



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

Weekly Market Brief
Week Ending May 13, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi consumer inflation rose 2.3 percent YoY (+0.4 percent MoM) in April, a faster rate than the previous month mainly due to higher transportation and food costs. Transportation prices rose 4.6 percent YoY due to higher gasoline and motor vehicle prices. Food & beverage prices increased 4.3 percent YoY, including vegetable prices which rose 13.5 percent YoY.
- Wholesale price inflation in Saudi Arabia rose 10.7 percent YoY (+1 percent MoM) in April, easing from last month's 12.1 percent YoY reading. Annual price inflation was still elevated due to higher basic chemicals (+45 percent), basic metals (+16 percent), and refined petroleum products (+12 percent) prices. However, the annual rate of wholesale price inflation was the lowest since March 2021.
- Industrial production in Saudi Arabia rose 24.8 percent YoY in March, according to the General Authority for Statistics (GASat). 'Mining & quarrying,' which includes oil activities, rose 26.6 percent while manufacturing rose 22 percent.

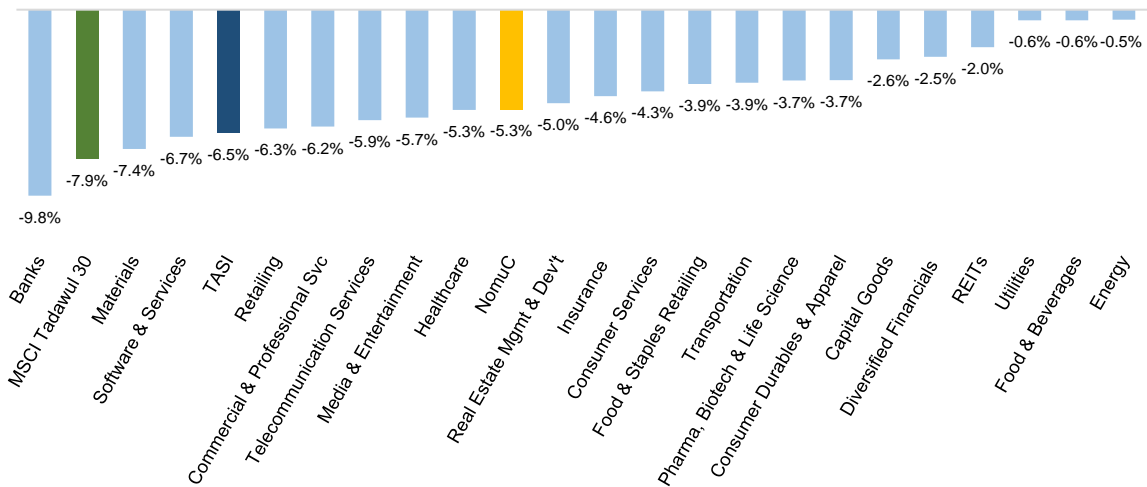


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Tadawul

The TASI fell 6.5 percent last week in the largest weekly loss since the pandemic selloff in March 2020. The index closed at 12,835 points. All sectors finished in negative territory with 'Energy' posting the softest 0.5 percent decline. The steepest declines were seen in 'Banks' and 'Materials' which lost 9.8 percent and 7.4 percent, respectively. The NomuC parallel market index also declined 5.3 percent while the MSCI Tadawul 30 lost 7.9 percent and closed the week at 1,786 points.

Tadawul Weekly Index Performance - May 13, 2022



Source: Tadawul, USSBC

- Saudi Aramco surpassed Apple as the world's most valuable company last week amid high global oil prices and a downturn in U.S. technology stocks. The oil giant reported an 82 percent YoY rise in net income in Q1, hitting SAR148.1 billion (\$39.5 billion).



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Business, Trade, & Investment

- U.S. electric car manufacturer Lucid Motors will reportedly sign a contract to begin construction of an electric vehicle (EV) manufacturing facility in King Abdullah Economic City (KAEC) on May 18.
- Lockheed Martin signed a research and development agreement with King Abdulaziz City for Science and Technology (KACST) relating to the space industry. The agreement will identify projects to develop Saudi capabilities in the sector and implement training programs for human resource development.
- Saudi Arabia is relaunching a privatization program for its 29 airports in an effort to diversify the economy, according to Bloomberg. The Kingdom first announced airport privatization plans in 2017 before putting them on hold.
- The Public Investment (PIF) will invest SAR1.2 billion (\$320 million) to establish a national coffee industry under a new company, Saudi Coffee Company. The company will partner with the private sector to develop sustainable production in the southern Jazan region.
- Jeddah Central Development Company (JCDC) selected local firm Modern Building Leaders to deliver a demolition and marine works package for the SAR75 billion (\$20.4 billion) Jeddah Central project.
- Saudi Aramco and Thailand's state-owned oil & gas conglomerate PTT signed an agreement to deepen energy cooperation between the two countries. The agreement covers blue and green hydrogen supply chains and other clean energy initiatives.

Banking

Weekly money supply M1, M2, and M3 rose 0.5 percent, 0.3 percent, and 0.1 percent, respectively, during the week ending April 21.



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U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. annual inflation was 8.3 percent in April, down slightly from last month's 40-year high of 8.5 percent. Nonetheless, the headline figure came in above market expectations. Energy prices rose 30 percent, food prices rose 9.4 percent, and new vehicle prices rose 13.2 percent. Core inflation, which excludes more volatile food and energy goods, also surpassed consensus expectations at 6.2 percent.
- Consumer sentiment fell to 59.1 points in May, the lowest since August 2011. The University of Michigan survey reading came in well below expectations as Americans remained concerned about inflation and near-term economic conditions. The subindex that measures buying conditions for durable goods fell to the lowest level since the survey began in 1978.
- Weekly unemployment claims rose slightly to reach 203K in the week ending May 7. This marked the highest level since mid-February. Despite high inflation, the U.S. unemployment rate has remained at or below 4 percent so far this year.

Fixed Income

The yield on the ten-year U.S. Treasury fell to 2.9 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 2.1 percent and finished the week at 32,197 points. The S&P 500 lost 2.4 percent and finished at 4,024 points while the NASDAQ fell 2.8 percent and finished the week at 11,805 points.



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GLOBAL MARKETS

- Arab Light crude fell 1.7 percent and finished the week at \$107.89. Saudi Aramco cut oil prices to Asia from all-time highs for June while leaving North America prices unchanged. Global benchmark Brent crude meanwhile fell 1.4 percent and finished the week at \$111.55 while West Texas Intermediate (WTI) lost 0.6 percent and closed at \$110.49. OPEC downgraded its 2022 global oil demand forecast by 310K barrels per day (bpd), citing the Russia-Ukraine conflict, high inflation rates, and COVID-19 measures in China.
- China's annual inflation rate accelerated to 2.1 percent in April from 1.5 percent in March. The reading came in ahead of market forecasts of a 1.8 percent increase and marked the highest level since November 2021. Food prices rose for the first time in five months. On a monthly basis, consumer prices in China were up 0.4 percent in April.
- The U.K. economy expanded 8.7 percent YoY in Q1. The service sector expanded 9.9 percent and construction rose 7.4 percent. However, the economy contracted slightly (-0.1 percent) on a monthly basis. Further economic deterioration is expected in the coming months as the war in Ukraine and rising inflation hit consumers' purchasing power.

THE WEEK AHEAD

- U.S. releases retail sales for April on May 17
- U.S. releases home sales figures for April on May 19