

AI Fever Meets Gulf Ambition as UAE Bets Big on the Next Market Cycle

Dubai, 31 May 2026- As artificial intelligence tightens its grip on global markets, the UAE is emerging not merely as a spectator to the technology boom, but as one of its most ambitious architects.

The latest surge in US equities, led once again by Nvidia and the broader AI complex, has reinforced a powerful market narrative: investors remain willing to look beyond inflation fears, elevated bond yields and geopolitical uncertainty if the promise of AI-driven growth continues to hold. Nvidia's latest earnings, which pushed revenues beyond the \$80 billion mark, have become the clearest symbol of an investment cycle that increasingly resembles the early infrastructure race of the internet era.

But while Wall Street dominates headlines, the Gulf, particularly the UAE, is quietly positioning itself at the centre of the next phase of that transformation, with AI projected to contribute nearly 20% of the UAE's GDP by 2031, placing the country among the most aggressive adopters of artificial intelligence globally.

In this line, Abu Dhabi's Stargate UAE initiative, developed in partnership with OpenAI, Oracle and Nvidia, reflects a national economic vision increasingly designed around AI infrastructure, data sovereignty and digital industrialisation. The first 200MW phase of the project is expected by 2026, underscoring the scale and urgency with which the UAE is pursuing its post-oil future.

Yet, technology will not be the sole market player in the near future, for both energy and liquidity, as well as the delicate balancing act between inflation and growth, remain important market indicators that require close monitoring.

Crude oil prices, which had previously intensified concerns around inflation and interest rates, are beginning to ease as regional energy infrastructure expands and supply expectations improve. The UAE's efforts to bypass Strait of Hormuz bottlenecks and expectations of higher output after OPEC+ constraints have contributed to a moderation in oil prices from yearly highs. That development matters profoundly for global equities.

Technology and AI stocks remain highly sensitive to movements in bond yields, particularly in the United States where Treasury yields continue hovering near yearly highs, and in Japan where yields are approaching multi-decade peaks. Lower energy prices could help relieve inflationary pressures, creating room for yields to stabilize, an outcome markets would likely interpret as supportive for risk assets.

"The resilience we continue to see in AI-related equities reflects more than speculative momentum," says Razan Hilal, Market Analyst, CMT at FOREX.com. "Markets are increasingly treating AI infrastructure as a long-term structural investment theme rather than a temporary cycle. What makes the UAE particularly significant in this environment is that it is not only investing capital into AI, but actively building the physical and regulatory ecosystem required to sustain that transformation over decades."

Indeed, despite persistent macroeconomic headwinds, the Nasdaq, S&P 500 and Dow Jones have all recovered near record highs, supported largely by concentrated flows into technology and AI sectors. That concentration, however, also introduces fragility.

Investors are now closely monitoring the possibility of a SpaceX IPO later this year, an event that could become one of the largest public listings in market history and potentially redirect liquidity across technology and AI sectors. The market's dependence on a relatively narrow group of mega-cap technology firms leaves equities vulnerable to sudden corrections if sentiment shifts or yields rise further.

For the UAE, the broader trajectory appears increasingly favourable. The MSCI UAE Index remains structurally resilient, holding above key long-term levels and trading more than 130% above its 2020 lows. While Gulf markets were once viewed primarily through the lens of hydrocarbons, the region's investment identity is evolving toward logistics, advanced manufacturing, renewable energy and now AI infrastructure.

That shift may ultimately prove to be the UAE's greatest competitive advantage. At a time when many economies are struggling to define their place in the AI era, the UAE has chosen to build around that technology. The convergence of sovereign capital, energy capacity, geopolitical positioning and technological ambition is creating a model few countries can replicate at similar speed.

The risks, naturally, remain substantial. AI-related assets continue to experience sharp volatility, while inflation, bond yields and geopolitical instability still cast long shadows over markets. For now, investors appear willing to tolerate uncertainty for exposure to what many increasingly believe is the defining economic transformation of the next decade.

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