



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

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Weekly Market Brief  
*Week Ending August 5, 2022*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil private sector economy remained firmly in growth territory in July, according to S&P Global's Purchasing Managers' Index (PMI). Saudi PMI was 56.3 points in July as new business continued to expand. Export sales continued to improve and employment levels rose at the fastest pace since September 2019. Input cost inflation continued to weigh on business outlook.
- Remittances of expatriates in Saudi Arabia rose 17 percent MoM in June, reaching SAR13.2 billion (\$3.5 billion). Saudi citizens' remittances abroad recorded a 5 percent increase to reach SAR6.8 billion (\$1.8 billion), according to data from the Saudi Arabian Monetary Authority (SAMA).
- Consumer spending in Saudi Arabia rose 19 percent YoY in June to reach SAR46 billion (\$12.3 billion). Approximately 33 percent of point-of-sale (POS) transactions were made using mobile devices while 61 percent were made with cards. Only 6 percent of POS transactions in the Kingdom were done using non-digital payment methods, according to SAMA data.
- OPEC+ agreed to raise oil production by a modest 100K barrels per day (bpd) starting in September as total output nears pre-pandemic levels.

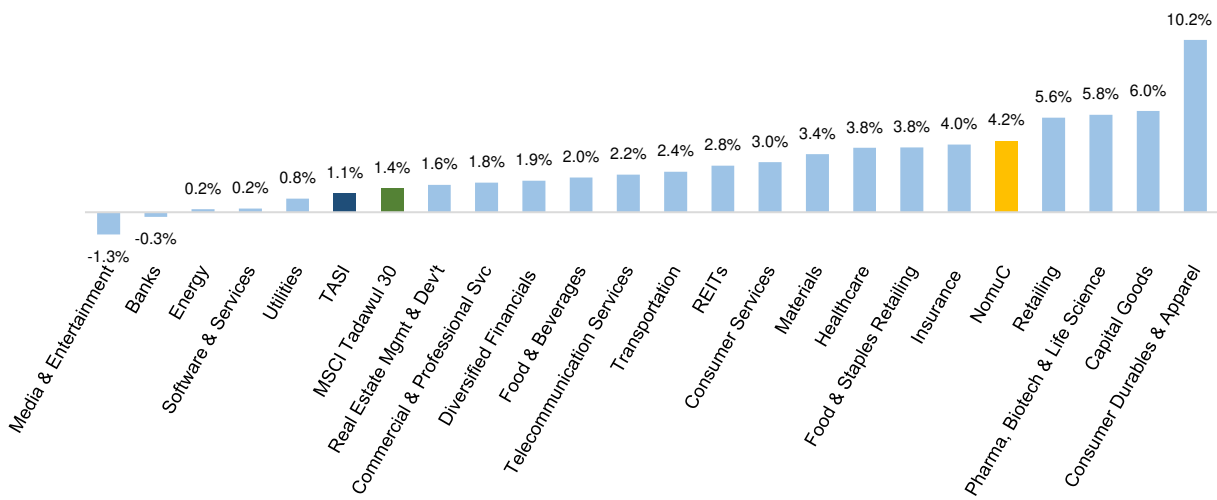


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Tadawul

The TASI rose 1.1 percent and closed at 12,292 points. 'Consumer Durables & Apparel' led with a 10.2 percent gain, followed by 'Capital Goods' and 'Pharma, Biotech, & Life Science' with 6 percent and 5.8 percent gains. The NomuC parallel market index rose 4.2 percent while the MSCI Tadawul 30 gained 1.4 percent and closed the week at 1,703 points.

Tadawul Weekly Index Performance - August 5, 2022



Source: Tadawul, USSBC



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## Business, Trade, & Investment

- The U.S. Department of State approved the sale of 300 patriot missiles valued at SAR11.4 billion (\$3.1 billion) to the Kingdom of Saudi Arabia. The sale involves PATRIOT MIM-104E Guidance Enhanced Missile-Tactical Ballistic Missiles (GEM-T) and other tools and related test equipment.
- Saudi Arabia closed 49 investment deals worth more than SAR3.5 billion (\$925 million) in Q2, according to a Ministry of Investment report. Major deals included a SAR500 million (\$133.3 million) agreement between the Saudi Ports Authority and DP World to build a logistic park at Jeddah Port and a SAR139 million (\$37 million) agreement between U.S. finance firm Mastercard and Saudi e-commerce platform HyperPay to expand the Kingdom's digital payment ecosystem.
- The Ministry of Environment, Water, & Agriculture (MEWA) announced the allocation of SAR105 billion (\$40 billion) for water projects within a five-year capital portfolio that includes 1,335 projects. Read more about the Kingdom's water sector strategy in USSBC's [Water Sector 2022 Report](#).
- Saudi Arabia's Cabinet announced the establishment of the Saudi Investment Marketing Authority which aims to attract national and foreign investments to meet the more than SAR12 trillion (\$3.2 trillion) in investments by 2030 needed under the government's National Investment Strategy (NIS).
- Doosan Enerbility signed a SAR2.4 billion (\$640 million) deal with an ACWA Power subsidiary to build a 600K-ton seawater desalination plant south of Jeddah. The deal marks the third seawater desalination collaboration between Doosan Enerbility and ACWA Power.
- Saudi Arabia's General Authority for Civil Aviation (GACA) signed an agreement with the Polish Civil Aviation Authority to establish a bilateral air transport services framework to enhance connectivity between the two countries and support interregional travel.
- The U.S. extended the visa validity for Saudi citizens from five years to 10 years starting Monday, August 1.

## Banking

Money supply M1 rose 0.4 percent while M2 and M3 declined 0.4 percent and 0.1 percent, respectively, during the week ending July 21.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- The U.S. economy netted 528K jobs in July, more than doubling market expectations on top of an upwardly revised 398K net jobs in June. The biggest job gains occurred in 'leisure & hospitality'(+96K), 'food services' (+74K), and 'professional & business services' (+89K). Private sector employment stood 629K jobs above pre-pandemic levels while government employment remained 597K below pre-pandemic levels.
- U.S. ISM non-manufacturing PMI unexpectedly increased to 56.7 points in July, the highest in three months. Faster increases were recorded for production and new orders while employment fell at a slower rate. Respondents reported material and labor shortages, along with inflationary pressures, as continuing impediments for the service sector.
- The U.S. trade deficit narrowed by \$5.3 billion to a six-month low of \$79.6 billion in June. Exports rose 1.7 percent to reach an all-time high of \$260.8 billion while imports slipped 0.3 percent. Trade deficits widened with China and Mexico while narrowing with the EU, Canada, and Russia.

### Fixed Income

The yield on the ten-year U.S. Treasury rose to 2.83 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) fell 0.1 percent and finished the week at 32,804 points. The S&P 500 gained 0.4 percent and finished at 4,145 points while the NASDAQ rose 2.2 percent and finished the week at 12,658 points.



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## GLOBAL MARKETS

- Arab Light crude fell 9.2 percent and finished the week at \$100.56 after OPEC+ agreed to a modest 100K bpd supply increase starting in September. Global benchmark Brent crude lost 13.7 percent to reach \$94.92 while West Texas Intermediate (WTI) fell 9.7 percent and closed at \$89.01. Oil markets saw the fastest declines since the onset of the COVID-19 pandemic with global crude prices falling to six-month lows. The U.S. rig count fell by three as demand uncertainty outweighed supply concerns. Prices rose on Friday following a better-than-expected U.S. jobs report.
- China's trade surplus hit a record \$101.3 billion in July, outpacing market forecasts as exports surged. Asia's largest economy saw exports rise 18 percent while imports grew at a slower 2.3 percent pace. China's trade balance with the U.S. stood relatively unchanged in July at \$41.5 billion.
- India's central bank raised key interest rates by 50 basis points (bps) at its August meeting, the third consecutive monthly hike. The repo rate now stands at 5.4 percent as policymakers exceeded an expected 35 bps rate hike in a bid to bring down persistent inflation.

## THE WEEK AHEAD

- Saudi Arabia releases industrial production index for June on August 10
- U.S. releases inflation figures for July on August 10
- U.S. releases consumer confidence for August on August 12
- Saudi Arabia releases inflation figures for July on August 15