



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

Weekly Market Brief
Week Ending June 9th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The Riyadh Bank Saudi Arabia Purchasing Managers' Index reached 58.5 points in May, well above the 50 reading, indicating economic growth. This was a slight drop compared to 59.6 points in April.
- The International Monetary Fund (IMF) expects growth in Saudi Arabia to slow to 2.1 percent in 2023 on the back of OPEC+ production cuts announced in April. The IMF, in its latest Article IV mission concluding statement, said that while April's cuts would reduce overall growth to 2.1 percent, non-oil growth is expected to remain robust, averaging 5 percent in 2023.
- Saudi Arabia's real gross domestic product grew by 3.8 percent YoY in the first quarter of 2023, primarily driven by expansion in non-oil activities, according to a report released by the General Authority for Statistics (GASStat). The Kingdom's non-oil activities expanded by 5.4 percent YoY.

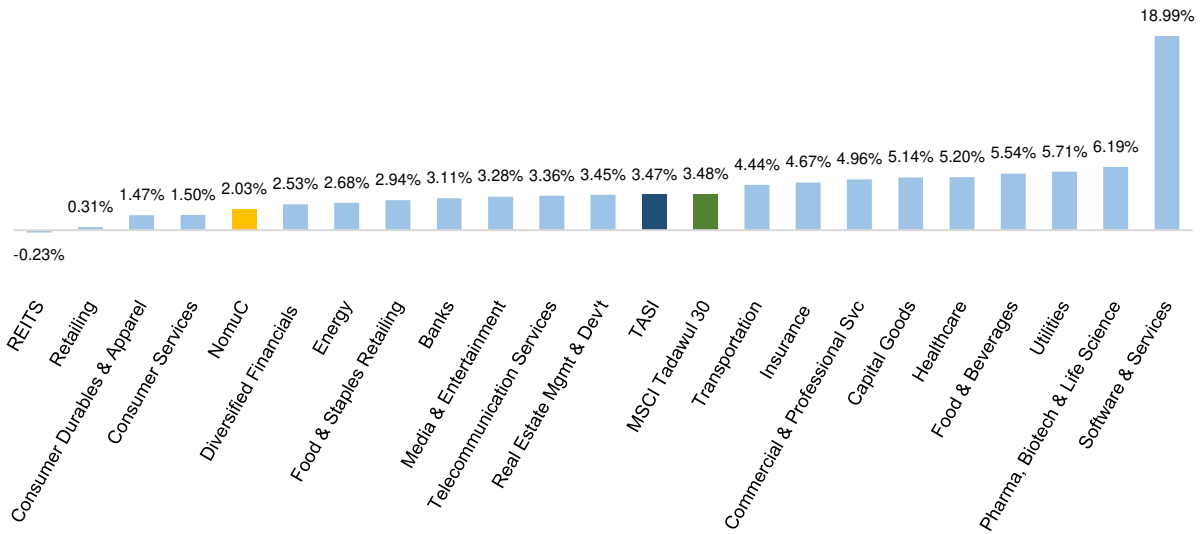


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Tadawul

The TASI jumped 3.47 percent last week and closed at 11,397 points. Twenty of the 21 sectors finished the week in positive territory with 'Software & Services' and 'Pharma, Biotech & Life Science' experiencing the greatest increases at 18.99 percent and 6.19 percent, respectively. 'REITS' was the only sector that declined as it dropped 0.23 percent. The NomuC parallel market index increased by 2.03 percent and closed at 21,849 points, while the MSCI Tadawul 30 increased 3.48 percent and closed the week at 1,509 points.

Tadawul Weekly Index Performance - June 9, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- NEOM finalized contracts worth SAR21 billion (\$5.6 billion) to build the first phase of residential communities for its workforce. NEOM will build 10 communities across the smart city that will accommodate an additional 95,000 occupants upon completion of the first phase.
- The Kingdom's Real Estate Development Fund (REDF) signed finance agreements worth SAR13.7 billion (\$3.6 billion) in the first quarter of 2023. The deals will offer housing benefits to 21,000 citizens during the first quarter, according to the National Development Fund.
- The PGA TOUR, DP World Tour, and the Public Investment Fund (PIF) signed an agreement that combines PIF's golf-related commercial businesses and rights (including LIV Golf) with the commercial businesses and rights of the PGA TOUR and DP World Tour into a new, collectively owned, for-profit entity.
- The "visiting investor" visa is being launched by Saudi Arabia's Ministry of Investment. Foreign investments in Saudi Arabia rose by 2 percent in 2022 to SAR2.4 trillion (\$640 billion), up from SR2.36 trillion (\$629 billion) in 2021, according to the Saudi Central Bank (SAMA).

Banking

Money supply M1 and M2 increased by 1.52 percent and 0.57 percent, while M3 declined by 0.29 percent during the week ending June 1st.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The ISM services component fell for the third time in four months, reaching 50.3 points. Since the re-opening of the economy in June 2020 after the COVID shutdowns, the ISM services index was below 50 only once in December 2022.
- The U.S. trade deficit widened by \$14.0 billion to \$74.6 billion in April, more than reversing the \$9.6 billion narrowing a month earlier. Exports fell \$9.2 billion, or by 3.6 percent in April, while imports rose \$4.8 billion or 1.5 percent.
- The number of Americans filing for unemployment benefits jumped to 261K in the week ending June 3rd, 2023, which included Labor Day holiday, the highest figure since October 2021, and above market forecasts of 235K. Figures for the previous week were revised slightly higher to 233K from an initial 232K.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.75 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.34 percent and finished the week at 33,876 points. The S&P 500 increased 0.39 percent and finished at 4,298 points. The NASDAQ rose 0.14 percent and ended the week at 13,259 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 1.79 percent and finished the week at \$77.36. Global benchmark Brent crude slipped 1.76 percent to \$74.79 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 2.19 percent and closed at \$70.17.
- Oil prices recorded a second straight weekly decline, as disappointing Chinese data added to doubts about demand growth after Saudi Arabia's decision to cut output.
- Saudi Arabia will extend its voluntary cut of 500,000 bpd until the end of December 2024, in coordination with some countries participating in the OPEC+ agreement. OPEC+ member countries also agreed to a new output target of 40.46 million bpd from 2024.

THE WEEK AHEAD

- U.S. releases Inflation Rate for May on June 13
- U.S. releases Federal Reserve's Interest Rate Decision on June 14
- Saudi Arabia releases Inflation Rate for May on June 15