



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

Weekly Market Brief
Week Ending October 27th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia witnessed the signing of investment deals worth SAR67 billion (\$17.9 billion) at the 7th edition of the Future Investment Initiative (FII7) forum.
- Saudi Arabia's overall merchandise exports surged 11.3 percent to reach SAR102.4 billion (\$27.19 billion) in August compared to July, according to the General Authority for Statistics (GASat). However, merchandise exports declined 23.4 percent YoY in August.

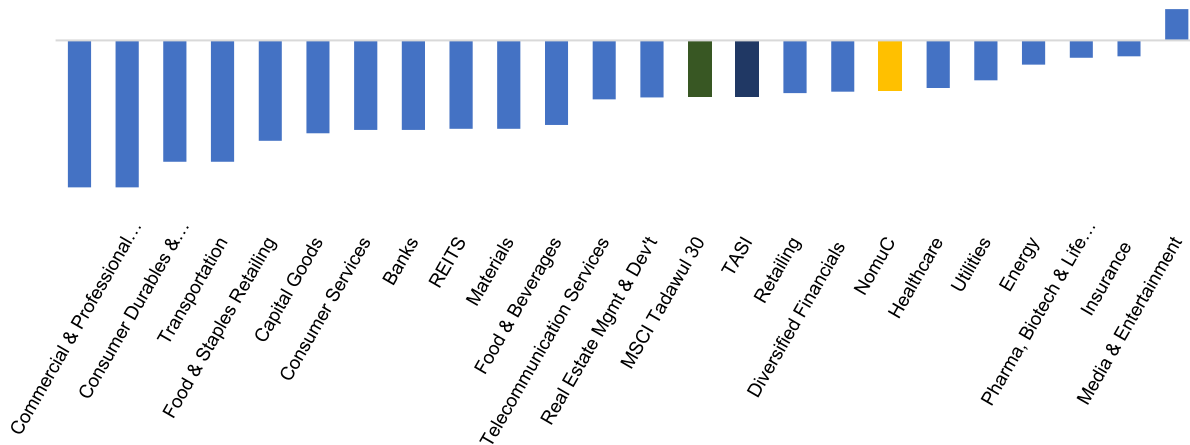


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Tadawul

The TASI decreased by 2.56 percent last week and closed at 10,409 points. One of the 21 sectors finished the week in positive territory with 'Retailing' experiencing an increase of 1.41 percent. 'Consumer & Professional Services,' 'Consumer Durables & Apparel,' and 'Transportation' lead the declines as they dropped 6.63 percent, 6.63 percent, and 5.47 percent, respectively. The NomuC parallel market index decreased by 2.31 percent and closed at 22,668 points, while the MSCI Tadawul 30 dropped 2.57 percent and closed the week at 1,383 points.

Tadawul Weekly Index Performance - October 26th, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Asset management firm Gemcorp Capital LLP is setting up a SAR3.8 billion (\$1 billion) fund to attract foreign investment into some of Saudi Arabia's most ambitious projects. The partnership will offer investment products including credit, equity, and hybrid debt. Gemcorp will provide seed financing for the fund, while the ministry will allow access to potential opportunities.
- NEOM has unveiled a substantial investment of SAR375 million (\$100 million) through the NEOM Investment Fund (NIF) into Pony.ai, a globally acclaimed autonomous driving company.
- Saudi Arabia's future city NEOM has entered into a SAR38 billion (\$10 billion) logistics joint venture with Denmark's DSV to support supply chain operation. NEOM will retain 51 percent of the joint venture, with DSV holding the remaining 49 percent.
- Saudi Arabia's Crown Prince H.R.H. Mohammed bin Salman announced the launch of the Esports World Cup to be held annually in Riyadh starting summer 2024. The launch of the tournament is expected to further the goals envisioned in Saudi Arabia's National Gaming and Esports Strategy.
- South Korea's Hyundai Motor Group will build a car plant in Saudi Arabia jointly with the Public Investment Fund (PIF). PIF will hold a 70 percent stake in the new joint venture with Hyundai holding the remaining 30 percent. Total investment for the project is estimated to exceed SAR1.9 billion (\$500 million).
- The PIF entered into a SAR2.1 billion (\$550 million) joint venture with Italy's Pirelli to build a tire manufacturing plant. PIF will hold a 75 percent stake in the new JV, while the Milan-based firm will own the remaining 25 percent. The plant is expected to generate an annual production capacity of 3.5 million tire units.

Banking

Money supply M1, M2, and M3 increased by 0.87 percent, 1.14 percent, and 0.47 percent respectively, during the week ending October 19th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- U.S. economy grew at a rate of 4.9 percent during Q3 2023, which is the fastest pace in nearly two years.
- The Leading Economic Index (LEI) slipped 0.7 percent in September and previous months' data were also revised lower. The index has now declined for 18 straight months.
- New home sales leaped 12.3 percent in September, exceeding initial expectations. The 759K-unit sales pace represents a significant increase from August's 8.2 percent decline.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.85 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 2.14 percent and finished the week at 32,418 points. The S&P 500 decreased 2.53 percent and finished at 4,117 points. The NASDAQ decreased by 2.62 percent and ended the week at 12,643 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 3.88 percent and finished the week at \$92.66. Global benchmark Brent crude declined 3.21 percent to \$88.58 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 4.99 percent and closed at \$84.91.
- Goldman Sachs analysts retained their first-quarter 2024 Brent crude price forecast at \$95 a barrel but added that lower Iranian exports could cause baseline prices to rise by 5 percent.
- Global oil demand is projected to peak in the next few years even as some major energy companies announce plans to reinvigorate their fossil fuel businesses. The world's appetite for oil is still rising, the International Energy Agency said in a report last week, but annual growth is expected to slow to just 0.4 percent by 2028.

THE WEEK AHEAD

- Saudi Arabia releases GDP Growth Rate for Q3 on October 31
- Saudi Arabia releases Private Bank Lending for September on October 31
- U.S. releases Fed's Interest Rate Decision on November 1