



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

Weekly Market Brief
Week Ending January 27th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Start-ups in Saudi Arabia recorded a 72 percent annual increase in venture capital funding to SAR3.7 billion (\$987 million) across 144 deals in 2022. The Kingdom was the second-most funded country after the U.A.E. in the Middle East and North Africa. It also accounted for 31 percent of total capital invested in the region, according to start-up data platform Magnitt's *Venture Capital Report*.
- Saudi Arabia's National Debt Management Center released the 2023 Annual Borrowing Report as it expects the Kingdom's financing needs to reach SAR45 billion (\$12 billion). The Ministry of Finance forecasts the Kingdom's debt portfolio will decline to SAR951 billion (\$254 billion) or 24.6 percent of GDP in 2023.
- Saudi Arabia's international reserve assets retreated by SAR45.6 billion (\$12 billion) or 3 percent, MoM to SAR1.72 trillion (\$459 billion) in December 2022, according to the Saudi Central Bank (SAMA). The Kingdom's reserve assets grew 1 percent or SAR16.8 billion (\$4.5 billion) YoY.
- Saudi Arabia's oil export value rose by 11.8 percent to SAR9.5 billion (\$2.53 billion) YoY in November 2022, according to the latest data released by the General Authority for Statistics (GASat). The total value of overall merchandise exports in November 2022 amounted to SAR12.8 billion (\$3.4 billion).

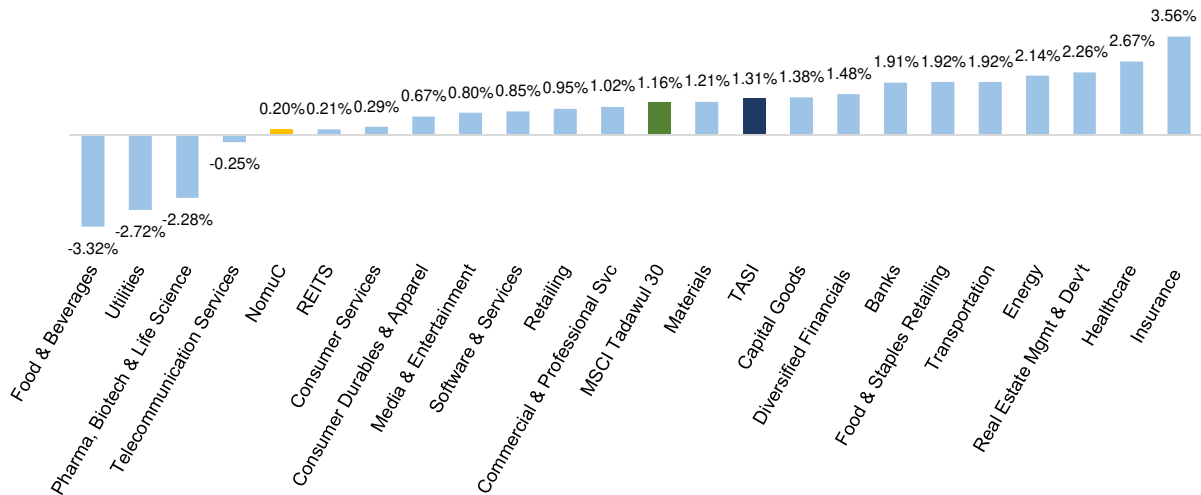


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Tadawul

The TASI jumped 1.31 percent last week and closed at 10,821 points. Seventeen of the 21 sectors finished the week in positive territory with 'Insurance' and 'Healthcare' experiencing the greatest increases at 3.56 percent and 2.67 percent, respectively. 'Food & Beverages' had the steepest decline at 3.32 percent followed by 'Utilities' at 2.72 percent. The NomuC parallel market index increased by 0.20 percent and closed at 19,252 points, while the MSCI Tadawul 30 grew 0.85 percent and closed the week at 1,499 points.

Tadawul Weekly Index Performance - January 27, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Red Sea Global awarded a SAR1 billion (\$270 million) contract to Saudi-based Al-Ayuni Investment and Contracting Co. to develop utilities infrastructure systems at one of its resorts. Upon full completion in 2027, the destination will offer 3,000 hotel rooms across 25 hotels as well as high-end retail establishments, fine dining, wellness, and recreational facilities.
- Prices of residential land plots in Riyadh rose 7 percent YoY in Q4 2022, reaching the highest across Saudi cities, according to GASTat data. The Jizan region followed with a 6.7 percent increase YoY. The Northern Province reported the lowest jump in prices at 2.6 percent. Saudi Arabia's Real Estate Price Index advanced 1.6 percent YoY in Q4 2022.
- Techstars, a U.S. venture capital firm, announced a new partnership to continue the Techstars Riyadh Accelerator in collaboration with the Saudi Ministry of Communications and Information Technology, Raed Ventures and Saudi National Bank. The accelerator focuses on startups in the Middle East and North Africa that are establishing and growing their businesses.
- Saudi Arabia's General Entertainment Authority (GEA) issued licenses for more than 24 theme parks and 421 entertainment centers. GEA has also provided 4,198 permits for entertainment events, along with 3,370 permits for live performances in restaurants and cafes.
- Saudi Arabia's Royal Commission for Jubail and Yanbu (RCJ&Y) signed five investment agreements totaling more than SAR43 billion (\$11.5 billion) for non-oil industrial projects in Yanbu Industrial City and Ras Al-Khair industrial city. RCJ&Y signed the agreements with investors during the Future Minerals Forum held in Riyadh earlier this month.

Banking

Money supply M1 and M3 increased by 0.05 percent and 0.08 percent, respectively. M2 marginally declined by 0.001 percent during the week ending January 19th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The Leading Economic Index (LEI) declined for the tenth straight month, dropping 1 percent in December, and November was revised lower. Most of the components contributed negatively to the index with just core capital goods orders and consumer goods orders being positive. Core capital goods orders added 0.02 points to the headline and the point boost from consumer goods orders was 0.01.
- Real GDP grew at an annualized rate of 2.9 percent QoQ. The outturn was stronger than the consensus expectation, and it represents the second consecutive quarter of above-trend GDP growth. Monthly data indicate that while the economy came into the fourth quarter with solid momentum, it ended the quarter with a distinct loss of momentum.
- New home sales improved 2.3 percent in December to a 616K annual pace. The increase comes after downward revisions over the prior three months. Builder incentives will likely bolster new home sales, which are gradually rising from the low point reached in September.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.52 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.8 percent and finished the week at 33,978 points. The S&P 500 rose 2.47 percent and finished at 4,070 points. Meanwhile, the NASDAQ gained 4.32 percent and ended the week at 11,621 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 0.84 percent and finished the week at \$86.22. Global benchmark Brent crude declined 1.11 percent to \$86.66 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 2.25 percent and closed at \$79.41.
- Oil prices retreated as indications of a strong Russian oil supply offset better than expected U.S. economic growth data, strong middle distillate refining margins, and hopes of a rapid recovery in Chinese demand.
- Oil futures this week will be heavily dependent on the outcome of an OPEC+ committee meeting and the Federal Reserve's monetary policy decision. The Federal Reserve is widely expected to increase the federal funds rate by 25-basis points.

THE WEEK AHEAD

- Saudi Arabia releases Private Bank Lending for December on January 30
- Saudi Arabia releases GDP Growth Rate for the fourth quarter on January 31
- U.S. releases Federal Reserve's Interest Rate Decision on February 1