

## Saudi Stock Market – Weekly Update

For the Week ending 05 March 2015

“Going forward, I hope and expect supply and demand to balance and for prices to stabilize.... Global economic growth seems more robust”

-Mr. Ali Al-Naimi , Minister of Petroleum and Mineral Resources , Saudi Arabia

### TASI PERFORMANCE FOR THE WEEK

### TASI IN POSITIVE MOEMENTUM

“TASI goes up by 2.2%”

Tadawul All Share Index (TASI) inched up during 4 out of the 5 trading days of the week to register a cumulative weekly gain of 2.2%. TASI closed above 9,500 points at 9,517. In contrast to Saudi Arabia, other regional markets declined during the week and Dubai reported the highest decrease of 3%.

Brent crude showed little movement during the week and is trading at USD 60.60 per barrel. Crude oil inventories in the US registered yet another weekly increase and is at 80 year high, reaching 70% of the storage capacity. As companies muddle to find storage space, the oil industry saw yet another casualty. American Eagle Energy Corp., which raised USD 175mn in August 2014, failed to make its first interest payment which was due on 03-March. This is reportedly the third oil and gas company to skip payments.

In Europe, under dire circumstances, the European Central Bank (ECB) announced its own version of quantitative easing (QE) to inject EUR 60bn into the economy every month through bond purchases. The EUR 1.1 trillion program aimed at purchasing mostly sovereign bonds (including that of Greece) is expected to prop-up Eurozone’s economic growth to 1.5% in 2015, up from the 1.0% growth projected three months ago. Spending EUR 1 trillion for 0.5% increase in GDP growth – fair enough deal? The QE is also expected to help Euro area inflation to reach 0.0% in 2015 before moving up to 1.8% by 2017.

“ECB announced its EUR 60bn bond buying program”

Chart 1: TASI Close & Market Turnover

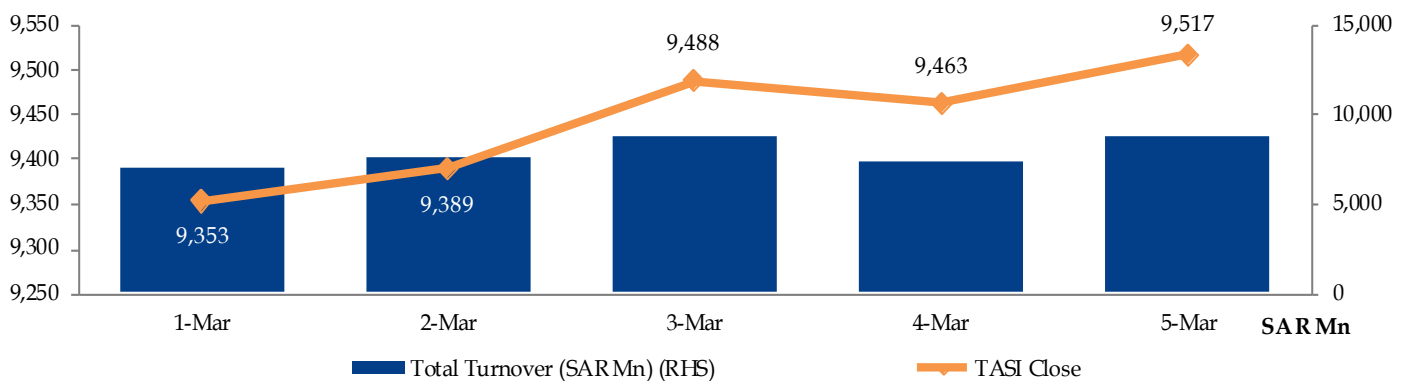
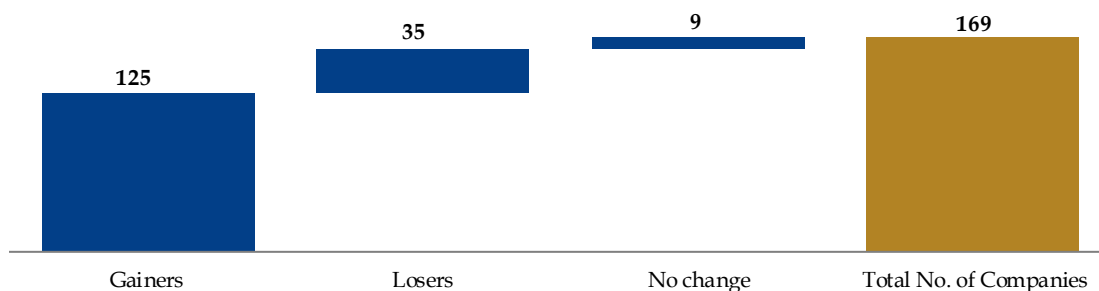
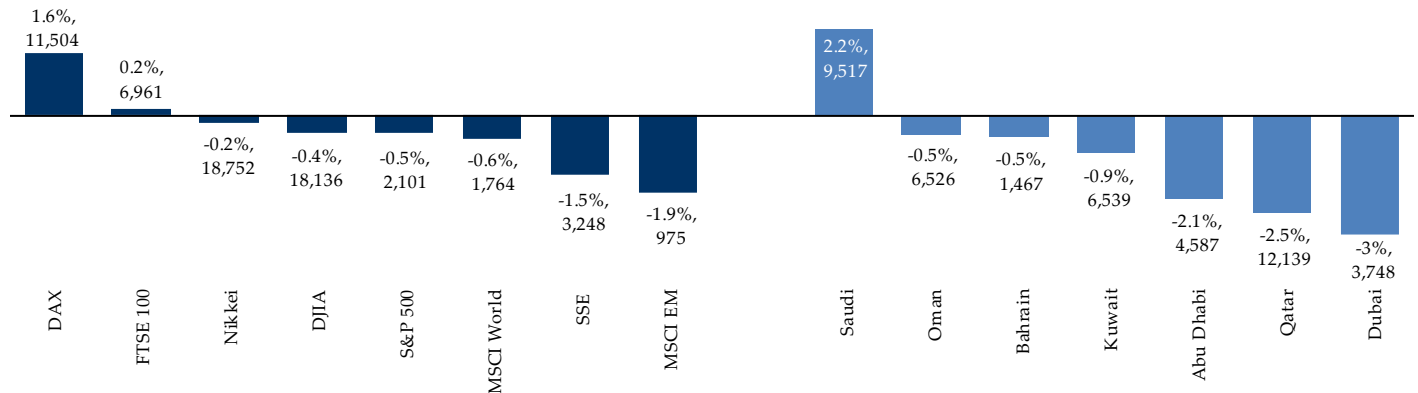


Chart 2: Trading Statistics



Saudi market breadth was positive with 125 gainers as against 35 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

**“14 out of 15 indices closed the week in Green”**

Sector indices reflected the movement in TASI with 14 indices ending the week in positive territory. Hotel & Tourism led the gainers list with 6.6% increase followed by Insurance (+4.8%) and Telecom & IT (+4.8%). Media and Publishing (-0.8%) was the only index to register a decline. Banks (+1.6%) and Petrochemicals (+2.5%) also ascended during the week.

Banks continue to be the highest traded sector contributing 16.2% to total traded value and 16.0% to total volumes. Industrial Investment came second with 14.2% contribution to total traded value and 9.3% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
<b>TASI</b>	9,314	9,517	2.2%	14.2%	1,392	39,638	602,138
<b>Banks &amp; Financial Services</b>	21,040	21,379	1.6%	16.7%	222	6,415	53,871
<b>Petrochemical Industries</b>	6,341	6,503	2.5%	11.0%	215	5,123	59,943
<b>Cement</b>	7,049	7,109	0.8%	3.7%	24	771	16,413
<b>Retail</b>	16,788	17,102	1.9%	10.2%	22	1,503	28,449
<b>Energy &amp; Utilities</b>	6,990	7,039	0.7%	24.6%	22	430	4,860
<b>Agriculture &amp; Food Industries</b>	12,207	12,250	0.4%	5.0%	55	1,771	43,788
<b>Telecom &amp; IT</b>	1,772	1,856	4.8%	-4.4%	167	3,661	48,818
<b>Insurance</b>	1,502	1,574	4.8%	23.4%	132	4,838	132,798
<b>Multi-Investment</b>	4,351	4,434	1.9%	20.5%	35	752	16,869
<b>Industrial Investment</b>	8,559	8,884	3.8%	34.7%	129	5,611	53,795
<b>Building &amp; Construction</b>	3,698	3,815	3.2%	15.5%	75	2,078	52,136
<b>Real Estate Development</b>	7,578	7,802	3.0%	31.9%	263	5,040	59,791
<b>Transport</b>	8,368	8,601	2.8%	18.7%	17	657	10,907
<b>Media and Publishing</b>	2,341	2,321	-0.8%	5.5%	3	172	5,022
<b>Hotel &amp; Tourism</b>	22,456	23,944	6.6%	21.1%	10	815	14,678

## THIS WEEK'S WINNERS & LOSERS

### Top Gainer Mediterranean & Gulf Insurance & Reinsurance Co (+18.0%)

The Mediterranean & Gulf Insurance (MEDGULF) (+18.0%) was the top gainer during the week followed by The Company for Cooperative Insurance (+15.3%). MEDGULF closed at SAR 66.64 and has gained 33.1% YTD. Conversely, Al-Tayyar Travel Group (-19.6%) led the losers table to close at SAR 106.43. Trade Union Cooperative Insurance and Saudi United Cooperative Insurance Company (Walaa) slipped 7.4% and 7.0% respectively.

### Top Loser

### Al-Tayyar Travel Group (-19.6%)

SABIC, the gulf's largest company moved up by 1.78% for the week and clocked a turnover of SAR 1.62bn. SABIC has increased 11.62% YTD to close SAR 93.2.

### Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
MEDGULF	66.64	18.0%	33.1%	705
Tawuniya	89.89	15.3%	80.0%	424
Etihad Etisalat	38.7	9.9%	-11.8%	2,227
Extra	107.49	9.7%	33.6%	129
MCDC	98.81	9.5%	25.6%	260

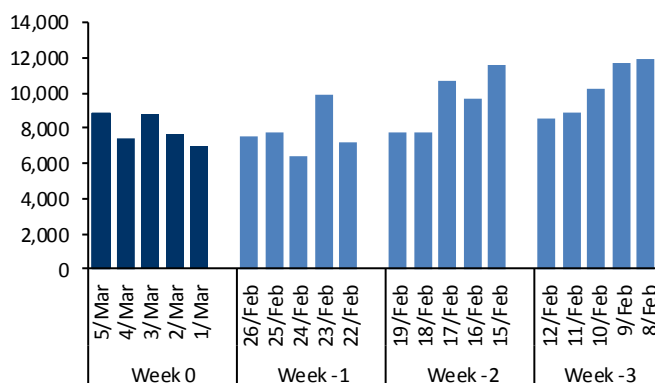
### Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
ALTAYYAR	106.43	-19.6%	-10.6%	413
Trade Union	37.71	-7.4%	9.8%	163
Walaa Insurance	23.62	-7.0%	6.9%	256
SADAFCO	131.9	-3.6%	10.9%	14
MESC	17.75	-3.6%	-19.0%	404

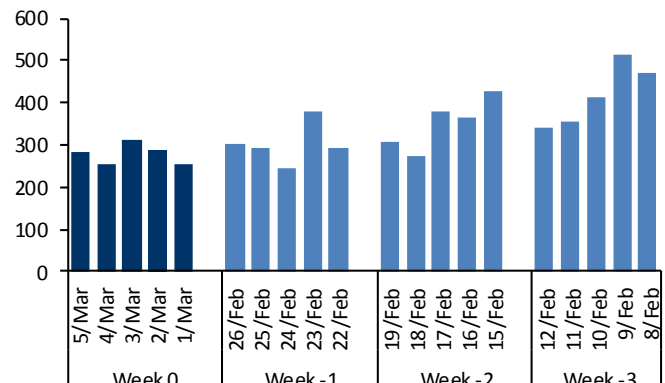
## THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity decreased during the week with the overall market trading 1,392mn shares (1,515mn, 1,754mn shares in the preceding two weeks). However, the week's turnover marginally increased to SAR 39.6bn as against SAR 38.8bn, SAR 47.6bn 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 rose to 58.5 points in February from 57.8 in January.
- ▶ Fitch Ratings has affirmed Saudi Arabia's Long-term foreign and local currency Issuer Default Ratings at 'AA', with Stable Outlook.
- ▶ Saudi Arabia and South Korea have signed a memorandum of understanding to help build at least two small-to-medium sized nuclear reactors in Saudi Arabia which would cost around USD 2bn.
- ▶ Saudi Aramco has set its March contract price for propane at USD 500 a tonne from USD 450 a tonne in February.
- ▶ Saudi Arabia's ACWA Power is obtaining a loan of about USD 344mn from three banks to finance a solar energy project in Dubai.
- ▶ Saudi Telecom Co. and Cisco signed a strategic cooperation agreement to build three database centers which will meet the need for cloud computing solutions.
- ▶ Telecommunications firm Mobily said it could meet all its debts despite announcing last week that it had suffered a USD 243mn loss in 2014 and expected to breach covenants on long-term loans.
- ▶ Kingdom Holding Company has signed an agreement with Korea Investment Corporation to generate and exchange private equity investment opportunities.
- ▶ National Gas and Industrialization Co. signed an agreement with Juffali Automotive Co. to purchase 100 Mercedes-Benz trucks.
- ▶ Yanbu Cement plans to establish a power plant with China's Sonoma at a project cost of SAR 231.75mn which is expected to be completed by January 2017.
- ▶ National Shipping Company of Saudi Arabia (Bahri) plans to sell ten-year sukuk worth SAR 3.9bn by the end of March to repay debt and for general business purposes.
- ▶ Fitch Ratings has affirmed Saudi Electricity Company's credit rating at 'AA-', with Stable Outlook.
- ▶ Al Hassan Ghazi Ibrahim Shaker has signed a memorandum of understanding with LG Electronics to provide cooling solutions for advanced nuclear power plants to be built in Saudi Arabia.
- ▶ Red Sea Affordable Housing, a subsidiary of Red Sea Housing Services, has signed two agreements with Brazil-based Direcional Engenharia S.A to develop and execute and affordable housing projects in Saudi Arabia .
- ▶ Al-Tayyar Travel Group has got approval to raise its capital by 33.3% from SAR 1.5 billion to SAR 2 billion. Separately, Al-Tayyar has purchased a five-star hotel 70 meters away from the Grand Mosque in Makkah at a cost of SAR 1.5bn.

## OTHER GULF NEWS

- ▶ The UAE Central Bank's Money Supply aggregate M1 increased by 1.7% month on month to AED 443.3bn at the end of January 2015.
- ▶ Investment Corporation of Dubai has partnered with Brookfield, Canada to build a USD 1bn development in the cluster of Dubai International Financial Centre buildings.
- ▶ Oil storage capacity in the United Arab Emirates port of Fujairah is expected to rise by 6 million cubic metres (mcm) by 2020 to around 14 mcm, general manager of the port of Fujairah said.
- ▶ Senaat, UAE has entered into a joint venture with a consortium made of JFE Steel Corporation and Marubeni-Itchu Steel to establish Al Gharbia Pipe Company at a total investment of AED 1.1bn.
- ▶ Dubai Parks & Resorts will sign-off project contracts totalling AED 7.5bn in 2015, the CEO said.
- ▶ Kuwait and South Korea signed three agreements and several MoUs in health, transportation, trade and petroleum sectors.
- ▶ Kuwait Investment Office, the London branch of sovereign wealth fund Kuwait Investment Authority, is gradually reducing its overweight stance on US assets after keeping that position for seven years, its chief executive said.
- ▶ The Mall of Qatar awarded a deal to Avaya to build and support the mall's end-to-end technology infrastructure.
- ▶ Doha Bank has received shareholders approval for the USD 2bn multi-tranche debt notes 'bonds', the first of which is expected to hit the market either this month or early next.
- ▶ Qatari investment firm Mannai Corporation is working on two acquisitions as part of a drive to expand the proportion of its revenue from international sources to 80%, its chief executive said.
- ▶ Oman's Rural Areas Electricity Company will invest around OMR 153mn in the next three years to raise the power generation capacity, transmission lines and distribution network in different parts of the country.
- ▶ Oman plans to make its first sovereign issue of Islamic bonds, a OMR 200mn issue, by mid-2015.

## GLOBAL ECONOMIC NEWS

- ▶ Eurozone Markit purchasing managers index rose to 55.1 in February from 53.9 in January and the region's jobless rate was down to 11.2%. Europe's inflation rate was -0.3% last month, up from -0.6% in January.
- ▶ German industrial output climbed 0.9% year on year and 0.6% month on month in January 2015.
- ▶ The US economy added 295,000 jobs in February, while the unemployment rate fell to 5.5% from 5.7%, according to Labor Department figures.
- ▶ China has announced that their economy will grow by 7% in 2015.
- ▶ SAP SE plans to cut about 2,200 positions or about 3% of the SAP's worldwide workforce of 74,000.

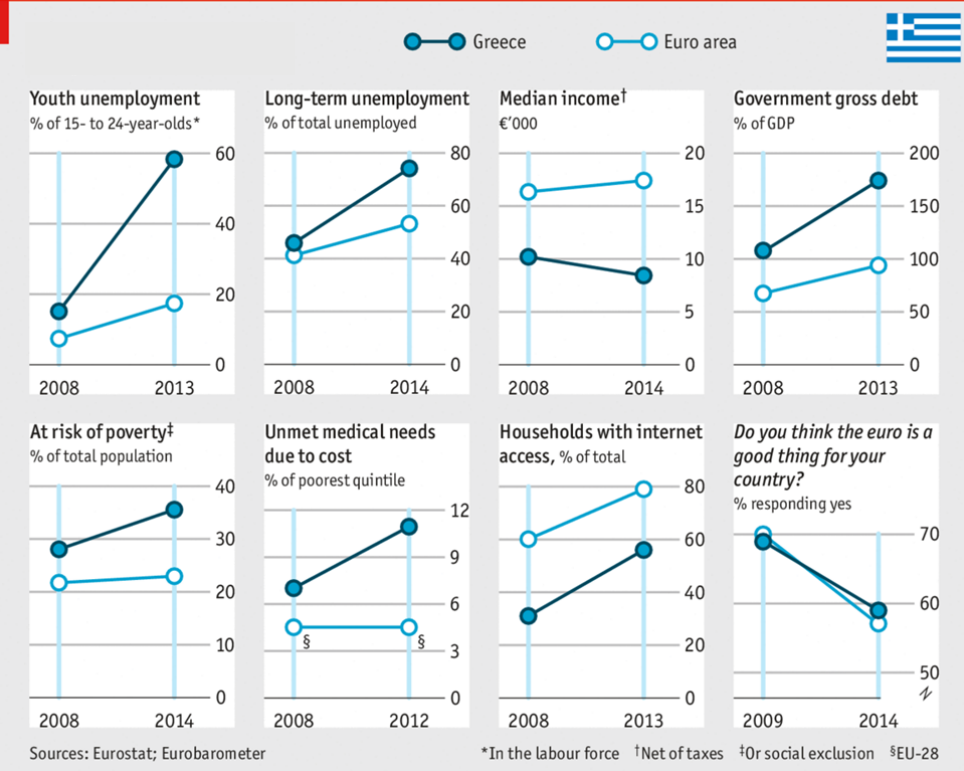
CHARTS OF THE WEEK

Chart 1 : Gold Price vs U.S.10 Yr Real Interest Rate (From Jan 2003 – Dec 2014)



Source: Zero Hedge

Chart 2: Greece Vs Euro Area (Changes since start of Recession)




Source: Eurostat, Eurobarometer, Economist


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