

Saudi Stock Market – Weekly Update

For the Week ending 01 January 2015

“Most of the energy-rich MENA countries have come to the realization that energy subsidisation is no longer viable due to budgetary strains, demand increases and the fact that it mitigates investment in new gasfields”

- Mr. Justin Dargin, Global Energy Expert, University of Oxford

TASI PERFORMANCE FOR THE WEEK

TASI RETRACTS POSITIVE MOMENTUM

“TASI loses 3.9%”

Tadawul All Share Index (“TASI”) started the week on a positive note but moved into the negative territory during the later part to close at 8,410, a loss of 3.9% for the week. TASI ended the year 2014 at 8,333 registering a decline of 2.37% for the year. The index touched a high of 11,149 points during 2014 but retraced to lower levels primarily due to fall in global oil prices. Most regional markets reported negative returns during the week with Dubai index falling 2.9%.

Crude oil prices continued its downward journey with Brent falling to a five and half year low of USD 55.8 per barrel before recovering to USD 57 levels. The current oil supply glut combined with the fear of lower demand in 2015 is pulling the prices down.

Globally, authorities in the U.S. are paving way to allow export of crude. US Department of Commerce has issued guidelines regarding exports and has approved back log requests to sell processed light oil abroad. Will this move by the U.S. open floodgates for oil supply and push prices even lower?

“United States to loosen restriction on Oil exports”

On the demand side, China seems to be experiencing slowdown in its manufacturing sector with the government’s official manufacturing PMI slipping to 50.1 in December as against 50.3 in November. China is set to have an interesting 2015 with a model shift from focusing on quantity and speed to quality and efficiency.

Chart 1: TASI Close & Market Turnover

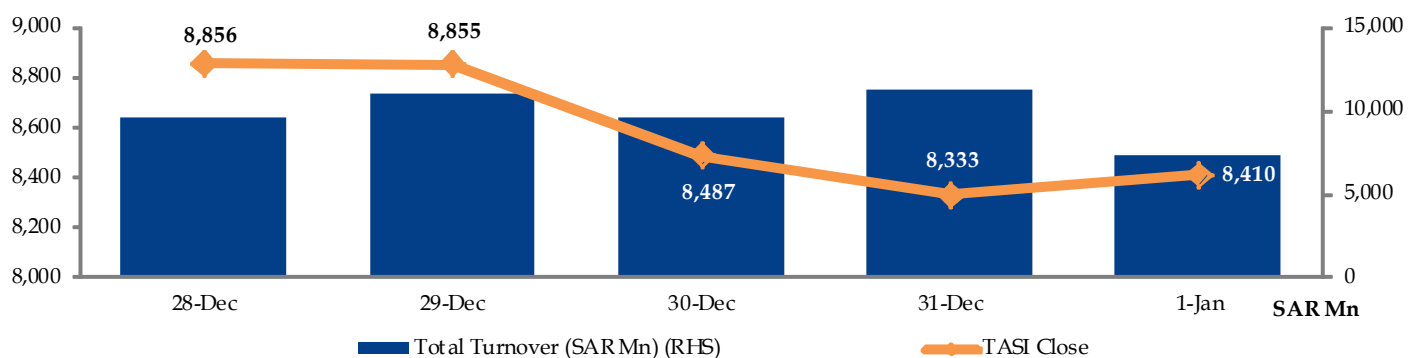
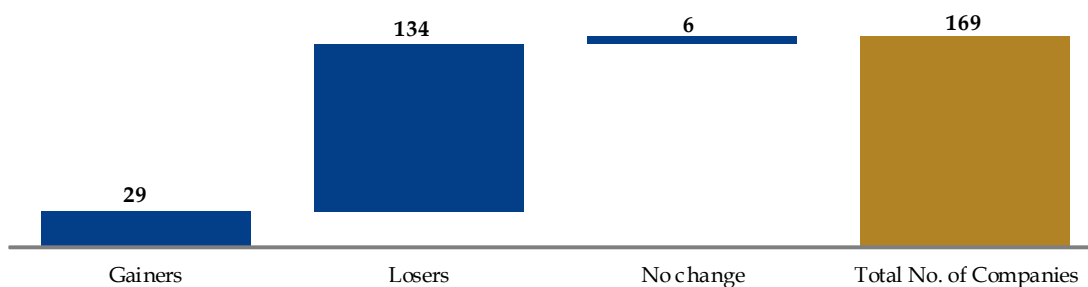
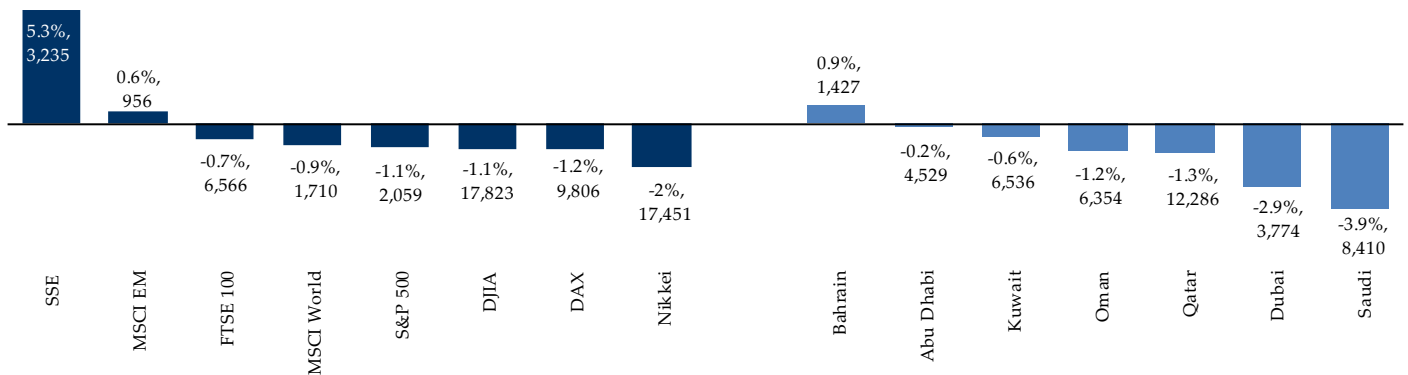


Chart 2: Trading Statistics



Saudi market breadth was negative with 29 gainers as against 134 losing stocks

Chart 3: Global Indices - Weekly Returns



Note: Weekly returns are calculated considering Friday to Thursday week. Numbers indicate weekly returns and index closing values.

SAUDI - SECTOR INDICES

“14 out of 15 sector indices closed the week in negative”

Sector indices replicated the broader market with 14 indices closing the week in Red. Media & Publishing was the only gainer with 1.4% increase. Multi-Investment plummeted of 9.4% followed by Telecom & IT (-6.2%) and Building & Construction (-5.2%). Banks and Petrochemicals posted losses of 5.0% and 3.5% respectively.

Insurance, the top traded sector, contributed 20.6% to total traded value and 18.0% to total volumes. Banks stood second with 13.8% contribution to total traded value and 12.0% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	8,749	8,410	-3.9%	0.9%	1,995	48,522	964,184
Banks & Financial Services	19,418	18,439	-5.0%	0.7%	239	6,695	76,625
Petrochemical Industries	6,150	5,933	-3.5%	1.3%	216	5,175	81,404
Cement	7,163	6,934	-3.2%	1.2%	51	1,373	29,005
Retail	15,982	15,590	-2.5%	0.5%	31	1,894	33,786
Energy & Utilities	5,967	5,688	-4.7%	0.7%	16	265	4,064
Agriculture & Food Industries	11,900	11,699	-1.7%	0.3%	54	1,938	51,662
Telecom & IT	2,084	1,956	-6.2%	0.7%	220	2,828	43,674
Insurance	1,312	1,295	-1.3%	1.5%	358	9,996	291,904
Multi-Investment	4,124	3,735	-9.4%	1.5%	62	1,259	31,784
Industrial Investment	6,873	6,795	-1.1%	3.1%	166	5,523	82,507
Building & Construction	3,546	3,362	-5.2%	1.8%	165	4,832	119,376
Real Estate Development	6,218	5,933	-4.6%	0.3%	331	3,830	57,746
Transport	7,486	7,370	-1.5%	1.8%	61	1,783	33,117
Media and Publishing	2,146	2,176	1.4%	-1.1%	12	277	10,488
Hotel & Tourism	20,357	19,923	-2.1%	0.8%	13	853	17,042

THIS WEEK'S WINNERS & LOSERS

Top Gainer

**AXA
Cooperative
(+11.0%)**

Insurance stocks continued to fill the gainers table with AXA- Co-operative Insurance (+11.0%) and Mediterranean & Gulf Insurance & Reinsurance Co (Medgulf) (+10.0%). AXA-Cooperative closed at SAR 35.67.

On the other side, Abdullah A.M. Alkhodari (-15.4%) led the losers table. Kingdom Holding Company closely followed by decreasing 15.0%. They were followed by Tourism Enterprise Co. (Shams) which shed 13.9% during the week.

Top Loser

**Abdullah
A.M.
Alkhodari
(-15.4%)**

SABIC, the gulf's largest company, slipped 5.2% for the week and clocked a turnover of SAR 1.68bn. SABIC closed the year 2014 by losing 25.1% and ended at SAR 83.5.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
AXA-Cooperative	35.67	11.0%	1.7%	287
MEDGULF	52.43	10.0%	4.7%	602
Alkhaleej Trng	66.93	9.6%	1.9%	125
Amana Insurance	15.05	9.1%	-3.3%	409
SRMG	16.02	8.5%	-3.6%	108

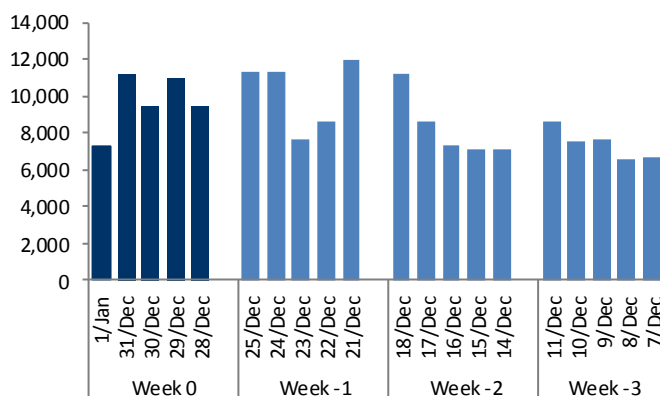
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
ALKHODARI	31.08	-15.4%	1.6%	1,077
Kingdom	18.08	-15.0%	-0.1%	197
Shams	39.2	-13.9%	0.9%	163
SAPTCO	23.36	-13.6%	-2.7%	958
U C A	20.43	-11.1%	1.4%	254

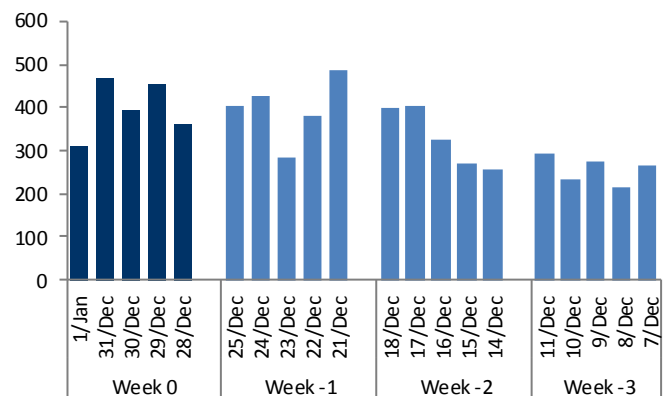
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity remained flat during the week with the overall market trading 1,985mn shares (1,984mn, 1,652mn shares in the preceding two weeks). However, the week's total turnover contracted to SAR 48.5bn as against SAR 51.0bn, SAR 41.3bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Electricity Co. has signed SAR 4.5bn contract with General Electric to establish the Kingdom's first fossil fuel and solar power plant.
- ▶ Saudi Aramco has reportedly suspended plans to build a USD 2bn clean fuels plant at Ras Tanura.
- ▶ Takween Advanced Industries Co. has agreed to buy Savola Group's packaging unit for SAR 910mn.
- ▶ The Saudi Ports Authority has awarded 28 projects worth SAR 2.322bn for 2015.
- ▶ Kingdom Holding Company has sold its 100% interest in the Mövenpick Hotel and Apartments Bur Dubai to a UAE-based investment company for a gross consideration of USD 95mn.
- ▶ Al-Hassan Ghazi Ibrahim Shaker has entered into an agreement to acquire 54% of UAE-based Energy Management Services Emirates LLC (EMS) Company increasing its stake from the current 20% to 74%.
- ▶ Saudi Arabia's National Grid has awarded the contract to construct two 115 kV substations in Al Hasa with projected cost of USD 40mn to Isolux Corsan, Spain.
- ▶ Bawan Holding has signed an agreement with Saudi Investment Bank, to renew a Shariah-compliant credit facility worth SAR 178mn.
- ▶ Abdulaziz Alsaghyir Holding Company intends to make new investments of about SAR 1bn in the food sector throughout the next five years.
- ▶ Sadara Basic Services Co., indirectly owned by Sadara Chemicals, has obtained feedstock allocation extension letter from the Ministry of Petroleum and Mineral Resources.
- ▶ National Agricultural Development Co. has started its investment in an agricultural land plot of 25,200 hectares in North Kordofan, Sudan with first phase costs of around SAR 93mn.
- ▶ Basic Chemical Industries has scrapped its plan to acquire 51% stake in Albiariq Fertilizer Factory as the two parties failed to reach an agreement.
- ▶ Mada Gypsum Co., announced the building of a new environmentally friendly gypsum plant in Saudi Arabia at an investment of SAR 250mn.
- ▶ King Abdullah Economic City (KAEC) is preparing the Industrial Valley phase- two land plots in continuation of phase one that is linked to King Abdullah Port.
- ▶ FedEx Express has selected Abdul Latif Jameel Group as a new global service provider in Saudi Arabia, for its international inbound and outbound services.
- ▶ Yanbu Aramco Sinopec Refining Co., a joint venture between Saudi Arabia and China, is on schedule and is expected to be operational in the third quarter of 2015.
- ▶ Saudi International Petrochemical Co (Sipchem) said the initial start-up of its new polybutylene terephthalate (PBT) plant will begin in the first quarter of 2015.

OTHER GULF NEWS

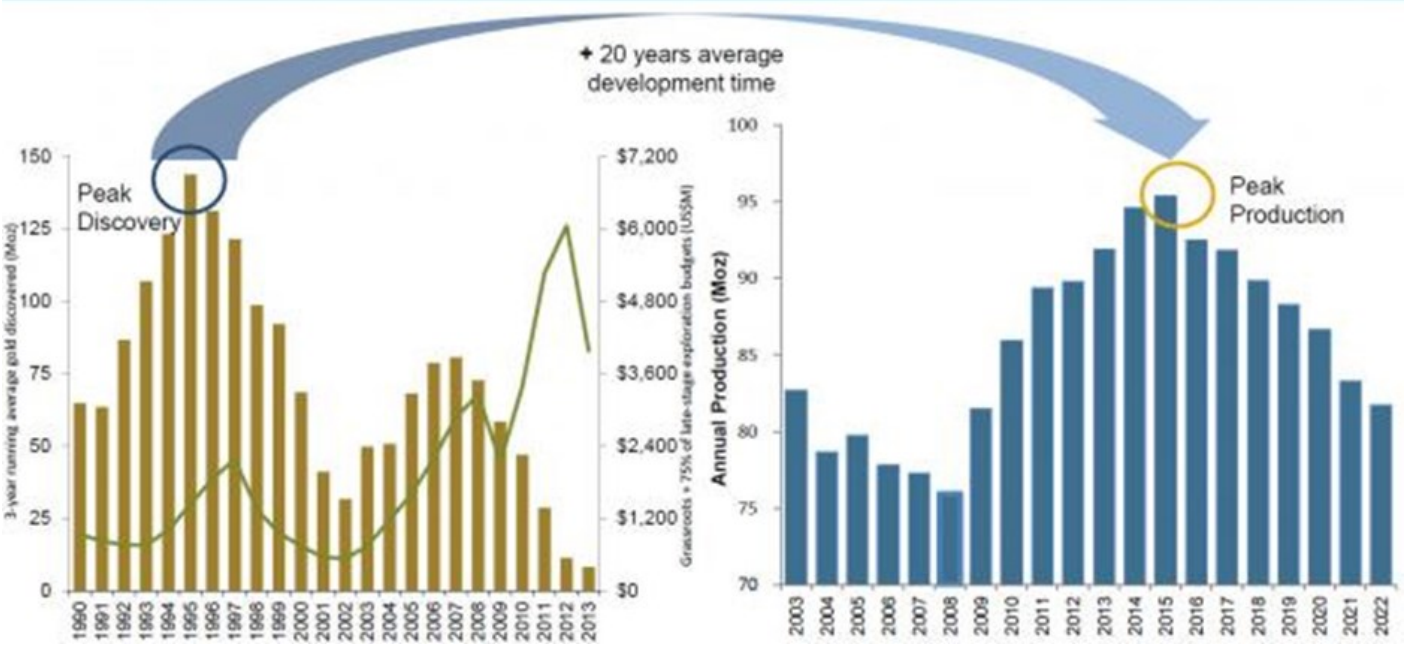
- ▶ Accounting and Auditing Organisation for Islamic Financial Institutions has issued a new accounting standard on investment accounts – Financial Accounting Standard No. 27 Investment Accounts replacing two of its previous accounting standards FAS 5 and FAS 6.
- ▶ Dubai's non-oil foreign trade in the first nine months of 2014 totaled AED 988bn, with imports at AED 621bn, exports at AED 86bn and re-exports AED 280bn.
- ▶ Kuwait Petroleum Corporation (KPC) has signed a deal with Bahrain's National Oil and Gas Authority (NOGA) to jointly set up an aromatics plant in Bahrain.
- ▶ Kuwait Finance House has successfully concluded a USD 350mn syndicated Murabaha facility for KFH-Turkey.
- ▶ Oman's economy is expected to grow by 5% in 2015, against an estimated 4.4% growth in GDP in 2014, Ministry of Finance said. Oman's finance ministry released a state budget for 2015 that raises 2015's government expenditure to OMR 14bn, up 4.5% from last year's original plan.
- ▶ Galfar Engineering and Contracting Company has won a contract worth USD 554mn for construction of Royal Oman Police's new general hospital.
- ▶ Oman International Petrochemical Industry Company has signed a leasing agreement with Sohar Port and Freezone for its upcoming polyethylene terephthalate (PET) plant.
- ▶ Oman International Development and Investment Company (Oinvest) and Oman National Investment Corporation (ONIC) Holding have signed a memorandum of understanding to explore the possibility of a merger.
- ▶ Doha's Metro consortium has secured funding worth over USD 1bn from Qatar's Barwa Bank, First Gulf Bank and Qatar International Islamic Bank.
- ▶ Bahrain National Gas has commissioned the ninth compressor station built at a cost of USD 42.4mn.
- ▶ Marka, a retailing and restaurants start-up, has agreed to buy a sporting goods retail firm from state-owned conglomerate Dubai World for AED 220mn.

GLOBAL ECONOMIC NEWS

- ▶ The UK manufacturing PMI has slipped to 52.5 in December from 53.3 in November and manufacturing PMI for the Eurozone as a whole remained at 50.6 compared with 50.1 in November.
- ▶ Russia's YoY GDP contracted 0.5% in November. Separately, Fitch has revised its outlook on 20 mid-sized and small Russian banks from Stable to Negative .
- ▶ Lithuania has joined the Eurozone from 01 January 2015. The exchange rate is now set at one euro for 3.45 litas, the country's old currency. Both litas and euros will circulate in the country till June. .
- ▶ Venezuela is now officially in recession after the economy had declined by 2.3% in the third quarter of 2014. GDP contracted by 4.8% and 4.9% respectively in the first and the second quarters of 2014.

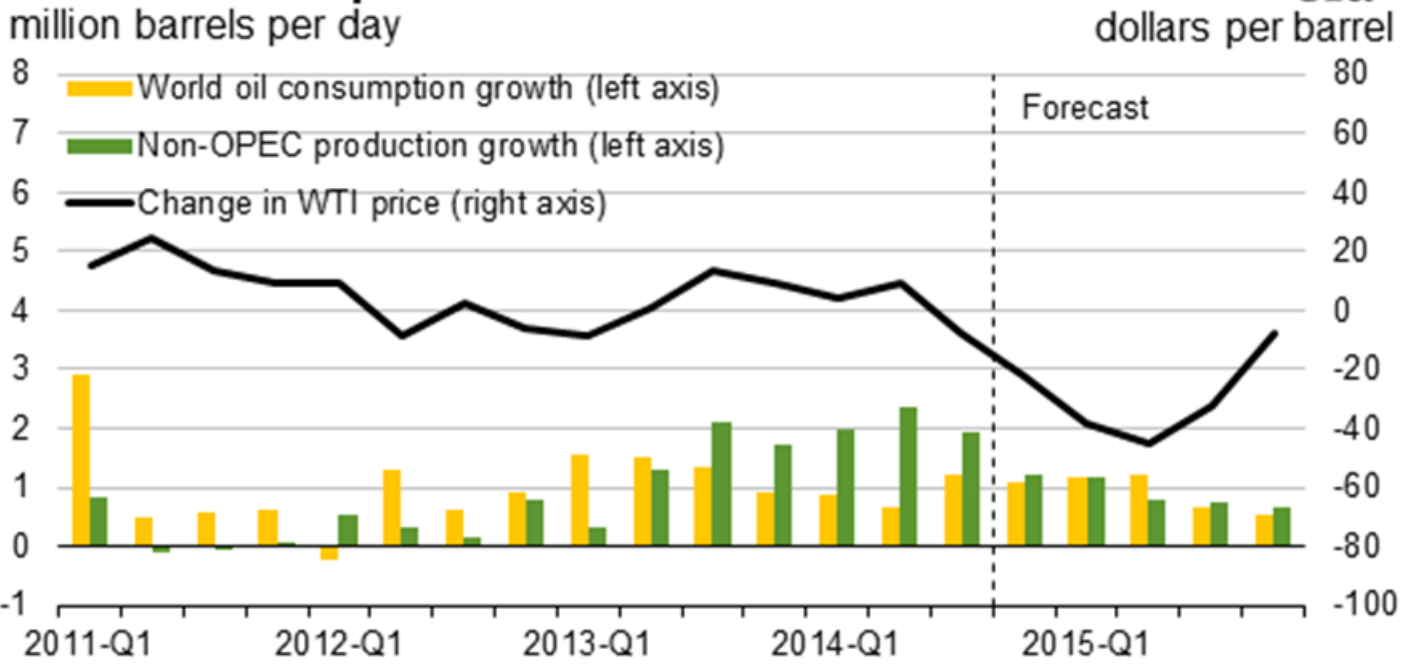
CHARTS OF THE WEEK

Chart 1: Gold Discovery and Production Trend



Source SNL Metals Economics Group, CPM Group, GFMS, and Metals Focus


Chart 2: World Oil Consumption and Non-OPEC Production Growth




Source: EIA, Short-Term Energy Outlook, December 2014

**Treeline Business Solutions
Private Limited**

Corporate Office:


 37, Chamiers Road
Teynampet
Chennai 600018 India


 +91 44 2435 7756

 www.treeline.co

 tirtha@treeline.co
madhu@treeline.co

Delivery Center:

 C/o Jarir Investment
Olaya Street
PO Box 300 734
Riyadh 11372
Saudi Arabia

 +966 55 485 9799

Treeline Business Solutions® is a boutique provider of business process outsourcing services based in Chennai, India, with Sales offices in the GCC and serving diverse range of clients around the world.

Over a period of time, Treeline has successfully built in-house expertise and professional capability to handle business needs of various clients in the following functional areas:

Transaction Processing & Oversight	Fund Administration
Family Office & Wealth Management	Recruitment Services
Business Support	IT Support

Our Family Office and Wealth Management Support Services focus on the following areas:

- ▶ Financial Modelling and Business Research Support
- ▶ Family Office Set-up and Governance
- ▶ Investment Back Office
- ▶ Private Equity Fund Administration
- ▶ Portfolio Performance Valuation, Benchmarking & Reporting

Treeline has clients across the world and serves many industries & sectors including banks, investment companies and family offices. Our clients value our commitment to producing high-quality work with quick turnaround. Treeline follows and adheres to best practices in maintaining sanctity of transactional information or privileged inputs, received in due course of project execution. IT enables strict access controls coupled with employer–employee confidentiality agreements puts in place the basics of data confidentiality and ensures no breach of set norms through strict compliance measures.

We are recognized for our practical approach—“rolling up our sleeves to make change happen”. Our sole focus is on doing what is right for our clients.

Treeline has launched the beta version of Cedar—Saudi Capital Market Analytics platform. For more details on Cedar, download the product presentation by visiting <https://cedar.treeline.co/introduction/> and for getting the trial access kindly visit the webpage <https://cedar.treeline.co>

Disclaimer: The information in this report is prepared by Treeline Business Solutions Private Limited (herein after referred as "Treeline"). The report is intended to be circulated for general information only and should not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable but no representation or warranty, expressed or implied, is made that such information and data is accurate or complete, and therefore should not be relied upon as such. Treeline makes no representation as to the accuracy or completeness of such information. Nothing contained in this document shall be construed to be an investment advice or an assurance of the benefits of investing in the any of the securities indicated in this report. Recipient alone shall be fully responsible for any decision taken on the basis of this document.

Treeline has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn.

This report may not consider the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors are urged to make their own investigation or seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Investors should be able and willing to accept a total or partial loss of their investment. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily indicative of future performance.