



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

Weekly Market Brief
Week Ending December 9th, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia has released its 2023 state budget forecasts, where expenditures are expected to be SAR1.1 trillion (\$290 billion) with an expected surplus of SAR16 billion (\$4.3 billion), according to the Ministry of Finance. Total expenditures for 2022 are expected to reach SAR1.1 trillion (\$290 billion), with an estimated surplus of SAR102 billion (\$27.1 billion). This is the first recorded surplus for the Kingdom in 9 years.
- Saudi Arabia has issued permits for 725 industrial projects worth an accumulated SAR1.4 trillion (\$265 billion) in the first nine months of 2022, according to the Ministry of Industry and Mineral Resources. By the end of September, the total number of industrial projects in the Kingdom hit 10,728, an increase of 5.26 percent YoY from 10,192.
- Industrial production in Saudi Arabia rose by 14.1 percent YoY in October of 2022, slowing from a 15.7 percent gain in the prior month while marking the 12th consecutive month of double-digit growth. The latest reading pointed to the softest pace in industrial output since January, amid a slower rise in mining and quarrying output of 12 percent compared to September's 14 percent.
- The number of small and medium-sized enterprises in Saudi Arabia jumped 9.3 percent QoQ in Q3 2022. The number of firms reached 978,445 in Q3, up from 892,063 in Q2, according to the General Authority for Small and Medium Enterprises, Monsha'at.
- Residential real estate finance in Saudi Arabia fell by 23 percent YoY to SAR9.4 billion (\$2.5 billion) in October, according to the Saudi Central Bank (SAMA). Compared to September 2022, residential real estate finance declined by 6 percent or nearly SAR578 million (\$153.7 million).

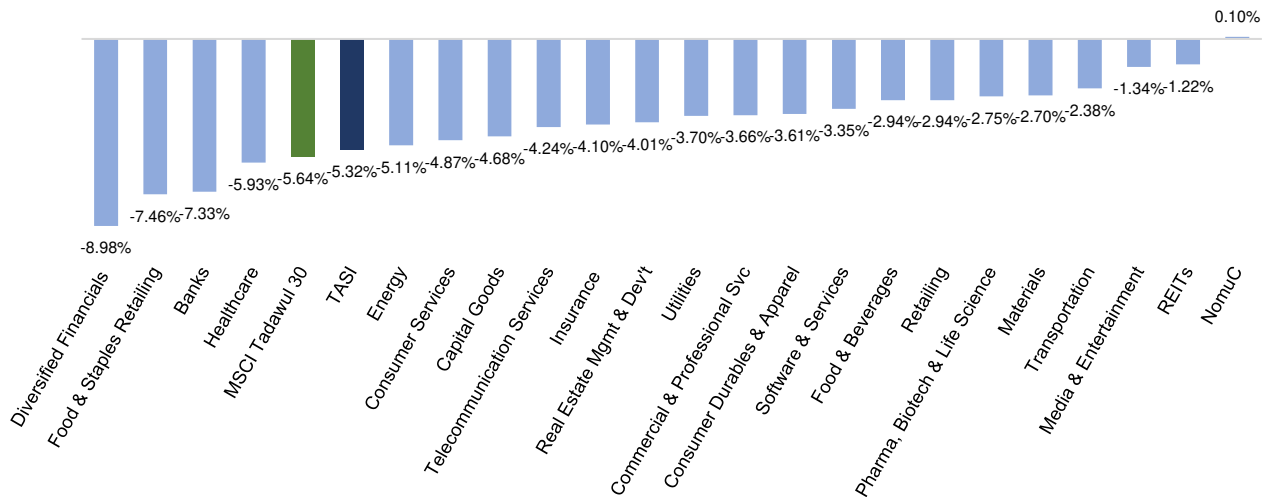


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Tadawul

The TASI declined 5.32 percent last week and closed at 10,246 points. All sectors ended the week in negative territory. 'Diversified Financials' had the greatest decline at 8.98 percent, followed by 'Food & Staples Retailing' and 'Banks,' which fell 7.46 percent and 7.33 percent, respectively. The NomuC parallel market index increased 0.10 percent and closed at 18,767 points, while the MSCI Tadawul 30 declined 5.64 percent and closed the week at 1,416 points.

Tadawul Weekly Index Performance - December 9, 2022



Source: Tadawul, USSBC



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Business, Trade, & Investment

- NEOM has announced the development of Sindalah, the first luxury island destination in NEOM. The island covers 840,000 sqm and is expected to begin accommodating tourists in early 2024. The development will create 3,500 jobs in the tourism sector.
- Saudi-based Almarai Company will invest SAR1.2 billion (\$319.1 million) to develop poultry hatchery production facilities in Al-Jouf region. The investments include the development of hatchery production facilities to enhance the vertical integration of poultry supplies.
- Metaverse is expected to contribute an estimated SAR28.6 billion (\$7.6 billion) annually to Saudi Arabia's economy by 2030, according to Meta. The Metaverse is predicted to contribute SAR56.4 billion (\$15 billion) to the GCC region over the next decade.
- Saudi cement sales grew 1.44 percent YoY in November 2022 to 4.78 million tons, according to Yamama Cement Company. The Kingdom exported 239,000 tons of cement in November.

Banking

Money supply M1 and M2 increased 0.9 percent and 0.39 percent, respectively, and M3 rose 0.94 percent during the week ending December 2nd.



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U.S. MARKETS

U.S. Macroeconomic Developments

- New orders for U.S. manufactured goods rose by 1 percent in October of 2022, following a 0.3 percent increase the prior month. Orders for durable goods rose by 0.4 percent, largely due to increased orders for transportation equipment (0.4 percent vs 1.2 percent), machinery (1.4 percent vs 0.3 percent) and computers and electronic products (0.4 percent vs 0.6 percent). Demand for non-durable goods advanced 1 percent, up from a 0.3 percent increase. Excluding transportation, factory orders went up 0.8 percent.
- The U.S. trade gap widened to a four-month high of \$78.2 billion in October 2022, following a \$74.1 billion deficit in September and compared to market forecasts of \$80 billion. Exports went down 0.7 percent MoM, a second consecutive fall, to \$256.6 billion, the lowest value since May. Meanwhile, imports were up 0.6 percent to \$334.8 billion, the highest since June.
- Consumer sentiment rose in early December to 59.1 points with a gain in both the measure of current conditions as well as expectations for the future. More households now report an increase in unemployment over the next 12-months, but an increasing number of consumers also expect higher income and lower interest rates.

Fixed Income

The yield on the ten-year U.S. Treasury rose to 3.57 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) declined by 2.77 percent and finished the week at 33,476 points. The S&P 500 fell 3.37 percent and finished at 3,934 points, and the NASDAQ decreased 3.99 percent and ended the week at 11,004 points.



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GLOBAL MARKETS

- Arab light crude fell 12.88 percent and finished the week at \$75.41. Global benchmark Brent crude declined 11.07 percent to \$76.10 a barrel, while U.S. West Texas Intermediate (WTI) crude decreased 10.96 percent and closed at \$71.50. Global oil prices have hit their lowest point in 2022 amid uncertainty in the market from China's changing Covid response and fears of a global recession in 2023.
- China's trade surplus declined to \$69.8 billion in November 2022 from \$71.7 billion the prior year, far below market forecasts of \$78.1 billion. This was the smallest trade surplus since April, due to weakening global and domestic demand. Exports fell 8.7 percent YoY, the second straight month of decline, while imports fell at a faster 10.6 percent.
- Producer prices in Japan jumped 9.3 percent YoY in November 2022, slowing from an upwardly revised 9.4 percent gain in October but exceeding expectations for a slight slowdown to 8.9 percent, as high global commodity prices and a weak yen continued to inflate costs for imported raw materials.

THE WEEK AHEAD

- U.S. releases Inflation Rate for November on December 13
- U.S. releases Federal Interest Rate Decision on December 14
- Saudi Arabia releases Inflation Rate for November on December 15