



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

Weekly Market Brief
Week Ending May 5th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Banks in Saudi Arabia reported an aggregate profit of SAR7.43 billion (\$1.98 billion) in March, up 23.2 percent YoY according to the latest data from the Saudi Central Bank (SAMA).
- Consumer spending during March grew by 6 percent, reaching SAR120.6 billion (\$32.16 billion) mainly due to elevated Point of Sales (POS) transactions in Riyadh, Makkah and Madinah based on data from SAMA.
- SAMA raised interest rates by 25bps in line with the U.S. Federal Reserve Bank as it seeks to counter inflation, the 10th consecutive rise since March 2022.
- According to the latest Riyadh Bank Saudi Arabia Purchasing Managers' Index (PMI) report, Saudi PMI climbed to 59.6 points in April 2023 from 58.7 points in March 2023 due to strong domestic demand that triggered an increase in new orders.
- Private sector credit growth in Saudi Arabia was up 1.4 percent in March 2023, from 0.9 percent in March 2022, while the YoY growth rate reached 10.3 percent. This was driven by strong domestic demand as the government pushes ahead with its economic diversification strategy.

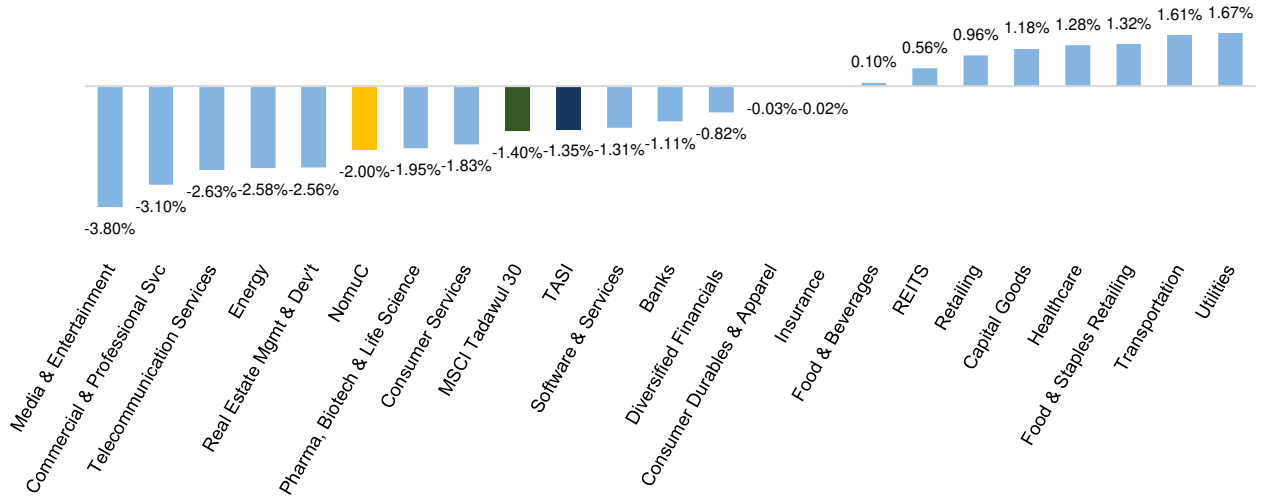


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Tadawul

The TASI decreased 1.35 percent last week and closed at 11,119 points. Eight of the 21 sectors finished the week in positive territory with 'Utilities' and 'Transportation' experiencing the greatest increase at 1.67 percent and 1.61 percent, respectively. 'Media & Entertainment' had the steepest decline at 3.80 percent followed by 'Commercial & Professional Services' at 3.10 percent. The NomuC parallel market index decreased by 2 percent and closed at 20,896 points, while the MSCI Tadawul 30 dropped 1.40 percent and closed the week at 1,498 points.

Tadawul Weekly Index Performance - May 5, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- NEOM awarded a SAR7.5 billion (\$2 billion) contract for the construction of the Connector South Rail line through a joint venture with Italy based Webuild and Riyadh based Shibh Al-Jazira contracting (SAJCO). The road will extend south from The Line to NEOM City Station, passing through NEOM Bay Mansions, NEOM Bay Airport, all the way to OXAGON.
- Saudi Arabia's Royal Commission for AIUla has awarded contracts to Egis for the development of a private aircraft terminal at AIUla Airport and several projects relating to a private aircraft terminal at its international airport.
- A shareholder's agreement was signed between Aramco, Baoshan Iran & Steel Company (Baosteel), and the Public Investment Fund (PIF) to establish an integrated steel plate manufacturing complex in Saudi Arabia, the first of its kind in the GCC region. The project aims to enhance the domestic manufacturing sector through localizing the production of heavy steel plates, transferring knowledge, and creating export opportunities.

Banking

Money supply M1 increased by 1.69 percent while M2 and M3 decreased by 0.04 percent and 0.40 percent, respectively, during the week ending April 27th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The ISM Manufacturing PMI in the U.S. rose to 47.1 points in April 2023, above the market consensus of 46.8 points. However, economic activity in the manufacturing sector shrank for the sixth consecutive month.
- The Federal Reserve raised the fed funds rate by 25bps to a range of 5 percent to 5.25 percent during its May meeting, marking the 10th increase and bringing borrowing costs to their highest level since September 2007.
- The unemployment rate in the U.S. dropped to 3.4 percent in April 2023, below market expectations of 3.6 percent. The number of unemployed individuals decreased while employment levels rose.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.44 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.45 percent and finished the week at 33,674 points. The S&P 500 increased 0.02 percent and finished at 4,136 points. The NASDAQ rose 0.77 percent and ended the week at 12,235 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 1.23 percent and finished the week at \$80.84. Global benchmark Brent crude decreased 3.92 percent to \$75.30 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 4.57 percent and closed at \$71.34.
- Oil prices fell for the third straight week after a sharp fall earlier in the week ahead of benchmark interest rate rises and on concern that the U.S. banking crisis will slow the economy and decrease fuel demand.
- Saudi Arabia cuts prices of its June flagship crude to Asian buyers for the first time in four months.

THE WEEK AHEAD

- U.S. releases Inflation Rate MoM for April on May 10
- Saudi releases Industrial Production YoY for March on May 11
- U.S. releases PPI MoM for April on May 11