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# Business Insight

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## IN THIS EDITION ...

Saudi Arabia's economy is returning to full health as oil prices ticked higher and the non-oil economy shifts into top gear.

The second quarter showed strong growth, according to the Ministry of Finance, while the International Monetary Fund expects real GDP to expand 1.9% this year, and another 1.9% in 2019.

While lauding authorities' efforts to boost the economy, the IMF has also suggested pursuing structural reforms to maintain the momentum.

"[IMF directors noted] the progress with the privatisation and public-private partnerships plans and believed this programme should be accelerated. They agreed that the public sector could be a catalyst for the development of new sectors, but emphasised that this should not crowd-out the private sector," the IMF said.

IHS Markit, which tracks the Saudi economy, projects the country to grow stronger in the second to fourth quarters of 2018, with further boosts expected in 2019 when business activity accelerates.

Following positive economic growth in the first half of the year, analysts expect the Saudi economy to strengthen further, thanks to the Vienna Alliance's decision to raise OPEC and non-OPEC production quotas and higher global oil prices after a period of cutting back oil output for close to two years.

Saudi authorities have also moved to ease fiscal consolidation in the 2018 budget, and are expected to invest in infrastructure projects to boost non-oil activity in 2018, as they realise the goals of Saudi Vision 2030, which is already off to a strong start.

In addition, the economy is set to benefit from higher crude oil prices, with global demand expected to rise this year and the next.

Targeted infrastructure and development projects will help stabilise and strengthen the construction, manufacturing, trade, and transportation sectors, and boost developing sectors, such as renewable energy, and small and medium enterprises.

### ECONOMIC TRENDS

Higher oil prices may have boosted quarterly revenues, but the non-oil segment also pulled its weight, leading to the kingdom's stellar fiscal performance.

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The kingdom will see investment of around USD 600 billion to ensure sustainable sources are well represented in its energy mix.

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### COMMODITY

Prices of industrial and precious metals have taken a beating in recent months as escalating trade rhetoric pose serious market concerns.

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# SAUDI ECONOMY GAINS MOMENTUM IN Q2 2018

The Saudi economy saw more improvements in the second quarter of 2018, suggesting that business activity for the remainder of the year could further surge.

The Ministry of Finance noted that total revenues jumped 67% in the second quarter, year on year, to reach SAR 273.58 billion. Encouragingly, non-oil revenues rose 42%, year on year, to SAR 89.42 billion.

Oil sector benefitted from rising oil prices, with revenues from the commodity soaring by 82% compared to the previous year and hitting SAR 184.165 billion, data shows. Meanwhile, total expenditure rose at a slower pace to SAR 280.95 billion, an increase of 34% from last year.

The kingdom's second quarter deficit reached SAR 7.361 billion, representing a reduction because of the growth in revenues, the ministry said in a statement. Public debt increased from SAR 443.253 billion at the beginning of 2018 to reach SAR 536.954 billion by the end of the quarter.

"The fiscal figures announced for the 2018 Q2 reflect the improvement in the performance of public finances, which will lead us to continue our reform plans aimed at economic diversification and achieving fiscal sustainability," said Mohammed Al-Jadaan, the minister of finance.

The ministry is collaborating with other government agencies to support the kingdom's macroeconomic stimulus and achieve the objectives of the fiscal balance programme 2020, part of the wider Saudi Vision 2030 initiative.

Latest available data from the Ministry of Finance shows that real GDP grew by 1.2% in the first quarter of 2018, while the non-oil sector expanded by 1.6%.

## STRONG CONSUMER SPENDING

Indicators suggest continued improvement in the economic activity in the second quarter of this year especially in the area of private consumption, as evidenced by a rise in cash sales and cash withdrawals during the period.

Year-on-year point-of-sales (PoS) transactions grew 6.8% in June, although ATM transactions fell 4.4%, reflecting slower activity due to the Eid al-Fitr holidays, which was in line with the decline during last year's Eid holidays. Both PoS transactions and ATM withdrawals have been growing in the second quarter, compared to the previous quarter.

The Ministry of Finance also noted that private investment performance saw good progress. In addition, private credit in the second quarter registered a positive growth for the first time since the first quarter of 2017.

"These indicators provide a positive view for the continued improvement in GDP performance for the second quarter supported by improved levels of government investment and operating expenditure, as well as the recovery of world oil markets," according to the ministry.

Bank credit to most sectors also grew in the second quarter, rising 0.18% year on year, and 1.5% quarter on quarter, according to the Saudi Arabian Monetary Authority (SAMA).

Credit to manufacturing and processing (up 7.77% quarter on quarter) and building and construction (up 5.5%) were among the most active. Consumer loans for renovation and home improvement, vehicles, furniture, travel and education also rose year on year and quarter on quarter.

Inflation, however, increased by 2.1% in June versus the same period in 2017, and inched slightly by 0.1% from May this year, although housing and utilities segment fell by 1.4% year on year, affected by the lower prices in rentals for housing.

Encouragingly, SAMA foreign reserves reached USD 1.8 billion in June, taking its overall level to USD 506 billion. Reserves have risen USD 10 billion this year in further indication that the country's fiscal situation continues to strengthen.

## IMF REVIEW

The International Monetary Fund (IMF) echoed the sentiments expressed by the Ministry of Finance.

The latest IMF report on Saudi Arabia, which was published in July, estimates real GDP growth to increase to 1.9% in 2018, with non-oil growth strengthening to 2.3%. Real GDP is expected to grow another 1.9% in 2019.

"Growth is expected to pick-up further over the medium-term as the reforms take hold and oil output increases. Risks are balanced in the near-term," the IMF said, noting that unemployment stands at 12.8%.

The IMF recommends pursuing fiscal reforms including through the introduction of value added tax (VAT) and further energy price increases at the beginning of 2018.

"Reforms are also ongoing to improve the business environment, develop a more vibrant small and medium enterprises (SME) sector, deepen the capital markets, increase the involvement of women in the economy, and develop new industries with high potential for growth and job creation," the fund noted.

The current account balance is expected to be in a surplus of 9.3% of GDP in 2018 as oil export revenues increase and remittance outflows remain subdued. Meanwhile, SAMA's net foreign assets are expected to increase this year and over the medium-term, according to the IMF.

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# SURGE IN RENEWABLES PROJECTS MARKS SAUDI'S SHIFT TO GREEN ENERGY

Saudi Arabia has accelerated its renewable energy plans with the launch of a new wind power project. The Renewable Energy Project Development Office (REPDO), a division of the Ministry of Energy, Industry and Mineral Resources, said in July it had received request for proposals for its first utility-scale wind power project as part of the National Renewable Energy Program (NREP).

"The USD 500 million Dumat Al Jandal wind farm in the northern Al Jouf region will generate enough power to supply up to 70,000 Saudi households as it connects to the northern electricity grid," said Khalid Al Falih, minister of energy, industry and mineral resources

A consortium of ACWA Power and Martifer Renewable submitted a bid of 10.1132 hals/kWh (USD 26.93/MWh) levelised cost of electricity; EDF Energies Nouveles S.A. and Abu Dhabi Future Energy Company PJSC (Masdar) presented a bid for 7.99689 in hals/KWh (USD 21.30/MWh); International Power (Engie) and Saudi Services for Electro Mechanic Works Co. jointly bid for 8.870 hals/kWh (USD 23.62/MWh); and a consortium of Enel Green power S.p.A. and Al Babtain Contracting Company LLC bid for 12.713 in Hals/KWh (USD 33.86/MWh).

The bid prices are considered to be among the lowest in the world, with the winner to be picked on December 18, backed by a 20-year power purchase agreement with the Saudi Power Procurement Company.

"The Kingdom's first utility-scale wind project opens a new chapter in our journey towards a diversified energy mix," said Khalid Al Falih, Minister of Energy, Industry and Mineral Resources.

Dumat Al Jandal area was chosen for the country's first utility-scale wind power project after predevelopment studies showed a strong mixture of Class II and Class III wind capabilities on the site.

## RENEWABLES IN THE SPOTLIGHT

NREP, part of the Saudi Vision 2030 programme, aims to accelerate the use of renewable energy capacity in the kingdom's energy mix to 3.45 GW by 2020, equivalent to 4% of the kingdom's total energy production. This will rise to 9.5 GW by 2023, or 10% of Saudi's total energy production, at a total investment of around USD 600 billion.

Earlier this year, REPDO awarded its first solar project to ACWA Power. The USD 300 million project in Sakaka, also in Al Jouf region, will generate 300 MW of solar PV once it starts commercial operations in 2019.

Indeed, the kingdom has major plans for its solar energy sector. In March, the Public Investment Fund – Saudi Arabia's sovereign wealth fund- signed a memorandum of understanding with Softbank Vision Fund LP to develop the New Solar Energy Plan 2030, the largest project of its kind in the world.

The two entities aim to commission two solar generation projects with 3GW and 4.3GW capacity, respectively, by 2019. By 2030, the joint partners plan to manufacture and develop solar panels in Saudi Arabia for power generation with total capacity of 150GW and 200GW.

The massive project aims to create 100,000 direct and indirect jobs in the country, add around USD 40 billion to the country's GDP by 2030, and cut Saudi Arabia's own oil and gas demand, leaving more for exports.

"As per the MOU, the parties agree to explore the manufacture and development of energy storage systems, establish joint ventures for research and development and produce solar panels with a capacity of 200 GW in Saudi Arabia, PIF said.

"Moreover, PIF and the SoftBank Vision Fund will identify opportunities to establish solar and battery manufacturing ecosystems in the kingdom, helping to support sector diversification and high-tech job creation."

## ACQUIRING ACWA

In July, the Public Investment Fund acquired a 5.2% stake in ACWA Power, or the International Company For Water And Power Projects, which develops, owns and operates power generation and water desalination plants.

Considering the 9.78% ownership of its wholly owned subsidiary Sanabil Direct Investments Company, PIF's total shareholding directly and indirectly represents a 24.98% equity interest in ACWA Power.

The entire investment will be in the form of a capital increase and the proceeds will be used to support ACWA Power's growth strategy and investment plan, according to the PIF.

"In the Kingdom of Saudi Arabia, with 54% of the ACWA Power's gross power generation capacity and 93% of its gross water desalination capacity, ACWA Power is able to provide 14% and 33% of the power and desalinated water consumption in the Kingdom of Saudi Arabia respectively," PIF said.

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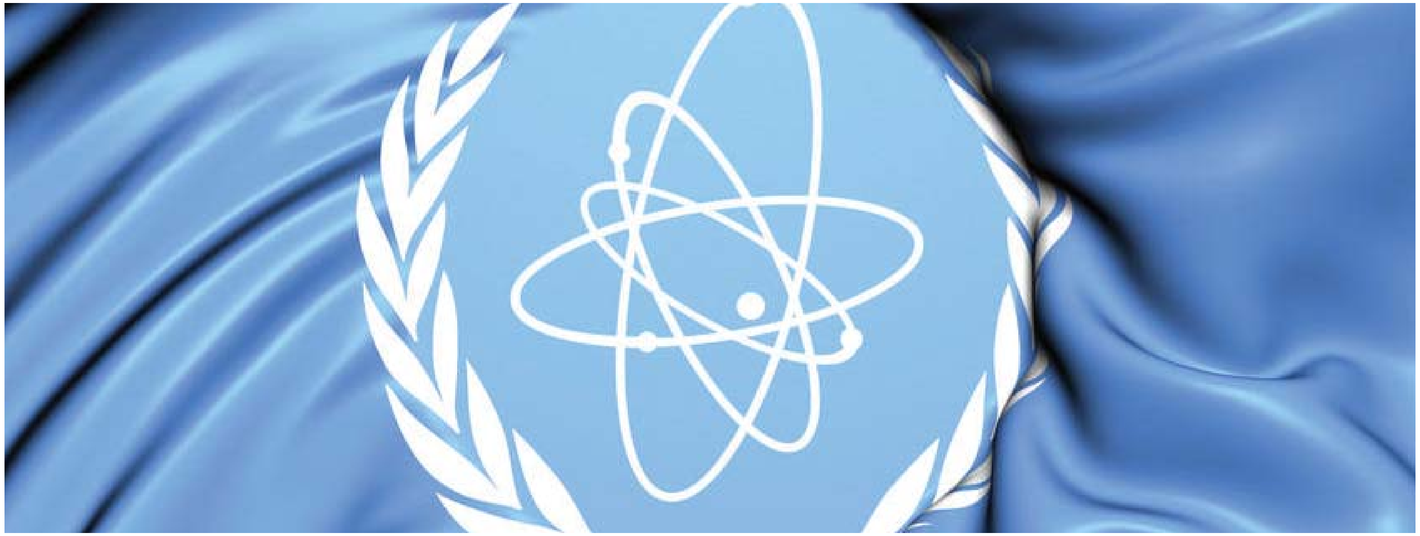
# SAUDI STEPS UP EFFORTS TO REALISE NUCLEAR AMBITION



Saudi Arabia's plans to develop its nuclear power infrastructure is gaining momentum. In July, the International Atomic Energy Agency (IAEA) visited the kingdom to review its development of infrastructure for a civil nuclear power programme, and lauded the government's progress.

"Saudi Arabia is well placed to finalise its plans for construction of its first nuclear power plant," said Jose Bastos, technical lead of the IAEA's Nuclear Infrastructure Development Section.

The IAEA noted that "Saudi Arabia has made significant progress in the development of its nuclear power infrastructure. It has established a legislative framework and is carrying out comprehensive studies to support the next steps of the programme".

The IAEA mission reviewed the status of nuclear infrastructure development using the Phase 2 criteria of the IAEA's Milestones Approach, which provides detailed guidance across three phases (consider, prepare, construct) of development. The end of Phase 2 marks the readiness of a country to invite bids or negotiate a contract for its first nuclear power plant.

The IAEA team also made recommendations to ensure Saudi Arabia benefits from best practices around the world. These include co-ordinating and developing its outstanding nuclear-related policies and strategies; finalisation of the readiness of key organisations; and completion of studies to prepare for future stages of the nuclear power programme.

The IAEA team was hosted by the King Abdullah City for Atomic and Renewable Energy (K.A.CARE), which is charged with developing the kingdom's nuclear energy programme.

"The vision of Saudi Arabia 2030 considers nuclear energy as an important source to support stability and sustainable growth," said Dr Khalid Al Sultan, president of K.A.CARE.

"Deployment of nuclear energy aims for peaceful purposes, in a safe, secure and sustainable manner consistent with highest standards and best practices. The Kingdom of Saudi Arabia has requested the (IAEA) mission to support this goal. It was a valuable tool to pinpoint areas of improvement and ensure that the required infrastructures are in place before signing the contract for building the first nuclear power plant in the Kingdom of Saudi Arabia."

## BUILDING BLOCKS

Last year, the government established the National Project for Atomic Energy and launched a project to request proposals from vendors for the construction of two nuclear power reactors after announcing its intention to add nuclear power to the country's energy mix.

The country aims to develop 17.6 gigawatts (GW) of nuclear capacity by 2032, or around 16 reactors, making it one of the biggest projects for the global nuclear industry. K.A.CARE has been evaluating requests for information with bidders and suppliers from China, Russia, South Korea, France and the United States.

A joint venture between the Saudi government and the winning developers would be signed in 2019 after the shortlisting by end of 2018.

The planned nuclear reactors are expected to generate 17.6GW of power progressively over the years to 2032.

Over the past year, K.A.CARE has developed partnerships with countries experienced in the use of nuclear power and is extensively using their technical support.

K.A.CARE has also been in the midst of conducting engineering and technical studies on two large reactors, apart from a system-integrated modular advanced reactor (SMART) reactors.

"This series of reactors will enable the kingdom to acquire and develop nuclear energy technologies and, independently from electrical grid, build the same proportionately with its desalinated water requirements and various thermal applications, i.e. petrochemical industries, nuclear fuel cycle," K.A.CARE said.

The nuclear energy development, along with the focus on renewable energies, will be vital as the kingdom's energy consumption continues to rise. Business Monitor International expects Saudi's domestic net energy demand to rise to 337.7 terawatt-hour (TWh) by 2022, compared to 296.8 TWh last year, a nearly 14% jump over the period.

With a renewed focus on energy development, Saudi Arabia is leading the regional drive to make the necessary power generation capacity additions by 2022, according to the Arab Petroleum Investment Corporation (APICORP).

"Estimated capacity stood at around 82GW in 2017, with SEC representing around 60GW, but we estimate that in order to meet rising demand, the country will need to invest around USD 21 billion, which will increase capacity to 92GW," APICORP reported.

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# OIL PRODUCERS REAP REWARDS OF PRODUCTION FREEZE

Brent crude prices are up 11.5% in the first seven months of 2018, as Saudi authorities, along with its OPEC counterparts and non-OPEC allies have worked hard to stabilise prices.

The Joint Ministerial Monitoring Committee (JMMC) – a body that advises OPEC and non–OPEC countries – noted that countries participating in the decision to remove 1.8 million barrels per day (bpd) from the global market, have a combined conformity level of 121% in June 2018.

As many as 11 non-OPEC oil producers and 15 OPEC member-countries have decided in November 2016 on voluntary production adjustments of around 1.8 million bpd as part of efforts to accelerate the global oil market's stabilisation.

The determined efforts have paid off, and the parties are now expected to benefit from rising demand. In a meeting in June, OPEC and non-OPEC countries agreed to voluntarily reduce the conformity to 100%, as of 1 July 2018 for the remaining duration of the deal, giving leeway to exporters to raise production.

The International Energy Agency (IEA) expects global demand for crude oil to rise 1.4 million bpd on the back of rising growth in the first quarter due to lower temperatures across the Northern Hemisphere.

The Paris-based energy watchdog also noted that growth will moderate in the second and third quarters of this year, partly due to comparisons with high year-ago demand levels and because prices (based on Brent crude) have typically been about 45% higher.

## GLOBAL DEMAND

In addition, the IEA expects OECD Europe's oil demand in the second quarter to fall below last year's level, while the drop in US gasoline demand will be more than half the total demand growth in the first quarter.

Chinese oil consumption grew 340,000 bpd in the second quarter. In 2017, total Chinese oil demand growth was 580 bpd and for this year, IEA expects growth to be 495 bpd, followed by a slightly slower rate in 2019 of 420 bpd, the agency estimates.

Still, the IEA has raised oil demand forecast for 2019 by 110,000 bpd, partly influenced by the downward move of the forward price curve. "Even so, there are considerable uncertainties. The risks to stable supply that will grow later this year could cause higher prices and thus

impact demand growth," the IEA said in its August report. "Another factor to consider is that trade tensions might escalate and lead to slower economic growth, and in turn lower oil demand."

Meanwhile, India saw a 370,000 bpd rise in oil consumption during the quarter, making it on course for an increase of around 285,000 bpd for the full year.

"In 2018, Indian demand growth benefited from the comparison with weak growth in 2017 after the demonetisation experience and the introduction of a new tax. In 2019, growth should return to a more normal pattern."

## ARAMCO'S MOVES

Saudi Aramco and Saudi Arabia Basic Industries Corp. have been making progress on their joint project, which is the fully integrated Crude Oil to Chemicals (COTC) complex, said to be the largest of its kind in the world. The partners awarded a contract to KBR Inc., a global company specialising in project management and engineering services, to develop a part of the COTC complex.

When fully complete by 2025, the complex is expected to process 400,000 bpd of Arabian light crude oil, which will produce approximately nine million tonnes of chemicals and nine million tonnes of fuels per year. Also notable is the fact that the complex is projected to achieve a direct conversion rate from crude oil to chemicals of up to 50%, which is unprecedented globally.

Aramco has also recently signed a memorandum of understanding with the Korea Trade-Investment Promotion Agency (KOTRA) to facilitate closer business co-operation under the framework of Saudi Vision 2030.

"The collaboration will contribute to Saudi Aramco's long-term in-Kingdom Total Value Programme goals, aimed at supporting local businesses.

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# CMA GIVES FRESH IMPETUS TO FINTECH START-UPS

Fintech start-ups in Saudi Arabia received a big boost after the Capital Market Authority (CMA) issued experimental licenses to two small enterprises. The financial regulator issued a Financial Technology Experimental Permit (ExPermit) to Scopeer and Manafa Capital to create equity crowdfunding platforms.

"Based on this permit, Scopeer will be able to experiment the crowdfunding fintech, which allows investors to participate in funding small and medium size enterprises in exchange for shares in such enterprises," CMA said. The service is provided through an electronic platform owned and monitored by Scopeer, which also trades under the name Crowdfunding Limited Co.

CMA also issued a FinTech ExPermit to Manafa Capital for a similar equity crowdfunding programme. In January, CMA had issued FinTech ExPermit Instructions, aimed at providing a regulatory framework to develop fintech in the country's capital markets.

The FinTech ExPermit allows applicants to participate in CMA's FinTech Lab to deploy and test their innovative fintech products related to capital market within specified parameters and timeframes.

CMA said the permits coincide with the beginning of ExPermit for the first batch of fintech innovations announced in December 2017, related to securities businesses that falls under the CMA's supervision. Later this year, the CMA plans to reopen the door for the second batch to receive applications for FinTech ExPermits.

## SMES IN FINTECH

Manafa Capital and Scopeer are part of the new generation of small and medium enterprises (SMEs) that aim to take advantage of new technologies and create new products and services for technology-savvy Saudi consumers.

The Scopeer platform provides access to collective financing for SMEs by offering financing campaigns to investors who may wish to buy shares in their companies.

"Experts believe there is huge potential in Saudi Arabia and it appears that the country has serious intent to become a player in the field of fintech. Currently, the region is riding the fintech wave, with everyone from regulators, customers and businesses embracing it with even financial institutions ramping up investment in non-traditional technologies," according to research firm International Finance.

"This will only allow players to compete with quality products at a global stage. New fintech firms will be expected to apply more data and advanced digital tech to improve customer experience."

In May, the Saudi Arabian Monetary Authority (SAMA) said it is launching a FinTech Saudi initiative aimed at supporting the country's nascent fintech ecosystem.

"Through the initiative, SAMA aims to promote the small and medium enterprises sector, diversify the local economy, and create job opportunities," the central bank said.

The initiative aims to achieve a number of objectives, the most prominent of which are launching the first version of the kingdom's fintech system; educating individuals and inspiring them to develop their knowledge and skills in the fintech field; and supporting local banks, international fintech companies, and partners to establish diverse fintech activities in the kingdom.

## INNOVATION ACTIVITY

Saudi Arabia is already seen as a hotspot for start-ups. Arabnet, which tracks the regional tech SME landscape, noted there are currently 94 active tech start-ups in Saudi Arabia, which are backed by investors.

The initiatives by SAMA and CMA are vital as Saudi start-ups consider investor support a key obstacle to growth, according to an Arabnet survey.

"The first impediment that tech start-ups face is access to funding, where about half (47%) the start-ups consider it very hard to secure funding, and a quarter (24%) consider it somewhat hard," Arabnet said in its report on the kingdom's start-ups.

"The second impediment that tech start-ups face is access to talent, where more than a third of start-ups found it very hard to secure talent (38%), with an additional third (33%) finding it somewhat hard."

However, among the ecosystem's strengths that entrepreneurs identified were infrastructure (48%) and access to markets/customers (26%).

The kingdom's start-ups also have plenty of access to IT infrastructure support such as mobile (35%), fixed broadband (29%), and cloud computing (31%), which makes Saudi Arabia an attractive place to set up business.
The biggest gap identified is in tech labs and makerspace (38%) – an area that both SAMA and CMA appear to address. The Arabnet survey also found that around one-third of start-ups find it very easy and somewhat easy to attract local customers (31%).

"Few believe it is very hard to attract local (13%) and regional (16%) customers," suggesting that the Saudi tech landscape is emerging as a fertile ecosystem that will allow nascent companies to flourish.

# COMMODITIES START TO FEEL PINCH OF TRADE WOES

The recent drop in industrial metal prices appears to reflect the US dollar's strength and a fear of an economic slowdown due to trade conflicts, rather than of a deteriorating fiscal condition.

Prices for industrial metals usually correlate closely with the performance of the global economy. Global economic growth remains strong and the outlook remains bright, and yet the London Metals Exchange (LME) index for industrial metals has tumbled more than 10% since June.

The greenback's appreciation weighed on metal prices, as its value has surged 6.4% since mid-April. What's more? Escalating trade tensions between the United States and its principal trading partners, particularly China, have rekindled fears of a global economic slowdown, which also weakened the LME index.

If the countries impose further trade tariffs on each other, trade and manufacturing could be seriously impacted. Certain indicators pointing to a potential economic slowdown in China also contributed to the LME index's recent weakness.

## TARIFF TROUBLES

Aluminium prices remain high at USD 2,015 per metric tonne, although they have fallen about 10% since the start of the year. Sanctions introduced by the US administration against Russian aluminium producers triggered more volatility on the aluminium market, particularly impacting United Company Rusal, one of the world's largest producers of aluminium.

Inventories remain at very low levels amid strong demand, suggesting prices should rise or at least stabilise to the levels seen earlier this year. However, if the tariffs on aluminium stick and more are added to automobiles, demand for this metal could suffer and prices might drop.

Due to copper's more speculative nature, it is particularly affected by concerns about rising protectionism and the surging US dollar. Prices had fallen consistently since last June, shedding 15% since the start of 2018, but they began to regain lost ground at the end of July.

The price of copper is now about USD 6,150 per metric tonne. The market is relatively balanced and the recent weakness in prices cannot be explained by market fundamentals. Easing tensions could push copper prices higher.

Nickel prices have also been trending lower over the past few months due to trade concerns, but remain 8% higher since the start of the year to USD 13,750 per metric tonne. The metal is used in electric car batteries, which should prop up prices.

Zinc, another metal that soared last year, has fallen 20% since January, and is now trading around USD 2,650 per tonne.

Precious metals are not faring well either, with gold down nearly 5% over the past 12 months. The World Gold Council said demand for gold fell 4% on slower exchange traded flows (ETF) inflows. Gold demand stayed soft in the second quarter, dropping to 964.3 tonnes. The first half total of 1,959.9 tonnes is the lowest since 2009.

"ETF inflows have steadied at low levels in recent quarters, making for weak y-o-y comparisons. Q2 jewellery demand dipped 2% to 510.3 tonnes, largely due to a weaker Indian market," WGC said in its latest report.

The pace of central bank buying also slowed in the second quarter by 7%, while gold bar and coin demand was virtually unchanged as growth in a few key markets cancelled out weakness elsewhere. Technology demand provided some relief, adding 2% to reach a three-year high. Gold supply notched up a second consecutive quarter of growth, (up 3%) reaching 1,120.2 tonnes.

## SAUDI MINING SECTOR

Saudi Ma'aden, the country's leading metals and mining company, reported strong growth in the second quarter of 2018. Net profit rose 45% to SAR 6309 million and sales rose 14% to SAR 3.4 billion compared to the same period last year, on the back of improved prices across its portfolio.

The company said gold production rose 47% to 103,000 ounces, primary aluminium was up 7% to 236,000 tonnes, alumina rose 30% to 455,000 tonnes, and ammonium phosphate fertiliser was up 18% to 789,000 tonnes, compared to the second quarter of 2017. Only ammonia production was lower by 8.7% to 507,000 tonnes.

According to Ma'aden, aluminium saw some weakening in demand growth, but slower expansion in supply is offsetting the lower demand and a small global deficit likely in 2018.

"Trade tensions could outweigh the market fundamentals, Ma'aden told investors in a second quarter presentation. "Alumina prices remain elevated (+35% in Q2) due to supply side issues, which may take some time to resolve. Raw material prices remain a concern, notably caustic soda, coke and pitch."

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