

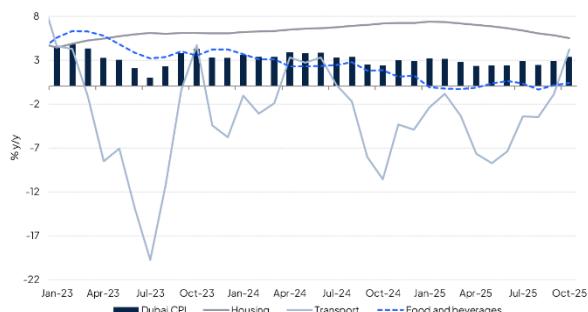
## Dubai: CPI inflation at 3.4% y/y in October

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- Dubai's headline CPI inflation rose to 3.4% y/y in October, mainly driven by higher transport costs
- Housing & utilities inflation, the largest CPI component, slowed to 5.5%, the lowest since April 2023
- Most other CPI components saw moderate price changes, though there was an acceleration in restaurants & hotels inflation

Headline CPI inflation in Dubai accelerated to 3.4% y/y in October, up from 2.9% the previous month. This marked the fastest pace of annual price growth since August 2024. On a monthly basis, prices were up 0.6%, compared with 0.4% in September. Inflation has averaged 2.8% y/y over January to October and we are holding to our full-year forecast of 2.6% given our expectation that price growth will soften once more through the end of the year. In 2026 we forecast average CPI inflation of 2.5%.

### Housing driving headline inflation



Source: Haver Analytics, Bloomberg, Emirates NBD Research

The primary driver of the acceleration in October's headline inflation print was transport, which accounts for around 10% of the CPI basket and is heavily influenced by prices at the pump. From deflation of -0.9% in September, this was reversed to a price rise of 4.2% y/y in October, mirroring what happened with petrol prices: in October, a litre of super 98 cost AED 2.77, compared with AED 2.66 in October last year, a rise of 4.1%. Looking ahead to the November inflation print, we would expect transport to turn deflationary once again given that a litre of super 98 currently costs AED 2.63, down 4.0% y/y, while with global oil benchmarks trending lower, downwards pressure on transport prices will likely be maintained into 2026.

The largest component of Dubai's CPI basket is housing & utilities, which makes up around 40% of

the basket and has been the major driver of price growth over the past several years as the housing market has seen significant demand. The elevated price growth has started to slow, however, and at 5.5% y/y in October it was at the lowest level since April 2023 and compares with an average pace of 6.6% y/y over the past two years. We expect that this moderation in housing cost pressures will continue through the coming months given base effects and an anticipated ramp-up in supply.

Most other components of Dubai's CPI basket continued to see only moderate price pressures, with food & beverages at 0.4% y/y, from 0.2% previously, while housing & footwear was unchanged at 1.0%. There was a notable acceleration in recreation, sport & culture inflation which ramped up to 6.7%, from 4.2% previously, but this accounts for only 2.4% of the total basket and so its influence on the headline figure would be marginal. Somewhat more notable was the rise in restaurants & hotels inflation which accounts for 6.1% of the weighting and rose to 1.5% y/y, from 0.8% in September and an average of 0.8% over the year-to-date.

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