Broad-Based Growth in Dubai, Industrial Lift in Saudi, Fiscal Deficit in Qatar

Weekly Insights 14 Nov 2025

- *Dubai real GDP grew 4.7% yoy in Q2 2025 & 4.4% in H1 2025*
- *Consumer price inflation in Saudi Arabia held steady at 2.2% in Oct; producer prices surged to 2.9%*
- *Saudi industrial production grew 9.3% yoy in Sep 2025, driven by a surge in hydrocarbons*
- *Qatar budget deficit stood at QAR 1.3bn in H1 2025 vs QAR 13.2bn in 2025 budget*

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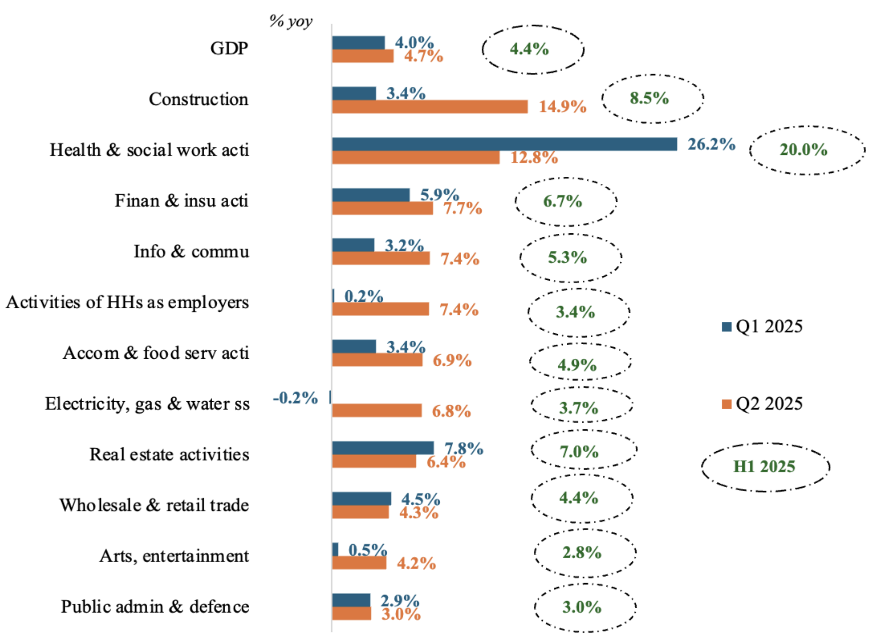
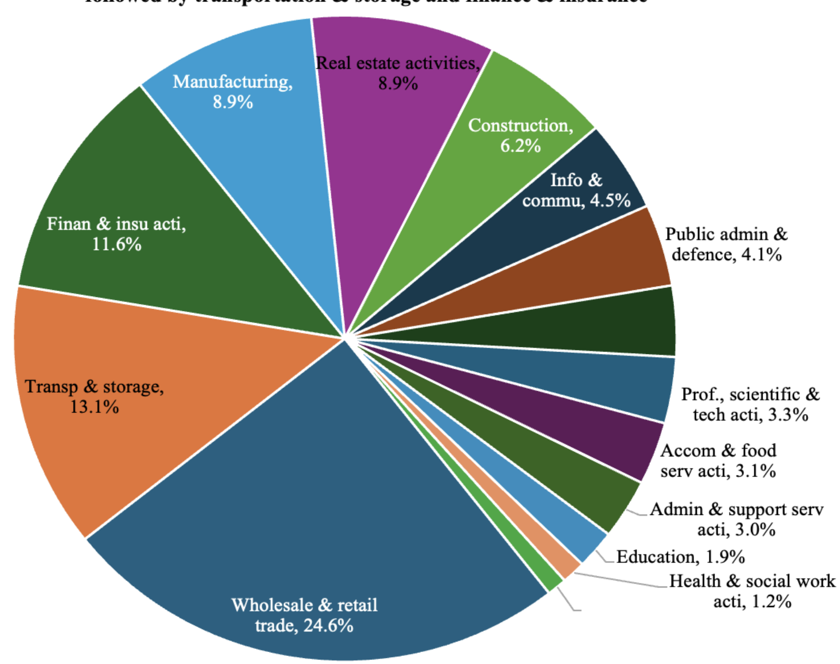
Dubai real GDP grew 4.7% yoy in Q2 2025 & 4.4% in H1 2025

- **Dubai real GDP grew by 1.7% qoq and 4.7% yoy to AED 121.7bn in Q2, pointing to robust underlying demand and broad-based sectoral strength .** The fastest growing sectors were construction (14.9%), health & social work (12.8%), and finance & insurance (7.7%).
- In H1 2025, GDP grew by 4.4% yoy: **growth was not reliant on any single sector, showcasing successful diversification**. Robust growth in high-value sectors like finance (6.7% in H1) and health (20%), combined with the foundational strength in real estate (7.0%) and construction (8.5%), suggests that Dubai is well-positioned to maintain its high-growth trajectory.
- **Wholesale & retail trade was the largest contributor to GDP in Q2**, accounting for ¼-th of total, followed by transportation & storage (13.1%) and financial & insurance activities (11.6%). Along with manufacturing and real estate, these sectors accounted for 65.7% of GDP.
- **Dubai's strength emerges from its role as a global business, tourism and logistics hub** – as can be seen from strong trade, real estate and services sectors. Wholesale & retail trade has benefitted from the various UAE CEPAs and Dubai's inter-linked logistics infrastructure (ports, airports). Furthermore, construction & real estate performance indicate that public & private investment continue to underpin growth.
- **Increased tourism arrival numbers, rising FDI & ongoing real estate transaction growth are also positive indicators of future growth.**
- **To transition to a higher growth path, Dubai needs to record productivity gains, move into higher-value activities** (e.g. digital economy, life sciences, fintech, creative industries, advanced manufacturing/logistics, advanced services) and integrate deeply into global value chains.

Dubai GDP grew by 1.7% qoq and 4.7% yoy to AED 121.7bn in Q2 2025. Construction activity grew the fastest (14.9%), followed by health & social work and financial & insurance activities (12.8% and 7.7% resp)



Top 5 sectors accounted for just over 2/3-rds of Dubai's GDP in Q2 2025; wholesale & retail trade sector was the largest contributor (1/4-th of total), followed by transportation & storage and finance & insurance

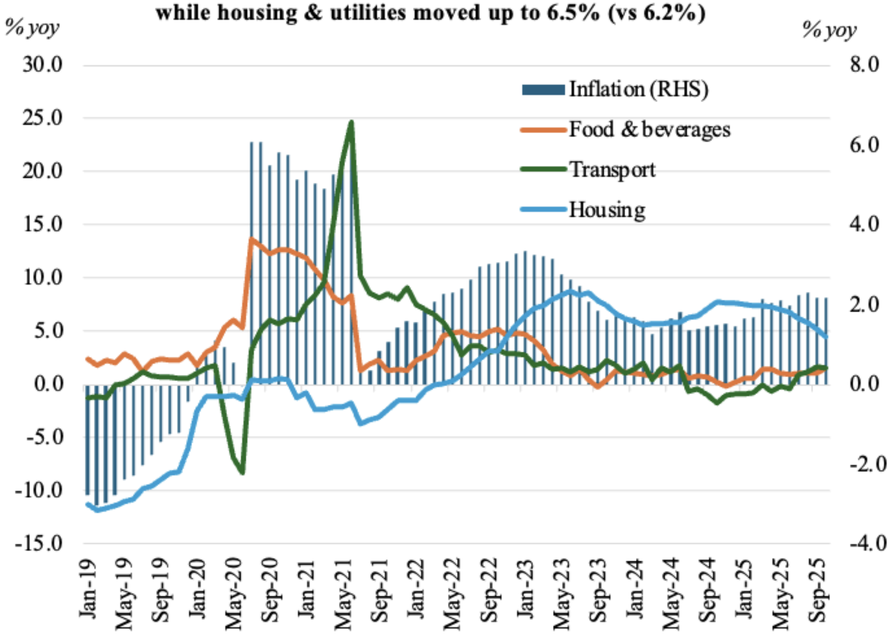


Source: Dubai Statistics Centre, Dubai Pulse. Charts created by Nasser Saidi & Associates.

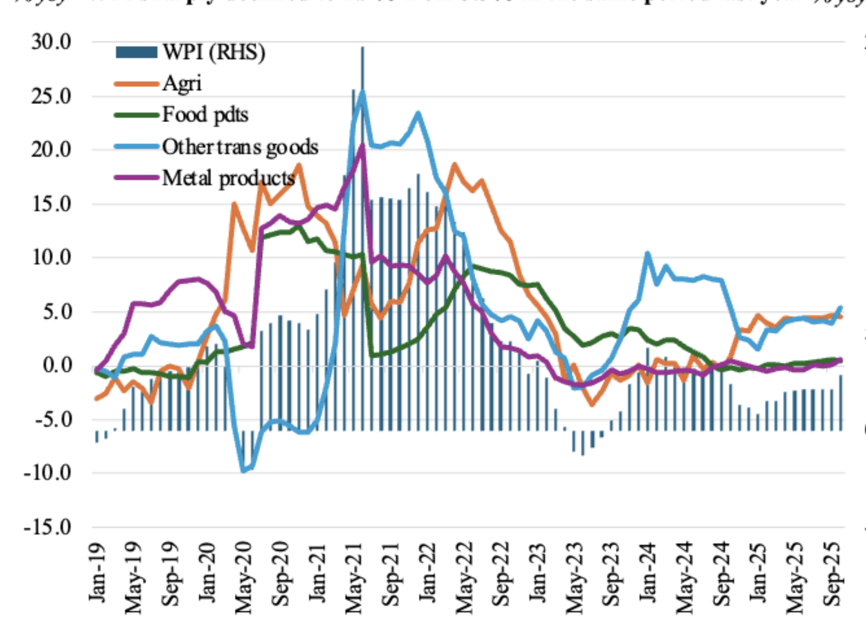
Consumer price inflation in Saudi Arabia held steady at 2.2% in Oct; wholesale prices surged to 2.9%

- **Saudi Arabia's consumer price inflation stood unchanged at 2.2% in Oct. Housing costs remain elevated though decelerating** (4.5% from 5.2%) - largely due to the sharp decline in rental costs (5.7% from 6.7%) - while food & beverages inflation is ticking up (1.5% from Sep's 1.1%). Increase in costs of finance & insurance (8.2% from 7.7%) and personal care, miscellaneous goods & services (5.9% from 5.4%) indicate cost pressures in non-tradable sector (including rising wages / administrative costs, that are often cited in the PMI responses).
- **CPI averaged 2.05% in Jan-Oct 2025** vs 1.51% in the same period a year ago, with increases across food & beverages (1.06% from 0.85%) and recreation & culture (2.7% from 0.5%) while the average prices of personal care, miscellaneous goods & services more than doubled (4.77% from 2.0%).
- **Wholesale prices in Saudi Arabia rose sharply** to 2.9% in Oct (Sep: 2.1%), with the monthly gain the most since Jan 2025. However, the pressure is concentrated in specific sectors - prices of other transportable goods jumped to 5.4% (Sep: 4.0%) as did metal products (0.5% from 0.1%); **deflation continued in ores & minerals for the 27th month in a row. A consistent increase in wholesale prices could pass through to CPI down the line.**
- **Average wholesale prices tumbled to 1.9% in Jan-Oct 2025** (vs Jan-Oct 2024: 3.%), as prices of "other transportable goods" plunged (3.9% vs 8.1%), in addition to food products (0.2% vs 1.27%); costs of agriculture & fishery surged (4.3% from -0.1%).

Inflation in Saudi Arabia held steady at 2.2% in Oct, bringing the average this year to 2.1% (Jan-Oct 2024: 1.5%). Food & beverages cost ticked up to an average 1.1% this year (Jan-Oct 2024: 0.85%) while housing & utilities moved up to 6.5% (vs 6.2%)

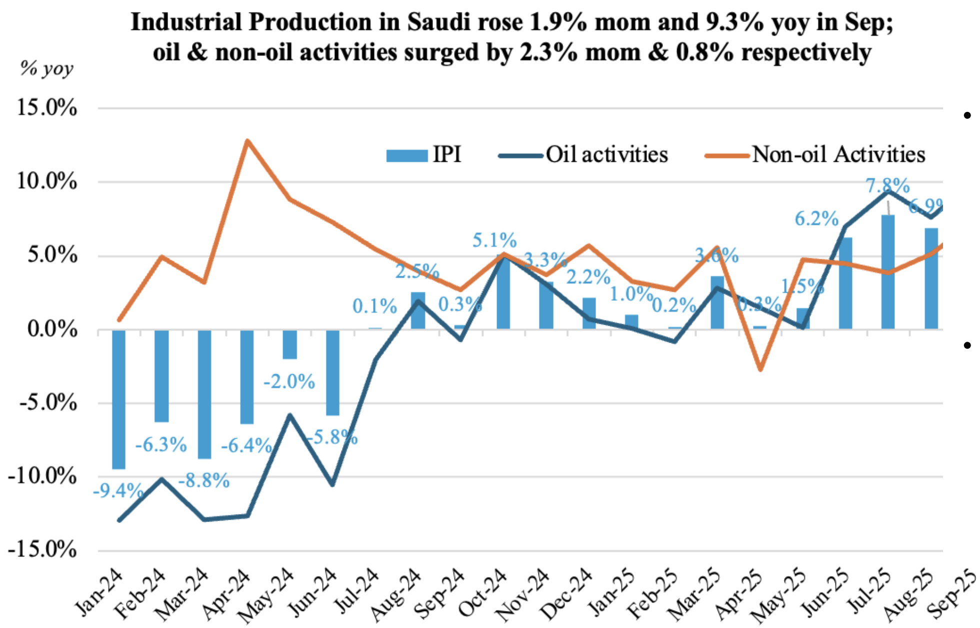


Wholesale prices in Saudi Arabia surged to 2.9% in Oct (Sep: 2.1%), with an increase in costs of other transportable goods prices (5.4% from 4.0%) and metal products (0.5% from 0.1%). In Jan-Oct 2025, WPI sharply declined to 1.9% from 3.3% in the same period last year

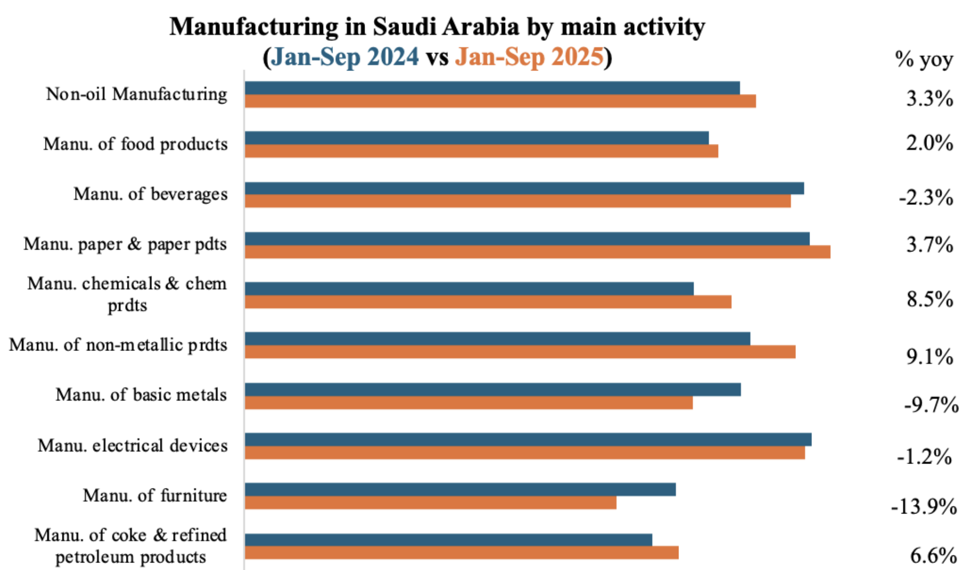


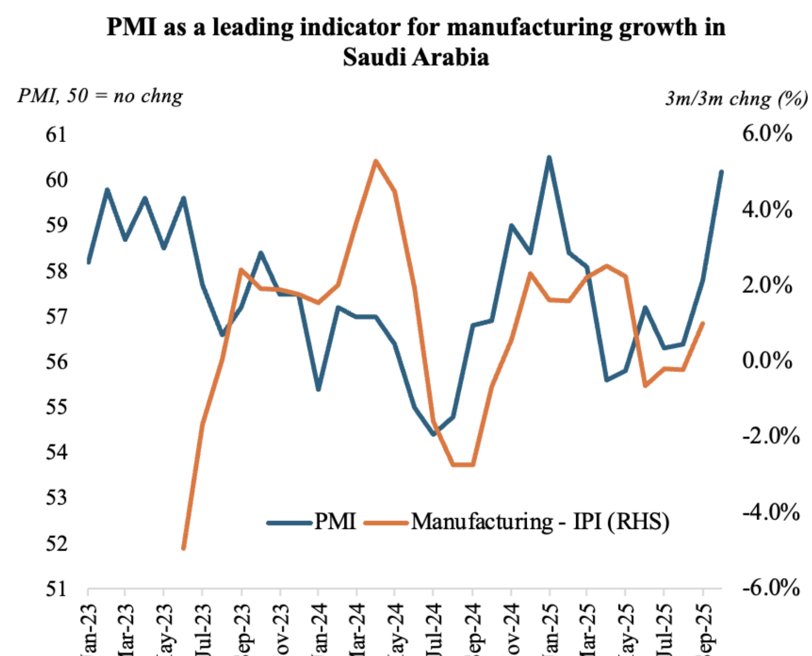
Source: GaStat. Charts by Nasser Saidi & Associates

Saudi industrial production grew 9.3% yoy in Sep 2025, driven by a surge in hydrocarbons; manufacturing improves



- **Industrial production in Saudi Arabia grew** by 1.9% mom and 9.3% yoy in Sep. **Oil activities expanded** by 2.3% mom and 10.1% yoy, as crude oil production rose (given the OPEC+ decision). Extraction of crude petroleum & natural gas grew by 6.5% yoy, the 6th straight month of upticks.
- **Non-oil activities** increased by 0.8% mom and 7.3% yoy in Sep. Within manufacturing, manufacture of food products was the fastest growing (12.9% yoy) followed by non-metallic products (10.0%) and chemicals & chemical products (9.2%). In Jan-Sep, **non-oil manufacturing ticked up by 3.3%** and manufacture of coke & refined petroleum products gained 6.6%. Under non-oil manufacturing, non-metallic products grew the fastest (9.1%).
- **Infrastructure & utilities** (energy, water, waste) **show rising capacity,** suggesting that industrial capacity and the enabling infrastructure are scaling up. **Saudi's transition** to industrial growth driven by non-oil manufacturing and exports will be supported by ongoing industrial and infrastructure projects (chemical plants, refineries etc); non-oil PMI also indicates a further increase in activity (given upticks in output, new orders and employment).

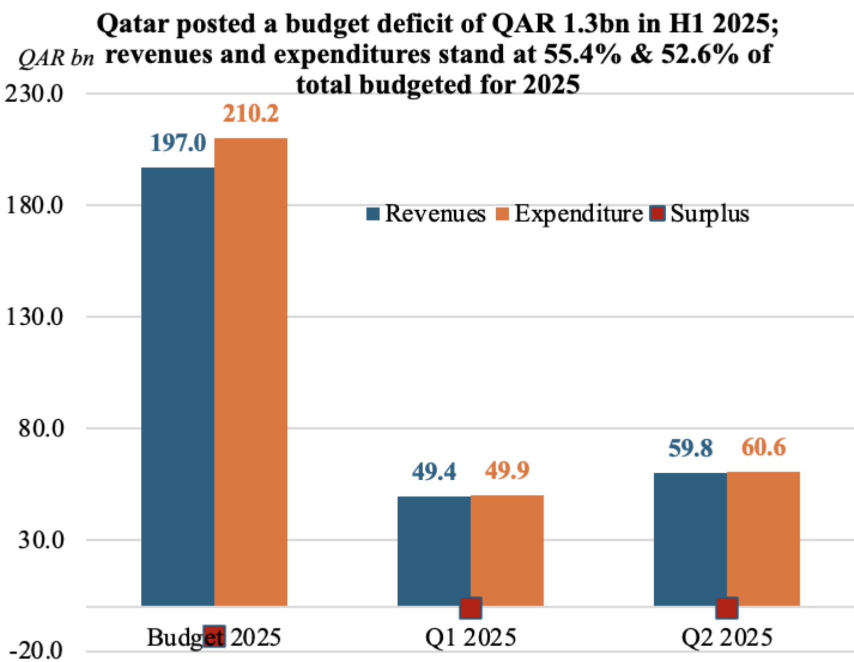


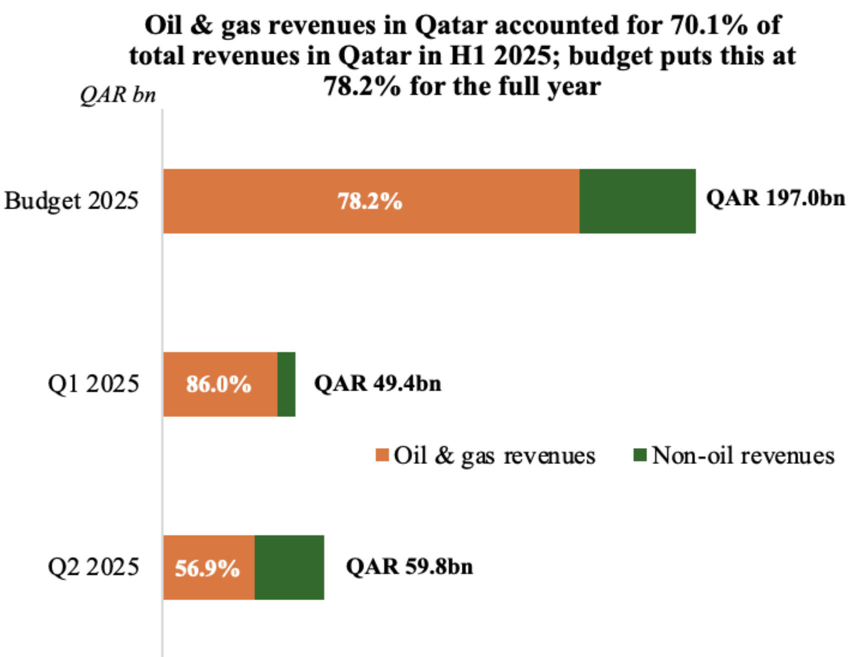


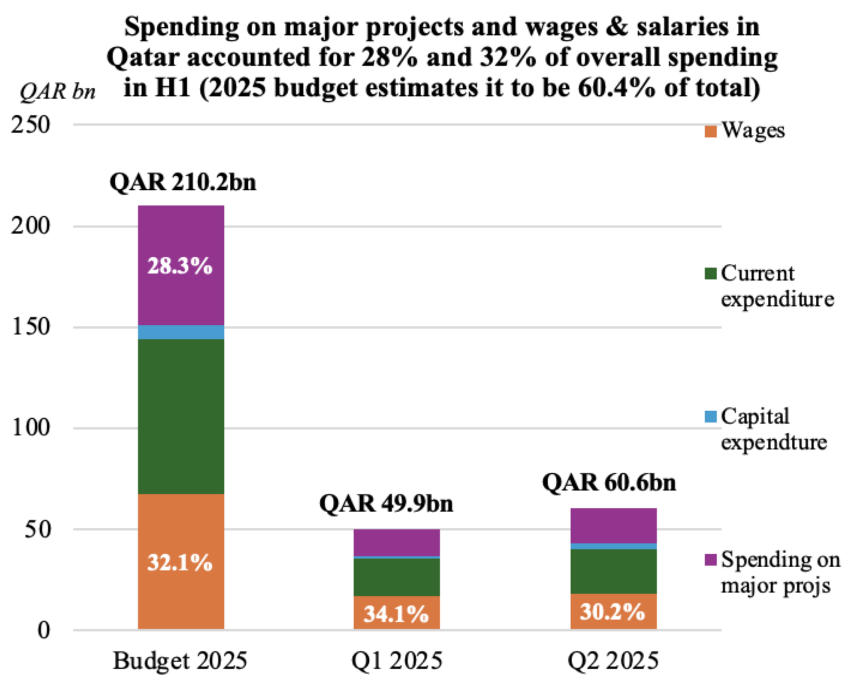
Source: GaStat. Charts by Nasser Saidi & Associates

Qatar budget deficit stood at QAR 1.3bn in H1 2025 vs QAR 13.2bn in 2025 budget

- **Qatar clocked in revenues to the tune of QAR 109.2bn in H1** (55.4% of 2025 budget estimate). With spending at QAR 110.5bn (or 52.5% of budget), the **budget deficit in H1 stood at QAR 1.3bn.**
- **Oil and gas revenues**, at QAR 76.5bn in H1, accounts for **70.1% of total revenues for the period**.
- **Total expenditures** touched QAR 110.5bn in H1 (52.6% of the amount budgeted for full year 2025), of which **32% was wages and salaries while another 27.7% went towards major projects**.
- Qatar continues to benefit from its hydrocarbon-sector earnings and strong external positions. From a policy-perspective the imperative now is to hold spending growth in check, accelerate non-hydrocarbon revenue development, and ensure that the ongoing LNG investments and expansion translates into higher government income.







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

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