



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

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Weekly Market Brief  
*Week Ending July 30, 2021*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia announced that it will resume issuances of new tourism visas and allow the entry of tourists for fully vaccinated individuals without a required quarantine period starting August 1. The tourism visa was launched in September 2019 before being paused in March 2020 due to the pandemic.
- U.S.-Saudi trade totaled SAR9.7 billion (\$2.6 billion) in May, growing at the fastest pace so far this year. Saudi imports of U.S. goods rose 13 percent MoM in May to reach SAR4.6 billion (\$1.2 billion) while U.S. imports of Saudi goods rose 18 percent to reach SAR5.2 billion (\$1.4 billion). Top U.S. exports to Saudi Arabia by value were motor vehicles, aircraft parts, and soybeans while top Saudi exports to the U.S. were crude oil, fertilizers, petrochemicals, and aluminum sheets.
- Saudi Arabia's trade balance increased 73 percent MoM in May to reach a SAR37.8 billion (\$10.1 billion) surplus as oil exports grew substantially. Imports declined 11 percent while exports rose 15 percent MoM. The change was mainly due to higher Saudi exports of mineral products including oil (+16 percent), plastics (+19 percent), chemicals (+16 percent), and base metals (+12 percent).
- Real estate prices in Saudi Arabia rose 0.4 percent YoY in Q2. Residential real estate prices were up 0.8 percent while commercial real estate prices declined 0.5 percent. Agricultural real estate prices also declined 0.2 percent.

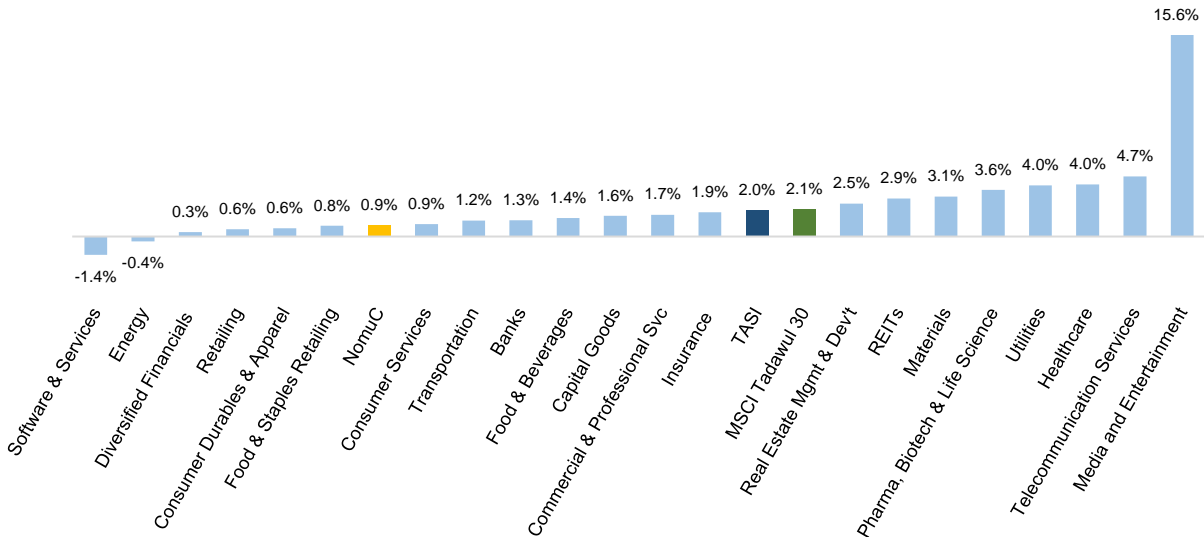


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Tadawul

The TASI rose 2 percent and closed at 11,013 points after trading resumed following a one-week closure for Eid Al-Adha. ‘Media & Entertainment’ surged 15.6 percent with a strong rise from Saudi Research and Media Group. The ‘Telecommunication Services’ and ‘Healthcare’ sectors followed with 4.7 percent and 4 percent gains, respectively. ‘Software & Services’ posted the biggest sectoral decline of 1.4 percent. The NomuC parallel market index finished up 0.9 percent and the MSCI Tadawul 30 index rose 2.1 percent to close the week at 1,468 points.

Tadawul Weekly Index Performance - July 30, 2021



Source: Tadawul, USSBC

Fitch Ratings raised Saudi Aramco’s credit outlook from ‘negative’ to ‘stable’ and affirmed the company’s long-term issuer default rating at ‘A’. Fitch cited low production and upstream CAPEX costs, strong reserve levels, and a steady recovery in production and price levels throughout 2021. Fitch also raised outlooks for major Saudi banks - Arab National Bank (ANB), Banque Saudi Fransi (BSF), Alinma Bank (Alinma), Saudi Investment Bank (SAIB), Bank Aljazira (BAJ) and Gulf International Bank (GIB SA) – from ‘negative’ to ‘stable.’



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## Investment and Trade

- ExxonMobil and SABIC announced that their joint venture, Gulf Coast Growth Ventures, reached completion of the mechanical component pertaining to the monoethylene glycol unit and two polyethylene units at the project site in Corpus Christi, Texas. Project startup is expected to begin ahead of schedule in Q4 2021.
- The National Housing Company (NHC) approved a four-year plan to develop the Saudi real estate sector by increasing the supply of housing units and enhancing partnerships with private sector real estate developers. By 2025, NHC aims to increase supply by more than 300,000 housing units and sign partnerships with up to 500 private real estate contracting firms to meet high demand.
- The Ministry of Communications and Information Technology (MCIT) announced a major SAR56 billion (\$15 billion) public-private Saudi technology fund to advance the Kingdom's digital infrastructure. The fund will target fiber infrastructure and 5G services with an emphasis on consumer services and industrial applications.
- The National Center for Privatization (NCP) cancelled a tender for the Ras Al-Khair desalination and power plant, considered a major component of Saudi Arabia's water and power privatization agenda. The tender attracted expressions of interest from 37 international and regional firms. Saline Water Conversion Corp (SWCC) will continue to manage and operate the plant while a new engagement strategy for SWCC assets is under consideration, according to NCP.
- Saudi Sports Company (SSC) signed a contract with MBC Group to provide broadcast services covering major Saudi sporting events such as the King's Cup and Super Cup on newly dedicated satellite channels. The Saudi Professional League and the Saudi Football Federation recently signed deals with SSC that granted satellite and digital streaming rights for major sporting events in the coming season.

## Banking

Weekly money supply M1, M2, and M3 fell 0.5 percent, 1 percent, and 0.5 percent, respectively, during the week ending July 8.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- The Federal Reserve stated it would maintain low interest rates and leave its current bond-buying program unchanged, while acknowledging the U.S. economy had “made progress” towards the FOMC’s dual mandate of maximum employment and price stability. The FOMC stated it would continue to assess the prospect of tapering asset purchases “in coming months,” acknowledging a potential shift in the Fed’s bond-buying program by the end of the year.
- U.S. GDP rose at an annualized 6.5 percent in Q2 as personal consumption rose strongly (+11.8 percent), but gross private domestic investment declined (-3.5 percent). The figure missed market expectations of an 8.5 percent increase as slower recovery in residential investment and export volume offset strong domestic consumer spending in the second quarter.
- Consumer spending rebounded 1 percent in June as restaurants and hotels saw increased inflows. Spending on goods rose 0.5 percent while spending on services rose 1.2 percent. Personal income declined 2.2 percent from the prior month as the value of government transfers declined. The savings rate fell from 10.3 percent in May to 9.4 percent in June.
- Durable goods orders rose 0.8 percent in June to reach \$258 billion, rising in 13 of the last 14 months. New orders for U.S.-made capital goods increased solidly in June despite persistent supply constraints hampering production. Transportation equipment led the increase, rising 2.1 percent to reach \$77.5 billion.

### Fixed Income

The yield on the ten-year U.S. Treasury declined to 1.24 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.4 percent and finished the week at 34,936 points. The S&P 500 dropped 2.6 percent and finished at 4,395 points while the NASDAQ lost 1.1 percent and closed at 14,673 points. During the month of July, DJIA rose 1.3 percent, the S&P rose 2.3 percent, and the NASDAQ rose 1.2 percent.



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## GLOBAL MARKETS

- Arab Light crude prices rose 2.6 percent and finished the week at \$75.75. Brent crude rose 3 percent and finished the week at \$76.33 while West Texas Intermediate (WTI) gained 2.6 percent and closed at \$73.95. Following the prior week's OPEC+ agreement and rising COVID cases in the U.S., oil markets still charged ahead and reached the highest price level since October 2018. Analysts expect high vaccination rates in North America, Europe, and Asia to offset the potential hit to demand that a resurgence in COVID cases may pose to oil markets. During the month of July, Arab Light rose 1.3 percent, Brent crude rose 2 percent, and WTI rose 0.7 percent.
- Eurozone GDP increased 2.2 percent QoQ (+13.7 percent YoY) in Q2 after contracting in the first quarter of 2021. Portugal (+4.9 percent), Austria (+4.3 percent) and Latvia (+3.7 percent) registered the highest quarterly growth rates. Germany's GDP rose 1.5 percent QoQ but remained 3.4 percent below pre-pandemic levels.
- Kuwait removed a commercial curfew and other virus-related restrictions last week, allowing all activities except large-scale gatherings to resume starting September 1. Only vaccinated citizens will be allowed to travel abroad starting August 1. Oman meanwhile announced an indefinite extension of nightly lockdowns as its 7-day case average nears 1,000 infections.

## THE WEEK AHEAD

- Saudi Arabia PMI report for July released on August 3
- U.S. releases trade balance data for June on August 5
- U.S. releases July employment report on August 6
- Saudi Arabia releases flash estimates of Q2 GDP growth on August 9