

II in Petrochemical prices

- Saudi propane prices fall; Butane remain stable:** Saudi Aramco maintained NGL prices (propane & butane) at high levels. The PP-propane spread expanded to USD 576 per ton from USD 553 per ton last month. While PP-butane spread declined to USD 456 per ton from USD 463 per ton.
- Naphtha prices decline 10.9% MoM:** The decline in crude prices (down 5.6% MoM) led to a 10.9% MoM decline in naphtha prices to USD 450 per ton.
- Decline in PP and PE prices:** PP prices fell 0.5% MoM to USD 1,055 per ton led by a tumble in feedstock propylene price (down 13.3% MoM) and drop in global energy prices. HDPE, LDPE and LLDPE prices fell 2.5% MoM, 5.4% MoM and 2.6% MoM, respectively.
- Sharp fall in prices of styrene and polystyrene:** Polystyrene prices declined 10.8% MoM to USD 1,320 per ton led by a sharp fall in styrene prices (down 17.3% MoM) to USD 1,145 per ton. End in upward trend of PVC prices as prices fall marginally by 0.5% to USD 950 per ton.
- MEG declines on fall in ethylene prices:** MEG prices fell 13.2% MoM followed by decline in ethylene prices (down 15.4% MoM). Methanol prices remained flat at USD 500 per ton.
- Titanium dioxide prices increase:** The price of weighted average titanium dioxide continued to increase (up 2.2% MoM) to USD 2,606 per ton in March.
- Urea prices decline while ammonia prices strengthen:** Urea prices decline second time in a row (down 14.0% MoM) to USD 215 per ton, while ammonia prices rose 4.6% MoM to USD 340 per ton. DAP prices were up 6.9% MoM to USD 385 per ton.

Uncertainty over oil prices continues

- Oil market turns bullish:** Brent crude oil prices declined 5.6% MoM to USD 52.83 in March as US Department of Energy reported a much larger increase in inventory than expected. However, oil market turned bullish again in the second week of April amid geopolitical tension in Syria following US airstrikes. Moreover, Libya's largest oilfield, Sharara oilfield, was shut on April 10 after an unknown group blocked the pipeline. Brent oil rose to USD 56.0 per barrel due to these two factors.
- Crude oil prices witness a fall in March:** Brent and WTI declined 5.6% MoM and 6.3% MoM, respectively, in March. The spread between Brent and WTI expanded to about USD 2.23 per barrel in March from USD 2.00 per barrel in February. Brent and WTI prices closed at USD 52.8 per barrel and USD 50.6 per barrel, respectively. Meanwhile, Henry Hub natural gas prices jumped 21.4% MoM to USD 3.19 per mmbtu.
- EIA increases US oil production target by 0.2 mbpd for 2018:** In EIA's short-term energy outlook report for April, the US oil production target has been forecast to average to 9.2 mbpd in 2017 and 9.9 mbpd for 2018.
- OPEC's oil production decreases 153 kbpd in March 2017:** According to the Monthly Oil Market Report (MOMR), OPEC's oil production decreased to 31.93 mbpd in March. OECD commercial inventories were up 268 mn barrels from the latest five-year average, with a forward cover of 64.2 days. Refinery margins weakened in Asia due to lack of export opportunities and higher inflows into the region.
- Rig count continues to rise:** In the week ended April 13, the US rotary rig count rose by 8 WoW to 847. The number of rigs increased about 11% MoM in April (3.7% MoM rise in March). The rig count was up 108.1% YoY. Of the total number of rigs, 683 were used to drill for oil and 164 for natural gas.

Table 1: Petchem Prices - March 2017

| Name | Price (USD per ton) | MoM % | YTD % |
|--------------------|---------------------|--------|--------|
| Naphtha | 450 | -10.9% | -7.2% |
| Saudi Propane | 480 | -5.9% | 26.3% |
| Saudi Butane | 600 | 0.0% | 42.9% |
| Ethylene | 1,100 | -15.4% | 0.9% |
| Propylene-Asia | 845 | -13.3% | 0.6% |
| HDPE | 1,160 | -2.5% | 0.0% |
| LDPE | 1,230 | -5.4% | -5.4% |
| LLDPE | 1,130 | -2.6% | -2.6% |
| PP-Asia | 1,055 | -0.5% | -1.9% |
| Styrene-Asia | 1,145 | -17.3% | -4.6% |
| Polystyrene | 1,320 | -10.8% | 0.0% |
| TiO ₂ * | 2,606 | 2.2% | 4.2% |
| PVC-Asia | 950 | -0.5% | 4.4% |
| MEG | 755 | -13.2% | -12.2% |
| Methanol | 500 | 0.0% | 42.9% |
| DAP-Gulf | 385 | 6.9% | 18.5% |
| Urea-Gulf | 215 | -14.0% | -12.2% |
| Ammonia-Gulf | 340 | 4.6% | 65.9% |
| MTBE-Asia | 575 | -12.9% | -16.7% |
| EDC | 365 | 4.3% | 19.7% |
| Butyl-A | 1,270 | -8.6% | -7.3% |
| BPA | 1,350 | 2.3% | 20.5% |
| PX-Asia | 825 | -7.3% | -1.2% |
| EVA | 1,500 | 0.7% | 2.4% |

Source: Argam, Reuter Eikon, AlJazira Capital Research
* Weighted average

Table 2: Economic Calendar

| Date | Country | Event |
|-----------------------|---------|--------------------------------|
| 06-April to -13 April | KSA | 2016 Exports & Imports |
| 18-Apr | KSA | Crude Oil Data Published: JODI |
| 20-April to 05-May | KSA | Non-Oil Exports YoY |
| 22-April to 25-April | KSA | CPI YoY |
| 27-Apr | KSA | M1, M2, M3 Money Supply YoY |
| 27-Apr | KSA | SAMA Net Foreign Assets SAR |
| 28-Apr | US | GDP Annualized QoQ |
| 03-May | KSA | Emirates NBD Saudi Arabia PMI |
| May 02,09,16,23,30 | US | Weekly Petroleum Status Report |
| 04-May | US | Trade Balance |
| 05-May | US | Unemployment Rate |
| 09-May | US | EIA Short-term Energy Outlook |
| 10-May to 25-May | KSA | Unemployment Rate (Saudis) |
| 11-May | | OPEC Monthly Oil Market Report |
| 16-May | | IEA Oil Market Report |

Source: Bloomberg, IEA, EIA, OPEC

Analyst
Jassim Al-Jubran
+966 11 2256248
j.aliabran@aljaziracapital.com.sa

Key comments from international energy agencies

IEA (Oil Market Report Published on 10 February)

- Global oil demand expanded by 1.6 mbpd in 2016 and is expected to increase by 1.4 mbpd in 2017 (up 0.1 mbpd from the previous month's estimate).
- OPEC's oil production fell 990 kbpd to 32.1 mbpd in January and the cuts achieved a record initial compliance rate of 90%, with some producers, notably Saudi Arabia, appearing to cut by more than required.
- Global oil supplies fell 1.2 mbpd to 96.4 mbpd in January due to a lower OPEC and non-OPEC output.
- OECD commercial inventories fell for the five consecutive months in December.
- Refinery throughput has been revised up by 200kbpd in 1Q2017.

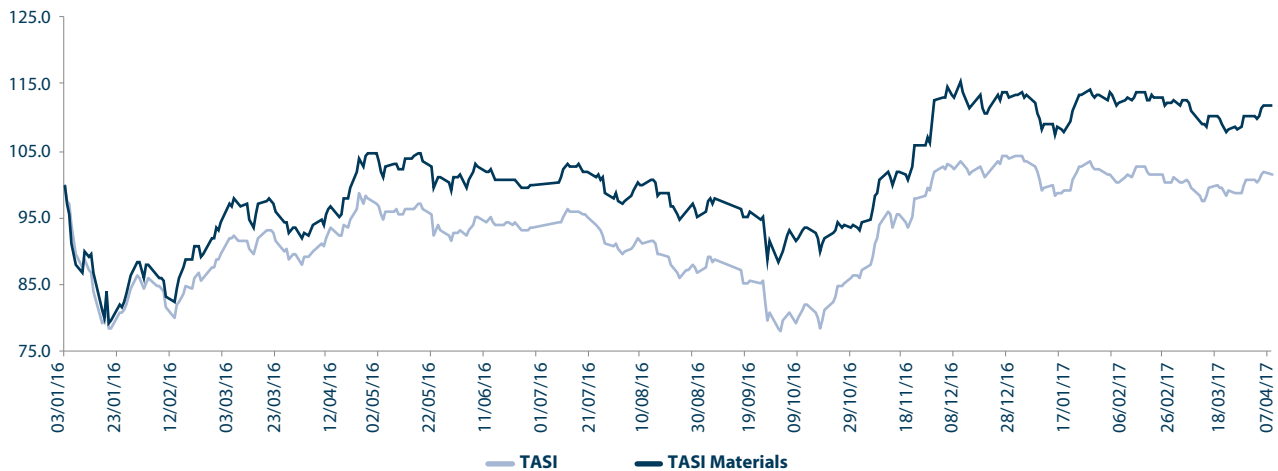
OPEC (Monthly Oil Market Report Published on 12 April)

- Global oil demand averaged 95.05 mbpd in 2016 and is expected to increase to 96.32 mbpd in 2017.
- Oil consumption rose by 1.38 mbpd in 2016 and is expected to rise by 1.27 mbpd in 2017 (up 10 kbpd from the previous month's estimate).
- In March, OPEC's oil production decreased 153 kbpd to 31.93 mbpd (according to secondary sources).
- Non-OPEC supplies are projected to decline 0.69 mbpd to 57.32 in 2016 (down 30 kbpd from the previous month's estimate), but increase 0.58 mbpd to 57.89 in 2017 (up 176 kbpd from the previous month's estimate).
- OECD's oil and oil product inventories fell in February to 2,987mn barrels.
- OECD commercial inventories were 268 mn barrels higher than the latest five-year average, with a forward cover of 64.2 days (up by 4.6 days from previous five-year average).
- Demand for OPEC crude averaged 31.7 mbpd in 2016 (up about 1.9 mbpd from 2015) and is projected to average 32.2 mbpd in 2017 (up by around 0.6 mbpd from 2016).

EIA (Short-Term Energy Outlook Published on 11 April)

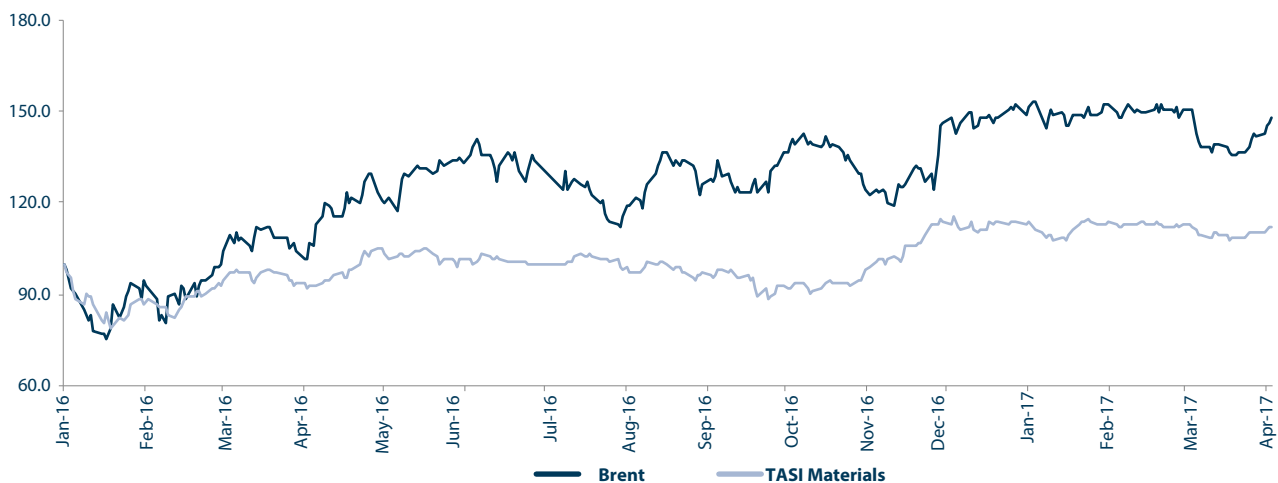
- Brent prices are projected to average USD 54 per barrel in 2017 (USD 1 lower than previous months estimates) and USD 57 per barrel in 2018.
- WTI oil prices are expected to average USD 2 per barrel, lower than Brent prices in both 2017 and 2018. (USD 1 higher than previous months estimates)
- US crude production averaged 8.9 mbpd in 2016.
- US crude production is projected to average 9.2 mbpd in 2017 and 9.9 mbpd in 2018 (up 0.2 mbpd from the previous month's estimate).
- As on March 31, 2017, US natural gas inventories totaled 2,051 bn cubic feet (down 13.2% MoM).
- Global consumption of petroleum and other liquid fuels is expected to rise 1.5 mbpd in 2017 and 1.6 mbpd in 2018.
- Non-OPEC production is anticipated to rise 0.6 mbpd in 2017 and 1.2 mbpd in 2018 (0.2 mbpd higher than the previous month's estimate).
- On average, OPEC members produced 32.5 mbpd of crude oil in 2016. Crude oil production is expected to increase 0.1 mbpd in 2017 (0.1 mbpd lower than the previous month's estimate) and rise by an additional 0.6 mbpd in 2018 (0.1 mbpd higher than the previous month's estimate).
- OPEC's unplanned oil supply disruptions averaged 1.9 mbpd in March, up 0.1 mbpd from February.
- OECD inventories are forecast to rise to 2.97 bn barrels by the end of 2017 and increase to 3.04 bn barrels by the end of 2018.

Figure 1: TASI versus Materials sector



Source: Reuter Eikon, AlJazira Capital Research

Figure 2: Materials sector versus Oil (Brent)



Source: Reuter Eikon, AlJazira Capital Research

Table 3: World Oil Demand and Supply

| (mbpd) | 2016 | | | | 2017E | | | | 2015 | 2016 | 2017E | 2018E |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | |
| World Crude Oil & Liq. Fuels Supply | | | | | | | | | | | | |
| OPEC Supp. | 38.32 | 38.79 | 39.24 | 39.63 | 38.89 | 39.31 | 39.83 | 40.01 | 38.30 | 38.99 | 39.51 | 40.22 |
| Non-OPEC Suppl. | 58.47 | 57.62 | 57.91 | 58.71 | 58.00 | 58.57 | 59.13 | 59.47 | 57.48 | 58.18 | 58.80 | 59.96 |
| Total World Supply | 96.79 | 96.41 | 97.15 | 98.34 | 96.89 | 97.88 | 98.96 | 99.48 | 95.78 | 97.17 | 98.31 | 100.18 |
| World Crude Oil & Liq. Fuels Cons. | | | | | | | | | | | | |
| OECD Consumption. | 46.66 | 46.00 | 47.25 | 47.32 | 46.69 | 46.36 | 47.56 | 47.56 | 46.41 | 46.81 | 47.05 | 47.34 |
| Non-OECD Consumption. | 48.78 | 50.08 | 50.30 | 50.26 | 49.87 | 51.35 | 51.65 | 51.54 | 47.66 | 49.86 | 51.11 | 52.45 |
| Total World Cons. | 95.44 | 96.08 | 97.55 | 97.58 | 96.56 | 97.71 | 99.21 | 99.10 | 94.07 | 96.67 | 98.16 | 99.79 |
| OECD Inventory (mn bbls) | 2,995 | 3,035 | 3,042 | 2,965 | 2,978 | 3,003 | 2,995 | 2,979 | 2,967 | 2,965 | 2,979 | 3,043 |
| OPEC Surplus Crude Oil Prod. Cap. | 1.62 | 1.25 | 0.97 | 1.03 | 2.16 | 1.94 | 1.49 | 1.42 | 1.60 | 1.22 | 1.75 | 1.21 |

Source: EIA STEO March 2016, EIA STEO March 2017, AlJazira Capital Research

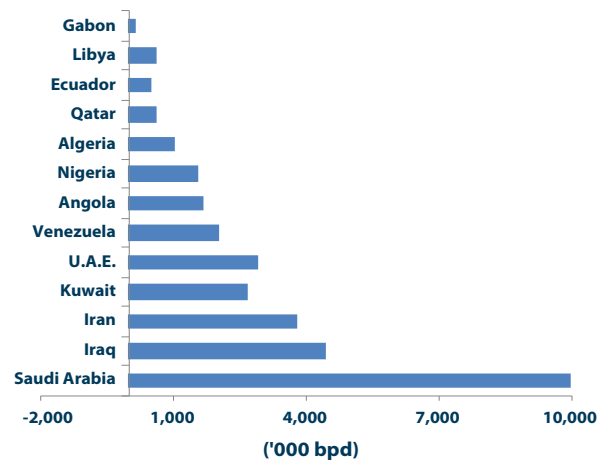
- The gap between crude supply and consumption is expected to expand to 0.38 mbpd by 4Q2017 from 0.33 mbpd in 1Q 2017.
- Crude inventories are anticipated to stabilize in 2017, ending the year at 2,979 mn barrels.
- OPEC's surplus production capacity is expected to contract to 1.42 mbpd by 4Q2017 from 2.16 mbpd in 1Q2017.

Table 4: OPEC monthly oil production

| Prod. ('000bpd) | Cap. | Dec | Jan | Feb | Mar | % MoM Chg. |
|-------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Algeria | 1,150 | 1,110 | 1,040 | 1,040 | 1,040 | 0.0% |
| Angola | 1,870 | 1,670 | 1,670 | 1,690 | 1,700 | 0.6% |
| Ecuador | 555 | 550 | 530 | 535 | 530 | -0.9% |
| Gabon | 220 | 210 | 195 | 180 | 180 | 0.0% |
| Iran | 4,000 | 3,730 | 3,800 | 3,780 | 3,785 | 0.1% |
| Iraq | 4,700 | 4,630 | 4,490 | 4,440 | 4,430 | -0.2% |
| Kuwait | 3,000 | 2,860 | 2,710 | 2,710 | 2,705 | -0.2% |
| Libya | 780 | 630 | 690 | 700 | 620 | -11.4% |
| Nigeria | 2,200 | 1,500 | 1,640 | 1,680 | 1,550 | -7.7% |
| Qatar | 780 | 620 | 615 | 620 | 610 | -1.6% |
| Saudi Arabia | 11,500 | 10,480 | 9,870 | 9,940 | 10,010 | 0.7% |
| U.A.E. | 3,150 | 3,070 | 2,950 | 2,950 | 2,915 | -1.2% |
| Venezuela | 2,500 | 2,080 | 2,030 | 2,030 | 2,020 | -0.5% |
| Total OPEC | 36,405 | 33,140 | 32,230 | 32,295 | 32,095 | -0.6% |

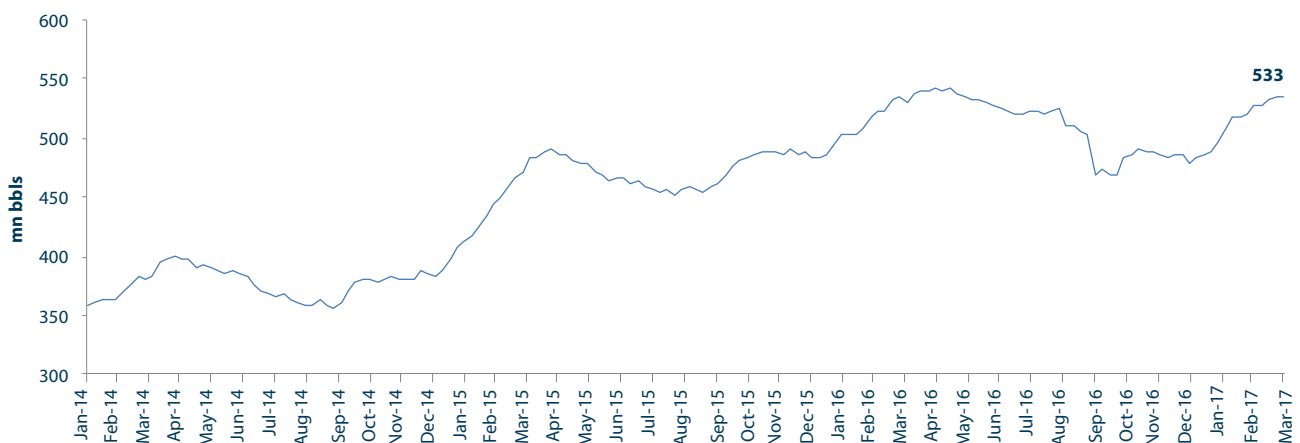
Source: Bloomberg

Figure 3: OPEC Mar Oil Production



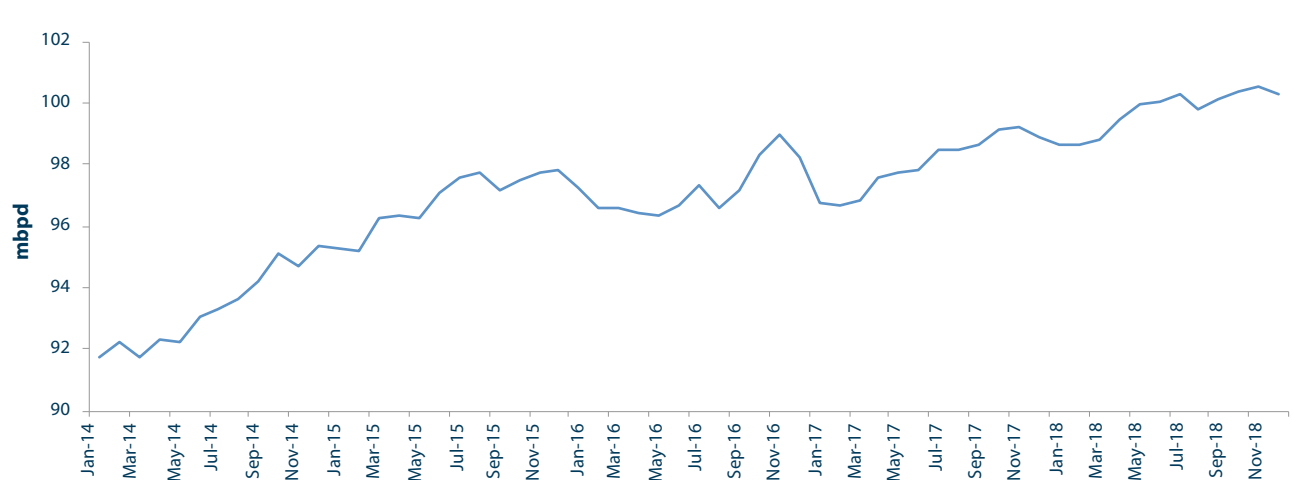
Source: Bloomberg

Figure 4: US Weekly Oil Inventories



Source: US EIA, AlJazira Capital Research

Figure 5: World Oil Production and Forecast



Source: Bloomberg

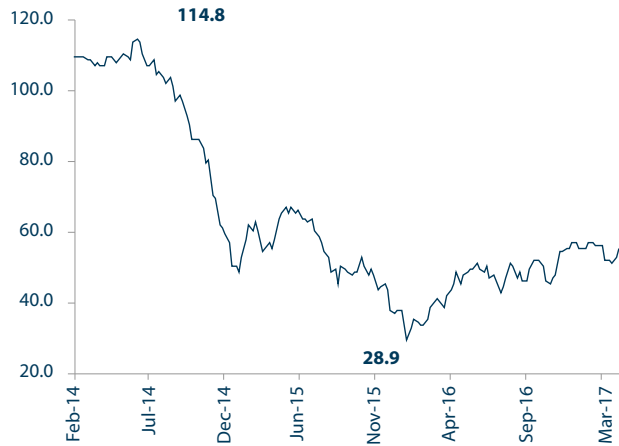
Corporate announcements

| Name of company | Date | Announcement |
|--|-------------------|---|
| Alujain Corporation | April 05, 2017 | National Petrochemical Industrial Co., Alujain Corporation 57.4% owned subsidiary, is expected to close its propylene and polypropylene complex for 25 days of scheduled maintenance, starting April 9. The company is forecast to witness the relevant financial impact in its 2Q2017 results. |
| Rabigh Refining and Petrochemical Co. | January 22, 2017 | The company suspended work on Thursday, January 19 at its petrochemicals complex. The company took this decision due to a technical malfunction in one of the generators, which did not lead to any material damage. The generator began operating again on January 21, and the petrochemicals complex would gradually recommence operations on January 22. The company is expected to announce the financial impact of the suspension later on. |
| Saudi Basic Industries Corp. (SABIC) | April 10, 2017 | SAMAC Poly Methyl Methacrylate Plant, the joint venture between SABIC and Mitsubishi Rayon Co. is expected to be commissioned in 2Q2017. Commercial operations are expected to begin six months after the commissioning. The other plant would produce poly methyl methacrylate (PMMA) and has an annual capacity of 40,000 metric tons. |
| Sahara Petrochemical Co. | April 09, 2017 | The company decided to extend the maintenance period of Al Waha Petrochemical Co. and Sahara and Maaden Petrochemical Co. (SAMAPCO) due to additional technical issues. The company did not disclose the duration of the extension. On March 7, Sahara had announced that it plans to shut down the Al Waha plant for 32.5 days and subsidiary SAMAPCO's caustic soda and EDC unit for 25 days due to scheduled maintenance. |
| Saudi Industrial Investment Group | April 02, 2017 | The company shut down its Saudi Chevron Phillips (SCP) project due to scheduled maintenance for a period of 35 days, starting April 1. The company expects the relevant financial impact in 2Q2017. |
| Saudi International Petrochemical Co. (Sipchem) | March 23, 2017 | Sipchem announced that International Diol Co. (IDC), its Sipcems affiliate, had cut production due to a technical malfunction. The malfunction is being investigated and the plant is expected to resume full production by the end of next week. |
| Methanol Chemicals Co. | March 19, 2017 | Methanol Chemicals Co. obtained the Saudi Industrial Development Fund (SIDF)'s approval to reschedule its remaining loan of SAR 385mn to support the company's financial position. Under the new agreement, the company will pay the remaining sum in seven instalments, starting May 1, 2018, to March 28, 2021. The rescheduled debt has no additional guarantee. |
| National Industrialization Co. | February 22, 2017 | US-based Tronox Limited signed an agreement to acquire the titanium dioxide business of Cristal for USD 1.7bn in cash plus stock. National Industrialization Co. (Tasnee) owns 79% stake in Cristal. Tasnee and other shareholders would retain 24% stake in the overall Tronox business after acquisition. The acquisition, which is subject to regulatory approvals and satisfaction of customary closing conditions, is likely to be finalized in Q1-2018. |
| Yanbu National Petrochemical Co. | March 29, 2017 | The company plans to close its ethylene glycol plant for 21 days due to scheduled maintenance from April 21, 2017. In addition, the company plans to halt production at its olefins plant for 10 days, starting May 1. The financial impact of the shutdown is estimated at SAR 110mn based on average prices and is expected to reflect in the 2Q2017 and 3Q2017 results. |

Source: Tadawul, AlJazira Capital Research

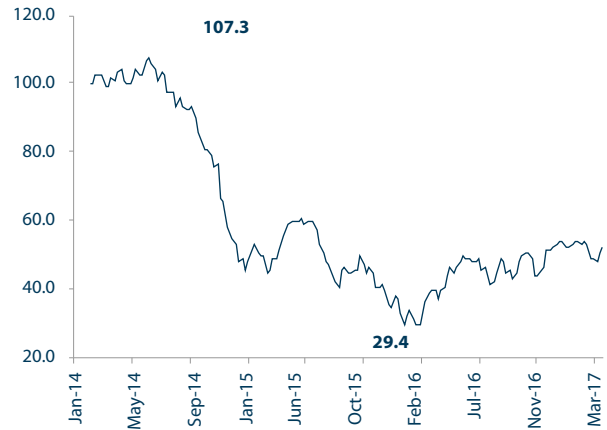
Oil and gas price trends

Figure 6: Brent Crude (USD per Barrel)



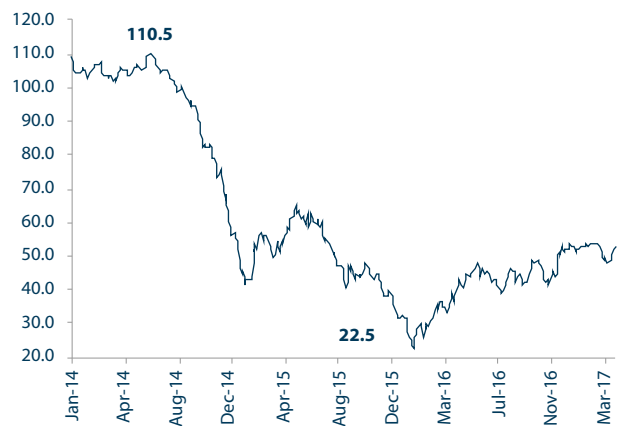
Source: Reuter Eikon, AlJazira Capital Research

Figure 7: WTI Crude (USD per Barrel)



Source: Reuter Eikon, AlJazira Capital Research

Figure 8: OPEC Reference Basket



Source: Reuter Eikon, AlJazira Capital Research

Figure 9: Henry Hub Natural Gas (USD per mmbtu)



Source: Reuter Eikon, AlJazira Capital Research

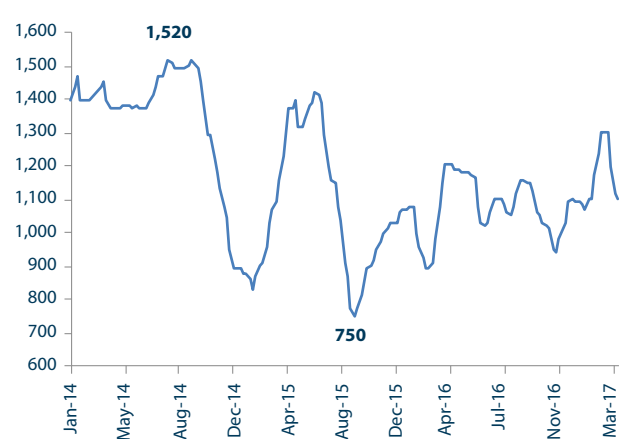
Petchem price trends

Figure 10: Naphtha (USD per Ton)



Source: Argaam, AlJazira Capital Research

Figure 11: Ethylene (USD per Ton)



Source: Argaam, AlJazira Capital Research

Figure 12: HDPE (USD per Ton)



Source: Argaam, AlJazira Capital Research

Figure 13: LDPE (USD per Ton)



Source: Argaam, AlJazira Capital Research

Figure 14: LLDPE (USD per Ton)



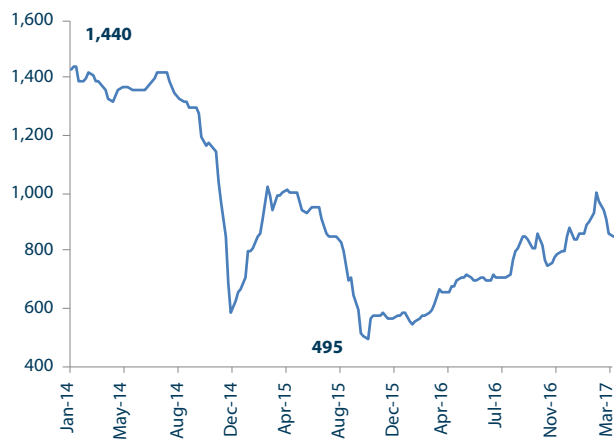
Source: Argaam, AlJazira Capital Research

Figure 15: MTBE (USD per Ton)



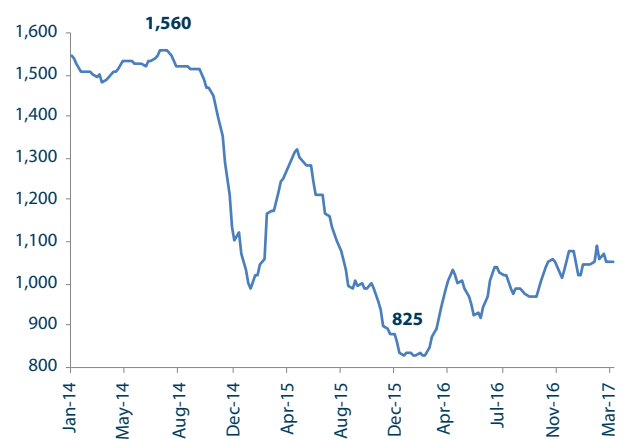
Source: Argaam, AlJazira Capital Research

Figure 16: Propylene (USD per Ton)



Source: Argam, AlJazira Capital Research

Figure 17: Polypropylene (USD per Ton)



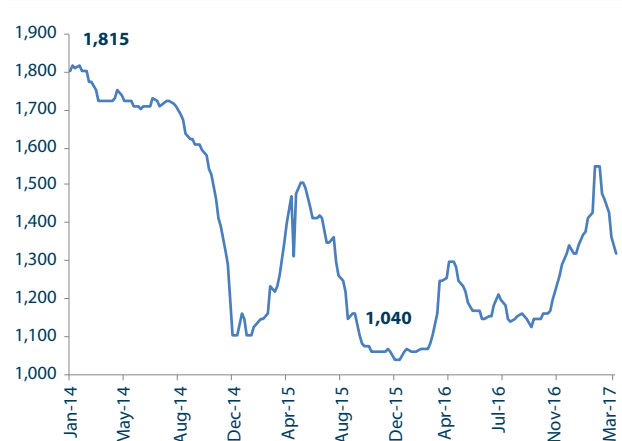
Source: Argam, AlJazira Capital Research

Figure 18: Styrene (USD per Ton)



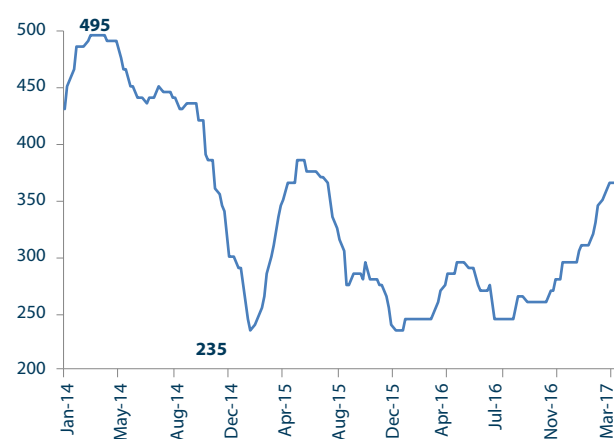
Source: Argam, AlJazira Capital Research

Figure 19: Polystyrene (USD per Ton)



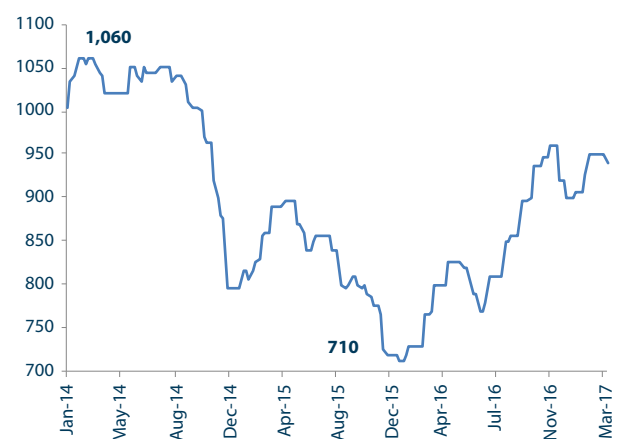
Source: Argam, AlJazira Capital Research

Figure 20: EDC (USD per Ton)



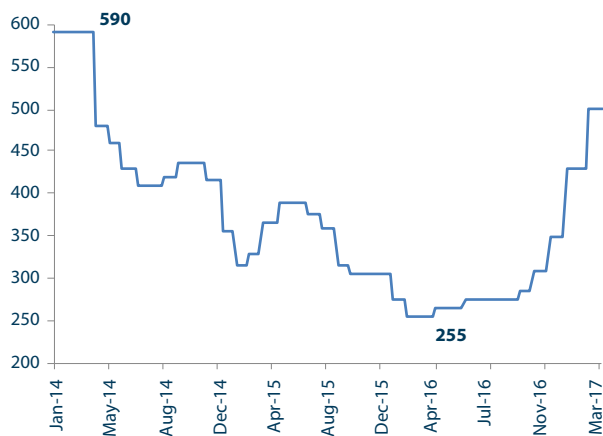
Source: Reuter Eikon, AlJazira Capital Research

Figure 21: PVC (USD per Ton)



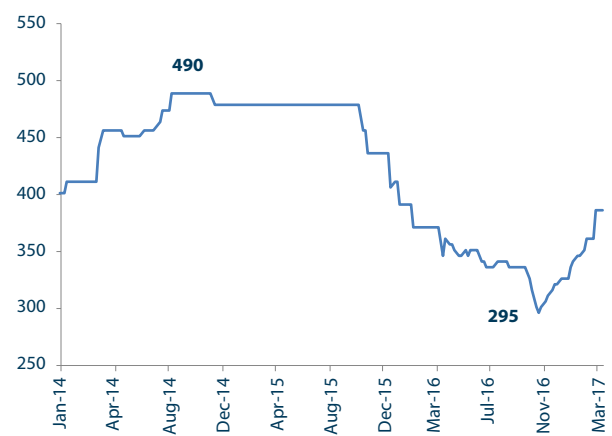
Source: Reuter Eikon, AlJazira Capital Research

Figure 22: Methanol (USD per Ton)



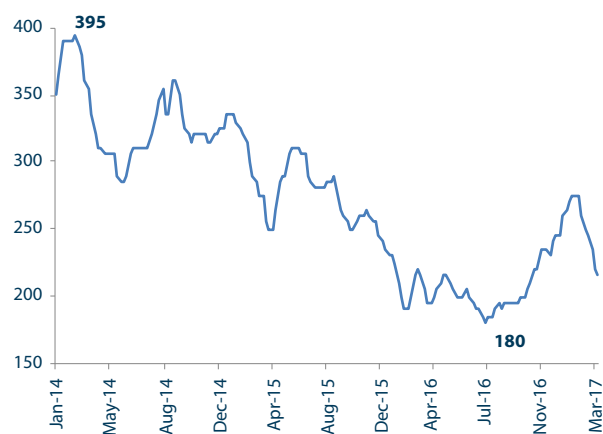
Source: Argaam, ALJazira Capital Research

Figure 23: DAP (USD per Ton)



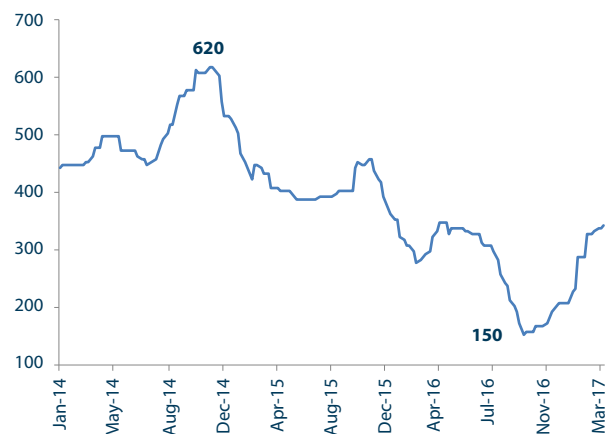
Source: Argaam, ALJazira Capital Research

Figure 24: Urea (USD per Ton)

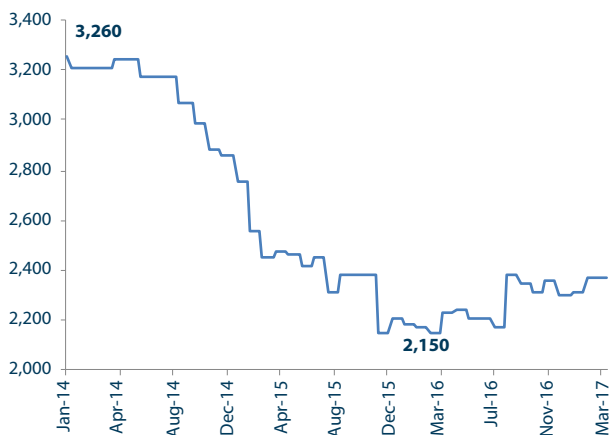


Source: Argaam, ALJazira Capital Research

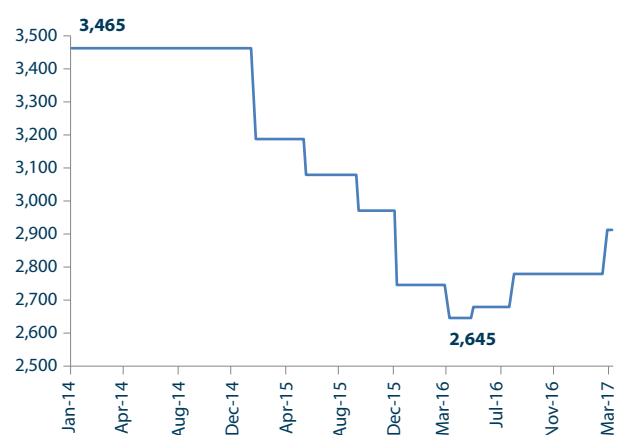
Figure 25: Ammonia (USD per Ton)



Source: Argaam, ALJazira Capital Research

Figure 26: TiO₂ Europe

Source: Argaam, ALJazira Capital Research

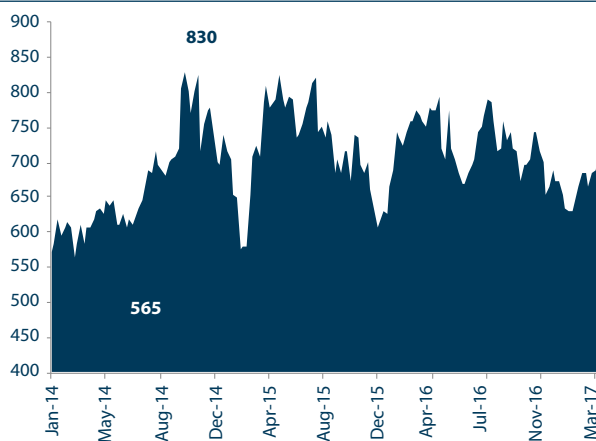
Figure 27: TiO₂ America

Source: Argaam, ALJazira Capital Research

Petchem Spreads

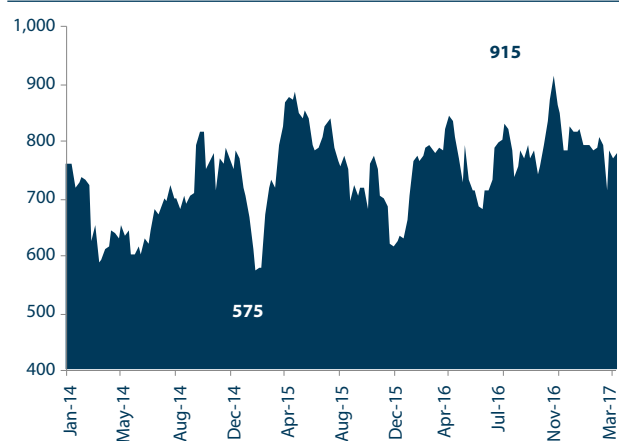
- Naphtha prices averaged USD 465 per tonne in March, down from USD 515 per tonne in February, whereas those of polypropylene declined to USD 1,056 per tonne in March from USD 1,063 per tonne in February.
- The HDPE-naphtha, LLDPE-naphtha, and PP-naphtha spreads expanded to USD 688 per tonne, USD 665 per tonne, and USD 591 per tonne, respectively. LDPE-naphtha spread contracted to USD 763 per tonne in March from USD 795 per tonne in February.
- The PP-propane spread expanded to USD 576 per ton from USD 553 per tonne last month, whereas PP-butane spread declined to USD 456 per tonne from USD 463 per tonne.
- The HDPE-ethylene and LLDPE-ethylene spreads contracted on MoM basis, and turned negative averaging USD 28 per tonne and USD 50 per tonne, respectively. LDPE-ethylene spreads contracted on MoM basis to USD 48 per tonne.
- The PVC-EDC spread contracted to USD 585 per tonne from USD 596 per tonne.

Figure 28: HDPE-Naphtha



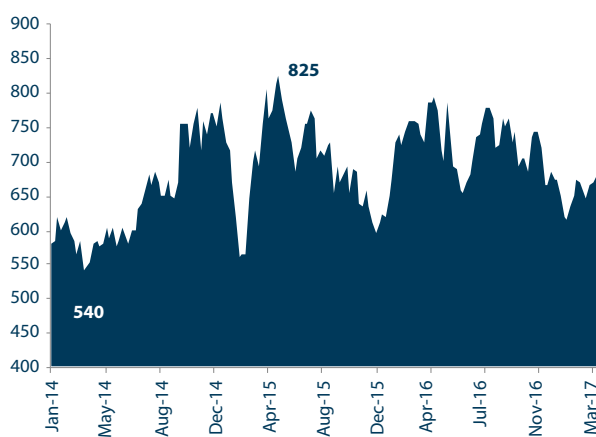
Source: Argaam, AlJazira Capital Research

Figure 29: LDPE-Naphtha



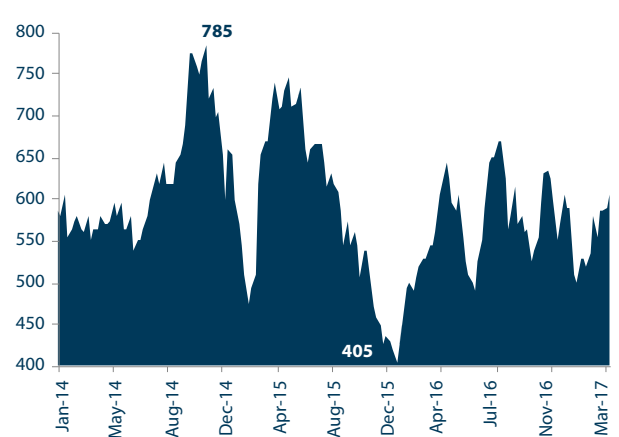
Source: Argaam, AlJazira Capital Research

Figure 30: LLDPE-Naphtha



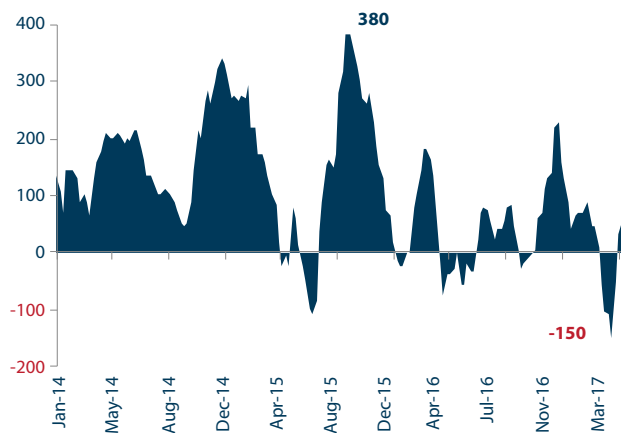
Source: Argaam, AlJazira Capital Research

Figure 31: PP-Naphtha



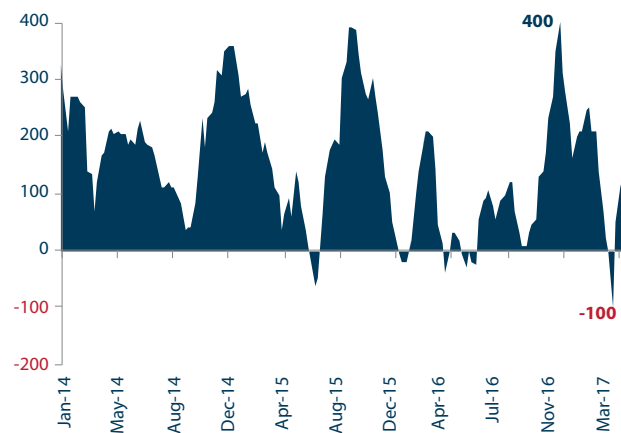
Source: Argaam, AlJazira Capital Research

Figure 32: HDPE-Ethylene



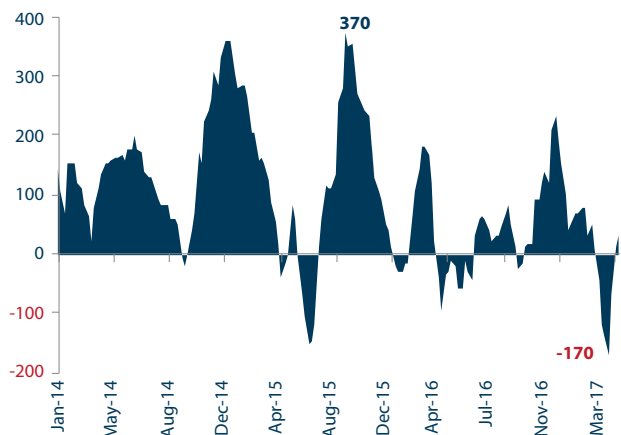
Source: Argaam, AlJazira Capital Research

Figure 33: LDPE-Ethylene



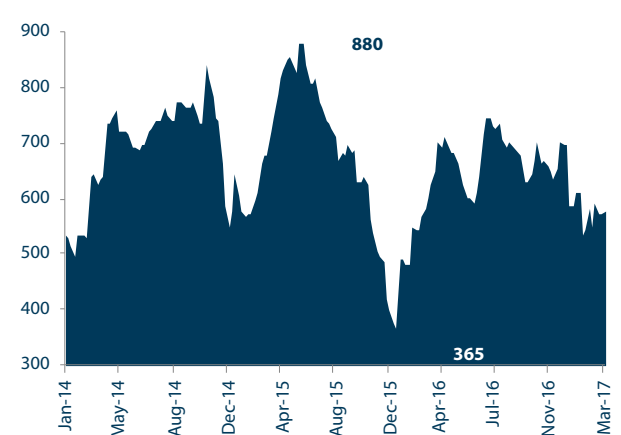
Source: Argaam, AlJazira Capital Research

Figure 34: LLDPE-Ethylene



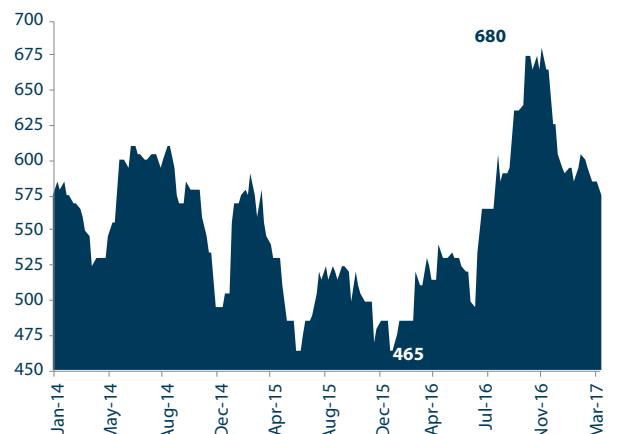
Source: Argaam, AlJazira Capital Research

Figure 35: PP-Propane (Saudi)



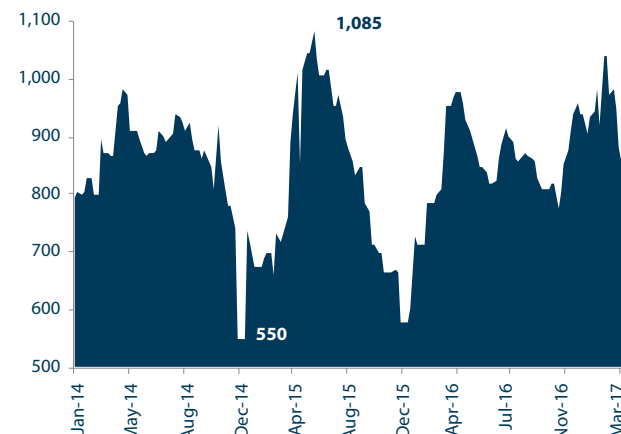
Source: Argaam, AlJazira Capital Research

Figure 36: PVC-EDC



Source: Argaam, AlJazira Capital Research

Figure 37: Polystyrene-Propane



Source: Argaam, AlJazira Capital Research

Table 5: Petchem Price Performance

| Name | Price * (USD per ton) | MoM % Chg. | QoQ % Chg. | YoY % Chg. | YTD % Chg. |
|------------------|-----------------------|------------|------------|------------|------------|
| Naphtha | 450 | -10.9% | -7.2% | 16.9% | -7.2% |
| Saudi Propane | 480 | -5.9% | 26.3% | 65.5% | 26.3% |
| Saudi Butane | 600 | 0.0% | 42.9% | 87.5% | 42.9% |
| Ethylene | 1,100 | -15.4% | 0.9% | -8.7% | 0.9% |
| Propylene-Asia | 845 | -13.3% | -4.0% | 29.0% | 0.6% |
| HDPE | 1,160 | -2.5% | 0.0% | -0.4% | 0.0% |
| LDPE | 1,230 | -5.4% | -5.4% | 2.1% | -5.4% |
| LLDPE | 1,130 | -2.6% | -2.6% | -3.4% | -2.6% |
| PP-Asia | 1,055 | -0.5% | -1.9% | 6.6% | -1.9% |
| Styrene-Asia | 1,145 | -17.3% | -4.6% | 4.1% | -4.6% |
| Polystyrene-Asia | 1,320 | -10.8% | 0.0% | 5.2% | 0.0% |
| TiO2 | 2,606 | 2.2% | 4.2% | 10.4% | 4.2% |
| PVC-Asia | 950 | -0.5% | 4.4% | 19.5% | 4.4% |
| MEG | 755 | -13.2% | -12.2% | 7.1% | -12.2% |
| Methanol | 500 | 0.0% | 42.9% | 96.1% | 42.9% |
| DAP-Gulf | 385 | 6.9% | 18.5% | 4.1% | 18.5% |
| Urea-Gulf | 215 | -14.0% | -12.2% | 10.3% | -12.2% |
| Ammonia-Gulf | 340 | 4.6% | 65.9% | 3.0% | 65.9% |
| MTBE-Asia | 575 | -12.9% | -16.7% | -0.9% | -16.7% |
| EDC | 365 | 4.3% | 23.7% | 32.7% | 19.7% |
| Butyl-A | 1,270 | -8.6% | -7.3% | 49.4% | -7.3% |
| BPA | 1,350 | 2.3% | 20.5% | 45.9% | 20.5% |
| PX-Asia | 825 | -7.3% | -1.2% | 5.8% | -1.2% |
| EVA | 1500 | 0.7% | 2.4% | - | 2.4% |

Source: Argaam, AlJazira Capital Research *Weighted average

Note: : *Prices as of March 26, 2017

Table 6: Petrochemical Products by Saudi Petrochemical Companies

| Company | Finished Products |
|------------------------------|--|
| SABIC | Polyethylene, polypropylene, poly styrene, ethylene glycol (MEG), methyl tert-butyl ether (MTBE), benzene, urea, ammonia, PVC, and PTA |
| SAFCO | Urea, ammonia |
| YANSAB | Polyethylene, polypropylene, MEG, MTBE, and benzene |
| Tasnee | Polyethylene, polypropylene, and propylene (TiO2) |
| Saudi Kayan | Polyethylene, polypropylene, MEG, polycarbonate, and bisphenol A |
| Petro Rabigh | Polyethylene, polypropylene, propylene oxide, and refined petroleum products |
| Petrochem | Polyethylene, polypropylene, and polystyrene |
| Sahara Petrochemicals | Polyethylene, polypropylene |
| Saudi Group | Styrene, benzene, cyclohexene, and propylene |
| Sipchem | Methanol, butanol, acetic acid, and vinyl acetate monomer |
| Advanced | Polypropylene |
| Alujain | Polypropylene |
| CHEMANOL | Formaldehyde – improvers concrete |
| NAMA | Epoxy resin, hydrochloric acid, liquid caustic soda, and soda granule |
| MAADEN | Ammonia and DAP |

Source: Argaam Plus

RESEARCH DIVISION

Acting Head of Research
Talha Nazar
+966 11 2256250
t.nazar@aljaziracapital.com.sa

Analyst
Waleed Al-jubayr
+966 11 2256146
W.aljubayr@aljaziracapital.com.sa

Analyst
Sultan Al Kadi
+966 11 2256374
s.alkadi@aljaziracapital.com.sa

Analyst
Muhanad Al-Odan
+966 11 2256115
M.alodan@aljaziracapital.com.sa

Analyst
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

BROKERAGE AND INVESTMENT CENTERS DIVISION

General Manager – Brokerage Services & sales
Alaa Al-Yousef
+966 11 2256060
a.yousef@aljaziracapital.com.sa

AGM-Head of Sales And Investment Centers
Central Region
Sultan Ibrahim AL-Mutawa
+966 11 2256364
s.almutawa@aljaziracapital.com.sa

AGM-Head of international and institutional brokerage
Luay Jawad Al-Motawa
+966 11 2256277
lalmutawa@aljaziracapital.com.sa

AGM-Head of Qassim & Eastern Province
Abdullah Al-Rahit
+966 16 3617547
aalrahit@aljaziracapital.com.sa

AGM- Head of Western and Southern Region Investment Centers
Mansour Hamad Al-shuaibi
+966 12 6618443
m.alshuaibi@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of stocks, bonds, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by AlJazira Capital from sources believed to be reliable, but AlJazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. AlJazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. The investor might get an amount less than the amount invested in some cases. Some stocks or securities may, by nature, of low volume/trades or may become like that unexpectedly in special circumstances and this might increase the risk on the investor. Some fees might be levied on some investments in securities. This report has been written by professional employees in AlJazira Capital, and they undertake that neither them, nor their wives or children hold positions directly in any listed shares or securities contained in this report during the time of publication of this report, however, The authors and/or their wives/children of this document may own securities in funds open to the public that invest in the securities mentioned in this document as part of a diversified portfolio over which they have no discretion. This report has been produced independently and separately by the Research Division at AlJazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with AlJazira Capital. Funds managed by AlJazira Capital and its subsidiaries for third parties may own the securities that are the subject of this document. AlJazira Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking division of AlJazira Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. One or more of AlJazira Capital board members or executive managers could be also a board member or member of the executive management at the company or companies mentioned in this report, or their associated companies. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of AlJazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Asset Management | Brokerage | Corporate Finance | Custody | Advisory

Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia, Tel: 011 2256000 - Fax: 011 2256068