



Weekly Market Report

Week ended 20th June, 2018

Saturday thru Wednesday inclusive

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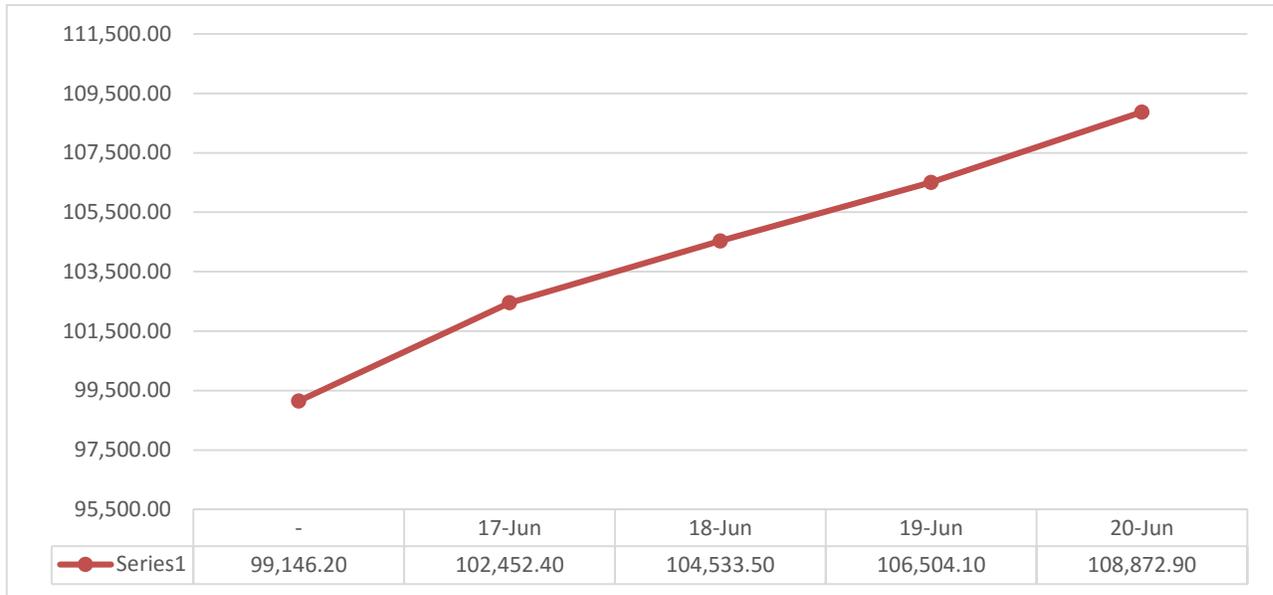
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1. Market Report-The Indices

- All Share Index**



- Market indices**

Title	June 13, 2018	June 20, 2018	Unit change	Change %
All-Share Index	99,146.28	108,872.86	9,726.57	9.81%
Fara Bourse Index	1,153.8	1,241.6	87.86	7.62%
Index Of 30 Largest Co.	4,720.6	5,328.0	607.38	12.87%
Index Of 50 Most Active Co.	4,172.5	4,636.1	463.59	11.11%
P/E	7.13	7.77	0.64	8.98%

Daily Average Trading Value	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	55,089,932	126,036,906	70,946,974	128.78%



- **Market Analysis**

Comments by Market Observers

- **1. Market Expert**

The rise in the all-share index is indicative of the disclosure and recognition of having official and unofficial exchange rates for different goods and services.

- **2. The MD of Pardisan Economic Development**

Although the cost of the feed for Petrochemical companies has been reduced by IRR4,000 which is good news for the industry the overall effect on individual companies may differ.

- **3. Housing Expert**

The policy of fixing the price of square meter of each zone in Tehran by the Government has been recognised as a failed policy in the world and is no longer relevant as this can only lead to a chaos in housing and would ultimately push the prices even higher.

- **4. Base Metals market Specialist**

The financial position of those steel producers that can buy their raw materials locally will improve in the future as the local production capacity for Concentrate locally has improved significantly.

- **5. Mr Abdo , Senior Market Specialist**

The main reason for an increase in the capital market in recent days is principally due to a rise in the exchange rate of US Dollar v IRR. As a result the share prices of those companies that are export led have benefited substantially from this rise.

The current rise also depends on the effectiveness of the US sanctions and the expected rise in inflation on the capital market.

Clearly the sanctions could reduce the overseas income which would have an adverse effect on the demand and supply of foreign currencies leading to a negative effect on the capital market.

- **The Market**

Following a substantial flow of liquidity towards the capital market and a significant rise in the value of US Dollar (official rate IRR42,234 unofficial rate IRR75,000) the all-share index rose by 9,727 points (9.8%) being an incredible rise during the last three recessionary years closing at 108,772. This related principally to a rise in the share prices of Base Metals and mining related companies along those of Petrochemical and Refinery sectors.

As a result the market growth since the beginning of the year shows a rise of 12,583 points representing a return on capital of 13.1%.

- **Trading Value**

The total trading value after rising by 55% against last week reached US\$500 million. Most of the rise related to the trading value of Isfahan Mobarekeh Steel Co worth US\$26 million.



- **Market Activities**

During this week due to a high volume of investments by both individuals and corporate bodies the share prices rose virtually across the board in particular those in base Metals , Petrochemical and Refinery sectors were the most favourable. This led the index touching nearly 109,000 level for the first time in the history of the market.

The flow of new monies into the market was welcomed by the market authorities and considered this as a new initiative for further rise in the overall index. This is effectively a reflection of higher replacement costs of the companies which was expected to occur for sometime.

This has also led to a rise in the prices of the new motor vehicles produced by Iran's two major car manufacturing companies Irankhodro and Saipa. Motor cars with the value of US\$6,000 and over went up by 9.6% and under US\$6,000 went up by 7.18%.

On Monday Saipa Diesel due to its high accumulated losses went into liquidation and was removed from the market.

During this week some of the companies financial reports were published in which Isfahan Mobarekeh Steel Co showed a net profit of IRR721 per share with a consolidated result of IRR780 per share.

Tejarat Bank showed a net loss of IRR1,502 per share with a consolidated loss of IRR1,411 per share.

Jam Petrochemical Co showed a net profit of IRR1,842 per share whilst the consolidated net profit was IRR1,856 per share.

Bahman Car Group 's net profit forecast was IRR173 per share but achieved IRR199 per share.

Middle East Bank 's profit forecast was IRR375 per share but achieved IRR409 per share.

Metals & Mining Development Group 's net profit forecast was IRR325 per share but achieved IRR331 per share.

- **Debt Market**

The total value of the debt market after rising by 27% reached US\$111.720 million.

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

- **Base Metals & Mining**

	World.	Iran
Lead.	2,384.	4,000
Copper.	6,800.	8,200
Zinc.	2,920.	5,166
Aluminum	2,180.	3,029

Iran prices have been calculated at IRR42,000=1US\$

During the last month the price of Iron Ore with purity of around 65% has risen by 6.4% whilst those of lower purities have remained unchanged.



In China the demand for most commodities in particular steel is still very strong.

According to E-House of China the unsold square meter of apartments in May this year after reaching 427 million square meters has dropped by 8.2% against the corresponding period last year being the lowest unsold units since March 2012.

The price of billets in Tangshan of China has risen by US\$3.10 (20 yuan) and reached US\$583 per ton

The expected rise in the US interest rates and the rise of the US Housing index by 5% in May against last month has pushed up the forecast for the growth of the US GDP by 3% in 2018.

- **According to ICSG report on the first three months of 2018:**

1. The production of copper has risen by 3% during the first three months and has exceeded the 1.8% rise in consumption.

2. The cathode copper production of Chilly is expecting to rise by 9% this year. Last year the miners strike of Escondido had reduced the production.

3. The world copper production during the first three months of this year has risen by 7.1%.

4. This year an excess of 40,000 tons over demand is expected but in 2019 there will be a shortage of 330,000 tons in the market.

5. The expected excess of copper in 2018 is not good news as it gives the opportunity for the buyers to take advantage of TC multiplier.

6. The production of Iron Ore by major producers during the first two months of this year has been 875,723 tons which is 1,010,262 tons (13%) lower than the corresponding period last year. Moreover the production of Concentrates of these producers has also been lower by 27% during the above period.

According to the Ministry of Trade & Mining the total production of Iron Ore Concentrate by major producers in Iran has been 7,709,546 tons during the first two months of this year(since 21st March , 2018). Last year the total production was 6,080,448 tons. This was made up by the following producers:

	Tons
Gol-Gohar	3,019,280
Chador Malo.	1,458 795
Iron Ore Central.	913,723
Middle East Development Of Metals & Mining.	1,016,796
Gohar Zamin.	737,458
Opal Parsian Sangan.	448,141
Jalal Abad.	115, 353



The approximate stockpile of major steel manufacturers in Iran was 300,000 tons last week which is the lowest stockpile during the last 10 years. The Government is unable to enforce the fixed rate of IRR42,000 per US Dollar as commodity prices are determined by the market and not the Government. As a result bulk purchases have been made by steel merchants and increased their stockpile at their own premises expecting for a further rise in the prices in the near future.

This could indeed break the back of the fixed currency exchange rates policy in a not distant future.

- **Oil & Energy**

Brent oil was US\$74 per barrel and West Texas oil was US\$66.38 per barrel.

China's threat to impose duties on US oil imports will severely hurt the industry that is now worth about US\$1 billion per month. Already, shares of the US's biggest oil firms and US crude oil prices are plummeting!

Goldman Sachs still expects the price of oil to climb back above \$80 a barrel over the coming months, despite growing concerns over higher OPEC crude production, escalating trade wars and rising inventories.

Crude futures were mixed Monday, following a week of losses partly prompted by elevated fears that Saudi Arabia and Russia could soon move to ramp up oil production.

Nonetheless, analysts at Goldman said the prospect of OPEC producers announcing an increase to crude production levels later this week could actually have a bullish impact on oil prices.

"Our updated global supply-demand balance continues to point to further declines in inventories and higher oil prices in the second half of 2018," the bank said, reaffirming its previous Brent forecast of \$82.50 during the summer.

"We continue, however, to view the risks to this forecast as skewed to the upside, even if concerns over demand and higher OPEC production weigh on prices near term," Goldman added.

Currently Russia and Saudi Arabia are eager to increase oil production from 1st July this year in order to lower the oil prices. However Iran, Iraq and Venezuela as three strong members of OPEC do not agree to this sudden increase.

At present the oil prices due to the lowering of the US oil stockpile are on the increase. During this week the stockpile level was by 5.9 million barrels lower standing at 426.5 million barrels whilst the US oil production last week reached 10.9 million barrels being the highest level in the US history and being the second largest producer after Russia in the world. Russia produces 11 million barrels a day.

Oil production of Libya has now reached between 600,000 and 700,000 barrels per day which against 1 million barrels of production last week shows a significant drop in its production. This was due to some military confrontations at the export terminals.

On Thursday and Friday this week at OPEC meeting Saudi Arabia will endeavour to win votes for an increase in oil production of between 300,000 and 600,000 barrels a day.



Three technical members of OPEC panel advised that should the level of oil production be kept at May level the market will face a shortage within the next 6 months.

- **FX & Gold**

The Dollar index dropped by 0.03% against last week and reached 94.64. However by the end of the week due to a rise in housing it rose to 95.53.

In the meantime the price of gold due to a rise in US Dollar index declined to US\$1,261 per ounce but subsequently rose to US\$1,271 per ounce.

Gold prices held steady on Friday, after hitting a six-month trough in the previous session, as the U.S. dollar pulled back from a 11-month peak on profit-booking.

The dollar fell from an 11-month peak against a basket of major currencies as investors took profits, while sterling rebounded from a seven-month low after a slightly hawkish tilt from the Bank of England surprised the market.

In Iran the continuation of the policy of the fixed rate of exchange for US Dollar v IRR has led to a further rise in the rate of exchange in the unofficial market adding a IRR5,000 to an already higher rate of exchange of IRR70,000 per US Dollar. This is despite a rise in the fixed rate of exchange of IRR42,490.

The Governor of the CBI announced that the new fixed rate of exchange will only apply to the imports of three groups namely basic and vital goods, necessary raw materials and some goods with a lower priority.

- **Macro Economy**

According to the Governor of CBI the volume of liquidity rose by 22.1% last year and reached IRR15,300,000 billion and based on an average rate of exchange of IRR50,000 per 1 US\$ amounted to US\$206 billion. The Monetary Base also rose by 19.1% and reached US\$42.8 billion. The GDP last year was US\$296.1 billion and hence the total liquidity was 103.3% of the GDP.

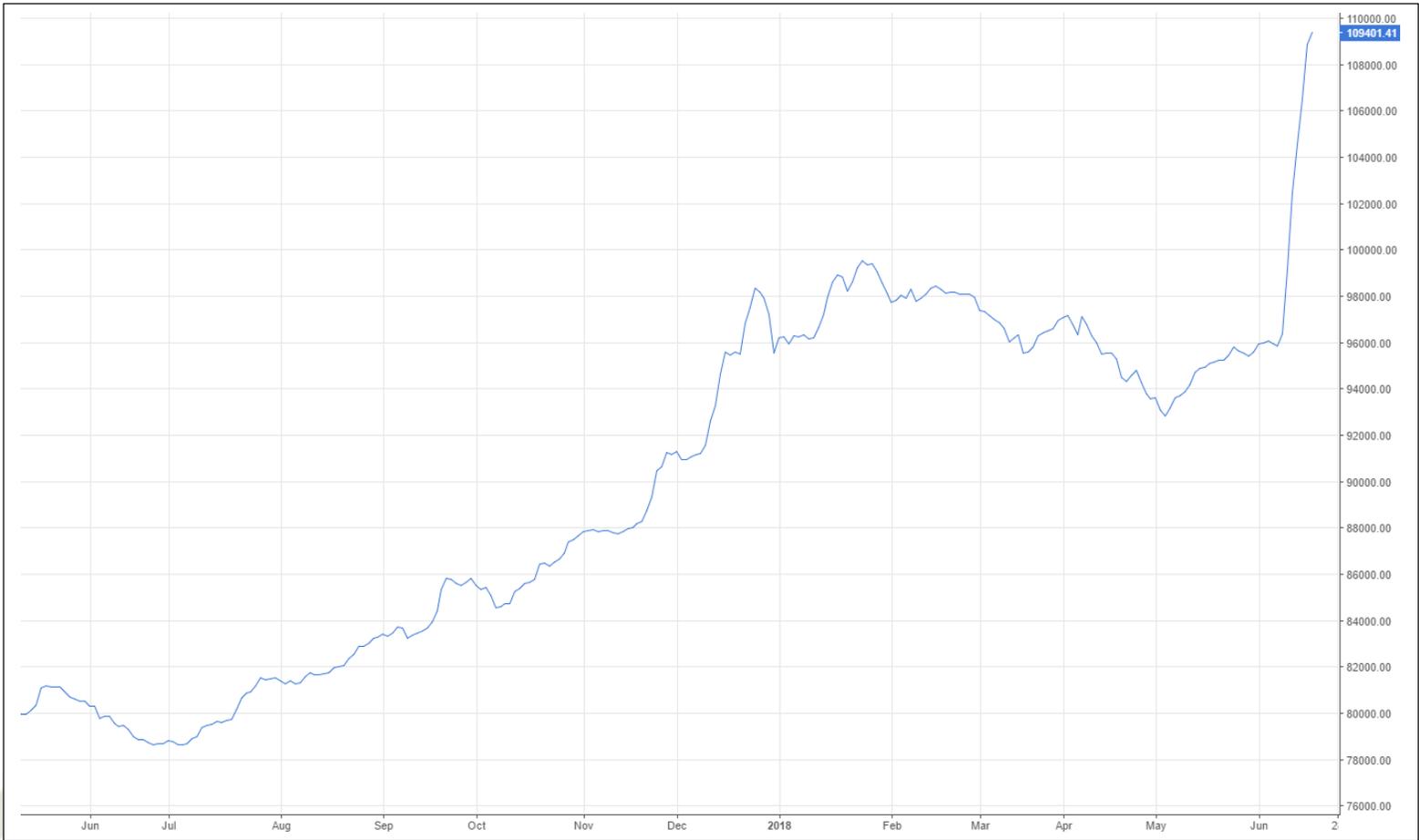
The total debt of the Government to CBI as at last week has been announced as US\$21.6 billion based on the exchange rate of IRR75,000 = 1US\$.

CBI is hoping to remove the confidentiality of disclosing the Government debt in the future.



- **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	15/06/2018	22/06/2018	Change%
Opec	Barrel/Dollar	73.350	70.940	-3.3%
Petrol	Gallon/Dollar	2.0155	2.0715	2.8%
Natural Gas	One Million-BTU	3.0320	2.9440	-2.9%

Currency (IRR)				
Currency		15/06/2018	22/06/2018	Change%
Dollar	Official Rate	42,320	42,510	0.45%
	Free Market Rate	42,000	42,000	0.0%
Euro		80,110	42,510	-46.9%
Pound		91,650	42,510	-53.6%

Precious Metal				
Metal	Unit	15/06/2018	22/06/2018	Change%
Gold	Dollar/ Ounce	1,279.76	1,269.65	-0.79%
Silver	Dollar/ Ounce	16.5700	16.4700	-0.60%

Basic Metal				
Product	Unit	15/06/2018	22/06/2018	Change%
Aluminum	Dollar/ Tonne	2,212.50	2,179.00	-1.5%
Lead	Dollar/ Tonne	2,404.00	2,415.75	0.5%
Zinc	Dollar/ Tonne	3,084.50	2,934.75	-4.9%
Copper	Dollar/ Tonne	7,012.75	2,934.75	-58.2%



2.Detailed Market information

TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
MOBZ	Information and communication	Mobin One Kish	39.02	37.96%
MAVA	manufacture of chemicals and chemical products	Fiber Prod.	9.02	34.89%
CHML	Mining of metal ores	Chadormalu	6.49	27.45%
KNRZ	Mining of metal ores	Saba Noor	8.41	25.89%
SPAH	Investment	Sepah Inv.	3.60	25.39%

TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
DZAH	manufacture of chemicals and chemical products	Zahravi Phar. Bojnourd	25.41	-13.72%
SBOJ	Manufacture of cement·lime and plaster	Cement	8.52	-11.67%
KPRS	Manufacture of structural non-refractory clay and ceramic products	Pars Tile	10.35	-9.81%
GRDZ	Monetary intermediation & banks	Tourism Bank	1.82	-9.21%
SINA	Manufacture of structural non-refractory clay and ceramic products	Sina Tile	4.67	-8.96%



TSE TOP 5 VALUE LEADERS

Symbol	Sector	Company Name	close (USD Cent)	Trade Value USD Million
FOLD	Manufacture of basic metals	Mobarakeh Steel	9.28	46.4
PKLJ	manufacture of chemicals and chemical products	Khalij Fars	13.48	30.1
MSMI	Manufacture of basic metals	I. N. C. Ind.	8.13	24.1
ZOBZ	Manufacture of basic metals	Isfahan Steel	2.80	23.1
PNES	Manufacture of coke-refined petroleum products and nuclear fuel	Isf. Oil Ref. Co.	10.62	23.1



3.Economic News

State Bank of India to Stop Handling Iran Oil Payments: Refiner

India's oil imports from Iran will be affected from the end of August as the State Bank of India (SBI) has informed refiners it will not handle payments for crude from the Islamic Republic from November, the finance head of Indian Oil Corp said on Friday.

S Korea's May Iran Crude Imports Fall to Lowest since Jan. 2016

South Korea's Iranian crude oil imports fell in May to their lowest since January 2016 as South Korean buyers sought to reduce purchases of Iranian oil amid new US sanctions on Tehran.

Gazprom Says in Talks with NIOC over Development of Iranian Fields

A senior official with Gazprom said Russia's gas giant is in talks with the National Iranian Oil Company (NIOC) to develop four gas fields in Iran.

Renault Says to Remain in Iran despite US Sanctions

French carmaker Renault will maintain its presence in Iran despite the threat of renewed US sanctions, CEO Carlos Ghosn said.

Iran Says 3 OPEC Members to Veto Saudi-Proposed Supply Boost

Hossein Kazempour Ardebili, Iran's OPEC governor, said Venezuela and Iraq will join Iran in blocking a proposal to increase oil production that's backed by Saudi Arabia and Russia when OPEC and its allies meet in Vienna this week.

Iran to Make Most of Eurasia Preferential Trade Deal: Envoy

Iran's ambassador to Kazakhstan highlighted Tehran's efforts to maximize its benefits of a preferential trade agreement it has recently signed with members of the Eurasian Economic Union, stressing the need for providing robust legal and banking infrastructures to that end.

Most French Firms 'Unable to Stay' in Iran due to US Sanctions: Minister

French Finance Minister Bruno Le Maire said that after the US imposes new sanctions on Iran most French companies would be unable to continue business in Iran because of problems over payment, also saying that the US cannot be the "planet's economic policeman".



Iran Manufactures First Domestic Rail Tracks

Esfahan Steel Company (ESCO) announced on Monday that the first domestically-constructed rail tracks have been handed over to Iran's Railways, saying the rails are on par with the latest global standards.

Problems in Oil Market Caused by US President: Iran's Minister

Iran's oil minister said problems in the oil market were political and not the result of a supply and demand imbalance.

Iran Railroad Company Signs Contract with Swiss Firm

Iran's state-owned railroad company signed a contract with Swiss company 'Matisa' on the maintenance and supply of railroad machines.