



Central Bank of Jordan

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

**Research Dept / Monthly Report  
January, 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**

- |                            |   |   |
|----------------------------|---|---|
| <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 2.7 percent during the first three quarters of 2022, compared to a growth of 2.1 percent during the same period of 2021. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during 2022 by 4.2 percent, compared to an increase of 1.4 percent during 2021. The unemployment rate during the third quarter of 2022 reached 23.1 percent, compared to 23.2 percent during the same quarter of 2021.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 17,266.9 million at the end of 2022. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,681.7 million at the end of 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 32,591.5 million at the end of 2022, compared to JD 30,028.5 million at the end of 2021.
- Total deposits at licensed banks amounted to JD 42,106.7 million at the end of 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 2,501.6 points at the end of 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 1,780.0 million (6.3 percent of GDP) during the first ten months of 2022, comparing to a fiscal deficit of JD 1,283.8 million (4.9 percent of GDP) during the same period of 2021. Government domestic debt (budgetary and guaranteed) increased by JD 1,091.3 million at the end of October 2022, compared to its level at the end of 2021, to reach JD 21,350.8 million (62.6 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 945.2 million, to reach JD 16,452.4 million (48.2 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 37,803.2 million at the end of October 2022 (110.8 percent of GDP), compared to JD 35,766.7 million (110.1 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 14,050.3 million (41.2 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 16,030.3 million (47.0 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 30,080.6 million (88.1 percent of GDP compared to 88.6 percent of GDP at the end of 2021).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 39.1 percent during the first ten months of 2022 to reach JD 7,412.5 million. Meanwhile, merchandize imports increased by 34.0 percent to reach JD 16,541.6 million. As a result, the trade balance deficit increased by 30.2 percent, compared to the same period of 2021, to reach JD 9,129.1 million. The preliminary data of 2022 showed an increase in travel receipts by 110.5 percent, to reach JD 4,123.6 million, and an increase in travel payments by 59.6 percent, to reach JD 1,040.7 million, compared to 2021. Moreover, total workers' remittances receipts increased by 1.5 percent during 2022, to reach JD 2,447.8 million, compared to 2021. The preliminary data for the balance of payments during the first three quarters of 2022 displayed a deficit in the current account amounted to JD 3,179.8 million (12.7 percent of GDP) compared to a deficit of JD 2,026.9 million (8.5 percent of GDP) during the same period of 2021. Meanwhile, the current account deficit excluding grants increased to reach 14.9 percent of GDP, compared with 12.2 percent of GDP during the same period of 2021. Moreover, foreign direct investment recorded an inflow of JD 629.3 million during the first three quarters of 2022, compared to an inflow of JD 325.1 million during the same period of 2021. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 36,903.6 million at the end of the first three quarters 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\$ 17,266.9 million at the end of 2022. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 41,681.7 million at the end of 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 32,591.5 million at the end of 2022, compared to JD 30,028.5 million at the end of 2021.
- Total deposits at licensed banks amounted to JD 42,106.7 million at the end of 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 2022, compared to their levels 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 2,501.6 points at the end of 2022, compared to 2,118.6 points at the end of 2021. Moreover, the market capitalization reached JD 18,003.8 million at the end of 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

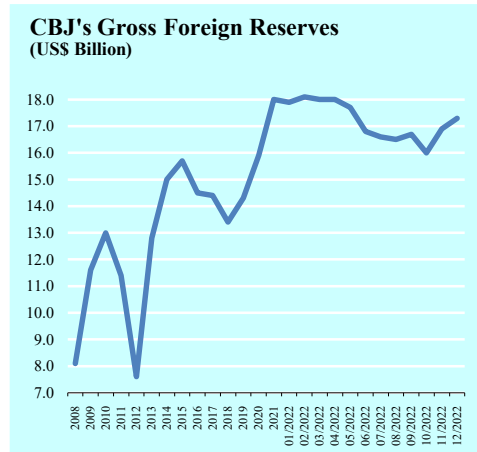
	End of December	
	2021	2022
CBJ's Foreign Reserves*	US\$ 18,043.2	US\$ 17,266.9
	13.3%	-4.3%
Coverage in months	7.6	7.5
Money Supply (M2)	39,509.2	41,681.7
	6.7%	5.5%
Credit Facilities, of which:	30,028.5	32,591.5
	4.9%	8.5%
Private Sector (Resident)	26,708.8	28,870.5
	4.6%	8.1%
Total Deposits, of which:	39,522.3	42,106.7
	7.4%	6.5%
In JD	30,684.6	32,841.5
	8.7%	7.0%
In Foreign Currencies	8,837.7	9,265.2
	3.3%	4.8%
Deposits of Private Sector (Resident), of which:	30,988.2	33,206.2
	7.4%	7.2%
In JD	24,723.7	26,603.1
	8.9%	7.6%
In Foreign Currencies	6,264.5	6,603.1
	2.0%	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\$ 17,266.9 million at the end of 2022. This level of reserves covers around 7.5 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

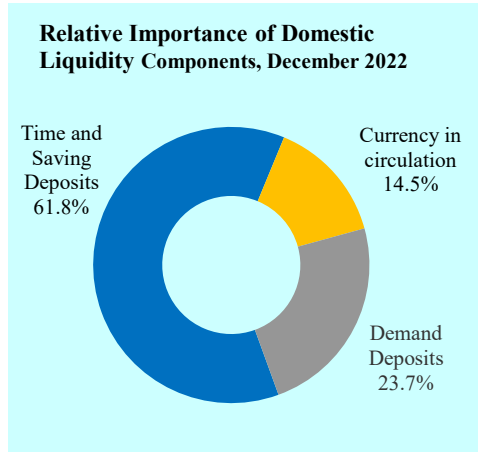
- Domestic liquidity amounted to JD 41.7 billion at the end of 2022, compared to JD 39.5 billion at the end of 2021.

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

- **Components of Domestic Liquidity**

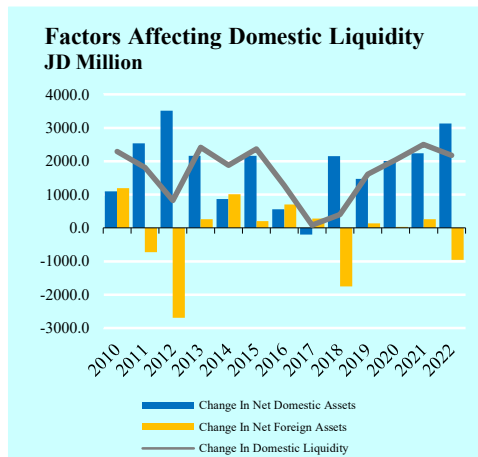
- Total deposits, according to liquidity definition, amounted to JD 35.6 billion at the end of 2022, compared to JD 33.3 billion at the end of 2021.

- Currency in circulation amounted to JD 6.0 billion at the end of 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 34.8 billion at the end of 2022, compared to JD 31.7 billion at the end of 2021.



- Net foreign assets of the banking system amounted to JD 6.9 billion at the end of 2022. The net foreign assets of the CBJ amounted to JD 11.4 billion at the end of 2022.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

	End of December	
	2021	2022
<b>Foreign Assets (Net)</b>	<b>7,818.8</b>	<b>6,864.6</b>
CBJ	12,087.9	11,388.0
Licensed Banks	-4,269.1	-4,523.4
<b>Domestic Assets (Net)</b>	<b>31,690.4</b>	<b>34,817.1</b>
CBJ, of which:	-5,239.4	-4,699.6
Claims on Public Sector (Net)	1,185.3	1,052.3
Other Items (Net*)	-6,447.2	-5,778.3
Licensed Banks	36,929.8	39,516.7
Claims on Public Sector (Net)	13,316.6	14,432.2
Claims on Private Sector	27,536.5	29,733.7
Other Items (Net)	-3,923.3	-4,649.3
<b>Money Supply (M2)</b>	<b>39,509.2</b>	<b>41,681.7</b>
<b>Currency in Circulation</b>	<b>6,225.4</b>	<b>6,037.4</b>
<b>Total Deposits, of which:</b>	<b>33,283.8</b>	<b>35,644.3</b>
In Foreign Currencies	6,328.7	6,650.2

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

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

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

◆ The CBJ 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 first time on 5/2/2023 by 25 basis points on all monetary policy instruments to become as follow:

- The CBJ main interest rate: 6.75 percent.
- Re-discount Rate: 7.75 percent.
- Interest Rate on Overnight Repurchase Agreements: 7.50 percent.
- Overnight Deposit Window Rate: 6.50 percent.
- Weekly/ Monthly Repurchase Agreements: 6.75 percent.
- The interest rate on weekly certificates of deposit: 6.75 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 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

	December	
	2021	2022
CBJ main rate	2.50	6.50
Re-discount Rate	3.50	7.50
Repurchase Agreements Rate (overnight)	3.25	7.25
Overnight Deposit Window Rate	2.00	6.25
Repurchase Agreements rate (one week and one month)	2.50	6.50
Certificates of Deposits (one week)	2.50	6.50

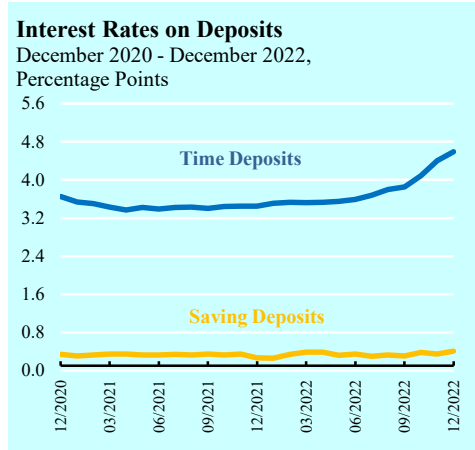
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

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 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

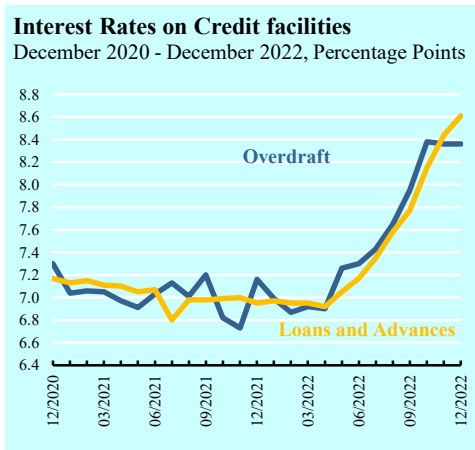
- **Time Deposits:** The weighted average interest rate on time deposits increased by 19 basis points at the end of December 2022, compared to its level registered at the end of the previous month to stand at 4.59%. This rate is higher by 114 basis points than its level registered at the end of 2021.



- **Saving Deposits:** The weighted average interest rate on saving deposits increased by 6 basis points at the end of December 2022, compared to its level registered at the end of the previous month to stand at 0.41%. This rate is higher by 14 basis points than its level registered at the end of 2021.
- **Demand Deposits:** The weighted average interest rate on demand deposits increased by 3 basis points at the end of December 2022, compared to its level registered at the end of the previous month to stand at 0.37%. This rate is higher by 11 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 during December 2022 remained its level registered at the end of the previous month to stand at 8.36%. This rate is higher by 120 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” increased by 43 basis points at the end of December 2022, compared to its level registered at the end of the previous month to stand at 8.53%. This rate is higher by 54 basis points than its level registered at the end of 2021.

	December 2021	December 2022	Change Relative to the Preceding Year Basis Points
<b>Deposits</b>			
Demand	0.26	0.37	11
Saving	0.27	0.41	14
Time	3.45	4.59	114
<b>Credit Facilities</b>			
Discounted Bills and Bonds	7.99	8.53	54
Loans and Advances	6.89	8.61	172
Overdraft	7.16	8.36	120
Prime Lending Rate	8.37	10.8	243

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by 17 basis point at the end of December 2022, compared to its level registered at the end of the previous month to stand at 8.61%. This rate is higher by 172 basis points than its level registered at the end of 2021.



- The prime lending rate stood at 10.8% at the end of December 2022, increasing by 28 basis points compared to its level registered at the end of the previous month, and by 243 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 2,563.0 million, or 8.5 percent, at the end of 2022, compared to its level registered at the end of 2021, against an increase by JD 1,389.4 million, or 4.9 percent during the same period in 2021.
- In terms of borrower sectors, the credit facilities at the end of 2022 had shown an increase in credit extended to the private sector (resident) by JD 2,161.7 million, or 8.1 percent, the public institution by JD 234.9 million, or 34.2 percent, the central government by JD 223.7 million, or 12.3 percent. In contrast, the non-banking financial institutions decreased by JD 34.3 million, or 26.6 percent, and the credit facilities extended to the private sector (non-resident) decreased by JD 23.0 million, or 3.3 percent, compared to their levels at the end of 2021.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 42.1 billion at the end of 2022, compared to JD 39.5 billion at the end of 2021.

- The currency composition of deposits at the end of 2022 revealed that the JD deposits amounted to JD 32.8 billion, and the deposits in foreign currencies amounted to JD 9.3 billion, compared to 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 December 2022, compared to their levels in 2021. This can be demonstrated as follows:

##### ■ **Trading Volume**

Trading volume at ASE totaled JD 92.3 million in December 2022, decreasing by JD 25.9 million, or 21.9 percent, compared to its level registered at the end of the previous month, against an increase by JD 24.8 million, or 18.5 percent during the same month in 2021. During 2022, the trading volume totaled JD 1,903.7 million.

##### ■ **Traded Shares**

The number of traded shares in December 2022 totaled 79.9 million shares, decreasing by 20.5 million shares, or 20.4 percent, compared to its level registered at the end of the previous month, against an increase by 5.1 million shares, or 4.5 percent during the same month in 2021. The number of traded shares during 2022 amounted to 1,155.7 million shares.

### ■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increased by 8.7 points, or 0.3 percent, at the end of December 2022 compared to its level in the

previous month, to stand at 2,501.6 points. Furthermore, the SPI increased by 383.0 points, or 18.1 percent, compared to its level at the end of 2021. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 1,626.4 points, or 44.4 percent, services sector by 413.4 points, or 31.1 percent, and the financial sector by 87.8 points, or 3.4 percent, compared to their levels at the end of 2021.

### ■ Market Capitalization

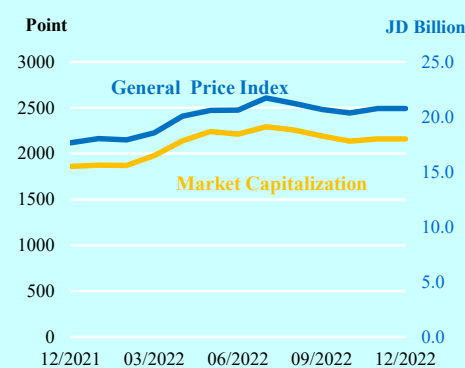
The ASE's market capitalization totaled JD 18.0 billion at the end of December 2022, decreasing by JD 12.1 million, or 0.1 percent, compared to its level registered at the end of the previous month, against an increase by JD 337.5 million,

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

	December	
	2021	2022
<b>General Index</b>	<b>2,118.6</b>	<b>2,501.6</b>
Financial Sector	2,604.5	2,692.2
Industrial Sector	3,665.9	5,292.3
Services Sector	1,327.4	1,740.8

Source: Amman Stock Exchange.

The General Share Price Index and The Market Capitalization December 2021 -December 2022



or 2.2 percent, during the same month in 2021. Furthermore, the ASE's market capitalization increased by JD 2,508.1 million, or 16.2 percent, compared to its level at the end of 2021.

#### ■ Net Investment of Non - Jordanian

Non-Jordanian net investment at ASE recorded an inflow amounted of JD 3.0 million in December 2022. The value of shares buying by non-Jordanian in December 2022 amounted to JD 10.3 million, while their selling amounted to JD 7.3 million. The net investment of Non-Jordanian during 2022 recorded an outflow amounted to JD 68.0 million.

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

	December	
	2021	2022
Value Traded	158.6	92.3
Average Daily Trading	7.2	4.6
Market Capitalization	15,495.7	18,003.8
No. of Traded Shares (million)	118.3	79.9
Net Investment of Non-Jordanian	-28.8	3.0
Non-Jordanian Buying	5.8	10.3
Non-Jordanian Selling	34.5	7.3

Source: Amman Stock Exchange.

## Second: Output, Prices and Employment

### ■ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.6 percent during the third quarter of 2022, compared to a growth of 2.7 percent during the same quarter of 2021. At current market prices, GDP grew by 6.2 percent during the third quarter of 2022, compared to a growth of 4.1 percent in the same quarter of 2021.
- Accordingly, the real GDP grew by 2.7 percent during the first three quarters of 2022, compared to a growth of 2.1 percent during the same period of 2021. At current market prices, GDP grew by 5.3 percent during the first three quarters of 2022 compared to a growth of 3.1 percent during the same period of 2021.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during 2022 by 4.2 percent, compared to an increase of 1.4 percent during 2021.
- The unemployment rate during the third quarter of 2022 reached 23.1 percent (20.5 percent for males and 33.1 percent for females), compared to 23.2 percent (21.2 percent for males and 30.8 percent for females) during the same quarter of 2021. The highest unemployment rate was among youth, which reached 53.5 percent for the (15-19) years old category and 45.9 percent for the (20-24) years old.

### ▣ Developments of GDP

Gross Domestic Product (GDP), at constant market prices, grew by 2.7 percent during the first three quarters of 2022, compared to a growth of 2.1 percent during the same period of 2021. When excluding “net taxes on products” (which grew by 2.4 percent during the first three quarters of 2022 compared to a growth of 2.2 percent during the same period of 2021), GDP at constant basic prices, grew by 2.7 percent during the first three quarters of 2022, compared to a growth of 2.1 percent during the same period of 2021.

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

Percentages

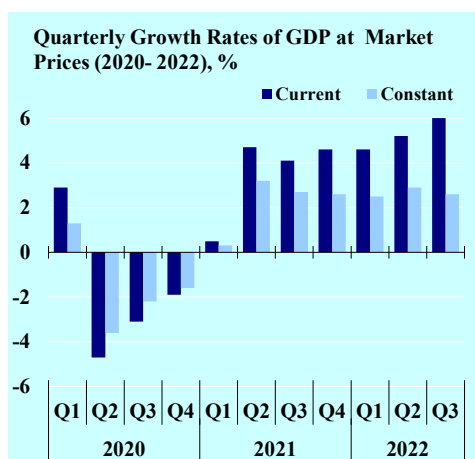
	Q1	Q2	Q3	Q4	Year
<b>2020</b>					
GDP at Constant Prices	1.3	-3.6	-2.2	-1.6	-1.6
GDP at Current Prices	2.9	-4.7	-3.1	-1.9	-1.8
<b>2021</b>					
GDP at Constant Prices	0.3	3.2	2.7	2.6	2.2
GDP at Current Prices	0.5	4.7	4.1	4.6	3.5
<b>2022</b>					
GDP at Constant Prices	2.5	2.9	2.6	-	-
GDP at Current Prices	4.6	5.2	6.2	-	-

Source: Department of Statistics.

At current market prices, GDP grew by 5.3 percent during the first three quarters of 2022, compared to a growth of 3.1 percent during the same period of 2021. This was in light of the increase of the general price level, measured by the GDP deflator, by 2.6 percent during the first three quarters of 2022 compared to a growth of 1.0 percent during the same period of 2021.

The economic growth recorded during the first three quarters 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 three quarters of 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” (0.3 percentage point), and “social and personal services” (0.2 percentage point). These sectors accounted for 63.0 percent of the real growth recorded during the first three quarters of 2022.



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

Percentage

Sectors	Relative change		Contribution	
	2021 3Qs	2022 3Qs	2021 3Qs	2022 3Qs
<b>GDP at Constant Market Prices</b>	2.1	2.7	2.1	2.7
Agriculture	3.0	2.5	0.1	0.1
Mining And Quarrying	10.1	5.9	0.2	0.1
Manufacturing	2.1	3.5	0.4	0.6
Electricity And Water	1.6	2.8	0.0	0.0
Construction	3.0	4.5	0.1	0.1
Wholesale And Retail Trade	2.0	3.0	0.2	0.3
Restaurant And Hotels	2.0	5.1	0.0	0.1
Transport, Storage And Communications	1.8	3.8	0.2	0.3
Finance And Insurance Services	4.1	4.6	0.3	0.3
Real Estate	1.5	1.2	0.2	0.1
Social And Personal Services	0.7	2.1	0.1	0.2
Producers of Government Services	1.4	0.8	0.2	0.1
Producers of Private Non-Profit	1.4	2.8	0.0	0.02
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” (91.8 percent), “Number of departures” (99.8 percent), and “Cargo through Royal Jordanian” (11.1 percent), in addition to production of phosphate (11.3 percent) and potash (4.7 percent). The following table displays the performance of the main available microeconomic indicators:

Main Sectoral Indicators*				
Percentage Points				
2021	Item	2021	Available period	2022
13.6	<b>Manufacturing production quantity index</b>	14.6	<b>Jan - Nov</b>	2.8
-10.2	Food products and beverages	-10.6		3.6
-3.6	Tobacco products	-2.9		7.9
106.5	Refined petroleum products	102.7		19.2
-6.3	Wearing apparel	-4.5		-14.5
0.7	Pharmaceuticals, medical products	0.7		5.0
2.5	Chemical products	3.7		-3.1
6.6	<b>Mining and quarrying production quantity index</b>	6.6		6.1
25.0	Extraction of crude petroleum and natural gas	22.9		-13.9
6.4	Other mining and quarrying	6.4		7.7
52.9	<b>Licensed areas for buildings</b>	56.8	5.6	
46.8	<b>Value traded at the real estate market</b>	46.8	<b>Jan - Dec</b>	16.5
4.3	<b>Production of potash</b>	4.3		4.7
14.2	<b>Production of phosphate</b>	14.2		11.3
20.4	<b>Cargo through Royal Jordanian</b>	20.4		11.1
108.7	<b>Number of passengers through Royal Jordanian</b>	108.7		91.8
89.8	<b>Number of departures</b>	89.8		99.8

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

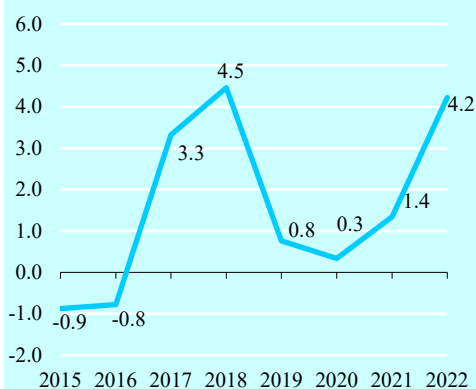


## □ Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during 2022 by 4.2 percent, compared to an increase of 1.4 percent during 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 25.6 percent, compared to a increase by 1.3 percent, in addition to the transportation group, whose the prices increased by 5.6 percent, compared to an increase by 4.5 percent during 2021. and this comes in light of the rise in oil prices in global markets.

Inflation Rate during the years (2015-2022),



Inflation Rate during the years 2021-2022

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2021	2022	2021	2022
<b>All Items</b>	<b>100.0</b>	<b>1.4</b>	<b>4.2</b>	<b>1.4</b>	<b>4.2</b>
<b>1) Food and non-Alcoholic Beverages</b>	<b>26.5</b>	<b>0.1</b>	<b>3.3</b>	<b>0.0</b>	<b>0.9</b>
<b>Food</b>	<b>23.8</b>	<b>0.1</b>	<b>3.5</b>	<b>0.0</b>	<b>0.8</b>
Cereals and Products	4.2	1.9	4.3	0.1	0.19
Meat and Poultry	4.7	6.4	2.6	0.3	0.13
Fish and Sea Product	0.4	0.6	3.1	0.0	0.0
Dairy Products and Eggs	3.7	0.2	4.6	0.0	0.2
Oil and Fats	1.7	6.1	8.5	0.1	0.1
Fruits and Nuts	2.6	-1.8	0.8	0.0	0.0
Vegetables and Legumes Dry and Canned	3.0	-12.9	5.4	-0.4	0.14
<b>2) Alcohol and Tobacco and Cigarettes</b>	<b>4.4</b>	<b>2.6</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>
Alcohol	0.0	14.7	0.6	0.0	0.0
Tobacco and Cigarettes	4.4	2.5	0.0	0.1	0.0
<b>3) Clothing and footwear</b>	<b>4.1</b>	<b>-1.2</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
Clothing	3.4	-1.1	0.0	0.0	0.0
Footwear	0.7	-1.6	1.5	0.0	0.0
<b>4) Housing</b>	<b>23.8</b>	<b>1.6</b>	<b>6.6</b>	<b>0.4</b>	<b>1.6</b>
Rents	17.5	1.5	2.6	0.3	0.5
Fuels and Lighting	4.7	1.3	25.6	0.1	1.07
<b>5) Household Furnishings and Equipment</b>	<b>4.9</b>	<b>0.5</b>	<b>3.0</b>	<b>0.0</b>	<b>0.1</b>
<b>6) Health</b>	<b>4.0</b>	<b>0.8</b>	<b>3.6</b>	<b>0.0</b>	<b>0.1</b>
<b>7) Transportation</b>	<b>16.0</b>	<b>4.5</b>	<b>5.6</b>	<b>0.7</b>	<b>0.89</b>
<b>8) Communication</b>	<b>2.8</b>	<b>1.3</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>
<b>9) Culture and Recreation</b>	<b>2.6</b>	<b>0.6</b>	<b>9.6</b>	<b>0.0</b>	<b>0.2</b>
<b>10) Education</b>	<b>4.3</b>	<b>0.3</b>	<b>1.3</b>	<b>0.0</b>	<b>0.1</b>
<b>11) Restaurants and Hotels</b>	<b>1.8</b>	<b>1.4</b>	<b>7.3</b>	<b>0.0</b>	<b>0.1</b>
<b>12) Other Goods and Services</b>	<b>4.8</b>	<b>0.3</b>	<b>2.4</b>	<b>0.0</b>	<b>0.1</b>

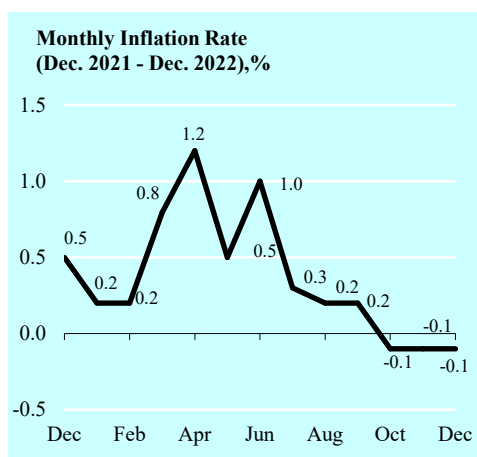
Source: Department of Statistics.

- “vegetables and legumes dry and canned” prices increased by 5.4 percent, compared to a decline by 12.9 percent during 2021, affected in part by the demand and supply factors in domestic market.

The above groups and items collectively contributed to raising the inflation rate during 2022 by 2.1 percentage points, compared to 0.4 percentage point during 2021.

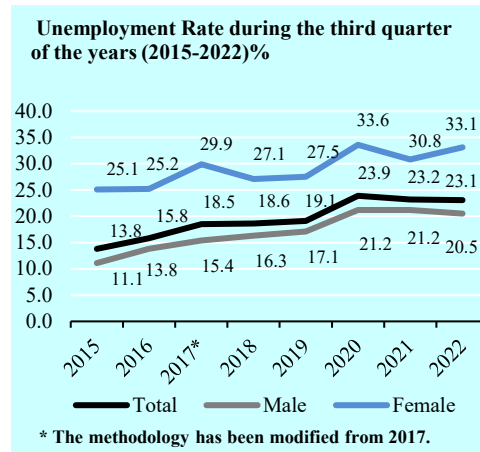
- On the other hand, the price of some items decline, notably, “spices and food additives” (2.1 percent) and “drinks and refreshments” (0.9 percent), during 2022.

In December 2022, the CPI witnessed a decline compared to the previous month (November 2022) by 0.1 percent. This was an outcome of the decrease in the prices of some items and groups, mainly, “vegetables and legumes dry and canned” (9.6 percent), “meat and poultry” (2.0 percent), on the one hand, and the increase of the prices of a number of other items, most notably; rents (1.0 percent), and transportation (0.5 percent), on the other hand.



□ Labor Market

- The unemployment rate reached 23.1 percent (20.5 percent for males, and 33.1 percent for females) during the third quarter of 2022, compared to 23.2 percent (21.2 percent for males and 30.8



- percent for females), during the same quarter of 2021.
- The unemployment rate among youth, during the third quarter of 2022, remains high reaching 53.5 percent for the category (15-19) years old, and 45.9 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 29.3 percent during the third quarter of 2022, as the unemployment rate among (less than secondary) reached 20.0 percent.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.0 percent (52.5 percent for males, and 13.7 percent for females), compared to 34.4 percent (54.4 percent for males and 14.5 percent for females) during the third quarter of 2021.
- The employment rate among population (15 years and older) reached 25.4 percent during the third quarter of 2022.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,780.0 million (6.3 percent of GDP) during the first ten months of 2022, comparing to a fiscal deficit of JD 1,283.8 million (4.9 percent of GDP) during the same period of 2021. When excluding foreign grants (JD 128.5 million), the general budget deficit increases to JD 1,908.5 million (6.8 percent of GDP), compared to a deficit of JD 1,857.5 million (7.1 percent of GDP) in the same period of 2021.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,091.3 million at the end of October 2022, compared to its level at the end of 2021, to reach JD 21,350.8 million (62.6 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 14,050.3 million (41.2 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 945.2 million at the end of October 2022, compared to its level at the end of 2021, to reach JD 16,452.4 million (48.2 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 16,030.3 million (47.0 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,036.5 million at the end of October 2022, to reach JD 37,803.2 million (110.8 percent of GDP), compared to JD 35,766.7 million (110.1 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 30,080.6 million (88.1 percent of GDP), compared to JD 28,763.1 million (88.6 percent of GDP) at the end of 2021.

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

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 4.0 million, or 0.7 percent, in October 2022 compared to the same month in 2021, to stand at JD 577.6 million. As for the first ten months of 2022, public revenues went up by JD 84.4 million, or 1.3 percent, compared to same period of 2021, to stand at JD 6,782.0 million. This came as an outcome of the increase in domestic revenues by JD 529.6 million, and decrease in foreign grants by JD 445.2 million.

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

(JD Million and Percentages)

	October		Growth Rate	Jan.- Oct.		Growth Rate
	2021	2022		2021	2022	
<b>Public Revenues</b>	<b>573.6</b>	<b>577.6</b>	<b>0.7</b>	<b>6,697.6</b>	<b>6,782.0</b>	<b>1.3</b>
Domestic Revenues, of which:	570.6	574.3	0.6	6,123.9	6,653.5	8.6
Tax Revenues, of which:	436.3	423.2	-3.0	4,724.9	5,083.6	7.6
General Sales Tax	356.6	339.0	-4.9	3,311.4	3,418.7	3.2
Other Revenues	133.9	150.6	12.5	1,392.8	1,566.0	12.4
Foreign Grants	3.0	3.3	10.0	573.7	128.5	-77.6
<b>Total Expenditures</b>	<b>898.5</b>	<b>950.5</b>	<b>5.8</b>	<b>7,981.4</b>	<b>8,562.0</b>	<b>7.3</b>
Current Expenditures	748.7	774.1	3.4	7,208.2	7,387.6	2.5
Capital Expenditures	149.8	176.4	17.8	773.2	1,174.5	51.9
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-324.9</b>	<b>-373.0</b>	<b>-</b>	<b>-1,283.8</b>	<b>-1,780.0</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a Percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4.9</b>	<b>-6.3</b>	<b>-</b>

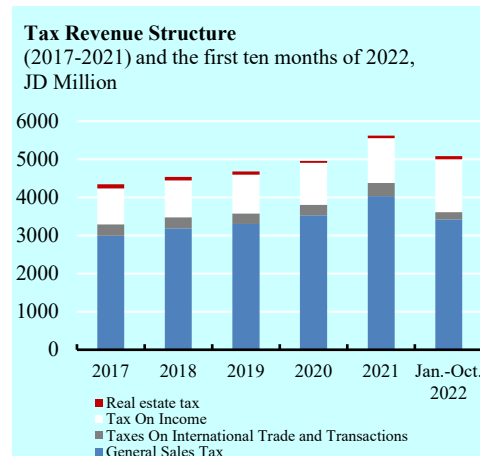
Source: Ministry of Finance/ General Government Finance Bulletin.

### ◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 529.6 million, or 8.6 percent, in the first ten months of 2022, compared to the same period of 2021, to reach JD 6,653.5 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues” by JD 358.7 million, and JD 173.2 million, respectively, and the drop in “Pension contributions” by JD 2.3 million.

#### ● Tax Revenues

Tax revenues increased by JD 358.7 million, or 7.6 percent, during the first ten months of 2022, compared to the same period of 2021, to reach JD 5,083.6 million (76.4 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 107.3 million, or 3.2 percent, to reach JD 3,418.7 million, accounting for 67.2 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on services by JD 88.8 million, and on imported goods by JD 77.6 million, and decrease in the proceeds of sales tax on domestic goods by JD 32.0 million, and on commercial sector by JD 27.1 million.

- An increase in the proceeds of **income and profit taxes** by JD 308.3 million, or 28.5 percent, to reach JD 1,388.7 million, accounting for 27.3 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 253.5 million, or 34.0 percent, to account for 71.9 percent of total proceeds of income and profits taxes, amounting to JD 998.7 million, and increase the proceeds of “income taxes from individuals” by JD 44.8 million, or 19.0 percent, to reach JD 280.0 million, and increase the proceeds of national contribution account item by JD 10.0 million, or 10.0 percent, to reach JD 110.0 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 25.9 million, or 46.9 percent, to reach JD 81.1 million.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 82.8 million, or 29.8 percent, to reach JD 195.1 million.





### ● Non-Tax Revenues

- “Other revenues” increased by JD 173.2 million, or 12.4 percent, during the first ten months of 2022, to reach JD 1,566.0 million. This increase was chiefly due to the following:
  - An increase in **miscellaneous revenues** by JD 84.3 million to stand at JD 484.5 million.
  - An increase in revenues from **selling goods and services** by JD 48.4 million to reach JD 743.3 million.
  - An increase in the **property income** by JD 40.4 million to stand at JD 338.1 million (of which financial surplus of independent government units amounted to JD 309.5 million against JD 279.6 million during the same period of 2021).
- Pension contributions decreased by JD 2.3 million, or 37.1 percent, during the first ten months of 2022, compared to the same period of 2021, to reach JD 3.9 million.

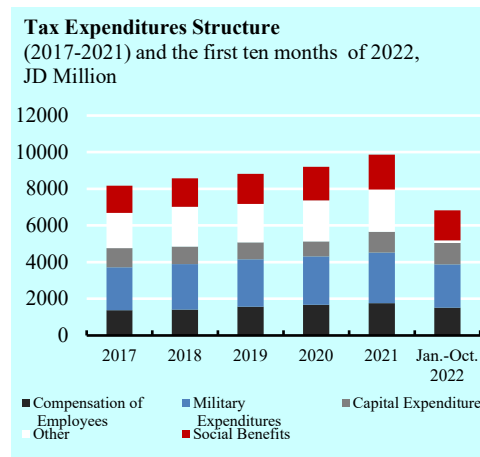
### ◆ Foreign Grants

Foreign grants decreased by JD 445.2 million, or 77.6 percent, during the first ten months of 2022, standing at JD 128.5 million, compared to JD 573.7 million during the same period of 2021.

■ **Public Expenditures**

Public expenditures increased by JD 52.0 million, or 5.8 percent, in October 2022 compared to the same month in 2021, to stand at JD 950.5 million. As for the first ten months of 2022, public

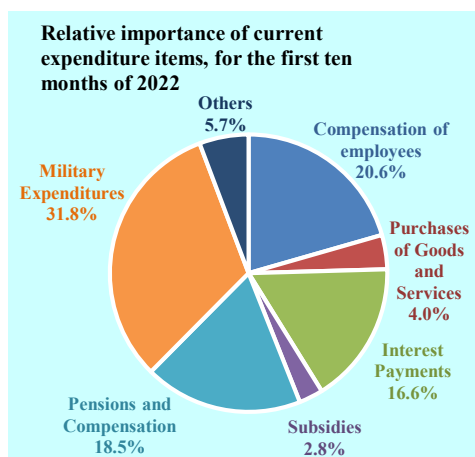
expenditures increased by JD 580.6 million, or 7.3 percent, compared to the same period of 2021, to stand at JD 8,562.0 million. This increase was a result of the rise in current expenditures by 2.5 percent, and capital expenditures by 51.9 percent.



◆ **Current Expenditures**

Current expenditures went up by JD 179.4 million, or 2.5 percent, during the first ten months of 2022, to reach JD 7,387.6 million (86.3 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 5.1 percentage point, to reach 90.1 percent compared to 85.0 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 66.8 million, to stand at JD 1,227.0 million.
- An increase in **military expenditures** by JD 44.3 million, to total JD 2,351.2 million.
- An increase in the **compensation of civil sector's employees (wages, salaries and social security contributions)** by JD 38.9 million, to reach JD 1,518.7 million.
- An increase in **pensions and compensation** by JD 22.9 million, to stand at JD 1,363.3 million.
- An increase in **subsidies** by JD 1.8 million, to stand at JD 208.0 million.
- A decrease in the **purchases of goods and services** by JD 0.7 million, to reach JD 295.1 million.



#### ◆ Capital Expenditures

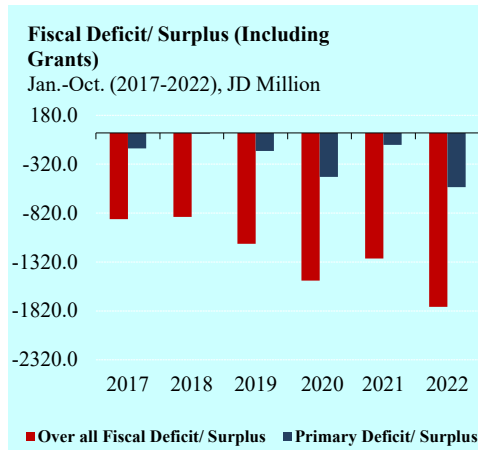
Capital expenditures increased by JD 401.3 million, or 51.9 percent, during the first ten months of 2022 compared to the same period of 2021, to reach JD 1,174.5 million.

### ■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, increased by JD 496.2 million, during the first ten months of 2022, to reach JD 1,780.0 million (6.3 percent of GDP),

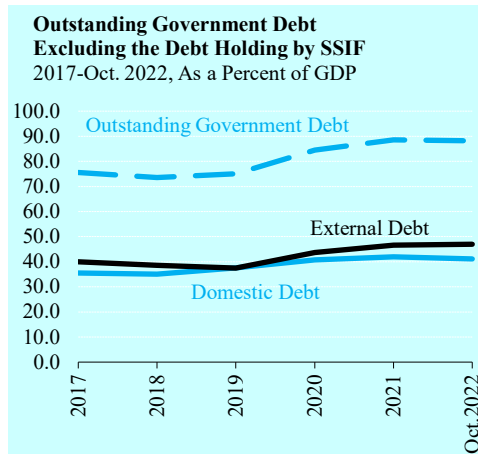
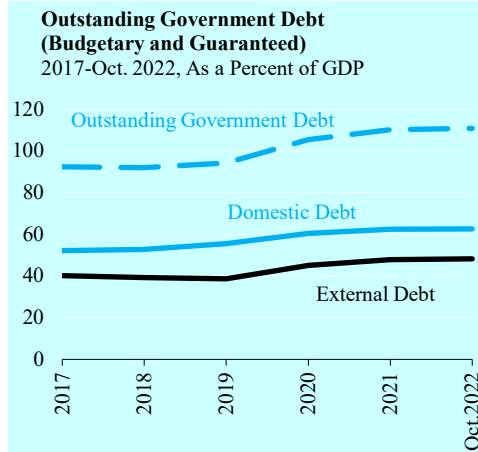
compared to a fiscal deficit of JD 1,283.8 million (4.9 percent of GDP), in the same period of 2021. When foreign grants are excluded, the general budget deficit increases to reach JD 1,908.5 million (6.8 percent of GDP), compared to a fiscal deficit of JD 1,857.5 million (7.1 percent of GDP) in the same period of 2021.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 681.5 million (2.4 percent of GDP) in the first ten months of 2022, against a primary deficit of JD 697.3 million (2.7 percent of GDP) in the same period of 2021. When foreign grants are including, the primary deficit of the general budget reached JD 553.0 million (2.0 percent of GDP), compared to a primary deficit of JD 123.6 million (0.6 percent of GDP) in the same period of 2021.



□ Outstanding Government Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 1,091.3 million, at the end of October 2022 compared to its level at the end of 2021, to stand at JD 21,350.8 million (62.6 percent of GDP). This increase was an outcome of the rise in the domestic debt of the budget by JD 864.6 million, and the increase in the domestic debt of guaranteed by JD 226.6 million, compared to their levels at the end of 2021, standing at JD 18,748.0 million and JD 2,602.7 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 424.7 million, at the end of October 2022 compared to its level at the end of 2021, to stand at JD 14,050.3 million (41.2 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 945.2 million at the end of October 2022, compared to its level at the end of 2021, to reach JD 16,452.4 million (48.2 percent of GDP). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 72.3 percent of the total external debt, and the debt in Euro accounted for 10.4 percent. However, the SDR accounted for 9.4 percent, Kuwaiti Dinar (3.5 percent), and Japanese Yen (2.7 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 892.8 million, at the end of October 2022 compared to its level at the end of 2021, to stand at JD 16,030.3 million (47.0 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,036.5 million at the end of October 2022 to reach JD 37,803.2 million (110.8 percent of GDP), compared to JD 35,766.7 million (110.1 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 30,080.6 million (88.1 percent of GDP), compared to JD 28,763.1 million (88.6 percent of GDP) at the end of 2021.
- External debt service (budget and guaranteed) increased by JD 496.7 million during the first ten months of 2022 compared to the same period of 2021, to reach JD 2,184.1 million (including principal payments of JD 1,751.2 million and interest of JD 432.9 million).

## □ Fiscal and Price Measures of 2023

### ◆ February

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

**Development of Oil Derivatives Prices**

	Unit	2023		Percentage Change
		January	February	
Unleaded Gasoline 90	Fils/ Liter	900	945	5.0
Unleaded Gasoline 95	Fils/ Liter	1,140	1,185	3.9
Unleaded Gasoline 98	Fils/ Liter	1,290	1,335	3.5
Gas Oil (Diesel)	Fils/ Liter	820	820	0.0
Kerosene	Fils/ Liter	785	620	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	383.1	393.3	2.7
Fuel for airplanes (local companies)	Fils/ Liter	665	691	3.9
Fuel for airplanes (foreign companies)	Fils/ Liter	670	696	3.9
Fuel for unplanned flights	Fils/ Liter	685	711	3.8
Asphalt	JD/ Ton	378	388.2	2.7

Source: Jordan Petroleum Refinery Company (1/2/2023).

- 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:
  - o JD 2,150 for issuance of a work permit for a period of one year.
  - o JD 1,250 for issuance of a work permit for a period of six months.
  - o 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 12.9 percent in October 2022, compared to the same month of 2021, to reach JD 690.2 million. As for the first ten months of 2022, total exports increased by 39.1 percent, compared to the same period of 2021, to reach JD 7,412.5 million.
- **Merchandize imports** increased by 13.9 percent in October 2022, compared to the same month of 2021, to reach JD 1,704.4 million. As for the first ten months of 2022, imports increased by 34.0 percent, compared to the same period of 2021, to reach JD 16,541.6 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 14.6 percent in October 2022, compared to the same month of 2021; standing at JD 1,014.2 million. As for the first ten months of 2022, trade balance deficit increased by 30.2 percent, compared to the same period of 2021, to reach JD 9,129.1 million.
- **Travel receipts** increased by 110.5 percent during 2022, to register JD 4,123.6 million, compared to 2021. While, **travel payments** increased by 59.6 percent, to register JD 1,040.7 million, compared to 2021.
- **Total workers' remittances receipts** increased by 1.5 percent during 2022, compared to 2021, to reach JD 2,447.8 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 3,179.8 million (12.7 percent of GDP) during the first three quarters of 2022, compared to a deficit of JD 2,026.9 million (8.5 percent of GDP) during the same period of 2021. Meanwhile, the current account deficit excluding grants increased to reach 14.9 percent of GDP, compared with 12.2 percent of GDP during the same period of 2021.
- **Foreign direct investment** recorded an inflow of JD 629.3 million during the first three quarters of 2022, compared to an inflow of JD 325.1 million during the same period of 2021.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 36,903.6 million, at the end of the first three quarters 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 1,975.0 million and the increase in imports by JD 4,200.6 million during the first ten months of 2022, the volume of external trade (domestic exports plus imports) increased by JD 6,175.6 million to stand at JD 23,364.2 million, compared to the same period of 2021.

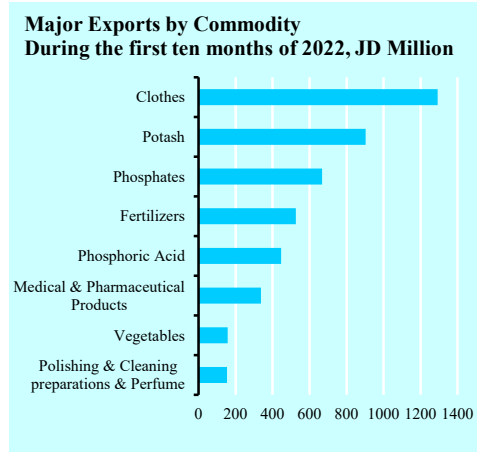
Jordan's Major Trading Partners			
JD Million			
	January - October		
	2021	2022	Percentage Change
<b>Exports</b>			
USA	1,271.0	1,426.8	12.3
India	670.8	1,128.8	68.3
Saudi Arabia	621.4	698.8	12.5
Iraq	335.0	471.8	40.8
Indonesia	108.0	203.0	88.0
Palestine	104.6	164.7	57.5
China	66.8	151.8	127.2
<b>Imports</b>			
China	1,770.7	2,526.7	42.7
Saudi Arabia	1,824.3	2,487.5	36.4
UAE	782.7	1,365.3	74.4
USA	779.1	884.9	13.6
India	345.1	784.9	127.4
Switzerland	333.2	693.7	108.2
Turkey	408.1	548.5	34.4
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
	January - October			
	2021	Percentage Change (%)	2022	Percentage Change (%)
External Trade	17,188.6	21.8	23,364.2	35.9
Total Exports	5,330.7	15.9	7,412.5	39.1
Domestic Exports	4,847.6	18.1	6,822.6	40.7
Re-exports	483.1	-2.0	589.9	22.1
Imports	12,341.0	23.3	16,541.6	34.0
Trade Balance	-7,010.3	29.5	-9,129.1	30.2
Source: Department of Statistics.				

### ■ Merchandize Exports:

Total merchandize exports increased by 39.1 percent during the first ten months of 2022, to reach JD 7,412.5 million. This increase was a result of the increase in domestic exports by JD 1,975.0 million, or 40.7

percent to reach JD 6,822.6 million, and the increase in re-exports by JD 106.8 million, or 22.1 percent to reach JD 589.9 million.



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

- Exports of **Potash** increased by JD 530.0 million, or 125.7 percent, to stand at JD 903.3 million. It is worth noting that markets of India, China, Egypt and Malaysia accounted for 48.6 percent of these exports.
- Exports of **Phosphates** increased by JD 381.1 million, or 133.2 percent, to reach JD 667.3 million. The markets of India, Indonesia and Brazil accounted for 88.8 percent of these exports.
- Exports of **Fertilizers** increased by JD 253.8 million, or 93.5 percent, to stand at JD 525.3 million. India, Bangladesh, Iraq, Brazil and Nepal were the main destination markets for these exports, accounting for 58.5 percent.

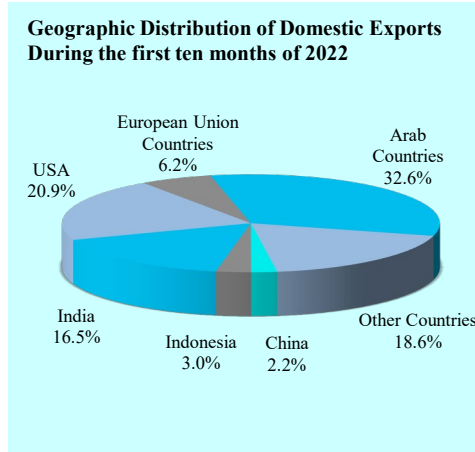
- Exports of **Clothes** increased by JD 187.6 million or 17.0 percent to reach JD 1,291.5 million. It is worth noting that the USA market accounted for 85.1 percent of these exports.
- Exports of **Phosphoric Acid** increased by JD 96.3 million, or 27.5 percent, to stand at JD 446.8 million. The markets of India and Turkey accounted for 91.2 percent of these exports.
- Exports of **Polishing & Cleaning Preparations & Perfume Materials** increased by JD 35.9 million, or 30.4 percent, to reach JD 153.8 million. Iraq, Saudi Arabia and Libya were the main destination markets; accounting for 79.3 percent of these exports.

**Major Domestic Exports by Commodity, JD Million  
During the first ten months of 2021-2022**

	2021	2022	Percentage Change
<b>Domestic Exports</b>	<b>4,847.6</b>	<b>6,822.6</b>	<b>40.7</b>
<b>Clothes</b>	<b>1,103.9</b>	<b>1,291.5</b>	<b>17.0</b>
USA	941.4	1,099.0	16.7
<b>Potash</b>	<b>400.3</b>	<b>903.3</b>	<b>125.7</b>
India	79.2	145.3	83.5
China	47.0	135.9	189.1
Egypt	38.5	85.1	121.0
Malaysia	24.7	72.8	194.7
<b>Phosphates</b>	<b>286.2</b>	<b>667.3</b>	<b>133.2</b>
India	206.5	446.8	116.4
Indonesia	57.4	118.9	107.1
Brazil	13.5	26.7	97.8
<b>Fertilizers</b>	<b>271.5</b>	<b>525.3</b>	<b>93.5</b>
India	38.8	122.9	216.8
Bangladesh	-	86.6	100.0
Iraq	2.6	50.6	-
Brazil	23.0	47.0	104.3
<b>Phosphoric Acid</b>	<b>350.5</b>	<b>446.8</b>	<b>27.5</b>
India	315.8	376.3	19.2
Turkey	18.8	31.1	65.4
<b>Medical &amp; Pharmaceutical Products</b>	<b>332.8</b>	<b>337.2</b>	<b>1.3</b>
Saudi Arabia	70.3	77.7	10.5
Iraq	57.9	56.8	-1.9
Algeria	32.4	28.7	-11.4
USA	24.9	27.8	11.6
<b>Vegetables</b>	<b>145.4</b>	<b>157.3</b>	<b>8.2</b>
Saudi Arabia	44.0	42.3	-3.9
Kuwait	31.9	28.4	-11.0
UAE	15.5	14.9	-3.9
<b>Polishing &amp; Cleaning Preparations &amp; Perfume Materials</b>	<b>117.9</b>	<b>153.8</b>	<b>30.4</b>
Iraq	55.4	74.5	34.5
Saudi Arabia	21.9	32.5	48.4
Libya	11.5	14.9	29.6

Source: Department of Statistics.

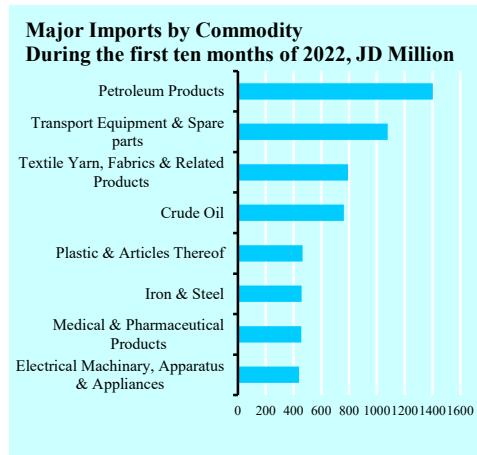
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, Phosphates,



Fertilizers, Phosphoric Acid, “Medical & Pharmaceutical Products”, Vegetables and “Polishing & Cleaning Preparations & Perfume Material” topped the list of domestic exports during the first ten months of 2022; accounting for 65.7 percent, compared with 62.1 percent during the same period of 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 the first ten months of 2022; accounting for 62.2 percent, compared with 65.5 percent during the same period of 2021.

■ **Merchandize Imports:**

Merchandize imports increased by 34.0 percent to reach JD 16,541.6 million during the first ten months of 2022, compared to an increase by 23.3 percent during the same period of 2021.



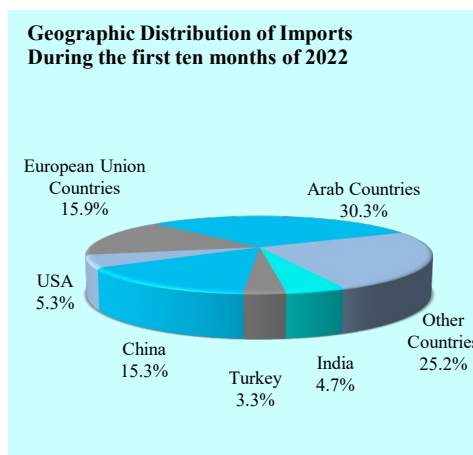
- ◆ **The developments of imports during the first ten months of 2022, compared with the same period of 2021, reveals the following:**
- **Petroleum Products** imports increased by JD 748.6 million, or 114.3 percent, to stand at JD 1,403.5 million. Saudi Arabia, the UAE and India were the main markets, accounting for 93.0 percent of these imports.
  - **Iron & Steel** imports increased by JD 174.5 million, or 61.7 percent, to reach JD 457.3 million. China, Saudi Arabia, and Iran were the main origin markets, accounting for 57.7 percent of these imports.
  - **Crude oil** imports increased by JD 153.7 million or 25.3 percent to reach JD 761.4 million. Saudi Arabia and Iraq were the main origin markets accounting for 100.0 percent of these imports.

- **Textile Yarn, Fabrics & Related Products** imports increased by JD 134.8 million, or 20.5 percent, to reach JD 792.9 million. China, Taiwan and Turkey were the main markets, accounting for 75.5 percent of these imports.
- **Transport Equipment & Spare Parts** imports increased by JD 120.0 million, or 12.5 percent, to reach JD 1,077.0 million. China, South Korea, the USA and Japan were the main origin markets, accounting for 67.9 percent of these imports.
- **Plastic & Articles Thereof** imports increased by JD 99.6 million or 27.3 percent, to reach JD 464.6 million. Saudi Arabia, China and the UAE were the main markets, accounting for 68.3 percent of these imports.

<b>Major Imports by Commodity, JD Million</b>			
<b>During the first ten months of 2021-2022</b>			
	<b>2021</b>	<b>2022</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>12,341.0</b>	<b>16,541.6</b>	<b>34.0</b>
<b>Petroleum Products</b>	<b>654.9</b>	<b>1,403.5</b>	<b>114.3</b>
Saudi Arabia	404.0	714.9	77.0
UAE	128.3	323.1	151.8
India	42.0	267.1	536.0
<b>Transport Equipment &amp; Spare Parts</b>	<b>957.0</b>	<b>1,077.0</b>	<b>12.5</b>
China	48.5	230.3	374.8
South Korea	185.6	201.2	8.4
USA	178.1	182.4	2.4
Japan	141.5	117.8	-16.7
<b>Textile Yarn, Fabrics and Related Products</b>	<b>658.1</b>	<b>792.9</b>	<b>20.5</b>
China	304.1	381.8	25.6
Taiwan	132.1	128.2	-3.0
Turkey	66.3	88.9	34.1
<b>Crude oil</b>	<b>607.7</b>	<b>761.4</b>	<b>25.3</b>
Saudi Arabia	581.4	647.8	11.4
Iraq	26.3	113.6	331.9
<b>Plastic &amp; Articles Thereof</b>	<b>365.0</b>	<b>464.6</b>	<b>27.3</b>
Saudi Arabia	202.9	210.2	3.6
China	34.4	75.1	118.3
UAE	25.0	32.1	28.4
<b>Iron &amp; Steel</b>	<b>282.8</b>	<b>457.3</b>	<b>61.7</b>
China	43.0	126.4	194.0
Saudi Arabia	66.7	89.5	34.2
Iran	15.4	48.0	211.7
<b>Medical &amp; Pharmaceutical Products</b>	<b>445.5</b>	<b>455.8</b>	<b>2.3</b>
Germany	62.4	62.7	0.5
USA	39.8	52.1	30.9
France	30.2	38.8	28.5
<b>Electrical machinery, Apparatus and Appliances</b>	<b>363.2</b>	<b>440.5</b>	<b>21.3</b>
China	137.5	215.2	56.5
Turkey	26.0	27.4	5.4
Italy	23.3	22.8	-2.1

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” and “Electrical machinery, Apparatus and Appliances” topped the list of imports during the first ten months of 2022, accounting for 35.4 percent, compared with 35.1 percent during the same period of 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 the first ten months of 2022; accounting for 56.2 percent of imports, compared to 50.6 percent during the same period of 2021.



### ■ Re-Exports

The value of re-exported goods in October 2022 increased by JD 12.4 million, or 26.6 percent, compared to the same month of 2021, to stand at JD 59.1 million. As for the first ten months of 2022, the re-exported goods increased by JD 106.8 million, or 22.1 percent, compared to the same period of 2021, to stand at JD 589.9 million.

### ■ Trade Balance

The trade balance deficit increased by JD 129.3 million, or 14.6 percent in October 2022, compared to the same month of 2021, to reach JD 1,014.2 million. As for the first ten months of 2022, trade balance deficit increased by JD 2,118.8 million, or 30.2 percent, compared to the same period of 2021, to stand at JD 9,129.1 million.



### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during 2022 by JD 35.7 million, or 1.5 percent, to stand at JD 2,447.8 million, compared to the same period of 2021.

### □ Travel

#### ■ Receipts

Travel receipts increased by 110.5 percent during 2022, to register JD 4,123.6 million, compared to the same period of 2021.

#### ■ Payments

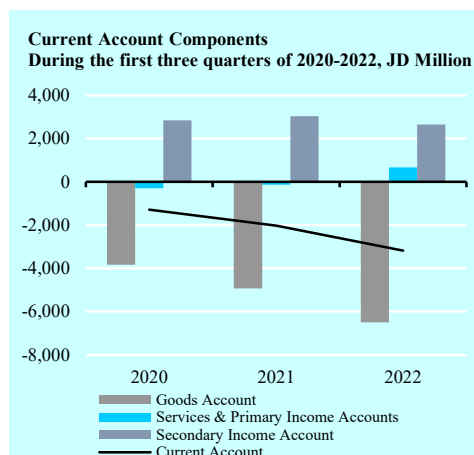
Travel payments increased by 59.6 percent during 2022, to register JD 1,040.7 million, compared to the same period of 2021.

### □ Balance of Payments

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

- **The current account** recorded a deficit of JD 3,179.8 million (12.7 percent of GDP), compared to a deficit of JD 2,026.9 million (8.5 percent of GDP) during the same period. Meanwhile, the current account deficit (excluding grants) increased to reach JD 3,723.2 million (14.9 percent of GDP), compared to a deficit of JD 2,893.9 million (12.2 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 1,567.6 million, or 31.8 percent, to reach JD 6,498.2 million, compared to a deficit of JD 4,930.6 million.



- ◆ The services account recorded a surplus of JD 1,046.5 million, compared to a surplus of JD 23.8 million.
- ◆ The primary income account recorded a deficit of JD 378.1 million, compared to a deficit of JD 149.3 million. This was mainly due to the increase in the deficit of investment income (net) to reach JD 525.1 million, compared to deficit of JD 296.6 million, and the decrease of “compensation of employees (net)” surplus by JD 0.3 million to reach JD 147.0 million.
- A decrease in the secondary income account net surplus by JD 379.2 million to reach JD 2,650.0 million, compared to a net surplus of JD 3,029.2 million. This was a result of the decrease in both net surplus of the public sector (foreign grants) by JD 323.6 million to reach JD 543.4 million, and other sectors transfers by JD 55.6 million to reach JD 2,106.6 million.

- As for the capital and financial transactions during the first three quarters of 2022, the capital account registered a net inflow of JD 26.4 million, compared to an identical net inflow of JD 8.2 million during the same period 2021. Meanwhile, the financial account registered a net inflow of JD 2,362.2 million during the first three quarters of 2022, compared to a net inflow of JD 907.5 million during the same period 2021, this could be attributed to the following:
  - ◆ Foreign direct investment recorded an inflow of JD 629.3 million compared to an inflow of JD 325.1 million.
  - ◆ Portfolio investment recorded a net outflow of JD 460.5 million compared to a net outflow of JD 115.1 million.
  - ◆ Other investment registered a net inflow of JD 1,496.6 million, compared to a net inflow of JD 1,694.9 million.
  - ◆ Reserve assets of the CBJ registered a decrease by JD 702.1 million, compared to an increase by JD 988.5 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 36,903.6 million at the end of the first three quarters 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 1,796.0 million at the end of the first three quarters of 2022 to reach JD 20,095.2 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 1,030.5 million, CBJ's reserve assets by JD 990.7 million, and the increase in trade credit of other sectors to abroad by JD 134.7 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 91.8 million at the end of the first three quarters of 2022, to reach JD 56,998.8 million compared to its level at the end of 2021. This was due to the following developments:
  - ◆ A decrease in the deposits of non-residents at the banking sector by JD 721.0 million, to stand at JD 10,385.0 million (decrease by JD 430.1 million for the licensed banks, and a decrease by JD 290.9 million for the CBJ).
  - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 391.8 million, to stand at JD 6,797.0 million.
  - ◆ A decrease in the stock of special drawing rights allocation by JD 341.5 million, to stand at JD 145.6 million.
  - ◆ A decrease in outstanding balance of other sectors long-term loans by JD 186.3 million, to stand at JD 2,040.3 million.
  - ◆ An increase in the stock of direct investment in the kingdom by JD 677.4 million, to stand at JD 27,164.0 million.
  - ◆ An increase in outstanding balance of the international monetary fund credit facilities by JD 319.0 million, to reach JD 1,404.0 million.
  - ◆ An increase of trade credits to non-residents in the kingdom by JD 315.3 million, to stand at JD 1,109.4 million.
  - ◆ An increase in outstanding balance of government long-term loans by JD 283.4 million, to stand at JD 6,702.4 million.
  - ◆ An increase in outstanding balance of banks short-term loans by JD 154.9 million, to stand at JD 718.1 million.