



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

---

## **Weekly Market Brief**

*Week Ending November 23, 2018*

### **SAUDI ARABIAN MARKET**

#### **Saudi Arabia Macroeconomic Developments**

- Saudi Arabia launched the second phase of a private sector incentive plan with 17 initiatives totaling \$19.18 billion (SAR72 billion). This comes after the first phase's distributions which was valued at \$10.66 billion (SAR40 billion). The stimulus plan calls for new financing provided to businesses by the Industrial Development Fund, a series of housing programs, and an exemption of fees for companies.
- The Ministry of Housing signed five agreements to build 19,000 new housing units in different regions across the Kingdom. The new agreements are part the Ministry of Housing's development program, Sakani, which aims to provide low cost affordable housing to citizens.

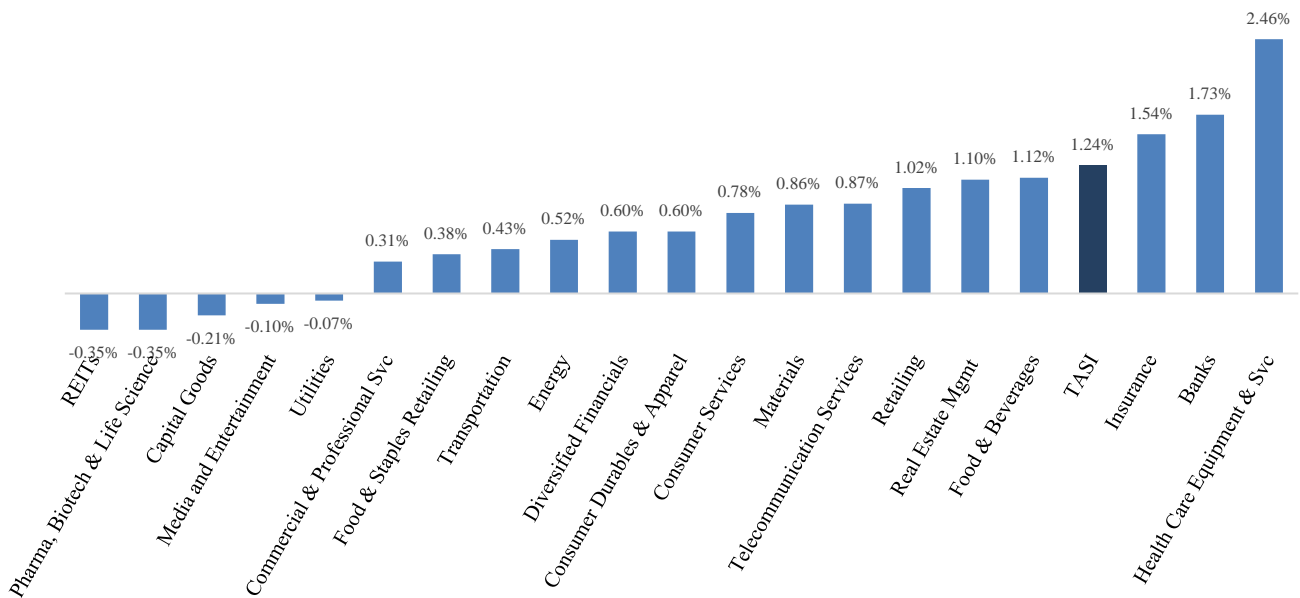


مجلس الأعمال السعودي الأمريكي  
U.S.-Saudi Arabian Business Council

## Tadawul

The TASI soared this past week as it grew by 1.24 percent. The gains were attributed to the 15 out of 20 sectors that ended in positive territory. ‘Healthcare Equipment & Svc,’ ‘Banks,’ and ‘Insurance’ led all sectors and were the main contributors in TASI’s strong showing. The sectors that were in negative territory kept losses at a minimum as both ‘REITS’ and ‘Pharma, Biotech & Life Sciences’ were down by 0.35 percent this past week.

### Tadawul *Weekly* Index Performance - November 23, 2018



Source: Tadawul, USSABC

The NOMU parallel market grew this past week by 0.75 percent.



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

---

## **Investment and Trade**

- Saudi Arabian banks recorded a \$10.05 billion (SAR37.7 billion) or 9.9 percent increase compared to the same period last year in the first 9 months of 2018. This led to the banking sector's robust growth of 1.73 percent on the TADAWUL this past week.
- According to the Tourism Information and Research Center (MAS), tourism revenues increased from \$15.3 billion (SAR57.3 billion) in 2004 to \$51.5 billion (SAR193 billion) in 2017. MAS further estimates that tourism revenues will exceed \$56.3 billion (SAR211 billion) by the end of 2018.
- King Salman inaugurated the Waad Al-Shammal project, a 440-square km city for mining industries in the Kingdom's Northern Borders. The project will cost \$22.7 billion (SAR85 billion) and is expected to create 10,000 jobs. The mining sector has been designated as a key growth industry as part of Vision 2030, and is expected to triple the sector's contribution to the Kingdom's economic output.
- The Saudi Arabian General Investment Authority (SAGIA) issued the first foreign investment license in the field of business incubators and joint works to UAE's Astrolabs. In addition, SAGIA has signed an agreement with Astrolabs to attract foreign entrepreneurs to invest in the Kingdom of Saudi Arabia, allowing foreign entrepreneurs to obtain a license to establish their companies with 100% ownership as part of the transformation that contributes to achieving the objectives of Saudi Vision 2030 to diversify the economy.

## **Banking**

Over the past week, Money Supply M1 and M3 declined, while M2 had no change. M1 dropped by 0.33 percent. M2 leveled at 0 percent. M3 slipped by 0.40 percent.



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

---

## **U.S. MARKET**

### **U.S. Macroeconomic Developments**

- The NAHB/Wells Fargo Homebuilders' Confidence index tumbled eight points in November to 60. While the overall level of builder confidence remains high, this marks the largest one-month drop since February 2014.
- Housing starts rose 1.5 percent in October, following a 5.5 percent drop in September. Building permits fell 0.6 percent, following a 1.7 percent rise the prior month. Permits are running ahead of starts and largely attributed to multi-family units.
- Durable goods orders declined 4.4 percent in October, and September's gain was revised away. Core capital goods orders also disappointed, and the three-month average annualized growth rate is now the lowest since March.
- Despite choppy financial markets, tariff concerns and potentially higher interest rates, the University of Michigan's consumer sentiment registered a solid 97.5 reading in November.
- Sales of existing homes ended a six-month slide and increased 1.4 percent to a 5.220-million-unit pace in October. Inventories continued to improve relative to a year ago, while home price appreciation continued to moderate.

### **Fixed Income**

The yield on the ten-year Treasury decreased this past week, closing at 3.05 percent.

### **Equity**

Over the past week, the U.S. stock market continued to plunge across in all major indices. The Dow closed last Friday at 24,285.95 points, reflecting a 4.64 percent decrease. The S&P 500 ended the week at 2,632.56 points, reflecting a 3.80 percent drop. The NASDAQ ended the week at 6,938.98 points, reflecting a 4.26 percent reduction.



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

---

## **GLOBAL MARKETS**

- Oil prices slumped up to nearly 8 percent to the lowest in more than a year on Friday, posting the seventh consecutive weekly loss, amid intensifying fears of a supply glut even as major producers consider cutting output. Oil supply, led by U.S. producers, is growing faster than demand and to prevent a build-up of unused fuel such as the one that emerged in 2015, the Organization of the Petroleum Exporting Countries is expected to start trimming output after a meeting on Dec. 6. Brent crude futures settled down \$3.80 a barrel, or 6.1 percent at \$58.80. During the session, the benchmark dropped to \$58.41, the lowest since October 2017. U.S. West Texas Intermediate crude (WTI) lost \$4.21, or 7.7 percent, to trade at \$50.42, also the weakest since October 2017.
- The consumer confidence indicator in the Euro Area decreased markedly to -3.9 in November 2018 from -2.7 in the previous month and below market expectations of -3, a flash estimate showed. It was the weakest reading since March 2017. In the European Union as a whole, the consumer sentiment index declined also to a 20-month low of -3.7 in November from -2.7 in October.
- Japan's consumer price inflation rose to 1.4 percent year-on-year in October 2018 from 1.2 percent in the previous month and matching market estimates. It was the highest rate since February, mainly due to a jump in food prices.

## **THE WEEK AHEAD**

- Saudi Arabia releases the Inflation Rate November 27.
- The U.S. releases its GDP Growth Rate November 28.
- The U.S. releases New Homes Sales November 28.
- The U.S. releases Personal Income and Personal Spending November 29.
- The U.S. releases the FOMC Minutes November 29

**Disclaimer:** The information contained in this document was gathered from sources believed to be accurate at the time, and the U.S.-Saudi Arabian Business Council accepts no liability from errors or omissions in any part due to human or mechanical error. The above information should not be taken as investment advice or as trading recommendation on behalf of the U.S.-Saudi Arabian Business Council.

**Sources:** The Wall Street Journal, Bloomberg, Financial Times, Reuters, Wells Fargo, Forbes.com, Tadawul, Market Watch, Trading Economics, TradeArabia, SAMA, National Commercial Bank, Al Rajhi Capital, Saudi Gazette, MEED.