



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

Weekly Market Brief
Week Ending March 4, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil private sector gained momentum in February with IHS Markit's Purchasing Managers' Index (PMI) rising from 53.2 points in January to 56.2 points. Business confidence and new demand grew amid faster upturns in output and new orders. Purchasing growth nearly hit a three-year high as businesses saw major improvements in supply chain performance.
- Saudi public debt posted its first quarterly decline since Q1 2017, according to SAMA. In Q4 2021, external debt fell to SAR379.3 billion (\$101.1 billion) largely due to repayments. Domestic debt also declined by SAR1.8 billion (\$480 million) to SAR558.7 billion (\$149 billion) in Q4, leading overall public debt to SAR938 billion (\$250.1 billion).
- Consumer spending in Saudi Arabia rose 8 percent YoY to SAR101.5 (\$27.1 billion) in January. Point-of-sale (POS) transactions were up 17 percent while cash withdrawals declined 4 percent. E-commerce sales through Mada cards increased 88 percent, constituting the fastest growing consumer spending segment.
- Saudi Arabia announced the lifting of most major COVID-19 restrictions, including social distancing measures in "all open and closed places." Travelers to the Kingdom will no longer be required to quarantine or present a PCR test. Masks will still be required in indoor spaces.

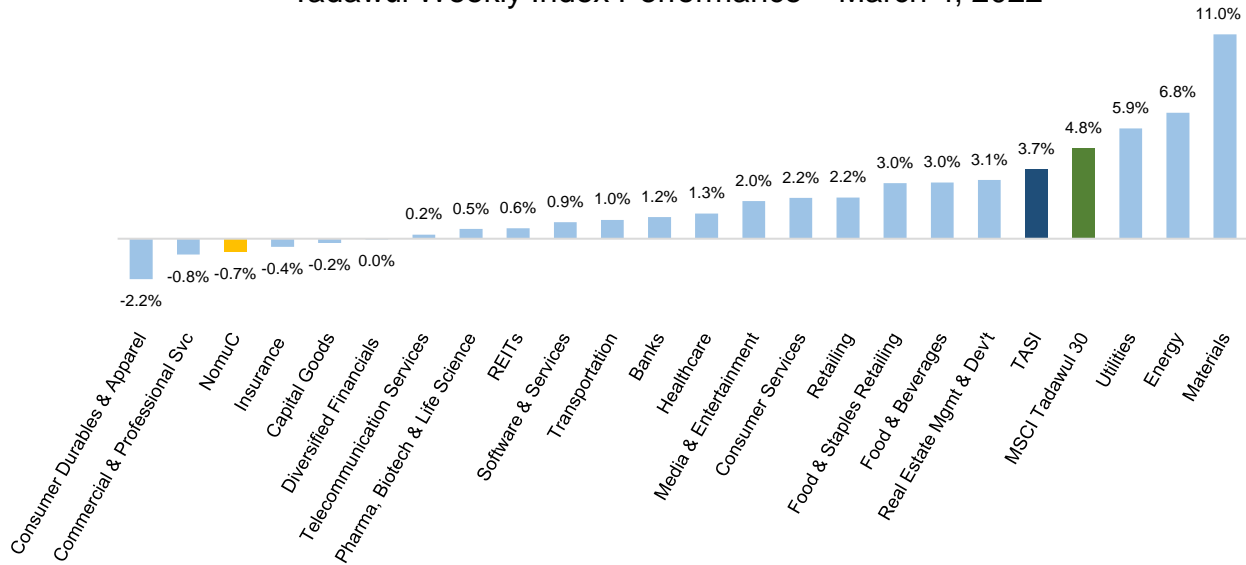


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Tadawul

The TASI rose 3.7 percent last week and closed at 12,756 points with most sectors finishing in positive territory. 'Materials' led other sectors with an 11 percent gain followed by 'Energy' and 'Utilities' with 6.8 percent and 5.9 percent gains, respectively. 'Consumer Durables & Apparel' led losses for the third consecutive week and fell by 2.2 percent. The NomuC parallel market index also fell again, losing 0.7 percent. The MSCI Tadawul 30 meanwhile gained 4.8 percent and closed the week at 1,806 points.

Tadawul Weekly Index Performance - March 4, 2022



Source: Tadawul, USSBC

- Saudi Aramco share prices hit a record high SAR46 (\$12.26) last week, bringing the company's market capitalization to SAR8.95 trillion (\$2.39 trillion).



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Business, Trade, & Investment

- Halliburton opened its first oilfield specialty chemical manufacturing facility in Saudi Arabia. Located at the PlasChem Park in Jubail, the facility will serve the region's petrochemical, refining, and heavy industrial sectors in support of the Kingdom's Downstream Initiative.
- The U.S. Army Corps of Engineers (USACE) is reportedly seeking interested contractors for an estimated SAR938 million (\$250 million) to SAR1.9 billion (\$500 million) major construction package at King Abdulaziz Naval Base in Jubail. The project will support the Royal Saudi Navy and be awarded by USACE's Transatlantic Middle East District.
- Saudi Arabia launched a new mountain tourism project called Trojena as part of NEOM's tourism sector development. This is the third recent NEOM development project announced following The Line and OXAGON. The project will consist of wellness resorts, retail stores and restaurants, a ski slope, water sports and mountain biking, and an interactive nature reserve. The project is set to be completed by 2026.
- Saudi Aramco selected Japan's JGC Corporation for the two main onshore packages for the Zuluf upstream project, valued at SAR11.3 billion (\$3 billion). The two packages cover EPC works to build hydrocarbon processing and water injection facilities.
- Saudi Aramco announced the discovery of natural gas fields in four major areas in Saudi Arabia, including the Empty Quarter. Other fields were found in the North, Central, and Eastern regions of the Kingdom. The North and Eastern fields were noted to be unconventional gas fields.
- Makkah Province inaugurated SAR15 billion (\$4 billion) in new water and environmental projects, according to the Ministry of Environment, Water, and Agriculture (MEWA). The portfolio includes a variety of desalination, water transmission, storage, and agricultural projects.
- Saudi Water Partnership Company (SWPC) announced the financial close for the Madinah-3, Buraydah-2, and Tabuk-2 Independent Sewage Treatment Plant (ISTP) projects. A Spanish-Saudi consortium was awarded SAR3.8 billion (\$1 billion) in contracts last September. Read more about the Kingdom's water strategy in USSBC's [Water Sector Report](#).



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Banking

Weekly money supply M1, M2, and M3 fell 0.8 percent, 0.4 percent, and 0.3 percent, respectively, during the week ending February 24.

U.S. MARKETS

U.S. Macroeconomic Developments

- The U.S. economy netted 667K jobs in February, supported by more hiring in the 'leisure & hospitality' sector (+179K) as well as 'education & health services' (+112K). The unemployment rate declined to 3.8 percent while labor force participation ticked up to 62.3 percent.
- The U.S. economy expanded at a moderate pace since mid-January, according to the Federal Reserve's Beige Book. Consumer spending was weaker and coincided with a spike in COVID-19 cases. Severe winter weather was cited for dampening consumer activity while construction supply chains continued to restrain growth. The Fed is widely expected to announce an interest rate increase at its upcoming March 16 meeting.
- U.S. manufacturing PMI rose to 57.3 points in February with output and new orders expanding at a faster rate. The manufacturing sector grew for the 21st consecutive month, though hiring slowed and input prices remained high. Year-ahead outlook was the strongest since November 2020.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.97 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 1.3 percent and finished the week at 33,615 points. The S&P 500 dropped 1.3 percent and finished at 4,329 points while the NASDAQ lost 2.8 percent and finished at 13,313 points. During the month of February, DJIA, the S&P, and the NASDAQ fell 3.5 percent, 3.1 percent, and 3.4 percent, respectively.



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GLOBAL MARKETS

- Arab Light crude rose 9.9 percent and finished the week at \$107.30, nearing a 13-year high. Global benchmark Brent crude jumped 20.6 percent and finished the week at \$118.11 while West Texas Intermediate (WTI) surged 26.3 percent and closed at \$115.68. The conflict in Ukraine has driven oil prices towards the highest levels since 2008 as Russia, the world's second largest crude exporter, faces broad international sanctions. Despite calls for faster supply hikes from top oil-consuming markets, OPEC+ stated it would adhere to the existing 400K barrel per day (bpd) monthly increase through April. During February, Brent rose 10.8 percent, WTI gained 8.6 percent, and Arab Light crude rose 9.8 percent.
- China's official manufacturing PMI ticked up to 50.2 points in February, hovering above the 50-point mark separating growth from contraction. Markets expected the key indicator to slip into contraction territory from January's 50.1 reading. Instead, output rose for the fourth straight month while new orders expanded for the first time in seven months. Export sales and employment declined at slower rates.
- Non-oil private sector activity in the U.A.E. improved with PMI rising from 54.1 points in January to 54.8 points in February. Stronger demand and an improved business outlook supported the increase. The year-ahead business outlook was the second highest since mid-2020.

THE WEEK AHEAD

- U.S. releases balance of trade figures for January on March 8
- U.S. releases inflation figures for February on March 10
- Saudi Arabia releases industrial production index for January on March 10