



# QFC Monthly Economic Update

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July 2025

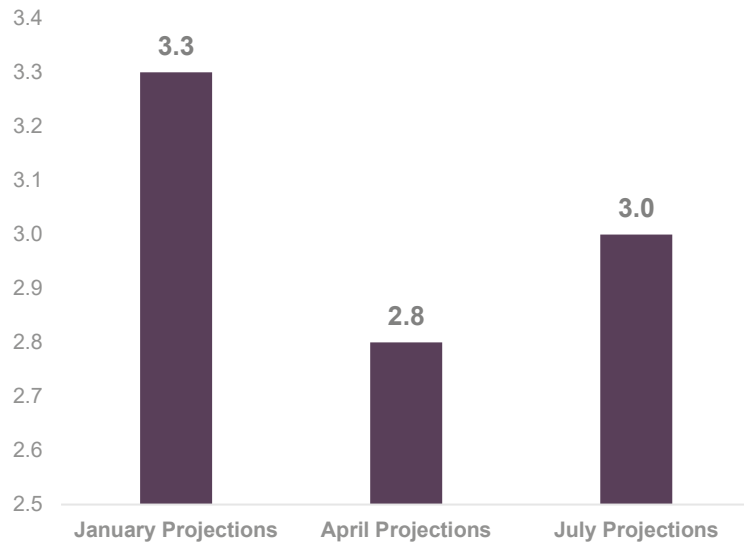


مركز قطر للمال  
Qatar Financial Centre

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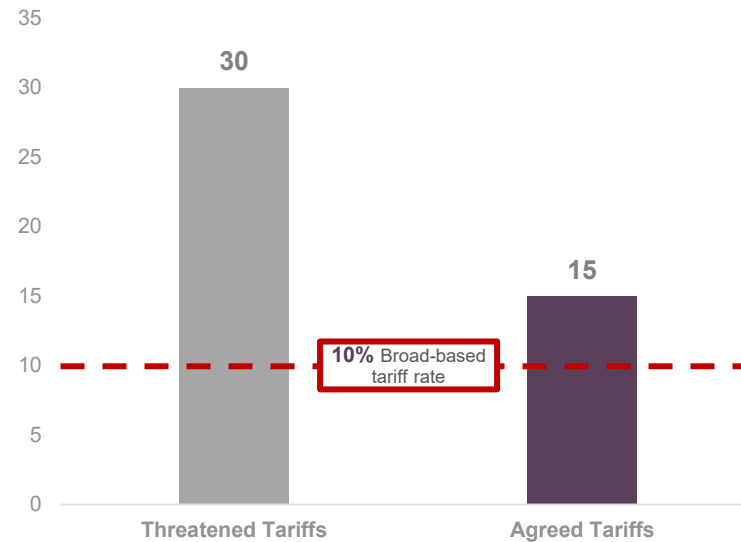
## Global Macroeconomic Updates

### IMF Global Growth Projections For 2025



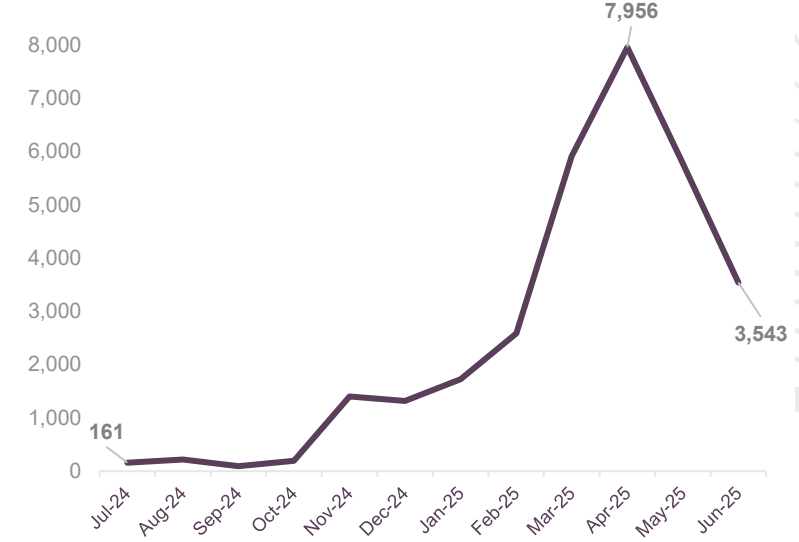
Source: IMF

### EU-US Trade Agreement Threats vs Agreed



Source: QFC Research

### Trade Policy Uncertainty Index (Jan'25 – Jun'25)



Source: FRED

- The IMF has revised up the global economic growth projections for 2025 to **3.0%**, a **0.2** percentage point increase from its April projection of **2.8%**. This growth has been attributed to front-loading amid expectations of higher trade tariffs.
- The EU and US have reached a tariff agreement which could quell trade tariff uncertainty. From the agreement the US will impose a **15%** tariff on EU goods. While the agreed rate is half of the threatened tariff rate of **30%**, the agreed tariff rate is still above the broad-based **10%** tariff the US had sought to impose on April 5.
- Trade policy uncertainty has eased significantly from the highs witnessed in April. Despite this, policy uncertainty remains elevated, much higher than the levels witnessed in January.

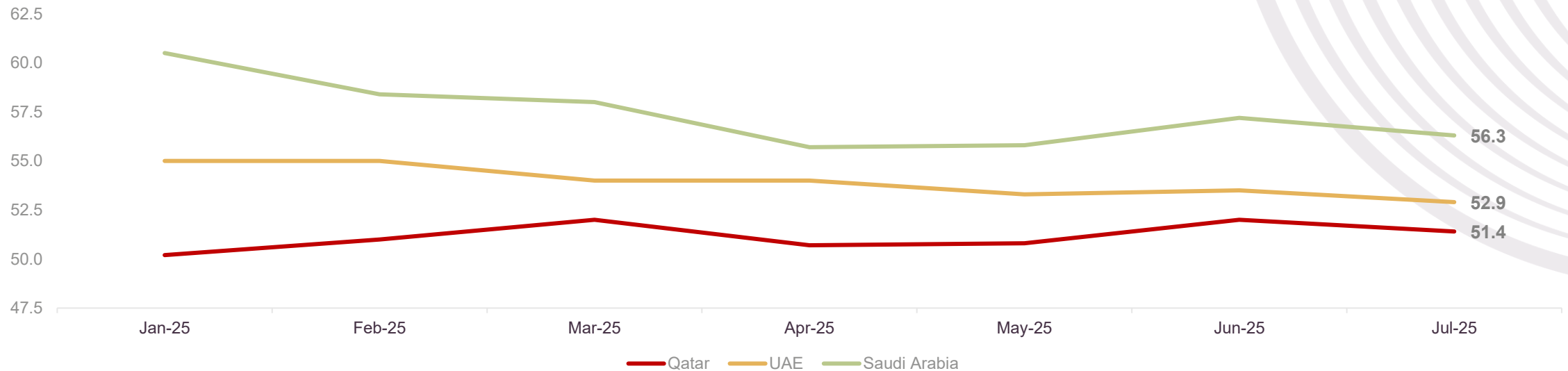
### Key takeaways

- Easing trade policy uncertainty will provide tailwinds for global economic growth prospects. The EU-US trade agreement will further bolster trade certainty.
- The IMF has revised up its global economic growth projections for 2025 to 3.0%. While this is positive, the new projected growth rate remains below the January projection of 3.3% highlighting the significant change in macroeconomic conditions.

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## Qatar And GCC Macroeconomic Updates

Qatar, UAE and Saudi Arabia Non-Oil Private Sector PMI (January 2025 – July 2025)



Source: TradingEconomics, S&P Global

- The top three economies in the GCC recorded growth every month in the non-oil private sector over the first half of 2025. The three countries continued this momentum through into July 2025.
- While the non-oil sector for Qatar, Saudi Arabia, and the UAE expanded in July, expansion across all three countries slowed from their June levels. While Saudi Arabia and the UAE have recorded faster rates of expansion than Qatar in July, it is key to note that Qatar's expansion is trending up while Saudi and the UAE growth is slowing.
- The non-oil private sector expansion bodes well for Saudi Arabia, given its heavy reliance on oil export revenues which will be impacted by the prevailing oil prices that averaged **\$69.42/bbl** in July, which are currently below Saudi Arabia's fiscal breakeven oil price of **\$90.94/bbl**.

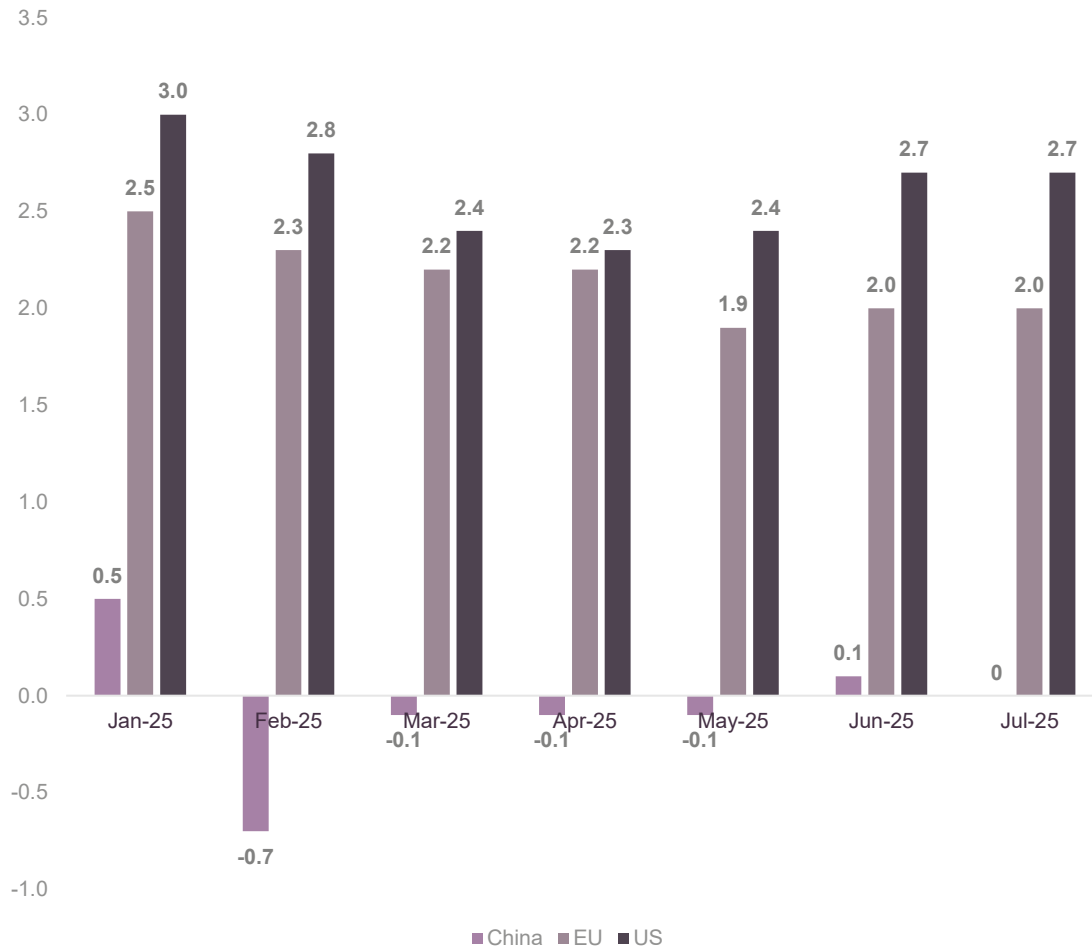
### Key takeaways

- Major GCC economies remain resilient amid global trade policy uncertainty.
- The S&P Global PMI for these countries indicates that the non-oil private sector across all three countries continues to expand.
- The expansion of the non-oil private sector bodes well for Saudi Arabia given the prevailing low oil prices.

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## Monetary Policy and Global Inflation

### China, EU, and US Inflation Rates (January 2025 – June 2025)



Source: TradingEconomics, Bureau of Labor Statistics, EUROSTAT, National Bureau of Statistics of China

- On July 30, 2025, the Fed decided to maintain interest rates at their current level of **4.25% - 4.50%**. Prospects of a rate cut will likely be undermined by the uptick in inflation.
- The Fed had been able to manage inflation in the months of January to April, with inflation falling from **3.0%** to **2.3%**. However, in June inflation surged to **2.7%**, indicative of the effects of tariffs starting to filter through.
- With inflation beginning to rise, Fed Chair, Jerome Powell highlighted that the overall impact of tariffs have only started to filter through, with their overall effects yet to be seen.
- In July, the ECB held all three interest rates steady, maintaining the main refinancing operations rate at **2.15%**. At **2.0%**, inflation in the Euro Area is in line with the ECB's targeted inflation rate. This gives the ECB ample scope to raise interest rates should inflation begin to rise.
- Christine Lagarde (ECB President) indicated that further escalation in trade tensions tilt growth prospects to the downside, indicating that this brings uncertainty to the outlook for inflation.

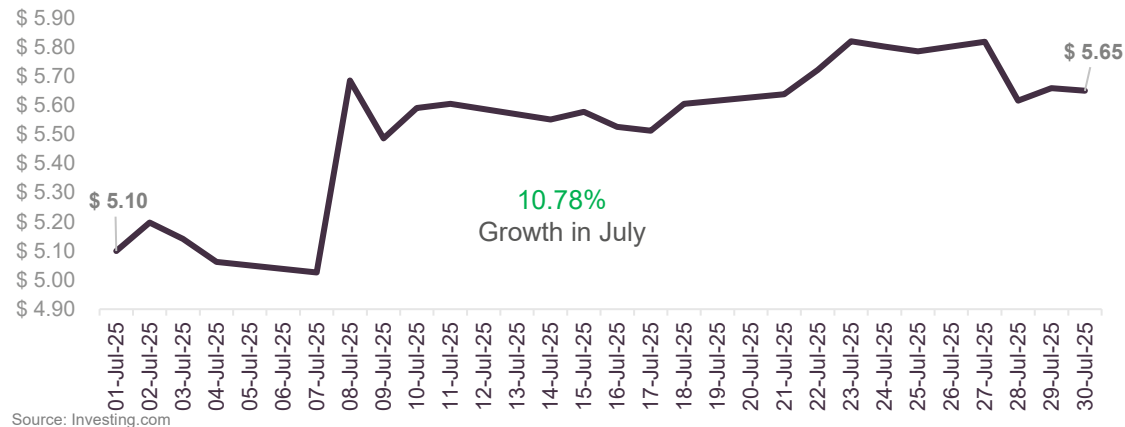
### Key takeaways

- The Fed, ECB and the PBoC have maintained their respective interest rates at their current levels.
- While the three central banks face divergent risks domestically, trade policy uncertainty remains a key risk for all three central banks.

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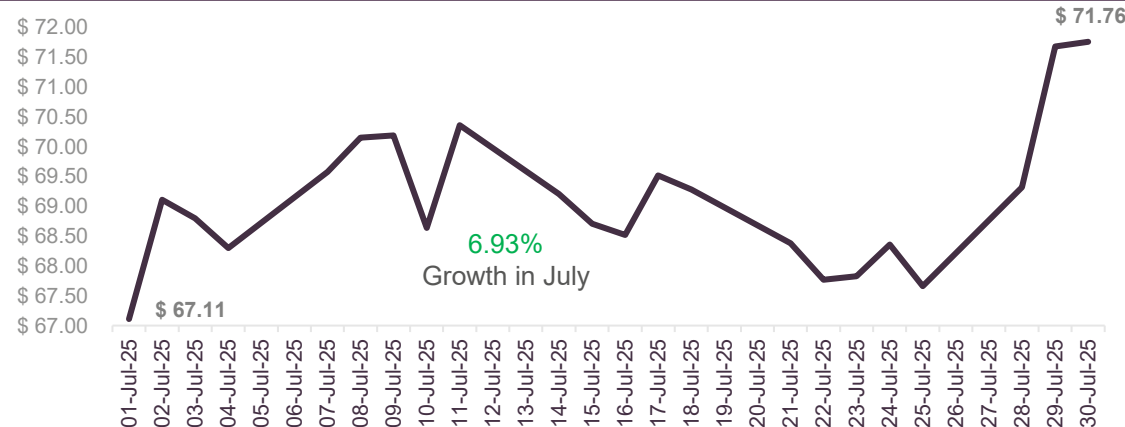
## Commodities – Copper and Brent Crude Oil

Copper Futures In US\$, (01 July 2025 – 30 July 2025)



Source: Investing.com

Brent Oil Prices In US\$/bbl, (01 July 2025 – 30 July 2025)



Source: Investing.com

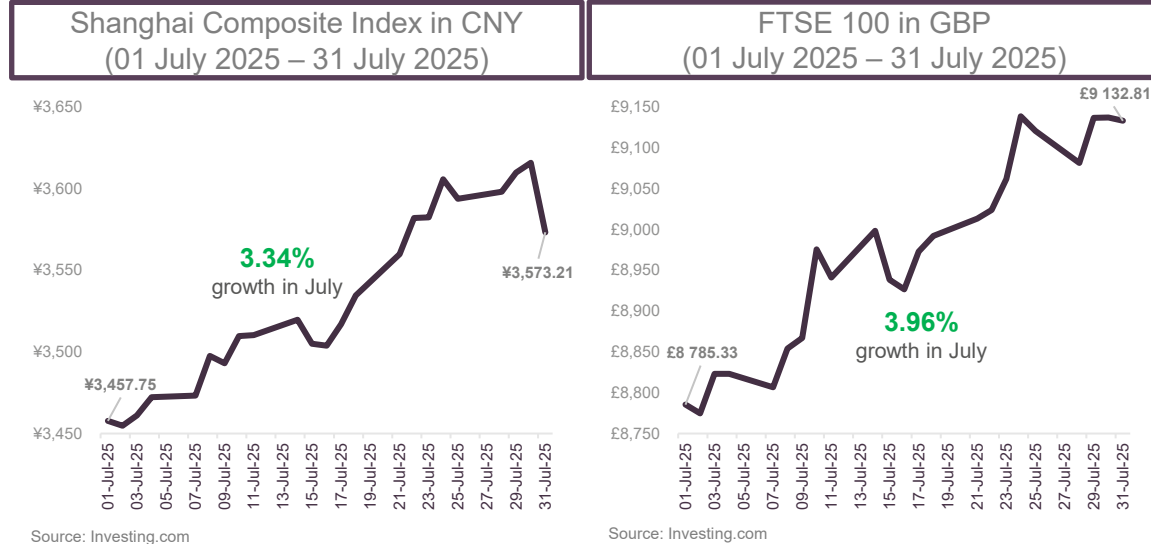
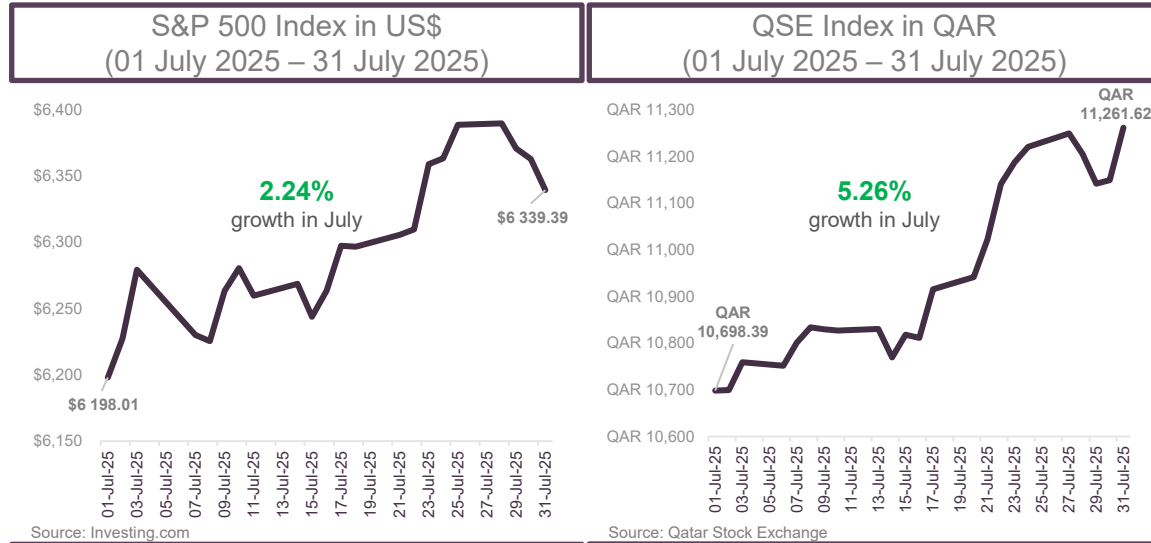
- Copper prices in July rallied by **10.78%** on the back of Donald Trump announcing that he would impose a **50%** import tariff rate on copper.
- Trump also announced that countries importing Russian sanctioned oil would be subjected to secondary tariffs, this contributed to a surge in oil prices, with prices breaching **US\$70/bbl**.
- As the third largest producer of oil globally, barring the trade of Russian oil supply will remove a significant portion of global oil supply from the market.
- While OPEC+ countries continue to increase production, this supply will likely not be enough to replace the Russian oil that would go offline. A significant enough disruption to Russian oil supply would likely place upward pressure on global oil prices.

### Key takeaways

- The surge in the prices of copper and Brent crude oil in July is indicative of how susceptible commodities are to trade policy uncertainty.
- Copper prices rose on the back of Donald Trump indicating that he would impose a 50% tariff on the commodity.
- In the case of oil prices, Trump's utterances of possibly placing secondary tariffs on countries that purchased sanctioned Russian oil pushed prices above the \$70/bbl mark.

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## Global Equity Markets



- The QSE Index outpaced most global equity indices in July, recording robust growth of **5.26%** for the month. In July, the QSE reached its highest level year-to-date.
- In July, the S&P 500 maintained its momentum from June, growing by **2.24%** and closing at record highs for six straight sessions between July 21 – July 28.
- The Shanghai Composite Index recorded growth of **3.34%**, reaching its highest close in over three years. The FTSE 100 grew by **3.96%** in July, breaking the **£9,000** mark.
- Global indices continuing to rise during uncertainty is indicative of a market that has priced in an improvement in global trade policy uncertainty.
- Additionally, a sustained injection of liquidity into the market will continue to push up the prices of global risk assets.

### Key takeaways

- Global equities enjoyed growth in July owing to improved investor sentiment as tariff policy uncertainty moderates.
- The EU-US trade agreement and continued injection of liquidity into the market will provide additional tailwinds for the growth of risk assets.