



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

Weekly Market Brief
Week Ending August 25th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The BRICS bloc of developing nations admitted Saudi Arabia, Iran, Ethiopia, Egypt, Argentina, and the United Arab Emirates into the group. The six new candidates will formally become members on Jan. 1, 2024.
- The National Debt Management Center concluded its Riyal-denominated sukuk program issuance for August, with a bid amount totaling SAR3.50 billion (\$930 million), marking a 33.07 percent increase YoY. The issuance was executed in two tranches, with the first tranche valued at SAR2.4 billion (\$640 million), set to mature in 2031 and the second worth SAR1.1 billion (\$293 million) in 2033.
- Saudi Arabia's merchandise exports for June 2023 reached SAR88.8 billion (\$23.7 billion), decreasing by 39.7 percent from SAR147.1 billion (\$39.2 billion) YoY. China emerged as Saudi Arabia's largest merchandise trading partner in June, with exports amounting to SAR13.7 billion (\$3.7 billion), or 15.5 percent of the total. South Korea and India followed with SAR8.1 billion (\$2.2 billion) and SAR7.7 billion (\$2.1 billion) of total exports, respectively.

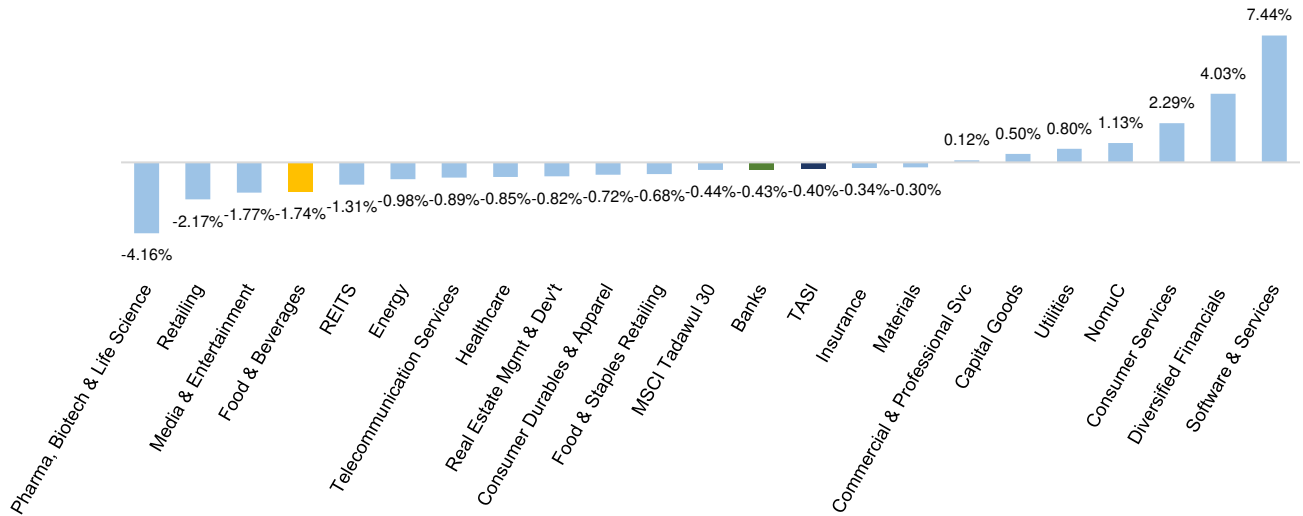


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Tadawul

The TASI decreased by 0.43 percent last week and closed at 11,002 points. Seven of the 21 sectors finished the week in positive territory with 'Software & Services' and 'Diversified Financials' experiencing increases of 7.44 percent and 4.03 percent, respectively. 'Pharma, Biotech & Life Science' led the declines as it dropped 4.16 percent. The NomuC parallel market index increased by 1.13 percent and closed at 23,464 points, while the MSCI Tadawul 30 declined 0.44 percent and closed the week at 1,475 points.

Tadawul Weekly Index Performance - August 25, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- H.R.H. Crown Prince Mohammed bin Salman launched a SAR750 million (\$200 million) fund for early investment in local and international high-tech companies. It aims to transform research into economically productive innovations by focusing on national priorities for research, development, and innovation.
- Saudi Arabia's small and medium enterprise (SME) sector grew by 2.6 percent in the second quarter of 2023, with the number of SMEs reaching 1.23 million, up from 1.2 million in the first quarter. Through H1'23, the SME Bank earmarked more than SAR10 billion (\$2.66 billion).
- The Ministry of Industry and Mineral Resources launched a business accelerator and incubator program to boost the efficiency of SMEs across 15 industrial projects in the Kingdom.
- Ma'aden Gold and Base Metals Company (MGBM) awarded a construction contract worth SAR105 million (\$28 million) to Darkstone for the second phase of the Mansourah-Massarrah Gold Project in the Kingdom.
- Parsons Corporation was awarded a 5-year contract by the King Abdullah Financial District Development and Management Company (KAFFD DMC) for project and construction management services at the King Abdullah Financial District (KAFFD).
- Gas Arabian Services Co. entered a joint venture (JV) agreement with India-based Tubefit Engineers to establish a limited liability company for the manufacturing of various instrumentation fittings and valves. The new company, named "Tubefit Arabia Factory LLC," will be headquartered in Saudi Arabia. Its capital will amount to SAR5 million (\$1.3 million) upon establishment. Tubefit will hold a 53 percent stake, while GAS will own the remaining 47 percent.

Banking

Money supply M1 decreased by 0.23 percent while M2 and M3 increased by 0.32 percent and 0.41 percent, respectively during the week ending August 17th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Existing home sales declined 2.2 percent during July, the second straight monthly decline. Since existing home sales reflect contract closings, July's data largely reflect activity in June when mortgage rates averaged 6.8 percent, but rates have increased higher since.
- New home sales rose 4.4 percent in July, bouncing back from June's decline and solidifying the upward trend that began last fall. Rising mortgage rates may test builders' ability to bridge the affordability gap for buyers.
- New orders for durable goods reversed in July after jumping 4.4 percent a month earlier. Orders declined 5.2 percent in July and reflected the reversal in volatile aircraft orders, which plunged 43.6 percent in July.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 4.25 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.45 percent and finished the week at 34,346 points. The S&P 500 rose 0.82 percent and finished at 4,405 points. The NASDAQ jumped 2.26 percent and ended the week at 13,590 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 0.01 percent and finished the week at \$88.05. Global benchmark Brent crude slipped 0.38 percent to \$84.48 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 1.75 percent and closed at \$79.83.
- Oil prices edged lower as uncertainty continued over the global economic outlook driven by a sluggish recovery in China and possible recession in the U.S. and Europe.
- Saudi Arabia's crude oil production will likely continue with voluntary oil cuts of 1 mbpd into October, according to a poll from analysts.

THE WEEK AHEAD

- Saudi Arabia releases Private Bank Lending for July on August 28
- U.S. releases Job Openings Orders for July on August 29
- U.S. releases Personal Income and Spending on August 31