



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

Weekly Market Brief
Week Ending January 7, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil economy expanded for the 16th consecutive month in December, but at the slowest pace since March. The seasonally adjusted Purchasing Managers' Index (PMI) fell to 53.9 in December from 56.9 in November amid slowdowns in new order growth across manufacturing and services. Business sentiment towards future output weakened for the third straight month.
- Remittances from expatriates in Saudi Arabia grew 1 percent YoY to SAR12.97 billion (\$3.5 billion) in November, according to the Saudi Central Bank (SAMA). Meanwhile, remittances sent by Saudi nationals to other countries surged 48 percent YoY to SAR7.18 billion (\$1.9 billion)
- Foreign investment in Saudi Arabia rose 20 percent YoY to SAR2.38 trillion (\$634 million) in Q3 2021, according to SAMA. Foreign direct investment (FDI) accounted for 41 percent of the total while portfolio investment accounted for a third. Read more about FDI into Saudi Arabia in our [Foreign Investment Economic Brief](#).

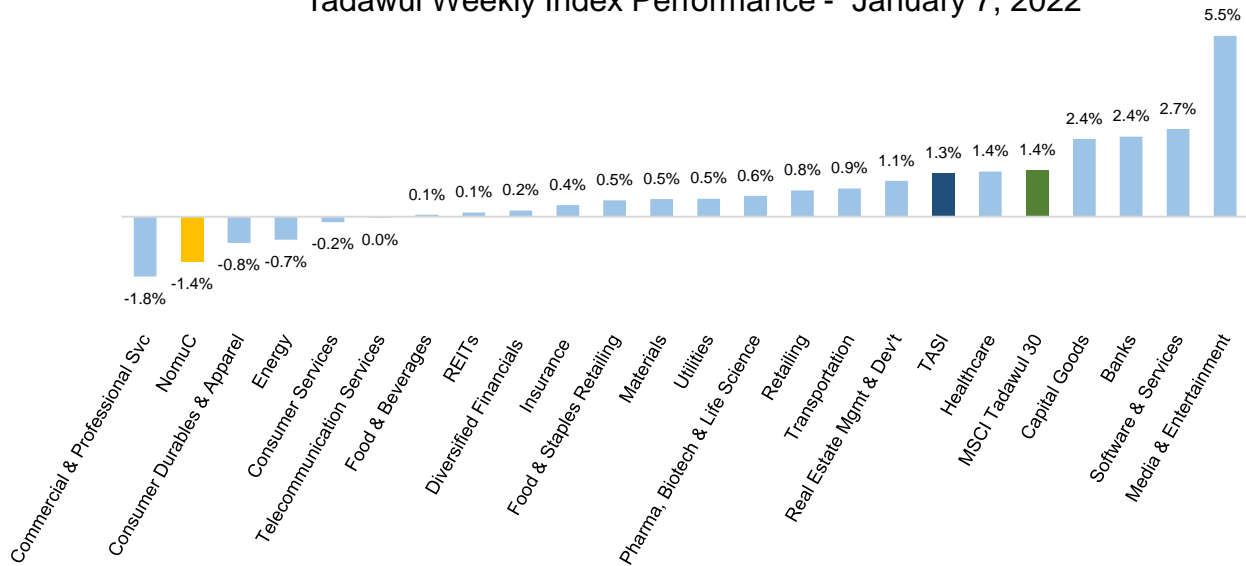


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Tadawul

The TASI rose 1.3 percent last week, closing at 11,430 points with most sectors finishing in positive territory. 'Media & Entertainment' continued its weeks-long surge and rose a further 5.5 percent, followed by 'Software & Services' and 'Banks,' which rose 2.7 percent and 2.4 percent, respectively. 'Commercial & Professional Services' fell 1.8 percent. The NomuC parallel market index also fell 1.4 percent while the MSCI Tadawul 30 index rose 1.4 percent to close at 1,589 points.

Tadawul Weekly Index Performance - January 7, 2022



Source: Tadawul, USSBC

- Saudi food delivery firm Jahez became the first Saudi tech startup to list on a public exchange last week. The firm announced its IPO price on the Nomu parallel market at SAR850 (\$226) per share, the highest end of its indicative range.



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Business, Trade, & Investment

- Saudi Aramco awarded an offshore pipeline EPCI package valued at SAR3 billion (\$800 million) to U.S. firm McDermott alongside four other offshore packages to Larsen & Toubro, Subsea7, and Abu Dhabi's National Petroleum Construction Company (NPCC) with a total contract value of SAR16.1 billion (\$4.3 billion).
- The U.S. Army Corps of Engineers' Transatlantic Middle East District awarded six construction companies headquartered in Saudi Arabia a multiple-task-order contract valued at SAR3.7 billion (\$990 million). The package includes design-bid-build construction, site-adapt-construction and renovation works at various sites linked to the Kingdom's THAAD systems. The selected contractors are Al-Bawani, Al-Latifia, Al-Yamama, El-Seif, Orient, and Saudi Achirodon.
- Saudi investment firm Arbah Capital acquired Philadelphia-based medical complex Constitution Health Plaza valued at SAR326 million (\$87 million). In December 2020, Arbah Capital acquired the SAR221 million (\$59 million) Commonwealth Medical Campus in Port Richmond, Philadelphia.
- Knowledge Economic City Company (KEC) obtained a long-term Murabaha financing facility valued at SAR782 million (\$208 million) from the Tourism Development Fund and Riyadh Bank for the construction of Phase One of a mixed-used development project, KEC Hub.
- ROSHN, a wholly owned subsidiary of the Public Investment Fund (PIF), signed a partnership agreement with Retal Urban Development Co. to build 103 housing units in the first phase of ROSHN's Sidra project north of Riyadh.
- SALIC, a wholly owned PIF subsidiary, announced the acquisition of a 35 percent stake in Brazil's Minerva Foods for the production and export of red meat to GCC and international markets.
- PIF is reportedly seeking a purchase of Serie A's Inter Milan for SAR3.8 billion (\$1 billion). Saudi Arabia's sovereign wealth fund acquired an 80 percent stake in Premier League's Newcastle United for SAR1.5 billion (\$409 million) three months earlier.



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Banking

Weekly money supply M1, M2, and M3 rose 0.6 percent, 0.2 percent, and 0.02 percent, respectively, during the week ending December 30.

On a year-to-date basis, M1, M2, and M3 have risen 5.9 percent, 5.1 percent, and 7.3 percent, respectively.

U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. non-farm payrolls fell to 199K in December from an upwardly revised November reading of 249K, the 12th consecutive month of job growth. The unemployment rate fell to 3.9 percent though the size of the labor force remained lower by more than 2 million compared to pre-pandemic levels. The private sector in the U.S. hired 807K workers in December, the most in seven months.
- Federal Open Market Committee (FOMC) minutes showed the Fed's increasingly hawkish stance on inflation and suggested the central bank may need to raise rates "sooner or at a faster pace" while calling for a reduction in the size of the balance sheet soon after the first rate hike in 2022.
- U.S. manufacturing edged down 0.1 point to 57.7 in December, maintaining a strong expansion in factory activity. Companies recorded the softest rise in new orders in a year. Mixed signals persisted last month with output expectations strengthening to the highest level since November 2020 but material shortages are still causing major vendor delays.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.76 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.3 percent and finished the week at 36,232 points. The S&P 500 lost 1.9 percent and finished at 4,677 points while the NASDAQ dropped 4.5 percent to reach 14,936 points.



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GLOBAL MARKETS

- Arab Light crude rose 6.1 percent and finished the week at \$82.27. Global benchmark Brent crude gained 5.1 percent and finished the week at \$81.75 and West Texas Intermediate (WTI) rose 4.9 percent and closed at \$78.90. Oil prices extended gains even after OPEC+ producers agreed to meet targeted production increases and the U.S. hit the highest daily total of coronavirus infections to date. U.S. energy firms started the new year by adding two more operating rigs to reach the highest count (588) since April 2020.
- The U.A.E. non-oil private sector economy continued to expand in December, posting the biggest growth in output since July 2019. New orders and employment subindices remained above the 50-point mark separating growth from contraction. The headline PMI (55.6 in December) was slightly lower the 55.9-point reading from November. The U.A.E. central bank stated its GDP expectation of 4.2 percent growth in 2022, up from an estimated 2.1 percent growth rate in 2021.
- Eurozone inflation accelerated for the sixth consecutive month to reach a record high 5 percent in December, up from 4.9 percent in November. Energy prices (+26 percent) have been a singular source of pressure, though food, services, and industrial supplies all increased. Excluding energy goods, inflation sat at 2.8 percent. December was also the sixth straight month inflation was above the ECB's target of 2 percent as policymakers reiterated expectations that the current spike is temporary.

THE WEEK AHEAD

- U.S. releases inflation figures for December on January 12
- Saudi Arabia releases inflation figures for December on January 13
- U.S. releases retail sales for December on January 14