



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

Weekly Market Brief
Week Ending July 12th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Industrial production in Saudi Arabia dropped 2.9 percent YoY in May 2024, a 13th consecutive month of decline in industrial production. On a MoM basis, manufacturing of chemicals and food items helped drive Saudi Arabia's Industrial Production Index up 0.9 percent in May.
- According to SAMA, Saudi banks' money supply hit record levels in May, reaching SAR2.825 trillion (\$753.31 billion) after seeing an annual increase of 8.56 percent.
- Remittances by expatriates living in Saudi Arabia grew 12 percent YoY in May to SAR12.6 billion (\$3.4 billion), marking the highest level in nearly two years. Remittances sent abroad by the Kingdom's nationals also increased by 6 percent during this period, totaling SAR6.18 billion (\$1.64 billion), the highest since November 2022.

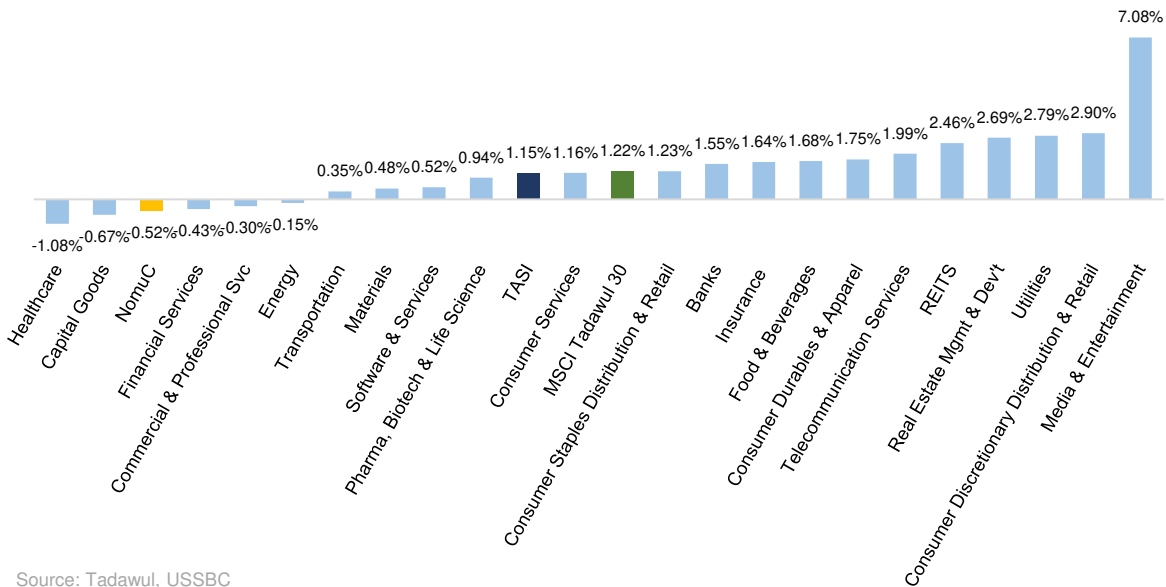


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Tadawul

The TASI increased by 1.15 percent last week and closed at 11,792 points. Sixteen sectors finished the week in positive territory. 'Media & Entertainment' led as it gained 7.08 percent. 'Healthcare' led the declines, dropping 1.08 percent. The NomuC parallel market index decreased 0.52 percent and closed at 25,776 points, while the MSCI Tadawul 30 increased 1.22 percent and closed the week at 1,472 points.

Tadawul Weekly Index Performance - July 12th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- The Saudi Ministry of Industry and Mineral Resources issued 86 new industrial licenses in April, totaling SAR2.2 billion (\$587 million) in investments. This brings the total number of executive industrial licenses issued from the beginning of the year until the end of April to 410.
- Riyadh Air partnered with U.S. carrier Delta Air Lines as the Saudi startup carrier grows its potential network ahead of launching commercial operations next year. Under the agreement, Atlanta-based Delta will serve as Riyadh Air's exclusive partner in North America.
- Saudi Arabia has maintained its lead in regional venture capital funding for the second consecutive year, securing SAR1.5 billion (\$412 million) in the first half of 2024. The Kingdom retained its top position across the Middle East and North Africa region in terms of total venture capital investment for the period, despite a 7 percent YoY decline.
- Diriyah awarded its largest single contract to date for the development of a district featuring educational institutions, cultural venues, and a luxury hotel. The SAR7.8 billion (\$2 billion) deal was agreed via joint venture with El Seif Engineering Contracting Co. and China State Construction Engineering Corporation, with work on the area in the north of the city due to commence in the third quarter of the year.

Banking

Money supply M1, M2, and M3 decreased by 1.60 percent, 0.94 percent, and 0.94 percent respectively, during the week ending July 4th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- The consumer price index in the U.S. rose by 3 percent YoY to 314.18 points in June 2024, following a 3.3 percent increase in May and below the market consensus of a 3.1 percent advance.
- The U.S. government posted a budget deficit of \$347 billion in May 2024, falling 71 percent YoY from the \$228 billion gap and compared to market expectations of a \$83 billion deficit.
- The NFIB Small Business Optimism Index improved in June to 90.5 points. Although the index has risen for three consecutive months, high uncertainty and poor economic outlooks have cemented the index below its 50-year average of 98. Retreating labor demand, weak sales growth, and high interest rates all weighed on optimism in June.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 4.18 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.59 percent and finished the week at 40,000 points. The S&P 500 increased by 0.87 percent and finished at 5,615 points. The NASDAQ jumped by 0.25 percent and ended the week at 18,398 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased by 1.9 percent and finished the week at \$86.52. Global benchmark Brent crude decreased 1.74 percent to \$85.03 a barrel, while U.S. West Texas Intermediate (WTI) crude declined 2.57 percent and closed at \$81.02.
- Oil prices settled down last week as Hurricane Beryl shut U.S. refineries and ports along the Gulf of Mexico.
- Global oil demand growth will slow to just under a million barrels per day (bpd) this year and next, according to the International Energy Agency, as Chinese consumption contracted in the second quarter due to economic headwinds.

THE WEEK AHEAD

- Saudi Arabia releases Inflation Rate for June on July 16
- U.S releases Exports & Imports Prices for June on July 16
- U.S. releases Capacity Utilization Rate for June on July 17