

## Press Statement

**The Central Bank of Jordan has decided to reduce the interest rates on the monetary policy instruments structure by 25 base points as of Thursday 9/7/2015 to become as follows:**

- Reducing the CBJ main interest rate from 2.75% to 2.5%
- Reducing the interest rates on rediscount agreements from 4.0% to 3.75%
- Reducing interest rates on repurchase agreements for one night rate from 3.75% to 3.5%
- Reducing the interest rate on windows of deposits from 1.75% to 1.5%

The bank has also decided to reduce the rate range of certificates of deposits from the range (2.5% - 2.75%) to be (2.25% - 2.5%).

This decision comes within the framework of the Central Bank's follow up of international, regional, and domestic developments, and in light of the existence of various positive indicators which support the reduction of interest rates such as the decline in inflation rate to -0.8% during the first five months which was caused primarily by the decline in international oil prices. The indicators also demonstrate the achievement of positive growth rates in expatriate's remittances as well as the constant improvement in foreign currency reserves at the Central Bank to a record level that exceeds 15 billion dollars, which is sufficient to cover the kingdom's imports of goods and services for eight months. This shows the appeal of the Jordanian Dinar as a saving vessel and Jordan's ability to attract more Arab and foreign investments, along with the decline in the public budget's deficit and operational losses of the National Electric Power Company.

On the other hand, Jordan, like the rest of the region's countries, has been affected by the conditions of instability that many regional and international economies have gone through alike, and which led to the decline of many domestic economic indicators mainly national exports and tourism income. This has also led to the slowing down of growth in the gross domestic product to reach 2% for the first quarter of this year in comparison with 3.2% for the same period of the previous year, which was caused chiefly by the slowing down of many economic sectors mainly the sectors of constructions, hotels, restaurants, public service providers, and transportation.

It is hoped that this move would lead to triggering the lending activity with low and suitable costs for the Jordanian economy and solidify national spending with its two components, consumerism and investments, and consequently the catalyzing of the economic growth. In this context, the Central Bank stresses its relentless and constant follow-up of economic developments, domestically and internationally, in addition to its taking whatever measures necessary to maintain monetary stability and creating an

economical and banking environment that contributes to strengthening economic growth.

It should be noted that the Central Bank has reduced the interest rate on its monetary instruments six consecutive times since August 2013 in the total of 175 base points. The Central Bank has also developed the operational framework of monetary policy in February of this year so as to improve banks' liquidity management and solidify the efficiency of the monetary policy in achieving its goals and contributing to the macro- economic policy. The Central Bank has also provided lines of credit and medium- term advances to licensed banks for a number of economic sectors such as industry, tourism, renewable energy, and agriculture with an interest rate that is two percent points less than the rediscount rate.