



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

Weekly Market Brief
Week Ending June 24, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The IMF's 2022 Article IV Consultation for Saudi Arabia revealed a GDP growth of 7.6 percent for 2022. Non-oil growth will increase to 4.2 percent in 2022, and the current account surplus will increase to 17.4 percent of GDP in 2022.
- Saudi Arabia's non-oil exports increased by 36.6 percent YoY in April 2022, rising to SAR27.4 billion (\$7.3 billion) from SAR20.0 billion (\$5.3 billion) in April 2021, according to GStat's International Trade report for April 2022. Merchandise imports rose by 12 percent YoY in the first quarter of 2022 to SAR 156.8 billion.
- The Saudi stock exchange has approved the listing of SR5.44 billion (\$1.5 billion) worth of government debt instruments submitted by the Ministry of Finance, it said in a statement. Divided into two issuances, the first is valued at SR2.86 billion (\$763 million), while the other one has a size of SR2.58 billion (\$688 million). The listing and trading of the instruments will start on June 27.

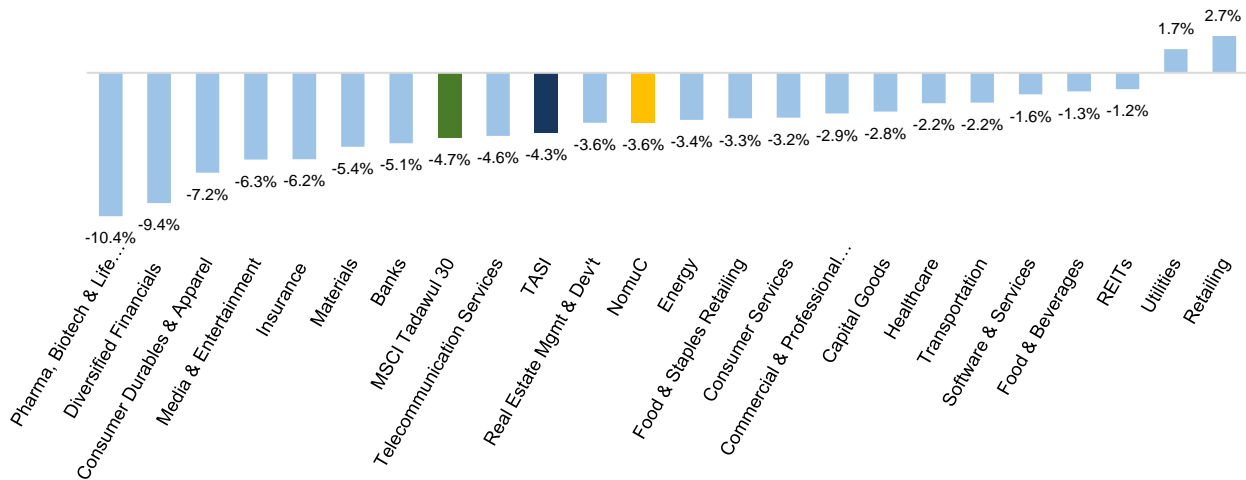


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Tadawul

The TASI fell 4.3 percent and closed at 11,310 points. All but two sectors finished in negative territory, led by 'Retailing' which grew 2.7 percent followed by 'Utilities,' which increased 1.7 percent. The NomuC parallel market index lost 3.6 percent while the MSCI Tadawul 30 fell 4.7 percent.

Tadawul Weekly Index Performance - June 24, 2022



Source: Tadawul, USSBC

- The Saudi Exchange has announced its intention to launch Single Stock Futures (SSFs) contracts on July 4, 2022, which will be cleared by the Securities Clearing Center Company "Muqassa." SSFs are the second derivatives product to be introduced on the Saudi Exchange, after launching Index Futures, as part of wider efforts to develop an advanced capital market in Saudi Arabia.



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Business, Trade, & Investment

- Saudi Arabia exported weapons, weapons parts, and ammunition worth SAR13.4 million (\$3.6 million) during the month of April 2022, which is an 87.8 percent jump compared to April 2021 when the value of arms exports stood at SAR7.1 million (\$1.9 million).
- King Abdullah University of Science and Technology (KAUST) announced a new collaboration agreement with Ocean Aero, a manufacturer and service provider of ocean-going Autonomous Underwater and Surface Vehicles (AUSVs). Ocean Aero and Shelf Subsea, a service company for the marine industry, will bring the AUSVs into Saudi Arabia, which will aid KAUST research of the Red Sea.
- Saudi Arabia has ranked second globally in the cybersecurity index within the World Competitiveness Yearbook (WCY) for 2022, published by the Switzerland-based International Institute for Management Development (IMD). The report added that Saudi Arabia has made unprecedented progress in the field of cybersecurity.
- Saudi Export-Import Bank (EXIM Bank) disbursed credit facilities of about SAR1.7 billion (\$453 million) in 2021. These facilities helped access by Saudi products to more than 50 countries, including Germany, China, India, Indonesia, the U.S., and others. The bank directed 51 percent of its total financing to small and medium-sized companies.
- Saudi Real Estate Company (Al Akaria) reached an agreement with Roshn, a national community developer and a fully owned company by Saudi Public Investment Fund (PIF), to purchase a prime residential plot within its Sedra masterplan community for future development. The transaction is being completed with a combination of Al Akaria's financial resources and through the Wafi Off-Plan Sale Program.
- Saudi Arabia's Minister of Industry and Mineral Resources H.E. Bandar Alkhorayef said on Friday the country would invest SAR13 billion (\$3.4 billion) in the vaccine and biomedical drugs sector. The investments will be implemented in two phases. The first includes techniques for manufacturing basic child vaccines and insulin, while the second aims to localize immunological and cancer drugs industry.
- Saudi Arabia and Iraq will carry out an electrical interconnection project between the two countries. The deal includes the establishment of an optical fiber line linking the two countries' communications networks.
- ACWA Power Co. signed a water purchase agreement (WPA) for Shuaibah 3 Independent Water Project (IWP), a 600,000 m³/d plant located in Shuaibah, Makkah Province, according to a bourse statement. The project is worth around SAR3 billion.



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Banking

Weekly money supply M1, M2, and M3 increased 0.5 percent, 0.38 percent, and 0.84 percent, respectively, during the week ending June 16.

U.S. MARKETS

U.S. Macroeconomic Developments

- Sales of existing homes fell 3.4 percent in May to a 5.41-million-unit annual rate. Sales of single-family homes fell 3.6 percent to a 4.8-million-unit pace, while sales of condominiums and co-ops fell 1.6 percent to a 610,000-unit pace.
- New home sales handily beat expectations in May, surging 10.7 percent to a 696,000-unit annual rate. Sales for the prior month were also revised higher to a 629,000-unit pace.
- The University of Michigan consumer sentiment was downwardly revised to a record low of 50.0 points in June 2022, from a preliminary reading of 50.2 points. The current economic conditions subindex sank to an all-time low of 53.8 points (vs. 63.3 points in May), and the expectations gauge plunged to 47.5 points.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 3.13 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) grew 5.4 percent and finished the week at 31,501 points. The S&P 500 jumped 6.5 percent and finished at 3,912 points while the NASDAQ surged 7.5 percent and finished the week at 11,608 points. This week's rally was aided by news of slowing economic growth and recent pullback in commodity prices, which tempered expectations for the Federal Reserve's rate-hike plans.



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GLOBAL MARKETS

- Arab Light crude fell 7.45 percent and finished the week at \$109.44. Global benchmark Brent crude was unchanged and finished the week at \$113.12 while West Texas Intermediate (WTI) fell 2.26 percent and closed at \$107.08. Oil prices notched their second weekly decline on concerns that rising interest rates could push the economy into a recession.
- The annual inflation rate in the U.K. increased to 9.1 percent in May 2022 from 9 percent in the previous month, the highest since 1982 and in line with market expectations. On a monthly basis, consumer prices went up 0.7 percent, above forecasts of 0.6 percent, with main upward pressure coming from food and non-food prices.
- The S&P Global Flash Germany Manufacturing PMI fell to a 23-month low of 52 points in June 2022 from 54.8 points in the prior month, missing market forecasts of 54 points, according to a preliminary estimate. Manufacturing output contracted for the second time in the past three months, as higher backlog work failed to offset the sharpest decline in new orders in two years.

THE WEEK AHEAD

- U.S. releases durable goods order for May on June 27
- Saudi Arabia releases M3 money supply for May on June 28
- U.S. releases ISM Manufacturing PMI for June on July 1