MONTHLY ECONOMIC



NEWSLETTER

April 2025



- The UAE non-oil private sector remained robust in February 2025 with the PMI Composite at 55.0 supported by increase in new business that fuelled a substantial rise in output.
- In 2025, the UAE has finalized five new trade agreements, raising the
- total number of deals under CEPA to 26. As reported by the state news agency WAM, Malaysia, New Zealand, Kenya, Ukraine, and the Central African Republic signed agreements in Q1 2025.
- The trade tariffs announced by U.S. President Trump are anticipated to

have a minimal effect on the UAE and other GCC countries, as the U.S. recorded a trade surplus with the six GCC countries in 2024. However, sectors such as construction and real estate could experience higher costs for imported materials like steel and aluminium due to tariffs.



Key Economic Indicators

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Interest rates (UAE Policy rate), %	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	4.9	4.9	4.65	4.4	4.4	4.4	4.4
Credit growth, y/y	6.5%	6.1%	8.0%	8.8%	7.8%	8.0%	8.4%	8.2%	9.1%	10.2%	8.5%	9.5%			
Deposit growth, y/y	13.7%	16.3%	15.2%	15.6%	11.3%	13.0%	14.3%	14.0%	14.1%	14.1%	14.7%	12.9%			
IHS Markit, PMI Composite	56.6	57.1	56.9	55.3	55.3	54.6	53.7	54.2	53.8	54.1	54.2	55.4	55.0	55.0	
Dubai inflation, y/y change, %	3.60	3.36	3.34	3.91	3.81	3.85	3.32	3.38	2.50	2.38	3.01	2.89	3.15	3.15	
Abu Dhabi inflation, y/y change, %	1.4	0.6	0.4	0.6	1.3	1.4	1.1	0.3	-0.3	-0.8	-0.1	0.3	0.2		
Dubai General Index (DFMGI)	2.7%	3.4%	-1.5%	-2.1%	-4.3%	1.3%	5.9%	1.3%	4.1%	1.9%	5.6%	6.4%	0.4%	2.6%	-4.2%
FTSE ADX General Index	-0.7%	-2.7%	-0.3%	-1.7%	-2.3%	2.2%	3.1%	-0.6%	1.5%	-1.0%	-1.0%	2.0%	1.8%	0.2%	-2.0%

Source: LSEG Workspace, Abu Dhabi Statistics Centre, CBUAE, Dubai Statistics Centre

- The Central Bank of UAE (CBUAE) has kept interest rates move in tandem with the US FED Funds rate. CBUAE initiated its monetary policy easing cycle with a 50-bps rate cut in September 2024, followed by 25 bps cut each in November and December 2024. The overnight deposit facility rate of UAE stands at 4.4% in March 2025.
- The UAE non-oil private sector remained robust in February 2025 with the PMI Composite at 55.0 (a value above 50 indicates expansion), a level unchanged

- compared to the previous month. The growth was driven by a notable rise in new business that fuelled a substantial increase in output.
- Dubai CPI remained steady at 3.15% y/y in February 2025, registering the same annual increase recorded in January 2025. Housing, water, electricity, gas component of the index with a weighting of 40% recorded an increase of 7.36% v/v during the month compared to 7.19% y/y during January.
- Inflation in Abu Dhabi recorded 0.2% y/y rise in January 2025 compared to 0.3% y/y rise in December 2024. The 1.0% y/y rise in housing, water, electricity component of the CPI, the largest segment by weight drove the increase in prices during January.



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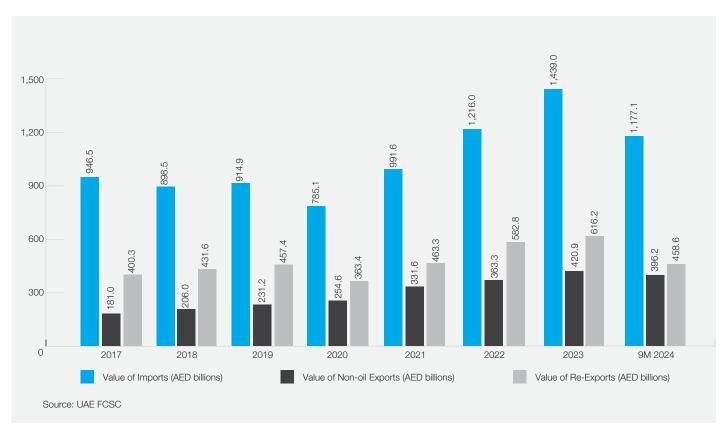
Global Trade Update

- Global trade reached USD 33
 trillion in 2024, growing by 3.7%
 (USD 1.2 trillion), according to
 UNCTAD. Services led the
 expansion of global trade in 2024,
 growing 9% y/y and adding USD
 700 billion. Trade in goods grew at
 2% y/y, contributing USD 500
 billion.
- US President, Mr. Donald Trump, announced tariffs on April 2nd, 2025, affecting over 60 countries ranging from a minimum of 10% to a maximum of 54%. GCC countries were relatively spared, facing only the baseline 10% tariff.
- China has been hit particularly hard by the new tariffs, which take the total levy on Chinese imports to over 50%. China could face an additional 25% if it keeps buying Venezuelan oil—pushing the total tariffs to over 70%.



- trade deals so far in 2025, bringing the total number reached under its CEPA program to 26. According to the state news agency WAM, Malaysia, New Zealand, Kenya, Ukraine and the Central African Republic, all signed deals in the first quarter of the year.
- The UAE is also in the final stages of negotiations with several major economies, including Japan, and the talks are expected to be concluded by the end of this year.

Trend in UAE Trade



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- UAE imports and non-oil exports have recorded 16.2% y/y and 32.5% y/y growth respectively in the first nine months of 2024. China remains the top import destination of UAE, accounting for 18.7% of total value of imports in the first 9 months of 2024. India remained the top non-oil export destination for UAE in the first 9 months of 2024 with the share of 13.5%, surpassing Turkey which stood as the top non-oil export destination of UAE in the first nine months of 2023.
- UAE's non-oil foreign trade continued its upward trajectory, reaching AED 2.997 trillion (USD 815.7 billion) by the end of 2024, registering a 14.6% y/y growth. A

- key driver behind this growth was the 27.6% y/y surge in non-oil goods exports, which amounted to AED 561.2 billion in 2024.
- The value of exports by UAE to partner CEPA countries increased by 42.3% y/y in 2024 and accounted for about a quarter of overall non-oil exports during the year.
- UAE's CEPA agreements with Costa Rica, Mauritius have come into force on April 2, 2025, and is expected to reduce tariffs and simplify customs procedures. Under the CEPA, 99.8% of UAE exports to Costa Rica will benefit from zero or reduced customs duties.
- The UAE-Mauritius CEPA is projected to increase the value of non-oil bilateral trade from USD 209.8 million to USD 500 million within five years, including a fourfold increase in UAE exports to Mauritius.
- Trade tariffs announced by U.S
 President Trump are expected to
 have a limited impact on UAE and
 other GCC countries as U.S
 recorded a trade surplus with the
 six GCC countries in 2024.
 However, industries such as
 construction and real estate
 industries might face increased
 costs for imported materials like
 steel and aluminium due to tariffs.



Spotlight: Diamond Trade in UAE

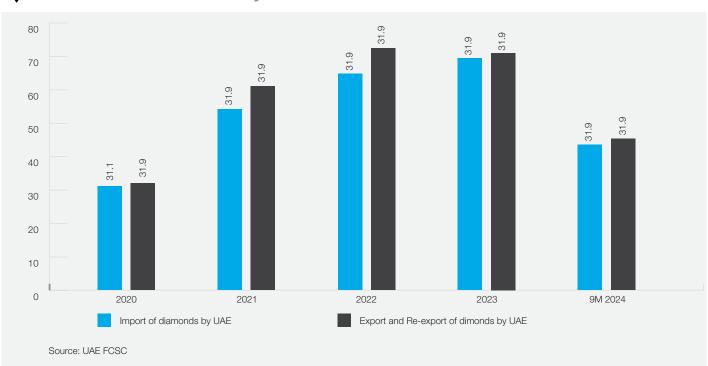
 The global demand for diamonds in 2025 depends on customer preference for natural diamonds over lab-grown diamonds, monetary policy of major economies, the impact of deglobalisation and the re-industrialisation of U.S under the Trump administration as U.S represents over 50% of global consumer diamond jewellery demand.

 Diamonds hold a sizeable share of the UAE's trade, accounting for 6.8% of UAE's total exports and re-exports in 2023, and 4.8% of total imports during the same period.

 India, Hong Kong and Belgium remain key diamond export destinations of UAE. India and Hong Kong accounted for roughly 59.2% and 15% of the diamond exports by UAE.



Diamond Trade by UAE



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- International trade by UAE is expected to sustain its positive momentum in the medium term.
 Current account balance as % of GDP could narrow in the medium term as imports are likely to grow at a faster pace compared to imports.
- The growing traction in UAE's diamond trade is opening more opportunities for trade financing for banks. Project financing for diamond mining companies and syndicated loans for large players could be potential prospects for banks.



