

Despite Global FDI Dip, MENA nations (notably UAE, Egypt & Saudi) stand out on increased diversification & investor confidence Weekly Insights 20 Jun 2025

Global & regional FDI flows. Global & GCC US Treasury holdings. UAE GDP. Saudi inflation.

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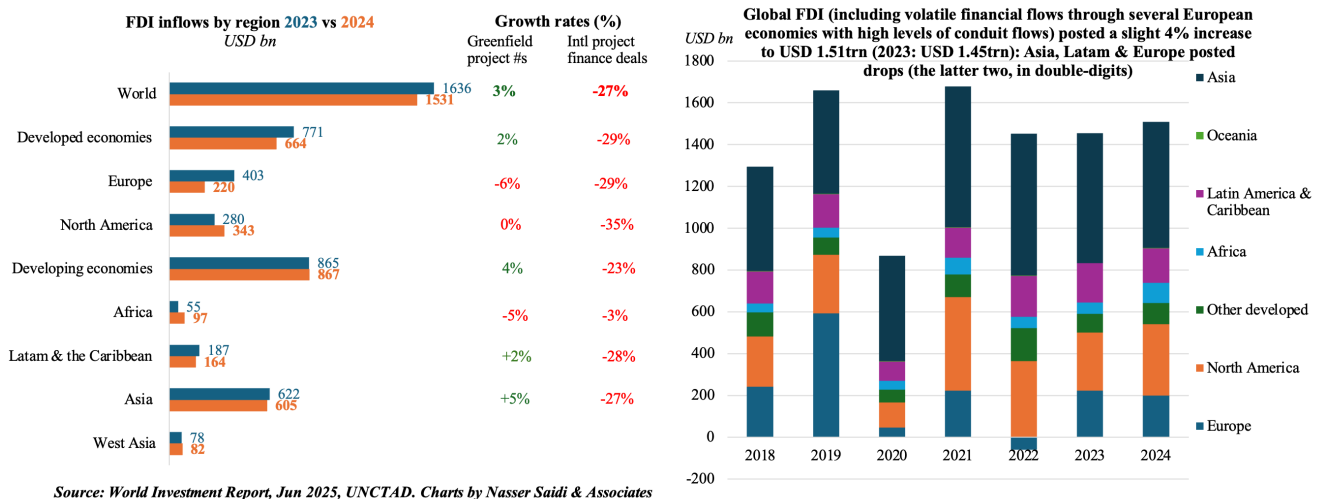
Despite Global FDI Dip, MENA nations (notably UAE, Egypt & Saudi) stand out on increased diversification & investor confidence Weekly Insights 20 Jun 2025

1. Global FDI flows tumbled by 11% yoy to USD 1.53trn in 2024; Africa & North America witnessed the fastest growth (75% & 23% respectively)

- UNCTAD's World Investment Report 2025 revealed a 11% fall in FDI (on a like-to-like basis) globally to USD 1.531trn in 2024, with a clear divergent pattern. Developed nations witnessed a 22% plunge (dragged down by a 58% drop to Europe) while that to the developing nations (accounting for 57% of global FDI) was stable. Protectionism and trade distortions continue to affect FDI flows: early 2025 data indicate record-low deal & project activity, according to UNCTAD.
- US was the largest recipient of FDI in the world, with inflows surging by 20% yoy to USD 279bn, thanks to large scale investments in the high-tech & clean energy sectors. Asia posted an 3% drop in 2024 while flows to

Africa grew by 75%, supported primarily by the Ras Al-Hikma megaproject in Egypt (but even excluding the project, flows to Africa grew by 12%).

- **The number of announced greenfield project announcements** (forward-looking indicator) **quickened** by 3% to more than 19k – the third-largest level on record. The success story centred around sectors such as semiconductors, EV components and digital economy. Greenfield project activity was strong in India and the UAE. **In contrast, international project finance deals declined across major regions: West Asia was the only subregion to show resilience**, with deal value increasing by 5% to USD 78bn.



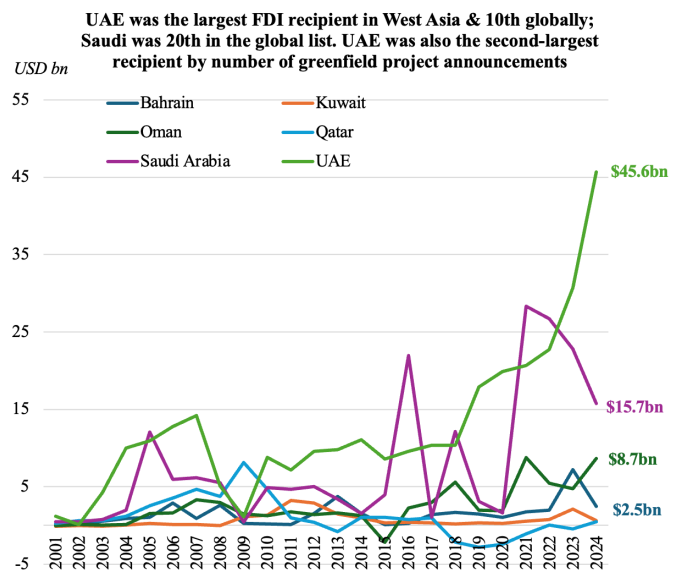
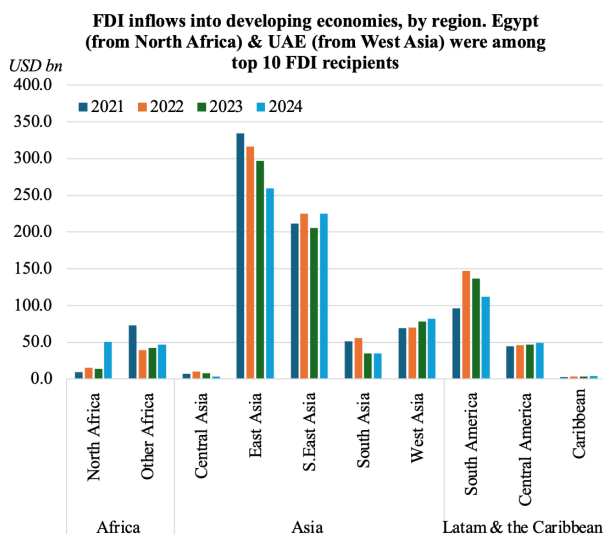
Source: World Investment Report, Jun 2025, UNCTAD. Charts by Nasser Saidi & Associates

2. West Asia FDI showed a mixed performance in 2024 alongside the surge in flows to North Africa. Standout countries were the UAE & Egypt.

- **FDI flows to developing Asia fell further in 2024:** South-East Asia posted a slight increase (+9.7% to USD 225bn). The **decline was pronounced in East Asia (-12.4%) and Central Asia (-61.2%)** while in West Asia, FDI grew by 4.7% to USD 82bn.
- **Within West Asia, UAE emerged as the best performer**, attracting USD 45.6bn in 2023 (+48.7% yoy). The country also moved up the ranks of nations attracting most inflows – 10th largest globally in 2024, up from 11th in

2023 and from 21st in 2022. **UAE was also the second largest globally in terms of number of greenfield project announcements** (1359 projects, with a value of USD 15.6bn). Saudi Arabia saw a drop in FDI inflows: by 31% yoy to USD 15.7bn – despite the drop, **Saudi was the 20th largest recipient globally.**

- **Egypt was the best performer in North Africa**, the driving force in Africa's gains, thanks to investment in the Ras Al-Hikma project. **Greenfield projects in Egypt increased** in both number (+4%) and value (+30%); **IPF commitments also more than doubled.**
- While **international project finance activity sharply declined** in developing Asia (deals by 27% and value by 43%), **West Asia was an outlier**: deal value increased by 5% to USD 78bn, supported by infrastructure and energy projects (in UAE, Saudi Arabia and Iraq).



Source: World Investment Report, Jun 2025, UNCTAD. Charts by Nasser Saidi & Associates

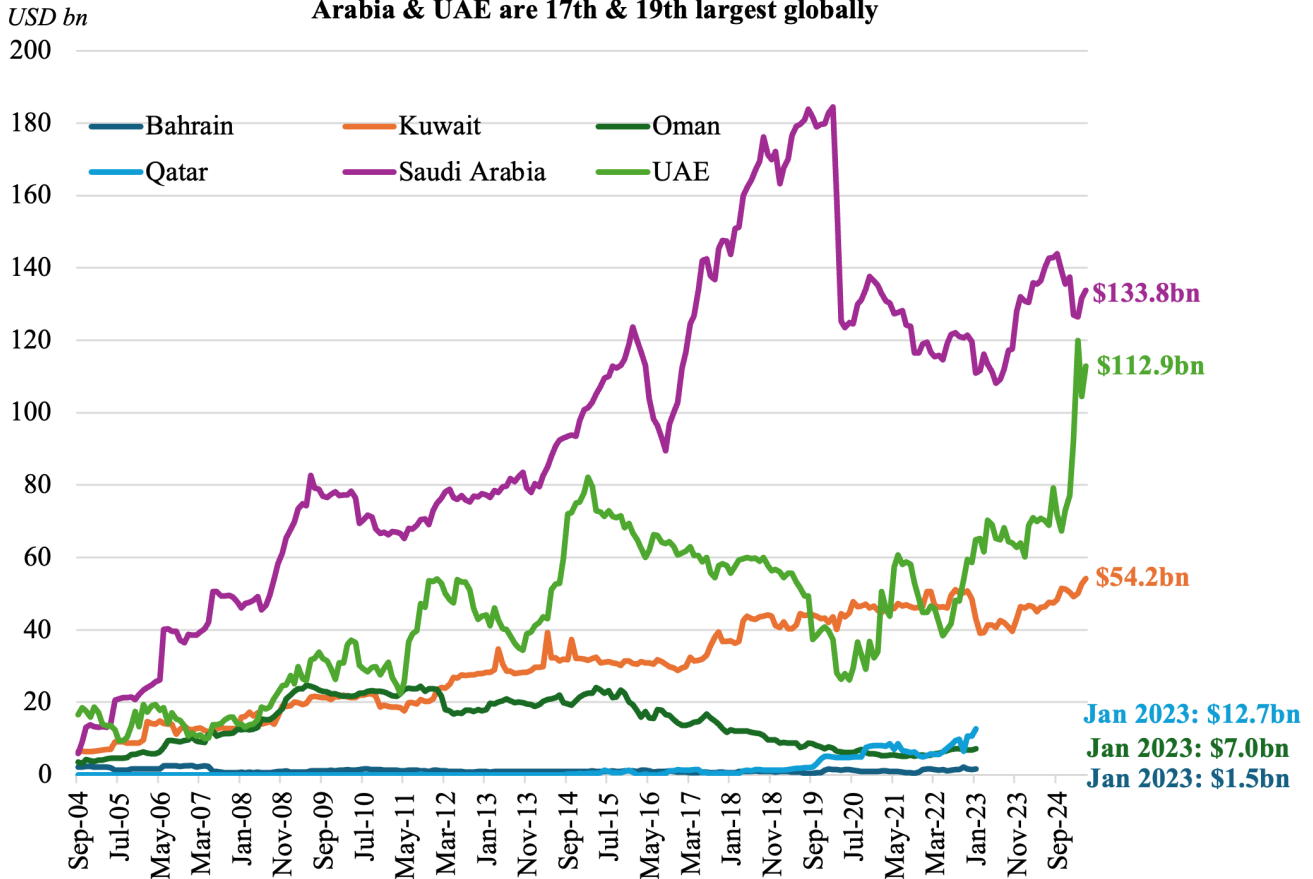
3. Foreign US Treasury holdings, at 9.013trn in Apr, remains close to Mar's record high USD 9.050trn; Saudi & UAE are the 17th and 19th largest holders while Kuwait reached a new record-high

- **Foreign holdings of Treasuries edged down** by 0.4% mom to **USD 9.013trn in Apr**, quite close to the record USD 9.05trn touched in Mar (despite April's trade tariff

announcements that had resulted in an initial US Treasuries sell-off).

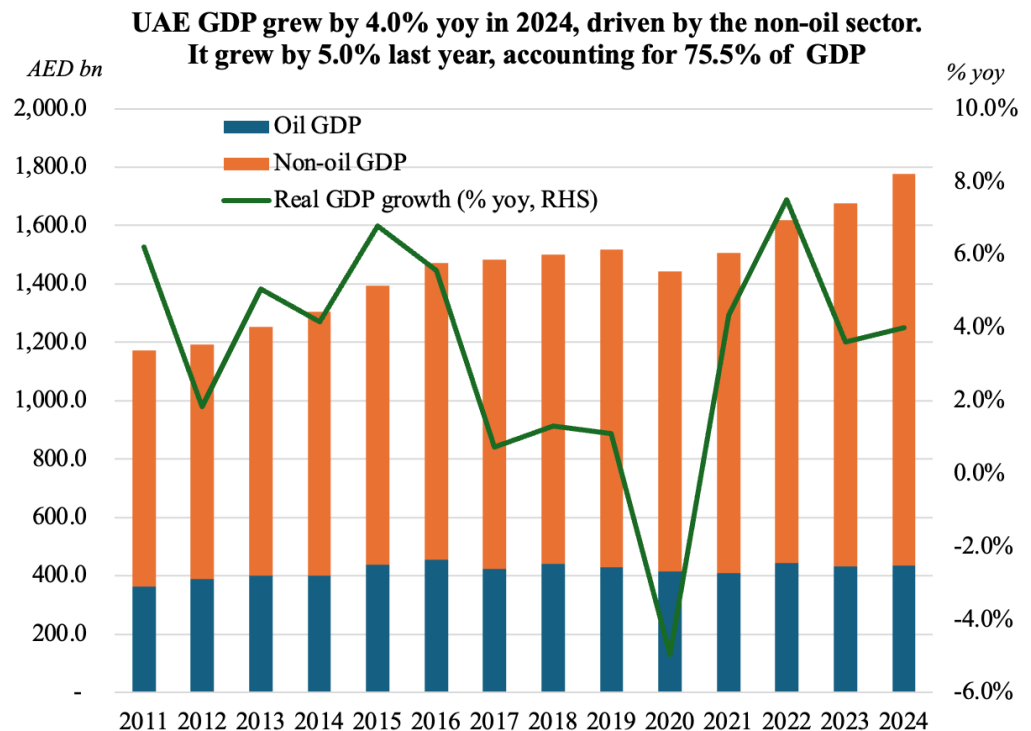
- **Japan and UK** (the latter seen more as a proxy for hedge funds) **remained the largest** two nations holding US Treasuries, while **China's holdings of Treasuries declined** to USD 757bn, the **lowest since 2009**. Interestingly, **Canada's holding** (7th largest) **fell by 13.6% mom** to USD 368.4bn – remember this drop is for the month of Apr, when US announced higher tariffs.
- **Saudi Arabia remained the 17th largest global investor in Apr:** with its holdings up by 1.67% mom to USD 133.8bn.
- **UAE holdings surged in Apr**, by 8.1% mom and 61.6% yoy to USD 112.9bn – **19th largest holder of US Treasuries** (behind Saudi Arabia and South Korea, but ahead of Germany).
- **Kuwait posted a gain** of 2.9% mom & 20.7% yoy to a new record-high USD 54.2bn in Apr (previous record: USD 52.7bn Mar 2025).
- **Treasury holdings data are an indicator of investor sentiment**, given concerns related to the budget, trade tariffs and growing geopolitical uncertainty.

Kuwait's US Treasuries holdings clock in a new record USD 54.2bn in Apr; Saudi Arabia & UAE are 17th & 19th largest globally

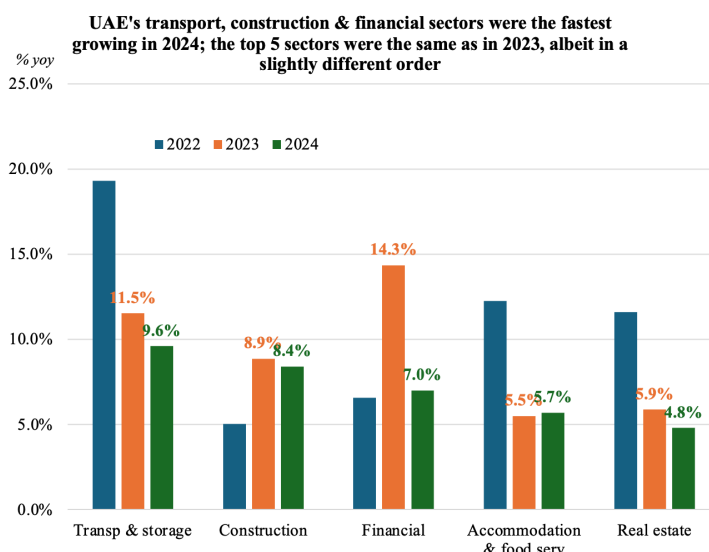


Source: US Treasury, LSEG Workspace. Chart by Nasser Saidi & Associates.

4. UAE GDP expanded by 4.0% yoy in 2024; contribution of the non-oil sector crossed three-quarters of overall GDP

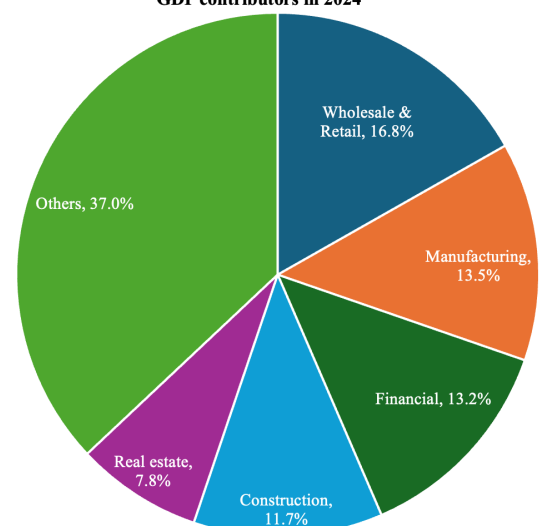


- **Real GDP in the UAE grew 4.0% yoy to AED 1.776trn in 2024**, with non-oil sector activity driving growth (5.0% yoy to AED 1.342trn). The **contribution of the non-oil sector crossed three-quarters of the total (75.5%)**.
- **UAE's transport and storage sector grew the most in 2024 (9.6% yoy)**; other fast-growing sectors were construction (8.4%), finance and insurance activities (7.0%), accommodation & food services (5.7%) and real estate (4.8%). UAE's urban infrastructure projects (e.g. road expansions), financial hubs, and its role as a trade & logistics hub (ports, airports) underscore gains in activity.
- With signing of **more CEPAs** (to boost trade & investment), **non-oil sector expansions** (as evidenced by PMIs), recent success of events such as **"Make in the Emirates"** (driving manufacturing, job creation, non-oil exports) and steady **increase in tourism** (to be boosted by unified GCC visa) & **urban infrastructure development**, the near-term future looks promising.
- **Distribution of GDP** showed the **oil sector accounting for just under 1/4th of GDP (24.4%)**. Among non-oil sectors, wholesale & retail trade (12.1%), manufacturing (11.0%) and the financial sectors were the largest (share of 43.5% together).



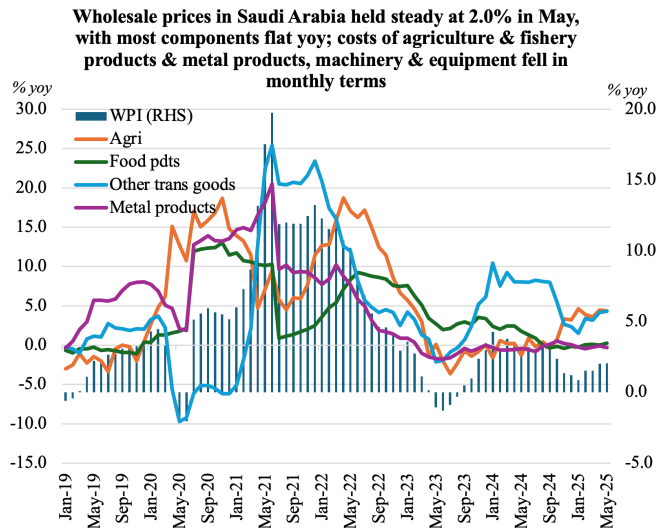
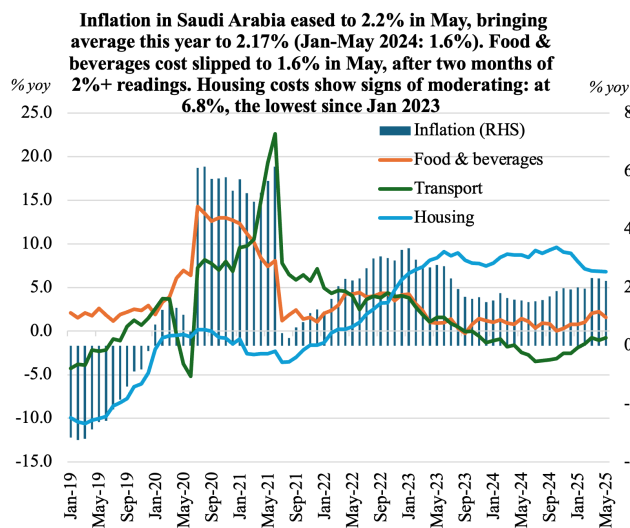
Source: FCSA. Charts by Nasser Saidi & Associates.

Trade, manufacturing & financial sectors were top non-oil sector GDP contributors in 2024



5. Consumer prices in Saudi Arabia eased to 2.2% in May alongside steady producer price inflation at 2.0%

- **Consumer price inflation in Saudi Arabia eased to 2.2% in May**, following two consecutive months of 2.3% readings, as food & beverages prices slowed (1.6% vs Apr's 2.2%) while other costs also moderated including restaurant & hotels (1.8% vs 2.0%). **Housing costs moderated** to 6.81% (from 6.85%) – this was **the lowest reading since Jan 2023**.
- **Six major categories (of out 12) continued to show deflation**: prices dropped further in furnishings & household equipment (-2.46% from -1.79%) while **some declined at a slower pace** such as in transport (-0.78% vs 1.03%), clothing & footwear (-0.91% vs -1.19%) and recreation & culture costs fell (-0.58% vs -0.67%).
- **CPI averaged 2.17% in Jan-May 2025** vs 1.63% in Jan-May 2024: housing costs remained high, but eased to an average 7.14% from 8.5%; transport costs fell (-1.19% vs -1.56%) while miscellaneous goods & services prices accelerated: up by 3.7% in Jan-May (vs -0.88% a year ago)
- **Wholesale prices in Saudi Arabia held steady in May** at 2.0%, with monthly declines registered in agriculture & fishery (4.4% vs 4.46%) and metal products, machinery & equipment (-0.3% from -0.09%); "other transportable goods" prices ticked up to 4.3% (from 4.13%).
- **Average wholesale prices inflation more than halved in Jan-May 2025 vs the same period a year ago**: clocking in 1.6% (vs 3.55%), as "other transportable goods" prices plunged (3.31% from 8.65%).



Source: GaStat. Charts by Nasser Saidi & Associates

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