



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

Weekly Market Brief
Week Ending September 8th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil private sector continued its growth momentum as the Kingdom's Purchasing Managers' Index (PMI) hit 56.6 points in August. However, the PMI dipped slightly in August after securing a PMI of 57.7 points in July. The report noted that the rate of expansion in new business inflows eased, slowing for the second month running from June's multi-year high.
- The International Monetary Fund (IMF) expects GDP growth in Saudi Arabia to slow to 1.9 percent reflecting the latest extension of oil production cuts. Saudi Arabia's economy grew 8.7 percent last year on the back of high oil prices, allowing it to record its first budget surplus in almost a decade.
- Saudi Arabia's real GDP recorded a 1.2 percent YoY growth in the second quarter of 2023, thanks to a 6.1 percent surge in the non-oil sector. The non-oil sector grew by 1.6 percent QoQ. However, real GDP decreased 0.2 percent QoQ.

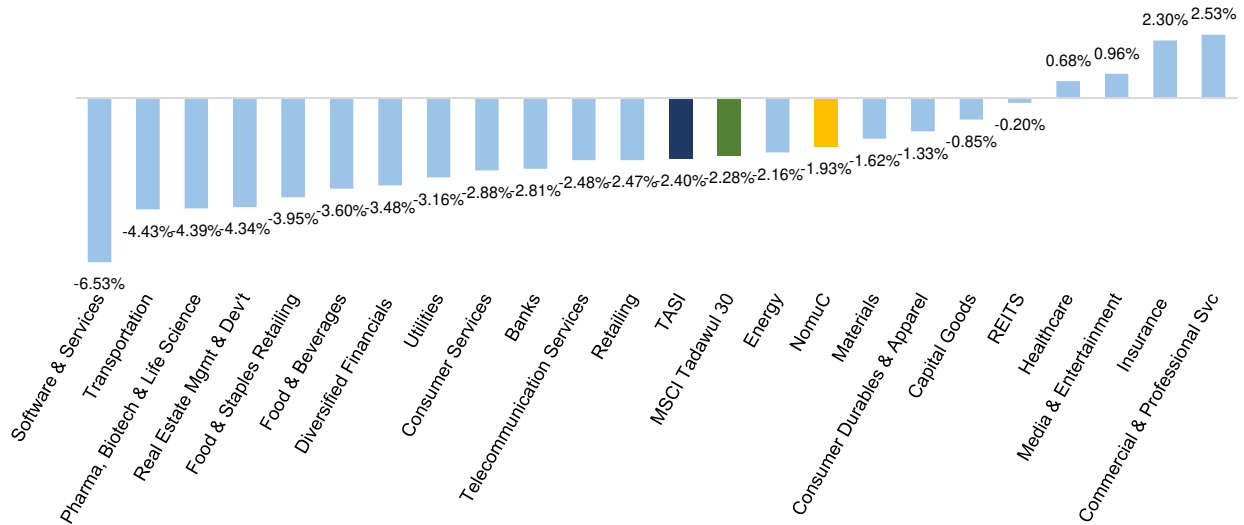


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Tadawul

The TASI decreased by 2.40 percent last week and closed at 11,215 points. Four of the 21 sectors finished the week in positive territory with 'Commercial & Professional SVC' and 'Insurance' experiencing increases of 2.53 percent and 2.3 percent, respectively. 'Software & Services' led the declines as it dropped 6.53 percent. The NomuC parallel market index decreased by 1.93 percent and closed at 23,198 points, while the MSCI Tadawul 30 dropped 2.28 percent and closed the week at 1,448 points.

Tadawul Weekly Index Performance - September 8, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Basic Industries Corp. (SABIC) entered into an agreement with the Public Investment Fund (PIF) to sell a 100 percent stake in the Saudi Iron & Steel Co. (Hadeed) for SAR12.5 billion (\$3.3 billion).
- The Saudi Ministry of Justice's recently launched real estate exchange recorded SAR17 billion (\$4.53 billion) in transactions during its first week of operation. Within this inaugural week, a total of 17,000 transactions were conducted, covering approximately 61 million sq. meters of real estate across the Kingdom.
- Saudi Arabia's General Entertainment Authority issued licenses for more than 4,500 companies and venues to organize events and provide services in more than 100 cities. A majority of the licenses were granted to companies in the restaurant and cafe industry with 1,579.

Banking

Money supply M1, M2, and M3 increased by 1.01 percent, 0.98 percent, and 0.48 percent, respectively, during the week ending August 31st.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The overall trade balance widened by \$1.3 billion to -\$65.0 billion in July, but that comes after large upward revisions leave the balance narrower over the past few months. Revisions help bring the monthly data in line with quarterly net exports in the GDP accounts, which previously suggested a larger drag from trade in Q2.
- The ISM Service Index rose in August to 54.5 points, expanding at the fastest pace since the 55.1 point reading in February. Gains were broadly based; new orders, employment, prices, and production all expanded at a faster pace in August.
- The S&P Global U.S. Services PMI was revised lower to 50.5 points in August from a preliminary of 51 points, indicating the slowest growth in services activity in the current seven-month sequence of expansion. A weaker rise in output was primarily driven by a renewed contraction in new business, as client demand was reported to have been dampened by interest rate hikes and elevated inflation.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.26 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.75 percent and finished the week at 34,576 points. The S&P 500 dropped 1.29 percent and finished at 4,457 points. The NASDAQ fell 1.93 percent and ended the week at 13,761 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 2.66 percent and finished the week at \$93.39. Global benchmark Brent crude rose 2.37 percent to \$90.65 a barrel, while U.S. West Texas Intermediate (WTI) crude grew 2.29 percent and closed at \$87.51.
- Crude prices touched their highest price for the year, influenced in part by the unexpected decision of Saudi Arabia and Russia to prolong output cuts until the end of the year. The market had anticipated the extension to last only through October.
- Saudi Arabia on Wednesday raised its October official selling price (OSP) for its Arab light crude to Asia by 10 cents a barrel to \$3.60 a barrel over the Oman/Dubai average.

THE WEEK AHEAD

- Saudi Arabia releases Industrial Production for July on September 11
- U.S. releases Inflation Rate for August on September 13
- Saudi Arabia releases Inflation Rate for August on September 14