

# Jordan Investor Confidence Index

## Update for Q3 of 2022

**The Jordan Investor Confidence Index has decreased from 178.1 points (Q2 2022) to 176.2 points (Q3 2022) or by 1.9 points.**

Confidence in the economy, monetary system, and the financial system is the driver of 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 (quarterly) directly by assessing three pillars (and their sub-pillars). The pillars are the real economy, monetary system, and the financial system. The results are presented between 100 - 200 points.

### Sub-Pillars of the Real Economy:

1. GDP growth rate.
2. Government budget (including grants).
3. Foreign direct investment inflows.
4. Manufacturing quantity production index.

### Sub-Pillars of the Monetary System:

1. Foreign reserves held at Central Bank of Jordan.
2. Difference between the deposit interest rate of the Central Bank of Jordan and the Federal Reserve (Central Bank of the United States) rate.
3. Value of returned cheques.

### Sub-Pillars of the Financial System:

1. Amman Stock Exchange (ASE) Weighted Stock Market Index.
2. Foreign investment in the ASE.
3. Growth in private sector credit.

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.

### 1. On average, confidence in the Real Economy Index has increased from 178.0 points (Q2 2022) to 186.8 points (Q3 2022).

- The growth rate in real GDP has decreased from 2.9% (Q2 2022) to 2.5% (Q3 2022).
- The budget deficit has increased from JD 501.7 million (Q2 2022) to JD 559.5 million (Q3 2022).
- Foreign direct investment inflows have increased from JD 132.4 million (Q2 2022) to JD 206.3 million (Q3 2022). This is equivalent to 55.8%.
- The manufacturing quantity production index has decreased from 94.3 points (Q2 2022) to 94.1 points (Q3 2022).

### 2. Confidence in the Monetary System Index has decreased from 156.1 points (Q2 2022) to 141.3 points (Q3 2022).

- The CBJ gross foreign reserves have decreased from JD 11.9 billion (Q2 2022) to JD 11.8 billion (Q3 2022). This decrease is equivalent to 0.5%.
- The interest rate differential between the Jordanian Dinar and the US Dollar has widened from 2.54% (Q2 2022) to 2.69% (Q3 2022).
- The value of returned cheques has decreased from JD 303.1 million (Q2 2022) to JD 274.7 million (Q3 2022), which is equivalent to -9.4%.

### 3. Confidence in the Financial System Index has decreased from 200 points (Q2 2022) to 189.8 points (Q3 2022).

- The ASE Weighted Index has reached 4,760.1 points (Q3 2022), thereby decreased by 88.3 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE have reached 90.9% (Q3 2022), compared to 46.7% in the previous quarter.
- Private sector credit reached JD 30.6 billion. This increase is equivalent to 1.7% from the previous quarter.

## JICI and its Pillars - Q3 2022

### (Points - 200)

