

Major Economic News

- Saudi Ports Authority (MAWANI) reported a 9.2% Y/Y increase in containers handled to 657,400 twenty-foot equivalent units (TEUs) in September 2022 compared to 602,000 TEUs handled in September 2021. Outbound containers increased by 12.5% Y/Y while inbound containers rose 6.7% Y/Y in September 2022. (Source: Argaam)
- The Minister of Human Resources and Social Development decided to localize 35.0% of consultancy professions and businesses to be effective as of April 6, 2023, in first phase, with the second phase to be implemented at 40.0% as of March 24, 2024. (Source: Argaam)
- Saudi Arabia's housing sector contributes more than SAR 115.0bn to the GDP. The sector provides 40,000 direct and indirect job and the real estate assets represent 15.0% of the total assets of public investment funds. (Source: Argaam)

Major Corporate News

- Arabian Drilling Co. completed the book-building process for institutional investors and set the final offer price at the top of range of SAR 100.0 per share with a coverage ratio of up to 61 times. The subscription orders were valued at SAR 162.0bn and the company's market capitalization upon listing will be SAR 8.9bn. (Source: Argaam)
- Perfect Presentation for Commercial Services Co. issued prospectus whereby the company plans to offer 4.5mn shares or 30.0% of its capital amounting to 15.0mn shares. (Source: Argaam)
- Saudi Aramco inaugurated Arabian Rig Manufacturing, which is a JV between Saudi Aramco and NOV which aims to manufacture drilling rigs and related equipment as well as provide after-sales services in Ras Al-Khair. (Source: Argaam)

Market Analysis

- The Saudi Stock Exchange decreased 0.1% to 11,514.3. The value traded stood at SAR 4.4bn (down 6.2% over previous day), while the advance-decline ratio stood at 94/105. The parallel market index decreased 0.6% to 19,681.7 points. The value traded stood at SAR 37.1mn (up 57.1% over previous day). Most sectors in the main market ended in the green. Media and Healthcare (up 2.9% and 1.8%, respectively) advanced the most; Retailing and Telecom (down 1.4% and 0.6%, respectively) led the laggards.

Top Gainers

| Company | Price | Change% |
|--------------------|-------|---------|
| SAUDI GERMAN HEALT | 32.00 | 9.0 |
| GIG | 27.60 | 7.4 |
| AYYAN | 18.38 | 4.7 |
| ALDAWAA | 81.90 | 4.5 |
| YCC | 38.70 | 4.0 |

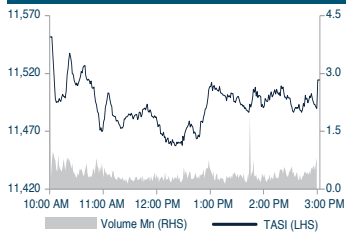
Top Losers

| Company | Price | Change% |
|----------------|-------|---------|
| ALHOKAIR GROUP | 20.22 | -6.3 |
| UACC | 18.76 | -3.7 |
| EXTRA | 81.90 | -3.4 |
| RAYDAN | 27.05 | -3.4 |
| ALHOKAIR | 17.96 | -2.9 |

Saudi Stock Exchange

| Index | Closing | High | Low | Daily Change% | YTD % |
|-------|---------|--------|--------|---------------|-------|
| TASI | 11,514 | 11,560 | 11,457 | -0.1 | 2.1 |
| NomuC | 19,682 | 19,843 | 19,624 | -0.6 | -24.2 |

TASI movement during session



TASI Ratios

| | |
|----------------------|------|
| P/E* (x) | 18.8 |
| 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 | 6,015 | -0.1 | 9.0 | 13.9 |
| Materials | 6,880 | -0.3 | -6.3 | 12.5 |
| Capital Goods | 6,446 | 0.0 | -14.6 | 21.8 |
| Commercial Service | 3,612 | 0.3 | -18.7 | 43.2 |
| Transportation | 4,773 | -0.3 | -8.8 | High |
| Consumer Durables | 4,859 | -0.5 | -23.5 | Neg |
| Consumer Services | 3,994 | 0.0 | -13.9 | High |
| Media | 24,114 | 2.9 | 3.7 | 26.4 |
| Retailing | 8,157 | -1.4 | -17.2 | 22.6 |
| Food & Staples | 9,970 | 0.5 | 9.3 | 28 |
| Food & Beverages | 4,789 | -0.5 | -1.0 | 43.1 |
| Healthcare | 9,896 | 1.8 | 35.3 | 48.5 |
| Pharma & Bio Tech | 3,516 | 0.6 | -32.3 | Neg |
| Banks | 12,736 | -0.4 | 4.2 | 18.8 |
| Diversified Financial | 7,525 | 0.0 | 10.2 | 8.3 |
| Insurance | 5,529 | 1.5 | -7.7 | Neg |
| Telecom | 6,627 | -0.6 | -8.9 | 17.5 |
| Utilities | 7,767 | 0.7 | 30.9 | 15.6 |
| REITs | 4,200 | -0.1 | -8.9 | 23.3 |
| Real Estate | 3,028 | 0.5 | -4.5 | High |
| Software & Services | 36,796 | 0.7 | 28.4 | 35.4 |

Average Index Value

| Average days 5 | Average days 10 | Average days 20 | Average value traded for September (bn) |
|----------------|-----------------|-----------------|---|
| 11,628 | 11,559 | 11,523 | 5.38 |

Market Statistics

| | Value Traded (SAR bn) | Volumes (mn shares) | No. of Trades ('000) |
|---------------|-----------------------|---------------------|----------------------|
| Current Week | 13 | 379.4 | 867.70 |
| Previous week | 30.1 | 850.9 | 1,775.90 |

Top Weighted Companies

| Company | Price | Change% |
|--------------|-------|---------|
| Al Rajhi | 81.90 | -0.7 |
| Saudi Aramco | 35.70 | -0.1 |
| SNB | 61.30 | -2.5 |
| SABIC | 91.40 | -0.7 |
| STC | 37.80 | -0.9 |

Regional and International Markets

- Among other regional markets, Dubai and Abu Dhabi decreased 0.6% and 0.8%, respectively. Qatar, Egypt, and Bahrain declined 1.2%, 0.8%, and 0.1%, respectively. Meanwhile, Kuwait and Bahrain declined 0.2%, each.
- The IMF cut the global growth projection for FY23 to 2.7% from 3.3%, while retained the outlook for FY22 at 3.2% versus a 6.0% expansion in FY21. Global inflation is forecasted to increase to 8.8% in FY22 from 4.7% last year. (Source: RTT news)
- UK ILO unemployment rate fell to 3.5% in three months to August (consensus: 3.6%) from 3.6% in three months to July. In September, the jobless claims increased 25,500 from August (consensus: 10,000). The claimant count remained constant at 3.9% in September. (Source: Econoday)
- Machinery orders in Japan on annual basis increased 9.7% in August (consensus: 13.0% Y/Y) versus 12.8% Y/Y in July. (Source: Econoday)
- Oil prices declined 2.0%, as recession fears and an uptick in COVID-19 cases in China increased concerns over global demand.
- Gold prices fell by 0.1%, as US dollar strengthened, and US treasury bond yields elevated while investors awaited US inflation data and clarity on US rate hike decisions.

Forex / Currency

| Currency | Close | Daily Change% | MTD % | YTD % |
|----------------|--------|---------------|-------|-------|
| Dollar Index | 113.22 | 0.1 | 1.0 | 18.3 |
| Euro | 0.97 | 0.1 | -1.0 | -14.6 |
| Japanese Yen | 145.86 | 0.1 | 0.8 | 26.7 |
| Sterling Pound | 1.10 | -0.8 | -1.8 | -18.9 |
| Chinese Yuan | 7.17 | 0.3 | 0.4 | 12.8 |
| 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 | 0.0 | 0.3 |
| Kuwaiti Dinar | 0.31 | 0.0 | 0.1 | 2.6 |
| Omani Rial | 0.39 | 0.1 | 0.0 | 0.0 |
| Bahraini Dinar | 0.38 | -0.1 | -0.1 | 0.0 |
| Egyptian Pound | 19.70 | 0.2 | 0.8 | 25.3 |

Corporate Calendar

| Date | Company | Event |
|----------------------|---------|----------------------------|
| 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 |
| 17 th Oct | SPM | EGM |
| 18 th Oct | Enaya | EGM |

*EGM: Extra Ordinary Meeting

*OGM: Ordinary General Meeting

Regional Markets

| Market | Close | Daily Change% | MTD % | YTD % | P/E |
|-----------------|--------|---------------|-------|-------|------|
| Dubai (DFM) | 3,320 | -0.6 | 0.1 | 3.9 | 10.2 |
| Abu Dhabi (ADX) | 9,754 | -0.8 | -0.6 | 14.9 | 20.3 |
| Kuwait (KSE) | 5,260 | -0.2 | -1.5 | -10.6 | 8.4 |
| Qatar (QE) | 12,755 | -1.2 | 0.5 | 9.7 | 14.2 |
| Oman (MSM) | 4,520 | -0.2 | -0.2 | 9.5 | 12.3 |
| Bahrain (BSE) | 1,879 | -0.1 | -0.2 | 4.5 | 7.1 |
| Egypt (EGX30) | 9,867 | -0.8 | 0.4 | -17.4 | 5.3 |

International Markets

| Index | Close | Daily Change% | MTD % | YTD % | P/E |
|--------------------------|--------|---------------|-------|-------|------|
| Dow Jones | 29,239 | 0.1 | 1.8 | -19.5 | 16.1 |
| Nasdaq | 10,791 | -1.2 | -1.6 | -33.9 | 22.2 |
| S&P 500 | 3,589 | -0.7 | 0.1 | -24.7 | 17.6 |
| FTSE 100 | 6,885 | -1.1 | -0.1 | -6.8 | 13.3 |
| Germany DAX 30 | 12,220 | -0.4 | 0.9 | -23.1 | 11.9 |
| France CAC 40 | 5,833 | -0.1 | 1.2 | -18.5 | 12.3 |
| Japan Nikkei 225 | 26,401 | 0.0 | 1.8 | -8.3 | 26.6 |
| Russia MOEX | 1,949 | 1.7 | -0.4 | -48.5 | 3.2 |
| Hong Kong Hang Seng | 16,832 | -2.2 | -2.3 | -28.1 | 6.2 |
| South Korea KOSPI | 2,192 | 0.0 | 1.7 | -26.4 | 9.3 |
| China Shanghai Composite | 2,980 | -1.5 | -1.5 | -18.1 | 12.9 |
| Australia ASX 200 | 6,645 | -0.3 | 2.6 | -10.7 | 13.6 |
| India Sensex | 57,147 | -1.5 | -0.5 | -1.9 | 22.0 |
| MSCI EM | 865 | -2.3 | -1.3 | -29.8 | 9.7 |
| MSCI World | 2,376 | -0.8 | -0.1 | -26.5 | 15.4 |

Commodity Markets

| Commodity | Price | Daily Change% | MTD % | YTD % |
|---------------------------|----------|---------------|-------|-------|
| Arab Light Crude (\$/bbl) | 99.14 | -3.1 | 0.8 | 25.2 |
| Brent Crude (\$/bbl) | 94.29 | -2.0 | 7.2 | 18.9 |
| Texas crude (\$/bbl) | 89.35 | -2.0 | 12.4 | 16.1 |
| Natural Gas (\$/mmbtu) | 6.60 | 2.5 | -2.5 | 78.7 |
| Gold (\$/oz) | 1,666.34 | -0.1 | 0.3 | -8.2 |
| Silver (\$/oz) | 19.15 | -2.3 | 0.6 | -16.9 |
| Steel (\$/ton) | 736.00 | -1.9 | -5.2 | -48.4 |
| Iron Ore (CNY/MT) | 764.50 | -1.2 | 0.3 | 11.4 |
| Wheat (\$/bu) | 901.00 | -3.9 | -2.2 | 15.7 |
| Corn (\$/bu) | 693.00 | -0.8 | 2.3 | 27.0 |
| Sugar (\$/lb) | 18.74 | 0.7 | 6.0 | 2.6 |
| SMP* (EUR/MT) | 3,663.00 | -0.9 | -0.7 | 8.9 |

*SMP: Skimmed Milk Powder

Interbank Rates

| Region | Rate* | Daily Change(bps) | MTD (bps) | YTD (bps) |
|-----------------------|-------|-------------------|-----------|-----------|
| USD LIBOR | 3.92 | 1.0 | 16.4 | 371.0 |
| Saudi Arabia (SAIBOR) | 4.57 | -0.4 | 45.5 | 366.8 |
| UAE (EIBOR) | 3.70 | 8.0 | 14.0 | 333.5 |
| 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 11, 2022

Technical observations

| | |
|-------------------|-----------------|
| Index | TASI |
| Ticker | SASEIDX Index |
| Last Close | 11,514 |
| Short-term view | Cautious |
| 52 weeks high/low | 13,949 – 10,600 |

Market data

| | |
|------------------------------|----------|
| Exchange Market Cap. (SARbn) | 10,843.7 |
| Value (SARmn) | 4,412.5 |
| Volume (mn) | 124.1 |
| Number of Transactions | 295,043 |
| Market Breadth | 94 : 105 |

Key statistics

| | |
|---------------------|---------|
| 1D return % | -0.14% |
| WTD return % | -2.07% |
| QTD return | 0.96% |
| YTD return | 2.06% |
| ADT vol. 3M* (mn) | 159.5 |
| ADT val. 3M (SARmn) | 6,072.8 |

ADT stands for Average Daily Traded *

TASI market commentary

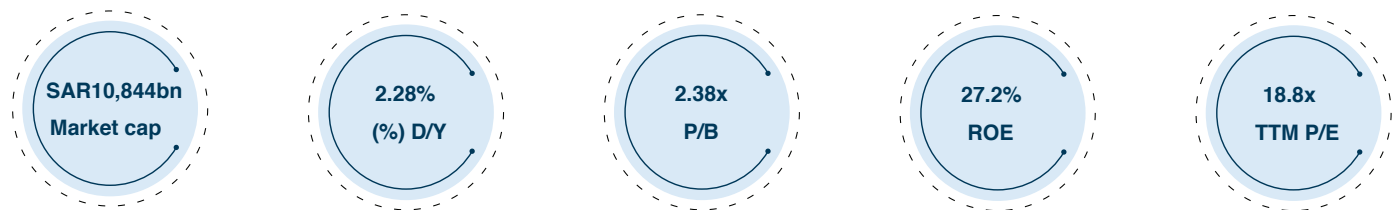
- The TASI fell on Tuesday weighed down by selling in index heavyweights like Telecommunication Services (-0.61% D/D) and Banks (-0.38% D/D) stocks. At close, the Saudi market ended the day with a loss of -0.14% at 11,514. In terms of activity, total volumes and value traded were ~124mn and ~SAR 4.4bn respectively. The advance-decline ratio came in at 94/105.

Technical outlook

- The TASI declined for the fifth straight session and fell around 16 points to close the trading session near the 11,500 mark. The index opened gap up and tagged an intraday high near 11,560, but later slid lower surrendering all its gains on the back profit booking. However, the index managed to rebound from its day's low near 11,455 recouping majority of its losses. Meanwhile, the index closed below both its 10-day moving average near 11,560 and the 20-day moving average near 11,520, indicating weakness. However, the index developed a hammer candle on the daily chart, showing signs of reversal, but an immediate green candle follow-through is required for confirmation. Meanwhile, the index has its next support near 11,500, any sustained weakness below it could drag the index lower to test the 11,450-11,390 level. On the flip side, the index has strong resistance near its 20-day moving average of 11,525, followed by its 10-day moving average near the 11,560 level.

Key price levels

| S3 | S2 | S1 | Pivot | R1 | R2 | R3 |
|--------|--------|--------|--------|--------|--------|--------|
| 11,394 | 11,454 | 11,505 | 11,524 | 11,559 | 11,628 | 11,675 |



Source: Bloomberg, Argaam

TASI daily chart

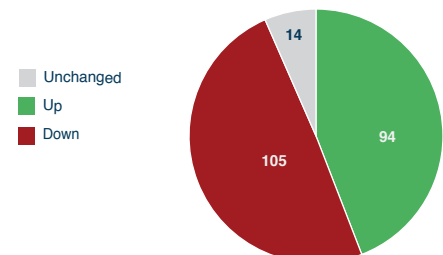


Source: Tradingview, Tadawul, AlJazira Capital

Our view



Market depth



SAUDI MARKET - TOP PICKS FOR THE WEEK

| Code | Company | Close* | Buy range | Target 1 | Target 2 | Stop loss |
|------|--|--------|-------------|----------|----------|-----------|
| 4014 | Scientific and Medical Equipment House Co. | 69.40 | 69.00-69.40 | 70.40 | 72.40 | 68.10 |
| 1140 | Bank Albilad | 50.90 | 50.50-50.90 | 51.60 | 53.00 | 49.90 |

* As of 11th October 2022

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

CHARTS OF THE WEEK

Technical observations

EQUIPMENT HOUSE penetrated above its channel trendline resistance a few days back, and yesterday also moved above its consolidation zone, indicating positive signs. Moreover, the RSI line is moving up and is in the buy zone. We recommend buying the stock in a range of SAR 69.00 – 69.40, for a target of SAR 70.40 followed by SAR 72.40, with a strict stop loss of SAR 68.10 on a closing basis.

Scientific and Medical Equipment House Co. (EQUIPMENT HOUSE)



Source: Tradingview, AlJazira Capital

Technical observations

ALBILAD yesterday penetrated above its channel trendline resistance, indicating 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 50.50 – 50.90, for a target of SAR 51.60 followed by SAR 53.00, with a strict stop loss of SAR 49.90 on a closing basis.

Bank Albilad (ALBILAD)



Source: Tradingview, AlJazira Capital



RESEARCH DIVISION

Head of Sell-Side Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH
DIVISION

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