



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

Weekly Market Brief
Week Ending March 26th, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi non-oil exports increased 15.6 percent YoY in January to reach SAR18.9 billion (\$5 billion), according to official trade data. Total exports were down 13 percent YoY, totaling SAR71.9 billion (\$19.2 billion), amid lower oil output. Top non-oil exports by value were plastics (+24 percent), chemical or allied products (+3 percent), and transportation equipment (+39 percent). Other fast-growing export segments from the Kingdom include precious or semi-precious metals (+51 percent) and textile articles (+39 percent).
- Merchandise trade between the U.S. and Saudi Arabia totaled SAR11.2 billion (\$3 billion) during January. Saudi imports of U.S. goods rose 62 percent YoY, reaching a post-pandemic high of SAR8 billion (\$2.1 billion). Saudi exports to the U.S. were down 30 percent YoY but more than doubled in January compared to the prior month. The U.S. was Saudi Arabia's second largest source of imported goods behind China and its sixth largest export market.
- Saudi Arabia's reserve assets declined SAR33.1 billion (\$8.8 billion) in February to reach SAR1.65 trillion (\$441.3 billion). The Kingdom reduced its holdings of foreign currency by 9 percent while raising its investments in foreign securities by 1.2 percent, the two largest segments of its foreign reserve assets.

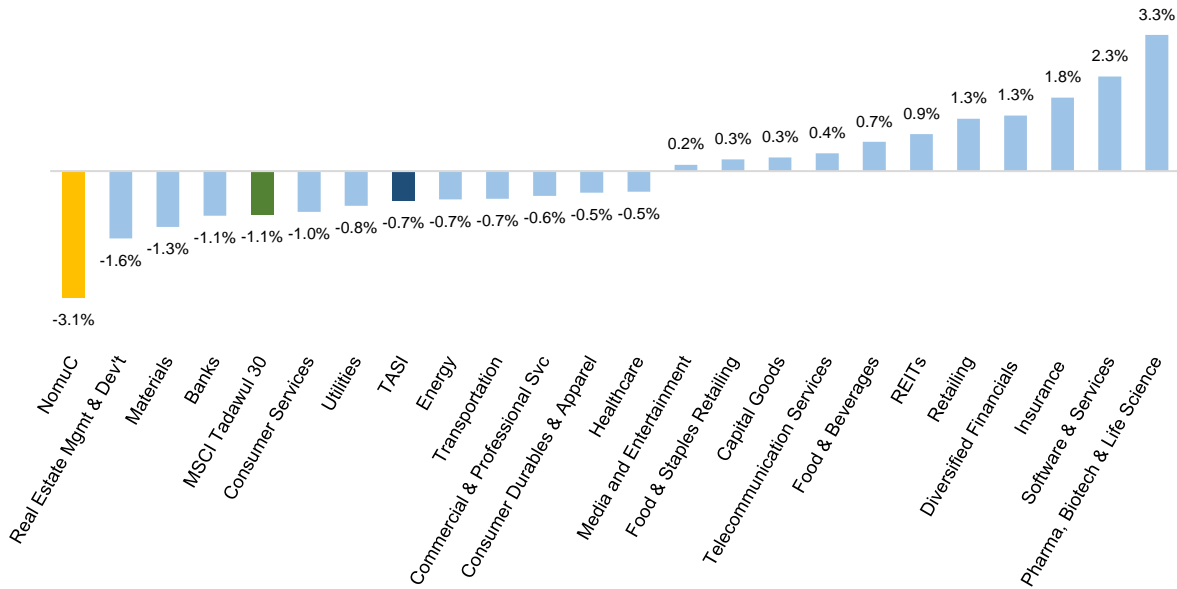


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Tadawul

The TASI fell 0.7 percent to reach 9,417 points last week, finishing down for the second straight week as COVID-19 cases increased after lifting most restrictions in early March. Pharma, Biotech, & Life Science led with a 3.3 percent gain followed by Software & Services and Insurance which rose 2.3 percent and 1.8 percent, respectively. Real Estate Management & Development fell 1.6 percent. The NomuC parallel market index also fell 3.1 percent while the MSCI Tadawul 30 index finished the week down 1.1 percent at 1,262 points.

Tadawul Weekly Index Performance - March 26, 2021



Source: Tadawul, USSBC

Tadawul announced it would open short-selling to investors on March 25, stipulating that short ratios to average daily traded volume of any security cannot exceed 10 days and total net short positions must not exceed 10 percent of the free float.



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Investment and Trade

- Saudi Arabia announced public and private transportation projects worth more than SAR600 billion (\$160 billion) at last week's Future Project Forum. Projects included a 63-kilometer, two-lane highway called Al-Shimassi-Al Qor built in Makkah, a new road linking the Jubail and Dammam highways, and a Dhahran-Al Batha road, among others. Separately, the Minister of Investment stated Saudi Arabia is seeking to attract (SAR1.6 trillion (\$420 billion) in foreign infrastructure and transportation investment over the next decade.
- Saudi Aramco released an outline of 50 new major contracts worth several billions of dollars it plans to award from 2021 to 2023, covering 36 oil & gas projects and 12 civil infrastructure projects. The company last week reported it would cut capital expenditures to around SAR131 billion (\$35 billion) in 2021 from previous expectations between SAR150 billion (\$40 billion) and SAR169 billion (\$45 billion).
- The Saudi Space Commission signed an executive program agreement with China Manned Space Agency (CMSA) to carry out a Saudi scientific mission onboard the Chinese Space Station in 2021. Last week, two Saudi satellites were launched from the Baikonur Cosmodrome in Kazakhstan onboard Russia's Soyuz-2 carrier rocket.
- U.S. transportation corporation The Greenbrier Companies announced plans to open a regional headquarters in Riyadh. Saudi Arabia's government announced in February it would no longer contract with foreign companies without a headquarters in the Kingdom starting in 2024.
- The Department of Defense announced a SAR375 million (\$100 million) contract under which Sikorsky will deliver 25 modified UH-60M helicopters for the Saudi National Guard.
- Japanese trading house Marubeni announced plans to open a megasolar plant in Makkah Province through a joint venture with Saudi utility firm Al Jomaih Energy & Water. The SAR585 million (\$156 million) Rabigh solar plant will have a capacity of 300 MW.
- SAMA licensed two financial companies, International Digital Solutions Co and Azm Fintech Co, to provide payment services within Saudi Arabia. The number of licensed payment companies rose to 13 with the addition of the two new companies.
- New York-based Doughnut Plant announced it opened its first Middle East location in Riyadh last month.



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- Over the weekend, Saudi Arabia announced two new environmental initiatives: the Saudi Green Initiative and the Middle East Green Initiative. The initiatives include a plan to plant 10 billion trees and to cooperate with other Arab nations to reduce carbon emissions and land degradation. Last week, the U.S. invited Saudi Arabia, among 39 other countries, to join a virtual climate summit scheduled for late April.

Banking

Weekly money supply M1, M2, and M3 rose 0.2 percent, 0.1 percent, and 0.1 percent, respectively, during the week ending March 18.

U.S. MARKETS

U.S. Macroeconomic Developments

- New home sales fell 18.2 percent in February amid harsh winter weather across the central U.S., most notably Texas. The median home price fell slightly from the prior month to \$349,000 but remains up 5.3 percent compared to last February. Including the steep drop this past month, new home sales through January and February of this year are 16 percent above last year's level over the same period.
- Durable goods orders dropped 1.1 percent in February, following similar slowdowns in retail sales and industrial production. While weather conditions may account for some of the pattern, supply chain problems across the metals, electronics, and transportation sectors are also contributing to the slower pace.
- Personal income dropped 7.1 percent in February while household spending fell 1 percent. Wages and salaries stalled last month after increasing by at least 0.5 percent every month since May 2020. The drop in February personal income reflected January stimulus checks boosting the previous month's numbers. While spending on services remains disproportionately depressed, February saw a modest gain in services spending.



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- Weekly jobless claims fell last week to 684,000, a post-pandemic low. The drop in claims followed an unexpectedly high 781,000 figure from the prior week. Continuing claims also fell 264,000 in the prior week, reaching 3.87 million.

Fixed Income

The yield on the ten-year U.S. Treasury fell to 1.67 percent.

Equity Markets

The Dow Jones Industrial Average rose 1.4 percent and finished the week at 33,073 points. The S&P 500 gained 1.6 percent and finished at 3,975 points while the NASDAQ fell 0.6 percent and closed at 13,139 points.

GLOBAL MARKETS

- Arab Light crude rose 0.5 percent last week and closed at \$62.63 per barrel. Global benchmark Brent crude gained 0.1 percent and finished the week at \$64.57 while West Texas Intermediate (WTI) fell 0.7 percent and closed the week at \$60.97. Oil markets were buoyed by the accidental blockage of the Suez Canal by the vessel Ever Given which prevented passage of more than 200 ships throughout the week. OPEC+ will meet on Thursday to discuss output policy.
- The Eurozone economy returned to growth for the first time in six months, according to IHS Markit's composite PMI. Eurozone PMI registered 52.5 in March, up from 48.8 in February when several economies added new operating restrictions on businesses due to virus fears. Manufacturing output growth accelerated sharply while the service sector remained in contraction but the pace slowed considerably.
- Due to a rise in COVID-19 cases across the GCC, Oman announced a nighttime curfew through the second week of April and an extension on recreational activity restrictions. Qatar also issued orders to close some recreational facilities and reduce capacity at malls and theaters. Saudi Arabia's COVID-19 cases remain relatively low but have increased 45 percent over the past week after lifting most pandemic restrictions earlier in March.



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THE WEEK AHEAD

- Saudi Arabia releases labor market report for Q4 2020 on March 31
- OPEC+ meets to discuss oil output on April 1
- U.S. releases March employment report on April 2
- Saudi Arabia PMI for March is released on April 5