MONTHLY ECONOMIC NEWSLETTER

November 2026

Key Highlights

- The UAE's S&P Global PMI held steady at a 20-month high of 55.3 in August 2026, driven by a surge in customer demand and the fastest output growth since February.
- On 28th October 2026, following the U.S. Fed's decision to hold its target range at 3.75%–4.00% amid strong economic activity, the Central Bank of the UAE similarly maintained its base rate at 3.90%.
- According to the IEA, UAE oil production reached a record 5.3 million bpd in September following its exit from OPEC+. This surge in output led to higher export volumes from Fujairah, as evidenced by oil product inventories, which dropped 9.9% to 6.8 million barrels in the week ended October 12th, marking a 34% decline in inventory levels over a three-week span.
- Oil prices witnessed significant volatility during the month, owing to the heightened geopolitical tensions. Brent crude rose sharply from a monthly low of USD 100.2 per barrel on October 7 to close the month at USD 117.6 per barrel, its highest close since April.
- On 27th October 2026, the UAE and Canada signed a CEPA, the UAE's first with a G7 nation, eliminating tariffs on over 99% of Canadian exports with the goal of doubling bilateral trade to USD 7 billion within a decade.
- In the October 2026 update, the IMF downgraded UAE's real GDP growth outlook for 2026 from 3.1% to a contraction of 3.9%, a 7.0 percentage point reduction, driven by resumed military exchanges, a reimposed naval blockade, and enhanced sanctions.
- The IMF raised its UAE end-of-period inflation forecast to 4.5% for 2026 and 2.5% for 2027, driven by higher food, fuel, and shipping costs, though cushioned by subsidies and the pegged currency.

Key Economic Indicators

Monthly economic indicators	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	2026F
Interest rates (UAE Policy rate)	4.15%	3.9%	3.9%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.90%	3.90%	4.15%
Credit growth, y/y	14.7%	15.7%	17.1%	17.9%	18.8%	19.3%	20.3%	20.4%	19.2%	18.1%	18.3%	18.8%	-	-	-
Deposit growth, y/y	15.4%	14.3%	15.4%	16.2%	17.5%	18.4%	17.4%	17.0%	14.7%	14.0%	13.9%	13.0%	-	-	-
IHS Markit, PMI Composite	54.2	53.8	54.8	54.2	54.9	55.0	52.9	52.1	52.6	50.8	52.7	55.3	55.3	-	-
Dubai inflation, y/y change	2.88%	3.36%	2.73%	2.99%	-	2.7%	3.8%	4.8%	5.5%	5.7%	5.3%	5.5%	5.0%	-	-
Abu Dhabi inflation, y/y change	0.2%	1.5%	0.9%	1.5%	1.6%	1.1%	-	-	-	-	-	-	-	-	-
Dubai General Index (DFMGI)	-3.7%	3.8%	-3.7%	3.6%	6.4%	1.1%	-16.4%	6.1%	-0.1%	1.1%	-2.7%	0.7%	2.1%	-3.2%	-
FTSE ADX General Index	-0.8%	0.9%	-3.5%	2.5%	2.9%	1.7%	-8.9%	2.7%	-0.8%	3.4%	1.1%	0.9%	0.6%	-6.0%	-

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

- The UAE's S&P Global PMI remained unchanged at 55.3 in September 2026 holding steady at 20-month high. Driven by surging customer demand and a rapid rise in output to its fastest pace since February, firms ramped up purchasing activity and employment, though staffing grew only

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modestly, leading to further accumulation of backlogs. Additionally, improving demand in the non-oil private sector enabled businesses to increase their selling prices at the fastest rate in over 15 years.

- On 28th October 2026, the U.S. Fed decided to maintain its policy at the 3.75%-4.00% target range, citing strong economic activity, resilient domestic spending, robust capital investment, and steady job gains as key reasons.
- Mirroring the move, the CBUAE also maintained its policy rate at 3.90%.
- In the first half of 2026, the UAE's real GDP reached AED 961.9 billion, marking a 0.4% year-on-year growth, while non-oil GDP grew by 1.8%, accounting for 79.2% of the national economy.
- However, according to IMF, UAE's real GDP is expected to contract by 3.9% in 2026, rebounding with a 7.7% growth in 2027, owing to expectations of normalization in oil output through the Strait of Hormuz.
- In Q3 2026, Dubai residential transactions reached approximately 34,000 to 34,500 deals worth AED 70.8-72.6 billion, marking a 38% y/y drop compared to the same period last year.
- Gross credit increased by 18.8% y/y in August 2026, up from AED 2,417.3 billion in August 2025 to 2,871.4 billion in August 2026. Domestic credit expansion was mainly driven by increased lending to the public sector, which grew 26.6% y/y. Credit to individuals rose 19.3% y/y, and credit to corporates rose 8.6% y/y.
- Dubai and Abu Dhabi unveiled a combined pipeline of 54 public-private partnership (PPP) infrastructure projects valued at approximately USD 25.9 billion (AED 95 billion). Abu Dhabi accounts for AED 55 billion of this total, while Dubai has lined up AED 40 billion for 30 major projects spanning across waste management, healthcare, smart cities, and transport.
- On 06th October 2026, the Central Bank of the UAE has signed strategic agreements with Syria and Morocco to enhance regional financial ties, fintech development, and cross-border payment connectivity. The accord with Syria aims to support the modernization of its banking system and infrastructure, while the pacts with Morocco focus on interlinking payment systems, exploring CBDCs, aligning Islamic finance standards, and co-operating on virtual assets.



Geopolitical developments

- Attacks on merchant vessels intensified during the month. The UK Maritime Trade Operations (UKMTO) recorded 24 ships targeted between 1st and 13th October. At least 12 ships were attacked in the week ending on 16th October, the highest weekly count since the war began.
- By 6th October 2026, transits through the Strait of Hormuz fell to their lowest level since July, with only 7 commodity vessels passing through the Strait, compared with the daily average of over 20 vessels in early-October and 125 vessels in February. Meanwhile, crude shipments passing through the strait dropped by 27% week-over-week from their wartime peak, falling to a minimum of 10.1 million barrels per day.
- On 11th October 2026, the Joint Maritime Information Center (JMIC) raised the threat level in the Strait of Hormuz to "severe" due to a series of attacks on merchant ships. According to Kpler, a global data and analytics platform, daily crude flows through Hormuz fell to 2.9 million barrels per day on 11th October, down from pre-war levels of about 17 million barrels per day.
- Crude flows remained highly volatile. Kpler estimated crude flows through Hormuz at 11.6 million bpd in the seven days to 13th October, around 68% of the pre-war baseline of 17.1 million bpd.
- Meanwhile, the UAE continued to lean on its export capacity outside the Strait. According to the IEA, UAE oil production reached a record 5.3 million bpd in September, following its exit from OPEC+. This surge in output led to higher export volumes from Fujairah, as evidenced by oil product inventories, which dropped 9.9% to 6.8 million barrels in the week ended October 12th, marking a 34% decline in inventory levels over a three-week span.

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- On 26th October 2026, Iranian officials held talks in Tehran with senior officials from Saudi Arabia, Pakistan, and Türkiye to address rising regional tensions, though Iran maintained its refusal to negotiate with Washington until its pre-conditions are met.
- On 27th October, Iran dismissed Qatar's proposed seven-day peace plan as "unacceptable," signaling a continued deadlock over nuclear concessions and U.S. sanctions.
- Oil prices rose sharply during the month amid the escalation. Brent crude surged from a monthly low of USD 100.2 per barrel on October 7 to close the month at USD 117.6 per barrel, its highest close since April.

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UAE Economic Cooperation

- **UAE and Canada sign CEPA:** On 27th October 2026, the UAE and Canada signed a CEPA, the UAE's first with a G7 country, negotiated in a record 47 days. The agreement will reduce or eliminate tariffs on over 99% of Canadian exports to the UAE and aims to double bilateral trade from USD 3.4 billion to USD 7 billion over the next decade. The two nations also launched a Strategic Partnership, and their investment protection agreement (FIPA) entered into force.

- **UAE and Benin sign CEPA:** On 25th October 2026, the UAE and Benin signed a CEPA in Abu Dhabi covering about 97% of current bilateral trade. Non-oil trade between the two countries reached USD 2.15 billion in 2025 (up 65% y/y), and UAE exports to Benin are expected to rise by more than USD 1 billion by 2033.

- **UAE and Greece announce EUR 12.75 billion in partnerships:** On 22nd October 2026, the UAE–Greece Strategic Forum in Athens announced 18 MoUs, agreements and commercial partnerships worth EUR 12.75 billion, spanning digital infrastructure, AI, clean energy, logistics and ports, healthcare and food security.

- **UAE and Singapore launch CEPA negotiations:** On 21st October 2026, the two countries launched formal CEPA negotiations and signed MoUs on energy, water and public health. Non-oil trade reached about USD 6.5 billion in 2025 (up 25% y/y).

- **UAE and Thailand conclude CEPA negotiations:** On 8th October 2026, the UAE and Thailand announced the conclusion of CEPA negotiations in Bangkok. Bilateral non-oil trade rose 75.4% y/y to USD 10.2 billion in H1 2026, with priority sectors including advanced manufacturing, logistics, food security, digital trade and renewable energy.

- **UAE and Saudi Arabia sign rail and power interconnection agreement:** On 8th October 2026, the two nations signed an agreement in Riyadh setting a framework for cross-border freight rail links, electricity interconnection and power trading, coordinated with the wider GCC grid.

- **UAE–Eurasian Economic Union agreement enters into force:** On 6th October 2026, the UAE's Economic Partnership Agreement with the EAEU (Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) entered into force, granting preferential access on over 86% of tariff lines, covering approximately 96% of the value of the goods currently traded between the two sides. UAE–EAEU non-oil trade stood at USD 33.6 billion in 2025 and is projected to reach nearly USD 50 billion by 2032.

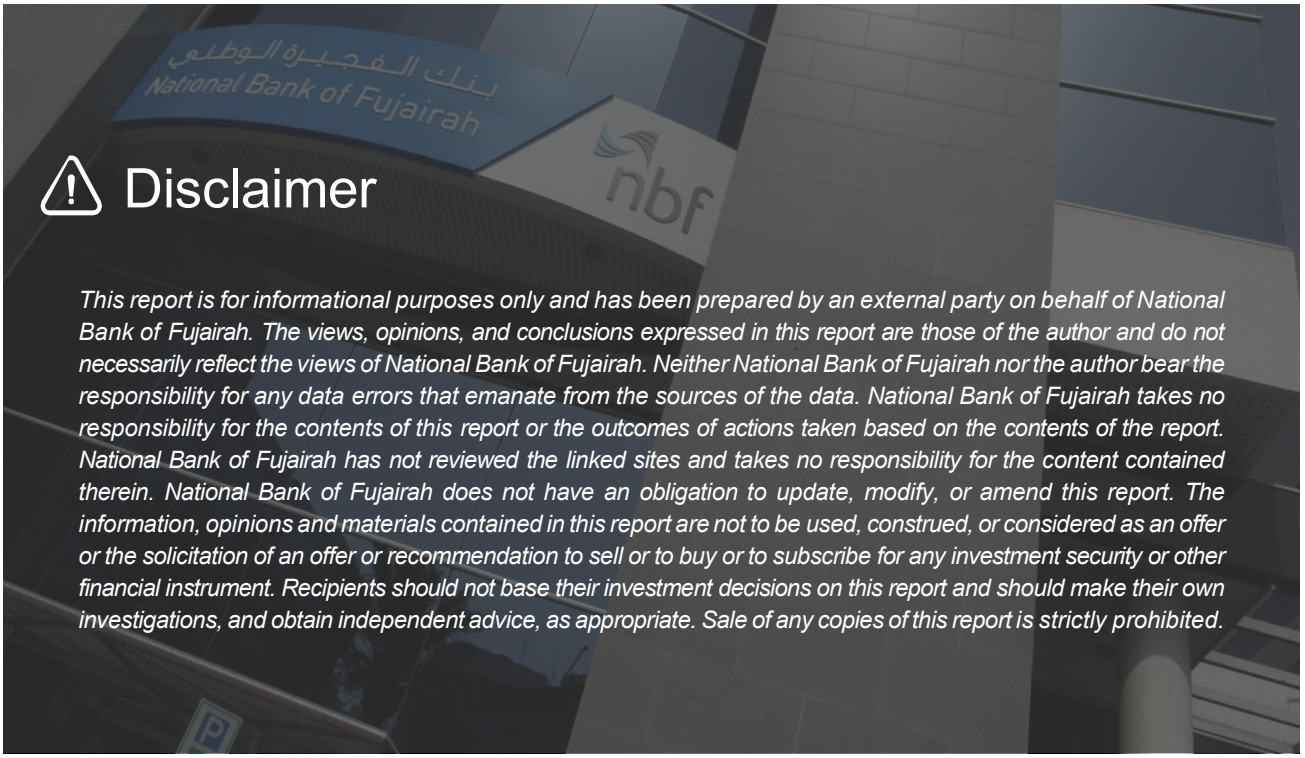
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Spotlight: IMF October 2026 Update

- The IMF's October 2026 update sharply downgraded the UAE's growth outlook. Amid resumed military exchanges, the reimposition of the naval blockade, and enhanced sanctions, the UAE's real GDP is projected to contract by 3.9% in 2026, compared with growth of 3.1% projected in April 2026, a downgrade of 7.0 percentage points.
- However, according to the IMF, the UAE was less severely affected than other Gulf producers, as alternative pipelines helped cushion the shock to oil exports.
- Real GDP growth is projected to rebound strongly to 7.7% in 2027 (April: 5.3%) and 7.0% in 2028, as the IMF expects oil-sector output to accelerate after the UAE's exit from OPEC+. The baseline projects that energy trade disruptions will continue through Q1 2027 before a gradual recovery, assuming the reopening of the Strait of Hormuz in March 2027, with a return to pre-war conditions broadly by October 2027.
- The IMF raised its end-of-period inflation forecast for the UAE to 4.5% in 2026 (April: 2.5%), and to 2.5% in 2027 (April: 2.0%) before it returns to 2% from 2028. Higher food, fuel and shipping costs are driving prices up, although subsidies, price controls and the fixed exchange rate have limited pass-through in GCC economies. Dubai's inflation eased to 5.03% y/y in September from 5.54% in August.
- The UAE's general government fiscal surplus is projected to narrow to 1.5% of GDP in 2026 (April: 4.9%), as revenue falls to 24.9% of GDP (April: 27.4%) and expenditure rises to 23.3% of GDP (April: 22.5%). The IMF expects the fiscal stance to turn accommodative in 2026, reflecting higher investment to repair conflict-related infrastructure damage.
- The UAE's public debt remains low, with the IMF's data indicating UAE gross general government debt of around one-third of GDP in 2026. The IMF noted that countries with sizable buffers, such as the UAE, could consider easing their fiscal stance within a credible medium-term framework.
- In terms of trade, UAE's export volumes of goods and services are projected to contract by 13.8% in 2026 (April: -9.8%), while import volumes are expected to decline by 7.7%. The IMF expects UAE to record one of the largest regional declines in the GCC current account balance, majorly due to weaker non-oil exports.
- Gold prices declined during October 2026 as the oil rally raised expectations of higher-for-longer U.S. interest rates. Spot gold fell below USD 4,000 per ounce on 23rd October for the first time since July and stood near the same levels on 30th October.
- Mirroring the U.S. Fed's decision to hold rates on 28th October 2026, the CBUAE kept its Base Rate unchanged at 3.90%. Markets price in a roughly 79% probability of a 25 bps Fed hike at the 8th–9th December meeting. Given the dirham's peg to the U.S. dollar, the CBUAE would be expected to follow any such move.

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