

# NEWSLETTER

May 2026



## Key Highlights

- On April 28th, 2026, in a major move redefining its energy sovereignty, the UAE announced its exit from OPEC, effective May 1st, 2026. The decision allows the UAE greater flexibility in managing its oil production capacity and meeting global demand on its own terms.
- The IMF revised its economic outlook for 2026, lowering the UAE's real GDP growth expectation to 3.1%, with a strong rebound expected in 2027 at 5.3%.
- The CBUAE kept the base rate constant at 3.65%, following the U.S. Fed's decision to keep policy rates unchanged on April 29th, 2026.
- The S&P Global UAE PMI eased to 52.9 in March 2026 from 55.0 in the previous month, due to supply chain disruptions caused by the U.S.-Israel-Iran war. However, PMI remained above 50.0, indicating business expansion.
- In Q12026, UAE bank reserves at the CBUAE stood at AED 439 billion, providing an ample liquidity buffer.



## Key Economic Indicators

Monthly economic indicators	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	2026F
Interest rates (UAE Policy rate)	4.4%	4.4%	4.4%	4.4%	4.4%	4.15%	3.9%	3.9%	3.65%	3.65%	3.65%	3.65%	3.65%	3.4%
Credit growth, y/y	9.5%	10.4%	11.1%	12.6%	14.4%	14.7%	15.7%	17.1%	17.9%	18.8%	19.3%	-	-	-
Deposit growth, y/y	9.1%	12.7%	13.1%	12.6%	14.2%	15.4%	14.3%	15.4%	16.2%	17.5%	18.4%	-	-	-
IHS Markit, PMI Composite	54.0	53.3	53.5	52.9	53.3	54.2	53.8	54.8	54.2	54.9	55.0	52.9	-	-
Dubai inflation, y/y change	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%	-0.6%	-0.7%	0.1%	-0.5%	0.2%	1.5%	0.9%	1.5%	1.6%	1.1%	-	-	-
Dubai General Index (DFMGI)	4.1%	3.3%	4.1%	7.9%	-1.6%	-3.7%	3.8%	-3.7%	3.6%	6.4%	1.1%	-16.4%	6.1%	-
FTSE ADX General Index	1.8%	1.6%	2.8%	4.1%	-2.7%	-0.8%	0.9%	-3.5%	2.5%	2.9%	1.7%	-8.9%	2.7%	-

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

- The S&P Global UAE PMI eased to 52.9 in March 2026 from 55.0 in February, but remained above the 50.0 mark, indicating business expansion. This slowdown was largely driven by supply chain disruptions stemming from the U.S.-Israel-Iran war across sectors such as logistics, trade, and tourism. However, long-term sentiment is positive, supported by higher demand from emerging sectors such as technology and by fiscal spending plans.
- On April 29th, 2026, the Federal Open Market Committee (FOMC) held interest rates steady at 3.5%–3.75% for the third consecutive meeting.
- CBUAE followed suit and retained its base rate at 3.65% on April 29th, 2026.
- In Q12026, UAE bank reserves at the CBUAE stood at AED 439 billion, with required reserves of AED 271 billion and surplus liquidity of AED 168 billion. Additionally, banks hold AED 263 billion in CBUAE securities, providing a healthy buffer for seamless liquidity management.

- In April 2026, CBUAE announced the development of a nationwide unified e-KYC platform in collaboration with technology company Norbloc AB. The platform aims to enhance the due diligence process through automated workflows and integrated data sources, reducing compliance costs and strengthening risk management.
- The UAE real estate sector recovered marginally in April 2026 compared to March; however, it remained below pre-conflict levels. As of 29th April 2026, Dubai's real estate sales increased by 8.5% m/m to AED 46.4 billion (down 25.6% y/y compared to April 2025 sales of AED 62.4 billion). Abu Dhabi's real estate sales increased by 14.2% m/m to AED 14.5 billion (still down 36.4% compared to February 2026 sales of 22.8 billion).



## UAE's Resilience Amid Geopolitical Developments

- On April 8<sup>th</sup>, 2026, a joint ceasefire was declared between Israel/U.S. forces and Iran, which was followed by negotiations mediated by Pakistan. The ceasefire paused active strikes in the Gulf region, although the situation remained volatile. Oil prices dropped by 13.3% on April 8<sup>th</sup>, 2026, closing at 94.8 \$/bbl.
- The first round of talks failed to produce a finalized deal. Following this, the U.S. launched a naval blockade on Iran. Iran subsequently announced that the Strait of Hormuz would be closed again in response to the U.S. naval blockade, heightening maritime tensions and impacting trade.
- Oil prices fell to 90.4 \$/bbl. on April 17<sup>th</sup>, 2026. However, as tensions escalated, prices surged to 111.3 \$/bbl. on April 28<sup>th</sup>, up 23.1% from April 17<sup>th</sup> levels.
- Despite regional tensions, the UAE has displayed immense resilience during this period. As of April 24<sup>th</sup>, 2026, ship arrivals in the UAE reached 514, a 15% increase from the total count for March 2026 (447).
- While these figures remain well below the 2025 monthly average of 2,292 arrivals, the month-on-month growth signals a strong turnaround in the UAE logistics sector, amidst the conflict.
- Additionally, the IMF's economic outlook for 2026, launched on April 14<sup>th</sup>, revised the UAE's real GDP growth expectation to 3.1%. While this is lower than the pre-war expectation of 5.0%, it remains higher than the broader GCC region's growth expectation of 2.0%.
- Strong rebound is projected for UAE in 2027, at 5.3% real GDP growth.
- On April 28<sup>th</sup>, 2026, in a major move that redefined its energy strategy, the UAE announced its exit from OPEC, effective May 1<sup>st</sup>, 2026. This decision allows the UAE greater flexibility in managing its oil production capacity and in meeting global demand on its own terms.

## UAE 2026 Real GDP Forecasts

IMF		World Bank		S&P Global		Oxford Economics	
Pre Conflict	Post Conflict	Pre Conflict	Post Conflict	Pre Conflict	Post Conflict	Pre Conflict	Post Conflict
5.0%	3.1%	5.0%	2.4%	4.2%	2.5%	4.4%	2.6%

### UAE 2026 CPI Inflation Forecasts - Pre-conflict vs. Post-conflict

IMF		World Bank	
Pre Conflict	Post Conflict	Pre Conflict	Post Conflict
2.0%	2.5%	2.0%	2.5%



## UAE Economic Cooperation

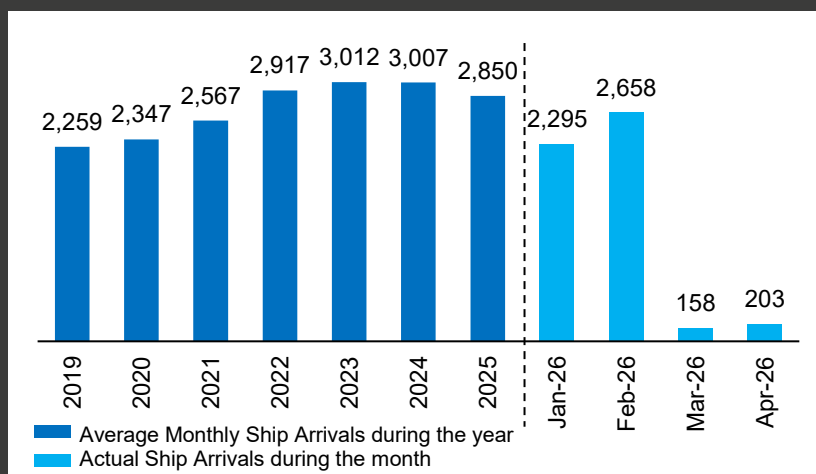
- **UAE-Azerbaijan CEPA:** The agreement came into effect in April 2026, accelerating bilateral flows and creating new investment opportunities. Notably, UAE's non-oil trade with Azerbaijan increased by 31.4% over the last two years, exceeding USD 2.2 billion in 2025.
- **UAE and Uzbekistan strengthen partnership:** In April 2026, the countries explored opportunities for economic and investment activities across sectors such as tourism, aviation, logistics and emerging sectors. Notably, the number of Uzbek visitors in UAE grew by 25% in 2025.
- **UAE and Philippines economic ties:** CBUAE signed an MoU with the Central Bank of Philippines to promote financial cooperation by integrating payment platforms, develop Islamic banking and strengthen bilateral ties between the two countries.



## Spotlight: Strait of Hormuz

- Strait of Hormuz is a key chokepoint in global oil trade, located between Iran, UAE and Oman. It connects the Persian Gulf with the Gulf of Oman and Arabian Sea.
- The Strait facilitates roughly 26% of global maritime oil trade and about 20% of global LNG shipments, with nearly 20 million barrels of oil passing through it daily.
- Saudi Arabia is the primary user of the Strait for crude oil exports, accounting for 37% of the total oil transported. Iraq follows at 23%, and the UAE at 13%.
- Top consumers of oil exported through the Strait are China (38%), India (15%), South Korea (12%) and Japan (11%).
- Owing to the closure of the Strait of Hormuz due to the U.S.-Israel-Iran war, U.S. Energy Information Administration has estimated that Iraq, Saudi Arabia, Kuwait, UAE, Qatar, and Bahrain collectively shut in roughly 7.5 million barrels per day of crude oil production in March 2026, which translates to ~10% of global crude oil production.
- Ships transit through the Strait was down by 94.1% m/m in March 2026 to 158. Ship movement partially recovered by 28.5% m/m as of April 26<sup>th</sup>, 2026, due to the ceasefire. However, the Strait remains effectively blocked on account of severe restrictions due to renewed tensions towards the end of April.
- Saudi Arabia (East-West Pipeline) and the UAE (Habshan-Fujairah Pipeline, also known as Abu Dhabi Crude Oil Pipeline) have some infrastructure in place that can bypass the Strait.
- However, the Strait of Hormuz remains an indispensable artery for global oil and gas flow, underpinning world markets despite its location in a geopolitically volatile location.

**Strait of Hormuz – Transit Calls (Arrival of Ships)**



Source: IMF PortWatch; Data as of April 26, 2026.

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