

## Saudi Stock Market – Weekly Update

For the Week ending 13 March 2015

“The low prices witnessed by the oil market are having an effect on the Kingdom’s income. However, we are working toward minimizing the impact on development ”

-King Salman bin Abdulaziz al-Saud, Saudi Arabia

### TASI PERFORMANCE FOR THE WEEK

### TASI CONTINUES POSITIVE MOMENTUM

“TASI goes up by 1.8%”

Tadawul All Share Index (TASI) registered yet another buoyant week as the index’s upward ascend continued uninterrupted. TASI rallied 1.8% during the week to close at 9,691. Other regional peers barring Bahrain (+1.1%) contracted during the week. Abu Dhabi index registered the highest fall of 2.3%.

Saudi Arabia’s optimism, despite struggling crude oil prices, is possibly because of indications from King Salman that low oil prices would not halt the country’s progress and promises to improve on education, healthcare, and housing.

Globally, almost all asset classes had a tough week as investors feared an imminent interest rate increase in the United States during the next few months. Even as this is happening, European Union’s finance ministers agreed on the details of a EUR 315bn investment plan which was contemplated to help revive the European economy. Separately, South Korean central bank decided to cut its key rate by 25 basis points to a record low of 1.75%, following similar monetary easing actions in Thailand, China and India to support stalling growth.

“South Korean central bank reduced its key rate by 25 basis points”

So far in 2015, 24 central banks around the world, from Canada to Europe to Australia, have stepped up their monetary easing in some form or other. When the whole world is looking for growth, why is the market fearing US rate increase? And this isn’t the first time we are hearing that US interest rate cycle is reversing.

Chart 1: TASI Close & Market Turnover

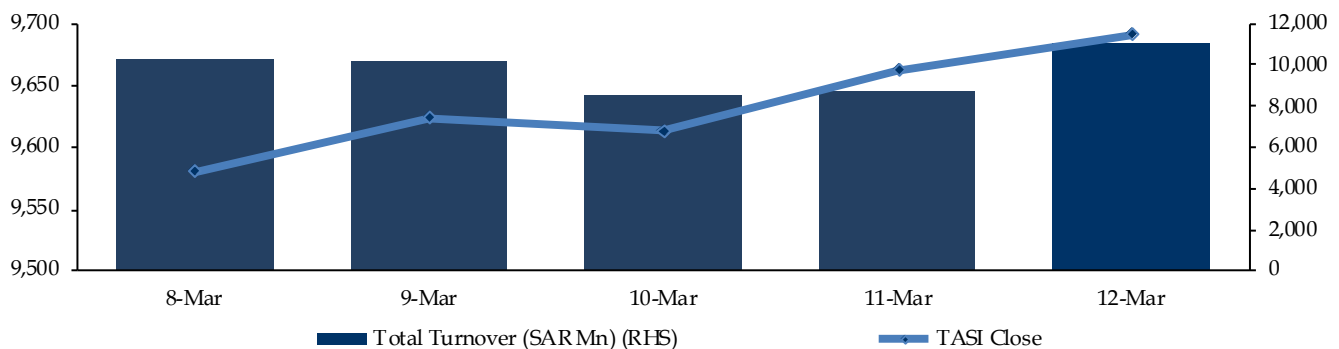
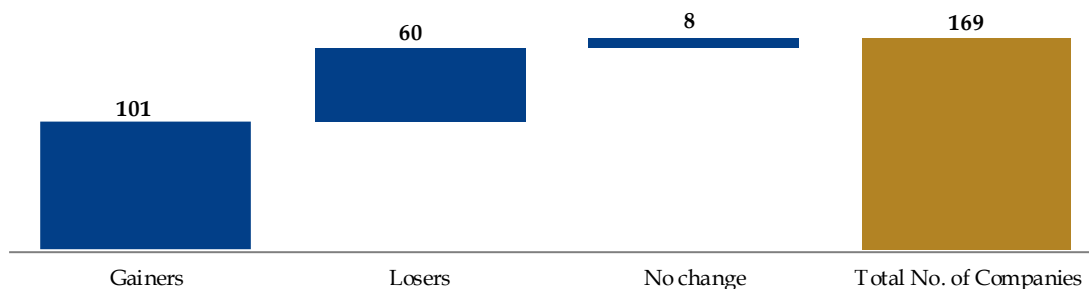
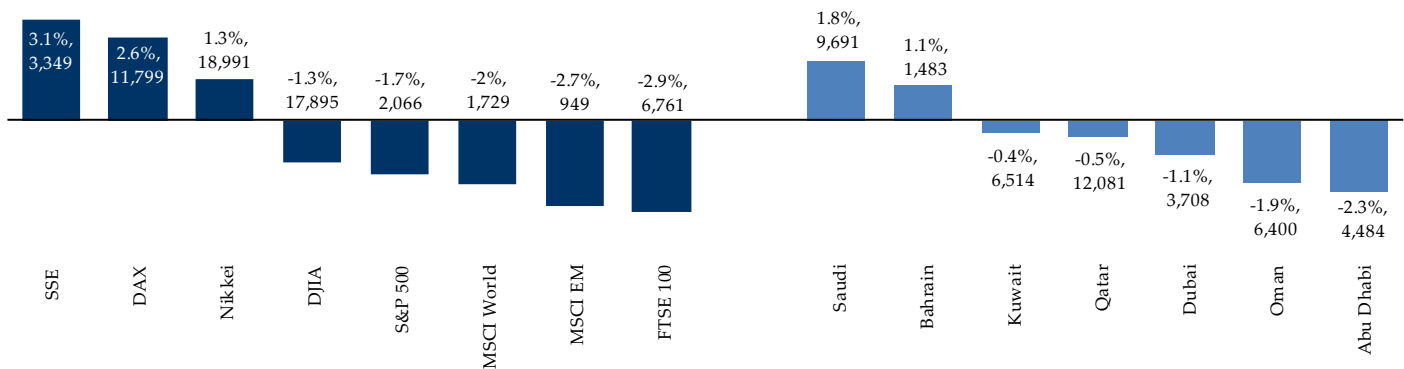


Chart 2: Trading Statistics



Saudi market breadth was positive with 101 gainers as against 60 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

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

Sector indices reflected the movement in TASI with 12 indices ending the week in positive territory. Real Estate Development led the gainers list with 6.1% increase followed by Transport (+3.5%). Energy & Utilities index (-1.2%) registered the largest decline. Banks (+1.3%) and Petrochemicals (+1.4%) also ascended during the week.

Real Estate Development was the highest traded sector contributing 16.8% to total traded value and 24.9% to total volumes. Petrochemicals came second with 15.3% contribution to total traded value and 18.7% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
<b>TASI</b>	9,517	9,691	1.8%	16.3%	1,696	48,785	724,989
<b>Banks &amp; Financial Services</b>	21,379	21,654	1.3%	18.2%	192	5,785	49,306
<b>Petrochemical Industries</b>	6,503	6,595	1.4%	12.6%	317	7,446	82,805
<b>Cement</b>	7,109	7,147	0.5%	4.3%	42	1,433	23,812
<b>Retail</b>	17,102	17,246	0.8%	11.1%	27	1,547	31,709
<b>Energy &amp; Utilities</b>	7,039	6,955	-1.2%	23.1%	29	561	6,358
<b>Agriculture &amp; Food Industries</b>	12,250	12,660	3.3%	8.5%	56	1,978	45,013
<b>Telecom &amp; IT</b>	1,856	1,911	2.9%	-1.6%	178	5,945	83,105
<b>Insurance</b>	1,574	1,567	-0.4%	22.8%	134	4,938	135,671
<b>Multi-Investment</b>	4,434	4,578	3.2%	24.4%	66	1,409	28,376
<b>Industrial Investment</b>	8,884	8,982	1.1%	36.2%	105	4,755	58,377
<b>Building &amp; Construction</b>	3,815	3,842	0.7%	16.3%	84	2,565	61,931
<b>Real Estate Development</b>	7,802	8,281	6.1%	40.0%	422	8,216	77,862
<b>Transport</b>	8,601	8,898	3.5%	22.9%	28	1,155	20,504
<b>Media and Publishing</b>	2,321	2,319	-0.1%	5.4%	3	140	3,670
<b>Hotel &amp; Tourism</b>	23,944	24,432	2.0%	23.6%	12	912	16,490

## THIS WEEK'S WINNERS & LOSERS

**Top Gainer**  
**Wataniya Insurance Company**  
**(+24.8%)**

Wataniya Insurance Company (+24.8%) was the top gainer during the week followed by Al-Rajhi Company for Cooperative Insurance (+14.7%). Wataniya closed at SAR 93.5 and has gained 48% YTD. On the other side, Amana Cooperative Insurance (-9.5%) led the losers table to close at SAR 14.47. Buruj Cooperative Insurance Company and The Company for Cooperative Insurance (Tawuniya) slipped 7.9% and 5.9% respectively.

**Top Loser**  
**Amana Cooperative Insurance**  
**(-9.5%)**

SABIC, the gulf's largest company moved up by 0.54% for the week and clocked a turnover of SAR 1.9bn. SABIC has increased 12.2% YTD to close SAR 93.7.

### Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Wataniya	93.50	24.8%	48.0%	188
AlRajhi Takaful	31.41	14.7%	41.1%	150
Petro Rabigh	25.89	12.7%	42.6%	868
Allianz SF	51.67	11.2%	51.0%	249
ACE	69.87	10.6%	31.7%	235

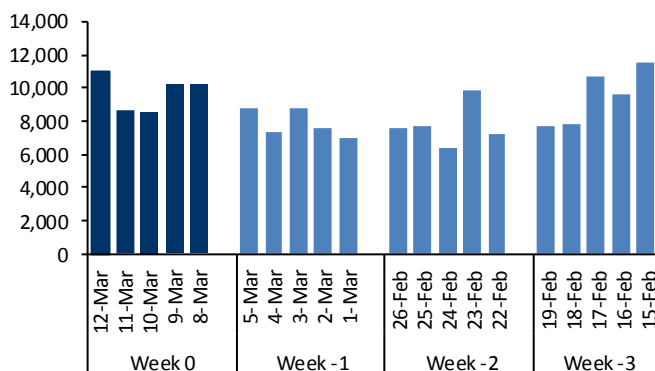
### Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Amana Insurance	14.47	-9.5%	-7.0%	103
Buruj	55	-7.9%	65.1%	311
Tawuniya	84.63	-5.9%	69.5%	269
Atheeb Telecom	7.29	-5.1%	8.2%	107
QACCO	96	-4.7%	7.7%	38

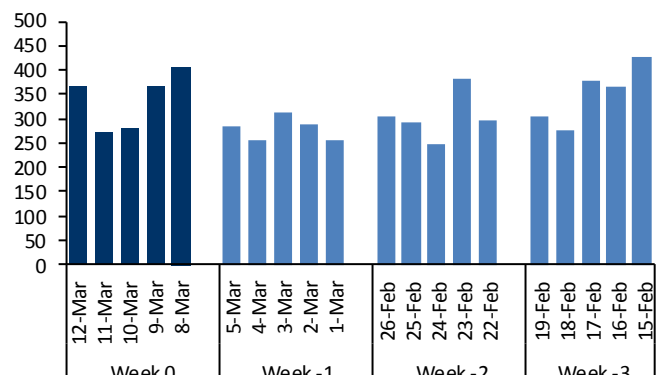
## THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity showed an increase during the week with the overall market trading 1,696mn shares (1,394mn, 1,516mn shares in the preceding two weeks). The week's turnover also increased to SAR 48.8bn as against SAR 39.6bn, SAR 38.8bn in the preceding two weeks.

### TASI Weekly Turnover Trend (SAR Mn)



### TASI Weekly Volume Trend (Mn)



## SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Annual inflation in Saudi Arabia fell to 2.1%, its lowest level since 2006, in February 2015, driven by strengthening Riyal and global dip in food prices.
- ▶ Saudi Aramco is reportedly close to completing a USD 10bn tightly-priced loan, part of which could be used to back the purchase of a stake in German synthetic rubber firm Lanxess.
- ▶ The steep fall in energy prices will hit investment in oil and gas projects worldwide and the industry may cancel about USD 1trillion of planned projects globally in the next couple of years, Saudi Aramco's senior vice president for upstream operations said.
- ▶ Saudi Basic Industries Corp has commercially launched a new range of non-phthalate polymer products developed at its technology centre in Riyadh. These latest non-phthalate polymer products were developed in order to fulfil customer demands for solutions in segments such as hygiene fabrics and flexible packaging.
- ▶ Saudi Arabian contractor Mohammed Al Mojl Group has had a number of board members referred to the Kingdom's Bureau of Investigation and Public Prosecution, a statement from the Ministry of Commerce said.
- ▶ Saudi Kayan Petrochemical Co said it had extended the maintenance work on the olefins plant at its Jubail petrochemicals complex, by another 10 days, after a technical fault was discovered.
- ▶ State-owned R&D companies from Argentina and Saudi Arabia have set up a joint venture company, Invania, to develop technology for Saudi Arabia's nuclear power program.
- ▶ Saudi Telecom Co. has signed a memorandum of understanding with South Korea's SK Telecom to boost cooperation between the two telecom operators in the fields of digital service innovation, health care and education.
- ▶ Al Hassan Ghazi Ibrahim Shaker has signed an agreement to acquire 54% of UAE-based Energy Management Services Co, increasing the stake from existing 20% to 74%.
- ▶ Saudi Arabia's Capital Market Authority has issued a decision cancelling the listing of Saudi Integrated Telecom Company's shares on the Saudi Stock Exchange.
- ▶ Nama Chemicals has resumed operations at all factories after having completed maintenance work, the company said.
- ▶ Avantha Group Company, Crompton Greaves has been awarded a contract worth USD 3.6mn by Saudi Electricity Company to supply ZIV three phase smart meters for the Kingdom's ongoing power projects.
- ▶ Saudi Transport and Investment Co. has obtained an Islamic banking facility worth SAR 145mn from the National Commercial Bank.
- ▶ Abdullah A. M. Al-Khodari Sons Company has signed a contract with Ministry of Higher Education to carry out the second phase of support deanship project amounting to SAR 34.9mn.
- ▶ NADEC Foods has inaugurated its new Research & Development Innovation Center in Haradh City, Saudi Arabia

## OTHER GULF NEWS

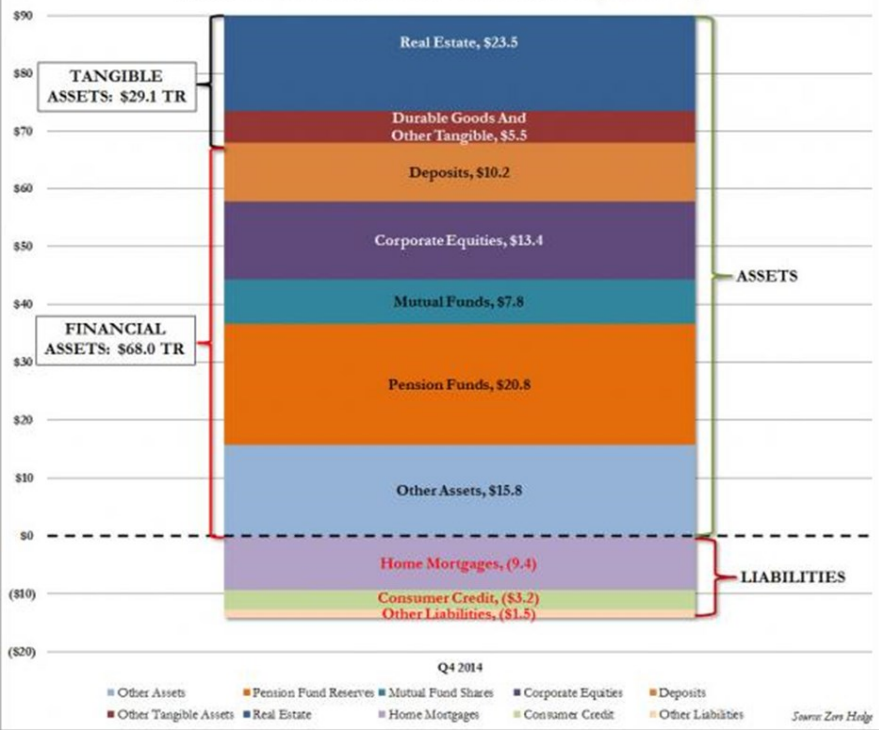
- ▶ Annual inflation in Dubai decreased to 4.3% in February from 4.5% in January. Abu Dhabi's inflation rate dropped to 4.6% in February from 5.0% the month earlier.
- ▶ Abu Dhabi Gas Liquefaction Company signed an EPC contract for the First Phase of the Integrated Gas Development Expansion phase-I, IGD-E1, Project, with a consortium of Technimont-Archirodon for USD 491mn.
- ▶ Cofely Besix Facility Management has been awarded a three-year contract by Abu Dhabi Ports Company for the maintenance of the Khalifa Industrial Zone Abu Dhabi (Kizad) in the UAE.
- ▶ Emirates Airlines has reportedly hired eight banks to arrange an Islamic bond that will be guaranteed by Britain's export credit agency.
- ▶ An expansion of Bahrain's Sitra crude oil refinery is expected to cost around USD 5bn and the facility is likely to be commissioned by 2019, the energy minister said.
- ▶ Sovereign wealth funds from Oman and Brunei are partnering to establish an aircraft leasing firm with capital of OMR 200mn (USD 520mn), the Omani fund said.
- ▶ Oman's real estate sector accounted for 10% of the country's gross domestic product last year, contributing about OMR 1.3bn to the economy, vice-chairman of the Oman Real Estate Association said.
- ▶ Electricity companies in Oman, which are subsidiaries of Nama Group, will together invest OMR 430mn in distribution and transmission projects in 2015.
- ▶ Kuwait's Tamdeen Group has unveiled plans to develop a USD 700mn resort-style apartment project on 350,000 sqm of water-front area in Kuwait.
- ▶ Qatar Gas has shut down 7.8-million-tonne-per-year LNG production plant, known as Train 4, for planned maintenance and expects to resume output around March 25.
- ▶ A joint venture headed by Malaysian construction firm WCT Holdings has won a USD 323mn contract to build roads, utilities and underground car parks in Doha, Qatar.

## GLOBAL ECONOMIC NEWS

- ▶ U.S. retail sales unexpectedly fell for a third straight month in February. The Commerce Department said retail sales dropped 0.6% after declining 0.8% in January.
- ▶ KKR & Co LP is in advanced talks to acquire Air Medical Group Holdings Inc in a deal that could value the U.S. helicopter ambulance company at around USD 2bn, including debt.
- ▶ TSB - the bank formerly owned by Lloyds - has confirmed it has received a GBP 1.7bn takeover approach from Spanish bank Sabadell.
- ▶ Chinese internet company Alibaba has reportedly invested approximately USD 200mn in messaging application Snapchat. That values the four-year old firm at nearly USD 15bn.

CHARTS OF THE WEEK

Chart 1 US Household Balance Sheet, Q4 2014 (USD Trillion)



Source: Zero Hedge


Chart 2: Countries with Highest Debt-to-GDP Ratio


Rank	Country	Debt-To-GDP Ratio %
1	Japan	400%
2	Ireland	390%
3	Singapore	382%
4	Portugal	358%
5	Belgium	327%
6	Netherlands	325%
7	Greece	317%
8	Spain	313%
9	Denmark	302%
10	Sweden	290%
11	France	280%
12	Italy	259%
13	United Kingdom	252%
14	Norway	244%
15	Finland	238%
16	United States	233%
17	South Korea	231%
18	Hungary	225%
19	Austria	225%
20	Malaysia	222%

Source: McKinsey, Zero Hedge


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