



U.S.-Saudi Business Council  
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Weekly Market Brief  
*Week Ending November 19, 2021*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's oil exports increased by 8 percent YoY (1 percent MoM) to 6.52 million barrels per day (bpd) in September, rising for the fifth straight month. Between April and September, oil exports have risen by nearly 15 percent. Total crude output by the Kingdom rose 100,000 bpd to 9.62 million bpd in September, the highest since April 2020.
- Saudi Arabia's holdings of U.S. Treasury bills rose 0.2 percent MoM (-5.3 percent YoY) to SAR466 billion (\$124.3 billion) in September, according to the Department of Treasury. Since the beginning of the year, the Kingdom reduced its investments in U.S. Treasuries by 8.9 percent. Saudi Arabia ranks as the 17<sup>th</sup> largest sovereign holder of U.S. debt.

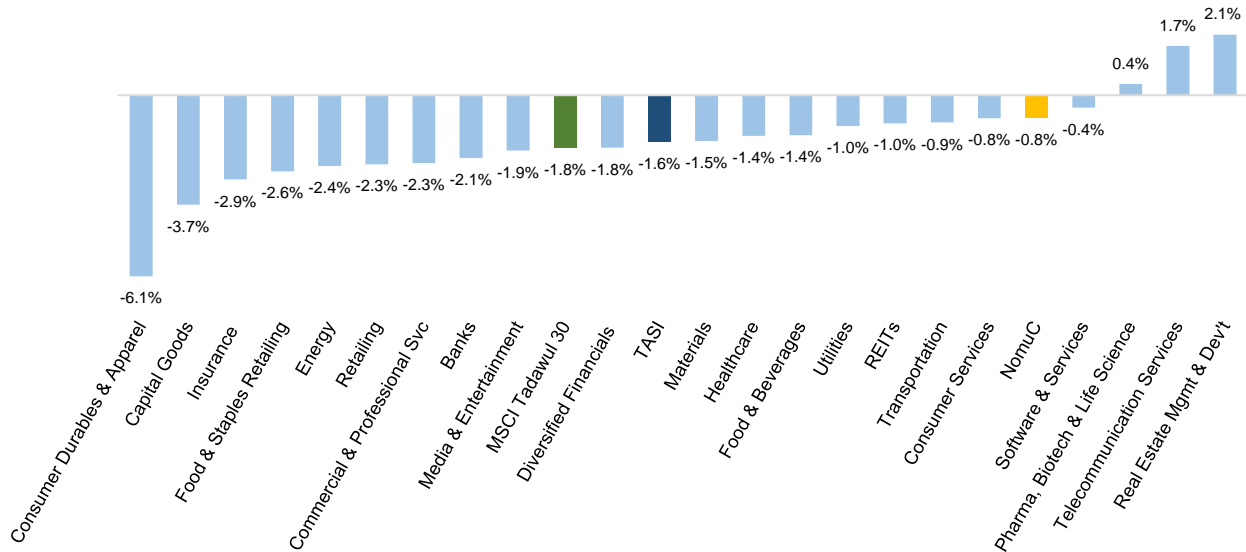


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Tadawul

The TASI fell 1.6 percent and closed at 11,710 points. 'Real Estate Management & Development' rose 2.1 percent followed by 'Telecommunication Services' and 'Pharma, Biotech, & Life Science' which rose 1.7 percent and 0.4 percent, respectively. Losses were led by 'Consumer Durables & Apparel' which fell 6.1 percent. The NomuC parallel market index fell 0.8 percent while the MSCI Tadawul 30 index lost 1.8 percent to close the week at 1,628 points.

Tadawul Weekly Index Performance - November 19, 2021



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Arabia's Public Investment Fund (PIF) nearly tripled its holdings of U.S. equities to SAR163 billion (\$43.5 billion), according to SEC filings. PIF owns a 63 percent stake in Lucid Motors which went public last month, valued at SAR97 billion (\$26 billion). The Kingdom's sovereign wealth fund also added shares of Alibaba, Walmart, and Pinterest while maintaining positions in Uber, Activision Blizzard, Electronic Arts, and several other U.S. companies.
- Amazon announced it will open five new delivery stations across Saudi Arabia in Jeddah, Makkah, Madinah, Abha, and Dammam. The e-commerce giant stated the centers will create hundreds of jobs opportunities for Saudis and enable same-day and next-day delivery for customers based in these regions.
- Honeywell selected Wahaj as a strategic supplier for wheels, brakes, power systems, and engines for specific aircraft in a seven-year deal. Wahaj is the first Saudi-based company selected by Honeywell as a global supplier.
- NEOM announced a major industrial hub project called Oxagon focused on seven sectors: sustainable energy, autonomous mobility, water, food production, health & wellbeing, modern methods of construction, and digital manufacturing. The project will establish the first fully integrated port and supply chain ecosystem at NEOM.
- Saudi Arabia announced plans to establish Prince Mohammed bin Salman Nonprofit City, a first-of-its-kind model to host colleges, academies, and researchers in the areas of AI, IoT, and robotics. The nonprofit city will be established south of Riyadh with an area of 3.4 square kilometers.
- The Ministry of Sports revealed a SAR2.6 billion (\$693 million) plan to support Saudi sports federations as part of the Vision 2030 Quality of Life program. The initiative aims to raise national participation in sports and broadly improve sports infrastructure to compete at the highest regional and international levels.
- Saudi Ports Authority (Mawani) signed agreements with Cruise Saudi and Globe Group to build a new cruise terminal at King Abdulaziz Port in Dammam. Four berths will also be constructed at the Dammam port and Yanbu Commercial Port. Earlier this year, Mawani



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and PIF-owned Cruise Saudi opened Saudi Arabia's first cruise terminal at Jeddah Islamic Port.

- Saudi Arabia launched the Middle East's largest solar panel manufacturing facility in Tabuk Industrial City with investments valued around SAR700 million (\$187 million). The factory is located on a total area of more than 27,000 square meters with an estimated production capacity of 1.2 GW.
- NEOM and Saudi media conglomerate MBC received approval from the General Authority for Competition to establish a video game studio in Saudi Arabia.
- The Saudi Export-Import bank (EXIM) signed SAR443 million (\$118 million) in deals with Saudi British Bank, Arab Jordan Investment Bank, and the National Bank of Iraq. The deals pertained to enhancing documentary credits, establishing new lines of credit, and supporting importers of Saudi goods in the Jordanian and Iraqi markets.
- The Saudi Cabinet announced a new agreement that would allow government agencies to apply income-sharing with the private sector as one of the methods to secure goods and services.

## Banking

Weekly money supply M1 rose 0.1 percent while M2 and M3 fell 0.1 percent and 0.2 percent, respectively, during the week ending November 11.

On a year-to-date basis, M1, M2, and M3 have risen 2.1 percent, 2.4 percent, and 5.7 percent, respectively.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- The U.S. passed a \$1 trillion infrastructure bill with significant investments in roads, bridges, railways, broadband internet, and power systems. The package includes \$550 billion in new funds for transportation and utilities, \$66 billion in freight and passenger rail networks, and \$65 billion for expanding broadband.
- Industrial production picked up 1.3 percent in October, recovering from a weather-related decline in September. Output levels reached a new post-pandemic high despite an ongoing global supply chain crisis. The largest increase within manufacturing was motor vehicle and parts production, which rose 11 percent in October after a sharp decline last month.
- Housing starts declined 0.7 percent in October to a 1.52 million-unit-pace. However, new housing permits rose 4 percent over the same period. Single-family starts dipped 3.9 percent, reflecting limited supply. Multi-family starts rose 7.1 percent.

### Fixed Income

The yield on the ten-year U.S. Treasury declined to 1.54 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) fell 1.4 percent and finished the week at 35,602 points. The S&P 500 meanwhile gained 0.3 percent and finished at 4,698 points while the NASDAQ rose 1.2 percent to reach 16,057 points.



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## GLOBAL MARKETS

- Arab Light crude fell 0.2 percent and finished the week at \$82.06. Global benchmark Brent crude slipped 4 percent and finished the week at \$78.99 and West Texas Intermediate (WTI) lost 5.8 percent and closed at \$76.10. Oil prices fell to six-week lows as China indicated it may tap reserves to satisfy domestic demand. The U.S. has separately urged high-consuming nations to consider using domestic reserves to lower oil prices. OPEC+ is reportedly weighing an adjustment to output plans next month pending the level of national stockpile releases, according to Bloomberg.
- Eurozone inflation hit a 13-year high of 4.1 percent YoY in October, reflecting a 24 percent jump in energy prices. Core inflation, which excludes energy and food, stood at 2.1 percent. The European Central Bank (ECB) maintained its target of 2 percent annual inflation and expressed confidence that prices would fall below its 2 percent target as “one-off factors” wash out next year. The Bank stated it would likely end its pandemic-related asset purchase program in March 2022.
- China’s industrial production rose 3.5 percent YoY and retail sales rose 4.9 percent YoY, both surpassing expectations after growth slowed in recent months. Pandemic lockdowns and downside risks in the real estate sector are seen as key challenges to China’s economy in the near-term.

## THE WEEK AHEAD

- U.S. PMI for November is released November 23
- Saudi Arabia releases international trade figures for September on November 24
- U.S. releases durable goods orders for October on November 24