



وزارة المالية والاقتصاد الوطني

Ministry of Finance  
and National Economy



# Bahrain Economic Quarterly

## Q4 2020

Issued in April 2021

2030  
البحرين  
BAHRAIN

# SUMMARY

## CONTINUED RECOVERY DURING Q4 2020

The Q4 2020 Bahrain Economic Quarterly Report summarizes the key economic developments during the fourth quarter of 2020 as well as the year 2020 as a whole. Economic conditions in the Kingdom of Bahrain during Q4 2020 continued their gradual normalization seen earlier in Q3 2020, even as some areas were still affected by the coronavirus (COVID-19) pandemic, driven by the ongoing support under the stimulus package, the strategic precautionary measures adopted and the launch of the COVID-19 vaccination campaign. On the other hand, and in line with forecasts, the national economy contracted on a YoY basis.

- ◆ **Q4 2020 was characterized by further gradual normalization in economic activity with real GDP<sup>1</sup> in line with Q3 2020 levels.** The non-oil sector registered 3.3% real growth from its Q3 2020 level, with improvement led by strong rebounds in Financial Corporations and Transport and Communications sectors, which posted QoQ growth of 11.6% and 9.4%, respectively. By contrast, the oil sector was disrupted by seasonal maintenance in the offshore Abu Sa'afah field and witnessed a QoQ contraction of 13.0%.
- ◆ **Bahrain's economy is estimated to have contracted by 5.8% in real terms and by 10.2% in nominal terms in 2020 compared to 2019.** Since the pandemic-related disruptions mainly affected non-oil activities, the non-oil sector as a whole led the decline with a 7% correction in real terms (-7.3% in nominal terms). The oil sector was virtually flat with a 0.1% YoY real drop, although lower oil prices translated into a 28.5% decline in nominal terms.
- ◆ **In real terms, Bahrain's real GDP in Q4 2020 still remained 5.5% below its Q4 2019 level (-7.3% in nominal terms).** However, the decline is less pronounced than during the two previous quarters, highlighting the progressive normalization of economic activity, especially in areas that are not heavily dependent on global mobility.
- ◆ **Global and regional prospects are generally improving due to global vaccine rollouts and continued policy stimulus.** Despite some logistical challenges in parts of the world, increased vaccination is boosting confidence and creating the prospect of relative normalization in economic activity this year. This, along with continued output controls by the OPEC+, has boosted oil prices, which should begin to permit gradual normalization of production. All of this should be supportive of a fairly broad-based economic recovery in Bahrain in 2021-2022.

<sup>1</sup> All references to growth in this report refer to the growth of the real (inflation-adjusted) GDP and, unless otherwise stated and all results are preliminary.

### Contents

SUMMARY 2

EXTERNAL  
CONTEXT 4

BAHRAIN 6

Bahrain Economic Outlook				
	2019	2020	2021f	2022f
Real GDP growth (%)	2.0%	-5.8%	3.7%	3.2%
Non-hydrocarbons sector	2.0%	-7.0%	4.5%	3.9%
Hydrocarbons sector	2.2%	0.1%	0.0%	0.0%
Nominal GDP growth (%)	2.2%	-10.2%	11.4%	5.0%
Inflation (CPI %)	1.0%	-2.3%	2.0%	2.5%
Current account (% of GDP)	-2.3%	-9.4%	-4.5%	-2.7%
Crude Oil Brent (USD)	64.4	41.7	60.7	58.5

## EXTERNAL CONTEXT

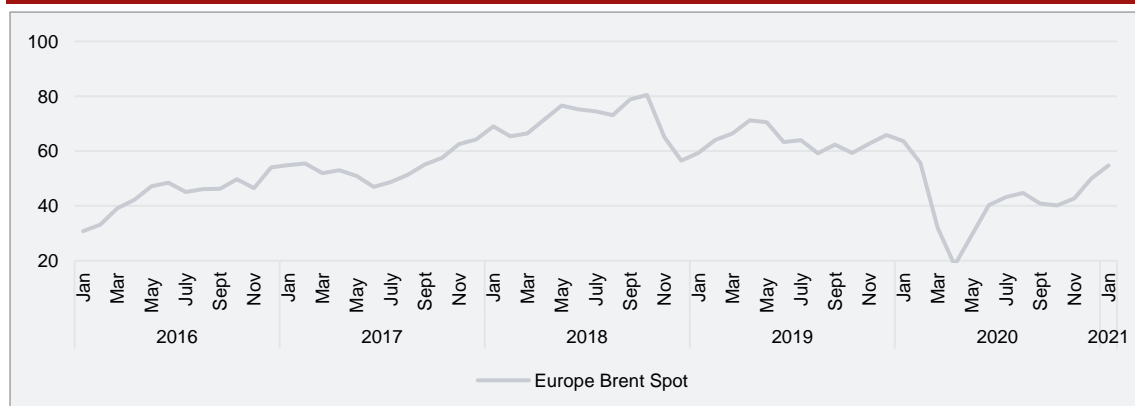
### Global Prospects

While economic activity in much of Europe and North America has been hit by rises in COVID-19 cases, there is mounting optimism about the way forward because of encouraging breakthroughs with developing effective vaccines for the virus and the ongoing stimulus support. Even with some logistical challenges, national vaccination programs are scaling up at a pace that now presents an increasingly firm prospect of the pandemic subsiding in the course of 2021. As a result, most major economies globally are on track for a robust rebound this year, a view shared by the International Monetary Fund which in its latest World Economic Outlook report released in April 2021 expected the world economy to grow by 6% in 2021, up from its 5.5% forecast in January 2021.

A number of countries witnessed growth during the last quarter of 2020, including in the United States where real GDP increased by 4% in Q4 2020 compared to Q3 2020, whereas for the year 2020 as a whole, the US saw a contraction of 3.5%. The USD1.9trn “American Recovery Plan” equates to up to 13% of US GDP and should drive a brisk rebound while boosting investor confidence in 2021. In the EU, seasonally adjusted GDP decreased by 0.5% in Q4 2020 compared to the previous quarter, and by 6.4% in 2020 compared to 2019. On the other hand, China’s economy registered growth both in Q4 2020 and in 2020 on a YoY basis of 6.5% and 2.3%, respectively.

Q4 2020 saw a pick up in oil prices with demand for oil increasing in line with recovery in business activities around the world. Prices have posted robust growth since the start of 2021 with growing prospect of a demand recovery while stocks are being drawn down. Moreover, the OPEC+ alliance has maintained its output restrictions for longer than expected, which has sped up the rebalancing of the market and increased the sensitivity of prices to weather-related and other disruptions.

### Europe Brent Spot Oil Price (USD per barrel)



Source: US Energy Information Administration

### Contents

SUMMARY 2

EXTERNAL  
CONTEXT 4

BAHRAIN 6

## *GCC Economic Outlook*

Economic activity is generally strengthening across the Gulf region. The regional economic outlook benefits from good progress in vaccinations and tighter oil markets that have pushed up prices and should lead to somewhat higher production.

The national accounts published by the Saudi Arabia General Authority for Statistics showed seasonally adjusted real GDP growing by 2.5% in Q4 2020 compared to the third quarter of 2020. Economic growth was the highest in manufacturing with a growth rate of 9.3% QoQ, with growth seen in other activities including community, social & personal services (6.7%), wholesale & retail trade, restaurants & hotels (5.7%), and transport, storage, and communication activities (5.3%). During 2020 as a whole, the Kingdom's GDP is estimated to have declined by 4.1%, led by an estimated 6.7% contraction in the oil sector because of the OPEC+ output controls, while the non-oil sector, by contrast, experienced a much smaller 2.3% contraction.

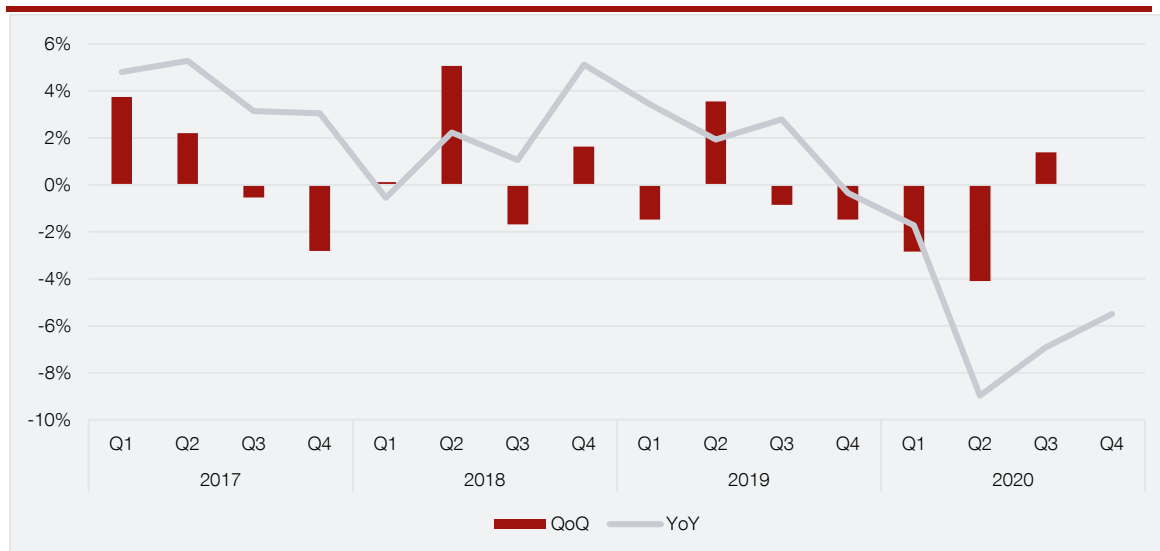
According to the United Arab Emirates Central Bank, the UAE's real GDP growth is estimated to rebound to 2.5% in 2021, followed by 3.5% in 2022. This follows an estimated 5.8% contraction in 2020, led by a 5.7% decline in the non-oil sector. The Central Bank projects non-oil growth of 3.6% in 2021 and 3.9% in 2022.

## BAHRAIN

According to the preliminary National Accounts for Q4 2020 published by the Information and eGovernment Authority, the Kingdom of Bahrain's real GDP was consistent during the last 2 quarters of 2020, growing by 0.0% between Q3 and Q4 2020, while nominal GDP grew by 0.2% QoQ. A steady recovery is continuing to unfold in the non-oil economy which grew by 3.3% in real terms and 2.1% in nominal terms during Q4 2020. The oil sector recorded a 13.0% real decline in Q4 2020 and a comparable 12.9% fall in nominal terms compared to Q3 2020. Q4 2020 marked a break from the preceding three quarters because of seasonal maintenance-related output disruption on the offshore Abu Sa'afah field.

As for full year 2020, real GDP declined by 5.8% and by 10.2% in nominal terms. The Oil sector contracted by 0.1% in real terms and by 28.5% in nominal terms, while the Non-oil sector contracted both in real and nominal terms by 7% and 7.3%, respectively compared to 2019 levels.

### Real GDP Growth (%)



Source: Information & eGovernment Authority

### Contents

SUMMARY 2

EXTERNAL  
CONTEXT 4

BAHRAIN 6

## *Non-Oil sector*

The provisional national accounts data points to a 3.3% real and 2.1% nominal GDP increase in Bahrain's non-oil sector in Q4 2020 compared to the previous quarter. The growth has been backed by economic stimulus packages, which have supported workers and businesses impacted by the pandemic for the majority of 2020, as well as the adherence to the precautionary measures and launch of the COVID-19 vaccination campaign.

The Financial Services sector led the way in terms of growth, registering a 11.6% increase in Q4 2020 compared to the previous quarter. Several financial indicators also saw growth over the quarter as indicated in the monthly statistical bulletin released by the Central Bank of Bahrain. The total value of loans and credit facilities provided by retail banks grew by 2.1% QoQ, as did the money supply (M3) by 1%. The balance sheet of the banking system also registered a minimal increase of 0.1% QoQ. However, the total value of non-bank deposits decreased by 2.2% in Q4 2020 compared to Q3.

The Transport and Communications sector followed in terms of growth, with a 9.4% increase in Q4 2020 compared to the previous quarter. After being severely affected by the pandemic, the sector began to show signs of strong recovery, with the total amount of trucks travelling through King Fahd Causeway increasing by 19.2% during the quarter. Broadband subscriptions also registered a 1.7% increase QoQ. As for the remaining sectors, there was growth across the board, with the Government Services sector increasing by 5.3% QoQ and the Trade sector registering 2% growth, supported by an increase in the number of new commercial registrations by 23.6%. The Social and Personal Services sector and the Real Estate and Business Activities sector also expanded by 1.7% and 1.1%, respectively.

The Construction sector suffered a minor 0.8% decrease during Q4 2020, although the number of applications for building permits increased by 43.3% on a quarterly basis. The Manufacturing sector also contracted during Q4 2020, by 1.8%, largely due to seasonal changes in production, with production in Bapco's (Bahrain Petroleum Company) refinery and Bahrain National Gas Company (Banagas) decreasing by 20% and 3.8%, respectively. On the other hand, ALBA recorded growth in production of 2.6% QoQ, as did the Gulf Petrochemical Industries Company (GPIC) with an increase of 1.5%.

The Hotels and Restaurants sector is still suffering from the effects of the Covid-19 pandemic, witnessing a 13.6% decline in Q4 2020. However, several indicators have begun to show positive growth during the fourth quarter, including hotel occupancy rates. Four-star hotels registered a 23% occupancy rate, while five-star hotels totaled 29% at the end of Q4 2020, amounting to quarterly growths of 53.3% and 20.8%, respectively.

Annually, preliminary data points to a 7% decline in non-oil real GDP in 2020 compared to 2019. This was largely due to the effects of the Covid-19 pandemic, with the Hotels and Restaurants registering the largest decline of 43.9% YoY. The Financial Services sector was the only sector to register a growth during the year, with an increase of 1% compared to the previous year.

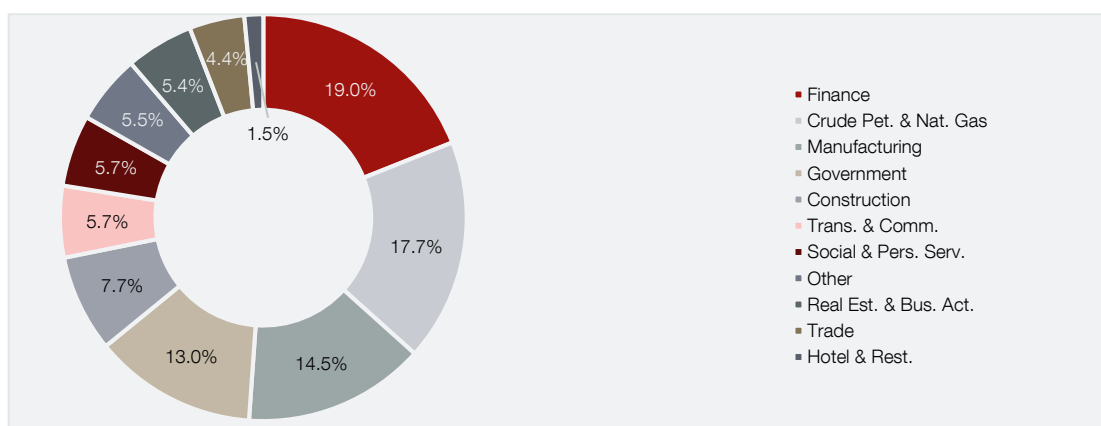
## Sector Real Growth Rates, % QoQ

Year	2019	2020				
Sector	Annual	Annual	Q1	Q2	Q3	Q4
Crude Pet. & Nat. Gas	2.2%	-0.1%	-8.3%	12.7%	1.7%	-13.0%
Manufacturing	1.6%	-4.5%	-3.8%	-7.7%	4.2%	-1.8%
Electricity & Water	13.6%	28.7%	21.8%	12.6%	-1.2%	-4.7%
Construction	2.6%	-0.9%	-1.0%	-0.7%	0.3%	-0.8%
Trade	1.1%	-7.2%	-3.2%	-8.4%	-0.1%	2.0%
Hotels & Restaurants	6.8%	-43.9%	-32.7%	-41.9%	71.1%	-13.6%
Transp. & Comm's	-5.1%	-32.0%	-10.0%	-42.6%	22.4%	9.4%
Social & Pers. Serv.	2.9%	-13.1%	-4.8%	-15.4%	-0.6%	1.7%
Real Est. & Bus. Act.	-1.9%	-5.8%	-3.0%	-6.6%	0.3%	1.1%
Financial Corporations	-2.7%	1.0%	-2.4%	-1.0%	3.0%	11.6%
Government Services	-1.8%	0.0%	11.8%	9.3%	-12.4%	5.3%
Other	68.8%	-11.8%	11.6%	-9.5%	0.6%	2.0%
<b>GDP</b>	<b>2.0%</b>	<b>5.8%</b>	<b>-2.8%</b>	<b>-4.1%</b>	<b>1.4%</b>	<b>0.0%</b>
<b>Non-oil GDP</b>	<b>1.9%</b>	<b>-7.0%</b>	<b>-1.6%</b>	<b>-7.6%</b>	<b>1.3%</b>	<b>3.3%</b>

Source: Information & eGovernment Authority

In terms of their contribution to the overall real GDP, non-oil sectors contributed 82.3% to GDP, with the Financial Corporations sector continuing to be the largest non-oil sector during Q4 2020, accounting for 19% of the total, followed by the Manufacturing sector (14.5%) and the Government Services sector (13.0%).

## Sector Contribution to GDP – Q4 2020



Source: Information & eGovernment Authority



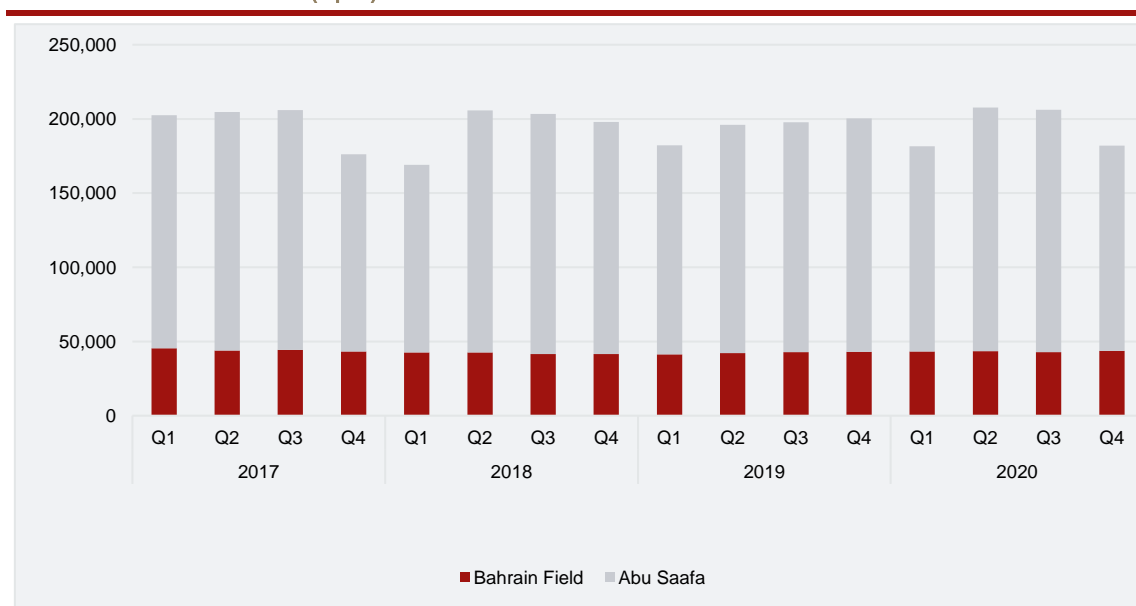
## Oil Sector

The Oil sector saw a short-term 13.0% drop in real GDP in Q4 2020 due to regular seasonal maintenance on the offshore Abu Sa'afah oil field. The nominal QoQ decline was 12.9%. The aggregate crude oil output during the three-month period averaged 181,777 bpd, 11.8% lower than a quarter earlier. The offshore Abu Sa'afah field recorded a decline to 138,147 bpd, which represented a 15.4% QoQ decrease. Extraction from the onshore Bahrain field averaged 43,629 bpd in Q4 2020, which is 2% higher than the output level in Q3 2020.

The extraction of natural and associated gas in Q4 2020 reached 212,391mn cubic feet, which translated into a 10.7% QoQ decrease. About 31.4% of the total gas produced was re-injected into the oil sector.

The Oil sector posted a small 0.1% real decline in 2020 YoY. Oil production remained relatively stable, with extraction from the onshore Bahrain field averaging 43,313 barrels per day (bpd) in 2020, an increase of 2.2% as compared to 2019. The average production from the offshore Abu Sa'afah field reached 150,874, a minor decrease of 0.6% as compared to the previous year but still marginally above the standard capacity of 150,000 bpd.

### Crude Oil Production (bpd)



Source: National Oil and Gas Authority

Investment activity in the oil and gas sector continued apace despite the COVID-19-related disruptions to economic activity:

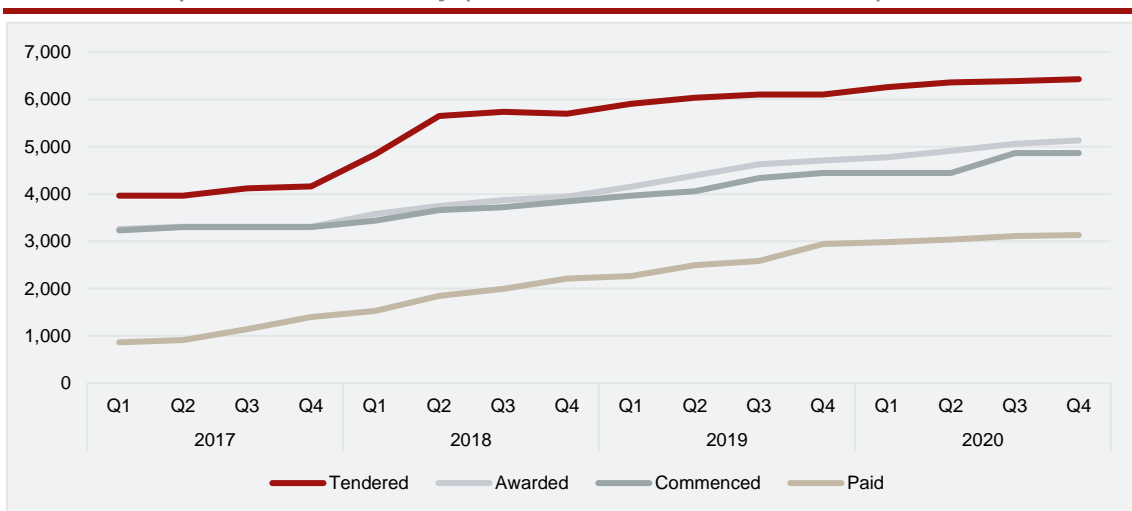
- ◆ The construction on Bapco's oil refinery expansion project, the largest in the Kingdom's history, reached 65% completion and is on track for completion by the fourth quarter of 2022.
- ◆ The National Oil and Gas Authority and Eni Rewind, the environmental services subsidiary of the Italian oil company Eni, signed a Memorandum of Understanding to identify and promote opportunities for water, soil and landfill management and repurposing in Bahrain. Such projects will contribute to the implementation of the United Nations 2030 Global Goals for sustainable development.
- ◆ Nogaholding, the government-owned oil sector holding company, signed a memorandum of understanding with the US chemicals company Air Products & Chemicals to assess the feasibility of developing a hydrogen economy in the kingdom. The agreement will be carried out in multiple stages, the first being a local analysis of the availability of hydrogen gas.
- ◆ Nogaholding signed a joint study agreement with Chevron Middle East with the objective of assessing the future demand for gas in the Kingdom and identifying potential sources of supply to meet these requirements as well as to support potential future supply chains linked to the LNG terminal.

## Infrastructure Projects

The Tender Board awarded a total of 1,688 tenders with an aggregate value of BHD1.6bn during 2020. The oil and gas sector accounted for BHD598.1 of the total value while the construction and engineering industry had tender approvals worth BHD330.1mn.

The GCC Development Fund continued to scale up its activity throughout 2020, reaffirming its long-standing role as a source of continuity and driver of economic growth. By the end of Q4 2020, a cumulative total of USD7.4bn had been allocated to various infrastructure projects for roads, housing, electricity and water and others. The aggregate value of awarded projects was estimated at USD5.1bn as of Q4 2020, an increase of 1.5% compared to the end of the third quarter of 2020, with USD74mn worth of projects being awarded during the fourth quarter of 2020. The total value of the works completed during Q4 2020 amounted to about USD85.7mn, bringing the total value of works since the launch of the program to about \$ 3,514.4 million, a QoQ increase of 2.5%.

### GCC Development Fund Activity (USD million, cumulative totals)



Source: Ministry of Finance and National Economy

Flagship infrastructure projects around the Kingdom are continuing to advance, including:

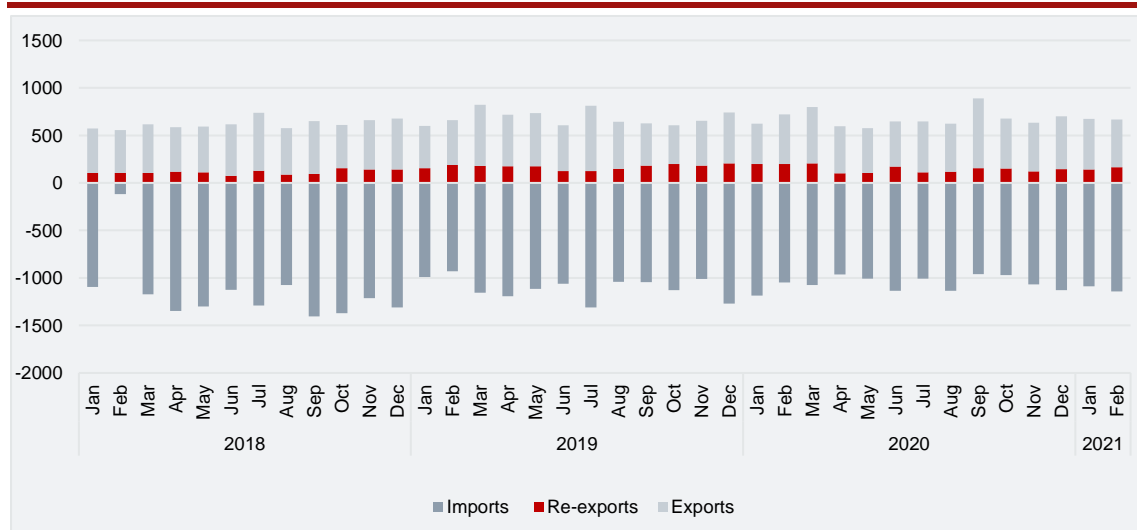
- ◆ An ambitious enterprise to develop Al Fateh Highway and ease heavy traffic will be launched in April 2021. The works will extend the existing road, provide alternative options for the Juffair area, and add an upper bridge with two lanes of U-turns.
- ◆ The Multiple Sclerosis Care Centre located in Medical Complex in Muharraq is 53% complete, and is expected to be ready in the third quarter of 2021. The facility consists of seven outpatient clinics, an MRI department, a physiotherapy department, public and private treatment rooms, a laboratory, a pharmacy, and a scientific research center.
- ◆ Work on a road project leading to Al Louzi housing is 57% complete. The construction of concrete barriers on the 4.8km highway is almost done, and features two lanes in each direction. Once complete, the highway is expected to ease traffic congestion in the area to the relief of residents and visitors.

## International Trade

Bahrain's external non-oil merchandise trade balance recorded an improvement during Q4 2020 (QoQ). The aggregate value of non-oil merchandise exports increased slightly, by 0.5%, in YoY terms, with the value of exports of national origin reaching BHD598.7mn, 10.5% lower than the preceding quarter but 12.5% higher than Q4 2019. The total value of non-oil imports grew by 2.1% QoQ to reach BHD1,191mn but remained 7.1% below the Q4 2019 level. The non-oil merchandise trade gap improved during the fourth quarter of 2020 with the deficit declining from BHD530mn in Q4 2019 to BHD435mn in Q4 2020, a drop of 17.9%.











For the year 2020 as a whole, the trade deficit narrowed to BHD1.7bn, down from BHD1.9bn in 2019. The total value of non-oil imports decreased by 3.7% YoY to a total of BHD4.8bn. The aggregate value of exports of national origin increased by 3.9% YoY to BHD2.4bn. Reflecting in part the pandemic-related restrictions on mobility, re-exports decreased by 15% YoY to BHD0.7bn.

### Non-oil Merchandise Trade (USD million)



Source: Information & eGovernment Authority

The following are the Kingdom's key trading partners over Q4 2020:

Imports			Exports		
% of Total	Country		% of Total	Country	
13.9%	China		21.1%	Kingdom of Saudi Arabia	
8.1%	Kingdom of Saudi Arabia		8.7%	United States of America	
7.3%	Australia		8.5%	United Arab Emirates	
7.2%	United Arab Emirates		7.2%	India	
7.0%	United States of America		6.6%	Egypt	

### Foreign Direct Investment (FDI)

According to the provisional results of the 2020 Foreign Direct Investment survey issued by the Information and eGovernment Authority, and conducted in collaboration with the Central Bank of Bahrain (CBB) and the Economic Development Board (EDB), the inflows of foreign direct investment to Bahrain by end of 2020 amounted to about BHD378.5mn, increasing the value of the stocks to BHD11.9bn by end of 2020. On the other hand, flows decreased during Q4 2020, by 1.7% compared to Q3 2020.

FDI inflows during 2020 were dominated mostly by professional, scientific, and technical activities (BHD370.1mn), construction (BHD148.4mn), and the wholesale and retail sectors (BHD139.4mn). Foreign investment from Luxembourg constituted 65.6%, or BHD248.2mn, of the total inflows, followed by the Cayman Islands with BHD93.3mn (24.6%), and India with BHD68.6mn (18.1%).

In terms of stocks, the financial and insurance activities dominate with about BHD7,811.8mn, a decrease of 3.3% compared to Q3 2020, followed by manufacturing sector stocks which amounted to BHD1,630.0mn, an increase of 0.5% compared to Q3 2020. Kuwait remains the biggest contributor in term of stocks with 28.1% of total.

The results of inward foreign direct investment stocks for these sectors during 2020 were as follows:

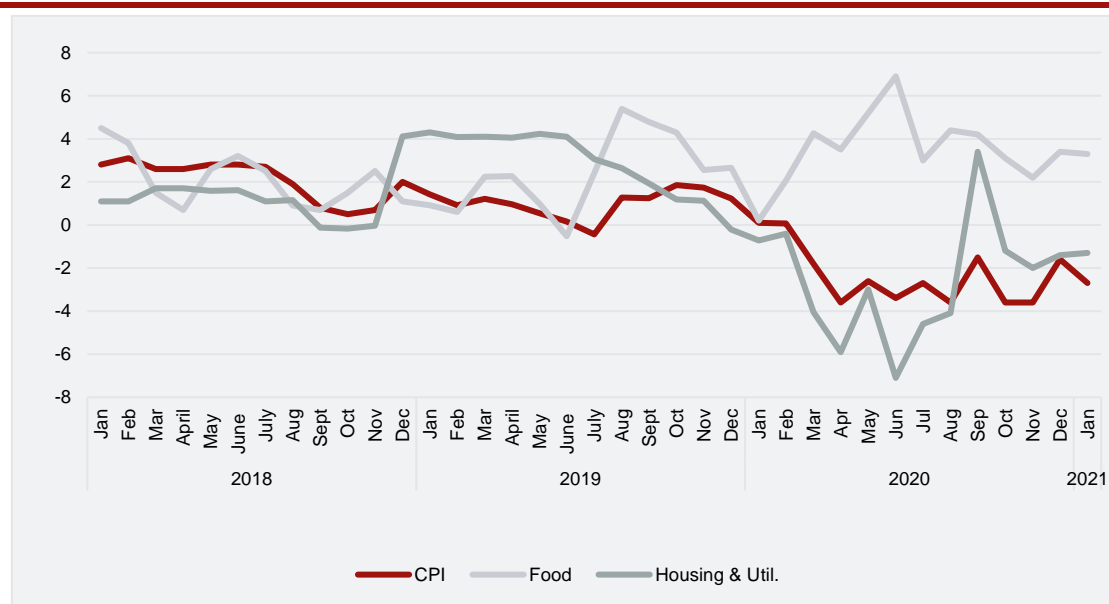
Sector	Inward Stocks (BHD Mn)	% contribution of Sectors to total inward direct investment
Financial and Insurance Activities	7,811.8	65.6%
Manufacturing	1,630.0	13.7%
Wholesale and Retail Trade	775.2	6.5%
Information and Communication	428.0	3.6%
Others	1,270.6	10.7%
<b>Total</b>	<b>11,915.6</b>	

## Inflation

The Consumer Price Index recorded a 2.9% fall in Q4 2020 compared to the same period in 2019, with the 2020 average varying month on month. The deflationary trend accelerated from 1.6% in October to 3.6% in November and December. The main driver of the decline was recreation and culture which saw an annual drop of 36.1% in Q4 2020, followed by restaurants and hotels which declined by 7.8%. By contrast, the food CPI increased by 2.9% and transport prices by 0.8%

The CPI declined by 2.3% in the course of 2020. The deflationary trend was led by a 2.6% fall in the housing, water, electricity, gas and other fuels category, which is the largest single component of the CPI basket. By contrast, inflationary pressures continued to manifest themselves in food prices, which rose by 3.5%, led by an 11.1% increase in fish and seafood prices by and an 8.7% gain in vegetable prices. Transport prices increased by 2.5%. The recreation and culture category recorded the largest decline of 2020, largely as a result of the COVID-19 pandemic. Prices on this sub-index fell by 31.2%. Clothing and footwear prices saw a 9.2% correction while the restaurants and hotels sub-index declined by 6.3%.

### Consumer Price Inflation (%) YoY



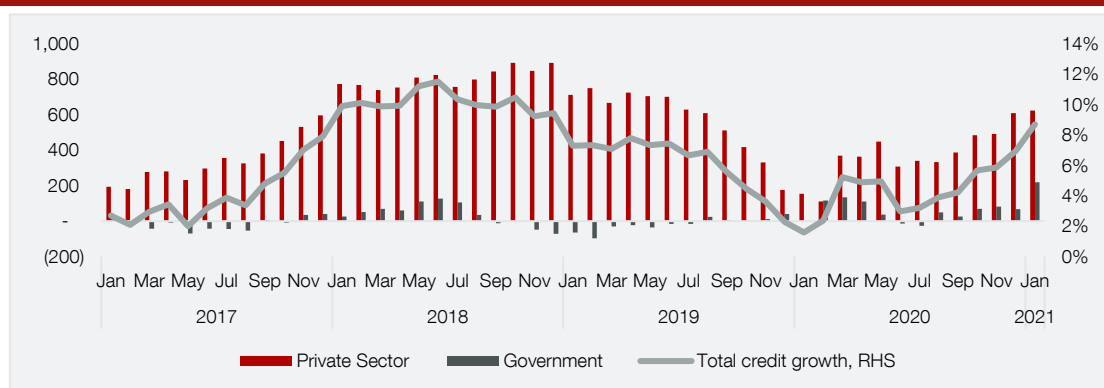
Source: Information & eGovernment Authority

## Bank Credit and Deposits

After some volatility earlier in the year, bank credit growth has been accelerating fairly consistently and reached an annual pace of 7.0% by the end of Q4 2020. The total value of outstanding credit issued by local retail banks stood at BHD10.4bn at the end of 2020. Credit growth has been led by lending to individuals, which rose by an annual 9.8% to BHD4.7bn, a 2.6% increase over the preceding quarter. Particularly notable growth was observed in the area of mortgage lending which increased by 12.5% YoY to just under BHD2.2bn.

Business loans, which totaled BHD5.3bn, made up 51% of the total outstanding portfolio and registered growth of 3.7% on an annual basis. During Q4, the total rose by 1.5% as compared to Q3 2020. However, the sectoral composition of corporate loans changed during the year. The most pronounced increases were seen in loans to the small Agriculture & fisheries sector which saw an annual 80.6% gain to BHD12.1mn, while lending to the Mining & quarrying sector (includes oil & gas) rose by 73.9% YoY to BHD150.8mn.

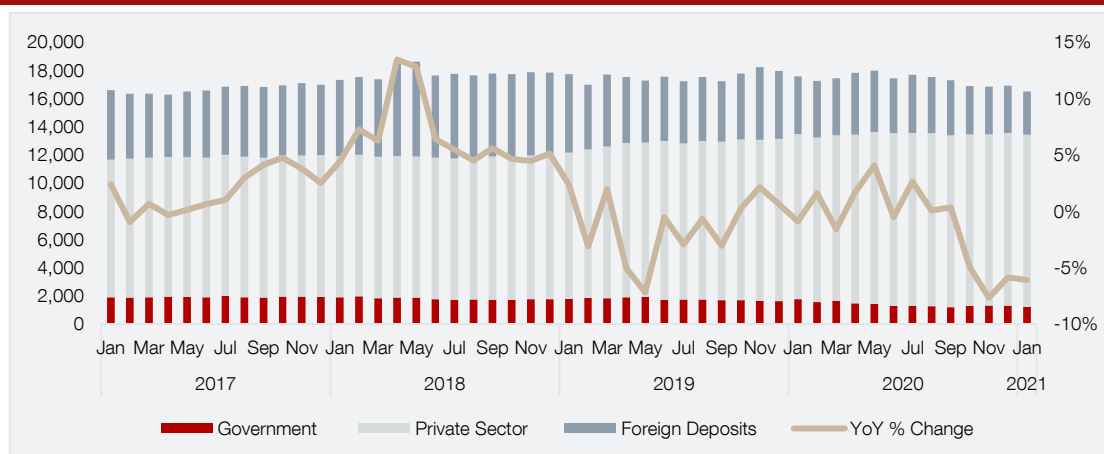
### YoY Growth in Credit Issued by Retail Banks (BHD million)



Source: Central Bank of Bahrain

Non-bank deposits decreased by 5.9% in Q4 2020 compared to the same period in 2019 and by 2.2% from their Q3 2020 total.

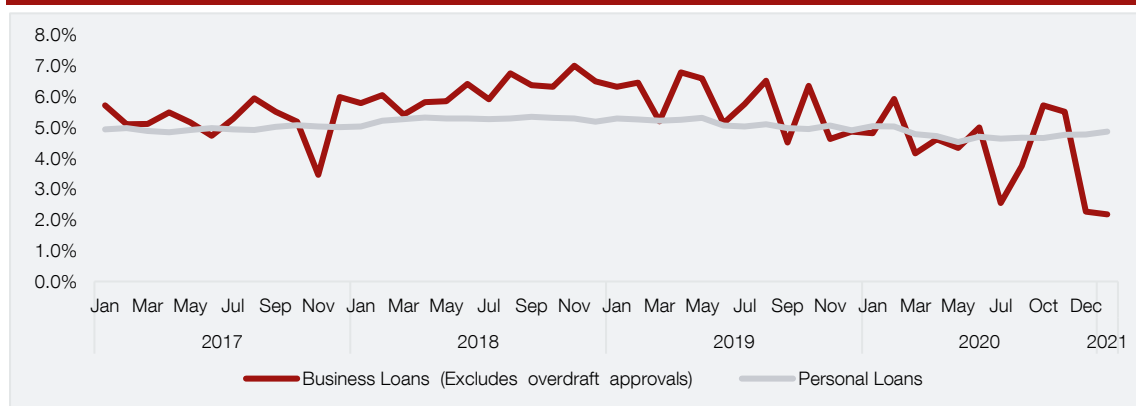
### Deposit Liabilities to Non-banks (BHD million)



Source: Central Bank of Bahrain

Bank lending rates continued to decrease, reflecting the decisions of the Central Bank of Bahrain to reduce interest rates on facilities to retail banks. The average interest rate on personal loans held steady in recent years, reaching 4.8% in December 2020, which was marginally down in YoY terms (-2.9%). Corporate loans have shown much more volatility but closed the year at an average of 3.9%, which marked a 22.5% drop in YoY terms.

### Average Rate of Interest on Credit Facilities - Conventional Retail Banks

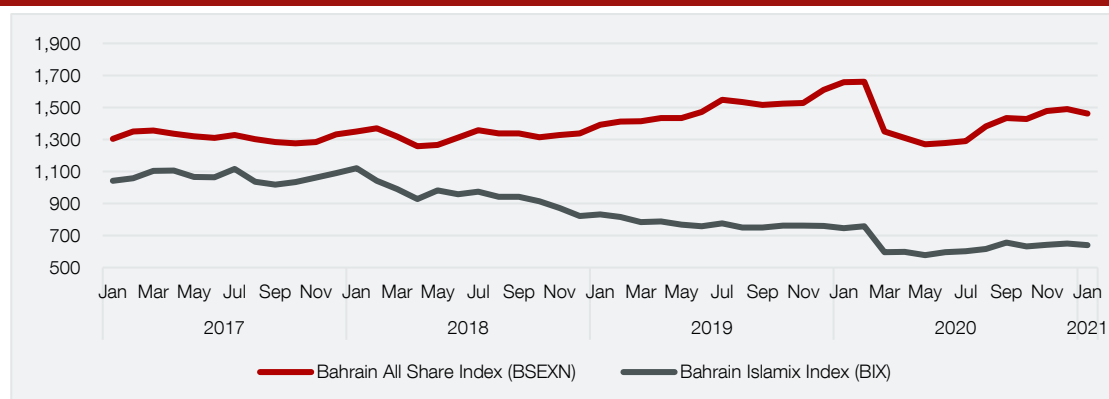


Source: Central Bank of Bahrain

### Financial Markets

The Bahraini stock market mirrored regional trends and continued to post gradual gains in Q4 2020. The Bahrain All-Share Index was 3.9% higher than at the previous quarter, although it remained 7.5% below the level seen at the start of 2020. The gains in the index were led by the Services sub-index which rose by 48.6% during the year. It was followed by Commercial banks, which gained 21.4%. The capitalization of Bahrain Bourse reached BHD9.3bn at the end of Q4 2020, a drop of 8.5% from a year earlier and a gain of 4.2% on a quarterly basis.

### Bahrain All Share Index and Bahrain Islamic Index



Source: Bahrain Bourse



The Central Bank of Bahrain continued its regular issuance with the average interest/profit rate holding more or less steady. Notable oversubscriptions were seen especially in the sukuk segment.

### Short-term Bond and Sukuk Issues Arranged by the Central Bank of Bahrain

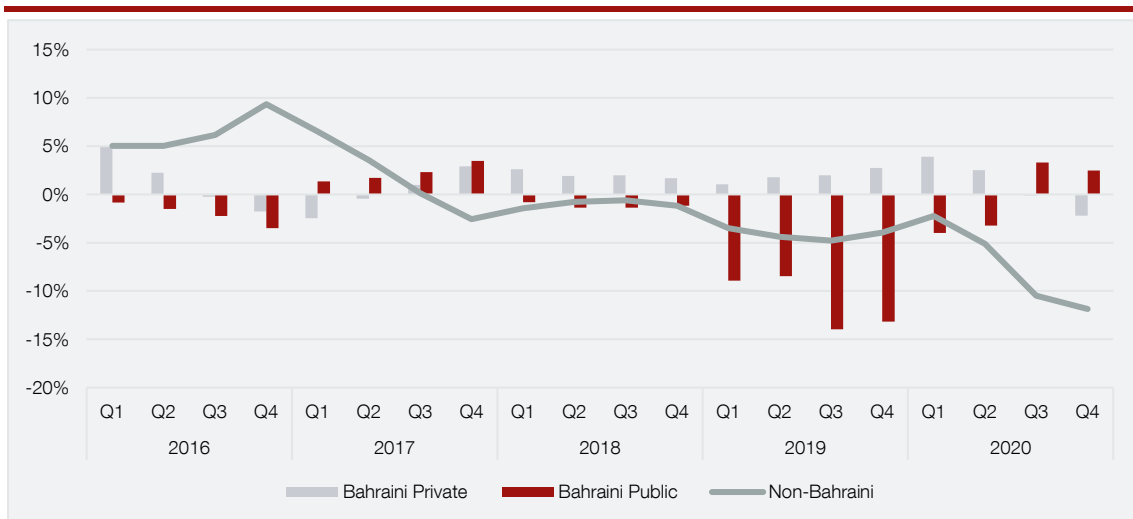
Issue date	Issue	Value, BHD million	Maturity Days	Average Interest/ Profit Rate (%)	Avg Price (%)	Over-subscription (%)
14-Oct-20	Sukuk Al Salam No. 234	43	91	2.22	-	346
21-Oct-20	Treasury Bills No. 1830	70	91	2.23	99.440	100
22-Oct-20	Treasury Bills No. 74	100	365	2.81	97.237	155
28-Oct-20	Treasury Bills No. 1831	70	91	2.23	99.441	100
4-Nov-20	Treasury Bills No. 1832	70	91	2.22	99.441	100
5-Nov-20	Sukuk Al Ijarah No. 183	26	182	2.60	-	501
8-Nov-20	Treasury Bills No. 1833	35	182	2.58	98.702	122
11-Nov-20	Treasury Bills No. 1834	70	91	2.24	98.437	106
18-Nov-20	Sukuk Al Salam No. 235	43	91	2.22	-	277
25-Nov-20	Treasury Bills No. 1835	70	91	2.32	99.439	100
26-Nov-20	Treasury Bills No. 75	100	365	2.81	97.238	159
29-Nov-20	Treasury Bills No. 1836	35	182	2.58	98.714	141
2-Dec-20	Treasury Bills No. 1837	70	91	2.22	99.441	114
9-Dec-20	Treasury Bills No. 1838	70	91	2.22	99.443	100
10-Dec-20	Sukuk Al Ijarah No. 184	26	182	2.60	-	560
16-Dec-20	Sukuk Al Salam No. 236	43	91	2.22	-	355
23-Dec-20	Treasury Bills No. 1839	70	91	2.21	99.444	110
24-Dec-20	Treasury Bills No. 76	100	365	2.80	97.247	143
27-Dec-20	Treasury Bills No. 1840	35	182	2.58	98.712	100
30-Dec-20	Treasury Bills No. 1841	70	91	2.21	99.445	107

## Labour Markets

The labour market showed resilience in 2020 supported by the fiscal and economic stimulus package which included the payment of salaries for Bahrainis working in the private sector.

According to the Q4 2020 data published by the Social Insurance Organization, the total number of registered Bahraini workers decreased slightly by 0.7%, to reach 142,018. The number of Bahrainis in the public sector showed renewed growth with a small 2.5% YoY gain, which took their total number to 47,796. The average salary of Bahrainis in the public sector stood at BHD826, which marked a slight 0.6% YoY decrease. On the other hand, the number of Bahraini employees in the private sector decreased by 2.2% YoY to reach a total of 94,222, while their average monthly salary increased by 2.3% YoY to reach BHD757. The expatriate labor market saw a 11.9% YoY decline YoY, although the number of new registrants in Q4 2020 was 19.4% higher than a year earlier and 5.3% higher than in Q3 2020. These trends mirror the reduced activity in the labor-intensive sector affected by the pandemic-related disruptions, notably hospitality, retail, and construction.

### YoY Changes in Employment by Labour Market Segment (%)



Source: Social Insurance Organization

## *International Rankings*

In the **World Bank's Women, Business and Law 2021**, Bahrain's overall score improved by 9.3 points to 55.6 out of 100. The report measures women's economic participation and equality between women and men in 190 countries. Bahrain achieved a score of 100/100 in the Entrepreneurship sub-index and 75/100 in the Retirement Pension sub-index.

Bahrain's rank improved by 23 positions to 40th globally out of 178 countries in the **Index of Economic Freedom 2021** published by Heritage Institute. Bahrain scored 69.9/100 on the index, higher than the global and regional averages of economic freedom. It ranks 4th out of 14 countries in the Middle East and North Africa region. Bahrain's overall score increased by 3.6 points, primarily because of an improvement in judicial effectiveness.

Manama ranks 1st in the Arab world and 5th worldwide in strategy of foreign direct investment for medium and small cities in the **Global Future Cities 2021-2022 Report** issued FDI Intelligence, a subsidiary of the Financial Times. As a medium or small-sized city, Manama ranked sixth in the world in cost-effectiveness and third in the Middle East and North Africa region in the same field. Manama also ranked seventh in the world and second in the Middle East and North Africa in terms of a welcoming and flexible environment for doing business.

Bahrain moved up one place to rank 49th globally out of 113 countries in the **Global Food Security Index 2020** issued by the Economist Intelligence Unit. The index covers several areas, including the cost, abundance, and quality of food and natural resources in countries. Bahrain ranked 35th globally in food affordability, 64th in food availability, and 44th in quality of food.

Bahrain ranks 15th overall among the world's most competitive emerging markets and seventh in the area of business fundamentals, according to the **Agility Emerging Markets Logistics Index 2021** issued by Agility Logistics Services. The index also indicated that Bahrain sought to simplify the regulation of private sector companies, and made corporate governance more in line with international standards

## Glossary

Term	Explanation
Real Growth Rate	The growth rate of a nation's Gross Domestic product (GDP) adjusted for the effects of price inflation.
Nominal Growth Rate	The growth rate of a nation's Gross Domestic Product (GDP) evaluated at current market prices.
Gross Domestic Product	An aggregate measure of production (all finished goods and services produced), which equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies) within a country's borders in a specific time period, in this bulletin for instance it is a three months period
Crude Petroleum and Natural Gas	Comprises of crude oil extracted as well as extraction of natural and associated gas.
Financial	Comprises units primarily engaged in financial transactions, i.e. transactions involving the creation, liquidation or change of ownership of financial assets. Also included are insurance and pension funding and activities facilitating financial transactions, and others.
Manufacturing	Comprises units engaged in the physical or chemical transformation of materials, substances, or components into new products, such as plants, factories or mills, etc Examples of manufacturing sector activities: Manufacturing of food and beverages, tobacco products. Manufacturing of textiles, wood and paper products, refined petroleum products, chemicals, furniture, etc.
Government	Comprises of all ministries and authorities in the state budget and other attached and independent bodies as per the consolidated final accounts, such as those entities involved in security, education, culture, development and other entities that provide collective services.
Transport and Communications	Transport sector comprises activities related to providing passenger or freight transport, whether scheduled or not, by pipeline, road, water or air. As well as, postal activities, storage and telecommunication, etc
Construction	Comprises general construction -residential and non- residential buildings and roads- and special trade construction for buildings and civil engineering, building installation and building completion. It includes new work, repair, additions and alterations, and also construction of a temporary nature.
Social and Personal Services	Comprises services provided by businesses and government units to individuals, other businesses or the community as a whole, such as private health and education services, others such as sports and entertainment activities, repairing of computers and households' equipment, etc.

<b>Real Estate and Business Activities</b>	Comprises real estate activities such as purchase or lease, that are mainly linked to the business sector. However, more or less all activities covered in this section can also be provided to private households, for example, renting of personal and household goods, database activities, legal activities, accounting or auditing services, interior decoration and photographic activities, etc.
<b>Trade</b>	Comprises wholesale and retail sale (sale without transformation) of any type of goods, and rendering services incidental to the sale of merchandise.
<b>Hotels and Restaurants</b>	Comprises units providing customers with short-term lodging and/or preparing meals, snacks, and beverages for immediate consumption.

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