



## **Press Release**

17 March, 2022

In line with the Central Bank of Jordan (CBJ) mandate to maintain monetary and financial stability in the Kingdom, and to sustain the strength and attractiveness of JD- denominated assets against other currencies, the Open Market Operations Committee decided to raise interest rates by 25 basis points on all monetary policy instruments, as of Sunday, 20/3/2022.

The decision is based on the CBJ's continuous assessment of local, regional and international economic developments, in addition to the latest interest rates movements in overseas financial markets. This Action also aims to contain the anticipated inflationary pressures, that are fueled by escalation in world prices due to the gradual recovery of global demand following the Covid-19 pandemic, in addition to the recent disruptions in international supply chains. Moreover, the high uncertainty caused by global geopolitical tensions has resulted in higher pressures on global prices and supply chains.

In order to ensure a balance between maintaining monetary stability, and stimulating economic growth and job creation, the Committee decided to extend the CBJ's program to refinance the vital economic sectors, with a value of JD 1.3 billion, covering ten sectors, including industry, tourism, renewable energy, agriculture, information technology, engineering consultancy, health, transportation (transport companies), education (vocational and technical training), and the export sector. To provide financing for productive activities with preferential terms, the Committee also decided to keep the interest rate for this program unchanged at 1.0% for projects in Amman, and 0.5% for projects in the other governorates. It is worth mentioning that the CBJ, through this program, has financed 1,728 projects with a total value of about JD 1,254 million, which contributed to the creation of about 14,238 new job opportunities. In addition to that, this program has maintained about 51 thousand job

opportunities since the onset of the Covid-19 pandemic. The available refinance balance for refinancing to these sectors is currently about JD 600 million.

Moreover, the Committee decided to continue the CBJ's JD 700 million program that supports small and medium sized enterprises, professionals and handicraft persons, and to retain the interest rate for borrowers at no more than 2%, for a period of 54 months, including a grace period of up to 12 months. Taking into account the current circumstances, and to meet the needs for basic commodities, the Committee decided to raise the ceiling of advances granted to the wholesale importers of basic commodities to JD 1 million, up from JD 600 thousand, according to list of commodities agreed upon with the Ministry of Industry, Trade and Supply. This program has funded about 5,871 projects with the amount of JD 521.7 million, and maintained about 94 thousand job opportunities since the outbreak of the pandemic.

The CBJ has adopted flexible monetary policy during the Covid-19 pandemic, as the interest rates were reduced by 150 basis points since March 2020, bringing the " CBJ main rate" to 2.5%, the lowest in ten years.

In coordination with the CBJ, the Association of Banks in Jordan had announced the postponement of repaying of due payment for loans (borrowed by individuals) during the month of April on the occasion of the holy month of Ramadan.

During 2021 and the first two months of 2022, all of the monetary, economic and banking indicators recorded positive performance. Currently, the CBJ's foreign reserves stands at USD 18.0 billion, which covers 9.4 months of imports of goods and services.

The inflation rate was 2.2% during the first two months of this year, and the GDP growth was 2.1% for the first three quarters of 2021. Travel receipts continued its positive performance; growing by 196.5% during the first two months of 2022.

The Central Bank will actively continue to follow up on economic developments, locally and internationally, and shall take appropriate measures to preserve the monetary and financial stability in the Kingdom.

**Central Bank of Jordan**