



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(DUBAI) CHAPTER NPIO



# WEEKLY ECONOMIC NEWSLETTER

BY ICAI DUBAI UAE CHAPTER

ISSUE 11



## Weekly Economic Newsletter by ICAI Dubai UAE Chapter (Issue 11)

(For internal circulation to members only)

### Week ending June 28, 2025

	Current Week	Previous Week	% Change		Current Week	Previous Week	% Change
<b>DFM</b>	5,683.91	5,351.60	<b>+6.21%</b>	<b>USD/INR</b>	85.4900	86.5800	<b>-1.26%</b>
<b>ADX</b>	9,886.23	9,513.43	<b>+3.92%</b>	<b>EUR/USD</b>	1.1720	1.1520	<b>+1.74%</b>
<b>SENSEX</b>	84,058.90	82,408.17	<b>+2.00%</b>	<b>USD/JPY</b>	144.65	146.10	<b>-0.99%</b>
<b>NIFTY</b>	25,637.80	25,112.40	<b>+2.09%</b>	<b>USD/CNY</b>	7.1700	7.1900	<b>-0.28%</b>
<b>DOW</b>	43,819.27	42,206.82	<b>+3.82%</b>	<b>Gold</b>	3,274.55	3,368.50	<b>-2.79%</b>
<b>NASDAQ</b>	20,273.46	19,447.41	<b>+4.25%</b>	<b>US 10-year</b>	4.2850	4.3830	<b>-2.24%</b>
<b>S&amp;P 500</b>	6,173.07	5,967.84	<b>+3.44%</b>	<b>Brent Crude</b>	67.77	72.40	<b>-6.40%</b>

#### CBUAE gold reserves rise 19.3% in Q12025

- According to the data released by the Central Bank of the UAE (CBUAE), in the statistical bulletin issued, the gold reserves of the bank have risen by 19.3% during the first quarter of the year to reach a total of AED 27.425bln at the end of March 2025, up from AED 22.981bln at the end of 2024.
- The data in the bulletin also showed that the demand deposit balances grew, exceeding AED1.147 trillion by the end of March, compared to approximately AED1.109 trillion at the end of December 2024. Of this total, AED856.062 billion were in local currency and AED291.116 billion in foreign currencies.
- Savings deposits rose to AED338.788 billion at the end of March, up from AED317.48 billion in December. This included AED268.97 billion in local currency and AED51.817 billion in foreign currencies.
- Time deposits reached AED991.757 billion by the end of March, including AED614.854 billion in local currency and AED376.9 billion in foreign currencies.
- The Central Bank's banking operations statistics also revealed that total transfers executed within the banking sector through the UAE Funds Transfer System (UAEFTS) reached AED5.449 trillion during the first quarter. This comprised AED3.331 trillion in bank-to-bank transfers and AED2.118 trillion in customer transfers.

#### Saudi's non-oil exports surged 24.6% to \$7.57bln in April 2025

- According to the data released in the International Trade Statistics Bulletin for April 2025 by the General Authority for Statistics (GASTAT), Saudi Arabia's merchandise exports amounted to SR90.3 billion in April this year, marking a 10.9% decrease compared to April



2024. Non-oil exports, including re-exports, recorded an increase of 24.6%, reaching SR28.4 billion, compared to the same period last year

- There has been an increase of 18.3% in imports, reaching SR76.1 billion in April. However, the trade surplus declined sharply by 61.7%, dropping to SR14.2 billion compared to April 2024.
- The bulletin indicated that there was a rise in the ratio of non-oil exports, including re-exports to imports, reaching 37.2% in April 2025, up from 35.4 percent in April 2024. Meanwhile, the share of oil exports in total exports decreased from 77.5% in April 2024 to 68.6% in April 2025.
- The bulletin also showed that China remained the Kingdom's top trading partner. Exports to China totaled SR11.4 billion, accounting for 12.6% of total exports in April 2025, while imports from China reached SR19 billion, representing 25 percent of total imports for the same month.

#### **India's current account swings to \$13.5bn surplus in March quarter**

- According to the data released by the Reserve Bank of India (RBI), India's current account balance recorded a surplus of \$13.5 billion (1.3% of GDP) in January-March quarter of 2024-25 as compared with \$4.6 billion (0.5% of GDP) in the year-ago period.
- The current account was in deficit of \$11.3 billion (1.1% of GDP) in December quarter of 2024-25.
- On annual basis, India had a current account deficit at \$23.3 billion (0.6% of GDP) during 2024-25, lower than \$26 billion (0.7% of GDP) during 2023-24, primarily due to higher net invisibles receipts.
- Merchandise trade deficit at \$59.5 billion in Q4:2024-25 was higher than \$52 billion in Q4:2023-24. However, it moderated from \$79.3 billion in Q3:2024-25.
- Net services receipts increased to \$53.3 billion in Q4:2024-25 from \$42.7 billion a year ago. Services exports have risen on a y-o-y basis in major categories such as business services and computer services.

#### **India's external debt rose to \$736bln, 19.1% of GDP**

- According to the data released by the Reserve Bank of India (RBI), India's external debt rose to \$736.3bln or 19.1% of GDP, as at the end of March 2025 from \$668.8 billion or 18.5% of GDP, a year ago.
- In a statement, the RBI said that the valuation effect due to the appreciation of the US dollar vis-à-vis the Indian rupee and other currencies amounted to \$5.3 billion. Excluding the valuation effect, external debt would have increased by \$72.9 billion instead of \$67.5 billion at the end of March 2025 over the end of March 2024.
- The long-term debt (with original maturity of above one year) at end-March 2025 was placed at \$601.9 billion, an increase of \$60.6 billion over its level at end-March 2024.



- The share of short-term debt (with original maturity of up to one year) in total external debt declined to 18.3% at end-March 2025 from 19.1% at end-March 2024. However, the ratio of short-term debt (original maturity) to foreign exchange reserves increased to 20.1% at the end of FY25 from 19.7% at the end of FY24.
- US dollar-denominated debt remained the largest component of India's external debt, with a share of 54.2% at end-March 2025. This was followed by debt denominated in the Indian rupee (31.1%), yen (6.2%), Special Drawing Rights (4.6%), and euro (3.2%).
- Loans remained the largest component of external debt, with a share of 34%, followed by currency and deposits (22.8%), trade credit and advances (17.8%), and debt securities (17.7%).

#### **Eurozone PMI stagnated in June with more downside risks**

- The eurozone composite PMI came in at 50.2 in June – similar to May – indicating a stagnating economy after a robust first quarter.
- The manufacturing sector has been the eurozone's bright spot in recent months as US frontloading and build-down inventories have helped to reinvigorate the weakened sector.
- The manufacturing output PMI continued to show expansion at 51 (51.5 in May), but the pace is slowing somewhat. New orders continue to show signs of bottoming out, which is encouraging after three years of decline.
- The service sector remains a concern, with the business activity index remaining around stagnation levels. The average PMI for the quarter is the weakest since late 2023, which contributes to our view that overall economic activity in the second quarter has been very subdued. Exports to the US significantly boosted growth in the first quarter, and a reversal of frontloading could easily tip second-quarter growth negative.

#### **Spending stalls in the US as consumers feel more pressure**

- Real consumer spending fell 0.3% month-on-month in May versus expectations of a 0.1% gain.
- The MoM changes so far this year have been: January -0.6%, February -0.1%, March +0.7%, April +0.1% and May -0.3%.
- The spending in real terms has fallen 0.2% since the start of the year. Consumer spending is 70% of the economy.
- In terms of the outlook, consumer confidence is weak. Households are anxious about what tariff-induced price hikes will do to their spending power, while concerns about the robustness of the jobs market are on the rise. The volatility in household wealth has also been significant. Equity markets have recovered and are at all-time highs, but house prices nationally are starting to come under downward pressure thanks to rising inventory of properties for sale.



### **Fed's preferred inflation gauge shows that the inflation is still sticky**

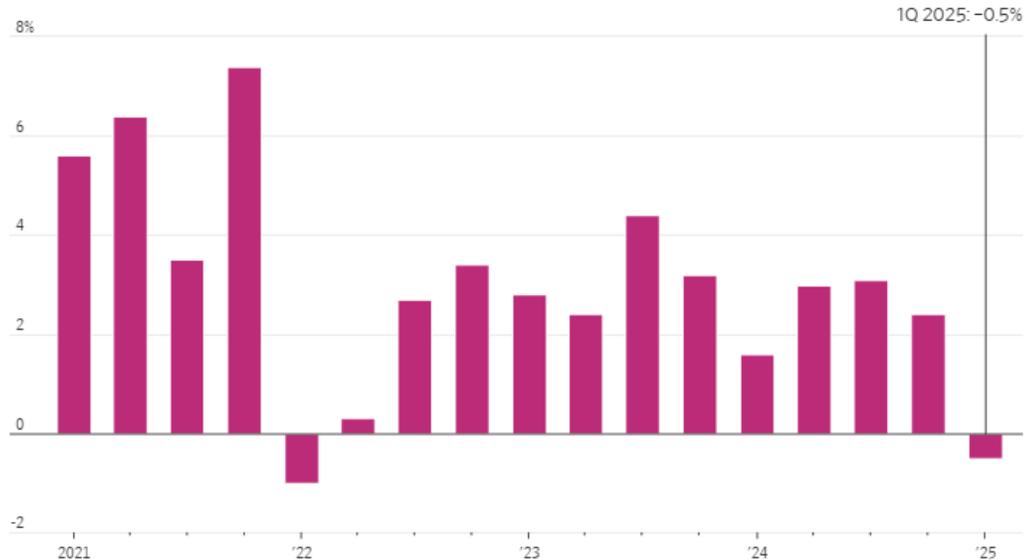
- The personal consumption expenditures price index, the Fed's primary inflation reading, rose a seasonally adjusted 0.1% for the month, putting the annual inflation rate at 2.3%.
- Economists surveyed by Dow Jones had been looking for respective levels of 0.1% and 2.3%.
- Excluding food and energy, core PCE posted respective readings of 0.2% and 2.7%, compared with estimates for 0.1% and 2.6%.
- Fed policymakers consider core to be a better measure of long-term trends because of historic volatility in the two categories. The annual rate was 0.1 percentage point ahead of the April reading.
- Food prices increased 0.2%, but that was offset by a 1% decline in energy-related goods and services costs, including a 2.2% slide in gasoline and other energy goods. Shelter prices increased 0.3%. Services prices have been responsible for most of the upward pressure on inflation, as they posted a 3.4% increase from a year ago. Goods have risen just 0.1%.
- The Fed targets inflation at 2%, a level where it has not been since early 2021.
- Markets largely expect the central bank to remain on hold at its late July meeting. However, a few officials of late have been advocating a cut as long as inflation data shows muted.
- Fed Chair Jerome Powell, though, has advocated a more cautious approach, despite increasingly aggressive pressure from the president.

### **US first quarter GDP revised lower on tepid consumer spending**

- The U.S. economy contracted a bit faster than previously thought in the first quarter amid tepid consumer spending, underscoring the distortions caused by the Trump administration's aggressive tariffs on imported goods.
- According to the estimates released by the Commerce Department's Bureau of Economic Analysis (BEA), Gross domestic product (GDP) decreased at a downwardly revised 0.5% annualized rate last quarter.
- It was previously reported to have dropped at a 0.2% pace. The revision reflected a sharp downgrade to consumer spending, which is now estimated to have increased at only a 0.5% pace instead of previously reported 1.2% rate.
- The economy grew at a 2.4% rate in the fourth quarter. Domestic demand growth was slashed to a 1.9% rate from the previously reported 2.5% pace.
- A flood of imports as businesses rushed to bring in goods before President Donald Trump's sweeping tariffs kicked in accounted for the bulk of the decrease in GDP.
- The flow of imports has since subsided, positioning GDP for a sharp rebound in the second quarter. The Atlanta Federal Reserve is forecasting GDP accelerating at a 3.4% rate this quarter. Given the gyrations from imports, economists cautioned against interpreting the anticipated rebound in GDP as a sign of economic strength. Data on retail sales, the housing and labor markets have suggested economic activity is softening.

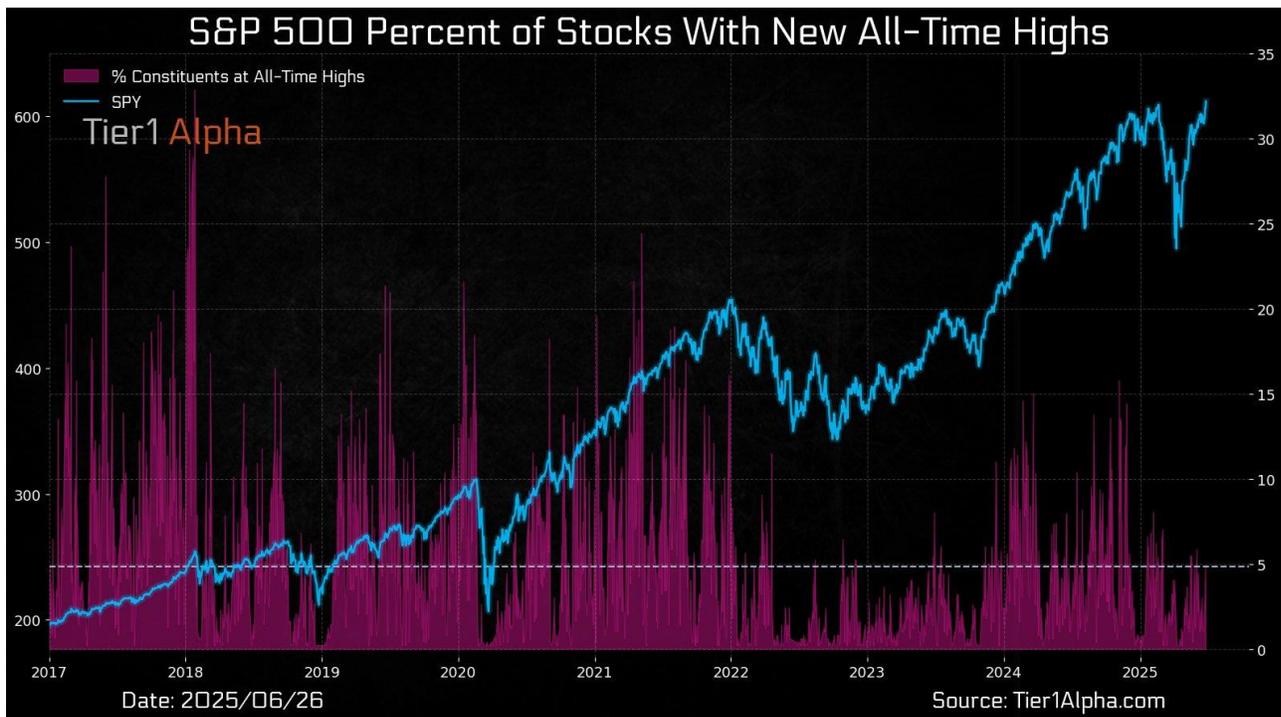


GDP, change from previous quarter



Notes: Seasonally and inflation-adjusted annual rates.  
Source: Commerce Department

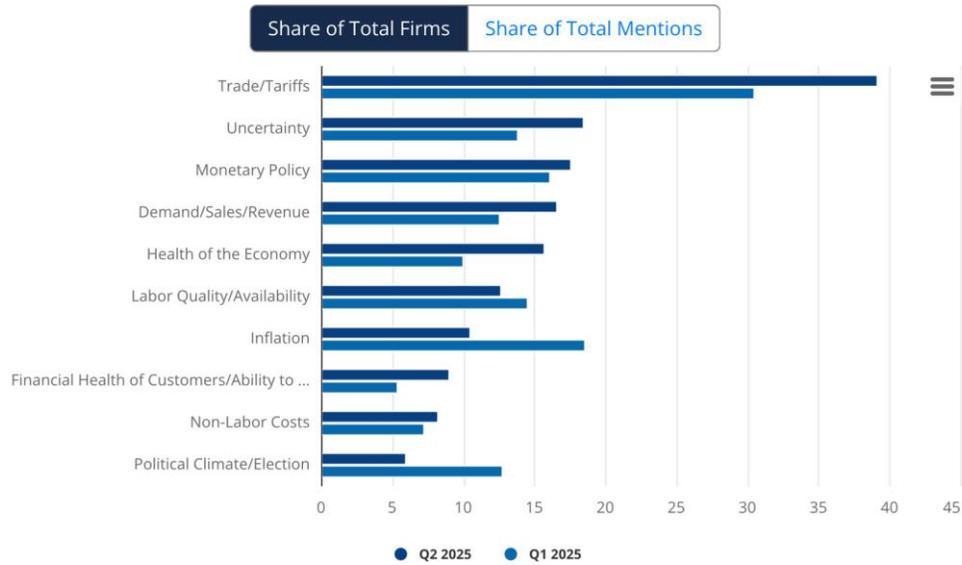
### A week gone by - In Charts





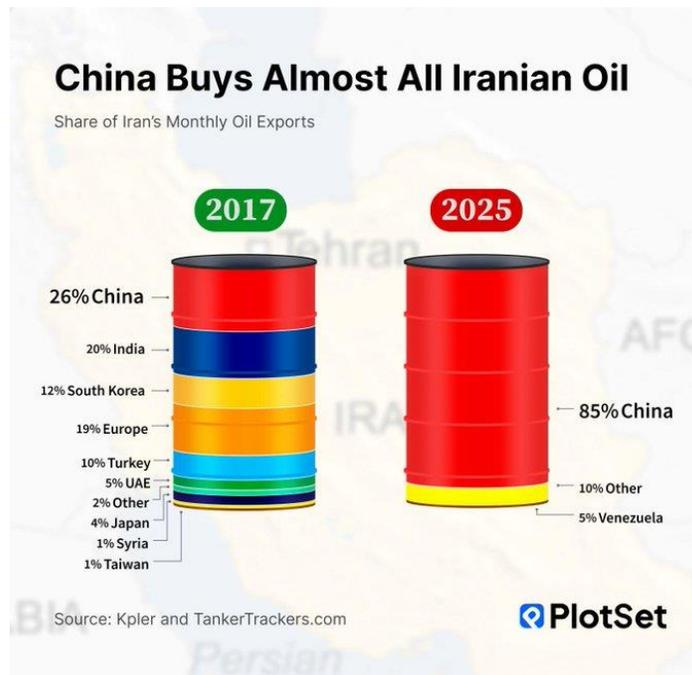
**CFOs are concerned about trade/tariff more in Q2 than they were in Q1**

**Firms' Most Pressing Concerns**



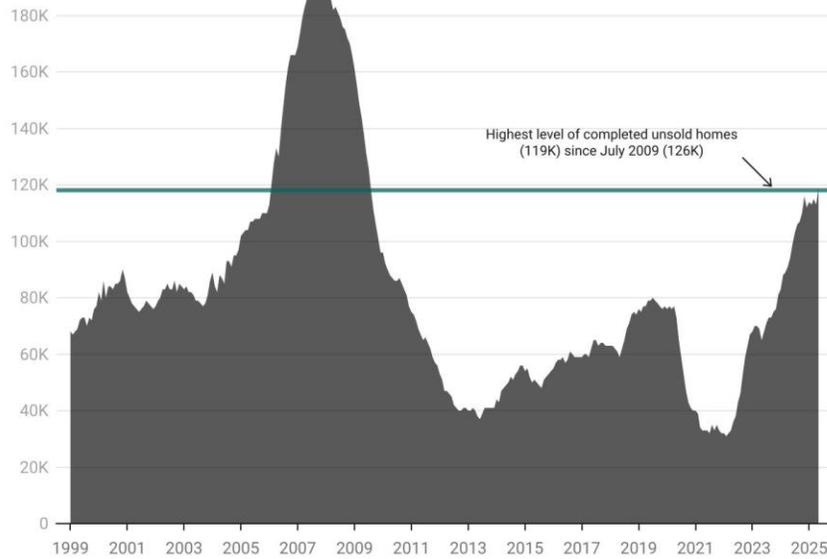
Note: Percentages do not sum to 100 because only the top ten topics (and ties) are shown. Results from the Q1 2025 survey (February 18 - March 7, 2025) are shown for comparison.

Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q2 2025 (May 19 - June 6, 2025)





### Number of unsold completed homes for sale



New houses for sale by stage of construction, completed. Seasonally adjusted national data, through the May 2025 reading published on June 25, 2025

Chart: Lance Lambert • Source: U.S. Census Bureau • Created with Datawrapper



### What to expect in coming week?

Date	Country / Region	Event	Forecast	Previous
30 <sup>th</sup> Jun	China	Manufacturing PMI	49.6	49.5
1 <sup>st</sup> Jul	US	ISM Manufacturing PMI	48.8	48.5
3 <sup>rd</sup> Jul	Switzerland	Inflation CPI MoM	0.1%	0.1%
	US	Nonfarm payrolls	120K	139K

**Compiled & researched by: CA Shantanu Ghate**

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