



Central Bank of Jordan

**Recent Monetary &
Economic
Developments in Jordan**

**Research Dept / Monthly Report
June, 2023**

Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

Website: <http://www.cbj.gov.jo>

E-mail redp@cbj.gov.jo

Classification level: Public



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 |

Contents

	Executive Summary	1
First	Monetary & Financial Sector	3
Second	Output, Prices and Employment	15
Third	Public Finance	23
Fourth	External Sector	37

Executive Summary

□ Output, Prices and Employment

Real GDP at market prices grew by 2.8 percent during the first quarter of 2023, compared to a growth of 2.5 percent during the same quarter of 2022. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first five months of 2023 by 3.4 percent, compared to an increase of 3.0 percent during the same period of 2022. The unemployment rate during the first quarter of 2023 reached 21.9 percent, compared to 22.8 percent during the same quarter of 2022.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 17,399.3 million at the end of May 2023. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,661.0 million at the end of May 2023, compared to JD 41,681.7 million at the end of 2022.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 33,495.9 million at the end of May 2023, compared to JD 32,591.5 million at the end of 2022.
- Total deposits at licensed banks amounted to JD 42,252.8 million at the end of May 2023, compared to JD 42,106.7 million at the end of 2022.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,481.4 points at the end of May 2023, compared to 2,501.6 points at the end of 2022.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 382.9 million (4.5 percent of GDP) during the first quarter of 2023, comparing to a fiscal deficit of JD 345.8 million (4.2 percent of GDP) during the same period of 2022. Government domestic debt (budgetary and guaranteed) increased by JD 171.0 million at the end of March 2023, compared to its level at the end of 2022, to reach JD 21,750.2 million (63.5 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 385.6 million, to reach JD 17,296.6 million (50.5 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 39,046.8 million at the end of March 2023 (114.0 percent of GDP), compared to JD 38,490.2 million (114.2 percent of GDP) at the end of 2022. When excluding the debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 14,091.8 million (41.2 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 16,834.0 million (49.2 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 30,925.8 million (90.3 percent of GDP compared to 91.0 percent of GDP at the end of 2022).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 6.3 percent during the first quarter of 2023 to reach JD 2,118.5 million. Meanwhile, merchandize imports increased by 5.6 percent to reach JD 4,513.8 million. As a result, the trade balance deficit increased by 4.9 percent, compared to the same quarter of 2022, to reach JD 2,395.3 million. The preliminary data during the first five months of 2023 showed an increase in travel receipts by 68.4 percent, to reach JD 2,003.7 million, and an increase in travel payments by 48.1 percent, to reach JD 493.7 million, compared to the same period of 2022. Moreover, total workers' remittances receipts decreased by 1.5 percent during the first five months of 2023, to reach JD 992.4 million, compared to the same period of 2022. The preliminary data for the balance of payments during the first quarter of 2023 displayed a deficit in the current account amounted to JD 714.4 million (8.8 percent of GDP) compared to a deficit of JD 911.9 million (11.8 percent of GDP) during the same quarter of 2022. Meanwhile, the current account deficit excluding grants decreased to reach 10.2 percent of GDP, compared with 12.9 percent of GDP during the same quarter of 2022. Moreover, foreign direct investment recorded an inflow of JD 199.9 million during the first quarter of 2023, compared to an inflow of JD 288.5 million during the same quarter of 2022. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounted to JD 37,193.2 million at the end of the first quarter of 2023, compared to a net obligation to abroad by JD 36,571.9 million at the end of 2022.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves amounted to US\$ 17,399.3 million at the end of May 2023. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,661.0 million at the end of May 2023, compared to JD 41,681.7 million at the end of 2022.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 33,495.9 million at the end of May 2023, compared to JD 32,591.5 million at the end of 2022.
- Total deposits at licensed banks amounted to JD 42,252.8 million at the end of May 2023, compared to JD 42,106.7 million at the end of 2022.
- The interest rates on all types of deposits held by licensed banks had increased at the end of May 2023, except the interest rate on saving deposits which had decreased, compared to their levels at the end of 2022. Also the interest rate on all types of credit facilities extended by licensed banks had increased at the end of May 2023, except the interest rate on discounted bills and bonds which had decreased, compared to their levels at the end of 2022.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,481.4 points at the end of May 2023, compared to 2,501.6 points at the end of 2022. Moreover, the market capitalization reached JD 17,667.5 million at the end of May 2023, compared to JD 18,003.8 million at the end of 2022.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

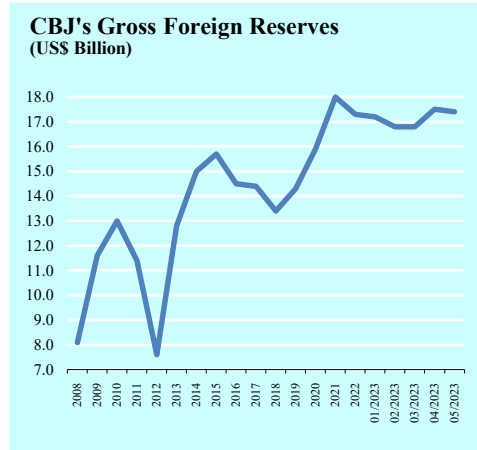
		End of May	
2022		2022	2023
US\$ 17,266.9	CBI's Foreign Reserves*	US\$ 17,668.3	US\$ 17,399.3
-4.3%		-2.1%	0.8%
7.5	Coverage in months	7.3	7.6
41,681.7	Money Supply (M2)	40,555.3	41,661.0
5.5%		2.6%	-0.05%
32,591.5	Credit Facilities, of which:	31,494.2	33,495.9
8.5%		4.9%	2.8%
28,870.5	Private Sector (Resident)	27,949.9	29,459.1
8.1%		4.6%	2.0%
42,106.7	Total Deposits, of which:	40,483.5	42,252.8
6.5%		2.4%	0.3%
32,841.5	In JD	31,503.2	33,023.9
7.0%		2.7%	0.6%
9,265.2	In Foreign Currencies	8,980.3	9,229.0
4.8%		1.6%	-0.4%
33,206.2	Deposits of Private Sector (Resident), of which:	31,636.6	32,819.8
7.2%		2.1%	-1.2%
26,603.1	In JD	25,188.5	26,343.8
7.6%		1.9%	-1.0%
6,603.1	In Foreign Currencies	6,448.1	6,476.0
5.4%		2.9%	-1.9%

* 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 amounted to US\$ 17,399.3 million at the end of May 2023. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

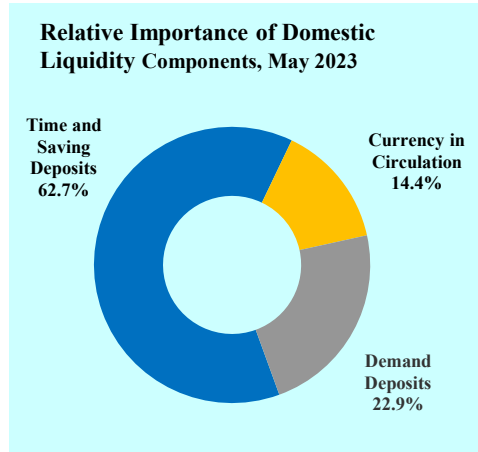
■ Domestic liquidity amounted to JD 41.7 billion at the end of May 2023, maintaining the same level registered at the end of 2022.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of May 2023, compared to their levels at the end of 2022, reveal the following:**

- **Components of Domestic Liquidity**

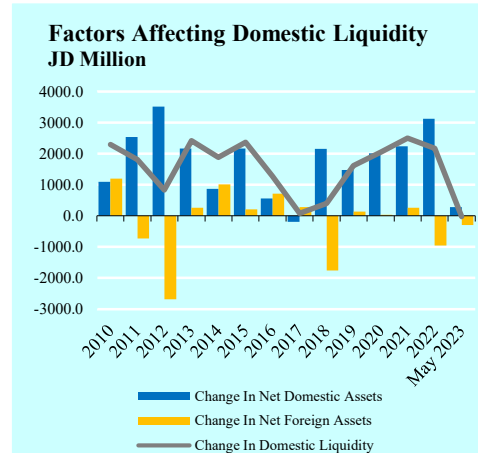
- Total deposits, according to liquidity definition, amounted to JD 35.6 billion at the end of May 2023, compared to JD 34.2 billion during the same period in 2022, and JD 35.6 billion at the end of 2022.

- Currency in circulation amounted to JD 6.0 billion at the end of May 2023, compared to JD 6.4 billion during the same period in 2022, and JD 6.0 billion at the end of 2022.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 35.1 billion at the end of May 2023, compared to JD 33.8 billion



during the same period in 2022, and JD 34.8 billion at the end of 2022.

- Net foreign assets of the banking system amounted to JD 6.6 billion at the end of May 2023, compared to JD 6.8 billion during the same period in 2022, and JD 6.9 billion at the end of 2022. The net foreign assets of the CBJ amounted to JD 11.5 billion at the end of May 2023.

Factors Affecting Domestic Liquidity (M2)

JD Million

		End of May	
2022		2022	2023
6,864.5	Foreign Assets (Net)	6,761.6	6,565.3
11,388.0	CBJ	11,847.4	11,508.5
-4,523.5	Licensed Banks	-5,085.8	-4,943.2
34,817.2	Domestic Assets (Net)	33,793.7	35,095.7
-4,699.6	CBJ, of which:	-4,777.2	-4,706.9
1,052.3	Claims on Public Sector (Net)	1,118.3	1,646.5
-5,778.3	Other Items (Net*)	-5,917.0	-6,380.5
39,516.7	Licensed Banks	38,570.9	39,802.5
14,432.2	Claims on Public Sector (Net)	13,744.3	14,296.9
29,733.7	Claims on Private Sector	28,814.5	30,289.4
-4,649.3	Other Items (Net)	-3,987.9	-4,783.7
41,681.7	Money Supply (M2)	40,555.3	41,661.0
6,037.4	Currency in Circulation	6,400.0	6,021.4
35,644.3	Total Deposits, of which:	34,155.3	35,639.6
6,650.2	In Foreign Currencies	6,516.5	6,534.6

* 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 and CBJ's procedures

◆ The CBJ decided during 2022 to raise interest rates seven times by 400 basis points on all monetary policy instruments and 425 basis points on O/N window rate. During this year the CBJ raised the

interest rates on 7/5/2023 by 25 basis points on all monetary policy instruments, and this is for the third time during 2023, to become as follow:

- The CBJ main interest rate: 7.25 percent.
- Re-discount Rate: 8.25 percent.
- Interest Rate on Overnight Repurchase Agreements: 8.00 percent.
- Overnight Deposit Window Rate: 7.00 percent.
- Weekly/ Monthly Repurchase Agreements: 7.25 percent.
- The interest rate on weekly certificates of deposit: 7.25 percent.

This decision comes in line with the continuation of the inflationary pressures in the regional and international economic environment, compared to the rates targeted by Central Banks, which contributed to a rise in the recorded inflation rates in the Kingdom at 2022 and their expectations within the short-term.

Interest Rates on Monetary Policy Instruments, percentage points

2022		May	
		2022	2023
6.50	CBJ main rate	3.25	7.25
7.50	Re-discount Rate	4.25	8.25
7.25	Repurchase Agreements Rate (overnight)	4.00	8.00
6.25	Overnight Deposit Window Rate	2.75	7.00
6.50	Repurchase Agreements rate (one week and one month)	3.25	7.25
6.50	Certificates of Deposits (one week)	3.25	7.25

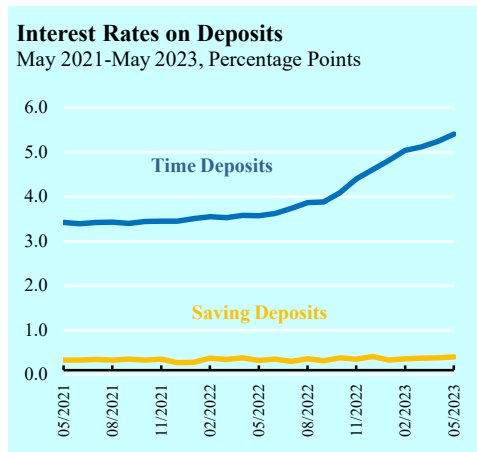
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

Within the CBJ's keenness for the importance of achieving a balance between its objective to maintain monetary stability, and continuing to stimulate economic growth and mitigating the impact of raising interest rates on economic sectors, the CBJ decided to extend the CBJ's program to refinance the vital economic sectors, with a value of JD 1.4 billion, covering ten sectors, and to keep the interest rate for this program unchanged at 1.0% for projects in Amman, and 0.5% for projects in the other governorates, in order to provide financing for productive activities with preferential terms.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

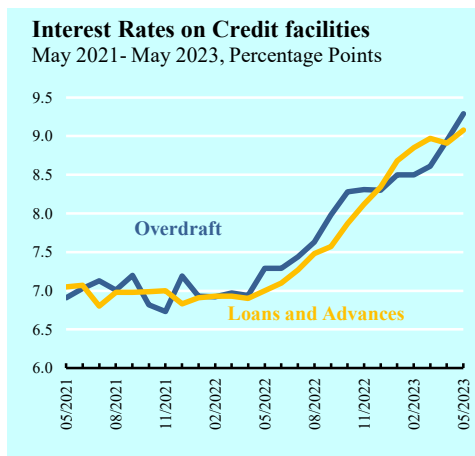
- **Time Deposits:** The weighted average interest rate on time deposits increased by 17 basis points at the end of May 2023, compared to its level registered at the previous month to stand at 5.41%. This rate is higher by 80 basis points than its level registered at the end of 2022.



- **Saving Deposits:** The weighted average interest rate on saving deposits increased by two basis points at the end of May 2023, compared to its level registered at the previous month to stand at 0.40%. This rate is lower by one basis point than its level registered at the end of 2022.
- **Demand Deposits:** The weighted average interest rate on demand deposits increased by 6 basis points at the end of May 2023, compared to its level registered at the previous month to stand at 0.55%. This level is higher by 18 basis points than its level registered at the end of 2022.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 35 basis points at the end of May 2023, compared to its level registered at the previous month to stand at 9.29%. This level is higher by 99 basis points than its level registered at the end of 2022.
- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 16 basis points at the end of May 2023, compared to its level registered at the previous month to stand at 8.26%. This level is lower by 10 basis points, than its level registered at the end of 2022.
- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by 17 basis points at the end of May 2023, compared to its level registered at the previous month to stand at 9.08%. This level is higher by 74 basis points than its level registered at the end of 2022.



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

2022		May		Change Relative to the Preceding Year Basis Points
		2022	2023	
Deposits				
0.37	Demand	0.26	0.55	18
0.41	Saving	0.32	0.40	-1
4.61	Time	3.57	5.41	80
Credit Facilities				
8.36	Discounted Bills and Bonds	7.36	8.26	-10
8.34	Loans and Advances	7.00	9.08	74
8.30	Overdraft	7.29	9.29	99
10.80	Prime Lending Rate	8.77	11.35	55

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The prime lending rate stood at 11.35% at the end of May 2023, increasing by 11 basis points compared to its level registered at the previous month. This level is higher by 55 basis points than its level registered at the end of 2022.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 904.4 million, or 2.8 percent, at the end of May 2023, compared to its level registered at the end of 2022, against an increase by JD 1,465.7 million, or 4.9 percent during the same period in 2022.
- In terms of borrower sectors, the credit facilities at the end of May 2023 had shown an increase in credit extended to the private sector (resident) by JD 588.6 million, or 2.0 percent, the central government by JD 184.1 million, or 9.0 percent, the public institution by JD 84.1 million, or 9.1 percent, and the credit facilities extended to the private sector (non-resident) by JD 64.1 million, or 9.6 percent. In contrast, the non-banking financial institutions decreased by JD 16.6 million, or 17.5 percent, compared to their levels at the end of 2022.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 42.3 billion at the end of May 2023, compared to JD 40.5 billion at the end of May 2022, and JD 42.1 billion at the end of 2022.

- The currency composition of deposits at the end of May 2023 revealed that the JD deposits amounted to JD 33.0 billion, and the deposits in foreign currencies amounted to JD 9.2 billion, compared to JD 31.5 billion of JD deposits, and JD 9.0 billion of deposits in foreign currencies at the end of May 2022, and JD 32.8 billion of JD deposits, and JD 9.3 billion of deposits in foreign currency at the end of 2022.

□ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during May 2023, compared to their levels in 2022. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 115.8 million in May 2023, increasing by JD 4.4 million, or 3.9 percent, compared to its level registered at the end of the previous month, against an increase by JD 2.2 million, or 1.3 percent during the same month in 2022. As for the first five months of 2023, the trading volume totaled JD 761.3 million.

■ Traded Shares

The number of traded shares in May 2023 totaled 103.6 million shares, increasing by 39.5 million shares, or 61.6 percent, compared to its level registered at the end of the previous month, against an increase by 7.0 million shares, or 8.8 percent during the same month in 2022. As for the first five months of 2023, the number of traded shares amounted to 508.4 million shares.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE increased by 19.9 points, or 0.8 percent, at the end of May 2023 compared to its level in the previous month, to stand at 2,481.4 points, compared to

an increase by 64.4 basis points, or 2.7 percent during the same period in 2022. Furthermore, the SPI decreased by 20.3 points, or 0.8 percent compared to its level registered at the end of 2022, against an increase by 353.9 basis points, or 16.7 percent during the same period in 2022. The aforementioned decrease was an outcome of the decrease in the SPI of the financial sector by 43.0 points, or 1.6 percent, while the services sector increased by 1.8 basis points, or 0.1 percent, and the industrial sector by 0.6 basis points, compared to their levels at the end of 2022.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 17.7 billion at the end of May 2023, increasing by JD 177.8 million, or 1.0 percent, compared to its level registered at the previous month, against an increase by JD 826.7 million, or 4.6 percent, during the same

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

2022		May	
		2022	2023
2,501.6	General Index	2,472.5	2,481.4
2,692.2	Financial Sector	2,684.3	2,649.2
5,292.3	Industrial Sector	5,794.1	5,292.9
1,740.8	Services Sector	1,571.2	1,742.6

Source: Amman Stock Exchange.



month in 2022. Furthermore, the ASE's market capitalization decreased by JD 336.2 million, or 1.9 percent compared to its level registered at the end of 2022.

■ Net Investment of Non - Jordanian

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 5.6 million in May 2023, compared to an outflow amounted by JD 8.6 million during the same months of 2022. The value of shares buying by non-Jordanian in May 2023 amounted to JD 9.7 million, while their selling

Main Amman Stock Exchange Trading Indicators, JD Million			
		May	
2022		2022	2023
1,903.7	Value Traded	178.7	115.8
7.7	Average Daily Trading	10.5	5.3
18,003.8	Market Capitalization	18,660.9	17,667.5
1,155.7	No. of Traded Shares (million)	87.0	103.6
-68.0	Net Investment of Non-Jordanian	-8.6	-5.6
274.2	Non-Jordanian Buying	19.7	9.7
342.2	Non-Jordanian Selling	28.3	15.3

Source: Amman Stock Exchange.

amounted to JD 15.3 million. The net investment of Non-Jordanian at the end of the first five months of 2023, recorded an outflow amounted to JD 21.5 million.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.8 percent during the first quarter of 2023, compared to a growth of 2.5 percent during the same quarter of 2022. At current market prices, GDP grew by 5.1 percent during the first quarter of 2023, compared to a growth of 4.6 percent in the same quarter of 2022.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first five months of 2023 by 3.4 percent, compared to an increase of 3.0 percent during the same period of 2022.
- The unemployment rate during the first quarter of 2023 reached 21.9 percent (19.6 percent for males and 30.7 percent for females), compared to 22.8 percent (20.5 percent for males and 31.5 percent for females) during the same quarter of 2022. The highest unemployment rate was among youth, which reached 57.2 percent for the (15-19) years old category and 44.2 percent for the category (20-24) years old.

▣ Developments of GDP

Gross Domestic Product (GDP), at constant market prices, grew by 2.8 percent during the first quarter of 2023, compared to a growth of 2.5 percent during the same quarter of 2022. When excluding “net taxes on products” (which grew by 1.4 percent during the first quarter of 2023 compared to a growth of 2.3 percent during the same quarter of 2022), GDP at constant basic prices, grew by 3.0 percent during the first quarter of 2023, compared to a growth of 2.5 percent during the same quarter of 2022.

Quarterly Growth Rates of GDP at Market Prices (2021 – 2023)

Percentages

	Q1	Q2	Q3	Q4	Year
2021					
GDP at Constant Prices	0.3	3.2	2.7	2.6	2.2
GDP at Current Prices	0.5	4.7	4.1	4.6	3.5
2022					
GDP at Constant Prices	2.5	3.0	2.5	2.0	2.5
GDP at Current Prices	4.6	5.2	6.2	4.7	5.2
2023					
GDP at Constant Prices	2.8	-	-	-	-
GDP at Current Prices	5.1	-	-	-	-

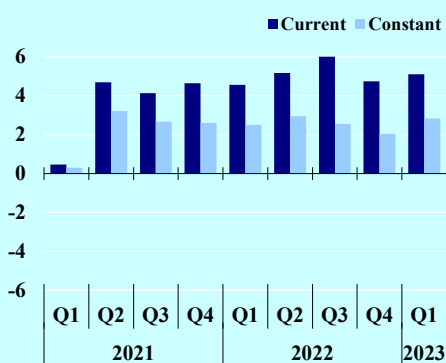
Source: Department of Statistics.

At current market prices, GDP grew by 5.1 percent during the first quarter of 2023, compared to a growth of 4.6 percent during the same quarter of 2022. This was in light of the increase of the general price level, measured by the GDP deflator, by 2.2 percent during the first quarter of 2023 compared to a growth of 2.0 percent during the same quarter of 2022.

The economic growth recorded during the first quarter of 2023 was driven by the improvement in some indicators of external sector, such as; tourism income, domestic exports, and some indicators of “mining and quarrying” sector such as the production of phosphate and potash.

As for the economic sectors contribution to growth rate during the first quarter of 2023, all sectors contributed positively to the growth rate. Most notably; manufacturing contributed by (0.6 percentage point), “transport, storage and communications” (0.4 percentage point), agriculture (0.4 percentage point), “finance and insurance services” (0.3 percentage point), and “wholesale and retail trade” (0.2 percentage point). These sectors accounted for 67.9 percent of the real growth recorded during the first quarter of 2023.

Quarterly Growth Rates of GDP at Market Prices (2021- 2023), %



Main Constituent Sectors of GDP at Constant Market Prices

Sectors	Relative change		Contribution	
	Percentage		Percentage Point	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023
GDP at Constant Market Prices	2.5	2.8	2.5	2.8
Agriculture	0.7	7.4	0.04	0.4
Mining And Quarrying	5.1	3.5	0.1	0.1
Manufacturing	3.3	3.4	0.6	0.6
Electricity And Water	2.7	2.8	0.0	0.0
Construction	5.3	5.9	0.12	0.14
Wholesale And Retail Trade	2.4	2.6	0.21	0.23
Restaurant And Hotels	6.8	5.7	0.08	0.07
Transport, Storage And Communications	4.2	4.8	0.37	0.42
Finance And Insurance Services	4.3	4.4	0.3	0.3
Real Estate	1.3	1.2	0.16	0.14
Social And Personal Services	2.0	2.1	0.17	0.17
Producers of Government Services	0.8	1.3	0.11	0.17
Producers of Private Non-Profit	2.6	2.2	0.02	0.01
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

□ Microeconomic Indicators

Many of the microeconomic indicators witnessed an improvement in their performance during the available period of 2023. Most notably; “Number of passengers through Royal Jordanian” (28.7 percent), “Number of departures” (60.5 percent), in addition to production of phosphate (1.0 percent) and potash (7.7 percent). The following table displays the performance of the main available microeconomic indicators:

Main Sectoral Indicators*				
Percentage Points				
2022	Item	2022	Available period	2023
16.5	Value traded at the real estate market	9.4	Jan. – Feb.	22.2
2.3	Manufacturing production quantity index	4.7	Jan. – Apr.	-3.2
3.6	Food products and beverages	-3.1		-5.3
7.9	Tobacco products	-1.9		5.6
15.2	Refined petroleum products	95.8		-8.9
-14.4	Wearing apparel	-15.5		-6.7
5.0	Pharmaceuticals, medical products	0.3		3.4
-2.9	Chemical products	-5.3		-12.9
3.9	Mining and quarrying production quantity index	8.3		3.7
-19.0	Extraction of crude petroleum and natural gas	10.8		-8.7
5.4	Other mining and quarrying	8.2		3.8
3.6	Licensed areas for buildings	-5.9		24.1
11.1	Cargo through Royal Jordanian	64.6	Jan. – May	-14.7
91.8	Number of passengers through Royal Jordanian	337.1		28.7
4.7	Production of potash	5.7		7.7
11.3	Production of phosphate	16.9		1.0
99.8	Number of departures	247.7		60.5

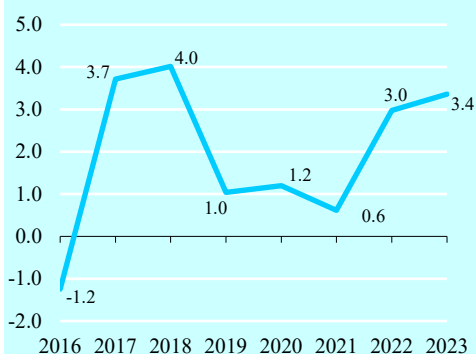
*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

□ Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), increased during the first five months of 2023 by 3.4 percent, compared to an increase of 3.0 percent during the same period of 2022. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
 - “fuel and lighting” prices increased by 18.4 percent, compared to an increase by 15.0 percent, in addition to the transportation group, whose the prices increased by 3.1 percent, compared to an increase by 5.4 percent during the first five months of 2022. and this comes in light of the rise in oil prices in global markets.

Inflation Rate during the first five months for the years (2016-2023),



Inflation Rate during the first five months of the years 2022-2023

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2022	2023	Jan. - May 2022	Jan. - May 2023
All Items	100.0	2.97	3.36	2.97	3.36
1) Food and non-Alcoholic Beverages	26.52	3.87	0.06	1.03	0.02
Food	23.80	4.19	0.04	1.00	0.01
Cereals and Products	-4.17	2.37	4.87	0.10	0.21
Meat and Poultry	-4.69	3.84	-0.50	0.19	-0.02
Fish and Sea Product	0.41	2.42	0.59	0.01	0.00
Dairy Products and Eggs	3.72	1.97	8.59	0.07	0.31
Oil and Fats	1.70	7.43	4.57	0.13	0.08
Fruits and Nuts	2.57	0.20	-2.56	0.01	-0.06
Vegetables and Legumes Dry and Canned	2.96	16.85	-15.68	0.43	-0.45
2) Alcohol and Tobacco and Cigarettes	4.37	0.04	1.06	0.00	0.05
Alcohol	0.01	0.55	0.01	0.00	0.00
Tobacco and Cigarettes	4.37	-0.04	1.06	0.00	0.05
3) Clothing and footwear	4.12	0.49	-1.10	0.02	-0.04
Clothing	3.41	0.48	-1.76	0.02	-0.05
Footwear	0.71	0.53	2.14	0.00	0.01
4) Housing	23.78	2.67	7.55	0.63	1.77
Rents	17.54	-0.13	5.17	-0.02	0.90
Fuels and Lighting	4.69	14.96	18.40	0.62	0.85
5) Household Furnishings and Equipment	4.94	1.69	3.62	0.08	0.18
6) Health	4.00	-0.45	6.50	-0.02	0.26
7) Transportation	15.98	5.43	3.14	0.86	0.51
8) Communication	2.83	0.50	0.81	0.01	0.02
9) Culture and Recreation	2.55	5.60	9.99	0.14	0.25
10) Education	4.35	1.28	1.77	0.06	0.08
11) Restaurants and Hotels	1.79	4.26	5.39	0.08	0.10
12) Other Goods and Services	4.77	1.40	3.75	0.07	0.18

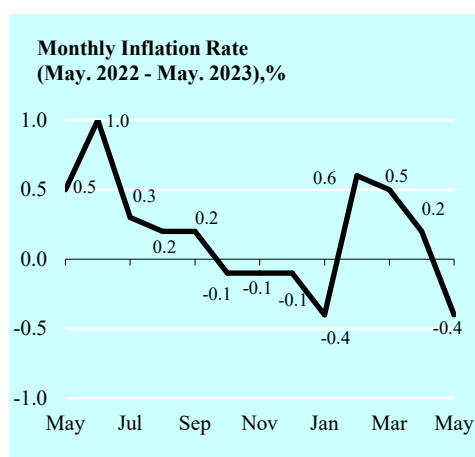
Source: Department of Statistics.

- The price of the items “dairy products and eggs” and “cereals and products” increased by 8.6 percent and 4.9 percent compared to an increase by 2.0 percent and 2.4 percent, respectively, during the first five months of 2022, affected partly by the demand and supply factors in domestic market.
- In addition to rising rents item by 5.2 percent compared to decline by 0.1 percent during the first five months of 2022.
- The health group also increased by 6.5 percent compared to a decline by 0.5 percent during the first five months of 2022, this increase is partially due to the increase in prices of medical and hospital services.

The above groups and items collectively contributed to raising the inflation rate during the first five months of 2023 by 3.0 percentage points, compared to 1.6 percentage points during the same period of 2022.

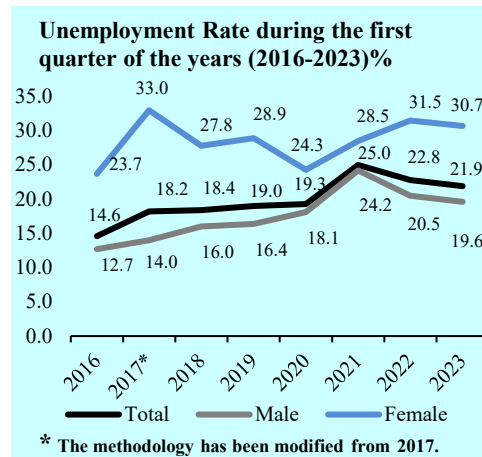
- On the other hand, the price of some items decline, notably; “vegetables and legumes dry and canned” (15.7 percent) and clothes (1.8 percent), during the first five months of 2023.

In May 2023, the CPI witnessed an increase compared to the previous month (April 2023) by 0.4 percent. This was an outcome of the decrease in the prices of some items and groups, mainly, “vegetables and legumes dry and canned” (11.9 percent), “fruits and nuts” (6.5 percent), on the one hand, and the increase of the prices of a number of other items, most notably; “tobacco and cigarettes” (5.1 percent), and “cereals and products” (0.5 percent), on the other hand.



□ Labor Market

- The unemployment rate reached 21.9 percent (19.6 percent for males, and 30.7 percent for females) during the first quarter of 2023, compared to 22.8 percent (20.5 percent for males and 31.5 percent for females), during the same quarter of 2022.



- The unemployment rate among youth, during the first quarter of 2023, remains high reaching 57.2 percent for the category (15-19) years old, and 44.2 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 25.8 percent during the first quarter of 2023, and the unemployment rate among (less than secondary) reached 20.5 percent.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.3 percent (53.3 percent for males, and 13.7 percent for females), compared to 33.2 percent (53.2 percent for males and 13.7 percent for females) during the first quarter of 2022.
- The employment rate among population (15 years and older) reached 26.0 percent during the first quarter of 2023.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 382.9 million (4.5 percent of GDP) during the first quarter of 2023, comparing to a fiscal deficit of JD 345.8 million (4.2 percent of GDP) during the same period of 2022. When excluding foreign grants (JD 10.1 million), the general budget deficit increases to JD 392.9 million (4.6 percent of GDP), compared to a deficit of JD 375.2 million (4.6 percent of GDP) in the same period of 2022.
- Government domestic debt (budgetary and guaranteed) increased by JD 171.0 million at the end of March 2023, compared to its level at the end of 2022, to reach JD 21,750.2 million (63.5 percent of GDP). When excluding the domestic debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 14,091.8 million (41.2 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 385.6 million at the end of March 2023, compared to its level at the end of 2022, to reach JD 17,296.6 million (50.5 percent of GDP). When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) stand at JD 16,834.0 million (49.2 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 556.6 million at the end of March 2023, to reach JD 39,046.8 million (114.0 percent of GDP), compared to JD 38,490.2 million (114.2 percent of GDP) at the end of 2022. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 30,925.8 million (90.3 percent of GDP), compared to JD 30,667.6 million (91.0 percent of GDP) at the end of 2022.

□ The performance of the general budget during the first quarter of 2023 compared with the same period of 2022:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 80.5 million, or 13.0 percent, in March 2023 compared to the same month in 2022, to stand at JD 700.7 million. As for the first quarter of 2023, public revenues went up by JD 147.1 million, or 7.9 percent, compared to same period of 2022, to stand at JD 2,005.6 million. This came as an outcome of the increase in domestic revenues by JD 166.4 million, and decrease in foreign grants by JD 19.3 million.

Main Government Budget Indicators During the First Quarter of 2023

(JD Million and Percentages)

	March		Growth Rate	Jan.-Mar.		Growth Rate
	2022	2023		2022	2023	
Public Revenues	620.2	700.7	13.0	1,858.5	2,005.6	7.9
Domestic Revenues, of which:	616.9	700.0	13.5	1,829.2	1,995.6	9.1
Tax Revenues, of which:	443.1	486.1	9.7	1,413.2	1,490.7	5.5
General Sales Tax	342.0	376.2	10.0	990.9	1,005.0	1.4
Other Revenues	173.4	213.5	23.1	415.0	503.9	21.4
Foreign Grants	3.3	0.8	-75.8	29.4	10.1	-65.6
Total Expenditures	797.6	884.1	10.8	2,204.3	2,388.5	8.4
Current Expenditures	752.3	807.7	7.4	2,123.8	2,264.0	6.6
Capital Expenditures	45.3	76.5	68.9	80.5	124.5	54.7
Overall Deficit/ Surplus (Including Grants)	-177.4	-183.4	-	-345.8	-382.9	-
Overall Deficit/ Surplus (Including Grants) as a Percent of GDP	-	-	-	-4.2	-4.5	-

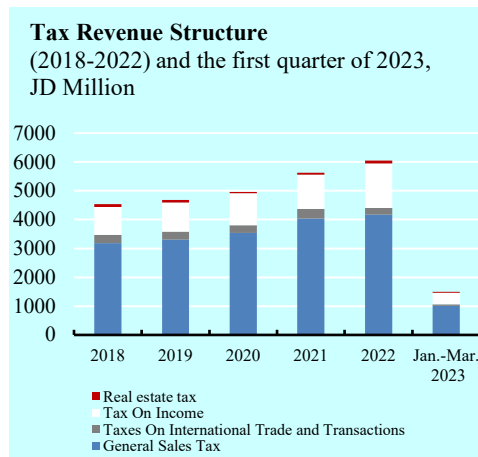
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 166.4 million, or 9.1 percent, in the first quarter of 2023, compared to the same period of 2022, to reach JD 1,995.6 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues” and “Pension contributions” by JD 77.5 million, JD 88.9 million, and JD 0.1 million, respectively.

● Tax Revenues

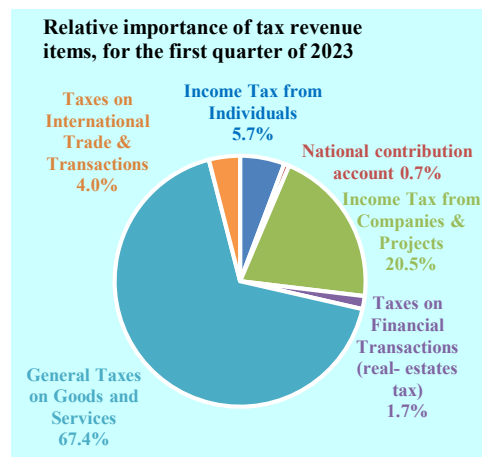
Tax revenues increased by JD 77.5 million, or 5.5 percent, during the first quarter of 2023, compared to the same period of 2022, to reach JD 1,490.7 million (74.7 percent of domestic revenues). Following are the main



developments in tax revenue items:

- An increase in the proceeds of **general sales tax on goods and services** by JD 14.1 million, or 1.4 percent, to reach JD 1,005.0 million, accounting for 67.4 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 53.4 million, and on imported goods by JD 8.6 million, and on services by JD 6.2 million, and decrease in the proceeds of sales tax on commercial sector by JD 54.2 million.

- An increase in the proceeds of **income and profit taxes** by JD 54.1 million, or 15.6 percent, to reach JD 401.1 million, accounting for 26.9 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of “income taxes from companies and projects” by JD 35.5 million, or 13.1 percent, to account for 76.2 percent of total proceeds of income and profits taxes, amounting to JD 305.7 million, and increase the proceeds of “income taxes from individuals” by JD 8.7 million, or 11.3 percent, to reach JD 85.4 million, and increase the proceeds of national contribution account item by JD 10.0 million, to reach JD 10.0 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 5.3 million, or 27.0 percent, to reach JD 24.9 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 4.0 million, or 7.2 percent, to reach JD 59.8 million.



● Non-Tax Revenues

- “Other revenues” increased by JD 88.9 million, or 21.4 percent, during the first quarter of 2023, to reach JD 503.9 million. This increase was chiefly due to the following:
 - An increase in **miscellaneous revenues** by JD 50.0 million to stand at JD 215.9 million.
 - An increase in the **property income** by JD 26.1 million to stand at JD 69.4 million (of which financial surplus of independent government units amounted to JD 55.8 million against JD 35.9 million during the same period of 2022).
 - An increase in revenues from **selling goods and services** by JD 12.7 million to reach JD 218.6 million.
- Pension contributions increased by JD 0.1 million, or 11.1 percent, during the first quarter of 2023, compared to the same period of 2022, to reach JD 1.0 million.

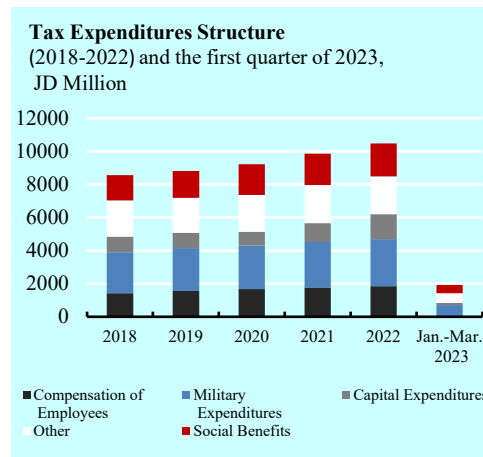
◆ Foreign Grants

Foreign grants decreased by JD 19.3 million, or 65.6 percent, during the first quarter of 2023, standing at JD 10.1 million, compared to JD 29.4 million during the same period of 2022.

Public Expenditures

Public expenditures increased by JD 86.5 million, or 10.8 percent, in March 2023 compared to the same month in 2022, to stand at JD 884.1 million. As for the first quarter

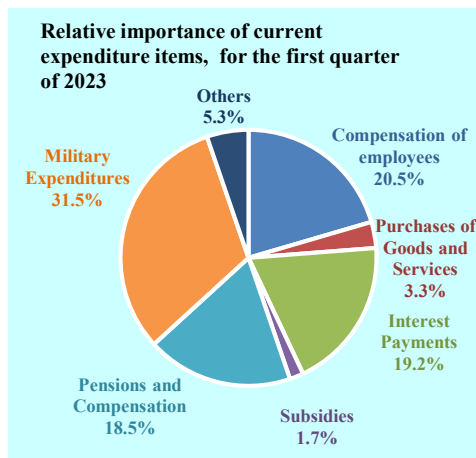
of 2023, public expenditures increased by JD 184.2 million, or 8.4 percent, compared to the same period of 2022, to stand at JD 2,388.5 million. This increase was a result of the rise in current expenditures by 6.6 percent, and capital expenditures by 54.7 percent.



Current Expenditures

Current expenditures went up by JD 140.2 million, or 6.6 percent, during the first quarter of 2023, to reach JD 2,264.0 million (94.8 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 by 2.0 percentage point, to reach 88.1 percent compared to 86.1 percent during the same period of 2022. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in **interest payments** (commitment basis) by JD 70.9 million, to stand at JD 435.3 million.
- An increase in **military expenditures** by JD 22.6 million, to total JD 713.6 million.
- An increase in the **compensation of civil sector’s employees (wages, salaries and social security contributions)** by JD 20.6 million, to reach JD 463.6 million.
- An increase in the **purchases of goods and services** by JD 14.6 million, to reach JD 74.6 million.
- An increase in **pensions and compensation** by JD 11.2 million, to stand at JD 418.1 million.
- A decrease in **subsidies** by JD 0.2 million, to stand at JD 39.7 million.

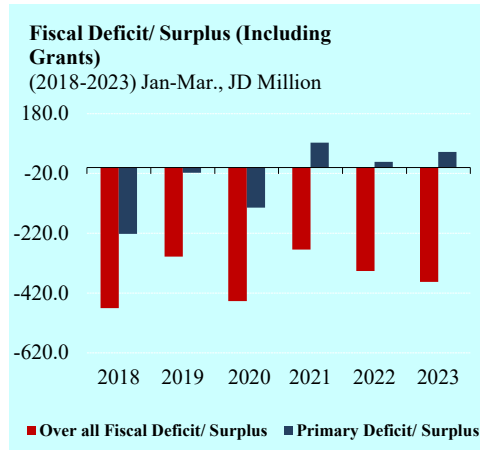


◆ **Capital Expenditures**

Capital expenditures increased by JD 44.0 million, or 54.7 percent, during the first quarter of 2023 compared to the same period of 2022, to reach JD 124.5 million.

■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, increased by JD 37.1 million, during the first quarter of 2023, to reach JD 382.9 million (4.5 percent of GDP), compared to a fiscal

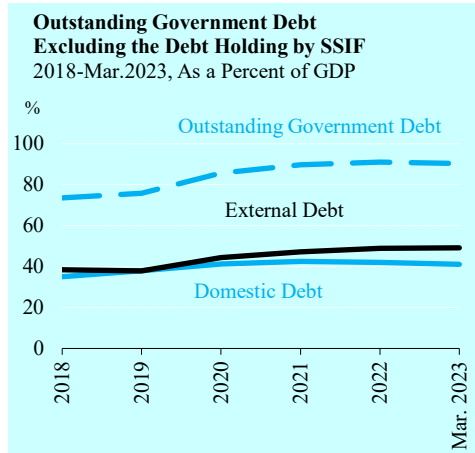
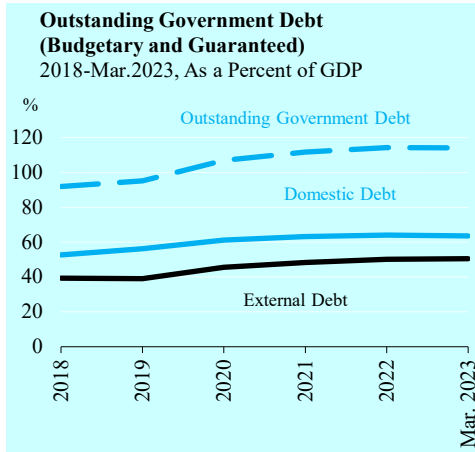


deficit of JD 345.8 million (4.2 percent of GDP) in the same period of 2022. When foreign grants are excluded, the general budget deficit increases to reach JD 392.9 million (4.6 percent of GDP), compared to a fiscal deficit of JD 375.2 million (4.6 percent of GDP) in the same period of 2022.

- ◆ The primary surplus, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 42.4 million (0.5 percent of GDP) in the first quarter of 2023, against a primary deficit of JD 10.8 million (0.2 percent of GDP) in the same period of 2022. When foreign grants are including, the primary surplus of the general budget reached JD 52.4 million (0.6 percent of GDP), compared to a primary surplus of JD 18.6 million (0.1 percent of GDP) in the same period of 2022.

□ Outstanding Government Debt

■ Government domestic debt (budgetary and guaranteed) increased by JD 171.0 million, at the end of March 2023 compared to its level at the end of 2022, to stand at JD 21,750.2 million (63.5 percent of GDP). This increase was an outcome of the rise in the domestic debt of the budget by JD 101.6 million, and the increase in the domestic debt of guaranteed by JD 69.4 million, compared to their levels at the end of 2022, standing at JD 19,049.3 million and JD 2,700.9 million, respectively.



■ When excluding the domestic debt holding by the Social Security Investment Fund (SSIF), the government domestic debt (budgetary and guaranteed) decreased by JD 86.9 million, at the end of March 2023 compared to its level at the end of 2022, to stand at JD 14,091.8 million (41.2 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 385.6 million at the end of March 2023, compared to its level at the end of 2022, to reach JD 17,296.6 million (50.5 percent of GDP). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 69.9 percent of the total external debt, and the debt in Euro accounted for 11.2 percent. However, the SDR accounted for 10.7 percent, Kuwaiti Dinar (3.3 percent), and Japanese Yen (3.2 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 345.1 million, at the end of March 2023 compared to its level at the end of 2022, to stand at JD 16,834.0 million (49.2 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 556.6 million at the end of March 2023 to reach JD 39,046.8 million (114.0 percent of GDP), compared to JD 38,490.2 million (114.2 percent of GDP) at the end of 2022. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 30,925.8 million (90.3 percent of GDP), compared to JD 30,667.6 million (91.0 percent of GDP) at the end of 2022.
- External debt service (budget and guaranteed) decreased by JD 341.4 million during the first quarter of 2023 compared to the same period of 2022, to reach JD 238.0 million (including principal payments of JD 71.5 million and interest of JD 166.5 million).

□ Fiscal and Price Measures of 2023

◆ July

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

Development of Oil Derivatives Prices

	Unit	2023		Percentage Change
		June	July	
Unleaded Gasoline 90	Fils/ Liter	900	895	-0.6
Unleaded Gasoline 95	Fils/ Liter	1,140	1,135	-0.4
Unleaded Gasoline 98	Fils/ Liter	1,290	1,135	-12.0
Gas Oil (Diesel)	Fils/ Liter	715	675	-5.6
Kerosene	Fils/ Liter	620	620	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	429.5	425.2	-1.0
Fuel for airplanes (local companies)	Fils/ Liter	546	529	-3.1
Fuel for airplanes (foreign companies)	Fils/ Liter	551	534	-3.1
Fuel for unplanned flights	Fils/ Liter	566	549	-3.0
Asphalt	JD/ Ton	424.4	420.1	-1.0

Source: Jordan Petroleum Refinery Company (1/7/2023).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2023.

◆ June

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2023.

◆ May

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2023.

◆ April

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for April 2023.

◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for March 2023.

◆ February

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2023.

◆ January

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2023.
- In implementation of Royal directives, the Cabinet decided to freeze the kerosene tax during the winter season to alleviate the burden on citizens, especially those in low-income households.

□ Grants, Loans and Other Agreements for 2023**◆ June**

- Signing a two grants agreement in the amount EUR 25 million, provided by the European Union (EU), as follows:
 - EUR 10 million for the "Support for democratic reforms in Jordan" programme.

- EUR 15 million targets the partnership programme in accordance with the Economic Modernisation Vision and its 2023-2025 executive programme, as well as the public sector modernisation roadmap.

- Signing a soft loan agreement in the amount EUR 50 million, provided by the German Development Bank (KfW), to finance the second phase of "Supporting the education sector in the Kingdom" programme.

◆ April

- Signing a two financing agreement in the amount USD 650 million, provided by the World Bank, as follows:
 - USD 400 million to transparent and Climate Responsive Investments Program for Results.
 - USD 250 million to electricity Sector Efficiency.

◆ March

- Signing a grant agreement in the amount EUR 30 million, provided by the European Bank for Reconstruction and Development (EBRD), to finance the construction of a greenfield wastewater treatment facility in Al Ghabawi on the outskirts of Amman.

◆ January

- Signing a two grants agreement in the amount EUR 64 million, provided by the European Union (EU), as follows:
 - EUR 39 million to implement a program the Rule of Law in Jordan.
 - EUR 25 million to support Food Security in Jordan.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 15.6 percent in March 2023, compared to the same month of 2022, to reach JD 655.2 million. As for the first quarter of 2023, total export increased by 6.3 percent, compared to the same quarter of 2022, to reach JD 2,118.5 million.
- **Merchandize imports** decreased by 0.8 percent in March 2023, compared to the same month of 2022, to reach JD 1,503.9 million. As for the first quarter of 2023, import increased by 5.6 percent, compared to the same quarter of 2022, to reach JD 4,513.8 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 14.7 percent in March 2023, compared to the same month of 2022; standing at JD 848.7 million. As for the first quarter of 2023, trade balance deficit increased by 4.9 percent, compared to the same quarter of 2022, to reach JD 2,395.3 million.
- **Travel receipts** increased by 68.4 percent during the first five months of 2023, to register JD 2,003.7 million, compared to the same period of 2022. While, **travel payments** increased by 48.1 percent, to register JD 493.7 million, compared to the same period of 2022.
- **Total workers' remittances receipts** decreased by 1.5 percent during the first five months of 2023, compared to the same period of 2022, to reach JD 992.4 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 714.4 million (8.8 percent of GDP) during the first quarter of 2023, compared to a deficit of JD 911.9 million (11.8 percent of GDP) during the same quarter of 2022. Meanwhile, the current account deficit excluding grants decreased to reach 10.2 percent of GDP, compared with 12.9 percent of GDP during the same quarter of 2022.
- **Foreign direct investment** recorded an inflow of JD 199.9 million during the first quarter of 2023, compared to an inflow of JD 288.5 million during the same quarter of 2022.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 37,193.2 million, at the end of the first quarter of 2023, compared to net obligation amounted to JD 36,571.9 million at the end of 2022.

□ External Trade

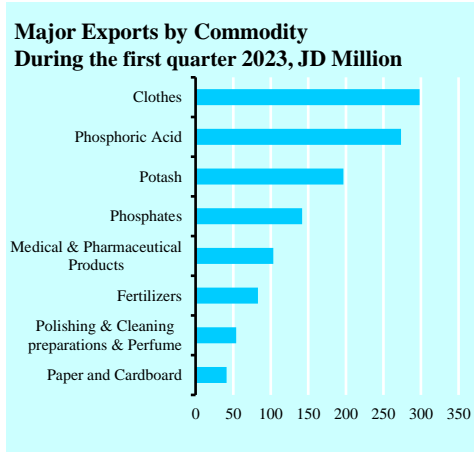
- As a result of the increase in domestic exports by JD 159.6 million and the increase in imports by JD 237.4 million during the first quarter of 2023, the volume of external trade (domestic exports plus imports) increased by JD 397.0 million to stand at JD 6,488.6 million, compared to the same quarter of 2022.

Jordan's Major Trading Partners			
JD Million			
	January – March		Percentage Change
	2022	2023	
Exports			
India	340.2	419.3	23.3
USA	365.1	394.3	8.0
Saudi Arabia	181.3	203.5	12.2
Iraq	111.4	109.5	-1.7
China	47.0	62.6	33.2
Palestine	50.4	59.3	17.7
UAE	44.0	52.5	19.3
Imports			
China	669.8	698.0	4.2
Saudi Arabia	636.0	653.1	2.7
USA	260.2	340.0	30.7
India	120.5	322.9	168.0
UAE	310.1	215.6	-30.5
Turkey	152.5	167.6	9.9
Germany	145.7	159.8	9.7
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
	January - March		Percentage Change (%)	Percentage Change (%)
	2022	2023		
External Trade	6,091.6	6,488.6	34.4	6.5
Total Exports	1,992.8	2,118.5	39.6	6.3
Domestic Exports	1,815.2	1,974.8	43.2	8.8
Re-exports	177.6	143.7	11.1	-19.1
Imports	4,276.4	4,513.8	31.0	5.6
Trade Balance	-2,283.6	-2,395.3	24.3	4.9
Source: Department of Statistics.				

■ Merchandize Exports:

Total merchandize exports increased by 6.3 percent during the first quarter of 2023, to reach JD 2,118.5 million. This increase was an outcome of the increase in domestic exports by JD 159.6 million, or 8.8 percent to reach JD 1,974.8 million, and the decrease in re-exports by JD 33.9 million, or 19.1 percent to reach JD 143.7 million.



◆ The developments of domestic exports during the first quarter of 2023, compared with the same quarter of 2022 reveals the following:

- Exports of **phosphoric acid** increased by JD 132.7 million, or 94.3 percent to reach JD 273.4 million. It is worth noting that markets of India, Bangladesh and Saudi Arabia accounted for 99.2 percent of these exports.
- Exports of “**Medical & Pharmaceutical Products**” increased by JD 18.1 million, or 21.2 percent, to stand at JD 103.6 million. Saudi Arabia, the USA, and Algeria were the main destination markets for these exports, accounting for 46.7 percent.
- Exports of “**Polishing & Cleaning Preparations & Perfume Materials**” increased by JD 15.8 million, or 41.3 percent, to reach JD 54.1 million. Iraq and Saudi Arabia were the main destination markets; accounting for 64.7 percent of these exports.

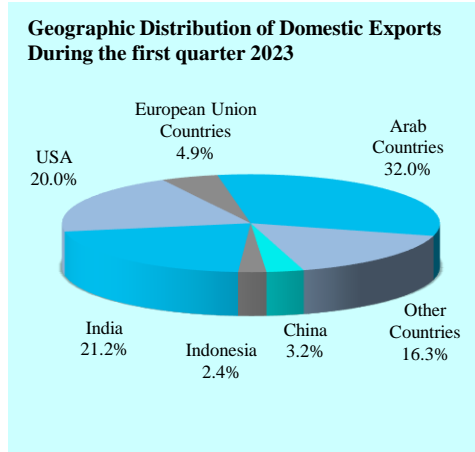
- Exports of “**Paper and Cardboard**” increased by JD 9.1 million, or 28.2 percent, to stand at JD 41.1 million. The markets of Saudi Arabia, Iraq and the UAE accounted for 79.0 percent of these exports
- Exports of **Clothes** decreased by JD 7.7 million, or 2.5 percent, to reach JD 298.2 million. It is worth noting that the USA market accounted for 82.2 percent of these exports.
- Exports of **phosphates** decreased by JD 8.3 million, or 5.5 percent, to reach JD 141.7 million. The markets of India, Indonesia, Brazil and Taiwan accounted for 93.2 percent of these exports.

Major Domestic Exports by Commodity, JD Million During the first quarter of 2022-2023

	2022	2023	Percentage Change
Domestic Export	1,815.2	1,974.8	8.8
Clothes	305.9	298.2	-2.5
USA	266.1	245.1	-7.9
Phosphoric Acid	140.7	273.4	94.3
India	121.3	261.6	115.7
Bangladesh	-	7.5	-
Saudi Arabia	2.0	2.2	10.0
Potash	266.1	196.8	-26.0
China	42.6	55.1	29.3
Indonesia	13.3	28.9	117.3
Egypt	27.4	17.5	-36.1
Phosphates	150.0	141.7	-5.5
India	85.6	97.7	14.1
Indonesia	35.6	19.0	-46.6
Brazil	7.6	10.1	32.9
Taiwan	3.9	5.3	35.9
Medical & Pharmaceutical Products	85.5	103.6	21.2
Saudi Arabia	20.5	21.4	4.4
USA	5.8	15.9	174.1
Algeria	5.9	11.1	88.1
Fertilizers	134.8	83.0	-38.4
India	61.9	32.6	-47.3
USA	5.4	25.6	374.1
Polishing & Cleaning preparations & Perfume	38.3	54.1	41.3
Iraq	16.6	22.4	34.9
Saudi Arabia	8.5	12.6	48.2
Paper and Cardboard	32.3	41.4	28.2
Saudi Arabia	11.6	23.1	99.1
Iraq	6.3	7.3	15.9
UAE	2.1	2.3	9.5

Source: Department of Statistics.

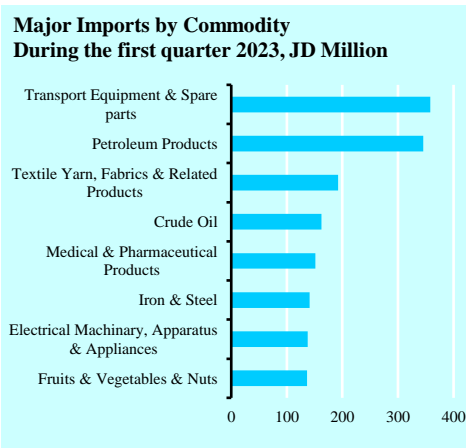
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Phosphoric Acid, Potash, Phosphates, “Medical &



Pharmaceutical Products”, Fertilizer, “Polishing & Cleaning Preparations & Perfume Material” and “Paper and Cardboard”, topped the list of domestic exports during the first quarter of 2023; accounting for 60.4 percent, compared with 63.6 percent during the same quarter of 2022. Meanwhile, the geographical distribution of domestic exports indicates that India, the USA, Saudi Arabia, Iraq, China, Palestine and the UAE were the main destination markets during the first quarter of 2023; accounting for 65.9 percent, compared with 62.8 percent during the same quarter of 2022.

■ **Merchandise Imports:**

Merchandise imports increased by 5.6 percent to reach JD 4,513.8 million during the first quarter of 2023, compared to an increase by 31.0 percent during the same quarter of 2022.



◆ **The developments of imports during the first quarter of 2023, compared with the same quarter of 2022, reveals the following:**

- **“Transport Equipment & Spare Parts”** imports increased by JD 66.4 million, or 22.8 percent, to reach JD 358.1 million. China, the USA and South Korea were the main origin markets, accounting for 58.9 percent of these imports
- **Crude Oil** imports increased by JD 36.3 million, or 28.8 percent, to reach JD 162.5 million. Saudi Arabia and Iraq were the main origin markets, accounting for 100.0 percent of these imports.
- **“Electrical Machinery, Apparatus and Appliances”** imports increased by JD 28.9 million or 26.6 percent, to reach JD 137.4 million. China, Thailand and Turkey were the main markets, accounting for 51.6 percent of these imports.

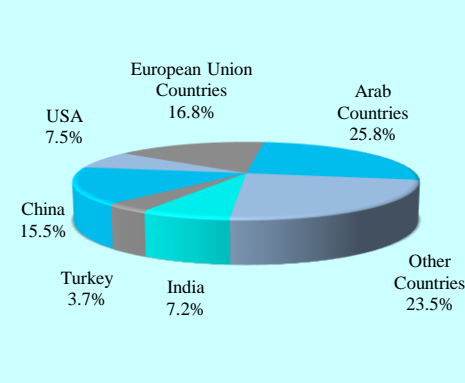
- **“Medical and Pharmaceutical Products”** imports increased by JD 28.8 million, or 23.5 percent, to reach JD 151.6 million. The USA, Germany and Switzerland, were the main markets, accounting for 33.2 percent of these imports.
- **Petroleum Products** imports increased by JD 27.2 million, or 8.5 percent, to stand at JD 345.4 million. Saudi Arabia, India and the UAE were the main markets, accounting for 97.9 percent of these imports.
- **Fruits & Vegetable & Nuts** imports increased by JD 18.5 million or 15.7 percent to reach JD 136.3 million. The USA, Egypt and Belgium were the main origin markets accounting for 34.4 percent of these imports.

Major Imports by Commodity, JD Million			
During the first quarter of 2022-2023			
	2022	2023	Percentage Change
Total Imports	4,276.4	4,513.8	5.6
Transport Equipment & Spare parts	291.7	358.1	22.8
China	51.6	80.3	55.6
USA	49.1	66.0	34.4
South Korea	49.9	64.5	29.3
Petroleum Products	318.2	345.4	8.5
India	-	162.0	-
Saudi Arabia	184.1	147.3	-20.0
UAE	91.9	28.9	-68.6
Textile Yarn, Fabrics & Related Products	239.8	192.0	-19.9
China	122.1	82.0	-32.8
Taiwan	35.4	29.2	-17.5
Turkey	23.2	21.4	-7.8
Crude Oil	126.2	162.5	28.8
Saudi Arabia	110.6	120.9	9.3
Iraq	15.6	41.6	166.7
Medical & Pharmaceutical Products	122.8	151.6	23.5
USA	9.9	18.9	90.9
Germany	15.4	18.5	20.1
Switzerland	7.6	13.0	71.1
Iron & Steel	125.1	140.9	12.6
Saudi Arabia	32.2	29.7	-7.8
China	29.5	28.2	-4.4
Iran	-	23.7	-
Electrical Machinery, Apparatus & Appliances	108.5	137.4	26.6
China	44.0	48.8	10.9
Thailand	1.7	12.0	605.9
Turkey	8.1	10.1	24.7
Fruits & Vegetables & Nuts	117.8	136.3	15.7
USA	10.6	19.3	82.1
Egypt	15.6	16.5	5.8
Belgium	7.6	11.1	46.1

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment & Spare Parts”, Petroleum Products, “Textile Yarn, Fabrics and Related Products”, Crude oil, “Medical & Pharmaceutical Products”, “Iron & Steel”, “Electrical Machinery Apparatus and Appliances”

Geographic Distribution of Imports During the first quarter 2023



and “Fruits & Vegetable & Nuts”, topped the list of imports during the first quarter of 2023, accounting for 36.0 percent, compared with 33.9 percent during the same quarter of 2022. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the USA, India, the UAE, Turkey and Germany were the main source markets during the first quarter of 2023; accounting for 56.6 percent of imports, compared to 53.7 percent during the same quarter of 2022.

■ Re-Exports

The value of re-exported goods in March 2023 decreased by JD 9.0 million, or 14.8 percent, compared to the same month of 2022, to stand at JD 51.9 million. As for the first quarter of 2023, re-export decreased by 19.1 present, compared to the same quarter of 2022, to reach JD 143.7 million.

■ Trade Balance

The trade balance deficit increased by JD 108.7 million, or 14.7 percent in March 2023, compared to the same month of 2022, to reach JD 848.7 million. As for the first quarter of 2023, trade balance deficit increased by 4.9 present, compared to the same quarter of 2022, to reach JD 2,395.3 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts decreased during the first five months of 2023 by JD 15.6 million, or 1.5 percent, to stand at JD 992.4 million, compared to the same period of 2022.

□ Travel

■ Receipts

Travel receipts increased by 68.4 percent during the first five months of 2023, to register JD 2,003.7 million, compared to the same period of 2022.

■ Payments

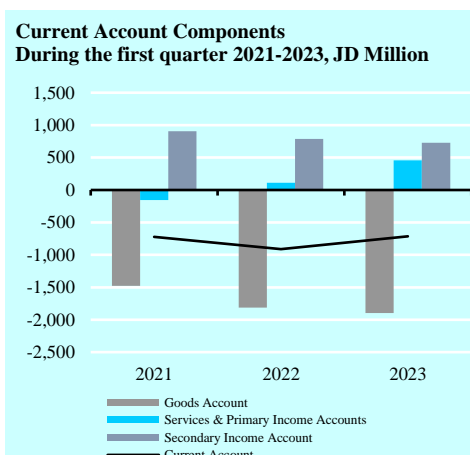
Travel payments increased by 48.1 percent during the first five months of 2023, to register JD 493.7 million, compared to the same period of 2022.

□ Balance of Payments

The preliminary data for the balance of payments during the first quarter of 2023 reveals the following:

- **The current account** recorded a deficit of JD 714.4 million (8.8 percent of GDP), compared to a deficit of JD 911.9 million (11.8 percent of GDP) during the same quarter of 2022. Meanwhile, the current account deficit (excluding grants) decreased to reach JD 825.8 million (10.2 percent of GDP), compared to a deficit of JD 1,001.4 million (12.9 percent of GDP) during the same quarter of 2022. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 84.2 million, or 4.6 percent, to reach JD 1,897.4 million, compared to a deficit of JD 1,813.2 million.



- ◆ An increase in the services account surplus, increased by JD 391.9 million, to reach JD 566.1 million, compared to a surplus of JD 174.2 million.
- ◆ The primary income account recorded a deficit of JD 109.7 million, compared to a deficit of JD 61.6 million. This was mainly due to the increase in the deficit of investment income (net) to reach JD 157.7 million, compared to deficit of JD 110.1 million, and the decrease of “compensation of employees (net)” surplus by JD 0.5 million to reach JD 48.0 million.
- The secondary income recorded a net surplus of JD 726.6 million, compared to a net surplus of JD 788.7 million. This was an outcome of a decrease in net surplus of other sectors transfers by JD 84.0 million to reach JD 615.2 million, and the increase in net surplus of the public sector (foreign grants) by JD 21.9 million to reach JD 111.4 million.

- As for the capital and financial transactions during the first quarter of 2023, the capital account registered a net inflow of JD 7.5 million, compared to a net inflow of JD 9.5 million during the same quarter of 2022. Meanwhile, the financial account registered a net inflow of JD 977.9 million during the first quarter of 2023, compared to a net inflow of JD 788.1 million during the same quarter of 2022, this could be attributed to the following:
 - ◆ Foreign direct investment recorded an inflow of JD 199.9 million compared to an inflow of JD 288.5 million.
 - ◆ Portfolio investment recorded a net outflow of JD 58.7 million compared to a net outflow of JD 83.0 million.
 - ◆ Other investment registered a net inflow of JD 326.3 million, compared to a net inflow of JD 435.3 million.
 - ◆ CBJ's Reserve assets registered a decrease by JD 535.1 million, compared to a decrease by JD 151.4 million.

□ 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 37,193.2 million at the end of the first quarter of 2023, compared to a net obligation by JD 36,571.9 million at the end of 2022. 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 residing economic sectors in the Kingdom by JD 250.8 million at the end of the first quarter of 2023 to reach JD 20,700.8 million, compared to its level at the end of 2022. This was mainly due to the decrease of both CBJ's reserve assets by JD 308.7 million, currency and deposits of banking sector abroad by JD 30.7 million, and the increase of both trade credit of other sectors to abroad by JD 68.5 million, and the licensed banks loans to abroad by JD 12.5 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial liabilities) on all residing economic sectors in the Kingdom by JD 370.5 million at the end of the first quarter of 2023, to reach JD 57,894.0 million, compared to its level at the end of 2022. This was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 293.5 million, to stand at JD 27,543.2 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 278.8 million, to stand at JD 10,671.2 million (increase by JD 289.6 million for the licensed banks, and a decrease by JD 10.8 million for the CBJ).
 - ◆ An increase in outstanding balance of government loans (long-term) by JD 133.4 million, to stand at JD 6,998.1 million.
 - ◆ An increase in outstanding balance of the international monetary fund credit facilities by JD 14.3 million, to reach JD 1,713.3 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 305.7 million, to stand at JD 6,606.9 million.
 - ◆ A decrease in outstanding balance of licensed banks loans (short-term) by JD 60.2 million, to stand at JD 726.1 million.
 - ◆ A decrease of trade credits to non-residents in the kingdom by JD 36.2 million, to stand at JD 935.2 million.
 - ◆ A decrease in outstanding balance of other sectors loans (long-term) by JD 14.5 million, to stand at JD 1,990.7 million.