Regional Macro

Dubai inflation rebounds on higher transport and food prices

9 November 2026

- Dubai CPI inflation rebounded to 5.5% in October on higher transport costs and food-price acceleration.
- Slower housing inflation provided a partial offset, while the PMI survey signalled a broad-based strengthening in firms' pricing power.
- We expect inflation to remain broadly stable through year-end before easing in 2027 as oil prices moderate.

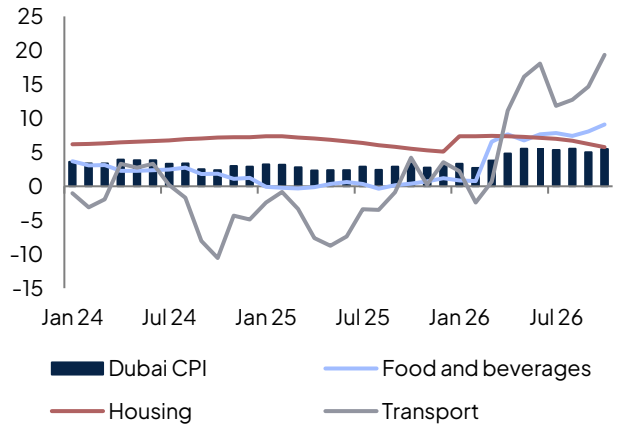
Dubai inflation rebounded in October, confirming our expectation that September's dip would prove temporary. Higher transport costs drove the increase, while food inflation also accelerated. We expect headline annual inflation to remain broadly stable through November and December before easing in 2027 as global oil prices moderate.

Annual consumer-price growth rose to 5.5% in October from 5.0% in September, returning to August's level. Prices increased 1.1% on the month, following a 0.05% decline in September.

Further upside risks to price gains remain. The October Dubai PMI survey points to cost pressures and a marked strengthening in firms' pricing power. Selling prices rose at the fastest pace in the survey's history, with increases recorded across construction, wholesale and retail trade, and travel and tourism. The broad-based rise suggests that businesses have become more willing to pass higher costs on to customers as demand strengthens.

Transport cost rise drives headline gains

Dubai CPI inflation, % y/y



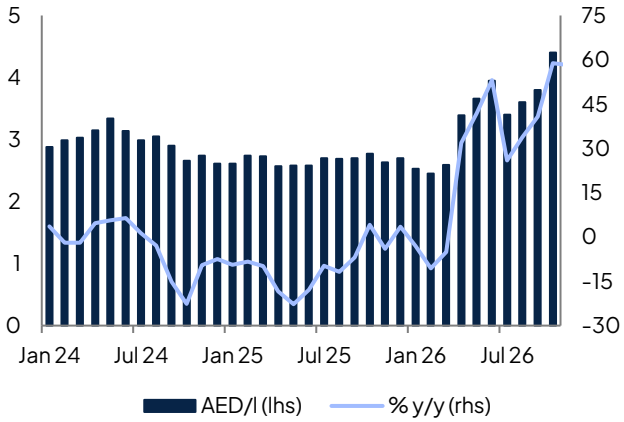
Source: Haver Analytics, Data.Dubai, Emirates NBD Research

Transport was the main driver of October's increase in headline inflation, driven by fuel prices. Annual price growth in the category accelerated to 19.3% from 14.7% in September, while prices rose 6.3% on the month. Transport fuel and lubricants recorded the largest annual increase among items in the CPI basket, at 53.2%.

The increase reflected October's petrol-price hike, which lifted Super 98 to AED 4.40 per litre, 58.8% above its level a year earlier. Prices were lowered to AED 4.15 in November but remain 58.2% higher year on year. Annual transport inflation is therefore likely to remain elevated in the next release, even as monthly price pressures ease.

More fuel-driven inflation expected

Super 98 petrol price and annual % change



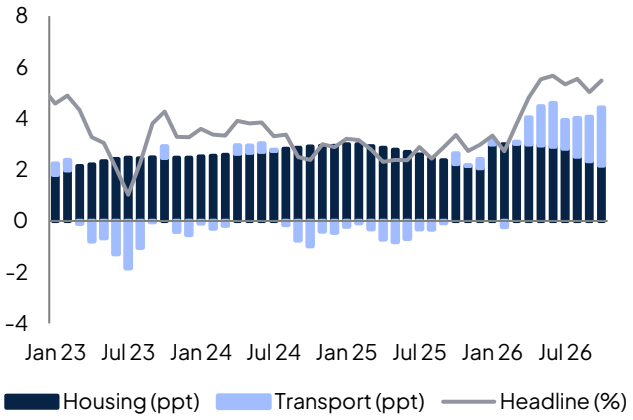
Source: Bloomberg, Emirates NBD Research

The sharp fall in global oil prices over the past week could provide further relief towards year-end. But oil and refined-product prices would need to sustain early-November declines through the end of the month to translate into lower retail prices in December.

Food and beverage inflation also accelerated, reaching 9.1% year on year in October from 8.0% in September and 0.9% at the start of the year. This was the fastest pace since at least January 2010. Monthly price growth eased only marginally, to 1.0% from 1.1%, suggesting that food-price pressures remain firm.

Transport emerges as main inflation driver

Percentage-point contribution to headline CPI



Source: Data.Dubai, Emirates NBD Research

Accommodation prices rose 66.1% on the month in October, the largest increase among the CPI items, but remained 11.7% below their level a year earlier. The rebound likely reflects seasonal trends and some recovery in tourism-sector pricing power following steep declines earlier this year.

Slower housing inflation provided a partial offset. Annual price growth in the housing and utilities category eased to 5.8% from 6.2% in September and 7.4% at the start of the year.

As the largest component of the basket, housing should help contain headline inflation as its price growth moderates. In October, housing's 2.2-percentage-point contribution to topline CPI growth fell below transport's 2.3-ppt addition for the first time since October 2022.

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