



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

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Weekly Market Brief  
*Week Ending October 21st, 2022*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's crude oil exports rose for a third straight month in August to their highest in more than two years, according to the Joint Organization Data Initiative (JODI). Crude exports rose nearly 3 percent to 7.60 million barrels per day (bpd) in August, the highest since April 2020, from 7.38 million bpd in July. The Kingdom's crude output rose to 11.051 million bpd in August from 10.815 million bpd in the previous month.
- Saudi Arabia sold SAR18.8 billion (\$5 billion) in Islamic and conventional bonds for which demand topped SAR99.4 billion (\$26.5 billion). The Kingdom sold SAR9.4 billion (\$2.5 billion) in six-year sukuk at 105 basis points (bps) over US Treasuries (UST) and SAR9.4 billion (\$2.5 billion) in 10-year bonds at 150 bps over UST.
- Saudi Arabia's general real estate price index rose by 1.5 percent QoQ during the third quarter of 2022. The increase was primarily driven by higher residential real estate prices, which grew 2.50 percent.
- Saudi Arabia's economy is expected to register the highest growth rate among the G-20 states for 2022 and 2023, according to the Organization for Economic Cooperation and Development (OECD). The OECD estimates growth of the Saudi economy during 2022 will be 9.9 percent and 6 percent in 2023.

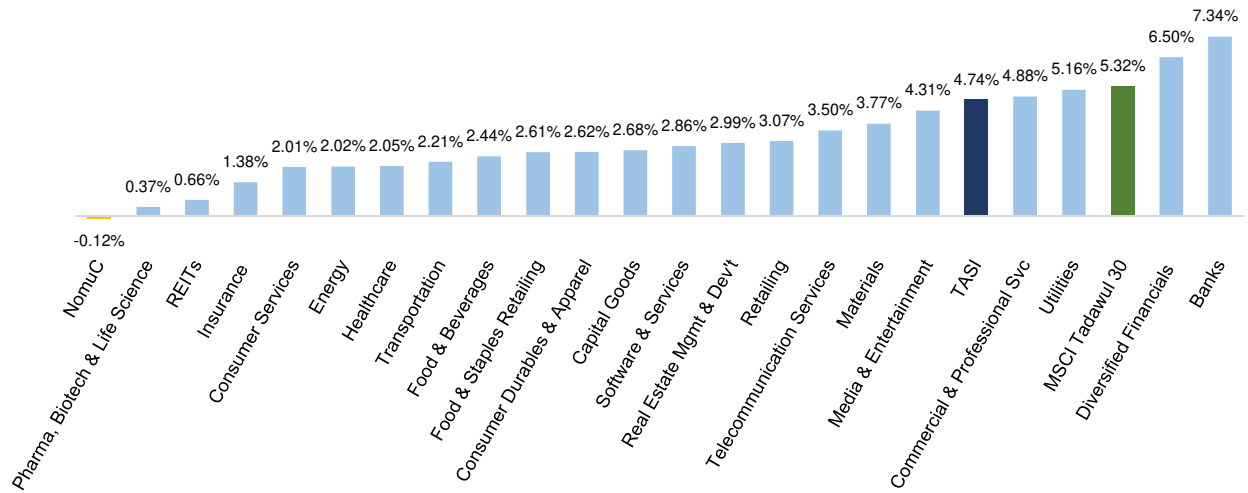


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## Tadawul

The TASI jumped by 4.7 percent last week and closed at 11,963 points. All 21 sectors finished in positive territory as 'Banks' and 'Diversified Financials' led all other sectors, netting 7.3 percent and 6.5 percent gains, respectively. The NomuC parallel market index declined by 0.12 percent while the MSCI Tadawul 30 increased by 5.3 percent and closed the week at 1,668 points.

Tadawul Weekly Index Performance - October 21, 2022



Source: Tadawul, USSBC

- Riyadh Cables Group obtained the approval from the Capital Market Authority (CMA) to register and float 33 million shares, or 22 percent of its capital reaching 150 million shares in an initial public offering (IPO).



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## Business, Trade, & Investment

- H.R.H. Crown Prince Mohammed bin Salman launched the National Industrial Strategy, which aims to drive growth in the sector and increase the number of factories to about 36,000 by 2035, the Saudi Press Agency reported. Saudi Arabia is seeking to triple manufacturing GDP by 2030.
- Saudi Aramco, in collaboration with the National Petroleum Construction Co. and McDermott International, will establish two offshore fabrication yards in Ras Al-Khair. The move aims to deliver a more than 200 percent increase in Saudi Arabia's offshore fabrication capacity.
- The National Water Company (NWC) signed MoUs with three national companies, Saudi Amicon, Saudi Pipe Systems (SPS) and the AVK Saudi Valve Manufacturing Company. The three companies will contribute to strengthening local content, supporting the national industry of water valves, and raising quality efficiency.
- Saudi Aramco launched an initiative called 'Taleed' to support the Kingdom's small and medium enterprises sector with funding of over SAR3 billion (\$798 million). Taleed will feature 20 initiatives, which are categorized into three diverse groups: job-matching upskilled local talent, creating business opportunities for SMEs, and supporting SMEs and enabling the ecosystem.
- Foreign investments in Saudi Arabia grew by 7 percent YoY to SAR2.4 trillion (\$649 billion) in Q2 2022, based on the latest official data issued by the Saudi Central Bank (SAMA). Foreign direct investments (FDI) accounted for 41 percent of total foreign investments in the Kingdom, equivalent to SAR994.2 billion (\$265 billion). Portfolio investments hit SAR812.2 billion (\$216.6 billion), while other investments stood at SAR627.8 billion (\$167.4 billion).
- Local utilities developer and investor Acwa Power has awarded China Energy Engineering Corporation the engineering, procurement, and construction contract for the Shuaibah 2 solar power project. The project, which has a capacity of 2.6GW, is the largest photovoltaic scheme developed by Acwa Power in the Kingdom.
- The Saudi Export-Import Bank (Saudi EXIM) approved credit facilities worth SAR9.4 billion (\$2.5 billion) from the beginning of 2022 until the end of the third quarter. The share of requests for export credit insurance amounted to approximately SAR5.9 billion (\$1.6 billion), in addition to requests for export financing worth SAR3.5 billion (\$933 million),



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which supports export activities in vital sectors including fertilizers, petrochemicals, glass, plastics, iron, and steel.

- The local Al-Ayuni Investment & Contracting has been awarded an estimated SAR1 billion (\$267 million) contract for the construction of primary infrastructure for Triple Bay at the Amaala development on the Red Sea coast of Saudi Arabia.

### Banking

Money supply M1 and M2 declined by 1.34 percent and 0.14 percent, respectively. M3 increased by 0.38 percent during the week ending October 14.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- Industrial production regained its footing in September rising 0.4 percent after having fallen in three out of the prior four months. Utilities production fell 0.3 percent, the second straight monthly decline for this category, but that was offset by larger gains in both mining (+0.6 percent) and manufacturing (+0.4 percent).
- Total housing starts fell 8.1 percent to a 1.439-million-unit pace in September in a clear reversal of August's surprise increase. Single-family starts fell 4.7 percent over the month and multifamily starts, which are more volatile month-to-month, dove 13.2 percent in September.
- The Leading Economic Index (LEI) continued its descent in September, falling to its lowest level in almost a year and a half, and continues to signal recession is ahead. The average monthly change over the prior six-months first fell below a rate typically consistent with recession in August. The 0.4 percent monthly decline in September marks the seventh decline in nine months and pushed the six-month average change to -0.5 percent.

### Fixed Income

The yield on the ten-year U.S. Treasury rose to 4.24 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) increased 4.89 percent and finished the week at 31,082 points. The S&P 500 climbed by 4.74 percent and finished at 3,752 points while the NASDAQ jumped by 5.22 percent and finished the week at 10,859 points.



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## GLOBAL MARKETS

- Arab Light crude rose 2.10 percent and finished the week at \$98.89. Global benchmark Brent crude increased 2.04 percent to reach \$93.50 while West Texas Intermediate (WTI) fell by 0.65 percent and closed at \$85.05. Oil prices settled as hopes of stronger Chinese demand and a weakening U.S. dollar outweighed concern about a global economic downturn and the impact of interest rate rises on fuel use.
- Japan's trade deficit surged to JPY2,094 billion in September 2022 from JPY637 billion in the same month a year earlier and compared with market consensus of a gap of JPY 2,167 billion. This was the 14th straight month of the deficit, which is the longest stretch since 2015, adding to concerns over the strength of the country's economic recovery.
- The GfK Consumer Confidence indicator in the United Kingdom rose slightly to - 47 in October 2022, its first improvement in nearly a year, but remained near a record low of -49 reached in September as British households contend with the cost-of-living crisis and heightened political and economic uncertainty. British Prime Minister Liz Truss announced her resignation following weeks of criticism from her opponents and members of her own Conservative Party and the resignation of two of her top Cabinet picks.

## THE WEEK AHEAD

- Saudi Arabia releases balance of trade for August on October 25
- U.S. releases new home sales for September on October 26
- U.S. releases GDP growth rate for Q3 on October 27