



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

Weekly Market Brief
Week Ending April 23rd, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's flight resumption planned for May 17 will not include countries that were subjected to a travel ban in early February. The U.S. is among 20 countries that will not be allowed entry via international flights when flights resume.
- Saudi non-oil exports grew 16.2 percent YoY in February, according to the latest data from the General Authority for Statistics (GASat). Total exports grew 3 percent over the same period. Non-oil exports totaled SAR18.6 billion (\$5 billion) while total exports were SAR65.8 billion (\$17.5 billion). Imports declined 6.2 percent to reach SAR40.4 billion (\$10.7 billion).
- Saudi Arabia closed its April 2021 issuance under the riyal-denominated sukuk program at SAR11.7 billion (\$3.1 billion). The sukuk was divided into two tranches: the first tranche was sized at SAR3.9 billion (\$1 billion) and matures in 2028 while the second tranche was sized at SAR7.8 billion (\$2.1 billion) and matures in 2031.
- Real estate prices rose 0.2 percent YoY in Q1 2021, primarily due to a 0.6 percent increase in residential real estate prices. Commercial real estate meanwhile declined 0.4 percent and agricultural real estate declined 0.2 percent. Among residential real estate units, apartment prices declined 1.2 percent while villa prices rose 3.1 percent.
- Saudi Arabia reduced its holdings of U.S. Treasury bonds by 1.6 percent in February to reach SAR498.4 billion (\$132.9 billion), according to the Department of the Treasury. The Kingdom's holdings of U.S. Treasuries are down 28 percent compared to last year. Saudi Arabia maintained its 14th position among the largest sovereign holders of U.S. debt.

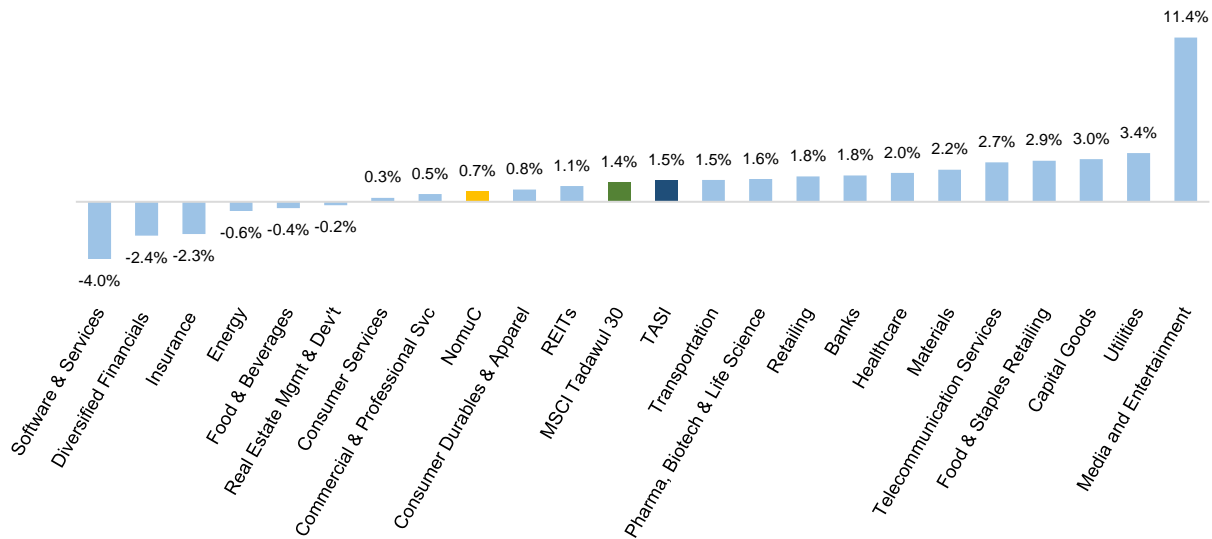


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Tadawul

The TASI rose 1.5 percent and closed at 10,134 points. Media & Entertainment led other sectors for the second consecutive week due a strong performance by Saudi Research and Marketing Group. Other top sectors included Utilities and Capital Goods with a 3.4 percent and 3 percent gain, respectively. Software & Services meanwhile declined 4 percent. The NomuC parallel market index rose 0.7 percent while the MSCI Tadawul 30 index finished the week up 1.4 percent to close at 1,380 points.

Tadawul Weekly Index Performance - April 23, 2021



Source: Tadawul, USSBC

Investment and Trade

- UAE-based Emaar Entertainment and Saudi Arabia's GOSI Investment Ventures announced a SAR1 billion (\$270 million) plan to expand the Reel Cinemas chain into the Kingdom over the next five years. The move follows the entry of Mexico-based Cinopolis theaters, UAE-based VOX Cinemas, and U.S.-based AMC Entertainment into Saudi Arabia's movie exhibition market.
- Knowledge Economic City (KEC) signed two contracts valued at SAR259 million (\$69 million) with Al-Saad Contracting and Ehaf Consulting Engineers for construction of



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- a mall, hotel, and commercial boulevard at KEC. KEC also signed an agreement with Hilton to operate Knowledge City Hub HHotel and provide engineering consultancy services.
- Oilfields Supply Center Limited announced plans to invest SAR2.8 billion (\$750 million) to build a 1-million square meter industrial energy zone at King Salman Energy Park (SPARK). The oil and gas supply base will be the first at SPARK and will contribute to the localization of Saudi Arabia's energy supply chain.
 - Schneider Electric and GREENER by IHCC signed a partnership agreement to develop the electric vehicle market in Saudi Arabia through the installation of charging infrastructure. SASO issued new regulations allowing the import of commercial EVs and charging stations last year.
 - Saudi Payments announced the launch of an updated instant payments system 'sarie' in cooperation with IBM and Mastercard. Sarie allows instant transactions across all major banks operating in Saudi Arabia.
 - Greece signed a deal with Saudi Arabia to provide a U.S.-made Patriot air defense system to the Kingdom for protection of critical energy infrastructure.

Banking

Weekly money supply M1, M2, and M3 rose 0.3 percent, 0.3 percent, and 0.1 percent, respectively, during the week ending April 15.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Existing home sales fell 3.7 percent to a 6.01-million-unit pace in March. The decline was larger than expected and follows a month of extreme weather in parts of the South and Midwest. Existing home sales reflect closings four-to-six weeks after a purchase. Median price of existing homes are up 18.5 percent over the past year.
- The Leading Economic Index (LEI) rose 1.3 percent in March, supported by broad-based gains. Lower unemployment claims, strong gains for the ISM manufacturing and services, and rising consumer expectations all contributed to an improved economic forecast.
- New home sales soared 20.7 percent in March to a 1.02-million-unit pace. Demand remains exceptionally strong with the pace of new home sales the highest since 2006. Recent sales still understate the strength of the housing market as new home inventories remain historically low.
- Weekly jobless claims continued to decrease as it reached 547,000 in the week ending April 10, a new pandemic-era low. Continuing claims fell to 3.67 million during the week ending April 3, also setting a post-pandemic low.

Fixed Income

The yield on the ten-year U.S. Treasury fell to 1.58 percent.

Equity Markets

The Dow Jones Industrial Average fell 0.5 percent and finished the week at 34,044 points. The S&P 500 lost 0.1 percent and finished at 4,180 points while the NASDAQ fell 0.3 percent and closed at 14,017 points.



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GLOBAL MARKETS

- Arab Light crude prices declined 3.1 percent last week and closed at \$64.64 per barrel. Global benchmark Brent crude fell 1.2 percent and finished the week at \$65.99 while West Texas Intermediate (WTI) fell 1.7 percent and closed the week at \$62.05. Two major oil importers, India and Japan, have seen an acceleration in COVID cases, driving oil markets lower on demand concerns. OPEC+ will hold a virtual meeting on Wednesday to discuss the current supply cut agreements.
- The Eurozone economy grew at a faster rate in April as IHS Markit's PMI rose to 53.7 compared from 53.2 in March, a nine-month high. Germany remained as the top-performing economy (PMI 56) though the service sector showed weaker activity in April. The European Central Bank kept interest rates unchanged this past week and expects to continue buying bonds for the foreseeable future.
- Japan's private sector economy returned to expansion territory according to au Jibun Bank's composite PMI, which reached 50.2 in April. It marked the first monthly figure above the 50-point mark since January 2020. Manufacturing PMI in Japan rose to 53.3 in April (from 52.7 in March) while the service sector continued to weaken amid ongoing COVID-related restrictions.

THE WEEK AHEAD

- SAMA releases monthly bulletin for March on April 28
- OPEC+ meets to discuss output agreement on April 28
- Saudi Arabia releases 2020 foreign trade report on April 29
- Saudi Arabia PMI is released by IHS Markit on May 4