

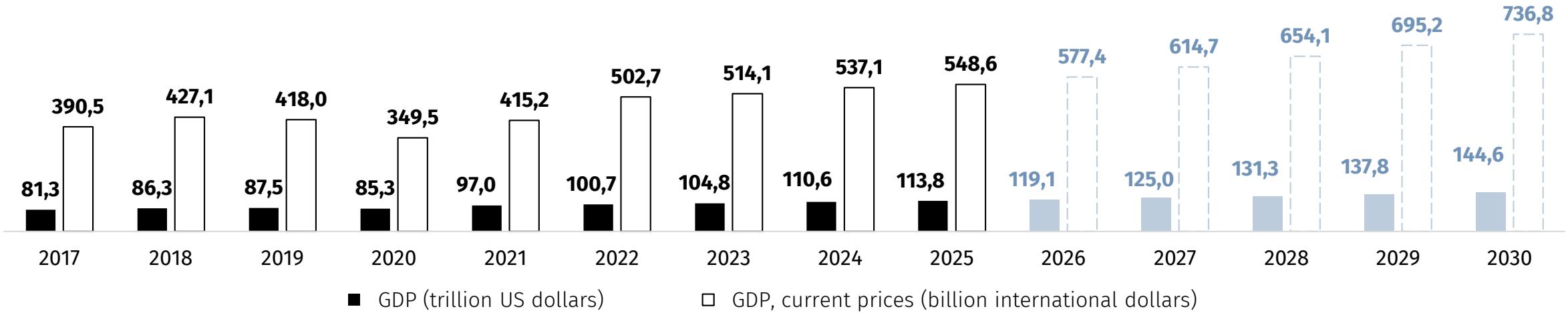
MACROECONOMIC OVERVIEW

United Arab Emirates

June 2025



REAL GDP GROWTH



Conclusion

The UAE economy exhibits sustained growth, with an expected acceleration in the coming years.

→ forecast rationale

Growth is underpinned by economic diversification, the expansion of non-oil sectors, and increased investment.



Comparison

In 2024, GDP growth at current prices in the UAE (4.5%) was below the global average (5.5%).

REAL GDP GROWTH

Impact of Global Trends on the UAE Economy

1

Integration into the global economy makes the UAE sensitive to worldwide changes.

2

A decline in tourist arrivals during global downturns negatively affects the hotel industry and the services sector.

3

Low oil prices reduce export revenues and government investments, slowing economic growth.

4

Financial instability in international markets leads to capital outflows and decreased investment.

5

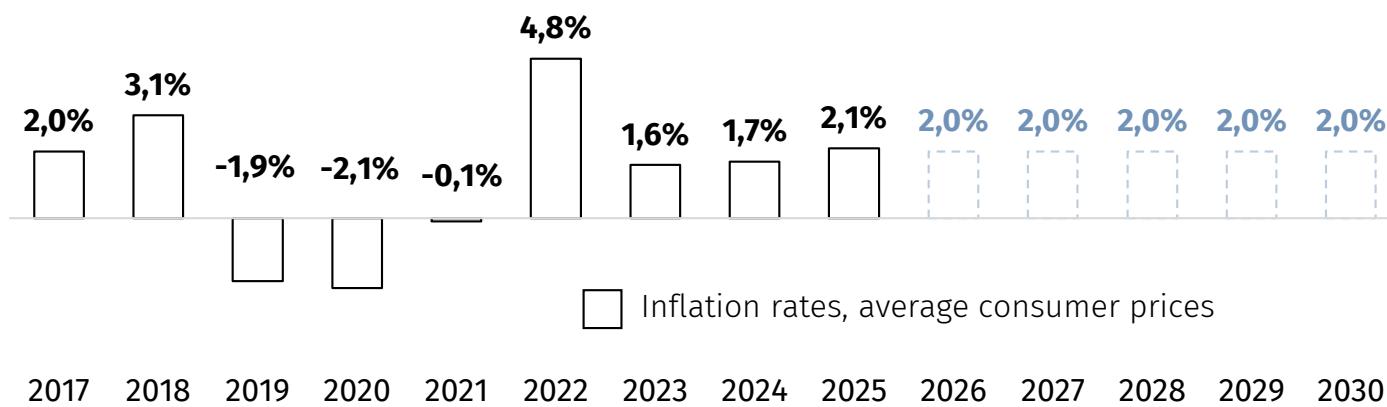
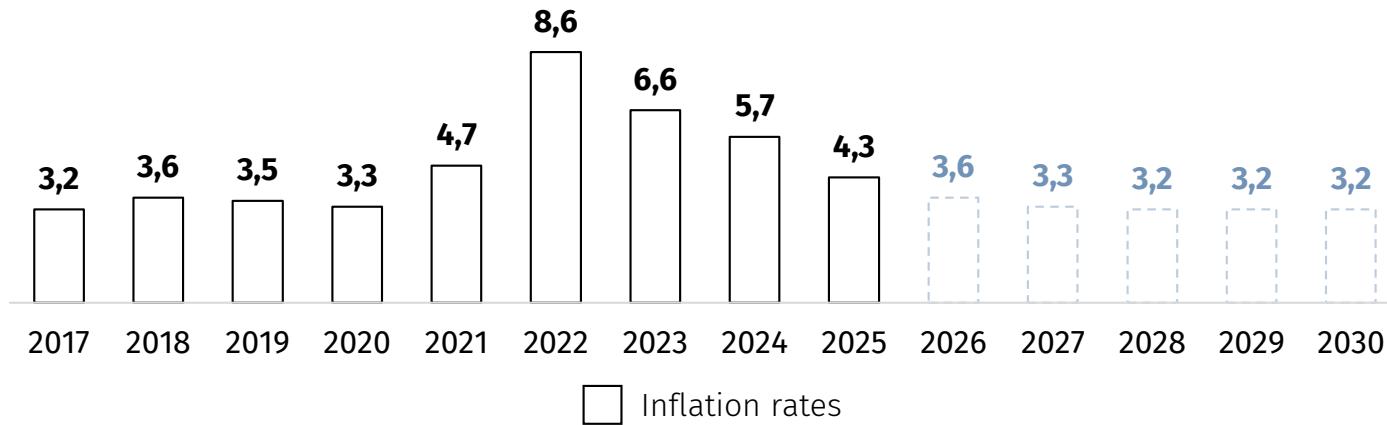
Rising US Federal Reserve interest rates increase borrowing costs, impacting construction and real estate demand.



Conclusion

At the same time, relatively high global economic growth rates will stimulate the development of the UAE.

INFLATION



Source: IMF forecast



Conclusion

Inflation remains at a moderate level, contributing to price stability and maintaining the purchasing power of the population.

→ forecast rationale

Stable monetary policy and government price controls help sustain low inflation.



Comparison

Inflation in the UAE in 2024 (1.7%) is lower than the global average (5.7%).

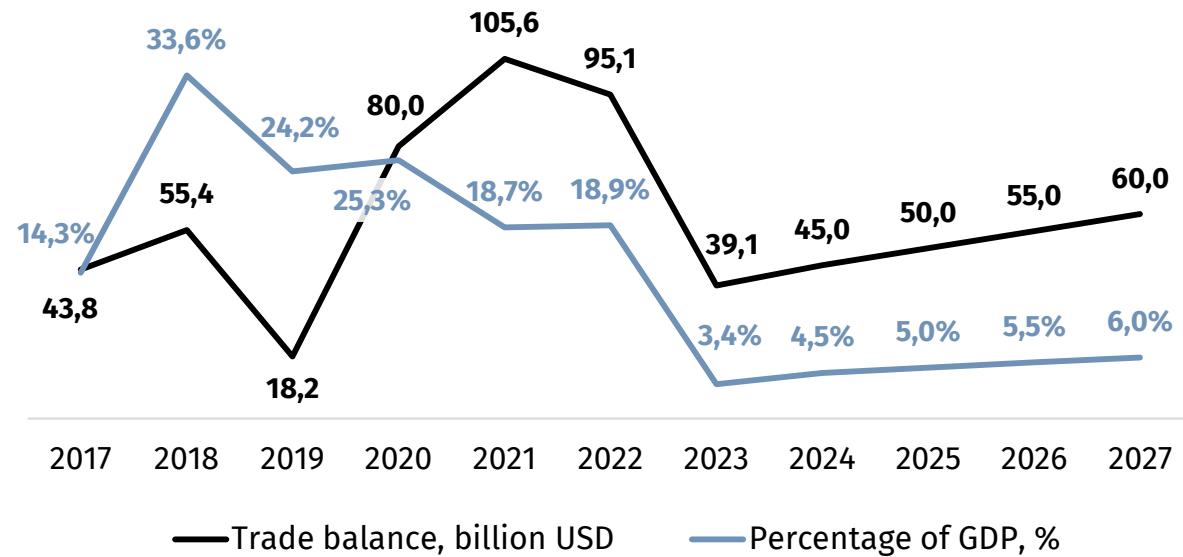
INFLATION

UAE CPI Inflation (year-on-year, %) by product group

Category	Weight	Q1 2024	Q2 2024	Q3 2024	Q4 2024
All goods	100.0	1.9	2.3	1.5	1.0
Non-tradable goods	68.6	2.0	2.4	2.0	0.7
Tradable goods	31.4	1.8	1.9	0.7	-0.5
Housing, water, electricity, and gas	35.1	3.2	3.1	3.2	3.5
Transport	12.7	-0.7	3.3	-3.7	-7.8
Food and beverages	12.0	2.4	1.5	2.3	1.9
Education	7.6	2.9	2.9	2.9	2.9
Information and communication	5.9	-0.4	-0.5	-1.1	-1.2
Textiles, clothing, and footwear	5.2	3.4	2.9	2.8	2.2
Furniture and household items	5.1	1.9	0.3	0.1	0.3
Miscellaneous goods and services	4.9	2.2	2.9	3.0	3.9
Restaurants and hotels	4.6	1.0	0.7	0.7	0.2
Recreation and culture	3.1	-3.0	0.6	6.0	8.4
Medical care	2.3	2.0	2.0	2.2	2.3
Insurance and financial services	1.3	5.2	5.1	5.8	4.1
Tobacco	0.2	-1.6	-2.0	-2.0	-2.0

Source: Federal Competitiveness and Statistics Center

TRADE BALANCE



Year	Trade Balance (billion USD)	Percentage of GDP
2018	55.4	33.6%
2019	18.2	24.2%
2020	80.0	25.3%
2021	105.6	18.7%
2022	95.1	18.9%
2023	39.1	3.4%
2024	45.0	4.5%
2025*	50.0	5.0%
2026*	55.0	5.5%
2027*	60.0	6.0%



Conclusion

The UAE economy demonstrates steady growth, with accelerated growth forecast in the coming years.

→ forecast rationale

The growth is supported by economic diversification, the development of non-oil sectors, and increased foreign and domestic investments.

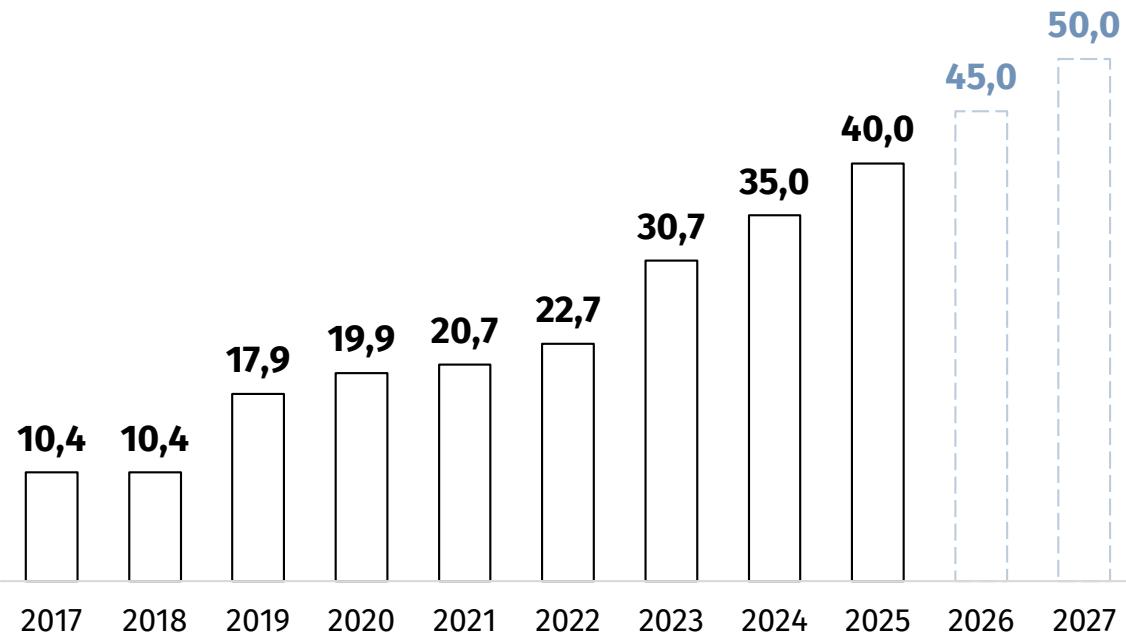


Comparison

In 2024, GDP growth at current prices in the UAE (4.5%) was below the global average (5.5%).

FOREIGN DIRECT INVESTMENT

Foreign direct investment (FDI), billion USD



Conclusion

The UAE is attracting increasing amounts of foreign investment, reflecting investors' confidence in the country's economy



forecast rationale

A favorable investment climate and strategic initiatives are driving the growth of foreign direct investment (FDI).



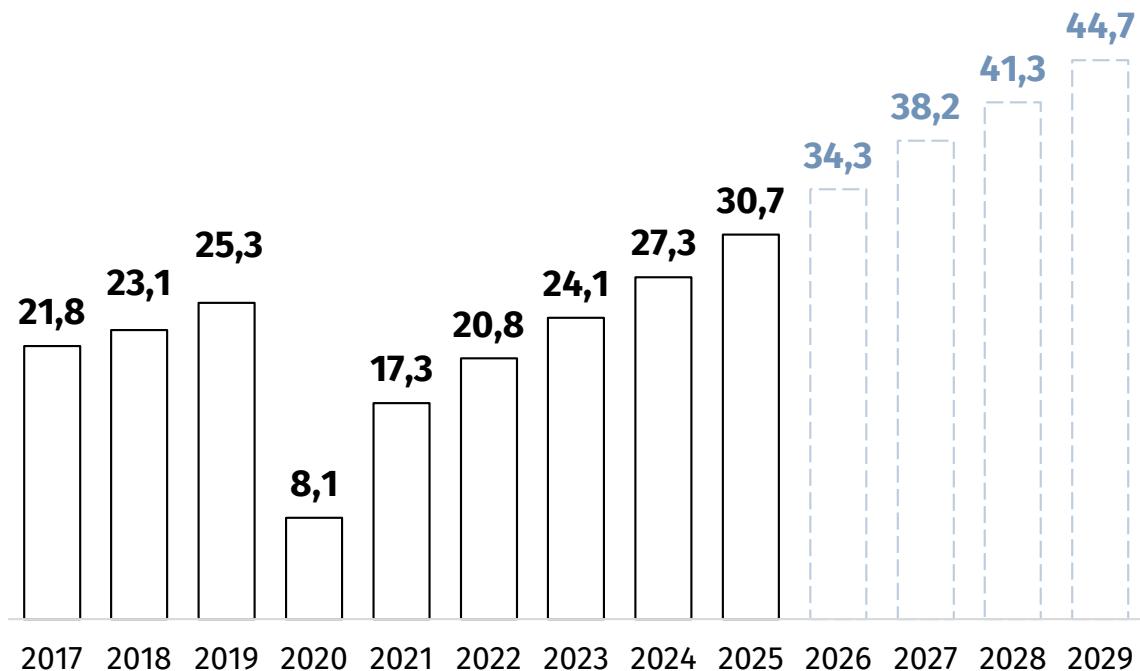
Comparison

The volume and growth rate of FDI in the UAE surpass many countries in the region, including Saudi Arabia and Egypt.

Source: UAE Ministry of Economy

TOURISM

Inbound tourist flow to UAE, 2014-2029, millions of visitors



Conclusion

The UAE's tourism sector is recovering from the pandemic and has shown steady growth since 2020.

→ forecast rationale

This growth is supported by investments in tourism infrastructure and the hosting of international events.



Comparison

The UAE is one of the Middle East's top tourist destinations, ranking second in the region.

FINANCIAL SECTOR

Assets and loans in the banking system (billion AED)

Indicator	Q4 2022	Q3 2024	Q4 2024
Total Assets	3,668	4,402	4,560
Y-o-Y change (%)	-	11.4%	12.0%
Gross Credit	1,879	2,162	2,181
Y-o-Y change (%)	-	9.1%	9.5%
Domestic Credit	1,652	1,860	1,849
Y-o-Y change (%)	-	6.9%	6.4%
Foreign Credit	229	302	332
Y-o-Y change (%)	-	25.1%	31.0%

Total assets of the UAE banking sector increased by 12.0% year-on-year to AED 4,560 billion by the end of 2024.

The number of licensed banks in the UAE remained steady at 61, including 23 national banks and 38 branches of foreign banks operating in the country.

The UAE banking system's loan portfolio grew by 9.5% year-on-year, driven primarily by domestic lending within the UAE economy.



Conclusion

The UAE financial sector is demonstrating steady growth, reflecting an increase in banking and investment services.

→ forecast rationale

This growth is supported by improved asset quality, expanded lending, and strong bank profitability.

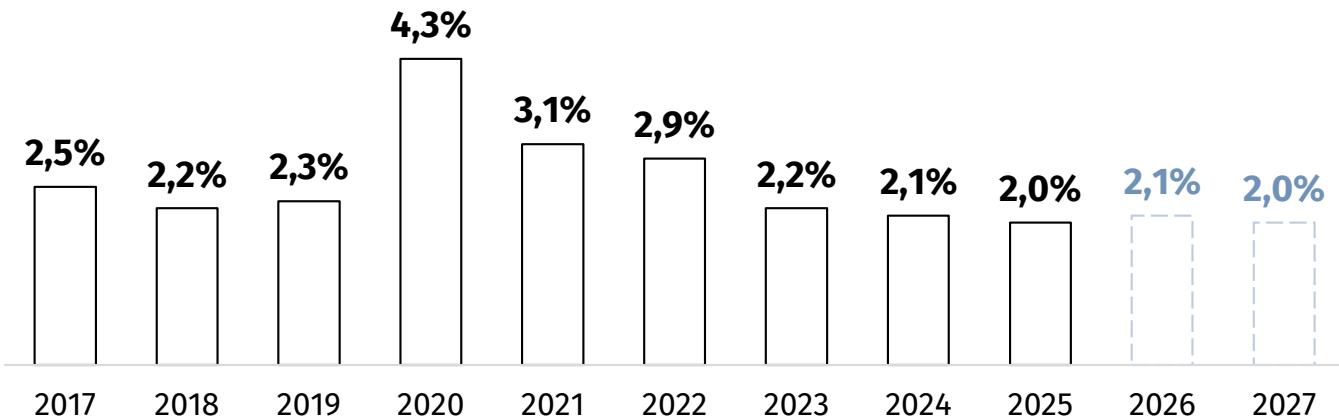


Comparison

The UAE financial sector is outpacing many Middle Eastern countries in terms of growth rate.

LABOR MARKET

Unemployment rate, %



12%

Labor force growth in 2024

17%

Growth in the number of companies

20.95%

Increase in female labor force participation

54.92%

Youth share in the labor force



Conclusion

The UAE labor market shows positive dynamics, with rising employment and greater female participation.

→ forecast rationale

Government initiatives, such as the "Nafis" program, support the increase of Emirati employment in the private sector.

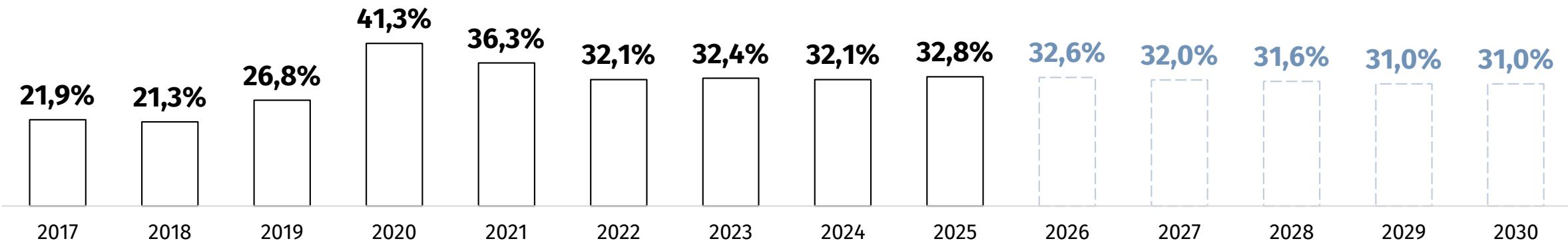


Comparison

The UAE ranks among the leaders in labor market resilience and unemployment rate (2nd place) among Arab countries.

GOVERNMENT DEBT

Government debt dynamics, % of GDP



Conclusion

The UAE's government debt remains at a moderate level, contributing to the country's financial stability.

→ forecast rationale

This stable debt level is supported by economic diversification and effective financial management by the government.



Comparison

The UAE's government debt ratio is significantly lower than the average for 'AA' rated countries (49%).

BUDGET BALANCE

Budget balance dynamics

Year	Budget Revenues, billion AED	Budget Expenditures, billion AED	Budget Surplus, billion AED
2021	53.1	58.0	-4.9
2022	56.7	58.9	-2.2
2023	63.6	63.1	0.5
2024	65.7	64.1	1.6
2025*	71.5	71.5	0
2026*	73.6	73.2	0.4
2027*	77.9	77.0	0.9

Between 2021 and 2025, the federal government significantly reduced its fiscal deficit from AED 5 billion in 2021 to AED 0.54 billion in 2023, achieving full balance in 2025 with revenues and expenditures each reaching AED 71.50 billion. This progress reflects the success of prudent fiscal policies aimed at sustainable deficit reduction.



Conclusion

The UAE's budget balance remains positive, indicating the country's strong financial health.

→ forecast rationale

The positive balance is supported by growth in revenues from both oil and non-oil sectors, as well as effective expenditure management.



Comparison

The UAE demonstrates some of the strongest fiscal performance in the Middle East, maintaining a substantial budget surplus.

MONETARY POLICY

1.7%

2024 inflation

2.1%

2025 inflation forecast

2.0%

2026 inflation forecast



Conclusion

The Central Bank of the UAE effectively manages inflation, keeping it at a low level.

→ **forecast rationale**

Stable monetary policy and price controls contribute to maintaining low inflation.

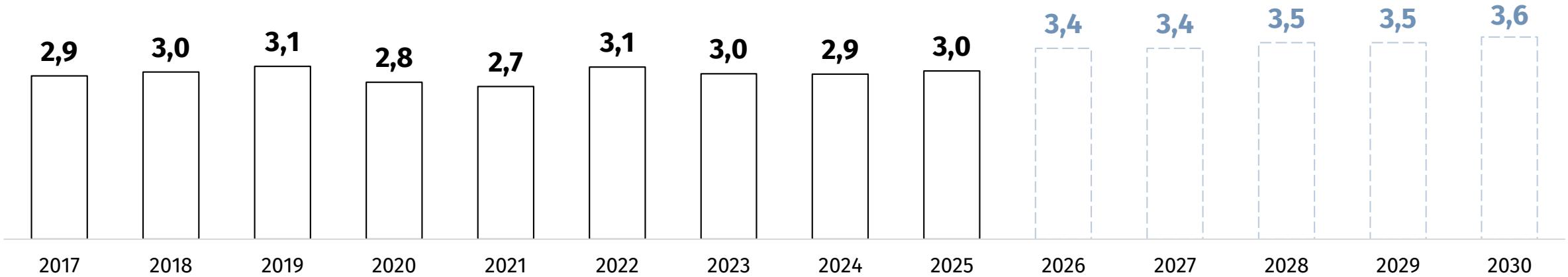


Comparison

Inflation in the UAE is lower than the global average (5.4%), reflecting price stability in the country.

ENERGY SECTOR

Oil production (million barrels per day)



Conclusion

The UAE's energy sector continues to develop, increasing oil and gas production.

→ forecast rationale

Production growth is driven by investments in energy infrastructure and new projects.



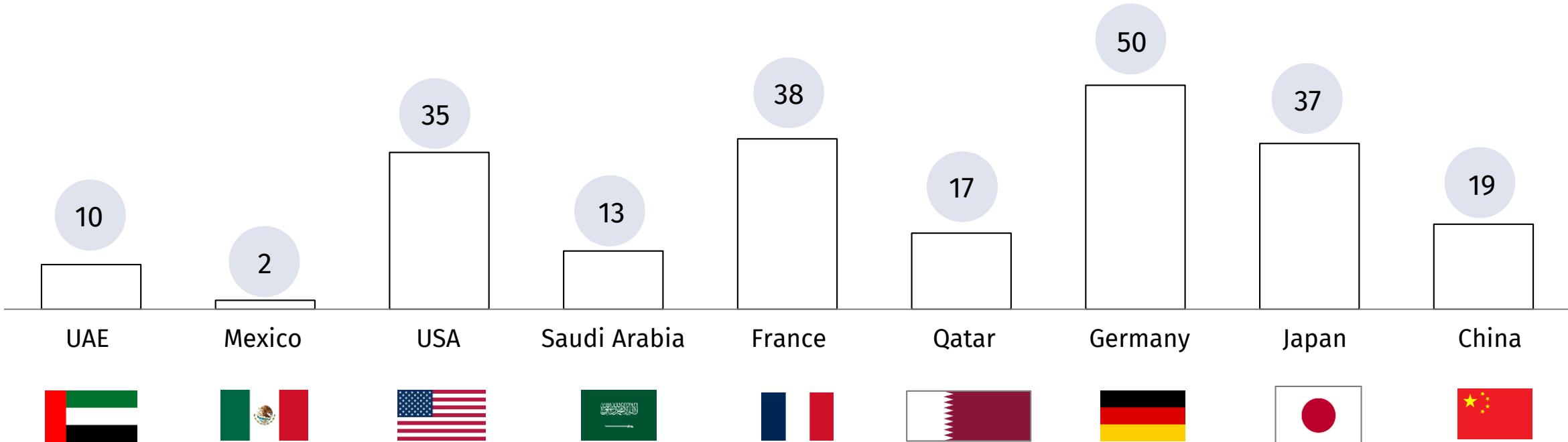
Comparison

The UAE is among the world's top ten largest oil producers, ranking eighth.

RANKINGS



According to international rankings, the country remains one of the best places to live.



Source: InterNations

KEY RISKS TO THE UAE ECONOMY

External Risks

- Oil price volatility: A high impact on government revenues and investments
- Geopolitical tension in the region: Affecting investor sentiment and tourist flows
- Global economic slowdown: Reducing global demand
- Global monetary tightening / high interest rates: Increasing borrowing costs, impacting the real estate market
- Changes in global trade flows and protectionism

Internal and Structural Risks

- Dependence on foreign labor
- Competition from other countries in the region
- Real estate market risks: Potential overheating or correction
- Cybersecurity
- Climate change: A long-term challenge despite investments in green energy
- OPEC+ decisions to limit oil production

Mitigating Factors



Significant financial reserves (sovereign wealth funds)



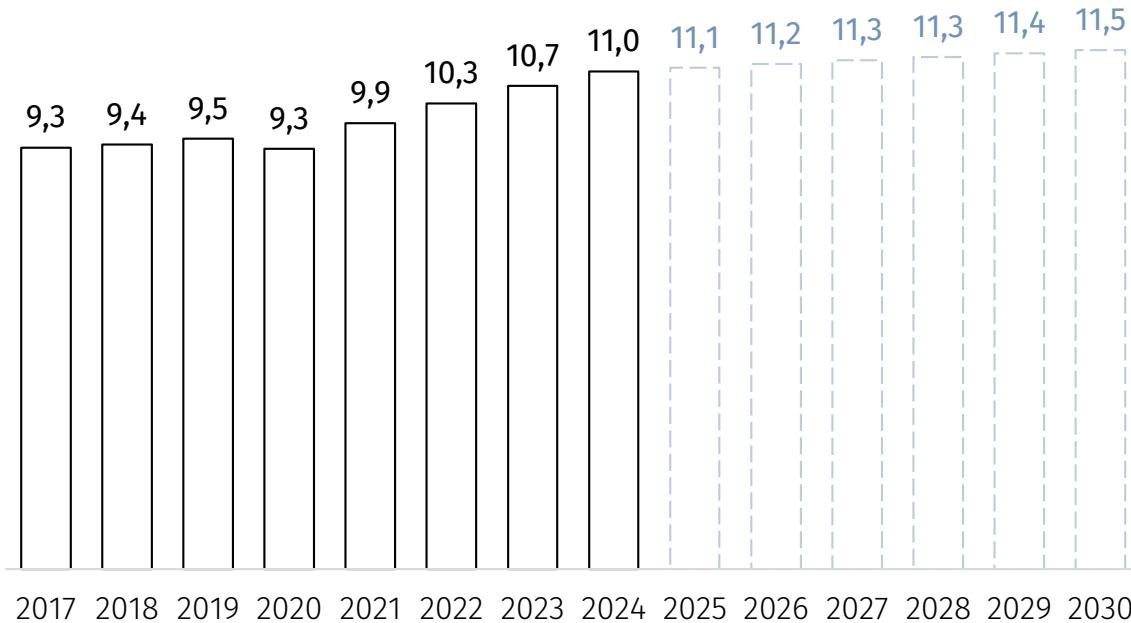
Proactive government policy on economic diversification



Political stability and high-quality infrastructure

POPULATION OF THE UAE

Population dynamics, million people



Source: IMF



Conclusion

The UAE's population has been steadily increasing since 2020.

→ forecast rationale

This growth is supported by a favorable economic environment and policies promoting openness to foreign investors.



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