

From Trade to Treasuries: Growth Resilience in the GCC

Weekly Insights 22 Aug 2025

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- *Oman's sustained growth in non-oil exports in H1; growing regional integration, with UAE top trade partner*
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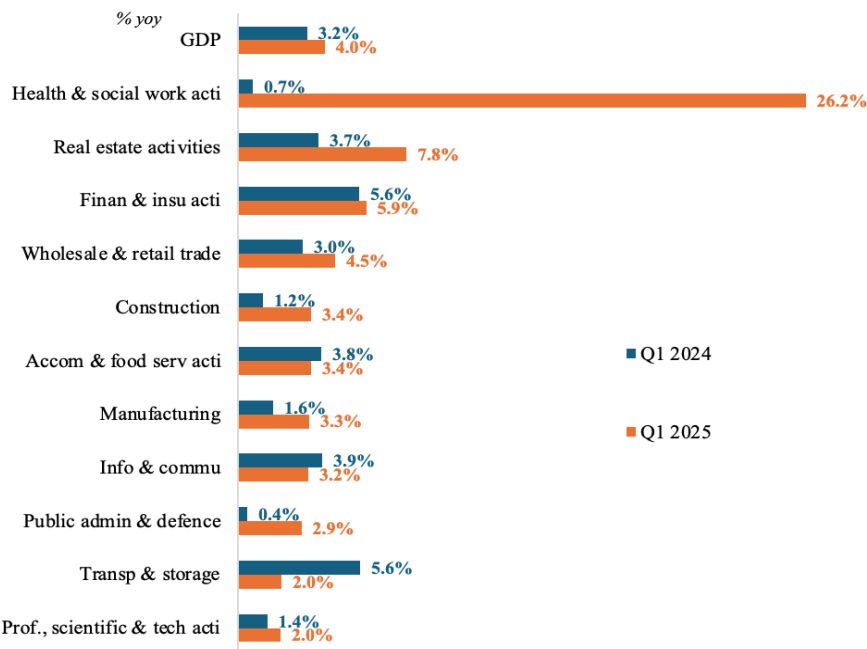
NASSER SAIDI

— & ASSOCIATES —

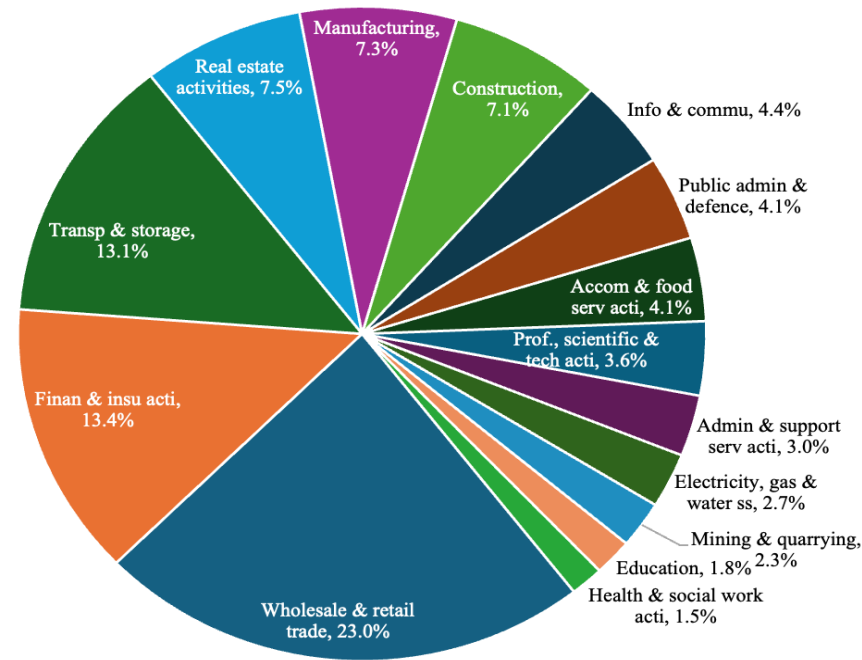
Dubai real GDP grew 4.0% yoy in Q1 2025: Trade major contributor

- **Dubai real GDP grew by 4.0% yoy to AED 119.7bn in Q1 2025:** fastest growing sectors were health & social work (26.2%), real estate activity (7.8%) and finance & insurance (5.9%). Wholesale & retail trade (4.5%), and construction (3.4%) round up the fastest growing sectors.
- **Wholesale & retail trade was the largest contributor to GDP** (23% of total in Q1), followed by financial & insurance activities (13.4%) and transportation & storage (13.1%). Along with real estate and manufacturing, these five sectors together accounted for 64.3% of overall GDP.
- Post-Covid, **Dubai has successfully diversified into multiple sectors**, thereby reducing over-dependency.
 - ✓ **Wholesale & retail trade** has benefitted from the various UAE CEPAs and Dubai's inter-linked logistics infrastructure (ports, airports): the opening of the Etihad Rail and new Al Maktoum International Airport will accelerate growth further.
 - ✓ **Financial & insurance sector** has benefitted from the presence of the DIFC (home to 7700 firms & 48k professionals), with rising interest from fintech firms & wealth & asset management firms; plans for infrastructure & regulatory updates will further raise the DIFC's contribution to Dubai's GDP. The removal of UAE from the FATF grey list has also benefitted the sector.
 - ✓ **Real estate activities & construction on the rise:** Real estate transactions crossed AED 431bn in H1 (+25% yoy), with transaction volumes exceeding 125k deals (+26%). With the influx of expat population and more tourists (9.9mn visitors in H1), there has been a surge in urban planning & infrastructure development (roads, bridges, rainwater drainage network development), housing & logistics solutions.

Dubai GDP grew by 4.0% yoy to AED 120bn in Q1 2025. Health & social work activities grew the fastest, real estate & financial sectors (7.8% and 5.9% resp)



Top 5 sectors accounted for close to 2/3-rds of Dubai's GDP in Q1 2025; wholesale & retail trade sector was the largest contributor, followed by finance & insurance and transportation & storage

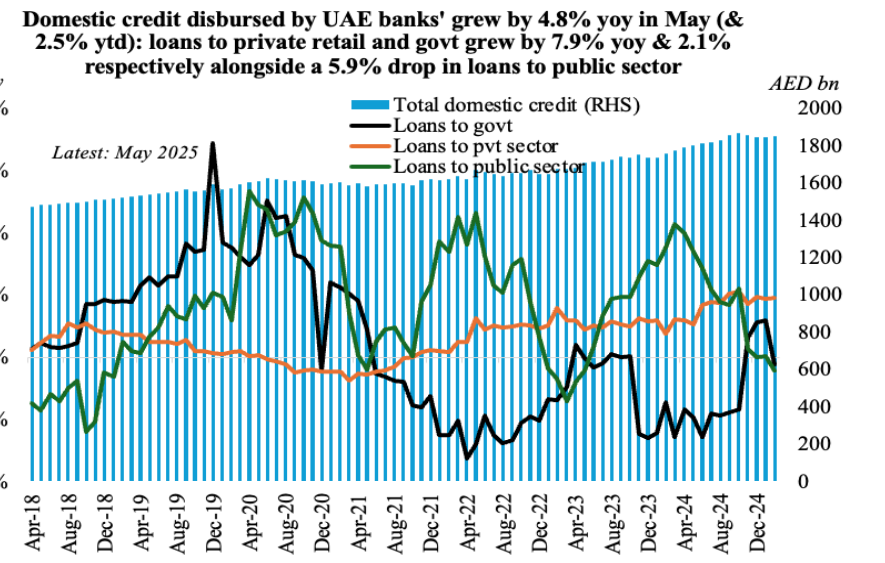
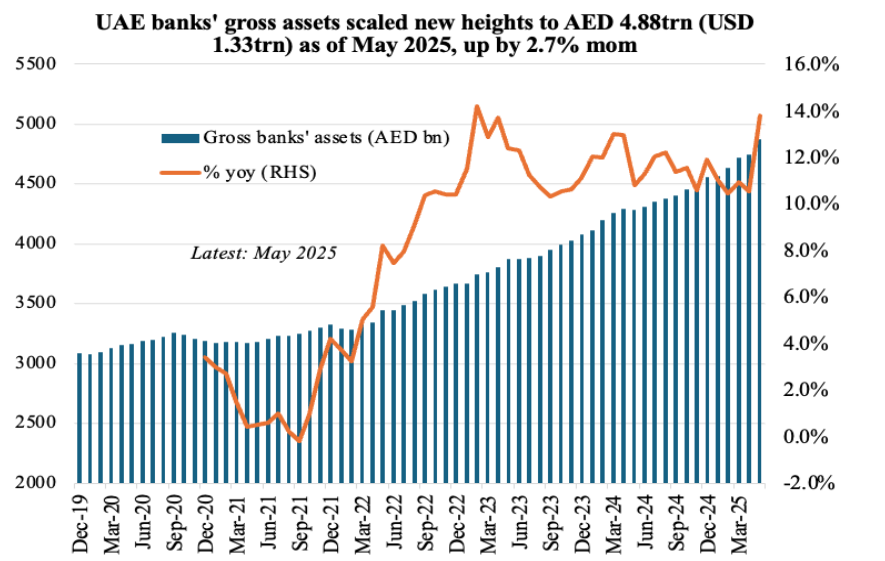
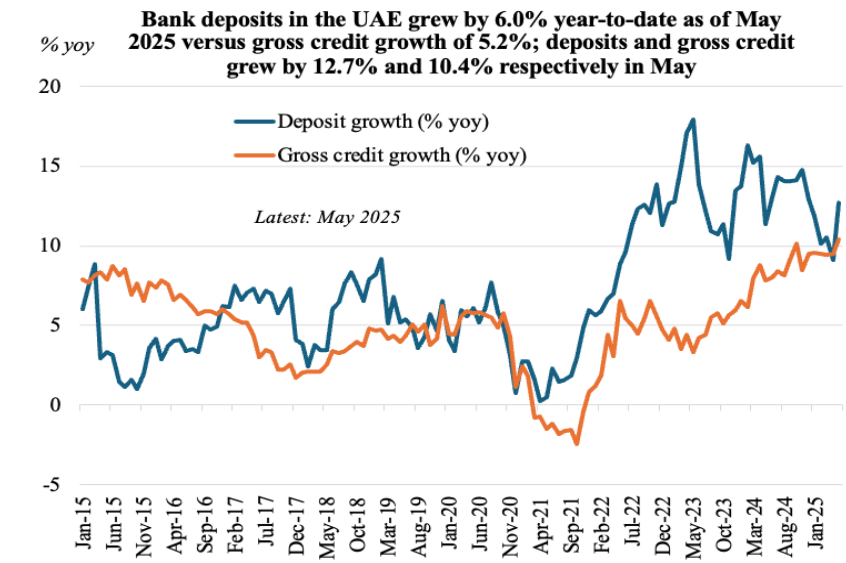
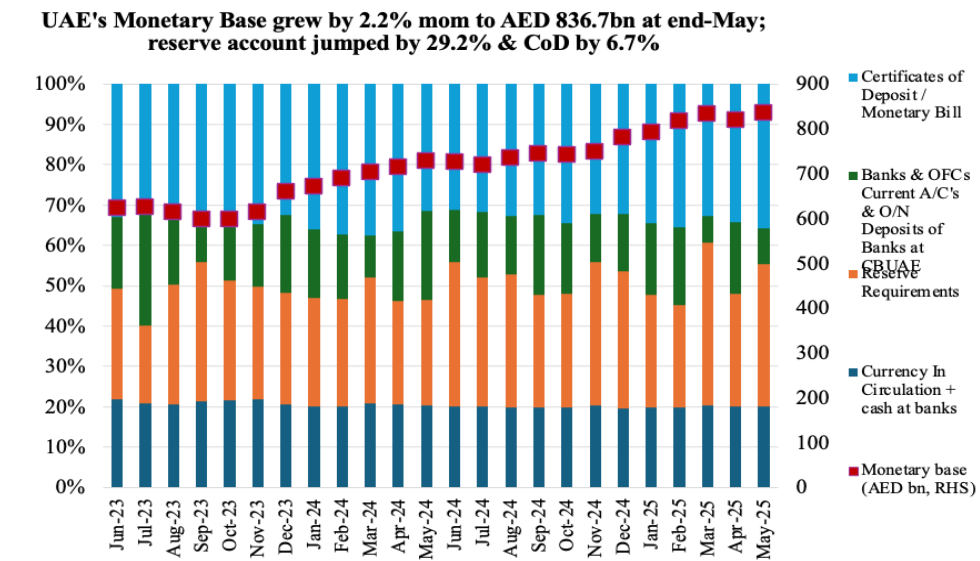


UAE deposit growth continues outpacing credit growth

UAE's monetary base grew by 2.2% to AED 836.7bn in May, with key contributors' reserve accounts & monetary bills & Islamic Certificate of Deposits.

Moderate expansion of money aggregates suggests steady demand within the economy and buoyant liquidity growth.

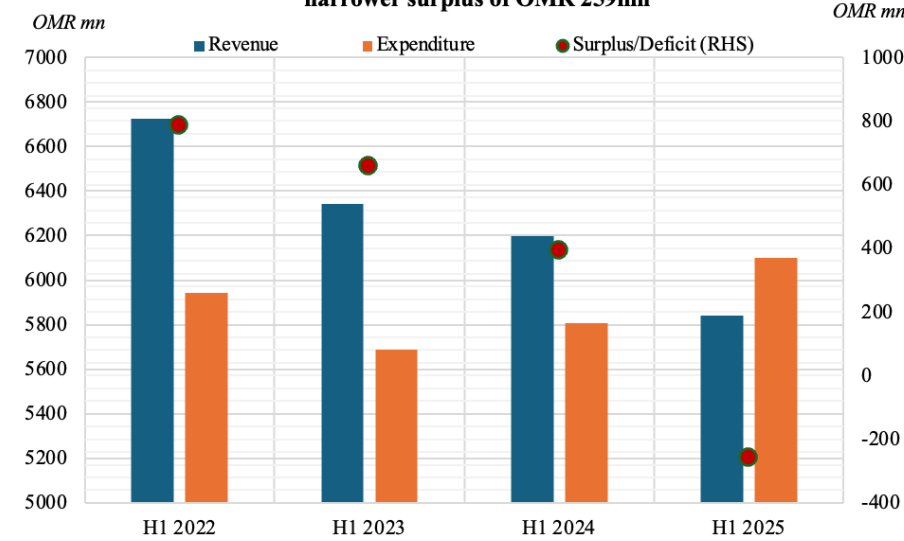
Gross bank assets took to new record high of AED 4.88tn. Banks' deposits grew by 6.0% year-to-date (private sector & non-residents deposits grew fastest by 8.9% & 12.8% ytd) alongside **gross credit growth**, up 5.2% ytd (credit to individuals grew fastest, 6.7% ytd).



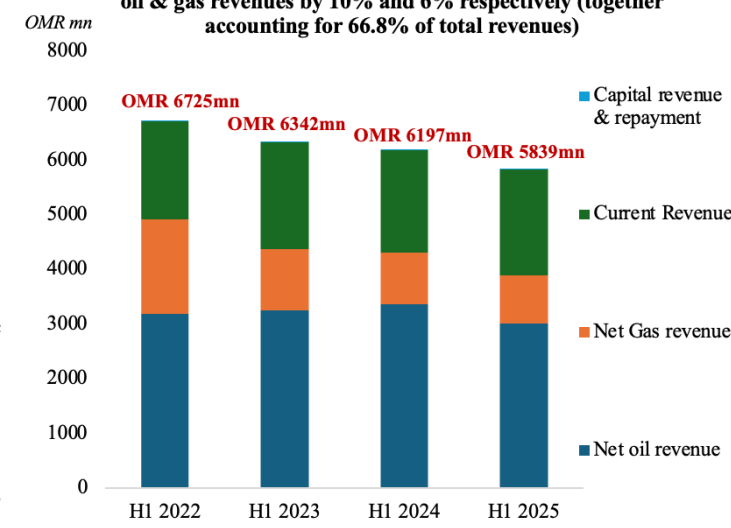
Oman clocked in a fiscal deficit of OMR 259mn in H1 2025; revenues fell by 5.8% yoy on weak O&G income

- Fiscal balance in Oman** moved to a deficit of OMR 259mn in H1 2025, from a surplus OMR 391mn in H1 2024.
- Oman's fiscal revenues** fell by 5.8% to OMR 5.8bn, partly driven by reduced hydrocarbon receipts. Net oil and gas revenues fell by 10.2% & 6.3% to OMR 3.0bn and OMR 884mn. Net O&G together accounted for 66.8% of revenues. **Average oil price fell by 8.5% yoy to USD 75** and average daily oil production fell by 1.5% to 988k barrels per day. **Non-hydrocarbon revenues** rose by 2.4% to OMR 1.9mn (**one-third of total**), reflecting **moderate strengthening** in non-oil revenue sources.
- Spending increased by 5.0% to OMR 6.1bn: current expenditure ticked up (1.3% to OMR 4.1bn) alongside a 37% surge in development spend (to OMR 688mn, or 76% of devt spending allocated for 2025) while contributions & other expenses edged up by 6.7% yoy to OMR 1.2bn.
- Debt trajectory is encouraging - public debt stood at USD 14.1bn by end-Q2** (Q2 '24: OMR 14.4bn), a notable reduction through proactive debt repayments; OMR 749mn was disbursed in arrears as payments to the private sector, boosting liquidity and confidence.
- Rising non-oil revenues and continued development outlays while managing deficits and a solid reduction in debt will **ensure resilience and maintain investor trust**. The IMF projects a narrower surplus of 0.5% of GDP in 2025-26 (vs 3.3% of GDP).

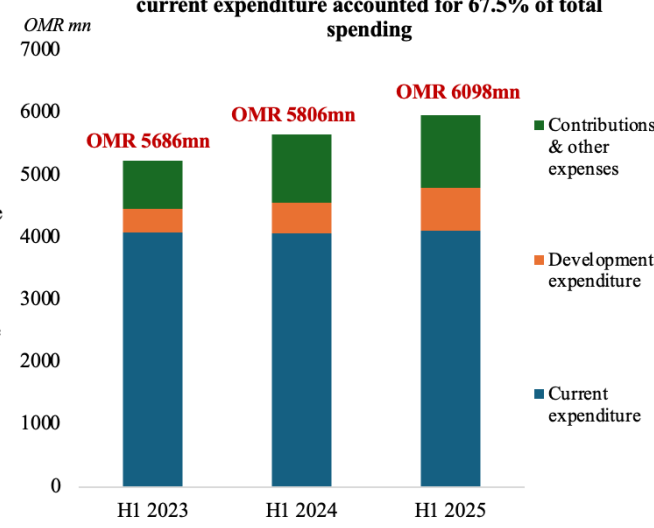
Oman: Fiscal revenue declined by 5.8% yoy to OMR 5.8bn at end-Q2, alongside a 5% uptick in expenditure. hence moving to a deficit to narrower surplus of OMR 259mn



Oman's revenue decline in H1 stemmed from a drop in net oil & gas revenues by 10% and 6% respectively (together accounting for 66.8% of total revenues)



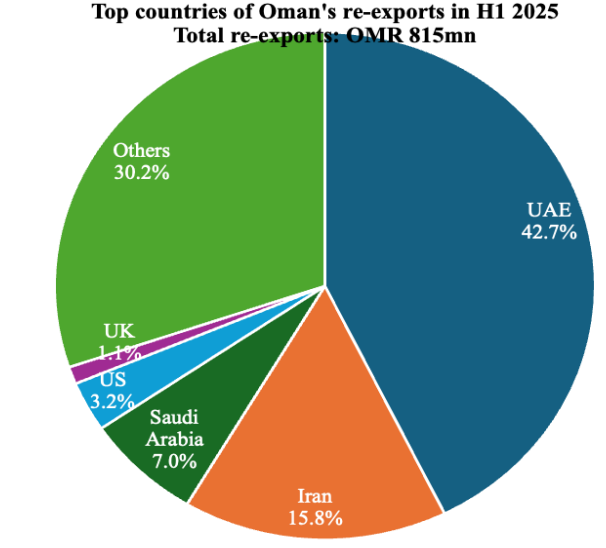
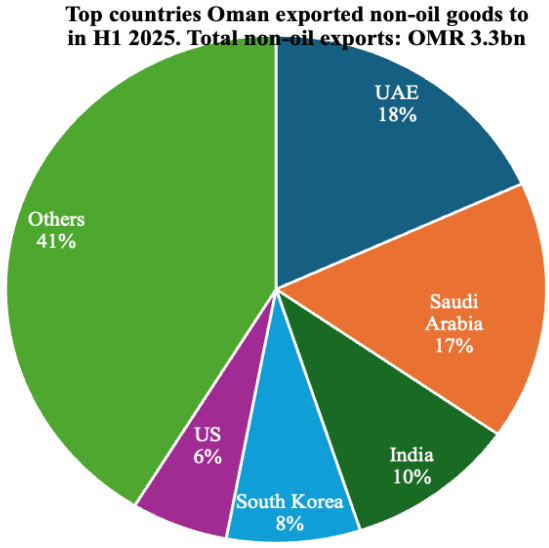
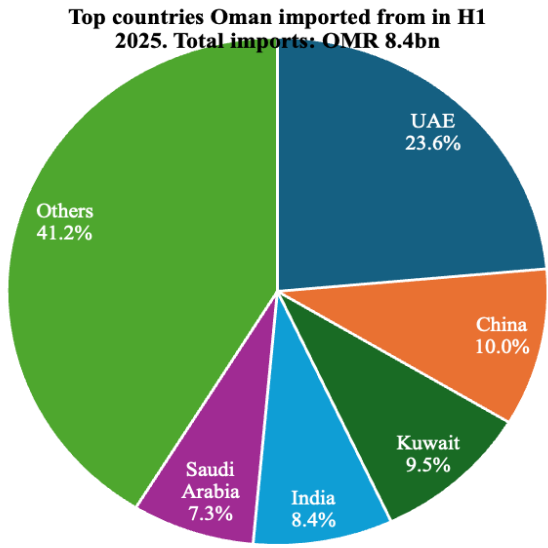
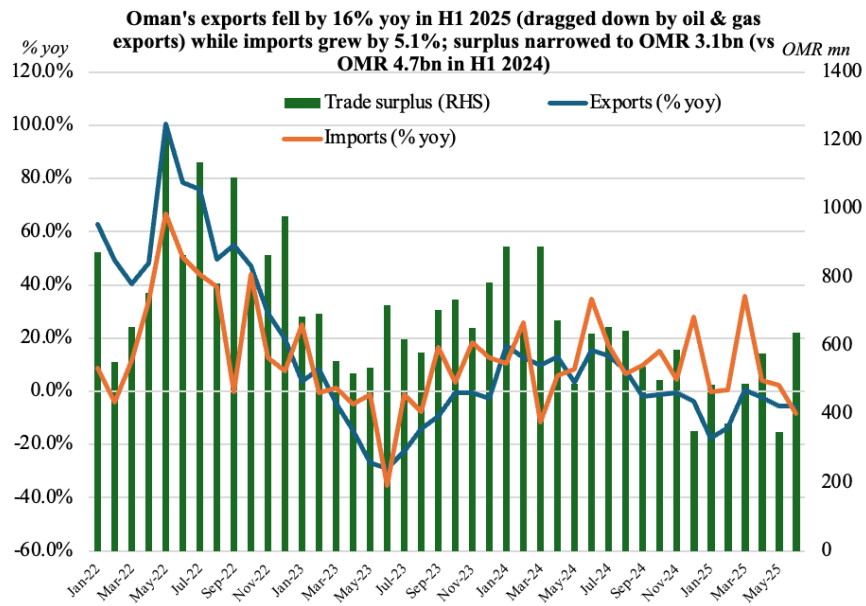
Oman's spending increased by 5.0% yoy as of end-Q2; current expenditure accounted for 67.5% of total spending



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

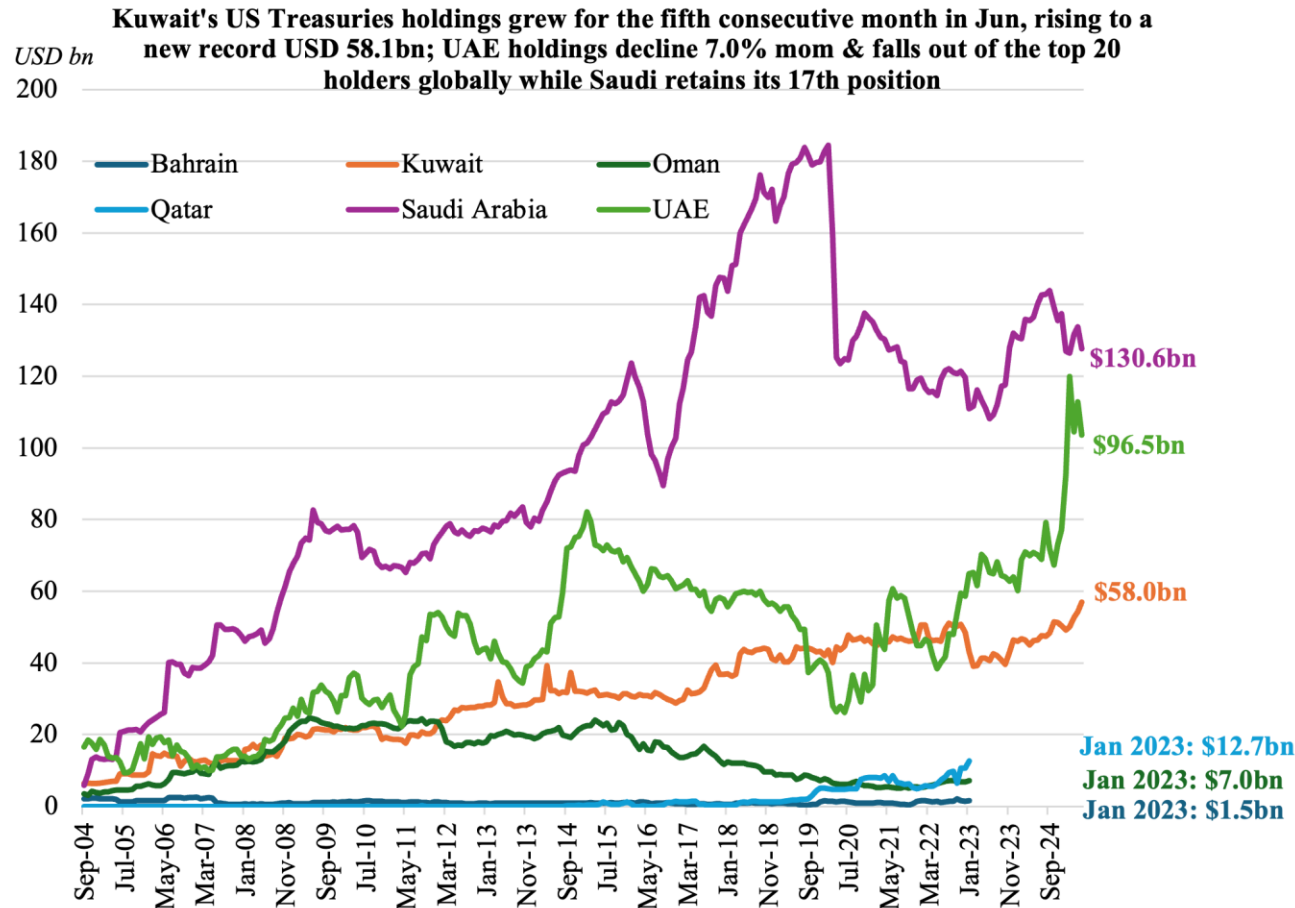
Oman's sustained growth in non-oil exports in H1; growing regional integration, with the UAE top trade partner

- **Oman's exports** fell by 9.5% yoy to OMR 11.5bn as of end-Jun alongside a 5.1% uptick in imports (to OMR 8.4bn), resulting in a narrower trade surplus (OMR 3.1bn vs OMR 4.7bn in H1 2024).
- The **decline in exports resulted from the 16.1% drop in oil & gas exports** (to OMR 7.4bn). Oil and gas exports accounted for 64.6% of Oman's overall exports in H1 2025 (lower than 69.7% in H1 2024).
- **Non-oil exports** grew by 9.1% yoy to OMR 3.3bn, anchored by mineral products (OMR 886mn, up by 4.0% yoy, but accounting for 27.2% share of non-oil exports) and base metals & articles (OMR 674mn). **Re-exports** fell by 5.9% to OMR 815mn, with transport equipment and electrical machinery & equipment accounting for 28.3% and 26.3% of total re-exports respectively.
- **UAE was Oman's largest non-oil trade partner:** non-oil exports to UAE grew by 29.8% yoy to OMR 593mn in H1 2025 and re-exports held steady at OMR 348mn. **Oman's imports originated mainly from GCC:** UAE was Oman's largest source of imports (OMR 1.98bn, or 23.6% of total); along with Kuwait and Saudi, the 3 countries accounted for 40.4% of imports.
- **Strengthened port & logistics infrastructure will increase Oman's regional attractiveness. Rising activity at Oman's ports in H1 – number of containers, ships, and volume of goods - bodes well for future trade activity,** and will help Oman's aim of becoming a regional maritime hub.



Source: National Centre for Statistics & information, Oman. Charts by Nasser Saidi & Associates.

Foreign US Treasury holdings stayed above USD 9.0trn for the 4th straight month in June. Kuwait soared to another record-high; UAE moved out of top 20 holders



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

- **Foreign holdings of US Treasuries** accelerated by 0.9% mom & 10% yoy to a new record USD 9.13trn in **Jun**, staying above USD 9trn for the 4th straight month.
- **Japan and UK were the largest two** nations holding US Treasuries (at USD 1.147trn and a record USD 858.1bn respectively), while **China's holdings** was little changed at USD 756.4bn, the **lowest since Feb 2009**.
- **Saudi Arabia remained the 17th largest global investor in Jun**: its holdings increased by 2.3% mom to USD 130.6bn, but in yearly terms, holding were down by 6.9%.
- **UAE downsized their Treasury holdings**: it fell by 6.9% mom (or USD 7bn+) to USD 96.5bn, thereby moving out of the top 20 holders of US Treasuries. However, in yoy terms, UAE holding were up by 37.6%.
- **Kuwait posted a gain** of 1.8% mom & 25.0% yoy to a new record-high USD 58.05bn in Jun (previous high: USD 57.0bn May 2025).

Prepared by:

Dr. Nasser Saidi
Founder & President
nsaidi@nassersaidi.com

Aathira Prasad
Director, Macroeconomics
aathira@nassersaidi.com