

Saudi Stock Market – Weekly Update

For the Week ending 26 March 2015

“We refuse to take responsibility alone because (OPEC) produces 30 percent of market output and 70 percent comes from outside.... All must contribute if we want to improve prices because it is in the interest of all”

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

TASI PERFORMANCE FOR THE WEEK

TASI DECREASES FOR SECOND WEEK

“TASI descends
3.0%”

Tadawul All Share Index (TASI) continued its downtrend for the second week and descended 3.0% during the week to close at 8,903. The proposed tax on vacant urban land and external disturbances in the region weighed down on the stock markets even as it aided the increase in oil prices. Regional markets also ended the week in negative with exception of Abu Dhabi (+0.8%). Kuwait (-3.3%) slumped the highest.

Saudi Arabia remains firm on its oil production levels and has announced production of roughly 10mn barrels of crude oil per day. Brent crude surged during the week and it is trading USD 58 per barrel levels.

Globally, concerns on the soundness of Greek economy continues even as the European Central Bank agreed to raise the emergency liquidity on offer to Greek banks to EUR 71bn. Ratings agency Fitch downgraded Greece’s sovereign rating from B to CCC, citing “extreme pressure on Greek government funding”.

Imagine this.. Greece’s population of 11 million, now owes about EUR 320bn in debt mainly to IMF, ECB and other European governments. The country’s nominal GDP has shrunk by about 22% between 2008 and 2014 and the debt now stands at 175% of GDP. To make things worse, Greek citizens stopped paying taxes en masse anticipating cuts and forbearance from the newly elected government. So far, Greece’s creditors were generous but this should eventually stop somewhere. We only hope the transition is smooth.

“Fitch downgrades
Greece’s rating to
CCC”

Chart 1: TASI Close & Market Turnover

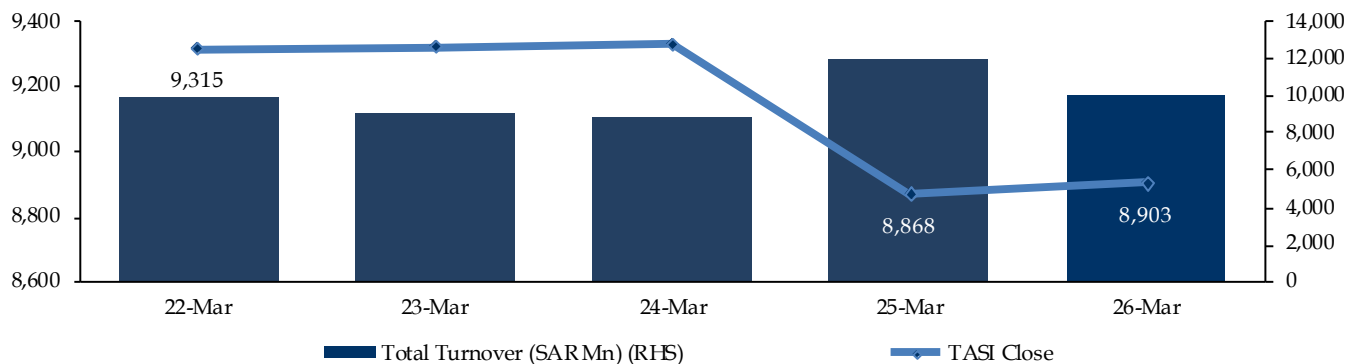
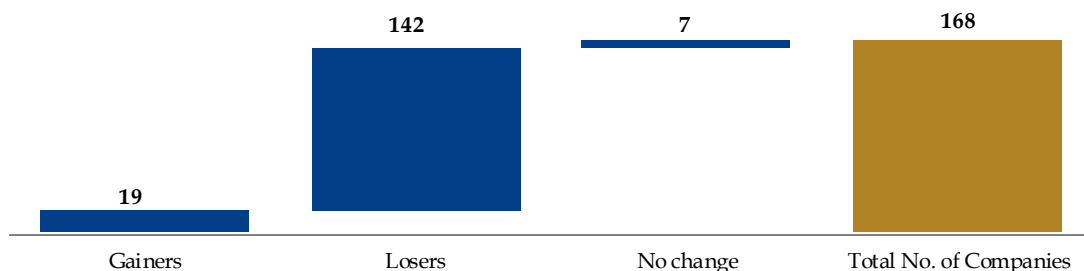
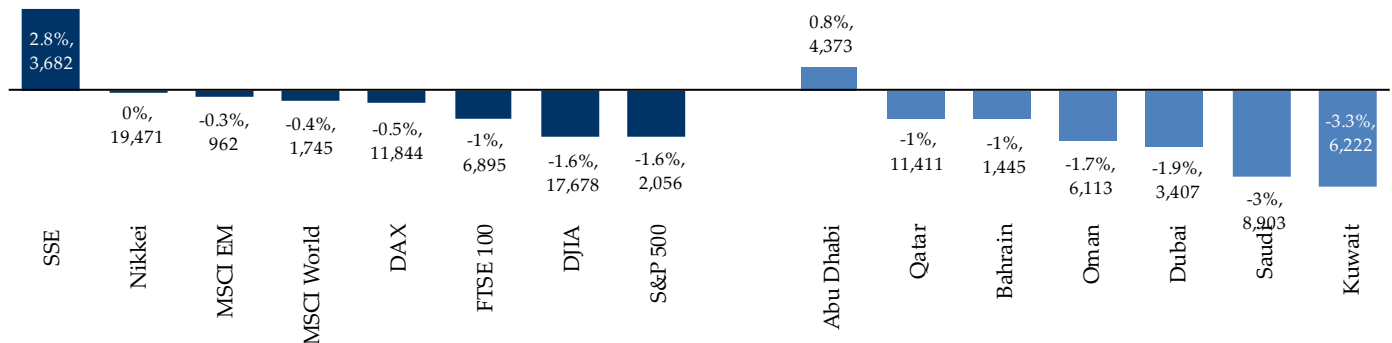


Chart 2: Trading Statistics



Saudi market
breadth was
negative with
19 gainers as against
142 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 followed the trend in the broad market with 14 indices closing the week in negative territory. Agriculture & Food closed the same as the previous week while Real Estate (-8.8%) contracted the highest followed by Industrial Investment (-6.1%) and Multi-Investment (-5.7%). Banks and Petrochemicals descended 2.5% and 3.2% respectively.

Real Estate Development was the highest traded sector contributing 24.9% to total traded value and 39.3% to total volumes. Banks came second with 12.9% contribution to total traded value and 11.2% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,174	8,903	-3.0%	6.8%	1,970	49,729	868,120
Banks & Financial Services	20,494	19,990	-2.5%	9.1%	221	6,421	65,340
Petrochemical Industries	6,013	5,820	-3.2%	-0.6%	238	5,577	86,455
Cement	6,868	6,787	-1.2%	-1.0%	45	1,370	28,059
Retail	16,928	16,600	-1.9%	7.0%	26	1,705	32,290
Energy & Utilities	6,345	6,280	-1.0%	11.2%	21	379	6,110
Agriculture & Food Industries	11,561	11,556	0.0%	-1.0%	57	2,148	48,355
Telecom & IT	1,777	1,773	-0.2%	-8.7%	118	3,424	56,455
Insurance	1,526	1,489	-2.4%	16.7%	179	6,357	183,620
Multi-Investment	4,392	4,143	-5.7%	12.6%	43	872	21,434
Industrial Investment	8,555	8,037	-6.1%	21.9%	103	4,152	64,121
Building & Construction	3,642	3,539	-2.8%	7.1%	81	2,453	61,287
Real Estate Development	8,352	7,617	-8.8%	28.8%	774	12,370	165,292
Transport	8,608	8,347	-3.0%	15.2%	49	1,640	31,355
Media and Publishing	2,268	2,188	-3.5%	-0.6%	4	113	3,767
Hotel & Tourism	23,114	22,633	-2.1%	14.5%	11	750	14,180

THIS WEEK'S WINNERS & LOSERS

Top Gainer
Company for Cooperative Insurance
(+14.1%)

The Company for Cooperative Insurance (Tawuniya) (+14.1%) was the highest gainer during the week followed by Bupa Arabia for Cooperative Insurance (+7.5%). Tawuniya closed at SAR 89.50 and has gained 79.2% YTD. On the other side, Knowledge Economic City (-20.9%) led the losers table to close at SAR 23.58. This was followed by Saudi Real Estate (-19.8%) and Saudi Fisheries Company (-17.2%)

Top Loser
Knowledge Economic City
(-20.9%)

SABIC, the gulf's largest company declined by 1.7% 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)
Tawuniya	89.50	14.1%	79.2%	651
Bupa Arabia	184.31	7.5%	9.1%	165
ACIG	27.1	4.3%	33.7%	349
ARNB	34.77	3.0%	14.0%	54
Etihad Etisalat	38.43	2.9%	-12.4%	2,688

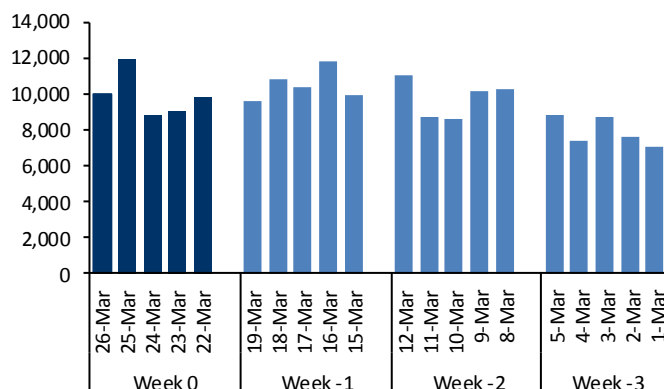
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
KEC	23.58	-20.9%	39.3%	1,759
Real Estate	36.09	-19.8%	8.0%	368
SFICO	26.92	-17.2%	-2.5%	125
U C A	13.54	-15.0%	-12.7%	125
Amana Insurance	11.32	-14.1%	-27.3%	40

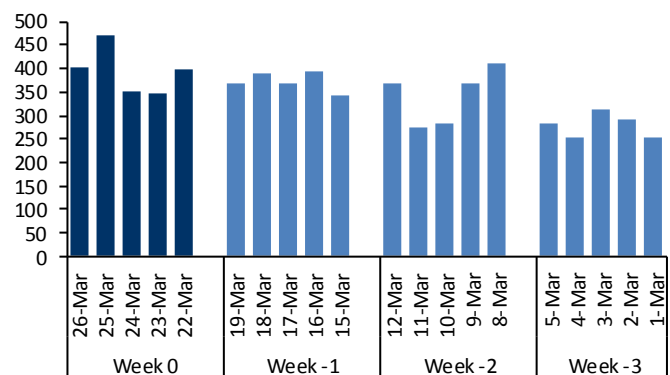
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity was stable during the week with the overall market trading 1,970mn shares (1,868mn, 1,699mn shares in the preceding two weeks). The week's turnover increased to SAR 49.7bn as against SAR 52.5bn, SAR 48.8bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabian cabinet has approved a proposal to tax undeveloped land in urban areas – known as ‘white land’ and has told council of top economic officials to prepare a mechanism for the tax.
- ▶ The Saudi Arabian central bank's net foreign assets fell 1.4% YoY to SAR 2.650tn in February, according to monthly central bank statistics.
- ▶ Saudi Arabia and Oman have signed two agreements valued at OMR 71mn for development of infrastructure in Special Economic Zone in Duqm (SEZD) and construction of fishing port in Duqm.
- ▶ Almarai has received SAR 250mn from Arabian Shield Insurance in compensation for a fire at one of its bakeries.
- ▶ Saudi Railways Organisation has signed a deal for SAR 16bn with a branch of China Railway Construction Corporation to renew the second phase of a 91-km main freight route between Dammam and Riyadh.
- ▶ Ma’aden Phosphate Co., subsidiary of Saudi Arabian Mining Co. has shut down an ammonia plant in Ras Al-Khair city after halting operations of a cooling facility to carry out unscheduled technical repairs.
- ▶ The start-up of a new urea plant owned by Saudi Arabia Fertilizers Company (Safco) will be delayed to mid-May this year, the company said.
- ▶ Southern Province Cement Co. has launched experimental operations of the third line in Tihama plant. The plant will gradually reach the design capacity of 5,000 tons a day.
- ▶ Tihama Advertising and Public Relations said it is unable to raise its capital through offering rights issue shares
- ▶ Abdullah A. M. Al-Khodari Sons Co. has renewed its Islamic credit agreement with the National Commercial Bank and Saudi Hollandi Bank for a total value of SAR 1.135bn.
- ▶ Sadara Chemical Co. will start production at the end of the second half of 2015 and will operate with a full production capacity at the end of H2 2016.
- ▶ The Saudi Egyptian Construction Co. has signed contracts to carry out projects in New Cairo, New Damietta and New Assiut for a total value of USD 328bn.
- ▶ Saudi Aramco has awarded AED 1.04bn contract to Arabtec Construction subsidiary of Arabtec Holding, Dubai for 28-month-long project.
- ▶ Addar Chemicals Company has awarded USD 35mn engineering, procurement and construction contract to Nu-berg Engineering, India for a chemical plant in the Kingdom.
- ▶ The estimated value of expansion works taking place in Red Sea Mall, a shopping and leisure destination in Jeddah, is set to reach SAR 200mn, its executive chairman said.
- ▶ Dallah Health Care will not complete the purchase of Bagedo & Dr. Erfan General Hospital Co., as they have received letter from the sellers not to extend the long stop date.

OTHER GULF NEWS

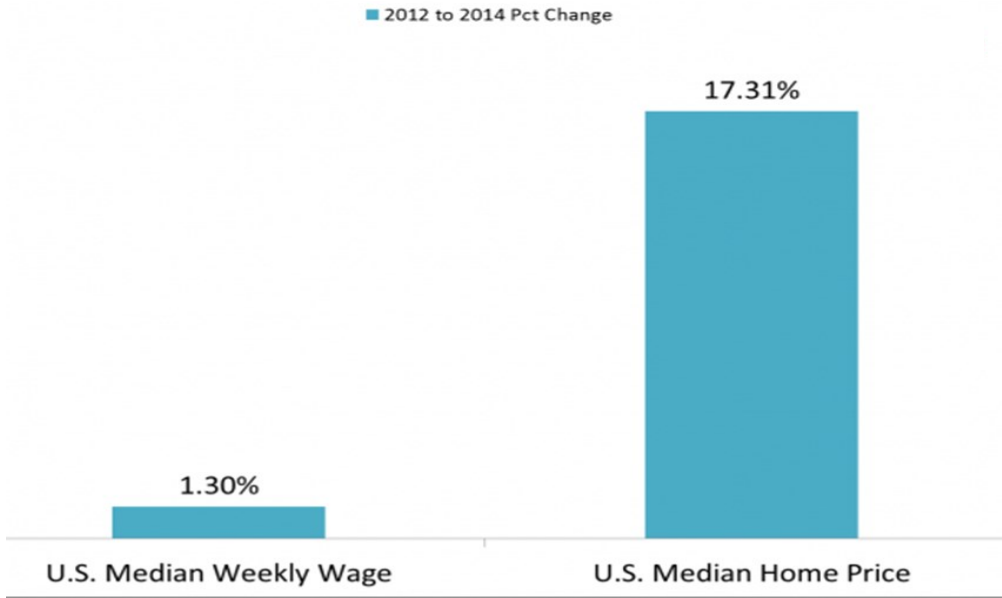
- ▶ UAE's inflation fell to 3.61% in February as the strengthening currency pushed down import prices, according to data from the National Bureau of Statistics.
- ▶ Dubai Electricity and Water Authority (Dewa) has signed a power purchase agreement and a shareholder agreement for the second phase of the Mohammed bin Rashid Al Maktoum Solar Park.
- ▶ Dubai has announced the launch of the second phase of its healthcare city to be developed on an area of 22 million sqft at a cost of AED 3bn to AED 5bn.
- ▶ Arabtec, UAE plans to divest equities in four Saudi Arabia-based units - Arabtec Saudi Arabia, Arabtec Construction Machinery, Saudi Austrian Arabian Ready Mix Co and EFECO Saudi.
- ▶ Kuwait's Consumer Prices Index rose 2.9% in February compared to the same month in 2014, said the Central Statistical Bureau.
- ▶ The Kuwait Stock Exchange may offer up to 44% of its shares to a company that has experience in operating bourses when it goes public, a senior government official said.
- ▶ Oman has awarded license to Mitsui & Co, Ltd, Japan consortium to develop Salalah-2 power generation project for an investment of around USD 630mn.
- ▶ A consortium comprising Japan's Mitsui and others have won a contract from Oman government to build and operate a USD 630mn natural gas-fired power plant in Salalah .
- ▶ Lusail City Real Estate Development Company, Qatar has awarded USD 1.7bn contracts for development works at Lusail City.
- ▶ SNC-Lavalin, has signed up USD 10mn contract with Saft to supply its Sunica plus batteries for solar powered systems serving Qatar Petroleum's Dukhan oilfield.
- ▶ The Arab Petroleum Investments Corporation has successfully secured new shariah-compliant financing worth AED 2.58bn.

GLOBAL ECONOMIC NEWS

- ▶ China's HSBC/Markit Purchasing Managers' Index (PMI) declined to 49.2 in March, below the 50-point level that separates growth in activity from a contraction on a monthly basis.
- ▶ H.J. Heinz is buying Kraft Foods Group through an estimated USD 45bn deal.
- ▶ Royal Bank of Scotland Group has agreed to sell its Coutts International private bank to Switzerland's Union Bancaire Privee
- ▶ Chevron Corp. plans to sell its 50% stake in Caltex Australia Ltd. to institutional investors for about USD 3.6bn.
- ▶ Brazil narrowly avoided contracting in 2014 with a growth rate of just 0.1% for the year.

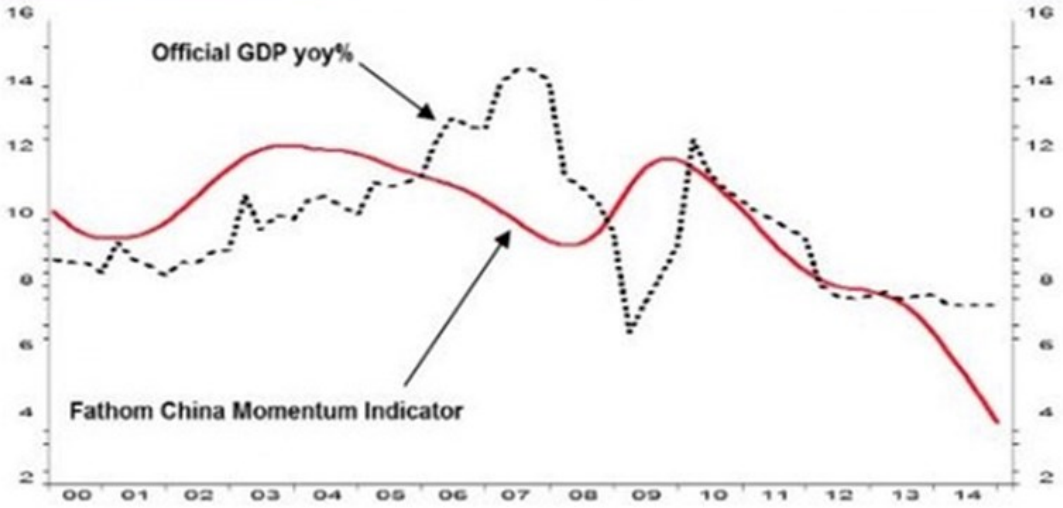
CHARTS OF THE WEEK

Chart 1 : US Home Price Appreciation versus Wage Growth



Source: Realty Trac


Chart 2: Trend in Chinese GDP Growth




Source: Fathom Consulting via Datastream

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