

## Jordan Investor Confidence Index

### Update for October 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 1.25 points from 133.1 points in September 2020, reaching 134.3 points in October 2020.*

**1. On average, confidence in the Real Economy has decreased from 121.0 points in September 2020 to 115.6 points in October 2020.**

- a. The capital of registered companies increased from JD 1.27 million (September 2020) to JD 2.30 million (October 2020).
- b. The number of companies registered decreased from 105 companies (September 2020) to 97 companies (October 2020).
- c. The manufacturing quantity production index decreased from 86.24 points (September 2020) to 84.34 points (October 2020).
- d. The number of construction permits decreased from 2,168 permits (September 2020) to 1,906 permits (October 2020).
- e. Total tax on the monthly real estate volume decreased from JD 5.00 Million (September 2020) to JD 4.00 Million (October 2020).

**2. Confidence in the Monetary System witnessed an increase from 190.3 points (September 2020) to 199.3 points (October 2020), marking its highest value in the last 4 years.**

- a. The CBJ gross foreign reserves dropped from JD 13.87 Billion (September 2020) to JD 13.06 Billion (October 2020).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar remained at 2.41% in October 2020.
- c. The value of returned cheques decreased from JD 118.0 Million (September 2020) to JD 92.8 Million (October 2020).

**3. Confidence in the Financial System increased from 100.0 points in September 2020 to 106.8 points in October 2020.**

- a. The ASE Weighted Index reached 2,869.54 points in October 2020, thereby decreasing by 48.98 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 84% in September 2020 to reach 116% October 2020.
- c. The growth in private sector credit increased from 0.1% (September 2020) to 0.3% (October 2020).



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

Index Value	August 2020	September 2020	October 2020
<b>JICI</b>	133.1	133.1	134.3
<b>Real Economy</b>	115.6	121.0	120.5
<b>Monetary</b>	199.3	190.3	191.5
<b>Financial</b>	106.8	100.0	100.0

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

