MONTHLY ECONOMIC

NEWSLETTER

March 2026

Key Highlights

- S&P Global UAE PMI rose to 54.9 in January 2026 from 54.2 in December, marking an 11-month high and signaling robust non-oil private sector expansion.
- The UAE accelerated its global trade expansion by concluding new CEPA deals with the DRC, Gabon, and Sierra Leone, while advancing negotiations with the EU and Zambia, to eliminate barriers and boost investment in strategic sectors.
- UAE non-oil foreign trade surged 24.5% to AED 2.5 trillion in 9M 2025, driven by record exports and robust growth in imports and re-exports.
- CBUAE has launched the world's first sovereign financial cloud services infrastructure to strengthen data sovereignty and secure digital innovation across the UAE's financial sector.
- On the weekend of February 28, a high-intensity military confrontation erupted between the U.S., Israel, and Iran, rapidly expanding across multiple Middle Eastern countries disrupting regional security, energy markets, and key global shipping routes.

Key Economic Indicators

Monthly economic indicators	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	2026F
Interest rates (UAE Policy rate)	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.15%	3.9%	3.9%	3.65%	3.65%	3.65%	3.1%
Credit growth, y/y	9.5%	9.4%	9.5%	10.4%	11.1%	12.6%	14.4%	14.7%	15.7%	17.1%	-	-	-	-
Deposit growth, y/y	10.2%	10.5%	9.1%	12.7%	13.1%	12.6%	14.2%	15.4%	14.3%	15.4%	-	-	-	-
IHS Markit, PMI Composite	55.0	54.0	54.0	53.3	53.5	52.9	53.3	54.2	53.8	54.8	54.2	54.9	-	-
Dubai inflation, y/y change	3.15%	2.79%	2.31%	2.37%	2.37%	2.88%	2.43%	2.88%	3.36%	2.73%	2.99%	-	-	-
Abu Dhabi inflation, y/y change	0.8%	0.1%	-0.1%	-0.6%	-0.7%	0.1%	-0.5%	0.2%	1.5%	0.9%	1.50%	-	-	-
Dubai General Index (DFMGI)	2.6%	-4.2%	4.1%	3.3%	4.1%	7.9%	-1.6%	-3.7%	3.8%	-3.7%	3.6%	6.4%	1.1%	-
FTSE ADX General Index	-0.2%	-2.0%	1.8%	1.6%	2.8%	4.1%	-2.7%	-0.8%	0.9%	-3.5%	2.5%	2.9%	1.7%	-

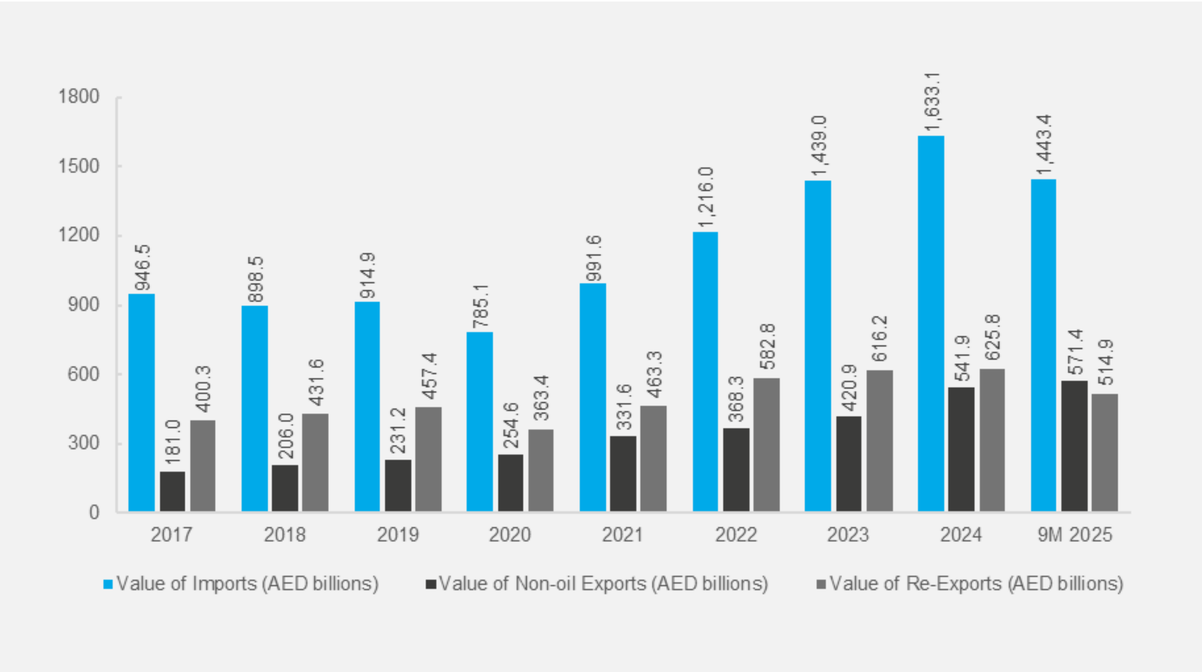
Source: LSEG Workspace, Abu Dhabi Statistics Centre, CBUAE, Dubai Statistics Centre, FOMC December 2025 Projections, S&P Global. Note: e-Estimate; f-Forecast.

- The S&P Global UAE PMI rose to 54.9 in January 2026 from 54.2 in December, marking an 11-month high and signaling robust non-oil private sector expansion driven by strong new orders and demand, though rising input costs and competitive pricing persisted.
- On February 26, 2026, Fed Governor Stephen Miran indicated that despite easing inflation, labor market conditions remain insufficiently secure, and he maintained that as many as four 25bps rate cuts in 2026 could be appropriate depending on economic developments.
- The CBUAE reported that UAE banking assets reached a historic record of AED 5.34 trillion by the end of 2025, marking an unprecedented annual increase of AED 780 billion driven by significant growth in both gross credit and total deposits.
- The CBUAE, in partnership with Core42, has announced the

development of the world's first Sovereign Financial Cloud Services | Infrastructure to enhance the security, data sovereignty, and AI-driven | digital transformation of the UAE's financial sector.

UAE Trade Growth & Trends

- The UAE's non-oil foreign trade[1] maintained strong momentum in 9M 2025, reaching AED 2.529 trillion, representing a 24.5% y/y increase from AED 2.031 trillion in 9M 2024. The expansion reflects robust trade activity across non-oil segments, underscoring the continued strength of the UAE's external trade performance.
- Imports and non-oil exports recorded YoY growth of 22.6% and 44.2% respectively. This performance reflects the continued success of the UAE's economic diversification strategy and the expansion of its global trade network.
- China remains UAE's largest source of imports by a wide margin, with a share of total import value standing at 18.5% in 9M 2025 (AED 266.5 billion), compared to 18.7% in 9M 2024. The broadly stable share comes despite continued growth in the absolute value of imports from China, reflecting an expansion in overall import demand rather than a material change in the UAE's supplier mix.
- In a notable shift in trade dynamics, Switzerland emerged as the UAE's top non-oil export destination in 9M 2025, with exports reaching AED 121.4 billion and accounting for 21.2% of total non-oil export value. India, which was the leading destination in 9M 2024, ranked second in 9M 2025, with non-oil exports totaling AED 73.6 billion, or 12.9% of the total.
- The re-export sector grew by 12.3% y/y, reaching AED 514.9 billion in 9M 2025. This growth underscores the UAE's resilience as a global logistical hub, successfully facilitating the movement of goods between major manufacturing centers and consumer markets.



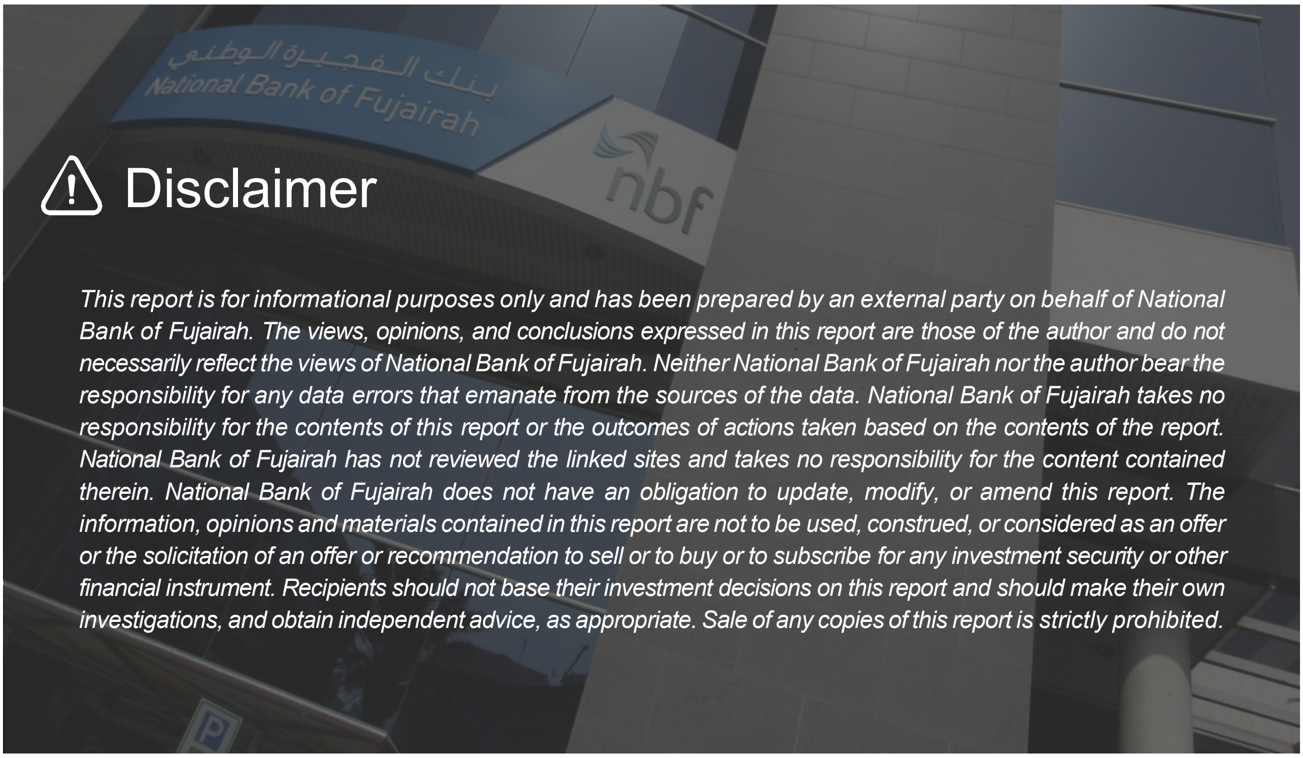
[1] *Non-oil foreign trade denotes the sum of imports, non-oil exports and re-exports. Data source: UAE FCSC.*

UAE Economic Cooperation

- **UAE-Gabon CEPA**: The UAE and Gabon signed a CEPA to reduce tariffs, remove trade barriers, expand trade and investment, and enhance private-sector collaboration.
- **UAE-Sierra Leone CEPA:** The UAE and Sierra Leone signed a CEPA to focus on boosting bilateral trade, encouraging mutual investment and expanding private-sector engagement.
- **UAE-Democratic Republic of Congo CEPA:** The UAE and the DRC signed a CEPA to lower trade barriers, expand bilateral trade and investment, and deepen private-sector cooperation, particularly in critical minerals, agriculture, and clean energy.
- **UAE-Vietnam CEPA:** The UAE and Vietnam's CEPA has officially entered into force, eliminating trade barriers, cutting tariffs, and strengthening market access, trade and investment ties.
- **UAE–Zambia CEPA negotiations**: The UAE and Zambia are in talks on a CEPA to boost bilateral trade, investment flows, and private-sector cooperation.
- **UAE–EU CEPA negotiations**: The UAE and the European Union are negotiating a CEPA to deepen trade and investment ties and expand cooperation in strategic sectors.
- So far, the UAE has concluded 38 CEPA agreements, with 15 fully in effect.

Spotlight: Middle East Geopolitical Escalation and its potential impact

- The weekend of February 28, 2026, marked a volatile shift in Middle Eastern geopolitics as a direct, high-intensity military confrontation between the U.S, Israel, and Iran started. This unprecedented exchange has fundamentally altered the regional security landscape.
- The conflict's geographic reach expanded rapidly across the GCC, with active kinetic operations and high-alert status spreading through Lebanon, Syria, Iraq, and the Gaza Strip. Crucially, the crisis reactivated severe maritime threats in the Red Sea and the Strait of Hormuz (accounting for ~20% of the global oil supply), where the suspension of transit has effectively throttled global shipping corridors.
- While the international community has prioritized urgent de-escalation, the military reality remains fluid. Despite intense diplomatic outreach aimed at preventing further escalations, the persistence of follow-on strikes and retaliatory drone swarms underscores the immense difficulty of containing a conflict of this magnitude.
- From a macro-economic perspective, the fallout was instantaneous, characterized by a sharp spike in global energy prices (Brent crude prices up 8.6% on the 2nd of March) and a flight to safe-haven assets (gold up ~2%). While regulators and diplomats are working to signal stability, the market remains highly sensitive to the potential for prolonged disruption.
- Amid escalating regional conflict, the UAE and wider GCC have restricted airspace, suspended major flights, activated air defense systems, and formally severed diplomatic ties with Iran, including the closure of the UAE's embassy in Tehran. The UAE has taken all necessary steps to protect travelers and has ensured their safety. The closure of the airspace and sea routes will have a potential negative economic impact on global trade and the UAE.
- For the Gulf region, the crisis has placed the UAE's strategic role as a "stabilizing anchor" under further importance. As global investors and multinationals navigate this period of heightened risk, the UAE's focus on maintaining operational continuity remains a critical pillar for regional economic resilience.
- The UAE's proactive crisis management, including the strategic suspension of financial markets and the activation of advanced defense systems, reinforces its status as a resilient hub for global capital. By prioritizing diplomatic balance and infrastructure security, the country continues to offer a blueprint for economic insulation amidst surrounding volatility.



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