



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

Weekly Market Brief
Week Ending October 6th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- The World Bank expects Saudi Arabia's economy to contract by 0.9 percent in 2023, revising its growth forecast sharply lower on the back of production cuts and lower prices. Overall growth in the Middle East and North Africa (MENA) region is also expected to slow, now forecast at 1.9 percent in 2023, down from 6 percent last year and lower than the 3 percent the World Bank forecast in April.
- Saudi Arabia's purchasing managers' index rose to 57.2 points in September, up from 56.6 points in August, according to Riyadh Bank.
- Remittances of expatriates working in Saudi Arabia dropped by 9.7 percent to reach SAR10.7 billion (\$2.9 billion) in August compared to SAR11.9 billion (\$3.2 billion) YoY. However, foreigners' remittance from the Kingdom last month rose by 1.3 percent MoM, according to the Saudi Central Bank (SAMA).

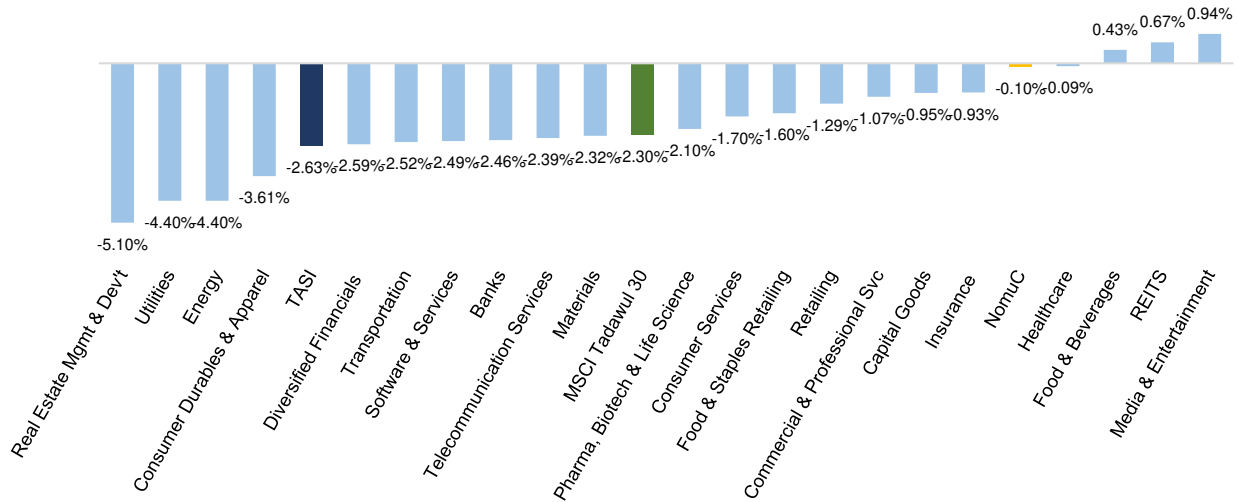


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Tadawul

The TASI decreased by 2.63 percent last week and closed at 10,765 points. Three of the 21 sectors finished the week in positive territory with 'Software & Services,' 'Media & Entertainment' and 'Insurance' experiencing increases of 0.94 percent and 0.67 percent, and 0.43 percent respectively. 'Media & Entertainment' led the declines as it dropped 10.27 percent. The NomuC parallel market index decreased by 1.29 percent and closed at 22,668 points, while the MSCI Tadawul 30 dropped 2.30 percent and closed the week at 1,383 points.

Tadawul Weekly Index Performance - October 5, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Riyadh Season, a government-backed entertainment initiative under the auspices of the sovereign wealth fund, has provided the majority of the SAR206 million (\$55 million) of debt and equity raised by iHyperSpace, a start-up that designs digital theme parks within shopping centers.
- Saudi Venture Capital Co invested SAR112 million (\$29.9 million) in IMPACT 46 Fund III. The fund will focus on empowering late-stage companies by investing in growth and pre-initial public offering phases.
- Saudi Arabia has issued licenses for more than 162 regional centers by the end of the third quarter of 2023. These licenses are part of a program aimed at attracting global companies to relocate their regional headquarters to Saudi Arabia.
- The Ministry of Industry and Mineral Resources (MIMR) issued 136 new industrial licenses in August. The licenses were distributed across several activities, led by manufacturing food products with 29 licenses, manufacturing other non-metallic minerals with 21 licenses, and manufacturing rubber and plastic products with 15 licenses.
- The Public Investment Fund (PIF) established a new company to develop the historic Jeddah district of Al Balad into a global tourist destination. Al Balad Development Co. will work to improve the infrastructure of the region, supervise the restoration of historical buildings in the area, and develop service facilities.
- Saudi Arabia has been ranked second globally in terms of tourist arrivals during the first seven months of 2023. The Kingdom saw a 58 percent growth in tourist numbers up to the end of July, according to the Ministry of Tourism.

Banking

Money supply M1 and M2 increased by 2.13 and 1.14 percent, while M3 decreased by 0.09 percent during the week ending September 28th



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U.S. MARKETS

U.S. Macroeconomic Developments

- The ISM services index decreased to 53.6 points in September 2023, remaining lower than last month but higher than its past six-month average.
- Total job openings in August rebounded to 9.6 million, an increase of nearly 700,000 from July. Approximately 509,000 of the net increase in vacancies stemmed from professional and business services, while the rest were a mix of financial services and government-related roles.
- Manufacturing activity contracted at the slowest pace in nearly a year in September 2023. The overall manufacturing index rose for the third straight month to 49.0 points.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.78 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.30 percent and finished the week at 33,407 points. The S&P 500 increased 0.47 percent and finished at 4,308 points. The NASDAQ increased by 0.93 percent and ended the week at 13,431 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 7.68 percent and finished the week at \$87.32. Global benchmark Brent crude declined 11.41 percent to \$84.43 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 8.81 percent and closed at \$82.70.
- Saudi Arabia may raise the price for its flagship Arab Light crude to Asia for a fifth straight month in November, underpinned by its prolonged voluntary output cut and resilient oil demand in the region. Saudi Aramco may hike the official selling price (OSP) for its medium sour crude by about 45 cents a barrel for November, according to five respondents surveyed by Reuters, which would bring the price to its highest this year.
- Saudi Arabia will continue its voluntary cut of 1 million barrels of oil per day in November and December. Saudi Arabia's production for the final two months of the year will be approximately 9 million bpd. This reduction is in addition to the voluntary cuts the Kingdom had previously announced in April, when Saudi Arabia agreed to reduce output by 500,000 bpd until the end of December 2024.

THE WEEK AHEAD

- Saudi Arabia releases Industrial Production for August on October 10
- US releases Inflation Rate for September on October 12
- US releases CPI for September on October 12