



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

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

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

| | | |
|----------------------------|---|---|
| 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 |

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Executive Summary

□ **Output, Prices and Employment**

Real GDP at market prices grew by 2.7 percent during the first half of 2023, maintaining the same growth rate during the corresponding period of 2022. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first three quarters of 2023 by 2.3 percent, compared to an increase of 4.0 percent during the same period of 2022. The unemployment rate during the second quarter of 2023 reached 22.3 percent, compared to 22.6 percent during the same quarter of 2022.

□ **Monetary and Financial Sector**

- The CBJ's gross foreign reserves amounted to US\$ 17,289.7 million at the end of September 2023. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 42,344.7 million at the end of September 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 33,299.4 million at the end of September 2023, compared to JD 32,591.5 million at the end of 2022.
- Total deposits at licensed banks amounted to JD 43,289.2 million at the end of September 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 2,414.0 points at the end of September 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 1,189.1 million (5.1 percent of GDP) during the first eight months of 2023, comparing to a fiscal deficit of JD 1,291.6 million (5.9 percent of GDP) during the same period of 2022. Government domestic debt (budgetary and guaranteed) increased by JD 625.3 million at the end of August 2023, compared to its level at the end of 2022, to reach JD 22,204.5 million (62.1 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 1,374.7 million, to reach JD 18,285.7 million (51.1 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 40,490.2 million at the end of August 2023 (113.2 percent of GDP), compared to JD 38,490.2 million (111.4 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 13,891.2 million (38.8 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 17,823.1 million (49.8 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 31,714.3 million (88.7 percent of GDP compared to 88.8 percent of GDP at the end of 2022).
- ❑ **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 0.4 percent during the first seven months of 2023 to reach JD 5,292.1 million. Meanwhile, merchandize imports decreased by 4.7 percent to reach JD 10,598.8 million. As a result, the trade balance deficit decrease by 9.3 percent, compared to the same period of 2022, to reach JD 5,306.7 million. The preliminary data during the first three quarters of 2023 showed an increase in travel receipts by 37.7 percent, to reach JD 4,125.8 million, and an increase in travel payments by 32.9 percent, to reach JD 1,055.5 million, compared to the same period of 2022. Moreover, total workers' remittances receipts increased by 0.6 percent during the first eight months of 2023, to reach JD 1,605.5 million, compared to the same period of 2022. The preliminary data for the balance of payments during the first half of 2023 displayed a deficit in the current account amounted to JD 1,187.2 million (7.1 percent of GDP) compared to a deficit of JD 2,087.2 million (13.0 percent of GDP) during the same period of 2022. Meanwhile, the current account deficit excluding grants decreased to reach 8.6 percent of GDP, compared with 14.6 percent of GDP during the same period of 2022. Moreover, the gross foreign direct investment recorded an inflow of JD 550.4 million during the first half of 2023, compared to an inflow of JD 455.3 million during the same period of 2022. Furthermore, the international investment position (IIP) registered a net obligation to abroad amounted to JD 37,719.8 million at the end of the first half of 2023, compared to a net obligation to abroad by JD 36,642.8 million at the end of 2022.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves amounted to US\$ 17,289.7 million at the end of September 2023. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 42,344.7 million at the end of September 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 33,299.4 million at the end of September 2023, compared to JD 32,591.5 million at the end of 2022.
- Total deposits at licensed banks amounted to JD 43,289.2 million at the end of September 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 September 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 September 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 2,414.0 points at the end of September 2023, compared to 2,501.6 points at the end of 2022. Moreover, the market capitalization reached JD 16,884.7 million at the end of September 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

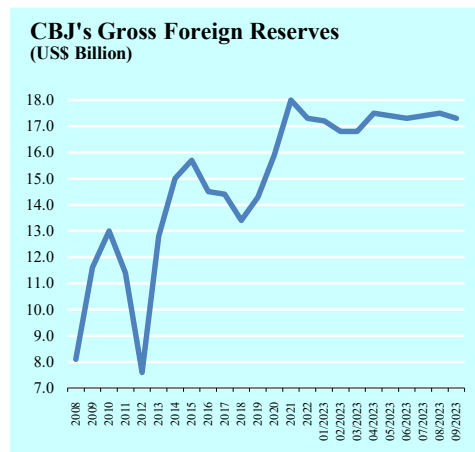
| | | End of September | |
|---------------|--|------------------|---------------|
| 2022 | | 2022 | 2023 |
| US\$ 17,266.9 | CBJ's Foreign Reserves* | US\$ 16,698.5 | US\$ 17,289.7 |
| -4.3% | | -7.5% | 0.1% |
| 7.4 | Coverage in months | 7.1 | 7.6 |
| 41,681.7 | Money Supply (M2) | 41,438.2 | 42,344.7 |
| 5.5% | | 4.9% | 1.6% |
| 32,591.5 | Credit Facilities, of which: | 32,332.7 | 33,299.4 |
| 8.5% | | 7.7% | 2.2% |
| 28,870.5 | Private Sector (Resident) | 28,837.4 | 29,344.2 |
| 8.1% | | 8.0% | 1.6% |
| 42,106.7 | Total Deposits, of which: | 41,817.9 | 43,289.2 |
| 6.5% | | 5.8% | 2.8% |
| 32,841.5 | In JD | 32,599.4 | 33,941.0 |
| 7.0% | | 6.2% | 3.3% |
| 9,265.2 | In Foreign Currencies | 9,218.5 | 9,348.2 |
| 4.8% | | 4.3% | 0.9% |
| 33,206.2 | Deposits of Private Sector (Resident), of which: | 32,795.6 | 34,011.5 |
| 7.2% | | 5.8% | 2.4% |
| 26,603.1 | In JD | 26,246.3 | 27,392.4 |
| 7.6% | | 6.2% | 3.0% |
| 6,603.1 | In Foreign Currencies | 6,549.3 | 6,619.1 |
| 5.4% | | 4.5% | 0.2% |

* 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\$ 17,289.7 million at the end of September 2023. This level of reserves covers around 7.6 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

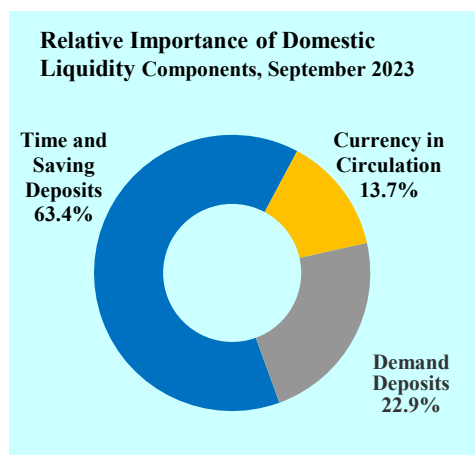
■ Domestic liquidity amounted to JD 42.3 billion at the end of September 2023, increasing by JD 663.0 million, or 1.6 percent compared to their level registered at the end of 2022.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of September 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 36.5 billion at the end of September 2023, compared to JD 35.3 billion during the same period in 2022, and JD 35.6 billion at the end of 2022.

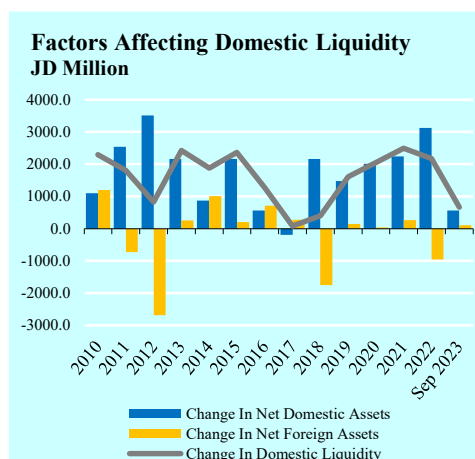
- Currency in circulation amounted to JD 5.8 billion at the end of September 2023, compared to JD 6.1 billion during



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 35.4 billion at the end of September 2023, compared to JD 35.2



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 7.0 billion at the end of September 2023, compared to JD 6.3 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 11.4 billion at the end of September 2023.

Factors Affecting Domestic Liquidity (M2)

JD Million

| | | End of September | |
|-----------------|----------------------------------|------------------|-----------------|
| 2022 | | 2022 | 2023 |
| 6,864.5 | Foreign Assets (Net) | 6,269.9 | 6,967.3 |
| 11,388.0 | CBJ | 11,241.1 | 11,411.8 |
| -4,523.5 | Licensed Banks | -4,971.2 | -4,444.4 |
| 34,817.2 | Domestic Assets (Net) | 35,168.3 | 35,377.4 |
| -4,699.6 | CBJ, of which: | -4,446.9 | -4,927.0 |
| 1,052.3 | Claims on Public Sector (Net) | 1,279.7 | 1,635.1 |
| -5,778.3 | Other Items (Net*) | -5,748.5 | -6,591.1 |
| 39,516.7 | Licensed Banks | 39,615.2 | 40,304.4 |
| 14,432.2 | Claims on Public Sector (Net) | 14,145.2 | 14,611.2 |
| 29,733.7 | Claims on Private Sector | 29,613.5 | 30,226.0 |
| -4,649.3 | Other Items (Net) | -4,143.5 | -4,532.8 |
| 41,681.7 | Money Supply (M2) | 41,438.2 | 42,344.7 |
| 6,037.4 | Currency in Circulation | 6,136.9 | 5,812.7 |
| 35,644.3 | Total Deposits, of which: | 35,301.3 | 36,532.0 |
| 6,650.2 | In Foreign Currencies | 6,609.3 | 6,677.6 |

* 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 all monetary policy instruments by 100 basis points, and this is for the four times during 2023, to become as follow:

- The CBJ main interest rate: 7.50 percent.
- Re-discount Rate: 8.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 8.25 percent.
- Overnight Deposit Window Rate: 7.25 percent.
- Weekly/ Monthly Repurchase Agreements: 7.50 percent.
- The interest rate on weekly certificates of deposit: 7.50 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 | | September | |
|------|---|-----------|------|
| | | 2022 | 2023 |
| 6.50 | CBJ main rate | 5.25 | 7.50 |
| 7.50 | Re-discount Rate | 6.25 | 8.50 |
| 7.25 | Repurchase Agreements Rate (overnight) | 6.00 | 8.25 |
| 6.25 | Overnight Deposit Window Rate | 5.00 | 7.25 |
| 6.50 | Repurchase Agreements rate (one week and one month) | 5.25 | 7.50 |
| 6.50 | Certificates of Deposits (one week) | 5.25 | 7.50 |

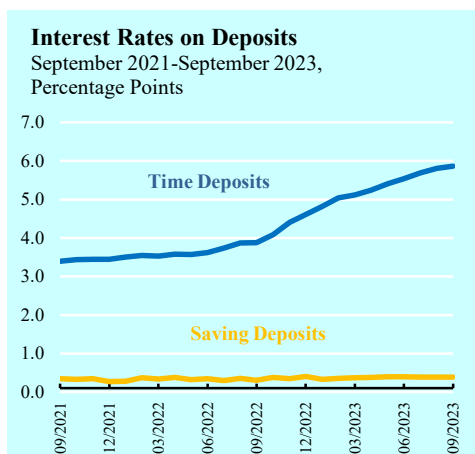
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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

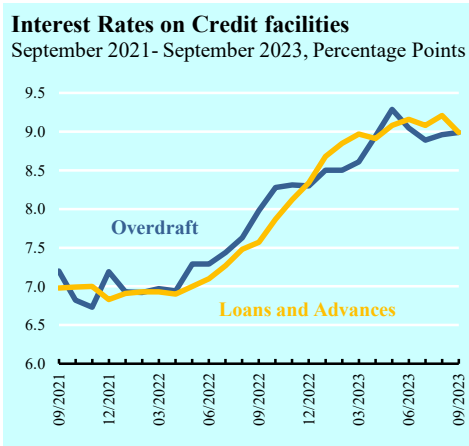
- **Time Deposits:** The weighted average interest rate on time deposits increased by 6 basis points at the end of September 2023, compared to its level registered at the previous month to stand at 5.87%. This rate is higher by 126 basis points than its level registered at the end of 2022.



- **Saving Deposits:** The weighted average interest rate on saving deposits at the end of September 2023, maintained its level registered at the end of the previous month to stand at 0.39%. This rate is lower by two basis points than its level registered at the end of 2022.
- **Demand Deposits:** The weighted average interest rate on demand deposits decreased by two basis points at the end of September 2023, compared to its level registered at the previous month to stand at 0.63%. This level is higher by 26 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 3 basis points at the end of September 2023, compared to its level registered at the previous month to stand at 8.99%. This level is higher by 69 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” decreased by 29 basis points at the end of September 2023, compared to its level registered at the previous month to stand at 7.96%. This level is lower by 40 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 | | September | | Change Relative to the Preceding Year |
|----------------------|-------------------------------|-----------|-------|--|
| | | 2022 | 2023 | Basis Points |
| Deposits | | | | |
| 0.37 | Demand | 0.33 | 0.63 | 26 |
| 0.41 | Saving | 0.31 | 0.39 | -2 |
| 4.61 | Time | 3.88 | 5.87 | 126 |
| Credit Facilities | | | | |
| 8.36 | Discounted Bills and Bonds | 7.65 | 7.96 | -40 |
| 8.34 | Loans and Advances | 7.57 | 8.99 | 65 |
| 8.30 | Overdraft | 7.98 | 8.99 | 69 |
| 10.80 | Prime Lending Rate | 9.85 | 11.39 | 59 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 22 basis points at the end of September 2023, compared to its level registered at the previous month to stand at 8.99%. This level is higher by 65 basis points than its level registered at the end of 2022.

- The prime lending rate at the end of September 2023, maintained its level registered at the end of the previous month to reach 11.39%. This level is higher by 59 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 707.9 million, or 2.2 percent, at the end of September 2023, compared to its level registered at the end of 2022, against an increase by JD 2,304.2 million, or 7.7 percent during the same period in 2022.
- In terms of borrower sectors, the credit facilities at the end of September 2023 had shown an increase in credit extended to the private sector (resident) by JD 473.7 million, or 1.6 percent, the public institution by JD 116.4 million, or 12.6 percent, and the credit facilities extended to the private sector (non-resident) by JD 77.2 million, or 11.6 percent, the central government by JD 69.3 million, or 3.4 percent. In contrast, the non-banking financial institutions decreased by JD 28.6 million, or 30.2 percent, compared to their levels at the end of 2022.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 43.3 billion at the end of September 2023, compared to JD 41.8 billion at the end of September 2022, and JD 42.1 billion at the end of 2022.

- The currency composition of deposits at the end of September 2023 revealed that the JD deposits amounted to JD 33.9 billion, and the deposits in foreign currencies amounted to JD 9.3 billion, compared to JD 32.6 billion of JD deposits, and JD 9.2 billion of deposits in foreign currencies at the end of September 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 September 2023, compared to their levels in 2022. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 82.8 million in September 2023, decreasing by JD 23.1 million, or 21.8 percent, compared to its level registered at the end of the previous month, against a decrease by JD 172.8 million, or 58.7 percent during the same month in 2022. As for the first three quarters of 2023, the trading volume totaled JD 1,174.6 million.

■ Traded Shares

The number of traded shares in September 2023 totaled 93.4 million shares, increasing by 17.9 million shares, or 23.8 percent, compared to its level registered at the end of the previous month, against a decrease by 58.0 million shares, or 43.2 percent during the same month in 2022. As for the first three quarters of 2023, the number of traded shares amounted to 839.0 million shares.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increased by 5.3 points, or 0.2 percent, at the end of September 2023 compared to its level in the previous month, to stand at 2,414.0 points, compared to a decrease by 63.3 basis points, or 2.5 percent during the same period in 2022. Furthermore, the SPI decreased by 87.6 points, or 3.5 percent compared to its level registered at the end of 2022, against an increase by 365.0 basis points, or 17.2 percent during the same period in 2022. The aforementioned decrease was an outcome of the decrease in the SPI of the industrial sector by 421.6 points, or 8.0 percent, and the financial sector by 58.3 basis points, or 2.2 percent, and the services sector by 42.1 basis points, or 2.4 percent, compared to their levels at the end of 2022.

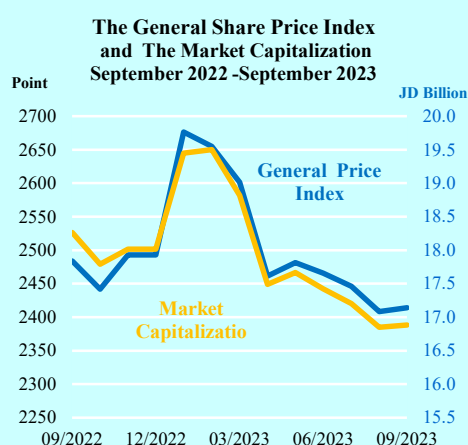
Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

| 2022 | | September | |
|---------|-------------------|-----------|---------|
| | | 2022 | 2023 |
| 2,501.6 | General Index | 2,483.6 | 2,414.0 |
| 2,692.2 | Financial Sector | 2,644.9 | 2,633.9 |
| 5,292.3 | Industrial Sector | 5,444.6 | 4,870.7 |
| 1,740.8 | Services Sector | 1,728.8 | 1,698.7 |

Source: Amman Stock Exchange.

■ Market Capitalization

The ASE's market capitalization totaled JD 16.9 billion at the end of September 2023, increasing by JD 33.2 million, or 0.2 percent, compared to its level registered at the previous month, against a decrease by JD 557.0 million, or 3.0



percent, during the same month in 2022. Furthermore, the ASE's market capitalization decreased by JD 1,119.0 million, or 6.2 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 1.6 million in September 2023, compared to an outflow amounted by JD 2.1 million during the same months of 2022. The value of shares buying by non-Jordanian in September 2023 amounted to JD 8.2 million, while

Main Amman Stock Exchange Trading Indicators, JD Million

| | | September | |
|----------|---------------------------------|-----------|----------|
| 2022 | | 2022 | 2023 |
| 1,903.7 | Value Traded | 121.8 | 82.8 |
| 7.7 | Average Daily Trading | 5.8 | 4.4 |
| 18,003.8 | Market Capitalization | 18,262.7 | 16,884.7 |
| 1,155.7 | No. of Traded Shares (million) | 76.2 | 93.4 |
| -68.0 | Net Investment of Non-Jordanian | -2.1 | -1.6 |
| 274.2 | Non-Jordanian Buying | 7.3 | 8.2 |
| 342.2 | Non-Jordanian Selling | 9.4 | 9.8 |

Source: Amman Stock Exchange.

their selling amounted to JD 9.8 million. The net investment of Non-Jordanian at the end of the first three quarters of 2023, recorded an outflow amounted to JD 43.0 million.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.6 percent during the second quarter of 2023, compared to a growth of 2.9 percent during the same quarter of 2022. At current market prices, GDP grew by 4.3 percent during the second quarter of 2023, compared to a growth of 5.1 percent in the same quarter of 2022.
- Accordingly, real GDP grew by 2.7 percent during the first half of 2023, maintaining the same growth rate during the corresponding period of 2022. At current market prices, GDP grew by 4.7 percent during the first half of 2023 compared to a growth of 4.8 during the same period of 2022.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first three quarters of 2023 by 2.3 percent, compared to an increase of 4.0 percent during the same period of 2022.
- The unemployment rate during the second quarter of 2023 reached 22.3 percent (20.0 percent for males and 30.9 percent for females), compared to 22.6 percent (20.7 percent for males and 29.4 percent for females) during the same quarter of 2022. The highest unemployment rate was among youth, which reached 58.4 percent for the (15-19) years old category and 45.4 percent for the category (20-24) years old.

▣ Developments of GDP

Gross Domestic Product (GDP), at constant market prices, grew by 2.7 percent during the first half of 2023, maintaining the same growth rate during the corresponding period of 2022. When excluding “net taxes on products” (which grew by 1.8 percent during the first half of 2023 compared to a growth of 2.4 percent during the same period of 2022), GDP at constant basic prices, grew by 2.9 percent during the first half of 2023, compared to a growth of 2.7 percent during the same period of 2022.

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

Percentages

| | Q1 | Q2 | Q3 | Q4 | Year |
|------------------------|-----|-----|-----|-----|------------|
| 2021 | | | | | |
| GDP at Constant Prices | 1.7 | 4.7 | 4.3 | 3.8 | 3.7 |
| GDP at Current Prices | 2.6 | 7.2 | 6.8 | 7.0 | 5.9 |
| 2022 | | | | | |
| GDP at Constant Prices | 2.4 | 2.9 | 2.4 | 2.0 | 2.4 |
| GDP at Current Prices | 4.5 | 5.1 | 6.1 | 4.6 | 5.1 |
| 2023 | | | | | |
| GDP at Constant Prices | 2.8 | 2.6 | - | - | - |
| GDP at Current Prices | 5.1 | 4.3 | - | - | - |

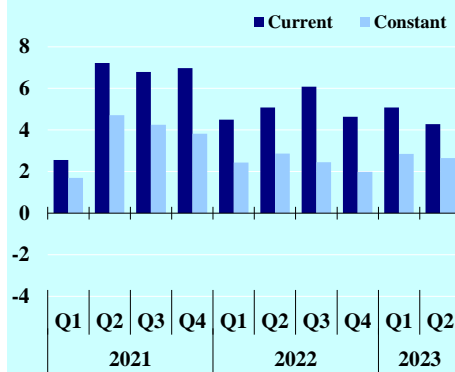
Source: Department of Statistics.

At current market prices, GDP grew by 4.7 percent during the first half of 2023, compared to a growth of 4.8 percent during the same period of 2022. This was in light of the increase of the general price level, measured by the GDP deflator, by 1.9 percent during the first half of 2023 compared to a growth of 2.1 percent during the same period of 2022.

The economic growth recorded during the first half of 2023 was driven by the improvement in some indicators of external sector, such as; tourism income, and inflow FDI to Jordan.

As for the economic sectors contribution to growth rate during the first half 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 (0.3 percentage point), “social and personal services” (0.2 percentage point), and “producers of government services” (0.2 percentage point). These sectors accounted for 62.9 percent of the real growth recorded during the first half 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 | |
| | H1 2022 | H1 2023 | H1 2022 | H1 2023 |
| GDP at Constant Market Prices | 2.7 | 2.7 | 2.7 | 2.7 |
| Agriculture | 1.8 | 7.8 | 0.1 | 0.3 |
| Mining And Quarrying | 6.2 | 3.9 | 0.2 | 0.1 |
| Manufacturing | 3.5 | 3.6 | 0.6 | 0.6 |
| Electricity And Water | 2.8 | 3.0 | 0.0 | 0.0 |
| Construction | 5.0 | 1.4 | 0.1 | 0.0 |
| Wholesale And Retail Trade | 2.9 | 2.0 | 0.3 | 0.2 |
| Restaurant And Hotels | 6.7 | 5.8 | 0.1 | 0.1 |
| Transport, Storage And Communications | 4.3 | 5.0 | 0.4 | 0.4 |
| Finance And Insurance Services | 4.4 | 4.0 | 0.3 | 0.3 |
| Real Estate | 1.4 | 1.0 | 0.2 | 0.1 |
| Social And Personal Services | 2.2 | 2.3 | 0.2 | 0.2 |
| Producers of Government Services | 0.9 | 1.2 | 0.1 | 0.2 |
| Producers of Private Non-Profit | 2.7 | 2.3 | 0.0 | 0.0 |
| Domestic Services of Households | -5.2 | 0.1 | -0.1 | 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” (24.0 percent), “Number of departures” (34.1 percent), in addition to production of potash (4.9 percent), “licensed areas for buildings” (9.5 percent). and a declined in performance of a number of indicators most notably; “manufacturing production quantity index” (3.8 percent) and “Cargo through Royal Jordanian” (11.0 percent). The following table displays the performance of the main available microeconomic indicators:

| Main Sectoral Indicators* | | | | |
|---------------------------|--|-------|------------------|-------|
| Percentage | | | | |
| 2022 | Item | 2022 | Available period | 2023 |
| 3.6 | Licensed areas for buildings | 3.1 | Jan. – Aug. | 9.5 |
| 2.3 | Manufacturing production quantity index | 2.8 | | -3.8 |
| 3.6 | Food products and beverages | -0.1 | | 0.3 |
| 7.9 | Tobacco products | 5.3 | | 4.4 |
| 15.2 | Refined petroleum products | 29.6 | | -20.6 |
| -14.4 | Wearing apparel | -14.0 | | -2.1 |
| 5.0 | Pharmaceuticals, medical products | 5.4 | | 4.1 |
| -2.9 | Chemical products | -4.8 | | -2.4 |
| 3.9 | Mining and quarrying production quantity index | 8.0 | | 2.3 |
| -19.0 | Extraction of crude petroleum and natural gas | 3.3 | | -6.6 |
| 5.4 | Other mining and quarrying | 8.0 | Jan. – Sep. | 2.4 |
| 4.7 | Production of potash | 4.9 | | 4.9 |
| 11.3 | Production of phosphate | 17.8 | | -1.9 |
| 11.1 | Cargo through Royal Jordanian | 30.5 | | -11.0 |
| 91.8 | Number of passengers through Royal Jordanian | 129.8 | | 24.0 |
| 99.8 | Number of departures | 126.1 | | 34.1 |

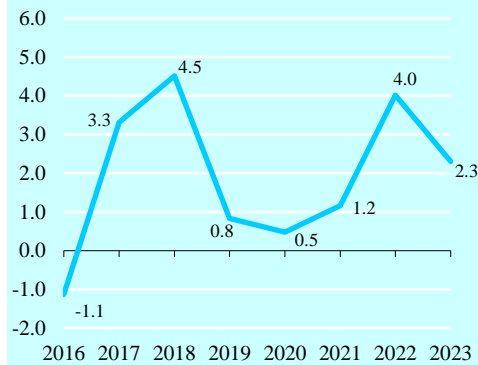
*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

□ Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), increased during the first three quarters of 2023 by 2.3 percent, compared to an increase of 4.0 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 9.0 percent, compared to an increase by 22.4 percent, in addition to the transportation group, whose the prices increased by 1.2 percent, compared to an increase by 5.9 percent during the first three quarters of 2022, and this comes in light of the rise in oil prices in global markets.

Inflation Rate during the first three quarters for the years (2016-2023),



Inflation Rate during the first three quarters of the years 2022-2023

| Expenditure Groups | Relative Imp. | Relative change | | Contribution | |
|---|---------------|------------------|------------------|------------------|------------------|
| | | Jan. - Sep. 2022 | Jan. - Sep. 2023 | Jan. - Sep. 2022 | Jan. - Sep. 2023 |
| All Items | 100.0 | 4.0 | 2.3 | 4.0 | 2.3 |
| 1) Food and non-Alcoholic Beverages | 26.5 | 3.7 | 0.3 | 1.0 | 0.1 |
| Food | 23.8 | 3.9 | 0.4 | 0.9 | 0.1 |
| Cereals and Products | 4.2 | 3.9 | 3.8 | 0.2 | 0.2 |
| Meat and Poultry | 4.7 | 3.4 | -0.3 | 0.2 | 0.0 |
| Fish and Sea Product | 0.4 | 3.1 | 0.0 | 0.0 | 0.0 |
| Dairy Products and Eggs | 3.7 | 3.7 | 6.6 | 0.1 | 0.2 |
| Oil and Fats | 1.7 | 8.4 | 2.4 | 0.1 | 0.0 |
| Fruits and Nuts | 2.6 | 1.4 | -1.4 | 0.0 | 0.0 |
| Vegetables and Legumes Dry and Canned | 3.0 | 8.4 | -10.5 | 0.2 | -0.3 |
| 2) Alcohol and Tobacco and Cigarettes | 4.4 | 0.0 | 2.9 | 0.0 | 0.1 |
| Alcohol | 0.0 | 0.6 | 0.0 | 0.0 | 0.0 |
| Tobacco and Cigarettes | 4.4 | 0.0 | 2.9 | 0.0 | 0.1 |
| 3) Clothing and footwear | 4.1 | 0.3 | -0.4 | 0.0 | 0.0 |
| Clothing | 3.4 | 0.2 | -0.9 | 0.0 | 0.0 |
| Footwear | 0.7 | 1.0 | 1.9 | 0.0 | 0.0 |
| 4) Housing | 23.8 | 5.5 | 5.1 | 1.3 | 1.2 |
| Rents | 17.5 | 1.9 | 4.3 | 0.3 | 0.8 |
| Fuels and Lighting | 4.7 | 22.4 | 9.0 | 0.9 | 0.4 |
| 5) Household Furnishings and Equipment | 4.9 | 2.7 | 2.3 | 0.1 | 0.1 |
| 6) Health | 4.0 | 2.6 | 3.8 | 0.1 | 0.2 |
| 7) Transportation | 16.0 | 5.9 | 1.2 | 0.9 | 0.2 |
| 8) Communication | 2.8 | 0.8 | 0.5 | 0.0 | 0.0 |
| 9) Culture and Recreation | 2.6 | 8.8 | 6.2 | 0.2 | 0.2 |
| 10) Education | 4.3 | 1.3 | 1.9 | 0.1 | 0.1 |
| 11) Restaurants and Hotels | 1.8 | 6.6 | 3.1 | 0.1 | 0.1 |
| 12) Other Goods and Services | 4.8 | 2.1 | 3.1 | 0.1 | 0.1 |

Source: Department of Statistics.

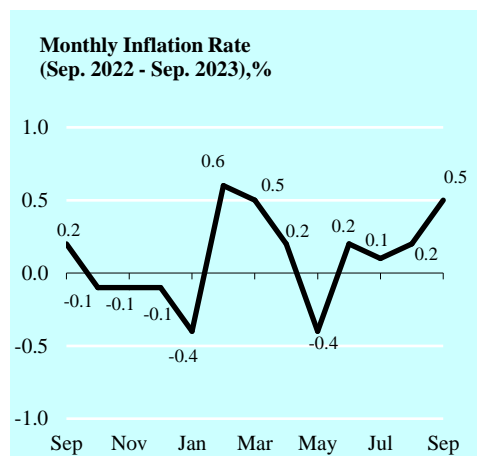
- The price of the items “dairy products and eggs” and “cereals and products” increased by 6.6 percent and 3.8 percent compared to an increase by 3.7 percent and 3.9 percent, respectively, during the first three quarters of 2022, affected by the demand and supply factors in domestic market.
- In addition to rising rents item by 4.3 percent compared to an increase by 1.9 percent during the first three quarters of 2022.
- The health group also increased by 3.8 percent compared to an increase by 2.7 percent during the first three quarters 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 three quarters of 2023 by 2.0 percentage points, compared to 2.6 percentage points during the same period of 2022.

- On the other hand, the price of some items declined, notably; “vegetables and legumes dry and canned” (10.5 percent) and clothes (0.9 percent), compared to an increase by 8.4 percent and 0.2 percent, respectively, during the first three quarters of 2022.

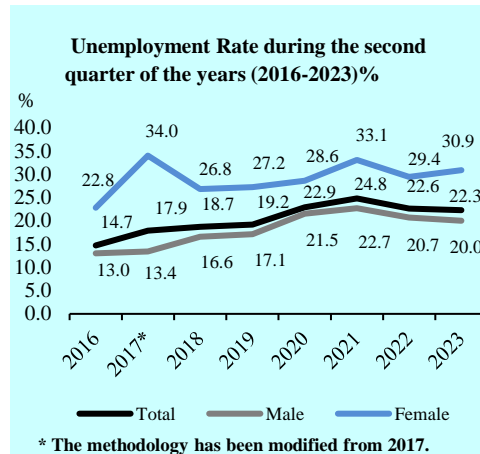
In September 2023, the CPI witnessed an increase compared to the previous month (August 2023) by 0.5 percent. This was an outcome of the increase in the prices of some items and groups, mainly, “vegetables and legumes dry and canned” (7.3 percent), transportation (1.2 percent), on the one hand, and the decrease of the prices of a number of other items and groups, most notably;

“meat and poultry” (0.9 percent), “oils and fats” (0.2 percent), and “culture and recreation ” (0.3 percent), on the other hand.



□ Labor Market

- The unemployment rate reached 22.3 percent (20.0 percent for males, and 30.9 percent for females) during the second quarter of 2023, compared to 22.6 percent (20.7 percent for males and 29.4 percent for females), during the same quarter of 2022.



- The unemployment rate among youth, during the second quarter of 2023, remains high reaching 58.4 percent for the category (15-19) years old, and 45.4 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.2 percent during the second quarter of 2023, and the unemployment rate among (less than secondary) reached 30.0 percent.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.0 percent (53.0 percent for males, and 13.8 percent for females), compared to 33.5 percent (53.2 percent for males and 14.2 percent for females) during the second quarter of 2022.
- The employment rate among population (15 years and older) reached 25.6 percent during the second quarter of 2023, compared to 26.0 percent during the same quarter of 2022.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,189.1 million (5.1 percent of GDP) during the first eight months of 2023, comparing to a fiscal deficit of JD 1,291.6 million (5.9 percent of GDP) during the same period of 2022. When excluding foreign grants (JD 36.2 million), the general budget deficit increases to JD 1,225.2 million (5.3 percent of GDP), compared to a deficit of JD 1,416.6 million (6.5 percent of GDP) in the same period of 2022.
- Government domestic debt (budgetary and guaranteed) increased by JD 625.3 million at the end of August 2023, compared to its level at the end of 2022, to reach JD 22,204.5 million (62.1 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 13,891.2 million (38.8 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 1,374.7 million at the end of August 2023, compared to its level at the end of 2022, to reach JD 18,285.7 million (51.1 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 17,823.1 million (49.8 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,000.0 million at the end of August 2023, to reach JD 40,490.2 million (113.2 percent of GDP), compared to JD 38,490.2 million (111.4 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 31,714.3 million (88.7 percent of GDP), compared to JD 30,667.6 million (88.8 percent of GDP) at the end of 2022.

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

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) decreased by JD 50.0 million, or 7.6 percent, in August 2023 compared to the same period in 2022, to stand at JD 611.8 million. As for the first eight months of 2023, public revenues went up by JD 298.8 million, or 5.4 percent, compared to same period of 2022, to stand at JD 5,843.2 million. This came as an outcome of the increase in domestic revenues by JD 387.6 million, and decrease in foreign grants by JD 88.8 million.

Main Government Budget Indicators During the First eight months of 2023

(JD Million and Percentages)

| | August | | Growth Rate | Jan.-Aug. | | Growth Rate |
|--|---------------|---------------|-------------|-----------------|-----------------|-------------|
| | 2022 | 2023 | | 2022 | 2023 | |
| Public Revenues | 661.8 | 611.8 | -7.6 | 5,544.4 | 5,843.2 | 5.4 |
| Domestic Revenues, of which: | 618.9 | 602.4 | -2.7 | 5,419.4 | 5,807.0 | 7.2 |
| Tax Revenues, of which: | 462.9 | 441.2 | -4.7 | 4,209.2 | 4,386.8 | 4.2 |
| General Sales Tax | 365.0 | 359.0 | -1.6 | 2,701.2 | 2,650.4 | -1.9 |
| Other Revenues | 155.6 | 160.8 | 3.3 | 1,207.1 | 1,416.9 | 17.4 |
| Foreign Grants | 42.9 | 9.3 | -78.3 | 125.0 | 36.2 | -71.0 |
| Total Expenditures | 947.9 | 876.0 | -7.6 | 6,836.0 | 7,032.2 | 2.9 |
| Current Expenditures | 755.9 | 767.8 | 1.6 | 5,928.9 | 6,307.7 | 6.4 |
| Capital Expenditures | 192.0 | 108.2 | -43.6 | 907.1 | 724.6 | -20.1 |
| Overall Deficit/ Surplus (Including Grants) | -286.1 | -264.3 | - | -1,291.6 | -1,189.1 | - |
| Overall Deficit/ Surplus (Including Grants) as a Percent of GDP | - | - | - | -5.9 | -5.1 | - |

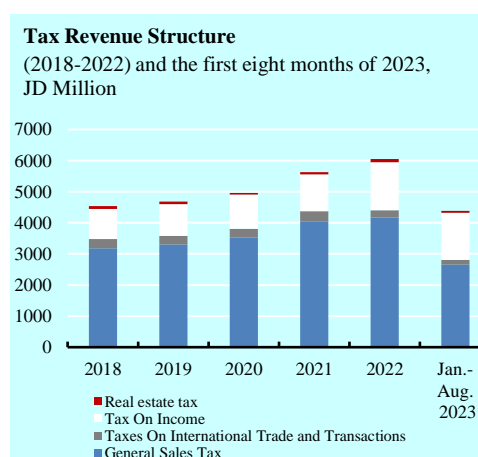
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 387.6 million, or 7.2 percent, in the first eight months of 2023, compared to the same period of 2022, to reach JD 5,807.0 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues”, and “Pension contributions” by JD 177.6 million, JD 209.8 million, and JD 0.2 million, respectively.

● Tax Revenues

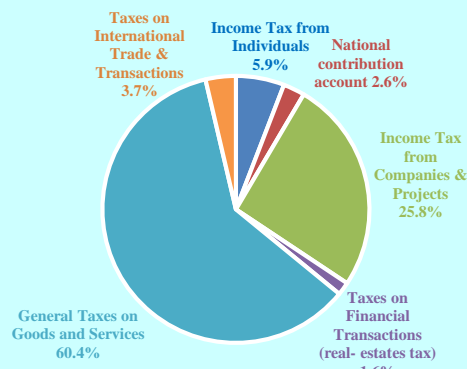
Tax revenues increased by JD 177.6 million, or 4.2 percent, during the first eight months of 2023, compared to the same period of 2022, to reach JD 4,386.8 million (75.5 percent of domestic revenues). Following are the main developments in tax revenue items:



- A decrease in the proceeds of **general sales tax on goods and services** by JD 50.8 million, or 1.9 percent, to reach JD 2,650.4 million, accounting for 60.4 percent of total tax revenues. This result was driven by the decrease in the proceeds of sales tax on commercial sector by JD 97.3 million, and on imported goods by JD 4.0 million, and increase in the proceeds of sales tax on services by JD 36.0 million, and on domestic goods by JD 14.4 million.

- An increase in the proceeds of **income and profit taxes** by JD 216.0 million, or 16.7 percent, to reach JD 1,506.3 million, accounting for 34.3 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 185.6 million, or 19.6 percent, to account for 75.3 percent of total proceeds of income and profits taxes, amounting to JD 1,134.2 million, and increase the proceeds of “income taxes from individuals” by JD 25.4 million, or 11.0 percent, to reach JD 257.2 million, and increase the proceeds of national contribution account item by JD 5.0 million, or 4.5 percent, to reach JD 115.0 million,
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 7.6 million, or 12.3 percent, to reach JD 69.2 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 4.9 million, or 3.1 percent, to reach JD 160.9 million.

Relative importance of tax revenue items, for the first eight months of 2023



● Non-Tax Revenues

- “Other revenues” increased by JD 209.8 million, or 17.4 percent, during the first eight months of 2023, to reach JD 1,416.9 million. This increase was chiefly due to the following:
 - An increase in the **property income** by JD 136.0 million to stand at JD 370.4 million (of which financial surplus of independent government units amounted to JD 336.7 million against JD 209.7 million during the same period of 2022).
 - An increase in **miscellaneous revenues** by JD 64.2 million to stand at JD 456.7 million.
 - An increase in revenues from **selling goods and services** by JD 9.6 million to reach JD 589.8 million.
- Pension contributions increased by JD 0.2 million, or 6.5 percent, during the first eight months of 2023, to reach JD 3.3 million.

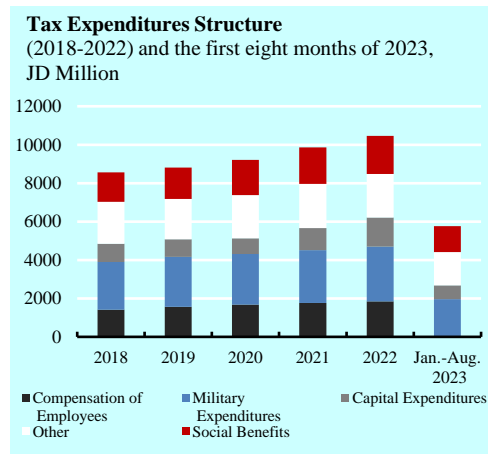
◆ Foreign Grants

Foreign grants decreased by JD 88.8 million, or 71.0 percent, during the first eight months of 2023, standing at JD 36.2 million, compared to JD 125.0 million during the same period of 2022.

Public Expenditures

Public expenditures decreased by JD 71.9 million, or 7.6 percent, in August 2023 compared to the same month in 2022, to stand at JD 876.0 million. As for the first eight months of 2023, public

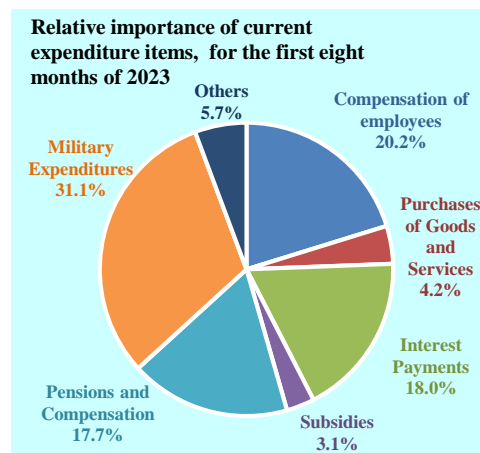
expenditures increased by JD 196.2 million, or 2.9 percent, compared to the same period of 2022, to stand at JD 7,032.2 million. This increase was a result of the rise in current expenditures by 6.4 percent, and decreased in capital expenditures by 20.1 percent.



Current Expenditures

Current expenditures went up by JD 378.8 million, or 6.4 percent, during the first eight months of 2023, to reach JD 6,307.7 million (89.7 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 0.7 percentage point, to reach 92.1 percent compared to 91.4 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 149.4 million, to stand at JD 1,139.0 million.
- An increase in **military expenditures** by JD 76.8 million, to total JD 1,959.8 million.
- An increase in the **compensation of civil sector's employees (wages, salaries and social security contributions)** by JD 62.6 million, to reach JD 1,275.4 million.
- An increase in the **purchases of goods and services** by JD 27.8 million, to reach JD 263.3 million.
- An increase in **pensions and compensation** by JD 27.5 million, to stand at JD 1,115.4 million.
- An increase in **subsidies** by JD 20.2 million, to stand at JD 195.1 million.

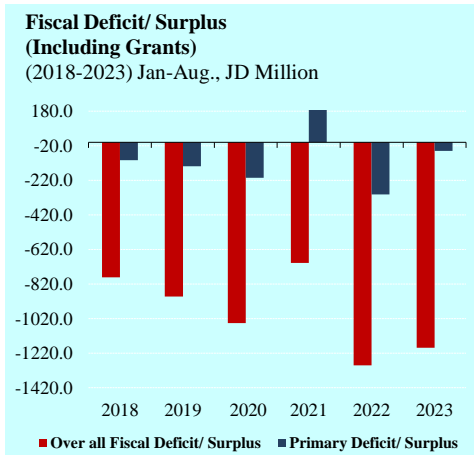


◆ Capital Expenditures

Capital expenditures decreased by JD 182.5 million, or 20.1 percent, during the first eight months of 2023 compared to the same period of 2022, to reach JD 724.6 million.

■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 102.5 million, during the first eight months of 2023, to reach JD 1,189.1 million (5.1 percent of GDP), compared to a fiscal deficit

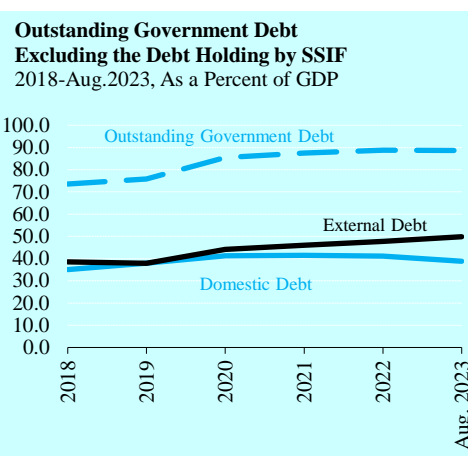
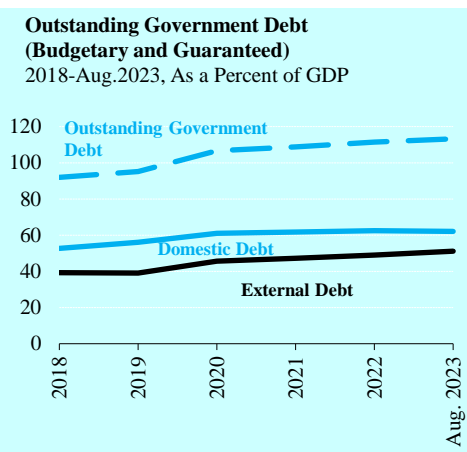


of JD 1,291.6 million (5.9 percent of GDP) in the same period of 2022. When foreign grants are excluded, the general budget deficit increases to reach JD 1,225.2 million (5.3 percent of GDP), compared to a fiscal deficit of JD 1,416.6 million (6.5 percent of GDP) in the same period of 2022.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 86.3 million (0.6 percent of GDP) in the first eight months of 2023, against a primary deficit of JD 426.9 million (2.2 percent of GDP) in the same period of 2022. When foreign grants are including, the primary deficit of the general budget reached JD 50.1 million (0.3 percent of GDP), compared to a primary deficit of JD 302.0 million (1.6 percent of GDP) in the same period of 2022.

□ Outstanding Government Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 625.3 million, at the end of August 2023 compared to its level at the end of 2022, to stand at JD 22,204.5 million (62.1 percent of GDP). This increase was an outcome of the rise in the domestic debt of the budget by JD 77.9 million, and the increase in the domestic debt of guaranteed by JD 547.5 million, compared to their levels at the end of 2022, standing at JD 19,025.6 million and JD 3,178.9 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 287.5 million, at the end of August 2023 compared to its level at the end of 2022, to stand at JD 13,891.2 million (38.8 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 1,374.7 million at the end of August 2023, compared to its level at the end of 2022, to reach JD 18,285.7 million (51.1 percent of GDP). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 70.9 percent of the total external debt, and the debt in Euro accounted for 11.4 percent. However, the SDR accounted for 10.0 percent, Kuwaiti Dinar (3.2 percent), and Japanese Yen (2.7 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 1,334.2 million, at the end of August 2023 compared to its level at the end of 2022, to stand at JD 17,823.1 million (49.8 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,000.0 million at the end of August 2023 to reach JD 40,490.2 million (113.2 percent of GDP), compared to JD 38,490.2 million (111.4 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 31,714.3 million (88.7 percent of GDP), compared to JD 30,667.6 million (88.8 percent of GDP) at the end of 2022.
- External debt service (budget and guaranteed) decreased by JD 328.9 million during the first eight months of 2023 compared to the same period of 2022, to reach JD 1,716.2 million (including principal payments of JD 1,235.3 million and interest of JD 480.9 million).

□ Fiscal and Price Measures of 2023

◆ November

- 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 |
|--|--------------|---------|----------|-------------------|
| | | October | November | |
| Unleaded Gasoline 90 | Fils/ Liter | 975 | 925 | -5.1 |
| Unleaded Gasoline 95 | Fils/ Liter | 1,220 | 1,165 | -4.5 |
| Unleaded Gasoline 98 | Fils/ Liter | 1,370 | 1,315 | -4.0 |
| Gas Oil (Diesel) | Fils/ Liter | 825 | 795 | -3.6 |
| Kerosene | Fils/ Liter | 620 | 620 | 0.0 |
| Liquid Gas (12.5kg) | JD/ Cylinder | 7.0 | 7.0 | 0.0 |
| Fuel oil (1%) | JD/ Ton | 500.5 | 459 | -8.3 |
| Fuel for airplanes (local companies) | Fils/ Liter | 678 | 637 | -6.0 |
| Fuel for airplanes (foreign companies) | Fils/ Liter | 683 | 642 | -6.0 |
| Fuel for unplanned flights | Fils/ Liter | 698 | 657 | -5.9 |
| Asphalt | JD/ Ton | 495.4 | 453.6 | -8.4 |

Source: Jordan Petroleum Refinery Company (1/11/2023).

- The Energy and Minerals Regulatory Commission decided continuing to maintain fuel price bands item at 0 fils during 2023.

◆ January

- 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**◆ September**

- Signing a two financing agreement, provided by the Japanese government through the Japan International Cooperation Agency (JICA), as follows:
 - USD 102.8 million loan to support the general budget in terms of the Kingdom's reform efforts and to enhance the resilience of the electricity sector.
 - USD 6.4 million grant to finance a project to enhance the capacity of power system.

◆ August

- Signing a grant agreement in the amount USD 500 thousand, provided by the International Finance Corporation (IFC), to implement the Green Buildings project in Jordan.

◆ July

- Signing a soft finance agreement in the amount USD 250 million, provided by the World Bank, to finance the Water Sector Efficiency Project in Jordan.

◆ 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 2.5 percent in July 2023, compared to the same month of 2022, to reach JD 778.5 million. As for the first seven months of 2023, total export increased by 0.4 percent, compared to the same period of 2022, to reach JD 5,292.1 million.
- **Merchandize imports** decreased by 4.1 percent in July 2023, compared to the same month of 2022, to reach JD 1,630.3 million. As for the first seven months of 2023, import decreased by 4.7 percent, compared to the same period of 2022, to reach JD 10,598.8 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 5.6 percent in July 2023, compared to the same month of 2022; standing at JD 851.8 million. As for the first seven months of 2023, trade balance deficit decreased by 9.3 percent, compared to the same period of 2022, to reach JD 5,306.7 million.
- **Travel receipts** increased by 37.7 percent during the first three quarters of 2023, to register JD 4,125.8 million, compared to the same period of 2022. While, **travel payments** increased by 32.9 percent, to register JD 1,055.5 million, compared to the same period of 2022.
- **Total workers' remittances receipts** increased by 0.6 percent during the first eight months of 2023, compared to the same period of 2022, to reach JD 1,605.5 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 1,187.2 million (7.1 percent of GDP) during the first half of 2023, compared to a deficit of JD 2,087.2 million (13.0 percent of GDP) during the same period of 2022. Meanwhile, the current account deficit excluding grants decreased to reach 8.6 percent of GDP, compared with 14.6 percent of GDP during the same period of 2022.
- **The foreign direct investment** recorded a total inflow of JD 550.4 million during the first half of 2023, compared to total inflow of JD 455.3 million during the same period of 2022.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 37,719.8 million, at the end of the first half of 2023, compared to net obligation amounted to JD 36,642.8 million at the end of 2022.

□ External Trade

- As a result of the increase in domestic exports by JD 61.1 million and the decrease in imports by JD 522.0 million during the first seven months of 2023, the volume of external trade (domestic exports plus imports) decreased by JD 460.8 million to stand at JD 15,512.8 million, compared to the same period of 2022.

Jordan's Major Trading Partners

JD Million

| January – July | | | |
|----------------|---------|---------|-------------------|
| | 2022 | 2023 | Percentage Change |
| Exports | | | |
| USA | 1,125.2 | 1,137.6 | 1.1 |
| India | 871.3 | 819.6 | -5.9 |
| Saudi Arabia | 461.5 | 553.6 | 20.0 |
| Iraq | 290.6 | 313.5 | 7.9 |
| UAE | 98.7 | 206.8 | 109.5 |
| Palestine | 112.7 | 144.4 | 28.1 |
| China | 102.5 | 132.8 | 29.6 |
| Imports | | | |
| China | 1,695.8 | 1,776.8 | 4.8 |
| Saudi Arabia | 1,790.3 | 1,467.7 | -18.0 |
| USA | 621.0 | 764.3 | 23.1 |
| India | 606.7 | 670.7 | 10.6 |
| UAE | 816.8 | 506.9 | -37.9 |
| Germany | 326.2 | 349.3 | 7.1 |
| Türkiye | 366.7 | 346.1 | -5.6 |

Source: Department of Statistics.

Main External Trade Indicators

JD Million

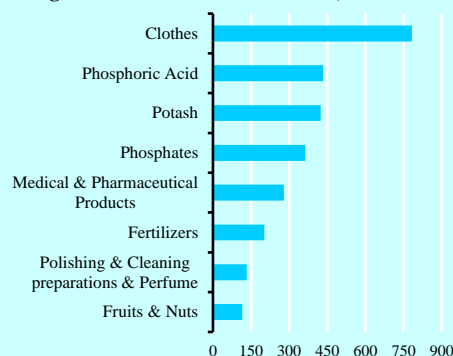
| January - July | | | | |
|------------------|----------|-----------------------|----------|-----------------------|
| | 2022 | Percentage Change (%) | 2023 | Percentage Change (%) |
| External Trade | 15,973.6 | 43.2 | 15,512.8 | -2.9 |
| Total Exports | 5,271.3 | 49.4 | 5,292.1 | 0.4 |
| Domestic Exports | 4,852.9 | 51.8 | 4,914.1 | 1.3 |
| Re-exports | 418.4 | 25.9 | 378.0 | -9.7 |
| Imports | 11,120.7 | 39.7 | 10,598.8 | -4.7 |
| Trade Balance | -5,849.4 | 32.0 | -5,306.7 | -9.3 |

Source: Department of Statistics.

■ Merchandize Exports:

Total merchandize exports increased by 0.4 percent during the first seven months of 2023, to reach JD 5,292.1 million. This increase was an outcome of the increase in domestic exports by JD 61.1 million, or 1.3 percent to reach JD 4,914.1 million, and the decrease in re-exports by JD 40.4 million, or 9.7 percent to reach JD 378.0 million.

Major Exports by Commodity
During the first seven months of 2023, JD Million



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

- Exports of “**Medical & pharmaceutical products**” increased by JD 72.8 million, or 35.2 percent, to stand at JD 279.7 million. Saudi Arabia, the UAE, and Algeria were the main destination markets for these exports, accounting for 46.7 percent.
- Exports of **phosphoric acid** increased by JD 39.5 million, or 10.0 percent to reach JD 433.9 million. It is worth noting that markets of India, Bangladesh and Saudi Arabia accounted for 99.3 percent of these exports.
- Exports of “**Polishing & cleaning preparations & perfume materials**” increased by JD 35.7 million, or 36.7 percent, to reach JD 133.1 million. Iraq and Saudi Arabia were the main destination markets; accounting for 69.5 percent of these exports.

- Exports of “**Fruits and nuts**” increased by JD 32.7 million, or 39.4 percent, to stand at JD 115.6 million. The markets of Saudi Arabia, Kuwait and Iraq accounted for 54.0 percent of these exports.
- Exports of **potash** decreased by JD 195.8 million, or 31.6 percent, to reach JD 424.6 million. It is worth noting that China, India, and Brazil market accounted for 47.7 percent of these exports.
- Exports of **fertilizers** decreased by JD 172.8 million, or 46.1 percent, to reach JD 202.1 million. The markets of India and the USA accounted for 56.0 percent of these exports.

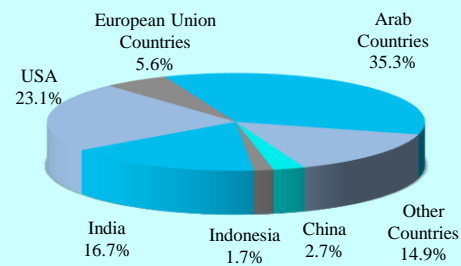
**Major Domestic Exports by Commodity, JD Million
During the first seven months of 2022-2023**

| | 2022 | 2023 | Percentage Change |
|--|----------------|----------------|-------------------|
| Domestic Export | 4,852.9 | 4,914.1 | 1.3 |
| Clothes | 857.0 | 783.0 | -8.6 |
| USA | 730.3 | 633.1 | -13.3 |
| Phosphoric Acid | 394.4 | 433.9 | 10.0 |
| India | 351.3 | 415.5 | 18.3 |
| Bangladesh | 0.0 | 11.0 | - |
| Saudi Arabia | 4.8 | 4.3 | -10.4 |
| Potash | 620.4 | 424.6 | -31.6 |
| China | 92.6 | 97.5 | 5.3 |
| India | 109.4 | 67.4 | -38.4 |
| Brazil | 48.5 | 37.5 | -22.7 |
| Phosphates | 431.7 | 363.3 | -15.8 |
| India | 291.6 | 234.8 | -19.5 |
| Indonesia | 91.3 | 46.1 | -49.5 |
| Brazil | 12.1 | 18.1 | 49.6 |
| Spain | 0.0 | 15.4 | - |
| Medical & Pharmaceutical Products | 206.9 | 279.7 | 35.2 |
| Saudi Arabia | 50.2 | 66.9 | 33.3 |
| UAE | 14.6 | 32.5 | 122.6 |
| Algeria | 14.5 | 31.2 | 115.2 |
| Fertilizers | 374.9 | 202.1 | -46.1 |
| India | 90.1 | 70.7 | -21.5 |
| USA | 5.4 | 42.5 | 687.0 |
| Polishing & Cleaning preparations & Perfume | 97.4 | 133.1 | 36.7 |
| Iraq | 47.8 | 63.2 | 32.2 |
| Saudi Arabia | 20.0 | 29.2 | 46.0 |
| Fruits & Nuts | 82.9 | 115.6 | 39.4 |
| Saudi Arabia | 32.2 | 37.6 | 16.8 |
| Kuwait | 9.0 | 12.9 | 43.3 |
| Iraq | 10.2 | 11.9 | 16.7 |

Source: Department of Statistics.

- Consequently, the commodity breakdown of domestic exports indicates that exports of clothes, phosphoric acid, potash, phosphates, “Medical &

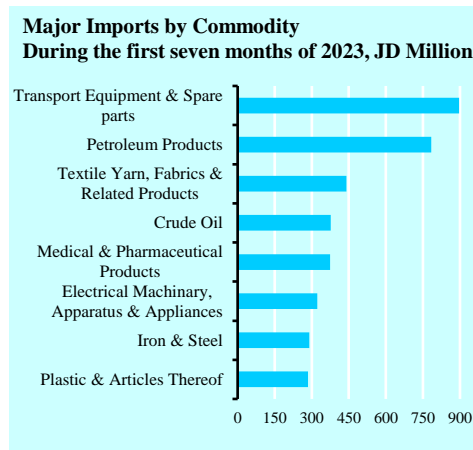
Geographic Distribution of Domestic Exports During the first seven months of 2023



pharmaceutical products”, fertilizer, “Polishing & cleaning preparations & perfume material” and “Fruits and nuts”, topped the list of domestic exports during the first seven months of 2023; accounting for 55.7 percent, compared with 63.2 percent during the same period of 2022. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Palestine, and China were the main destination markets during the first seven months of 2023; accounting for 67.3 percent, compared with 63.1 percent during the same period of 2022.

■ Merchandize Imports:

Merchandize imports decreased by 4.7 percent to reach JD 10,598.8 million during the first seven months of 2023, compared to an increase by 39.7 percent during the same period of 2022.



◆ The developments of imports during the first seven months of 2023, compared with the same period of 2022, reveals the following:

- **Crude Oil** imports decreased by JD 185.0 million, or 32.9 percent, to reach JD 377.4 million. Saudi Arabia and Iraq were the main origin markets, accounting for 100.0 percent of these imports.
- **Petroleum Products** imports decreased by JD 173.4 million, or 18.1 percent, to reach JD 783.9 million. Saudi Arabia, India and the UAE were the main origin markets accounting for 96.4 percent of these imports.
- **Textile Yarn, Fabrics & Related Products** imports decreased by JD 124.6 million, or 22.1 percent, to stand at JD 440.1 million. China, Taiwan and Türkiye were the main markets, accounting for 69.2 percent of these imports.

- **“Plastic and articles thereof”** imports decreased by JD 44.7 million or 13.5 percent, to reach JD 285.2 million. Saudi Arabia, China and the UAE were the main markets, accounting for 67.7 percent of these imports.
- **“Transport equipment & spare parts”** imports increased by JD 188.5 million, or 26.6 percent, to reach JD 896.8 million. China, the USA and South Korea were the main origin markets, accounting for 63.2 percent of these imports.
- **“Medical and pharmaceutical products”** imports increased by JD 67.3 million, or 21.9 percent, to reach JD 374.0 million. Germany, the USA, and Switzerland, were the main markets, accounting for 34.4 percent of these imports.

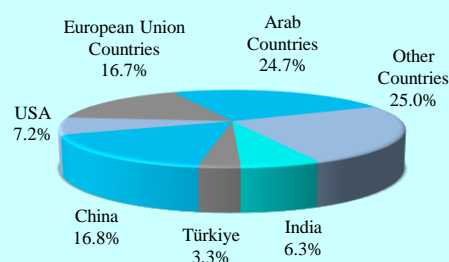
Major Imports by Commodity, JD Million
During the first seven months of 2022-2023

| | 2022 | 2023 | Percentage Change |
|---|-----------------|-----------------|-------------------|
| Total Imports | 11,120.7 | 10,598.8 | -4.7 |
| Transport Equipment & Spare parts | 708.3 | 896.8 | 26.6 |
| China | 149.9 | 250.8 | 67.3 |
| USA | 120.3 | 158.5 | 31.8 |
| South Korea | 130.3 | 157.5 | 20.9 |
| Petroleum Products | 957.3 | 783.9 | -18.1 |
| Saudi Arabia | 515.4 | 369.1 | -28.4 |
| India | 224.8 | 337.2 | 50.0 |
| UAE | 167.1 | 49.8 | -70.2 |
| Textile Yarn, Fabrics & Related Products | 564.7 | 440.1 | -22.1 |
| China | 270.4 | 199.2 | -26.3 |
| Taiwan | 97.0 | 57.8 | -40.4 |
| Türkiye | 60.8 | 47.5 | -21.9 |
| Crude Oil | 562.4 | 377.4 | -32.9 |
| Saudi Arabia | 475.5 | 296.8 | -37.6 |
| Iraq | 86.9 | 80.6 | -7.2 |
| Medical & Pharmaceutical Products | 306.7 | 374.0 | 21.9 |
| Germany | 44.3 | 51.8 | 16.9 |
| USA | 30.6 | 41.7 | 36.3 |
| Switzerland | 20.4 | 35.0 | 71.6 |
| Electrical Machinery, Apparatus & Appliances | 297.6 | 322.2 | 8.3 |
| China | 141.9 | 127.3 | -10.3 |
| Türkiye | 21.0 | 18.2 | -13.3 |
| USA | 9.2 | 17.7 | 92.4 |
| Iron & Steel | 286.9 | 290.5 | 1.3 |
| Saudi Arabia | 56.5 | 91.5 | 61.9 |
| China | 72.3 | 83.1 | 14.9 |
| India | 38.3 | 24.0 | -37.3 |
| Plastic & articles thereof | 329.8 | 285.2 | -13.5 |
| Saudi Arabia | 149.8 | 123.1 | -17.8 |
| China | 55.0 | 48.4 | -12.0 |
| UAE | 23.6 | 21.4 | -9.3 |

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”, “Electrical machinery apparatus and appliances”, “Iron & steel”, and “Plastic & articles thereof”, topped the list of imports during the first seven months of 2023, accounting for 35.6 percent, compared with 36.1 percent during the same period of 2022. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the USA, India, the UAE, Germany and Türkiye were the main source markets during the first seven months of 2023; accounting for 55.5 percent of imports, compared to 56.0 percent during the same period of 2022.

**Geographic Distribution of Imports
During the first seven months of 2023**



■ Re-Exports

The value of re-exported goods in July 2023 increased by JD 12.4 million, or 25.0 percent, compared to the same month of 2022, to stand at JD 62.0 million. As for the first seven months of 2023, re-export decreased by 9.7 present, compared to the same period of 2022, to reach JD 378.0 million.

■ Trade Balance

The trade balance deficit decreased by JD 50.8 million, or 5.6 percent in July 2023, compared to the same month of 2022, to reach JD 851.8 million. As for the first seven months of 2023, trade balance deficit decreased by 9.3 present, compared to the same period of 2022, to reach JD 5,306.7 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during the first eight months of 2023 by JD 9.9 million, or 0.6 percent, to stand at JD 1,605.5 million, compared to the same period of 2022.

□ Travel

■ Receipts

Travel receipts increased by 37.7 percent during the first three quarters of 2023, to register JD 4,125.8 million, compared to the same period of 2022.

■ Payments

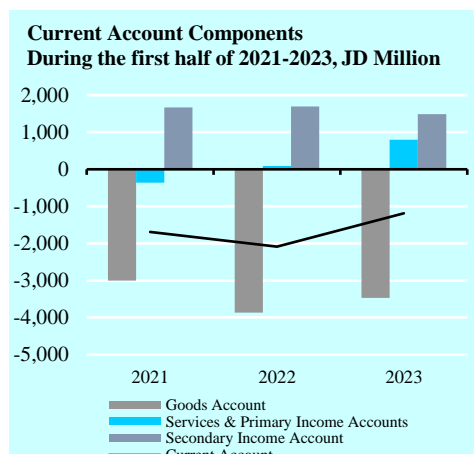
Travel payments increased by 32.9 percent during the first three quarters of 2023, to register JD 1,055.5 million, compared to the same period of 2022.

□ Balance of Payments

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

- **The current account** recorded a deficit of JD 1,187.2 million (7.1 percent of GDP), compared to a deficit of JD 2,087.2 million (13.0 percent of GDP) during the same half of 2022. Meanwhile, the current account deficit (excluding grants) decreased to reach JD 1,437.2 million (8.6 percent of GDP), compared to a deficit of JD 2,347.1 million (14.6 percent of GDP) during the same period of 2022. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit by JD 402.8 million, or 10.4 percent, to reach JD 3,466.6 million, compared to a deficit of JD 3,869.4 million.



- ◆ An increase in the services account surplus by JD 828.7 million, to reach JD 1,218.0 million, compared to a surplus of JD 389.3 million.
- ◆ The primary income account recorded a deficit of JD 423.7 million, compared to a deficit of JD 302.1 million. This was mainly due to the increase in the deficit of investment income (net) to reach JD 521.4 million, compared to deficit of JD 398.9 million, and the increase of “compensation of employees (net)” surplus by JD 0.9 million to reach JD 97.7 million.
- The secondary income recorded a net surplus of JD 1,485.1 million, compared to a net surplus of JD 1,695.0 million. This was a result of a decrease in net surplus of other sectors transfers by JD 200.0 million to reach JD 1,235.1 million, and the decrease in net surplus of the public sector (foreign grants) by JD 9.9 million to reach JD 250.0 million.

- As for the capital and financial transactions during the first half of 2023, the capital account registered a net inflow of JD 15.0 million, compared to a net inflow of JD 19.0 million during the same period of 2022. Meanwhile, the financial account registered a net inflow of JD 1,501.2 million during the first half of 2023, compared to a net inflow of JD 1,853.5 million during the same period of 2022, this could be attributed to the following:
 - ◆ Foreign direct investment recorded an inflow of JD 550.4 million compared to an inflow of JD 455.3 million.
 - ◆ Portfolio investment recorded a net inflow of JD 768.8 million compared to a net outflow of JD 379.0 million.
 - ◆ Other investment registered a net inflow of JD 89.4 million, compared to a net inflow of JD 898.9 million.
 - ◆ CBJ's reserve assets registered a decrease by JD 161.1 million, compared to a decrease by JD 890.9 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 37,719.8 million at the end of the first half of 2023, compared to a net obligation by JD 36,642.8 million at the end of 2022. 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 310.3 million at the end of the first half of 2023 to reach JD 21,261.9 million, compared to its level at the end of 2022. This was mainly due to the increase of both trade credit of other sectors abroad by JD 155.9 million, currency and deposits of licensed banks abroad by JD 137.6 million, and the increase in the licensed banks loans to abroad by JD 39.6 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 1,387.3 million at the end of the first half of 2023, to reach JD 58,981.7 million, compared to its level at the end of 2022. This was due to the following developments:
 - ◆ An increase in the stock of portfolio investment in the kingdom by JD 595.0 million, to stand at JD 7,507.6 million.
 - ◆ An increase in the stock of direct investment in the kingdom by JD 504.4 million, to stand at JD 27,835.3 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 369.2 million, to stand at JD 10,761.6 million (increase by JD 393.1 million for the licensed banks, and a decrease by JD 23.9 million for the CBJ).
 - ◆ An increase in outstanding balance of government loans (long-term) by JD 124.5 million, to stand at JD 6,989.2 million.
 - ◆ A decrease in outstanding balance of licensed banks loans (short-term) by JD 137.8 million, to stand at JD 648.5 million.
 - ◆ A decrease of trade credits to non-residents in the kingdom by JD 94.0 million, to stand at JD 867.1 million.
 - ◆ A decrease in outstanding balance of other sectors' loans (long-term) by JD 59.6 million, to stand at JD 1,945.6 million.