



Jordan Investor Confidence Index

Update for July 2020

Confidence in the economy, monetary system, and the capital market are drivers of economic, financial, and business fluctuations. When confidence increases, consumers and investors 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 (monthly) directly by assessing three pillars (and their sub-pillars) and these are the real economy, monetary system, and the capital market.

Sub-Pillars of the Real Economy:

1. Capital of companies registered.
2. Number of companies registered.
3. Manufacturing quantity production index.
4. Number of construction permits.
5. Taxes collected from real estate activity.

Sub-Pillars of the Monetary System:

1. The inverse ratio of foreign currency deposits held to broad money.
2. Foreign reserves held at Central Bank of Jordan.
3. Difference between the deposit interest rate of the Central Bank of Jordan deposit rate and the Federal Reserve Bank rate.
4. Value of returned cheques in million JOD's

Sub-Pillars of the Financial System:

1. Growth in private sector credit.
2. Amman Stock Exchange (ASE) Weighted Stock Market Index.
3. Net change in foreign investment in ASE.

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 has increased by 8.82 points from 130.1 points in June 2020, reaching 139.0 points in July 2020.

1. On average, confidence in the Real Economy has decreased from 120.0 points in June 2020 to 107.7 points in July 2020.

- a. The capital of registered companies increased from JD 2.68 million (June 2020) to JD 3.57 million (July 2020).
- b. The number of companies registered decreased from 207 companies (June 2020) to 163 companies (July 2020).
- c. The manufacturing quantity production index increased from 85.98 points (June 2020) to 89.77 points (July 2020).
- d. The number of construction permits increased from 1,668 permits (June 2020) to 1,979 permits (July 2020).
- e. Total tax on the monthly real estate volume increased from JD 4.10 Million (June 2020) to JD 5.50 Million (July 2020).

2. Confidence in the Monetary System witnessed an increase from 160.5 points (June 2020) to 200.0 points (July 2020), marking its highest value in the last 4 years.

- a. The CBJ gross foreign reserves sharply increased from JD 12.08 Billion (June 2020) to JD 13.97 Billion (July 2020).
- b. Interest rate differential between the Jordanian Dinar and the US Dollar slightly decreased at by 0.01% to reach 2.41% in July 2020.
- c. The value of returned cheques increased from JD 130.7 Million (June 2020) to JD 131.0 Million (July 2020).

3. Confidence in the Financial System increased from 120.1 points in June 2020 to 140.5 points in July 2020.

- a. The ASE Weighted Index reached 2,892.19 points in July 2020, thereby decreasing by 42.99 points from the previous month.
- b. "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE increased from 47% in June 2020 to reach 60% July 2020.
- c. The growth in private sector credit increased from 0.8% (June 2020) to 1.3% (July 2020).

Jordan is still recovering from the lockdowns due to COVID-19 and has yet to reach "near normal business". It is worth noting that the sharp rise in the Monetary Confidence Index was due to "the increase in Gross Official Reserves of Foreign Currencies [after] the issuance of Eurobonds in the amount of \$1750 Million in July 2020" (Central Bank, 2020)



Changes in JICI and its Sub-Indices: May 2020 to July 2020

Index Value	May 2020	June 2020	July 2020
JICI	139.0	130.1	109.6
Real Economy	100.0	120.0	107.7
Monetary	138.6	160.5	200.0
Financial	100.0	120.1	140.5

Jordan Investor Confidence Index and its Sub-Indices since January 2018

