

Jordan Investor Confidence Index

Update for Q2 2023

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 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 slightly decreased by 0.1%, to reach 178.8 points in Q2 2023, compared with 179.0 points in Q1 2023.

1. On average, confidence in the Real Economy Index has increased from 181.1 points (Q1 2023) to 191.1 points (Q2 2023).

- Real GDP has increased by 2.6% in Q2 2023. In Q2 2022 and Q1 2023 this increase was equal to 3.0% and 2.8% respectively.
- The budget deficit stood at JD 318.7 million (Q2 2023). In Q2 2022 and Q1 2023, this deficit was equal to JD 501.7 million and JD 382.9 million respectively.
- Foreign direct investment inflows stood at JD 241.6 million (Q2 2023).
- The manufacturing quantity production index stood at 89.6 points (Q2 2023).

2. Confidence in the Monetary System Index has increased from 160.3 points (Q1 2023) to 200.0 points (Q2 2023).

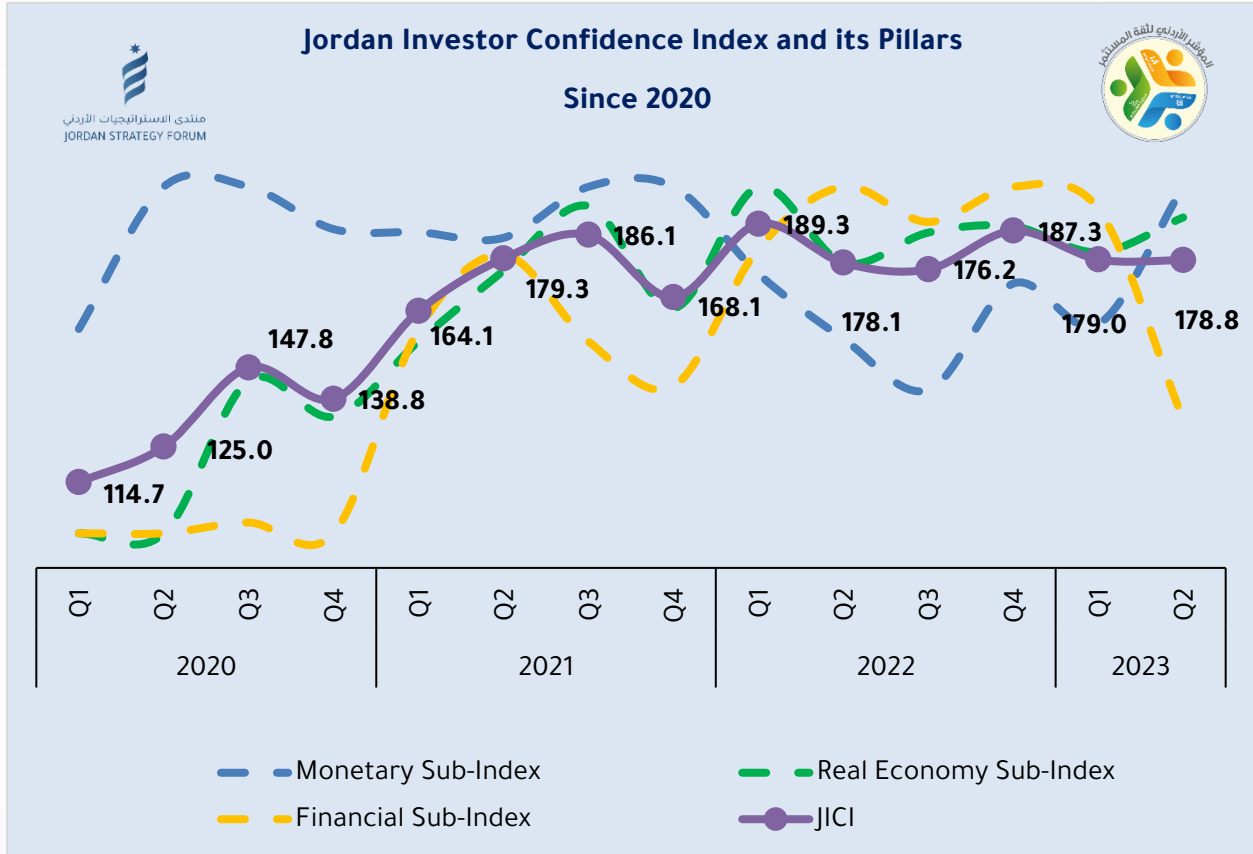
- The CBJ gross foreign reserves have increased from JD 11.93 billion (Q1 2023) to JD 12.24 billion (Q2 2023). This increase is equivalent to 2.6%.
- The interest rate differential between the Jordanian Dinar and the US Dollar has decreased from 2.48% (Q1 2023) to 2.26% (Q2 2023).
- The value of returned cheques has increased from JD 291 million (Q1 2023) to JD 319.2 million (Q2 2023), which is equivalent to 9.7%.

3. Confidence in the Financial System Index has decreased from 193.6 points (Q1 2023) to 132.9 points (Q2 2023).

- The ASE Weighted Index has reached 4,577.4 points (Q2 2023), thereby decreasing by 386.2 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE has reached 67.1% (Q2 2023), compared to 84.7% in the previous quarter.
- Private sector credit reached JD 30.12 billion (Q2 2023). This amount reflects an increase of 0.2% from the previous quarter.

JICI and its Pillars - Q2 2023

(Points - 200)



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