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MEcon monthly updates Saudi Arabia, UAE, and Qatar

August 2026

Introduction

Areas of focus

Economic growth and global competitiveness

Domestic growth trends, diversification, investment, sovereign wealth activity, and the development of sectors that strengthen each economy's long-term competitiveness

Fiscal, monetary and financial conditions

Government finances, monetary policy, inflation, interest rates, banking, capital markets, and the broader macro-financial environment shaping economic stability

Trade, energy and external relations

Trade flows, energy exports, logistics, market access, and the external economic and geopolitical relationships shaping regional economies.

Governance, regulation and institutional reform

Changes to laws, regulations, institutions, and administrative systems that affect how economies are governed and how markets operate

Human capital and social development

Labor markets, education, health, social protection, inclusion, and the broader social foundations that support long-term economic development.

Infrastructure, sustainability and future readiness

Physical and digital infrastructure, climate and sustainability priorities, innovation-enabling systems, and the long-term capabilities needed to support future growth

Countries covered

Saudi Arabia

United Arab Emirates

Qatar

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Introduction

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Regional pulse

Key cross-country socio-economic trends observed each month, highlighting directional shifts and emerging themes across the region

Country snapshot

Consolidated view of the most notable socio-economic developments and insights in each country, and their potential implications

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Regional pulse | Macroeconomic snapshot

Indicator	Saudi Arabia	United Arab Emirates	Qatar
2026 real GDP growth forecast	**2026: 0.6%** (-4.2 pp vs Jan' 2026) Fitch BMI Solutions (last updated Jul' 2026)	**2026: 0.3%** (-1.1 pp vs Apr' 2026) Fitch BMI Solutions (last updated Jul' 2026)	**2026: -12.4%** (-5.2 pp vs May 2026) Fitch BMI Solutions (last updated Jul' 2026)
Latest real GDP growth	**Q2 2026: -4.8%** (-9.3 pp vs Q2 2025) GASTAT (last updated Jul' 2026)	NEW **Q1 2026: 3.0%** (-1.7 pp vs Q1 2025) FCSC (last updated Aug' 2026)	**Q4 2025: 2.0%** (-4.1 pp vs Q4 2024) NPC (last updated Apr' 2026)
Inflation rate	NEW **Jul' 2026: 1.8%** (-0.4 pp vs Jul' 2025) GASTAT (last updated Aug' 2026)	NEW **Jul' 2026: 5.3%** Dubai (+2.4 pp vs Jul' 2025) DSC (last updated Aug' 2026)	NEW **Jun' 2026: 2.2%** (+2.1 pp vs Jun' 2025) NPC (last updated Aug' 2026)
Non-oil PMI	NEW **Jul' 2026: 53.1** (-0.2 pts vs Jun' 2026) Trading Economics (last updated Aug' 2026)	NEW **Jul' 2026: 52.7** (+1.9 pts vs Jun' 2026) Trading Economics (last updated Aug' 2026)	NEW **Jul' 2026: 48.5** (+0.9 pts vs Jun' 2026) S&P Global (last updated Aug' 2026)
Fiscal balance	**Q2 2026: - SAR 34.3 Bn** (- SAR 0.2 Bn vs Q2 2025) MoF (last updated Jul' 2026)	NEW **Q1 2026: AED 8.2 Bn** (- AED 6.9 Bn vs Q1 2025) MoF (last updated Aug' 2026)	**Q1 2026: - QAR 10.3 Bn** (- QAR 9.8 Bn vs Q1 2025) Qatar News Agency (last updated May 2026)

Updated in this month's MEcon

Regional pulse | Key socio-economic trends

1	**Diversification strategies are continuing to drive growth**	Gulf economies are continuing to advance diversification agendas despite a more challenging regional backdrop, with Saudi Arabia expanding mining, investment and non-oil activity, the UAE sustaining momentum in tourism, real estate and FDI, and Qatar pursuing industrial and investment initiatives alongside greater exposure to external disruption
2	**Capital is being mobilized to expand strategic sectors**	Governments and state-backed institutions are playing a central role in mobilizing capital and shaping new growth sectors, with Saudi Arabia leveraging PIF and Maaden, the UAE attracting private and foreign investment into high-value sectors, and Qatar supporting industrial development and strategic projects
3	**Economic resilience is being strengthened against regional disruption[1,2]**	Regional disruption is weighing on tourism, aviation connectivity and financing conditions, while central banks across the GCC and the wider region remain cautious amid inflation and the uncertainty around the US Federal Reserve. Saudi Arabia, the UAE, and Qatar are responding from different starting points, but all are leaning on diversification and policy buffers to manage near-term volatility
4	**Long-term competitiveness is being reinforced through reform and sector development**	Longer-term competitiveness is being reinforced through sector development and enabling frameworks, with Saudi Arabia focusing on privatization and investment reform, the UAE embedding livability and creative-economy growth into development planning, and Qatar advancing industrial capacity and future-oriented projects

Note: Pulse covers Aug 01 – Aug 31

Sources: 1 EntrepriseAM ; 2 EntrepriseAM

Regional pulse

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Country snapshot | Saudi Arabia (1/3)

Area of Focus	Update	Overview	Significance
	Inflation came in at 1.8% in July 2026, down 0.4 pp YoY but up 0.1 pp MoM[1]	Prices rose across most Consumer Price Index (CPI) components, led by housing and utilities (+4.2%), recreation and culture (+2.4%), and restaurants and hotels (+2.0%). Meanwhile, furnishings and household equipment (-0.5%) and clothing and footwear (-0.4%) recorded price declines in July 2026.	Despite the regional conflict, inflation remained contained, preserving purchasing power, supporting household spending, and contributing to steadier domestic economic growth.
	Non-oil PMI edged down 0.2 pts MoM to 53.1 in July 2026[2]	Non-oil PMI stayed in expansion territory in July 2026, although momentum softened slightly from June despite resilient domestic demand. Exports and confidence remained weak, while supply chains improved and inflation pressures eased.	This marks the fourth consecutive month of expansion in the non-oil private sector following the conflict-related contractions earlier in the year, underscoring the sector's resilience and supporting Vision 2030's non-oil growth and diversification goals.
	Nominal goods trade surplus declined by 10.0% YoY in June 2026 to SAR 17.3 Bn[3]	Goods exports declined by 4.5% YoY in June 2026, driven by a 2.3% fall in oil exports and a 9.7% decline in non-oil exports, including re-exports. Meanwhile, goods imports fell by 3.0% YoY, partially offsetting the impact of weaker exports on the overall trade balance.	Despite shipping disruptions in the Strait of Hormuz, Saudi Arabia maintained a trade surplus by redirecting trade through alternative routes, including Red Sea infrastructure. This highlights the resilience of its trade system, even as weaker non-oil exports point to ongoing competitiveness pressures.
	The Public Investment Fund (PIF)'s share of KSA's non-oil GDP rose to 11% in 2025 from 10% in 2024[4]	PIF's role in Saudi Arabia's non-oil economy is expanding through domestic investment and international growth, while its 2026–2030 strategy places greater emphasis on private-sector participation and stronger financial returns.	By focusing on value creation, investment efficiency, and integrated domestic ecosystems, PIF is likely to retain more investment within Saudi Arabia through local companies, suppliers, and jobs, helping to advance the Kingdom's diversification goals.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 GASTAT Annual inflation; 2 Trading Economics - KSA Non-Oil PMI; 3 GASTAT Non-Oil Exports ; 4 AGBI

Country snapshot | Saudi Arabia (2/3)

Area of Focus	Update	Overview	Significance
	PIF acquires 25% stakes in four Saudi Pro League clubs[1]	PIF's acquisition of 25% stakes in four Saudi Pro League clubs advances the second phase of Saudi Arabia's sports club privatization program, broadening private and institutional participation in the sector.	The move reinforces sport's role in Saudi Arabia's diversification agenda by supporting commercialization, attracting investment, and generating wider economic activity in line with Vision 2030.
	Saudi Arabian Mining Co. (Maaden) secures USD 1Bn in international credit facilities[2]	The oversubscribed financing reflects strong international confidence in Maaden's growth strategy and will support its expansion, project pipeline, and access to global capital. It also comes as the company scales production and exploration in support of KSA's mining ambitions.	By supporting Maaden's expansion, the financing helps strengthen Saudi Arabia's non-oil industrial base, deepen access to international capital, and reduce the economy's vulnerability to swings in oil prices and export revenues.
	Saudi Arabia and France deepen ties with 21 agreements[3]	The agreements deepen Saudi-French cooperation across strategic sectors, including energy, AI, transport, healthcare, and tourism, expand financing channels for Vision 2030-linked projects, and reinforce broader bilateral trade and investment ties between the two countries.	The agreements can widen Saudi Arabia's access to capital, technology, and export markets, helping reduce reliance on a narrower set of partners and funding sources.
	Investment licenses rose 252% YoY to 9,018 in Q2 2026[4]	Investment licenses rose sharply in Q2 2026, with gains concentrated in wholesale and retail trade, construction, and manufacturing, alongside continued efforts to improve the investment environment through investor services and regulatory reforms.	The increase reflects growing investor confidence despite the conflict and ongoing efforts to improve the investment environment, thereby supporting private-sector growth and the Kingdom's ambition to attract domestic and foreign capital.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 AGBI ; 2 Arab News ; 3 AGBI ; 4 Arab News

Country snapshot | Saudi Arabia (3/3)

Area of Focus	Update	Overview	Significance
	Listed banks' net loans rose 7% YoY to SAR 3.25 Tn in Q2 2026[1]	Saudi bank deposits continued to outpace lending growth, while banks increasingly prioritized profitability and returns over loan volume expansion. The shift was reflected in lower 2026 loan-growth guidance from several major lenders, even as margins and funded income improved.	Stronger deposit growth is reinforcing bank liquidity, but slower lending points to more selective credit conditions that could constrain private-sector investment and growth.
	Government-supported employment rose 23% YoY to 329,000 Saudi nationals in the first half of 2026[2]	The Human Resources Development Fund (HRDF), a government fund supporting employment and training, helped 329,000 Saudi nationals secure jobs from January to June 2026, up 23% YoY. The Fund provided SAR 4.9 Bn in support, benefiting more than 1.7 Mn citizens from its programs.	HRDF support is helping more Saudi nationals transition into private-sector employment, reinforcing and improving labor market conditions as unemployment among Saudi nationals fell to 6.4% in Q1 2026.
	Battery storage projects worth SAR 4.3 Bn signed for 2 GW capacity[3]	Agreements were signed for four battery energy storage projects with a combined capacity of 2,000 MW and four-hour storage duration, worth more than SAR 4.3 Bn (USD 1.2 Bn). The facilities will provide 8,000 MWh of storage capacity and will be developed under a build-own-operate model.	The projects are expected to improve the reliability and efficiency of the electricity system while increasing flexibility to integrate renewable energy. They support the Kingdom's goal of increasing renewable energy and energy storage capacity within the energy mix to around 50% by 2030.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 Arab News; 2 Arab News; 4 Arab News

Country snapshot | UAE (1/3)

Area of Focus	Update	Overview	Significance
	UAE's GDP grew by 3% in Q1 2026, 1.7 pp down YoY[1]	Real GDP reached AED 485.0 Bn in Q1 2026, as non-oil GDP grew 4.8% and increased its share to 79.4% from 78.0% YoY. Financial and insurance activities led growth, expanding 17.3% YoY and contributing 2.4 pp to GDP growth.	Strong non-oil growth and its rising share of GDP point to continued progress in broadening the UAE's economic base. As Q1 captures only one month of the regional conflict, the broader economic impact is likely to become more evident in the coming quarters.
	UAE's fiscal balance narrowed to AED 8.2 Bn in Q1 2026, down AED 6.9 Bn YoY[2]	UAE's net operating balance, capturing revenue minus expense, narrowed to AED 8.2 Bn in Q1 2026 from AED 15.0 Bn in Q1 2025 as expense rose 7.4% YoY, largely reflecting higher social benefits and interest, with revenue remaining broadly stable.	Higher spending on social benefits may help support household incomes and domestic demand, while rising interest payments suggest a larger share of public spending is being absorbed by debt servicing rather than more growth-supportive areas.
	UAE's non-oil PMI rose to 52.7 in July 2026, up 1.9 points from last month[3]	Non-oil private sector conditions strengthened in July, as new orders reached a five-month high amid easing regional tensions and stronger client spending. Export orders and employment also returned to growth, while input cost pressures remained elevated.	July's improvement suggests non-oil activity may be starting to recover from the disruption caused by regional tensions in recent months, which could support near-term growth, though conditions have yet to return to pre-conflict levels.
	Dubai's inflation stood at 5.3% in July 2026, up 2.4pp YoY[4]	Inflation was 2.4pp higher YoY but eased from 5.7% in June, as transport inflation slowed sharply from 18.1% to 11.9% MoM. Housing inflation stayed high at 7.0%, while food inflation edged up to 7.8% from 7.6% the previous month.	Although headline inflation eased in July, persistent pressure in housing and food costs may limit relief for households and, if not contained, could start to weigh on discretionary spending and consumer-facing non-oil activity.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 FCSC, 2 Ministry of Finance, 3 Trading Economics, 4 DSC,

Return to areas of focus

Country snapshot | UAE (2/3)

Area of Focus	Update	Overview	Significance
	74% of UAE SMEs remain confident about the year ahead[1]	Confidence among UAE small and medium-sized enterprises (SMEs) remained relatively firm, with 74% of decision-makers positive about the next 12 months and 72% still expecting revenue growth, even though 57% reported a negative impact on revenues from recent regional developments.	Resilient SME confidence and revenue expectations may help cushion non-oil activity against recent disruption, although near-term uncertainty could still weigh on business conditions.
	Dubai tops global FDI ranking in cultural and creative industries for fourth consecutive year[2]	Dubai ranked first globally for new greenfield foreign direct investment (FDI) projects in cultural and creative industries for a fourth year, attracting 754 projects, USD 3.76 Bn in capital and 19,304 jobs in 2025.	Continued FDI into cultural and creative industries may support Dubai's diversification by strengthening digital, technology and other knowledge-intensive segments and attracting more skill-intensive employment.
	Dubai Airports set to pick up pace after first half of 2026 sees a 31% traffic drop[3]	Dubai International Airport handled 31.5 Mn passengers in H1 2026, down 31.3% YoY, while monthly traffic rose from 3.5 Mn passengers in April to 5.0 Mn in June as airline capacity gradually returned.	The rise in traffic as flights resumed suggests that part of the earlier drop reflected disrupted air services rather than a sustained weakening in willingness to travel, which may support a gradual recovery in tourism and aviation activity as connectivity improves.
	UAE positions preventive healthcare as a driver of economic resilience[4,5]	The UAE is expanding its focus on preventive healthcare through wellbeing initiatives and digital health investment, including the establishment the Dubai Longevity Authority, positioning stronger population health as a foundation for economic resilience.	A stronger focus on prevention may help sustain workforce participation and productivity over time by limiting avoidable health burdens and supporting a more resilient labor base.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 MasterCard, 2 DubaiMediaOffice, 3 GulfNews, 4 EconomyMiddleEast, 5. Gulf Business.

Country snapshot | UAE (3/3)

Area of Focus	Update	Overview	Significance
	Dubai ranks among the global top 10 for tourism attractivness[1]	Dubai ranked 10th globally and first regionally in the 2026 Global Tourism City Attractiveness Index, based on data covering the period from June 2025 to May 2026, reflecting its strong visitor appeal and international positioning.	The ranking suggests Dubai entered 2026 from a position of tourism strength, which may support a recovery in visitor demand and tourism activity as connectivity improves.
	Abu Dhabi real estate transactions rise in by 112% in H1 2026 YoY as off-plan continues to dominate[2]	Real estate transactions reached AED 117.0 Bn in H1 2026, up 112% YoY, with off-plan deals dominating, accounting for 89% of residential sales value and 82% of deals.	The off-plan-led surge may reflect strong confidence in Abu Dhabi's future development pipeline, while also suggesting that market momentum is becoming more dependent on continued demand for new launches and timely delivery.
	Abu Dhabi places livability at the center of major urban developments with new framework[3]	The Department of Municipalities and Transport (DMT) introduced a framework requiring major new and updated master plans serving over 2,000 people to incorporate walkability, connectivity, accessibility, public spaces and broader livability considerations.	Embedding livability considerations into major master plans may help create more walkable, connected and attractive communities, supporting quality of life and Abu Dhabi's residential appeal.

Note: snapshot covers Aug 01 – Aug 31

Sources:1 Zaywa, 2 EconomyMiddleEast, 3 ArabianBusiness,

Return to areas of focus

Country snapshot | Qatar (1/2)

Area of Focus	Update	Overview	Significance
	Qatar inflation rises to 2.2% YoY in June[1]	Qatar's CPI increased 2.2% YoY in June 2026, with food and beverages recording the sharpest annual rise by 12.74% YoY, while the recreation and culture group saw a notable decline by 6.99% YoY.	The uptick in inflation may point to emerging pressure in essential household spending categories, particularly food, which could weigh on consumer purchasing power if sustained.
	Qatar non-energy downturn eases as PMI rises to 48.5 in July[2]	Qatar's PMI rose to 48.5 in July from 47.6 in June, indicating that non-energy private sector conditions were still softening, but at a slower pace and moving closer to the 50-mark associated with broadly stable conditions.	The PMI does not yet signal strong growth, but it suggests the downturn in private-sector activity may be easing, supporting a steadier near-term outlook for Qatar's non-energy economy.
	Qatar international arrivals decline 10.3% YoY in July[3]	International arrivals fell 10.3% YoY to 285,205 in July 2026, a much smaller decline than the 82.1% drop recorded in March during the peak of recent regional disruption. This suggests visitor flows remained weaker than a year earlier, but the pace of contraction had eased.	While this does not signal a recovery in tourism, the smaller decline suggests travel-related weakness may be easing. If this continues, it could reduce the drag on tourism-linked activity and support a steadier outlook for the non-energy economy.
	Qatar LNG exports fall 96% as 6 month conflict disrupt gas shipments[4]	LNG exports fell 96% amid the 6-month U.S.-Iran war, with 18 cargoes exported versus 509 a year earlier, and an estimated USD 24 Bn in lost gas sales.	The sharp disruption to LNG exports highlights Qatar's exposure to prolonged shipping and geopolitical shocks, which may weigh on export earnings, external balances, and fiscal space if sustained.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 NPC; 2 S&P Global; 3 Qatar Tourism; 4 Reuters

Country snapshot | Qatar (2/2)

Area of Focus	Update	Overview	Significance
	Qatar cuts government department budgets by up to 30% as conflict pressures state finances[1]	Government department budgets were cut by up to 30%, while overseas aid funding fell by about 85%, as disrupted LNG production and shipping reduced Qatar's main source of export revenue.	The spending cuts suggest that weaker LNG revenues are beginning to feed through into fiscal policy, which may weigh on domestic demand and point to tighter budget conditions if disruption persists.
	Qatar Plans first EV manufacturing plant through JTW-WATT partnership[2]	JTA and UK-based WATT signed a long-term partnership to establish Qatar's first EV manufacturing plant, producing passenger cars and delivery vans for the domestic market before planned exports to the GCC.	The partnership points to efforts to develop domestic EV manufacturing in Qatar, which may strengthen industrial diversification and support export-oriented production beyond the local market.
	Qatar FDI stock rises 3.3% YoY to USD 47.3 Bn in Q1 2026[3]	Qatar's inward FDI stock reached USD 47.2 Bn in Q1 2026, increasing 3.3% YoY, with the EU accounting for the largest share of foreign investment. Mining and quarrying accounted for 45.3% of inward FDI stock, making it the largest contributing economic activity.	Rising inward FDI points to continued investor interest in Qatar, though its concentration in mining and quarrying suggests the benefits for wider economic diversification may remain limited.
	Qatar repatriates USD 13 Bn of sovereign assets to support domestic bank liquidity[4]	Qatar repatriated about USD 13 Bn of sovereign assets overseas and placed the funds with domestic banks, increasing local liquidity following funding pressure linked to regional conflict.	The additional sovereign deposits suggest official support helped ease funding pressure in the banking system, which may stabilize domestic liquidity conditions and reduce the risk of tighter financial conditions if regional disruption persists.

Note: snapshot covers Aug 01 – Aug 31

Sources: 1 FT; 2 AGBI; 3 Economy ME; 4 AGBI

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