

# Jordan Investor Confidence Index

## Update for Q4 of 2022

Confidence in the economy, monetary system, and the financial system is the driver of business fluctuations. When confidence increases, consumers and investors would 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 (quarterly) directly by assessing three pillars (and their sub-pillars). The pillars are the real economy, monetary system, and the financial system. The results are presented between 100 - 200 points.

### Sub-Pillars of the Real Economy:

1. GDP growth rate.
2. Government budget (including grants).
3. Foreign direct investment inflows.
4. Manufacturing quantity production index.

### Sub-Pillars of the Monetary System:

1. Foreign reserves held at Central Bank of Jordan.
2. Difference between the deposit interest rate of the Central Bank of Jordan and the Federal Reserve (Central Bank of the United States) rate.
3. Value of returned cheques.

### Sub-Pillars of the Financial System:

1. Amman Stock Exchange (ASE) Weighted Stock Market Index.
2. Foreign investment in the ASE.
3. Growth in private sector credit.

The publication of this Index complements 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 on JSF's website.

**The Jordan Investor Confidence Index has increased from 176.2 points (Q3 2022) to 187.3 points (Q4 2022) or by 11.1 points.**

**1. On average, confidence in the Real Economy Index has increased from 186.8 points (Q3 2022) to 188.6 points (Q4 2022).**

- The growth rate in real GDP has decreased from 2.3% (Q3 2022) to 1.8% (Q4 2022).
- The budget deficit has decreased from JD 559.5 million (Q3 2022) to JD 145.7 million (Q4 2022).
- Foreign direct investment inflows have decreased from JD 231 million (Q3 2022) to JD 170.9 million (Q4 2022). This is equivalent to -26.0%.
- The manufacturing quantity production index has decreased from 94.1 points (Q3 2022) to 90.5 points (Q4 2022).

**2. Confidence in the Monetary System Index has increased from 141.3 points (Q3 2022) to 172.1 points (Q4 2022).**

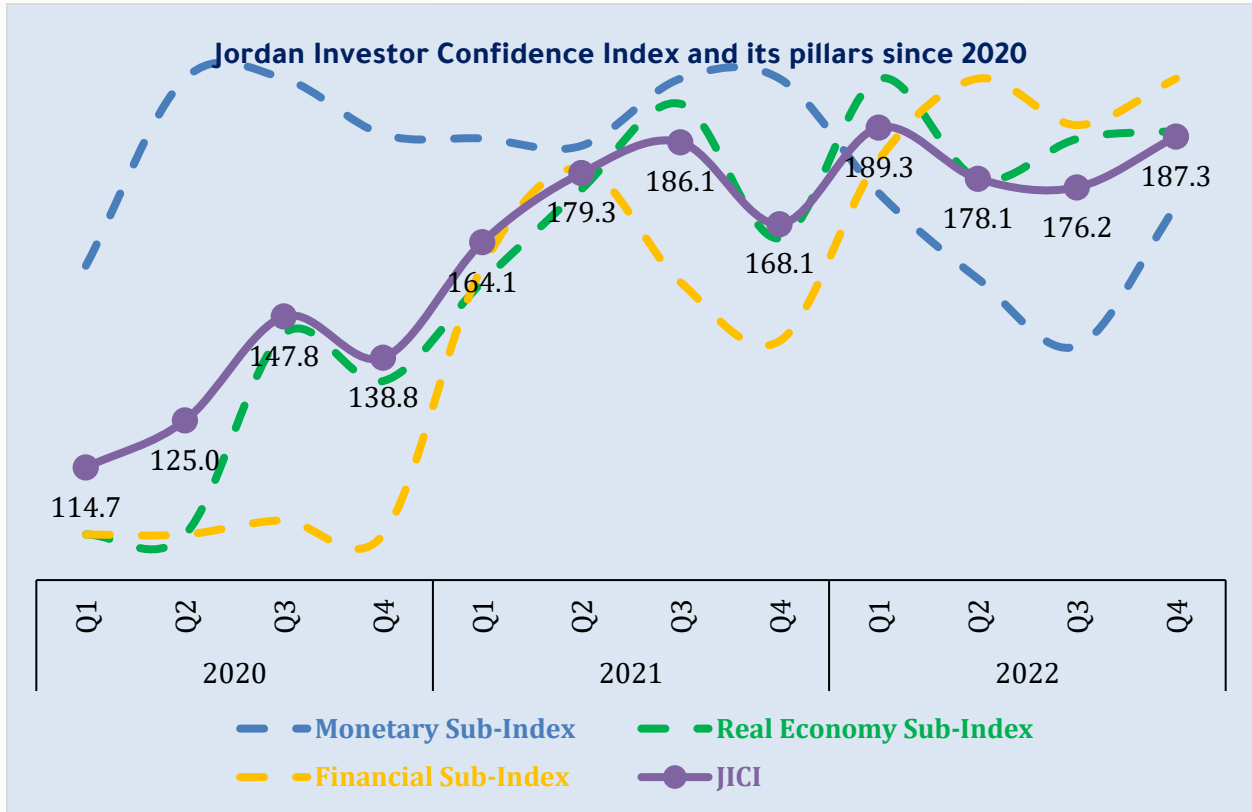
- The CBJ gross foreign reserves have increased from JD 11.8 billion (Q3 2022) to JD 12.2 billion (Q4 2022). This increase is equivalent to 3.4%.
- The interest rate differential between the Jordanian Dinar and the US Dollar has decreased from 2.69% (Q3 2022) to 2.40% (Q4 2022).
- The value of returned cheques has increased from JD 274.7 million (Q3 2022) to JD 354.8 million (Q4 2022), which is equivalent to 29.2%.

**3. Confidence in the Financial System Index has increased from 189.8 points (Q3 2022) to 200 points (Q4 2022).**

- The ASE Weighted Index has reached 4,730.4 points (Q4 2022), thereby decreased by 29.7 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE have reached 159.9% (Q4 2022), compared to 90.9% in the previous quarter.
- Private sector credit reached JD 29.5 billion (Q4 2022). This increase is equivalent to 0.2% from the previous quarter.

## JICI and its Pillars - Q4 2022

(Points - 200)



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