

**MONTHLY
MARKET
BRIEF****A Breath of Life
April 2011**

The market was volatile in April, but it managed post its best results so far this year thanks to the good performance of real estate, tobacco, commercial services, mining & extraction, and electric industry stocks. April started with a bang as the General Index gained 3.24%, but, the good times were short-lived and the market dropped 1.63% in the next week. The last two weeks of the month were uneventful, and the General Index closed the month gaining 1.03%.

Jordan is caught in a very difficult position. On one hand, regional instability is eroding economic growth, and on the other, local demands to control prices, raise wages, and lower unemployment are mounting. Meanwhile, the government's options are limited to increasing debt and budget deficit or turning a deaf ear to the demands of the masses, especially that allies and friends are not extending a helping hand.

Rising energy cost is the biggest threat to the economy nowadays. Oil prices are reaching scary levels just as gas supplies from Egypt stopped due to a terrorist attack, and just as Egyptians are asking for higher prices. The industrial sector might be able to pass these higher costs onto consumers in the short-term, but inflation will most certainly hurt local demand and international competitiveness in the long-run.

The transportation sector is hurting too, but oil prices are not the only reason. Royal Jordanian Airlines (RJAL) posted a 141% increase in quarterly losses, which reached 28.4 JD million. Revenue growth was limited to 6% due to cancelling around 500 flights due to regional instability. But it was the 20% rise in costs that doomed RJAL. The rise in jet fuel cost accounted for a significant portion of the rise in the airline's costs.

Regional turmoil played a bigger role in the performance of land transportation. The Syrian-Jordanian borders are closed and that all but stopped the movement of passengers and traffic. As middle-men, Jordanian truckers haul goods between the GCC and Turkey, Syria, and Lebanon. Moreover, passenger traffic between Jordan, Syria, and Lebanon is very active, especially during the summer tourism season, which starts around now and extends until September.

Thankfully, the mining & extraction sector recovered in time. The first quarter corporate results show a 38% increase in the sales of Arab Potash (APOT), and a 41% increase in the sales of Jordan Phosphate Mines (JOPH). Both companies are benefiting from higher food prices and higher demand for fertilizers, especially from the large markets in China and India. The higher sales translated into better bottom lines. APOT's net income rose 129% to 54 JD million, and JOPH's net income rose 118% to 22 JD million.

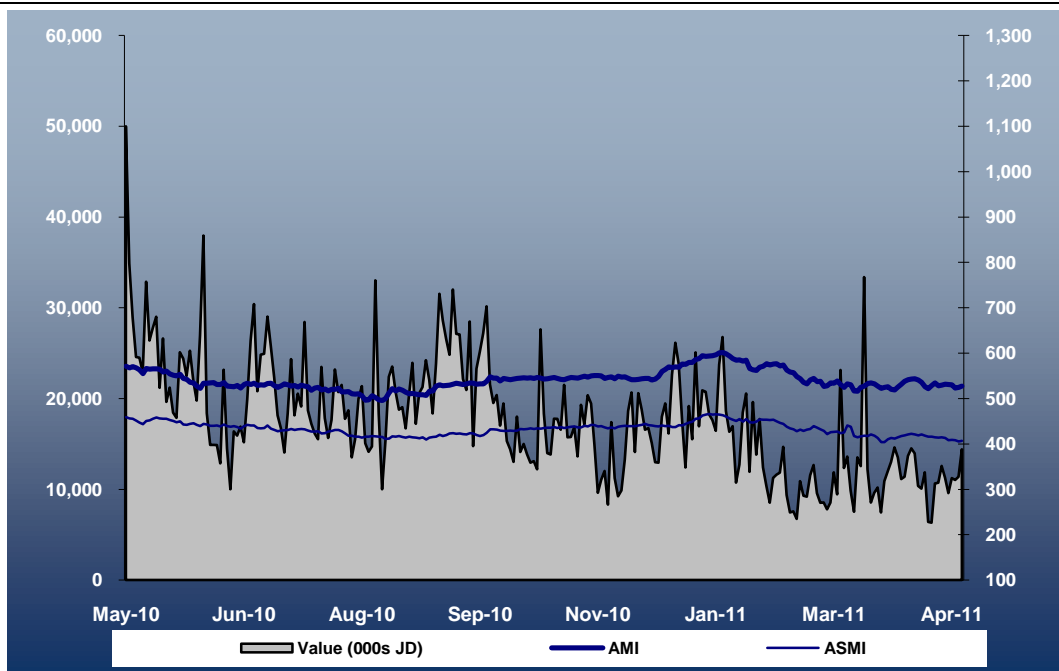
The banking system remains the true barometer of the economy's health and this barometer is pointing up. The first quarter corporate results show growth in lending and improved bottom lines from higher revenues and lower provisions. Arab Bank Group (ARBK) for example, posted a 14% growth in net income, a 3% growth in lending, and a 44% drop in bad debt provisions. The local banking system might be able to fill the void left by a government intending to prevent its budget deficit and debt burden from ballooning to worrying levels.



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Company Name	High (JD)	Low (JD)	Close (JD)	Change (%)	Turnover (JD)
Best Performers					
RUM ALADDIN INDUSTRIES	0.45	0.25	0.43	72.00	864,930
THE MEDITERRANEAN & GULF INSURANCE	0.58	0.31	0.50	56.25	283,716
RESOURCES COMPANY FOR DEVELOPMENT	0.54	0.34	0.54	54.29	707,125
DARKOM INVESTMENT	0.66	0.43	0.66	50.00	5,602,948
Biggest Decliner					
ARAB JORDANIAN INSURANCE GROUP	0.80	0.55	0.55	-32.10	1,795,824
DIMENSIONS: JORDAN & EMIRATES COMMER	1.07	0.77	0.77	-25.96	2,288,743
BANK OF JORDAN	2.92	2.06	2.10	-25.80	1,455,592
PHILADELPHIA INSURANCE	1.03	1.03	1.03	-20.77	316
Most Active					
MIDDLE EAST COMPLEX FOR ENGINEERIN	0.38	0.32	0.35	9.38	19,761,264
TAAMEER JORDAN	0.46	0.37	0.42	16.67	13,938,013
ARAB BANK	9.10	8.80	8.96	-0.33	12,723,800
JORDAN PETROLEUM REFINERY	5.57	4.72	5.40	14.41	10,222,393

Index	AMI	ASMI	ASE
Close	527.12	407.22	2198.01
Change (%)	1.57	-1.12	1.03
YTD (%)	-7.38	-7.81	-7.40
Y-o-Y (%)	-8.40	-11.71	-14.50
Trailing P/E	23.00	20.95	27.65

AMI: AB Invest Market Index
 ASMI: AB Invest Smaller Market Index
 ASE: Amman Stock Exchange Index
 Trailing P/E: Market capital weighted P/E of index elements

Trading Activity	
Volume (shares)	375,139,979
Volume (JD)	225,842,977
Volume (US\$)	318,438,598

Market Breadth	
Advancers	114
Decliners	82
Unchanged	20

Trading Value

