



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

Weekly Market Brief
Week Ending May 26th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Spending by Saudis fell for the second week in a row in the seven days ending May 20, according to point-of-sale transactions (POS) data released by the Saudi Central Bank (SAMA). The Kingdom's aggregate POS transactions shrunk by 7.3 percent last week, totaling SAR10.1 billion (\$2.7 billion), driven by a decrease in food and drink spending.
- Saudi Arabia's total merchandise exports rose 4.4 percent in March to SAR106.1 billion (\$28.3 billion), compared to SAR101.1 billion (\$27 billion) in the previous month, according to the General Authority for Statistics (GASat).
- Saudi Arabia's M3 money supply surged 4.74 percent since December 2022, according to SAMA. The M3 money supply, which is usually monitored as a broad measure of liquidity in the monetary system, reached SAR2.61 billion (\$696 billion) in the week ending May 11, rising from SAR2.5 billion (\$667 million) on December 31.

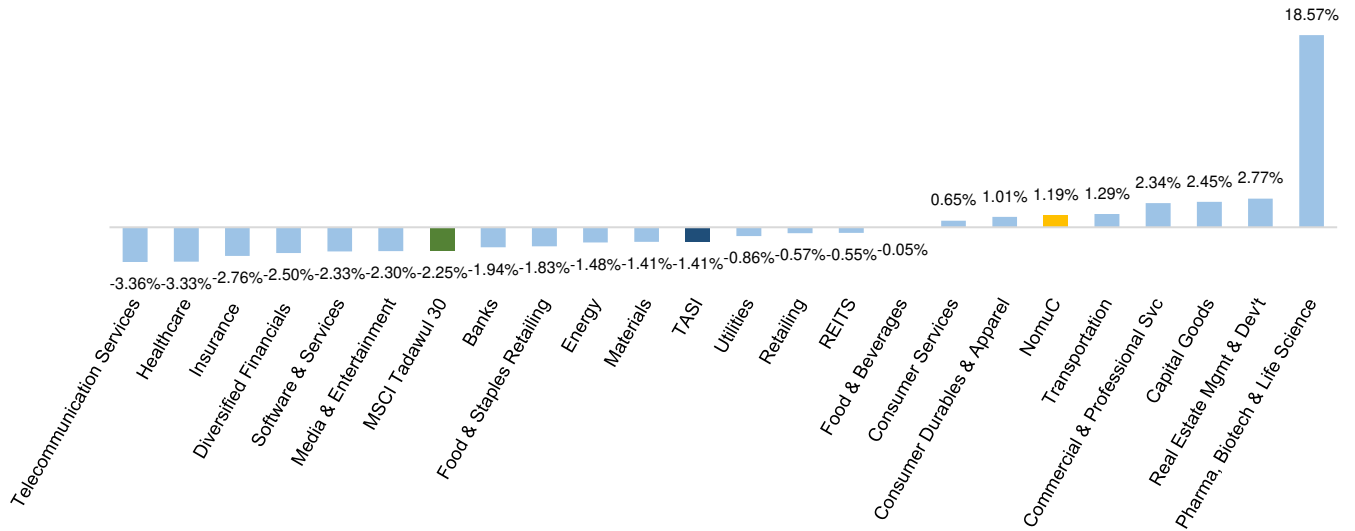


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Tadawul

The TASI decreased 1.41 percent last week and closed at 11,184 points. Seven of the 21 sectors finished the week in positive territory with 'Pharma, Biotech & Life Science' and 'Real Estate Mgmt & Dev't' experiencing the greatest increases at 18.57 percent and 2.77 percent, respectively. 'Telecommunication Services' had the steepest decline at 3.36 percent followed by 'Healthcare' at 3.33 percent. The NomuC parallel market index increased by 1.19 percent and closed at 21,079 points, while the MSCI Tadawul 30 dropped 2.25 percent and closed the week at 1,492 points.

Tadawul Weekly Index Performance - May 26, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Aramco signed three contracts estimated at around SAR1.8 billion (\$493 million) with the Kingdom's leading steel pipe manufacturers. Local companies Saudi Steel Pipe, East Pipes Integrated, and Group Five Pipe Saudi were the winning bidders for the contract.
- Saudi Power Procurement Co. signed a power purchase agreement with the Public Investment Fund-owned Badeel and ACWA Power for three new solar energy projects. These three independent power projects, which will be built at a cost of SAR12.2 billion (\$3.25 billion), intend to produce a combined capacity of 4.55 gigawatts, powering approximately 750,000 households.
- Saudi Real Estate Co. (Al Akaria) entered into a joint venture agreement with USSBC member Al Tahaluf Real Estate Co. to develop a residential villa scheme within Al Akaria Park. The project will raise the number of on-site housing units from 250 to 296, at an estimated total development cost of SAR464 million (\$123.7 million).
- Saudi air traffic witnessed a strong rebound during the first four months of 2023, recording a 42 percent increase in the number of passengers compared to the same period last year. According to the General Authority of Civil Aviation, the number of passengers jumped to 35.8 million in the first four months of 2023, up from 25.3 million YoY.
- The Ministry of Industry and Mineral Resources (MIMR) issued 332 new industrial investment licenses with an investment value of SAR8.2 billion (\$2.2 billion). The total number of factories in Saudi Arabia by the end of March 2023 reached 10,800 with an investment of SAR1.4 trillion (\$373 billion).

Banking

Money supply M1, M2 and M3 increased by 0.17 percent, 0.58 percent, and 0.50, respectively during the week ending May 18th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- New home sales rose 4.1 percent to a 683,000 annual rate in April, the second consecutive monthly uptick. Although downward revisions lowered March's surge, buyers are still moving toward new construction amidst scarce existing home inventory.
- Personal spending in the United States jumped 0.8 percent MoM in April of 2023, the most in three months, and well above market forecasts of a 0.4 percent gain. This reflects a sign that consumer spending remains robust, supported by higher wages and a tight labor market.
- New orders for U.S. manufactured durable goods rose by 1.1 percent MoM in April 2023, following an upwardly revised 3.3 percent growth in March and beating market expectations of a 1.0 percent decline.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.80 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 1 percent and finished the week at 33,093 points. The S&P 500 increased 0.32 percent and finished at 4,205 points. The NASDAQ rose 2.51 percent and ended the week at 12,975 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 0.28 percent and finished the week at \$77.41. Global benchmark Brent crude increased 1.81 percent to \$76.95 a barrel, while U.S. West Texas Intermediate (WTI) crude rose 1.57 percent and closed at \$72.67.
- Oil prices increased as U.S. officials appeared close to striking a debt-ceiling deal, and as the market views decisions on supply from Russia and Saudi Arabia ahead of the next OPEC+ policy meeting.
- OPEC+ members are due to meet on June 4 in Vienna to decide on their next course of action as oil supplies to Asian countries face heightened competition.

THE WEEK AHEAD

- U.S. releases ISM Manufacturing PMI for May on June 1
- U.S. releases Unemployment Rate for May on June 2
- Saudi Arabia releases Non-Oil PMI for May on June 5