



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

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Weekly Market Brief  
*Week Ending June 17, 2022*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Annual consumer inflation in Saudi Arabia rose 2.2 percent YoY in May, driven by 'food & beverages' (+4.2 percent) and transportation (+4 percent). Wholesale inflation meanwhile rose 10.2 percent YoY as petroleum and petrochemicals saw higher prices.
- The Saudi Central Bank (SAMA) raised key interest rates by 50 basis points. SAMA lifted both the repo rate and its reverse repo rate by 50 basis points to 2.25 percent and 1.75 percent, respectively. The move follows the U.S. Fed decision to raise key interest rates by 75 basis points.
- The total assets held by public and private investment funds in Saudi Arabia grew by 5 percent to SAR551.2 billion (\$147 billion) during Q1 2022, according to the Capital Market Authority (CMA). The number of subscribers to Saudi investment funds stood at 517.4K in Q1, down from 534.6K at the end of Q4 2021.

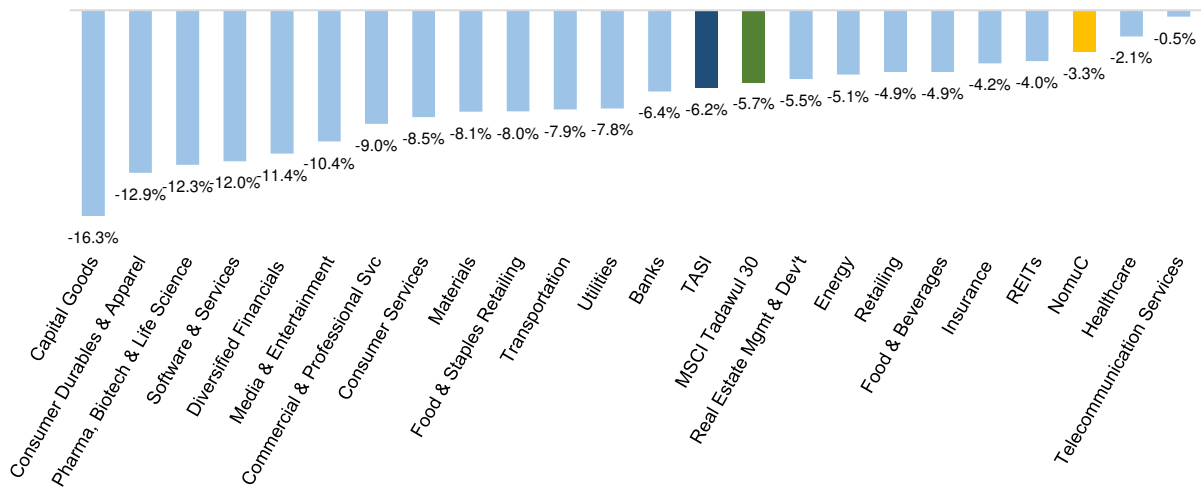


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Tadawul

The TASI fell 6.2 percent and closed at 11,824 points. All sectors finished in negative territory, led by Telecommunication Services which fell 0.5 percent followed by 'Healthcare' and 'REITs,' which fell 2.1 percent and 4 percent, respectively. The NomuC parallel market index lost 3.3 percent while the MSCI Tadawul 30 fell 5.7 percent and closed the week at 1,646 points.

Tadawul Weekly Index Performance - June 17, 2022



Source: Tadawul, USSBC



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### Business, Trade, & Investment

- The Ministry of Investment announced signing of 101 investment deals totaling SAR15.2 billion (\$4.1 billion) during Q1 2022. The U.S. was the fourth largest national source of investment deals, signing five agreements during the first three months of the year.
- Saudi Arabia's Tourism Development Fund (TDF) signed agreements with Melia Hotels International to develop SAR1 billion (\$267 million) in new projects in Riyadh, Jeddah, and the Eastern Province.
- The U.S. Department of Commerce and the Saudi Ministry of Commerce launched a Commercial Partnership Shared Work Plan to guide cooperation in key areas such as the green economy, promoting innovation, women in the workforce, and SMEs. The plan includes the development of a U.S.-Saudi business incubator based in San Francisco.
- Caterpillar's Saudi dealer Zahid Tractor was selected to supply power solutions for the construction phase of the Red Sea Project.
- Google Cloud signed a partnership with Riyadh-based Nana Direct to integrate technologies in the online grocery shopping space. The partnership is aimed at connecting households with local grocery stores and ensuring delivery of fresh produce within a 15-minute window.
- Honeywell announced a strategic collaboration agreement with Saudi Arabia's Alfaisal University to drive greater sustainability in buildings. As part of the agreement, Honeywell and Alfaisal University's College of Engineering will design and deploy joint research programs aligned with zero net carbon goals.
- Saudi Arabia and Egypt signed 14 investment deals valued at SAR28.9 billion (\$7.7 billion), according to officials. The deal includes a cooperation agreement to build the Egypt Center for Petroleum and Petroleum Products Storage.

### Banking

Weekly money supply M1, M2, and M3 fell 0.8 percent, 0.1 percent, and 1.3 percent, respectively, during the week ending June 9.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- The Federal Reserve raised the federal funds rate by 75 basis points to a range of 1.5 percent to 1.75 percent. Fed Chair Jerome Powell signaled a similar move may come at the next meeting but stated that continued 75 basis point increases were unlikely to become common. Official figures released last week showed the highest inflation in 41 years.
- Retail sales fell 0.3 percent in May, the first decline of the year compared to market forecasts of a 0.2 percent increase. High inflation and borrowing costs dampened spending on non-essential goods. Auto sales recorded the biggest decline while electronics and appliances also saw lower sales.
- Housing starts fell 14.4 percent in May, the most since April 2020. The housing market faced pressure from rising inflation and mortgage rates, which increased building material costs and impacted consumer affordability.

### Fixed Income

The yield on the ten-year U.S. Treasury rose to 3.3 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) fell 4.8 percent and finished the week at 29,889 points. The S&P 500 lost 5.8 percent and finished at 3,675 points while the NASDAQ fell 4.8 percent and finished the week at 10,798 points. U.S. equities continued to fall sharply after the Fed raised key interest rates.



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## GLOBAL MARKETS

- Arab Light crude fell 2.4 percent and finished the week at \$118.25. Global benchmark Brent crude lost 7.3 percent and finished the week at \$113.12 while West Texas Intermediate (WTI) fell 9.2 percent and closed at \$109.56. Prices fell to a four-week low as major central banks including the U.S. and Saudi Arabia tightened monetary policy amid high inflation.
- China's industrial production grew 0.7 percent YoY in May as manufacturing output rebounded following an easing of COVID-19 restrictions. Mining production grew by 7 percent. Within manufacturing, production of both chemical raw materials and chemical products returned to growth. Automotive, general equipment, and textile production continued to fall but at a slower rate.
- The Bank of Japan left key interest rates unchanged between -0.1 percent and zero percent. Japan's deficit surged in May due to higher imports but a much slower growth in exports. The Bank stated the economy had seen a pickup in private consumption, particularly in the service sector, while exports and industrial production have been impacted by price pressures and lower global demand.

## THE WEEK AHEAD

- Saudi Arabia releases international trade for April on June 23
- U.S. releases new home sales for May on June 24
- U.S. releases durable goods order for May on June 27