



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

Weekly Market Brief
Week Ending November 26, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's exports rose 6 percent MoM (+77 percent YoY) in September to reach SAR94.7 billion (\$25.3 billion) as crude output reached the highest levels since April 2020. Imports declined 11 percent (+9 percent YoY) and totaled SAR45.8 billion (\$12.2 billion). The Kingdom's trade surplus rose 30 percent MoM (+329 YoY) in September to SAR48.8 billion (\$13 billion).
- U.S.-Saudi goods trade declined 3.6 percent MoM (+55 percent YoY) in September, totaling SAR9.2 billion (\$2.5 billion). Saudi exports to the U.S. rose 28 percent while imports fell 26 percent. The U.S. was the Kingdom's second largest source of imports and its fifth largest export market, according to the General Authority for Statistics (GStat). China remained Saudi Arabia's largest trading partner for both exports and imports.
- Non-oil exports from Saudi Arabia rose 10 percent (+38 YoY) to SAR25.3 billion (\$6.7 billion) in September, largely due to a record level of re-exports at SAR5.6 billion (\$1.5 billion). Excluding re-exports, non-oil goods fell 3 percent MoM but was the third highest month post-pandemic. Oil exports meanwhile rose 4.8 percent MoM (+98 percent YoY), totaling SAR69.4 billion (\$18.5 billion).
- The number of licenses issued in Saudi Arabia for new foreign investment projects rose to a record high of 575 in Q2 2021, compared to 478 licenses in Q1. Fully owned foreign investments accounted for 54 percent of the total while the other 46 percent were joint ventures with local companies, according to the Ministry of Investment. Investment activity was driven by 'retail & e-commerce' and 'manufacturing,' which accounted for 30 percent and 18 percent, respectively, of total licenses.

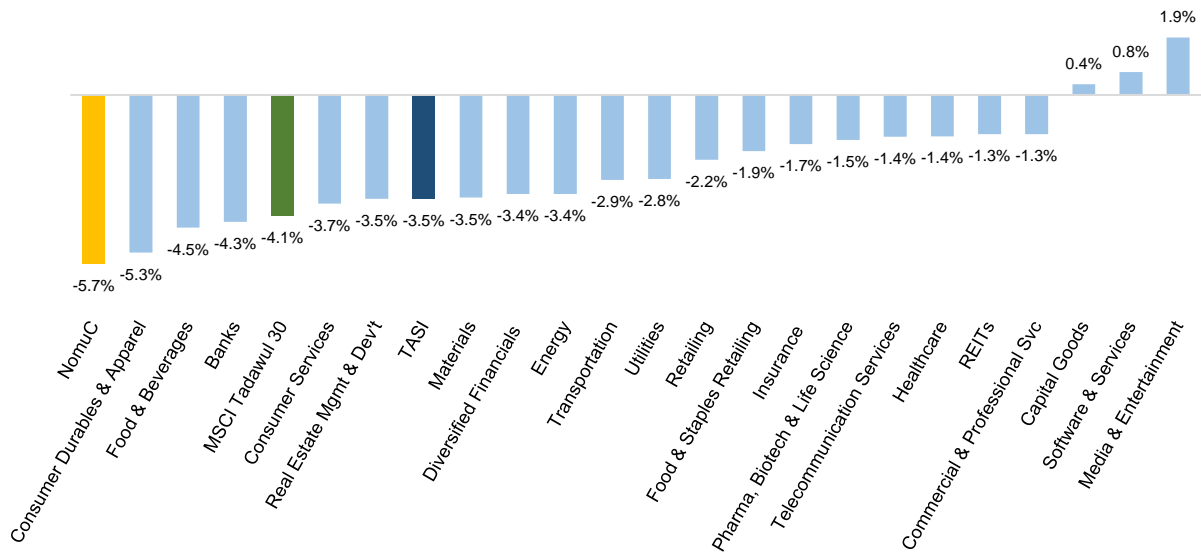


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Tadawul

The TASI fell 3.5 percent last week and closed at 11,300 points, posting its biggest one-day drop in more than a year. ‘Media & Entertainment’ rose 1.9 percent followed by ‘Software & Services’ and ‘Capital Goods,’ which rose 0.8 percent and 0.4 percent, respectively. All other sectors ended the week in negative territory, led again by ‘Consumer Durables & Apparel,’ which fell 5.3 percent. The NomuC parallel market index fell 5.7 percent while the MSCI Tadawul 30 index slipped 4.1 percent to close the week at 1,561 points.

Tadawul Weekly Index Performance - November 26, 2021



Source: Tadawul, USSBC

- Saudi Arabia’s Tadawul Group’s indicative price range suggests it could raise as much as SAR3.8 billion (\$1 billion) in its initial public offering (IPO), according to Bloomberg. The company plans to sell a 30 percent stake in what would be the largest offering by a major stock exchange since Euronext in 2014.
- Bahrain-based Investcorp announced the launch of a Saudi-focused investment growth vehicle that aims to raise SAR1.9 billion (\$500 million) to target undeserved subsectors in healthcare, consumer goods, transport & logistics, and business services at a pre-IPO stage of development.



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Business, Trade, & Investment

- Saudi Aramco awarded front-end engineering and design contracts to Worley for the incremental oil production operations at the Safaniya field and the building of gas lift facilities at the Marjan offshore field development. Saudi Aramco also awarded U.S.-Saudi joint venture KBR-AMCDE a major contract to expand the Manifa offshore development site.
- MBC Studios, the production arm of MBC Group, announced an agreement with U.S.-based JB Pictures and AGC Studios to produce “Desert Warrior,” a feature film set in 7th century Arabia. The film will shoot for three months in Tabuk Province and marks MBC Studios’ biggest film project to date.
- Saudi Arabia’s National Industrial Development and Logistics Program (NIDLP) announced key initiatives worth SAR6 billion (\$1.6 billion) in partnership with Riyadh Bank to localize 50 products across the following five sectors: transportation, machinery & equipment, medicine & medical devices, and payments. Other initiatives include financing industrial investment funds and supporting small and medium enterprises (SMEs) that contribute to local-made content.
- The Ministry of Energy’s Oil Sustainability Program signed an agreement with Houston-based National Oilwell Varco (NOV) to set standards for the production and use of polymer-based products and encourage use of non-metallic materials.
- Riyadh will host the Asia Indoor and Martial Arts Games in 2025 for the first time. The Kingdom was selected last year as host of the 2034 Asian Games. Read more about Saudi Arabia’s sports strategy in our 2021 [Sports Economic Brief](#).

Banking

Weekly money supply M1 and M2 rose 1.2 percent and 0.4 percent, respectively, while M3 remained unchanged during the week ending November 18.

On a year-to-date basis, M1, M2, and M3 have risen 3.3 percent, 2.8 percent, and 5.7 percent, respectively.



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U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. manufacturing Purchasing Managers' Index (PMI) rose to 59.1 points in November, signaling continued growth despite supply chain and price pressures. Output grew as inflows of new orders expanded at a faster pace. As a result of raw material delays and labor shortages, firms increased selling prices at a record pace.
- Home sales rose 0.8 percent in October to a 6.34 million-unit-pace. Sales of single-family homes rose 1.3 percent while condominium and co-ops fell 2.9 percent. While home inventories remained exceptionally low, price appreciation moderated.
- Durable goods orders fell 0.5 percent in October, falling short of market expectations that anticipated a 0.2 percent increase. Orders for transportation goods (-2.6 percent) and computers & electronics (-2.2 percent) fell, though non-defense capital goods rose 0.6 percent.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 1.48 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 2 percent and finished the week at 34,899 points. The S&P 500 lost 2.2 percent and finished at 4,595 points while the NASDAQ fell 3.5 percent to reach 15,492 points.



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GLOBAL MARKETS

- Arab Light crude fell 2.1 percent and finished the week at \$80.38. Global benchmark Brent crude dropped 7.8 percent and finished the week at \$72.72 and West Texas Intermediate (WTI) lost 10.5 percent and closed at \$68.15. Oil prices fell for the fifth consecutive week after the U.S. decided to release 50 million barrels of crude from its strategic petroleum reserves in partnership with U.K., India, Japan, and China. Pressure has mounted on OPEC+ to reconsider its scheduled production increases as gas prices remain high ahead of a planned December 1 meeting.
- South Korea's central bank raised interest rates by one percentage point, the first major Asian central bank to raise rates since the start of the COVID-19 pandemic. New Zealand also raised interest rates for the second time post-pandemic amid high inflationary pressures.
- Eurozone PMI rose to 55.8 points in November, bouncing back from October's six-month low of 54.2 points. The reading showed a sharp increase in the service sector economy with the second highest rate of job creation in 21 years. Conversely, manufacturing sector growth softened to the second-weakest level seen in 17 months. Inflows of new business still picked up even as supplier delivery times continued to lengthen at a record rate.

THE WEEK AHEAD

- OPEC+ meets to discuss oil production levels on December 1
- U.S. releases November employment figures on December 3
- Saudi Arabia PMI for November released on December 5