



Central Bank of Jordan

# Recent Monetary & Economic Developments in Jordan

Research Dept / Monthly Report  
December, 2021

Classification level: Public

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#### **OUR VISION**

To continue maintaining monetary and financial stability and thereby contributing to the achievement of economic and social growth in the kingdom.

#### **OUR MISSION**

Maintaining monetary stability represented in maintaining the stability of the Jordanian Dinar exchange rate and the general prices level. And contributing to providing an investment environment that is both attractive and motivating for the economic and social development through providing a convenient interest rate structure and implementing macro and micro prudential supervision policies that maintain financial and banking stability. In addition to providing safe and efficient national payments systems, promoting financial inclusion, and protecting the financial customer. To this end, the Central Bank of Jordan employs optimally its human, material, financial, technical and knowledge resources.

#### **OUR VALUES**

- |                            |   |   |
|----------------------------|---|---|
| <b>Loyalty</b>             | : | Commitment, responsibility, and dedication to the institution, its staff and clients.   |
| <b>Integrity</b>           | : | Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers.       |
| <b>Excellence</b>          | : | To make a difference in the quality of services provided in accordance with international standards and practices.  |
| <b>Continuous Learning</b> | : | Aspiring to continuously improve professional and academic levels in accordance with international best practices.  |
| <b>Involvement</b>         | : | Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency.                                      |
| <b>Transparency</b>        | : | Disclosing information and knowledge, and simplifying and clarifying procedures and regulations in accordance with professional standards and pertinent rules |



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### Executive Summary

#### □ Output, Prices and Employment

Real GDP at market prices grew by 2.1 percent during the first three quarters of 2021, compared to a contraction of 1.5 percent during the same period of 2020. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first eleven months of 2021 by 1.2 percent, compared to a rise of 0.4 percent during the same period of 2020. The unemployment rate during the third quarter of 2021 reached 23.2 percent, compared to 23.9 percent during the same quarter of 2020.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 17,003.6 million at the end of November 2021. This level of reserves covers around 9.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 39,055.8 million at the end of November 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,055.4 million at the end of November 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 39,026.7 million at the end of November 2021, compared to JD 36,789.1 million at the end of 2020.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,057.7 points at the end of November 2021, compared to 1,657.2 points at the end of 2020.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,283.8 million (4.9 percent of GDP) during the first ten months of 2021, comparing to a fiscal deficit of JD 1,508.9 million (5.8 percent of GDP) during the same period of 2020. Government domestic debt (budgetary and guaranteed) increased by JD 1,081.0 million at the end of October 2021, compared to its level at the end of 2020, to reach JD 20,014.7 million (62.6 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 794.3 million, to reach JD 14,892.6 million (46.6 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 34,907.3 million at the end of October 2021 (109.2 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,407.4 million (42.0 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 14,523.0 million (45.4 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 27,930.4 million (87.4 percent of GDP compared to 85.4 percent of GDP at the end of 2020).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 15.9 percent during the first ten months of 2021 to reach JD 5,330.5 million. Meanwhile, merchandize imports increased by 23.8 percent to reach JD 12,391.0 million. As a result, the trade balance deficit increased by 30.5 percent compared to the same period of 2020, to reach JD 7,060.5 million. The preliminary data during the first eleven months of 2021 showed an increase in travel receipts by 78.5 percent, to reach JD 1,692.3 million, and an increase in travel payments by 131.3 percent, to reach JD 581.7 million, compared to the same period of 2020. Moreover, total workers' remittances receipts increased by 1.1 percent, to reach JD 2,199.9 million during the first eleven months of 2021 compared to the same period of 2020. The preliminary data for the balance of payments during the first three quarters of 2021 displayed a deficit in the current account amounted to JD 2,835.5 million (12.1 percent of GDP) compared to a deficit of JD 1,775.5 million (7.8 percent of GDP) during the same period of 2020. Meanwhile, the current account deficit excluding grants increased to reach 14.8 percent of GDP compared with 11.0 percent of GDP during the same period of 2020. Moreover, direct investment recorded inflow of JD 269.4 million during the first three quarters of 2021, compared to inflow of JD 398.9 million during the same period of 2020. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 34,571.6 million at the end of the third quarter of 2021 up from JD 33,685.0 million at the end of 2020.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves amounted to US\$ 17,003.6 million at the end of November 2021. This level of reserves covers around 9.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 39,055.8 million at the end of November 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,055.4 million at the end of November 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 39,026.7 million at the end of November 2021, compared to JD 36,789.1 million at the end of 2020.
- The interest rates on all types of credit facilities extended by licensed banks had decreased at the end of November 2021, compared to its level registered at the end of 2020, also the interest rates on all types of deposits held by licensed banks had decreased at the end of November 2021, compared to its level registered at the end of 2020, except the interest rates on saving deposits, which had increased compared to its level registered at the end of 2020.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,057.7 points at the end of November 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 15,158.1 million at the end of November 2021, compared to JD 12,907.8 million at the end of 2020.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

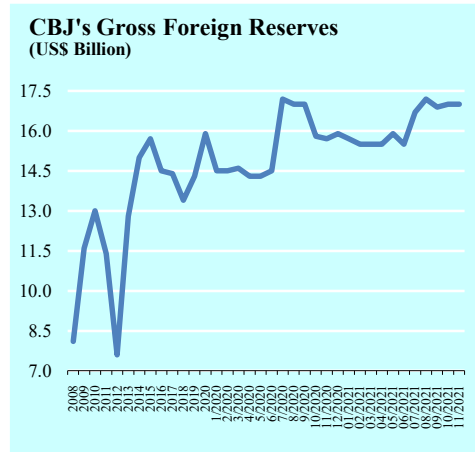
	2020	End of November	
		2020	2021
US\$ 15,919.7	CBJ's Foreign Reserves*	US\$ 15,718.6	US\$ 17,003.6
11.1%		9.7%	6.8%
8.7		8.7	9.0
37,011.9	Money Supply (M2)	36,593.0	39,055.8
5.8%		4.6%	5.5%
28,639.1	Credit Facilities, of which:	28,723.2	30,055.4
5.7%		6.1%	4.9%
25,526.5	Private Sector (Resident)	25,579.8	26,680.0
6.4%		6.6%	4.5%
36,789.1	Total Deposits, of which:	36,395.5	39,026.7
4.2%		3.1%	6.1%
28,233.9	In JD	27,903.5	30,208.6
4.2%		2.9%	7.0%
8,555.2	In Foreign Currencies	8,492.0	8,818.1
4.4%		3.6%	3.1%
28,851.1	Deposits of Private Sector (Resident), of which:	28,541.9	30,667.9
2.0%		0.9%	6.3%
22,708.6	In JD	22,474.8	24,401.7
2.6%		1.6%	7.5%
6,142.5	In Foreign Currencies	6,067.1	6,266.3
-0.3%		-1.5%	2.0%

\* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Reserves

The CBJ's gross foreign reserves amounted to US\$ 17,003.6 million at the end of November 2021. This level of reserves covers around 9.0 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

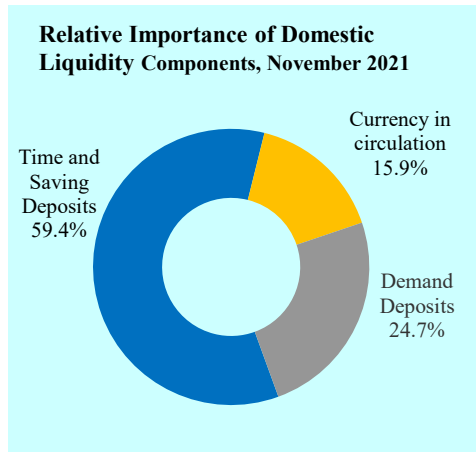
■ Domestic liquidity amounted to JD 39.1 billion at the end of November 2021, compared to JD 37.0 billion at the end of 2020.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of November 2021, compared to their levels at the end of 2020, reveal the following:**

#### ● Components of Domestic Liquidity

- Total liquidity deposits amounted to JD 32.8 billion at the end of November 2021, compared to JD 30.7 billion at end of November 2020, against JD 31.1 billion at the end of 2020.

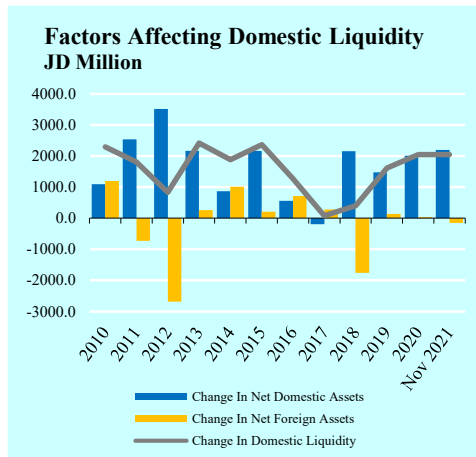
- Currency in circulation amounted to JD 6.2 billion at the end of November 2021, compared to JD



5.9 billion in November 2020, and at the end of 2020.

• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 31.6 billion at the end



compared to JD 29.4 billion at the end of November 2020, and at the end of 2020.

- Net foreign assets of the banking system amounted to JD 7.4 billion at the end of November 2021. The net foreign assets of the CBJ amounted to JD 11.6 billion at the end of November 2021.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

		End of November	
2020		2020	2021
<b>7,562.0</b>	<b>Foreign Assets (Net)</b>	<b>7,161.9</b>	<b>7,411.4</b>
10,798.6	CBJ	10,748.0	11,629.3
-3,236.6	Licensed Banks	-3,586.1	-4,217.9
<b>29,449.9</b>	<b>Domestic Assets (Net)</b>	<b>29,431.1</b>	<b>31,644.4</b>
-4,297.3	CBJ, of which:	-4,215.3	-4,768.7
1,026.9	Claims on Public Sector (Net)	619.2	1,107.5
-5,347.4	Other Items (Net*)	-4,857.9	-5,898.7
33,747.2	Licensed Banks	33,646.4	36,413.1
11,929.9	Claims on Public Sector (Net)	12,043.2	13,519.1
26,238.4	Claims on Private Sector	26,273.2	27,508.0
-4,421.0	Other Items (Net)	-4,670.0	-4,614.1
<b>37,011.9</b>	<b>Money Supply (M2)</b>	<b>36,593.0</b>	<b>39,055.8</b>
<b>5,939.4</b>	<b>Currency in Circulation</b>	<b>5,922.7</b>	<b>6,219.5</b>
<b>31,072.5</b>	<b>Total Deposits, of which:</b>	<b>30,670.3</b>	<b>32,836.3</b>
6,219.6	In Foreign Currencies	6,145.0	6,365.8

\* This item includes Certificates of Deposit in Jordanian Dinar.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments and CBJ's procedures

◆ The CBJ cut its monetary policy interest rates twice during March 2020. On March 5, the CBJ cut the interest rates on all its instruments by 50 basis points. Moreover, on March 17, the CBJ cut the overnight deposit window rate by 75 basis points, and by 100 basis points on the other policy rates, to become as follows:

- The CBJ main interest rate: 2.50 percent.
- Re-discount Rate: 3.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.25 percent.
- Overnight Deposit Window Rate: 2.00 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.
- The interest rate on weekly certificates of deposit: 2.50 percent.

The CBJ conducted a set of procedures aimed to contain the repercussions of the “emerging COVID-19 virus” impact on the national economy. Also, these measures aimed to reduce the financing costs to all economic sectors and to ensure the continuity of economic activity and recovery after the crisis:

- The CBJ has decided to cut the Required Reserve Ratio (RRR) on the deposits held by banks from 7% to 5%, which provides additional liquidity to banks in the amount of JD 550 million.

Interest Rates on Monetary Policy Instruments, percentage points

2020		November	
		2020	2021
2.50	CBJ main rate	2.50	2.50
3.50	Re-discount Rate	3.50	3.50
3.25	Repurchase Agreements Rate (overnight)	3.25	3.25
2.00	Overnight Deposit Window Rate	2.00	2.00
2.50	Repurchase Agreements rate (one week and one month)	2.50	2.50
2.50	Certificates of Deposits (one week)	2.50	2.50

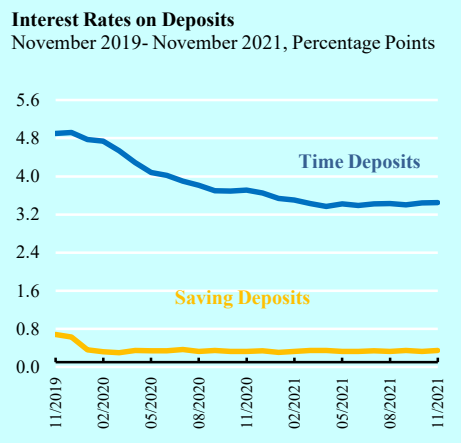
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The CBJ has also conducted repurchase agreements (REPO) with commercial banks by JD 850 million, with maturity up to one year.
- Moreover, the CBJ has introduced financing program to support SMEs companies, by a total amount of JD 500 million, and with a customer lending rate by 2%. Recently, in March 2021, the ceiling of this program was raised to JD 700 million.

### ■ Interest Rates in the Banking Sector

#### ◆ Interest Rates on Deposits

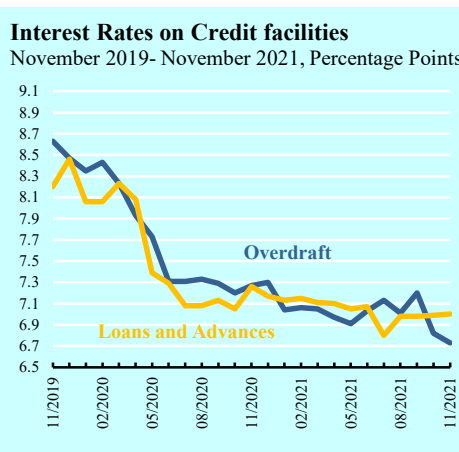
- Time Deposits: The weighted average interest rate on time deposits increased by one basis point at the end of November 2021, compared to its level registered at the previous month to stand at 3.45 percent. This rate is lower by 20 basis points than its level registered at the end of 2020.



- Saving Deposits: The weighted average interest rate on saving deposits increased by two basis points at the end of November 2021, compared to its level registered in the previous month to stand at 0.35 percent. This rate is higher by one basis point than its level registered at the end of 2020.
- Demand Deposits: The weighted average interest rate on demand deposits maintained the same level registered in the previous month to stand at 0.25 percent in November 2021. This level is lower by two basis points than its level registered at the end of 2020.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts decreased by 9 basis points at the end of November 2021, compared to its level registered in the previous month to stand at 6.73 percent. This rate is lower by 57 basis points than its level registered at the end of 2020.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” increased by two basis points at the end of November 2021, compared to its level registered in the previous month to stand at 8.02 percent. This rate is lower by 49 basis points than its level registered at the end of 2020.

**Weighted Average Interest Rates on Deposits and Credit Facilities at Licensed Banks, percentage points**

		November		Change Relative to the Preceding Year Basis Points
2020		2020	2021	
<b>Deposits</b>				
0.27	Demand	0.27	0.25	-2
0.34	Saving	0.33	0.35	1
3.65	Time	3.71	3.45	-20
<b>Credit Facilities</b>				
8.51	Discounted Bills and Bonds	8.44	8.02	-49
7.17	Loans and Advances	7.15	7.00	-17
7.30	Overdraft	7.25	6.73	-57
8.33	Prime Lending Rate	8.33	8.35	2

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” increased by one basis point at the end of November 2021, compared to its level registered in the previous month to stand at 7.00 percent. This rate is lower by 17 basis points than its level registered at the end of 2020.



- The prime lending rate stood at 8.35 percent at the end of November 2021, maintaining the same level registered in previous month. This rate is higher by two basis points than its level registered at the end of 2020.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,416.3 million, or 4.9 percent, at the end of November 2021, compared to its level registered at the end of 2020, against an increase by JD 1,641.0 million, or 6.1 percent during the same period in 2020.
- In terms of borrower sectors, the credit facilities at the end of November 2021 had shown an increase in credit extended to the private sector (resident) by JD 1,153.5 million, or 4.5 percent, the public institutions by JD 135.6 million, or 24.0 percent, the central government by JD 72.7 million, or 4.0 percent, the private sector (non-resident) by JD 54.6 million, or 8.9 percent. In contrast, the credit facilities extended to the non-banking financial institutions had decreased by JD 0.1 million or 0.1 percent, compared to their levels at the end of 2020.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 39.0 billion at the end of November 2021, compared to JD 36.4 billion at the end of November 2020, and JD 36.8 billion at the end of 2020.
- The currency composition of deposits at the end of November 2021 revealed that the JD deposits amounted to JD 30.2 billion, and the deposits in foreign currencies amounted to JD 8.8 billion, compared to JD 27.9 billion of JD deposits, and JD 8.5 billion of deposit in foreign currency at the end of November 2020, and JD 28.2 billion of JD deposits, and JD 8.6 billion of deposit in foreign currency at the end of 2020.

**□ Amman Stock Exchange (ASE)<sup>(1)</sup>**

The ASE main indicators showed a mixed performance at the end of November 2021, compared to its level in 2020. This can be demonstrated as follows:

**■ Trading Volume**

Trading volume at ASE totaled JD 133.8 million in November 2021, increasing by JD 11.2 million, or 9.1 percent, compared to its level registered in the previous month. As for the first eleven months of 2021, the trading volume totaled JD 1,805.0 million.

**■ Traded Shares**

The number of traded shares in November 2021 totaled 113.2 million shares, increasing by 17.7 million shares, or 18.6 percent, compared to its level registered in the previous month. As for the first eleven months of 2021, the number of traded shares amounted to 1,419.9 million shares.

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<sup>(1)</sup> The trading at ASE has been suspended during the period 17/3/2020 to 9/5/2020, with the aim to protect investors and local companies from the repercussions of COVID-19.

### ■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE decreasing by 63.1 points or 3.0 percent, at the end of November 2021, compared

to its level in the previous month, to stand at 2,057.7 points. Furthermore, the SPI increased by 400.5 points, or 24.2 percent compared to its level at the end of 2020. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 1,482.2 points, or 69.9 percent, the financial sector by 334.9 points, or 15.4 percent, and the services sector by 170.8 points, or 14.9 percent, compared to their levels at the end of 2020.

### ■ Market Capitalization

The ASE's market capitalization totaled JD 15.2 billion at the end of November 2021, decreasing by JD 431.0 million, or 2.8 percent, compared to its level registered in the previous month. Furthermore, the

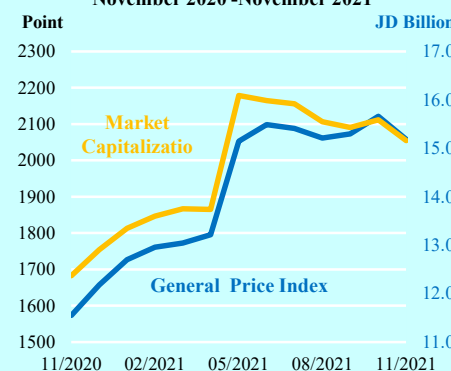
ASE's market capitalization increased by JD 2,250.3 million, or 17.4 percent compared to its level at the end of 2020.

Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

		November	
2020		2020	2021
1,657.2	General Index	1,573.5	2,057.7
2,171.7	Financial Sector	2,076.5	2,506.5
2,119.7	Industrial Sector	1,973.3	3,601.9
1,148.0	Services Sector	1,100.8	1,318.9

Source: Amman Stock Exchange.

The General Share Price Index and The Market Capitalization November 2020 -November 2021



■ **Non - Jordanian Net Investment**

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 1.9 million in November 2021. The value of shares buying by non-Jordanian in November 2021 amounted to JD 9.4 million, while their selling amounted to JD 11.3 million. The Non-Jordanian net investment as

Main Amman Stock Exchange Trading Indicators, JD Million			
		November	
2020		2020	2021
1,048.8	Value Traded	77.5	133.8
4.9	Average Daily Trading	4.1	6.4
12,907.8	Market Capitalization	12,372.4	15,158.1
1,142.7	No. of Traded Shares (million)	98.3	113.2
-67.5	Net Investment of Non-Jordanian	-4.8	-1.9
96.8	Non-Jordanian Buying	5.6	9.4
164.4	Non-Jordanian Selling	10.4	11.3

Source: Amman Stock Exchange.

for the first eleven months of 2021, recorded an outflow amounting to JD 32.1 million.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.7 percent during the third quarter of 2021, compared to a contraction of 2.2 percent during the same quarter of 2020. At current market prices, GDP grew by 4.2 percent during the third quarter of 2021, compared to a contraction of 3.1 percent during the same quarter of 2020.
- Accordingly, the real GDP grew by 2.1 percent during the first three quarters of 2021, compared to contraction of 1.5 percent during the same period of 2020. At current market prices, GDP grew by 3.1 percent during the first three quarters of 2021 compared to a decline by 1.8 percent during the same period of 2020.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first eleven months of 2021 by 1.2 percent, compared to a rise of 0.4 percent during the same period of 2020.
- The unemployment rate during the third quarter of 2021 reached 23.2 percent (21.2 percent for males and 30.8 percent for females), compared to 23.9 percent (21.2 percent for males and 33.6 percent for females) during the same quarter of 2020. The highest unemployment rate was among youth, which reached 61.9 percent for the (15-19) years old category and 46.1 percent for the (20-24) years old category.

### □ Developments of GDP

- Gross domestic product (GDP), at constant market prices, grew by 2.1 percent during the first three quarters of 2021 compared to a contraction of 1.5 percent during the same period of 2020. When excluding “net taxes on products” (which grew by 2.2 percent during the first three quarters of 2021 compared to a contraction of 2.7 percent during the same period of 2020), GDP at constant basic prices, grew by 2.1 percent during the first three quarters of 2021, compared to a contraction of 1.4 percent during the same period of 2020.

**Quarterly Growth Rates of GDP at Market Prices (2019 – 2021)**

Percentages

	Q1	Q2	Q3	Q4	Year
<b>2019</b>					
GDP at Constant Prices	2.0	1.7	1.9	2.1	<b>2.0</b>
GDP at Current Prices	3.8	3.3	3.5	4.0	<b>3.7</b>
<b>2020</b>					
GDP at Constant Prices	1.3	-3.6	-2.2	-1.6	<b>-1.6</b>
GDP at Current Prices	3.0	-4.7	-3.1	-1.9	<b>-1.8</b>
<b>2021</b>					
GDP at Constant Prices	0.3	3.2	2.7	-	-
GDP at Current Prices	0.5	4.7	4.2	-	-

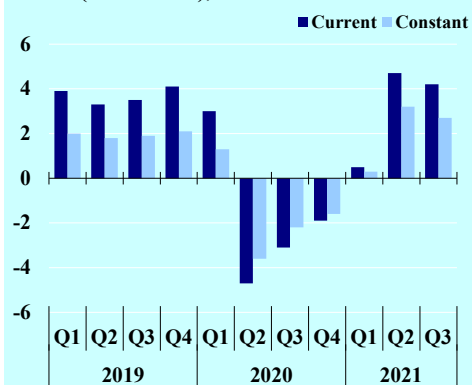
Source: Department of Statistics.

At current market prices, GDP grew by 3.1 percent during the first three quarters of 2021 compared to contraction of 1.8 percent during the same period of 2020. This was in light of the increase of the general price level, measured by the GDP deflator, by 1.0 percent during the first three quarters of 2021 compared to a contraction of 0.2 percent during the same period of 2020.

The economic growth recorded during the first three quarters of 2021 was mainly driven by the significant improvement in the external sector indicators, such as; tourism income, total exports, and the gradual return to work in all economic sectors during this period.

As for the economic sectors contribution to growth rate during the first three quarters of 2021, all sectors contributed positively to the growth rate. Most notably; manufacturing contributed by 0.4 percentage point, “finance and Insurance services” (0.3 percentage point), “mining and quarrying” (0.2 percentage point), “real estate” (0.2 percentage point), and “Producers of government services” (0.2 percentage point). These sectors accounted for 62.0 percent of the real growth recorded during the first three quarters of 2021.

**Quarterly Growth Rates of GDP at Market Prices (2019- 2021), %**



**Main Sectors Contributed to Economic Growth at Constant Market Prices**

Sectors	Relative change		Contribution	
	2020 Jan-Sep	2021 Jan-Sep	2020 Percentage Point Jan-Sep	2021 Percentage Point Jan-Sep
<b>GDP at Constant Market Prices</b>	-1.5	2.1	-1.5	2.1
Agriculture	1.7	3.0	0.1	0.1
Mining And Quarrying	-0.1	10.1	0.0	0.2
Manufacturing	-2.8	2.1	-0.5	0.4
Electricity And Water	-1.4	1.6	0.0	0.0
Construction	-4.1	3.0	-0.1	0.1
Wholesale And Retail Trade	-2.2	2.0	-0.2	0.2
Restaurant And Hotels	-8.1	2.0	-0.1	0.0
Transport, Storage And Communications	-5.0	1.8	-0.4	0.1
Finance And Insurance Services	3.0	4.1	0.2	0.3
Real Estate	0.7	1.5	0.1	0.2
Social And Personal Services	-3.0	0.7	-0.3	0.1
Producers of Government Services	1.1	1.4	0.2	0.2
Producers of Private Non-Profit	-2.6	1.4	0.0	0.0
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

### Microeconomic Indicators

Most of the microeconomic indicators witnessed an improvement in their performance during the available period of 2021. Most notably; “licensed areas for buildings” (56.6 percent), “mining and quarrying production quantity index” (6.9 percent), “manufacturing production quantity index” (14.9 percent), and “number of passengers through royal Jordanian” (89.9 percent), However, other indicators showed a contraction, particularly “food products and beverages” (11.7 percent), and “non-metallic mineral products” (8.6 percent). The following table displays the performance of the main available microeconomic indicators:

**Main Sectoral Indicators\***

Percentage Points					
2019	2020	Item	2020	Available period	2021
-35.1	-19.2	<b>Licensed areas for buildings</b>	-23.6	<b>Jan-Oct</b>	56.6
-1.2	-13.8	<b>Manufacturing production quantity index</b>	-14.5		14.9
-6.3	-19.5	Food products and beverages	-19.5		-11.7
7.1	3.0	Tobacco products	1.9		-1.3
3.1	-16.7	Refined petroleum products	-15.0		98.0
-6.5	-29.8	Wearing apparel	-30.0		-3.1
-9.0	-28.3	Non-metallic mineral products	-29.3		-8.6
15.2	13.4	Chemical products	13.0		4.8
5.4	1.3	<b>Mining and quarrying production quantity index</b>	1.5		6.9
2.9	55.4	Extraction of crude petroleum and natural gas	62.9		22.1
5.5	0.9	Other mining and quarrying	1.0		6.8
13.8	-5.2	<b>Production of phosphate</b>	-5.7		14.5
14.5	-76.6	<b>Number of departures</b>	-75.3		79.6
1.2	-77.2	<b>Number of passengers through Royal Jordanian</b>	-75.5		89.9
-16.4	-40.3	<b>Cargo through Royal Jordanian</b>	-40.9		15.2
-12.0	-26.2	<b>Value traded at the real estate market</b>	-28.5	<b>Jan-Nov</b>	54.4

\*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

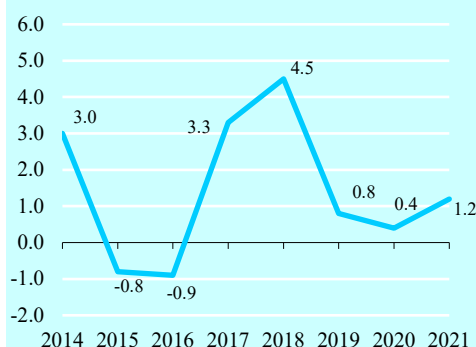


## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during the first eleven months of 2021 by 1.2 percent, compared to a rise of 0.4 percent during the same period of 2020. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
  - “meat and poultry” prices increased by 5.9 percent, compared to increase by 1.2 percent during the same period of 2020.
  - Rents prices increased by 1.7 percent compared to decline by 0.3 percent during the same period of 2020.
  - Transportation prices increased by 4.2 percent compared to a decrease by 1.8 percent during the same period of 2020.

**Inflation Rate during the first eleven months of the years (2014-2021), %**



**Inflation Rate during the first eleven months of 2020-2021**

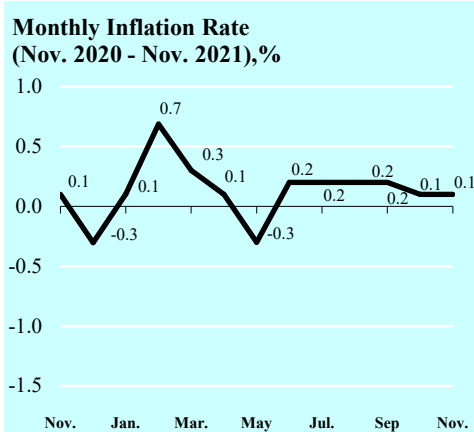
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		Jan-Nov 2020	Jan-Nov 2021	Jan-Nov 2020	Jan-Nov 2021
All Items	100.0	0.4	1.2	0.4	1.2
1) Food and non-Alcoholic Beverages	26.5	2.6	-0.1	0.7	0.0
Food	23.8	2.8	-0.1	0.7	0.0
Cereals and Products	4.2	1.5	1.8	0.1	0.1
Meat and Poultry	4.7	1.2	5.9	0.1	0.3
Fish and Sea Product	0.4	3.0	0.5	0.0	0.0
Dairy Products and Eggs	3.7	4.3	0.2	0.2	0.0
Oil and Fats	1.7	0.0	6.1	0.0	0.1
Fruits and Nuts	2.6	5.1	-2.2	0.1	-0.1
Vegetables and Legumes Dry and Canned	3.0	6.5	-13.7	0.2	-0.4
2) Alcohol and Tobacco and Cigarettes	4.4	2.7	2.8	0.1	0.1
Alcohol	0.0	4.4	16.3	0.0	0.0
Tobacco and Cigarettes	4.4	2.7	2.8	0.1	0.1
3) Clothing and footwear	4.1	-0.9	-1.3	0.0	-0.1
Clothing	3.4	-1.0	-1.2	0.0	0.0
Footwear	0.7	-0.4	-1.8	0.0	0.0
4) Housing	23.8	-1.9	1.6	-0.5	0.4
Rents	17.5	-0.3	1.7	-0.1	0.3
Fuels and Lighting	4.7	-8.3	0.9	-0.4	0.0
5) Household Furnishings and Equipment	4.9	0.6	0.4	0.0	0.0
6) Health	4.0	2.5	1.1	0.1	0.0
7) Transportation	16.0	-1.8	4.2	-0.3	0.7
8) Communication	2.8	0.8	1.4	0.0	0.0
9) Culture and Recreation	2.6	1.1	0.2	0.0	0.0
10) Education	4.3	2.0	0.2	0.1	0.0
11) Restaurants and Hotels	1.8	2.1	1.5	0.0	0.0
12) Other Goods and Services	4.8	2.2	0.2	0.1	0.0

Source: Department of Statistics.

The above groups and items collectively contributed to raising the inflation rate during the first eleven months of 2021 by 1.3 percentage point, compared to a negative contribution of 0.3 percentage point during the same period of 2020.

- A decline in the prices of some items and groups, notably, “vegetables and legumes dry and canned” (13.7 percent), “fruits and nuts” (2.2 percent) and clothing (1.2 percent). These groups and items contributed to a contraction of the inflation rate during the first eleven months of 2021 by 0.5 percentage point, compared to a positive contribution of 0.3 during the same period of 2020.

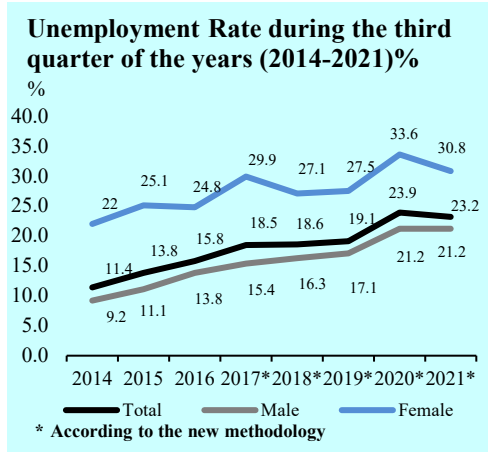
In November 2021, the CPI witnessed an increase compared to the previous month (October 2021) by 0.1 percent. This was an outcome of the increase of the prices of some items and groups, mainly “fruits and nuts” (1.7 percent), “meat and poultry” (0.7



percent), on the one hand, and the decrease of the prices of some items mainly “vegetables and legumes, dry and canned” (4.0 percent), “drinks and refreshments” (0.4 percent) on the other hand.

□ Labor Market

■ The unemployment rate reached 23.2 percent (21.2 percent for males, and 30.8 percent for females) during the third quarter of 2021, compared to 23.9 percent (21.2 percent for males and 33.6 percent for females), during the same quarter of 2020.



- The unemployment rate among youth, during the third quarter of 2021, remains high reaching 61.9 percent for the category (15-19) years old, and 46.1 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.8 percent during the third quarter of 2021.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.4 percent (54.4 percent for males, and 14.5 percent for females), compared to 34.4 percent (53.5 percent for males and 14.9 percent for females) during the same period of 2020.
- The employment rate among population (15 years and older) reached 26.4 percent.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,283.8 million (4.9 percent of GDP) during the first ten months of 2021, comparing to a fiscal deficit of JD 1,508.9 million (5.8 percent of GDP) during the same period of 2020. When excluding foreign grants (JD 573.7 million), the general budget deficit increases to JD 1,857.5 million (7.1 percent of GDP), compared to a deficit of JD 2,214.7 million (8.6 percent of GDP) in the same period of 2020.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,081.0 million at the end of October 2021, compared to its level at the end of 2020, to reach JD 20,014.7 million (62.6 percent of GDP). When excluding the domestic debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,407.4 million (42.0 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 794.3 million at the end of October 2021, compared to its level at the end of 2020, to reach JD 14,892.6 million (46.6 percent of GDP). When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) stand at JD 14,523.0 million (45.4 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 1,875.3 million at the end of October 2021, to reach JD 34,907.3 million (109.2 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 27,930.4 million (87.4 percent of GDP), compared to JD 26,499.3 million (85.4 percent of GDP) at the end of 2020.

□ The performance of the general budget during the first ten months of 2021 compared with the same period of 2020:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 8.7 million, or 1.5 percent, in October 2021 compared to the same month in 2020, to stand at JD 573.6 million. As for the first ten months of 2021, public revenues went up by JD 831.0 million, or 14.2 percent, compared to same period of 2020, to stand at JD 6,697.6 million. This came as an outcome of the increase in domestic revenues by JD 963.1 million, and drop in foreign grants by JD 132.1 million.

**Main Government Budget Indicators During the First Ten Months of 2021**

(JD Million and Percentages)

	October		Growth Rate	Jan.-Oct.		Growth Rate
	2020	2021		2020	2021	
<b>Public Revenues</b>	<b>564.9</b>	<b>573.6</b>	<b>1.5</b>	<b>5,866.6</b>	<b>6,697.6</b>	<b>14.2</b>
Domestic Revenues, of which:	487.8	570.6	17.0	5,160.8	6,123.9	18.7
Tax Revenues, of which:	385.4	436.3	13.2	4,142.7	4,724.9	14.1
General Sales Tax	313.7	356.6	13.7	2,874.8	3,311.4	15.2
Other Revenues	101.8	133.9	31.5	1,012.0	1,392.8	37.6
Foreign Grants	77.2	3.0	-96.1	705.8	573.7	-18.7
<b>Total Expenditures</b>	<b>745.9</b>	<b>898.5</b>	<b>20.5</b>	<b>7,375.5</b>	<b>7,981.4</b>	<b>8.2</b>
Current Expenditures	687.6	748.7	8.9	6,899.3	7,208.2	4.5
Capital Expenditures	58.3	149.8	156.9	476.2	773.2	62.4
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-181.0</b>	<b>-324.9</b>	<b>-</b>	<b>-1,508.9</b>	<b>-1,283.8</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a Percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5.8</b>	<b>-4.9</b>	<b>-</b>

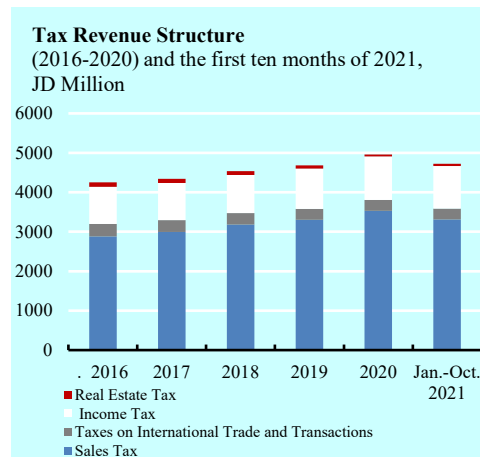
Source: Ministry of Finance/ General Government Finance Bulletin.

### ◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 963.1 million, or 18.7 percent, in the first ten months of 2021, compared to the same period of 2020, to reach JD 6,123.9 million. This increase was a result of the rise in the proceeds of “tax revenues”, “other revenues”, and “pension contributions” by JD 582.2 million, JD 380.8 million, and JD 0.2 million, respectively.

#### ● Tax Revenues

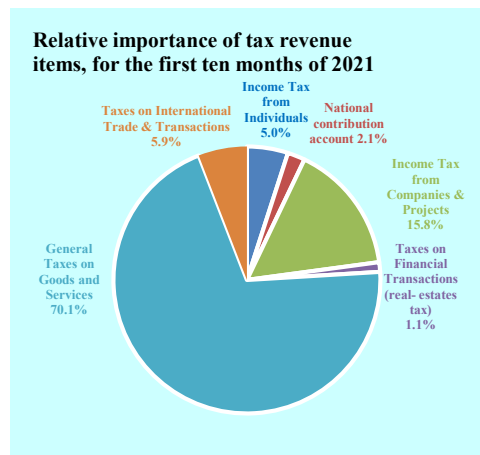
Tax revenues increased by JD 582.2 million, or 14.1 percent, during the first ten months of 2021, compared to the same period of 2020, to reach JD 4,724.9 million (77.2 percent of domestic



revenues). Following are the main developments in tax revenue items:

- An increase in the proceeds of **general sales tax on goods and services** by JD 436.6 million, or 15.2 percent, to reach JD 3,311.4 million, accounting for 70.1 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on commercial sector by JD 203.5 million, and on imported goods by JD 156.1 million, and on domestic goods by JD 45.9 million, and on services by JD 31.1 million.

- An increase in the proceeds of **income and profit taxes** by JD 75.8 million, or 7.5 percent, to reach JD 1,080.4 million, accounting for 22.9 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of national contribution account item, which was included in the Amending Law of Income Tax Law, in the amount of JD 34.2 million, or 52.0 percent, to reach JD 100.0 million, and the increase in the proceeds of “income taxes from individuals” by JD 11.4 million, or 5.1 percent, to reach JD 235.2 million. Moreover, the proceeds of “income taxes from companies and projects” increased by JD 30.2 million, or 4.2 percent, to account for 69.0 percent of total proceeds of income and profits taxes, amounting to JD 745.2 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 48.1 million, or 20.9 percent, to reach JD 277.9 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 21.7 million, or 64.8 percent, to reach JD 55.2 million.



#### ● Non-Tax Revenues

- “Other revenues” increased by JD 380.8 million, or 37.6 percent, during the first ten months of 2021 to reach JD 1,392.8 million. This increase was chiefly due to the following:



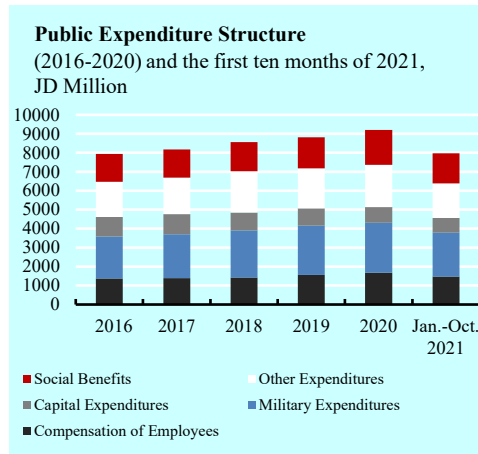
- An increase in revenues from selling goods and services by JD 196.0 million to reach JD 694.9 million.
- An increase in the property income by JD 97.3 million to stand at JD 297.7 million (of which financial surplus of independent government units amounted to JD 279.6 million against JD 181.9 million during the same period of 2020).
- An increase in miscellaneous revenues by JD 87.4 million to stand at JD 400.2 million.
- Pension contributions increased by JD 0.2 million, during the first ten months of 2021, standing at JD 6.2 million.

◆ **Foreign Grants**

Foreign grants decreased by JD 132.1 million, or 18.7 percent, during the first ten months of 2021, standing at JD 573.7 million, compared to JD 705.8 million during the same period of 2020.

■ **Public Expenditures**

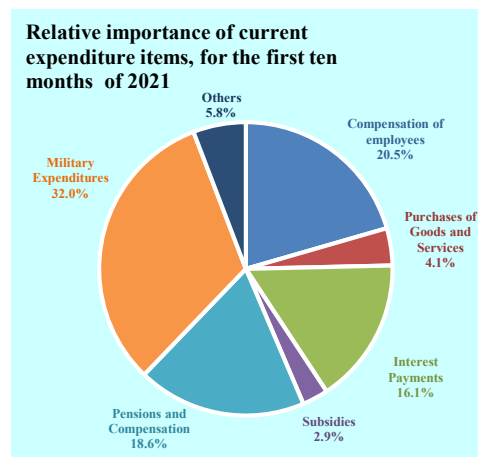
Public expenditures increased by JD 152.6 million, or 20.5 percent, in October 2021 compared to the same month in 2020, to stand at JD 898.5 million. As for the first ten months of 2021, public expenditures increased by JD 605.9 million, or 8.2 percent, compared to the same period in 2020 to stand at JD 7,981.4 million. This increase was a result of the rise in capital expenditures by 62.4 percent, and in current expenditures by 4.5 percent.



### ◆ Current Expenditures

Current expenditures went up by JD 308.9 million, or 4.5 percent, during the first ten months of 2021, to reach JD 7,208.2 million (90.3 percent of public expenditures). Because of the increase in domestic revenues at a higher rate than current expenditures, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased by 10.2 percentage point, to reach to 85.0 percent compared to 74.8 percent during the first ten months of 2020. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 117.7 million, to reach JD 1,479.8 million.
- An increase in interest payments (commitment basis) by JD 100.4 million, to stand at JD 1,160.2 million.
- An increase in military expenditures by JD 88.6 million, to total JD 2,306.9 million.
- An increase in the purchases of goods and services by JD 57.3 million, to reach JD 295.8 million.
- An increase in pensions and compensation by JD 15.2 million, to stand at JD 1,340.4 million.
- A decrease in subsidies by JD 59.9 million, to stand at JD 206.2 million.

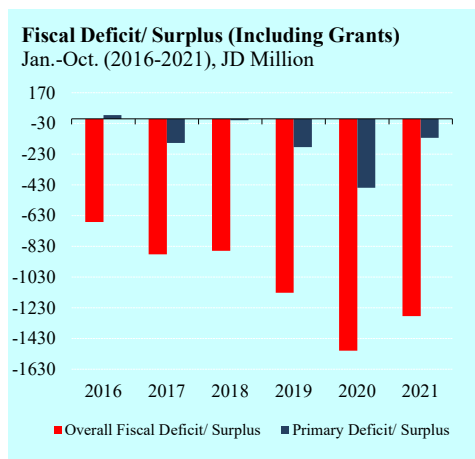


### ◆ Capital Expenditures

Capital expenditures increased by JD 297.0 million, or 62.4 percent, during the first ten months of 2021 compared to same period of 2020, to reach JD 773.2 million.

### ■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 225.1 million, during the first ten months of 2021, to reach JD 1,283.8 million (4.9 percent of GDP), compared to a fiscal deficit of JD 1,508.9 million (5.8 percent of



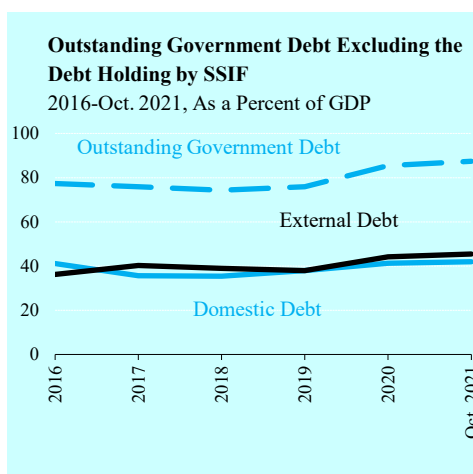
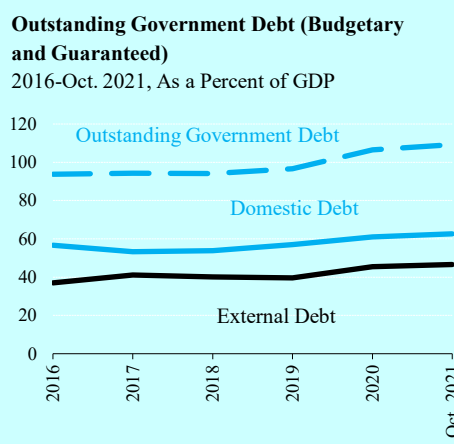
GDP), in the same period of 2020. When foreign grants are excluded, the general budget deficit increases to reach JD 1,857.5 million (7.1 percent of GDP), compared to a fiscal deficit of JD 2,214.7 million (8.6 percent of GDP) in the same period of 2020.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 697.3 million (2.6 percent of GDP) in the first ten months of 2021, against a primary deficit of JD 1,154.9 million (4.5 percent of GDP) in the same period of 2020. When foreign grants are including, the primary deficit of the general budget reached JD 123.6 million (0.5 percent of GDP), compared to a primary deficit of JD 449.1 million (1.7 percent of GDP) in the same period of 2020.

### □ Outstanding Government Debt

■ Government domestic debt (budgetary and guaranteed) increased by JD 1,081.0 million, at the end of October 2021 compared to its level at the end of 2020, to stand at JD 20,014.7 million (62.6 percent of GDP compared to 61.0 percent of GDP at the end of 2020). This increase was an outcome of the rise in the domestic debt of the budget by JD 1,238.0 million, and the decrease in the domestic debt of guaranteed by JD 157.1 million, compared to their levels at the end of 2020, standing at JD 17,732.7 million and JD 2,282.0 million, respectively.

■ When excluding the domestic debt holding by the Social Security Investment Fund (SSIF), the government domestic debt (budgetary and guaranteed) increased by JD 623.4 million, at the end of October 2021 compared to its level at the end of 2020, to stand at JD 13,407.4 million (42.0 percent of GDP).



- Outstanding external debt (budget and guaranteed) went up by JD 794.3 million at the end of October 2021, compared to its level at the end of 2020, to reach JD 14,892.6 million (46.6 percent of GDP compared to 45.5 percent of GDP at the end of 2020). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 70.7 percent of the total external debt, and the debt in Euro accounted for 12.4 percent. However, the SDR accounted for 7.0 percent, Kuwaiti Dinar (4.1 percent), Japanese Yen (3.7 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 807.8 million, at the end of October 2021 compared to its level at the end of 2020, to stand at JD 14,523.0 million (45.4 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 1,875.3 million at the end of October 2021 to reach JD 34,907.3 million (109.2 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 27,930.4 million (87.4 percent of GDP), compared to JD 26,499.3 million at the end of 2020 (85.4 percent of GDP).
- External debt service (budget and guaranteed) increased by JD 23.2 million during the first ten months of 2021 compared to the same period of 2020, to reach JD 1,687.4 million (including principal payments of JD 1,305.7 million and interest of JD 381.8 million).

## □ Fiscal and Price Measures of 2022

### ◆ January

- The Oil Derivatives Pricing Committee decided to raise some prices of oil derivatives, and reduce the price of fuel oil, all kinds of fuel for airplanes and asphalt, while maintaining the price of liquid gas cylinder for households, kerosene and gas oil (diesel) unchanged, as follows:

**Development of Oil Derivatives Prices**

	Unit	2021	2022	Percentage Change
		December	January	
Unleaded Gasoline 90	Fils/ Liter	835	850	1.8
Unleaded Gasoline 95	Fils/ Liter	1,070	1,085	1.4
Unleaded Gasoline 98	Fils/ Liter	1,220	1,235	1.2
Gas Oil (Diesel)	Fils/ Liter	615	615	0.0
Kerosene	Fils/ Liter	615	615	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	443.0	417.2	-5.8
Fuel for airplanes (local companies)	Fils/ Liter	512	484	-5.5
Fuel for airplanes (foreign companies)	Fils/ Liter	517	489	-5.4
Fuel for unplanned flights	Fils/ Liter	532	504	-5.3
Asphalt	JD/ Ton	437.9	412.1	-5.9

Source: Jordan Petroleum Refinery Company (1/1/2022).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2022.

- The expiry of the Cabinet decides taken in July 2018, according to which the special tax imposed on cars that partially operate on electricity (hybrid) was reduced and raised gradually during the period (2018-2021), to become the special tax imposed on it 55 percent, as of 1/1/2022.
- Issuing the amending by-law for the year 2022 for the work permit fees to non-Jordanian workers, in which a fee for issuing or renewing a work permit for one year or part of the year shall be collected from the employer JD 350, for every worker in all sectors and economic activities, except the following:
  - Collect JD 225 for each worker with institutions and companies operating in the clothing and textile industry sector registered in the Investment Commission in development zones.
  - Collect JD 800 for each worker from Day laborers for a free permit in the agricultural sector, or construction sector, or loading and unloading sector, or whoever the Minister of Labor decides to consider them in this category.
  - Collect a fee for issuing or renewing a work permit for each worker with specialized skills in excess of the numbers or percentages of expatriate workers allowed, as following:
    - JD 2,150 for issuance of a work permit for a period of one year.
    - JD 1,250 for issuance of a work permit for a period of six months.
    - JD 645 for issuance of a work permit for a period of three months.

**□ Fiscal and Price Measures of 2021****◆ December**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for December 2021.
- The Cabinet decided to extend the previous decision related to exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/3/2022.

**◆ November**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for November 2021.

**◆ October**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for October 2021.

**◆ September**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for September 2021.
- Approving a supplementary law for the General Budget Law for the year 2021, which included an additional foreign grant in the amount of JD 263 million (exceptional grant from USA), to cover the costs of the stimulus and mitigating measures announced by the government earlier, to confront the repercussions of the COVID-19 pandemic. It was distributed at JD 78.5 million to cover current expenditures, and JD 184.5 million to cover capital expenditures.



### ◆ August

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for August 2021.

### ◆ July

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2021.
- The Cabinet decided to reduce the general sales tax on paper and cardboard used in the manufacture of eggs dishes, and cartons that are remanufacture or recycled and used for the manufacture of egg dishes, and egg cartons, to be subject to reduced tax rate of 4 percent.

### ◆ June

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2021.
- The Prime Minister issued a defense order to set an upper limit for the costs of transporting imported goods to the place of their entry for the purpose of determining the customs value of goods imported into the Kingdom, starting from 1/7/2021 until 31/12/2021, as follows:

Source goods	Maximum Dollar freight rates, for a 20-foot container	Maximum Dollar freight rates, for a 40-foot container
East Asia and the Far East	2,000	4,000
Europe	1,500	3,000
USA	1,700	3,400

- The Cabinet decided to exempt Jordanians participating in the "Our Jordan is a Paradise" program from entry fees to archaeological and tourist sites until 31/12/2021.
- The Cabinet decided to extend the previous decision regarding exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/12/2021.

**◆ May**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2021.

**◆ April**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for April 2021.

**◆ March**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for March 2021.
- Launching a stimulus and mitigating package for various economic sectors and citizens, until the end of this year, to confront the repercussions of the COVID-19 pandemic, in the amount of JD 448 million (1.4 percent of GDP), distributed by JD 423 million from the Ministry of Finance, and JD 25 million from the Social Security Institution.

**◆ February**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2021.

**◆ January**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2021.
- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 45 percent, starting from 1/1/2021.
- The Cabinet decided to reduce fees for work permits for non-Jordanian workers working in the agricultural and bakery sectors by JD 200 out of JD 400 for three months from the date of the decision.

**□ Grants, Loans and Other Agreements for 2021****◆ December**

- Signing a four development grant agreements, in the amount of EUR 86 million, provided by the German government and the EU through the German Development Bank (KfW) to support the water and sanitation and educational sectors.
- Signing a soft loan agreement, in the amount of EUR 70 million, provided by the European Investment Bank (EIB), to improve the efficiency of the water resources in the Jordan Valley, provide water for domestic and industrial uses, reduce water loss and provide safe drinking water in Amman and Irbid.

- Signing a grant agreement in the amount of USD 990 thousand, provided by the Italian government, to implement a sustainable production project, which will make use of natural agricultural resources in Maan.
- Signing a two grant and aid agreements in the amount of USD 597 million, provided by the USA, as part of US economic assistance to Jordan for the 2021 fiscal year that totals \$1.2 billion.
- Signing the first phase of a soft loan agreement, in the amount of EUR 50 million, provided by the German Development Bank (KfW) to finance a project to build new public schools as part of the government economic priority programme for 2021-2023.

**◆ November**

- Signing a memorandum of understanding between the government of Japan and Jordan, under which the Japan International Cooperation Agency (JICA) provide a loan in the amount of a USD 100 million, to support the general budget, combat economic and development challenges facing the kingdom, as well as enhance social protection.
- Signing an agreement to finance a soft loan, in the amount of EUR 30 million, provided by the European Bank for Reconstruction and Development (EBRD), to cover the construction of a new wastewater treatment plant in Al Ghabawi region.
- Signing a two development aid agreements, in the amount of USD 80 million, provided by the Kuwait Fund for Arab Economic Development, to support the government's development efforts achieving its strategic goals in the field of energy, as well as supporting the Jordanian response plan for the Syrian crisis in the health sector.

**◆ August**

- Signing a grant agreement provided by the Qatar Fund for Development (QFD), in the amount of USD 6.7 million, to develop and strengthen the education sector by enhancing young people's educational capacities.

**◆ July**

- Signing a three financing agreements provided by the World Bank (WB), in the amount of USD 853.8 million, to support the government's efforts in the field of social protection, implement the agenda of economic reforms and restore the economy by supporting programs that support the continuity of employment opportunities and job creation in the private sector, in addition to the improvement of the environment business and investment.
- Signing a grant agreement to provide COVID-19 vaccines provided by Qatar Charity, in the amount of QAR 10 million, to support the Kingdom's COVID-19 vaccination efforts for citizens and Syrian refugees.
- Signing a four development aid agreements provided by the German Development Bank (KfW), in the amount of EUR 89 million, including EUR 15 million grants and EUR 74 million soft loans, to support priority development projects in the water and environment sectors.

**◆ May**

- Signing an assistance agreement (grants and loans) provided by the Italy governments, in the amount of EUR 235.0 million, this agreement within the Indicative Country Program to Jordan for the period (2021-2023), as follows:

- EUR 30 million grant to finance development projects for local communities hosting Syrian refugees.
- EUR 20 million arrangements for a debt- for-development swap to finance projects that promote inclusive and sustainable development.
- EUR 185 million soft loans, of which EUR 50 million were allocated for the national water conveyance project, EUR 85 million to support the health sector, and EUR 50 million to support the agricultural sector.

**◆ April**

- Signing a grant agreement provided by the Japanese governments, in the amount of USD 4.8 million, to support and implement the third phase of a project to enhance security protection at border areas.

**◆ January**

- Signing a grant agreement provided by the Japan government in the amount of USD 22.9 million, to support and implement a renovation project to the Zay station that provides drinking water to Amman and Balqa.
- Signing a soft loan agreement provided by the European Investment Bank (EIB), in the amount of USD 59 million, to support the public health sector in responding to the repercussions of the COVID-19 pandemic.

## Fourth: External Sector

### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 37.7 percent in October 2021, compared to the same month of 2020 to reach JD 611.3 million. As for the first ten months of 2021, total exports increased by 15.9 percent, compared to the same period of 2020 to reach JD 5,330.5 million.
- **Merchandize imports** increased by 46.0 percent in October 2021, compared to the same month of 2020 to reach JD 1,496.3 million. As for the first ten months of 2021, imports increased by 23.8 percent, compared to the same period of 2020 to reach JD 12,391.0 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 52.4 percent in October 2021 compared to the same month of 2020; standing at JD 885.0 million. As for the first ten months of 2021, the trade balance increased by 30.5 percent, compared to the same period of 2020 to reach JD 7,060.5 million.
- **Travel receipts** increased by 78.5 percent during the first eleven months of 2021, to register JD 1,692.3 million, compared to the same period of 2020. While, travel payments increased by 131.3 percent, to register JD 581.7 million, compared to the same period of 2020.
- **Total workers' remittances receipts** increased by 1.1 percent during the first eleven months of 2021, compared to the same period of 2020 to reach JD 2,199.9 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,835.5 million (12.1 percent of GDP) during the first three quarters of 2021, compared to a deficit of JD 1,775.5 million (7.8 percent of GDP) during the same period of 2020. Meanwhile, the current account deficit excluding grants increased to reach 14.8 percent of GDP, compared with 11.0 percent of GDP during the same period of 2020.
- **Direct investment** recorded inflow of JD 269.4 million during the first three quarters of 2021, compared to inflow of JD 398.9 million during the same period of 2020.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 34,571.6 million at the end of the third quarter of 2021, compared to a net obligation of JD 33,685.0 million at the end of 2020.

#### □ External Trade

- As a result of the increase in domestic exports by JD 743.0 million and the increase in imports by JD 2,380.9 million during the first ten months of 2021, the volume of external trade (domestic exports *plus* imports) increased by JD 3,123.9 million to stand at JD 17,239.0 million compared to the same period of 2020.

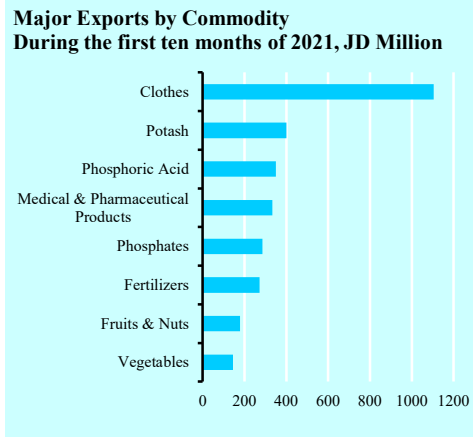
Jordan's Major Trading Partners			
JD Million			
January – October			
	2020	2021	Percentage Change
<b>Exports</b>			
USA	1,009.4	1,271.0	25.9
India	428.1	670.8	56.7
Saudi Arabia	484.0	621.4	28.4
Iraq	368.6	335.1	-9.1
UAE	144.5	132.2	-8.5
Kuwait	136.9	131.5	-3.9
Indonesia	71.5	108.0	51.0
<b>Imports</b>			
Saudi Arabia	1,289.6	1,824.3	41.5
China	1,563.6	1,769.9	13.2
UAE	380.2	782.8	105.9
USA	791.4	779.1	-1.6
Germany	408.0	448.2	9.9
Egypt	345.9	426.8	23.4
Turkey	314.0	408.0	29.9
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
January – October				
	2020	Percentage Change (%)	2021	Percentage Change (%)
External Trade	14,115.1	-9.4	17,239.0	22.1
Total Exports	4,597.9	-5.9	5,330.5	15.9
Domestic Exports	4,105.0	-0.8	4,848.0	18.1
Re-exports	492.9	-33.9	482.5	-2.1
Imports	10,010.1	-12.5	12,391.0	23.8
Trade Balance	-5,412.2	-17.5	-7,060.5	30.5
Source: Department of Statistics.				



### ■ Merchandize Exports:

Total merchandize exports increased by 15.9 percent during the first ten months of 2021, to reach JD 5,330.5 million. This increase was an outcome of the increase in domestic exports by JD 743.0 million, or 18.1 percent to reach JD 4,848.0 million and a decrease in re-exports by JD 10.4 million, or 2.1 percent to reach JD 482.5 million.



### ◆ The developments of domestic exports during the first ten months of 2021 compared with the same period of 2020 reveals the following:

- Exports of **Phosphoric Acid** increased by JD 232.0 million, or 195.8 percent, to reach JD 350.5 million. The markets of India and Turkey accounted for 95.5 percent of these exports.
- Exports of **Clothes** increased by JD 129.7 million or 13.3 percent to reach JD 1,103.9 million. It is worth noting that the USA market accounted for 85.3 percent of these exports.
- Exports of **Phosphates** increased by JD 89.3 million, or 45.4 percent, to stand at JD 286.2 million. The markets of India, Indonesia and Brazil accounted for 96.9 percent of these exports.

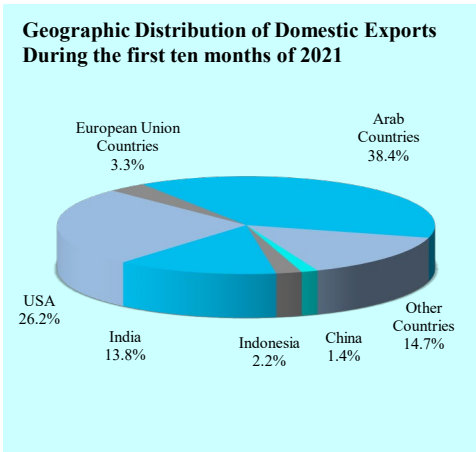
- Exports of “**Fruits & Nuts**” increased by JD 86.3 million, or 93.1 percent, to reach JD 179.0 million. Saudi Arabia, Iraq, Kuwait, Qatar and the UAE were the main destination markets; accounting for 76.8 percent of these exports.
- Exports of **Potash** increased by JD 71.5 million or 21.7 percent, to stand at JD 400.3 million. It is worth noting that India, Indonesia, China and Brazil accounted for 55.3 percent these exports.
- Exports of **Fertilizers** increased by JD 69.0 million or 34.1 percent to stand at JD 271.5 million. The USA, India and Brazil were the main destination markets for these exports, accounting for 78.6 percent.

**Major Domestic Exports by Commodity, JD Million  
January – October 2020-2021**

	2020	2021	Percentage Change
<b>Domestic Exports</b>	<b>4,105.0</b>	<b>4,848.0</b>	<b>18.1</b>
<b>Clothes</b>	<b>974.2</b>	<b>1,103.9</b>	<b>13.3</b>
USA	860.1	941.4	9.5
<b>Potash</b>	<b>328.8</b>	<b>400.3</b>	<b>21.7</b>
India	82.4	79.2	-3.9
Indonesia	21.7	49.1	126.3
China	91.7	47.0	-48.7
Brazil	18.8	46.1	145.2
<b>Phosphoric Acid</b>	<b>118.5</b>	<b>350.5</b>	<b>195.8</b>
India	98.4	315.8	220.9
Turkey	0.0	18.8	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>335.9</b>	<b>332.8</b>	<b>-0.9</b>
Saudi Arabia	77.3	70.3	-9.1
Iraq	58.9	57.9	-1.7
Algeria	35.3	32.4	-8.2
UAE	23.4	27.6	17.9
<b>Phosphates</b>	<b>196.9</b>	<b>286.2</b>	<b>45.4</b>
India	129.4	206.5	59.6
Indonesia	49.3	57.4	16.4
Brazil	9.2	13.5	46.7
<b>Fertilizers</b>	<b>202.5</b>	<b>271.5</b>	<b>34.1</b>
USA	7.1	151.6	-
India	108.6	38.8	-64.3
Brazil	0.0	23.0	-
<b>Fruit &amp; Nuts</b>	<b>92.7</b>	<b>179.0</b>	<b>93.1</b>
Saudi Arabia	27.2	62.2	128.7
Iraq	24.3	26.8	10.3
Kuwait	10.5	19.6	86.7
Qatar	3.3	15.6	372.7
UAE	7.0	13.2	88.6
<b>Vegetables</b>	<b>152.2</b>	<b>144.9</b>	<b>-4.8</b>
Saudi Arabia	45.1	44.0	-2.4
Kuwait	33.2	31.9	-3.9
UAE	17.2	15.2	-11.6

Source: Department of Statistics.

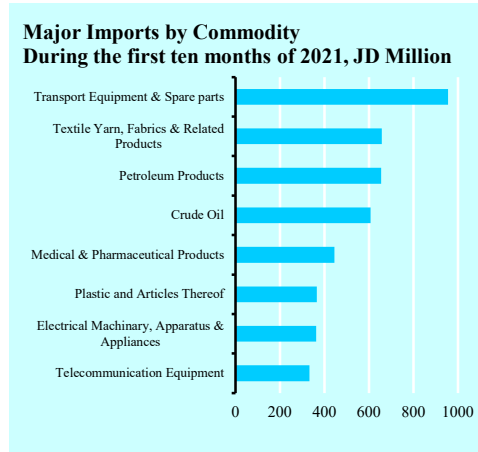
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, “Phosphoric Acid”,



“Medical & Pharmaceutical Products”, Phosphates, Fertilizers, “Fruits & Nuts”, and Vegetables topped the list of domestic exports during the first ten months of 2021; accounting for 63.3 percent, compared with 58.5 percent during the same period of 2020. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Kuwait and Indonesia were the main destination markets during the first ten months of 2021; accounting for 67.5 percent, compared with 64.4 percent during the same period of 2020.

■ **Merchandize Imports:**

Merchandize imports increased by 23.8 percent to reach JD 12,391.0 million during the first ten months of 2021, compared to a decrease by 12.5 percent during the same period of 2020.



◆ **The developments of imports during the first ten months of 2021 compared with the same period of 2020 reveals the following:**

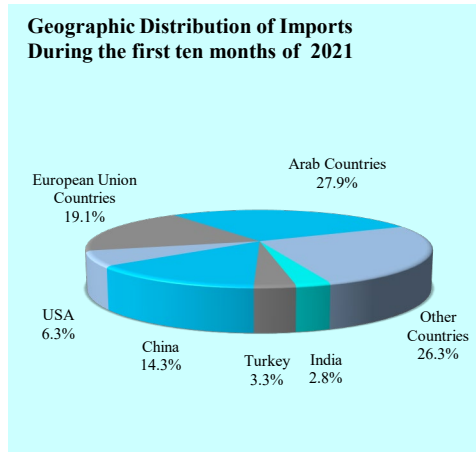
- **Crude oil** imports increased by JD 231.4 million, or 61.5 percent, to reach JD 607.7 million. Saudi Arabia and Iraq was the main origin market accounting for 100.0 percent of these imports.
- **Petroleum products** imports increased by JD 190.4 million or 41.0 percent to stand at JD 654.9 million. Saudi Arabia and the UAE were the main markets, accounting for 81.3 percent of these imports.
- **Transport equipment & spare parts** imports increased by JD 142.6 million or 17.5 percent to reach JD 956.3 million. The South Korea, the USA, Japan and Germany were the main origin markets, accounting for 65.7 percent of these imports.

- **Textile yarn, fabrics and related products** imports increased by JD 132.6 million, or 25.2 percent, to reach JD 658.1 million. China, Taiwan and Turkey were the main markets accounting for 76.3 percent of these imports.
- **Plastic and Articles Thereof** imports increased by JD 79.7 million or 27.9 percent, to reach JD 365.0 million. Saudi Arabia, China and the UAE were the main markets, accounting for 71.8 percent of these imports.
- **Electrical Machinery, Apparatus & Appliances** imports increased by JD 70.6 million or 24.1 percent to reach JD 363.2 million. China, Turkey and Italy were the main origin markets accounting for 51.4 percent of these imports.

<b>Major Imports by Commodity, JD Million</b>			
<b>January - October 2020-2021</b>			
	<b>2020</b>	<b>2021</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>10,010.1</b>	<b>12,391.0</b>	<b>23.8</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>813.7</b>	<b>956.3</b>	<b>17.5</b>
South Korea	141.9	185.6	30.8
USA	184.3	177.7	-3.6
Japan	121.9	141.5	16.1
Germany	100.9	123.8	22.7
<b>Textile Yarn, Fabrics and Related Products</b>	<b>525.5</b>	<b>658.1</b>	<b>25.2</b>
China	247.0	304.0	23.1
Taiwan	100.4	132.1	31.6
Turkey	43.5	66.3	52.4
<b>Petroleum Products</b>	<b>464.5</b>	<b>654.9</b>	<b>41.0</b>
Saudi Arabia	319.7	404.0	26.4
UAE	42.8	128.3	199.8
<b>Crude Oil</b>	<b>376.3</b>	<b>607.7</b>	<b>61.5</b>
Saudi Arabia	339.7	581.4	71.2
Iraq	36.6	26.3	-28.1
<b>Medical &amp; Pharmaceutical Products</b>	<b>395.6</b>	<b>445.5</b>	<b>12.6</b>
Germany	55.6	62.4	12.2
Belgium	15.5	44.2	185.2
USA	42.7	39.8	-6.8
<b>Plastic and Articles Thereof</b>	<b>285.3</b>	<b>365.0</b>	<b>27.9</b>
Saudi Arabia	139.0	202.8	45.9
China	25.1	34.4	37.1
UAE	19.7	25.0	26.9
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>292.6</b>	<b>363.2</b>	<b>24.1</b>
China	103.3	137.4	33.0
Turkey	14.5	26.0	79.3
Italy	17.5	23.3	33.1
<b>Telecommunication Equipmnt</b>	<b>340.1</b>	<b>332.5</b>	<b>-2.2</b>
China	255.4	236.6	-7.4
Vietnam	42.7	47.5	11.2
India	10.8	13.5	25.0

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, “Textile Yarn, Fabrics and Related Products”, Petroleum Products, Crude Oil, “Medical & Pharmaceutical Products”, “Plastic and Articles Thereof”, “Electrical Machinery, Apparatus & Appliances” and “Telecommunication Equipment”, topped the list of imports during the first ten months of 2021, accounting for 35.4 percent, compared with 34.9 percent during the same period of 2020. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the UAE, the USA, Germany, Egypt and Turkey were the main source markets during the first ten months of 2021; accounting for 52.0 percent of imports, compared to 50.9 percent during the same period of 2020.



#### ■ Re-Exports

The value of re-exported goods in October 2021 increased by JD 8.1 million, or 21.0 percent, compared to the same month of 2020, to stand at JD 46.7 million. As for the first ten months of 2021, the re-exported goods decreased by JD 10.4 million, or 2.1 percent, compared to the same period of 2020, to stand at JD 482.5 million.

#### ■ Trade Balance

The trade balance deficit increased by JD 304.2 million, or 52.4 percent in October 2021 compared to the same month of 2020, to reach JD 885.0 million. As for the first ten months of 2021, trade balance deficit increased by JD 1,648.3 million, or 30.5 percent, compared to the same period of 2020, to stand at JD 7,060.5 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during the first eleven months of 2021 by JD 23.6 million, or 1.1 percent to stand at 2,199.9 million, compared to the same period of 2020.

### □ Travel

#### ■ Receipts

Travel receipts increased by 78.5 percent during the first eleven months of 2021, to register JD 1,692.3 million, compared to the same period of 2020.

#### ■ Payments

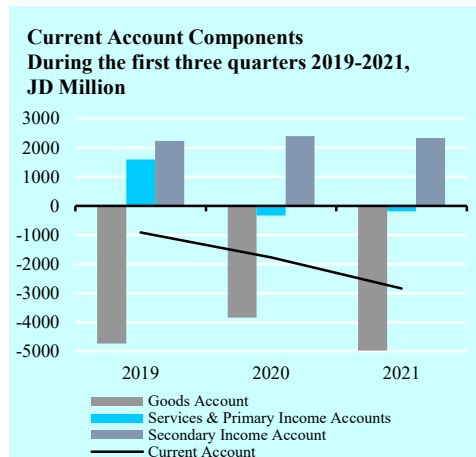
Travel payments increased by 131.3 percent during the first eleven months of 2021, to register JD 581.7 million, compared to the same period of 2020.

### □ Balance of Payments

The preliminary data for the balance of payments during the first three quarters of 2021 reveals the following:

- The current account recorded a deficit of JD 2,835.5 million (12.1 percent of GDP), compared to a deficit of JD 1,775.5 million (7.8 percent of GDP) during the same period of 2020. Meanwhile, the current account deficit (excluding grants) increased to reach JD 3,482.5 million (14.8 percent of GDP), compared to a deficit of JD 2,496.1 million (11.0 percent of GDP) during the same period of 2020. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 1,136.8 million, or 29.6 percent, to reach JD 4,975.0 million, compared to a deficit of JD 3,838.2 million during the same period of 2020.



- ◆ The services account recorded a deficit of JD 49.8 million, compared to a deficit of JD 275.3 million during the same period of 2020.
- ◆ An increase in the primary income account deficit to reach JD 140.6 million, compared to a deficit of JD 55.6 million during the same period of 2020. This was mainly due to the increase in the deficit of investment income (net) to reach JD 287.9 million, compared to deficit of JD 207.6 million, and the decrease in the surplus of “compensation of employees (net)” by JD 4.7 million to reach JD 147.3 million.
- A decrease in the secondary income account net surplus by JD 63.7 million to reach JD 2,329.9 million, compared to a net surplus of JD 2,393.6 million during the same period of 2020. This was a result of the decrease in the net transfers of the public sector (foreign grants) by JD 73.6 million to reach JD 647.0 million, and the increase in net surplus of other sectors transfers (net) by JD 9.9 million to reach JD 1,682.9 million.



- As for the capital and financial transactions during the first three quarters of 2021, the capital account registered a net inflow of JD 12.9 million, compared to an identical net inflow during the same period of 2020. Meanwhile, the financial account registered a net inflow of JD 772.6 million during the first three quarters of 2021, compared to a net inflow of JD 1,645.3 million during the same period of 2020, this could be attributed to the following:
  - ◆ Direct investment recorded inflow of JD 269.4 million compared to inflow of JD 398.9 million.
  - ◆ Portfolio investment recorded a net outflow of JD 115.1 million compared to a net inflow of JD 1,191.5 million.
  - ◆ Other investment registered a net inflow of JD 1,615.7 million, compared to a net inflow of JD 1,535.7 million.
  - ◆ Reserve assets of the CBJ registered an increase by JD 988.5 million, compared to an increase by JD 1,468.5 million.

#### □ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 34,571.6 million at the end of the third quarter of 2021, compared to JD 33,685.0 million at the end of 2020. This was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all residing economic sectors in the Kingdom by JD 720.7 million at the end of the third quarter of 2021 to reach JD 20,993.8 million. This was mainly due to the increase in the CBJ's reserve asset by JD 680.9 million, and the increase of licensed bank loan's to abroad by JD 36.0 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 1,607.3 million at the end of the third quarter of 2021, to reach JD 55,565.4 million compared to its level at the end of 2020. This was due to the following developments:
  - ◆ An increase in the deposits of non-residents at the banking sector by JD 384.8 million or 3.7 percent to stand at JD 10,841.4 million (increase by JD 538.9 million for the licensed banks, and a decrease by JD 154.1 million for the CBJ).
  - ◆ An increase in the stock of net foreign direct investment in the kingdom by JD 344.3 million or 1.3 percent, to stand at JD 26,293.1 million.
  - ◆ An increase of SDR's allocation by JD 326.5 million, or 197.3 percent, to stand at JD 492.0 million.
  - ◆ An increase of government long term loans by JD 317.0 million, or 5.5 percent, to stand at JD 6,052.8 million.
  - ◆ An increase in the balance of the international monetary fund credit facilities by JD 119.5 million, or 16.2 percent, to reach JD 856.2 million.
  - ◆ An increase of trade credits to residents in the kingdom by JD 77.8 million, or 12.4 percent, to stand at JD 704.0 million.
  - ◆ An increase of banks short-term loans by JD 63.3 million, or 15.2 percent, to stand at JD 480.4 million.
  - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 140.9 million, or 2.0 percent, to stand at JD 7,061.7 million.