



Jordan Investor Confidence Index

Update for June 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 20.50 points from 109.6 points in May 2020, reaching 130.1 points in June 2020.

1. On average, confidence in the Real Economy has increased from 100.0 points in May 2020 to 120.0 points in June 2020.

- a. The capital of registered companies decrease from JD 4.04 million (May 2020) to JD 2.68 million (June 2020).
- b. The number of companies registered increased from 59 companies (May 2020) to 207 companies (June 2020).
- c. The manufacturing quantity production index increased from 81.19 points (May 2020) to 85.98 points (June 2020).
- d. The number of construction permits increased from 501 permits (May 2020) to 1,668 permits (June 2020).
- e. Total tax on the monthly real estate volume increased from JD 1.00 Million (May 2020) to JD 4.10 Million (June 2020).

2. Confidence in the Monetary System witnessed an increase from 138.6 points (May 2020) to 160.5 points (June 2020).

- a. The CBJ gross foreign reserves increased from JD 11.99 Billion (May 2020) to JD 12.08 Billion (June 2020).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar decreased at by 0.03% to reach 2.42% in June 2020.
- c. The value of returned cheques decreased from JD 164.1 Million (May 2020) to JD 130.7 Million (June 2020).

3. Confidence in the Financial System increased from 100.0 points in May 2020 to 120.1 points in June 2020.

- a. The ASE Weighted Index reached 2,935.18 points in June 2020, thereby decreasing by 77.22 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 33% in May 2020 to reach 47% June 2020.
- c. The growth in private sector credit increased from 0.3% (May 2020) to 0.8% (June 2020).

The investor confidence has improved across the board after the lockdowns due to COVID-19, but the country has yet to reach "near normal business".



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

Index Value	April 2020	May 2020	June 2020
JICI	130.1	109.6	102.0
Real Economy	100.0	100.0	120.0
Monetary	108.1	138.6	160.5
Financial	100.0	100.0	120.1

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

