

Major Economic News

- The Saudi Authority for Industrial Cities and Technology Zones launched a strategic partnership with a major food manufacturing company to attract investments up to SAR 4.0bn. The partnership involves the allocation of industrial land spanning 50,000 sq.m. to set up a factory in the Dammam 2nd Industrial City with investments of more than SAR 500.0mn. (Source: Argaam)

Major Corporate News

- Mobile Telecommunication Co. (Zain KSA) announced the transfer of ownership of its subsidiary, Zain Business Ltd., to PIF at a value of SAR 10,000. Consequently, PIF renamed the company to The Golden Lattice Investment Co. (GLI). Zain KSA signed an asset purchase agreement with GLI through which ownership of 8,069 towers will be transferred to GLI for a total value of SAR 3.0bn. (Source: Argaam)
- SEDCO Capital REIT Fund signed a Shariah-compliant facility agreement worth SAR 1.7bn with its strategic partner, Bank AlJazira. Out of the total amount, SAR 800.0mn will be used for refinancing the currently withdrawn facility, SAR 375.0mn will be utilized by the fund manager for investments and SAR 541.0mn will be used after increasing the total value of the fund's assets and obtaining the CMA's approval. (Source: Argaam)
- Methanol Chemicals Co. and Global Company for Downstream Industries signed an agreement for a strategic partnership to produce specialty chemicals such as methyl diethanolamine and choline chloride for an approximate cost of SAR 500.0mn. (Source: Argaam)

Earnings update (Net Profit) (SAR mn)

Company	Q3-22	Q3-21	Y/Y %	Q2-22	Q/Q %
Saudi Ceramics	42.8	52.4	-18.4	38.0	12.7

Market Analysis

- The Saudi Stock Exchange decreased 0.1% to 11,405.9 on Sunday. The value traded stood at SAR 3.2bn (down 18.9% over previous day), while the advance-decline ratio stood at 83/116. The parallel market index decreased 0.1% to 19,744.2 points. The value traded stood at SAR 13.7mn (down 34.3% over previous day). Most sectors in the main market ended in the red. Food & Beverages and Food & Staples and (up 1.1% and 1.0%, respectively) advanced the most; Utilities and Media (down 1.6% each) led the laggards.

Top Gainers

Company	Price	Change%
EQUIPMENT HOUSE	72.70	4.8
SAUDI GERMAN HEALT	34.35	3.9
EAST PIPES	74.60	2.9
NAHDI	201.00	2.6
TCC	17.74	2.5

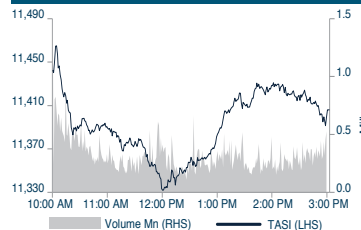
Top Losers

Company	Price	Change%
SALAMA	13.34	-6.2
ALHOKAIR GROUP	18.06	-5.5
ACIG	12.70	-3.5
ALYAMAMAH STEEL	29.15	-3.0
MEFIC REIT	5.34	-2.6

Saudi Stock Exchange

Index	Closing	High	Low	Daily Change%	YTD %
TASI	11,406	11,468	11,331	-0.1	1.1
NomuC	19,744	19,844	19,625	-0.1	-24.0

TASI movement during session



TASI Ratios

P/E* (x)	18.7
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	5,896	-1.1	6.9	13.6
Materials	6,853	-0.1	-6.7	12.5
Capital Goods	6,284	-1.3	-16.7	21.2
Commercial Service	3,572	-0.1	-19.6	42.7
Transportation	4,733	0.2	-9.6	High
Consumer Durables	4,869	0.3	-23.3	Neg
Consumer Services	3,978	-0.3	-14.3	High
Media	22,852	-1.6	-1.7	25.1
Retailing	7,870	-0.7	-20.1	21.8
Food & Staples	10,090	1.0	10.6	28.5
Food & Beverages	4,880	1.1	0.9	43.9
Healthcare	9,892	-0.2	35.2	48.2
Pharma & Bio Tech	3,549	-0.2	-31.6	Neg
Banks	12,602	0.2	3.1	18.6
Diversified Financial	7,318	-0.2	7.2	8.3
Insurance	5,555	-0.7	-7.3	Neg
Telecom	6,646	0.5	-8.7	17.6
Utilities	7,560	-1.6	27.4	15.2
REITs	4,201	-0.1	-8.9	23.2
Real Estate	3,055	0.4	-3.7	High
Software & Services	36,647	1.0	27.9	35.3

Average Index Value

Average days 5	Average days 10	Average days 20	Average value traded for September (bn)
11,485	11,591	11,452	5.01

Market Statistics

	Value Traded (SAR bn)	Volumes (mn shares)	No. of Trades ('000)
Current Week	3.2	98.8	231.00
Previous week	21.8	636.1	1,444.30

Top Weighted Companies

Company	Price	Change%
Al Rajhi	81.70	0.5
Saudi Aramco	35.00	-1.1
SNB	61.00	0.0
SABIC	89.70	-0.3
STC	37.95	0.0

Regional and International Markets

- Among other regional markets, Dubai and Abu Dhabi remained closed. Egypt and Kuwait increased 2.0% and 0.1%, respectively, while Qatar and Oman declined 0.7% and 0.3%, respectively. Meanwhile, Bahrain remained flat.
- US initial jobless claims increased to 228,000 (consensus: 225,000) in the week ended October 8, representing an increase of 9,000 from the previous week's revised level of 219,000. (Source: RTT news)
- US retail sales increased 8.2% Y/Y however, remained unchanged in September on M/M basis (consensus: rise of 0.2% M/M) after rising an upwardly revised 0.4% M/M in August. Excluding motor vehicles, retail sales edged up by 0.1% M/M in September (consensus: -0.1% M/M) versus edging down 0.1% M/M in August. (Source: Econoday, RTT news).
- US import prices increased 6.0% Y/Y in September versus a rise of 7.8% Y/Y in August. Export prices increased 9.5% Y/Y in September versus the 10.8% Y/Y jump in August. (Source: RTT news)
- US consumer sentiment index edged up to 59.8 in October (consensus: 59.0) from 58.6 in September. The current economic conditions index increased to 65.3 in October from 59.7 in September, while the index for consumer expectations slipped to 56.2 in October from 58.0 in September. (Source: RTT news).

Forex / Currency

Currency	Close	Daily Change%	MTD %	YTD %
Dollar Index	113.31	0.0	1.1	18.4
Euro	0.97	0.0	-0.8	-14.5
Japanese Yen	148.67	0.0	2.7	29.2
Sterling Pound	1.12	0.0	0.0	-17.4
Chinese Yuan	7.22	0.0	1.1	13.6
Indian Rupee	82.36	0.0	1.2	10.8
UAE Dirham	3.67	0.0	-0.0	0.0
Qatari Rial	3.68	0.0	-0.1	0.2
Kuwaiti Dinar	0.31	0.0	0.1	2.6
Omani Rial	0.39	0.0	0.0	-0.0
Bahraini Dinar	0.38	0.0	-0.1	0.0
Egyptian Pound	19.66	0.0	0.6	25.1

Corporate Calendar

Date	Company	Event
17 th Oct	SPM	EGM
19 th Oct	SINAD HOLDING	EGM
19 th Oct	UCA	EGM
19 th Oct	Najran Cement	Cash Dividend Distribution
19 th Oct	ALARABIA	Cash Dividend Distribution
19 th Oct	MOBI	Cash Dividend Distribution

*EGM: Extra Ordinary Meeting

*OGM: Ordinary General Meeting

Regional Markets

Market	Close	Daily Change%	MTD %	YTD %	P/E
Dubai (DFM)	3,377	0.0	1.8	5.7	10.4
Abu Dhabi (ADX)	9,776	0.0	-0.4	15.2	19.9
Kuwait (KSE)	5,227	0.1	-2.1	-11.2	8.3
Qatar (QE)	12,635	-0.7	-0.5	8.7	14
Oman (MSM)	4,530	-0.3	0.0	9.7	12.3
Bahrain (BSE)	1,868	0.0	-0.8	3.9	7.1
Egypt (EGX30)	10,049	2.0	2.3	-15.9	5.2

International Markets

Index	Close	Daily Change%	MTD %	YTD %	P/E
Dow Jones	29,635	0.0	3.2	-18.4	16.3
Nasdaq	10,692	0.0	-2.5	-34.5	22.0
S&P 500	3,583	0.0	-0.1	-24.8	17.6
FTSE 100	6,859	0.0	-0.5	-7.1	13.3
Germany DAX 30	12,438	0.0	2.7	-21.7	12.1
France CAC 40	5,932	0.0	2.9	-17.1	12.5
Japan Nikkei 225	27,091	0.0	4.4	-5.9	26.7
Russia MOEX	1,951	0.0	-0.3	-48.5	3.2
Hong Kong Hang Seng	16,588	0.0	-3.7	-29.1	6.2
South Korea KOSPI	2,213	0.0	2.6	-25.7	9.4
China Shanghai Composite	3,072	0.0	1.6	-15.6	13.4
Australia ASX 200	6,759	0.0	4.4	-9.2	13.7
India Sensex	57,920	0.0	0.9	-0.6	22.2
MSCI EM	863	0.0	-1.4	-29.9	9.6
MSCI World	2,377	0.0	-0.1	-26.5	15.4

Commodity Markets

Commodity	Price	Daily Change%	MTD %	YTD %
Arab Light Crude (\$/bbl)	97.39	0.0	-1.0	23.0
Brent Crude (\$/bbl)	91.63	0.0	4.2	15.5
Texas crude (\$/bbl)	85.61	0.0	7.7	11.2
Natural Gas (\$/mmbtu)	6.45	0.0	-4.6	74.8
Gold (\$/oz)	1,644.47	0.0	-1.0	-9.4
Silver (\$/oz)	18.28	0.0	-3.9	-20.7
Steel (\$/ton)	751.00	0.0	-3.2	-47.4
Iron Ore (CNY/MT)	753.50	0.0	-1.1	9.8
Wheat (\$/bu)	859.75	0.0	-6.7	10.4
Corn (\$/bu)	689.75	0.0	1.8	26.4
Sugar (\$/lb)	18.84	0.0	6.6	3.2
SMP* (EUR/MT)	3,638.00	0.0	-1.4	8.1

*SMP: Skimmed Milk Powder

Interbank Rates

Region	Rate*	Daily Change(bps)	MTD (bps)	YTD (bps)
USD LIBOR	4.19	0.0	43.9	398.5
Saudi Arabia (SAIBOR)	4.90	3.7	78.3	399.6
UAE (EIBOR)	3.78	0.0	21.9	341.3
Kuwait (KSE)	3.19	0.0	25.0	168.8
Bahrain (BHIBOR)	5.03	2.5	2.5	350.8

Data Sources: Tadawul, Bloomberg, Reuters

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

Closes as of October 16, 2022

Technical observations	
Index	TASI
Ticker	SASEIDX Index
Last Close	11,406
Short-term view	Cautious
52 weeks high/low	13,949 – 10,600

Market data	
Exchange Market Cap. (SARbn)	10,668.7
Value (SARmn)	3,193.2
Volume (mn)	98.9
Number of Transactions	231,011
Market Breadth	83 : 116

Key statistics	
1D return %	-0.14%
WTD return %	-0.14%
QTD return	0.00%
YTD return	1.10%
ADT vol. 3M* (mn)	158.0
ADT val. 3M (SARmn)	5,995.1

ADT stands for Average Daily Traded *

TASI market commentary

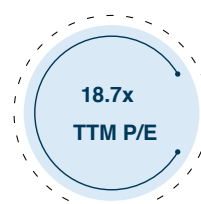
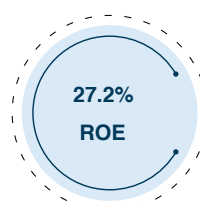
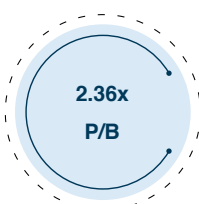
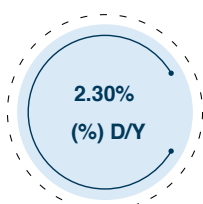
- The TASI declined on Sunday weighed down by selling in index heavyweights like Energy (-1.12% D/D) and Materials (-0.11% D/D) stocks, and also due to a dip in oil prices and weakness in global markets over the weekend. At close, the Saudi market ended the day with a loss of -0.14% at 11,406. In terms of activity, total volumes and value traded were ~99mn and ~SAR 3.2bn respectively. The advance-decline ratio came in at 83/116.

Technical outlook

- The TASI fell around 16 points to close the trading session near the 11,400 mark. The index opened gap up and after tagging an intraday high near 11,470, slid lower on the back of profit booking. However, it recovered from its intraday low near 11,330 and managed to trim its losses. Meanwhile, the index is still trading below both the 20-day moving average near 11,450 and the 10-day moving average near 11,590, indicating weakness. However, the index developed a hammer candle on the daily charts, showing signs of a short reversal, but an immediate green candle follow-through is required for confirmation. Meanwhile, the index has its support near 11,390, any breach below it could result in further profit booking and drag the index further down to test the 11,330 - 11280 level. On the flip side, the index has immediate resistance near its 20-day moving average of 11,450, above which the index can test the 11,500 level.

Key price levels

S3	S2	S1	Pivot	R1	R2	R3
11,279	11,331	11,394	11,452	11,504	11,589	11,627



Source: Bloomberg, Argaam

TASI daily chart

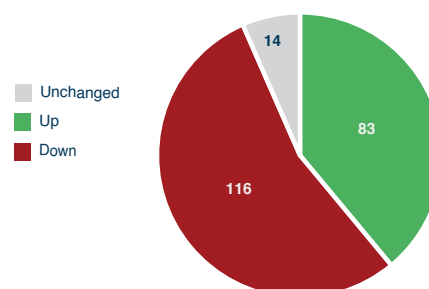


Source: Tradingview, Tadawul, AlJazira Capital

Our view



Market depth



SAUDI MARKET - TOP PICKS FOR THE DAY

Code	Company	Close*	Buy range	Target	Stop loss
4164	Nahdi Medical Co.	201.00	200.60-201.00	202.80	199.20
2081	Alkhorayef Water and Power Tech. Co.	132.00	131.40-132.10	133.30	130.70
4321	Arabian Centres Co.	20.64	20.58-20.64	20.85	20.44
4009	Middle East Healthcare Co.	34.35	34.25-34.35	34.65	34.05
2230	Saudi Chemical Co.	31.00	30.90-31.05	31.30	30.70
1321	East Pipes Integrated Co. For Industry	74.60	74.40-74.60	75.35	73.85

* As of 16th October 2022

* Note – Stop loss is based on an intraday basis

CHARTS OF THE DAY

Technical observations

NAHDI yesterday penetrated above its channel trendline resistance. Moreover, all technical indicators look bullish.

Nahdi Medical Co. (NAHDI)



Source: Tradingview, AlJazira Capital

Technical observations

ALKHORAYEF tested its support yesterday and bounced back, developing a bullish reversal candle. Moreover, the RSI line is above the 50 level.

Alkhorayef Water and Power Technologies Co. (AWPT)



Source: Tradingview, AlJazira Capital



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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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