



## Weekly Market Report

Week ended 17<sup>th</sup> July, 2019

Saturday thru Wednesday inclusive

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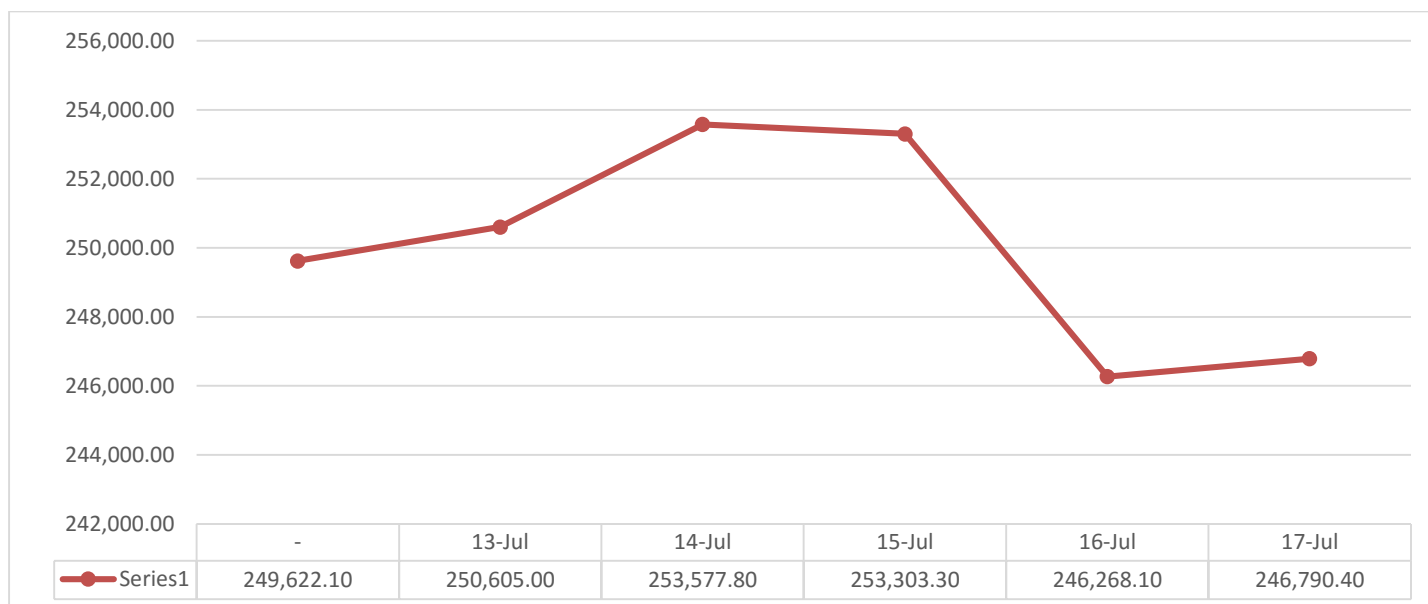
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## 1. The Indices



Title	July 10, 2019	July 17, 2019	Unit change	Change %
All-Share Index (Bourse)	249,622.1	246,790.3	-2,831.80	-1.13%
Fara Bourse Index	3,254.6	3,206.9	-47.78	-1.47%
Index Of 30 Largest Co.	11,182.7	11,130.5	-62.97	-0.63%
Index Of 50 Most Active Co.	10,057.3	9,994.3	-52.12	-0.47%
P/E (Bourse)	6.92	6.76	-0.16	-2.31%

Daily Average Trading Value (Bourse)	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	101,680,581	120,194,401	18,513,820	18.21%



- Market Performance

Market Information Week ended 03th July 2019

	This Year				Last Year		
	This week	Last week	Changes	%	At 21.03.18	Changes	%
All-Share Index	246,790	249,622	(2,832)	(1.1%)	178,659	68,131	38.1
Shares Trading Value	\$ 939 m	\$ 878 m	\$ 61 m	6.9%	—	—	—
Debt Securities Trading Value	\$ 127 m	\$ 119 m	\$ 8 m	6.6%	—	—	—
Market Return in IRR to date	72%	70%	2%	-	—	—	—
Exchange Rate US\$/IRR	118,550	128,150	(9,600)	(7.5%)	—	—	—
Exchange Rate EURO/IRR	134,800	146,950	(12,150)	(8.3%)	—	—	—
US Dollar index	96.86	96.93	0.1	(0.1%)	96.32	0.54	0.56
Gold Value per ounce	1,440	1,409	31	2.2%	1,308	132	10.09

- Market Analysis

- The Debt Market

The effective interest rates achieved by TBills (discounted), Fixed Income Funds and ETF this week were 19%p.a., 20%p.a. And 20%p.a. respectively.

- Largest Valued Trade

The largest Valued Trade this week worth US\$117 million belonged to Nori Petrochemical Co being a new IPO in the market this week. This company is mainly owned by Persian Gulf Petrochemical Group.

- Market Activities

This week is the last week of Persian month. The market faced great volatilities and after loosing at some point more than 7,000 points managed to recover on the last day resulting in a total loss of 2,832 points falling to 246,000 level. This was partly due to the political tensions between the US and Iran and partly due to the lowering of oil exports and limitation on movements of funds. This downturn occurred despite the rising value in the parity of IRR against US Dollar.

On Saturday despite all the uncertainties surrounding the US sanctions the first day of trading turned positive resulting in the all-share index to reach 250,000 level. This was partly due to the introduction of the IPO of Nori Petrochemical Co representing a 10% of the share capital of the company (300 million shares). More than 580,000 investors took up the shares which was unprecedented in the history of the stock market. The bid price was IRR31,250 per share.



On Sunday the market continued its positive sentiment and the all-share index once again managed to breakthrough the barrier of 250,000 level and reached 253,000(+1% approximately).

In the meantime due to Saipa Auto 's failure to pay its debt to insurance companies the Central Insurance Council stopped the delivery of their insurance covers for their new delivery this week.

On Monday the market gradually lost most of its gains during the past two days (more than 1,500 points ) and lost the momentum built up during the last two days. Technically speaking this trend was well expected as the levels of 253,000 to 255,000 was considered to be the resistance level and volatilities were expected.

On Tuesday the market continued its downward trend albeit at a faster speed. There was a high volume of sales across the board and the price of the new IPO Nori Petrochemical Co started to fall against high expectation for reaching higher prices. High volume of transactions on the day for Nori Petrochemical Co caused the extension of the time for the closure of the market by 15 minutes at 12:45 pm instead of 12:30 pm.

On Wednesday the market after losing more than 7,000 points during the previous 4 trading days managed to reach stability and by the end of the day reduced its losses to 2,832 points only.

The main driver behind the market was the exchange rates ruling in the free market. The good news is that the market rates are getting closer to those of Niema market which will eventually determine the daily rates for imports and exports hopefully in the near future.

- **Base Metals & Mining**

<b>Basic Metals</b>				
<b>Price</b>	<b>Lead US\$</b>	<b>Copper US\$</b>	<b>Zinc US\$</b>	<b>Aluminum US\$</b>
<b>World</b>	2,050	6,097	2,463	1,855
<b>Iran</b>	1,794	5,744	2,497	1,931

The total steel production of Iran has now reached 33.94 million tonnes following the opening of the new lines at Sirjan Iranian Steel, Isatis and others.

The opening of the production of sponge steel in three locations of Gol E Gohar, Damghan, and Chador Malu. last year has resulted in an increase of 3.52 million tonnes pushing the total production of steel to reach 32.67 million tonnes. Last year we witnessed an increase of 4.4 million tonnes in Concentrates and 3.5 million tonnes in Pellets and 1.7 million tonnes in Sponge Steel which were mainly exported.



Investments totaling 68 billion euros are required for the production of new lines for Concentrates and Pellets by the year 2025 and for the Industry as a whole a total investment of 10.4 billion euros.

Currently there is no coherent production balance between that of Slabs , Billets and Blum. The plan is to increase the production of Slab and to reduce the production of Billets.

The activities of major steel companies during the previous month clearly are indicative of an improvement in production. For instance Mobarekeh Steel Co had an increase of 0.73% in its exports Isfahan Steel had an increase of 82% in its exports whilst Kaveh Steel Co had an increase of 0.66%.

Against this we had a decrease of 45% in exports by Khozestan Steel which is quite worrying.

In total the major steel companies had a decrease of 0.4% in exports last month and 12% reduction for the year. We need to receive more information from the Customs to determine the reasons for such a reduction. Is it to do with the increase in the role of our merchants and commercial companies in steel exports or a general decrease in demand?

In relation to the production and exports of Copper and Aluminum during the last three months the results have been promising as there has been a jump of 27% in Copper and 13% in Aluminum.

According to the agreement reached between Steel producers and Mining Companies the multiple for the selling price of Concentrates has gone up from 13% to 16% of the Khozestan Steel price and for Pellets has gone up from an average price of 22% to 23.5% of Khozestan price.

The steel production of China during last month reached 84.47 million tonnes which is a new record for the country showing an 11% increase. This could be indicative of an annual production of 1 billion tonnes this year.

Alcoa being a major Aluminum producing company of USA has reported that it has an excess of between 0.5 and 1.3 million tonnes of Aluminum Powder against the world shortage of between 1 and 1.4 million tonnes during the second quarter of this year.

This means that the cost of raw materials for Aluminum is on a decline whilst the price of Aluminum bars is on an increase. This is very good news for Iranian companies such as Iralco , Mapna Group and Ghadir



- **Oil & Energy**

Oil & Energy		
	Brent Oil U\$\$	Texas Oil U\$\$
Price	63	56

Oil prices climbed around 2% on Friday after the U.S. Navy destroyed an Iranian drone in the Strait of Hormuz, a major chokepoint for global crude flows, again raising tensions in the Middle East.

Indications that the U.S. Federal Reserve will cut rates aggressively to support the economy were also behind Friday's gains, said Stephen Innes, managing partner at Vanguard Markets.

"The Fed backstop and the report of the U.S. Navy shooting down an Iranian drone are providing a modicum of support for oil markets amidst a very bearish landscape," he said.

The United States said on Thursday that a U.S. Navy ship had "destroyed" an Iranian drone in the Strait of Hormuz after the aircraft threatened the vessel, but Iran said it had no information about losing a drone.

The move comes after Britain pledged to defend its shipping interests in the region, while U.S. Central Command chief General Kenneth McKenzie said the United States would work "aggressively" to enable free passage after recent attacks on oil tankers in the Gulf.

Still, the longer-term outlook for oil has grown increasingly bearish.

The International Energy Agency (IEA) is reducing its 2019 oil demand forecast due to a slowing global economy amid a U.S.-China trade spat, its executive director said on Thursday.

The IEA is revising its 2019 global oil demand growth forecast to 1.1 million barrels per day (bpd) and may cut it again if the global economy and especially China shows further weakness, Fatih Birol said.

"China is experiencing its slowest economic growth in the last three decades, so are some of the advanced economies ... if the global economy performs even poorer than we assume, then we may even look at our numbers once again in the next months to come," Birol told Reuters in an interview.

Last year, the IEA predicted that 2019 oil demand would grow by 1.5 million bpd but had already cut the growth forecast to 1.2 million bpd in June this year.



Speculators have exited options positions that could have provided exposure to higher prices in the next several years, market participants said on Thursday.

U.S. offshore oil and gas production has continued to return to service since Hurricane Barry passed through the Gulf of Mexico last week, triggering platform evacuations and output cuts.

Royal Dutch Shell, a top Gulf producer, said Wednesday it had resumed about 80% of its average daily production in the region.

- **Housing**

According to the Association of Estate Agents the number of housing transaction units in Tehran during this month has fallen to 4,636 showing a fall of 67% against the corresponding period last year. They also say that during the last 27 months the prices of housing units have gone up by 205% which is 8% higher than the increase in the value of USD against IRR during the same period.

In the meantime The Association of Builders have also indicated that the price of construction of 1 square meter has reached US\$295 per square meter during the last 12 months.



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

Oil				
	Unit	19/07/2019	12/07/2019	Change%
Opec	Barrel/Dollar	63.10	67.57	-6.6%
Petrol	Gallon/Dollar	1.8492	1.9758	-6.4%
Natural Gas	One Million-BTU	2.257	2.458	-8.2%

Currency (IRR)				
Currency		19/07/2019	12/07/2019	Change%
Dollar	Official Rate	42,000	42,000	0%
	Free Market Rate	115,000	127,460	-9.8%
Euro		134,000	146,440	-8.5%

Precious Metal				
Metal	Unit	19/07/2019	12/07/2019	Change%
Gold	Dollar/ Ounce	1,426.40	1,415.67	0.76%
Silver	Dollar/ Ounce	16.2180	15.2520	6.33%

Basic Metal				
Product	Unit	19/07/2019	12/07/2019	Change%
Aluminum	Dollar/ Tonne	1,847.00	1,828.50	1.0%
Lead	Dollar/ Tonne	2,044.50	1,978.75	3.3%
Zinc	Dollar/ Tonne	2,424.25	2,436.00	-0.5%
Copper	Dollar/ Tonne	6,074.75	5,958.75	1.9%





## TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
NURZ	manufacture of chemicals and chemical products	Barzouyeh Co.	31.28	3608.10%
GMEL	Tanning and dressing of leather:manufacture of footwear	Melli Ind. Grp.	42.67	72.24%
SMGP	Agriculture and related service activities	Simorgh Co.	8.25	27.85%
PIAZ	Manufacture of food products and beverages except sugar	Piazar Agro.	11.99	23.37%
SDST	Manufacture of cement·lime and plaster	Dashtestan Ce.	5.39	21.60%

## TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
PLAK	manufacture of chemicals and chemical products	Iran Polyacryl	5.74	-30.21%
MAVA	manufacture of chemicals and chemical products	Fiber Prod.	44.16	-29.03%
MELT	Investment	Melat Inv.	1.06	-20.92%
GRDZ	Monetary intermediation & banks	Tourism Bank	1.41	-19.52%
GSHI	Manufacture of sugar	Shirin Khorasan	8.21	-19.27%



## TSE TOP 5 VALUE LEADERS

Symbol	Sector	Company Name	close (USD Cent)	Trade Value (USD Million)
NURZ	manufacture of chemicals and chemical products	Barzouyeh Co.	31.28	117.5
BDYZ	Monetary intermediation & banks	Day Bank	2.84	21.6
BTEJ	Monetary intermediation & banks	Tejarat Bank	0.35	12.1
ZOBZ	Manufacture of basic metals	Isfahan Steel	1.31	10.3
FOLD	Manufacture of basic metals	Mobarakeh Steel	3.62	9.7



### **3.Economic News**

#### **OPEC Calls for Quick Resolution to Tensions between US, Iran, Venezuela**

OPEC has asked for a timely settlement to the tensions that have flared up between the United States and Iran and Venezuela, a report said.

#### **Iran Begins Bartering Oil for Industrial Projects**

A barter system that allows the companies, investors and contractors to carry out projects in Iran in exchange for oil will take effect in coming days, an energy official announced.

#### **Iranian Delegation Due in Pakistan to Address Problems Facing FTA: Envoy**

Pakistan's ambassador to Tehran said an Iranian delegation is slated to visit her country to address problems that have prevented the two neighboring nations from signing a free trade agreement (FTA).

#### **World Hunger Not Going Down, Obesity Still Growing: UN Report**

An estimated 820 million people did not have enough to eat in 2018, up from 811 million in the previous year, which is the third year of increase in a row, according to a new report.

#### **France's Macron to Speak to Rouhani, Putin, Trump to Ease Tensions**

French President Emmanuel Macron said he would speak to Iranian President Hassan Rouhani, Russian President Vladimir Putin and US President Donald Trump this week as part of a French initiative to reduce tensions between Tehran and Washington.

#### **Minister Vows Uninterrupted Sale of Iran's Oil**

Iran's Oil Minister Bijan Namdar Zanganeh assured the country's lawmakers on Tuesday that the export of oil will not come to a halt under any circumstances.