



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

Weekly Market Brief
Week Ending February 25, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's total exports fell by 1.6 percent MoM (+62.6 percent YoY) during December to reach SAR106.3 billion (\$28.3 billion) while imports rose 5.8 percent MoM (+17.7 percent YoY) and totaled SAR53.5 billion (\$14.3 billion). The Kingdom's trade balance totaled SAR52.7 billion (\$14 billion) at the end of December, rising 166 percent YoY.
- Non-oil exports increased by 0.2 percent MoM (+43.4 percent YoY) in December to SAR23 billion (\$6.1 billion) excluding re-exports of SAR6.31 billion (\$1.68 billion), making it the highest number of non-oil exports on record. Meanwhile, oil exports dropped 5.3 percent MoM (+65.9 percent YoY) to a total of SAR77 billion (\$20.5 billion) in the final month of the year.
- Top non-oil exports were 'Products of the Chemical or Allied Industries' (32 percent of non-oil exports), which totaled SAR4.5 billion (\$1.2 billion), and 'Plastics and Rubber and Articles Thereof' (29 percent of total), which totaled SAR1.9 billion (\$507 million). The segments rose 93 percent and 29 percent from last year's levels, respectively.
- Saudi exports to the U.S. slowed 21.2 percent MoM (+288 percent YoY) while imports from the U.S. increased 5.5 percent MoM (+14.5 percent YoY) in December. The U.S. continues to rank second in the source of imports into the Kingdom while it dropped from the fifth in November to the seventh largest source of exports.
- Bank claims on the private sector rose 1 percent MoM (+14.3 percent YoY) in January to a total of SAR2.05 trillion (\$546 billion) and a total bank credit of SAR 1.98 trillion (\$528 billion). Investments in private securities hit a record high SAR72.6 billion (\$19.3 billion) at the beginning of the year.
- POS transaction sales fell 1.8 percent MoM (+16.9 YoY) in January and totaled SAR43.6 billion (\$11.6 billion). 'Food and beverages' along with 'Restaurants & Cafes' were among the highest segments.

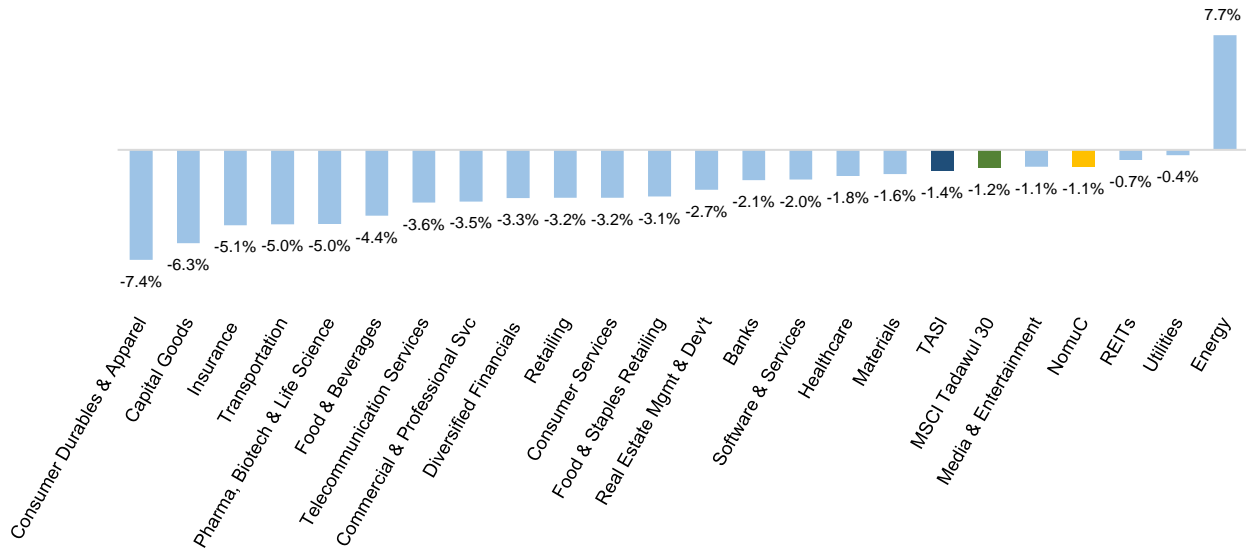


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Tadawul

The TASI fell 1.4 percent last week and closed at 12,298 points with most sectors finishing in negative territory. 'Energy' was the only sector to finish positive and was led by gains for Saudi Aramco, which hit a record high. 'Consumer Durables & Apparel' led losses again last week and fell by 7.4 percent. The NomuC parallel market index fell 1.1 percent while the MSCI Tadawul 30 lost 1.2 percent, closing at 1,723 points.

Tadawul Weekly Index Performance - February 25, 2022



Source: Tadawul, USSBC

- The Saudi Exchange (Tadawul) was closed Tuesday, February 22 for Saudi Founding Day.
- Al-Dawaa Medical Services Co. completed the book-building process for an initial public offering (IPO) on the Tadawul at SAR73 (\$19.50) per share. The company will list 25.5 million shares, representing 30 percent of the company.



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Business, Trade, & Investment

- Saudi Aramco and the international investor consortium led by BlackRock and Hassana announced a successful close of the lease and leaseback deal previously announced in December 2021. The consortium officially acquired a 49 percent stake in Aramco Gas Pipelines Company, an Aramco subsidiary, for SAR58.1 billion (\$15.5 billion).
- Saudi Arabia's Public Investment Fund (PIF) announced the opening of three new offices for subsidiary companies in London, New York, and Hong Kong.
- Lucid Motors signed a deal to open a manufacturing plant on Saudi Arabia's west coast, the company's first outside the U.S. The SAR113 million (\$30 million) deal was signed with Emaar Economic City for an industrial plot at King Abdullah Economic City (KAEC).
- PIF-owned Qiddiya Investment Company (QIC) awarded a SAR2.8 billion (\$747 million) contract to a joint venture between ALEC Engineering & Contracting and Al-Seef Engineering Contracting Co. to build a water theme park at the Qiddiya megaproject.
- Aqalat Company selected Beijing Emirates International Construction to deliver the main construction works for the Smart Square project in Riyadh. The 140K square-meter site will serve as a mobility hub for the development of electric mobility infrastructure, electric vertical take-off and landing hangars, and drone transport.

Banking

Weekly money supply M1 fell 0.3 percent while M2 and M3 rose 0.1 percent and 0.4 percent, respectively, during the week ending February 17.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Durable goods orders rose 1.6 percent MoM in January, the fourth consecutive monthly gain. Non-defense capital goods orders grew 0.9 percent over the same period. Growth was stronger than expected as transportation equipment (+3.4 percent) and machinery (+2.3 percent) orders rose at a faster pace to start the year.
- New home sales fell 4.5 percent MoM in January to an 801K annual pace. Rising home prices and mortgage rates were considered the main drag on home sales. Notably, pending home sales fell for the fourth straight month and saw the steepest drop since April 2020.
- Consumer sentiment fell to a decade low of 62.8 points, according to the University of Michigan consumer index. Inflationary pressures and rising interest rates were the most commonly cited reasons for low assessments of current conditions. The survey also showed a decade low in assessments of long-term prospects for the U.S. economy.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 1.97 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.1 percent and finished the week at 34,059 points. The S&P 500 rose 0.8 percent and finished at 4,385 points, and the NASDAQ gained 1.1 percent and finished at 13,695 points during a volatile week for U.S. equity markets.



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GLOBAL MARKETS

- Arab Light crude rose 6.7 percent and finished the week at \$97.61. Global benchmark Brent crude rose 4.7 percent and finished the week at \$97.93 while West Texas Intermediate (WTI) rose just 0.6 percent and closed at \$91.59. Conflict in Ukraine sent oil prices higher as top oil-consuming nations have raised talks of another joint release from national strategic reserves to mitigate domestic costs. The compliance rate of OPEC+ nations with production quotas was reportedly 129 percent in January. The group will meet this week to discuss the current output agreement but are widely expected to leave the deal unchanged.
- The Central Bank of Russia raised its benchmark policy rate to 20 percent, the highest in nearly twenty years, from 9.5 percent previously amid broadening international sanctions related to the conflict in Ukraine. The rate hike was designed to offset increased risk of ruble depreciation and inflation. Russia's ruble declined 11 percent relative to the U.S. dollar last week and further 21 percent over the weekend.
- India's economy expanded 5.4 percent YoY in the final quarter of 2021. Low COVID case levels and elevated consumer demand helped boost the country's economy to its fifth consecutive quarterly expansion. Service sectors such as transportation, hotels, and finance posted strong growth while manufacturing sectors saw slower growth. The world's fifth largest economy grew 8.2 percent in 2021.

THE WEEK AHEAD

- OPEC+ holds monthly meeting on March 2
- Saudi Arabia PMI for February is released on March 3
- U.S. releases employment figures for February on March 4