



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

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Weekly Market Brief  
Week Ending June 16<sup>th</sup>, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's Industrial Production Index rose by 3.2 percent YoY in April 2023. The rise was driven by high production in mining and quarrying, manufacturing activity, and electricity and gas supplies.
- The Saudi Cabinet approved the Civil Transactions Law, the third of four laws announced as part of legal reforms in 2021. The Civil Transactions Law includes provisions that define contracts, such as the elements of a contract; its validity; its effects among the contracting parties; the provisions related to its invalidity and termination; and the provisions of harmful acts and rules for compensation.
- Saudi Arabia's inflation rate edged up to 2.8 percent in May 2023, compared to 2.2 percent in May 2022, primarily driven by higher housing prices, water, electricity, gas, and other fuels. The prices of housing, water, electricity, gas, and other fuels increased by 8.4 percent YoY in May, while food and beverages rose by 0.9 percent.
- Saudi Arabia's banking system has been upgraded from stable to positive by Moody's Investors Service. The upgrade was supported by robust oil prices, an ambitious reform agenda, and an upswing in economic growth.

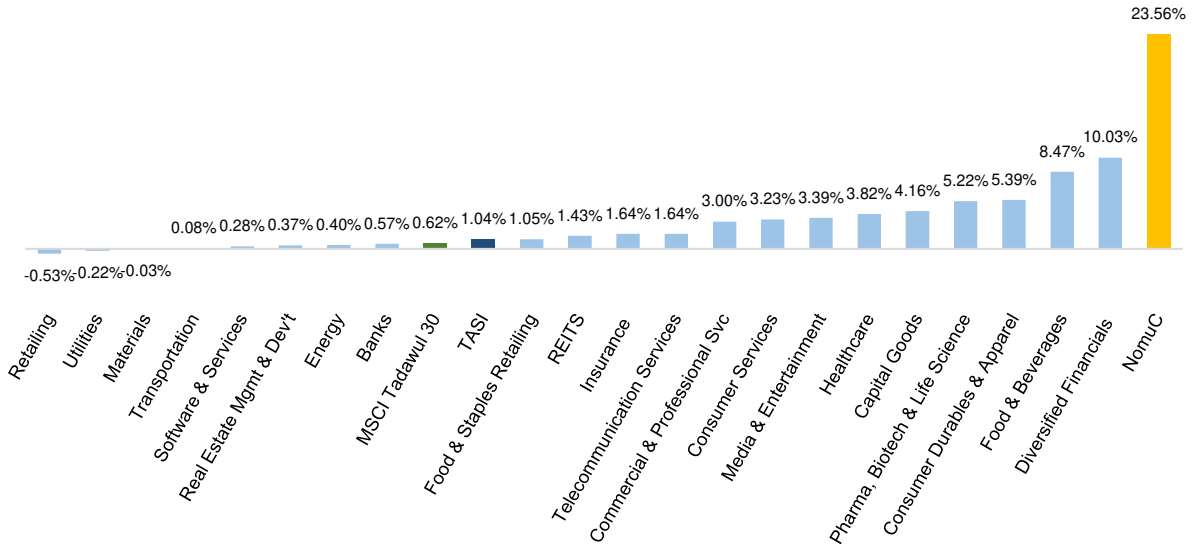


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## Tadawul

The TASI increased by 1.04 percent last week and closed at 11,516 points. Eighteen of the 21 sectors finished the week in positive territory with 'Diversified Financials' and 'Food & Beverages' experiencing the greatest increases at 10.03 percent and 8.47 percent, respectively. 'Retailing' led the declines as it dropped 0.53 percent. The NomuC parallel market index jumped by 23.56 percent and closed at 26,997 points, while the MSCI Tadawul 30 increased 0.62 percent and closed the week at 1,518 points.

Tadawul Weekly Index Performance - June 16, 2023



Source: Tadawul, USSBC

- The number of investment funds during the first quarter of 2023 surged 35.3 percent YoY as 1,076 funds now operate in Saudi Arabia.



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## Business, Trade, & Investment

- The Public Investment Fund's (PIF) wholly-owned subsidiary, Saudi Agricultural and Livestock Investment Co. (SALIC) signed an agreement to acquire 42.4 percent of National Aquaculture Group (NAQUA). NAQUA is SALIC's second investment in the field of fisheries after taking over PIF's 39.99 percent stake in Saudi Fisheries Co. in March 2021.
- Cement exports from Saudi Arabia rose 22.2 percent to 663,000 tons in May 2023, compared to 534,000 tons in May 2022. Local sales stood at 3.94 million, up 12.4 percent from 3.50 million YoY.
- The Small and Medium Enterprises Bank, affiliated with the National Development Fund, signed 20 collaboration and investment agreements with various financial technology entities, investment funds, and e-commerce platforms, totaling more than SAR1.1 billion (\$293 million).
- The volume of standard containers handled across the Kingdom reached 709,944 in May compared to 597,617 YoY, reflecting an 18.8 percent increase. Outbound containers rose by 28 percent to 224,720 from 175,320 while inbound containers increased 36 percent to 236,360 from 173,820 containers.

## Banking

Money supply M1, M2, and M3 increased by 0.01 percent, 0.49 percent, and 0.83 percent, respectively during the week ending June 8<sup>th</sup>.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- The consumer price index increased a modest 0.1 percent in May. Falling energy prices and slow food inflation kept the headline index stable. Excluding food and energy, the core CPI rose by a much stronger 0.4 percent. Over the past year, headline CPI is up 4.0 percent.
- The Federal Reserve decided unanimously to refrain from raising rates during last week's meeting. However, it stated that "additional policy firming" may be appropriate.
- Retail sales rose 0.3 percent in May, led by gains at building material stores and auto dealers, resulting in the first back-to-back gains of more than 0.1 percent since April 2022.

### Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.77 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.25 percent and finished the week at 34,299 points. The S&P 500 increased 2.58 percent and finished at 4,409 points. The NASDAQ rose 3.25 percent and ended the week at 13,689 points.



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## GLOBAL OIL MARKETS

- Arab light crude increased 0.87 percent and finished the week at \$78.03. Global benchmark Brent crude gained 2.43 percent to \$76.61 a barrel, while U.S. West Texas Intermediate (WTI) crude grew 2.29 percent and closed at \$71.78.
- Higher Chinese demand and OPEC+ supply cuts lifted prices, despite expected weakness in the global economy and the prospect for further interest rate hikes.
- Saudi Arabia saw its crude exports drop to a five-month low in April, a month before the first of the voluntary Saudi cuts began in May, according to data from the Joint Organizations Data Initiative (JODI). In April, Saudi Arabia's crude oil exports slumped by 207,000 barrels per day (bpd) from March to 7.32 million bpd.

## THE WEEK AHEAD

- U.S. releases Building Permits for May on June 20
- Saudi Arabia releases Balance of Trade for April on June 22
- U.S. releases Existing Home Sales for May on June 22



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