



Jordan Investor Confidence Index

Update for August 2020

Confidence in the economy, monetary system, and the capital market are drivers of economic, financial, and business fluctuations. When confidence increases, consumers and investors 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 decreased by 5.81 points from 139.0 points in July 2020, reaching 133.1 points in August 2020.

1. On average, confidence in the Real Economy has increased from 107.7 points in July 2020 to 120.5 points in August 2020.

- a. The capital of registered companies increased from JD 3.57 million (July 2020) to JD 14.55 million (August 2020).
- b. The number of companies registered decreased from 163 companies (July 2020) to 139 companies (August 2020).
- c. The manufacturing quantity production index decreased from 89.77 points (July 2020) to 86.85 points (August 2020).
- d. The number of construction permits decreased from 1,979 permits (July 2020) to 1,881 permits (August 2020).
- e. Total tax on the monthly real estate volume decreased from JD 5.50 Million (July 2020) to JD 4.60 Million (August 2020).

2. Confidence in the Monetary System witnessed a decrease from 200.0 points (July 2020) to 191.5 points (August 2020), marking its highest value in the last 4 years.

- a. The CBJ gross foreign reserves dropped from JD 13.97 Billion (July 2020) to JD 13.87 Billion (August 2020).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar decreased at by 0.01% to reach 2.40% in August 2020.
- c. The value of returned cheques increased from JD 131.0 Million (July 2020) to JD 134.5 Million (August 2020).

3. Confidence in the Financial System decreased from 140.5 points in July 2020 to 100.0 points in August 2020.

- a. The ASE Weighted Index reached 2,879.75 points in August 2020, thereby decreasing by 12.43 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 60% in July 2020 to reach 71% August 2020.
- c. The growth in private sector credit decreased from 1.3% (July 2020) to 0.4% (August 2020).



Changes in JICI and its Sub-Indices: June 2020 to August 2020

Index Value	June 2020	July 2020	August 2020
JICI	133.1	139.0	130.1
Real Economy	120.0	107.7	120.5
Monetary	160.5	200.0	191.5
Financial	120.1	140.5	100.0

Jordan Investor Confidence Index and its Sub-Indices since January 2018

