



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

Weekly Market Brief
Week Ending August 20, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Weekly point-of-sale transactions declined 3.4 percent during the week ending August 14, totaling SAR8.7 billion (\$2.3 billion). However, the number of individual transactions remained over 100,000 for the third straight week. Consumer spending on electronics (-11.8 percent) and hotels (-9.4 percent) posted the biggest declines while education (+56.1 percent) saw a sizable increase.
- The Ministry of Finance closed its August 2021 issuance under the riyal-denominated sukuk program. The three-tranche issuance was set at a total size of SAR11.4 billion (\$3 billion). The first tranche of SAR2.5 billion (\$667 million) matures in 2029, the second tranche of SAR4.5 billion (\$1.2 billion) matures in 2033, and the third tranche of SAR4.4 billion (\$1.16 billion) matures in 2036.
- Saudi Arabia is reportedly seeking free trade agreements with eleven countries including the U.S., according to a circular issued by the Federation of Saudi Chambers. The Kingdom plans to resume negotiations with select countries in a bid to boost its non-oil exports. Other nations being sought by Saudi Arabia for free trade agreements include China, Great Britain, India, Indonesia, and Australia.

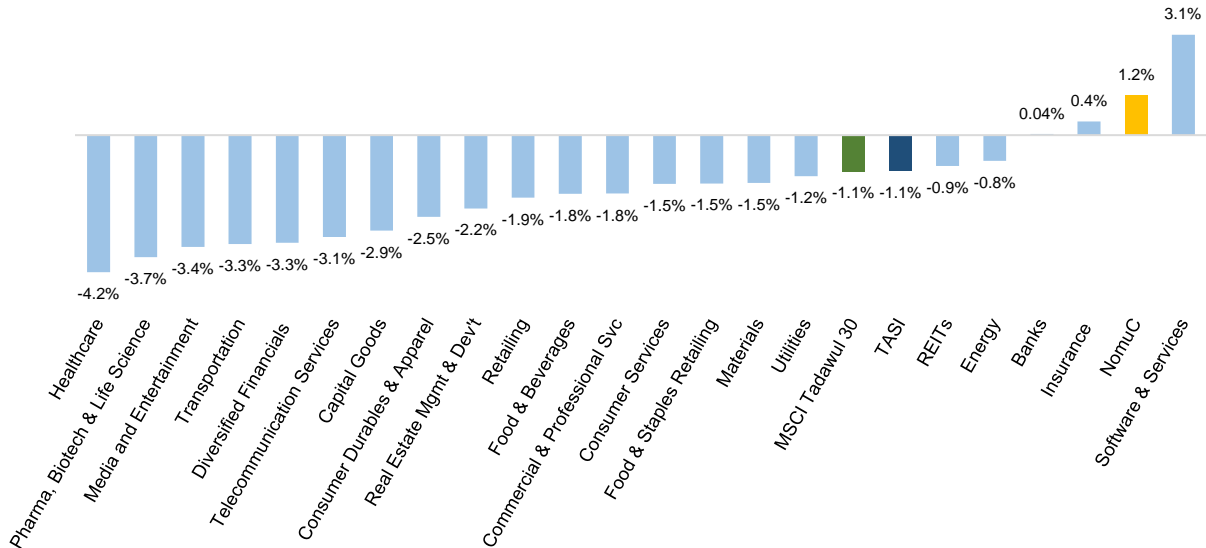
Tadawul

The TASI fell 1.1 percent and closed at 11,202 points despite 'Software & Services' rising 3.1 percent followed by 'Insurance,' which rose 0.4 percent. Most sectors finished the week in negative territory, led by 'Healthcare,' which dropped 4.2 percent. Earlier in the week, the TASI touched the highest level since 2008 before finishing lower. The NomuC parallel market index finished up 1.2 percent while the MSCI Tadawul 30 index fell 1.1 percent to close the week at 1,515 points.



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Tadawul Weekly Index Performance - August 20, 2021



Source: Tadawul, USSBC

Saudi Aramco is seeking to raise at least SAR64 billion (\$17 billion) from the sale of a minority stake in its gas pipeline business. The value would surpass the SAR46.5 billion (\$12.4 billion) raised in Aramco's oil pipeline stake sale earlier this year.

Investment and Trade

- Saudi Arabia's Public Investment Fund (PIF) raised the value of its U.S. stock holdings by 3.2 percent in Q2 to reach SAR59.8 billion (\$15.9 billion), according to SEC filings. PIF expanded its holdings of U.S. video game companies Activision Blizzard, Electronic Arts, and Take-Two Interactive while maintaining stakes in Uber, LiveNation, Carnival Corp, and other companies.
- California-based Spire Global and King Abdullah University of Science and Technology (KAUST) will partner on a nanosatellite mission to launch KAUST CubeSat by the end of 2022. The research satellite, the first of its kind for Saudi Arabia, will collect high-resolution data on terrestrial, coastal, and ocean ecosystems for a three-year period.



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- Saudi National Bank (SNB) will partner with BNY Mellon to offer global securities services to institutional and large asset owners in Saudi Arabia. The new service will address demand to adopt global practices in asset management, brokerage, and custody functions in the Kingdom.
- Saudi Arabia's General Authority for Military Industries (GAMI) invited local and international companies to participate in 74 investment opportunities in six domains within the military industries sector through an online digital platform called Military Industry Marketplace.
- Saudi Arabia's General Authority for Civil Aviation (GACA) will accept the International Air Transport Association (IATA) Travel Pass for pre-travel COVID clearances for departing and arriving passengers starting September 30. The IATA Travel Pass would serve as an alternative option to the Tawakkalna health app.
- Columbia Shipmanagement (CSM) entered a joint venture with Khobar-based Spectrum Group named CSM Saudi Arabia which will take over management of 35 offshore units and rigs in the Kingdom. The JV will operate as a shipping logistics company providing a full range of maritime services for Saudi rigs.
- The Saudi Export-Import Bank (EXIM) reportedly granted 81 financing requests worth SAR9 billion (\$2.3 billion) thus far to promote Saudi non-oil exporters. The EXIM bank signed an MoU with the Federation of Saudi Chambers last week to provide loans and other financial services to boost competitiveness of Saudi products.

Banking

Weekly money supply M1, M2, and M3 fell 0.6 percent, 0.2 percent, and 0.2 percent, respectively, during the week ending August 12.

On a year-to-date basis, M1, M2, and M3 have risen 2.2 percent, 1.5 percent, and 4.2 percent, respectively.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Industrial production rose 0.9 percent in July and capacity utilization rose to 76.1 percent, the highest rate since the onset of the pandemic. Motor vehicle output rose 11.2 percent, driving the fastest rise in factory output in four months. Motor vehicle production still remains 3.5 percent below pre-pandemic levels.
- Retail sales fell 1.1 percent in July due to declining auto purchases and an overall hit to demand from resurging COVID cases. Gasoline sales rose 2.4 percent last month. Recent data also reflects the shift of spending from goods to services. The decline outpaced market expectations, but outlook remained positive.
- Housing starts fell 7 percent in July to a 1.534-million-unit pace. However, building permits rose 2.6 percent and are back above starts. Supply shortages and a slowdown in prospective buyers has softened a record year for the housing market. Prices remain high for builders and buyers, but housing starts are still on pace for their strongest year since 2006.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 1.26 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 1.1 percent and finished the week at 35,120 points. The S&P 500 declined 0.6 percent and finished at 4,442 points while the NASDAQ lost 0.7 percent and closed at 14,715 points.



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GLOBAL MARKETS

- Arab Light crude fell another 5.7 percent this week, finishing at \$67.77. Brent crude meanwhile declined 7.7 percent and finished the week at \$65.18 while West Texas Intermediate (WTI) lost 8.9 percent and closed at \$62.32. Oil markets saw some of its biggest losses in more than nine months amid weakened fuel demand outlook worldwide.
- Eurozone business activity continued to grow at near-record pace with PMI hitting 59.5 points in August (down from 60.2 points in July). Service sector growth exceeded manufacturing for the first time since before the COVID-19 pandemic. Business confidence was subdued by concerns over the Delta variant, but hiring remained the strongest in 21 years as firms boosted capacity to meet rising demand.
- Japan's private sector's business conditions deteriorated further with PMI falling to 45.9 points from July's 48.8 points. Declines in output and new orders continued at a stronger pace, while new export orders slipped from growth to contraction this month. Manufacturing PMI remained above the 50-point mark but slowed from the previous month as automobile and electronics output faces sustained supply chain pressures. Last week, official data showed Japan's economy grew 0.3 percent QoQ (+1.3 percent YoY) in Q2.

THE WEEK AHEAD

- Saudi Arabia releases trade balance figures for June on August 24
- U.S. releases durable goods orders for July on August 25
- U.S. release personal income and spending figures for July on August 27