

Saudi Stock Market - Weekly Update

For the Week ending 08 January 2015

"You cannot be blind to the tensions in the global oil markets ... these are not new developments and we have dealt with it in the past with a firm will and wisdom ... and we will deal with the new developments in the same vein "

- Crown Prince Mr. Salman bin Abdulaziz Al Saud on behalf of King Abdullah

TASI PERFORMANCE FOR THE WEEK

OIL CONTINUES TO HAUNT TASI

"TASI loses
1.5%"

Tadawul All Share Index ("TASI") registered yet another week of decrease with the index losing 1.5% for the week to close at 8,285 points. Weakness in crude oil price continues to haunt Saudi Arabian markets with the index touching a low of 7,770 points during the week. Crude continued its slide and dipped below USD 50 a barrel levels.

Regional markets were also weak with Dubai and Oman losing 2.6% and 1.6% respectively. Qatar index was the only gainer during the week, increasing 0.2%.

Globally, after an overall good year (2014) for global equities which saw S&P 500 increasing nearly 14%, 2015 has suddenly started with some scepticism. Events surrounding oil price drop, china slowdown, fears of Greece's exit from the European Union and the Russian problems have negatively affected the markets.

Bill Gross, who was once managing the world's largest bond fund, in his latest [investment outlook](#) has written "When the year is done, there will be minus signs in front of returns for many asset classes. The good times are over." Towards the end of his letter, Gross advises investment in Treasury and high-quality corporate bonds, as well as equities of lightly levered corporations. As a bond fund manager, this piece of advice looks like a marketing gimmick to garner assets for his fund. However, 2015 is going to be interesting!

"Crude has touched
below USD 50 a
barrel levels"

Chart 1: TASI Close & Market Turnover

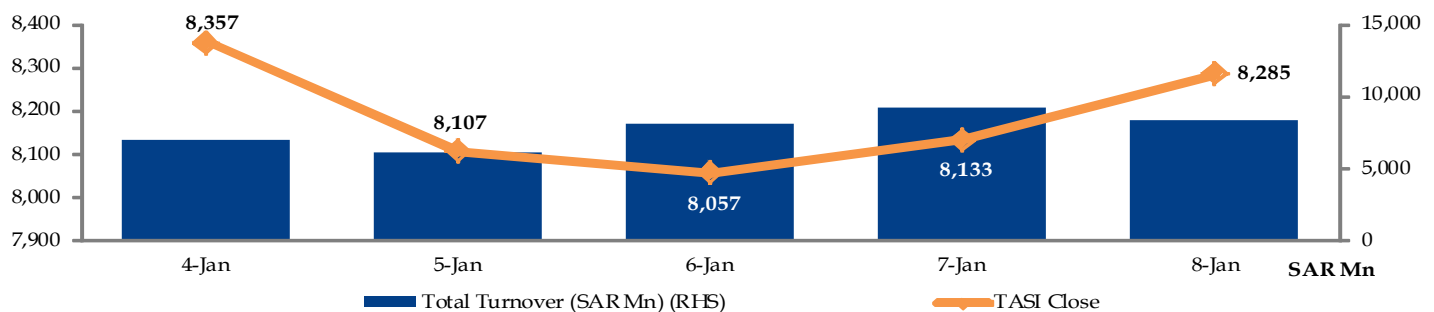
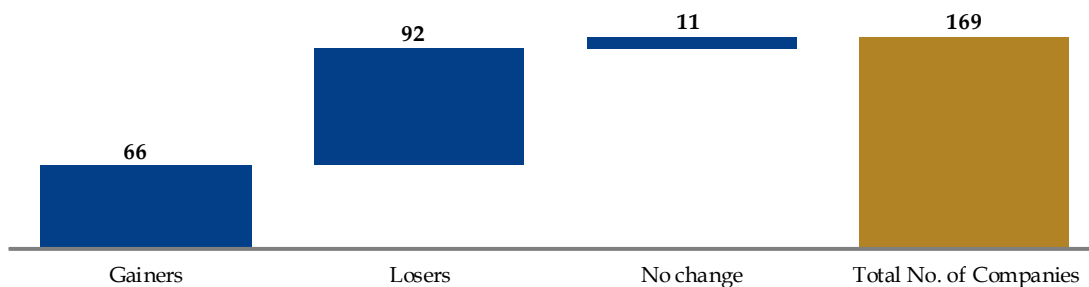
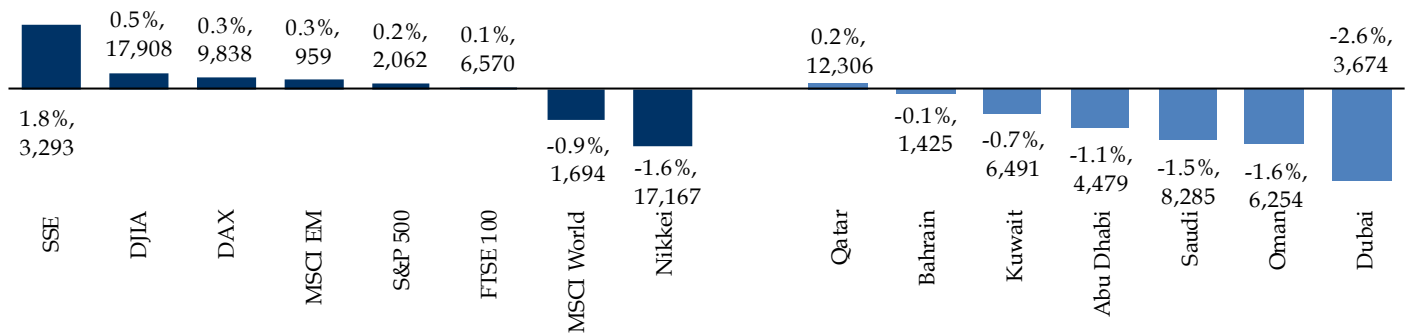


Chart 2: Trading Statistics



Saudi market
breadth was
negative with
66 gainers as against
92 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

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

Out of the 15 sector indices, 11 indices closed the week in Red while 4 sectors closed in Green. Telecom & IT inched up by 1.4% followed by Media & Publishing (+0.6%). Petrochemicals declined 4.1% while Transport slumped 2.9%. Banks continued to slide and closed 1.0% lower during the week.

Insurance, the top traded sector, contributed 21.7% to total traded value and 17.7% to total volumes. Banks stood second with 15.8% contribution to total traded value and 14.1% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	8,410	8,285	-1.5%	-0.6%	1,705	38,532	792,363
Banks & Financial Services	18,439	18,251	-1.0%	-0.3%	241	6,096	67,918
Petrochemical Industries	5,933	5,687	-4.1%	-2.9%	163	5,010	73,356
Cement	6,934	6,978	0.6%	1.8%	41	892	21,722
Retail	15,590	15,253	-2.2%	-1.7%	19	1,156	27,464
Energy & Utilities	5,688	5,651	-0.7%	0.0%	13	198	3,560
Agriculture & Food Industries	11,699	11,418	-2.4%	-2.2%	41	1,418	42,546
Telecom & IT	1,956	1,984	1.4%	2.2%	283	2,730	42,920
Insurance	1,295	1,291	-0.3%	1.2%	302	8,359	259,236
Multi-Investment	3,735	3,654	-2.2%	-0.7%	34	642	19,827
Industrial Investment	6,795	6,639	-2.3%	0.7%	134	4,303	60,411
Building & Construction	3,362	3,312	-1.5%	0.3%	109	2,956	80,399
Real Estate Development	5,933	5,912	-0.4%	-0.1%	262	2,742	42,313
Transport	7,370	7,156	-2.9%	-1.2%	42	1,193	26,348
Media and Publishing	2,176	2,195	0.9%	-0.2%	8	191	8,702
Hotel & Tourism	19,923	19,997	0.4%	1.1%	11	647	15,641

THIS WEEK'S WINNERS & LOSERS

Top Gainer

Al Alamiya for Co-operative Insurance (+11.1%)

Al Alamiya for Cooperative Insurance Company (+11.1%) was the top gainer during the week closely followed by Allied Cooperative Insurance Group (+10.9%). Al Alamiya closed at SAR 67.75.

Amongst losers, Aljazira Takaful Taawuni Company (-15.8%) led the table. Yanbu National Petrochemical Company (Yansab) plummeted 14.7% followed by The Saudi British Bank (-8.2%).

Top Loser

Aljazira Takaful Taawuni (-15.8%)

SABIC, the gulf's largest company, slipped 5.75% for the week and clocked a turnover of SAR 2.40 bn. SABIC has lost 5.32% YTD to close SAR 79.06.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Al Alamiya	67.75	11.1%	11.1%	53
ACIG	22.92	10.9%	13.1%	230
Tabuk Agriculture	19.08	9.7%	12.6%	179
H B	86.65	7.5%	8.9%	13
WAFA Insurance	32	7.3%	12.7%	117

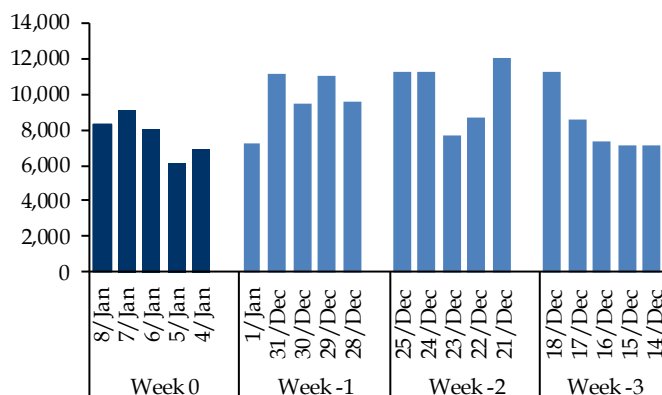
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Jazira Takaful	54.78	-15.8%	-15.5%	563
YANSAB	40.61	-14.7%	-14.8%	481
SABB	54.18	-8.2%	-7.2%	65
Amana Insurance	13.85	-8.0%	-11.0%	254
SIIG	23.76	-7.9%	-6.6%	109

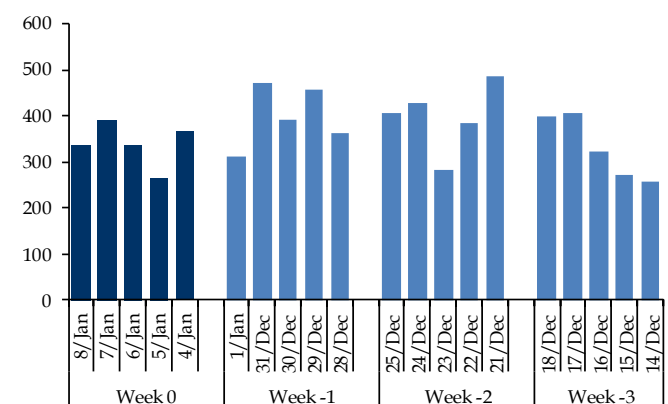
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity decreased during the week with the overall market trading 1,705mn shares (2,000mn, 1,989mn shares in the preceding two weeks). The week's total turnover also contracted to SAR 38.5bn as against SAR 48.5bn, SAR 51.0bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabia modified the cost of its oil sales to Asia in February to USD 1.40 a barrel less than a regional average compared to discount of USD 2 in January. The prices for Northwest Europe were cut by USD 1.50 a barrel for February, a discount of USD 4.65 a barrel to the Brent Weighted Average.
- ▶ Saudi Arabia has awarded a contract worth SAR1.8bn for developing a new airport at Abha, to Abu Dhabi-based construction firm Al Jaber.
- ▶ Saudi Railway Organization plans to operate the new Haramain train between Makkah and Madinah by mid-2016.
- ▶ Jabal Omar Real Estate Development, has signed a financing agreement worth SAR 4bn with the National Commercial Bank to refinance part of an existing facility it signed in 2012 to fund its real estate project in Mecca.
- ▶ The Saudi British Banks has received approval for a capital increase from SAR 10bn to SAR 15bn through issue of bonus shares.
- ▶ Sadara Basic Services Co. has entered into a shareholder loan agreement and a subordinated shareholder loan agreement with Saudi Hydrogen Peroxide Co to construct and own a hydrogen peroxide plant .
- ▶ Saudi Real Estate Co. has sold 21,671 sq m of plots at its Cordoba Oasis Village compound for SAR 77.1mn.
- ▶ Saudi Paper has launched the commercial operation of the first production line on January 1 with the project cost of SAR 30.995mn.
- ▶ Moevenpick Hotel & Apartments in Dubai has been sold to investment group Kingdom Hotel Investments for USD 95mn.
- ▶ The National Agriculture Marketing Co. signed a MoU with an investor to sell 20% of its subsidiary Thimar and Wasmi Agricultural Markets for a total value of SAR 38mn.
- ▶ Saudi International Petrochemical Co. (Sipchem) and King Fahd University of Petroleum and Minerals have signed a cooperation agreement to support scientific and industrial research, applications of petrochemical products and manufacturing industries.
- ▶ Al Alamiya for Cooperative Insurance Co. is planning to increase capital by 100% through a rights issue from SAR 200mn to SAR 400mn.
- ▶ Kuwait's Mabane Company will change the name of its Saudi Arabian subsidiary Rofah Gulf to Shomol Holding.
- ▶ SASCO has received approval from CMA to increase its capital from SAR 450mn to SAR 540mn through bonus issue.
- ▶ Saudi Basic Industries Corporation (SABIC) has joined hands with Molecular Rebar Design, a company based in Texas (US) to develop and commercialise nano materials for select market segments and applications.

OTHER GULF NEWS

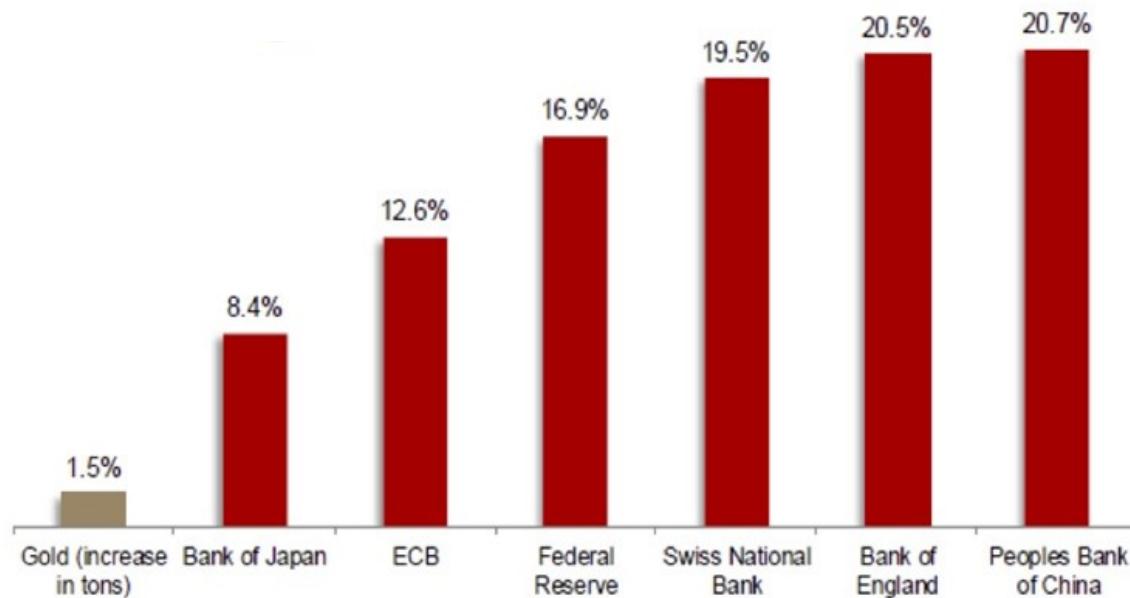
- ▶ Abu Dhabi's new financial free zone plans to base its rules on English common law, in a decision that could reduce costs and help Abu Dhabi develop stronger banking and securities market ties with Dubai.
- ▶ Dubai government has raised its targeted spending in 2015 budget to AED 41bn up 9% YoY. Spending and revenues are both projected at AED 41bn.
- ▶ Dubai Aluminium (Dubal) has completed USD 1.8bn seven-year loan deal with 15 local and international lenders.
- ▶ Kuwait has awarded a USD 4.2bn contract to develop heavy oil fields in the north of the country. The project, called Lower Fars Heavy Oil Development Phase 1, was awarded to UAE-based Petrofac International and Athens-based Consolidated Contractors Company.
- ▶ Ooredoo Kuwait has won a court appeal against a KWD 36.69mn (\$124.97 million) fine imposed earlier by the Ministry of Communications.
- ▶ Oman has no specific plans to reduce state spending this year, its Minister for financial affairs said. In its 2015 budget the ministry said it would raise state spending by 4.5% from last year's original plan to OMR 14.1bn.
- ▶ L&T Oman has bagged a tender for turnkey construction of a four-star, 300-room Crowne Plaza Hotel at the Oman Convention and Exhibition Centre Project.
- ▶ Oman Air has launched an efficiency programme with the aim of achieving savings of more than OMR 100mn over the next three years, bringing the company to an operational break-even point by the end of 2017.
- ▶ Qatar Airways has decided not to go in for privatization for the next 10 years at least, said Group CEO said. Separately, Qatar Airways has finalized an order for four Boeing 777 Freighters worth USD 1.24bn, along with purchase rights for four more aircrafts worth an additional USD 1.22bn.
- ▶ Central Bank of Bahrain announced that the new issue of the long-term Sukuk Al Ijara worth BHD 100mn has been oversubscribed by 321%.
- ▶ Bahrain Mumtalakat Holding Company has signed USD 500mn unsecured revolving credit facility.

GLOBAL ECONOMIC NEWS

- ▶ China is reportedly accelerating 300 infrastructure projects valued at USD 1.1tn to shore up its economic growth.
- ▶ Eurozone consumer inflation turned negative to -0.2% YoY in December while its core inflation inched up by 0.8% for the same period. The Eurozone unemployment rate was unchanged in November 2014 at 11.5%.
- ▶ United Kingdom's Tesco has announced restructuring plans with closure or abandonment of nearly 100 stores.
- ▶ United States ISM service sector PMI fell to 56.2 in December, down from 59.3 in November. Weekly unemployment data showed that 294,000 persons filed for new claims down from 298,000 in the previous week.
- ▶ Bank of England has left UK interest rates unchanged at 0.5%, and made no change to its quantitative easing programme.

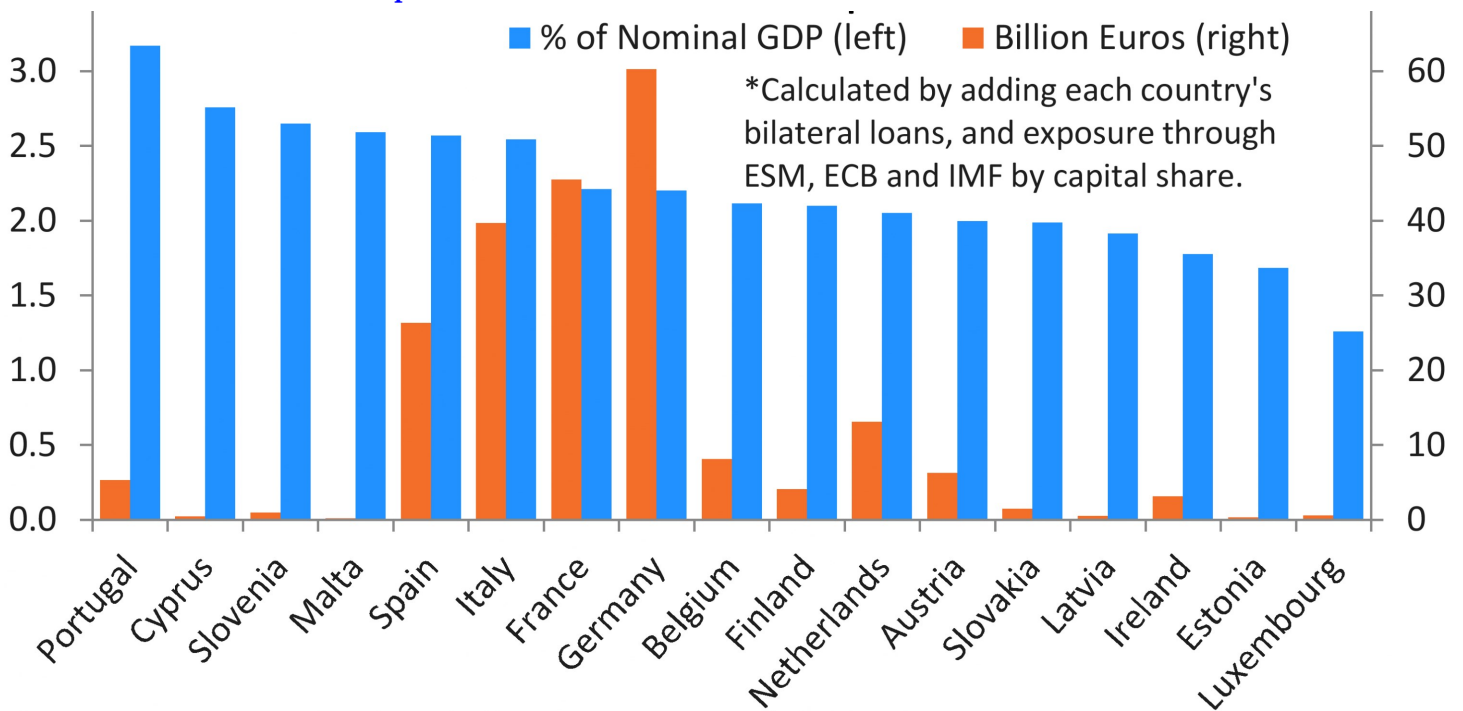
CHARTS OF THE WEEK

Chart 1: Annualized Rate of Change of Central Bank Balance Sheets vs Annual Growth in Gold Supply (2002-2014)



Source Datastream, Bloomberg, Incrementum AG


Chart 2: Governments' Total Exposure to Greek Public Debt




Source: IMF, ECB, ESM, Greek Finance Ministry, Bloomberg


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