



Global Markets

As we close the books on 2024, we do so with mixed feelings and some uncertainty about what the future holds. From a purely numerical standpoint, the global economy exceeded expectations, with growth closer to trend than we had anticipated. However, this largely stemmed from persistent outperformance in the U.S., while much of the rest of the world—particularly China and Europe—continued to face challenges. As we begin the new year, optimism surrounds the theme that dominated 2024: Artificial Intelligence. This excitement was further fueled when China introduced an AI startup that challenged the world's largest U.S.-based AI company. While skepticism about the sustainability of this trend had been widespread, it may now be time to reconsider. Meanwhile, we turn our attention to gold, which outperformed all asset classes in 2024.

AI Evolution: Can Even Giants Like Nvidia Be Replaced?

Nvidia has set a new record for the largest single-day market value loss in U.S. history, with its shares plummeting 17% and erasing nearly \$600 billion from its market cap, following the launch of Chinese startup DeepSeek. This sharp decline also cost Nvidia its position as the world's most valuable company. DeepSeek's AI capabilities are reportedly on par with leading industry solutions like OpenAI's, making its achievement particularly remarkable given U.S. export sanctions that limit China's access to advanced chips. The development has sparked market concerns that other companies could follow DeepSeek's lead by creating sophisticated AI models without relying on Nvidia's expensive flagship GPUs, challenging its dominance in the AI hardware sector. Once again, the question arises: is AI truly here to stay, or is it proving that even the world's largest companies are replaceable?

Gold's Resilience Amid Market Volatility

In retrospect, if the only information available about the course of markets in 2024 had been that real yields in the U.S. would rise by around half a point and the U.S. dollar would appreciate nearly 10% against major currencies, it would have been difficult to justify a strong overweight position in gold. Traditionally, these factors are not favorable for the precious metal, yet other factors, such as rising budget deficits in the U.S. and elsewhere, bolstered gold's prospects. In fact, gold rose 25.5% in 2024 outperforming the S&P 500 by 2%, likely due to its role as an effective hedge against heightened geopolitical uncertainty and market volatility. Over the course of the year the LBMA gold price set 40 new all-time highs (ATH), the most recent of which was US\$2,777.80/oz on 30 October 2024. Key drivers behind gold's positive performance included strong central bank and investor demand, which offset declining consumer demand, heightened geopolitical risks, and periods of lower yields and a weakening U.S. dollar. The longer-term positive trend for gold remains firmly intact.



Regional Markets

State Street and PIF Partner for First Saudi-Focused ETF

The Public Investment Fund (PIF) is investing USD 200 million in the SPDR J.P. Morgan Saudi Arabia Aggregate Bond UCITS ETF, managed by State Street Global Advisors. Announced during a bell-ringing ceremony at the London Stock Exchange, the investment marks the first internationally listed ETF focused on Saudi Arabia. Yazeed Al-Humied, Deputy Governor and Head of MENA Investments at PIF, highlighted that the move aims to deepen the Saudi market, attract investors, and strengthen cross-border partnerships. The ETF will track US dollar-denominated sovereign and quasi-sovereign instruments, as well as SAR-denominated sukuk from the Kingdom.



Global Market Indices

Global Data: As
End Of: 31-Jan-25

Saudi Market
Data: As End Of: 01-Feb-25

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2022 (%)	2023 (%)	2024 (%)
World	DJIM World TR	11,199.94	2.6	2.6	20.4	19.6	8.2	12.3	11.4	(24.2)	27.0	18.0
Developed	DJIDEV TR	6,476.17	2.8	2.8	20.4	21.1	9.2	13.3	12.0	(24.2)	29.4	18.5
Emerging Markets	DJIEMG TR	5,309.47	0.8	0.8	20.3	5.8	(1.8)	3.9	5.3	(24.2)	6.4	13.3
Saudi	TASI	12,415.49	0.0	3.1	5.2	7.3	0.3	8.5	3.1	(6.4)	14.2	0.6
NAREIT	All REITS (EM Inc) TR	3,030.71	1.4	1.4	7.5	2.0	(3.1)	(0.6)	2.6	(23.6)	9.8	1.6
GSCI	All Commodities	561.92	2.2	2.2	1.2	(3.7)	(3.4)	7.6	3.7	8.7	(12.2)	2.6
Currencies	Euro	1.04	0.1	0.1	(4.2)	(2.3)	(2.7)	(1.4)	(0.9)	(5.8)	3.1	(6.2)
	Yen	155.19	1.3	1.3	(5.3)	(8.4)	(9.5)	(6.9)	(2.7)	(12.2)	(7.0)	(10.3)
	GBP	1.24	(1.0)	(1.0)	(2.3)	0.3	(2.7)	1.1	0.1	(10.7)	5.4	(1.7)

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