



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

Weekly Market Brief
Week Ending July 8, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi bank loans granted to public and private sectors grew 14 percent in May to SAR2.264 trillion (\$604 billion), according to Saudi Central Bank (SAMA) data. The vast majority of commercial bank lending went to the private sector as it grew 14 percent YoY during the same period.
- Residential real estate financing provided for individuals by banks in Saudi Arabia declined 1 percent YoY in May to SAR8.81 billion (\$2.35 billion). Compared to April, residential real estate financing fell nearly SAR409 million (\$109.1 million). Villa mortgages accounted for 77 percent of the total while apartments were 18 percent of the total.
- The value of Saudi Arabia's reserve assets was unchanged in May, standing at SAR1.69 trillion (\$451.7 billion). The composition of reserve assets did change slightly with the Kingdom lowering its holdings of foreign securities by 1.2 percent, raising foreign currency holdings by 2.6 percent, and its IMF reserve position by 0.4 percent.
- Total bank lending to the building and construction sector in Saudi Arabia reached SAR103.4 billion (\$27 billion) in Q1 2022, up 3.9 percent YoY.

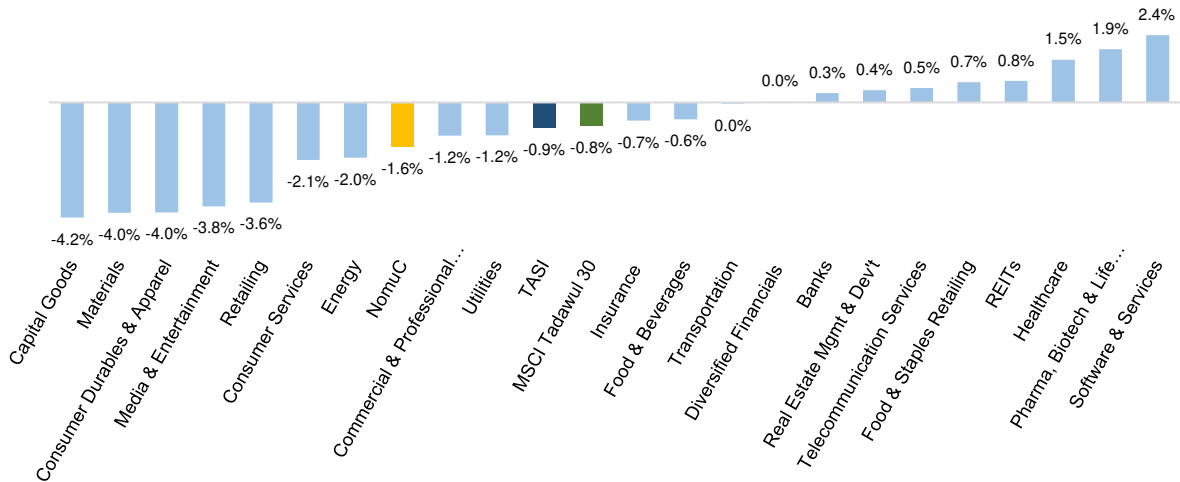


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Tadawul

The TASI fell 0.9 percent and closed at 11,417 points. ‘Software & Services’ led with a 2.4 percent gain, followed by ‘Pharma, Biotech, & Life Science’ and ‘Healthcare’ with 1.9 percent and 1.5 percent gains. The NomuC parallel market index lost 1.6 percent while the MSCI Tadawul 30 declined 0.8 percent and closed the week at 1,585 points.

Tadawul Weekly Index Performance - July 8, 2022



Source: Tadawul, USSBC

- Saudi mall operator Abdullah Al Othaim Markets Company cancelled plans for an IPO on the Tadawul stock exchange. The company had previously secured approval for listing 30 percent of its shares to the public.



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Business, Trade, & Investment

- Saudi Aramco signed 55 new agreements as part of a major expansion of its industrial investments program 'Aramco Namaat.' The agreements included six joint ventures. One of the agreements involves Honeywell developing and implementing digital technology solutions across industrial facilities.
- U.S. firm Tyson Foods announced deals to buy stakes in two Saudi-based poultry businesses as part of a strategy to drive international growth. Tyson Foods will acquire a 15 percent stake in Tanmiah Food Co. subsidiary Agriculture Development Co. and a 60 percent stake in Supreme Foods Processing Co.
- Korea Electric Power Corp. (KEPCO) was awarded the contract to develop Saudi Aramco's Jafurah cogeneration independent steam and power plant. The cogeneration plant will have a power capacity of 270 to 320 MW.
- Saudi Arabia's The Red Sea Development Company (TRSDC) entered its first joint venture with local firm Almutlaq Real Estate Investment Company (AREIC) to develop the 159-key Jumeirah Red Sea luxury resort. The JV is valued at more than SAR1.5 billion (\$400 million), according to an official statement.
- The Royal Commission for Al Ula (RCU) signed an agreement with Systra to design the Al Ula tram system, which will connect several stations and routes to historical heritage sites. The tram project is part of RCU's 'Journey Through Time' masterplan and a key pillar of the city's development program.
- The Madinah Municipality signed a contract with Al-Sharif Holding Group to establish and operate 12 electrical vehicle charging stations in the city.
- Saudi German Health awarded a SAR223 million (\$59.5 million) contract to International Hospital Construction Co. (IHCC) for the construction of an outpatient tower that includes 14 clinics and 207 additional beds.
- Saudi Arabia's Advanced Petrochemical Co. announced its subsidiary, Advanced Polyolefin's Industry Co. (APOC) signed financing agreements worth SAR6.1 billion (\$1.6 billion) for the construction of three new plants at Jubail Industrial City II. These include a propane dehydrogenation plant, a polypropylene plant, and an isopropanol plant.



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Banking

Weekly money supply M1 declined 0.1 percent while M2 and M3 increased 0.01 percent and 0.2 percent, respectively, during the week ending June 23.

U.S. MARKETS

U.S. Macroeconomic Developments

- The U.S. economy netted 372K jobs in June, beating market forecasts of a 268K gain. The headline June jobs number was in line with the prior three months, indicating a tight labor market. Job growth occurred in professional and business services (+74K), leisure and hospitality (+67K), and healthcare (+57K). Employment in manufacturing increased by 29K and returned to its February 2020 level.
- The U.S. trade deficit narrowed by \$1.1 billion to a five-month low of \$85.5 billion in May. High inflation and slowing domestic demand weighed on imports, which rose 0.6 percent. Exports meanwhile increased 1.2 percent to an all-time high of \$255.9 billion due to strong sales of crude oil, industrial materials, precious metals, pharmaceuticals, and financial services.
- Federal Reserve policymakers indicated that ongoing interest rate increases would be appropriate in the months ahead, according to Federal Open Market Committee (FOMC) June meeting minutes. A 50 to 75 basis point hike in the federal funds rate is widely expected for July. The FOMC also indicated a more restrictive monetary policy may be required if elevated inflationary pressures persist.

Fixed Income

The yield on the ten-year U.S. Treasury rose to 2.99 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 1.3 percent and finished the week at 31,097 points. The S&P 500 declined 2.2 percent and finished at 3,825 points, while the NASDAQ fell 4.1 percent and finished the week at 11,128 points. During the month of June, DJIA fell 6.7, the S&P declined 8.4 percent, and the NASDAQ fell 8.7 percent.



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GLOBAL MARKETS

- Arab Light crude fell 0.1 percent and finished the week at \$107.14. Global benchmark Brent crude declined 5.4 percent to \$107.02 while West Texas Intermediate (WTI) lost 3.4 percent and closed at \$104.79. Saudi Aramco raised August crude prices for Asian buyers to near record levels amid tight supply and strong demand. Global prices declined as rising interest rates and recession fears worried investors. Crude oil production in the U.S. stood at 12.1 million barrels per day (bpd) at the end of June, approximately 1 million bpd behind pre-pandemic levels.
- China's annual inflation rate rose to 2.5 percent in June from 2.1 percent the prior month. The headline figure was the highest since July 2020 with food prices rising the most in 21 months as consumption strengthened following eased COVID-19 restrictions. On a monthly basis, consumer prices were unexpectedly flat in June.
- India's private sector economy continued to expand in June with S&P Global PMI reaching 58.2 points, sustaining a high rate of growth. The service sector expansion was the quickest in 11 years, contributing to a rebound in private sector employment. Input prices rose the least in three months but remained near record highs.

THE WEEK AHEAD

- U.S. releases inflation rate for June on July 13
- Saudi Arabia releases inflation rate for June on July 14
- U.S. releases retail sales for June on July 15