

Major Economic News

- Saudi Arabia's PMI dropped 1.1 points in September to reach 56.6 points, compared to 57.7 points in August. The index indicated an improvement in the conditions of the non-oil private sector for the 25th consecutive month. (Source: Argam)

Major Corporate News

- Saudi Airlines Catering Co. signed a contract with Al Hana Trading Group to supply frozen meals at a provisional value of SAR 150.0mn. The contract is valid for five years. The company expects a positive financial impact from the contract to show starting Q4-22. (Source: Argam)
- Power and Water Utility Company for Jubail and Yanbu (Marafiq) issued the prospectus for offering 73.1mn or 29.2% of capital on the Saudi Exchange. The period for registering requests and book building will run six days from October 09-14, 2022. Subscription period for retail investors will begin on October 26 and run for four days. (Source: Argam)
- Arabian Internet and Communications Services Co. completed the acquisition of an 88.2% stake in Giza Systems and a 34.0% stake in Giza Arabia, a subsidiary of Giza Systems. The purchase price was based on an enterprise value of USD 158.0mn, to be financed from bank facilities. The relevant financial impact will appear as of Q4-22. (Source: Argam)
- CMA approved an application from Middle East Paper Co. to increase its capital from SAR 500.0mn to SAR 666.7mn million. The capital will be raised through the issuance of one bonus share for every three shares held by shareholders. (Source: Argam)

Market Analysis

- The Saudi Stock Exchange increased 1.5% to 11,780.4. The value traded stood at SAR 7.0bn (up 7.3% over previous day), while the advance-decline ratio stood at 173/33. The parallel market index increased 1.3% to 20,339.2 points. The value traded stood at SAR 26.4mn (up 12.7% over previous day). Most sectors in the main market ended in the green. Software & Services and Real Estate (up 4.9% and 3.5%, respectively) advanced the most; Food & Beverages (down 0.1%) was the only laggards.

Top Gainers

Company	Price	Change%
SOLUTIONS	264.00	7.7
APC	37.80	7.5
JABAL OMAR	22.40	6.7
ALRAJHI TAKAFUL	101.00	6.3
TALEEM REIT	13.32	5.4

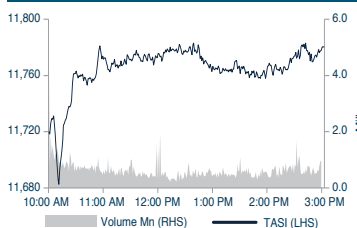
Top Losers

Company	Price	Change%
GULF GENERAL	9.06	-2.6
ALAMAR	135.60	-1.5
SAVOLA GROUP	29.05	-1.0
SAUDI RE	15.84	-1.0
GACO	24.06	-1.0

Saudi Stock Exchange

Index	Closing	High	Low	Daily Change%	YTD %
TASI	11,780	11,786	11,679	1.5	4.4
NomuC	20,339	20,389	20,070	1.3	-21.7

TASI movement during session



TASI Ratios

P/E* (x)	19.2
Price-to-Book (x)	2.4
Dividend Yield (%)	2.3
Return on Equity (%)	27.2

*Source: Argam (Excluding Aramco)

Index	Close	Daily Change%	YTD %	PE (TTM)
Energy	6,068	0.8	10.0	14
Materials	6,979	1.6	-5.0	12.6
Capital Goods	6,569	1.8	-12.9	22.2
Commercial Service	3,630	0.1	-18.3	43.3
Transportation	4,847	1.3	-7.4	High
Consumer Durables	4,973	2.0	-21.7	Neg
Consumer Services	4,110	0.3	-11.4	High
Media	23,596	1.0	1.5	27.1
Retailing	8,344	0.7	-15.3	23.2
Food & Staples	10,171	0.0	11.5	28.5
Food & Beverages	4,838	-0.1	0.1	45.2
Healthcare	9,635	2.3	31.7	47
Pharma & Bio Tech	3,562	0.6	-31.4	Neg
Banks	13,156	1.7	7.6	19.4
Diversified Financial	7,735	3.4	13.3	8.5
Insurance	5,699	3.2	-4.9	Neg
Telecom	6,869	0.5	-5.6	18.2
Utilities	7,963	0.8	34.2	15.9
REITs	4,325	1.4	-6.2	23.9
Real Estate	3,185	3.5	0.4	High
Software & Services	37,373	4.9	30.4	36

Average Index Value

Average days 5	Average days 10	Average days 20	Average value traded for September (bn)
11,490	11,350	11,599	5.43

Market Statistics

	Value Traded (SAR bn)	Volumes (mn shares)	No. of Trades ('000)
Current Week	18.4	529.2	1,078.90
Previous week	30.4	799.9	1,846.30

Top Weighted Companies

Company	Price	Change%
Al Rajhi	84.50	1.8
Saudi Aramco	36.00	0.7
SNB	65.00	2.4
SABIC	91.10	1.1
STC	39.50	0.5

Regional and International Markets

- Among other regional markets, Dubai and Abu Dhabi increased 1.8% and 1.5%, respectively. Qatar, Egypt and Kuwait rose 3.5%, 2.5% and 1.8%, respectively Oman declined 0.1%, while Bahrain remained flat.
- According to EIA, oil inventories in the US fell 6.9mn barrels (prior: down 6.7mn) to 445.5mn in the week ended July 02. Gasoline inventories decreased 6.1mn barrels (prior: up 1.5mn) to 235.5mn, while distillate inventories rose 1.6mn barrels (prior: down 0.9mn) to 138.7mn. (Source: Econoday)
- US industrial production increased 0.1% MoM in July (consensus: 0.3%) compared with 1.0% in June, while manufacturing rose 0.3% MoM in July (in line with the consensus) against 0.8% in June. The capacity utilization rate level remained flat at 78.1% in July (consensus: 78.2%). (Source: Econoday)
- Oil prices plunged 2.3% on Wednesday, hitting an eight-week low after data revealed that US oil inventories increased unpredictably last week.
- Gold prices fell 1.6% to one-and-a-half year lows on Wednesday, as the US dollar continued to weigh on demand for the yellow metal.

Forex / Currency

Currency	Close	Daily Change%	MTD %	YTD %
Dollar Index	110.07	-1.5	-1.8	15.0
Euro	1.00	1.6	1.9	-12.2
Japanese Yen	144.13	-0.3	-0.4	25.2
Sterling Pound	1.15	1.4	2.7	-15.2
Chinese Yuan	7.04	-0.9	-1.4	10.8
Indian Rupee	81.52	-0.4	0.2	9.7
UAE Dirham	3.67	0.0	0.0	0.0
Qatari Rial	3.68	0.0	0.0	0.2
Kuwaiti Dinar	0.31	0.0	-0.1	2.4
Omani Rial	0.39	0.0	0.0	0.0
Bahraini Dinar	0.38	0.0	0.0	0.1
Egyptian Pound	19.68	0.2	0.7	25.2

Corporate Calendar

Date	Company	Event
6 th Oct	ALHOKAIR GROUP	EGM
9 th Oct	Dallah Health	Cash Dividend Distribution
12 th Oct	QACCO	Cash Dividend Distribution
12 th Oct	Retal	Cash Dividend Distribution
13 th Oct	MIS	Cash Dividend Distribution
13 th Oct	ELM	Cash Dividend Distribution

*EGM: Extra Ordinary Meeting

*OGM: Ordinary General Meeting

Regional Markets

Market	Close	Daily Change%	MTD %	YTD %	P/E
Dubai (DFM)	3,379	1.8	1.9	5.7	10.3
Abu Dhabi (ADX)	9,909	1.5	0.9	16.7	20.2
Kuwait (KSE)	5,378	1.8	0.7	-8.6	8.3
Qatar (QE)	13,033	3.5	2.7	12.1	13.9
Oman (MSM)	4,582	-0.1	1.2	11.0	12.5
Bahrain (BSE)	1,880	0.0	-0.1	4.6	7.1
Egypt (EGX30)	9,924	2.5	1.0	-16.9	5.1

International Markets

Index	Close	Daily Change%	MTD %	YTD %	P/E
Dow Jones	30,316	2.8	5.5	-16.6	16.3
Nasdaq	11,583	3.1	5.6	-29.0	23.1
S&P 500	3,791	3.1	5.7	-20.5	18.0
FTSE 100	7,086	2.6	2.8	-4.0	13.3
Germany DAX 30	12,670	3.8	4.6	-20.2	11.9
France CAC 40	6,040	4.2	4.8	-15.6	12.2
Japan Nikkei 225	26,992	3.0	4.1	-6.3	27.2
Russia MOEX	2,046	0.2	4.6	-46.0	3.3
Hong Kong Hang Seng	17,080	0.0	-0.8	-27.0	6.5
South Korea KOSPI	2,209	2.5	2.5	-25.8	9.4
China Shanghai Composite	3,024	0.0	0.0	-16.9	13.2
Australia ASX 200	6,699	3.8	3.5	-10.0	13.8
India Sensex	58,065	2.2	1.1	-0.3	22.3
MSCI EM	894	2.0	2.0	-27.5	9.8
MSCI World	2,512	3.4	5.6	-22.3	15.7

Commodity Markets

Commodity	Price	Daily Change%	MTD %	YTD %
Arab Light Crude (\$/bbl)	94.65	0.8	-3.8	19.6
Brent Crude (\$/bbl)	91.80	3.3	4.4	15.7
Texas crude (\$/bbl)	86.52	3.5	8.8	12.4
Natural Gas (\$/mmbtu)	6.84	5.7	1.0	85.2
Gold (\$/oz)	1,726.13	1.5	3.9	-4.9
Silver (\$/oz)	21.06	1.7	10.7	-8.6
Steel (\$/ton)	774.00	0.5	-0.3	-45.8
Iron Ore (CNY/MT)	762.00	0.0	0.0	11.1
Wheat (\$/bu)	903.00	-1.0	-2.0	15.9
Corn (\$/bu)	683.00	0.3	0.8	25.1
Sugar (\$/lb)	17.91	2.8	1.3	-1.9
SMP* (EUR/MT)	3,725.00	0.0	1.0	10.7

*SMP: Skimmed Milk Powder

Interbank Rates

Region	Rate*	Daily Change(bps)	MTD (bps)	YTD (bps)
USD LIBOR	3.75	1.2	0.0	354.6
Saudi Arabia (SAIBOR)	4.33	2.9	20.9	342.1
UAE (EIBOR)	3.44	-11.6	-11.6	307.9
Kuwait (KSE)	3.13	12.5	18.8	162.5
Bahrain (BHIBOR)	5.00	0.0	0.0	348.3

Data Sources: Tadawul, Bloomberg, Reuters

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

Closes as of October 04, 2022

Technical observations

Index	TASI
Ticker	SASEIDX Index
Last Close	11,780
Short-term view	Cautious Buy
52 weeks high/low	13,949 – 10,600

Market data

Exchange Market Cap. (SARbn)	10,975.5
Value (SARmn)	6,979.4
Volume (mn)	196.0
Number of Transactions	385,075
Market Breadth	173 : 33

Key statistics

1D return %	1.49%
WTD return %	3.29%
QTD return	3.29%
YTD return	4.42%
ADT vol. 3M* (mn)	160.2
ADT val. 3M (SARmn)	6,089.7

ADT stands for Average Daily Traded *

TASI market commentary

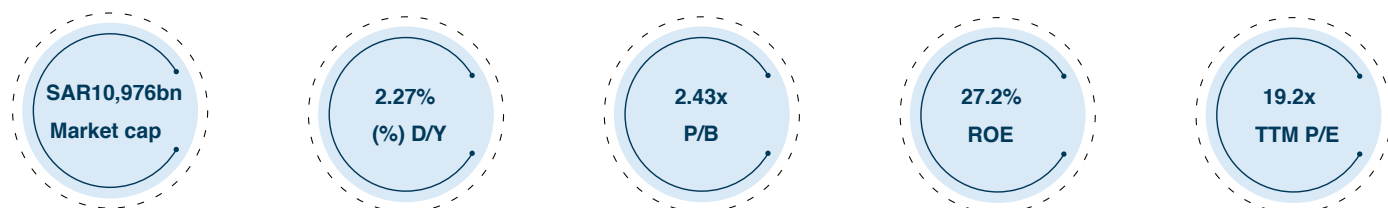
- The TASI gained on Tuesday on the back of buying in index heavyweights like Banks (1.74% D/D) and Materials (1.62% D/D) stocks. At close, the Saudi market ended the day with gains of 1.49% at 11,780. In terms of activity, total volumes and value traded were ~196mn and ~SAR 7.0bn respectively. The advance-decline ratio came in at 173/33.

Technical outlook

- The TASI rose for the sixth consecutive day and gained more than 170 points to close the session near the 11,800 mark. The index opened gap up and after a small dip near 11,680, gained momentum throughout the day as buyers stepped in and pushed the price higher. Moreover, the index managed to penetrate above its 20-day moving average near 11,600, and closed above it, indicating strength. Furthermore, the RSI line is moving on the upside and is now above the 50 level, showing signs of a shift in momentum. Meanwhile, if the index manages to sustain above the next resistance of its 50% Fibonacci level near 11,810, it can continue with its positive momentum, and can also test its 61.8% Fibonacci level near 12,030. On the flip side, the index has its support near 11,700, followed by 11,600 (20-day moving average). Traders can cautiously buy at the current level, and also if the index dips near 11,700.

Key price levels

S3	S2	S1	Pivot	R1	R2	R3
11,351	11,462	11,598	11,701	11,813	12,027	12,129



Source: Bloomberg, Argaam

TASI daily chart

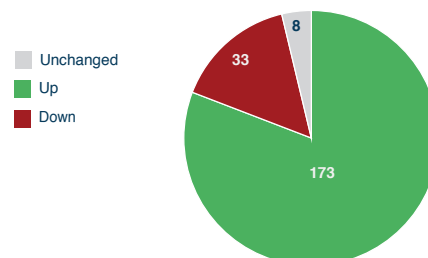


Source: Tradingview, Tadawul, AlJazira Capital

Our view



Market depth





SAUDI MARKET - TOP PICKS FOR THE WEEK

Code	Company	Close*	Buy range	Target 1	Target 2	Stop loss
7030	Mobile Telecomm. Co. Saudi Arabia	12.06	11.95-12.06	12.25	12.60	11.85
5110	Saudi Electricity Co.	26.00	25.70-26.00	26.25	26.95	25.55

* As of 4th October 2022

* Note – Stop loss is based on a closing basis and not on an intraday basis

CHARTS OF THE WEEK

Technical observations

ZAIN KSA penetrated above its channel resistance a few days back, and is also currently above its previous peak after a retest yesterday, indicating strength. Moreover, the RSI line crossed the 60 level and is in the buy zone. We recommend buying the stock in a range of SAR 11.95 – 12.06, for a target of SAR 12.25 followed by SAR 12.60, with a strict stop loss of SAR 11.85 on a closing basis.

Mobile Telecommunication Co. Saudi Arabia (ZAIN KSA)



Source: Tradingview, AlJazira Capital

Technical observations

SAUDI ELECTRICITY yesterday penetrated above its previous peak, showing bullish signs. Moreover, the stock is trading above both its 10-day and 20-day moving averages, indicating strength. Furthermore, the RSI is moving on the upside, indicating a possible rally. We recommend buying the stock in a range of SAR 25.70 – 26.00, for a target of SAR 26.25 followed by SAR 26.95, with a strict stop loss of SAR 25.55 on a closing basis.

Saudi Electricity Co. (SAUDI ELECTRICITY)



Source: Tradingview, AlJazira Capital



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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.

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