



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

Weekly Market Brief
Week Ending November 25th, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's trade surplus rose to SAR64.6 billion (\$17.2 billion) in September 2022, from SAR47.9 billion (\$12.8 billion) a year earlier, as surging oil prices continued to boost exports. Exports advanced by 30.9 percent to SAR124.7 billion (\$33.2 billion), as oil exports grew by 43.4 percent, while non-oil exports increased by 9.7 percent, namely chemical products.
- Saudi imports grew by 26.9 percent to SAR60 billion (\$16 billion) in October, led by purchases of machinery and mechanical appliances, electrical equipment, and transport equipment. The highest share of imports came from China, representing 19.7 percent of the total, the U.S. with 11.7 percent, and U.A.E. with 6.8 percent.
- Saudi Arabia remained the largest crude supplier to China in October. Oil supplies from Saudi Arabia to China rose 12 percent YoY in October to 1.87 million barrels per day (bpd).
- The Public Investment Fund (PIF) raised its stake in Meta by 11 percent to more than 3.26 million shares valued at about SAR1.7 billion (\$443 million), according to a U.S. Securities and Exchange Commission filing. It also bought new stakes in Linde, the world's largest industrial gas company by market share and revenue, and blank cheque company Compute Health during the same period.
- The Council of Economic and Development Affairs (CEDA) announced plans for King Salman International Airport. The new airport is expected to contribute SAR27 billion (\$7.2 billion) annually to non-oil GDP and to create 103,000 direct and indirect jobs. The airport is set to be one of the world's largest and is expected to accommodate up to 120 million travelers by 2030 with the capacity to process 3.5 million tons of cargo, by 2050.

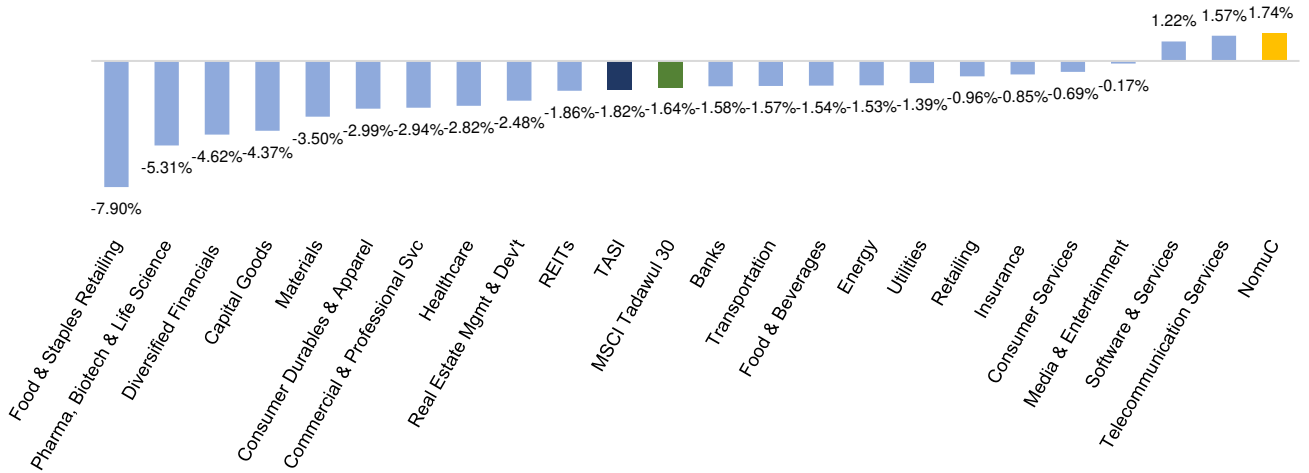


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Tadawul

The TASI declined 1.82 percent last week and closed at 10,938 points. Most sectors finished in negative territory as 'Food & Staples Retailing' had the greatest decline at 7.90 percent, followed by 'Pharma, Biotech & Life Science' and 'Diversified Financials,' which fell by 5.31 percent and 4.62 percent, respectively. 'Telecommunication Services' had the largest increase at 1.57 percent, followed by 'Software & Services' at 1.22 percent. The NomuC parallel market index increased by 1.74 percent and closed at 19,167 points, while the MSCI Tadawul 30 declined by 1.64 percent and closed the week at 1,518 points.

Tadawul Weekly Index Performance - November 25, 2022



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Almarai Co. announced it is investing SAR4.5 billion (\$1.2 billion) in Al-Shamli, Hail, to expand its poultry production. Investments include the establishment of a new plant and farms in Hail that will process 150 million birds annually, or 130,000 tons of poultry products. The investments will reportedly provide 4,000 new job opportunities with additional annual returns of SAR2 billion (\$533 million).
- Saudi Arabia has established Darin & Tarout Island Development Corporation to oversee the development of an island off the Gulf coast next to the city of Qatif in the Eastern Province. It will have a budget of SR2.6 billion (\$705 million) to develop the island into a tourist destination.
- Sumou Real Estate Co. signed a development agreement worth SAR377 million (\$100 million) with National Housing Co. (NHC) to build villas on land plots within Makkah Gate Project. It will be completed within 42 months from the effective date of the agreement.
- Saudi Aramco has signed 59 corporate procurement agreements (CPAs) with 51 local and global manufacturers, valued at SAR41.3 billion (\$11 billion) under its In-Kingdom Total Value Add (IKTVA) program. Among the companies signing agreements were Baker Hughes, Cameron al-Rushaid, Halliburton, SLB (formerly Schlumberger) and TechnipFMC. The 59 CPAs cover multiple segments and equipment categories in the oil and gas value chain, including drilling chemicals and wellheads.

Banking

Money supply M1 and M3 decreased by 0.54 percent and 0.85 percent, respectively, while M2 increased by 0.71 percent during the week ending November 17th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- New home sales in the United States rose by 7.5 percent to a seasonally adjusted annualized rate of 632K in October 2022, beating market forecasts of 570K sales and countering the recent drawdown in housing demand as the Federal Reserve aggressively tightens monetary policy.
- The dollar weakened against a basket of major currencies, bottoming below the 106 mark on the dollar index, and closing in on its lowest level since mid-August, as investors reassessed the outlook for monetary policy and growth. Federal policymakers have hinted at decreasing the pace of interest rate hikes for the central bank to assess the economic landscape.
- The S&P Global U.S. Manufacturing PMI fell to 47.6 points in November of 2022 from 50.4 points in October, well below forecasts of 50 points. The reading pointed to the first contraction in factory activity since the pandemic hit in mid-2020. There was a renewed fall in output and a sharper decline in new orders as demand conditions were hindered by inflation and economic uncertainty.

Fixed Income

The yield on the ten-year U.S. Treasury fell to 3.68 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) rose 1.78 percent and finished the week at 34,347 points. The S&P 500 increased 1.53 percent and finished at 4,026 points, while the NASDAQ increased by 0.72 percent and ended the week at 11,226 points.



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GLOBAL MARKETS

- Arab light crude declined 5.90 percent and finished the week at \$83.83. Global benchmark Brent crude fell by 4.46 percent to \$83.71 a barrel, and U.S. West Texas Intermediate (WTI) crude declined by 4.5 percent and closed at \$76.48. Oil prices have been trending downward largely due to concerns over Chinese demand as Covid cases spike, and reports of a high price cap by G7 nations on Russian oil that eased supply worries.
- Global economic growth is set to slow to 2.2 percent in 2023 from 3.1 percent this year, before accelerating to 2.7 percent in 2024, according to the Organization for Economic Co-operation and Development (OECD) latest Economic Outlook. Europe is facing significant challenges, including persistent high inflation levels, rising borrowing costs, energy supply shortages, and the ongoing war in Ukraine.
- The Bank of England voted by a majority of 7-2 to raise interest rates by 75 bps to 3 percent during its November meeting, the largest rate hike since 1989, increasing the cost of borrowing to the highest level since late-2008.
- The S&P Global Composite PMI in Germany rose to 46.4 in November, above market expectations of 44.9, but pointing to a fifth consecutive contraction in private sector activity. Still, it was the strongest reading since August, as manufacturing production fell at a slower rate amid reports of improved material availability, while the decline in services activity was little-changed.



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THE WEEK AHEAD

- Saudi Arabia releases Private Bank Lending for October on November 28
- Saudi Arabia releases M3 Money Supply for October on November 28
- U.S. releases GDP growth rate for Q3 on November 30
- U.S. releases Unemployment rate for November on December 2