



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



# WEEKLY ECONOMIC NEWSLETTER

BY ICAI DUBAI UAE CHAPTER

ISSUE 7



## Weekly Economic Newsletter by ICAI Dubai UAE Chapter (Issue 7)

(For internal circulation to members only)

### Week ending May 24, 2025

	Current Week	Previous Week	% Change		Current Week	Previous Week	% Change
<b>DFM</b>	5,464.16	5,455.41	+0.16%	<b>USD/INR</b>	85.1700	85.6000	-0.50%
<b>ADX</b>	9,665.34	9,654.22	+0.12%	<b>EUR/USD</b>	1.1360	1.1161	+1.78%
<b>SENSEX</b>	81,721.08	82,330.59	-0.74%	<b>USD/JPY</b>	142.55	145.65	-2.13%
<b>NIFTY</b>	24,853.15	25,019.80	-0.67%	<b>USD/CNY</b>	7.2000	7.2100	-0.14%
<b>DOW</b>	41,603.07	42,654.74	-2.47%	<b>Gold</b>	3,357.75	3,200.00	+4.93%
<b>NASDAQ</b>	18,737.21	19,211.10	-2.47%	<b>US 10-year</b>	4.5180	4.4840	+0.76%
<b>S&amp;P 500</b>	5,802.82	5,958.38	-2.61%	<b>Brent Crude</b>	65.02	65.39	-0.57%

#### Liquidity in Saudi economy rises by over \$35.73bln in Q1-2025

- According to data published in the monthly statistical bulletin issued by the Saudi Central Bank (SAMA) for March 2025, domestic liquidity in the Saudi economy recorded notable growth during the first quarter (Q1) of 2025, increasing by SAR134.4 billion, or 4.6%. Total liquidity reached SAR3.055872 trillion by the end of the quarter, compared to SAR2.921472 trillion at the end of the fourth quarter (Q4) of 2024.
- On an annual basis, liquidity rose by SAR232.126 billion, representing a growth rate of 8.2% compared to the same period in 2024, when liquidity stood at SAR2.823745 trillion.

#### Qatar records over \$2.7bln in FDI in 2024

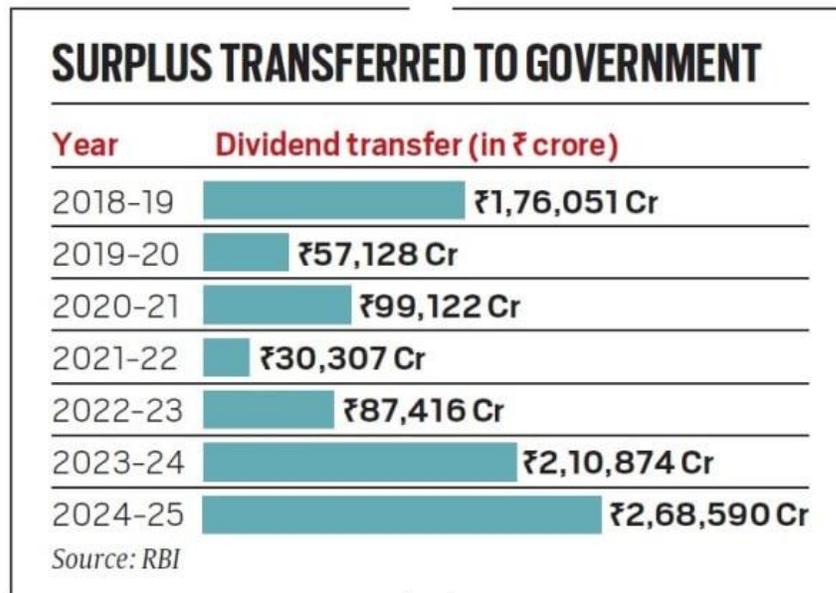
- According to the Investment Promotion Agency Qatar's (Invest Qatar) 2024 Annual Report, Qatar attracted \$2.74 billion in foreign direct investment (FDI) in 2024 through 241 projects, which created 9,348 jobs.
- The report highlights that, 95% of total FDI capex is directed toward greenfield projects, affirming the country's commitment to diversification.
- Key investment activity spanned a range of priority sectors, including electric power generation, which accounted for the largest share of capital expenditure at 40.1% (\$1.1 billion), followed by retail and wholesale trade, data processing and hosting, and scientific research and development.

#### RBI to transfer Rs. 2.7lakh crore as dividend for 2024-25

- The Reserve Bank of India (RBI), will transfer Rs. 2.7lakh crore to the government as a dividend for the current financial year.



- The dividend for 2024-25 is 27% higher than the Rs 2.11 lakh crore surplus transferred by the RBI during the accounting year 2023-24. The Union Budget for 2025-26 had projected a dividend income of Rs 2.56 lakh crore cumulatively from the RBI and public sector financial institutions.



- The record dividend payout for 2024-25 was likely on account of robust earnings of the RBI led by large exchange gains from its dollar sales to support the falling rupee and higher revenue earned on foreign assets due to rise in interest rates in the international markets.
- Throughout the year, the RBI implemented various strategies to stabilize the rupee, including substantial dollar sales. As of September 2024, India's foreign exchange reserves totaled \$704 billion. Following the peak reserves recorded in September 2024, the RBI sold a significant amount of dollars to ensure currency stability.

#### **Outward remittance under LRS fall 6.85% to \$29.56bln in FY25**

- India's outward remittances under the Liberalized Remittance Scheme (LRS) moderated by 6.85% year-on-year (YoY) to \$29.56 billion in FY25, after reaching an all-time high of \$31.73 billion in FY24. The decline was attributed to global uncertainty, muted domestic income growth, and a high base effect.
- In March 2025, outward remittances grew by 10.65% YoY to \$2.55 billion, driven by growth in international travel, according to the latest data released by the Reserve Bank of India (RBI). During the same month, the international travel segment posted 12.3% YoY growth to \$1.12 billion.
- While most major components of LRS posted growth, remittances for studies abroad and medical treatment declined by 18.77% and 56.30% YoY, respectively.



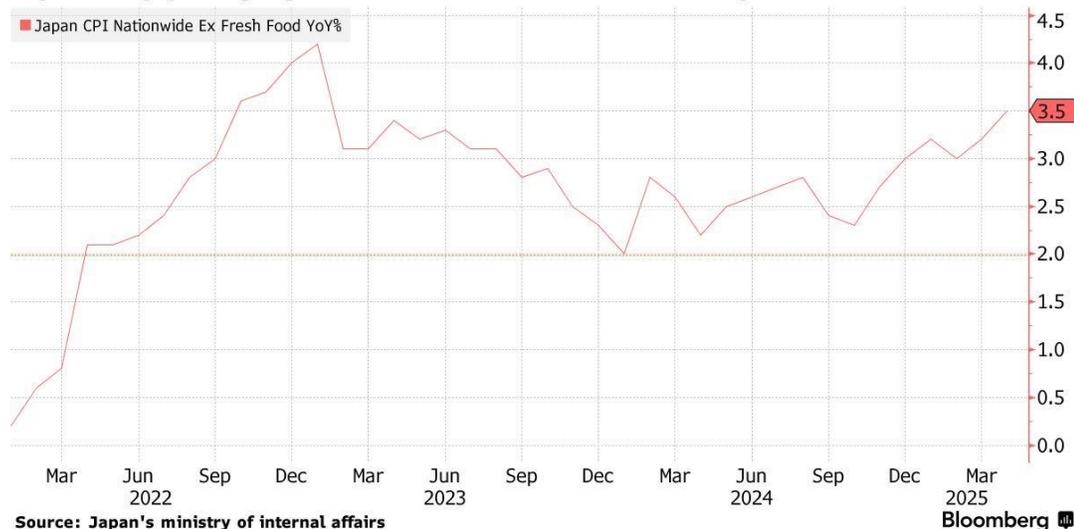
- The LRS was introduced in 2004, allowing all resident individuals to remit up to \$250,000 per financial year for any permissible current or capital account transaction or a combination of both, free of charge. Initially launched with a \$25,000 limit, it has since been revised upward.
- In FY25, international travel — the largest LRS segment, accounting for nearly 60% — dipped marginally by 0.25% YoY to \$16.96 billion. Funds transferred for maintenance of close relatives and overseas education declined by 19.28% to \$3.72 billion and 16.09% to \$2.92 billion, respectively.

### Japan's core inflation heats up, increasing July rate hike odds

- Japan's headline consumer price index (CPI) remained at 3.6% for the second consecutive month, but core inflation, which excludes fresh food, came in hotter-than-expected. Core inflation jumped to 3.5% in April, the highest level since 2023, up from 3.2% in March. This exceeded the market consensus of 3.4%.
- This hotter-than-expected core inflation supports a Bank of Japan interest rate hike in July. The Bank of Japan (BOJ) is expected to deliver a 25 bp hike, and then stay put for a considerable time due to high uncertainty surrounding US tariffs
- Broad-based inflationary pressures are building up, with price increases in housing (1.1%), medical services (2.3%), and recreation (2.7%). Energy prices also rose in April, mainly due to the end of government subsidy programs.

### Sticky Inflation

#### Japan's key price gauge touched 3% for a fifth month in April





### **UK inflation surges to 3.5% in April**

- According to the data released by the Office for National Statistics (ONS), the U.K.'s annual inflation rate hit 3.5% in April, coming in above analyst expectations.
- Economists polled by Reuters had anticipated the consumer price index would reach 3.3% in the twelve months to April.
- The latest data release comes against a recent trend of cooling inflation, with the rate of price rises slowing to 2.8% in February and 2.6% in March.
- Core inflation, which excludes more volatile energy, food, alcohol and tobacco prices, rose by 3.8% in the year to April, up from 3.4% in the twelve months to March.
- The largest upward contributions to the monthly change in the inflation rate came from housing and household services, transport, and recreation and culture. On the other end of the spectrum, the largest downward contribution was from clothing and footwear.
- The data highlighted increasing pressures on British households, as prices of electricity, gas and other fuels rose by 6.7% in the year to April. The prices of water and sewerage rose by 26.1% in the month to April, marking the largest monthly hike since at least February 1988.

### **UK retail sales jump 1.2% MoM in April**

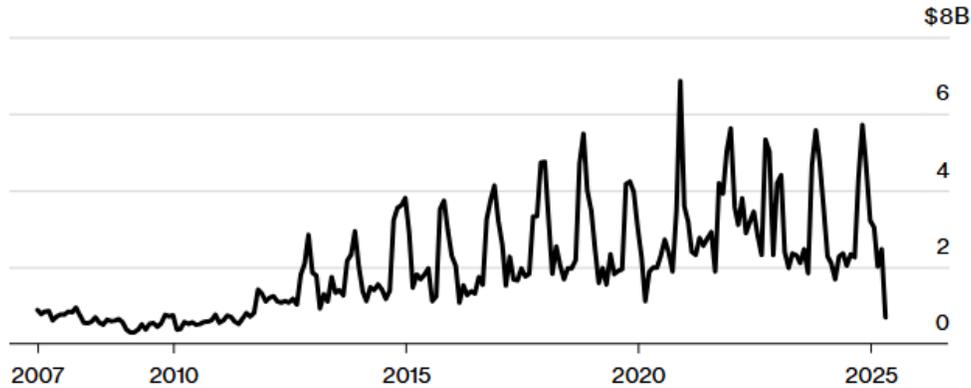
- According to the data released by the Office for National Statistics (ONS), UK retail sales volumes are estimated to have risen by 1.2% month on month (MOM) and 5% year on year (YoY) in April this year, according to the Office of National statistics (ONS). This follows a MOM rise of 0.1% in March this year.
- The core Retail Sales, stripping the auto motor fuel sales, rose 1.3% MoM, compared to the previous revised growth of 0.2% and the estimated 0.3% reading.
- Sales volumes rose by 1.8% quarter on quarter (QOQ) and 2.6% rise YOY in the three months to April 2025. This was the largest three-monthly rise since July 2021 and the largest YoY rise since March 2022.
- Non-food stores sales volumes (the total of department, clothing, household and other non-food stores) fell by 0.7% MOM in April. This was because of falls in clothing stores and other non-food stores. These falls in sales volumes mainly followed strong growth in March 2025.
- The amount spent online fell by 0.3% MOM in April 2025 in the country. Sales values, however, rose by 6.1% YOY in April and by 3.4% QOQ in the three months to April.
- Total spend (the sum of in-store and online sales) rose by 0.7% MOM in the month. As a result, the proportion of sales made online fell from 27.1% in March 2025 to 26.8% in April.



A week gone by - In Charts

**China's Mobile Phone Exports to US Plunged to 14-year Low**

April exports of \$688.5 million mark the lowest monthly shipment since June 2011

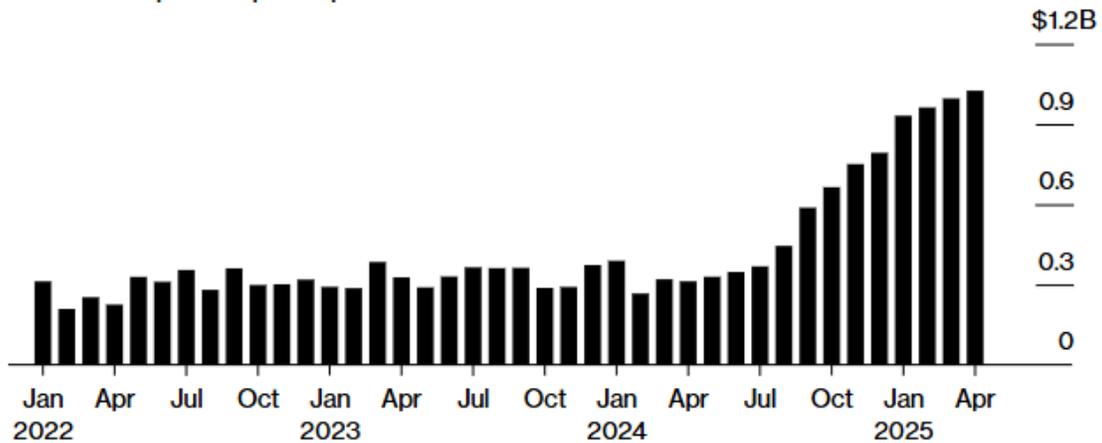


Source: China's General Administration of Customs, Trade Data Monitor

**Smartphone Supply Chain to India**

More phone parts are being shipped from China to India for final assembly

■ China's exports of phone parts to India



Source: China's General Administration of Customs

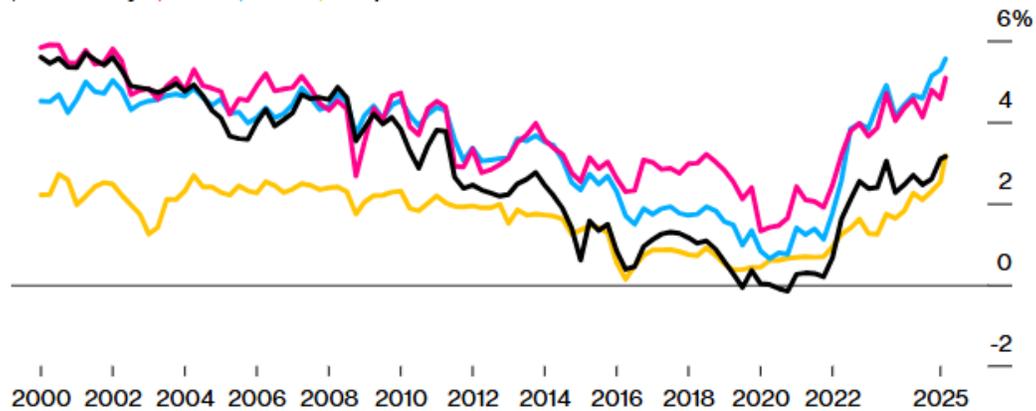


## World

### Long-End Is Suffering

30-year government bond yields are rising globally

Germany US UK Japan



Source: Bloomberg

### What to expect in coming week?

Date	Country / Region	Event	Forecast	Previous
28 <sup>th</sup> May	Australia	CPI YoY	2.3%	2.4%
	New Zealand	Monetary policy decision	3.25%	3.50%
29 <sup>th</sup> May	US	Preliminary GDP QOQ	-0.3%	-0.3%

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