MONTHLY ECONOMIC
NEWSLETTER

September 2026

Key Highlights

- UAE's real GDP reached AED 485 billion in Q1 2026, registering a growth of 3% y/y, according to the data published by Federal Competitiveness and Statistics Centre on 4th August 2026.
- The UAE's S&P Global PMI registered a robust recovery in July 2026 to 52.7 from a five-year low of 50.8 in June 2026. Output regained after employment numbers registered growth after its contraction in June 2026. Customer confidence recovered as geopolitical tensions eased intermittently.
- On 17th August 2026, the CBUAE released its financial stability report for 2025 where it highlighted the country's robust banking sector and its efforts to maintain economic stability.
- UAE's sovereign wealth fund Mubadala has committed 44% of its portfolio (USD 170 billion) as investments in US across sectors which include AI and semiconductors as of August 2026.
- Trade between UAE and India has surged past USD 100 billion at the end of FY 2025-2026 driven by the CEPA agreement signed in 2022.

Key Economic Indicators

Monthly economic indicators	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	2026F
Interest rates (UAE Policy rate)	4.4%	4.4%	4.15%	3.9%	3.9%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.9%
Credit growth, y/y	12.6%	14.4%	14.7%	15.7%	17.1%	17.9%	18.8%	19.3%	20.3%	20.4%	19.2%	-	-	-	-
Deposit growth, y/y	12.6%	14.2%	15.4%	14.3%	15.4%	16.2%	17.5%	18.4%	17.4%	17.0%	14.7%	-	-	-	-
IHS Markit, PMI Composite	52.9	53.3	54.2	53.8	54.8	54.2	54.9	55.0	52.9	52.1	52.6	50.8	52.7	-	-
Dubai inflation, y/y change	2.88%	2.43%	2.88%	3.36%	2.73%	2.99%	-	2.7%	3.8%	4.8%	5.5%	5.7%	5.3%	-	-
Abu Dhabi inflation, y/y change	0.1%	-0.5%	0.2%	1.5%	0.9%	1.5%	1.6%	1.1%	-	-	-	-	-	-	-
Dubai General Index (DFMGI)	7.9%	-1.6%	-3.7%	3.8%	-3.7%	3.6%	6.4%	1.1%	-16.4%	6.1%	-0.1%	1.1%	-2.7%	0.7%	-
FTSE ADX General Index	4.1%	-2.7%	-0.8%	0.9%	-3.5%	2.5%	2.9%	1.7%	-8.9%	2.7%	-0.8%	3.4%	1.1%	0.9%	-

Source: LSEG Workspace, Abu Dhabi Statistics Centre, CBUAE, Dubai Statistics Centre, FOMC March 2026 Projections, S&P Global. Note: F- End of Year Forecast.

- UAE's real GDP reached AED 485 billion in Q1 2026, registering a growth of 3% y/y. Non-oil GDP witnessed a growth of 4.8% y/y in Q1 2026 accounting for 79.4% of the national output.
- Dubai's consumer price index (CPI) eased from 5.7% y/y in June 2026 to 5.3% y/y in July 2026. The geopolitical tensions in the

region led to the increase in food and fuel cost.

- The UAE S&P Global PMI registered a robust recovery in July 2026 to 52.7 from a five-year low of 50.8 in June 2026. Output regained after employment numbers registered growth after its contraction in June 2026. Customer confidence recovered as geopolitical tensions eased.
- On 17th August 2026, the CBUAE released its financial stability report for 2025, in which it highlighted the country's robust banking sector and its efforts to maintain economic stability.
- The report stated that the country's 2031 target is to increase total Islamic finance assets in the UAE to AED 4.96 trillion and the value of sukuk issuances listed in the UAE to over AED 660 billion.
- Trade between the UAE and India has surged past USD 100 billion at the end of FY 2025-2026, driven by the CEPA agreement. Indian businesses formed Dubai's largest foreign business community at the end of 2025, with 81,994 companies registered as active members of the Dubai Chamber of Commerce.
- The lab-grown diamond (created in labs instead of mining) trade through UAE reached a record high of 76.9 million carats in 2025 registering an increase of 91.5% y/y growth with a value of USD 1.3 billion. In August 2026, DMCC established its Lab-Grown Diamond Vertical to increase manufacturing.
- UAE's real estate maintained strong performance in H1 2026, driven by growing demand and diversified investor base and continued improvements to regulations.
- Total value of real estate transactions in Abu Dhabi increased by 112% y/y in H1 2026 to AED 117 billion, while the number of transactions rose by 61.7% y/y. Dubai witnessed the completion of 104 real estate projects worth AED 111 billion in H1 2026.

AI Investments in the UAE

- UAE is one of the world's most ambitious AI markets supported by the government's long-term strategy. The UAE Strategy for Artificial Intelligence was launched in 2017 to boost government performance at all levels of and achieve the objectives of UAE Centennial 2071 to make UAE one of the best countries in the world by its 100th anniversary.
- The UAE Strategy for Artificial Intelligence seeks to make AI a core pillar of its non-oil economy contributing around 20% to the GDP by 2031.
- While UAE's sovereign wealth fund Mubadala has committed 44% of its portfolio (USD 170 billion) as investments in US across sectors which include AI and semiconductors, Microsoft is set to invest USD 7.9 billion in the UAE between 2026 and 2029 to expand its AI and cloud infrastructure. This is part of Microsoft's broader deal to invest USD 15.2 billion in the UAE.
- The UAE's MGX Group's Fund I raised USD 49 billion in July 2026, which is above its initial USD 45 million fund size, from prominent institutional and private investors across Gulf, North America, Asia and Europe. The Fund seeks to invest in AI tech stack which includes semiconductors, infrastructure and AI-

enabling technologies and platforms.

- In August 2026, Stellaria, a UAE-based AI and geospatial intelligence company raised AED 25 million in seed funding to scale up its operating system and team and to enhance its deployment across UAE and international markets.
- The Stargate UAE'S 200-megawatt capacity is expected to go live in 2026. The broader project is expected to cost USD 30 billion with investments from OpenAI, Oracle, Nvidia, Cisco and SoftBank.
- Not just inside UAE, Mubadala is considering investing USD 6.3 trillion in Japan's Akita Prefecture to build a 500-megawatt AI data center. Amid the dynamic geopolitical situation in the Middle East and Europe, Japan is viewed as a stable market with relatively lesser geopolitical risks.
- According to ServiceNow's Enterprise AI Index 2026, organizations in the UAE scored an AI maturity score of 48/100 with over 57% companies that have implemented agentic AI, but only around 7% have built autonomous workflows.

UAE Economic Cooperation

- **UAE's Al Etihad Payments and China's UnionPay International signed an MOU to enhance acceptance of Jaywan mono-badged cards:** On 11 August 2026, Al Etihad Payments signed an MoU with **UnionPay International** in Shanghai to facilitate the global acceptance of Jaywan cards through the UnionPay network.

- **UAE–Russia Trade in Services and Investment Agreement (TISIA) came into effect:** On 23 August 2026, UAE and Russia's Trade in Services and Investment Agreement entered into force creating opportunities in sectors such as fintech, healthcare, transport and logistics sector.

- **UAE-Jordan strengthens Development Cooperation with AED 1.1 billion budget support by UAE:** On 27 August 2026, UAE's Abu Dhabi Fund for Development signed agreement with Jordon to cover AED 1.1 billion in budget support, energy infrastructure and technical education, as a part of their development cooperation.

- **UAE and Lebanon sign MoU to establish a joint business council:** On 30 August 2026, UAE and Lebanon signed an MoU to establish a business council to enhance trade investment ties between both the countries.

Spotlight: UAE-India Trade

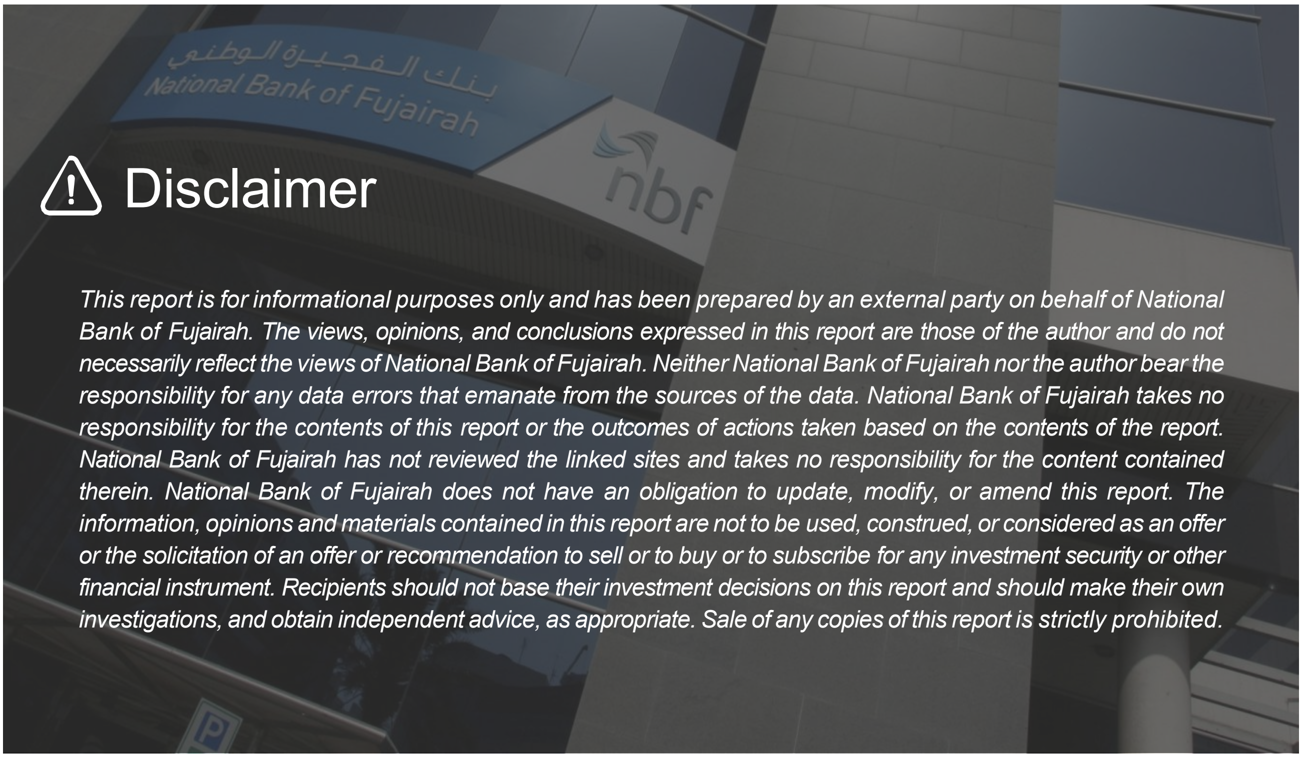
- Since the signing of CEPA in February 2022, trade between India and UAE has strengthened to reach its highest level in FY 2025-2026 at USD 101.25 billion.

- UAE's export has exceeded USD 37.35 billion in FY 2025-26, thereby becoming India's third-largest trading partner and second-largest export destination.

- The trade basket between the 2 countries remains well diversified including petroleum products, gems and jewellery, food items, textiles, chemicals, electronic goods, and engineering goods.

- Investment remained a significant pillar in India and UAE's relationship, with cumulative FDI from UAE to India between April 2000 to March 2026 reaching USD 25.59 billion, making UAE India's seventh largest overseas investor.

- Indian businesses formed Dubai's largest foreign business community at the end of 2025, with 81,994 companies registered as active members of the Dubai Chamber of Commerce



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