



Jordan Investor Confidence Index

Update for January 2021

Confidence in the economy, monetary system, and the capital market are drivers of economic, financial, and business fluctuations. When confidence increases, consumers and investors would want to buy and invest at prevailing market prices and vice versa.

Quantitatively, measuring changes in investor confidence is never easy. However, the Jordan Strategy Forum (JSF) measures confidence (monthly) directly by assessing three pillars (and their sub-pillars) and these are the real economy, monetary system, and the capital market.

Sub-Pillars of the Real Economy:

1. Capital of companies registered.
2. Number of companies registered.
3. Manufacturing quantity production index.
4. Number of construction permits.
5. Taxes collected from real estate activity.

Sub-Pillars of the Monetary System:

1. The inverse ratio of foreign currency deposits held to broad money.
2. Foreign reserves held at Central Bank of Jordan.
3. Difference between the deposit interest rate of the Central Bank of Jordan deposit rate and the Federal Reserve Bank rate.
4. Value of returned cheques in million JOD's

Sub-Pillars of the Financial System:

1. Growth in private sector credit.
2. Amman Stock Exchange (ASE) Weighted Stock Market Index.
3. Net change in foreign investment in ASE.

The publication of this index complements the JSF's efforts in promoting higher levels of investment in the Jordanian economy and its business environment.

For the technical reader, and if interested, the methodology is explained in the Forum's website.

The Jordan Investor Confidence has increased by 2.96 points from 144.6 points in December 2020, reaching 147.6 points in January 2021.

1. On average, confidence in the Real Economy has decreased from 144.6 points in December 2020 to 134.6 points in January 2021.

- a. The capital of registered companies increased from JD 5.82 million (December 2020) to JD 6.98 million (January 2021).
- b. The number of companies registered increased from 363 companies (December 2020) to 415 companies (January 2021).
- c. The manufacturing quantity production index decreased from 87.30 points (December 2020) to 86.00 points (January 2021).
- d. The number of construction permits decreased from 2,393 permits (December 2020) to 2,234 permits (January 2021).
- e. Total tax from the real estate volume decreased from JD 8.90 million (December 2020) to JD 4.00 million (January 2021).

2. Confidence in the Monetary System witnessed an increase from 182.2 points (December 2020) to 191.3 points (January 2021), marking its highest value in the last 4 years.

- a. The CBJ gross foreign reserves dropped from JD 13.20 billion (December 2020) to JD 13.06 billion (January 2021).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar remained at 2.41% in January 2021.
- c. The value of returned cheques decreased from JD 130.2 million (December 2020) to JD 105.3 million (January 2021).

3. Confidence in the Financial System increased from 107.1 points in December 2020 to 129.8 points in January 2021.

- a. The ASE's Weighted Index reached 3,168.04 points in January 2021, thereby increasing by 118.47 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 85% in December 2020 to reach 98% January 2021.
- c. The growth in private sector credit increased from -0.1% (December 2020) to 0.4% (January 2021).



Changes in JICI and its Sub-Indices: November 2020 to January 2021

| Index Value | November 2020 | December 2020 | January 2021 |
|--------------|---------------|---------------|--------------|
| JICI | 132.8 | 144.6 | 147.6 |
| Real Economy | 126.3 | 144.6 | 134.6 |
| Monetary | 178.8 | 182.2 | 191.3 |
| Financial | 100.0 | 107.1 | 129.8 |

Jordan Investor Confidence Index and its Sub-Indices since January 2019

