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

Weekly Market Brief
Week Ending March 24th, 2023.

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The Saudi Central Bank (SAMA) increased interest rates by 25 basis points to 5.5 percent following the U.S. Federal Reserve's rate increase last week.

- S&P Global raised its sovereign rating on Saudi Arabia to "A/A-1", citing expected reform and diversification plans to boost development of the Kingdom's non-oil sector and shift dependence away from oil. The ratings agency, which previously had an "A-/A-2" rating on Saudi Arabia, forecast a slow rise in the Kingdom's oil production through 2026.

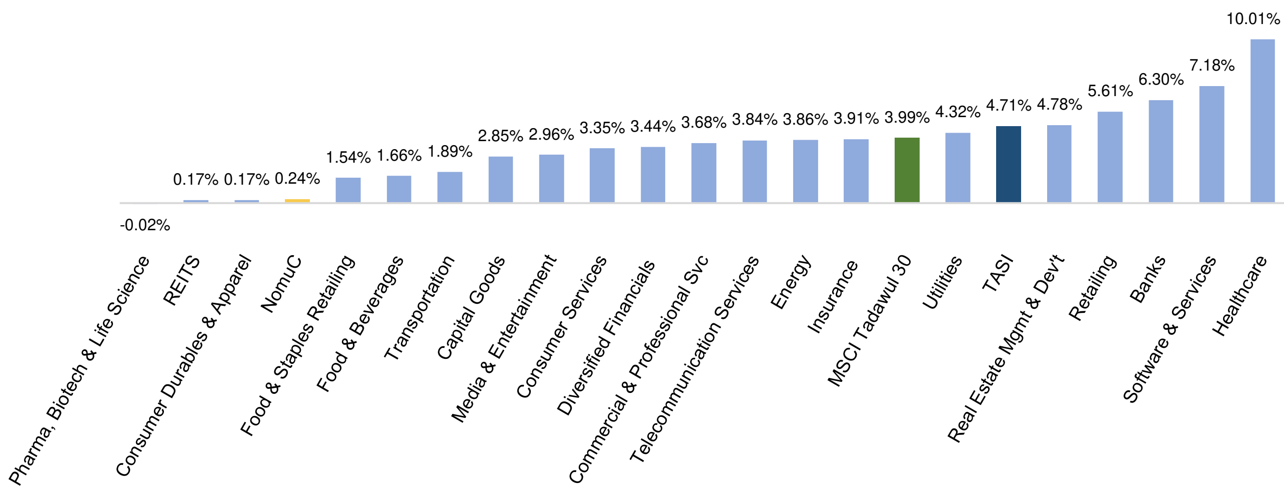
- The National Debt Management Center (NDMC) announced the closure of its March issuance under the Saudi government's Saudi Riyal-denominated sukuk program. The total amount of all bids received for the sukuk hit SAR8.342 billion ($2.2 billion) and the total amount allocated was set at SAR3.374 billion ($898 million).

Tadawul

The TASI increased 4.71 percent last week and closed at 10,446 points. Twenty of the 21 sectors finished the week in positive territory with 'Healthcare' and 'Software & Services' experiencing the greatest increase at 10 percent and 7.18 percent, respectively. 'Pharma, Biotech & Life Science' decreased by 0.02 percent. The NomuC parallel market index increased by 0.24 percent and closed at 19,057 points, while the MSCI Tadawul 30 grew 3.99 percent and closed the week at 1,401 points.

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

Tadawul Weekly Index Performance - March 24, 2023



Source: Tadawul, USSBC

- The value of Saudi capital markets surged 476 percent over the past 5 years as it hit SAR9.9 trillion ($2.6 trillion), according to the Capital Market Authority (CMA). While the Saudi financial market ranked ninth among the largest stock exchanges in the world for value by the end of 2022, it secured fourth place among G20 countries by the end of the year.

Business, Trade, & Investment

- The Ministry of Investment signed 14 agreements with global entities in sports and entertainment that included motorsports fields, racing track infrastructure, partnerships to hold championships, and supporting investors entry into the Saudi market.

- The Ministry of Industry and Mineral Resources licensed 124 new factories worth SAR2.4 billion ($640 million) for food products manufacturing, non-metallic minerals, chemical material and product manufacturing, formed metals excluding machinery manufacturing, and equipment and manufacturing rubber products. Small-sized enterprises held 86.3 percent of newly issued licenses followed by medium-sized enterprises and micro-enterprises with 11.3 percent and 2.4 percent, respectively.

- Saudi Entertainment Ventures (SEVEN) signed an agreement with Hasbro, Inc. to develop and operate the world's first PLAY-DOH themed entertainment center. The deal is worth SAR50 billion ($13.3 billion) and involves building 21 locations across the Kingdom over 10 years.

- Saudi trade in U.S. equities dropped 69 percent to SAR14.4 billion ($3.84 billion) in Q4 of 2022, according to the Capital Markets Authority.

Banking

Money supply M1, M2, and M3 increased by 1.13 percent, 1.63 percent, and 3.07 percent, respectively during the week ending March 16th.

U.S. MARKETS

U.S. Macroeconomic Developments

- The Federal Open Market Committee (FOMC) voted unanimously to hike rates by 25 bps, bringing the target range for the federal funds rate to 4.75-5.00 percent. The Committee has now hiked rates by 475 bps over the course of the past 12 months, the fastest pace of tightening since the early 1980s.

- New orders for durable goods declined by 1 percent. The drop is attributed to aircraft and defense orders and the decrease in demand for new capital expenditures. Orders for new machinery and computers slipped, while metals and electrical equipment orders rose.

- New home sales continued to grow through February, fueled by price discounts and rate buy-downs to attract buyers. However, February's pace of sales remains 19 percent below what it was in 2022.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.38 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.18 percent and finished the week at 32,238 points. The S&P 500 increased 1.39 percent and finished at 3,971 points. The NASDAQ jumped 1.67 percent and ended the week at 11,824 points.

GLOBAL OIL MARKETS

- Arab light crude increased 1.34 percent and finished the week at $77.35. Global benchmark Brent crude increased 2.22 percent to $74.59 a barrel, while U.S. West Texas Intermediate (WTI) crude jumped 3.78 percent and closed at $69.26.

- Oil prices are falling in line with stocks and bond yields, in a sign investors are growing more worried about the global economic outlook.

- Russia overtook Saudi Arabia to be China's top oil supplier in the first two months of 2023, Chinese government data showed last week, as buyers acquired sanctioned Russian oil at steep discounts. Saudi Arabia was China's top supplier in 2022, selling 87.49 million tons of crude during the year, equivalent to 1.75 million bpd.

THE WEEK AHEAD

- Saudi Arabia releases Balance of Trade for January on March 27
- U.S. releases Core PCE Price Index for February on March 31
- U.S. releases Personal Income and Personal Spending for February on March 31