



Weekly Market Report

Week ended 11th July, 2018

Saturday thru Wednesday inclusive

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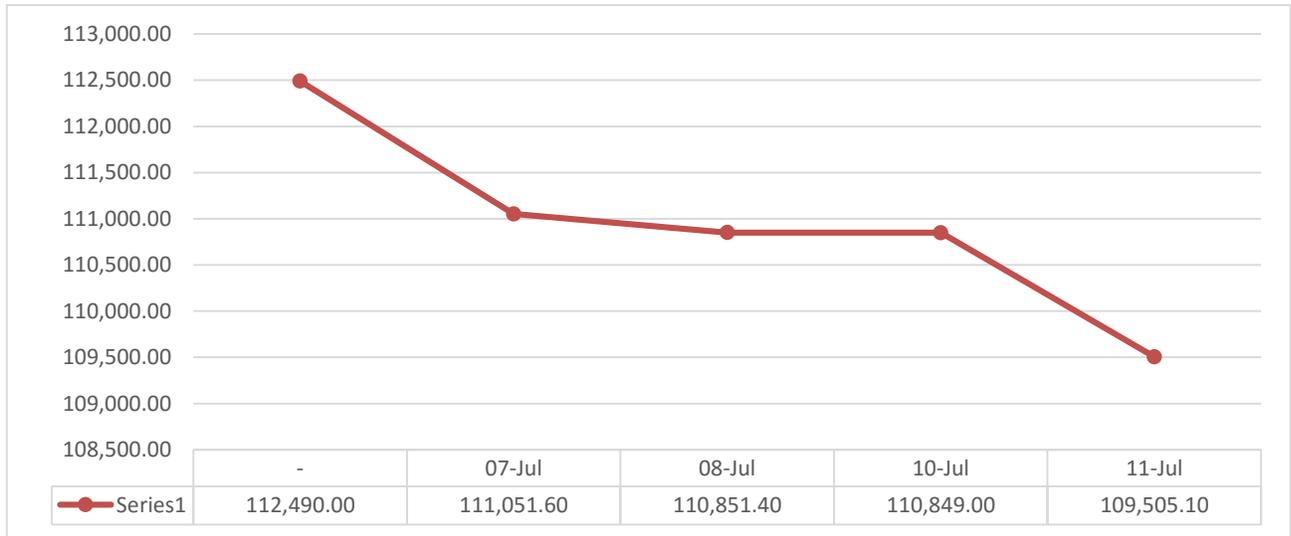
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1. Market Report-The Indices

- All Share Index



- Market indices

Title	July 4, 2018	July 11, 2018	Unit change	Change %
All-Share Index	112,490.00	109,505.13	-2,984.87	-2.65%
Fara Bourse Index	1,252.8	1,225.8	-27.04	-2.16%
Index Of 30 Largest Co.	5,531.1	5,304.1	-134.03	-2.78%
Index Of 50 Most Active Co.	4,825.0	4,691.0	-227.03	-4.10%
P/E	7.15	6.70	-0.45	-6.29%

Daily Average Trading Value	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	75,954,834	89,076,834	13,121,999	17.28%



- **Market Analysis**

- **The Market**

The all-share index under the influence of falling world share prices and negative sentiments in Base Metal and Petrochemical sectors declined by 2,985 points (2.7%) closing at 109,505. As a result the index after falling a total of 13,215 points since the beginning of this year (21st March, 2018) shows a growth of 13.7% whilst the value of IRR against US\$ has declined by 56% during the same period.

- **Trading Value**

The total trading value after falling by 17% against last week reached US\$361.179 million the largest value of which belonged to Pars Petrochemical Co of US\$95 million being the new IPO of the market.

- **Market Activities**

During this week we witnessed a decline in oil and commodity prices which pushed some investors to start selling shares mainly in base metal, steel and iron ore sectors.

On Saturday being the first day of the week due to lack of transparency in the foreign exchange market and the outcome of the discussions held between Iran and the European Union the market turned negative. The share prices of Isfahan Mobarak Steel Co, Persian Gulf Group, Gol-Gohar, Topico, Chador-Malo Co, Parsan Group Co and Isfahan Refinery Co were mostly adversely affected although the share prices of smaller companies virtually remained intact.

On Sunday there was a rise in the share price of Persian Gulf Group due to the impending IPO of Pars Petrochemical Co being one its underlying companies.

On Tuesday the IPO of Binalood Agricultural & Husbandry Co was introduced in Farabourse and achieved a selling price of IRR1,524 per share. Based on its net profit of IRR141 per share the company achieved a P/E ratio of 10.8. The sale of the shares was oversubscribed and instead of 800 shares for each applicant 431 shares were allocated.

On Wednesday the shares of Pars Petrochemical Co was offered to the public and achieved a price of IRR24,000 per share. Last year the company achieved a net profit of IRR5,083 per share. Again this was oversubscribed and instead of allocating 4,000 shares to each applicant only 1,898 shares were allocated. It is expected that the final net profit of Persian Gulf Group will reach IRR200 per share.

It was announced that in order to support and increase the market Activities the IPO of the giant Star of Persian Gulf Co being the largest refinery company in the country will be introduced to the market sooner rather than later.

During this week we also witnessed the publications of the financial statements of some refineries which with the exception of Tabriz Refinery reflected unexpected negative results. For instance Tehran Refinery Co although their net profit forecast was IRR861 per share ended up with an actual profit of IRR833 per share.



The results of Shiraz Refinery were equally disappointing as its profit forecast of IRR2,157 per share ended up with an actual profit of IRR1,762 per share.

Bandar Abbas Refinery with a net profit forecast of IRR937 per share ended up with an actual profit of IRR892 per share. However the net profit forecast of Tabriz Refinery which was IRR1,054 per share ended up with an actual profit of IRR1,107 per share.

This is believed to be due to the fixing of exchange rate of IRR42,000=US\$1 against an unofficial market of IRR80,000.

In a joint meeting of the heads of judiciary, the parliament and the Government the following decisions were made:

1. In order to support and promote investments in the stock market the tax on share transactions will be reduced from 0.5% to 0.1% for a period of one year. This is yet to be approved by the parliament.
2. In the event a company wishes to increase its capital by capitalising its undistributed profit the company will be exempt from tax on that profit.

The Governor of the Central Bank announced that the possibility of a rise in deposit interest rates is being considered but no firm decision has yet been made.

- **Debt Market**

The total trading value of the debt market after falling by 20% against last week reached US\$103.449 million. The interest rates achieved on TBills , fixed income funds and ETF funds were 26%, 22% and 21% respectively

- **Base Metals & Mining**

The prices for the week were:

	World US\$.	Iran US\$
Lead.	2,192.	3,542
Copper.	6,230.	7,038
Zinc.	2,569.	5,024
Aluminum	2,050.	2,621

The US trade war with China and Europe has resulted in the lowering of the world economic growth causing the commodity prices to fall. As a result Copper and Zinc prices reached their lowest levels in more than a year. Last week the stockpiles at LME was at their lowest and in particular those of copper.

Zinc prices also reached its lowest level since last year but recovered at both LME and Shanghai after Chinese producers agreed to reduce their productions. Iran export index of Slab showed a rise of 0.2% and Billets 1.5% due to the reduction of 10% in steel exports of Iran major steel companies.



According to the Government statistics the raw steel production reached 29.976 million tonnes during the last 9 months. According to Government statistics the steel production of the country will reach 55 million tonnes by the year 2025 of which between 15 and 20 million tonnes will be exported.

- **Oil & Energy**

Brent oil was US\$74 per barrel and Texas oil was US70 per barrel.

Following an increase in Libya oil production from 527,000 barrels to 1.280 million barrels a day the price of Brent oil fell by 5%.

Libya's National Oil Corporation said on Wednesday the country's production and export operations will resume at normal levels after General Khalifa Haftar, the military strongman controlling the east of the nation, agreed to allow four export ports to reopen. According to OPEC report the oil production of Saudi Arabia increased by 405,000 barrels a day during July. In the meantime Iran's oil production decreased by 22,700 barrels a day whilst Iraq oil production increased by 71,500 barrels a day. This shows that the level of OPEC oil production during the last 4 months has reached 31.780 million barrels a day.

According to IEA the demand for oil during the second half of the year will increase by a further 1.3 million barrels a day.

Oil prices edged lower on Friday and were set for a second weekly fall, as the market shrugged off a warning that spare capacity may be stretched as OPEC and Russia increase production.

It has been a wild week for oil prices with both the main benchmarks suffering heavy losses on Wednesday as traders focused on the return of Libyan oil to the market amid concerns about a China-U.S. trade war.

However, a warning on spare capacity by the International Energy Agency (IEA) pushed Brent higher on Thursday, helping it recoup some losses.

The IEA cautioned that the world's oil supply cushion "might be stretched to the limit" due to production losses in several different countries.

"Rising production from Middle East Gulf countries and Russia, welcome though it is, comes at the expense of the world's spare capacity cushion, which might be stretched to the limit," the Paris-based IEA said in its monthly report. According to Bloomberg US and Saudi Arabia have agreed to stop and replace Iran oil jointly.

Total the giant French oil company have to withdraw from phase 11 of Pars Development under US sanctions after losing US\$40 million. According to US officials Iran oil exports will soon fall from the current 2.47 million barrels a day to 2 million barrels a day. South Korea has announced that it will not buy any oil from Iran during the current month. This means that Iran oil imports to South Korea will completely come to zero by the end of August.



A Chinese independent Refinery has announced that following the imposition of US tariffs on Chinese goods it will continue to purchase oil from Iran.

- **FX & Gold**

The USDollar index rose by 0.04% and reached 94.85 whilst the the price of gold declined by US\$9 against last week to US\$1,247 per ounce.

In the meantime US Dollar parity against IRR dropped by 4.8% to IRR78,000 whilst the fixed price of Dollar according to the Central Bank was IRR43,190.

The foreign exchange market for the third category of imported goods set by the Ministry of Industry has now been fully operational causing a drop in the value of US Dollar this week. Under this arrangement the price of currencies for imports v exports will be determined by the market managed by authorised money exchange brokers.

- **Macro Economy**

According to Iran statistical centre the highest rate of inflation in the country belonged to Ilam province of (13.9%) and the lowest rate belonged to Ardebil province of 6.9%.

The annual rate of inflation for the last 12 months for families across the country was 8.2% whilst the highest rate of inflation during the said period belonged to Kermanshah province of 11.1%. During the said year the growth in the volume of liquidity was 22.1%.

The trading balance of the country was positive showing a surplus of US\$22.596 billion whilst the total exports was US\$98.142 billion and total imports was US\$75.546 billion.

The country total foreign debt of the country as at the end of last year was US\$10.910 billion whilst the average inter bank exchange rate was IRR34,124=US\$1.

The growth rates in Monetary Base and Near Money were 19.4% and 22.5% respectively whilst the growth of deposits in Government owned banks was 22.4% during the said year. In the meantime the GDP showed a growth of 3.7% with the oil revenue and without oil revenue 4.6%.

The rate of inflation of last year rose by 9.6% against the year before that. However the rate of inflation of last month against the month before that rose by 1.1% whilst the average rate of inflation of the last month against the corresponding month last year only rose by 8.3%.

- **Commentary by Market Observers**

1. A member of Iran Chamber of Commerce

By opening a channel through the European Investment Bank we no longer require to circumvent the sanctions in order to pay our expenses. This would also provide adequate reassurances to Europeans that all transactions would be compliant with money laundering and the proceeds of terrorism crimes regulations.



2. A market expert

The current system of creating a secondary foreign exchange market may resolve the FX problem in a short term and urged the authorities to aim for the unification of the currency as soon as possible.

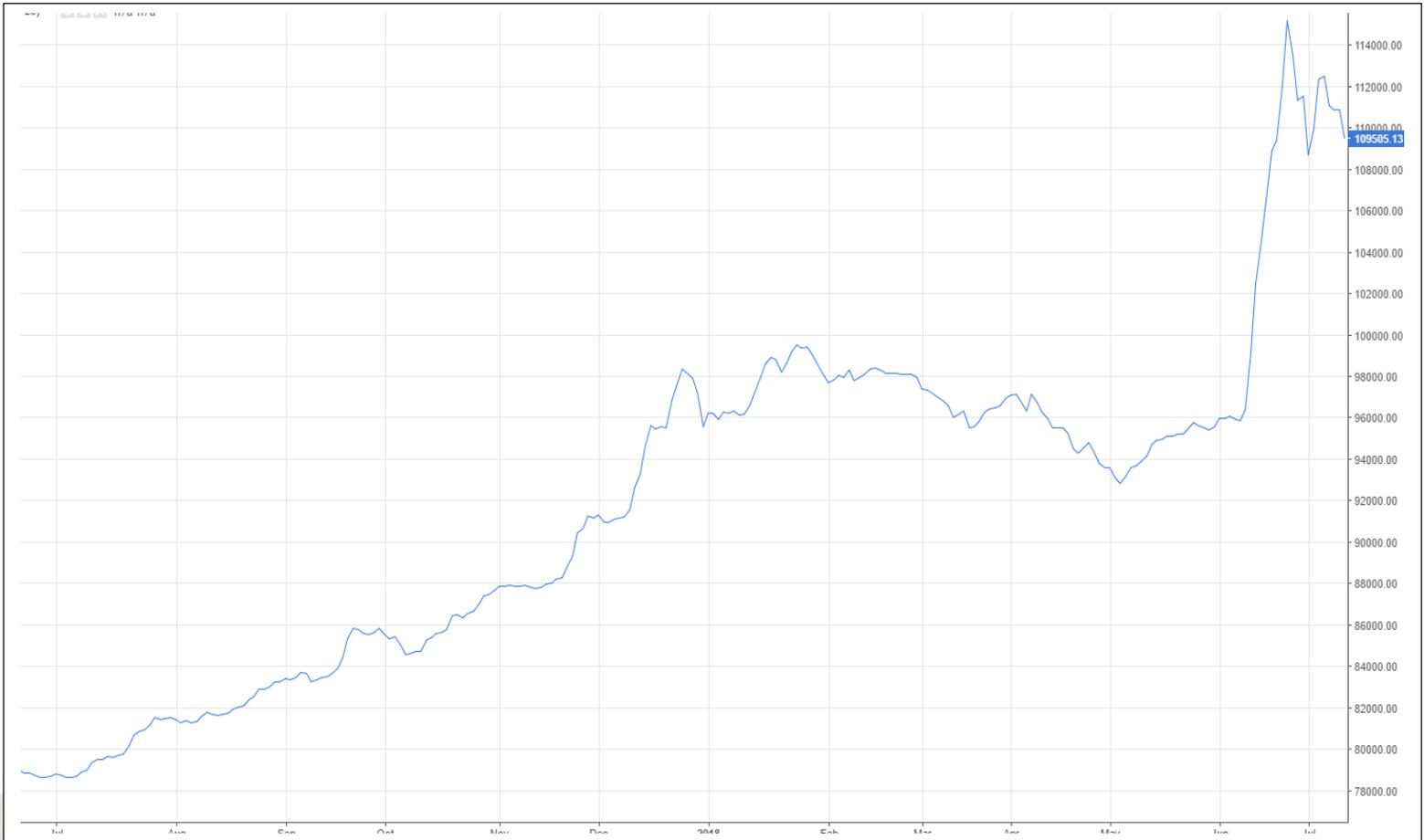
3. Oil & Energy expert

We have been losing golden opportunities in failing to set up an oil and energy market so that the country would not need to rely on the Government's institutions in selling oil and energy related products thus avoiding the effects of sanctions in the future. In the meantime UAE and Oman have taken the opportunity to become major oil & energy markets in the world.



- **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	06/07/2018	13/07/2018	Change%
Opec	Barrel/Dollar	75.210	72.150	-4.1%
Petrol	Gallon/Dollar	2.1095	2.1020	-0.4%
Natural Gas	One Million-BTU	2.8520	2.7530	-3.5%

Currency (IRR)				
Currency		06/07/2018	13/07/2018	Change%
Dollar	Official Rate	42,850	43,190	0.79%
	Free Market Rate	42,000	42,000	0.0%
Euro		91,440	91,370	-0.1%
Pound		103,400	103,390	0.0%

Precious Metal				
Metal	Unit	06/07/2018	13/07/2018	Change%
Gold	Dollar/ Ounce	1,255.02	1,241.38	-1.09%
Silver	Dollar/ Ounce	16.0700	15.8250	-1.52%

Basic Metal				
Product	Unit	06/07/2018	13/07/2018	Change%
Aluminum	Dollar/ Tonne	2,087.50	2,039.75	-2.3%
Lead	Dollar/ Tonne	2,348.00	2,212.25	-5.8%
Zinc	Dollar/ Tonne	2,748.75	2,581.25	-6.1%
Copper	Dollar/ Tonne	2,749	6,217	126.2%



2.Detailed Market information

TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
NSTH	Real estate activities	Tehran Const.	6.74	20.48%
RTIR	Manufacture of motor vehicles·trailers and semi-trailers	I. T. Foundry	7.42	15.66%
MRJZ	Manufacture of other non-metallic mineral product	Marjan Kar	17.40	14.87%
MSTI	Manufacture of motor vehicles·trailers and semi-trailers	Motorsazan	11.28	14.87%
PASH	manufacture of chemicals and chemical products	Paksho	34.83	14.27%

TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
SPDZ	Manufacture of motor vehicles·trailers and semi-trailers	Saipa Diesel Shahrood	1.57	-19.45%
KSGZ	Minig of coal and lignit·extraction of peat	N.E.	9.72	-17.99%
PABD	manufacture of chemicals and chemical products	Abadan Petr.	5.53	-13.78%
LIAZ	Manufacture of other non-metallic mineral product	Lia company	11.32	-13.69%
NPSZ	Manufacture of coke·refind petroleum products and nuclear fuel	NPSZ	5.87	-13.42%



TSE TOP 5 VALUE LEADERS

Symbol	Sector	Company Name	close (USD Cent)	Trade Value USD Million
FOLD	Manufacture of basic metals	Mobarakeh Steel	9.11	16.3
ZOBZ	Manufacture of basic metals	Isfahan Steel	2.87	11.8
PKLJ	manufacture of chemicals and chemical products	Khalij Fars	14.94	7.6
GOLG	Mining of metal ores	Gol-E-Gohar.	10.70	6.3
CHML	Mining of metal ores	Chadormalu	7.05	4.5



3.Economic News

President Rouhani's Visit to Europe Displayed Iran's Diplomatic Maturity: US Researcher

An independent political researcher from Los Angeles said Iranian President Hassan Rouhani's recent key trip to Europe showed Iran's "sovereignty and independence on the world stage", adding that it further displayed the Islamic Republic's diplomatic maturity.

S Korea Sends Delegation to Iran ahead of US Sanctions: Report

The South Korean government recently sent a delegation to Iran ahead of the US's resumption of sanctions against the country, a report said.

Trump to Blame for Surge in Oil Prices: Iranian Envoy

Oil will soon cost \$100 per barrel due to supply disruptions caused by US President Donald Trump, Iran's OPEC Governor said, as he warned expectations that Saudi Arabia and Russia would help bring down prices were in vain.

Leader Urges President to Address Problems in Iran's Gold Coin, Foreign Currency Markets

Leader of the Islamic Revolution Ayatollah Seyed Ali Khamenei ordered Iranian President Hassan Rouhani to address recent problems created in gold coin and foreign currency markets, informed sources said.

S Korea Suspends Iran Oil Loading under US Pressure: Sources

South Korea will not lift any Iranian crude and condensate in July, halting all shipments for the first time in six years amid US pressure to cut all imports of Iranian oil from November, three sources familiar with the matter said.

US Call for Rise in OPEC Output Insulting: Iranian Minister

Iran's Oil Minister Bijan Namdar Zanganeh denounced the US call on Saudi Arabia to hike up its oil output as an insult to the sovereignty of members of the Organization of the Petroleum Exporting Countries, saying such political moves would cause instability in the oil market.

Dutch Carrier KLM Says Will Halt Flights to Iran

Dutch airline KLM said it will halt flights to Tehran "as a result of the negative results and financial outlook" following the US withdrawal from the 2015 nuclear deal between Tehran and world powers.



French Shipping Firm Suspends Ops in Iran due to US Sanctions

French shipping group CMA CGM has decided to pull out of Iran following the US administration's decision to renew sanctions on companies operating in the country, its chief executive said on Saturday.

Germany Considers Iran's Bid to Withdraw 300mln Euros Cash: Report

German authorities are considering a request by Iran to withdraw 300 million euros from bank accounts held in Germany and transfer the cash to Iran, Bild newspaper reported Monday, citing unnamed government officials.

Completely Cutting Off Iran Could Send Oil Soaring to over \$120 A Barrel: Bank of America

Crude oil could surge to more than \$120 a barrel, according to Bank of America Merrill Lynch analysts, if the Trump administration were to order a complete cutoff of Iranian barrels before the end of the year.

Iran-Turkey Trade Exchange Rises in 2018

The value of trade exchange between Iran and Turkey in the first five months of 2018 has risen by 3 percent compared to the corresponding period last year.

Chinese Refiner Stops US Oil Imports, Turns to Iran Crude: Report

An independent Chinese refiner has suspended crude oil purchases from the United States and turned to Iran as one of its sources of crude, a report said.

Austrian Airlines to Limit Flights to Iran

The Austrian Airlines has announced plans for changes in its flight schedule, including a halt to flight to the Iranian cities of Isfahan and Shiraz.