



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

Weekly Market Brief
Week Ending February 24th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Overall merchandise exports increased by 1.1 percent in December 2022, compared to December 2021. The value of exports amounted to SAR108.2 billion (\$28.9 billion) YoY in December 2022, up from SAR107 billion (\$28.5 billion). This increase originated mainly from oil exports, which rose by SAR8.5 billion (\$2.3 billion) or 11.1 percent in the same period, increasing to SAR85.5 billion (\$22.8 billion) from SAR 77 billion (\$20.5 billion) in December 2021.

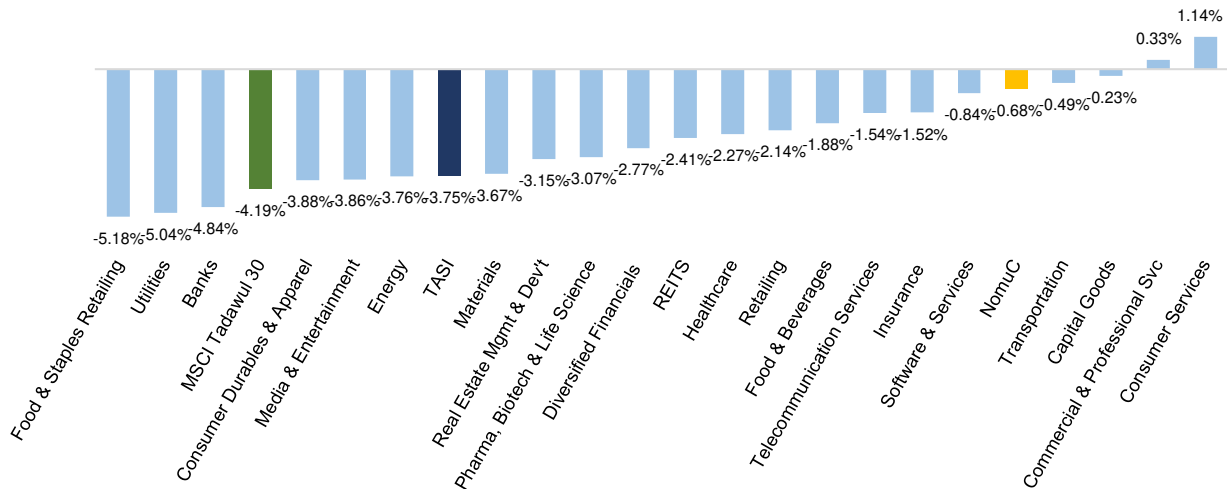


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Tadawul

The TASI fell 3.75 percent last week and closed at 10,153 points. Only two of the 21 sectors finished the week in positive territory with 'Consumer Services' and 'Commercial & Professional Services' experiencing increases at 1.14 percent and 0.33 percent, respectively. 'Food & Staples Retailing' had the steepest decline at 5.18 percent followed by 'Utilities' at 5.04 percent. The NomuC parallel market index declined by 0.68 percent and closed at 19,128 points, while the MSCI Tadawul 30 fell 4.19 percent and closed the week at 1,383 points.

Tadawul Weekly Index Performance - February 24, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Zahid Tractor and Heavy Machinery Company signed a memorandum of understanding (MOU) with Oshkosh Defense. It will provide Saudi Arabia's Armed Forces with relevant expertise and resources to support maintenance, repair, and overhaul of current and future tactical wheeled vehicle programs in the Kingdom.
- Saudi Arabia licensed 79 new factories at a total investment value of SAR 2.3 billion in December 2022. Small-sized enterprises dominated most of the newly-issued licenses in December with 83.54 percent, followed by medium-sized enterprises with 12.66 percent.
- Saudi Arabia's oil export value for December 2022 climbed 11.1 percent YoY to SAR85.5 billion (\$22.80 billion), according to the latest data released by the General Authority for Statistics. The share of oil exports in total exports increased from 71.9 percent in December 2021 to 79 percent in December 2022.
- Saudi Arabia has unveiled 27 development projects worth SAR4 billion (\$1.1 billion) in the Asir region that will serve about 160,000 new beneficiaries. The project will establish connections with a length of 57 kilometers and a transport capacity of 375,000 cubic meters per day and will feed two cities through seven branches.
- Abdullah Al-Othaim Investment Company unveiled a SAR7bn (\$1.87 billion) Konoz development in Riyadh. The mixed-use project will feature 50,000 square meters of commercial spaces, a 20,000 sqm entertainment city, 15,000 sqm of green areas, a 120,000 sqm commercial center, and a parking area for 5,500 vehicles.

Banking

Money supply M1, M2, and M3 decreased by 0.65 percent, 0.31 percent, and 0.21 percent, respectively during the week ending February 9th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Existing home sales dipped 0.7 percent in January to a 4.0-million-unit annual pace, marking one full year of consecutive monthly declines. January brought a much softer dip than December's revised 2.2 percent decline. The drop came in contrast to expectations for a 2.0 percent rebound. It was the mildest drop since sales first started waning in February 2022.
- New home sales leaped 7.2 percent in January to a 670K annual rate, the strongest pace since March 2022 and resulting in a 2.9 percent decrease in the number of new homes for sale for the third consecutive month.
- Real personal spending jumped 1.1 percent in January, as the growth more than offset weakness at year-end. January's retail sales report reflected a rebound to start the year. Real goods spending rose 2.2 percent, due mostly to a 5.2 percent surge in durable goods spending.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.95 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.02 percent and finished the week at 32,817 points. The S&P 500 declined 2.67 percent and finished at 3,970 points. The NASDAQ decreased by 3.3 percent and ended the week at 11,395 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 0.64 percent and finished the week at \$82.89. Global benchmark Brent crude declined 0.22 percent to \$82.82 a barrel, while U.S. West Texas Intermediate (WTI) crude fell 0.03 percent and closed at \$76.32.
- Data from the Joint Organizations Data Initiative (JODI) revealed a new record high in December with total demand reaching 102 percent above pre-covid levels reflecting a surge of 1.3 million barrels per day.
- Following the OPEC + decision in October, Saudi Arabia reduced its total oil production by 616,000 bpd. The Kingdom cut oil production for the fourth month in a row in December, bringing the total Saudi oil production to about 10.44 million bpd.

THE WEEK AHEAD

- U.S. releases Durable Goods Orders for January on February 27
- Saudi Arabia releases M3 Money Supply for January on February 28
- U.S. releases ISM Manufacturing PMI for February on March 1