



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 37Amman11118Jordan

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 the first quarter of 2019, real GDP at market prices grew by 2.0 percent, compared to a growth rate of 1.9 percent during the same quarter of 2018. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first seven months of 2019 by 0.5 percent, compared to a rise of 4.5 percent during the same period of 2018. Furthermore, the unemployment rate increased during the second quarter of 2019 to stand at 19.2 percent, compared to 18.7 percent during the same quarter of 2018.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,904.8 million at the end of July 2019. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 34,321.4 million at the end of July 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 26,836.8 million at the end of July 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 34,577.3 million at the end of July 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 1,873.5 points at the end of July 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 567.1 million (3.6 percent of GDP) during the first half of 2019, compared to a fiscal deficit of JD 661.4 million (4.4 percent of GDP) during the same period of 2018. Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 893.4 million at the end of June 2019 compared to its level at the end of 2018, standing at JD 17,144.1 million (54.9 percent of GDP). However, outstanding external public debt (budget and guaranteed) went up by JD 316.8 million at the end of June 2019, compared to its level at the end of 2018, to reach JD 12,404.3 million (39.8 percent of GDP). Accordingly, gross public debt (domestic and external) stood at 94.6 percent of GDP at the end of June 2019, compared to 94.4 percent of GDP at the end of 2018.
- ❑ **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 4.5 percent during the first half of 2019 to reach JD 2,687.3 million. Meanwhile, merchandize imports decreased by 3.8 percent to reach JD 6,597.6 million. As a result, the trade balance deficit decreased by 8.8 percent compared to same period of 2018, to reach JD 3,910.3 million. The preliminary data for the first seven months of 2019 showed an increase in travel receipts by 8.6 percent and an increase in travel payments by 4.4 percent compared to the same period of 2018. Moreover, total workers' remittances receipts increased by 0.7 percent in the first seven months of 2019 compared to the same period of 2018. The preliminary data for the balance of payments during the first quarter of 2019 displayed a deficit in the current account amounted to JD 342.6 million (4.8 percent of GDP) compared to a deficit of JD 633.2 million (9.3 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach 6.0 percent of GDP compared with 10.5 percent of GDP during the same period of 2018. Moreover, net direct investment recorded a net inflow of JD 177.6 million during the first quarter of 2019 compared to a net inflow of JD 190.1 million during the same period of 2018. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 32,357.9 million at the end of the first quarter of 2019 up from JD 32,171.4 million at the end of 2018.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,904.8 million at the end of July 2019. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 33,321.4 million at the end of July 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 26,836.8 million at the end of July 2019, compared to JD 26,111.8 million at the end of 2018.
- Total deposits at licensed banks amounted to JD 34,577.3 million at the end of July 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 July 2019, except the interest rate on saving deposit, which had decreased, compared to their levels at the end of 2018. Meanwhile, the interest rates on the credit facilities extended by the licensed banks showed a mixed performance at the end of July 2019, increased on overdraft, decreased on discounted bills and bonds, while the interest rate on loans and advances maintained the same level registered in 2018.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,873.5 points at the end of July 2019, compared to 1,908.8 points at the end of 2018. Moreover, the market capitalization reached JD 15,432.1 million at the end of July 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 July	
2018		2018	2019
US\$13,392.3	CBJ's Foreign Reserves*	US\$ 12,579.0	US\$ 13,904.8
-6.9%		-12.6%	3.8%
33,359.3	Money Supply (M2)	33,504.9	34,321.4
1.2%		1.7%	2.9%
26,111.8	Credit Facilities, of which:	25,794.3	26,836.8
5.6%		4.3%	2.8%
23,011.3	Private Sector (Resident)	22,622.1	23,787.4
5.8%		4.0%	3.4%
33,848.1	Total Deposits, of which:	33,758.8	34,577.3
2.0%		1.7%	2.2%
25,667.6	In JD	25,704.5	26,461.7
0.1%		0.2%	3.1%
8,180.5	In Foreign Currencies	8,054.3	8,115.6
8.3%		6.6%	-0.8%
26,944.5	Deposits of Private Sector (Resident), of which:	27,065.7	27,664.4
0.1%		0.6%	2.7%
20,846.4	In JD	21,059.2	21,593.4
-1.9%		-0.9%	3.6%
6,098.1	In Foreign Currencies	6,006.5	6,071.0
7.8%		6.2%	-0.4%

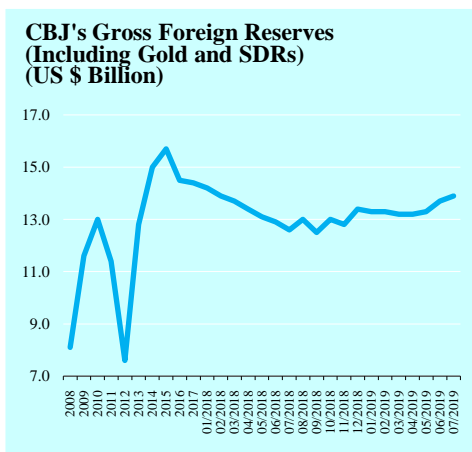
* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ CBJ's Foreign Reserves

The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 13,904.8 million at the end of July 2019. This level of reserves covers around 7.5 months of the

Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

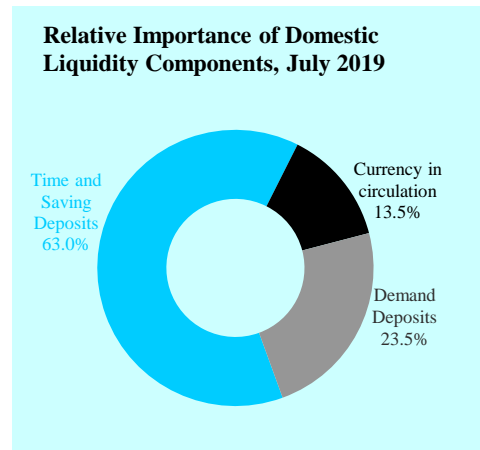
■ Domestic liquidity amounted to JD 34.3 billion at the end of July 2019, compared to JD 33.4 billion at the end of 2018.

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

● Components of Domestic Liquidity

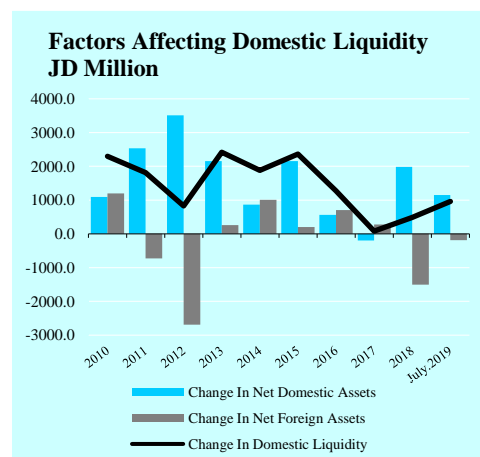
- Total liquidity deposits amounted to JD 29.7 billion at the end of July 2019, compared to JD 29.0 billion at the same period in 2018, and 29.1 billion at the end of 2018.

- Currency in circulation amounted to JD 4.6 billion at the end of July 2019, compared to JD 4.5 billion at the end of July 2018, and JD 4.3 billion at the end of 2018.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 27.1 billion at the end of July 2019, compared to JD



25.9 billion at the end of July 2018, and JD 26.0 billion at the end of 2018.

- Net foreign assets of the banking system amounted to JD 7.2 billion at the end of July 2019, compared to JD 7.6 billion at the end of July 2018, and JD 7.4 billion at the end of 2018. The CBJ's net foreign assets amounted to JD 9.5 billion at the end of July 2019.

Factors Affecting Domestic Liquidity (M2) JD Million

		End of July	
2018		2018	2019
7,368.3	Foreign Assets (Net)	7,649.5	7,183.5
9,151.3	CBJ	9,197.1	9,493.0
-1,783.0	Licensed Banks	-1,547.6	-2,309.5
25,991.0	Domestic Assets (Net)	25,855.4	27,137.9
-4,345.0	CBJ, of which:	-4,173.0	-4,310.4
675.2	Claims on Public Sector (Net)	816.1	524.8
-5,043.0	Other Items (Net*)	-5,012.6	-4,858.4
30,336.1	Licensed Banks	30,028.4	31,448.3
10,234.1	Claims on Public Sector (Net)	9,925.5	10,949.7
23,686.8	Claims on Private Sector	23,344.9	24,475.4
-3,584.8	Other Items (Net)	-3,242.0	-3,976.8
33,359.3	Money Supply (M2)	33,504.9	34,321.4
4,296.4	Currency in Circulation	4,531.1	4,634.0
29,062.9	Total Deposits, of which:	28,973.8	29,687.4
6,168.0	In Foreign Currencies	6,064.9	6,151.5

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

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments

- ◆ On August 4th, 2019, CBJ cut the interest rates on all monetary policy instruments by 25 basis points, to become as follows:

- The CBJ main interest rate: 4.50 percent.
- Re-discount Rate: 5.50 percent.

Interest Rates on Monetary Policy Instruments, percentage points

2018		July	
		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	3.50	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.

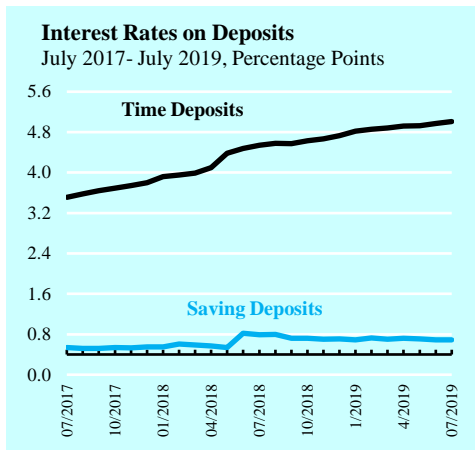
- Interest Rate on Overnight Repurchase Agreements: 5.25 percent.
- Overnight Deposit Window Rate: 3.75 percent.
- Weekly/ Monthly Repurchase Agreements: 4.50 percent.
- The interest rate on weekly certificates of deposit: 4.50 percent.

The decision comes in response to the recent developments of the interest rates in the regional and international markets, and aims to boost the growth of credit granted to various economic sectors and stimulate domestic spending, both consumption and investment, which will positively affect the rates of economic growth.

■ Interest Rates in the Banking Sector

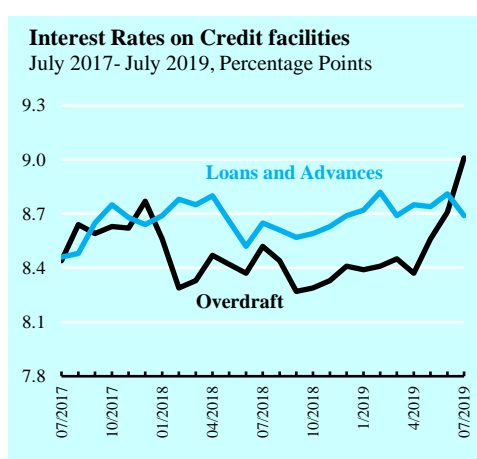
◆ Interest Rates on Deposits

- **Time Deposits:** The weighted average interest rate on time deposits increased by 4 basis points at the end of July 2019, compared to its level in the previous month, to stand at 5.01 percent. This rate is higher by 28 basis points than its level at the end of 2018.
- **Saving Deposits:** The weighted average interest rate on saving deposits maintained the same level at the end of July 2019, compared to its level registered in the previous month to stand at 0.69 percent. This rate is lower by 2 basis points than its level at the end of 2018.
- **Demand Deposits:** The weighted average interest rate on demand deposits increased by 7 basis points at the end of July 2019, compared to its level registered in the previous month to stand at 0.48 percent. This rate is higher by 10 basis points than its level at the end of 2018.



◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 30 basis points at the end of July 2019, compared to its level registered in the previous month to stand at 9.01 percent. This rate is higher by 60 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 21 basis points at the end of July 2019, compared to its level registered in the previous month, to stand at 8.13 percent. This rate is lower by 151 basis points than its level at the end of 2018.
- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 12 basis points at the end of July 2019, compared to its level registered in the previous month, to stand at 8.69 percent, maintaining the same level registered at the end of 2018.
- The prime lending rate stood at 9.79 percent at the end of July 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.

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

		July		Change Relative to the Preceding Year Basis Points
2018		2018	2019	
Deposits				
0.38	Demand	0.44	0.48	10
0.71	Saving	0.79	0.69	-2
4.73	Time	4.54	5.01	28
Credit Facilities				
9.64	Discounted Bills and Bonds	10.05	8.13	-151
8.69	Loans and Advances	8.65	8.69	0
8.41	Overdraft	8.52	9.01	60
9.57	Prime Lending Rate	9.44	9.79	22

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 725.0 million, or 2.8 percent, at the end of July 2019, against an increase by JD 1,057.5 million, or 4.3 percent, during the same period in 2018.
- In terms of borrowers, the credit facilities at the end of July 2019 had shown an increase in credit extended to the private sector (resident) by JD 776.1 million, or 3.4 percent, the public institutions by JD 55.1 million, or 12.8 percent, and the non-

banking financial institutions by JD 7.1 million, or 33.0 percent. In contrast, the credit facilities extended to the central government decreased by JD 58.0 million or 2.9 percent, and private sector (non-resident) by JD 55.3 million, or 8.4 percent, compared to their levels at the end of 2018.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 34,577.3 million at the end of July 2019, increasing by JD 729.2 million, or 2.2 percent, compared to its level at the end of 2018, against an increase of JD 561.1 million, or 1.7 percent, during the same period in 2018.
- The currency composition of deposits at the end of July 2019 revealed that the JD deposits amounted to JD 26.5 billion, and the deposits in foreign currencies amounted to JD 8.1 billion, compared to JD 25.7 billion of JD deposits, and JD 8.1 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 seven months of 2019. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 149.7 million in July 2019, increasing by JD 52.6 million, or 54.1 percent, compared to its level registered in the previous month, against an increase by JD 30.6 million, or 40.9 percent during the same month in 2018. As for the seven months of 2019, the trading volume decreased by JD 68.8 million, or 7.8 percent, compared to the same period in 2018, to reach JD 817.8 million.

■ Traded Shares

The number of traded shares in July 2019 totaled 154.5 million shares, increasing by 61.7 million shares, or 66.5 percent, compared to its level registered in the previous month, against an increase by 12.3 million shares, or 20.3 percent, during the same month in 2018. As for the first seven months of 2019, the number of traded shares amounted to 688.8 million shares, compared to 676.6 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 6.6 points, or 0.4 percent, at the end of July 2019, compared to its level in the previous month, to stand at 1,873.5 points, against a decrease by 62.6 points, or 3.0 percent, during the same month in 2018. As for the first seven months of 2019, the SPI decreased by 35.3 points, or 1.9 percent, against a decrease by 119.0 points, or 5.6 percent, during the same period in 2018. The aforementioned decrease was an outcome of the decrease in the SPI of the financial sector by 116.5 points, or 4.4 percent, the industrial sector by 25.4 points, or 1.3 percent, and increase in the SPI of services sector by 52.2 points, or 4.1 percent, compared to their levels at the end of 2018.

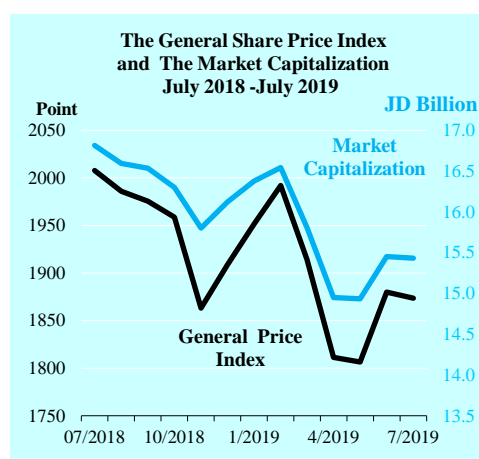
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

		July	
2018		2018	2019
1,908.8	General Index	2,007.8	1,873.5
2,652.7	Financial Sector	2,764.3	2,536.2
1,882.7	Industrial Sector	2,025.6	1,857.4
1,279.8	Services Sector	1,346.7	1,332.0

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 15.4 billion at the end of July 2019, decreasing by JD 18.7 million, or 0.1 percent, compared to its level registered in the previous month, against a decrease by JD 380.8 million, or 2.2 percent, during the same month in 2018. As for the first seven months of 2019, the market capitalization decreased by JD 690.6 million, or 4.3 percent, against a decrease by JD 147.5 million, or 0.9 percent, during the same period in 2018.



■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounting to JD 3.6 million in July 2019, compared to an inflow by JD 30.0 million during the same month in 2018. The value of shares buying by non-Jordanian in July 2019 amounted to JD 26.9 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million			
		July	
2018		2018	2019
2,319.3	Value Traded	105.5	149.7
9.3	Average Daily Trading	4.6	6.5
16,122.7	Market Capitalization	16,815.1	15,432.1
1,245.9	No. of Traded Shares (million)	72.6	154.5
484.5	Net Investment of Non-Jordanian	30.0	-3.6
1,231.8	Non-Jordanian Buying	39.9	26.9
747.3	Non-Jordanian Selling	9.9	30.5
Source: Amman Stock Exchange.			

amounted to JD 30.5 million. As for the first seven months of 2019, the non-Jordanian net investment recorded an outflow amounting to JD 44.3 million, compared to an inflow by JD 16.3 million during the same period in 2018.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices witnessed a slight improvement in its performance, growing by 2.0 percent during the first quarter of 2019, against 1.9 percent during the same quarter of 2018. At current market prices, GDP grew by 3.9 percent during the first quarter of 2019, compared to 4.0 percent during the same quarter of 2018.
- The general price level, measured by the percentage change in the CPI, increased during the first seven months of 2019 by 0.5 percent, compared to a rise of 4.5 percent during the same period of 2018.
- The unemployment rate increased during the second quarter of 2019 to stand at 19.2 percent (17.1 percent for males and 27.2 percent for females), compared to 18.7 percent (16.6 percent for males and 26.8 percent for females) during the same quarter of 2018. The highest unemployment rate among youth reached 46.2 percent for those between 15-19 years old, and 39.9 percent for those between 20-24 years old.

■ Developments of GDP

- Gross domestic product (GDP), at constant market prices witnessed a slight improvement, which grew by 2.0 percent during 2019, compared to 1.9 percent during the same quarter of 2018. Economic growth has been strongly affected by the uncertainty prevailing in the region, which contributed to the decline in Foreign Direct Investment (FDI) in the kingdom. When excluding “net taxes on products”, which grew by 1.0 percent, GDP at constant basic prices grew by 2.1 percent during the first quarter of 2019, compared to 2.0 percent during the same quarter of 2018.

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

Percentages

	Q1	Q2	Q3	Q4	Year
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
2019					
GDP at Constant Prices	2.0				
GDP at Current Prices	3.9				

Source: Department of Statistics.

At current market prices, GDP grew by 3.9 percent during the first quarter of 2019, compared to 4.0 percent during the same quarter of 2018. This increase is mainly attributed to the increase in the general price level, measured by the GDP deflator, which grew by 1.8 percent during the first quarter of 2019 compared to 2.0 percent growth during the same quarter of 2018.

The main sectors that contributed to the real economic growth during the first quarter of 2019; “real estate” (0.4 percentage point), “finance and insurance services” (0.3 percentage point), “transport and communications” (0.3 percentage point), manufacturing (0.2 percentage point), “producers of government services” (0.2 percentage point), and agriculture (0.2 percentage point). These sectors collectively accounted for 80.0 percent of the real GDP growth rate during the first quarter of 2019.

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

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



The main sectors contributed to economic growth at constant prices

Sectors	Relative change		Contribution	
	2018	2019	2018	2019
	Q1	Q1	Q1	Q1
GDP At Constant Market Prices	1.9	2.0	1.9	2.0
Agriculture	3.5	3.6	0.2	0.2
Mining And Quarrying	2.9	0.9	0.1	-
Manufacturing	0.5	1.3	0.1	0.2
Electricity And Water	2.5	1.7	0.1	-
Construction	-0.6	-0.5	-	-
Wholesale And Retail Trade	1.6	1.1	0.1	0.1
Restaurant And Hotels	1.6	0.8	-	-
Transport, Storage And Communications	2.9	3.7	0.2	0.3
Finance And Insurance Services	3.6	3.3	0.3	0.3
Real Estate	2.5	2.7	0.4	0.4
Social And Personal Services	4.1	3.4	0.3	0.2
Producers of Government Services	1.0	1.4	0.1	0.2
Producers of Private Non-Profit	3.0	3.4	-	-
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 growth, such as; “Number of passengers through Royal Jordanian” (0.9 percent), “number of departures” (15.3 percent) and “mining and quarrying production quantity index” (5.1 percent). However, other indicators showed a contraction, particularly; “value traded at the real estate market” (21.0 percent) and “Manufacturing production quantity index” (1.5 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	-6.3	Jan-June	-47.9
-2.4	-7.0	Manufacturing production quantity index	-7.2	Jan-July	-1.5
-4.9	-12.7	Food products and beverages	-20.7		5.5
-3.1	-7.2	Tobacco products	2.8		-1.9
-7.3	-16.9	Refined petroleum products	-19.3		8.8
-6.3	-4.3	Wearing apparel	-16.1		-0.03
1.9	-5.6	Non-metallic mineral products	5.3		-19.0
0.3	27.7	Chemical products	35.5		11.4
13.4	0.5	“Mining and quarrying” production quantity index	2.0		5.1
-13.8	-6.2	Extraction of crude petroleum and natural gas	-5.2		-8.3
13.6	0.6	Other mining and quarrying	2.1		5.2
6.9	3.8	Number of passengers through Royal Jordanian	5.9		0.9
8.4	10.6	Cargo through Royal Jordanian	10.4		-9.4
7.3	7.4	Number of departures	6.0		15.3
-14.1	-13.0	Value traded at the real estate market	-10.8		-21.0

* : 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 0.5 percent during the first seven months of 2019, compared to a rise of 4.5 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 faded out, most notably, the tax on tobacco and cigarettes and the liberalization of bread prices, as well as the drop in oil prices in the international markets. The inflation rate during the seven months of 2019 was an outcome of the following:

- The increase in the prices of some items and groups, notably:
 - “Vegetables and Legumes Dry and Canned” prices increased by 9.4 percent, compared to a contraction of 6.5 percent during the same period of 2018.
 - “Cereals and products” prices increased by 5.0 percent, compared to a rise of 19.5 percent during the same period of 2018.

inflation rate during the first seven months for the years (2011-2019)



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

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-July		Jan-July	
		2018	2019	2018	2019
All Items	100.0	4.5	0.5	4.5	0.5
1) Food and non-Alcoholic Beverages	33.4	3.0	0.5	0.9	0.2
Food	30.5	3.0	0.6	0.8	0.2
Cereals and Products	5.0	19.5	5.0	0.8	0.2
Meat and Poultry	8.2	1.7	-2.7	0.1	-0.2
Fish and Sea Product	0.8	1.6	-0.4	0.0	0.0
Dairy Products and Eggs	4.2	0.1	-3.8	0.0	-0.2
Oil and Fats	1.9	4.9	1.2	0.1	0.0
Fruits and Nuts	2.7	1.6	-1.4	0.0	0.0
Vegetables and Legumes Dry and Canned	3.9	-6.5	9.4	-0.2	0.3
2) Alcohol and Tobacco and Cigarettes	4.4	15.3	-1.4	0.7	-0.1
Alcohol	0.0	2.4	0.0	0.0	0.0
Tobacco and Cigarettes	4.4	15.4	-1.4	0.7	-0.1
3) Clothing and footwear	3.5	-1.7	-0.9	-0.1	0.0
4) Housing	21.9	3.5	1.7	0.8	0.4
Rents	15.6	2.8	2.2	0.5	0.4
Fuels and Lighting	4.8	7.3	0.5	0.3	0.0
5) Household Furnishings and Equipment	4.2	2.0	0.2	0.1	0.0
6) Health	2.2	6.7	1.0	0.2	0.0
7) Transportation	13.6	10.4	-1.3	1.4	-0.2
8) Communication	3.5	0.3	0.0	0.0	0.0
9) Culture and Recreation	2.3	2.2	1.4	0.1	0.0
10) Education	5.4	2.5	1.8	0.1	0.1
11) Restaurants and Hotels	1.8	6.9	1.0	0.1	0.0
12) Other Goods and Services	3.7	2.4	0.9	0.1	0.0

Source: Department of Statistics.

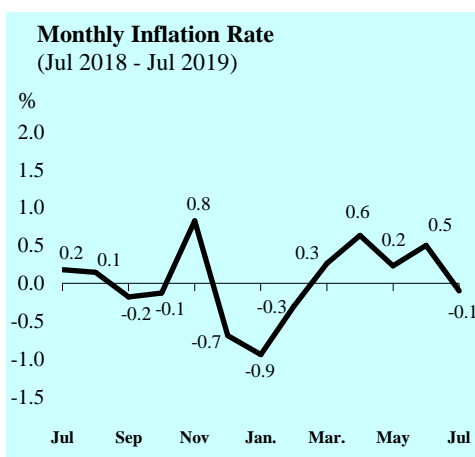
- Housing prices increased by 1.7 percent compared to a rise of 3.5 percent during the same period of 2018. This increase was mainly attributed to the increase in the prices of “fuels and lighting” item by 0.5 percent compared to an increase of 7.3 percent during the same period of 2018, and the increase of “rents” item by 2.2 percent compared to an increase of 2.8 percent during the first seven months of 2018.
- “Education” prices increased by 1.8 percent compared to a rise of 2.5 percent during the same period of 2018.

The above groups and items collectively contributed to the inflation rate during the first seven months of 2019 by 1.0 percentage points.

- The decrease in the prices of same items and groups, notably, transportation (1.3 percent), “meat and poultry” (2.7 percent), and “dairy products and eggs” (3.8 percent). These groups and items contributed to the decline in inflation rate during the first seven months of 2019 by 0.6 percentage point.

In July 2019, the CPI witnessed a decrease compared to June 2019 by 0.1 percent. This was an outcome of the decrease in the prices of some groups and items, mainly, “meat and poultry” (2.2 percent), “fruits and nuts” (1.6 percent), “transportation” (1.2 percent), and the increase of the prices of some items, mainly,

“vegetables and legumes dry and canned” (3.3 percent) and “drinks and refreshments” (2.5 percent).



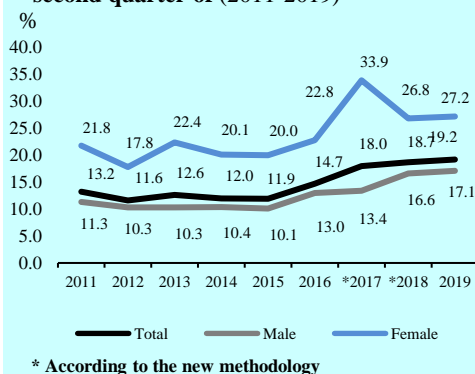
□ Labor Market

- The unemployment rate reached 19.2 percent (17.1 percent for males, and 27.2 percent for females) during the second quarter of 2019, compared to 18.7 percent (16.6 percent for males and

26.8 percent for females) during the same quarter of 2018.

- The unemployment among youth remains high at 46.2 percent for the category (15-19) years old, and 39.9 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 25.9 percent during the second quarter of 2019.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.6 percent (53.9 percent for males, and 14.5 percent for females), compared to 35.7 percent (55.3 percent for males and 15.3 percent for females) during the second quarter of 2018.
- The employment rate among population (15 years and older) reached 28.0 percent.

Unemployment Rate during the second quarter of (2011-2019)



Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded an overall fiscal deficit in the amount of JD 567.1 million (3.6 percent of GDP) during the first half of 2019, compared to a deficit of JD 661.4 million (4.4 percent of GDP) during the same period of 2018. When excluding foreign grants (JD 103.0 million), the overall fiscal deficit reached JD 670.1 million (4.3 percent of GDP), compared to a deficit of JD 739.8 million (4.9 percent of GDP) in the same period of 2018.
- Gross outstanding domestic public debt (budgetary and own-budget) increased by JD 893.4 million at the end of June 2019, compared to its level at the end of 2018, to reach JD 17,144.1 million (54.9 percent of GDP).
- Outstanding external public debt (budget and guaranteed) went up by JD 316.8 million at the end of June 2019, compared to its level at the end of 2018, to stand at JD 12,404.3 million (39.8 percent of GDP).

- As a result, gross outstanding public debt (domestic and external) rose by JD 1,210.1 million to reach JD 29,518.4 million (94.6 percent of GDP) at the end of June 2019, compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- Central government banks deposits increased by JD 32.3 million at the end of June 2019, compared to the end of 2018, to reach JD 1,440.0 million.
- Accordingly, net outstanding domestic public debt increased by JD 861.0 million to reach JD 15,674.1 million (50.3 percent of GDP) at the end of June 2019. Moreover, net outstanding public debt increased by JD 1,177.8 million to reach JD 28,078.4 million (90.0 percent of GDP).

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

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 66.4 million, or 15.5 percent, in June 2019 compared to the same month in 2018, to stand at JD 493.6 million. As for the first half of 2019, public revenues went up by JD 175.5 million, or 5.1 percent, compared to the same period in 2018 to stand at JD 3,613.1 million. This came as an outcome of the increase in domestic revenues by JD 150.9 million and the increase in foreign grants by JD 24.6 million.

Main Government Budget indicators during the first half of 2019:

(JD Million and Percentages)

	June		Growth Rate	Jan. – Jun.		Growth Rate
	2018	2019		2018	2019	
Total Revenues and Grants	427.2	493.6	15.5	3,437.6	3,613.1	5.1
Domestic Revenues, of which:	426.7	481.1	12.7	3,359.2	3,510.1	4.5
Tax Revenues, of which:	276.3	263.3	-4.7	2,253.5	2,174.6	-3.5
General Sales Tax	215.9	195.8	-9.3	1,446.3	1,328.2	-8.2
Other Revenues	149.4	217.2	45.4	1,100.6	1,331.2	21.0
Foreign Grants	0.5	12.5	2400	78.4	103.0	31.4
Total Expenditures, of which:	653.4	577.2	-11.7	4,099.0	4,180.2	2.0
Capital Expenditures	58.2	24.8	-57.4	353.0	312.5	-11.5
Overall Deficit/ Surplus (Including Grants)	-226.2	-83.6	-	-661.4	-567.1	-
Overall Fiscal Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-4.4	-3.6	-

Source: Ministry of Finance/ General Government Finance Bulletin.

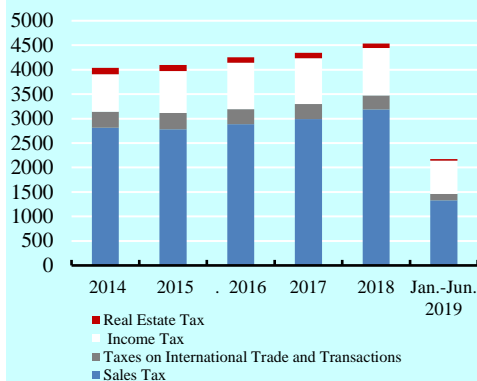
◆ **Domestic Revenues**

Domestic revenues increased by JD 150.9 million, or 4.5 percent, during the first half of 2019, compared to the same period of 2018, to reach JD 3,510.1 million. This increase was an outcome of the rise in the

proceeds of other revenues by 230.6 million and the drop in “tax revenues” and “pension contributions” by JD 78.9 million and JD 1.0 million, respectively.

Tax Revenue Structure

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

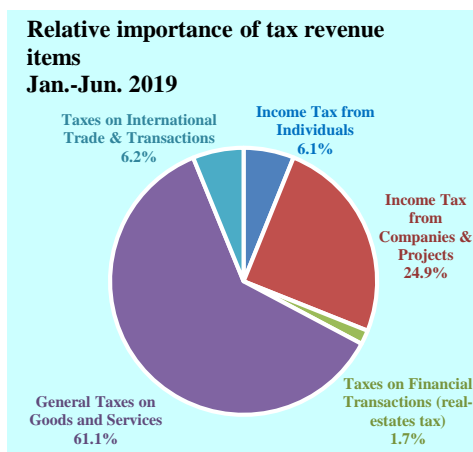


- **Tax Revenues**

Tax revenues decreased by JD 78.9 million, or 3.5 percent, during the first half of 2019, compared to the same period of 2018, to reach JD 2,174.6 million (62.0 percent of domestic revenues). **Following are the main developments in tax revenue items:**

- A decrease in the proceeds of **general sales tax on goods and services** by JD 118.1 million, or 8.2 percent, to reach JD 1,328.2 million, accounting for 61.1 percent of total tax revenues. This result was driven by the drop in the proceeds of sales tax on commercial sector by JD 61.7 million, on imported goods by JD 32.7 million, and on domestic goods by JD 22.8 million, and on services by JD 0.7 million.
- A decrease in the proceeds of **taxes on financial transactions (real estate tax)** by JD 9.1 million, or 19.6 percent, to reach JD 37.4 million due to the slow performance of the real estate sector.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 10.4 million, or 7.2 percent, to reach JD 134.0 million.
- An increase in the proceeds of **income and profit taxes** by JD 58.8 million, or 9.5 percent, to reach JD 675.1 million, accounting for 31.0 percent of total tax revenues. This increase came as a result of the rise in the proceeds of income tax on individuals by JD 32.6 million, or 32.5 percent, to reach JD 132.8 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 26.1 million, or 5.1 percent, as a result of the increase in the profit for the companies listed on the Amman Stock Exchange by 2.0 percent to reach JD 573.2 million in the first half of 2019, compared to JD 561.8 million for the same period of 2018. Accordingly, income tax from companies and projects accounting for 80.3 percent of total proceeds of income and profits taxes, amounting to JD 542.2 million.



● Non-Tax Revenues

- “Other revenues” increased by JD 230.6 million, or 21.0 percent, in the first half of 2019 to reach JD 1,331.2 million. This increase was chiefly due to the following:
 - An increase in the property income revenues by JD 158.1 million to stand at JD 289.0 million (of which financial surplus of own-budget governmental agencies amounted to JD 268.5 million against JD 119.6 million during the same period of 2018).
 - An increase in miscellaneous revenues by JD 101.2 million to stand at JD 614.9 million.
 - A decrease in revenues from selling goods and services by JD 28.7 million to reach JD 427.3 million.
- Pension contributions witnessed a decrease of JD 1.0 million, in the first half of 2019 compared to the same period of 2018, standing at JD 4.2 million.

◆ Foreign Grants

Foreign grants increased by JD 24.6 million, or 31.4 percent, in the first half of 2019, standing at JD 103.0 million compared to JD 78.4 million during the same period of 2018.

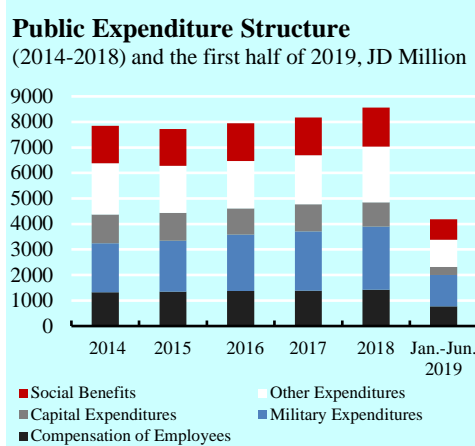
■ Public Expenditures

Public expenditures decreased by JD 76.2 million, or 11.7 percent in June 2019, compared to the same month in 2018, to stand at JD 577.2 million. As for the first half of 2019, public expenditures increased by JD 81.2 million,

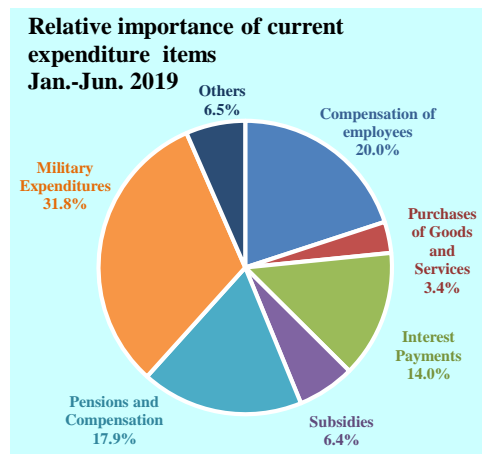
or 2.0 percent, compared to the same period in 2018 to stand at JD 4,180.2 million. This increase was an outcome of the rise in current expenditures by 3.2 percent, and the drop in capital expenditures by 11.5 percent.

◆ Current Expenditures

Current expenditures went up by JD 121.7 million, or 3.2 percent, in the first half of 2019 to reach JD 3,867.7 million (92.5 percent of public expenditures). Because of the growth rate of domestic revenues is higher than that of current expenditure, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased to 90.8 percent, against 89.7 percent during the same period of 2018. The increase in current expenditures was due to the following:



- An increase in interest payments (commitment basis) by JD 67.9 million to stand at JD 543.1 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 66.3 million to reach JD 772.3 million.
- An increase in the pensions and compensation by JD 31.0 million to stand at JD 691.1 million.
- An increase in military expenditures item by JD 5.2 million to total JD 1,229.1 million.
- A decrease in subsidies by JD 0.9 million, to stand at JD 245.6 million.
- A decrease in the purchases of goods and services by JD 0.7 million to reach JD 133.1 million.

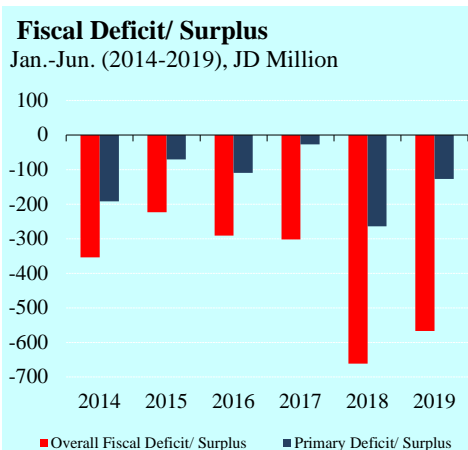


◆ Capital Expenditures

Capital expenditures decreased by JD 40.5 million, or 11.5 percent, during the first half of 2019, compared to the same period of 2018 to reach JD 312.5 million.

■ General Budget Deficit/ Surplus

- ◆ The general budget, including foreign grants, registered an overall fiscal deficit of JD 567.1 million during the first half of 2019, compared to a fiscal deficit of JD 661.4 million during the same period of 2018. As a percent of GDP, the fiscal deficit dropped to 3.6 percent compared to 4.4 percent in the same period of 2018.
- ◆ When foreign grants were excluded, the overall fiscal deficit amounted to JD 670.1 million (4.3 percent of GDP) during the first half of 2019, compared to a fiscal deficit of JD 739.8 million (4.9 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 127.0 million (0.8 percent of GDP) during the first half of 2019, against a primary deficit of JD 264.6 million (1.8 percent of GDP) in the same period of 2018.
- ◆ When foreign grants were included, the primary deficit amounted to JD 24.0 million (0.2 percent of GDP), compared to a primary deficit of JD 186.2 million (1.2 percent of GDP) in the same period of 2018.



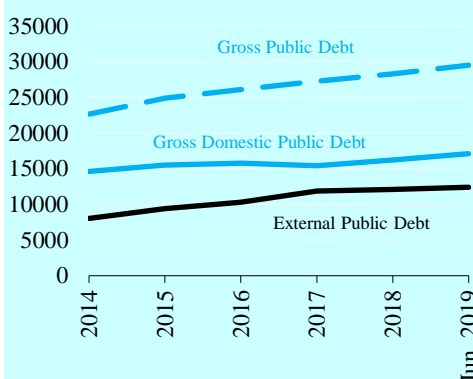
Public Debt

Gross outstanding domestic public debt increased by JD 893.4 million, at the end of June 2019 compared to its level at the end of 2018, to stand at JD 17,144.1 million (54.9 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 1,039.5 million, and the decrease in the domestic public debt of own-budget agencies by JD 146.2 million compared to their levels at the end of 2018, standing at JD 14,391.8 million and JD 2,722.3 million,

respectively. The increase in the budgetary domestic public debt was mainly attributed to the rise in the balance of treasury bills and bonds by JD 1,040.0 million, compared to its level at the end of 2018, to reach JD 14,115.3 million, and the stability of the outstanding balance of loans and advances provided by the CBJ to the central government at the level achieved last year at JD 271.7 million. Moreover, the decrease in the domestic public debt of own-budget agencies was driven by the decrease in loans and advances extended to these institutions by JD 126.2 million,

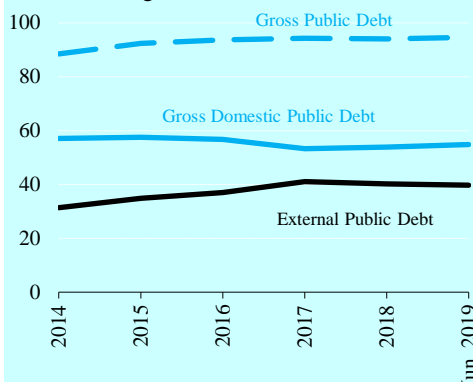
Public Debt

2014- Jun.2019, JD Million



Public Debt

As a Percentage of GDP



compared to their level at the end of 2018, to reach JD 2,131.8 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 up by JD 316.8 million at the end of June 2019, compared to its level at the end of 2018, to reach JD 12,404.3 million (39.8 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 72.6 percent of the total external public debt, and the debt in Euro accounted for 9.2 percent. However, the Japanese Yen accounted for 5.7 percent, Kuwaiti Dinar (5.2 percent), and SDR (5.2 percent).
- In light of the above-mentioned developments, gross public debt (domestic and external) increased by JD 1,210.1 million at the end of June 2019 to stand at JD 29,518.4 million (94.6 percent of GDP) to compared to JD 28,308.3 million (94.4 percent of GDP) at the end of 2018.
- On the other hand, government deposits with the banking system increased by JD 32.3 million at the end of June 2019, compared to the end of 2018, to reach JD 1,440.0 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 861.0 million at the end of June 2019 to reach JD 15,674.1 million (50.3 percent of GDP compared to 49.4 percent of GDP at the end of 2018). Whereas, net public debt increased by JD 1,177.8 million to stand at JD 28,078.4 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) increased by JD 702.6 million during the first half of 2019, compared to the same period of 2018, to reach JD 1,308.4 million (including principal payments of JD 1,101.9 million and interest of JD 206.5 million).

□ Fiscal and Price Measures of 2019

◆ September

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

Development of Oil Derivatives Price

	Unit	2019		Percentage Change
		August	september	
Unleaded Gasoline 90	Fils/Liter	775	755	-2.6
Unleaded Gasoline 95	Fils/Liter	1,000	985	-1.5
Unleaded Gasoline 98	Fils/Liter	1,150	1,135	-1.3
Gas Oil (Diesel)	Fils/Liter	605	590	-2.5
Kerosene	Fils/Liter	605	590	-2.5
Liquid Gas (12.5kg)	JD/Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/Ton	426	372.3	-12.6
Fuel for airplanes (local companies)	Fils/Liter	447	430	-3.8
Fuel for airplanes (foreign companies)	Fils/Liter	452	435	-3.8
Fuel for unplanned flights	Fils/Liter	467	450	-3.6
Asphalt	JD/Ton	420.9	367.2	-12.8

Source: Jordan Petroleum Refinery Company (1/9/2019).

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

◆ August

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in August 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The cabinet decided has introduced new rules and custom service fee for personal online cross-border purchases of apparel and clothing, shoes, children's toys and food items, as follows:
 - all the shipments that are valued under 50 JD, will be subject to 5 JD customs service fee, the customers are required to declare these purchases on Jordan Customs Authority's new platform, failure to do that would mean paying 15 JD as the fee. that the maximum allowed annual orders' amount per person must not exceed 500 JD.
 - Shipments that are valued between 51 JD to 100 JD, will be subject to 10 JD customs service fee. the customers are required to declare these purchases on Jordan Customs Authority's new platform, failure to do that would mean paying 25 JD as the fee, that the maximum allowed annual orders' amount per person must not exceed 500 JD.
 - Shipments worth more than 1000 JD, are subject to duties and taxes prescribed by applicable legislation.

◆ July

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

◆ June

- 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 intermediate 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

◆ July

- Signing a loan agreement with the Saudi fund in the amount of USD 50 million, to support the built of new public schools in different parts of the Kingdom. The loan agreement is a part of Saudi Arabia's commitments to the Kingdom last year during the Mecca summit.
- signing a grant agreement with the Japanese government through Japan International Cooperation Agency (JICA) in the amount of USD 15.7 million, to contributing to strengthening the security measures of Aqaba Customs Department.

◆ June

- Signing a two soft loan agreement with the French Agency for Development (AFD) in the amount EU 95 million. Distributed as follows:
 - EU 80 million to municipal support through the state budget, aims at setting a working programme for 100 municipalities that have been affected by the Syrian crisis.
 - EU15 million to financing the 2019 general budget and maintaining investment spending.
- Signing a grant agreement with the EU in the amount EUR 20 million, to support a project “Innovation for Enterprise Growth and Jobs”.

◆ 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 promot 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 9.5 percent in June 2019, compared to the same month of 2018 to reach JD 504.9 million. As for the first half of 2019, total merchandize exports increased by 4.5 percent compared to the same period of 2018 to reach JD 2,687.3 million.
- **Merchandize imports** decreased by 20.4 percent in June 2019, compared to the same month of 2018 to reach JD 877.4 million. As for the first half of 2019, Merchandize imports decreased by 3.8 percent compared to the same period of 2018 to reach JD 6,597.6 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 41.9 percent in June 2019 compared to the same month of 2018; standing at JD 372.5 million. As for the first half of 2019, the trade balance deficit decreased by 8.8 percent, compared to the same period of 2018 to reach JD 3,910.3 million.
- **Travel receipts** increased by 10.1 percent in July 2019 compared to the same month of 2018 to reach JD 402.3 million. As for the first seven months of 2019, travel receipts increased by 8.6 percent compared to the same period of 2018 to reach JD 2,256.8 million. While travel payments increased by 11.8 percent in July 2019 compared to the same month of 2018 to reach JD 126.7 million. As for the first seven months of 2019 travel payments increased by 4.4 percent, compared to the same period of 2018 to reach JD 622.7 million.
- **Total workers' remittances receipts** decreased by 2.4 percent in July 2019 compared to the same month of 2018 to reach JD 238.9 million. As for the first seven months of 2019, total workers' remittances increased by 0.7 percent, compared to the same period of 2018 to reach JD 1,535.3 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 342.6 million (4.8 percent of GDP) during the first quarter of 2019 compared to a deficit of JD 633.2 million (9.3 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach 6.0 percent of GDP during the first quarter of 2019, compared with 10.5 percent of GDP during the same period of 2018.

External Sector

August 2019

- **Net direct investment** recorded an net inflow of JD 177.6 million during the first quarter of 2019, compared to JD 190.1 million during the same period of 2018.
- **International investment position (IIP)** displayed a net obligation to abroad of JD 32,357.9 million at the end of the first quarter of 2019, compared to JD 32,171.4 million at the end of 2018.

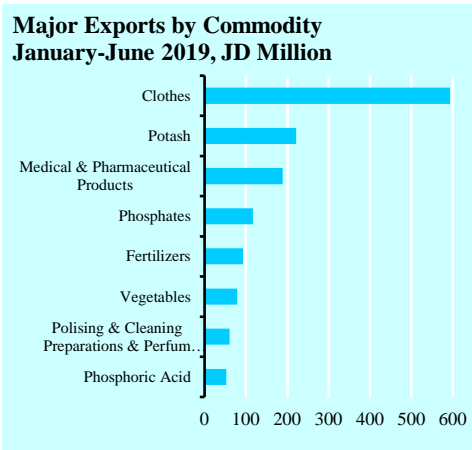
External Trade

- As a result of the increase in domestic exports by JD 93.2 million and the decrease in imports by JD 262.0 million during the first half of 2019, the volume of external trade (domestic exports *plus* imports) decreased by JD 168.8 million to stand at JD 8,855.3 million compared with the same period of 2018.

Jordan's Major Trading Partners				Main External Trade Indicators					
JD Million				JD Million					
January-June				January- June					
	2018	2019	Percentage Change		2018	Percentage Change (%)	2019	Percentage Change (%)	
Exports				External Trade					
USA	565.0	585.2	3.6		9,024.1	-0.9	8,855.3	-1.9	
Saudi Arabia	248.4	246.4	-0.7						
India	236.6	240.6	1.5		Total Exports	2,572.2	2.9	2,687.3	4.5
Iraq	211.1	189.5	-10.2						
China	32.6	82.1	151.8	Domestic Exports					
Kuwait	72.8	81.0	11.3		2,164.5	4.2	2,257.7	4.3	
UAE	74.8	59.9	-19.9						
Imports				Re-exports					
Saudi Arabia	1,127.6	1,130.9	0.3		407.7	-3.3	429.6	5.4	
China	940.5	1,006.0	7.0						
USA	649.4	570.6	-12.1	Imports					
Egypt	172.2	321.8	86.9		6,859.6	-2.4	6,597.6	-3.8	
India	221.3	317.4	43.4						
Germany	289.0	312.3	8.1						
Italy	237.5	205.3	-13.6	Trade Balance					
Source: Department of Statistics.					-4,287.4	-5.4	-3,910.3	-8.8	
				Source: Department of Statistics.					

■ Merchandize Exports:

Total merchandize exports increased by 4.5 percent during the first half of 2019, to reach JD 2,687.3 million. This increase resulted from an increase in domestic exports by JD 93.2 million, or 4.3 percent to reach JD 2,257.7 million and an increase in re-exports by JD 21.9 million, or 5.4 percent to reach JD 429.6 million.



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

- Exports of **Potash** increased by JD 38.3 million, or 21.0 percent, to stand at JD 221.1 million. The markets of China, India, Egypt and Malaysia accounted for 79.5 percent of these exports.
- Exports of **Clothes** increased by JD 29.1 million, or 5.2 percent, to stand at JD 593.2 million. The USA market accounted for 88.6 percent of these exports.
- Exports of **Polishing & cleaning preparations & perfume materials** increased by JD 11.7 million, or 24.0 percent, to reach JD 60.5 million. Iraq, Saudi Arabia, and Libya were the main destination markets; accounting for 80.5 percent of these exports.

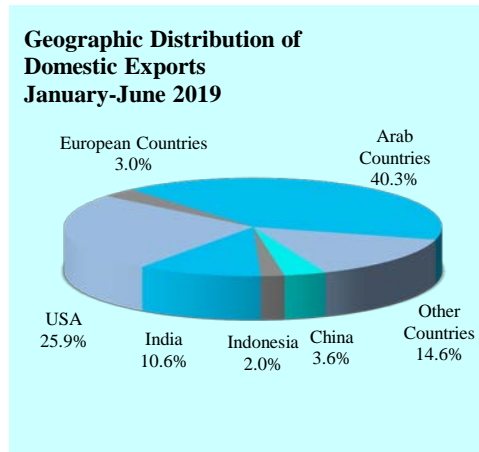
- Exports of **Phosphoric Acid** increased by JD 10.4 million or 24.5 percent to stand at JD 52.8 million. India and Saudi Arabia were the main destination markets for these export, accounting for 90.0 percent.
- Exports of **Fertilizers** increased by JD 3.4 million or 3.8 percent to reach JD 93.0 million. It is worth noting that India, Vietnam and Croatia were the main markets for these exports, accounting for 74.5 percent.
- Exports of **Medical & Pharmaceutical Products** decreased by JD 5.3 million, or 2.7 percent, to reach JD 188.6 million. The markets of Saudi Arabia, Iraq, Algeria and the USA accounted for 61.5 percent of these exports.

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

	2018	2019	Percentage Change
Domestic Exports	2,164.5	2,257.7	4.3
Clothes	564.1	593.2	5.2
USA	490.0	525.6	7.3
Potash	182.8	221.1	21.0
China	27.0	76.8	184.4
India	45.2	57.7	27.7
Egypt	17.3	25.8	49.1
Malaysia	25.6	15.5	-39.5
Medical & Pharmaceutical Products	193.9	188.6	-2.7
Saudi Arabia	43.2	45.5	5.3
Iraq	36.7	35.1	-4.4
Algeria	18.5	20.7	11.9
USA	11.8	14.6	23.7
Phosphates	124.9	116.9	-6.4
India	85.7	81.1	-5.4
Indonesia	31.6	27.7	-12.3
Fertilizers	89.6	93.0	3.8
India	59.3	58.9	-0.7
Vitnam	6.9	6.7	-2.9
Croatia	0.0	3.7	-
Vegetables	86.7	78.7	-9.2
Saudi Arabia	20.5	19.1	-6.8
Kuwait	17.3	15.2	-12.1
UAE	17.4	12.6	-27.6
Polishing & Cleaning Preparations & Perfume Materials	48.8	60.5	24.0
Iraq	26.2	32.4	23.7
Saudi Arabia	12.8	13.2	3.1
Lybia	0.9	3.1	244.4
Phosphoric Acid	42.4	52.8	24.5
India	37.1	34.4	-7.3
Saudi Arabia	1.2	13.1	-

Source: Department of Statistics.

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

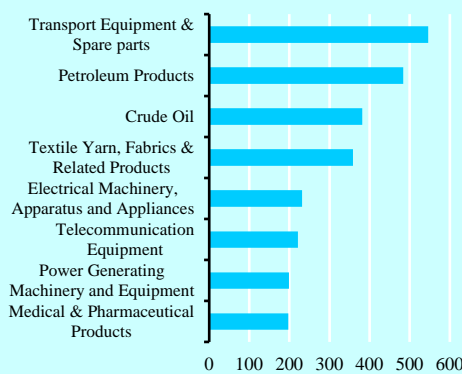


Phosphates, Fertilizers, Vegetables, “Polishing & Cleaning Preparation & Perfume”, and Phosphoric Acid topped the list of domestic exports during the first half of 2019; accounting for 62.2 percent, compared with 61.6 percent during the same period of 2018. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, China, Iraq, Kuwait and the UAE were the main destination markets during the first half of 2019; accounting for 65.8 percent, compared with 66.6 percent during the same period of 2018.

■ Merchandize Imports:

Merchandize imports decreased by 3.8 percent to reach JD 6,597.6 million during the first half of 2019, compared to a decrease by 2.4 percent during the same period 2018.

**Major Imports by Commodity
January-June 2019, JD Million**



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

- **Petroleum Products** imports decreased by JD 76.0 million or 13.6 percent to stand at JD 483.7 million. Saudi Arabia, India and Bahrain were the main markets, accounting for 86.9 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports decreased by JD 16.4 million or 6.6 percent to reach JD 231.4 million. China, Germany and Italy were the main origin markets accounting for 56.9 percent of these imports.
- **Medical & Pharmaceutical Product** imports decreased by JD 15.8 million or 7.4 percent to reach JD 197.3 million. Germany, the USA and France were the main markets, accounting for 32.0 percent of these imports.
- **Crude Oil** imports decreased by JD 6.7 million, or 1.7 percent, to reach JD 382.0 million. This decrease was mainly due to an increase in imported quantities by 0.9 percent and a decrease in prices by 2.6 percent. Noting that all crude oil imports came from Saudi Arabia.

- **Telecommunication Equipment** imports increased by JD 26.8 million or 13.8 percent, to reach JD 221.5 million. China, Vietnam and India were the main origin markets accounting for 90.9 percent of these imports.
- **Textile, Yarn, Fabrics & Related Products** imports increased by JD 27.9 million or 8.4 percent to reach JD 358.2 million. China, Taiwan, and Turkey were the main origin markets accounting for 76.2 percent of these imports.
- **Transport Equipment & Spare Parts** imports increased by JD 39.8 million or 7.9 percent to reach JD 546.3 million. The USA, Germany, Japan and South Korea were the main origin markets, accounting for 66.0 percent of these imports.

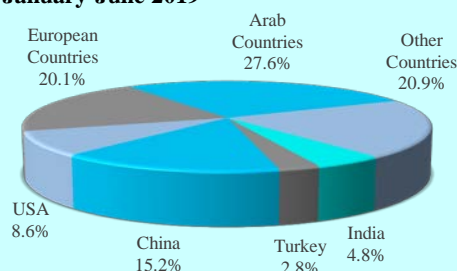
**Major Imports by Commodity, JD Million
January-June 2018-2019**

	2018	2019	Percentage Change
Total Imports	6,859.6	6,597.6	-3.8
Transport Equipment & Spare Parts	506.5	546.3	7.9
USA	117.2	130.1	11.0
Germany	82.8	83.3	0.6
Japan	74.2	74.5	0.4
South Korea	70.2	72.7	3.6
Petroleum Products	559.7	483.7	-13.6
Saudi Arabia	237.9	244.6	2.8
India	63.4	124.7	96.7
Bahrain	10.5	51.1	386.7
Crude Oil	388.7	382.0	-1.7
Saudi Arabia	388.7	382.0	-1.7
Textile Yarn, Fabrics and Related Products	330.3	358.2	8.4
China	135.1	162.8	20.5
Taiwan	94.3	85.6	-9.2
Turkey	27.2	24.7	-9.2
Electrical Machinery Apparatus and Appliances	247.8	231.4	-6.6
China	94.5	99.8	5.6
Germany	14.4	16.4	13.9
Italy	16.5	15.4	-6.7
Telecommunication Equipment	194.7	221.5	13.8
China	138.1	122.8	-11.1
Vietnam	32.5	61.8	90.2
India	0.1	16.7	-
Power Generating Machinery and Equipment	152.2	198.7	30.6
USA	39.3	79.4	10.2
China	20.7	42.1	103.4
Germany	4.0	22.4	460.0
Medical & Pharmaceutical Product	213.1	197.3	-7.4
Germany	30.3	26.2	-13.5
USA	24.5	20.2	-17.6
France	20.1	16.7	-16.9

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, “Petroleum Products”, “Crude Oil”, “Textile Yarn, Fabrics and Related Products”, “Electrical Machinery Apparatus and Appliances”, “Telecommunication Equipment”, “Power Generating Machinery and Equipment” and “Medical & Farmaceutical Product”, topped the list of imports during the first half of 2019, accounting for 39.7 percent; compared to 37.8 percent during the same period of 2018. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Egypt, India, Germany, and Italy were the main source markets during the first half of 2019; accounting for 58.6 percent of imports, compared to 53.0 percent during the same period of 2018.

**Geographic Distribution of Imports
January-June 2019**



■ Re-Exports

The value of re-exported goods in June 2019 increased by JD 16.1 million, or 32.9 percent, compared to the same month of 2018, to stand at JD 65.1 million. As for the first half of 2019, re-exports increased by 5.4 percent to reach JD 429.6 million compared to the same period of 2018.

■ Trade Balance

The trade balance deficit decreased by JD 268.5 million, or 41.9 percent in June 2019 compared to the same month of 2018, to reach JD 372.5 million. As for the first half of 2019, the trade balance deficit decreased by 8.8 percent to reach JD 3,910.3 million compared to the same period of 2018

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased by 2.4 percent in July 2019 compared to the same month of 2018, to register JD 238.9 million. As for the first seven months of 2019, total workers' remittances increased by JD 11.1 million, or 0.7 percent, to register JD 1,535.3 million, compared to the same period of 2018.

□ Travel

■ Receipts

Travel receipts increased by JD 36.8 million, or 10.1 percent, in July 2019 compared to the same month of 2018, to register JD 402.3 million. As for the first seven months of 2019, travel receipts increased by JD 178.7 million, or 8.6 percent, to register JD 2,256.8 million, compared to the same period of 2018.

■ Payments

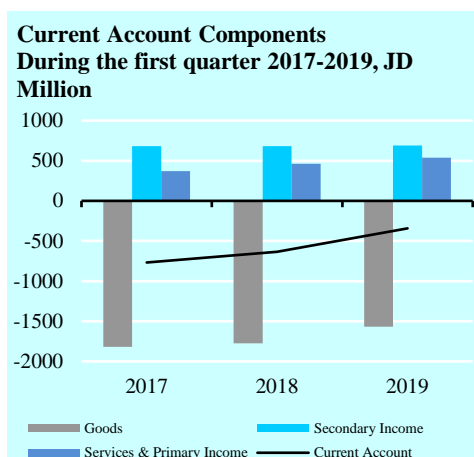
Travel payments increased by JD 13.4 million, or 11.8 percent, in July 2019 compared to the same month of 2018, to stand at JD 126.7 million. As for the first seven months of 2019, travel payments increased by 26.5 million, or 4.4 percent, to register JD 622.7 million, compared to the same period of 2018.

□ Balance of Payments

The preliminary data for the balance of payments during the first quarter of 2019 reveals the following:

- The current account recorded a deficit of JD 342.6 million (4.8 percent of GDP) compared to a deficit of JD 633.2 million (9.3 percent of GDP) during the same period of 2018. Meanwhile, the current account deficit excluding grants decreased to reach JD 428.4 million (6.0 percent of GDP) during the first quarter of 2019 compared to JD 716.7 million (10.5 percent of GDP) during the same period of 2018. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit during the first quarter of 2019 by JD 206.4 million, or 11.6 percent, to reach JD 1,567.4 million compared to JD 1,773.8 million during the same period of 2018.



- ◆ An increase in the services account surplus compared to the same period of 2018 by JD 60.1 million, to reach JD 428.8 million.
- ◆ An increase in the primary income account surplus by JD 15.8 million, to reach JD 107.6 million during the first quarter of 2019 compared to a surplus of JD 91.8 million during the same period of 2018. This was mainly due to increase in surplus of the investment income (net) by JD 10.9 million, and increase in the surplus of “compensation of employees (net)” by JD 4.9 million.
- ◆ An increase in the secondary income surplus by JD 8.3 million to reach JD 688.4 million compared to JD 680.1 million during the same period of 2018, this was outcome of the increase in net transfers of the public sector (foreign grants) by JD 2.2 million to reach JD 85.8 million, and the increase in the net surplus transfers of other sectors by JD 6.1 million to reach JD 602.6 million.

- As for the capital and financial account, the capital account registered a net inflow of JD 6.0 million during the first quarter of 2019 compared to a net inflow of JD 6.0 million during the same period of 2018. Meanwhile, the financial account registered a net inflow of JD 559.3 million during the first quarter of 2019 compared to a net inflow of JD 794.0 million during the same period of 2018, this can be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 177.6 million compared to a net inflow of JD 190.1 million during the same period of 2018.
 - ◆ Portfolio investment recorded a net outflow of JD 134.4 million compared to a net inflow of JD 9.9 million during the same period of 2018.
 - ◆ Other investment registered a net inflow of JD 331.4 million compared to a net inflow of JD 48.3 million during the same period of 2018.
 - ◆ A decrease in the reserve assets of the CBJ by JD 184.7 million, compared to a decrease of JD 545.7 million during the same period of 2018.

□ 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 32,357.9 million at the end of the first quarter of 2019 compared to JD 32,171.4 million at the end of 2018. 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 149.0 million at the end of the first quarter of 2019 to reach JD 17,685.3 million. This was mainly due to the decrease in the CBJ's reserve assets by JD 171.6 million and increase in the currency and deposits of the banking sector abroad by JD 22.0 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 37.5 million at the end of the first quarter of 2019, to reach JD 50,043.2 million, this was due to the following developments:
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 210.9 million to stand at JD 8,944.8 million (increase by JD 233.1 million for the licensed banks and decrease by 22.2 for the CBJ).
 - ◆ An increase of other sectors long term loans by JD 73.3 million to stand at JD 1,869.6 million.
 - ◆ An increase of government long term loans by JD 59.3 million to stand at JD 4,587.1 million.
 - ◆ An increase of trade credits to residents in the kingdom by JD 48.6 million to stand at JD 880.2 million.
 - ◆ A decrease in the stock of direct investment in the kingdom by JD 273.3 million to stand at JD 24,654.2 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 85.0 million to reach JD 451.6 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 47.4 million to stand at JD 7,954.9 million.