

Jordan Investor Confidence Index

Update for the 4th Quarter (Q4) 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 3.9%, from 168.8 points in Q3, 2023 to 162.2 points in Q4, 2023.

1. On average, confidence in the Real Economy Index has decreased from 174.5 points in Q3, 2023 to 145.2 points in Q4, 2023.

- Real GDP has increased by 2.3% in Q4, 2023. In Q4, 2022 and Q3, 2023 this increase was equal to 2.0% and 2.7% respectively.
- The budget deficit stood at JD 463.3 million in Q4, 2023. This deficit was equal to JD 145.7 million and JD 695.2 million in Q4, 2022 and Q3, 2023 respectively.
- Foreign Direct Investment inflows stood at JD 98 million in Q4, 2023.
- The Manufacturing Quantity Production index stood at 88.8 points in Q4, 2023. This index was equal to 93.3 in Q3, 2023.

2. Confidence in the Monetary System Index has decreased from 200 points (Q3 2023) to 166.4 points (Q4 2023).

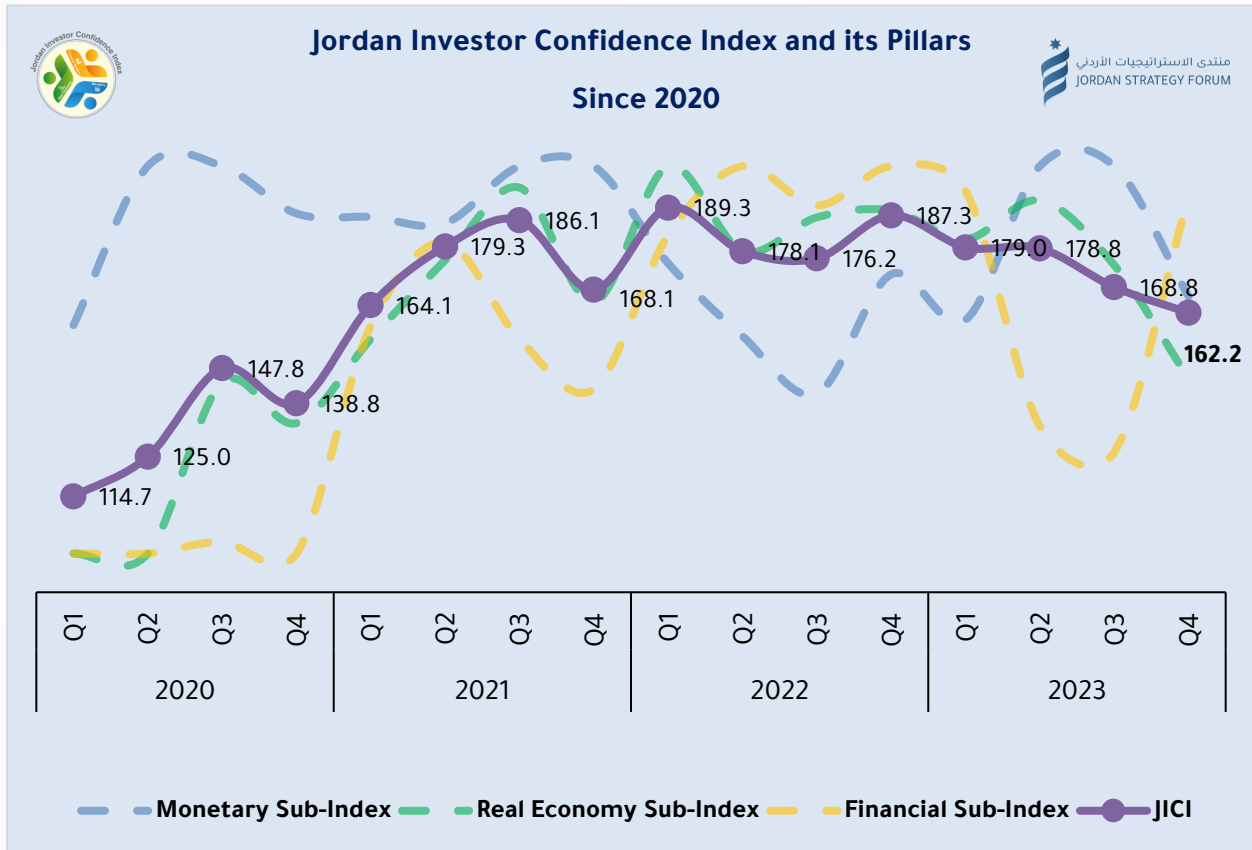
- The CBJ gross foreign reserves have increased from JD 12.26 billion (Q3 2023) to JD 12.85 billion (Q4 2023). This increase is equivalent to 4.8%.
- The interest rate differential between the Jordanian Dinar and the US Dollar has decreased from 2.24% (Q3 2023) to 2.13% (Q4 2023).
- The value of returned cheques has increased from JD 320.2 million (Q3 2023) to JD 441 million (Q4 2023), which is equivalent to 37.7%.

3. Confidence in the Financial System Index has increased from 126.1 points in Q3 2023 to 191.9 points in Q4 2023.

- The ASE Weighted Index has reached 4,416.3 points in Q4 2023, thereby increased by 2.7 points from the previous quarter.
- "Purchased-to-Sold shares by Non-Jordanians" ratio in the ASE has reached 169.1% in Q4, 2023, compared to 64.7% in the previous quarter.
- Private sector credit reached JD 30.21 billion in Q4, 2023. This amount reflects an increase of 0.4% from the previous quarter.

JICI and its Pillars - Q4, 2023

(Points - 200)



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