



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

Weekly Market Brief
Week Ending December 29th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- According to the General Authority for Statistics (GASat), Saudi Arabia's trade balance achieved a surplus for the 38th month in a row during October. The volume of foreign trade recorded an increase of seven percent, reaching SAR178 billion (\$47.5 billion), compared to SAR167 billion (\$44.5 billion) YoY. The Kingdom's overall merchandise exports during the month of October recorded a decrease of 17.4 percent to SAR104.3 billion (\$27.8 billion), compared to SAR126.2 billion (\$33.7 billion) YoY.
- Saudi Arabia's total unemployment rate reached 5.1 percent in the third quarter of 2023, according to GASat. This reflects a decrease of 0.7 percent YoY and an increase of 0.2 percent QoQ.
- Saudi Arabia announced the launch of a unified visa platform called 'KSA Visa' to facilitate visa application procedures. GOV.SA platform will aid more than 50 government agencies and private sector players through government visas and will automate vital visa issuance procedures.
- The number of small and medium enterprises (SMEs) in the Kingdom increased by 3.5 percent QoQ in the third quarter of 2023, reaching 1.27 million enterprises. The total number of SMEs in the Riyadh region reached 549,346 enterprises, representing 43 percent of the total, while the number of enterprises in the Makkah region reached 232,039, representing 18.3 percent.
- Moody's Analytics expects Saudi Arabia's non-oil GDP to grow between three percent and four percent annually until 2030. The oil sector is expected to grow between 0.5 percent and 1.5 percent after 2025.
- Saudi Arabia's inflation rate reached 1.7 percent, slightly higher than the 1.6 percent recorded in October. The marginal increase in inflation was propelled by the prices of housing, water, electricity, gas, and other fuels, which rose by 1.3 percent in November MoM.

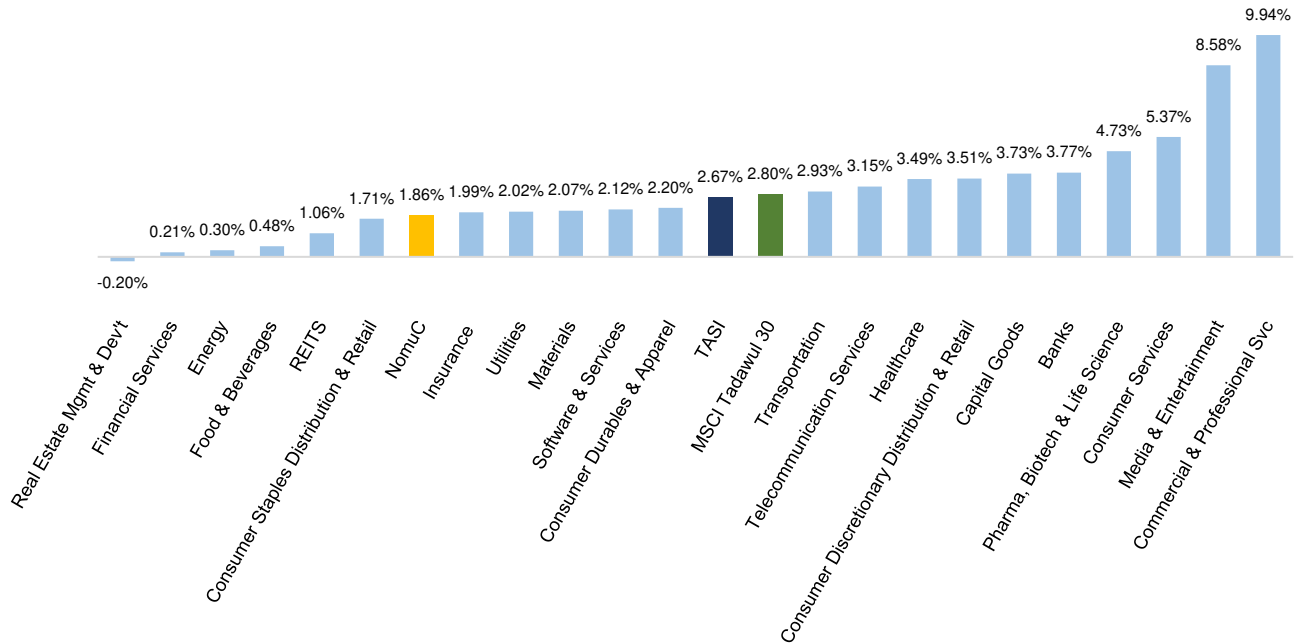


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Tadawul

The TASI increased by 2.67 percent last week and closed at 11,931 points. Twenty of the 21 sectors finished the week in positive territory with 'Commercial & Professional Svc,' 'Media & Entertainment,' and 'Consumer Services' leading the gains with increases of 9.94 percent, 8.58 percent, and 5.37 percent, respectively. 'Real Estate Mgmt & Dev't' was the lone declining sector as it dropped 0.20 percent. The NomuC parallel market index increased by 1.86 percent and closed at 24,223 points, while the MSCI Tadawul 30 jumped 2.80 percent and closed the week at 1,543 points.

Tadawul Weekly Index Performance - December 29th, 2023



Source: Tadawul, USSBC



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- Media and entertainment conglomerate MBC Group drew orders worth more than SAR1.4 billion (\$373 million) in the retail tranche of its initial public offering (IPO) in Saudi Arabia. The company completed the retail investor offering for the IPO, representing 10 percent of the total sale, with a subscription coverage of 17.6 times.

Business, Trade, & Investment

- In an agreement signed between the Sports Boulevard Foundation (SBF), the Ajdan real estate development company, and Albilad Capital, a SAR1 billion (\$266 million) mixed-use real estate fund at Riyadh's Sport Boulevard has been established for the development of the private plots within the arts district, one of the eight planned for the mega project.
- Saudi Arabian Military Industries (SAMI), an affiliate of the Public Investment Fund, has signed an agreement with Saudi Advanced Industries Co. (SAIC) to acquire its stake in Al-Salam Aerospace Industries Co. SAIC will sell its 10 percent stake in the military and civil aviation maintenance solution provider to SAMI.
- Saudi Arabia's Industrial Production Index (IPI) fell by 12.3 percent YoY in October 2023, extending its downtrend for the sixth successive month. Data issued by GStat showed that Saudi IPI fell to 121.9 points in October, compared to 139 points YoY.

Banking

Money supply M1, M2, and M3 increased by 0.71 percent, 0.50 percent, and 1.10 percent, respectively during the week ending December 21st.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Existing home sales ended a five-month streak of declines and rose 0.8 percent during November. Although the 3.82 million unit pace of sales registered during the month is still sluggish by historical standards, November's modest uptick is the latest sign that housing activity is starting to improve as financing costs move lower.
- Total housing starts bested consensus estimates and surged 14.8 percent to a 1.56 million-unit pace. November's gain was broad based, with single-family and multifamily starts rising sharply during the month.
- Consumer confidence rose in December to a five-month high of 110.7 points. The better than expected outturn comes amid falling unemployment and lower gas prices along with an improving stock market.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.88 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.81 percent and finished the week at 37,689 points. The S&P 500 increased 0.32 percent and finished at 4,769 points. The NASDAQ increased by 0.12 percent and ended the week at 15,011 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 1 percent and finished the week at \$82.03. Global benchmark Brent crude declined 2.57 percent to \$77.04 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 2.60 percent and closed at \$71.65.
- Crude futures lost over 10 percent in 2023 in a tumultuous year of trading marked by geopolitical turmoil and concerns about the oil output levels of major producers around the world.
- Angola, Africa's second biggest oil producer, is leaving OPEC after disagreements over its production targets. The decision comes after the producer group lowered Angola's oil output target last month as part of a series of cuts led by Saudi Arabia to help prop up prices.

THE WEEK AHEAD

- Saudi Arabia releases Riyadh Bank PMI for December on January 2
- U.S. releases ISM Manufacturing PMI for December on January 3
- U.S. releases Non-Farm Payrolls for December on January 5