

Saudi Stock Market – Weekly Update

For the Week ending 11 June 2015

“Product imbalances have likely been a key factor behind recent oil price strength, and that particular source of support might soon wane as long-delayed refineries eventually reach full production”

- International Energy Agency (IEA)

TASI PERFORMANCE FOR THE WEEK

TASI RECEDES

“TASI declines
1.5%”

Tadawul All Share Index (TASI) continued its downward journey and declined 1.5% for the week to close at 9,518. The opening up of Saudi Arabian market to foreign investors may provide the much required positive impetus to Tadawul. Local investors wait on the sidelines to see the action unfold from June 15. Regional markets exhibited a mixed trend during the week. Dubai gained 1% to become the highest gaining index while Qatar (-1.8%) lagged behind due to unfavorable developments surrounding the hosting of World Cup 2022.

In the oil market, IEA estimated OPEC to have supplied 31.33 million barrels a day in May and Saudi Arabia indicated that it is ready to increase output if needed. Oil prices stood at USD 64.7 a barrel. Citigroup in its note says its hard to tell any change in oil markets as “permanent” or “forever,” and difficult to understand how the oil market will sustain higher prices with the entry of shale oil, deep-water output and oil sands.

In Europe, as a major twist to the Greek story, the IMF has withdrawn its negotiators and staged a walk out. Meanwhile, Greece continues its efforts and is optimistic to reach deal with its creditors soon.

The US Federal Reserve is meeting next week. While the officials are concerned about the increase in the yields and recurrence of taper tantrum, the market does not expect any interest rate increase despite optimism regarding the economy. Look out for any surprises there.

“IMF withdraws
from the Greek nego-
tiation”

Chart 1: TASI Close & Market Turnover

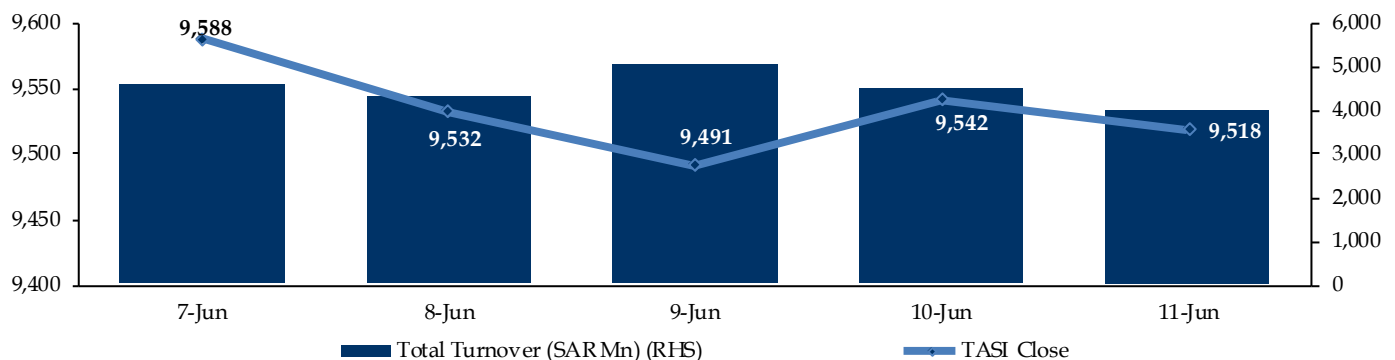
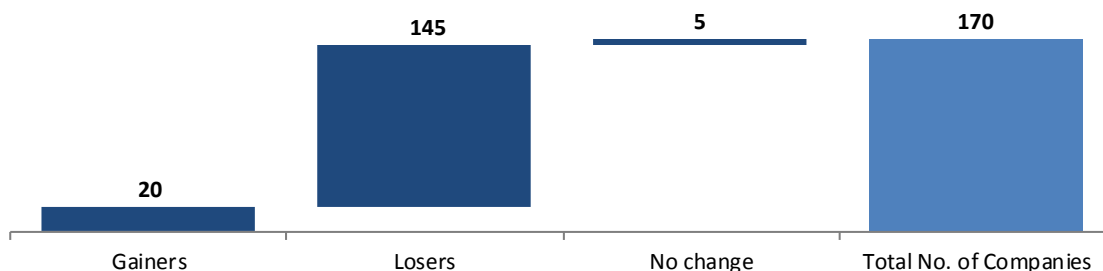
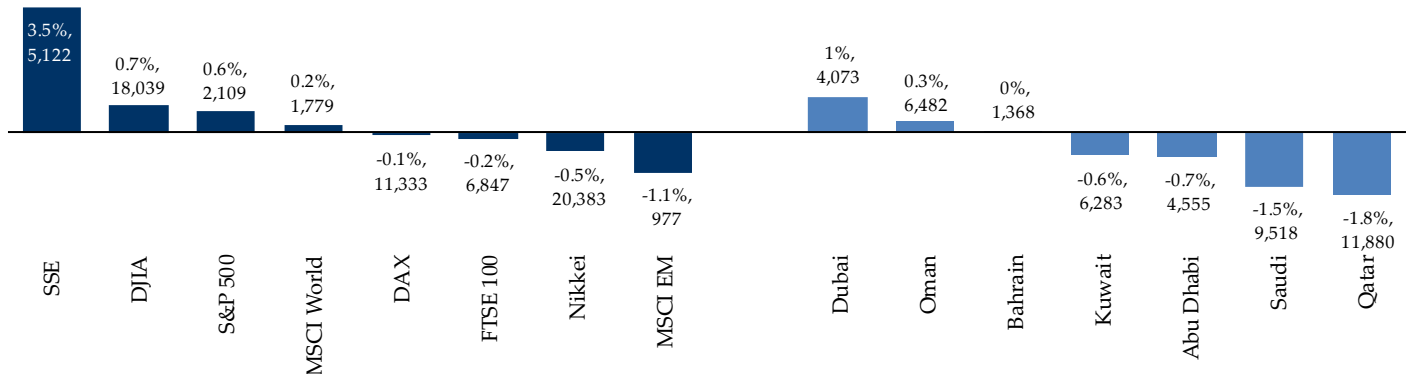


Chart 2: Trading Statistics



Saudi market
breadth was
negative with
20 gainers as
against 145 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

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

All the 15 sectorial indices headed south during the week. The highest decline was reported by Energy & Utilities (-6.2%) followed by Insurance (-3.5%) and Building & Construction (-2.3%). Agriculture & Food reported marginal decline of 0.1% and reported the least negative returns. Banks and Petrochemicals slipped 2.1% and 0.6% respectively.

Insurance continued to be the top traded sector with 20.1% contribution to the total value and 20.1% to the total volume. Banks again stood second traded sector with 19.1% contribution to the value and 21.0% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,668	9,518	-1.5%	14.2%	718	22,516	465,110
Banks & Financial Services	21,563	21,116	-2.1%	15.3%	151	4,308	42,461
Petrochemical Industries	6,718	6,678	-0.6%	14.0%	87	3,260	44,052
Cement	7,030	6,931	-1.4%	1.1%	27	725	17,681
Retail	17,828	17,679	-0.8%	13.9%	33	1,771	41,420
Energy & Utilities	6,890	6,466	-6.2%	14.5%	17	314	5,304
Agriculture & Food Industries	12,080	12,066	-0.1%	3.4%	22	1,047	26,663
Telecom & IT	1,781	1,759	-1.3%	-9.4%	18	372	8,007
Insurance	1,683	1,625	-3.5%	27.3%	145	4,514	139,097
Multi-Investment	4,578	4,496	-1.8%	22.2%	21	457	11,575
Industrial Investment	9,245	9,096	-1.6%	38.0%	46	2,048	47,355
Building & Construction	3,789	3,701	-2.3%	12.1%	34	970	27,432
Real Estate Development	7,949	7,802	-1.9%	31.9%	95	1,503	28,995
Transport	10,495	10,381	-1.1%	43.3%	18	788	14,321
Media and Publishing	2,304	2,264	-1.7%	2.9%	2	96	3,064
Hotel & Tourism	24,064	23,793	-1.1%	20.3%	5	343	7,683

THIS WEEK'S WINNERS & LOSERS

Top Gainer

Al-Rajhi Co. for Cooperative Insurance

(+10.3%)

Al-Rajhi Company for Cooperative Insurance surged 10.3% during the week and became the top gainer. It closed at SAR 34.58 and reported 55.4% YTD returns. This was followed by Saudi Automotive Services Co (+4.55) and Saudi Chemical Company (+3.9%). Contrarily, Al-Ahlia Insurance Co. (-10.0%) led the losers table followed by Alinma Tokio Marine (-7.5%) and Al Alamiya for Cooperative Insurance Company (-7.4%).

Top Loser

Al-Ahlia Insurance Co.

(-10%)

SABIC, the gulf's largest company, slumped 0.25% for the week and clocked a turnover of SAR 1.69bn. SABIC has gained 23.58% YTD to close SAR 103.18.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
AlRajhi Takaful	34.58	10.3%	55.4%	561
SASCO	31.05	4.5%	52.8%	400
Chemical	80.26	3.9%	40.2%	252
Takween	70.49	3.5%	47.4%	43
YANSAB	54.02	3.4%	13.4%	212

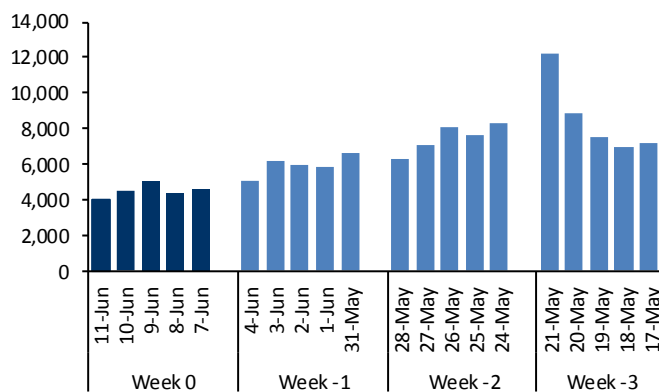
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Al-Ahlia	15.86	-10.0%	13.3%	69
Alinma Tokio M	49.27	-7.5%	33.7%	67
Al Alamiya	62.85	-7.4%	3.1%	50
SAICO	25.57	-7.3%	43.2%	211
ACE	67.69	-6.9%	27.6%	26

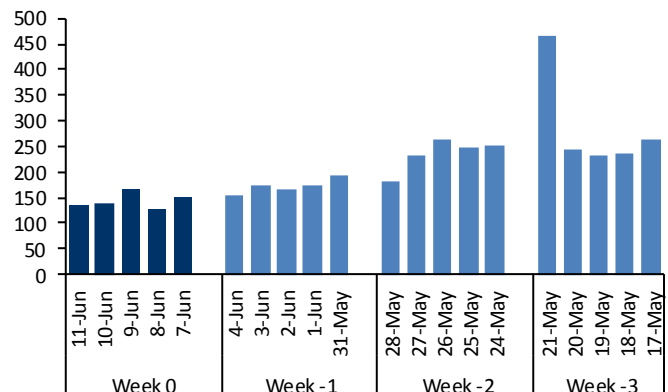
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity slumped yet again for with the overall market trading falling to 718mn shares (864mn and 1,179mn shares in the preceding two weeks). The turnover also receded to SAR 22.5bn vis-a-vis SAR 29.5bn and SAR 37.3bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Saudi Arabia's General Authority of Civil Aviation has awarded a SAR 1.48bn contract to Muhaidib Contracting Company for the expansion of Prince Naif Regional Airport, Al Qassim.
- ▶ Saudi Arabia has raised its oil exports to Far East countries by nearly 3% or 50,000 barrels a day, to exceed 1.6mn barrels a day in July.
- ▶ Saudi Arabia's public debt reached SAR 44.3bn at the end of 2014 representing 1.6% of the gross domestic product and had the lowest ratio of public debt to GDP in the world.
- ▶ Saudi Arabia's Capital Market Authority has halted trading in Mobily shares until it gets a response from the Company on the likely impact on its earnings from an initial regulatory report examining accounting irregularities.
- ▶ In a move to help the private sector hire employees, the Ministry of Labor will now allow companies falling in the red, yellow and low green categories of the Nitaqat system to transfer their workers to firms needing them
- ▶ New crude oil pipelines between Bahrain and Saudi Arabia will be ready by the end of 2017 with up to 400,000 barrels per day.
- ▶ The Islamic Development Bank has decided to raise the ceiling for the bank's special program for issuing medium-term sukuk from USD 10bn to USD 25bn.
- ▶ Saudi Aramco Products Trading Company, a subsidiary of Saudi Aramco, bought about 1.1mn barrels of gasoil for delivery in July. Separately, Saudi Aramco Total Refining and Petrochemical Co. has obtained a SAR 2bn loan from Saudi Industrial Development Fund.
- ▶ Eastern Province has allocated SAR 1bn in the current fiscal year for infrastructure development projects in Dammam.
- ▶ Rabigh Refining and Petrochemical Co. has extended unscheduled maintenance at its hydrogen production unit by four additional days to 13 June.
- ▶ Dur Hospitality has completed the procedures for signing a contract with Royal Commission for Jubail and Yanbu to build a three-star hotel on a 7,600 sq m land plot in Yanbu.
- ▶ United Electronics Co. has signed letter of intent with Mohammed Youssef Al-Saqr and Partners to acquire 51% stake in the fashion retail subsidiary International Provinces Co.
- ▶ Saudi Kayan launched the commercial operation at its natural alcohol plant.
- ▶ Turkish construction company Yuksel Insaat has won a SAR 2.29bn Riyadh Rapid Bus Transit System (BRT) project, which is a part of King Abdulaziz Transport System plan.
- ▶ Zoujaj has completed the expansion of its Riyadh plant which cost SAR 225mn.
- ▶ Elsaeed Contracting rebutted the news about receiving an offer from Makkah Construction to acquire a controlling stake in the Egyptian contractor.

OTHER GULF NEWS

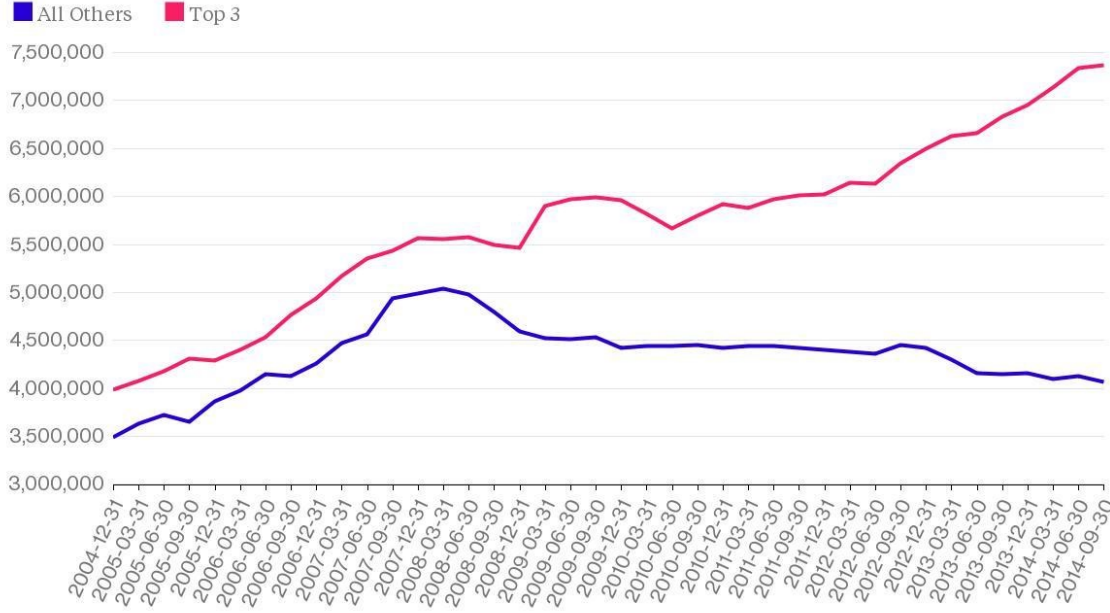
- ▶ Abu Dhabi has issued a law regulating the real estate sector which specifies the jurisdictions of the Department of Municipal Affairs.
- ▶ UAE authorities are discussing changes to the country's banking law which would give the UAE's central bank a role in determining monetary policy.
- ▶ Dubai has approved housing projects worth AED 3.6bn at a committee meeting held at the Mohammed bin Rashid Housing Establishment in Dubai.
- ▶ UAE plans AED 120bn investments for the development of UAE airports.
- ▶ National Drilling Company has signed contracts worth AED 1.9 billion to buy 14 new rigs in UAE
- ▶ Qatar Investment Authority will buy 16.5% stake worth USD 1.2bn from HK Electric Investments.
- ▶ Qatar has cut its 2015 economic growth forecast to 7.3% from 7.7% and now expects its budget to swing to a deficit next year.
- ▶ Kuwait approved a new structure for the privatization of Kuwait Airways under which the state will own 75% of the carrier.
- ▶ Oman's GDP increased 4.6% during 2014, as compared to the 2.4% growth registered in the previous year.
- ▶ Petrofac has won a USD 900mn contract to provide services for one of Oman's integrated oil and gas projects which is expected to come online in 2019 and produce crude and sour gas.
- ▶ Tebodin & Partner LLC has won contract for the development of strategic fuel storage and logistics infrastructure in Oman.
- ▶ Bahrain's Arcapita has announced the sale of a real estate portfolio of senior care communities with over 16 facilities and approximately 4,000 residential units located across the US.
- ▶ Egypt's housing ministry signed a construction deal worth about USD 4.6bn with Arabia Group.

GLOBAL ECONOMIC NEWS

- ▶ HSBC Bank said it is planning to reduce its asset base by USD 290bn and also plans to sell its units in Brazil and Turkey
- ▶ Eurostat has confirmed that the Eurozone economy grew by 0.4% in the first three months of this year.
- ▶ UK's total trade deficit dipped to GBP 1.2bn in April, from nearly GBP 3.1bn in March.
- ▶ China exports in May registered a 2.8% YoY decline vis-à-vis 14.6% and 6.2% in March and April. Separately, HSBC Markit purchasing Managers index stood at 49.1 in May.
- ▶ Delta Air Lines Inc. plans to buy 40 737-900ER planes from Boeing Co. valued at about USD 4bn

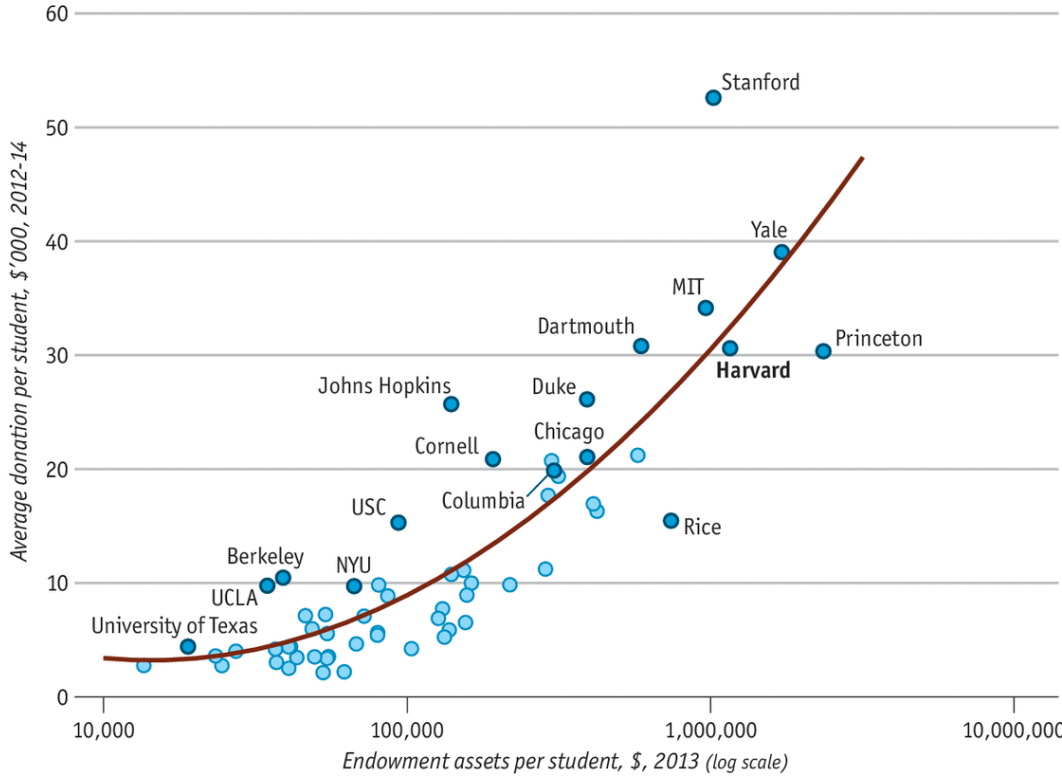
CHARTS OF THE WEEK

Chart 1: Holdings of U.S. Company Debt at the 3 Largest Buyers (Mutual Funds, Insurers & Foreign Investors) USD Mn



Source: Citigroup, Bloomberg


Chart 2: American University Donations and Endowment Wealth




Source: Council for Aid to Education, Department of Education and The Economist


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