

## Saudi Stock Market – Weekly Update

For the Week ending 04 June 2015

“I tell the world don't be preoccupied with prices as they are determined in the market and there are a lot of speculators and the market has several elements and prices change daily up and down.”

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

### TASI PERFORMANCE FOR THE WEEK

### TASI SLIPS

“TASI slumps  
0.9%”

Tadawul All Share Index (TASI) slumped yet again this week by decreasing 0.9% to close at 9,668 points. The market continued to remain lull, with lower volumes, even as the entry of Foreign Institutional Investors is fast approaching. All regional indices increased during the week with the exception of Saudi Arabia.

In the oil market, OPEC has decided to maintain its production levels for at least another six months even as some countries including Iraq, Iran and Libya are expected add more oil into market. Separately, OPEC has pumped 31.58mn barrels per day in May, exceeding its target of 30mn bpd for 12th consecutive month. Other oil producers (read US) are not only maintaining production but also increasing efficiency to meet the demand from emerging markets. Brent crude closed the week at USD 61 per barrel levels.

Shifting focus to Europe, Greece is yet to reach any settlement with its creditors and has delayed repayment of an IMF loan. The country, in an unusual move, decided to postpone payment of EUR 300mn to IMF and has requested to bundle together its four June IMF debt repayments. Greece will have to pay EUR 1.6bn to the IMF and EUR 1.5bn in pensions and wages by the end of May. Greece is sticking to its stance and the Prime Minister is quoted as saying: “We are committed to finding a solution that puts an end to unrealistic surpluses & austerity, and makes the debt sustainable. “

“Greek delays  
EUR 300mn of IMF  
payment”

Chart 1: TASI Close & Market Turnover

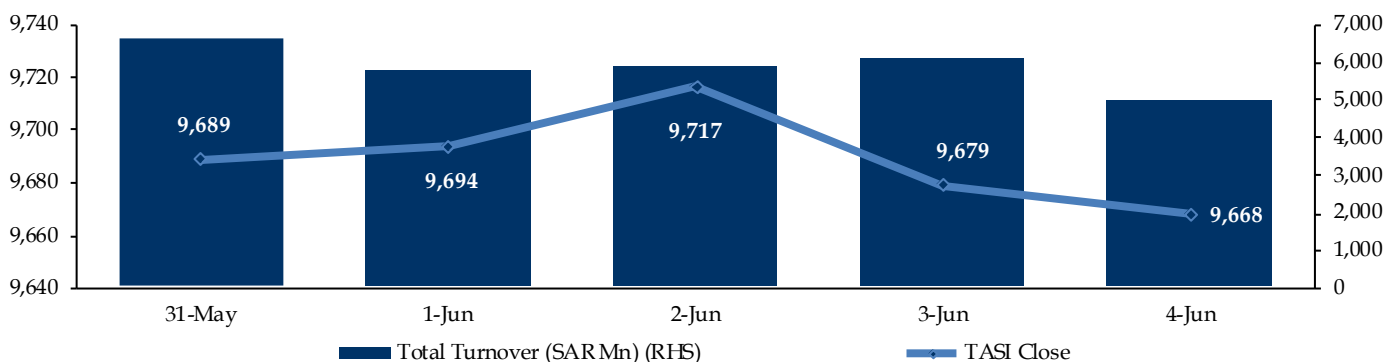
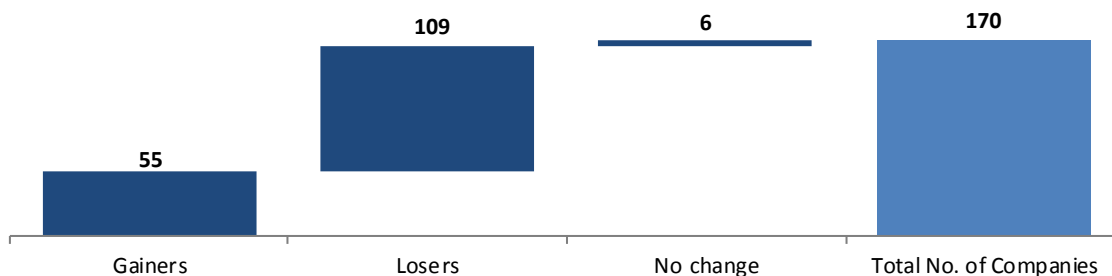
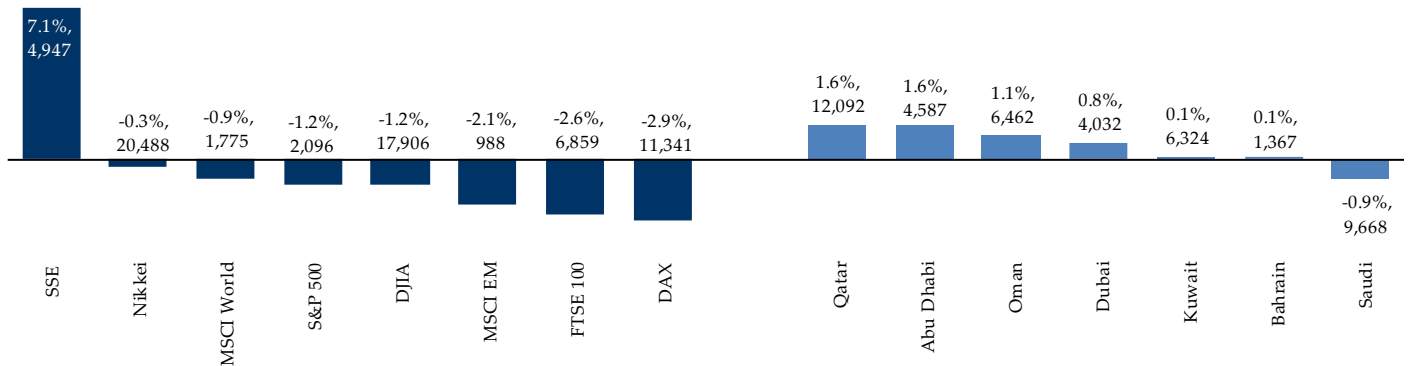


Chart 2: Trading Statistics



Saudi market  
breadth was  
negative with  
55 gainers as  
against 109 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

**“10 out of 15 indices closed the week in Red”**

The sector indices reflected the movement in TASI with 10 out of 15 indices registering downward movement. Transport (+1.3%) was the highest gainer followed by Insurance (+1.1%) and Agriculture (+0.3%). Energy & Utilities declined 5.5% followed by Real Estate (-3.2%) and Hotel (-2.9%). While Banks lost 0.9%, Petrochemicals (0.0%) remained stable.

Insurance became the top traded sector during the week by contributing 17.7% to the total value and 19.5% to the total volume. Banks stood second by contributing 14.0% to the total value and 15.7% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,757	9,668	-0.9%	16.0%	864	29,489	560,163
Banks & Financial Services	21,748	21,563	-0.9%	17.7%	135	4,129	43,877
Petrochemical Industries	6,715	6,718	0.0%	14.7%	90	3,466	46,052
Cement	7,101	7,030	-1.0%	2.6%	28	813	17,948
Retail	17,893	17,828	-0.4%	14.9%	52	3,721	67,242
Energy & Utilities	7,289	6,890	-5.5%	22.0%	11	231	4,180
Agriculture & Food Industries	12,049	12,080	0.3%	3.5%	54	2,158	46,175
Telecom & IT	1,814	1,781	-1.8%	-8.3%	45	745	12,852
Insurance	1,665	1,683	1.1%	31.9%	169	5,218	140,863
Multi-Investment	4,609	4,578	-0.7%	24.4%	32	731	16,537
Industrial Investment	9,448	9,245	-2.1%	40.2%	58	2,635	58,787
Building & Construction	3,820	3,789	-0.8%	14.7%	51	1,521	37,629
Real Estate Development	8,210	7,949	-3.2%	34.4%	102	2,072	34,999
Transport	10,364	10,495	1.3%	44.9%	28	1,506	21,608
Media and Publishing	2,303	2,304	0.0%	4.7%	3	88	3,088
Hotel & Tourism	24,787	24,064	-2.9%	21.7%	6	456	8,326

## THIS WEEK'S WINNERS & LOSERS

**Top Gainer**  
**Saudi Arabian Cooperative Insurance Company**  
**(+16.2%)**

Saudi Arabian Cooperative Insurance Company increased 16.2% and became the top gainer. It closed at SAR 27.57 and has gained 54.4% YTD. Saudi Transport and Investment Company (+10.6%) and Saudi Automotive Services Co (+9.4%) came distant second and third. On the other side, Saudi Arabia Refineries Co decreased 7.2% and was the top losing stock followed by Saudi Electricity Co. (-6.1%) and Jabal Omar Development Co. (-5.1%)

**Top Loser**  
**Saudi Arabia Refineries Co**  
**(-7.2%)**

SABIC, the gulf's largest company, edged up 0.39% for the week and clocked a turnover of SAR 1.89bn. SABIC has gained 23.88% YTD to close SAR 103.44.

### Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
SAICO	27.57	16.2%	54.4%	267
mubarrad	73.56	10.6%	118.9%	663
SASCO	29.71	9.4%	46.2%	351
ALJOUF	49.37	8.0%	21.0%	139
Malath Insuranc	33.31	6.7%	9.8%	779

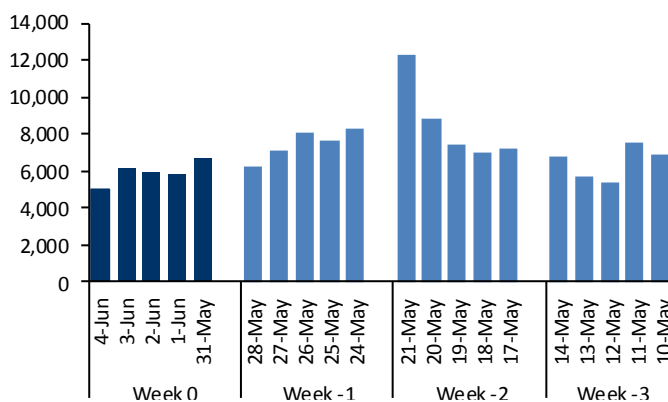
### Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
SARCO	62.98	-7.2%	27.4%	158
Saudi Electric.	18.85	-6.1%	26.5%	204
Jabal Omar	77.13	-5.1%	46.9%	573
Jouf Cement	17.03	-5.0%	21.2%	196
Najran Cement	28.08	-4.8%	6.2%	50

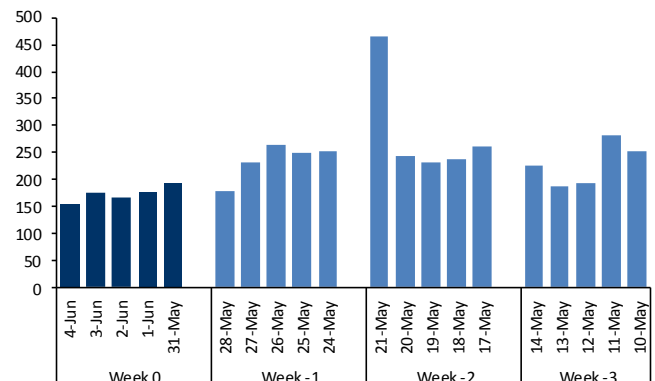
## THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity decreased for the second consecutive week with the overall market trading 864mn shares (1,179mn shares and 1,441mn in the preceding two weeks). The week's turnover was at SAR 29.5bn vis-a-vis SAR 37.3bn and SAR 42.8bn in the preceding two weeks.

### TASI Weekly Turnover Trend (SAR Mn)



### TASI Weekly Volume Trend (Mn)



## SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabian government may resume issuing bonds this year, easing downward pressure on the country's foreign reserves caused by low oil prices, a senior International Monetary Fund official said.
- ▶ Saudi Arabia is projected to run a fiscal deficit of around 20% of GDP in 2015 according to the International Monetary Fund (IMF). IMF expects Saudi Arabia to post a GDP growth of 3.5% in 2015.
- ▶ Saudi Arabia's headline Purchasing Managers' Index declined to 57.0 in May, the lowest reading since May 2014.
- ▶ Net foreign assets at Saudi Arabia's central bank fell to USD 678.8bn in April, down by USD 11.8bn or 1.7% from the previous month.
- ▶ Shares in five listed Saudi Arabian companies will not be open to investment by foreigners when the market permits direct stock purchases by foreign institutions this month. The five are Jabal Omar Development , Taiba Holding Co , Knowledge Economic City , National Shipping Co of Saudi Arabia (Bahri) , and Makkah Construction & Development Co .
- ▶ Haramain High-Speed Rail Project connecting the cities of Jeddah and Makkah has been completed 96% and the project is on track for operation by the end of 2016.
- ▶ Kingdom Hotel Investments, subsidiary of Kingdom Holding Co. has sold 50% stake in the Four Seasons Resort Mauritius at Anahita to Sun Resorts.
- ▶ Saudi International Petrochemical Co. has launched commercial production at the cable insulation polymers plant of its subsidiary Gulf Advanced Cables Insulation Co.
- ▶ Spimaco board has given green light for establishing an anticancer drug plant at an initial cost of SAR 200mn. Separately, a SAR 5mn capital new subsidiary will be established to manage and operate medical centres.
- ▶ Ports Development Co., subsidiary of Emaar the Economic City has signed a Murabaha financing agreement worth SAR 1bn with Arab National Bank and Saudi British Bank.
- ▶ Emaar the Economic City (EEC) signed a Murabaha financing deal worth SAR 1.25 billion with Alinma Bank. Further, EEC has signed an agreement with Alhokair Group to develop a four-star hotel with investments reaching SAR 100mn.
- ▶ Saudi Kayan launched the commercial operation of natural alcohol plant with annual production capacity of 50,000 tonnes.
- ▶ Sadara Chemical Co. has signed a contract to sublease a 43,000 square meter land plot to Dow Specialties to construct, own and operate a 350,000 unit-per-year reverse osmosis membrane plant.
- ▶ Al-Khodari Sons Co. recorded SAR 15.5mn in profits from auctioning off its equipment from 26 to 28 May.
- ▶ Al-Baha Investment Co. has obtained the approval of the Saudi Council of Competition to fully acquire Al-Marakez Al-R`aqia Ltd.

## OTHER GULF NEWS

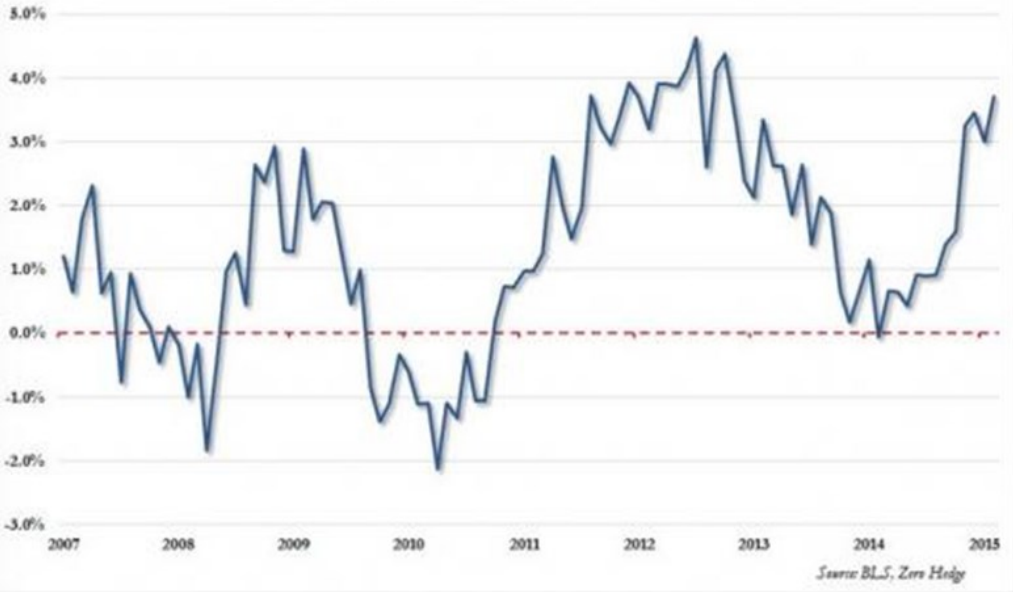
- ▶ Central Bank of UAE has announced a set of new regulations on liquidity risk management for the banking sector as part of compliance requirements for the Basel III rules on capital and liquidity requirements for UAE banks.
- ▶ Siddco Group, UAE has signed an agreement with Abu Dhabi Ports to set-up a key engineering facility at Khalifa Port's industrial zone in Abu Dhabi, UAE.
- ▶ Dubai Parks and Resorts has announced availability of 220,000 sq ft of leasable opportunities for dining and retail.
- ▶ Mubadala GE Capital, a joint venture between the Abu Dhabi state-owned fund and General Electric's finance business, is evaluating options for the future structure of the company
- ▶ Qatar Development Fund and Nebras Power Company have signed a memorandum of understanding to cooperate and study on investment opportunities related to energy projects in several countries.
- ▶ Salam International Investment Limited, Qatar shareholders have approved buying additional shares from Salam Bounian Development Company, as part of a plan to own 100% of Salam Bounian's capital.
- ▶ Bursa Kuwait Securities Company unveiled its strategic roadmap for the takeover of the Kuwait Stock Exchange.
- ▶ Kuwait's low-cost carrier Jazeera Airways has begun the bidding process for acquiring a 35% stake in loss-making state carrier Kuwait Airways.
- ▶ Oman International Development and Investment Company (Oinvest) and Oman National Investment Corporation Holding said their respective shareholders had approved the proposed merger of the two companies.
- ▶ Circle Oil will be exiting Oman by relinquishing its blocks 49 and 52, as it is unwilling to undertake this programme on a sole-risk basis.
- ▶ Royal Dutch Shell is evaluating at least three sites in Oman, country Chairman said.
- ▶ Siemens signed an USD 9b deal with Egypt to supply gas and wind power plants to boost the North African country's electricity generation by 50%.

## GLOBAL ECONOMIC NEWS

- ▶ The US economy added 280,000 jobs in May, the US Labor Department said. The jobless rate, which is based on a different survey, crept up to 5.5% from 5.4%.
- ▶ IMF urged the US central bank to delay any rise in interest rates until 2016. IMF managing director said the Federal Reserve should wait to see "more tangible signs of wage or price inflation".
- ▶ Eurozone Manufacturing Purchasing Managers Index settled at 52.2, matching March's ten-month high.
- ▶ American International Group Inc., the largest commercial insurer in the U.S. and Canada, sold USD 3.7bn in AerCap Holdings NV stock.
- ▶ Vodafone Group PLC said it is in talks with Liberty Global PLC over an "exchange of selected assets".

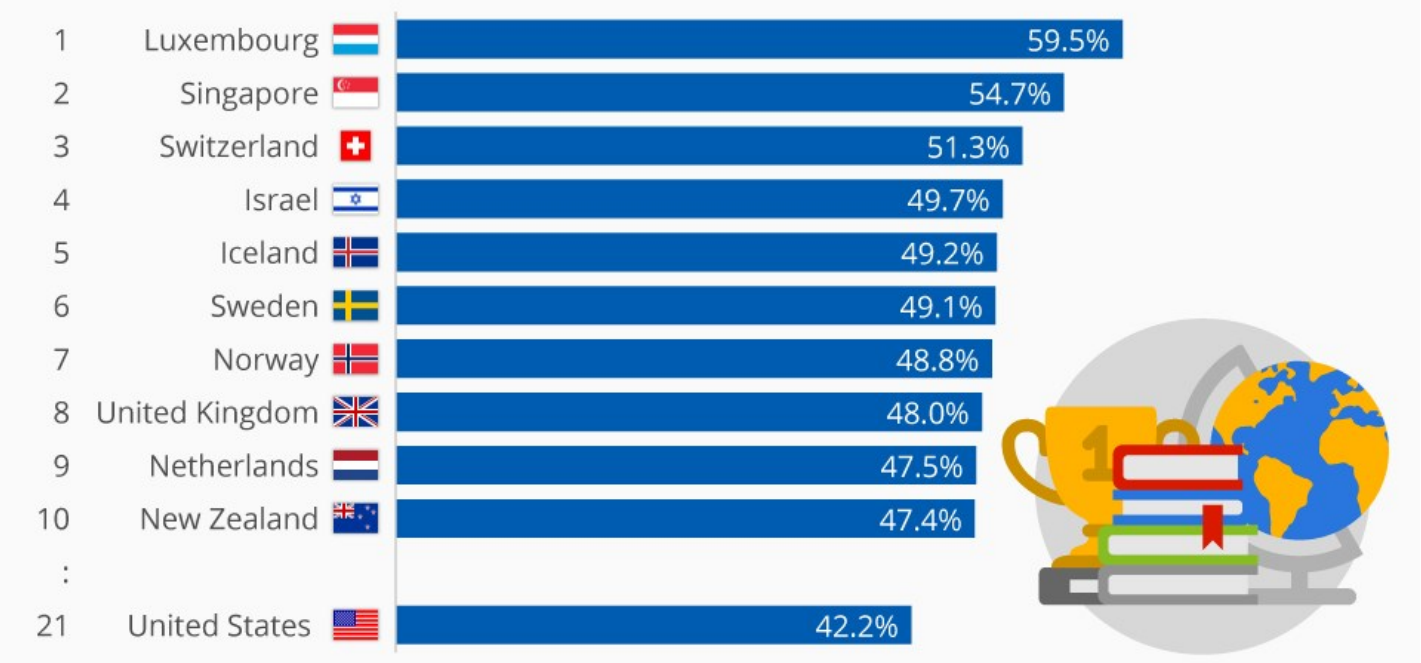
CHARTS OF THE WEEK

Chart 1: Wages of Supervisory Employees in the US (YoY% Change)



Source: BLS, Zerohedge


Chart 2: Countries with the largest share of people in high-skilled employment (2015)




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