



## Press Release

22<sup>nd</sup> September 2022

The Open Market Operations Committee at the CBJ decided to raise the interest rates on all monetary policy instruments by 75 basis points, as of Sunday, September 25<sup>th</sup>, 2022.

This decision comes in line with the CBJ's objective to maintain the monetary stability in the kingdom, and its full commitment to maintain the attractiveness of the Jordanian dinar as a savings tool, in light of the latest developments in the international financial markets and interest rates.

This decision also comes in view of the continuation and expansion of external inflationary pressures and their reflection on local inflation rates, and the uncertainty resulted from the Russian- Ukrainian war and the geopolitical risks.

Within the CBJ's keenness for the importance of achieving a balance between its objective to maintain monetary stability, and continuing to stimulate economic growth and mitigating the impact of raising interest rates on economic sectors, the committee decided the following:

- Keeping the refinancing of 10 vital economic sectors amounting to JD 1.3 billion CBJ program's preferential interest rates unchanged to stand at 1.0 percent for projects located in Amman and 0.5 percent for projects located in other governorates, with a loan term of 10 years.
- Extending the CBJ's program to support small and medium-sized enterprises, professionals and craftsmen, and basic commodities wholesale importers, amounting to JD 700 million until the end of the current year, while keeping the interest rate at its current level without change for borrowers within this program so that it 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. Noting that, the financing within this programs is also provided according to the fixed interest rate during the period of the loan.

It is noteworthy that the CBJ, through the aforementioned two programs, has financed around 7,825 projects, with a value of about JD 1,824.9 million, and contributed to creating about 14,517 job opportunities, in addition to maintaining about 151 thousand job opportunities since the beginning of the COVID-19 pandemic. The amount of funding available under the two programs is around JD 690.5 million.

The decision comes in light of the continued improvement in the monetary and banking indicators. Latest available data indicate that the volume of foreign reserves of the CBJ amounted to USD 16.8 billion, which is enough to cover Jordan's imports of goods and services for a period of 8.7 months, which is almost three times higher than the internationally acceptable level of three months. Deposits with banks increased by JD 1.7 billion, to reach JD 41.2 billion at the end of July 2022, while credit facilities extended by banks showed an annual growth of JD 1.9 billion during the same period to reach JD 31.9 billion.

Moreover, many economic indicators showed positive performance during the available period of the current year; especially the indicators related to the external sector, as tourism income has increased to reach USD 3.6 billion during the first eight months of 2022 compared to USD 1.4 billion during the same period in the preceding year, up by more than 161 percent. Remittances of Jordanians working abroad increased by 0.8 percent during the first seven months of 2022. Meanwhile, domestic exports grew by 43.4 percent during the first half of this year.

The CBJ will continue to comprehensively monitor all monetary, banking and economic developments, locally, regionally and globally, and assess the impact of its decisions on inflation expectations, and macroeconomic developments over the medium term, taking into consideration its previous decisions to raise interest rates, and will not hesitate to use all its monetary policy instruments to ensure enhancing the monetary stability in the Kingdom.

**The Central Bank of Jordan**