



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

Weekly Market Brief
Week Ending March 25, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's total exports increased 1 percent MoM (+49.6 percent YoY) during January to reach SAR107.6 billion (\$28.9 billion). Imports dropped 4.6 percent MoM (+8.1 percent YoY) and totaled SAR51.8 billion (\$13.8 billion) during the same period. The Kingdom's trade balance rose 6.8 percent MoM (+128 percent YoY) and totaled SAR55.8 billion (\$14.9 billion) in January.
- Saudi exports to the U.S. rose 16.7 percent MoM (+80.4 percent YoY) amid higher oil volumes while imports from the U.S. slowed sharply by 17.9 percent MoM (-37.5 percent YoY) in January. The U.S. was the second largest source of imports into the Kingdom behind China and the sixth largest destination for exports.
- Saudi non-oil exports fell 12.8 percent MoM (+32 percent YoY) in January to SAR20.1 billion (\$5.36 billion), the lowest number of exports since September 2021. Meanwhile, oil exports rose 8.5 percent MoM (+57.5 percent YoY) to reach SAR 83.5 billion (\$22.3 billion). Key non-oil exports included 'Plastics, Rubber, and Articles Thereof' and 'Products of Chemical or Allied Industries' which accounted for 33 percent and 31 percent of non-oil exports, respectively.
- S&P revised Saudi Arabia's credit outlook to "positive" due to improvements in GDP growth and stronger fiscal dynamics over the medium-term. S&P also reaffirmed the Kingdom's credit rating at "A-/A-2".

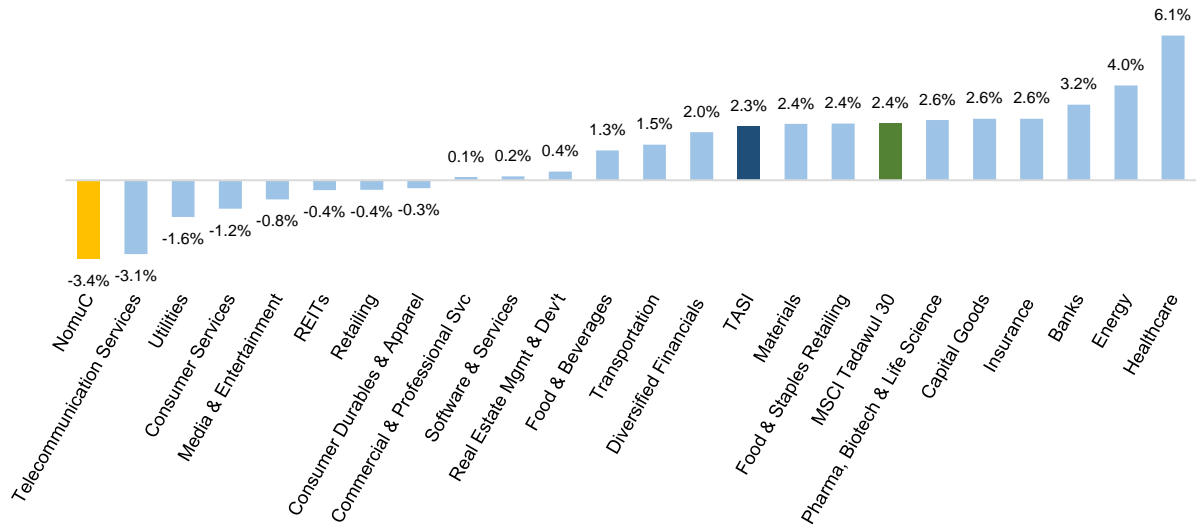


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Tadawul

The TASI rose 2.3 percent last week and closed at 12,948 points. 'Healthcare' led other sectors with a 6.1 percent gain followed by 'Energy' and 'Banks,' which rose 4 percent and 3.2 percent, respectively. 'Telecommunication Services' led losses and dropped 3.1 percent. The NomuC parallel market index also fell 3.4 percent while the MSCI Tadawul 30 gained 2.4 percent and closed the week at 1,831 points.

Tadawul Weekly Index Performance - March 25, 2022



Source: Tadawul, USSBC

- Saudi Arabia's largest retail pharmacy chain Nahdi Medical Company listed on the Tadawul with a share price of SAR131 (\$34.92). The company raised a reported SAR5.1 billion (\$1.36 billion) from institutional investors. SEDCO Holding sold a 15 percent stake in Nahdi through the IPO and will retain 35 percent ownership.
- GCC-based food conglomerate Americana Group announced early-stage plans to list in either Saudi Arabia, the U.A.E., or a dual listing in both countries. The company operates more than 1,800 restaurants in the GCC.



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Business, Trade, & Investment

- NEOM launched a subsidiary company, ENOWA, to develop the city's energy and water systems. The scope of work includes the utilities infrastructure for three announced projects: The Line urban development, the Oxagon industrial city, and the Trojena mountain tourism destination.
- The Ministry of Investment announced a partnership with PIF-owned Jada to support the Kingdom's start-up and innovation sector. Jada is a vehicle for venture capital and private equity funds to support SMEs and startups in sectors such as finance, e-commerce, delivery, healthcare, technology, and entertainment.
- Saudi Aramco announced it would join Rice University's Carbon Hub with a SAR38 million (\$10 million), five-year sponsorship commitment. The Carbon Hub is an initiative to develop sustainable hydrocarbon use. Aramco will research and develop carbon and hydrogen-based materials with the potential to displace emissions-intensive materials.
- MBC Group signed a deal to become the MENA region's exclusive broadcaster for all World Wrestling Entertainment (WWE) content. The company will also launch a dedicated WWE channel under its streaming platform Shahid in addition to free-to-air content.
- Saudi Arabia announced the resumption of its visa-on-arrival program for holders of valid visas for the U.S., U.K., and Schengen area. The change comes two weeks after the Kingdom lifted all COVID-related entry restrictions.

Banking

Weekly money supply M1, M2, and M3 rose 0.7 percent, 0.7 percent, and 0.5 percent, respectively, during the week ending March 17.



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U.S. MARKETS

U.S. Macroeconomic Developments

- New home sales fell 2 percent in February to a 772,000-unit pace following an 8.4 percent decline the previous month. Home sales fell in the South and West while rising in the Northeast and Midwest. The median sale price of new homes rose sharply from \$362K to \$400.6K.
- Durable goods orders in the U.S. fell 2.2 percent MoM in February, the biggest decline since April 2020. The decline was steeper than expected as machinery (-2.6 percent) and primary metals (-0.9 percent) slipped. Non-defense capital goods orders fell 0.3 percent MoM during the same period.
- U.S. manufacturing PMI rose to 58.5 points in March, up from 57.3 points in February. The headline figure beat market forecasts and marked the highest reading since September 2020. Output rose at the fastest rate since last June as demand increased and supply bottlenecks eased. The pace of job creation in the manufacturing sector was the sharpest since April 2020.

Fixed Income

The yield on the ten-year U.S. Treasury rose to 2.48 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) rose 0.3 percent and finished the week at 34,861 points. The S&P 500 gained 1.8 percent and finished at 4,543 points while the NASDAQ rose 2.6 percent and finished at 14,253 points.



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GLOBAL MARKETS

- Arab Light crude rose 7.7 percent and finished the week at \$117.55. Global benchmark Brent crude increased 12 percent and finished the week at \$120.65 while West Texas Intermediate (WTI) gained 8.8 percent and closed at \$113.90. Oil posted its first weekly gain in three weeks as the E.U. debated the future of energy imports from Russia and attacks on Saudi Aramco's facilities. The total U.S. rig count rose by seven to 670 rigs, compared to 417 rigs at the same time last year. OPEC+ will convene this week to discuss supply quotas and the global oil market.
- Retail sales in the U.K. unexpectedly fell 0.3 percent MoM in February as annual inflation (6.2 percent YoY) rose to the highest rate since 1992. Rising food and energy costs were the primary inflation drivers. U.K. manufacturing PMI also posted a 13-month low of 55.5 points in March, missing market expectations as supply shortages and inflationary pressures hit output and job creation.
- China's current account surplus decreased 1.9 percent YoY to \$118.4 billion at the end of Q4 2021, from \$120.7 billion in Q4 2020. The goods surplus also dropped 2.3 percent YoY to \$182.8 billion while the services deficit decreased 47 percent YoY to \$152 billion.

THE WEEK AHEAD

- Saudi Arabia releases labor market figures for Q4 2021 on March 30
- OPEC+ will meet to discuss oil output on March 31
- U.S. releases unemployment figures for March on April 1
- Saudi Arabia PMI for March released on April 5