



Press Release

16th June 2022

The Central Bank of Jordan (CBJ) raises the interest rates by 50 basis points on all monetary policy instruments, except the Overnight Deposit Window Rate, which the CBJ decided to raise by 75 basis points.

The Open Market Operations Committee of the CBJ decided to raise the interest rates by 50 basis points on all monetary policy instruments, except the Overnight Deposit Window Rate, which the Committee decided to raise by 75 basis points as of Sunday, June 19th, 2022.

This decision was taken in line with the CBJ's constant commitment to enhance the monetary stability foundations in the Kingdom, to maintain the attractiveness of the Jordanian dinar as a savings tool and to promote deposits, which are considered a major resource to provide the financing needs for the national economy.

Furthermore, the decision comes in light of the rising external inflationary pressures and the resulted increase in interest rates in the regional and international financial markets, in addition to directing the banks' borrowing costs in the monetary market to maintain at acceptable levels, to enable them to preserve effective liquidity management, as well as the activity of the banking credit market and its effectiveness.

Within the framework of CBJ's keenness to provide soft financing for vital sectors in the economy, small and medium-sized enterprises, professionals and craftsmen, through banks, the CBJ decided to keep the refinancing JD1.3-billion program's interest rates unchanged to stand at 1 percent for projects located in Amman and 0.5 percent for projects located in other governorates, with a loan term of 10 years. The amount of funds available for lending under this program exceeds JD 600 million.

Moreover, the committee decided to extend the CBJ's program to support small and medium-sized enterprises, professionals and craftsmen, and basic commodities wholesale importers, amounting to JD 700 million for three additional months until

end of September 2022. The committee also decided to keep the interest rate for borrowers at its current level without change, so that the interest rate does not exceed 2 percent for a period of 54 months, including a grace period of up to 12 months from the date of granting the funding. This program's funding is also granted under a fixed interest rate for a loan's entire term, as in the first program of the Central Bank, noting that the amount of funds available under this program is currently exceeds JD150 million.

The latest available monetary, economic and banking data indicate that the volume of foreign reserves of the CBJ amounted to USD 17.5 billion, which is enough to cover Jordan's imports of goods and services for a period of 9.1 months. Deposits with banks continued hiking until last April by 7.9 percent on an annual basis, while credit facilities extended by banks showed an annual growth of 5.5 percent until April 2022.

As for external sector indicators, tourism income during the first four months of 2022 went up by 255.1 percent compared to the same period of 2021. Domestic exports grew during the first quarter of this year by 43.1 percent. Remittances of Jordanians working abroad increased by 1.5 percent during the first four months of 2022. Meanwhile, the average inflation rate reached 2.6 percent during the first four months of the year.

The CBJ will continue to monitor all economic, financial and monetary developments, locally, regionally and globally, and take the necessary measures to maintain macroeconomic stability, achieve its objective to maintain monetary and contribute to achieving financial and banking stability in the Kingdom, as stated in the CBJ law.

The Central Bank of Jordan