



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

Weekly Market Brief
Week Ending January 19th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's inflation slowed to 1.5 percent in December 2023, compared to 1.7 percent MoM. According to the latest report from the General Authority for Statistics (GASat), the decline in the rate on a MoM basis was driven by a 0.3 percent decrease in the prices of food and beverages.
- Credit facilities provided to micro, small, and medium enterprises in Saudi Arabia grew 18 percent YoY in the third quarter of 2023. Borrowing lines allocated to this sector reached a total of SAR268.6 billion (\$71.61 billion) during the quarter, rising from SAR228 billion (\$60.8 billion) YoY.
- Saudi ports experienced a 9 percent increase in annual container handling in 2023, reaching 11,380,302 units. This figure surpassed the 2022 total of 10,439,620 containers. Exported containers registered a 13.88 percent increase, reaching 2,744,332 compared to 2,409,767 in 2022. Imported containers increased by 10.51 percent to reach 2,737,910 compared to 2,477,555 in 2022.
- Saudi Arabia's National Debt Management Center concluded its riyal-denominated sukuk issuance for January at SAR8.825 billion (\$2.35 billion). The January offerings were divided into three tranches. The first tranche, valued at SAR3.656 billion (\$975 million), is set to mature in 2029, and the second allotment, valued at SAR2.822 billion (\$753 million), is due in 2034. The third tranche, worth SAR2.347 billion (\$626 million), is set to mature in 2039.

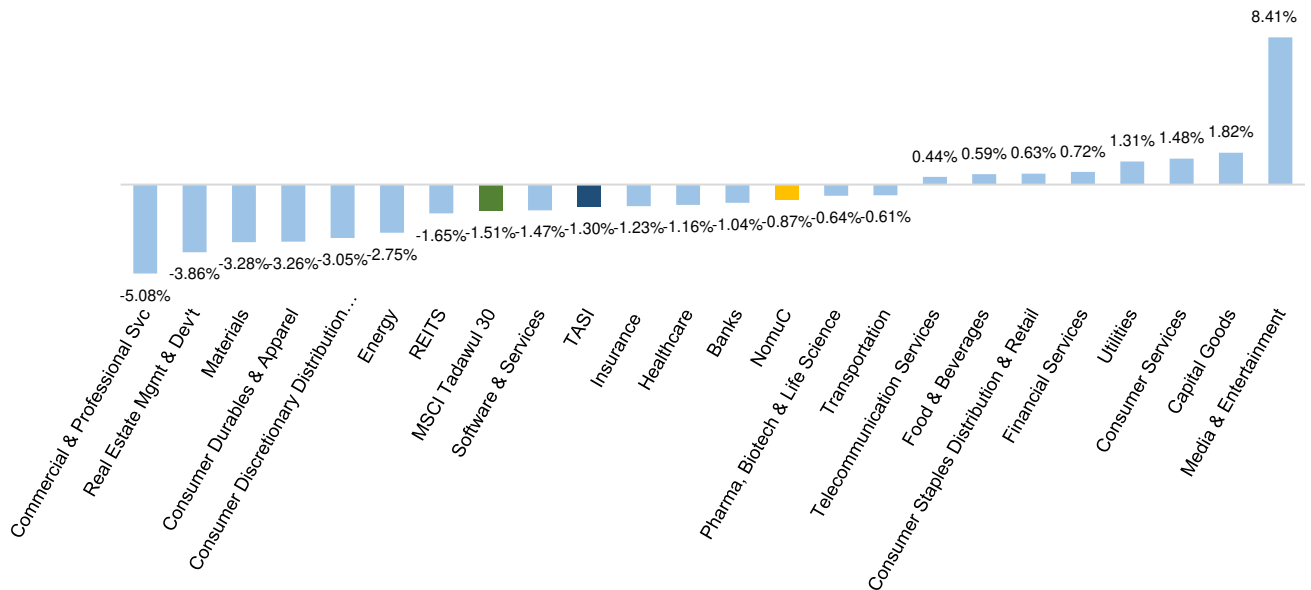


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Tadawul

The TASI decreased by 1.3 percent last week and closed at 11,959 points. Eight of the 21 sectors finished the week in positive territory with 'Media & Entertainment,' 'Capital Goods,' and 'Consumer Services' leading the gains with increases of 8.41 percent, 1.82 percent, and 1.48 percent, respectively. 'Commercial & Professional Svc' led the declines as it dropped 5.08 percent. The NomuC parallel market index decreased by 0.87 percent and closed at 24,617 points, while the MSCI Tadawul 30 dropped 1.51 percent and closed the week at 1,549 points.

Tadawul Weekly Index Performance - January 19th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Aramco boosted its Aramco Ventures unit by SAR15 billion (\$4 billion), more than doubling the company's venture capital funding. The additional funding will be dispersed across four years, which will boost Aramco Ventures' capital to SAR26.25 billion (\$7 billion).
- Saudi banks witnessed a 7.67 percent surge in letters of credit to the private sector in the first 11 months of 2023 YoY. The data, released by the Saudi Central Bank (SAMA), revealed that settled LCs and received bills to this sector hit SAR155.19 billion (\$41.38 billion).
- Italian contractor Webuild was awarded a SAR17.63 billion (\$4.7 billion) project to build three dams, for the purpose of developing an artificial lake for Saudi Arabia's Neom development. The artificial lake will cover an area of 1.5 sq km and will have an island reserved for diving and walking.
- LyondellBasell announced it entered into an agreement to acquire a 35 percent interest in Saudi-based National Petrochemical Industrial Company (NATPET) from Alujain Corporation (Alujain) for approximately SAR1.9 billion (\$500 million).

Banking

Money supply M1, M2, and M3 decreased by 0.26 percent, 0.23 percent, and 0.13 percent, respectively during the week ending January 11th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Retail sales rose 0.6 percent in December, handily exceeding expectations. Auto sales were expected to be a key driver as they were up 1.1 percent in the month. The biggest gainer was department stores where cashiers registered 3 percent more sales in December.
- Total housing starts declined 4.3 percent to a 1.46 million-unit pace in December. A monthly drop in starts was widely expected given November's surprising surge in activity that looks to have been a result of unseasonably warm weather pulling forward activity into the month.
- Industrial production notched a modest gain in December but contracted during the fourth quarter. Factory output was up 0.1 percent, but the gain comes at the cost of a downward revision to November.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.15 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.72 percent and finished the week at 37,863 points. The S&P 500 jumped 1.17 percent and finished at 4,839 points. The NASDAQ climbed by 2.26 percent and ended the week at 15,310 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 0.94 percent and finished the week at \$79.38. Global benchmark Brent crude jumped 0.34 percent to \$78.56 a barrel, while U.S. West Texas Intermediate (WTI) crude grew 0.78 percent and closed at \$73.25.
- Oil recorded a weekly gain as Middle East tensions and disruptions to oil output offset concerns about the Chinese and global economies.
- Saudi Arabia's cut in official crude oil selling prices to Asia reflects weaker fundamentals of supply and demand and does not imply a looming shift in OPEC+ policy or a fight for market share, according to Reuters.

THE WEEK AHEAD

- U.S. releases Durable Goods Orders for December on January 25
- U.S. releases GDP Growth Rate for Q4 on January 25
- U.S. releases Personal Income & Spending for December on January 26