



## Weekly Market Report

Week ended 19<sup>th</sup> December, 2018

Saturday thru Wednesday inclusive

## **Contents**

### **1. Market Report**

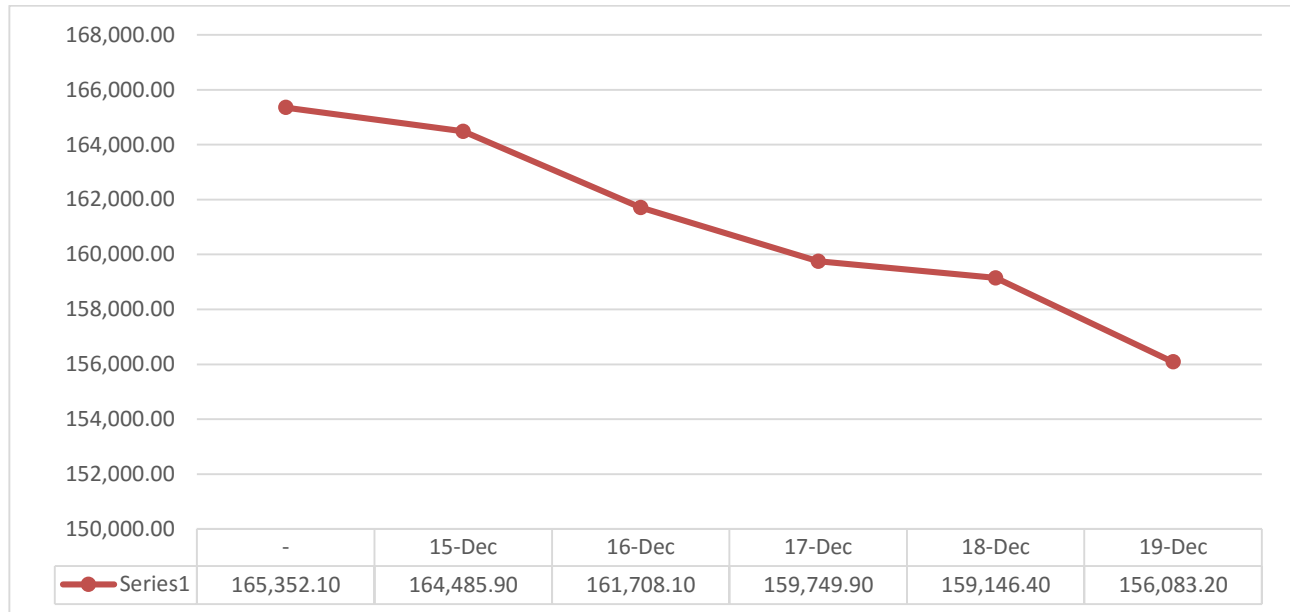
- The Indices
- Market Performance and the related information
- Market movements since the lifting of the sanctions
- Worldwide prices of oil & gas, major currencies precious metals and basic metals
- Industry Index Information

### **2. Detailed Market information**

### **3. Economic News**



## 1. Market Report-The Indices



| Title                       | December 12, 2018 | December 19, 2018 | Unit change | Change % |
|-----------------------------|-------------------|-------------------|-------------|----------|
| All-Share Index             | 165,352.07        | 156,083.15        | -9,268.93   | -5.61%   |
| Fara Bourse Index           | 1,851.2           | 1,791.0           | -60.22      | -3.25%   |
| Index Of 30 Largest Co.     | 8,139.9           | 7,595.8           | -439.88     | -6.13%   |
| Index Of 50 Most Active Co. | 7,177.3           | 6,737.4           | -544.12     | -6.68%   |
| P/E                         | 7.13              | 6.66              | -0.47       | -6.59%   |

| Daily Average Trading Value | Last Week (\$) | Current Week (\$) | Amount Of Change (\$) | Change Percentage |
|-----------------------------|----------------|-------------------|-----------------------|-------------------|
|                             | 53,387,779     | 48,842,532        | -4,545,248            | -8.51%            |



- **Market Analysis**
- **Market Performance and the related information**

**Market Information Week ended 19th December 2018**

|                                      | This week | Changes | %      | Last week | At 21.03.18 | Changes | %      |
|--------------------------------------|-----------|---------|--------|-----------|-------------|---------|--------|
| <b>All-Share Index</b>               | 156,083   | (9,269) | (5.6%) | 165,352   | 96,290      | 59,793  | 62.1   |
| <b>Stocks Trading Value</b>          | \$ 451 m  | \$ 12 m | 2.6%   | \$ 439 m  | –           | –       | –      |
| <b>Debt Securities Trading Value</b> | \$ 146 m  | \$ 3 m  | 2.3%   | \$ 143 m  | –           | –       | –      |
| <b>Market Return in IRR to date</b>  | 70%       | (19%)   | -      | 89%       | –           | –       | –      |
| <b>Exchange Rate US\$/IRR</b>        | 102,575   | (28)    | 0.0%   | 102,603   | –           | –       | –      |
| <b>Exchange Rate EURO/IRR</b>        | 117,074   | (7,142) | (5.7%) | 124,216   | –           | –       | –      |
| <b>US Dollar index</b>               | 96.04     | (1.1)   | (1.1%) | 97.15     | 89.5        | 6.54    | 7.31   |
| <b>Gold Value per ounce</b>          | 1,263     | 19      | 1.5%   | 1,244     | 1,268       | (5)     | (0.39) |

**Note 1:** The interest rates achieved in the debt market by TBills (discounted rate), Fixed Income Funds and ETF during this week were 21%, 20% and 21% respectively.

**Note 2:** The largest trading value this week belonged to Melat Bank worth US\$10 million.

- **Market Activities**

Following the continuation of the fall in oil prices and the rise in the value of IRR against US Dollar the market continued its negative sentiment. This combined with a fall in the international base metal prices including steel and a general negative outlook of the world economy added further pressure on the share prices.

In Base Metals and Mining sectors we witnessed the fall of the shares prices of high caps such as Gol-Gohar, Saba Noor, Bafgh Mining, Bama and Iran Man. Mines. These pushed down the all-share index significantly followed by a fall of the share price of Gohar Zamin Iron being a new IPO whose share prices went down to IRR7,400 per share.

In the Oil Products sector the atmosphere was no better as the share prices of most products turned negative including refineries where they lost more than 15% of their value. However Motor Oil Products did slightly better and managed to keep their head above water. These included Spahn Naft, Behring Oil and NPSZ.

In the construction sector the share prices were originally turned positive but by the end of the week they also turned negative.



In the Auto & spare part sectors the same scenario as above occurred on the back of great confusion as to whether or not the Government would approve price rises for motor vehicles across the board.

In the transportation sector the share prices were generally negative except for Parsian Oil & Gas and Khalaj Farshid Trans which turned positive at the end of the week.

In the banking sector , however the situation was slightly different as at the beginning of the week the share prices were negative but following the results of the audited accounts of Tejarat Bank and Pasargad Bank the share prices turned positive and in some instances reached the daily ceiling of 5% with high demand for the shares resulting in a queue.

In the food sector the shares of two companies were in demand namely Behshar Inv. and Shahdiran Inc.

In the Sugar sector we witnessed higher demand for the shares of two companies namely Khoi Sugar Co. and Isfahan Sugar.

In the IT and Information Technology sector one company became the favorite of the market namely Hi -Web.

At the end of the week the all-share index fell by 9,000 points amid falling prices on the international market and a decline in Iran foreign exchange markets and finally the US Federal Reserve Committee decision to raise interest rates.

- **Base Metals & Mining**

| Basic Metals |              |                |              |                  |
|--------------|--------------|----------------|--------------|------------------|
| Price        | Lead<br>US\$ | Copper<br>US\$ | Zinc<br>US\$ | Aluminum<br>US\$ |
| World        | 1,970        | 6,018          | 2,535        | 1,913            |
| Iran         | 1,949        | 5,319          | 2,612        | 2,152            |

Chinese Ministry of Trade announced that a trade discussion between US and China will be held in early January next year. The Central Bank of China is planning to reduce the statutory deposit of banks with the Central Bank by 2% and lower the interest rate in 2019 in order to increase the volume of liquidity in the market and increase the ability of banks to lend to their customers.

In the meantime the lowering of the stockpiles of Iron Ore at Chinese ports, the lowering of the steel productions in Tashkent province and the stoppage of 100% production of Agglomerate have pushed the prices of raw materials and billets further thus stimulating the steel market in China.



The LME notes the recent notification from OFAC regarding the proposed lifting of the sanctions against Rusal. In the event of the sanctions being lifted, the LME proposes removing all previous requirements around suspension of Rusal brand metal from being delivered into LME warehouses and used in settlement.

Konlon Bank of China will resume its operation for handling the Iranian commodity trading by next week. However their complicated new policies in dealing with the trading proceeds may increase the risk of Iranian merchants dealing with the bank. Under the new regime the bank will only allow payments to the Chinese contractors under the US sanctions and this will only be valid until 30th April 2019.

- **Oil & Energy**

| Oil & Energy |                    |                    |
|--------------|--------------------|--------------------|
|              | Brent Oil<br>U\$\$ | Texas Oil<br>U\$\$ |
| Price        | 55                 | 46                 |

Oil prices climbed on Friday after tumbling 5 percent in the previous session on signs OPEC's production cuts that start next month will be deeper than expected.

Crude prices have fallen along with major equity markets as investors fret about the strength of the global economy heading into next year. Further concerns were raised as the United States, the world's biggest oil consumer, may have a government shutdown later on Friday.

The Organization of the Petroleum Exporting Countries (OPEC) plans to release a table detailing output cut quotas for its members and allies such as Russia in an effort to shore up the price of crude, OPEC's secretary-general Mohammad Barkindo said in a letter reviewed by Reuters on Thursday.

Barkindo said to reach the proposed cut of 1.2 million barrels per day, the effective reduction for member countries was 3.02 percent.

That is higher than the initially discussed 2.5 percent as OPEC seeks to accommodate Iran, Libya and Venezuela, which are exempt from any requirement to cut.

"The current oil prices will force OPEC to increase compliance with the production cut deals, supporting Brent prices," said Wang Xiao, head of crude research at Guotai Junan futures.



"The temporary recovery in prices has been driven by short-sellers buying back," said Wang, referring to investors buying futures to close out positions that profit from falling oil prices.

WTI and Brent futures are down more than 30 percent from their peak in October on concerns of oil demand will drop because of a slowing global economy and signs of a supply glut.

Stephen Innes, head of trading for Asia-Pacific at OANDA said in a note that market volatility was "getting exaggerated by immensely thin liquidity conditions, risk sentiment, and holiday market participation".

- **Housing**

During the last 18 days of this month the number of housing transactions has fallen by 60% against the corresponding period last year. However the overall reduction in transactions across the country is slightly better and shows a reduction of 15%. However, experts believe this trend will soon spread across the country as Tehran has been the forefront of the this trend in the past.

- **Macro Economy**

According to the CBI the monetary base (CU+RR+ER) for the year ended 21st September 2018 has increased by 20.4% reaching US\$23 billion. It has also been reported that the total volume of liquidity during this current month has reached US\$165 billion which shows an increase of 20.7% against the corresponding month last year.



- **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            | 14/12/2018 | 21/12/2018 | Change% |
| Opec        | Barrel/Dollar   | 58.67      | 53.92      | -8.1%   |
| Petrol      | Gallon/Dollar   | 1.4421     | 1.3095     | -9.2%   |
| Natural Gas | One Million-BTU | 3.788      | 3.692      | -2.5%   |

| Currency (IRR) |                  |            |            |         |
|----------------|------------------|------------|------------|---------|
| Currency       |                  | 14/12/2018 | 21/12/2018 | Change% |
| Dollar         | Official Rate    | 42,000     | 42,000     | 0%      |
|                | Free Market Rate | 102,603    | 102,575    | 0%      |
| Euro           |                  | 124,216    | 117,074    | -6%     |

| Precious Metal |               |            |            |         |
|----------------|---------------|------------|------------|---------|
| Metal          | Unit          | 14/12/2018 | 21/12/2018 | Change% |
| Gold           | Dollar/ Ounce | 1,238.48   | 1,255.85   | 1.40%   |
| Silver         | Dollar/ Ounce | 14.6400    | 14.6900    | 0.34%   |

| Basic Metal |               |            |            |         |
|-------------|---------------|------------|------------|---------|
| Product     | Unit          | 14/12/2018 | 21/12/2018 | Change% |
| Aluminum    | Dollar/ Tonne | 1,925.50   | 1,908.25   | -0.9%   |
| Lead        | Dollar/ Tonne | 1,954.75   | 1,962.50   | 0.4%    |
| Zinc        | Dollar/ Tonne | 2,537.75   | 2,497.75   | -1.6%   |
| Copper      | Dollar/ Tonne | 6,141.50   | 5,975.25   | -2.7%   |





## TSE TOP 5 Gainers

| Symbol | Sector  | Company Name   | close<br>(USD<br>Cent) | %change |
|--------|---|----------------|------------------------|---------|
| PLAK   | manufacture of chemicals and chemical products          | Iran Polyacryl | 1.36                   | 16.21%  |
| MAGS   | Agriculture and related service activities              | Magsal Agri.   | 4.09                   | 15.23%  |
| BIME   | Investment  | Insurance Inv. | 6.40                   | 14.64%  |
| KRTI   | Manufacture of paper and paper products                 | Iran Carton    | 9.80                   | 12.84%  |
| GHPZ   | Manufacture of food products and beverages except sugar | E. Azar. Pegah | 4.64                   | 11.87%  |

## TSE TOP 5 LOSERS

| Symbol | Sector  | Company Name   | close<br>(USD<br>Cent) | %change |
|--------|---|----------------|------------------------|---------|
| KDPS   | Manufacture of food products and beverages except sugar | P. Animal Feed | 7.19                   | -18.74% |
| ASAL   | Manufacture of machinery and equipment                  | Absal          | 2.86                   | -14.40% |
| ASPZ   | Real estate activities                                  | A.S.P CO       | 0.97                   | -13.90% |
| FAIR   | Manufacture of basic metals                             | Iran Fold      | 2.08                   | -13.67% |
| OIMC   | Multidisciplinary industrial activities                 | Omid Inv. Mng. | 4.42                   | -13.01% |



## TSE TOP 5 VALUE LEADERS

| Symbol | Sector  | Company Name          | close<br>(USD<br>Cent) | Trade<br>Value<br>(USD<br>Million) |
|--------|---|-----------------------|------------------------|------------------------------------|
| ZOBZ   | Manufacture of basic metals                               | Isfahan Steel         | 1.82                   | 17.0                               |
| BMLT   | Monetary intermediation & banks                           | Mellat Bank           | 2.04                   | 11.5                               |
| IMFZ   | hotels & restaurant                                       | Cultur.Herit.<br>Inv. | 4.75                   | 8.2                                |
| SIPA   | Manufacture of motor vehicles, trailers and semi-trailers | Saipa                 | 1.21                   | 7.6                                |
| BTEJ   | Monetary intermediation & banks                           | Tejarat Bank          | 1.27                   | 7.3                                |



### **3.Economic News**

#### **Under Foreign Pressure, Pakistan Dragging Feet on Gas Pipeline: Iranian Minister**

Iranian Oil Minister Bijan Namdar Zanganeh deplored Pakistan's inaction on completion of a gas pipeline under an agreement with Tehran, saying three foreign countries have put pressure on Pakistan to halt the project.

#### **Iran Fully Exempt from OPEC Deal to Reduce Oil Output: Zanganeh**

Iranian Oil Minister Bijan Namdar Zanganeh said the country has completely been exempted from a resolution by the Organization of the Petroleum Exporting Countries (OPEC) to reduce oil production.

#### **Official Hails Growing Trend in Iran's Exports to Iraq**

The secretary general of Iran-Iraq joint chamber of commerce highlighted an upward trend in the export of Iranian products to Iraq.

#### **Resumption of Iran-China Banking Ties Runs into Snag: Official**

Head of Iran-China Joint Chamber of Commerce said the banking transactions between Tehran and Beijing have not been still restarted due to a series of outstanding obstacles.

#### **Iran's Private Sector to Undertake Construction Projects in Syria: Official**

A deputy minister dismissed speculation about the Iranian administration's engagement in construction plans in Syria, saying Iran's private sector is scheduled to undertake such projects.

#### **Official: Iran, Iraq in Talks for Trade in Own Currencies**

The central banks of Iran and Iraq are finalizing negotiations to begin trade in their own currencies, chairman of Iran-Iraq Chamber of Commerce said.

#### **Iran Stands Firm on Plane Contracts: Official**

The CEO of Iran Air stressed that the country would push for the delivery of the passenger planes it has purchased from Airbus.