



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

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Weekly Market Brief  
Week Ending November 11th, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi bank loans granted to public and private sectors grew 15 percent YoY by the end of September to SAR2.4 trillion (\$640 billion), compared to SAR2.1 trillion (\$560 billion), according to the Saudi Central Bank (SAMA). Private sector lending also increased by 14 percent YoY to SAR2.3 trillion (\$610 billion), while loans granted to public non-financial institutions grew 31 percent YoY to SAR120.2 billion (\$32 billion).
- Saudi Arabia's Ministry of Investment issued 1,163 new investment licenses to foreign companies in the third quarter of 2022, an increase of 9 percent YoY. The construction sector had the greatest number of licenses issued, which saw a 19 percent increase YoY. Wholesale and retail came in second with 233 licenses, followed by manufacturing industries with 186 licenses.
- The number of fintech companies active in Saudi Arabia rose dramatically by 79 percent as investments exceeded SAR1.5 billion (\$400 million) for the year, according to the Fintech Saudi Annual report for 2021/2022.
- Saudi Arabia's Industrial Production Index increased by 15.7 percent YoY in September 2022. Mining and quarrying, which holds the largest weight of the three categories at 74.5 percent, experienced a 14.2 percent increase in economic activity YoY in September as the Kingdom increased its oil production to more than 11 million bpd.
- The Saudi government pledged to contribute SAR9.4 billion (\$2.5 billion) in support of the Middle East Green Initiative over the next ten years. The announcement was made at the COP27 Climate Summit. Riyadh was named as the host for the headquarters of the Middle East Green Initiative.

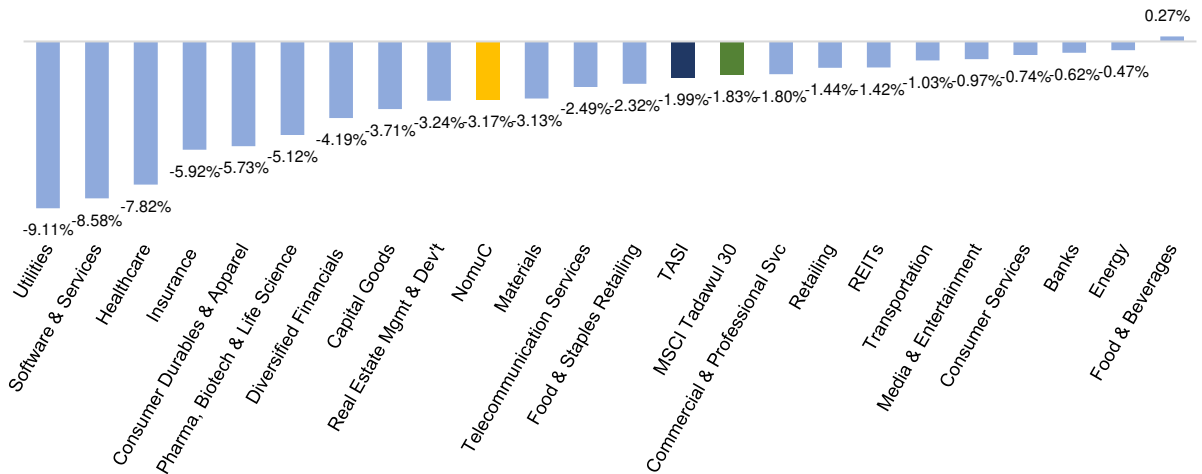


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## Tadawul

The TASI declined 1.99 percent last week and closed at 11,212 points. All but one sector finished in negative territory with 'Utilities' experiencing the greatest decline at 9.11 percent, followed by 'Software & Services' and 'Healthcare,' which fell by 8.58 percent and 7.82, respectively. 'Food & Beverages' was the lone sector with growth at 0.27 percent. The NomuC parallel market index fell by 3.17 percent and closed at 18,909 points, while the MSCI Tadawul 30 declined by 1.83 percent and closed the week at 1,556 points.

Tadawul Weekly Index Performance - November 11, 2022



Source: Tadawul, USSBC

- Watheeq Capital, the financial advisor for the initial public offering (IPO) of Knowledge Tower Trading Co. on Nomu, announced that the offering of 350,000 shares, or 20 percent of the company's capital was completed. The offering was 948 percent oversubscribed, and the offer price was set at SAR40 (\$10.6) a share.
- MSCI added 12 firms to MSCI Saudi Arabia Standard Index in a semi-annual review. Tanmiah Food Co. and 8 other companies were also added, raising the total number of index constituents to 69. Dallah Healthcare Co. was also upgraded to join MSCI Emerging Markets Index, from MSCI Saudi Arabia Small Cap Index, bringing the total number of Saudi companies on the index at 39.



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### Business, Trade, & Investment

- The new partnership between Saudi-based Tanmiah Food Company and U.S.-based Tyson Foods, Inc. will invest in the expansion of their processing capacity to 100,000 metric tons annually and expand the Agricultural Development Company's primary processing capacity to over one million birds per day.
- The Public Investment Fund (PIF) launched the Kingdom's first electric vehicle brand, Ceer. The company is projected to attract over SAR 563.9 million (\$150 million) in investments that will lead to the creation of up to 30,000 jobs. The electric vehicles are expected to be available in 2025, and the company will contribute SAR30.1 billion (\$8 billion) to Saudi Arabia's GDP by 2034.
- Saudi cement volumes surged 9.8 percent YoY in the third quarter of 2022, according to Al-Rajhi Capital. The increase in cement volumes is attributed to cheaper construction material prices, and robust new residential loans, which have amounted to over SAR10 billion (\$2.66 billion) YTD as of September 2022.
- The Agricultural Development Fund signed contracts valued at SAR1.5 billion (\$400 million) to finance the import of several agricultural products included in the Food Security Initiative such as maize and barley.

### Banking

Money supply M1, M2, and M3 decreased by 1 percent, 0.98 percent and 0.81 percent, respectively, during the week ending November 3<sup>rd</sup>.



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## U.S. MARKETS

### U.S. Macroeconomic Developments

- Mortgage applications in the US fell by 0.1 percent in the first week of November, a seventh consecutive decline, led by a 3.5 percent drop in refinancing applications while purchase applications were up 1.3 percent. Refinance demand is now 87 percent lower YoY and has reached levels not seen in 22 years. Purchase demand is down 41 percent from a year ago and close to a seven-year low. Meanwhile, the 30-year mortgage rate went up 8bps to 7.14 percent, after falling for the first time in eleven weeks and holding close to levels not seen since 2001.
- The overall consumer price index (CPI) rose 0.4 percent in October, which was lower than expected. Gasoline prices helped to raise the CPI, but food prices edged up. Excluding food and energy, consumer prices rose 0.3 percent. On a YoY basis, the overall CPI was up 7.7 percent, the smallest increase since February.

### Fixed Income

The yield on the ten-year U.S. Treasury fell to 3.82 percent.

### Equity Markets

The Dow Jones Industrial Average (DJIA) increased 4.15 percent and finished the week at 33,748 points. The S&P 500 rose 5.90 percent and finished at 3,993 points, while the NASDAQ increased by 8.10 percent and ended the week at 11,323 points.



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## GLOBAL MARKETS

- Arab light crude declined 1.73 percent and finished the week at \$94.36. Global benchmark Brent crude fell by 2.62 percent to \$95.99 a barrel, while U.S. West Texas Intermediate (WTI) crude decreased by 3.94 percent and closed at \$88.96. Oil prices have remained stable in the past month, where changes in price were reported as relatively minor despite reductions in oil production from OPEC+.
- China's annual inflation dropped to 2.1 percent YoY in October 2022 from 2.8 percent in the prior month. This was the lowest figure since May and is attributed to a slowdown in the rate of rising costs of both food and non-food.
- The British economy contracted by 0.6 percent MoM in September of 2022, following a downwardly revised 0.1 percent decline in August, and worse than market forecasts of a 0.4 percent fall. It marks a second consecutive month of falling economic activity and increases the probability of an upcoming recession.

## THE WEEK AHEAD

- U.S. releases Consumer Inflation Expectations for October on November 14
- Saudi Arabia releases Inflation rate YoY and MoM for October on November 15
- Saudi Arabia releases Consumer Price Index for October on November 15
- U.S. releases The Producer Price Index (PPI) MoM on November 15