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## Weekly Market Brief

Week Ending April 17<sup>th</sup>, 2020

### SAUDI ARABIAN MARKET

#### Saudi Arabia Macroeconomic Developments

- Saudi Arabia approved a new SAR50 billion (\$13.3 billion) package to accelerate payment of private sector dues. The package also includes measures to discount utility costs for commercial, industrial, and agricultural companies. Additionally, the Kingdom allocated more than SAR 47 billion (\$12.5 billion) additional funding for the healthcare sector to provide beds, medications, artificial ventilation systems and other clinical trials
- The IMF projects Saudi Arabia's GDP will contract 2.3 percent in 2020 and bounce back to 2.9 percent growth in 2021. This year, Saudi Arabia's economy is projected to decline less than the MENA average of 3.3 percent but is expected to experience a 4 percent decline in non-oil sector GDP.
- Global oil supply cuts agreed to by OPEC+ amount to 19.5 million barrels per day (mbpd) including supplementary pledges by Saudi Arabia and other G20 nations to make further cuts and oil purchases of reserves according to the Ministry of Energy. The figure more than doubles last week's reported 9.7 mbpd in oil cuts.
- Saudi Arabia raised SAR26.25 billion (\$7 billion) in a dollar-denominated bond sale to address funding shortfalls caused by low oil prices and the ongoing pandemic. The Kingdom sold \$2.5 billion in 5.5-year bonds, \$1.5 billion in 10.5-year bonds, and \$3 billion in 40-year bonds with yields of 2.94 percent, 3.34 percent, and 4.55 percent respectively. The deal was oversubscribed nearly 8:1.

#### Tadawul

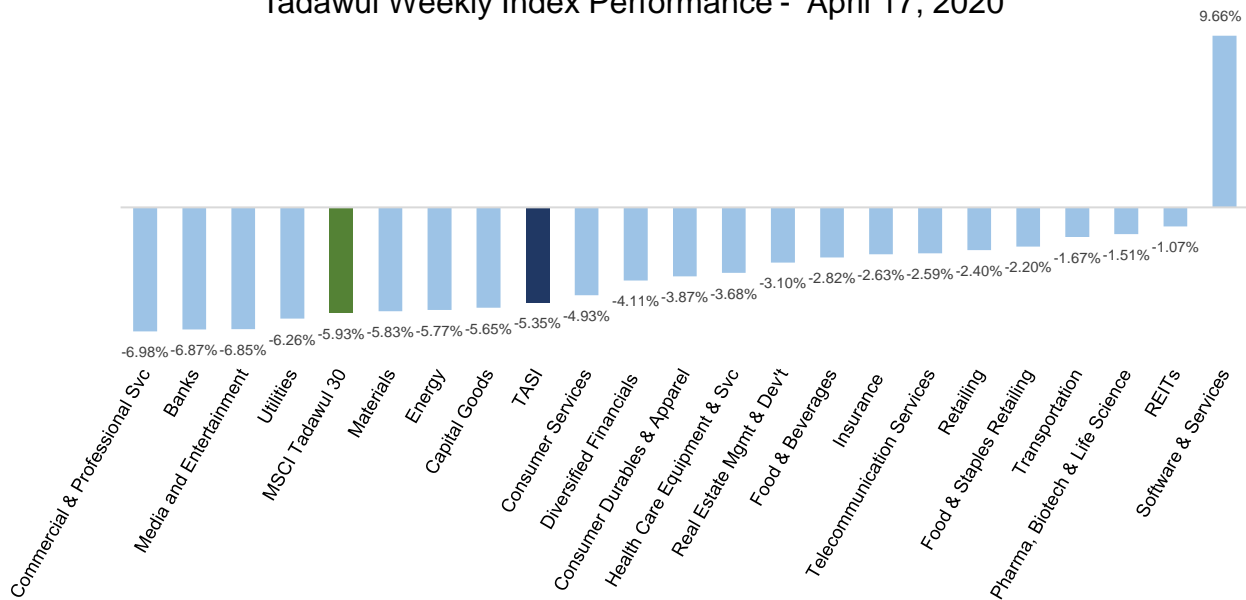
The TASI fell 5.35 percent to 6,631.69 points, ending three consecutive weeks of gains after the pandemic-related selloff in mid-March. Every sector except 'Software & Services' fell this week as Al Moammar Information Systems Co. led the index to a 9.66 percent



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gain. 'Commercial & Professional Services' and 'Banks' saw the steepest losses of 6.98 percent and 6.87 percent respectively. The MSCI Tadawul 30 Index lost 5.93 percent and ended at 918.93 points.

Tadawul Weekly Index Performance - April 17, 2020



Source: Tadawul, USSBC

The NOMU parallel market rose 8.4 percent and ended at 6,660.92 points.

Investment and Trade



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- Saudi Ports Authority (MAWANI) and Saudi Global Ports (SGP) signed a 30-year agreement worth SAR 7 billion (\$1.9 billion) to increase the capacity of King Abdul Aziz Port in Dammam by more than 120 percent to reach 7.5 million containers and add more than 4,000 jobs in the ports and logistics sectors.
- Saudi Arabia allocated SAR2 billion (\$533.3 million) to import agricultural goods including rice, sugar, soya beans, and corn.
- Mashroat signed two MoUs with the Ministry of Transport and the Saudi National Water Company to standardize and codify construction, maintenance, and operations work across more than 400 contracts in the transportation and water sectors.
- Saudi Arabia pledged SAR1.9 billion (\$500 million) to international organizations combatting the COVID-19 pandemic, including \$150 million each to the Coalition for Epidemic Preparedness and Innovation (CEPI) and the Global Alliance for Vaccines and Immunizations (GAVI).

## Banking

Money Supply M1, M2, and M3 rose by 1.18, 0.37, and 0.29 percent respectively.

## U.S. MARKETS



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## U.S. Macroeconomic Developments

- U.S. retail sales fell by a record 8.7 percent in March. For the first time on record, Americans spent more on groceries than any other category. March's reading was the worst monthly decline on record for auto dealers, restaurants, clothing and sports goods retailers, and furniture stores.
- Industrial production fell 5.4 percent in March as factories and mines shut down amid pandemic-related lockdowns. The decline in industrial output is unmatched since the post-WWII demobilization in 1946. The decline in manufacturing output was led by a 28 percent drop in motor vehicle production.
- Housing starts fell 22.3 percent in March to a 1.2-million-unit pace, following prior three months of some of the strongest multifamily housing numbers on record. Single-family and multifamily housing starts fell 17.5 percent and 31.7 percent respectively.
- More than 5.2 million Americans filed for unemployment insurance on the week ending April 11. Continuing claims, or the total number of people continuing to receive insurance, rose to 12 million the week ended April 4.

## Fixed Income

The yield on the ten-year U.S. Treasury fell this week to 0.65 percent.

## Equity

The Dow Jones Industrial Average (DJIA) rose 2.21 percent and finished at 24,242.49 points. The S&P 500 gained 3.04 percent and finished at 2,874.56 points. The NASDAQ rose 6.09 percent on the week and ended at 8,650.14 points.

## GLOBAL MARKETS



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- Arab light crude lost 18.3 percent this week and ended at \$23.32 despite a landmark OPEC+ supply cut deal that saw agreements to cut as much as 19.5 mbpd for the next two months. Global benchmark Brent crude meanwhile fell 10.8 percent and finished at \$28.08 while West Texas Intermediate (WTI) fell 19.73 percent and finished at \$18.27 as stockpile capacity reaches a ceiling and oil demand remains at record lows.
- China's economy shrank 6.8 percent YoY in Q1 of 2020, the first economic contraction since Beijing began reporting quarterly GDP in 1992. During the first quarter of the year, industrial production dropped 8.4 percent YoY, fixed-asset investment fell 16.1 percent YoY and retail sales fell 19 percent YoY while online sales of physical goods rose 5.9 percent YoY.
- Japan's exports slumped 11.7 percent YoY in March, the most in nearly four years as U.S.-bound shipments fell at the fastest rate since 2011. Imports fell 5 percent in March, versus the median estimate of a 9.8 percent decline, after the prior month's 13.9 percent drop, bringing the trade balance to a surplus of \$45.5 million.

#### THE WEEK AHEAD

- Saudi Arabia releases consumer and producer prices for March on April 22
- U.S. releases PMI for April on April 23
- U.S. releases weekly jobless claims on April 23
- Saudi Arabia releases merchandise trade figures for February on April 25