

# CAPITAL MARKET OVERVIEW



FIRST QUARTER 2023

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# Foreword

## The Saudi capital market had a strong start to the year, setting a solid foundation for the rest of 2023 despite continuing economic volatility and geopolitical turbulence across markets around the world.

Our robust growth and consistent efforts to continue investing in the market during this challenging period demonstrate our commitment to building an advanced capital market ecosystem that aligns with global standards. Looking deeper at the macro environment leading up to this quarter, data from the Organization for Economic Co-operation and Development (OECD) reveals that Saudi Arabia's quarter on quarter GDP growth stood at 1.31% in the fourth quarter of 2022, far outpacing the 0.30% G20 average GDP growth and the OECD average GDP growth of 0.20% during the same period.

In the first quarter of 2023, the Saudi Exchange saw market capitalization on the Main Market increase by 1.08% to SAR 9.98 trillion with the volume traded rising by 4.41% to 10 billion shares, when compared to the previous quarter.

The Saudi Exchange also saw considerable growth in sukuk and bonds between Q4 2022 and Q1 2023. The number of trades jumped significantly, with 7,760 trades this quarter — an 83.19% rise compared to the previous quarter. Further, the value of sukuk and bonds traded rose to SAR 7.04 billion in the quarter – an impressive 75.77% increase compared to the previous quarter.

The Nomu – Parallel Market's market capitalization increased by 10.37% to SAR 38.73 billion during the first quarter of 2023, bolstered in part by the listing of eight new companies. The number of trades on the parallel market increased by 1.90% to 123,711, when compared to the previous quarter. We developed Nomu as an alternative equity platform for companies that have historically struggled to list on the Exchange because of the high barriers to entry, and we are pleased to see the continuous growth of the market, which includes companies of various sizes from a diverse range of sectors.

Attracting new investors and enhancing liquidity continues to be a key focus for the Exchange. By expanding the investment opportunities available to domestic and international investors and building a sophisticated infrastructure, we are developing a stronger, more accessible capital market. This quarter, materials and banks led trading activity, accounting for roughly 21% and 20% of the value traded on the Exchange, respectively.

We are also focused on supporting the development and growth of regional capital markets by improving interconnectivity with other exchanges. The formation of the GCC Financial Markets Committee is one of the recent initiatives the Exchange has undertaken to advance this goal, among other steps that include signing new MoUs with exchanges in Egypt, Qatar and Hong Kong. In the Q&A section of this report, we discuss in more detail the work of the GCC Financial Markets Committee as well as other efforts by the Saudi Exchange and Saudi Tadawul Group to increase interconnectivity with markets in the GCC region and beyond.

Last year, the Saudi capital market achieved considerable growth despite the economic stresses weighing on the world. Now, at the close of a successful first quarter of 2023, the market is set to continue its growth well into the new year bolstered by our ongoing investments in new products, services, technology and market enhancements.

**Mohammed Al Rumaih**  
CEO of Saudi Exchange



# Q1 KEY HIGHLIGHTS

## SAUDI CAPITAL MARKET

**4.21**

**BILLION SAR**  
**(1.12 BILLION USD)**

Average daily value traded during Q1 2023

**83.19%**

The Q-on-Q growth of the number of trades in sukuk & bonds; with 7,760 trades during Q1 2023

**273.54**

**BILLION SAR**  
**(72.94 BILLION USD)**

Holding value of Qualified Foreign Investors at the end of Q1 2023



# The Saudi Arabian Economic Overview

(Based on data available at the time of publication)

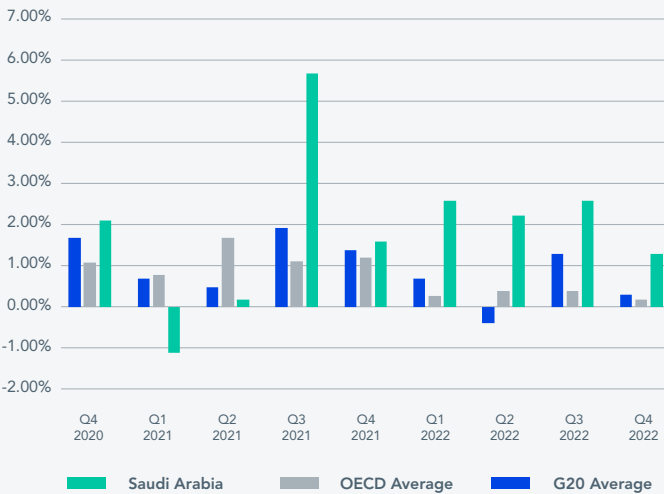
Saudi Arabia enjoyed sustained economic growth through the close of 2022, even as other leading economies around the world saw their growth slow down. Saudi Arabia’s GDP grew by 1.31% in the fourth quarter of 2022, over four times the G20 average GDP growth of 0.30% and over six times the OECD average GDP growth of 0.20% during the same period.

Concurrently, the unemployment rate dropped as the year came to a close, declining by nearly 2% from 9.90% in the third quarter of 2022 to a flat 8% in the fourth quarter of 2022 – representing a two-year low – spurred by government efforts to increase employment and boost non-oil sectors under Vision 2030.

The inflation rate declined through the first quarter of 2023. Rising from 3.30% in December 2022 to 3.40% in January 2023, the inflation rate promptly dropped to 3% flat in February, before declining further to 2.70% in March – its lowest level since July 2022.

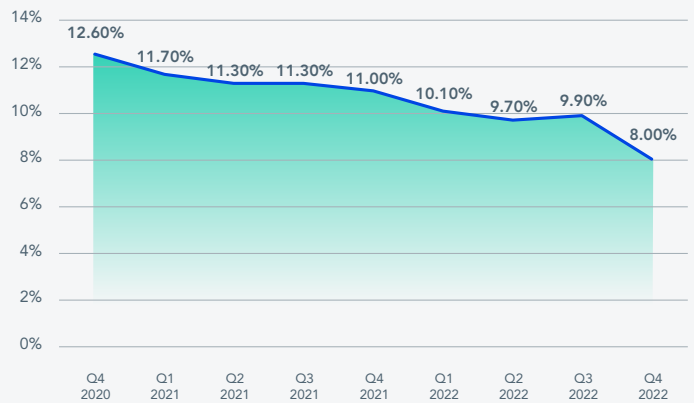
Through the close of 2022 and into 2023, Saudi Arabia has begun to reverse some of the negative economic trends that previously impacted growth. The decline in inflation and unemployment rates are positive signs for the Kingdom moving into 2023 and underscore the economy’s strength and stability.

## GDP GROWTH Q-ON-Q



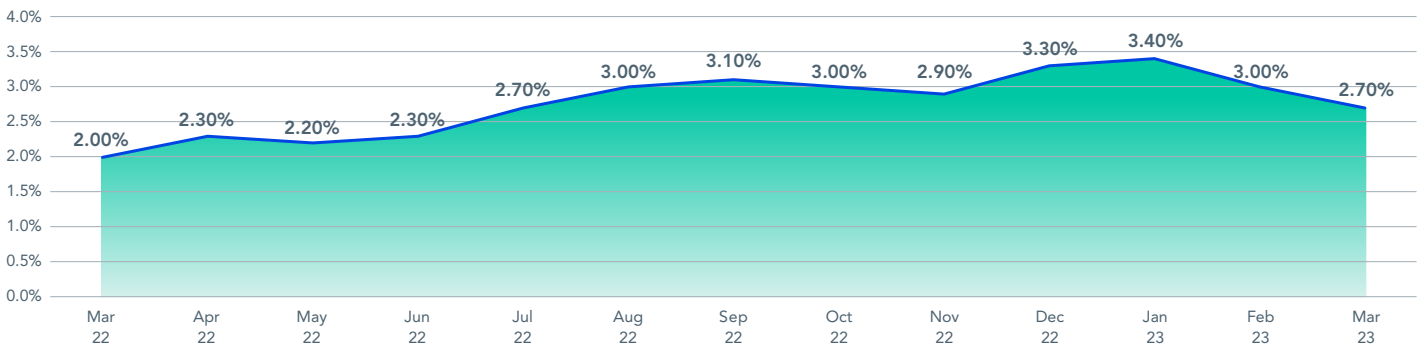
SOURCE: GDP AND SPENDING - QUARTERLY GDP - OECD DATA

## SAUDI NATIONALS' UNEMPLOYMENT RATE Q-ON-Q



SOURCE: GENERAL AUTHORITY FOR STATISTICS (STATS.GOV.SA)

## INFLATION RATE M-ON-M



SOURCE: INFLATION RATE (SAMA.GOV.SA)



# Market Enhancements and Updates

## GCC Financial Markets Committee Announce Unified ESG Metrics for GCC Listed Companies (January 2023)

The GCC Financial Markets Committee, chaired by the Saudi Exchange, published a unified set of ESG Disclosure Metrics. The metrics, aligned with the World Federation of Exchanges and the Sustainable Stock Exchanges Initiative, cover categories across emissions, energy usage, water usage, gender pay, employee turnover, gender diversity, data privacy and professional ethics, among others.

The metrics are an important step towards the standardization of ESG disclosure practices across the GCC region due to the existing differences in standards of reporting and serve as a voluntary guideline for companies embarking on their ESG disclosure journey. Importantly, the metrics do not replace existing ESG disclosure guidelines for GCC Exchanges.

Publishing unified ESG metrics is a major milestone in the GCC Financial Markets Committee's efforts to support the development of regional capital markets, create an advanced capital market ecosystem and elevate the region's position on the global stage. In addition to the Saudi Exchange, the GCC Financial Markets Committee is made up of Bahrain Bourse, Boursa Kuwait, Qatar Stock Exchange, Muscat Stock Exchange, Abu Dhabi Securities Exchange and the Dubai Financial Market.

## Ministry of Economy and Planning, Capital Market Authority and Saudi Exchange Company sign trilateral MoU (February 2023)

The Saudi Exchange signed a trilateral MoU with the Capital Market Authority and the Ministry of Economy and Planning at the Saudi Capital Market Forum in February. The MoU signals shared objectives among the three entities to drive sustainable development and long-term success of the Saudi capital market and advance ESG industry standards.

A dedicated coordination team, established under the MoU, will meet regularly and collaborate across three main areas: the development of sustainability selection criteria uniquely adapted to the Saudi market, the development of a national ESG disclosure framework for listed companies, infrastructure companies, and capital market institutions in Saudi Arabia and the promotion of ESG awareness among investors and companies in the Kingdom.

The MoU comes as part of the Exchange's broader objective to promote sustainable business practices among issuers as it supports the long-term sustainable growth of the Saudi capital market in line with the Financial Sector Development Program under Vision 2030, positioning the market as an investment destination connecting the east and west.



# Leadership Insights



As the Saudi Exchange continues its work to become a leading capital market on the global stage, it is focused on increasing interconnectivity with other markets in the GCC region and beyond. In line with this effort, the Exchange is leading the GCC Financial Markets Committee, which seeks to advance the growth of regional capital markets by working towards goals in areas such as innovation and ESG.

**Mohammed Al-Rumaih, Chief Executive Officer of the Saudi Exchange and Chairman of the GCC Financial Markets Committee,** discusses the objectives of the GCC Financial Markets Committee as well as the Saudi Exchange and Saudi Tadawul Group's additional efforts to increase interconnectivity with other markets and, ultimately, create more investment opportunities and produce positive outcomes for issuers and investors in the GCC region and beyond.

## Can you tell us about the GCC Financial Markets Committee and what it hopes to achieve?

The GCC Financial Markets Committee is a group of seven stock exchanges from the GCC region that includes the Saudi Exchange, Bahrain Bourse, Boursa Kuwait, Qatar Stock Exchange, Muscat Stock Exchange, Abu Dhabi Securities Exchange and Dubai Financial Market. Our aim is to support the development and accelerate the growth of regional capital markets through collective action to achieve shared goals.

The committee, which was founded in 2021, has three working teams that focus on 1) Developing Listing and Governance Procedures and Environmental, Social and Governance Practices; 2) Unifying the Investor Number and Developing Custody and Settlement Services; and 3) Innovation, Fintech and Market Intelligence. Furthermore, the committee is working on establishing additional working teams to further expand the collaboration between the GCC exchanges.

The Saudi Exchange is pleased to lead this committee, which we believe will help GCC markets become better aligned with leading capital markets around the world and improve their standing on the international stage.

## How will unified ESG disclosure metrics in the GCC help advance ESG beyond the Exchange's existing efforts?

Promoting ESG adoption among our issuers has been an area of focus for the Saudi Exchange for many years now – given the positive societal impact of ESG and its importance to investors. Earlier this year, the GCC Financial Markets Committee published a unified set of ESG disclosure metrics that are aligned with the World Federation of Exchanges and Sustainable Stock Exchanges initiative standards. The metrics guide companies on disclosure related to

greenhouse gas emissions, energy usage, data privacy and gender pay and diversity, among other areas. Importantly, these metrics are a step towards standardizing ESG disclosure across the GCC region, which currently has different standards of reporting. The metrics are optional and do not replace existing ESG disclosure guidelines for GCC Exchanges.

As the Gulf region's IPO market continues to thrive, these disclosure metrics will help issuers to be more mindful of the expectations of investors around the world as ESG continues to remain an important facet of doing business. In coming together with other GCC markets, we believe that we can better convey the importance of ESG disclosure to our issuers and signal to the world that our region takes ESG seriously.

## Beyond these initiatives, what is the Exchange doing to enhance interconnectivity with markets in the region and beyond?

The Saudi Exchange is constantly reaching out beyond the Kingdom's borders to increase interconnectivity with other markets in ways that we believe benefit issuers and investors. For example, in recent years, we signed MoUs with exchanges such as Muscat Stock Exchange and SIX Swiss Exchange, and, in February, at the Saudi Capital Market Forum, the Saudi Tadawul Group signed additional MoUs with the Singapore Exchange (SGX), Qatar Stock Exchange and The Egyptian Exchange. Through these MoUs, we are working to enhance collaboration with other markets via data sharing, knowledge sharing on subjects such as financial technology and best practices, and exploring dual listing opportunities, among other mutual areas of cooperation.

Through our efforts to increase interconnectivity with other exchanges, we are working to achieve our objective of creating new opportunities for investors and diversifying our investor base as we support Vision 2030. Moreover, as a regional capital markets leader, we are helping to build a stronger network of markets in the region.



# Equities

The market capitalization and the number of listed companies increased across both the Saudi Exchange's Main Market and Nomu – Parallel Market in Q1 2023 while the value traded decreased.

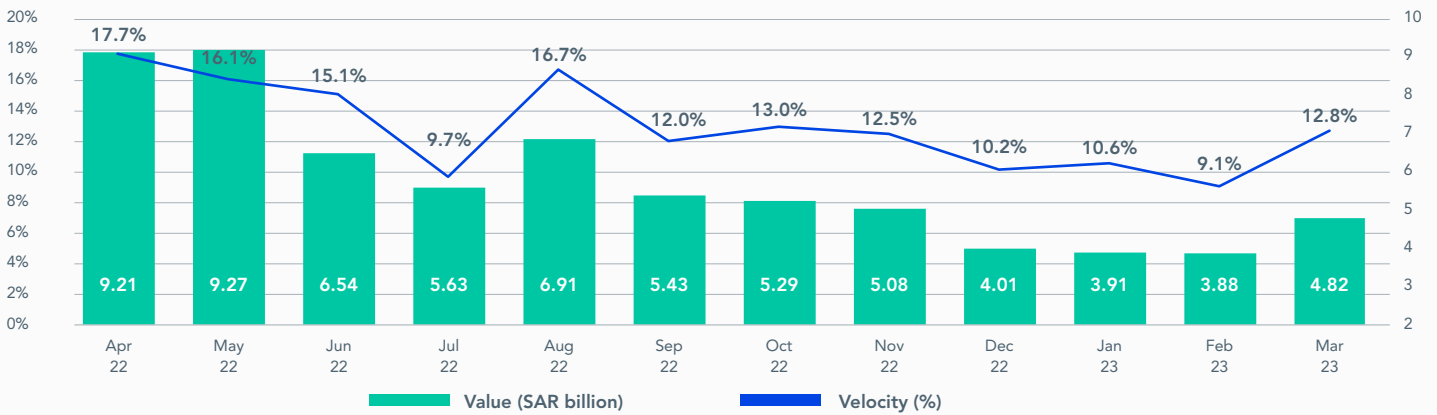
The total value traded on the Saudi Exchange's Main Market decreased by 12.19% from the previous quarter, while the market capitalization increased by 1.08%. The number of newly listed companies continued to grow with one new company listing on the Main Market during the quarter.

The market capitalization for the Nomu – Parallel Market increased by 10.37% with eight new companies listing in the first quarter.

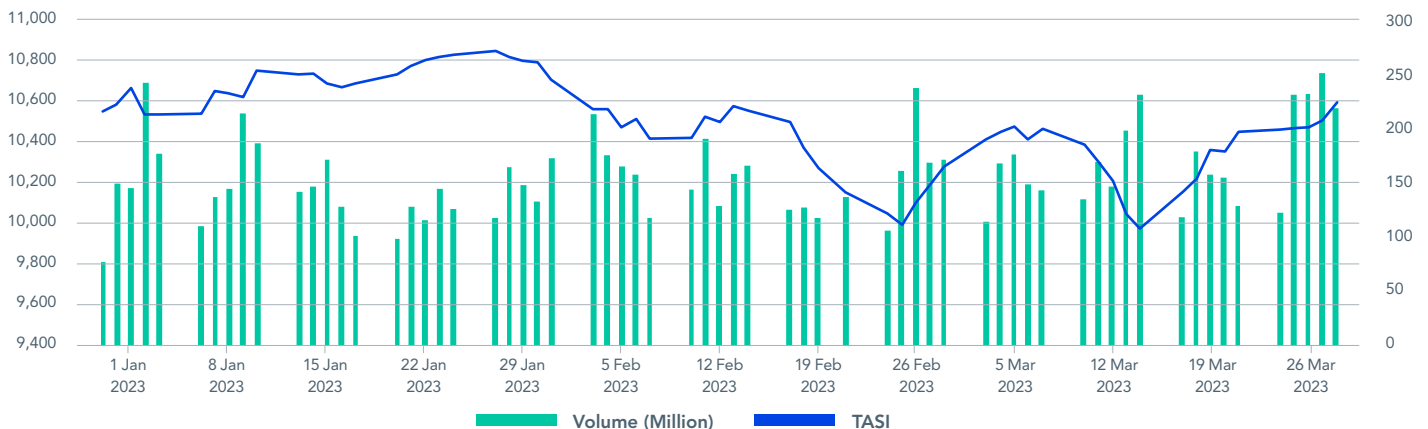
Main Market - Q1 2023		Nomu - Parallel Market - Q1 2023	
<b>9.98 trillion (+1.08%) ↑</b> Market capitalization (SAR)	<b>269.71 billion (-12.19%) ↓</b> Value traded (SAR)	<b>38.73 billion (+10.37%) ↑</b>	<b>1.78 billion (-24.11%) ↓</b> Value traded (SAR)
<b>224 (+1) ↑</b> Listed Companies	<b>10,590.10 (+1.07%) ↑</b> Tadawul All Share Index (TASI) Closing	<b>54 (+8) ↑</b> Listed Companies	<b>19,892.03 (+2.44%) ↑</b> Parallel Market Capped Index (NomuC) Closing

Over the Q1 period, average daily traded value dropped slightly from SAR 3.91 billion in January to SAR 3.88 billion in February before increasing to SAR 4.82 billion by the end of the quarter in March.

## AVERAGE DAILY VALUE TRADED & VELOCITY



## PERFORMANCE OF TASI & VOLUME TRADED

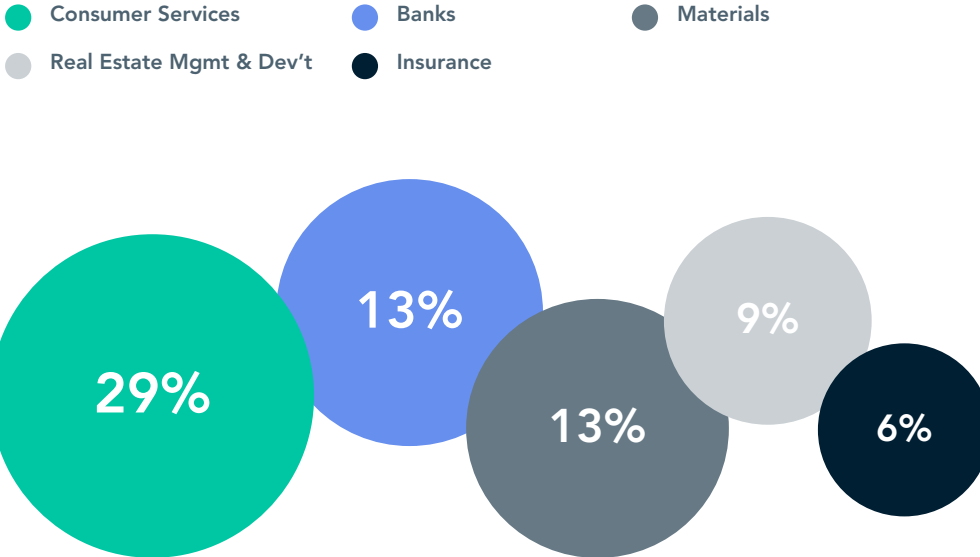


NOTE: TRADING WAS CLOSED ON FEBRUARY 22, 2023, DUE TO THE FOUNDING DAY OF SAUDI ARABIA.



During the first quarter, consumer services and banks were the most active industry groups in terms of volume traded, while materials and banks were the most active in terms of value traded.

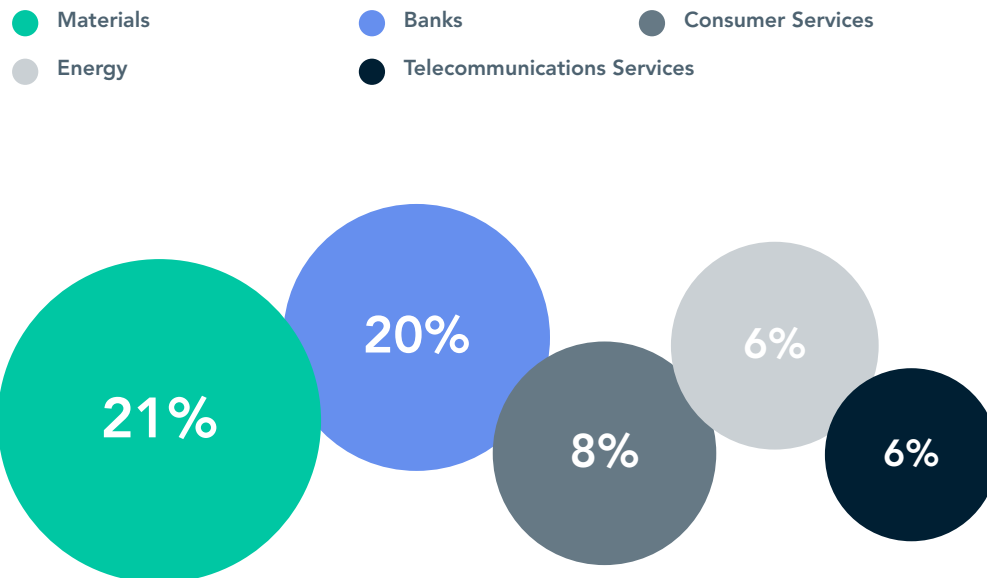
## TOP 5 INDUSTRY GROUPS TRADED BY VOLUME - Q1 2023



### Other Sectors:

Consumer Services	29.19%
Banks	13.26%
Materials	12.83%
Real Estate Mgmt & Dev't	8.86%
Insurance	5.66%
Energy	5.56%
Telecommunication Services	5.09%
Food & Beverages	2.61%
Capital Goods	2.45%
Food & Staples Retailing	2.09%
Utilities	1.74%
Diversified Financials	1.69%
Retailing	1.61%
Transportation	1.56%
REITs	1.49%
Health Care Equipment & Svc	1.44%
Consumer Durables & Apparel	1.08%
Commercial & Professional Svc	0.75%
Software & Services	0.55%
Media and Entertainment	0.37%
Pharma, Biotech & Life Science	0.11%

## TOP 5 INDUSTRY GROUPS TRADED BY VALUE - Q1 2023



### Other Sectors:

Materials	20.61%
Banks	20.02%
Consumer Services	8.10%
Energy	6.28%
Telecommunication Services	5.61%
Real Estate Mgmt & Dev't	4.85%
Health Care Equipment & Svc	3.73%
Food & Staples Retailing	3.67%
Insurance	3.58%
Food & Beverages	3.31%
Utilities	3.30%
Software & Services	3.28%
Capital Goods	3.09%
Retailing	2.79%
Diversified Financials	2.14%
Transportation	1.65%
Media and Entertainment	1.32%
Commercial & Professional Svc	1.24%
Consumer Durables & Apparel	0.87%
REITs	0.48%
Pharma, Biotech & Life Science	0.09%





# Sukuk & Bonds

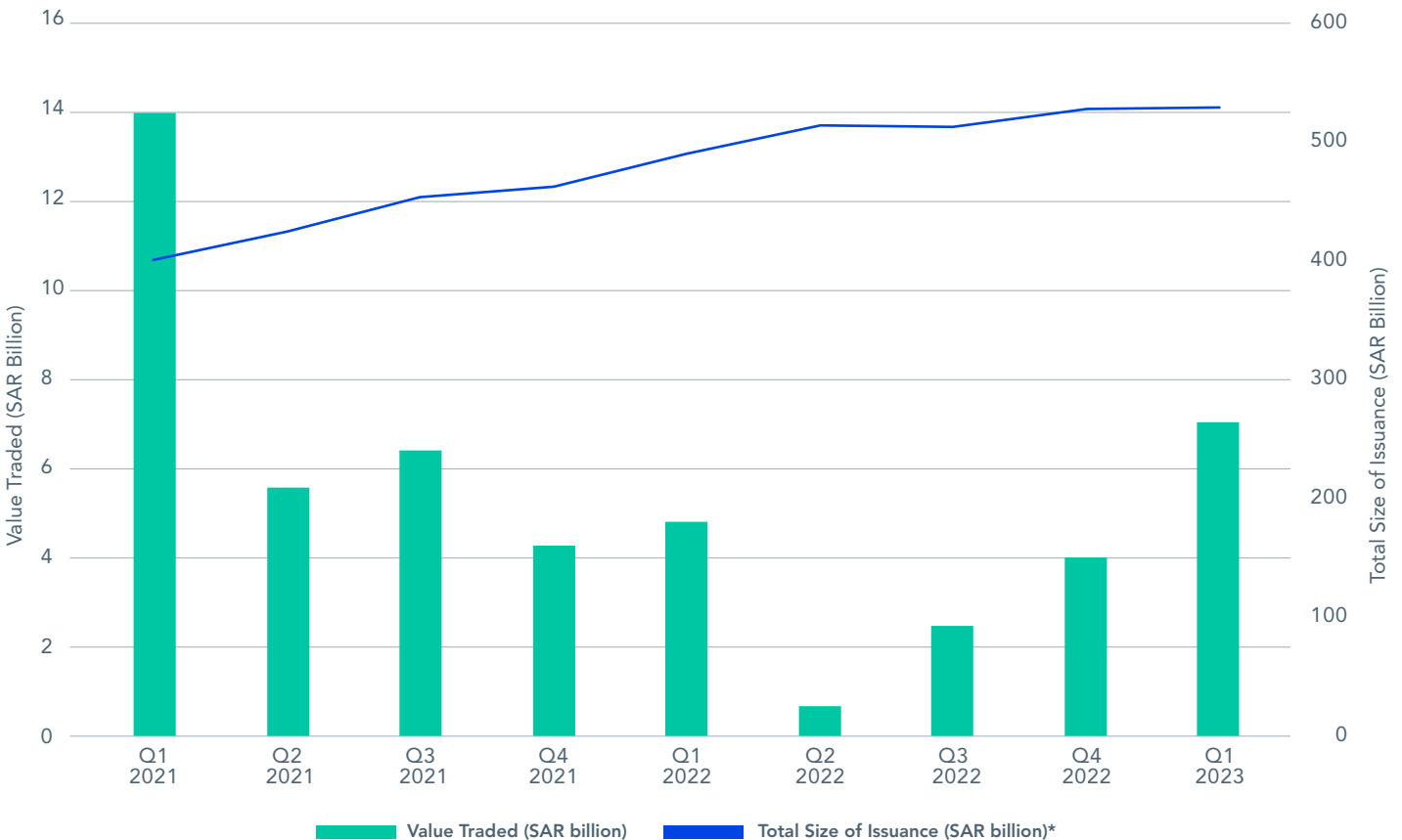
The Saudi Exchange's total size of sukuk and bonds issuance rose by 0.31% to SAR 526.95 billion in the first quarter, with no new listings and four delistings. Sukuk and bonds built upon their excellent fourth quarter performance during the first quarter of 2023 — the number of trades increased significantly by 83.19%, while the value traded rose by 75.77% to reach an impressive SAR 7.04 billion.

## Sukuk / Bonds – Q1 2023 Overview

<b>526.95 Billion (+0.31%) ↑</b> Total Size of Issuance (SAR)	<b>944.73 (+1.61%) ↑</b> Sukuk and Bonds Market Index closing	<b>70 (-4) ↓</b> Listed sukuk and bonds
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Q1 2023 V. Q4 2022		Q1 2023	% Change Quarter-on-Quarter
Number of Trades	<b>7,760 (+83.19%) ↑</b>	Value Traded (SAR)	<b>7.04 Billion (+75.77%) ↑</b>
		Nominal Value Traded (SAR)	<b>7.44 Billion (+67.85%) ↑</b>

## SUKUK & BONDS TOTAL SIZE OF ISSUANCE AND VALUE TRADED



\*As at the end of the quarter



# Derivatives

The volume of derivatives contracts traded on the Saudi Exchange in the first quarter of 2023 was 1,540, an impressive increase from 225 in the fourth quarter of 2022. Further, the total value traded increased to SAR 20.93 million in the first quarter of 2023 from SAR 9.14 million in the fourth quarter of 2022.

## Derivatives – Q1 2023 Overview

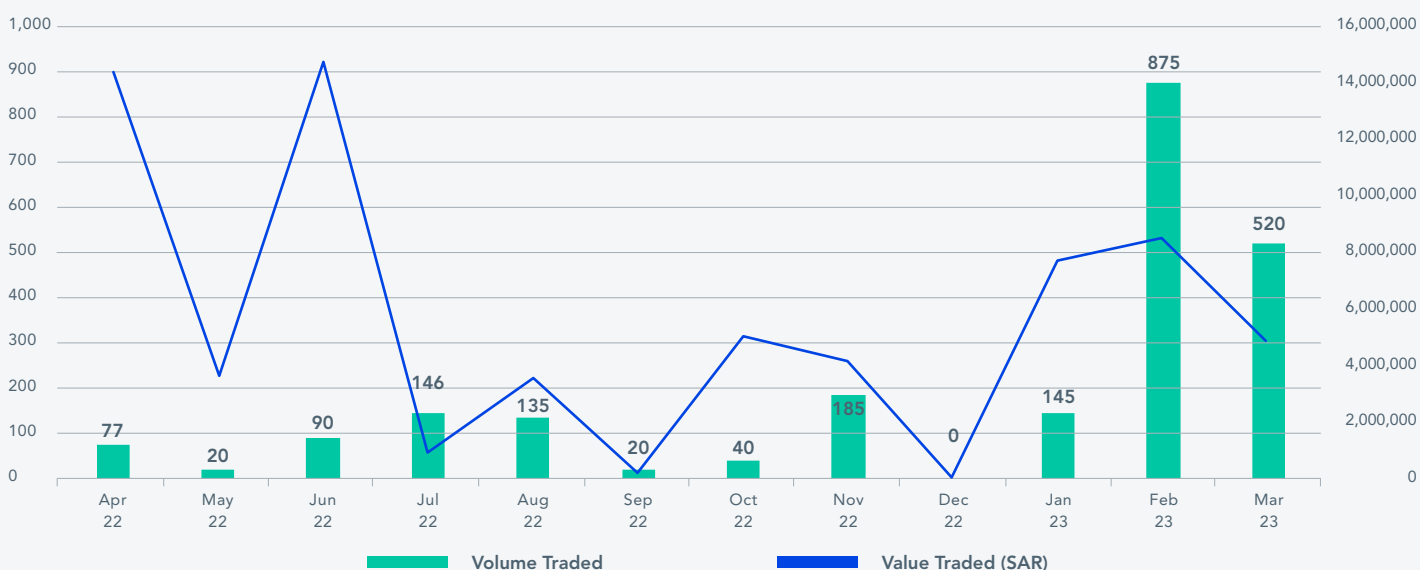
**20.93 million**  
Value Traded

**24**  
Number of Trades

## DERIVATIVES MONTHLY TRADING STATISTICS – Q1 2023

Month	Volume Traded	Value Traded (SAR)	Number of Trades
January 2023	145	7,656,500	5
February 2023	875	8,460,200	12
March 2023	520	4,816,000	7

## VOLUME & VALUE TRADED OF DERIVATIVES CONTRACTS





# Ownership

Ownership of firms listed on the Saudi Exchange is becoming increasingly institutional and international in nature. The value of foreign investors' holdings in the Main Market increased to SAR 346.93 billion in the first quarter of 2023 from SAR 346.56 billion in the fourth quarter of 2022. The value of foreign investors' holdings in the Nomu - Parallel Market continued to build on its growth, rising to 479.02 million in the first quarter of 2023, up from SAR 440.46 million in the fourth quarter of 2022. Importantly, the Saudi Exchange continues to work closely with the Capital Market Authority to make the Saudi market attractive to international investors by enhancing market function and efficiency, expanding access, improving corporate governance and increasing transparency.

## Foreign Investor Ownership\* - Q1 2023 Overview

**346.93 Billion**

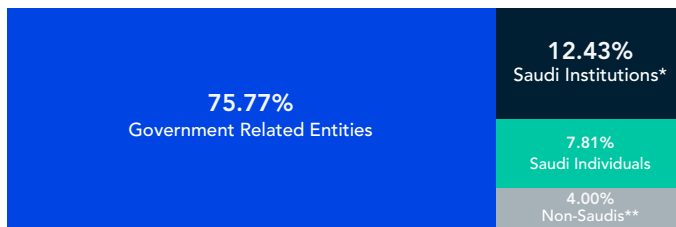
Main Market Holding Value (SAR)

**479.02 Million**

Nomu - Parallel Market Holding Value (SAR)

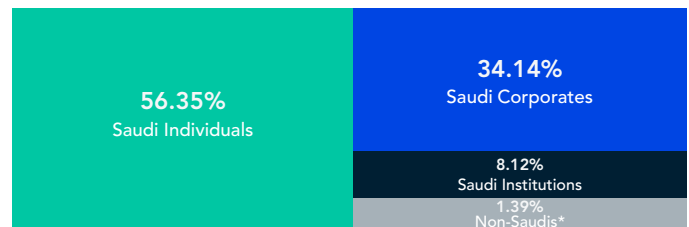
\*Includes SWAP Holders, Foreign Residents & Others, QFIs, Foreign DPMs and Foreign Strategic Investors

### OWNERSHIP BY INVESTOR TYPE Q1 2023 (Main Market)



\*Excluding GREs \*\*Includes (Foreign & GCC)

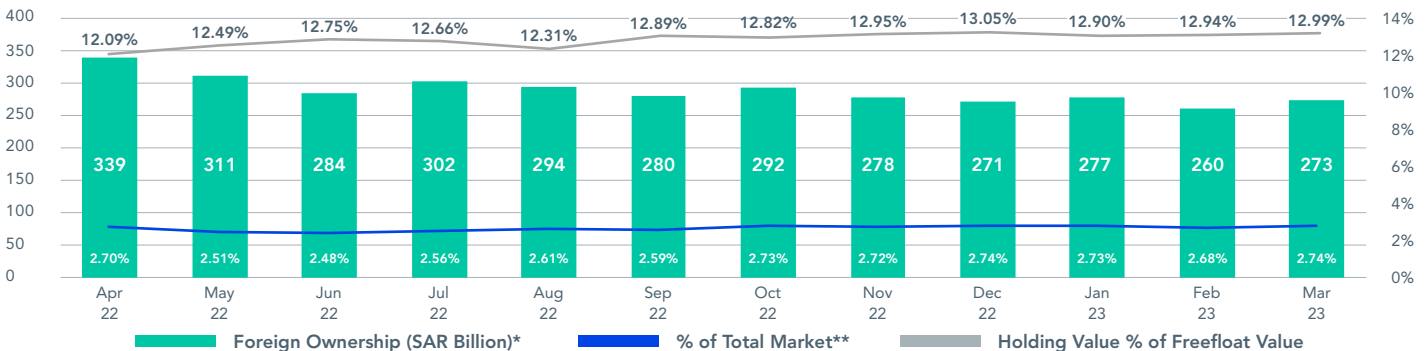
### OWNERSHIP BY INVESTOR TYPE Q1 2023 (Nomu-Parallel Market)



\*Includes (Foreign & GCC)

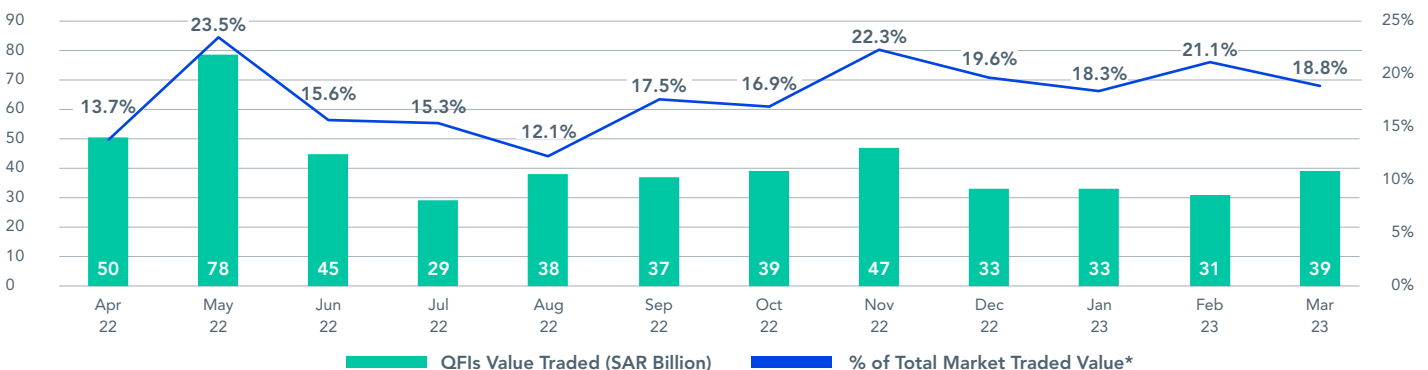
QFIs are playing an increasingly significant role on the Saudi Exchange, and by the end of the first quarter of 2023 their holdings in Saudi-listed firms stood at SAR 273 billion. The percent of the total market that QFIs represent continued to hold steady at an average of 2.74% throughout the quarter.

## QFI OWNERSHIP (BILLION SAR)



\* As at the end of the month \*\*For issued shares

## QFI TRADING VALUE - MAIN MARKET ONLY (BILLION SAR)



\* As at the end of the month

