

Saudi Stock Market – Weekly Update

For the Week ending 22 January 2015

“Saudi Arabia can sustain these low oil prices for at least eight years...You need to allow prices to go as low as possible in order to see those marginal producers move out of the market ”

- Mr. Mohammed Al-Sabban , Former Adviser to the Minister of Petroleum

TASI PERFORMANCE FOR THE WEEK

TASI SUFFERS MARGINAL LOSSES

“TASI loses
0.4%”

The Saudi Arabian stock exchange had a quiet week with the index trading in a narrow band and the market witnessing low activity. Tadawul All Share Index (“TASI”) registered a loss of 0.4% to close the week at 8,422 points.

Global and regional markets were mostly positive. European markets fared well due to the new stimulus announcement by European central bank. Regionally, Oman index was the top gainer, increasing 1.9% during the week.

Oil also saw lackluster activity with the price moving between \$45 and \$50 a barrel. Demand-supply equation continues to haunt oil. However, there are already signs of decelerating drilling activity in North America with Oil field services companies planning large scale workforce reduction. After Schlumberger (world’s largest oil-field service company) said that it laid off 9,000 workers (7% of its global headcount), its competitors Baker Hughes & Halliburton also announced plans for a combined reduction of 8,000 employees.

“Denmark reduces
interest rates to
minus 0.35% ”

Globally, after the last week’s surprise by Swiss National Bank, central bankers this week renewed their fight against deflation and currency. Bank of Canada decreased its overnight target rate from 1% to 0.75% while the Danish central bank reduced interest rates twice during the week from minus 0.05% to minus 0.35%.

Chart 1: TASI Close & Market Turnover

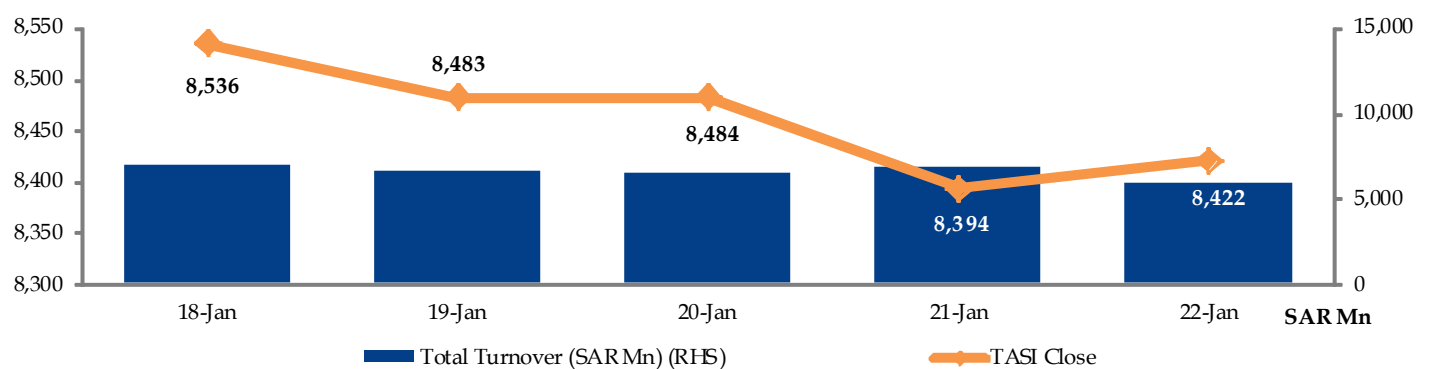
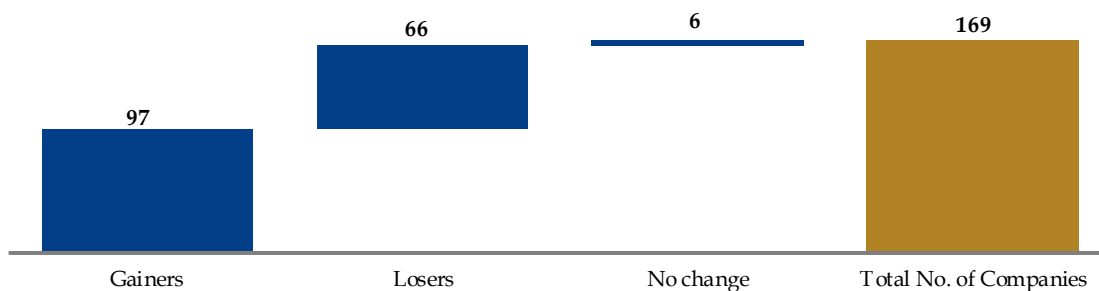
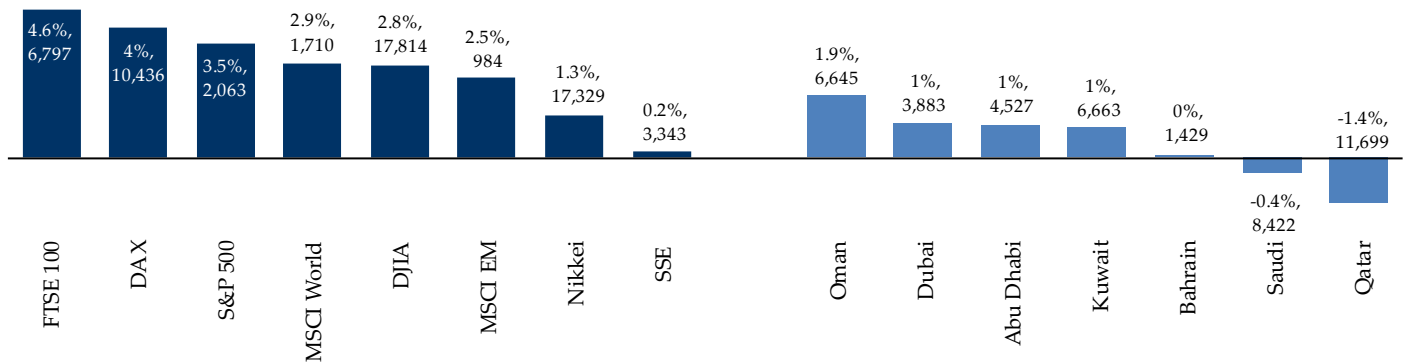


Chart 2: Trading Statistics



Saudi market
breadth was
positive with
97 gainers as against
66 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

“8 out of 15 indices closed the week in Green”

Sector indices showed mixed trend with 8 out of 15 indices closing the week in Green. Transport index gained the largest, surging 6.8%, followed by Hotel & Tourism(+3.6%) and Real Estate (+3.0%). Telecom & IT (-10.6%) and Agriculture & Food (-1.3%) were the top losing indices. Banks marginally fell by 0.6% while Petrochemical index closed flat.

Insurance was the top traded sector contributing 18.8% to total traded value and 14.5% to total volumes. Banks came second with 14.5% contribution to total traded value and 14.3% to the volume.

| Index | Open | Close | WTD (%) | YTD (%) | Total Volume (Mn) | Total Turnover (SAR Mn) | No. of Trades |
|-------------------------------|--------|--------|---------|---------|-------------------|-------------------------|---------------|
| TASI | 8,459 | 8,422 | -0.4% | 1.1% | 1,288 | 33,011 | 651,500 |
| Banks & Financial Services | 18,757 | 18,637 | -0.6% | 1.8% | 184 | 4,792 | 59,326 |
| Petrochemical Industries | 5,700 | 5,699 | 0.0% | -2.7% | 130 | 3,790 | 57,535 |
| Cement | 7,018 | 7,050 | 0.5% | 2.9% | 30 | 808 | 17,222 |
| Retail | 15,491 | 15,471 | -0.1% | -0.3% | 22 | 1,483 | 28,722 |
| Energy & Utilities | 5,565 | 5,630 | 1.2% | -0.3% | 11 | 170 | 3,055 |
| Agriculture & Food Industries | 11,671 | 11,515 | -1.3% | -1.3% | 40 | 1,473 | 34,888 |
| Telecom & IT | 2,138 | 1,911 | -10.6% | -1.6% | 101 | 1,824 | 25,790 |
| Insurance | 1,341 | 1,371 | 2.3% | 7.5% | 187 | 6,193 | 186,596 |
| Multi-Investment | 3,774 | 3,873 | 2.6% | 5.3% | 70 | 1,481 | 34,094 |
| Industrial Investment | 7,025 | 7,000 | -0.4% | 6.2% | 106 | 3,776 | 57,506 |
| Building & Construction | 3,347 | 3,395 | 1.4% | 2.8% | 110 | 2,989 | 77,518 |
| Real Estate Development | 5,914 | 6,094 | 3.0% | 3.0% | 264 | 2,797 | 37,087 |
| Transport | 7,178 | 7,667 | 6.8% | 5.9% | 22 | 765 | 16,199 |
| Media and Publishing | 2,167 | 2,159 | -0.4% | -1.9% | 2 | 54 | 2,529 |
| Hotel & Tourism | 20,714 | 21,465 | 3.6% | 8.6% | 10 | 617 | 13,433 |

THIS WEEK'S WINNERS & LOSERS

Top Gainer

Alujain Corporation
(+23.0%)

Alujain Corporation (+23.0%) led the gainers table during the week, followed by Alinma Tokio Marine Insurance (+22%). Alujain closed at SAR 20.68.

On the other side, Etihad Etisalat, the top loser slumped 13.7%. Saudi Telecom decreased 9.2% and came second followed by Saudi British Bank (-7.3%).

Top Loser

Etihad Etisalat
(-13.7%)

SABIC, the gulf's largest company, gained 0.96% for the week and clocked a turnover of SAR 1.75bn. SABIC has lost 5.25% YTD to close SAR 79.12.

Top Gainers

| Company | Close | WTD (%) | YTD (%) | Value Traded (SAR Mn) |
|----------------|-------|---------|---------|-----------------------|
| Alujain | 20.68 | 23.0% | 27.7% | 257 |
| Alinma Tokio M | 49.12 | 22.0% | 33.3% | 214 |
| ACE | 61.06 | 14.2% | 15.1% | 147 |
| Al Alamiya | 88.86 | 14.0% | 45.7% | 134 |
| SIECO | 45.89 | 12.6% | 19.7% | 204 |

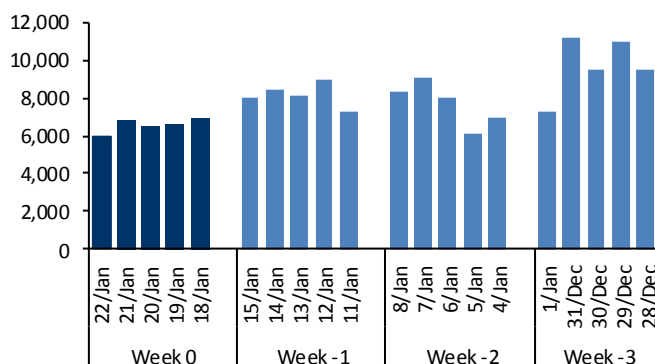
Top Losers

| Company | Close | WTD (%) | YTD (%) | Value Traded (SAR Mn) |
|-----------------|--------|---------|---------|-----------------------|
| Etihad Etisalat | 42.7 | -13.7% | -2.7% | 903 |
| STC | 65.47 | -9.2% | -0.4% | 418 |
| SABB | 52.92 | -7.3% | -9.3% | 72 |
| Bupa Arabia | 156.19 | -6.6% | -7.5% | 125 |
| AlHokair | 89.58 | -5.8% | -9.5% | 215 |

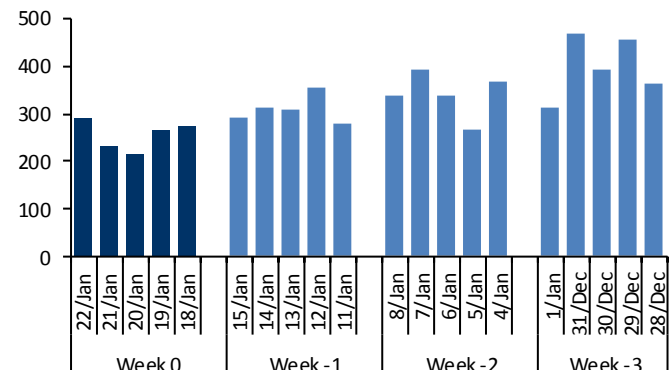
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity during the week decreased again with the overall market trading 1,288mn shares (1,551mn, 1,705mn shares in the preceding two weeks). The week's turnover also declined to SAR 33.0bn as against SAR 40.8bn, SAR 38.5bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabia's GDP, adjusted for inflation, expanded 2.0% YoY in fourth quarter 2014 while for the full year 2014, it grew 3.6%.
- ▶ Saudi Arabia's oil exports rose to 7.3mn barrels a day from 6.9mn barrels in October. Crude stockpiles at the end of the month stood at 305.8mn barrels, the highest level since at least January 2002
- ▶ Saudi Arabia plans to develop the coastal area of Jeddah city at a cost of SAR 1.27bn and turn it into an entertainment bay for residents and visitors.
- ▶ Saudi Aramco's overseas unit has bought 28.4% stake in South Korean refiner S-Oil Corp from Hanjin Energy Co for USD 2bn.
- ▶ Abdullah Al Othaim Markets Company will invest 88% in Mueen Recruitment Company which is in the process of getting official approvals.
- ▶ Altayyar Travel Group's subsidiary Altayyar Tourism & Real Estate Investment & Development Co. has bought 20% stake in Saudi Heritage Hospitality Co. for SAR 50mn.
- ▶ Saudi Automotive Services Company (SASCO) has got shareholders approval to acquire 95% stake in Zaiti Company from Ma'aden Star and another 5% from Mr. Majid Mohammed Al Othman.
- ▶ National Industrialization Co.'s (Tasnee) subsidiary Cristal and Japan's Toho Titanium project is in the final stage and will start trial and commercial operations this year. Tasnee has signed a SAR 1.2bn loan agreement to part-fund buying a further stake in its subsidiary Cristal.
- ▶ Sahara Petrochemical Co.'s subsidiary Al-Waha Petrochemical signed Islamic facility agreement worth SAR 1.97bn.
- ▶ Al Hammadi Company for Development and Investment signed a long-term financing agreement worth SAR 27.5mn with the Ministry of Finance.
- ▶ Saudi Arabian Mining Co.'s subsidiary Ma'aden Phosphate Co. will shut down its ammonia plant for 30 days starting from Jan. 23, 2015.
- ▶ Spain's Abengoa and Advanced Water Technology (AWT) are planning to develop a desalination plant, in the Kingdom, valued at USD 130mn to be powered by solar energy.
- ▶ Almutlaq Real Estate Investment Company has sold prime residential asset in Riyadh for about SAR 200mn.
- ▶ Saudi Arabia's plans to build nuclear and solar energy projects will complete in 2040, about eight years longer than originally intended, President of the King Abdullah City for Atomic and Renewable Energy said.
- ▶ AL RABIE Saudi Foods Company Ltd. has signed an agreement with Fawaz Al Hokair Group as an official partner for juice inside Kidzania Children City - Jeddah.
- ▶ Saudi Basic Industries Corporation (SABIC) is reportedly reviewing the planned expansion of the Saudi Iron and Steel Company (Hadeed), its metals affiliate, following a decline in steel prices

OTHER GULF NEWS

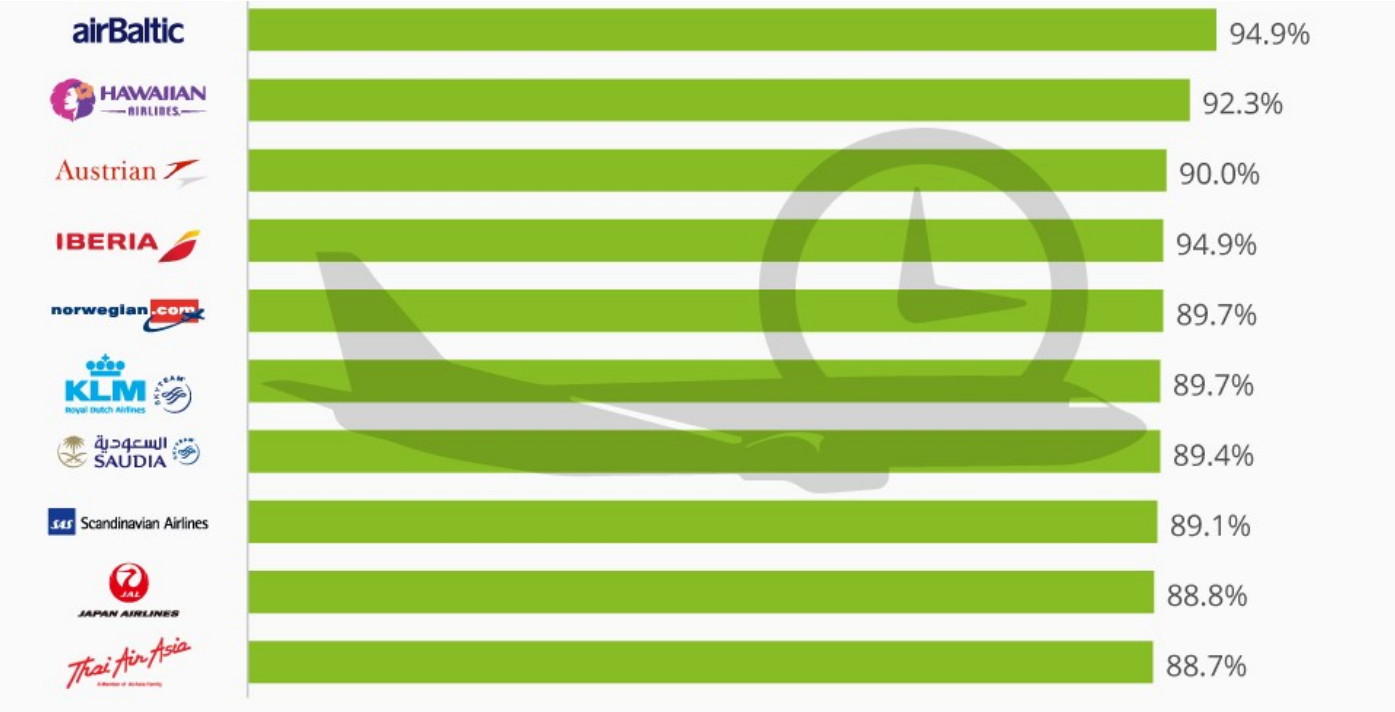
- ▶ The International Monetary Fund revised UAE's GDP growth forecast for 2015 downward from 4.5% to 3.5%. IMF revised its 2015 predictions for all GCC countries to 3.4%, down by 1.0%
- ▶ Capital Intelligence has affirmed UAEs' Long-Term Foreign and Local Currency Sovereign Ratings of 'AA-' and its Short-Term Foreign and Local Currency Sovereign Ratings of 'A1+'
- ▶ Nakheel will be awarding construction contracts valued at AED 7bn this year, on top of the AED 5.3bn it tendered in 2014 .
- ▶ Dubai's TECOM Investments has signed a syndicated loan facility of up to AED 4bn.
- ▶ Dubai has tripled its target to increase the share of renewables to 15% in its energy mix by 2030. Dubai has increased its 2020 target also by seven times to 7%.
- ▶ Dubai real estate developer Limitless has secured the agreement of 85% of its creditors for a three-month extension to a debt repayment due at the end of 2014.
- ▶ Kuwait will spend USD 100bn on oil projects in the next five years to modernise the sector and increase production to 4.0mn barrels per day by 2020 from the current level of about 3.2mn bpd.
- ▶ Suez Environment, a French company in water and waste-management services, has won a contract worth USD 37mn) to design, build and operate the municipal landfill facility in Oman.
- ▶ Oman government is planning to establish a mega dairy project with a capital investment of OMR 100mn.
- ▶ British defence contractor Ultra Electronics Holdings Plc said its Oman airport IT contract had been terminated.
- ▶ Qatar First Bank has acquired 49% stake in Food Services Company.
- ▶ Bahrain's Gulf Ventures Corporation has taken an 8.3% stake in the London-based Gulf Wealth Management Ltd .
- ▶ A subsidiary of Abu Dhabi's Al Jaber Group has won two road-building contracts in the emirate worth about AED 2bn.

GLOBAL ECONOMIC NEWS

- ▶ IMF has forecasted that the world economy will grow 3.5% in 2015, down from the 3.8% pace projected in October
- ▶ Online retail giant eBay will slash 2,400 jobs, 7% of its workforce in the current quarter as it restructures and prepares to spin off its PayPal finance unit.
- ▶ China grew by 7.3% in the 4th quarter of 2014 and 7.4% in FY 2014 according to National Bureau of Statistics, China. Its Central Bank has injected USD 8bn to the money market in the form of reverse repos.
- ▶ Global unemployment is set to rise in the next five years, with joblessness forecast to increase by 3 million in 2015, according to a new report from the International Labour Organization.
- ▶ Keppel Corporation has offered USD 2.4bn to buy out its Real Estate arm Keppel Land Ltd.

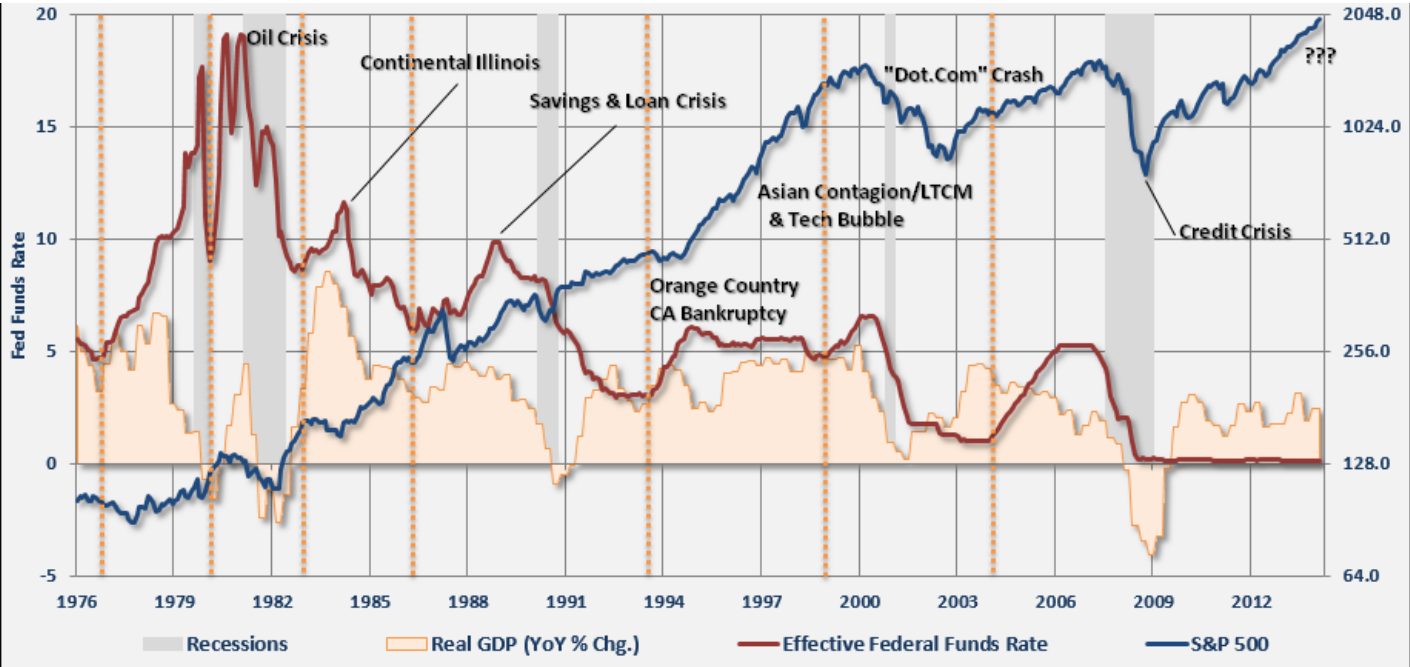
CHARTS OF THE WEEK

Chart 1: Percentage of Flights on-time by Airline in 2014



Source: Official Airline Guide (OAG), Statista


Chart 2: Trend in US GDP, Fed Funds Rate and S&P 500




Source: Streettalklive.com, Zero Hedge


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