

NEWSLETTER

April 2026



Key Highlights

- Since the start of the war on 28th February 2026 between Iran, Israel, and the US, the UAE has displayed full resilience to the incoming air attacks and ensured that the safety of its citizens and residents has remained its top priority.
- Banks and financial institutions continued to operate with full capacity and business operations as usual amid the geopolitical escalation.
- S&P Global UAE PMI rose to 55.0 in February 2026 from 54.9 in January, registering its highest level in the last twelve months, fueled by business activity in construction, real estate, logistics, and technology sectors.
- On 18th March 2026, mirroring the Fed's move to retain policy rates, the CBUAE also kept its base rate constant at 3.65%.
- With over 20% of the global oil supply at risk through the Strait of Hormuz, oil prices crossed USD 100 per barrel, with the highest trade close at USD 118.35 per barrel as of 31st March 2026.
- On 17th March 2026, the CBUAE launched a Financial Institution Resilience Package backed by AED 1 trillion in assets, which was designed to reinforce stability and resilience in the UAE Banking Sector through five pillars. It enables banks to access additional liquidity.



Key Economic Indicators

Monthly economic indicators	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	2026F
Interest rates (UAE Policy rate)	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.15%	3.9%	3.9%	3.65%	3.65%	3.65%	3.65%	3.4%
Credit growth, y/y	9.4%	9.5%	10.4%	11.1%	12.6%	14.4%	14.7%	15.7%	17.1%	17.9%	18.8%	-	-	-
Deposit growth, y/y	10.5%	9.1%	12.7%	13.1%	12.6%	14.2%	15.4%	14.3%	15.4%	16.2%	17.5%	-	-	-
IHS Markit, PMI Composite	54.0	54.0	53.3	53.5	52.9	53.3	54.2	53.8	54.8	54.2	54.9	55.0	-	-
Dubai inflation, y/y change	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	0.1%	-0.1%	-0.6%	-0.7%	0.1%	-0.5%	0.2%	1.5%	0.9%	1.5%	1.6%	-	-	-
Dubai General Index (DFMGI)	-4.2%	4.1%	3.3%	4.1%	7.9%	-1.6%	-3.7%	3.8%	-3.7%	3.6%	6.4%	1.1%	-16.4%	-
FTSE ADX General Index	-2.0%	1.8%	1.6%	2.8%	4.1%	-2.7%	-0.8%	0.9%	-3.5%	2.5%	2.9%	1.7%	-8.9%	-

Source: LSEG Workspace, Abu Dhabi Statistics Centre, CBUAE, Dubai Statistics Centre, FOMC March 2026 Projections, S&P Global. Note: e-Estimate; f-Forecast.

- The UAE has faced considerable air attacks in March amidst the ongoing West Asia war against the Israel-US axis and Iran. The government has ensured the complete safety of its citizens and residents and announced financial and liquidity assistance to the economy.
- The S&P Global UAE PMI rose to 55.0 in February 2026 from 54.9 in January, registering its highest level in the last twelve months. This growth was fueled by a surge in business activity and new orders, particularly within the construction, real estate, logistics, and technology sectors. Improved supply chains and lower fuel prices during the month supported the growth in overall activity. The impact of the West Asia War is likely to be reflected in the

- March PMI numbers that are yet to be released.
- On 18th March 2026, the Federal Open Market Committee (FOMC) held interest rates steady at 3.5%–3.75% for the second consecutive meeting. Although the Fed still anticipates a single rate cut later this year, it has revised its inflation projections upward to 2.7%.
 - On 18th March 2026, mirroring the Fed's move to retain policy rates, the CBUAE also kept its base rate constant at 3.65%.
 - The CBUAE launched a Financial Institution Resilience Package in March 2026 to safeguard the economy against ongoing regional tensions. Backed by over AED 1 trillion in reserves, the measures allow banks to access 30% of their mandatory cash reserves and utilize capital buffers.
 - The financial sector in the UAE is expected to remain stable amid the war, according to the CBUAE. S&P affirmed the UAE's ratings at 'AA/A-1+' with a stable outlook earlier in March. It also expects
 - robust credit in 2026-27 with ample liquidity in the banking system.
 - With over 20% of the global oil supply at risk through the Strait of Hormuz, oil prices crossed USD 100 per barrel, with the highest trade close at USD 118.35 per barrel as of 31st March 2026. Oil and gas prices are expected to move north of USD 100/barrel unless the conflict ends, adding inflationary pressure globally.

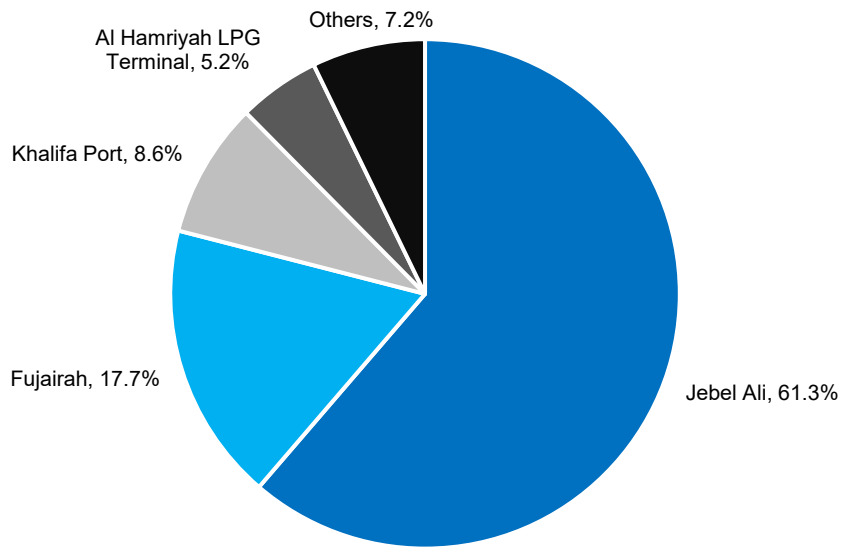


Trade impact amid geopolitical tensions

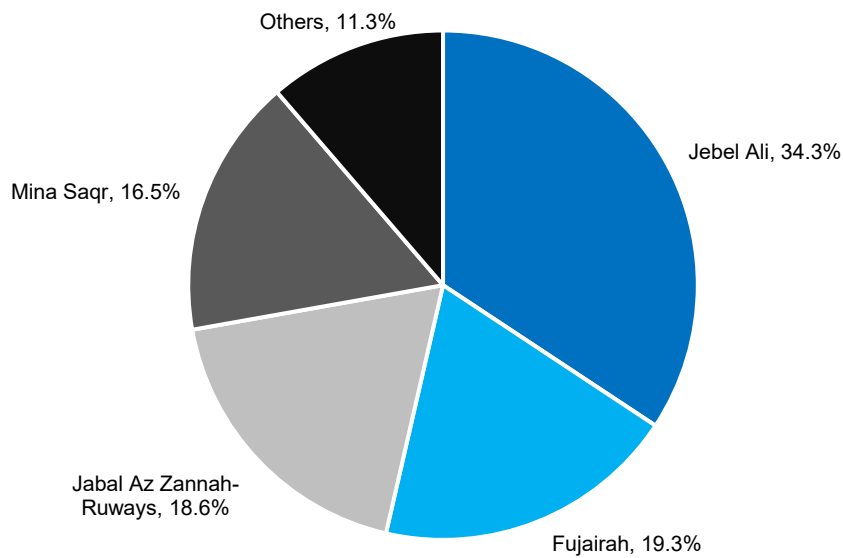
- UAE imports 90% of food through Jebel Ali Port in Dubai. The closure of the Strait of Hormuz significantly affected food trade to the country and the region.
- UAE's crude oil exports before the geopolitical event were around 2.7 million barrels per day (bpd), with around 1.8 million bpd via the Strait of Hormuz and 1 million bpd through the Habshan-Fujairah pipeline. After the Strait of Hormuz closed, the UAE ramped up exports via the Habshan-Fujairah pipeline, which transported roughly 1.8 million bpd between March 1 and 10, 2026.¹ Despite the higher oil prices, the reduced trade volume is expected to affect the UAE's oil revenues in the near term.
- Amid the uncertainty, the shipping companies have introduced war-risk surcharges and emergency conflict charges, ranging between USD 2,000 and USD 4,000 per container.
- The increase in shipping costs and transit time is expected to affect exports and reduce trade volumes.
- UAE serves as a transshipment hub, linking Asia, Europe, and Africa due to its geographic positioning. Jebel Ali and Fujairah Ports had temporarily suspended operations due to increased aerial attacks.
- However, by 31st March 2026, most of the ports, including Jebel Ali and Fujairah ports, have resumed operations.
- Re-exports and transshipment activity through the UAE are expected to remain stable as conditions stabilize.

¹ Reuters

Major Port Wise Share of the UAE's Maritime Imports (2019-2025)



Major Port Wise Share of the UAE's Maritime Exports (2019-2025)



Source: Port watch IMF; Data as of Apr 2, 2026; Note: The port's share of the economy's maritime trade is based on AIS-derived imports and exports at the port-level during 2019-25.



UAE Economic Cooperation

- **UAE-Ecuador CEPA:** On 2nd March 2026, the UAE and Ecuador signed a CEPA, signaling more than USD 3 billion of projects under discussion while also lowering tariffs and easing trade barriers in priority sectors, including clean energy, advanced technology, mining, logistics, and agriculture.
- **UAE-Japan CEPA:** On 6th March 2026, the UAE and Japan agreed on the final provisions of the CEPA to deepen trade relations. This agreement, the first of its kind for Japan with an Arab country, solidifies the UAE's position as Japan's top trading partner in the MENA region.
- **UAE in talks with Poland:** On 7th March 2026, UAE Deputy Prime Minister and Minister of Foreign Affairs, met with Poland's Deputy Prime Minister and Minister of Foreign Affairs, in Warsaw, to initiate talks on expanding cooperation in the economy, trade, advanced technology, and energy to support mutual development priorities.



Spotlight: Why Did Gold Not Surge Despite Ongoing Geopolitical Conflict

- Gold is considered a safe-haven asset due to its lack of correlation with the equity markets.
- Generally safe-haven assets tend to rally during turmoil.
- During the initial phase of the geopolitical escalation in the region, gold prices surged. On 2nd March 2026, gold prices reached USD 5326.82 per ounce, which was the highest price close in February and March 2026.
- However, on 26th March 2026 the gold prices declined by 17.8% to USD 4379.01 per ounce, exhibiting a behavioral shift from the traditional expectation wherein the price of safe-haven assets tends to increase during crisis.
- The decline in gold prices could be attributed to the central banks around the world selling the yellow metal in order fund their energy purchases, according to Sprott.
- The escalating geopolitical situation has increased the market concerns over inflation and reassess the rate-cut expectation from U.S. Fed.
- The rise in bond yield and strengthening dollar are headwinds for gold prices as it provides no interest or dividend income.
- However, gold is expected to continue playing an important role in the central bank's reserve portfolio in 2026, according to World Gold Council.
- Gold prices had witnessed a similar fall in 2008 and 2020 but has exhibited resilience. The long-term demand for gold remains structurally intact due to factors such as fiscal deficits in the developed markets and reserve diversification, which serve as a structural incentive for central banks to hold gold.

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