



Central Bank of Jordan

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

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

Classification level: Public

**Central Bank of Jordan**

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#### **OUR VISION**

To continue maintaining monetary and financial stability and thereby contributing to the achievement of economic and social growth in the kingdom.

#### **OUR MISSION**

Maintaining monetary stability represented in maintaining the stability of the Jordanian Dinar exchange rate and the general prices level. And contributing to providing an investment environment that is both attractive and motivating for the economic and social development through providing a convenient interest rate structure and implementing macro and micro prudential supervision policies that maintain financial and banking stability. In addition to providing safe and efficient national payments systems, promoting financial inclusion, and protecting the financial customer. To this end, the Central Bank of Jordan employs optimally its human, material, financial, technical and knowledge resources.

#### **OUR VALUES**

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



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### Executive Summary

#### □ Output, Prices and Employment

Real GDP at market prices grew by 1.8 percent during the first half of 2021, compared to a contraction of 1.2 percent during the same period of 2020. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first nine months of 2021 by 1.2 percent, compared to a rise of 0.5 percent during the same period of 2020. The unemployment rate during the second quarter of 2021 reached 24.8 percent, compared to 22.9 percent during the same quarter of 2020.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 16,901.9 million at the end of September 2021. This level of reserves covers around 9.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 38,605.9 million at the end of September 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 29,928.2 million at the end of September 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 38,432.0 million at the end of September 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 2,073.1 points at the end of September 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 521.9 million (2.9 percent of GDP) during the first seven months of 2021, comparing to a fiscal deficit of JD 1,251.1 million (6.9 percent of GDP) during the same period of 2020. Government domestic debt (budgetary and guaranteed) increased by JD 523.6 million at the end of July 2021, compared to its level at the end of 2020, to reach JD 19,457.3 million (61.4 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 640.6 million, to reach JD 14,738.9 million (46.5 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 34,196.2 million at the end of July 2021 (108.0 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 12,824.7 million (40.5 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 14,369.3 million (45.4 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 27,194.0 million (85.8 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 13.7 percent during the first eight months of 2021 to reach JD 4,127.5 million. Meanwhile, merchandize imports increased by 21.3 percent to reach JD 9,497.6 million. As a result, the trade balance deficit increased by 27.9 percent compared to the same period of 2020, to reach JD 5,370.1 million. The preliminary data during the first three quarters of 2021 showed an increase in travel receipts by 39.5 percent, to reach JD 1,207.5 million, and an increase in travel payments by 98.6 percent, to reach JD 437.6 million, compared to the same period of 2020. Moreover, total workers' remittances receipts increased by 1.2 percent, to reach JD 1,793.9 million during the first three quarters of 2021 compared to the same period of 2020. The preliminary data for the balance of payments during the first half of 2021 displayed a deficit in the current account amounted to JD 2,295.1 million (15.3 percent of GDP) compared to a deficit of JD 1,217.7 million (8.3 percent of GDP) during the same half of 2020. Meanwhile, the current account deficit excluding grants increased to reach 16.3 percent of GDP compared with 9.2 percent of GDP during the same half of 2020. Moreover, net direct investment recorded a net inflow of JD 135.3 million during the first half of 2021, compared to a net inflow of JD 302.3 million during the same half of 2020. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 35,422.7 million at the end of the first half of 2021 up from JD 33,684.9 million at the end of 2020.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves amounted to US\$ 16,901.9 million at the end of September 2021. This level of reserves covers around 9.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 38,605.9 million at the end of September 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 29,928.2 million at the end of September 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 38,432.0 million at the end of September 2021, compared to JD 36,789.1 million at the end of 2020.
- The interest rates on all types of credit facilities extended by licensed banks and deposit held by licensed banks had decreased at the end of September 2021, except the interest rate on saving deposits which had increased, compared to their levels at the end of 2020.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,073.1 points at the end of September 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 15,429.6 million at the end of September 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

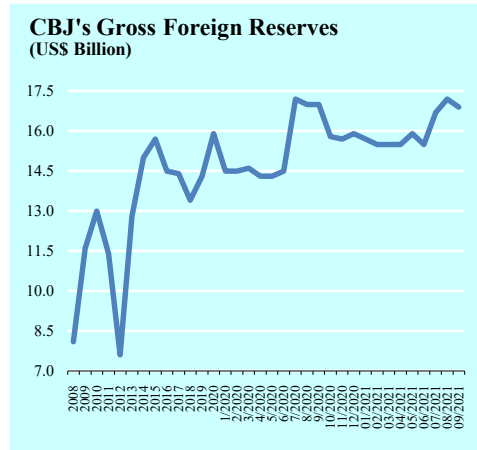
	2020	End of September	
		2020	2021
US\$ 15,919.7	CBJ's Foreign Reserves*	US\$ 16,958.1	US\$ 16,901.9
11.1%		18.3%	6.2%
37,011.9	Money Supply (M2)	36,383.4	38,605.9
5.8%		4.0%	4.3%
28,639.1	Credit Facilities, of which:	28,647.2	29,928.2
5.7%		5.8%	4.5%
25,526.5	Private Sector (Resident)	25,471.4	26,602.2
6.4%		6.1%	4.2%
36,789.1	Total Deposits, of which:	35,919.5	38,432.0
4.2%		1.7%	4.5%
28,233.9	In JD	27,538.3	29,783.4
4.2%		1.6%	5.5%
8,555.2	In Foreign Currencies	8,381.2	8,648.6
4.4%		2.2%	1.1%
28,851.1	Deposits of Private Sector (Resident), of which:	28,585.6	30,303.9
2.0%		1.0%	5.0%
22,708.6	In JD	22,584.6	24,160.4
2.6%		2.1%	6.4%
6,142.5	In Foreign Currencies	6,001.0	6,143.5
-0.3%		-2.6%	0.0%

\* 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\$ 16,901.9 million at the end of September 2021. This level of reserves covers around 9.3 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

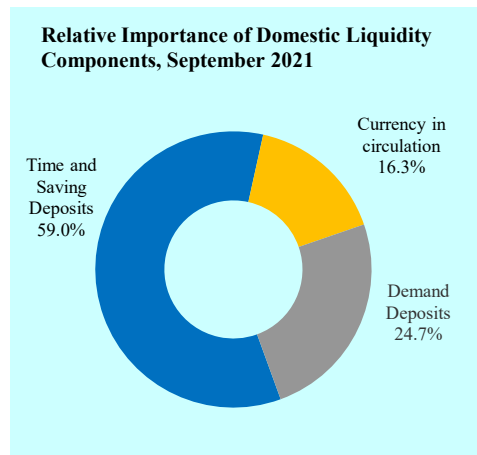
■ Domestic liquidity amounted to JD 38.6 billion at the end of September 2021, compared to JD 37.0 billion at the end of 2020.

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

#### ● Components of Domestic Liquidity

- Total liquidity deposits amounted to JD 32.3 billion at the end of September 2021, compared to JD 30.5 billion at end of September 2020, against JD 31.1 billion at the end of 2020.

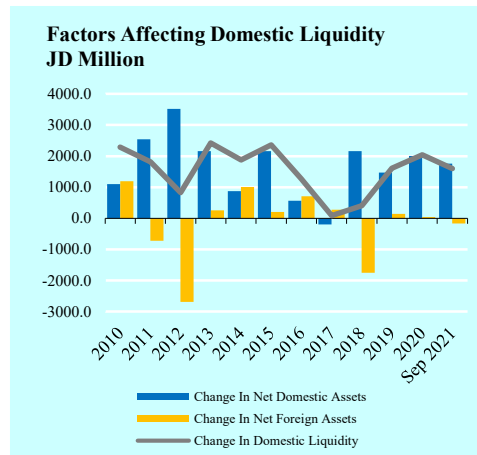
- Currency in circulation amounted to JD 6.3 billion at the end of September 2021, compared to



JD 5.9 billion in September 2020, and 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 September



2021, compared to JD 28.2 billion at the end of September 2020, and JD 29.4 billion at the end of 2020.

- Net foreign assets of the banking system amounted to JD 7.4 billion at the end of September 2021. The net foreign assets of the CBJ amounted to JD 11.5 billion at the end of September 2021.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

		End of September	
2020		2020	2021
<b>7,562.0</b>	<b>Foreign Assets (Net)</b>	<b>8,202.5</b>	<b>7,397.0</b>
10,798.6	CBJ	11,578.1	11,487.5
-3,236.6	Licensed Banks	-3,375.6	-4,090.5
<b>29,449.9</b>	<b>Domestic Assets (Net)</b>	<b>28,180.9</b>	<b>31,208.9</b>
-4,297.3	CBJ, of which:	-5,065.6	-4,575.1
1,026.9	Claims on Public Sector (Net)	606.4	1,126.9
-5,347.4	Other Items (Net*)	-5,695.5	-5,724.6
33,747.2	Licensed Banks	33,246.5	35,784.0
11,929.9	Claims on Public Sector (Net)	11,699.7	12,716.3
26,238.4	Claims on Private Sector	26,199.7	27,347.8
-4,421.0	Other Items (Net)	-4,653.0	-4,280.1
<b>37,011.9</b>	<b>Money Supply (M2)</b>	<b>36,383.4</b>	<b>38,605.9</b>
<b>5,939.4</b>	<b>Currency in Circulation</b>	<b>5,906.0</b>	<b>6,275.1</b>
<b>31,072.5</b>	<b>Total Deposits, of which:</b>	<b>30,477.4</b>	<b>32,330.8</b>
6,219.6	In Foreign Currencies	6,074.9	6,217.0

\* 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

2020		September	
		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

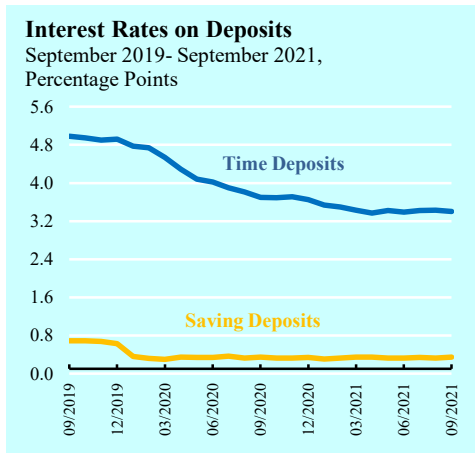
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- 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

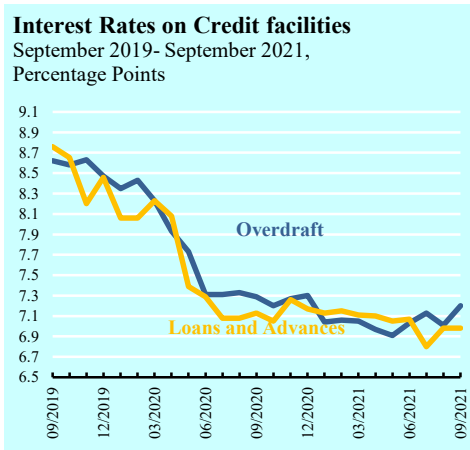
- Time Deposits: The weighted average interest rate on time deposits decreased by 3 basis points at the end of September 2021, compared to its level registered at the previous month to stand at 3.40 percent. This rate is lower by 25 basis points than its level registered at the end of 2020.



- Saving Deposits: The weighted average interest rate on saving deposits increased by two basis points at the end of September 2021, compared to its level registered in the previous month to stand at 0.35 percent. This rate is higher by one basis point than its level registered at the end of 2020.
- Demand Deposits: The weighted average interest rate on demand deposits decreased by two basis points at the end of September 2021, compared to its level registered in the previous month and at the end of 2020, to stand at 0.25 percent.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 19 basis points at the end of September 2021, compared to its level registered in the previous month to stand at 7.20 percent. This rate is lower by 10 basis points than its level registered at the end of 2020.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 108 basis points at the end of September 2021, compared to its level registered in the previous month to stand at 8.38 percent. This rate is lower by 13 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**

		September		Change Relative to the Preceding Year Basis Points
2020		2020	2021	
<b>Deposits</b>				
0.27	Demand	0.23	0.25	-2
0.34	Saving	0.35	0.35	1
3.65	Time	3.70	3.40	-25
<b>Credit Facilities</b>				
8.51	Discounted Bills and Bonds	8.60	8.38	-13
7.17	Loans and Advances	7.13	6.98	-19
7.30	Overdraft	7.29	7.20	-10
8.33	Prime Lending Rate	8.31	8.35	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” maintaining the same level registered in the previous month to stand at 6.98 percent at the end of September 2021. This rate is lower by 19 basis points than its level registered at the end of 2020.



- The prime lending rate stood at 8.35 percent at the end of September 2021, maintaining the same level registered in previous month. This rate is higher by two basis points than its level registered at the end of 2020.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,289.1 million, or 4.5 percent, at the end of September 2021, compared to its level registered at the end of 2020, against an increase by JD 1,565.0 million, or 5.8 percent during the same period in 2020.
- In terms of borrower sectors, the credit facilities at the end of September 2021 had shown an increase in credit extended to the private sector (resident) by JD 1,075.7 million, or 4.2 percent, the public institutions by JD 111.8 million, or 19.8 percent, the central government by JD 66.1 million, or 3.7 percent, the private sector (non-resident) by JD 36.1 million, or 5.9 percent. In contrast, the credit extended to the non-banking financial institutions decreased by JD 0.6 million or 0.5 percent, compared to their levels at the end of 2020.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 38.4 billion at the end of September 2021, compared to JD 35.9 billion at the end of September 2020, and JD 36.8 billion at the end of 2020.
- The currency composition of deposits at the end of September 2021 revealed that the JD deposits amounted to JD 29.8 billion, and the deposits in foreign currencies amounted to JD 8.6 billion, compared to JD 27.5 billion of JD deposits, and JD 8.4 billion of deposit in foreign currency at the end of September 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)<sup>(1)</sup>**

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

**■ Trading Volume**

Trading volume at ASE totaled JD 157.4 million in September 2021, increasing by JD 19.7 million, or 14.3 percent, compared to its level registered in the previous month. As for the first three quarters of 2021, the trading volume totaled JD 1,548.5 million.

**■ Traded Shares**

The number of traded shares in September 2021 totaled 118.9 million shares, increasing by 16.4 million shares, or 16.0 percent, compared to its level registered in the previous month. As for the first three quarters of 2021, the number of traded shares amounted to 1,211.2 million shares.

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<sup>(1)</sup> 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 increasing by 11.3 points or 0.5 percent, at the end of September 2021, compared

to its level in the previous month, to stand at 2,073.1 points. Furthermore, the SPI increased by 415.8 points, or 25.1 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 1,575.5 points, or 74.3 percent, the financial sector by 358.4 points, or 16.5 percent, and the services sector by 146.7 points, or 12.8 percent, compared to their levels at the end of 2020.

### ■ Market Capitalization

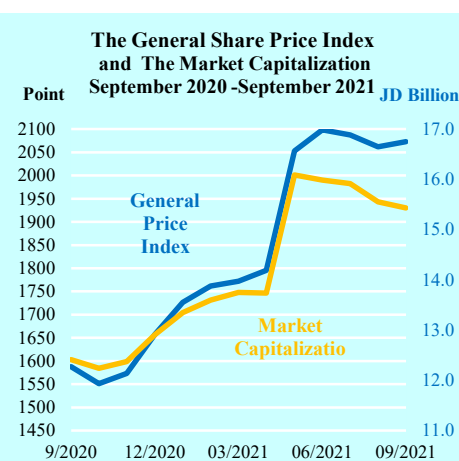
The ASE's market capitalization totaled JD 15.4 billion at the end of September 2021, decreasing by JD 121.1 million, or 0.8 percent, compared to its level registered in the previous month. Furthermore, the

ASE's market capitalization increased by JD 2,521.8 million, or 19.5 percent compared to its level at the end of 2020.

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

	September	
	2020	2021
1,657.2 General Index	1,587.8	2,073.1
2,171.7 Financial Sector	2,124.3	2,530.0
2,119.7 Industrial Sector	1,859.7	3,695.2
1,148.0 Services Sector	1,098.3	1,294.7

Source: Amman Stock Exchange.



■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 3.6 million in September 2021. The value of shares buying by non-Jordanian in September 2021 amounted to JD 8.1 million, while their selling amounted to JD 11.6 million. The Non-Jordanian net investment as

<b>Main Amman Stock Exchange Trading Indicators, JD Million</b>			
		<b>September</b>	
<b>2020</b>		<b>2020</b>	<b>2021</b>
1,048.8	Value Traded	100.7	157.4
4.9	Average Daily Trading	4.6	7.2
12,907.8	Market Capitalization	12,412.6	15,429.6
1,142.7	No. of Traded Shares (million)	148.3	118.9
-67.5	Net Investment of Non-Jordanian	-1.4	-3.6
96.8	Non-Jordanian Buying	7.1	8.1
164.4	Non-Jordanian Selling	8.5	11.6

Source: Amman Stock Exchange.

for the first three quarters of 2021, recorded an outflow amounting to JD 28.2 million.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 3.2 percent during the second quarter of 2021, compared to a contraction of 3.6 percent during the same quarter of 2020. At current market prices, GDP grew by 4.7 percent during the second quarter of 2021, compared to a contraction of 4.7 percent during the same quarter of 2020.
- Accordingly, the real GDP grew by 1.8 percent during the first half of 2021, compared to contraction of 1.2 percent during the same period of 2020. At current market prices, GDP grew by 2.6 percent during the first half of 2021 compared to a decline by 1.0 percent during the same period of 2020.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first nine months of 2021 by 1.2 percent, compared to a rise of 0.5 percent during the same period of 2020.
- The unemployment rate during the second quarter of 2021 reached 24.8 percent (22.7 percent for males and 33.1 percent for females), compared to 22.9 percent (21.5 percent for males and 28.6 percent for females) during the second quarter of 2020. The highest unemployment rate was among youth, which reached 58.2 percent for the (15-19) years old category and 47.0 percent for the (20-24) years old category.

### □ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 1.8 percent during the first half of 2021 compared to a contraction of 1.2 percent during the same period of 2020. When excluding “net taxes on products” (which grew by 2.0 percent during the first half of 2021 compared to a contraction of 2.7 percent during the same period of 2020), at constant basic prices, grew by 1.7 percent during the first half of 2021, compared to a contraction of 1.0 percent during the same period of 2020.

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

Percentages

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

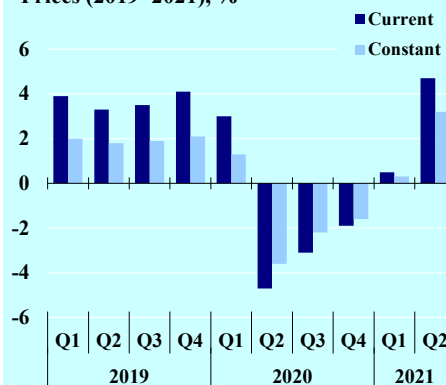
Source: Department of Statistics.

At current market prices, GDP grew by 2.6 percent during the first half of 2021 compared to contraction of 1.0 percent during the same period of 2020. This was in light of the increase of the general price level, measured by the GDP deflator, by 0.8 percent during the first half of 2021 compared to a growth of 0.2 percent during the same period of 2020.

The economic growth recorded during the first half of 2021 was driven by the positive growth that came from all sectors, except for the “restaurants and hotels” sector, which witnessed a slight decline by 0.2 percent.

As for the economic sectors' contribution to growth rate during the first half of 2021, all sectors contributed positively to the growth rate, except for the “restaurants and hotels” sector. Most notably; manufacturing contributed by 0.3 percentage point, “finance and services” (0.3 percentage point), “mining and quarrying” (0.2 percentage point), “real estate” (0.2 percentage point), and “Producers of government services” (0.2 percentage point). These sectors accounted for 66.7 percent of the real growth recorded during the first half of 2021.

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



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution Percentage Point	
	2020	2021	2020	2021
	H <sub>1</sub>	H <sub>1</sub>	H <sub>1</sub>	H <sub>1</sub>
<b>GDP at Constant Market Prices</b>	-1.2	1.8	-1.2	1.8
Agriculture	1.6	3.2	0.1	0.1
Mining And Quarrying	-1.9	10.2	0.0	0.2
Manufacturing	-2.6	1.5	-0.4	0.3
Electricity And Water	-1.2	1.1	0.0	0.0
Construction	-4.0	2.4	-0.1	0.1
Wholesale And Retail Trade	-1.8	1.8	-0.1	0.1
Restaurant And Hotels	-7.4	-0.2	-0.1	0.0
Transport, Storage And Communications	-4.4	0.9	-0.4	0.1
Finance And Insurance Services	2.9	4.0	0.2	0.3
Real Estate	1.3	1.4	0.1	0.2
Social And Personal Services	-2.1	0.0	-0.2	0.0
Producers of Government Services	1.4	1.5	0.2	0.2
Producers of Private Non-Profit	-2.5	0.8	0.0	0.0
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

### Microeconomic Indicators

Most of the microeconomic indicators witnessed an improvement in their performance during the available period of 2021. Most notably; “licensed areas for buildings” (72.8 percent), “mining and quarrying production quantity index” (8.2 percent), “manufacturing production quantity index” (17.7 percent), and “number of departures” (42.8 percent), However, other indicators showed a contraction, particularly “food products and beverages” (10.3 percent), and “Wearing apparel” (4.5 percent). The following table displays the performance of the main available microeconomic indicators:

**Main Sectoral Indicators\***

Percentage Points

2019	2020	Item	2020	Available period	2021
-35.1	-19.2	Licensed areas for buildings	-27.5	Jan-Aug	72.8
-1.2	-13.8	Manufacturing production quantity index	-15.8		17.7
-6.3	-19.5	Food products and beverages	-17.0		-10.3
7.1	3.0	Tobacco products	0.9		4.8
3.1	-16.7	Refined petroleum products	-13.8		84.0
-6.5	-29.8	Wearing apparel	-30.0		-4.5
-9.0	-28.3	Non-metallic mineral products	-30.9		2.8
15.2	13.4	Chemical products	9.1		10.8
5.4	1.3	Mining and quarrying production quantity index	-0.2		8.2
2.9	55.4	Extraction of crude petroleum and natural gas	70.5		19.1
5.5	0.9	Other mining and quarrying	-0.7	8.1	
13.8	-5.2	Production of phosphate	-6.9	Jan-Sep	15.9
1.2	-77.2	Number of passengers through Royal Jordanian	-74.1		47.5
-16.4	-40.3	Cargo through Royal Jordanian	-41.6		1.5
14.5	-76.6	Number of departures	-74.0		42.8
-12.0	-26.2	Value traded at the real estate market	-29.1		56.1

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

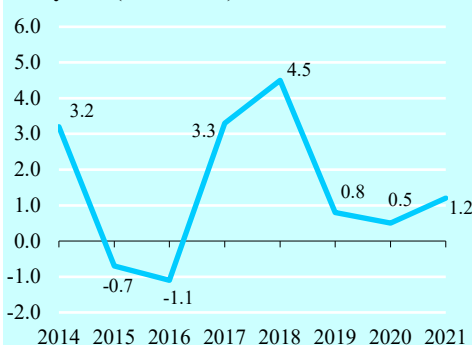


## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first nine months of 2021 by 1.2 percent, compared to a rise of 0.5 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:
  - “meat and poultry” prices increased by 5.4 percent, compared to increase by 1.6 percent during the same period of 2020.
  - Rents prices increased by 1.7 percent compared to slight decline by 0.03 percent during the same period of 2020.
  - Transportation prices increased by 3.8 percent compared to a decrease by 1.4 percent during the same period of 2020.

**Inflation Rate during the first nine months of the years (2014-2021),**



**Inflation Rate during the first nine months of 2020-2021**

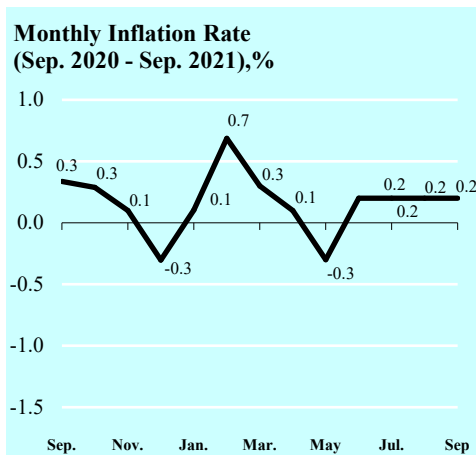
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021
<b>All Items</b>	<b>100.0</b>	<b>0.5</b>	<b>1.2</b>	<b>0.5</b>	<b>1.2</b>
<b>1) Food and non-Alcoholic Beverages</b>	<b>26.5</b>	<b>2.4</b>	<b>-0.1</b>	<b>0.6</b>	<b>-0.03</b>
<b>Food</b>	<b>23.8</b>	<b>2.6</b>	<b>-0.1</b>	<b>0.62</b>	<b>-0.03</b>
Cereals and Products	4.2	1.5	1.8	0.1	0.1
Meat and Poultry	4.7	1.6	5.4	0.1	0.3
Fish and Sea Product	0.4	2.8	0.8	0.0	0.0
Dairy Products and Eggs	3.7	4.5	0.6	0.2	0.0
Oil and Fats	1.7	-0.5	6.1	0.0	0.1
Fruits and Nuts	2.6	5.5	-2.3	0.1	-0.1
Vegetables and Legumes Dry and Canned	3.0	3.9	-13.1	0.1	-0.4
<b>2) Alcohol and Tobacco and Cigarettes</b>	<b>4.4</b>	<b>2.0</b>	<b>3.4</b>	<b>0.1</b>	<b>0.1</b>
Alcohol	0.01	0.6	20.7	0.0	0.0
Tobacco and Cigarettes	4.4	2.0	3.4	0.1	0.1
<b>3) Clothing and footwear</b>	<b>4.1</b>	<b>-0.7</b>	<b>-1.7</b>	<b>0.0</b>	<b>-0.1</b>
Clothing	3.4	-0.9	-1.6	0.0	-0.1
Footwear	0.7	0.0	-2.1	0.0	-0.01
<b>4) Housing</b>	<b>23.8</b>	<b>-1.6</b>	<b>1.4</b>	<b>-0.4</b>	<b>0.3</b>
Rents	17.5	0.0	1.7	0.0	0.3
Fuels and Lighting	4.7	-7.7	-0.1	-0.4	-0.01
<b>5) Household Furnishings and Equipment</b>	<b>4.9</b>	<b>0.7</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
<b>6) Health</b>	<b>4.0</b>	<b>2.0</b>	<b>1.8</b>	<b>0.1</b>	<b>0.1</b>
<b>7) Transportation</b>	<b>16.0</b>	<b>-1.4</b>	<b>3.8</b>	<b>-0.2</b>	<b>0.6</b>
<b>8) Communication</b>	<b>2.8</b>	<b>0.5</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>
<b>9) Culture and Recreation</b>	<b>2.6</b>	<b>1.6</b>	<b>-0.4</b>	<b>0.04</b>	<b>-0.01</b>
<b>10) Education</b>	<b>4.3</b>	<b>2.5</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>11) Restaurants and Hotels</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>
<b>12) Other Goods and Services</b>	<b>4.8</b>	<b>2.2</b>	<b>0.3</b>	<b>0.1</b>	<b>0.0</b>

Source: Department of Statistics.

The above groups and items collectively contributed to raising the inflation rate during the first nine months of 2021 by 1.2 percentage point, compared to a negative contribution of 0.1 percentage point during the same period of 2020.

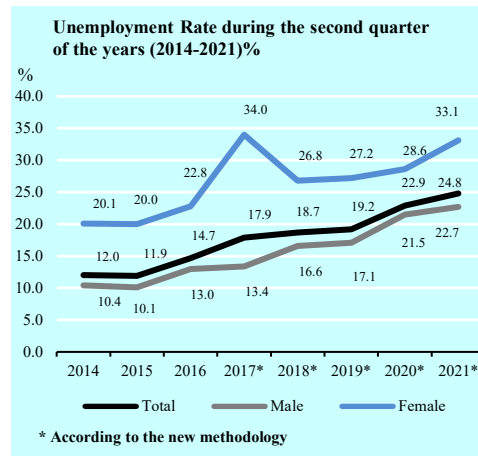
- A decline in the prices of some items and groups, notably, “vegetables and legumes dry and canned” (13.1 percent), “fruits and nuts” (2.3 percent) and clothing (1.6 percent). These groups and items contributed to a contraction of the inflation rate during the first nine months of 2021 by 0.6 percentage point, compared to a positive contribution of 0.2 during the same period of 2020.

In September 2021, the CPI witnessed an increase compared to the previous month (August 2021) by 0.2 percent. This was an outcome of the increase of the prices of some items and groups, mainly “vegetables and legumes, dry and canned” (8.4 percent), “fruits and nuts” (2.3 percent), education (1.2 percent), on the one hand, and the decrease of the prices of some items mainly “meat and poultry” (2.8 percent), “fuels and lighting” (0.3 percent), and transportation (0.5 percent) on the other hand.



### □ Labor Market

- The unemployment rate reached 24.8 percent (22.7 percent for males, and 33.1 percent for females) during the second quarter of 2021, compared to 22.9 percent (21.5 percent for males and 28.6 percent for females), during the same quarter of 2020.



- The unemployment rate among youth, during the second quarter of 2021, remains high reaching 58.2 percent for the category (15-19) years old, and 47.0 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 31.1 percent during the second quarter of 2021.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.7 percent (53.4 percent for males, and 13.9 percent for females), compared to 34.1 percent (53.8 percent for males and 14.1 percent for females) during the same period of 2020.
- The employment rate among population (15 years and older) reached 25.3 percent.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 521.9 million (2.9 percent of GDP) during the first seven months of 2021, comparing to a fiscal deficit of JD 1,251.1 million (6.9 percent of GDP) during the same period of 2020. When excluding foreign grants (JD 555.5 million), the general budget deficit increases to JD 1,077.4 million (5.9 percent of GDP), compared to a deficit of JD 1,369.3 million (7.6 percent of GDP) in the same period of 2020.
- Government domestic debt (budgetary and guaranteed) increased by JD 523.6 million at the end of July 2021, compared to its level at the end of 2020, to reach JD 19,457.3 million (61.4 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 12,824.7 million (40.5 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 640.6 million at the end of July 2021, compared to its level at the end of 2020, to reach JD 14,738.9 million (46.5 percent of GDP). When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) stand at JD 14,369.3 million (45.4 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 1,164.2 million at the end of July 2021, to reach JD 34,196.2 million (108.0 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 27,194.0 million (85.8 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 seven months of 2021 compared with the same period of 2020:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 450.5 million, or 66.1 percent, in July 2021 compared to the same month in 2020, to stand at JD 1,132.0 million. As for the first seven months of 2021, public revenues went up by JD 1,207.4 million, or 32.5 percent, compared to same period of 2020 to stand at JD 4,917.6 million. This came a result of the increase in domestic revenues by JD 770.1 million, and in foreign grants by JD 437.3 million.

**Main Government Budget Indicators during the First Seven Months of 2021:**

(JD Million and Percentages)

	July		Growth Rate	Jan.-Jul.		Growth Rate
	2020	2021		2020	2021	
<b>Public Revenues</b>	<b>681.5</b>	<b>1132.0</b>	<b>66.1</b>	<b>3,710.2</b>	<b>4,917.6</b>	<b>32.5</b>
Domestic Revenues, of which:	678.6	653.6	-3.7	3,592.0	4,362.1	21.4
Tax Revenues, of which:	556.0	545.9	-1.8	2,898.8	3,371.4	16.3
General Sales Tax	345.5	343.7	-0.5	1,859.5	2,206.4	18.7
Other Revenues	121.9	107.3	-12.0	688.9	985.9	43.1
Foreign Grants	2.9	478.4	-	118.2	555.5	-
<b>Total Expenditures</b>	<b>798.5</b>	<b>822.2</b>	<b>3.0</b>	<b>4,961.3</b>	<b>5,439.5</b>	<b>9.6</b>
Current Expenditures	729.3	752.1	3.1	4,681.2	4,983.8	6.5
Capital Expenditures	69.2	70.2	1.4	280.1	455.7	62.7
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-117.0</b>	<b>309.8</b>	<b>-</b>	<b>-1,251.1</b>	<b>-521.9</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a Percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-6.9</b>	<b>-2.9</b>	<b>-</b>

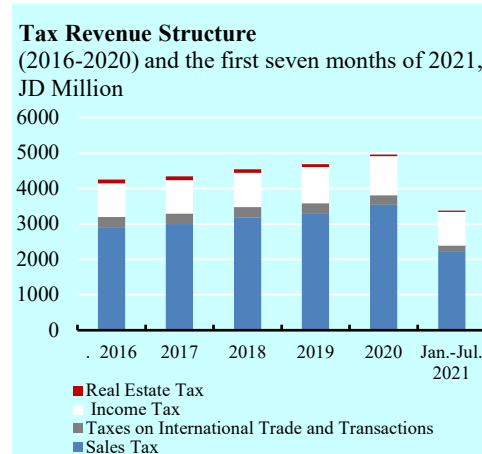
Source: Ministry of Finance/ General Government Finance Bulletin.

### ◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 770.1 million, or 21.4 percent, in the first seven months of 2021, compared to the same period of 2020, to reach JD 4,362.1 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues”, and “pension contributions” by JD 472.6 million, JD 297.0 million, and JD 0.5 million, respectively.

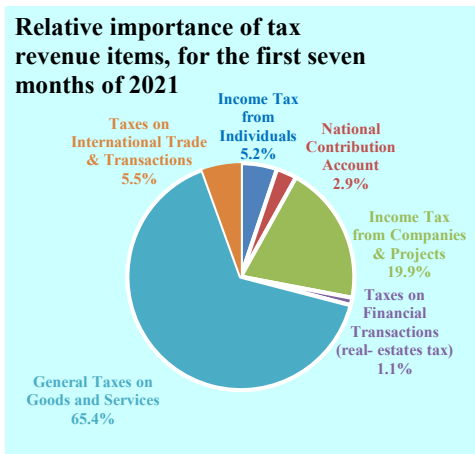
#### ● Tax Revenues

Tax revenues increased by JD 472.6 million, or 16.3 percent, during the first seven months of 2021, compared to the same period of 2020, to reach JD 3,371.4 million (77.3 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 346.9 million, or 18.7 percent, to reach JD 2,206.4 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 176.0 million, and on imported goods by JD 122.4 million, and on domestic goods by JD 38.1 million, and on services by JD 10.5 million.

- An increase in the proceeds of **income and profit taxes** by JD 71.8 million, or 8.2 percent, to reach JD 943.7 million, accounting for 28.0 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of national contribution account item, which was included in the Amending Law of Income Tax Law, in the amount of JD 32.2 million, or 48.9 percent, to reach JD 98.0 million, and the increase in the proceeds of “income taxes from individuals” by JD 14.9 million, or 9.4 percent, to reach JD 174.1 million. Moreover, the proceeds of “income taxes from companies and projects” increased by JD 24.7 million, or 3.8 percent, to account for 71.2 percent of total proceeds of income and profits taxes, amounting to JD 671.6 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 38.3 million, or 26.0 percent, to reach JD 185.7 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 15.7 million, or 78.9 percent, to reach JD 35.6 million.



#### ● Non-Tax Revenues

- “Other revenues” increased by JD 297.0 million, or 43.1 percent, during the first seven months of 2021 to reach JD 985.9 million. This increase was chiefly due to the following:



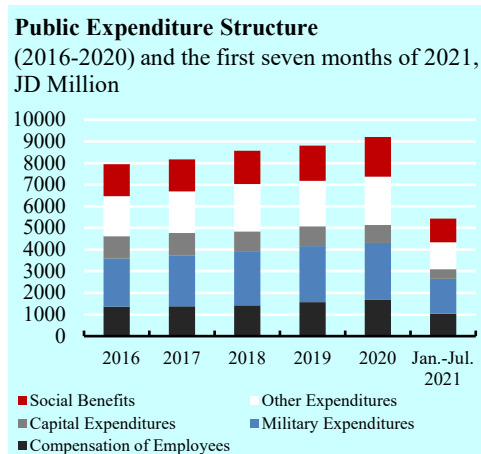
- An increase in revenues from selling goods and services by JD 146.3 million to reach JD 460.5 million.
- An increase in the property income by JD 90.0 million to stand at JD 257.4 million (of which financial surplus of independent government units amounted to JD 245.2 million against JD 154.9 million during the same period of 2020).
- An increase in miscellaneous revenues by JD 60.6 million to stand at JD 268.0 million.
- Pension contributions increased by JD 0.5 million, during the first seven months of 2021, standing at JD 4.8 million.

◆ **Foreign Grants**

Foreign grants increased by JD 437.3 million, in the first seven months of 2021, standing at JD 555.5 million compared to JD 118.2 million during the same period of 2020.

■ **Public Expenditures**

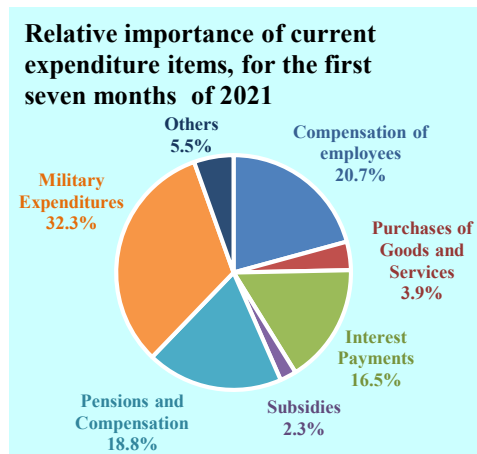
Public expenditures increased by JD 23.7 million, or 3.0 percent, in July 2021 compared to the same month in 2020, to stand at JD 822.2 million. As for the first seven months of 2021, public expenditures increased by JD 478.2 million, or 9.6 percent, compared to the same period in 2020 to stand at JD 5,439.5 million. This increase was a result of the rise in capital expenditures by 62.7 percent, and in current expenditures by 6.5 percent.



### ◆ Current Expenditures

Current expenditures went up by JD 302.6 million, or 6.5 percent, during the first seven months of 2021, to reach JD 4,983.8 million (91.6 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 10.8 percentage point, to reach to 87.5 percent compared to 76.7 percent during the first seven 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 92.6 million, to stand at JD 821.6 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 67.8 million, to reach JD 1,034.7 million.
- An increase in military expenditures by JD 65.6 million, to total JD 1,611.9 million.
- An increase in the purchases of goods and services by JD 60.2 million, to reach JD 195.3 million.
- An increase in pensions and compensation by JD 16.3 million, to stand at JD 935.8 million.
- A decrease in subsidies by JD 6.9 million, to stand at JD 112.6 million.

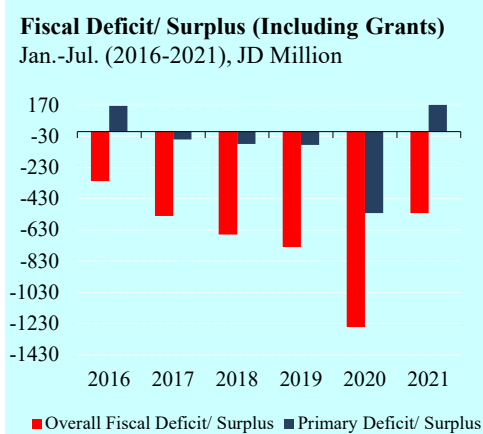


### ◆ Capital Expenditures

Capital expenditures increased by JD 175.6 million, or 62.7 percent, during the first seven months of 2021 compared to same period of 2020, to reach JD 455.7 million.

### ■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 729.2 million, during the first seven months of 2021, to reach JD 521.9 million (2.9 percent of GDP), compared to a fiscal deficit of JD 1,251.1 million (6.9 percent of

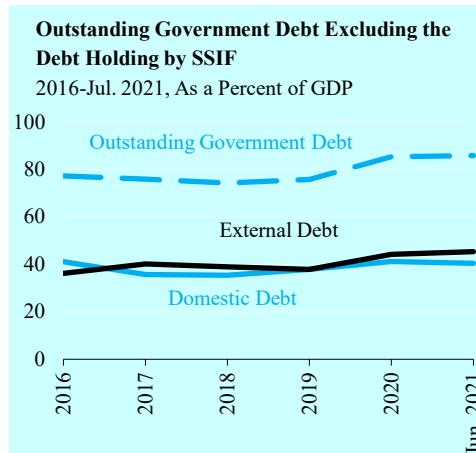
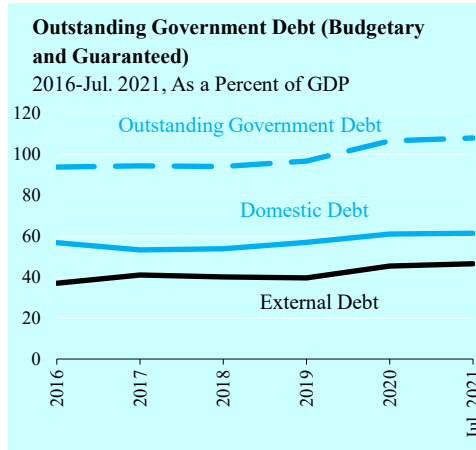


GDP), in the same period of 2020. When foreign grants are excluded, the general budget deficit increases to reach JD 1,077.4 million (5.9 percent of GDP), compared to a fiscal deficit of JD 1,369.3 million (7.6 percent of GDP) in the same period of 2020.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 255.8 million (1.4 percent of GDP) in the first seven months of 2021, against a primary deficit of JD 640.3 million (3.5 percent of GDP) in the same period of 2020. When foreign grants are including, the primary surplus of the general budget reached JD 299.7 million (1.6 percent of GDP), compared to a primary deficit of JD 522.1 million (2.9 percent of GDP) in the same period of 2020.

### □ Outstanding Government Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 523.6 million, at the end of July 2021 compared to its level at the end of 2020, to stand at JD 19,457.3 million (61.4 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 638.4 million, and the decrease in the domestic debt of guaranteed by JD 114.8 million, compared to their levels at the end of 2020, standing at JD 17,133.1 million and JD 2,324.3 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 40.7 million, at the end of July 2021 compared to its level at the end of 2020, to stand at JD 12,824.7 million (40.5 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 640.6 million at the end of July 2021, compared to its level at the end of 2020, to reach JD 14,738.9 million (46.5 percent of GDP compared to 45.5 percent of GDP at the end of 2020).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 654.1 million, at the end of July 2021 compared to its level at the end of 2020, to stand at JD 14,369.3 million (45.4 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 1,164.2 million at the end of July 2021 to reach JD 34,196.2 million (108.0 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 27,194.0 million (85.8 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 420.3 million during the first seven months of 2021 compared to the same period of 2020, to reach JD 1,007.2 million (including principal payments of JD 709.8 million and interest of JD 297.4 million).

## □ Fiscal and Price Measures of 2021

### ◆ November

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

**Development of Oil Derivatives Prices**

	Unit	2021		Percentage Change
		October	November	
Unleaded Gasoline 90	Fils/ Liter	825	835	1.2
Unleaded Gasoline 95	Fils/ Liter	1,060	1,070	0.9
Unleaded Gasoline 98	Fils/ Liter	1,210	1,220	0.8
Gas Oil (Diesel)	Fils/ Liter	615	615	0.0
Kerosene	Fils/ Liter	615	615	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	442.0	469.7	6.3
Fuel for airplanes (local companies)	Fils/ Liter	467	528	13.1
Fuel for airplanes (foreign companies)	Fils/ Liter	472	533	12.9
Fuel for unplanned flights	Fils/ Liter	487	548	12.5
Asphalt	JD/ Ton	436.9	464.6	6.3

Source: Jordan Petroleum Refinery Company (1/11/2021).

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

### ◆ October

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

**◆ September**

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

**◆ August**

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

**◆ July**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2021.
- The Cabinet decided to reduce the general sales tax on paper and cardboard used in the manufacture of eggs dishes, and cartons that are remanufacture or recycled and used for the manufacture of egg dishes, and egg cartons, to be subject to reduced tax rate of 4 percent.

**◆ June**

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

- The Prime Minister issued a defense order to set an upper limit for the costs of transporting imported goods to the place of their entry for the purpose of determining the customs value of goods imported into the Kingdom, starting from 1/7/2021 until 31/12/2021, as follows:

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

- The Cabinet decided to exempt Jordanians participating in the "Our Jordan is a Paradise" program from entry fees to archaeological and tourist sites until 31/12/2021.
- The Cabinet decided to extend the previous decision regarding exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/12/2021.

#### ◆ May

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

#### ◆ April

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



**◆ March**

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

**◆ February**

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

**◆ January**

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

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

- Signing a grant agreement provided by the Qatar Fund for Development (QFD), in the amount of USD 6.7 million, to

develop and strengthen the education sector by enhancing young people's educational capacities.

#### ◆ July

- Signing a three financing agreements provided by the World Bank (WB), in the amount of USD 853.8 million, to support the government's efforts in the field of social protection, implement the agenda of economic reforms and restore the economy by supporting programs that support the continuity of employment opportunities and job creation in the private sector, in addition to the improvement of the environment business and investment.
- Signing a grant agreement to provide COVID-19 vaccines provided by Qatar Charity, in the amount of QAR 10 million, to support the Kingdom's COVID-19 vaccination efforts for citizens and Syrian refugees.
- Signing a four development aid agreements provided by the German Development Bank (KfW), in the amount of EUR 89 million, including EUR 15 million grants and EUR 74 million soft loans, to support priority development projects in the water and environment sectors.

#### ◆ May

- Signing an assistance agreement (grants and loans) provided by the Italy governments, in the amount of EUR 235.0 million, this agreement within the Indicative Country Program to Jordan for the period (2021-2023), as follows:

- EUR 30 million grant to finance development projects for local communities hosting Syrian refugees.
- EUR 20 million arrangements for a debt- for-development swap to finance projects that promote inclusive and sustainable development.
- EUR 185 million soft loans, of which EUR 50 million were allocated for the national water conveyance project, EUR 85 million to support the health sector, and EUR 50 million to support the agricultural sector.

#### ◆ April

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

#### ◆ January

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



## Fourth: External Sector

### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 11.7 percent in August 2021, compared to the same month of 2020 to reach JD 598.7 million. As for the first eight months of 2021, total exports increased by 13.7 percent, compared to the same period of 2020 to reach JD 4,127.5 million.
- **Merchandize imports** increased by 36.6 percent in August 2021, compared to the same month of 2020 to reach JD 1,488.3 million. As for the first eight months of 2021, imports increased by 21.3 percent, compared to the same period of 2020 to reach JD 9,497.6 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 60.7 percent in August 2021 compared to the same month of 2020; standing at JD 889.6 million. As for the first eight months of 2021, the trade balance increased by 27.9 percent, compared to the same period of 2020 to reach JD 5,370.1 million.
- **Travel receipts** increased by 39.5 percent during the first three quarters of 2021, to register JD 1,207.5 million, compared to the same period of 2020. While, travel payments increased by 98.6 percent, to register JD 437.6 million, compared to the same period of 2020.
- **Total workers' remittances receipts** increased by 3.1 percent in September 2021 to reach JD 207.4 million, compared to the same month of 2020. As for the first three quarters of 2021, workers' remittances increased by 1.2 percent, compared to the same period of 2020 to reach JD 1,793.9 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,295.1 million (15.3 percent of GDP) during the first half of 2021, compared to a deficit of JD 1,217.7 million (8.3 percent of GDP) during the same half of 2020. Meanwhile, the current account deficit excluding grants increased to reach 16.3 percent of GDP during the first half of 2021, compared with 9.2 percent of GDP during the same half of 2020.
- **Net direct investment** recorded a net inflow of JD 135.3 million during the first half of 2021, compared to a net inflow of JD 302.3 million during the same half of 2020.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 35,422.7 million at the end of the first half of 2021, compared to JD 33,684.9 million at the end of 2020.

#### □ External Trade

- As a result of the increase in domestic exports by JD 513.9 million and the increase in imports by JD 1,667.6 million during the first eight months of 2021, the volume of external trade (domestic exports *plus* imports) increased by JD 2,181.5 million to stand at JD 13,243.3 million compared to the same period of 2020.

Jordan's Major Trading Partners			
JD Million			
January – August			
	2020	2021	Percentage Change
<b>Exports</b>			
USA	807.0	986.1	22.2
Saudi Arabia	364.8	511.0	40.1
India	326.6	464.3	42.2
Iraq	279.7	262.8	-6.0
UAE	121.3	106.7	-12.0
Kuwait	108.5	102.4	-5.6
Indonesia	60.1	87.9	46.3
<b>Imports</b>			
Saudi Arabia	1011.1	1410.5	39.5
China	1,213.3	1,365.0	12.5
USA	631.1	631.5	0.1
UAE	292.5	545.9	86.6
Germany	315.4	358.4	13.6
Egypt	273.3	336.1	23.0
Italy	227.6	311.2	36.7
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
January – August				
	2020	Percentage Change (%)	2021	Percentage Change (%)
External Trade	11,061.8	-10.3	13,243.3	19.7
Total Exports	3,630.8	-5.1	4,127.5	13.7
Domestic Exports	3,231.8	-0.1	3,745.7	15.9
Re-exports	399.0	-32.3	381.8	-4.3
Imports	7,830.0	-13.9	9,497.6	21.3
Trade Balance	-4,199.2	-20.4	-5,370.1	27.9
Source: Department of Statistics.				

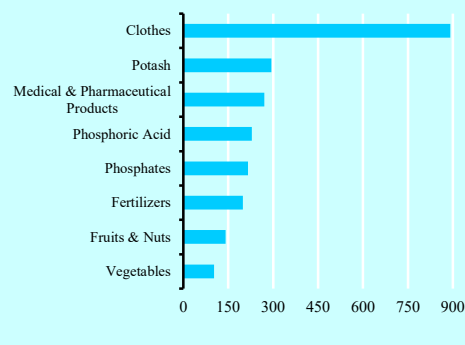
### ■ Merchandize Exports:

Total merchandize exports increased by 13.7 percent during the first eight months of 2021, to reach JD 4,127.5 million. This increase was an outcome of the increase in domestic exports by JD 513.9 million, or 15.9 percent to reach JD 3,745.7 million and a decrease in re-exports by JD 17.2 million, or 4.3 percent to reach JD 381.8 million.

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

- Exports of “**Phosphoric Acid**” increased by JD 133.2 million, or 139.8 percent, to reach JD 228.5 million. The markets of India and Turkey accounted for 95.2 percent of these exports.
- Exports of **Clothes** increased by JD 107.7 million or 13.7 percent to reach JD 891.8 million. It is worth noting that the USA market accounted for 84.0 percent of these exports.
- Exports of **Phosphates** increased by JD 63.6 million, or 41.8 percent, to stand at JD 215.8 million. The markets of India, Indonesia and Brazil accounted for 96.7 percent of these exports.

**Major Exports by Commodity  
During the first eight months of 2021,  
JD Million**



- Exports of “**Fruits & Nuts**” increased by JD 62.0 million, or 78.6 percent, to reach JD 140.9 million. Saudi Arabia, Iraq, Kuwait and the UAE were the main destination markets; accounting for 73.5 percent of these exports.
- Exports of **Fertilizers** increased by JD 52.5 million or 35.8 percent to stand at JD 199.1 million. The USA, India, and Brazil were the main destination markets for these exports, accounting for 78.0 percent.
- Exports of “**Potash**” increased by JD 36.7 million or 14.3 percent, to stand at JD 293.6 million. It is worth noting that India, China, and Indonesia accounted for 44.4 percent these exports.

**Major Domestic Exports by Commodity, JD Million  
January – August 2020-2021**

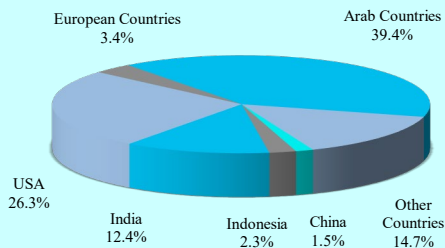
	2020	2021	Percentage Change
<b>Domestic Exports</b>	<b>3,231.8</b>	<b>3,745.7</b>	<b>15.9</b>
<b>Clothes</b>	<b>784.1</b>	<b>891.8</b>	<b>13.7</b>
USA	692.6	749.0	8.1
<b>Potash</b>	<b>256.9</b>	<b>293.6</b>	<b>14.3</b>
India	62.8	56.6	-9.9
China	64.1	37.9	-40.9
Indonesia	15.1	35.9	137.7
<b>Medical &amp; Pharmaceutical Products</b>	<b>253.9</b>	<b>270.5</b>	<b>6.5</b>
Saudi Arabia	58.1	61.2	5.3
Iraq	42.8	45.8	7.0
Algeria	29.0	28.0	-3.4
UAE	16.6	22.1	33.1
<b>Phosphoric Acid</b>	<b>95.3</b>	<b>228.5</b>	<b>139.8</b>
India	78.4	210.1	168.0
Turkey	0.0	7.4	-
<b>Phosphates</b>	<b>152.2</b>	<b>215.8</b>	<b>41.8</b>
India	96.8	149.3	54.2
Indonesia	44.6	50.7	13.7
Brazil	6.0	8.7	45.0
<b>Fertilizers</b>	<b>146.6</b>	<b>199.1</b>	<b>35.8</b>
USA	0.0	108.7	-
India	82.3	26.9	-67.3
Brazil	0.0	19.7	-
<b>Fruit &amp; Nuts</b>	<b>78.9</b>	<b>140.9</b>	<b>78.6</b>
Saudi Arabia	23.8	53.5	124.8
Iraq	21.2	23.1	9.0
Kuwait	8.7	16.4	88.5
UAE	5.9	10.5	78.0
<b>Vegetables</b>	<b>103.0</b>	<b>102.0</b>	<b>-1.0</b>
Saudi Arabia	25.7	29.4	14.4
Kuwait	22.2	23.4	5.4
UAE	13.6	11.5	-15.4

Source: Department of Statistics.



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

**Geographic Distribution of Domestic Exports During the first eight months of 2021**

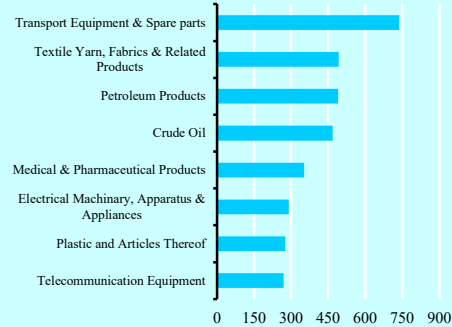


Pharmaceutical Products”, “Phosphoric Acid”, Phosphates, Fertilizers, “Fruits & Nuts”, and Vegetables, topped the list of domestic exports during the first eight months of 2021; accounting for 62.5 percent, compared with 57.9 percent during the same period of 2020. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, the UAE, Kuwait, and Indonesia were the main destination markets during the first eight months of 2021; accounting for 67.3 percent, compared with 64.0 percent during the same period of 2020.

■ **Merchandize Imports:**

Merchandize imports increased by 21.3 percent to reach JD 9,497.6 million during the first eight months of 2021, compared to a decrease by 13.9 percent during the same period of 2020.

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



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

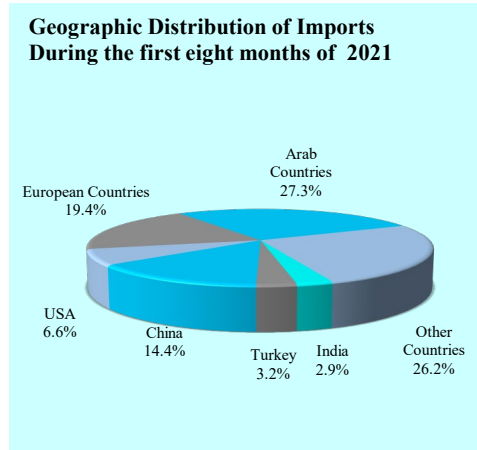
- **Crude oil** imports increased by JD 160.6 million, or 52.2 percent, to reach JD 468.4 million. Saudi Arabia was the main origin market accounting for 100.0 percent of these imports.
- **Transport equipment & spare parts** imports increased by JD 137.3 million or 22.9 percent to reach JD 737.5 million. The USA, South Korea, Japan, and Germany were the main origin markets, accounting for 67.6 percent of these imports.
- **Petroleum products** imports increased by JD 124.4 million or 34.0 percent to stand at JD 490.2 million. Saudi Arabia, and Malaysia were the main markets, accounting for 77.8 percent of these imports.

- **Textile yarn, fabrics and related products** imports increased by JD 80.8 million, or 19.6 percent, to reach JD 492.6 million. China, Taiwan and Turkey were the main markets accounting for 75.0 percent of these imports.
- **Electrical Machinery, Apparatus & Appliances** imports increased by JD 56.9 million or 24.4 percent to reach JD 290.3 million. China, Turkey and Italy, were the main origin markets accounting for 51.1 percent of these imports.
- **Plastic and Articles Thereof** imports increased by JD 49.9 million or 22.1 percent, to reach JD 276.0 million. Saudi Arabia, China, and the UAE were the main markets, accounting for 71.7 percent of these imports.

<b>Major Imports by Commodity, JD Million</b>			
<b>January - August 2020-2021</b>			
	<b>2020</b>	<b>2021</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>7,830.0</b>	<b>9,497.6</b>	<b>21.3</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>600.2</b>	<b>737.5</b>	<b>22.9</b>
USA	132.6	147.6	11.3
South Korea	103.5	143.2	38.4
Japan	90.1	108.1	20.0
Germany	72.5	99.8	37.7
<b>Textile Yarn, Fabrics and Related Products</b>	<b>411.8</b>	<b>492.6</b>	<b>19.6</b>
China	186.8	217.0	16.2
Taiwan	84.7	105.2	24.2
Turkey	34.9	47.2	35.2
<b>Petroleum Products</b>	<b>365.8</b>	<b>490.2</b>	<b>34.0</b>
Saudi Arabia	245.1	318.1	29.8
Malaysia	0.0	63.3	-
<b>Crude Oil</b>	<b>307.8</b>	<b>468.4</b>	<b>52.2</b>
Saudi Arabia	280.2	468.4	67.2
<b>Medical &amp; Pharmaceutical Products</b>	<b>328.2</b>	<b>352.7</b>	<b>7.5</b>
Germany	46.0	51.0	10.9
USA	36.1	33.3	-7.8
Switzerland	21.7	24.4	12.4
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>233.4</b>	<b>290.3</b>	<b>24.4</b>
China	84.5	108.0	27.8
Turkey	12.2	20.3	66.4
Italy	14.2	19.9	40.1
<b>Plastic and Articles Thereof</b>	<b>226.1</b>	<b>276.0</b>	<b>22.1</b>
Saudi Arabia	110.2	151.9	37.8
China	18.0	27.1	50.6
UAE	15.0	18.9	26.0
<b>Telecommunication Equipmnt</b>	<b>261.8</b>	<b>269.1</b>	<b>2.8</b>
China	196.1	192.2	-2.0
Vietnam	32.6	38.3	17.5
India	9.3	10.4	11.8

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”, “Electrical Machinery, Apparatus & Appliances”, “Plastic and Articles Thereof”, “Telecommunication Equipment”, topped the list of imports during the first eight months of 2021, accounting for 35.6 percent, compared with 34.9 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 eight months of 2021; accounting for 52.2 percent of imports, compared to 50.6 percent during the same period of 2020.



#### ■ Re-Exports

The value of re-exported goods in August 2021 increased by JD 6.5 million, or 15.0 percent, compared to the same month of 2020, to stand at JD 49.9 million. As for the first eight months of 2021, the re-exported goods decreased by JD 17.2 million, or 4.3 percent, compared to the same period of 2020, to stand at JD 381.8 million.

#### ■ Trade Balance

The trade balance deficit increased by JD 336.1 million, or 60.7 percent in August 2021 compared to the same month of 2020, to reach JD 889.6 million. As for the first eight months of 2021, trade balance deficit increased by JD 1,170.9 million, or 27.9 percent, compared to the same period of 2020, to stand at JD 5,370.1 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 3.1 percent in September 2021, compared to the same month of 2020, to register JD 207.4 million. As for the first three quarters of 2021 worker's remittances increased by JD 21.0 million, or 1.2 percent to stand at 1,793.9 million, compared to the same period of 2020.

### □ Travel

#### ■ Receipts

Travel receipts increased by 39.5 percent during the first three quarters of 2021, to register JD 1,207.5 million, compared to the same period of 2020.

#### ■ Payments

Travel payments increased by 98.6 percent during the first three quarters of 2021, to register JD 437.6 million, compared to the same period of 2020.

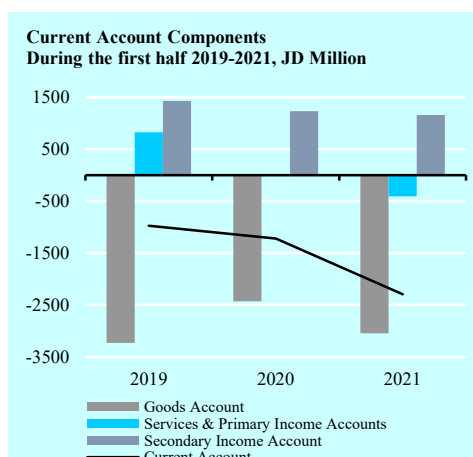
### □ Balance of Payments

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

- The current account recorded a deficit of JD 2,295.1 million (15.3 percent of GDP), compared to a deficit of JD 1,217.7 million (8.3 percent of GDP) during the same half of 2020. Meanwhile, the current account deficit (excluding grants) increased to reach JD 2,447.4 million (16.3 percent of GDP), compared to a deficit of JD 1,339.2 million (9.2 percent of GDP) during the same half of 2020.

This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 614.7 million, or 25.3 percent, to reach JD 3,045.9 million, compared to JD 2,431.2 million during the same half of 2020.



- ◆ The services account recorded a deficit of JD 289.7 million, compared to a surplus of JD 38.0 million during the same half of 2020.
- ◆ An increase in the primary income account a deficit to reach of JD 116.7 million, compared to a deficit of JD 57.2 million during the same half of 2020. This was mainly due to the increase in the deficit of investment income (net) to reach JD 214.6 million, compared to deficit of JD 156.7 million, and the decrease in the surplus of “compensation of employees (net)” by JD 1.6 million to reach JD 97.9 million.
- A decrease in the secondary income surplus by JD 75.6 million to reach JD 1,157.2 million, compared to a surplus of JD 1,232.8 million during the same half of 2020. This was a result of the decrease in net surplus of other sectors transfers (net) by JD 106.4 million to reach JD 1,004.9 million, and the increase in the net transfers of the public sector (foreign grants) by JD 30.8 million to reach JD 152.3 million.

- As for the capital and financial transactions during the first half of 2021, the capital account registered a net inflow of JD 17.6 million, compared to a net inflow of JD 8.6 million during the same half of 2020. Meanwhile, the financial account registered a net inflow of JD 883.4 million during the first half of 2021, compared to a net inflow of JD 1,593.5 million during the same half of 2020, this could be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 135.3 million compared to a net inflow of JD 302.3 million.
  - ◆ Portfolio investment recorded a net outflow of JD 30.4 million compared to a net outflow of JD 20.0 million.
  - ◆ Other investment registered a net inflow of JD 721.7 million, compared to a net inflow of JD 1,083.6 million.
  - ◆ A decrease in the reserve assets of the CBJ by JD 56.8 million, compared to a decrease of JD 227.6 million.

#### □ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 35,422.7 million at the end of the first half of 2021 compared, to JD 33,684.9 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 709.0 million at the end of the first half of 2021 to reach JD 19,564.1 million. This was mainly due to the decrease in the currency and deposits of the licensed banks abroad

by JD 434.7 million and decrease in the CBJ's reserve asset by JD 307.3 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 1,028.8 million at the end of the first half of 2021, to reach JD 54,986.8 million, this was due to the following developments:
  - ◆ An increase in the stock of portfolio investment in the kingdom by JD 567.1 million or 7.9 percent, to stand at JD 7,769.7 million.
  - ◆ An increase in the stock of direct investment in the kingdom by JD 222.1 million or 0.9 percent, to stand at JD 26,170.9 million.
  - ◆ An increase in the balance of the international monetary fund credit facilities by JD 134.5 million or 18.3 percent, to reach JD 871.2 million.
  - ◆ An increase of banks short-term loans by JD 35.0 million or 8.4 percent, to stand at JD 452.1 million.
  - ◆ An increase in the deposits of non-residents at the banking sector by JD 17.4 million or 0.2 percent to stand at JD 10,474.0 million (decrease by JD 139.4 million for the CBJ, and an increase by JD 156.8 million for the licensed banks).
  - ◆ A decrease of government long term loans by JD 33.9 million or 0.6 percent, to stand at JD 5,701.9 million.
  - ◆ A decrease of trade credits to residents in the kingdom by JD 31.7 million or 5.1 percent, to stand at JD 594.5 million.