



مجلس الأعمال السعودي الأمريكي
U.S.-Saudi Arabian Business Council

Weekly Market Brief

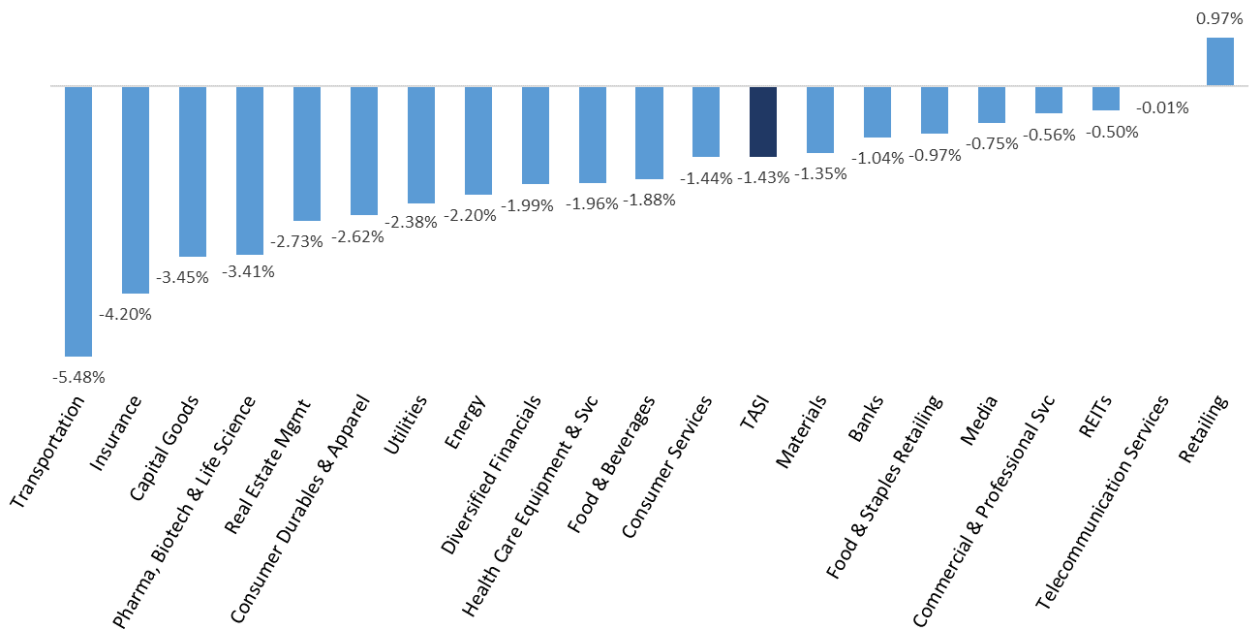
Week Ending 04 May 2018

Saudi Arabian Markets

TADAWUL

Over the past week, the TASI declined by 1.43 percent overall. The retailing sector advanced by 0.97 percent, while the remaining sectors saw moderate losses. Transportation and Insurance had the largest losses, decreasing by 5.48 percent and 4.20 percent, respectively.

Tadawul Weekly Indices Performance, as of May 3 2018



Source: The Council, Tadawul

Over the past week, the NOMU parallel market increased by 1.55 percent.



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For April 2018, the total value of shares traded on the main market was SR107.97 billion (\$28.8 billion), an increase of 23.31 percent m-o-m. Stock market capitalization reached SR1,929.54 billion (\$514.5 billion) at the end of the month, a m-o-m increase of 3.39 percent.

During this period, the total value of shares purchased by *'Foreign Investors'* was SR7.27 billion (\$1.94 billion), 6.74 percent of total buying activity. This group sold SR4.37 billion (\$1.17 billion), representing 4.05 percent of total selling activity. Ownership by *'Foreign Investors'* was 5.04 percent, an increase of 0.33 percent from the previous month.

The Tadawul published its [Statistical Report](#) for April 2018, here.

INVESTMENT

- Reportedly, Saudi Arabia will transfer ownership of King Abdullah Financial District (KAJD) in Riyadh to the PIF and Ministry of Finance.
- The Saudi Arabian General Entertainment Authority (GEA) announced the Quality of Life plan to promote entertainment, health, sports and education by 2020 as part of Saudi Arabia's modernization under H.R.H. Crown Prince Mohammed bin Salman. The plan has an expected cost of SR50 billion (\$13.33 billion).
- Saudi Arabia announced the construction of the Qiddiya entertainment resort located an hour outside of Riyadh. The resort plans to include vacation residences, a Six Flags theme park, water parks, motor sports activities, and cultural activities. Officials involved with the project reported that the resort plans to attract approximately 1.5 million visitors per annum upon opening in 2022.
- Abdulrahman Al-Fageeh, executive vice president of petrochemicals at SABIC, reported that SABIC's polymer business in China is on a growth trajectory driven by continued growth of the building, construction, and piping sectors.

BANKING

- According to SAMA's weekly money supply update, M1, M2, and M3 increased by 1.6 percent, 0.86 percent, and 1.10 percent, respectively. Meanwhile, money supply M3 reached SR1810 billion at the end of April.



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- The Saudi Arabian Monetary Authority has published *[draft rules for licensing and operation of branches of foreign insurance and reinsurance companies](#)* for public review and feedback. Comments should be submitted to IC.Pol@SAMA.GOV.SA by June 30, 2018.
- SAMA has launched the *FintechSaudi Initiative* to support Vision 2030 goals in support of entrepreneurship and the enhancement of Fintech services. *“The initiative aims to support the Fintech ecosystem in order to promote the Kingdom as a Fintech hub that embraces a thriving, responsible ecosystem of banks, investors, companies, colleges, and state institutions; thereby contributing to the support of financial inclusion and the rise of digital transactions. Through the initiative, SAMA aims to promote the small and medium enterprises sector, diversify the local economy, and create job opportunities.”*
- Saudi Arabia established a special committee for awareness on dealing in unauthorized securities activities in the foreign exchange market (Forex) because of widespread Forex activities that can exploit the lack of knowledge of a large number among dealers on the rules and regulations of the financial market. Forex activities also exploit the desire of many in the public for fast earnings without being aware of associated risk with such dealings. The CMA heads the committee and includes representatives of the Ministry of Interior, Ministry of Culture and Information, Ministry of Commerce and Investment, and SAMA.
- Reportedly, Citigroup is considering applying for a full banking license in the Kingdom.

U.S. Markets

LABOR AND COMMERCE

The U.S. unemployment rate declined to 3.9 percent in April from 4.1 percent the previous month, reaching the lowest level since December 2000 and one of the lowest post-World War II levels. Estimates for February and March payrolls were revised upwards by 30,000. Meanwhile, average hourly earnings increased by a mere 0.1 percent.

FIXED INCOME

The yield on the benchmark ten-year Treasury closed the week at 2.952 percent.



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The U.S. Treasury Department announced that it would help fund an expanding fiscal deficit by increasing the size of debt auctions. It will also introduce a 2-month Treasury bill. In the first quarter of 2018, the U.S. government borrowed a record \$488 billion.

EQUITY

For the week, the Dow slipped by 0.20 percent while the S&P 500 decreased by 0.24 percent. The NASDAQ advanced by 1.26 percent.

The CBOE's Volatility Index (VIX) closed the week at readings near 14.7.

NATIONAL

Following two days of negotiations in Beijing between Chinese and U.S. trade officials, China reported that the negotiators had reached agreements in some areas though some '*significant disagreements*' remained. The U.S. demand that China discontinue subsidies to industries covered under the *Made in China 2025* initiative remains unresolved.

Interest rates remained unchanged after the Federal Open Market Committee (FOMC) meeting. The Fed noted that inflation moved closer to its 2 percent target, though analysts suggest this indicates that the FOMC is not concerned with overshooting the inflation target in the short run.

The U.S. Bureau of Economic Analysis reported that GDP for Q1 2018 grew at an annual pace of 2.3 percent.

Global Markets

- The price of West Texas Intermediate closed at approximately \$69.70 per barrel. Brent crude prices reached \$74 per barrel.
- Inflation in Europe moved further below the European Central Bank's 2 percent target, measuring 1.2 percent in April. Analysts suggest that these levels of inflation will likely defer rate hikes.
- Marking a 26-month streak of expansion, the global manufacturing PMI notched a reading of 53.5 in April, up from 53.3 in March.



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THE WEEK AHEAD

- China reports trade balances on May 8.
- The U.S. releases the producer price index and wholesale inventories on May 9.
- China releases its producer price index and consumer price index on May 10.
- The U.S. reports the consumer price index on May 10.
- On May 11, the United States reports import and export prices.

Disclaimer: The information contained in this document was gathered from sources believed to be accurate at the time, and the U.S.-Saudi Arabian Business Council accepts no liability from errors or omissions in any part due to human or mechanical error. The above information should not be taken as investment advice or as trading recommendation on behalf of the U.S.-Saudi Arabian Business Council.

Sources: The Wall Street Journal, Bloomberg, The Washington Post, CNBC, The New York Times, Financial Times, Forbes.com, Tadawul Market Watch, TradeArabia, SAMA, Al Rajhi Capital, Saudi Gazette, MEED.