



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

Weekly Market Brief
Week Ending May 14th, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi ports saw an 8.3 percent YoY increase in the number of containers handled during April, reaching 609,000 twenty-foot equivalent units (TEUs) according to the Saudi Ports Authority (Mawani). The number of transshipment containers rose 52 percent, or more than 263,000 TEUs. Total cargo tonnage handled at Saudi ports rose 25 percent YoY to reach 23 million tons via 1,102 vessels during April.
- OPEC lowered its forecast of non-OPEC production for 2021 by 230,000 barrels per day (bpd) due to the impact of U.S. well shutdowns during the winter ice storm. OPEC kept its 2021 demand forecast at 96.45 million bpd, a 5.95 million bpd increase from 2020. The group expects demand for OPEC crude to rise from 26.48 million bpd in Q2 to 29.54 million bpd in Q4 this year.
- Saudi Arabia resumes international travel on May 17 for the first time in more than a year. Vaccinated Saudi citizens will be permitted to travel and are required to present their health status using the government's Tawakkalna health app. Foreigners from 20 countries, including the U.S., will remain exempt from travelling to the Kingdom.
- Saudi Arabia's 'Kafalah' small business loan program saw a 162 percent YoY increase in the number of businesses (1,621) receiving loan guarantees during Q1. The value of guarantees increased 150 percent to reach SAR2.9 billion (\$773 million). Top sectors included wholesale and retail trade, construction, food, accommodation services, and manufacturing. The program aims to target tourism and entertainment firms in the year ahead.
- Saudi Arabia issued 307 new factory licenses during the first three months of 2021, representing a total value of SAR17.7 billion (\$4.7 billion). The figure represents a 28 percent YoY increase in the number of licensed factories, according to the Ministry of Industry and Mineral Resources.

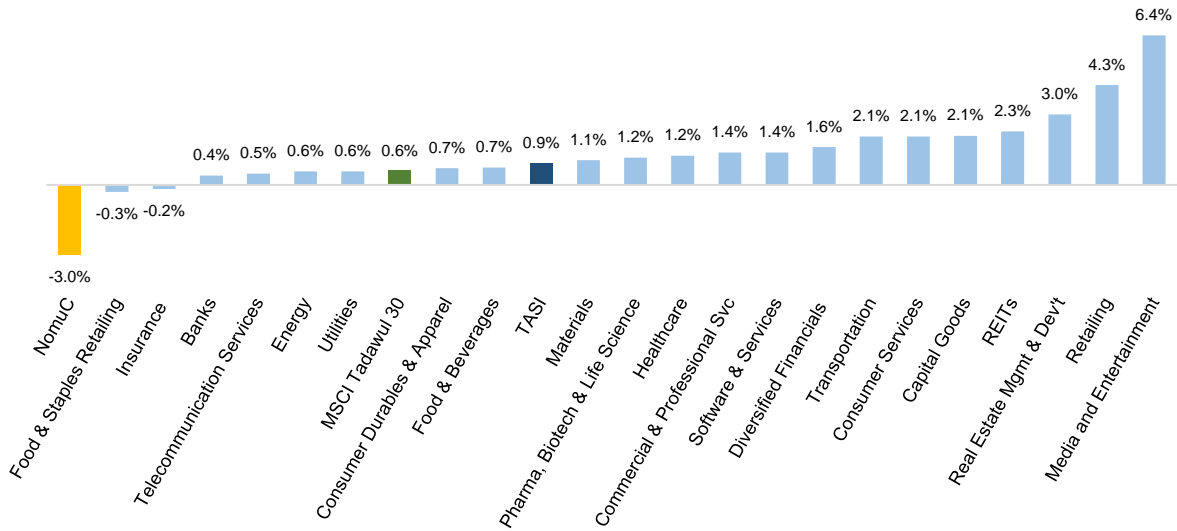


U.S.-Saudi Business Council
 مجلس الأعمال السعودي الأمريكي

Tadawul

The TASI rose 0.9 percent and closed at 10,323 points with all but two sectors finishing in positive territory. 'Media and Entertainment' led with a 6.4 percent increase due to Saudi Research and Marketing Group's shares trading higher at the close. Other top sectors included 'Retailing' and 'Real Estate Management & Development' which rose 4.3 percent and 3 percent, respectively. 'Food & Staples Retailing' declined 0.3 percent. The NomuC index fell 3 percent as shares of National Building and Marketing Co. traded lower. The MSCI Tadawul 30 index finished the week up 0.6 percent to close at 1,394 points.

Tadawul Weekly Index Performance - May 14, 2021



Source: Tadawul, USSBC

Tadawul trading occurred last week on May 10 and May 11. The exchange closed from May 12 to May 17 for the Eid Al-Fitr holiday.

Saudi Arabia announced it will grant permission to companies listed on the Tadawul to buy real estate in Makkah and Madinah.



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

Investment and Trade

- Saudi Arabia's Almarai acquired a SAR150 million (\$40 million) stake in Riyadh-based Modern Food Industries amid a push for product diversification. The 75 percent ownership stake was acquired through Almarai subsidiary Western Bakeries Company from Olayan Financing Company. Almarai announced plans earlier in the year to expand its baked goods and poultry segments.
- Doosan Heavy Industries & Construction awarded General Electric (GE) a subcontract to construct a 380kV substation at the Yanbu 4 Independent Water Producer project. Works on the overhead transmission line (OHTL) will be executed by Pakistan's National Power Construction Corporation (NPCC).
- Samsung Engineering awarded Mammoet Saudi Arabia a subcontract for transportation and installation works at Saudi Aramco's Hawiyah Unayzah Gas Reservoir Storage (HUGRS) project. The scope of the contract includes port handling, customer clearance activities, and management of an extensive local fleet in collaboration with Saudi authorities.
- Saudi Arabia will host a major boxing unification fight between Tyson Fury and Anthony Joshua on August 14 after pledging a reported SAR563 million (\$150 million) site fee, according to industry sources.

Banking

Weekly money supply M1, M2, and M3 fell 0.2 percent, 0.6 percent, and 0.4 percent, respectively, during the week ending May 6.



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

U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. consumer prices rose 0.8 percent in April, the largest monthly increase since 2009. On a yearly basis, prices rose 4.2 percent due to the low base effects from the early weeks of the pandemic. Core inflation rose 0.9 percent in April MoM, the most since 1981. A range of shortages, notably semiconductors, have driven higher prices along with surging demand in the service sector as the economy reopens.
- Retail sales were unchanged in April after March's record monthly gain was revised higher. Spending on restaurants (+3 percent) and autos (+3 percent) rose while spending on general merchandise (-5 percent) and gasoline (-1 percent) declined. Spending on food and building materials remained flat compared to last month.
- Industrial production rose 0.7 percent in April. Slowing auto production (-4.3 percent) dragged down overall output despite strong consumer demand. Last month's industrial production was revised up from 1.4 percent to 2.4 percent. Supply chain bottlenecks are expected to produce headwinds for manufacturers in the near-term.
- Small business confidence rose by 1.6 points in April to 99.8 points. The smaller-than-expected rise is nearly two points above its long-run average. The net percent of owners raising average selling prices increased 10 points to 36 percent, the highest reading since April 1981, according to the National Federation for Independent Business (NFIB).

Fixed Income

The yield on the ten-year U.S. Treasury rose to 1.63 percent.

Equity Markets

The Dow Jones Industrial Average fell 1.1 percent and finished the week at 34,382 points. The S&P 500 declined 1.4 percent and finished at 4,174 points while the NASDAQ fell 2.3 percent and closed at 13,430 points.



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

GLOBAL MARKETS

- Arab Light crude prices decreased 2.1 percent last week and closed at \$66.23 per barrel. Saudi Aramco cut its June official selling prices (OSP) for Asia and Europe while raising U.S. prices. Global benchmark Brent crude rose 0.6 percent and finished the week at \$68.71 while West Texas Intermediate (WTI) rose 0.7 percent and closed the week at \$65.37. Brent and WTI prices finished higher at the week's close following news of the Colonial Pipeline restarting after it was shut down by a cyberattack. The U.S. oil and gas rig count rose to 453, the highest since April 2020. Supply of Saudi crude is set to increase by 350,000 bpd in June as the Kingdom rolls back its 1 million bpd voluntary supply cut.
- South Korea's PMI edged down slightly to 54.6 points in April from 55.3 points in March, extending a seven-month recovery. South Korean manufacturers recorded further increases in both output and new orders in the latest survey period as businesses reported improved demand, particularly in the technology sector. External demand also rose at a solid pace in April, driven by recoveries in Asia and North America.
- China's Caixin services PMI rose to 56.3 points in April from 54.3 points in March, signaling a significant expansion of service sector output. Firms raised employment levels for the second consecutive month. Average input costs for Chinese service providers rose again in April at a sharper rate than in March.

THE WEEK AHEAD

- Saudi Arabia releases April inflation figures on May 20
- U.S. composite PMI for May will be released on May 21
- Saudi Arabia releases international trade for March on May 26