

Press Statement

The Central Bank develops the operational framework of the monetary policy and reduces the interest rates.

First: Developing the operational framework of the monetary policy

For the purpose of strengthening banks' ability to manage their liquidity efficiently and competently so as to ensure that their operational needs are met while providing the growing financing needs of the various sectors of the national economy, it has been thereby decided to develop the operational framework of the monetary policy in an attempt to give the Central Bank adequate flexibility in managing monetary instruments as well as achieving the Central Bank's goal of maintaining monetary stability. This development is exemplified in issuing certificates of deposits with different terms as well as continuing to accept banks' cash deposits - after subscription in certificates of deposits- with the Central Bank in accordance with the provisions determined to that end. Also, a main interest rate has been approved as the referential rate in the banking sector. In light of this, I hereby decide the following:

- The setting of a key interest rate as the reference rate for the purposes of managing the monetary policy called the "CBJ Main Interest Rate" which is set at 2.75% for this amendment (currently expressed by the interest rate of repurchase agreements due in one week). This measure aims at providing clear indications of the monetary policy position and its trends in light of the monetary and economic developments on the domestic and foreign levels.
- Developing liquidity management instruments that enable banks to manage their liquidity with high efficiency and competence through the Central Bank's issuance of certificates of deposits in the Jordanian Dinar with different dues and amounts and in the time deemed fit by the Bank in order to draw a part of banks' liquidity through price auctions within a pricing range set by the Central Bank in the determined conditions announced for that instruments.
- The Central Bank will continue to receive the liquidity which banks wish to deposit- after subscription in the certificates of deposits- in the overnight Jordanian Dinar deposit window with their initiative and on the basis of the interest rate set by the Central Bank. The Central Bank will continue to inject liquidity to banks with its own initiative through auctions for repurchase agreements due in one week or more, and with an interest rate set according to the main interest rate of the Central Bank. The Central bank stands willing to hold overnight repurchase agreements with banks upon their initiative.

Second: In line with the Central Bank's dedication to increase the efficiency of the monetary policy and its competence in accomplishing its goal of maintaining monetary stability, and in light of the many positive developments witnessed by the national

economy; mainly recording relieving levels of foreign currency reserves in addition to predicting the continuance of the decline in deficit in the current account and levels of inflation, and for the purpose of creating a suitable environment for catalyzing economic growth in order to reach desirable and sustainable growth rates, the Central Bank has hereby decided to modify the structure of interest rates on monetary policy instruments as of Tuesday 3/2/2015 to be as follows:

- Reducing the re- discount interest rate from 4.25% to 4.00%
- Reducing repurchase agreements for one night interest rate from 4.00% to 3.75%
- Reducing repurchase agreements for one week or more interest rate from 3.00% to 2.75%
- Setting a range for the interest rate of certificates of deposits (2.50-2.75) %.
- Reducing the overnight window interest rate from 2.75% to 1.75%.

The Central Bank will continue its constant approach of following up all domestic and international monetary and economic developments, and performing all the necessary procedures which guarantee the attainment of its goals efficiently.