

Jordan Times Amman Stock Market Weekly Brief

Sunday, July 2, 2006

Heavy selling pressure marked trading at the [Amman Stock Exchange](#) (ASE) which suffered big losses as low confidence levels prevailed among investors.

The ASE index finished the week at 6055.0 points, down by 5.91 per cent. The market capitalization stood at JD22.6 billion.

On the national economic scene, the governor of the [Central Bank of Jordan](#) stated that interest rate increases are necessary to control excess liquidity and inflationary pressures.

Elsewhere, the chairman of the Housing Units Foundation acknowledged that the building volume of apartment units decreased from the beginning of the year by 50 per cent as compared to the same period last year.

According to the [Department of Lands and Survey](#), the value of land sales transactions for Arab and foreign investors increased during the month of May by 79 per cent to JD18 million as compared to the same period last year.

Moreover, the real estate trading volume reached JD1.8 billion during the first five months of this year, compared to around JD1.2 billion for the same period last year.

Among the business news last week, [Bahrain Telecommunications Company](#) (Batelco) reached an agreement to purchase 96 per cent of [Umniah Mobile Company](#) (UMC) for \$415 million. The Jordanian University Student Support Fund will retain the remaining four per cent of UMC's shares.

Global Investment House will receive a price of \$60.5 million for its 14 per cent stake in UMC, realizing a return on investment of about 75 per cent.

At the Amman bourse, four block deals valued at about JD2.6 million were executed. Average daily trading volume declined 6.71 per cent to JD44.8 million. Overall decliners outnumbered advancers as 112 company out of 161 declined, while 44 advanced.

The index of the banking sector finished the week at 12132.6 points, down by 5.99 per cent.

The index of the insurance sector, finished the week at 5305.8 points, down by 3.76 per cent due mainly to a 4.47 per cent drop in the share price of [Jordan Insurance Company](#) which finished the week at JD3.85.

Investments in the insurance sector increased to JD410 million in 2005 compared to 265 million in 2004, up by about 55 per cent. net profit of insurance companies reached 77.4 million last year, compared to about 33.2 million in 2004, an increase of about 133 per cent.

In the services sector, [Jordan Mortgage Refinance Company](#) sold its 42nd bond issue consisting of 2500 one-year bonds at a par value of JD2.5 million and a fixed annual rate of 7.35 per cent.

Al Aula Finance Company announced the results of its public subscription whereby it allocated 132 shares to each subscriber, in addition to granting 1.6 per cent for any subscription amount over JD250.

Expanding its investments in the local real estate sector, Global Investment House purchased 490,000 shares in Arab East for Real Estate Investments, bringing its stake in the company to five per cent. Global's real estate portfolio currently includes over 60 per cent of Real Estate Development Company's shares.

The government announced it would sell its 41.5 per cent stake in [Jordan Telecom](#) (JT) for JD515 million in revenue for the deal. France Telecom, a key partner, will be able to increase its share in the company by 11 per cent to reach 51 per cent, as a result of this sale. JT's shares will be suspended from trading pending the completion of the privatization process.

In the industry sector, the general manager of Jordan Cement Factories Company indicated that there is a surplus in cement quantities produced for the first time in three months, amid stabilization in demand of cement in the local market. The share price of Jordan Cement closed at JD11.42, down by 0.78 per cent.