



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

Weekly Market Brief
Week Ending July 22, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's exports rose 5 percent MoM (+83 percent YoY) in May reaching SAR144.1 billion (\$38.4 billion) as the value of oil and non-oil goods exported by the Kingdom continued to increase. Compared to the previous month, oil exports were up 6 percent while non-oil exports rose 2 percent. Saudi imports meanwhile declined 4 percent MoM (+22 percent YoY).
- The value of U.S.-Saudi trade in May was SAR14.7 billion (\$3.9 billion), rising 4 percent MoM amid higher oil volumes to the U.S. Exports from Saudi Arabia to the U.S. rose 12 percent (+96 percent YoY) while imports from the U.S. were down 8 percent MoM (+10 percent YoY). The U.S. remained Saudi Arabia's second largest source of imports and its fifth largest export market.
- Saudi Arabia's economy will grow at an average rate of 3.9 percent between 2022 and 2026, according to ratings agency Moody's. The agency affirmed Saudi Arabia's credit rating at 'A1' with a stable outlook, supported by the government's robust balance sheet, modest debt levels, and substantial fiscal buffers.

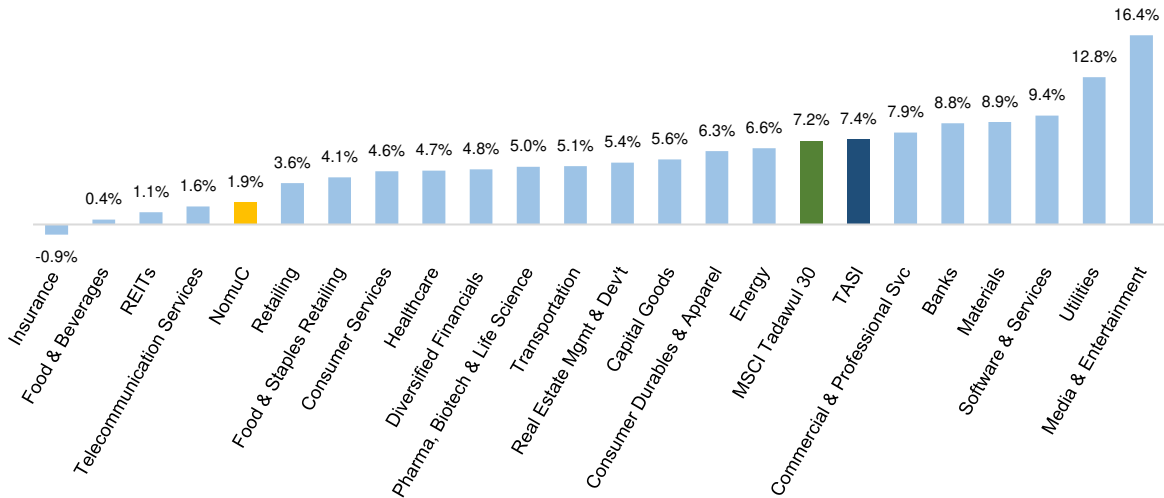


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Tadawul

The TASI rose 7.4 percent and closed at 11,988 points. 'Media & Entertainment' led with a 16.4 percent gain, followed by 'Utilities' and 'Software & Services' with 12.8 percent and 9.4 percent gains. The NomuC parallel market index rose 1.9 percent while the MSCI Tadawul 30 gained 7.2 percent and closed the week at 1,662 points.

Tadawul Weekly Index Performance - July 22, 2022



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Aramco awarded two project management service contracts to Australia's Worley for its unconventional gas program. Worley will provide front-end engineering design, design support, and construction management services.
- NEOM invested SAR112.5 billion (\$30 million) in ZeroAvia, a U.S.-U.K. startup developing hydrogen-electric, zero-emission aviation technologies. NEOM joined Barclays Sustainable Impact Capital, AENU, and International Airlines Group in the Series B funding round, which raised SAR255 million (\$68 million).
- Jeddah Central Development Company signed firms GMP International and Khatib & Alami for design and engineering works at the SAR75 billion (\$20 billion) Jeddah Central Project. The project includes a 9.5-kilometer shoreline and world-class marina.
- Investments in Saudi Arabia's mining sector exceeded SAR30 billion (\$8 billion) in 2021 after the passage of a new mining investment law, according to the Ministry of Industry & Mineral Resources (MIMR).
- Venture capital funding in Saudi Arabia rose 244 percent YoY during H1 2022 to reach a record SAR2.1 billion (\$548 million), according to a report by Magnitt and Saudi Venture Capital Company. The Kingdom closed the first half of 2022 with three straight half-year periods of sizeable growth in VC funding.
- Intel Corp. and King Abdullah University of Science and Technology (KAUST) announced the launch of a self-driving mobility platform called REDD in partnership with Brightskies. REDD is a self-driving pilot program design for researching live road environments.

Banking

Money supply M1, M2, and M3 declined 0.01 percent, 0.4 percent, and 0.03 percent, respectively, during the week ending July 14.



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U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. Purchasing Managers' Index (PMI) fell to 47.5 points in July, down sharply from 52.3 points in June. The headline index fell below the 50-point mark separating growth from contraction. Both manufacturers and service providers reported a decline in demand conditions. The pace of input price inflation eased from May's peak and the softest in six months. Business confidence slipped to the lowest level since September 2020.
- U.S. housing starts fell 2 percent in June to a rate of 1.56 million units, the slowest pace in nine months. Rising prices and mortgage rates have led to reduced housing sector activity in recent months. Single-family housing starts fell 8.1 percent during the same period.
- U.S. home sales declined to 5.4 percent to a 5.12 million-unit pace in June, the lowest since June 2020 and below market expectations. Sales were down for the fifth straight month as affordability continued to impact homebuying activity. The median home price for all types stood at \$416K in June.

Fixed Income

The yield on the ten-year U.S. Treasury fell to 2.77 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) rose 2 percent and finished the week at 31,899 points. The S&P 500 gained 2.6 percent and finished at 3,962 points, while the NASDAQ rose 3.3 percent and finished the week at 11,834 points.



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GLOBAL MARKETS

- Arab Light crude rose 5.7 percent and finished the week at \$107.88. Global benchmark Brent crude gained 5.7 percent to \$103.71 while West Texas Intermediate (WTI) lost 2.5 percent and closed at \$95.13. Oil markets were mixed last week as U.S. benchmark WTI declined after U.S. gasoline stockpiles rose 9 million barrels in the past week, the largest buildup since January. OPEC+ is set to meet again on August 3.
- The European Central Bank (ECB) raised key interest rates by 50 basis points (bps) during its July 2022 meeting, the first increase since 2011. The move ended eight years of negative rates as the ECB seeks to ease inflationary pressures on the economy. The ECB had initially agreed to a 25-bps hike but raised the level further after recent inflation reports came in higher than expected.
- Japan's composite PMI fell to 50.6 points in July, the weakest pace since March as companies noted shortages of raw materials and rising energy costs. Manufacturing activity witnessed lower production for the first time in five months. However, the rate of input cost inflation eased for the first time in six months.

THE WEEK AHEAD

- U.S. releases durable goods orders for June on July 27
- U.S. releases Fed interest rate decision on July 27
- Saudi Arabia releases SAMA monthly bulletin for June on July 28