



## Weekly Market Report

Week ended 25<sup>th</sup> July, 2018

Saturday thru Wednesday inclusive

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## 1. Market Report-The Indices

- All Share Index**



- Market indices**

Title	July 18, 2018	July 25, 2018	Unit change	Change %
All-Share Index	107,776.55	108,800.13	1,023.57	0.95%
Fara Bourse Index	1,210.8	1,232.5	21.73	1.79%
Index Of 30 Largest Co.	5,123.1	5,202.1	62.53	1.37%
Index Of 50 Most Active Co.	4,554.1	4,616.6	78.94	1.54%
P/E	6.30	5.88	-0.42	-6.67%

Daily Average Trading Value	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	71,982,119	51,461,818	-20,520,302	-28.51%



- **Market Analysis**

- **The Market**

The all-share index after some stability on the international markets and positive moods in the Base Metals, Mining and Petrochemical and most importantly the refinery sectors

rose by 1,024 points(0.9%) closing at 108,800.

This shows the all-share index after rising by 12,510 points since the beginning of the year (21st March, 2018) reflects a growth of 13% whilst the parity of IRR against US\$ has dropped by 86%.

- **Trading Value**

The total trading value of the market this week after rising by 5.8% reached US\$676.633 million the largest trade value of which belonged to Pars Petrochemical Co worth US\$36 million.

- **Market Activities**

During this week after the publications of a great number of annual results of companies the market was slightly cautious as the results of some major companies were not as good as expected. Moreover, the problems arising from conversions of Petrochemical exports' monies into IRR at fixed rate and the marketing of their products prior to the imposition of US sanctions on Iran's exports brought about gloomy picture for the future.

Despite the above the quarterly reports of commodity based companies for the year ahead were well ahead of their corresponding periods last year and also against the three months prior to the end of last year even though the fixed rate of exchange of IRR42,000 for US Dollar had been used.

In the Auto sector due to no price rises the results of most of the Auto companies were in negative territory with Saipa 's first quarterly result showing only a net profit of IRR2 per share. In the case of Auto oil producing companies a price rise of 9% was approved.

In the Petrochemical sector Kharg Petrochemical's quarterly result showed a net profit of IRR1,213 per share whilst those of Shiraz Petrochemical and Jam Petrochemical were IRR57 and IRR484 per share respectively.

On Saturday and Sunday the market was slightly positive after it was announced the imposition of a ban on the imports of locally produced tyres.

Moreover, the results of Base Metals and Mining sectors in particular Iran Copper Co, Chador-Malo Co , Gol - Gohar Co and Iran Mining Group Co were all positive turning the market into a positive territory. On Tuesday this mood changed again and most share prices turned negative and eventually the all-share index remained in 108,000 level.



The cement companies in the meantime due to an anticipated price rise and the expansion of export markets turned positive. It is expected 79,000 tonnes of cements to be exported by rail to some neighbouring and central Asian countries in the first 4 months of the year which is indicative of a rise of 31% against the corresponding period last year.

The recent exchange of rhetoric between President Rouhani and President Trump pushed up the price of both US\$ and gold against IRR causing further anxiety in the market.

- **Debt Market**

The total trading value of the debt market after rising by 74% reached US\$331.968 million. The main reason for this rise was due to the issuance of a debt paper by Saipa Auto Co.

The rates of interest achieved on TBills, Fixed Income Funds and ETF Funds were 28%, 22% and 21% respectively.

- **Base Metals & Mining**

	World US\$.	Iran US\$
Copper.	6,293.	6,605
Lead.	2,160	3,980
Zinc.	2,578.	5,574
Aluminum	2,065.	2,559

The Iran prices have been based on IRR43,950=1US\$ All major commodity prices this week rose slightly due to the US trade war with the rest of the world. This was due to the lowering of US Dollar index and a general rise in the demand.

Moreover there were other contributing factors causing a rise in commodity prices this week namely a reduction in the Chinese stockpiles of Zinc due to the environmental restrictions and a reduction in steel production due to workers strikes of major world mining companies.

The stockpiles of copper at LME fell by 8% due to the loss of sales of 52,600 tonnes of copper on Tuesday. However due to Chinese central bank 's expansionary policy the price of Aluminium edged up to US\$2,112 per tonne.

IMF announced that the current trade policy of President Trump's administration could lead to the lowering of the growth of the world trade by 0.5%. The recent possibility of reaching trade agreement between US and Europe turned the Asian markets positive this week but indications are that no such agreement may yet be reached.

The steel companies are urging the Government to allow them to exchange their exports monies in the second free market so as to ensure their foreign exchange funds are not sold at the fixed rate of IRR42,000=1US\$. This has now received the approval of Money & Credit Council and is expected to be introduced within days from now.



Currently a small portion of iron ore is exported by the private sector. However due to the impending opening of two new factories for the production of Concentrate and Peletts in the areas of Senegan and Kerman Gol Gohar the current production of iron ore will no longer be available for export and may indeed lead to some shortages of iron ore within the next two years. It is expected the production of Concentrate to reach 800,000 tonnes per year. This mine will be regarded as the largest lead and zinc mine in the Middle East.

- **Oil & Energy**

This week the prices of Brent oil and West Texas oil were US\$74.5 and US\$69.5 per barrel respectively.

These prices were achieved due to an attack on Saudi shipping lines at BABAK-al-Mandeb Strait by Yemenis rebels.

Saudi Arabia is temporarily halting all oil shipments through Bab al-Mandeb Strait immediately until the situation becomes clearer and the maritime transit through Bab al-Mandeb is safe.

Oil prices edged lower on Friday in quiet trading after three days of gains, but took support from Saudi Arabia halting crude transport through a key shipping lane, falling U.S. inventories and easing trade tensions between Washington and Europe.

Saudi Arabia said on Thursday it was "temporarily halting" oil shipments through the Red Sea shipping lane of Bab al-Mandeb after an attack by Yemen's Iran-aligned Houthi movement.

Any move to block the Bab al-Mandeb, which is between the coasts of Yemen and Africa at the southern end of the Red Sea, would virtually halt oil shipments through Egypt's Suez Canal and the SUMED crude pipeline that link the Red Sea and Mediterranean.

"The fundamentals of the oil market haven't really changed. We will have sporadic news coming out of the more volatile regions every now and again, but the market is still oversupplied," said Peter Lee, Asian oil and gas analyst at BMI Research in Singapore.

"The picture is getting a little better but it is not going to be until 2019 when we start to see more material signs of a deficit building in the market," he said. "We expect to see range-bound trading till the end of the year."

An estimated 4.8 million barrels per day of crude oil and refined products flowed through the Bab al-Mandeb strait in 2016 towards Europe, the United States and Asia, according to the U.S. Energy Information Administration.

However, Saudi Arabia has the Petroline, also known as the East-West Pipeline, which mainly transports crude from fields clustered in the east to Yanbu for export. That could offset a bottleneck caused by Bab al-Mandeb's closure.



U.S. President Donald Trump and Jean-Claude Juncker, president of the European Commission, the EU's executive body, struck a surprise deal on Wednesday that ended the risk of an immediate trade war between the two powers.

A trade war would likely hit demand for commodities like oil, which is used heavily in shipping, construction and other economic activity.

U.S. crude oil inventories last week tumbled more than expected to their lowest level since 2015, the EIA said on Wednesday, as U.S. gasoline and distillate stockpiles fell.

In the meantime the US oil weekly stockpiles dropped by 6.14 million barrels and also those of petrol dropped by 2.32 million barrels which were also the contributing factors in pushing up the oil prices during the last ten days.

Iran National Petrochemical Co announced that the total value of Petrochemical products exported was 356,000 tonnes during the last three months worth US\$3.158 billion. Iran's current total capacity for Petrochemical products is 63 million tonnes which can reach 120 million tonnes once all the current projects are completed. This can also reach 180 million tonnes soon thereafter.

- **FX & Gold**

During this week the US Dollar index dropped by 0.03% against last week and reached 94.78. Currently the price of gold after rising by US\$6 stands at 1,223 per ounce. The parity of US Dollar against IRR is currently around IRR93,000 in the unofficial market.

- **Housing**

It has been reported that the total number of apartments ' transactions during this month reached 13,500 showing a reduction of 9.2% against last month and 7% reduction against the corresponding month last year. The average price of a square meter reached IRR69.7 million (US\$1,585) showing a rise of 7% against last month.

- **Macro Economy**

According to CBI the rate of inflation at the end of this month (21st July 2018 )after rising by 0.8% reached 10.2%. However the CPI index shows a rise of 18% this month against the corresponding month last year.

The value of lending by the banking industry to the private sector rose by 16.3% during the last three months of this year.

A total of US\$1.138 billion of the Government debt to the industry was settled by a set-off arrangement during the last 11 months.



- **Market Observers**

- 1. FX expert**

In the event the exports' monies are exchanged in the second market (free exchange ) the price of US\$ against IRR could fall even below IRR70,000.

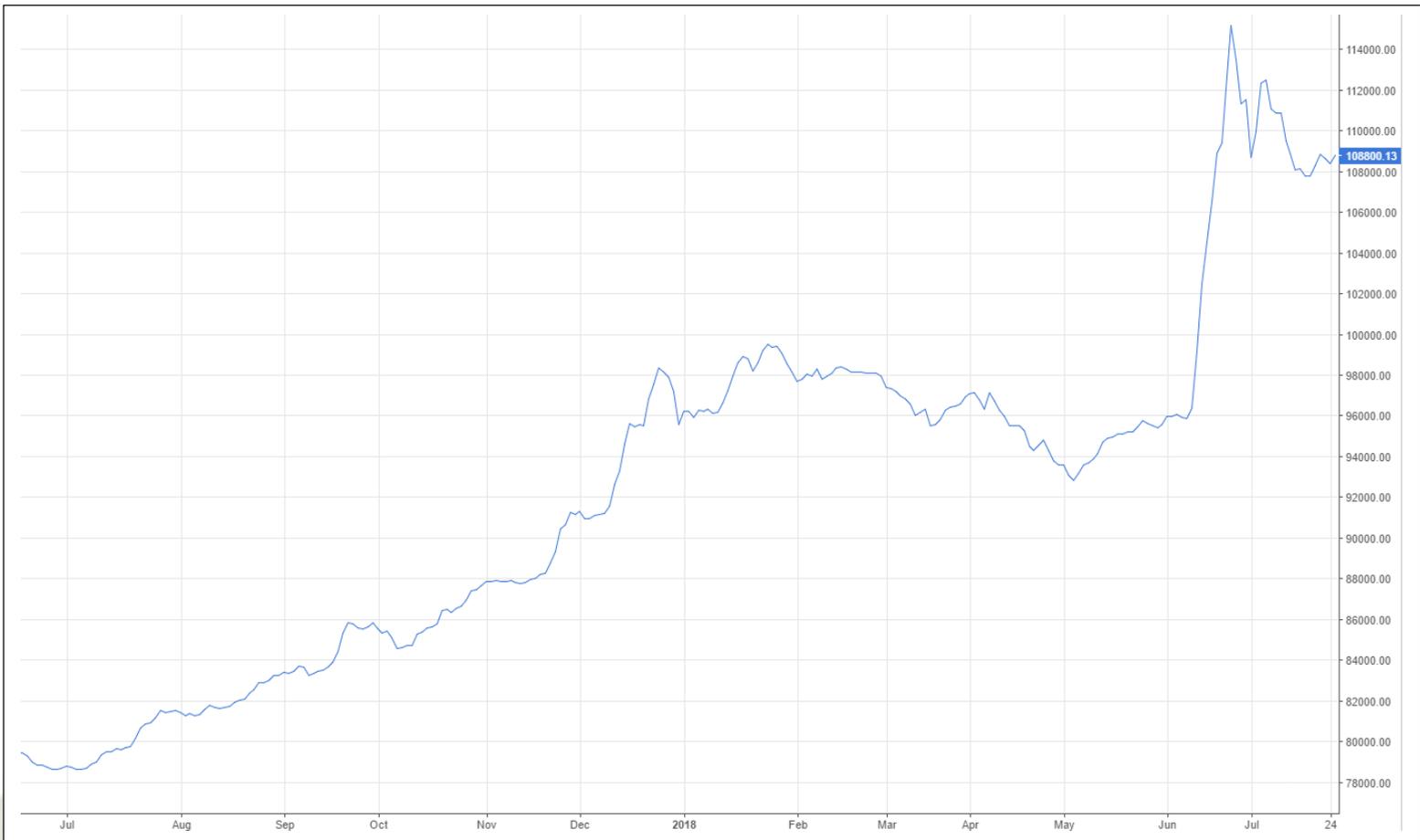
- 2. Market expert**

He believes the stock market stands a very good chance of reaching 190,000 level within the next 8 months. This may happen as a result of a great reduction in imports and a support for locally produced goods and consequently more attraction to invest in the local stock market. He therefore expects substantial funds to be diverted into the market within the second half of the year commencing on 21st September this 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	20/07/2018	27/07/2018	Change%
Opec	Barrel/Dollar	2,039.75	73.620	3.8%
Petrol	Gallon/Dollar	2,212.25	2.1615	4.6%
Natural Gas	One Million-BTU	2,581.25	2.7810	0.8%

Currency (IRR)				
Currency		20/07/2018	27/07/2018	Change%
Dollar	Official Rate	43,580	43,950	0.85%
	Free Market Rate	42,000	42,000	0.0%
Euro		95,830	109,210	14.0%
Pound		107,180	122,870	14.6%

Precious Metal				
Metal	Unit	20/07/2018	27/07/2018	Change%
Gold	Dollar/ Ounce	1,222.55	1,222.64	0.01%
Silver	Dollar/ Ounce	15.5100	15.4900	-0.13%

Basic Metal				
Product	Unit	20/07/2018	27/07/2018	Change%
Aluminum	Dollar/ Tonne	2,045.50	2,061.00	0.8%
Lead	Dollar/ Tonne	2,138.00	2,134.50	-0.2%
Zinc	Dollar/ Tonne	2,584.50	2,589.00	0.2%
Copper	Dollar/ Tonne	2,585	6,245	141.6%



## 2.Detailed Market information

### TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
SEPP	Manufacture of coke·refind petroleum products and nuclear fuel	Spahan Naft	35.48	26.14%
SGRB	Manufacture of cement·lime and plaster	Gharb Cement.	7.82	19.12%
DFRB	manufacture of chemicals and chemical products	Farabi Pharm.	6.17	17.27%
PNTB	Manufacture of coke·refind petroleum products and nuclear fuel	Tabriz.Oil.Refine	19.74	16.99%
EXIR	manufacture of chemicals and chemical products	Exir Pharm.	9.74	16.96%

### TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
ALVN	Manufacture of structural non-refractory clay and ceramic products	Alvand Tile	7.41	-14.80%
SPDZ	Manufacture of motor vehicles·trailers and semi-trailers	Saipa Diesel	1.26	-13.28%
SIPA	Manufacture of motor vehicles·trailers and semi-trailers	Saipa	1.86	-12.15%
APPE	Computer and related activities	Asan Pardakht Pers	31.72	-11.91%
IMFZ	hotels & restaurant	Cultur.Herit. Inv.	4.20	-10.54%



## 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	57.25	35.6
MSMI	Manufacture of basic metals	I. N. C. Ind. Mobarakeh	6.24	17.4
FOLD	Manufacture of basic metals	Steel	8.31	11.6
JPRZ	Manufacture of paper and paper products	Pars Paper Ind.Grp	10.98	7.5
PNES	Manufacture of coke·refind petroleum products and nuclear fuel	Isf. Oil Ref. Co.	9.67	6.7



### **3.Economic News**

#### **Iran's Zarif, D-8 New Chief Discuss Closer Cooperation**

Iranian Foreign Minister Mohammad Javad Zarif held talks with the new secretary general of the D-8 Organization for Economic Cooperation, Ku Jaafar Ku Shaari, about a range of issues, including ways to boost cooperation between Iran and the other member states.

#### **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.

#### **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.

#### **German Minister Requests India to Keep Buying Iran's Oil, despite US Pressure**

The German minister of state for International Affairs Neils Annen in an interview with Indian TV on Wednesday expressed hope that India will continue buying oil from Iran.

#### **Beijing to Continue Trade with Tehran**

China's Commerce Ministry declared on Thursday that Beijing is consistently opposed to the United States' unilateral sanctions against Iran and intends to continue its trade cooperation with the country under its international commitments.

#### **Turkey, US Officials Discuss Iran Sanctions**

US and Turkish officials met Friday to discuss impending American sanctions on Iran.

#### **Iranian Energy Giant Ready to Replace Total in South Pars Project**

Iranian holding company MAPNA Group voiced readiness to take over a project on development of the country's South Pars gas field as French company Total has backed out of its contract with Iran for fear of the US sanctions.

#### **Iran's Zangeneh, Russia's Novak Discuss Energy Cooperation**

Iranian Oil Minister Bijan Zangeneh and Russian Energy Minister Alexander Novak held a meeting in Moscow on Monday and discussed energy cooperation between the two countries and through OPEC, Russia's Energy Ministry said.



### **Commander Highlights IRGC Intelligence Role in Fight against Corruption**

Deputy chief of the Islamic Revolution Guards Corps (IRGC) intelligence department said the department is involved in the fight against economic corruption in Iran in coordination with the Intelligence Ministry.

### **EU Struggles to Counter US Sanctions on Iran: Report**

European efforts to protect businesses investing in Iran from US sanctions risk leaving executives with the tough choice of whether to obey EU or American rules.

### **Iranian Cabinet Appoints New CBI Chief**

Abdonnaser Hemmati was appointed as the new governor of the Central Bank of Iran (CBI), replacing Valiollah Seif, after the Iranian cabinet gave him a vote of confidence.