

## UAE Shows Resilience in Light of Global Trade War

Dubai, March 2025-As uncertainty lingers over the transition from trade wars to trade deals with the U.S., global economic confidence remains shaken. Gold prices have surged past \$3,050 an ounce, reflecting heightened risk aversion among central banks. In response, monetary policies for 2025 are being recalibrated as central banks continue to closely monitor the prolonged trade tensions and their economic impact.

Major central banks have reacted cautiously, adjusting economic projections and policy stances to mitigate potential shocks. Federal Reserve Chair Jerome Powell has lowered the U.S. GDP growth forecasts from 2.1% to 1.7%, with unemployment expected to rise to 4.4% and core inflation increasing to 2.8% by year-end. This signals mounting economic strain and reluctance to adjust rates prematurely, influencing the Central Bank of the UAE's decision to hold rates.

To shield their economies from the impact of tariffs, the Bank of Canada cut rates to 2.75% and the Swiss National Bank cut rates to 0.25%. On the other hand, the Bank of Japan held steady at 0.5%, while the Federal Reserve maintained rates at 4.5%.

Commenting on the UAE's status in light of these global financial measures, **Razan Hilal, Market Analyst, CMT at FOREX.com** confirmed that despite global market uncertainty, the UAE's economy remains resilient.

**Hilal said:** *"The residential real estate sector continues to attract demand, with capital values rising by 2% in February 2025. The UAE MSCI index, after a nearly 6.7% decline, rebounded over 3% as investors seized buying opportunities. The index is now moving toward 2025 highs, in line with its 2022 highs above the 17-mark. Business activity remains strong, with MENA PMIs well above 50, signaling continued expansion."*

**She added:** *"If trade tensions ease and gold prices stabilize, the UAE's non-oil sector is expected to grow further. Even with oil prices at three-year lows, the UAE stock market remains near three-year highs, highlighting successful economic diversification. If trade conflicts escalate, broader economic effects may emerge, but the UAE's stable investment climate and strong global ties should support continued resilience."*

The path of the trade war between the U.S. and major economic world players like China is still undefined, but the coming months are ought to shed light on the course of things, clarifying the extent of its potential effects on economies, including the UAE's.

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