

Jordan Investor Confidence Index

Update for December 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 increased by 11.78 points from 132.8 points in November 2020, reaching 144.6 points in December 2020.

1. On average, confidence in the Real Economy has increased from 126.3 points in November 2020 to 144.6 points in December 2020.

- a. The capital of registered companies decrease from JD 10.99 million (November 2020) to JD 5.82 million (December 2020).
- b. The number of companies registered increased from 318 companies (November 2020) to 363 companies (December 2020).
- c. The manufacturing quantity production index increased from 83.00 points (November 2020) to 87.30 points (December 2020).
- d. The number of construction permits increased from 1,607 permits (November 2020) to 2,393 permits (December 2020).
- e. Total tax on the monthly real estate volume increased from JD 4.30 Million (November 2020) to JD 8.90 Million (December 2020).

2. Confidence in the Monetary System witnessed an increase from 178.8 points (November 2020) to 182.2 points (December 2020).

- a. The CBJ gross foreign reserves increased from JD 13.03 Billion (November 2020) to JD 13.20 Billion (December 2020).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar remained at 0.00% to reach 2.41% in December 2020.
- c. The value of returned cheques decreased from JD 132.7 Million (November 2020) to JD 130.2 Million (December 2020).

3. Confidence in the Financial System increased from 100.0 points in November 2020 to 107.1 points in December 2020.

- a. The ASE Weighted Index reached 3,049.57 points in December 2020, thereby increasing by 150.78 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 54% in November 2020 to reach 85% December 2020.
- c. The growth in private sector credit increased from -0.1% (November 2020) to -0.1% (December 2020).



Changes in JICI and its Sub-Indices: October 2020 to December 2020

| Index Value | October 2020 | November 2020 | December 2020 |
|--------------|--------------|---------------|---------------|
| JICI | 144.6 | 132.8 | 134.3 |
| Real Economy | 115.6 | 126.3 | 144.6 |
| Monetary | 199.3 | 178.8 | 182.2 |
| Financial | 106.8 | 100.0 | 107.1 |

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

