

# Jordan Investor Confidence Index

## Update for the 3<sup>rd</sup> Quarter (Q3) of 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 decreased by 5.6%, from 178.8 points in Q2, 2023 to 168.8 points in Q3, 2023.**

**1. On average, confidence in the Real Economy Index has decreased from 191.1 points in Q2, 2023 to 174.5 points in Q3, 2023.**

- Real GDP has increased by 2.7% in Q3, 2023. In Q3, 2022 and Q2, 2023 this increase was equal to 2.5% and 2.6% respectively.
- The budget deficit stood at JD 695.2 million in Q3, 2023. This deficit was equal to JD 559.5 million and JD 318.7 million in Q3, 2022 and Q2, 2023 respectively.
- Foreign Direct Investment inflows stood at JD 147.4 million in Q3, 2023.
- The Manufacturing Quantity Production index stood at 93.3 points in Q3, 2023.

**2. Confidence in the Monetary System Index has remained constant at 200 points (Q3 2023).**

- The CBJ gross foreign reserves have increased from JD 12.24 billion (Q2 2023) to JD 12.25 billion (Q3 2023). This increase is equivalent to 0.1%.
- The interest rate differential between the Jordanian Dinar and the US Dollar has decreased from 2.26% (Q2 2023) to 2.24% (Q3 2023).
- The value of returned cheques has increased from JD 319.2 million (Q2 2023) to JD 320.2 million (Q3 2023), which is equivalent to 0.3%.

**3. Confidence in the Financial System Index has decreased from 132.9 points in Q2 2023 to 126.1 points in Q3 2023.**

- The ASE Weighted Index has reached 4,413.6 points in Q3 2023, thereby decreased by 163.8 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE has reached 64.7% in Q3, 2023, compared to 67.1% in the previous quarter.
- Private sector credit reached JD 30.08 billion in Q3, 2023. This amount reflects a decrease of 0.1% from the previous quarter.

## JICI and its Pillars - Q3, 2023

(Points - 200)

