



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

Weekly Market Brief
Week Ending April 19th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's inflation eased to 1.6 percent in March, down from 1.8 percent the previous month, driven by changes in the food and beverage sector. Inflation was impacted by a 0.7 percent decrease in the food and beverage sector, primarily due to a 0.6 percent decline in meat and poultry prices.
- Payments made through point-of-sale (POS) terminals in Saudi Arabia experienced a notable 20 percent annual increase in February, totaling SAR53.72 billion (\$14.33 billion). The largest portion of POS spending in February was allocated to beverages and food, comprising 15.7 percent of the total at SAR8.43 billion (\$2.25 billion). This was followed by spending on restaurants and cafes, accounting for 15 percent of the total and reaching SAR8.02 billion (\$2.14 billion).
- Saudi banks extended loans totaling SAR2.65 trillion (\$706.3 billion) in February, marking an 11 percent rise YoY. Figures released by SAMA showed an increase in personal borrowings, which accounted for 32 percent of this growth, while the remaining 68 percent was attributed to the expansion of corporate lending, particularly for real estate activities, as well as electricity, gas, and water supplies.
- The World Bank raised its expectations for Saudi Arabia's economic growth to 5.9 percent in 2025 from 4.2 percent predicted earlier in January. The World Bank, however, revised its 2024 forecast for the Kingdom's gross domestic product growth downward to 2.5 percent from an earlier forecast of 4.1 percent.
- Saudi Arabia's international reserve assets rose by SAR88.2 billion (\$23.5 billion), or 5 percent MoM to SAR1.70 trillion (\$453 billion) in March, according to SAMA. The Kingdom's foreign reserve assets grew 4 percent, or SAR62.4 billion (\$16.6 billion).
- The International Monetary Fund (IMF) raised its expectations for Saudi Arabia's economic growth in 2025 to 6 percent – up from 5.5 percent predicted in January. The



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IMF also said the Kingdom's output will grow by 2.6 percent in 2024, down 0.1 percent compared to the previous projection.

- Saudi Arabia's holdings of U.S. Treasuries reached SAR489.4 billion (\$130.5 billion) in February 2024, down SAR12 million (\$3.2 million) MoM, new data released by the U.S. Treasury showed. Accordingly, the Kingdom maintained its 17th place among the largest holders of U.S. treasury securities for the month.
- Saudi Arabia's Industrial Production Index edged up 1 percent in February, compared to the previous month, driven by a rise in manufacturing activities. According to the General Authority for Statistics, the Kingdom's sub-index of manufacturing activity indicated a 1.2 percent MoM increase in February.

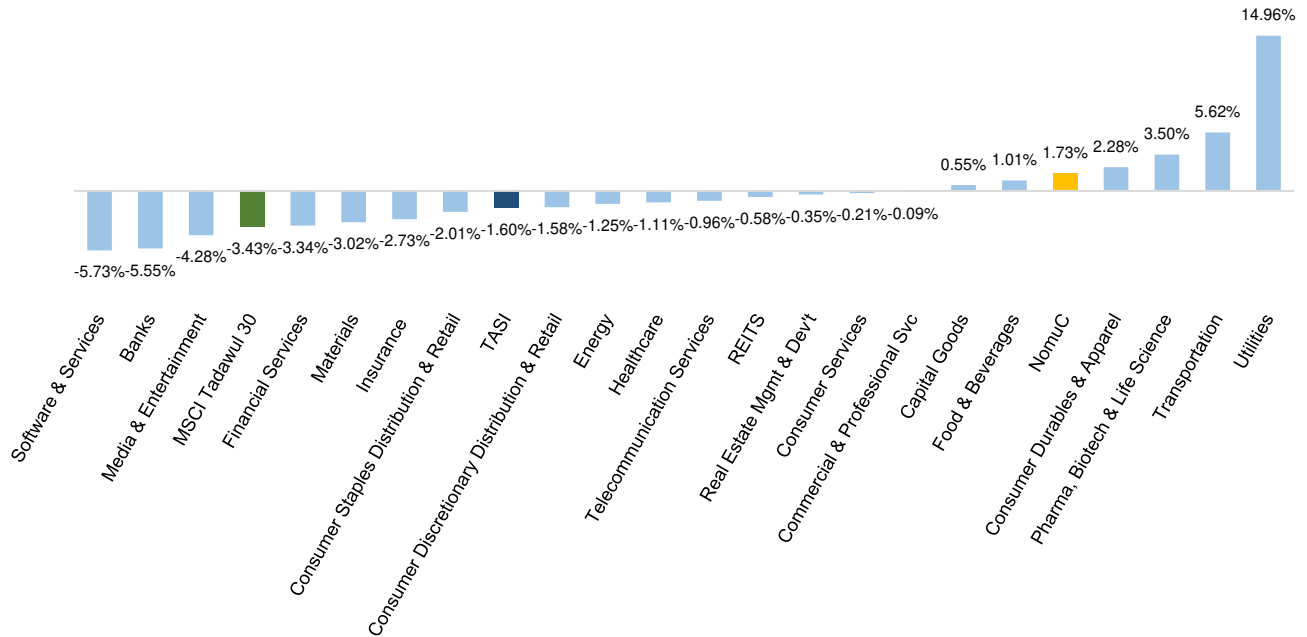


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Tadawul

The TASI decreased by 1.60 percent last week and closed at 12,502 points. Six of the 21 sectors finished the week in positive territory with 'Utilities' growing by 14.96 percent. 'Software & Services' led the decline as it dropped 5.73 percent. The NomuC parallel market index gained 1.73 percent and closed at 26,707 points, while the MSCI Tadawul 30 dropped 3.73 percent and closed the week at 1,575 points.

Tadawul Weekly Index Performance - April 19th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi exporters were issued 37,188 certificates of origin in March by the Ministry of Industry and Mineral Resources, marking an annual increase of 0.5 percent. Figures released earlier this year revealed that the Industry and Mineral Resource Ministry issued 118 new industrial licenses in February — a 72 percent annual increase – with the volume of investments amounting to SAR1.88 billion (\$500 million).
- Passenger traffic in 2023 reached a record-breaking 112 million, reflecting a significant 26 percent increase compared to 2022 and exceeding pre-pandemic levels (2019) by more than 8 percent, according to the General Authority of Civil Aviation (GACA).
- Ports in Saudi Arabia recorded a 12.48 percent increase in the number of received containers in March YoY, official data showed. The Saudi Ports Authority (MAWANI) disclosed that terminals in the Kingdom received 265,148 standard containers in March, marking an annual increase from 235,738.
- The number of entertainment event organization firms in Saudi Arabia rose 34 percent YoY in the first quarter of 2024, official data showed. The latest figures released by the Ministry of Commerce revealed that the total number of registered companies in the Kingdom reached 9,445 in the first three months of 2024.

Banking

Money supply M1, M2, and M3 increased by 0.55 percent, 0.31 percent, and 0.16 percent, respectively during the week ending April 11th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Retail sales handily exceeded expectations, rising 0.7 percent in March, and excluding autos, sales rose 1.1 percent, the biggest monthly increase in over a year. The better-than-expected gains witnessed sharp upward revisions to the February data. The initial 0.3 percent gain in retail sales (except autos) was doubled to 0.6 percent in March.
- Industrial production rose 0.4 percent in March after an upward revision to February. The outturn marks a two-month gaining streak for the first time since early 2023. Manufacturing production, which accounts for the majority of total industrial output, increased 0.5 percent in March and saw an upward revision to the prior month's data.
- Single-family starts fell 12.4 percent in March, a sharp decline which partially offsets February's robust gain. On balance, single-family groundbreaking are still trending higher, with the pace of starts up 27.1 percent on a non-seasonally adjusted YTD basis.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 4.62 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 0.01 percent and finished the week at 37,986 points. The S&P 500 dropped by 3.05 percent and finished at 4,967 points. The NASDAQ fell by 5.52 percent and ended the week at 15,282 points.



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GLOBAL OIL MARKETS

- Arab light crude declined 1.91 percent and finished the week at \$89.83. Global benchmark Brent crude fell 3.49 percent to \$87.29 a barrel, while U.S. West Texas Intermediate (WTI) crude slipped 2.94 percent and closed at \$83.14.
- Oil prices were poised to increase following the attacks by Israel and Iran but declined for the week as fighting between the two countries deescalated.
- Saudi Arabia's crude production reached a seven-month high of 9.01 million barrels per day in February, data from the Joint Organizations Data Initiative showed. This represented a rise of 55,000 bpd or 0.61 percent compared to the previous month.

THE WEEK AHEAD

- Saudi Arabia releases balance of Trade for February on April 24
- U.S. releases Durable Goods Orders for March on April 24
- U.S. releases GDP Growth Rate for Q1 on April 25