

Saudi Stock Market - Weekly Update

For the Week ending 12 February 2015

"Some commodity prices may witness inflationary pressures as a result of the increase in consumption demand after the royal decree.... However, the projections still show a stable domestic inflation rate as a result of global decrease in commodity prices"

- Saudi Arabian Monetary Agency

TASI PERFORMANCE FOR THE WEEK

TASI CONTINUES ASCEND

"TASI gains
0.8%"

After two weeks of handsome gains, the Tadawul All Share Index (TASI) consolidated its position during the week to increase by 0.8% and close at 9,257 points. Stabilizing oil price is providing positive impetus to the regional markets.

Globally, there is still no deal in Europe between Greece and its creditors. Earlier during the week, Greek and Eurozone officials failed to reach an agreement. Greece's new leaders feel that the European Union's (EU) earlier bailout deal is punitive and must end; but EU, led by Germany, is not giving in, at least not yet!

This quote from John Maynard Keynes - "If you owe your bank a hundred pounds, you have a problem. But if you owe your bank a million pounds, it has." - correctly captures the European Union's situation, which will eventually compromise and lend more. Amidst failing talks, during the week, the European Central Bank extended a cash lifeline for Greek banks, authorizing an extra EUR 5bn. They might do something similar to Greece as well to keep the show going.

"Sweden reduces
interest rate to
-0.1%"

Separately, Sweden's central bank became the latest to join the negative interest rate club as it decreased its key interest rate from 0% to -0.1%. It also launched a programme to buy government bonds worth USD 10bn inject cash into the economy.

Chart 1: TASI Close & Market Turnover

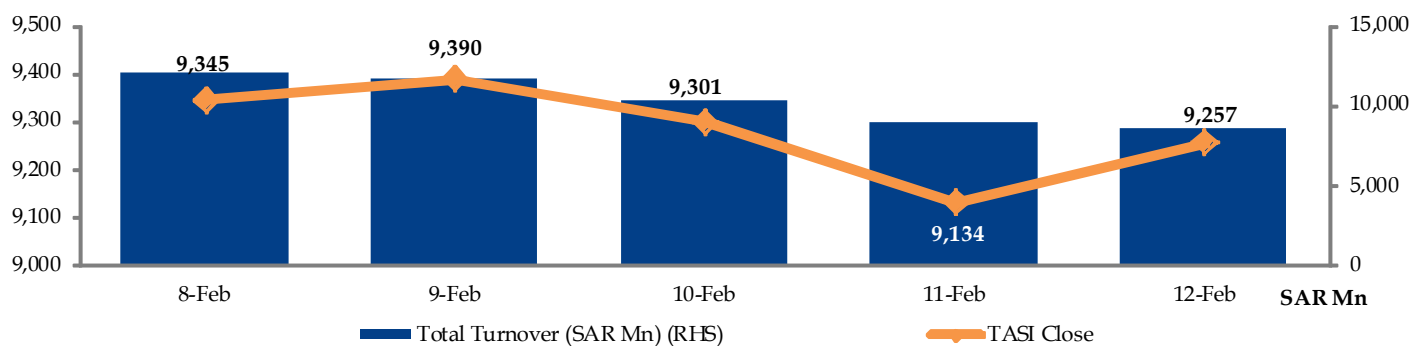
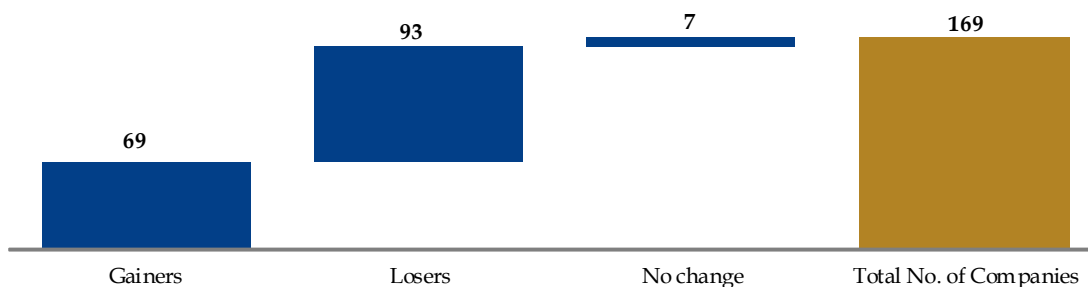
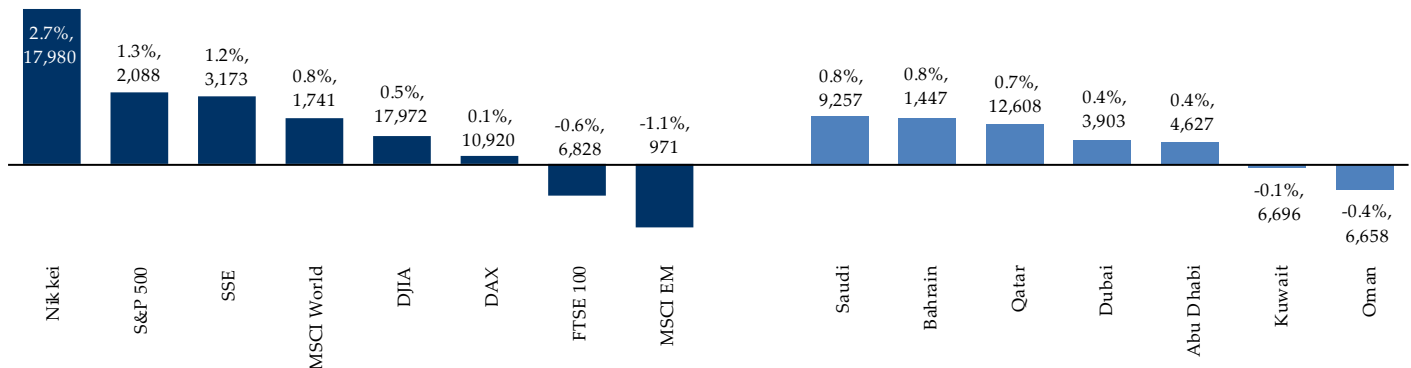


Chart 2: Trading Statistics



Saudi market
breadth was
negative with
69 gainers as against
93 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

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

Sector indices moved in line with the broader market with 9 indices closing with week with positive returns. Energy & Utilities spurred up 9% and was the highest gainer followed by Real Estate Development (+4.1%) and Transport (+3.6%). Building and Construction(-3.2%) and Telecom & IT (-1.6%) were the top losing indexes .

Banks continued as top traded sector contributing 16.8% to total traded value and 13.1% to total volumes. Petrochemicals came second with 15.9% contribution to total traded value and 19.5% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,180	9,257	0.8%	11.1%	2,120	51,386	808,512
Banks & Financial Services	20,380	20,626	1.2%	12.6%	277	8,625	66,854
Petrochemical Industries	6,501	6,551	0.8%	11.8%	412	8,149	91,321
Cement	7,266	7,176	-1.2%	4.7%	38	1,233	23,510
Retail	17,051	17,035	-0.1%	9.8%	20	1,508	28,280
Energy & Utilities	6,005	6,543	9.0%	15.8%	22	372	4,620
Agriculture & Food Industries	12,242	12,165	-0.6%	4.2%	109	3,043	65,069
Telecom & IT	1,859	1,830	-1.6%	-5.8%	120	2,309	34,654
Insurance	1,495	1,541	3.1%	20.7%	211	7,475	191,661
Multi-Investment	4,244	4,354	2.6%	18.3%	46	981	20,929
Industrial Investment	8,065	8,086	0.3%	22.7%	105	4,222	55,940
Building & Construction	3,846	3,722	-3.2%	12.7%	204	4,846	114,943
Real Estate Development	6,731	7,006	4.1%	18.4%	502	6,350	69,487
Transport	8,099	8,392	3.6%	15.9%	41	1,404	23,407
Media and Publishing	2,386	2,387	0.0%	8.5%	6	181	4,884
Hotel & Tourism	22,654	22,470	-0.8%	13.7%	9	689	12,953

THIS WEEK'S WINNERS & LOSERS

Top Gainer

**Buruj
Co-operative
Insurance Co.
(+25.0%)**

Buruj Co-operative Insurance Co.(+25.0%) led the gainers table during the week, followed by Mediterranean & Gulf Insurance & Reinsurance Co (+17.0%). Buruj Insurance closed at SAR 53.78 and has gained 61.5% YTD.

On the other side, Middle East Specialized Cables fell by 24.7% during the week to close at SAR 18.75. This was followed by Abdullah A. M. Al-Khodari Sons (-10.55%) and Dar Alarkan Real Estate (-9.6%)

Top Loser

**Middle East
Specialized
Cables Co
(-24.7%)**

SABIC, the gulf's largest company, gained 1.19% for the week and clocked a turnover of SAR 1.43bn. SABIC has increased 13.86% YTD to close SAR 95.07.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Buruj	53.78	25.0%	61.5%	212
MEDGULF	62.86	17.0%	25.5%	677
AXA-Cooperative	26.30	15.8%	25.7%	185
Jabal Omar	64.41	11.5%	22.7%	961
Kingdom	20.99	10.7%	16.0%	137

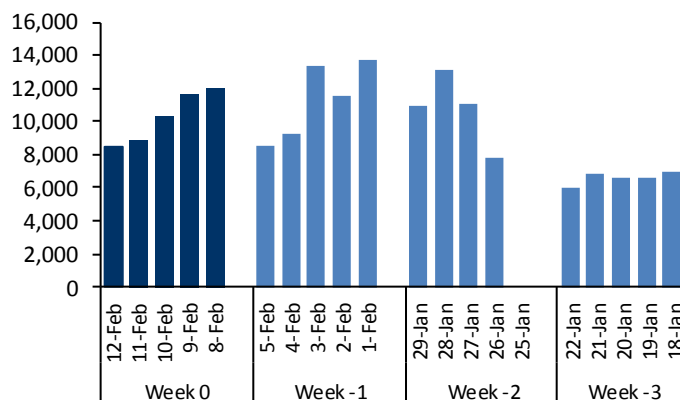
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
MESC	18.75	-24.7%	-14.4%	2,298
ALKHODARI	30.42	-10.5%	-0.5%	476
Dar Al Arkan	9.44	-9.6%	16.1%	4,483
Al Alamiya	63.76	-8.6%	4.5%	935
Atheeb Telecom	7.46	-7.6%	10.7%	204

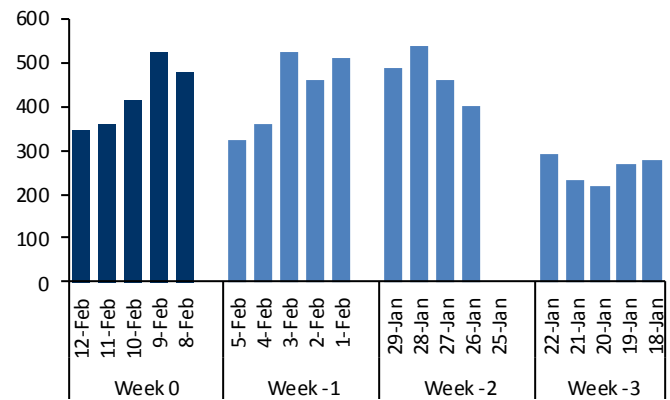
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity declined marginally during the week with the overall market trading 2,120mn shares (2,175mn, 1,885mn shares in the preceding two weeks). The week's turnover also reduced to SAR 51.4bn as against SAR 56.5bn, SAR 42.8bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Standard & Poor's revised its outlook on the Kingdom of Saudi Arabia from Stable to Negative and affirmed its 'AA-/A-1+' long- and short-term foreign and local currency sovereign credit ratings.
- ▶ Saudi Arabia's inflation fell to 2.2% in January 2014 according to Central Department of Statistics.
- ▶ Saudi Arabia's non-oil exports dropped by more than 17% YoY to SAR 16.75bn, according to Central Department of Statistics.
- ▶ Ministry of Commerce and Industry has signed an agreement with Al-Mohtesham Trading to establish a SAR 100mn lubricant plant in Jazan.
- ▶ Abdullah A. M. Al-Khodari Sons Co. wins contract valued at SAR 637.8mn from Ma'aden Waad Al Shamal Phosphate Company, subsidiary of Saudi Arabian Mining Company (Ma'aden).
- ▶ Saudi Hollandi Bank has proposed increasing its capital by 20 per cent through a bonus share issue for funding business activities and growth.
- ▶ Jarir Marketing Co. plans to expand in countries such as Saudi Arabia, Kuwait and the UAE, in addition to expanding in Egypt over the next five years by investing more than SAR 1.1bn, the Company said.
- ▶ Abdul Mohsen Al Hokair Group for Tourism and Development has signed a Murabaha financing agreement with Gulf International Bank for SAR 150mn.
- ▶ Gulf Finance Corporation, a subsidiary of SHUAA Capital has obtained a new license from Saudi Arabian Monetary Agency to operate as a private closed joint stock company.
- ▶ Saudi Transport and Investment has submitted a request to the Council on Competitiveness for acquiring 95% of Arabian Security & Safety Services Co.
- ▶ S&P has revised to Negative from Stable the outlook on Saudi Basic Industries Corp. and affirmed the 'A+/A-1' long- and short-term corporate credit ratings and related debt ratings.
- ▶ Jabal Omar announced that it plans to hold an auction to sell some villas and residential units in Makkah.
- ▶ Saudi Aramco plans to bid for Lanxess, Germany's stake in its synthetic rubber unit.
- ▶ South Korean steelmaker Posco has signed a preliminary deal with Saudi Arabia's Public Investment Fund (PIF) to sell part of its construction unit for about USD 1.36bn.
- ▶ Advanced Petrochemical plans to shut its propylene and polypropylene plant in March for three weeks for scheduled maintenance .
- ▶ Saudi Arabia's Oil Ministry has allocated more natural gas to Saudi Kayan Petrochemical Co. for it to expand ethylene production at its petrochemical complex in Jubail, the company said
- ▶ Belgian Janssen Company and the Medical and Cosmetic Products Company (Riyadh Pharma) have signed a partnership agreement for five years..

OTHER GULF NEWS

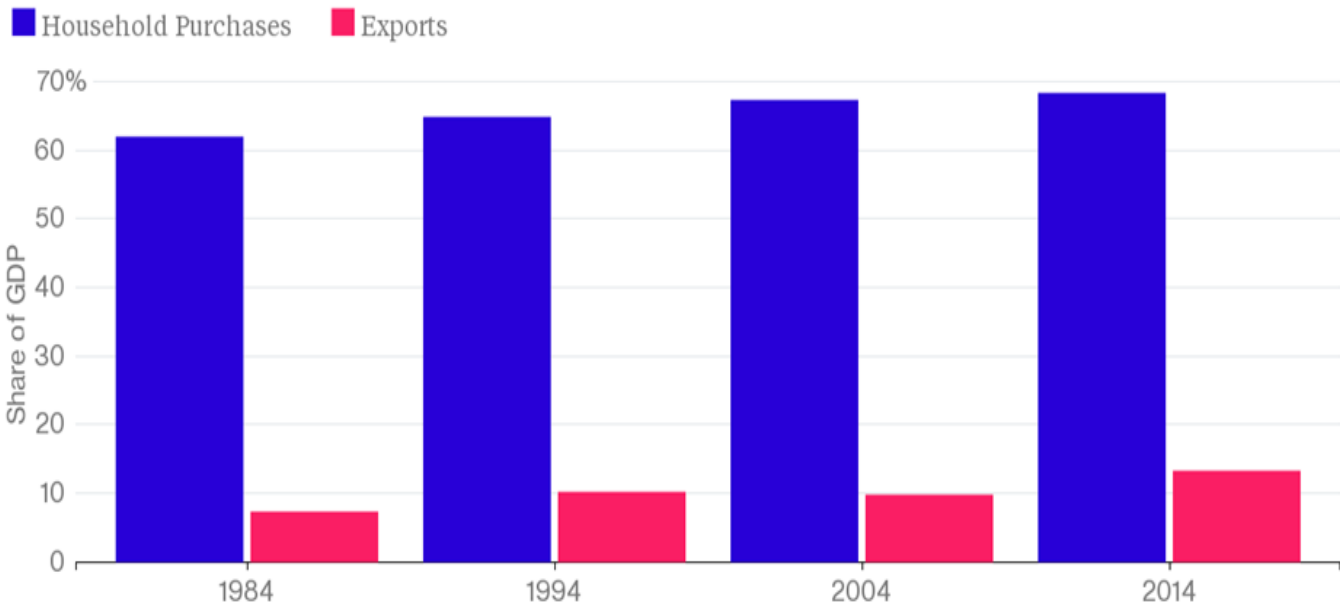
- ▶ S&P has affirmed its 'AA' long-term and 'A-1+' short-term foreign and local currency sovereign credit ratings on the Emirate of Abu Dhabi. The outlook is stable.
- ▶ Abu Dhabi Gas Industries Company and Abu Dhabi Gas Liquefaction Company has awarded contracts worth about USD 1.6bn to expand the country's natural gas processing facilities.
- ▶ Abu Dhabi National Oil Co. (Adnoc) has signed technical agreement with US-based Occidental Petroleum to develop the Al-Hail and Ghasha oilfields. Separately Adnoc is expected to respond this week to revised bids from BP and Royal Dutch Shell for stakes in a 40-year onshore oilfield concession
- ▶ Dubai Chamber of Commerce and Industry and the Makkah Chamber of Commerce and Industry signed an MoU to strengthen bilateral co-operation in serving their business communities.
- ▶ Kuwait has approved a five-year development plan that envisages spending of KWD 34.15bn on projects.
- ▶ Securities Group Company has received a tender offer to buy its 50% stake in Kuwait Saudi Pharmaceutical Industries Company.
- ▶ Kuwait Finance House said it had rejected a debt-for-assets deal proposed to creditors by Investment Dar
- ▶ S&P has lowered its foreign and local currency sovereign credit ratings on the Sultanate of Oman from 'A/A-1' to 'A-/A-2' . The outlook is Stable.
- ▶ Oman Rail's Project Management Consultancy Contract has been awarded in favour of the consortium headed by Técnicas Reunidas, a Spain based company.
- ▶ Oman's United Finance Co said that Bank Nizwa had approached it with a proposal for a strategic merger.
- ▶ Qatar telecom firm Ooredoo has reportedly approached banks for USD 500mn Islamic loan.
- ▶ S & P lowered its long-term and short-term foreign and local currency sovereign credit ratings on the Kingdom of Bahrain from 'BBB/A-2' to 'BBB-/A-3' . The outlooks on both Bahrain and its central bank remain Negative.

GLOBAL ECONOMIC NEWS

- ▶ U.S. economy has created 257,000 new jobs in January and unemployment rate rises to 5.7%
- ▶ German GDP has grown by 0.7% in Q4 2014 according to Destatis, the German statistics body while French GDP grew by 0.1% in Q4.
- ▶ Ukraine has received USD 40bn international aid led by IMF comprising USD 27bn in aid from multinational lenders and foreign governments and USD 13bn from Ukrainian debt operations.
- ▶ Staples Inc. plans to buy Office Depot Inc. for about USD 6.3bn.
- ▶ French oil company Total took a USD 6.5bn writedown in the fourth quarter, mainly on its North American oil sands and shale assets.

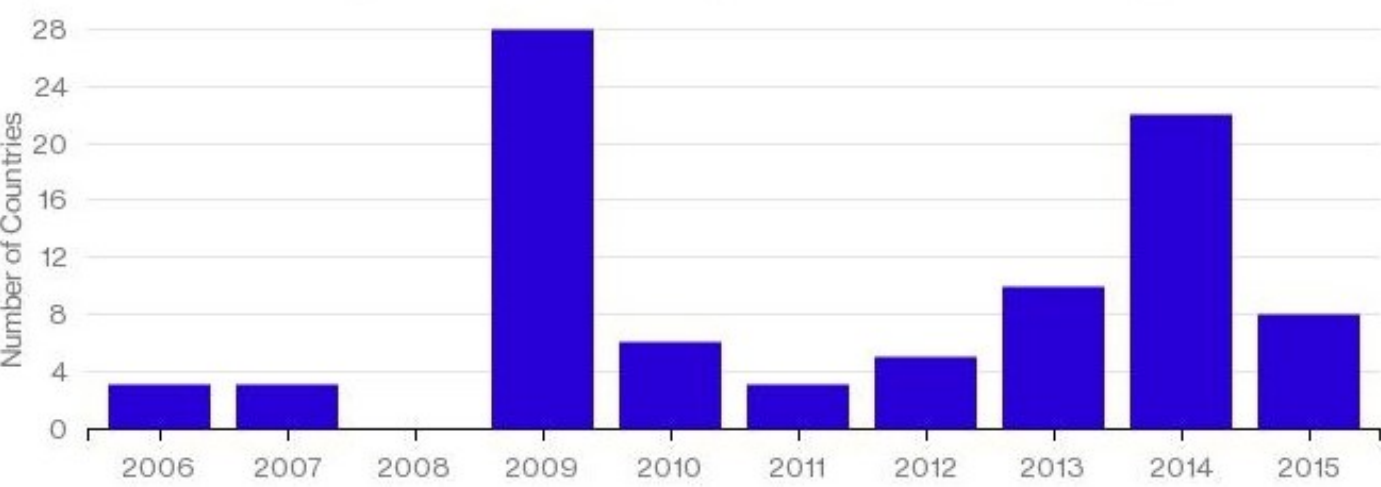
CHARTS OF THE WEEK

Chart 1 : Consumer Spending & Exports' Share of U.S. GDP



Source: Bureau of Economic Analysis, Bloomberg


Chart 2: Number of Countries Registering Quarterly or Annual Deflation (2015E)




Note: Euro Area aggregate CPI not included
Source: National Statistics Offices and Bloomberg.


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