

Bulletin of Economic Updates

Economic Surveillance & Research Unit
at Studies and Economic Media Center
(SEMC)

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Introduction

This monthly economic bulletin is issued by the Studies and Economic Media Center (SEMC) with the aim of highlighting the most important economic developments in Yemen, analyzing the political and administrative factors affecting the course of the national economy, and examining their impact on citizens' lives.

The bulletin regularly covers major news and financial/monetary indicators, such as exchange rate movements, along with banking and government decisions relevant to economic affairs.

It also reports on private sector developments and the violations it faces in Yemen. In addition, the bulletin provides professional, in-depth analyses that help explain economic trends and place them in their broader contexts, making it a reliable reference for researchers, decision-makers, and anyone interested in economic affairs.

Key News and Indicators

- ✓ Local authorities in several Yemeni governorates launched inspection campaigns to control prices of basic commodities and monitor markets, in coordination with trade offices and security agencies, in line with the notable improvement of the Yemeni rial against foreign currencies.
- ✓ The Aden Central Bank announced that it would inject USD 50 million into local commercial banks to begin selling foreign currency to importers, covering essential foodstuffs and basic goods listed on the approved commodities list, at an exchange rate of 428 YER per SAR, starting Sunday, August 10, 2025.
- ✓ The Central Bank in Aden set a ceiling for foreign currency remittances and personal sales: USD 5,000 for banks and USD 2,000 for money exchange companies.
- ✓ The Houthi group announced the establishment of what it called the General Authority for the Management of the Economic and Development Zone in Al-Salif and Ras Issa in Hudaydah Governorate, in an attempt to bypass international sanctions and secretly import oil. Media reports indicated that Houthis had built two new docks at the Ras Issa oil port in Hudayda.
- ✓ The U.S. Embassy issued a statement reaffirming U.S. support for Aden Central Bank measures, praising recent steps that curbed currency speculation and strengthened the rial, which appreciated by nearly 50%, and called for maintaining the Bank's independence from political interference.
- ✓ The executive team of the National Committee for Import Regulation and Financing held its first meeting and began handling foreign exchange applications from banks and money exchange companies at the set rate of 1,632.80 YER/USD and 428 YER/SAR. The committee urged traders and importers to submit applications through banks and exchange companies for review and approval under the established mechanism.

- ✓ The Yemeni Prime Minister in Aden ordered the closure of all government accounts in local banks and money exchange companies, mandating that all commercial transactions in Yemen be conducted exclusively in the Yemeni Rial.
- ✓ The Aden Oil Company announced reductions in diesel and imported/premium gasoline prices ranging from 335–360 YER per liter, equivalent to a 36.3% decrease.
- ✓ The Import Financing Committee in Aden reported receiving 91 applications for foreign exchange coverage for commodity imports between August 10–14, 2025, with a total value exceeding USD 39.7 million. Applications came from 15 banks and 3 money exchange companies.
- ✓ The Central Bank in Aden ordered money exchange companies to close government institution accounts and deposit funds into the Central Bank within three days, warning that holding such funds would be treated as an illegal activity.
- ✓ The Yemen Gas Company (YGC) set household gas cylinder prices between 5,373–7,274 YER, depending on the governorate and transport distance from Marib.
- ✓ The Supreme Authority for Medicines and Medical Supplies in Aden announced the implementation of a new official pricing list covering 3,085 pharmaceutical items, effective Monday, August 25, 2025, as part of efforts to regulate the pharmaceutical market and ensure citizens' access to fairly priced medicines. Price reductions ranged between 44% and 75%, coinciding with the improvement of the rial against foreign currencies.
- ✓ The Central Bank in Aden issued 22 decisions, including the closure of 44 money exchange companies and branches and the suspension or revocation of other 30 licenses, between July 23 and August 28, 2025.

Yemeni Private Sector Updates

- ☑ The Shabwah Trade and Industry Office ordered the closure and suspension of branches of HSA Group, Al-Naqeeb, Al-Mahdar, and Shihab Companies for failing to adjust prices in line with the recovery of the national currency.
- ☑ HSA Group announced new product price lists reflecting the recent appreciation of the rial, with reductions of over 35% compared to previous levels.
- ☑ The Businessmen's Club in Aden organized the first BC EXPO, a three-day exhibition featuring more than 33 companies across sectors including energy, electricity, banking, tourism, technology, industry, and food products.
- ☑ A branch of Al-Kuraimi Islamic Microfinance Bank in Abyan Governorate was attacked and vandalized following incitement campaigns on social media targeting the private sector institutions.
- ☑ Cargo truck drivers on the newly opened Al-Dhalea–Ibb road reported being forced to pay compulsory levies in Al-Dhalea under the so-called Al-Dhalea Development Fund fees, ranging between 20,000–30,000 YER per truck. Drivers also complained about Houthi-imposed customs checkpoints at the entrances of Ibb Governorate, requiring clearance for goods coming from Aden.
- ☑ Several bakeries in Taiz went on strike to protest the new official bread pricing set by the Taiz Trade and Industry Office, which mandated selling three loaves for 200 YER with a minimum weight of 50 grams per loaf. The Governor of Taiz ordered enforcement against violators.

Analysis

August witnessed heated economic developments driven by the significant appreciation of the Yemeni Rial in July. This fueled growing demands for price reductions across goods and services. Several government entities responded with measures, some exceeding legal norms. The month ended with a reverse speculation wave that pushed the exchange rate down to 1,000 YER/USD and 350 YER/SAR, prompting Yemen's Central Bank intervention to halt speculation and set exchange rates just below pre-speculation levels.

The general atmosphere was dominated by the IRG of Yemen measures to match the currency's appreciation. While parts of the private sector, especially major importers, began adjusting, many goods and services remained expensive and out of line with the rial's gains.

The private sector faced incitement campaigns portraying it as the main obstacle to price reductions. Some campaigns appeared targeted at undermining competitors, while others exploited the situation to deflect public criticism away from the government and political actors by blaming high prices on businesses.

The Central Bank of Yemen in Aden continued tightening its control over the market, suspending or revoking dozens of money exchange company licenses and implementing measures to reassert monetary policy, backed by recent political and economic shifts, including the relocation of banks to Aden, U.S. sanctions cutting off Houthi financing sources, and Houthi issuance of new currency denominations, which sparked domestic and international criticism.

The CBY in Aden actions marked a turning point in bursting the currency speculation bubble and stabilizing the rial. Government measures complemented these steps, such as establishing the National Import Financing and Regulation Committee, banning foreign currency use in government institutions, and requiring all government accounts to be held at the Central Bank.

However, many decisions are still slow in implementation, leaving the economic outlook uncertain and raising fears of a relapse into decline.

The Houthis emerged as the weaker party in these developments, losing significant economic leverage despite attempts to pressure banks not to cooperate with the new committee. Their influence has been curtailed by local banks relocations, from Sana'a to Aden, and U.S. sanctions on their financial supporters.

Toward the end of August, the Houthis were accused of collaborating with money exchange dealers to fuel reverse speculation, using weekends (Friday and Saturday) to intensify trading. The Aden Central Bank later intervened to counter these moves.

Outlook

The Yemeni Rial is expected to see further gradual improvement in September 2025, albeit modest, as the Aden Central Bank works with local banks to establish medium-term stability.

On government spending, fiscal revenues remain a major challenge, with the public budget deficit exceeding 70%, potentially straining coordination between the Yemeni government and Aden Central Bank leadership. The CBY in Aden insists on avoiding inflationary financing or overdraft coverage of government expenses.

The government may be forced to adjust the customs exchange rate by linking it to both the USD and the Saudi Riyal as an emergency step to boost revenues.

A stronger Yemeni Rial may offer a suitable window to implement these reforms while reducing the backlash that could arise from such measures.



Studies and Economic Media Center (SEMC) is one of the Civil society organizations that works on economic field, awareness and promotes economic issues transparency, good governance and participated citizens in decision-making. Also, it works to find a professional media in Yemen.

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