



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
July, 2021**

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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 0.3 percent during the first quarter of 2021, compared to a growth of 1.3 percent during the same quarter of 2020. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first half of 2021 by 0.8 percent, compared to a rise of 0.9 percent during the same period of 2020. The unemployment rate during the first quarter of 2021 reached 25.0 percent, compared to 19.3 percent during the same quarter of 2020.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 15,529.3 million at the end of June 2021. This level of reserves covers around 8.7 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 37,970.8 million at the end of June 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 29,757.3 million at the end of June 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 37,668.6 million at the end of June 2021, compared to JD 36,789.1 million at the end of 2020.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,098.8 points at the end of June 2021, compared to 1,657.2 points at the end of 2020.

- ❑ **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 636.4 million (5.0 percent of GDP) during the first five months of 2021, comparing to a fiscal deficit of JD 1,098.2 million (8.6 percent of GDP) during the same period of 2020. Government domestic debt (budgetary and guaranteed) increased by JD 759.5 million at the end of May 2021, compared to its level at the end of 2020, to reach JD 19,693.2 million (62.5 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 195.8 million, to reach JD 14,294.1 million (45.4 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 33,987.3 million at the end of May 2021 (107.9 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 13,113.6 million (41.6 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 13,924.5 million (44.2 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 27,038.1 million (85.9 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 19.1 percent during the first five months of 2021 to reach JD 2,381.7 million. Meanwhile, merchandize imports increased by 25.3 percent to reach JD 5,581.8 million. As a result, the trade balance deficit increased by 30.4 percent compared to the same period of 2020, to reach JD 3,200.1 million. The preliminary data during the first half of 2021 showed a decrease in travel receipts by 44.8 percent, to reach JD 441.4 million, and a decrease in travel payments by 4.0 percent, to reach JD 190.1 million, compared to the same period of 2020. Moreover, total workers' remittances receipts increased by 0.2 percent, to reach JD 1,174.1 million during the first half of 2021 compared to the same period of 2020. The preliminary data for the balance of payments during the first quarter of 2021 displayed a deficit in the current account amounted to JD 1,122.7 million (15.1 percent of GDP) compared to a deficit of JD 172.5 million (2.3 percent of GDP) during the same quarter of 2020. Meanwhile, the current account deficit excluding grants increased to reach 16.2 percent of GDP compared with 3.6 percent of GDP during the same quarter of 2020. Moreover, net direct investment recorded a net inflow of JD 61.3 million during the first quarter of 2021, compared to a net inflow of JD 209.0 million during the same quarter of 2020. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 34,411.4 million at the end of the first quarter of 2021 up from JD 33,680.9 million at the end of 2020.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves amounted to US\$ 15,529.3 million at the end of June 2021. This level of reserves covers around 8.7 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 37,970.8 million at the end of June 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 29,757.3 million at the end of June 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 37,668.6 million at the end of June 2021, compared to JD 36,789.1 million at the end of 2020.
- The interest rates on all types of credit facilities and deposits at banks had decreased at the end of June 2021, except the interest rate on demand deposit which had increased, compared to their levels at the end of 2020.

Monetary and Financial Sector

July 2021

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,098.8 points at the end of June 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 15,984.7 million at the end of June 2021, compared to JD 12,907.8 million at the end of 2020.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

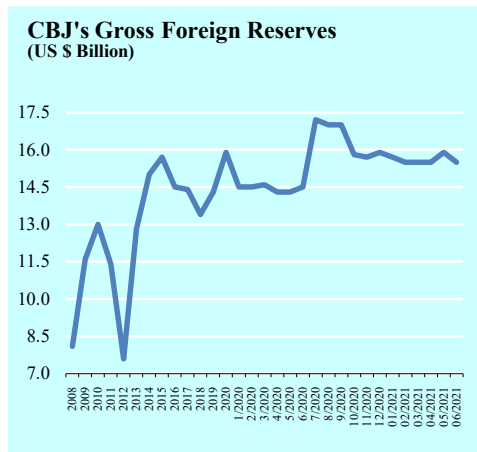
		End of June	
2020		2020	2021
US\$ 15,919.7	CBJ's Foreign Reserves*	US\$ 14,467.0	US\$ 15,529.3
11.1%		1.0%	-2.5%
37,011.9	Money Supply (M2)	35,415.0	37,970.8
5.8%		1.3%	2.6%
28,639.1	Credit Facilities, of which:	28,211.9	29,757.3
5.7%		4.2%	3.9%
25,526.5	Private Sector (Resident)	25,059.9	26,434.4
6.4%		4.4%	3.6%
36,789.1	Total Deposits, of which:	34,954.4	37,668.6
4.2%		-1.0%	2.4%
28,233.9	In JD	26,745.5	29,106.6
4.2%		-1.3%	3.1%
8,555.2	In Foreign Currencies	8,208.9	8,562.0
4.4%		0.1%	0.1%
28,851.1	Deposits of Private Sector (Resident), of which:	27,853.1	29,708.1
2.0%		-1.6%	3.0%
22,708.6	In JD	21,931.9	23,599.8
2.6%		-0.9%	3.9%
6,142.5	In Foreign Currencies	5,921.2	6,108.3
-0.3%		-3.9%	-0.6%

* 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\$ 15,529.3 million at the end of June 2021. This level of reserves covers around 8.7 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

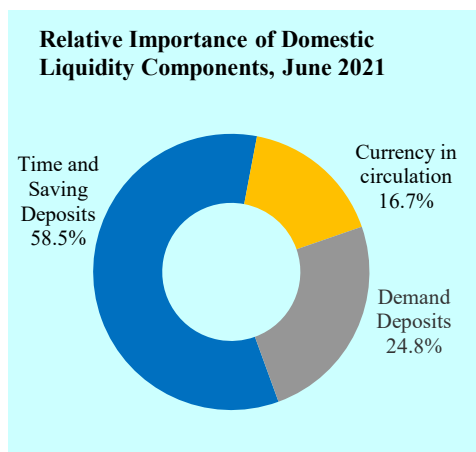
- Domestic liquidity amounted to JD 38.0 billion at the end of June 2021, compared to JD 37.0 billion at the end of 2020.

- ◆ **Developments in the components and the factors affecting domestic liquidity at the end of June 2021, compared to their levels at the end of 2020, reveal the following:**

- **Components of Domestic Liquidity**

- Total liquidity deposits amounted to JD 31.6 billion at the end of June 2021, compared to JD 29.6 billion at end of the same period in 2020, against JD 31.1 billion at the end of 2020.

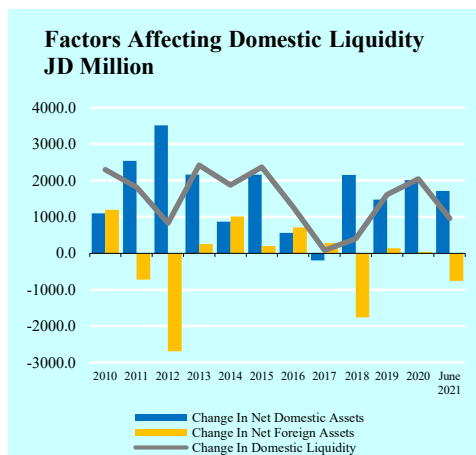
- Currency in circulation amounted to JD 6.3 billion at the end of June 2021, compared to JD 5.8



billion during the same period in 2020, and JD 5.9 billion at the end of 2020.

• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 31.2 billion at the end of June 2021, compared



with JD 29.0 billion during the same period in 2020, and JD 29.4 billion at the end of 2020.

- Net foreign assets of the banking system amounted to JD 6.8 billion at the end of June 2021. The net foreign assets of the CBJ amounted to JD 10.6 billion at the end of June 2021.

Factors Affecting Domestic Liquidity (M2)
JD Million

		End of June	
2020		2020	2021
7,562.0	Foreign Assets (Net)	6,380.9	6,809.5
10,798.6	CBJ	9,740.1	10,641.3
-3,236.6	Licensed Banks	-3,359.2	-3,831.8
29,449.9	Domestic Assets (Net)	29,034.1	31,161.3
-4,297.3	CBJ, of which:	-3,387.6	-3,670.7
1,026.9	Claims on Public Sector (Net)	833.0	1,004.0
-5,347.4	Other Items (Net*)	-4,243.4	-4,697.7
33,747.2	Licensed Banks	32,421.6	34,832.0
11,929.9	Claims on Public Sector (Net)	11,957.9	12,586.4
26,238.4	Claims on Private Sector	25,741.1	27,176.6
-4,421.0	Other Items (Net)	-5,277.4	-4,931.1
37,011.9	Money Supply (M2)	35,415.0	37,970.8
5,939.4	Currency in Circulation	5,774.7	6,345.5
31,072.5	Total Deposits, of which:	29,640.3	31,625.3
6,219.6	In Foreign Currencies	5,991.9	6,183.2

* 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 cut its monetary policy interest rates twice during March 2020. On March 5, the CBJ cut the interest rates on all its instruments by 50 basis points. Moreover, on March 17, the CBJ cut the overnight deposit window rate by 75 basis points, and by 100 basis points on the other policy rates, to become as follows:

- The CBJ main interest rate: 2.50 percent.
- Re-discount Rate: 3.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.25 percent.
- Overnight Deposit Window Rate: 2.00 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.
- The interest rate on weekly certificates of deposit: 2.50 percent.

The CBJ conducted a set of procedures aimed to contain the repercussions of the “emerging COVID-19 virus” impact on the national economy. Also, these measures aimed to reduce the financing costs to all economic sectors and to ensure the continuity of economic activity and recovery after the crisis:

- The CBJ has decided to cut the Required Reserve Ratio (RRR) on the deposits held by banks from 7% to 5%, which provides additional liquidity to banks in the amount of JD 550 million.

Interest Rates on Monetary Policy Instruments, percentage points

		June	
2020		2020	2021
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.

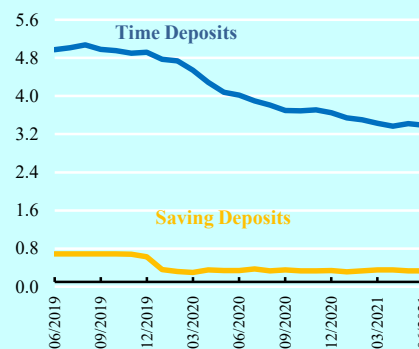
- The CBJ has also conducted repurchase agreements (REPO) with commercial banks by JD 850 million, with maturity up to one year.
- Moreover, the CBJ has introduced financing program to support SMEs companies, by a total amount of JD 500 million, and with a customer lending rate by 2%. Recently, in March 2021, the ceiling of this program was raised to JD 700 million.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

- Time Deposits: The weighted average interest rate on time deposits decreased by 3 basis points at the end of June 2021, compared to its level registered at the previous month to stand at 3.39 percent. This rate is lower by 26 basis points than its level registered at the end of 2020.

Interest Rates on Deposits
June 2019- June 2021, Percentage Points

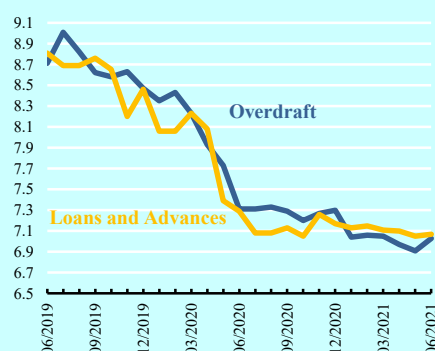


- Saving Deposits: The weighted average interest rate on saving deposits at the end of June 2021, maintaining the same level registered in the previous month to stand at 0.33 percent. This rate is lower by one basis point than its level registered at the end of 2020.
- Demand Deposits: The weighted average interest rate on demand deposits increased by 3 basis points at the end of June 2021, compared to its level registered at the previous month, to stand at 0.28 percent. This rate is higher by one basis point than its level registered at the end of 2020.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 12 basis points at the end of June 2021, compared to its level registered at the previous month to stand at 7.03 percent. This rate is lower by 27 basis points than its level registered at the end of 2020.

Interest Rates on Credit facilities
June 2019- June 2021, Percentage Points



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 19 basis points at the end of June 2021, compared to its level registered at the previous month to stand at 8.13 percent. This rate is lower by 38 basis points than its level registered at the end of 2020.

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

		June		Change Relative to the Preceding Year
2020		2020	2021	Basis Points
Deposits				
0.27	Demand	0.27	0.28	1
0.34	Saving	0.34	0.33	-1
3.65	Time	4.02	3.39	-26
Credit Facilities				
8.51	Discounted Bills and Bonds	9.23	8.13	-38
7.17	Loans and Advances	7.29	7.07	-10
7.30	Overdraft	7.31	7.03	-27
8.33	Prime Lending Rate	8.33	8.35	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by two basis points at the end of June 2021, compared to its level registered at the previous month to stand at 7.07 percent. This rate is lower by 10 basis points than its level registered at the end of 2020.

- The prime lending rate stood at 8.35 percent at the end of June 2021, increasing by one basis point comparing to its level registered in previous month. This rate is higher by two basis points than its level registered and at the end of 2020.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,118.2 million, or 3.9 percent, at the end of June 2021, compared to its level registered at the end of 2020. Against an increase by JD 1,129.7 million, or 4.2 percent during the same period in 2020.
- In terms of borrower sectors, the credit facilities at the end of June 2021 had shown an increase in credit extended to the private sector (resident) by JD 907.9 million, or 3.6 percent, the public institutions by JD 86.8 million, or 15.3 percent, the central government by JD 73.3 million, or 4.1 percent, the private sector (non-resident) by JD 37.8 million, or 6.2 percent, and the non-banking financial institutions by JD 12.4 million or 9.6 percent, compared to their levels at the end of 2020.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 37.7 billion at the end of June 2021, compared to JD 35.0 billion at the end of June 2020 and JD 36.8 billion at the end of 2020.
- The currency composition of deposits at the end of June 2021 revealed that the JD deposits amounted to JD 29.1 billion, and the deposits in foreign currencies amounted to JD 8.6 billion, compared to JD 26.8 billion of JD deposits, and JD 8.2 billion of deposit in foreign currency at the same period in 2020, and JD 28.2 billion of JD deposits, and JD 8.6 billion of deposit in foreign currency at the end of 2020.

□ Amman Stock Exchange (ASE)⁽¹⁾

The ASE main indicators showed a mixed performance at the end of June 2021, compared to its level in 2020. This can be demonstrated as follows:

■ Trading Volume

Trading volume at ASE totaled JD 260.9 million in June 2021, increasing by JD 51.2 million, or 24.4 percent, compared to its level registered in the previous month. As for the first half of 2021, the trading balance totaled JD 1,129.1 million.

■ Traded Shares

The number of traded shares in June 2021 totaled 156.0 million shares, increasing by 18.1 million shares, or 13.1 percent, compared to its level registered in the previous month. As for the first half of 2021, the number of traded shares amounted to 906.3 million shares.

⁽¹⁾ The trading at ASE has been suspended during the period 17/3/2020 to 9/5/2020, with the aim to protect investors and local companies from the repercussions of COVID-19.

■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increased by 45.9 points or 2.2 percent, at the end of June 2021, compared to its level in the previous month, to stand at 2,098.8 points. Furthermore, the SPI increased by 441.6 points, or 26.6 percent compared to its level at the end of 2020. The aforementioned increase was an outcome of the increase in the SPI of the industrial

sector by 1,609.0 points, or 75.9 percent, and the financial sector by 383.1 points, or 17.6 percent, and the services sector by 176.5 points, or 15.4 percent, compared to their levels at the end of 2020.

■ Market Capitalization

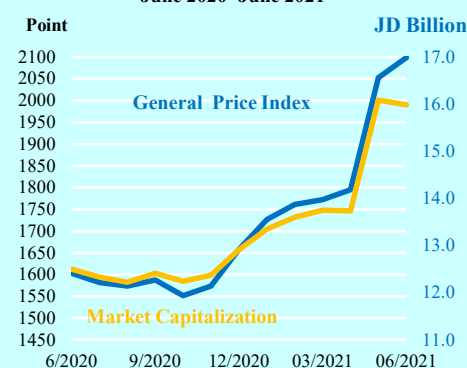
The ASE's market capitalization totaled JD 16.0 billion at the end of June 2021, decreasing by JD 103.1 million, or 0.6 percent, compared to its level registered in the previous month. Furthermore, the ASE's market capitalization increased by JD 3,076.9 million, or 23.8 percent compared to its level at the end of 2020.

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

		June	
2020		2020	2021
1,657.2	General Index	1,603.0	2,098.8
2,171.7	Financial Sector	2,116.2	2,554.7
2,119.7	Industrial Sector	1,791.1	3,728.7
1,148.0	Services Sector	1,166.2	1,324.6

Source: Amman Stock Exchange.

The General Share Price Index (Point) and The Market Capitalization (JD Billion) June 2020 - June 2021



■ Non - Jordanian Net Investment

Non - Jordanian net investment at ASE recorded an outflow amounted of JD 9.9 million in June 2021. The value of shares buying by non-Jordanian in June 2021 amounted to JD 19.3 million, while their selling amounted to JD 29.3 million. The Non-Jordanian net investment at the end of

Main Amman Stock Exchange Trading Indicators, JD Million			
		June	
2020		2020	2021
1,048.8	Value Traded	100.0	260.9
4.9	Average Daily Trading	4.5	11.9
12,907.8	Market Capitalization	12,498.3	15,984.7
1,142.7	No. of Traded Shares (million)	114.3	156.0
-67.5	Net Investment of Non-Jordanian	-7.4	-9.9
96.8	Non-Jordanian Buying	6.7	19.3
164.4	Non-Jordanian Selling	14.2	29.3
Source: Amman Stock Exchange.			

the first half of 2021, recorded an outflow amounting to JD 19.8 million.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 0.3 percent during the first quarter of 2021, compared to a growth of 1.3 percent during the same quarter of 2020. At current market prices, GDP grew by 0.5 percent during the first quarter of 2021, compared to 3.0 percent during the same quarter of 2020.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first half of 2021 by 0.8 percent, compared to a rise of 0.9 percent during the same period of 2020.
- The unemployment rate during the first quarter of 2021 reached 25.0 percent (24.2 percent for males and 28.5 percent for females), compared to 19.3 percent (18.1 percent for males and 24.3 percent for females) during the first quarter of 2020. The highest unemployment rate among youth reached 61.5 percent for the (15-19) years old category and 45.7 percent for the (20-24) years old category.

■ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 0.3 percent during the first quarter of 2021 compared to a growth of 1.3 percent during the same quarter of 2020. When excluding “net taxes on products” (which grew by 0.7 percent during the first quarter of 2021 compared to a growth of 0.8 percent during the same quarter of 2020) GDP, at constant basic prices, grew by 0.2 percent during the first quarter of 2021, compared to a growth of 1.4 percent during the same quarter of 2020.

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

Percentages

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

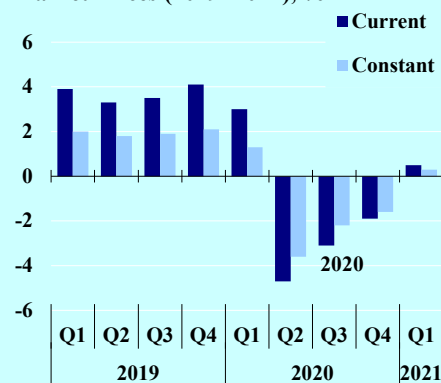
Source: Department of Statistics.

At current market prices, GDP grew by 0.5 percent during the first quarter of 2021 compared to a growth of 3.0 percent during the same quarter of 2020. This was in light of the increase of the general price level, measured by the GDP deflator, by 0.2 percent during the first quarter of 2021 compared to a growth of 1.6 percent during the same quarter of 2020.

The economic growth recorded during the first quarter of 2021 was driven by the improvement performance of sectors “mining and quarrying”, “finance and insurance services”, and agriculture. While some sectors are still witnessing a decline in their performance affected by there percussions of COVIED-19 pandemic, most notably; “restaurant and hotels”, “transport, storage and communications”, manufacturing, and “social and personal services”.

As for the economic sectors' contribution to growth rate during the first quarter of 2021, some sectors contributed positively to the growth rate, most notably; "mining and quarrying" (0.3 percentage point), "finance and services" (0.3 percentage point), and agriculture (0.2 percentage point). While, other sectors contributed negatively to the growth rate, most notably; "transport storage and communications" (-0.2 percentage point), manufacturing (-0.2 percentage point) "restaurant and hotels" (-0.1 percentage point), and "social and personal services" (-0.3 percentage point).

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



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution	
	2020 Q1	2021 Q1	2020 Q1	2021 Q1
GDP at Constant Market Prices	1.3	0.3	1.3	0.3
Agriculture	2.3	2.9	0.1	0.2
Mining And Quarrying	-1.1	15.3	0.0	0.3
Manufacturing	0.5	-1.0	0.1	-0.2
Electricity And Water	1.2	-0.9	0.0	0.0
Construction	-1.0	-1.8	0.0	0.0
Wholesale And Retail Trade	0.9	0.5	0.1	0.0
Restaurant And Hotels	0.2	-7.3	0.0	-0.1
Transport, Storage And Communications	0.7	-2.3	0.1	-0.2
Finance And Insurance Services	3.1	3.9	0.2	0.3
Real Estate	1.9	0.9	0.2	0.1
Social And Personal Services	2.8	-3.0	0.2	-0.3
Producers of Government Services	2.0	1.0	0.3	0.1
Producers of Private Non-Profit	1.8	-1.5	0.0	0.0
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

□ Microeconomic Indicators

The microeconomic indicators displayed a divergent performance during the available period of 2021. Some indicators recorded a growth, such as; “licensed areas for buildings” (101.0 percent), “mining and quarrying production quantity index” (11.5 percent), and “manufacturing production quantity index” (24.5 percent) However, other indicators showed a contraction, particularly; “number of passengers through Royal Jordanian” (38.6 percent), and “number of departures” (42.8 percent). The following table displays the performance of the main available sectoral indicators:

Main Sectoral Indicators*

Percentage Points					
2019	2020	Item	2020	Available period	2021
-35.1	-19.2	Licensed areas for buildings	-45.8	Jan-May	101.0
-1.2	-13.8	Manufacturing production quantity index	-22.8		24.5
-6.3	-19.5	Food products and beverages	-18.4		-6.8
7.1	3.0	Tobacco products	-1.1		16.3
3.1	-16.7	Refined petroleum products	-13.7		38.5
-6.5	-29.8	Wearing apparel	-29.9		-5.3
-9.0	-28.3	Non-metallic mineral products	-44.8		22.8
15.2	13.4	Chemical products	0.1		25.2
5.4	1.3	Mining and quarrying production quantity index	-1.2		11.5
2.9	55.4	Extraction of crude petroleum and natural gas	67.1		10.6
5.5	0.9	Other mining and quarrying	-1.7		11.5
13.8	-5.2	Production of phosphate	-1.3	Jan-Jun	22.1
14.5	-76.6	Number of departures	-59.6		-42.8
1.2	-77.2	Number of passengers through Royal Jordanian	-61.4		-38.6
-16.4	-40.3	Cargo through Royal Jordanian	-29.9		-32.4
-12.0	-26.2	Value traded at the real estate market	-37.3	Jan-Jul	69.6

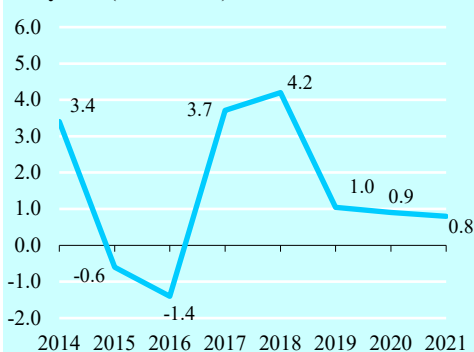
*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first half of 2021 by 0.8 percent, compared to a rise of 0.9 percent during the same period of 2020. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
 - “tobacco and cigarettes” prices increased by 5.2 percent, compared to declined by 0.1 percent during the same period of 2020.
 - “oil and fats” prices increased by 6.0 percent compared to declined by 1.0 percent during the same period of 2020.
 - Transportation prices increased by 2.8 percent compared to a decrease by 0.8 percent during the same period of 2020.

Inflation Rate during the first half of the years (2014-2021),



Inflation Rate during the first half of 2020-2021

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2020	2021	2020	2021
All Items	100.0	0.9	0.8	0.9	0.8
1) Food and non-Alcoholic Beverages	26.5	3.2	-0.8	0.8	-0.2
Food	23.8	3.5	-0.9	0.8	-0.2
Cereals and Products	4.2	1.5	1.7	0.1	0.1
Meat and Poultry	4.7	3.1	3.5	0.1	0.2
Fish and Sea Product	0.4	2.2	1.5	0.0	0.0
Dairy Products and Eggs	3.7	5.6	0.6	0.2	0.0
Oil and Fats	1.7	-1.0	6.0	0.0	0.1
Fruits and Nuts	2.6	7.0	-1.6	0.2	0.0
Vegetables and Legumes Dry and Canned	3.0	6.4	-17.3	0.2	-0.5
2) Alcohol and Tobacco and Cigarettes	4.4	-0.1	5.2	0.0	0.2
Alcohol	0.01	0.3	21.0	0.0	0.0
Tobacco and Cigarettes	4.4	-0.1	5.2	0.0	0.2
3) Clothing and footwear	4.1	-0.4	-2.0	0.0	-0.1
Clothing	3.4	-0.6	-1.9	0.0	-0.1
Footwear	0.7	0.8	-2.7	0.0	0.0
4) Housing	23.8	-0.7	0.9	-0.2	0.2
Rents	17.5	0.8	1.7	0.1	0.3
Fuels and Lighting	4.7	-6.1	-2.6	-0.3	-0.1
5) Household Furnishings and Equipment	4.9	0.9	0.0	0.0	0.0
6) Health	4.0	1.2	3.1	0.0	0.1
7) Transportation	16.0	-0.8	2.8	-0.1	0.4
8) Communication	2.8	0.0	2.3	0.0	0.1
9) Culture and Recreation	2.6	2.7	-1.3	0.1	0.0
10) Education	4.3	2.8	-0.2	0.1	0.0
11) Restaurants and Hotels	1.8	1.2	2.5	0.0	0.0
12) Other Goods and Services	4.8	2.1	0.5	0.1	0.0

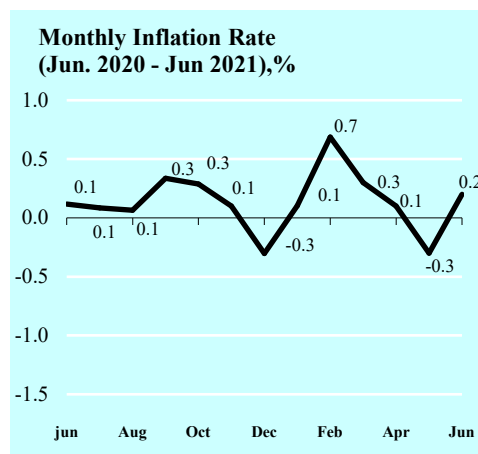
Source: Department of Statistics.

The above groups and items collectively contributed to raising of the inflation rate during the first half of 2021 by 0.7 percentage point, compared to a negative contribution of 0.1 percentage point during the same period of 2020.

- Declined in the prices of some items and groups, notably, “vegetables and legumes dry and canned” (17.3 percent), “fuels and lighting” (2.6 percent) and clothing (1.9 percent). These groups and items contributed to contraction of the inflation rate during the first half of 2021 by 0.7 percentage point, compared to a negative contribution of 0.1 during the same period of 2020.

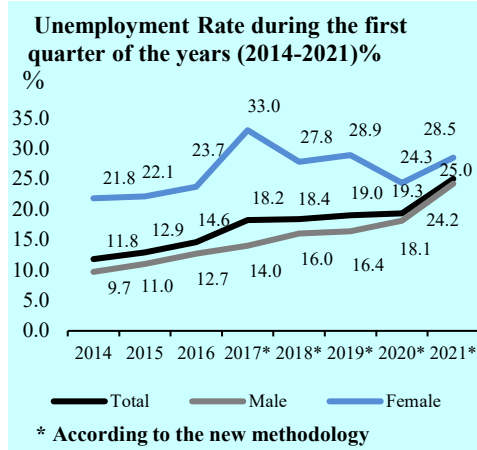
In June 2021, the CPI witnessed the increase compared to the previous month (May 2021) by 0.2 percent. This was an outcome of the increase of the prices of some items and groups, mainly “meat and poultry” (2.8 percent), “fuels and lighting” (2.1

percent), transportation (1.0 percent), on the one hand, and a decrease of the prices of same items mainly “fruits and nuts” (3.6 percent), “vegetables and legumes dry and canned” (2.6 percent), and rents (0.5 percent) on the other hand.



□ Labor Market

- The unemployment rate reached 25.0 percent (24.2 percent for males, and 28.5 percent for females) during the first quarter of 2021, compared to 19.3 percent (18.1 percent for males and 24.3 percent for



- females), during the same quarter of 2020.
- The unemployment rate among youth, during the first quarter of 2021, remains high at 61.5 percent for the category (15-19) years old, and 45.7 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.8 percent during the first quarter of 2021.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.5 percent (54.8 percent for males, and 14.0 percent for females), compared to 34.5 percent (54.8 percent for males and 14.0 percent for females) during the first quarter of 2020.
- The employment rate among population (15 years and older) reached 25.9 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 636.4 million (5.0 percent of GDP) during the first five months of 2021, comparing to a fiscal deficit of JD 1,098.2 million (8.6 percent of GDP) during the same period of 2020. When excluding foreign grants (JD 71.3 million), the general budget deficit increases to JD 707.8 million (5.5 percent of GDP), compared to a deficit of JD 1,211.8 million (9.5 percent of GDP) in the same period of 2020.
- Government domestic debt (budgetary and guaranteed) increased by JD 759.5 million at the end of May 2021, compared to its level at the end of 2020, to reach JD 19,693.2 million (62.5 percent of GDP). When excluding the domestic debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,113.6 million (41.6 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 195.8 million at the end of May 2021, compared to its level at the end of 2020, to reach JD 14,294.1 million (45.4 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 13,924.5 million (44.2 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 955.3 million at the end of May 2021, to reach JD 33,987.3 million (107.9 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 27,038.1 million (85.9 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 the first five months of 2021 compared with the same period of 2020:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 190.9 million, or 60.8 percent, in May 2021 compared to the same month in 2020, to stand at JD 504.9 million. As for the first five months of 2021, public revenues went up by JD 806.7 million, or 34.6 percent, compared to same period of 2020 to stand at JD 3,140.0 million. This came as an outcome of the increase in domestic revenues by JD 848.9 million, and the decrease in foreign grants by JD 42.3 million.

Main Government Budget Indicators during the first five months of 2021:

(JD Million and Percentages)

	May		Growth Rate	Jan.-May		Growth Rate
	2020	2021		2020	2021	
Public Revenues	314.0	504.9	60.8	2,333.3	3,140.0	34.6
Domestic Revenues, of which:	306.2	502.9	64.2	2,219.7	3,068.6	38.2
Tax Revenues, of which:	245.0	362.8	48.1	1,794.9	2,335.8	30.1
General Sales Tax	191.1	285.3	49.3	1,149.6	1,528.4	33.0
Other Revenues	60.7	139.7	130.1	421.9	729.3	72.9
Foreign Grants	7.8	2.0	-74.4	113.6	71.3	-37.2
Total Expenditures	718.7	812.0	13.0	3,431.5	3,776.4	10.1
Current Expenditures	677.2	715.7	5.7	3,273.9	3,496.2	6.8
Capital Expenditures	41.4	96.3	132.6	157.6	280.2	77.8
Overall Deficit/ Surplus (Including Grants)	-404.7	-307.1	-	-1,098.2	-636.4	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-8.6	-5.0	-

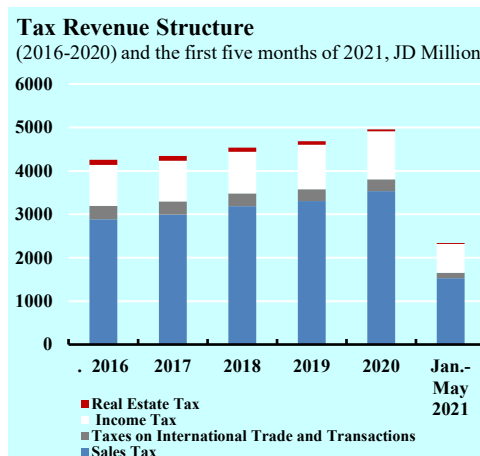
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 848.9 million, or 38.2 percent, in the first five months of 2021, compared to the same period of 2020, to reach JD 3,068.6 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues”, and “pension contributions” by JD 540.9 million, JD 307.4 million, and JD 0.6 million, respectively.

● Tax Revenues

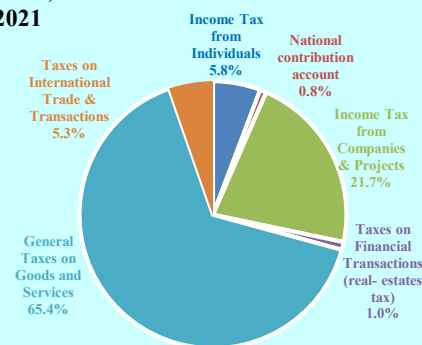
Tax revenues increased by JD 540.9 million, or 30.1 percent, during the first five months of 2021, compared to the same period of 2020, to reach JD 2,335.8 million (76.1 percent of domestic revenues). Following are the main developments in tax revenue items:



- An increase in the proceeds of **general sales tax on goods and services** by JD 378.8 million, or 33.0 percent, to reach JD 1,528.4 million, accounting for 65.4 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on commercial sector by JD 179.1 million, and on imported goods by JD 103.3 million, and on domestic goods by JD 50.1 million, and on services by JD 46.3 million.

- An increase in the proceeds of **income and profit taxes** by JD 122.0 million, or 22.6 percent, to reach JD 660.7 million, accounting for 28.3 percent of total tax revenues. This increase came mainly as an outcome of the increase in the proceeds of “income taxes from companies and projects” by JD 91.2 million, or 21.9 percent, to account for 76.9 percent of total proceeds of income and profits taxes, amounting to JD 508.2 million. However, the proceeds of “income taxes from individuals” increased by JD 50.1 million, or 59.4 percent, to reach JD 134.5 million. We point out that the national contribution account item, which was included in the Amending Law of Income Tax Law, reached to amount by JD 18.0 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 28.3 million, or 29.4 percent, to reach JD 124.5 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 11.8 million, or 113.5 percent, to reach JD 22.2 million.

Relative importance of tax revenue items, for the first five months of 2021



● Non-Tax Revenues

- “Other revenues” increased by JD 307.4 million, or 72.9 percent, during the first five months of 2021 to reach JD 729.3 million. This increase was chiefly due to the following:

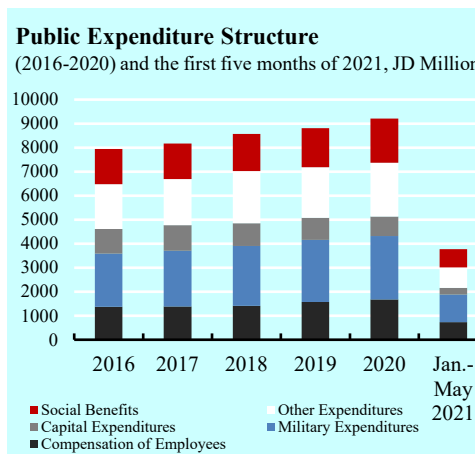
- An increase in the property income by JD 136.3 million to stand at JD 229.8 million (of which financial surplus of independent government units amounted to JD 221.3 million against JD 85.3 million during the same period of 2020).
- An increase in revenues from selling goods and services by JD 120.1 million to reach JD 311.7 million.
- An increase in miscellaneous revenues by JD 50.9 million to stand at JD 187.8 million.
- Pension contributions increased by JD 0.6 million, during the first five months of 2021, standing at JD 3.5 million.

◆ Foreign Grants

Foreign grants decreased by JD 42.3 million, in the first five months of 2021, standing at JD 71.3 million compared to JD 113.6 million during the same period of 2020.

■ Public Expenditures

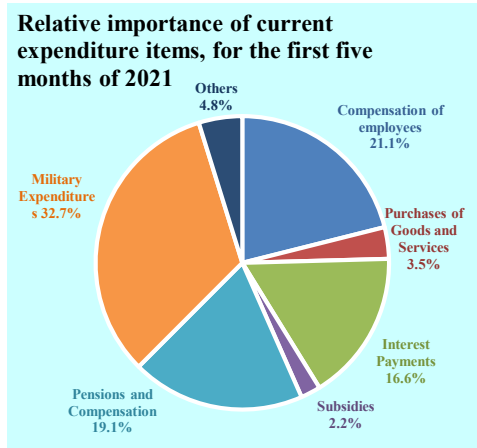
Public expenditures increased by JD 93.3 million, or 13.0 percent, in May 2021 compared to the same month in 2020, to stand at JD 812.0 million. As for the first five months of 2021, public expenditures increased by JD 344.9 million, or 10.1 percent, compared to the same period in 2020 to stand at JD 3,776.4 million. This increase was a result of the rise in capital expenditures by 77.8 percent, and in current expenditures by 6.8 percent.



◆ Current Expenditures

Current expenditures went up by JD 222.3 million, or 6.8 percent, during the first five months of 2021, to reach JD 3,496.2 million (92.6 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 20.0 percentage point, to reach to 87.8 percent compared to 67.8 percent during the first five months of 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 61.4 million, to stand at JD 581.3 million.
- An increase in military expenditures by JD 55.0 million, to total JD 1,144.0 million.
- An increase in the purchases of goods and services by JD 45.4 million, to reach JD 121.7 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 43.2 million, to reach JD 737.2 million.
- An increase in pensions and compensation by JD 14.3 million, to stand at JD 667.9 million.
- An increase in subsidies by JD 2.8 million, to stand at JD 76.5 million.

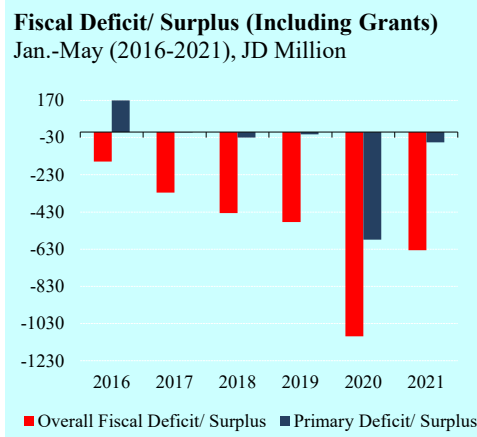


◆ Capital Expenditures

Capital expenditures increased by JD 122.6 million, or 77.8 percent, during the first five months of 2021 compared to same period of 2020, to reach JD 280.2 million.

■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 461.8 million, during the first five months of 2021, to reach JD 636.4 million (5.0 percent of GDP), compared to a fiscal deficit of JD 1,098.2 million (8.6 percent of

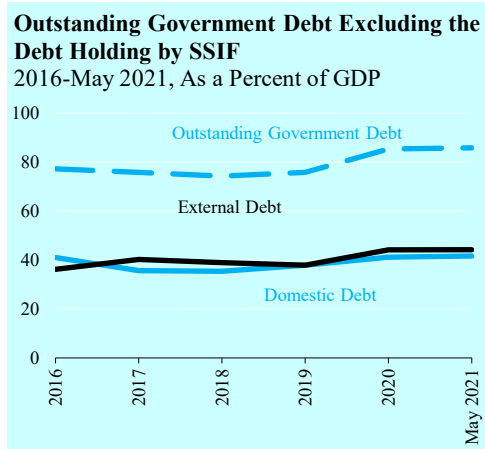
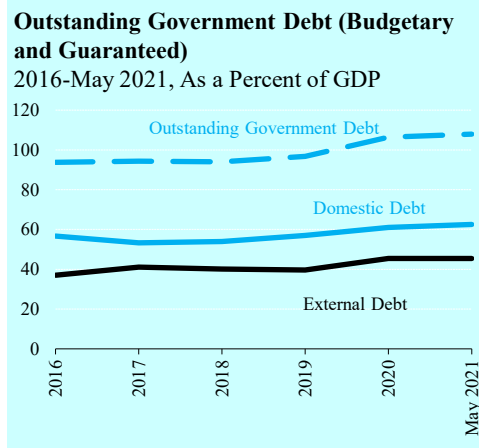


- in the same period of 2020. When foreign grants are excluded, the general budget deficit increases to reach JD 707.8 million (5.5 percent of GDP), compared to a fiscal deficit of JD 1,211.8 million (9.5 percent of GDP) in the same period of 2020.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 126.5 million (1.0 percent of GDP) in the first five months of 2021, against a primary deficit of JD 691.9 million (5.4 percent of GDP) in the same period of 2020. When foreign grants are including, the primary deficit of the general budget decreased to reach JD 55.1 million (0.4 percent of GDP), compared to a primary deficit of JD 578.3 million (4.5 percent of GDP) in the same period of 2020.

□ Outstanding Government Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 759.5 million, at the end of May 2021 compared to its level at the end of 2020, to stand at JD 19,693.2 million (62.5 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 826.4 million, and the decrease in the domestic debt of guaranteed by JD 67.0 million, compared to their levels at the end of 2020, standing at JD 17,321.1 million and JD 2,372.1 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 329.6 million, at the end of May 2021 compared to its level at the end of 2020, to stand at JD 13,113.6 million (41.6 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 195.8 million at the end of May 2021, compared to its level at the end of 2020, to reach JD 14,294.1 million (45.4 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 70.9 percent of the total external debt, and the debt in Euro accounted for 12.2 percent. However, the SDR accounted for 6.2 percent, Kuwaiti Dinar (4.3 percent), Japanese Yen (4.1 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 209.3 million, at the end of May 2021 compared to its level at the end of 2020, to stand at JD 13,924.5 million (44.2 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 955.3 million at the end of May 2021 to reach JD 33,987.3 million (107.9 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 27,038.1 million (85.9 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) increased by JD 282.5 million during the first five months of 2021 compared to the same period of 2020, to reach JD 693.5 million (including principal payments of JD 508.7 million and interest of JD 184.7 million).

□ Fiscal and Price Measures of 2021

◆ August

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

Development of Oil Derivatives Prices

	Unit	2021		Percentage Change
		July	August	
Unleaded Gasoline 90	Fils/ Liter	810	830	2.5
Unleaded Gasoline 95	Fils/ Liter	1,040	1,070	2.9
Unleaded Gasoline 98	Fils/ Liter	1,190	1,220	2.5
Gas Oil (Diesel)	Fils/ Liter	605	615	1.7
Kerosene	Fils/ Liter	605	615	1.7
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	411.6	471.1	1.3
Fuel for airplanes (local companies)	Fils/ Liter	448	455	1.6
Fuel for airplanes (foreign companies)	Fils/ Liter	453	460	1.5
Fuel for unplanned flights	Fils/ Liter	468	475	1.5
Asphalt	JD/ Ton	406.5	412	1.4

Source: Jordan Petroleum Refinery Company (1/8/2021).

- 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 2021

◆ 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 57.7 percent in May 2021, compared to the same month of 2020 to reach JD 551.8 million. As for the first five months of 2021, total exports increased by 19.1 percent, compared to the same period of 2020 to reach JD 2,381.7 million.
- **Merchandize imports** increased by 41.5 percent in May 2021, compared to the same month of 2020 to reach JD 1,202.6 million. As for the first five months of 2021, imports increased by 25.3 percent, compared to the same period of 2020 to reach JD 5,581.8 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 30.1 percent in May 2021 compared to the same month of 2020; standing at JD 650.8 million. As for the first five months of 2021, the trade balance increased by 30.4 percent, compared to the same period of 2020 to reach JD 3,200.1 million.
- **Travel receipts** decreased by 44.8 percent during the first half of 2021, to register JD 441.4 million, compared to the same period of 2020. While, travel payments decreased by 4.0 percent, to register JD 190.1 million, compared to the same period of 2020.
- **Total workers' remittances receipts** increased by 2.0 percent in June 2021 to reach JD 194.7 million, compared to the same month of 2020. As for the first half of 2021, workers' remittances increased by 0.2 percent, compared to the same period of 2020 to reach JD 1,174.1 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 1,122.7 million (15.1 percent of GDP) during the first quarter of 2021, compared to a deficit of JD 172.5 million (2.3 percent of GDP) during the same quarter of 2020. Meanwhile, the current account deficit excluding grants increased to reach 16.2 percent of GDP during the first quarter of 2021, compared with 3.6 percent of GDP during the same quarter of 2020.
- **Net direct investment** recorded a net inflow of JD 61.3 million during the first quarter of 2021, compared to a net inflow of JD 209.0 million during the same quarter of 2020.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 34,411.4 million at the end of the first quarter of 2021, compared to JD 33,680.9 million at the end of 2020.

□ External Trade

- As a result of the increase in domestic exports by JD 390.7 million and the increase in imports by JD 1,128.4 million during the first five months of 2021, the volume of external trade (domestic exports *plus* imports) increased by JD 1,519.1 million to stand at JD 7,725.2 million compared to the same period of 2020.

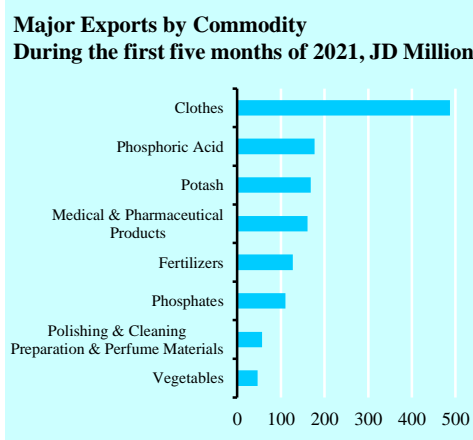
Jordan's Major Trading Partners				Main External Trade Indicators				
JD Million				JD Million				
January - May				January - May				
	2020	2021	Percentage Change		2020	Percentage Change (%)	2021	Percentage Change (%)
Exports				External Trade	6,206.1	-17.9	7,725.2	24.5
USA	454.9	535.5	17.7					
India	190.5	311.8	63.7					
Saudi Arabia	181.8	233.0	28.2					
Iraq	148.7	142.0	-4.5	Total Exports	1,999.2	-9.5	2,381.7	19.1
UAE	83.1	62.6	-24.7					
Kuwait	53.7	49.2	-8.4	Domestic Exports	1,752.7	-5.0	2,143.4	22.3
China	51.8	46.9	-9.4					
Imports				Re-exports	246.5	-32.4	238.3	-3.3
Saudi Arabia	670.4	847.7	26.4					
China	660.1	803.9	21.8	Imports	4,453.4	-22.0	5,581.8	25.3
USA	385.5	393.2	2.0					
UAE	167.7	249.0	48.5	Trade Balance	-2,454.2	-29.9	-3,200.1	30.4
Germany	177.9	229.5	29.0					
Egypt	169.4	221.1	30.5					
Italy	138.8	192.8	38.9					
Source: Department of Statistics.				Source: Department of Statistics.				

■ Merchandize Exports:

Total merchandize exports increased by 19.1 percent during the first five months of 2021, to reach JD 2,381.7 million. This increase was an outcome of the increase in domestic exports by JD 390.7 million, or 22.3 percent to reach JD 2,143.4 million and a decrease in re-exports by JD 8.2 million, or 3.3 percent to reach JD 238.3 million.

◆ The developments of domestic exports during the first five months of 2021 compared with the same period of 2020 reveals the following:

- Exports of “**Phosphoric Acid**” increased by JD 116.4 million, or 191.4 percent, to reach JD 177.2 million. The markets of India and Saudi Arabia accounted for 97.2 percent of these exports.



- Exports of **clothes** increased by JD 61.2 million or 14.4 percent to reach JD 487.5 million. It is worth noting that the USA market accounted for 83.4 percent of these exports.
- Exports of **Fertilizers** increased by JD 54.2 million or 74.2 percent to stand at JD 127.2 million. The USA, India, and Brazil were the main destination markets for these exports, accounting for 80.0 percent.

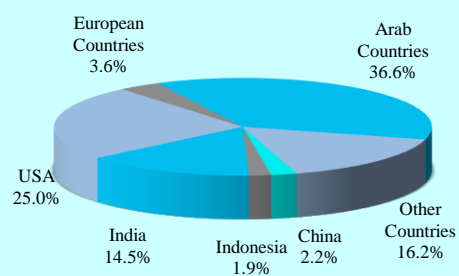
- Exports of “**Medical & Pharmaceutical Products**” increased by JD 18.3 million or 12.8 percent, to stand at JD 160.9 million. It is worth noting that Saudi Arabia, Iraq, Algeria and the UAE accounted for 55.3 percent these exports.
- Exports of **Phosphates** increased by JD 15.9 million, or 16.9 percent, to stand at JD 110.0 million. The markets of India, Indonesia and Brazil accounted for 93.8 percent of these exports.
- Exports of “**Potash**” increased by JD 10.3 million, or 6.5 percent, to reach JD 168.2 million. China, India and Egypt were the main destination markets; accounting for 52.8 percent of these exports.

Major Domestic Exports by Commodity, JD Million January – May 2020-2021			
	2020	2021	Percentage Change
Domestic Exports	1,752.7	2,143.4	22.3
Clothes	426.3	487.5	14.4
USA	379.0	406.5	7.3
Phosphoric Acid	60.8	177.2	191.4
India	48.7	168.6	246.2
Saudi Arabia	1.2	3.6	200.0
Potash	157.9	168.2	6.5
China	48.0	37.1	-22.7
India	29.0	35.6	22.8
Egypt	12.6	16.1	27.8
Medical & Pharmaceutical Products	142.6	160.9	12.8
Saudi Arabia	30.4	34.1	12.2
Iraq	27.0	27.5	1.9
Algeria	14.4	15.3	6.3
UAE	10.3	12.0	16.5
Fertilizers	73.0	127.2	74.2
USA	0.0	55.3	-
India	46.9	26.8	-42.9
Brazil	0.0	19.7	-
Phosphates	94.1	110.0	16.9
India	62.2	68.0	9.3
Indonesia	24.7	31.1	25.9
Brazil	3.0	4.1	36.7
Polishing & Cleaning Preparation & Perfume Materials	54.9	56.5	2.9
Iraq	30.0	25.7	-14.3
Saudi Arabia	8.8	10.5	19.3
Vegetables	51.2	46.8	-8.6
Saudi Arabia	10.7	9.9	-7.5
Kuwait	8.9	9.3	4.5
UAE	8.1	6.4	-21.0
Bahrain	6.2	5.3	-14.5

Source: Department of Statistics.

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

Geographic Distribution of Domestic Exports During the first five months of 2021

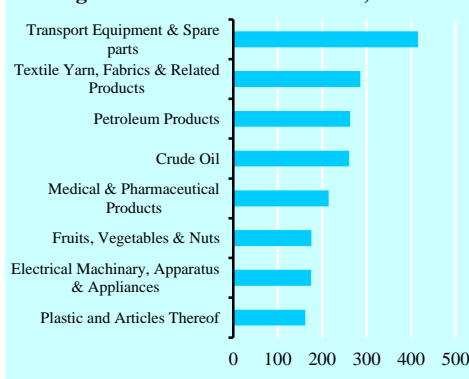


“Medical & Pharmaceutical Products”, Fertilizers, Phosphates, “Polishing & Cleaning Preparation & Perfume Materials”, and Vegetables, topped the list of domestic exports during the first five months of 2021; accounting for 62.3 percent, compared with 60.5 percent during the same period of 2020. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Kuwait, and China were the main destination markets during the first five months of 2021; accounting for 64.4 percent, compared with 66.4 percent during the same period of 2020.

■ Merchandize Imports:

Merchandize imports increased by 25.3 percent to reach JD 5,581.8 million during the first five months of 2021, compared to a decrease by 22.0 percent during the same period of 2020.

Major Imports by Commodity
During the first five months of 2021, JD Million



◆ The developments of imports during the first five months of 2021 compared with the same period of 2020 reveals the following:

- **Transport equipment & spare parts** imports increased by JD 161.7 million or 63.7 percent to reach JD 415.4 million. The USA, South Korea, Japan, and Germany were the main origin markets, accounting for 70.3 percent of these imports.
- **Textile yarn, fabrics and related products** imports increased by JD 56.4 million, or 24.6 percent, to reach JD 286.1 million. China, Taiwan and Turkey were the main markets accounting for 74.5 percent of these imports.
- **Petroleum products** imports increased by JD 49.1 million or 22.9 percent to stand at JD 263.1 million. Saudi Arabia, India, and the UAE were the main markets, accounting for 97.0 percent of these imports.

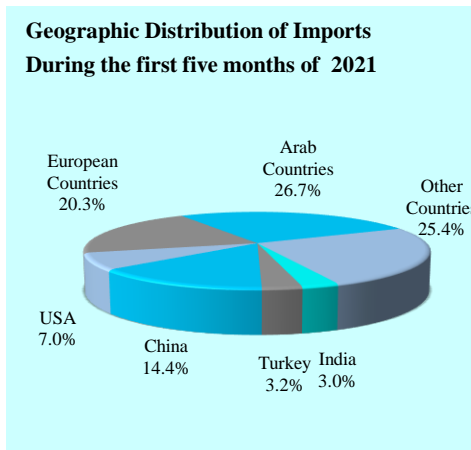
- **Electrical Machinery, Apparatus & Appliances** imports increased by JD 41.2 million or 30.9 percent to reach JD 174.7 million. China, Turkey, Germany, and the USA were the main origin markets accounting for 56.2 percent of these imports.
- **Plastic and Articles Thereof** imports increased by JD 34.0 million or 26.6 percent, to reach JD 162.0 million. Saudi Arabia, China, the UAE and Germany were the main markets, accounting for 73.8 percent of these imports.
- **Crude oil** imports increased by JD 31.5 million, or 13.7 percent, to reach JD 260.8 million. Saudi Arabia was the main origin market accounting for 100.0 percent of these imports.

Major Imports by Commodity, JD Million
January - May 2020-2021

	2020	2021	Percentage Change
Total Imports	4,453.4	5,581.8	25.3
Transport Equipment & Spare Parts	253.7	415.4	63.7
USA	40.6	91.7	125.9
South Korea	44.4	77.4	74.3
Japan	41.2	61.9	50.2
Germany	33.3	61.0	83.2
Textile Yarn, Fabrics and Related Products	229.7	286.1	24.6
China	93.6	121.7	30.0
Taiwan	54.3	64.5	18.8
Turkey	19.8	26.9	35.9
Petroleum Products	214.0	263.1	22.9
Saudi Arabia	177.2	216.6	22.2
India	3.0	32.0	966.7
UAE	22.7	6.6	-70.9
Crude Oil	229.3	260.8	13.7
Saudi Arabia	206.8	260.8	26.1
Medical & Pharmaceutical Products	196.4	214.5	9.2
Germany	30.7	32.7	6.5
USA	20.5	19.3	-5.9
Italy	13.7	14.2	3.6
Fruits, Vegetables & Nuts	186.1	175.6	-5.6
Egypt	34.7	33.1	-4.6
USA	24.9	21.7	-12.9
Lebanon	7.5	12.1	61.3
Belgium	8.1	10.3	27.2
Electrical Machinery, Apparatus & Appliances	133.5	174.7	30.9
China	47.7	58.8	23.3
Turkey	7.8	14.0	79.5
Germany	6.8	12.9	89.7
USA	7.8	12.4	59.0
Plastic and Articles Thereof	128.0	162.0	26.6
Saudi Arabia	58.8	89.3	51.9
China	10.1	13.7	35.6
UAE	9.3	11.6	24.7
Germany	7.3	5.0	-31.5

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, “Textile Yarn, Fabrics and Related Products”, Petroleum Products, Crude Oil, “Medical & Pharmaceutical Products”, “Fruits, Vegetables & Nuts”, “Electrical Machinery, Apparatus & Appliances”, “Plastic and Articles Thereof”, topped the list of imports during the first five months of 2021, accounting for 35.0 percent, compared with 35.3 percent during the same period of 2020. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, the UAE, Germany, Egypt and Italy, were the main source markets during the first five months of 2021; accounting for 52.6 percent of imports, compared to 53.2 percent during the same period of 2020.



■ Re-Exports

The value of re-exported goods in May 2021 increased by JD 2.4 million, or 6.4 percent, compared to the same month of 2020, to stand at JD 40.1 million. As for the first five months of 2021, the re-exported goods decreased by JD 8.2 million, or 3.3 percent, compared to the same period of 2020, to stand at JD 238.3 million.

■ Trade Balance

The trade balance deficit increased by JD 150.7 million, or 30.1 percent in May 2021 compared to the same month of 2020, to reach JD 650.8 million. As for the first five months of 2021, trade balance deficit increased by JD 745.9 million, or 30.4 percent, compared to the same period of 2020, to stand at JD 3,200.1 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 2.0 percent during June 2021, compared to the same month of 2020, to register JD 194.7 million. As for the first half of 2021 worker's remittances increased by JD 2.6 million, or 0.2 percent to stand at 1,174.1 million, compared to the same period of 2020.

□ Travel

■ Receipts

Travel receipts decreased by 44.8 percent during the first half of 2021, to register JD 441.4 million, compared to the same period of 2020.

■ Payments

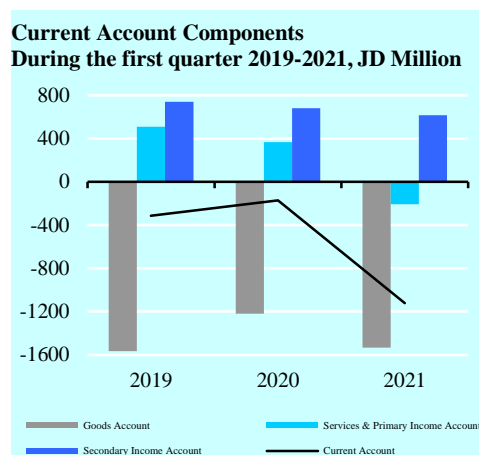
Travel payments decreased by 4.0 percent during the first half of 2021, to register JD 190.1 million, compared to the same period of 2020.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1,122.7 million (15.1 percent of GDP), compared to a deficit of JD 172.5 million (2.3 percent of GDP) during the same quarter of 2020. Meanwhile, the current account deficit (excluding grants) increased to reach JD 1,201.9 million (16.2 percent of GDP), compared to a deficit of JD 263.3 million (3.6 percent of GDP) during the same quarter of 2020. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 311.0 million, or 25.5 percent, to reach JD 1,531.9 million, compared to JD 1,220.9 million during the same quarter of 2020.



- ◆ The services account recorded a deficit of JD 201.0 million, compared to a surplus of JD 355.1 million during the same quarter of 2020.
- ◆ The primary income account recorded a deficit of JD 5.4 million, compared to a surplus of JD 11.6 million during the same quarter of 2020. This was mainly due to the increase in the deficit of investment income (net) to reach JD 56.8 million, compared to deficit of JD 38.7 million, and the increase in the surplus of “compensation of employees (net)” by JD 1.1 million to reach JD 51.3 million.
- A decrease in the secondary income surplus by JD 66.1 million to reach JD 615.7 million, compared to a surplus of JD 681.8 million during the same quarter of 2020. This was a result of the decrease in net surplus of other sectors transfers (net) by JD 54.5 million to reach JD 536.5 million, and the net transfers of the public sector (foreign grants) by JD 11.6 million to reach JD 79.2 million.

■ As for the capital and financial transactions during the first quarter of 2021, the capital account registered a net inflow of JD 8.8 million, compared to a net inflow of JD 4.3 million during the same quarter of 2020. Meanwhile, the financial account registered a net inflow of JD 476.8 million during the first quarter of 2021, compared to a net inflow of JD 129.9 million during the same quarter of 2020, this could be attributed to the following:

- ◆ Direct investment recorded a net inflow of JD 61.3 million compared to a net inflow of JD 209.0 million.
- ◆ Portfolio investment recorded a net outflow of JD 33.3 million compared to a net outflow of JD 42.1 million.
- ◆ Other investment registered a net inflow of JD 501.0 million, compared to a net inflow of JD 70.1 million.
- ◆ An increase in the reserve assets of the CBJ by JD 52.2 million, compared to an increase of JD 107.1 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 34,411.4 million at the end of the first quarter of 2021 compared, to JD 33,680.9 million at the end of 2020. This was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all residing economic sectors in the Kingdom by JD 896.8 million at the end of the first quarter of 2021 to reach JD 19,380.3 million. This was mainly due to the decrease in the currency and deposits of the licensed banks abroad by JD 646.7 million.

- A decrease in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 166.3 million at the end of the first quarter of 2021, to reach JD 53,791.7 million, this was due to the following developments:
 - ◆ A decrease in the deposits of non-residents at the banking sector by JD 236.6 million or 2.3 percent to stand at JD 10,220.0 million (decrease by JD 132.2 million for the CBJ, and a decrease by JD 104.4 million for the licensed banks).
 - ◆ A decrease of trade credits to residents in the kingdom by JD 74.9 million or 12.0 percent, to stand at JD 551.3 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 39.4 million or 0.5 percent, to stand at JD 7,163.2 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 16.1 million or 2.2 percent, to reach JD 720.6 million.
 - ◆ A decrease of banks short-term loans by JD 5.9 million or 1.4 percent, to stand at JD 411.2 million.
 - ◆ A decrease of government long term loans by JD 4.4 million or 0.1 percent, to stand at JD 5,731.4 million.
 - ◆ An increase in the stock of direct investment in the kingdom by JD 180.3 million or 0.7 percent, to stand at JD 26,129.1 million.