



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

Weekly Market Brief
Week Ending May 20, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia posted a budget surplus of SAR57.5 billion (\$15.3 billion) in Q1 2022, according to the Ministry of Finance. Revenues reached SAR278 billion (\$74 billion) while expenses were SAR220 billion through the first three months of the year. Oil revenue rose 58 percent while non-oil revenue rose 7 percent.
- Saudi Arabia's public debt increased 2.2 percent to SAR959 billion (\$256 billion) at the end of Q1. The increase in public debt, which totaled SAR938 billion (\$250 billion) at the end of 2021, was primarily driven by higher domestic sukuk issuances along with lower principal repayments. Domestic debt accounts for 60 percent of the Kingdom's public debt while the remaining 40 percent is considered external.
- Saudi Arabia's crude oil exports declined 1 percent MoM to 7.24 million barrels per day (bpd) in March, according to official data. Production meanwhile rose to 10.3 million bpd, the highest level in nearly two years. Separately, Saudi Arabia's energy minister stated the Kingdom is on track to reach a total production capacity exceeding 13 million bpd by 2027.

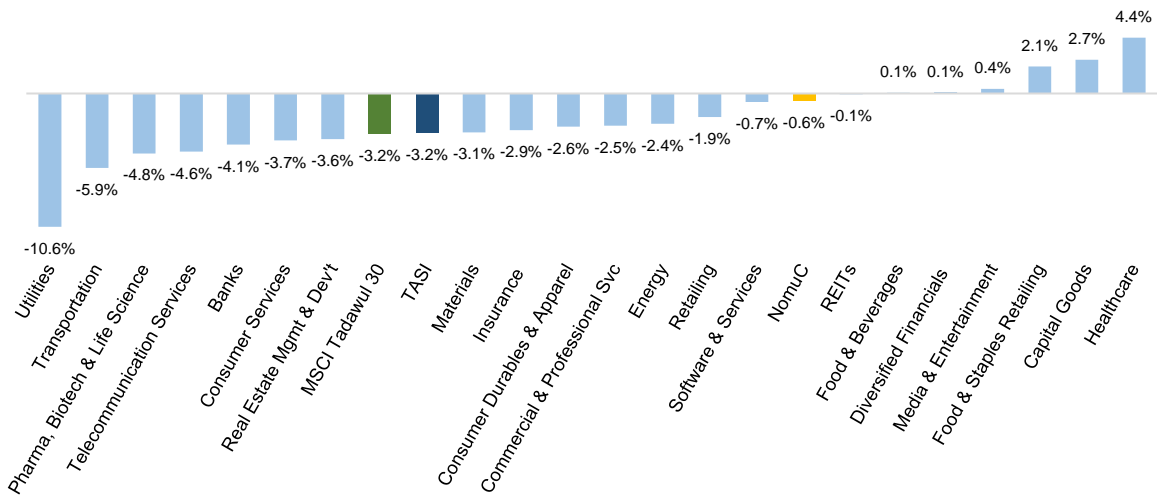


U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي

Tadawul

The TASI fell 3.2 percent last week and closed at 12,428 points. Most sectors finished in negative territory with 'Utilities' posting a steep 10.6 percent decline. 'Healthcare' was up 4.4 percent followed by 'Capital Goods' and 'Food & Staples Retailing' which rose 2.7 percent and 2.1 percent, respectively. The NomuC parallel market index slipped 0.6 percent while the MSCI Tadawul 30 fell 3.2 percent and closed the week at 1,728 points.

Tadawul Weekly Index Performance - May 20, 2022



Source: Tadawul, USSBC

- Saudi Aramco plans to offer a 30 percent stake in its trading arm, Aramco Trading Co., in an initial public offering, according to Bloomberg.
- Real estate and investment firm Amwaj International Co. will offer 600K shares at SAR72 (\$19) per share in an initial public offering (IPO), according to a bourse filing. The Nomu offering would represent 10 percent of the company's capital.



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

Business, Trade, & Investment

- Saudi Arabia's Public Investment Fund (PIF) announced a 5 percent stake in Nintendo, further expanding the Fund's ties to the video game industry. PIF has previously invested in Capcom, Nexon, Koei Tecmo and U.S. gaming companies Activision Blizzard, Electronic Arts, and Take-Two Interactive.
- PIF-backed Lucid Motors signed agreements to build an electric vehicle (EV) manufacturing facility in King Abdullah Economic City (KAEC) with an annual capacity of 155,000 vehicles. The Saudi Industrial Development Fund (SIDF) provided SAR5 billion (\$1.3 billion) in financing for the project which is expected to create over 4,500 jobs in the Kingdom.
- General Electric Saudi Advanced Turbines (GESAT), a U.S.-Saudi joint venture, was awarded a contract for the construction of three gas turbines at Saudi Aramco's Tanajib oilfield in the Eastern Province. The deal was awarded by South Korea's Samsung and will supply a total power capacity of 900 MW.
- Electromin, a subsidiary of Jeddah-based Petromin, announced the rollout of an electric vehicle charging network across 100 locations throughout the Kingdom. Phase 1 of the rollout will use AC Type 2 connectors followed by the successive rollout of additional AC chargers and DC chargers up to 360kW.
- Dubai-based Gulf Islamic Investments (GII) announced a 51 percent stake in Saudi dental healthcare operator Almeswak, totaling SAR2 billion (\$530 million). GII reportedly plans to float shares of the company on the Saudi Tadawul within the next three years.
- The Red Sea Development Company (TRSDC) signed a deal with Dutch firm Mammoet for engineering works at Sheybarah Island Resort at the Red Sea megaproject. Mammoet will install 73 prefabricated villas at the site.

Banking

Weekly money supply M1, M2, and M3 fell 1.1 percent, 1 percent, and 0.5 percent, respectively, during the week ending May 12.



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

U.S. MARKETS

U.S. Macroeconomic Developments

- Existing home sales fell 2.4 percent in April to the lowest level since the start of the COVID-19 pandemic. It marked the third consecutive month of decreased sales, reflecting rising prices, interest rates, and low inventories. The median home price rose to a record high \$391.2K, up 15 percent YoY.
- Building permits fell by 3.2 percent MoM to a five-month low of 1.82 million. Permits for single-family housing declined 4.6 percent. Similar trends were reflected in the housing starts data, which showed a 7.3 percent drop in single-family housing starts.
- U.S. industrial production grew 1.1 percent MoM in April with manufacturing output rising by 0.8 percent. Production at auto plants increased by 3.9 percent. Capacity utilization also increased to 79.2 percent in April, the highest since April 2007.
- Retail sales increased 0.9 percent MoM in April, boosted by higher sales for auto dealers, restaurants, and clothing stores. Compared to the same month last year, retail sales were up 8.2 percent.

Fixed Income

The yield on the ten-year U.S. Treasury fell to 2.8 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 2.9 percent and finished the week at 31,262 points. The S&P 500 lost 3.1 percent and finished at 3,901 points while the NASDAQ fell 3.8 percent and finished the week at 11,355 points. DJIA and S&P closed at the lowest levels since March 2021 and briefly entered bear market territory on Friday.



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

GLOBAL MARKETS

- Arab Light crude rose 1.4 percent and finished the week at \$109.42. Global benchmark Brent crude gained 0.9 percent and finished the week at \$112.55 while West Texas Intermediate (WTI) rose 2.5 percent and closed at \$113.23. U.S. benchmark WTI surpassed European benchmark Brent crude for the first time since 2020. Oil futures pulled back from midweek highs after reports that the U.S. may ease some sanctions against Venezuela to secure additional crude supply. U.S. energy firms also added oil and gas rigs for the ninth straight week.
- Industrial production in China fell 2.9 percent YoY in April, according to official data. Widespread business lockdowns and movement restrictions in response to a new wave of COVID-19 cases drove industrial production to its largest decline since February 2020. Retail sales also dropped 11.1 percent YoY in April as China's service sector was impacted by the same policies.
- Japan's economy contracted 0.2 percent QoQ in Q1, according to official estimates. This marked the second contraction in the past three quarters amid a resurgence in COVID cases and supply chain headwinds. The world's third largest economy has yet to return to pre-pandemic levels of output.

THE WEEK AHEAD

- Saudi Arabia releases international trade report for March on May 25
- U.S. releases durable goods orders for April on May 25
- U.S. releases second GDP estimate for Q2 on May 26