



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

Weekly Market Brief
Week Ending July 28th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia achieved a surplus trade balance of SAR29 billion (\$7.7 billion) in May, according to the General Authority for Statistics (GASat). The Kingdom's merchandise imports increased 20.9 percent in May to SAR67.7 billion (\$18.1 billion) YoY.
- Saudi Arabia's export of non-oil products recorded an increase of 14.85 percent, reaching SAR18.85 billion (\$5 billion) MoM in May. China emerged as the top exporter and importer of Saudi products during the period. The U.S. accounted for the second highest source of Saudi exports with SAR5.7 billion (\$1.5 billion).
- Saudi Arabia's economy is on track to expand 1.9 percent in 2023, a downward revision of 1.2 percentage points from an earlier estimate, according to the latest forecast from the IMF.
- Saudi Arabia's National Debt Management Center closed its riyal-denominated sukuk program issuance for July with the bid amount received at SAR2.63 billion (\$700 million), up 8.36 percent compared to June 2023.
- Saudi Arabia attracted SAR8.1 billion (\$2.1 billion) in foreign direct investments in the first quarter of 2023, marking a 10.2 percent growth YoY.

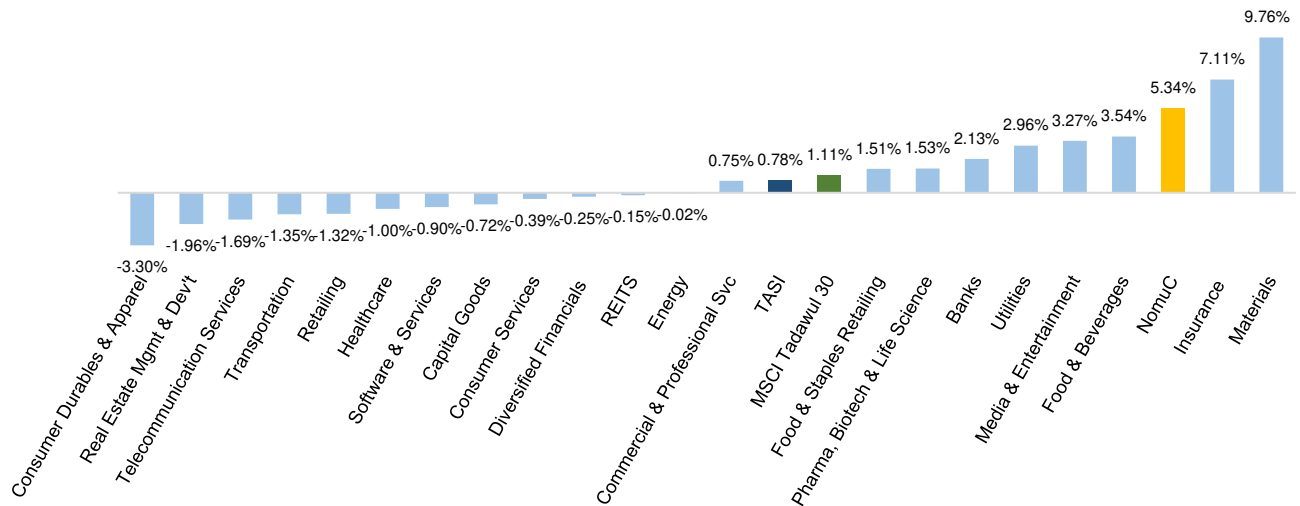


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Tadawul

The TASI increased by 0.78 percent last week and closed at 11,847 points. Nine of the 21 sectors finished the week in positive territory with 'Materials' and 'Insurance' experiencing the greatest increases at 9.76 percent and 7.11 percent, respectively. 'Consumer Goods & Apparel' led the declines as it dropped 3.30 percent. The NomuC parallel market index grew by 5.34 percent and closed at 24,519 points, while the MSCI Tadawul 30 increased 1.11 percent and closed the week at 1,565 points.

Tadawul Weekly Index Performance - July 28, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The total number of registered e-commerce firms in Saudi Arabia reached 35,314 in the second quarter of 2023, growing by 21 percent YoY.
- According to the Ministry of Industry and Mineral Resources, 99 new licenses were issued in May. The top economic activities receiving licenses include food production at 16, carpentry at 10, and non-metallic mineral production at nine.
- Private participation in Saudi Arabia's industrial sector continues to rise, with the Kingdom attracting SAR2.77 billion (\$738 million) in investments for various projects during the second quarter of 2023, according to MODON. This marks a 23 percent jump YoY from SAR2.26 billion (\$603 million).
- Saudia Airlines grew by 52 percent in international passengers, with 7.4 million guests transported during the first half of 2023. The airline operated 37,600 flights during the first six months of the year, marking a 30 percent rise YoY.
- Saudi Arabia jumped eight spots to claim 16th position in the international ranking for container handling quantities, issued by London-based maritime journal Lloyd's List. The Kingdom's rise in the international ranking was a result of handling over 10.43 million containers at its ports in 2022.

Banking

Money supply M1, M2, and M3 increased by 0.02 percent, 0.26 percent, and 0.48 percent, respectively during the week ending July 20th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- New home sales slid 2.5 percent in June to a 697K annual pace, a pullback from May's stronger outturn. As higher financing costs weigh on the total pace of homebuying, current buying conditions continue to favor the new home market.
- The U.S. economy expanded at a 2.4 percent annualized rate in the second quarter. Roughly half of the second quarter growth came from real personal consumption (PCE), which expanded at a 1.6 percent annualized rate.
- Personal spending picked up in June rising at a 0.5 percent pace, which translates to a 0.4 percent monthly increase in real terms once adjusted for inflation. This marks the largest monthly gain in real consumption since the 1.3 percent surge at the start of the year.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.96 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.66 percent and finished the week at 35,459 points. The S&P 500 rose 1.01 percent and finished at 4,582 points. The NASDAQ jumped 2.02 percent and ended the week at 14,316 points.



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GLOBAL OIL MARKETS

- Arab light crude increased 3.97 percent and finished the week at \$87.28. Global benchmark Brent crude gained 4.84 percent to \$84.99 a barrel, while U.S. West Texas Intermediate (WTI) crude rose 4.55 percent and closed at \$80.58.
- Oil prices notched a fifth straight week of gains as investors were optimistic that healthy demand and supply cuts will keep prices buoyant.
- Saudi oil exports decreased by 37.7 percent, or SAR44 billion (\$11.6 billion) MoM in May. The overall share of oil exports to total exports fell from 80.8 percent in May 2022 to 74.1 percent.

THE WEEK AHEAD

- Saudi Arabia releases GDP Growth Rate for Q2 on July 31
- U.S. releases ISM Manufacturing PMI for July on August 1
- Saudi Arabia releases Riyadh Bank PMI for July on August 3