Main Indices

Introduction

ASE indices are used to portray the pattern of stock price movement, and to measure the performance of the ASE in terms of return. Back in 1980, the Amman Financial Market (AFM) constructed an Unweighted Price Index supplemented by sub-indices for the four sectors: Banking and Finance Companies, Insurance, Services, and Industrial. At that time 38 stocks were covered and a base value of 100 was stipulated on the opening session of January 1st, 1980 for the Unweighted Price Index. The base was changed to 1000 as of January 1st, 2004. Noting that the ASE discontinued calculating this index since June 2021.

As a result of a long statistical study, the AFM began in 1992 to calculate a Market Capitalization Weighted Price Index covering 50 stocks increased to 60 stocks in 1994, increased to 70 stocks in 2001 and to 100 in 2007. A base value of 100 points on December 31st, 1991 was stipulated for the Weighted Price Index. The base was changed to 1000 as of January 1st, 2004.

As a result of the global development in the domain of the indices calculation, beside aiming to raise the capability of these indices to reflect market performance, the ASE constructed a new index that is based on free float shares, which provides a better representation of the shares' prices movement in the market without bias to large-cap companies, thus limiting their impact on the index.

The index is calculated using the market value of the free float shares of the companies and not the total number of listed shares of each company. This method is notably used by many international institutions that calculate the indices for most of the world countries and that are considered leading international companies in the area of indices-related services, such as S&P's, FTSE Group, Dow Jones, and STOXX.

The methodology of Dow Jones and STOXX were applied in selecting the index constituents. The index universe is defined as all companies domiciled in Jordan, with their primary listing at the Amman Stock Exchange. Eliminated from the index universe are companies which belong to the bottom 1% by full market capitalization and companies which do not trade more than 33.33% of all trading days per quarter. The largest companies will be included in the index. Weights of individual stocks are capped at 10% in order to prevent the index from being dominated by individual securities.

ASE indices are calculated using the latest closing prices and published on a daily basis. ASE indices are composed of companies listed at the First and Second Markets, the selection of these companies is based on companies' Market capitalization and the number of traded days.

The ASE indices are adjusted to maintain their continuity and to safeguard them from exceptional events. These adjustments allow the indices to perfectly mirror the market trend. Indices that are calculated by weighted free float market capitalization are: Market Indices (First and Second Market), General Index ASEGI, Index ASE20 and ASETR.

The constituents of the ASE indices are reviewed and adjusted quarterly. Non-periodic adjustments can be made for stocks whose trading will be halted for a long time or permanently.