



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

Weekly Market Brief
Week Ending March 3rd, 2023.

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia ranks first among G20 countries with a 4.9 percent productivity growth rate, according to a series of modeled readings issued by the International Labor Organization on worker productivity. This increase represents the highest productivity growth rate achieved by the Kingdom, which lagged by 6.3 percent in 2019.
- Saudi Arabia's overall merchandise exports increased by 6.4 percent YoY in the fourth quarter of 2022 to SAR342.4 billion (\$91.24 billion), according to the latest data released by the General Authority for Statistics (GStat).
- According to the Saudi Central Bank (SAMA) the aggregate net profit of Saudi-listed banks rose 18 percent before zakat and tax to reach SAR6.41 billion (\$1.7 billion) in January compared to SAR5.41 billion (\$1.44 billion) a year earlier. Combined deposits rose by nearly 9 percent YoY to SAR2.27 trillion (\$605 billion) in January. Lending to the private sector jumped by 12 percent YoY to reach SAR2.29 trillion (\$611 billion).

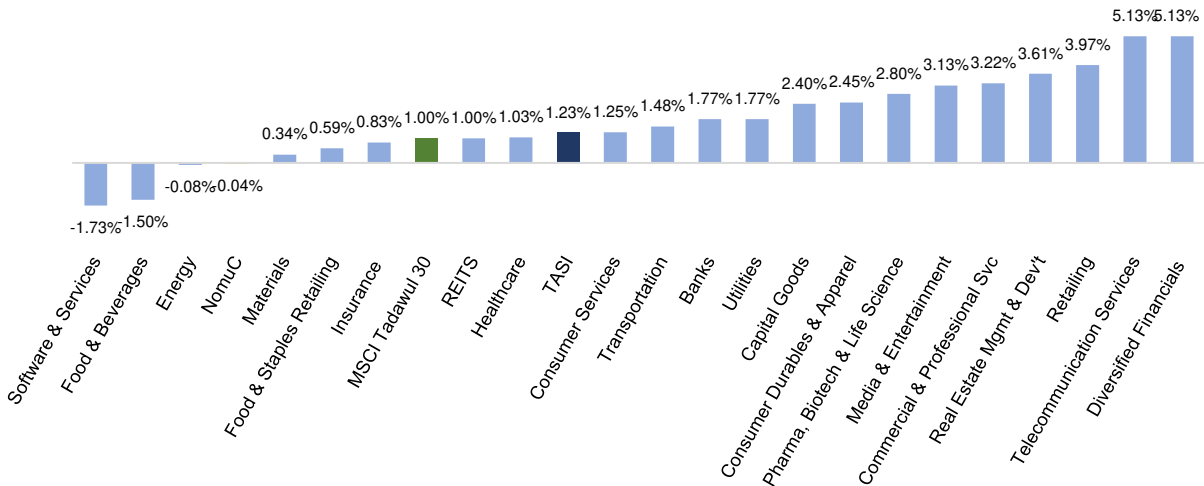


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Tadawul

The TASI rose 1.23 percent last week and closed at 10,278 points. Three of the 21 sectors finished the week in negative territory with 'Software & Services' and 'Food & Beverage' experiencing decreases at 1.73 percent and 1.50 percent, respectively. 'Telecommunication Services' and 'Diversified financials' led with a 5.13 percent increase each, followed by 'Retailing' at 3.97 percent. The NomuC parallel market index declined by 0.04 percent and closed at 19,120 points, while the MSCI Tadawul 30 increased 1.23 percent and closed the week at 1,398 points.

Tadawul Weekly Index Performance - March 3, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The Saudi Ports Authority signed an agreement worth SAR1 billion (\$267 million) with Jeddah Chamber of Commerce and Industry to develop an integrated logistics area in Al-Khumra region south of Jeddah to support economic development, boost investments and create over 10,000 new direct and indirect jobs in the logistics sector.
- Saudi industrial conglomerate Tasnee, Ministry of Investment (MISA) and Boeing have signed a Memorandum of Understanding to develop aviation grade titanium alloy value chains in Saudi Arabia. Tasnee produces 10 percent of the global production of aviation grade titanium alloy, which is used in aviation, nuclear submarines, missiles, and satellite industries.
- Saudi Aramco acquired Valvoline Global Operations (VGP), for \$2.65 billion. Saudi Aramco plans to become one of the world's preeminent integrated, branded lubricants players.
- The first series of projects implemented as part of Saudi Arabia's Shareek program have launched with 12 projects, which involve eight companies in four industries. The deals are worth a total of SAR192.4 billion (\$51.3 billion).

Banking

Money supply M1, M2, and M3 decreased by 0.67 percent, 0.41 percent, and 0.11 percent, respectively during the week ending February 23rd.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Total construction outlays dropped 0.1 percent in January, a monthly dip that equates to a 5.7 percent YoY gain. Total residential spending declined 0.6 percent during the month, marking the eighth straight drop. Residential spending is running 3.8 percent below the levels registered during the same month last year.
- The U.S. business activity index slipped to 56.3 points, a drop of more than four percentage points compared to last month's reading of 60.4 points. Meanwhile, employment rose to 54 points in February.
- The ISM manufacturing index rose from 47.4 points to 47.7 points in February and marked the fourth consecutive month in which the ISM was below the breakeven point of 50 points.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.08 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.02 percent and finished the week at 33,391 points. The S&P 500 rose by 0.02 percent and finished at 4,046 points. The NASDAQ increased by 0.03 percent and ended the week at 11,689 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 0.01 percent and finished the week at \$83.99. Global benchmark Brent crude rose 0.04 percent to \$85.83 a barrel, while U.S. West Texas Intermediate (WTI) crude jumped 0.04 percent and closed at \$79.68.
- Global oil prices ended the week higher, driven by renewed optimism around demand from top oil importer China.
- Saudi Arabia unexpectedly hiked March Arab Light prices to Asia, which was its first price increase in six months and is expected to raise its official selling prices (OSPs) for Asian buyers next month. Saudi Aramco may increase its flagship Arab Light grade by about 40 cents in April to \$2.40 a barrel over the Dubai/Oman average, according to five respondents surveyed by Reuters.

THE WEEK AHEAD

- Saudi Arabia releases GDP growth rate for Q4 on March 9
- Saudi Arabia releases Industrial Production for January on March 9
- US releases the Unemployment Rate for February March 10