JORDAN ECONOMIC REPORT

WEATHERING THE ADVERSE ECONOMIC SPILLOVER EFFECTS OF A TOUGH REGIONAL ENVIRONMENT

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- Economy showing noticeable resilience in dealing with adverse shocks though remaining way below potential

The Jordanian economy, which maintained sound fundamentals despite the adverse effects of the regional turmoil, was able to satisfactorily tackle the multitude of challenges surrounding it. While the Jordanian economy has lost some momentum, it has held up with growth generated from a number of sectors. Growth reported 2% in 2016 amid a rise in unemployment to 15.3%, but economic activity is expected to slightly pick up in 2017, driven by some rebound in exports, remittances and touristic receipts. Still, economic growth remains way below potential, with productivity and income per capita growth lagging those of other emerging markets.

- Reduced fiscal imbalances driven by a rise in public revenues

Jordan's public finances in 2016 were under the effect of a significant rise in domestic revenues coupled with a slower rise in public expenditures resulting in a better fiscal position and a lower deficit as indicated by Central Bank figures for the first 11 months of 2016, while they remain the most significant vulnerability of the Kingdom's economy. In details, total revenues and grants moved up by 7.9% relative to the corresponding period of 2015, while public expenditures were up by 3.4% year-on-year. The general budget, including foreign grants, recorded a fiscal deficit of US$ 1.1 billion during the first eleven months of 2016, compared to a fiscal deficit of US$ 1.5 billion during the same period of 2015. Subsequently, gross public debt (domestic and external) reached US$ 37.0 billion at the end of November 2016 compared to US$ 35.1 billion at the end of 2015.

- Increase in key policy rates despite persisting deflationary pressures

Jordan's monetary conditions continued to be marked in 2016 by a sustained comfortable level of foreign exchange reserves along with persisting deflationary pressures on the back of a stronger US dollar and low oil prices. Jordanian authorities remained committed to the fixed exchange rate regime, which has helped to instill confidence in monetary policy and prompted the Central Bank of Jordan to raise its key policy rates several times since December 2016, mainly tracking the US Fed's rate hikes, in the aim of preserving monetary stability. The Consumer Price Index declined by 0.8%, according to the Central Bank of Jordan, mainly reflecting the low economic growth, the decrease in food and transportation prices in a low oil price environment and the fall in import prices in the context of the currency peg and a stronger US dollar.

- Subdued banking activity growth yet with persisting strong financial soundness indicators

Jordan's banking sector witnessed a year of mild growth in 2016. Measured by total assets of banks in the Kingdom, sector activity progressed by 2.7%, with the increase in banking assets in volumes proving 45% lower than that registered in the previous year. Jordanian banks yet continue to witness strong financial soundness indicators. The core liquidity ratio, measured as the ratio of banks' cash and deposits with the Central Bank and other banks/total deposits, reached 33.1% at end-2016. Asset quality improved as well, with a decline in the NPLs/Total loans ratio from 5.6% at end-2014 to 4.9% at end-2015 and to a slightly lower 4.8% at end-June 2016. Along the same lines, banks' capitalization is adequate. Their Basel II risk-weighted capital adequacy ratio stood at 18.4% at end-June 2016, comparing quite favorably in the region and beyond.

- Equity market under downward price pressures, bond market attracting foreign interest

Jordan's equity market witnessed a reduced activity in 2016 along with extended price declines amid lingering regional political instability, unfavourable profits before taxes of listed companies and unattractive market pricing ratios. In parallel, the fixed income market saw a new bond issue in 2016, which along with the existing sovereign posted price drops, tracking US Treasuries move.

- A mix of opportunities and challenges for the Kingdom at the horizon

Looking ahead, while opportunities are real, the Kingdom should continue weathering its external challenges by implementing necessary reforms. Structural reforms are needed to effectively boost investment and productivity, put government debt on a more sustainable path, promote greater employment opportunities for Jordanians and reinforce socio-economic conditions at large.

The Jordan Economic Report can be accessed via internet at the following web address: http://www.bankaudigroup.com

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Although regional conflicts continue to weigh on the Jordanian economy, the country has achieved substantial success in dealing with adverse shocks over the past several years. The Jordanian economy, which maintained sound fundamentals despite the adverse effects of the regional turmoil, was able to satisfactorily tackle the multitude of challenges pressing it. While the Jordanian economy has lost some momentum, it has held up with growth generated from a number of sectors.

At the level of the real sector, while growth reported 2% in 2016 dragged by a weak performance on the part of both industry and tourism amid a rise in unemployment to 15.3%, economic activity is expected to slightly pick up in 2017, driven by some rebound in exports, remittances and touristic receipts. Still, economic growth remains way below potential, with productivity and income per capita growth lagging those of other emerging markets.

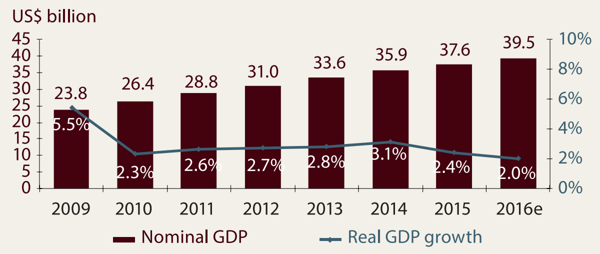
At the external level, a persistently high current account deficit was reported over the past year to reach an annualized 9.2% of GDP, though a relative recovery is expected in 2017 amid some recovery in remittances and tourism. It is worth mentioning that the ratio of exports to imports reported a five-year high of 44.9% in 2016, but remains well below previous peaks that had exceeded 50% prior to the regional turmoil.

At the fiscal level, the overall fiscal deficit is estimated at 3.1% of GDP in 2016, slightly contracting from its 2015 level amid a decline in both public revenues to GDP and public spending to GDP. Deficit is set to decrease further in 2017 in light of fiscal measures underpinning the 2017 budget but within a continuously challenging external environment. Public debt rose again in 2016, though at a slightly lower pace than in previous years, to reach US$ 37 billion at end-November, the equivalent of 93.8% of GDP. A raft of increases in various customs duties and the reduction of some exemptions were recently announced, along with measures designed to limit public sector salaries and employment benefits.

At the monetary level, as the Jordanian dinar remains pegged to the US dollar, the Central Bank continues to follow the lead taken by the Federal Reserve in tightening policy. The recent Central Bank measures to raise reference rates has helped maintaining the attractiveness of the Jordanian dinar while keeping foreign reserves at appropriate levels. Although declining by US$ 1.2 billion in 2016, the Central Bank's foreign reserves maintained a satisfactory level of US$ 14.0 billion at end-2016, the equivalent of 36.2% of the Money Supply in Jordanian dinars. In parallel, amid a 4% yearly money supply growth, a deflationary environment prevailed for the second year, with consumer price inflation reporting -0.8% in 2016.

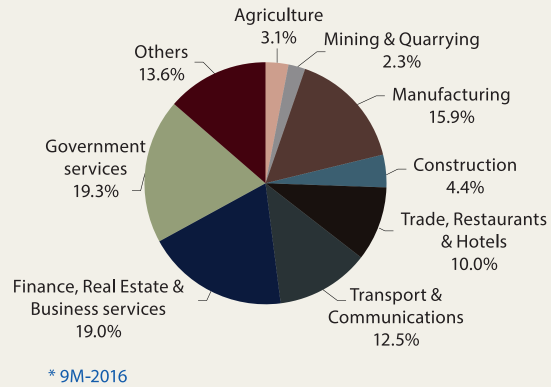
At the banking sector level, while activity growth somehow retreated in 2016, the overall financial system continues to be sound, well capitalized and profitable, with good asset quality. Assets grew by 2.7% in

GROSS DOMESTIC PRODUCT



Sources: IMF, Bank Audi's Group Research Department

GDP BREAKDOWN BY ECONOMIC ACTIVITY*



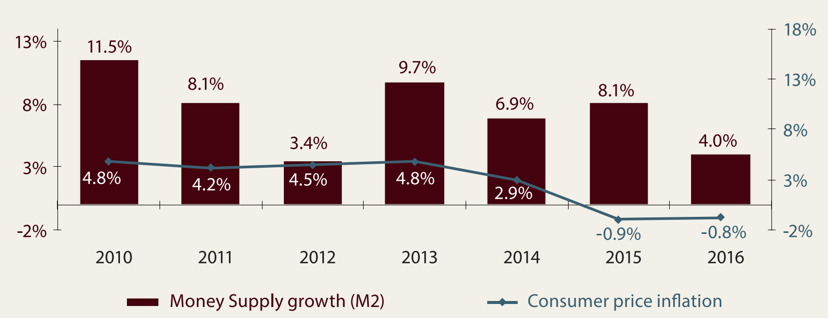
Sources: Central Bank of Jordan, Bank Audi's Group Research Department

2016 to reach US$ 68.2 billion, but such an annual growth is the lowest since the beginning of the regional turmoil in 2011. Deposit growth has considerably weakened to 0.9% in 2016 against 7.7% in 2015. Despite such a low funding growth, credit facilities managed to grow by 8.5% in 2016 to reach US$ 32.3 billion at year-end, the equivalent of 81.8% of GDP.

At the capital markets level, stock market prices reported a further decline in 2016, for the sixth time since the eruption of the regional turmoil in 2011. The ASE general weighted price index reported a net decline of 3.8% in 2016, amid a noticeable contraction in turnover. Total value traded reached US$ 3.3 billion in 2016, dropping by 31.3% relative to the US$ 4.8 billion level registered in 2015. This has subsequently lead to a contraction in the turnover ratio, measured by the annual traded value to market capitalization, moving from 19.0% in 2015 to 13.4% in 2016. At the fixed income market level, Jordan's average bond spread contracted from 374 basis points at end-2015 to 366 basis points at end-2016, reflecting a relative improvement in the market perception of sovereign risks at large.

The detailed developments in the real sector, external sector, public sector and financial sector are outlined in the sections that follow while the concluding remarks address the Kingdom's economic near term outlook.

BROAD MONEY AND INFLATION



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

1. ECONOMIC CONDITIONS

1.1. REAL SECTOR

1.1.1. Agriculture and Industry

Growth in the activity of the primary sector with a mixed performance for the secondary sector

Jordan's primary sector registered a real growth of 5.3% during the first three quarters of 2016, following a slower pace of 0.7% in the corresponding period of 2015, despite continued regional conflicts and instability. The breakdown of GDP by economic activity indicates that the share of agriculture in the country's GDP edged up from 2.9% in the first nine months of 2015 to 3.1% in the corresponding period of 2016. Furthermore, the sector added US$ 864 million to GDP at current prices in the aforementioned period of 2016, up from US$ 799 million in the first nine months of 2015, according to the Central Bank of Jordan.

Credit facilities extended to the agricultural sector registered 1.3% of total credit facilities at end-December 2016. Net new loans stood at US$ 123 million, up from negative levels in 2015. Additionally, the number of registered companies classified within the agricultural sector rose from 720 in 2015 to 810 in 2016, a yearly increase of 12.5%. This followed an annual contraction of 4.1% witnessed in 2015. Moreover, the agricultural companies' capital increased from US$ 17.6 million in 2015 to US$ 21.9 million in 2016.

Although the growth in the activity of the agricultural sector was felt on the local front within the context of increasing production, the external sector registered a negative performance in the form of negative export growth. This came in line with the closure of routes between Jordan and Syria. Agricultural exports deteriorated by a yearly 19.6% to stand at US$ 1,048 million in 2016, down from US$ 1,304 million in 2015. This came after a deterioration of 2.9% registered in 2015.

Looking at the secondary sector, Jordan's industrial sector registered a slight growth of 0.6% in the first nine months of 2016, slowing down from a growth of 3.3% reported in the same period a year earlier. The sector managed to post this slight expansion, mainly driven by growth in two out of three its components, namely manufacturing and electricity and water.

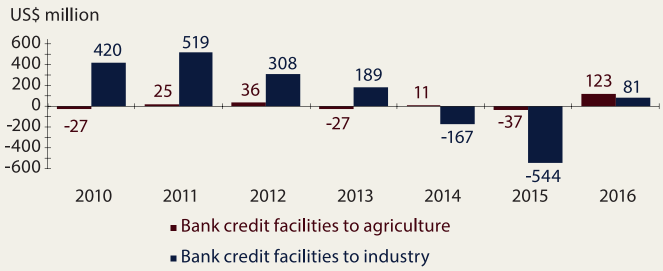
Moreover, credit facilities extended to industrial activities took over a share of 9.6% of total credit facilities at end-2016, down from 10.2% at end-2015. Net new loans reported US$ 81 million in 2016, up from negative flows registered a year earlier. Regarding the number of companies classified within the industrial sector, these increased by a yearly 29.8% from 1,891 in 2015 to 2,455 in 2016. This came after an annual decrease of 13.2% in 2015. However, the capital of these companies was on a declining path, falling from US$ 69.3 million in 2015 to US$ 59.4 million in 2016.

AGRICULTURE AND INDUSTRY

US$ million	2011	2012	2013	2014	2015	2016	Var 16/15
Agricultural exports	1,046	1,130	1,276	1,375	1,304	1,048	-19.6%
Industrial exports	5,732	5,569	5,501	5,907	5,462	5,114	-6.4%
Phosphate (000 tons)	7,594	6,383	5,274	7,109	8,264	7,989	-3.3%
Potash (000 tons)	2,259	1,823	1,728	2,086	2,355	2,003	-14.9%
Fertilizers (000 tons)	723	640	678	886	619	547	-11.6%
Chemical acids (000 tons)	1,413	1,291	1,266	1,442	1,206	1,083	-10.2%
Petroleum products (000 tons)	3,158	3,476	3,082	3,007	3,212	2,793	-13.0%
Electricity and water (Mill.K.W.H.)	8,160	7,895	7,539	8,148	6,557	4,536	-30.8%

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

CREDIT FACILITIES FLOWS TO AGRICULTURE & INDUSTRY



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

In a detailed look at the components of the sector, mining and quarrying added US$ 638 million to the Jordanian GDP at current prices in the first three quarters of 2016, a decrease of 13.8% relative to the same period of the previous year. This reversed an increase of 23.5% registered in the same period of 2015. The share of mining and quarrying in GDP stood at 2.3% in the first nine months of 2016, slightly lower than a contribution of 2.7% posted in the same period of the previous year.

Manufacturing, which contributed by 15.9% to the country's GDP in the first nine months of 2016, grew by a yearly 0.8% in real terms in the aforementioned period of last year, slowing down from an increase of 1.5% reported in the first three quarters of 2015. This segment contributed to Jordan's nominal GDP by US$ 4,490 million in the first three quarters of 2016, up from US$ 4,447 million in the aforementioned period of 2015.

Regarding the electricity and water segment, the contribution of this component to the nominal GDP was on an increasing path in 2016. The component added US$ 747 million in the first nine months of 2016, up from US$ 658 million in the corresponding period of 2015, an annual increase of 13.5%. However, electricity output fell by 30.8% year-on-year from 6,557 million KWH in 2015 to 4,536 million KWH in 2016. This followed a decrease of 19.5% registered in 2015. On a similar note, the output of fertilizers, chemical acids, phosphate, potash and petroleum products posted yearly declines of 11.6%, 10.2%, 3.3%, 14.9% and 13.0%.

On another line, industrial exports continued to witness a negative trend reporting a yearly decline of 6.4% from US$ 5,462 million in 2015 to US$ 5,114 million in 2016.

In conclusion, the primary sector encountered a positive performance at the level of activity in 2016, while the industrial sector revealed signs of minimal growth and mixed performance at the level of its components. Yet, it is noteworthy that both sectors didn't perform well on the external level mainly due to the regional overall instability and the critical politico-security situation in surrounding countries.

1.1.2. Construction

Construction sector partially recovers despite regional insecurity

Jordan's construction sector recorded a growth of 0.8% in 2016, slightly improving from a contraction of 1.0% in 2015 in the wake of a surge of regional insecurity. This slight recovery was supported by a project pipeline across the transport, energy and residential/non-residential infrastructure. The Kingdom's construction sector, which made up 4.4% of GDP in 2016, was also reinforced with an 18.8% rise in credit facilities to the sector.

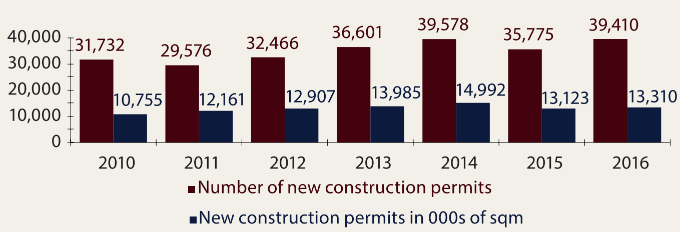
In line with this partial recovery in Jordan's construction sector, demand for construction permits rose by 10.2% in 2016, compared to a 9.6% decline in 2015. Likewise, the country's residential permits,

CONSTRUCTION INDICATORS

US$ million	2011	2012	2013	2014	2015	2016	Var 16/15
Clinker production (000 tons)	1,206	1,026	906	865	653	575	-12.0%
Bank credit facilities to construction (var)	417	309	569	658	496	1,302	162.5%
Number of registered companies	341	241	217	224	148	121	-18.2%
Capital of new registered companies	49	23	15	16	11	7	-32.5%

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

EVOLUTION OF CONSTRUCTION PERMITS



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

which accounted for 92.3% of construction permits, witnessed an expansion of 10.6% in 2016, against a contraction of 10.3% in 2015. Moving on to construction permits granted by city, Irbid formed the lion's share of total permits given in 2016 at 31.1%, followed by Amman at 19.7%, and Zarqa at 9.1%. The number of newly registered companies within the construction sector yet saw a contraction of 18% in 2016, compared to a 33.9% contraction in 2015.

Amongst the major projects in the construction sector pipeline was the signing of a memorandum of understanding between Greater Amman Municipality and China Railway Engineering Corporation to study the possibility of establishing an underground metro in Amman. In the energy sector, ACWA Power signed an agreement with the government of Jordan to build, finance, own and operate a 61.3 megawatt peak photovoltaic project in Risha Province. In addition, the Kingdom is spending JD 244 million on development programs in Aqaba this year. Some JD 120 million has been spent on capital governmental projects and JD 114 million on projects of the Aqaba Special Economic Zone Authority, the Aqaba Development Company and the Aqaba Water Company. Furthermore, Jordan plans to expand investment and growth in the renewable energy sector through attracting foreign capital and adding about 700 megawatts of power to the national electricity grid from projects in the southern region.

It is worth noting that the Kingdom's private-sector investment growth was constrained by the impact of low oil prices on inward investment from traditional Gulf investors, but this situation should start to improve if oil prices stage a modest recovery over the next couple of years. Changes in the investment law and Jordan's relative stability should also help to sustain inflows. Numerous large construction projects are underway, including for housing, transport, energy and air travel. Expansion of the electricity grid and development of both the conventional and renewable energy sectors will also help to spur growth, subject to continued financial support from overseas backers.

Last but not least, Jordan's construction industry value is expected to grow faster in 2017, followed by stronger growth in 2018 as a number of projects progress from the planning stages into active development. Jordan's infrastructure deficit, spanning across the transport, energy and the residential/non-residential sectors means that there is high demand for future development and an influx of regional funding. Looking forward, a potential stabilization in Syria and Iraq would also present considerable opportunities for Jordanian companies in those regional countries' reconstruction and development.

1.1.3. Trade and Services

Tertiary sector remains on same slow-growth trend

The performance of Jordan's trade and services sector remained on the same trend as in the previous year, growing by 3.0% during the first nine months of 2016, unchanged from the growth rate attained in the same period of 2015. The political instability in neighboring Syria and Iraq continues to undermine economic activity through multiple channels, including disruptions of trade routes, less tourism, and hesitant private investment.

The sector's growth was led by expansions in the "electricity & water", "services for households", and "finance, insurance, real estate and business services" segments. While all other components of the

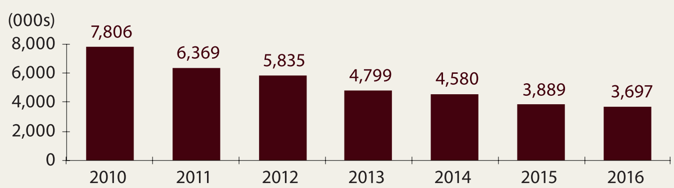
TRADE AND SERVICES

US$ million	2011	2012	2013	2014	2015	2016	Var 16/15
Number of vessels at the Aqaba Port*	2,395	2,632	2,441	2,269	2,244	2,012	-10.3%
Merchandise at the Aqaba Port (000 tons)*	19,184	19,355	16,316	19,045	18,382	17,381	-5.4%
Bank credit facilities to trade and services (var)	979	2,146	706	-75	2,701	869	-67.8%
Number of new registered companies	4,990	4,632	4,687	4,367	3,578	3,675	2.7%
Capital of new registered companies	366	180	190	135	127	91	-28.0%

* 10-month annualized figures for 2016

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

EVOLUTION OF TOURIST ARRIVALS*



* Excluding Jordanian arrivals

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

tertiary sector managed to report higher activity, the electricity & water segment expanded the most by 10.8% in the first ten months of 2016, followed by a 4.1% growth rate attained by the services for households segment, and a 3.9% growth rate posted by the finance, insurance, real estate and business services segment.

Moving on to the Kingdom's port activity, the latter came under pressure for most of last year. At the level of passengers, the number of passengers using the port decreased by 12.3% to reach 360,179 in the first ten months of 2016, following a decline of 6.4% reported in the same period of 2015. As for the number of vessels, they reached a total of 1,677 during the first ten months of 2016, down by 9.1% year-on-year, following a 1.3% contraction registered in the aforementioned period of 2015. The quantity of imported and exported goods also decreased by 5.9% year-on-year to a total of 14.48 million tons during the first ten months of 2016. It is worth noting that a US$ 250 million project to build a new port in Aqaba is expected to be completed by late 2017 and the latter would attract investment and encourage economic growth.

The Kingdom's tourism sector witnessed yet another disappointing year, as regional political instability and a strong dollar contributed to deterring visitors. As a matter of fact, numbers published by the Central Bank show that arrivals, excluding Jordanians, were down by 4.9% in 2016, following a higher drop of 15.1% in 2015. They reached 3,697 thousand tourists compared to 3,889 thousand tourists in 2015. This is mostly due to a drop in the number of incomers from Syria, Saudi Arabia and Iraq.

Similarly, receipts from the touristic sector registered a decrease of 1.2% to reach JD 2.2 billion (US$ 3.1 billion) over the first nine months of 2016, against a decline of 7.2% registered in the 2015 corresponding period.

As for the hotels sector, it moved in line with the declining tourists' numbers in the Kingdom. Accordingly, data published by Ernst & Young show that occupancy within four and five star hotels in the capital decreased by 7% to 50% in 2016 while the average room rate was up by 0.6% to US$ 157, one of the lowest rates among Middle Eastern cities.

In conclusion, the stabilization of politics and an improvement in the security situation in the region could contribute to a full recovery in the trade and services sector, improving the performance of the tourism sector and leading to a resumption of trade after the reopening of the border. More fundamentally, there would be progress in stimulating foreign direct investments in the services sector. As such, Jordan could potentially become a major commercial hub for the Levant if the ongoing political and security challenges are resolved in Iraq and Syria.

1.2. EXTERNAL SECTOR

Narrowing yet still high current account deficit in the first nine months of 2016

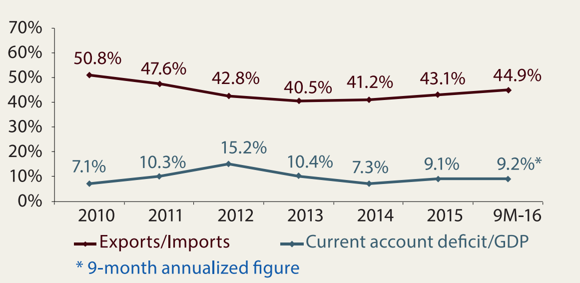
In 2016, Jordan's external sector witnessed a continuous contraction in trade deficit as lower oil prices have provided relief since late 2014, yet the current account deficit remained high owing to declines in remittances, exports, and touristic receipts amid a challenging regional environment. In details, foreign trade figures show a contraction in imports by 6.2% alongside an 8.9% decline in exports in 2016 compared to 2015, contributing to a 4.8% decrease in the foreign trade deficit, according to the Central Bank of Jordan. In fact, Jordan's trade deficit contracted from US$ 13.7 billion in 2015 to US$ 13.1 billion in 2016, to reach the equivalent of 33.1% of Jordan's GDP, from 36.6% of GDP. As such, Jordan's foreign trade activity posted a net contraction in terms of volume, as the sum of exports and imports went down by 6.9% moving from US$ 27.3 billion to US$ 25.4 billion during the same period.

At the level of exports, a total of US$ 6.2 billion was registered in 2016, compared to US$ 6.8 billion in 2015, driven mainly by a 30.6% slump in potash exports. The potash industry was hit by global oversupply resulting in strong price competition and high reserves in importing countries, prompting Cabinet to discuss mitigating measures. Additionally, the closure of the borders to Iraq and Syria (which itself affected bilateral trade and transit trade to Lebanon, the European Union and Turkey) has negatively affected trade by increasing export time and cost. In parallel, the breakdown of domestic exports by commodity shows that the main exports during the year are the exports of chemicals, food and live animals, crude materials and manufactured goods which accounted for 65.1% of total domestic exports. The geographic distribution of domestic exports indicates that 23.8% of total exports went to USA, followed by Saudi Arabia with 14.8% of the total, India with 7.9%, Iraq with 7.6%, the UAE with 5.4%, and Kuwait with 5.3% of total domestic exports.

At the level of imports, a total of US$ 19.2 billion was reached in 2016, compared to US$ 20.5 billion in 2015, within the context of the drop in oil prices affecting oil imports. The breakdown of imports by category suggests that imports of mineral fuels and lubricants posted the most significant decline of 23.4% year-on-year to make up 14.1% of total imports in 2016 (from 17.3% in 2015), followed by manufactured goods with a drop of 6.1%, crude materials with a decline of 4.1%, and chemicals with a drop of 2.9%. On the other hand, the main item to have displayed a significant increase was food and live animals with 4.9% over the same period. The breakdown of imports by country of origin shows that most of the inward merchandise in 2016 came from China with 14.0% of the total, followed by Saudi Arabia with 12.1% of the total, USA with 7.0%, Germany and UAE with 4.6% each, and Italy with 4.4%.

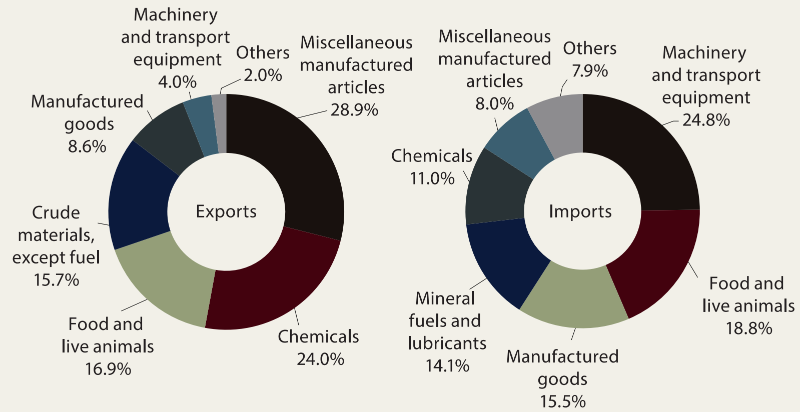
On the other hand, the current account deficit narrowed by a tiny 3.5% during the first nine months of 2016 relative to the same period of 2015 to reach the equivalent of US$ 2.7 billion, as per the latest available statistics. This modest recovery in current account deficit was mainly attributed to the retreat in the trade deficit that has more than offset the impact of the drop in services account and net current transfers on current account deficit. As such, services account dropped by a tiny 1.8%, on the back of a moderate decline in net travel account by 5.3% given the fall in tourism receipts amid the overall regional instability. In addition, net current transfers declined by 20.9% as a result of the decrease in the transfers of other sectors by 18.4%. Within this context, the current account deficit narrowed from 10.0% of GDP in the first nine months of 2015 to 9.2% in the first nine months of 2016. In parallel, the financial account has risen by 13.2% during the first nine months of 2016, moving up from US$ 2.0 billion to US$ 2.3 billion, which is attributed to a move in reserve assets from US$ -1.8 billion to US$ 1.7 billion and a moderate increase in direct investment inflows by 2.1% over the period.

FOREIGN SECTOR INDICATORS



Sources: Central Bank of Jordan, IMF, Bank Audi's Group Research Department

BREAKDOWN OF EXPORTS & IMPORTS BY COMMODITY (2016)



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

1.3. PUBLIC SECTOR

Reduced fiscal imbalances driven by a rise in public revenues

Jordan's public finances in 2016 were under the effect of a significant rise in domestic revenues coupled with a slower rise in public expenditures resulting in a better fiscal position and a lower deficit as indicated by Central Bank figures for the first 11 months of 2016, although they remain the most significant vulnerability of the Kingdom's economy.

In details, total revenues and grants totaled US$ 8.7 billion during the first 11 months of 2016, moving up by 7.9% or the equivalent US$ 637.5 million of relative to the corresponding period of 2015. A rise in domestic revenues was the main driver of the former. In details, domestic revenues hovered around US$ 8.2 billion during the first 11 months of 2016, a 9.4% increase from the corresponding period of 2015. Tax revenues, which are the main contributors to the stream of domestic revenues, increased by 4.9% in the first 11 months of 2016 compared to the corresponding period of 2015 to reach US$ 5.6 billion. As to foreign grants, they went down by US$ 59.2 million in the first 11 months of 2016 compared to a higher drop of US$ 433 million during the first 11 months of 2015, totaling US$ 573 million. It is worth noting that the Jordanian government is attempting to adhere to IMF calls for tax increases along with a raft of increases in various customs duties, and the paring-back of some exemptions were announced in February.

Total public expenditures reached a total of US$ 9.9 billion during the first 11 months of 2016, up by 3.4% or the equivalent of US$ 324 million from the total registered during the same period of 2015. Capital expenditures were US$ 20 million below the US$ 1.2 billion reached during the first 11 months of 2015, equivalent to a decrease of 1.8%. Current expenditures increased by 4.1% or the equivalent of US$ 324 million during the first 11 months of 2016, totaling US$ 8.7 billion. A breakdown of current expenditures by category shows that subsidy spending decreased by 5.0% from the level spent during the first 11 months of 2015, driven by an 18.0% drop in the value of food and oil subsidies. In addition, social assistance spending decreased by 14.4% from the level spent during the first 11 months of 2015.

Moreover, grants by the government were higher by 5.5% in the first 11 months of 2016 relative to the level spent during the equivalent period of 2015. Interest payments were lower by 9.5% of the level spent during the first 11 months of 2015, while purchases of goods and services were higher by US$ 95 million, equivalent to 22.1% of the level spent during the first 11 months of 2015. In contrast, military expenditures were up by 7.7% of the level spent during the first 11 months of 2015. Miscellaneous expenditures, of which scholarships and trainings, were up by 27.8% compared to the equivalent period of 2015 level. In addition, compensation of employees was up by 1.8% of the level spent during the first 11 months of 2015. However, these increases in expenditures come at a time where the government is attempting to implement measures designed to limit public-sector salaries and employment benefits, particularly among senior officials.

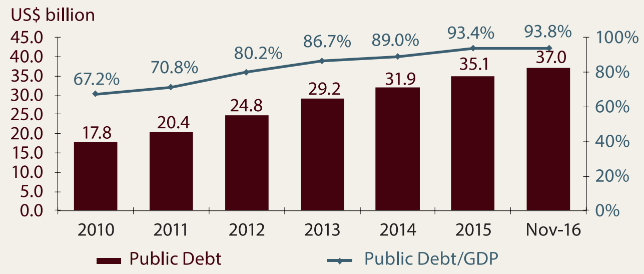
SELECTED PUBLIC FINANCE INDICATORS

US$ billion	2011	2012	2013	2014	2015	2016*
General government revenues	7.6	7.1	8.1	10.3	9.6	9.5
General government revenues/GDP	26.5%	23.0%	24.1%	28.6%	25.5%	24.1%
General government expenditures	9.6	9.7	10.0	11.1	10.9	10.8
General government expenditures/GDP	33.2%	31.3%	29.7%	30.9%	29.0%	27.3%
General government fiscal balance	-2.0	-2.6	-1.9	-0.8	-1.3	-1.2
General government fiscal balance/GDP	-6.8%	-8.3%	-5.5%	-2.3%	-3.5%	-3.1%

* 11-month annualized figures

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

PUBLIC INDEBTEDNESS



Sources: Central Bank of Jordan, IMF, Bank Audi's Group Research Department

Therefore, the general budget, including foreign grants, recorded a fiscal deficit of US$ 1.1 billion during the first eleven months of 2016, compared to a fiscal deficit of US$ 1.5 billion during the same period of 2015. When excluding foreign grants, at US$ 0.6 billion, the general budget deficit reaches US$ 1.7 billion during the first 11 months of 2016 compared to a deficit of US$ 2.1 billion during the same period of 2015.

In parallel, gross domestic public debt increased by US$ 1,193.0 million at the end of November 2016 compared to its level during the same period of 2015, to reach US$ 22.8 billion. Outstanding external public debt (budgetary and guaranteed) increased by US$ 1,130.3 million at end November 2016, compared to its level at end November 2015, to stand at US$ 14,163 million. As a result, gross public debt (domestic and external) reached US$ 37.0 billion at the end of November 2016 compared to US$ 34.7 billion at the end of November 2015.

1.4. FINANCIAL SECTOR

1.4.1. Monetary Situation

Increase in key policy rates despite persisting deflationary pressures

Jordan's monetary conditions continued to be marked in 2016 by a sustained comfortable level of foreign exchange reserves along with persisting deflationary pressures on the back of a stronger US dollar and low oil prices. Jordanian authorities remained committed to the fixed exchange rate regime, which has helped to instill confidence in monetary policy and prompted the Central Bank of Jordan to raise its key policy rates several times since December 2016, mainly tracking the US Fed's rate hikes, in the aim of preserving monetary stability.

In details, deflationary pressures persisted in Jordan over the year 2016, with the Consumer Price Index declining by 0.8%, according to the Central Bank of Jordan, mainly reflecting the low economic growth, the decrease in food and transportation prices in a low oil price environment and the fall in import prices in the context of the currency peg and a stronger US dollar. The breakdown of the Consumer Price Index by category shows that "the transportation category" was the largest deflationary impulse, falling by 3.9% on average in 2016 on the back of lower oil prices, followed by "the food and non-alcoholic beverages category" with -3.5% and the "communications category" with -0.2%, noting that these three categories account for circa 50.4% of the Consumer Price Index. In contrast, "the Culture and Recreation category" registered the highest increase of 4.6%, followed by "the health category" with +3.8%, "the alcohol and Tobacco and Cigarettes category" with +3.2% and the "Housing category" with +1.2% (given a 2.6% increase in the heavyweight "rent" sub-category).

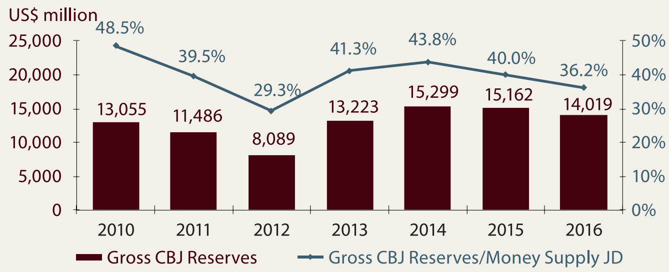
However, inflation accelerated to 2.5% year-on-year in January 2017 and to 4.6% year-on-year in February 2017, reflecting higher global food prices and the one-off impact of the fiscal measures. Within this context, the IMF expects the CPI to reach 2.3% on average in 2017, as the impact of the fall in oil prices subsides and the economy accelerates.

MONETARY SITUATION

Flows in US$ million	2011	2012	2013	2014	2015	2016
Net foreign assets	-999	-3,815	364	1,423	289	999
Net claims on public sector	2,527	3,850	1,430	-148	1,249	-1,045
Claims on private sector (resident)	1,851	1,451	1,790	889	1,201	2,660
Claims on financial institutions	-26	-1	-53	1	-2	161
Net other items	-797	-320	-120	482	599	-982
Uses=Sources	**2,556**	**1,165**	**3,411**	**2,647**	**3,336**	**1,792**
Money supply (M1)	1,018	-85	1,689	1,161	915	715
Quasi-money	1,538	1,250	1,722	1,486	2,421	1,078

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

EXCHANGE MARKET INDICATORS



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

Given the pegged exchange rate, key policy rates in Jordan followed the lead taken by the US Federal Reserve in tightening monetary policy in December 2016 and March 2017, in the aim of guaranteeing the competitiveness of the Jordanian dinar as a tool for local savings, keeping international reserves at adequate levels, and preserving monetary and financial stability. Within this context, the Central Bank of Jordan raised its Overnight Deposit Window Rate by 25 basis points in December 2016 and by a cumulative of 75 basis points during the first quarter of 2017 to reach at present 2.50%. Also, the CBJ lifted the rediscount rate and the overnight Repo rate by 75 basis points each during the first quarter of 2017 to reach 4.50% and 4.25% respectively.

Anchored by the exchange rate peg, monetary policy remained focused on preserving adequate reserves. The Central Bank of Jordan's readily available foreign exchange reserves maintained a relatively comfortable level of US$ 14.0 billion at end-2016, despite a 7.5% retreat relative to end-2015 or the equivalent of US$ 1.2 billion, given a continued current account deficit, increased deposit dollarization, and reduced capital transfers. Accordingly, the CBJ's foreign exchange reserves covered around 8.7 months of imports, down from 8.9 months of imports in 2015. They also covered 36.2% of money supply in Jordanian dinar at end-2016. This compares to a higher coverage ratio of 40.0% at end-2015. Within this context, It is worth highlighting that the IMF approved in August 2016 a three-year extended arrangement under the Extended Fund Facility for Jordan for an amount of US$ 723 million to support the country's economic and financial reform program, with an immediate disbursement of US$ 72.3 million, noting that the size and timing of disbursements are set to strengthen reserve buffers and reduce balance of payments vulnerabilities.

The broader money supply (M2) widened by 4.0% or the equivalent of US$ 1.79 billion in 2016 to reach US$ 46.4 billion at the end of the year, following a higher expansion of 8.1% in 2015. The growth in money supply in 2016 is mainly driven by a higher credit growth on the back of lower policy rates from July 2015 till December 20, 2016 and a shift of government borrowing away from banks toward the social security investment fund, along with a growth in net foreign assets. A closer look at factors affecting the money supply growth shows that net foreign assets increased by 8.7% or the equivalent of US$ 999 million in 2016, and claims on resident private sector rose by 10.1% in 2016 or the equivalent of US$ 2.7 billion, while net claims on public sector dropped by 6.3% or the equivalent of US$ 1.0 billion.

Looking forward, the monetary policy shall remain focused on preserving the exchange rate peg despite the associated lack of flexibility, maintaining an adequate level of reserves, and stabilizing financial conditions. Accordingly, policy rates are set to remain dependent on the timing and magnitude of US monetary policy normalization, while inflation is expected to gradually increase over the medium-term with the gradual acceleration in growth and subsiding impact of the fall in oil prices.

1.4.2. Banking Activity

Subdued deposit growth yet coupled with a sound lending activity

Jordan's banking sector witnessed a year of mild growth in 2016, amidst difficult operating conditions locally and continuous concerns over spillovers of developments in neighboring countries unto the domestic scene. Measured by total assets of banks in the Kingdom, sector activity progressed by 2.7% on a yearly basis to reach the equivalent of US$ 68.2 billion at end-December 2016. The increase in banking assets in volumes yet proved 45% lower than that registered in the previous year.

By looking at the funding side of banks' aggregated balance sheets, we can attribute the mild increase in total activity in the sector to a subdued deposit growth over the course of 2016. Total deposits at banks in Jordan actually rose by a mere 0.9% last year to reach US$ 46.4 billion at end-December 2016, while continuing to be a stable source of funding to banks' activities at close to 70% of total balance sheets and keeping reliance on foreign market funding quite low.

A closer look at the detailed breakdown of deposits shows that the private sector drove deposits higher last year, and in particular, the resident private sector. As a matter of fact, both the non-resident private sector (that represents less than one tenth of the total deposit base) and the public sector (especially at the level of time deposits) registered a decline in their overall deposit base at Jordanian banks. It is worth noting that the latter decline is partly due to the withdrawal of some funds by the Social Security Corporation to participate in a ten-year government bond issue in September 2016.

A glance at the currency structure of Jordanian banks' deposit base reveals that the local currency side almost stagnated while the mild rise last year is attributed to higher foreign currency deposits stemming from the resident private sector and to a limited extent from the central government. As a result, the deposit dollarization ratio slightly inched up, moving from 20.2% at end-2015 to 21.1% at end-2016, yet still reflecting the public confidence in the Jordanian dinar given the limited changes in recent months.

On the asset utilization side, credit facilities lead the overall increase in total assets, with a healthy 8.5% rise year-on-year in 2016 to attain US$ 32.3 billion at end-December, despite the subdued economic activity domestically. The rise in credit facilities is mostly attributed to an increase in loans and advances of more than 12 months, with the resident private sector accounting for the bulk of total credit facilities growth. Jordanian authorities introduced several measures aimed at funding more the corporate sector, including reducing its borrowing from banks, though much of the funding continues to be channeled towards larger companies.

The year 2016 was marked by an increase in the exposure of banks to the construction sector, with the latter getting literally half of the new loans extended. It was followed by the general trade sector and the mining sector in this respect. The currency structure of loans shows that local currency loans rose by 10.4% while those in foreign currencies retreated by 3.6% year-on-year.

In contrast, the public sector shrank its borrowing stock from banks in the Kingdom last year, with claims on the central government down by 1.8% in 2016. This happened as the government made increasing use of foreign borrowing (including bond issuance encompassing Sukuk), and concessional borrowing from allies and multilateral agencies.

With lending activity growing at a faster pace than deposits last year, the loan-to-deposit ratio inched up from 64.7% at end-2015 to 69.6% at end-2016. Nonetheless, this liquidity proxy remains acceptable especially when compared to peers in the region and abroad and given that local banks maintain conservative lending practices in general.

The core liquidity ratio, another measure of liquidity and perhaps a more accurate one and measured as the ratio of banks' cash and deposits with the Central Bank and other banks/total deposits, reached 33.1% at end-2016, against a slightly higher 35.0% at the end of the previous year. This is due to a slight decline in core liquidity while the deposit base reported a mild increase.

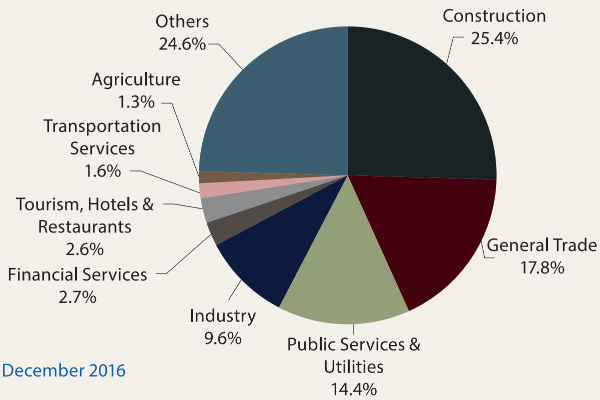
The core liquidity stock banks enjoy declined mostly due to lower deposits with the Central Bank in local currency, while those in foreign currencies and balances with banks abroad rose during 2016. Anyhow,

BANKING SECTOR INDICATORS

US$ million	2011	2012	2013	2014	2015	2016
Banking Activity						
Assets	53,152	55,394	60,369	63,282	66,477	68,240
Deposits	34,383	35,217	38,917	42,680	45,977	46,402
Credit facilities	22,356	25,129	26,713	27,185	29,764	32,306
Capital accounts and allowances	7,612	8,248	8,669	9,554	10,025	10,241
YTD Growth rates						
Assets	7.8%	4.2%	9.0%	4.8%	5.0%	2.7%
Deposits	8.3%	2.4%	10.5%	9.7%	7.7%	0.9%
Credit facilities	9.7%	12.4%	6.3%	1.8%	9.5%	8.5%
Capital accounts and allowances	9.0%	8.4%	5.1%	10.2%	4.9%	2.2%

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

CREDIT FACILITIES BREAKDOWN BY ECONOMIC ACTIVITY*



* December 2016

Sources: Central Bank of Jordan, Bank Audi's Group Research Department

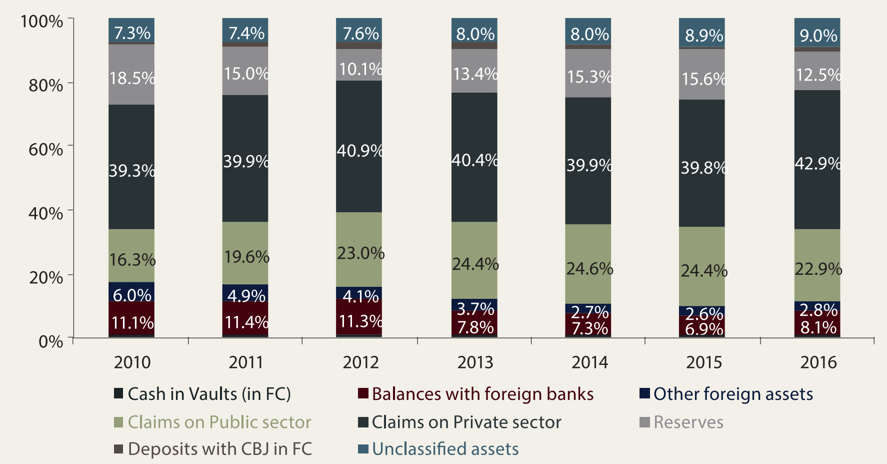
in both absolute and relative terms, the core liquidity ratio remains more than satisfactory and helps shield banks from potential pressures on liquidity and from a deposit run in case of a drastic change in conditions.

Sovereign exposure has continued to increase for Jordanian banks, with their total claims on the government at more than 1.5x capital accounts and allowances at end-2016. It is yet worth noting that fiscal consolidation and rising government reliance on external and concessional sources of funding such as grants and US-guaranteed Eurobond issuances are apt to curb the latter ratio to some extent going forward.

Asset quality improved over the course of 2016 as banks managed to tackle some legacy non-performing loans and proceeded with some write-offs while tightening underwriting. Indeed, the latest World Bank statistics point out to a decline in the NPLs/Total loans ratio from 5.6% at end-2014 to 4.9% at end-2015 and to a slightly lower 4.8% at end-June 2016 despite the healthy rise in lending activity. In parallel, provisioning coverage remains quite satisfactory, with provisions representing 76.5% of classified loans at end-June 2016.

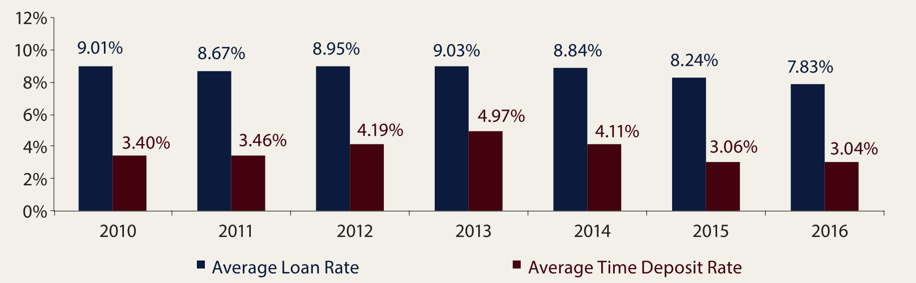
Along the same lines, banks' capitalization is adequate. Their Basel II risk-weighted capital adequacy ratio stood at 18.4% at end-June 2016, the bulk of which is composed of common equity Tier 1 capital, thus comparing very favorably in the region and beyond. New Basel III capital requirements were

ASSET COMPOSITION



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

BANKING SECTOR INTEREST RATES IN JD



Sources: Central Bank of Jordan, Bank Audi's Group Research Department

issued in October 2016, and are up to 1.5% higher than the Basel Committee for Banking Supervision's recommendations, while applying retrospectively from September 2016. This added capital buffer aims to preserve the resilience of the banking sector.

The IMF recently said that the Jordanian banking sector's capitalization is highly resilient to a broad range of sizeable shocks, although stress tests suggest the need to monitor the potential impact from higher interest rates and from the rapid rise in household credit. The Fund added that were the current difficult conditions to exacerbate and lead to severe and protracted shocks such as persistently low growth and significantly higher interest rates, the sector's asset quality and capitalization could be markedly affected. However, the high levels of capitalization and profitability would continue to provide an important buffer to deal with these shocks.

Finally, banks' net profits reached a consolidated level of US$ 682 million before taxes in the first half of 2016, which if annualized and compared to FY 2015 would imply a 13% yearly increase in bottom lines based on those preliminary World Bank figures quoting the Central Bank of Jordan. Return ratios (annualized and based on 1H2016 figures) have improved to 1.5% for ROA and to 11.5% for ROE, which remain more or less satisfactory given the difficult operating conditions banks are facing.

1.4.3. Equity and Bond Markets

Equity market remains under downward price pressures, bond market attracts foreign interest

Jordan's equity market witnessed a reduced activity in 2016 along with extended price declines amid lingering regional political instability, unfavourable profits before taxes of listed companies and unattractive market pricing ratios. In parallel, the fixed income market saw a new bond issue in 2016, which along with the existing sovereign posted price drops, tracking US Treasuries move.

The Amman Stock Exchange continued to operate in negative territory in 2016, mainly dragged by lingering geopolitical concerns and widely unfavourable financial results, as the pretax profits disclosed by 219 out of 224 Jordanian public shareholding companies fell by 12.9% year-on-year during the first nine months of 2016, as per the bourse officials. Nonetheless, non-Jordanian market players remained net buyers for the second consecutive year, posting net investments of +US$ 168 million. However, this was only reflected in a shy increase in the non-Jordanians' ownership of market capitalization, with the latter moving from 49.5% in 2015 to 49.6% in 2016.

Within this context, the ASE general weighted price index continued to follow a downward trajectory for the ninth year in a row, falling by 3.8% in 2016 to close at 4,069.7 at year-end. The breakdown of the ASE general weighted price index by sector in 2016 shows that the "services sector" was the main drag to the index, posting a year-on-year price slump of 16.3%, mainly due to a strong US dollar and reduced tourism revenues amid regional political instability. This was followed by the "Manufacturing and Mining sector" with -3.0%, and the "banking and financial sector" with -0.2%, while the "insurance sector" posted price gains of 1.2%.

CAPITAL MARKETS INDICATORS

	2011	2012	2013	2014	2015	2016
Market capitalization (US$ billion)	27.2	27.0	25.7	25.5	25.4	24.5
Market cap/GDP	94.3%	87.1%	76.4%	71.1%	67.5%	62.0%
Total value traded (US$ billion)	4.0	2.8	4.3	3.2	4.8	3.3
Total volume of traded securities (million)	4,072	2,384	2,706	2,322	2,586	1,837
Total number of transactions (000s)	1,318	975	1,074	956	899	786
No. of listed companies	247	243	240	236	228	224
% Chg. in ASE general weighted price index	-12.6%	-1.2%	-5.6%	-2.3%	-0.2%	-3.8%
P/E	22.6x	15.6x	14.7x	15.3x	14.0x	16.5x
P/BV	1.5x	1.5x	1.3x	1.3x	1.3x	1.2x
Dividend yield	3.3%	4.6%	4.6%	4.2%	3.6%	4.1%

Sources: Amman Stock Exchange, Bank Audi's Group Research Department

The number of listed companies at the ASE fell from 228 at end-2015 to 224 at end-2016. This drop, coupled with the fall in the general weighted price index, resulted into a 3.6% reduction in market capitalization, with the latter moving from US$ 25.4 billion at end-2015 to US$ 24.5 billion at end-2016, reaching its lowest level in more than a decade. The ASE market capitalization stood at 62% of GDP at end-2016, down from 67.5% in 2015, which reflects the declining dimension of the ASE relative to the Jordanian economy.

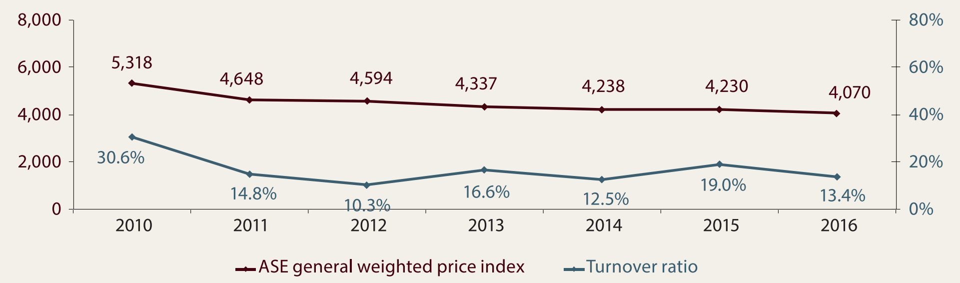
The ASE total trading value dropped by 31.8% to reach US$ 3.3 billion in 2016. The division of the total trading value by sector showed that the financial sector captured 52% of activity, followed by the industrial sector with 30% and the services sector with 18%. The number of traded shares reached 1,837 million shares in 2016, traded through 786 thousand transactions, compared to 2,586 million shares traded during the year 2015 through 899 thousand transactions. Given a higher drop in the total trading value than market capitalization, the turnover ratio fell from 19.0% in 2015 to 13.4% in 2016, which spots light on the reduced activity on the Amman Stock Exchange. As to valuation ratios, the ASE price-to-earnings ratio increased from14.0x in 2015 to 16.5x in 2016, reflecting the reduced attractiveness of ASE stocks. Yet, the dividend yield went up from 3.6% in 2015 to 4.1% in 2016.

At the level of the bond market, Jordan raised in October 2016 the amount of US$ 1 billion from the sale of 10-year senior unsecured bonds, issued in private placements at a coupon rate of 5.75% and maturing on January 31, 2027. The order book size reached US$ 4.3 billion. The distribution of the bond issue by investor type showed that 77% of the issue was allocated to "financial institutions and investment funds", while its distribution by nationality shows that 50% of purchase orders came from American financial institutions and 27% from British ones. Jordan'27 ended the year 2016 on a negative note, trading down by 5.88 pts, yet rebounded so far this year, posting price gains of 1.25 pt, mainly tracking US Treasuries move. Also, Jordan'26, which was issued in November 2015, registered price falls of 0.88 pts in 2016, yet bounced back so far this year, recording price rises of 0.38 pt.

As to credit ratings, Standard and Poor's affirmed in October 2016 its "BB-/B" long-term and short-term foreign and local currency sovereign credit ratings on the Hashemite Kingdom of Jordan with "negative" outlook, citing the difficult regional environment, which would continue to weigh on Jordan's growth and complicate efforts to consolidate public finances and reduce government debt. S&P said that it could revise the outlook to "stable" if Jordan implements key political and structural reforms that support more sustainable economic growth and further ease fiscal and external vulnerabilities, and in case of a significant improvement in the regional security environment, which could diminish the threat of further shocks.

In parallel, Moody's affirmed in November 2016 the Kingdom of Jordan's "B1" government issuer ratings and "B1" senior unsecured debt rating, with "stable" outlook. Moody's rating affirmation reflects its assessment that the country would manage to stabilize its main debt and external vulnerability indicators metrics even as overall debt remains high when compared to similarly rated peers. The "stable" outlook reflects Moody's views that the government would continue to pursue fiscal consolidation that should stabilize the high debt metrics over the medium term.

STOCK MARKET PERFORMANCE



Sources: Amman Stock Exchange, Bank Audi's Group Research Department

2. CONCLUDING REMARKS

When looking at the Kingdom's outlook, it is important to start by assessing strengths and challenges lying ahead. Among the most significant strengths, we mention the long term domestic political stability, the history of external support, the favorable debt structure which lowers rollover risk and the robust banking sector with good financial soundness. Among weaknesses, we mention the low growth amid weaker regional demand, the comparatively high public finance deficit and debt indicators, the persistently weak external position underlined by large current account deficits, the high unemployment and social challenges and the volatile regional political environment with the impact of security spillovers from Syria and Iraq.

Looking forward, consumer and business confidence will remain constrained in the near term by the impact of regional instability and the effect of low oil prices on regional liquidity, especially that Syria and Iraq are traditionally key export markets while the Arab Gulf represents an important source of tourists. It is within this context that Jordan's real GDP growth is forecasted by the IMF at an average of 3.8% per annum over the next five years. Still, although the relatively elevated unemployment will limit the strength of private consumption growth, work on large infrastructure and tourism projects should increase employment at large despite the fact that raising the minimum wage might exert a negative impact on overall job creation.

Following a period of deflation over the past couple of years amid low oil prices and sluggish domestic demand, inflation will rise to an annual average of circa 2.5% over the next five years, as per IMF forecasts. The rise in inflation will be due to several drivers, among which the strengthening domestic demand growth, further expected increases in electricity and water tariffs and the higher international food and energy prices.

In parallel, the dollar peg is expected to be maintained, helping to instill confidence in monetary policy despite the associated lack of flexibility. As such, the expected rise in Jordan's reference rates is seen as an effort to discourage dollarization in the economy and preserve the attractiveness of the Jordanian dinar assets versus the US dollar, especially that the Fed would be hiking several times over the next three years prior to reach the terminal Federal Fund rate of 3% (from its current 1% level). It is yet worth mentioning that tightening financial conditions may weigh on the Kingdom's economic growth and on banks' asset quality given their relatively high exposure to the sovereign and rising household credit.

At the fiscal level, the modest level of economic expansion will limit the extent of revenue growth over the medium term, keeping the government deficit to GDP ratios at 4.1% over the next five years. The consecutive deficits will be financed by borrowing from domestic banks, external grants and concessional lending. Funding from the US, the EU and multilateral agencies is set to rise, partly offsetting the slowdown in support from the Arab Gulf amid relatively low oil prices. In parallel, the government debt ratio is set to decline from its current level of 94% of GDP to 77% of GDP in a five-year horizon.

At the financial sector level, the banking system would remain an important pillar of stability for the Kingdom's economy looking ahead. While the potential impact from higher interest rates and from the rapid increase in household credit need to be carefully monitored, the banks' strong financial soundness indicators would continue to provide an important buffer to deal with these shocks. Having said that, the efforts currently undertaken to develop a financial inclusion strategy are key to bring access to finance to the level of the economy's financial depth.

For all such forecasts to materialize, the Kingdom should continue weathering its external challenges by implementing necessary reforms. Structural reforms are needed to effectively boost investment and productivity, put government debt on a more sustainable path, promote greater employment opportunities for Jordanians and reinforce overall socio-economic conditions. With the Kingdom's economy set to face risks and vulnerabilities over the medium term, the implementation of domestic policies and reforms calls as well for timely and sustained support from the international community at large.

DISCLAIMER

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