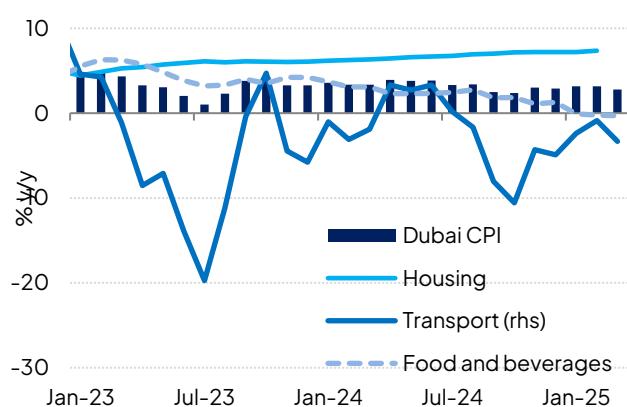


## Dubai CPI Inflation, March 2025

### April 21 2025 – Economics

Headline CPI inflation in Dubai slowed to 2.8% y/y in March, down from 3.2% over the previous two months and the slowest pace of annual price growth since October last year. Prices were 0.1% lower compared with February, marking the first monthly deflation since July 2024. Inflation over the first quarter averaged 3.0% y/y, slightly more than our 2025 forecast of 2.8% but we expect that price growth will be more modest through the remainder of the year than we have seen in Q1.

#### Transport offsetting housing price rises



Source: Bloomberg, Emirates NBD Research.

Our expectation of softer headline inflation in the coming months is largely on the back of lower global oil prices, which have already come down sharply in April. This will be reflected in prices at the pump and in the transport component of the basket, which accounts for just over 9% of the total. Transport has already been a key factor in keeping headline inflation down over recent months, and in March it was down 3.3% y/y, reflecting the fact that a litre of super 98 in March 2025 cost 9.9% less than it did in March 2024. In April the same amount of petrol costs 18.4% less than a year earlier meaning the drag from transport will be even sharper in the next inflation print and through the rest of the year – we forecast an average Brent crude price of USD 68/b this year, down from USD 80/b in 2024.

The key driver of upwards inflation in Dubai remains housing & utilities, the largest component of the

basket at 40.7% and the component which is seeing the fastest price growth. In March, it was up 7.2% y/y, down moderately from the near decade-high pace of 7.4% the previous month but still quite sharply inflationary. This is reflective of ongoing price rises in the housing sector, with little change in utilities costs. While there is some suggestion of a stabilisation in the Dubai property sector, with price growth no longer accelerating, rents for apartments were still up by around 8% y/y in Q1 while villas and townhouses were up by around 20%

The rest of the basket continues to see either soft price growth or outright deflation. The second largest component after housing is food & beverages, and prices here were down 0.3% y/y in March despite the holy month of Ramadan largely falling in this period. This marked the third month in a row of deflation for food prices. Restaurants & accommodation meanwhile softened to 0.3%, down from 0.7% y/y in February, and clothing & footwear prices were down 2.7% y/y for the second month running. Respondents to the S&P Global PMI survey for Dubai did raise their output prices in March but only marginally as the market remains highly competitive.

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