



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

Weekly Market Brief
Week Ending November 27th, 2020

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's oil exports fell 39 percent YoY while non-oil exports declined 9.3 percent YoY during September. Compared to August, non-oil exports in September increased by 2.5 percent. Chemical product exports rose 19 percent MoM while plastics rose 4 percent MoM with both segments totaling SAR5.5 billion (\$1.5 billion) each. Saudi exports of base metals and articles of base metals continue to outpace last year's levels in 2020, rising 9 percent YoY in September to reach SAR1.5 billion (\$389 million).
- New residential mortgage contracts rose 39 percent in value YoY during October, reaching SAR12.1 billion (\$3.2 billion) as Saudi Arabia's housing market carries strong momentum into Q4. Houses accounted for 81 percent of new mortgages while apartments accounted for 13 percent. The number of new residential mortgage contracts was up 22 percent over the same period.
- Saudi Arabia's reserve assets declined 0.2 percent in October, totaling SAR1.67 trillion (\$447 billion). The Kingdom increased in investments in foreign securities by 2.3 percent while decreasing its holdings of foreign currency by 4.8 percent. U.S. Treasuries account for roughly 29 percent of the government's reserve assets.
- Saudi weekly seaborne crude exports declined to 4.4 million barrels per day (bpd) compared to 6 million bpd last week. Volumes to the major Asian importers were lower except India and no volumes were shipped to the U.S. or Mediterranean.
- Foreign direct investment into Saudi Arabia increased 12 percent YoY, according to the Minister of Investment.

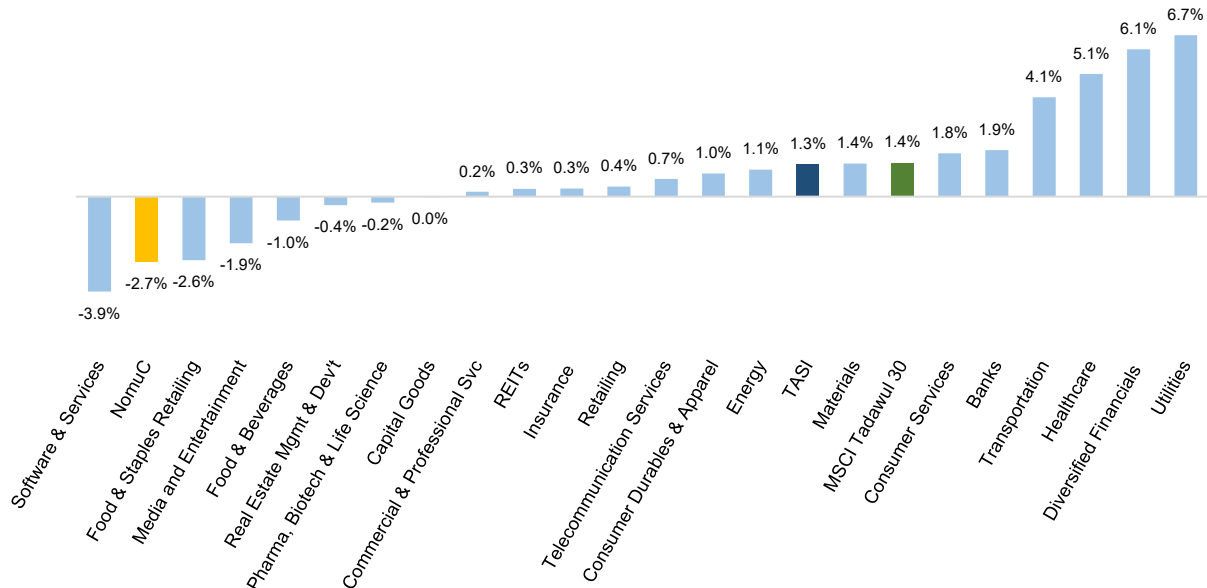
Tadawul

The TASI rose 1.3 percent this week to reach 8,693 points, setting another yearly high. 'Utilities' led with a 6.7 percent gain followed by 'Diversified financials' and 'Healthcare' which grew 6.1 percent and 5.1 percent, respectively. 'Software & Services' declined 4 percent after strong gains in recent weeks. The NomuC declined 2.7 percent. The MSCI Tadawul 30 gained 1.4 percent and finished the week at 1,161 points.



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Tadawul Weekly Index Performance - November 27, 2020



Source: Tadawul, USSBC

ACWA Power is planning an IPO next year, according to the company's Chairman.

National Building & Marketing Co., a Nomu-listed company, signed an agreement to fully acquire Ajeej Steel Manufacturing Co. for a total value of SAR180 million (\$48 million).

Saudi Aramco completed the issuance of SAR30 billion (\$8 billion) in U.S. dollar-denominated bonds, receiving more than SAR180 billion (\$48 billion) in orders. Saudi Aramco offered a 50-year tranche for the first time along with 3-year, 5-year, 10-year, and 30-year tranches with yields ranging from 1.25 percent to 3.5 percent. Citi, Goldman Sachs, JPMorgan, Morgan Stanley, and NCB Capital were hired as active book runners on the deal.



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Investment and Trade

- Saudi Aramco awarded India's Larsen & Toubro Hydrocarbon Engineering a SAR150 million (\$40 million) contract to upgrade the ethane facility at its Juaymah natural gas liquids fractionation plant. The NGL plant has a current production capacity of 1.1 million barrels per day.
- SAMA licensed three new companies as payment institutions (PIs), bringing the total number of fintech companies in payment services to 11. Skyband and Foodics are licensed as PIs through point-of-sale services while NoonPay is licensed through e-commerce payment gateway services
- Roshn, a newly created real estate subsidiary of the Public Investment Fund (PIF), awarded contracts worth SAR1.6 billion (\$427 million) for the development of more than 30,000 homes under the Riyadh community project. Local firms involved in the deal included Rezaik Abdallah Al-Gedrawy and Company, Zuheir Ahmad Zahran and Company, Al Akaria Hanmi, and Posco E&C.
- The MiSK Foundation invested SAR813 million (\$223 million) to obtain a 33.3 percent stake in Japanese gaming company SNK and plans to acquire a further 17.7 percent of SNK's shares to gain majority ownership of the company. The investment was made through a MiSK subsidiary, Electronic Games Development Company.
- Arabian Centres Company signed an agreement to construct and operate the 152,000 square-meter "Boulevard You Walk" project in Madinah. The development project includes 28 shops, 32 restaurants, 10 cinemas, and a variety of other landscaping and associated works. Project construction is expected to take 14 months.



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Banking

Weekly money supply M1, M2, and M3 rose 1.2 percent, 0.4 percent, and 0.4 percent, respectively.

U.S. MARKETS

U.S. Macroeconomic Developments

- Consumer confidence fell 5.3 points in November to reach 96.1 as expectations for income, business, and labor market conditions declined amid a resurgence of COVID-19. Despite the decline, there was broad-based improvement in plans for major purchases including homes, automobiles, and appliances. Positive vaccine news, some of which was reported after the November survey was conducted, may lift confidence in coming months.
- New home sales fell 0.3 percent to a 999,000-unit pace in October, remaining strong as home sales figures from the previous three months were all upwardly revised. Winter weather in the Northeast and Midwest is expected to add pressure on sales heading into the cold weather months. However, the South accounted for 58 percent of all sales in October which should make sales less susceptible to swings in weather.
- New orders for U.S.-manufactured durable goods rose 1.3 percent in October for the sixth consecutive monthly gain. Core capital goods, which exclude defense-related spending, rose 0.7 percent last month. Orders were supported by demand for computer & electronics, appliances, fabricated metal goods, and transportation goods. Orders for civilian aircraft increased 39 percent after no major new orders had been placed for three months.

Fixed Income



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The yield on the ten-year U.S. Treasury increased this week to 0.84 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) rose 2.2 percent and finished at 29,910 points. The S&P 500 gained 2.3 percent and finished at 3,638 points while the NASDAQ rose 3 percent and closed at 12,206 points.

GLOBAL MARKETS

- Arab light crude rose 7.8 percent last week and closed at \$47.06 per barrel. Global benchmark Brent crude gained 7.2 percent and finished the week at \$48.18 while West Texas Intermediate (WTI) rose 8 percent and closed the week at \$45.53. Oil prices posted their fourth consecutive weekly rise amid more positive vaccine news and strong indications that OPEC+ would seek to delay next year's planned output increase. The group will meet this week to discuss the status of the supply cut deal with an agreement expected on December 1.
- China's official manufacturing PMI rose to 52.1 in November, the strongest since mid-2017 before the trade war. It was the ninth consecutive month of growth for China's manufacturing sector. New orders and export sales outpaced the previous month while employment fell at a slower pace. Both input and output costs have risen sharply while business sentiment further strengthened.
- The IHS Markit Eurozone services PMI fell to a six-month low of 41.3 in November from 46.9 in October. Renewed efforts to slow the spread of COVID-19 led new business to fall at a pace not seen since the early months of the pandemic with hospitality, travel, and other consumer-facing industries facing especially weak demand. Employment fell at a faster pace and outstanding business contracted sharply.

THE WEEK AHEAD

- Saudi Arabia PMI for November is released on December 3
- U.S. releases trade balance figures for October on December 4
- U.S. releases November employment report on December 4