



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

Weekly Market Brief
Week Ending November 3rd, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's real gross domestic product (GDP) contracted by 4.5 percent in the third quarter according to the General Authority for Statistics (GASat). The drop was caused by a sharp fall in oil activity on the back of cuts to crude production.
- The Saudi Central Bank (SAMA) reported a 3.4 percent increase in total assets to SAR1.82 trillion (\$490 billion) in September, up from SAR1.76 trillion (\$469 billion) in August.
- Personal remittances of expatriates in Saudi Arabia recorded a decline of 12.6 percent, reaching SAR9.91 billion (\$2.64 billion) during September 2023 compared to SAR11.33 billion (\$3.02 billion) in September 2022.
- Saudi Arabia's National Debt Management Center concluded the October issuance of its SAR-denominated sukuk program, amounting to SAR3.98 billion (\$1.06 billion) — a 64 percent surge over September.

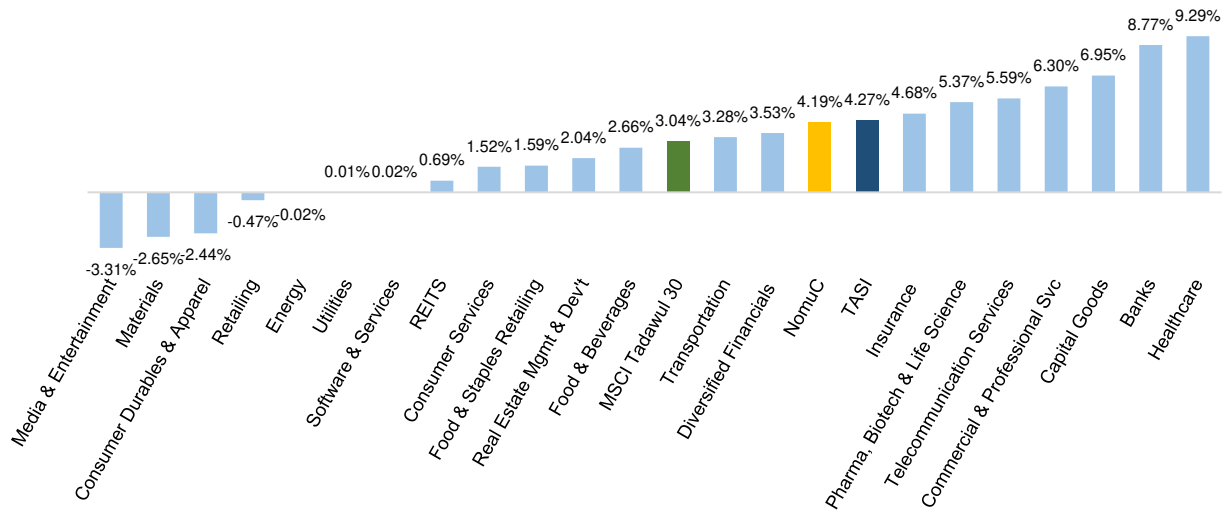


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Tadawul

The TASI increased by 4.27 percent last week and closed at 10,853 points. 16 of the 21 sectors finished the week in positive territory with 'Healthcare,' 'Banks,' and 'Capital Goods' leading the gains with increases of 9.29 percent, 8.77 percent, and 6.95 percent respectively. 'Media & Entertainment' led the declines as it dropped 3.31 percent. The NomuC parallel market index increased by 1.32 percent and closed at 22,369 points, while the MSCI Tadawul 30 increased 3.04 percent and closed the week at 1,408 points.

Tadawul Weekly Index Performance - November 3rd, 2023



Source: Tadawul, USSBC

- Cargo business SAL Saudi Logistics Services Co's shares jumped 30 percent on their Riyadh market debut after raising SAR2.5 billion (\$678 million) from its initial public offering in the Kingdom's second biggest deal this year.



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Business, Trade, & Investment

- The Ministry of Investment revealed that the minimum capital required for foreign companies to practice wholesale and retail trade activities with a 100 percent ownership is SAR30 million (\$8 million). A foreign company will have its presence at least in three regional or global markets according to the terms and conditions contained in the Service Guide 2023 issued by the Ministry of Investment.
- Almost 4,000 new healthcare jobs are set to be created in Saudi Arabia after the Ministry of Investment signed eight memorandums of understanding, valued at SAR4 billion (\$1.07 billion), with seven international and local companies.
- Saudi Arabia's educational technology startup Noon closed a SAR153 million (\$41 million) series B funding round co-led by Aramco's Wa'ed Ventures and RAED Ventures.

Banking

Money supply M1, M2 and M3 all increased by 2.05, 1.37, and 1.62 percent respectively during the week ending October 26th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Nonfarm labor productivity grew at a robust 4.7 percent annualized rate in the third quarter, the second consecutive strong reading. Over the past four quarters, labor productivity has grown 2.2 percent. An acceleration in productivity alongside slowing nominal wage growth bodes well for the Federal Reserve's fight to return inflation to 2 percent on a sustained basis.
- Nonfarm payrolls rose 150K in October compared to consensus expectations of a 180K increase. Walkouts at Ford, General Motors, Stellantis, and Mack Trucks during the survey week of Oct. 8-14 reduced payrolls by roughly 30K, although total employment at motor vehicle & parts manufacturers declined 33K with the addition of layoffs related to the production stoppages.
- For the third time in the past four policy meetings, the FOMC decided to keep rates on hold, although it continues to keep the door open to hiking again. It appears that the bar for further rate increases is getting increasingly higher.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 4.59 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 5.07 percent and finished the week at 34,061 points. The S&P 500 increased 5.85 percent and finished at 4,358 points. The NASDAQ increased by 7.04 percent and ended the week at 13,478 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 3.53 percent and finished the week at \$89.36. Global benchmark Brent crude decreased 5.96 percent to \$85.09 a barrel, while U.S. West Texas Intermediate (WTI) crude decreased by 5.25 percent and closed at \$81.05.
- Oil supply concerns driven by Middle East tensions eased, while jobs data raised expectations the U.S. Federal Reserve could be done hiking interest rates in the biggest oil consuming economy.
- Saudi Arabia's exports of refined oil products grew by 16 percent in August compared to July, marked by higher shipments of diesel, according to data collated from the Joint Organizations Data Initiative (JODI). The total volume of exported refined oil products reached 1.3 million barrels per day in August, a significant rise from the previous month's 1.1 million bpd.

THE WEEK AHEAD

- Saudi Arabia releases Riyadh Bank PMI on November 5th
- U.S. releases September 2023 exports and imports on November 7th
- U.S. releases Balance of Trade for September 2023 on November 7th