

GCC: UAE & KSA inflation slowed in November

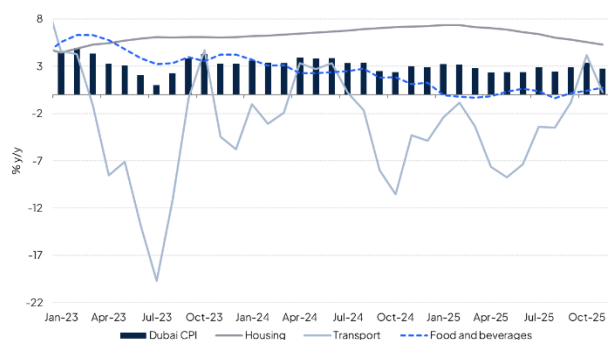
15 December 2025 – Economics

- Dubai's headline CPI inflation slowed to 2.7% y/y in November, mainly due to lower transport costs. Housing & utilities remain the biggest driver of price growth in Dubai, but the pace is easing.
- Saudi Arabia's inflation slowed to 1.9% y/y in November, with housing as the main contributor.
- Both Dubai and Saudi Arabia are expected to see softer inflation in 2026 as housing price growth moderates.

Dubai

Headline CPI inflation in Dubai slowed to 2.7% y/y in November, down from 3.4% the previous month. We had previously predicted ([see Dubai: CPI inflation at 3.4% y/y in October](#)) that inflation in the emirate would soften through the close of the year as transport inflation cooled, and this has been borne out. Annualised inflation has averaged 2.8% over January to November and is likely to come in just marginally higher than our long-held forecast for an average of 2.6%. We expect price growth to remain at a broadly similar level in 2026, forecasting an average of 2.5% over the course of the year.

Transport the key variable



Source: Haver Analytics, Bloomberg, Emirates NBD Research

The primary driver of the cooldown in inflation in November was the transport component, which accounts for around 9% of the CPI basket and has long been the primary driver of monthly inflation volatility in Dubai. Last month, transport prices were down 1.9% m/m (contributing to the headline m/m deflation of 0.2%) and up just 0.2% y/y, compared with a 4.2% y/y rise the previous month. This mirrored changes in petrol prices, with a litre of super 98 costing AED 2.63/l in November 2025, down 4.0% y/y. Transport prices will pick up again for the December CPI print given that super 98 rose to AED 2.70/l, up 3.4% y/y. This is still softer than the

4.2% rise seen in October, however, and looking ahead to 2026, a lower average global oil price should keep transport modestly deflationary overall.

Housing & utilities remains the dominant driver of inflation, accounting for approximately 40% of the CPI basket, the largest share of any component. Moreover, housing & utilities prices have accelerated faster than all other categories. Over January to November it has averaged 6.5% growth, more than twice as fast as the headline figure as population growth and investment fueled demand. However, the pace of price growth in housing has been slowing in recent months, and at 5.3% y/y in November it is down to a 32-month low. Looking ahead to 2026 we anticipate that this trend will continue given base effects and an anticipated ramp-up in housing supply, and this should contribute to a softer headline rate.

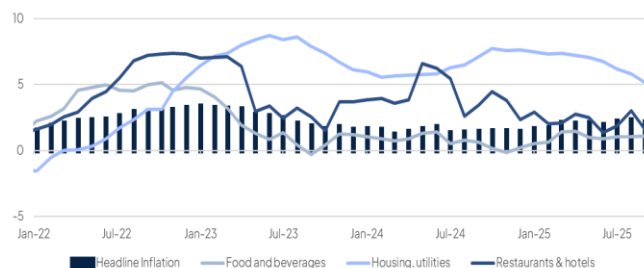
The rest of the CPI basket continues to see only modest price growth for the most part, with food & beverage prices (12% of the basket) up just 0.7% y/y in November, while clothing & footwear was outright deflationary at -0.8%. Dubai businesses did raise their prices charged to customers on an aggregate basis in November according to the S&P Global PMI survey, but at a fairly modest pace.

Saudi Arabia

Headline inflation in Saudi Arabia slowed to 1.9% y/y in November, down from 2.2% the previous month. Annual inflation has averaged 2.0% over the first 11 months of 2025, exactly in line with our forecast. This compares with an annual average of 1.5% in 2024, with housing having been largely responsible for this acceleration. In 2026 we forecast an annual headline rate of 1.6%, with a slowdown in housing price rises likely to be the key determinant.



Housing driving headline inflation



Source: Haver Analytics, Bloomberg, Emirates NBD Research

Housing & utilities prices were up 4.3% y/y in November, faster than most other components of the CPI basket, and with a 20% weighting (second only to food & beverages at 22%) it is the largest driver of inflation in Saudi Arabia. Rapid population growth and urbanisation have driven up demand for housing in recent years, especially in Riyadh and other major business centres. However, the pace of price growth has been slowing significantly in recent months, with the latest print the slowest since October 2022, and down from a recent peak of 7.8% in October 2024. We anticipate that this slowdown will continue next year given the government's focus on easing housing price pressures for people, with a Riyadh rent freeze introduced several months ago.

Price pressures elsewhere were soft in November, with only miscellaneous goods & services coming in above 2.0% (prices here were 6.6% higher than in November 2024). Of the other major components of the basket, food & beverages prices were up 1.9%, slower than the 2.2% seen in October, while transport prices were 1.5% higher, marginally slower than the 1.6% recorded the previous month. The monthly pace by which Saudi businesses raised their prices charged to customers slowed in November, according to the S&P Global PMI survey, and with input prices for businesses moderating they should be able to slow the pace of their output price rises.

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