

# Bahrain Economic Quarterly

**Q1 2024**

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# Bahrain's Economic Quarterly Report

## Q1 2024

### Real GDP Growth

Preliminary data released by the Information & eGovernment Authority

Total GDP

▲ **+3.3%**

Non -Oil GDP

▲ **+3.3%**

Oil GDP

▲ **+3.4%**

### Top Growing Sectors

(YoY)



**Accommodation  
and Food Service  
Activities**

▲ **+10.7%**



**Financial and  
Insurance Activities**

▲ **+7.4%**



**Information and  
Communications**

▲ **+6.6%**



**Wholesale and  
Retail Trade**

▲ **+5.7%**

### Top Performing Economic Indicators

(YoY)



**Total Inbound  
Tourism Flows**

▲ **+31.7%**



**Total Value of the  
Electronic Fund  
Transfer System**

▲ **+14.3%**



**Aircraft  
Movement**

▲ **+10.0%**



**Value of PoS Sales  
and E-commerce  
Transactions**

▲ **+9.0%**

### Bahrain's Performance in Global Competitiveness Indicators

**21<sup>st</sup>  
globally**

IMD World Competitiveness  
Ranking 2024



**5<sup>th</sup>  
globally**

ICT Development Index  
(IDI) 2024



**1<sup>st</sup>  
globally**

as the most efficient small port  
Container Port  
Performance Index 2023

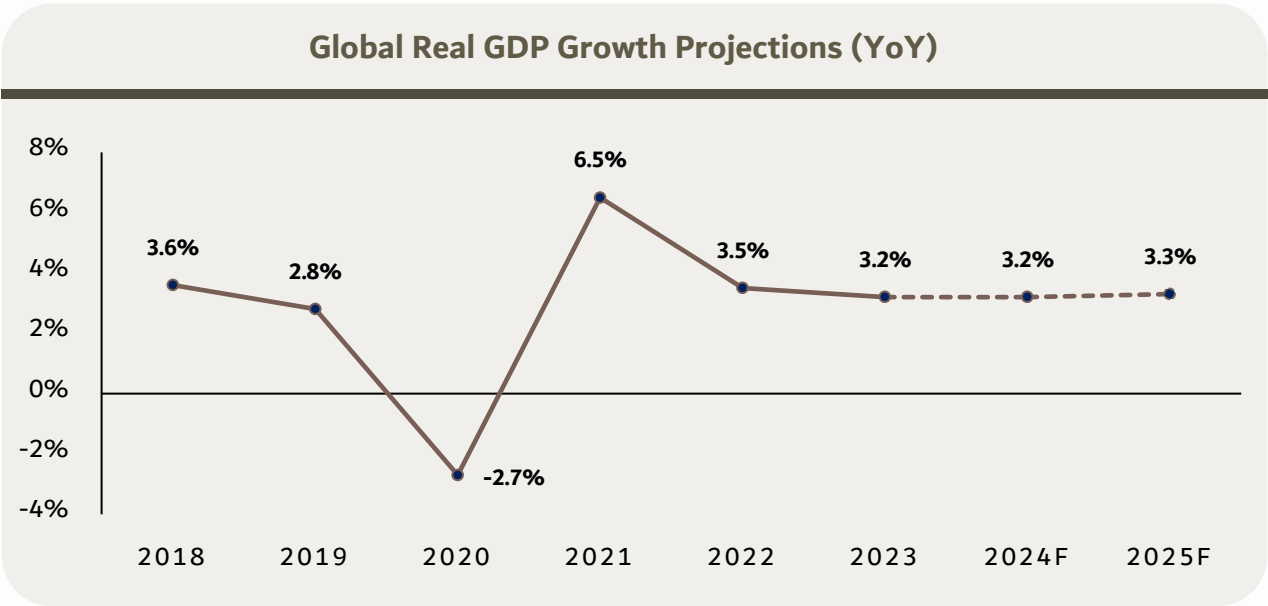


WORLD BANK GROUP

Global Economy

- ◆ The global economy is projected to maintain a steady growth at 3.2% in 2024 and 3.3% in 2025
- ◆ Global inflation is expected to gradually decline from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025

According to the World Economic Outlook (WEO) released by the IMF in July 2024, the global economy is projected to grow at a steady rate of 3.2% in 2024 and 3.3% in 2025. The report highlights that the global economic landscape in 2024 and 2025 will be shaped by factors including the upside risks to inflation which will raise the possibility of extending higher interest rates for an even longer period given the escalating trade tensions and heightened policy uncertainty.



Source: World Economic Outlook July 2024, International Monetary Fund (IMF)

According to the report, advanced economies are expected to see a modest pickup in growth. The United States' growth is forecasted to rise to 2.6% in 2024 before moderating to 1.9% in 2025. Similarly, the Euro Zone is expected to recover from its low growth of 0.4% in 2023 to reach 0.9% in 2024 and 1.5% in 2025. In contrast, emerging markets and developing economies are expected to experience relatively stable growth trajectories, led by projected expansions of 7.0% in India and 5.0% in China in 2024.

Global inflation is expected to decline from an annual average of 6.8% in 2023 down to 5.9% in 2024 and further to 4.5% in 2025. This reduction in inflation levels is anticipated to be more rapid in advanced economies, which are projected to return to their inflation targets sooner than emerging markets and developing economies. The easing of inflationary pressures reflects a combination of factors, including tighter monetary policies, receding pandemic-related supply chain disruptions, and the fading impact of the energy price shocks experienced in recent years.

As for the oil market, the International Energy Agency's (IEA) July 2024 report forecasts oil demand to continue to decelerate and average just under 1 mbpd in 2024 due to subpar economic growth. Price for Brent Crude, however, has recovered from a six month low this year rising to USD 86 for the full year 2024, up by USD 5 from June's report.

## Gulf Cooperation Council Economy

According to the World Bank's Spring 2024 Gulf Economic Update (GEU) published in May 2024, economic growth in GCC region is projected to recover to 2.8% in 2024 and accelerate to 4.7% in 2025 from a mere 0.7% growth in 2023. The UAE economy is projected to have the highest growth rate in 2024 at 3.9%, fueled by a 5.8% surge in oil output as well as a robust 3.2% growth in non-oil sectors. Bahrain is expected to see a growth of 3.5% in 2024, bolstered by a 4.0% growth in the non-oil sectors as well as a 1.3% increase in the oil sector, according to the report. Meanwhile, Saudi Arabia is projected to achieve a 2.5% growth in 2024, while Kuwait is projected to grow by 2.8% in 2024. As for Qatar, GDP is expected to grow by 2.1% in 2024, and Oman forecasts a growth in 2024 of 1.5%.

According to the General Statistical Authority, Saudi Arabia's real GDP experienced a YoY decline of 1.7% in Q1 2024, mainly due to an 11.2% drop in the oil sector, a result of the extension in oil production cuts undertaken as part of the agreement with OPEC+ countries. Saudi oil production decreased to around 9 mbpd, lower than its capacity of approximately 12 mbpd. Conversely, non-oil GDP saw a growth of 3.4% YoY, and government activities witnessed a 2.0% YoY increase.

Oman's National Centre for Statistics and Information (NCSI) reported that the total GDP increased by 1.7% YoY in Q1 2024. This growth was driven by a robust 4.5% expansion in non-oil sectors. However, the oil sector registered a decline of 2.4% YoY.

The Central Bank of the United Arab Emirates (CBUAE) projects the economy to grow by 3.9% in 2024, according to its June 2024 Economic Quarterly Review. This growth is driven by a 5.4% expansion in the non-oil sector and a modest 0.3% rise in the oil sector. The report also projects that the growth will continue in 2025 to reach 6.2%, driven by a growth of 5.3% for the non-oil sector and 8.4% for the oil sector.

According to the report published by the Central Statistical Bureau of Kuwait in July 2024, the real GDP experienced a 2.7% decline compared to the corresponding period in 2023, mainly attributed to a 9.8% decrease in the oil sector. Conversely, the non-oil sector witnessed a growth of 4.7% during the same period.

## Notice

The Information and eGovernment Authority has updated the National Accounts data to the fourth revision of the International Standard Industrial Classification (ISIC 4) to improve the grouping of all economic activities to be in line with international standards. As such, all figures from 2010-2023 have been revised to reflect the new classification.

Due to this transition, there has been some changes in the methodology and structure of the main and sub-activities:

- The transportation and communications activity in ISIC 3 has been split into two separate activities: communications and information, and transportation and storage.
- The activities of holding companies are now classified under the financial and insurance activities.
- Under ISIC 3, government education and health activities were categorized under government services, while private education and health activities were under personal and social services. In the new revision (ISIC 4), all education activities are grouped under the education activity, and all health activities are grouped under the human health and social work activity.
- The real estate and business activities sector has been divided into three separate activities: real estate activities, professional, scientific and technical activities, and administrative and support service activities.
- The electricity and water activity has been split into two activities: electricity, gas, and steam supply, and water supply and sewerage activities.

## Bahrain’s Economic Performance

Bahrain’s GDP grew by 3.3% YoY in real terms in Q1 2024, supported by the growth in both the non-oil sector and oil sector, at 3.3% YoY and 3.4% YoY, respectively, according to preliminary National Accounts data released by the Information and eGovernment Authority.

In nominal terms, GDP grew by 3.4% YoY in Q1 2024, similarly aided by both the non-oil and oil sectors, which rose by 2.8% YoY and 7.4% YoY, respectively.

According to the Ministry of Finance and National Economy projections, real GDP is expected to grow by 3.0% in 2024. This growth will be driven primarily by a diverse range of non-oil sectors, which is forecasted to expand by 3.8% during 2024. Looking ahead to 2025, real GDP growth is projected to accelerate to 3.8%. The non-oil sector is anticipated to experience an even stronger expansion of 4.5% during that year, as expected progress around the Bapco Modernization Program will be seen fully in 2025.

Key Economic Indicators				
	2022	2023	2024	2025
	Actual	Prelim	Forecast	Forecast
Real GDP growth	6.0%	3.0%	3.0%	3.8%
Non-oil sector	7.5%	4.0%	3.8%	4.5%
Oil sector	-1.4%	-2.4%	-1.0%	0.0%
Nominal GDP growth	14.3%	-1.3%	4.8%	4.8%
CPI	3.6%	0.1%	1.0%	1.5%
Current account (% of GDP)	14.6%	5.9%	6.1%	7.8%

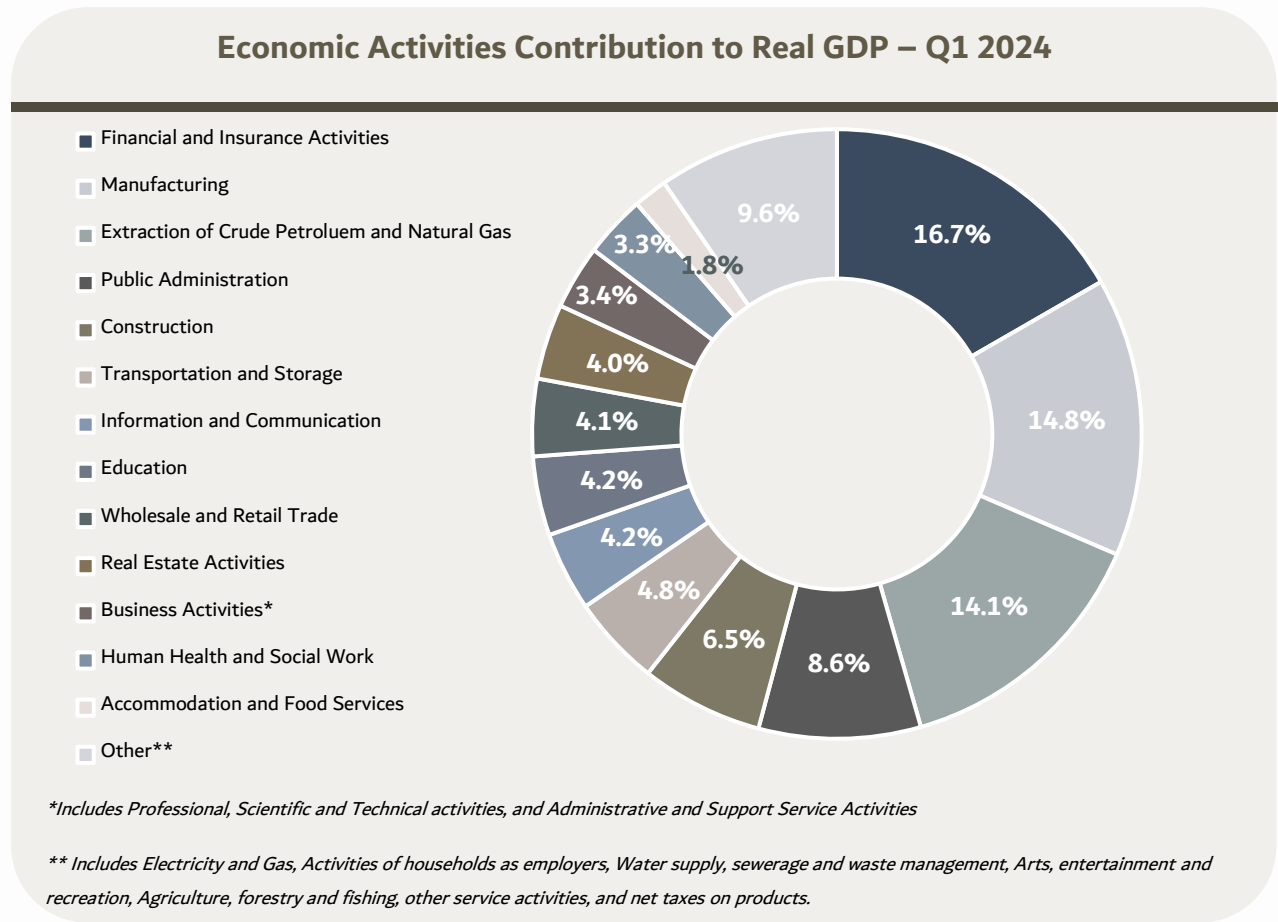
Source: Ministry of Finance and National Economy estimates



Non-oil Sector

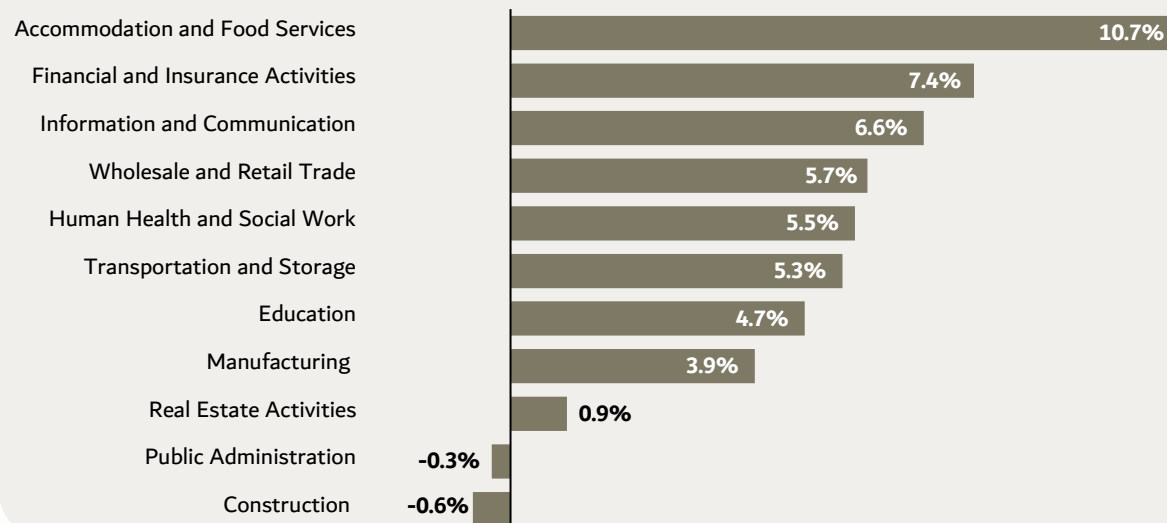
The non-oil sector continued to play the predominant role in driving economic growth, recording a record-high contribution of 85.9% to real GDP in Q1 2024. Starting in Q1 2024, Bahrain has transitioned to ISIC 4, resulting in renaming some economic activities compared to the previous classification.

The **Financial and Insurance Activities** remains the largest contributor to GDP, accounting for 16.7% of real GDP, followed by **Manufacturing** at 14.8% and **Public Administration** at 8.6%. **Construction** contributed 6.5% to GDP, while **Transportation and Storage** accounted for 4.8%. Additionally, both the **Information and Communication** and **Education** recorded identical contributions of 4.2%, while the **Wholesale and Retail Trade** and **Real Estate Activities** recorded comparable contributions of 4.1% and 4.0%, respectively. **Business Activities** and **Human Health and Social Work** accounted for 3.4% and 3.3% respectively, while the **Accommodation and Food Services** contributed 1.8% of GDP.



Source: Information & eGovernment Authority

### Real GDP Growth by Non-oil Economic Activity – Q1 2024 (YoY)



Source: Information & eGovernment Authority

### Real GDP Growth Rates by Economic Activity (YoY)

Year	2023					2024
Sector	Q1	Q2	Q3	Q4	Annual	Q1
Crude Petroleum and Natural Gas	-5.9%	2.2%	-6.8%	0.5%	-2.4%	3.4%
Manufacturing	-2.7%	-6.4%	7.5%	5.5%	0.8%	3.9%
Construction	-1.3%	-0.5%	1.7%	3.2%	0.8%	-0.6%
Wholesale and Retail Trade	8.9%	5.5%	6.5%	7.3%	7.0%	5.7%
Transportation and Storage	7.0%	5.2%	-1.4%	-3.2%	1.6%	5.3%
Accommodation and Food Services	4.3%	9.6%	9.4%	8.7%	8.0%	10.7%
Information and Communication	22.8%	4.6%	2.7%	-0.7%	6.7%	6.6%
Financial and Insurance Activities	0.3%	10.3%	8.4%	3.9%	5.7%	7.4%
Real Estate Activities	6.0%	6.5%	5.1%	6.8%	6.1%	0.9%
Business Activities	12.8%	11.6%	7.1%	6.2%	9.2%	6.8%
Public Administration	2.9%	3.5%	5.5%	16.0%	6.8%	-0.3%
Education	1.6%	-2.0%	1.3%	2.9%	0.8%	4.7%
Human Health and Social Work	10.5%	9.2%	6.3%	-4.8%	4.7%	5.5%
Other	6.5%	-7.6%	6.1%	8.0%	3.0%	-4.0%
<b>GDP</b>	<b>2.0%</b>	<b>2.0%</b>	<b>3.6%</b>	<b>4.3%</b>	<b>3.0%</b>	<b>3.3%</b>
<b>Non-oil GDP</b>	<b>3.5%</b>	<b>1.9%</b>	<b>5.7%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>3.3%</b>

Source: Information & eGovernment Authority

According to preliminary estimates, the non-oil sector maintained a strong performance, experiencing a growth of 3.3% YoY in real terms in Q1 2024, and the activities' performances are as follows:

◆ **Accommodation and Food Service Activities**

Accommodation and Food Service Activities achieved the highest growth rate at 10.7% in Q1 2024 driven by an increase in the number of inbound tourists in Q1 2024 by 31.7% YoY, reaching a total of 3.7Mn tourists. Furthermore, the hotel occupancy rate for 5 and 4-star hotels saw a slight rise of about 1 percentage point, averaging 50.8% in Q1 2024.

◆ **Financial and Insurance Activities**

Financial and Insurance Activities, the largest contributor to GDP, grew by 7.4% YoY in Q1 2024, reflecting the positive performance including the total value of the Electronic Fund Transfer System (Fawri+, Fawri, and Fawateer) which increased by 14.3% YoY, reaching BHD 8.0Bn in Q1 2024. Additionally, the assets within the aggregate balance sheet of the banking system expanded by 10.9%, and the total value of deposits from non-banks grew by 4.0% YoY, amounting to BHD 20.2Bn. Furthermore, the total value of outstanding loans provided by retail banks rose by 5.0% YoY, reaching approximately BHD 12.1Bn in Q1 2024.

◆ **Information and Communication**

Information and Communication experienced a growth of 6.6% YoY during Q1 2024. The total number of mobile subscribers grew from almost 2.15 Mn in Q1 2023 to approximately 2.45Mn in Q1 2024, an increase of 13.8% YoY. This brought the mobile penetration to 155%, up from 136% in Q1 2023. Additionally, the total number of mobile broadband subscribers increased by 3.1% to reach 2.4Mn subscriptions in Q1 2024, giving it a penetration rate of 151%, an increase of 4.9 percentage points from Q1 2023.

◆ **Wholesale and Retail Trade**

Wholesale and Retail Trade experienced a growth of 5.7% YoY during Q1 2024, as the value of Point of Sale and e-commerce transactions increased by 9.0% YoY. Additionally, there was a 6.6% YoY rise in newly issued Individual Commercial Registrations and a 4.5% YoY increase in Company Commercial Registration.

### ◆ **Transportation and Storage**

Transportation and Storage witnessed a YoY growth of 5.3% in Q1 2024. This growth can be attributed to several factors such as the increase in aircraft movement at Bahrain International Airport by 10% YoY as well as the increase in the number of passengers through Bahrain International Airport by 11% YoY. However, container throughput at Khalifa bin Salman Port decreased by 4.2% YoY.

### ◆ **Manufacturing**

In Q1 2024, Manufacturing grew by 3.9% YoY. Bapco Refining saw a substantial growth in production, rising by 25.3% YoY in Q1 2024. Additionally, Aluminum Bahrain (Alba) reported a 1.9% growth in production.

With respect to Bapco Modernization Program, the largest project ever implemented in the history of the Kingdom of Bahrain and Bapco. The completion rate reached 95.2% by the end of May 2024. Upon completion, the refinery's production will grow by more than 42% to 380,000 barrels per day, in addition to increasing its efficiency and improving its environmental footprint.

### ◆ **Real Estate Activities**

Real Estate Activities grew by 0.9% YoY in real terms during Q1 2024. According to the data reported by the Survey and Land Registration Bureau (SLRB), the value of real estate trading significantly grew by 22.8% YoY to reach BHD 393.2Mn in Q1 2024. Additionally, the volume of real estate transactions grew by 12.8% YoY.

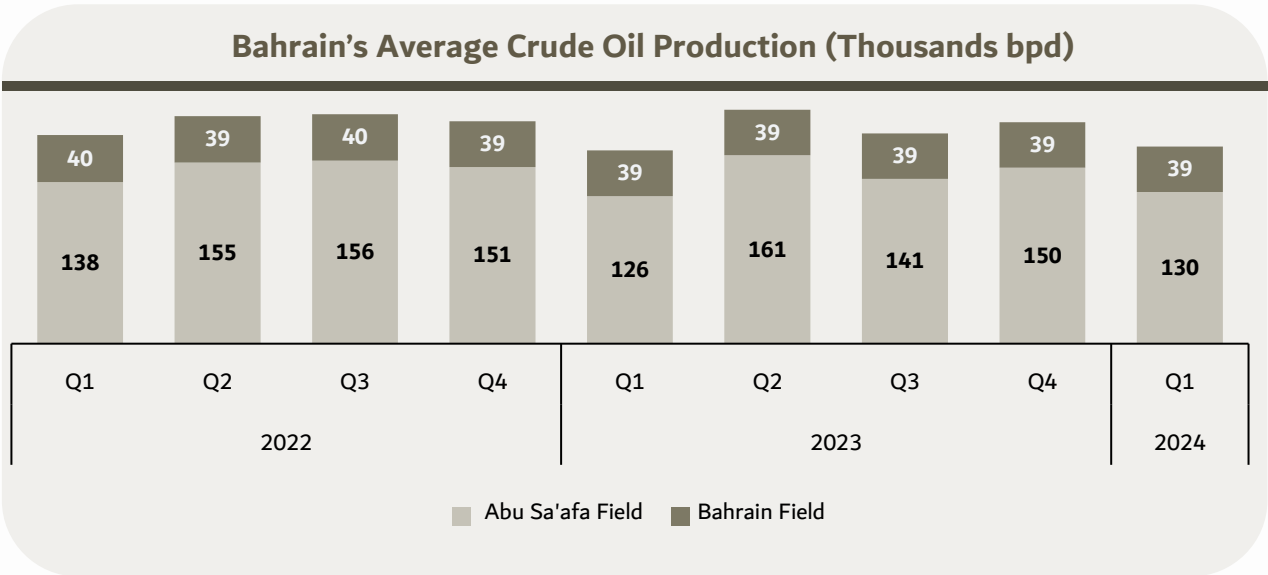
### ◆ **Construction**

The Construction activity declined by 0.6% YoY in real terms during Q1 2024, due to the decrease in total built-up area by 27.9% YoY, while the number of issued building permits grew by 22.9% YoY.

Oil Sector

- ◆ The oil sector accounted for 14.1% of Bahrain’s real GDP.
- ◆ The sector recorded a growth of 3.4% YoY in real terms.

The oil sector witnessed a positive performance at the beginning of 2024, recording a 3.4% YoY increase in real terms, attributed to the higher oil production levels in Abu Sa’afa field. The sector’s contribution to real GDP reached 14.1% in Q1 2024. Furthermore, in nominal terms, the oil sector expanded by 7.4% YoY, primarily influenced by the upward trend in global oil prices. The average price of Brent crude in Q1 2024 was USD 83.0, showing an increase of 2.3% compared to the average price of USD 81.2 in Q1 2023.

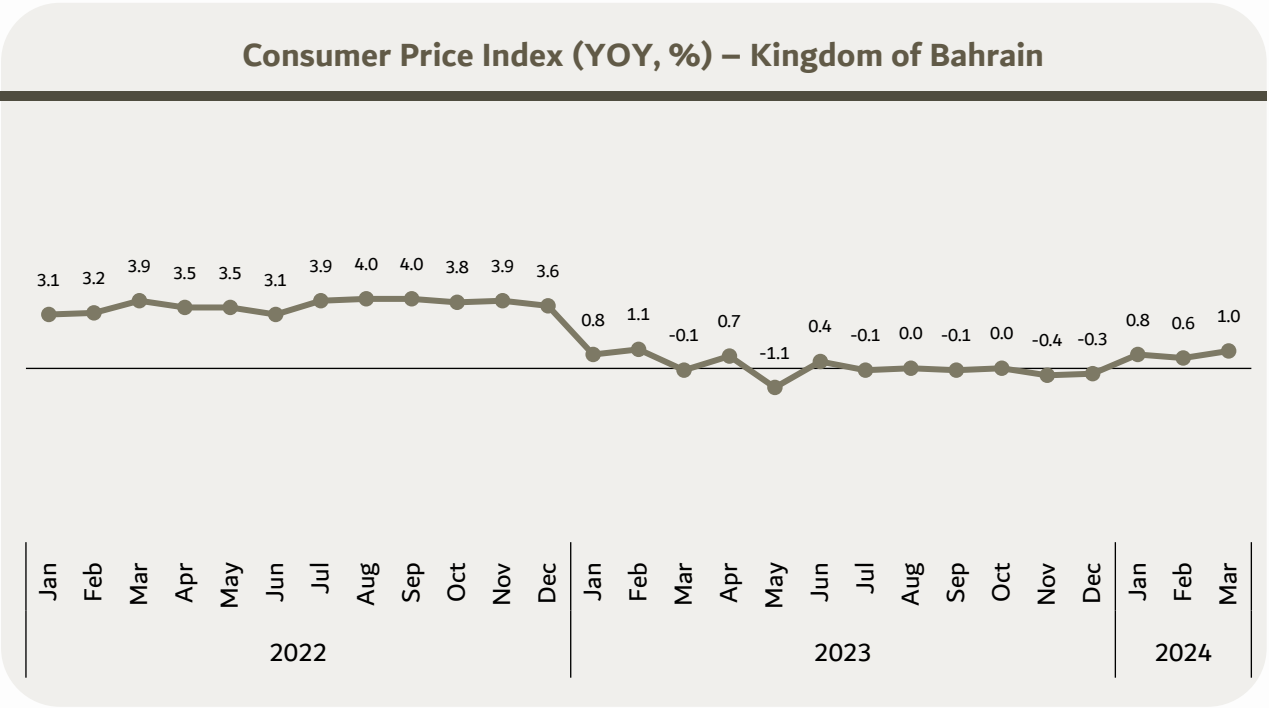


Source: Ministry of Oil and Environment

The average daily oil production from the offshore Abu Sa'afa field during Q1 2024 grew by 2.7% YoY to reach 129,549 bpd. On the other hand, extraction from the onshore Bahrain field slightly declined by 0.9% YoY, to average 38,745 bpd. Moreover, the production of natural and associated gas increased by 4.8% YoY, totaling 222,668Mn cubic feet.

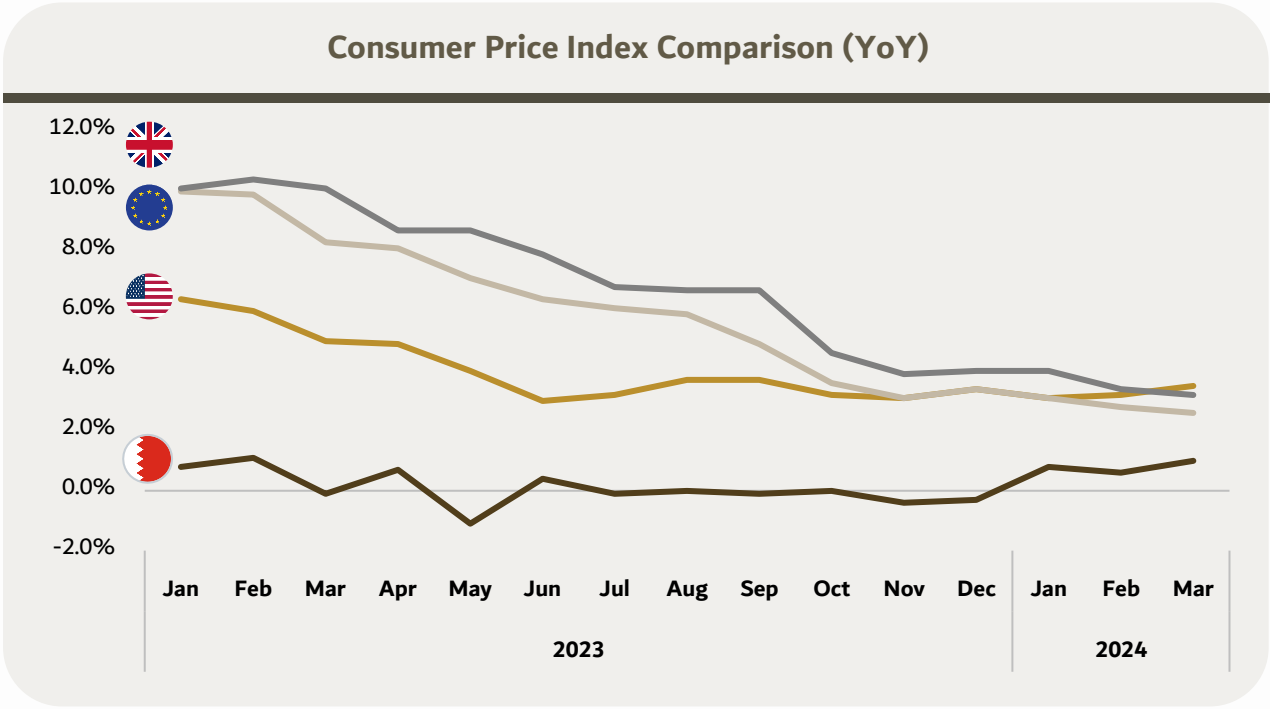
Consumer Price Index

Inflationary pressures have eased considerably since an acceleration in 2022. According to the data published by the Information an eGovernment Authority, the Consumer Price Index (CPI) remained stable in the Kingdom of Bahrain during Q1 2024, increasing slightly by 0.8% YoY.



Source: Information & eGovernment Authority

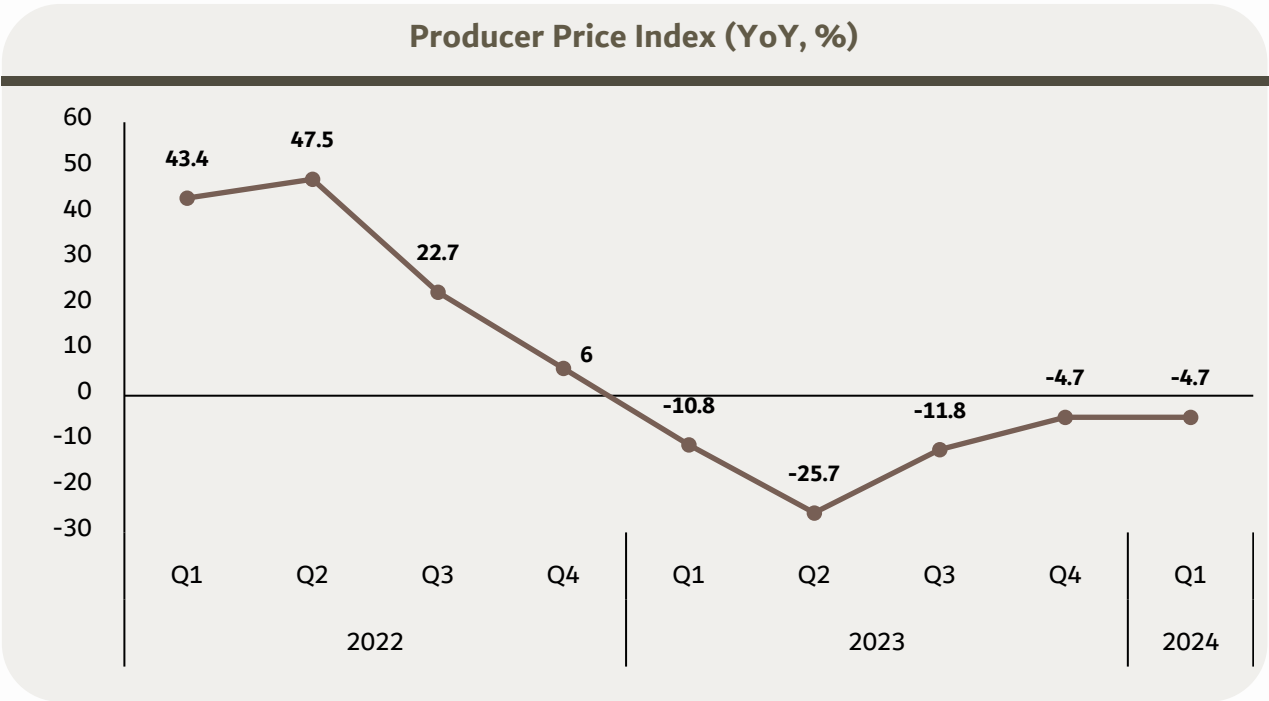
Similarly, global inflation levels began to decline in 2023 and further into 2024, reaching relatively steady levels in Q1 2024. The average inflation rate in the United Kingdom was 3.5%, while in the United States of America and European Union, the average inflation rate was 3.3% and 2.8% respectively.



Source: Bloomberg

Producer Price Index

Bahrain’s Producer Price Index (PPI) experienced a decline of 4.7% in Q1 2024 YoY, according to preliminary data released by the Information and eGovernment Authority. This decline was primarily driven by the manufacturing industry, which constitutes more than 75% of the producers’ basket. The manufacturing industry recorded a drop of 6.2% YoY mainly due to a 6.0% decrease in the prices of refined petroleum products, as well as a 5.9% YoY decline in the prices of basic metals, which includes aluminum.



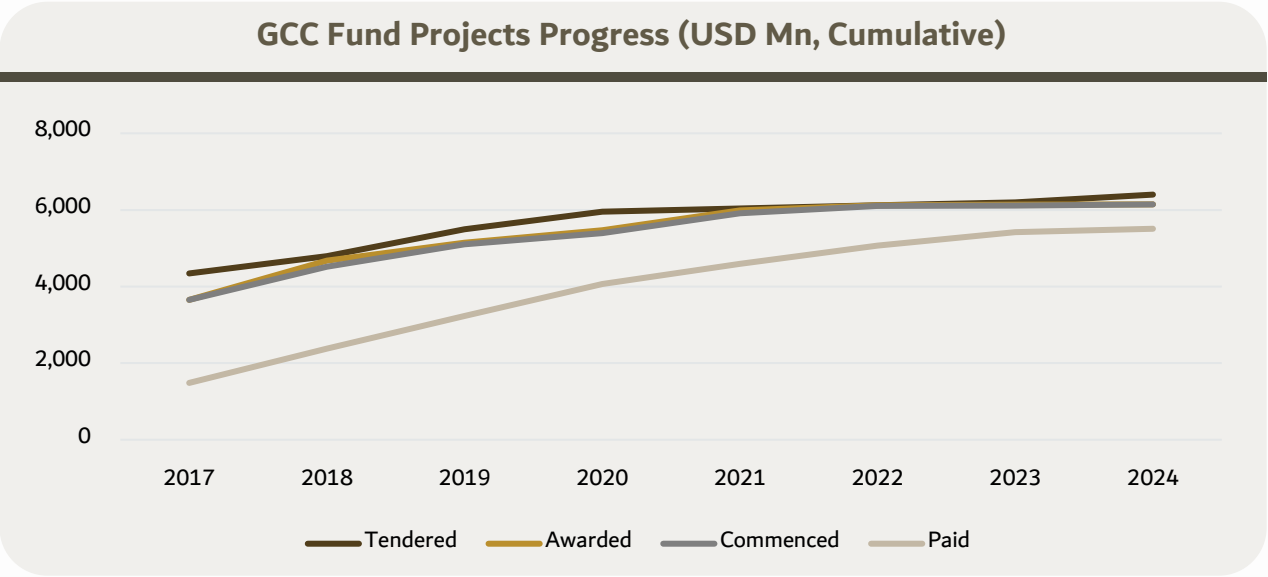
Source: Information & eGovernment Authority



## Developmental Projects

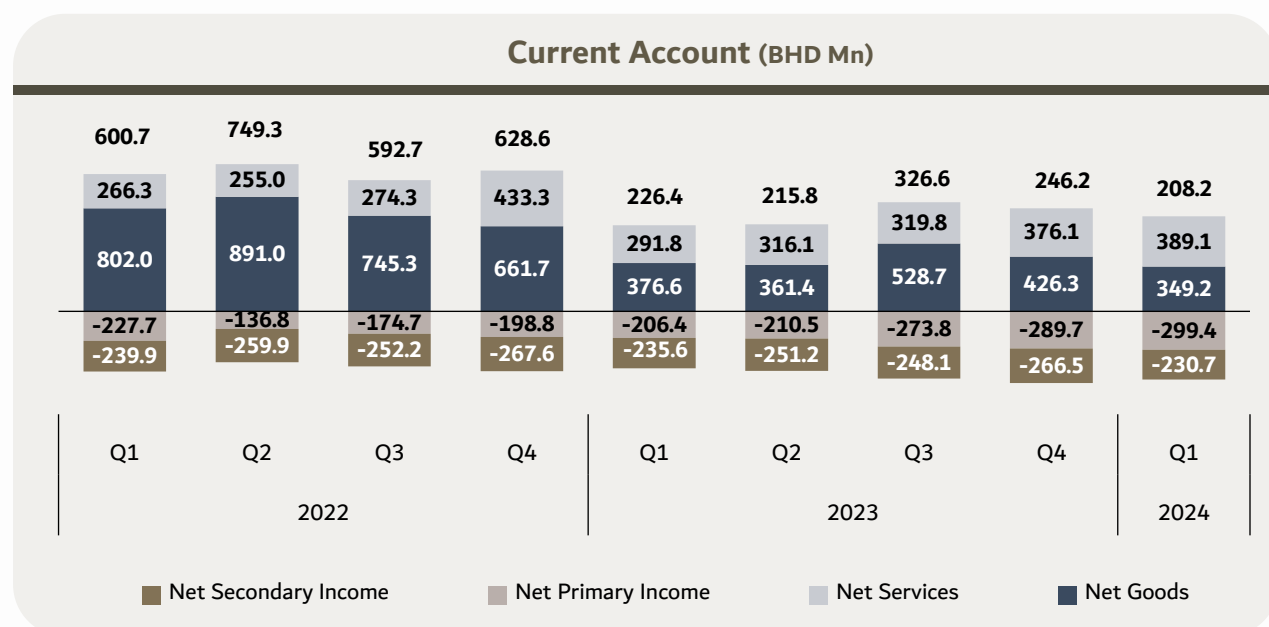
The priority developmental projects continued to progress during Q1 2024, and below are the latest updates that took place during this period:

- ◆ Swiss company Interlink Metals & Chemicals will invest USD 200Mn to build Bahrain's first-ever titanium plant in the Askar region. The facility will initially manufacture titanium slabs and ingots, with plans to later expand into producing finished titanium products for aerospace, defense, and other industries.
- ◆ Bahrain's Bapco Energies has partnered with Masdar, the leading renewable energy powerhouse, to develop a series of wind power projects with a total capacity of 2 Gigawatts. This collaboration aims to support one of Bahrain's National Energy Strategy levers, which is diversifying the country's power mix to include cleaner energy sources.
- ◆ Progress of major projects financed by the GCC Development Fund continued in Q1 2024, resulting in a total project value of USD 6.15Bn by the quarter, a slight increase of 0.2% YoY. Notably, several contracts related to Housing Units at Qalali, Wadi Al Sail, and Madinat Salman were awarded during Q1 2024.



## Current Account

According to the preliminary balance of payments data released by the Central Bank of Bahrain, the current account recorded a surplus of BHD 208.2Mn in Q1 2024 compared to a surplus of BHD 226.4Mn in Q1 2023. Consequently, the current account balance as share of nominal GDP ratio stood at 4.9% during Q1 2024.

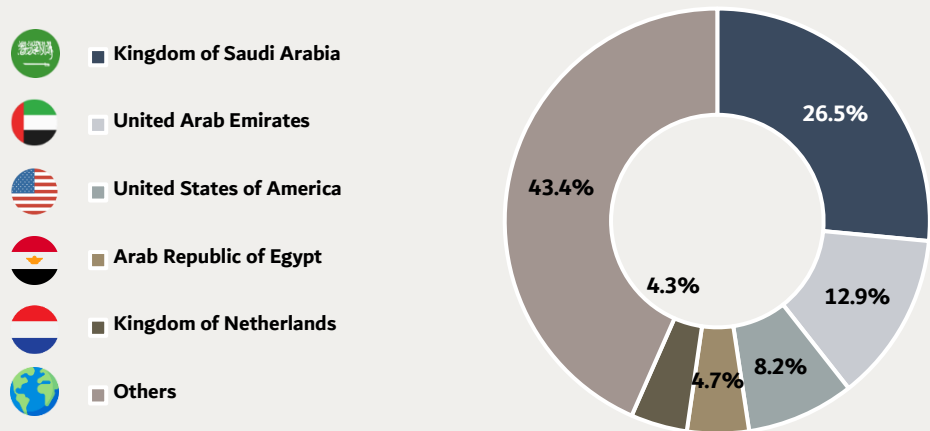


Source: Central Bank of Bahrain

The value of total exports in Q1 2024 increased by 8.0% YoY, reaching BHD 2,363.8Mn. Non-oil exports exceeded last year's quarterly levels, totaling BHD 1,223.8Mn in Q1 2024, representing a 2.8% YoY increase. The value of oil exports totaled BHD 1,140.0Mn, up by 14.2% YoY. According to the foreign trade statistics released by the Information and e-Government Authority for Q1 2024, base metals and basic metal products constituted 52% of the total non-oil exports of national origin. This was followed by mineral products at 24%, animals and animal products at 6%, and chemicals at 5%.

In terms of trade partners, the Kingdom of Saudi Arabia is the primary partner of non-oil national origin exports, holding a share of 26.5% during Q1 2024. The United Arab Emirates accounted for 12.9%, securing the second position. The United States of America ranked third, contributing 8.2%, followed by the Arab Republic of Egypt with a contribution of 4.7%, and the Kingdom of the Netherlands with a share of 4.3%.

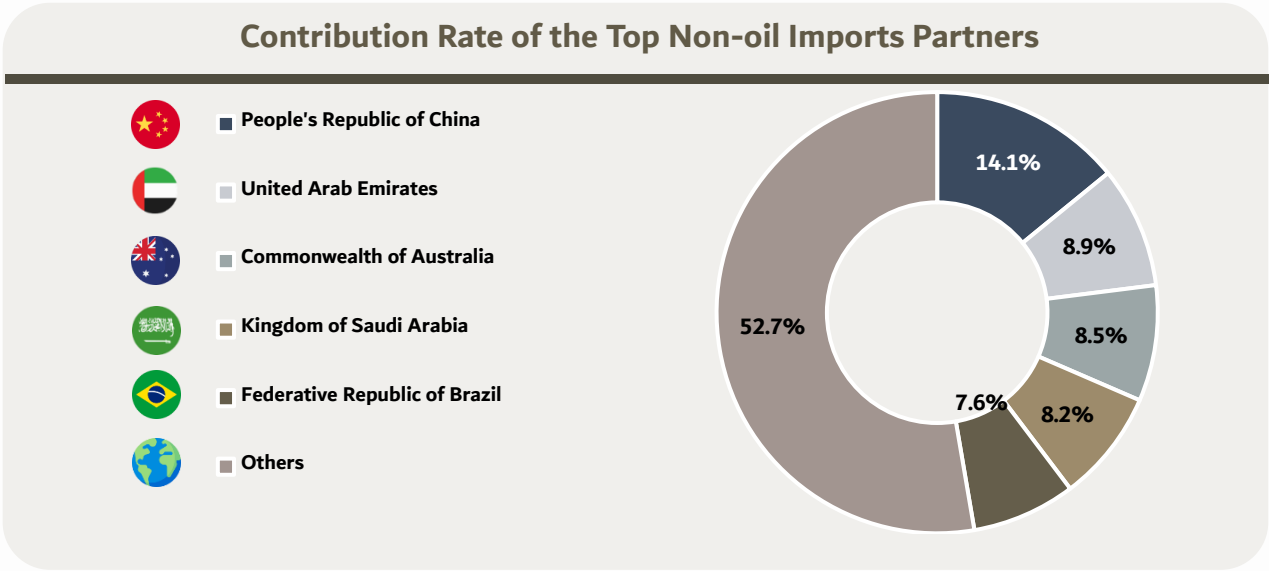
Contribution Rate of the Top Non-oil Export Partners (National Origin)



Source: Information & eGovernment Authority

On the other hand, the total value of imports in Q1 2024 amounted to BHD 2,014.6Mn, which marked a 11.2% YoY increase. The increase was driven by the non-oil imports which witnessed an increase of 4.6%, totaling BHD 1,347.5Mn. Mechanical and electrical equipment emerged as the top imported category, comprising 19% of the total non-oil imports, followed by chemicals at 17%, and mineral products at 12%.

In terms of trade partners, The People's Republic of China accounted for the highest share of total non-oil imports at 14.1%. The United Arab Emirates came in second place comprising 8.9%, followed by the Commonwealth of Australia in third place with a share of 8.5%. Coming in at fourth was the Kingdom of Saudi Arabia with a share of 8.2%, and the Federative Republic of Brazil contributing by 7.6% to the overall value of non-oil imports.

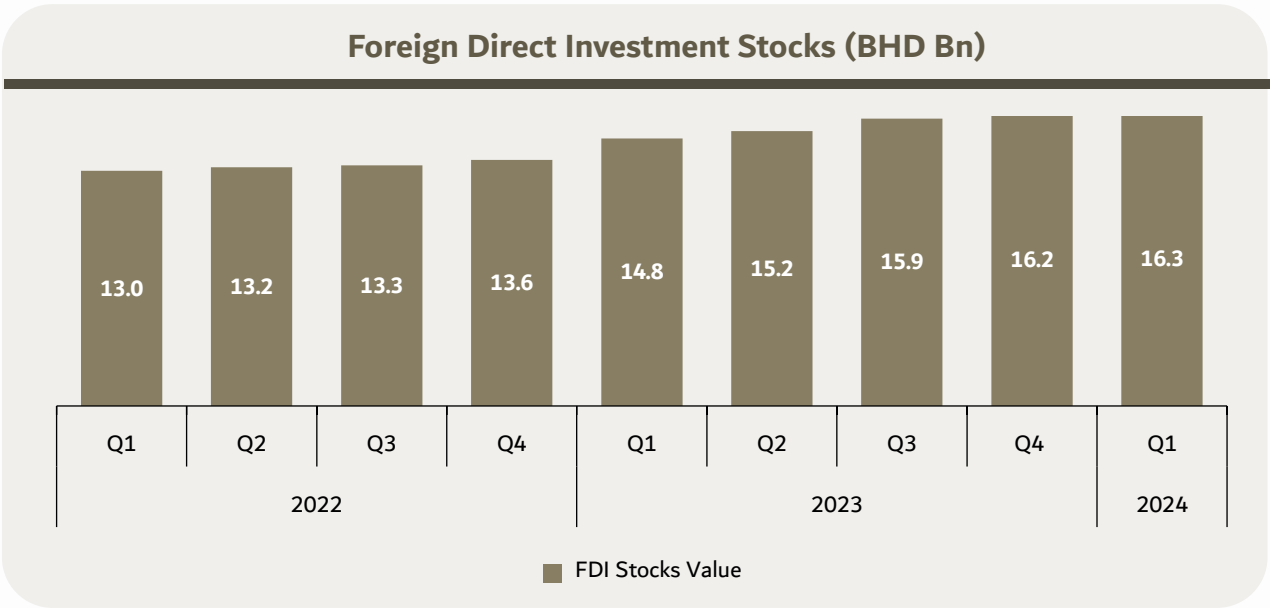


Source: Information & eGovernment Authority

In Q1 2024, the net value of services exports rose by 33.3% YoY to a total of BHD 389.1Mn. Furthermore, the net value of primary income increased by 45.1% YoY to a total of BHD 299.4Mn. By contrast, workers' remittances transfers declined by 2.1% to total of BHD 230.7Mn.

## Foreign Direct Investment (FDI)

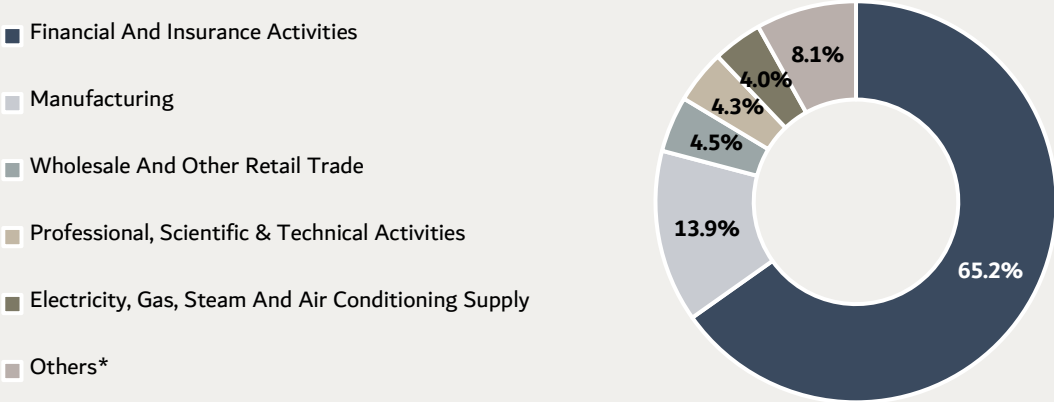
According to the preliminary results of the FDI survey carried out by the Information and eGovernment Authority in collaboration with the Central Bank of Bahrain, inward investments into the Kingdom of Bahrain continued to increase in Q1 2024. The cumulative inward FDI stock grew by 10.3% YoY to reach BHD 16.3Bn, up from BHD 14.8 in Q1 2023.



Source: Information & eGovernment Authority

In terms of economic activities, Financial and Insurance Services had the highest contribution to total inward FDI Stock at 65.2%, with a total of BHD 10.6Bn in Q1 2024. The Manufacturing sector contributed approximately 13.9% of the total inward FDI stocks at BHD 2.3Bn, rising by 7.5% YoY.

Economic Activities' Share of FDI Stock

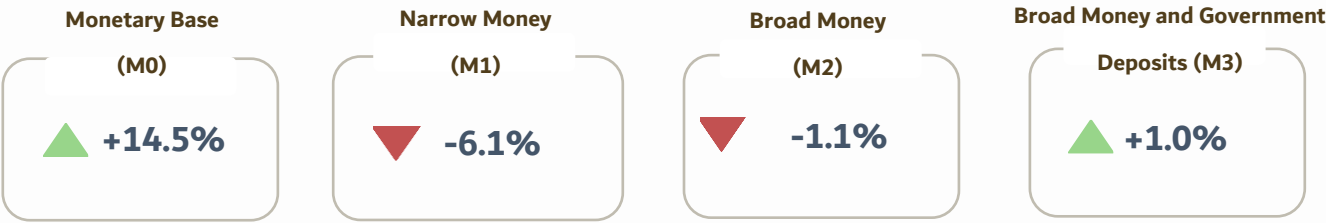


*\*Includes 13 other activities such as Real Estate, Mining and Quarrying, Education, Construction, and Art, Entertainment and Recreation*  
*Source: Information & eGovernment Authority*

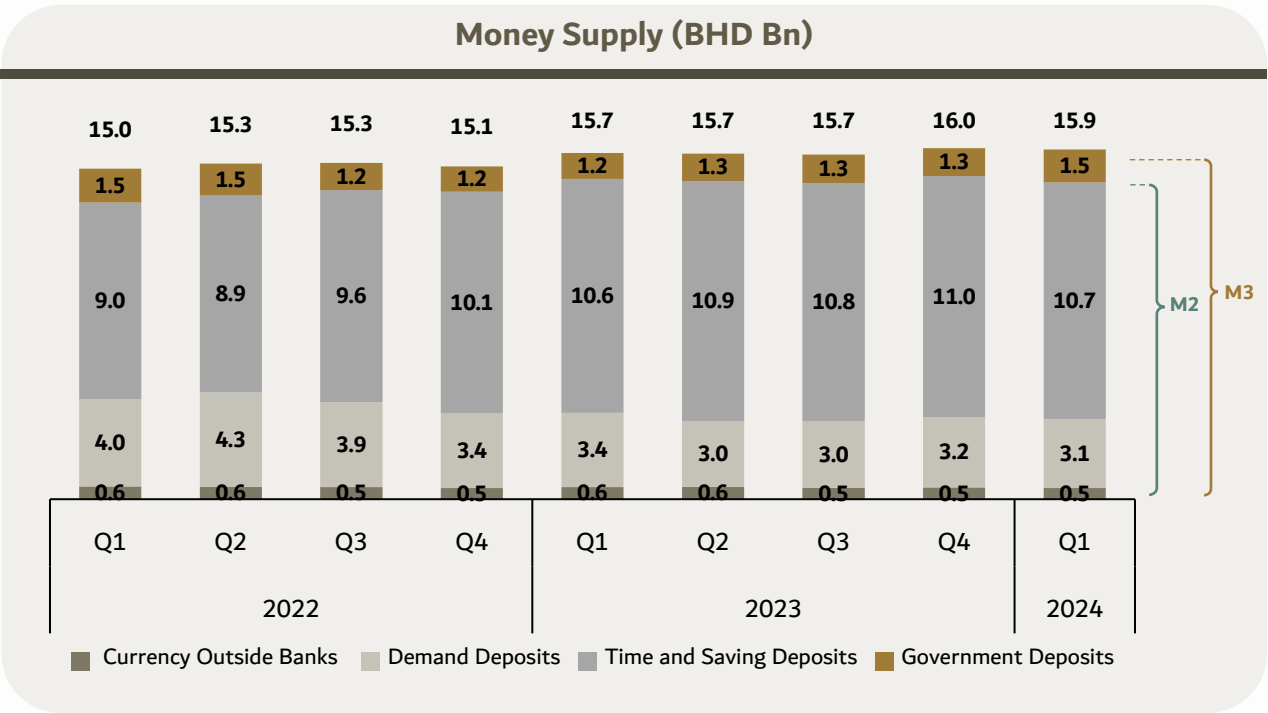
In terms of investment origins, Kuwait led the way with BHD 5.9Bn, contributing 36.3% of total FDI stocks in Q1 2024. Saudi Arabia followed with investments of BHD 3.8Bn, contributing 23.3% of total FDI stocks and the United Arab Emirates, with an investment value of BHD 1.6Bn, representing 10.1% of total FDI stocks.

## Monetary Policy and Financial Sector Developments

### Money Supply

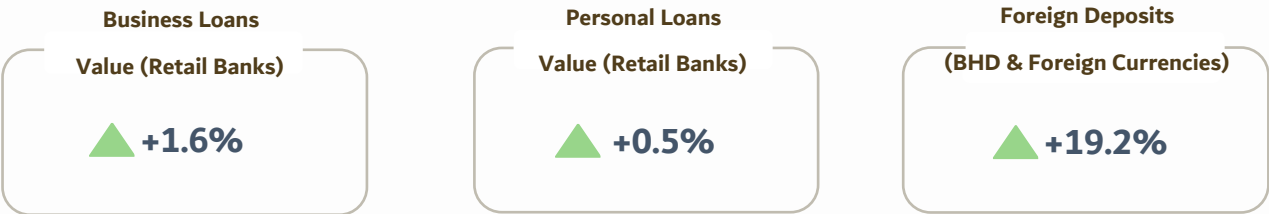


According to the data from the Central Bank of Bahrain for Q1 2024, the monetary base (M0) saw a positive 14.5% YoY increase to BHD 5.1Bn, compared to BHD 4.4Bn in Q1 2023. However, narrow money (M1) experienced a 6.1% decline to BHD 2.8Bn due to a drop in demand deposits, followed by a slight decline in broad money (M2) by 1.1% YoY, which amounted to BHD 14.4Bn in Q1 2024. Broad money (M3), encompassing M2 plus government deposits, exhibited growth, reaching BHD 15.9Bn, a 1.0% increase YoY.

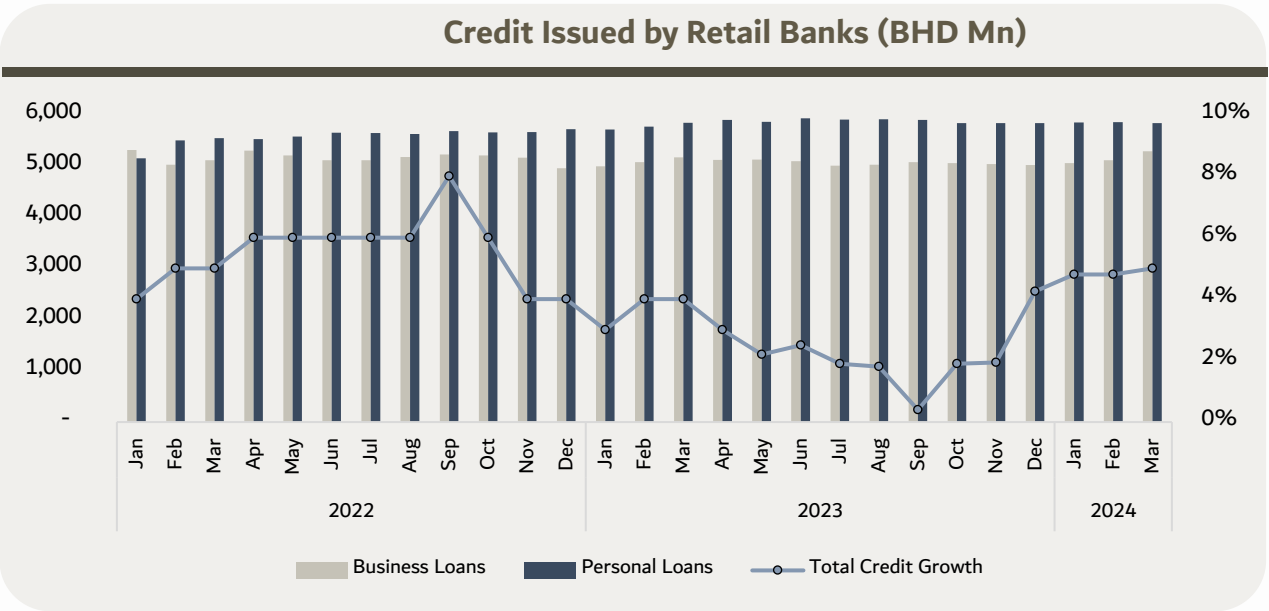


Source: Central Bank of Bahrain (CBB)

Bank Credit and Deposits



During Q1 2024, the total value of loans provided by retail banks amounted to BHD 12.1Bn, showing a 5.0% YoY increase. The total portfolio of outstanding personal loans provided by retail banks has grown slightly by 0.5% YoY, amounting to BHD 5.8Bn, which constitutes 48.1% of total loans. On the other hand, lending to the business sector increased by 1.6% YoY, reaching BHD 5.3Bn .Furthermore, loans provided by the retail banks to the government sector amounted to BHD 1.0Bn, accounting for 8.3% of total loans.

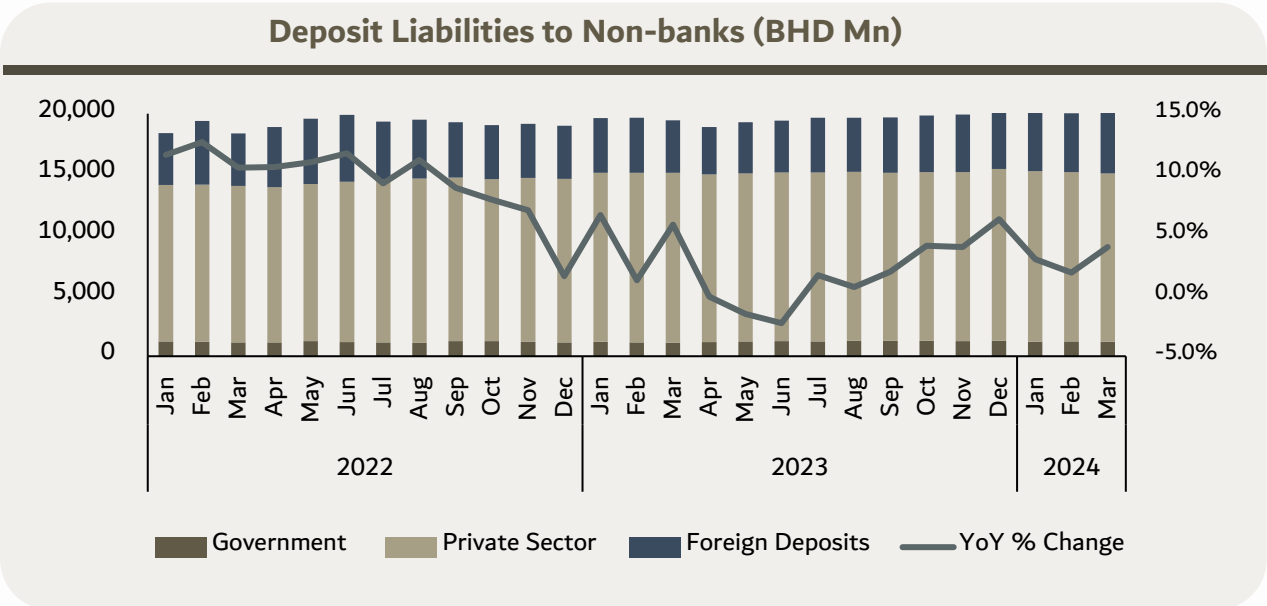


Source: Central Bank of Bahrain



The total value of deposits from non-banks in Bahraini Dinar and foreign currencies reached BHD 20.2Bn by end of Q1 2024, growing by 4.0% YoY. The value of domestic deposits from N

Non-banks in both Bahraini Dinar and foreign currencies amounted to BHD 15.1Bn. The domestic deposits of the government sector amounted to BHD 1.2Bn, which witnessed an increase of 6.0% YoY, and the domestic deposits of the private sector reached BHD 13.9Bn. On the other hand, the total value of foreign deposits witnessed a notable growth of 19.2% YoY, amounting BHD 5.1Bn by the end of Q1 2024



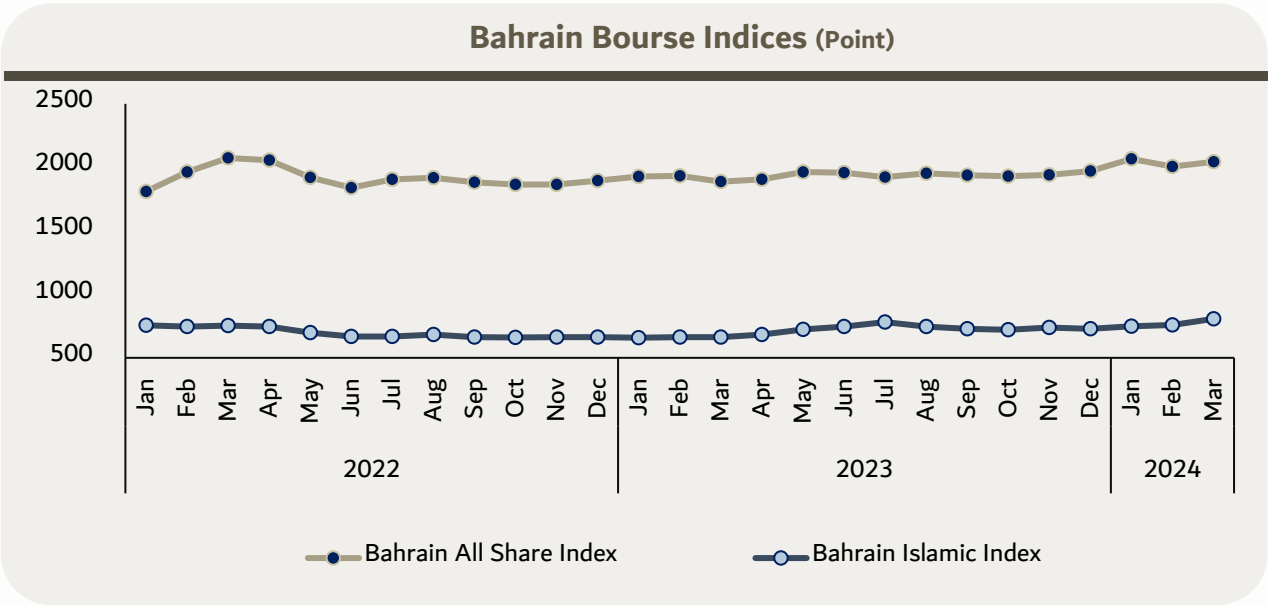
Source: Central Bank of Bahrain

Capital Markets

According to data released in the Bahrain Bourse Quarterly Trading Bulletin for Q1 2024, Bahrain All Share Index closed at 2,042.67 points, growing by 8.3% YoY. The Bahrain Islamic Index closed at 806.78 points, marking an increase of 21.9% YoY.

Total Market capitalization of the bourse stood at BHD 8.1Bn by the end of Q1 2024. The financial sector continued to lead in terms of both market capitalization and value of shares traded. The financial sector’s total market capitalization amounted to BHD 4.8Bn, accounting for 59.3% of overall market capitalization. The traded value of financial sector shares amounted to BHD 52.1Mn during Q1 2024. The materials sector ranked second with its market capitalization amounting to BHD 1.7Bn, representing 21.5% of overall market capitalization.

In terms of the largest companies by market capitalization during Q1 2024, Bahrain Aluminum Company (Alba) accounted for 21.5% of the total market capitalization, which is equivalent to BHD 1.7Bn. It was followed by companies from the financial sector, with National Bank of Bahrain in second place and Bank of Bahrain and Kuwait in third place, contributing 16.0% and 11.1% to total market capitalization, respectively.



Source: Bahrain Bourse

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

The Central Bank of Bahrain issued several bonds and Islamic sukuk during Q1 2024, totaling approximately BHD 1.6Bn. The standout issuance was Sukuk Al Ijarah No. 221, issued on 4<sup>th</sup> of Jan 2024, which recorded an exceptional subscription rate of 548, followed by Sukuk Al Ijarah No. 222 that has been oversubscribed by 450%.

In terms of interest rates, Treasury Bills No. 1998 offered the highest yield at 6.47% on a BHD 70Mn issuance. Additionally, the Central Bank, on behalf of the Government of Bahrain, issued Government Development Bonds No. 35 with a two-year maturity, valued at BHD 285Mn - the largest bond offering during the quarter.

Issue date	Issue	Value, (BHD Mn)	Maturity (Days)	Average Interest / Profit (%)	Average Price (%)	Over- subscription (%)
3 Jan 2024	Treasury Bills No. 1998	70	91	6.47	98.391	103
4 Jan 2024	Sukuk Al Ijarah No. 221	26	182	6.31	-	548
10 Jan 2024	Sukuk Al Salam No. 273	43	91	6.35	-	372
17 Jan 2024	Treasury Bills No. 1999	70	91	6.24	98.447	178
18 Jan 2024	Treasury Bills No. 112	100	365	6.02	94.266	261
24 Jan 2024	Treasury Bills No. 2000	70	91	6.15	98.468	213
28 Jan 2024	Treasury Bills No. 2001	35	182	6.05	97.034	336
31 Jan 2024	Treasury Bills No. 2002	70	91	6.08	98.487	283
1 Feb 2024	Sukuk Al Ijarah No. 222	26	182	6.05	-	450
7 Feb 2024	Treasury Bills No. 2003	70	91	6.00	98.507	164
14 Feb 2024	Sukuk Al Salam No. 274	43	91	6.00	-	269
21 Feb 2024	Treasury Bills No. 2004	70	91	5.96	98.516	203
22 Feb 2024	Treasury Bills No. 113	100	365	5.95	94.322	174
25 Feb 2024	Treasury Bills No. 2005	35	182	5.96	97.077	226
28 Feb 2024	Treasury Bills No. 2006	70	91	5.91	98.528	114
6 Mar 2024	Treasury Bills No. 2007	70	91	5.92	98.526	105
7 Mar 2024	Sukuk Al Ijarah No. 223	26	182	5.90	-	329
13 Mar 2024	Sukuk Al Salam No. 275	43	91	5.85	-	108
14 Mar 2024	Development Bonds No. 35	285	730	6.125	-	260
20 Mar 2024	Treasury Bills No. 2008	70	91	5.96	98.517	106
21 Mar 2024	Treasury Bills No. 114	100	365	6.01	94.275	101
24 Mar 2024	Treasury Bills No. 2009	35	182	5.96	97.074	147
27 Mar 2024	Treasury Bills No. 2010	70	91	5.90	98.530	202

Source: Central Bank of Bahrain (CBB)

# Kingdom of Bahrain’s Global Competitiveness

## Economic & Investment Ecosystem

- Improving by 9 places since 2022 to rank 21st globally
- Ranking 1st globally in 12 indicators
- Ranking in the top 10 globally in 75 indicators



Since its debut in the report’s 2022 iteration, Bahrain’s ranking has improved by 9 spots to secure the 21<sup>st</sup> position in the World Competitiveness Ranking 2024, and a 4-spot improvement since 2023 in the rankings published by the World Competitiveness Center at the Institute of Management Development (IMD). Bahrain ranked 1st globally in 12 indicators and is in the global top 10 across 75 indicators. It is worth mentioning that Bahrain ranked 8th globally in the Adaptability of Government Policy. The Kingdom’s capacity to foster productive partnerships with the private sector was also a significant strength, with Bahrain ranking 8th globally in Public-Private Partnerships. The financial sector, a cornerstone of Bahrain’s diversified economy, saw several relevant indicators in the top 10 global ranks including Banking and Financial Services (9th globally), and Central Bank Policy (6th globally). Bahrain ranked 4th globally in the Skilled Labor indicator, and 6th in the Finance skills, Digital/Technological skills, and language skills indicators. Bahrain also ranked 2nd globally in the Flexibility and Adaptability indicator. These features contribute to heightened productivity levels, with Bahrain ranking 9th globally in Workforce Productivity.

- FDI inflows increased by 147.8%



According to the World Investment Report 2024, published by the United Nations Conference on Trade and Development (UNCTAD), Bahrain’s FDI inflows increased by 147.8% to USD 6,840Mn in 2023, from USD 2,760Mn in 2022. Bahrain’s inward FDI stocks stood at USD 43,084Mn, marking an 18.9% increase compared with 2022.

Information and Communication Technology

- Ranking 5<sup>th</sup> globally



- Achieving a full score across 5 indicators

Bahrain scored 97.5 out of 100 points in the ICT Development Index (IDI) 2024 published by the International Telecommunication Union (ITU). Bahrain’s rank improved by two places to 5<sup>th</sup> globally out of 170 countries, maintaining its position in the global top 10. Bahrain achieved a perfect score (100) across 5 indicators: individuals using internet (%), household with internet access (%) at home, Active mobile broadband subscriptions, 3G and 4G/LTE networks coverage (%), and Individuals who own a mobile phone.

Logistics Sector

- Scoring above the regional average in all 4 pillars



WORLD BANK GROUP

S&P Global

Market Intelligence

The Khalifa Bin Salman Port was classified as the most efficient small port in the world according to the Container Port Performance Index 2023 issued by The World Bank Group and S&P Market Intelligence. The port was also ranked 43<sup>rd</sup> globally out of 405 ports, improving by 30 spots. The Container Port Performance Index exclusively measures the time expended in a vessel stay in a port.

Labor Market

- Tier 1 classification for combating human trafficking for the seventh consecutive year



For the seventh consecutive year, Bahrain has been ranked in the ‘Tier 1’ classification in combating human trafficking according to **Trafficking in Persons (TIP) Report 2024**, published by the US Department of State. The Kingdom of Bahrain is the only country in the MENA region to achieve the ‘Tier 1’ classification. This achievement confirms Bahrain’s commitment in developing its legislative environment and following the best practices in the field of human trafficking prevention, detection and prosecution.

## List of Abbreviations

Acronym	Description
<b>ALBA</b>	Aluminium Bahrain
<b>Bapco</b>	BAPCO Refining
<b>BHD</b>	Bahraini Dinar
<b>BMP</b>	Bapco Modernization Programme
<b>Bn</b>	Bn
<b>Bpd</b>	Barrel per day
<b>Bps</b>	Basis Points
<b>CBB</b>	Central Bank of Bahrain
<b>CPI</b>	Consumer Price Index
<b>FDI</b>	Foreign Direct Investment
<b>GCC</b>	Gulf Cooperation Council
<b>GDP</b>	Gross Domestic Product
<b>IGA</b>	Information and eGovernment Authority
<b>IMF</b>	International Monetary Fund
<b>Mbpd</b>	Mn Barrels per Day
<b>Mn</b>	Mn
<b>MoM</b>	Month on Month
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>POS</b>	Point of Sale
<b>PPI</b>	Producer Price Index
<b>QoQ</b>	Quarter on Quarter
<b>RHS</b>	Right Hand Side
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>Sqm</b>	Square Meter
<b>USD</b>	United States Dollar
<b>WEO</b>	World Economic Outlook
<b>YoY</b>	Year on Year
<b>YTD</b>	Year to Date

## Glossary

Term	Description
<b>Economic Terms</b>	
National Accounts	Description of coherent, consistent and integrated set of macroeconomic accounts in the context of a set of internationally agreed concepts, definitions, classifications and accounting rules.
Gross Domestic Product by Production Approach	The total value of goods and services produced within a country, over a specified period, usually annual (and/or) quarterly GDP.
Real Growth Rate	GDP growth rate at constant prices, which eliminate inflation's effect between the current year and the base year (2010).
Nominal Growth Rate	GDP growth rate at current market prices, which is affected by inflation.
Inflation	The overall increase in the consumer price index within a specific period.
Consumer Price Index	The index measures the change in the average level of prices of consumptions goods and services acquired or used by households
Producer Price Index	The index measures the change in the average level of selling prices received by domestic producers for their output.
<b>Economic Activities</b>	
Oil sector	Comprises of crude oil extracted as well as extraction of natural and associated gas.
Non-oil sector	Includes all economic activities excluding the oil sector activities.
Financial and Insurance activities	Includes financial service activities including insurance, reinsurance, and pension funding. Also includes activities holding assets such as activities of holding companies and the activities of trusts, funds, and similar financial entities.
Wholesale and Retail Trade	Comprises wholesale and retail sale (sale without transformation) of any type of goods and rendering services incidental to the sale of merchandise. Also included are repair of vehicles and motorcycles.
Accommodation and Food Services	Comprises units providing customers with short-term accommodation for visitors and other travellers, and the provision of meals and drinks fit for immediate consumption
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.

Term	Description
	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.
Public Administration	Activities of governmental nature, including the enactment and judicial interpretation of laws and regulations, administration of programs, legislative activities, taxation national defence, public order and safety, immigration services and foreign affairs.
Transportation and Storage	Transport sector comprises activities related to providing passenger or freight transport by pipeline, road, water, or air, and associated activities such as terminal and parking facilities, cargo handling, storage, etc. Also included are postal and courier activities
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.
Business Activities	Includes the activities that fall under both the professional, scientific and technical activities (such as legal and R&D), as well as the administrative and support service activities (activities that support general business operations, such as renting goods) under the new classifications in ISIC 4.
Real Estate Activities	Includes acting as lessors, agents and brokers in one or more of the following: selling or buying real estate, renting real estate, providing other real estate services such as appraising or acting as real estate escrow agents.
Information and Communication	Comprises the production and distribution of information and cultural products, the provision of the means to transmit these products, as well as data or communications, information technology activities and the processing of data and other information service activities
Education	Includes education at any level for any profession, oral or written as well as by radio and television or other means of communication. It includes both public and private education as well as military schools and academies.
Human Health and Social Work Activities	Includes health care provided by trained medical professionals in hospitals and other facilities, residential care activities that still involve health care and social work activities without any involvement of health care professionals.



Term	Description
<b>Economic Transactions</b>	
Balance of Payments	A statistical statement that systematically summarizes, for a specific period, the economic transactions of an economy with the rest of the world.
Current Account	It covers all the imported and exported goods and services, primary and secondary income accounts in the balance of payments.
Trade Balance	The difference between the value of imports and exports during a certain period, which is a surplus if the value of exports exceeds imports, or a deficit in the opposite case.
Total exports	Includes national exports and exports of foreign goods (re-exports) from any part of the statistical territory.
National Exports	Exports include all commodities that were completely produced or manufactured locally, or on which industrial operations were made that changed the shape and value of the commodity.
Re-exports	Includes exports of foreign goods previously registered as imports.
Total Imports	Imports of foreign goods and re-importing of local goods.
Services Trade	The value of services exchanged between residents and non-residents of an economy, including services provided through foreign affiliates established abroad.
Commodity Trade	The process of sourcing, buying, transporting, storing, transforming and selling physical commodities, including the management of associated risks, as well as operating physical assets in this context.
Foreign Direct investment Survey	It is one of the IGA's most important publications, it helps identify foreign investment stocks and flows.
Point of Sales Transactions	Payments made by debit and credit cards (issued inside or outside Bahrain)
<b>Monetary Terms</b>	
Basis Point	A measurement unit equals to 0.01% used to measure interest rates and percentages. For example, 50 basis points equals 0.5%.
Standing Facilities	A set of deposit and lending instruments that retail banks can obtain from the Central Bank of Bahrain to meet their liquidity needs in Bahraini Dinars.
Deposit Liabilities to non-Banks	Includes deposits in Bahraini Dinars or foreign currencies in retail banks and includes local deposits from the government and private sectors (except for banks) and foreign deposits.

Term	Description
Aggregated Balance Sheet of the Banking System	The aggregate balance sheet covers all the banking system (Retail, wholesale, and Islamic) excluding the balance sheet of The Central Bank of Bahrain.
Public Debt Instruments	Treasury bills and securities issued by The Central Bank of Bahrain on behalf of The Government of Bahrain
Treasury Bills	Short-term debt instruments whose value is determined by the Ministry of Finance and National Economy for maturities not exceeding one year.
Government Development Bonds	Long-term bonds issued in Bahraini dinars or US dollars, with maturities from 2 to 30 years. The fixed interest rate is set by the Monetary Policy Committee of the Central Bank of Bahrain.
Al Salam Sukuk	An investment instrument issued in accordance with Islamic Sharia standards, with maturities of three months. The fixed return is determined by the Monetary Policy Committee of the Central Bank of Bahrain.
Short Term Ijara Sukuk	An investment instrument issued in accordance with Islamic Sharia standards, with maturities of six months. The fixed return is determined by the Monetary Policy Committee of the Central Bank of Bahrain.
Long Term Ijara Sukuk	An investment instrument issued in accordance with Islamic Sharia standards in Bahraini Dinar or US Dollars, with maturities from 2 to 10 years. The fixed return is determined by the Monetary Policy Committee of the Central Bank of Bahrain.
Money Supply	Money supply is the total value of money in an economy.
M0	Monetary base of the economy. (Currency in circulation + Bank deposits in the Central Bank of Bahrain)
M1	Money supply that consists of the most liquid portions of money. (Currency in Circulation + Demand deposits)
M2	Broader measure of money supply (M1 + Time and Saving deposits)
M3	The broadest definition of money supply and it includes the least liquid portions of money. (M2 + General Government Deposits).
Monetary Survey	It displays the components of M3 in terms of net foreign assets and domestic assets.