



Press Release

The Open Market Operations Committee at the Central Bank of Jordan (CBJ) held its meeting. Extensive discussion took place of the reports submitted to the committee by the relevant CBJ departments on all economic, monetary and banking developments in the kingdom, and the CBJ's expectations for the economic performance during the current year as well as the coming period. The committee also discussed recent economic developments in the international and regional economic environment as well as the related central banks actions regarding them. At the end of the meeting, the committee decided to **raise interest rates on all monetary policy instruments of the CBJ by 50 basis points.**

The committee's decision reflects the CBJ's unwavering commitment to maintaining monetary stability in the Kingdom, preserving the attractiveness of assets denominated in the dinar against the dollar and other regional and international currencies, in addition to ensuring consistency between the structure of domestic interest rates and the interest rates prevailing in regional and international financial markets.

The decisions of the committee also come 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. Annual inflation rate reached 5.0 percent in November 2022, bringing the average inflation rate to 4.2 percent during the first eleven months of the current year, compared to 1.2 percent during the same period of the preceding year.

The available data for the past period of 2022 reveal the continuation of the strong performance in the monetary and banking sector indicators. The CBJ's foreign reserves recorded a high level, currently standing at USD 16.7 billion, which is sufficient to cover 8.7 months of the Kingdom's imports of goods and services. Deposits with banks rose by JD 2.4 billion (showing a 6.1 percent increase), during the first ten months of 2022, bringing their balance to JD 41.9 billion at the end of October 2022. Credit facilities extended by banks increased by JD 2.3 billion (increasing by 7.6 percent) during the same period, bringing their balance to JD 32.3 billion.

The indicators of the external sector also recorded a marked improvement in their performance; most notably, the tourism income recorded during the past eleven months of this year exceeded twice what was recorded during the same period in the preceding year to reach USD 5.3 billion, compared to USD 2.5 billion during the corresponding period, with a growth rate of nearly 115 percent. National exports went up by 44 percent during the first three quarters of this year. Foreign direct investment coming into Jordan increased by 96.9 percent during the first half of the year to reach USD 548.4 million. Moreover, remittances of Jordanians working abroad increased by 0.6 percent during the first ten months of the year. Accordingly, real gross domestic product growth rate expected for 2022 increased to 2.7 percent compared to 2.4 percent based on the expectations at the beginning of the year.

The committee decided to keep the preferential interest rates for loans extended by banks within 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, according to a fixed interest rate throughout the ten-year loan period, currently, the number of sectors benefiting from the program is ten sectors. Also decided to extend the CBJ's program to support SME's enterprises, professionals, craftsmen and basic commodities

wholesale importers, amounting to JD 700 million, for two additional months ending at the end of February 2023, fixing interest rates on loans extended by banks through this program at their current level, which reaches a maximum of 2 percent for borrowers, as the loan is extended according to the fixed interest rate for a period of 54 months, including a grace period of up to 12 months. This decision aimed to maintain preferential interest rates unchanged on loans benefiting from the Central Bank's programs to support the path of economic recovery and productive economic sectors with highly added value to the national economy.

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

The Central Bank of Jordan