



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

Weekly Market Brief
Week Ending May 28th, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The Ministry of Finance closed its May issuance under the government's riyal-denominated sukuk program at SAR3.5 billion (\$941 million). The first tranche of the sukuk was valued at SAR3.3 billion (\$881 million) and matures in 2028 while the second tranche was valued at SAR225 million (\$60 million) and matures in 2033.
- Non-oil exports from Saudi Arabia grew more than 23 percent YoY to SAR60 billion (\$16 billion) in Q1 2021. These accounted for 28 percent of total Saudi exports in Q1. The quarterly value of oil exports meanwhile reached the highest since Q4 2019 as it climbed to SAR153 billion (\$41 billion), according to the General Authority for Statistics (GASat).
- Saudi Arabia will resume the issuance of tourism visas for 11 countries starting this week, including visitors from the U.S., Japan, the U.A.E., and Germany. The Kingdom reopened international travel two weeks ago for citizens but kept a travel ban in place that included international flights from the U.S. The tourism visa program was launched in October 2019 before it was paused in early 2020 due to the pandemic.
- Saudi Arabia's reserve assets declined 1.8 percent MoM in April to reach SAR1.65 trillion (\$441 billion), according to SAMA data. The Kingdom's special drawing rights (SDR) and reserve position in the IMF both increased in April while foreign currency and deposits abroad declined.

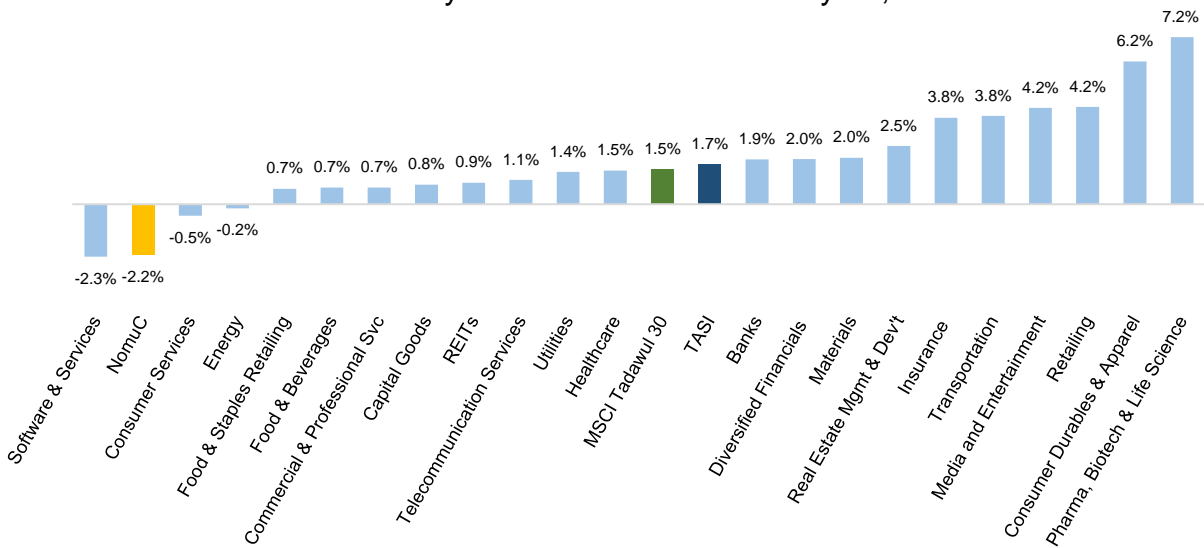


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Tadawul

The TASI rose 1.7 percent and closed at 10,520 points with most sectors finishing in positive territory for the second consecutive week following the resumption of international travel. 'Pharma, Biotech, & Life Science' led with a 7.2 percent increase followed by 'Consumer Durables & Apparel' and 'Retailing' which rose 6.2 percent and 4.2 percent, respectively. 'Software & Services' declined 2.3 percent. The NomuC index fell 2.2 percent while the MSCI Tadawul 30 index finished the week up 1.5 percent to close at 1,413 points.

Tadawul Weekly Index Performance - May 28, 2021



Source: Tadawul, USSBC



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Investment and Trade

- Saudi Arabia plans to raise SAR206 billion (\$55 billion) over the next four years through the sale of state-owned enterprises, according to the Minister of Finance. The Kingdom's privatization program, which has so far targeted the flour milling and water sectors, includes a pipeline of 160 projects across 16 sectors. Projects include asset sales and public-private partnerships in telecommunications, hospitality, desalination, and other sectors.
- U.S. movie theater chain AMC Cinemas opened a 9-screen cineplex in Jeddah last week, its ninth location in Saudi Arabia. AMC and Development and Investment Entertainment Company (DIEC), a PIF subsidiary, announced in May 2020 plans to open 40 cinemas across 15 Saudi cities in the next five years.
- The U.N. World Tourism Organization chose Riyadh as the location for its first regional office in the Middle East. The Riyadh office's mission will be to coordinate policies and initiatives across 13 countries in the Middle East and promote sustainable tourism development. Separately, Saudi Arabia pledged SAR375 million (\$100 million) last week to establish a global tourism fund with the World Bank.
- Saudi Arabia's SAR15 billion (\$4 billion) Tourism Development Fund (TDF) signed two agreements with Arab National Bank to boost financing of tourism projects in the Kingdom. The deals cover joint financing mechanisms between the two parties and financial guarantees targeted towards small and medium enterprises (SMEs) engaged in the tourism industry.
- Saudi retailer Fawaz Abdulaziz Alhokair Group signed an agreement with U.S. yoga and athleisure company Alo Yoga to open a franchise location in Riyadh's Kingdom Centre, Alo Yoga's first location outside the U.S.
- The Red Sea Development Company (TRSDC) awarded a mechanical, electrical, and plumbing (MEP) contract to local firm Al-Fayhaa Construction & Contracting to provide MEP services for the Southern Dunes hotel project and the Coastal Village project.
- Riyadh-based startup Gathern, an online room-booking platform, closed a SAR22 million (\$6 million) Series A funding round headed by Saudi venture capital firm STC and received support from U.S. venture firm 500 Startups.
- Saudi Arabia issued 83 industrial licenses in April with total capital of SAR1.6 billion (\$421 million), according to the Ministry of Industry and Mineral Resources. The number of factory licenses issued rose nearly sixfold due to low base effects from COVID lockdowns



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last year. According to the report, the industrial sector created 1,049 job opportunities for Saudis during April.

- The Italian Super Cup (“Supercoppa Italiana”) will return to Saudi Arabia next season, according to the Italian League. Saudi Arabia hosted the 2018 Italian Super Cup in January 2019 at King Abdullah Sports City in Jeddah.

Banking

Weekly money supply M1, M2, and M3 rose 0.5 percent, 0.1 percent, and 0.2 percent, respectively, during the week ending May 20.

U.S. MARKETS

U.S. Macroeconomic Developments

- Consumer confidence ticked up 0.3 points in May to a post-pandemic high of 117.5 points. The forward-looking expectations component of the index fell for the first time since February, primarily due to supply chain constraints and inflation expectations.
- Sales of new single-family homes fell 5.9 percent to an 863,00-unit pace as inventories of completed homes remain near all-time lows. Over the past year, median sales prices of new homes rose 20 percent to reach \$372,400.
- Durable goods orders declined 1.3 percent in April as supply chain issues dragged auto production and defense-related orders lower. Core capital goods, which excludes aircraft and defense goods, rose 2.3 percent.

Fixed Income

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



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Equity Markets

The Dow Jones Industrial Average rose 0.9 percent and finished the week at 34,529 points. The S&P 500 gained 1.2 percent and finished at 4,204 points while the NASDAQ rose 2.1 percent and closed at 13,749 points. During the month of May, DJIA rose 1.9 percent and the S&P rose 0.6 percent while the NASDAQ declined 1.5 percent.

GLOBAL MARKETS

- Arab Light crude prices gained 6.6 percent last week and closed at \$69.00 per barrel with OPEC+ set to reassess its supply cut agreement this Monday. Brent crude rose 4.8 percent and finished the week at \$69.63 while West Texas Intermediate (WTI) rose 4.3 percent and closed the week at \$66.32. Oil posted its biggest weekly gains in six weeks following positive U.S. economic data ahead of the summer travel season. During May, Arab Light rose 2.7 percent, Brent rose 4 percent, and WTI rose 5.5 percent.
- Bahrain implemented a two-week shutdown amid an uptick in COVID cases in the GCC region. Commercial, sports, and other non-essential activities are suspended until June 10. India was also added to a list of countries ineligible to make flights to or from Bahrain.
- China's Caixin manufacturing PMI registered at 52 points in May, the 13th consecutive month of expansion. Both domestic and overseas demand remained strong, keeping employment levels stable. Inflationary pressure grew as prices rose to the highest level since 2016.

THE WEEK AHEAD

- OPEC+ ministerial meeting on June 1
- Saudi Arabia's composite PMI for May is released on June 3
- U.S. releases May unemployment report on June 4