



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

Weekly Market Brief
Week Ending April 7th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's Industrial Production Index rose 6 percent YoY in February, driven by high production in mining that grew by 2.2 percent and manufacturing activities, which increased by 16.8 percent.
- Saudi Arabia's PMI reached 58.7 points in March, slightly below the 59.8 points in February. The PMI reflected the 31st consecutive month of expansion in the non-oil private sector.
- International credit agency Fitch has upgraded Saudi Arabia's economy to 'A+' due to the Kingdom's strong financial position, favorable debt-to-gross domestic production ratio, and secure sovereign net foreign assets.

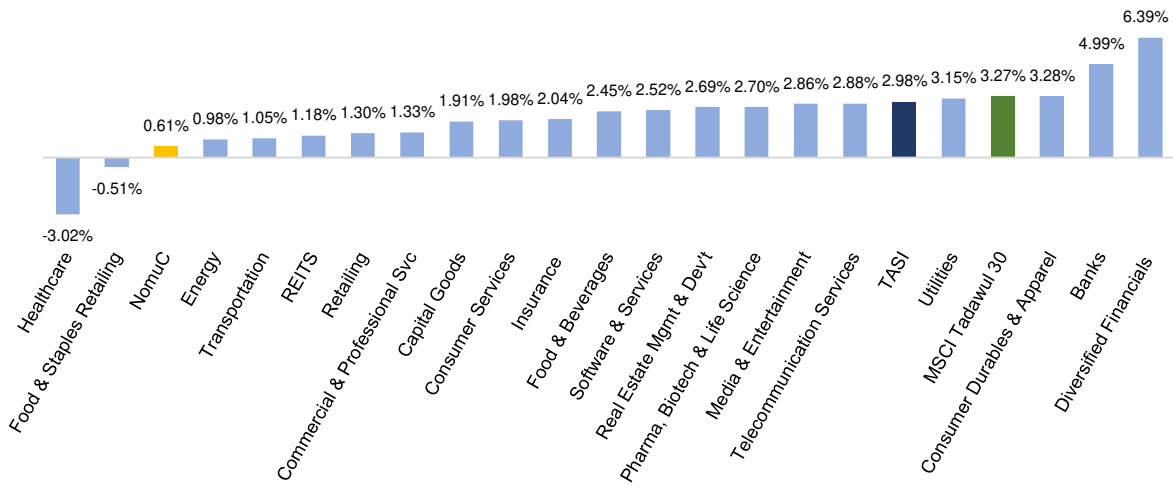


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Tadawul

The TASI increased 2.98 percent last week and closed at 10,906 points. Nineteen of the 21 sectors finished the week in positive territory with 'Diversified Financials' and 'Banks' experiencing the greatest increase at 6.39 percent and 4.99 percent, respectively. 'Healthcare' and 'Food & Staples retailing' finished the week down 3.02 and 0.05 percent, respectively. The NomuC parallel market index increased by 0.61 percent and closed at 20,013 points, while the MSCI Tadawul 30 grew 3.27 percent and closed the week at 1,482 points.

Tadawul Weekly Index Performance - April 7, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The Ministry of Investment signed an agreement to establish one of the largest food packaging projects in Saudi Arabia. It will include the manufacturing of a variety of food items which will be packaged in environmentally-friendly materials. The project value is estimated at a total of SAR1 billion (\$260 million) over a period of 7 years.
- Saudi Aramco awarded three offshore contracts worth SAR3.4 billion (\$900 million) for engineering, procurement, construction, and installation (EPCI) of various new offshore facilities and integration with existing installations to Larsen & Toubro Energy Hydrocarbon and Subsea7.
- Public Investment Fund (PIF) owned Savvy Games signed an agreement to acquire Scopley, a U.S. gaming firm for SAR18.3 billion (\$4.9 billion). The acquisition is in line with the Kingdom's efforts to evolve as a global gaming hub.
- The Ministry of Industry and Mineral Resources issued 18 mining licenses in February. Nine licenses were for quarrying building materials, seven for exploration, one for mining and small mine exploitation and one for surplus mineral ores.
- Saudi Arabia leads the region with the largest series of privatization projects with up to 140 projects available for private investments, including four airports and 4,500 km of road developments.
- According to the Ministry of Industry and Mineral Resources, 80 new factories started operations in February, with total investments reaching SAR4.3 billion (\$1.1 billion), marking a 51 percent decline compared to 164 factories that started operations in January.

Banking

Money supply M1, M2, and M3 increased by 2.31 percent, 1.47 percent, and 1 percent, respectively during the week ending March 30th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The ISM Manufacturing PMI decreased to 46.3 points in March from 47.7 points in February, the lowest since 2020. Companies are slowing down output to match the decrease in consumer demand.
- The trade deficit increased to \$70.5 billion in February, the highest in four months and slightly above forecasts of \$69 billion.
- The unemployment rate in the United States dropped down to 3.5 percent in March against expectations that it would hold at 3.6 percent. The number of unemployed people decreased by 97,000 and employment levels rose 577,000.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.39 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.63 percent and finished the week at 33,485 points. The S&P 500 decreased 0.19 percent and finished at 4,105 points. The NASDAQ dropped 1.10 percent and ended the week at 12,087 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 8.30 percent and finished the week at \$86.69. Global benchmark Brent crude increased 6.71 percent to \$85.12 a barrel, while U.S. West Texas Intermediate (WTI) crude jumped 6.65 percent and closed at \$80.70.
- Oil prices increased for the third straight week as supplies tightened in some parts of the world.
- Saudi Arabia has raised Arab light crude prices for May by 30 cents to Asian buyers for the third straight month.

THE WEEK AHEAD

- U.S. releases Core Inflation Rate YoY for March on April 12
- Saudi Arabia releases Inflation Rate YoY and MoM for March on April 13
- U.S. releases PPI MoM for March on April 13
- U.S. releases Retail Sales MoM for March on April 14