



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

Weekly Market Brief
Week Ending December 31, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's trade surplus rose to SAR59.9 billion (\$16 billion) in October, the highest level since 2018. Saudi oil exports were the highest since October 2018, totaling SAR82.4 billion (\$22 billion), and non-oil exports rose to the second highest level on record, totaling SAR20 billion (\$5.3 billion). Saudi exports rose 12 percent MoM (+90 percent YoY) while imports fell 2.4 percent MoM (+7.6 percent YoY) during the month.
- U.S.-Saudi trade totaled SAR9.1 billion (\$2.4 billion) in October, according to the General Authority for Statistics (GASat). Saudi exports to the U.S. declined 5.4 percent MoM (+222 percent YoY) to reach SAR4.8 billion (\$1.3 billion). Imports of U.S. goods meanwhile rose 3.9 percent MoM (+2.1 percent YoY) to reach SAR4.3 billion (\$1.2 billion). Top U.S. non-oil imports from Saudi were chemical products, base metals, and plastics & rubbers.
- Remittances from Saudi Arabia edged up by 0.8 percent YoY to SAR13 billion (\$3.5 billion) in November. However, remittances were down 3.7 percent MoM and hit the lowest level since July 2021.
- Credit disbursed to the private sector picked up 0.6 percent MoM in November while credit to the public sector grew by 4 percent MoM. Net foreign assets fell 0.2 percent to SAR47.8 billion (\$12.7 billion).

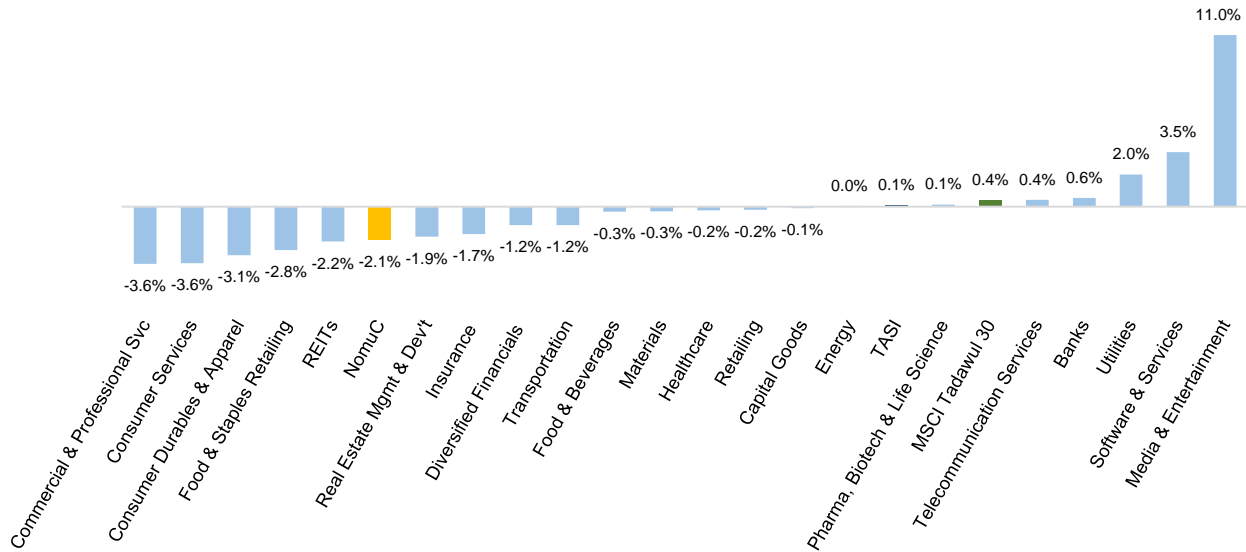


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Tadawul

The TASI rose 0.1 percent last week and closed the year at 11,282 points. ‘Media & Entertainment’ surged 11 percent followed by ‘Software & Services’ and ‘Utilities,’ which rose 3.5 percent and 2 percent, respectively. ‘Commercial & Professional Services’ saw the biggest decline, losing 3.6 percent. The NomuC parallel market index meanwhile fell 2.1 percent while the MSCI Tadawul 30 index rose 0.4 percent to close the year at 1,565 points.

Tadawul Weekly Index Performance - December 31, 2021



Source: Tadawul, USSBC

- During 2021, the TASI rose 30 percent and the MSCI Tadawul 30 Index rose 35 percent amid a flurry of IPO activity on the Saudi bourse. The top performing sectors were ‘Media & Entertainment’ (+128 percent) and ‘Software & Services’ (+103 percent). Only four sectors finished the year at a loss, led by ‘Food & Staples Retailing’ (-13 percent) and ‘Food & Beverages’ (-11 percent). The NomuC parallel market finished the year down 1 percent.
- Saudi Arabia’s Capital Market Authority (CMA) approved IPOs of Al Nahdi Medical Co. and Saudi Home Loans Company in addition to three other firms planning to list on the Nomu: Arabian International Healthcare Holding Co., Saudi Parts Center Co., and Saudi



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Azm for Communication and Information Technology Co. The approved applications are valid for six months.

Business, Trade, & Investment

- Saudi Arabia's Royal Commission in Ras al-Khair Industrial City has announced a plan to establish an industrial complex in the Eastern Province city at a cost of SAR15 billion (\$3.9 billion). The planned complex would produce iron sheets in the manufacture of cars and ships while supporting 1,600 direct jobs and 8,000 indirect jobs, according to government sources.
- Saudi Aramco awarded the U.A.E.'s National Marine Dredging Company (NMDC) a SAR8.3 billion (\$2.2 billion), three-year contract to develop 12 oil-handling wellhead topsides, two oil tie-in platforms, one electrical distribution platform, and other associated works at Saudi Arabia's Zuluf marine field.
- Dur Hospitality awarded Suliman A Al Murshid Contracting a SAR83 million (\$22 million) contract to build 75 smart luxury villas over a 30,000 square meter area on King Khalid Road in Riyadh.
- Saudi Entertainment Ventures (SEVEN) signed a SAR75 million (\$20 million) deal with Mofarreh Alharbi & Partners Co Ltd to construct offices and other works as part of "Bundle III" in the Abha and Jizan regions. U.S. firm Hill International was selected as project management consultant (PMC) for the contract.
- Al Yamamah Steel Industries awarded a SAR179 million (\$48 million) contract to Arabian Electrical Transmission Line Construction Co Ltd (AETCON) for the supply of steel towers for 380kV transmission lines linking the Buhirah and Tabarjal stations.
- SAMA announced a 3-month extension of the deferred payment program to support the private sector until March 31. The deferred payment program has been in place since April 2020.
- A major development strategy for the city of Riyadh through 2030 will be finalized and released in 2022 after some "incomplete elements" delayed its launch, according to the Saudi Press Agency (SPA). The Kingdom has previously stated its goal to double Riyadh's population, boost tourism and leisure amenities, and attract foreign investment activity through various reforms.



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Banking

Weekly money supply M1 and M2 fell 0.5 percent and 0.1 percent, respectively, while M3 rose 0.6 percent during the week ending December 23.

On a year-to-date basis, M1, M2, and M3 have risen 5.3 percent, 4.9 percent, and 7.3 percent, respectively.

U.S. MARKETS

U.S. Macroeconomic Developments

- Durable goods orders rose 2.5 percent in November, outpacing market expectations. Orders were pushed higher by a 6.5 percent gain in civilian aircraft orders. Excluding transportation goods, orders were up 0.8 percent. Core durable goods meanwhile fell 0.1 percent in November after rising for eight consecutive months.
- Existing home sales rose 1.9 percent to a 6.46-million-unit pace in November, the strongest pace since January. Gains were broad-based with both single family (+1.6 percent) and condo & co-op (+4.4 percent) rising while inventories remained historically lean. The median price for existing homes is up 14 percent from last year.
- Construction spending rose 0.4 percent in November while data for the prior two months was revised higher. Total construction spending is up 9.3 percent on an annual basis. Despite robust activity, supply constraints continue to impact prices and project timelines. Non-residential spending was flat in November while residential spending rose 0.9 percent.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.52 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) rose 1.1 percent and finished the week at 36,338 points. The S&P 500 gained 0.9 percent and finished at 4,767 points while the NASDAQ dropped 0.1 percent to hit 15,645 points. During the month of December, DJIA rose 5.4 percent, S&P rose 4.4



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percent, and the NASDAQ gained 0.7 percent. In 2021, DJIA gained 18.7 percent, S&P rose 26.9 percent, and the NASDAQ rose 21.4 percent.

GLOBAL MARKETS

- Arab Light crude rose 2.4 percent and finished the week ending December 24 at \$77.53 (latest available data). Global benchmark Brent crude rose 2.2 percent and finished the week ending December 31 at \$77.78 while West Texas Intermediate (WTI) gained 1.9 percent and closed the week at \$75.21. OPEC+ is expected to maintain its 400k output increase in February, despite speculation that it may seek a freeze on production increases amid the Omicron variant outbreak. Prices have bounced back from initial Omicron fears as data showed that fuel demand has held up despite soaring cases.
- During December, Brent rose 10.2 percent and WTI rose 14 percent. Arab Light rose 5.7 percent through December 24. Since the beginning of 2021, Brent is up 50.2 percent, WTI is up 55 percent, and Arab Light rose 53.2 percent.
- China's official manufacturing PMI inched up to 50.3 points in December from November's 50.1 reading. The latest reading points to a modest growth in the manufacturing sector, which has been subdued due to uncertainties brought on by the Omicron variant and outbreaks in Xian. China's exports sales declined for the eighth straight month.
- Turkey's consumer price inflation soared to 14 percent MoM (+36 percent YoY) in December, the largest monthly gain on record amid an ongoing currency crisis. The Turkish Lira fell steeply following the central bank's decision to slash interest rates despite soaring prices. Main upward price pressures came from food, transportation, housing & utilities, and hospitality.

THE WEEK AHEAD

- U.S. releases international trade figures for November on January 6
- U.S. releases employment figures for December on January 7
- Saudi Arabia releases industrial production for November on January 10