



EYES ON MARKETS

GLOBAL MARKETS

Despite geopolitical uncertainty, major developed markets' equity indices, along with Bitcoin and gold, are reaching consecutive all-time highs. Central banks' dovish stance, driven by fading inflation and expectations of a soft economic landing, is boosting positive market momentum. However, US public debt has reached a record high at \$34.6 trillion, while China's path to recovery remains unclear despite ambitious growth targets.

The US stock market continues its rally, fueled by the Federal Reserve's dovish signals and strong economic reports. European markets are also hitting new highs, supported by dovish signals from the ECB.

In contrast, China's CSI 300 index lags behind its peers due to lingering economic challenges. Additionally, the Bank of Japan recently abandoned its yield-curve control, raised interest rates for the first time since 2007, and exited its massive stimulus program, leading to a drop in the yen and pushing the Nikkei 225 to fresh all-time highs.

REGIONAL MARKETS

SPSHDSLTL decreased by 2.2% as cumulative inflows in the Net Foreign Portfolio Investment (NFPI) for the month exceeded USD108mn. Local cement sales recorded a -1.6% YoY movement in February 2024 vs 1% increase in January 2024 as mortgages recorded a 20% MoM increase and reduced 10% on YoY basis. PMI for March 2024 remained flattish at 57.0 vs 57.2 in February 2024, while banking deposits grew 10.3% YoY in February 2024 vs 10.3% in January 2024, inflation slightly inched up to 1.8% in February 2024 vs 1.6% in January 2024. Value of POS + ATM transactions per terminal increased by 2% YoY in February 2024 vs 7% decline in January 2024. This is the first increase after 32 months. Mortgages sales amounted to SAR7.2bn in February 2024 vs SAR7.2bn in January 2024. S&P confirmed 'A/A-' sovereign credit rating, while Moody's retained positive outlook for banking sector. The second government sukuk savings round concluded drawing over SAR959mn from 37,000 participants. Industrial Production Index recorded a 0.3% monthly increase in January, while crude oil exports fell in January for a second straight month. Simultaneously, trade industry witnessed 104,000 commercial registrations in 1Q24, up 59% YoY vs. 65,363 in

1Q23. Non-oil activities closed 2023 with +4.4% YoY and unemployment rate declined to 7.7% in 4Q23 vs. 8.6% in 3Q23.

In terms of reforms, government announced possible revision in expat dependents' fee to attract global talent, almost 27k Saudis joined employment market for the first time in a single month i.e. February 2024 and Tourism Investment Enablers Program was launched whereby expected investment is SAR42billion. In the dental profession Saudization was enforced to 35% and USD182million investment package was announced for mining sector investors while PIF explored possibility of acquiring Saudi Airlines for boosting tourism efforts.

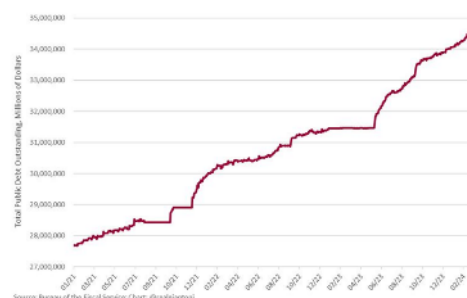
In terms of key developments, 8% stake in Aramco was transferred to PIF worth almost USD163.6billion, after which PIF ranks 5th amongst sovereign funds globally. PIF and Bahrain signed an MoU to boost cooperation and investment in strategic sectors including social housing and urban planning. PIF is also discussing with US venture capital firm Andreessen Horowitz and other financiers for the launch of USD40billion AI Fund. Moreover, plans were unveiled to build one of the world's most innovative motorsport tracks under Qiddiya Investment Company (QIC) to be one of the world's leading motorsport venues. Saudi Railways Co. partnered with shipping firm, Maersk, to increase container movement via trains under a 3-year contract. Ministry of Industry and Mineral Resources issues 118 new permits in February 2024 registering 72% YoY growth and tourist spending in Saudi Arabia reached a record high in 2023, totaling USD39.95billion depicting 43% YoY increase.

Brent recorded a +4.6% movement in February 2024, MSCI Emerging Market Index registered a 1.9% increase, MSCI World Index jumped up 3% and Bloomberg Commodity Index increased 2.9%. US inflation data for February reflected stagnated YoY numbers at 3.1% wherein core inflation came down. Q4 2023 (FY2023) results concluded with 12% YoY decline. It furthered the expectation of improved results in 2024 due to aggregate economic environment coupled with low base effect, especially in the context of petrochemicals 2H 2024.

Going forward, we believe that both global and local markets would factor in rate cuts in 2H 2024 due to sticky US inflation journey from 3% to 2%. In this backdrop national level projects

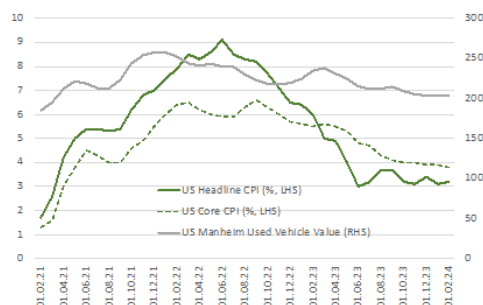
announcements and updates would keep the local market busy in mid to small caps while banks would show real progress from 2Q 2024, and petrochemicals may show uptick 3Q 2024 onwards. Overall, we maintain the end of year TASI target at 14,100.

US Public debt



Source: The Kobeissi Letter

Consumer Price US



Source: Statista



GLOBAL MARKET INDICES

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2021 (%)	2022 (%)	2023 (%)
World	DJIM World TR	9,632.56	(4.1)	4.2	18.9	7.0	3.6	11.5	10.0	19.7	(24.2)	27.0
Developed	DJIDEV TR	5,557.28	(4.4)	4.5	20.6	8.1	5.1	12.6	10.7	23.0	(24.2)	29.4
Emerging Markets	DJIEMG TR	4,677.76	(1.0)	0.6	3.5	(3.0)	(9.3)	2.3	3.9	(4.7)	(24.2)	6.4
Saudi	TASI	12,465.98	0.5	4.2	11.7	(4.5)	7.7	6.2	2.7	27.9	(6.4)	14.2
NAREIT	All REITS (EM Inc) TR	2,684.16	(7.6)	(8.7)	(1.6)	(10.7)	(5.2)	(1.3)	2.6	23.0	(23.6)	9.8
GSCI	All Commodities	587.15	0.8	9.6	(0.7)	(12.4)	6.3	5.5	(1.2)	37.1	8.7	(12.2)
Currencies	Euro	1.07	(1.1)	(3.3)	(2.3)	(0.6)	(3.8)	(1.1)	(2.5)	(6.9)	(5.8)	3.1
	Yen	154.39	(2.0)	(8.6)	(12.9)	(9.5)	(11.0)	(6.2)	(4.0)	(10.3)	(12.2)	(7.0)
	GBP	1.25	(1.3)	(2.2)	0.6	(2.3)	(3.4)	2.1	(0.3)	(1.0)	(10.7)	5.4

Source: Global Data as end of 17 April 2024. Saudi Market Data as end of 17 April 2024.

* All values beyond 1 year are annualized

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