



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

Weekly Market Brief
Week Ending September 6th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's non-oil sector registered its first growth since February per Riyadh Bank's Purchasing Managers' Index, as the Kingdom's overall score saw a monthly rise of 0.4 points. The economic tracker for August came in at 54.8 points – up from 54.4 points in July – in a sign that business activity in Saudi Arabia is continuing to expand.
- Saudi Arabia's point-of-sale (POS) transactions registered a weekly increase of 20.4 percent between Aug. 25 and 31, with the telecommunication sector leading the growth. SAMA recorded SAR14 billion (\$3.7 billion) in transactions over the seven-day period, with the telecoms industry posting the highest sectoral increase at 42 percent to reach SAR131.9 million (\$35.2 billion).
- Remittances of money by expatriates have recorded the highest levels in two years, reaching SAR12.91 billion (\$3.4 billion) in July 2024. This marked an increase of 21.47 percent, amounting to SAR2.28 billion (\$608 million), compared to SAR10.63 billion (\$2.8 billion) last year.

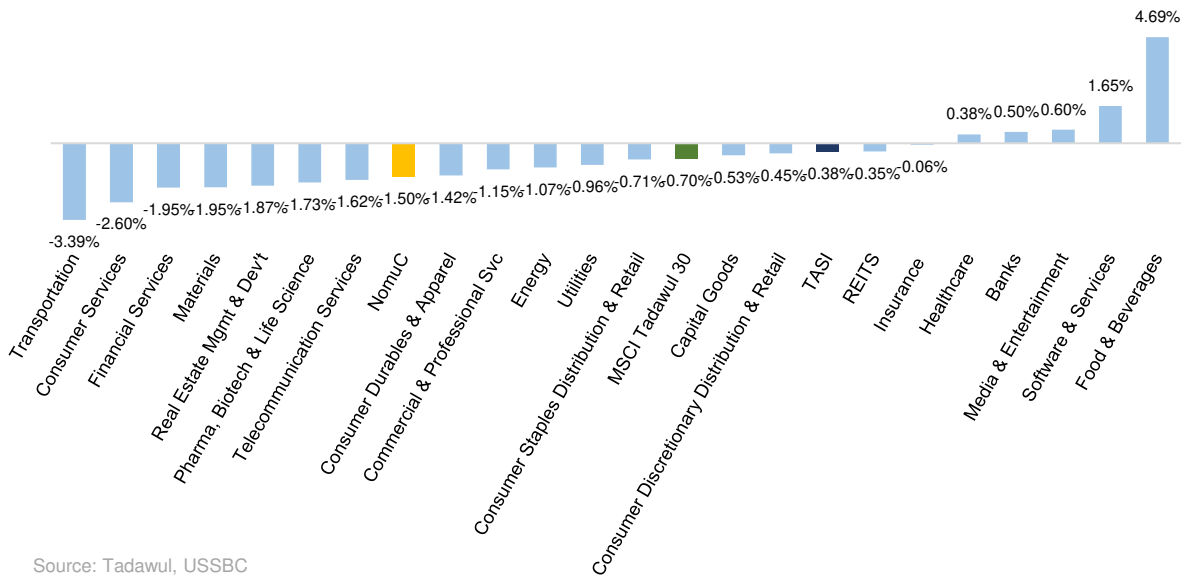


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Tadawul

The TASI decreased by 0.38 percent last week and closed at 12,099 points. Five sectors finished the week in positive territory. 'Food & Beverages' led as it gained 4.69 percent. 'Transportation' led the declines, dropping 3.39 percent. The NomuC parallel market index declined 1.50 percent and closed at 25,768 points, while the MSCI Tadawul 30 dropped by 0.70 percent and closed the week at 1,510 points.

Tadawul Weekly Index Performance - September 6th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- Saudi banks real estate loans reached SAR816.83 billion (\$217.82 billion) in the second quarter of 2024, marking an annual 12 percent rise. This amount represents approximately 30 percent of the total banks' loan portfolio for the three-month period.
- Venture capital investment in Saudi fintech companies, especially in the financing sector, surged sixfold in 2023 compared to the previous year, according to the Capital Market Authority. Companies in this sector raised SAR2.5 billion (\$666 million) across 10 funding rounds in 2023.
- The Saudi Zakat, Tax and Customs Authority (ZATCA) announced it will begin waiving fees for all customs services for exports. The authority also reduced customs service fees for imports through a new mechanism for calculating import service fees, which involves a fee of 0.15 percent of the value of the incoming goods for customs declaration. The new fee structure will take effect on Oct. 6, 2024.

Banking

Money supply M1 and M2 increased by 2.02 percent and 0.89 percent, while M3 declined by 0.01 during the week ending August 29th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Total construction spending declined 0.3 percent in July. The monthly drop was owed to a pullback in both residential and nonresidential outlays. Although total spending is still up 6.7 percent YoY, construction activity is losing momentum as elevated financing costs narrows the pipeline of new projects getting started.
- The U.S. international trade deficit widened \$5.8 billion to \$78.8 billion in July. Import demand remains firm despite the dollar's slide over the past few months; total imports were up 8.4 percent YoY in July. Total exports were up 5 percent YoY in July. The comparative strength in imports has led the trade balance to decline to its lowest level since the summer of 2022.
- The ISM services index rose modestly to 51.5 points in August, and while service-providers also face challenges, activity in the sector is moderating rather than declining as it is in a number of manufacturing areas.

Fixed Income

The yield on the ten-year U.S. Treasury decreased to 3.72 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) decreased by 2.93 percent and finished the week at 40,345 points. The S&P 500 declined by 4.25 percent and finished at 5,408 points. The NASDAQ declined by 5.77 percent and ended the week at 16,690 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased by 7.91 percent and finished the week at \$74.19. Global benchmark Brent crude fell 6.89 percent to \$71.06 a barrel, while U.S. West Texas Intermediate (WTI) crude declined by 8.28 percent and closed at \$67.67.
- Global oil prices declined as U.S. jobs data was weaker than expected in August, which outweighed price support from a delay to supply increases by OPEC+ producers.
- Saudi Aramco reduced its October pricing for Arab Light crude oil for Asian buyers, according to a recent price list. Saudi Aramco cut the official selling price of its Arab Light crude by 70 cents, bringing it to \$1.30 per barrel above the regional benchmark.

THE WEEK AHEAD

- Saudi Arabia releases Industrial Production for July on September 10
- U.S. releases Inflation Rate for August on September 11
- U.S. releases Producer Price Inflation for August on September 12