



Weekly Market Report

Week ended 04th July, 2018

Saturday thru Wednesday inclusive

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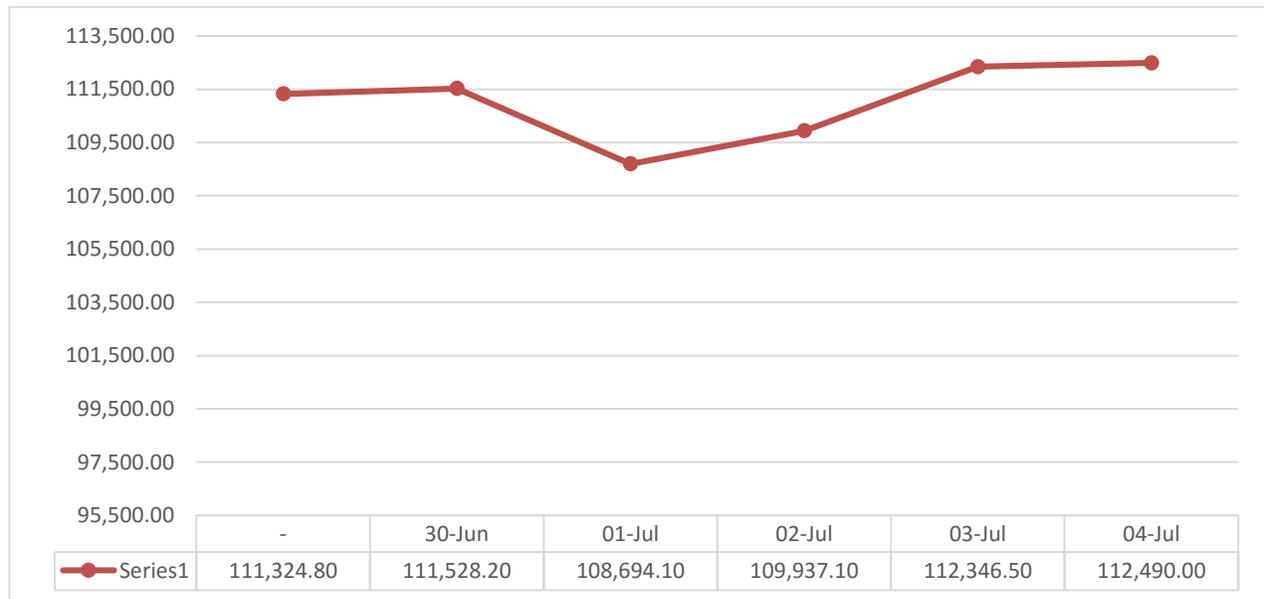
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1. Market Report-The Indices

- All Share Index**



- Market indices**

Title	June 27, 2018	July 4, 2018	Unit change	Change %
All-Share Index	111,324.82	112,490.00	1,165.18	1.05%
Fara Bourse Index	1,264.7	1,252.8	-11.84	-0.94%
Index Of 30 Largest Co.	5,470.7	5,531.1	60.43	1.10%
Index Of 50 Most Active Co.	4,760.2	4,825.0	64.81	1.36%
P/E	7.86	7.15	-0.71	-9.03%

Daily Average Trading Value	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	153,708,639	76,078,683	-77,629,956	-50.50%



- **Market Analysis**

- **The Market**

Following a continuous rise in the value of Base Metals, mining and Petrochemical companies the all-share index rose by 1,165 points (1.05%) closing at the peak of 112,490. As a result the return on capital after rising by 16,200 points since the beginning of the year (21st March, 2018) reached 16.8% whilst the value of the IRR against US Dollar for the year to date has declined by 64%.

- **Trading Value**

The total trading value of this week after declining by 30% against last week reached US\$417.232 million of which Mobarekeh Steel Co 's trading value of US\$21 million was the largest.

- **Market Activities**

On Saturday being the first day of the week and following the negative sentiment of the previous week most of the shares were initially turned negative but by the end of the day they stabilised such as Iran Khodro, Motorsazan, Irka Part, Damavand Min, Iran Fold and Iran Mn. Mines which turned positive.

During this week we also witnessed the opening of Mapna Group 's ticker after the approval of the change of its year-end and the increase of its share capital by an extra ordinary meeting of the shareholders. This led to a rise in its share price by 2%.

However by next day on Sunday following a negative sentiment most share prices turned negative leading to a severe drop in the index by 2,834 points closing at 108,700.

This was reversed on the following day resulting in higher share prices in most of the sectors in particular those of base Metals, mining , Petrochemical and refinery. Under this scenario the index rose by 1,243 points. This positive sentiment continued on Tuesday pushing the index to a higher level after rising by 2,009 points. Eventually by Wednesday being the last trading day of the week the market turned negative and most queues for purchases came to an end although due to a continuing rise in certain sectors the day ended by an increase of a further 143 points closing at 112,490.

The IPO of Ghadir Petrochemical Co was introduced in Farabourse and a price tag of IRR1,700 per share was achieved. This company after an annual net profit forecast of IRR155 per share achieved a P/E ratio of 10.9.

- **Debt Market**

The total trading value of the debt market after rising by 120% this week reached US\$124 million. This was partly due to the issuance of a new debt paper by Kourosh Industrial Food Co worth US\$6 million.

The rates of interest achieved by T Bills ((discounted), Fixed Income Funds and ETF funds were 28%, 22% and 22% respectively.



- **Base Metals & Mining**

	World.	Iran
	US\$.	US\$
Lead.	2,340.	3,570
Copper.	6,260.	7,311
Zinc.	2,700.	5,064
Aluminum.	2,078.	2,891

The above Iran prices have been arrived at after using an exchange rate of IRR42,850=1US\$.

The above prices are currently on a decline which have been exacerbated by the trade war between the US and China. Moreover, an increase in the supply of Zinc and Copper in 2018 has been partly to blame.

The continuation of growing trade concerns has facilitated market inactivity, and in turn, a broad decline in the complex, while a pullback in global equity markets and a fall in the Chinese yuan has added to bearish sentiment across commodities.

The lowering of US inflation and unemployment have given the Trump administration the impetus to continue its trade war with China and Europe with no end in sight.

The copper prices are generally on a rise and there is no prospect of having further strikes in South America. As a result the production of copper so far this year has risen by 7% which is not good news for the industry. This combined with the trade war between the US and China has worsened the situation even further.

The stockpiles of Zinc at Shanghai have dropped by 15% last week which has stopped a severe drop in Zinc prices worldwide.

According to the latest monthly reports in China the total stockpiles of zinc in China have reached 161,000 tons which shows 23% drop in monthly supply.

Moreover there has been a drop of 4.3% in the stockpiles of billets at Shanghai which could trigger off a rise in steel prices in the days ahead.

Escondida, with expected output of more than 1.2m tonnes, constitutes less than half production that could be effected. We believe that after a long and drawn-out period of negotiation, an agreement will be reached, and a strike will be avoided.

In Iran due to the insistence by the Government to offer steel prices at a fixed exchange rate of IRR42,000=1US\$ there has been a significant drop in the stockpiles of steel producers which have been unprecedented during the last ten years. As a result the base Metals prices would probably follow the rise in gold prices pushing the price of 1US\$ to IRR80,000.



we expect a severe lowering of supply in Base Metals in both domestic and export markets.

Last year Iran's total value of steel trade with Europe reached US\$530 million of which Iran's exports was worth US\$292 million.

- **Oil & Energy**

The oil prices this week reached Brent oil US\$77.24 per barrel and Texas oil US\$73.03 per barrel. During this week the prices even went higher and reached US\$79 and US\$75 for Brent oil and Texas oil respectively.

According to Baker Hughes for the second consecutive week the number of US drillings has dropped by 4 which has curtailed the US oil production making it harder to impose an embargo on the supply of Iran oil.

Oil prices dipped on Friday in a nervous market ahead of a raft of import tariffs expected to be imposed later in the day by the world's two biggest economies, the United States and China.

Weighing on prices was a rise in U.S. crude inventories of 1.2 million barrels in the week to June 29, to 417.88 million barrels, the U.S. Energy Administration (EIA) said on Thursday.

Looming larger over markets is the U.S./China trade dispute. Washington has announced tariffs on Chinese goods from 12:01 a.m. Washington D.C. time (0401 GMT) on Friday.

China says it will retaliate, and U.S. President Trump said on Thursday he may ultimately impose tariffs on more than a half-trillion dollars worth of Chinese goods.

- **Tariffs, sanctions and disruptions**

The potential trade war between the United States and China comes amid a tight oil market. Energy consultancy FGE on Friday issued a stark warning of looming supply shortages due to U.S. sanctions against Iran, and because of disruptions elsewhere. "Iran's exports are some 2.7 million bpd, including condensate," it noted. Even if the U.S. government grants some waivers to allies, FGE estimated 1.7 to 2 million bpd of crude and condensate would be cut out of markets once its sanctions are implemented.

Some are already reacting. South Korea, a major buyer of Iranian oil and condensate, will not lift any Iranian oil in July for the first time since August 2012, three sources familiar with the matter said on Friday.

Cutting Iran out from oil trading comes amid other disruptions. "Venezuela...will lose another 400,000 bpd by year-end with production going to below 1 million bpd," FGE said, adding that another 300,000 bpd of Libyan capacity was disrupted.



Although Saudi Arabia and Russia have said they would raise output to make up for disruptions, FGE said "there simply is not enough capacity to make up for Iran's crude losses, plus Venezuela and Libya", and warned of the possibility of oil prices rising to \$100 per barrel.

In the meantime China is considering dealing in Yuan when purchasing oil and Europeans are trying to find ways in bypassing the US sanctions against Iran.

Under this scenario South Korea is trying to obtain exemption from US administration on the oil imports from Iran which firms 53% of its oil imports.

- **FX & Gold**

During this week the US Dollar index declined by 0.02% against last week and reached 94.40. On the other hand the price of gold after rising by US\$6 has reached US\$1,256 per ounce.

The parity of US Dollar against IRR has reached IRR82,000 this week whilst the official rate is at IRR42,850.

According to IMF the US\$ share of the market in 2018 has dropped to its lowest level during the last 4 years which is due to the lowering of US Economy overseas and the lowering of economic growth by major central banks.

In Iran the possibility of dealing in foreign currencies by making export permits as exchangeable documents in the stock market is no longer relevant as this idea has been shelved for the time being.

- **Housing**

According to Iran steel syndicate the price of steel has risen by between 40% and 45% during this year and represents 8% of the rise in the prices of accommodation units. According to the Government's latest statistics the annual number of empty housing units has risen by 36%.

In 2011 the total number of families in Tehran was 2.624 million with 327,000 empty accommodation units. This figure in 2016 reached 2.924 million with 490,000 empty units.

Whilst a percentage of empty units is necessary for the population the average of empty housing units in Iran is three times higher than that of the world. As a result at least 2/3 of these units must be made available to the market.

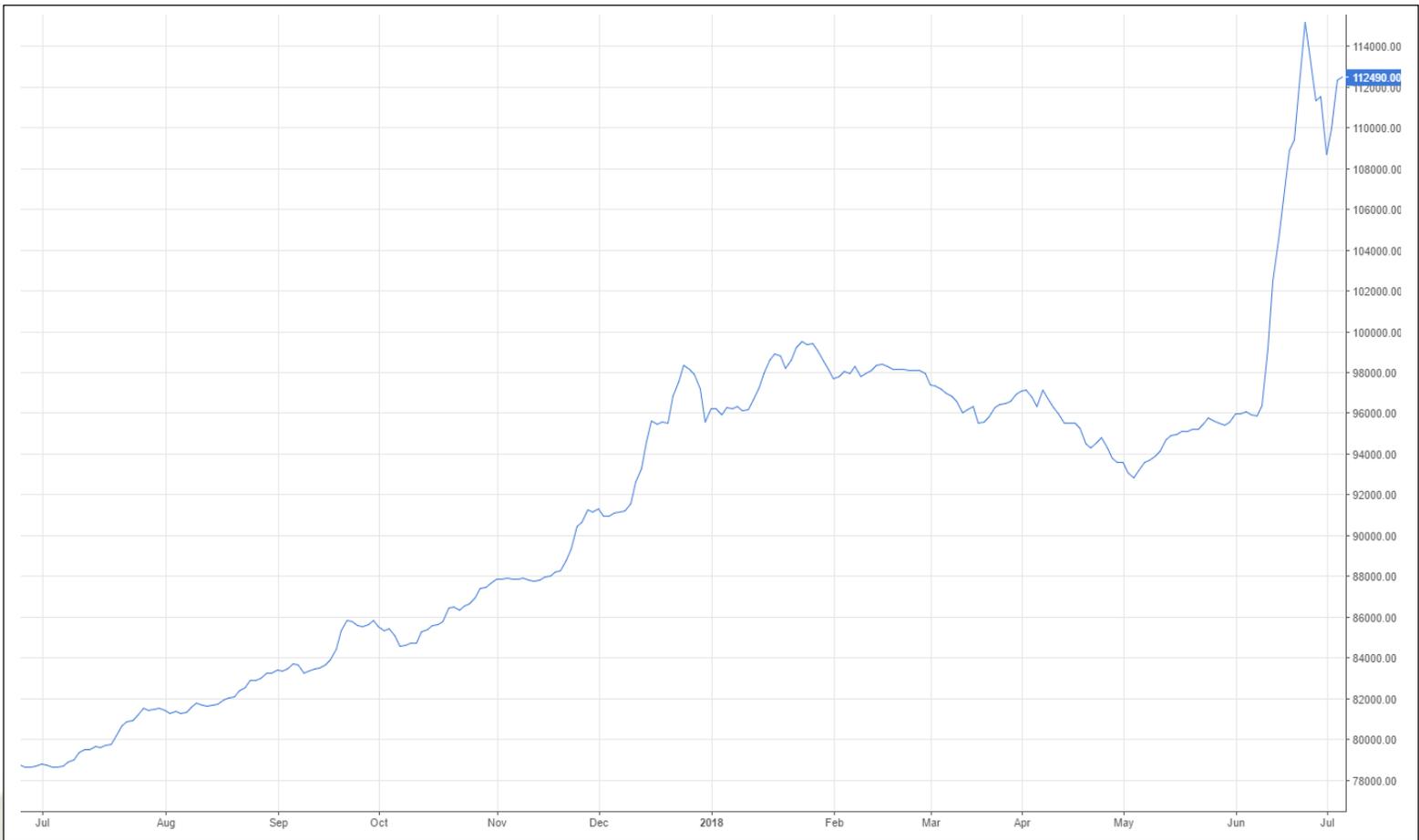
- **Macro Economy**

Iran producers index for the last 12 months ended 21st June 2018 against the corresponding period last year after has rising by 2.2% has reached 12%.



- **Market movements since the lifting of the sanctions**

- The following chart shows the movements in the prices of the shares on the Tehran Stock Market since the lifting of the sanctions:





- Worldwide prices of oil & gas, major currencies, precious metals and basic metals

Oil				
	Unit	29/06/2018	06/07/2018	Change%
Opec	Barrel/Dollar	74.310	75.210	1.2%
Petrol	Gallon/Dollar	2.1445	2.1095	-1.6%
Natural Gas	One Million-BTU	2.9250	2.8520	-2.5%

Currency (IRR)				
Currency		29/06/2018	06/07/2018	Change%
Dollar	Official Rate	42,590	42,850	0.61%
	Free Market Rate	42,000	42,000	0.0%
Euro		96,650	91,440	-5.4%
Pound		109,210	103,400	-5.3%

Precious Metal				
Metal	Unit	29/06/2018	06/07/2018	Change%
Gold	Dollar/ Ounce	1,251.96	1,255.02	0.24%
Silver	Dollar/ Ounce	16.0600	16.0700	0.06%

Basic Metal				
Product	Unit	29/06/2018	06/07/2018	Change%
Aluminum	Dollar/ Tonne	2,131.75	2,087.50	-2.1%
Lead	Dollar/ Tonne	2,410.50	2,348.00	-2.6%
Zinc	Dollar/ Tonne	2,856.75	2,748.75	-3.8%
Copper	Dollar/ Tonne	6,620.00	2,749	-58.5%



2.Detailed Market information

TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
NSTH	Real estate activities	Tehran Const.	5.31	28.27%
TMVD	manufacture of chemicals and chemical products	Daroupakhash I.	15.53	22.65%
TOKA	Manufacture of basic metals	Tukafoolad Inv.	2.75	21.90%
AZIN	Manufacture of motor vehicles·trailers and semi-trailers	Saipa Azin	2.95	21.61%
ROZD	manufacture of chemicals and chemical products	Rouz Darou P.	5.37	21.51%

TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
DFRB	manufacture of chemicals and chemical products	Farabi Pharm.	6.27	-18.06%
SEPP	Manufacture of coke·refind petroleum products and nuclear fuel	Spahan Naft	32.46	-16.59%
MAVA	manufacture of chemicals and chemical products	Fiber Prod.	7.58	-14.55%
MNOZ	Manufacture of food products and beverages except sugar	Minoo Co.	10.25	-12.35%
DZAH	manufacture of chemicals and chemical products	Zahravi Phar.	21.90	-12.33%



TSE TOP 5 VALUE LEADERS

Symbol	Sector	Company Name	close (USD Cent)	Trade Value USD Million
FOLD	Manufacture of basic metals	Mobarakeh Steel	9.38	84.2
MSMI	Manufacture of basic metals	I. N. C. Ind.	7.80	45.6
ZOBZ	Manufacture of basic metals	Isfahan Steel	2.93	44.2
GOLG	Mining of metal ores	Gol-E-Gohar.	12.12	35.2
KHMZ	Manufacture of basic metals	Khavarmiane mine	6.46	25.2



3.Economic News

Iran's President Inaugurates Phase 2 of Persian Gulf Star Refinery

The second phase of Iran's Persian Gulf Star Refinery, known as the world's largest gas condensate refinery, was launched in a ceremony in the country's southern port city of Bandar Abbas on Thursday.

US Sanction Waiver for Iran Oil Imports Likely: Report

A US State Department official was quoted as suggesting that Washington could offer waivers to the countries importing oil from Iran, after US officials said that customers must cut their imports of Iranian crude to zero from November and that exemptions were unlikely.

Iran Has Become Resistant against Foreign Threats: Oil Minister

Iranian Oil Minister Bijan Namdar Zanganeh praised the country's recent achievements in the oil industry and said the Islamic Republic has proved to be strong enough not to be harmed by foreign threats.

FATF Gives Iran until October to Complete 'Reforms'

The Financial Action Task Force (FATF) said Iran had until October to complete reforms that would "bring it into line with global norms or face consequences" that could further deter investors from the country.

Italy's Fiat to Be Back in Iran: Official

The head of Iran's Association of Automobile and Spare Parts Importers said Italy's Fiat Chrysler Automobiles plans to resume its activities in Iran.

Trump Asks Saudi Arabia to Increase Oil Production

US President Donald Trump on Saturday said he has asked King Salman of Saudi Arabia to increase oil production "maybe up to 2,000,000 barrels" in order to bring prices down.

Trump's Oil Request An Order for Saudis to Leave OPEC: Iran

The US president's announcement that Saudi Arabia has agreed to his request for a rise in the oil output is tantamount to an American order for the kingdom to bow out of the Organization of the Petroleum Exporting Countries, Iran's OPEC envoy said.



Trump Says No Exemption for EU Firms from Iran Sanctions

US President Donald Trump warned European companies that they would face secondary sanctions if they violated US restrictions on doing business with Tehran following Washington's move to pull out of the Iran nuclear deal.

US Push for Zero Oil Export by Iran to Upset World Market: Ex-Envoy

Iran's former representative in OPEC warned against a sharp fluctuation of oil prices in the wake of a US plan to drive Iran's crude exports down to zero, saying a further rise in Saudi oil output could heavily impact the world market as the OPEC reserve surplus will be maxed out.

S Korea's Iran Oil Imports May Fall to 3-Year Low in Sept: Sources

South Korea's oil imports from Iran could fall to the lowest in three years in September as buyers hold back booking cargoes, hoping for a US waiver from sanctions on Iran, several sources with knowledge of the matter said.

Russia Begins Work to Electrify Railroad in Iran

Russian Railways has begun works on the electrification of a railway line in Iran, the head of Russian Railways company said.

China Rejects US Call to End Iran Oil Exports

China has no plans to cooperate with US President Donald Trump's crackdown on the Iranian oil industry, a Chinese diplomat said.