

Economic Monitor Jordan

2.0% Economic growth (GDP) in H1-2018

4.1% Growth in the Social and Services sector

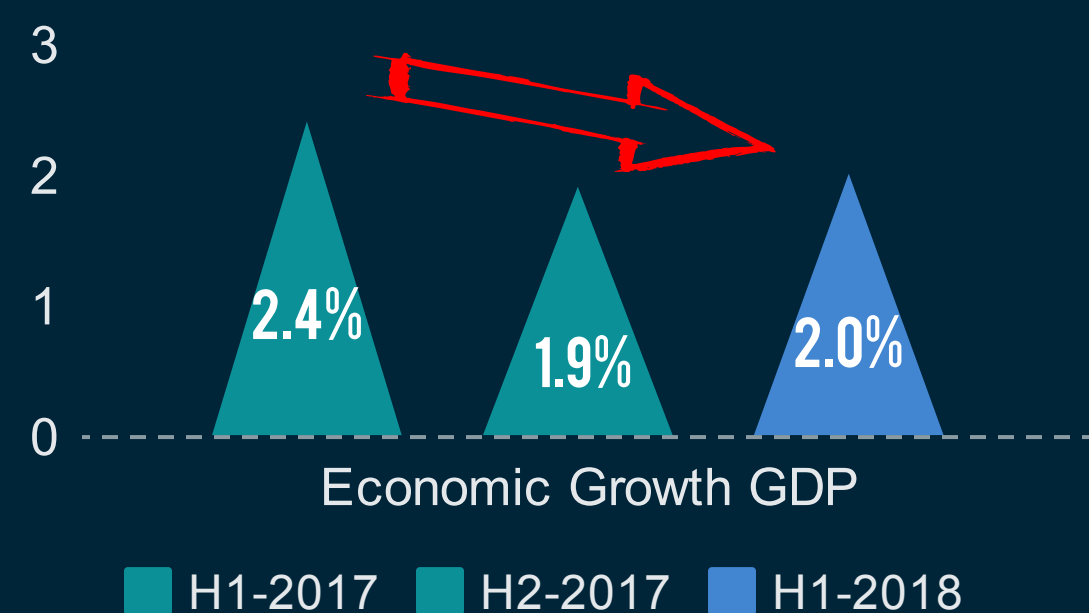
3.9% Growth in the Finance & Insurance Sector

3.4% Growth in the Agriculture sector

3.3% Growth in the Transport, Communication & Storage Sector

3.1% Growth in the Transport, storage & Communication Sector

2.3% Growth in the Electricity & Water Sector



Macroeconomic Issues

Unemployment deteriorated during the 2nd quarter of 2018

The Current State of Unemployment

18.7%

Unemployment Rate in Q2-2018, the highest unemployment rate registered since deploying the new methodology to calculate employment in the beginning of 2017.

An increase in male unemployment was the main driver behind the increase. The unemployment rate increased among males by 3.2 percentage points and decreased among females by 7.1 percentage points.

Monetary Development

Negative Monetary Environment

-4.7%

MoM decrease in foreign currency reserves in September 2018, to reach \$10,561 million.

+4.6%

Inflation Rate during the first nine months of 2018.

BUT,

+4.6%

Increase in credit extended to the private sector during the 1st eight months of 2018, to reach JD24,359 million.

Fiscal Policy

During the 1st eight months of 2018

GROSS public debt increased to

96.4% OF GDP

compared to 95.3% of GDP at the end of 2017.

NET public debt increased to

91.4% OF GDP

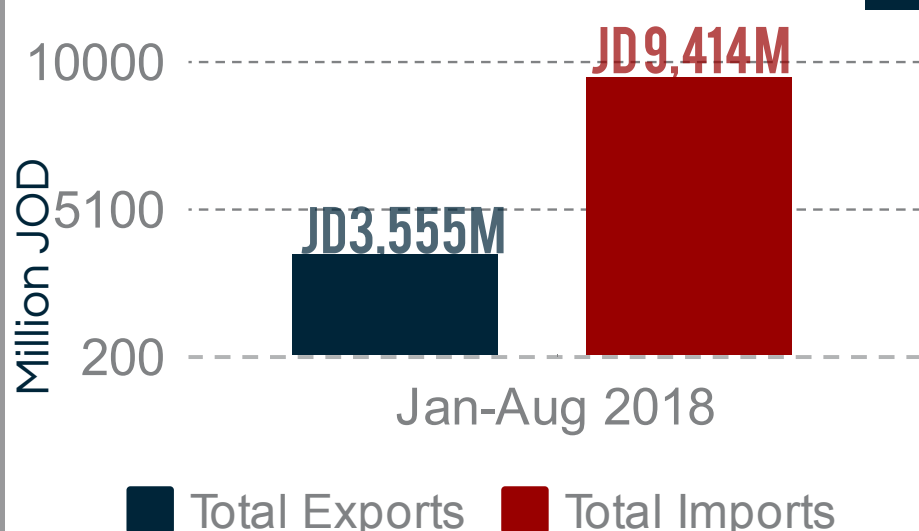
compared to 88.9% of GDP at the end of 2017.

The budget deficit (including grants) amounted to

JD782M

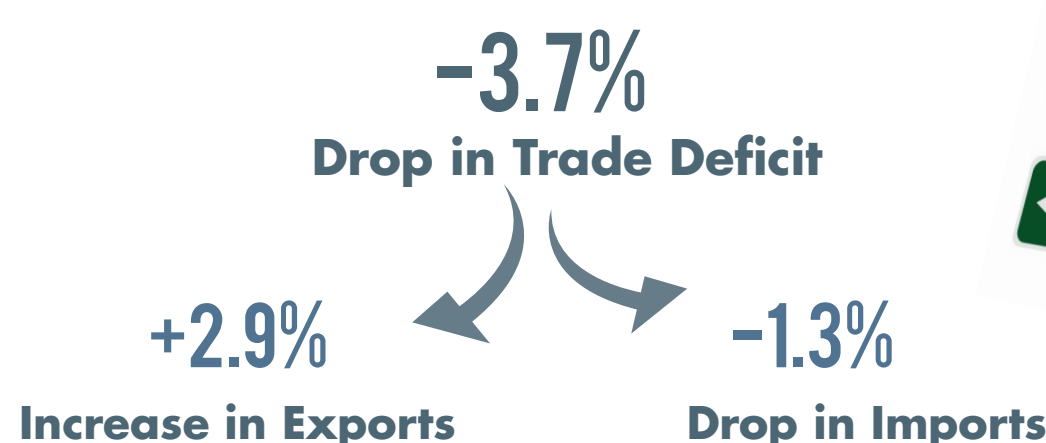
increasing by 20.7% compared to the same period of last year.

Trade Performance Jan-Aug 2018



Trade Development

Trade Sector recovered during the 1st eight months of 2018



Positive Trade Developments

Saudi Arabia cancelled the latest fees it imposed on Jordanian trucks, thus facilitating their mobility into Arab Gulf countries.

More importantly, the border crossing with Syria has finally been opened to both passengers and traded goods, which is expected to boost a number of economic sector through a higher level of exports. However, certain restrictions from the Syrian side is limiting the flow of Jordanian agricultural and industrial exports.

Investment Climate

Foreign Direct Investment

-56.4%

Decrease in the value of foreign direct investments (FDI) inflows into Jordan, reaching JD382 million in H1-2018.



Jordan Ranks 73th in Global Competitiveness Report

The World Economic Forum published its Global Competitiveness Report 2018/2019 in October, ranking Jordan at 73rd globally out of 140 countries, compared to a ranking of 71st out of 135 countries in last year's report.

Among Arab countries, Jordan came in 7th place, maintaining the same rank from last year, and was preceded by the UAE, Qatar, Saudi Arabia, Oman, Bahrain, and Kuwait. This means that Jordan is the most competitive Arab country outside of the Gulf Cooperation Council (GCC) countries.

Other Investment Developments

A study prepared by the Jordan Enterprise Development Corporation (JEDCO) revealed that from 2011 to 2015, the number of large industrial firms (those employing 100 workers or more) fell by 10.7% from 242 firms in 2011 to 206 firms in 2015.

The Legislative and Opinion Bureau has issued a draft by law for venture capital firms (2018). The bylaw aims at regulating and governing the work of venture capital firms including on its capital, management, profit sharing modality, and liquidation proceedings. Stakeholders have also demanded the government to activate the inspection law through issuing and activating the necessary bylaws.

Jordanians maintained their 1st rank among non-GCC Arab investors in the value of their real estate investments in Dubai. Jordanians made 644 investments in Dubai during the 1st nine months of 2018, with a total value of \$327 million.



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