



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



# WEEKLY ECONOMIC NEWSLETTER

BY ICAI DUBAI UAE CHAPTER

ISSUE 14



## Weekly Economic Newsletter by ICAI Dubai UAE Chapter (Issue 14)

(For internal circulation to members only)

### Week ending Sep 06, 2025

	Current Week	Previous Week	% Change		Current Week	Previous Week	% Change
<b>DFM</b>	5,989.21	6,063.61	<b>-1.23%</b>	<b>USD/INR</b>	88.1700	88.1500	<b>+0.02%</b>
<b>ADX</b>	10,033.75	10,094.67	<b>-0.60%</b>	<b>EUR/USD</b>	1.1718	1.1685	<b>+0.28%</b>
<b>SENSEX</b>	80,710.76	79,809.65	<b>+1.13%</b>	<b>USD/JPY</b>	147.40	147.05	<b>+0.24%</b>
<b>NIFTY</b>	24,741.00	24,426.85	<b>+1.29%</b>	<b>USD/CNY</b>	7.1400	7.1500	<b>-0.14%</b>
<b>DOW</b>	45,400.86	45,544.88	<b>-0.32%</b>	<b>Gold</b>	3,586.75	3,447.55	<b>+4.04%</b>
<b>NASDAQ</b>	21,700.39	21,455.55	<b>+1.14%</b>	<b>US 10-year</b>	4.0770	4.2330	<b>-3.69%</b>
<b>S&amp;P 500</b>	6,481.50	6,460.26	<b>+0.33%</b>	<b>Brent Crude</b>	65.23	66.86	<b>-2.44%</b>

#### Bharain's non-oil imports jump 17% in July

- According to the data released by the government, the value of Bahrain's non-oil imports increased by 17% reaching to BD544 million (\$1443 million) in July 2025 in comparison with BD464 million for same month in 2024.
- The total value of non-oil exports (national origin) decreased by 1% to reach BD333 million (\$883.30 million) during July 2025, compared to BD337 million for same month in 2024.
- According to the July 2025 Foreign Trade report issued by the Information & eGovernment Authority (iGA), the top 10 countries for imports recorded 69% of the total value of imports. According to the report, China ranked first for imports to Bahrain, with a total of BD72 million (13%), followed by Brazil with BD53 million (10%) and Australia with 51 million (9%).
- The top 10 countries in exports (National Origin) accounted for 74% of the exports (National Origin) value. Saudi Arabia ranked first among countries for non-oil exports (National Origin) with BD80 million (24%). The US was second with BD41 million (12%) and The United Arab Emirate was third with BD29 million (9%).

#### India's GST overhaul would ease tax burden and inflation, boost economy

- India's Goods and Services Tax (GST) Council has approved a radical new reform of India's indirect tax system. This is the first major update introduced since the launch of GST in 2017. The changes rationalize tax slabs, cut duties on essentials, and restructure rates across multiple sectors to boost consumption and ease the burden on households.
- At the same time, certain luxury items and sin goods will face higher taxation.



- A major highlight of the GST reforms is the rationalization of the existing tax structure. The existing GST framework operates on a four-tier rate system with slabs of 5%, 12%, 18%, and 28%.
- The new structure would have three slabs – 5%, 18% and a new 40 percent de-merit rate – making essentials, healthcare, agriculture inputs, and consumer goods cheaper while luxury and sin goods face higher taxes. This higher rate is specifically reserved for luxury goods and socially harmful products, including high-end automobiles, aerated beverages, tobacco, and gambling services.
- The overhaul aims to boost consumption, reduce compliance complexity, and create a more transparent business environment.
- By moving from a complex four-tier system to a simpler structure with clear categories, the reforms aim to reduce disputes, improve transparency, and make GST administration more efficient for both businesses and tax authorities.

Streamlining the GST Slabs: Merit, Standard, and De-merit Rates		
Aspect	Previous GST structure	Revised GST structure
	<ul style="list-style-type: none"> <li>&gt; 12 percent</li> <li>&gt; 18 percent</li> <li>&gt; 28 percent</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New special rate of 40 percent for luxury and harmful products (for example, luxury cars, tobacco, aerated drinks, gambling services)*</li> </ul>
<b>Merit rate (5 percent)</b>	Applied to limited essentials, such as life-saving drugs, insulin, footwear priced below INR 500, textiles such as fabrics, etc.	Expanded coverage for essential goods and services used in daily life
<b>Standard rate (18 percent)</b>	Existing 18 percent slab but with overlap with 12 percent items	Becomes the uniform rate for majority of goods and services

*Note: \*De-merit Rate (40 percent) introduced by the recommendations of the 56<sup>th</sup> GST Council Meeting. Previously, the highest slab was 28 percent + cess on specific items.*

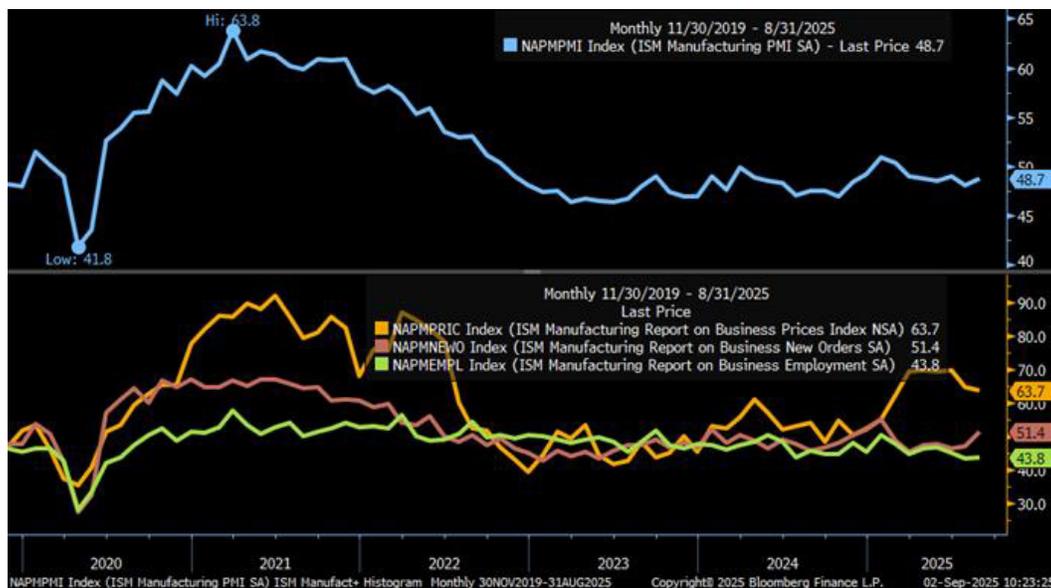
### India's forex reserves jump by \$3.51 billion to \$694.23 billion

- According to the weekly data released by the Reserve Bank of India (RBI), India's forex reserves jumped by \$ 3.51 billion to \$ 694.23 billion for the week ended August 29.
- The overall reserves had dropped by \$ 4.386 billion to \$ 690.72 billion in the previous reporting week.
- For the week ended August 29, foreign currency assets, a major component of the reserves, increased by \$ 1.686 billion to \$ 583.937 billion.
- The data revealed that, the gold reserves increased by \$ 1.766 billion to \$ 86.769 billion during the week.



### US manufacturing and services show early signs of sluggishness

- The business activity in the US manufacturing sector contracted slightly in August, with the Institute for Supply Management's (ISM) Manufacturing Purchasing Managers Index (PMI) rising to 48.7 from 48 in July. This print came in below the market expectation of 49.
- The New Orders Index grew by 4.3 percentage points to 51.4 percent after a six-month period of contraction, but this was offset by a 3.6-point decline in the Production Index, resulting in a net 0.7-point increase in the overall index compared with July.
- The Institute for Supply Management (ISM) released its nonmanufacturing purchasing managers index (PMI) which increased to 52.0 last month from 50.1 in July. Economists polled by Reuters had forecast the services PMI rising to 51.0.
- A PMI reading above 50 indicates growth in the services sector, which accounts for more than two-thirds of the economy.
- The ISM's measure of services employment was little changed at 46.5 in August, making the third straight month of contraction. Though this measure and the ISM's manufacturing employment gauge have not been good predictors of nonfarm payrolls in the government's closely watched employment report, they aligned with other labor market indicators that have suggested a considerable loss of momentum.



### US payrolls rose 22,000 in August in a clear sign of cooling in labor market

- According to the data released by the Bureau of Labor Statistics (BLS), nonfarm payrolls increased by just 22,000 for the month, while the unemployment rate rose to 4.3%.
- Economists surveyed by Dow Jones had been looking for payrolls to rise by 75,000. The report showed a marked slowdown from the July increase of 79,000, which was revised up



by 6,000. Revisions also showed a net loss of 13,000 in June after the prior estimate was lowered by 27,000.

- The payrolls count was the first since President Donald Trump fired former BLS Commissioner Erika McEntarfer following the release of the July jobs report a month ago. The move came after the report showed not just a weak level of job creation but also dramatic reductions in previous months' totals.
- In McEntarfer's place, the president nominated economist E.J. Antoni, a Trump loyalist from the Heritage Foundation who previously had criticized the BLS numbers as being politically distorted. William Wiatrowski is serving as acting BLS commissioner.

### Monthly job creation in the U.S.

Jan. 2022–Aug. 2025

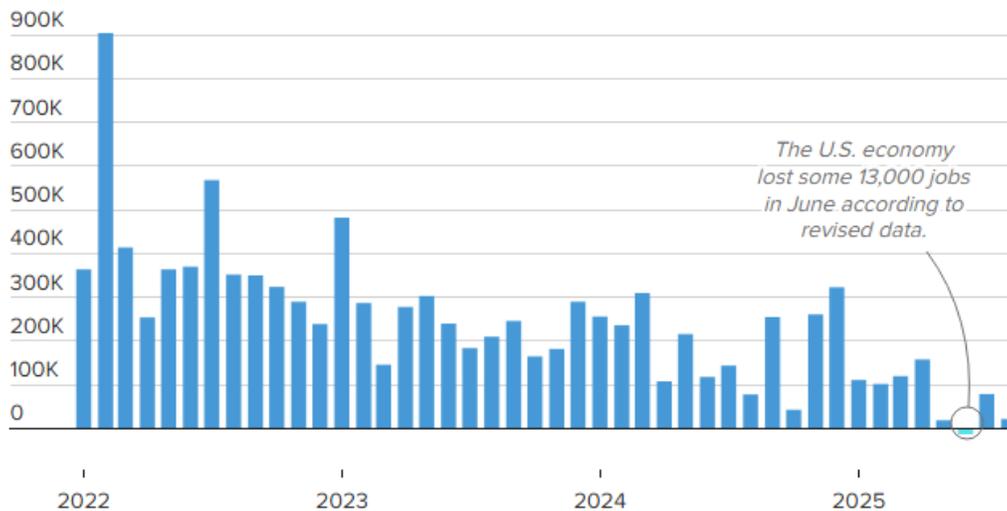


Chart: Gabriel Cortes / CNBC  
Source: U.S. Bureau of Labor Statistics via FRED  
Data as of Sept. 5, 2025



- While the pace of hiring was slow, average hourly earnings increased 0.3% for the month, meeting the estimate, though the annual gain of 3.7% was slightly below the forecast for 3.8%.



### U.S. wage growth

Year-over-year percent change in average hourly earnings | Jan. 2022–Aug. 2025



Note: All employees on private nonfarm payrolls  
Chart: Gabriel Cortes / CNBC  
Source: U.S. Bureau of Labor Statistics  
Data as of Sept. 3, 2025



- Hiring was held back by a payroll reduction in the federal government, which reported a decline of 15,000.
- Health care again led sectors, adding 31,000 jobs, while social assistance contributed 16,000. Wholesale trade and manufacturing both saw declines of 12,000 on the month.

### U.S. unemployment rate

Jan. 2021–Aug. 2025

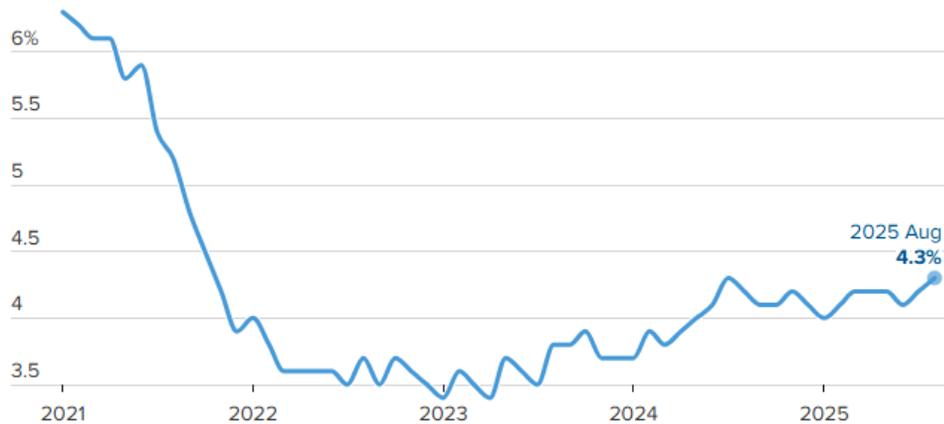
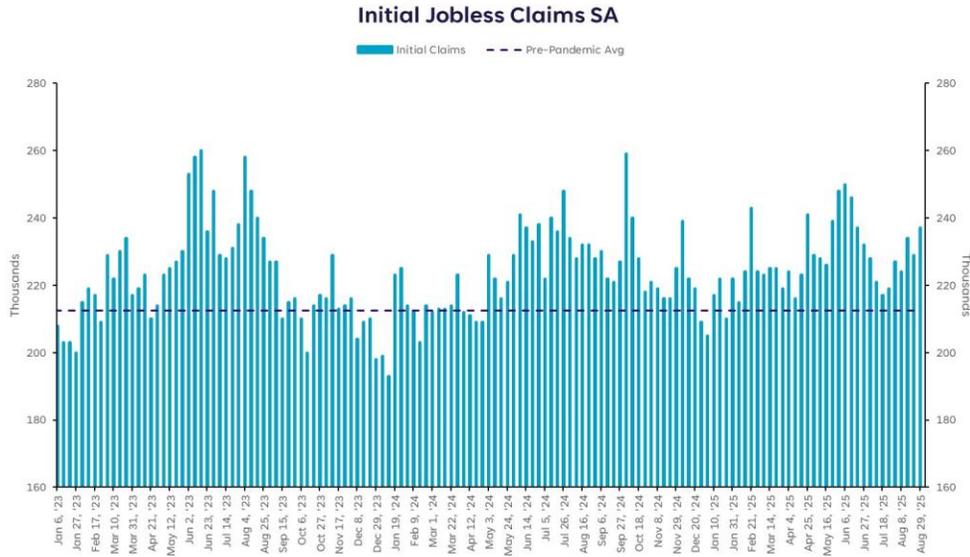


Chart: Gabriel Cortes / CNBC  
Source: U.S. Bureau of Labor Statistics  
Data as of Sept. 5, 2025





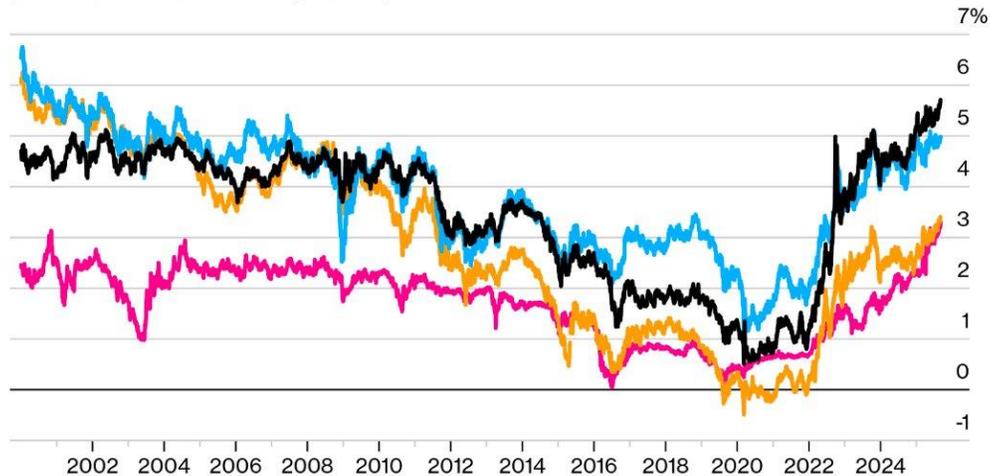
A week gone by – In Charts



### Yields on 30-Year Government Bonds Are Rising Globally

US Treasury yields were around 5% in early September

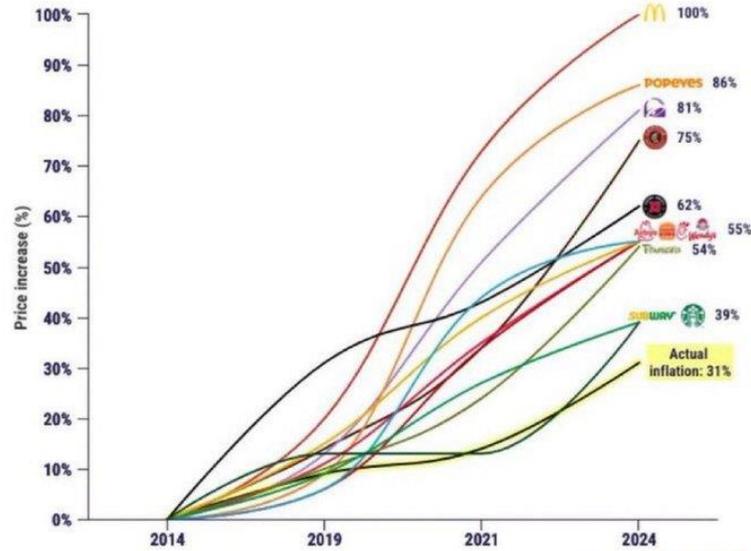
Legend: UK (black), US (blue), Germany (orange), Japan (pink)





## Fast food price inflation

Menu prices have outpaced national inflation rates at every fast food restaurant since 2014.

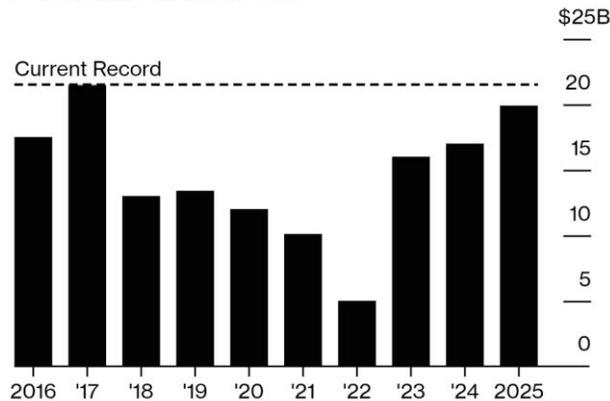


Based on average cost for 10 different menu items per restaurant. Price data was gathered for the same 10 menu items over time.

FINANCEBUZZ

## Saudi Arabia Just Shy of Record Debt Issuance

■ International bond sales



Source: Bloomberg

Note: Includes debt issued in dollars, euros

Bloomberg



### What to expect in coming week?

Date	Country / Region	Event	Forecast	Previous
10 <sup>th</sup> Sep	China	Inflation – CPI YoY	-0.2%	0.0%
	US	PPI MoM	0.3%	0.9%
11 <sup>th</sup> Sep	Eurozone	ECB Monetary policy	2.15%	2.15%
	US	Inflation – CPI YoY	2.9%	2.7%

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