

Jordan Investor Confidence Index

Update for the 1st Quarter of 2024

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 the 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 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 Index has decreased by 16.4%, from 162.2 points in Q4, 2023 to 135.5 points in Q1, 2024 (the highest decrease since Q1 2020).

1. On average, confidence in the Real Economy Index has decreased from 145.2 points in Q4, 2023 to 100 points in Q1, 2024.

- Real GDP growth rate has increased by 2.0% in Q1, 2024. In Q1, 2023 and Q4, 2023 this increase was equal to 2.8% and 2.3% respectively (the highest decrease since Q1 2020).
- The budget deficit stood at JD 428.8 million in Q1, 2024. This deficit was equal to JD 463.3 million and JD 382.9 million in Q4, 2023 and Q1, 2023 respectively.
- Foreign Direct Investment inflows stood at JD 95 million in Q1, 2024. This was equal to JD 98 million in Q4, 2023.
- The Manufacturing Quantity Production index stood at 85.3 points in Q1, 2024. This index was equal to 88.8 in Q4, 2023.

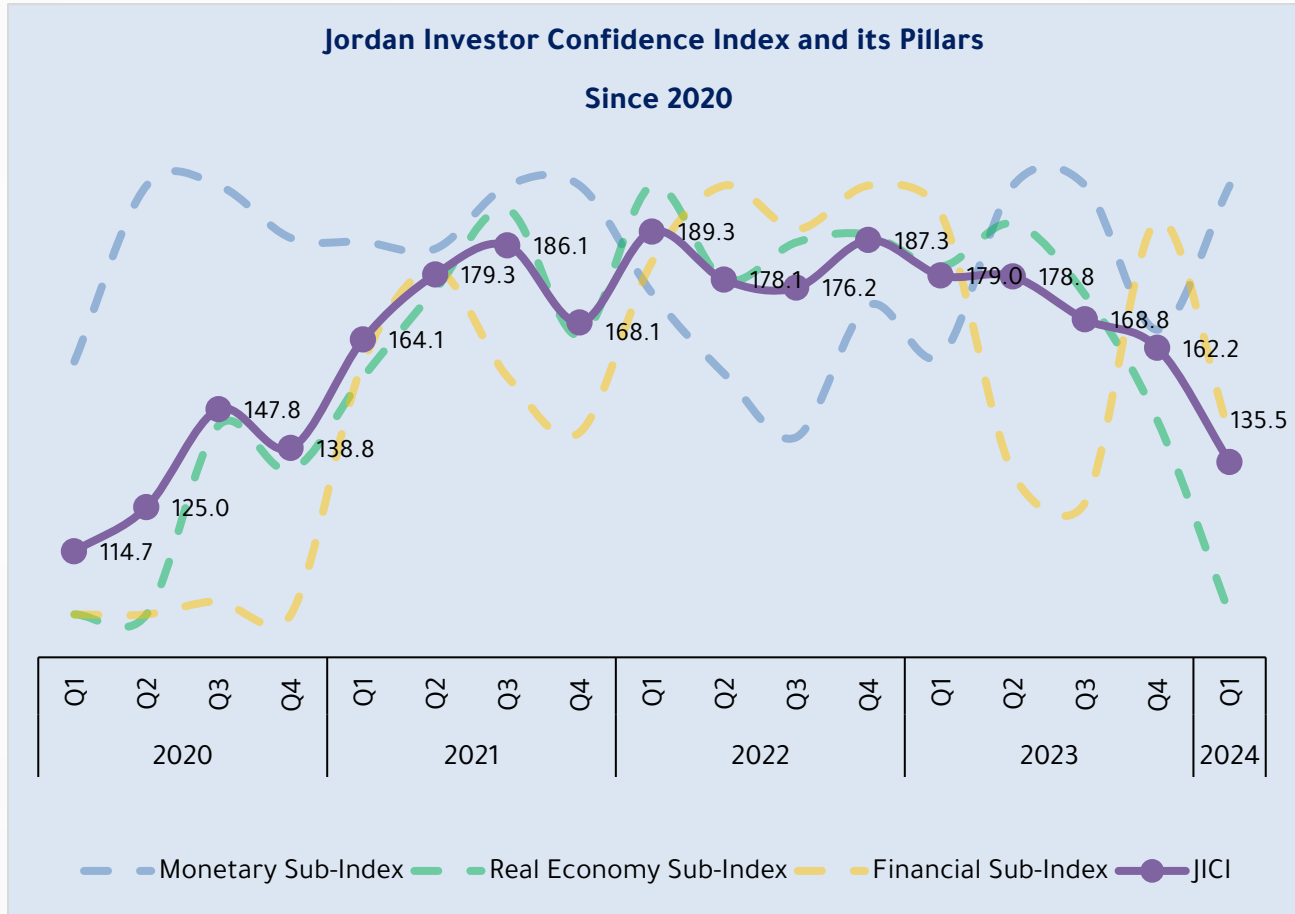
2. Confidence in the Monetary System Index has increased from 166.4 points (Q4 2023) to 200 points (Q1 2024).

- The CBJ gross foreign reserves have increased from JD 12.85 billion (Q4 2023) to JD 13.19 billion (Q1 2024).
- The interest rate differential between the Jordanian Dinar and the US Dollar has widened from 2.13% (Q4 2023) to 2.17% (Q1 2024).
- The value of returned cheques has decreased from JD 441 million (Q4 2023) to JD 398.8 million (Q1 2024), This decrease is equivalent to 9.6%.

3. Confidence in the Financial System Index has decreased from 191.9 points in Q4 2023 to 142.1 points in Q1 2024.

- The ASE Weighted Index has reached 4,416.9 points in Q1 2024, thereby increased by 0.6 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE decreased to 53.8% in Q1, 2024, compared to 169.1% in the previous quarter.
- Private sector bank credit reached JD 30.56 billion in Q1, 2024. This amount reflects an increase of 1.3% from the previous quarter.

JICI and its Pillars - Q1, 2024 (Points - 200)



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