



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

Weekly Market Brief
Week Ending March 10th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil private sector witnessed the highest growth since 2015 in February, as the Kingdom's Purchasing Managers' Index hit 59.8 points, up from 58.2 points in January. Firms in the Kingdom reported faster upturns in output, employment and purchasing, as optimism toward the year ahead remained robust.
- Saudi Arabia exceeded SAR1 trillion (\$266 billion) in retail loans offered by banks during 2022 for the first time in the Kingdom's history, rising 15 percent compared to 2021. Mortgages, consumer loans, and credit card loans accounted for 43.6 percent of the total loans.
- According to the Saudi Central Bank (SAMA), residential real estate finance provided by banks to individuals declined by 31 percent YoY to SAR8.37 billion (\$2 billion) during January. Over 11,100 contracts were signed between banks and retail clients in January, a 32 percent decrease YoY.
- According to the Ministry of Finance's most recent budgetary data release, Saudi Arabia recorded a 31 percent rise in government revenues at SAR1.26 trillion (\$335.6 billion) in 2022. Real GDP grew 8.7 percent in 2022 leading to a budget surplus of SAR103.9 billion (\$27.6 billion).
- According to General Authority for Statistics (GASat), Saudi Arabia's GDP rose 5.5 percent in the fourth quarter of 2022. Non-oil activities boosted overall growth as it grew by 6.2 percent YoY outperforming the increase in oil activities, which grew 6.1 percent.
- Saudi Arabia's Industrial Production Index rose 6.8 percent YoY in January, driven by high production in mining and quarrying and manufacturing activities.

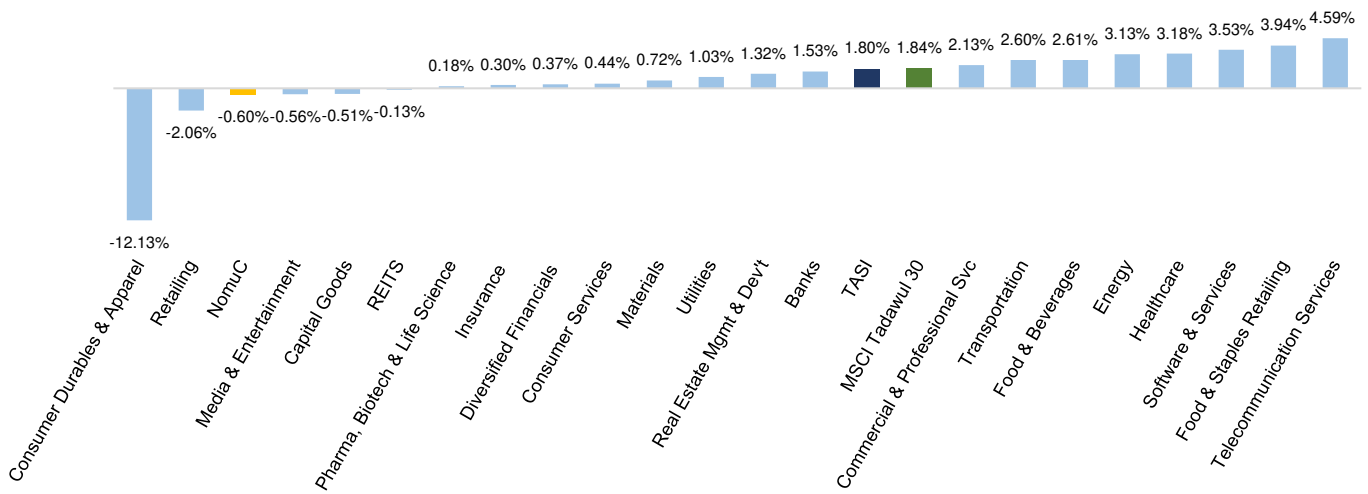


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Tadawul

The TASI increased 1.80 percent last week and closed at 10,463 points. Six of the 21 sectors finished the week in negative territory with 'Consumer Durables' and 'Retailing' experiencing the greatest decrease at 12.13 percent and 2.06 percent, respectively. 'Telecommunications Services' experienced the highest increase at 4.59 percent followed by 'Food & Staples retailing' at 3.94 percent, respectively. The NomuC parallel market index decreased by 0.60 percent and closed at 19,005 points, while the MSCI Tadawul 30 rose 1.84 percent and closed the week at 1,423 points.

Tadawul Weekly Index Performance - March 10, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The latest SME Monitor report released by Saudi Arabia's General Authority for Small and Medium Enterprises, also known as Monsha'at, revealed that the Kingdom witnessed a 6 percent QoQ growth in the number of SMEs during the fourth quarter of 2022.
- Saudi real estate developer ROSHN announced its second residential community in Riyadh's Al Janadriyyah district. It will be built across 1.4 million sqm, and it will have 2,000 dwellings that will house 13,000 residents.
- NEOM signed an agreement with Marriott International Inc. to open three hotels in Sindalah, NEOM's first luxury island. This includes the Kingdoms' first Autograph Collection Hotel property by Marriott as well as two Luxury Collection properties that are expected to open in 2024.
- The aggregate sale of 17 Saudi cement producers grew 3 percent YoY to 4.4 million from 4.3 million, according to Yamama Cement Company's data. Ten cement firms reported a rise in local sales, led by Northern Region Cement Company with a 126 percent YoY jump, followed by United Cement Company with 54 percent.
- Monsha'at signed over 25 MOUs on the opening day of Biban 2023 worth more than SAR10.9 billion (\$2.93 billion) in agreements signed with tech companies, banks, and development agencies.

Banking

Money supply M1, M2, and M3 all increased by 1.89 percent, 1.31 percent, and 0.86 percent, respectively during the week ending March 2nd.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The U.S. added 311,000 new jobs in February, leading the labor force participation rate to increase to 62.5 percent and average hourly earnings to rise 0.2 percent. The unemployment rate rose 0.2 percent.
- U.S. exports increased in January for the first time in five months with all the gains coming on the goods side, while service exports declined slightly. The net increase in overall exports was \$8.5 billion. Imports grew even faster adding \$9.6 billion in the first month of the year with gains in both imported goods and services.
- The Federal Reserve told the U.S. Congress the Fed is prepared to increase the pace of rate hikes, if the totality of the data were to indicate that faster tightening is warranted. Jerome Powell also noted that the latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.93 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.04 percent and finished the week at 31,910 points. The S&P 500 slipped 0.05 percent and finished at 3,862 points. The NASDAQ dropped 0.05 percent and ended the week at 11,139 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 2.62 percent and finished the week at \$81.78. Global benchmark Brent crude dropped 3.55 percent to \$82.78 a barrel, while U.S. West Texas Intermediate (WTI) crude slipped 3.77 percent and closed at \$76.68.
- Expectations of further rate hikes in the U.S. and in Europe have clouded the global growth outlook and drove oil benchmarks down.
- Saudi Arabia raised prices for its flagship Arab light crude that it sells to Asia for a second month in April, underpinned by the prospect of strong demand in the region.

THE WEEK AHEAD

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