

# NEWSLETTER

July 2025



## Key Highlights

- Inflation in Dubai increased to 2.37% y/y in May 2025 compared to 2.31% y/y in the previous month driven by the increase in costs of food and clothing.
- June 2025 remained a volatile month for oil prices on account of the 12-day conflict between Iran and Israel, including the possibility of closure of Strait of Hormuz.
- UAE actively engaged in global diplomacy and economic expansion in June 2025, with its Foreign Minister undertaking a vital visit to North America. The UAE also forged new trade agreement with Eurasian Economic Union (EAEU) on June 27<sup>th</sup> and deepened existing ties with Kuwait, Japan, Serbia and Ghana.



## Key Economic Indicators

Monthly economic indicators	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	June-25	2025e
Interest rates (UAE Policy rate)	5.4%	5.4%	5.4%	5.4%	5.4%	4.9%	4.9%	4.65%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	3.9%
Credit growth, y/y	8.8%	7.8%	8.0%	8.4%	8.2%	9.1%	10.2%	8.5%	9.5%	9.5%	9.5%	9.4%	-	-	-	10%
Deposit growth, y/y	15.6%	11.3%	13.0%	14.3%	14.0%	14.1%	14.1%	14.7%	12.9%	11.8%	10.2%	10.5%	-	-	-	-
IHS Markit, PMI Composite	55.3	55.3	54.6	53.7	54.2	53.8	54.1	54.2	55.4	55.0	55.0	54.0	54.0	53.3	-	-
Dubai inflation, y/y change	3.91%	3.81%	3.85%	3.32%	3.38%	2.50%	2.38%	3.01%	2.89%	3.22%	3.15%	2.79%	2.31%	2.37%	-	-
Abu Dhabi inflation, y/y change	0.6%	1.3%	1.4%	1.1%	0.3%	-0.3%	-0.8%	-0.1%	0.3%	0.2%	0.8%	0.1%	-0.1%	-0.6%	-	-
Dubai General Index (DFMGI)	-2.1%	-4.3%	1.3%	5.9%	1.3%	4.1%	1.9%	5.6%	6.4%	0.4%	2.6%	-4.2%	4.1%	3.3%	4.1%	-
FTSE ADX General Index	-1.7%	-2.3%	2.2%	3.1%	-0.6%	1.5%	-1.0%	-1.0%	2.0%	1.8%	-0.2%	-2.0%	1.8%	1.6%	2.8%	-

Source: LSEG Workspace, Abu Dhabi Statistics Centre, CBUAE, Dubai Statistics Centre, FOMC June Projections, S&P Global

- The UAE non-oil private sector activity signaled that growth slowed in May 2025 as the seasonally adjusted S&P PMI stood at 53.3, the lowest in nearly four years. Growth slowdown, weaker trade amid US reciprocal tariffs and healthy stock levels resulted in firms depleting inventories at record pace instead of purchasing.
- In June 2025, during its FOMC meeting, the U.S. Federal Reserve maintained its interest rates within the 4.25% to 4.5% range. Following this decision, the Central Bank of the United Arab Emirates (CBUAE) also decided to keep its policy rates steady at 4.40%.
- Consumer price inflation in Dubai increased to 2.37% y/y in May 2025 compared to 2.31% y/y in the previous month, driven by increase in costs of food and clothing. Housing, water, electricity, gas component of the index, the largest component by weight (40%), registered an increase of 6.85% y/y in May compared to 7.02% y/y during April.
- CBUAE signed two Memoranda of Understanding (MoUs) in June 2025 – with Central Bank of Kenya (CBK) and operating institution of the Cross-Border Interbank Payment System of China (CHIPS), focusing on improving payment infrastructure for cross-border payments between UAE and the respective countries.

## Global Geopolitical Update

- In the early hours of June 13<sup>th</sup> 2025, Israel launched "Operation Rising Lion," an intensive air assault on Iran, focusing on key military and nuclear infrastructure. Some of Iran's prominent military leaders and top nuclear scientists were assassinated.
- Iran retaliated by launching missiles at Israeli cities and military locations under "Operation True Promise III".
- IPE Brent rose 7% to \$74.2/bbl on June 13<sup>th</sup> amidst fears of supply constraints if the conflict escalated further.
- On June 16<sup>th</sup>, Iran's Parliament approved a proposal to close the Strait of Hormuz, a critical chokepoint in the Gulf region for transporting oil, although the final decision rests with the Supreme National Security Council and the Supreme Leader. Oil prices rose 4% the following day.
- On June 22<sup>nd</sup>, United States intervened by conducting bunker-buster strikes at Iranian nuclear facilities. Iran retaliated the next day by launching missiles at the US Air Base located in Qatar.
- A fragile ceasefire, reportedly brokered by the US, took effect on June 24<sup>th</sup>. After initial violations, the ceasefire is holding as of end of June. Oil prices reached pre-conflict levels with IPE Brent closing at \$67.1/bbl on June 24<sup>th</sup>.
- The conflict impacted GCC region in a multitude of ways both in the short and long terms including, oil price volatility, higher transportation, logistics and insurance costs and higher risk premiums in general for the region.



## UAE Trade Update

- **Foreign Minister's North America visit:** In June, His Highness Sheikh Abdullah bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Foreign Affairs of UAE, visited the US, Canada and Mexico to strengthen bilateral ties.
  - Discussions with the **US** focused on aligning developmental priorities, especially in economic, financial, and trade sectors.
  - In Canada, talks centered on AI, R&D, and capital investments, with both nations reaffirming their commitment to deepening relations.
  - The Mexico visit resulted in several agreements, including MoUs between government agencies of both the countries and signing of terms for negotiating a Comprehensive Economic Partnership Agreement (CEPA) between the two countries.
- **UAE Expands Trade Pacts:** In June 2025, the UAE signed a free trade agreement with the Eurasian Economic Union (EAEU) and the CEPA signed with Serbia, the first with a non-WTO member country, came into effect. Negotiations for an Economic Partnership Agreement with Japan also progressed after third round of talks.
- **Deepening UAE-Kuwait Ties:** The UAE and Kuwait solidified their relations through multiple MoUs, including Kuwait Investment Authority joining the "Artificial Intelligence Infrastructure Partnership" and a significant defense contract for "Falaj 3" class missile boats with UAE's EDGE Group.
- **Global Investment & Collaboration:** Emirates Global Aluminium (EGA) is exploring bauxite development opportunities in Ghana, while ADNOC plans a six-fold increase in its U.S. energy investments to \$440 billion over the next decade.



## Spotlight: Asset & Wealth Management Industry in the UAE

- UAE's asset and wealth management industry are witnessing a strong growth, with the country currently positioned as one of the leading financial centers globally.
- UAE is the seventh largest booking center in the world at \$600 billion, with a five-year expected growth rate of 7.7% according to BCG.
- Funds registered in DIFC and ADGM witnessed a consistent AuM growth in 2024, with 63 fund launches in 2024, following 81 fund launches in 2023.
- The total Assets Under Management (AUMs) of funds domiciled in ADGM witnessed an extraordinary **245%** growth in 2024 vs. 35% growth in 2023. ADGM hosted 134 distinct asset and fund managers, collectively overseeing a portfolio of 166 diverse funds, by the end of 2024.
- DIFC hosts the largest group of financial services companies in the Middle East, including 410 asset and wealth management firms.
- The wealth management industry in the UAE offers a diverse combination of both internally-developed and externally-partnered funds.
- They collectively offer over 500 external funds, by partnering with over 15 global fund managers across asset classes. Some of the prominent fund managers include BlackRock, Goldman Sachs, Franklin Templeton and Fidelity.
- The funds are diversified both geographically – focusing on global, emerging, and MENA markets – and asset-class wise, encompassing equity, fixed income, hybrid, sukuk, alternatives, and commodities.
- Some of the fund houses are also incorporating AI to automate and enhance their services across value chain, from customer acquisition, onboarding and servicing to portfolio optimization and providing tailored investment strategies and services.



## Disclaimer

*This report is for informational purposes only and has been prepared by an external party on behalf of National Bank of Fujairah. The views, opinions, and conclusions expressed in this report are those of the author and do not necessarily reflect the views of National Bank of Fujairah. Neither National Bank of Fujairah nor the author bear the responsibility for any data errors that emanate from the sources of the data. National Bank of Fujairah takes no responsibility for the contents of this report or the outcomes of actions taken based on the contents of the report. National Bank of Fujairah has not reviewed the linked sites and takes no responsibility for the content contained therein. National Bank of Fujairah does not have an obligation to update, modify, or amend this report. The information, opinions and materials contained in this report are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Sale of any copies of this report is strictly prohibited.*