



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

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**Weekly Market Brief**  
*Week Ending October 8, 2021*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil private sector expanded at the fastest pace this year in September with IHS Markit's Purchasing Managers' Index (PMI) rising to 58.6 points from last month's 54.1 points. New orders rose at the fastest pace in seven years. Output expansion quickened for the first time in four months. While employment levels saw only a marginal upward shift, the pace of job creation was the fastest since June.
- Remittances from expatriates in Saudi Arabia grew 11 percent YoY to SAR13.7 billion (\$3.7 billion) in August, according to the latest data from the Saudi Central Bank (SAMA). Compared to July, expat remittances rose 10 percent.
- Saudi bank loans to the public and private sectors rose 15 percent YoY to SAR2.05 trillion (\$547 billion) in August. Private lending, which accounts for the vast majority of total lending, continues to rise above 2020 levels.
- New residential mortgage contracts surged in August, totaling SAR13 billion (\$3.5 billion) across nearly 27,000 contracts. The number of mortgages rose 24 percent MoM while the total value of new mortgages rose 55 percent. Residential mortgage financing hit its highest level since April 2020.

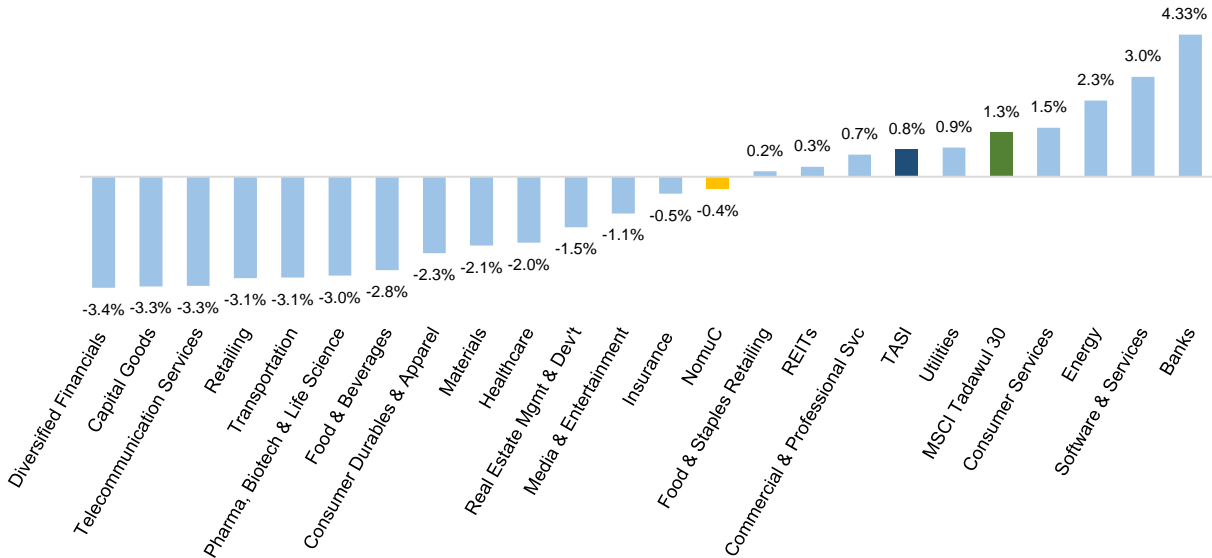


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Tadawul

The TASI rose 0.8 percent last week and closed at 11,591 points. ‘Banks’ led other sectors with a 4.3 percent gain, followed by ‘Software & Services’ and ‘Energy’ which rose 3 percent and 2.3 percent, respectively. ‘Diversified Financials’ posted the biggest loss, dropping 3.4 percent. The NomuC parallel market index declined 0.4 percent while the MSCI Tadawul 30 index gained 1.3 percent to close the week at 1,592 points.

Tadawul Weekly Index Performance - October 8, 2021



Source: Tadawul, USSBC

- ACWA Power listed on the Tadawul on Sunday in the biggest IPO since Saudi Aramco. The Riyadh-based energy firm raised more than SAR4.5 billion (\$1.2 billion) with its listing.
- Tadawul is reportedly planning a SAR15 billion (\$4 billion) stake sale in its IPO this year. The firm plans to release further details as early as this month.
- Saudi Aramco’s share price rose to an all-time high of SAR38 (\$10.13) during trading last week, placing the oil giant’s valuation above SAR7.5 trillion (\$2 trillion).



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## Business, Trade, & Investment

- FedEx Express, a subsidiary of FedEx Corporation, announced a SAR1.5 billion (\$400 million), 10-year investment plan to directly service Saudi Arabia's domestic and international shipping markets. FedEx Express has facilitated trade in Saudi Arabia since 1994 through local service providers, most recently SAB Express.
- Saudi Arabia and Egypt signed agreements for a Saudi-Egyptian electrical interconnection project valued at SAR6.8 billion (\$1.8 billion). Saudi Electricity Company (SEC) stated the project included contracts with three partnerships of international and local firms.
- Saudi Arabia's Public Investment Fund (PIF), along with PCP Capital Partners and RB Sports & Media, acquired Newcastle United Football Club in a SAR1.5 billion (\$409 million) deal following approval by the Premier League.
- Saudi Aramco's natural gas pipeline stake sale saw first-round bids from five companies, including the four U.S. firms Apollo Global Management Inc., Blackrock Inc., EIG Global Energy Partners LLC, and Global Infrastructure Partners. Aramco is seeking more than SAR56 billion (\$15 billion) for the gas pipeline sale.
- Saudi Arabia's National Water Company (NWC) awarded a Saudi-French-Philippine partnership three contracts valued at SAR221 million (\$59 million) for water treatment services in the Eastern Province over a period of seven years. The partnership includes Saudi Miyahona Company, France's Saur Group, and Philippines' Manila Water. Read more about Saudi Arabia's water services privatization strategy in our [Privatization Economic Brief](#).
- The Saudi Sawafi Company ("Sawafi"), a subsidiary of Alturki Holding, announced it acquired U.S. drilling services firm Newsco. Sawafi stated the acquisition will boost support localization of directional drilling techniques and allow the firm to raise its research and development output by utilizing U.S. drilling technologies.
- Siemens Energy inaugurated its expanded SAR300 million (\$80 million) energy value chain facilities in Dammam. The 75,000 square meter industrial hub currently houses around 300 employees and aims to be the region's "first of its kind" one-stop-shop for energy services such as low-emission power generation, decarbonization of industrial processes, and local MRO activities to supplement existing manufacturing capacity.



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- National Metal Manufacturing and Casting Co. (Maadaniyah) announced plans to establish a SAR71 million (\$19 million) valve manufacturing facility for the oil, gas, and petrochemical industries in Saudi Arabia.

### Banking

Weekly money supply M1, M2, and M3 rose 1.5 percent, 1.1 percent, and 1.2 percent respectively during the week ending September 30.

On a year-to-date basis, M1, M2, and M3 have risen 2.6 percent, 1.7 percent, and 5 percent, respectively.

### U.S. MARKETS

#### U.S. Macroeconomic Developments

- The U.S. economy netted 194k jobs in September and the unemployment rate fell to 4.8 percent, the lowest since February 2020. Job creation fell short of market expectations and was down from August's 366k net jobs. The private sector added 568k jobs as leisure and hospitality lead with 266k jobs in a positive sign for the service sector's recovery.
- The U.S. trade deficit widened to a record high \$73.3 billion in August. While imports (+1.4 percent) outpaced exports (+0.5 percent) compared to last month, total U.S. exports hit the highest level since May 2019 despite supply chain issues dampening output.
- U.S. lawmakers approved a temporary measure to raise the debt ceiling by \$480 billion to allow the Treasury Department to continue borrowing money to fund federal spending. The current debt limit of \$28.4 trillion was set on August 1. The new measure delays the deadline for permanent action on raising the U.S. debt ceiling until December 3.

### Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.61 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) rose 1.2 percent and finished the week at 34,746 points. The S&P 500 gained 0.8 percent and finished at 4,391 points and the NASDAQ rose 0.9 percent and closed at 14,580 points.



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## GLOBAL MARKETS

- Arab Light crude rose 6 percent and finished the week at \$81.22 after Saudi Aramco raised delivery prices to Asia by 40 cents/bbl. Global benchmark Brent crude meanwhile rose 3.9 percent and finished the week at \$82.39, while West Texas Intermediate (WTI) gained 4.6 percent and closed at \$79.35. Crude futures hit their highest level since 2014 in intraday trading last week. U.S. drillers added five more operating rigs, increasing for the fifth consecutive week since extreme weather shuttered production in August. Saudi Aramco also announced plans to raise production capacity from 12 to 13 million barrels per day (bpd) by 2027.
- The U.A.E.'s non-oil private sector economy saw increased output and new orders due in part to contracts related to Expo 2020. The pace of economic growth edged down with PMI declining to 53.3 points in September compared to 53.8 points in August. Capacity pressures have also started to build with backlogs rising at the fastest rate since March 2020. Surveyed firms signaled the first pickup in business expectations for the first time since June.
- Germany's factory orders fell 7.7 percent, a sharp decline that outpaced consensus expectations. Industrial production in Europe's largest economy also decreased 4 percent MoM in August, the steepest drop since April 2020. Exports from Germany fell 1.2 percent MoM in August, declining for the first time in 15 months while imports grew 3.5 percent. The auto sector in particular has seen weakening demand while supply bottlenecks constrain production capacity.

## THE WEEK AHEAD

- U.S. releases inflation report for September on October 13
- Saudi Arabia releases inflation report for September on October 14
- U.S. releases retail sales for September on October 15