



Central Bank of Jordan

# **Recent Monetary & Economic Developments in Jordan**

**Research Dept / Monthly Report  
March, 2022**

Classification level: Public

**Central Bank of Jordan**

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#### **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**

- |                            |   |   |
|----------------------------|---|---|
| <b>Loyalty</b>             | : | Commitment, responsibility, and dedication to the institution, its staff and clients.   |
| <b>Integrity</b>           | : | Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers.       |
| <b>Excellence</b>          | : | To make a difference in the quality of services provided in accordance with international standards and practices.  |
| <b>Continuous Learning</b> | : | Aspiring to continuously improve professional and academic levels in accordance with international best practices.  |
| <b>Involvement</b>         | : | Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency.                                      |
| <b>Transparency</b>        | : | Disclosing information and knowledge, and simplifying and clarifying procedures and regulations in accordance with professional standards and pertinent rules |



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### Executive Summary

#### □ Output, Prices and Employment

Real GDP at market prices grew by 2.2 percent during 2021, compared to a contraction of 1.6 percent during 2020. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two months of 2022 by 2.2 percent, compared to a relative stability in the same period of 2021. The unemployment rate during 2021 reached 24.1 percent, compared to 23.2 percent during 2020.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 18,056.7 million at the end of February 2022. This level of reserves covers around 9.4 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 39,573.8 million at the end of February 2022, compared to JD 39,509.2 million at the end of 2021.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,452.3 million at the end of February 2022, compared to JD 30,028.5 million at the end of 2021.
- Total deposits at licensed banks amounted to JD 39,556.5 million at the end of February 2022, compared to JD 39,522.3 million at the end of 2021.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,148.3 points at the end of February 2022, compared to 2,118.6 points at the end of 2021.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,730.6 million (5.4 percent of GDP) during 2021, comparing to a fiscal deficit of JD 2,182.4 million (7.0 percent of GDP) during 2020. Government domestic debt (budgetary and guaranteed) increased by JD 1,325.8 million at the end of 2021, compared to its level at the end of 2020, to reach JD 20,259.5 million (63.1 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 1,408.9 million, to reach JD 15,507.2 million (48.3 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 35,766.7 million at the end of 2021 (111.3 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,625.6 million (42.4 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 15,137.5 million (47.1 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 28,763.1 million (89.5 percent of GDP) compared to 85.4 percent of GDP at the end of 2020).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 27.3 percent during January 2022 to reach JD 577.0 million. Meanwhile, merchandize imports increased by 22.5 percent to reach JD 1,347.8 million. As a result, the trade balance deficit increased by 19.1 percent compared to the same month of 2021, to reach JD 770.8 million. The preliminary data during the first two months of 2022 showed an increase in travel receipts by 188.4 percent, to reach JD 327.8 million, and an increase in travel payments by 124.4 percent, to reach JD 99.2 million, compared to the same period of 2021. Moreover, total workers' remittances receipts increased by 1.0 percent during the first two months of 2022, to reach JD 412.8 million, compared to the same period of 2021. The preliminary data for the balance of payments during 2021 displayed a deficit in the current account amounted to JD 2,822.7 million (8.8 percent of GDP) compared to a deficit of JD 1,778.8 million (5.7 percent of GDP) during 2020. Meanwhile, the current account deficit excluding grants increased to reach 12.1 percent of GDP, compared with 9.1 percent of GDP during 2020. Moreover, direct investment recorded an inflow of JD 441.5 million during 2021, compared to an inflow of JD 539.8 million during 2020. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 35,011.3 million at the end of 2021 up from JD 33,707.4 million at the end of 2020.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves amounted to US\$ 18,056.7 million at the end of February 2022. This level of reserves covers around 9.4 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 39,573.8 million at the end of February 2022, compared to JD 39,509.2 million at the end of 2021.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,452.3 million at the end of February 2022, compared to JD 30,028.5 million at the end of 2021.
- Total deposits at licensed banks amounted to JD 39,556.5 million at the end of February 2022, compared to JD 39,522.3 million at the end of 2021.
- The interest rates on all types of deposits held by licensed banks had increased at the end of February 2022, except the interest rate on demand deposits, which had decreased compared to their levels at the end of 2021. In contrast, the interest rates on all types of credit facilities had decreased at the end of February 2022, except the interest rate on loans and advances which maintained the same level registered at the end of 2021.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,148.3 points at the end of February 2022, compared to 2,118.6 points at the end of 2021. Moreover, the market capitalization reached JD 15,588.2 million at the end of February 2022, compared to JD 15,495.7 million at the end of 2021.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

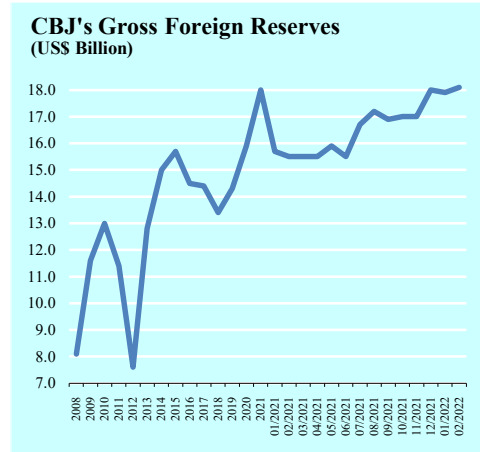
2021		End of February	
		2021	2022
US\$ 18,043.2	CBJ's Foreign Reserves*	US\$ 15,490.5	US\$ 18,056.7
13.3%		-2.7%	0.1%
9.5	Coverage in months	8.4	9.4
39,509.2	Money Supply (M2)	37,472.2	39,573.8
6.7%		1.2%	0.2%
30,028.5	Credit Facilities, of which:	29,157.8	30,452.3
4.9%		1.8%	1.4%
26,708.6	Private Sector (Resident)	25,977.9	27,188.1
4.6%		1.8%	1.8%
39,522.3	Total Deposits, of which:	37,317.6	39,556.5
7.4%		1.4%	0.1%
30,684.6	In JD	28,714.4	30,698.9
8.7%		1.7%	0.0%
8,837.7	In Foreign Currencies	8,603.2	8,857.6
3.3%		0.6%	0.2%
30,988.2	Deposits of Private Sector (Resident), of which:	29,285.8	31,145.9
7.4%		1.5%	0.5%
24,723.7	In JD	23,116.6	24,769.5
8.9%		1.8%	0.2%
6,264.5	In Foreign Currencies	6,169.2	6,376.4
2.0%		0.4%	1.8%

\* 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\$ 18,056.7 million at the end of February 2022. This level of reserves covers around 9.4 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

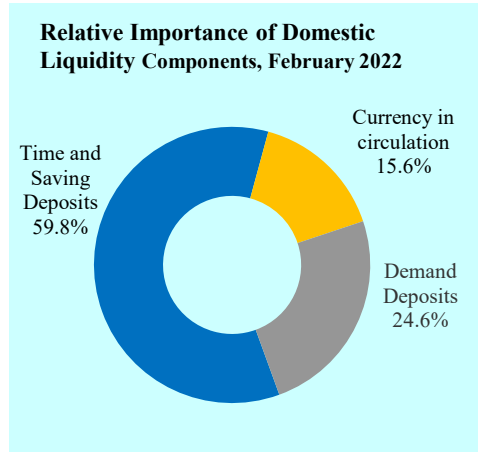
■ Domestic liquidity amounted to JD 39.6 billion at the end of February 2022, compared to JD 39.5 billion at the end of 2021.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of February 2022, compared to their levels at the end of 2021, reveal the following:**

#### ● Components of Domestic Liquidity

- Total liquidity deposits amounted to JD 33.4 billion at the end of February 2022, compared to JD 33.3 billion at end of 2021.

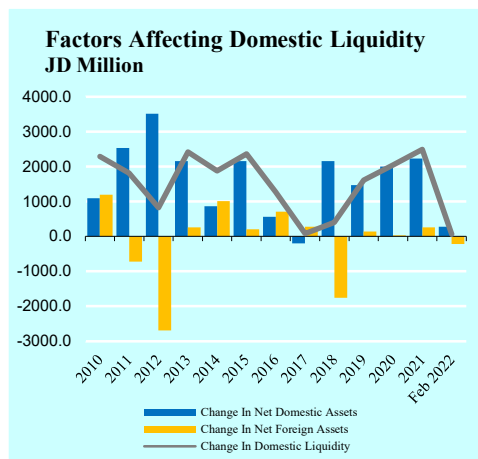
- Currency in circulation amounted to JD 6.2 billion at the end of February 2022, maintained the same



level registered at the end of 2021.

• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 32.0 billion at the end of February 2022,



compared to JD 31.7 billion at the end of 2021.

- Net foreign assets of the banking system amounted to JD 7.6 billion at the end of February 2022. The net foreign assets of the CBJ amounted to JD 12.2 billion at the end of February 2022.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

		End of February	
2021		2021	2022
<b>7,822.5</b>	<b>Foreign Assets (Net)</b>	<b>7,201.8</b>	<b>7,605.9</b>
12,088.0	CBJ	10,546.9	12,163.6
-4,265.5	Licensed Banks	-3,345.1	-4,557.7
<b>31,686.7</b>	<b>Domestic Assets (Net)</b>	<b>30,270.4</b>	<b>31,967.9</b>
-5,239.4	CBJ, of which:	-3,941.0	-5,312.0
1,185.3	Claims on Public Sector (Net)	930.8	1,103.4
-6,447.2	Other Items (Net*)	-4,894.2	-6,437.0
36,926.1	Licensed Banks	34,211.4	37,279.9
13,319.0	Claims on Public Sector (Net)	12,257.4	13,382.7
27,535.9	Claims on Private Sector	26,703.1	28,004.8
-3,928.8	Other Items (Net)	-4,749.1	-4,107.5
<b>39,509.2</b>	<b>Money Supply (M2)</b>	<b>37,472.2</b>	<b>39,573.8</b>
<b>6,225.4</b>	<b>Currency in Circulation</b>	<b>5,989.4</b>	<b>6,192.6</b>
<b>33,283.8</b>	<b>Total Deposits, of which:</b>	<b>31,482.8</b>	<b>33,381.2</b>
6,328.7	In Foreign Currencies	6,241.9	6,446.9

\* 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 to raise interest rates by 25 basis points on all monetary policy instruments in 20/3/2022, to become as follow:

- The CBJ main interest rate: 2.75 percent.
- Re-discount Rate: 3.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.50 percent.
- Overnight Deposit Window Rate: 2.25 percent.
- Weekly/ Monthly Repurchase Agreements: 2.75 percent.
- The interest rate on weekly certificates of deposit: 2.75 percent.

This decision aims to contain the anticipated inflationary pressures, that are fueled by escalation in world prices due to the gradual recovery of global demand following the Covid-19 pandemic, in addition to the recent disruptions in international supply chains. Moreover, the high uncertainty caused by global geopolitical tensions has resulted in higher pressures on global prices and supply chains.

In order to stimulating economic growth and job creation, the CBJ decided to extend the CBJ's program to refinance the vital economic sectors, with a value of JD 1.3 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 on Monetary Policy Instruments, percentage points

2021		February	
		2021	2022
2.50	CBJ main rate	2.50	2.50
3.50	Re-discount Rate	3.50	3.50
3.25	Repurchase Agreements Rate (overnight)	3.25	3.25
2.00	Overnight Deposit Window Rate	2.00	2.00
2.50	Repurchase Agreements rate (one week and one month)	2.50	2.50
2.50	Certificates of Deposits (one week)	2.50	2.50

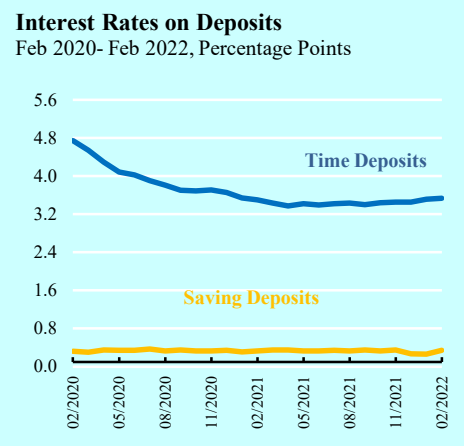
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

Moreover, the CBJ decided to continue the CBJ's JD 700 million program that supports small and medium sized enterprises, professionals and handicraft persons, and to retain the interest rate for borrowers at no more than 2%, for a period of 54 months, including a grace period of up to 12 months.

### ■ Interest Rates in the Banking Sector

#### ◆ Interest Rates on Deposits

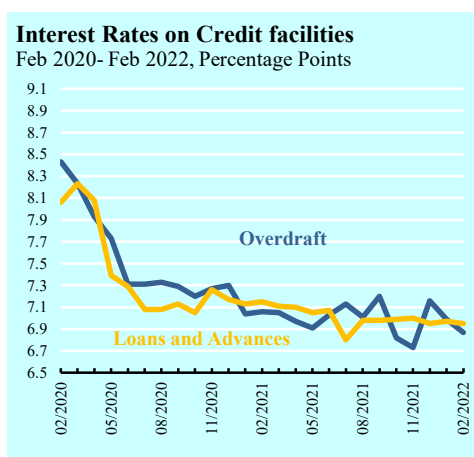
- **Time Deposits:** The weighted average interest rate on time deposits increased by two basis points at the end of February 2022, compared to its level registered at the end of the previous month to stand at 3.53%. This rate is higher by 8 basis points than its level registered at the end of 2021.



- **Saving Deposits:** The weighted average interest rate on saving deposits increased by 8 basis points at the end of February 2022, compared to its level registered at the end of the previous month to stand at 0.34%. This rate is higher by 7 basis points than its level registered at the end of 2021.
- **Demand Deposits:** The weighted average interest rate on demand deposits increased by one basis points at the end of February 2022, compared to its level registered at the end of the previous month to stand at 0.24%. This rate is lower by one basis point than its level registered at the end of 2021.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts decreased by 12 basis points at the end of February 2022, compared to its level registered at the end of the previous month to stand at 6.87%. This rate is lower by 29 basis points than its level registered at the end of 2021.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 17 basis points at the end of February 2022, compared to its level registered at the end of the previous month to stand at 7.49%. This rate is lower by 50 basis points than its level registered at the end of 2021.

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

		February		Change Relative to the Preceding Year Basis Points
2021		2021	2022	
<b>Deposits</b>				
0.26	Demand	0.25	0.24	-2
0.27	Saving	0.33	0.34	7
3.45	Time	3.50	3.53	8
<b>Credit Facilities</b>				
7.99	Discounted Bills and Bonds	8.61	7.49	-50
6.95	Loans and Advances	7.15	6.95	0
7.16	Overdraft	7.06	6.87	-29
8.37	Prime Lending Rate	8.33	8.37	0

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by two basis points at the end of February 2022 compared to its level registered at the end of the previous month to stand at 6.95%, maintaining the same level registered at the end of 2021.



- The prime lending rate stood at 8.37 percent at the end of February 2022, maintained the same level registered at the end of the previous month and 2021.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 423.8 million, or 1.4 percent, at the end of February 2022, compared to its level registered at the end of 2021, against an increase by JD 518.7 million, or 1.8 percent at the end of the same month in 2021.
- In terms of borrower sectors, the credit facilities at the end of February 2022 had shown an increase in credit extended to the private sector (resident) by JD 479.5 million, or 1.8 percent, the public institutions by JD 9.6 million, or 1.4 percent, the private sector (non-resident) by JD 6.8 million, or 1.0 percent. In contrast, the credit facilities extended to the central government decreased by JD 58.7 million, or 3.2 percent, and the non-banking financial institutions decreased by JD 13.4 million, or 10.4 percent, compared to their levels at the end of 2021.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 39.6 billion at the end of February 2022, compared to JD 37.3 billion at the end of February 2021, and to JD 39.5 billion at the end of 2021.

- The currency composition of deposits at the end of February 2022 revealed that the JD deposits amounted to JD 30.7 billion, and the deposits in foreign currencies amounted to JD 8.9 billion, compared to JD 28.7 billion of JD deposits, and JD 8.6 billion of deposits in foreign currencies at the same period in 2021, and against JD 30.7 billion of JD deposits, and JD 8.8 billion of deposits in foreign currencies at the end of 2021.

#### □ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during February 2022, compared to their levels in 2021. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at ASE totaled JD 114.8 million in February 2022, increasing by JD 3.3 million, or 2.9 percent compared to its level registered at the end of the previous month, against a decrease by JD 75.7 million, or 35.7 percent during the same month in the previous year. As for the first two months of 2022, the trading volume totaled JD 226.4 million.

##### ■ Traded Shares

The number of traded shares in February 2022 totaled 89.3 million shares, increasing by 2.7 million shares, or 3.1 percent compared to its level registered at the end of the previous month, against a decrease by 71.2 million shares, or 35.7 percent. As for the first two months of 2022, the number of traded shares amounted to 175.8 million shares.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 16.6 points or 0.8 percent, at the end of February 2022 compared to its level in the

previous month, to stand at 2,148.3 points, against an increase by 34.5 points (2.0%) during the same month in 2021. Furthermore, the SPI increased by 29.7 points or 1.4 percent compared to its level at the end of 2021, against an increase by 104.1 points or 6.3 percent at the same period in 2021. The aforementioned increase was an outcome of the increase in the industrial sector by 49.1 points, or 1.3 percent, and the financial sector by 43.6 points, or 1.7 percent and the services sector by 3.8 points, or 0.3 percent, compared to their levels at the end of 2021.

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

2021		February	
		2021	2022
2,118.6	General Index	1,761.4	2,148.3
2,604.5	Financial Sector	2,255.7	2,648.0
3,665.9	Industrial Sector	2,488.3	3,715.0
1,327.4	Services Sector	1,201.9	1,331.3

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 15.6 billion at the end of February 2022, decreasing by JD 39.0 million, or 0.2 percent, compared to its level registered at the end of the previous month, against an increase by JD 247.4 million



or 1.9 percent during the same month in 2021. Furthermore, the ASE's market capitalization increased by JD 92.5 million or 0.6 percent compared to its level at the end of 2021.

#### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 2.2 million in February 2022. The value of shares buying by non-Jordanian in February 2022 amounted to JD 9.2 million, while their selling amounted to JD 11.4 million. The Non-Jordanian net investment as the first two months of 2022, recorded an outflow amounting to JD 7.2 million.

**Main Amman Stock Exchange Trading Indicators, JD Million**

2021		February	
		2021	2022
1,963.6	Value Traded	136.4	114.8
7.9	Average Daily Trading	7.2	5.7
15,495.7	Market Capitalization	13,598.8	15,588.2
1,538.2	No. of Traded Shares (million)	128.4	89.3
-60.9	Net Investment of Non-Jordanian	-2.4	-2.2
220.2	Non-Jordanian Buying	9.6	9.2
281.1	Non-Jordanian Selling	12.0	11.4

Source: Amman Stock Exchange.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.6 percent during the fourth quarter of 2021, compared to a contraction of 1.6 percent during the same quarter of 2020. At current market prices, GDP grew by 4.7 percent during the fourth quarter of 2021, compared to a contraction of 1.9 percent in the same quarter of 2020.
- Accordingly, the real GDP grew by 2.2 percent during 2021, compared to contraction of 1.6 percent during 2020. At current market prices, GDP grew by 3.5 percent during 2021 compared to a decline by 1.8 percent during 2020.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two months of 2022 by 2.2 percent, compared to a relative stability in the same period of 2021.
- The unemployment rate during 2021 reached 24.1 percent (22.4 percent for males and 30.7 percent for females), compared to 23.2 percent (21.2 percent for males and 30.7 percent for females) during 2020. The highest unemployment rate was among youth, which reached 60.9 percent for the (15-19) years old category and 47.3 percent for the (20-24) years old category.

### □ Developments of GDP

Gross domestic product (GDP), at constant market prices, grew by 2.2 percent during 2021 compared to a contraction of 1.6 percent during 2020. When excluding “net taxes on products” (which grew by 2.3 percent during 2021 compared to a contraction of 2.6 percent during 2020), GDP at constant basic prices, grew by 2.2 percent during 2021, compared to a contraction of 1.4 percent during 2020.

**Quarterly Growth Rates of GDP at Market Prices (2019 – 2021)**

Percentages

	Q1	Q2	Q3	Q4	Year
<b>2019</b>					
GDP at Constant Prices	2.0	1.7	1.9	2.1	<b>2.0</b>
GDP at Current Prices	3.8	3.3	3.5	4.0	<b>3.7</b>
<b>2020</b>					
GDP at Constant Prices	1.3	-3.6	-2.2	-1.6	<b>-1.6</b>
GDP at Current Prices	3.0	-4.7	-3.1	-1.9	<b>-1.8</b>
<b>2021</b>					
GDP at Constant Prices	0.3	3.2	2.7	2.6	<b>2.2</b>
GDP at Current Prices	0.5	4.7	4.2	4.7	<b>3.5</b>

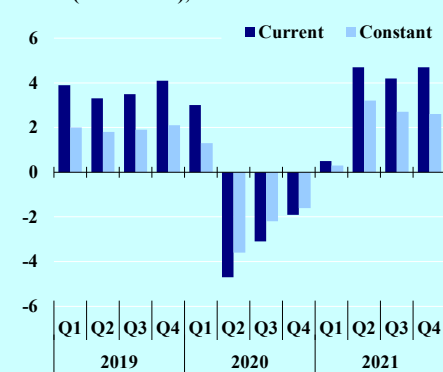
Source: Department of Statistics.

At current market prices, GDP grew by 3.5 percent during 2021 compared to contraction of 1.8 percent during 2020. This was in light of the increase of the general price level, measured by the GDP deflator, by 1.3 percent during 2021 compared to a contraction of 0.3 percent during 2020.

The economic growth recorded during 2021 was mainly driven by the significant improvement in the external sector indicators, such as; tourism income, total exports, and the gradual return to work in all economic sectors during this year.

As for the economic sectors contribution to growth rate during 2021, all sectors contributed positively to the growth rate. Most notably; manufacturing contributed by (0.4 percentage point), “finance and insurance services” (0.3 percentage point), “mining and quarrying” (0.2 percentage point), “real estate” (0.2 percentage point), and “producers of government services” (0.2 percentage point). These sectors accounted for 59.1 percent of the real growth recorded during 2021.

Quarterly Growth Rates of GDP at Market Prices (2019- 2021), %



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution Percentage Point	
	2020	2021	2020	2021
<b>GDP at Constant Market Prices</b>	-1.6	2.2	-1.6	2.2
Agriculture	1.6	2.8	0.1	0.1
Mining And Quarrying	0.8	8.8	0.02	0.2
Manufacturing	-2.7	2.3	-0.5	0.4
Electricity And Water	-1.4	1.8	0.0	0.0
Construction	-3.8	3.8	-0.1	0.1
Wholesale And Retail Trade	-2.3	2.2	-0.2	0.2
Restaurant And Hotels	-8.2	2.7	-0.1	0.0
Transport, Storage And Communications	-5.2	2.3	-0.5	0.2
Finance And Insurance Services	3.0	4.2	0.2	0.3
Real Estate	0.5	1.4	0.1	0.2
Social And Personal Services	-3.3	1.0	-0.3	0.1
Producers of Government Services	1.1	1.4	0.1	0.2
Producers of Private Non-Profit	-2.3	1.7	0.0	0.0
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

### Microeconomic Indicators

Most of the microeconomic indicators witnessed an improvement in their performance during the available period of 2022. Most notably; “mining and quarrying production quantity index” (9.1 percent), “manufacturing production quantity index” (2.6 percent), and “number of passengers through Royal Jordanian” (316.1 percent), while “licensed areas for buildings” showed decline of (31.0 percent). The following table displays the performance of the main available microeconomic indicators:

#### Main Sectoral Indicators\*

Percentage Points

2021	Item	2021	Available period	2022
13.6	<b>Manufacturing production quantity index</b>	-9.3	<b>Jan.</b>	2.6
-10.2	Food products and beverages	-9.9		-6.6
-3.6	Tobacco products	-3.6		-3.3
106.5	Refined petroleum products	-21.1		77.3
-6.3	Wearing apparel	-33.1		-19.3
0.7	Non-metallic mineral products	30.8		-0.3
2.5	Chemical products	-8.2		3.8
6.6	<b>Mining and quarrying production quantity index</b>	6.0		9.1
25.0	Extraction of crude petroleum and natural gas	3.0		6.4
6.4	Other mining and quarrying	6.1		9.2
4.3	Production of potash	10.1		4.2
52.9	<b>Licensed areas for buildings</b>	41.7		-31.0
14.2	<b>Production of phosphate</b>	-1.7		11.3
20.4	<b>Cargo through Royal Jordanian</b>	-65.1	<b>Jan. - Feb</b>	82.2
46.8	<b>Value traded at the real estate market</b>	15.4		9.4
89.8	<b>Number of departures</b>	-83.1		184.1
108.7	<b>Number of passengers through Royal Jordanian</b>	-83.9		316.1

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

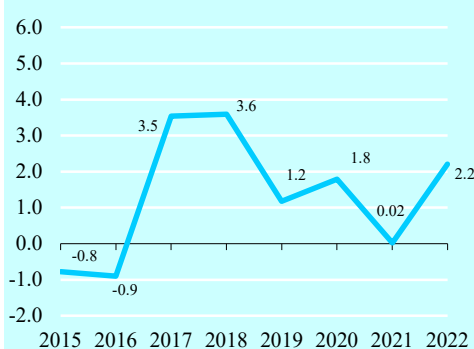


## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two months of 2022 by 2.2 percent, compared to a relative stability during the same period of 2021. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
  - “vegetables and legumes dry and canned” prices increased by 19.1 percent, compared to a decline by 18.5 percent during the first two months of 2021, affected in part by the demand and supply factors caused by the unusual weather conditions of some days this period.
  - transportation prices increased by 6.3 percent compared to decline by 2.3 percent during the first two months of 2021.
  - “culture and recreation” prices increase by 5.0 percent compared to decline by 1.4 percent during the first two months of 2021.

**Inflation Rate during the first two months of the years, (2015-2022)**



**Inflation Rate during the first two months for the years 2020-2021**

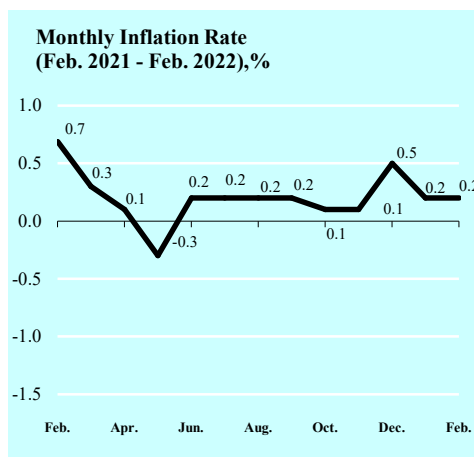
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan – Feb 2021	Jan – Feb 2022	Jan – Feb 2021	Jan – Feb 2022
All Items	100.00	0.02	2.21	0.02	2.21
1) Food and non-Alcoholic Beverages	26.52	0.06	2.93	0.02	0.78
Food	23.80	-0.09	3.29	-0.02	0.78
Cereals and Products	4.17	1.66	1.92	0.07	0.08
Meat and Poultry	4.69	4.06	1.81	0.19	0.09
Fish and Sea Product	0.41	3.21	0.80	0.01	0.00
Dairy Products and Eggs	3.72	2.93	1.00	0.11	0.04
Oil and Fats	1.70	4.60	4.20	0.08	0.07
Fruits and Nuts	2.57	1.24	-0.61	0.03	-0.02
Vegetables and Legumes Dry and Canned	2.96	18.49	19.06	-0.56	0.47
2) Alcohol and Tobacco and Cigarettes	4.37	6.17	-0.04	0.26	0.00
Alcohol	0.01	21.29	0.55	0.00	0.00
Tobacco and Cigarettes	4.37	6.15	-0.04	0.26	0.00
3) Clothing and footwear	4.12	-1.04	0.19	-0.04	0.01
Clothing	3.41	-0.83	0.29	-0.03	0.01
Footwear	0.71	-2.06	-0.28	-0.01	0.00
4) Housing	23.78	-0.70	0.85	-0.17	0.20
Rents	17.54	1.67	-0.13	0.30	-0.02
Fuels and Lighting	4.69	-9.92	4.22	-0.45	0.17
5) Household Furnishings and Equipment	4.94	-0.01	1.42	0.00	0.07
6) Health	4.00	4.54	-1.82	0.18	-0.08
7) Transportation	15.98	-2.25	6.29	-0.36	0.99
8) Communication	2.83	2.27	0.00	0.06	0.00
9) Culture and Recreation	2.55	-1.40	4.96	-0.03	0.12
10) Education	4.35	-0.23	1.22	-0.01	0.05
11) Restaurants and Hotels	1.79	2.84	0.36	0.05	0.01
12) Other Goods and Services	4.77	1.68	0.82	0.08	0.04

Source: Department of Statistics.

The above groups and items collectively contributed to raising the inflation rate during the first two months of 2022 by 1.6 percentage points, compared to a negative contribution of 1.0 percentage point during the same period of 2021.

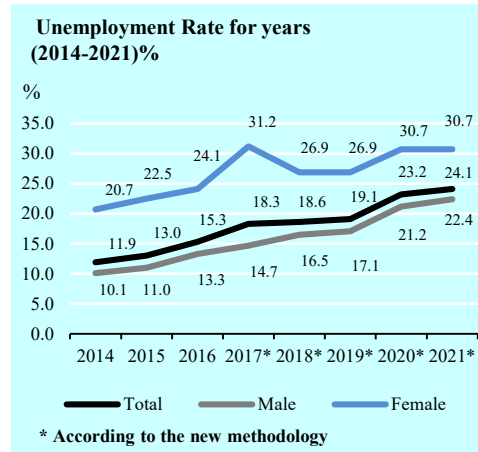
- A decline in the prices of some items and groups, notably, “drinks and refreshments” (2.7 percent), and health (1.8 percent). These groups and items contributed to a contraction of the inflation rate during the first two months 2022 by 0.1 percentage point, compared to a positive contribution of 0.2 percentage point, during the same period of 2021.

In February 2022, the CPI witnessed an increase compared to the previous month (January 2021) by 0.2 percent. This was an outcome of the increase of the prices of some items and groups, mainly “vegetables and legumes, dry and canned” (5.2 percent), “non-alcoholic beverages” (0.2 percent), on the one hand, and the decrease of the prices of some items mainly “dairy products and eggs” (0.2 percent), “meat and poultry” (0.1 percent) on the other hand.



### □ Labor Market

- The unemployment rate reached 24.1 percent (22.4 percent for males, and 30.7 percent for females) during 2021, compared to 23.2 percent (21.2 percent for males and 30.7 percent for females), during 2020.



- The unemployment rate among youth, during 2021, remains high reaching 60.9 percent for the category (15-19) years old, and 47.3 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 28.5 percent during 2021, as the unemployment rate among (less than secondary) reached 22.9 percent.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.0 percent (54.0 percent for males, and 14.0 percent for females), compared to 34.0 percent (53.6 percent for males and 14.2 percent for females) during 2020.
- The employment rate among population (15 years and older) reached 25.8 percent during 2021.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,730.6 million (5.4 percent of GDP) during 2021, comparing to a fiscal deficit of JD 2,182.4 million (7.0 percent of GDP) during 2020. When excluding foreign grants (JD 803.3 million), the general budget deficit increases to JD 2,533.9 million (7.9 percent of GDP), compared to a deficit of JD 2,973.3 million (9.6 percent of GDP) in 2020.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,325.8 million at the end of 2021, compared to its level at the end of 2020, to reach JD 20,259.5 million (63.1 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 13,625.6 million (42.4 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 1,408.9 million at the end of 2021, compared to its level at the end of 2020, to reach JD 15,507.2 million (48.3 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 15,137.5 million (47.1 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,734.7 million at the end of 2021, to reach JD 35,766.7 million (111.3 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 28,763.1 million (89.5 percent of GDP), compared to JD 26,499.3 million (85.4 percent of GDP) at the end of 2020.

□ The performance of the general budget during 2021 compared with 2020:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 147.7 million, or 21.8 percent, in December 2021 compared to the same month in 2020, to stand at JD 825.0 million. As for the year of 2021, public revenues went up by JD 1,099.3 million, or 15.6 percent, compared to same period of 2020, to stand at JD 8,128.2 million. This came as an outcome of the increase in domestic revenues by JD 1,086.9 million, and increase in foreign grants by JD 12.5 million.

**Main Government Budget Indicators During 2021**

(JD Million and Percentages)

	December		Growth Rate	Jan.-Dec.		Growth Rate
	2020	2021		2020	2021	
<b>Public Revenues</b>	<b>677.3</b>	<b>825.0</b>	<b>21.8</b>	<b>7,028.9</b>	<b>8,128.2</b>	<b>15.6</b>
Domestic Revenues, of which:	598.7	605.7	1.2	6,238.0	7,324.9	17.4
Tax Revenues, of which:	446.8	433.3	-3.0	4,958.6	5,626.9	13.5
General Sales Tax	353.4	343.8	-2.7	3,533.9	4,038.7	14.3
Other Revenues	151.1	171.4	13.4	1,272.1	1,690.4	32.9
Foreign Grants	78.6	219.4	179.1	790.8	803.3	1.6
<b>Total Expenditures</b>	<b>1,092.1</b>	<b>1,068.3</b>	<b>-2.2</b>	<b>9,211.3</b>	<b>9,858.8</b>	<b>7.0</b>
Current Expenditures	830.5	794.4	-4.3	8,388.5	8,720.6	4.0
Capital Expenditures	261.6	273.9	4.7	822.8	1,138.2	38.3
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-414.8</b>	<b>-243.3</b>	<b>-</b>	<b>-2,182.4</b>	<b>-1,730.6</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a Percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-7.0</b>	<b>-5.4</b>	<b>-</b>

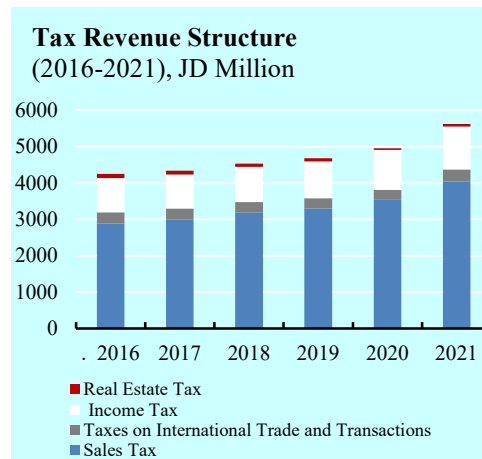
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 1,086.9 million, or 17.4 percent, in 2021, compared to 2020, to reach JD 7,324.9 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues”, and “Pension contributions” by JD 668.3 million, JD 418.3 million, JD 0.2 million, respectively.

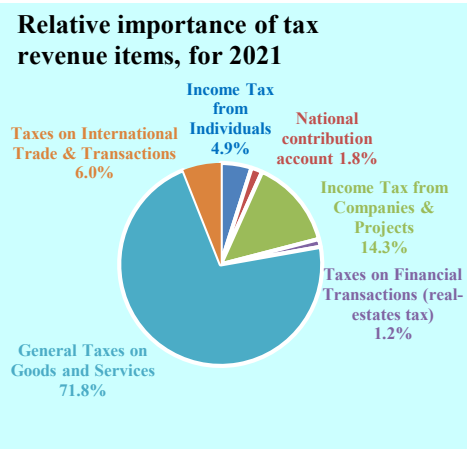
● **Tax Revenues**

Tax revenues increased by JD 668.3 million, or 13.5 percent, during 2021, compared to 2020, to reach JD 5,626.9 million (76.8 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 504.8 million, or 14.3 percent, to reach JD 4,038.7 million, accounting for 71.8 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on imported goods by JD 210.4 million, and on commercial sector by JD 188.8 million, and on domestic goods by JD 55.5 million, and on services by JD 50.1 million.

- An increase in the proceeds of **income and profit taxes** by JD 76.0 million, or 6.9 percent, to reach JD 1,179.6 million, accounting for 21.0 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of national contribution account item, which was included in the Amending Law of Income Tax Law, in the amount of JD 34.2 million, or 52.0 percent, to reach JD 100.0 million, and the increase in the proceeds of “income taxes from companies and projects” by JD 29.0 million, or 3.7 percent, to account for 68.1 percent of total proceeds of income and profits taxes, amounting to JD 802.8 million. Moreover, the proceeds of “income taxes from individuals” increased by JD 12.9 million, or 4.9 percent, to reach JD 276.8 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 63.6 million, or 23.2 percent, to reach JD 338.0 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 23.8 million, or 50.9 percent, to reach JD 70.6 million.





- **Non-Tax Revenues**

- “Other revenues” increased by JD 418.3 million, or 32.9 percent, during 2021 to reach JD 1,690.4 million. This increase was chiefly due to the following:
  - An increase in revenues from **selling goods and services** by JD 204.3 million to reach JD 838.4 million.
  - An increase in the **property income** by JD 122.7 million to stand at JD 357.9 million (of which financial surplus of independent government units amounted to JD 335.2 million against JD 206.7 million during 2020).
  - An increase in **miscellaneous revenues** by JD 91.3 million to stand at JD 494.1 million.
- Pension contributions increased by JD 0.2 million, or 2.7 percent, during 2021, compared to 2020, to reach JD 7.5 million.

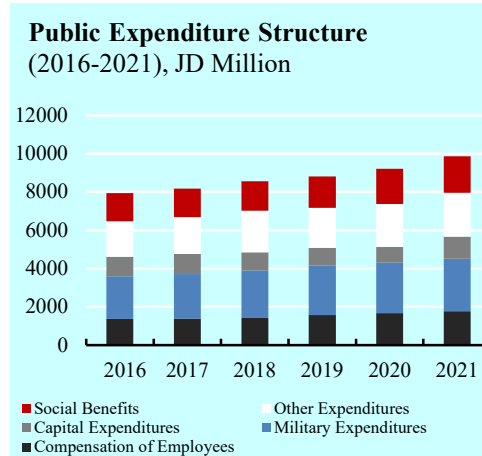
- ◆ **Foreign Grants**

Foreign grants increased by JD 12.5 million, or 1.6 percent, during 2021, standing at JD 803.3 million, compared to JD 790.8 million during 2020.

### Public Expenditures

Public expenditures decreased by JD 23.8 million, or 2.2 percent, in December 2021 compared to the same month in 2020, to stand at JD 1,068.3 million. As for the year of 2021, public

expenditures increased by JD 647.5 million, or 7.0 percent, compared 2020 to stand at JD 9,858.8 million. This increase was a result of the rise in capital expenditures by 38.3 percent, and in current expenditures by 4.0 percent.



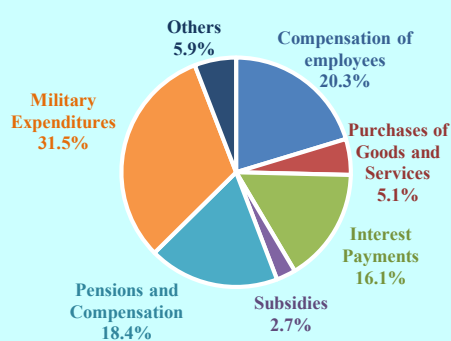
### Current Expenditures

Current expenditures went up by JD 332.1 million, or 4.0 percent, during 2021, to reach JD 8,720.6 million (88.5 percent of public expenditures). Because of the increase in domestic revenues at a higher rate than current expenditures, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased by 9.6 percentage point, to reach to 84.0 percent compared to 74.4 percent during 2020. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in **interest payments** (commitment basis) by JD 160.0 million, to stand at JD 1,403.4 million.
- An increase in **military expenditures** by JD 113.9 million, to total JD 2,749.6 million.

- An increase in the **compensation of civil sector's employees (wages, salaries and social security contributions)** by JD 94.5 million, to reach JD 1,771.3 million.

**Relative importance of current expenditure items, for 2021**



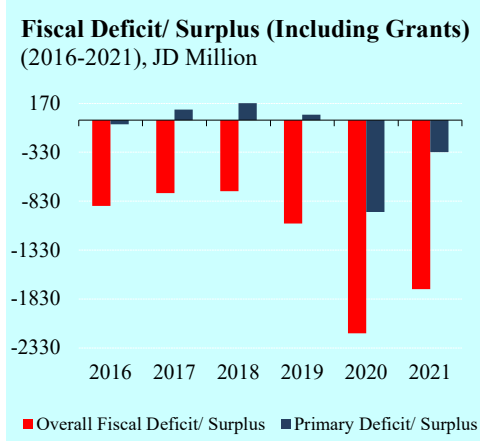
- An increase in **pensions and compensation** by JD 34.5 million, to stand at JD 1,605.0 million.
- An increase in the **purchases of goods and services** by JD 26.5 million, to reach JD 441.7 million.
- A decrease in **subsidies** by JD 72.7 million, to stand at JD 238.1 million.

#### ◆ Capital Expenditures

Capital expenditures increased by JD 315.4 million, or 38.3 percent, during 2021 compared to 2020, to reach JD 1,138.2 million.

### ■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 451.8 million, during 2021, to reach JD 1,730.6 million (5.4 percent of GDP), compared to a fiscal deficit of JD 2,182.4



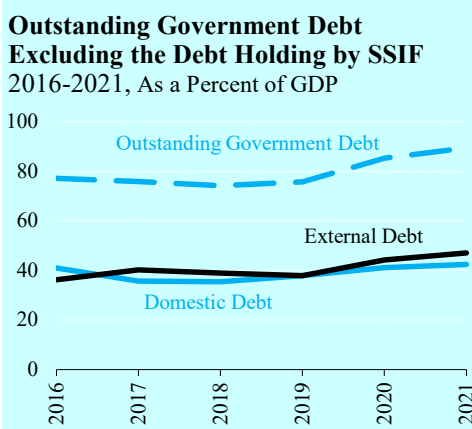
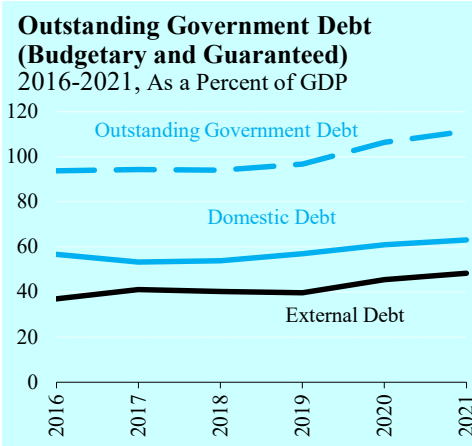
million (7.0 percent of GDP), in 2020. When foreign grants are excluded, the general budget deficit increases to reach JD 2,533.9 million (7.9 percent of GDP), compared to a fiscal deficit of JD 2,973.3 million (9.6 percent of GDP) in 2020.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 1,130.5 million (3.5 percent of GDP) in 2021, against a primary deficit of JD 1,729.9 million (5.6 percent of GDP) in 2020. When foreign grants are including, the primary deficit of the general budget reached JD 327.2 million (1.0 percent of GDP), compared to a primary deficit of JD 939.0 million (3.0 percent of GDP) in 2020.

## □ Outstanding Government Debt

■ Government domestic debt (budgetary and guaranteed) increased by JD 1,325.8 million, at the end of 2021 compared to its level at the end of 2020, to stand at JD 20,259.5 million (63.1 percent of GDP compared to 61.0 percent of GDP at the end of 2020). This increase was an outcome of the rise in the domestic debt of the budget by JD 1,388.7 million, and the decrease in the domestic debt of guaranteed by JD 63.0 million, compared to their levels at the end of 2020, standing at JD 17,883.4 million and JD 2,376.1 million, respectively.

■ When excluding the domestic debt holding by the Social Security Investment Fund (SSIF), the government domestic debt (budgetary and guaranteed) increased by JD 841.6 million, at the end of 2021 compared to its level at the end of 2020, to stand at JD 13,625.6 million (42.4 percent of GDP).



- Outstanding external debt (budget and guaranteed) went up by JD 1,408.9 million at the end of 2021, compared to its level at the end of 2020, to reach JD 15,507.2 million (48.3 percent of GDP compared to 45.5 percent of GDP at the end of 2020). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 69.5 percent of the total external debt, and the debt in Euro accounted for 12.4 percent. However, the SDR accounted for 8.3 percent, Kuwaiti Dinar (3.9 percent), Japanese Yen (3.9 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 1,422.3 million, at the end of 2021 compared to its level at the end of 2020, to stand at JD 15,137.5 million (47.1 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,734.7 million at the end of 2021 to reach JD 35,766.7 million (111.3 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 28,763.1 million (89.5 percent of GDP), compared to JD 26,499.3 million at the end of 2020 (85.4 percent of GDP).

- External debt service (budget and guaranteed) decreased by JD 254.2 million during 2021 compared to 2020, to reach JD 1,829.6 million (including principal payments of JD 1,387.1 million and interest of JD 442.5 million).

#### □ Fiscal and Price Measures of 2022

##### ◆ April

- The Oil Derivatives Pricing Committee decided to maintain the prices of all oil derivatives unchanged, and rise of fuel oil, all kinds of fuel for airplanes and asphalt, as follows:

#### Development of Oil Derivatives Prices

	Unit	2022		Percentage Change
		March	April	
Unleaded Gasoline 90	Fils/ Liter	850	850	0.0
Unleaded Gasoline 95	Fils/ Liter	1,085	1,085	0.0
Unleaded Gasoline 98	Fils/ Liter	1,235	1,235	0.0
Gas Oil (Diesel)	Fils/ Liter	615	615	0.0
Kerosene	Fils/ Liter	615	615	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	491.3	574.5	16.9
Fuel for airplanes (local companies)	Fils/ Liter	589	766	30.1
Fuel for airplanes (foreign companies)	Fils/ Liter	594	771	29.8
Fuel for unplanned flights	Fils/ Liter	609	786	29.1
Asphalt	JD/ Ton	486.2	569.5	17.1

Source: Jordan Petroleum Refinery Company (1/4/2022).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for April 2022.

**◆ March**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for March 2022.
- The Cabinet decided to reduce the sales tax on vegetable oils from 4 percent to 0 percent, until 31/5/2022.

**◆ February**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2022.

**◆ January**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2022.
- Reduce and unify customs tariffs on goods, excludes imported goods such as cars, alcoholic beverages, and tobacco, to become 4 categories (exempt, 5%, 15%, 25%) instead of 11 categories (between 0% to 40%), as follows:
  - Reduce customs tariffs on goods subject on 1 percent to become exempt.
  - Reduce customs tariffs on goods subject on 6.5 percent and 10 percent to become subject 5 percent.



- Reduce customs tariffs on goods subject on 25 percent and 30 percent 35 percent 40 percent to become subject 5 percent, except for those produced by Jordanian engineering, construction, furniture and food industries, will be subject to:
  - 25 percent to 31/12/2024.
  - 20 percent starting from 1/1/2025.
  - 15 percent starting from 1/1/2027.
- Reduce the sales tax on cakes, wafers and biscuits from 16 percent to 5 percent.
- The expiry of the Cabinet decides taken in July 2018, according to which the special tax imposed on cars that partially operate on electricity (hybrid) was reduced and raised gradually during the period (2018-2021), to become the special tax imposed on it 55 percent, as of 1/1/2022.
- Issuing the amending by-law for the year 2022 for the work permit fees to non-Jordanian workers, in which a fee for issuing or renewing a work permit for one year or part of the year shall be collected from the employer JD 350, for every worker in all sectors and economic activities, except the following:
  - Collect JD 225 for each worker with institutions and companies operating in the clothing and textile industry sector registered in the Investment Commission in development zones.

- Collect JD 800 for each worker from Day laborers for a free permit in the agricultural sector, or construction sector, or loading and unloading sector, or whoever the Minister of Labor decides to consider them in this category.
- Collect a fee for issuing or renewing a work permit for each worker with specialized skills in excess of the numbers or percentages of expatriate workers allowed, as following:
  - o JD 2,150 for issuance of a work permit for a period of one year.
  - o JD 1,250 for issuance of a work permit for a period of six months.
  - o JD 645 for issuance of a work permit for a period of three months.

#### □ Fiscal and Price Measures of 2021

##### ◆ December

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for December 2021.
- The Cabinet decided to extend the previous decision related to exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/3/2022.

**◆ November**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for November 2021.

**◆ October**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for October 2021.

**◆ September**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for September 2021.
- Approving a supplementary law for the General Budget Law for the year 2021, which included an additional foreign grant in the amount of JD 263 million (exceptional grant from USA), to cover the costs of the stimulus and mitigating measures announced by the government earlier, to confront the repercussions of the COVID-19 pandemic. It was distributed at JD 78.5 million to cover current expenditures, and JD 184.5 million to cover capital expenditures.

**◆ August**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for August 2021.

**◆ July**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2021.

- The Cabinet decided to reduce the general sales tax on paper and cardboard used in the manufacture of eggs dishes, and cartons that are remanufacture or recycled and used for the manufacture of egg dishes, and egg cartons, to be subject to reduced tax rate of 4 percent.

◆ June

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2021.
- The Prime Minister issued a defense order to set an upper limit for the costs of transporting imported goods to the place of their entry for the purpose of determining the customs value of goods imported into the Kingdom, starting from 1/7/2021 until 31/12/2021, as follows:

Source goods	Maximum Dollar freight rates, for a 20-foot container	Maximum Dollar freight rates, for a 40-foot container
East Asia and the Far East	2,000	4,000
Europe	1,500	3,000
USA	1,700	3,400

- The Cabinet decided to exempt Jordanians participating in the "Our Jordan is a Paradise" program from entry fees to archaeological and tourist sites until 31/12/2021.

- The Cabinet decided to extend the previous decision regarding exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/12/2021.

#### ◆ May

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2021.

#### ◆ April

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for April 2021.

#### ◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for March 2021.
- Launching a stimulus and mitigating package for various economic sectors and citizens, until the end of this year, to confront the repercussions of the COVID-19 pandemic, in the amount of JD 448 million (1.4 percent of GDP), distributed by JD 423 million from the Ministry of Finance, and JD 25 million from the Social Security Institution.

#### ◆ February

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2021.

**◆ January**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2021.
- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 45 percent, starting from 1/1/2021.
- The Cabinet decided to reduce fees for work permits for non-Jordanian workers working in the agricultural and bakery sectors by JD 200 out of JD 400 for three months from the date of the decision.

**□ Grants, Loans and Other Agreements for 2022****◆ April**

- Signing a loan agreement in the amount EUR 150 million, provided by the French Development Agency (AFD), to support the implementation of gender-responsive budgeting in Jordan.

**◆ February**

- Signing a grant agreement in the amount of EUR 4.13 million, provided by the Netherlands government, to contribute to the countryside economic development and employment project implemented by Jordan Enterprise Development Corporation (JEDCO) and funded by IFAD.

**□ Grants, Loans and Other Agreements for 2021****◆ December**

- Signing a four development grant agreements, in the amount of EUR 86 million, provided by the German government and the EU through the German Development Bank (KfW) to support the water and sanitation and educational sectors.

- Signing a soft loan agreement, in the amount of EUR 70 million, provided by the European Investment Bank (EIB), to improve the efficiency of the water resources in the Jordan Valley, provide water for domestic and industrial uses, reduce water loss and provide safe drinking water in Amman and Irbid.
- Signing a grant agreement in the amount of USD 990 thousand, provided by the Italian government, to implement a sustainable production project, which will make use of natural agricultural resources in Maan.
- Signing a two grant and aid agreements in the amount of USD 597 million, provided by the USA, as part of US economic assistance to Jordan for the 2021 fiscal year that totals \$1.2 billion.
- Signing the first phase of a soft loan agreement, in the amount of EUR 50 million, provided by the German Development Bank (KfW) to finance a project to build new public schools as part of the government economic priority programme for 2021-2023.

#### ◆ November

- Signing a memorandum of understanding between the government of Japan and Jordan, under which the Japan International Cooperation Agency (JICA) provide a loan in the amount of a USD 100 million, to support the general budget, combat economic and development challenges facing the kingdom, as well as enhance social protection.

- Signing an agreement to finance a soft loan, in the amount of EUR 30 million, provided by the European Bank for Reconstruction and Development (EBRD), to cover the construction of a new wastewater treatment plant in Al Ghabawi region.
- Signing a two development aid agreements, in the amount of USD 80 million, provided by the Kuwait Fund for Arab Economic Development, to support the government's development efforts achieving its strategic goals in the field of energy, as well as supporting the Jordanian response plan for the Syrian crisis in the health sector.

**◆ August**

- Signing a grant agreement provided by the Qatar Fund for Development (QFD), in the amount of USD 6.7 million, to develop and strengthen the education sector by enhancing young people's educational capacities.

**◆ July**

- Signing a three financing agreements provided by the World Bank (WB), in the amount of USD 853.8 million, to support the government's efforts in the field of social protection, implement the agenda of economic reforms and restore the economy by supporting programs that support the continuity of employment opportunities and job creation in the private sector, in addition to the improvement of the environment business and investment.



- Signing a grant agreement to provide COVID-19 vaccines provided by Qatar Charity, in the amount of QAR 10 million, to support the Kingdom's COVID-19 vaccination efforts for citizens and Syrian refugees.
- Signing a four development aid agreements provided by the German Development Bank (KfW), in the amount of EUR 89 million, including EUR 15 million grants and EUR 74 million soft loans, to support priority development projects in the water and environment sectors.

#### ◆ May

- Signing an assistance agreement (grants and loans) provided by the Italy governments, in the amount of EUR 235.0 million, this agreement within the Indicative Country Program to Jordan for the period (2021-2023), as follows:
  - EUR 30 million grant to finance development projects for local communities hosting Syrian refugees.
  - EUR 20 million arrangements for a debt- for-development swap to finance projects that promote inclusive and sustainable development.
  - EUR 185 million soft loans, of which EUR 50 million were allocated for the national water conveyance project, EUR 85 million to support the health sector, and EUR 50 million to support the agricultural sector.

## ◆ April

- Signing a grant agreement provided by the Japanese governments, in the amount of USD 4.8 million, to support and implement the third phase of a project to enhance security protection at border areas.

## ◆ January

- Signing a grant agreement provided by the Japan government in the amount of USD 22.9 million, to support and implement a renovation project to the Zay station that provides drinking water to Amman and Balqa.
- Signing a soft loan agreement provided by the European Investment Bank (EIB), in the amount of USD 59 million, to support the public health sector in responding to the repercussions of the COVID-19 pandemic.

#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 27.3 percent in January 2022, compared to the same month of 2021, to reach JD 577.0 million.
- **Merchandize imports** increased by 22.5 percent in January 2022, compared to the same month of 2021, to reach JD 1,347.8 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 19.1 percent in January 2022, compared to the same month of 2021; standing at JD 770.8 million.
- **Travel receipts** increased by 188.4 percent during the first two months of 2022, to register JD 327.8 million, compared to the same period of 2021. While, travel payments increased by 124.4 percent, to register JD 99.2 million, compared to the same period of 2021.
- **Total workers' remittances receipts** increased by 1.0 percent during the first two months of 2022, compared to the same period of 2021, to reach JD 412.8 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,822.7 million (8.8 percent of GDP) during 2021, compared to a deficit of JD 1,778.8 million (5.7 percent of GDP) during 2020. Meanwhile, the current account deficit excluding grants increased to reach 12.1 percent of GDP, compared with 9.1 percent of GDP during 2020.
- **Direct investment** recorded an inflow of JD 441.5 million during 2021, compared to an inflow of JD 539.8 million during 2020.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 35,011.3 million at the end of 2021, compared to a net obligation of JD 33,707.4 million at the end of 2020.

#### □ External Trade

- As a result of the increase in domestic exports by JD 118.7 million and the increase in imports by JD 247.6 million during January 2022, the volume of external trade (domestic exports *plus* imports) increased by JD 366.3 million to stand at JD 1,871.3 million, compared to the same month of 2021.

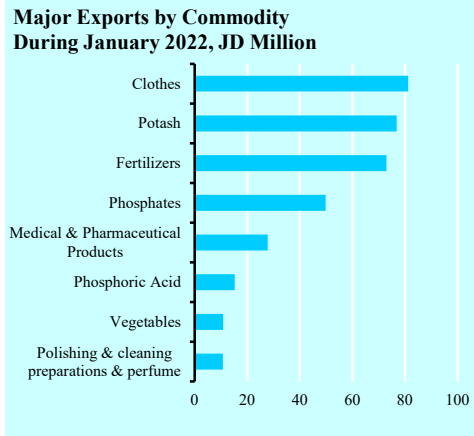
Jordan's Major Trading Partners			
JD Million			
January			
	2021	2022	Percentage Change
<b>Exports</b>			
India	55.2	100.9	82.8
USA	121.7	96.5	-20.7
Saudi Arabia	39.7	42.8	7.8
Australia	6.7	40.4	503.0
Iraq	27.0	38.4	42.2
Malaysia	1.3	23.3	-
Egypt	7.0	13.9	98.6
<b>Imports</b>			
China	164.1	233.1	42.0
Saudi Arabia	181.2	125.9	-30.5
UAE	35.2	120.9	243.5
USA	79.0	108.8	37.7
Germany	48.4	55.5	14.7
Turkey	29.7	47.3	59.3
Egypt	46.0	43.0	-6.5
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
January				
	2021	Percentage Change (%)	2022	Percentage Change (%)
External Trade	1,505.0	-3.2	1,871.3	24.3
Total Exports	453.1	-9.4	577.0	27.3
Domestic Exports	404.8	-6.7	523.5	29.3
Re-exports	48.3	-27.1	53.5	10.8
Imports	1,100.2	-1.9	1,347.8	22.5
Trade Balance	-647.1	4.1	-770.8	19.1
Source: Department of Statistics.				

### ■ Merchandize Exports:

Total merchandize exports increased by 27.3 percent during January 2022, to reach JD 577.0 million. This increase was a result of the increase in domestic exports by JD 118.7 million, or 29.3 percent to reach JD 523.5

million and an increase in re-exports by JD 5.2 million, or 10.8 percent to reach JD 53.5 million.



### ◆ The developments of domestic exports during January 2022, compared with the same month of 2021 reveals the following:

- Exports of **Fertilizers** increased by JD 48.8 million, or 201.7 percent, to stand at JD 73.0 million. India, Australia and the USA were the main destination markets for these exports, accounting for 90.4 percent.
- Exports of **Phosphates** increased by JD 31.0 million, or 164.9 percent, to stand at JD 49.8 million. The markets of India, Indonesia and South Korea accounted for 85.3 percent of these exports.
- Exports of **Potash** increased by JD 28.0 million, or 57.3 percent, to stand at JD 76.9 million. It is worth noting that markets of India, Malaysia and Australia accounted for 67.9 percent these exports.

- Exports of **Vegetables** increased by JD 4.7 million, or 75.8 percent, to reach JD 10.9 million. Saudi Arabia, Kuwait and Bahrain were the main destination markets; accounting for 49.5 percent of these exports.
- Exports of **Phosphoric Acid** increased by JD 2.0 million, or 15.0 percent, to reach JD 15.3 million. The markets of India and Egypt accounted for 98.0 percent of these exports.
- Exports of **Clothes** decreased by JD 35.6 million or 30.5 percent to reach JD 81.2 million. It is worth noting that the USA market accounted for 85.8 percent of these exports.

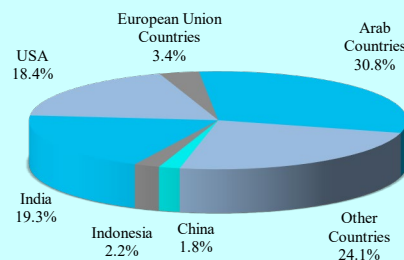
**Major Domestic Exports by Commodity, JD Million  
January 2021-2022**

	2021	2022	Percentage Change
<b>Domestic Exports</b>	<b>404.8</b>	<b>523.5</b>	<b>29.3</b>
<b>Clothes</b>	<b>116.8</b>	<b>81.2</b>	<b>-30.5</b>
USA	96.9	69.7	-28.1
<b>Potash</b>	<b>48.9</b>	<b>76.9</b>	<b>57.3</b>
India	19.3	21.6	11.9
Malaysia	1.0	20.5	-
Australia	5.6	10.1	80.4
<b>Fertilizers</b>	<b>24.2</b>	<b>73.0</b>	<b>201.7</b>
India	1.8	30.6	-
Australia	0.0	30.0	-
USA	15.7	5.4	-65.6
<b>Phosphates</b>	<b>18.8</b>	<b>49.8</b>	<b>164.9</b>
India	18.8	29.6	57.4
Indonesia	0.0	8.9	-
South Korea	0.0	4.0	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>29.2</b>	<b>27.8</b>	<b>-4.8</b>
Iraq	5.1	8.1	58.8
Saudi Arabia	4.5	3.2	-28.9
USA	1.8	2.9	61.1
Yamen	2.1	2.6	23.8
<b>Phosphoric Acid</b>	<b>13.3</b>	<b>15.3</b>	<b>15.0</b>
India	12.6	14.4	14.3
Egypt	0.5	0.6	20.0
<b>Vegetables</b>	<b>6.2</b>	<b>10.9</b>	<b>75.8</b>
Saudi Arabia	1.0	2.5	150.0
Kuwait	1.0	1.5	50.0
Bahrain	0.8	1.4	75.0
<b>Polishing &amp; Cleaning Preparations &amp; Perfume Materials</b>	<b>10.8</b>	<b>10.8</b>	<b>0.0</b>
Iraq	4.9	5.4	10.2
Saudi Arabia	2.5	2.5	0.0
Libya	0.4	1.0	150.0

Source: Department of Statistics.

- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, Fertilizers,

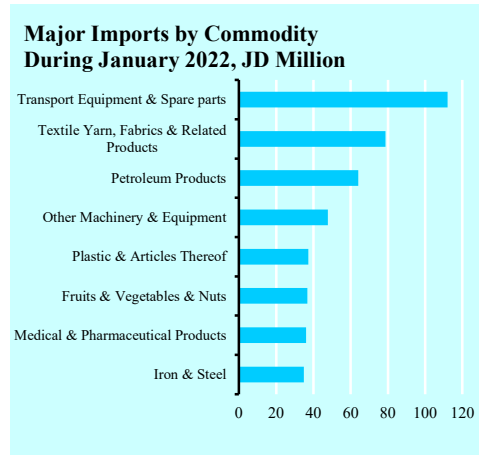
**Geographic Distribution of Domestic Exports During January 2022**



Phosphates, “Medical & Pharmaceutical Products”, “Phosphoric Acid”, Vegetables, and “Polishing & Cleaning Preparations & Perfume Material” topped the list of domestic exports during January 2022; accounting for 66.0 percent, compared with 66.3 percent during the same month of 2021. Meanwhile, the geographical distribution of domestic exports indicates that India, the USA, Saudi Arabia, Australia, Iraq, Malaysia and Egypt were the main destination markets during January 2022; accounting for 68.0 percent, compared with 63.9 percent during the same month of 2021.

■ **Merchandise Imports:**

Merchandise imports increased by 22.5 percent to reach JD 1,347.8 million during January 2022, compared to a decrease by 1.9 percent during the same month of 2021.



◆ **The developments of imports during January 2022, compared with the same months of 2021 reveals the following:**

- **Textile Yarn, Fabrics & Related Products** imports increased by JD 30.6 million, or 63.6 percent, to reach JD 78.7 million. China, Taiwan and Turkey were the main markets, accounting for 77.0 percent, of these imports.
- **Petroleum Products** imports increased by JD 19.4 million, or 43.5 percent to stand at JD 64.0 million. The UAE and Saudi Arabia were the main markets, accounting for 97.3 percent of these imports.
- **Transport Equipment & Spare Parts** imports increased by JD 17.4 million, or 18.4 percent, to reach JD 112.0 million. South Korea, the USA, China and Japan were the main origin markets, accounting for 63.2 percent of these imports.



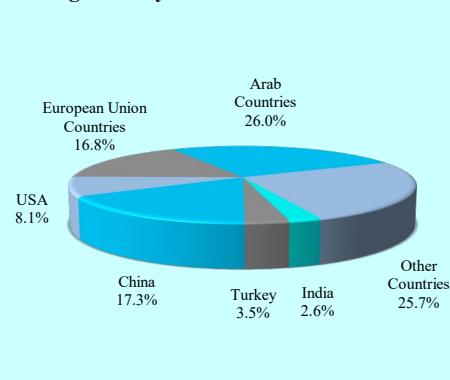
- **Other Machinery and Equipments** imports increased by JD 15.6 million, or 48.6 percent, to reach JD 47.7 million. China, Germany and Italy were the main origin markets, accounting for 72.5 percent of these imports.
- **Plastic and Articles Thereof** imports increased by JD 7.0 million or 23.1 percent, to reach JD 37.3 million. Saudi Arabia, China and the UAE were the main markets, accounting for 68.1 percent of these imports.
- **Fruits and Vegetables and Nuts** imports increased by JD 4.0 million or 12.2 percent to reach JD 36.7 million. Egypt, the USA and Syria were the main origin markets accounting for 27.2 percent of these imports.

<b>Major Imports by Commodity, JD Million January 2021-2022</b>			
	2021	2022	Percentage Change
<b>Total Imports</b>	1,100.2	1,347.8	22.5
<b>Transport Equipment &amp; Spare Parts</b>	94.6	112.0	18.4
South Korea	18.2	21.8	19.8
USA	15.8	18.1	14.6
China	3.1	15.5	400.0
Japan	15.6	15.4	-1.3
<b>Textile Yarn, Fabrics and Related Products</b>	48.1	78.7	63.6
China	21.2	41.2	94.3
Taiwan	9.5	12.1	27.4
Turkey	4.4	7.3	65.9
<b>Petroleum Products</b>	44.6	64.0	43.5
UAE	0.3	31.8	-
Saudi Arabia	30.8	30.5	-1.0
<b>Other Machinery and Equipments</b>	32.1	47.7	48.6
China	12.4	14.8	19.4
Germany	2.4	13.6	466.7
Italy	5.6	6.2	10.7
<b>Plastic and Articles Thereof</b>	30.3	37.3	23.1
Saudi Arabia	16.5	17.0	3.0
China	2.5	5.9	136.0
UAE	1.8	2.5	38.9
<b>Fruits &amp; Vegetables &amp; Nuts</b>	32.7	36.7	12.2
Egypt	3.2	3.5	9.4
USA	5.2	3.3	-36.5
Syria	3.0	3.2	6.7
<b>Medical &amp; Pharmaceutical Products</b>	34.9	36.0	3.2
Germany	6.5	3.6	-44.6
China	2.2	3.5	59.1
USA	2.8	3.4	21.4
<b>Iron and Steel</b>	39.0	34.9	-10.5
China	2.6	9.4	261.5
Saudi Arabia	4.8	9.0	87.5
Ukraine	3.4	6.5	91.2

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Parts”, “Textile Yarn, Fabrics and Related Products”, Petroleum Products, “Other Machinery and Equipment”, “Plastic and Articles Thereof”, “Fruits & Vegetables & Nuts”, “Medical & Pharmaceutical Products” and “Iron & Steel”, topped the list of imports during January 2022, accounting for 33.2 percent, compared with 32.4 percent during the same month of 2021. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the UAE, the USA, Germany, Turkey and Egypt were the main source markets during January 2022; accounting for 54.5 percent of imports, compared to 53.0 percent during the same months of 2021.

**Geographic Distribution of Imports During January 2022**



#### ■ Re-Exports

The value of re-exported goods in January 2022 increased by JD 5.2 million, or 10.8 percent, compared to the same month of 2021, to stand at JD 53.5 million.

#### ■ Trade Balance

The trade balance deficit increased by JD 123.7 million, or 19.1 percent in January 2022, compared to the same month of 2020, to reach JD 770.8 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during the first two months of 2022 by JD 4.1 million, or 1.0 percent, to stand at 412.8 million, compared to the same period of 2021.

### □ Travel

#### ■ Receipts

Travel receipts increased by 188.4 percent during the first two months of 2022, to register JD 327.8 million, compared to the same period of 2021.

#### ■ Payments

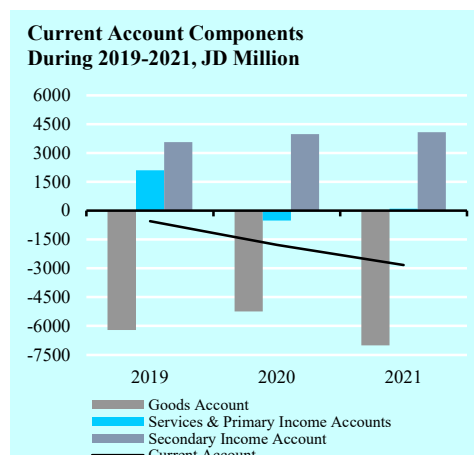
Travel payments increased by 124.4 percent during the first two months 2022, to register JD 99.2 million, compared to the same period of 2021.

### □ Balance of Payments

The preliminary data for the balance of payments during 2021 reveals the following:

- The current account recorded a deficit of JD 2,822.7 million (8.8 percent of GDP), compared to a deficit of JD 1,778.8 million (5.7 percent of GDP) during 2020. Meanwhile, the current account deficit (excluding grants) increased to reach JD 3,874.7 million (12.1 percent of GDP), compared to a deficit of JD 2,817.4 million (9.1 percent of GDP) during 2020. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 1,765.3 million, or 33.7 percent, to reach JD 7,009.2 million, compared to a deficit of JD 5,243.9 million.



- ◆ The services account recorded a surplus of JD 273.8 million, compared to a deficit of JD 421.7 million.
- ◆ An increase in the primary income account deficit to reach JD 164.9 million, compared to a deficit of JD 88.3 million. This was mainly due to the increase in the deficit of investment income (net) to reach JD 361.6 million, compared to deficit of JD 294.4 million, and the decrease of “compensation of employees (net)” surplus by JD 9.4 million to reach JD 196.7 million.
- An increase in the secondary income account net surplus by JD 102.6 million to reach JD 4,077.6 million, compared to a net surplus of JD 3,975.0 million. This was a result of the increase in both net surplus of other sectors transfers (net) by JD 89.2 million to reach JD 3,025.6 million, and the net transfers of the public sector (foreign grants) by JD 13.4 million to reach JD 1,052.0 million.

- As for the capital and financial transactions during 2021, the capital account registered a net inflow of JD 17.2 million, compared to an identical net inflow during 2020. Meanwhile, the financial account registered a net inflow of JD 1,312.6 million during 2021, compared to a net inflow of JD 1,882.8 million during 2020, this could be attributed to the following:
  - ◆ Direct investment recorded an inflow of JD 441.5 million compared to an inflow of JD 539.8 million.
  - ◆ Portfolio investment recorded a net outflow of JD 165.0 million compared to a net inflow of JD 301.6 million.
  - ◆ Other investment registered a net inflow of JD 2,739.5 million, compared to a net inflow of JD 1,847.3 million.
  - ◆ Reserve assets of the CBJ registered an increase by JD 1,692.1 million, compared to an increase by JD 787.2 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 35,011.3 million at the end of 2021, compared to JD 33,707.4 million at the end of 2020. This was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all residing economic sectors in the Kingdom by JD 1,586.0 million at the end of 2021 to reach JD 21,859.1 million. This was mainly due to the increase in the position of both, the CBJ's reserve asset by JD 1,478.4 million, the trade credit of other sectors to abroad by JD 90.9 million, and the increase of licensed bank loan's to abroad by JD 74.9 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 2,889.9 million at the end of 2021, to reach JD 58,870.5 million compared to its level at the end of 2020. This was due to the following developments:
  - ◆ An increase of government long-term loans by JD 683.2 million, to stand at JD 6,419.0 million.
  - ◆ An increase in the deposits of non-residents at the banking sector by JD 649.4 million, to stand at JD 11,106.0 million (increase by JD 825.2 million for the licensed banks, and a decrease by JD 175.8 million for the CBJ).
  - ◆ An increase in the stock of net foreign direct investment in the kingdom by JD 507.8 million, to stand at JD 26,486.6 million.
  - ◆ An increase in the balance of the international monetary fund credit facilities by JD 348.3 million, to reach JD 1,085.0 million.
  - ◆ An increase of banks short-term loans by JD 146.1 million, to stand at JD 563.2 million.
  - ◆ An increase of trade credits stock to residents in the kingdom by JD 131.4 million, to stand at JD 757.6 million.
  - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 6.3 million, to stand at JD 7,188.8 million.