

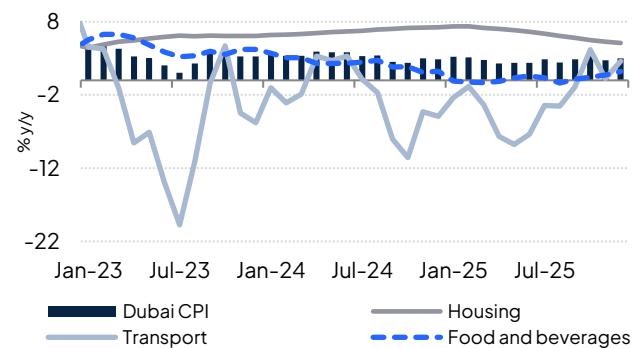
Dubai: Higher petrol prices push CPI inflation higher in December

19 January 2026 – Economics

- Dubai CPI rose to 3.0% y/y in December, driven mainly by higher transport and food prices.
- Housing inflation slowed to a 33-month low, reinforcing expectations that it will moderate headline inflation in 2026.
- The inflation gap between Dubai and the UAE is narrowing as Dubai's housing inflation cools and Abu Dhabi's accelerates.

CPI inflation in Dubai accelerated to 3.0% y/y in December, up from 2.7% the previous month. This put annual y/y inflation at an average of 2.8%, modestly higher than our predicted 2.6%, but still the slowest pace of annual average inflation since 2021. We forecast a slowdown to 2.5% this year, anticipating slower housing inflation and transport inflation that will be deflationary on average.

Transport the key variable



Source: Haver Analytics, Bloomberg, Emirates NBD Research

We had anticipated that transport inflation would be a driver of faster headline inflation in December, and it accelerated to 2.6% y/y, up from 0.2% in November. Transport accounts for around 9% of the CPI basket in Dubai and as it tracks prices at the pump – which are themselves susceptible to volatility in global oil prices – it has long been the major variable in Dubai inflation from one month to the next. A litre of super 98 cost AED 2.70/l in December, up 3.4% from AED 2.61/l in December 2024, and this was reflected in the inflation data. Looking ahead, a litre of super 98 costs AED 2.53/l in January 2026, down 3.1% y/y, and so transport will likely become a drag on the headline measure once more. Indeed, given our expectation that global oil prices will track lower on average in 2026 – we forecast that Brent futures will average USD 60/b, down from USD 68/b in 2025 – then transport should

be predominantly deflationary this year, though it will likely continue to oscillate from month to month.

The largest component of Dubai's CPI basket is housing & utilities, which makes up just over two fifths of the total. In December, housing inflation slowed to 5.1% y/y, a 33-month low for the measure, and we expect that it will continue to exert a moderating influence on headline inflation in Dubai this year. Faster growth in food & beverages prices will have contributed to the higher pace of inflation in December, as food ticked up to 1.2% y/y, from 0.7% previously. Elsewhere, most notable components of the CPI basket continued to see moderate inflationary pressures and were little changed on the previous month's reading. Notably, there was a marked slowdown in recreation & culture inflation to 1.8%, from 4.0% previously, but this accounts for less than 2.4% of the basket.

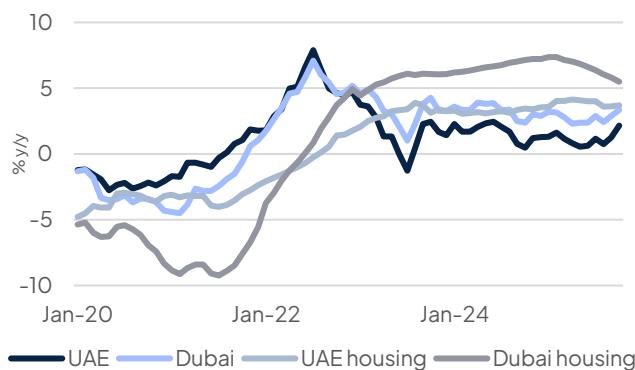
Slower housing inflation prompts narrower spread with UAE CPI

Dubai's CPI inflation rate has outpaced that of the broader UAE over the past two years, with an average spread of 1.6ppts since January 2023. The key driver of that has been more rapid housing & utilities inflation in Dubai than was seen in the rest of the country. At its peak, housing inflation in Dubai averaged 7.3% y/y in Q1 last year, far outpacing the 3.9% for UAE inflation as a whole (which includes Dubai). Housing inflation in Abu Dhabi was a contractionary -0.4% in the same quarter.

In recent months, however, the spread between Dubai inflation and UAE inflation has begun to narrow, falling to just 1.2ppts in October (last available UAE data). The likely driver of this is the previously mentioned marked slowdown in Dubai's housing inflation, coupled with faster housing price growth in Abu Dhabi: despite the slowdown in Dubai housing inflation, the UAE measure has remained fairly static in recent months, reflecting increasingly

rapid housing inflation in Abu Dhabi. Only Q2 inflation data for Abu Dhabi is available at present, but housing inflation had already accelerated to 2.6% y/y that quarter (though headline inflation remained deflationary at -0.1%).

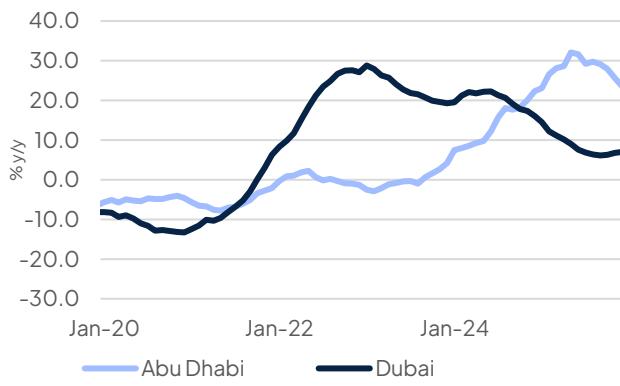
CPI inflation, % y/y



Source: Haver Analytics, Bloomberg, Emirates NBD Research

These inflationary trends reflect what we can see in real estate data, where y/y rental price growth in Abu Dhabi accelerated sharply after turning positive in late 2023. Dubai's rental price growth accelerated several years earlier, and was markedly slower in 2025 than in the previous two years. Average apartment rents in Abu Dhabi averaged growth of 27.9% in 2025, compared to 8.7% in Dubai. Looking at the last several months of the year, rental price growth in Abu Dhabi has been slowing once more but at 23.6% in December it remains elevated compared to pre-2025.

Average apartment rents, % y/y



Source: Haver Analytics, Bloomberg, Emirates NBD Research

Disclaimer

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS OF ACCESS FOR THE PUBLICATION BEFORE THE USE THEREOF. By continuing to access and use the publication, you signify you accept these terms and conditions. Emirates NBD reserves the right to amend, remove, or add to the publication and Disclaimer at any time. Such modifications shall be effective immediately. Accordingly, please continue to review this Disclaimer whenever accessing, or using the publication. Your access of, and use of the publication, after modifications to the Disclaimer will constitute your acceptance of the terms and conditions of use of the publication, as modified. If, at any time, you do not wish to accept the content of this Disclaimer, you may not access, or use the publication. Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Emirates NBD and shall be of no force or effect. Information contained herein is believed by Emirates NBD to be accurate and true but Emirates NBD expresses no representation or warranty of such accuracy and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in the publication. The publication is provided for informational uses only and is not intended for trading purposes. Charts, graphs and related data/information provided herein are intended to serve for illustrative purposes. The data/information contained in the publication is not designed to initiate or conclude any transaction. In addition, the data/information contained in the publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. The publication may include data/information taken from stock exchanges and other sources from around the world and Emirates NBD does not guarantee the sequence, accuracy, completeness, or timeliness of information contained in the publication provided thereto by or obtained from unaffiliated third parties. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which Emirates NBD is a party.

None of the content in the publication constitutes a solicitation, offer or recommendation by Emirates NBD to buy or sell any security, or represents the provision by Emirates NBD of investment advice or services regarding the profitability or suitability of any security or investment. Moreover, the content of the publication should not be considered legal, tax, accounting advice. The publication is not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law or regulation. Accordingly, anything to the contrary herein set forth notwithstanding, Emirates NBD, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries shall not, directly or indirectly, be liable, in any way, to you or any other person for any: (a) inaccuracies or errors in or omissions from the publication including, but not limited to, quotes and financial data; (b) loss or damage arising from the use of the publication, including, but not limited to any investment decision occasioned thereby. (c) UNDER NO CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, SHALL EMIRATES NBD, ITS SUPPLIERS, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS, ASSIGNS, AFFILIATES OR SUBSIDIARIES BE LIABLE TO YOU FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES EVEN IF EMIRATES NBD HAS BEEN ADVISED SPECIFICALLY OF THE POSSIBILITY OF SUCH DAMAGES, ARISING FROM THE USE OF THE PUBLICATION, INCLUDING BUT NOT LIMITED TO, LOSS OF REVENUE, OPPORTUNITY, OR ANTICIPATED PROFITS OR LOST BUSINESS. The information contained in the publication does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in the publication. Further, references to any financial instrument or investment product is not intended to imply that an actual trading market exists for such instrument or product. In publishing this document Emirates NBD is not acting in the capacity of a fiduciary or financial advisor.

Emirates NBD and its group entities (together and separately, "Emirates NBD") does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its reports. As a result, recipients of this report should be aware that any or all of the foregoing services may at times give rise to a conflict of interest that could affect the objectivity of this report.

The securities covered by this report may not be suitable for all types of investors. The report does not take into account the investment objectives, financial situations and specific needs of recipients.

Data included in the publication may rely on models that do not reflect or take into account all potentially significant factors such as market risk, liquidity risk and credit risk. Emirates NBD may use different models, make valuation adjustments, or use different methodologies when determining prices at which Emirates NBD is willing to trade financial instruments and/or when valuing its own inventory positions for its books and records. In receiving the publication, you acknowledge and agree that there are risks associated with investment activities. Moreover, you acknowledge in receiving the publication that the responsibility to obtain and carefully read and understand the content of documents relating to any investment activity described in the publication and to seek separate, independent financial advice if required to assess whether a particular investment activity described herein is suitable, lies exclusively with you. You acknowledge and agree that past investment performance is not indicative of the future performance results of any investment and that the information contained herein is not to be used as an indication for the future performance of any investment activity. You acknowledge that the publication has been developed, compiled, prepared, revised, selected, and arranged by Emirates NBD and others (including certain other information sources) through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort, and money and constitutes valuable intellectual property of Emirates NBD and such others. All present and future rights in and to trade secrets, patents, copyrights, trademarks, service marks, know-how, and other proprietary rights of any type under the laws of any governmental authority, domestic or foreign, shall, as between you and Emirates NBD, at all times be and remain the sole and exclusive property of Emirates NBD and/or other lawful parties. Except as specifically permitted in writing, you acknowledge and agree that you may not copy or make any use of the content of the publication or any portion thereof. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with the publication, or the names of any individual participant in, or contributor to, the content of the publication, or any variations or derivatives thereof, for any purpose.

YOU AGREE TO USE THE PUBLICATION SOLELY FOR YOUR OWN NONCOMMERCIAL USE AND BENEFIT, AND NOT FOR RESALE OR OTHER TRANSFER OR DISPOSITION TO, OR USE BY OR FOR THE BENEFIT OF, ANY OTHER PERSON OR ENTITY. YOU AGREE NOT TO USE, TRANSFER, DISTRIBUTE, OR DISPOSE OF ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION IN ANY MANNER THAT COULD COMPETE WITH THE BUSINESS INTERESTS OF EMIRATES NBD. YOU MAY NOT COPY, REPRODUCE, PUBLISH, DISPLAY, MODIFY, OR CREATE DERIVATIVE WORKS FROM ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION. YOU MAY NOT OFFER ANY PART OF THE PUBLICATION FOR SALE OR DISTRIBUTE IT OVER ANY MEDIUM WITHOUT THE PRIOR WRITTEN CONSENT OF EMIRATES NBD. THE DATA/INFORMATION CONTAINED IN THE PUBLICATION MAY NOT BE USED TO CONSTRUCT A DATABASE OF ANY KIND. YOU MAY NOT USE THE DATA/INFORMATION IN THE PUBLICATION IN ANY WAY TO IMPROVE THE QUALITY OF ANY DATA SOLD OR CONTRIBUTED TO BY YOU TO ANY THIRD PARTY. FURTHERMORE, YOU MAY NOT USE ANY OF THE TRADEMARKS, TRADE NAMES, SERVICE MARKS, COPYRIGHTS, OR LOGOS OF EMIRATES NBD OR ITS SUBSIDIARIES IN ANY MANNER WHICH CREATES THE IMPRESSION THAT SUCH ITEMS BELONG TO OR ARE ASSOCIATED WITH YOU OR, EXCEPT AS OTHERWISE PROVIDED WITH EMIRATES NBD'S PRIOR WRITTEN CONSENT, AND YOU ACKNOWLEDGE THAT YOU HAVE NO OWNERSHIP RIGHTS IN AND TO ANY OF SUCH ITEMS. MOREOVER YOU AGREE THAT YOUR USE OF THE PUBLICATION IS AT YOUR SOLE RISK AND ACKNOWLEDGE THAT THE PUBLICATION AND ANYTHING CONTAINED HEREIN, IS PROVIDED "AS IS" AND "AS AVAILABLE," AND THAT EMIRATES NBD MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE PUBLICATION, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, NON-INFRINGEMENT, TITLE, OR FITNESS FOR A PARTICULAR PURPOSE OR USE. You agree, at your own expense, to indemnify, defend and hold harmless Emirates NBD, its Suppliers, agents, directors, officers, employees, representatives, successors, and assigns from and against any and all claims, damages, liabilities, costs, and expenses, including reasonable attorneys' and experts' fees, arising out of or in connection with the publication, including, but not limited to: (i) your use of the data contained in the publication or someone using such data on your behalf; (ii) any deletions, additions, insertions or alterations to, or any unauthorized use of, the data contained in the publication or (iii) any misrepresentation or breach of an acknowledgement or agreement made as a result of your receiving the publication.