



## Major Economic News

- **Residential mortgages** provided by banks to individuals rose 29% Y/Y to SAR 5.3bn in April. Residential mortgages dropped by about SAR 2.3bn (30%) compared to March, hitting the lowest level in nearly a year. Villa mortgages accounted for 69% of total housing loans provided in April. Mortgages for apartments and land plots were SAR 1.39 billion and SAR 270 million, respectively. (Source: Argaam)

## Major Corporate News

- **Arabian Drilling** finalized the discussions with Aramco for the suspension of its 3 offshore rigs. 2 offshore rigs have been suspended for a period upto 12 months, and the third rig whose contract will end in June-24 will not be extended. The decreased offshore rig activity is likely to cause a revenue impact of SAR 190mn, despite which the 2024 revenue guidance is unchanged at SAR 3.6bn to SAR 3.9bn. (Source: Tadawul)
- **SAIC** signed a non-binding MoU with Dar Al-Balad Business Solutions Company to acquire up to 100% of the company's shares. The acquisition is within the framework of SAIC's strategy for continued growth and sustainability that it targets. (Source: Tadawul)
- **ACWA Power** signed Share Purchase Agreement to sell 30% of its shareholding in RAWEC IWSP to Hassana Investment Company, for SAR 844mn. The sale is part of ACWA Power's capital recycling strategy and the company expects to have a gain on this divestment. (Source: Tadawul)

## Market Analysis

The **Saudi Stock Exchange** increased 1.6% to 11,808.3. The value traded stood at SAR 7.9bn (up 41.1% over the previous day), while the advance-decline ratio stood at 207/22. The parallel market index increased 1.7% to 26,563.9 points. The value traded stood at SAR 47.0mn (down 31.8% over the previous day). Most sectors in the main market ended in green. Media and Real Estate (up 7.9% and 3.8%, respectively) advanced the most; while Utilities and Pharma & Bio Tech (down 1.9% and 0.1%, respectively) led the laggards.

## Top Gainers

Company	Price	Change%
SRMG	220.00	10.0
ATHEEB TELECOM	111.60	7.1
JAZIRA TAKAFUL	18.50	6.9
JABAL OMAR	25.70	6.8
TAIBA	41.30	6.4

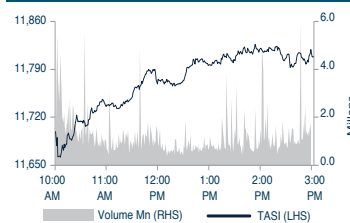
## Top Losers

Company	Price	Change%
SPIMACO	29.50	-3.8
ASTRA INDUSTRIAL	142.00	-3.4
ACWA POWER	407.00	-3.1
MESC	33.00	-2.4
ALDREES	116.60	-2.4

## Saudi Stock Exchange

Index	Closing	High	Low	Daily Change%	YTD %
TASI	11,808	11,831	11,656	1.6	(1.9)
NomuC	26,564	26,645	26,044	1.7	8.3

## TASI movement during session



## TASI Ratios

P/E* (x)	26.6
Price-to-Book (x)	2.4
Dividend Yield (%)	2.8
Return on Equity (%)	19.1

\*Source: Argaam (Excluding Aramco)

Index	Close	Daily Change%	YTD %	PE (TTM)
Energy	5,459	1.6	-12.4	16.2
Materials	5,943	2.2	-7.0	High
Capital Goods	11,946	1.2	18.5	26.1
Commercial Service	4,932	2.4	-11.6	42.8
Transportation	7,167	2.0	12.8	34.4
Consumer Durables	5,462	3.2	9.7	Neg
Consumer Services	5,132	2.3	3.1	38.7
Media	28,251	7.9	15.1	48.2
Consumer Discretionary Ret	7,687	2.7	-10.8	22.9
Consumer Staples Ret	9,363	0.4	-4.2	22.4
Food & Beverages	5,889	1.1	4.6	29.2
Healthcare	12,755	0.5	4.3	44.4
Pharma & Bio Tech	4,582	-0.1	-5.9	42.8
Banks	11,348	1.9	-7.6	12.8
Financial Services	7,892	2.5	17.2	33.4
Insurance	10,673	3.1	24.2	24.8
Telecom	7,423	2.0	-4.5	14.4
Utilities	14,003	-1.9	41.1	30.1
REITs	3,243	0.6	-11.5	25.2
Real Estate	3,439	3.8	12.5	40.6
Software & Services	69,823	0.3	1.8	40.4

## Average Index Value

Average days 5	Average days 10	Average days 20	Average value traded for May (bn)
11,659	11,825	12,029	6.48

## Market Statistics

	Value Traded (SAR bn)	Volumes (mn shares)	No. of Trades ('000)
Current Week	13.5	612.90	1,139.40
Previous week	35	1,250.70	2,548.20

## Top Weighted Companies

Company	Price	Change%
Al Rajhi	78.10	3.3
Saudi Aramco	28.90	1.6
SNB	35.20	2.2
ACWA POWER	407.00	-3.1
ALINMA	31.55	0.6





## International Market News

- **US construction spending** shrunk 0.1% to USD 2.1tn, versus the consensus estimates of 0.2% growth. This unexpected decline was due to a fall in both private and public construction spending. Private construction spending was USD 1.6tn, which was 0.1% lower M/M, whereas public spending at USD 487bn was 0.2% lower M/M. Residential construction grew 0.1% to USD 890bn, whereas non-residential construction shrunk 0.3% to USD 722bn. (Source: RTT News)
- **Manufacturing PMI in the US** fell to 48.7 in May, from 49.2 in April. The manufacturing activity unexpectedly contracted at a slightly faster rate in May. The reading was significantly below the consensus estimate of an increase to 49.6. This unexpected decline was due to faster contraction in new orders, which fell to 45.4, from 49.1. (Source: Reuters)
- **Eurozone Manufacturing PMI** increased to 47.3 in May, from 45.7 in April, and largely in-line with the consensus estimate of 47.4. This could be a turning point for the manufacturing sector, a industry which is on the verge of halting the production decline that persisted since April 2023. (Source: Reuters)
- **Oil prices** fell 0.7% as OPEC+ and its allies decided to extend output cuts into 2025, but also phase out the cuts later this year.
- **Gold prices** gained 0.8% as US business activity slows and reignites Fed rate cut hopes.

## Forex / Currency

Currency / USD	Close	Daily Change%	MTD %	YTD %
Dollar Index	104.1	-0.5	-0.5	2.8
Euro	1.1	0.5	0.5	-1.2
Japanese Yen	156.1	-0.8	-0.8	10.7
Sterling Pound	1.3	0.5	0.5	0.6
Chinese Yuan	7.3	-0.2	-0.2	1.8
Indian Rupee	83.1	-0.4	-0.4	-0.1
UAE Dirham	3.7	0.0	0.0	0.0
Qatari Rial	3.6	0.0	0.0	0.0
Kuwaiti Dinar	0.3	-0.1	-0.1	-0.2
Omani Rial	0.4	-0.0	-0.0	-0.0
Bahraini Dinar	0.4	0.0	0.0	0.0
Egyptian Pound	47.1	-0.2	-0.2	52.5

## Corporate Calendar

Date	Company	Event
4-Jun	SAICO	EGM
4-Jun	THEEB	Cash Dividend Distribution
4-Jun	JAMJOOM PHARMA	EGM
4-Jun	JAMJOOM PHARMA	Eligibility of Cash Dividend
4-Jun	BAHRI	Eligibility of Cash Dividend
5-Jun	ALHAMMADI	Cash Dividend Distribution

EGM: Extra Ordinary Meeting\*

OGM: Ordinary General Meeting\*

## Regional Markets

Market	Close	Daily Change%	MTD %	YTD %	P/E
Dubai (DFM)	3,993	0.4	0.4	-1.6	7.9
Abu Dhabi (ADX)	8,918	0.6	0.6	-6.9	17.9
Kuwait (KSE)	7,638	-0.8	-0.6	2.1	20.6
Qatar (QE)	9,409	0.2	1.0	-13.1	10.6
Oman (MSM)	4,821	-0.2	-0.5	6.8	12.9
Bahrain (BSE)	2,037	0.2	-0.1	3.3	7.8
Egypt (EGX30)	26,834	-0.1	-0.3	7.8	7.7

## International Markets

Index	Close	Daily Change%	MTD %	YTD %	P/E
Dow Jones	38,571	-0.3	-0.3	2.3	22.1
Nasdaq	18,601	0.3	0.3	10.5	32.1
S&P 500	5,283	0.1	0.1	10.8	24.6
FTSE 100	8,263	-0.2	-0.2	6.8	14.8
Germany DAX 30	18,608	0.6	0.6	11.1	16.4
France CAC 40	7,998	0.1	0.1	6.0	13.9
Japan Nikkei 225	38,923	1.1	1.1	16.3	27.3
Russia MOEX	3,141	-2.4	-2.4	1.4	4.5
Hong Kong Hang Seng	18,403	1.8	1.8	8.0	10.3
South Korea KOSPI	2,683	1.7	1.7	1.0	15.8
China Shanghai Composite	3,078	-0.3	-0.3	3.5	14.0
Australia ASX 200	7,761	0.8	0.8	2.2	19.5
India Sensex	76,469	3.4	3.4	5.9	24.0
MSCI EM	1,069	1.9	1.9	4.5	15.0
MSCI World	3,453	0.2	0.2	9.0	21.6

## Commodity Markets

Commodity	Price	Daily Change%	MTD %	YTD %
Arab Light Crude (\$/bbl)	84.5	0.1	0.1	5.0
Brent Crude (\$/bbl)	78.4	-4.0	-4.0	1.7
Texas crude (\$/bbl)	74.2	-3.6	-3.6	3.6
Natural Gas (\$/mmbtu)	2.8	6.5	6.5	3.9
Gold (\$/oz)	2,350.8	1.0	1.0	13.9
Silver (\$/oz)	30.7	1.1	1.1	29.2
Steel (\$/ton)	751.0	-1.3	-1.3	-33.8
Iron Ore (CNY/MT)	868.5	-1.8	-1.8	-16.7
Wheat (\$/bu)	672.8	-0.8	-0.8	4.2
Corn (\$/bu)	443.5	-0.6	-0.6	-10.2
Sugar (\$/lb)	18.8	2.6	2.6	-8.0
SMP* (EUR/MT)	2,425.0	-0.2	-0.2	-5.9

\*SMP: Skimmed Milk Powder

## Interbank Rates

Region	Rate*	Daily Change(bps)	MTD (bps)	YTD (bps)
KSA (SAIBOR 1M)	5.930	2.93	5.8	1.7
KSA (SAIBOR 3M)	6.261	-0.36	2.8	2.9
KSA (SAIBOR 6M)	6.118	-1.43	0.7	4.3
KSA (SAIBOR 12M)	5.897	-0.30	1.4	-9.8
USA (SOFR 3M)	5.340	-0.29	-0.3	0.9
UAE (EIBOR 3M)	5.261	-6.14	-6.1	-6.7

Data Sources: Tadawul, Bloomberg, Reuters

Closes as of June 3, 2024

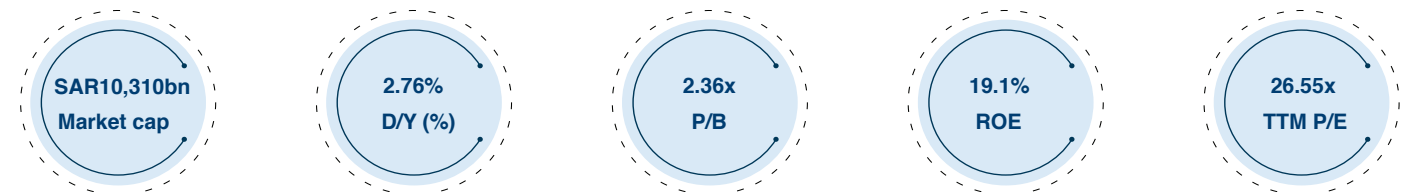


Technical observations	
Index	TASI
Ticker	SASEIDX Index
Last Close	11,808
Short-term view	Neutral
52 weeks high/low	12,883 – 10,262

Market data	
Exchange Market Cap. (SAR bn)	10,310.0
Value (SAR mn)	7,914.6
Volume (mn)	389.0
Number of Transactions	665,958
Market Breadth	207 : 22

Key statistics	
1D return %	1.58%
MTD return %	2.65%
QTD return	-4.78%
YTD return	-1.33%
ADT vol. 3M* (mn)	316.0
ADT val. 3M (SARmn)	7,765.3

\*ADT stands for Average Daily Traded



Source: Bloomberg, Argam

## TASI daily chart



Source: Tradingview, Aljazira Capital

## TASI market commentary

- TASI experienced a rise on Monday; primarily driven by the performance of the Materials sector (up 2.17%) and the Telecommunication services sector (up 1.98%). At close, the Saudi market ended the day with a change of 1.58% at 11,808. In terms of activity, total volumes and value traded were ~389mn and ~SAR 7.9bn, respectively. The advance-decline ratio came in at 207/22.

## Technical outlook

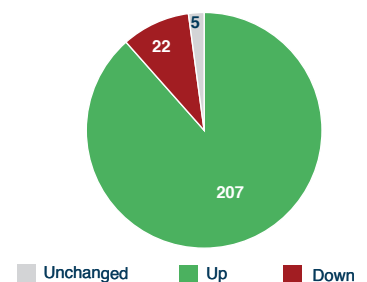
- TASI closed the last session near 11,808, recording a substantial gain of 183 points. The buying power persisted; propelling the index higher and penetrating its 5-day SMA located around 11,660. TASI formed a long green candlestick, currently testing the 10-day SMA around 11,825. A successful breakthrough at this level would open the path for further upward movement towards the declining trendline and the 200-day EMA around 11,920. Additionally, the RSI indicator is currently testing the upper boundary of a declining channel. TASI has an immediate resistance level of around 11,825. If successfully surpassed, the subsequent resistance levels to watch for would be around 11,920 – 12,030. On the other hand, an immediate support level is observed around 11,570. If breached, the subsequent support levels would be around 11,465 – 11,365. Traders are advised to closely monitor the significant resistance level near the declining trendline and the 200-day EMA around 11,920, as a breakthrough at this level could potentially trigger further buying attitudes.

Key price levels						
S3	S2	S1	Pivot	R1	R2	R3
11,365	11,465	11,570	11,700	11,825	11,920	12,030

## Our view



## Market depth



## SAUDI MARKET - TOP PICKS FOR THE DAY

Code	Company	Close*	Buy range	Sell range	Stop loss
7204	2P	31.30	31.20 – 31.30	31.60 – 31.95	30.90
4110	Batic	3.48	3.47 – 3.48	3.51 – 3.55	3.44
1810	Seera	25.40	25.35 – 25.40	25.65 – 25.90	25.10
4291	NCLE	162.40	161.00 – 162.40	164.00 – 165.60	160.40
4051	Baazeem	64.80	64.60 – 64.80	65.40 – 66.10	64.00
8120	Gulf Union Alahlia	20.14	20.10 – 20.14	20.32 – 20.54	19.90
8160	Arabia Insurance	14.58	14.54 – 14.58	14.72 – 14.88	14.40

\*As of 03<sup>rd</sup> June 2024

\* Note – Stop loss is based on an intraday basis

## CHARTS OF THE DAY

## Technical observations

**2P** has just penetrated its 20-day SMA after bouncing off the level of the prior trough. Moreover, all the technical indicators show bullish structure.

## Perfect Presentation for Commercial Services Co. (2P)



Source: Tradingview, Aljazira Capital

## Technical observations

**BATIC** penetrated its 20-day SMA after bouncing off the level of the prior peak. Moreover, all the technical indicators show bullish structure.

## Batic Investments and Logistics Co. (BATIC)



Source: Tradingview, Aljazira Capital



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**Candlestick:** A candlestick (candle) is a type of price chart used to display the high, low, opening, and closing prices of a security for the period under consideration.

**Support:** This is the price level at which demand is strong enough to avoid any further price decline.

**Resistance:** This is the price level at which supply is strong enough to stop any further price increase.

**Pattern/formation:** This is a plot of a security's price activity over a certain period that can be used to identify potential trends, reversal of trends, price targets, entry and exit points, etc. There are various formations – such as head & shoulders, triangles, flags, etc.

**Simple moving average:** A simple moving average is formed by computing the average price of a security over a specific number of periods. Moving averages are based on closing prices.

**Relative strength index (RSI):** RSI is a momentum indicator that compares a security's price gains to its losses for a predetermined number of periods (generally, 14 periods are used). The RSI attempts to point out how security, in relative terms, is in the overbought/oversold zone.

**Moving average convergence/divergence (MACD):** MACD is a trading indicator that shows changes in the strength, direction, momentum, and duration of a trend in a stock's price through a collection of three- time series calculated from historical closing prices.

**Fibonacci retracements:** These are horizontal lines that indicate the expected areas of support/resistance for a security based on a predetermined price movement. These are usually indicated by Fibonacci ratios of 23.6%, 38.2%, 50.0%, 61.8%, and 100% from that movement.

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