



Press Release

3rd November 2022

The Open Market Operations Committee at the Central Bank of Jordan (CBJ) met on November 2nd, 2022. The committee discussed in detail the reports presented by the relevant CBJ departments on various economic, monetary and financial developments and their future prospects, globally, regionally and locally. Accordingly, the Committee decided to raise interest rates on all monetary policy instruments of the CBJ by 75 basis points, as of Sunday, November 6th 2022.

This decision, which aims primarily to maintain monetary stability in the Kingdom and the attractiveness of assets denominated in the Jordanian dinar, comes in line with the continuation of upward trends in interest rates in the international and regional financial markets, in light of the fact that global inflation rates remain at high levels compared to the rates targeted by Central Banks. Locally, the annual inflation rate in the Kingdom increased from 2.5 percent in January 2022 to 5.4 percent in September 2022, bringing the average inflation rate to 4.0 percent during the first three quarters of the current year.

In view of the importance that the CBJ attaches to achieving a balance between its objective of maintaining monetary stability and its continuity in stimulating and supporting sustainable economic growth, the Committee decided the following:

- Keeping the preferential interest rates for the CBJ's program to refinance vital economic sectors, amounting to JD 1.3 billion, unchanged, standing at 1.0 percent for beneficiary projects within the capital governorate, and 0.5 percent for projects in the rest of the governorates, while ensuring that the interest rate continues to remain fixed throughout the term of the loan of 10 years. Currently, the number of sectors benefiting from the program is ten sectors.

- Stabilizing interest rates within the CBJ's program to support small and medium-sized enterprises, professionals, craftsmen and basic commodities wholesale importers, amounting to JD 700 million, at its current level, which does not exceed 2 percent for borrowers, until the end of the program. It is noteworthy that this program was exceptionally developed by the CBJ during the Covid-19 pandemic, and contributed fundamentally to maintaining job opportunities, and mitigating the negative repercussions of the pandemic on these segments of the society.

According to the reports presented to the committee, the monetary, banking and economic indicators showed an improvement in their performance. Deposits rose by JD 2.3 billion, bringing their balance to JD 41.8 billion at the end of September 2022. Credit facilities extended by banks increased by JD 2.3 billion during the same period, bringing their balance to JD 32.3 billion. The CBJ's foreign reserves also recorded a comfortable level, currently standing at about USD 16 billion, which is sufficient to cover 8.3 months of the Kingdom's imports of goods and services.

Moreover, the economic growth rate rose to 2.9 percent during the second quarter of the current year, after recording a growth of 2.5 percent during the first quarter of 2022, bringing the average growth rate to 2.7 percent during the first half of 2022, compared to a growth of 1.8 percent during the same period in 2021. This is the highest semi-annual rate recorded since 2017. Tourism income also increased during the first three quarters of this year to reach USD 3.0 billion, compared to USD 1.2 billion during the same period in the preceding year, with a growth rate of nearly 140.8 percent. National exports went up by 45.6 percent during the first eight months of the current year. Remittances of Jordanians working abroad increased by 0.6 percent during the same period. Moreover, foreign investment increased by 96.9 percent during the first half of the year.

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

The Central Bank of Jordan