

Saudi Stock Market - Weekly Update

For the Week ending 07 May 2015

“The government's continuous effort to develop partnerships with the private sector is proving fruitful, as this establishes a favorable environment for investments, helping the private sector achieve 6-8% growth across non-oil sector businesses over the last five years ”

- Dr. Ibrahim Abdulaziz Al-Assaf, Minister of Finance, Saudi Arabia

TASI PERFORMANCE FOR THE WEEK

TASI CURTAILS UPTREND

“TASI losses
1.2%”

Tadawul All Share Index (TASI) reversed its upward movement and took a breather, as the index lost 1.2% for the week to close at 9,718 points. TASI has gained 16.6% year-to-date in 2015. The market traded soft during the week with relatively lower volumes. Pessimism in global markets affected TASI and regional markets despite recovering crude oil prices.

During the week, Saudi Arabian capital market regulator announced rules regarding foreign investor investments which includes a restriction that foreign investors can own no more than 10% of Saudi Arabia's stock market by value. Separately, a single foreign investor will be able to hold no more than 5% of any listed company, while total foreign ownership of a firm will be limited to 20%. These are widely viewed as much needed restrictions to manage the risk of sudden inflow or outflow of foreign capital.

While different numbers are being thrown at regarding how much of foreign inflows the Saudi Arabian market could attract, the key question is, will investors find the market attractively priced at current levels to rush in and Buy. Apart from getting foreign capital, the opening should be viewed as a step to bring institutional money into the market to provide stability and improve corporate governance. Addition of Saudi Arabia into MSCI Emerging Market index will prove to be another milestone event for market development.

“KSA prescribes
ownership limits for
foreign investors”

Chart 1: TASI Close & Market Turnover

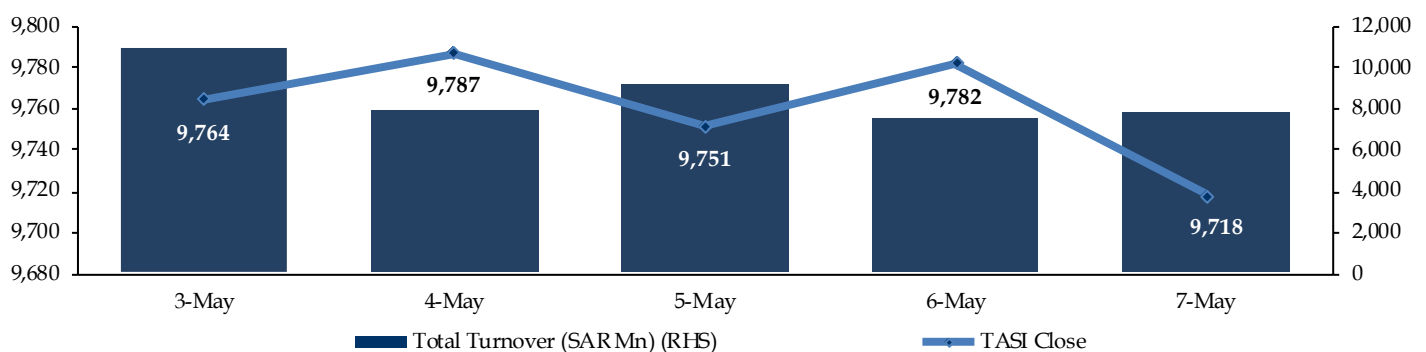
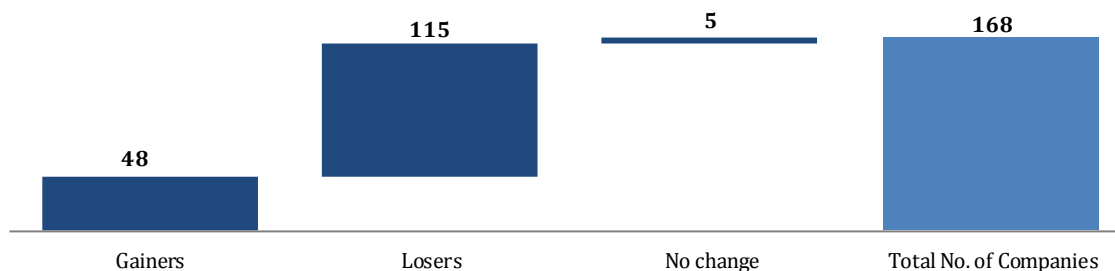
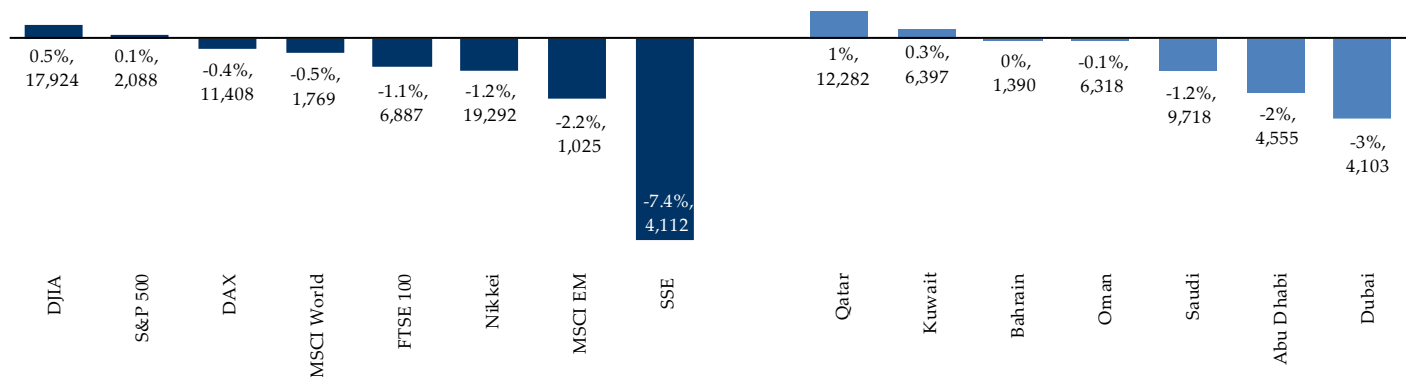


Chart 2: Trading Statistics



Saudi market
breadth was
negative with
48 gainers as
against 115 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 were all in the Red except Building & Construction index which was up by 0.1%. Insurance index registered the largest decrease of 4% followed by Energy & Utilities (-3.4%). Index heavyweights Petrochemical Industries and Banks lost 1.3% and 0.8% respectively.

Petrochemicals was the top traded sector comprising 20.3% of traded value and 20.3% of total volume. Real Estate Development stood second with 14% contribution to traded value and 22.7% to total volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,834	9,718	-1.2%	16.6%	1,619	43,352	748,584
Banks & Financial Services	21,791	21,625	-0.8%	18.1%	177	5,304	49,821
Petrochemical Industries	6,982	6,892	-1.3%	17.7%	329	8,800	98,319
Cement	7,064	7,053	-0.2%	2.9%	56	1,586	26,528
Retail	17,800	17,561	-1.3%	13.2%	28	1,463	28,127
Energy & Utilities	7,303	7,056	-3.4%	24.9%	11	231	4,094
Agriculture & Food Industries	12,296	12,202	-0.8%	4.6%	59	1,950	44,862
Telecom & IT	1,862	1,829	-1.8%	-5.8%	101	2,012	29,533
Insurance	1,664	1,598	-4.0%	25.2%	170	4,830	144,375
Multi-Investment	4,339	4,313	-0.6%	17.2%	53	1,144	23,079
Industrial Investment	9,176	9,107	-0.8%	38.1%	99	4,541	109,448
Building & Construction	3,785	3,788	0.1%	14.7%	120	3,118	69,160
Real Estate Development	8,324	8,155	-2.0%	37.9%	368	6,076	78,006
Transport	9,775	9,585	-1.9%	32.3%	33	1,549	26,190
Media and Publishing	2,430	2,385	-1.8%	8.4%	3	89	3,054
Hotel & Tourism	24,597	23,868	-3.0%	20.7%	10	658	13,988

THIS WEEK'S WINNERS & LOSERS

Top Gainer
Middle East Paper Co.
(+60.3%)

Middle East Paper Company which debuted during the week hit upper circuit during the 5 trading days and gained 60% for the week to close at SAR 48.1. This was followed by Al-Ahlia Insurance Company (+12%) and Saudi Land Transport Co (+11.5%). On the other side, MetLife AIG ANB Cooperative Insurance Company decreased 16.8% during the week to top the losers table.

Top Loser
ANB Insurance
(-16.8%)

SABIC, the gulf's largest company lost 2% for the week and clocked a turnover of SAR 2.98bn. SABIC has increased 27.6% YTD to close SAR 106.52

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
MEPCO	48.10	60.3%	60.3%	1,222
Al-Ahlia	17.05	12.0%	21.8%	277
mubarrad	61.46	11.5%	82.9%	886
Gulf Union	19.95	6.2%	15.7%	152
SADAFCO	137.43	5.7%	15.6%	64

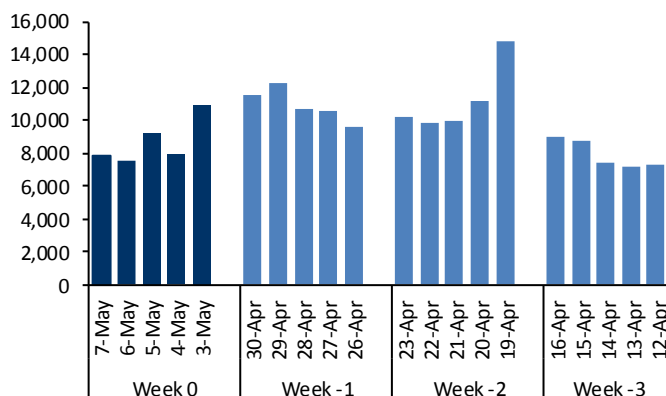
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
ANB Insurance	58.16	-16.8%	8.2%	287
SASCO	25.85	-14.9%	6.0%	297
AICC	15.5	-12.7%	21.2%	186
Tawuniya	87.91	-8.8%	76.0%	169
Buruj	29.45	-7.5%	42.4%	153

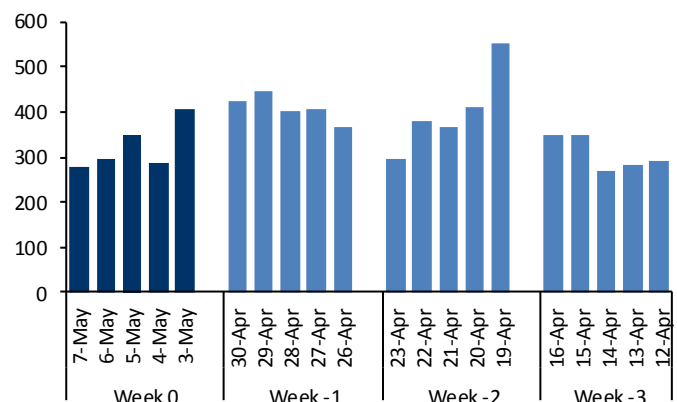
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity during the week was lower with the overall market trading 1,619mn shares (2,051mn and 2,009mn in the preceding two weeks). The week's turnover also decreased to SAR 43.4bn vis-a-vis SAR 54.6bn and SAR 56.1bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabia's central bank said it expected stable inflation in the second quarter of 2015, with weak global commodity prices offsetting any upward pressure due to seasonal demand.
- ▶ Saudi Electricity Co. (SEC) is looking for investment opportunities to offset financial pressures on its core electricity business, its chief executive said.
- ▶ Saudi Arabia's stock market regulator had approved the IPO of Saudi Ground Services Co., an aviation ground handler and an unit of Saudi Arabian Airlines. The company plans to sell 30% of its shares in the IPO.
- ▶ National Shipping Company of Saudi Arabia (Bahri) plans to make a debut sukuk issue worth up to SAR 3.9bn this quarter.
- ▶ A new government policy-making council in Saudi Arabia may accelerate privatisations of state-owned companies, Saudi Stock Exchange chief executive said.
- ▶ Rating agency Moody's said that Saudi Arabia's cabinet reshuffle, occurring soon after King Salman's smooth succession to the throne in January, is credit positive.
- ▶ More than 9.6 million vehicles crossed the Bahrain-Saudi Arabia King Fahad Causeway in both directions last year, data from General Directorate of Traffic showed.
- ▶ Bahrain's Gulf Finance House will buy a mall in the city of Jeddah for SAR 180mn, the investment firm said. The investment will produce an average cash return of 12%.
- ▶ Saudi Arabia has created a new 10-member supreme council for state-run oil company Saudi Aramco, headed by the kingdom's deputy crown prince.
- ▶ Saudi Aramco is reportedly in negotiation to buy 1.7 million barrels of gasoil for delivery in May to meet a potential rise in domestic demand for the power generation fuel in summer.
- ▶ Saudi Arabia's financial position is very strong despite the plunge in oil prices since last year, and the Kingdom is focusing spending on economic development projects to stimulate the private sector, Finance Minister said.
- ▶ The Royal Commission in Yanbu has signed a lease for an industrial land to establish a titanium sponge production factory with an estimated cost of SAR 1.6bn.
- ▶ Dur Hospitality signed an agreement with InterContinental Hotels Group to use the Holiday Inn brand for Makarim Tabuk Hotel.
- ▶ Spimaco has reached an agreement with a US firm to sell its stake in EirGen Pharma for about USD 135mn.
- ▶ Qassim Cement has sold its stake in Cement industrial Co. to Saudi Industries Development Co. for SAR 30mn.
- ▶ Herfy Food Services Co. signed a credit facility agreement worth SAR 100mn with Al-Rajhi Bank.
- ▶ Abdullah A. M. Al-Khodari Sons said it has been awarded a SAR 119mn contract from Jazan municipality for waste collection and disposal in Jazan.

OTHER GULF NEWS

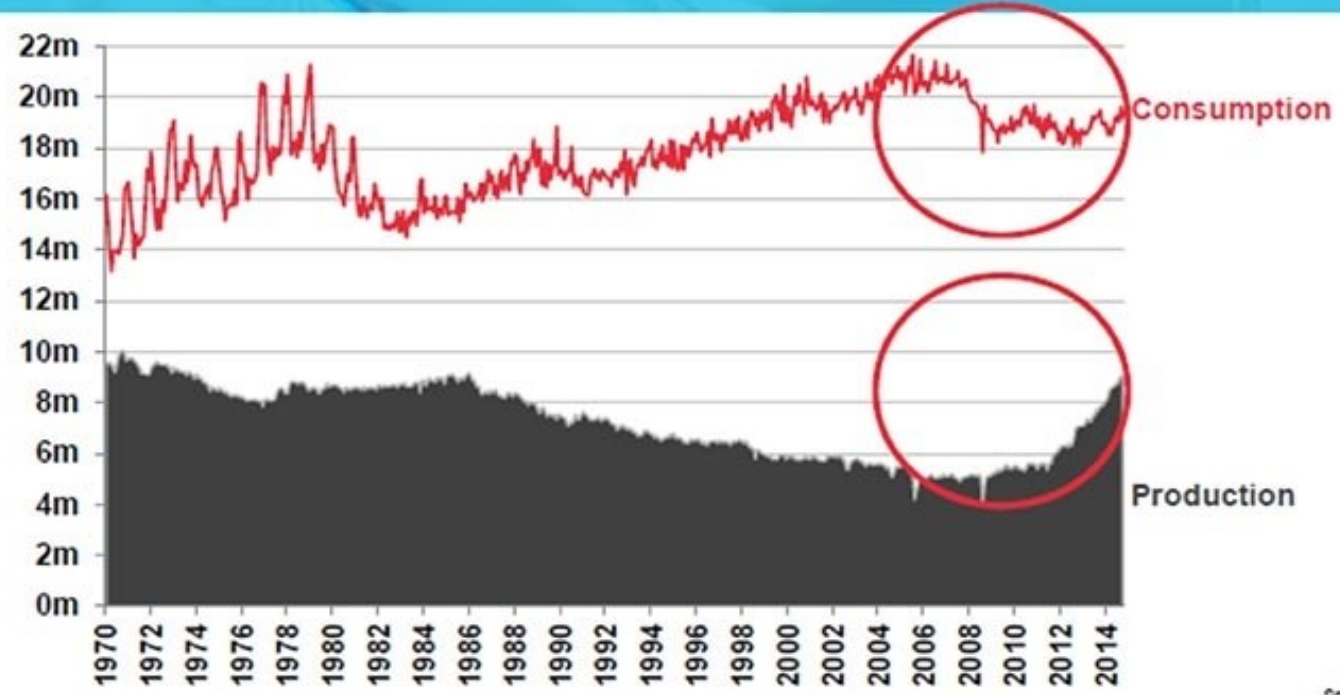
- ▶ Qatar Business Incubation Centre (QBIC) and Qatar Mobility Innovations Centre (QMIC) have signed a MoU to collaborate and mutually promote each other as incubation partners supportive of innovative business projects.
- ▶ Qatar Petroleum invited international oil and gas companies to compete to operate and develop its Al-Shaheen oilfield from mid-2017. QP's existing 25-year agreement with Maersk Oil of Denmark expires in mid-2017.
- ▶ Four companies are reportedly in the running for the first phase of Dubai's clean coal power project, with Saudi Arabia's ACWA Power submitting the lowest bid.
- ▶ The number of visitors to Dubai rose 8.2% to 13.2 million in 2014, helped by easier entry rules, more business conferences and an expanding entertainment and retail sector, its tourism chief said.
- ▶ UAE's Ministry of Finance and Ras Al Khaimah Investment Authority have signed a MoU to ensure the implementation of international standards of transparency in the exchange of information for tax purposes.
- ▶ Abu Dhabi's Mubadala and Singapore's Temasek are said to be among shareholders looking to sell their stakes in Dunia Finance, a personal finance company.
- ▶ Oman government sees privatisation as a way to share the wealth with the public and therefore will move ahead with its plans in due course, Undersecretary at the Ministry of Oil and Gas said.
- ▶ Oman Oil Refineries and Petroleum Industries Company has broken ground on its USD 320mn Al Jifnain Terminal project, which involves construction of a new two-way 290-km-long multi-product pipeline.
- ▶ The Bahrain cabinet has approved spending of BHD 3.571bn in its budget for 2015, and spending of BHD 3.721bn for 2016.
- ▶ The World Bank approved a USD 500mn loan to help Egypt finance the construction of one million housing units for low-income residents over five years, the country's housing minister said.
- ▶ Canada's Bombardier Inc and Egypt's Orascom Construction and Arab Contractors will build a USD 1.5bn mono-rail near Cairo, Egypt's housing minister said.

GLOBAL ECONOMIC NEWS

- ▶ Employers in the US created 223,000 new jobs in April. US Department of Labor said the unemployment rate dropped to a seven-year low of 5.4% in April, down from 5.5% in March.
- ▶ The US's trade deficit rose 43.1% in March to USD 51.4bn its highest level since October 2008 and up from USD 35.9bn reported in February.
- ▶ China's monthly trade data has shown exports fell in April from a year ago by 6.2% in yuan terms. The country's trade surplus has risen to CNY 210.2bn from CNY 18.6bn in March.
- ▶ Syngenta AG, the world's largest maker of agrochemicals, rejected a USD 45bn takeover offer from U.S. rival Monsanto Co.

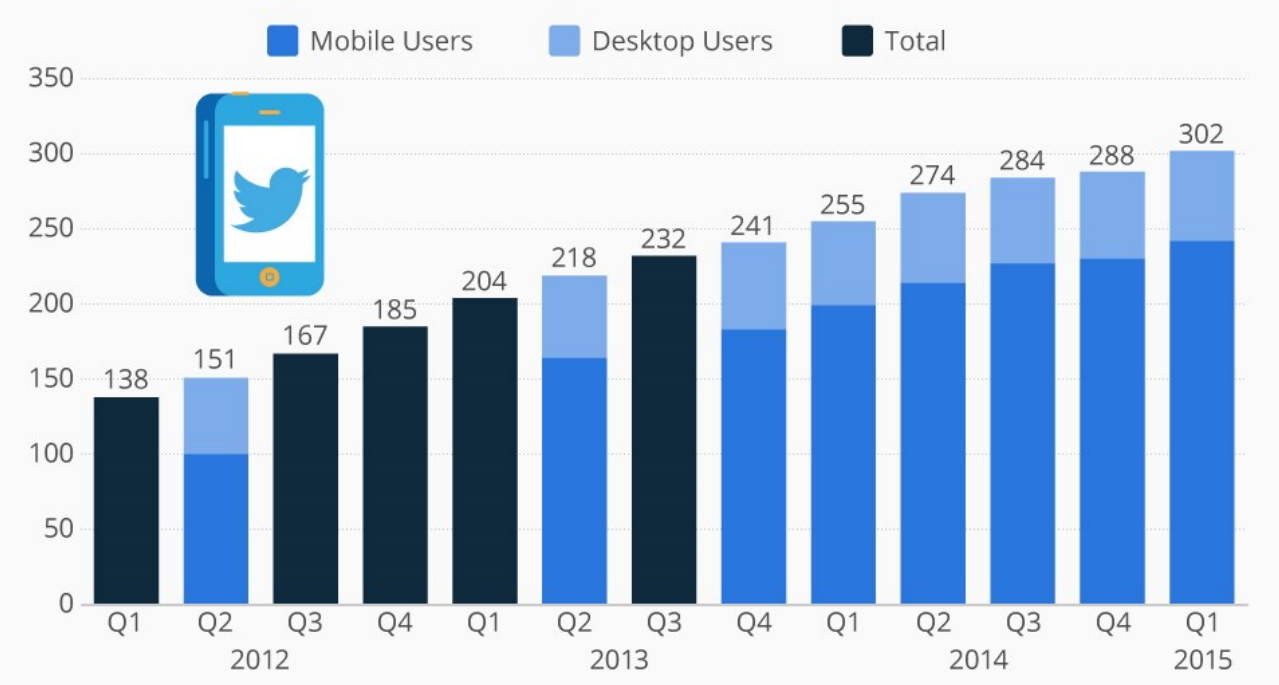
CHARTS OF THE WEEK

Chart 1: US Petroleum Production and Consumption, 1970 – 2014 (Barrels per day)



Source: EIA, Bloomberg


Chart 2: Number of Monthly Active Twitter Users (in Millions)




Source: Twitter, Statista


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