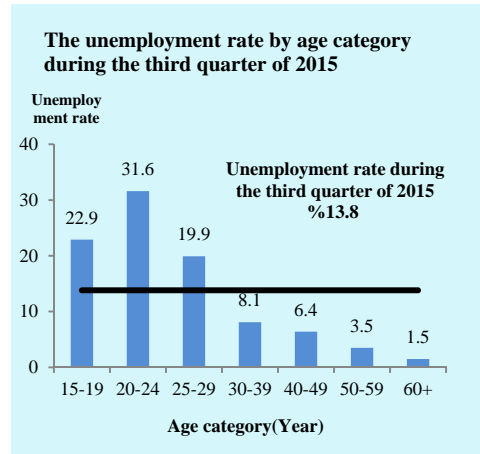
Monthly Inflation Rate
(Dec. 2014 - Dec. 2015, percentages)



□ 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 1,026.5 million during the first eleven months of 2015, compared to a fiscal deficit in the amount of JD 899.9 million, during the same period in 2014. When excluding foreign grants (JD 448.4 million), the general budget deficit reaches JD 1,474.9 million compared to a deficit in the amount of JD 1,655.5 million during the same period in 2014.
- Net outstanding domestic public debt increased by JD 1,048.0 million at the end of November 2015 compared to its level at the end of 2014, to reach JD 13,573.0 million (50.0 percent of GDP).
- Outstanding external public debt (budgetary and guaranteed) increased by JD 1,213.5 million at the end of November 2015, compared to its level at the end of 2014, to stand at JD 9,243.6 million (34.1 percent of GDP).
- As a result, net outstanding public debt (domestic and external) reached JD 22,816.6 million (84.1 percent of GDP) at the end of November 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 eleven months of 2015 compared to the same period in the preceding year:

■ Public Revenues

Public revenues (including foreign grants) decreased by JD 13.8 million, or 3.0 percent, in November 2015 comparing to the same month of 2014 to reach JD 441.6 million. As for the first eleven months of 2015, these revenues were down by JD 320.7 million, or 5.3 percent, compared to the same period in 2014 to stand at JD 5,734.3 million. This came as a result of the decrease in domestic revenues by JD 13.5 million, as well as foreign grants by JD 307.2 million.

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

(JD Million and Percentages)

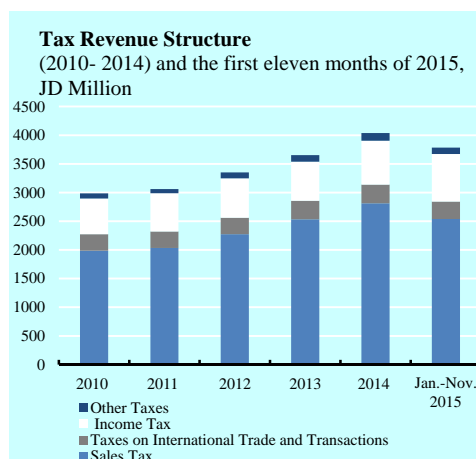
| | November | | Growth Rate | Jan. – Nov. | | Growth Rate |
|--------------------------------------|---------------|---------------|-------------|----------------|-----------------|-------------|
| | 2014 | 2015 | | 2014 | 2015 | |
| Total Revenues and Grants | 455.4 | 441.6 | -3.0 | 6,055.0 | 5,734.3 | -5.3 |
| Domestic Revenues, of which: | 421.2 | 402.3 | -4.5 | 5,299.4 | 5,285.9 | -0.3 |
| Tax Revenues, of which: | 296.7 | 290.7 | -2.0 | 3,724.6 | 3,783.6 | 1.6 |
| General Sales Tax | 232.5 | 231.0 | -0.6 | 2,575.1 | 2,539.0 | -1.4 |
| Other Revenues | 122.8 | 110.1 | -10.3 | 1,556.2 | 1,485.7 | -4.5 |
| Foreign Grants | 34.2 | 39.3 | 14.9 | 755.6 | 448.4 | -40.7 |
| Total Expenditures, of which: | 659.3 | 632.5 | -4.1 | 6,954.9 | 6,760.9 | -2.8 |
| Capital Expenditures | 116.6 | 78.5 | -32.7 | 878.5 | 815.9 | -7.1 |
| Overall Deficit/ Surplus | -203.9 | -190.9 | - | -899.9 | -1,026.5 | - |

Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues decreased by JD 13.5 million, or 0.3 percent, during the first eleven months of 2015 compared to the same period in 2014, to reach JD 5,284.9 million. This decrease was an outcome of the drop in “other revenues” and “pension contributions” by

JD 70.5 million, and JD 2.0 million, respectively, and the rise in the proceeds of “tax revenues” by JD 59.0 million.



● Tax Revenues

Tax revenues increased by JD 59.0 million, or 1.6 percent, during the first eleven months of 2015 compared to the same period in 2014, to reach JD 3,783.6 million (71.6 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 36.1 million, or 1.4 percent, which reached JD 2,539.0 million (accounting for 67.1 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 41.4 million, and JD 25.7 million, respectively. While “sales tax on domestic goods” and “sales tax on services” have increased by JD 18.4 million, and JD 12.7 million, respectively.
- An increase in the proceeds of “income and profit taxes” by JD 100.5 million, or 13.8 percent, which reached JD 826.9 million (accounting for 21.9 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 51.9 million, and the rise in the proceeds of “income tax from individuals” by JD 48.6 million. Accordingly, income tax from companies accounted for 76.9 percent of total taxes on income and profits to reach JD 636.2 million.

- An increase in the proceeds of “taxes on international trade and transactions” (including customs duties and fees) by JD 2.7 million or 0.9 percent, to reach JD 305.7 million (accounting for 8.1 percent of total tax revenues).
- A decrease in real-estates tax (taxes on financial transactions) by JD 8.1 million, or 6.7 percent, to reach JD 112.0 million (accounting for 3.0 percent of total tax revenues).

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

“Other revenues” decreased by JD 70.5 million, or 4.5 percent, during the first eleven months of 2015 to reach JD 1,485.7 million. This decrease was chiefly due to:

- A decrease in property income by JD 181.0 million to stand at JD 321.8 million (of which financial surplus of independent government units amounted to JD 285.0 million).
- A decrease in “revenues from selling goods and services” by JD 31.2 million to reach JD 778.9 million.
- A rise in miscellaneous revenues by JD 141.7 million to stand at JD 385.0 million.

- **Pension Contributions**

Pension contributions were down by JD 2.0 million during the first eleven months of 2015, standing at JD 16.6 million.

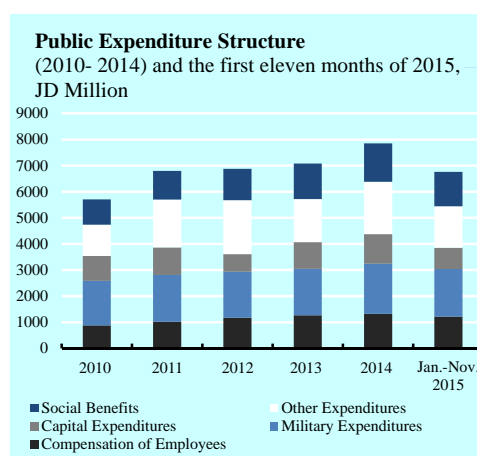
- ◆ **Foreign Grants**

Foreign grants decreased by JD 307.2 million during the first eleven months of 2015, standing at JD 448.4 million.

Public Expenditures

Public expenditures witnessed a decrease by JD 26.8 million, or 4.1 percent, in November 2015 compared to the same month in 2014 to stand at JD 632.5 million. Moreover, public expenditures declined by JD 194.0 million, or 2.8 percent during the first eleven months of 2015, to stand at JD 6,760.9 million. This

decrease was a result of the drop in current expenditures by JD 131.4 million, and capital expenditures by JD 62.6 million.



Current Expenditures

Current expenditures decreased by JD 131.4 million, or 2.2 percent, during the first eleven months of 2015, to reach JD 5,945.0 million. This decrease was chiefly due to:

- A decrease in social benefit expenditures by JD 41.2 million to stand at JD 1,320.4 million, accounting for 22.2 percent of total current expenditures.
- A drop in interest payments by JD 21.9 million to stand at JD 839.6 million, accounting for 14.1 percent of total current expenditures.
- A decrease in “purchases of goods and services” by JD 3.6 million to stand at JD 304.4 million, accounting for 5.1 percent of total current expenditures.
- A drop in goods subsidies by JD 83.2 million to stand at JD 134.6 million, accounting for 2.3 percent of total current

expenditures. It is worth mentioning that this item includes only food subsidies starting from 2013.

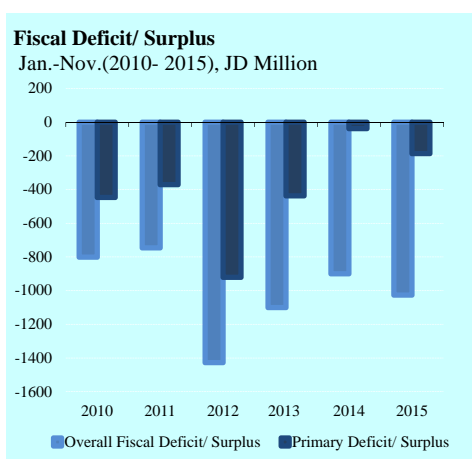
- An increase in military expenditures by JD 44.7 million to total JD 1,822.0 million, accounting for 30.6 percent of total current expenditures.
- A rise in the “compensation of civil sector's employees” (wages, salaries and social security contributions) by JD 16.0 million to reach JD 1,217.4 million, accounting for 20.5 percent of total current expenditures.

◆ Capital Expenditures

Capital expenditures decreased by JD 62.6 million, or 7.1 percent during the first eleven months of 2015 compared to the same period in 2014, to reach JD 815.9 million.

■ General Budget Deficit/ Surplus

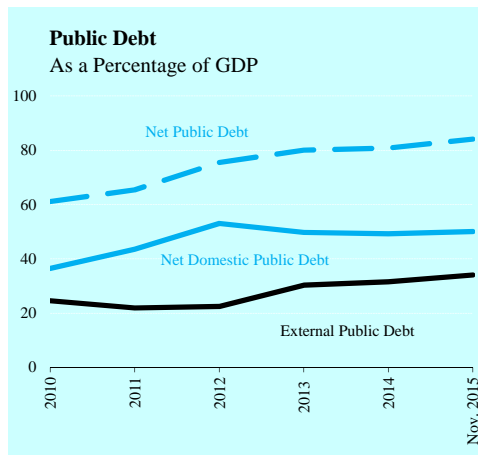
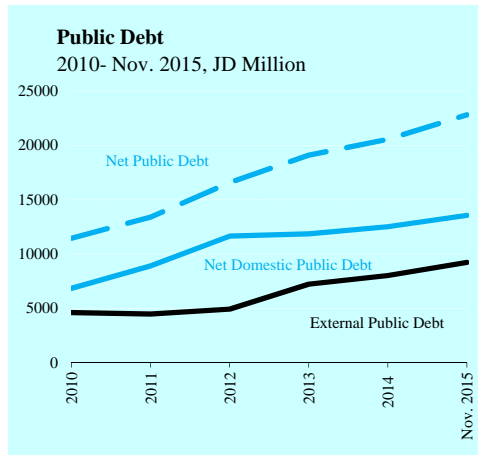
- ◆ The general budget, including grants, displayed a fiscal deficit amounted to JD 1,026.5 million during the first eleven months of 2015, against a fiscal deficit in the amount of JD 899.9 million during the same period in 2014.



- ◆ The general budget showed a primary deficit (after excluding interest payments on public debt from total expenditures) amounted to JD 186.9 million during the first eleven months of 2015, against a primary deficit of JD 38.4 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 1,048.0 million at the end of November 2015 comparing to its level at the end of 2014 to total JD 13,573.0 million, or 50.0 percent of GDP. This result was an outcome of the rise in gross outstanding domestic public debt by JD 735.0 million to reach JD 15,356.0 million, and the decrease in the government deposits at the banking system by JD 312.0 million to reach JD 1,784.0 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 187.0 million at the end of November 2015, compared to their level at the end of 2014 standing at JD 12,284.0 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 by JD 972.0 million to stand at JD 2,520.0 million, on



the other. In this regard, loans and advances extended to these agencies increased by JD 1,018.0 million to stand at JD 1,957.0 million. While, own-budget agencies' bonds decreased by JD 46.0 million at the end of November 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 1,213.5 million at the end of November 2015 compared to its level at the end of 2014, amounting to JD 9,243.6 million (34.1 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 2015. Note that the government was issued sovereign Eurobonds in international markets in the amount of US\$ 500 million in November 2015, in order to pay off a US\$ 750 million sovereign Eurobonds issued in 2010. The currency debt structure shows that external debt in US dollars accounted for 60.6 percent, while debt in Euros accounted for 6.2 percent. Furthermore, external debt in Japanese Yen and Kuwaiti Dinars accounted for 6.4 percent and 8.3 percent of the outstanding external public debt, respectively, while external debt in SDRs accounted for 15.7 percent.
- Net public debt (domestic and external) increased by JD 2,261.5 million at the end of November 2015 compared to its level at the end of 2014 to stand at JD 22,816.6 million, (84.1 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 1,341.3 million during the first eleven months of 2015 (of which interest payments amounting to JD 200.1 million) compared to JD 766.5 million (of which interest payments amounting to JD 183.7 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 | 2016 | | Percentage Change |
| | | January | February | |
| Unleaded Gasoline 90 | Fils/Liter | 520.0 | 495.0 | -4.8 |
| Unleaded Gasoline 95 | Fils/Liter | 680.0 | 650.0 | -4.4 |
| Gas Oil (Diesel) | Fils/Liter | 360.0 | 320.0 | -11.1 |
| Kerosene | Fils/Liter | 360.0 | 320.0 | -11.1 |
| Liquid Gas (12.5kg) | JD/Unit | 7.0 | 7.0 | 0.0 |
| Fuel oil for industry | JD/Ton | 200.0 | 177.7 | -11.2 |
| Fuel for airplanes (local companies) | Fils/Liter | 300.0 | 255.0 | -15.0 |
| Fuel for airplanes (foreign companies) | Fils/Liter | 305.0 | 260.0 | -14.8 |
| Fuel for unplanned flights | Fils/Liter | 320.0 | 275.0 | -14.1 |
| Asphalt | JD/Ton | 220.0 | 194.9 | -11.4 |

Source: Jordan Petroleum Refinery Company (1/2/2016).

- 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 2015).

- 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).
- The Cabinet decided to extend the exemptions of homebuyers from registration fee until 30/11/2016 (December 2015).
- The Investment Council decided to reduce the income tax on information and communication technology sector to 5%, as well as sales tax rate to zero, in addition to the exemption of production inputs from all taxes and fees (January 2016).
- Land Transport Regulatory Commission decided to reduce public transport fares by 10%, to be effective starting Feb. 2016 (January 2016).

□ Grants, Loans and Other Agreements

- 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.
- Signing two soft loan and a grant agreements with the Arab Fund for Economic and Social Development, in the amount of US\$ 70.69 million, to finance priority development projects determined in the executive development program of 2016 – 2018, distributed as follows (December 2015):
 - A grant agreement in the amount of KWD 300 thousand (equivalent to US\$ one million), to purchase a weather radar and its accessories for the Jordan Meteorological Department.

- A soft loan agreement in the amount of KWD 6 million (equivalent to US\$ 19.7 million), to develop the infrastructure of Petra Region.
- A soft loan agreement in the amount of US\$ 50 million, to finance the program for support small and medium size private sector project and enterprises in Jordan through SME's funding and guarantee.
- Signing two grant agreements extended by German government in the amount of EUR 18.5 million, distributed as follows (December 2015):
 - A grant agreement in the amount of EUR 15 million, to finance solar power plant to produce electricity in zaatari refugee camp and Syrian refugees hosting communities.
 - A grant agreement in the amount of EUR 3.5 million, to finance the project of conversion of solid waste into energy.
- Signing a concessional loan and a grant agreements with the European Bank for Reconstruction and Development (EBRD), in the amount of US\$ 19.5 million, distributed as follows (January 2016):
 - US\$ 14 million concessional loan agreement to finance the implementation of the East Zarqa Waterwaste Project.
 - US\$ 5.5 million grant agreement for the same project, to finance work, services and related procurement for the

construction of a new wastewater pipeline, as well as the rehabilitation of an existing wastewater pipeline, from East Zarqa station to Samara Wastewater Treatment Plant.

- Signing a grant agreement extended by Kuwait in the amount of US\$ 20 million, to support the Jordanian response plan to the Syrian crisis (January 2016).
- Signing a grant agreement extended by Canadian government in the amount of CAD 39 million, that targets sustainable economic growth in Jordan by implementing two Canadian funded projects, distributed as follows (January 2016):
 - CAD 19.85 million to support “Sustainable Economic Development through Renewable Energy Project”.
 - CAD 19.1 million to the project of “Enterprises Development in the Jordan Valley”.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 3.1 percent in November 2015 compared to the same month of 2014, to record JD 449.6 million. As for the first eleven months of 2015, total merchandize exports decreased by 5.8 percent to reach JD 5,100.1 million.
- **Merchandize imports** decreased by 19.4 percent in November 2015 compared to the same month of 2014, to reach JD 1,191.2 million. As for the first eleven months of 2015, total merchandize imports decreased by 11.2 percent to reach JD 13,293.6 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 26.9 percent in November 2015 compared to the same month in 2014; standing at JD 741.6 million. As for the first eleven months of 2015, the trade balance deficit declined by 14.3 percent to reach JD 8,193.5 million.
- **Travel receipts** decreased in December 2015 compared to the same month of 2014 by 0.1 percent and travel payments increased 8.9 percent, to reach JD 214.4 million, and JD 57.5 million; respectively. as for the 2015; travel receipts decreased by 7.1 percent to record JD 2,886.1 million, on the other hand, travel payments increased by 1.6 percent to reach JD 823.5 million.
- **Total workers' remittances receipts** decreased by 2.9 percent in December 2015 compared to the same month of 2014 to reach JD 214.4 million. As for the 2015; total workers' remittances receipts increased by 1.5 percent to reach JD 2,692.6 million.
- **The current account of the balance of payments** registered a deficit of JD 1,904.3 million (9.7 percent of GDP) during the first three quarters of 2015 compared to a deficit of JD 1,392.0 million (7.5 percent of GDP) during the first three quarters of 2014.
- **Net direct investment** recorded an inflow of JD 608.9 million during the first three quarters of 2015, down from JD 1,061.9 million during the first three quarters of 2014.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 24,466.4 million at the end of September of 2015; compared to JD 22,848.7 million at the end of 2014.

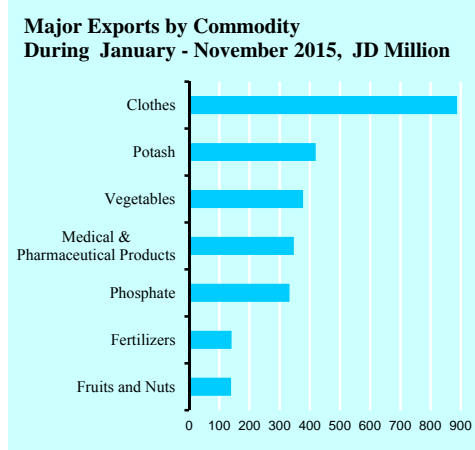
□ External Trade

- As a result of the decrease in domestic exports and imports by JD 285.3 million and JD 1,682.0 million, respectively, during the first eleven months of 2015 compared to the same period in 2014, the volume of external trade (domestic exports *plus* imports) decreased by JD 1,967.3 million to stand at JD 17,705.2 million.

| Jordan's Major Trading Partners JD Million | | | | Main External Trade Indicators JD Million | | | | |
|---|---------|---------|-------------------|--|-----------------------------|------|-----------------------------|-------|
| January - November | | | | January - November | | | | |
| | 2014 | 2015 | Percentage Change | | Percentage Change 2014/2013 | 2015 | Percentage Change 2015/2014 | |
| Exports | | | | External Trade | 19,672.5 | 5.3 | 17,705.2 | -10.0 |
| USA | 843.1 | 912.5 | 8.2 | Total Exports | 5,416.8 | 4.5 | 5,100.1 | -5.8 |
| Saudi Arabia | 644.9 | 724.3 | 12.3 | Domestic Exports | 4,696.9 | 6.2 | 4,411.6 | -6.1 |
| Iraq | 767.7 | 453.6 | -40.9 | Re-exports | 719.9 | -5.3 | 688.5 | -4.4 |
| India | 426.5 | 387.9 | -9.1 | Imports | 14,975.6 | 5.0 | 13,293.6 | -11.2 |
| UAE | 180.6 | 210.5 | 16.6 | Trade Balance | -9,558.8 | 5.2 | -8,193.5 | -14.3 |
| Kuwait | 114.3 | 191.9 | 67.9 | Source: Department of Statistics. | | | | |
| China | 118.9 | 151.9 | 27.8 | | | | | |
| Imports | | | | | | | | |
| Saudi Arabia | 2,877.5 | 2,069.9 | -28.1 | | | | | |
| China | 1,563.1 | 1,671.7 | 6.9 | | | | | |
| USA | 857.5 | 808.1 | -5.8 | | | | | |
| Germany | 583.8 | 616.0 | 5.5 | | | | | |
| UAE | 733.3 | 540.2 | -26.3 | | | | | |
| Turkey | 553.6 | 495.4 | -10.5 | | | | | |
| Italy | 455.5 | 490.6 | 7.7 | | | | | |
| South Korea | 499.1 | 452.4 | -9.4 | | | | | |
| Source: Department of Statistics. | | | | | | | | |

■ Merchandize Exports:

Total merchandize exports decreased by 5.8 percent during the first eleven months of 2015, compared to an increase of 4.5 percent during the same period in



2014, to record JD 5,100.1 million. This decrease resulted from a decline in domestic exports by JD 285.3 million, or 6.1 percent, to reach JD 4,411.6 million, and in re-exports by 4.4 percent, to reach JD 688.5 million.

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

- Exports of **vegetables** decreased by JD 39.7 million, or 9.5 percent, to reach JD 377.4 million. The Saudi, UAE and Kuwait markets were the main destinations of these exports, accounting for 54.8 percent.

- Exports of **Medical & Pharmaceutical products** decreased by JD 22.5 million, or 6.1 percent, to reach JD 346.9 million. The Saudi, Algerian, Sudanese and Iraq markets accounted for 54.5 percent of these exports.
- Exports of **phosphates** increased by JD 34.2 million, or 11.5 percent, to register JD 332.3 million. This increase was mainly due to an increase in exported quantities by 4.3 percent and in the prices of phosphates by 6.9 percent. It is worth noting that the Indian market was the main destination for these exports, accounting for 68.7 percent of phosphates exports.

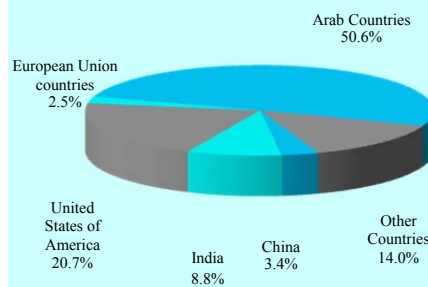
Major Domestic Exports by Commodity, JD Million
January – November 2014-2015

| | 2014 | 2015 | Percentage Change |
|--|----------------|----------------|-------------------|
| Domestic Exports | 4,696.9 | 4,411.6 | -6.1 |
| Clothes | 821.4 | 888.1 | 8.1 |
| USA | 743.2 | 801.0 | 7.8 |
| Potash | 396.1 | 419.2 | 5.8 |
| China | 113.6 | 149.2 | 31.3 |
| India | 106.5 | 100.5 | -5.6 |
| Malaysia | 36.0 | 52.7 | 46.4 |
| Vegetables | 417.1 | 377.4 | -9.5 |
| Saudi Arabia | 60.2 | 73.0 | 21.3 |
| UAE | 74.6 | 72.0 | -3.5 |
| Kuwait | 57.8 | 61.7 | 6.7 |
| Medical & Pharmaceutical Products | 369.4 | 346.9 | -6.1 |
| Saudi Arabia | 93.2 | 80.3 | -13.8 |
| Algeria | 55.6 | 41.9 | -24.6 |
| Sudan | 32.6 | 37.9 | 18.4 |
| Iraq | 40.7 | 28.8 | -29.2 |
| Phosphates | 298.1 | 332.3 | 11.5 |
| India | 205.9 | 228.3 | 10.9 |
| Indonesia | 44.9 | 50.9 | 13.4 |
| Fertilizers | 272.7 | 140.4 | -48.5 |
| India | 81.1 | 45.1 | -44.4 |
| Turkey | 50.2 | 26.5 | -47.2 |
| Iraq | 13.3 | 22.6 | 69.9 |
| Fruits and nuts | 105.2 | 138.9 | 32.0 |
| Kuwait | 6.6 | 41.8 | - |
| Saudi Arabia | 19.5 | 41.5 | 112.8 |
| Iraq | 46.4 | 18.0 | -61.2 |

Source: Department of Statistics.

- Exports of **potash** increased by JD 23.1 million, or 5.8 percent, to stand at JD 419.2 million. The Chinese, Indian and Malaysian, markets accounted for 72.1 percent of these exports.

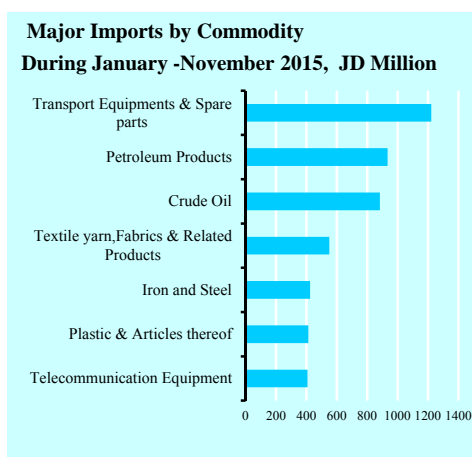
**Geographic Distribution of Domestic Exports
January- November 2015**



- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, potash, vegetables, “medical and pharmaceutical products”, phosphates, Fertilizers and fruits & nuts topped the list of domestic exports during the first eleven months of 2015; accounting for 59.9 percent of domestic exports, up from 57.1 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 eleven months of 2015; accounting for 68.7 percent of domestic exports, up from 65.9 percent during the same period in 2014.

■ Merchandize Imports:

Merchandize imports decreased by 11.2 percent to reach JD 13,293.6 million during the first eleven months of 2015, compared to an increase by 5.0 percent during same period in 2014.



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

- **Petroleum products** imports decreased by JD 1,357.4 million, or 59.2 percent, to reach JD 933.9 million. The main source markets of these imports were Saudi Arabia, Turkey and Belgium; accounting for 63.2 percent.
- **Crude oil** imports decreased by JD 672.0 million, or 43.2 percent, to reach JD 883.8 million. This decrease was mainly attributed to the decline in prices by 48.0 percent, while imported quantities increased by 9.1 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 112.5 million, or 10.1 percent, to reach JD 1,221.0 million. Japan, South Korea and USA were the main markets for these imports; accounting for 58.2 percent.

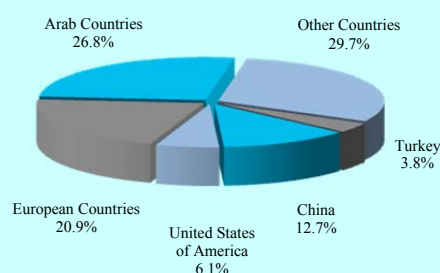
- Consequently, the commodity composition of imports indicates that “transport equipment's and spare parts”, petroleum products, crude oil,

| Major Imports by Commodity, JD Million During first eleven months 2014-2015 | | | |
|---|-----------------|-----------------|--------------------------|
| | 2014 | 2015 | Percentage Change |
| Total Imports | 14,975.6 | 13,293.6 | -11.2 |
| Transport Equipment's & Spare Parts | 1,108.5 | 1,221.0 | 10.1 |
| Japan | 233.0 | 259.5 | 11.4 |
| South Korea | 215.5 | 256.8 | 19.2 |
| USA | 246.9 | 193.9 | -21.5 |
| Petroleum Products | 2,291.3 | 933.9 | -59.2 |
| Saudi Arabia | 291.7 | 332.1 | 13.8 |
| Turkey | 201.8 | 129.9 | -35.6 |
| Belgium | 64.5 | 128.4 | 99.1 |
| Crude oil | 1,555.8 | 883.8 | -43.2 |
| Saudi Arabia | 1,555.8 | 883.8 | -43.2 |
| Textile Yarn, Fabrics & Related Products | 549.4 | 550.7 | 0.2 |
| China | 223.8 | 208.8 | -6.7 |
| Taiwan | 154.6 | 184.8 | 19.5 |
| Turkey | 36.4 | 36.0 | -1.1 |
| Iron & steel | 493.7 | 424.2 | -14.1 |
| China | 130.4 | 149.7 | 14.8 |
| Iran | 4.6 | 86.5 | - |
| Saudi Arabia | 43.1 | 34.0 | -21.1 |
| Plastic & Articles thereof | 479.2 | 412.2 | -14.0 |
| Saudi Arabia | 238.2 | 199.5 | -16.2 |
| UAE | 30.1 | 36.0 | 19.6 |
| China | 30.7 | 27.3 | -11.1 |
| Electrical Machinery, Apparatus & Appliances | 309.7 | 407.5 | 31.6 |
| China | 77.5 | 120.9 | 56.0 |
| Turkey | 19.8 | 34.7 | 75.3 |
| Germany | 20.5 | 27.4 | 33.7 |

Source: Department of Statistics.

“textile yarn, fabrics, made up articles and related products”, “iron and steel”, “plastic & articles thereof” and “electrical machinery, apparatus and appliances” topped the

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



list of imports during the first eleven months 2015, accounting for 36.4 percent of total imports; down from 45.3 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 Italy were the main sources of imports during the first eleven months 2015; accounting for 53.7 percent of total imports, compared to 54.2 percent during the same period in 2014.

■ Re-Exports

A decrease of JD 31.4 million, or 4.4 percent, was registered in the value of re-exported goods during the first eleven months of 2015 compared to the same period in 2014, to reach JD 688.5 million.

■ Trade Balance

The trade balance deficit during the first eleven months of 2015 decreased by JD 1,365.3 million, or 14.3 percent, to register JD 8,193.5 million, compared to the same period in 2014.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 2.9 percent in December 2015, compared to the same month of 2014 to register JD 214.4 million. As for the 2015, total workers' remittances receipts increased by 1.5 percent compared to 2014 to reach JD 2,692.6 million.

□ Travel

■ Receipts

Travel receipts decreased by JD 0.3 million, or 0.1 percent, in December 2015, compared to the same month of 2014 to register JD 214.4 million. As for the 2015, travel receipts decreased by 7.1 percent compared to 2014 to reach JD 2,886.1 million.

■ Payments

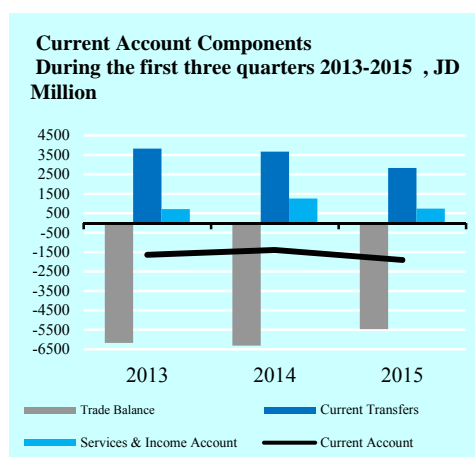
Travel payments increased by JD 4.7 million, or 8.9 percent, in December 2015, compared to the same month of 2014 to stand at JD 57.5 million. As for the 2015, travel payments increased by 1.6 percent compared to 2014 to reach JD 823.5 million.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1,904.3 million (9.7 percent of GDP) compared to a deficit of JD 1,392.0 million (7.5 percent of GDP) during the first three quarters of 2014. This was an outcome of the following developments:

- ◆ A decrease in the trade balance deficit during the first three quarters of 2015 by JD 850.5 million, 13.5 percent, to reach JD 5,465.2 million compared to JD 6,315.7 million during the first three quarters of 2014.



- ◆ A decrease in the surplus of the services account by JD 495.5 million to reach JD 944.0 million.
- ◆ Income account recorded a deficit of JD 209.5 million compared to a deficit of JD 186.0 million during the first three quarters of 2014. This was an outcome of the increase in the deficit recorded in investment income (net) by JD 27.1 million and the increase in the surplus recorded in compensation of employees (net) by JD 3.6 million.
- ◆ A decrease in the surplus of net current transfers by JD 843.8 million; to reach JD 2,826.4 million, as a result of the decrease in net transfers of public sector (foreign grants) by JD 505.0 million, to reach JD 341.4 million, and the decrease of the transfers of other sectors by 338.3 million to reach JD 2,485.0 million.

- The capital and financial account during the first three quarters of 2015 registered a net inflow of JD 1,240.3 million, compared to a net inflow of JD 479.6 million during the first three quarters of 2014. This can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 608.9 million compared to an inflow of JD 1,061.9 million during the first three quarters of 2014.
 - ◆ Portfolio investments recorded a net inflow of JD 966.8 million compared to an inflow of JD 935.5 million during the first three quarters of 2014.
 - ◆ Other investments registered a net inflow of JD 905.3 million compared to an inflow of JD 191.7 million during the first three quarters of 2014.
 - ◆ An increase in the reserve assets of CBJ by JD 1,244.5 million, compared to an increase of JD 1,712.1 million during first three quarters of 2014.

□ **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 24,466.4 million at the end of September of 2015 compared to JD 22,848.7 million at the end of 2014. This increase was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (resident) in the Kingdom by JD 734.8 million to reach JD 19,271.7 million at the end of September of 2015 compared to the end of 2014. The CBJ's reserve assets increased by JD 1,127.5 million, while the currency and deposits of the banking sector decreased by JD 466.4 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 2,352.5 million at the end of September of 2015 compared to the end of 2014; standing at JD 43,738.1 million due to the following developments:
 - ◆ An increase in the stock of direct investment in Jordan by JD 829.1 million to stand at JD 21,336.4 million.
 - ◆ An increase in the stock of portfolio investments by JD 1,012.4 million to reach JD 6,933.1 million. Due to the issuance of sovereign Eurobonds in the international markets in a total amount of JD 1,063.5 million.
 - ◆ An increase in the deposits of non-residents at licensed banks by JD 385.6 million, to reach JD 6,923.9 million.
 - ◆ An increase in the outstanding balance of the general government long-term loans by JD 25.8 million to reach JD 3,221.0 million.
 - ◆ A decrease in the stock of trade credits by JD 91.5 million to reach JD 596.1 million.