



Central Bank of Jordan

Recent Monetary & Economic Developments in Jordan

**Research Dept / Monthly Report
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Central Bank of Jordan

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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

Loyalty	:	Commitment, responsibility, and dedication to the institution, its staff and clients.
Integrity	:	Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers.
Excellence	:	To make a difference in the quality of services provided in accordance with international standards and practices.
Continuous Learning	:	Aspiring to continuously improve professional and academic levels in accordance with international best practices.
Involvement	:	Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency.
Transparency	:	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 declined by 1.5 percent during the first three quarters of 2020, compared to a growth rate of 1.9 percent during the same period of 2019. The general price level, measured by the percentage change in the Consumer Price Index (CPI) declined during January 2021 by 0.3 percent, compared to a rise of 1.7 percent during the same month of 2020. Furthermore, the unemployment rate increased during the fourth quarter of 2020 to stand at 24.7 percent, compared to 19.0 percent during the same quarter of 2019.

□ Monetary and Financial Sector

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 15,653.5 million at the end of January 2021. This level of reserves covers around 9.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 37,227.5 million at the end of January 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 28,782.6 million at the end of January 2021, compared to JD 28,634.6 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 36,967.1 million at the end of January 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 1,726.8 points at the end of January 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 1,767.3 million (-6.2 percent of GDP) during the first eleven months of 2020, comparing to a fiscal deficit of JD 1,288.7 million (-4.4 percent of GDP) during the same period of 2019. Government domestic debt (budgetary and guaranteed) increased by JD 1,140.4 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 18,878.4 million (60.4 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 12,768.7 million (40.8 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 1,670.7 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 14,008.9 million (44.8 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 13,625.8 million (43.6 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 32,887.3 million at the end of November 2020 (105.1 percent of GDP), compared to JD 30,076.2 million (95.2 percent of GDP) at the end of 2019. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 26,394.5 million (84.4 percent of GDP compared to 75.8 percent of GDP at the end of 2019).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) decreased by 4.5 percent during 2020 to reach JD 5,639.7 million. Meanwhile, merchandize imports decreased by 11.3 percent to reach JD 12,077.8 million. As a result, the trade balance deficit decreased by 16.5 percent compared to 2019, to reach JD 6,438.1 million. The preliminary data for 2020 showed a decrease in travel receipts by 75.7 percent and a decrease in travel payments by 73.9 percent compared to 2019. Moreover, total workers' remittances receipts decreased by 9.1 percent in 2020 compared to 2019. The preliminary data for the balance of payments during the first three quarters of 2020 displayed a deficit in the current account amounted to JD 1,714.9 million (7.5 percent of GDP) compared to a deficit of JD 910.8 million (3.9 percent of GDP) during the first three quarters of 2019. Meanwhile, the current account deficit excluding grants increased to reach 10.5 percent of GDP compared with 5.3 percent of GDP during the first three quarters of 2019. Moreover, net direct investment recorded a net inflow of JD 389.9 million during the first three quarters of 2020 compared to a net inflow of JD 397.1 million during the first three quarters of 2019. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 33,789.1 million at the end of third quarter of 2020 up from JD 32,372.6 million at the end of 2019.

First: Monetary and Financial Sector

□ Summary

- The CBJ's gross foreign reserves (including gold and SDRs) amounted to US\$ 15,653.5 million at the end of January 2021. This level of reserves covers around 9.0 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 37,227.5 million at the end of January 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 28,782.6 million at the end of January 2021, compared to JD 28,634.6 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 36,967.1 million at the end of January 2021, compared to JD 36,789.1 million at the end of 2020.
- At the end of January 2021, both credit and deposit interest rates at licensed banks declined, except interest rates on demand deposits which had increased, compared to their levels at the end of 2020.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 1,726.8 points at the end of January 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 13,351.4 million at the end of January 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

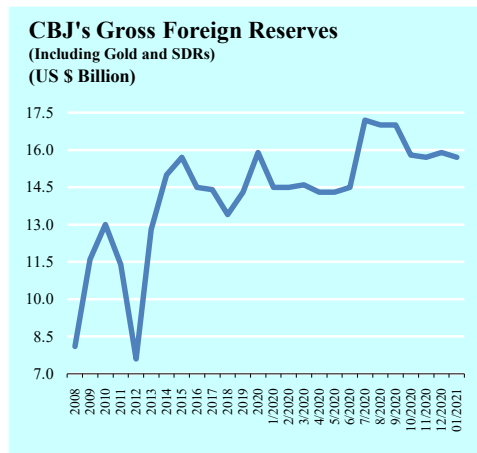
		End of January	
2020		2020	2021
US\$ 15,919.7	CBJ's Foreign Reserves*	US\$ 14,459.4	US\$ 15,653.5
11.1%		0.9%	-1.7%
37,011.9	Money Supply (M2)	34,971.4	37,227.5
5.8%		0.0%	0.6%
28,634.6	Credit Facilities, of which:	27,235.3	28,782.6
5.7%		0.6%	0.5%
25,521.9	Private Sector (Resident)	24,126.0	25,610.4
6.3%		0.5%	0.3%
36,789.1	Total Deposits, of which:	35,340.7	36,967.1
4.2%		0.1%	0.5%
28,233.9	In JD	27,041.3	28,389.5
4.2%		-0.2%	0.6%
8,555.2	In Foreign Currencies	8,299.4	8,577.6
4.4%		1.2%	0.3%
28,851.1	Deposits of Private Sector (Resident), of which:	28,439.2	29,052.6
2.0%		0.5%	0.7%
22,708.6	In JD	22,221.1	22,877.6
2.6%		0.4%	0.7%
6,142.5	In Foreign Currencies	6,218.1	6,175.0
-0.3%		0.9%	0.5%

* 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 (including gold and SDRs) amounted to US\$ 15,653.5 million at the end of 2020. This level of reserves covers around 9.0 months of the Kingdom's imports of goods and services.



□ Domestic Liquidity (M2)

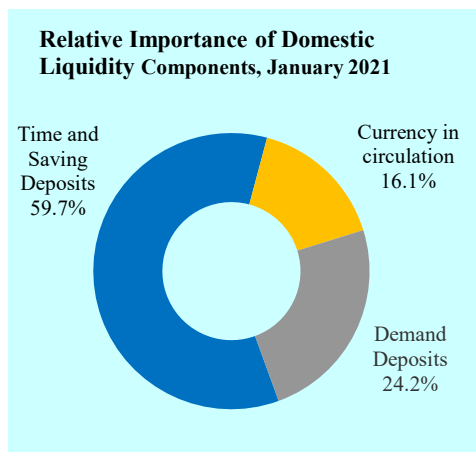
- Domestic liquidity amounted to JD 37.2 billion at the end of January 2021, compared to JD 37.0 billion at the end of 2020.

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

- **Components of Domestic Liquidity**

- Total liquidity deposits amounted to JD 31.3 billion at the end of January 2021, compared to JD 31.1 billion at the end of 2020.

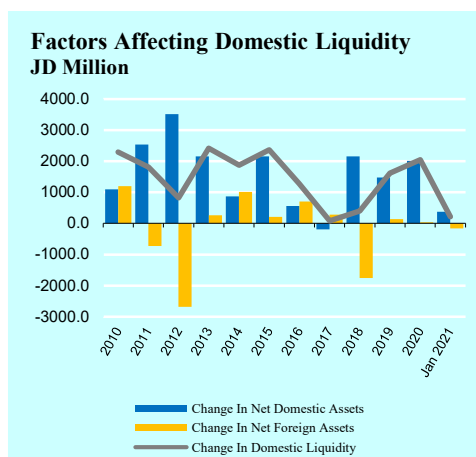
- Currency in circulation amounted to JD 6.0 billion at the end of January 2021, compared to



JD 5.9 billion at the end of 2020.

• Factors Affecting Domestic Liquidity

- Net domestic assets of the banking system amounted to JD 29.8 billion at the end of January 2021,



compared to JD 29.5 billion at the end of 2020.

- Net foreign assets of the banking system amounted to JD 7.4 billion at the end of January 2021. The net foreign assets of the CBJ amounted to JD 10.7 billion at the end of January 2021.

Factors Affecting Domestic Liquidity (M2)
JD Million

		End of January	
2020		2020	2021
7,542.2	Foreign Assets (Net)	7,424.6	7,381.4
10,798.6	CBJ	10,061.5	10,676.2
-3,256.4	Licensed Banks	-2,636.9	-3,294.8
29,469.7	Domestic Assets (Net)	27,546.8	29,846.1
-4,297.3	CBJ, of which:	-4,902.9	-4,082.7
1,026.9	Claims on Public Sector (Net)	370.9	844.6
-5,347.4	Other Items (Net*)	-5,296.4	-4,950.3
33,767.0	Licensed Banks	32,449.7	33,928.8
11,929.9	Claims on Public Sector (Net)	11,268.1	12,213.9
26,234.0	Claims on Private Sector	24,828.2	26,327.9
-4,396.9	Other Items (Net)	-3,646.5	-4,613.1
37,011.9	Money Supply (M2)	34,971.4	37,227.5
5,939.4	Currency in Circulation	4,646.5	5,973.9
31,072.5	Total Deposits, of which:	30,324.9	31,253.6
6,219.6	In Foreign Currencies	6,298.7	6,240.8

* 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:

Interest Rates on Monetary Policy Instruments, percentage points

2020		January	
		2020	2021
2.50	CBJ main rate	4.00	2.50
3.50	Re-discount Rate	5.00	3.50
3.25	Repurchase Agreements Rate (overnight)	4.75	3.25
2.00	Overnight Deposit Window Rate	3.25	2.00
2.50	Repurchase Agreements rate (one week and one month)	4.00	2.50
2.50	Certificates of Deposits (one week)	4.00	2.50

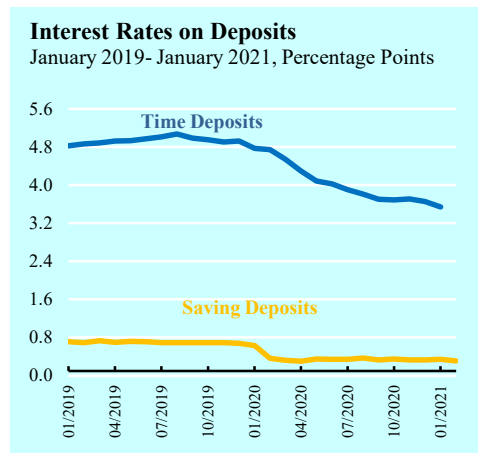
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- 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.
- 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%.

■ Interest Rates in the Banking Sector

◆ Interest Rates on Deposits

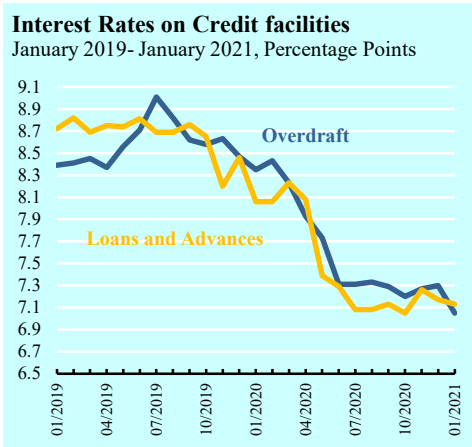
- Time Deposits: The weighted average interest rate on time deposits decreased by 11 basis points at the end of January 2021, compared to its level at the end of 2020, to stand at 3.54 percent.



- Saving Deposits: The weighted average interest rate on saving deposits decreased by 3 basis points at the end of January 2021, compared to its level at the end of 2020, to stand at 0.31 percent.
- Demand Deposits: The weighted average interest rate on demand deposits increased by 3 basis points at the end of January 2021, compared to its level at the end of 2020, to stand at 0.30 percent.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts decreased by 25 basis points at the end of January 2021, compared to its level at the end of 2020, to stand at 7.05 percent.
- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 13 basis points at the end of January 2021, compared to its level at the end of 2020, to stand at 8.38 percent.



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

		January		Change Relative to the Preceding Year Basis Points
2020		2020	2021	
Deposits				
0.27	Demand	0.46	0.30	3
0.34	Saving	0.36	0.31	-3
3.65	Time	4.77	3.54	-11
Credit Facilities				
8.51	Discounted Bills and Bonds	8.66	8.38	-13
7.17	Loans and Advances	8.06	7.13	-4
7.30	Overdraft	8.35	7.05	-25
8.33	Prime Lending Rate	9.33	8.33	0

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- Loans and Advances: The weighted average interest rate on “loans and advances” decreased by 4 basis points at the end of January 2021, compared to its level registered at the end of 2020, to stand at 7.13 percent.
- The prime lending rate stood at 8.33 percent at the end of January 2021, maintaining the same level registered at the end of 2020.

□ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 148.0 million, or 0.5 percent, at the end of January 2021, against an increase by JD 153.1 million, or 0.6 percent during the same month in 2020.
- In terms of borrower sectors, the credit facilities at the end of January 2021 had shown an increase in credit extended to the private sector (resident) by JD 88.5 million, or 0.3 percent, the Central government by JD 23.7 million, or 1.3 percent, the private sector (non-resident) by JD 18.3 million, or 3.0 percent, the public institutions by JD 16.7 million, or 3.0 percent, and the non-banking financial institutions by JD 0.8 million or 0.6 percent, compared to their levels at the end of 2020.

□ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 37.0 billion at the end of January 2021, compared to JD 35.3 billion at the end of January 2020 and JD 36.8 million at the end of 2020.

- The currency composition of deposits at the end of January 2021 revealed that the JD deposits amounted to JD 28.4 billion, and the deposits in foreign currencies amounted to JD 8.6 billion, compared to JD 28.2 billion of JD deposits, and JD 8.6 billion in deposit in foreign currency at the end of 2020.

□ **Amman Stock Exchange (ASE)⁽¹⁾**

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

■ **Trading Volume**

Trading volume at ASE totaled JD 212.1 million in January 2021, compared to JD 105.0 million during the same month in 2020. As for 2020, the trading volume reached JD 1,048.8 million.

■ **Traded Shares**

The number of traded shares in January 2021 totaled 199.7 million shares, compared to 93.1 million shares during the same month in 2020. As for 2020, the number of traded shares amounted to 1,142.7 million shares.

⁽¹⁾ 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 at the end of January 2021 reached 1,726.8 points, compared to 1,657.2 points at the end of

2020, increased by 69.6 points, or 4.2 percent. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 141.1 points, or 6.7 percent, and the financial sector by 105.8 points, or 4.9 percent, and the services sector by 0.4 points, or 0.03 percent, compared to their levels at the end of 2020.

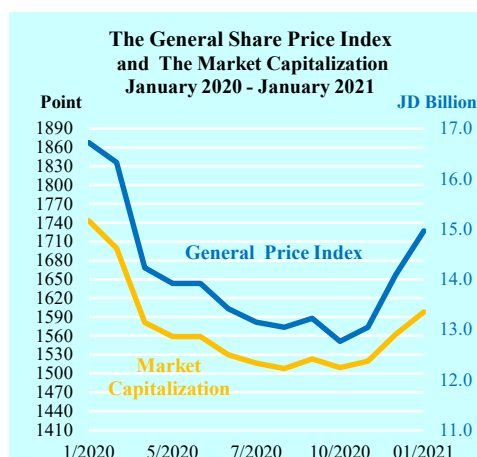
■ Market Capitalization

The ASE's market capitalization totaled JD 13.4 billion at the end of January 2021, increasing by JD 443.6 million, or 3.4 percent, compared to its level registered in the previous month, compared to an increase by JD 255.1 million, or 1.7 percent during the same months in 2020.

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

January			
2020		2020	2021
1,657.2	General Index	1,867.9	1,726.8
2,171.7	Financial Sector	2,517.3	2,277.5
2,119.7	Industrial Sector	1,922.7	2,260.9
1,148.0	Services Sector	1,328.1	1,148.4

Source: Amman Stock Exchange.



■ Non - Jordanian Net Investment

Non - Jordanian net investment at ASE recorded an outflow amounted of JD 1.7 million in January 2021, compared to an outflow by JD 3.7 million during the same month in 2020. The value of shares buying by non-Jordanian in January 2021 amounted to JD 73.2

million, while their selling amounted to JD 74.9 million. As for 2020, the Non-Jordanian net investment recorded an outflow amounting to JD 67.5 million.

Main Amman Stock Exchange Trading Indicators, JD Million			
		January	
2020		2020	2021
1,048.8	Value Traded	105.0	212.1
4.9	Average Daily Trading	5.0	10.1
12,907.8	Market Capitalization	15,169.9	13,351.4
1,142.7	No. of Traded Shares (million)	93.1	199.7
-67.5	Net Investment of Non-Jordanian	-3.7	-1.7
96.8	Non-Jordanian Buying	19.4	73.2
164.4	Non-Jordanian Selling	23.1	74.9
Source: Amman Stock Exchange.			

Second: Output, Prices and Employment

■ Summary

- Gross Domestic Product (GDP), at constant market prices, contracted by 2.2 percent during the third quarter of 2020, compared to a growth of 1.9 percent during the same quarter of 2019. At current market prices, GDP contracted by 3.1 percent during the third quarter of 2020, compared to a growth of 3.5 percent during the same quarter of 2019.
- Accordingly, real GDP declined by 1.5 percent during the first three quarters of 2020, compared to a growth of 1.9 percent during the same period of 2019. At current market prices, GDP declined by 1.8 percent during the first three quarters of 2020 compared to a growth of 3.5 percent during the same period of 2019.
- The general price level, measured by the percentage change in the CPI, declined during January 2021 by 0.3 percent, compared to a rise of 1.7 percent during the same month of 2020.
- The unemployment rate increased during the fourth quarter of 2020 to stand at 24.7 percent (22.6 percent for males and 32.8 percent for females), compared to 19.0 percent (17.7 percent for males and 24.1 percent for females) during the same quarter of 2019. The highest unemployment rate among youth reached 62.1 percent for the (15-19) years old category and 47.9 percent for the (20-24) years old category.

■ Developments of GDP

- Gross domestic product (GDP), at constant market prices witnessed a decline by 1.5 percent during the first three quarters of 2020 compared to a growth of 1.9 percent during the same period of 2019, affected mainly by the deep impact of the Covid-19 crisis, which started to materialize in the middle of March 2020. When excluding “net taxes on products” (which witnessed a decline by 2.7 percent during the first three quarters of 2020 compared to 0.4 percent during the same period of 2019). GDP, at constant basic prices, declined by 1.4 percent during the first three quarters of 2020, compared to a growth of 2.1 percent during the same period of 2019.

Quarterly Growth Rates of GDP at Market Prices (2018 – 2020)

Percentages

	Q1	Q2	Q3	Q4	Year
2018					
GDP at Constant Prices	1.9	2.1	1.9	1.8	1.9
GDP at Current Prices	3.9	3.8	3.5	3.6	3.7
2019					
GDP at Constant Prices	2.0	1.7	1.9	2.1	2.0
GDP at Current Prices	3.8	3.3	3.5	4.0	3.7
2020					
GDP at Constant Prices	1.3	-3.6	-2.2		
GDP at Current Prices	3.0	-4.7	-3.1		

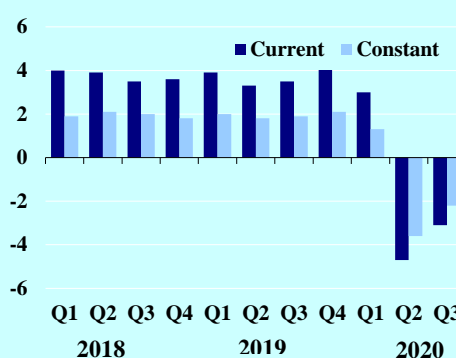
Source: Department of Statistics.

At current market prices, GDP declined by 1.8 percent during the first three quarters of 2020, compared to 3.5 percent during the same period of 2019. This was in light of the decline of the general price level, measured by the GDP deflator, by 0.2 percent during the first three quarters of 2020 compared to a growth of 1.6 percent during the same period of 2019.

The main sectors that contributed to the decline in (GDP) at constant market prices during the first three quarters of 2020 include: manufacturing (-0.5 percentage point), “transport, storage and communications” (-0.4 percentage point), “social and personal services” (-0.3 percentage point). These sectors collectively accounted for 80.0 percent of the decline rate of real GDP during the first three quarters of 2020.

Most of the economic sectors witnessed a decline in their performance during the first three quarters of 2020, most notably, “restaurant and hotels”, “transport, storage and communications”, construction, manufacturing, “social and personal services”, “wholesale and retail trade”, “electricity and water” and “Mining and Quarrying”. In contrast, “agriculture”, “finance and insurance services”, “real estate”, and “producers of government services”, witnessed a slowdown.

Quarterly Growth Rates of GDP at Market Prices (2018- 2020), %



Main Sectors Contributed to Economic Growth at Constant Market Prices

Sectors	Relative change		Contribution	
	first three quarters 2019	first three quarters 2020	first three quarters 2019	first three quarters 2020
GDP at Constant Market Prices	1.9	-1.5	1.9	-1.5
Agriculture	2.6	1.7	0.1	0.1
Mining And Quarrying	5.7	-0.1	0.1	0.0
Manufacturing	1.3	-2.8	0.2	-0.5
Electricity And Water	1.7	-1.4	-	-
Construction	-0.3	-4.1	-	-0.1
Wholesale And Retail Trade	0.9	-2.2	0.1	-0.2
Restaurant And Hotels	1.2	-8.1	-	-0.1
Transport, Storage And Communications	3.1	-5.0	0.3	-0.4
Finance And Insurance Services	3.6	3.0	0.3	0.2
Real Estate	2.5	0.7	0.3	0.1
Social And Personal Services	3.4	-3.0	0.3	-0.3
Producers of Government Services	1.9	1.1	0.2	0.2
Producers of Private Non-Profit	2.8	-2.6	-	-
Domestic Services of Households	0.1	0.1	-	-

Source : Department of Statistics.
- : Less than 0.1 percentage point.

□ Microeconomic Indicators

The microeconomic indicators of January of this year displayed a divergent performance. Some indicators recorded a growth, such as; “Value traded at the real estate market” (8.9 percent). However, other indicators showed a contraction, particularly; “Number of passengers through Royal Jordanian” (83.9 percent). The following table displays the performance of the main available sectoral indicators:

Main Sectoral Indicators*

Percentage Points					
2019	2020	Item	2020	Available period	2021
-1.2	-13.8	Manufacturing production quantity index	-	-	-
-6.3	-19.5	Food products and beverages	-		-
7.1	3.0	Tobacco products	-		-
3.1	-16.7	Refined petroleum products	-		-
-6.5	-29.8	Wearing apparel	-		-
-9.0	-28.3	Non-metallic mineral products	-		-
15.2	13.4	Chemical products	-		-
5.4	1.3	“Mining and quarrying” production quantity index	-		-
2.9	55.4	Extraction of crude petroleum and natural gas	-		-
5.5	0.9	Other mining and quarrying	-		-
14.5	-76.6	Number of departures	-		-
-35.1	-19.2	Licensed areas for buildings	-		-
13.8	-5.2	Production of phosphate	-8.2	Jan.	-1.7
1.2	-77.2	Number of passengers through Royal Jordanian	8.9		-83.9
-16.4	-40.3	Cargo through Royal Jordanian	8.0		-67.0
-12.0	-26.2	Value traded at the real estate market	-15.1		8.9

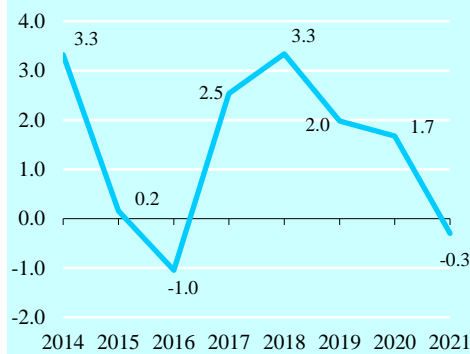
*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.

Prices

The general price level, measured by the percentage change in CPI, declined by 0.3 percent during January 2021, compared to a rise of 1.7 percent during the same month of 2020. This decline was an outcome of the following:

- The decline in the prices of some items and groups, notably:
 - “Vegetables and Legumes Dry and Canned” prices declined by 21.1 percent, compared to an increase by 4.4 percent during January 2020.
 - “Fuels and Lighting” prices declined by 10.2 percent compared to an increase by 0.8 percent during January 2020.
 - “Transportation” prices declined by 3.0 percent compared to an increase by 4.9 percent during January 2020.

Inflation Rate during the January (2014-2021), %



Inflation Rate during January 2020-2021

Expenditure Groups	Relative Imp.	Relative change		Contribution	
		January 2020	January 2021	January 2020	January 2021
All Items	100.0	1.7	-0.3	1.7	-0.3
1) Food and non-Alcoholic Beverages	26.5	1.7	-0.8	0.5	-0.2
Food	23.8	1.9	-1.0	0.5	-0.2
Cereals and Products	4.2	1.3	1.4	0.1	0.1
Meat and Poultry	4.7	0.9	2.7	0.0	0.1
Fish and Sea Product	0.4	0.7	3.3	0.0	0.0
Dairy Products and Eggs	3.7	1.9	3.3	0.1	0.1
Oil and Fats	1.7	-2.3	3.2	0.0	0.1
Fruits and Nuts	2.6	8.4	-1.5	0.2	0.0
Vegetables and Legumes Dry and Canned	3.0	4.4	-21.1	0.1	-0.7
2) Alcohol and Tobacco and Cigarettes	4.4	-1.9	6.2	-0.1	0.3
Alcohol	0.0	0.0	21.4	0.0	0.0
Tobacco and Cigarettes	4.4	-1.9	6.1	-0.1	0.3
3) Clothing and footwear	4.1	-2.2	-1.0	-0.1	0.0
Clothing	3.4	-2.6	-0.8	-0.1	0.0
Footwear	0.7	-0.1	-2.1	0.0	0.0
4) Housing	23.8	1.1	-0.8	0.3	-0.2
Rents	17.5	1.2	1.7	0.2	0.3
Fuels and Lighting	4.7	0.8	-10.2	0.0	-0.5
5) Household Furnishings and Equipment	4.9	0.8	0.0	0.0	0.0
6) Health	4.0	1.1	4.5	0.0	0.2
7) Transportation	16.0	4.9	-3.0	0.8	-0.5
8) Communication	2.8	0.0	2.3	0.0	0.1
9) Culture and Recreation	2.6	3.3	-1.3	0.1	0.0
10) Education	4.3	2.8	-0.2	0.1	0.0
11) Restaurants and Hotels	1.8	0.8	2.9	0.0	0.1
12) Other Goods and Services	4.8	1.2	1.9	0.1	0.1

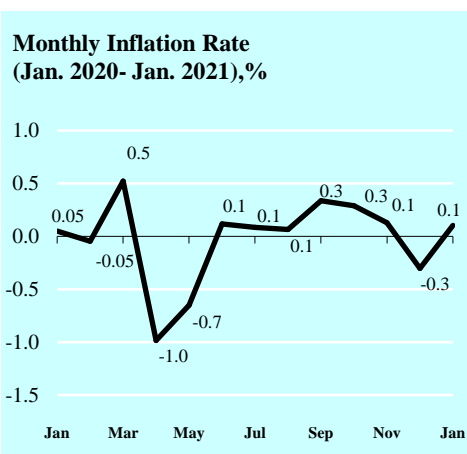
Source: Department of Statistics.

The above groups and items collectively contributed to contractions the inflation rate during January 2021 by 1.7 percentage point, compared to a positive contribution of 0.9 percentage point during January 2020.

- An increase in the prices of some items and groups, notably, “tobacco and cigarettes” (6.1 percent), health (4.5 percent), and rents (1.7 percent). These groups and items contributed to raising inflation rate during January 2021 by 0.8 percentage point, Compared to a rise of 0.1 percentage point during the same month of 2020.

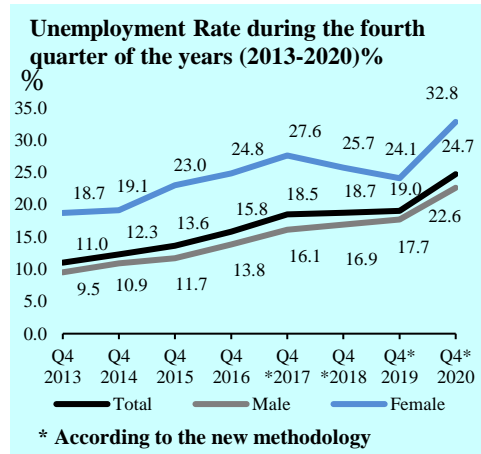
In January 2021, the CPI witnessed a slight rise compared to the previous month (December 2020) by 0.1 percent. This was an outcome of the increase in the prices of some items and groups, mainly, “meat and poultry” (5.1 percent), and “transportation” (1.1

percent) on the one hand, and contract in the prices of “vegetables and legumes dry and canned (13.0 percent), and “dairy products and eggs” (0.4 percent) on the other.



■ Labor Market

- The unemployment rate reached 24.7 percent (22.6 percent for males, and 32.8 percent for females) during the fourth quarter of 2020, compared to 19.0 percent (17.7 percent for



- males and 24.1 percent for females), during the same quarter of 2019.
- The unemployment rate among youth, during the fourth quarter of 2020, remains high at 62.1 percent for the category (15-19) years old, and 47.9 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.8 percent during the fourth quarter of 2020.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 33.4 percent (52.8 percent for males, and 13.7 percent for females), compared to 34.1 percent (54.3 percent for males and 13.5 percent for females) during the same quarter of 2019.
- The employment rate among population. (15 years and older) reached 25.1 percent.

Third: Public Finance

□ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,767.3 million (-6.2 percent of GDP) during the first eleven months of 2020, comparing to a fiscal deficit of JD 1,288.7 million (-4.4 percent of GDP) during the same period of 2019. When excluding foreign grants (JD 712.2 million), the general budget deficit increases to JD 2,479.5 million (-8.7 percent of GDP), compared to a deficit of JD 1,501.2 million (-5.2 percent of GDP) in the same period of 2019.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,140.4 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 18,878.4 million (60.4 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 12,768.7 million (40.8 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 1,670.7 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 14,008.9 million (44.8 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 13,625.8 million (43.6 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,811.1 million at the end of November 2020, to reach JD 32,887.3 million (105.1 percent of GDP), compared to JD 30,076.2 million (95.2 percent of GDP) at the end of 2019. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and

external) stand at JD 26,394.5 million (84.4 percent of GDP), compared to JD 23,958.5 million (75.8 percent of GDP) at the end of 2019.

□ **The performance of the general budget during the first eleven months of 2020 compared with the same period of 2019:**

■ **Public Revenues**

Public revenues (domestic revenues *plus* foreign grants) decreased by JD 36.5 million, or 7.0 percent, in November 2020 compared to the same month in 2019, to stand at JD 485.0 million. As for the first eleven months of 2020, public revenue went down by JD 215.1 million, or 3.3 percent, compared to the same period in 2019 to stand at JD 6,351.9 million. This came as an outcome of the decrease in domestic revenues by JD 714.8 million, and the increase in foreign grants by JD 499.7 million.

Main Government Budget Indicators during the first eleven months of 2020:

(JD Million and Percentages)

	November		Growth Rate	Jan. –Nov.		Growth Rate
	2019	2020		2019	2020	
Total Revenues and Grants	521.5	485.0	-7.0	6,567.0	6,351.9	-3.3
Domestic Revenues, of which:	516.3	478.6	-7.3	6,354.5	5,639.7	-11.2
Tax Revenues, of which:	378.6	369.0	-2.5	4,251.7	4,511.8	6.1
General Sales Tax	318.0	305.7	-3.9	2,955.0	3,180.5	7.6
Other Revenues	136.9	109.0	-20.4	2,094.6	1,121.3	-46.5
Foreign Grants	5.2	6.4	23.1	212.5	712.2	235.2
Total Expenditures, of which:	677.1	743.9	9.9	7,855.7	8,119.3	3.4
Current Expenditures	616.8	658.8	6.8	7,198.6	7,558.0	5.0
Capital Expenditures	60.4	85.1	40.9	657.1	561.3	-14.6
Overall Deficit/ Surplus (Including Grants)	-155.6	-258.9	-	-1,288.7	-1,767.3	-
Overall Deficit/ Surplus (Including Grants) as a percent of GDP	-	-	-	-4.4	-6.2	-

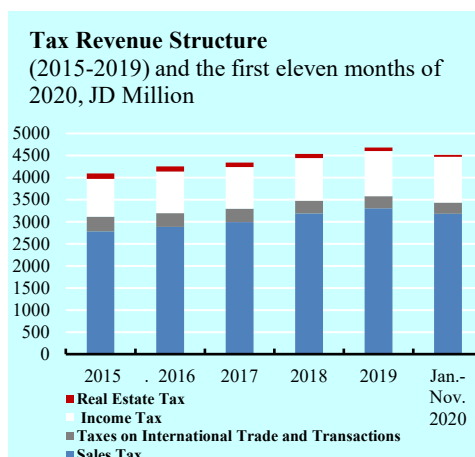
Source: Ministry of Finance/ General Government Finance Bulletin.

◆ Domestic Revenues

Domestic revenues witnessed a decrease of JD 714.8 million, or 11.2 percent, in the first eleven months of 2020, compared to the same period of 2019, to reach JD 5,639.7 million. This decrease was an outcome of the drop in the proceeds of “other revenues”, and “pension contributions” by JD 973.3 million, and JD 1.5 million, respectively, and the increase in “tax revenues” by JD 260.1 million. This is due to the closure imposed by the government on the public and private sectors to face the COVID-19 pandemic.

● Tax Revenues

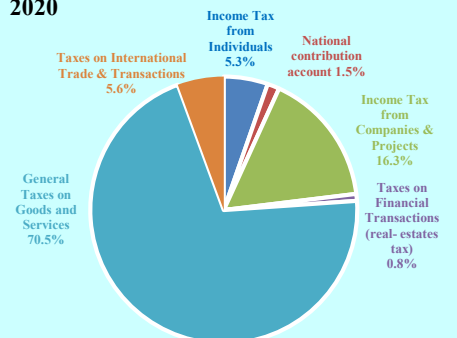
Tax revenues increased by JD 260.1 million, or 6.1 percent, during the first eleven months of 2020, compared to the same period of 2019, to reach JD 4,511.8 million (80.0 percent of domestic revenues). Following are the main developments in tax revenue items:



- An increase in the proceeds of **general sales tax on goods and services** by JD 255.5 million, or 7.6 percent, to reach JD 3,180.5 million, accounting for 70.5 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on domestic goods by JD 315.2 million, and on commercial sector by JD 7.2 million, and on imported goods by JD 4.9 million. However, the proceeds of sales tax on services were down by JD 101.9 million.

- An increase in the proceeds of **income and profit taxes** by JD 67.3 million, or 6.9 percent, to reach JD 1,040.6 million, accounting for 23.1 percent of total tax revenues. This increase came mainly as a result of starting the collection of revenues under the national contribution account item at the beginning of 2020, which was included in the Amending Law of Income Tax Law, which amounted to JD 65.8 million. Moreover, the proceeds of “income taxes on individuals” increased by JD 24.3 million, or 11.2 percent, to reach JD 241.0 million, while the proceeds of income taxes on companies and projects decreased by JD 22.8 million, or 3.0 percent, to account for 70.5 percent of total proceeds of income and profits taxes, amounting to JD 733.9 million.
- A decrease in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 32.5 million, or 46.2 percent, to reach JD 37.8 million.
- A decrease in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 0.2 million, or 0.1 percent, to reach JD 252.9 million.

Relative importance of tax revenue items, for the first eleven months of 2020



● Non-Tax Revenues

- “Other revenues” decreased by JD 973.3 million, or 46.5 percent, during the first eleven months of 2020 to reach JD 1,121.3 million. This decrease was chiefly due to the following:

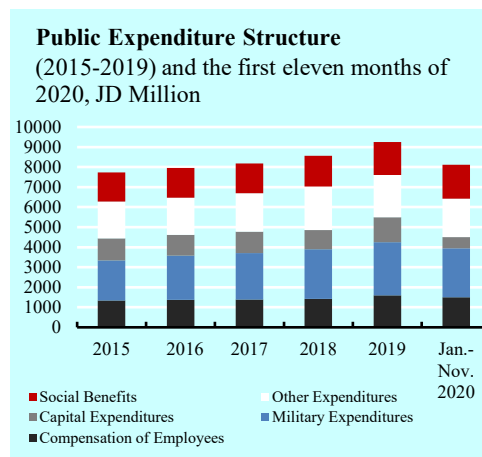
- A decrease in miscellaneous revenues by JD 563.0 million to stand at JD 355.9 million.
- A decrease in revenues from selling goods and services by JD 242.0 million to reach JD 557.0 million.
- A decrease in the property income by JD 165.3 million to stand at JD 211.5 million (of which financial surplus of independent government units amounted to JD 190.3 million against JD 340.6 million during the same period of 2019).
- Pension contributions decreased by JD 1.5 million, during the first eleven months of 2020, standing at JD 6.6 million.

◆ Foreign Grants

Foreign grants increased by JD 499.7 million, in the first eleven months of 2020, standing at JD 712.2 million compared to JD 212.5 million during the same period of 2019. This increase is due to transfer the regular grant of the United States of America early, to support Jordan in confronting COVID-19 pandemic.

■ Public Expenditures

Public expenditures increased by JD 66.8 million, or 9.9 percent, in November 2020 compared to the same month in 2019, to stand at JD 743.9 million. As for the first eleven months of 2020, public expenditures increased by JD 263.6 million, or 3.4 percent, compared to the same period in 2019 to stand at JD 8,119.3 million. This increase was an outcome of the rise in current expenditures by 5.0 percent, and drop in capital expenditures by 14.6 percent.

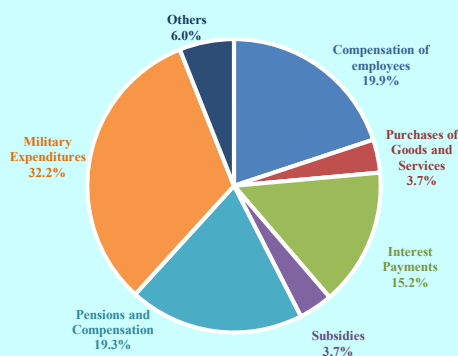


◆ Current Expenditures

Current expenditures went up by JD 359.4 million, or 5.0 percent, in the first eleven months of 2020, to reach JD 7,558.0 million (93.1 percent of public expenditures). Because of the rise in current expenditures and the drop of domestic revenues, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) decreased by 13.7 percentage points, to reach to 74.6 percent compared to 88.3 percent during the same period of 2019. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in pensions and compensation by JD 159.1 million, to stand at JD 1,458.1 million.
- An increase in interest payments (commitment basis) by JD 118.3 million, to stand at JD 1,145.3 million.
- An increase in the compensation of civil sector's employees (wages, salaries and social security contributions) by JD 83.8 million, to reach JD 1,504.8 million.
- An increase in military expenditures by JD 58.4 million, to total JD 2,435.6 million.
- An increase in the purchases of goods and services by JD 1.7 million, to reach JD 276.0 million.
- A decrease in subsidies by JD 49.0 million, to stand at JD 283.4 million.

Relative importance of current expenditure items, for the first eleven months of 2020

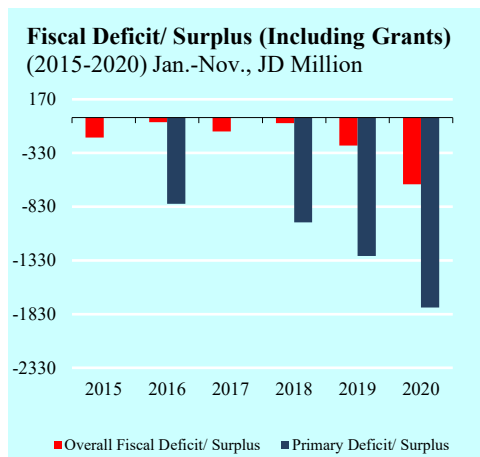


◆ Capital Expenditures

Capital expenditures decreased by JD 95.8 million, or 14.6 percent, during the first eleven months of 2020 compared to the same period of 2019, to reach JD 561.3 million.

■ General Budget Deficit/ Surplus

- ◆ The overall fiscal deficit, including foreign grants, increased by JD 478.6 million, during the first eleven months of 2020, to reach JD 1,767.3 million (-6.2 percent of GDP), compared to a fiscal deficit of JD 1,288.7 million (-4.4 percent of GDP), in the



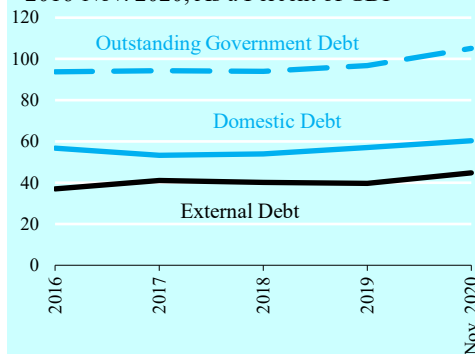
same period of 2019. When foreign grants are excluded, the general budget deficit increases to reach JD 2,479.5 million (-8.7 percent of GDP), compared to a fiscal deficit of JD 1,501.2 million (-5.2 percent of GDP) in the same period of 2019.

- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) increased by JD 860.1 million, to reach JD 1,334.3 million (-4.7 percent of GDP) during the first eleven months of 2020, against a primary deficit of JD 474.2 million (-1.6 percent of GDP) in the same period of 2019. When foreign grants are including, the primary deficit of the general budget decreased to reach JD 622.1 million (-2.2 percent of GDP), compared to a primary deficit of JD 261.7 million (-0.9 percent of GDP) in the same period of 2019.

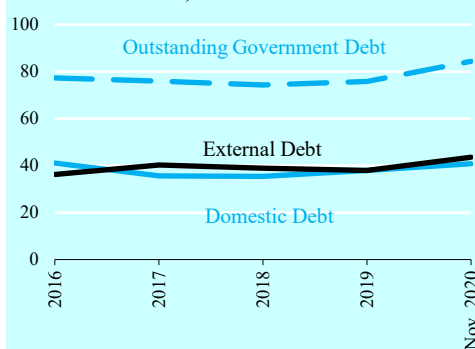
Public Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 1,140.4 million, at the end of November 2020 compared to its level at the end of 2019, to stand at JD 18,878.4 million (60.4 percent of GDP compared to 56.1 percent of GDP at the end of 2019). This increase was an outcome of the rise in the domestic debt of the budget by JD 1,177.8 million, and the decrease in the domestic debt of guaranteed by JD 37.4 million, compared to their levels at the end of 2019, standing at JD 16,394.0 million and JD 2,484.4 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 780.6 million, at the end of November 2020 compared to its level at the end of 2019, to stand at JD 12,768.7 million (40.8 percent of GDP).

Outstanding Government Debt (Budgetary and Guaranteed)
2016-Nov. 2020, As a Percent of GDP



Outstanding Government Debt Excluding the Debt Holding by SSIF
2016-Nov. 2020, As a Percent of GDP



- Outstanding external debt (budget and guaranteed) went up by JD 1,670.7 million at the end of November 2020, compared to its level at the end of 2019, to reach JD 14,008.9 million (44.8 percent of GDP compared to 39.0 percent of GDP at the end of 2019). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 71.4 percent of the total external debt, and the debt in Euro accounted for 11.8 percent. However, the accounted SDR for 5.7 percent, Japanese Yen (4.6 percent), Kuwaiti Dinar (4.3 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 1,655.4 million, at the end of November 2020 compared to its level at the end of 2019, to stand at JD 13,625.8 million (43.6 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,811.1 million at the end of November 2020 to reach JD 32,887.3 million (105.1 percent of GDP), compared to JD 30,076.2 million (95.2 percent of GDP) at the end of 2019. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 26,394.5 million (84.4 percent of GDP), compared to JD 23,958.5 million at the end of 2019 (75.8 percent of GDP).
- External debt service (budget and guaranteed) increased by JD 13.6 million during the first eleven months of 2020, compared to the same period of 2019, to reach JD 1,730.0 million (including principal payments of JD 1,353.2 million and interest of JD 376.9 million).

□ Fiscal and Price Measures of 2021

◆ March

- The Oil Derivatives Pricing Committee decided to raise the prices of all oil derivatives, while maintaining the price of liquid gas cylinder for households and kerosene unchanged, as follows:

Development of Oil Derivatives Prices

	Unit	2021		Percentage Change
		February	March	
Unleaded Gasoline 90	Fils/ Liter	730	760	4.1
Unleaded Gasoline 95	Fils/ Liter	945	980	3.7
Unleaded Gasoline 98	Fils/ Liter	1,095	1,130	3.2
Gas Oil (Diesel)	Fils/ Liter	525	555	5.7
Kerosene	Fils/ Liter	460	460	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	355	379.1	6.8
Fuel for airplanes (local companies)	Fils/ Liter	361	391	8.3
Fuel for airplanes (foreign companies)	Fils/ Liter	366	396	8.2
Fuel for unplanned flights	Fils/ Liter	381	411	7.9
Asphalt	JD/ Ton	350	374	6.8

Source: Jordan Petroleum Refinery Company (1/3/2021).

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

◆ 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.

□ Fiscal and Price Measures of 2020**◆ December**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for December 2020.
- The Cabinet decided to reduce the general sales tax on production inputs for some commodities (glasses, plastic, metal, and cartons bottles, and bags), to become similar to the tax rates imposed on the final product, as follows:
 - Reducing the tax on oil production inputs, to become 4 percent.
 - Reducing the tax on canned food production inputs (vegetables, grains and canned fruits), to become 2 percent.
 - Reducing the tax on specific types of dairy production inputs, to become 5 percent.

- Reducing the tax on dates packing bags, to become 2%.
 - Reducing the tax on egg cartons, to become 4 percent.
 - The Cabinet decided to extend the work by decree exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and property sale tax until 6/30/2021.
 - The Cabinet decided to exempt 80% of the fines resulting from non-renewal of work permits for non-Jordanians wishing to remain on the Kingdom's lands, which had expired more than 90 days, until 01/31/2021.
- ◆ **November**
- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for November 2020.
- ◆ **October**
- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for October 2020.
- ◆ **September**
- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for September 2020.
 - The Cabinet approved the amending by-law NO. (80) of the allowance of customs services for the imported goods NO. (47) for the year 2014, starting from 16/9/2020. The amendments included collecting an allowance for imported goods as follows:
 - JD 5 for exempt goods whose value does not exceed JD 100.
 - JD 10 for exempt goods whose value exceeds JD 100 and does not exceed JD 200.

◆ August

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for August 2020.

◆ July

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2020.

◆ June

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2020.
- In continuation of the decisions taken by the Cabinet in order to mitigate the repercussions of the COVID-19 virus, the Cabinet decided the following:
 - Reducing the general sales tax for hotels and tourist restaurants to 8 percent instead of 16 percent, with the exception of the Aqaba Special Economic Zone (so that it remains the same at 7 percent), and reducing the service tax by tourist restaurants and hotels to 5 percent instead of 10 percent, starting from 01/07/2020.
 - Installment of the amounts due for income tax on the tourism sector for the year 2019 without fines or interest, according to an escalating payment schedule from July to December 2020.

◆ May

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2020.

◆ April

- The Energy and Minerals Regulatory Commission decided to determine fuel price bands item at 0 fils, starting in April 2020.

- In view of the exceptional circumstances that the Kingdom is going through due to the COVID-19 virus, and to support efforts to meet these conditions, the Cabinet has taken a set of decisions in order to alleviate the repercussions of the COVID-19 virus, as follows:
 - Issue instructions that allow importers to withdraw goods before paying duties and taxes due in emergency situations.
 - Suspend the increase in employees' salaries for public sector over the technical allowances, in addition to the increase in the salaries of officers and members of the Jordanian armed forces and the security services, and the amending teachers' rank system, starting from May 2020 until the end of 2020.
 - Deduct part of the highest categories salaries as donations, starting from April 2020, as follows:
 - Donate 40 percent of the monthly salary of the Prime Minister.
 - Donate 30 percent of the monthly salary to each of the Minister's Excellencies, and those in their rank.
 - Donate 30 percent of the monthly salary to all chairmen of the Boards of Commissioners, boards of bodies and authorities, and heads of official universities and those of their rank or salary.
 - Donate 10 percent of the monthly salary of the second group of the higher category and those of their rank, members of the boards of any authority, the executive directors of any public official institution or public institution, general managers of government-owned

companies or a government contributions management company, and faculty members in public universities.

- Donate 10 percent of the monthly salary to all employees working under comprehensive contracts for all bonuses whose monthly salaries exceed JD 2000.
- Halting several allowances and overtime bonuses for all employees covered by holiday announcements while working in the Defense Law, whose total salaries exceed JD 1300.
- Halting the allowances and the mobility allowance of government representatives on the boards of directors of companies to which they contribute or the company of government contributions management and its subsidiaries.
- Halting the thirteenth, fourteenth and fifteenth salaries in companies that are wholly owned by the government and the company of government contributions management and companies that have a percentage of 50 percent ownership by the government or the government contributions management company.
- Halting the monthly transportation allowances stipulated in the transportation system for all employees working in government ministries and departments or any council, authority, institution or public body affiliated with the government or in companies wholly owned by the government.
- Stopping the payment of monthly gasoline allocations for the vehicles of employees who use government vehicles.
- Withholding what you forgot 50 percent of the financial dues for users on the account of purchasing services or on the

account of the reward or at the expense of any other items covered by holiday announcements while working in the Defense Law who do not receive pensions, and stopping the payment of dues for those who receive pensions.

- Halting appointments in all ministries, government departments, public official institutions, public institutions, authorities, authorities, and companies owned by the government, the Greater Amman Municipality and municipalities until the end of the year 2020.

◆ March

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in March 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ February

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in February 2020, while continuing to exempt families consuming less than 300 kilowatts per month.

◆ January

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 10 fils, starting in January 2019, while continuing to exempt families consuming less than 300 kilowatts per month.
- The Cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 2020, as follows:

- Distracted to the military retired person shall from the rank of Lieutenant-Colonel and without an increase over his total pension by an amounts ranging from JD 25 to JD 30.
- Distracted to the heirs of military retirees who retired or deceased on their job after 1/6/2010, by JD 20 distributed equally between heirs.
- Distracted to the civil retired shall be paid an additional minimum of JD 10, and his retire must not be less than JD 300 on 1/1/2020.
- This allowance is not paid to military retirees working in the government or in any council, authority, public institution, government-owned company, municipality, endowment department, or any other agency affiliated with it, nor are retired employees who are subsidiaries working in government agencies and official institutions.
- 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 40 percent, starting from 1/1/2020 until 31/12/2020.
- The Cabinet decided to approve the revised instructions for the cost-of-living instructions for retirees for the year 1981, as follows:
 - Paying a bonus of no more than JD 100, a monthly subsidy, for each retired non-blind military needing someone who helps him to exercise his daily life, with a certificate from the Supreme Military Medical Committee.
 - Paying a bonus of no more than JD 220, a monthly subsidy, for each retired blind military who needs someone to help him

in his daily life, with a certificate from the Supreme Military Medical Committee.

- The Cabinet decided to lower the general sales tax on 54 commodities to 2 percent, down from 4 percent, and lower the general sales tax on 22 commodities to 5 percent, down from 10 percent.

□ Grants, Loans and Other Agreements for 2021

◆ February

- Signing five financing agreements in the form of grants, technical cooperation and support for project implementation, provided by the European Union (EU), in the amount of EUR 159 million, to support economic reforms, the education sector, integrity and public accountability, participation with youth, and implement the priorities of the partnership between the European Union and Jordan

◆ 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.

□ Grants, Loans and Other Agreements for 2020

◆ December

- Signing two loan agreements provided by the Federal Republic of Germany, in the amount of EUR 123 million, as follows:
 - EUR 75 million aims at improving the building management and maintenance of Jordanian public schools.

- EUR 48 million to finance the successful Water Resources Management Programme (WRMP) for a 6th phase.
- Signing an agreement on a group of soft loans provided by the European Investment Bank, in the amount of EUR 260 million, with the aim of securing financing for priority Jordanian water projects to support the Jordanian government's objectives within the framework of the Jordanian Water Strategy (2016-2025).

◆ November

- Signing two grant agreements, in the amount of EUR 77.5 million, provided by the German government, as follows:
 - An emergency grant in the amount EUR 50 million to contribute to supporting social protection and preventing poverty resulting from the Corona pandemic.
 - A grant in the amount EUR 27.5 million to finance the teachers' salaries project to support the acceleration of Syrian refugee children's access to formal education for the 2020/2021 academic year, which is one of the projects of the Jordanian response plan to the Syrian crisis.
- Signing a minutes of meeting, with the German government, including development assistance (grants, technical aid and soft loans) in the amount of EUR 394.3 million, to finance priority development projects in the education, water, sanitation, renewable energy, vocational training, technical education and environment sectors, in addition to projects within the Jordan Response Plan for the Syrian crisis (JRP) and other programs to respond to challenges resulting from the COVID-19 pandemic.

◆ September

- Signing an agreement and memorandum of the third soft loan understanding from the European Union (Macro-Financial Assistance) in the amount of EUR 700 million, to cover the

urgent financial needs resulting from the repercussions of the COVID-19 epidemic by providing direct support to the treasury.

◆ August

- Signing a soft loan agreement with the Arab Fund for Economic and Social Development (AFESD) in the amount of KWD 30 million (USD 100 million), to finance and support government programs to face the repercussions of the COVID-19 spread on the private sector.
- Signing Four agreement with the German Development Bank (KfW), as follow:
 - Additional European Union grant in the amount of EUR 6 million, provided by the Madad Fund to finance the second phase of an ongoing school construction programme.
 - Three additional financing agreements to water sector in the amount of EUR 2.2 million, includes grant for feasibility studies and a training component in the water sector.
- Signing a grant agreement provided by the World Bank in the amount of USD 8.8 million, to support Jordanian municipalities affected by the influx of Syrian refugees to scale-up their delivery of services and employment opportunities to Jordanians and Syrians. The grant will also contribute to offset the adverse impact of the COVID-19 pandemic on the delivery of municipal services in Jordan.

◆ July

- Signing a grant agreement with the United States Agency for International Development (USAID) and the British International Development Agency (DFID) in the amount of USD 26 million, to support Jordanian families who were severely affected by the economic pressures resulting from the COVID-19 pandemic, through the National Aid Fund.

- Signing a grant agreement with the Germany government in the amount of EUR 34 million, to fund the third and the forth phases of the School Construction Program aims at upgrading the quality of primary education in Jordan.
- Signing a grant agreement with the Japan government in the amount of Yen 400 million (USD 3.7 million), to support providing medical equipment, the public health system and strengthen the healthcare sector and fighting COVID-19, said Rabadi at a press conference.

◆ May

- Signing the delivery and receipt certificate for the Chinese government to provide a consignment of preventive medical supplies for COVID-19 virus response of USD 0.75 million.
- Signing an additional grant agreement with the European Investment Bank in the amount of EUR 2.0 million, to support the Jordan Valley Water Resources Project. The grant is in the form of technical assistance from the bank's Economic Resilience Initiative (ERI).
- Signing a grant agreement with the King Abdullah bin Abdulaziz Islamic Relief Program, which is administered by the Islamic Development Bank, in the amount of USD 0.5 million, to provide medical supplies and equipment to the Ministry of Health as a COVID-19 virus response, by purchasing 12 artificial respirators and 50 beds for intensive care.
- Signing three development assistance agreements with the United States in the amount of USD 340.3 million. Within the framework of the US economic aid program to support Jordan in 2019.

◆ April

- Signing a grant agreement with the International Finance Corporation (IFC) worth USD 2.0 million to help promoting partnership projects between public and private sectors in the Kingdom in several sectors, such as transportation, water services, education, health care, and tourism.
- Signing a soft financing agreement with the Bank for Reconstruction and Development in the amount of USD 200 million to support the youth, technology and work project.

◆ March

- Signing a grant agreement with the United Nations High Commissioner for Refugees (UNHCR) in the amount of USD 2.48 million to support ministries and government institutions with providing services to Jordanian citizens and Syrian refugees, and to assist the government response to the COVID-19 pandemic.

Fourth: External Sector

□ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 2.5 percent in December 2020, compared to the same month of 2019 to reach JD 569.9 million. As for 2020, total merchandize exports decreased by 4.5 percent compared to 2019 to reach JD 5,639.7 million.
- **Merchandize imports** increased by 1.7 percent in December 2020, compared to the same month of 2019 to reach JD 1,119.8 million. As for 2020, Merchandize imports decreased by 11.3 percent compared to 2019 to reach JD 12,077.8 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 1.0 percent in December 2020 compared to the same month of 2019; standing at JD 549.9 million. As for 2020, the trade balance deficit decreased by 16.5 percent, compared to 2019 to reach JD 6,438.1 million.
- **Travel receipts** decreased by 75.7 percent during 2020, to register JD 1,000.3 million, compared to 2019. While, travel payments decreased by 73.9 percent during 2020, to register JD 270.8 million, compared to 2019.
- **Total workers' remittances receipts** decreased by 9.1 percent during 2020 compared to 2019 to reach JD 2,389.3 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 1,714.9 million (7.5 percent of GDP) during the first three quarters of 2020 compared to a deficit of JD 910.8 million (3.9 percent of GDP) during the same period of 2019. Meanwhile, the current account deficit excluding grants increased to reach 10.5 percent of GDP during the first three quarters of 2020, compared with 5.3 percent of GDP during the same period of 2019.
- **Net direct investment** recorded a net inflow of JD 389.9 million during the first three quarters of 2020, compared to a net inflow of JD 397.1 million during the first three quarters of 2019.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 33,789.1 million at the end of the third quarter of 2020, compared to JD 32,372.6 million at the end of 2019.

□ External Trade

- As a result of the increase in domestic exports by JD 48.7 million and the decrease in imports by JD 1,533.2 million during 2020, the volume of external trade (domestic exports *plus* imports) decreased by JD 1,484.5 million to stand at JD 17,122.2 million compared to 2019.

Jordan's Major Trading Partners			
JD Million			
January- December			
	2019	2020	Percentage Change
Exports			
USA	1,381.9	1,220.4	-11.7
India	496.1	613.5	23.7
Saudi Arabia	549.0	576.0	4.9
Iraq	425.0	444.3	4.5
UAE	186.4	183.0	-1.8
Switzerland	20.5	174.1	747.2
Kuwait	209.5	160.9	-23.2
Imports			
China	2,220.8	1,922.8	-13.4
Saudi Arabia	2,265.8	1,490.5	-34.2
USA	1,108.9	1,003.3	-9.5
Germany	599.6	522.8	-12.8
UAE	367.9	448.9	22.0
Egypt	546.6	422.8	-22.6
Turkey	394.6	396.9	0.6
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
January- December				
	2019	Percentage Change (%)	2020	Percentage Change (%)
External Trade	18,606.7	-2.6	17,122.2	-8.0
Total Exports	5,905.3	7.3	5,639.7	-4.5
Domestic Exports	4,995.7	6.9	5,044.4	1.0
Re-exports	909.6	9.9	595.3	-34.6
Imports	13,611.0	-5.6	12,077.8	-11.3
Trade Balance	-7,705.7	-13.6	-6,438.1	-16.5
Source: Department of Statistics.				

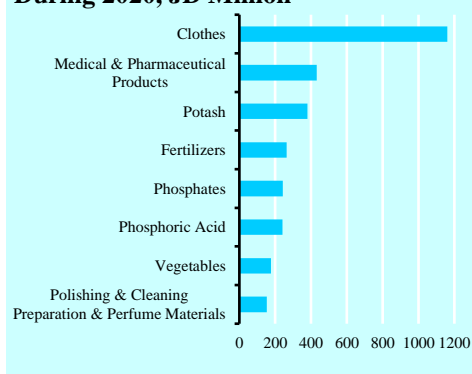
■ Merchandize Exports:

Total merchandize exports decreased by 4.5 percent during 2020, to reach JD 5,639.7 million. This decrease was a result of an increase in domestic exports by JD 48.7 million, or 1.0 percent to reach JD 5,044.4 million and a decrease in re-exports by JD 314.3 million, or 34.6 percent to reach JD 595.3 million.

◆ The developments of domestic exports during 2020 compared with 2019 reveals the following:

- Exports of “**Phosphoric Acid**” increased by JD 104.7 million, or 77.0 percent, to reach JD 240.6 million. The markets of India and Bangladesh accounted for 93.3 percent of these exports.

Major Exports by Commodity During 2020, JD Million



- Exports of **Fertilizers** increased by JD 78.5 million or 42.4 percent to stand at JD 263.8 million. India, the USA, and Bangladesh were the main destination markets for these exports, accounting for 70.3 percent.
- Exports of “**Polishing & Cleaning Preparation & Perfume Materials**” increased by JD 24.9 million, or 19.4 percent, to reach JD 153.5 million. Iraq and Saudi Arabia were the main destination markets; accounting for 74.0 percent of these exports.

- Exports of **clothes** decreased by JD 223.9 million or 16.2 percent to reach JD 1,160.7 million. It is worth noting that the USA market accounted for 87.5 percent of these exports.
- Exports of **Potash** decreased by JD 38.8 million, or 9.3 percent, to stand at JD 380.3 million. The markets of China, India, and Malaysia accounted for 59.4 percent of these exports.
- Exports of **Phosphates** decreased by JD 32.7 million or 11.9 percent, to stand at JD 243.1 million. It is worth noting that India and Indonesia accounted for 92.2 percent these exports.

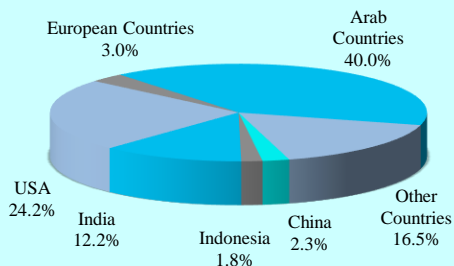
Major Domestic Exports by Commodity, JD Million
2019-2020

	2019	2020	Percentage Change
Domestic Exports	4,995.7	5,044.4	1.0
Clothes	1,384.6	1,160.7	-16.2
USA	1,231.6	1,015.4	-17.6
Medical & Pharmaceutical Products	435.7	423.2	-2.9
Saudi Arabia	108.7	94.6	-13.0
Iraq	79.9	75.0	-6.1
USA	35.7	49.4	38.4
Algeria	37.7	46.3	22.8
Potash	419.1	380.3	-9.3
China	132.7	99.7	-24.9
India	112.1	92.3	-17.7
Malaysia	23.6	33.8	43.2
Fertilizers	185.3	263.8	42.4
India	89.6	130.5	45.6
USA	0.0	34.2	-
Bangladesh	0.0	20.6	-
Phosphates	275.8	243.1	-11.9
India	174.7	160.5	-8.1
Indonesia	70.7	63.6	-10.0
Phosphoric Acid	135.9	240.6	77.0
India	103.3	216.5	109.6
Bangladesh	5.3	7.9	49.1
Vegetables	185.7	176.0	-5.2
Saudi Arabia	53.9	49.2	-8.7
Kuwait	39.9	39.5	-1.0
UAE	27.0	19.6	-27.4
Bahrain	20.1	17.8	-11.4
Polishing & Cleaning Preparation & Perfume Materials	128.6	153.5	19.4
Iraq	71.1	85.3	20.0
Saudi Arabia	26.5	28.3	6.8

Source: Department of Statistics.

- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, “Medical &

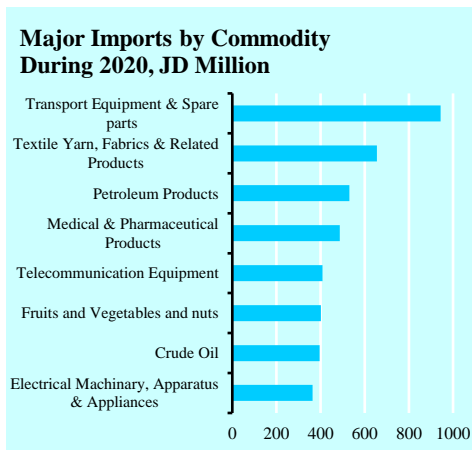
Geographic Distribution of Domestic Exports During 2020



Pharmaceutical Products”, Potash, Fertilizers, Phosphates, “Phosphoric Acid” Vegetables, and, “Polishing & Cleaning Preparation & Perfume Materials”, topped the list of domestic exports during 2020; accounting for 60.3 percent, compared with 63.1 percent during 2019. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, the UAE, Switzerland, and Kuwait were the main destination markets during 2020; accounting for 66.9 percent, compared with 65.4 percent during 2019.

■ Merchandize Imports:

Merchandize imports decreased by 11.3 percent to reach JD 12,077.8 million during 2020, compared to a decrease by 5.6 percent during 2019.



◆ The developments of imports during 2020 compared with 2019 reveals the following:

- **Petroleum Products** imports decreased by JD 441.6 million or 45.5 percent to stand at JD 529.7 million. Saudi Arabia, the UAE, and India were the main markets, accounting for 85.6 percent of these imports.
- **Crude oil** imports decreased by JD 386.8 million, or 49.5 percent, to reach JD 395.4 million. Saudi Arabia and Iraq were the main origin markets accounting for 100.0 percent of these imports.
- **Electrical Machinery, Apparatus and Appliances** imports decreased by JD 201.2 million or 35.7 percent to reach JD 363.0 million. China, Italy, and Germany were the main markets accounting for 47.4 percent of these imports.

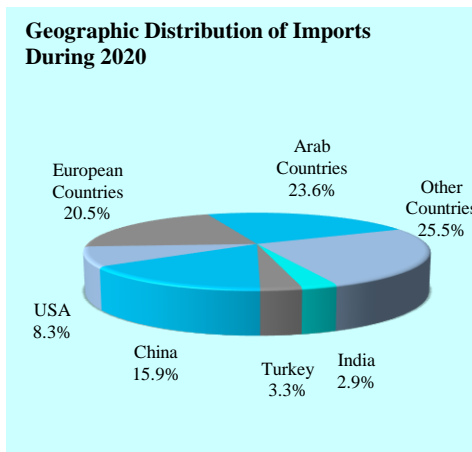
- **Transport Equipment & Spare Parts** imports decreased by JD 115.9 million or 10.9 percent to reach JD 943.1 million. South Korea, the USA, Japan and Germany were the main origin markets, accounting for 65.6 percent of these imports.
- **Textile Yarn, Fabrics and Related Products** imports decreased by JD 96.8 million or 12.9 percent to reach JD 655.2 million. China, Taiwan and Turkey were the main markets, accounting for 74.7 percent of these imports.
- **Medical & Pharmaceutical Products** imports increased by JD 43.6 million or 9.8 percent to reach JD 487.3 million. Germany, the USA and France were the main origin markets accounting for 32.4 percent of these imports.

Major Imports by Commodity, JD Million 2019-2020

	2019	2020	Percentage Change
Total Imports	13,611.0	12,077.8	-11.3
Transport Equipment & Spare Parts	1,059.0	943.1	-10.9
South Korea	151.8	173.4	14.2
USA	208.9	163.3	-21.8
Japan	178.3	148.5	-16.7
Germany	155.6	133.2	-14.4
Textile Yarn, Fabrics and Related Products	752.0	655.2	-12.9
China	362.3	311.1	-14.1
Taiwan	166.1	125.2	-24.6
Turkey	53.3	53.1	-0.4
Petroleum Products	971.3	529.7	-45.5
Saudi Arabia	554.7	378.0	-31.9
UAE	6.4	43.8	584.4
India	270.7	31.7	-88.3
Medical & Pharmaceutical Products	443.7	487.3	9.8
Germany	61.2	69.3	13.2
USA	45.8	50.6	10.5
France	36.9	38.2	3.5
Telecommunication equipment	424.8	408.9	-3.7
China	260.1	307.3	18.1
Vietnam	85.2	50.7	-40.5
India	40.2	12.1	-69.9
Fruits, vegetables, and nuts	377.1	401.2	6.4
Egypt	59.1	66.0	11.7
USA	47.0	49.2	4.7
Saudi Arabia	30.4	22.1	-27.3
Crude Oil	782.2	395.4	-49.5
Saudi Arabia	741.5	354.0	-52.3
Iraq	40.7	41.4	1.7
Electrical Machinery, Apparatus and Appliances	564.2	363.0	-35.7
China	258.9	129.2	-50.1
Italy	43.4	22.6	-47.9
Germany	30.1	20.1	-33.2

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, “Medical & Pharmaceutical Products”, “Telecommunication equipment”, “Fruits, vegetables, and nuts”, Crude Oil, and “Electrical Machinery, Apparatus and Appliances” topped the list of imports during 2020, accounting for 34.6 percent, compared with 39.5 percent during 2019. Meanwhile, the geographical distribution of imports indicates that China, Saudi Arabia, the USA, Germany, the UAE, Egypt and Turkey, were the main source markets during 2020; accounting for 51.4 percent of imports, compared to 55.1 percent during 2019.



■ Re-Exports

The value of re-exported goods in December 2020 decreased by JD 41.1 million, or 39.5 percent, compared to the same month of 2019, to stand at JD 63.0 million. As for 2020, re-exports decreased by JD 314.3 million, or 34.6 percent compared to 2019 to reach JD 595.3 million.

■ Trade Balance

The trade balance deficit increased by JD 5.2 million, or 1.0 percent in December 2020 compared to the same month of 2019, to reach JD 549.9 million. As for 2020, the trade balance deficit decreased by JD 1,267.6 million, or 16.5 percent compared to 2019, to reach JD 6,438.1 million.

□ **Total Workers' Remittances Receipts**

Total workers' remittances receipts decreased by 9.1 percent during 2020 compared to 2019, to register JD 2,389.3 million.

□ **Travel**

■ **Receipts**

Travel receipts decreased by 75.7 percent during 2020, to register JD 1,000.3 million, compared to 2019.

■ **Payments**

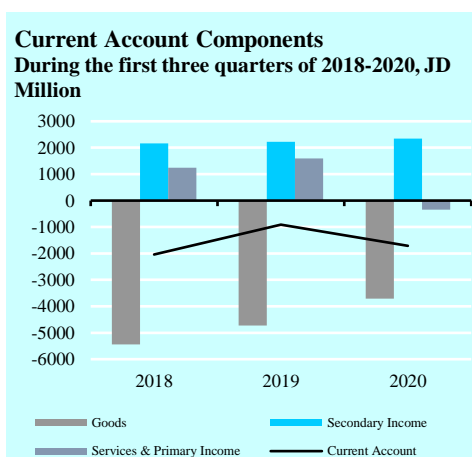
Travel payments decreased by 73.9 percent during 2020, to register JD 270.8 million, compared to 2019.

□ **Balance of Payments**

The preliminary data for the balance of payments during the first three quarters of 2020 reveals the following:

- The current account recorded a deficit of JD 1,714.9 million (7.5 percent of GDP) compared to a deficit of JD 910.8 million (3.9 percent of GDP) during the same period of 2019. Meanwhile, the current account deficit (excluding grants) increased to reach JD 2,398.1 million (10.5 percent of GDP) compared to JD 1,227.5 million (5.3 percent of GDP) during the same period of 2019. This was an outcome of the following developments:

- ◆ A decrease in the goods account deficit by JD 1,014.5 million, or 21.5 percent, to reach JD 3,714.7 million compared to JD 4,729.2 million during the same period of 2019.



- ◆ The services account recorded a deficit of JD 285.3 million, compared to a surplus of JD 1,583.0 million during the same period of 2019.
- ◆ The primary income account recorded a deficit of JD 57.3 million, compared to surplus of JD 8.5 million during the same period of 2019. This was mainly due to increase in deficit of the investment income (net) to reach JD 210.4 million compared to deficit of JD155.6 million, and a decrease in the surplus of “compensation of employees (net)” by JD 11.0 million to reach JD 153.1 million.
- ◆ An increase in the secondary income surplus by JD 115.5 million to reach JD 2,342.4 million compared to a surplus of JD 2,226.9 million during the same period of 2019, this was an outcome of the increase in net transfers of the public sector (foreign grants) by JD 366.5 million to reach JD 683.2 million, and the decrease in the net surplus of other sectors transfers (net) by JD 251.0 million to reach JD 1,659.2 million.

■ As for the capital and financial transactions during the first three quarters of 2020, the capital account registered a net inflow of JD 16.5 million compared to a net inflow of JD 13.5 million during the same period of 2019. Meanwhile, the financial account registered a net inflow of JD 1,662.2 million during the first three quarters of 2020 compared to a net inflow of JD 1,095.0 million during the same period of 2019, this could be attributed to the following:

- ◆ Direct investment recorded a net inflow of JD 389.9 million compared to a net inflow of JD 397.1 million.
- ◆ Portfolio investment recorded a net inflow of JD 1,191.5 million compared to a net outflow of JD 785.4 million, this is attributed to issuing sovereign Eurobonds by JD 1,240.8 million.
- ◆ Other investment registered a net inflow of JD 1,549.3 million compared to a net inflow of JD 1,754.6 million.
- ◆ An increase in the reserve assets of the CBJ by JD 1,468.5 million, compared to an increase of JD 271.3 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 33,789.1 million at the end of the third quarter of 2020 compared to JD 32,372.6 million at the end of 2019. 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 economic sectors (residing) in the Kingdom by JD 1,894.3 million at the end of the third quarter of 2020 to reach JD 20,411.9 million. This was mainly due to increase in the currency and deposits of the licensed banks abroad by JD 223.9 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all economic sectors residing in the Kingdom by JD 3,310.9 million at the end of the third quarter of 2020 to reach JD 54,201.0 million, this was due to the following developments:
 - ◆ An increase in the stock of portfolio investment in the kingdom by JD 1,104.3 million or 15.7 percent, to stand at JD 8,116.7 million.
 - ◆ An increase in the deposits of non-residents at the banking sector by JD 803.4 million or 8.7 percent to stand at JD 10,064.5 million (increase by JD 850.2 million for the licensed banks and decrease by JD 46.8 million for the CBJ).
 - ◆ An increase in the stock of direct investment in the kingdom by JD 461.9 million or 1.8 percent, to stand at JD 25,851.7 million.
 - ◆ An increase of government long term loans by JD 323.3 million or 6.2 percent, to stand at JD 5,574.5 million.
 - ◆ An increase in the balance of the international monetary fund credit facilities by JD 258.6 million or 72.1 percent, to reach JD 617.1 million.
 - ◆ An increase of banks short- term loans by JD 168.2 million or 80.6 percent, to stand at JD 377.0 million.
 - ◆ A decrease of trade credits to residents in the kingdom by JD 41.3 million or 5.2 percent, to stand at JD 753.9 million.