



# Jordan Investor Confidence Index

## Update for May 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.

*While Jordan Investor Confidence dropped from 119.2 in February 2020 to 110.2 in March, and to 102.0 in April, it has slightly recovered and reached 109.6 points by the close of May 2020.*

### 1. On average, confidence in the Real Economy has not changed between April and May 2020.

- a. The capital of registered companies increased from JD 0.02 million (April 2020) to JD4.04 million (May 2020).
- b. The number of companies registered increased from 4 companies (April 2020) to 59 companies (May 2020).
- c. The manufacturing quantity production index increased from 10.8 points (April 2020) to 81.2 points (May 2020), marking its highest monthly increase since the year 2000.
- d. The number of construction permits increased from 0 permits (April 2020) to 501 permits (May 2020).
- e. Total tax on the monthly real estate volume increased from JD0.1 Million (April 2020) to JD1.00 Million (May 2020).

### 2. Confidence in the Monetary System witnessed an increase from 108.1 points (April 2020) to 138.6 points (May 2020).

- a. The CBJ gross foreign reserves slightly dropped from JD 12.04 Billion (April 2020) to JD 11.99 Billion (May 2020).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar remained at 2.45% since April 2020.
- c. The value of returned cheques decreased from JD 247 Million (April 2020) to JD 164.1 Million (May 2020).

### 3. Confidence in the Financial System remained at 100.0 points in April 2020 and May 2020.

- a. The ASE Weighted Index reached 3,012.40 points in May 2020. The last value before the full lockdown was 3077.62 (March 16<sup>th</sup> 2020).
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE was 33% in May 2020. The last ratio before the full lockdown was 52% (March 2020).
- c. The growth in private sector credit decreased from 0.4% (April 2020) to 0.3% (May 2020).

**As a result of the March and April lockdown measures, the investor confidence marked its second lowest score of all time in May 2020. Jordan has yet to reach "near normal business". However, relative to April 2020, the May 2020 figures reflect some marginal improvement.**



### Changes in JICI and its Sub-Indices: March 2020 to May 2020

Index Value	March 2020	April 2020	May 2020
JICI	110.2	102.0	109.6
Real Economy	100.0	100.0	100.0
Monetary	137.2	108.1	138.6
Financial	103.7	100.0	100

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

