



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

Weekly Market Brief
Week Ending August 9th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil private sector remained stable with a PMI of 54.4 points, slightly down from previous months. The PMI was driven by sustained demand despite competitive pressures, highlighting the sector's key role in economic diversification and positive export performance.
- Saudi Arabia's non-oil merchandise exports to GCC countries surged to SAR10.99 billion (\$2.9 billion) in May, up from SAR8.43 billion (\$2.28 billion) last year, while imports slightly increased, leading to an improved trade balance of SAR4.74 billion (\$1.28 billion).
- Saudi Arabia's banking sector loans rose to SAR2.75 trillion (\$733.82 billion) in June, reflecting an 11.35 percent increase YoY, with corporate credit comprising 53 percent and personal loans 47 percent of the total lending, according to SAMA.
- According to SAMA, Saudi Arabia's point-of-sale (POS) spending hit SAR14.7 billion (\$3.91 billion) from July 28 to Aug. 3, up 30.8 percent from the previous week, with the education sector leading the rise for the second week in a row with a 100.8 percent increase to SAR233.3 million (\$62.2 million).

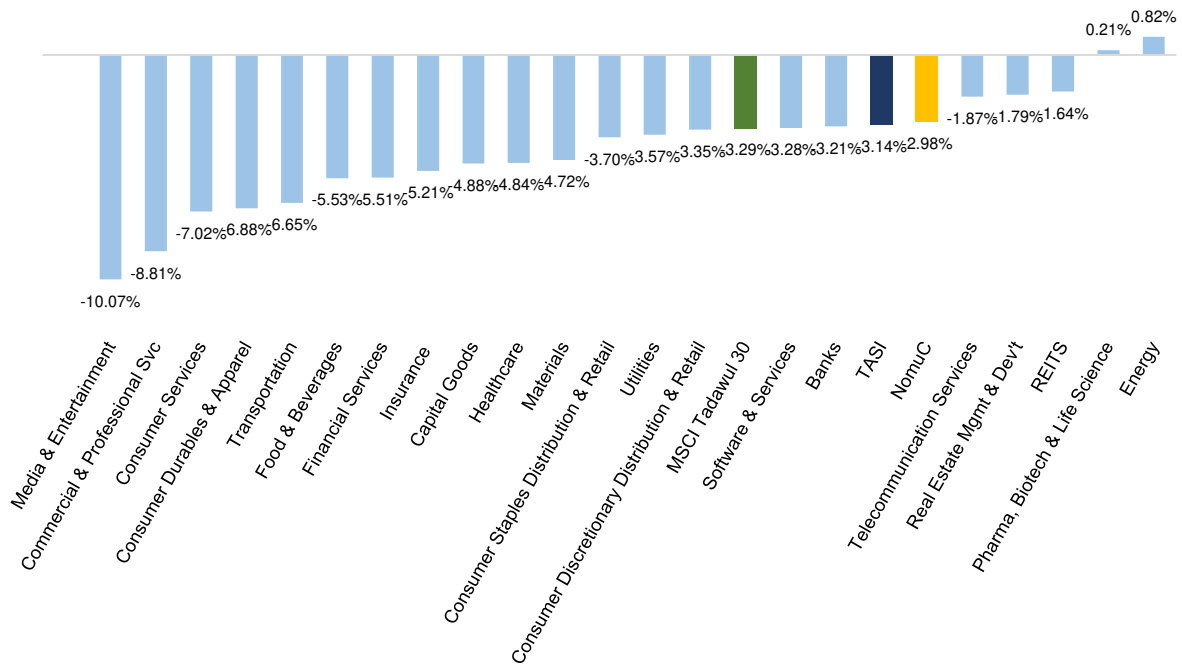


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Tadawul

The TASI decreased by 3.14 percent last week and closed at 11,667 points. Two sectors finished the week in positive territory. 'Energy' led as it gained 0.82 percent. 'Media & Entertainment' led the declines, dropping 10.07 percent. The NomuC parallel market index decreased 2.98 percent and closed at 25,815 points, while the MSCI Tadawul 30 decreased by 3.29 percent and closed the week at 1,463 points.

Tadawul Weekly Index Performance - August 9th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- According to the USSBC, Saudi Arabia awarded contracts worth SAR118.8 billion (\$31.7 billion) in Q1 2024, marking a 79 percent YoY growth and a 35 percent QoQ increase, despite a 1.7 percent GDP decline due to oil production cuts. The oil & gas, real estate, and water sectors led the awards, accounting for 84 percent of the total, with the oil & gas sector alone comprising 43 percent. To read the report, please click [here](#).
- Saudi Aramco is acquiring a 22.5 percent stake in Petro Rabigh from Sumitomo Chemical for SAR2.63 billion (\$702 million), increasing its total stake to about 60 percent and making it the majority shareholder, while Sumitomo's stake will decrease to 15 percent.
- Oracle Corp. has launched its second public cloud region in Riyadh as part of a SAR5.63 billion (\$1.5 billion) investment to enhance Saudi Arabia's digital infrastructure, aiming to support the Kingdom's AI economy projected to reach SAR506.7 billion (\$135.2 billion) by 2030.

Banking

Money supply M1, M2, M3 increased by 0.67 percent, 0.42 percent, and 0.09 percent respectively, during the week ending August 1st.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Despite global financial market concerns about a potential U.S. recession, the ISM Services Index rose to 51.4 points in July, indicating robust service-sector activity. Both the business activity index and several sub-components moved into expansion, suggesting resilience in the sector and a possible moderation in overall hiring.
- The U.S. international trade deficit narrowed to \$73.1 billion in June, reflecting a smaller drag on GDP growth; with exports rising 1.5 percent and imports increasing 0.6 percent, a cooler domestic demand is expected to ease imports and help trade become a neutral factor in GDP growth in the coming quarters.
- Total U.S. consumer debt reached a record \$17.80 trillion in Q2 2024, rising by 0.6 percent from the previous quarter, with mortgage balances up \$77 billion, auto loans increasing \$10 billion, and credit card debt rising \$27 billion. Despite this, delinquency rates remained steady at 3.2 percent, well below pre-pandemic levels, suggesting stable borrower health.

Fixed Income

The yield on the ten-year U.S. Treasury declined to 3.94 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 0.60 percent and finished the week at 39,497 points. The S&P 500 decreased by 0.04 percent and finished at 5,344 points. The NASDAQ declined by 0.18 percent and ended the week at 16,745 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased by 1.66 percent and finished the week at \$79.35. Global benchmark Brent crude increased 3.71 percent to \$79.66 a barrel, while U.S. West Texas Intermediate (WTI) crude rose by 4.52 percent and closed at \$76.84.
- Global oil prices increased last week as positive economic data and signals from Fed policymakers that they could cut interest rates as early as September eased demand concerns, while fears of a widening Middle East conflict continue to raise supply risks.
- Saudi Arabia increased the price of Arab Light crude sold to Asia by 20 cents to \$2 above the Oman/Dubai average in September, marking the first price hike in three months and a two-month high, while reducing prices for other regions by up to \$2.75 a barrel; the increase was smaller than expected due to weak refining margins in Asia and upcoming annual supply negotiations.

THE WEEK AHEAD

- U.S. releases Consumer Inflation Expectations for July on August 12
- U.S. releases Overall Net Capital Flows for June on August 15
- Saudi Arabia releases Inflation Rate for July on August 15