



Central Bank of Jordan

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

**Research Dept / Monthly Report  
August, 2022**

Classification level: Public

**Central Bank of Jordan**

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#### **OUR VISION**

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

#### **OUR MISSION**

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

#### **OUR VALUES**

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



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## Executive Summary

### □ Output, Prices and Employment

Real GDP at market prices grew by 2.5 percent during the first quarter of 2022, compared to a growth of 0.3 percent during the same quarter of 2021. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first seven months of 2022 by 3.6 percent, compared to an increase of 1.0 percent during the same period of 2021. The unemployment rate during the second quarter of 2022 reached 22.6 percent, compared to 24.8 percent during the same quarter of 2021.

### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 16,571.5 million at the end of July 2022. This level of reserves covers around 8.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,133.3 million at the end of July 2022, compared to JD 39,509.2 million at the end of 2021.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 31,888.3 million at the end of July 2022, compared to JD 30,028.5 million at the end of 2021.
- Total deposits at licensed banks amounted to JD 41,195.1 million at the end of July 2022, compared to JD 39,522.3 million at the end of 2021.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,607.1 points at the end of July 2022, compared to 2,118.6 points at the end of 2021.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 561.6 million (4.2 percent of GDP) during the first five months of 2022, comparing to a fiscal deficit of JD 636.5 million (5.0 percent of GDP) during the same period of 2021. Government domestic debt (budgetary and guaranteed) increased by JD 369.6 million at the end of May 2022, compared to its level at the end of 2021, to reach JD 20,629.1 million (62.8 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 182.5 million, to reach JD 15,689.7 million (47.8 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 36,318.8 million at the end of May 2022 (110.6 percent of GDP), compared to JD 35,766.7 million (111.3 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 13,810.9 million (42.1 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 15,269.0 million (46.5 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 29,079.9 million (88.6 percent of GDP compared to 89.5 percent of GDP at the end of 2021).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 41.2 percent during the first five months of 2022 to reach JD 3,362.7 million. Meanwhile, merchandize imports increased by 35.8 percent to reach JD 7,513.0 million. As a result, the trade balance deficit increased by 31.7 percent, compared to the same period of 2021, to reach JD 4,150.3 million. The preliminary data for the first seven months of 2022 showed an increase in travel receipts by 204.5 percent, to reach JD 2,034.6 million, and an increase in travel payments by 99.7 percent, to reach JD 589.7 million, compared to the same period of 2021. Moreover, total workers' remittances receipts increased by 0.8 percent during the first seven months of 2022, to reach JD 1,404.0 million, compared to the same period of 2021. The preliminary data for the balance of payments during the first quarter of 2022 displayed a deficit in the current account amounted to JD 945.8 million (12.2 percent of GDP) compared to a deficit of JD 848.8 million (11.4 percent of GDP) during the same period of 2021. Meanwhile, the current account deficit excluding grants increased to reach 13.1 percent of GDP, compared with 12.9 percent of GDP during the same period of 2021. Moreover, direct investment recorded an inflow of JD 266.9 million during the first quarter of 2022, compared to an inflow of JD 72.2 million during the same period of 2021. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 35,550.5 million at the end of the first quarter of 2022 up from 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\$ 16,571.5 million at the end of July 2022. This level of reserves covers around 8.6 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,133.3 million at the end of July 2022, compared to JD 39,509.2 million at the end of 2021.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 31,888.3 million at the end of July 2022, compared to JD 30,028.5 million at the end of 2021.
- Total deposits at licensed banks amounted to JD 41,195.1 million at the end of July 2022, compared to JD 39,522.3 million at the end of 2021.
- The interest rates on all types of credit facilities and deposits held by licensed banks had increased at the end of July 2022, compared to their levels registered at the end of 2021, except the interest rate on discounted bills and bonds, which had decreased, compared to its level registered at the end of 2021.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,607.1 points at the end of July 2022, compared to 2,118.6 points at the end of 2021. Moreover, the market capitalization reached JD 19,108.3 million at the end of July 2022, compared to JD 15,495.7 million at the end of 2021.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

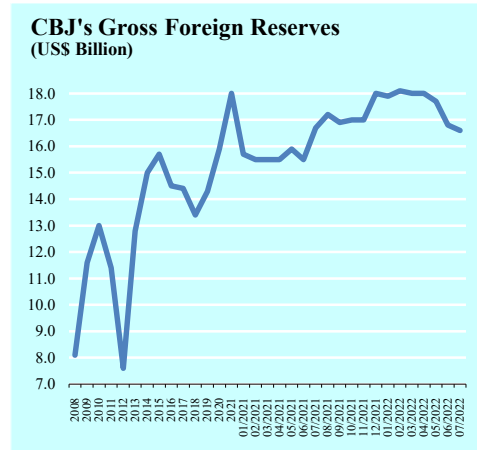
		End of July	
2021		2021	2022
US\$ 18,043.2	CBJ's Foreign Reserves*	US\$ 16,660.7	US\$ 16,571.5
13.3%		4.7%	-8.2%
9.4	Coverage in months	8.6	8.6
39,509.2	Money Supply (M2)	38,342.0	41,133.3
6.7%		3.6%	4.1%
30,028.5	Credit Facilities, of which:	29,783.5	31,888.3
4.9%		4.0%	6.2%
26,708.8	Private Sector (Resident)	26,423.2	28,386.3
4.6%		3.5%	6.3%
39,522.3	Total Deposits, of which:	37,914.4	41,195.1
7.4%		3.1%	4.2%
30,684.6	In JD	29,376.8	31,936.2
8.7%		4.0%	4.1%
8,837.7	In Foreign Currencies	8,537.6	9,258.9
3.3%		-0.2%	4.8%
30,988.2	Deposits of Private Sector (Resident), of which:	29,882.3	32,250.0
7.4%		3.6%	4.1%
24,723.7	In JD	23,778.3	25,644.4
8.9%		4.7%	3.7%
6,264.5	In Foreign Currencies	6,104.0	6,605.6
2.0%		-0.6%	5.4%

\* 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 amounted to US\$ 16,571.5 million at the end of July 2022. This level of reserves covers around 8.6 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

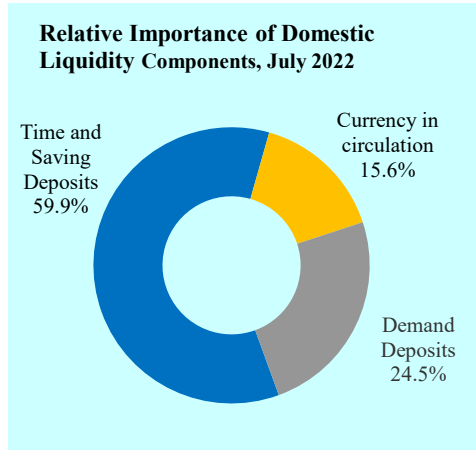
■ Domestic liquidity amounted to JD 41.1 billion at the end of July 2022, compared to JD 39.5 billion at the end of 2021.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of July 2022, compared to their levels at the end of 2021, reveal the following:**

- **Components of Domestic Liquidity**

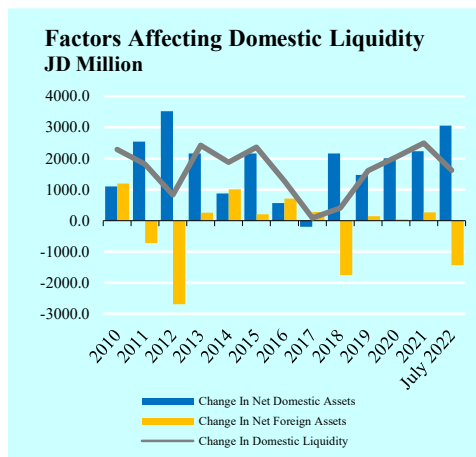
- Total deposits, according to liquidity definition, amounted to JD 34.7 billion at the end of July 2022, compared to JD 33.3 billion at the end of 2021.

- Currency in circulation amounted to JD 6.4 billion at the end of July 2022, compared to JD 6.2 billion at the end of 2021.



• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 34.7 billion at the end of July 2022, compared to JD 31.7 billion at the end of 2021.



- Net foreign assets of the banking system amounted to JD 6.4 billion at the end of July 2022. The net foreign assets of the CBJ amounted to JD 11.2 billion at the end of July 2022.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

		End of July	
2021		2021	2022
<b>7,818.8</b>	<b>Foreign Assets (Net)</b>	<b>7,521.5</b>	<b>6,388.8</b>
12,087.9	CBJ	11,330.2	11,231.9
-4,269.1	Licensed Banks	-3,808.7	-4,843.1
<b>31,690.4</b>	<b>Domestic Assets (Net)</b>	<b>30,820.5</b>	<b>34,744.5</b>
-5,239.4	CBJ, of which:	-4,202.2	-4,138.9
1,185.3	Claims on Public Sector (Net)	907.9	1,176.4
-6,447.2	Other Items (Net*)	-5,132.9	-5,337.0
36,929.8	Licensed Banks	35,022.7	38,883.5
13,316.6	Claims on Public Sector (Net)	12,429.4	14,348.8
27,536.5	Claims on Private Sector	27,162.7	29,248.7
-3,923.3	Other Items (Net)	-4,569.4	-4,714.1
<b>39,509.2</b>	<b>Money Supply (M2)</b>	<b>38,342.0</b>	<b>41,133.3</b>
<b>6,225.4</b>	<b>Currency in Circulation</b>	<b>6,485.7</b>	<b>6,398.4</b>
<b>33,283.8</b>	<b>Total Deposits, of which:</b>	<b>31,856.3</b>	<b>34,734.9</b>
6,328.7	In Foreign Currencies	6,175.9	6,669.4

\* 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 on July 31<sup>st</sup>, 2022 to raise interest rates by 75 basis points on all monetary policy instruments. This is for the fourth time during 2022, to become as follow:

- The CBJ main interest rate: 4.50 percent.
- Re-discount Rate: 5.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 5.25 percent.
- Overnight Deposit Window Rate: 4.25 percent.
- Weekly/ Monthly Repurchase Agreements: 4.50 percent.
- The interest rate on weekly certificates of deposit: 4.50 percent.

This decision aims to contain the anticipated inflationary pressures, that are fueled by escalation in world prices due to the gradual recovery of global demand following the Covid-19 pandemic, in addition to the recent disruptions in international supply chains. Moreover, the high uncertainty caused by global geopolitical tensions has resulted in higher pressures on global prices and supply chains.

In order to stimulating economic growth and job creation, the CBJ decided to extend the CBJ's program to refinance the vital economic sectors, with a value of JD 1.3 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

2021		July	
		2021	2022
2.50	CBJ main rate	2.50	4.50
3.50	Re-discount Rate	3.50	5.50
3.25	Repurchase Agreements Rate (overnight)	3.25	5.25
2.00	Overnight Deposit Window Rate	2.00	4.25
2.50	Repurchase Agreements rate (one week and one month)	2.50	4.50
2.50	Certificates of Deposits (one week)	2.50	4.50

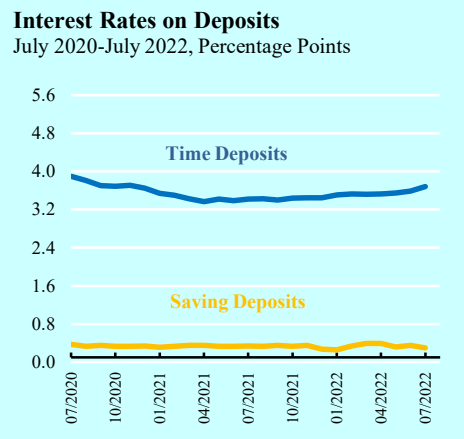
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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 September 2022, 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

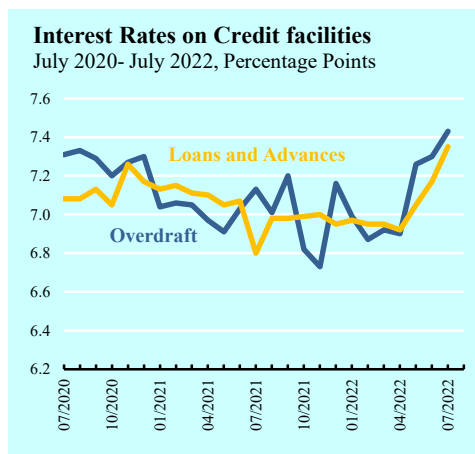
- **Time Deposits:** The weighted average interest rate on time deposits increased by 9 basis points at the end of July 2022, compared to its level registered at the end of the previous month to stand at 3.68%. This rate is higher by 23 basis points than its level registered at the end of 2021.



- **Saving Deposits:** The weighted average interest rate on saving deposits decreased by 5 basis points at the end of July 2022, compared to its level registered at the end of the previous month to stand at 0.30%. This rate is higher by 3 basis points than its level registered at the end of 2021.
- **Demand Deposits:** The weighted average interest rate on demand deposits increased by 2 basis points at the end of July 2022, compared to its level registered at the end of the previous month to stand at 0.34%. This rate is higher by 8 basis points than its level registered at the end of 2021.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 13 basis points at the end of July 2022, compared to its level registered at the end of the previous month to stand at 7.43%. This rate is higher by 27 basis points than its level registered at the end of 2021.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 17 basis points at the end of July 2022, compared to its level registered at the end of the previous month to stand at 7.42%. This rate is lower by 57 basis points than its level registered at the end of 2021.

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

	2021	July		Change Relative to the Preceding Year Basis Points
		2021	2022	
<b>Deposits</b>				
0.26 Demand		0.30	0.34	8
0.27 Saving		0.34	0.30	3
3.45 Time		3.42	3.68	23
<b>Credit Facilities</b>				
7.99 Discounted Bills and Bonds		8.08	7.42	-57
6.95 Loans and Advances		6.80	7.35	40
7.16 Overdraft		7.13	7.43	27
8.37 Prime Lending Rate		8.35	9.21	84

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by 18 basis point at the end of July 2022, compared to its level registered at the end of the previous month to stand at 7.35%. This rate is higher by 40 basis points than its level registered at the end of 2021.



- The prime lending rate stood at 9.21% at the end of July 2022, increasing by 17 basis points compared to its level registered at the end of the previous month, and by 84 basis points compared to its level at the end of 2021.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,859.8 million, or 6.2 percent, at the end of July 2022, compared to its level registered at the end of 2021, against an increase by JD 1,144.4 million, or 4.0 percent during the same period in 2021.
- In terms of borrower sectors, the credit facilities at the end of July 2022 had shown an increase in credit extended to the private sector (resident) by JD 1,677.5 million, or 6.3 percent, the public institution by JD 142.9 million, or 20.8 percent, the central government by JD 117.5 million, or 6.5 percent. In contrast, the credit facilities extended to the private sector (non-resident) decreased by JD 71.3 million, or 10.4 percent, and the non-banking financial institutions by JD 6.8 million, or 5.3 percent, compared to their levels at the end of 2021.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 41.2 billion at the end of July 2022, compared to JD 37.9 billion at the end of July 2021, and JD 39.5 billion at the end of 2021.

- The currency composition of deposits at the end of July 2022 revealed that the JD deposits amounted to JD 31.9 billion, and the deposits in foreign currencies amounted to JD 9.3 billion, compared to JD 29.4 billion of JD deposits, and JD 8.5 billion of deposits in foreign currencies at the same period in 2021, and against JD 30.7 billion of JD deposits, and JD 8.8 billion of deposits in foreign currencies at the end of 2021.

#### □ Amman Stock Exchange (ASE)

The ASE main indicators showed a mixed performance during July 2022, compared to their levels in 2021. This can be demonstrated as follows:

##### ■ Trading Volume

Trading volume at ASE totaled JD 181.4 million in July 2022, decreasing by JD 46.9 million, or 20.5 percent, compared to its level registered at the end of the previous month, against a decrease by JD 136.6 million, or 52.4 percent during the same month in the previous year. As for the first seven months of 2022, the trading volume totaled JD 1,151.7 million.

##### ■ Traded Shares

The number of traded shares in July 2022 totaled 95.1 million shares, decreasing by 48.4 million shares, or 33.7 percent, compared to its level registered at the end of the previous month, against a decrease by 72.4 million shares, or 46.4 percent during the same month in 2021. As for the first seven months of 2022, the number of traded shares amounted to 677.9 million shares.

### ■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increased by 131.1 points, or 5.3 percent, at the end of July 2022 compared to its level in

the previous month, to stand at 2,607.1 points, against a decrease by 11.2 points, or 0.5 percent, during the same month in 2021. Furthermore, the SPI increased by 488.5 points, or 23.1 percent, compared to its level at the end of 2021, against an increase by 430.3 points, or 26.0 percent during the same period in 2021. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 2,111.4 points, or 57.6 percent, services sector by 554.1 points, or 41.7 percent, and the financial sector by 113.4 points, or 4.4 percent, compared to their levels at the end of 2021.

### ■ Market Capitalization

The ASE's market capitalization totaled JD 19.1 billion at the end of July 2022, increasing by JD 665.5 million, or 3.6 percent, compared to its level registered at the end of the previous month, against a decrease by JD 67.7 million,

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

	2021	July	
		2021	2022
2,118.6	<b>General Index</b>	2,087.6	2,607.1
2,604.5	Financial Sector	2,519.5	2,717.9
3,665.9	Industrial Sector	3,824.2	5,777.3
1,327.4	Services Sector	1,311.0	1,881.6

Source: Amman Stock Exchange.



or 0.4 percent, during the same month in 2021. Furthermore, the ASE's market capitalization increased by JD 3,612.7 million, or 23.3 percent, compared to its level at the end of 2021.

#### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 4.8 million in July 2022. The value of shares buying by non-Jordanian in July 2022 amounted to JD 13.8 million, while their selling amounted to JD 18.6 million. The Non-Jordanian net investment during the first seven months of 2022 recorded an outflow amounted to JD 75.7 million.

**Main Amman Stock Exchange Trading Indicators, JD Million**

2021		July	
		2021	2022
1,963.6	Value Traded	124.3	181.4
7.9	Average Daily Trading	7.3	10.1
15,495.7	Market Capitalization	15,917.0	19,108.3
1,538.2	No. of Traded Shares (million)	83.6	95.1
-60.9	Net Investment of Non-Jordanian	-2.6	-4.8
220.2	Non-Jordanian Buying	7.6	13.8
281.1	Non-Jordanian Selling	10.2	18.6

Source: Amman Stock Exchange.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.5 percent during the first quarter of 2022, compared to a growth of 0.3 percent during the same quarter of 2021. At current market prices, GDP grew by 4.6 percent during the first quarter of 2022, compared to a growth of 0.5 percent in the same quarter of 2021.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first seven months of 2022 by 3.6 percent, compared to an increase of 1.0 percent during the same period of 2021.
- The unemployment rate during the second quarter of 2022 reached 22.6 percent (20.7 percent for males and 29.4 percent for females), compared to 24.8 percent (22.7 percent for males and 33.1 percent for females) during the second quarter of 2021. The highest unemployment rate was among youth, which reached 50.1 percent for the (15-19) years old category and 45.5 percent for the (20-24) years old.

### □ Developments of GDP

Gross domestic product (GDP), at constant market prices, grew by 2.5 percent during the first quarter of 2022 compared to a growth of 0.3 percent during the same quarter of 2021. When excluding “net taxes on products” (which grew by 2.3 percent during the first quarter of 2022 compared to a growth of 0.7 percent during the same quarter of 2021), GDP at constant basic prices, grew by 2.5 percent during the first quarter of 2022, compared to a growth of 0.2 percent during the same quarter of 2021.

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

Percentages

	Q1	Q2	Q3	Q4	Year
<b>2020</b>					
GDP at Constant Prices	1.3	-3.6	-2.2	-1.6	-1.6
GDP at Current Prices	3.0	-4.7	-3.1	-1.9	-1.8
<b>2021</b>					
GDP at Constant Prices	0.3	3.2	2.7	2.6	2.2
GDP at Current Prices	0.5	4.7	4.2	4.7	3.5
<b>2022</b>					
GDP at Constant Prices	2.5	-	-	-	-
GDP at Current Prices	4.6	-	-	-	-

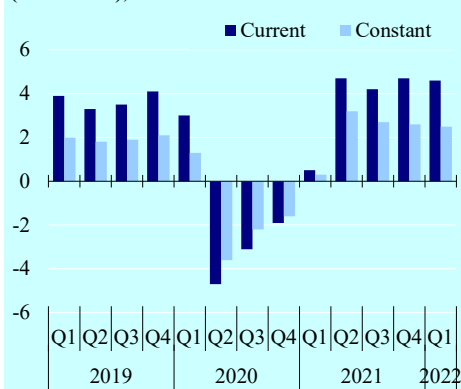
Source: Department of Statistics.

At current market prices, GDP grew by 4.6 percent during the first quarter of 2022 compared to a growth of 0.5 percent during the same quarter of 2021. This was in light of the increase of the general price level, measured by the GDP deflator, by 2.1 percent during the first quarter of 2022 compared to a growth of 0.2 percent during the same quarter of 2021.

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

As for the economic sectors contribution to growth rate during the first quarter of 2022, all sectors contributed positively to the growth rate. Most notably; Manufacturing contributed by (0.5 percentage point), “transport, storage and communications” (0.4 percentage point), “finance and insurance services” (0.3 percentage point), “real estate” (0.2 percentage point), and “producers of government services” (0.1 percentage point). These sectors accounted for 60.0 percent of the real growth recorded during the first quarter of 2022.

**Quarterly Growth Rates of GDP at Market Prices (2019- 2022), %**



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

Sectors	Relative change		Contribution	
	2021	2022	Percentage Point	
	Q1	Q1	2021	2022
<b>GDP at Constant Market Prices</b>	0.3	2.5	0.3	2.5
Agriculture	2.9	0.7	0.2	0.04
Mining And Quarrying	15.3	5.1	0.3	0.1
Manufacturing	-1.0	3.3	-0.2	0.5
Electricity And Water	-0.9	2.7	0.0	0.0
Construction	-1.8	5.3	-0.04	0.1
Wholesale And Retail Trade	0.5	2.4	0.04	0.2
Restaurant And Hotels	-7.3	6.8	-0.1	0.1
Transport, Storage And Communications	-2.3	4.2	-0.2	0.4
Finance And Insurance Services	3.9	4.3	0.3	0.3
Real Estate	0.9	1.3	0.1	0.2
Social And Personal Services	-3.0	2.0	-0.3	0.2
Producers of Government Services	1.0	0.8	0.1	0.1
Producers of Private Non-Profit	-1.5	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 2022. Most notably; “Number of passengers through Royal Jordanian” (196.1 percent), “Number of departures” (179.9 percent), and “Cargo through Royal Jordanian” (53.7 percent), while “Licensed areas for buildings” showed decline of (0.1 percent). The following table displays the performance of the main available microeconomic indicators:

Main Sectoral Indicators*				
Percentage Points				
2021	Item	2021	Available period	2022
52.9	Licensed areas for buildings	101.0	Jan - May	-0.1
13.6	Manufacturing production quantity index	21.8	Jan - Jun	3.5
-10.2	Food products and beverages	-10.2		-1.1
-3.6	Tobacco products	10.2		2.6
106.5	Refined petroleum products	58.1		48.1
-6.3	Wearing apparel	-6.8		-14.0
0.7	Pharmaceuticals, medical products	11.7		3.1
2.5	Chemical products	15.3		-2.5
6.6	Mining and quarrying production quantity index	10.3		9.1
25.0	Extraction of crude petroleum and natural gas	16.3		7.2
6.4	Other mining and quarrying	10.2		9.1
4.3	Production of potash	3.1	Jan - Jul	5.9
14.2	Production of phosphate	19.0		17.8
20.4	Cargo through Royal Jordanian	-22.6		53.7
108.7	Number of passengers through Royal Jordanian	-8.9		196.1
89.8	Number of departures	-17.4		179.9
46.8	Value traded at the real estate market	69.7		20.3

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

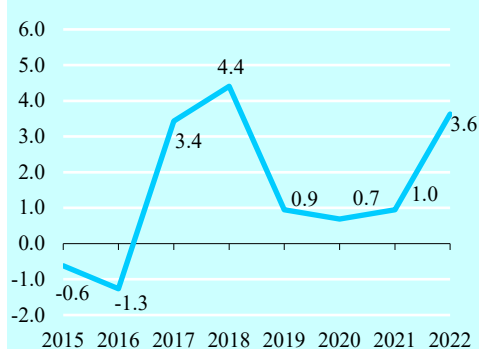


## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first seven months of 2022 by 3.6 percent, compared to an increase of 1.0 percent during the same period of 2021. 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 19.4 percent, compared to a decline by 1.6 percent, in addition to the transportation group, whose the prices increased by 5.6 percent, compared to an increase by 3.2 percent during the first seven months of 2021. and this comes in light of the rise in oil prices in global markets.
  - “vegetables and legumes dry and canned” prices increased by 12.1 percent, compared to a decline by 15.7 percent during the first seven months of 2021, affected in part by the demand and supply factors in domestic market.

Inflation Rate during the first seven months of the years (2015-2022),



Inflation Rate during the first seven months for the years 2021-2022

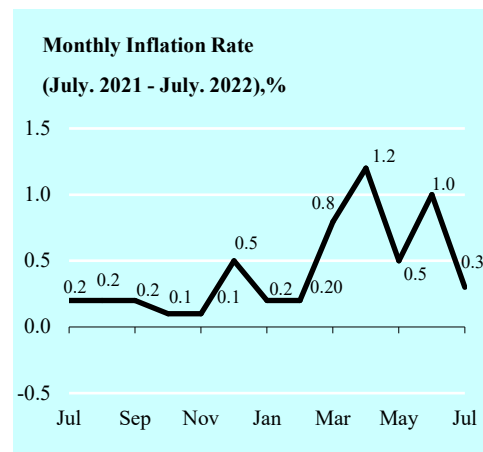
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan – Jul 2021	2022	2021	2022
<b>All Items</b>	<b>100.00</b>	<b>0.95</b>	<b>3.63</b>	<b>0.95</b>	<b>3.63</b>
<b>1) Food and non-Alcoholic Beverages</b>	<b>26.52</b>	<b>-0.57</b>	<b>3.87</b>	<b>-0.15</b>	<b>1.03</b>
<b>Food</b>	<b>23.80</b>	<b>-0.67</b>	<b>4.14</b>	<b>-0.16</b>	<b>0.99</b>
Cereals and Products	4.17	1.73	3.36	0.08	0.15
Meat and Poultry	4.69	4.34	3.95	0.21	0.20
Fish and Sea Product	0.41	1.28	2.87	0.01	0.01
Dairy Products and Eggs	3.72	0.49	2.75	0.02	0.10
Oil and Fats	1.70	6.15	8.04	0.10	0.14
Fruits and Nuts	2.57	-2.40	1.21	-0.06	0.03
Vegetables and Legumes Dry and Canned	2.96	-15.70	12.09	-0.48	0.31
<b>2) Alcohol and Tobacco and Cigarettes</b>	<b>4.37</b>	<b>4.43</b>	<b>-0.04</b>	<b>0.19</b>	<b>0.00</b>
Alcohol	0.01	20.86	0.55	0.00	0.00
Tobacco and Cigarettes	4.37	4.40	-0.04	0.19	0.00
<b>3) Clothing and footwear</b>	<b>4.12</b>	<b>-1.94</b>	<b>0.44</b>	<b>-0.08</b>	<b>0.02</b>
Clothing	3.41	-1.82	0.39	-0.06	0.01
Footwear	0.71	-2.53	0.67	-0.02	0.00
<b>4) Housing</b>	<b>23.78</b>	<b>1.11</b>	<b>4.46</b>	<b>0.26</b>	<b>1.05</b>
Rents	17.54	1.66	1.18	0.29	0.21
Fuels and Lighting	4.69	-1.56	19.42	-0.07	0.81
<b>5) Household Furnishings and Equipment</b>	<b>4.94</b>	<b>0.10</b>	<b>2.35</b>	<b>0.00</b>	<b>0.12</b>
<b>6) Health</b>	<b>4.00</b>	<b>2.80</b>	<b>1.42</b>	<b>0.11</b>	<b>0.06</b>
<b>7) Transportation</b>	<b>15.98</b>	<b>3.22</b>	<b>5.64</b>	<b>0.50</b>	<b>0.90</b>
<b>8) Communication</b>	<b>2.83</b>	<b>2.27</b>	<b>0.65</b>	<b>0.06</b>	<b>0.02</b>
<b>9) Culture and Recreation</b>	<b>2.55</b>	<b>-0.97</b>	<b>7.27</b>	<b>-0.02</b>	<b>0.18</b>
<b>10) Education</b>	<b>4.35</b>	<b>-0.22</b>	<b>1.29</b>	<b>-0.01</b>	<b>0.06</b>
<b>11) Restaurants and Hotels</b>	<b>1.79</b>	<b>2.24</b>	<b>5.73</b>	<b>0.04</b>	<b>0.11</b>
<b>12) Other Goods and Services</b>	<b>4.77</b>	<b>0.44</b>	<b>1.67</b>	<b>0.02</b>	<b>0.08</b>

Source: Department of Statistics.

The above groups and items collectively contributed to raising the inflation rate during the first seven months of 2022 by 2.0 percentage points, compared to a relative stability in the same period of 2021.

- On the other hand, the price of some items decline, notably, “drinks and refreshments” (1.3 percent), and “spices and food additives” (1.3 percent) during the first seven months of 2022.

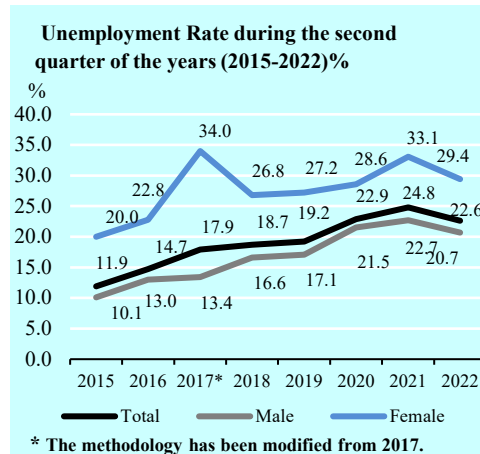
In July 2022, the CPI witnessed an increase compared to the previous month (June 2022) by 0.3 percent. This was an outcome of the increase in the prices of some items and groups, mainly, “dairy products and eggs”



(3.7 percent), “culture and recreation” (2.9 percent), on the one hand, and the decrease of the prices of a number of other items, most notably; “meat and poultry” (3.0 percent), and “vegetables and legumes dry and canned” (0.8 percent) on the other hand.

**□ Labor Market**

- The unemployment rate reached 22.6 percent (20.7 percent for males, and 29.4 percent for females) during the second quarter of 2022, compared to 24.8 percent (22.7 percent for males and 33.1 percent for females), during the same quarter of 2021.



- The unemployment rate among youth, during the second quarter of 2022, remains high reaching 50.1 percent for the category (15-19) years old, and 45.5 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 26.2 percent during the second quarter of 2022, as the unemployment rate among (less than secondary) reached 21.4 percent.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.5 percent (53.2 percent for males, and 14.2 percent for females), compared to 33.7 percent (53.4 percent for males and 13.9 percent for females) during the second quarter of 2021.
- The employment rate among population (15 years and older) reached 26.0 percent during the second quarter of 2022.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 561.6 million (4.2 percent of GDP) during the first five months of 2022, comparing to a fiscal deficit of JD 636.5 million (5.0 percent of GDP) during the same period of 2021. When excluding foreign grants (JD 42.0 million), the general budget deficit increases to JD 603.6 million (4.5 percent of GDP), compared to a deficit of JD 707.8 million (5.5 percent of GDP) in the same period of 2021.
- Government domestic debt (budgetary and guaranteed) increased by JD 369.6 million at the end of May 2022, compared to its level at the end of 2021, to reach JD 20,629.1 million (62.8 percent of GDP). When excluding the domestic debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,810.9 million (42.1 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 182.5 million at the end of May 2022, compared to its level at the end of 2021, to reach JD 15,689.7 million (47.8 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 15,269.0 million (46.5 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 552.1 million at the end of May 2022, to reach JD 36,318.8 million (110.6 percent of GDP), compared to JD 35,766.7 million (111.3 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 29,079.9 million (88.6 percent of GDP), compared to JD 28,763.1 million (89.5 percent of GDP) at the end of 2021.

□ The performance of the general budget during the first five months of 2022 compared with the same period of 2021:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 134.7 million, or 26.7 percent, in May 2022 compared to the same month in 2021, to stand at JD 639.6 million. As for the first five months of 2022, public revenues went up by JD 278.4 million, or 8.9 percent, compared to same period of 2021, to stand at JD 3,418.4 million. This came as an outcome of the increase in domestic revenues by JD 307.8 million, and decrease in foreign grants by JD 29.3 million.

**Main Government Budget Indicators During the First five Months of 2022**

(JD Million and Percentages)

	May		Growth Rate	Jan.-May		Growth Rate
	2021	2022		2021	2022	
<b>Public Revenues</b>	<b>504.9</b>	<b>639.6</b>	<b>26.7</b>	<b>3,140.0</b>	<b>3,418.4</b>	<b>8.9</b>
Domestic Revenues, of which:	502.9	638.4	26.9	3,068.6	3,376.4	10.0
Tax Revenues, of which:	362.8	440.4	21.4	2,335.8	2,615.6	12.0
General Sales Tax	285.3	344.4	20.7	1,528.4	1,633.0	6.8
Other Revenues	139.7	197.6	41.4	729.3	759.1	4.1
Foreign Grants	2.0	1.2	-40.0	71.3	42.0	-41.1
<b>Total Expenditures</b>	<b>812.0</b>	<b>878.3</b>	<b>8.2</b>	<b>3,776.5</b>	<b>3,980.0</b>	<b>5.4</b>
Current Expenditures	715.7	734.2	2.6	3,496.3	3,613.7	3.4
Capital Expenditures	96.3	144.1	49.6	280.2	366.3	30.7
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-307.1</b>	<b>-238.7</b>	<b>-</b>	<b>-636.5</b>	<b>-561.6</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a Percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5.0</b>	<b>-4.2</b>	<b>-</b>

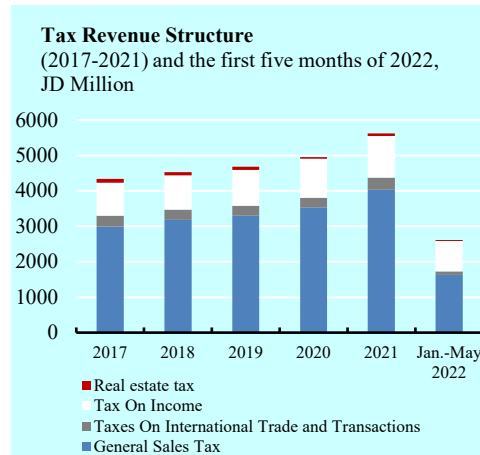
Source: Ministry of Finance/ General Government Finance Bulletin.

### ◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 307.8 million, or 10.0 percent, in the first five months of 2022, compared to the same period of 2021, to reach JD 3,376.4 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues” by JD 279.8 million, and JD 29.8 million, respectively, and the drop in “Pension contributions” by JD 1.9 million.

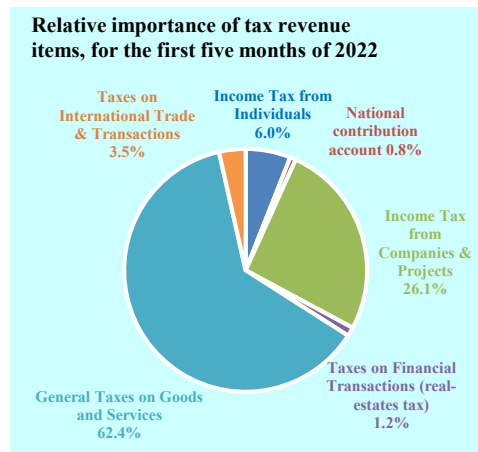
#### ● Tax Revenues

Tax revenues increased by JD 279.8 million, or 12.0 percent, during the first five months of 2022, compared to the same period of 2021, to reach JD 2,615.6 million (77.5 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 104.6 million, or 6.8 percent, to reach JD 1,633.0 million, accounting for 62.4 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on imported goods by JD 57.5 million, and on services by JD 41.7 million, and on commercial sector by JD 18.8 million, and decrease in the proceeds of sales tax on domestic goods by JD 13.4 million.

- An increase in the proceeds of **income and profit taxes** by JD 198.5 million, or 30.0 percent, to reach JD 859.2 million, accounting for 32.8 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 174.3 million, or 34.3 percent, to account for 79.4 percent of total proceeds of income and profits taxes, amounting to JD 682.5 million, and increase the proceeds of “income taxes from individuals” by JD 22.2 million, or 16.5 percent, to reach JD 156.7 million, and increase the proceeds of national contribution account item by JD 2.0 million, or 11.1 percent, to reach JD 20.0 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 8.9 million, or 40.1 percent, to reach JD 31.1 million.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 32.2 million, or 25.9 percent, to reach JD 92.3 million.





### ● Non-Tax Revenues

- “Other revenues” increased by JD 29.8 million, or 4.1 percent, during the first five months of 2022, to reach JD 759.1 million. This increase was chiefly due to the following:
  - An increase in **miscellaneous revenues** by JD 66.9 million to stand at JD 254.7 million.
  - An increase in revenues from **selling goods and services** by JD 29.3 million to reach JD 341.0 million.
  - A decrease in the **property income** by JD 66.3 million to stand at JD 163.5 million (of which financial surplus of independent government units amounted to JD 150.0 million against JD 221.3 million during the same period of 2021).
- Pension contributions decreased by JD 1.9 million, or 54.3 percent, during the first five months of 2022, compared to the same period of 2021, to reach JD 1.6 million.

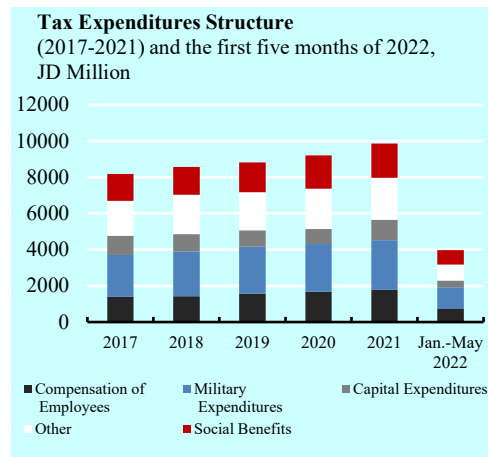
### ◆ Foreign Grants

Foreign grants decreased by JD 29.3 million, or 41.1 percent, during the first five months of 2022, standing at JD 42.0 million, compared to JD 71.3 million during the same period of 2021.

### Public Expenditures

Public expenditures increased by JD 66.3 million, or 8.2 percent, in May 2022 compared to the same month in 2021, to stand at JD 878.3 million. As for the first five months of 2022, public

expenditures increased by JD 203.5 million, or 5.4 percent, compared to the same period of 2021, to stand at JD 3,980.0 million. This increase was a result of the rise in current expenditures by 3.4 percent, and increase in capital expenditures by 30.7 percent.



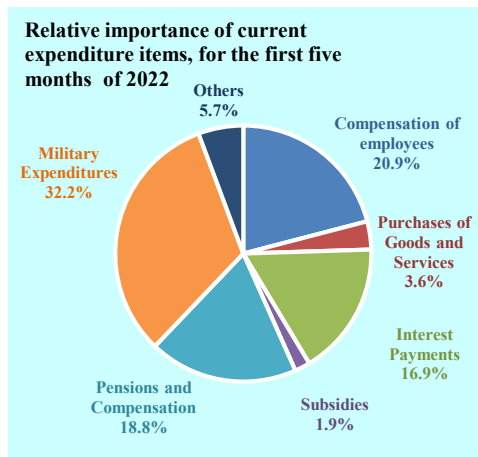
### Current Expenditures

Current expenditures went up by JD 117.4 million, or 3.4 percent, during the first five months of 2022, to reach JD 3,613.7 million (90.8 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 5.6 percentage point, to reach 93.4 percent compared to 87.8 percent during the same period of 2021. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in **interest payments** (commitment basis) by JD 29.4 million, to stand at JD 610.7 million.
- An increase in the **compensation of civil sector’s employees (wages, salaries and social security contributions)** by JD 19.6 million, to reach JD 756.8 million.
- An increase in **military expenditures** by JD 19.3 million, to total JD 1,163.3 million.
- An increase in **pensions and compensation** by JD 10.9 million, to stand at JD 678.8 million.

- An increase in the **purchases of goods and services** by JD 6.7 million, to reach JD 128.4 million.

- A decrease in **subsidies** by JD 6.2 million, to stand at JD 70.3 million.

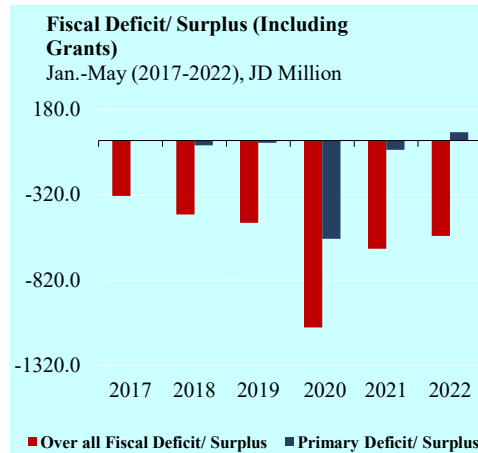


◆ **Capital Expenditures**

Capital expenditures increased by JD 86.1 million, or 30.7 percent, during the first five months of 2022 compared to the same period of 2021, to reach JD 366.3 million.

### ■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 74.9 million, during the first five months of 2022, to reach JD 561.6 million (4.2 percent of GDP), compared to a fiscal



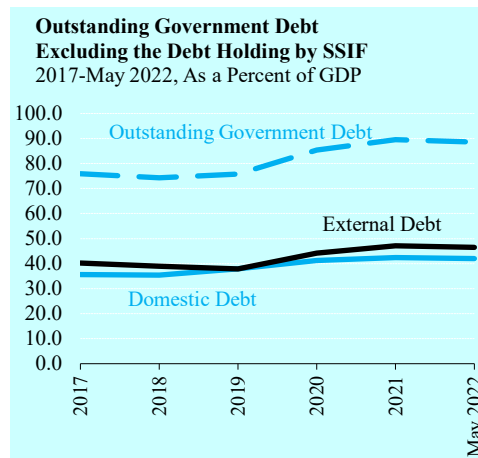
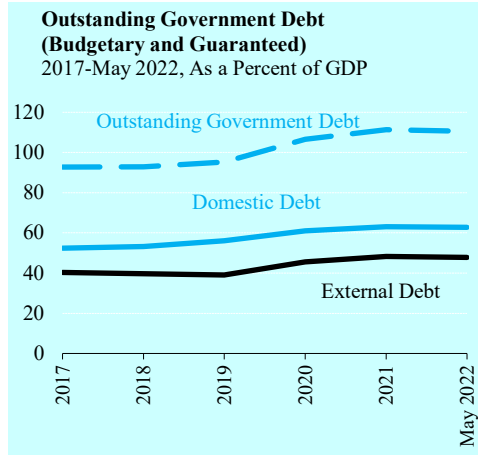
deficit of JD 636.5 million (5.0 percent of GDP), in the same period of 2021. When foreign grants are excluded, the general budget deficit increases to reach JD 603.6 million (4.5 percent of GDP), compared to a fiscal deficit of JD 707.8 million (5.5 percent of GDP) in the same period of 2021.

- ◆ The primary surplus, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 7.1 million (0.1 percent of GDP) in the first five months of 2022, against a primary deficit of JD 126.5 million (1.0 percent of GDP) in the same period of 2021. When foreign grants are including, the primary surplus of the general budget reached JD 49.1 million (0.4 percent of GDP), compared to a primary deficit of JD 55.2 million (0.5 percent of GDP) in the same period of 2021.

□ Outstanding Government Debt

■ Government domestic debt (budgetary and guaranteed) increased by JD 369.6 million, at the end of May 2022 compared to its level at the end of 2021, to stand at JD 20,629.1 million (62.8 percent of GDP compared to 63.1 percent of GDP at the end of 2021). This increase was an outcome of the rise in the domestic debt of the budget by JD 438.7 million, and the decrease in the domestic debt of guaranteed by JD 69.1 million, compared to their levels at the end of 2021, standing at JD 18,322.1 million and JD 2,307.0 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 185.3 million, at the end of May 2022 compared to its level at the end of 2021, to stand at JD 13,810.9 million (42.1 percent of GDP).



- Outstanding external debt (budget and guaranteed) went up by JD 182.5 million at the end of May 2022, compared to its level at the end of 2021, to reach JD 15,689.7 million (47.8 percent of GDP compared to 48.3 percent of GDP at the end of 2021). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 69.7 percent of the total external debt, and the debt in Euro accounted for 11.6 percent. However, the SDR accounted for 9.6 percent, Kuwaiti Dinar (3.8 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 131.5 million, at the end of May 2022 compared to its level at the end of 2021, to stand at JD 15,269.0 million (46.5 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 552.1 million at the end of May 2022 to reach JD 36,318.8 million (110.6 percent of GDP), compared to JD 35,766.7 million (111.3 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 29,079.9 million (88.6 percent of GDP), compared to JD 28,763.1 million at the end of 2021 (89.5 percent of GDP).
- External debt service (budget and guaranteed) increased by JD 194.1 million during the first five months of 2022 compared to the same period of 2021, to reach JD 887.6 million (including principal payments of JD 683.0 million and interest of JD 204.6 million).

## □ Fiscal and Price Measures of 2022

### ◆ September

- The Oil Derivatives Pricing Committee decided to decrease the prices of Unleaded Gasoline of all kinds and Fuel for airplanes of all kinds, and increase the prices of gas oil, kerosene, asphalt, and fuel oil, while maintaining the price of liquid gas cylinder for households unchanged, as follows:

**Development of Oil Derivatives Prices**

	Unit	2022		Percentage Change
		August	September	
Unleaded Gasoline 90	Fils/ Liter	990	985	-0.5
Unleaded Gasoline 95	Fils/ Liter	1,300	1,230	-5.4
Unleaded Gasoline 98	Fils/ Liter	1,450	1,380	-4.8
Gas Oil (Diesel)	Fils/ Liter	755	790	4.6
Kerosene	Fils/ Liter	755	790	4.6
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	461	467.1	1.3
Fuel for airplanes (local companies)	Fils/ Liter	785	765	-2.5
Fuel for airplanes (foreign companies)	Fils/ Liter	790	770	-2.5
Fuel for unplanned flights	Fils/ Liter	805	785	-2.5
Asphalt	JD/ Ton	456	462	1.3

Source: Jordan Petroleum Refinery Company (1/9/2022).

- 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.

**◆ 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 2022

### ◆ 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 17.6 percent in May 2022, compared to the same month of 2021, to reach JD 648.8 million. As for the first five months of 2022, total export increased by 41.2 percent, compared to the same period of 2021, to reach JD 3,362.7 million.
- **Merchandize imports** increased by 38.4 percent in May 2022, compared to the same month of 2021, to reach JD 1,680.6 million. As for the first five months of 2022, imports increased by 35.8 percent, compared to the same period of 2021, to reach JD 7,513.0 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 55.8 percent in May 2022, compared to the same month of 2021; standing at JD 1,031.8 million. As for the first five months of 2022, trade balance deficits increased by 31.7 percent, compared to the same period of 2021, to reach JD 4,150.3 million.
- **Travel receipts** increased by 204.5 percent during the first seven months of 2022, to register JD 2,034.6 million, compared to the same period of 2021. While, **travel payments** increased by 99.7 percent, to register JD 589.7 million, compared to the same period of 2021.
- **Total workers' remittances receipts** increased by 0.8 percent during the first seven months of 2022, compared to the same period of 2021, to reach JD 1,404.0 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 945.8 million (12.2 percent of GDP) during the first quarter of 2022, compared to a deficit of JD 848.8 million (11.4 percent of GDP) during the same period of 2021. Meanwhile, the current account deficit excluding grants increased to reach 13.1 percent of GDP, compared with 12.9 percent of GDP during the same period of 2021.
- **Direct investment** recorded an inflow of JD 266.9 million during the first quarter of 2022, compared to an inflow of JD 72.2 million during the same period of 2021.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 35,550.5 million at the first quarter 2022, compared to a net obligation of JD 35,015.7 million at the end of 2021.

#### □ External Trade

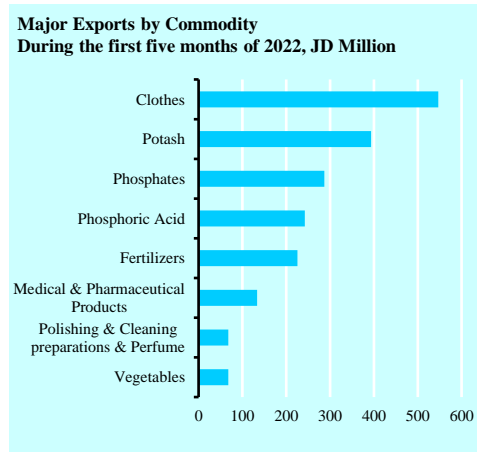
- As a result of the increase in domestic exports by JD 930.5 million and the increase in imports by JD 1,981.2 million during the first five months of 2022, the volume of external trade (domestic exports *plus* imports) increased by JD 2,911.7 million to stand at JD 10,586.5 million, compared to the same period of 2021.

Jordan's Major Trading Partners			
JD Million			
	January - May		Percentage Change
	2021	2022	
<b>Exports</b>			
USA	535.6	652.0	21.7
India	311.8	584.3	87.4
Saudi Arabia	233.0	306.4	31.5
Iraq	142.0	187.8	32.3
Indonesia	40.0	104.3	160.8
Brazil	31.0	84.6	172.9
UAE	62.6	70.4	12.5
<b>Imports</b>			
China	804.8	1,157.0	43.8
Saudi Arabia	847.7	1,140.8	34.6
UAE	248.9	449.3	80.5
USA	393.3	427.1	8.6
India	166.3	400.4	140.8
Turkey	181.1	263.7	45.6
Switzerland	116.2	247.8	113.3
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
	January - May		Percentage Change (%)	Percentage Change (%)
	2021	2022		
External Trade	7,674.8	10,586.5	22.2	37.9
Total Exports	2,381.6	3,362.7	19.1	41.2
Domestic Exports	2,143.0	3,073.5	22.3	43.4
Re-exports	238.6	289.2	-3.3	21.2
Imports	5,531.8	7,513.0	22.2	35.8
Trade Balance	-3,150.2	-4,150.3	24.7	31.7
Source: Department of Statistics.				

### ■ Merchandize Exports:

Total merchandize exports increased by 41.2 percent during the first five months of 2022, to reach JD 3,362.7 million. This increase was a result of the increase in domestic exports by JD 930.5 million, or 43.4 percent to reach JD 3,073.5 million, and the increase in re-exports by JD 50.6 million, or 21.2 percent to reach JD 289.2 million.



### ◆ The developments of domestic exports during the first five months of 2022, compared with the same period of 2021 reveals the following:

- Exports of **Potash** increased by JD 225.3 million, or 133.9 percent, to stand at JD 393.5 million. It is worth noting that markets of India, Brazil, China and Malaysia accounted for 56.8 percent of these exports.
- Exports of **Phosphates** increased by JD 176.9 million, or 160.8 percent, to stand at JD 286.9 million. The markets of India, Indonesia and Bangladesh accounted for 89.0 percent of these exports.
- Exports of **Fertilizers** increased by JD 98.3 million, or 77.3 percent, to stand at JD 225.5 million. India, Australia, Brazil and Indonesia were the main destination markets for these exports, accounting for 73.0 percent.

- Exports of **Phosphoric Acid** increased by JD 65.4 million, or 36.9 percent, to reach JD 242.6 million. The markets of India and Turkey accounted for 94.6 percent of these exports.
- Exports of **Clothes** increased by JD 59.3 million or 12.2 percent to reach JD 546.8 million. It is worth noting that the USA market accounted for 86.3 percent of these exports.
- Exports of **Medical & Pharmaceutical Products** decreased by JD 27.2 million, or 16.9 percent, to reach JD 133.7 million. Saudi Arabia, Iraq, Algeria and the UAE were the main destination markets; accounting for 57.7 percent of these exports.

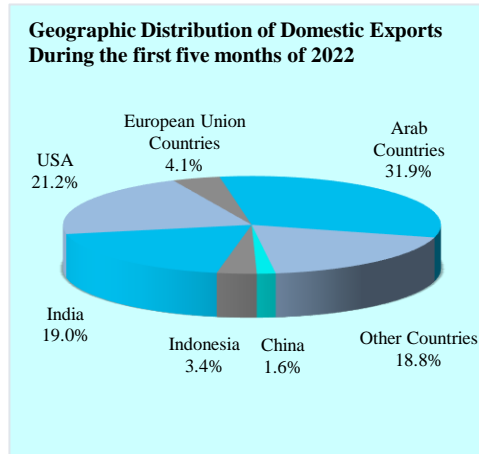
**Major Domestic Exports by Commodity, JD Million**  
The first five months of 2021-2022

	2021	2022	Percentage Change
<b>Domestic Exports</b>	<b>2,143.0</b>	<b>3,073.5</b>	<b>43.4</b>
<b>Clothes</b>	<b>487.5</b>	<b>546.8</b>	<b>12.2</b>
USA	406.5	472.1	16.1
<b>Potash</b>	<b>168.2</b>	<b>393.5</b>	<b>133.9</b>
India	35.6	92.7	160.4
Brazil	7.1	48.5	-
China	37.1	42.6	14.8
Malaysia	14.1	39.6	180.9
<b>Phosphates</b>	<b>110.0</b>	<b>286.9</b>	<b>160.8</b>
India	68.0	181.5	166.9
Indonesia	31.1	64.8	108.4
Bangladesh	2.6	9.0	246.2
<b>Phosphoric Acid</b>	<b>177.2</b>	<b>242.6</b>	<b>36.9</b>
India	168.6	202.5	20.1
Turkey	0.0	26.9	-
<b>Fertilizers</b>	<b>127.2</b>	<b>225.5</b>	<b>77.3</b>
India	26.8	84.2	214.2
Australia	1.4	30.0	-
Brazil	19.7	28.0	42.1
Indonesia	0.0	22.5	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>160.9</b>	<b>133.7</b>	<b>-16.9</b>
Saudi Arabia	34.1	31.0	-9.1
Iraq	27.5	25.4	-7.6
Algeria	15.3	11.6	-24.2
UAE	12.0	9.2	-23.3
<b>Polishing &amp; Cleaning Preparations &amp; Perfume Materials</b>	<b>56.5</b>	<b>68.0</b>	<b>20.4</b>
Iraq	25.7	31.0	20.6
Saudi Arabia	10.5	13.9	32.4
Libya	6.4	8.4	31.3
<b>Vegetables</b>	<b>47.1</b>	<b>67.7</b>	<b>43.7</b>
Saudi Arabia	9.9	16.8	69.7
Kuwait	9.3	10.4	11.8
Bahrain	5.3	7.3	37.7

Source: Department of Statistics.



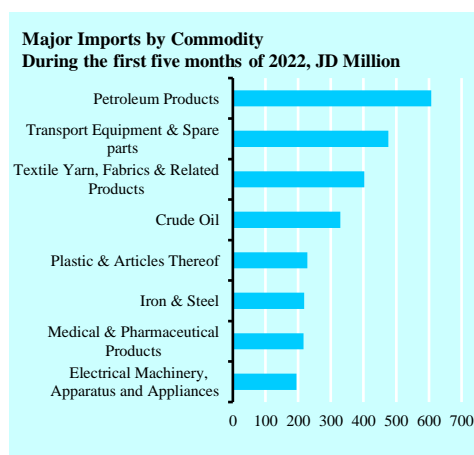
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, Phosphates,



“Phosphoric Acid”, Fertilizers, “Medical & Pharmaceutical Products”, “Polishing & Cleaning Preparations & Perfume Material” and Vegetables, topped the list of domestic exports during the first five months of 2022; accounting for 63.9 percent, compared with 62.3 percent during the same period of 2021. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, Indonesia, Brazil and the UAE were the main destination markets during the first five months of 2022; accounting for 64.7 percent, compared with 63.3 percent during the same period of 2021.

■ **Merchandise Imports:**

Merchandise imports increased by 35.8 percent to reach JD 7,513.0 million during the first five months of 2022, compared to an increase by 22.2 percent during the same period of 2021.



◆ **The developments of imports during the first five months of 2022, compared with the same period of 2021, reveals the following:**

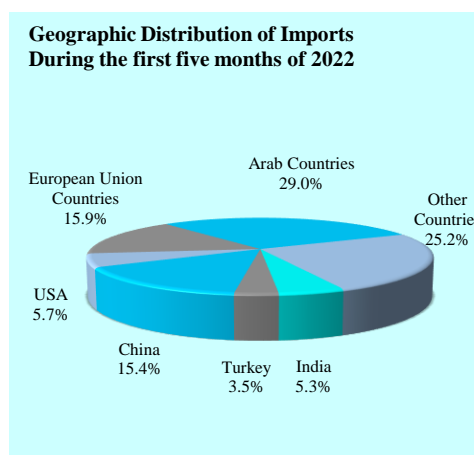
- **Petroleum Products** imports increased by JD 344.1 million, or 130.8 percent, to stand at JD 607.2 million. Saudi Arabia, India and the UAE were the main markets, accounting for 92.5 percent of these imports.
- **Textile Yarn, Fabrics & Related Products** imports increased by JD 116.6 million, or 40.8 percent, to reach JD 402.7 million. China, Taiwan and Turkey were the main markets, accounting for 75.2 percent of these imports.
- **Iron & Steel** imports increased by JD 88.8 million, or 68.6 percent, to reach JD 218.3 million. Saudi Arabia, China, and India were the main origin markets, accounting for 57.4 percent of these imports.

- **Crude oil** imports increased by JD 68.2 million or 26.2 percent to reach JD 329.0 million. Saudi Arabia and Iraq were the main origin markets accounting for 100.0 percent of these imports.
- **Plastic & Articles Thereof** imports increased by JD 65.7 million or 40.6 percent, to reach JD 227.7 million. Saudi Arabia, China and the UAE were the main markets, accounting for 69.2 percent of these imports.
- **Transport Equipment & Spare Parts** imports increased by JD 60.8 million, or 14.6 percent, to reach JD 476.4 million. China, South Korea, the USA, and Japan were the main origin markets, accounting for 66.2 percent of these imports.

<b>Major Imports by Commodity, JD Million</b> The first five months of 2021-2022			
	2021	2022	Percentage Change
<b>Total Imports</b>	<b>5,531.8</b>	<b>7,513.0</b>	<b>35.8</b>
<b>Petroleum Products</b>	<b>263.1</b>	<b>607.2</b>	<b>130.8</b>
Saudi Arabia	216.6	317.8	46.7
India	32.0	127.6	298.8
UAE	6.6	116.4	-
<b>Transport Equipment &amp; Spare Parts</b>	<b>415.6</b>	<b>476.4</b>	<b>14.6</b>
China	15.0	92.3	515.3
South Korea	77.4	83.9	8.4
USA	91.9	81.1	-11.8
Japan	61.9	58.3	-5.8
<b>Textile Yarn, Fabrics and Related Products</b>	<b>286.1</b>	<b>402.7</b>	<b>40.8</b>
China	121.8	192.9	58.4
Taiwan	64.5	68.0	5.4
Turkey	26.9	42.1	56.5
<b>Crude oil</b>	<b>260.8</b>	<b>329.0</b>	<b>26.2</b>
Saudi Arabia	260.8	270.2	3.6
Iraq	0.0	58.8	-
<b>Plastic &amp; Articles Thereof</b>	<b>162.0</b>	<b>227.7</b>	<b>40.6</b>
Saudi Arabia	89.3	106.5	19.3
China	13.7	35.0	155.5
UAE	11.6	16.1	38.8
<b>Iron &amp; Steel</b>	<b>129.5</b>	<b>218.3</b>	<b>68.6</b>
Saudi Arabia	16.5	47.2	186.1
China	21.4	43.4	102.8
India	1.6	34.6	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>214.5</b>	<b>215.9</b>	<b>0.6</b>
Germany	32.7	28.7	-12.2
USA	19.3	18.4	-4.7
France	13.4	18.3	36.6
<b>Electrical machinery, Apparatus and Appliances</b>	<b>174.7</b>	<b>194.6</b>	<b>11.4</b>
China	58.9	83.2	41.3
Turkey	14.0	14.3	2.1
Italy	12.4	11.3	-8.9

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that Petroleum Products, “Transport Equipment & Spare Parts”, “Textile Yarn, Fabrics and Related Products”, Crude oil, “Plastic & Articles Thereof”, “Iron & Steel” “Medical & Pharmaceutical Products”, “Electrical machinery, Apparatus and Appliances”, topped the list of imports during the first five months of 2022, accounting for 35.6 percent, compared with 34.5 percent during the same period of 2021. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the UAE, the USA, India, Turkey, and Switzerland were the main source markets during the first five months of 2022; accounting for 54.4 percent of imports, compared to 49.9 percent during the same period of 2021.



### ■ Re-Exports

The value of re-exported goods in May 2022 increased by JD 18.9 million, or 47.1 percent, compared to the same month of 2021, to stand at JD 59.0 million. As for the first five months of 2022, the re-exported goods increased by JD 50.6 million, or 21.2 percent, compared to the same period of 2021, to stand at JD 289.2 million.

### ■ Trade Balance

The trade balance deficit increased by JD 369.4 million, or 55.8 percent in May 2022, compared to the same month of 2021, to reach JD 1,031.8 million. As for the first five months of 2022, trade balance deficit increased by JD 1,000.1 million, or 31.7 percent, compared to the same period of 2021, to stand at JD 4,150.3 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during the first seven months of 2022 by JD 11.7 million, or 0.8 percent, to stand at JD 1,404.0 million, compared to the same period of 2021.

### □ Travel

#### ■ Receipts

Travel receipts increased by 204.5 percent during the first seven months of 2022, to register JD 2,034.6 million, compared to the same period of 2021.

#### ■ Payments

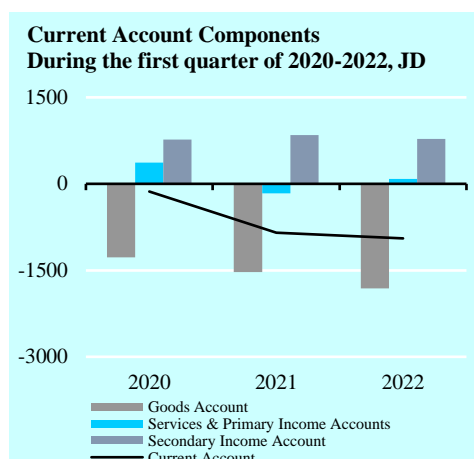
Travel payments increased by 99.7 percent during the first seven months of 2022, to register JD 589.7 million, compared to the same period of 2021.

### □ Balance of Payments

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

- **The current account** recorded a deficit of JD 945.8 million (12.2 percent of GDP), compared to a deficit of JD 848.8 million (11.4 percent of GDP) during the same period. Meanwhile, the current account deficit (excluding grants) increased to reach JD 1,020.3 million (13.1 percent of GDP), compared to a deficit of JD 963.0 million (12.9 percent of GDP) during the same period of 2021. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 279.6 million, or 18.3 percent, to reach JD 1,811.5 million, compared to a deficit of JD 1,531.9 million.



- ◆ The services account recorded a surplus of JD 171.6 million, compared to a deficit of JD 167.1 million.
- ◆ The primary income account recorded a deficit of JD 83.6 million, compared to a surplus of JD 3.3 million. This was mainly due to the increase in the deficit of investment income (net) to reach JD 132.1 million, compared to deficit of JD 48.0 million, and the decrease of “compensation of employees (net)” surplus by JD 2.8 million to reach JD 48.5 million.
- A decrease in the secondary income account net surplus by JD 69.2 million to reach JD 777.7 million, compared to a net surplus of JD 846.9 million. This was a result of the decrease in both net surplus of other sectors transfers (net) by JD 29.5 million to reach JD 703.2 million, and the net transfers of the public sector (foreign grants) by JD 39.7 million to reach JD 74.5 million.

- As for the capital and financial transactions during the first quarter of 2022, the capital account registered a net inflow of JD 8.8 million, compared to an identical net inflow of JD 2.7 million during the same period 2021. Meanwhile, the financial account registered a net inflow of JD 968.0 million during the first quarter of 2022, compared to a net inflow of JD 496.0 million during the same period 2021, this could be attributed to the following:
  - ◆ Direct investment recorded an inflow to Jordan of JD 266.9 million compared to an inflow of JD 72.2 million.
  - ◆ Portfolio investment recorded a net outflow of JD 83.0 million compared to a net outflow of JD 33.3 million.
  - ◆ Other investment registered a net inflow of JD 636.8 million, compared to a net inflow of JD 516.0 million.
  - ◆ Reserve assets of the CBJ registered a decrease by JD 151.4 million, compared to an increase by JD 52.2 million.

#### □ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 35,550.5 million at the end of the first quarter 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 516.5 million at the end of the first quarter of 2022 to reach JD 21,374.7 million compared to its level at the end of 2021. This was mainly due to the decrease of the banking sector currency and deposits abroad by JD 599.1 million and the decrease in the CBJ's reserve assets by JD 1.8 million, this despite

of the increase in trade credit of other sectors to abroad by JD 48.7 million, and the increase of licensed bank short-term loan's to abroad by JD 17.6 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 18.3 million at the end of the first quarter of 2022, to reach JD 56.925.2 million compared to its level at the end of 2021. This was due to the following developments:
  - ◆ An increase of trade credits to non-residents in the kingdom by JD 322.5 million, to stand at JD 1,116.6 million.
  - ◆ An increase in the stock of direct investment in the kingdom by JD 314.6 million, to stand at JD 26,801.2 million.
  - ◆ An increase in outstanding balance of banks short-term loans by JD 23.0 million, to stand at JD 586.2 million.
  - ◆ A decrease in the deposits of non-residents at the banking sector by JD 467.2 million, to stand at JD 10,638.8 million (decrease by JD 456.5 million for the licensed banks, and a decrease by JD 10.7 million for the CBJ).
  - ◆ A decrease in outstanding balance of government long-term loans by JD 127.8 million, to stand at JD 6,291.2 million.
  - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 97.3 million, to stand at JD 7,091.4 million.
  - ◆ A decrease in outstanding balance of the international monetary fund credit facilities by JD 17.6 million, to reach JD 1,067.4 million.