

Statement by the Staff Representative on Jordan
June 16, 2017

The information below has become available following the issuance of the staff report. The thrust of the staff appraisal remains unchanged.

- 1. Reserves and dollarization have been stable since end-March.** Gross official reserves were about \$11.6 billion in early June, broadly in line with the end-March level. Deposit dollarization stood at 19.4 percent and was also stable. The Central Bank of Jordan raised interest rates on all monetary policy instruments by 25 basis points, effective June 18.
- 2. Inflation continued to ease in May.** Headline monthly inflation was close to zero percent in May 2017, bringing 12-month inflation down to 3.7 percent in May. Core inflation has remained stable at about 3 percent y-o-y.
- 3. Reflecting methodological changes, the unemployment rate stood at 18.2 percent in the first quarter of 2017.** Following recommendations from the ILO, the Department of Statistics (DOS) has modified the methodology underpinning the Survey of Employment and Unemployment. The main changes relate to the exclusion of unpaid workers (such as unpaid trainees and volunteers) from the “employed persons” category, which were included until 2016, as well as an increase of the survey’s sample size, including to cover migrant workers and refugees. This new methodology, which was not applied to previous data, brought the unemployment rate to 18.2 percent in the first quarter of 2017, its highest level in at least 25 years. The unemployment rate for females was at 33 percent, above the 24.8 percent in the previous quarter. While these changes make historical comparisons more difficult, the DOS noted that they now yield more precise estimates of the unemployment rate.
- 4. NEPCO continued to have operational losses in April, and electricity tariffs have remained unchanged.** Preliminary financial data from NEPCO indicate that operational losses in April were about JD 10 million due mainly to some technical issues and low demand, bringing cumulative losses to about JD 18 million (about 0.1 percent of annual GDP) over the first four months of 2017. The Energy and Minerals Regulatory Commission decided in June not to adjust electricity tariffs. A Cabinet reshuffle on June 14 resulted in the resignation of three Ministers, one of which was the Minister of Energy and Mineral Resources.