



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

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Weekly Market Brief  
*Week Ending January 22<sup>nd</sup>, 2021*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's unemployment rate fell to 8.5 percent in Q3 2020 from 9 percent in Q2 as some employees returned to jobs temporarily lost due to coronavirus-related lockdowns. The unemployment rate of Saudi nationals also fell from 15.4 percent in Q2 to 14.9 percent in Q3, reflecting the continued strain of the COVID-19 pandemic on the labor market. By comparison, Saudi employment stood at 11.8 percent in Q1 2020.
- Saudi Arabia's holdings of U.S. Treasuries increased SAR12.8 billion (\$3.4 billion) in November to reach SAR516 billion (\$137.6 billion). The Kingdom's holdings are 13.5 percent below pre-pandemic levels. Saudi Arabia surpassed France to become the 14<sup>th</sup> largest sovereign holder of U.S. debt.
- Saudi Arabia's non-oil exports increased 12 percent YoY in November, totaling SAR20.6 billion (\$5.5 billion), while oil exports were down 40 percent YoY, totaling SAR37.6 billion (\$10 billion). Saudi exports to the U.S. increased 38 percent in November MoM to reach SAR2.1 billion (\$547 million) while Saudi imports of U.S. goods totaled SAR4.6 billion (\$1.2 billion), rising 12 percent from the previous month.
- The Ministry of Finance closed its January 2021 issuance under the riyal-denominated sukuk program at SAR2.96 billion (\$790 million). The sukuk issuance was divided into two tranches with the first sized at SAR2.1 billion (\$555 million) maturing in 2028 and the second sized SAR880 million (\$235 million) maturing in 2033. Read more about Saudi Arabia's sukuk program in [USSBC's Sukuk Market Economic Brief](#).

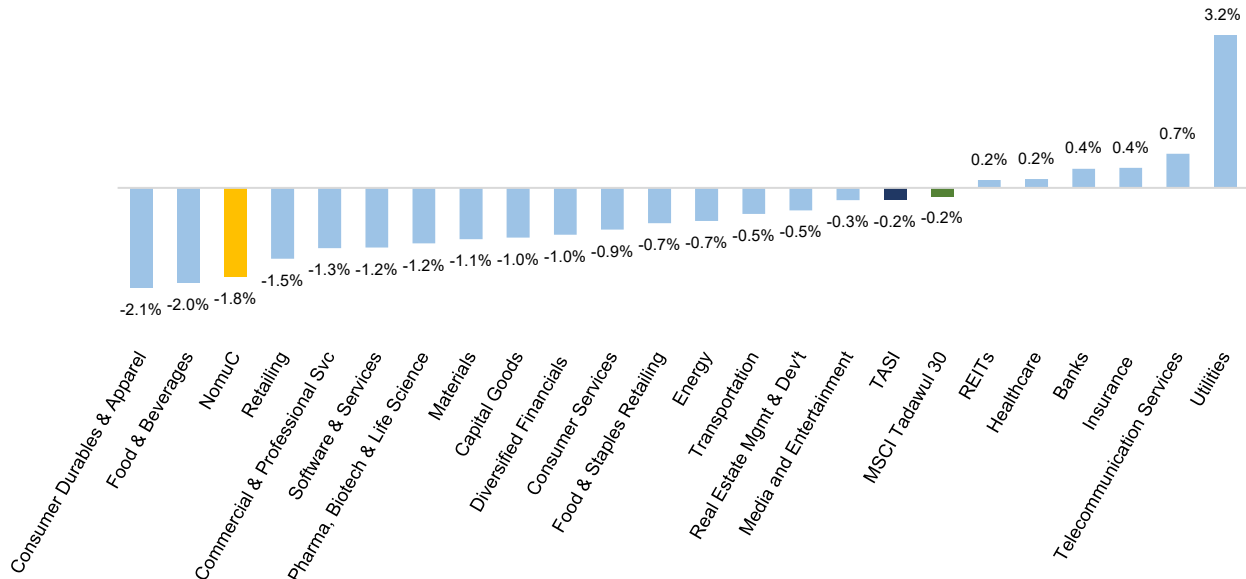
Tadawul

The TASI fell 0.2 percent to reach 8,876 points as Utilities, rising 3.2 percent, was the only sector gain above 1 percent. Telecommunication Services and Insurance rose 0.7 percent and 0.4 percent, respectively. Consumer Durables and Apparel declined 2.1 while the NomuC parallel market index fell 1.8 percent. The MSCI Tadawul 30 followed the TASI, falling 0.2 percent and finishing the week at 1,194 points.



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Tadawul Weekly Index Performance - January 22, 2021



Source: Tadawul, USSBC

Investment and Trade

- The Public Investment Fund (PIF) announced a five-year plan to double its assets under management to SAR4 trillion (\$1.07 trillion) by 2025 through investments catalyzing the growth of Saudi Arabia’s non-oil GDP. The new strategy includes SAR150 billion (\$40 billion) in domestic investment annually across emerging strategic sectors such as transportation & logistics, construction, renewable energy, mining, real estate, and entertainment.
- American technology company NVIDIA will partner with Zain KSA to introduce its cloud streaming service GeForce Now into the Kingdom. The partnership is targeting Saudi Arabia’s growing gaming industry through access to low-latency, RTX-enabled gaming servers.
- The General Authority of Civil Aviation (GACA) announced an initiative to localize 10,000 jobs by 2023 across several specialized professions in the air transport sector. Targeted



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jobs for localization include pilots and co-pilots, ground service coordinators, flight directors, flight attendants, supervisors, and cargo handlers.

- The Saudi Grains Organization (SAGO) issued a tender to import 480k tons of wheat to be supplied during the period of March-April 2021 to increase reserve stocks.
- The Saudi Film Commission signed a SAR40 million (\$11 million) deal for 28 film-related projects stemming from the Ministry of Culture's 'Daw' competition last year. The deal includes production financing for short and feature-length Saudi films.
- The Saudi Space Commission signed a program agreement with the University of Arizona to exchange knowledge and personnel related to high-level space-related research through summer programs in space sciences and engineering and cross-border research opportunities.
- Saudia Aerospace Engineering Industries, the MRO division of Saudia, signed a joint cooperation agreement with Oklahoma-based Spartan College of Aeronautics and Technology to exchange training regimes, enhance the quality of aircraft maintenance, and provide training consultations for SAEI's employees at Jeddah-based Prince Sultan Aviation Academy.
- India will begin commercial exports of COVID-19 vaccines to four nations that include Saudi Arabia following a deal between AstraZeneca and the Serum Institute of India Ltd. to manufacture one billion doses of the vaccine.

### Banking

Weekly money supply M1, M2, and M3 declined 1 percent, 1.3 percent, and 1.2 percent respectively during the week ending January 14.

### U.S. MARKETS

#### U.S. Macroeconomic Developments



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- Existing home sales rose 0.7 percent to a 6.76-million-unit pace in December on top of an upward revision of November's sales. The preliminary 2020 home sale total marks a 5.6 percent increase over 2019 and the highest yearly total since 2006. Price appreciation cooled slightly but the median price of existing homes still rose 12.9 percent YoY in December.
- Housing starts jumped 5.8 percent MoM in December to a 1.67-million-unit pace, the strongest since 2006. Single-family starts surged 12 percent MoM and are up 28 percent over the past year. Multifamily housing starts declined 13.6 percent MoM and are down 39 percent YoY.
- Initial jobless claims for the week ending January 16 totaled 900k, declining after two weeks of increases. Continuing claims fell to 16 million during the week ending January 2 (most recent data available), but the pace of improvement is expected to slow amid higher claims in recent weeks and new benefits kicking in from the December relief bill.

#### Fixed Income

The yield on the ten-year U.S. Treasury fell this week to 1.1 percent.

#### Equity Markets

The Dow Jones Industrial Average rose 0.6 percent and finished at 30,997 points. The S&P 500 increased 1.9 percent and finished at 3,841 points while the NASDAQ rose 4.2 percent and closed at 13,543 points.

#### GLOBAL MARKETS

- Arab light crude declined 0.6 percent last week and closed at \$55.92 per barrel. Global benchmark Brent crude meanwhile rose 0.6 percent and finished the week at \$55.41 while West Texas Intermediate (WTI) fell 0.2 percent and closed the week at \$52.27. U.S. crude stockpiles posted an unexpected increase last week while refiners raised output to the highest levels since last March. Over the weekend, Iraq stated it would cut oil output to 3.6 million bpd through the end of February to balance production that exceeded the OPEC+ quota last year.
- Eurozone PMI fell at an accelerated pace in January with factory output growth weakening and service sector output falling at the second-fastest rate since last May. IHS Markit's



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PMI reading for January registered at 47.5, down from December's 49.1. Manufacturing continues to provide the strongest signs of resilience amid sustained growth in new orders and exports.

- Japan's composite PMI declined 46.7 in January from 48.5 in December as demand conditions weakened and employment levels declined again after stabilizing last month. New business inflows contracted for the twelfth consecutive month, weighed down by weaker export sales.

#### THE WEEK AHEAD

- U.S. releases durable goods order for December on January 27
- Saudi Arabia releases industrial production index for November on January 27
- Saudi Arabia releases SAMA monthly bulletin on January 28
- U.S. releases personal income and spending for December on January 29