

Saudi Arabia: The one to watch?

As the Financial Sector Development Program seeks to grow and diversify the economy beyond hydrocarbons, the securities lending market is benefiting.

Since the first securities lending transaction was completed in Saudi Arabia in March 2021, interest in the market has continued to grow. With the country boasting the region's largest and most liquid stock exchange, with a market capitalization of \$3T, the country continues to attract international investment. As the Financial Sector Development Program actively engages to support activities to grow and diversify the country's economy beyond hydrocarbons, elevating the Saudi Arabian stock exchange to the global stage, continues to be a priority.

As international investment in the country has grown, so has the sophistication of the country's capital markets. Not only has an active securities lending market been implemented, but since November 2023, so have single stock options contracts based upon some of the country's largest companies. When looking at the securities lending data across all Saudi Arabian Stock Exchange listed assets, lendable value currently being reported stands at \$1.7B, utilization stands at just over 12% and the average benchmark fee across all listed assets stands at 190bps. The table below shows the top five most borrowed stocks as of November 29th, 2023.

Ticker	Company Name	11/29/2023			1Y Average		
		Lendable Value (\$)	Utilisation (%)	Value on Loan (\$)	Lendable Value (\$)	Utilisation (%)	Value on Loan (\$)
2222	Saudi Arabian Oil Co	153,483,581	57.8	109,122,192	72,894,424	9.7	83,265,184
2082	Acwa Power Company Sjsc	33,060,444	49.2	16,278,880	12,956,688	8.1	11,426,150
2310	Sahara International Petrochemical Co Sjsc	38,990,121	23.3	9,090,298	14,129,279	2.0	6,838,445
2280	Almarai Company Sjsc	24,839,954	25.6	6,346,953	8,067,642	4.0	7,318,101
4164	Al Nahdi Medical Company Sjsc	7,600,986	76.5	5,818,283	4,025,921	6.6	3,320,838

Source : S&P Global Market Intelligence Securities Finance

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As interest in the Saudi Arabian financial market grows, the amount of financing and hedging activity, which are an essential ingredient for deep, liquid capital markets, will also grow to support an increase in trading volumes. Given the determination and progress by the Financial Sector Development Program to attract international investment, all securities lending market participants should firmly keep one eye on the data to ensure that they do not miss out on a potential opportunity.

For more information on how to access this data set, please contact the sales team at: h-ihsm-global-equitysalespecialists@spglobal.com