



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

Weekly Market Brief
Week Ending June 25, 2021

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's trade balance declined 8 percent in April to reach a SAR22.2 billion (\$5.9 billion) surplus. Imports declined 3.1 percent while exports fell 4.6 percent. The drop in exports was mainly due to non-oil exports which fell 12.6 percent while oil exports were comparatively stable. April's decline in exports reflects lower demand in China, Japan, and the U.A.E.
- The total value of U.S.-Saudi merchandise trade rose 0.4 percent to reach SAR8.3 billion (\$2.2 billion) in April. Saudi Arabia's trade balance with the U.S. returned to a surplus as oil deliveries to the U.S. and India picked up while demand in Asia slowed. Saudi exports to the U.S. rose 25 percent while imports of U.S. goods fell 18 percent during the month. The U.S. ranked as the fifth largest export destination for Saudi goods and its third largest source of imports.
- Saudi Arabia issued 145,700 building permits in 2020, according to the Ministry for Municipal and Rural Affairs. Riyadh accounted for 25 percent of the total permits, followed by the Asir region and Qassim region with 10 percent each.
- The Saudi Central Bank extended the deferred payment program for small and medium enterprises (SMEs) for three months from July 1 to September 30. The program was launched in March 2020 at the outset of the COVID-19 pandemic and has been repeatedly extended.

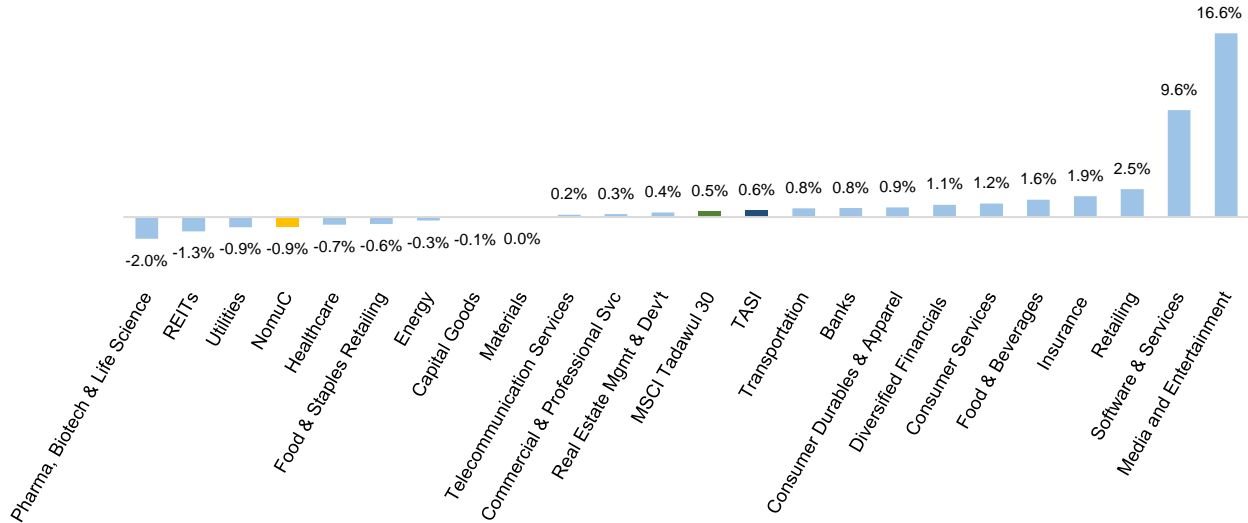
Tadawul

The TASI rose 0.6 percent and closed at 10,920 points for its seventh consecutive weekly gain. 'Media and Entertainment' led other sectors last week with a 16.6 percent increase followed by 'Software & Services' and 'Retailing,' which rose 9.6 percent and 2.5 percent, respectively. 'Pharma, Biotech, & Life Science' declined 2 percent while the NomuC parallel market index lost 0.9 percent. The MSCI Tadawul 30 index rose 0.5 percent to close the week at 1,458 points.



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Tadawul Weekly Index Performance - June 25, 2021



Source: Tadawul, USSBC

Investment and Trade

- Dutch upstream services provider Frames was awarded a contract to supply dehydration and water treatment systems to Saudi Aramco's South Ghawar onshore unconventional gas development project. The contract was awarded by the project's main contractor, Japan's JGC Gulf International Company, who signed a SAR2.1 billion (\$560 million) agreement with Saudi Aramco in April 2020.
- Watheeq Financial Services launched a SAR100 million (\$27 million) venture capital fund targeting property technology startups in Saudi Arabia. Smart cities and buildings, real estate analytics, blockchain, and online viewing technologies are some of the areas of focus for the fund.
- Saudi Entertainment Ventures (SEVEN) selected local firm Mofarreh M Alharbi & Partners to deliver a site establishment package for planned projects in Yanbu, Madinah, and



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Tabuk. The scope of the project includes construction of road works, offices, and infrastructure development.

- Spanish film studio Minimo VFX will invest SAR938 million (\$250 million) in the Saudi market through a joint venture with Saudi Next Level Co. The company will open an office in Riyadh in early 2022 with a team of 45 employees.
- The Red Sea Development Company (TRSDC) awarded a contract to El Seif Group for facilities management services at TRSDC's Coastal Village project, encompassing 18 residential buildings and 200 villas. The Red Sea Project plans to welcome its first guests by the end of 2022.
- The Saudi Cabinet approved plans for the Ministry of Finance to issue licenses converting STC Pay into a digital bank with a capital of SAR2.5 billion (\$667 million). It also created a separate new entity, Saudi Digital Bank, led by Abdul Rahman bin Saad Al-Rashed & Sons Co. with an initial capital of SAR1.5 billion (\$400 million).
- NEOM and King Abdullah University of Science and Technology (KAUST) announced a partnership to establish the world's largest coral garden covering 100 hectares off the shores of the Red Sea. The Shusha Island Coral Park project is scheduled to be completed in 2025.
- The Saudi Water Partnership Company (SWPC) signed public-private partnership (PPP) agreements for the Jubail 3B Independent Water Plant (IWP) with a consortium of France's Engie and Saudi firms Nesma Co. Ltd. and Ajlan. The length of water services agreement is 25 years.
- Saudi Arabia's Tamer Group acquired a majority stake in U.A.E.-based Mumzworld, a maternity e-commerce platform. Mumzworld expanded into the Saudi market in 2017. The acquisition is part of a "Tamer Digital" strategy to expand the company's e-commerce capacity.

Banking

Weekly money supply M1, M2, and M3 rose 0.3 percent, 0.3 percent, and 1.1 percent, respectively during the week ending June 17.



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U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. consumer spending was unchanged in May as shortages slowed motor vehicle purchases and supply chain constraints contributed to higher prices. Spending on goods fell 1.3 percent while spending on services rose 0.7 percent.
- U.S. durable goods orders rose 2.3 percent as aircraft industry sales improved. Current data indicates that motor vehicle parts shortages are persisting, but not worsening. Defense-related goods orders rose 17.4 percent and motor vehicle & parts orders rose 2.1 percent.
- U.S. manufacturing PMI rose to a record high in June, but rising prices continued to cause concern among firms. June's 62.6 points reading was the highest since the current version of IHS Markit's manufacturing survey was started in 2009.
- Existing home sales declined 0.9 percent to a 5.8-million-unit pace, falling in each of the past four months. The median price of an existing home sold in May rose to \$350,000, up 24 percent from last year.
- New home sales fell 5.9 percent in May to a 769,000-unit pace. Affordability concerns and supply shortages have slowed sales in recent months. The median price of a new home is up 18 percent in the past year to \$374,400.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.54 percent.

Equity Markets

The Dow Jones Industrial Average rose 3.4 percent and finished the week at 34,434 points. The S&P 500 gained 2.7 percent and finished at 4,281 points while the NASDAQ rose 2.4 percent and closed at 14,360 points.

GLOBAL MARKETS



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- Arab Light crude prices rose 3.6 percent last week and closed at \$74.70 per barrel, the highest since April 2019. Brent crude rose 3.6 percent and finished the week at \$76.18 while West Texas Intermediate (WTI) rose 3.4 percent and closed the week at \$74.05. Oil posted its fifth straight weekly gain as global demand continues to recover. OPEC+ will meet next week to discuss adjustments to the current supply agreement which could mean increased supply on the market starting August 1.
- Eurozone business activity grew at the fastest rate in 15 years in June as economies reopened and vaccine rollouts improved. IHS Markit's Purchasing Managers' Index (PMI) rose to 59.2 points in June compared to May's 57.1 points. The economic recovery, which had thus far been concentrated in the manufacturing sector has become more broad-based as consumer-facing service firms reported surging demand.
- Japan's private sector activity declined in June as Jibun Bank's PMI ticked down to 47.8 points in June compared to May's 48.8 points. Firms reported that reimplemented COVID protocols and supply chain problems have disrupted operating conditions. Output and new orders saw stronger declines while new export orders picked up.

THE WEEK AHEAD

- Saudi Arabia releases SAMA monthly bulletin on June 28
- Saudi Arabia releases Q1 2021 employment report on June 30
- OPEC+ ministerial meeting on July 1
- U.S. releases May employment report on July 2
- Saudi Arabia's June PMI report is released on July 5