

Jordan Investor Confidence Index

Update for Q2 of 2022

Confidence in the economy, monetary system, and the financial system are drivers 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) with the results presented as a value of 100 - 200 points. The pillars are the real economy, monetary system, and the financial system.

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 deposit rate and the Federal Reserve Bank 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 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 11.2 points from 189.3 points (Q1 2022), reaching 178.1 points (Q2 2022).

1. On average, confidence in the Real Economy Index has decreased from 200 points (Q1 2022) to 178 points (Q2 2022).

- The growth Rate in real GDP increased from 2.5% (Q1 2022) to 2.9% (Q2 2022).
- The budget deficit increased from JD 345.8 million (Q1 2022) to JD 501.7 million (Q2 2022).
- Foreign direct investment inflows decreased from JD 260.3 million (Q1 2022) to JD 132.4 million (Q2 2022), which is equivalent to -49.1%.
- The manufacturing quantity production index increased from 90.3 points (Q1 2022) to 94.3 points (Q2 2022).

2. Confidence in the Monetary System Index decreased from 174.9 points (Q1 2022) to 156.1 points (Q2 2022).

- The CBJ gross foreign reserves decreased from JD 12.7 billion (Q1 2022) to JD 11.9 billion (Q2 2022). this decrease is equivalent to 6.3%.
- Interest rate differential between the Jordanian Dinar and the US Dollar decreased marginally from 2.55% to 2.50% (Q2 2022).
- The value of returned cheques decreased from JD 331.7 million (Q1 2022) to JD 303.1 million (Q2 2022), which is equivalent to -8.6%.

3. Confidence in the Financial System Index increased from 182.2 points (Q1 2022) to 200 points (Q2 2022).

- The ASE Weighted Index reached 4,848.4 points (Q2 2022), thereby increased by 557.3 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE reached 46.7% (Q2 2022), compared to 70% in the previous quarter.
- Private sector credit reached JD 28.9 billion; a 2.9% increase from the previous quarter.

JICI and its Pillars - Q2 2022 (Points - 200)

