

# Jordan Investor Confidence Index

## Update for Q1 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 4.4% from 187.3 points (Q4 2022) to 179.0 points (Q1 2023).**

**1. On average, confidence in the Real Economy Index has decreased from 188.6 points (Q4 2022) to 181.1 points (Q1 2023).**

- Real GDP has increased by 2.8% in Q1 2023. In Q1 2022 and Q4 2022 this increase was equal to 2.5% and 2.0% respectively.
- The budget deficit stood at JD 382.9 million (Q1 2023). In Q1 2022 and Q4 2022, this deficit was equal to JD 345.8 million and JD 145.7 million respectively.
- Foreign direct investment inflows stood at JD 175.2 million (Q1 2023). In Q1 2022 and Q4 2022, this capital inflow was equal to JD 284.4 million and JD 170.9 million respectively.
- The manufacturing quantity production index stood at 88.6 points (Q1 2023).

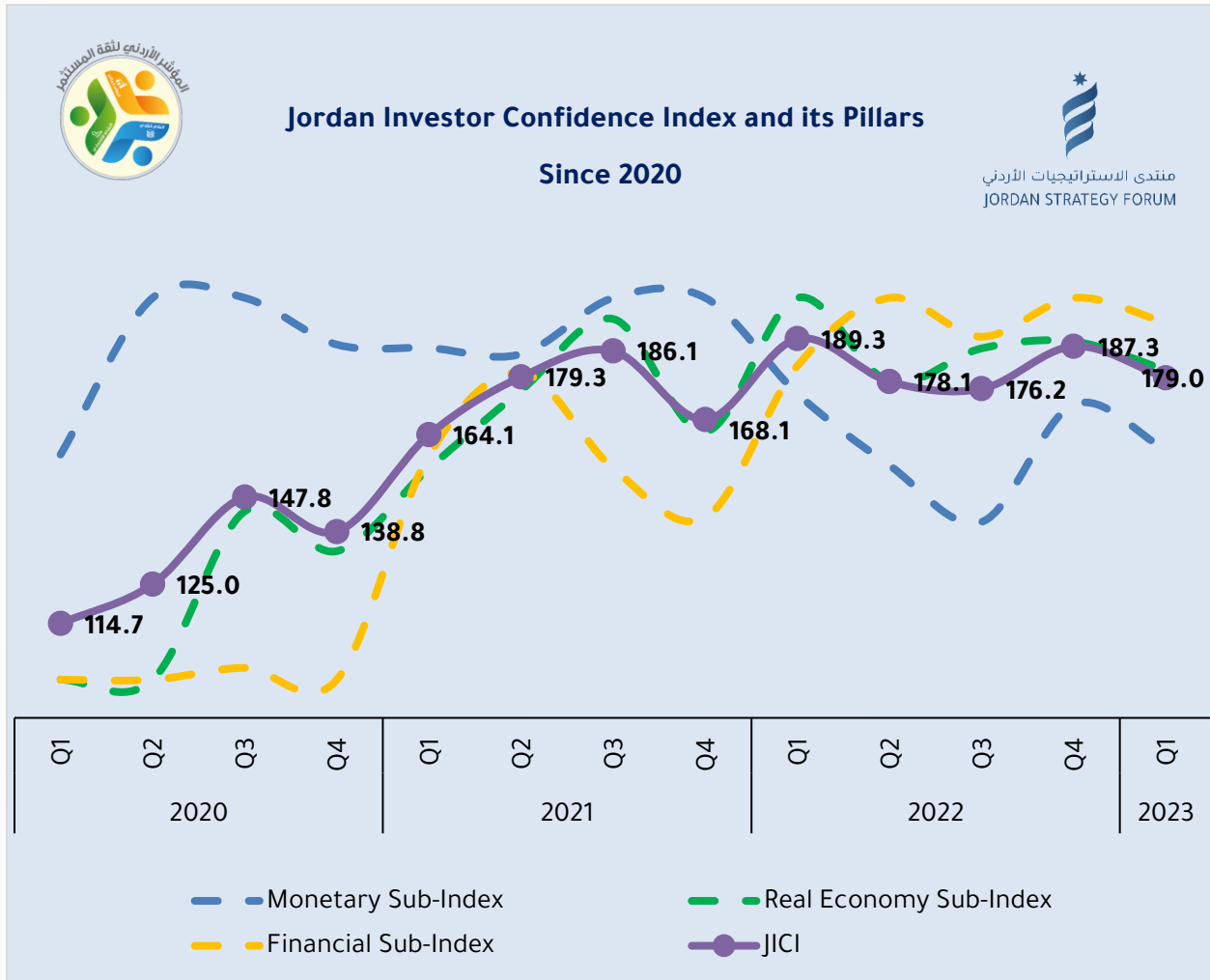
**2. Confidence in the Monetary System Index has decreased from 172.1 points (Q4 2022) to 160.3 points (Q1 2023).**

- The CBJ gross foreign reserves have decreased from JD 12.24 billion (Q4 2022) to JD 11.93 billion (Q1 2023). This decrease is equivalent to 2.5%.
- The interest rate differential between the Jordanian Dinar and the US Dollar has increased from 2.4% (Q4 2022) to 2.48% (Q1 2023).
- The value of returned cheques has decreased from JD 354.8 million (Q4 2022) to JD 291.0 million (Q1 2023), which is equivalent to 18%.

**3. Confidence in the Financial System Index has decreased from 200 points (Q4 2022) to 193.6 points (Q1 2023).**

- The ASE Weighted Index has reached 4,963.6 points (Q1 2023), thereby increasing by 233.2 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE has reached 84.7% (Q1 2023), compared to 159.9% in the previous quarter.
- Private sector credit reached JD 30.08 billion (Q1 2023). This amount reflects an increase of 1.8% from the previous quarter.

## JICI and its Pillars - Q1 2023 (Points - 200)



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