



Weekly Market Report

Week ended 18th July, 2018

Saturday thru Wednesday inclusive

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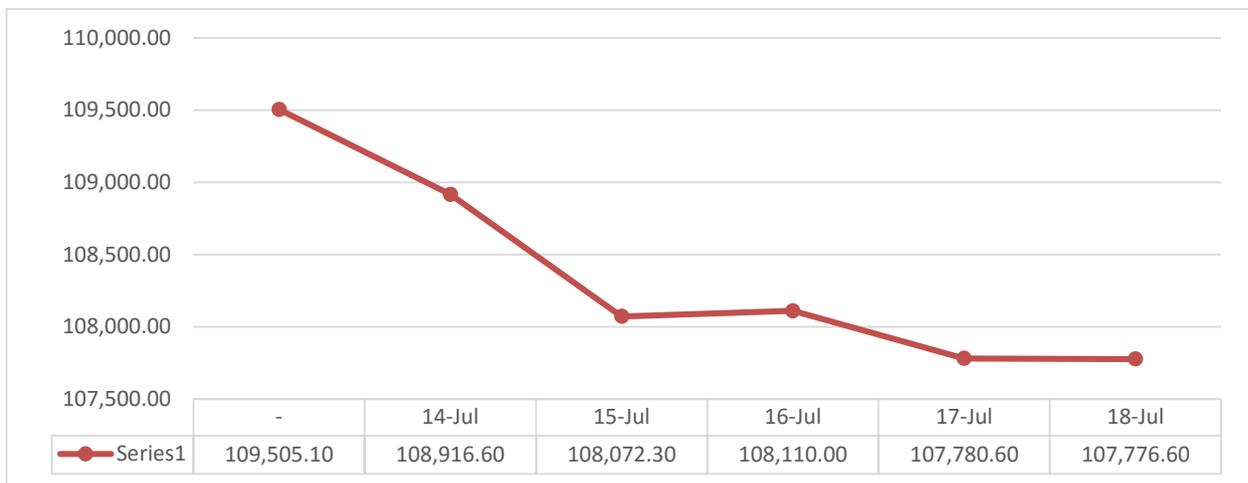
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1. Market Report-The Indices

- All Share Index



- Market indices

Title	July 11, 2018	July 18, 2018	Unit change	Change %
All-Share Index	109,505.13	107,776.55	-1,728.58	-1.58%
Fara Bourse Index	1,225.8	1,210.8	-15.02	-1.23%
Index Of 30 Largest Co.	5,304.1	5,123.1	-136.93	-2.92%
Index Of 50 Most Active Co.	4,691.0	4,554.1	-180.93	-3.41%
P/E	6.70	6.30	-0.40	-5.97%

Daily Average Trading Value	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	87,891,323	72,725,395	-15,165,928	-17.26%



- **Market Analysis**

- **The Market**

Following a general decline in commodity prices worldwide , the continuous negative sentiment in Base Metals sector and the fear of a rise in deposit interest rates the all-share index dropped by 1,729 points(1.5%) and reached 107,776.

This has brought down the total return on the index after rising by 11,486 points to 11.9% since the beginning of this year (21st March, 2018).

- **Trading Value**

The total trading value of the market after rising by 9.8% against last week reached US\$405.415 million the largest value of which related to Pars Petrochemical Co worth US\$133 million.

- **Market Activities**

Due to uncertainties surrounding the exchange of foreign currencies earned by export led companies the sentiment of the market turned negative and during this week this negative mood remained to continue.

Despite the above activities in cement market have turned positive and according to the latest Customs statistics during the last three months 3.636 million tons of cement has been exported worth US\$124 million of which 684 million tons worth US\$47 million was Clinker.

On Sunday the market had low activities with low volume and most of the industrial indices were in negative territory.

This was despite positive potential in many of the sectors. It is believed this was due to uncertainties surrounding the value of US Dollar, the mis- understanding and the uncertainty surrounding the approval of FATF and worries about the forthcoming of the US sanctions. On this day the all-share index dropped by 844 points and reached just above 108,000.

On Monday despite pressure on selling stocks the trend was more positive with more activities in the market. The market turned positive led by a rise in the share prices of Chador -Malo.

On Tuesday once again the market turned negative and fell by 329 points and entered into 107,000 range. On this day the new IPO, Pars Petrochemical share price having risen by 20% within the last 5 days dealings in the shares were stopped according to the Stock Exchange regulations.

On Wednesday the Index under the falling share prices of Iran National Copper Co, Iran Communications Co and Parsan Group Co went negative. On this day the ticker of Pars Petrochemical was opened and rose by a further 5%. However small investors preferred to cash their holdings causing great activities in the market resulting the share price to drop by 5% and reaching its original price at the beginning of the day.



It was announced that in future IPOs would be exempt from the above rule.

Zagros Petrochemical Co 's net profit for the last three months was reported to reach IRR1,811 per share despite an overhaul of its factory during the same period.

Isfahan Mobarekeh Steel CO's net profit for the last three months was IRR219 per share which is indicative of 81% rise against the corresponding period last year. In the meantime the results of Saipa Auto Group with its underlying companies were equally interesting.

During this week it was reported that all banks connected to Iran military will be amalgamated with Sepah bank. These include Ansar Bank, Mehr Eghtesad, Hekmat Iranian Bank , Ghavamin Bank and Kossar Bank.

- **Debt Market**

The total debt market trading this week after rising by 4.4% against last week reached US\$193.483 million. The interest rates achieved by T Bills, Fixed Income Funds and ETF funds were 28%, 22% and 21% respectively.

- **Base Metals & Mining**

	World	Iran
	US\$.	US\$
Copper.	6,048.	6,780
Lead.	2,131.	3,373
Zinc.	2,543.	4,887
Aluminum	2,012.	2,587

The Iran prices have been calculated at IRR43,580=1US\$

According to World Steel magazine China is planning to implement the following policies:

- 1. Restrictions on Steel & Aluminum producers**

Structural review of the industry in terms consumption of energy, transport with an emphasis on reduction of surplus capacities.

- 2. The investments in housing during the last 5 months show 10.2% rise against a 7% rise last year during the same period which is at an acceptable level.**

- 3. The growth in demand for steel during the above period has risen by 7.8% against a rise of 5.4% in production during the same period last year. This will lead to a decline in the stockpiles of steel which will result in higher demand.**



The review of China's industrial production in July this year shows a significant drop in the production resulting from the trade war between USA and China.

The growth in industrial production in May this year was 6.8% which has been reduced to 6% in July against a forecast of 6.5%. This could put pressure on demand for Copper, Zinc and Aluminium.

The stockpiles of copper at LME after a reduction of 2,425 tons have reached 237,000 tons.

The main Union at Escondido , the world's largest copper mine , has rejected the company's latest contractual offer , the union said on Thursday July 12.

The stockpiles of Lead at LME also show a weekly drop of 2.7% and in total in 2018 shows a drop of 10.3% . However the stockpiles of Aluminium show a weekly rise of 3.5% which could lead to lower prices in the weeks ahead.

Zinc prices during 2018 show a drop of 26% at LME and 22% at Shanghai forcing the producers to change their production strategies. For example Dongling of China has reduced its production by 10% this year. As a result the stockpiles at Shanghai show a reduction of 63% during the last four months being the lowest level during the last 10 years.

Despite Chinese restrictive environmental policy for steel producers have increased their production by 1.6% during mast month to reach 2.67 million and during the last 6 months the production has risen by 6% to reach 451.16 million tons which is a remarkable achievement. As a result the demand for iron ore with high purity has risen significantly pushing the steel prices even higher. This will also improve the environmental standard demanded by Chinese authorities. This has led to a reduction in production of low grade iron ore in China by 38% and also a reduction of 12% in the quantity of Chinese imports of Iron Ore.

- **Oil & Energy**

The price of Brent oil was US\$72 and Texas oil was US\$69 per barrel respectively.

Oil prices gained on Friday after Saudi Arabia's OPEC governor said the kingdom's exports are likely to fall next month and inventories may be squeezed in the third quarter.

However, both benchmarks are on track for a third weekly loss, after big falls early in the week.

Prices have been dragged down by concerns about oversupply as some production returned after outages, while trade tensions stoked fears of damage to economies and commodities.

Saudi Arabia moved on Thursday to allay fears of oversupply.



The world's biggest oil exporter expects its crude shipments to drop by roughly 100,000 barrels per day in August as it works to ensure it does not push oil into the market beyond customers' needs, the kingdom's OPEC governor Adeb Al-Aama said.

"Despite the international oil markets being well balanced in the third quarter, there will still be substantial stock draws due to robust demand and seasonality factors in the second half," Al-Aama said in a statement.

He also said concerns that Saudi Arabia and its partners are moving to substantially oversupply the market are "without basis".

The US Minister of Economy announced that some oil importers might be exempt from US sanctions to import oil from Iran with effect from November. However US authorities have given no exemption to French oil companies as they are required to cease operation in Iran with effect from November. Japan with the knowledge of receiving no exception from the US Government will probably bring its imports from Iran to zero.

However Iran is planning to sell its oil through its energy market bypassing the US sanctions in this manner. It is believed this market will become active very soon.

- **FX & Gold**

The US Dollar index after rising by 0.02% reached 95.11 this week.

The price of Gold after falling by US\$30 per ounce reached US\$1,217 per ounce. In Iran the parity of US Dollar after rising by 3.8% reached IRR81,000 whilst the official rate rose to IRR43,580.

In view of the above the Governor of the Central Bank is planning to review the rate of exchange for Iranian travellers.

- **Housing**

According to the latest statistics issued by the Government the volume of activities in the housing market have dropped by 14% during this month.

- **Foreign Investments**

According to the latest statistics the applications for foreign Investments FDI which was on average US\$1 billion a month has dropped to US\$76 million this month.

Similarly the transfer of capital and profits to overseas does not show a good picture as it has risen by 133% from US\$200 million to US\$350 million during the last three months.

- **Macro Economy**

The deposit interest rates are currently under review. The unemployment of families has risen by 6% this month standing at 28% of the working population.



According to the Government US\$23 million of the Government debt to various institutions will be repaid this month.

According to the latest IMF report whilst there has been no change in the growth rate if the country it warns on the implications of export restrictions in the future due to US impending sanctions in November this year and the consequences of US trade war between US and the rest of the world.

- **Market Observers**

1. Marker research specialist

The CBI plans to absorb liquidity in the market through changes in inter bank interest rates may be considered a positive move. However the waning of the effect on a rise in the interest rates of bank deposits.

2. CBI expert

There is no alternative for controlling the liquidity other than raising the deposit interest rates as any delay may lead liquidity being attracted towards gold and currency markets thus leading to a higher inflation.

3. Banking expert

The current problems of the banking industry cannot be resolved by a delay in raising deposit interest rates as this has to be addressed as a separate issue.

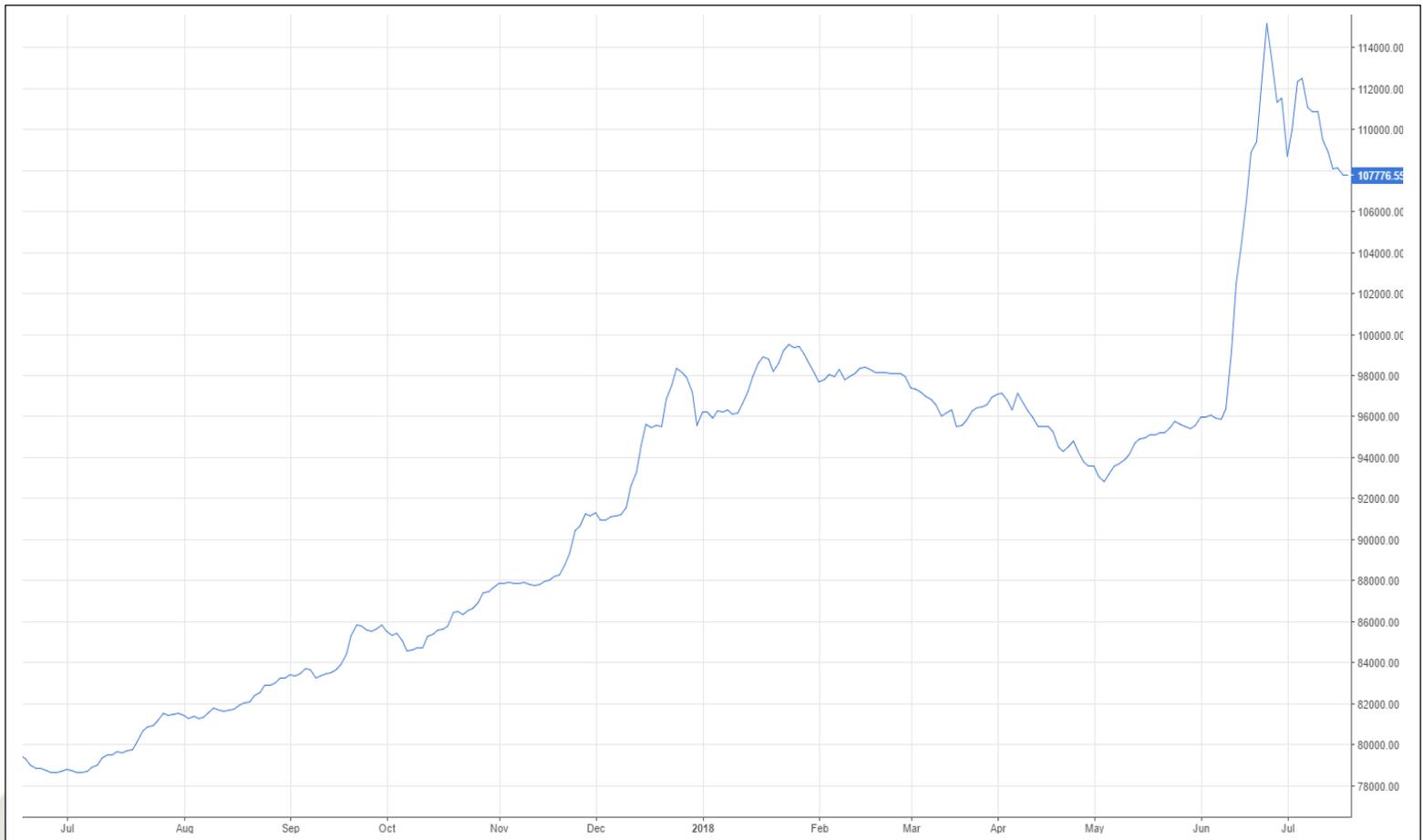
4. Market expert

The best way to safeguard against the risk of rising inflation, falling oil prices, the US sanctions and banking crises is to invest in the stock market. As a result authorities must encourage investments in the stock market so as to avoid speculations in other markets and avoid undue pressure on the economy and most importantly to absorb extra liquidity to the industries that matter most under the current economic environment.



- **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	13/07/2018	20/07/2018	Change%
Opec	Barrel/Dollar	72.150	2,039.75	-1.7%
Petrol	Gallon/Dollar	2.1020	2,212.25	-1.7%
Natural Gas	One Million-BTU	2.7530	2,581.25	0.3%

Currency (IRR)				
Currency		13/07/2018	20/07/2018	Change%
Dollar	Official Rate	43,190	43,580	0.90%
	Free Market Rate	42,000	42,000	0.0%
Euro		91,370	95,830	4.9%
Pound		103,390	107,180	3.7%

Precious Metal				
Metal	Unit	13/07/2018	20/07/2018	Change%
Gold	Dollar/ Ounce	1,241.38	1,222.55	-1.52%
Silver	Dollar/ Ounce	15.8250	15.5100	-1.99%

Basic Metal				
Product	Unit	13/07/2018	20/07/2018	Change%
Aluminum	Dollar/ Tonne	2,039.75	2,045.50	0.3%
Lead	Dollar/ Tonne	2,212.25	2,138.00	-3.4%
Zinc	Dollar/ Tonne	2,581.25	2,584.50	0.1%
Copper	Dollar/ Tonne	6,217	2,585	-58.4%



2.Detailed Market information

TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
LENT	Manufacture of motor vehicles·trailers and semi-trailers	Iran Brake L. PARS	8.76	25.09%
PARS	manufacture of chemicals and chemical products	Petrochemical	68.85	25.03%
AZIN	Manufacture of motor vehicles·trailers and semi-trailers	Saipa Azin	4.34	21.06%
FNAR	Manufacture of motor vehicles·trailers and semi-trailers	Zar Spring	2.09	19.53%
SIPA	Manufacture of motor vehicles·trailers and semi-trailers	Saipa	2.13	18.17%

TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
DODE	manufacture of chemicals and chemical products	Doode Sanati	13.57	-14.07%
MRJZ	Manufacture of other non-metallic mineral product	Marjan Kar Iran Zinc Mines	14.92	-13.15%
ROOI	Mining of metal ores	Iran Zinc Mines	7.07	-12.38%
ARFZ	Manufacture of basic metals	Arfa Steel Co. Zarin Madan Co.	11.52	-11.48%
KZIZ	Manufacture of basic metals	Arfa Steel Co. Zarin Madan Co.	11.41	-11.12%



TSE TOP 5 VALUE LEADERS

Symbol	Sector	Company Name	close (USD Cent)	Trade Value USD Million
PARS	manufacture of chemicals and chemical products	PARS Petrochemical	68.85	133.6
SIPA	Manufacture of motor vehicles, trailers and semi-trailers	Saipa	2.13	30.2
FOLD	Manufacture of basic metals	Mobarakeh Steel	8.70	13.4
MSMI	Manufacture of basic metals	I. N. C. Ind.	5.70	8.4
PKLJ	manufacture of chemicals and chemical products	Khalij Fars	13.97	4.8



3.Economic News

Bank Pasargad of Iran to Open Branch in India: Report

India has reportedly approved a proposal from Bank Pasargad of Iran to open a branch in Mumbai, a report said.

S Korea's June Crude Imports from Iran Fall to 3.5-Year Low

South Korea's imports of Iranian oil fell 40.3 percent in June from the same month a year ago to their lowest since January 2015.

Diplomats from 100 Countries to Discuss Trade with Iran after US JCPOA Exit: Official

Senior officials and ambassadors from over 100 countries in a meeting in Tehran on Monday will discuss the problems created for trade with Iran following the US withdrawal from the 2015 nuclear deal known as the Joint Comprehensive Plan of Action (JCPOA), an official said.

US Rejects EU Request for Iran Sanctions Relief

The United States has rejected a European request for some of its key businesses to be exempt from US sanctions on Iran.

US Not Able to Isolate Iran, Stop Its Oil Exports: Italian Analyst

A prominent political expert based in the Italian city of Milan referred to Washington's plans to re-impose sanctions against Tehran in November and said the Trump administration is not able to isolate the Islamic Republic or block its oil exports.

EU Vows to Give Its Firms Legal Cover to Operate in Iran

EU countries gave European firms legal cover to operate in Iran despite the US pullout from the nuclear deal, after a report that the Trump administration has rejected calls by Brussels for an exemption from sanctions.

All Countries Must Defend Iran against US Sanctions: Finnish Economist

A Finnish political economist and author deplored the US sanctions due to be re-imposed on Iran in November as "illegal and illegitimate" and said all countries should stand up to defend Tehran against Washington or else they could become the next victim.

Sanctions to Make US More Isolated than Iran: Ex-Adviser

A former US government adviser praised Iran as "very strong in diplomacy" and said the US sanctions due to be re-imposed on the Islamic Republic later in November will make Washington more isolated than Tehran.



EU3 Eying Establishment of Direct Links between National Banks, Iran

The three European parties to the Joint Comprehensive Plan of Action (JCPOA) seek to open direct banking channels with Iran, in what would be the first practical step to sustain the JCPOA and sidestep the US, which has unilaterally withdrawn from the accord.