



Central Bank of Jordan

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

**Research Dept / Monthly Report  
March, 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 |



## **Contents**

	<b>Executive Summary</b>	<b>1</b>
<b>First</b>	<b>Monetary &amp; Financial Sector</b>	<b>3</b>
<b>Second</b>	<b>Output, Prices and Employment</b>	<b>15</b>
<b>Third</b>	<b>Public Finance</b>	<b>23</b>
<b>Fourth</b>	<b>External Sector</b>	<b>45</b>



### Executive Summary

#### □ Output, Prices and Employment

Real GDP at market prices declined by 1.6 percent during 2020, compared to a growth of 2.0 percent during 2019. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two month 2021 by 0.01 percent, compared to a rise of 1.8 percent during the same period of 2020. The unemployment rate increased during the fourth quarter of 2020 to stand at 24.7 percent, compared to 19.0 percent during the same quarter of 2019.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 15,490.5 million at the end of February 2021. This level of reserves covers around 8.9 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 37,458.2 million at the end of February 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 29,157.8 million at the end of February 2021, compared to JD 28,634.6 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 37,317.6 million at the end of February 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 1,761.4 points at the end of February 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 1,767.3 million (-6.2 percent of GDP) during the first eleven months of 2020, comparing to a fiscal deficit of JD 1,288.7 million (-4.4 percent of GDP) during the same period of 2019. Government domestic debt (budgetary and guaranteed) increased by JD 1,140.4 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 18,878.4 million (60.4 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 12,768.7 million (40.8 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 1,670.7 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 14,008.9 million (44.8 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 13,625.8 million (43.6 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 32,887.3 million at the end of November 2020 (105.1 percent of GDP), compared to JD 30,076.2 million (95.2 percent of GDP) at the end of 2019. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 26,394.5 million (84.4 percent of GDP compared to 75.8 percent of GDP at the end of 2019).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 9.4 percent in January 2021 to reach JD 453.1 million. Meanwhile, merchandize imports increased by 1.1 percent to reach JD 1,100.2 million. As a result, the trade balance deficit increased by 10.1 percent compared to the same month of 2020, to reach JD 647.1 million. The preliminary data during the first two months of 2021 showed a decrease in travel receipts by 83.0 percent, to reach JD 110.6 million, and a decrease in travel payments by 73.5 percent, to reach JD 42.5 million, compared to the same period of 2020. Moreover, total workers' remittances receipts increased by 0.8 percent, to reach JD 408.7 million in the first two months of 2021 compared to the same period of 2020. The preliminary data for the balance of payments during 2020 displayed a deficit in the current account amounted to JD 2,473.0 million (8.0 percent of GDP) compared to a deficit of JD 672.0 million (2.1 percent of GDP) during 2019. Meanwhile, the current account deficit excluding grants increased to reach 10.9 percent of GDP compared with 5.1 percent of GDP during 2019. Moreover, net direct investment recorded a net inflow of JD 496.7 million during 2020, compared to a net inflow of JD 487.3 million during 2019. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 33,951.2 million at the end of 2020 up from JD 32,372.6 million at the end of 2019.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 15,490.5 million at the end of February 2021. This level of reserves covers around 8.9 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 37,458.2 million at the end of February 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 29,157.8 million at the end of February 2021, compared to JD 28,634.6 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 37,317.6 million at the end of February 2021, compared to JD 36,789.1 million at the end of 2020.
- At the end of February 2021, both credit and deposit interest rates at licensed banks declined, except interest rates on discount bills and bonds 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 1,761.4 points at the end of February 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 13,598.8 million at the end of February 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

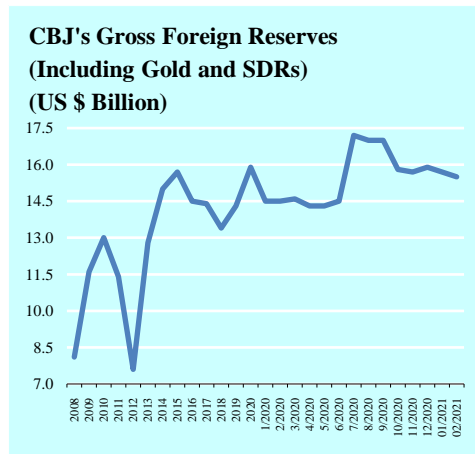
		End of February	
2020		2020	2021
US\$ 15,919.7	CBJ's Foreign Reserves*	US\$ 14,476.0	US\$ 15,490.5
11.1%		1.0%	-2.7%
37,011.9	Money Supply (M2)	35,336.0	37,458.2
5.8%		1.0%	1.2%
28,634.6	Credit Facilities, of which:	27,465.6	29,157.8
5.7%		1.4%	1.8%
25,521.9	Private Sector (Resident)	24,326.8	25,962.9
6.3%		1.4%	1.7%
36,789.1	Total Deposits, of which:	35,677.9	37,317.6
4.2%		1.1%	1.4%
28,233.9	In JD	27,203.1	28,714.4
4.2%		0.4%	1.7%
8,555.2	In Foreign Currencies	8,474.8	8,603.2
4.4%		3.4%	0.6%
28,851.1	Deposits of Private Sector (Resident), of which:	28,631.6	29,271.8
2.0%		1.2%	1.5%
22,708.6	In JD	22,359.1	23,102.6
2.6%		1.0%	1.7%
6,142.5	In Foreign Currencies	6,272.5	6,169.2
-0.3%		1.8%	0.4%

\* 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 (including gold and SDRs) amounted to US\$ 15,490.5 million at the end of February 2021. This level of reserves covers around 8.9 months of the Kingdom's imports of goods and services.



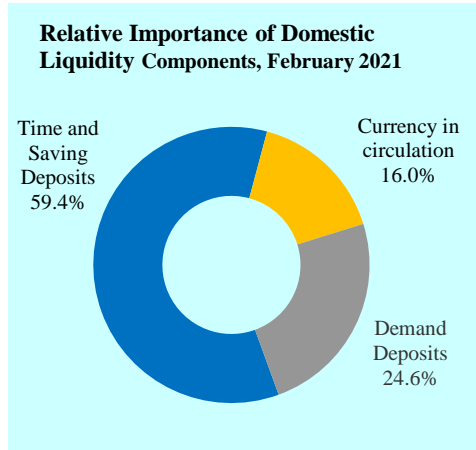
### □ Domestic Liquidity (M2)

- Domestic liquidity amounted to JD 37.5 billion at the end of February 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 February 2021, compared to their levels at the end of 2020, reveal the following:**

- **Components of Domestic Liquidity**

- Total liquidity deposits amounted to JD 31.5 billion at the end of February 2021, compared to JD 30.6 billion at end of the same period in 2020, against JD 31.1 billion at the end of 2020.

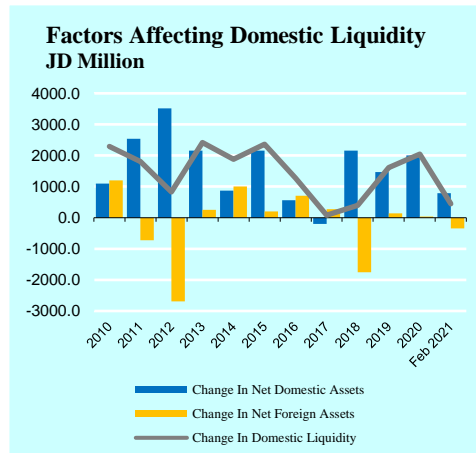
- Currency in circulation amounted to JD 6.0 billion at the end of February 2021, compared with JD 4.7



billion at end of 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 30.3 billion at the end of February 2021,



compared with JD 27.8 billion at end of the same period in 2020, and JD 29.5 billion at the end of 2020.

- Net foreign assets of the banking system amounted to JD 7.2 billion at the end of February 2021. The net foreign assets of the CBJ amounted to JD 10.5 billion at the end of February 2021.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

		End of February	
2020		2020	2021
<b>7,542.2</b>	<b>Foreign Assets (Net)</b>	<b>7,569.1</b>	<b>7,201.8</b>
10,798.6	CBJ	10,097.0	10,546.9
-3,256.4	Licensed Banks	-2,527.9	-3,345.1
<b>29,469.7</b>	<b>Domestic Assets (Net)</b>	<b>27,766.9</b>	<b>30,256.4</b>
-4,297.3	CBJ, of which:	-4,892.3	-3,941.0
1,026.9	Claims on Public Sector (Net)	502.2	930.8
-5,347.4	Other Items (Net*)	-5,417.2	-4,894.2
33,767.0	Licensed Banks	32,659.1	34,197.3
11,929.9	Claims on Public Sector (Net)	11,311.9	12,258.4
26,234.0	Claims on Private Sector	25,039.0	26,688.1
-4,396.9	Other Items (Net)	-3,691.7	-4,749.1
<b>37,011.9</b>	<b>Money Supply (M2)</b>	<b>35,336.0</b>	<b>37,458.2</b>
<b>5,939.4</b>	<b>Currency in Circulation</b>	<b>4,700.2</b>	<b>5,989.4</b>
<b>31,072.5</b>	<b>Total Deposits, of which:</b>	<b>30,635.8</b>	<b>31,468.8</b>
6,219.6	In Foreign Currencies	6,402.0	6,241.9

\* This item includes Certificates of Deposit in Jordanian Dinar.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments and CBJ's procedures

◆ The CBJ 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.

2020		February	
		2020	2021
2.50	CBJ main rate	4.00	2.50
3.50	Re-discount Rate	5.00	3.50
3.25	Repurchase Agreements Rate (overnight)	4.75	3.25
2.00	Overnight Deposit Window Rate	3.25	2.00
2.50	Repurchase Agreements rate (one week and one month)	4.00	2.50
2.50	Certificates of Deposits (one week)	4.00	2.50

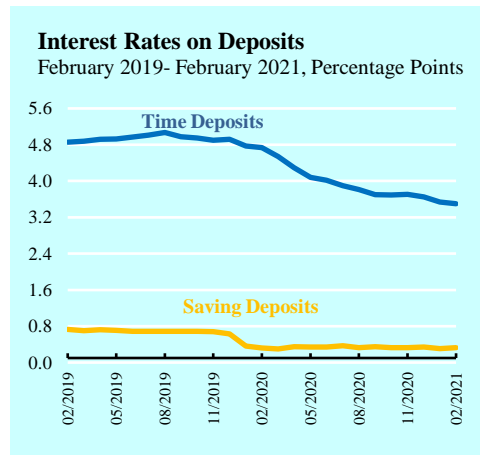
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- 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 4 basis points at the end of February 2021, compared to its level registered at the previous month to stand at 3.50 percent. This rate is lower by 15 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 February 2021, compared to its level registered at 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 decreased by 5 basis points at the end of February 2021, compared to its level registered at the previous month, to stand at 0.25 percent. This rate is lower by two basis points than its level registered at the end of 2020.

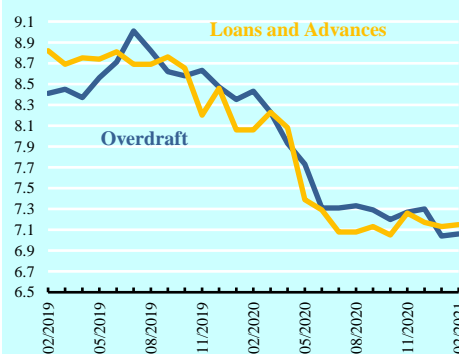
◆ **Interest Rates on Credit Facilities**

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by two basis points at the end of February 2021, compared to its level registered at the previous month to stand at 7.06 percent. This rate is lower by 24 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” increased by 23 basis points at the end of February 2021, compared to its level registered at the previous month to stand at 8.61 percent. This rate is higher by 10 basis points than its level registered at the end of 2020.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by two basis points at the end of February 2021, compared to its level registered at the previous month to stand at 7.15 percent. This rate is lower by two basis points than its level registered at the end of 2020.

**Interest Rates on Credit facilities**  
February 2019- February 2021, Percentage Points



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

		February		Change
		2020	2021	Relative to the Preceding Year
				Basis Points
<b>2020</b>				
<b>Deposits</b>				
0.27	Demand	0.42	0.25	-2
0.34	Saving	0.32	0.33	-1
3.65	Time	4.74	3.50	-15
<b>Credit Facilities</b>				
8.51	Discounted Bills and Bonds	8.51	8.61	10
7.17	Loans and Advances	8.06	7.15	-2
7.30	Overdraft	8.43	7.06	-24
8.33	Prime Lending Rate	9.31	8.33	0

Source: Central Bank of Jordan / Monthly Statistical Bulletin.



- The prime lending rate stood at 8.33 percent at the end of February 2021, maintaining the same level registered at the end of 2020.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 523.2 million, or 1.8 percent, at the end of February 2021, against an increase by JD 383.4 million, or 1.4 percent during the same month in 2020.
- In terms of borrower sectors, the credit facilities at the end of February 2021 had shown an increase in credit extended to the private sector (resident) by JD 441.0 million, or 1.7 percent, the Central government by JD 39.5 million, or 2.2 percent, the public institutions by JD 20.9 million, or 3.7 percent, the private sector (non-resident) by JD 17.7 million, or 2.9 percent, and the non-banking financial institutions by JD 4.2 million or 3.2 percent, compared to their levels at the end of 2020.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 37.3 billion at the end of February 2021, compared to JD 35.7 billion at the end of February 2020 and JD 36.8 million at the end of 2020.
- The currency composition of deposits at the end of February 2021 revealed that the JD deposits amounted to JD 28.7 billion, and the deposits in foreign currencies amounted to JD 8.6 billion, compared to JD 27.2 billion of JD deposits, and JD 8.5 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)<sup>(1)</sup>**

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

**■ Trading Volume**

Trading volume at ASE totaled JD 136.4 million in February 2021, decreasing by JD 75.7 million, or 35.7 percent, compared to its level registered in the previous month, against an increase by JD 17.3 million, or 16.4 percent, during the same month in 2020. As for beginning of the first two months of 2021, the trading balance totaled JD 348.5 million.

**■ Traded Shares**

The number of traded shares in February 2021 totaled 128.4 million shares, decreasing by JD 71.2 million, or 35.7 percent, compared to its level registered in the previous month against an increase by JD 22.7 million, or 24.4 percent during the same month in 2020. As for beginning of the first two months of 2021 the number of traded shares amounted to 328.1 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)

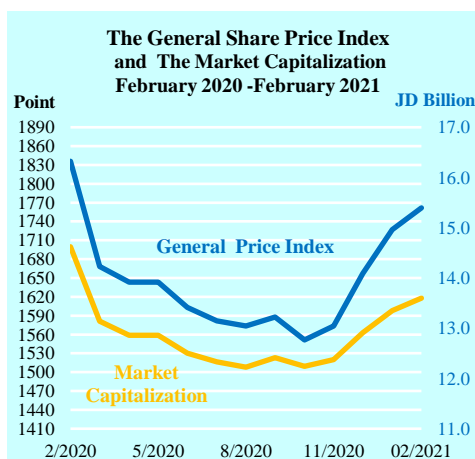
The SPI weighted by market capitalization of free float shares at ASE increased by 34.5 points or 2.0 percent, at the end of February 2021, compared to its level in the previous month, to stand at 1,761.4 points, against a decrease by 32.0 points or 1.7 percent during the same month in 2020. Furthermore, the SPI increased by 104.1 points, or 6.3 percent compared to its level at the end of 2020, against an increase in 20.7 points, or 1.1 percent at the same period in 2020. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 368.6 points, or 17.4 percent, and the financial sector by 84.1 points, or 3.9 percent, and the services sector by 53.8 points, or 4.7 percent, compared to their levels at the end of 2020.

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

2020	General Index	February	
		2020	2021
1,657.2	General Index	1,835.9	1,761.4
2,171.7	Financial Sector	2,453.9	2,255.7
2,119.7	Industrial Sector	1,901.5	2,488.3
1,148.0	Services Sector	1,323.7	1,201.9

### ■ Market Capitalization

The ASE's market capitalization totaled JD 13.6 billion at the end of February 2021, increasing by JD 247.4 million, or 1.9 percent, compared to its level registered in the previous month, compared to an decrease by JD 548.6 million, or 3.6 percent during the same months in 2020. Furthermore, the ASE's market capitalization increased by JD 691.0 million, or 5.4 percent compared to its level at the end of 2020.



### ■ Non - Jordanian Net Investment

Non - Jordanian net investment at ASE recorded an outflow amounted of JD 2.4 million in February 2021, compared to an outflow by JD 27.1 million during the same month in 2020. The value of shares buying by non-Jordanian in February 2021 amounted to JD 9.6 million, while their

Main Amman Stock Exchange Trading Indicators, JD Million			
		February	
2020		2020	2021
1,048.8	Value Traded	122.3	136.4
4.9	Average Daily Trading	6.1	7.2
12,907.8	Market Capitalization	14,621.3	13,598.8
1,142.7	No. of Traded Shares (million)	115.8	128.4
-67.5	Net Investment of Non-Jordanian	-27.1	-2.4
96.8	Non-Jordanian Buying	13.7	9.6
164.4	Non-Jordanian Selling	40.8	12.0

Source: Amman Stock Exchange.

selling amounted to JD 12.0 million. The Non-Jordanian net investment at the beginning of the first two months of 2021, recorded an outflow amounting to JD 4.1 million.

## Second: Output, Prices and Employment

### ■ Summary

- Gross Domestic Product (GDP), at constant market prices, contracted by 1.6 percent during the fourth quarter of 2020, compared to a growth of 2.1 percent during the same quarter of 2019. At current market prices, GDP contracted by 1.9 percent during the fourth quarter of 2020, compared to a growth of 4.0 percent during the same quarter of 2019.
- Accordingly, real GDP declined by 1.6 percent during 2020, compared to a growth of 2.0 percent during 2019. At current market prices, GDP declined by 1.8 percent during 2020 compared to a growth of 3.7 percent during 2019.
- The general price level, measured by the percentage change in the CPI, witnessed a stabilization during the first two months of 2021, increasing by only 0.01 percent, compared to an increase of 1.8 percent during the same period of 2020.
- The unemployment rate increased during the fourth quarter of 2020 to stand at 24.7 percent (22.6 percent for males and 32.8 percent for females), compared to 19.0 percent (17.7 percent for males and 24.1 percent for females) during the same quarter of 2019. The highest unemployment rate among youth reached 62.1 percent for the (15-19) years old category and 47.9 percent for the (20-24) years old category.

### ■ Developments of GDP

- Gross domestic product (GDP), at constant market prices witnessed a decline by 1.6 percent during 2020 compared to a growth of 2.0 percent during 2019, affected mainly by the deep impact of the Covid-19 crisis, which started to materialize in the middle of March 2020. When excluding “net taxes on products” (which witnessed a decline by 2.6 percent during 2020 compared to a growth of 0.6 percent during 2019). GDP, at constant basic prices, declined by 1.4 percent during 2020, compared to a growth of 2.2 percent during 2019.

**Quarterly Growth Rates of GDP at Market Prices (2018 – 2020)**

Percentages

	Q1	Q2	Q3	Q4	Year
<b>2018</b>					
GDP at Constant Prices	1.9	2.1	1.9	1.8	<b>1.9</b>
GDP at Current Prices	3.9	3.8	3.5	3.6	<b>3.7</b>
<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>

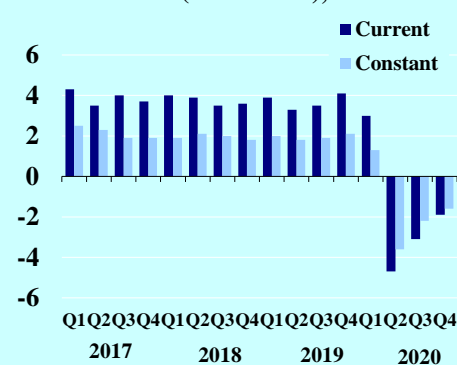
Source: Department of Statistics.

At current market prices, GDP declined by 1.8 percent during 2020 compared to a growth of 3.7 percent during 2019. This was in light of the decline of the general price level, measured by the GDP deflator, by 0.3 percent during 2020 compared to a growth of 1.7 percent during 2019.

The main sectors that contributed to the decline in (GDP) at constant market prices during 2020 include: manufacturing (-0.5 percentage point), “transport, storage and communications” (-0.5 percentage point), “social and personal services” (-0.3 percentage point). These sectors collectively accounted for 81.3 percent of the decline rate of real GDP during 2020.

Most of the economic sectors witnessed a decline in their performance during 2020, most notably, “restaurant and hotels”, “transport, storage and communications”, construction, manufacturing, “social and personal services”, “wholesale and retail trade”, and “electricity and water”. In contrast, “agriculture”, “finance and insurance services”, “real estate”, “producers of government services”, and “mining and quarrying” witnessed a slowdown.

**Quarterly Growth Rates of GDP at Market Prices (2017- 2020), %**



**Main Sectors Contributed to Economic Growth at Constant Market Prices**

Sectors	Percentage			
	Relative change		Contribution	
	2019	2020	2019	2020
<b>GDP at Constant Market Prices</b>	2.0	-1.6	2.0	-1.6
Agriculture	2.6	1.6	0.1	0.1
Mining And Quarrying	5.5	0.8	0.1	0.0
Manufacturing	1.2	-2.7	0.2	-0.5
Electricity And Water	1.8	-1.4	-	-
Construction	-0.4	-3.8	-	-0.1
Wholesale And Retail Trade	1.0	-2.3	0.1	-0.2
Restaurant And Hotels	1.2	-8.2	-	-0.1
Transport, Storage And Communications	3.2	-5.2	0.3	-0.5
Finance And Insurance Services	3.6	3.0	0.3	0.2
Real Estate	2.5	0.5	0.3	0.1
Social And Personal Services	3.3	-3.3	0.3	-0.3
Producers of Government Services	2.1	1.1	0.3	0.2
Producers of Private Non-Profit	2.6	-2.3	-	-
Domestic Services of Households	0.1	0.1	-	-

Source : Department of Statistics.  
- : Less than 0.1 percentage point.

### Microeconomic Indicators

The microeconomic indicators displayed a divergent performance during the available period of 2021. Some indicators recorded a growth, such as; “Value traded at the real estate market” (8.9 percent), and “Licensed areas for buildings” (41.7 percent). However, other indicators showed a contraction, particularly; “Number of passengers through Royal Jordanian” (83.9 percent). The following table displays the performance of the main available sectoral indicators.

### Prices

#### Main Sectoral Indicators\*

Percentage Points

2019	2020	Item	2020	Available period	2021
-1.2	-13.8	<b>Manufacturing production quantity index</b>	3.8	Jan	-11.9
-6.3	-19.5	Food products and beverages	-27.0		-14.5
7.1	3.0	Tobacco products	28.5		-3.6
3.1	-16.7	Refined petroleum products	55.3		-21.1
-6.5	-29.8	Wearing apparel	-18.2		-33.1
-9.0	-28.3	Non-metallic mineral products	-12.7		-9.2
15.2	13.4	Chemical products	23.6		-6.6
5.4	1.3	<b>“Mining and quarrying” production quantity index</b>	-3.6		6.0
2.9	55.4	Extraction of crude petroleum and natural gas	56.7		3.0
5.5	0.9	Other mining and quarrying	-4.0		6.0
14.5	-76.6	<b>Number of departures</b>	5.5		-83.9
-35.1	-19.2	<b>Licensed areas for buildings</b>	-21.4		41.7
13.8	-5.2	<b>Production of phosphate</b>	-8.2		-1.7
-12.0	-26.2	<b>Value traded at the real estate market</b>	-15.1		8.9
1.2	-77.2	<b>Number of passengers through Royal Jordanian</b>	4.3		Jan-Feb
-16.4	-40.3	<b>Cargo through Royal Jordanian</b>	7.4	Jan-Feb	-65.1

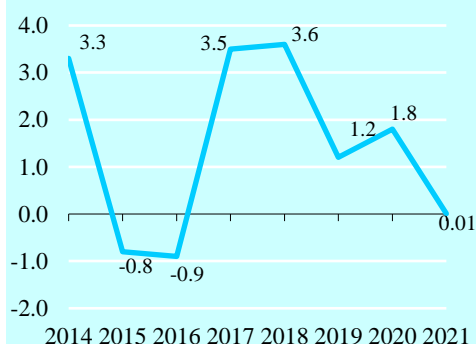
\*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.



The general price level, measured by the percentage change in CPI, witnessed a stabilization during the first two months of 2021, increasing by only 0.01 percentage point, compared to an increase of 1.8 percent during the same period of 2020. This was an outcome of the following:

- The decline in the prices of some items and groups, notably:
  - “Vegetables and Legumes Dry and Canned” prices declined by 18.5 percent, compared to an increase by 3.0 percent during the same period of 2020.
  - “Fuels and Lighting” prices declined by 9.9 percent compared to an increase of 1.0 percent during the same period of 2020.
  - “Transportation” prices declined by 2.3 percent compared to an increase of 4.7 percent during the same period of 2020.

**Inflation Rate during the first two month of the years (2014-2020), %**



**Inflation Rate during 2020-2021**

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2020	2021	2020	2021
<b>All Items</b>	<b>100.0</b>	<b>1.8</b>	<b>0.01</b>	<b>1.8</b>	<b>0.01</b>
<b>1) Food and non-Alcoholic Beverages</b>	<b>26.5</b>	<b>2.0</b>	<b>0.1</b>	<b>0.5</b>	<b>0.0</b>
<b>Food</b>	<b>23.8</b>	<b>2.2</b>	<b>-0.1</b>	<b>0.5</b>	<b>0.0</b>
Cereals and Products	4.2	1.3	1.7	0.1	0.1
Meat and Poultry	4.7	3.0	4.1	0.1	0.2
Fish and Sea Product	0.4	0.5	3.2	0.0	0.0
Dairy Products and Eggs	3.7	2.2	2.9	0.1	0.1
Oil and Fats	1.7	-1.8	4.6	0.0	0.1
Fruits and Nuts	2.6	7.5	1.2	0.2	0.0
Vegetables and Legumes Dry and Canned	3.0	3.0	-18.5	0.1	-0.6
<b>2) Alcohol and Tobacco and Cigarettes</b>	<b>4.4</b>	<b>-2.0</b>	<b>6.2</b>	<b>-0.1</b>	<b>0.3</b>
Alcohol	0.0	0.1	21.3	0.0	0.0
Tobacco and Cigarettes	4.4	-2.0	6.1	-0.1	0.3
<b>3) Clothing and footwear</b>	<b>4.1</b>	<b>-0.8</b>	<b>-1.0</b>	<b>0.0</b>	<b>0.0</b>
Clothing	3.4	-1.1	-0.8	0.0	0.0
Footwear	0.7	0.6	-2.1	0.0	0.0
<b>4) Housing</b>	<b>23.8</b>	<b>1.1</b>	<b>-0.7</b>	<b>0.3</b>	<b>-0.2</b>
Rents	17.5	1.2	1.7	0.2	0.3
Fuels and Lighting	4.7	1.0	-9.9	0.0	-0.5
<b>5) Household Furnishings and Equipment</b>	<b>4.9</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>6) Health</b>	<b>4.0</b>	<b>1.1</b>	<b>4.5</b>	<b>0.0</b>	<b>0.2</b>
<b>7) Transportation</b>	<b>16.0</b>	<b>4.7</b>	<b>-2.3</b>	<b>0.7</b>	<b>-0.4</b>
<b>8) Communication</b>	<b>2.8</b>	<b>0.0</b>	<b>2.3</b>	<b>0.0</b>	<b>0.1</b>
<b>9) Culture and Recreation</b>	<b>2.6</b>	<b>3.3</b>	<b>-1.4</b>	<b>0.1</b>	<b>0.0</b>
<b>10) Education</b>	<b>4.3</b>	<b>2.8</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.0</b>
<b>11) Restaurants and Hotels</b>	<b>1.8</b>	<b>0.8</b>	<b>2.8</b>	<b>0.0</b>	<b>0.1</b>
<b>12) Other Goods and Services</b>	<b>4.8</b>	<b>1.1</b>	<b>1.7</b>	<b>0.1</b>	<b>0.1</b>

Source: Department of Statistics.

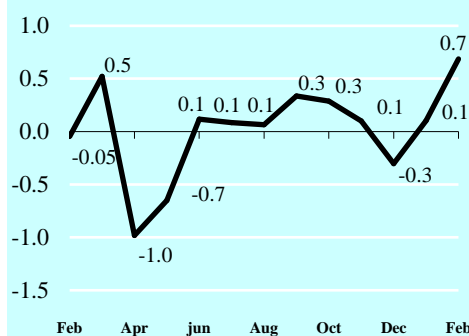
The above groups and items collectively contributed to contraction of the inflation rate during the first two month of 2021 by 1.5 percentage point, compared to a positive contribution of 0.8 percentage point during the same period of 2020.

- An increase in the prices of some items and groups, notably, “tobacco and cigarettes” (6.1 percent), health (4.5 percent),”oil and fats” (4.6 percent), and rents (1.7 percent). These groups and items contributed to raising inflation rate during the first two month of 2021 by 0.9 percentage point, compared to a rise of 0.2 percentage point during the same period of 2020.

In February 2021, the CPI witnessed an increase compared to the previous month (January 2021) by 0.7 percent. This was an outcome of the increase in the prices of some items and groups, mainly, “fruits and nuts” (6.8 percent), “meat and poultry” (5.3

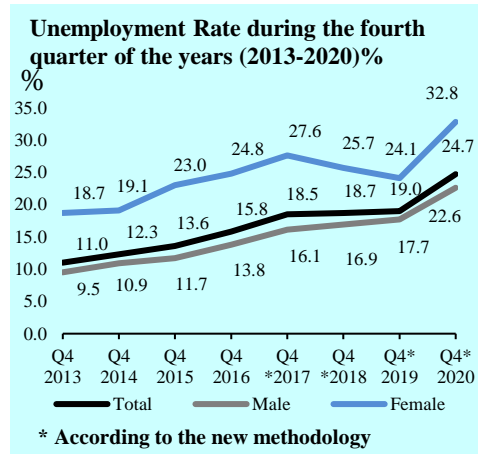
percent), “transportation” (1.2 percent), and “fuels and lighting” (0.5) on the one hand, and contract in the prices of “dairy products and eggs” (0.9 percent), “vegetables and legumes dry and canned” (13.0 percent), clothing (0.1 percent), and “sugar and its products” (0.2 percent) on the other.

**Monthly Inflation Rate  
(Feb. 2020 - Feb 2021),%**



**□ LaborMarket**

- The unemployment rate reached 24.7 percent (22.6 percent for males, and 32.8 percent for females) during the fourth quarter of 2020, compared to 19.0 percent (17.7 percent for



males and 24.1 percent for females), during the same quarter of 2019.

- The unemployment rate among youth, during the fourth quarter of 2020, remains high at 62.1 percent for the category (15-19) years old, and 47.9 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.8 percent during the fourth quarter of 2020.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.4 percent (52.8 percent for males, and 13.7 percent for females), compared to 34.1 percent (54.3 percent for males and 13.5 percent for females) during the same quarter of 2019.
- The employment rate among population. (15 years and older) reached 25.1 percent.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,767.3 million (-6.2 percent of GDP) during the first eleven months of 2020, comparing to a fiscal deficit of JD 1,288.7 million (-4.4 percent of GDP) during the same period of 2019. When excluding foreign grants (JD 712.2 million), the general budget deficit increases to JD 2,479.5 million (-8.7 percent of GDP), compared to a deficit of JD 1,501.2 million (-5.2 percent of GDP) in the same period of 2019.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,140.4 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 18,878.4 million (60.4 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 12,768.7 million (40.8 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 1,670.7 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 14,008.9 million (44.8 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 13,625.8 million (43.6 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,811.1 million at the end of November 2020, to reach JD 32,887.3 million (105.1 percent of GDP), compared to JD 30,076.2 million (95.2 percent of GDP) at the end of 2019. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 26,394.5 million (84.4 percent of GDP), compared to JD 23,958.5 million (75.8 percent of GDP) at the end of 2019.

□ The performance of the general budget during the first eleven months of 2020 compared with the same period of 2019:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) decreased by JD 36.5 million, or 7.0 percent, in November 2020 compared to the same month in 2019, to stand at JD 485.0 million. As for the first eleven months of 2020, public revenue went down by JD 215.1 million, or 3.3 percent, compared to the same period in 2019 to stand at JD 6,351.9 million. This came as an outcome of the decrease in domestic revenues by JD 714.8 million, and the increase in foreign grants by JD 499.7 million.

**Main Government Budget Indicators during the first eleven months of 2020:**

(JD Million and Percentages)

	November		Growth Rate	Jan. –Nov.		Growth Rate
	2019	2020		2019	2020	
<b>Total Revenues and Grants</b>	<b>521.5</b>	<b>485.0</b>	<b>-7.0</b>	<b>6,567.0</b>	<b>6,351.9</b>	<b>-3.3</b>
Domestic Revenues, of which:	516.3	478.6	-7.3	6,354.5	5,639.7	-11.2
Tax Revenues, of which:	378.6	369.0	-2.5	4,251.7	4,511.8	6.1
General Sales Tax	318.0	305.7	-3.9	2,955.0	3,180.5	7.6
Other Revenues	136.9	109.0	-20.4	2,094.6	1,121.3	-46.5
Foreign Grants	5.2	6.4	23.1	212.5	712.2	235.2
<b>Total Expenditures, of which:</b>	<b>677.1</b>	<b>743.9</b>	<b>9.9</b>	<b>7,855.7</b>	<b>8,119.3</b>	<b>3.4</b>
Current Expenditures	616.8	658.8	6.8	7,198.6	7,558.0	5.0
Capital Expenditures	60.4	85.1	40.9	657.1	561.3	-14.6
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-155.6</b>	<b>-258.9</b>	<b>-</b>	<b>-1,288.7</b>	<b>-1,767.3</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4.4</b>	<b>-6.2</b>	<b>-</b>

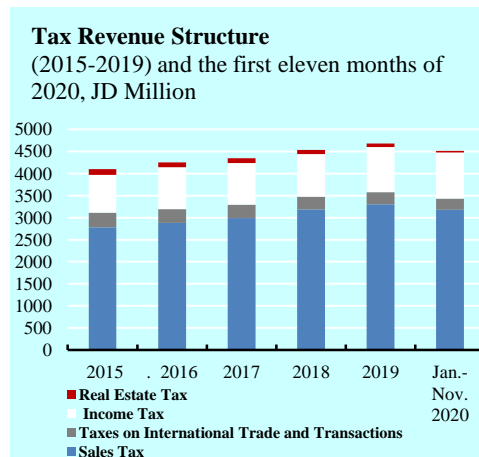
Source: Ministry of Finance/ General Government Finance Bulletin.

### ◆ Domestic Revenues

Domestic revenues witnessed a decrease of JD 714.8 million, or 11.2 percent, in the first eleven months of 2020, compared to the same period of 2019, to reach JD 5,639.7 million. This decrease was an outcome of the drop in the proceeds of “other revenues”, and “pension contributions” by JD 973.3 million, and JD 1.5 million, respectively, and the increase in “tax revenues” by JD 260.1 million. This is due to the closure imposed by the government on the public and private sectors to face the COVID-19 pandemic.

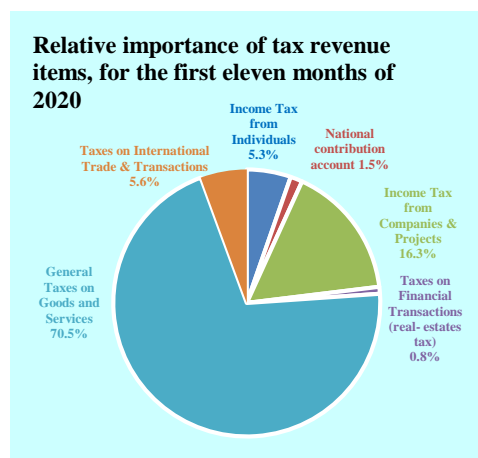
#### ● Tax Revenues

Tax revenues increased by JD 260.1 million, or 6.1 percent, during the first eleven months of 2020, compared to the same period of 2019, to reach JD 4,511.8 million (80.0 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 255.5 million, or 7.6 percent, to reach JD 3,180.5 million, accounting for 70.5 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 315.2 million, and on commercial sector by JD 7.2 million, and on imported goods by JD 4.9 million. However, the proceeds of sales tax on services were down by JD 101.9 million.

- An increase in the proceeds of **income and profit taxes** by JD 67.3 million, or 6.9 percent, to reach JD 1,040.6 million, accounting for 23.1 percent of total tax revenues. This increase came mainly as a result of starting the collection of revenues under the national contribution account item at the beginning of 2020, which was included in the Amending Law of Income Tax Law, which amounted to JD 65.8 million. Moreover, the proceeds of “income taxes on individuals” increased by JD 24.3 million, or 11.2 percent, to reach JD 241.0 million, while the proceeds of income taxes on companies and projects decreased by JD 22.8 million, or 3.0 percent, to account for 70.5 percent of total proceeds of income and profits taxes, amounting to JD 733.9 million.
- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 32.5 million, or 46.2 percent, to reach JD 37.8 million.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 0.2 million, or 0.1 percent, to reach JD 252.9 million.



#### ● Non-Tax Revenues

- “Other revenues” decreased by JD 973.3 million, or 46.5 percent, during the first eleven months of 2020 to reach JD 1,121.3 million. This decrease was chiefly due to the following:



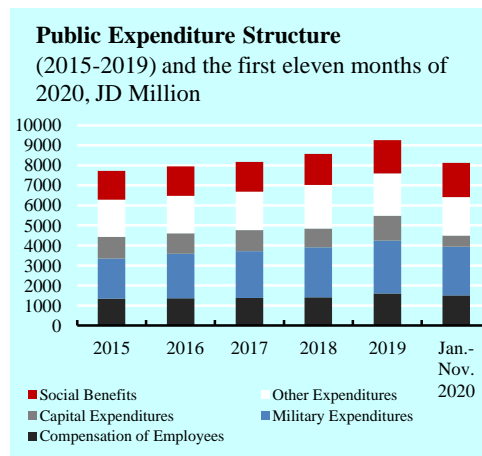
- A decrease in miscellaneous revenues by JD 563.0 million to stand at JD 355.9 million.
- A decrease in revenues from selling goods and services by JD 242.0 million to reach JD 557.0 million.
- A decrease in the property income by JD 165.3 million to stand at JD 211.5 million (of which financial surplus of independent government units amounted to JD 190.3 million against JD 340.6 million during the same period of 2019).
- Pension contributions decreased by JD 1.5 million, during the first eleven months of 2020, standing at JD 6.6 million.

◆ **Foreign Grants**

Foreign grants increased by JD 499.7 million, in the first eleven months of 2020, standing at JD 712.2 million compared to JD 212.5 million during the same period of 2019. This increase is due to transfer the regular grant of the United States of America early, to support Jordan in confronting COVID-19 pandemic.

■ **Public Expenditures**

Public expenditures increased by JD 66.8 million, or 9.9 percent, in November 2020 compared to the same month in 2019, to stand at JD 743.9 million. As for the first eleven months of 2020, public expenditures increased by JD 263.6 million, or 3.4 percent, compared to the same period in 2019 to stand at JD 8,119.3 million. This increase was an outcome of the rise in current expenditures by 5.0 percent, and drop in capital expenditures by 14.6 percent.

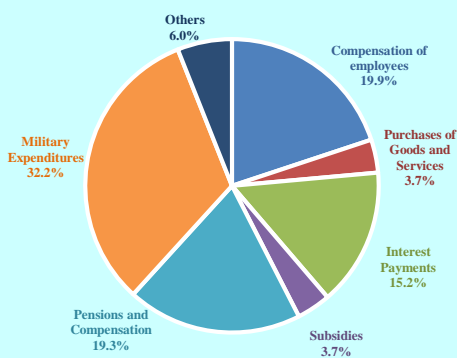


### ◆ Current Expenditures

Current expenditures went up by JD 359.4 million, or 5.0 percent, in the first eleven months of 2020, to reach JD 7,558.0 million (93.1 percent of public expenditures). Because of the rise in current expenditures and the drop of domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased by 13.7 percentage points, to reach to 74.6 percent compared to 88.3 percent during the same period of 2019. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in pensions and compensation by JD 159.1 million, to stand at JD 1,458.1 million.
- An increase in interest payments (commitment basis) by JD 118.3 million, to stand at JD 1,145.3 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 83.8 million, to reach JD 1,504.8 million.
- An increase in military expenditures by JD 58.4 million, to total JD 2,435.6 million.
- An increase in the purchases of goods and services by JD 1.7 million, to reach JD 276.0 million.
- A decrease in subsidies by JD 49.0 million, to stand at JD 283.4 million.

**Relative importance of current expenditure items, for the first eleven months of 2020**

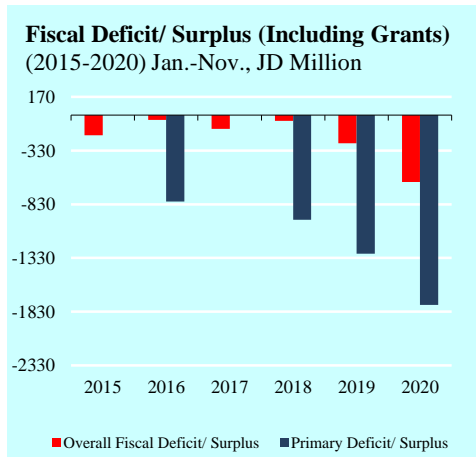


◆ **Capital Expenditures**

Capital expenditures decreased by JD 95.8 million, or 14.6 percent, during the first eleven months of 2020 compared to the same period of 2019, to reach JD 561.3 million.

■ **General Budget Deficit/ Surplus**

◆ The overall fiscal deficit, including foreign grants, increased by JD 478.6 million, during the first eleven months of 2020, to reach JD 1,767.3 million (-6.2 percent of GDP), compared to a fiscal deficit of JD 1,288.7 million (-4.4 percent of GDP), in the same period



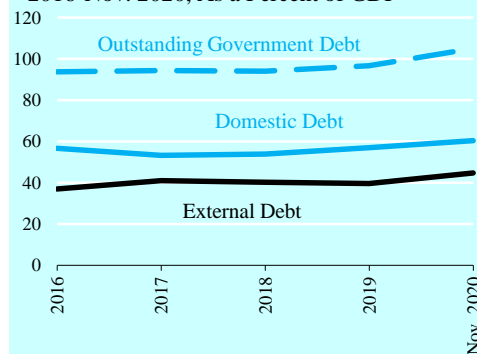
of 2019. When foreign grants are excluded, the general budget deficit increases to reach JD 2,479.5 million (-8.7 percent of GDP), compared to a fiscal deficit of JD 1,501.2 million (-5.2 percent of GDP) in the same period of 2019.

◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) increased by JD 860.1 million, to reach JD 1,334.3 million (-4.7 percent of GDP) during the first eleven months of 2020, against a primary deficit of JD 474.2 million (-1.6 percent of GDP) in the same period of 2019. When foreign grants are including, the primary deficit of the general budget decreased to reach JD 622.1 million (-2.2 percent of GDP), compared to a primary deficit of JD 261.7 million (-0.9 percent of GDP) in the same period of 2019.

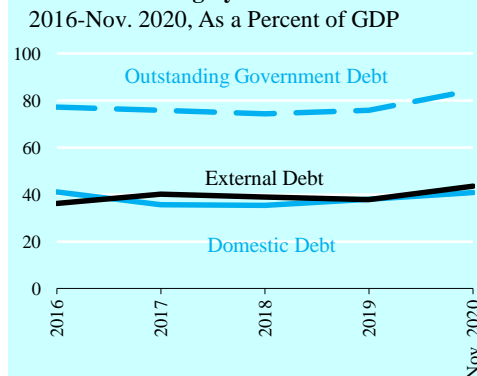
### Public Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 1,140.4 million, at the end of November 2020 compared to its level at the end of 2019, to stand at JD 18,878.4 million (60.4 percent of GDP compared to 56.1 percent of GDP at the end of 2019). This increase was an outcome of the rise in the domestic debt of the budget by JD 1,177.8 million, and the decrease in the domestic debt of guaranteed by JD 37.4 million, compared to their levels at the end of 2019, standing at JD 16,394.0 million and JD 2,484.4 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 780.6 million, at the end of November 2020 compared to its level at the end of 2019, to stand at JD 12,768.7 million (40.8 percent of GDP).

**Outstanding Government Debt (Budgetary and Guaranteed)**  
2016-Nov. 2020, As a Percent of GDP



**Outstanding Government Debt Excluding the Debt Holding by SSIF**  
2016-Nov. 2020, As a Percent of GDP



- Outstanding external debt (budget and guaranteed) went up by JD 1,670.7 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 14,008.9 million (44.8 percent of GDP compared to 39.0 percent of GDP at the end of 2019). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 71.4 percent of the total external debt, and the debt in Euro accounted for 11.8 percent. However, the accounted SDR for 5.7 percent, Japanese Yen (4.6 percent), Kuwaiti Dinar (4.3 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 1,655.4 million, at the end of November 2020 compared to its level at the end of 2019, to stand at JD 13,625.8 million (43.6 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,811.1 million at the end of November 2020 to reach JD 32,887.3 million (105.1 percent of GDP), compared to JD 30,076.2 million (95.2 percent of GDP) at the end of 2019. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 26,394.5 million (84.4 percent of GDP), compared to JD 23,958.5 million at the end of 2019 (75.8 percent of GDP).
- External debt service (budget and guaranteed) increased by JD 13.6 million during the first eleven months of 2020, compared to the same period of 2019, to reach JD 1,730.0 million (including principal payments of JD 1,353.2 million and interest of JD 376.9 million).

## □ Fiscal and Price Measures of 2021

### ◆ March

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

**Development of Oil Derivatives Prices**

	Unit	2021		Percentage Change
		February	March	
Unleaded Gasoline 90	Fils/ Liter	730	760	4.1
Unleaded Gasoline 95	Fils/ Liter	945	980	3.7
Unleaded Gasoline 98	Fils/ Liter	1,095	1,130	3.2
Gas Oil (Diesel)	Fils/ Liter	525	555	5.7
Kerosene	Fils/ Liter	460	460	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	355	379.1	6.8
Fuel for airplanes (local companies)	Fils/ Liter	361	391	8.3
Fuel for airplanes (foreign companies)	Fils/ Liter	366	396	8.2
Fuel for unplanned flights	Fils/ Liter	381	411	7.9
Asphalt	JD/ Ton	350	374	6.8

Source: Jordan Petroleum Refinery Company (1/3/2021).

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

### ◆ 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.

**□ Fiscal and Price Measures of 2020****◆ December**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for December 2020.
- The Cabinet decided to reduce the general sales tax on production inputs for some commodities (glasses, plastic, metal, and cartons bottles, and bags), to become similar to the tax rates imposed on the final product, as follows:
  - Reducing the tax on oil production inputs, to become 4 percent.
  - Reducing the tax on canned food production inputs (vegetables, grains and canned fruits), to become 2 percent.
  - Reducing the tax on specific types of dairy production inputs, to become 5 percent.
  - Reducing the tax on dates packing bags, to become 2%.
  - Reducing the tax on egg cartons, to become 4 percent.

- The Cabinet decided to extend the work by decree exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and property sale tax until 6/30/2021.
- The Cabinet decided to exempt 80% of the fines resulting from non-renewal of work permits for non-Jordanians wishing to remain on the Kingdom's lands, which had expired more than 90 days, until 01/31/2021.

#### ◆ November

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for November 2020.

#### ◆ October

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for October 2020.

#### ◆ September

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for September 2020.
- The Cabinet approved the amending by-law NO. (80) of the allowance of customs services for the imported goods NO. (47) for the year 2014, starting from 16/9/2020. The amendments included collecting an allowance for imported goods as follows:
  - JD 5 for exempt goods whose value does not exceed JD 100.
  - JD 10 for exempt goods whose value exceeds JD 100 and does not exceed JD 200.

#### ◆ August

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for August 2020.



**◆ July**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2020.

**◆ June**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2020.
- In continuation of the decisions taken by the Cabinet in order to mitigate the repercussions of the COVID-19 virus, the Cabinet decided the following:
  - Reducing the general sales tax for hotels and tourist restaurants to 8 percent instead of 16 percent, with the exception of the Aqaba Special Economic Zone (so that it remains the same at 7 percent), and reducing the service tax by tourist restaurants and hotels to 5 percent instead of 10 percent, starting from 01/07/2020.
  - Installment of the amounts due for income tax on the tourism sector for the year 2019 without fines or interest, according to an escalating payment schedule from July to December 2020.

**◆ May**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2020.

**◆ April**

- The Energy and Minerals Regulatory Commission decided to determine fuel price bands item at 0 fils, starting in April 2020.
- In view of the exceptional circumstances that the Kingdom is going through due to the COVID-19 virus, and to support efforts

to meet these conditions, the Cabinet has taken a set of decisions in order to alleviate the repercussions of the COVID-19 virus, as follows:

- Issue instructions that allow importers to withdraw goods before paying duties and taxes due in emergency situations.
- Suspend the increase in employees' salaries for public sector over the technical allowances, in addition to the increase in the salaries of officers and members of the Jordanian armed forces and the security services, and the amending teachers' rank system, starting from May 2020 until the end of 2020.
- Deduct part of the highest categories salaries as donations, starting from April 2020, as follows:
  - Donate 40 percent of the monthly salary of the Prime Minister.
  - Donate 30 percent of the monthly salary to each of the Minister's Excellencies, and those in their rank.
  - Donate 30 percent of the monthly salary to all chairmen of the Boards of Commissioners, boards of bodies and authorities, and heads of official universities and those of their rank or salary.
  - Donate 10 percent of the monthly salary of the second group of the higher category and those of their rank, members of the boards of any authority, the executive directors of any public official institution or public institution, general managers of government-owned companies or a government contributions management company, and faculty members in public universities.

- Donate 10 percent of the monthly salary to all employees working under comprehensive contracts for all bonuses whose monthly salaries exceed JD 2000.
- Halting several allowances and overtime bonuses for all employees covered by holiday announcements while working in the Defense Law, whose total salaries exceed JD 1300.
- Halting the allowances and the mobility allowance of government representatives on the boards of directors of companies to which they contribute or the company of government contributions management and its subsidiaries.
- Halting the thirteenth, fourteenth and fifteenth salaries in companies that are wholly owned by the government and the company of government contributions management and companies that have a percentage of 50 percent ownership by the government or the government contributions management company.
- Halting the monthly transportation allowances stipulated in the transportation system for all employees working in government ministries and departments or any council, authority, institution or public body affiliated with the government or in companies wholly owned by the government.
- Stopping the payment of monthly gasoline allocations for the vehicles of employees who use government vehicles.
- Withholding what you forgot 50 percent of the financial dues for users on the account of purchasing services or on the account of the reward or at the expense of any other items covered by holiday announcements while working in the Defense Law who do not receive pensions, and stopping the payment of dues for those who receive pensions.

- Halting appointments in all ministries, government departments, public official institutions, public institutions, authorities, authorities, and companies owned by the government, the Greater Amman Municipality and municipalities until the end of the year 2020.

**◆ March**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in March 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

**◆ February**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in February 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

**◆ January**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 2020, as follows:
  - Distracted to the military retired person shall from the rank of Lieutenant-Colonel and without an increase over his total pension by an amounts ranging from JD 25 to JD 30.

- Distracted to the heirs of military retirees who retired or deceased on their job after 1/6/2010, by JD 20 distributed equally between heirs.
- Distracted to the civil retired shall be paid an additional minimum of JD 10, and his retire must not be less than JD 300 on 1/1/2020.
- This allowance is not paid to military retirees working in the government or in any council, authority, public institution, government-owned company, municipality, endowment department, or any other agency affiliated with it, nor are retired employees who are subsidiaries working in government agencies and official institutions.
- 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 40 percent, starting from 1/1/2020 until 31/12/2020.
- The Cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 1981, as follows:
  - Paying a bonus of no more than JD 100, a monthly subsidy, for each retired non-blind military needing someone who helps him to exercise his daily life, with a certificate from the Supreme Military Medical Committee.
  - Paying a bonus of no more than JD 220, a monthly subsidy, for each retired blind military who needs someone to help him in his daily life, with a certificate from the Supreme Military Medical Committee.

- The Cabinet decided to lower the general sales tax on 54 commodities to 2 percent, down from 4 percent, and lower the general sales tax on 22 commodities to 5 percent, down from 10 percent.

### □ Grants, Loans and Other Agreements for 2021

#### ◆ February

- Signing five financing agreements in the form of grants, technical cooperation and support for project implementation, provided by the European Union (EU), in the amount of EUR 159 million, to support economic reforms, the education sector, integrity and public accountability, participation with youth, and implement the priorities of the partnership between the European Union and Jordan

#### ◆ 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.

### □ Grants, Loans and Other Agreements for 2020

#### ◆ December

- Signing two loan agreements provided by the Federal Republic of Germany, in the amount of EUR 123 million, as follows:
  - EUR 75 million aims at improving the building management and maintenance of Jordanian public schools.
  - EUR 48 million to finance the successful Water Resources Management Programme (WRMP) for a 6<sup>th</sup> phase.

- Signing an agreement on a group of soft loans provided by the European Investment Bank, in the amount of EUR 260 million, with the aim of securing financing for priority Jordanian water projects to support the Jordanian government's objectives within the framework of the Jordanian Water Strategy (2016-2025).

#### ◆ November

- Signing two grant agreements, in the amount of EUR 77.5 million, provided by the German government, as follows:
  - An emergency grant in the amount EUR 50 million to contribute to supporting social protection and preventing poverty resulting from the Corona pandemic.
  - A grant in the amount EUR 27.5 million to finance the teachers' salaries project to support the acceleration of Syrian refugee children's access to formal education for the 2020/2021 academic year, which is one of the projects of the Jordanian response plan to the Syrian crisis.
- Signing a minutes of meeting, with the German government, including development assistance (grants, technical aid and soft loans) in the amount of EUR 394.3 million, to finance priority development projects in the education, water, sanitation, renewable energy, vocational training, technical education and environment sectors, in addition to projects within the Jordan Response Plan for the Syrian crisis (JRP) and other programs to respond to challenges resulting from the COVID-19 pandemic.

#### ◆ September

- Signing an agreement and memorandum of the third soft loan understanding from the European Union (Macro-Financial Assistance) in the amount of EUR 700 million, to cover the urgent financial needs resulting from the repercussions of the COVID-19 epidemic by providing direct support to the treasury.

## ◆ August

- Signing a soft loan agreement with the Arab Fund for Economic and Social Development (AFESD) in the amount of KWD 30 million (USD 100 million), to finance and support government programs to face the repercussions of the COVID-19 spread on the private sector.
- Signing Four agreement with the German Development Bank (KfW), as follow:
  - Additional European Union grant in the amount of EUR 6 million, provided by the Madad Fund to finance the second phase of an ongoing school construction programme.
  - Three additional financing agreements to water sector in the amount of EUR 2.2 million, includes grant for feasibility studies and a training component in the water sector.
- Signing a grant agreement provided by the World Bank in the amount of USD 8.8 million, to support Jordanian municipalities affected by the influx of Syrian refugees to scale-up their delivery of services and employment opportunities to Jordanians and Syrians. The grant will also contribute to offset the adverse impact of the COVID-19 pandemic on the delivery of municipal services in Jordan.

## ◆ July

- Signing a grant agreement with the United States Agency for International Development (USAID) and the British International Development Agency (DFID) in the amount of USD 26 million, to support Jordanian families who were severely affected by the economic pressures resulting from the COVID-19 pandemic, through the National Aid Fund.
- Signing a grant agreement with the Germany government in the amount of EUR 34 million, to fund the third and the forth phases of the School Construction Program aims at upgrading the quality of primary education in Jordan.



- Signing a grant agreement with the Japan government in the amount of Yen 400 million (USD 3.7 million), to support providing medical equipment, the public health system and strengthen the healthcare sector and fighting COVID-19, said Rabadi at a press conference.

#### ◆ May

- Signing the delivery and receipt certificate for the Chinese government to provide a consignment of preventive medical supplies for COVID-19 virus response of USD 0.75 million.
- Signing an additional grant agreement with the European Investment Bank in the amount of EUR 2.0 million, to support the Jordan Valley Water Resources Project. The grant is in the form of technical assistance from the bank's Economic Resilience Initiative (ERI).
- Signing a grant agreement with the King Abdullah bin Abdulaziz Islamic Relief Program, which is administered by the Islamic Development Bank, in the amount of USD 0.5 million, to provide medical supplies and equipment to the Ministry of Health as a COVID-19 virus response, by purchasing 12 artificial respirators and 50 beds for intensive care.
- Signing three development assistance agreements with the United States in the amount of USD 340.3 million. Within the framework of the US economic aid program to support Jordan in 2019.

#### ◆ April

- Signing a grant agreement with the International Finance Corporation (IFC) worth USD 2.0 million to help promoting partnership projects between public and private sectors in the Kingdom in several sectors, such as transportation, water services, education, health care, and tourism.

- Signing a soft financing agreement with the Bank for Reconstruction and Development in the amount of USD 200 million to support the youth, technology and work project.

◆ **March**

- Signing a grant agreement with the United Nations High Commissioner for Refugees (UNHCR) in the amount of USD 2.48 million to support ministries and government institutions with providing services to Jordanian citizens and Syrian refugees, and to assist the government response to the COVID-19 pandemic.

## Fourth: External Sector

### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) decreased by 9.4 percent in January 2021, compared to the same month of 2020 to reach JD 453.1 million (domestic exports decreased by 6.7 percent and re-exports decreased by 27.0 percent).
- **Merchandize imports** increased by 1.1 percent in January 2021, compared to the same month of 2020 to reach JD 1,100.2 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 10.1 percent in January 2021 compared to the same month of 2020; standing at JD 647.1 million.
- **Travel receipts** decreased by 83.0 percent during the first two months of 2021, to register JD 110.6 million, compared to the same period of 2020. While, travel payments decreased by 73.5 percent during the first two months of 2021, to register JD 42.5 million, compared to the same period of 2020.
- **Total workers' remittances receipts** increased by 1.5 percent in February 2021 to reach JD 189.7 million, compared to the same month of 2020. As for the first two months of 2021, workers' remittances increased by JD 3.1 million, or 0.8 percent, compared to the same period of 2020 to reach JD 408.7 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,473.0 million (8.0 percent of GDP) during 2020, compared to a deficit of JD 672.0 million (2.1 percent of GDP) during 2019. Meanwhile, the current account deficit excluding grants increased to reach 10.9 percent of GDP during 2020, compared with 5.1 percent of GDP during 2019.
- **Net direct investment** recorded a net inflow of JD 496.7 million during 2020, compared to a net inflow of JD 487.3 million during 2019.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 33,951.2 million at the end of 2020, compared to JD 32,372.6 million at the end of 2019.

#### □ External Trade

- As a result of the decrease in domestic exports by JD 29.0 million and the increase in imports by JD 12.5 million in January 2021, the volume of external trade (domestic exports *plus* imports) decreased by JD 16.5 million to stand at JD 1,505.0 million compared to the same month of 2020.

Jordan's Major Trading Partners			
JD Million			
	January		Percentage Change
	2020	2021	
<b>Exports</b>			
USA	130.8	121.7	-7.0
India	66.1	55.2	-16.5
Saudi Arabia	31.5	39.7	26.0
Iraq	29.4	27.0	-8.2
China	1.1	13.6	-
The UAE	26.1	10.4	-60.2
Kuwait	13.6	7.9	-41.9
<b>Imports</b>			
Saudi Arabia	225.5	181.2	-19.6
China	176.9	164.1	-7.2
USA	85.0	79.0	-7.1
Russia	14.6	56.3	285.6
Germany	39.4	48.4	22.8
Egypt	42.2	46.0	9.0
India	28.6	36.9	29.0
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
	January			
	2020	Percentage Change (%)	2021	Percentage Change (%)
External Trade	1,521.5	-1.0	1,505.0	-1.1
Total Exports	500.0	17.2	453.1	-9.4
Domestic Exports	433.8	19.5	404.8	-6.7
Re-exports	66.2	4.4	48.3	-27.0
Imports	1,087.7	-7.3	1,100.2	1.1
Trade Balance	-587.7	-21.4	-647.1	10.1
Source: Department of Statistics.				

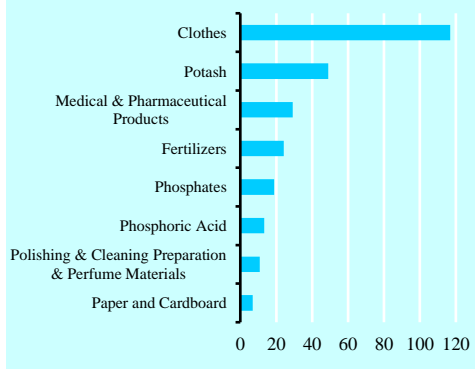
### ■ Merchandize Exports:

Total merchandize exports decreased by 9.4 percent in January 2021, to reach JD 453.1 million. This decrease was a result of the decrease in domestic exports by JD 29.0 million, or 6.7 percent to reach JD 404.8 million and a decrease in re-exports by JD 17.9 million, or 27.0 percent to reach JD 48.3 million.

### ◆ The developments of domestic exports in January 2021 compared with the same month of 2020 reveals the following:

- Exports of “**Phosphoric Acid**” decreased by JD 23.4 million, or 63.8 percent, to reach JD 13.3 million. The markets of India and Egypt accounted for 98.5 percent of these exports.

Major Exports by Commodity During January 2021, JD Million



- Exports of **Phosphates** decreased by JD 2.3 million or 10.9 percent, to stand at JD 18.8 million. It is worth noting that India accounted for 100 percent these exports.
- Exports of **Potash** increased by JD 27.8 million, or 131.8 percent, to stand at JD 48.9 million. The markets of India, China, and Australia accounted for 74.0 percent of these exports.

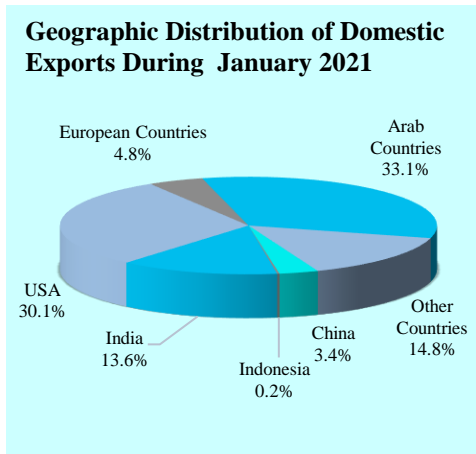
- Exports of **Fertilizers** an increased by JD 5.6 million or 30.1 percent to stand at JD 24.2 million. The USA, Spain, and India were the main destination markets for these exports, accounting for 86.0 percent.
- Exports of **clothes** increased by JD 2.9 million or 2.5 percent to reach JD 116.8 million. It is worth noting that the USA market accounted for 83.0 percent of these exports.
- Exports of “**Medical & Pharmaceutical Products**” increased by JD 1.3 million, or 4.7 percent, to reach JD 29.2 million. Iraq, Saudi Arabia, Sudan and Algeria were the main destination markets; accounting for 51.4 percent of these exports.

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

	2019	2020	Percentage Change
<b>Domestic Exports</b>	<b>433.8</b>	<b>404.8</b>	<b>-6.7</b>
<b>Clothes</b>	<b>113.9</b>	<b>116.8</b>	<b>2.5</b>
USA	101.0	96.9	-4.1
<b>Potash</b>	<b>21.1</b>	<b>48.9</b>	<b>131.8</b>
India	3.5	19.3	451.4
China	0.0	11.3	-
Australia	0.0	5.6	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>27.9</b>	<b>29.2</b>	<b>4.7</b>
Iraq	4.5	5.1	13.3
Saudi Arabia	4.0	4.5	12.5
Sudan	1.2	2.8	133.3
Algeria	0.6	2.6	333.3
<b>Fertilizers</b>	<b>18.6</b>	<b>24.2</b>	<b>30.1</b>
USA	0.0	15.7	-
Spain	0.0	3.3	-
India	14.6	1.8	-87.7
<b>Phosphates</b>	<b>21.1</b>	<b>18.8</b>	<b>-10.9</b>
India	12.7	18.8	48.0
<b>Phosphoric Acid</b>	<b>36.7</b>	<b>13.3</b>	<b>-63.8</b>
India	34.0	12.6	-62.9
Egypt	0.4	0.5	25.0
<b>Polishing &amp; Cleaning Preparation &amp; Perfume Materials</b>	<b>10.6</b>	<b>10.8</b>	<b>1.9</b>
Iraq	6.3	4.9	-22.2
Saudi Arabia	1.9	2.5	31.6
<b>Paper and cardboard</b>	<b>8.4</b>	<b>6.9</b>	<b>-17.9</b>
Iraq	2.5	2.3	-8.0
Saudi Arabia	2.8	2.0	-28.6
Kuwait	0.2	0.6	200.0
Qatar	0.4	0.4	0.0

Source: Department of Statistics.

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

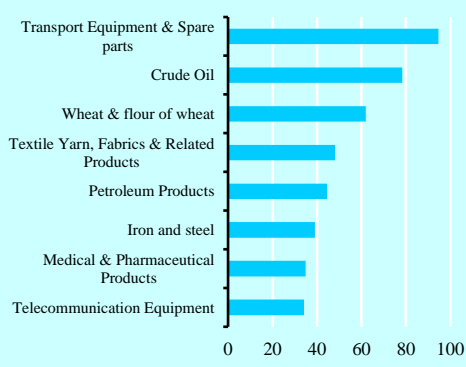


Pharmaceutical Products”, Fertilizers, Phosphates, “Phosphoric Acid”, “Polishing & Cleaning Preparation & Perfume Materials”, and “Paper and cardboard”, topped the list of domestic exports in January 2021; accounting for 66.4 percent, compared with 59.5 percent during the same month of 2020. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, China, the UAE, and Kuwait were the main destination markets in January 2021; accounting for 68.1 percent, compared with 68.8 percent during the same month of 2020.

### ■ Merchandize Imports:

Merchandize imports increased by 1.1 percent to reach JD 1,100.2 million during January 2021, compared to a decrease by 7.3 percent during the same month of 2020.

**Major Imports by Commodity During January 2021, JD Million**



### ◆ The developments of imports during January 2021 compared with the same month of 2020 reveals the following:

- **Wheat & flour of wheat** imports increased by JD 61.5 million to reach JD 62.0 million. Russia, Ukraine, and Romania were the main markets accounting for 99.4 percent of these imports.
- **Transport equipment & spare parts** imports increased by JD 16.7 million or 21.4 percent to reach JD 94.6 million. South Korea, Germany, the USA, and Japan were the main origin markets, accounting for 70.7 percent of these imports.
- **Telecommunication equipment** imports increased by JD 4.9 million or 16.7 percent to reach JD 34.2 million. China, Vietnam and India were the main markets, accounting for 92.4 percent of these imports.



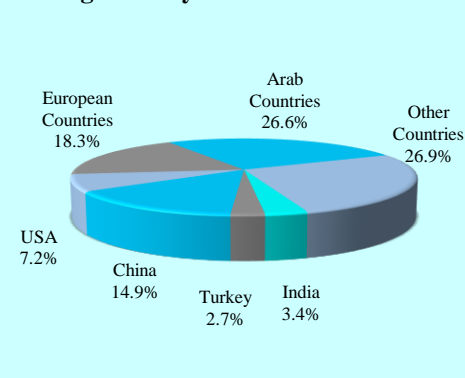
- Medical & pharmaceutical products** imports increased by JD 4.1 million or 13.3 percent to reach JD 34.9 million. Germany, the USA, Spain and China were the main origin markets accounting for 39.5 percent of these imports.
- Crude oil** imports decreased by JD 27.2 million, or 25.8 percent, to reach JD 78.3 million. Saudi Arabia was the main origin market accounting for 100.0 percent of these imports.
- Petroleum products** imports decreased by JD 20.8 million or 31.8 percent to stand at JD 44.6 million. Saudi Arabia, India, and Kuwait were the main markets, accounting for 96.9 percent of these imports.

Major Imports by Commodity, JD Million			
January 2020-2021			
	2020	2021	Percentage Change
<b>Total Imports</b>	<b>1,087.7</b>	<b>1,100.2</b>	<b>1.1</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>77.9</b>	<b>94.6</b>	<b>21.4</b>
South Korea	12.9	18.2	41.1
Germany	11.1	17.3	55.9
USA	12.1	15.8	30.6
Japan	13.6	15.6	14.7
<b>Crude Oil</b>	<b>105.5</b>	<b>78.3</b>	<b>-25.8</b>
Saudi Arabia	95.0	78.3	-17.6
<b>Wheat &amp; flour of wheat</b>	<b>0.5</b>	<b>62.0</b>	<b>-</b>
Russia	0.0	40.6	-
Ukraine	0.0	11.4	-
Romania	0.0	9.6	-
<b>Textile Yarn, Fabrics and Related Products</b>	<b>62.8</b>	<b>48.1</b>	<b>-23.4</b>
China	28.7	21.2	-26.1
Taiwan	13.5	9.5	-29.6
Turkey	6.0	4.4	-26.7
<b>Petroleum Products</b>	<b>65.4</b>	<b>44.6</b>	<b>-31.8</b>
Saudi Arabia	62.9	30.8	-51.0
India	0.0	11.9	-
Kuwait	0.0	0.5	-
<b>Iron &amp; Steel</b>	<b>47.1</b>	<b>39.0</b>	<b>-17.2</b>
Iran	8.2	10.4	26.8
Saudi Arabia	6.8	4.8	-29.4
Egypt	2.0	4.2	110.0
<b>Medical &amp; Pharmaceutical Products</b>	<b>30.8</b>	<b>34.9</b>	<b>13.3</b>
Germany	4.9	6.5	32.7
USA	2.9	2.8	-3.4
Spain	2.1	2.3	9.5
China	2.7	2.2	-18.5
<b>Telecommunication equipment</b>	<b>29.3</b>	<b>34.2</b>	<b>16.7</b>
China	24.7	26.8	8.5
Vietnam	0.5	3.7	640.0
India	1.3	1.1	-15.4

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, Crude Oil, and “Wheat & Flour of Wheat”, “Textile Yarn, Fabrics and Related Products”, Petroleum Products, “Iron and Steel”,

**Geographic Distribution of Imports During January 2021**



“Medical & Pharmaceutical Products”, “Telecommunication Equipment”, topped the list of imports during January 2021, accounting for 39.6 percent, compared with 38.5 percent during the same month of 2020. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, Russia, Germany, Egypt, and India, were the main source markets during January 2021; accounting for 55.6 percent of imports, compared to 56.3 percent during the same month of 2020.

#### ■ Re-Exports

The value of re-exported goods in January 2021 decreased by JD 17.9 million, or 27.0 percent, compared to the same month of 2020, to stand at JD 48.3 million.

#### ■ Trade Balance

The trade balance deficit increased by JD 59.4 million, or 10.1 percent in January 2021 compared to the same month of 2020, to reach JD 647.1 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 1.5 percent during February 2021, compared to the same month of 2020, to register JD 189.7 million. As for the first two months of 2021 worker's remittances increased by JD 3.1 million, or 0.8 percent to stand at 408.7 million, compared to the same period of 2020.

### □ Travel

#### ■ Receipts

Travel receipts decreased by 83.0 percent during the first two months of 2021, to register JD 110.6 million, compared to the same period of 2020.

#### ■ Payments

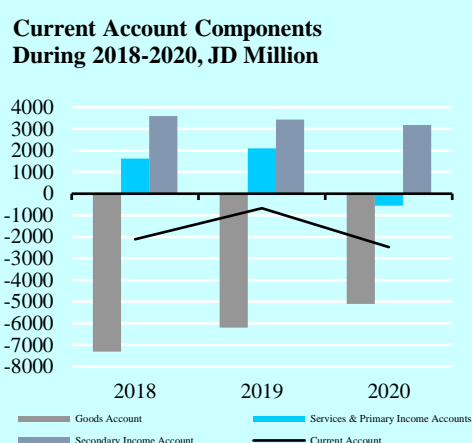
Travel payments decreased by 73.5 percent during the first two months of 2021, to register JD 42.5 million, compared to the same period of 2020.

### □ Balance of Payments

The preliminary data for the balance of payments during 2020 reveals the following:

- The current account recorded a deficit of JD 2,473.0 million (8.0 percent of GDP), compared to a deficit of JD 672.0 million (2.1 percent of GDP) during 2019. Meanwhile, the current account deficit (excluding grants) increased to reach JD 3,371.2 million (10.9 percent of GDP), compared to JD 1,616.0 million (5.1 percent of GDP) during 2019. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit by JD 1,098.2 million, or 17.7 percent, to reach JD 5,103.7 million, compared to JD 6,201.9 million during 2019.
- ◆ The services account recorded a deficit of JD 459.6 million, compared to a surplus of JD 2,088.6 million during 2019.
- ◆ The primary income account recorded a deficit of JD 92.6 million, compared to surplus of JD 5.3 million during 2019. This was mainly due to the increase in deficit of the investment income (net) to reach JD 298.7 million, compared to deficit of JD 212.2 million, and the downward in surplus of “compensation of employees (net)” by JD 11.4 million to reach JD 206.1 million.
- ◆ A decrease in the secondary income surplus by JD 253.1 million to reach JD 3,182.9 million compared to a surplus of JD 3,436.0 million during 2019, this was a result of the decrease in net transfers of the public sector (foreign grants) by JD 45.8 million to reach JD 898.2 million, and the decrease in net surplus of other sectors transfers (net) by JD 207.3 million to reach JD 2,284.7 million.



- As for the capital and financial transactions during 2020, the capital account registered a net inflow of JD 15.7 million, compared to a net inflow of JD 18.0 million during the same period of 2019. Meanwhile, the financial account registered a net inflow of JD 1,892.1 million during 2020, compared to a net inflow of JD 738.5 million during 2019, this could be attributed to the following:
  - ◆ Direct investment recorded a net inflow of JD 496.7 million compared to a net inflow of JD 487.3 million.
  - ◆ Portfolio investment recorded a net inflow of JD 301.6 million compared to a net outflow of JD 757.3 million.
  - ◆ Other investment registered a net inflow of JD 1,881.0 million, compared to a net inflow of JD 1,413.6 million.
  - ◆ An increase in the reserve assets of the CBJ by JD 787.2 million, compared to an increase of JD 405.1 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 33,951.2 million at the end of 2020 compared, to JD 32,372.6 million at the end of 2019. This was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all economic sectors (residing) in the Kingdom by JD 1,735.9 million at the end of 2020 to reach JD 20,253.5 million. This was mainly due to increase in the currency and deposits of the licensed banks abroad by JD 753.9 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 3,314.6 million at the end of 2020 to reach JD 54,204.8 million, this was due to the following developments:
  - ◆ An increase of government long term loans by JD 725.7 million or 13.8 percent, to stand at JD 5,976.9 million.
  - ◆ An increase in the balance of the international monetary fund credit facilities by JD 378.2 million or 105.5 percent, to reach JD 736.7 million.
  - ◆ An increase of banks short- term loans by JD 208.3 million or 99.8 percent, to stand at JD 417.1 million.
  - ◆ An increase in the deposits of non-residents at the banking sector by JD 1,195.5 million or 12.9 percent to stand at JD 10,456.6 million (increase by JD 1,256.3 million for the licensed banks and decrease by JD 60.8 million for the CBJ).
  - ◆ An increase in the stock of direct investment in the kingdom by JD 564.7 million or 2.2 percent, to stand at JD 25,954.5 million.
  - ◆ An increase in the stock of portfolio investment in the kingdom by JD 190.2 million or 2.7 percent, to stand at JD 7,202.6 million.
  - ◆ A decrease of trade credits to residents in the kingdom by JD 169.1 million or 21.3 percent, to stand at JD 626.2 million.