



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

Weekly Market Brief
Week Ending September 10, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Aramco cut prices of all crude grades destined for Asia by SAR4.88 (\$1.30) to a premium of SAR263 (\$70) per barrel for October while leaving prices for North America and Europe unchanged. It was the first price cut in four months.
- The Saudi government will bear value-added tax (VAT) on private educational services provided to citizens, according to the General Authority for Zakat and Tax (GAZT). Authorities announced in October 2020 that real estate transactions would also be exempted from the VAT and instead subjected to a 5 percent real estate transaction tax.
- Saudi Arabia lifted a travel ban to and from the U.A.E., South Africa, and Argentina last week. Travel restrictions had been implemented amid a surge in delta variant cases in those countries. In August, the Kingdom lifted travel restrictions on expatriates from 20 countries and resumed the issuance of tourist visas.
- The Saudi government lent SAR2.63 billion (\$701.2 million) to its national development funds during 2020, according to an official report. The Real Estate Development Fund (REDF) topped the list and accounted for 22 percent of lending, followed by the Saudi Industrial Development Fund (SIDF), which received 7 percent and the Social Development Bank (SDF), which received 4 percent of the funds.

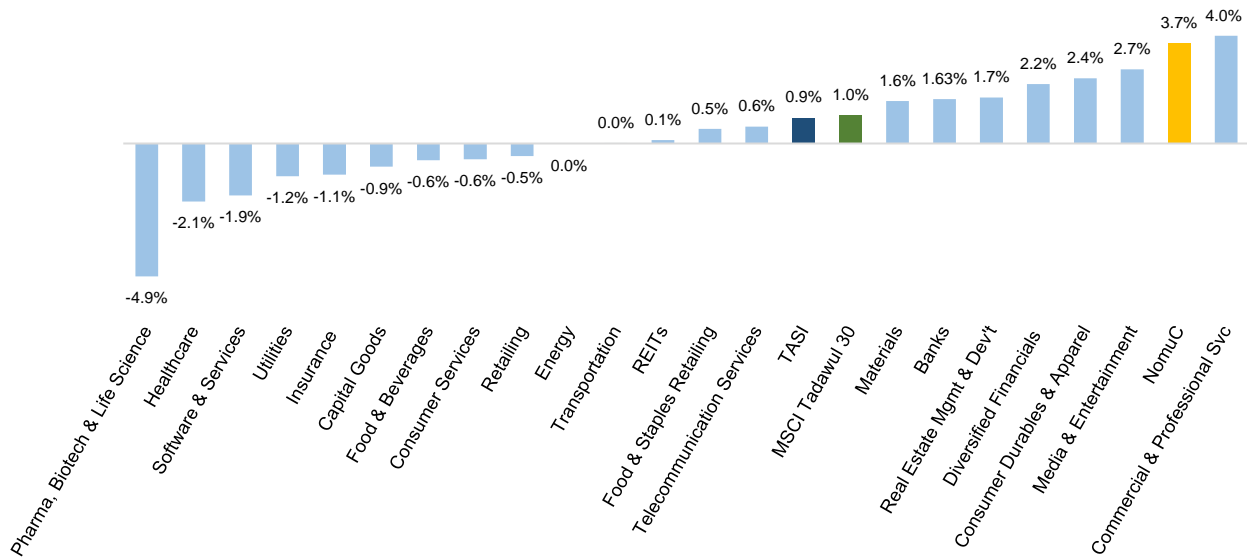


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Tadawul

The TASI rose 0.9 percent and closed at 11,418 points, the highest level in nearly 14 years. 'Commercial & Professional Services' led other sectors with a 4 percent gain, followed by 'Media & Entertainment' and 'Consumer Durables & Apparel,' which rose 2.7 percent and 2.4 percent, respectively. 'Pharma, Biotech & Life Science' meanwhile posted the biggest loss for the second consecutive week, slipping 4.9 percent. The NomuC parallel market index rose 3.7 percent while the MSCI Tadawul 30 index gained 1 percent to close the week at 1,547 points.

Tadawul Weekly Index Performance - September 10, 2021



Source: Tadawul, USSBC



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Investment and Trade

- Saudi Aramco signed 22 new memorandums of understanding (MoUs) and a joint venture agreement with companies including DHL, Samsung, Hyundai, and Honeywell focusing on sustainability, new technologies, energy and industrial services as part of its Namaat investment program.
- Saudi Arabia's Public Investment Fund (PIF) submitted an offer to buy a 60 percent stake in Zain KSA, the Kingdom's second largest telecommunications company. Under the terms of the offer, Zain KSA would sell its physical tower infrastructures and retain all other wireless communication antennas, software, and technologies.
- U.S. electric carmaker Lucid Motors announced it will aim to produce vehicles in Saudi Arabia by 2024. The PIF holds a 67 percent ownership stake in Lucid Motors which debuted on the NASDAQ earlier this year. The company's Lucid Air model is due to launch in early 2022.
- Diriyah Gate Development Authority (DGDA) selected local firm Al-Rashid Trading & Contracting to provide the Area A infrastructure package encompassing civil works, utility networks, and laying 80 kilometers of new roads at the tourism development site.
- Saudi Railway Co. and Saudi Basic Industries (SABIC) signed a 25-year deal for the transportation of polymers from Jubail Industrial City to King Fahd Industrial Port in Dammam. The deal includes two daily trips in both directions and is expected to transport more than 300k TEU containers annually.

Banking

Weekly money supply M1, M2, and M3 fell 1.4 percent, 1 percent, and 0.7 percent during the week ending September 2.

On a year-to-date basis, M1, M2, and M3 have risen 2.2 percent, 1.5 percent, and 3.9 percent, respectively.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The Fed's 'Beige Book' economic summary stated overall growth has “downshifted slightly to a moderate pace” and that inflation has been “steady at an elevated pace.” The Fed meets next week to consider adjustments to its accommodative bond-buying strategy, which has continued since the beginning of the pandemic.
- Producer prices rose 8.3 YoY in August, the largest annual gain since November 2010. On a monthly basis, producer prices rose 0.7 percent. Final demand services rose 0.7 percent for the month as transportation and warehousing costs jumped 2.8 percent.
- The number of Americans filing new claims for unemployment declined to 310k during the week ending September 4th. While claims remain historically high, the reading marks a post-pandemic low.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.35 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) lost 2.2 percent and finished the week at 34,608 points. The S&P 500 declined 1.7 percent and finished at 4,459 points and the NASDAQ fell 1.6 percent and closed at 15,116 points.



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GLOBAL MARKETS

- Arab Light crude fell 3.4 percent and finished the week at \$71.33 after Saudi Aramco cut prices for Asia deliveries. Brent crude meanwhile rose 0.4 percent and finished the week at \$72.92 while West Texas Intermediate (WTI) gained 0.6 percent and closed at \$69.72. Oil prices fell midweek following Saudi Arabia's steeper-than-expected cuts to crude contract prices but rallied following news of a call between U.S. President Joe Biden and Chinese President Xi Jinping that discussed the easing of economic tensions between the world's two largest economies. The U.S. announced it would tap its strategic petroleum reserve (SPR) as Gulf Coast producers recover from recent extreme weather that shuttered production.
- China's trade surplus expanded to \$58.3 billion in August, the largest surplus since January. Imports and exports both hit record highs. The inflation rate in China rose to 0.8 percent YoY (+0.1 percent MoM), remaining below the government's 3 percent target for the year. Core inflation stood at 1.2 percent YoY (unchanged MoM). Producer prices in China climbed 9.5 percent YoY and hit the fastest pace since August 2008 amid higher raw materials prices.
- India's industrial production grew by 11.5 percent YoY in July, posting the fifth month of double-digit growth. Manufacturing output jumped 10.5 percent YoY. Production of capital goods and consumer durables increased by 29.5 percent and 20.2 percent, respectively, while non-durable goods fell by 1.8 percent. Saudi Arabia supplies approximately 20 percent of India's imported crude oil.

THE WEEK AHEAD

- U.S. releases inflation figures for August on September 14
- Saudi Arabia releases inflation figures for August on September 15
- U.S. releases retail sales for August on September 16