



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

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Weekly Market Brief  
*Week Ending June 3, 2022*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia PMI held steady at 55.7 points in May, indicating continued expansion of the non-oil private sector economy. Output and new orders grew as customer demand held up well to higher prices. Costs continued to rise amid higher fuel and input goods prices. New business rose at a slightly faster pace with nearly a third of respondents noting an increase in sales.
- Saudi Arabia's reserve assets totaled SAR1.69 trillion (\$452 billion) at the end of April, rising 0.1 percent MoM (+2.5 percent YoY). Compared to last month, the Kingdom lowered its holdings of foreign securities (-0.8 percent) and special drawing rights (-2.8 percent) while raising foreign currency holdings (+2.4 percent) and IMF reserves (+1 percent).
- Private sector bank claims rose 0.9 percent MoM (+14.2 percent YoY) in April to reach SAR2.15 trillion (\$574 billion), according to SAMA data. The central bank recently extended its Guaranteed Financing program for SMEs through March 2023.
- New residential mortgage financing totaled SAR9.2 billion (\$2.5 billion) in April. The value of new financing fell 40 percent after surging last month. Approximately 64 percent of financing was for houses, 19 percent for apartments, and 17 percent for land.
- Point-of-sale (POS) transactions in Saudi Arabia totaled SAR49.4 billion (\$13.2 billion) in April, declining 3 percent MoM. E-commerce accounted for 10 percent of total consumer spending for the first time on record, according to SAMA data. POS transactions also exceeded cash withdrawals for the first time in April.

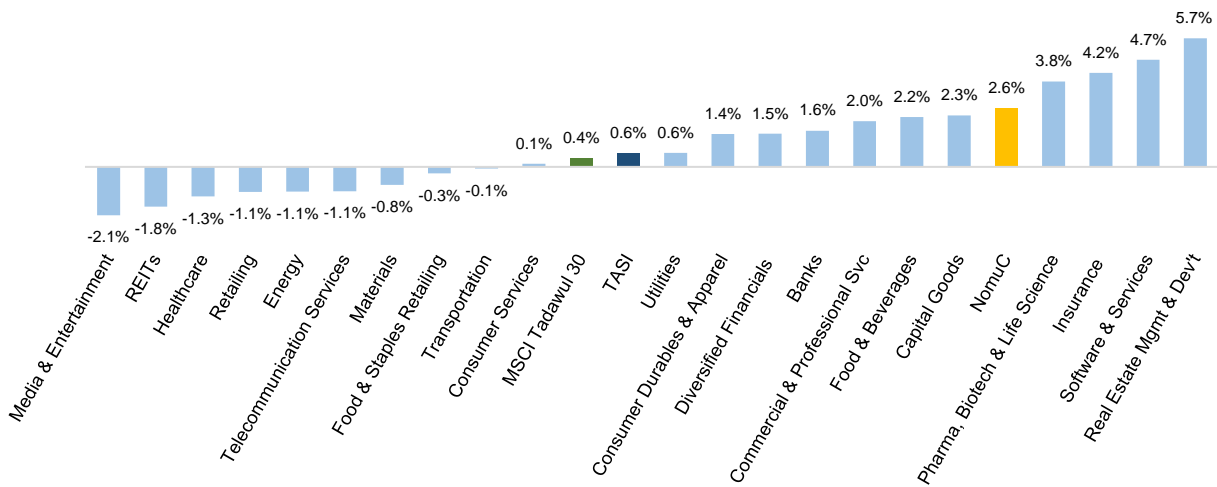


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## Tadawul

The TASI rose 0.6 percent last week and closed at 12,605 points. 'Real Estate Management & Development' led with a 5.7 percent gain followed by 'Software & Services' and 'Insurance,' which rose 4.7 percent and 4.2 percent, respectively. The NomuC parallel market index rose 2.6 percent while the MSCI Tadawul 30 gained 0.4 percent and closed the week at 1,744 points.

Tadawul Weekly Index Performance - June 3, 2022



Source: Tadawul, USSBC

- The total assets under management (AUM) held by capital market institutions licensed by Saudi Arabia's Capital Market Authority (CMA) rose 8 percent in Q1 2022 to reach SAR58.3 billion (\$15.5 billion).
- Saudi investors trading U.S. equities executed SAR39.9 billion (\$10.6 billion) in transactions in Q1 2022, falling 48 percent YoY. Saudi investment in U.S. equities rose strongly through 2019 and 2020 but has declined in the past four quarters.



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## Business, Trade, & Investment

- Ma'aden signed an agreement with U.S. firm GlassPoint to develop the world's largest solar process heat plant at Ma'aden's alumina refinery. Upon completion, the 1,500 MW solar steam facility is expected to reduce carbon emissions by 600,000 tons annually.
- Saudi Arabia launched 26 water, environmental, and agricultural projects in Tabuk Province totaling SAR2.5 billion (\$667 million). The projects included four desalination plants and five projects related to water transmission systems, according to Saline Water Conversion Corporation (SWCC). At the same event, SWCC signed agreements with Al Kawthar Manufacturing, Saudi Al Salwa Company, and France's Veolia.
- Japan's JGC was awarded a large EPC contract by Saudi Aramco for the Zuluf Arab Heavy increment central processing facilities. The Zuluf expansion is a key part of the Kingdom's strategy to increase crude production capacity to 13 million bpd by 2027.
- King Abdullah University of Science & Technology (KAUST) announced a new women's entrepreneurship bootcamp program in partnership with the University of Texas (UT). The program was developed at UT Austin's Global Innovation Lab with the participation of the U.S. Consulate General in Jeddah.

## Banking

Weekly money supply M1, M2, and M3 rose 1.2 percent, 0.8 percent, and 0.8 percent, respectively, during the week ending May 26.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- U.S. manufacturing PMI rose to 56.1 points in May, beating market forecasts. Faster gains were seen for new orders, production, and inventories. Notably, price pressures eased for the second consecutive month though employment entered contraction territory. Business sentiment remained positive, but supply chain and inflation concerns remained present.
- The U.S. economy netted 390K jobs in May while the unemployment rate remained at 3.6 percent. Notable job gains were seen in leisure & hospitality (+84K), food service (+46K), and professional & business services (+75K). Labor force participation edged up to 62.3 percent.
- U.S. services PMI fell to 55.9 points in May, missing market forecasts and indicating the slowest expansion of the service sector since February 2021. Prices eased somewhat but remained elevated. Employment levels grew while production and inventories fell.

### Fixed Income

The yield on the ten-year U.S. Treasury fell to 2.7 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.9 percent and finished the week at 32,900 points. The S&P 500 lost 1.2 percent and finished at 4,109 points while the NASDAQ fell 1 percent and finished the week at 12,013 points. The DJIA and the S&P 500 ended the month of May flat while the NASDAQ fell 2.1 percent.



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## GLOBAL MARKETS

- Arab Light crude rose 0.1 percent and finished the week at \$114.03. Global benchmark Brent crude gained 0.2 percent and finished the week at \$119.72 while West Texas Intermediate (WTI) rose 3.3 percent and closed at \$118.87. OPEC+ agreed to boost output by 648K barrels per day (bpd) starting in July, exceeding the previously decided 400K target. Despite the planned output increase, Saudi Arabia raised its July crude prices for Asian, Mediterranean, and European markets. Prices for U.S.-destined crude remained unchanged. During May, Brent rose 5.7 percent, WTI rose 9.5 percent, and Arab Light crude rose 8.4 percent.
- India's economy grew 4.1 percent YoY in Q1 2022. Growth was higher than expected but still the slowest in a year as the country contended with elevated energy prices and widespread supply chain constraints. Manufacturing output contracted while the construction and farm sectors grew. Household spending slowed considerably while both imports and exports eased.
- Turkey's economy expanded 7.3 percent YoY in Q1 2022, slowing from 9.1 percent in the previous period. Household consumption slowed while government spending and gross fixed capital formation rebounded. Net foreign demand contributed to economic growth as exports rose 16.8 percent and imports rose 2.3 percent.

## THE WEEK AHEAD

- Saudi Arabia releases GDP and National Accounts reports for Q1 2022 on June 7
- Saudi Arabia releases industrial production index for April on June 9
- U.S. releases inflation rate for May on June 10