



سازمان بورس و اوراق بهادار  
Securities & Exchange Organization

# Iran Capital Market Insight

January 2019

**Department of Research, Development and Islamic Studies**

**Statistics and Risk Analysis Group**

## **Title: Iran Capital Market Insight (January 2019)**

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### **Abbreviation**

<b>IFB</b>	Iran Fara Bourse
<b>IFX</b>	Iran Fara Bourse Index
<b>IME</b>	Iran Mercantile Exchange
<b>IRENEX</b>	Iran Energy Exchange
<b>SPS</b>	Standard Parallel Salam
<b>TEDPIX</b>	Tehran Dividend and Price Index
<b>TRI</b>	Total Return Index
<b>TSE</b>	Tehran Stock Exchange

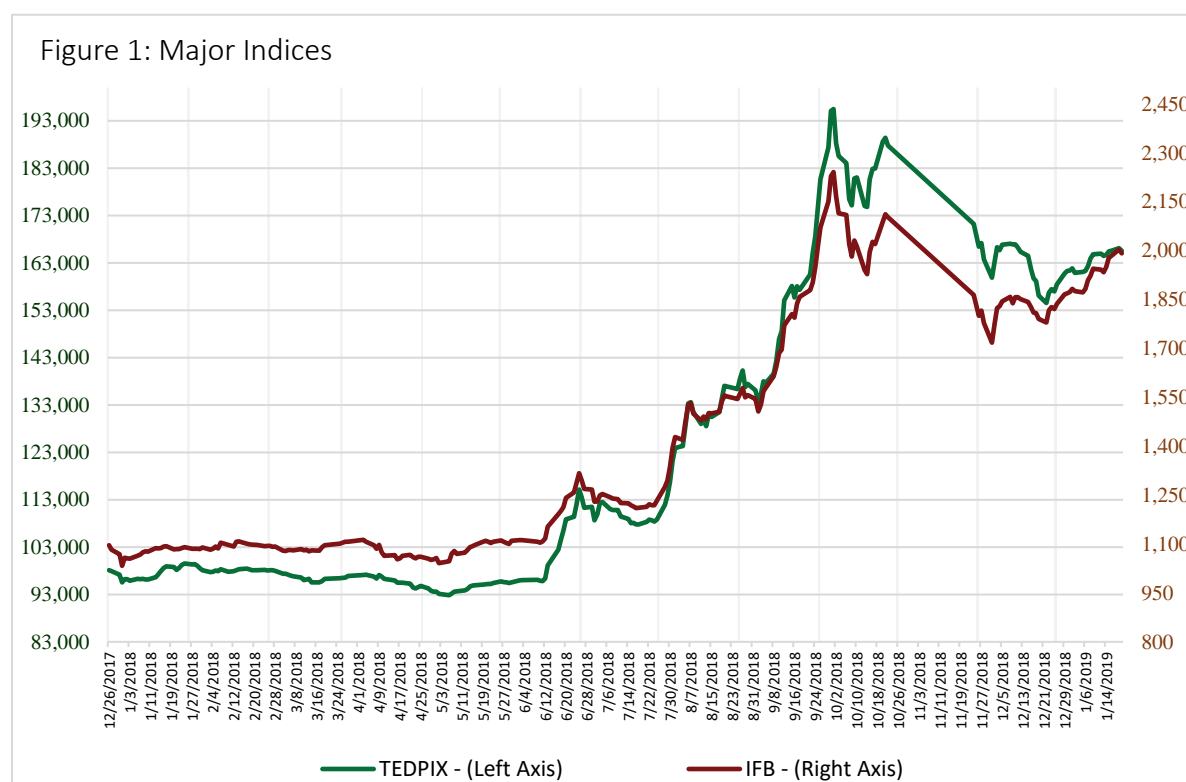
## Capital Market Indices

The end of month figure of Iran capital market major indices including the TSE's (TEDPIX) and the IFB's total return index (IFX) is compared with that of the previous month in Table 1.

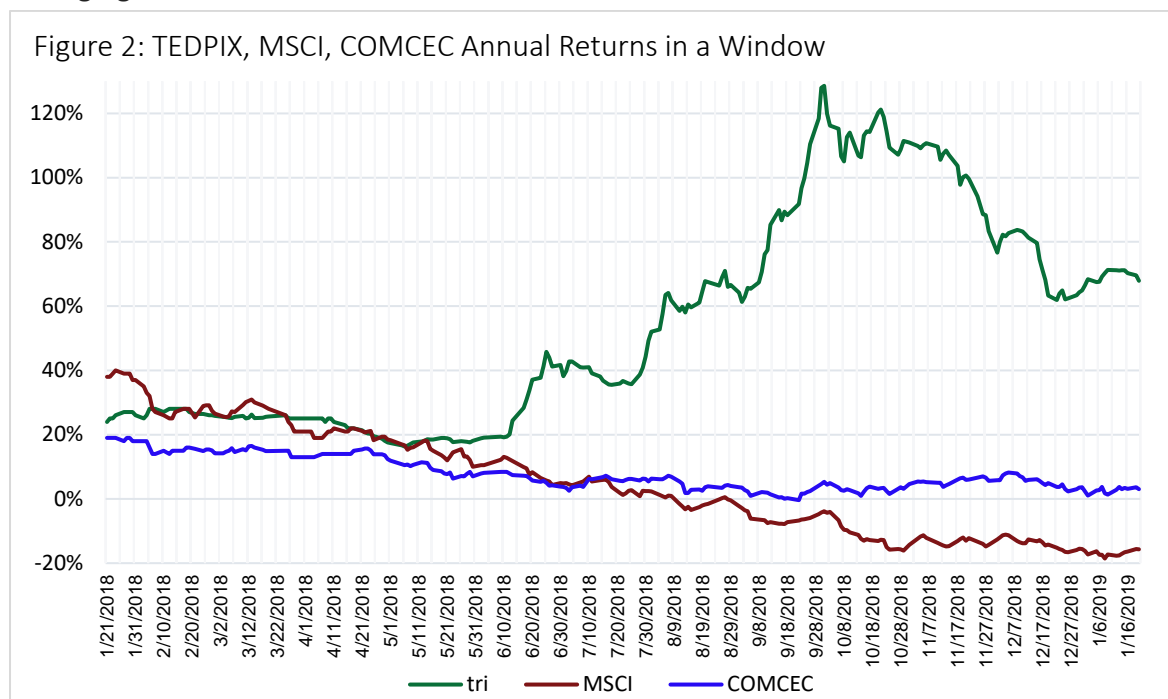
Table 1: Capital Market Indices

Index	Jan 2019	Dec 2018	Change (%)
TEDPIX	165,575	156,083	6.08%
IFX	1,992	1,791	11.23%

The past year trend of the indices is illustrated in the following figure.



In addition, the performance (annual return in percent) of TEDPIX is compared with MSCI Emerging Market TRI and S&P/OIC COMCEC 50 SHARIAH TRI.

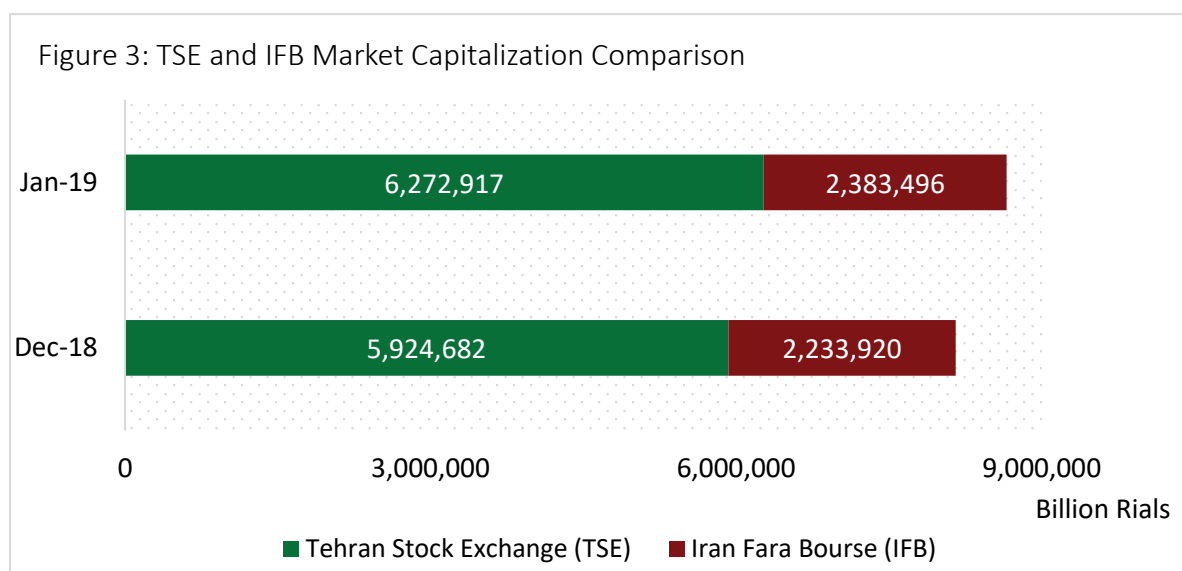


MSCI Emerging Market TRI: The index includes securities from 23 countries; however, excludes stocks from emerging and frontier economies.

COMCEC: The S&P/OIC COMCEC 50 Shariah is designed to provide investors with a Shariah-compliant benchmark that measures the performance of leading companies from the Organization of Islamic Cooperation (OIC) member states.

### TSE and IFB Market Capitalization

Share of the IFB and the TSE market capitalization in comparison with end of December is demonstrated below. The IFB is younger and smaller; yet, has differentiated itself in hosting state-of-the-art financial instruments.

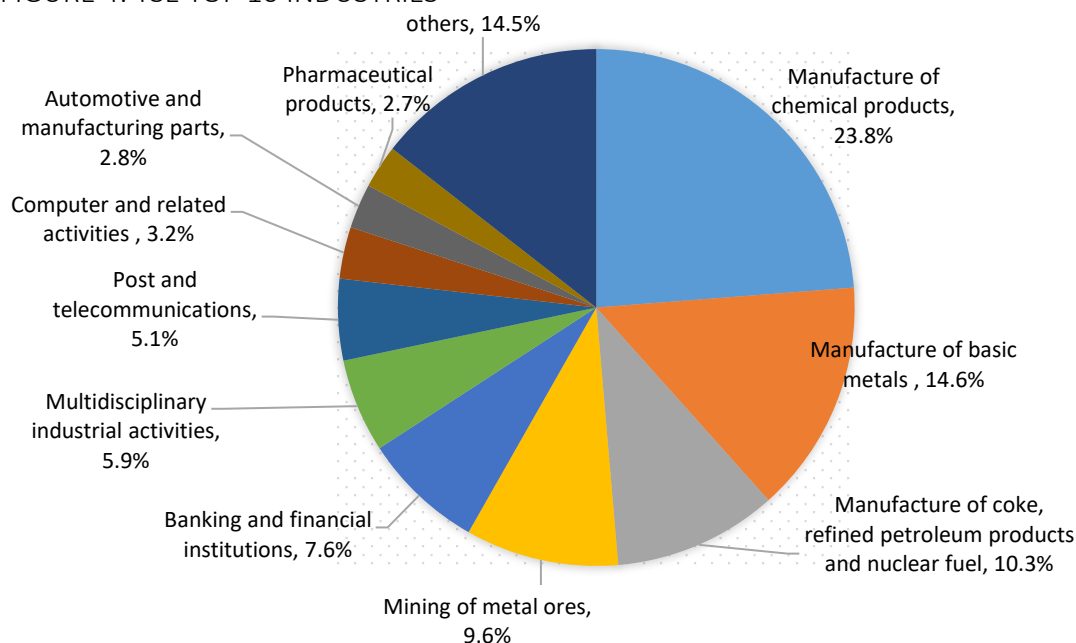


## Industries Market Capitalization

### Tehran Stock Exchange

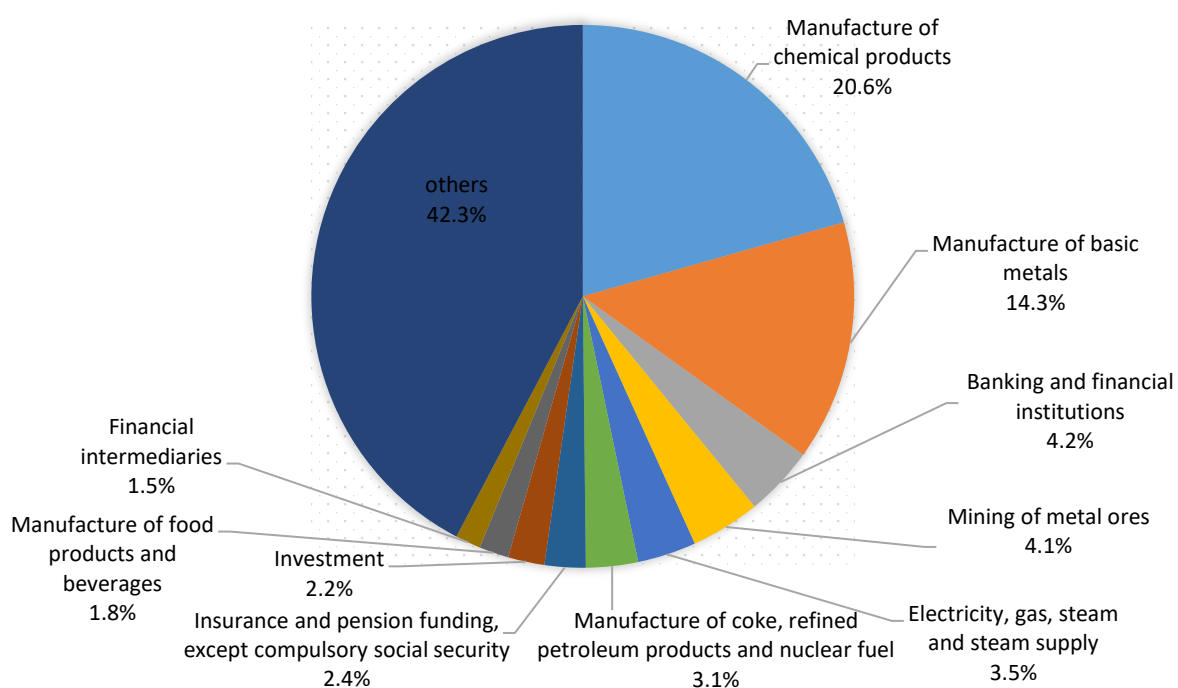
The break-down of top industries' market capitalization in the IFB and the TSE is depicted in the next two figures.

FIGURE 4: TSE TOP 10 INDUSTRIES



### Iran Fara Bourse

FIGURE 5: IFB TOP 10 INDUSTRIES



## Exchanges' Trading Statistics

Value and volume of trades for each exchange is depicted in the following table.

Table 2: Value and Volume of Trades for Each Exchange

Exchange		Date
		Jan 2019
TSE	Trading Volume - Million Shares	56,215,560
	Trading Value - Billion Rials	146,304
IFB	Trading Volume - Million Shares	18,394,103
	Trading Value - Billion Rials	89,564
IME	Trading Value - Billion Rials	103,558
IRENEX	Trading Value - Billion Rials	8,722
<b>Total Trading Value (Billion Rials)</b>		<b>351,148</b>

## Instruments' Trading Statistics

Trading value and volume of each instrument is depicted in the following figures.

Figure 7: Trading Value and Volume of Each Instrument

### Commodity Markets Trading Statistics

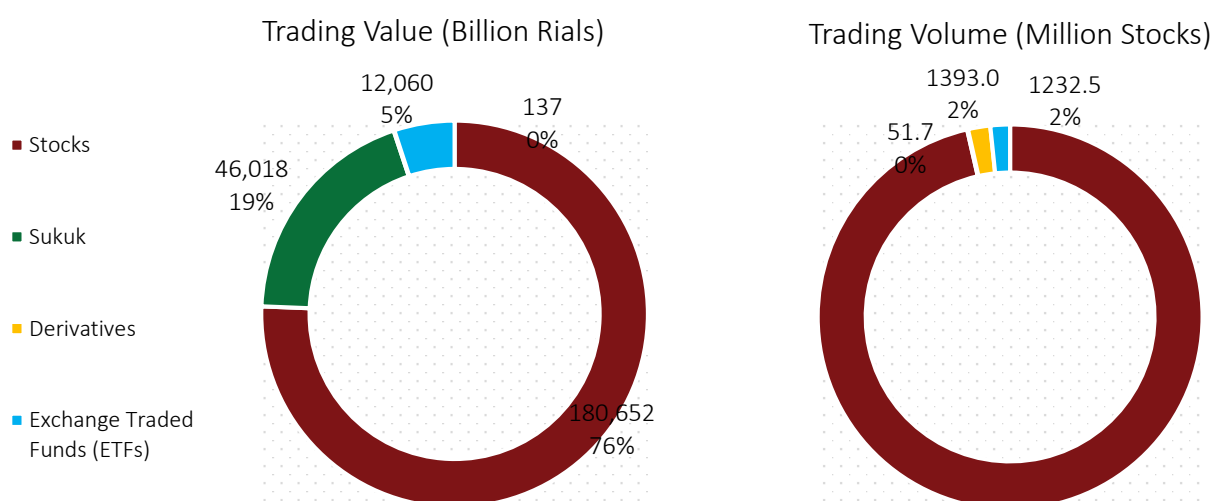


Figure 8: IME Trade Value of Different Groups

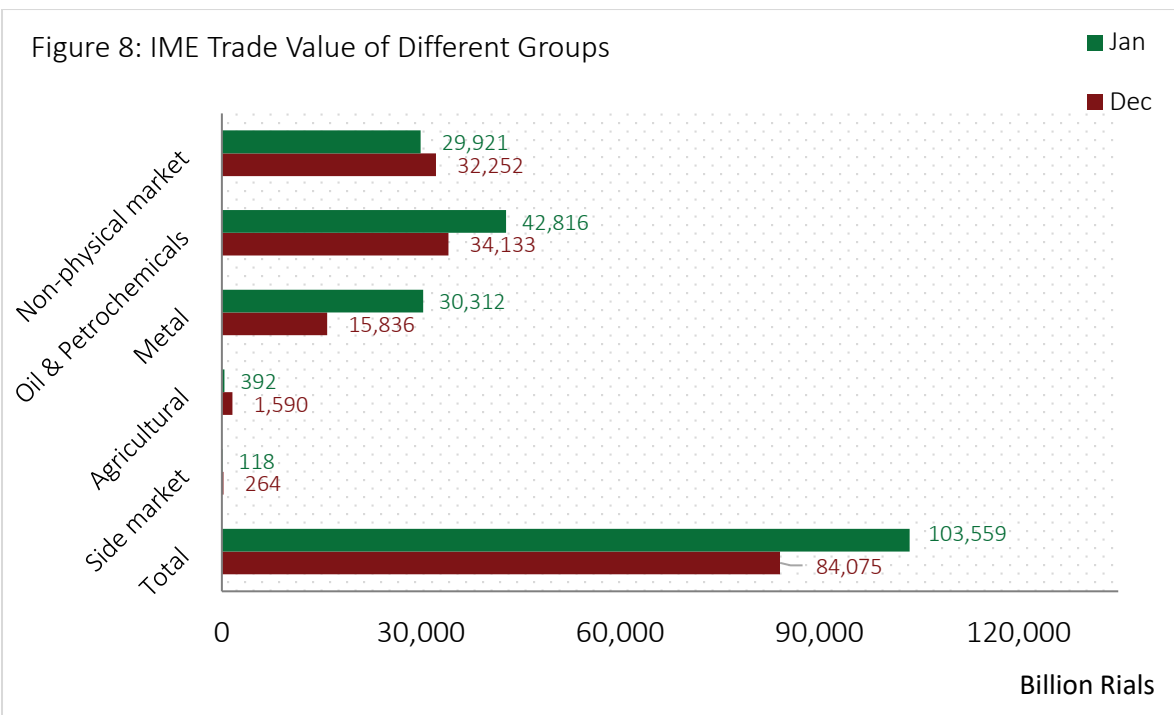
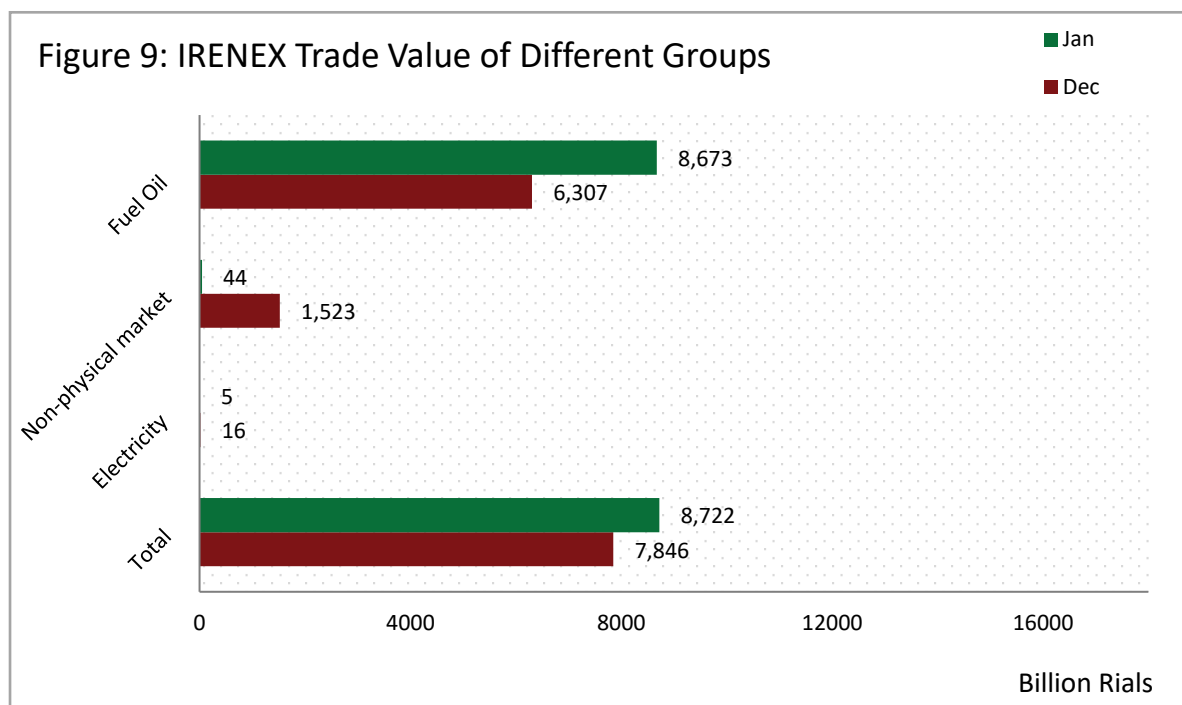


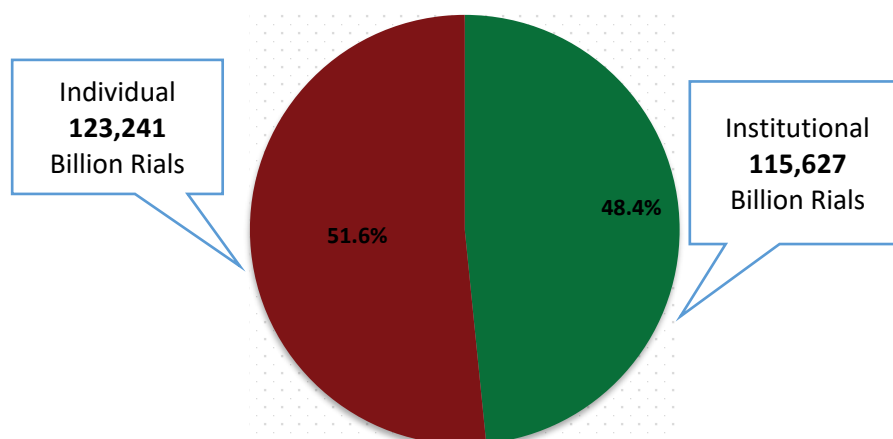
Figure 9: IRENEX Trade Value of Different Groups



## Share of Institutional and Individual Investors in Trading Value

Figure 10 reveals the proportion of individual and institutional investors in total market trading value.

Figure 10: Investors' Proportion in Trade Value of Four Exchanges



## Institutional and Individual Transactions

Institutional and Individual contribution for each category of instruments is demonstrated in the following figure.

Figure 11: Investors Trading Value of Securities

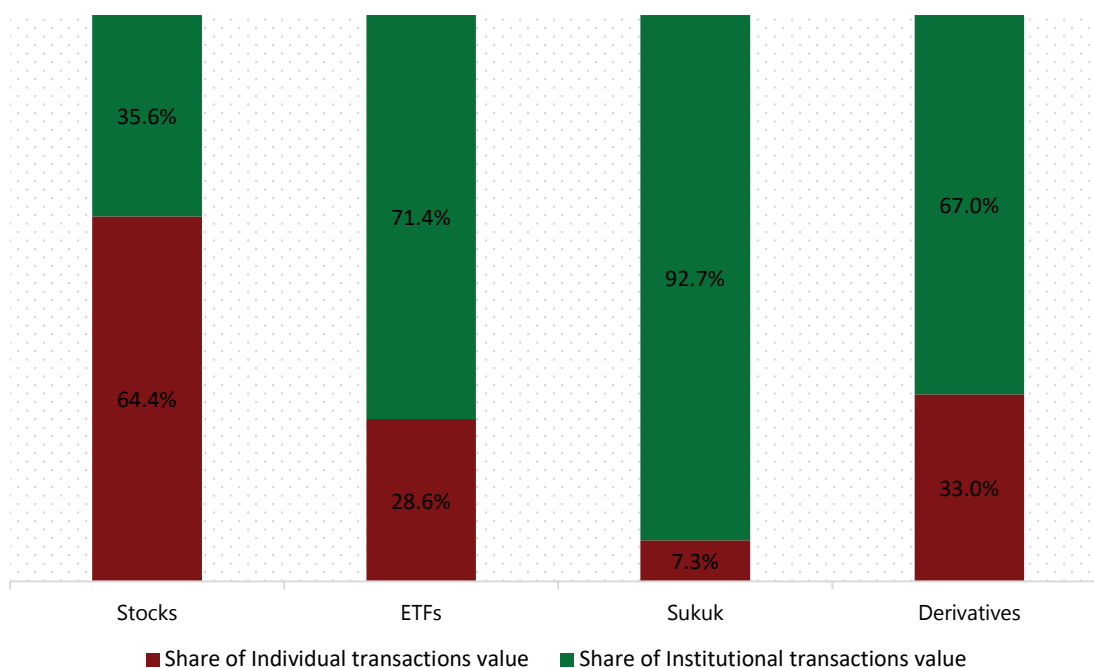
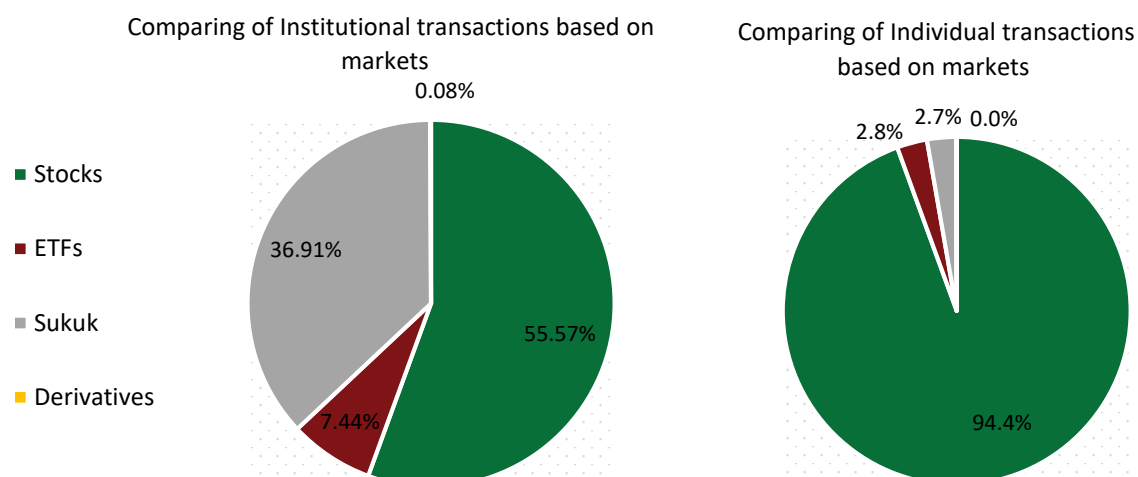




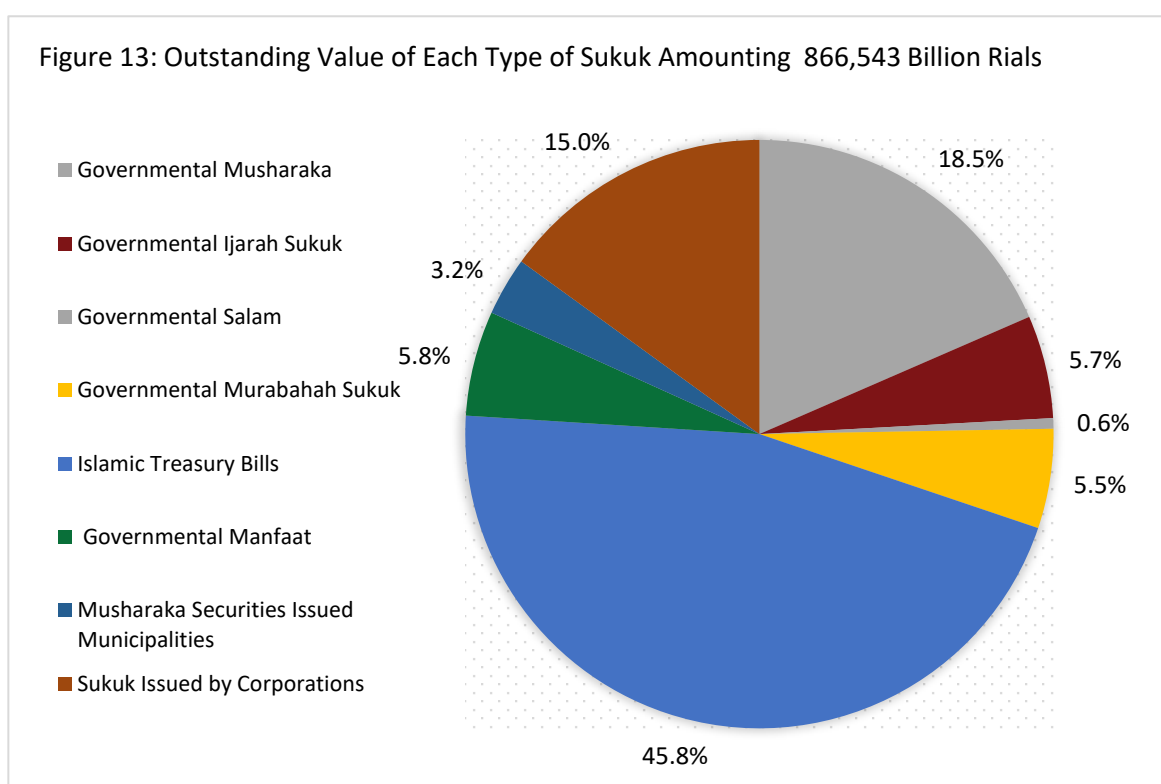
Figure 12: Comparing of Institutional and Individual Transactions Based on Markets



## Sukuk

### Outstanding Sukuk

The outstanding value of each Islamic securities (sukuk) is presented in the following figure. It is noteworthy that all instruments in the Iran capital market are Shariah compliant.



### Number of Listed and Unlisted Companies

Number of listed and registered companies on the TSE and the IFB are presented in the following table.

Table 3: Number of Listed and Registered Companies on TSE and IFB

Jan 2019	
Listed Companies in the TSE	323
Listed Companies in the IFB	106
Unlisted Companies in the IFB	163

### Initial Public Offerings

The detail of IPOs in the TSE and the IFB is shown in the following table.

Table 4: detail of IPOs

Exchange	Industry	Company Name	Ticker	No.Shares	Offering Date
IFB	Agriculture and related services	Dashte Khoramdareh	DKHZ	690,000,000	2019/01/13

## MONTH IN REVIEW

### **Housing Units can be Traded on Iran Mercantile Exchange**

Trading of housing units on the Iran Mercantile Exchange will be feasible in the near future. The physical trading of housing units can be done on the IME, said Chairman of the Securities and Exchange Organization Dr. Shahpour Mohammadi. “We are ready to amend the related regulations as required to help housing units’ owners offer their products on the capital market,” he added. A major challenge in this regard has always been the fact that housing units are not homogenous so that they cannot be offered on the capital market. If the challenge is addressed in some way, there seems to be no serious obstacle for the regulator to let the housing units be traded on the IME.

Iran’s housing market has benefitted little from the capital market in the past years. Banks have been the major financing source for housing projects in the country. Yet, a few instruments already exist on the capital market that have been welcomed by the public. Housing securities, for instance, have been among popular tools, according to Dr. Mohammadi. However, he said, applicants complain that the bureaucratic process for trading the bonds has been very slow in some cases. A number of specialized funds have also been active on the capital market offering financial solutions to the housing industry’s players. But there is still more that can be done, officials believe. Dr. Mohammadi called on industry players to help plan for their stronger presence in the capital market.

### **Establishment of Stock Index Futures**

“Stock index futures”, an instrument designed to limit trading risk, is likely to be offered on the Iranian capital market for the first time. The instrument already passed the financial regulator’s jurisprudence committee, a supervision body that ensures the applied procedures on the capital market are in line with the Islamic Law.

The stock index futures will enable traders to purchase a range of stocks at a specified price for future sale. The new instruments, such as the index futures, can significantly contribute to the deepening of the market and help attract more investment. Index futures are contracts based on a financial index, which can be bought or sold for speculative or hedging reasons, or for future delivery.

### **New Round of Crude Trading Expected on Energy Exchange**

Selling of crude on the Iran Energy Exchange will resume as soon as market officials receive instructions from the Petroleum Ministry explaining what technical requirements are required ahead of the offering. “The regulator is prepared for a new round of crude offering on the capital market,” Chairman of the Securities and Exchange Organization Dr. Shahpour Mohammadi said. The trading of oil could be carried out in Iranian rial (IRR) as well.

The Iranian government has recently allowed the private sector to buy oil in the stock market and export it. Officials are now trying to make it “legally” possible for oil traders to sell and buy crude in the Iranian and foreign currencies alike. The very first round of the offering of oil was a successful experience, officials claim. The new round of crude offering is expected to resume soon.

### **First Algorithmic Trading Competition in Iran’s Capital Market**

The SEO, in order to enhance the level of financial capabilities and literacy, has organized a one-of-a-kind competitive setting where different groups of traders sit together and trade in the real market using algorithmic models. The competitors have been granted a real portfolio with an acceptable credit and will be trading algorithmically for around one month. This competition is a follow-up of the league of stars competition where the competitors used the typical trading patterns. The First Algorithmic Trading Competitions is another step taken to raise the awareness of investors and get them acquainted with alternative methods to trade in the capital market.

### **Membership in SFN task force in IOSCO**

Another step taken by the SEO to have a more active role and presence in IOSCO is its membership in a new task force in IOSCO, the SEO has recently joined Sustainability Finance Network formed by IOSCO to prepare a platform for the members to share their experiences and prospective plans in the areas related to green and sustainability financing. Over 50 countries are the current members of this network.

### **Membership of SEO in Investor Protection Task Force in IFSB**

IFSB has recently formed a task force aiming to share the members’ experiences and deeds in the realm of investor protection and education. The SEO has been invited to be part of this taskforce and will be taking part in its upcoming meeting in Malaysia. The members will be benefiting from the ideas shared in the taskforce work stream and can upgrade their germane activities.

