



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

Weekly Market Brief
Week Ending January 5th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia along with the U.A.E., Egypt, Iran, and Ethiopia joined BRICS on January 1, doubling its membership to 10, with Brazil, Russia, India, China, and South Africa the original members.
- The Kingdom's Purchasing Managers' Index (PMI) hit 57.5 points in December. While the economic indicator remained unchanged from November, it dipped slightly from October's 58.4. Saudi Arabia also topped its G20 peers in December's PMI.
- Saudi Aramco hiked retail diesel prices for 2024 by 53 percent to SAR1.15 (\$0.30) a liter from SAR0.75 (\$0.20), as part of its annual price adjustment. Despite the new higher price, diesel is relatively cheap in the Kingdom. The UAE set diesel prices for January at AED3 (\$0.81) per liter, down from AED3.19 (\$0.87) in December.

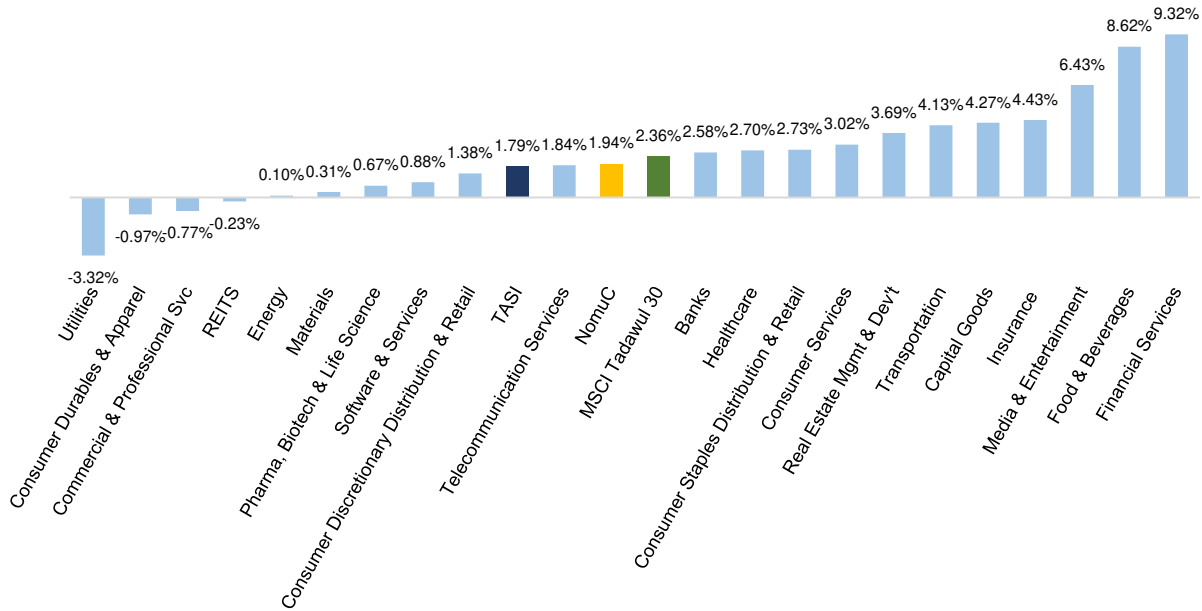


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Tadawul

The TASI increased by 1.79 percent last week and closed at 12,145 points. Seventeen of the 21 sectors finished the week in positive territory with 'Financial Services,' 'Food & Beverages,' and 'Media & Entertainment' leading the gains with increases of 9.32 percent, 8.60 percent, and 6.43 percent, respectively. 'Utilities' led the declines as it dropped 3.32 percent. The NomuC parallel market index increased by 1.94 percent and closed at 24,693 points, while the MSCI Tadawul 30 jumped 2.36 percent and closed the week at 1,579 points.

Tadawul Weekly Index Performance - January 5th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The PIF raised its stake in Middle East Paper Co. to 23.08 percent through a capital increase and the subscription of new shares.
- Saudi Arabia's commercial registrations saw a 23 percent increase in the fourth quarter of 2023 YoY. The Ministry of Commerce oversaw the issuance of 95,863 registrations across the Kingdom between October and December of this year.
- Pizza Inn, a subsidiary of Rave Restaurant Group, has signed a franchise agreement with the Blessings Basket Company to expand its presence in Saudi Arabia. The agreement calls for the opening of 50 new restaurants, the first two in January 2024. It currently operates 110 restaurants in the U.S. and 19 around the globe.

Banking

Money supply M1 and M2 increased by 1.54 percent and 0.32 percent. M3 declined by 0.23 percent during the week ending December 28th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Construction spending posted another solid gain in November, rising 0.4 points over the month. Amid high financing costs and shaky demand for real estate, single-family and manufacturing outlays continue to fuel overall momentum in the construction sector.
- The ISM Manufacturing Composite Index posted 47.4 points in December, marking the 14th month of contraction.
- Payrolls grew by 216K in December, topping consensus expectations by 41K. However, the two prior months' data were once again downwardly revised, dampening any excitement over the expectations-beating headline number.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.05 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.59 percent and finished the week at 37,466 points. The S&P 500 slipped 1.52 percent and finished at 4,697 points. The NASDAQ dropped by 3.25 percent and ended the week at 14,524 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 1.05 percent and finished the week at \$81.17. Global benchmark Brent crude increased 2.23 percent to \$78.76 a barrel, while U.S. West Texas Intermediate (WTI) crude grew 3.01 percent and closed at \$73.81.
- Rising concerns that tensions sparked by the Israel-Hamas conflict could spread wider in the Middle East sent crude prices higher in the first week of trading in the new year.
- Saudi Arabia cut the February price of its flagship Arab Light crude to Asian customers to the lowest level in 27 months amid competition from rival suppliers and concerns about supply overhang. Saudi Aramco slashed the official selling price (OSP) for February-loading Arab Light to Asia by \$2 a barrel from January to \$1.50 a barrel over Oman/Dubai quotes, a level last seen in November 2021.

THE WEEK AHEAD

- Saudi Arabia releases Industrial Production for November on January 10
- U.S. releases Inflation Rate for December on January 11
- U.S. releases Producer Price Inflation for December on January 12