



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

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**Weekly Market Brief**  
*Week Ending June 10, 2022*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's economy grew 9.9 percent in Q1 YoY, the highest growth rate since 2011. 'Crude petroleum & natural gas' rose 20.7 percent, 'petroleum refining' rose 17.3 percent, and 'wholesale & retail trade' rose 6.3 percent.
- Industrial production rose 26.7 percent YoY in April, according to the General Authority for Statistics (GASat). The headline index reached the highest level in three years as oil & gas, industrial production, and manufacturing activity expanded. 'Mining and quarrying,' which includes oil activity, grew 28 percent as the Kingdom raised oil production.
- Moody's affirmed Saudi Arabia's credit rating at 'A1' with a stable outlook, citing effective fiscal policies. The agency anticipated further post-pandemic recovery, progress on economic diversification, and development projects will drive an average 5 percent GDP growth rate through 2023.

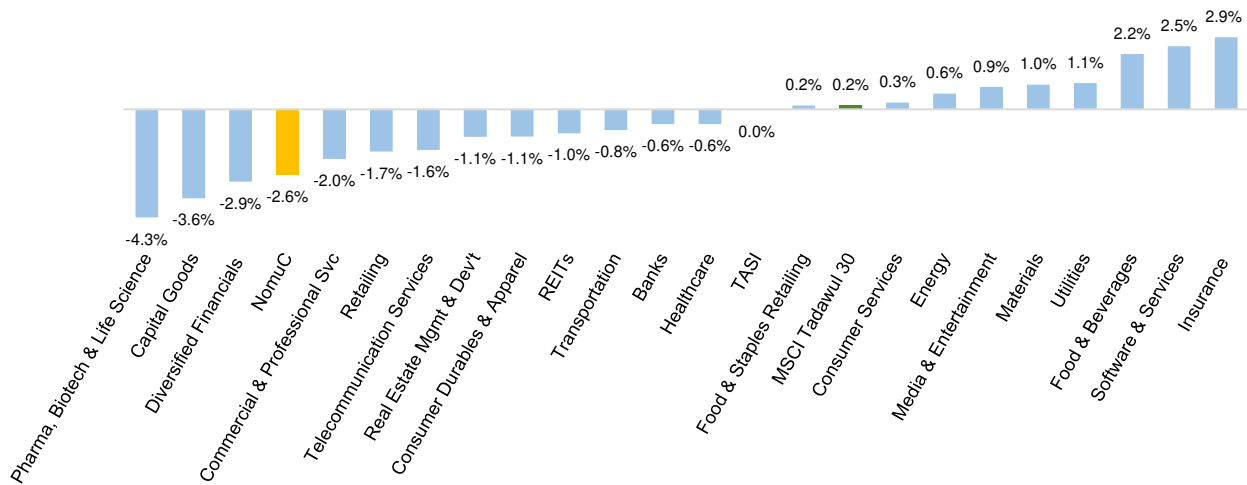


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Tadawul

The TASI was flat last week and closed at 12,604 points. 'Insurance' led with a 2.9 percent gain followed by 'Software & Services' and 'Food & Beverages,' which rose 2.5 percent and 2.2 percent, respectively. 'Pharma, Biotech, and Life Science' fell 4.3 percent. The NomuC parallel market index fell 2.6 percent while the MSCI Tadawul 30 gained 0.2 percent and closed the week at 1,746 points.

Tadawul Weekly Index Performance - June 10, 2022



Source: Tadawul, USSBC



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## Business, Trade, & Investment

- Saudi Aramco awarded the engineering services contract for a major project to expand productivity from the Haradh oil & gas field development to a joint venture of U.S. firm KBR and Saudi firm Abdulhadi & Al-Moaibed Consulting Engineering Company. The JV will perform pre-front-end engineering and design works as well as feed works for the project.
- The Ministry of Commerce announced new digital services for joint stock companies and foreign companies. These services include establishing a foreign or mixed ownership company, launching new branches of foreign companies, issuing a letter of no objection to listed joint stock companies, and other services aimed at easing the process of doing business in the Kingdom.
- The National Water Company (NWC) announced contracts totaling SAR4.3 billion (\$1.2 billion) to support the water infrastructure in Dammam, Khobar, Al Ahsa, and Qatif. The awarded contracts are expected to be executed in partnership with the private sector. Read more in USSBC's [2022 Water Sector Report](#).
- Alfancar Construction was awarded a SAR109 million (\$29 million) contract by the Ministry of Health to upgrade Ohud General Hospital in Madinah. The 24-month project aims to develop and revamp the 300-bed hospital's infrastructure.
- Saudi Arabia's Public Investment Fund (PIF) owned Savvy Gaming Group acquired 100 million shares of Swedish rival company Embracer Group. The group purchased an 8.1 percent stake in Embracer for SAR4.1 billion (\$1.1 billion), according to Bloomberg.
- China's Sepco3 was awarded a contract to build a manufacturing facility at the King Salman International Complex for Maritime Industries and Services. Saudi Aramco, Dussur, and South Korea's Hyundai Heavy Industries formed a joint venture for the project in July 2019.
- The Ministry of Tourism announced allocations of SAR375 million (\$100 million) to provide training for 100,000 people to work in the tourism and sustainability sector.
- Saudi Arabia plans to launch a major e-sports tournament in July with total prize pool of SAR56 million (\$15 million). The event will be held over eight weeks in Riyadh.



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## Banking

Weekly money supply M1, M2, and M3 rose 0.9 percent, 0.5 percent, and 0.3 percent, respectively, during the week ending June 2.

## U.S. MARKETS

### U.S. Macroeconomic Developments

- U.S. annual inflation accelerated to 8.6 percent in May, the highest since December 1981. The headline figure outpaced market expectations and was driven by a 35 percent rise in energy prices. Food prices rose 10 percent. Core inflation, which excludes food and energy, was up 6 percent YoY.
- The U.S. trade deficit narrowed to a four-month low of \$87.1 billion in April from a record \$107.7 billion in March. Exports rose 3.5 percent and hit a record high due to natural gas, soybeans, and civilian aircraft exports. Imports declined 3.4 percent due to lower household purchases and industrial spending.
- Consumer sentiment in the U.S. fell sharply to a record low 50.2 points in June, well below market forecasts. Expectations for future economic conditions fell to the lowest since May 1980. Consumer assessments of personal finances worsened by 20 percent.

## Fixed Income

The yield on the ten-year U.S. Treasury rose to 3.2 percent.



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## Equity Markets

The Dow Jones Industrial Average (DJIA) fell 4.6 percent and finished the week at 31,393 points. The S&P 500 lost 5.1 percent and finished at 3,901 points while the NASDAQ fell 5.6 percent and finished the week at 11,340 points. U.S. equities had the worst week since January following higher-than-expected inflation numbers.

## GLOBAL MARKETS

- Arab Light crude rose 6.3 percent and finished the week at \$121.17. Global benchmark Brent crude gained 1.9 percent and finished the week at \$122.01 while West Texas Intermediate (WTI) rose 1.5 percent and closed at \$120.67. Oil prices rose to a 13-week high as U.S. demand for gasoline continued to rise. Demand from China is also rising following the relaxation of some lockdown measures.
- The European Central Bank left interest rates unchanged at zero but stated its intention to raise key interest rates by 25 basis points in July, the first increase in more than a decade. The Bank raised its inflation projection for 2022 to 6.8 percent and stated it will end net asset purchases on July 1.
- China's annual inflation rate was 2.1 percent in May, unchanged from April's five month high. On a monthly basis, China saw the first decline in consumer prices in five months. Prices of food rose the most since September 2020 as consumption strengthened followed the easing of some COVID lockdown measures.

## THE WEEK AHEAD

- Saudi Arabia releases inflation figures for May on June 15
- U.S. releases retail sales for May on June 15
- U.S. Fed announces interest rate decision on June 15