



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

Weekly Market Brief
Week Ending November 12, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's economy grew 6.8 percent YoY in Q3, the fastest pace in nearly a decade. The oil sector rose 9 percent while the non-oil economy grew 6.2 percent as business and economic conditions broadly improved. A full Q3 GDP report is expected to be released on December 14.
- Inflation in Saudi Arabia rose 0.8 percent YoY in October, primarily due to higher transportation prices (+6.4 percent) and food & beverage prices (+1.4 percent). Prices rose at a faster pace compared to last month as global supply chain disruptions hampered global trade flows.
- Saudi Arabia's industrial production rose 6.5 percent YoY in September as the Kingdom increased oil production from 8.9 million barrels per day (bpd) to 9.6 bpd. Mining and quarrying activity rose 7.6 percent and manufacturing activities rose 4.5 percent.
- Saudi Arabia sold SAR12.2 billion (\$3.3 billion) in dual-tranche bonds as part of its third international offering of the year. The order book more than tripled the size of the offering in a sign of strong investor demand. BNP Paribas, Citi, Goldman Sachs, and JPMorgan were global coordinators and joint bookrunners on both tranches.

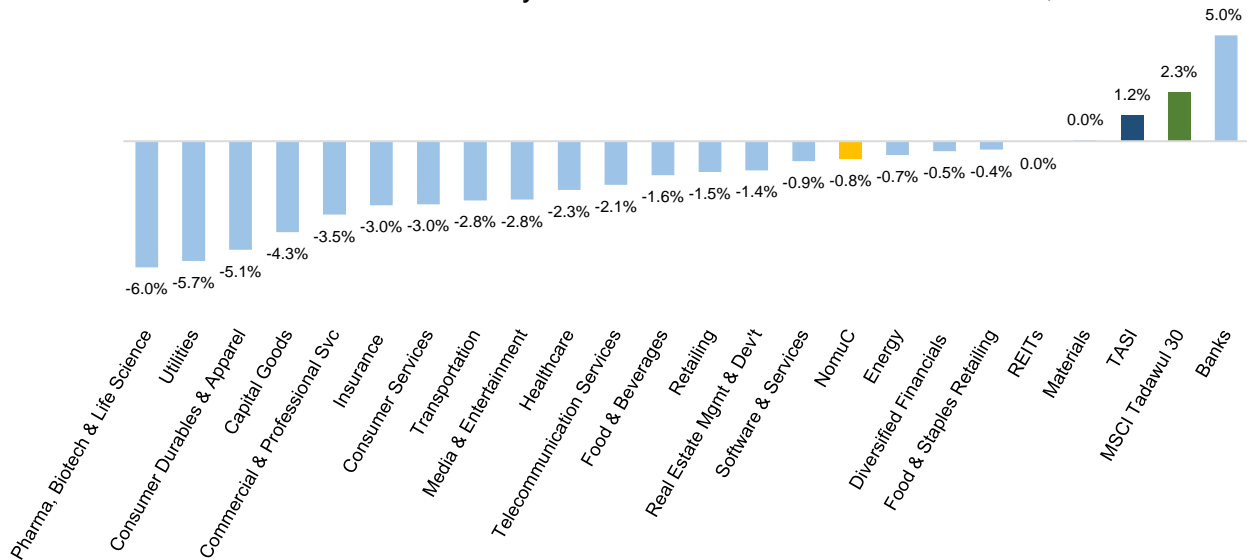


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Tadawul

The TASI rose 1.2 percent and closed at 11,899 points. ‘Banks’ was the only major positive gain for the week, rising 5 percent. ‘Materials’ and ‘REITs’ traded flat while most other sectors declined. Losses were led by ‘Pharma, Biotech, & Life Science’ and ‘Utilities,’ which fell 6 percent and 5.7 percent, respectively. The NomuC parallel market index fell 0.8 percent while the MSCI Tadawul 30 index gained a strong 2.3 percent to close the week at 1,657 points.

Tadawul Weekly Index Performance - November 12, 2021



Source: Tadawul, USSBC

- Saudi Tadawul Group will offer up to 30 percent of its total offered shares of 36 million to individual subscribers in a planned initial public offering (IPO). The subscription process for institutional investors will start from November 21 and the process for individual investors opens November 30 for three days each.



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Business, Trade, & Investment

- Saudi contractor Nesma was awarded a design-construct-operate contract for a mountain base camp at NEOM, one of the first major tourism projects initiated at the SAR1.9 trillion (\$500 billion) gigaproject. The project includes 406 residential units and various retail and utility infrastructure.
- Saudi mining firm Golden Compass signed contracts worth SAR500 million (\$133 million) related to mining operation, drilling, and exploration consultation. The deals follow the launch of a new mining investment law that liberalized foreign investment in the sector.
- The University of Iowa launched a one-year joint partnership with the U.S. Consulate General in Jeddah to provide IT, real estate, and e-commerce education for Saudi women. The project is aimed at providing in-demand business training and mentorship for female entrepreneurs and professionals.
- U.S. online education firm Coursera signed an agreement to provide education and licensing for 10,000 students in scientific and technical fields in partnership with King Abdulaziz and his Companions Foundation for Giftedness and Creativity (Mawhiba).
- Saudi Arabian Military Industries (SAMI) launched a subsidiary, SAMI Composites, to produce composite parts for structural aerospace sub-assemblies that will contribute to the Kingdom's local capacity.
- The Royal Commission of Al Ula (RCU) signed a five-year agreement with UNESCO to develop a "strategic cross-cultural partnership" that includes fellowships and promotional programs to focus on Saudi Arabia's sustainable tourism initiatives.
- Jeddah-based Sidra Capital announced it plans to invest SAR581 million (\$155 million) in the acquisition of industrial properties in the U.S. to bolster the company's first U.S.-based acquisitions program.

Banking

Weekly money supply M1 and M2 fell 1.8 percent and 0.6 percent, respectively, while M3 rose 0.4 percent during the week ending November 4.



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On a year-to-date basis, M1, M2, and M3 have risen 2 percent, 2.5 percent, and 5.9 percent, respectively.

U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. inflation accelerated to 6.2 percent YoY (+0.9 percent MoM) in October. Headline and core inflation (+4.6 percent YoY) was the highest since 1991. Used vehicle prices surged again, rising by 2.5 percent on the month and 26.4 percent for the year; fuel prices were up by 12.3 percent MoM and energy prices overall were up by 4.8 percent.
- Initial jobless claims fell to a post-pandemic low of 267k in the week ending November 5, down 4k from the previous week and remaining below the 300k mark for the 4th consecutive week after some federal unemployment support measures expired. Continuing claims stood at 2.6 million in the week ending October 29.
- Consumer sentiment tumbled to a ten-year low in November amid higher inflation and an increase in COVID infections in some states, according to the University of Michigan's Consumer Sentiment Index. Growing concern over household finances led consumers to report a negative assessment of both current and future economic conditions.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.58 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.6 percent and finished the week at 36,100 points. The S&P 500 lost 0.3 percent and finished at 4,683 points while the NASDAQ fell 0.7 percent to reach 15,861 points.



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GLOBAL MARKETS

- Arab Light crude rose 4.6 percent and finished the week at \$82.22 after Saudi Aramco raised its December official selling price (OSP) to Asia by \$1.40. Global benchmark Brent crude slipped 0.7 percent and finished the week at \$82.17 and West Texas Intermediate (WTI) lost 0.6 percent and closed at \$80.79. The prospect of additional supply from the U.S. strategic petroleum reserve, tightening monetary policy, an increase in COVID infections in several countries added downward pressure on oil prices.
- Inflation in China rose 1.5 percent YoY in October, driven by higher food prices that include a 17 percent MoM increase in vegetable prices. Producer prices rose 13.5 percent YoY, the largest monthly jump since 1995, primarily due to a 104 percent YoY rise in the coal mining sector as well as factory production cuts.
- India's industrial production rose 3.1 percent YoY in September, easing from August's 12 percent gain. Manufacturing was up by 2.7 percent while mining and electricity outputs were up by 8.6 percent and 0.9 percent, respectively.

THE WEEK AHEAD

- U.S. releases retail sales for October on November 16
- U.S. releases housing starts for October on November 17
- Saudi Arabia releases international trade figures for September on November 24