



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

Weekly Market Brief
Week Ending July 19th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's annual inflation rate reached 1.5 percent in June MoM, driven primarily by rising housing costs. The report from GStat highlighted that the 8.4 percent increase in the prices of housing, water, and electricity, as well as gas, and other fuels significantly contributed to the rise.
- The wholesale prices inflation YoY in Saudi Arabia stood at 3.2 percent in June 2024, unchanged from the previous month, the lowest reading since February.
- The International Monetary Fund reduced Saudi Arabia's GDP by nearly one percentage point from 2.6 percent to 1.7 percent for 2024, mainly due to oil production cuts. The revision was the biggest among major economies and dragged down the rest of the Middle East and North Africa region, which is projected to grow 2.2 percent this year, a downward revision of half a percentage point from three months ago.

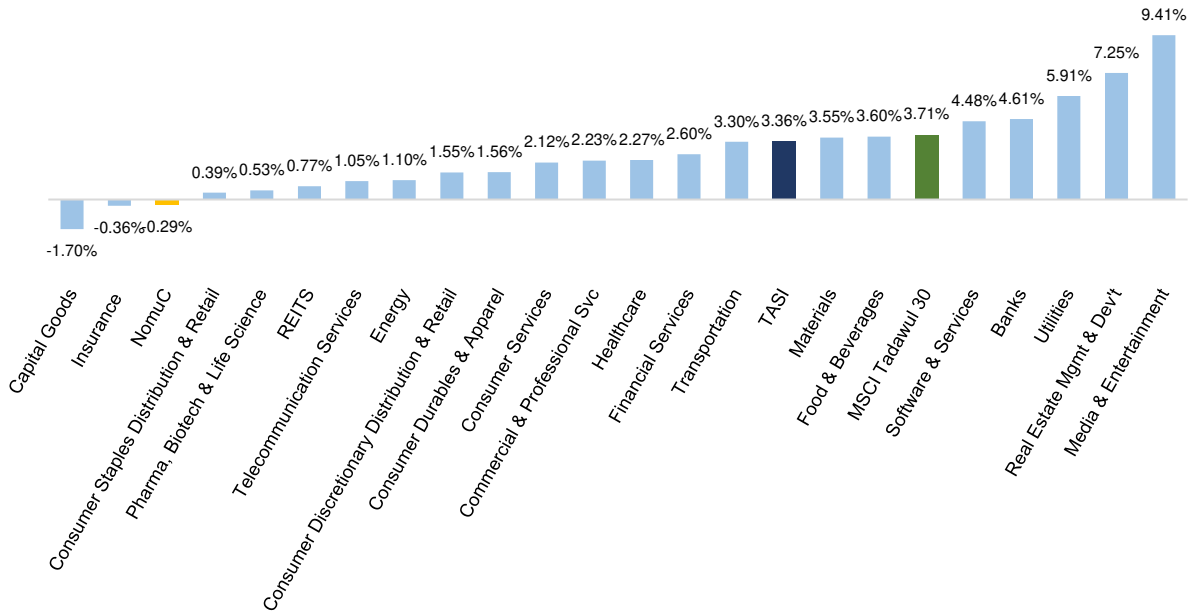


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Tadawul

The TASI increased by 3.36 percent last week and closed at 12,188 points. Nineteen sectors finished the week in positive territory. 'Media & Entertainment' led as it gained 9.41 percent. 'Capital Goods' led the declines, dropping 1.70 percent. The NomuC parallel market index decreased 0.29 percent and closed at 25,702 points, while the MSCI Tadawul 30 increased 3.71 percent and closed the week at 1,527 points.

Tadawul Weekly Index Performance - July 19th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Aramco signed agreements to buy 50 percent of the blue hydrogen industrial gases business of Air Products Qudra (APQ), continuing the Kingdom's drive to become a major hydrogen producer.
- Two Chinese solar firms signed deals worth SAR11.25 billion (\$3 billion) to build plants in Saudi Arabia, highlighting the Kingdom's campaign to boost renewable power production.
- German aerospace company Lilium NV signed a deal to supply up to 100 electric vertical take-off and landing jets to Saudia. The Saudia Group and the German developer of fully electric vertical takeoff and landing aircraft have entered into an agreement to purchase 50 confirmed Lilium Jets, with an option for an additional 50 aircraft.
- Saipem was awarded two offshore projects in Saudi Arabia under the existing Long-Term Agreement with Saudi Aramco. The overall amount of the two projects is approximately SAR1.8 billion (\$500 million).

Banking

Money supply M1 decreased by 0.88 percent. Money supply M2 increased by 0.07 percent while money supply M3 decreased by 0.24 percent, during the week ending July 11th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Export prices in the U.S. fell 0.5 percent MoM in June 2024, easing from a downwardly revised 0.7 percent decline in the previous month. Import prices in the U.S. were unchanged from the previous month in June of 2024, missing expectations of a 0.2 percent increase and after a 0.2 percent fall.
- Retail sales stalled in June but performed above expectations. The consensus expectation was for a 0.3 percent decline. Additionally, last month's modest 0.1 percent increase was revised up to a 0.3 percent increase.
- Total housing starts rose 3 percent to a 1.35-million-unit pace during June. However, the consensus-beating upturn occurred largely as a result of a surge in multifamily starts, which are highly volatile on a monthly basis. Despite June's gain, multifamily starts are still down sharply over the past year alongside softer apartment market fundamentals and tighter credit conditions.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 4.25 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.72 percent and finished the week at 40,288 points. The S&P 500 decreased by 1.97 percent and finished at 5,505 points. The NASDAQ declined by 3.65 percent and ended the week at 17,727 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased by 1.88 percent and finished the week at \$84.89. Global benchmark Brent crude decreased 2.82 percent to \$82.63 a barrel, while U.S. West Texas Intermediate (WTI) crude declined 2.94 percent and closed at \$78.64.
- Oil prices declined last week as investors eyed a possible ceasefire in Gaza, while a strengthened dollar drove values down further.
- According to the Joint Organizations Data Initiative (JODI), Saudi Arabia's crude exports rose to 6.12 million barrels per day in May – up 2.51 percent MoM. Additionally, the Kingdom's crude production increased to 8.99 million bpd, reflecting a monthly rise of 0.08 percent.

THE WEEK AHEAD

- Saudi Arabia releases Private Bank Lending for June on July 28
- U.S. releases Money Supply for June on July 23
- U.S. releases GDP Growth Rate for Q2 on July 25