

## Saudi Stock Market – Weekly Update

For the Week ending 19 March 2015

“We are looking for several factors to come into play that could determine the level of prices including the production levels of non-OPEC countries and rates of demand.”

-Mr. Ali Al-Omair, Kuwait Oil Minister

### TASI PERFORMANCE FOR THE WEEK

### TASI HEADS SOUTH

“TASI declines 5.3%”

Tadawul All Share Index (TASI) stalled the upward momentum and declined 5.3% during the week to close at 9,174. All the regional markets ended the week in negative with Dubai reporting highest losses at 6.3%.

Oil prices also struggled during the week with Brent crude trading around USD 54 a barrel levels, as oil producing nations continue their stance to maintain market share and shale output has also barely slowed. The slashed exploration budgets and the reduction in US rig count is yet to percolate to lower production. Meanwhile, there is a growing acceptance that lower oil prices are here to stay for sometime.

Globally, the much awaited US Federal Reserve’s meeting ended with no firm commitment on interest rate increase. In fact, the US Fed Chairman was surprised that the removal for the word ‘patience’ created so much stir in the market and commented that “Just because we removed the word patient from the statement doesn't mean we are going to be impatient “. Given that US policymakers now expect 2015 GDP to grow between 2.3% and 2.7% from the earlier estimate of 2.6% to 3%, it is a hard ask for rate increase.

“US cuts its GDP growth forecast “

Given the appreciation US Dollar has seen over the last few months, any interest rate increase will be detrimental to the US economy and Fed, known for its market friendly policies, would keep the printing presses running as long as it could.

Chart 1: TASI Close & Market Turnover

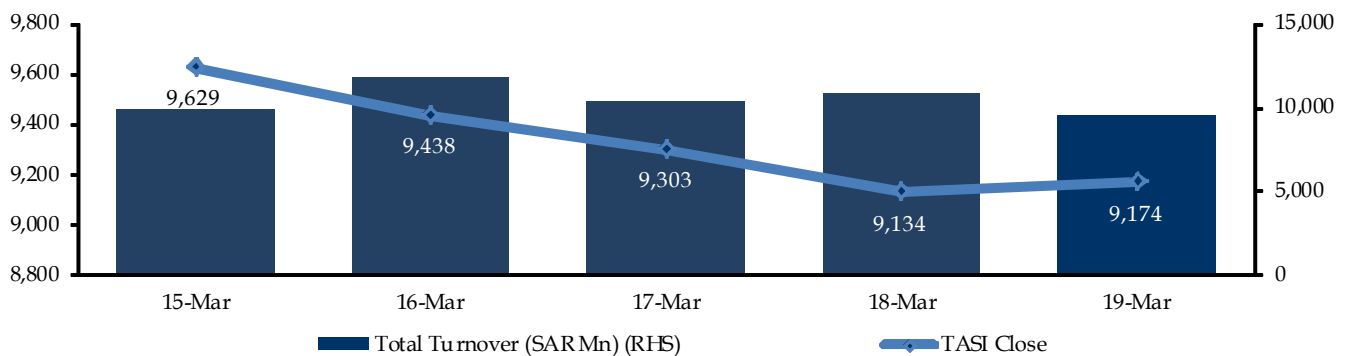
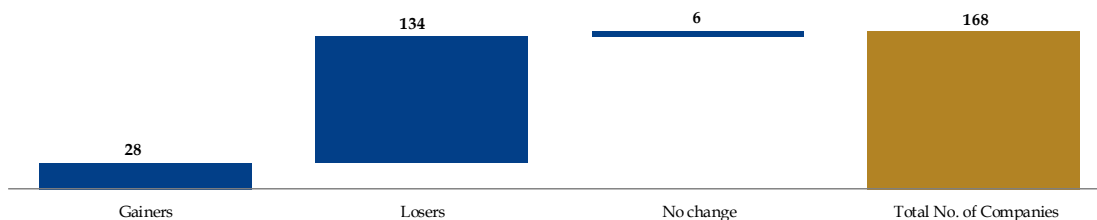
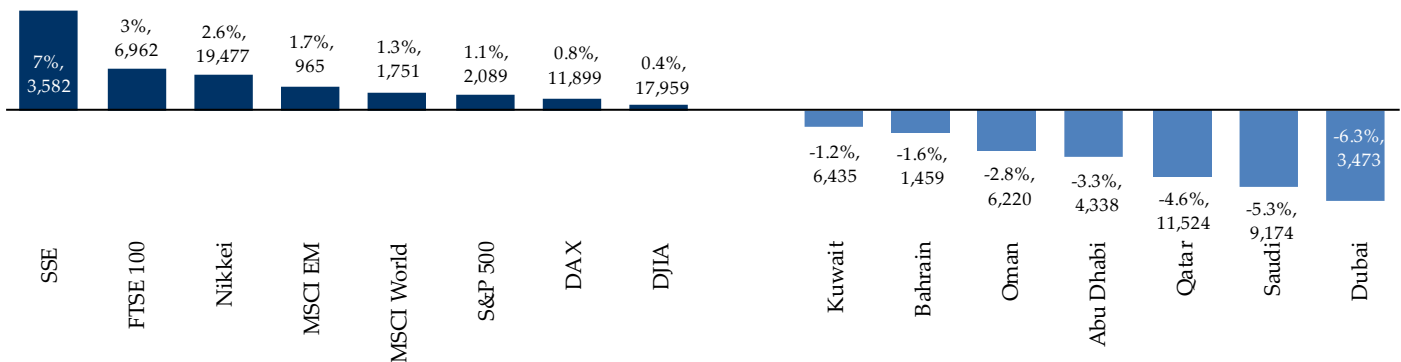


Chart 2: Trading Statistics



Saudi market breadth was negative with 28 gainers as against 134 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 Red”**

Sector indices emulated the broader market with 14 indices ending the week in Red. Real Estate Development was the only gainer with 0.9% increase. Petrochemicals (-8.8%) and Energy & Utilities (-8.8%) descended the highest closely followed by Agriculture & Food (-8.7%). Banks contracted 5.4% during the week.

Real Estate Development was the highest traded sector contributing 20.3% to total traded value and 31.1% to total volumes. Petrochemicals came second with 16.7% 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	9,691	9,174	-5.3%	10.1%	1,868	52,506	863,440
Banks & Financial Services	21,654	20,494	-5.4%	11.9%	269	7,542	64,356
Petrochemical Industries	6,595	6,013	-8.8%	2.7%	303	8,751	111,201
Cement	7,147	6,868	-3.9%	0.2%	36	1,089	22,766
Retail	17,246	16,928	-1.8%	9.1%	26	1,833	33,340
Energy & Utilities	6,955	6,345	-8.8%	12.3%	37	665	10,345
Agriculture & Food Industries	12,660	11,561	-8.7%	-0.9%	53	2,025	47,438
Telecom & IT	1,911	1,777	-7.0%	-8.5%	87	2,297	40,435
Insurance	1,567	1,526	-2.6%	19.6%	210	7,875	226,937
Multi-Investment	4,578	4,392	-4.1%	19.4%	44	947	21,899
Industrial Investment	8,982	8,555	-4.8%	29.8%	109	4,565	63,561
Building & Construction	3,842	3,642	-5.2%	10.3%	68	2,163	55,795
Real Estate Development	8,281	8,352	0.9%	41.2%	582	10,661	127,465
Transport	8,898	8,608	-3.3%	18.8%	27	1,052	18,957
Media and Publishing	2,319	2,268	-2.2%	3.1%	3	109	3,451
Hotel & Tourism	24,432	23,114	-5.4%	16.9%	13	933	15,494

## THIS WEEK'S WINNERS & LOSERS

**Top Gainer**  
**Knowledge Economic City**  
**(+24.6%)**

Knowledge Economic City (KEC) (+24.6%) led the gainers table during the week followed by Allianz Saudi Fransi Cooperative Insurance (+14.4%). KEC closed at SAR 29.82 and has gained 76.1% YTD. On the contrary, Savola Group (-15.1%) led the losers table to close at SAR 69.75. This was followed by The Saudi British Bank (-12.7%) and Al-Rajhi Company for Cooperative Insurance (-12.3%)

**Top Loser**  
**Savola Group**  
**(-15.1%)**

SABIC, the gulf's largest company declined by 9.7% for the week and clocked a turnover of SAR 3.68bn. SABIC has increased 1.33% YTD to close SAR 84.61.

### Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
KEC	29.82	24.6%	76.1%	2,735
Allianz SF	59.09	14.4%	72.7%	432
ATC	67	12.9%	61.9%	331
SAICO	48.14	11.0%	44.0%	419
ACE	77.24	10.6%	45.6%	398

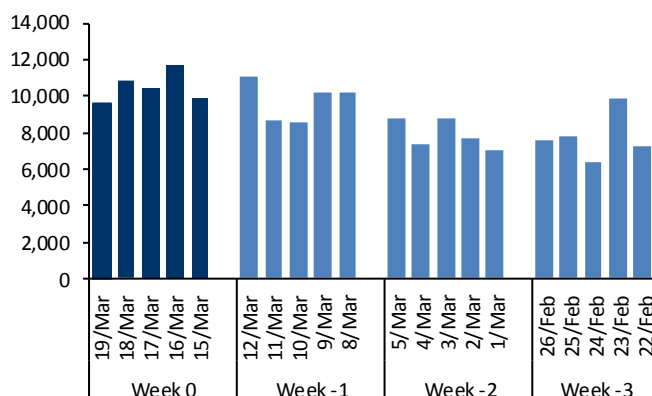
### Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Savola Group	69.75	-15.1%	-11.4%	420
SABB	33.9	-12.7%	-12.9%	126
AlRajhi Takaful	27.55	-12.3%	23.8%	122
SIIG	23.97	-11.8%	-5.8%	591
Saudi Kayan	11.83	-11.5%	7.8%	1,328

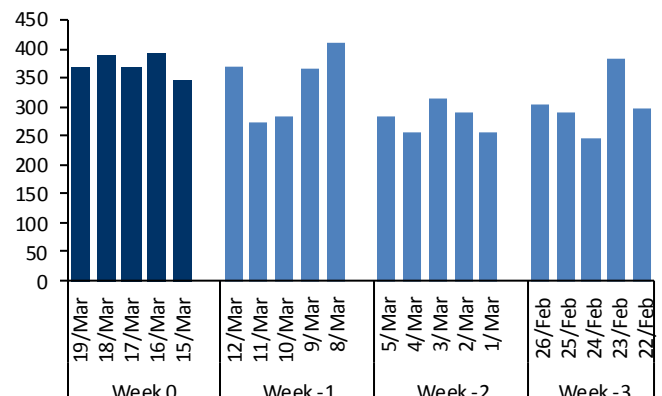
## THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity expanded during the week with the overall market trading 1,868mn shares (1,699mn, 1,396mn shares in the preceding two weeks). The week's turnover also increased to SAR 52.5bn as against SAR 48.8bn, SAR 39.6bn in the preceding two weeks.

### TASI Weekly Turnover Trend (SAR Mn)



### TASI Weekly Volume Trend (Mn)



## SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Railways Organization has signed a 6-month contract for SAR 2.84mn with Dornier Consulting GmbH for providing consulting services for updating the Saudi Railways Master Plan project.
- ▶ A consortium of engineering groups Egis and Systra has been awarded a contract by Saudi Arabian authorities to carry out design studies of the proposed 95km three-line metro network in Madinah.
- ▶ Ministry of Commerce and Industry has sought views and suggestions from public for the draft bankruptcy law and to submit them before May 5.
- ▶ Saudi Arabia exported nearly 466.6mn barrels of crude oil in the last two months of the current year with proceeds amounting to SAR 87.5bn.
- ▶ Blominvest, Saudi Arabia has signed a deal with SinoGulf, an affiliate of SinoGulf Real Estate Investments, to develop an industrial logistic park in Riyadh with an area of 1.1 million sqm and fund size of SAR 1.15 bn.
- ▶ Islamic Development Bank has approved more than USD 718mn for various development projects in several countries through partnership with the Bill and Melinda Gates Foundation.
- ▶ Al-Babtain Power and Telecommunication has obtained approval from France's official authorities to restructure Al Babtain France and reduce the number of employees by 40% in its French subsidiary.
- ▶ Saudi Public Transport Co. (SAPTCO) has purchased 50 buses at a total value of SAR 21.6mn.
- ▶ Al Zamil Industrial Investment said its subsidiary Zamil Air Conditioners has signed a contract worth SAR 348mn with Al Fouzan Trading & General Construction Co.
- ▶ Savola Group has achieved SAR 265mn capital gains from selling its shares in Savola Packaging Systems to Takween Advanced Industries for a total value of SAR 910mn.
- ▶ Saudi Marketing Co. signed a Murabaha financing contract worth SAR 65mn with the Saudi Investment Bank.
- ▶ Petro Rabigh has amended its water and energy conversion agreement with Rabigh Arabian Water and Electricity Co., to supply Petro Rabigh with additional utilities in Rabigh II project.
- ▶ Tabuk Agricultural Development Co.'s board gave green light for acquiring 25% stake in an under-construction fodder-producing company.
- ▶ Saudi Transformers Co. and Wahah Electric Supply Co. of Saudi Arabia - subsidiaries of Electrical Industries Co. has signed an agreement worth SAR 109mn with Saudi Electricity Co. for supplying electrical equipment.
- ▶ Abdul Mohsen Al Hokair Group for Tourism and Development has opened a new entertainment center in Jubail.
- ▶ Union Properties plans to establish a utility management company in Saudi Arabia.
- ▶ Sisban Holdings, Saudi Arabia and Mountain View, Egypt have signed MoU with Egypt housing ministry for two real estate projects worth USD 5.7bn.

## OTHER GULF NEWS

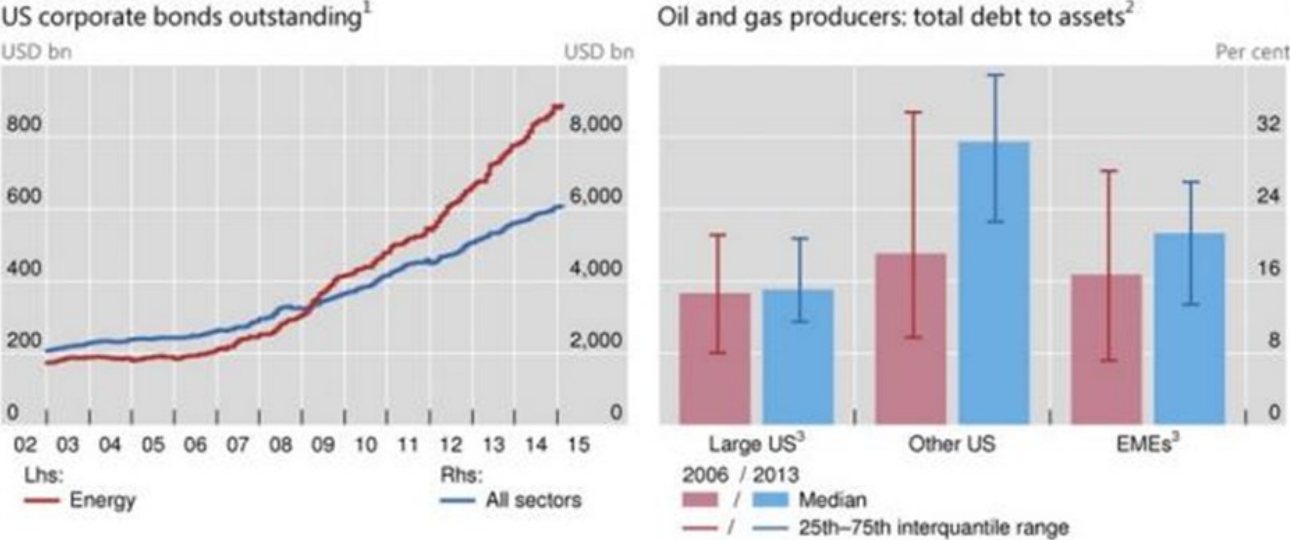
- ▶ Oman Oil Refineries and Petroleum Industries Company SAOC is investing around USD 80mn in the establishment of an oil products distribution centre at Al Jifnain, just outside Muscat Governorate.
- ▶ Energy major BP, which is developing the Khazzan tight-gas field in Block 61 in central Oman, says it has so far awarded contracts totalling over USD 259mn to local Omani firms since it won the government's green-light to commercialise the block's resources in October 2013.
- ▶ Kuwait has sought help from the International Monetary Fund to introduce corporate taxes in a bid to diversify revenue in the face of falling oil prices, Commerce and Industry Minister said.
- ▶ Kuwait Petroleum Corporation has renewed contracts worth USD 1bn with BP to provide the British oil company with jet fuel and gasoil.
- ▶ Qatar General Electricity & Water Corporation has started awarding contracts for the QAR 17bn worth strategic mega reservoirs project and the accompanying pipelines at a total capacity of 2300 MIG.
- ▶ Inflation in Qatar is expected to decline to an average of 2.4% in 2015 from 3% in 2014, according to Institute of International Finance.
- ▶ Nebras Power, Qatar has acquired 40% of global power major AES Corporation's stake in Al-Manakhir IPP4 power plant in Jordan.
- ▶ UK-based Smiths Detection has won a contract worth USD 125mn to provide a comprehensive range of advanced detection equipment for Abu Dhabi Airport's new terminal.
- ▶ Etihad Airways, Abu Dhabi has signed a financing deal that will cover the entire cost of an aircraft with Korean investors backing its second Airbus A380 superjumbo valued at a list price of USD 428mn.
- ▶ Port and Free Zone World, the holding company for Dubai-based ports operator DP World, has reportedly closed a USD 1.2bn loan deal.

## GLOBAL ECONOMIC NEWS

- ▶ Holcim Ltd. and Lafarge SA reached an agreement to adjust merger terms in an effort salvage their bid to form the world's biggest cement maker
- ▶ Eurozone inflation data show that prices fell by 0.3% in February 2015 and 'core inflation' was actually up by 0.7% for the period.
- ▶ The Greek government has handed over EUR 580mn due to the International Monetary Fund.
- ▶ Yahoo Inc. is withdrawing its remaining operations in China, laying off between 200 and 300 employees and shutting down its Beijing research center.
- ▶ China has signed USD 5bn loan to Venezuela for "wide-ranging" projects.

CHARTS OF THE WEEK

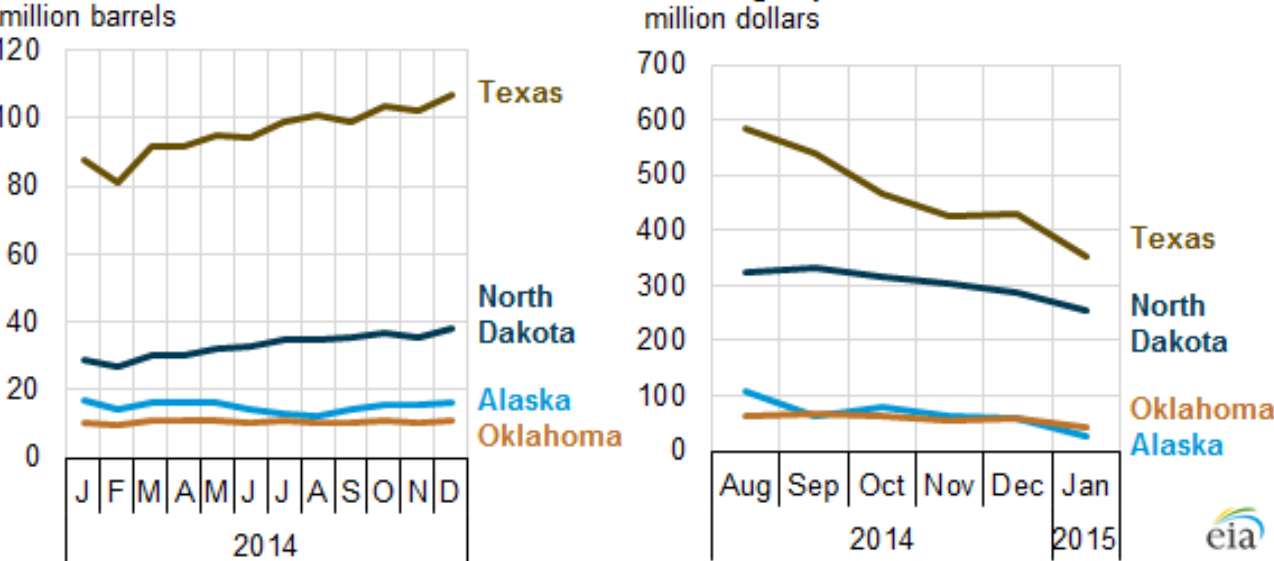
Chart 1 : US Energy Sector Debt and Leverage



<sup>1</sup> Face value of Merrill Lynch high-yield and investment grade corporate bond indices. <sup>2</sup> Integrated oil, gas and exploration/production companies. <sup>3</sup> Companies with total assets in 2013 exceeding \$25 billion.

Source: Bloomberg; Thomson Reuters Worldscope, BIS Calculations

Chart 2: Monthly crude oil production and Tax revenue on crude oil and natural gas production - Select US States




Source: EIA


**Treeline Business Solutions  
Private Limited**

**Corporate Office:**


 37, Chamiers Road  
Teynampet  
Chennai 600018 India


 +91 44 2435 7756

 [www.treeline.co](http://www.treeline.co)

 [tirtha@treeline.co](mailto:tirtha@treeline.co)  
[madhu@treeline.co](mailto:madhu@treeline.co)

**Delivery Center:**

 C/o Jarir Investment  
Olaya Street  
PO Box 300 734  
Riyadh 11372  
Saudi Arabia

 +966 55 485 9799

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