



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

Weekly Market Brief
Week Ending February 10th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's Industrial Production Index rose 7.3 percent YoY in December 2022, primarily driven by high production in mining and quarrying, and manufacturing activities, according to the General Authority for Statistics (GASat). The mining and quarrying sector rose by 4.1 percent in December 2022 YoY while manufacturing activities increased by 18.5 percent.
- According to a recent report by GASat, total expenditure on research and development amounted to SAR14.5 billion (\$3.9 billion), while the number of workers reached 30,220, and the number of researchers was 24,808 during 2021.

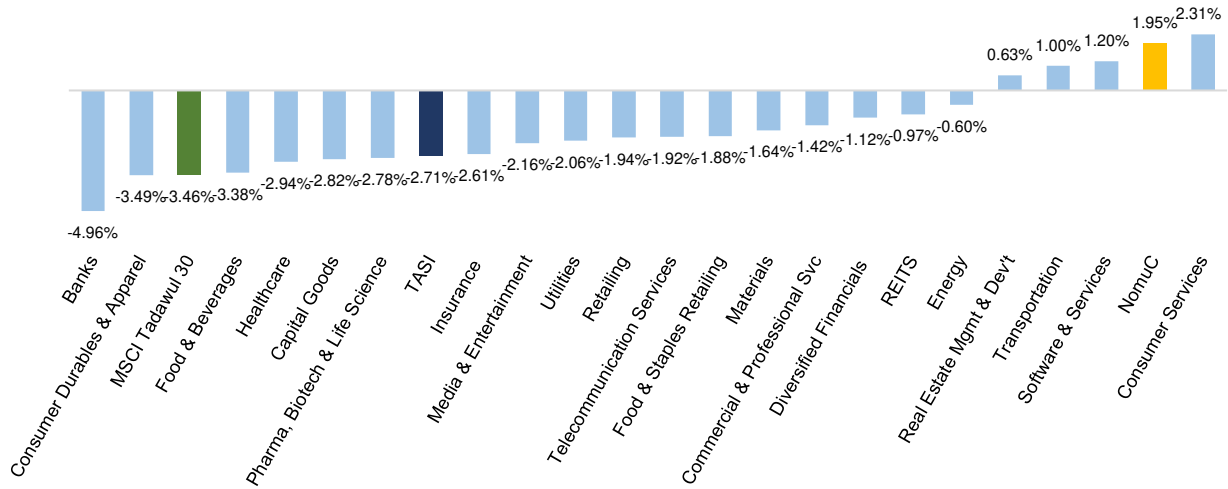


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Tadawul

The TASI declined 2.71 percent last week and closed at 10,412 points. Four of the 21 sectors finished the week in positive territory with 'Consumer Services' and 'Software & Services' experiencing the greatest increases at 2.31 percent and 1.2 percent, respectively. 'Banks' had the steepest decline at 4.96 percent followed by 'Consumer Durables & Apparel' at 3.49 percent. The NomuC parallel market index rebounded by 1.95 percent and closed at 19,366 points, while the MSCI Tadawul 30 dropped 3.46 percent and closed the week at 1,424 points.

Tadawul Weekly Index Performance - February 10, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Arabia witnessed the signing of SAR34 billion (\$9 billion) worth of investment contracts on the first day of the global tech event LEAP23. These deals included Microsoft's SAR7.9 billion (\$2.1 billion) investment to develop a super-wide cloud in the Kingdom, while Oracle agreed to invest SAR5.6 billion (\$1.5 billion) to establish a new cloud region in the country.
- Total foreign investments in Saudi Arabia grew by 2 percent YoY to SAR2.42 trillion (\$645 billion) in Q3 2022, based on the latest official data issued by the Saudi Central Bank (SAMA). Foreign direct investments (FDIs) accounted for 41 percent of total foreign investments in the Kingdom, equivalent to SAR1 trillion (\$266 billion). Portfolio investments hit SAR822.5 billion (\$219 billion), while other investments stood at SAR605.8 billion (\$161.5 billion).
- Saudi Arabia issued 4,358 investment licenses in 2022, up 53.9 percent compared to 2021. The number of licenses approved in the fourth quarter of 2022, excluding those granted under the "Tasattur" anti-concealment campaign, rose 30.7 percent YoY to 1,276.
- The Public Investment Fund has raised SAR1.5 billion (\$5.5 billion) through its second green bond issuance. The issuance was more than six times oversubscribed, with books exceeding SAR124 billion (\$33 billion). It was issued in three tranches, comprising SAR6.6 billion (\$1.75 billion) for seven years, SAR\$2 billion (\$533 million) for 12 years, and SAR6.6 billion (\$1.75 billion) for 30 years.
- The joint venture of Al-Bawani and Urbacon Saudi Company has been awarded three contracts totaling SAR2.4bn (\$640m) for the construction of entertainment complexes. The three contracts awarded by Saudi Entertainment Ventures (SEVEN) cover the construction of projects in Tabuk, Yanbu and Medina.
- The aggregate sales of 17 Saudi cement producers dropped 8 percent to 4.5 million tons in January, from 4.9 million tons a year earlier, according to Yamama Cement Company's data. A total of 13 cement firms reported a decline in local sales, dragged down by Umm Al Qura Cement Co. with -32 percent YoY, followed by Yanbu Cement Co. at -30%.
- The Local Content & Government Procurement Authority (LCGPA) amended government contracts classified as high value, to reach or exceed SAR25 million (\$6.7 million) instead of the previous SAR50 million (\$13.3 million).



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Banking

Money supply M1, M2, and M3 decreased by 1.40 percent, 0.94 percent, and 1.04 percent, respectively during the week ending February 2nd.

U.S. MARKETS

U.S. Macroeconomic Developments

- The U.S. trade balance widened to a deficit of \$67.4 billion in December. For 2022, the U.S. trade deficit grew 12.2 percent to a record deficit of \$948 billion, but after peaking in March the deficit narrowed over the course of the year. The deficit now stands about \$20 billion smaller than it was at the start of the year.
- Total consumer credit in the U.S. went up \$11.65 billion in December of 2022, after a \$27.96 billion rise in the previous month and missing market expectations of a \$25 billion rise. On an annual basis, consumer credit was up by 2.9 percent in December after a 7.1 percent gain in the prior month.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$726,200 or less) edged down 1bps to 6.18 percent, to hit a new low since September. The decline in mortgage rates tracks treasury yields amid rising expectations the Federal Reserve will slow the pace of rate increases.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.74 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.20 percent and finished the week at 33,869 points. The S&P 500 declined 1.11 percent and finished at 4,090 points. Meanwhile, the NASDAQ dropped 2.41 percent and ended the week at 11,718 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 2.77 percent and finished the week at \$83.39. Global benchmark Brent crude jumped 8.07 percent to \$86.39 a barrel, while U.S. West Texas Intermediate (WTI) crude surged 8.55 percent and closed at \$79.75.
- Saudi Arabia raised its flagship crude prices for Asian buyers for the first time in six months amid an expectation of oil demand recovery, especially from China. The official selling price for March-loading Arab Light to Asia was raised by 20 cents a barrel from February to \$2.00 a barrel over Oman/Dubai quotes, beating the previous market forecast of a 30 cent cut.
- OPEC+ does not plan to increase oil supplies after Russia decided to reduce output by 500,000 barrels per day in March after Russia's Deputy Prime Minister announced the 5 percent cut.

THE WEEK AHEAD

- U.S. releases Inflation Rate for January on February 14
- Saudi Arabia releases Inflation Rate for January on February 15
- U.S. releases Retail Sales for January on February 15