

Jordan Investor Confidence Index

Update for June 2018

The **Jordan Investor Confidence Index** is a monthly-issued index published by the **Jordan Strategy Forum** that aims to measure the confidence of investors operating in the Jordanian market through three aspects: confidence in the Jordanian Dinar and the monetary system, confidence in the real economy, and confidence in the Amman Stock Exchange (ASE).

The index measures the impact of policy decisions and exogenous developments on investor confidence. Furthermore, it aims to facilitate a better understanding for investors and promote a strong decision-making process, be it in policy-making by the public sector or investing decisions by the private sector.

The production of this index complements Jordan Strategy Forum's consistent effort to promote higher levels of investment in Jordan, and a more competitive business environment that can facilitate higher quality of life for all Jordanians.

Jordan Strategy Forum's **Jordan Investor Confidence Index** has decreased in June 2018 to reach 74.28 points in comparison to 80.42 points in May 2018 (6.1 points).

Confidence in the **Real Economy Sub-Index** witnessed a noticeable decrease by 3.9 points, to reach 115.31 points, as the number of companies registered in June 2018 decreased to reach 285 companies in comparison with 429 registered companies in May, in addition, the number of construction permits decreased to reach 1531 permits in June 2018 in comparison with 2181 permits in May 2018. The capital of companies' registered also witnessed a decrease to reach 6.1 Million JDs in June 2018, and the Tax on the monthly real estate volume dropped by 2.7 to reach 4.9 Million JDs in June 2018. However, the manufacturing quantity production index increased slightly by 0.2 points to reach 89.2 points.

The **Monetary Sub-Index** decreased slightly by 0.4 point to reach 73.99 points in June 2018, as the CBJ Gross Foreign Reserves dropped by 75.2 Million JDs to reach 11,132.3 Billion JDs for this month. The interest rate differential, however, remained at 4.25% since May 2018.

Confidence in the **ASE Sub-Index** observed a 1.8 -point decrease to reach 84.98 points in June 2018, as the ASE index decreased by 25.54 points to reach 2070.44 points in June 2018. The ratio of inflows to outflows of foreign investment in ASE dropped to reach 88% in May 2018.

Based on the above observations, the decline in the Jordan Investor Confidence Index in June 2018 can be attributed to the protests that took place against the economic policy of the government at that time that led to the resignation of Dr. Hani Al- Mulki's government. Following the appointment of Dr. Omar Razzaz's government whose policy priorities are to adopt the necessary reforms to improve the performance of the national economy, the JSF expects the Jordan Investor Confidence Index to reflect some improvements.

It is worth mentioning that the Investor Confidence Index aims to measure the level of confidence investors have in its three sub-indices based on the sub-indices expected values according to its trends since 2007 up until now.

A decrease in the value of one of the sub-indices despite increases in its indicators means that the indicators values fell below its expected values according to the trend. Similarly, an increase in any sub-index despite decreases in its indicators means that the indicators' values stay above its expected values according to the trend.

Changes in JICI and its Sub-Indices: April 2018 to June 2018

Index Value	April 2018	May 2018	June 2018
JICI	84.32	80.42	74.28
Monetary	74.71	74.39	73.99
Real Economy	121.47	119.27	115.31
Stock Exchange	88.14	86.76	84.98

Jordan Investor Confidence Index and its Sub-Indices since January 2016

