

Palestine Stock Exchange

Weekly Trading Brief (22-26)/12/2013

Palestine Stock Exchange Weekly Trading Brief

Al Quds Index closes on its high since 5 years

Palestine Stock Exchange PEX's trading were active in the penultimate week of the year 2013, amid an acceleration in the indicators that may stem from the principle of confidence in investments feasibility of the Palestinian equities from one hand, and the related periodic optimism from another hand. Over the years, the intrinsic value of the listed shares maximized following accumulating and retaining profits in growing rates in addition to the gradual cash dividends distribution in parallel. This yielded very attractive market indicators, especially with the record stability in shares' prices that resulted from the limited correlation to the regional markets and its compelling investment entity, therefore rising the ability to price correction and growth towards book and fair values through smooth transactions and prices movement. At the end of the year, degrees of optimism to increase the activity in the coming year prevailed, in continuation to what this stage has started of active trading, supported by substantial issues about the leading shares. Within the week, Al-Quds Index achieved significant gains of 2.42%, closing at the level of 546 points and up by 14.32% than its 2012's closing. Most of these gains were achieved in the last months of the current years, to surpass its 2007's annual closing by 3.55% and raise the attention for the annual closing of 2006; 605 points. These gains resulted from important hikes in the leading shares with the highest weights in the Index in addition that are trading around levels that have abounded from several years.

On the other hand, other positive indicators are reported to draw an initial image of what the coming year may hold, some include new economic data that showed an increase in Palestinian GDP during Q3 2013 compared to the corresponding period of the previous year, which in turn reflects a growth in the domestic production. Moreover, within the elements that reflect the attractive investment opportunities to attract the foreign investment capital, the PEX was included in the Standard & Poors Dow Jones frontier market indices. S&P Dow Jones launched a standalone country Index for Palestine for potential future inclusion in the S&P Frontier BMI; a comprehensive benchmark index that is created for the global leading frontier markets. This step is expected to attract more international investment through presenting the PEX's positive indicators on the screens of the most important fund managers to measure the investment opportunities.

Within this week's trading that was limited to four trading sessions; the share of Palestine Telecommunications PALTEL- the largest company by market capitalization- topped the PEX in terms of trading value when recorded an amount of \$3.09 million, to close at the level of JD5.80; up by 1.58%, constituting the core leverage for Al-Quds Index growth due to its heavy weight that proximate to 40%. This increase came within relative active transactions that included price jumps, supported by strongly breaking through resistance levels that has been trading around for several weeks. Within the substantial news that support the activity on PALTEL's share; the company announced signing an agreement with The Capital Bank of Jordan to purchase around 5% of the bank's stake in The National Bank of Iraq after completing increasing the capital of the Iraqi Bank. This comes within PALTEL's plan to expand its investments especially after increasing its stake in PADICO Holding. On the other hand, PALTEL's chairman noted that the Iraqi market is subject to positive and optimistic growth with growing opportunities.

Moreover, the share of Palestine Development and Investment PADICO- the largest investment company by market capitalization recorded gains of 2.99%, closing at \$1.38, through transactions worth of \$1.28 million that were in turn characterized with activeness and fast price movements. PADICO's share broke through important resistance levels, supported by purchasing bids that are enhancing the price depth since a noticeable period. The trading of Bank of Palestine BOP- the largest bank by market capitalization – was significantly active during the week when recorded a trading value of \$2.70 million. BOP's share increased by 5.54% closing at the level of \$3.24. Furthermore, the banking sector witnessed a general increase in its trading due to executing institutional transactions on the shares of both Palestine Islamic Bank ISBK and the Arab Islamic Bank AIB.

Weekly Comparison

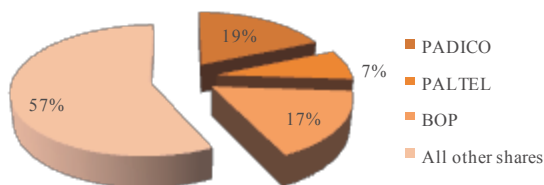
| Item | Previous Week | This Week | Δ |
|------------------------------|---------------|---------------|---------|
| Al Quds Index | 533.12 | 546 | 2.42% |
| # of transactions | 459 | 1,098 | 139.22% |
| Trading Volume | 2,602,231 | 5,085,502 | 95.43% |
| Trading Value | 5,976,415 | 11,254,869 | 88.32% |
| Market Capitalization | 3,197,984,811 | 3,265,130,169 | 2.10% |
| Daily Average Trading Volume | 867,410 | 1,271,376 | 46.57% |

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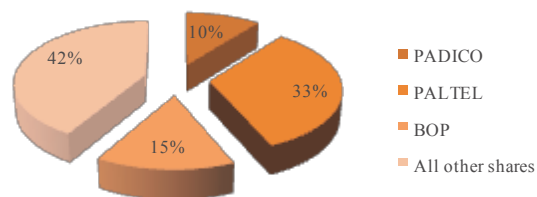
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Blue-chips Activity

Distribution of Blue-Chips by Trading Volume



Distribution of Blue-Chips by Market Cap

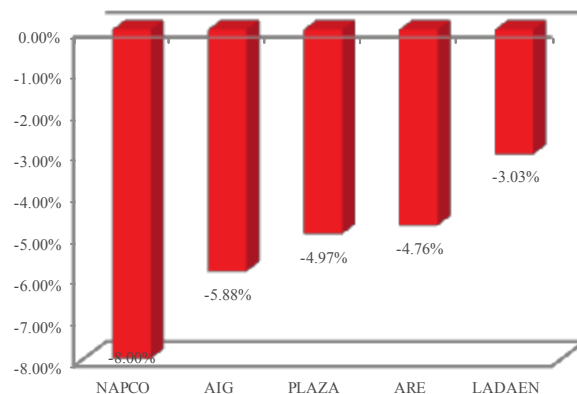
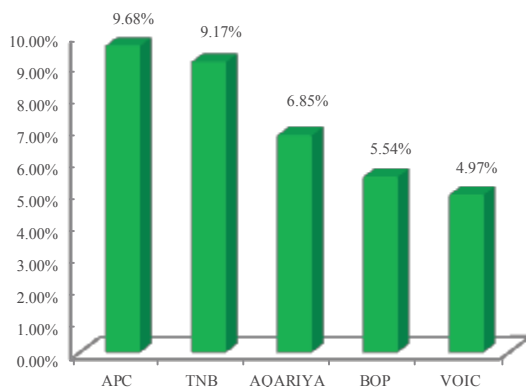


Blue-chips Dynamics

| Company | Bloomberg Quote | Weekly Closing | P/E | P/BV | Weekly Volume Weighted Price VWP | Weekly Trading Turnover |
|---------------------------------------|-----------------|----------------|-------|------|----------------------------------|-------------------------|
| Palestine Development & Investment \$ | PADICO:PS | 1.38 | 18.16 | 0.87 | 1.36 | 0.38% |
| Palestine Telecommunications JOD | PALTEL:PS | 5.80 | 9.29 | 1.68 | 5.77 | 0.29% |
| Bank of Palestine \$ | BOP:PS | 3.24 | 11.29 | 1.98 | 3.15 | 0.57% |

PE & PBV are calculated based on FY 2012

Top Gainers & Decliners



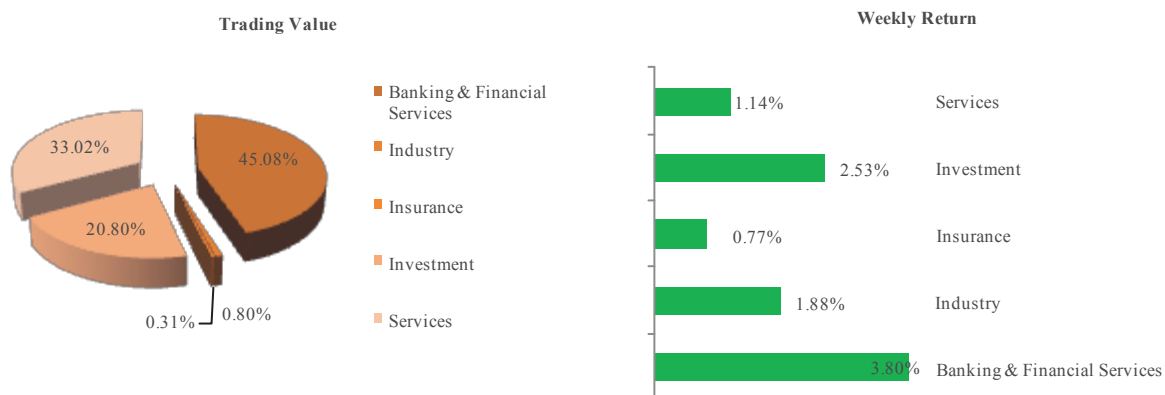
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Sectors Activity

| Index/Sector | Previous | Closing | WTD | Trading Volume | Trading Value | Market Cap \$ |
|------------------------------|----------|---------|-------|----------------|---------------|---------------|
| Banking & Financial Services | 121.44 | 126.05 | 3.80% | 2,604,598 | 5,073,898 | 863,871,770 |
| Industry | 66.94 | 68.2 | 1.88% | 64,057 | 89,772 | 276,130,994 |
| Insurance | 44.37 | 44.71 | 0.77% | 27,178 | 34,388 | 99,259,750 |
| Investment | 25.34 | 25.98 | 2.53% | 1,424,127 | 2,340,500 | 503,706,398 |
| Services | 51.83 | 52.42 | 1.14% | 965,542 | 3,716,311 | 1,522,161,257 |

Sectors Distribution by Trading Value & WTD



Sector's Indices Dynamics

| Index | High | Low | Discount to High | Premium to Low |
|------------|--------|--------|------------------|----------------|
| Al Quds | 546.29 | 537.96 | 0.00% | 1.55% |
| Banking | 126.05 | 123.06 | 0.00% | 2.43% |
| Industry | 68.2 | 67.52 | 0.00% | 1.01% |
| Insurance | 45.36 | 44.06 | 0.00% | 2.95% |
| Investment | 25.98 | 25.47 | 0.00% | 2.00% |
| Services | 52.54 | 52.18 | -0.23% | 0.46% |

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Al Quds Index Constituents: WTD & Weight

| Company | Current Weight in Al-Quds Index | Closing | Δ |
|--|---------------------------------|---------|--------|
| The National Bank | 2.19% | 1.19 | 9.17% |
| Bank of Palestine | 17.89% | 3.24 | 5.54% |
| Palestine Development & Investment Company | 12.70% | 1.38 | 2.99% |
| Palestine Islamic Bank | 2.76% | 1.50 | 2.74% |
| Union Construction And Investment | 0.53% | 0.45 | 2.27% |
| Golden Wheat Mills Company | 0.72% | 0.92 | 2.22% |
| National Insurance | 1.52% | 3.45 | 2.07% |
| Birzeit Pharmaceutical Company | 2.08% | 3.05 | 1.67% |
| Palestine Telecommunications Company | 39.63% | 5.80 | 1.58% |
| Palestine Real Estate Investment Company | 2.15% | 0.65 | 1.56% |
| Palestine Industrial Investment Company | 2.03% | 2.09 | 1.46% |
| Palestine Electric Company | 3.18% | 1.44 | 1.41% |
| Jerusalem Cigarette Company | 0.59% | 1.14 | 0.00% |
| Wataniya Palestine Mobile Telecommunications | 9.97% | 1.05 | 0.00% |
| Arab Islamic Bank | 2.07% | 1.18 | -0.84% |

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