بنك الإمارات دبي الوطني
Emirates NBD

Dubai price growth set to slow by year-end

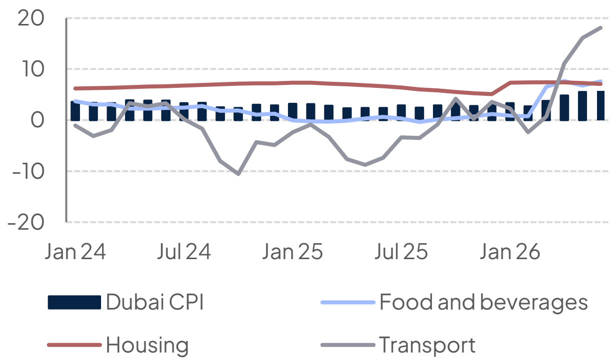
Regional macro | 22 July 2026

- Price pressures in Dubai likely peaked after 5.7% y/y rise in June; monthly price gains eased to slowest pace since February.
- Faster transport and food inflation boosted headline price growth, while sticky housing-price increases kept inflation elevated.
- Consumer-price growth should slow by year-end on lower oil prices, dollar strength, easing supply-chain bottlenecks, and firms discounting in some sectors.

Annual price growth in Dubai climbed in June, as the inflationary effects of the regional conflict kept fuel costs elevated and food pressures rose. We expect price pressures to ease over the rest of the year, however.

Headline inflation rose to 5.7% year on year in June, from 5.5% in May and a little below our 5.9% forecast. Monthly price increases eased to 0.4%, from 0.5% in May, the slowest pace since February.

CPI inflation, % y/y



Source: Data.Dubai, Haver Analytics, Emirates NBD Research

We think inflation peaked in June. Lower oil prices, a stronger dollar and smoother shipping flows should contain price pressures, along with discounting in some sectors.

We forecast inflation will decline to 2.9% by year-end, though the slowdown is unlikely to be linear given uncertainty over transit flows through the Strait of Hormuz.

Higher global oil prices have fed into local retail fuel costs, pushing up transportation costs. The category, which accounts for 11.7% of the consumer-price basket, rose by 18.1% from a year earlier, up from 16.1% in May. Fuel and lubricants prices rose by 48.3% year on year, while passenger air-transport prices climbed by 16.5%. We had expected this: a litre of Super 98 petrol was 53.1% more expensive in June than a year earlier.

Annual gains in transport prices will likely slow in the coming months. Super 98 prices are down by 13.9% from June, cutting the year-on-year increase to 25.9%. The 30% month-to-date rise in Brent points to a likely increase in August petrol prices, but prices should remain below March-May levels.

Passenger air-transport prices fell by 13.9% from May, suggesting that annual price growth will retreat.

Food costs also accelerated in June, rising by 7.6% year on year, from 6.7% in May. Prices for pulses and vegetables rose by 25.9% from a year earlier and by 8.7% on the month. Food prices remain sensitive to supply-chain disruption.

Housing and utilities make up 37.5% of the consumer-price basket and are the largest contributor to headline price gains. Annual inflation in the category slowed to 7.1% in June, from 7.3% in May, the weakest pace since December 2025. Officials attributed the increase in housing costs to rising "residential rental prices in most areas of the Emirate".

Tourism and travel prices may fall further by year-end. PMI survey data indicated that travel-related businesses cut selling prices in June for a second consecutive month. CPI data showed accommodation-services prices down by 8.5% month on month, while package-holiday prices fell by 4.3%.

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