

Saudi Stock Market - Weekly Update

For the Week ending 21 May 2015

“It is expected that there will be some sort of a balance in the oil market in the second half of 2015 which will support prices “

- Mr. Nawal al-Fuzaia, Kuwait OPEC Governor

TASI PERFORMANCE FOR THE WEEK

TASI INCHES UP

Tadawul All Share Index (TASI) started the week with a gain which tapered-off as the week progressed. TASI showed lower volatility with only 135 points separating the high and low points of the week. The index finally closed at 9,768 points, registering an increase of 0.4%.

“TASI – marginal increase of 0.4%”

Investors are probably waiting in the sidelines for the market to begin its next directional move. A few key events in the coming weeks which will have an impact on the Saudi Arabian markets are: OPEC’s semiannual meeting scheduled for June 05, June 15 being the start date for foreign institutions to invest in Saudi Arabian markets and June 30 being the date for reach of agreement and possible lift of sanctions on Iran - although this is still uncertain and unclear.

The oil price was under pressure during the week with the Brent trading at USD 65 per barrel levels. The negative sentiment was probably triggered by a bearish report from Goldman Sachs which predicted oil to touch USD 45 by October.

Separately, in US, the core consumer price index climbed 0.3% in April while it declined 0.2% year on year. Increase in inflation had made a case for the Fed to increase interest rates this year. Federal Reserve Chair said she still expects to raise interest rates this year if the economy meets her forecast.

“US Core Consumer price index climbs 0.3%”

Chart 1: TASI Close & Market Turnover

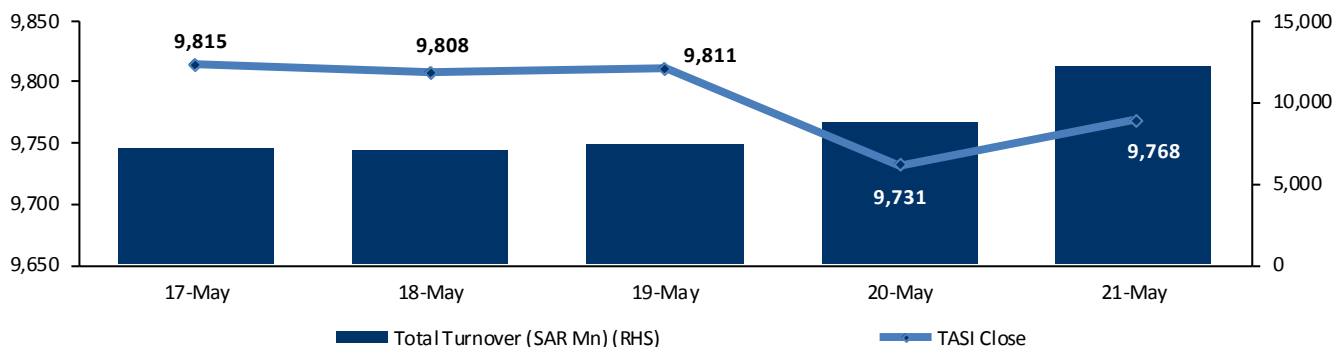
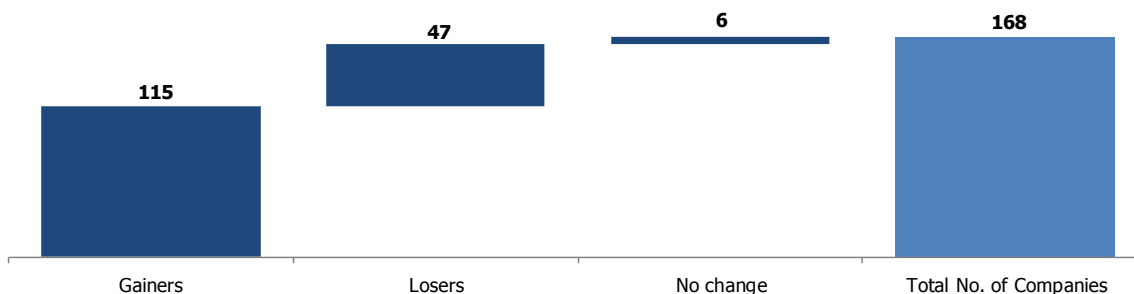
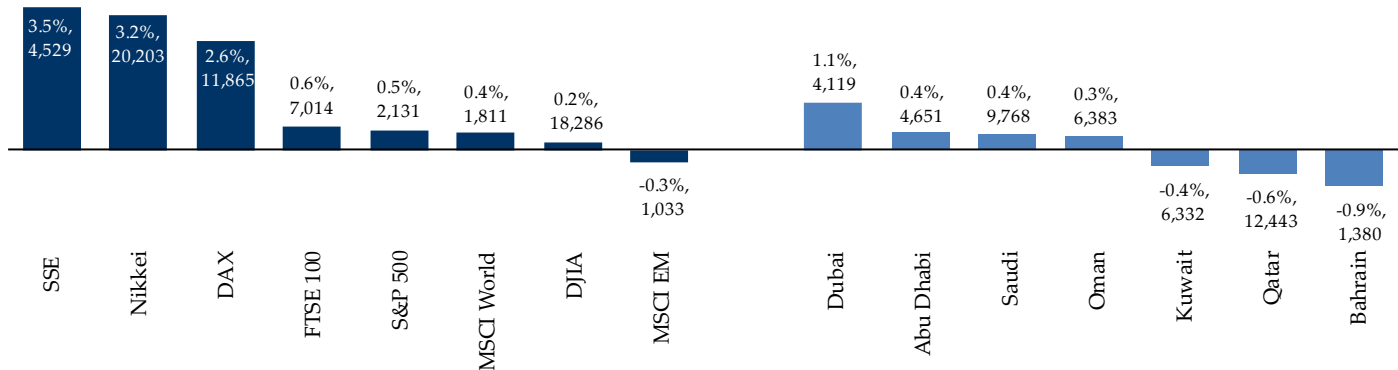


Chart 2: Trading Statistics



Saudi market breadth was positive with 115 gainers as against 47 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

“8 out of 15 indices closed the week in Red”

Sector indices reflected negative trend with decline in 8 out of 15 indices. Transport index (+9.0%) reported the highest gain followed by Insurance (+4.5%) and Retail (+2.9%). Agriculture and Petrochemicals lost 0.7% each and were the top losing indices closely followed by Industrial Investment (-0.4%). Banks inched up 0.2%.

Banks contributed 22.8% to the total value and 27.9% to the total volume and became top traded sector for the week. Insurance which contributed 14.4% to the value and 13.9% to the volume stood second.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,732	9,768	0.4%	17.2%	1,435	42,783	754,092
Banks & Financial Services	21,862	21,914	0.2%	19.7%	401	9,755	52,586
Petrochemical Industries	6,879	6,830	-0.7%	16.6%	155	5,486	62,093
Cement	7,077	7,071	-0.1%	3.2%	26	795	16,019
Retail	17,306	17,806	2.9%	14.7%	40	3,459	138,707
Energy & Utilities	7,273	7,270	0.0%	28.7%	23	499	7,410
Agriculture & Food Industries	12,139	12,052	-0.7%	3.3%	48	2,308	37,789
Telecom & IT	1,823	1,820	-0.2%	-6.3%	60	1,097	18,277
Insurance	1,581	1,652	4.5%	29.5%	199	6,160	168,529
Multi-Investment	4,525	4,611	1.9%	25.3%	44	963	19,762
Industrial Investment	9,020	8,984	-0.4%	36.3%	80	3,980	95,420
Building & Construction	3,801	3,825	0.6%	15.8%	63	1,977	43,289
Real Estate Development	8,025	8,014	-0.1%	35.5%	244	3,718	50,705
Transport	9,552	10,414	9.0%	43.8%	37	1,734	26,216
Media and Publishing	2,313	2,311	-0.1%	5.0%	2	65	2,238
Hotel & Tourism	24,460	25,108	2.6%	27.0%	11	787	15,052

THIS WEEK'S WINNERS & LOSERS

Top Gainer
Saudi
Company for
Hardware
(+44.6%)

Saudi Co. for Hardware surged 44.6% and continued to be the top gainer for the week. It closed at SAR 134.11 and has gained 91.6% in two weeks of listing. SABB Takaful (+19.7%) and Saudi Transport and Investment Company (+13.9%) stood second and third. On the other side, Zamil Industrial Investment Co. fell 3.1% and became the top loser closely followed by Saudi Arabian Mining Company (-2.8%) and Savola Group (-2.7%).

Top Loser
Zamil Industrial
Investment Co
(-3.1%)

SABIC, the gulf's largest company decreased 2.35% for the week and clocked a turnover of SAR 2.83bn. SABIC has gained 25.89% YTD to close SAR 105.12.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
SACO	134.11	44.6%	91.6%	2,285
SABB Takaful	45.49	19.7%	44.9%	913
mubarrad	70.11	13.9%	108.6%	690
Bahri	53.49	12.6%	57.4%	529
AICC	15.77	12.5%	23.3%	367

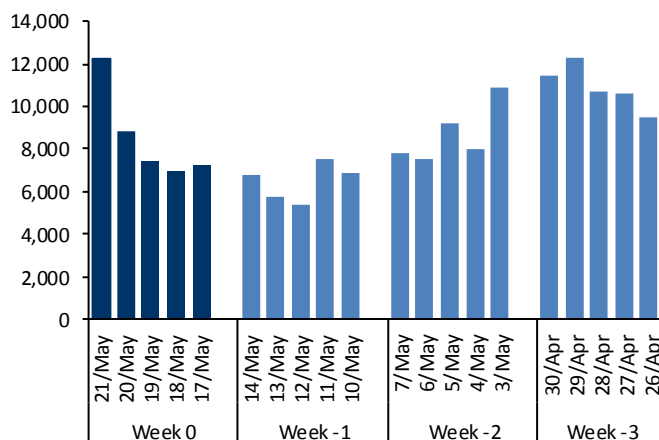
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Zamil Indust	64.5	-3.1%	37.2%	171
MAADEN	42.61	-2.8%	39.3%	517
Savola Group	74.06	-2.7%	-5.9%	174
SABIC	105.12	-2.4%	25.9%	2,834
Takween	72.43	-2.3%	51.4%	104

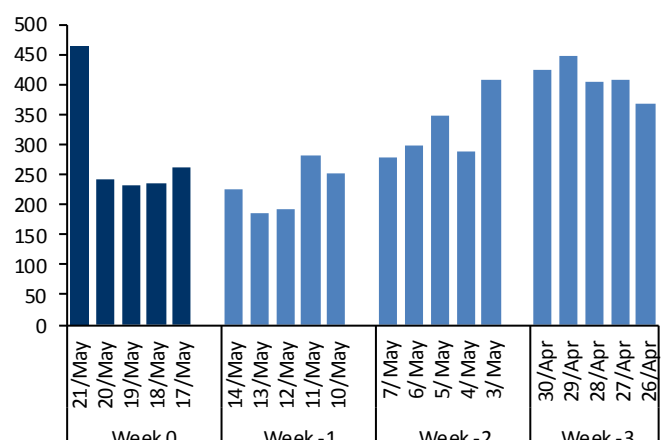
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity improved during the week with the overall market trading 1,435mn shares (1,137mn shares and 1,619mn in the preceding two weeks). The week's turnover was at SAR 42.8bn vis-a-vis SAR 32.3bn and SAR 43.4bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi non-oil exports dropped by 19.4% year on year in March 2015, to reach SAR 15.7bn. Total imports increased by 2.8% to SAR 55.6bn, according to Central Department of Statistics and Information.
- ▶ Saudi Arabia's inflation increased by 0.3% in April compared to the level in March. Inflation rose by 2% year-on-year.
- ▶ As part of a comprehensive plan to expand its infrastructure, Saudi Arabia has decided to invest SAR 525bn in the transport sector alone within the next 10 years, governor of Saudi Arabian General Investment Authority said.
- ▶ Petro Rabigh restarted the vacuum distillation unit (VDU) at its oil refinery, after having completed unscheduled maintenance.
- ▶ Saudi Arabian Oil Co. (Aramco) plans to increase its refining and processing operations in China, South Korea and Japan. Separately, Saudi Aramco Entrepreneurship Center, has launched 50 new projects.
- ▶ Abdullah A. M. Al-Khodari Sons Co. signed agreement with Gulf International Bank to renew Islamic credit facilities at a total value of SAR 290mn.
- ▶ Jabal Omar Development Co. signed a SAR 2bn Islamic bridge financing with Saudi British Bank and Samba Financial Group.
- ▶ Saudi Arabia's oil exports increased by 10% year on year to 7.9mn barrels a day in March, highest level since 2003 according to the Joint Organisations Data Initiative.
- ▶ Saudi Transport and Investment Co. (Mubarrad) renewed its MoU with Muqbil Al Mulhim Co. to complete the formalities to acquire the majority stake in Al Mulhim's school transport segment. Separately, Mubarrad signed an agreement with Kuehne + Nagel to transport metals inside and outside the Kingdom which is estimated to generate revenue of more than SAR 14.5mn per annum.
- ▶ Saudi Arabian Capital Market Authority cancelled the initial public offering of Arabian Contracting Services Company, upon the company's request.
- ▶ Al Sorayai Trading & Industrial Group is planning to export to new market this year in several countries across Africa and Russia.
- ▶ Abdullah Al Othaim Markets has agreed to reduce its stake in Mueen Recruitment Co. to 68% from 88%.
- ▶ Emaar Economic City has signed a Murabaha agreement with Banque Saudi Fransi for a total value of SAR 1bn.
- ▶ Saudi Arabian Airlines will expand its fleet from 119 to 200 planes by 2020, said the carrier's director-general.
- ▶ Saudi Ceramics cancelled its plan to buy the remaining shares in its subsidiary Saudi Ceramic Pipes Co. The decision has no financial impact.
- ▶ Taiba Holding has completed the regulatory requirements as to purchase a minority stake in Al-Theraa Al-Makin Industrial Co.

OTHER GULF NEWS

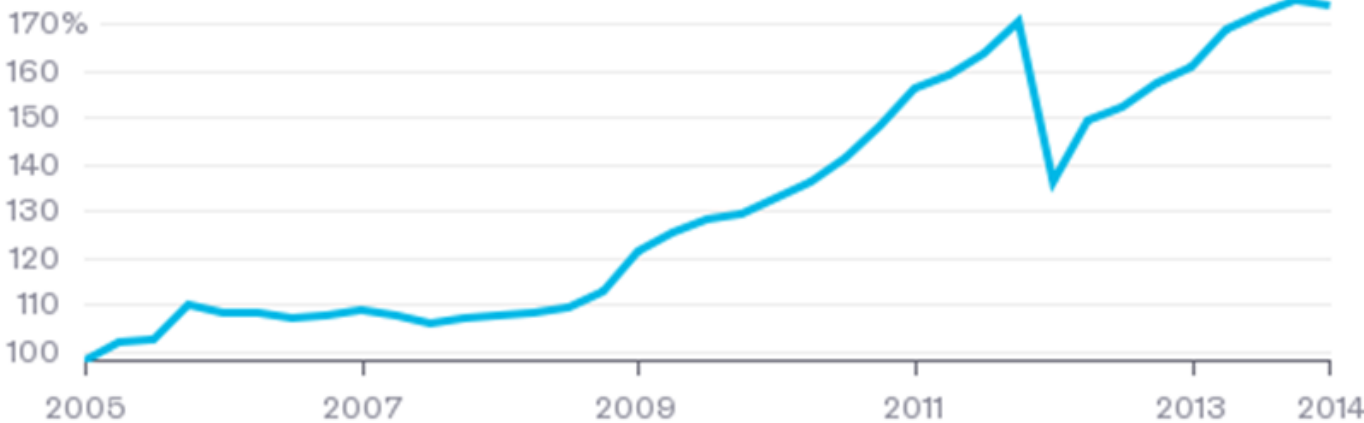
- ▶ Governments in the Middle East and North Africa will spend USD 11.97bn on IT products and services in 2015, a 0.4% increase from 2014, according to Gartner Inc.
- ▶ Gulf Asia Contracting, part of the RP Group, has been awarded over AED 2.28bn in civil and industrial construction contracts in the UAE.
- ▶ China Petroleum Engineering and Construction Corporation has won USD 330mn contract to help develop Mender oilfield in Abu Dhabi's major onshore oil concession.
- ▶ Kuwait's Al Ahli Bank will pay USD 150mn, its own cash resources, for a 98.5% stake in the Egyptian unit of Greece's Piraeus Bank, to support a regional expansion drive.
- ▶ Four international companies are bidding for the contract to construct Oman Wind power project at Thamrait in Dohar with an estimated cost of USD 125mn.
- ▶ Oman's United Finance said that National Bank of Oman had confirmed interest in participating in a bidding process for a possible acquisition of the company.
- ▶ Oman is expected to allow independent power producers to sell electricity in spot market sometime in 2020.
- ▶ Joint venture of MAG Property Development and MBM Holding plans to build 1,000 affordable homes around Dubai World Central.
- ▶ Qatar's consumer price index inflation fell to 0.9% year-on-year in April 2015 according to the Ministry of Development Planning and Statistics.
- ▶ State-owned Qatar Petroleum will announce a restructuring plan in the coming months to adapt to the drop in oil prices, Chief Executive Officer of Qatar Petroleum International said.
- ▶ VIVA Bahrain and AVAYA have entered into an agreement to deliver team and customer engagement solutions to large, medium, and small businesses in the Kingdom of Bahrain.

GLOBAL ECONOMIC NEWS

- ▶ Japan's GDP grew at 2.4% year on year for the first three months of 2015 and Bank of Japan has kept the monetary stimulus unchanged.
- ▶ The European Union and Ukraine have signed a Memorandum of Understanding to provide EUR 1.8bn of additional aid to Ukraine.
- ▶ UK government borrowing fell to GBP 6.8bn in April, down from GBP 9.3bn a year earlier.
- ▶ Boeing Co. won a commitment from a Chinese airline and two aircraft-leasing companies for single-aisle jets valued at USD 6.1bn.
- ▶ Hewlett-Packard is selling a 51% stake in its Chinese server business for USD 2.3bn to Tsinghua Holdings

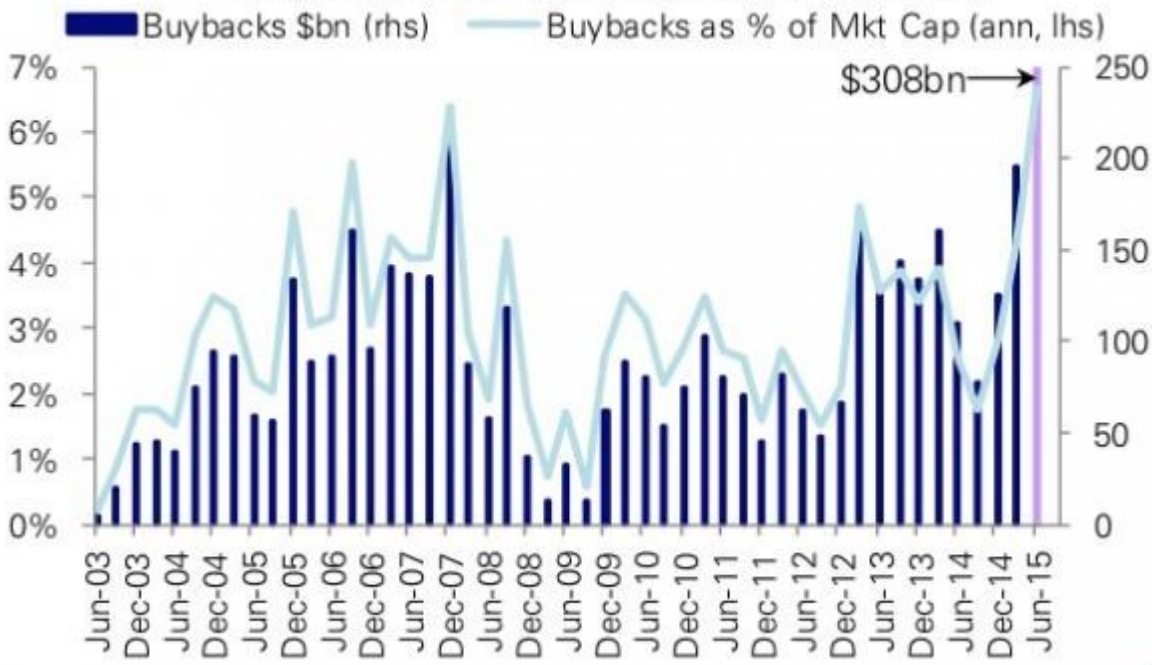
CHARTS OF THE WEEK

Chart 1: Greek – Public Debt as percentage of GDP



Note: Figures are for first quarter of each year
Source: Bloomberg


Chart 2: Stock Buyback Announcements in the US




Source: Bloomberg Finance, Factset, Deutsche Bank


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