

# Weekly Insights 21 Feb 2025: Non-oil sector gains – robust performance in UAE banking & tourism; Saudi non-oil fiscal revenues rise

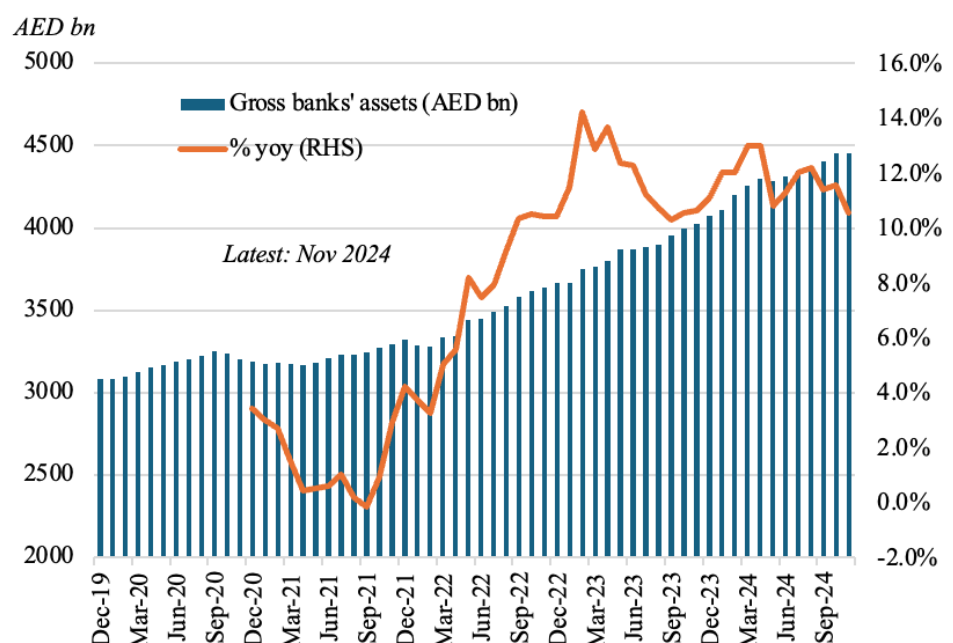
UAE banking stats. Dubai tourism. Saudi inflation & fiscal performance. GCC US Treasury holdings.

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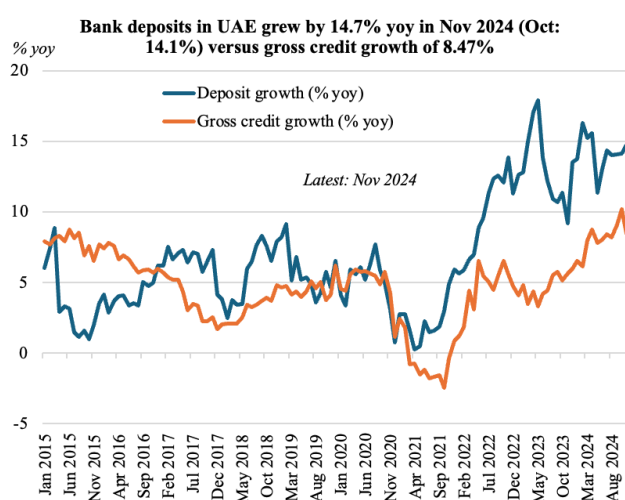
Weekly Insights 21 Feb 2025: Non-oil sector gains – robust performance in UAE banking & tourism; Saudi non-oil fiscal revenues rise

## 1. UAE gross assets rise 9.3% ytd to AED 4.45trn in Nov; deposits surge 11.2% ytd

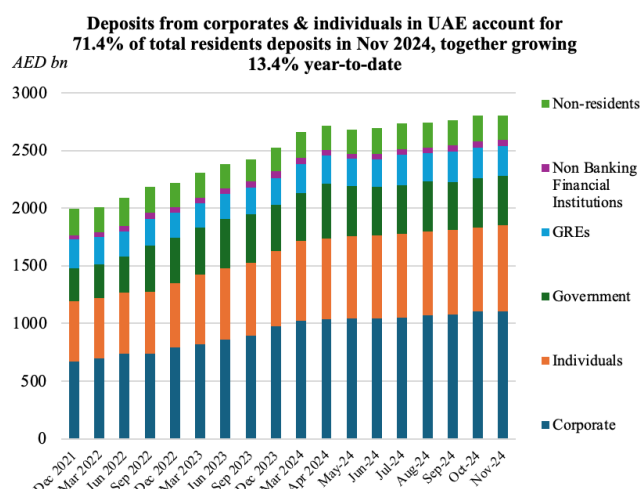
UAE banks' gross assets grew 10.6% yoy to AED 4.451trn as of end-Nov 2024



- **UAE's gross bank assets** grew by 10.6% yoy and 9.3% year-to-date (ytd) to **AED 4.451trn in Nov**. It edged down by 0.1% from Oct 2025
- The central bank's **total assets inched up** by 1.2% mom to **a new record-high AED 861.5bn in Nov**.
- **UAE banks' deposits increased** by 0.1% mom and 14.7% yoy in Nov, driven by a 0.5% mom uptick in resident deposits while non-resident deposits ticked up by 0.1% (its share was just 7.6% of overall deposits).
- **Private sector deposits** account for two-thirds of total deposits and 71.4% of total resident deposits in Nov. **Government and GREs** together accounted for over  $\frac{1}{4}$ -th of total deposits; these grew by 7.3% & 15.3% ytd.
- The rapid growth in population in the UAE, combined with the steady increase in loan growth will support banking sector performance.



Source: UAE Central Bank. Charts by Nasser Saidi & Associates

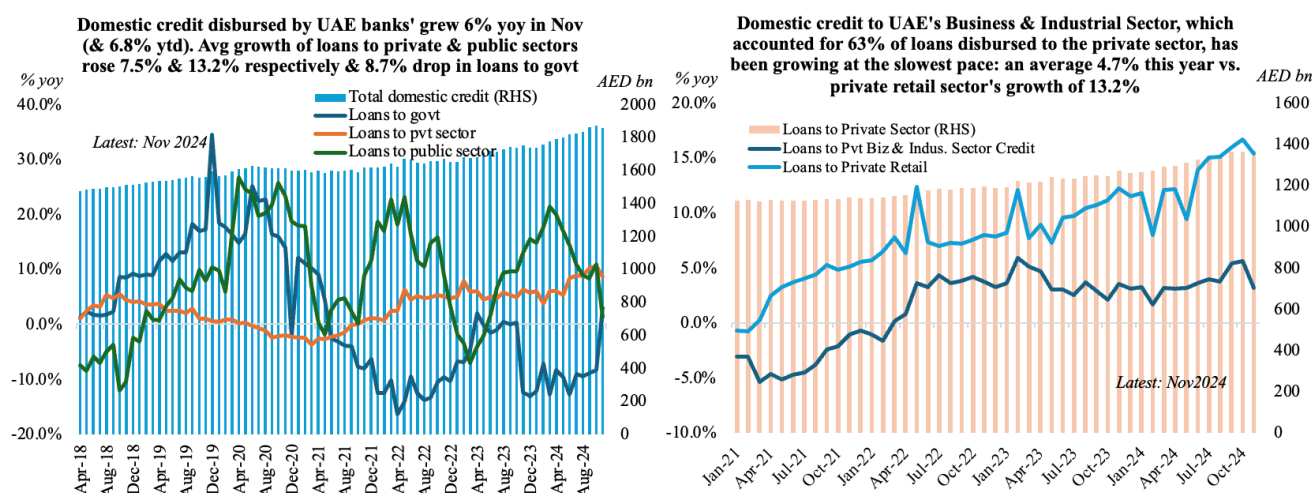


## 2. Domestic credit growth in the UAE rises by 6.8% ytd as of Nov 2024

- **Gross credit in the UAE grew by 8.5% yoy and 8.6% year-to-date (ytd)** to AED 2.163trn in Nov. This was **driven by growth in domestic credit** (6.0% yoy and 6.8% ytd to AED 1.857trn in Nov) and **foreign credit** (26.6% yoy to AED 306.9bn). **Foreign credit** also includes loans and advances to non-residents, which grew by 4.1% mom and

22.8% yoy to AED 25.3bn.

- Within domestic credit, the share of loans to the private sector stood at 72.7% in Nov. Loans to the government and GREs increased by 3.9% and 2.6% year-to-date to AED 191.4bn and AED 300.1bn respectively as of end-Nov.
- Loans disbursed to business and industrial sector (at AED 863.1bn) accounted for 64% of credit to the private sector. Credit disbursed to the private business and industrial sector grew by an average 4.7% yoy in Jan-Nov 2024 while in contrast, private sector retail credit grew at a much faster pace of 13.2%.
- Separately, capital and reserves of banks operating within the UAE climbed to a new high of AED 528.6bn, up 1.1% mom & 9.8% yoy.



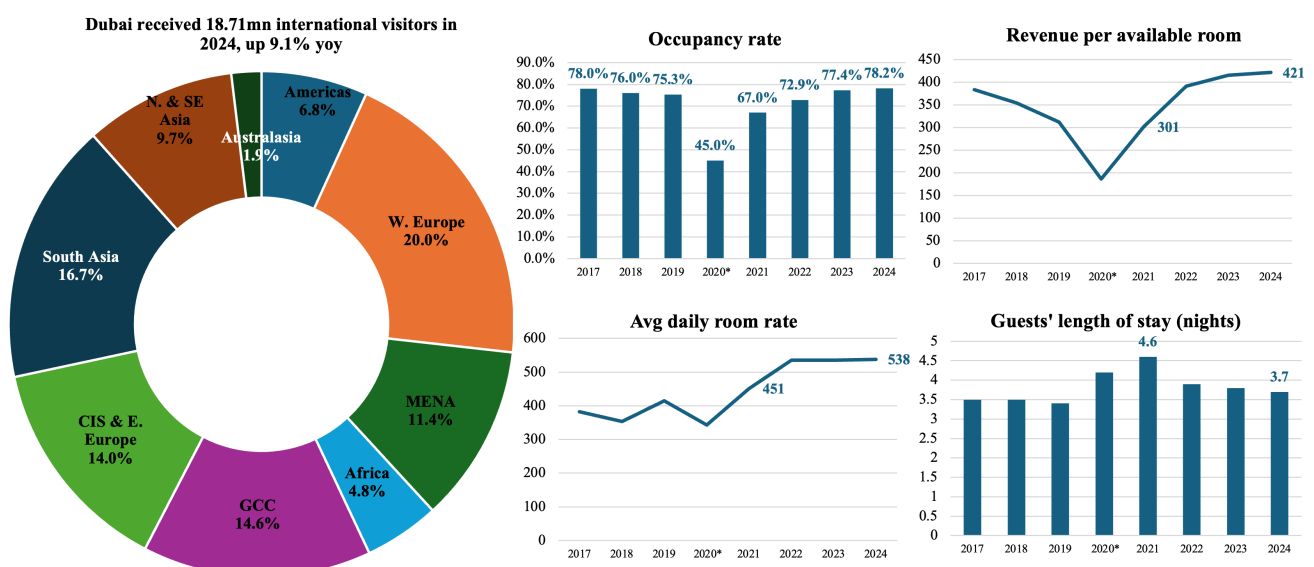
Source: UAE Central Bank. Charts by Nasser Saidi & Associates

### 3. International visitors to Dubai surge 9.1% yoy to 18.71mn in 2024

- Visitors into Dubai increased by 9.1% yoy to 18.71 million in 2024. Western Europe and South Asia accounted for the largest shares of visitors at 10.0% and 16.7% in 2024 (3.74mn and 3.3mn respectively) while GCC & MENA together accounted for 4.74mn visitors (or 25.3% of the total).
- Annual gains were highest in North and South-East Asia

(+24.2% yoy to 1.8mn), followed by Africa (19.8% to 903k). **Tourists from China surged by 31% yoy to 824k in 2024.**

- Growth in tourism is also supported by the tourism infrastructure: there were 154,016 hotel rooms (+2% yoy) across 832 establishments (+1% yoy) in Dubai. Dubai hotels saw record-highs (with available data) amongst multiple indicators: **hotel occupancy rate at a robust 78.2%; revenue per available room of AED 421** (+1.4% yoy) and room rates were at AED 538 (+0.4% yoy). However, length of stay has edged down to 3.7 (from 3.8 last year), but higher than the pre-Covid 3.4 in 2019.
- Passengers passing through the **Dubai International Airport** touched a **record high of 91.9mn passengers this year** (vs 86.9mn in 2023 and the previous pre-pandemic record of 89.1mn in 2018). Dec 2024 was the busiest month, with the airport handling 8.2mn passengers.
- **2025 is shaping up to be another eventful year:** Dubai International airport is scheduled to handle 2.5mn passengers in the week 20-28 Feb, given a mix of school holidays and events such as the Dubai Duty Free Tennis Championships and UAE Cycle Tour among others.



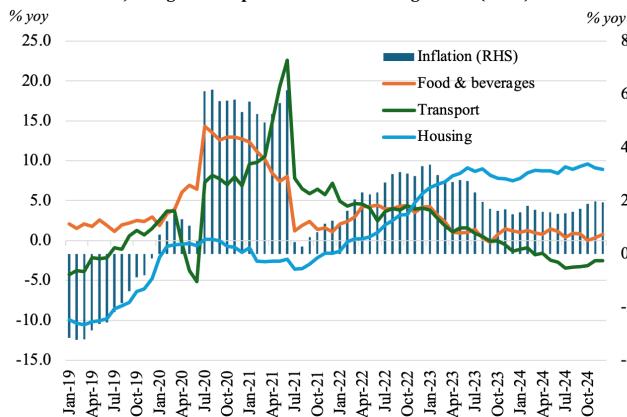
Source: Dubai Department of Economy and Tourism. Charts by Nasser Saidi & Associates  
 Note: Revenue figures are reflective of reported hotel data including residents and hoppers.

#### 4. Consumer prices in Saudi Arabia starts 2025 with a slight

## increase while producer price inflation eased

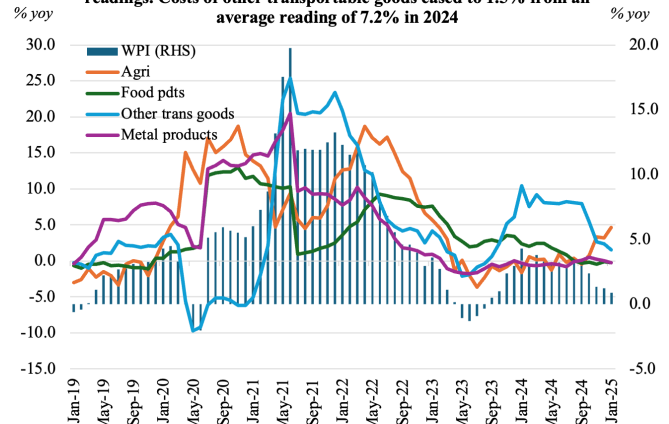
- **Consumer price inflation in Saudi Arabia inched up to 2.0% in Jan** (Dec: 1.9%), with housing & utilities clocking in the largest increase (8.0% in Jan vs 8.9% in Dec). **Rentals for housing stood at 9.68%**, down slightly from Dec's 10.63% reading: rents paid for housing by 9.7% and increase in villa rental prices by 7.7% during Jan 2025.
- Food & beverage costs were up by 0.8% while prices at restaurant & hotels eased slightly (0.8% from 0.95% in Dec). **Miscellaneous goods and services prices accelerated:** by 3.3% in Jan 2025 versus 2.2% in Dec 2024.
- **Wholesale prices in Saudi Arabia eased in Jan** to 0.86% from Dec's 1.2% gain. This was **the lowest reading since Sep 2023**.
- **Deflation eased in ores & minerals** (-2.2% from -2.6%), increased in food products, beverages, tobacco and textiles (-0.26% from -0.14%) while metal products prices fell in Jan (-0.24% from Dec's 0.04%). Prices of **agriculture & fishery products grew by 4.63% yoy** in Jan (Dec: 3.22%).
- **The PMI readings highlight the increase in costs:** input costs jumped at the steepest rate in nearly 4.5 years in Jan & contrary to previous months, output prices also rose at the quickest pace in a year.

**Inflation in Saudi Arabia inched up to 2.0% in Jan 2025 (Dec: 1.93%), with housing & utilities remaining high (8% from Dec's 8.9%) alongside an uptick in food & beverages costs (0.8%)**



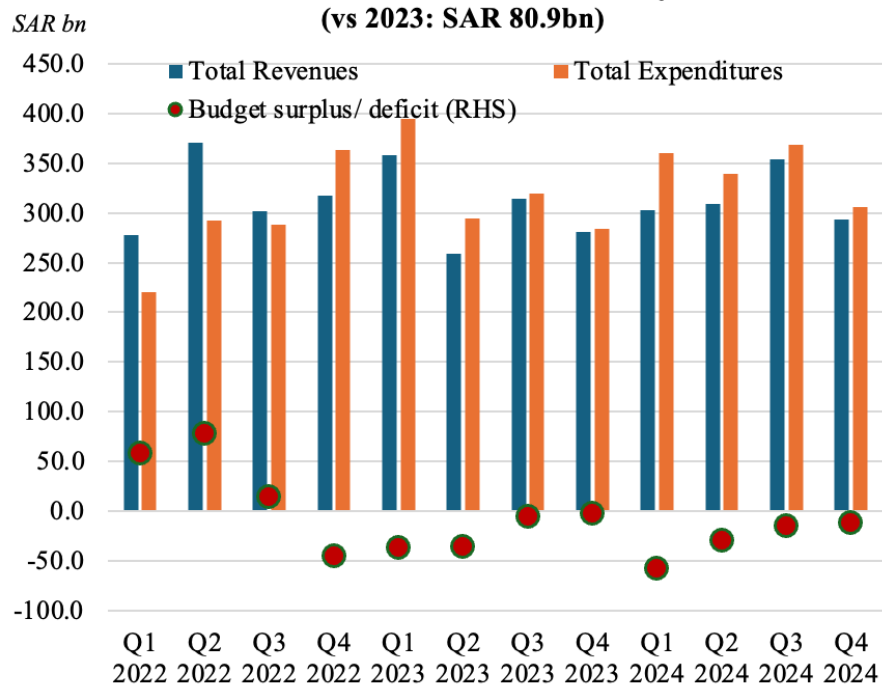
Source: GaStat. Charts by Nasser Saidi & Associates

**Wholesale prices in Saudi Arabia eased to 0.86% in Jan 2025 (Dec: 1.2%), as three of the five principal group showed deflationary readings. Costs of other transportable goods eased to 1.5% from an average reading of 7.2% in 2024**



## 5. Saudi Arabia posts a wider deficit of SAR 115.6bn in 2024, as spending surged by 6.3% versus a modest 3.9% rise in revenues

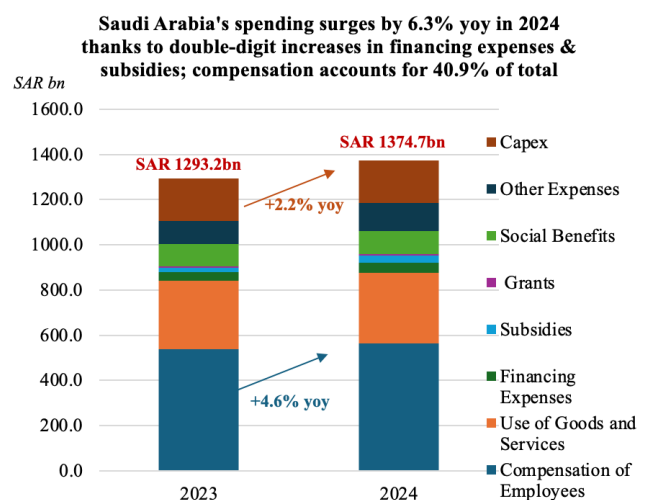
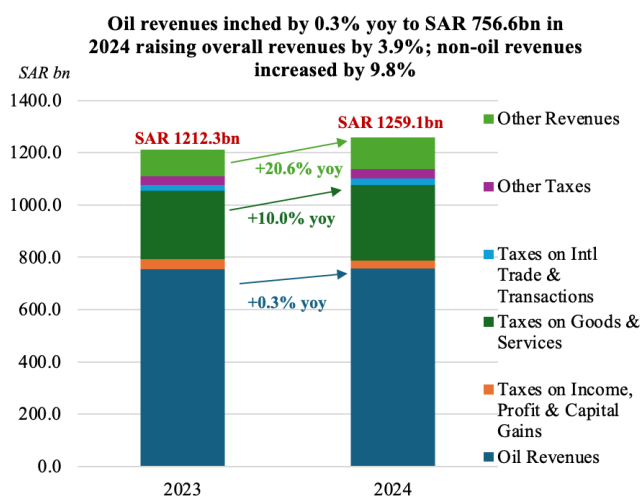
**Saudi Arabia's fiscal deficit narrowed in H2 2024, but widened to SAR 115.6bn for the full year 2024 (vs 2023: SAR 80.9bn)**



- A breakdown of **Saudi Arabia's fiscal deficit in 2024** showed a **narrowing in H2** (SAR 27.7bn, less than one-third the deficit of SAR 87.9bn in H1). The 2025 budget forecasts **fiscal deficit to narrow further to SAR 101bn in 2025**.
- The **6.3% yoy increase in spending** contributed to the widening of deficit last year. Compensation of employees & subsidies together accounted for just over 43% of

total expenditure (& 50% of total opex) and grew by 6.8%. **Capex accounted for just 14% of total spending** and grew by 2.2% to SAR 190.7bn (capex is budgeted to drop in 2025). With multiple gig-projects underway in the country, infrastructure investments are expected to rise further and reach USD 1trn by 2030 (according to the economy minister) .

- Revenues grew by 3.9% yoy to SAR 1259.1bn in 2024, thanks to a **9.8% increase in non-oil revenues** to SAR 502.5bn. **Oil revenues**, which **accounted for 62% of overall revenues**, grew by a modest 0.3% to SAR 756.6bn.
- **Total debt stood at SAR 1.2trn at the end of 2024** from SAR 1.05trn at the start of the year. **Domestic debt accounted for 60.7% of overall debt** at end-2024.
- **Saudi needs an estimated total funding of SAR 139bn in 2025** to cover both deficit and SAR 38bn in debt servicing.



Source: Saudi Arabia's Ministry of Finance. Charts by Nasser Saidi & Associates

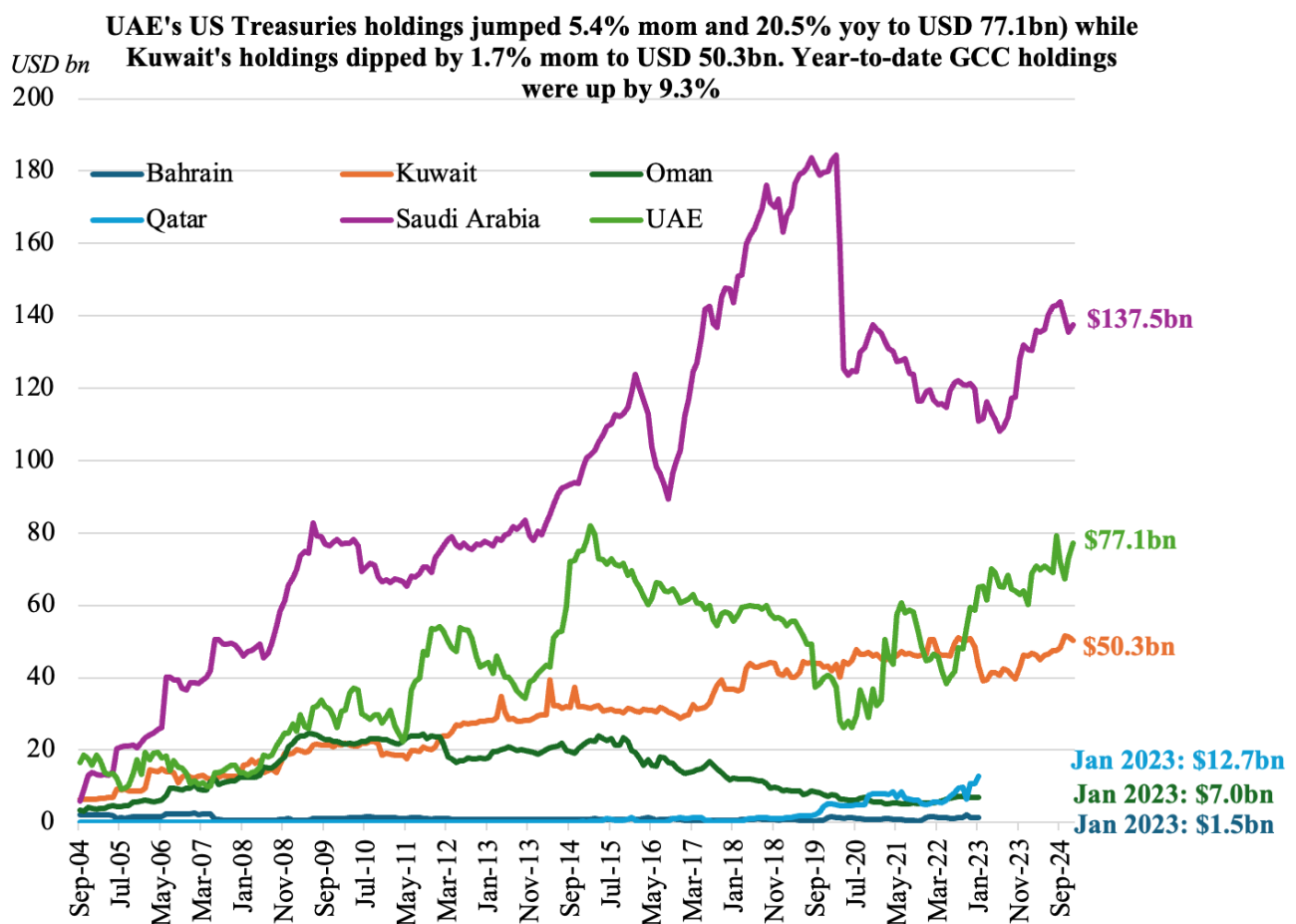
## 6. GCC nations increase holdings of US Treasuries in 2024; UAE's holdings surge close to its record high (from Feb 2015)

- **Foreign holdings of Treasuries fell to USD 8.513trn in Dec** (Nov: USD 8.633trn).
- **Japan and China continued to reduce US Treasuries holdings in Dec.** Japan is still the largest foreign holder of US government debt – USD 1.06trn at end-2024.



**China reduced its holdings to USD 759bn, the lowest level since 2009.** Some nations increased their holdings including Luxembourg, Canada and Belgium.

- **Many central banks have been increasing exposure to assets such as gold:** China was the third-biggest buyer of gold in Q3 2024, adding 15.24 tonnes to its reserves.
- From the region, **Saudi Arabia and UAE posted monthly increases** of 1.44% and 5.4% respectively in US Treasury holdings, with Saudi the 17th largest investor globally.
- GCC nations have been increasing US Treasuries holdings in 2024. At end-Dec, **Kuwait, Saudi and UAE posted annual gains** of 8.7% (to USD 50.3bn), 4.2% (to USD 137.5bn) & 20.5% (to 77.1bn).
- **Saudi holdings are 25% lower than its peak** in Feb 2020 while **UAE's is inching closer to its record-high** of USD 80.1bn (in Feb 2015).



*Source: US Treasury, LSEG Workspace. Chart by Nasser Saidi & Associates.*



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