

Saudi Stock Market – Weekly Update

For the Week ending 09 April 2015

“The challenge is to restore the supply-demand balance and reach price stability. This requires the cooperation of non-OPEC major producers, just as it did in the 1998-99 crisis ”

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

TASI PERFORMANCE FOR THE WEEK

TASI REVERSES DIRECTION

“TASI increases
2.5%”

Tadawul All Share Index (TASI) arrested the downward trend and increased 2.5% for the week to close at 8,950 points. The market showed positive momentum with the index gaining for four straight days to take the year-to-date return to 7.4%. Regionally and global markets also gained after few weeks of lull. Regionally, Dubai (+3.9%) gained the most with Qatar (+2.5%) following suit.

In the oil market, every major producer is still sticking to its ‘no cut’ strategy with Saudi Arabia announcing record oil output in March 2015. The Kingdom produced 10.3 million barrels a day, highest since at least 2002.

On the other side, the Energy Information Administration (EIA) estimates U.S. crude output to rise to 9.23 million barrels a day this year. Meanwhile, Russia produced 10.71 million a day in March, including crude and condensate. As the market share race continues, one more country could potentially join the race in the coming months as US eases economic sanctions.

“Saudi Arabia
produced 10.3mbpd
of oil in March”

Globally, Greece and Euro zone countries are waiting to see who will blink first. Greece, which made loan repayments to IMF during the week, may not be able to pay its bills next month unless rescued by European creditors. Amidst this, Greek PM’s [trip to Russia](#) and [secret plans by EU](#) are throwing interesting dimensions to the Greek saga.

Chart 1: TASI Close & Market Turnover

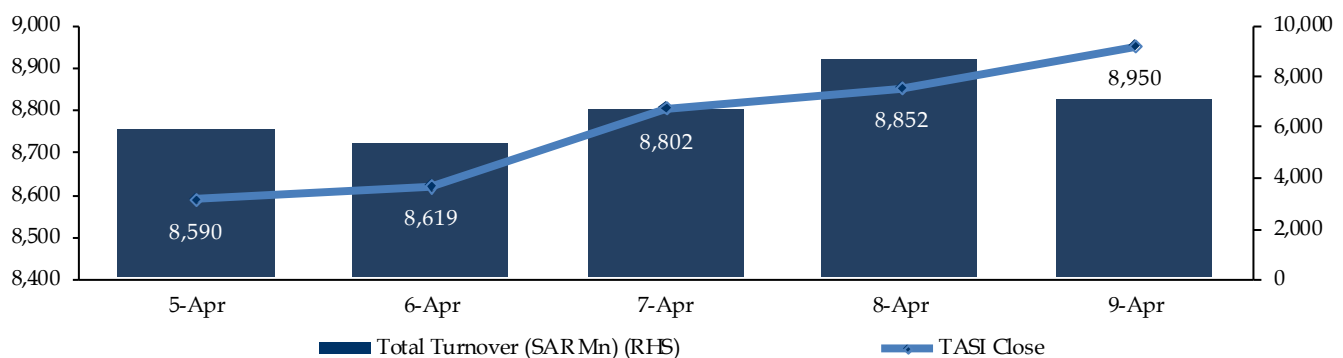
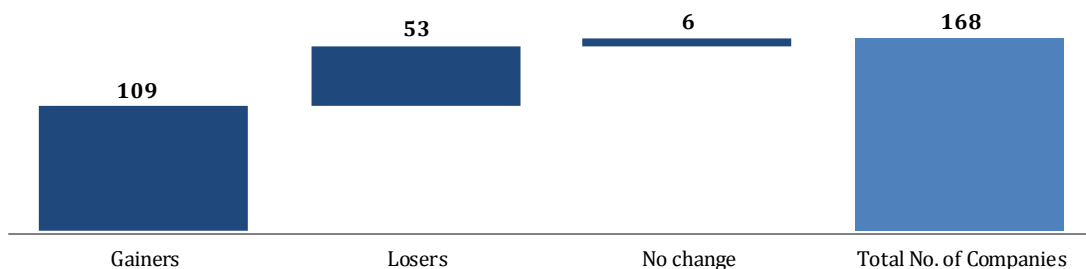
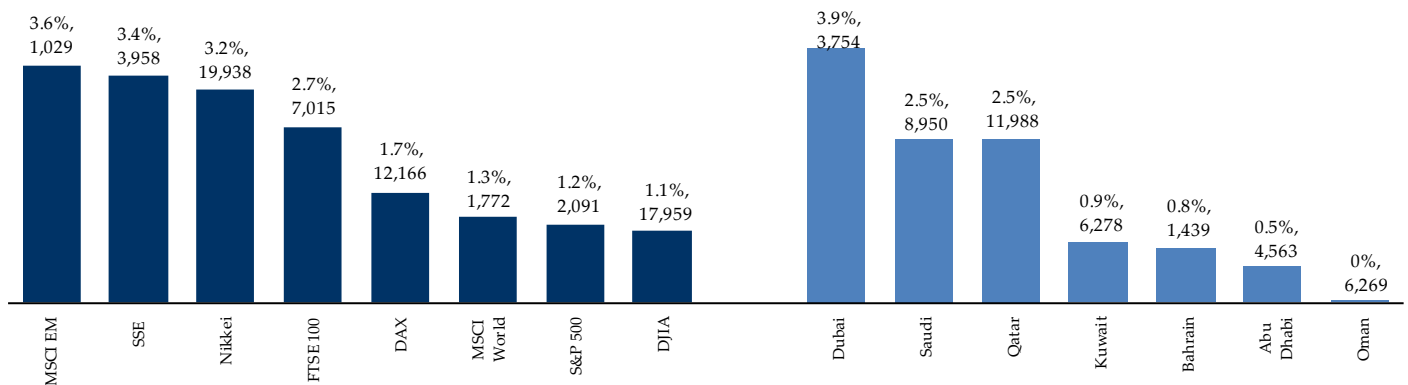


Chart 2: Trading Statistics



Saudi market
breadth was
positive with
109 gainers as
against 53 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 mirrored the broad market trend with 12 indices ending the week in positive territory. Transport (+11.6%) was the highest gaining index followed by Hotel & Tourism (+6.3%) and Petrochemicals (+3.9%). Media & Publishing (-1.3%) registered the largest decline followed by Cement (-1.1%) and Energy & Utilities (-1.1%).

Real estate development was the top trading sector contributing 19.5% to total traded value and 32.7% to total volumes. Bank & Financials came second contributing 14.6% to the total traded value and 13.0% to the total volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	8,734	8,950	2.5%	7.4%	1,424	33,710	638,974
Banks & Financial Services	19,433	19,925	2.5%	8.8%	186	4,929	50,989
Petrochemical Industries	5,655	5,876	3.9%	0.3%	178	4,417	67,557
Cement	6,665	6,592	-1.1%	-3.8%	64	1,476	33,259
Retail	16,494	17,131	3.9%	10.4%	20	1,386	29,680
Energy & Utilities	6,373	6,306	-1.1%	11.6%	15	262	4,170
Agriculture & Food Industries	11,400	11,510	1.0%	-1.4%	45	1,388	36,227
Telecom & IT	1,734	1,752	1.0%	-9.8%	88	1,683	28,697
Insurance	1,487	1,515	1.9%	18.7%	155	4,718	150,274
Multi-Investment	4,011	4,022	0.3%	9.3%	34	632	17,772
Industrial Investment	7,911	8,092	2.3%	22.7%	63	2,616	44,789
Building & Construction	3,472	3,532	1.7%	6.9%	49	1,386	38,158
Real Estate Development	7,669	7,885	2.8%	33.3%	466	6,575	98,244
Transport	8,231	9,182	11.6%	26.8%	51	1,593	24,876
Media and Publishing	2,212	2,184	-1.3%	-0.8%	3	122	3,971
Hotel & Tourism	21,978	23,364	6.3%	18.2%	8	527	10,311

THIS WEEK'S WINNERS & LOSERS

Top Gainer
Knowledge Economic City
(+16.8%)

Knowledge Economic City (KEC) (+16.8%) led the gainers table during the week closely followed by The National Shipping Co. of Saudi Arabia (+16.6%). KEC closed at SAR 25.32 and has gained 49.6% YTD. On the other side, Wafa Insurance (-28.0%) topped the loser table and closed at SAR 21.52. This was followed by National Agriculture Marketing Co (-11.9%) and Methanol Chemicals Company (-8.3%).

Top Loser
Wafa Insurance
(-28.0%)

SABIC, the gulf's largest company surged 6.96% for the week and clocked a turnover of SAR 1.78bn. SABIC has increased 3.1% YTD to close SAR 86.05.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
KEC	25.32	16.8%	49.6%	1,464
Bahri	45.5	16.6%	33.9%	260
ACIG	30.51	12.1%	50.5%	326
Petrochem	25.17	10.6%	14.9%	38
Takween	69.77	9.6%	45.9%	316

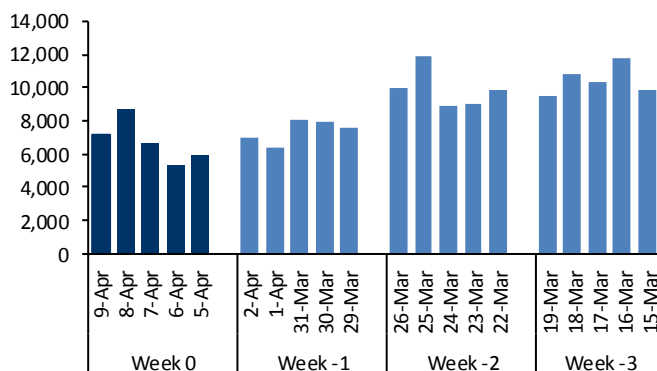
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Wafa Insurance	21.52	-28.0%	-24.2%	153
THIMAR	71.98	-11.9%	-10.3%	332
CHEMANOL	12.24	-8.3%	3.5%	404
Arab Cement	71.04	-6.5%	-8.4%	195
Trade Union	32.99	-3.8%	-3.9%	63

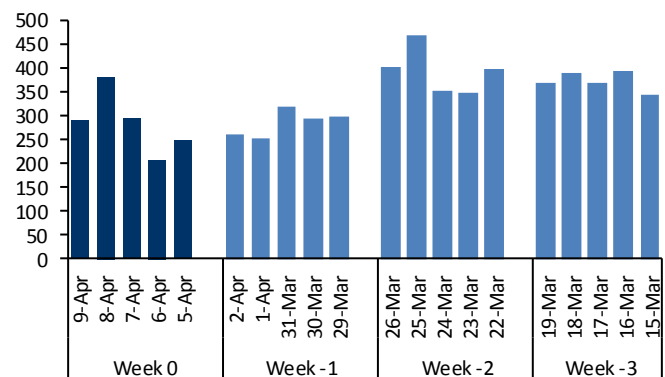
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity remained stable during the week with the overall market trading 1,424mn shares (1,430mn and 1,974mn in the preceding two weeks). The week's turnover dipped SAR 33.7bn vis-a-vis SAR 37.1bn and SAR 49.7bn 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 60.1 points in March from 58.5 points in February.
- ▶ Saudi Arabia expects to save a fifth of its energy use by 2030 through an efficiency drive designed to prevent domestic consumption from eating up oil for export, the Kingdom's new deputy oil minister said.
- ▶ Labor Ministry announced 38 amendments to the country's labor legislation recently including more training for Saudi workers, longer fixed-term contracts, and greater inspection powers for ministry officials.
- ▶ Leveraging its global technology centers in Saudi Arabia, the Americas, Europe, and Asia, SABIC has announced that it is expanding the company's application development focus in additive manufacturing technology.
- ▶ 4,821 projects amounting to SAR 509bn are being implemented in the Riyadh region, according to Higher Commission for Development of Riyadh .
- ▶ Foreign investments have grown by five times over the last ten years, resulting in over SAR 1,050bn worth of investments across various industry verticals in the country, Saudi Arabian General Investment Authority reported.
- ▶ Abraaj Group and TPG company will participate together in an investment in Saudi Arabian restaurant group Kudu.
- ▶ The National Shipping Co. of Saudi Arabia has signed a contract of affreightment with South Korea-based S-Oil Corporation for a period of 10 years.
- ▶ The shareholders of National Industrialization Co. approved acquiring an additional 13% stake in Cristal from Gulf Investment Corp increasing its equity in Cristal from 66% to 79%.
- ▶ National Aluminium Products Company will commence production from its expanded facilities by the first quarter of 2016.
- ▶ Naif Alrajhi Investment Co. has signed memorandum of understanding with UAE's Union Properties to undertake investment and real estate development activities in Saudi Arabia.
- ▶ Al Baha Investment's accumulated losses in March amounted to SAR 185.4m, or 123.6% of authorised capital.
- ▶ Sloanes Real Estate Brokers plans to develop "Bayat Plaza", a residential project consisting of two towers that will offer 272 luxury apartments including duplexes and penthouses.
- ▶ The number of bank branches in the Kingdom has increased to 1,931 in February, while the number of Automated Teller Machines to 15,906, reported Saudi Arabian Monetary Agency
- ▶ Saudi Electricity Company and GE have signed a Memorandum of Understanding to set up a joint venture that will extend operations and maintenance (O&M) support to SEC's power plants in the Kingdom.

OTHER GULF NEWS

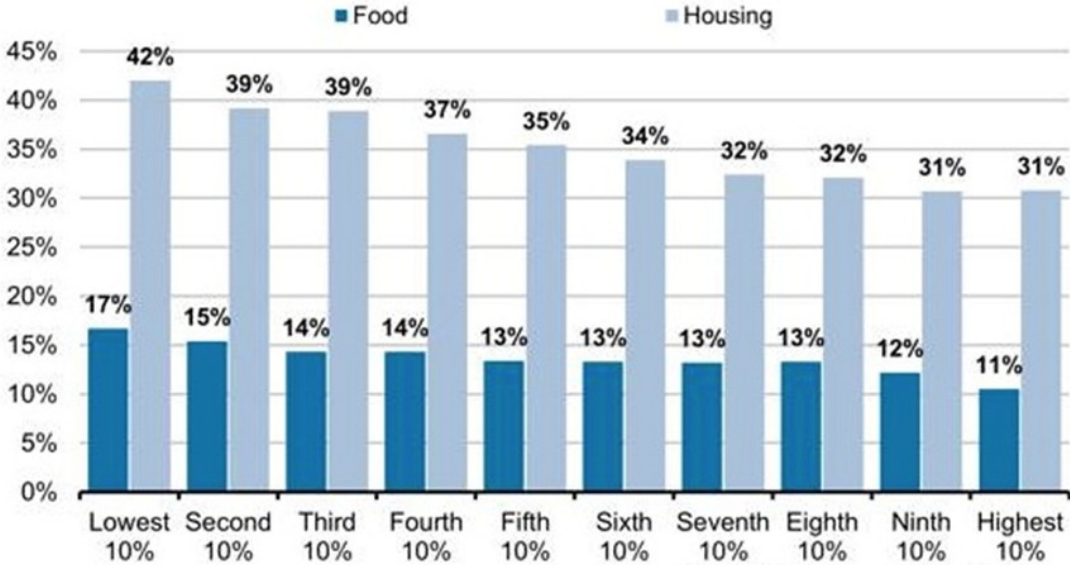
- ▶ The UAE investment law which allows one hundred per cent ownership to foreigners is reportedly in the final phase of being issued.
- ▶ The UAE can achieve energy system savings of USD 1.9bn annually by 2030 by producing a 10% share of renewable energy in its total energy supply, according to a report from Masdar Institute.
- ▶ Ajman (region in UAE) has embarked on a urban landscape project in partnership with Solidere International amounting to AED 115mn.
- ▶ Damac Properties has announced the opening of two new serviced hotel apartment projects in the Burj area: Damac Maison The Vogue and NAIA Breeze.
- ▶ Qatari economy grew by 6.2% in 2014, according to the Ministry of Development Planning and Statistics.
- ▶ China has signed contracts worth more than USD 8bn for various infrastructure projects with Qatar.
- ▶ Qatar General Electricity and Water Corporation (Kahramaa) has awarded QAR 2.2bn contract to Habtoor Leighton Group to build reinforced concrete reservoirs .
- ▶ Zad Holding Company is planning to build a new flour milling line by 2016, which is expected to increase its production capacity by another 150 metric tonnes per day.
- ▶ Kuwait Foreign Petroleum Exploration Company, a wholly-owned subsidiary of Kuwait Petroleum Corp, said it had received an additional USD 1.5bn loan, raising a previous debt it took last November to USD 2.5bn.
- ▶ Oman Power and Water Procurement Company plans to adopt a new capacity procurement process designed to enable existing power plants with expiring contracts to compete directly with new project bidders.
- ▶ Central Bank of Bahrain has launched a new Shariah-compliant Wakalah liquidity management instrument.
- ▶ World Bank's development arm, The International Finance Corporation, plans to invest between USD 1.2bn and USD 2bn in Egypt over the next four years, including around the Suez Canal, its regional director said.

GLOBAL ECONOMIC NEWS

- ▶ General Electric has announced it will sell nearly all of its property portfolio, worth USD 26.5bn, to funds including Wells Fargo and Blackstone. The Company has also set a share buyback plan of up to USD 50bn.
- ▶ Greece made its loan payment of EUR 460mn repayment to the IMF. Separately, Greece's rate of deflation was 1.9% in March.
- ▶ Bank of England's Monetary Policy Committee has left interest rates on hold at 0.5% and quantitative easing unchanged at GBP 375bn
- ▶ China's annual consumer inflation rate for March stayed flat at 1.4%. Producer prices (PPI) contracted 4.6% compared to February's 4.8% pace.

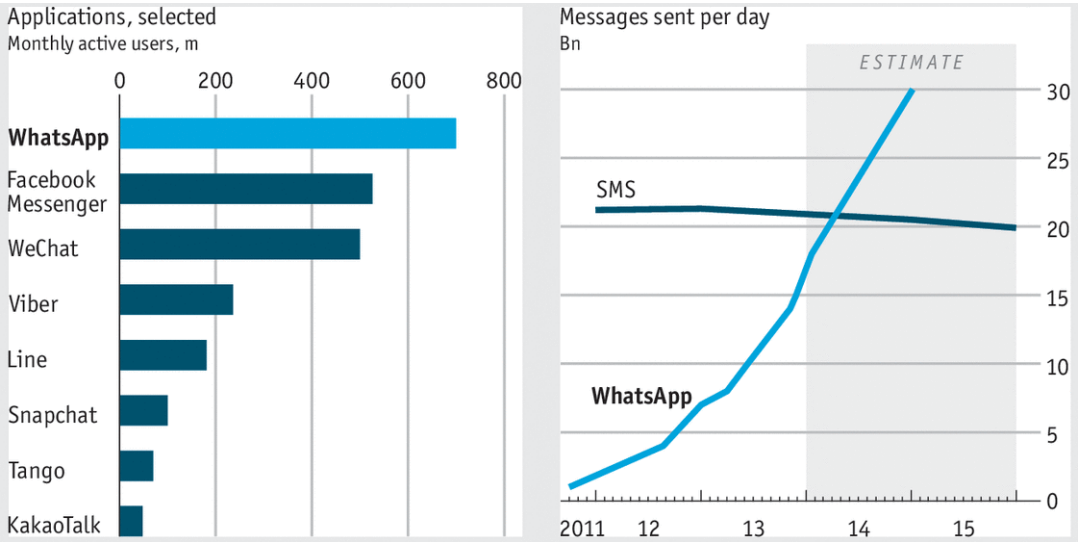
CHARTS OF THE WEEK

Chart 1: Share of Food and Housing Expenditures for different income groups in America



Source: US Labor Department, WSJ


Chart 2: Mobile Messaging




Source: Portio Research; a16z; Company reports

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