



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

Weekly Market Brief
Week Ending January 6th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The Riyadh Bank Saudi Arabia Purchasing Managers Index reached 56.9 points in December 2022, which is a slight decline from November when the index hit 58.5 points. The rate of job creation was the fastest recorded in almost five years, and the increase in staffing capacity helped companies to lower outstanding work for the seventh month running.
- Saudi bank loans granted to non-financial public enterprises and the private sector rose 14 percent by the end of November to SAR2.421 trillion (\$646 billion), compared to SAR2.117 trillion (\$565 billion) a year earlier, according to data issued by the Saudi Central Bank (SAMA).
- Remittances from expatriates in Saudi Arabia saw a 19 percent YoY decline to SAR10.5 billion (\$2.8 billion) in November, according to SAMA. On MoM basis, remittances from expats in Saudi Arabia dropped 6 percent, or SAR717 million (\$191.2 million).
- Mortgage finance provided to individuals by banks in Saudi Arabia fell 37 percent YoY to SAR7.4 billion (\$2 billion) during November, according to SAMA. Villa mortgages accounted for 69 percent, or SAR5.13 billion (\$1.4 billion), of total housing loans provided. Apartments and land plots followed with SAR1.9 billion (\$501 million) and SAR380 million (\$101 million), respectively.
- Saudi Arabia placed sixth in the World Competitiveness Yearbook 2022 peer group rankings' attitude and values category. The ranking assesses and rates 63 economies around the world on four main indicators — economic performance, government efficiency, business efficiency and infrastructure.

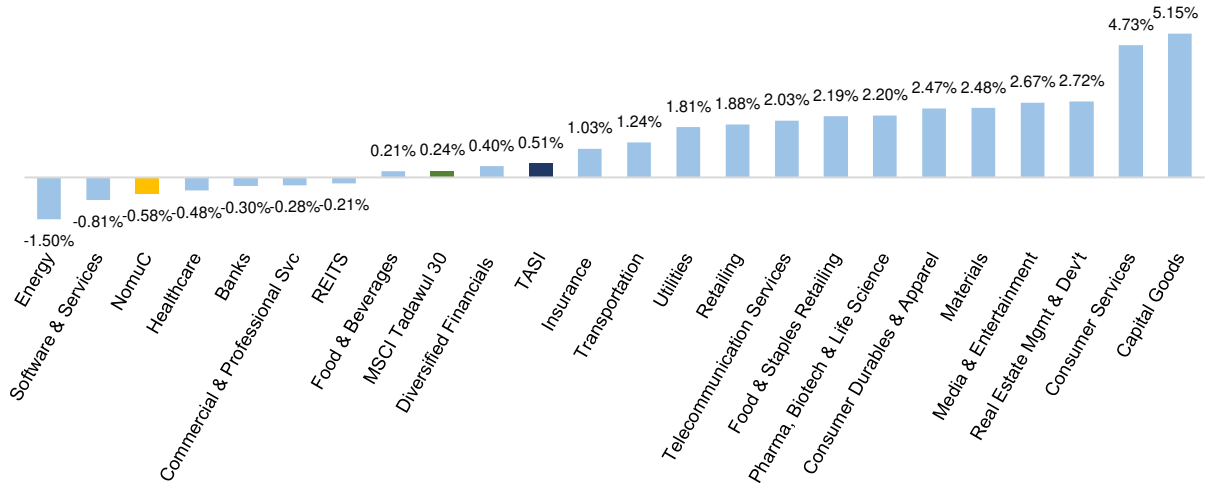


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Tadawul

The TASI rose 0.40 percent last week and closed at 10,531 points. Fifteen of the 21 sectors finished the week in positive territory with 'Capital Goods' and 'Consumer Services' experiencing the greatest increase at 5.15 percent and 4.73 percent, respectively. 'Energy' had the steepest decline at 1.50 percent followed by 'Software & Services' and 'Healthcare' at 0.81 percent and 0.48 percent, respectively. The NomuC parallel market index decreased by 0.58 percent and closed at 19,304 points, while the MSCI Tadawul 30 jumped 0.24 percent and closed the week at 1,465 points.

Tadawul Weekly Index Performance - January 6, 2023



Source: Tadawul, USSBC

- The Saudi market witnessed a momentum in the number of initial public offerings (IPOs) and direct listings in 2022 by 49 companies and funds. The main market saw 17 IPOs, including a first-time dual offering with the Abu Dhabi Securities Exchange (ADX). Meanwhile, the Nomu Parallel Market's qualified investors subscribed to 17 stocks, while 13 companies were directly listed.



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Business, Trade, & Investment

- Saudi real estate developer ROSHN signed SAR6 billion (\$1.6 billion) worth of credit facilities deals with three domestic banks. ROSHN signed agreements with the Saudi British Bank, Bank Albilad, and Al Rajhi for SAR2 billion (\$533 million) each as part of its strategy to obtain external funding for its projects.
- Saudi Aramco has awarded a contract to Lamar Holding to develop a seawater desalination plant valued at SAR2.6 billion (\$693 million). The seawater reverse osmosis desalination plant includes a water distribution network and is a part of the Jafurah gas development scheme. The project has a design capacity of 80,000 cubic meters a day and includes power and utility facilities.
- Consumer spending in Saudi Arabia increased 9 percent to SAR 103.3 billion (\$28 billion) in November 2022, from SAR95 billion (\$25 billion) during the same month last year. Point of Sale (POS) transactions rose 14 percent YoY to SAR46.9 billion (\$12.5 billion) in November. Data showed that 656.2 million transactions were processed through 1.43 million POS devices in November.

Banking

Money supply M1 decreased by 0.75 percent, M2 increased by 0.11 percent, while M3 slipped by 0.23 percent during the week ending December 29th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Total construction spending increased 0.2 percent in November, bolstered by soaring investment in electric vehicle and semiconductor manufacturing. Residential investment, on the other hand, declined for the sixth consecutive month as home builders battle higher financing costs and waning buyer demand.
- The ISM index remained in contraction for the second consecutive month at 48.4 points with new orders and current production ending lower. However, price pressure is abating, and while the labor market is slowing, it is moving at a gradual pace.
- International trade flows continued their volatile path in November and caused the U.S. trade deficit to narrow to over a two-year low of \$61.5 billion. Specifically, U.S. imports from the rest of the world plunged by \$21.5 billion during the month, which puts the level of imports back to where they stood a year earlier. Broad weakness suggests the transition away from goods of domestic consumers may be starting to show up in import activity.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.55 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.46 percent and finished the week at 33,630 points. The S&P 500 jumped 1.45 percent and finished at 3,895 points, and the NASDAQ gained 0.98 percent and ended the week at 10,569 points.



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GLOBAL OIL MARKETS

- Arab light crude plunged 7.73 percent and finished the week at \$77.09. Global benchmark Brent crude decreased 8.54 percent to \$78.57 a barrel, while U.S. West Texas Intermediate (WTI) crude slipped 8.43 percent and closed at \$73.69.
- Oil prices remain threatened as global recession concerns spearheaded by potential waning demand and growth in COVID-19 cases in China persist.
- Saudi Arabia lowered prices for the flagship Arab light crude it sells to Asia to \$1.80 a barrel above the Oman/Dubai average, the lowest since November 2021, according to Saudi Aramco.

THE WEEK AHEAD

- Saudi Arabia releases Industrial Production for November on January 10
- U.S. releases the Inflation Rate for December on January 12
- Saudi Arabia the Inflation Rate for December on January 15