



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

Weekly Market Brief
Week Ending July 7th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- June's Riyadh Bank Saudi Arabia Purchasing Managers' Index, compiled by S&P Global, surged to 59.6 points from 58.5 points in May. Non-oil business activities in Saudi Arabia witnessed continued expansion in June, driven by the tourism and construction sectors.
- Consumer spending in May saw a remarkable rise by 15 percent YoY, despite a monthly decline of 3.7 percent. Point of Sales (POS) transactions were up 18 percent YoY, and cash withdrawals rose by 8 percent YoY.
- SAMA foreign reserves rose in May for the first time in six months to SAR1.7 trillion (\$442 billion), and by SAR46 billion (\$12.3 billion) MoM. The monthly rise was mainly attributed to bank deposits, which grew by SAR45 billion (\$12 billion), and foreign securities, which grew by SAR2.3 billion (\$600 million).

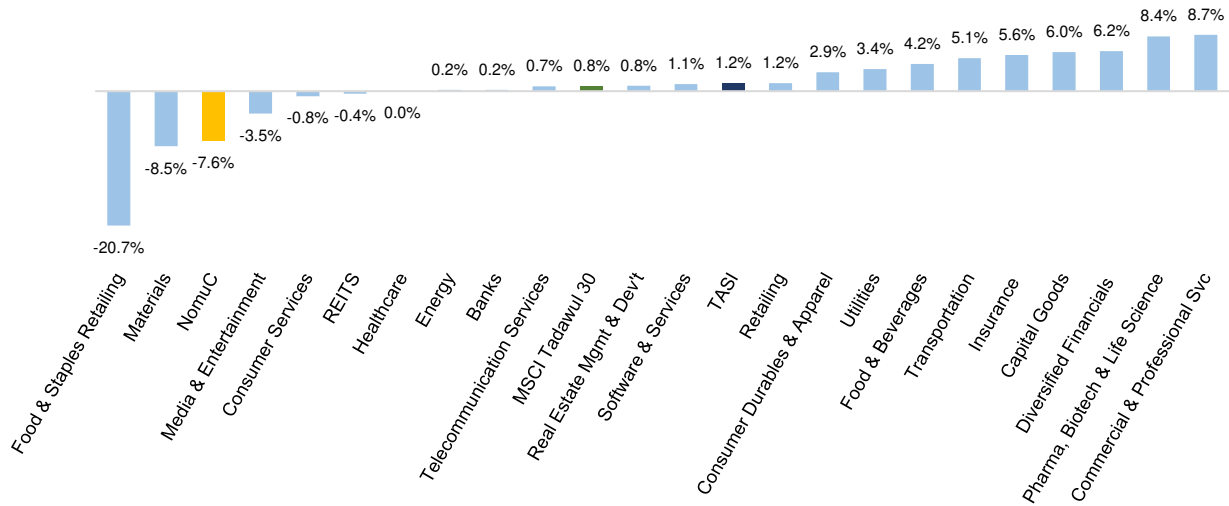


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Tadawul

The TASI increased by 1.2 percent last week and closed at 11,597 points. Fifteen of the 21 sectors finished the week in positive territory with 'Commercial & Professional Svc' and 'Pharma, Biotech & Life Science' experiencing the greatest increases at 8.7 percent and 8.4 percent, respectively. 'Food & Staples Retailing' led the declines as it dropped 20.7 percent. The NomuC parallel market index slipped by 7.6 percent and closed at 24,149 points, while the MSCI Tadawul 30 increased 0.8 percent and closed the week at 1,522 points.

Tadawul Weekly Index Performance - July 7, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Arabia's Ministry of Industry and Mineral Resources issued 53 new industrial licenses in April with the investment volume reaching SAR5.8 billion (\$1.5 billion) across seven industrial activities. This follows the 123 licenses issued in March valued at SAR3.1 billion (\$824 million).
- Incoming travelers to Saudi Arabia increased their spending by 224.6 percent, reaching SAR37 billion (\$9.8 billion) YoY during the first quarter of 2023. Meanwhile, spending by residents who traveled outside the Kingdom during the first quarter amounted to SAR14 billion (\$3.7 billion), an increase of 7.9 percent YoY.

Banking

Money supply M1 decreased by 0.20 percent, while M2 and M3 grew 0.58 percent and 0.01 percent, respectively during the week ending June 15th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Total construction spending increased 0.9 percent in May, beating expectations and marking a five-month continuous gain. Residential spending rose 2.1 percent MoM while nonresidential spending fell 0.2 percent on the back of weaker commercial spending.
- The U.S. trade deficit widened to \$69 billion in May amid a plunge in import growth. Net exports are still tracking to be a considerable drag on second-quarter growth, and the underlying import data demonstrate the domestic rotation away from goods and to services.
- Nonfarm payrolls increased by 209K in June, coming in modestly below the Bloomberg consensus for the first time in 15 months. The unemployment rate held steady at 3.6 percent and is unchanged from where it was in March 2022 when the FOMC hiked rates for the first time.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.06 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 1.96 percent and finished the week at 33,734 points. The S&P 500 dropped 1.16 percent and finished at 4,398 points. The NASDAQ slipped 0.92 percent and ended the week at 13,660 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 2.50 percent and finished the week at \$80.06. Global benchmark Brent crude gained 4.77 percent to \$78.47 a barrel, while U.S. West Texas Intermediate (WTI) crude jumped 4.56 percent and closed at \$73.86.
- Supply concerns and technical buying outweighed fears that further interest rate hikes could slow economic growth and reduce demand for oil.
- Saudi Arabia raised the prices for most its crude oil to Asian customers in August for a second month, after its announcement of prolonging an extra output cut on top of a broader OPEC+ deal. Saudi Aramco hiked the official selling prices (OSP) for August-loading Arab Light to Asia by 20 cents a barrel from July to \$3.20 a barrel over Oman/Dubai quotes.

THE WEEK AHEAD

- Saudi releases Industrial Production for May on July 11
- U.S. releases Inflation Rate for June on July 12
- Saudi releases Inflation Rate for June on July 13