

Jordan Investor Confidence Index

Update for September 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 remained at 133.1 points between August and September 2020.

1. On average, confidence in the Real Economy has increased from 120.5 points in August 2020 to 121.0 points in September 2020.

- a. The capital of registered companies decreased from JD 14.55 million (August 2020) to JD 1.27 million (September 2020).
- b. The number of companies registered decreased from 139 companies (August 2020) to 105 companies (September 2020).
- c. The manufacturing quantity production index decreased from 86.85 points (August 2020) to 86.24 points (September 2020).
- d. The number of construction permits increased from 1,881 permits (August 2020) to 2,168 permits (September 2020).
- e. Total tax on the monthly real estate volume increased from JD 4.60 Million (August 2020) to JD 5.00 Million (September 2020).

2. Confidence in the Monetary System witnessed a slight decrease from 191.5 points (August 2020) to 190.3 points (September 2020).

- a. The CBJ gross foreign reserves remained at JD 13.87 Billion between August 2020 and September 2020.
- b. Interest rate differential between the Jordanian Dinar and the US Dollar remained at 2.41% within August and September 2020.
- c. The value of returned cheques decreased from JD 134.5 Million (August 2020) to JD 118.0 Million (September 2020).

3. Confidence in the Financial System remained at 100.0 between August and September 2020.

- a. The ASE Weighted Index reached 2,918.52 points in September 2020, thereby increasing by 38.77 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 71% in August 2020 to reach 84% September 2020.
- c. The growth in private sector credit decreased from 0.4% (August 2020) to 0.1% (September 2020).



Changes in JICI and its Sub-Indices: July 2020 to September 2020

Index Value	July 2020	August 2020	September 2020
JICI	133.1	133.1	139.0
Real Economy	107.7	120.5	121.0
Monetary	200.0	191.5	190.3
Financial	140.5	100.0	100.0

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

