

Saudi Stock Market – Weekly Update

For the Week ending 05 February 2015

“To sustain their global competitiveness, GCC chemical producers are striving for technological excellence, building world-class production facilities and nurturing local, innovative capability”

- Mr. Abdulwahab Al-Sadoun, Secretary General, Gulf Petrochemicals and Chemicals Association

TASI PERFORMANCE FOR THE WEEK

TASI CONTINUES ASCEND

“TASI gains
3.4%”

The Saudi Arabian stock exchange registered yet another high trading week with the index gaining 3.4% on the back of 5.8% gain registered last week. Tadawul All Share Index (TASI) breached the 9,000 level and closed at 9,180 points. Crude oil’s price recovery is steadily gaining momentum as prices increase by more than 10% with the Brent trading at USD 57 a barrel levels.

Most of the regional and global markets were in the positive territory during the week. Regionally, Dubai registered a gain of 5.8%, followed by Qatar (+5.2%).

Globally, Greece’s tumultuous situation continues as European Central Bank (ECB) **decided** that it would no longer accept Greek government bonds as collateral for lending money to commercial banks, in a move that would make access to cash more expensive for Greek banks. ECB’s announcement came as it could not assume a "successful" deal on Greece's EUR 240bn bailout. Separately, Germany has also shown its discomfort for recent changes in Greek policies and wants the country to stick to its austerity plans.

“ECB stops accepting
Greek bonds as
collateral for
lending”

Meanwhile, BP Plc. became the latest of oil companies to announce capital expenditure reduction. BP announced that it would cut capital expenditure by 13% to USD 20bn in 2015, following last week’s announcement by Chevron to cut CapEx by 13% to USD 35bn.

Chart 1: TASI Close & Market Turnover

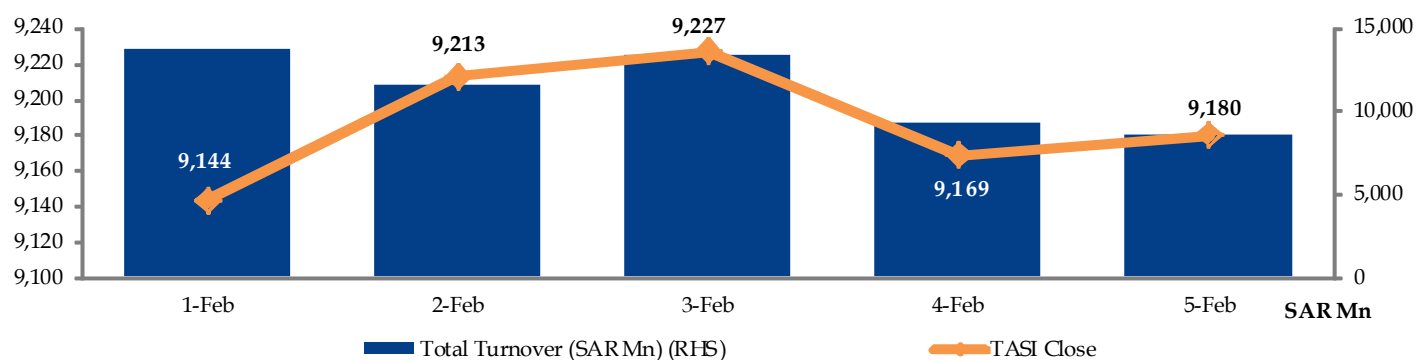
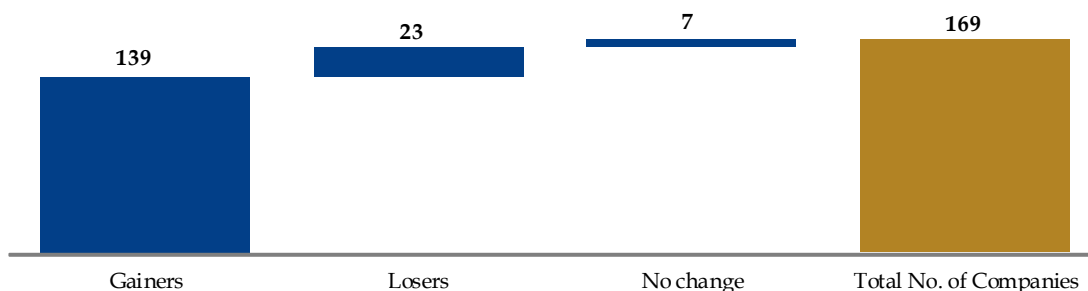
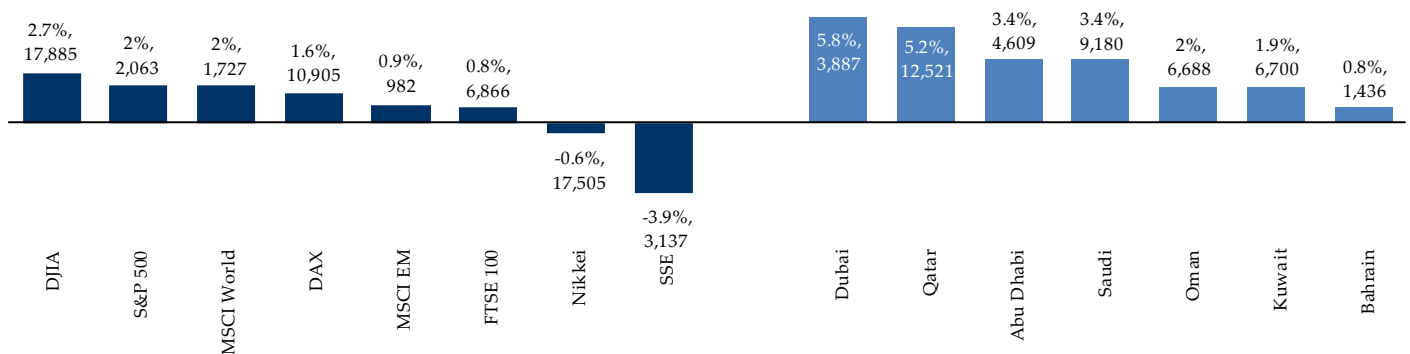


Chart 2: Trading Statistics



Saudi market
breadth was
positive with
139 gainers as
against 23 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

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

Sector indices reflected the broader market with 13 indices closing with week with gains. Retail index gained the most, surging 7.9%, followed by Petrochemical Industries (+5.8%) and Industrial Investment (+5.2%). Hotel & Tourism (-1.6%) and Agriculture & Food Industries closed on the negative territory.

Banks was the top traded sector contributing 16.8% to total traded value and 14.5% to total volumes. Petrochemicals came second with 15.2% contribution to total traded value and 16.2% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	8,879	9,180	3.4%	10.2%	2,172	56,506	893,371
Banks & Financial Services	19,689	20,380	3.5%	11.3%	316	9,499	75,980
Petrochemical Industries	6,144	6,501	5.8%	11.0%	352	8,606	108,877
Cement	7,239	7,266	0.4%	6.0%	52	1,606	28,733
Retail	15,799	17,051	7.9%	9.9%	36	2,794	44,467
Energy & Utilities	5,865	6,005	2.4%	6.3%	15	257	3,877
Agriculture & Food Industries	12,267	12,242	-0.2%	4.9%	81	3,343	69,155
Telecom & IT	1,827	1,859	1.7%	-4.3%	268	4,073	56,166
Insurance	1,467	1,495	1.9%	17.2%	231	7,843	200,726
Multi-Investment	4,043	4,244	5.0%	15.4%	75	1,689	33,562
Industrial Investment	7,669	8,065	5.2%	22.3%	111	4,515	69,289
Building & Construction	3,662	3,846	5.0%	16.4%	135	4,348	93,800
Real Estate Development	6,559	6,731	2.6%	13.8%	452	5,690	63,225
Transport	8,009	8,099	1.1%	11.8%	22	810	14,107
Media and Publishing	2,286	2,386	4.4%	8.4%	12	489	13,250
Hotel & Tourism	23,018	22,654	-1.6%	14.6%	13	943	18,157

THIS WEEK'S WINNERS & LOSERS

Top Gainer

Fawaz Abdulaziz AlHokair Co.
(+22.6%)

Fawaz Abdulaziz AlHokair Co. (+22.6%) topped the gainers table during the week, followed by Nama Chemicals (+16.7%). Fawaz AlHokair closed at SAR 111.39. and has gained 12.5% YTD.

On the other side, Al Alamiya for Cooperative Insurance Co. slumped 40.5% during the week to close at SAR 69.75.

Top Loser

Al Alamiya for Cooperative Insurance Co.
(-40.5%)

SABIC, the gulf's largest company, gained 8.9% for the week and clocked a turnover of SAR 2.7bn. SABIC has increased 12.5% YTD to close SAR 93.95.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
AlHokair	111.39	22.6%	12.5%	669
Nama Chemicals	13.33	16.7%	24.6%	441
SIECO	56.13	16.7%	46.4%	416
Atheeb Telecom	8.07	14.6%	19.7%	424
AL Babtain	39.57	12.9%	45.4%	290

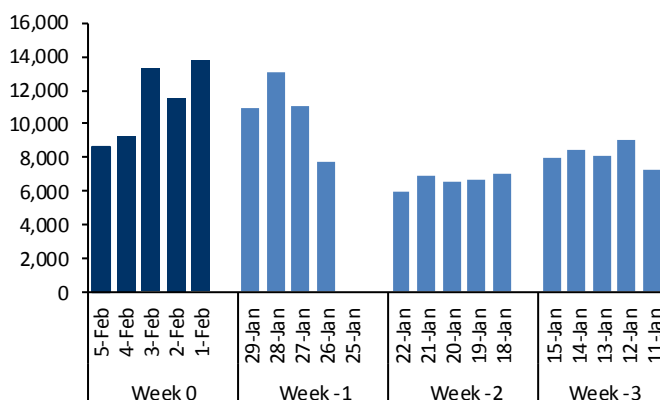
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Al Alamiya	69.75	-40.5%	14.4%	295
ALTAYYAR	133.61	-3.8%	12.3%	303
Jazira Takaful	62.53	-3.7%	-3.6%	410
Saudi Hollandi	45.35	-3.3%	1.6%	43
Almarai	81.25	-3.2%	5.9%	186

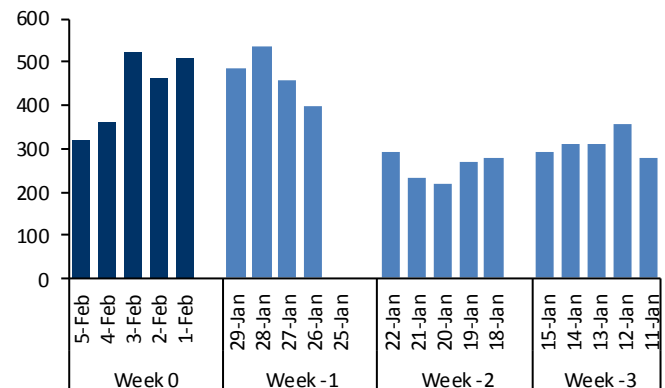
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity jumped during the week with the overall market trading 2,172mn shares (1,882mn, 1,288mn shares in the preceding two weeks). The week's turnover also climbed to SAR 56.5bn as against SAR 42.8bn, SAR 33.0bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ The seasonally adjusted SABB HSBC Saudi Arabia Purchasing Managers' Index was almost unchanged in January at 57.8 points against 57.9 in December.
- ▶ Kingdom Holding Company has reduced its stake in U.S.-based News Corp from 6.6% to 1% generating SAR 705mn.
- ▶ Private equity firms Abraaj and TPG Capital have reportedly signed a deal to purchase majority stake in Saudi Arabian fast-food chain Kudu.
- ▶ A controlling stake in Saudi Arabian supermarket chain Al Raya for Foodstuff Company has reportedly been put up for sale by its private equity owners Levant Capital and The Rohatyn Group.
- ▶ Abdullah Al Othaim Markets Co. has signed an agreement with United Company for Investment, a sister of AL-BAIK Food Systems Co, to obtain exclusive license rights to open, operate and manage ALBAIK restaurants in Al Qassim region.
- ▶ Saudi Kayan said it plans to close some production units for periodical, scheduled maintenance. The financial impact is estimated at nearly SAR 340mn.
- ▶ The Jordanian government signed five financing agreements (grants) with the Saudi Fund for Development worth USD 176mn as part of the Saudi Arabia's USD 1.25bn-commitment to finance development projects in Jordan.
- ▶ Saudi Aramco has reportedly put on hold its deepwater oil and gas exploration and drilling activities in the Red Sea because of high costs, as it economises in an environment of low crude prices.
- ▶ Saudi Arabian Ministry of Commerce and Industry announced that the number of licensed real estate units for sale in various regions of the Kingdom amounts to more than 17,000, valued at about SAR 20bn.
- ▶ A new sugar refinery is due to start operations in Jizan in southwest Saudi Arabia by the end of 2017.
- ▶ Saudi Arabia's Yasref refinery, a joint venture between Saudi Aramco and China's Sinopec, will load its first 60,000-ton cargo of gasoline on the Serengeti, a tanker booked by Total's shipping arm .
- ▶ Trade between Saudi Arabia and Germany has reached around SAR 46.6bn and there are nearly 400 German companies investing almost USD 8bn in the Kingdom.
- ▶ Advanced Petrochemical Co. signed long-term off-take agreements for the sale of Polypropylene with Mitsubishi Corporation of Japan and Domo Investment Group of Belgium.
- ▶ The National Company for Glass Industries said the expansion of Riyadh plant amounting SAR 100mn is 95% completed.
- ▶ The Industrialization & Energy Services Company and Halliburton Multi-Chem have concluded a JV agreement to establish an industrial complex in PlasChem Park in Jubail Industrial City II, to produce specialty chemicals.
- ▶ Saudi Steel Pipes has started the trial operations at its-newly developed pipe coating facility.

OTHER GULF NEWS

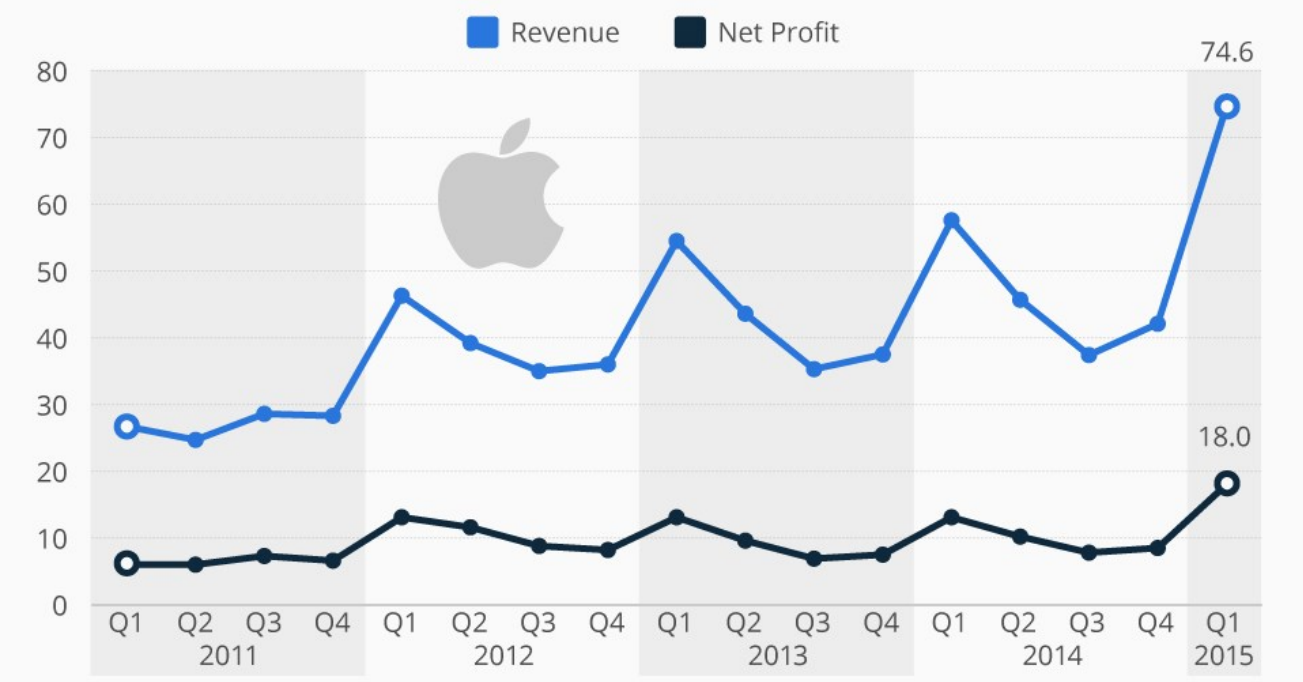
- ▶ The second round of a USD 14bn debt restructuring announced by Dubai World Group will benefit the UAE banking sector in terms of the overall asset quality, rating agency Moody's said.
- ▶ UAE-based Buroj Property Development plans to build a luxury resort on a mountain near Sarajevo, the capital of Bosnia and Herzegovina, at an investment of EUR 2.3bn.
- ▶ Abu Dhabi has cut export prices for its crude for the seventh consecutive month and to the lowest since 2009 amid a global price slump.
- ▶ Arabtec Holding announced that it has recently won, through its subsidiary "Arabtec Construction", two contracts of AED 375mn from "Emaar Properties" in Dubai
- ▶ Etihad Airways acquired 75% stake in Alitalia Loyalty for a consideration of USD 127mn.
- ▶ As many as 34 local and international companies have registered to participate in the request for Expressions of Interest process to operate and manage Oman's first ever Dry Port envisioned as part of the South Al Batinah Logistics Area (SABLA).
- ▶ Nineteen joint venture partnerships, consortiums and go-it-alone companies have been prequalified by Oman Oil Refineries and Petroleum Industries Co. (Orpic) to bid for the four packages that together constitute the USD 3.6bn Liwa Plastics Project (LPP) planned at Sohar Industrial Port.
- ▶ Oman government plans to establish three separate agencies to support farmers of dates, vegetable and fruits as well as livestock.
- ▶ Oman Tourism Development Company has given approval to build a five-star hotel at Shatti Al Qurum in Muscat which is expected to begin construction soon.
- ▶ A loan agreement to the tune of USD 116.24mn was signed between National Bank of Oman and Dalma Energy, an international drilling contractor, to fund the latter's new project for Petroleum Development Oman.
- ▶ Central Bank of Bahrain plans to set up a Sharia board of scholars who will oversee the Islamic finance sector.

GLOBAL ECONOMIC NEWS

- ▶ People's Bank of China decided to cut banks' reserve requirement ratio (RRR) by 50 basis points to 19.5%, the first such cut since May 2012
- ▶ The U.S. consumer spending declined 0.3% in December, the biggest decline since September 2009, after a 0.5% November gain.
- ▶ Six European banks, including Credit Suisse Group AG and HSBC Holdings Plc, had their ratings cut by Standard & Poor's on the prospect that their governments are less likely to provide aid in a crisis.
- ▶ Pfizer Inc said it would buy Hospira Inc for about USD 15bn to boost its portfolio of generic injectable drugs and copies of biotech medicines.

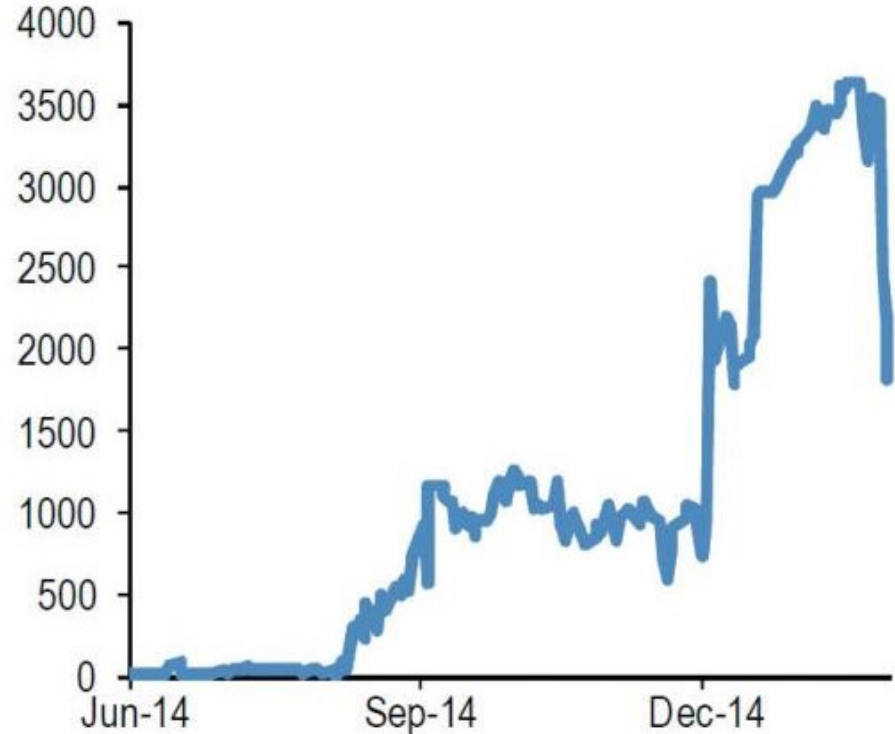
CHARTS OF THE WEEK

Chart 1: Apple Inc's Quarterly Revenue and Net Profit Trend (USD Bn)



Source: Apple, Statista


Chart 2: Aggregate Value to Government Bonds Trading with Negative Yields (USD Bn)




Source: Bloomberg, J.P.Morgan, Zero Hedge

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