



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

Weekly Market Brief
Week Ending January 20th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- H.R.H. Prince Mohammed bin Salman announced the launch of the Events Investment Fund (EIF), a fund that aims to develop a sustainable infrastructure for the culture, tourism, entertainment, and sports sectors across the Kingdom. The fund will focus on developing and increasing direct foreign investment opportunities for a contribution of SAR28 billion (\$7.45 billion) to the Kingdom's GDP by 2045.
- Saudi Arabia's annual inflation rate rose by 3.3 percent in December 2022 YoY, according to the General Authority for Statistics (GASat). The rise in the Kingdom's consumer price index was primarily driven by the higher prices of housing, water, electricity, gas, and other fuels which increased by 5.9 percent, while food and beverage prices rose by 4.2 percent.
- The Ministry of Commerce and the Capital Market Authority (CMA) announced that the new corporate law and its implementing regulations came into force as of Thursday, January 19, 2023. The corporate law is set to contribute to strengthening the regulatory environment for companies, facilitating procedures and regulatory requirements to stimulate the business environment, and support investment.

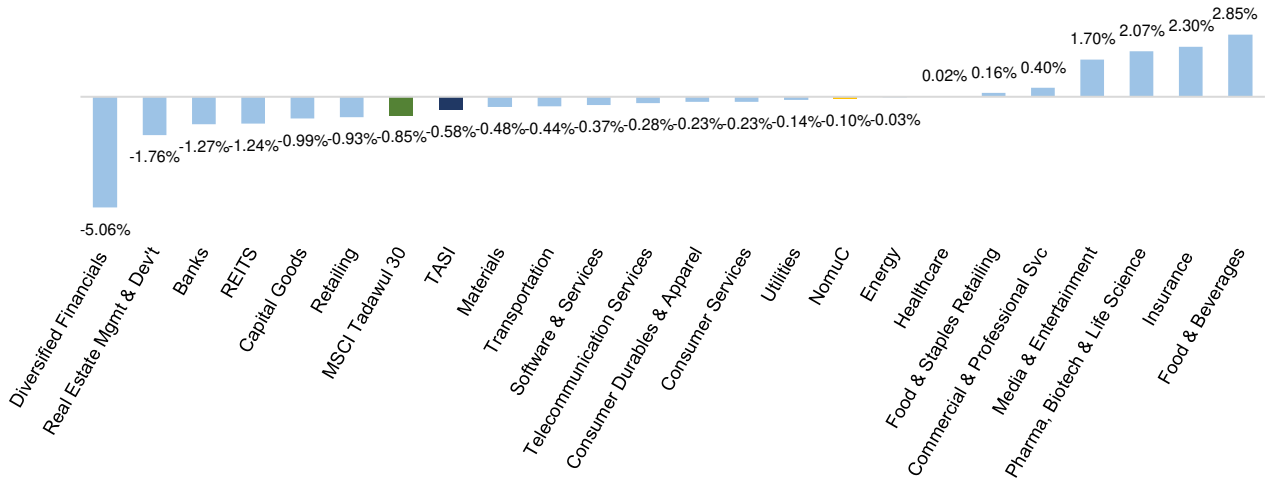


U.S.-Saudi Business Council
 مجلس الأعمال السعودي الأمريكي

Tadawul

The TASI declined 0.58 percent last week and closed at 10,682 points. Seven of the 21 sectors finished the week in positive territory with 'Food & Beverages' and 'Insurance' experiencing the greatest increase at 2.85 percent and 2.30 percent, respectively. 'Diversified Financials' had the steepest decline at 5.06 percent followed by 'Real Estate Management & Development' at 1.76 percent, respectively. The NomuC parallel market index decreased by 0.10 percent and closed at 19,213 points, while the MSCI Tadawul 30 dropped 0.85 percent and closed the week at 1,481 points.

Tadawul Weekly Index Performance - January 20, 2023



Source: Tadawul, USSBC

- Non-institutional foreign investors cut their ownership in Tadawul-listed equities, excluding Saudi Aramco, to 10.30 percent, or SAR 299.9 billion (\$80 billion), in the week ending January 12, from 12.13 percent in the week before, market data showed. GCC investors' ownership in Saudi equities, excluding Saudi Aramco, remained unchanged at 1.71 percent of total market cap, or SAR49.9 billion (\$13.3 billion).



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

Business, Trade, & Investment

- The construction sector in Saudi Arabia maintained its growth momentum in the third quarter of 2022 with contracts worth SAR25.2 billion (\$6.7 billion) awarded during the period, according to a [report](#) issued by the U.S.-Saudi Business Council.
- The Ministry of Industry and Mineral Resources issued 82 new industrial licenses in November at a total value of SAR7.2 billion (\$1.9 billion). Small-sized enterprises dominated most of the newly-issued licenses in November with 85.4 percent, followed by medium-sized enterprises with 12.2 percent.
- The Real Estate General Authority (REGA) announced that the new Real Estate Brokerage Law came into force starting January 18. The real estate brokerage law aims to regulate brokers' business and provide innovative and quality services for beneficiaries.
- Saudi Aramco's global trading arm has bought U.S. firm Motiva Trading as it seeks to expand its footprint across North and South America. The new entity will be the sole supplier and 'off-taker' of Motiva Enterprises, the owner of North America's largest oil refinery with a crude capacity of 630,000 barrels a day of consumer and commercial grade fuels and base oils.
- The Saudi Central Bank (SAMA) approved the reduction of the minimum capital of small and medium-sized enterprises finance firms to SAR50 million (\$13 million). The move aims to boost SMEs through attracting investors to establish financing firms and to reduce capital requirements.

Banking

Money supply M1, M2, and M3 all declined by 1.54 percent, 0.70 percent, and 0.53 percent, respectively during the week ending January 12th.



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

U.S. MARKETS

U.S. Macroeconomic Developments

- Retail sales declined by 1.1 percent in December, which was higher than forecasted. Excluding autos and gas stations, sales fell 0.7 percent. The decline occurred despite slowing inflation during the month.
- Overall industrial production fell 0.7 percent in December while November's initially reported decline of 0.2 percent was tripled to a decline of 0.6 percent. The manufacturing sector, which comprises roughly three quarters of all output, declined by 1.3 percent. Mining output slowed a comparatively modest 0.9 percent.
- Total housing starts fell 1.4 percent to a 1.382 million-unit pace in December, a milder drop than the market consensus. December's upside comes off a downward revision to November starts which indicates that starts declined by a sharper 1.8 percent during the month.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.48 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 2.7 percent and finished the week at 34,375 points. The S&P 500 slipped 0.66 percent and finished at 3,972 points. Meanwhile, the NASDAQ gained 0.55 percent and ended the week at 11,140 points.



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

GLOBAL OIL MARKETS

- Arab light crude increased 4.15 percent and finished the week at \$85.50. Global benchmark Brent crude jumped 2.76 percent to \$87.63 a barrel, while U.S. West Texas Intermediate (WTI) crude increased 1.45 percent and closed at \$81.24.
- Oil prices improved as China's economic prospects brightened, boosting expectations for fuel demand in the world's second-biggest economy. Oil was also supported by hopes that the U.S. Federal Reserve will soon downshift to smaller interest rate hikes, which could enhance the U.S. economic outlook.
- According to the International Energy Agency (IEA), global oil demand is set to rise by 1.9 mb/d in 2023, to a record 101.7 mb/d, with nearly half the gain from China following the lifting of its Covid restrictions. World oil supply growth in 2023 is set to slow by 1 mb/d following last year's OPEC+ led growth of 4.7 mb/d. An overall non-OPEC+ rise of 1.9 mb/d will be tempered by an OPEC+ drop of 870 kb/d due to expected declines in Russia.

THE WEEK AHEAD

- Saudi Arabia releases Balance of Trade for November on January 25
- U.S. releases GDP Growth Rate for the fourth quarter on January 26
- U.S. releases Personal Income and Spending for December on January 27