



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

Weekly Market Brief

Week Ending 15 June 2018

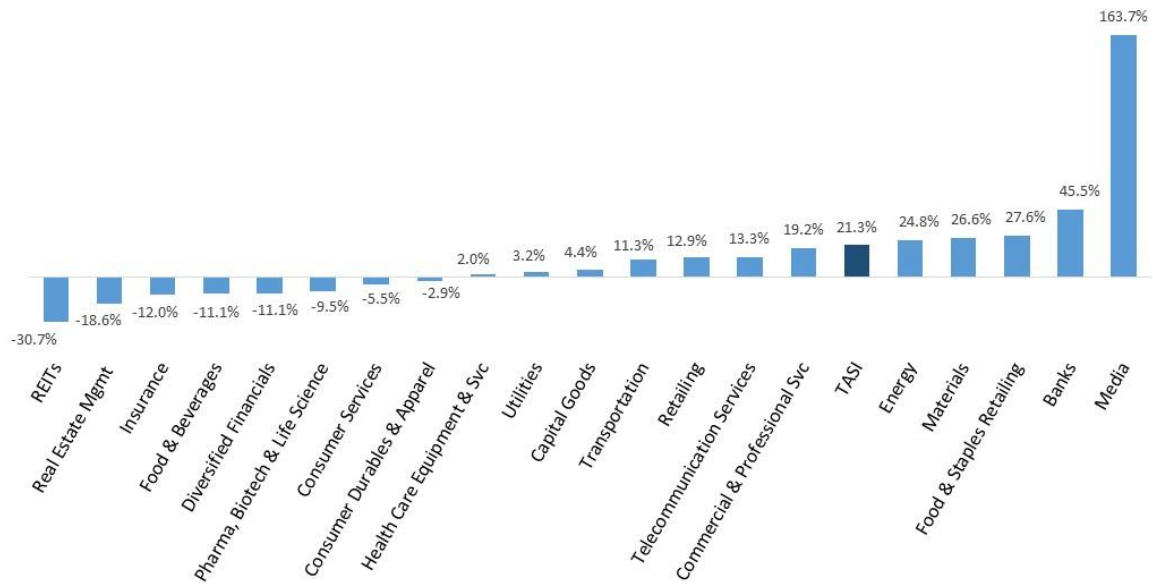
Saudi Arabian Markets

TADAWUL

In observance of the Eid Al-Fitr holiday, Tadawul trading closed at the end of June 12 and will resume after the holiday on June 20.

During the past *year* of trading, the TASI increased by 21.3 percent. The media sector and the banks sector had the largest gains, rising by 163.7 percent and 45.5 percent, respectively. Meanwhile, the REITs sector and real estate management sector had the largest declines of 30.7 percent and 18.6 percent, respectively. One-year sector performance is shown, below.

Tadawul *One Year* Indices Performance, as of June 15, 2018



Source: The Council, Tadawul

Over the past year of trading, the NOMU parallel market decreased by 22.7 percent.



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The most recent *Weekly Stock Market Ownership and Trading Activity Report* can be found, [here](#).

Reportedly, Franklin Templeton funds has been granted qualified foreign investors (QFI) status, allowing for direct investment into the Tadawul.

The CMA approved Al Nefae Investment Group's request to offer Mazaya Murabaha Fund's units on the Tadawul.

INVESTMENT AND TRADE

- The Public Investment Fund (PIF) raised its stake in Saudi Arabian Mining Co. (MAADEN) to 65 percent (approximately 764.6 million shares).
- The investment manager Invesco listed the first Saudi Arabian exchange-traded fund (ETF) in Europe on the London Stock Exchange. The MSCI Saudi Arabia UCITS is available in USD, has a total expense ratio of 0.50 percent, and will track the MSCI Saudi Arabia 20/35 index.
- Hassana Investment Company, a subsidiary of the General Organization for Social Insurance (GOSI), has signed a share swap agreement with NMC Health PLC to enter into a private sale transaction.
- Maaden's subsidiary Maaden Waad Al Shamal Phosphate Co. and Saudi Railways Co. signed an agreement that would transfer molten sulphur from Saudi Aramco's factories in the Eastern Province to Waad Al Shamal Phosphate. The deal will also facilitate transfer of phosphoric acid from Waad Al Shamal to Ras al-Khair Industrial city.

BANKING

Supported by strong fiscal and external balance sheets, Fitch Ratings affirmed Saudi Arabia's *Long-Term Foreign-Currency Issuer Default Rating (IDR)* at A+ with a stable outlook.

NATIONAL

The Saudi Arabian Real Estate Development Fund and the Ministry of Housing announced issuances of the sixth batch of the Sakani Housing program designed to boost property



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ownership of Saudi citizens. This issuance includes nearly 24,000 products such as housing units, land, and loans for real estate. Analysts suggest the program will continue supporting expansion of the real estate sector.

U.S. Markets

LABOR AND COMMERCE

The United States has approved tariffs on \$50 billion worth of imports from China (to go into effect on July 6). Economists expect China to retaliate with tariffs on approximately the same value of U.S. goods.

Amid strong data releases, economists raised the growth forecast for the U.S. economy to an annual rate of 4 percent in the second quarter. Data from the National Federation of Independent Business showed that optimism around small business performance increased, while U.S. retail sales increased by 0.8 percent in the month of May.

FIXED INCOME

The yield on the ten-year Treasury remained steady for the week, closing near 2.93 percent.

EQUITY

Concerns around trade wars loomed over global markets. Trade disputes between the United States and China remained a central focus among investors. Over the week, the Dow declined by 1.76 percent. Meanwhile, the S&P 500 decreased by 0.64 percent while the NASDAQ declined by 0.54 percent.

The CBOE's Volatility Index (VIX) ended the week at a reading near 13.

NATIONAL

- The U.S. Federal Open Markets Committee (FOMC) voted for another rate hike in the tightening cycle, increasing the federal funds target range to 1.75 – 2 percent. Federal Reserve chair Jerome Powell commented on a notably positive outlook for the U.S. economy, citing the record-low unemployment rate and continued low levels of inflation. The FOMC raised its U.S. economic expansion forecast to 2.8 percent in 2018. The committee also now expects core inflation to rise by an annual 2 percent.



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- North Korean leader Kim Jong Un and U.S. President Donald Trump met for discussions around denuclearization. During the summit, the two parties agreed on a broad framework for denuclearization of the Korean peninsula, though the details are yet to be determined. In follow up, U.S. Secretary of State Mike Pompeo is expected to continue discussions with North Korean officials.

Global Markets

- The price of West Texas Intermediate edged lower to trade at \$64.38 per barrel at the end of the week, down from approximately \$65.75 per barrel one week ago.
- In line with expectations of analysts, the European Central Bank (ECB) announced that it would end quantitative easing, lowering the volume of its asset purchase program from €30 billion a month to €15 billion a month beginning in October 2018. This amount would be reduced to zero by year-end. The ECB also said it that the refinancing rate would remain at 0.4 percent through at least this time next year.

THE WEEK AHEAD

- The U.S. reports existing home sales on June 20.
- The Bank of England's meeting to set rates is scheduled for June 21.
- Global flash purchasing managers' indices are reported on June 22.

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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.