



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

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Weekly Market Brief  
*Week Ending October 28th, 2022*

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's trade surplus surged to SAR72.7 billion (\$19.4 billion) in August of 2022 from SAR38.9 billion a year earlier, as soaring oil prices continued to boost exports. Total exports jumped 49.1 percent to SAR133.7 billion (\$35.6 billion). Meanwhile, imports grew by 20 percent to SAR61 billion (\$16.2 billion), led by purchases of machinery and mechanical appliances, electrical equipment, and transport equipment.
- Saudi Arabia's non-oil exports increased by 16.6 percent to SAR26.8 billion (\$7.13 billion) in August 2022, compared to SAR23 billion (\$6.1 billion) from the same period last year, according to the latest data released by the General Authority for Statistics.
- Saudi Aramco will launch a SAR5.6 billion (\$1.5 billion) sustainability fund to invest in stable and inclusive energy transition technology, announced its CEO Amin Nasser. The strategy on renewable energy seeks to reduce carbon by 55 million tons by 2025.
- Point-of-sale (POS) operations in Saudi Arabia amounted to about SAR10.2 billion (\$2.7 billion), according to the Saudi Central Bank (SAMA). The most notable sectors were 'restaurants and cafes' and 'food and beverages' where it was reported that consumer spending reached SR1.5 billion (\$400 million) for both sectors, during the week.

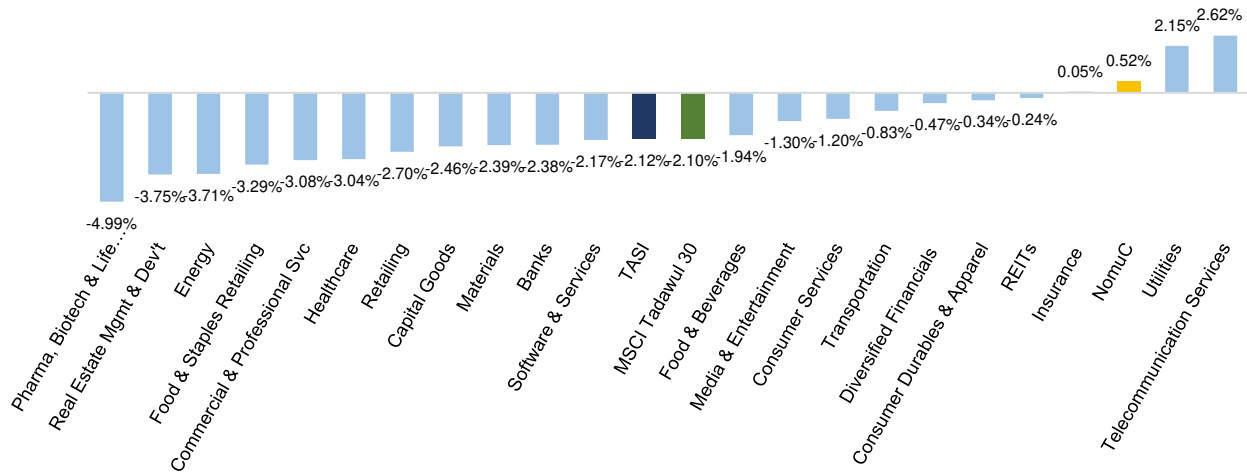


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## Tadawul

The TASI saw a 2.12 percent decline in the past week and closed at 11,710 points. All but 3 of the sectors finished in negative territory with 'Pharma, Biotech & Life Science' experiencing the greatest decline at 5 percent, followed by 'Real Estate Management & Development' and 'Energy', which declined by 3.75 percent and 3.71, respectively. 'Telecommunication Services' had the greatest increase at 2.62 percent, followed by 'Utilities' at 2.15 percent. The NomuC parallel market index increased by 0.52 percent while the MSCI Tadawul 30 declined by 2.10 percent and closed the week at 1,633 points.

Tadawul Weekly Index Performance - October 28, 2022



Source: Tadawul, USSBC

- Arabian Drilling Co. raised SAR2.2 billion (\$580 million) from its initial public offering. According to a bourse filing, the company saw 497,172 retail investors subscribe to its offering, leading to an 816 times oversubscription.



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## Business, Trade, & Investment

- Saudi Telecom Company (STC) has committed an additional SAR1.1 billion (\$300 million) to Saudi venture capital firm, STV, on top of an earlier SAR1.9 billion (\$500 million) investment. The new funding will be used to scale the region's digital champions.
- Saudi Arabia's Public Investment Fund (PIF) announced the launch of Halal Products Development Co. (HPDC) aimed at localizing the halal production industry. The launch marks a step toward meeting the domestic target of 80 percent poultry self-sufficiency by 2025. HPDC will help develop the halal production industry in Saudi Arabia through partnerships with key local and international players to reduce reliance on imports.
- The Saline Water Conversion Corporation (SWCC) signed a contract with Saudi construction group, Alfanar, to develop a 110 MW solar photovoltaic power plant project, which will be a part of a floating solar panel system. The contract value is approximately SAR1.2 billion (\$320 million). The solar plant will help reduce the use of 410,000 barrels of crude oil per year.
- The PIF established five regional investment companies in Jordan, Bahrain, Sudan, Iraq and Oman, following a similar move to set up an investment subsidiary in Egypt. The six companies will target investments of up to SAR90.2 billion (\$24 billion) in sectors including infrastructure, real estate, mining, healthcare, food and agriculture, manufacturing and tech.
- The PIF auctioned 1.4 million tons of carbon credits at the Middle East's first carbon offset auction. Saudi Aramco, Olayan Financing Company, and Saudi Arabian Mining Company (Ma'aden) bought the largest number of credits at the auction.

## Banking

Money supply M1 declined by 0.66 percent, while M2 and M3 increased by 0.30 percent and 0.27 percent, respectively, during the week ending October 21.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- According to data from the Mortgage Bankers Association (MBA), the average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$647,200 or less) in the U.S. jumped by 22bps to 7.16 percent, the highest reading since 2001. Rates rose for a 10th straight week and have been tracking a rise in Treasury yields as the Fed is expected to continue to raise interest rates sharply to curb inflationary pressures.
- The U.S. trade deficit in goods widened sharply in September, likely due to a strong dollar and decreasing global demand. The goods trade deficit increased 5.7 percent to \$92.2 billion last month. September's increase reversed only a portion of the prior months' declines, leaving the gap considerably smaller in the third quarter.
- New home sales in the United States fell 10.9 percent to a seasonally adjusted annualized rate of 603K in September of 2022, after jumping by a downwardly revised 24.7 percent in August and compared with market forecasts of 585K. Housing demand in the U.S. has been sharply falling as the Federal Reserve is aggressively raising interest rates to combat the surge in inflation.

### Fixed Income

The yield on the ten-year U.S. Treasury dropped to 3.96 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) increased 5.72 percent and finished the week at 32,862 points. The S&P 500 climbed 3.95 percent and finished at 3,901 points while the NASDAQ also saw an increase of 2.24 percent and ended the week at 11,102 points.



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## GLOBAL MARKETS

- Arab light crude rose 2.87 percent and finished the week at \$96.58. Global benchmark Brent crude increased by 0.29 percent to reach \$93.77 a barrel, while U.S. West Texas Intermediate (WTI) crude jumped 3.6 percent and closed at \$88.11. Oil prices have been trending upwards and are likely to be pushed higher by signs of a rebounding U.S. economy, tight crude and product markets, and hopes of recovering Chinese oil demand.
- The Chinese economy advanced 3.9 percent YoY in Q3 of 2022, exceeding market consensus of 3.4 percent and picking up from a 0.4 percent growth in Q2. The country bounced back modestly from crippling Covid lockdowns in the spring.
- Natural gas futures linked to TTF, Europe's wholesale gas price, fell below €100 per megawatt-hour in the fourth week of October, a new low since early June and about 70 percent down from the highs of August as fears over shortages in winter eased again.

## THE WEEK AHEAD

- Saudi Arabia releases M3 Money Supply for September on October 30
- U.S. Federal Reserve releases Interest Rate decision on November 2
- Saudi Arabia releases Interest Rate decision on November 3
- U.S. releases Balance of Trade for September on November 3