



Weekly Market Report

Week ended 27th June, 2018

Saturday thru Wednesday inclusive

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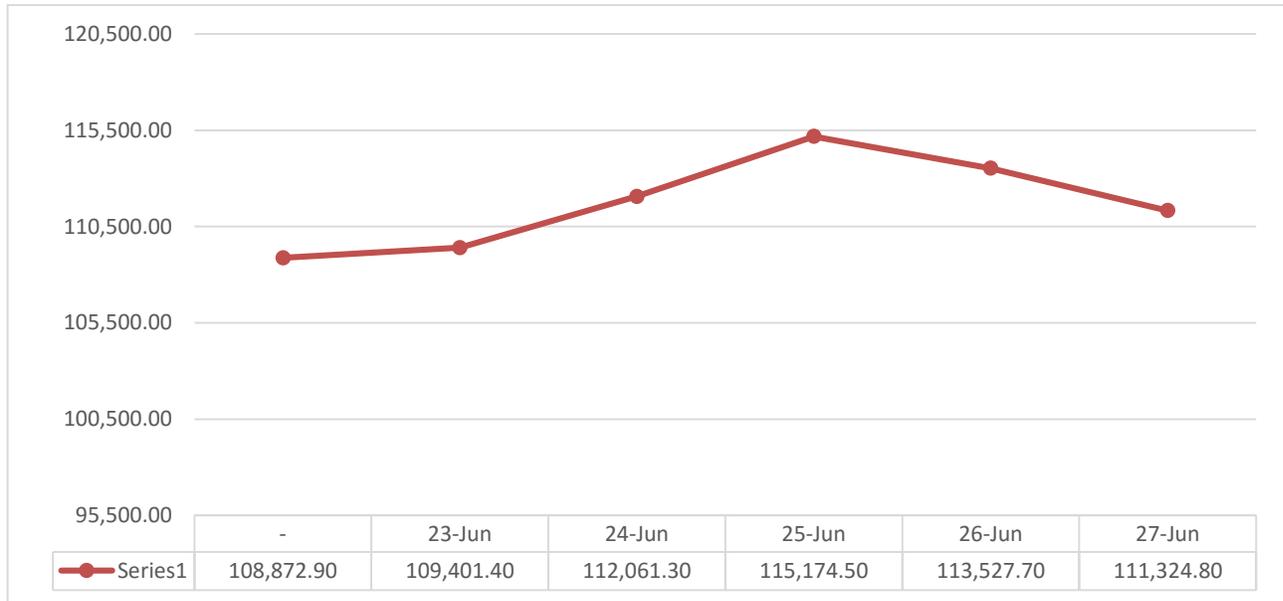
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1. Market Report-The Indices

- All Share Index**



- Market indices**

Title	June 20, 2018	June 27, 2018	Unit change	Change %
All-Share Index	108,872.90	111,324.80	2,451.90	2.25%
Fara Bourse Index	1,241.6	1,264.7	23.06	1.86%
Index Of 30 Largest Co.	5,328.0	5,470.7	142.73	2.68%
Index Of 50 Most Active Co.	4,636.1	4,760.2	124.06	2.68%
P/E	7.77	7.86	0.09	1.16%

Daily Average Trading Value	Last Week (\$)	Current Week (\$)	Amount Of Change (\$)	Change Percentage
	125,147,234	151,863,529	26,716,296	21.35%



- **Market Analysis**

Commentary by Market Specialists

- 1. Market Specialist

The current rise in the share prices is well expected as it is in line with the devaluation of IRR against major currencies. He anticipates this trend to continue for a foreseeable future. He is not unduly concerned about the restrictions imposed by the Government in the handling of the proceeds of foreign exchange monies earned by Refineries, Petrochemicals and Steel companies as he believes 80% of such earnings has always been restricted by past Governments and is not something new. What is important here is the replacement costs which have risen as a result of devaluation of the IRR against major currencies. i.e. $IRR80,000=1US\$$.

- 2. Economic Advisor

The real reason for a rise in the market is the continuous rise in the volume of liquidity during the last few years, the reduction in the interest rates on bank deposits, the rise in the value of US Dollar combined with the current difficulties in foreign exchange transactions.

- 3. Market Specialist

Generally the paper assets such as shares are subject to political volatilities whereas in the case of gold, properties and cars their prices are not affected significantly by Governments policies and they react to the rise in the replacement costs.

He cautions those investors who follow the speculations in the market and recommends emphasis on fundamentals of the companies rather than sudden rise in their share prices.

- 4. Market Specialist

He does not believe the current share prices have any bubbles as the rise in their value is well expected. However he does not think the current sudden rise is justified and he expects the market to rise in a more coherent and timely manner. As a result he does not think the current adjustment in the market was unexpected or unreasonable.

- **The Market**

The all-share index under the influence of high volume of liquidity and the IRR's devaluation against US Dollar rose significantly until the end of Sunday trading reaching at the peak of 115,174 but due to the investors' anxiety surrounding the flight of liquidity and the continuous reduction in the value of IRR against US Dollar caused the index to drop and eventually closed at 111,324 showing a rise of 2,552 points(2.4%).

As a result the index recorded a rise of 15,135 points representing 15.7% return since the beginning of this year (21.03.2018).

- **Trading Value**

The total trading value after rising by 35% reached US\$612.916 million.



• **Market Activities**

As expected the market turned positive in a spectacular manner this week as most share prices turned positive in particular those of base metals, mining, petrochemicals and refineries to the extent that most share prices in these sectors reached their daily ceiling of 5% with long queues. However this turned by 180% by Tuesday and Wednesday as most of the shares of the above sectors turned negative.

During this week as expected a great deal of companies published their annual reports the summary of which is shown below:

Mining Investment Holding Co 's profit forecast was IRR331 per share but achieved IRR342 per share.

Iran Copper Co 's consolidated net profit was IRR483 per share but the net profit for the main company reached IRR490 per share.

It is expected that the shares of two new companies will be introduced into the market next week:

Pars Petrochemical Co ,and

Pars Agro & Farm Products Development Co The Ministry of Economy announced that with effect from next week exports foreign exchange certificates will be exchangeable on the stock market and hence all interested parties can purchase their required funds through this mechanism.

• **Debt Market**

The total trading value of the debt market after declining by 29% reached US\$71.614 million.

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

• **Base Metals & Mining**

	US\$.	US\$
Copper.	6,678.	7,505
Lead	2,426.	3,592
Zinc.	2,900.	5,095
Aluminum.	2,157.	2,874

The Iran prices have been calculated at IRR42,590=1US\$ Due to the US v China trade war the prices of base metals have adversely been affected to the extent that the prices of copper and zinc have dropped below US\$6,700 per ton and US\$2,900 per ton respectively.

According to LME the demand for copper for July this year has risen by 70%.

By the end of Ramadan the imported copper prices for GCC countries have been on a rise which could be beneficial to Iran export market.



The price of Zinc at LME showed a drop of 2% this week and reached US\$2,860 per ton which has been the lowest price during the last 10 years. In the meantime the stockpile at LME after dropping by 50 thousand tons reached 249.4 thousand tons showing a rise of 37.8% in 2018 and the stockpile at Shanghai also showed a growth of 39.4% in 2018. However by the end of the week due to a drop in production of one of the largest producers of Zinc in China the Zinc prices improved.

Iran export prices of Iron Ore for delivery at Bandar Abbas showed a weekly growth of between 3.5% and 9% (concentrate) which is mainly due to a reduction of stockpiles at Chinese ports and an increase in steel productions of China.

Currently the price of Iran Iron Ore Concentrate with purity of 65% is US\$73 per ton. Recently Iranian Government has decided to increase the prices of coal by 20% in order that the current problems that the industry is facing can be resolved.

- **Oil & Energy**

Currently the price of Brent oil is US\$77.5 per barrel and that of Texas oil is US\$73.23 per barrel. These prices have come about as a result of unexpected drop in US oil stockpiles, the stoppage of oil flow through Canadian pipelines, changes in the control of Libya's pipelines due to local disturbances and the US anticipated cooperation of its allies to stop buying oil from Iran.

According to the latest reports the drop in US stockpiles is indicative of a rise in demand. Last week the US stockpiles showed a drop of 9.228 million barrels of oil which has been unprecedented since August 2017.

Last week the total US drillings dropped by 1 to 862 which was the main factor in pushing up the oil prices.

OPEC ministers announced a deal on Friday that will increase oil supplies from the producer group. Producers agreed to start pumping more so that they are no longer overshooting the production limits they agreed to in November 2016. Analysts say the agreement is likely to add around 600,000 to 800,000 barrels a day to the market, helping to tame oil prices that have soared to multi-year highs recently.

A State Department official Thursday clarified comments from earlier this week about the U.S. government's expectations that there would be zero imports of Iranian oil by Nov. 4.

The comments, which also suggested there could be no waivers for customers of oil, sent crude prices sharply higher as the market weighed the prospect of more than 2 million barrels a day being removed from the world market.

The State Department, which earlier this week said it expected zero Iranian oil on the market in November, now said it will work with countries that are importers. A State Department spokesman's comments were construed by the market Tuesday to mean that there would be no waivers for buyers, and that sent crude prices spiking.



U.S. oil prices on Friday held around three-and-a-half year highs touched the previous day as a Canadian production outage disrupted the North American market.

International oil markets also remained firm as looming sanctions by Washington against Iran are expected to lead to a sharp drop in supplies from the OPEC-member.

The US request from its allies to bring down the oil imports from Iran to zero was considered unwise and unpractical by Europeans, Japan and South Korea.

China has declared that it will continue to purchase its oil from Iran. China buys daily 650,000 barrels of oil from Iran. Both Japan and South Korea are seeking to obtain exemptions from the US Government. India also purchases 700,000 barrels of oil from Iran and has refused to follow the US embargo against Iran as this can only be possible if it is backed up by the UN resolution.

During this week the second phase of Star of Persian Gulf Refinery was opened by President Rouhani. The daily production of petrol with Euro 5 rating will increase from 12 million litres to 24 million litres and equally the gas daily production from 4 million cubic meters to 8 million cubic meters.

The Minter of Oil is of the opinion that Total being under the US pressure will not be able to remain in Iran although so far US\$60 million has already been spent on the project by the company.

- **Fx & Gold**

The US Dollar index at 94.64 remained unchanged this week.

Currently the gold price after showing a reduction of US\$20 per ounce stands at US\$1,250 per ounce.

In Iran despite the unification of the currency at IRR42,590 =1US Dollar the price in the unofficial market has reached IRR83,000 after rising by 10% this week.

- **Housing**

According to the ministry of housing despite a drop in the transactions by 21.7% this week the house prices show a rise of 29.5% against the corresponding period last year and against last month showed a 7.7% rise.

According to CBI latest report the total transactions of house units was 14.9 thousands which shows a rise of 22.1% against the same month last year and a rise of 3.1% against last month. This report also shows that the total number transactions of apartments in Tehran this month reached 39,000 which shows a 5.2% rise against the corresponding period last year.

- **Macro Economy**

According to the Central Statistics the rate of inflation for the 12 months ended this moth shows 8.2% showing a rise of 0.2% against the corresponding period last year. However according to CBI's report the rate of inflation for the last 12 months was 9.4%.



- **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	22/06/2018	29/06/2018	Change%
Opec	Barrel/Dollar	70.940	74.310	4.8%
Petrol	Gallon/Dollar	2.0715	2.1445	3.5%
Natural Gas	One Million-BTU	2.9440	2.9250	-0.6%

Currency (IRR)				
Currency		22/06/2018	29/06/2018	Change%
Dollar	Official Rate	42,510	42,590	0.19%
	Free Market Rate	42,000	42,000	0.0%
Euro		42,510	96,650	127.4%
Pound		42,510	109,210	156.9%

Precious Metal				
Metal	Unit	22/06/2018	29/06/2018	Change%
Gold	Dollar/ Ounce	1,269.65	1,251.96	-1.39%
Silver	Dollar/ Ounce	16.4700	16.0600	-2.49%

Basic Metal				
Product	Unit	22/06/2018	29/06/2018	Change%
Aluminum	Dollar/ Tonne	2,179.00	2,131.75	-2.2%
Lead	Dollar/ Tonne	2,415.75	2,410.50	-0.2%
Zinc	Dollar/ Tonne	2,934.75	2,856.75	-2.7%
Copper	Dollar/ Tonne	2,934.75	6,620.00	125.6%



2.Detailed Market information

TSE TOP 5 Gainers

Symbol	Sector	Company Name	close (USD Cent)	%change
NSTH	Real estate activities	Tehran Const.	5.36	28.27%
TMVD	manufacture of chemicals and chemical products	Daroupakhash I.	15.68	22.65%
TOKA	Manufacture of basic metals	Tukafoolad Inv.	2.78	21.90%
AZIN	Manufacture of motor vehicles·trailers and semi-trailers	Saipa Azin	2.98	21.61%
ROZD	manufacture of chemicals and chemical products	Rouz Darou P.	5.42	21.51%

TSE TOP 5 LOSERS

Symbol	Sector	Company Name	close (USD Cent)	%change
DFRB	manufacture of chemicals and chemical products	Farabi Pharm.	6.33	-18.06%
SEPP	Manufacture of coke·refind petroleum products and nuclear fuel	Spahan Naft	32.79	-16.59%
MAVA	manufacture of chemicals and chemical products	Fiber Prod.	7.66	-14.55%
MNOZ	Manufacture of food products and beverages except sugar	Minoo Co.	10.36	-12.35%
DZAH	manufacture of chemicals and chemical products	Zahravi Phar.	22.12	-12.33%



TSE TOP 5 VALUE LEADERS

Symbol	Sector	Company Name	close (USD Cent)	Trade Value USD Million
FOLD	Manufacture of basic metals	Mobarakeh Steel	9.48	85.1
MSMI	Manufacture of basic metals	I. N. C. Ind.	7.88	46.1
ZOBZ	Manufacture of basic metals	Isfahan Steel	2.96	44.6
GOLG	Mining of metal ores	Gol-E-Gohar. Khavarmiane	12.25	35.5
KHMZ	Manufacture of basic metals	mine	6.52	25.5



3.Economic News

Japan May End Iran Oil Loading from October

Japanese oil refiners may have to stop loading Iranian crude oil from Oct. 1 if Japan's government does not secure an exemption from US sanctions to allow imports to continue, the president of the Petroleum Association of Japan (PAJ) said on Friday.

Discussion with Saudi Energy Minister 'Successful': Zangeneh

Iranian Oil Minister Bijan Zangeneh described his recent meeting with Saudi Energy Minister Khalid al-Falih in Vienna as "successful".

100 European Firms to Enter Talks with Iran: EU Official

Under a new initiative for cooperation between Iran and small and medium-sized companies from the EU, 100 European industrial enterprises are going to hold business talks with Iranians, a top EU foreign policy official announced.

Iran Not to Back Any Agreement Undermining National Interests: Oil Minister

Iranian Oil Minister Bijan Zangeneh said Tehran would certainly not endorse any OPEC agreement that would undermine the country's interests.

India Hopes to Make Iran's Chabahar Port Operational by 2019

India is trying to make the strategic Chabahar port in southeastern Iran operational by 2019, a senior Indian official said.

OPEC Reaches Deal to Raise Oil Output from July

OPEC agreed on Friday to raise oil production by around 1 million barrels per day (bpd) from July for the group and its allies.

India Mulls Rupee Payment for Iran's Oil: Reports

India is expected to fall back to the rupee payment mechanism for crude supplies from Iran, in order to counter the threat of sanctions from the United States, reports said.

Iran's Demands Met in OPEC Meeting, Ex-Envoy Says

Iran's former OPEC governor Mohammad Ali Khatibi said the Islamic Republic's demands have been satisfied in the recent meeting of the Organization of the Petroleum Exporting Countries (OPEC).



US Urges Japan Not to Buy Iran's Oil: Report

Washington has asked Tokyo to halt all crude purchases from Iran, insisting that its allies cease all trade with the country, a report said.

Afghanistan Wants Iran's Chabahar Port Exempted from US Sanctions

An Afghan Foreign Ministry spokesperson called on the US administration to exempt Iran's southeastern port city of Chabahar from a new wave of economic sanctions against the Islamic Republic.

Iran to Launch Secondary Currency Market in Coming Days: CBI Chief

Governor of the Central Bank of Iran (CBI) Valiollah Seif announced that the country plans to establish a secondary currency market in coming days as the Iranian rial has plunged to an all-time low against the US dollar.

Iran's Top Judge Warns of Punishment for Disrupting Economy

Iran's Judiciary Chief Ayatollah Sadeq Amoli Larijani denounced as "treason against the state and nation" the opportunistic move by some capital owners to agitate the market, saying severe punishment awaits those behind such disruption to the country's economy.

Japan, S Korea in Talks with US to Secure Waivers from Iran Sanctions

Japan and South Korea, two major buyers of Iranian oil, are in talks with the US government in a bid to avoid adverse impacts from Washington's reimposition of sanctions aimed at cutting Iran out of international markets.

Oil Ministry Official: Removing Iran's Oil from Market Impossible

The US efforts to cut Iran oil exports will remain futile since removing the country's crude and condensate from global market is not an easy task in near future, an Iranian oil ministry official told Tasnim.

Iran's President Inaugurates Phase 2 of Persian Gulf Star Refinery

The second phase of Iran's Persian Gulf Star Refinery, known as the world's largest gas condensate refinery, was launched in a ceremony in the country's southern port city of Bandar Abbas on Thursday.