



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

Weekly Market Brief
Week Ending September 1st, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- H.R.H. Crown Prince Mohammed bin Salman launched a master plan to develop 59 logistics centers across a total area exceeding 100 million square meters. These centers will span various regions, including 12 each in Riyadh and Makkah, 17 in the Eastern Province, and 18 across other parts of the Kingdom. The strategy aims for the completion of all centers by 2030.
- The aggregate profit of banks operating in Saudi Arabia soared 9.64 percent to SAR6.37 billion (\$1.71 billion) in July, compared to SAR5.8 billion (\$1.54 billion) YoY. The aggregate assets of these banks also rose 8.84 percent YoY in July to SAR3.84 trillion (\$1 trillion).
- Saudi Arabia's foreign reserves fell by SAR60 billion (\$16 billion) in July, according to the Saudi Central Bank (SAMA). Net foreign assets fell to SAR1.53 trillion (\$407 billion) after increases were reported in May and June.
- Saudi Arabia's trade balance reached SAR113 billion (\$30.12 billion) in the second quarter of 2023. Total merchandise exports reached SAR291.6 billion (\$77.8 billion) in the second quarter, decelerating by 31.8 percent to SAR427.8 billion (\$114 billion) YoY.

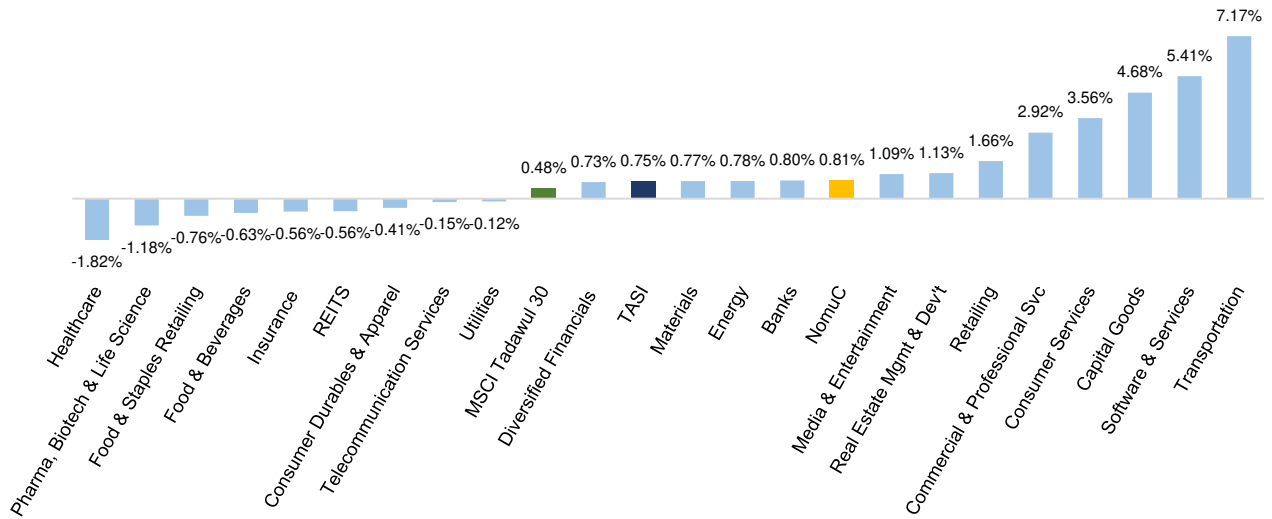


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Tadawul

The TASI climbed by 0.75 percent last week and closed at 11,491 points. Twelve of the 21 sectors finished the week in positive territory with 'Transportation' and 'Software & Services' experiencing increases of 7.17 percent and 5.41 percent, respectively. 'Healthcare' led the declines as it dropped 1.82 percent. The NomuC parallel market index increased by 0.81 percent and closed at 23,654 points, while the MSCI Tadawul 30 rose 0.48 percent and closed the week at 1,482 points.

Tadawul Weekly Index Performance - September 1, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- AviLease, an aviation financing and leasing firm owned by the PIF, signed an agreement to purchase the aircraft leasing business of Standard Chartered for SAR13.5 billion (\$3.6 billion). AviLease will acquire a portfolio of 100 narrow-body aircraft and will also become a servicer for another 22 aircraft.
- Saudi Arabia unveiled the Real Estate Market Initiative, a platform that aims to elevate the management of property transactions, spanning ownership transfers, purchases, sales, and mortgages.
- Bechtel was awarded a key contract to provide project management services for the mega development, New Murabba, in Riyadh. It will offer more than 25 million sqm of floor area, featuring over 104,000 residential units, 9,000 hotel rooms, and more than 980,000 sqm of retail space. It will also include 1.4 million sqm of office space, 620,000 sqm of leisure assets, and 1.8 million sqm of space dedicated to community facilities.
- ROSHN Group launched the MARAFY project in the north of Jeddah. The project is considered one of the largest mixed-use projects, accommodating over 130,000 people and will include a manmade canal that extends 11 km, connecting it to Obhur Creek.

Banking

Money supply M1 and M2 decreased by 0.22 and 0.13 percent, respectively. M3 increased by 0.15 percent during the week ending August 24th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Job openings fell precipitously in July, offering another piece of evidence that labor supply and demand are moving towards equilibrium. Total openings fell to 8.8 million in July, a decline from the downwardly-revised 9.2 million openings in June.
- Consumer spending remained robust in July, rising 0.8 percent during the month. Household spending continues to grow healthily despite continued inflation, rising interest rates, and signs of moderation in the labor market.
- Nonfarm payrolls rose a respectable 187,000 as the labor market loosened. The unemployment rate rose to 3.8 percent, the highest since the Fed began tightening policy in March of 2022 due to a swell of workers entering the labor force.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 4.18 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.43 percent and finished the week at 34,837 points. The S&P 500 rose 2.50 percent and finished at 4,515 points. The NASDAQ jumped 3.25 percent and ended the week at 14,031 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 3.32 percent and finished the week at \$90.97. Global benchmark Brent crude rose 4.82 percent to \$88.55 a barrel, while U.S. West Texas Intermediate (WTI) crude jumped 7.17 percent and closed at \$85.55.
- Oil prices snapped a two-week losing streak, buoyed by expectations of tightening supplies. U.S. inventories last week dropped 10.6 million barrels, hitting the lowest level since December 2022's 420.65 million barrels.
- Saudi Arabia extended its 1 million barrel per day voluntary crude oil production cut until the end of the year. The reduction will put Saudi crude output near 9 million barrels per day over October, November, and December.

THE WEEK AHEAD

- Saudi Arabia releases Riyadh Bank PMI for August on September 5
- U.S. releases ISM Services PMI on September 6
- Saudi Arabia releases GDP Growth Rate for Q2 on September 7