



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

Weekly Market Brief
Week Ending December 8th, 2023

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia approved the state budget for 2024 with revenues projected at SAR1.17 trillion (\$312.48 billion) and expenditure at SAR1.25 trillion (\$333 billion), leading to a deficit of SAR79 billion (\$21.1 billion).
- The Kingdom's Purchasing Managers' Index dropped to 57.5 points in November from October's 58.4 points. Despite this decline, Saudi PMI remained well above the neutral threshold of 50.0 points, signifying a significant improvement in business conditions within the Kingdom's non-oil private sector economy.
- Saudi Arabia's total number of employees in the private sector reached 10.8 million in November, up 0.93 percent from the previous month. Of those, 2.3 million were Saudi nationals, and 8.5 million were residents of the Kingdom, according to the Saudi National Labor Observatory.
- Saudi Arabia's non-oil activities increased by 3.5 percent in the third quarter of 2023, compared to the same period of the previous year. However, Saudi Arabia's real gross domestic product decreased by 4.4 percent YoY in the third quarter, and by 3.2 percent QoQ.

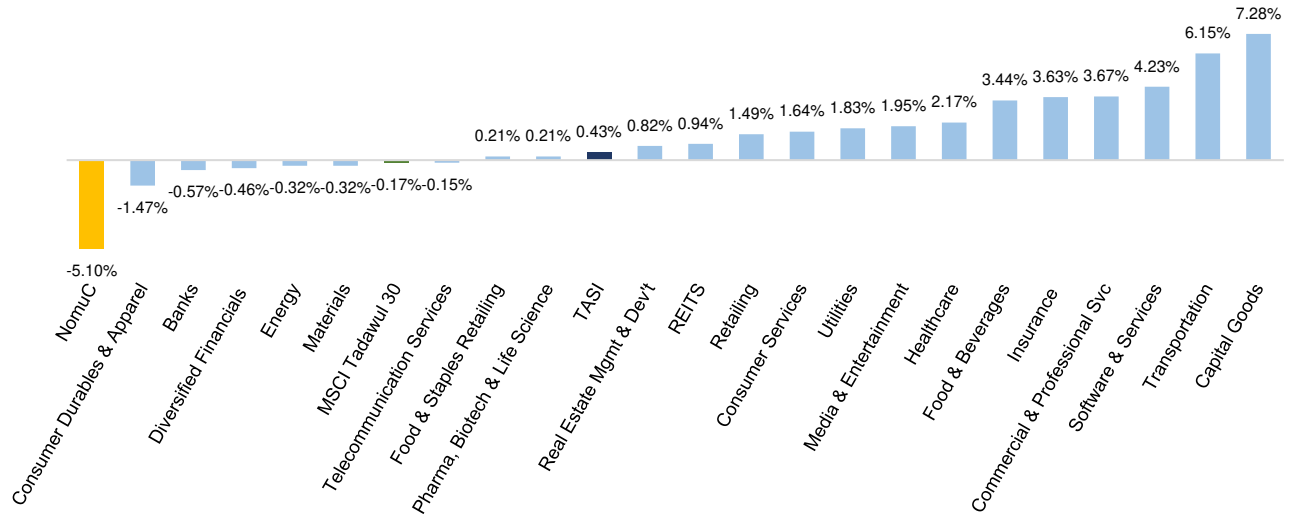


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Tadawul

The TASI increased by 0.43 percent last week and closed at 11,225 points. Fifteen of the 21 sectors finished the week in positive territory with 'Capital Goods,' 'Transportation,' and 'Software & Services' leading the gains with increases of 7.28 percent, 6.15 percent, and 4.23 percent, respectively. 'Consumer Durables & Apparel' led the declines as it dropped 5.10 percent. The NomuC parallel market index decreased by 5.10 percent and closed at 23,949 points, while the MSCI Tadawul 30 decreased 0.17 percent and closed the week at 1,439 points.

Tadawul Weekly Index Performance - December 8th, 2023



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Arabia announced it will offer tax incentives for foreign companies that locate their regional headquarters in the Kingdom, including a 30-year exemption for corporate income tax.
- H.R.H. Crown Prince Mohammed bin Salman, who also serves as the chairman of the board of Qiddiya Investment Company, has launched the urban plan for the city of Qiddiya. The city will be home to 60,000 buildings across an area of 360 square kilometers. Eventually, it will host more than 600,000 residents.
- Hollywood production company Stampede Ventures has signed a deal to shoot 10 movies at Film AIUla's recently opened state-of-the-art studio complex. The initiative will begin with two films scheduled to start production early next year.

Banking

Money supply M1 and M2 increased by 2.42 percent and 0.48 percent, respectively. M3 declined by 0.18 percent during the week ending November 30th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The ISM services index picked up steam in November with the ISM coming in at 52.7 points. With prices still firmly in expansion and employment rising slightly, it suggests that recent expectations for rate cuts might have been pulled too far forward.
- Job openings fell to 8.73 million at the end of the month, the lowest reading since March 2021. The ratio of openings to unemployed persons is 1.34, only a bit above the 1.2 ratio that prevailed before the pandemic.
- The trade deficit widened for the second straight month in October to -\$64.3 billion, leaving the deficit nearly as wide as it was in July and consistent with levels of late 2020. The deficit remains about 45 percent wider than it was just ahead of the pandemic.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.22 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 2.35 percent and finished the week at 36,248 points. The S&P 500 increased 0.21 percent and finished at 4,604 points. The NASDAQ increased by 0.69 percent and ended the week at 14,404 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased 2.90 percent and finished the week at \$80.05. Global benchmark Brent crude declined 3.85 percent to \$75.84 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped 3.83 percent and closed at \$71.23.
- U.S. crude oil production set a record for the second month running in September, highlighting differing strategies with Saudi Arabia and its OPEC+ partners who cut their own production to boost prices.
- Saudi Arabia lowered the price of its flagship Arab Light crude to Asian customers in January for the first time in seven months, reacting to weakening premiums in the physical market amidst supply overhang concerns. Saudi Aramco cut the official selling price (OSP) for January-loading Arab Light to Asia by 50 cents a barrel from December to \$3.50 a barrel over Oman/Dubai quotes.

THE WEEK AHEAD

- U.S. releases Inflation Rate YoY on December 11
- Saudi Arabia releases Inflation Rate YoY on December 14
- U.S. releases Export and Import Prices MoM on December 14