

Saudi Stock Market – Weekly Update

For the Week ending 26 February 2015

“The Kingdom is the world's largest oil exporter, and one of a handful of OPEC nations with significant spare capacity that could swing markets.”

- Mr. John Sfakianakis , Regional Director – GCC, Ashmore Group

TASI PERFORMANCE FOR THE WEEK

TASI ENDS WITH GAINS

“TASI gains a muted 0.1%”

Tadawul All Share Index (TASI) continued to inch up but registered muted gains of 0.1% during the week to close at 9,314. Regional markets showed mixed trend and Bahrain registered highest gain of 1% while Oman reported highest fall of 1.2%.

Oil prices continued to stabilize with the Brent trading above USD 62 per barrel levels. However, WTI Crude, which is the benchmark for crude price in the United States, still lingers below USD 50 per barrel. The current spread between Brent and WTI (USD 12 per barrel) reiterates the oil supply glut in the US. Separately, Oil inventories in the US increased by another 8.4 million barrels for the week ending February 20. The oil taps are not closing, at least for now...

Meanwhile in Europe, as expected, Greece got an extension of its debt bailout for another 4 months and Eurozone countries claim to have demanded significant improvements in Greece’s reform program thus making both sides happy. A top Eurozone official said "We have established common ground again".

“Greece’s debt bailout extended for another 4 months “

Given that both sides did not have another option and nothing much would change in Greece in the next 4 months, we could see the same situation again in June. With Greece reportedly [struggling](#) to collect taxes, Germany and other EU countries will continue to pay for Greece to keep the ball rolling.

Chart 1: TASI Close & Market Turnover

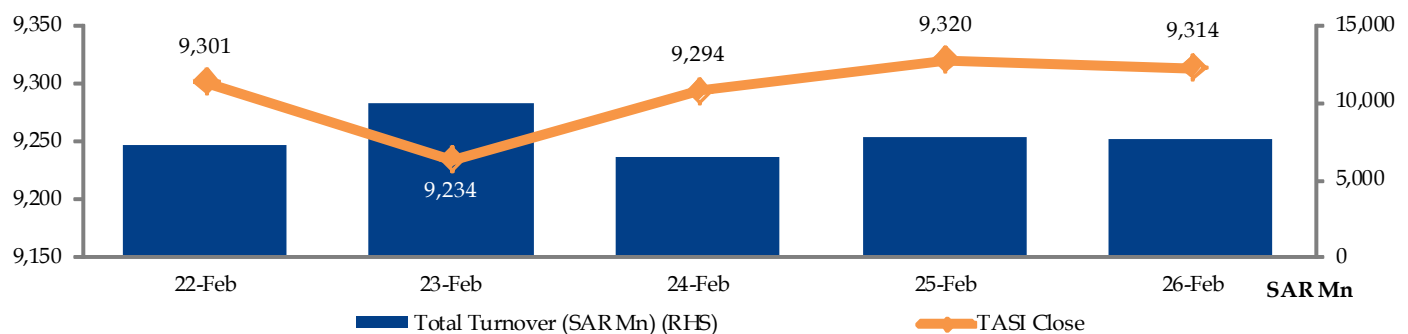
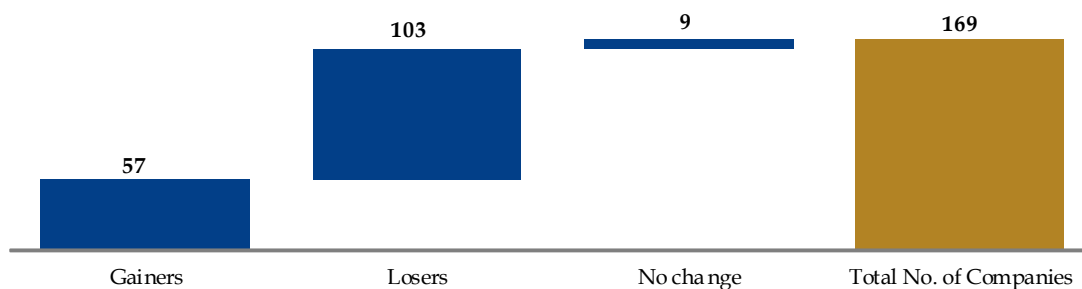
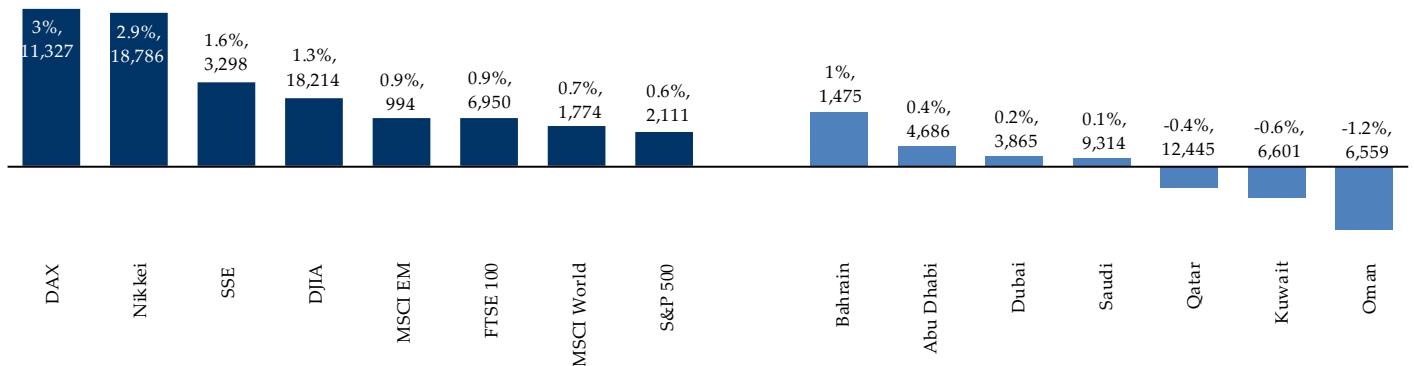


Chart 2: Trading Statistics



Saudi market breadth was negative with 57 gainers as against 103 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

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

Sector indices mirrored the trend in broad market with 10 indices ending the week in Red. Industrial Investment led the gainers list with 4.3% upside followed by Real Estate (+2.2%) and Energy & Utilities (+1.9%). Telecom & IT (-3.2%) and Hotel & Tourism (-2.5%) were the top losing indexes.

Banks continues to be the highest traded sector contributing 15.4% to total traded value and 13.5% to total volumes. Index Heavy weight Petrochemicals came second with 13.3% contribution to total traded value and 13.0% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,300	9,314	0.1%	11.8%	1,607	38,821	593,426
Banks & Financial Services	20,828	21,040	1.0%	14.9%	217	5,987	51,965
Petrochemical Industries	6,416	6,341	-1.2%	8.3%	209	5,154	63,572
Cement	7,111	7,049	-0.9%	2.9%	26	838	16,714
Retail	16,953	16,788	-1.0%	8.2%	22	1,562	26,734
Energy & Utilities	6,860	6,990	1.9%	23.8%	31	593	5,998
Agriculture & Food Industries	12,162	12,207	0.4%	4.6%	128	3,321	75,455
Telecom & IT	1,830	1,772	-3.2%	-8.8%	315	3,800	55,962
Insurance	1,522	1,502	-1.3%	17.8%	123	3,809	119,934
Multi-Investment	4,371	4,351	-0.5%	18.3%	27	582	14,322
Industrial Investment	8,208	8,559	4.3%	29.8%	114	4,750	46,564
Building & Construction	3,729	3,698	-0.8%	12.0%	66	1,644	45,743
Real Estate Development	7,418	7,578	2.2%	28.1%	299	4,787	48,598
Transport	8,404	8,368	-0.4%	15.5%	15	557	9,569
Media and Publishing	2,356	2,341	-0.6%	6.4%	2	59	2,013
Hotel & Tourism	23,022	22,456	-2.5%	13.6%	13	1,381	9,582

THIS WEEK'S WINNERS & LOSERS

Top Gainer

**Buruj
Co-operative
Insurance Co.
(+14.6%)**

Buruj Co-operative Insurance Co. (+14.6%) led the gainers table during the week, followed by Saudi Arabian Mining Co. (+9.3%). Buruj closed at SAR 56.79 and has gained 70.5% YTD. On the other side, United Co-operative Assurance Co. (-8.2%) continued to decline to close the week at SAR 16.08. Mediterranean & Gulf Insurance & Reinsurance Co (-5.7%) and Saudi Electric Industries (-5.1%) were other notable losers.

Top Loser

**United
Co-operative
Assurance Co.
(-8.2%)**

SABIC, the gulf's largest company slipped 0.96% for the week and clocked a turnover of SAR 1.93bn. SABIC has increased 9.66% YTD to close SAR 91.57.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
BURUJ	56.79	14.6%	70.5%	201
MAADEN	42.67	9.3%	39.5%	3,472
SIDC	17.84	7.6%	21.4%	215
NAMA	13.65	6.5%	27.6%	377
AICC	20.6	6.4%	26.3%	73

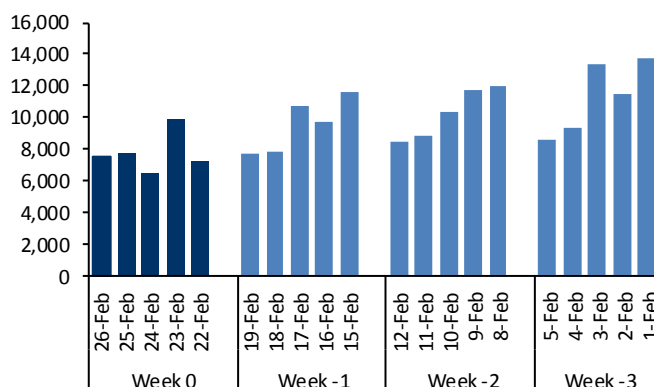
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
UCA	16.08	-8.2%	3.8%	208
MEDGULF	56.49	-5.7%	12.8%	256
SIECO	55.33	-5.1%	44.3%	127
SIIG	26.2	-5.1%	3.0%	202
SAUDIRE	11.01	-4.8%	28.0%	136

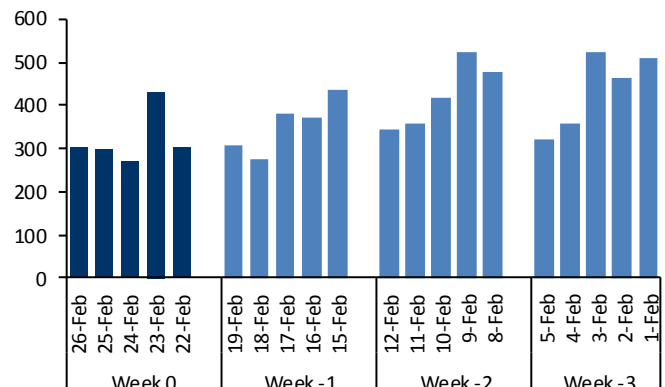
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity decreased during the week with the overall market trading 1,607mn shares (1,774mn, 2,118mn shares in the preceding two weeks). The week's turnover also reduced to SAR 38.8bn as against SAR 47.6bn, SAR 51.4bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabia is expected to raise the official selling price (OSP) for most of its crude grades to Asia in April, in line with a stronger Dubai market.
- ▶ Saudi Arabian Minister of Commerce and Industry has proposed to establish an enterprise credit fund to support small and medium enterprises (SMEs) in the Kingdom.
- ▶ Saudi Railway Company has awarded a five year contract worth USD 184.6mn to a consortium led by Serco Group to provide management and technical support for its North South Railway operations.
- ▶ Saudi Arabia's telecommunications regulator has slashed call termination fees by 40%.
- ▶ Saudi Arabian Capital Market Authority has appointed a special team to inspect the financial statements and other documents of Etihad Etisalat (Mobily).
- ▶ Al Madina Hypermarket, a venture of Saudi Arabia's Al Madina Group, has opened its first hypermarket in Riyadh.
- ▶ Saudi Aramco has extended the deadline for companies to bid for work on its unconventional gas facilities in the north of the country. Separately, Saudi Aramco expects to start initial operations at its new 400,000 barrels per day refinery complex in the port city of Jazan in 2017.
- ▶ IDEA Soda Ash and Calcium Chloride Company has received approval from the Royal Commission in Yanbu for allocation of one million square meters of land for developing an industrial complex at Yanbu Industrial City which includes a factory for production of 300,000 tons of soda ash.
- ▶ Gulf Insurance Group has increased its shareholding in Saudi Arabia's Buruj Cooperative Insurance to 24.5%.
- ▶ Herfy Food Services said it inaugurated 52 new restaurants in 2014 and plans to open more than 30 new restaurants across the Kingdom in 2015.
- ▶ Eastern Cement expects to launch a new mill with 10,000 tons of clinker capacity in the second quarter of 2015.
- ▶ Saudi Mobile Telecommunications Co. (Zain) has signed a three-year agreement with France-based Astellia for managing and analyzing subscriber experience.
- ▶ Saudi Arabian Mining Co.'s subsidiary Ma'aden Phosphate Co. has resumed operations at the ammonia plant located at Ras Al Khair City
- ▶ SNC-Lavalin has won two district cooling contracts from Saudi Dhahran Cooling Company, a subsidiary of Saudi Tabreed and the Central District Cooling Co., for a combined value of USD 71mn.
- ▶ Employees of companies that fail to implement the Labor Ministry's wage protection law would be allowed to transfer their services to other firms, without the previous employer's permission.
- ▶ Arabtec said a wholly owned subsidiary had won USD 253mn of contracts in Saudi Arabia's oil and gas industry. The projects include upgrading liquefied gas and refinery facilities for national oil firm Saudi Aramco.

OTHER GULF NEWS

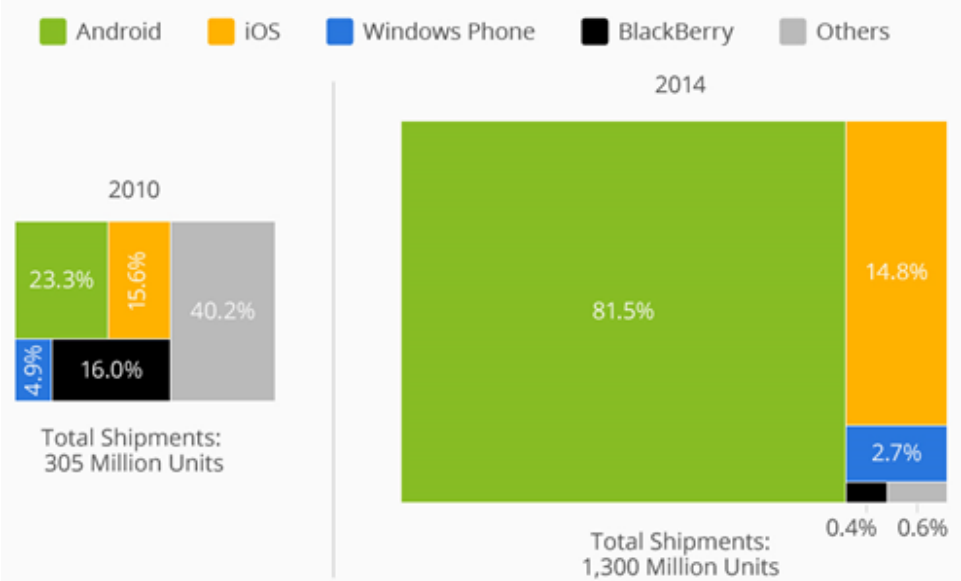
- ▶ Qatar's sovereign fund will become sole owner of a prime real estate area in Milan, which has a market value of EUR 2bn and is home to the new high-rise headquarters of Italy's UniCredit.
- ▶ Hassad Food, the agricultural arm of Qatar's sovereign wealth fund, said it was looking at possible purchases of Brazilian sugar and poultry assets.
- ▶ A five-member consortium consisting of Mitsubishi Heavy Industries and others has received a Letter of Conditional Acceptance from the Qatar Railways Company for a systems package for the Doha Metro.
- ▶ The world's largest integrated gas-to-liquids plant, Pearl GTL in Qatar's Ras Laffan, has started a partial two-month maintenance programme, operator Shell said.
- ▶ Qatar's Public Works Authority (Ashghal) has awarded contracts worth more than QAR 1.25bn for the construction of 17 new schools and six kindergartens in bid to boost the country's educational infrastructure.
- ▶ Kuwait's government budget surplus shrank 26% between April and December to KWD 10.6bn from KWD 14.3bn a year earlier.
- ▶ Kuwait and Sudan are in talks to help telecom operator Zain repatriate USD 280mn worth of Sudanese pounds, the company's chairman said.
- ▶ Majid Al Futtaim, a Dubai-based shopping mall, retail and leisure pioneer, is expanding its investments in Egypt, pumping EGP 18bn (USD 2.35bn) in the market as part of an ongoing five-year plan.
- ▶ Dubai is adjusting regulation of investment firms in its financial free zone, a move that could help the zone win more wealth-management business from Middle East and Asia.
- ▶ National Bank of Ras Al Khaimah (RAKBANK) will raise a further USD 300mn through re-opening of its June 2019 bond, a document from lead arrangers showed.
- ▶ Standard & Poor's expects Oman's real GDP to grow at 3.2% and 3.4% in 2015 and 2016 respectively.

GLOBAL ECONOMIC NEWS

- ▶ United States' economy grew at an annual pace of 2.2% between October and December, against a previous estimate of 2.6%, the Commerce Department said.
- ▶ Maersk will dispose of its 20.05% stake in Danske Bank shares. Maersk's shareholders, A.P. Moeller Holding, the family entity controlling 42% of Maersk, will buy a 15% stake in the bank.
- ▶ Royal Bank of Scotland will shrink investment banking operations drastically, pulling out of 25 countries across Europe, Asia and the Middle East to refocus on lending in Britain.
- ▶ Spanish utility Iberdrola SA will buy UIL Holdings Corp for about USD 3bn to create a new listed power and gas company and expand in the United States.

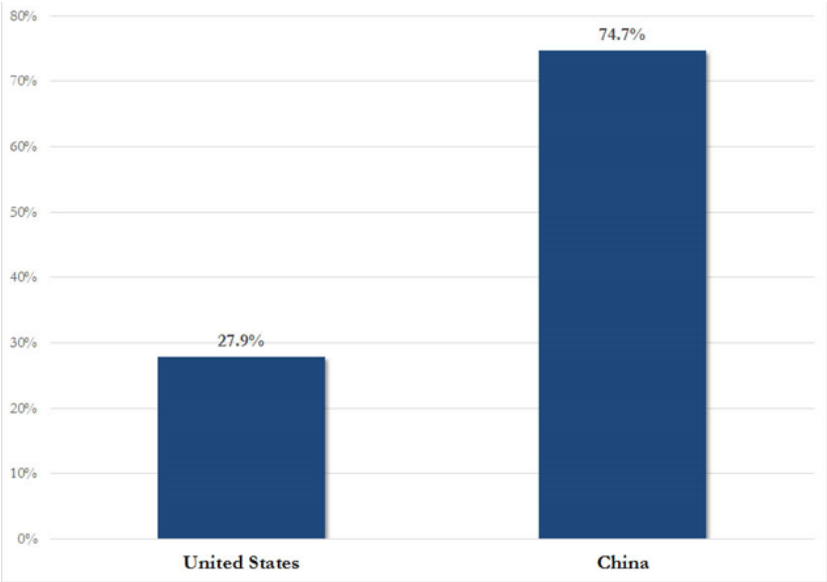
CHARTS OF THE WEEK

Chart 1 : Worldwide Smartphone Market Share by Operating System



Source: IDC, Statista


Chart 2: Real Estate as % of Household Wealth




Source: Zero Hedge


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