



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

Weekly Market Brief
Week Ending May 12th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's real gross domestic product grew by 3.9 percent YoY in the first quarter of 2023 as non-oil activities increased, according to data from the General Authority for Statistics (GASat).
- According to the Ministry of Finance, Saudi Arabia made SAR280.9 billion (\$74.89 billion) in revenues during the first quarter, a 21.9 percent decrease YoY. Expenditures reached SAR283.9 billion (\$75.7 billion) as the Kingdom witnessed a deficit of SAR2.9 billion (\$776 million).
- According to GASat, the Kingdom's industrial production index rose 4.1 percent in March 2023 due to high production in mining, quarrying, and manufacturing.

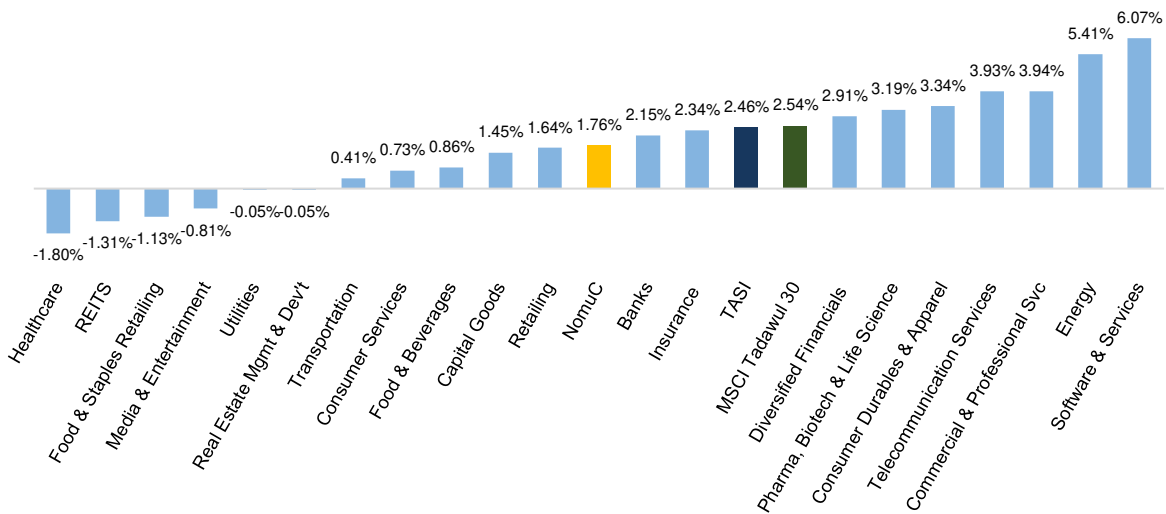


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Tadawul

The TASI increased 2.46 percent last week and closed at 11,393 points. Fifteen of the 21 sectors finished the week in positive territory with 'Software & Services' and 'Energy' experiencing the greatest increases at 6.07 percent and 5.41 percent, respectively. 'Healthcare' had the steepest decline at 1.80 percent followed by 'REITS' at 1.31 percent. The NomuC parallel market index increased by 1.76 percent and closed at 21,264 points, while the MSCI Tadawul 30 rose 2.54 percent and closed the week at 1,536 points.

Tadawul Weekly Index Performance - May 12, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The Ministry of Industry and Mineral Resources launched the Industrial Business Accelerator and Incubator Initiative that aims to meet the specific needs of small and medium enterprises and industrial project owners to concentrate on entrepreneurs in the early stages.
- Saudi Arabia recorded a 32 percent increase in e-commerce in the first quarter of 2023 with 4,093 commercial registers issued, compared to 3,499 in the first quarter in 2022.
- Italy's Webuild secured two contracts worth SAR1,646 billion (\$439 billion) for the construction and management of a water treatment plant within the Zuluf onshore oil facilities in Saudi. The first contract includes the engineering, procurement, and construction of the plant and the second involves the operation and maintenance of the completed plant for 25 years.
- Alujain National Industrial Company selected Lummus Technology's C3 CATOFIN propane dehydrogenation (PDH) technology for their new propylene plant in Yanbu. Once complete, it will produce 600,000 MTA of propylene, which will serve as feedstock for Alujain's new downstream polypropylene production.

Banking

Money supply M1, M2, and M3 decreased by 2.21 percent, 1.16 percent, and 0.003 percent, respectively, during the week ending May 4th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Producer prices for final demand in the U.S. increased 0.2 percent MoM in April of 2023, following a downwardly revised 0.4 percent drop in March and compared to market forecasts of a 0.3 percent rise. Meanwhile, annual producer inflation eased for a 10th straight month to 2.3 percent, the lowest since January 2021 and the core rate fell to 3.2 percent.
- The annual inflation rate in the U.S. dropped to 4.9 percent in April 2023, the lowest since April 2021, and below market forecasts of 5 percent.
- The NFIB Small Business Optimism index fell to 89 points in April, the lowest reading since early 2013. Pessimism about the economic outlook appears to be weighing on overall small business optimism despite easing inflation pressures and reduced credit concerns.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.46 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 1.11 percent and finished the week at 33,301 points. The S&P 500 decreased 0.29 percent and finished at 4,124 points. The NASDAQ rose 0.40 percent and ended the week at 12,285 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 6.15 percent and finished the week at \$75.87. Global benchmark Brent crude slipped 1.50 percent to \$74.17 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 1.82 percent and closed at \$70.04.
- Oil prices fell for the fourth straight week as the market balances supply fears against renewed economic concerns in the United States and China.
- Saudi Arabia's oil revenue stood at SAR178 billion (\$47.47 billion) in the first quarter of 2023 reflecting a 3 percent drop YoY.

THE WEEK AHEAD

- Saudi releases Inflation Rate YoY for April on May 15
- U.S. releases Retail Sales MoM for April on May 16
- U.S. releases Building Permits for April on May 17