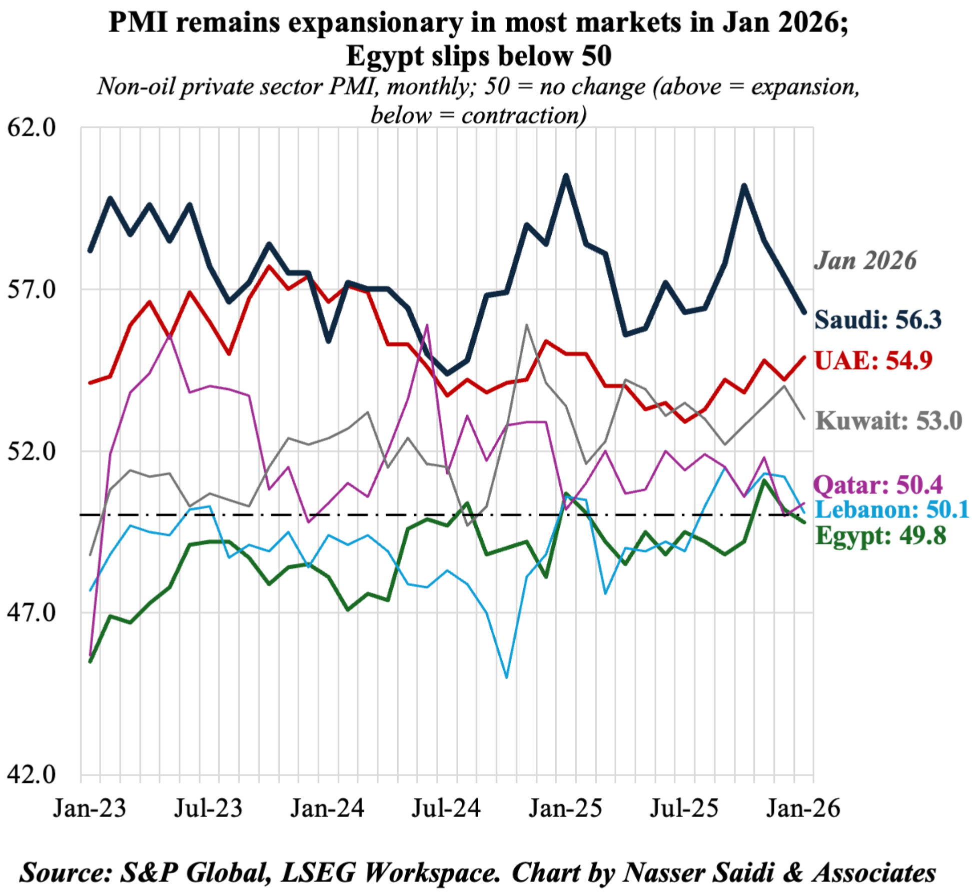
Expansionary PMIs, UAE CEPAs delivering, Kuwait running Deficits: Weekly Insights 13 Feb 2026

Middle East PMIs. Dubai & Abu Dhabi GDP. KSA GDP & IP. UAE trade. Dubai tourism. Kuwait budget.

Download a PDF copy of this week's insight piece here.

Expansionary PMIs, UAE CEPAs delivering, Kuwait running Deficits: Weekly Insights 13 Feb 2026

1. Expansionary PMIs across most of the Middle East countries in Jan 2026



- **UAE PMI accelerated to a near one-year high** (54.9), driven by a sharp uptake in new business and strong orders. Momentum cooled slightly in Saudi Arabia (a six-month low of 56.3) and Kuwait (53.0) though remaining firmly in expansionary territory.

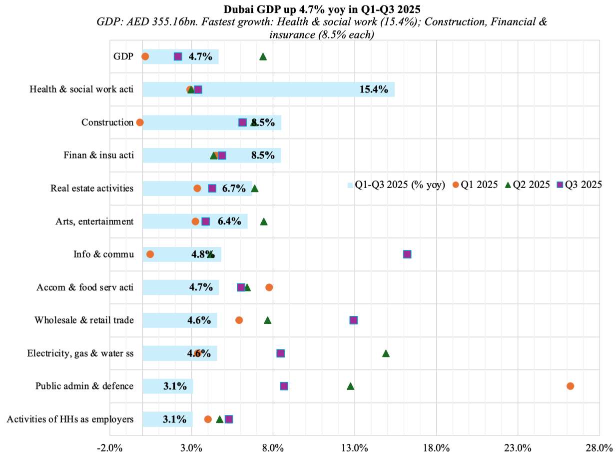
- **Resurgence of input cost pressures.** Saudi Arabia & UAE reported accelerated rises in input prices driven by raw materials, wages & technology costs. Firms in the UAE and Kuwait are **limiting output price increases to maintain market share** that could have a significant impact on businesses operating margins.
- **Though Qatar and Lebanon posted expansionary readings** of 50.4 and 50.1 respectively, **underlying data reveals some fragility**. Weak order inflows and heightened worries over potential US-Iran escalation underlie Lebanon's readings. Qatar posted seven months of declining new business in the past eight months, with headline PMI driven by employment & growth in stocks of purchases than demand.
- **Labour market pressures. Egypt** slipped back into contraction (49.8 in Jan), with firms trimming jobs at the sharpest rate since late 2023 amid spare capacity and softer domestic sales. **Kuwait** reported outstanding business accumulating at a record pace, indicating an urgent need for hiring (especially if new orders continue to rise).
- **Domestic vs external demand.** Most GCC nations have benefitted from strong domestic demand. Saudi also demonstrated resilience in external trade: export orders expanded at the fastest pace since Oct 2025. In contrast, Egypt's production was supported almost entirely by foreign demand, amid weak domestic consumption.
- The **ongoing increase in input costs and wage bills** presents a major headwind, especially in the backdrop of businesses absorbing costs to remain competitive and secure market share. If inflationary pressure on raw materials persists, it **could impact corporate profits** significantly by mid-year. Furthermore, **geopolitics could also become a significant factor**: should the US-Iran tensions cited in Lebanon become a larger concern across the region, business sentiment could be affected.

Remember that Trump plans to impose additional tariffs on countries doing business with Iran.

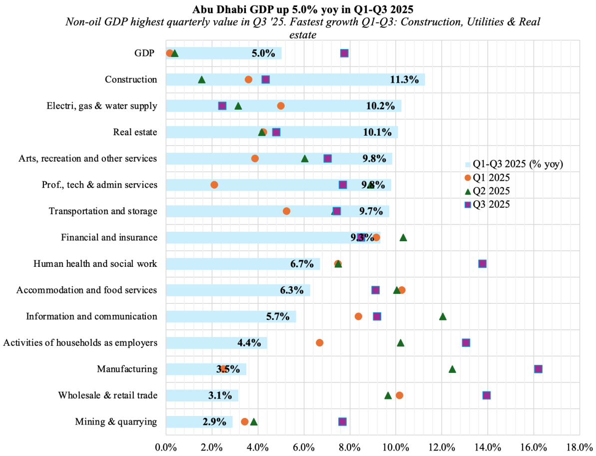
2. Dubai & Abu Dhabi GDP accelerate in Jan-Sep 2025, but with different drivers of growth

- **Dubai GDP grew by 4.7% yoy to AED 355bn** in Q1-Q3 2025: trade, logistics, financial services, manufacturing & real estate were the top contributors to growth (together accounting for under two-thirds of GDP).
- **Post-pandemic population boom remains one of its strongest forward-looking indicators.** Net inflows of high-income expatriates are reinforcing consumption, housing demand, retail, transport and SME activity. **Growth will be supported by an active private sector**, benefitting from higher capital inflows into more dynamic sectors (AI/ Tech, financial services etc.). Its D33 agenda includes doubling foreign trade: plausible considering current trade patterns (next slide)
- **What to watch out for?** (a) Can the market absorb the rapid supply growth in real estate – will it lead to a correction? (b) Will infrastructure strain (traffic, utilities) have a negative impact on productivity?
- **Abu Dhabi grew steadily in Q1-Q3 2025**, up 5.0% yoy to AED 923.1bn. **The emirate's diversification away from oil is evident**: in Q3 alone, real GDP grew by 7.7%, with **non-oil GDP posting its highest quarterly value on record** (+7.8% yoy to AED 175.6bn).
- The **non-oil pivot** (6.8% growth in Q1-Q3) stems from state-led investment in "high-value" sectors like **clean energy, high-tech manufacturing & finance** (ADGM). The finance sector's growth (9.3% in Jan-Sep) signals its rise in attracting hedge funds & family offices ("a capital of capital").
- **What to watch out for?** (a) Will a fall in oil prices lead to lower government spending that slows support for industrial projects driving non-oil growth? (b) Will

increased oil production quotas revive growth in the oil sector (as being seen in Saudi)?



Source: Dubai Statistics Centre, Dubai Pulse. Chart created by Nasser Saidi & Associates.



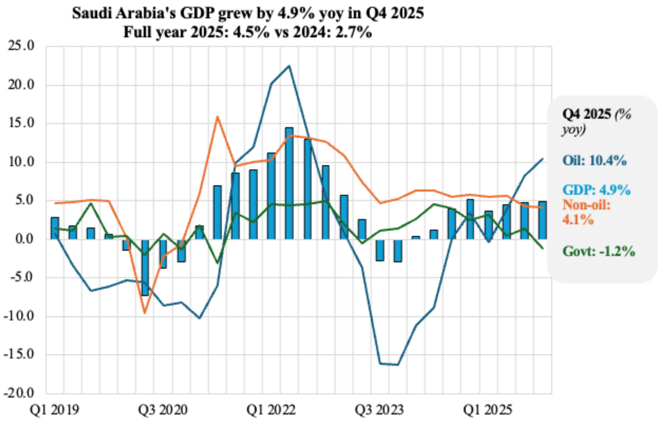
Source: Statistics Centre - Abu Dhabi. Chart by Nasser Saidi & Associates

3. Non-oil activity grows in Saudi; oil sector activity pushes up GDP & IP

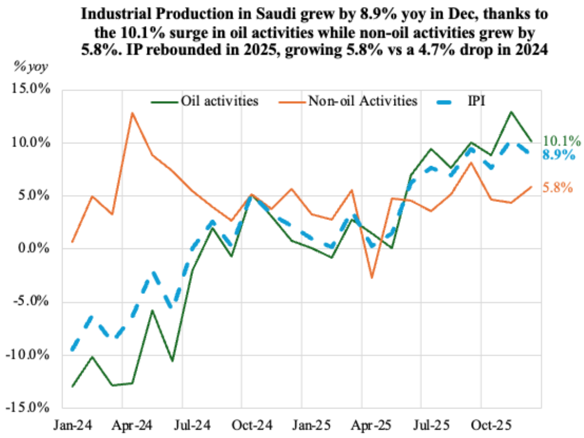
- **Saudi Arabia's GDP grew by 4.9% yoy in Q4** (Q3: 4.8% and Q4 2024: 5.2%), according to flash estimates from Gastat.
- **Growth was supported by a double-digit growth in oil activities** (10.4% in Q4 vs 8.3% in Q3 and 3.4% a year ago), resulting from the unwinding of voluntary oil production cuts. By Dec 2025, Saudi crude production reached 10.1mn barrels per day (bpd), up significantly from around 8.9mn bpd a year earlier.
- The **non-oil sector continued to grow by a solid 4.1%** (Q3: 4.3%) but was overshadowed by the surge in oil sector activity.
- **For the full year 2025, GDP grew by 4.5%** – a much faster pace than 2024's 2.7%. Once again, **oil was a key factor**: the sector posted a rebound in 2025, growing by 5.6% versus a 4.4% drop in 2024.
- **Saudi industrial production data mirrors this oil surge.** In Dec, IP grew by 8.9% yoy, driven by the 10.1% jump in oil activity. The extraction of crude petroleum and natural gas, which has a heavy weight of 61.4% in the index, grew by 13.2% yoy – pulling up the headline IP

number. **Non-oil manufacturing also increased**, up 2.1% mom and 6.5% yoy in Dec.

- Within non-oil manufacturing, the fastest growth was recorded by **chemicals** (13.4% yoy) – possibly that the extra O&G produced is also feeding into downstream industries (petrochemicals).
- **IP rebounded in the full year 2025**, growing by an average 5.3%, from a 2.1% drop in 2024. Oil activities recovered in 2025, rising 5.8% (2024: -4.7%).



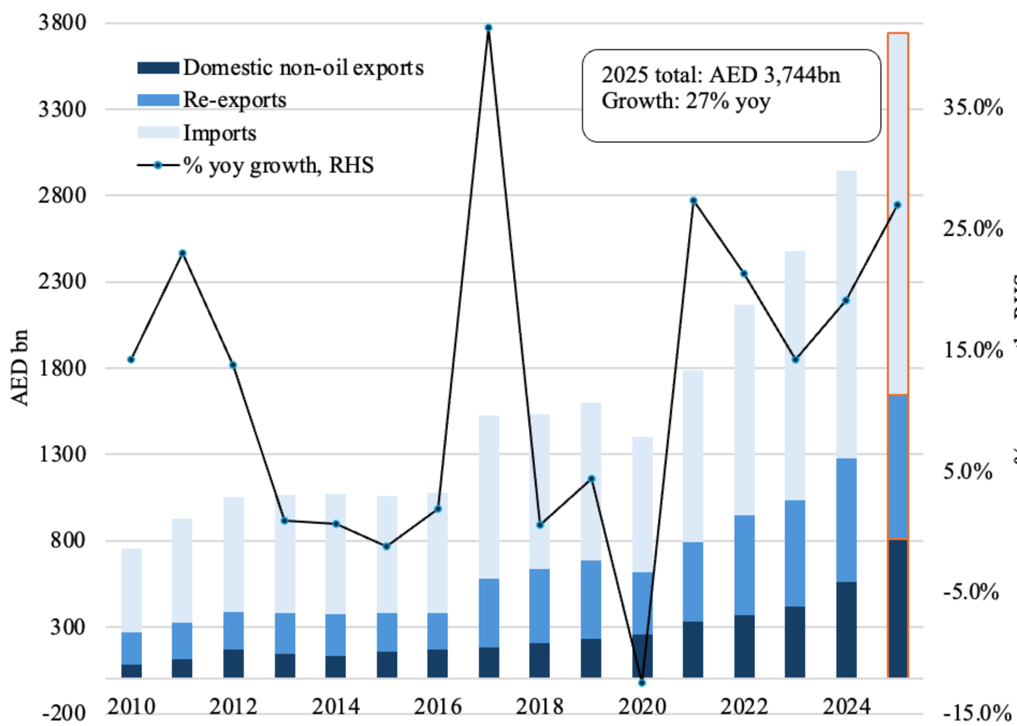
Source: General Authority for Statistics. Charts by Nasser Saidi & Associates.



Source: GaStat. Charts by Nasser Saidi & Associates

4. UAE non-oil foreign trade reaches historic milestone ahead

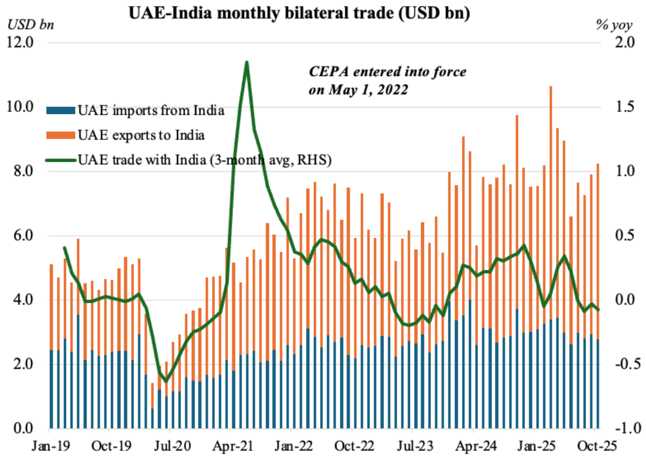
UAE trade expanded sharply & exceeded USD 1trn for the first time in 2025

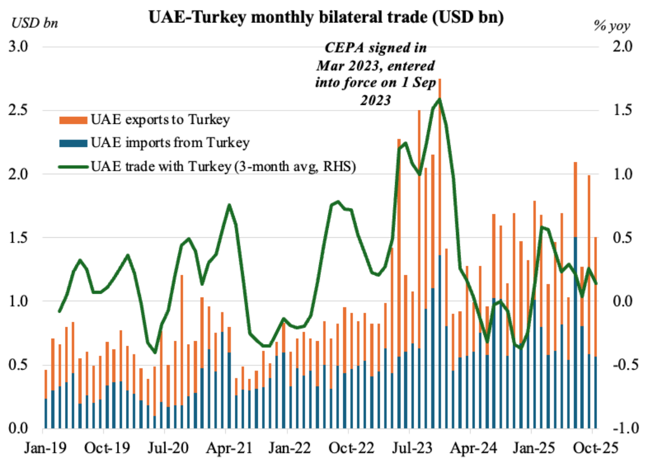


Source: UAE FCSA, WAM. Chart by Nasser Saidi & Associates.

- **UAE's non-oil foreign trade surged 27% yoy to a record-high AED 3.744trn in 2025**, hitting its 2031 trade target five years early.
- UAE trade volumes are less correlated with oil prices, thanks to diversification efforts via products (non-oil exports, re-exports) and new markets (Comprehensive Economic Partnership Agreements or CEPAs). **Trade with CEPA partners**, including India & Turkey, **grew by 18.2%.**
- **Non-oil exports are the primary engine of growth**, surging 45% to AED 813.8bn. Despite the surge in domestic exports, **traditional re-exports grew by 15.7%** (to AED 830bn), underscoring UAE's efficient logistics operations.
- Going forward, the **UAE will continue to benefit from the CEPAs** (35 signed so far & others in various stages of discussions). It's role as a **neutral party amid the trade and tariff wars and logistical connectivity** will support Global South trade (bridging Asian production with Africa & Middle East consumption). Furthermore,

expect the UAE to benefit from digital trade – both infrastructure and services exports.





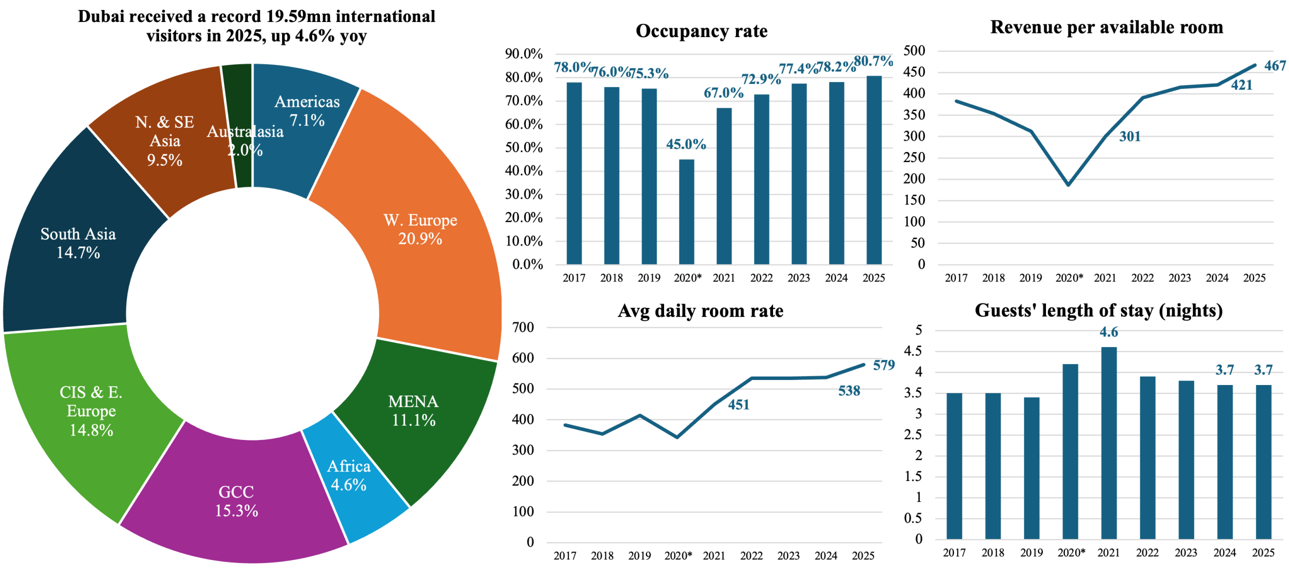
Source: IMF Direction of Trade Statistics. Charts by Nasser Saidi & Associates.

5. International visitors to Dubai surge 4.6% yoy to 19.59mn in 2025

- **Visitors into Dubai increased by 4.6% yoy to 19.59 million in 2025. Western Europe and South Asia accounted for the largest shares of visitors** at 20.9% and 14.7% of total visitors in 2025 (4.1mn and 2.9mn respectively) while GCC & MENA together accounted for 5.16mn visitors (or 26.4% of the total).
- **Annual gains were highest in CIS & E. Europe** (+10.1% yoy to 2.89mn), followed by Americas (9.8% to 1.4mn) and Western Europe (9.7% to 4.1mn); there was a **slight dip in tourists from South Asia** (-7.9% to 2.9mn) **and Africa** (-0.7% to 897k).
- Growth in tourism is also supported by the tourism infrastructure: there were 154,264 hotel rooms (+0.2% yoy) across 827 establishments in Dubai. Hotels also reported new-highs (as per available data) amongst multiple indicators: **hotel occupancy rate at a robust 80.7%**; **revenue per available room of AED 467** (+10.9% yoy) and room rates were at AED 579 (+7.6% yoy). However, length of stay held steady at 3.7, but higher than the pre-Covid 3.4 in 2019.
- **Dubai International Airport** handled **a record high 95.2mn**

passengers in 2025 (vs 91.9mn in 2024 and the previous pre-pandemic record of 89.1mn in 2018), reinforcing Dubai's strength as the world's busiest international travel hub – a major driver of tourism inflows.

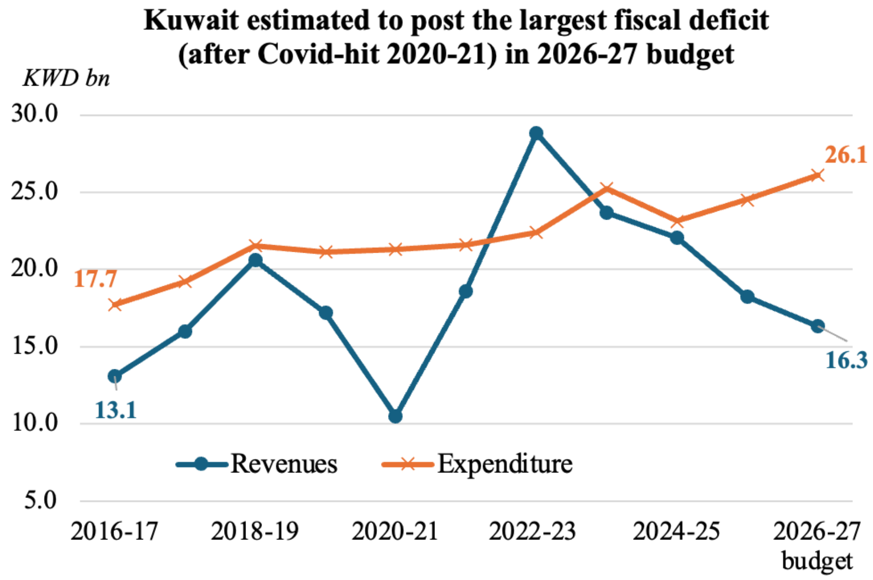
- **Tourism will continue to be a core engine of economic growth in Dubai**: improved air connectivity, ease of tourist entry, large events, exhibitions & conferences help smooth out seasonal demand & are attracting higher-spending visitors => increase inbound demand & spending. Strategic plans like GCC unified visas, sustainability, smart infrastructure and cultural tourism will further contribute to Dubai's GDP.



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.

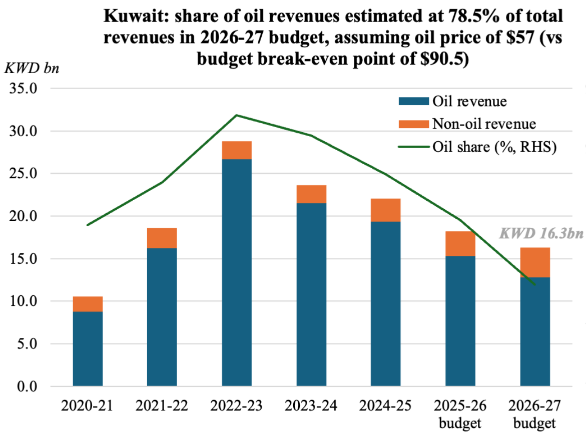
6. Kuwait 2026-27 budget projects the largest deficit in

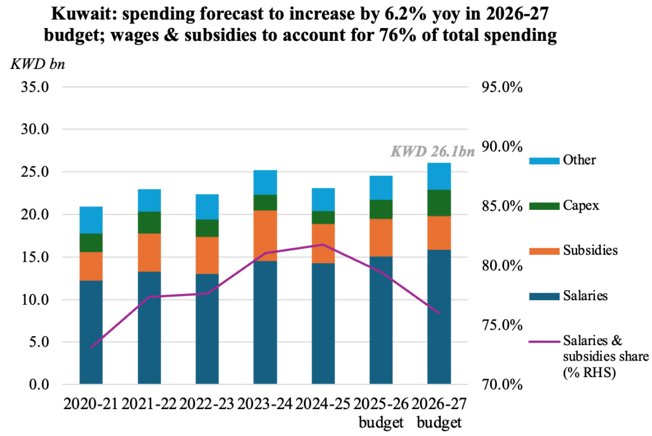
recent history



- **The 2025-26 budget in Kuwait projects a fourth consecutive year of deficit:** at KWD 9.8bn, it is wider than the previous budget's KWD 6.3bn and the largest deficit excluding the Covid-hit year of 2020-21 (KWD 10.8bn). This is driven largely by weaker oil revenue assumptions (USD 57) and mandatory transfers; the budget breakeven point is a much higher USD 90.5.
- Compared to the 2025-26 budget, **oil revenues are estimated to plunge 16.3%;** non-oil revenues, which accounts for just over one-fifth of total revenues, is expected to surge by 20%. Overall revenues are down by 10.5% to KWD 16.3bn.
- **Expenditures are projected to increase by 6.2%** to KWD 26.1bn (vs 2024-25 budget), thanks to increases in capex (36.8% to KWD 3.1bn or 12% of total spending) and wages (5.2% to KWD 15.1bn); subsidies dipped 10.5% to KWD 4.0bn.
- There were some positive moves towards greater revenue diversification last year: for example, the 15% CIT was extended to cover all large MNCs in Jan 2025, the Public Debt Law (Mar 2025) enables the government to issue debt for the first time in almost a decade. While the **rise in non-oil revenues in the 2026-27 budget is notable**, the high budget breakeven price should necessitate

discussions over measures such as broadening the tax base, subsidy rationalisation or introducing long-term fiscal frameworks to improve resilience. But, for now, Kuwait’s fiscal health continues to be highly sensitive to global oil demand and price volatility.





Source: Ministry of Finance, Kuwait. Charts by Nasser Saidi & Associates

Powered by:

LSEG DATA & ANALYTICS