

Economic Monitor Jordan

1.9% Economic growth (GDP) in 2018 compared to 2.1% in 2017

3.8% Growth in the Social and Services sector

3.2% Growth in the Transport, Communication & Storage Sector

3.4% Growth in the Finance & Insurance Sector

3.2% Growth in the Agriculture sector

BUT,
-0.3% Contraction in the Construction sector



Macroeconomic Issues

Limited Growth in 2019

Growth in the 1st quarter of 2019 will be limited by a number of factors including a less than expected trading volume with neighbouring Iraq and Syria. The Industrial production index declined by -0.4% in the 1st quarter of 2019 compared to the same period in 2018. Moreover, the currently high level of interest rates will continue to be a limiting factor for economic growth in 2019.

The IMF, following the 2nd review of the economy, expects the Jordanian economy to grow by 2.2% in 2019, accelerating to 2.4% in 2020.



Monetary Development

Stable Monetary Environment

+1.4% Increase in credit extended to the private sector during Q1 2019, to reach JD24,982 million.



BUT,

-1.6% MoM drop in foreign currency reserves in April 2019, to reach \$11,124 million.



+0.6% Inflation Rate during the first four months of 2019 compared to 2018.



Fiscal Policy

By the end of Mar 2019

GROSS public debt increased to

94.4% OF GDP

compared to 94.0% of GDP at the end of 2018.

NET public debt increased to

90.0% OF GDP

compared to 89.4% of GDP at the end of 2018.

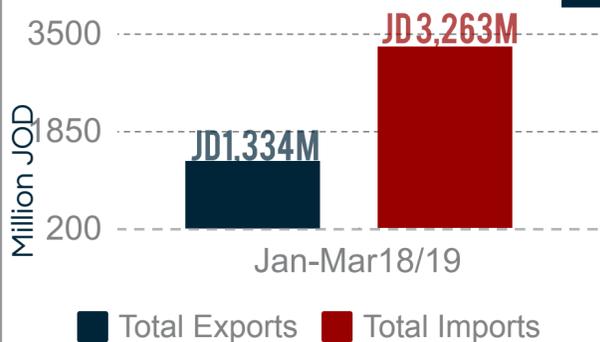


The budget surplus (including grants) amounted to

JD298M

declining by -36.7% from the same period in 2018.

Trade Performance Jan-Mar 18/19



Trade Development

The trade sector performed positively in Q1-19



Gov't - EU amends origin-rules deal requirements

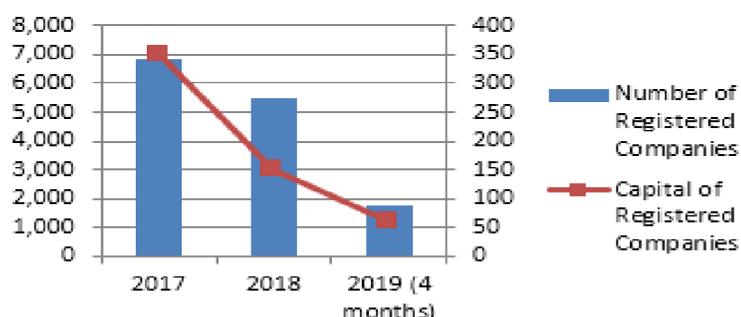
In May, the government finally issued the amended regulations on the rules of origin agreement with the EU, after the EU approved further facilitation late last year. The agreement lowers the percentage of Syrian workers that a Jordanian factory is required to hire to 15% in order to benefit from the agreement. The duration of the agreement was also extended by four more years and its scope is now applicable to factories operating across all of Jordan

Investment Climate

1,752 Companies Registered in 2019

Information by the Companies Control Department (CCD) is indicating a recovery in investments. According to the CCD, the number of companies registered with the CCD reached 1,752 companies with a capital of JD61 million during the 1st four months of 2019.

Registered Companies at the Companies Control Department



In 2018, a total of 5,467 companies, with a combined capital of JD150 million registered with the department, compared with 6,804 companies in 2017, with a total capital of JD350 million. Therefore, it is expected that 2019 will witness an improvement from 2018.

Other Investment Developments

In May, a cabinet reshuffle saw the cancellation of the position of 'Minister of state for investment affairs' to avoid duplication of roles with the Investment Commission. The government will soon begin restructuring the Investment Commission and appoint a new president with a deep understanding of the task at hand, the investment environment, and the private sector.

Authorities are planning to finally launch the electronic investment window at the Investment Commission sometime in June. This is taking place 5 years after the activation of the investment law (2014) which stipulated the establishment of an electronic investment window.

The Public Private Partnership Council (PPP council) held its seventh meeting in May on projects in the various economic sectors. The meeting which was headed by the PM, reviewed the implemented procedures and future steps to execute 16 projects under the supervision of the PPP council.

Authorities are hoping that the legislative reforms undertaken over the past period will help stimulate investments. Amended legislations include the companies law, inspection law, financial solvency law, foreign investors bylaw and others.



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