



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

Tel: (962 6) 4630301

Fax: (962 6) 4638889 / 4639730

P.O. Box 37 Amman 11118 Jordan

Website: <http://www.cbj.gov.jo>

E-mail redp@cbj.gov.jo



OUR VISION

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

OUR MISSION

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

OUR VALUES

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

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Executive Summary

□ Output, Prices and Employment

Real GDP at market prices grew by 0.3 percent during the first quarter of 2021, compared to a growth of 1.3 percent during the same quarter of 2020. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first half of 2021 by 0.8 percent, compared to a rise of 0.9 percent during the same period of 2020. The unemployment rate during the first quarter of 2021 reached 25.0 percent, compared to 19.3 percent during the same quarter of 2020.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 16,660.7 million at the end of July 2021. This level of reserves covers around 9.2 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 38,342.0 million at the end of July 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 29,783.5 million at the end of July 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 37,914.4 million at the end of July 2021, compared to JD 36,789.1 million at the end of 2020.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,087.6 points at the end of July 2021, compared to 1,657.2 points at the end of 2020.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 831.6 million (5.4 percent of GDP) during the first half of 2021, comparing to a fiscal deficit of JD 1,134.1 million (7.3 percent of GDP) during the same period of 2020. Government domestic debt (budgetary and guaranteed) increased by JD 863.1 million at the end of June 2021, compared to its level at the end of 2020, to reach JD 19,796.8 million (62.7 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 410.6 million, to reach JD 14,508.9 million (45.9 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 34,305.7 million at the end of June 2021 (108.6 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,173.8 million (41.7 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 14,139.3 million (44.8 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 27,313.1 million (86.5 percent of GDP compared to 85.4 percent of GDP at the end of 2020).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 19.6 percent during the first half of 2021 to reach JD 3,018.3 million. Meanwhile, merchandize imports increased by 22.3 percent to reach JD 6,815.5 million. As a result, the trade balance deficit increased by 24.6 percent compared to the same period of 2020, to reach JD 3,797.2 million. The preliminary data during the first half of 2021 showed a decrease in travel receipts by 44.8 percent, to reach JD 441.4 million, and a decrease in travel payments by 4.0 percent, to reach JD 190.1 million, compared to the same period of 2020. Moreover, total workers' remittances receipts increased by 0.2 percent, to reach JD 1,174.1 million during the first half of 2021 compared to the same period of 2020. The preliminary data for the balance of payments during the first quarter of 2021 displayed a deficit in the current account amounted to JD 1,122.7 million (15.1 percent of GDP) compared to a deficit of JD 172.5 million (2.3 percent of GDP) during the same quarter of 2020. Meanwhile, the current account deficit excluding grants increased to reach 16.2 percent of GDP compared with 3.6 percent of GDP during the same quarter of 2020. Moreover, net direct investment recorded a net inflow of JD 61.3 million during the first quarter of 2021, compared to a net inflow of JD 209.0 million during the same quarter of 2020. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 34,411.4 million at the end of the first quarter of 2021 up from JD 33,680.9 million at the end of 2020.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves amounted to US\$ 16,660.7 million at the end of July 2021. This level of reserves covers around 9.2 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 38,342.0 million at the end of July 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 29,783.5 million at the end of July 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 37,914.4 million at the end of July 2021, compared to JD 36,789.1 million at the end of 2020.
- The interest rates on all types of credit facilities extended by licensed banks had decreased at the end of July 2021, compared to their levels at the end of 2020. While the interest rates on deposits held by the licensed banks, showed a mixed performance at the end of July 2021, compared to their levels at the end of 2020.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,087.6 points at the end of July 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 15,917.0 million at the end of July 2021, compared to JD 12,907.8 million at the end of 2020.

Main Monetary Indicators

JD Million, and Percentage Change Relative to the Previous Year

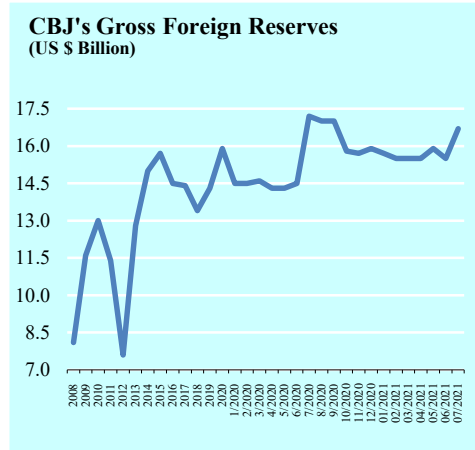
	2020	End of July	
		2020	2021
US\$ 15,919.7	CBJ's Foreign Reserves*	US\$ 17,189.7	US\$ 16,660.7
11.1%		20.0%	4.7%
37,011.9	Money Supply (M2)	35,840.5	38,342.0
5.8%		2.5%	3.6%
28,639.1	Credit Facilities, of which:	28,546.6	29,783.5
5.7%		5.4%	4.0%
25,526.5	Private Sector (Resident)	25,365.3	26,423.2
6.4%		5.7%	3.5%
36,789.1	Total Deposits, of which:	35,163.7	37,914.4
4.2%		-0.4%	3.1%
28,233.9	In JD	27,002.5	29,376.8
4.2%		-0.4%	4.0%
8,555.2	In Foreign Currencies	8,161.2	8,537.6
4.4%		-0.4%	-0.2%
28,851.1	Deposits of Private Sector (Resident), of which:	28,065.3	29,882.3
2.0%		-0.8%	3.6%
22,708.6	In JD	22,191.1	23,778.3
2.6%		0.3%	4.7%
6,142.5	In Foreign Currencies	5,874.2	6,104.0
-0.3%		-4.7%	-0.6%

* 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\$ 16,660.7 million at the end of July 2021. This level of reserves covers around 9.2 months of the Kingdom's imports of goods and services.



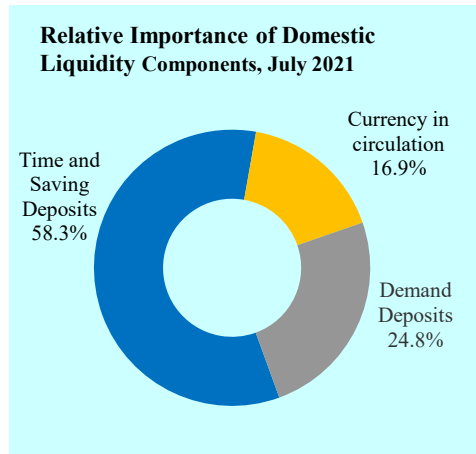
□ Domestic Liquidity (M2)

- Domestic liquidity amounted to JD 38.3 billion at the end of July 2021, compared to JD 37.0 billion at the end of 2020.
- ◆ **Developments in the components and the factors affecting domestic liquidity at the end of July 2021, compared to their levels at the end of 2020, reveal the following:**

- **Components of Domestic Liquidity**

- Total liquidity deposits amounted to JD 31.9 billion at the end of July 2021, compared to JD 29.9 billion at end of the same period in 2020, against JD 31.1 billion at the end of 2020.

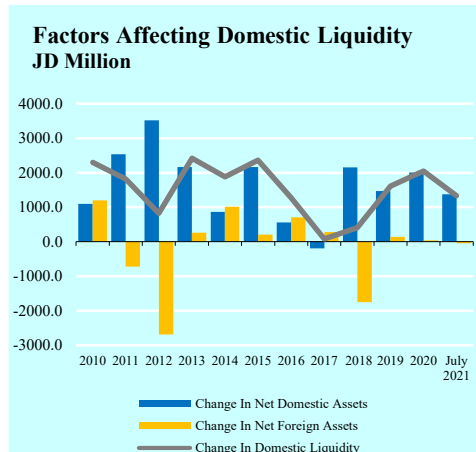
- Currency in circulation amounted to JD 6.5 billion at the end of July 2021, compared to JD 6.0



billion during the same period in 2020, and JD 5.9 billion at the end of 2020.

• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 30.8 billion at the end of July 2021, compared



with JD 27.6 billion during the same period in 2020, and JD 29.4 billion at the end of 2020.

- Net foreign assets of the banking system amounted to JD 7.5 billion at the end of July 2021. The net foreign assets of the CBJ amounted to JD 11.3 billion at the end of July 2021.

Factors Affecting Domestic Liquidity (M2)

JD Million

		End of July	
2020		2020	2021
7,562.0	Foreign Assets (Net)	8,284.2	7,521.5
10,798.6	CBJ	11,637.7	11,330.2
-3,236.6	Licensed Banks	-3,353.5	-3,808.7
29,449.9	Domestic Assets (Net)	27,556.3	30,820.5
-4,297.3	CBJ, of which:	-4,944.3	-4,202.2
1,026.9	Claims on Public Sector (Net)	-123.3	907.9
-5,347.4	Other Items (Net*)	-4,844.0	-5,132.9
33,747.2	Licensed Banks	32,500.6	35,022.7
11,929.9	Claims on Public Sector (Net)	11,943.3	12,429.4
26,238.4	Claims on Private Sector	26,070.9	27,162.7
-4,421.0	Other Items (Net)	-5,513.5	-4,569.4
37,011.9	Money Supply (M2)	35,840.5	38,342.0
5,939.4	Currency in Circulation	5,987.4	6,485.7
31,072.5	Total Deposits, of which:	29,853.1	31,856.3
6,219.6	In Foreign Currencies	5,936.3	6,175.9

* This item includes Certificates of Deposit in Jordanian Dinar.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

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

- ◆ The CBJ cut its monetary policy interest rates twice during March 2020. On March 5, the CBJ cut the interest rates on all its instruments by 50 basis points. Moreover, on March 17, the CBJ cut the overnight deposit window rate by 75 basis points, and by 100 basis points on the other policy rates, to become as follows:

- The CBJ main interest rate: 2.50 percent.
- Re-discount Rate: 3.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.25 percent.
- Overnight Deposit Window Rate: 2.00 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.
- The interest rate on weekly certificates of deposit: 2.50 percent.

The CBJ conducted a set of procedures aimed to contain the repercussions of the “emerging COVID-19 virus” impact on the national economy. Also, these measures aimed to reduce the financing costs to all economic sectors and to ensure the continuity of economic activity and recovery after the crisis:

- The CBJ has decided to cut the Required Reserve Ratio (RRR) on the deposits held by banks from 7% to 5%, which provides additional liquidity to banks in the amount of JD 550 million.

Interest Rates on Monetary Policy Instruments, percentage points

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

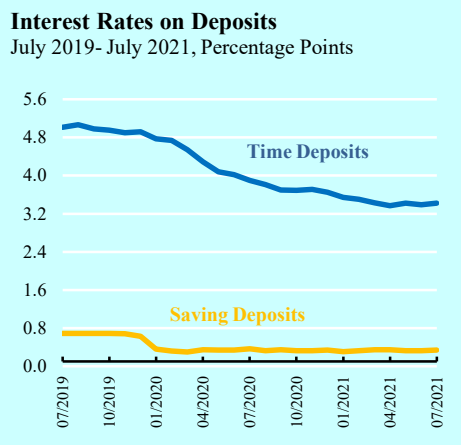
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The CBJ has also conducted repurchase agreements (REPO) with commercial banks by JD 850 million, with maturity up to one year.
- Moreover, the CBJ has introduced financing program to support SMEs companies, by a total amount of JD 500 million, and with a customer lending rate by 2%. Recently, in March 2021, the ceiling of this program was raised to JD 700 million.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

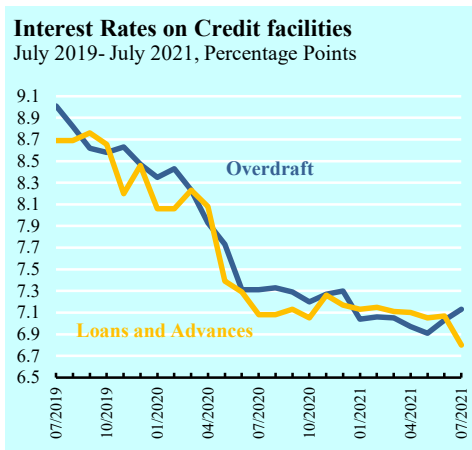
- Time Deposits: The weighted average interest rate on time deposits increased by 3 basis points at the end of July 2021, compared to its level registered at the previous month to stand at 3.42 percent. This rate is lower by 23 basis points than its level registered at the end of 2020.



- Saving Deposits: The weighted average interest rate on saving deposits increased by one basis point at the end of July 2021, compared to its level registered in the previous month to stand at 0.34 percent, maintaining the same level registered at the end of 2020.
- Demand Deposits: The weighted average interest rate on demand deposits increased by 2 basis points at the end of July 2021, compared to its level registered at the previous month, to stand at 0.30 percent. This rate is higher by 3 basis points than its level registered at the end of 2020.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 10 basis points at the end of July 2021, compared to its level registered at the previous month to stand at 7.13 percent. This rate is lower by 17 basis points than its level registered at the end of 2020.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 5 basis points at the end of July 2021, compared to its level registered at the previous month to stand at 8.08 percent. This rate is lower by 43 basis points than its level registered at the end of 2020.

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

		July		Change Relative to the Preceding Year Basis Points
		2020	2021	
Deposits				
0.27	Demand	0.22	0.30	3
0.34	Saving	0.37	0.34	0
3.65	Time	3.90	3.42	-23
Credit Facilities				
8.51	Discounted Bills and Bonds	8.67	8.08	-43
7.17	Loans and Advances	7.08	6.80	-37
7.30	Overdraft	7.31	7.13	-17
8.33	Prime Lending Rate	8.33	8.35	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 27 basis points at the end of July 2021, compared to its level registered at the previous month to stand at 6.80 percent. This rate is lower by 37 basis points than its level registered at the end of 2020.

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

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,144.4 million, or 4.0 percent, at the end of July 2021, compared to its level registered at the end of 2020. Against an increase by JD 1,464.4 million, or 5.4 percent during the same period in 2020.
- In terms of borrower sectors, the credit facilities at the end of July 2021 had shown an increase in credit extended to the private sector (resident) by JD 896.7 million, or 3.5 percent, the public institutions by JD 102.0 million, or 18.0 percent, the central government by JD 93.9 million, or 5.2 percent, the private sector (non-resident) by JD 50.2 million, or 8.2 percent, and the non-banking financial institutions by JD 1.6 million or 1.2 percent, compared to their levels at the end of 2020.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 37.9 billion at the end of July 2021, compared to JD 35.2 billion at the end of July 2020 and JD 36.8 billion at the end of 2020.
- The currency composition of deposits at the end of July 2021 revealed that the JD deposits amounted to JD 29.4 billion, and the deposits in foreign currencies amounted to JD 8.5 billion, compared to JD 27.0 billion of JD deposits, and JD 8.2 billion of deposit in foreign currency at the same period in 2020, and JD 28.2 billion of JD deposits, and JD 8.6 billion of deposit in foreign currency at the end of 2020.

□ Amman Stock Exchange (ASE)⁽¹⁾

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

■ Trading Volume

Trading volume at ASE totaled JD 124.3 million in July 2021, decreasing by JD 136.6 million, or 52.4 percent, compared to its level registered in the previous month. As for the first seven months of 2021, the trading balance totaled JD 1,253.4 million.

■ Traded Shares

The number of traded shares in July 2021 totaled 83.6 million shares, decreasing by 72.4 million shares, or 46.4 percent, compared to its level registered in the previous month. As for the first seven months of 2021, the number of traded shares amounted to 989.9 million shares.

⁽¹⁾ The trading at ASE has been suspended during the period 17/3/2020 to 9/5/2020, with the aim to protect investors and local companies from the repercussions of COVID-19.

■ **Share Price Index (SPI)**

The SPI weighted by market capitalization of free float shares at ASE decreasing by 11.2 points or 0.5 percent, at the end of July 2021, compared to its level in

the previous month, to stand at 2,087.6 points. Furthermore, the SPI increased by 430.3 points, or 26.0 percent compared to its level at the end of 2020. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 1,704.5 points, or 80.4 percent, and the financial sector by 347.8 points, or 16.0 percent, and the services sector by 163.0 points, or 14.2 percent, compared to their levels at the end of 2020.

■ **Market Capitalization**

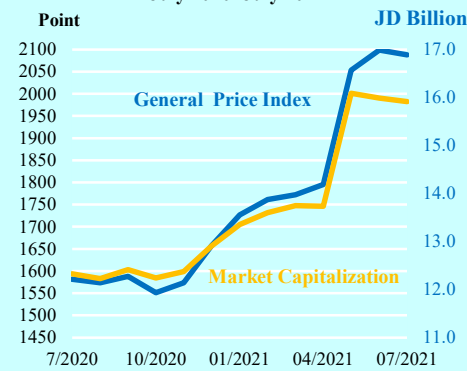
The ASE's market capitalization totaled JD 15.9 billion at the end of July 2021, decreasing by JD 67.7 million, or 0.4 percent, compared to its level registered in the previous month. Furthermore, the ASE's market capitalization increased by JD 3,009.2 million, or 23.3 percent compared to its level at the end of 2020.

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

		July	
2020		2020	2021
1,657.2	General Index	1,581.8	2,087.6
2,171.7	Financial Sector	2,103.9	2,519.5
2,119.7	Industrial Sector	1,801.9	3,824.2
1,148.0	Services Sector	1,122.7	1,311.0

Source: Amman Stock Exchange.

The General Share Price Index (Point) and The Market Capitalization (JD Billion) July 2020 - July 2021



■ Non - Jordanian Net Investment

Non - Jordanian net investment at ASE recorded an outflow amounted of JD 2.6 million in July 2021. The value of shares buying by non-Jordanian in July 2021 amounted to JD 7.6 million, while their selling amounted to JD 10.2 million. The Non-Jordanian net investment at the end of

the first seven months of 2021, recorded an outflow amounting to JD 22.4 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
		July	
2020		2020	2021
1,048.8	Value Traded	101.5	124.3
4.9	Average Daily Trading	4.8	7.3
12,907.8	Market Capitalization	12,329.8	15,917.0
1,142.7	No. of Traded Shares (million)	115.8	83.6
-67.5	Net Investment of Non-Jordanian	-6.8	-2.6
96.8	Non-Jordanian Buying	10.4	7.6
164.4	Non-Jordanian Selling	17.2	10.2

Source: Amman Stock Exchange.

Second: Output, Prices and Employment

□ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 0.3 percent during the first quarter of 2021, compared to a growth of 1.3 percent during the same quarter of 2020. At current market prices, GDP grew by 0.5 percent during the first quarter of 2021, compared to 3.0 percent during the same quarter of 2020.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first seven months of 2021 by 1.0 percent, compared to a rise of 0.7 percent during the same period of 2020.
- The unemployment rate during the first quarter of 2021 reached 25.0 percent (24.2 percent for males and 28.5 percent for females), compared to 19.3 percent (18.1 percent for males and 24.3 percent for females) during the first quarter of 2020. The highest unemployment rate among youth reached 61.5 percent for the (15-19) years old category and 45.7 percent for the (20-24) years old category.

□ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 0.3 percent during the first quarter of 2021 compared to a growth of 1.3 percent during the same quarter of 2020. When excluding “net taxes on products” (which grew by 0.7 percent during the first quarter of 2021 compared to a growth of 0.8 percent during the same quarter of 2020) GDP, at constant basic prices, grew by 0.2 percent during the first quarter of 2021, compared to a growth of 1.4 percent during the same quarter of 2020.

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

Percentages

	Q1	Q2	Q3	Q4	Year
2019					
GDP at Constant Prices	2.0	1.7	1.9	2.1	2.0
GDP at Current Prices	3.8	3.3	3.5	4.0	3.7
2020					
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
2021					
GDP at Constant Prices	0.3	-	-	-	-
GDP at Current Prices	0.5	-	-	-	-

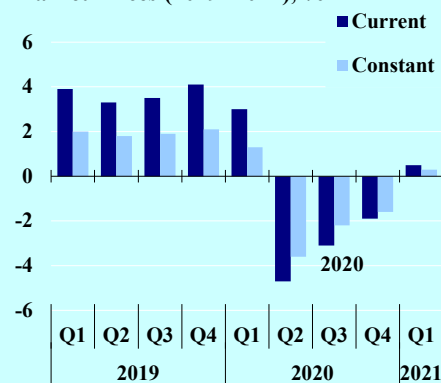
Source: Department of Statistics.

At current market prices, GDP grew by 0.5 percent during the first quarter of 2021 compared to a growth of 3.0 percent during the same quarter of 2020. This was in light of the increase of the general price level, measured by the GDP deflator, by 0.2 percent during the first quarter of 2021 compared to a growth of 1.6 percent during the same quarter of 2020.

The economic growth recorded during the first quarter of 2021 was driven by the improvement performance of sectors “mining and quarrying”, “finance and insurance services”, and agriculture. While some sectors are still witnessing a decline in their performance affected by there percussions of COVIED-19 pandemic, most notably; “restaurant and hotels”, “transport, storage and communications”, manufacturing, and “social and personal services”.

As for the economic sectors' contribution to growth rate during the first quarter of 2021, some sectors contributed positively to the growth rate, most notably; “mining and quarrying” (0.3 percentage point), “finance and since services” (0.3 percentage point), and agriculture (0.2 percentage point). While, other sectors contributed negatively to the growth rate, most notably; “transport storage and communications” (-0.2 percentage point), manufacturing (-0.2 percentage point) “restaurant and hotels” (-0.1 percentage point), and “social and personal services” (-0.3 percentage point).

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



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution	
	Percentage		Percentage Point	
	2020 Q1	2021 Q1	2020 Q1	2021 Q1
GDP at Constant Market Prices	1.3	0.3	1.3	0.3
Agriculture	2.3	2.9	0.1	0.2
Mining And Quarrying	-1.1	15.3	0.0	0.3
Manufacturing	0.5	-1.0	0.1	-0.2
Electricity And Water	1.2	-0.9	0.0	0.0
Construction	-1.0	-1.8	0.0	0.0
Wholesale And Retail Trade	0.9	0.5	0.1	0.0
Restaurant And Hotels	0.2	-7.3	0.0	-0.1
Transport, Storage And Communications	0.7	-2.3	0.1	-0.2
Finance And Insurance Services	3.1	3.9	0.2	0.3
Real Estate	1.9	0.9	0.2	0.1
Social And Personal Services	2.8	-3.0	0.2	-0.3
Producers of Government Services	2.0	1.0	0.3	0.1
Producers of Private Non-Profit	1.8	-1.5	0.0	0.0
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

Microeconomic Indicators

The microeconomic indicators displayed a divergent performance during the available period of 2021. Some indicators recorded a growth, such as; “licensed areas for buildings” (90.1 percent), “mining and quarrying production quantity index” (10.3 percent), and “manufacturing production quantity index” (21.9 percent) However, other indicators showed a contraction, particularly; “number of passengers through Royal Jordanian” (38.6 percent), and “number of departures” (17.4 percent). The following table displays the performance of the main available sectoral indicators:

Main Sectoral Indicators*

Percentage Points					
2019	2020	Item	2020	Available period	2021
-35.1	-19.2	Licensed areas for buildings	-36.9	Jan-Jun	90.1
-1.2	-13.8	Manufacturing production quantity index	-19.9		21.9
-6.3	-19.5	Food products and beverages	-16.2		-10.2
7.1	3.0	Tobacco products	1.9		10.5
3.1	-16.7	Refined petroleum products	-14.8		58.1
-6.5	-29.8	Wearing apparel	-28.2		-6.8
-9.0	-28.3	Non-metallic mineral products	-38.5		23.0
15.2	13.4	Chemical products	5.3		15.3
5.4	1.3	Mining and quarrying production quantity index	-1.0		10.3
2.9	55.4	Extraction of crude petroleum and natural gas	68.6		15.6
5.5	0.9	Other mining and quarrying	-1.5		10.2
13.8	-5.2	Production of phosphate	-1.8		18.2
1.2	-77.2	Number of passengers through Royal Jordanian	-61.4		-38.6
-16.4	-40.3	Cargo through Royal Jordanian	-29.9		-32.4
-12.0	-26.2	Value traded at the real estate market	-37.3	Jan-Jul	69.6
14.5	-76.6	Number of departures	-66.1		-17.4

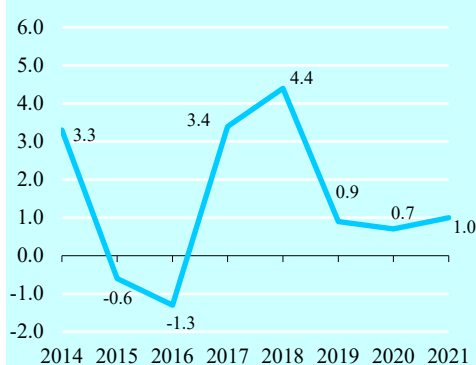
*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first seven months of 2021 by 1.0 percent, compared to a rise of 0.7 percent during the same period of 2020. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
 - “tobacco and cigarettes” prices increased by 4.4 percent, compared to increase by 0.8 percent during the same period of 2020.
 - Rents prices increased by 1.7 percent compared to increase by 0.4 percent during the same period of 2020.
 - Transportation prices increased by 3.2 percent compared to a decrease by 1.1 percent during the same period of 2020.

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



Inflation Rate during the first seven months of 2020-2021

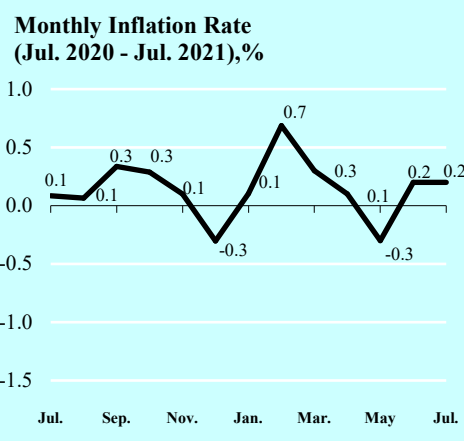
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2020	2021	2020	2021
All Items	100.0	0.7	1.0	0.7	1.0
1) Food and non-Alcoholic Beverages	26.5	2.7	-0.6	0.7	-0.2
Food	23.8	3.0	-0.7	0.7	-0.2
Cereals and Products	4.2	1.5	1.7	0.1	0.1
Meat and Poultry	4.7	2.3	4.3	0.1	0.2
Fish and Sea Product	0.4	2.4	1.3	0.0	0.0
Dairy Products and Eggs	3.7	5.2	0.5	0.2	0.0
Oil and Fats	1.7	-0.9	6.2	0.0	0.1
Fruits and Nuts	2.6	6.5	-2.4	0.2	-0.1
Vegetables and Legumes Dry and Canned	3.0	4.4	-15.7	0.1	-0.5
2) Alcohol and Tobacco and Cigarettes	4.4	0.8	4.4	0.0	0.2
Alcohol	0.01	0.4	20.9	0.0	0.0
Tobacco and Cigarettes	4.4	0.8	4.4	0.0	0.2
3) Clothing and footwear	4.1	-0.6	-1.9	0.0	-0.1
Clothing	3.4	-0.8	-1.8	0.0	-0.1
Footwear	0.7	0.5	-2.5	0.0	0.0
4) Housing	23.8	-1.1	1.1	-0.3	0.3
Rents	17.5	0.4	1.7	0.1	0.3
Fuels and Lighting	4.7	-6.8	-1.6	-0.3	-0.1
5) Household Furnishings and Equipment	4.9	0.9	0.1	0.0	0.0
6) Health	4.0	1.3	2.8	0.1	0.1
7) Transportation	16.0	-1.1	3.2	-0.2	0.5
8) Communication	2.8	0.0	2.3	0.0	0.1
9) Culture and Recreation	2.6	2.2	-1.0	0.1	0.0
10) Education	4.3	2.8	-0.2	0.1	0.0
11) Restaurants and Hotels	1.8	1.4	2.2	0.0	0.0
12) Other Goods and Services	4.8	2.1	0.4	0.1	0.0

Source: Department of Statistics.

The above groups and items collectively contributed to raising of the inflation rate during the first seven months of 2021 by 1.0 percentage point, compared to a negative contribution of 0.1 percentage point during the same period of 2020.

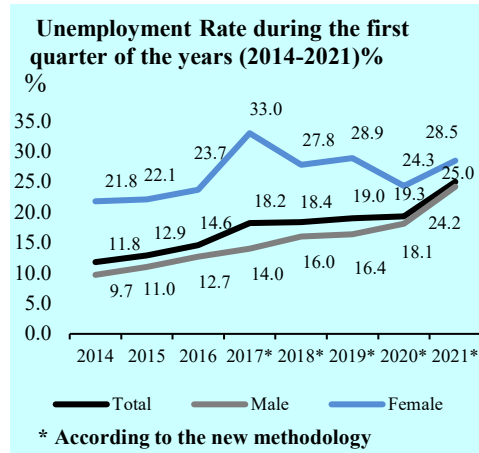
- Declined in the prices of some items and groups, notably, “vegetables and legumes dry and canned” (15.7 percent), “fuels and lighting” (1.6 percent) and clothing (1.8 percent). These groups and items contributed to contraction of the inflation rate during the first seven months of 2021 by 0.7 percentage point, compared to a negative contribution of 0.2 during the same period of 2020.

In July 2021, the CPI witnessed the increase compared to the previous month (June 2021) by 0.2 percent. This was an outcome of the increase of the prices of some items and groups, mainly “meat and poultry” (1.7 percent), “fuels and lighting” (0.6 percent), transportation (0.8 percent), on the one hand, and a decrease of the prices of same items mainly “fruits and nuts” (3.7 percent), “vegetables and legumes dry and canned” (0.7 percent), and health (0.6 percent) on the other hand.



□ Labor Market

■ The unemployment rate reached 25.0 percent (24.2 percent for males, and 28.5 percent for females) during the first quarter of 2021, compared to 19.3 percent (18.1 percent for males and 24.3 percent for females), during the same quarter of 2020.



- The unemployment rate among youth, during the first quarter of 2021, remains high at 61.5 percent for the category (15-19) years old, and 45.7 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.8 percent during the first quarter of 2021.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.5 percent (54.8 percent for males, and 14.0 percent for females), compared to 34.5 percent (54.8 percent for males and 14.0 percent for females) during the first quarter of 2020.
- The employment rate among population (15 years and older) reached 25.9 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 831.6 million (5.4 percent of GDP) during the first half of 2021, comparing to a fiscal deficit of JD 1,134.1 million (7.3 percent of GDP) during the same period of 2020. When excluding foreign grants (JD 77.1 million), the general budget deficit increases to JD 908.7 million (5.9 percent of GDP), compared to a deficit of JD 1,249.4 million (8.1 percent of GDP) in the same period of 2020.
- Government domestic debt (budgetary and guaranteed) increased by JD 863.1 million at the end of June 2021, compared to its level at the end of 2020, to reach JD 19,796.8 million (62.7 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 13,173.8 million (41.7 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 410.6 million at the end of June 2021, compared to its level at the end of 2020, to reach JD 14,508.9 million (45.9 percent of GDP). When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) stand at JD 14,139.3 million (44.8 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 1,273.7 million at the end of June 2021, to reach JD 34,305.7 million (108.6 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 27,313.1 million (86.5 percent of GDP), compared to JD 26,499.3 million (85.4 percent of GDP) at the end of 2020.

□ The performance of the general budget during the first half of 2021 compared with the same period of 2020:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) decreased by JD 49.8 million, or 7.2 percent, in June 2021 compared to the same month in 2020, to stand at JD 645.6 million. As for the first half of 2021, public revenues went up by JD 756.9 million, or 25.0 percent, compared to same period of 2020 to stand at JD 3,785.6 million. This came as an outcome of the increase in domestic revenues by JD 795.0 million, and the decrease in foreign grants by JD 38.2 million.

Main Government Budget Indicators during the first half of 2021:

(JD Million and Percentages)

	Jun.		Growth Rate	Jan.-Jun.		Growth Rate
	2020	2021		2020	2021	
Public Revenues	695.4	645.6	-7.2	3,028.7	3,785.6	25.0
Domestic Revenues, of which:	693.8	639.8	-7.8	2,913.5	3,708.5	27.3
Tax Revenues, of which:	547.8	489.6	-10.6	2,342.7	2,825.4	20.6
General Sales Tax	364.4	334.3	-8.3	1,514.0	1,862.7	23.0
Other Revenues	145.1	149.4	3.0	567.0	878.7	55.0
Foreign Grants	1.7	5.8	-	115.3	77.1	-33.1
Total Expenditures	731.4	840.8	15.0	4,162.8	4,617.2	10.9
Current Expenditures	678.0	735.5	8.5	3,951.9	4,231.7	7.1
Capital Expenditures	53.3	105.3	97.6	210.9	385.5	82.8
Overall Deficit/ Surplus (Including Grants)	-35.9	-195.2	-	-1,134.1	-831.6	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-7.3	-5.4	-

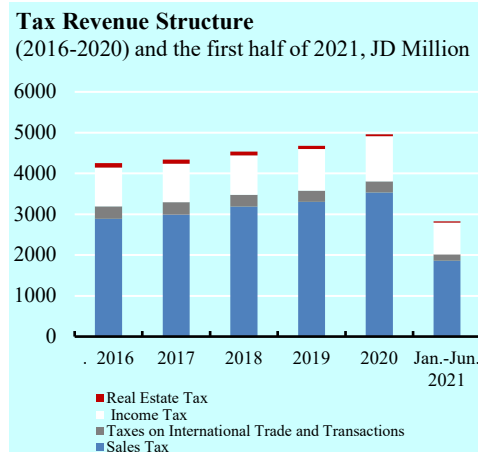
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 795.0 million, or 27.3 percent, in the first half of 2021, compared to the same period of 2020, to reach JD 3,708.5 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues”, and “pension contributions” by JD 482.7 million, JD 311.7 million, and JD 0.7 million, respectively.

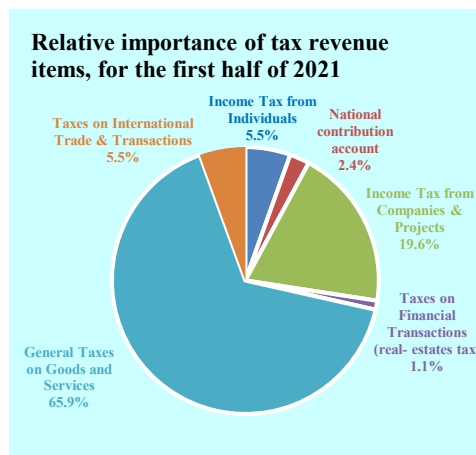
● Tax Revenues

Tax revenues increased by JD 482.7 million, or 20.6 percent, during the first half of 2021, compared to the same period of 2020, to reach JD 2,825.4 million (76.2 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 348.7 million, or 23.0 percent, to reach JD 1,862.7 million, accounting for 65.9 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on commercial sector by JD 153.0 million, and on imported goods by JD 135.8 million, and on domestic goods by JD 46.8 million, and on services by JD 13.2 million.

- An increase in the proceeds of **income and profit taxes** by JD 76.0 million, or 10.9 percent, to reach JD 775.0 million, accounting for 27.4 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of national contribution account item, which was included in the Amending Law of Income Tax Law, in the amount of JD 30.7 million, or 82.3 percent, to reach JD 68.0 million, and the increase in the proceeds of “income taxes from individuals” by JD 25.7 million, or 20.0 percent, to reach JD 154.2 million. Moreover, the proceeds of “income taxes from companies and projects” increased by JD 19.6 million, or 3.7 percent, to account for 71.3 percent of total proceeds of income and profits taxes, amounting to JD 552.8 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 41.7 million, or 36.2 percent, to reach JD 156.9 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 16.3 million, or 112.4 percent, to reach JD 30.8 million.



● Non-Tax Revenues

- “Other revenues” increased by JD 311.7 million, or 55.0 percent, during the first half of 2021 to reach JD 878.7 million. This increase was chiefly due to the following:

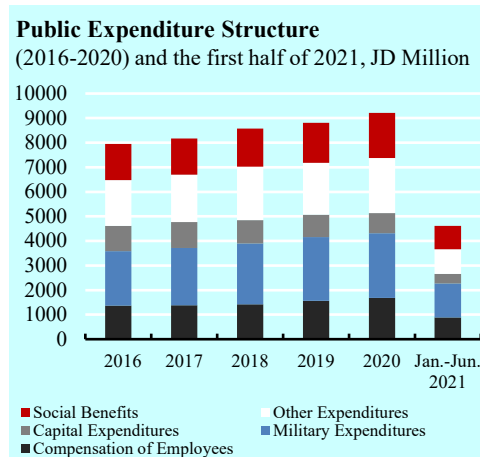
- An increase in revenues from selling goods and services by JD 143.7 million to reach JD 396.7 million.
- An increase in the property income by JD 104.5 million to stand at JD 248.5 million (of which financial surplus of independent government units amounted to JD 237.9 million against JD 134.2 million during the same period of 2020).
- An increase in miscellaneous revenues by JD 63.3 million to stand at JD 233.4 million.
- Pension contributions increased by JD 0.7 million, during the first half of 2021, standing at JD 4.4 million.

◆ **Foreign Grants**

Foreign grants decreased by JD 38.2 million, in the first half of 2021, standing at JD 77.1 million compared to JD 115.3 million during the same period of 2020.

■ **Public Expenditures**

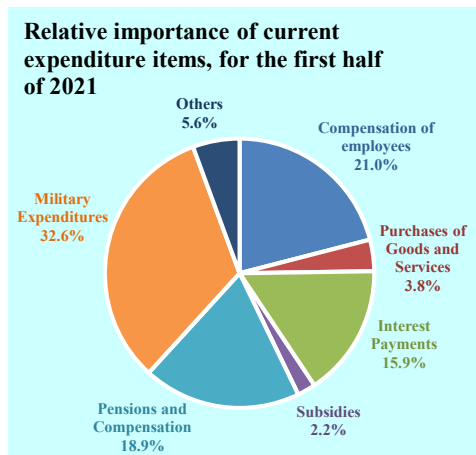
Public expenditures increased by JD 109.4 million, or 15.0 percent, in June 2021 compared to the same month in 2020, to stand at JD 840.8 million. As for the first half of 2021, public expenditures increased by JD 454.4 million, or 10.9 percent, compared to the same period in 2020 to stand at JD 4,617.2 million. This increase was a result of the rise in capital expenditures by 82.8 percent, and in current expenditures by 7.1 percent.



◆ Current Expenditures

Current expenditures went up by JD 279.8 million, or 7.1 percent, during the first half of 2021, to reach JD 4,231.7 million (91.7 percent of public expenditures). Because of the increase in domestic revenues at a higher rate than current expenditures, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased by 13.9 percentage point, to reach to 87.6 percent compared to 73.7 percent during the first half of 2020. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in interest payments (commitment basis) by JD 69.6 million, to stand at JD 672.0 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 60.0 million, to reach JD 887.9 million.
- An increase in military expenditures by JD 57.2 million, to total JD 1,380.0 million.
- An increase in the purchases of goods and services by JD 54.6 million, to reach JD 159.9 million.
- An increase in pensions and compensation by JD 16.2 million, to stand at JD 801.9 million.
- A decrease in subsidies by JD 9.0 million, to stand at JD 92.4 million.

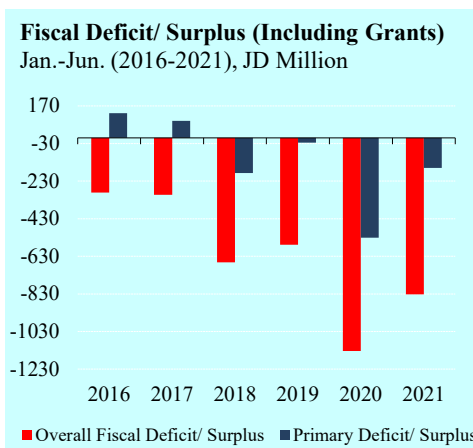


◆ Capital Expenditures

Capital expenditures increased by JD 174.6 million, or 82.8 percent, during the first half of 2021 compared to same period of 2020, to reach JD 385.5 million.

■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 302.5 million, during the first half of 2021, to reach JD 831.6 million (5.4 percent of GDP), compared to a fiscal deficit of JD 1,134.1 million (7.3 percent of GDP), in the same period



of 2020. When foreign grants are excluded, the general budget deficit increases to reach JD 908.7 million (5.9 percent of GDP), compared to a fiscal deficit of JD 1,249.4 million (8.1 percent of GDP) in the same period of 2020.

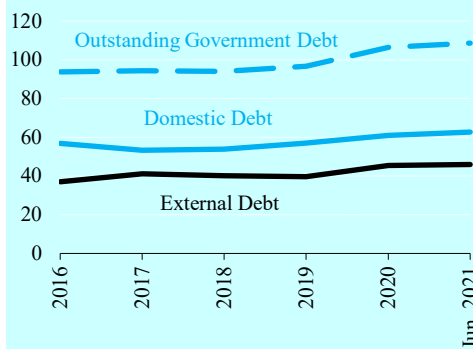
- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 236.7 million (1.5 percent of GDP) in the first half of 2021, against a primary deficit of JD 647.0 million (4.2 percent of GDP) in the same period of 2020. When foreign grants are including, the primary deficit of the general budget decreased to reach JD 159.6 million (1.0 percent of GDP), compared to a primary deficit of JD 531.7 million (3.4 percent of GDP) in the same period of 2020.

□ Outstanding Government Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 863.1 million, at the end of June 2021 compared to its level at the end of 2020, to stand at JD 19,796.8 million (62.7 percent of GDP compared to 61.0 percent of GDP at the end of 2020). This increase was an outcome of the rise in the domestic debt of the budget by JD 976.3 million, and the decrease in the domestic debt of guaranteed by JD 113.4 million, compared to their levels at the end of 2020, standing at JD 17,471.0 million and JD 2,325.7 million, respectively.

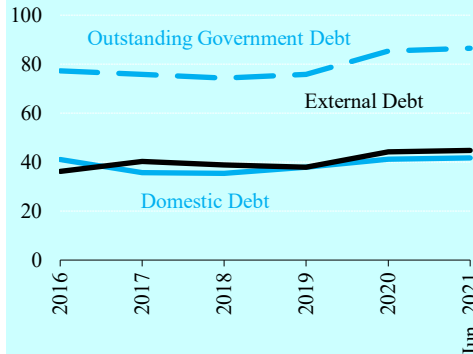
Outstanding Government Debt (Budgetary and Guaranteed)

2016-Jun. 2021, As a Percent of GDP



Outstanding Government Debt Excluding the Debt Holding by SSIF

2016-Jun. 2021, As a Percent of GDP



- When excluding the domestic debt holding by the Social Security Investment Fund (SSIF), the government domestic debt (budgetary and guaranteed) increased by JD 389.8 million, at the end of June 2021 compared to its level at the end of 2020, to stand at JD 13,173.8 million (41.7 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 410.6 million at the end of June 2021, compared to its level at the end of 2020, to reach JD 14,508.9 million (45.9 percent of GDP compared to 45.5 percent of GDP at the end of 2020). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 71.0 percent of the total external debt, and the debt in Euro accounted for 11.6 percent. However, the SDR accounted for 7.0 percent, Kuwaiti Dinar (4.3 percent), Japanese Yen (4.0 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 424.1 million, at the end of June 2021 compared to its level at the end of 2020, to stand at JD 14,139.3 million (44.8 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 1,273.7 million at the end of June 2021 to reach JD 34,305.7 million (108.6 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 27,313.1 million (86.5 percent of GDP), compared to JD 26,499.3 million at the end of 2020 (85.4 percent of GDP).
- External debt service (budget and guaranteed) increased by JD 397.8 million during the first half of 2021 compared to the same period of 2020, to reach JD 903.1 million (including principal payments of JD 687.4 million and interest of JD 215.7 million).

□ Fiscal and Price Measures of 2021

◆ September

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

Development of Oil Derivatives Prices

	Unit	2021		Percentage Change
		August	September	
Unleaded Gasoline 90	Fils/ Liter	830	815	-1.8
Unleaded Gasoline 95	Fils/ Liter	1,070	1,050	-1.9
Unleaded Gasoline 98	Fils/ Liter	1,220	1,200	-1.6
Gas Oil (Diesel)	Fils/ Liter	615	605	-1.6
Kerosene	Fils/ Liter	615	605	-1.6
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	471.1	411.1	-12.7
Fuel for airplanes (local companies)	Fils/ Liter	455	441	-3.1
Fuel for airplanes (foreign companies)	Fils/ Liter	460	446	-3.0
Fuel for unplanned flights	Fils/ Liter	475	461	-2.9
Asphalt	JD/ Ton	412	406	-1.5

Source: Jordan Petroleum Refinery Company (1/9/2021).

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

◆ August

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

◆ July

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

◆ June

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2021.
- The Prime Minister issued a defense order to set an upper limit for the costs of transporting imported goods to the place of their entry for the purpose of determining the customs value of goods imported into the Kingdom, starting from 1/7/2021 until 31/12/2021, as follows:

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

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

◆ May

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

◆ April

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

◆ March

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

◆ February

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

◆ January

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

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

- Signing a grant agreement provided by the Qatar Fund for Development (QFD), in the amount of USD 6.7 million, to develop and strengthen the education sector by enhancing young people's educational capacities.

◆ July

- Signing a three financing agreements provided by the World Bank (WB), in the amount of USD 853.8 million, to support the government's efforts in the field of social protection, implement the agenda of economic reforms and restore the economy by supporting programs that support the continuity of employment opportunities and job creation in the private sector, in addition to the improvement of the environment business and investment.

- Signing a grant agreement to provide COVID-19 vaccines provided by Qatar Charity, in the amount of QAR 10 million, to support the Kingdom's COVID-19 vaccination efforts for citizens and Syrian refugees.
- Signing a four development aid agreements provided by the German Development Bank (KfW), in the amount of EUR 89 million, including EUR 15 million grants and EUR 74 million soft loans, to support priority development projects in the water and environment sectors.

◆ May

- Signing an assistance agreement (grants and loans) provided by the Italy governments, in the amount of EUR 235.0 million, this agreement within the Indicative Country Program to Jordan for the period (2021-2023), as follows:
 - EUR 30 million grant to finance development projects for local communities hosting Syrian refugees.
 - EUR 20 million arrangements for a debt- for-development swap to finance projects that promote inclusive and sustainable development.
 - EUR 185 million soft loans, of which EUR 50 million were allocated for the national water conveyance project, EUR 85 million to support the health sector, and EUR 50 million to support the agricultural sector.

◆ April

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

◆ January

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

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 21.5 percent in June 2021, compared to the same month of 2020 to reach JD 636.7 million. As for the first half of 2021, total exports increased by 19.6 percent, compared to the same period of 2020 to reach JD 3,018.3 million.
- **Merchandize imports** increased by 18.1 percent in June 2021, compared to the same month of 2020 to reach JD 1,233.8 million. As for the first half of 2021, imports increased by 22.3 percent, compared to the same period of 2020 to reach JD 6,815.5 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 14.6 percent in June 2021 compared to the same month of 2020; standing at JD 597.1 million. As for the first half of 2021, the trade balance increased by 24.6 percent, compared to the same period of 2020 to reach JD 3,797.2 million.
- **Travel receipts** decreased by 20.7 percent during the first seven months of 2021, to register JD 648.7 million, compared to the same period of 2020. While, travel payments increased by 39.2 percent, to register JD 285.0 million, compared to the same period of 2020.
- **Total workers' remittances receipts** increased by 2.6 percent in July 2021 to reach JD 218.2 million, compared to the same month of 2020. As for the first seven months of 2021, workers' remittances increased by 0.6 percent, compared to the same period of 2020 to reach JD 1,392.3 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 1,122.7 million (15.1 percent of GDP) during the first quarter of 2021, compared to a deficit of JD 172.5 million (2.3 percent of GDP) during the same quarter of 2020. Meanwhile, the current account deficit excluding grants increased to reach 16.2 percent of GDP during the first quarter of 2021, compared with 3.6 percent of GDP during the same quarter of 2020.
- **Net direct investment** recorded a net inflow of JD 61.3 million during the first quarter of 2021, compared to a net inflow of JD 209.0 million during the same quarter of 2020.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 34,411.4 million at the end of the first quarter of 2021, compared to JD 33,680.9 million at the end of 2020.

□ External Trade

- As a result of the increase in domestic exports by JD 511.7 million and the increase in imports by JD 1,244.3 million during the first half of 2021, the volume of external trade (domestic exports *plus* imports) increased by JD 1,756.0 million to stand at JD 9,538.6 million compared to the same period of 2020.

Jordan's Major Trading Partners			
JD Million			
January - June			
	2020	2021	Percentage Change
Exports			
USA	554.0	675.9	22.0
Saudi Arabia	254.4	385.6	51.6
India	237.8	358.1	50.6
Iraq	191.3	183.5	-3.0
UAE	94.5	78.8	-16.6
Kuwait	70.3	67.5	-4.0
Indonesia	47.1	58.8	24.8
Imports			
Saudi Arabia	787.6	1,042.2	32.3
China	831.3	978.8	17.7
USA	457.1	471.6	3.2
UAE	206.6	319.3	54.5
Germany	221.5	279.4	26.1
Egypt	204.3	254.4	24.5
Italy	163.1	234.6	43.8
Source: Department of Statistics.			

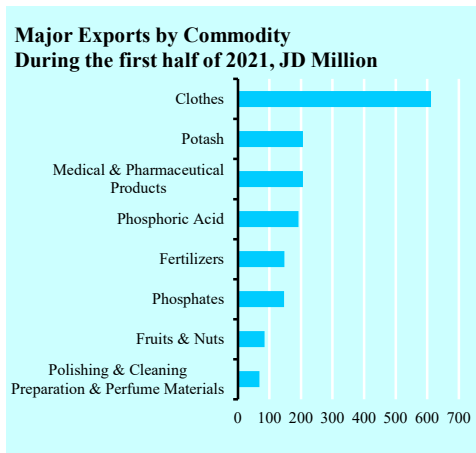
Main External Trade Indicators				
JD Million				
January - June				
	2020	Percentage Change (%)	2021	Percentage Change (%)
External Trade	7,782.6	-13.6	9,538.6	22.6
Total Exports	3,523.3	-7.6	3,018.3	19.6
Domestic Exports	2,211.4	-4.0	2,723.1	23.1
Re-exports	311.9	-27.3	295.2	-5.4
Imports	5,571.2	-16.9	6,815.5	22.3
Trade Balance	3,048.0	-23.3	-3,797.1	24.6
Source: Department of Statistics.				

■ Merchandize Exports:

Total merchandize exports increased by 19.6 percent during the first half of 2021, to reach JD 3,018.3 million. This increase was an outcome of the increase in domestic exports by JD 511.7 million, or 23.1 percent to reach JD 2,723.1 million and a decrease in re-exports by JD 16.6 million, or 5.4 percent to reach JD 295.2 million.

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

- Exports of “**Phosphoric Acid**” increased by JD 122.7 million, or 176.3 percent, to reach JD 192.3 million. The markets of India and Saudi Arabia accounted for 97.0 percent of these exports.



- Exports of **clothes** increased by JD 79.2 million or 14.9 percent to reach JD 611.5 million. It is worth noting that the USA market accounted for 83.3 percent of these exports.
- Exports of **Fertilizers** increased by JD 49.5 million or 50.5 percent to stand at JD 147.5 million. The USA, India, and Brazil were the main destination markets for these exports, accounting for 81.0 percent.

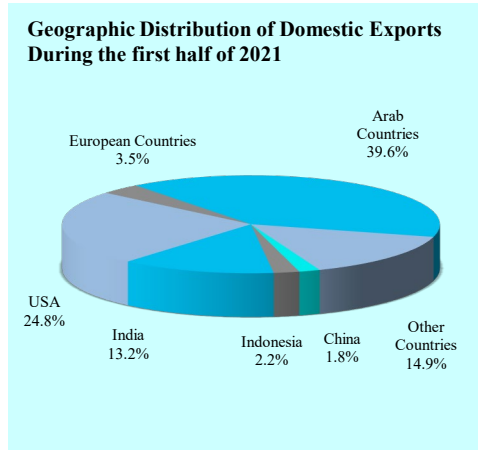
- Exports of “**Fruits & Nuts**” increased by JD 40.8 million, or 96.2 percent, to reach JD 83.2 million. Saudi Arabia, Iraq, Kuwait and the UAE were the main destination markets; accounting for 69.5 percent of these exports.
- Exports of **Phosphates** increased by JD 27.7 million, or 23.3 percent, to stand at JD 146.8 million. The markets of India, Indonesia and Brazil accounted for 95.3 percent of these exports.
- Exports of “**Medical & Pharmaceutical Products**” increased by JD 20.0 million or 10.7 percent, to stand at JD 206.3 million. It is worth noting that Saudi Arabia, Iraq, Algeria and the UAE accounted for 58.5 percent these exports.

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

	2020	2021	Percentage Change
Domestic Exports	2,211.4	2,723.1	23.1
Clothes	532.0	611.5	14.9
USA	467.6	509.5	9.0
Potash	199.3	206.7	3.7
India	47.7	41.2	-13.6
China	56.2	37.8	-32.7
Egypt	14.8	20.2	36.5
Medical & Pharmaceutical Products	186.3	206.3	10.7
Saudi Arabia	48.0	50.1	4.4
Iraq	32.9	35.1	6.7
Algeria	18.0	20.0	11.1
UAE	12.9	15.5	20.2
Phosphoric Acid	69.6	192.3	176.3
India	56.7	182.7	222.2
Saudi Arabia	1.5	3.9	160.0
Fertilizers	98.0	147.5	50.5
USA	0.0	73.0	-
India	54.1	26.8	-50.5
Brazil	0.0	19.7	-
Phosphates	119.1	146.8	23.3
India	75.2	92.1	22.5
Indonesia	33.8	41.1	21.6
Brazil	6.0	6.7	11.7
Fruit & Nuts	42.4	83.2	96.2
Saudi Arabia	12.5	30.1	140.8
Iraq	8.9	11.3	27.0
Kuwait	4.1	9.4	129.3
UAE	3.8	7.0	84.2
Polishing & Cleaning Preparation & Perfume Materials	71.2	68.7	-3.5
Iraq	39.8	31.7	-20.4
Saudi Arabia	11.5	12.8	11.3

Source: Department of Statistics.

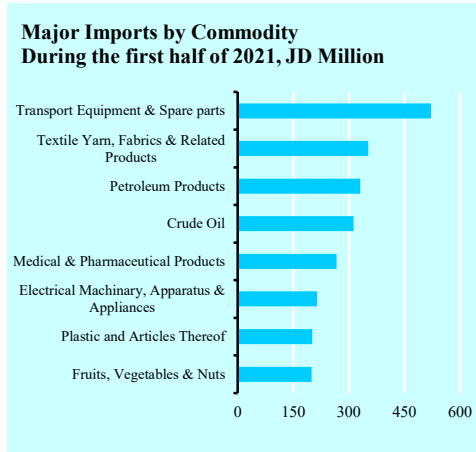
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, “Medical & Pharmaceutical Products”,



“Phosphoric Acid”, Fertilizers, Phosphates, “Fruits & Nuts”, and “Polishing & Cleaning Preparation & Perfume Materials”, topped the list of domestic exports during the first half of 2021; accounting for 61.1 percent, compared with 59.6 percent during the same period of 2020. Meanwhile, the geographical distribution of domestic exports indicates that the USA, Saudi Arabia, India, Iraq, the UAE, Kuwait, and Indonesia were the main destination markets during the first half of 2021; accounting for 66.5 percent, compared with 65.5 percent during the same period of 2020.

■ **Merchandize Imports:**

Merchandize imports increased by 22.3 percent to reach JD 6,815.5 million during the first half of 2021, compared to a decrease by 16.9 percent during the same period of 2020.



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

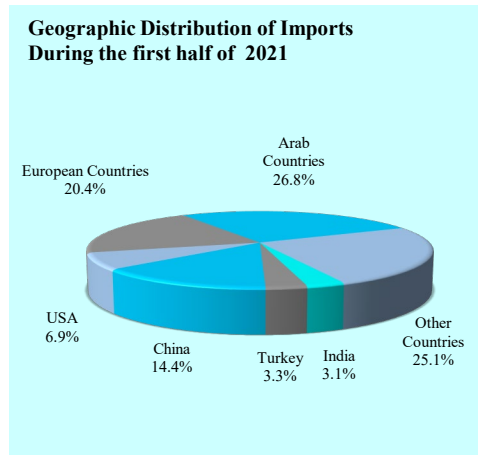
- **Transport equipment & spare parts** imports increased by JD 138.5 million or 36.1 percent to reach JD 521.7 million. The USA, South Korea, Japan, and Germany were the main origin markets, accounting for 69.9 percent of these imports.
- **Textile yarn, fabrics and related products** imports increased by JD 67.2 million, or 23.6 percent, to reach JD 352.0 million. China, Taiwan and Turkey were the main markets accounting for 74.9 percent of these imports.
- **Crude oil** imports increased by JD 64.5 million, or 26.1 percent, to reach JD 312.0 million. Saudi Arabia was the main origin market accounting for 100.0 percent of these imports.

- **Electrical Machinery, Apparatus & Appliances** imports increased by JD 51.4 million or 31.7 percent to reach JD 213.7 million. China, Germany, and Turkey were the main origin markets accounting for 48.7 percent of these imports.
- **Petroleum products** imports increased by JD 45.7 million or 16.1 percent to stand at JD 330.3 million. Saudi Arabia, and India were the main markets, accounting for 94.9 percent of these imports
- **Plastic and Articles Thereof** imports increased by JD 40.9 million or 25.5 percent, to reach JD 201.2 million. Saudi Arabia, China, and the UAE were the main markets, accounting for 71.3 percent of these imports.

Major Imports by Commodity, JD Million January - June 2020-2021			
	2020	2021	Percentage Change
Total Imports	5,571.2	6,815.5	22.3
Transport Equipment & Spare Parts	383.2	521.7	36.1
USA	94.1	112.1	19.1
South Korea	62.2	100.4	61.4
Japan	55.1	76.8	39.4
Germany	46.0	75.2	63.5
Textile Yarn, Fabrics and Related Products	284.8	352.0	23.6
China	118.6	152.8	28.8
Taiwan	64.3	76.2	18.5
Turkey	24.5	34.6	41.2
Petroleum Products	284.6	330.3	16.1
Saudi Arabia	212.4	271.6	27.9
India	3.6	42.0	-
Crude Oil	247.5	312.0	26.1
Saudi Arabia	225.0	312.0	38.7
Medical & Pharmaceutical Products	241.5	266.7	10.4
Germany	37.6	40.0	6.4
USA	24.3	22.1	-9.1
Switzerland	18.6	18.5	-0.5
Electrical Machinery, Apparatus & Appliances	162.3	213.7	31.7
China	59.0	72.8	23.4
Germany	8.4	15.6	85.7
Turkey	9.4	15.6	66.0
Plastic and Articles Thereof	160.3	201.2	25.5
Saudi Arabia	76.5	111.6	45.9
China	12.4	18.5	49.2
UAE	10.7	13.4	25.2
Fruits, Vegetables & Nuts	216.0	199.0	-7.9
Egypt	40.0	37.8	-5.5
USA	27.7	24.7	-10.8
Lebanon	9.1	12.9	41.8

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, “Textile Yarn, Fabrics and Related Products”, Petroleum Products, Crude Oil, “Medical & Pharmaceutical Products”, “Electrical Machinery, Apparatus & Appliances”, “Plastic and



Articles Thereof”, “Fruits, Vegetables & Nuts”, topped the list of imports during the first half of 2021, accounting for 35.2 percent, compared with 35.5 percent during the same period of 2020. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the USA, the UAE, Germany, Egypt and Italy, were the main source markets during the first half of 2021; accounting for 52.5 percent of imports, compared to 51.5 percent during the same period of 2020.

■ **Re-Exports**

The value of re-exported goods in June 2021 decreased by JD 8.2 million, or 12.6 percent, compared to the same month of 2020, to stand at JD 57.0 million. As for the first half of 2021, the re-exported goods decreased by JD 16.7 million, or 5.4 percent, compared to the same period of 2020, to stand at JD 295.2 million.

■ **Trade Balance**

The trade balance deficit increased by JD 76.0 million, or 14.6 percent in June 2021 compared to the same month of 2020, to reach JD 597.1 million. As for the first half months of 2021, trade balance deficit increased by JD 749.3 million, or 24.6 percent, compared to the same period of 2020, to stand at JD 3,797.2 million.

□ Total Workers' Remittances Receipts

Total workers' remittances receipts increased by 2.0 percent during June 2021, compared to the same month of 2020, to register JD 194.7 million. As for the first half of 2021 worker's remittances increased by JD 2.6 million, or 0.2 percent to stand at 1,174.1 million, compared to the same period of 2020.

□ Travel

■ Receipts

Travel receipts decreased by 44.8 percent during the first half of 2021, to register JD 441.4 million, compared to the same period of 2020.

■ Payments

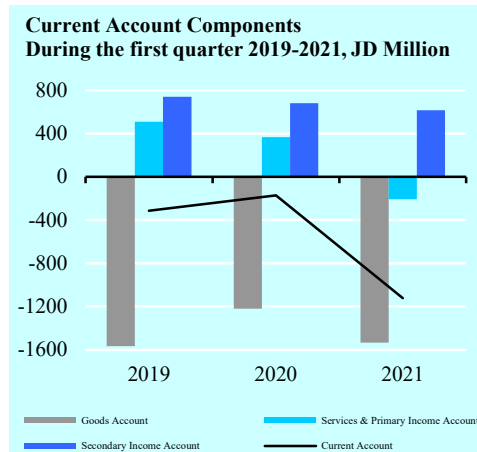
Travel payments decreased by 4.0 percent during the first half of 2021, to register JD 190.1 million, compared to the same period of 2020.

□ Balance of Payments

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

- The current account recorded a deficit of JD 1,122.7 million (15.1 percent of GDP), compared to a deficit of JD 172.5 million (2.3 percent of GDP) during the same quarter of 2020. Meanwhile, the current account deficit (excluding grants) increased to reach JD 1,201.9 million (16.2 percent of GDP), compared to a deficit of JD 263.3 million (3.6 percent of GDP) during the same quarter of 2020. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 311.0 million, or 25.5 percent, to reach JD 1,531.9 million, compared to JD 1,220.9 million during the same quarter of 2020.



- ◆ The services account recorded a deficit of JD 201.0 million, compared to a surplus of JD 355.1 million during the same quarter of 2020.
- ◆ The primary income account recorded a deficit of JD 5.4 million, compared to a surplus of JD 11.6 million during the same quarter of 2020. This was mainly due to the increase in the deficit of investment income (net) to reach JD 56.8 million, compared to deficit of JD 38.7 million, and the increase in the surplus of “compensation of employees (net)” by JD 1.1 million to reach JD 51.3 million.
- A decrease in the secondary income surplus by JD 66.1 million to reach JD 615.7 million, compared to a surplus of JD 681.8 million during the same quarter of 2020. This was a result of the decrease in net surplus of other sectors transfers (net) by JD 54.5 million to reach JD 536.5 million, and the net transfers of the public sector (foreign grants) by JD 11.6 million to reach JD 79.2 million.

- As for the capital and financial transactions during the first quarter of 2021, the capital account registered a net inflow of JD 8.8 million, compared to a net inflow of JD 4.3 million during the same quarter of 2020. Meanwhile, the financial account registered a net inflow of JD 476.8 million during the first quarter of 2021, compared to a net inflow of JD 129.9 million during the same quarter of 2020, this could be attributed to the following:
 - ◆ Direct investment recorded a net inflow of JD 61.3 million compared to a net inflow of JD 209.0 million.
 - ◆ Portfolio investment recorded a net outflow of JD 33.3 million compared to a net outflow of JD 42.1 million.
 - ◆ Other investment registered a net inflow of JD 501.0 million, compared to a net inflow of JD 70.1 million.
 - ◆ An increase in the reserve assets of the CBJ by JD 52.2 million, compared to an increase of JD 107.1 million.

□ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 34,411.4 million at the end of the first quarter of 2021 compared, to JD 33,680.9 million at the end of 2020. This was due to the following developments:

- A decrease in the position of external assets (the stock of claims, obligations and financial assets) for all residing economic sectors in the Kingdom by JD 896.8 million at the end of the first quarter of 2021 to reach JD 19,380.3 million. This was mainly due to the decrease in the currency and deposits of the licensed banks abroad by JD 646.7 million.

- A decrease in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 166.3 million at the end of the first quarter of 2021, to reach JD 53,791.7 million, this was due to the following developments:
 - ◆ A decrease in the deposits of non-residents at the banking sector by JD 236.6 million or 2.3 percent to stand at JD 10,220.0 million (decrease by JD 132.2 million for the CBJ, and a decrease by JD 104.4 million for the licensed banks).
 - ◆ A decrease of trade credits to residents in the kingdom by JD 74.9 million or 12.0 percent, to stand at JD 551.3 million.
 - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 39.4 million or 0.5 percent, to stand at JD 7,163.2 million.
 - ◆ A decrease in the balance of the international monetary fund credit facilities by JD 16.1 million or 2.2 percent, to reach JD 720.6 million.
 - ◆ A decrease of banks short-term loans by JD 5.9 million or 1.4 percent, to stand at JD 411.2 million.
 - ◆ A decrease of government long term loans by JD 4.4 million or 0.1 percent, to stand at JD 5,731.4 million.
 - ◆ An increase in the stock of direct investment in the kingdom by JD 180.3 million or 0.7 percent, to stand at JD 26,129.1 million.