

**MONTHLY  
MARKET  
BRIEF****Recovery****March 2011**

After dropping 1.50% the previous month, Al-Quds index rebounded strongly this month and gained 3.22% reflecting positive corporate results in 2010. The trading activity reached USD30.16 this month compared to USD27.8 million the previous month, and the average daily trading activity reached USD1.3 million. In regulatory news, last Thursday, March 31, 2011 was the deadline for companies to disclose their final annual audited results according to Palestine Capital Market Authority (PCMA). In macroeconomics, the Palestinian Central Bureau of Statistics (PCBS) announced a decrease of 0.03% in the Construction Cost Index (CCI) in February compared to the previous month. Additionally, PCBS announced a decrease of 0.09% in the overall Producer Price Index (PPI) in February compared to the previous month.

After dropping 2.55% the previous month, the investment index rebounded this month and gained 3.41%. The trading activity reached USD10.6 million and accounted for 35%. Palestine Industrial Investment Co. (PIIC) was the sector's most active and accounted for 13% of the market activity, and was the sector's best performer after gaining 19.12% to close at JOD1.62. Palestine Real Investment Co. (PRICO) followed and gained 15.66% to close at JOD0.96. Meanwhile, Palestine Investment & Development (PID) was the sector's only decliner after losing 2.00% to close at JOD0.98.

The services index posted the smallest gain this month after gaining 0.74%. The trading activity reached USD13.0 million and accounted for 42% of the market activity. Palestine Telecommunications (PALTEL) was the market's most active and accounted for 32% of the market activity. PALTEL gained 2.86% to close at JOD5.40. Arab Hotels Co. (AHC) was the sector's best performer after gaining 13.16% to close at JOD0.86. Meanwhile, Ramallah Summer Resort (RSR) was the market's worst performer after losing 8.33% to close at USD2.75, and Arab Real Estate Establishment (ARE) followed and lost 7.94% to close at JOD0.58.

The industrial index continued its positive performance and gained 6.53% to be the best performing index. The sector's trading activity reached USD2.8 million and accounted for 9% of the market activity. National Carton Industries (NCI) enjoyed a remarkable performance this month after gaining 45.45% to close at JOD0.64. In related news, NCI decided to decrease its paid-up capital from JOD5.00 million to USD5.00 million (equivalent to JOD3.55 million) to write-off its losses. On a different note, Palestine Poultry (AZIZA) gained 7.59% to close at JOD3.12, and Birzeit Pharmaceuticals Co. (BPC) gained 7.27% to close at JOD3.69, as Palestine Plastic Industrial (LADAEN) trailed the all the sector's stocks after losing 7.41% to close at JOD0.50.

After dropping 2.06% in February, the insurance index rebounded and gained 1.37% this month. National Insurance Co. (NIC) was the sector's best performer after gaining 10.88% to close at USD3.77. Meanwhile, Ahliea Insurance Group (AIG) was the sector's worst performer after dropping 5.41% to close at USD0.35. Al-Mashreq Insurance Co. (MIC) followed and lost 3.70% to close at USD0.52.

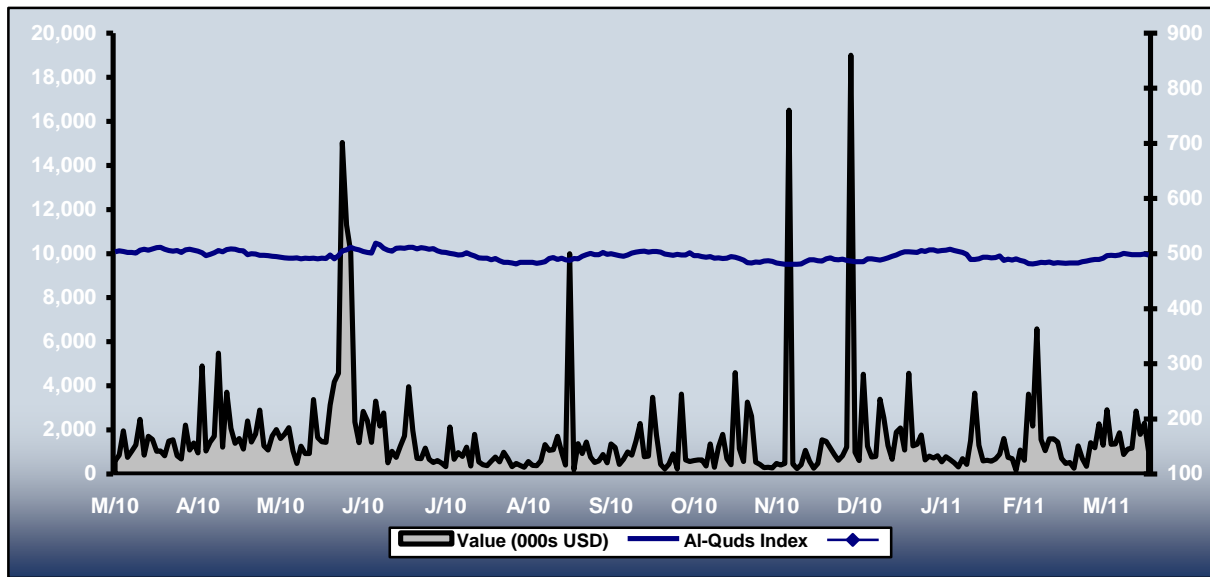
The banking index was the only index to decline this month after losing 0.30%. The trading activity reached USD3.6 million and accounted for 12% of the market's activity. Alrafah Microfinance Bank (AMB) was the sector's best performer after gaining 15.63% to close at USD0.74. Palestine Commercial Bank (PCB) followed and gained 14.29% to close at USD0.80, and Palestine Investment Bank (PIBC) also gained 9.47% to close at USD1.04. Meanwhile, Al-Quds Bank (QUDS) was the sector's worst performer after dropping 7.14% to close at USD1.04. In other sector news, Bank of Palestine (BOP) board of directors recommended to the general assembly to distribute USD0.20 per share as cash dividends (20% of BOP paid-up capital). On the trading floor, BOP gained 2.08% to close at USD3.43.



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Company Name	Close	Change (%)	Turnover (USD)	Turnover (Shares)
<b>Most Active</b>				
Palestine Telecommunications Group	JOD5.40	2.86	9,907,578	1,322,452
Palestine Industrial Investment Co.	JOD1.62	19.12	3,961,241	1,844,512
Palestine Development & Investment Co.	USD1.15	3.60	3,639,781	3,118,297
<b>Biggest Movers</b>				
National Carton Industries	JOD0.64	45.45	992,511	1,239,894
Palestine Industrial Investment Co.	JOD1.62	19.12	3,961,241	1,844,512
Palestine Real Estate Investment Co.	JOD0.96	15.66	2,796,868	2,099,904

Sector Index	Open	Close	Change (%)	Change (Points)
Banking & Financial Services	95.21	92.73	-2.60	-2.48
Industrial Index	63.99	64.97	1.53	0.98
Insurance Index	45.20	44.27	-2.06	-0.93
Investment Index	23.15	22.56	-2.55	-0.59
Service Index	51.01	50.68	-0.65	-0.33

PSE Index Performance	
Al Quds Index Value 31-03-2011	497.67
Monthly Change (%)	3.22
YTD (%)	1.65
Y-o-Y (%)	-1.09
Base Year - Jul. 1997	100
Historical P/E	11.34

P/E: Market capital weighted P/E.  
Above 80% of the total market capitalization

Trading Activity	
Volume (shares)	16,550,519
Volume (JOD)	20,623,712
Volume (USD)	30,614,284

Market Breadth	
Advancers	18
Decliners	15
Unchanged	9

