



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

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Weekly Market Brief  
*Week Ending September 9th, 2022*

**SAUDI ARABIAN MARKET**

**Saudi Arabia Macroeconomic Developments**

- Saudi Arabia's real GDP grew by 12.2 percent YoY in the second quarter of 2022, recording the highest growth since the third quarter of 2011, according to the General Authority for Statistics. Real GDP grew by 2.2 percent QoQ.
- The Public Investment Fund (PIF) announced the launch of the National Real Estate Registration Services Co. (RER), which aims to contribute to the digitization and development of the local real estate sector through a comprehensive digital platform, in cooperation with the Real Estate General Authority and other government entities.
- Industrial Production in Saudi Arabia increased 17.7 percent YoY in July of 2022, the smallest gain in six months. Mining and quarrying grew by 14.1 percent as Saudi Arabia increased its oil production to its highest level by more than 10 million barrels per day. Manufacturing activity increased 32.6 percent and electricity and gas supplies by 5 percent.

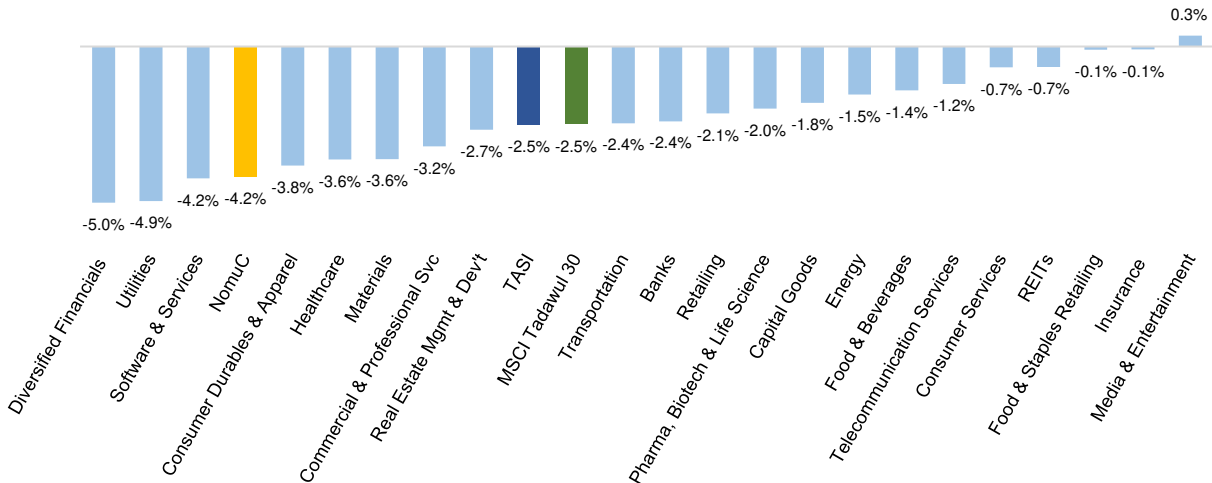


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## Tadawul

The TASI fell by 2.5 percent and closed at 11,834 points. ‘Media & Entertainment’ was the only sector to register a weekly gain as it inched up by 0.3 percent. All other sectors ended lower with ‘Diversified Financials’ yielding the biggest loss at 5 percent, followed by ‘Utilities’ and ‘Software & Services’, which declined by 4.9 percent and 4.2 percent, respectively. The NomuC parallel market index declined 4.2 percent while the MSCI Tadawul 30 fell 2.5 percent and closed the week at 1,645 points.

Tadawul Weekly Index Performance - September 9, 2022



Source: Tadawul, USSBC



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## Business, Trade, & Investment

- Ma'aden announced the launch of its Local Content program, Tharwah, that will support the maximization of local content to the Saudi economy in line with Vision 2030. Ma'aden envisages approximately SAR72 billion (\$19.2 billion) from local content activities and a potential boost to GDP of SAR418 billion (\$111.5 billion) that will support 225,000 jobs by 2040.
- The Ministry of Environment, Water, and Agriculture announced that the government has agreed to allocate SAR91 billion (\$24.3 billion) to raise local content and to invest in food products, increase domestic output, and increase export capacity.
- The Ministry of Human Resources and Social Development (MHRSD) began implementing the second phase of the strategy for the job transfer of foreign workers. Under the second phase, the MHRSD allows job transfers of foreign workers in all private sector establishments whereas in the first phase it permitted the transfer of workers between individual establishments only.
- A joint venture of Louis Berger Services and KFB Holding Group in Saudi Arabia has won the contract to build a 60MW solar power project for the Shuaibah 3 independent water project (IWP) in the Kingdom. The solar power plant is designed to reduce energy consumption from the grid by up to 45 percent and help produce potable water at record-low power consumption.
- The aggregate sales of 17 Saudi cement producers rose 13 percent to 4.6 million tons in August, from 4.1 million tons in August 2021, according to recent data issued by Yamama Cement Co.
- Saudi Arabia's Consumer Confidence Index (CCI) recorded 7.8 percent in Q2 2022, data by the Ministry of Investment showed. The index registered a 9.3 percent increase YoY in August 2022.
- The Ministry of Industry and Mineral Resources licensed 30 new factories in July, with investments worth SAR973 million (\$259.5 million). The number of licensed workers for the new factories reached 866, while the total number of industrial facilities in the Kingdom reached 10,685.



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## Banking

Money supply M1, M2, and M3 grew by 1.4 percent, 1.17 percent, and 0.81 percent, respectively during the week ending September 8.

## U.S. MARKETS

### U.S. Macroeconomic Developments

- The ISM services index rose 0.2 points in August to 56.9 points, marking the fastest pace of expansion in the sector in four months. Most of the underlying components of the survey moved in the right direction and the headline index was buoyed by a pickup in business activity and new orders.
- The U.S. deficit in international trade in goods and services narrowed from \$80.9 billion in June to \$70.7 billion in July. The news came as little surprise as preliminary data that were released two weeks ago showed that the trade deficit in goods had narrowed by more than \$9 billion in July. Since plunging to an all-time low of \$106.9 billion in March, the trade deficit has narrowed by \$36 billion.
- Consumer credit in the U.S. increased by \$23.8 billion in July, down from a downwardly revised \$39.1 billion gain in the previous month and well below market expectations of a \$33 billion rise. Non-revolving credit, which includes auto and student loans went up by \$12.91 billion while revolving credit, which includes credit card debt, rose by \$10.9 billion.

### Fixed Income

The yield on the ten-year U.S. Treasury rose to 3.33 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) grew 2.66 percent and finished the week at 32,151 points. The S&P 500 rose 3.65 percent and finished at 4,067 points while the NASDAQ jumped 4.14 percent and finished the week at 12,112 points.



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## GLOBAL MARKETS

- Arab Light crude declined 7.7 percent and finished the week at \$92.58. Global benchmark Brent crude lost 0.19 percent to reach \$92.84 while West Texas Intermediate (WTI) fell 0.09 percent and closed at \$86.79. The drop has come despite a small output cut by OPEC+, Russia's threat to cut oil flows to any country that backs a price cap on its crude, and a weaker outlook for U.S. oil production growth.
- China's trade surplus unexpectedly dropped to a three-month low of \$79.39 billion in August from \$59.13 billion YoY, and far below market forecasts of \$92.7 billion, due to a softer rise in exports. Other contributing factors included disruptions in factory output following fresh COVID curbs and historic heatwaves while foreign demand eased as inflation spiked in many countries.
- The ECB raised interest rates by an unprecedented 75bps in its September 2022 meeting, following a 50bps rate hike in July, and matching expectations from most analysts. The main refinancing rate is now at 1.25 percent, the marginal lending facility at 1.5 percent, and deposit facility at 0.75 percent.

## THE WEEK AHEAD

- U.S. releases inflation rate figures for August on September 13
- Saudi Arabia releases inflation rate figures for August on September 15
- U.S. releases retail sales figures for August on September 15