

## Major Economic News

- Saudi Arabia will extend its voluntary output cut of 1.0mn barrels per day (bpd) for another month through August. The voluntary cut could be extended beyond August. The Kingdom's oil production for August will reach nearly 9.0mn bpd. Russia will also voluntarily reduce its oil supply in the month of August by 500,000 bpd (Source: Argam)
- Consumer spending in Saudi Arabia increased 15.0% to SAR 107.4bn in May 2023 from SAR 93.2bn during the same month last year. POS transactions rose 18.0% Y/Y to SAR 49.8bn in May. (Source: Argam)

## Major Corporate News

- Saudi Airlines Catering Co. signed two contracts with Red Sea Global Co. at a total estimated value of SAR 9.0bn. The term of each contract is 20 years, and the company expects a positive contribution to be shown in its accounts by Q3-25. (Source: Tadawul)
- The National Housing Co. announced the establishment of power plants worth SAR 500.0mn in a number of its residential projects in Riyadh and Jeddah, in cooperation with the private sector, with the aim of boosting the electricity system and providing reliable and high-quality electrical services in suburbs and communities. (Source: Tadawul)
- Saudi Automotive Services Co. announced the opening of two new stations. The Rusaifa Station is located in Makkah while Diras District Station is in Buraydah. The company expects the number of stations to reach nearly 570 to 580 by year-end. (Source: Tadawul)

## Market Analysis

- The Saudi Stock Exchange increased 0.4% to 11,545.1. The value traded stood at SAR 7.1bn (up 56.0% over previous day), while the advance-decline ratio stood at 111/106. The parallel market index increased 2.7% to 25,722.8 points. The value traded stood at SAR 34.0mn (up 45.2% over previous day). Most sectors in the main market ended in the green. Pharma & Bio Tech and Insurance (up 10.0% and 3.7%, respectively) advanced the most; Consumer Services and Food & Staples (down 2.3% and 1.3%, respectively) led the laggards.

## Top Gainers

| Company          | Price  | Change% |
|------------------|--------|---------|
| SPIMACO          | 42.40  | 10.0    |
| JAMJOOM PHARMA   | 108.20 | 10.0    |
| ASTRA INDUSTRIAL | 94.00  | 9.4     |
| SASCO            | 67.00  | 8.1     |
| MALATH INSURANCE | 23.00  | 7.4     |

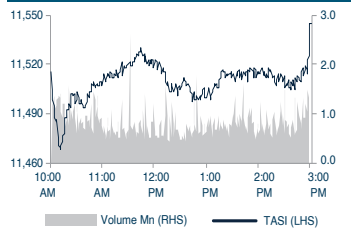
## Top Losers

| Company        | Price | Change% |
|----------------|-------|---------|
| ALHOKAIR GROUP | 2.50  | -6.0    |
| AMERICANA      | 4.03  | -5.6    |
| ALJAZIRA REIT  | 19.20 | -5.5    |
| SIIG           | 25.35 | -4.3    |
| BINDAWOOD      | 7.23  | -3.6    |

## Saudi Stock Exchange

| Index | Closing | High   | Low    | Daily Change% | YTD % |
|-------|---------|--------|--------|---------------|-------|
| TASI  | 11,545  | 11,545 | 11,464 | 0.4           | 10.2  |
| NomuC | 25,723  | 25,887 | 24,884 | 2.7           | 32.5  |

## TASI movement during session



## TASI Ratios

|                      |      |
|----------------------|------|
| P/E* (x)             | 21.6 |
| Price-to-Book (x)    | 2.3  |
| Dividend Yield (%)   | 2.6  |
| Return on Equity (%) | 25.1 |

\*Source: Argam (Excluding Aramco)

| Index                 | Close  | Daily Change% | YTD % | PE (TTM) |
|-----------------------|--------|---------------|-------|----------|
| Energy                | 6,063  | 0.4           | 11.7  | 13.7     |
| Materials             | 6,669  | -0.2          | 6.0   | 21.9     |
| Capital Goods         | 7,735  | 2.1           | 48.0  | 22.0     |
| Commercial Service    | 4,516  | -0.4          | 31.4  | 33.7     |
| Transportation        | 6,294  | 0.9           | 38.6  | High     |
| Consumer Durables     | 5,611  | 2.2           | 32.8  | Neg      |
| Consumer Services     | 5,132  | -2.3          | 39.1  | 48.6     |
| Media                 | 24,360 | -0.5          | 13.3  | 26.1     |
| Retailing             | 8,416  | 0.7           | 17.3  | 24.2     |
| Food & Staples        | 10,533 | -1.3          | 23.3  | 21.7     |
| Food & Beverages      | 6,187  | 2.0           | 33.3  | 34.5     |
| Healthcare            | 12,001 | 0.4           | 31.7  | High     |
| Pharma & Bio Tech     | 5,594  | 10.0          | 94.7  | Neg      |
| Banks                 | 11,322 | 0.4           | -1.9  | 14.2     |
| Diversified Financial | 7,109  | 1.7           | 11.8  | 33.1     |
| Insurance             | 7,923  | 3.7           | 49.0  | High     |
| Telecom               | 8,075  | 0.4           | 26.4  | 17.9     |
| Utilities             | 7,925  | 1.6           | 10.5  | 14.6     |
| REITs                 | 3,887  | -0.2          | -2.2  | 32.3     |
| Real Estate           | 3,290  | -0.3          | 31.6  | High     |
| Software & Services   | 55,731 | 0.2           | 55.3  | 40.4     |

## Average Index Value

| Average days 5 | Average days 10 | Average days 20 | Average value traded for the month (bn) |
|----------------|-----------------|-----------------|---|
| 11,479         | 11,476          | 11,368          | 6.26                                    |

## Market Statistics

|               | Value Traded (SAR bn) | Volumes (mn shares) | No. of Trades ('000) |
|---------------|-----------------------|---------------------|----------------------|
| Current Week  | 11.7                  | 447.10              | 846.70               |
| Previous week | 28.9                  | 1,415.50            | 2,076.70             |

## Top Weighted Companies

| Company      | Price | Change% |
|--------------|-------|---------|
| Saudi Aramco | 32.30 | 0.3     |
| Al Rajhi     | 72.80 | -0.1    |
| SNB          | 37.00 | 0.4     |
| SABIC        | 89.20 | 0.2     |
| STC          | 43.85 | -0.3    |



## Regional and International Markets

- Among other regional markets, Dubai and Abu Dhabi increased 2.3% and 0.1%, respectively. Kuwait and Oman gained 0.6% and 0.4%, respectively; while Qatar and Bahrain declined 0.2% and 0.1%, respectively. Meanwhile, Egypt remained closed.
- US ISM manufacturing PMI fell to 46.0 in June (consensus: 47.2) from 46.9 in May. This was the eighth consecutive month with a contraction in manufacturing activity. (Source: Reuters, RTT News)
- US construction spending rose 0.9% (consensus: an increase of 0.5%) to an annual rate of USD 1.9tn in May after rising by a revised 0.4% in April. (Source: RTT News)
- Eurozone manufacturing PMI declined to 43.4 in June (consensus: 43.6) from 44.8 in May. This was the biggest contraction in manufacturing activity since May 2020, as weakness in demand led to a decrease in production. (Source: RTT News)
- China will restrict exports of some metals widely used in the semiconductor industry, taking forward the war over access to high-tech microchips with the US. With the restrictions imposed, exporters will require to seek permission to ship some gallium and germanium products. (Source: Reuters)
- Oil prices declined 1.0%, as the supply cuts announced by Saudi Arabia and Russia for August were outweighed by subdued economic data from key economies.
- Gold prices rose 0.1% due to weaker economic data from the US.

## Forex / Currency

| Currency / USD | Close  | Daily Change% | MTD % | YTD % |
|----------------|--------|---------------|-------|-------|
| Dollar Index   | 102.99 | 0.1           | 0.1   | -0.5  |
| Euro           | 1.09   | 0.0           | 0.0   | 1.9   |
| Japanese Yen   | 144.68 | 0.3           | 0.3   | 10.3  |
| Sterling Pound | 1.27   | -0.1          | -0.1  | 5.0   |
| Chinese Yuan   | 7.25   | -0.2          | -0.2  | 4.8   |
| Indian Rupee   | 81.96  | -0.1          | -0.1  | -0.9  |
| UAE Dirham     | 3.67   | 0.0           | 0.0   | 0.0   |
| Qatari Rial    | 3.65   | 0.0           | 0.0   | -0.7  |
| Kuwaiti Dinar  | 0.31   | 0.0           | 0.0   | 0.5   |
| Omani Rial     | 0.39   | 0.0           | 0.0   | 0.0   |
| Bahraini Dinar | 0.38   | 0.0           | 0.0   | 0.0   |
| Egyptian Pound | 30.90  | 0.0           | 0.0   | 24.8  |

## Corporate Calendar

| Date                | Company         | Event                         |
|---------------------|-----------------|-------------------------------|
| 4 <sup>th</sup> Jul | ALBAHA          | EGM                           |
| 4 <sup>th</sup> Jul | TANMIAH         | Cash Dividend Distribution    |
| 5 <sup>th</sup> Jul | GASCO           | Eligibility for Cash Dividend |
| 5 <sup>th</sup> Jul | Al Rajhi REIT   | Eligibility for Cash Dividend |
| 5 <sup>th</sup> Jul | Knowledge Tower | Eligibility for Cash Dividend |
| 5 <sup>th</sup> Jul | TIBBIYAH        | Cash Dividend Distribution    |

\*EGM: Extra Ordinary Meeting

\*OGM: Ordinary General Meeting

## Regional Markets

| Market          | Close  | Daily Change% | MTD % | YTD % | P/E  |
|-----------------|--------|---------------|-------|-------|------|
| Dubai (DFM)     | 3,879  | 2.3           | 2.3   | 16.5  | 9.4  |
| Abu Dhabi (ADX) | 9,562  | 0.1           | 0.1   | -6.9  | 16.0 |
| Kuwait (KSE)    | 7,858  | 0.6           | 0.6   | -3.2  | 11.0 |
| Qatar (QE)      | 10,181 | -0.2          | 1.1   | -4.7  | 11.7 |
| Oman (MSM)      | 4,792  | 0.4           | 0.5   | -1.3  | 10.4 |
| Bahrain (BSE)   | 1,957  | -0.1          | -0.1  | 3.2   | 7.4  |
| Egypt (EGX30)   | 17,665 | 0.0           | 0.0   | 21.0  | 6.3  |

## International Markets

| Index                    | Close  | Daily Change% | MTD % | YTD % | P/E  |
|--------------------------|--------|---------------|-------|-------|------|
| Dow Jones                | 34,418 | 0.0           | 0.0   | 3.8   | 19.9 |
| Nasdaq                   | 15,209 | 0.2           | 0.2   | 39.0  | 33.5 |
| S&P 500                  | 4,456  | 0.1           | 0.1   | 16.0  | 21.3 |
| FTSE 100                 | 7,527  | -0.1          | -0.1  | 1.0   | 10.5 |
| Germany DAX 30           | 16,081 | -0.4          | -0.4  | 15.5  | 13.1 |
| France CAC 40            | 7,387  | -0.2          | -0.2  | 14.1  | 12.7 |
| Japan Nikkei 225         | 33,753 | 1.7           | 1.7   | 29.4  | 32.8 |
| Russia MOEX              | 2,794  | -0.1          | -0.1  | 29.7  | 2.2  |
| Hong Kong Hang Seng      | 19,307 | 2.1           | 2.1   | -2.4  | 9.9  |
| South Korea KOSPI        | 2,602  | 1.5           | 1.5   | 16.4  | 15.3 |
| China Shanghai Composite | 3,244  | 1.3           | 1.3   | 5.0   | 14.5 |
| Australia ASX 200        | 7,246  | 0.6           | 0.6   | 2.9   | 14.8 |
| India Sensex             | 65,205 | 0.8           | 0.8   | 7.2   | 24.3 |
| MSCI EM                  | 1,005  | 1.6           | 1.6   | 5.1   | 12.9 |
| MSCI World               | 2,972  | 0.2           | 0.2   | 14.2  | 18.8 |

## Commodity Markets

| Commodity                 | Price    | Daily Change% | MTD % | YTD % |
|---------------------------|----------|---------------|-------|-------|
| Arab Light Crude (\$/bbl) | 79.41    | 1.3           | 1.3   | -5.7  |
| Brent Crude (\$/bbl)      | 74.65    | -0.3          | -0.3  | -13.1 |
| Texas crude (\$/bbl)      | 69.79    | -1.2          | -1.2  | -13.0 |
| Natural Gas (\$/mmbtu)    | 2.71     | -3.2          | -3.2  | -34.9 |
| Gold (\$/oz)              | 1,921.64 | 0.1           | 0.1   | 5.4   |
| Silver (\$/oz)            | 22.92    | 0.6           | 0.6   | -4.3  |
| Steel (\$/ton)            | 865.00   | -1.8          | -1.8  | 16.3  |
| Iron Ore (CNY/MT)         | 882.50   | -0.3          | -0.3  | 3.0   |
| Wheat (\$/bu)             | 641.75   | -1.4          | -1.4  | -20.7 |
| Corn (\$/bu)              | 493.50   | -0.3          | -0.3  | -19.2 |
| Sugar (\$/lb)             | 23.32    | 2.3           | 2.3   | 30.9  |
| SMP* (EUR/MT)             | 2,425.00 | -0.7          | -0.7  | -12.6 |

\*SMP: Skimmed Milk Powder

## Interbank Rates

| Region           | Rate* | Daily Change(bps) | MTD (bps) | YTD (bps) |
|------------------|-------|-------------------|-----------|-----------|
| KSA (SAIBOR 1M)  | 5.65  | -0.3              | -0.5      | 91.9      |
| KSA (SAIBOR 3M)  | 5.92  | -2.9              | -2.9      | 58.2      |
| KSA (SAIBOR 6M)  | 5.92  | -2.2              | -2.4      | 32.3      |
| KSA (SAIBOR 12M) | 5.92  | 0.0               | 0.0       | 5.1       |
| USD (LIBOR 3M)   | 5.55  | 0.0               | 2.9       | 77.8      |
| UAE (EIBOR 3M)   | 5.15  | -1.8              | -1.8      | 83.9      |

Data Sources: Tadawul, Bloomberg, Reuters  
Closes as of July 3, 2023

| Technical observations |                |
|------------------------|----------------|
| Index                  | TASI           |
| Ticker                 | SASEIDX Index  |
| Last Close             | 11,545         |
| Short-term view        | Buy            |
| 52 weeks high/low      | 13,949 – 9,931 |

| Market data                   |           |
|-------------------------------|-----------|
| Exchange Market Cap. (SAR bn) | 10,948.8  |
| Value (SAR mn)                | 7,123.8   |
| Volume (mn)                   | 265.7     |
| Number of Transactions        | 510,590   |
| Market Breadth                | 111 : 106 |

| Key statistics      |         |
|---------------------|---------|
| 1D return %         | 0.45%   |
| MTD return %        | 0.75%   |
| QTD return          | 0.75%   |
| YTD return          | 10.18%  |
| ADT vol. 3M* (mn)   | 215.4   |
| ADT val. 3M (SARmn) | 5,936.4 |

\*ADT stands for Average Daily Traded

## TASI market commentary

- TASI witnessed a rise on Monday which was led by index heavyweight Banks (0.42% D/D) and Telecommunication services (0.38% D/D) sectors. At close, the Saudi market ended the day with a change of 0.45% at 11,545. In terms of activity, total volumes and value traded were ~266mn and ~SAR 7.1bn respectively. The advance-decline ratio came in at 111/106.

## Technical outlook

- TASI closed near 11,545 after gaining 51 points. As expected, the index bounced off its 10-day SMA taking another upward step toward the level of the prior minor peak near 11,570 after bouncing off the significant support level of the previous short-term peak near 11,350. Moreover, the 10, 20 & 50-day SMAs are showing a positive structure tipping the odds in favor of resuming the way toward the prior minor peak near 11,570 and suggesting a possible upside breakout above it. Meanwhile, the RSI indicator is showing a rise inside the bullish territory above its 50 level. TASI currently has immediate resistance near 11,570 near the level of 127.2% Fibonacci retracement. If penetrated, the next one is expected to lay near 11,730 near the 161.8% Fibonacci retracement followed by 11,800. On the other hand, immediate support is seen at around 11,450 followed by the level of the prior minor trough near 11,350. If breached, the index would be expected to meet the next support near 11,250. Traders are advised to buy as long as the index respects the significant support level of 11,350 which lies around the 20-day SMA.

## Key price levels

| S3     | S2     | S1     | Pivot  | R1     | R2     | R3     |
|--------|--------|--------|--------|--------|--------|--------|
| 11,150 | 11,250 | 11,350 | 11,450 | 11,570 | 11,730 | 11,800 |



Source: Bloomberg, Argaam

## TASI daily chart



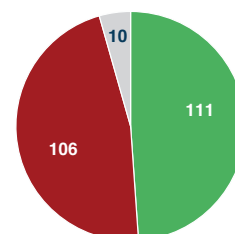
Source: Tradingview, Aljazira Capital

## Our view



## Market depth

Unchanged  
Up  
Down





## SAUDI MARKET - TOP PICKS FOR THE WEEK

| Code | Company  | Close* | Buy range     | Target 1 | Target 2 | Reward % | Stop loss |
|------|--|--------|---------------|----------|----------|----------|-----------|
| 8030 | The Mediterranean and Gulf Insurance and Reinsurance Co. | 10.44  | 10.44 – 10.70 | 10.70    | 11.90    | 13.98%   | 9.80      |
| 8300 | Wataniya Insurance Company (Wataniya)                    | 19.20  | 19.20 – 19.00 | 19.50    | 21.40    | 11.46%   | 18.24     |

\* As of 03<sup>rd</sup> July 2023

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

## CHARTS OF THE WEEK

## Technical observations

**MEDGULF** has finished a cup and handle price pattern. Moreover, the volume and the RSI indicator are showing a bullish structure confirming the price action. We recommend buying the stock in a range of SAR10.44 – 10.70, for a target of SAR10.70 followed by SAR11.90, with a stop loss below SAR9.80 on a closing basis.

## The Mediterranean and Gulf Insurance and Reinsurance Co. (MEDGULF)



Source: Tradingview, AlJazira Capital

## Technical observations

**Wataniya** finished a saucer price pattern and bounced off its 10-day SMA. Moreover, the RSI indicator are showing a bullish structure confirming the price action. We recommend buying the stock in a range of SAR19.20 – 19.00, for a target of SAR19.50 followed by SAR21.40, with a stop loss below SAR18.24 on a closing basis.

## Wataniya Insurance Company (Wataniya)



Source: Tradingview, AlJazira Capital

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**Candlestick:** A candlestick (candle) is a type of price chart used to display the high, low, opening, and closing prices of a security for the period under consideration.

**Support:** This is the price level at which demand is strong enough to avoid any further price decline.

**Resistance:** This is the price level at which supply is strong enough to stop any further price increase.

**Pattern/formation:** This is a plot of a security's price activity over a certain period that can be used to identify potential trends, reversal of trends, price targets, entry and exit points, etc. There are various formations – such as head & shoulders, triangles, flags, etc.

**Simple moving average:** A simple moving average is formed by computing the average price of a security over a specific number of periods. Moving averages are based on closing prices.

**Relative strength index (RSI):** RSI is a momentum indicator that compares a security's price gains to its losses for a predetermined number of periods (generally, 14 periods are used). The RSI attempts to point out how security, in relative terms, is in the overbought/oversold zone.

**Moving average convergence/divergence (MACD):** MACD is a trading indicator that shows changes in the strength, direction, momentum, and duration of a trend in a stock's price through a collection of three- time series calculated from historical closing prices.

**Fibonacci retracements:** These are horizontal lines that indicate the expected areas of support/resistance for a security based on a predetermined price movement. These are usually indicated by Fibonacci ratios of 23.6%, 38.2%, 50.0%, 61.8%, and 100% from that movement.

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