



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

Weekly Market Brief
Week Ending December 2nd, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's foreign reserve assets decreased by SAR15.8 billion (\$4.2 billion) MoM, reaching SAR1.7 trillion (\$450 billion) during the month of October 2022, according to the Saudi Central Bank (SAMA). However, there has been an increase of SAR50 billion (\$13.3 billion), or 3 percent YoY, in October.
- Saudi Arabia's Purchasing Managers' Index hit 58.5 points in November as the Kingdom's non-oil private sector continues to expand amid rising inflationary pressures, the strongest level since September 2021. New order inflows increased at a sharp pace in November, reaching a 14-month high of 66 points on the New Orders sub-index.
- The aggregate net profit of Saudi Arabia's top 10 banks increased by 9.3 percent QoQ to SAR16.5 billion (\$4.4 billion) in the third quarter of 2022, as rising interest income boosted their performance.
- Saudi bank loans granted to public and private sectors rose by 15 percent YoY in October to SAR2.4 trillion (\$640 billion), compared to SAR 2.1 trillion (\$560 billion) a year earlier, according to SAMA. Private sector lending also increased by 14 percent YoY to SAR 2.3 trillion (\$610 billion) for the same month. Meanwhile, loans granted to public non-financial institutions jumped 67 percent YoY to about SAR121.1 billion (\$32.2 billion).

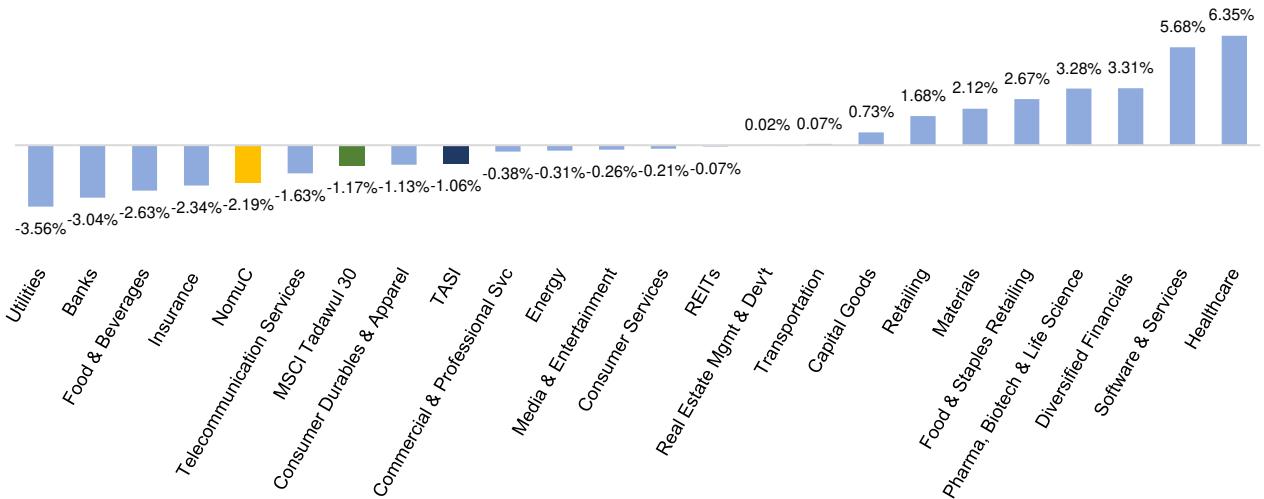


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Tadawul

The TASI declined 1.06 percent last week and closed at 10,823 points. Most sectors saw modest changes; however, “Healthcare” had the greatest increase at 6.35 percent, followed by ‘Software & Services’ and ‘Diversified Financials,’ which rose by 5.68 percent and 3.31 percent, respectively. ‘Utilities’ had the largest decline at 3.56 percent followed by “Banks” and “Food & Beverages,” which decreased by 3.04 percent and 2.63 percent, respectively. The NomuC parallel market index fell by 2.19 percent and closed at 18,748 points, while the MSCI Tadawul 30 declined by 1.17 percent and closed the week at 1,500 points.

Tadawul Weekly Index Performance - December 2, 2022



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The Saudi Entertainment Ventures (SEVEN) announced it will invest over SAR48.9 billion (\$13 billion) in establishing 21 entertainment destinations across 14 cities in the Kingdom. The plan will include more than 150 entertainment areas in the new destinations.
- Saudi utility firm ACWA Power signed power purchase agreements with the Water and Electricity Holding Co. to develop the biggest solar plant of its kind in the Middle East, with capacity to power 350,000 homes. The project will be executed through a newly formed joint company called Shuaibah Two Electrical Energy Co. and the 2,060 MW solar photovoltaic plant will be built in Al Shuaibah, Makkah province. The project is expected to begin commercial operations by Q4 of 2025.
- Saudi Arabia licensed 79 new factories at a total value of SAR3.1 billion (\$820 million) in September 2022, according to the Ministry of Industry and Mineral Resources. The number of licensed workers in the factories reached 1,882 and the total number of industrial facilities reached 10,728.
- The PIF established 'The Aseer Investment Company,' which will promote and stimulate local and foreign direct investment to develop and transform the region into a year-round tourism destination.

Banking

Money supply M1 increased by 0.26 percent, M2 decreased by 0.39 percent, and M3 increased by 0.94 percent during the week ending November 24th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The U.S. economy grew an annualized 2.9 percent in Q3 2022, reflecting upward revisions to consumer and business spending and net trade and beating forecasts of 2.7 percent. The biggest contribution came from net trade as imports declined from 6.9 percent to 7.3 percent, while exports rose from 14.4 percent to 15.3 percent.
- The consumer saving rate dipped to 2.3 percent, the lowest in 17 years, nearing the all-time low of 2.1 percent as consumer spending continues to climb despite prices growing faster than paychecks. Nominal income rose for a second month by 0.7 percent, and real spending on durable goods rose 1.1 percent, while services rose by 0.4 percent.
- The number of job openings in the United States dropped by 353,000 to 10.3 million in October of 2022, roughly in line with market expectations, and suggesting demand for workers is reducing amid higher interest rates.
- November's ISM manufacturing index declined to 49 points, the first sub-50 point reading since May 2020. The drop suggests that the manufacturing sector is catching up with orders and supply chain strains are easing.
- Total construction spending dropped 0.3 percent during October. Overall outlays were up 9.2 percent YoY. The monthly decline was broad-based, with both total residential (-0.3 percent) and nonresidential (-0.3 percent) expenditures falling in October.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 3.51 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased 0.24 percent and finished the week at 34,430 points. The S&P 500 rose 1.13 percent and finished at 4,072 points, while the NASDAQ jumped 2.09 percent and ended the week at 11,462 points. For the month of November, the DJIA saw a 5.93 percent rise as it closed at 34,590, The S&P 500 increased by 5.81 percent and closed at 4,080 points, while the NASDAQ rose 5.30 percent and closed at 11,468 points.



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GLOBAL MARKETS

- Arab light crude increased 3.26 percent and finished the week at \$86.56. Global benchmark Brent crude rose by 2.32 percent to \$85.57 a barrel, while U.S. West Texas Intermediate (WTI) crude declined by 5.27 percent and closed at \$80.30. Global oil prices trended upwards as Covid lockdown rules in China eased. For the month of November, Arab light fell 10.07 percent and closed at \$84.71, Brent crude decreased by 9.74 percent and closed at \$85.43, while WTI crude declined 8.84 percent and closed at \$80.56.
- The Euro area's inflation rate eased to 10 percent in November of 2022 from a record high of 10.6 percent in October, beating market forecasts of 10.4 percent. The cost of both energy and services decreased by 6.6 percent and 0.1 percent, respectively, while prices for food, alcohol and tobacco rose by 0.5 percent.
- Industrial production in South Korea dropped by 3.5 percent MoM in October 2022, falling at the fastest pace since May 2020 as rising interest rates, weaker external demand and heightened uncertainties weighed on economic activity.

THE WEEK AHEAD

- Saudi Arabia releases S&P Global PMI for November on December 5
- U.S. releases Balance of Trade for October on December 6
- Saudi Arabia releases Q3 GDP on December 8
- U.S. releases PPI for November on December 9