



Global Markets

February marked the month when several market expectations began to materialize. The 25% tariffs on Canada and Mexico are set to take effect on March 4, while Donald Trump also hinted at imposing an additional 10% tax on Chinese imports. After global concerns of possible US-China trade war, Brent futures have reversed their 2025 gains. Gold prices climbed to a record high in a day of volatile metals trading, reaching as high as \$2,964 before retreating in afternoon trading. Silver also rallied and then stalled, briefly reaching the \$34-per-ounce level and approaching the highest price in more than a decade.

These developments have contributed positively to market activity over the month, alongside earnings-related headlines that captured investor attention and sentiment. Over 75% of S&P 500 companies have reported their Q4 2024 results, with earnings coming in better than expected. The average growth rate was 16.4%, exceeding the estimated 11.9% earnings growth. Additionally, 63% of companies surpassed sales expectations. However, the earnings report that many were eagerly awaiting fell short. The tech giant Nvidia, a key player in the AI space, disappointed many optimistic investors, sparking concerns about AI's long-term prospects. This brings us back to an ongoing question: Is the AI theme here to stay? On top of this, another trend reversal has emerged, with European stocks now outperforming their exceptional US counterparts.

Nvidia Delivers Big, Yet Investors Stay Cautious

Nvidia once again stunned Wall Street with a stellar Q4 2024 performance, reporting \$39.33 billion in revenue—a 78% year-over-year surge and a 12% increase from the previous quarter. The data center division remained the key driver, soaring 93% YoY and contributing 91% of total revenue. However, despite its impressive growth, Nvidia's gross margin slipped to 73%, down 3% from the prior year, reflecting rising costs. The company's Q1 2025 revenue guidance of \$43 billion fell short of analyst expectations, leading investors to focus on future prospects rather than past successes. As a result, Nvidia's stock initially dropped 8.5% before rebounding to end the month up 4%.

Europe Outpaces U.S. Stocks—Is the Trend Here to Stay?

European stocks, which trailed the U.S. equity market in 2024 and much of the past decade, are now outperforming their U.S. peers in 2025. The Euro Stoxx 50 index is up nearly 12% year-to-date, compared to a 1.4% gain for the S&P 500 as of the end of February.

European equity funds saw \$8.55 billion in inflows—the highest since mid-December 2024—while the STOXX 600 index gained 9.3%. In contrast, Asian equity funds attracted \$2.41 billion, and U.S. funds received \$1.59 billion, signaling stronger investor confidence in Europe.

Despite Europe's turbulent political landscape, much of the uncertainty appears priced in. The market's resilience—despite tariff risks—suggests potential for further gains. With inflation more controlled than in the U.S., and interest rates falling further and likely to decline even more in 2025, Europe may have a stronger growth outlook. Does this challenge the U.S. exceptionalism narrative of 2024, or are January and February just an anomaly?



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Fitch Highlights Saudi Arabia's Fiscal Resilience

Fitch Ratings has reaffirmed Saudi Arabia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. The rating reflects the Kingdom's strong fiscal and external balance sheets, with government debt and Sovereign Net Foreign Assets (SNFA) outperforming 'A' and 'AA' medians. Fitch projects SNFA to reach 63.7% of GDP in 2024-25, far exceeding the 'A' median of 8.7%. The agency highlighted Saudi Arabia's substantial fiscal buffers and ongoing reforms aimed at reducing budget reliance on oil revenues. Additionally, strong growth in non-oil exports and a narrowing services balance deficit, driven by the travel sector, are expected to support economic stability.

Tabby taps banks for IPO

Saudi-based buy-now-pay-later app Tabby is preparing for an IPO in collaboration with banks, according to Bloomberg. Founded in 2019 in the UAE by Hosam Arab, Tabby handles over \$6 billion in annual transaction volume. Before the IPO, the company raised \$200 million in Series D funding at a \$1.5 billion valuation. With 10 million users and partnerships with 30,000+ brands, including the 10 largest retail groups in MENA, Tabby continues to expand its market presence.



Global Market Indices

Global Data: As
End Of: 28-Feb-25

Saudi Market
Data: As End Of: 27-Feb-25

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2022 (%)	2023 (%)	2024 (%)
World	DJIM World TR	10,930.01	(2.4)	0.2	11.5	19.9	8.5	13.5	10.5	(24.2)	27.0	18.0
Developed	DJIDEV TR	6,309.69	(2.6)	0.2	11.4	21.0	9.5	14.5	11.1	(24.2)	29.4	18.5
Emerging Markets	DJIEMG TR	5,270.76	(0.7)	0.0	13.2	9.6	(0.4)	4.4	5.0	(24.2)	6.4	13.3
Saudi	TASI	12,11.90	(2.5)	1.0	(2.4)	10.3	(0.2)	9.7	2.8	(6.4)	14.2	0.6
NAREIT	All REITS (EM Inc) TR	3,030.71	1.4	3.7	10.3	5.6	(1.6)	1.4	2.9	(23.6)	9.8	1.6
GSCI	All Commodities	553.58	(1.5)	0.7	(0.8)	(2.5)	(6.3)	9.1	2.8	8.7	(12.2)	2.6
Currencies	Euro	1.04	0.1	0.2	(4.0)	(1.0)	(2.6)	(1.2)	(0.8)	(5.8)	3.1	(6.2)
	Yen	150.63	3.0	4.4	(0.4)	(4.9)	(8.6)	(6.5)	(2.3)	(12.2)	(7.0)	(10.3)
	GBP	1.26	1.5	0.5	(0.4)	2.3	(2.1)	1.3	0.6	(10.7)	5.4	(1.7)

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