

Palestine Stock Exchange Performance H1 2021

Macroeconomic Overview

The latest Palestinian economy performance

Increase in Gross Domestic Product GDP in Palestine in Q1 2021: primary estimates for GDP at constant prices showed an increase of 2% in Palestine during the 1st quarter 2021 compared to the 4th quarter 2020 at constant prices, mainly in (Services, Construction, Transportation and Storage) by 7% for each activity, Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles 3%, Financial and Insurance Activities 2%. On the other hand, it showed a decrease of 6% in GDP in Palestine during the 1st quarter 2021 compared to the 1st quarter 2020 which excludes the seasonal effect, meanwhile the base year is 2015. GDP for the 1st quarter 2021 at constant prices was \$2,974 million for the West Bank and \$634 million for Gaza Strip.

Increase in Gross Domestic Product Per Capita: GDP per Capita for Palestine at constant prices was \$738 during the 1st quarter 2021, it showed an increase of 1% compared to the 4th quarter 2020. As for the West Bank it was \$1,060 at constant prices during the 1st quarter 2021, it showed an increase by 1% during the 1st quarter 2021 compared to the 4th quarter 2020, while for Gaza Strip it was \$304 during the 1st quarter 2021, and it showed an increase by 2% during the 1st quarter 2021 compared to the 4th quarter 2020.

An incessant deficit in the Balance of Payment BoP in Q1 2021: the results of the Balance of Payment BoP in Q1 2021 showed an incessant deficit in the Current Account (goods, services, income, current transfers) which totaled \$428 million. This deficit in current account mainly triggered by the deficit of the Trade Balance of Goods, which reached \$1,363 million, as well as the deficit in Services Balance, which amounted to \$237 million.

The Palestinian economy's investments outside Palestine outweighs investments in Palestine from abroad: the primary results of the International Investment Position IIP (external assets – foreign liabilities) for Palestine at the end of the first quarter 2021 revealed that the net IIP amounted to \$2,914 million, increased by 2% compared with previous quarter, which means that the Palestinian economy's investments outside Palestine outweighs investments in Palestine from abroad.

A decline in the trade deficit in April 2021: exports slightly decreased in April 2021 by 0.1% compared to March 2021. While it increased by 109% compared to April 2020 and reached \$114.6 million. Also, Imports decreased in April 2021 by 4% compared to March 2021. While it increased by 58% compared to April 2020 and reached \$487.8 million. While the trade balance which represents the difference between exports and imports showed a decrease in trade deficit by 5% in April 2021 compared to March 2021. While it increased by 47% compared to April 2020 and reached \$373.2 million.

Palestine Stock Exchange Performance

H1 2021

Consumer Price Index: the overall CPI for Palestine during May 2021 recorded a slight Increase by 0.08% compared with April 2021 (by 0.26% in the West Bank, and by 0.24% in Jerusalem, while it decreased by 0.61% in Gaza Strip).

Producer Price Index: the overall Producer Price Index (PPI) for Palestine with its base year (2019) reached 97.91 in May 2021, as it increased by 0.51% compared to April 2021.

Construction Cost Index: the Construction Cost Index (CCI) for residential buildings reached 111.14 with an increase of 0.80% in the West Bank during May 2021 compared with April 2021 (base year 2013).

Industrial Production Index: the overall Industrial Production Index IPI in Palestine reached 97.34 during May 2021 with a decrease of 4.94% compared to April 2021 (Base Year 2019).

Inflation Rate: the severity of the contraction in Palestinian consumer prices during the fourth quarter has slowed to 0.6% compared to a decline of about 2.0% in the previous quarter following a similar trend in consumer prices in the West Bank, in addition to higher levels of prices in Gaza Strip during the same period.

Palestine Stock Exchange Performance

H1 2021

PEX Performance in H1 2021

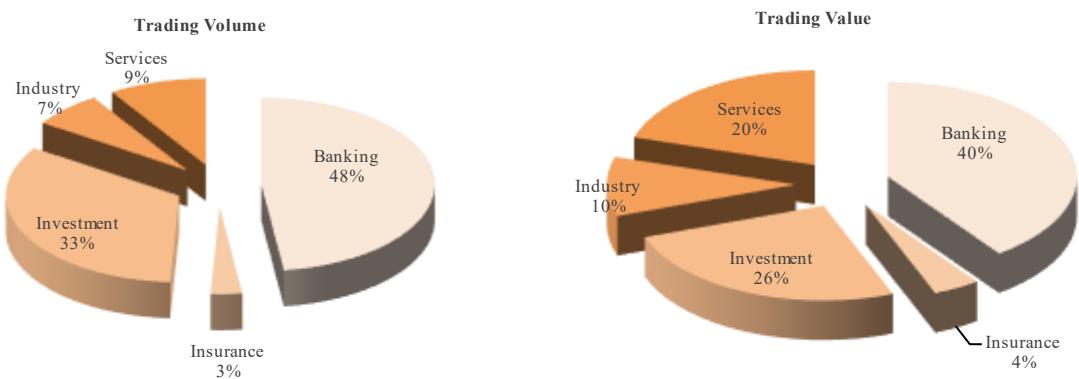
General Performance - H1 2021 vs. H1 2020

Period	No. of Trading Sessions	Trading Volume	Daily Average Turnover-Volume	Trading Value \$	Daily Average Turnover-Value	No. of transactions	Daily Average Turnover-Transactions	Market Capitalization \$
H1 2020	94	22,704,698	241,539	47,208,294	502,216	8,113	86	12,737,087,683
H1 2021	121	72,735,413	601,119	138,990,048	1,148,678	14,116	117	3,926,351,145
Δ	28.72%	220.35%	148.87%	194.42%	128.72%	73.99%	35.17%	-69.17%

Comparison of Trading Activity - H1 2021 vs. H1 2020

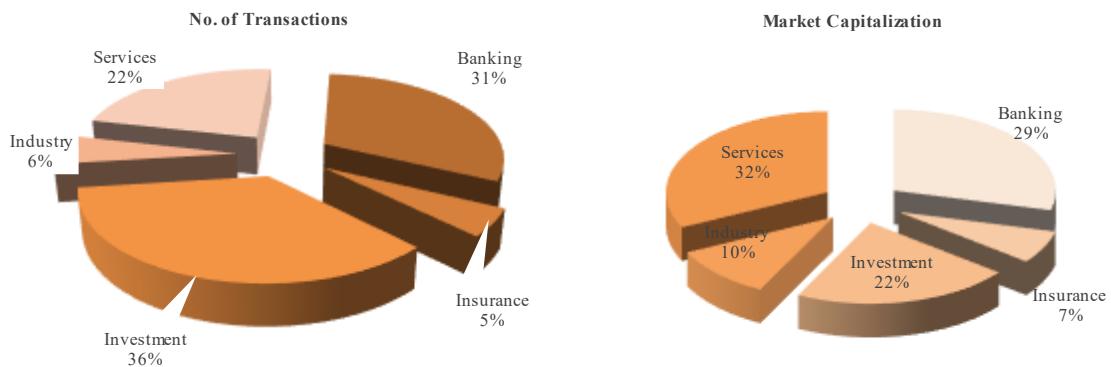
Sector	No. of listed companies		No. of transactions		Trading volume		Trading Value \$		Market Capitalization \$	
	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021
Banking & Fin. Services	7	7	2,879	4,385	9,467,805	34,858,068	16,468,832	55,598,485	1,036,189,413	1,135,081,893
Insurance	7	8	283	730	948,373	2,118,613	956,864	5,573,247	222,610,000	259,322,360
Investment	10	10	2,037	5,037	8,173,220	24,301,035	14,560,234	35,577,561	730,873,744	859,755,208
Industry	13	13	345	784	1,179,717	4,845,352	5,893,861	14,059,401	374,189,593	409,740,305
Services	11	9	2,569	3,180	2,935,583	6,612,345	9,328,503	28,181,354	1,073,224,933	1,262,451,379
Total	48	47	8,113	14,116	22,704,698	72,735,413	47,208,294	138,990,048	3,437,087,683	3,926,351,145

Sectors Distribution in H1 2021



Palestine Stock Exchange Performance

H1 2021



Al Quds Index Constituents as of June 30,2021; Weights

Sector	Company	Market Capitalization \$	% Out of total PEX Market Capitalization	% Out of total Constituents Market Capitalization
Banking & Financial Services	Palestine Investment Bank	96,720,000	2.96%	3.34%
	The National Bank	160,588,236	4.91%	5.54%
	Palestine Islamic Bank	155,550,000	4.75%	5.37%
	Bank of Palestine	367,781,400	11.24%	12.69%
	Al-Quds Bank	145,349,490	4.44%	5.01%
	Total Banks	925,989,126	28.30%	31.95%
Industry	Jerusalem Pharmaceuticals	48,240,000	1.47%	1.66%
	Birzeit Pharmaceuticals	100,332,677	3.07%	3.46%
	Total Industry	148,572,677	4.54%	5.13%
Insurance	Ahliea Insurance Group	14,580,000	0.45%	0.50%
	Total Insurance	14,580,000	0.45%	0.50%
Investment	Palestine Development & Investment	262,500,000	8.02%	9.06%
	Arab Palestinian Investment Company	294,372,000	9.00%	10.16%
	Union Construction and Investment Company	18,880,000	0.58%	0.65%
	Palestine Real Estate Investment	31,476,539	0.96%	1.09%
	Total Investment	607,228,539	18.56%	20.95%
Services	Palestine Telecommunications Company	857,697,318	26.21%	29.59%
	Wataniya Palestine Mobile Telecommunications	246,120,000	7.52%	8.49%
	Palestine Electric Company	98,400,000	3.01%	3.39%
	Total Services	1,202,217,318	36.74%	41.48%
	Total	2,898,587,660	88.59%	100.00%

Palestine Stock Exchange Performance

H1 2021

AI Quds Index Performance during H1 2021



Sectors Indices Dynamics in H1 2021

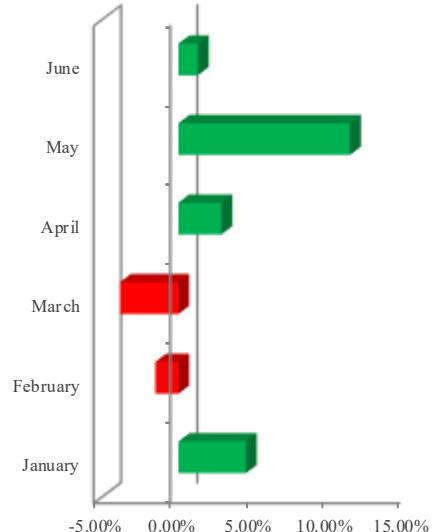
Item	AI-Quds	Banking	Industry	Insurance	Investment	Services
Closing	539.90	143.13	102.31	105.13	29.94	42.72
YTD	14.57%	11.23%	7.84%	11.30%	18.29%	14.22%
High Level	542.11	145.52	102.52	105.82	30.51	42.72
Low Level	466.21	127.52	93.37	92.25	25.13	35.41
Discount to high	-0.41%	-1.64%	-0.20%	-0.65%	-1.87%	0.00%
Premium to low	15.81%	12.24%	9.57%	13.96%	19.14%	20.64%

Palestine Stock Exchange Performance

H1 2021

Al Quds Index Performance in H1 2021

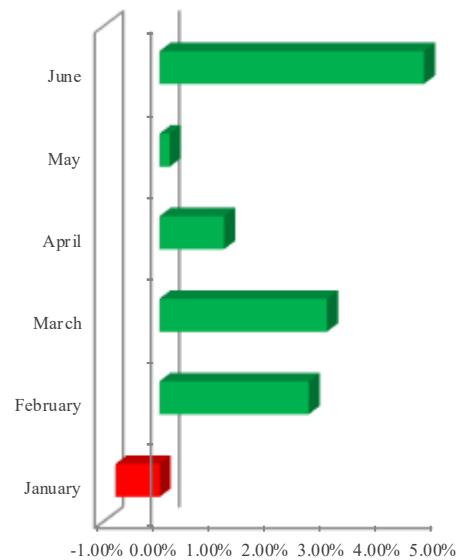
- Al-Quds Index closed at the level of 539.90 in H1 2021, up by 14.57% compared to its Y2020's closing.
- Al-Quds Index constituents' market capitalization hit \$2.90 billion in H1 2021, accounting for 88.59% of the total PEX market capitalization.
- Al-Quds index touched its low of 466.21 on 31/03/2021 and its high of 542.11 level on 21/06/2021, recording a discount to high of -0.41% and premium to low of 15.81%.
- Constituents stocks from the services sector contributed by 41.48% of Al-Quds Index' total sample market capitalization in H1 2021, while the banking & financial services sector contributed by 31.95%, followed by the investment, industry, and insurance sectors by 20.95%, 5.13% and 0.50% respectively.



Sectors Performance in H1 2021

Insurance Sector

- The number of listed insurance companies in the PEX reached 8 in H1 2021, compared to 7 in H1 2020.
- Insurance Index closed at the level of 105.13 in H1 2021; up by 11.30% compared to Y2020's closing.
- The insurance sector market capitalization increased to \$259.32 million in H1 2021 from \$222.61 million in H1 2020, up by 16.49%.
- Trading value of the sector increased by 482.45%, aggregating at \$5.57 million in H1 2021 from \$0.96 million in H1 2020.
- The total volume of the sector reached 2.12 million in H1 2021 from 0.95 million in H1 2020; up by 123.39%.

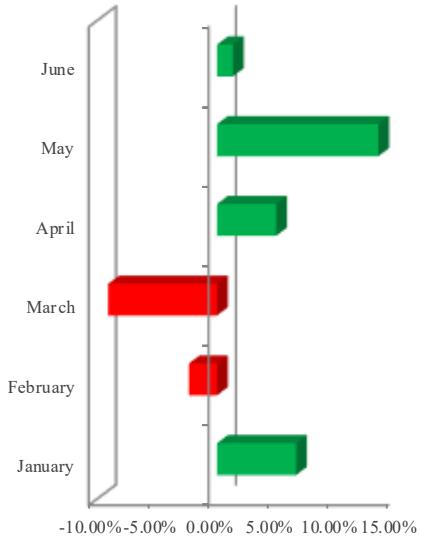


Palestine Stock Exchange Performance

H1 2021

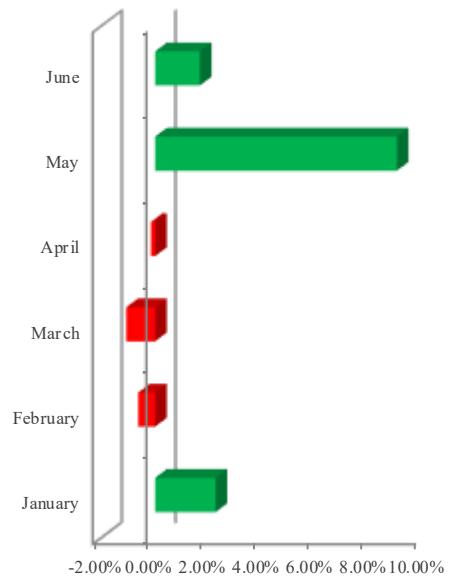
Services Sector

- The number of listed services companies in the PEX reached 9 in H1 2021, compared to 11 in H1 2020.
- Services Index closed at the level of 42.72 in H1 2021, up by 14.22% compared to Y2020's closing.
- The services sector market capitalization increased to \$1.26 billion in H1 2021 from \$1.07 billion in H1 2020; up by 17.63%.
- Trading value of the sector increased by 202.10%, hitting \$28.18 million in H1 2021 from \$9.33 million in H1 2020.
- The total volume of the sector reached 6.61 million in H1 2021 from 2.94 million in H1 2020, up by 125.25%.



Banking & Financial Services Sector

- The number of listed companies in the banking & financial services sector in the PEX reached 7 in H1 2021, same as H1 2020.
- Banking & financial services index closed at the level of 143.13 in H1 2021, up by 11.23% compared to Y2020's closing.
- The banking & financial services sector market capitalization increased to \$1.14 billion in H1 2021 from \$1.04 billion in H1 2020, up by 9.54%.
- Trading value of the sector increased by 237.60%, hitting \$55.60 million in H1 2021 from \$16.47 million in H1 2020.
- The total volume of the sector reached 34.86 million in H1 2021 from 9.47 million in H1 2020, up by 268.17%.

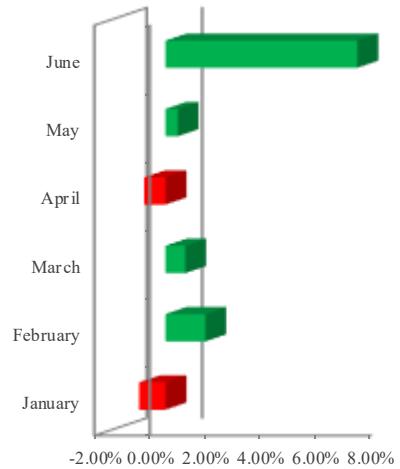


Palestine Stock Exchange Performance

H1 2021

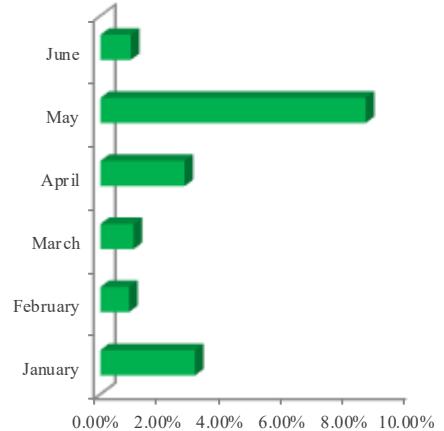
Industry Sector

- The number of listed industrial companies in the PEX reached 13 in H1 2021, same as H1 2020.
- Industry Index closed at the level of 102.31 in H1 2021; up by 7.84% compared to Y2020's closing.
- The industry sector market capitalization increased to \$409.74 million in H1 2021 from \$374.19 million in H1 2020; up by 9.50%.
- Trading value of the sector increased by 138.54%, amounting to \$14.06 million in H1 2021 from \$5.89 million in H1 2020.
- The total volume of the sector reached 4.85 million in H1 2021 from 1.18 million in H1 2020; up by 310.72%.



Investment Sector

- The number of listed investment companies in the PEX reached 10 in H1 2021, same as in H1 2020.
- Investment Index closed at the level of 29.94 in H1 2021; up by 18.29% compared to Y2020's closing.
- The investment sector market capitalization increased to \$859.76 million in H1 2021, from \$730.87 million in H1 2020; up by 17.63%.
- Trading value of the sector increased by 144.35%, settling at \$35.58 million in H1 2021, from \$14.56 million in H1 2020.
- The total volume of the sector reached 24.30 million in H1 2021 from 8.17 million in H1 2020; up by 197.33%.

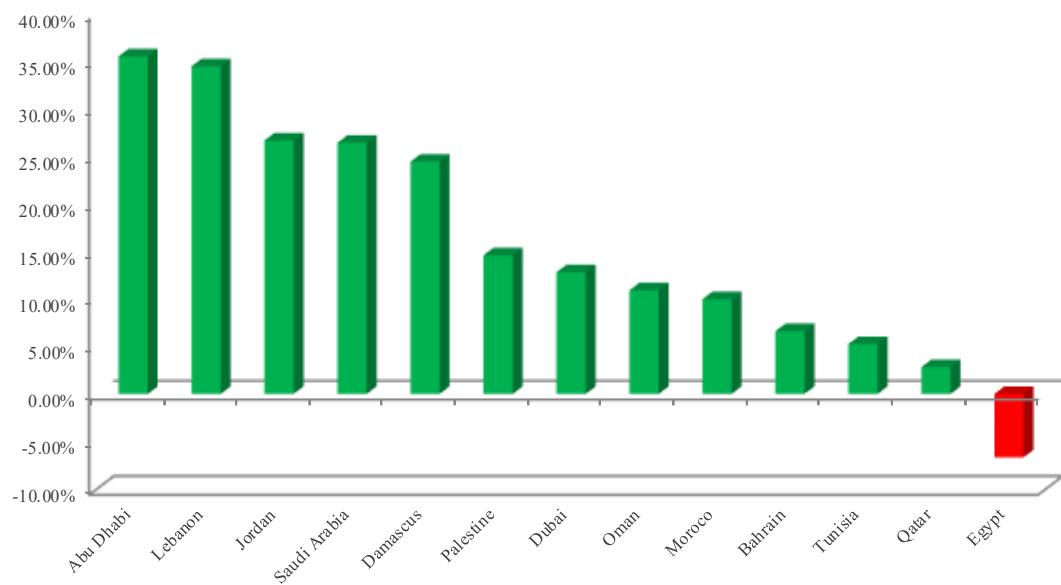


Palestine Stock Exchange Performance

H1 2021

Al Quds Index among the MENA Indices in H1 2021

Market	Index/ Bloomberg Quote	Market Index				
		Previous Closing	Closing	(%)	High	Low
Abu Dhabi	ADSMI:IND	5,045.32	6,835.43	35.48%	6,835.43	5,079.10
Lebanon	BLOM:IND	657.89	884.39	34.43%	917.84	660.10
Jordan	JOSMGNFF:IND	1,657.22	2,098.80	26.65%	2,152.91	1,658.83
Saudi Arabia	SASEIDX:IND	8,689.53	10,984.15	26.41%	10,996.38	8,542.55
Damascus	DWX:IND	8,082.65	10,056.57	24.42%	10,488.00	8,134.58
Palestine	PASISI:IND	471.26	539.90	14.57%	542.11	466.21
Dubai	DFMGI:IND	2,491.97	2,810.56	12.78%	2,870.69	2,495.51
Oman	MSM30:IND	3,658.77	4,057.49	10.90%	4,077.87	3,554.14
Moroco	MOSENEW:IND	11,287.38	12,412.04	9.96%	12,565.73	11,215.71
Bahrain	BHSEASI:IND	1,489.78	1,588.20	6.61%	1,596.05	1,451.23
Tunisia	TUSISE:IND	6,884.93	7,245.73	5.24%	7,428.53	6,596.32
Qatar	DSM:IND	10,435.96	10,730.68	2.82%	10,968.88	9,952.86
Egypt	EGX30:IND	10,845.26	10,123.06	-6.66%	11,654.58	9,797.91



Palestine Stock Exchange Performance

H1 2021

Major News & Events in H1 2021

Companies' News

- Bank of Palestine (BOP) and the International Finance Corporation (IFC) announced IFC's selling of its equity share in BOP following the completion of IFC's development mandate after a 13-year tenure. IFC continues its investment in Bank of Palestine's Tier 2 capital in the form of a \$75 million subordinated debt issued in 2016 with a tenure till year 2027. BOP was the first bank in Palestine to have this capital instrument, which is essential to the bank's growth strategy. IFC first invested in BOP in 2008 and worked closely with BOP management to enhance financial inclusion, particularly for women, and risk management among other areas.
- The Vegetable Oil Industries Company VOIC has signed an agreement to purchase stocks in order to acquire additional stakes in the National Beverage Company by purchasing a total of 1,936,364 shares of some shareholders in the National Beverage Company. This raised the stake of VOIC in the paid-up capital of the National Beverage Company from 25% to 38.636%.
- The share of Tamkeen Palestinian Insurance Company was listed in Palestine Stock Exchange PEX on the session of 06/06/2021 under the symbol TPIC using the currency of US Dollars. According to the first trading session mechanism, TPIC's price floated in the pre-opening period until 10:15 am. Opening price recorded \$1.52. Afterward it was halted from trading for 15 minutes to calculate the price fluctuations rates. During the session, 8.50 thousands shares were traded with a value of \$13.32 thousands whereby, closing at \$1.63; up by 7.24% compared to open price.
- The Arab Palestinian Investment Company has sold all of its owned stake in the Arab Palestinian Shopping Centers (BRAVO) to other Palestinian businessmen.
- Aggad International Investment Company, a subsidiary of the Arab Palestinian Investment Company (APIC), sold 2.63 million shares of its owned stocks in APIC to Gulf Taleed International Company, leading to a decline in its ownership stake from 22.95% to 20.44%.
- Siniora Food Industries Company, a subsidiary of the Arab Palestinian Investment Company (APIC) and a leading and fast-growing regional meat processing company, announced the acquisition of a 77% stake in Trakya ET meat manufacturing company in Turkey, the owner of the Polonez brand, in a deal worth \$28.3 million.
- The Arab Islamic Bank AIB was granted the award of the Best Islamic Bank in Palestine for the year 2020 from four international institutions that evaluate the banking sector: Global Finance, World Finance, Emea Finance and IFN. For the third year in row AIB is awarded as the Best Islamic Bank from IFN and World Finance for the years 2018, 2019 and 2020.

Palestine Stock Exchange Performance

H1 2021

Major News & Events in H1 2021

Companies' News

- Jericho Cement Industry Company, a subsidiary of Sanad Construction Resources SANAD, has signed an equipment supply agreement with the Danish Company "FLSMIDTH A/A" for creating cement mill worth \$16 million.

General News

- The governor of Palestine Monetary Authority PMA noted that \$435 million has been allocated to "Istidama" Program that is specialized in providing financing for SMEs, and was launched last year. He also added that PMA has no tendency to ask banks to raise their capital in the coming period.
- The Association of Banks in Palestine noted that the Palestinian banking sector played a leading role in social responsibility during 2020, whereby, total social responsibility contribution for this sector reached \$8.4 million; up by 93% compared to 2019. The Association also noted that the social responsibility contribution has been implemented to support several community sectors in collaboration with 372 partner institutions.
- The Palestinian Government and the French Agency for Development have signed an agreement to implement a project aimed at providing additional water to the areas north-west of Ramallah and north-east of Jenin. The project, costing €23 million, of which €10 million are funded by the French Agency and €13 million are funded by the European Union, will start its implementation in villages north-west of Ramallah, while the design and tender documents for the Jenin project will be prepared as a first stage.
- Palestine Investment Fund PIF announced launching the second phase of "Isnad" emergency program to support SMEs of \$10 million. The program aims to enable SMEs access the needed financial liquidity to help them continue to operate and recover through retaining their workers and employees, implementing their expansion plans and increasing their production capacity side by side with funding their operations.

Q1 2021 Financial Data Disclosures Results

After the end of the legal granted period to disclose Q1 2021 financial data and with the data acceleration of 91% of the listed companies within the period, the total after tax profits of the companies that disclosed their data reached \$81,486,198 in Q1 2021; up by 118% than Q1 2020 which hit \$37,406,665. The companies that achieved profits constituted 88% from total companies that disclosed their data (37 companies out of 42 companies), with total profits of \$82,465,298 in Q1 2021 compared to \$42,389,981 in Q1 2020; up by 95%. On the other hand, 5 companies realized losses of \$979,100 in Q1 2021 compared to losses of \$4,983,316 in Q1 2020, recording a decline in the realized losses of 80%.

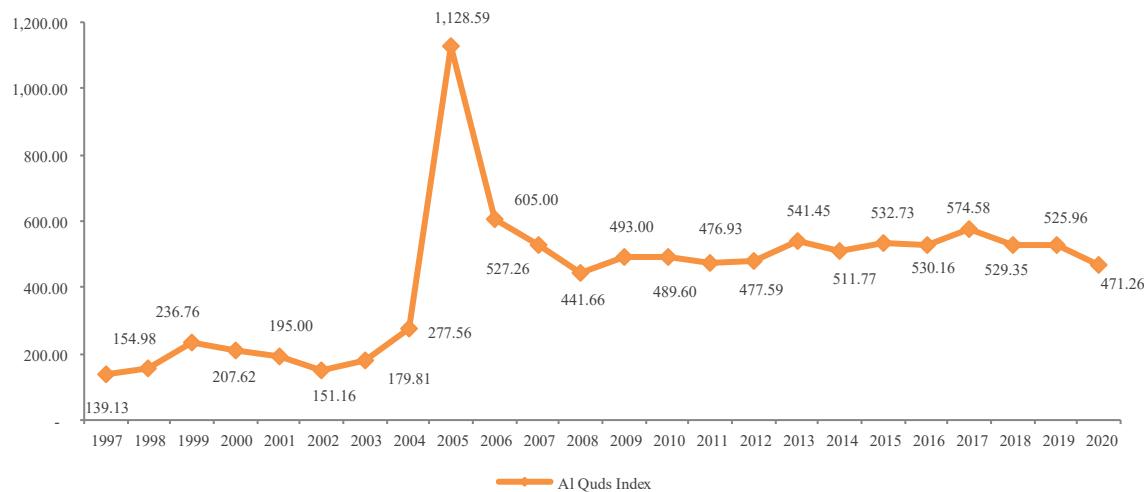
Palestine Stock Exchange Performance

H1 2021

Appendix 1: PEX Total Yearly Activity (1997-2020)

Year	#. Trading Sessions	Trading Volume	Daily Average Turnover-Volume	Trading Value \$	Daily Average Turnover-Value	# transactions	Daily Average Turnover-Transactions	Market Capitalization \$
1997	66	10,000,276	151,519	25,158,471	381,189	1,957	30	529,057,368
1998	100	16,782,498	167,825	68,642,344	686,423	7,639	76	587,876,243
1999	146	68,892,607	471,867	150,243,919	1,029,068	10,625	73	848,935,775
2000	211	93,351,075	442,422	188,982,443	895,651	20,143	95	766,018,025
2001	161	33,456,535	207,805	74,528,351	462,909	8,205	51	722,631,785
2002	100	18,666,938	186,669	45,084,654	450,847	4,579	46	576,593,466
2003	223	40,350,788	180,945	58,326,445	261,554	10,552	47	650,468,928
2004	244	103,642,845	424,766	200,556,709	821,954	27,296	112	1,096,525,380
2005	246	369,567,295	1,502,306	2,096,178,223	8,521,050	166,807	678	4,457,227,305
2006	238	222,689,351	935,670	1,067,367,951	4,484,739	150,592	633	2,728,811,088
2007	248	299,422,814	1,207,350	813,469,091	3,280,117	157,300	634	2,474,679,018
2008	244	339,168,807	1,390,036	1,185,204,211	4,857,394	152,319	624	2,123,057,098
2009	246	238,877,373	971,046	500,393,398	2,034,120	88,838	361	2,375,366,531
2010	249	230,516,370	925,769	451,208,528	1,812,082	82,625	332	2,449,901,545
2011	248	184,544,375	744,131	365,645,216	1,474,376	61,928	250	2,782,469,900
2012	249	147,304,208	591,583	273,440,422	1,098,154	41,442	166	2,859,140,375
2013	241	202,965,939	842,182	340,774,268	1,414,001	44,425	184	3,247,478,385
2014	245	181,545,154	741,001	353,917,125	1,444,560	41,257	168	3,187,259,624
2015	246	175,229,463	712,315	320,388,213	1,302,391	31,014	126	3,339,196,379
2016	245	232,817,327	950,275	445,152,369	1,816,948	34,010	139	3,390,122,335
2017	243	271,163,750	1,115,900	469,070,221	1,930,330	53,205	219	3,891,495,532
2018	243	185,071,060	761,609	353,476,020	1,454,634	35,030	144	3,734,921,019
2019	246	142,827,719	580,600	273,905,763	1,113,438	29,276	119	3,757,501,158
2020	220	86,454,791	392,976	190,096,883	864,077	17,243	78	3,446,913,516

AI Quds Index Performance (1997-2020)



Palestine Stock Exchange Performance

H1 2021

Appendix 2: Sectors Indices (2007-2020)

Year	Banking & Financial Services	Industry	Insurance	Investment	Services
2007	81.52	66.1	77.5	38.27	48.26
2008	78.74	54.38	57.79	22.11	46.92
2009	102.83	55.56	53.65	22.55	49.85
2010	95.08	66.96	47.41	23.41	51.44
2011	95.76	65.99	45.68	20.98	50.85
2012	105.31	63.81	47.47	19.15	49.89
2013	124.92	68.26	45.52	25.6	52.23
2014	119.66	67.68	46.8	25.52	49.18
2015	143.57	69.88	49.10	23.98	48.39
2016	144.38	78.17	67.06	26.33	45.03
2017	164.03	98.16	70.93	30.50	43.54
2018	150.03	98.64	90.76	28.18	40.10
2019	148.83	98.79	99.15	27.79	40.91
2020	128.68	94.87	94.46	25.31	37.4
CAGR	3.31%	2.61%	1.42%	-2.91%	-1.80%

Report Sources

- Palestine Central Bureau of Statistics—PCBS.
- Monthly Statistical Newsletters— PEX.
- Palestine Stock Exchange Media Center.
- Sahem Trading & Investment Database.
- Palestine Monetary Authority— PMA
- Local Newspapers

Palestine Stock Exchange Performance

H1 2021

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