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WEEKLY ECONOMIC NEWSLETTER

BY ICAI DUBAI UAE CHAPTER

ISSUE 8



Weekly Economic Newsletter by ICAI Dubai UAE Chapter (Issue 8)

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Week ending May 31, 2025

	Current Week	Previous Week	% Change		Current Week	Previous Week	% Change
DFM	5,480.51	5,464.16	+0.30%	USD/INR	85.5600	85.1700	+0.46%
ADX	9,685.10	9,665.34	+0.20%	EUR/USD	1.1345	1.1360	-0.13%
SENSEX	81,451.01	81,721.08	-0.33%	USD/JPY	144.05	142.55	+1.05%
NIFTY	24,750.70	24,853.15	-0.41%	USD/CNY	7.2000	7.2000	+0.00%
DOW	42,270.07	41,603.07	+1.60%	Gold	3,289.75	3,357.75	-2.03%
NASDAQ	19,113.77	18,737.21	+2.01%	US 10-year	4.4080	4.5180	-2.43%
S&P 500	5,911.69	5,802.82	+1.88%	Brent Crude	61.46	65.02	-5.48%

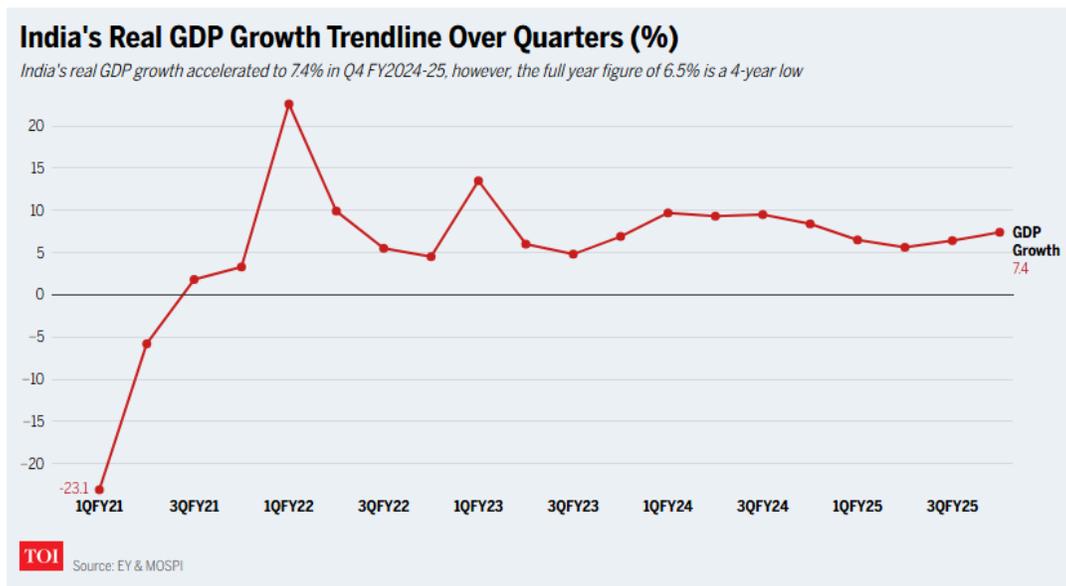
Bahrain non-oil exports rise 22% to \$896mln in April

- According to the data released by Information & eGovernment Authority's (iGA) April 2025 Foreign Trade report, the total value of Bahrain's non-oil exports (national origin) increased by 22% to BD338 million (\$896.59 million) during April 2025, compared to BD277 million for same month in 2024.
- The value of Bahrain's non-oil imports increased by 20% reaching BD575 million in April 2025 in comparison with BD481 million for same month in 2024.
- The top 10 countries for imports recorded 68% of the total value of imports. According to the report, China ranked first for imports to Bahrain, with a total of BD64 million (11%), followed by Australia with BD55 million (10%) and the UAE with BD49 million (9%).
- Non-agglomerated iron ores and concentrates recorded as the top product imported to Bahrain with a total value of BD67 million (12%), followed by other aluminum oxide with BD51 million (9%) and jewelry of gold being the third with BD36 million (6%).
- The top 10 countries in exports (National Origin) accounted for 71% of the exports (National Origin) value.
- Saudi Arabia ranked first among countries for then non-oil exports (National Origin) with BD81 million (24%). The US was second with BD35 million (10%) and UAE was third with BD32 million (9%).
- Unwrought aluminum alloys recorded as the top products exported in April 2025 with BD105 million (31%), followed by agglomerated iron ores and concentrates alloyed with a value of BD54 million (16%) and aluminum wire not alloyed with BD18 million (5%).
- As for the trade balance, which represents the difference between exports and imports, Bahrain recorded a deficit of BD166 million in April 2025 compared to a deficit of BD126 million in April 2024.



India's Q4 GDP growth beats estimates, grows at 7.4%

- India's economy expanded at a faster-than-expected annual rate of 7.4% in the quarter ended in March, despite mounting global economic uncertainty. That marked the strongest quarterly growth in the fiscal year of 2025.
- The print for the gross domestic product of the fourth quarter of the government's fiscal year 2025 came in sharply higher than the 6.7% growth forecast by economists in a Reuters poll.
- India's economy expanded by 6.5% in the full fiscal 2025 year, in line with the government's February estimate.
- The sectoral analysis reveals that construction leads the growth trajectory with 9.4% in FY 2024-25. This is complemented by strong performance in public administration, defense and other services at 8.9%, while financial, real estate and professional services records a growth of 7.2%.
- The Private Final Consumption Expenditure (PFCE) exhibited robust growth, achieving a growth of 7.2% in FY 2024-25, surpassing the previous financial year's rate of 5.6%.



India's gross GST collections rise 16.4% to over Rs. 2.01trn in May

- According to the data released by the Government of India, gross GST collections remained above the Rs 2 trillion mark for the second month in a row, rising 16.4% in May to over Rs 2.01 trillion.
- Goods and Services Tax (GST) collection had touched a record high of Rs 2.37 trillion in April. In May, 2024, the mop up was Rs 172,739 crore.



- In May, 2025, gross revenues from domestic transactions rose 13.7% to about Rs 1.50 trillion, while GST revenue from imports grew 25.2% to Rs 51,266 crore. Total gross GST revenues stood at Rs 2,01,050 crore in May, 2025.
- Gross Central GST revenues stood at Rs 35,434 crore, State GST revenues at Rs 43,902 crore and Integrated GST at about Rs 1.09 trillion. Revenues from cess was at Rs 12,879 crore.
- Total refunds issued during the month dipped 4% to Rs 27,210 crore. Net GST mop-up in May stood at about Rs 1.74 trillion, a 20.4% year-on-year growth.
- While large states like Maharashtra, West Bengal, Karnataka and Tamil Nadu have reported collection increases of 17% to 25%, similar large states like Gujarat, Andhra Pradesh and Telangana have shown increases of up to 6%. Some states like Madhya Pradesh, Haryana, Punjab and Rajasthan have shown median increases of 10%.

Bank of Japan rate hike odds rise with strong inflationary pressures

- Tokyo consumer price index (CPI) inflation stayed at 3.4% year-on-year in May, in line with market consensus. Yet core inflation, excluding fresh food, accelerated to 3.6% from 3.4%, beating the market consensus of 3.5%. Core inflation has accelerated quite sharply for four months in a row, from 2.2% in February to 3.6% in May.
- Fresh food prices eased sharply to 0.3% in May (vs 23.1% in January), thanks to stabilization of rice prices.
- In other data points, it was seen that the economy is sending mixed signals with retail sales showing better performance but the industrial production was down.
- Industrial production fell -0.9% month on month, seasonally adjusted, in April (vs 0.2% in March, -1.4% market consensus).
- Car production fell -0.3% in April, following an -8.4% drop in March. Petrochemicals and steels rose. Chip-making equipment dropped -7.5%
- Retail sales saw a modest 0.5% MoM rebound in April. A significant increase in auto sales (7.1%) was the main driver of this, while apparel and fuel sales also rose.
- Bank of Japan (BOJ) is finding itself in a difficult situation currently. Inflationary pressures remain hot, while the economic recovery remains fragile -- and facing strong headwinds from US tariffs.

German inflation eases to hotter-than-expected 2.1% in May

- According to the preliminary data released by the statistics office Destatis, Germany's annual inflation hit 2.1% in May approaching the European Central Bank's 2% target but coming in slightly hotter than analyst estimates.
- The print compares with a 2.2% reading in April and with a Reuters projection of 2%.
- So-called core inflation, which strips out more volatile food and energy prices, dipped slightly from April's 2.8% to 2.9% in May. The closely watched services print meanwhile eased sharply, coming in at 3.4% compared to 3.9% in the previous month.
- Energy prices fell markedly for the second month in a row, tumbling by 4.6% in May.



- Germany's consumer price index has been closing in on the European Central Bank's 2% target over recent months, in a positive signal amid ongoing uncertainty about the economic outlook for Europe's largest economy.
- The European Central Bank is set to make its next interest rate decision on June 5, with markets last pricing in an over 96% chance of a quarter point interest rate reduction. Back in April, the central bank had cut its deposit facility rate by 25 basis points to 2.25%.

US consumer confidence for May was much stronger than expected

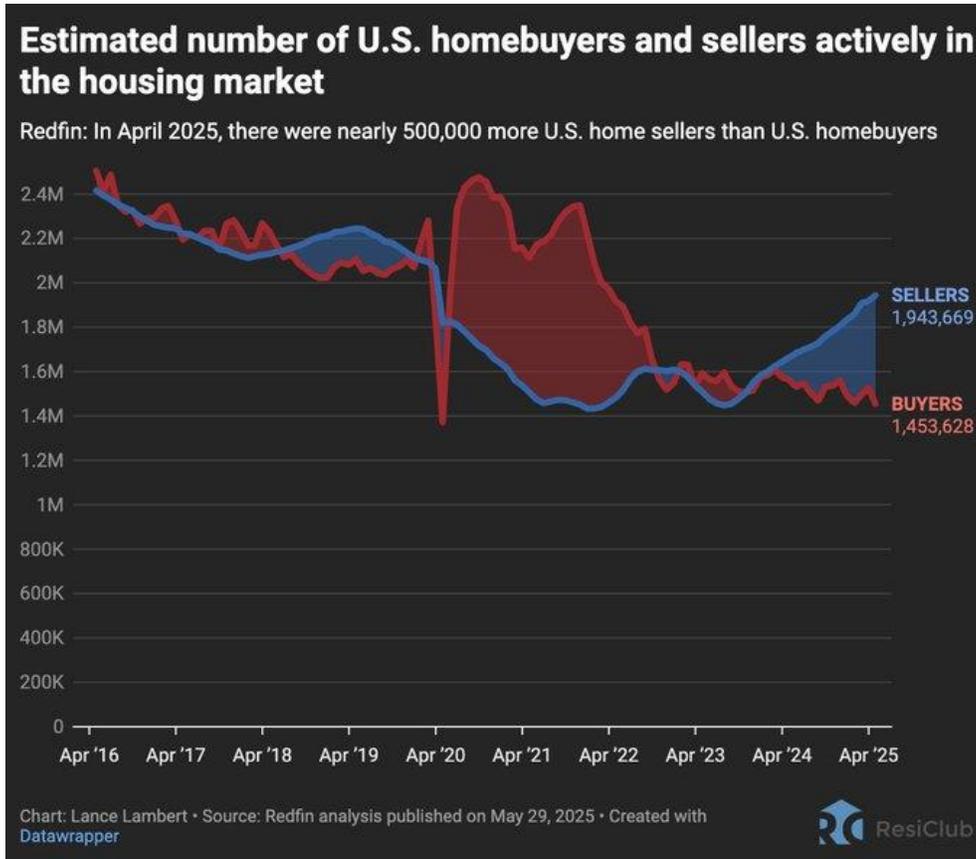
- The Conference Board's Consumer Confidence Index leaped to 98.0, a 12.3-point increase from April and much better than the Dow Jones consensus estimate for 86.0.
- Much of the positive sentiment, according to board officials, came from developments in the U.S.-China trade impasse, most notably President Donald Trump's halting of the most severe tariffs on May 12th.
- The two sides reached a truce in early May, marking the second major walk-back of Trump's so-called reciprocal tariffs since he levied them in his April 2 "liberation day" announcement.
- May's rebound followed five straight months of declines. Consumers and investors had grown sour on economic prospects amid the intensifying trade war that Trump has launched against U.S. global trading partners, with China a particular target.
- Other board sentiment indicators also increased. The present situation index increased to 135.9, up 4.8 points, and the expectations index posted a major surge to 72.8, a 17.4-point gain. Investors also showed more optimism, with 44% now expecting stocks to be higher over the next 12 months, up 6.4 percentage points from April.

US PCE slipped to 2.1% in April

- The personal consumption expenditures price index, the Federal Reserve's key inflation measure, increased just 0.1% for the month, putting the annual inflation rate at 2.1%, the lowest of 205. The monthly reading was in line with the Dow Jones consensus forecast while the annual level was 0.1 percentage point lower.
- Excluding food and energy, the core reading that tends to get even greater focus from Fed policymakers showed readings of 0.1% and 2.5%, against respective estimates of 0.1% and 2.6%. Central bank officials believe core is a better indicator of longer-term trends.
- Consumer spending, though, slowed sharply for the month, posting just a 0.2% increase, in line with the consensus but slower than the 0.7% rate in March. A more cautious consumer mood also was reflected in the personal savings rate, which jumped to 4.9%, up from 0.6 percentage point in March to the highest level in nearly a year.
- Personal income surged 0.8%, a slight increase from the prior month but well ahead of the forecast for 0.3%.
- Food prices fell 0.3% on the month while energy goods and services increased 0.5%. Shelter costs, which has been one of the most stubborn inflation components, increased 0.4%.

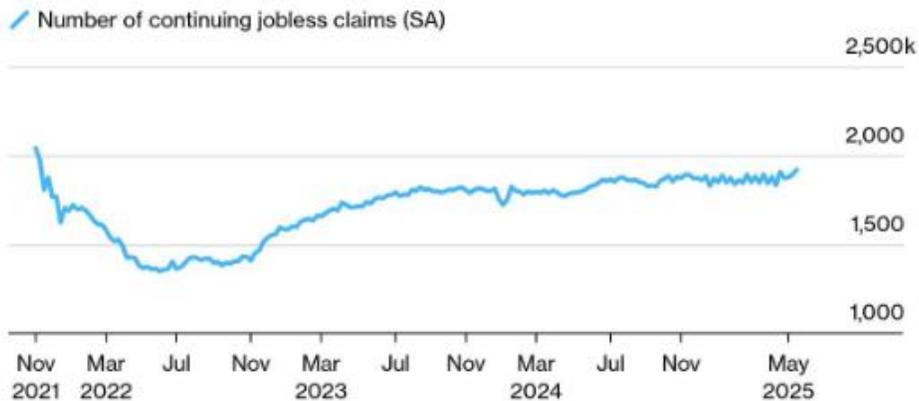


A week gone by – In Charts



Continuing Claims for US Jobless Benefits Highest Since 2021

Rise suggests unemployed are having tougher time finding another job



Source: US Labor Department

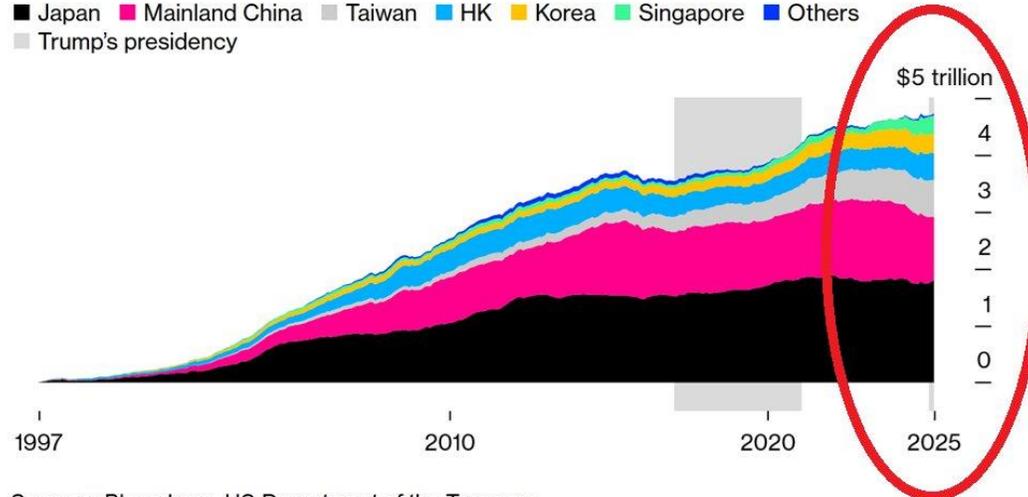
Bloomberg



Asian Economies Pile Into American Assets

Cumulative net purchases of US bonds and stocks since start of 1997

■ Japan
 ■ Mainland China
 ■ Taiwan
 ■ HK
 ■ Korea
 ■ Singapore
 ■ Others
■ Trump's presidency



Sources: Bloomberg, US Department of the Treasury
Note: Others are Thailand, Malaysia, Philippines, Indonesia and India

What to expect in coming week?

Date	Country / Region	Event	Forecast	Previous
2 nd June	US	ISM Manufacturing PMI	49.3	48.7
4 th June	Australia	GDP QOQ	0.4%	0.6%
	Canada	BOC Monetary policy	2.50%	2.75%
5 th June	Eurozone	ECB Monetary policy	2.15%	2.40%
6 th June	US	Nonfarm payrolls	130K	177K

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