

Major Economic News

- Saudi Arabia's Industrial Production Index rose 16.8% Y/Y to 139.1 points in August 2022 compared to 119.1 points in the August 2021. The mining and quarrying activity rose by 15.5% Y/Y as the Kingdom increased its oil production to reach its highest level of more than 11.0mn bpd in August. (Source: Argaam)

Major Corporate News

- Jabal Omar Development Co. stated that construction continued phases 2 and 3 of its master project in Makkah and is expected to be delivered starting from the Q4-22. (Source: Argaam)
- Saudi Arabia's Ministry of Industry and Mineral Resources announced that eight companies including United Cement Industrial Co., National Gypsum Co., Global Gypsum Co. Ltd., El-Khayyat Gypsum, United Mining Industries, Yanbu Gypsum, Mada Gypsum Co., and ASK Gypsum Factory Ltd are qualified for an exploration license for gypsum ore in the Al-Qasab wells spanning 0.6 km. (Source: Argaam)
- The Red Sea Development Co. (TRSDC) signed an agreement with Dublin-based daa International to operate the Red Sea International Airport. According to the provisions of General Authority of Civil Aviation and the International Civil Aviation Organization, daa will serve as the airport operator for the airport in FY23 and oversee design consultancy, management, and operations. (Source: Argaam)
- Saudi Aramco Base Oil Co. (Luberef) signed four MoUs with APAR, The National Oil and Chemical Company, Petromin Corporation and Day Candle to build specialty production facilities in Yanbu (Source: Argaam)

Market Analysis

- The Saudi Stock Exchange decreased 0.3% to 11,530.4. The value traded stood at SAR 4.7bn (up 22.6% over previous day), while the advance-decline ratio stood at 99/98. The parallel market index decreased 0.7% to 19,794.2 points. The value traded stood at SAR 23.6mn (down 3.1% over previous day). Most sectors in the main market ended in the green. Healthcare & Capital Goods (up 2.6% and 2.0%, respectively) advanced the most; Retailing and Food & Staples (down 1.3% and 1.1%, respectively) led the laggards.

Top Gainers

Company	Price	Change%
ZAIN KSA	12.94	7.1
CARE	76.20	5.7
THEEB	72.40	4.9
SAUDI CERAMICS	41.60	4.4
SIECO	41.25	4.0

Top Losers

Company	Price	Change%
BAHRI	26.20	-3.7
SAUDI RE	14.60	-3.6
EXTRA	84.80	-3.1
UACC	19.48	-2.9
GIG	25.70	-2.8

Saudi Stock Exchange

Index	Closing	High	Low	Daily Change%	YTD %
TASI	11,530	11,629	11,472	-0.3	2.2
NomuC	19,794	20,073	19,642	-0.7	-23.8

TASI movement during session



TASI Ratios

P/E* (x)	18.9
Price-to-Book (x)	2.4
Dividend Yield (%)	2.3
Return on Equity (%)	27.2

*Source: Argaam (Excluding Aramco)

Index	Close	Daily Change%	YTD %	PE (TTM)
Energy	6,023	-0.7	9.2	13.9
Materials	6,904	0.1	-6.0	12.6
Capital Goods	6,448	2.0	-14.5	21.8
Commercial Service	3,601	0.1	-19.0	43
Transportation	4,785	1.7	-8.6	High
Consumer Durables	4,882	0.4	-23.1	Neg
Consumer Services	3,994	0.2	-13.9	High
Media	23,430	0.1	0.8	25.8
Retailing	8,272	-1.3	-16.0	23
Food & Staples	9,924	-1.1	8.8	27.9
Food & Beverages	4,811	1.5	-0.5	45
Healthcare	9,720	2.6	32.9	47.6
Pharma & Bio Tech	3,496	0.8	-32.7	Neg
Banks	12,785	-0.7	4.6	18.9
Diversified Financial	7,525	0.5	10.2	8.4
Insurance	5,448	-0.4	-9.1	Neg
Telecom	6,668	-1.1	-8.4	17.6
Utilities	7,713	0.1	30.0	15.5
REITs	4,204	-0.2	-8.8	23.3
Real Estate	3,014	0.1	-5.0	High
Software & Services	36,536	0.8	27.5	35.1

Average Index Value

Average days 5	Average days 10	Average days 20	Average value traded for September (bn)
11,681	11,509	11,549	5.52

Market Statistics

	Value Traded (SAR bn)	Volumes (mn shares)	No. of Trades ('000)
Current Week	8.5	255.3	572.60
Previous week	30.1	850.9	1,775.90

Top Weighted Companies

Company	Price	Change%
Al Rajhi	82.50	0.1
Saudi Aramco	35.75	-0.7
SNB	62.90	-2.5
SABIC	92.00	-1.1
STC	38.15	-2.2



Regional and International Markets

- Among other regional markets, Dubai and Abu Dhabi decreased 1.0% and 0.8%, respectively. Egypt increased 0.1%, while Kuwait, Oman, Qatar, and Bahrain declined 1.9%, 0.6%, 0.5%, and 0.2%, respectively.
- According to Fitch ratings, UK economy is set to enter deep recession as the rating agency also downgraded its GDP forecast for FY22 to -1.0% versus -0.2% projected in September. (Source: RTT news)
- Eurozone sentix investor sentiment index fell to -38.3 in October (consensus: -34.7) from -31.8 in September. The current situation index plunged to -35.5 in October as compared to -26.5 a month ago. (Source: RTT news)
- Japan reported a current account surplus of JPY 58.9bn in August (consensus: surplus of 121.8bn) down by 96.1% Y/Y. Exports rose 23.7% Y/Y at JPY 8.1tn, while imports rose 52.9% Y/Y to JPY 10.6tn for a trade deficit of JPY 2.5tn. (Source: RTT news)
- Oil prices fell 1.8% due to renewed worries on imminent rate hike, as US Federal Reserve's Vice Chairperson emphasized on tighter monetary policy in near term.
- Gold prices fell 1.5%, as an elevated US dollar and prospects for aggressive interest rates hikes from US Federal Reserve pressured the yellow metal.

Forex / Currency

Currency	Close	Daily Change%	MTD %	YTD %
Dollar Index	113.14	0.3	0.9	18.3
Euro	0.97	-0.4	-1.0	-14.7
Japanese Yen	145.72	0.3	0.7	26.6
Sterling Pound	1.11	-0.3	-1.0	-18.3
Chinese Yuan	7.15	0.3	0.2	12.5
Indian Rupee	82.32	0.0	1.2	10.7
UAE Dirham	3.67	0.0	0.0	0.0
Qatari Rial	3.68	-0.1	-0.1	0.2
Kuwaiti Dinar	0.31	0.1	0.1	2.6
Omani Rial	0.38	-0.1	-0.1	-0.1
Bahraini Dinar	0.38	0.0	0.0	0.1
Egyptian Pound	19.67	0.1	0.6	25.1

Corporate Calendar

Date	Company	Event
12 th Oct	QACCO	Cash Dividend Distribution
12 th Oct	Retal	Cash Dividend Distribution
13 th Oct	ALSAGR INSURANCE	EGM
13 th Oct	MIS	Cash Dividend Distribution
13 th Oct	ELM	Cash Dividend Distribution
17 th Oct	SPM	EGM

*EGM: Extra Ordinary Meeting

*OGM: Ordinary General Meeting

Regional Markets

Market	Close	Daily Change%	MTD %	YTD %	P/E
Dubai (DFM)	3,339	-1.0	0.7	4.5	10.3
Abu Dhabi (ADX)	9,831	-0.8	0.1	15.8	20.5
Kuwait (KSE)	5,272	-1.9	-1.2	-10.4	8.5
Qatar (QE)	12,914	-0.5	1.7	11.1	14.4
Oman (MSM)	4,531	-0.6	0.1	9.7	12.4
Bahrain (BSE)	1,880	-0.2	-0.1	4.6	7.1
Egypt (EGX30)	9,949	0.1	1.2	-16.7	5.2

International Markets

Index	Close	Daily Change%	MTD %	YTD %	P/E
Dow Jones	29,203	-0.3	1.7	-19.6	16.1
Nasdaq	10,927	-1.0	-0.4	-33.0	22.5
S&P 500	3,612	-0.7	0.7	-24.2	17.7
FTSE 100	6,959	-0.5	1.0	-5.8	13.5
Germany DAX 30	12,273	0.0	1.3	-22.7	12.0
France CAC 40	5,841	-0.4	1.4	-18.3	12.3
Japan Nikkei 225	27,116	0.0	4.5	-5.8	26.6
Russia MOEX	1,917	-1.4	-2.1	-49.4	3.1
Hong Kong Hang Seng	17,217	-3.0	-0.0	-26.4	6.4
South Korea KOSPI	2,233	0.0	3.6	-25.0	9.2
China Shanghai Composite	2,974	-1.7	-1.7	-18.3	13.1
Australia ASX 200	6,668	-1.4	3.0	-10.4	13.7
India Sensex	57,991	-0.3	1.0	-0.5	22.3
MSCI EM	885	-1.4	1.0	-28.2	9.9
MSCI World	2,396	-0.9	0.7	-25.9	15.5

Commodity Markets

Commodity	Price	Daily Change%	MTD %	YTD %
Arab Light Crude (\$/bbl)	102.32	1.6	4.0	29.2
Brent Crude (\$/bbl)	96.19	-1.8	9.4	21.3
Texas crude (\$/bbl)	91.13	-1.6	14.6	18.4
Natural Gas (\$/mmbtu)	6.44	-4.6	-4.9	74.3
Gold (\$/oz)	1,668.61	-1.5	0.5	-8.0
Silver (\$/oz)	19.61	-2.6	3.0	-14.9
Steel (\$/ton)	750.00	0.3	-3.4	-47.4
Iron Ore (CNY/MT)	773.50	1.5	1.5	12.8
Wheat (\$/bu)	938.00	6.6	1.8	20.4
Corn (\$/bu)	698.25	2.2	3.1	27.9
Sugar (\$/lb)	18.61	-0.4	5.3	1.9
SMP* (EUR/MT)	3,695.00	-0.8	0.2	9.8

*SMP: Skimmed Milk Powder

Interbank Rates

Region	Rate*	Daily Change(bps)	MTD (bps)	YTD (bps)
USD LIBOR	3.91	8.3	15.4	370.0
Saudi Arabia (SAIBOR)	4.58	17.5	46.0	367.2
UAE (EIBOR)	3.62	12.6	6.1	325.5
Kuwait (KSE)	3.19	0.0	25.0	168.8
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 10, 2022

Technical observations

Index	TASI
Ticker	SASEIDX Index
Last Close	11,530
Short-term view	Cautious
52 weeks high/low	13,949 – 10,600

Market data

Exchange Market Cap. (SARbn)	10,859.8
Value (SARmn)	4,704.2
Volume (mn)	139.8
Number of Transactions	300,256
Market Breadth	99 : 98

Key statistics

1D return %	-0.31%
WTD return %	-1.93%
QTD return	1.10%
YTD return	2.20%
ADT vol. 3M* (mn)	160.1
ADT val. 3M (SARmn)	6,099.2

ADT stands for Average Daily Traded *

TASI market commentary

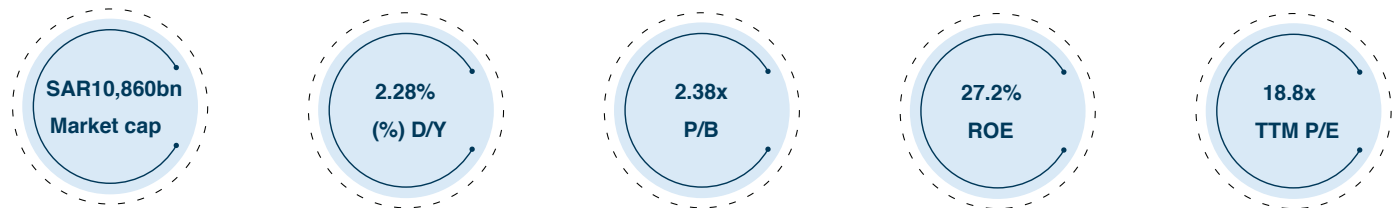
- The TASI declined on Monday weighed down by selling in index heavyweights like Telecommunication Services (-1.06% D/D) and Banks (-0.68% D/D) stocks. At close, the Saudi market ended the day with a loss of -0.31% at 11,530. In terms of activity, total volumes and value traded were ~140mn and ~SAR 4.7bn respectively. The advance-decline ratio came in at 99/98.

Technical outlook

- The TASI fell for the fourth straight session and declined more than 35 points to close the trading session below the 11,550 mark. The index after tagging an intraday high near 11,630, but failed to hold on and surrendered all its gains on the back profit booking. Moreover, the index failed to reclaim its 20-day moving average near 11,550 and closed below it, showing signs of weakness. However, the index developed a spinning bottom candle on the daily chart, indicating a possibility of a short pullback, but an immediate follow-through green candle is required for confirmation. Meanwhile, the RSI line is moving lower towards the negative territory, with no immediate trend reversal signs. The index has its next strong support near its 10-day moving average of 11,500, any sustained dip below it could result in testing the 11,470-11,400 level. On the flip side, the index has strong resistance near 11,550 (20-day moving average), above which it can attempt a short rally to test the 11,630 level.

Key price levels

S3	S2	S1	Pivot	R1	R2	R3
11,396	11,472	11,509	11,549	11,629	11,663	11,769



Source: Bloomberg, Argaam

TASI daily chart

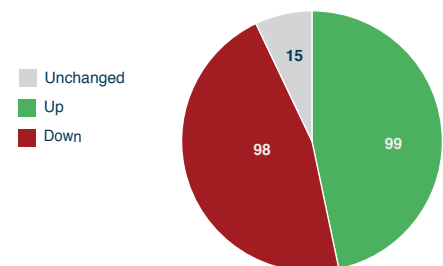


Source: Tradingview, Tadawul, AlJazira Capital

Our view



Market depth



SAUDI MARKET - TOP PICKS FOR THE WEEK

Code	Company	Close*	Buy range	Target 1	Target 2	Stop loss
1212	Astra Industrial Group	55.20	54.50-55.20	57.40	59.10	53.40

*As of 10th October 2022

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

CHARTS OF THE WEEK

Technical observations

ASTRA INDUSTRIAL penetrated above its channel trendline resistance a few days back, and is now close to its support zone giving a buying opportunity. Moreover, it is trading above both the 10-day and 20-day moving averages, showing strength. Furthermore, the RSI line is moving up and is in the buy zone. We recommend buying the stock in a range of SAR 54.50 – 55.20, for a target of SAR 57.40 followed by SAR 59.10, with a strict stop loss of SAR 53.40 on a closing basis

Astra Industrial Group (ASTRA INDUSTRIAL)



Source: Tradingview, AlJazira Capital



RESEARCH DIVISION

Head of Sell-Side Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@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/tax 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 | Investment Banking | Custody | Advisory

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