



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

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

Central Bank of Jordan

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OUR VISION

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

OUR MISSION

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

OUR VALUES

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

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Executive Summary

□ Output, Prices and Employment

Real GDP at market prices grew by 2.5 percent during 2022, compared to a growth of 2.2 percent during 2021. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two months of 2023 by 4.0 percent, compared to an increase of 2.2 percent during the same period of 2022. The unemployment rate during the fourth quarter of 2022 reached 22.9 percent, compared to 23.3 percent during the same quarter of 2021.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 16,623.3 million at the end of February 2023. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,436.5 million at the end of February 2023, compared to JD 41,681.7 million at the end of 2022.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 33,080.2 million at the end of February 2023, compared to JD 32,591.5 million at the end of 2022.
- Total deposits at licensed banks amounted to JD 42,147.0 million at the end of February 2023, compared to JD 42,106.7 million at the end of 2022.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,655.1 points at the end of February 2023, compared to 2,501.6 points at the end of 2022.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,552.5 million (4.6 percent of GDP) during 2022, comparing to a fiscal deficit of JD 1,730.6 million (5.4 percent of GDP) during 2021. Government domestic debt (budgetary and guaranteed) increased by JD 1,319.7 million at the end of 2022, compared to its level at the end of 2021, to reach JD 21,579.2 million (64.1 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 1,403.8 million, to reach JD 16,911.0 million (50.2 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 38,490.2 million at the end of 2022 (114.2 percent of GDP), compared to JD 35,766.7 million (111.7 percent of GDP) at the end of 2021. When excluding the debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 14,178.7 million (42.1 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 16,488.9 million (48.9 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 30,667.6 million (91.0 percent of GDP) compared to 89.8 percent of GDP at the end of 2021).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 32.3 percent during 2022 to reach JD 8,789.9 million. Meanwhile, merchandize imports increased by 26.7 percent to reach JD 19,375.7 million. As a result, the trade balance deficit increased by 22.4 percent, compared to 2021, to reach JD 10,585.8 million. The preliminary data during The first two months of 2023 showed an increase in travel receipts by 122.7 percent, to reach JD 749.0 million, and an increase in travel payments by 101.8 percent, to reach JD 200.2 million, compared to the same period of 2022. Moreover, total workers' remittances receipts increased by 0.9 percent during January 2023, to reach JD 222.7 million, compared to the same month of 2022. The preliminary data for the balance of payments during 2022 displayed a deficit in the current account amounted to JD 2,953.0 million (8.8 percent of GDP) compared to a deficit of JD 2,639.5 million (8.2 percent of GDP) during 2021. Meanwhile, the current account deficit excluding grants increased to reach 12.7 percent of GDP, compared with 12.0 percent of GDP during 2021. Moreover, foreign direct investment recorded an inflow of JD 807.3 million during 2022, compared to an inflow of JD 441.5 million during 2021. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 36,580.3 million at the end 2022 compared to JD 35,015.7 million at the end of 2021.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves amounted to US\$ 16,623.3 million at the end of February 2023. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,436.5 million at the end of February 2023, compared to JD 41,681.7 million at the end of 2022.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 33,080.2 million at the end of February 2023, compared to JD 32,591.5 million at the end of 2022.
- Total deposits at licensed banks amounted to JD 42,147.0 million at the end of February 2023, compared to JD 42,106.7 million at the end of 2022.
- The interest rates on all types of deposits held by licensed banks had increased at the end of February 2023, except the interest rate on saving deposits which had decreased, compared to their levels at the end of 2022. Also the interest rate on all types of credit facilities extended by licensed banks had increased at the end of February 2023, compared to their levels at the end of 2022.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,655.1 points at the end of February 2023, compared to 2,501.6 points at the end of 2022. Moreover, the market capitalization reached JD 19,502.9 million at the end of February 2023, compared to JD 18,003.8 million at the end of 2022.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

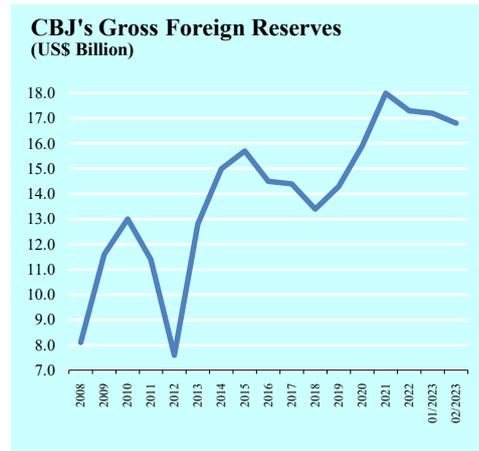
| | 2022 | End of February | |
|---------------|--|-----------------|---------------|
| | | 2022 | 2023 |
| US\$ 17,266.9 | | US\$ 18,056.7 | US\$ 16,623.3 |
| -4.3% | CBI's Foreign Reserves* | 0.1% | -3.7% |
| 7.5 | Coverage in months | 7.6 | 7.3 |
| 41,681.7 | Money Supply (M2) | 39,573.8 | 41,436.5 |
| 5.5% | | 0.2% | -0.6% |
| 32,591.5 | Credit Facilities, of which: | 30,452.3 | 33,080.2 |
| 8.5% | | 1.4% | 1.5% |
| 28,870.5 | Private Sector (Resident) | 27,188.1 | 29,359.3 |
| 8.1% | | 1.8% | 1.7% |
| 42,106.7 | Total Deposits, of which: | 39,556.5 | 42,147.0 |
| 6.5% | | 0.1% | 0.1% |
| 32,841.5 | In JD | 30,698.9 | 32,889.8 |
| 7.0% | | 0.0% | 0.1% |
| 9,265.2 | In Foreign Currencies | 8,857.6 | 9,257.2 |
| 4.8% | | 0.2% | -0.1% |
| 33,206.2 | Deposits of Private Sector (Resident), of which: | 31,145.9 | 33,021.2 |
| 7.2% | | 0.5% | -0.6% |
| 26,603.1 | In JD | 24,769.5 | 26,461.8 |
| 7.6% | | 0.2% | -0.5% |
| 6,603.1 | In Foreign Currencies | 6,376.3 | 6,559.3 |
| 5.4% | | 1.8% | -0.7% |

* 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\$ 16,623.3 million at the end of February 2023. This level of reserves covers around 7.3 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

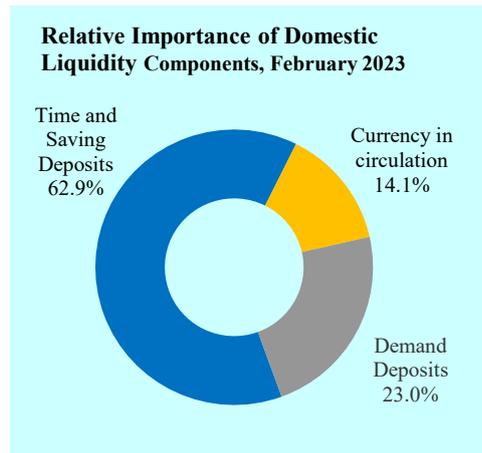
■ Domestic liquidity amounted to JD 41.4 billion at the end of February 2023, compared to JD 41.7 billion at the end of 2022.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of February 2023, compared to their levels at the end of 2022, reveal the following:**

- **Components of Domestic Liquidity**

- Total deposits, according to liquidity definition, amounted to JD 35.6 billion at the end of February 2023, compared to JD 33.4 billion during the same period in 2022, maintaining the same level registered at the end of 2022.

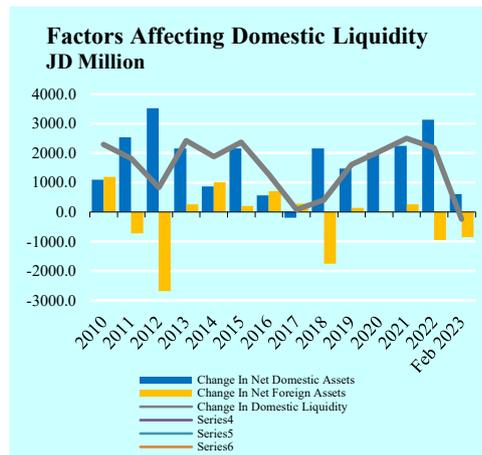
- Currency in circulation amounted to JD 5.8 billion at the end of February 2023, compared to JD 6.2 billion during



the same period in 2022, and JD 6.0 billion at the end of 2022.

• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 35.4 billion at the end of February 2023, compared to



JD 32.0 billion during the same period in 2022, and JD 34.8 billion at the end of 2022.

- Net foreign assets of the banking system amounted to JD 6.0 billion at the end of February 2023, compared to JD 7.6 billion during the same period in 2022. The net foreign assets of the CBJ amounted to JD 10.9 billion at the end of February 2023.

Factors Affecting Domestic Liquidity (M2)

JD Million

| | | End of February | |
|-----------------|----------------------------------|-----------------|-----------------|
| 2022 | | 2022 | 2023 |
| 6,864.6 | Foreign Assets (Net) | 7,605.9 | 6,013.8 |
| 11,388.0 | CBJ | 12,163.6 | 10,933.6 |
| -4,523.4 | Licensed Banks | -4,557.7 | -4,919.8 |
| 34,817.1 | Domestic Assets (Net) | 31,967.9 | 35,422.7 |
| -4,699.6 | CBJ, of which: | -5,312.0 | -4,417.4 |
| 1,052.3 | Claims on Public Sector (Net) | 1,103.4 | 1,715.4 |
| -5,778.3 | Other Items (Net*) | -6,437.0 | -6,159.6 |
| 39,516.7 | Licensed Banks | 37,279.9 | 39,840.0 |
| 14,432.2 | Claims on Public Sector (Net) | 13,382.7 | 14,299.5 |
| 29,733.7 | Claims on Private Sector | 28,004.8 | 30,242.1 |
| -4,649.3 | Other Items (Net) | -4,107.5 | -4,701.5 |
| 41,681.7 | Money Supply (M2) | 39,573.8 | 41,436.5 |
| 6,037.4 | Currency in Circulation | 6,192.6 | 5,844.8 |
| 35,644.3 | Total Deposits, of which: | 33,381.2 | 35,591.8 |
| 6,650.2 | In Foreign Currencies | 6,446.8 | 6,620.1 |

* This item includes Certificates of Deposit in Jordanian Dinar.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

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

◆ The CBJ decided during 2022 to raise interest rates seven times by 400 basis points on all monetary policy instruments and 425 basis points on O/N window rate. During this year the CBJ raised the interest rates for the second time on 26/3/2023 by 25 basis points on all monetary policy instruments to become as follow:

- The CBJ main interest rate: 7.00 percent.
- Re-discount Rate: 8.00 percent.
- Interest Rate on Overnight Repurchase Agreements: 7.75 percent.
- Overnight Deposit Window Rate: 6.75 percent.
- Weekly/ Monthly Repurchase Agreements: 7.00 percent.
- The interest rate on weekly certificates of deposit: 7.00 percent.

This decision comes in line with the continuation of the inflationary pressures in the regional and international economic environment, compared to the rates targeted by Central Banks, which contributed to a rise in the recorded inflation rates in the Kingdom at 2022 and their expectations within the short-term.

Within the CBJ's keenness for the importance of achieving a balance between its objective to maintain monetary stability, and continuing to stimulate economic growth and mitigating the impact of raising interest rates on economic sectors, the CBJ decided to extend the CBJ's program to refinance the vital economic sectors, with a value of JD 1.4 billion, covering ten sectors, and to keep the interest rate for this program unchanged at 1.0% for projects in Amman, and 0.5% for projects in the other governorates, in order to provide financing for productive activities with preferential terms.

Interest Rates on Monetary Policy Instruments, percentage points

| 2022 | | February | |
|------|---|----------|------|
| | | 2022 | 2023 |
| 6.50 | CBJ main rate | 2.50 | 6.75 |
| 7.50 | Re-discount Rate | 3.50 | 7.75 |
| 7.25 | Repurchase Agreements Rate (overnight) | 3.25 | 7.50 |
| 6.25 | Overnight Deposit Window Rate | 2.00 | 6.50 |
| 6.50 | Repurchase Agreements rate (one week and one month) | 2.50 | 6.75 |
| 6.50 | Certificates of Deposits (one week) | 2.50 | 6.75 |

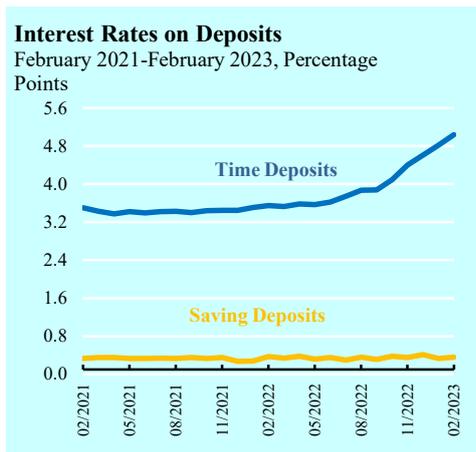
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

Moreover, the CBJ decided to continue the CBJ's program to support small - medium sized enterprises, professionals and craftsman, and basic commodities wholesale importers, amounting to JD 700 million, until the end of April 2023, and to keep the interest rate for the borrowers not exceed 2%, for a period of 54 months, including a grace period of up to 12 months.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

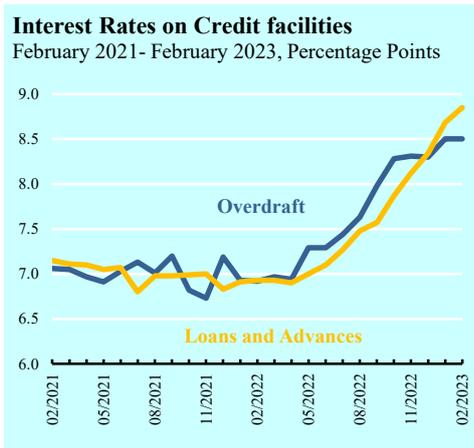
- **Time Deposits:** The weighted average interest rate on time deposits increased by 20 basis points at the end of February 2023, compared to its level registered at the previous month to stand at 5.04%. This rate is higher by 43 basis points than its level registered at the end of 2022.



- **Saving Deposits:** The weighted average interest rate on saving deposits increased by 3 basis points at the end of February 2023, compared to its level registered at the previous month to stand at 0.36%. This rate is lower by 5 basis points than its level registered at the end of 2022.
- **Demand Deposits:** The weighted average interest rate on demand deposits decreased by 10 basis points at the end of February 2023, compared to its level registered at the previous month to stand at 0.46%. This level is higher by 9 basis points than its level registered at the end of 2022.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts maintained its level registered at the previous month to stand at 8.50 percent. This level is higher by 20 basis points than its level registered at the end of 2022.
- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by 102 basis points at the end of February 2023, compared to its level registered at the previous month to stand at 8.83%. This level is higher by 47 basis point, than its level registered at the end of 2022.
- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by 17 basis points at the end of February 2023, compared to its level registered at the of previous month to stand at 8.85%. This level is higher by 51 basis points than its level registered at the end of 2022.



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

| 2022 | | February | | Change Relative to the Preceding Year Basis Points |
|--------------------------|----------------------------|----------|-------|--|
| | | 2022 | 2023 | |
| Deposits | | | | |
| 0.37 | Demand | 0.24 | 0.46 | 9 |
| 0.41 | Saving | 0.37 | 0.36 | -5 |
| 4.61 | Time | 3.55 | 5.04 | 43 |
| Credit Facilities | | | | |
| 8.36 | Discounted Bills and Bonds | 7.45 | 8.83 | 47 |
| 8.34 | Loans and Advances | 6.93 | 8.85 | 51 |
| 8.30 | Overdraft | 6.92 | 8.50 | 20 |
| 10.80 | Prime Lending Rate | 8.37 | 11.09 | 29 |

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The prime lending rate stood at 11.09% at the end of February 2023, increasing by 12 basis points compared to its level registered at its level registered at the previous month. This level is higher by 29 basis point that its level registered at the end of 2022.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 488.7 million, or 1.5 percent, at the end of February 2023, compared to its level registered at the end of 2022, against an increase by JD 423.8 million, or 1.4 percent during the same period in 2022.
- In terms of borrower sectors, the credit facilities at the end of February 2023 had shown an increase in credit extended to the private sector (resident) by JD 488.8 million, or 1.7 percent, the central government by JD 19.7 million, or 1.0 percent, and the public institution by JD 1.4 million, or 0.2 percent. In contrast, the non-banking financial institutions decreased by JD 16.3 million, or 17.2 percent, and the credit facilities extended to the private sector (non-resident) decreased by JD 4.9 million, or 0.7 percent, compared to their levels at the end of 2022.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 42.1 billion at the end of February 2023, compared to JD 39.6 billion at the end of February 2022, and JD 42.1 billion at the end of 2022.

- The currency composition of deposits at the end of February 2023 revealed that the JD deposits amounted to JD 32.9 billion, and the deposits in foreign currencies amounted to JD 9.2 billion, compared to JD 30.7 billion of JD deposits, and JD 8.9 billion of deposits in foreign currencies at the end of February 2022, and JD 32.8 billion of JD deposits, and JD 9.3 billion of deposits in foreign currency at the end of 2022.

□ **Amman Stock Exchange (ASE)**

The ASE main indicators showed a mixed performance during February 2023, compared to their levels in 2022. This can be demonstrated as follows:

■ **Trading Volume**

Trading volume at ASE totaled JD 184.3 million in February 2023, decreasing by JD 5.4 million (2.9%), compared to its level registered at the end of the previous month, against an increase by JD 3.3 million, or 2.9 percent during the same month in 2022. As for the first two months of 2023, the trading volume totaled JD 374.1 million.

■ **Traded Shares**

The number of traded shares in February 2023 totaled 113.0 million shares, increasing by 1.1 million shares, or 0.9 percent, compared to its level registered at the end of the previous month, against an increase by 2.7 million shares, or 3.1 percent during the same month in 2022. As for the first two months of 2023, the number of traded shares amounted to 224.9 million shares.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreased by 21.4 points, or 0.8 percent, at the end of February 2023 compared to its level in the

previous month, to stand at 2,655.1 points, compared to a decrease by 16.6 basis points, or 0.8 percent during the same period in 2022. Furthermore, the SPI increased by 153.5 points, or 6.1 percent compared to its level registered at the end of 2022, against an increase by 29.7 basis points, or 1.4 percent during the same period in 2022. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 757.4 points, or 14.3 percent, services sector by 90.7 points, or 5.2 percent, and the financial sector by 88.1 points, or 3.3 percent, compared to their levels at the end of 2022.

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

| 2022 | | February | |
|---------|-------------------|----------|---------|
| | | 2022 | 2023 |
| 2,501.6 | General Index | 2,148.3 | 2,655.1 |
| 2,692.2 | Financial Sector | 2,648.0 | 2,780.3 |
| 5,292.3 | Industrial Sector | 3,715.0 | 6,049.6 |
| 1,740.8 | Services Sector | 1,331.3 | 1,831.5 |

Source: Amman Stock Exchange.

■ **Market Capitalization**

The ASE's market capitalization totaled JD 19.5 billion at the end of February 2023, increasing by JD 0.1 billion, or 0.3 percent, compared to its level registered at the previous month, against a decrease by JD 39.0 million, or 0.2



percent, during the same month in 2022. Furthermore, the ASE's market capitalization increased by JD 1,499.2 million, or 8.3 percent compared to its level registered at the end of 2022.

■ Net Investment of Non - Jordanian

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 0.2 million in February 2023, compared to an outflow amounted by JD 2.2 million during the same months of 2022. The value of shares buying by non-Jordanian in February 2023 amounted to JD 19.4 million, while their selling amounted to JD 19.6

| Main Amman Stock Exchange Trading Indicators, JD Million | | | |
|--|---------------------------------|----------|----------|
| | | February | |
| 2022 | | 2022 | 2023 |
| 1,903.7 | Value Traded | 114.8 | 184.3 |
| 7.7 | Average Daily Trading | 5.7 | 9.2 |
| 18,003.8 | Market Capitalization | 15,588.2 | 19,502.9 |
| 1,155.7 | No. of Traded Shares (million) | 89.3 | 113.0 |
| -68.0 | Net Investment of Non-Jordanian | -2.2 | -0.2 |
| 274.2 | Non-Jordanian Buying | 9.2 | 19.4 |
| 342.2 | Non-Jordanian Selling | 11.4 | 19.6 |

Source: Amman Stock Exchange.

million. The net investment of Non-Jordanian at the end of the first two months of 2023, recorded an outflow amounted to JD 4.3 million.

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.0 percent during the fourth quarter of 2022, compared to a growth of 2.6 percent during the same quarter of 2021. At current market prices, GDP grew by 4.7 percent during the fourth quarter of 2022, compared to a growth of 4.6 percent in the same quarter of 2021.
- Accordingly, the real GDP grew by 2.5 percent during 2022, compared to a growth of 2.2 percent during 2021. At current market prices, GDP grew by 5.2 percent during 2022 compared to a growth of 3.5 percent during the same period of 2021.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first two months of 2023 by 4.0 percent, compared to an increase of 2.2 percent during the same period of 2022.
- The unemployment rate during the fourth quarter of 2022 reached 22.9 percent (20.6 percent for males and 31.7 percent for females), compared to 23.3 percent (21.4 percent for males and 30.7 percent for females) during the same quarter of 2021. The highest unemployment rate was among youth, which reached 53.9 percent for the (15-19) years old category and 46.2 percent for the (20-24) years old.

▣ Developments of GDP

Gross Domestic Product (GDP), at constant market prices, grew by 2.5 percent during 2022, compared to a growth of 2.2 percent during 2021. When excluding “net taxes on products” (which grew by 2.2 percent during 2022 compared to a growth of 2.3 percent during 2021), GDP at constant basic prices, grew by 2.5 percent during 2022, compared to a growth of 2.2 percent during 2021.

Quarterly Growth Rates of GDP at Market Prices (2020 – 2022)

Percentages

| | Q1 | Q2 | Q3 | Q4 | Year |
|------------------------|-----|------|------|------|------|
| 2020 | | | | | |
| GDP at Constant Prices | 1.2 | -3.6 | -2.2 | -1.6 | -1.6 |
| GDP at Current Prices | 2.2 | -5.0 | -3.3 | -1.9 | -2.1 |
| 2021 | | | | | |
| GDP at Constant Prices | 0.3 | 3.2 | 2.7 | 2.6 | 2.2 |
| GDP at Current Prices | 0.5 | 4.7 | 4.1 | 4.6 | 3.5 |
| 2022 | | | | | |
| GDP at Constant Prices | 2.5 | 3.0 | 2.5 | 2.0 | 2.5 |
| GDP at Current Prices | 4.6 | 5.2 | 6.2 | 4.7 | 5.2 |

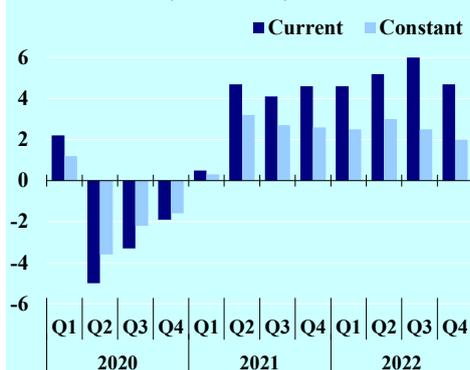
Source: Department of Statistics.

At current market prices, GDP grew by 5.2 percent during 2022, compared to a growth of 3.5 percent during 2021. This was in light of the increase of the general price level, measured by the GDP deflator, by 2.6 percent during 2022 compared to a growth of 1.3 percent during 2021.

The economic growth recorded during 2022 was mainly driven by the significant improvement in the external sector indicators, such as; tourism income, domestic exports, and inflow FDI to Jordan.

As for the economic sectors contribution to growth rate during 2022, all sectors contributed positively to the growth rate. Most notably; manufacturing contributed by (0.6 percentage point), “transport, storage and communications” (0.3 percentage point), “finance and insurance services” (0.3 percentage point), “wholesale and retail trade” (0.2 percentage point), and “social and personal services” (0.2 percentage point). These sectors accounted for 64.0 percent of the real growth recorded during 2022.

Quarterly Growth Rates of GDP at Market Prices (2020- 2022), %



Main Sectors Contributed to Economic Growth at Constant Market Prices

| Sectors | Percentage | | | |
|---------------------------------------|-----------------|------|--------------|------|
| | Relative change | | Contribution | |
| | 2021 | 2022 | 2021 | 2022 |
| GDP at Constant Market Prices | 2.2 | 2.5 | 2.2 | 2.5 |
| Agriculture | 2.8 | 3.3 | 0.1 | 0.2 |
| Mining And Quarrying | 8.8 | 2.9 | 0.2 | 0.1 |
| Manufacturing | 2.3 | 3.3 | 0.4 | 0.6 |
| Electricity And Water | 1.8 | 2.5 | 0.0 | 0.0 |
| Construction | 3.8 | 4.1 | 0.1 | 0.1 |
| Wholesale And Retail Trade | 2.2 | 2.9 | 0.2 | 0.2 |
| Restaurant And Hotels | 2.7 | 4.9 | 0.0 | 0.1 |
| Transport, Storage And Communications | 2.3 | 3.4 | 0.2 | 0.3 |
| Finance And Insurance Services | 4.2 | 4.4 | 0.3 | 0.3 |
| Real Estate | 1.4 | 1.0 | 0.2 | 0.1 |
| Social And Personal Services | 1.0 | 1.9 | 0.1 | 0.2 |
| Producers of Government Services | 1.4 | 1.2 | 0.2 | 0.2 |
| Producers of Private Non-Profit | 1.7 | 2.6 | 0.0 | 0.0 |
| Domestic Services of Households | 0.1 | 0.1 | 0.0 | 0.0 |

Source : Department of Statistics.

□ Microeconomic Indicators

Many of the microeconomic indicators witnessed an improvement in their performance during the available period of 2023. Most notably; “Number of passengers through Royal Jordanian” (53.8 percent), “Number of departures” (118.9 percent), in addition to production of phosphate (3.0 percent) and potash (6.4 percent). The following table displays the performance of the main available microeconomic indicators:

| Main Sectoral Indicators* | | | | |
|---------------------------|---|-------|--------------------|-------|
| Percentage Points | | | | |
| 2022 | Item | 2022 | Available period | 2023 |
| 2.3 | Manufacturing production quantity index | 2.6 | Jan. | 2.0 |
| -10.4 | Food products and beverages | -6.6 | | -4.5 |
| -3.6 | Tobacco products | -3.3 | | 5.3 |
| 106.5 | Refined petroleum products | 77.3 | | 28.7 |
| -6.3 | Wearing apparel | -19.3 | | -13.8 |
| 0.7 | Pharmaceuticals, medical products | -0.3 | | 3.9 |
| 2.5 | Chemical products | 5.5 | | -9.8 |
| 3.9 | Mining and quarrying production quantity index | 6.5 | | 3.0 |
| 25.0 | Extraction of crude petroleum and natural gas | 6.4 | | 22.3 |
| 6.4 | Other mining and quarrying | 6.5 | | 2.9 |
| 3.6 | Licensed areas for buildings | -31.0 | | 72.2 |
| 16.5 | Value traded at the real estate market | 7.5 | | 45.5 |
| 11.1 | Cargo through Royal Jordanian | 121.9 | | -4.5 |
| 91.8 | Number of passengers through Royal Jordanian | 313.2 | | 53.8 |
| 4.7 | Production of potash | 2.3 | Jan. – Feb. | 6.4 |
| 11.3 | Production of phosphate | 3.8 | | 3.0 |
| 99.8 | Number of departures | 184.1 | | 118.9 |

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

□ Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI), increased during the first two months of 2023 by 4.0 percent, compared to an increase of 2.2 percent during the same period of 2022. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
 - “fuel and lighting” prices increased by 31.8 percent, compared to an increase by 4.2 percent, in addition to the transportation group, whose the prices increased by 3.0 percent, compared to an increase by 6.3 percent during the first two months of 2022. and this comes in light of the rise in oil prices in global markets.

Inflation Rate during the first two months for the years (2016-2023),



Inflation Rate during the first two months of the years 2022-2023

| Expenditure Groups | Relative Imp. | Relative change | | Contribution | |
|--|---------------|------------------|------------------|------------------|------------------|
| | | Jan. – Feb. 2022 | Jan. – Feb. 2023 | Jan. – Feb. 2022 | Jan. – Feb. 2023 |
| All Items | 100.0 | 2.2 | 4.01 | 2.2 | 4.0 |
| 1) Food and non-Alcoholic Beverages | 26.5 | 2.9 | 0.43 | 0.8 | 0.1 |
| Food | 23.8 | 3.3 | 0.32 | 0.8 | 0.1 |
| Cereals and Products | 4.2 | 1.9 | 5.01 | 0.1 | 0.22 |
| Meat and Poultry | 4.7 | 1.8 | 0.60 | 0.1 | 0.03 |
| Fish and Sea Product | 0.4 | 0.8 | 2.36 | 0.0 | 0.0 |
| Dairy Products and Eggs | 3.7 | 1.0 | 8.34 | 0.0 | 0.3 |
| Oil and Fats | 1.7 | 4.2 | 9.46 | 0.1 | 0.2 |
| Fruits and Nuts | 2.6 | -0.6 | -3.48 | 0.0 | -0.1 |
| Vegetables and Legumes Dry and Canned | 3.0 | 19.1 | -16.97 | 0.5 | -0.49 |
| 2) Alcohol and Tobacco and Cigarettes | 4.4 | 0.0 | 0.03 | 0.0 | 0.0 |
| Alcohol | 0.0 | 0.6 | 0.01 | 0.0 | 0.0 |
| Tobacco and Cigarettes | 4.4 | 0.0 | 0.03 | 0.0 | 0.0 |
| 3) Clothing and footwear | 4.1 | 0.2 | -1.13 | 0.0 | 0.0 |
| Clothing | 3.4 | 0.3 | -1.85 | 0.0 | -0.1 |
| Footwear | 0.7 | -0.3 | 2.44 | 0.0 | 0.0 |
| 4) Housing | 23.8 | 0.8 | 9.73 | 0.2 | 2.3 |
| Rents | 17.5 | -0.1 | 5.17 | 0.0 | 0.9 |
| Fuels and Lighting | 4.7 | 4.2 | 31.82 | 0.2 | 1.33 |
| 5) Household Furnishings and Equipment | 4.9 | 1.4 | 3.80 | 0.1 | 0.2 |
| 6) Health | 4.0 | -1.8 | 6.71 | -0.1 | 0.3 |
| 7) Transportation | 16.0 | 6.3 | 3.02 | 1.0 | 0.50 |
| 8) Communication | 2.8 | 0.0 | 1.30 | 0.0 | 0.0 |
| 9) Culture and Recreation | 2.6 | 5.0 | 10.39 | 0.1 | 0.3 |
| 10) Education | 4.3 | 1.2 | 1.67 | 0.1 | 0.1 |
| 11) Restaurants and Hotels | 1.8 | 0.4 | 9.48 | 0.0 | 0.2 |
| 12) Other Goods and Services | 4.8 | 0.8 | 3.88 | 0.0 | 0.2 |

Source: Department of Statistics.

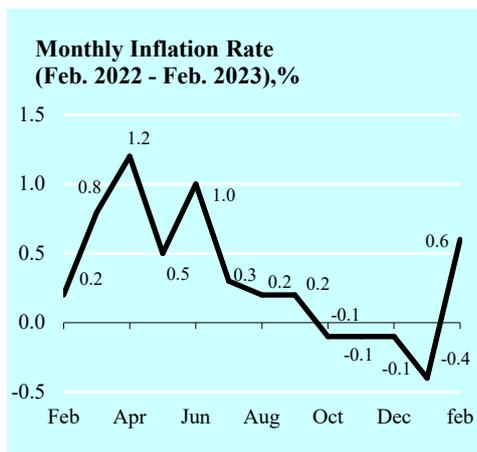
- The price of the items “dairy products and eggs” and “oil and fats” increased by 8.3 percent and 9.5 percent compared to an increase by 1.0 percent and 4.2 percent, respectively, during the first two months of 2022, affected in part by the demand and supply factors in domestic market.
- The health group also increased by 6.7 percent compared to a decline by 1.8 percent during the first two months of 2022, this increase is partially due to the increase in prices of medical and hospital services.

The above groups and items collectively contributed to raising the inflation rate during the first two months of 2023 by 2.6 percentage points, compared to 1.2 percentage point during the same period of 2022.

- On the other hand, the price of some items decline, notably, “vegetables and legumes dry and canned” (17.0 percent) and “fruits and nuts” (3.5 percent), during the first two months of 2023.

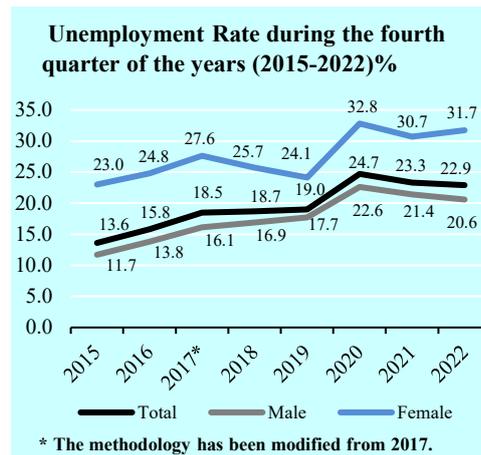
In February 2023, the CPI witnessed an increase compared to the previous month (January 2023) by 0.6 percent. This was an outcome of the increase in the prices of some items and groups, mainly, transportation (1.2 percent), health (0.5 percent), “vegetables and legumes dry” (5.5 percent), on the one hand, and the

decrease of the prices of a number of other items, most notably; “clothing” (2.9 percent), and “fish and sea products” (0.7 percent), on the other hand.



□ Labor Market

- The unemployment rate reached 22.9 percent (20.6 percent for males, and 31.7 percent for females) during the fourth quarter of 2022, compared to 23.3 percent (21.4 percent for males and 30.7 percent for females), during the same quarter of 2021.



- The unemployment rate among youth, during the fourth quarter of 2022, remains high reaching 53.9 percent for the category (15-19) years old, and 46.2 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 28.4 percent during the fourth quarter of 2022, as the unemployment rate among (less than secondary) reached 20.7 percent.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.7 percent (53.6 percent for males, and 14.0 percent for females), compared to 33.5 percent (53.6 percent for males and 13.6 percent for females) during the fourth quarter of 2021.
- The employment rate among population (15 years and older) reached 26.0 percent during the fourth quarter of 2022.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,552.5 million (4.6 percent of GDP) during 2022, comparing to a fiscal deficit of JD 1,730.6 million (5.4 percent of GDP) during 2021. When excluding foreign grants (JD 792.2 million), the general budget deficit increases to JD 2,344.7 million (7.0 percent of GDP), compared to a deficit of JD 2,533.9 million (7.9 percent of GDP) in 2021.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,319.7 million at the end of 2022, compared to its level at the end of 2021, to reach JD 21,579.2 million (64.1 percent of GDP). When excluding the domestic debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 14,178.7 million (42.1 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 1,403.8 million at the end of 2022, compared to its level at the end of 2021, to reach JD 16,911.0 million (50.2 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 16,488.9 million (48.9 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,723.5 million at the end of 2022, to reach JD 38,490.2 million (114.2 percent of GDP), compared to JD 35,766.7 million (111.7 percent of GDP) at the end of 2021. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 30,667.6 million (91.0 percent of GDP), compared to JD 28,763.1 million (89.8 percent of GDP) at the end of 2021.

□ **The performance of the general budget during of 2022 compared of 2021:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) increased by JD 29.1 million, or 3.5 percent, in December 2022 compared to the same month in 2021, to stand at JD 854.1 million. As for the year of 2022, public revenues went up by JD 785.9 million, or 9.7 percent, compared to 2021, to stand at JD 8,914.1 million. This came as an outcome of the increase in domestic revenues by JD 797.0 million, and decrease in foreign grants by JD 11.1 million.

Main Government Budget Indicators During of 2022

(JD Million and Percentages)

| | December | | Growth Rate | Jan.-Dec. | | Growth Rate |
|--|----------------|----------------|-------------|-----------------|-----------------|-------------|
| | 2021 | 2022 | | 2021 | 2022 | |
| Public Revenues | 825.0 | 854.1 | 3.5 | 8,128.2 | 8,914.1 | 9.7 |
| Domestic Revenues, of which: | 605.7 | 801.1 | 32.3 | 7,324.9 | 8,121.9 | 10.9 |
| Tax Revenues, of which: | 433.3 | 485.1 | 12.0 | 5,626.9 | 6,047.9 | 7.5 |
| General Sales Tax | 343.8 | 382.1 | 11.1 | 4,038.7 | 4,167.5 | 3.2 |
| Other Revenues | 171.4 | 315.4 | 84.0 | 1,690.4 | 2,069.1 | 22.4 |
| Foreign Grants | 219.4 | 53.0 | -75.8 | 803.3 | 792.2 | -1.4 |
| Total Expenditures | 1,068.3 | 1,078.2 | 0.9 | 9,858.8 | 10,466.6 | 6.2 |
| Current Expenditures | 794.4 | 842.2 | 6.0 | 8,720.6 | 8,954.3 | 2.7 |
| Capital Expenditures | 273.9 | 236.0 | -13.8 | 1,138.2 | 1,512.3 | 32.9 |
| Overall Deficit/ Surplus (Including Grants) | -243.3 | -224.2 | - | -1,730.6 | -1,552.5 | - |
| Overall Deficit/ Surplus (Including Grants) as a Percent of GDP | - | - | - | -5.4 | -4.6 | - |

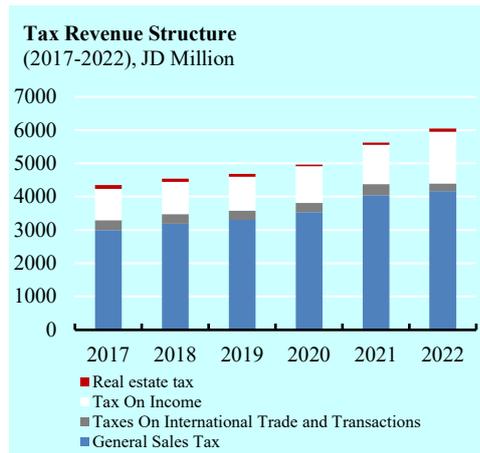
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ **Domestic Revenues**

Domestic revenues witnessed an increase of JD 797.0 million, or 10.9 percent, in 2022, compared to 2021, to reach JD 8,121.9 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues” by JD 421.0 million, and JD 378.7 million, respectively, and the drop in “Pension contributions” by JD 2.6 million.

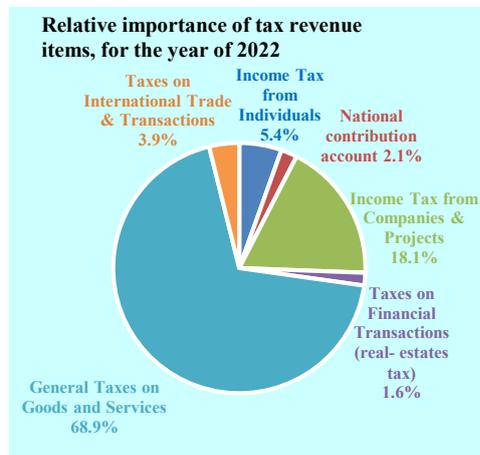
● **Tax Revenues**

Tax revenues increased by JD 421.0 million, or 7.5 percent, during 2022, compared to 2021, to reach JD 6,047.9 million (74.5 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 128.8 million, or 3.2 percent, to reach JD 4,167.5 million, accounting for 68.9 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on services by JD 110.6 million, and on imported goods by JD 58.2 million, and decrease in the proceeds of sales tax on domestic goods by JD 31.4 million, and on commercial sector by JD 8.7 million.

- An increase in the proceeds of **income and profit taxes** by JD 368.6 million, or 31.2 percent, to reach JD 1,548.2 million, accounting for 25.6 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of “income taxes from companies and projects” by JD 291.8 million, or 36.3 percent, to account for 70.7 percent of total proceeds of income and profits taxes, amounting to JD 1,094.6 million, and increase the proceeds of “income taxes from individuals” by JD 51.4 million, or 18.6 percent, to reach JD 328.2 million, and increase the proceeds of national contribution account item by JD 25.3 million, or 25.3 percent, to reach JD 125.3 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 28.9 million, or 40.9 percent, to reach JD 99.5 million.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 105.3 million, or 31.2 percent, to reach JD 232.7 million.



● Non-Tax Revenues

- “Other revenues” increased by JD 378.7 million, or 22.4 percent, during 2022, to reach JD 2,069.1 million. This increase was chiefly due to the following:
 - An increase in **miscellaneous revenues** by JD 230.2 million to stand at JD 724.3 million.
 - An increase in revenues from **selling goods and services** by JD 47.9 million to reach JD 886.3 million.
 - An increase in the **property income** by JD 100.7 million to stand at JD 458.6 million (of which financial surplus of independent government units amounted to JD 423.7 million against JD 335.2 million during of 2021).
- Pension contributions decreased by JD 2.6 million, or 34.7 percent, during 2022, compared to 2021, to reach JD 4.9 million.

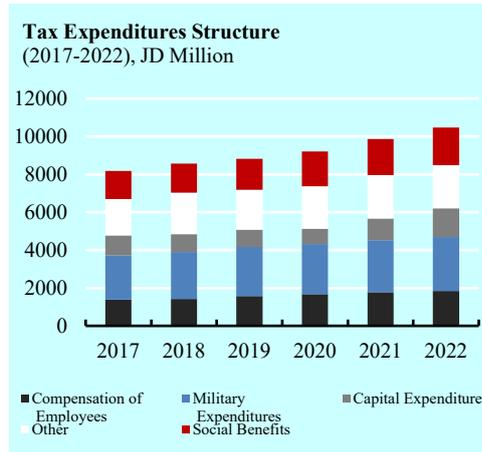
◆ Foreign Grants

Foreign grants decreased by JD 11.1 million, or 1.4 percent, during 2022, standing at JD 792.2 million, compared to JD 803.3 million during of 2021.

■ **Public Expenditures**

Public expenditures increased by JD 9.9 million, or 0.9 percent, in December 2022 compared to the same month in 2021, to stand at JD 1,078.2 million. As for year of 2022,

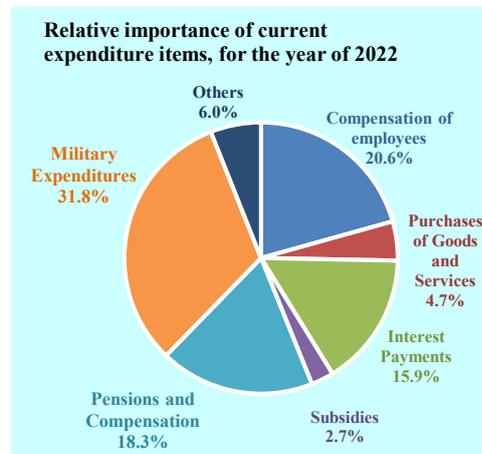
public expenditures increased by JD 607.8 million, or 6.2 percent, compared to 2021, to stand at JD 10,466.6 million. This increase was a result of the rise in current expenditures by 2.7 percent, and capital expenditures by 32.9 percent.



◆ **Current Expenditures**

Current expenditures went up by JD 233.7 million, or 2.7 percent, during 2022, to reach JD 8,954.3 million (85.6 percent of public expenditures). Because of the growth rate of domestic revenues is higher than that of current expenditure, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased by 6.7 percentage point, to reach 90.7 percent compared to 84.0 percent during of 2021. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in **military expenditures** by JD 96.3 million, to total JD 2,845.9 million.
- An increase in **interest payments** (commitment basis) by JD 24.2 million, to stand at JD 1,427.6 million.
- An increase in the **compensation of civil sector's employees (wages, salaries and social security contributions)** by JD 77.4 million, to reach JD 1,848.7 million.
- An increase in **pensions and compensation** by JD 33.4 million, to stand at JD 1,638.4 million.
- An increase in **subsidies** by JD 2.3 million, to stand at JD 240.4 million.
- A decrease in the **purchases of goods and services** by JD 24.4 million, to reach JD 417.3 million.

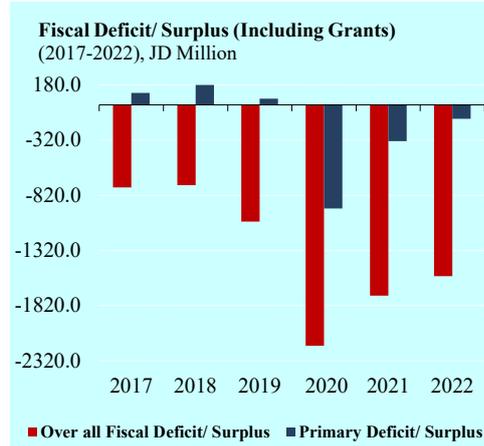


◆ Capital Expenditures

Capital expenditures increased by JD 374.1 million, or 32.9 percent, during 2022 compared to 2021, to reach JD 1,512.3 million.

■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 178.1 million, during 2022, to reach JD 1,552.5 million (4.6 percent of GDP),

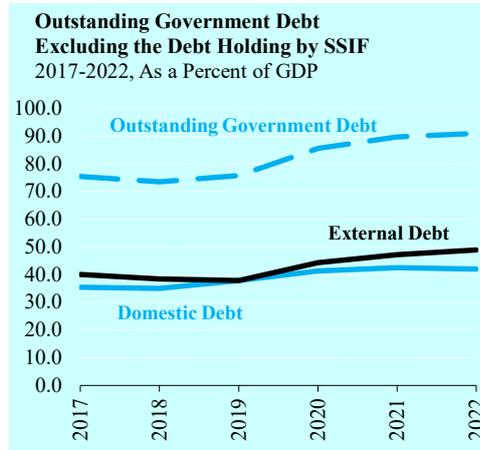
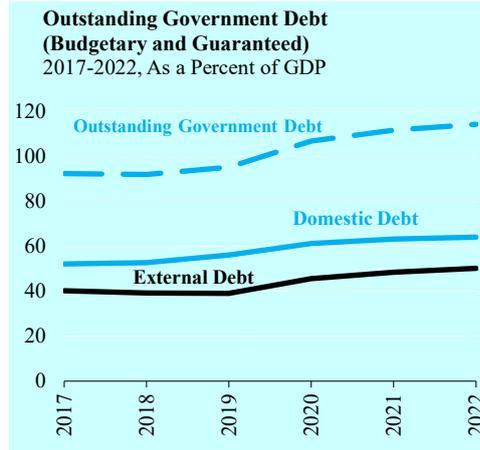


compared to a fiscal deficit of JD 1,730.6 million (5.4 percent of GDP) in 2021. When foreign grants are excluded, the general budget deficit increases to reach JD 2,344.7 million (7.0 percent of GDP), compared to a fiscal deficit of JD 2,533.9 million (7.9 percent of GDP) in 2021.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 917.1 million (2.7 percent of GDP) in 2022, against a primary deficit of JD 1,130.5 million (3.5 percent of GDP) in 2021. When foreign grants are including, the primary deficit of the general budget reached JD 124.9 million (0.4 percent of GDP), compared to a primary deficit of JD 327.2 million (1.0 percent of GDP) in 2021.

□ Outstanding Government Debt

■ Government domestic debt (budgetary and guaranteed) increased by JD 1,319.7 million, at the end of 2022 compared to its level at the end of 2021, to stand at JD 21,579.5 million (64.1 percent of GDP). This increase was an outcome of the rise in the domestic debt of the budget by JD 1,064.3 million, and the increase in the domestic debt of guaranteed by JD 255.3 million, compared to their levels at the end of 2021, standing at JD 18,947.7 million and JD 2,631.4 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 553.1 million, at the end of 2022 compared to its level at the end of 2021, to stand at JD 14,178.7 million (42.1 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 1,403.8 million at the end of 2022, compared to its level at the end of 2021, to reach JD 16,911.0 million (50.2 percent of GDP). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 69.4 percent of the total external debt, and the debt in Euro accounted for 11.2 percent. However, the SDR accounted for 10.9 percent, Kuwaiti Dinar (3.5 percent), and Japanese Yen (3.4 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 1,351.4 million, at the end of 2022 compared to its level at the end of 2021, to stand at JD 16,488.9 million (48.9 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,723.5 million at the end of 2022 to reach JD 38,490.2 million (114.2 percent of GDP), compared to JD 35,766.7 million (111.7 percent of GDP) at the end of 2021. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 30,667.6 million (91.0 percent of GDP), compared to JD 28,763.1 million (89.8 percent of GDP) at the end of 2021.
- External debt service (budget and guaranteed) increased by JD 973.6 million during 2022 compared to 2021, to reach JD 2,803.2 million (including principal payments of JD 2,307.1 million and interest of JD 496.1 million).

□ Fiscal and Price Measures of 2023

◆ April

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

Development of Oil Derivatives Prices

| | Unit | 2023 | | Percentage Change |
|--|--------------|-------|-------|-------------------|
| | | March | April | |
| Unleaded Gasoline 90 | Fils/ Liter | 945 | 940 | -0.5 |
| Unleaded Gasoline 95 | Fils/ Liter | 1,185 | 1,180 | -0.4 |
| Unleaded Gasoline 98 | Fils/ Liter | 1,335 | 1,330 | -0.4 |
| Gas Oil (Diesel) | Fils/ Liter | 810 | 785 | -3.1 |
| Kerosene | Fils/ Liter | 620 | 620 | 0.0 |
| Liquid Gas (12.5kg) | JD/ Cylinder | 7.0 | 7.0 | 0.0 |
| Fuel oil (1%) | JD/ Ton | 407.4 | 422.6 | 3.7 |
| Fuel for airplanes (local companies) | Fils/ Liter | 639 | 595 | -6.9 |
| Fuel for airplanes (foreign companies) | Fils/ Liter | 644 | 600 | -6.8 |
| Fuel for unplanned flights | Fils/ Liter | 659 | 615 | -6.7 |
| Asphalt | JD/ Ton | 402.3 | 417.5 | 3.8 |

Source: Jordan Petroleum Refinery Company (1/4/2023).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for April 2023.

◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for March 2023.

◆ February

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2023.

◆ January

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2023.
- In implementation of Royal directives, the Cabinet decided to freeze the kerosene tax during the winter season to alleviate the burden on citizens, especially those in low-income households.

□ Fiscal and Price Measures of 2022**◆ December**

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

◆ November

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

◆ October

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

◆ September

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

◆ August

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for August 2022.
- The Royal Decree was issued approving the law amending the 2022 General Sales Tax Law, and published in the official gazette. The amendment Law aims to fighting tax evasion and avoidance, and treatment late in sales tax refunds.

◆ July

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2022.
- The Cabinet decided to about JD 30 million will be allocated to fuel subsidy, aim to reduce impact of rising oil prices globally, as follow:
 - JD 16 million to support households benefiting from NAF programs.
 - JD 4 million to support underprivileged university students.
 - JD 5 million to support operating public transport means.

◆ June

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

◆ May

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

◆ April

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

◆ March

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

◆ February

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

◆ January

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

- Reduce and unify customs tariffs on goods, excludes imported goods such as cars, alcoholic beverages, and tobacco, to become 4 categories (exempt, 5%, 15%, 25%) instead of 11 categories (between 0% to 40%), as follows:
 - Reduce customs tariffs on goods subject on 1 percent to become exempt.
 - Reduce customs tariffs on goods subject on 6.5 percent and 10 percent to become subject 5 percent.
 - Reduce customs tariffs on goods subject on 25 percent and 30 percent 35 percent 40 percent to become subject 5 percent, except for those produced by Jordanian engineering, construction, furniture and food industries, will be subject to:
 - 25 percent to 31/12/2024.
 - 20 percent starting from 1/1/2025.
 - 15 percent starting from 1/1/2027.
- Reduce the sales tax on cakes, wafers and biscuits from 16 percent to 5 percent.
- The expiry of the Cabinet decides taken in July 2018, according to which the special tax imposed on cars that partially operate on electricity (hybrid) was reduced and raised gradually during the period (2018-2021), to become the special tax imposed on it 55 percent, as of 1/1/2022.

- Issuing the amending by-law for the year 2022 for the work permit fees to non-Jordanian workers, in which a fee for issuing or renewing a work permit for one year or part of the year shall be collected from the employer JD 350, for every worker in all sectors and economic activities, except the following:
 - Collect JD 225 for each worker with institutions and companies operating in the clothing and textile industry sector registered in the Investment Commission in development zones.
 - Collect JD 800 for each worker from Day laborers for a free permit in the agricultural sector, or construction sector, or loading and unloading sector, or whoever the Minister of Labor decides to consider them in this category.
 - Collect a fee for issuing or renewing a work permit for each worker with specialized skills in excess of the numbers or percentages of expatriate workers allowed, as following:
 - JD 2,150 for issuance of a work permit for a period of one year.
 - JD 1,250 for issuance of a work permit for a period of six months.
 - JD 645 for issuance of a work permit for a period of three months.

□ Grants, Loans and Other Agreements for 2023

◆ January

- Signing a two grants agreement in the amount EUR 64 million, provided by the European Union (EU), as follows:
 - EUR 39 million to implement a program the Rule of Law in Jordan.
 - EUR 25 million to support Food Security in Jordan.

□ Grants, Loans and Other Agreements for 2022

◆ December

- Signing a soft loan agreement in the amount USD 110 million, provided by the Japanese government, to support the General Budget, and specifically for the development of the energy sector in order to ensure sustainability of the electricity supply, improve governance in the sector.
- Signing a soft loan agreement in the amount EUR 200 million, provided by the European Investment Bank (EIB), to finance the National Water Carrier Project.

◆ November

- Signing the annual US grant agreement in the amount USD 845.1 million, to support the Kingdom's budget. The grant is part of the US economic assistance programme to Jordan, and falls under the third memorandum of understanding (MoU) for 2018-2022.

◆ October

- Signing a tow grant agreement in the amount EUR 32 million, provided by the German government through the German Development Bank (KFW) to support the Jordan education sector.
- Signing a financing agreement in the amount USD 125 million, provided by the World Bank, to strengthen the development of Jordan's agriculture sector by enhancing its climate resilience.
- Signing a financing agreement in the amount USD 100 million, provided by the OPEC fund, to finance Jordan's emergency food security project.

◆ September

- Signing a grant agreement in the amount EUR 364 million, provided by the European Union, during the period 2021-2024, to help the government in a number of economic, political and administrative development and reform endeavours.
- Signing a tow agreement in the amount USD 210 million, provided by the Islamic Development Bank, as follows:
 - USD 200 million to finance the emergency food security project in the Kingdom.
 - USD 10 million soft loan agreement and a technical assistance grant agreement worth USD 50,000 to support SMEs in the tourism sector.

◆ June

- Signing a grant agreement in the amount £ 50.2 million, provided by the UK government, to help the government expand the social security network.
- Signing a loan agreement in the amount USD 38.3 million, provided by the Kuwait Fund for Arab Economic Development, to support the public education infrastructure project in Jordan.

◆ April

- Signing a grant agreement in the amount USD 33 million, provided by the UN Food and Agriculture Organisation (FAO), to support Cope with Climate Change in Jordan.
- Signing a loan agreement in the amount EUR 150 million, provided by the French Development Agency (AFD), to support the implementation of gender-responsive budgeting in Jordan.

◆ February

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

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 5.5 percent in December 2022, compared to the same month of 2021, to reach JD 682.4 million. As for 2022, total exports increased by 32.3 percent, compared to 2021, to reach JD 8,789.9 million.
- **Merchandize imports** decreased by 7.2 percent in December 2022, compared to the same month of 2021, to reach JD 1,413.7 million. As for 2022, imports increased by 26.7 percent, compared to 2021, to reach JD 19,375.7 million.
- **Consequently**, the trade balance deficit (total exports minus imports) decreased by 16.6 percent in December 2022, compared to the same month of 2021; standing at JD 731.3 million. As for 2022, trade balance deficit increased by 22.4 percent, compared to 2021, to reach JD 10,585.8 million.
- **Travel receipts** increased by 122.7 percent during the first two months of 2023, to register JD 749.0 million, compared to the same period of 2022. While, **travel payments** increased by 101.8 percent, to register JD 200.2 million, compared to the same period of 2022.
- **Total workers' remittances receipts** increased by 0.9 percent during January 2023, compared to the same month of 2022, to reach JD 222.7 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,953.0 million (8.8 percent of GDP) during 2022, compared to a deficit of JD 2,639.5 million (8.2 percent of GDP) during 2021. Meanwhile, the current account deficit excluding grants increased to reach 12.7 percent of GDP, compared with 12.0 percent of GDP during 2021.
- **Foreign direct investment** recorded an inflow of JD 807.3 million during 2022, compared to an inflow of JD 441.5 million during 2021.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 36,580.3 million, at the end of 2022, compared to a net obligation of JD 35,015.7 million at the end of 2021.

□ External Trade

- As a result of the increase in domestic exports by JD 2,043.0 million and the increase in imports by JD 4,080.6 million during 2022, the volume of external trade (domestic exports plus imports) increased by JD 6,123.6 million to stand at JD 27,457.5 million, compared to 2021.

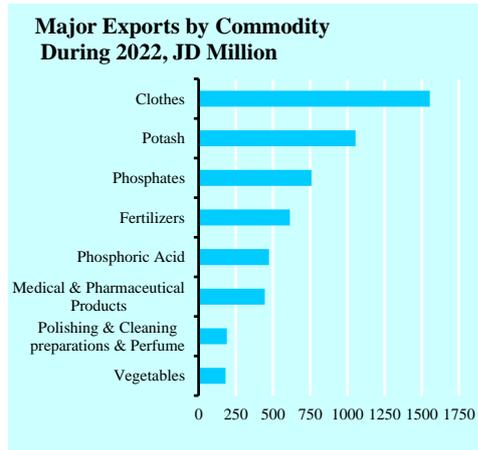
| Jordan's Major Trading Partners | | | |
|-----------------------------------|--------------------|---------|-------------------|
| JD Million | | | |
| | January - December | | Percentage Change |
| | 2021 | 2022 | |
| Exports | | | |
| USA | 1,586.5 | 1,685.1 | 6.2 |
| India | 906.6 | 1,272.8 | 40.4 |
| Saudi Arabia | 733.4 | 840.3 | 14.6 |
| Iraq | 411.8 | 614.8 | 49.3 |
| Indonesia | 119.8 | 240.3 | 100.6 |
| Palestine | 132.2 | 199.3 | 50.8 |
| China | 72.1 | 190.6 | 164.4 |
| Imports | | | |
| China | 2,230.2 | 2,957.5 | 32.6 |
| Saudi Arabia | 2,282.2 | 2,890.2 | 26.6 |
| UAE | 1,014.1 | 1,503.2 | 48.2 |
| USA | 988.0 | 1,060.5 | 7.3 |
| India | 420.2 | 992.7 | 136.2 |
| Switzerland | 431.6 | 734.2 | 70.1 |
| Turkey | 490.6 | 644.8 | 31.4 |
| Source: Department of Statistics. | | | |

| Main External Trade Indicators | | | | |
|-----------------------------------|--------------------|-----------|-----------------------|-----------------------|
| JD Million | | | | |
| | January - December | | Percentage Change (%) | Percentage Change (%) |
| | 2021 | 2022 | | |
| External Trade | 21,333.9 | 27,457.5 | 23.5 | 28.7 |
| Total Exports | 6,643.8 | 8,789.9 | 17.8 | 32.3 |
| Domestic Exports | 6,038.8 | 8,081.8 | 19.7 | 33.8 |
| Re-exports | 605.0 | 708.1 | 1.6 | 17.0 |
| Imports | 15,295.1 | 19,375.7 | 25.0 | 26.7 |
| Trade Balance | -8,651.3 | -10,585.8 | 31.2 | 22.4 |
| Source: Department of Statistics. | | | | |

■ Merchandize Exports:

Total merchandize exports increased by 32.3 percent during 2022, to reach JD 8,789.9 million. This increase was a result of the increase in domestic exports by JD 2,043.0 million, or 33.8 percent to reach JD 8,081.8

million, and the increase in re-exports by JD 103.1 million, or 17.0 percent to reach JD 708.1 million.



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

- Exports of **Potash** increased by JD 541.9 million, or 105.6 percent, to stand at JD 1,055.0 million. It is worth noting that markets of India, China, Malaysia and Egypt accounted for 51.0 percent of these exports.
- Exports of **Phosphates** increased by JD 382.7 million, or 101.5 percent, to reach JD 759.7 million. The markets of India, Indonesia and Brazil accounted for 88.3 percent of these exports.
- Exports of **Clothes** increased by JD 276.6 million or 21.6 percent to reach JD 1,554.2 million. It is worth noting that the USA market accounted for 83.9 percent of these exports.

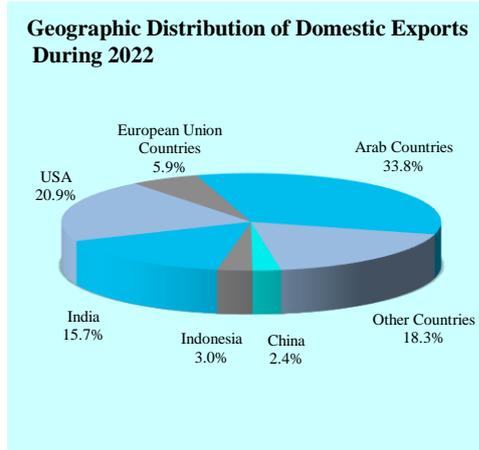
- Exports of **Fertilizers** increased by JD 187.8 million, or 44.1 percent, to stand at JD 613.2 million. India, Iraq, Bangladesh, Brazil and Nepal were the main destination markets for these exports, accounting for 67.7 percent.
- Exports of **Polishing & Cleaning Preparations & Perfume Materials** increased by JD 45.1 million, or 31.4 percent, to reach JD 188.9 million. Iraq, Saudi Arabia and Libya were the main destination markets; accounting for 79.1 percent of these exports.
- Exports of **paper and cardboard** increased by JD 37.6 million, or 40.0 percent, to stand at JD 131.6 million. The markets of Saudi Arabia and Iraq accounted for 63.8 percent of these exports.

Major Domestic Exports by Commodity, JD Million During 2021-2022

| | 2021 | 2022 | Percentage Change |
|--|----------------|----------------|-------------------|
| Domestic Exports | 6,038.8 | 8,081.8 | 33.8 |
| Clothes | 1,277.6 | 1,554.2 | 21.6 |
| USA | 1,095.9 | 1,304.1 | 19.0 |
| Potash | 513.1 | 1,055.0 | 105.6 |
| India | 95.1 | 173.1 | 82.0 |
| China | 49.7 | 169.9 | 241.9 |
| Malaysia | 38.8 | 99.1 | 155.4 |
| Egypt | 57.4 | 96.0 | 67.2 |
| Phosphates | 377.0 | 759.7 | 101.5 |
| India | 284.5 | 508.8 | 78.8 |
| Indonesia | 62.2 | 135.5 | 117.8 |
| Brazil | 20.5 | 26.7 | 30.2 |
| Fertilizers | 425.4 | 613.2 | 44.1 |
| India | 66.4 | 150.7 | 127.0 |
| Iraq | 3.1 | 89.0 | - |
| Bangladesh | 28.5 | 86.6 | 203.9 |
| Brazil | 23.0 | 47.0 | 104.3 |
| Nepal | 0.0 | 41.9 | - |
| Phosphoric Acid | 440.7 | 472.7 | 7.3 |
| India | 393.4 | 396.3 | 0.7 |
| Turkey | 22.6 | 34.7 | 53.5 |
| Medical & Pharmaceutical Products | 421.4 | 445.3 | 5.7 |
| Saudi Arabia | 89.1 | 92.7 | 4.0 |
| Iraq | 75.9 | 79.1 | 4.2 |
| Algeria | 37.2 | 40.3 | 8.3 |
| USA | 33.4 | 37.8 | 13.2 |
| Polishing & Cleaning Preparations & Perfume Materials | 143.8 | 188.9 | 31.4 |
| Iraq | 68.4 | 90.6 | 32.5 |
| Saudi Arabia | 26.4 | 41.0 | 55.3 |
| Libya | 13.4 | 17.8 | 32.8 |
| Vegetables | 173.2 | 180.3 | 4.1 |
| Saudi Arabia | 50.2 | 47.0 | -6.4 |
| Kuwait | 36.8 | 32.0 | -13.0 |
| Bahrain | 16.7 | 17.0 | 1.8 |

Source: Department of Statistics.

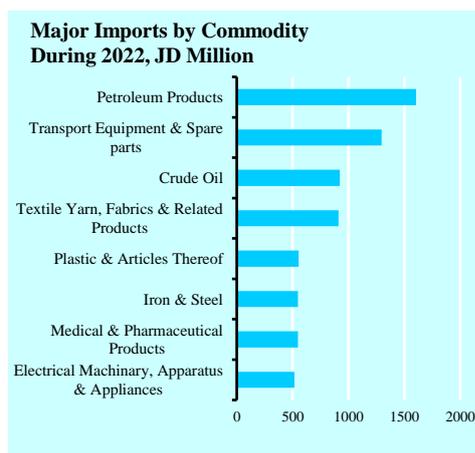
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, Phosphates,



Fertilizers, Phosphoric Acid, “Medical & Pharmaceutical Products”, “Polishing & Cleaning Preparations & Perfume Material” and Vegetables topped the list of domestic exports during 2022; accounting for 65.2 percent, compared with 62.5 percent during 2021. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, Indonesia, Palestine and China were the main destination markets during 2022; accounting for 62.4 percent, compared with 65.6 percent during 2021.

■ **Merchandize Imports:**

Merchandize imports increased by 26.7 percent to reach JD 19,375.7 million during 2022, compared to an increase by 25.0 percent during 2021.



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

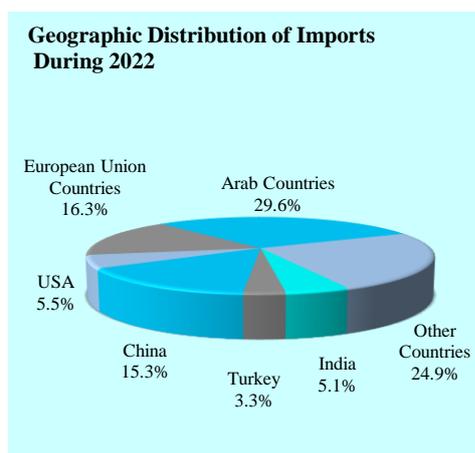
- **Petroleum Products** imports increased by JD 723.2 million, or 82.1 percent, to stand at JD 1,603.8 million. Saudi Arabia, India and the UAE were the main markets, accounting for 93.6 percent of these imports.
- **Iron & Steel** imports increased by JD 201.6 million, or 58.2 percent, to reach JD 547.8 million. China, Saudi Arabia, and Iran were the main origin markets, accounting for 58.7 percent of these imports.
- **Crude oil** imports increased by JD 173.6 million or 23.2 percent to reach JD 920.7 million. Saudi Arabia and Iraq were the main origin markets accounting for 100.0 percent of these imports.

- **Transport Equipment & Spare Parts** imports increased by JD 106.1 million, or 8.9 percent, to reach JD 1,295.1 million. China, South Korea, the USA and Japan were the main origin markets, accounting for 67.6 percent of these imports.
- **Textile Yarn, Fabrics & Related Products** imports increased by JD 85.8 million, or 10.4 percent, to reach JD 911.6 million. China, Taiwan and Turkey were the main markets, accounting for 75.2 percent of these imports.
- **Plastic & Articles Thereof** imports increased by JD 85.8 million or 18.4 percent, to reach JD 552.9 million. Saudi Arabia, China and the UAE were the main markets, accounting for 68.1 percent of these imports.

| Major Imports by Commodity, JD Million During 2021-2022 | | | |
|--|-----------------|-----------------|----------------------|
| | 2021 | 2022 | Percentage Change |
| Total Imports | 15,295.1 | 19,375.7 | 26.7 |
| Petroleum Products | 880.6 | 1,603.8 | 82.1 |
| Saudi Arabia | 528.7 | 789.4 | 49.3 |
| India | 42.1 | 387.1 | 819.5 |
| UAE | 224.0 | 325.0 | 45.1 |
| Transport Equipment & Spare Parts | 1,189.0 | 1,295.1 | 8.9 |
| China | 71.2 | 269.8 | 278.9 |
| South Korea | 232.2 | 243.4 | 4.8 |
| USA | 214.0 | 220.7 | 3.1 |
| Japan | 177.5 | 141.7 | -20.2 |
| Crude oil | 747.1 | 920.7 | 23.2 |
| Saudi Arabia | 694.2 | 776.1 | 11.8 |
| Iraq | 52.9 | 144.6 | 173.3 |
| Textile Yarn, Fabrics and Related Products | 825.8 | 911.6 | 10.4 |
| China | 399.7 | 436.0 | 9.1 |
| Taiwan | 155.4 | 144.8 | -6.8 |
| Turkey | 78.9 | 104.5 | 32.4 |
| Plastic & Articles Thereof | 467.1 | 552.9 | 18.4 |
| Saudi Arabia | 255.0 | 250.4 | -1.8 |
| China | 47.6 | 88.1 | 85.1 |
| UAE | 31.8 | 37.9 | 19.2 |
| Iron & Steel | 346.2 | 547.8 | 58.2 |
| China | 57.4 | 151.9 | 164.6 |
| Saudi Arabia | 92.3 | 109.7 | 18.9 |
| Iran | 15.4 | 60.0 | 289.6 |
| Medical & Pharmaceutical Products | 543.4 | 546.7 | 0.6 |
| Germany | 75.4 | 73.1 | -3.1 |
| USA | 49.7 | 61.2 | 23.1 |
| France | 37.0 | 46.3 | 25.1 |
| Electrical machinery, Apparatus and Appliances | 450.9 | 516.5 | 14.5 |
| China | 176.9 | 241.9 | 36.7 |
| Turkey | 31.4 | 31.3 | -0.3 |
| Italy | 27.4 | 27.8 | 1.5 |

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that Petroleum Products, “Transport Equipment & Spare Parts”, Crude oil, “Textile Yarn, Fabrics and Related Products”, “Plastic & Articles Thereof”, “Iron & Steel”, “Medical & Pharmaceutical Products”



and “Electrical machinery, Apparatus and Appliances” topped the list of imports during 2022, accounting for 35.6 percent, compared with 35.6 percent during 2021. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the UAE, the USA, India, Switzerland and Turkey were the main source markets during 2022; accounting for 55.7 percent of imports, compared to 51.4 percent during 2021.

■ Re-Exports

The value of re-exported goods in December 2022 increased by JD 9.0 million, or 16.6 percent, compared to 2021, to stand at JD 63.3 million. As for 2022, the re-exported goods increased by JD 103.1 million, or 17.0 percent, compared to 2021, to stand at JD 708.1 million.

■ Trade Balance

The trade balance deficit decreased by JD 145.6 million, or 16.6 percent in December 2022, compared to the same month of 2021, to reach JD 731.3 million. As for 2022, trade balance deficit increased by JD 1,934.5 million, or 22.4 percent, compared to 2021, to stand at JD 10,585.8 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during January 2023 by JD 2.0 million, or 0.9 percent, to stand at JD 222.7 million, compared to the same month of 2022.

□ Travel

■ Receipts

Travel receipts increased by 122.7 percent during the first two months of 2023, to register JD 749.0 million, compared to the same period of 2022.

■ Payments

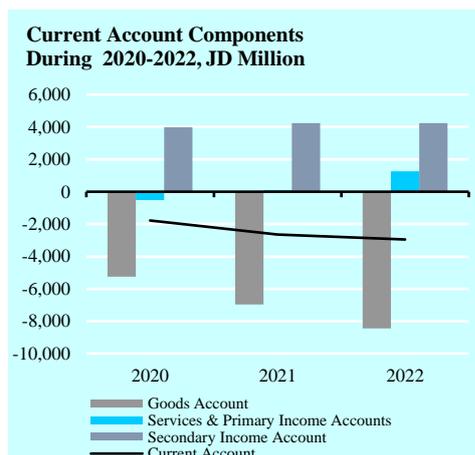
Travel payments increased by 101.8 percent during the first two months of 2023, to register JD 200.2 million, compared to the same period of 2022.

□ Balance of Payments

The preliminary data for the balance of payments during 2022 reveals the following:

- **The current account** recorded a deficit of JD 2,953.0 million (8.8 percent of GDP), compared to a deficit of JD 2,639.5 million (8.2 percent of GDP) during 2021. Meanwhile, the current account deficit (excluding grants) increased to reach JD 4,272.6 million (12.7 percent of GDP), compared to a deficit of JD 3,848.5 million (12.0 percent of GDP) during 2021. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 1,480.7 million, or 21.3 percent, to reach JD 8,445.5 million, compared to a deficit of JD 6,964.8 million.



- ◆ The services account recorded a surplus of JD 1,615.7 million, compared to a surplus of JD 254.0 million.
- ◆ The primary income account recorded a deficit of JD 359.1 million, compared to a deficit of JD 164.5 million. This was mainly due to the increase in the deficit of investment income (net) to reach JD 560.1 million, compared to deficit of JD 361.2 million, and the increase of “compensation of employees (net)” surplus by JD 4.3 million to reach JD 201.0 million.
- The secondary income recorded a net surplus of JD 4,235.9 million, compared to a net surplus of JD 4,235.8 million. This was a result of the increase net surplus of the public sector (foreign grants) by JD 110.6 million to reach JD 1,319.6 million, and decrease net surplus of other sectors transfers by JD 110.5 million to reach JD 2,916.3 million.

- As for the capital and financial transactions during 2022, the capital account registered a net inflow of JD 35.2 million, compared to an identical net inflow of JD 11.0 million during 2021. Meanwhile, the financial account registered a net inflow of JD 1,990.5 million during 2022, compared to a net inflow of JD 1,331.2 million during 2021, this could be attributed to the following:
 - ◆ Foreign direct investment recorded an inflow of JD 807.3 million compared to an inflow of JD 441.5 million.
 - ◆ Portfolio investment recorded a net outflow of JD 487.3 million compared to a net outflow of JD 165.0 million.
 - ◆ Other investment registered a net inflow of JD 1,132.1 million, compared to a net inflow of JD 2,758.1 million.
 - ◆ Reserve assets of the CBJ registered a decrease by JD 527.2 million, compared to an increase by JD 1,692.1 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 36,580.3 million at the end of 2022, compared to JD 35,015.7 million at the end of 2021. 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 948.0 million at the end 2022 to reach JD 20,943.2 million compared to its level at the end of 2021. This was mainly due to the decrease of the CBJ's reserve assets by JD 606.2 million, banking sector currency and deposits abroad by JD 512.3 million, and the increase in trade credit of other sectors to abroad by JD 110.6 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial liabilities) on all residing economic sectors in the Kingdom by JD 616.5 million at the end of 2022, to reach JD 57,523.5 million compared to its level at the end of 2021. This was due to the following developments:
 - ◆ An increase in the stock of direct investment in the kingdom by JD 763.1 million, to stand at JD 27,249.7 million.
 - ◆ An increase in outstanding balance of the international monetary fund credit facilities by JD 614.0 million, to reach JD 1,699.0 million.
 - ◆ An increase in outstanding balance of government (long-term) loans by JD 445.7 million, to stand at JD 6,864.7 million.
 - ◆ An increase in outstanding balance of licensed banks (short-term) loans by JD 223.1 million, to stand at JD 786.3 million.
 - ◆ An increase of trade credits to non-residents in the kingdom by JD 177.3 million, to stand at JD 971.4 million.
 - ◆ A decrease in the deposits of non-residents at the banking sector by JD 713.6 million, to stand at JD 10,392.0 million (decrease by JD 409.3 million for the licensed banks, and a decrease by JD 304.3 million for the CBJ).
 - ◆ A decrease in the stock of special drawing rights allocation by JD 334.2 million, to stand at JD 152.9 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 276.2 million, to stand at JD 6,912.6 million.
 - ◆ A decrease in outstanding balance of other sectors (long-term) loans by JD 221.4 million, to stand at JD 2,005.2 million.