



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

Weekly Market Brief
Week Ending December 30th, 2022

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia approved the New Energy Supply law, which will govern all energy products in the Kingdom and will monitor the allocation of energy to consumers. The comprehensive law came in response to the need to expand the scope of participation, raise the level of coordination between relevant authorities, boost transparency, and cater to localization strategies.
- The unemployment rate in Saudi Arabia slightly rose to 9.9 percent in the third quarter of 2022 from 9.7 percent in the second quarter, according to the General Authority of Statistics (GASTAT). The rise was still a significant decline from last year's Q3 unemployment rate, which tallied at 11.3 percent.
- Saudi Arabia's merchandise imports surged by 39 percent YoY in October to SAR63.9 billion (\$17 billion), according to GASTAT. Imports rose by SAR 2.76 billion (\$736 million), or 5 percent QoQ. The increase was driven by a SAR5.8 billion (\$1.5 billion), or 111 percent rise in vehicles, aircraft, vessels, and associated transport equipment. In addition, machinery and mechanical appliances, electrical equipment, and parts thereof rose by SAR2.48 billion (\$661 million) or 25 percent, YoY.

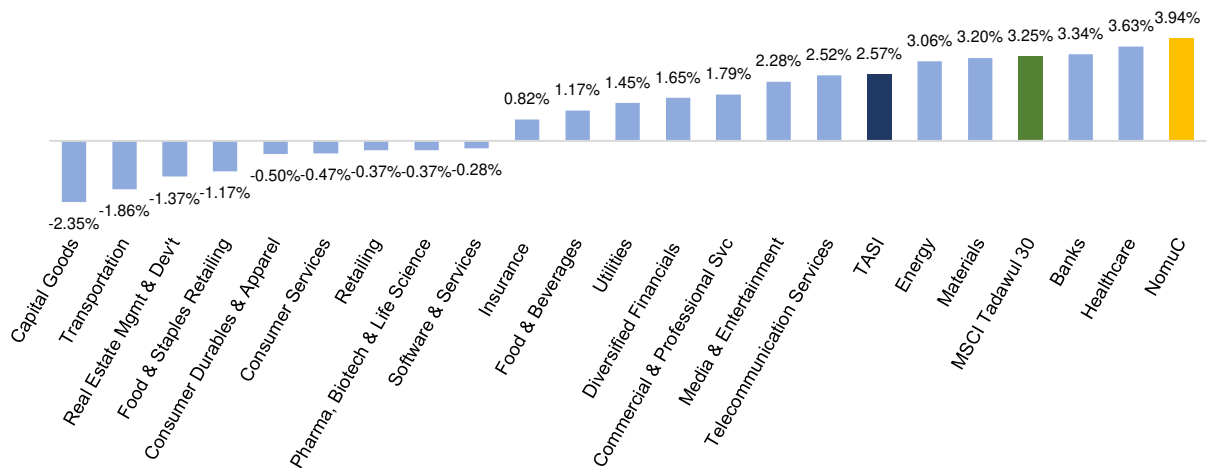


U.S.-Saudi Business Council
 مجلس الأعمال السعودي الأمريكي

Tadawul

The TASI rose 2.57 percent last week and closed at 10,478 points. Twelve of the 21 sectors finished the week in positive territory with 'Healthcare' and 'Banks' experiencing the greatest increase at 3.63 percent and 3.34 percent, respectively. 'Capital Goods' had the steepest decline at 2.35 percent followed by 'Transportation' and 'Real Estate Management & Development' at 1.86 percent and 1.37 percent, respectively. The NomuC parallel market index increased by 3.94 percent and closed at 19,417 points, while the MSCI Tadawul 30 jumped 3.25 percent and closed the week at 1,462 points.

Tadawul Weekly Index Performance - December 30, 2022



Source: Tadawul, USSBC

- Shares of Saudi Aramco Base Oil Company (LUBEREF) began trading on Tadawul after it raised SAR5 billion (\$1.32 billion) in its initial public offering. The company's shares ended trading at 95 riyals (\$25.33) on Wednesday, 4 percent below the listing price.
- The total value of assets held by investment funds in Saudi Arabia fell by 9 percent to SAR174.3 billion (\$46.5 billion) in Q3 2022, compared to SAR192.5 billion (\$51.3 billion) a year earlier, according to the Saudi Central Bank (SAMA).



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

Business, Trade, & Investment

- The Saudi Ports Authority (Mawani) is building a logistics park and re-export zone at Dammam's King Abdulaziz Port with an investment of more than SAR100 million (\$27 million). The park will cover an area of more than 100,000 square meters, will have a handling capacity of 300,000 TEUs (20-foot equivalent units), and will support inland freight transportation between the central and eastern regions and the rest of the Kingdom.
- The Local Content and Government Procurement Authority (LCGPA) signed seven agreements to localize the pharmaceutical industry and transfer knowledge, including four agreements with Tabuk Pharmaceuticals and three with the Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO).
- The operating revenues of the business sector in Saudi Arabia during 2021 exceeded SAR4 trillion (\$1 trillion), according to official data released by GASTAT. Operating revenues of small and medium enterprises (SMEs) reached about SAR1.2 trillion (\$337 billion).

Banking

Money supply M1 decreased by 0.46 percent, M2 increased by 0.45 percent, while M3 slipped by 0.30 percent during the week ending December 22nd.



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

U.S. MARKETS

U.S. Macroeconomic Developments

- Pending home sales in the United States decreased 37.8 percent YoY in November of 2022, the 18th straight month of declines and the biggest since November of 2021.
- The number of Americans filing new claims for unemployment benefits rose by 9K to 225K in the week ending December 24th, in line with market expectations of 225K. The 4-week moving average which removes week-to-week volatility was little changed at 221K, still pointing to a tight labor market.
- The U.S. trade deficit in goods narrowed by 15.6 percent from a month earlier to \$83.3 billion in November 2022, the largest decline since 2009, an advance estimate showed. It was also the smallest deficit since December 2020, as imports tumbled 7.6 percent since consumers have been shifting spending away from goods and toward services in recent months.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.88 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.17 percent and finished the week at 33,147 points. The S&P 500 fell 0.14 percent and finished at 3,839 points, and the NASDAQ decreased 0.30 percent and ended the week at 10,466 points.



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

GLOBAL MARKETS

- Arab light crude jumped 3.08 percent and finished the week at \$83.55. Global benchmark Brent crude increased 1.67 percent to \$85.91 a barrel, while U.S. West Texas Intermediate (WTI) crude rose 1.42 percent and closed at \$80.47. A survey of 30 economists and analysts by Reuters forecast Brent would average \$89.37 a barrel in 2023, about 4.6 percent lower than the consensus in a November survey. U.S. crude is projected to average \$84.84 per barrel in 2023, down from the prior view.
- The official Chinese NBS Manufacturing PMI was down to 47 points in December 2022 from 48 points the previous month, pointing to the third straight monthly decline, amid the rapid spread of COVID infections that hurt production following Beijing's abrupt relaxation of pandemic measures. The latest print also marked the steepest pace of contraction in factory activity since February 2020, with output (44.6 points vs 47.8 points in November), new orders (43.9 points), and export sales (44.2 points vs 46.7 points) all falling at faster rates.
- Industrial production in South Korea fell by 3.7 percent YoY in November 2022, the most since August 2020 and picking up from the upwardly revised 1.2 percent decline in the prior month. Manufacturing production fell by 3.8 percent in the period, also accelerating from the 1.2 percent drop in October. Meanwhile, industrial output rose by 0.4 percent on a seasonally adjusted monthly basis, rebounding from the 3.5 percent drop in the earlier month.

THE WEEK AHEAD

- Saudi Arabia releases Emirates NBD PMI for December on January 3
- U.S. releases ISM Manufacturing PMI for December on January 4
- U.S. releases Non-farm Payrolls for December on January 6