



Major Economic News

- The point-of-sale (POS) transactions declined by 6% to reach SAR 6.9bn in the week ending October 17, 2020, from SAR 7.4bn in the previous week. Data showed that a total of 68.6mn transactions were processed in the week ending October 17. All sectors witnessed a decrease in POS sales during the week, except for construction materials which posted a rise of 1%. (Source: Argam)

Major Corporate News

- Arab National Bank commenced the issuance of the second tranche of US dollar-denominated Tier 2 sukuk, subject to market conditions. The sukuk is targeted to institutional investors and will be listed on the Regulated Market of the London Stock Exchange. (Source: Argam)
- Saudi Telecom Co. will pay 10% cash dividend (SAR 1 per share) to shareholders for Q3-20 on October 28, 2020, through Banque Saudi Fransi. (Source: Argam)
- Saudi Industrial Export Co. signed a SAR 14.4mn contract with the Saudi Export Development Authority to represent local companies in Iraq. The company said that the contract tenor is two years from the signing date, adding that the financial impact will be disclosed by the end of FY21. (Source: Argam)
- Al Jouf Cement Co.'s board of directors approved the appointment of Abdulaziz Kaaki as vice chairman and Othman Al-Suwaih as temporary member of the board. (Source: Argam)

Market Analysis

- The Saudi Stock Exchange decreased 0.4% to 8,496.9. The value traded stood at SAR 8.9bn (down 12.7% over previous day), while the advance-decline ratio stood at 92/95. The parallel market index increased 2.0% to 15,261.1 points. The value traded stood at SAR 30.6mn (up 28.2% over previous day). Most sectors in the main market ended in the red. Software & Services and Commercial Service (up 7.9% and 0.8%, respectively) advanced the most; Food & Beverages and Food & Staples (down 2.4% and 2.2%, respectively) led the laggards.

Earnings update (Net Profit) (SAR mn)

Company	Q3-20	Q3-19	Y/Y %	Q2-20	Q/Q %
MIS	22.5	14.4	56.4	24.2	-7.8
Zahrat Al Waha for Trading Co.	7.2	15.0	-51.9	6.6	8.7
Saudi Telecom Company	2,766	2,746	0.7	2,724	1.5
Etihad Etisalat Co.	222	51	335.3	185	20.0

Source: Tadawul, AJC

Top Gainers

Company	Price	Change%
BINDAWOOD	105.60	10.0
MIS	84.90	10.0
CHEMANOL	12.04	7.5
ALOMRAN	86.00	6.8
ALJAZIRA REIT	23.86	6.4

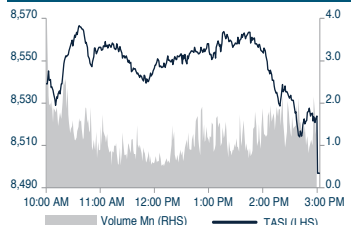
Top Losers

Company	Price	Change%
FARM SUP.	34.60	-4.0
HB	71.30	-3.8
SAVOLA	52.00	-3.4
ADVANCED	58.30	-2.5
A.OTHAIM	135.40	-2.3

Saudi Stock Exchange

Index	Closing	High	Low	Daily Change%	YTD %
TASI	8,497	8,567	8,497	(0.4)	1.3
NomuC	15,261	15,323	14,691	2.0	112.6

TASI movement during session



TASI P/E Ratios

P/E (Tadawul)	25.8
P/E (Bloomberg)	30.5
P/E*	40.0
P/E after exclusions*	38.4
P/E ex. loss-making comp.*	18.0
P/E: top 50 MCAP*	28.4

*Source: Argam (Excluding Aramco)

Index	Close	Daily Change%	YTD %	PE (TTM)
Energy	5,429	(0.4)	(0.3)	28.3
Materials	5,406	0.1	4.6	Neg
Capital Goods	5,856	0.5	35.2	Neg
Commercial Service	4,313	0.8	(9.6)	31.8
Transportation	4,600	0.7	4.7	High
Consumer Durables	4,908	0.6	40.0	Neg
Consumer Services	4,225	(0.2)	6.7	18.6
Media	10,025	(0.4)	6.6	39.4
Retailing	8,631	(0.8)	12.1	High
Food & Staples	11,272	(2.2)	70.4	High
Food & Beverages	5,913	(2.4)	35.8	33.4
Healthcare	5,530	0.3	48.3	35.3
Pharma & Bio Tech	4,657	0.4	29.5	Neg
Banks	7,162	(0.6)	(11.7)	16.6
Diversified Financials	4,296	0.5	30.1	Neg
Insurance	5,860	(0.1)	29.8	24.8
Telecom	6,930	(0.2)	7.1	21.5
Utilities	4,750	(1.0)	8.0	Neg
REITs	4,302	0.3	2.5	Neg
Real Estate	3,417	(0.1)	9.1	NA
Software & Services	12,976	7.9	163.0	23.1

**Neg: Negative

Average Index Value

Average 5 days	Average 10 days	Average 20 days	Average value traded for the month (bn)
8,538	8,536	8,413	11.27

Market Statistics

	Value Traded (SAR bn)	Volumes (mn shares)	No. of Trades ('000)
Current Week	37.5	1,605.7	1,549.3
Previous week	61.2	2,488.1	2,386.6

Top Weighted Companies

Company	Price	Change%
Al Rajhi	66.50	-0.3
Saudi Aramco	35.30	-0.6
NCB	39.95	-0.9
SABIC	97.10	0.6
STC	103.20	-0.2



Regional and International Markets

- Among other regional markets, Dubai decreased 0.4%, while Abu Dhabi remained flat. Kuwait rose 0.3%, while Egypt and Qatar declined 0.5% each. Bahrain fell 0.1%. Meanwhile, Oman remained flat.
- IMF said that Asia is forecasted to shrink by 2.2% in FY20, worse than its previous forecast in June for a 1.6% contraction. The downgrade in forecast is attributed to a sharper contraction, particularly in India, the Philippines, and Malaysia. (Source: CNBC)
- According to EIA, oil inventories in the US fell by 1.0mn barrels (prior: down 3.8mn) to 488.1mn in the week ended October 16. Distillate inventories decreased 3.8mn barrels (prior: down 7.2mn) to 160.7mn, while gasoline inventories rose 1.9mn barrels (prior: down 1.6mn) to 227.0mn. (Source: EIA, Econoday)
- UK CPI increased 0.4% M/M in September (in-line with consensus) versus 0.4% decline in August. On a Y/Y basis, CPI increased 0.5% in September (in-line with consensus) compared with 0.2% rise in August. (Source: Econoday)
- Oil prices plunged 3.3% due to rise in gasoline inventories in the US.
- Gold prices rose 0.9% due to weaker US dollar amid continued expectations of US economic stimulus bill.

Forex / Currency

Currency	Close	Daily Change%	MTD %	YTD %
Dollar Index	92.6	-0.5	-1.4	-3.9
Euro	1.19	0.3	1.2	5.8
Japanese Yen	104.6	-0.9	-0.8	-3.7
Sterling Pound	1.31	1.5	1.8	-0.9
Chinese Yuan	6.65	-0.4	-2.1	-4.5
Indian Rupee	73.6	0.2	0.0	3.1
UAE Dirham	3.67	0.0	0.0	0.0
Qatari Rial	3.64	0.0	0.0	0.0
Kuwaiti Dinar	0.31	0.0	-0.3	0.8
Omani Rial	0.38	0.0	0.0	0.0
Bahraini Dinar	0.38	-0.2	-0.2	-0.1
Egyptian Pound	15.65	0.0	-0.5	-2.2

Corporate Calendar

Date	Company	Event
22 nd Oct	BAHRI	Cash Dividend Distribution
22 nd Oct	MAADEN	OGM
25 th Oct	Atheeb Telecom	OGM
26 th Oct	APC	EGM
27 th Oct	Catering	Cash Dividend Distribution
27 th Oct	ALSAGR INS.	OGM

*EGM: Extra Ordinary Meeting

*OGM: Ordinary General Meeting

Regional Markets

Market	Close	Daily Change%	MTD %	YTD %	P/E
Dubai (DFM)	2,171	-0.4	-4.5	-21.5	9.1
Abu Dhabi (ADX)	4,544	0.0	0.6	-10.5	13.0
Kuwait (KSE)	4,419	0.3	2.7	-10.0	5.7
Qatar (QE)	9,965	-0.5	-0.3	-4.4	15.4
Oman (MSM)	3,587	0.0	-0.8	-9.9	8.4
Bahrain (BSE)	1,454	-0.1	1.3	-9.7	9.1
Egypt (EGX30)	11,102	-0.5	1.0	-20.5	8.5

International Markets

Index	Close	Daily Change%	MTD %	YTD %	P/E
Dow Jones	28,211	-0.3	1.5	-1.1	22.9
Nasdaq	11,485	-0.3	2.8	28.0	34.9
S&P 500	3,436	-0.2	2.2	6.3	27.4
FTSE 100	5,777	-1.9	-1.5	-23.4	17.6
Germany DAX 30	12,558	-1.4	-1.6	-5.2	22.4
France CAC 40	4,854	-1.5	1.1	-18.8	43.1
Japan Nikkei 225	23,639	0.3	2.0	-0.1	23.2
Hong Kong Hang Seng	24,754	0.8	5.5	-12.2	12.9
China Shanghai Composite	3,325	-0.1	3.3	9.0	13.9
Australia ASX 200	6,192	0.1	6.5	-7.4	19.5
India Sensex	40,707	0.4	6.9	-1.3	23.9

Commodity Markets

Commodity	Price	Daily Change%	MTD %	YTD %
Arab Light Crude (\$/bbl)	40.4	-0.3	0.2	-41.3
Brent Crude (\$/bbl)	41.7	-3.3	1.9	-36.8
Texas crude (\$/bbl)	40.0	-3.4	-0.5	-34.5
Natural Gas (\$/mmbtu)	3.02	3.8	19.6	38.1
Gold (\$/oz)	1,924	0.9	2.0	26.9
Silver (\$/oz)	25.1	1.7	8.0	40.6
Steel (\$/ton)	637	-0.5	3.6	8.3
Iron Ore (CNY/MT)	879	1.4	-8.5	26.5
Wheat (\$/bu)	630	-0.4	9.0	12.7
Corn (\$/bu)	414	1.2	9.2	6.7
Sugar (\$/lb)	14.5	-0.3	10.9	8.0
SMP* (EUR/MT)	2,203	-1.0	1.8	-14.3

*SMP: Skimmed Milk Powder

Interbank Rates

Region	Rate*	Daily Change(bps)	MTD (bps)	YTD (bps)
USD LIBOR	0.216	0.7	-1.8	-169.3
Saudi Arabia(SAIBOR)	0.849	-0.2	-2.0	-138.3
UAE (EIBOR)	0.380	0.3	-10.8	-182.9
Qatar (QIBOR)	0.863	-28.8	-7.2	-138.8
Bahrain (BHIBOR)	2.250	0.0	0.0	-41.7

Data Sources: Tadawul, Bloomberg, Reuters

* Three-month Interbank rate **NA: Not Available

Updated as of October 21, 2020



RESEARCH DIVISION

AGM-Head of Research

Talha Nazar

+966 11 2256250
t.nazar@aljaziracapital.com.sa

Analyst

Faisal Alsuwelimy

+966 11 2256115
F.alsuwelimy@aljaziracapital.com.sa

Senior Analyst

Jassim Al-Jubran

+966 11 2256248
j.aljabran@aljaziracapital.com.sa

Analyst

Abdulrahman Al-Mashal

+966 11 2256374
A.Almashal@Aljaziracapital.com.sa

BROKERAGE AND INVESTMENT CENTERS DIVISION

General Manager – Brokerage Services & sales

Alaa Al-Yousef

+966 11 2256060
a.yousef@aljaziracapital.com.sa

AGM-Head of international and institutions

Ahmad Salman, CFA

+966 11 2256201
a.salman@aljaziracapital.com.sa

AGM-Head of Qassim & Eastern Province

Abdullah Al-Rahit

+966 16 3617547
aalrahit@aljaziracapital.com.sa

AGM-Head of Central & Western Region

Investment Centers

Sultan Ibrahim AL-Mutawa

+966 11 2256364
s.almutawa@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal position and other concerns before getting into such investments or liquidate them partially or fully. The market of stocks, bonds, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. The investor might get an amount less than the amount invested in some cases. Some stocks or securities maybe, by nature, of low volume/trades or may become like that unexpectedly in special circumstances and this might increase the risk on the investor. Some fees might be levied on some investments in securities. This report has been written by professional employees in Al-Jazira Capital, and they undertake that neither them, nor their wives or children hold positions directly in any listed shares or securities contained in this report during the time of publication of this report, however, The authors and/or their wives/children of this document may own securities in funds open to the public that invest in the securities mentioned in this document as part of a diversified portfolio over which they have no discretion. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. Funds managed by Al-Jazira Capital and its subsidiaries for third parties may own the securities that are the subject of this document. Al-Jazira Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking division of Al-Jazira Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. One or more of Al-Jazira Capital board members or executive managers could be also a board member or member of the executive management at the company or companies mentioned in this report, or their associated companies. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Asset Management | Brokerage | Corporate Finance | Custody | Advisory

Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia, Tel: 011 2256000 - Fax: 011 2256068