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(DUBAI) CHAPTER NPIO



WEEKLY ECONOMIC NEWSLETTER

BY ICAI DUBAI UAE CHAPTER

ISSUE 3



Weekly Economic Newsletter by ICAI Dubai UAE Chapter (Issue 3)

(For internal circulation to members only)

Week ending Apr 19, 2025

	Current Week	Previous Week	% Change		Current Week	Previous Week	% Change
DFM	5,096.93	4,966.02	+2.64%	USD/INR	85.3900	86.1000	-0.82%
ADX	9,277.65	9,157.88	+1.31%	EUR/USD	1.1390	1.1350	+0.35%
SENSEX	78,553.20	75,157.26	+4.52%	USD/JPY	142.25	143.55	-0.91%
NIFTY	23,851.65	22,828.55	+4.48%	USD/CNY	7.3000	7.3100	-0.14%
DOW	39,142.23	40,212.71	-2.66%	Gold	3,327.50	3,238.40	+2.75%
NASDAQ	16,286.45	16,724.46	-2.62%	US 10-year	4.3300	4.4940	-3.65%
S&P 500	5,282.70	5,363.36	-1.50%	Brent Crude	67.68	64.59	+4.78%

Saudi inflation rises to 2.3% in March

- According to the data released by the General Authority for Statistics (GASTAT), Saudi Arabia's annual inflation rate reached 2.3% in March 2025, up 0.3% compared to the previous month and the same period last year.
- The annual inflation rate had remained stable at 2% in February 2025, maintaining the same year-on-year rate as the previous year.
- The increase in Consumer Price Index or inflation in March was mainly impacted by an 11.9% increase in apartment rents.
- Other than the rent the factors which also rose higher in March were, 6.9% in housing, 8.2% rise in water, electricity, gas, and fuel prices.
- Food and beverage prices also recorded an increase of 2%, driven by a 3.8% increase in meat and poultry prices. Prices of miscellaneous personal goods and services also rose by 3.9%, impacted by a 26.2% increase in jewelry, watches, and valuable antiques prices.
- Prices of restaurants and hotels also rose by 1.3%, driven by a 3.3% increase in hotel services and furnished apartments prices. Meanwhile, the education sector recorded a 1.1% increase, impacted by a 4.3% increase in higher education fees.
- On the other hand, prices of the home furnishings and equipment category recorded a decrease of 2.6%, impacted by a 4.1% decline in furniture, carpets, and floor coverings. Prices in the clothing and footwear category also decreased by 0.8%, impacted by a 1.9 percent decline in ready-made garments.
- The prices in the transportation category decreased by 0.8%, impacted by a 1.5% decline in vehicle purchase prices.



Oman records nearly 1% rise in commercial registrations in 2024

- The Ministry of Commerce, Industry, and Investment Promotion (MoCIIP) has revealed during its annual media briefing in Muscat that the cumulative number of commercial registrations in Oman increased by 13.96% in 2024, reaching 441,773 compared to 2023.
- The ministry highlighted a 3.6% growth in the contribution of domestic trade to Oman's GDP in 2024, amounting to over 19 billion OMR. Service activities accounted for 46.5% of the GDP. Additionally, foreign direct investments exceeded 30 billion OMR by the end of 2024, marking an increase of 4.58 billion OMR compared to the previous year. Investments in the manufacturing sector reached over 2.4 billion OMR.

India's retail inflation eases to 3.34% in March

- According to the data released by the India's statistics ministry, India's consumer price index (CPI) -based retail inflation in March eased to 3.34%, the lowest since August 2019.
- In August 2019, the headline retail inflation figure had stood at 3.28%.
- The headline retail inflation figure has remained below the central bank's medium-term target for a second consecutive month, it was 3.61% in February.
- In retail inflation, data showed that food inflation fell sharply to 2.69% in March from 3.75% in February, as the prices of cereals (5.93%), milk (2.56%), and meat (0.32%) decelerated during the month. Further, the prices of vegetables (minus 7.04%), eggs (minus 3.16%), and pulses (minus 2.73%) remained in contraction during the month.
- Separately, data released by the Ministry of Commerce and Industry on Tuesday showed that India's wholesale price index-based inflation also cooled to a six-month low of 2.05% in March, down from 2.86% in February, due to easing food prices, even as there was a sequential increase in the prices of manufactured products and fuel.

India's trade deficit widens to \$21.54bn, exports grew by 0.7% in March

- According to the data released by the Department of Commerce, Merchandise exports from India grew 0.67% at \$41.97 billion in March, mainly due to the front-loading of shipments in anticipation of US President Donald Trump's imposition of reciprocal tariffs from April 9, which has been temporarily paused.
- Imports witnessed 11% growth year-on-year (Y-o-Y) at \$63.51 billion, which resulted in a widening of the trade deficit to \$21.54 billion in the month, as compared to \$15.31 billion a year earlier.
- Oil imports stood at \$19 billion in March, the highest since May 2024, when they were \$19.95 billion. On a cumulative basis, in 2024-25, merchandise exports remained flat at \$437.42 billion as compared to \$437.07 billion during the year-ago period.
- The data further showed non-petroleum products, a parameter of the health of exports, saw 2.2% growth at \$37.07 billion in March.
- Total exports — merchandise and services — stood at \$820 billion as against \$778 billion during 2023-24, the data showed. The growth was mainly led by a jump in services exports.

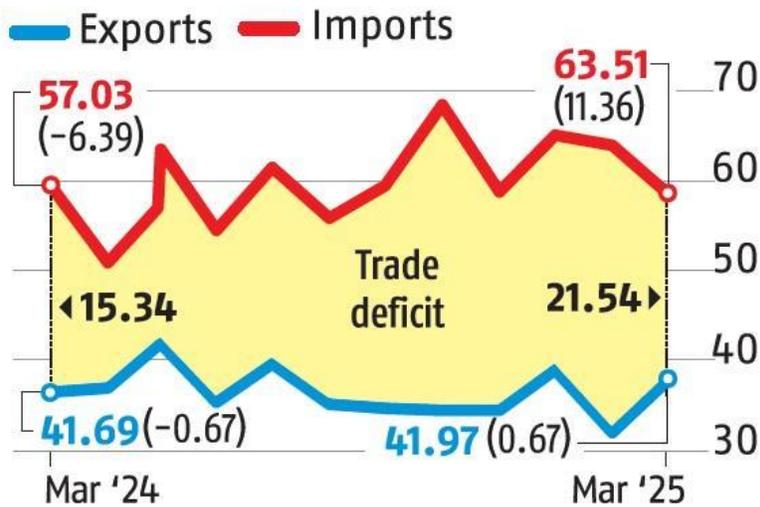


- Services exports in March saw 5.5% growth at \$31.64 billion while services imports witnessed a 17.3 per cent rise to \$13.73 billion, resulting in a surplus of \$17.88 billion.

EXPORTS INCH UP

Merchandise trade (in \$ billion)

Figures in brackets indicate change in % Y-o-Y



Source: Department of Commerce

- India recorded a trade deficit of \$99.2 billion with China in the 2024/25 fiscal year that ended in March, trade data showed, driven by a surge in imports of electronics goods and consumer durables.
- In March alone, goods imports from China jumped over 25% year-on-year to \$9.7 billion, led by electronics, electric batteries and solar cells. Total imports from China rose to \$113.5 billion in 12-months through March.
- Meanwhile, India's exports to China fell 14.5% to \$1.5 billion in March from a year earlier, with total exports dropping to \$14.3 billion in the 12-months period.

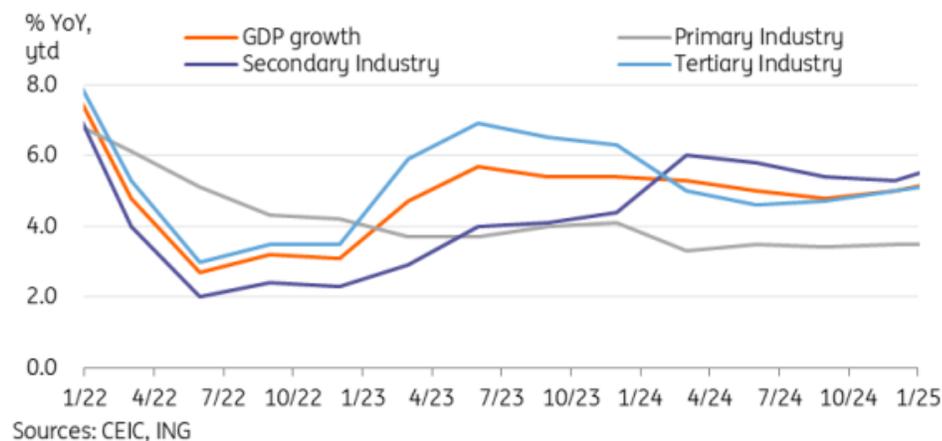
China GDP shows growth but indicates more support likely needed to meet the target

- China's first-quarter growth registered a stronger-than-expected 5.4% year on year, beating market expectations for 5.2% growth. The economy is off to a much-needed strong start in 2025, as second-quarter growth will likely take hits from the sharp escalation of President Trump's trade war.
- The manufacturing sector supported secondary industry growth of 5.9% YoY, the highest level since the first quarter of 2024. Moving forward, the trade-war impact on



manufacturing will be watched closely to see if China's overcapacity problem gets worse. Despite strong first-quarter manufacturing activity, the industrial capacity utilization rate slumped from 76.2% to 74.1%.

- The secondary industry has now outpaced the tertiary industry growth for five straight quarters. With manufacturing likely to take a hit from tariffs, China's ability to maintain solid growth moving forward could depend on the tertiary industry helping to pick up the slack.
- This year's policy will be focused on supporting domestic demand. One important aspect will be building out the services sector, including childcare and elderly care and so-called "life services" like catering, domestic services, healthcare and tourism.



China's March exports shrugged off early tariffs, but headwinds are intensifying

- Chinese exports bounced back stronger than expected in March, up 12.4% year on year from 2.3% YoY in the first two months of the year. Though trade data forecasts often have a high margin of error, exports were significantly higher than forecasts for 4.6% YoY growth. In the first quarter, exports grew by 5.8% YoY, just 0.1pp short from last year's annual growth rate.
- By export destination, exports to the US picked up despite President Trump's fentanyl tariff hikes of 20%. The March data brings the first quarter growth rate to 4.5% YoY, up from 2.3% YoY in the first two months of the year. Savvy US importers likely saw tariff hikes coming in April onward and frontloaded imports.
- The US aside, exports to many other regions accelerated in March. Exports to ASEAN, China's largest export destination, accelerated to 8.1% YoY in first quarter, driven by strong export growth to Vietnam, Thailand, and Indonesia. Other outperformers included exports to India (13.8%) and Latin America (9.6%). On the other hand, exports to the EU (3.7%), Japan (2.8%), and Korea (-1.7%) underperformed the headline growth.
- By product, semiconductor (10.8%), household appliance (8.7%), and LCD display (8.4%) exports outperformed in the first quarter. However, we saw exports of footwear (-11.2%)



and apparel (-1.9% contract, perhaps reflecting early impacts from tariffs where products with easy substitutions were displaced. Exports of rare earths also slumped -10.9% YoY, year to date, as export controls increased.

- With a staggering 145% tariffs coming into effect, it's likely that next month's data will tell a dramatically different story.
- Imports on the other hand fell to just -4.3% YoY in March, bringing the first quarter import growth to -7.0% YoY.

Japanese inflation accelerates, complicates BOJ's rate decision amidst global uncertainty

- Consumer inflation in Japan edged down to 3.6% year on year in March (vs 3.7% in February and market consensus) as fresh food prices stabilized modestly. Yet core inflation, excluding fresh food, accelerated to 3.2% (vs 3.0% in February) and core-core inflation, excluding fresh food and energy, also grew faster to 2.9% (vs 2.6% in February). Both were in line with market consensus.
- On a monthly basis, inflation rebounded 0.3% month on month, seasonally adjusted, in March (vs -0.1% in February) with both goods and services rising 0.2% each. Fresh food prices declined for a second month, yet the earlier pickup in costs is now passing on to other manufactured food prices and services, such as eating out.

ECB cuts rate by 0.25% as disinflationary pressures increase

- The European Central Bank (ECB) announced that it would cut its policy interest rates by 25bp, bringing the deposit rate to 2.25%. Market expects more rate cuts will follow.
- With the latest developments, escalating trade tensions, unprecedented policy uncertainty and the strengthening of the euro exchange rate, ECB's decision to cut interest rates came as little surprise.
- US tariffs and the never-ending back-and-forth have brought back growth concerns for the eurozone, clearly offsetting previous optimism stemming from the German fiscal policy U-turn, at least in the near term. The strengthening of the euro and the drop in energy prices have added to the disinflationary impact that the current trade tensions will have on the eurozone.
- During the press conference, ECB president Lagarde stressed that downside risks to the eurozone growth outlook had increased and that there was now more uncertainty about the eurozone inflation outlook.
- Lagarde said during the press conference that the option of a 50bp cut had been debated today but that the decision to cut by 25bp was unanimously taken

Bank of Canada kept rates on hold

- The Bank of Canada (BOC) has left its policy interest rate unchanged at 2.75% despite CPI coming in softer yesterday and anxiety over the economic impact from tariffs.



- The market had been pricing around a one-third chance of a 25bp cut while economists saw it closer to being a coin toss with 15 banks, favoring 'no change' and 14 expecting a 25bp cut.
- The accompanying press release states that tariffs have “increased uncertainty, diminished prospects for economic growth, and raised inflation expectations”. This makes it very challenging to come up with forecasts.
- There is no guidance from the BOC given such an uncertain period lies ahead. The BOC merely state that “our focus will be on ensuring that Canadians continue to have confidence in price stability through this period of global upheaval.” The BOC have already cut rates from 5.0% down to 2.75% with the BoC most recently cutting 25bp in January and March.
- Further cuts are coming though as risks are skewed towards weaker growth while the removal of the carbon consumption tax will depress inflation over the coming year. This will help to mitigate the effects of higher imposed tariffs on American products and allow 25bp cuts at the next two BoC policy meetings in June and July.

US retail sales bounce as savvy consumers buy ahead of tariffs

- US retail sales jumped 1.4% month-on-month in March, exactly in line with consensus. It's clear from high frequency reports that many consumers in the market for 'big ticket' imported items brought forward their purchases to get ahead of feared tariffs
- The 'control group' which excludes volatile items such as autos, building supplies (+3.3% MoM – metals subject to tariffs), gasoline (-2.5% on falling fuel prices) and dining out (+1.8% on better weather) was softer at 0.4% MoM growth versus the 0.6% consensus

A week gone by – In Charts

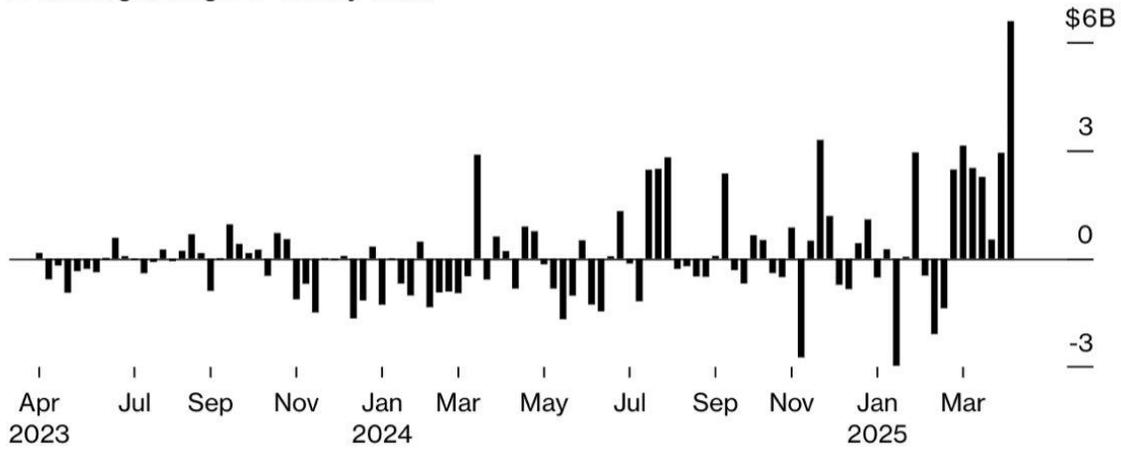




Traders Plowed \$6.6 Billion Into Leveraged Long ETFs

Record influx comes amid historic tariff-driven market volatility

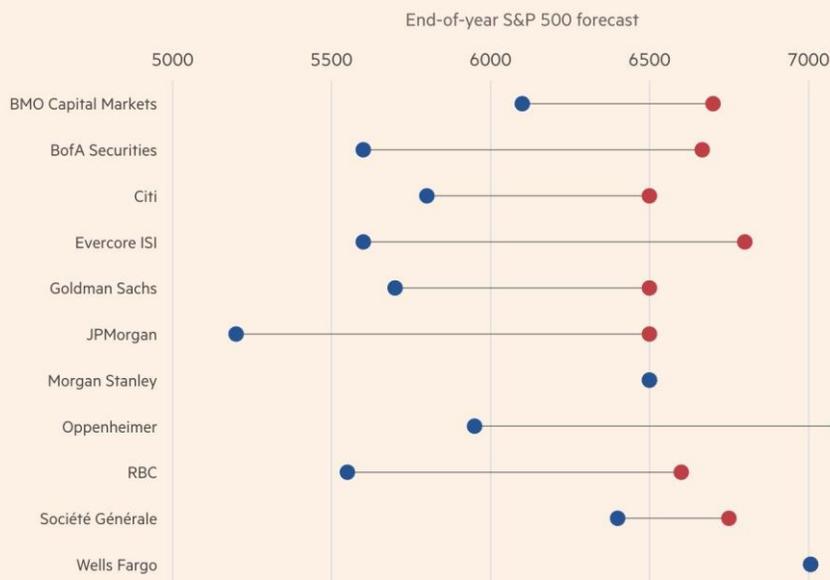
■ Leveraged long ETF weekly flows



Source: Bloomberg Intelligence

Wall Street banks cut S&P 500 year-end targets

Target stated ● Mid-Jan ● Most recent



FINANCIAL TIMES

Source: Bloomberg • Morgan Stanley and Wells Fargo unchanged



What to expect in coming week?

Date	Country / Region	Event	Forecast	Previous
21 st Apr	China	PBOC Monetary policy:		
		1-Y Loan prime rate	3.10%	3.10%
		5-Y Loan prime rate	3.60%	3.60%
23 rd Apr	US	Manufacturing PMI	49.3	50.2
		Services PMI	52.9	54.4
		New Home sales	680K	676K
24 th Apr	US	Core Durable goods orders MoM	0.2%	0.7%
25 th Apr	UK	Retail Sales MoM	-0.4%	1.0%

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