



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

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Weekly Market Brief  
Week Ending October 14th, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's inflation rose to 3.1 percent in September, driven mainly by higher food prices, rents, and the rising cost of utilities, according to the General Authority for Statistics. Compared to the previous month, the Consumer Price Index (CPI) for September was marginally higher, up 0.3 percent. Food and beverage prices rose 4.3 percent in September, while housing rents were 3.6 percent higher, pushing the overall increase in housing, water, electricity, gas and other fuels to 3.2 percent.
- Saudi Arabia's foreign reserve assets recorded a jump of SAR40.8 billion (\$10.9 billion) during the month of September 2022, reaching SAR1.76 trillion (\$468 billion), compared to August 2022, according to the Saudi Central Bank (SAMA). The value of foreign currency reserves, which represents about 95 percent of total assets, increased by one percent last month, reaching SAR1.67 trillion (\$444 billion). The special drawing rights registered a decrease of nine percent while the value of the reserves with the International Monetary Fund registered a decrease of three percent.
- Industrial production in Saudi Arabia increased by 16.8 percent YoY in August of 2022, the smallest rise in seven months. Mining and quarrying grew by 15.5 percent as Saudi Arabia increased its oil production to its highest level by more than 11 million barrels per day. Manufacturing activity expanded by 22 percent and electricity and gas supplies rose by 11.3 percent. Industrial production increased by 2.9 percent MoM in August.

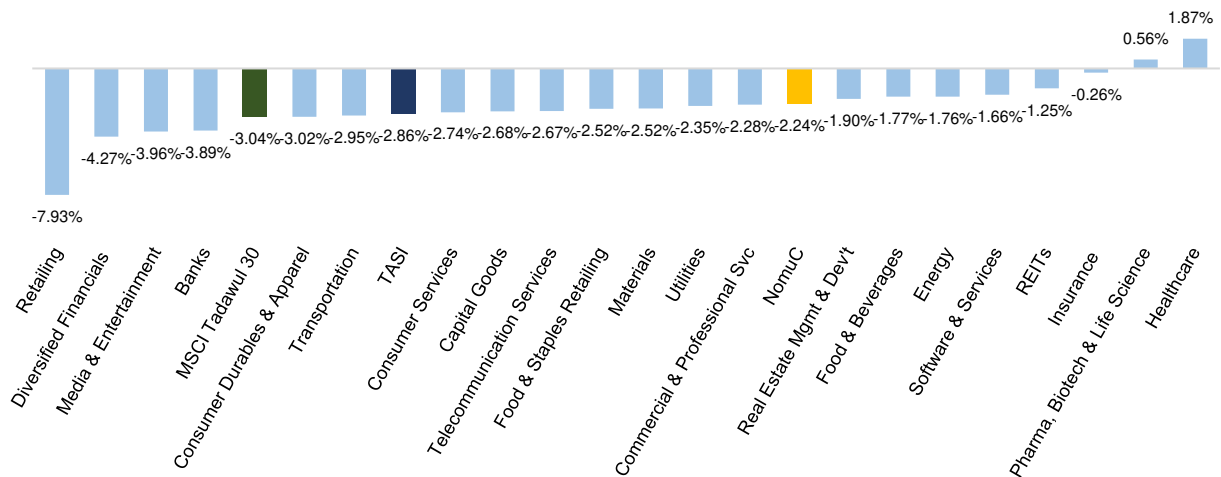


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## Tadawul

The TASI fell by 2.9 percent last week and closed at 11,421 points. Nineteen of the 21 sectors finished in negative territory. 'Healthcare' and 'Pharma, Biotech & Life Science' were the only sectors to end the week with increases, netting 1.8 percent and 0.56 percent gains, respectively. 'Retailing' had the steepest decline, dropping by 7.9 percent. The NomuC parallel market index slipped by 2.2 percent while the MSCI Tadawul 30 fell by three percent and closed the week at 1,584 points.

Tadawul Weekly Index Performance - October 14, 2022



Source: Tadawul, USSBC

- Marafiq, the Saudi Arabian utility whose shareholders include Saudi Aramco and Sabic, secured investor demand to fully cover up to SAR3.4 billion (\$897 million) of its initial public offering (IPO) within hours of opening order books. The price range for its IPO is between SAR41 (\$10.9) and SAR46 (\$12.3) a share. Marafiq's IPO is the largest in the Kingdom since pharmacy chain Nahdi Medical Co. raised SAR5.3 billion (\$1.4 billion) in March of this year.
- Arabian Drilling has set its IPO offer price at the top end of the range, at SAR100 (\$27) a share, which would lead to a market cap of SAR8.9 billion (\$2.4 billion) at listing time. At the start of the subscription, the company had set the target range at SAR90-SAR100 (\$24-\$27).



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## Business, Trade, & Investment

- The Saudi Real Estate Refinance Co. (SRC) announced doubling the total size of its SAR- denominated Sukuk program, guaranteed by the Kingdom of Saudi Arabia through the Ministry of Finance, to SAR20 billion (\$5.3 billion). SRC also completed the fifth tranche under a SAR3 billion (\$800 million) Sukuk issuance program, which was offered to institutional investors and 1.27 times oversubscribed.
- Saudi ports reported a 9.2 percent rise in containers handled to 657,400 twenty-foot equivalent units (TEUs) in September 2022, compared to 602,000 TEUs in the same month last year. The Saudi Ports Authority (MAWANI) said that throughput containers (outbound) increased by 12.48 percent to 266,700 TEUs in September 2022 from 218,500 TEUs a year earlier.
- Saudi Aramco inaugurated Arabian Rig Manufacturing (ARM), which aims to manufacture drilling rigs and related equipment, as well as provide after-sales services in Ras Al-Khair, for the first time in the Kingdom. ARM is a joint venture between Saudi Aramco and Houston-based NOV Inc.
- Credit facilities extended to micro, small and medium enterprises (MSMEs) rose by 11 percent YoY to SAR221 billion (\$58.9 billion) in Q2 2022, from SAR198.2 billion (\$52.9 billion), data from the SAMA showed. Banks accounted for SAR205.6 billion (\$54.8 billion) worth of credit facilities or 93 percent of total financing. Facilities given by financing institutions stood at SAR15.4 billion (\$4.1 billion) or seven percent of total credit facilities.
- The Ministry of Commerce issued 281 licenses in total for cement and steel exports since it began, of which 60 percent were for steel. A total of 30 licenses were issued since the start of the year to September, including 19 for steel.
- Saudi Arabia's Ministry of Industry and Mineral Resources issued 52 new mining licenses in August, according to the National Industrial Information Center data. These new licenses include 21 exploration licenses, 18 licenses for building materials quarries, and five surplus ore licenses.



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## Banking

Money supply M1, M2, and M3 declined by 2.18 percent, 1.15 percent, and 1.36 percent during the week ending October 6.

## U.S. MARKETS

### U.S. Macroeconomic Developments

- The Producer Price Index (PPI) for final demand rose 0.4 percent in September to break back-to-back declines in July and August. Core PPI, which excludes food, energy and trade services, also rose 0.4 percent, which was the largest monthly gain since May.
- The Consumer Price Index rose 0.4 percent in September, once again coming in above consensus expectations and demonstrating that inflation continues to bear formidable momentum. Excluding food and energy prices, core CPI inflation rose 0.6 percent in September and 6.6 percent over the past year, a fresh cycle high.
- Retail sales were unchanged in September from a month earlier, although there was a modest upward revision to August's data. There was some broad weakness in the underlying sales categories across retailers, but it was a 1.4 percent decline in gasoline sales and 0.4 percent fall in sales at auto dealers that prevented growth from being positive; excluding these retailers, retail sales rose 0.3 percent.

## Fixed Income

The yield on the ten-year U.S. Treasury rose to four percent.

## Equity Markets

The Dow Jones Industrial Average (DJIA) increased 1.15 percent and finished the week at 29,634 points. However, the S&P 500 declined 1.55 percent and finished at 3,583 points while the NASDAQ slipped by 3.11 percent and finished the week at 10,321 points.



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## GLOBAL MARKETS

- Arab Light crude declined 0.48 percent and finished the week at \$96.86. Global benchmark Brent crude dropped 6.42 percent to reach \$91.63 while West Texas Intermediate (WTI) fell by 7.59 percent and closed at \$85.61. Global oil prices suffered on global recession fears and weak oil demand, especially in China, as they outweighed support from a large cut to the OPEC+ supply target.
- China's annual inflation rose to 2.8 percent YoY in September 2022 from 2.5 percent in the prior month, matching market consensus. This was the highest rate since April 2020, mainly due to a sharp jump in the cost of food. China's food inflation climbed to its highest point in 25 months (8.8 percent vs 6.1 percent in August).
- The U.K. economy contracted by 0.3 percent MoM in August of 2022, following a downwardly revised 0.1 percent rise in July and compared to market expectations of a flat reading. Production fell by 1.8 percent with manufacturing declining by 1.6 percent due to the maintenance of oil and gas installations in the North Sea.

## THE WEEK AHEAD

- U.S. releases housing starts for September on October 19
- Saudi Arabia releases Q3 real estate prices on October 19
- U.S. releases existing home sales for September on October 20