



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

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Weekly Market Brief  
Week Ending August 19, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Wholesale prices in Saudi Arabia rose 6.8 percent in July YoY, according to the General Authority for Statistics (GASat). Inflation for wholesalers was down from 8.1 percent in June. Basic chemicals (+19.3 percent) and refined petroleum products (+3.5 percent) continued to rise but at a softer pace. 'Metal products, machinery, and equipment' prices increased 5 percent, led by general-purpose machinery (+12.1 percent) and fabricated metal products (+6.4 percent). However, wholesale prices in Saudi Arabia declined 0.4 percent MoM as lower oil prices softened inflationary pressures in downstream industries.
- Saudi Arabian bank loan portfolios rose by SAR289 billion (\$77.1 billion) in Q2 from the same quarter last year, according to the Saudi Central Bank (SAMA). Bank loans totaled SAR2.42 trillion (\$645.3 billion) at the end of Q2 2022. Loans related to trade and finance both rose 21 percent YoY and construction loans rose 9 percent YoY. Loans for transportation & communications declined 13 percent YoY.
- Saudi Arabia's holdings of U.S. Treasuries increased to SAR447 billion (\$119.2 billion) in June, according to U.S. Treasury Department data. The Kingdom's holdings rose 3.9 percent from the previous month. Saudi Arabia is the 16<sup>th</sup> largest sovereign holder of U.S. debt.
- Saudi Arabia's crude oil exports rose 2 percent MoM in June to 7.2 million barrels per day (bpd), according to the Joint Organization Data Initiative (JODI). Total production rose to 10.7 million bpd, the highest level in two years. The Kingdom's domestic crude refinery throughput rose 100K bpd to reach 2.8 million bpd, a record high for June.
- Saudi Arabia saw 62 million tourist visits this year which contributed an estimated 5.3 percent to national GDP, according to the Saudi Tourism Authority (STA). Tourism was split between 32.5 million domestic visits and 29.5 million international visits. The Kingdom aims to achieve a 45/55 million domestic/international split and for the sector to contribute 10 percent of national GDP by 2030.

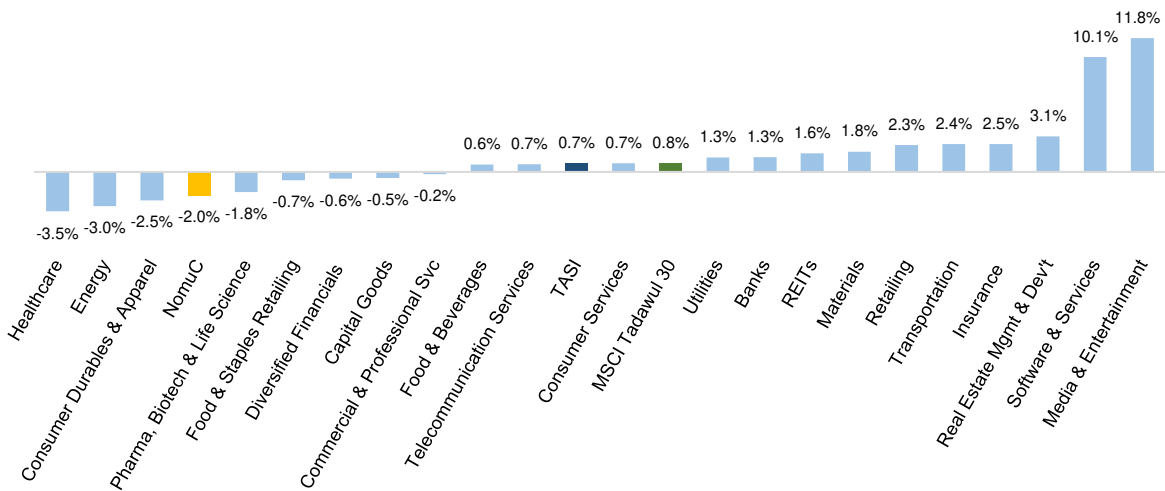


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### Tadawul

The TASI rose 0.7 percent and closed at 12,622 points. 'Media & Entertainment' led with a 11.8 percent gain, followed by 'Software & Services' and 'Real Estate Management & Development,' which rose 10.1 percent and 3.1 percent, respectively. The NomuC parallel market index declined 2 percent while the MSCI Tadawul 30 gained 0.8 percent and closed the week at 1,760 points.

Tadawul Weekly Index Performance - August 19, 2022



Source: Tadawul, USSBC



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## Business, Trade, & Investment

- Saudi Aramco announced a phased development strategy for the Jafurah gas plant project which is expected to attract more than SAR375 billion (\$100 billion) in investments over the project lifecycle. The first phase is expected in 2025 and the full field development is expected to raise Aramco's production capacity to 2 billion cubic feet/day, more than 50 percent higher than its current production volume.
- Saudi Arabia's Public Investment Fund (PIF) invested in 17 new U.S.-listed companies in Q2 with total public U.S. investments totaling SAR153 billion (\$40.8 billion), according to SEC filings. The PIF added JPMorgan Chase & Co, BlackRock, Amazon, Adobe, and Microsoft while raising its stake in Electronic Arts, Air Products, PayPal, Meta, and Shopify.
- Riyadh-based KEIR International announced a partnership with U.S. firm Quadratics Development to bring its eco-friendly construction and building technology to the Saudi market. Quadratics' building technology uses light-gauge steel and lightweight concrete that supports the Kingdom's Vision 2030 sustainable development goals.
- Mastercard signed a three-year agreement with Saudi E-Sports Federation to sponsor a major gaming event and collaborate on augmented reality (AR) solutions in the e-gaming event space.
- The Garage, a Riyadh-based startup incubator, announced a strategic partnership with Google for Startups to join a global network of startup accelerators across Europe, Latin America, Asia, and Africa.

## Banking

Money supply M1, M2, and M3 rose 0.5 percent, 0.1 percent, and 0.1 percent, respectively, during the week ending August 11.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- U.S. retail sales stalled unexpectedly in July as energy prices moderated. Sales declines were notable for motor vehicles & parts (-1.6 percent) and department stores (-0.5 percent). Sales at non-store retailers, primarily e-commerce, rose 2.7 percent. Excluding gas stations, retail sales rose 0.2 percent during July.
- The Federal Reserve maintained its hawkish view on inflation, indicating that the pace and scale of rate hikes would continue in the near-term unless price growth cooled off. The central bank raised benchmark interest rates by 225 basis points so far this year to a range of 2.25 percent to 2.5 percent.
- Existing home sales declined 5.9 percent to a seasonally adjusted 4.8-million-unit rate in July, the lowest since May 2020. The median existing home price for all housing types was \$403.9K, up 10.8 percent YoY. Total housing inventory rose 4.8 percent YoY during the same period.

### Fixed Income

The yield on the ten-year U.S. Treasury rose to 2.98 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.2 percent and finished the week at 33,707 points. The S&P 500 lost 1.2 percent and finished at 4,229 points while the NASDAQ declined 2.6 percent and finished the week at 12,705 points.



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## GLOBAL MARKETS

- Arab Light crude fell 2.6 percent and finished the week at \$102.38. Global benchmark Brent crude lost 3.4 percent to reach \$96.72 while West Texas Intermediate (WTI) fell 1.4 percent and closed at \$90.77. The U.S. dollar continued to strengthen last week, hitting a five-week high and making oil more expensive for international buyers. The U.S. rig count was flat for the week and recession concerns persisted amid mixed economic signals.
- Annual inflation in Japan rose to 2.6 percent in July from 2.4 percent in June, the highest since April 2014. Food and fuel costs as well as a weakening yen drove consumer prices higher for the eleventh consecutive month. Core consumer prices were still up 2.5 percent YoY (+0.5 percent MoM).
- Retail sales in the U.K. unexpectedly rose 0.3 percent MoM. Sales had declined or remained flat in seven of the previous nine months. Non-store retailing, primarily e-commerce, rebounded 4.8 percent. Sales volumes were 2.3 percent above pre-pandemic levels but remained down from the same point last year when COVID lockdowns were still in effect.

## THE WEEK AHEAD

- U.S. releases new home sales for July on August 23
- Saudi Arabia releases international trade figures for June on August 24
- U.S. releases durable goods orders for July on August 24