

Weekly Trading Report [22-26/01] 2012

“Al Quds Index closes at the level of 475.09 points”

Al-Quds index drops amid fear of tax amendments

Al Quds Index declined and closed at the level of 475.09 points; down by 0.64%, accompanied by a drop in trading value compared to the previous week by 21.65%, to trade 1.56 million shares that were valued at \$2.98 million.

Several factors are reflected in the performance of Palestine Stock Exchange during the current period, some stem from awaiting the disclosure of operating results and financial statements for the listed companies, and others stem from the reported effects of the new income tax law on multiple levels. Amid investors' behavior differing in building their portfolios in the PEX based on their optimism degree of 2011's financial results and their investment strategy pattern; new complications concerning the investing decisions techniques stemmed mostly from the principle of cost and benefit have been reported- which emerged through the income tax law modifications-, whereby according to the private and securities' sector will impose additional financial burdens and displace previous exemptions. Following the investment decision method that is based on the net return on investment after taxes, investing in the PEX will be negatively affected by the tax adjustments that considered subjecting 75% of the capital gains derived from buying and selling stocks to income tax, which in turn will let many investors in the local stock market to switch to other Arab and regional stock exchanges that don't impose taxes on such gains. Moreover, the public shareholding companies in the PEX will be negatively affected, where these financial burdens will affect their profitably and investments, which in return will affect the dividends paid to their shareholders. On the other hand, the PEX expressed its serious consideration to cancel the road show that is expected to be organized in the British capital, London next April, after fading one of the most important competitive advantages that was communicated strongly to the investment funds abroad which is the absence of taxes on capital gains in stocks investment.

In the PEX, the performance of the leading companies varied during the week, witnessing relative convergence levels of liquidity compared to the previous week. In this context, Palestine Telecommunications PALTEL's share –the largest company by market capitalization-contributed around 52% of the total market trading value, where its transactions reached \$1.56 million, closing at the level of JD5.35 without any change, reaching higher levels during the week .On the other hand, the share of Wataniya Palestine Mobile Telecommunications WATANIYA significantly declined by 1.64%, closing at the level of \$1.20 through transactions that didn't exceed \$92 thousand . Moreover, the board of directors of the company held a meeting on 23/01/2012, whereby approved the financial statements of 2011 and the estimated budget for 2012.

In the investment sector, the shares of many leading companies declined. The share of Palestine Development and Investment PADICO declined by 0.95%, closing at the level of \$1.04 through transactions that reached \$0.35 million, in which the share was traded in narrow levels. In the same sector, the share of Palestine Industrial Investment PIIC significantly declined by 3.90%, ending its transactions of \$0.15 million at the level of JD1.48. The share of Palestine Real Estate Investment PRICO stabilized at the level of JD0.73 through weak trading. On the other hand, Union Construction and Investment UCI's share's value increased during the week compared to the previous week reaching \$0.29 million, while the share itself closed at the level of \$0.71; down by 2.74%.

Other news showed that many listed companies' board of directors held their meetings during the period discussing their preliminary financial statements for 2011, while others will be holding their meeting during the first two weeks of February, prior the end of the given legal period for disclosing the previous year's operations results. In this context, the board of directors of the National Insurance Company NIC recommended to its general assembly in its ordinary and extraordinary meetings raising the company's capital from \$10 million to \$ 12 million, by distributing 20% free stock dividends and 15% as cash dividends. While the board of directors of Al-Wataniah Towers ABRAJ approved raising the company's capital to \$11 million, by distributing 10% stock dividends to its shareholders.

Weekly Report

Market Indices & Top Gainers

Index/ PEX	Opening	Closing	Change%
Al Quds	475.09	475.09	-0.64%
Banking & Financial Services	95.04	95.04	-0.46%
Industry	62.07	62.07	-3.42%
Insurance	46.08	46.08	0.15%
Investment	21.53	21.53	-1.24%
Services	50.39	50.39	-0.32%

Symbol	Opening	Closing	Change%
APC	2.45	2.57	4.90%
PMHC	0.90	0.94	4.44%
JCC	1.25	1.29	3.20%
GUI	1.12	1.15	2.68%
GMC	1.05	1.07	1.90%
PEC	1.20	1.21	0.83%

Summary of the Week Performance

Item	Current Week	Last Week	Change Ratio	Daily Average of this Week 2012	Daily average of 2011	Change Ratio
# of Shares	1,560,716	2,015,753	-22.57%	312,143	744,131	-58.05%
Value in USD	2,983,750	3,808,224	-21.65%	596,750	1,474,388	-59.53%

Most Active Companies This Week

Company Name	# of Traded Shares	Total value (USD)	Open Price	Close Price	% Change	52 Weeks Price	
						High	Low
PALTEL	206,343	1,556,775	5.35	5.35	0.00%	5.52	4.95
PADICO	336,286	346,797	1.05	1.04	-0.95%	1.34	0.98
UCI	420,185	294,710	0.73	0.71	-2.74%	0.78	0.53
BOP	67,523	194,719	2.88	2.88	0.00%	3.70	2.79
PIIC	72,730	150,698	1.54	1.48	-3.90%	1.92	1.19
PEC	79,882	95,872	1.20	1.21	0.83%	1.24	1.06
WATANIYA	76,176	91,532	1.22	1.20	-1.64%	1.35	1.10
QUDS	66,815	67,245	1.00	1.00	0.00%	1.15	0.96
GCOM	102,348	48,348	0.49	0.46	-6.12%	0.78	0.41
PRICO	36,197	37,435	0.73	0.73	0.00%	1.01	0.67

Sahem Trading & Investment Company – Ramallah – Al Masyoun
Tel 02-2965710 / Fax: 02-2965713 / P.O. Box: Ramallah (2187)
Gaza: Tel: 08-2869330 / Fax: 08-2869110
E-mail: Research @Sahem-inv.com