

Ahli Investment Banking

استثمار INVESTMENT

ASE Technical Analysis & Investment Patterns Report

April 3rd, 2008

This report is intended to provide an overview on the technical performance of the ASE general index. The report also keeps track of the investment patterns as they prevail in accordance to the trading activities associated with the various nationality groups active in the ASE.

Ahli Investment Banking

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Technical Analysis

▲: Upward
▼: Downward
▶◀: Indecision

RSI: Relative Strength Index
MACD: Moving Average Convergence Divergence

MFI: Money Flow Index
SMA: Simple Moving Average



Technical Leading Indicators

RSI	▼
MACD	▼
MACD Signal Line	▼
MACD Divergence	▲
MFI	▼



Technical Lagging Indicators

SMA - 5 days	▲
SMA - 10 days	▲
SMA - 20 days	▲
SMA - 50 days	▲

The changes in the above technical indicators show the change as of March 31st 2008, compared to December 31st 2007.

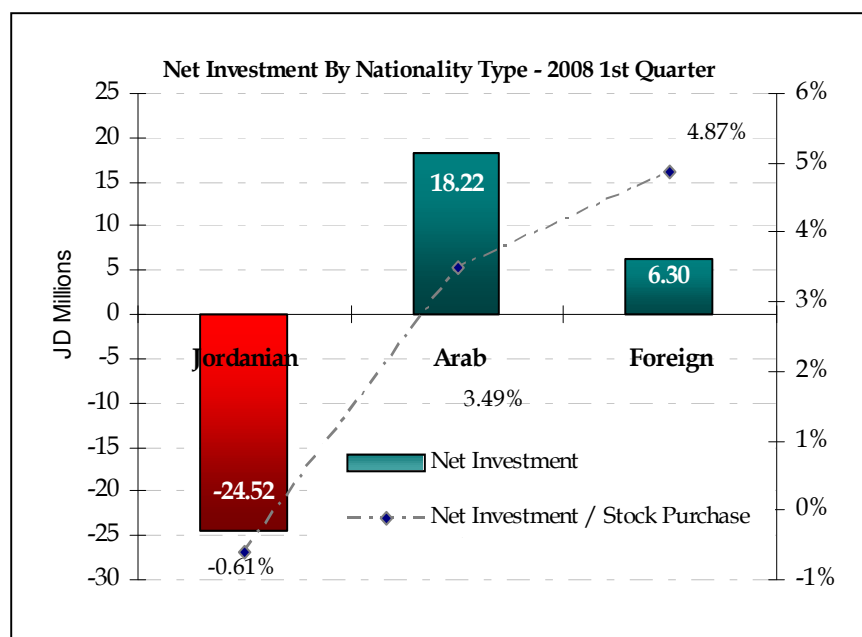
Market Technical Overview – First Quarter - 2008

In a similar manner to what happened in early 2007, the general index kick started 2008 on the back of an upward wave that was dated back to September of 2007. As such, the index rallied to 8289 points, thus registering a new high for the last 24 months on January 17th 2008. During that week in January and over five consecutive trading sessions, the index tackled a resistance barrier at around 8300 points touching it at least three times during intraday trading before dropping 7.4% to settle at 7671 points and hence announcing the end of the bullish wave triggered in September of last year. It is noteworthy to highlight the fact that the resistance barrier at 8300 points used to serve as a support for the index during the same period in January 2006. In terms of technical indicators, MACD continued to hover above its signal line during the first three weeks of January, yet crossing its signal line downward on January 21st to confirm the decline wave. A month later, on February 21st MACD crossed above its signal line in a leading indication of the upcoming run-up as the index surged further to 8667 points. At that point, a historic resistance barrier at around 8830 has surfaced yet again as the index touched a high of 8826 points during March 12th intraday trading session. The resistance at around 8830 points has proven its rigidity on more than one occasion in early 2006 prior to the index's slide later that year.

Back to 2008 trading, after the index's alleged failure to penetrate through the 8830 points, it lost 784 points in the six consecutive trading sessions that followed amid a profit taking wave triggered by an all time high levels during the last two years before the index bounced upward again during the last week of March. This being said, contrary to previous waves, the latest surge in the index prior to facing the 8830 resistance barrier was not triggered by the heavy weight stock of the Arab Bank (ARBK), which is typically the case in the ASE. Yet, it was attributed to the unprecedented surge in the prices of other blue chip stocks, in particular, Jordan Phosphate Mines (JOPH), Jordan Petroleum Refinery (JOPT), Jordan Telecom (JTEL) and The Arab Potash (APOT). As a matter of fact, the general index's movement is very much influenced and is closely associated with the movement and the performance of the stock of the Arab Bank, however, as more blue chip stocks are gaining more weight in terms of the ASE market capitalization, their influence on the general index is becoming more evident. This notion was illustrated during the last week of March where ARBK shed 6.22%, while the index gained 2.14%.

Investment Patterns

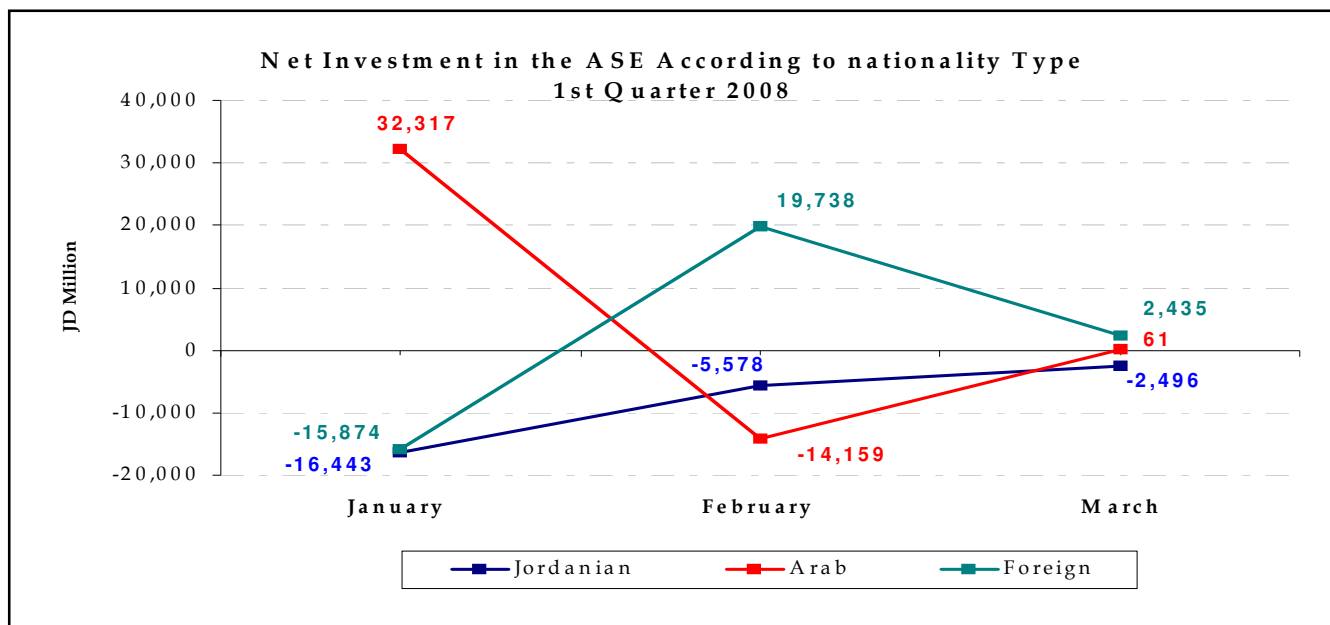
Investment Patterns by Nationality					First Quarter 2008	
Nationality	Sell		Buy		Net Investment JD (Market Value)	
	Securities	Market Value JD	Securities	Market Value JD		
Banking Sector						
Jordanian	66,398,591	508,528,099.58	60,858,495	483,360,850.27	-25,167,249.31	▼
Arab	12,410,267	107,129,894.34	21,191,188	140,521,371.74	33,391,477.40	▲
Foreign	6,681,559	46,126,860.06	3,440,734	37,902,631.97	-8,224,228.09	▼
Total Banking	85,490,417	661,784,853.98	85,490,417	661,784,853.98	14.21%	
Insurance Sector						
Jordanian	38,822,983	66,228,324.49	37,213,793	62,868,816.24	-3,359,508.25	▼
Arab	2,437,157	5,063,623.48	3,647,089	7,708,043.72	2,644,420.24	▲
Foreign	71,728	135,492.70	470,986	850,580.71	715,088.01	▲
Total Insurance	41,331,868	71,427,440.67	41,331,868	71,427,440.67	1.53%	
Services Sector						
Jordanian	759,148,122	2,034,880,234.49	751,980,298	2,055,953,339.32	21,073,104.83	▲
Arab	94,888,016	277,475,962.15	105,356,121	268,484,391.30	-8,991,570.85	▼
Foreign	11,979,188	38,696,370.26	8,678,907	26,614,836.28	-12,081,533.98	▼
Total Services	866,015,326	2,351,052,566.90	866,015,326	2,351,052,566.90	50.49%	
Industry Sector						
Jordanian	307,686,554	1,420,669,528.14	307,549,907	1,403,604,690.61	-17,064,837.53	▼
Arab	23,035,420	113,613,941.68	22,485,895	104,788,744.15	-8,825,197.53	▼
Foreign	3,067,057	38,107,769.49	3,753,229	63,997,804.55	25,890,035.06	▲
Total Industry	333,789,031	1,572,391,239.31	333,789,031	1,572,391,239.31	33.77%	
All Sectors						
Jordanian	1,172,056,250	4,030,306,186.70	1,157,602,493	4,005,787,696.44	-24,518,490.26	▼
Arab	132,770,860	503,283,421.65	152,680,293	521,502,550.91	18,219,129.26	▲
Foreign	21,799,532	123,066,492.51	16,343,856	129,365,853.51	6,299,361.00	▲
Grand Total	1,326,626,642	4,656,656,100.86	1,326,626,642	4,656,656,100.86	100.00%	



ASE Investment Patterns:

January –March (2008):

- Jordanian net investments in the ASE dipped into the negative territories to record JD(24.52) million during the 1st quarter in 2008, while net investments by Arabs and foreigners came at JD18.22 million and JD6.3 million, respectively.
- Trading activities by Jordanians contributed to the largest stake of total trading in the first three months of 2008 coming at 86.29%, while Arabs and Foreigners' contribution was recorded at 11% and 2.71%, respectively.
- When expressing net investment relative to stock purchase value, foreigners seem to have kept 4.5% of their total investment during the 1st quarter in 2008, while Arabs kept 3.5%. Jordanians on the other hand, sold 0.6% more in stock value compared to their stock purchase value during the same period of 2008.



Investment Patterns Analysis – First Quarter 2008

For the purpose of this report, investment patterns within the context of the ASE are associated with the nationality types of the major three investor categories, namely, Jordanians, Arabs and Foreigners. According to the graph above, such investment patterns - represented here by monthly net investments during the 1st quarter of 2008 - have been inconsistent among the three major groups in a manner that depicts their investment strategies in light of the index's movement throughout the first three months of 2008.

Tracking net investments by foreign traders since the start of 2008, we notice that their selling activities have intensified during January as their net investments recorded a negative JD15.8 million, which was in parallel to the index's peak as it hit 8,289 points, while their buying activities were escalated during February as their net investments came at JD19.7 million in parallel to the index hovering around 7,700 points.

Similarly, Jordanian's net investments dipped into the negative territories as their selling activities exceeded their buying activities by over JD16 million during January. However, their selling activities moderated during February and March, yet their net investments maintained a negative status throughout. Looking at net investments by Arab traders, their investment patterns show much controversy to foreign traders. In a sense, their net investments recorded a positive JD32.3 million during January, while dipping into negative territories during February to record JD14.15 million.

It remains, however, that net investments associated to each nationality type represent the aggregate net investments during the entire month as opposed to net investments on daily or weekly basis. As such, it is rather difficult to decide exactly when the selling and/or buying decisions have taken place relative to the index's movement during any particular month. This is especially true in the case of January of this year; where the index added 10.2% in the first eleven trading sessions of the month, only to drop 7.4% in the five trading sessions that followed. Therefore, it is unclear whether or not selling activities and/or buying activities have actually occurred during the peak of the index or at times when it witnessed a decline.



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