



Press Release

February 2, 2023

The Open Market Operations Committee at the Central Bank of Jordan (CBJ) held its first meeting in 2023 and discussed economic, monetary and banking developments in Jordan, the expected economic performance for 2023, and the latest global and regional economic developments. The committee also discussed the central banks' measures to counter the inflationary pressures, and the current expectations for global and regional interest rate trends during the current year. At the end of the meeting, the committee decided the following:

- 1)** Raising interest rates on all monetary policy tools by 25 bps, as of Sunday 5/2/2023.
- 2)** Continuing to fixing subsidized interest rates on loans granted by banks within the "CBJ's Program for Refinancing Vital Economic Sectors" amounting to JD 1.4 billion, at 1% interest rate for projects within Amman Governorate, and 0.5% for projects in the rest of the governorates. The Committee acknowledges the importance of this program, at the current time, in supporting economic recovery, creating jobs, and providing sufficient financing for targeted economic sectors on concessional terms.

3) Due to the expiry of the “CBJ’s Program to Support SMEs, Professionals, Craftsmen, and Importers of basic Commodities” at the end of February 2023, the committee decided to extend the Program for two additional months, to end April 2023. It also decided to maintain the interest rate on loans granted by banks through this program at its current level, which has a maximum interest rate of 2% for borrowers. The Program provides financing according to a fixed interest rate for a period of 54 months, including a grace period up to 12 months, noting that most of the funding provided by the CBJ for this program has been utilized, since its launch at the beginning of the pandemic, at a volume of JD 700 million.

The committee affirmed the CBJ’s commitment to protecting monetary stability, maintaining the attractiveness of assets denominated in JDs, at the same time contributing to supporting productive economic sectors, through the CBJ’s program amounting to JD 1.4 billion.

The committee's decisions also respond to the persistent inflationary pressures in the global economy, which in turn contributed to the rise in domestic headline inflation to 4.2% in 2022.

The latest data discussed by the committee confirmed the solid performance of the monetary and banking sector indicators, foremost of which are CBJ’s foreign reserves, which maintained their high level, amounting to USD 17.2 billion, sufficient to cover Jordan’s imports of goods and services for 7.5 months. Likewise, the deposits with banks during 2022 increased by JD 2.6 billion, a growth of 6.5% compared to 2021 to reach JD 42.1 billion at the end 2022, in addition to the increase

in credit facilities extended by banks by JD 2.6 billion, a growth of 8.5%, bringing its outstanding balance to JD 32.6 billion at the end of 2022.

The performance of external sector indicators also witnessed a significant improvement in 2022. Tourism receipts exceeded its pre-pandemic level of JD 4.1 billion in 2022, which is more than double what was achieved during 2021. Exports increased by 37.0% during the first eleven months of 2022. At the same time, FDI increased by 93.6% during the first three quarters of 2022, to reach JD 629.3 million, which is more than what was projected for the whole year of 2022. In addition, remittances increased by 1.5% during 2022. Consequently, real GDP grew by 2.7% during the first three quarters of 2022, compared to 2.2% for the same period of 2021.

The CBJ will continue to closely monitor monetary, banking and economic developments, locally, regionally and globally, and will take the necessary measures to protect monetary and banking stability in the Kingdom.

Central Bank of Jordan