



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

Weekly Market Brief
Week Ending September 20th, 2024

SAUDI ARABIAN MARKET

Saudi Arabia Macroeconomic Developments

- Saudi Arabia's inflation rate reached 1.6 percent YoY in August, driven by higher housing costs. Housing rents surged by 10.7 percent, with apartment rents rising by 10.8 percent.
- Standard & Poor's (S&P) affirmed the Kingdom's credit rating in local and foreign currency at "A/A-1" with an improvement in outlook from "stable" to "positive." According to S&P, the Kingdom's strong credit rating results from the Kingdom's continued efforts in comprehensive reforms and investments, which will contribute to supporting the development of the non-oil economy and the sustainability of public finances.
- Nestle signed an agreement to establish its first manufacturing plant in Saudi Arabia. The new facility will be located on a 117,000 square meter site in Jeddah's Third Industrial City. Slated to open in 2025, the plant represents an initial investment of SAR270 million (\$72 million). The project is set to enhance local production capabilities, contribute to sustainable food security in the Kingdom, and meet local demand while enabling exports to other Middle Eastern and North African markets.
- Saudi Arabia's National Debt Management Center completed its riyal-denominated sukuk issuance for September at SAR2.603 billion (\$690 million). In August, the Kingdom issued sukuk worth SAR6.01 billion (\$1.6 billion), up from SAR3.21 billion (\$856 million) and SAR4.4 billion (\$1.2 billion) in July and June, respectively.

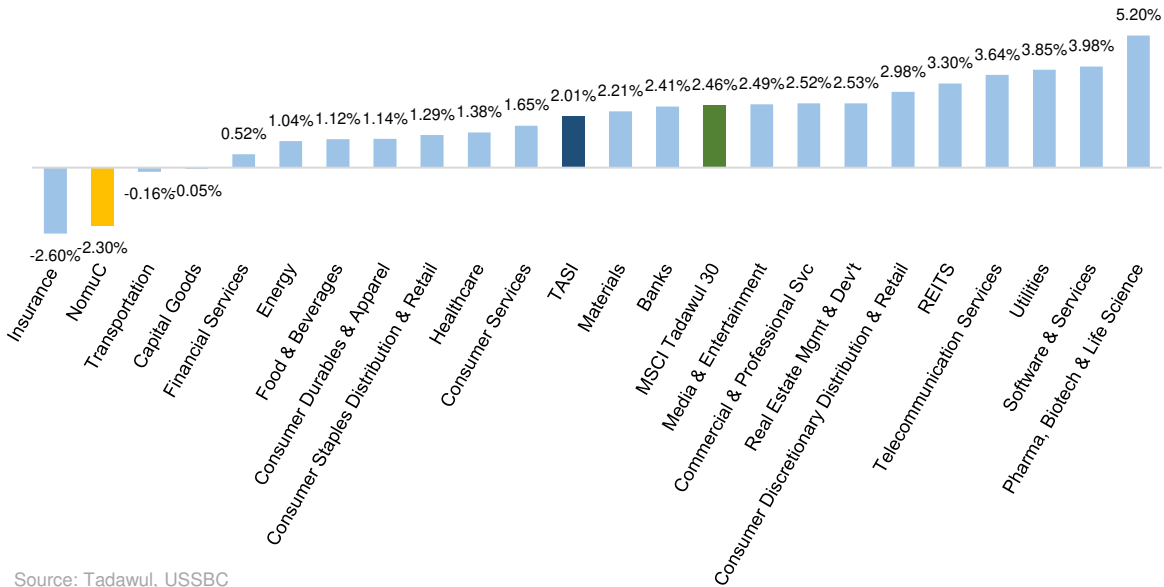


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Tadawul

The TASI increased by 2.01 percent last week and closed at 12,080 points. Eighteen sectors finished the week in positive territory. 'Pharma, Biotech & Life Sciences' led as it gained 5.20 percent. 'Insurance' led the declines, dropping 2.60 percent. The NomuC parallel market index declined 2.30 percent and closed at 25,337 points, while the MSCI Tadawul 30 grew by 2.46 percent and closed the week at 1,507 points.

Tadawul Weekly Index Performance - September 20th, 2024



Source: Tadawul, USSBC



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Business, Trade, & Investment

- According to the General Authority for Statistics (GASat), inbound container traffic at the Kingdom's ports reached 3.4 million twenty-foot equivalent units (TEU) in 2023, while outbound traffic totaled 2.2 million TEUs. Saudi Arabia's ports saw a 14.6 percent increase in both inbound and outbound container traffic in 2023 compared to the previous year.
- Saudi Agricultural and Livestock Investment Co. (SALIC), a wholly owned subsidiary of the Public Investment Fund (PIF), acquired a 12.6 percent stake in Ukraine-based poultry producer, MHP. SALIC purchased 13.51 million of MHP's global depository receipts (GDRs) in the market.

Banking

Money supply M1, M2, and M3 declined by 1.00 percent, 0.57 percent, and 0.55, respectively during the week ending September 12th.



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U.S. MARKETS

U.S. Macroeconomic Developments

- Industrial production rose 0.8 percent in August, representing a partial reversal of the 0.9 percent decline in July. Output returned to normal after the Hurricane Beryl-related disruption in July.
- Housing starts increased 9.6 percent in August, driven entirely by an uptick in single-family construction. Builder outlooks have brightened as the anticipation of lower mortgage rates lead to higher sales expectations.
- The Federal Reserve lowered the federal funds rate by 50 basis points (bps) to a target range of 4.75-5.25 percent range.

Fixed Income

The yield on the ten-year U.S. Treasury increased to 3.73 percent.

Equity Markets

The Dow Jones Industrial Average (DJIA) increased by 1.53 percent and finished the week at 42,025 points. The S&P 500 grew by 1.36 percent and finished at 5,702 points. The NASDAQ jumped by 1.49 percent and ended the week at 17,948 points.



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GLOBAL OIL MARKETS

- Arab light crude decreased by 3.01 percent and finished the week at \$74.86. Global benchmark Brent crude grew 4.34 percent to \$71.61 a barrel, while U.S. West Texas Intermediate (WTI) crude increased by 6.15 percent and closed at \$71.92.
- Oil prices recorded a second straight week of gains, garnering support from a U.S. interest rate cut and a dip in U.S. supply.
- Saudi Arabia's crude output increased to 8.94 million barrels per day in July, reflecting a 1.26 percent rise from June. However, crude exports fell to 5.74 million bpd, a decrease of 5.06 percent, data released by the Joint Organizations Data Initiative showed.

THE WEEK AHEAD

- Saudi Arabia releases Balance of Trade for July on September 25
- U.S. releases Durable Goods Orders for August on September 26
- U.S. releases GDP Growth Rate for Q2 on September 26