



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

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Weekly Market Brief  
*Week Ending September 17, 2021*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's inflation rate rose 0.3 percent YoY in August, primarily from higher transportation (+6.5 percent) and food & beverages (+1.9 percent) prices. Consumer prices remained stable MoM and rose 0.1 percent. Wholesale prices grew 0.7 percent MoM as supply chain delays drove higher prices for machinery, metals, and chemicals.
- The number of new foreign investments in Saudi Arabia rose 108 percent YoY to reach 1,054 during H1 2021, according to the Ministry of Investment. Approximately 55 percent of the total were foreign entities while 45 percent were joint ventures with Saudi partners. New foreign investments in-Kingdom also rose 21 percent QoQ in the second quarter.
- Saudi Arabia closed its September 2021 riyal-denominated sukuk program at SAR6.7 billion (\$1.7 billion). The issuance was divided into three tranches: a SAR3.2 billion (\$853 million) tranche maturing in 2029, a SAR2.9 billion (\$773 million) tranche maturing in 2033, and a SAR650 million (\$173 million) tranche maturing in 2036.

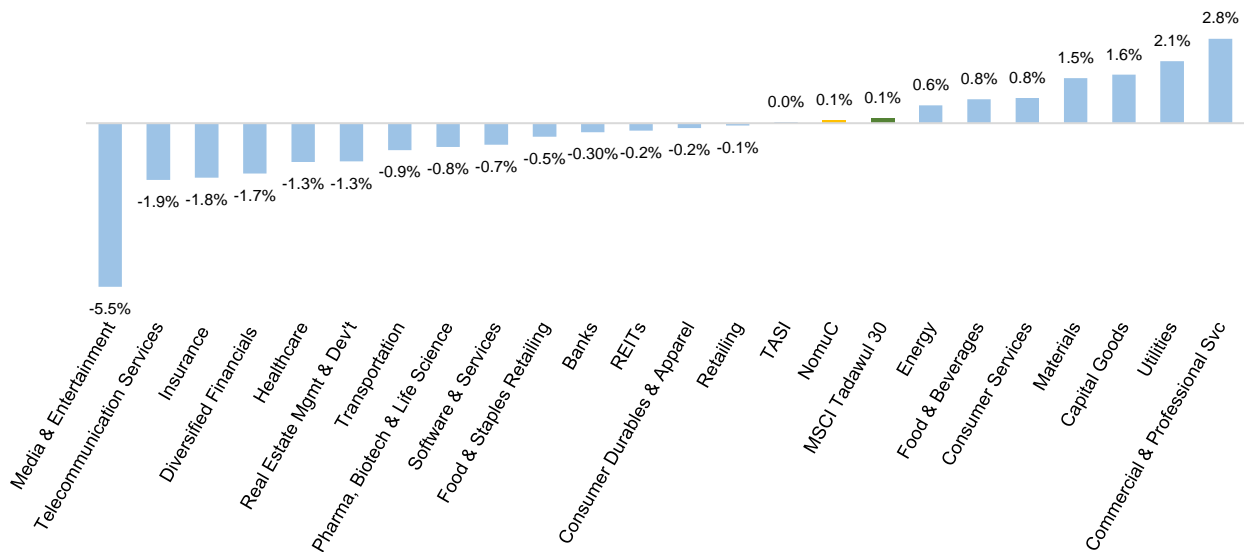


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## Tadawul

The TASI was unchanged last week and closed at 11,422 points, remaining near a 14-year high. ‘Commercial & Professional Services’ led other sectors again with a 2.8 percent gain, followed by ‘Utilities’ and ‘Capital Goods,’ which rose 2.1 percent and 1.6 percent, respectively. ‘Media & Entertainment’ posted the biggest loss, slipping 5.5 percent. The NomuC parallel market index inched up 0.1 percent while the MSCI Tadawul 30 index also gained 0.1 percent to close the week at 1,549 points.

Tadawul Weekly Index Performance - September 17, 2021



Source: Tadawul, USSBC

ACWA Power’s book-building period for institutional investors was oversubscribed within minutes of opening last week and is set to run through September 27. Retail investors will be able to bid from September 29 to October 1. ACWA Power set a preliminary price range for its initial public offering (IPO) that could raise up to SAR4.5 billion (\$1.2 billion) in what would be the biggest IPO of a Saudi company since Saudi Aramco in December 2019. ACWA Power will sell 11.1 percent shares.



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## Trade & Investment

- Saudi Arabia announced a new sustainable tourism project, the Raghadan Resort, in the Al Baha region. The 50,000 square-meter project will preserve existing heritage sites while providing lodging and various amenities for travelers. The Kingdom's Tourism Development Fund (TDF) and the Seera Group signed a financing agreement to establish and operate the project.
- Honeywell signed an agreement with Saudi Aramco for co-development and commercialization of digital technology solutions designed to help improve productivity, sustainability, and operations of industrial workflows. The companies will form a software-based joint venture and utilize Aramco's Plant.Digital suite.
- Halliburton's SAR375 million (\$100 million) manufacturing facility at King Salman Energy Park (SPARK) is nearing completion and expects to produce specialty chemicals in the first quarter of 2022. The facility is targeting a 70 percent Saudization rate.
- Radisson Hotel Group announced plans to double its presence in Makkah with the addition of nearly 1,000 new rooms and apartments within the Thakher Makkah urban development project.
- McDermott and Saudi Aramco signed an agreement for a feasibility study of onshore modular construction works at McDermott's SAFIRA fabrication yard at Ras Al-Khair. The SAFIRA yard is currently being developed at Aramco's King Salman International Complex for Maritime Industries and Services.
- Saudi Arabia signed agreements with international pharmaceutical companies Pfizer and AstraZeneca relating to the establishment of clinical research centers. It was reported separately that the Kingdom intends to sign agreements to manufacture COVID-19 vaccines locally as part of the Riyadh International Summit for Medical Technology.
- Saudi Grains Organization (SAGO) purchased an estimated 382,000 tons of wheat in an international deal involving North American, European, Black Sea, and South American markets. SAGO has contracted 2 million tons of imported wheat since the beginning of the year.
- Saudi customer engagement platform Unifonic raised SAR470 million (\$125 million) in a Series B investment round led by Softbank Vision Fund 2.



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- Saudi Arabia will launch a women's soccer league and form the first women's national team during the coming months, according to the Ministry of Sports and the Saudi Soccer Association.

### Banking

Weekly money supply M1 and M2 fell 0.1 and 0.2, respectively, while M3 rose 0.3 percent during the week ending September 9.

On a year-to-date basis, M1, M2, and M3 have risen 2.1 percent, 1.4 percent, and 4.2 percent, respectively.

### U.S. MARKETS

#### U.S. Macroeconomic Developments

- Inflation in the U.S. moderated to 5.3 percent YoY in August, calming concerns about rising consumer prices. Inflation rose 0.3 percent MoM while core inflation rose just 0.1 percent. However, the persistence of global supply chain challenges is expected to keep upward pressure on prices.
- Retail sales rose 0.7 percent in August, despite a drop in both motor vehicle and electronics sales. Back-to-school shopping and delayed household purchases drove the biggest monthly retail sale increase since stimulus checks went out in March.
- Industrial production rose 0.4 percent in August, lifting the benchmark indicator back above its pre-pandemic February 2020 level. Demand remains strong but supply chain problems have persisted. Manufacturing, which constitutes a majority of industrial activity, rose just 0.2 percent with several firms citing the impact of Hurricane Ida on the sector.

#### Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.37 percent.

#### Equity Markets

The Dow Jones Industrial Average (DJIA) lost 0.1 percent and finished the week at 34,585 points. The S&P 500 declined 0.6 percent and finished at 4,433 points and the NASDAQ fell 0.5 percent and closed at 15,044 points.



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## GLOBAL MARKETS

- Arab Light crude rose 4.1 percent and finished the week at \$74.28. Global benchmark Brent crude rose 3.3 percent and finished the week at \$75.34, the highest since late July. West Texas Intermediate (WTI) gained 3.2 percent and closed at \$71.97. U.S. Gulf Coast production is returning after fourteen offshore rigs were shut down due to Hurricane Ida. The oil and gas rig count rose by nine last week to reach 512, the highest since April 2020.
- China's industrial production rose 5.3 percent YoY in August, missing market forecasts and posting the softest gain in output since July 2020. Production fell for textiles (-2.5 percent) and ferrous metals (-5.3 percent) and slowed for transportation equipment (+1.3 percent), machinery (+1.3 percent), and chemicals (+5.5 percent).
- Industrial production in the Eurozone grew by 1.5 percent MoM and 7.7 YoY in July. Production of non-durable consumer goods rose by 3.5 percent MoM, capital goods by 2.7 percent, durable consumer goods by 0.6 percent, and intermediate goods by 0.4 percent while production of energy fell 0.6 percent. Exports increased 1 percent while imports grew by only 0.3 percent in July.

## THE WEEK AHEAD

- Federal Reserve announces interest rate decision on September 22
- Saudi Arabia releases international trade for July on September 22
- U.S. PMI for September is released on September 23