



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

Weekly Market Brief
Week Ending August 2nd, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's international reserve assets reached SAR1.754 trillion (\$467.5 billion) in June, the highest in 19 months and a 5.54 percent YoY increase, with international currency holdings comprising 95 percent of the total and seeing a 6 percent rise, according to SAMA.
- According to the Ministry of Finance, Saudi Arabia recorded a budget deficit of SAR15.34 billion (\$4.09 billion) in Q2 2024, bringing the first-half deficit to 35 percent of the annual forecast, with a 12 percent increase in revenues to SAR353.59 billion (\$94.25 billion) and a 15 percent rise in expenditures to SAR368.93 billion (\$98.27 billion) QoQ.
- Saudi banks' money supply rose 9 percent in June YoY to SAR2.9 trillion (\$773 billion), driven by a 17.32 percent surge in term and savings accounts to SAR903.71 billion (\$241 billion), which represented 31 percent of the total money supply, while demand deposits, making up 49 percent, increased by 7 percent to SAR1.42 trillion (\$379 billion), according to SAMA.

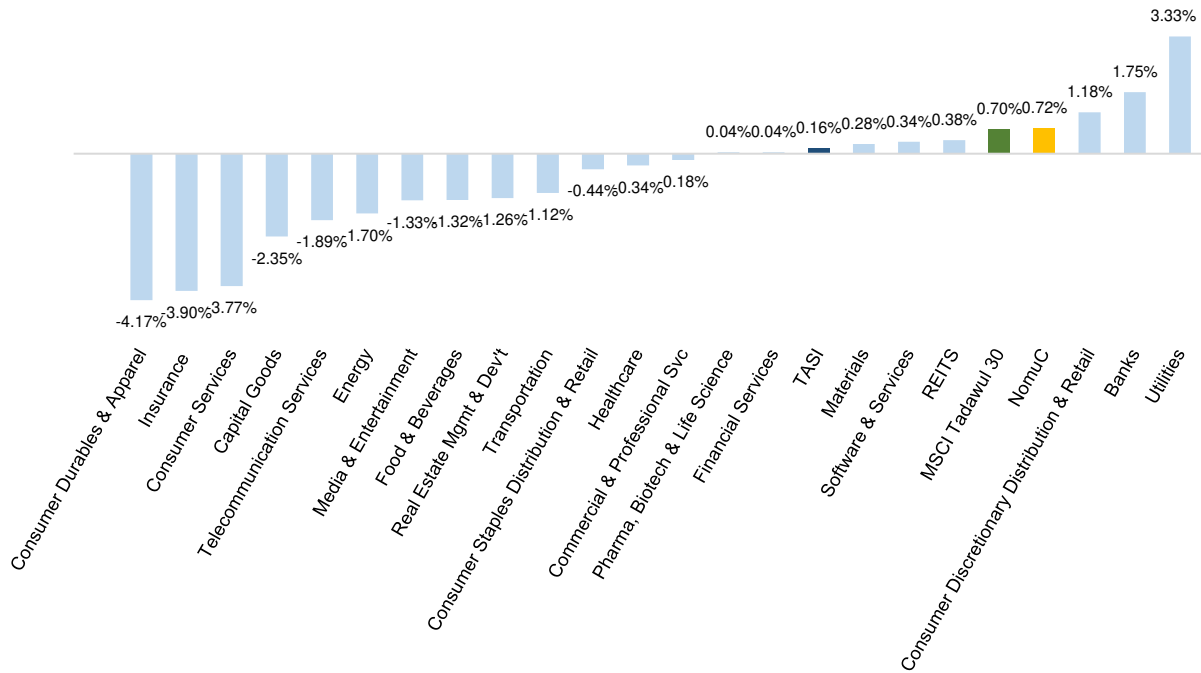


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Tadawul

The TASI increased by 0.16 percent last week and closed at 12,046 points. Eight sectors finished the week in positive territory. 'Utilities' led as it gained 3.33 percent. 'Consumer Durables & Apparel' led the declines, dropping 4.17 percent. The NomuC parallel market index increased 0.72 percent and closed at 26,609 points, while the MSCI Tadawul 30 increased by 0.70 percent and closed the week at 1,513 points.

Tadawul Weekly Index Performance - August 2nd, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi Arabia's Tabuk region has SAR50 billion (\$13.3 billion) in investment opportunities across renewable energy, agriculture, tourism, entrepreneurship, petrochemicals, education, and biotechnology, as detailed by Minister of Investment Khalid Al-Falih.
- Saudi Arabia's real estate price index increased by 1.7 percent in Q2 2024 QoQ, driven by a 2.8 percent rise in residential sector costs, particularly due to a 2.8 percent increase in land plot prices, according to the GStat.
- The Saudi Ministry of Interior and the National Center for Privatization have launched the Expression of Interest phase for a 10-year driving school monitoring project, aimed at enhancing training and testing across 69 schools in Saudi Arabia, with an 18-month preparation period, and are inviting private sector participation.
- The National Center for Palms and Dates and the Ministry of Environment, Water, and Agriculture have launched the Seasonal Markets System, an electronic platform to regulate date trading in Saudi Arabia's seasonal markets, aiming to enhance market efficiency, data quality, and transaction security while promoting sustainable development in the palm and date sector.

Banking

Money supply M1 increased by 0.08 percent. Money supply M2 and M3 decreased by 0.05 percent and 0.39 percent, respectively, during the week ending July 25th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Nonfarm labor productivity increased at a stronger-than-expected 2.3 percent annualized rate in Q2, bringing the YoY change to 2.7 percent. The pickup helped tamp down growth in unit labor costs. Unit labor costs are now growing less than 2 percent on trend and provide further evidence that inflation pressures from the labor market are easing.
- The ISM Index for manufacturing dropped to 46.8 points in July, deepening into contraction and nearing its lowest levels in three years, with only prices paid and supplier deliveries above the 50-line, indicating that higher interest rates are reducing activity without significantly lowering prices.
- Construction spending fell 0.3 percent in June due to high interest rates, marking the second consecutive monthly decline, though it was still up 6.2 percent YoY. The Architecture Billings Index also indicates weak near-term activity, but prospects are improving with potential Fed rate cuts and strong growth in data center construction driven by AI investments.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 3.80 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 2.10 percent and finished the week at 39,737 points. The S&P 500 decreased by 2.06 percent and finished at 5,346 points. The NASDAQ declined by 3.35 percent and ended the week at 16,776 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased by 2.23 percent and finished the week at \$80.69. Global benchmark Brent crude decreased 5.32 percent to \$76.81 a barrel, while U.S. West Texas Intermediate (WTI) crude declined by 4.72 percent and closed at \$73.52.
- Oil Prices remained steady as OPEC+ maintained its oil output policy and plans to start unwinding a portion of cuts in October, with the option to pause or reverse the move based on market conditions, while currently cutting output by 5.86 million barrels per day, or about 5.7 percent of global demand.
- The Southwest African nation Namibia is becoming a key oil exploration area with significant discoveries from TotalEnergies, Shell, and Galp. Key findings include Galp's Mopane field (10 billion barrels), Shell's PEL 39 (up to 4.88 billion barrels), and TotalEnergies' Venus field (5.1 billion barrels), with production expected around 2030.

THE WEEK AHEAD

- Saudi Arabia releases Riyadh Bank PMI for July on August 5
- U.S. releases S&P Global Composite PMI for July on August 5
- U.S. releases Balance of Trade for June on August 6