



وزارة المالية والاقتصاد الوطني
Ministry of Finance
and National Economy

Bahrain Economic Quarterly

Third Quarter 2024

Table of Contents

Overview of Bahrain's Economy	3
Global Economy	4
Gulf Cooperation Council Economy	6
Bahrain's Economic Performance	7
Non-oil sector	8
Oil sector	12
Consumer Price Index	13
Producer Price Index	14
Development Projects	15
Current Account	17
Foreign Direct Investment (FDI)	20
Monetary Policy and Financial Sector Developments	23
Money Supply	23
Bank Credit and Deposits	24
Interest Rates	26
Capital Markets	27
Short-term Bond and Sukuk Issued by the Central Bank of Bahrain	28
Bahrain's Global Competitiveness	29
List of Abbreviations	31
Glossary	32

Real GDP Growth

Preliminary data released by the Information & e-Government Authority



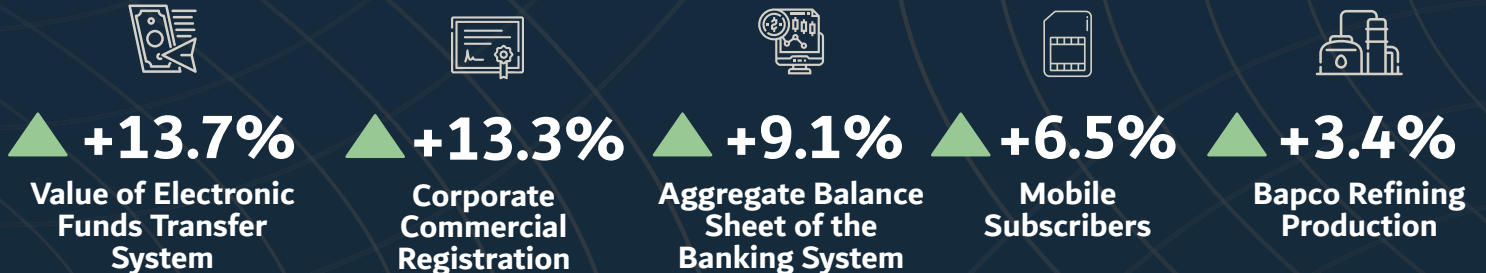
Top Growing Economic Sectors

(YoY)



Key Performing Economic Indicators

(YoY)



Bahrain's Performance in Global Competitiveness Indicators

Improved by
8 Ranks

IMD World Digital
Competitiveness Ranking 2024

IMD

Maintained its
position as First
in the GCC

Basel AML
Index 2024

BASEL INSTITUTE ON
GOVERNANCE

Classified as
the Freest
Economy in the
Arab World

Economic Freedom of the
World Report 2024

FRASER
INSTITUTE

Global Economy

- ◆ Global economic growth is expected to remain at 3.2% in 2024 and 2025
- ◆ Global oil demand in 2024 is projected to rise by 1.6 mb/d, with growth led by non-OECD countries

According to the “World Economic Outlook” report released by the International Monetary Fund in October 2024, global growth is projected to remain stable but modest at 3.2% in both 2024 and 2025. Although the overall forecast remains steady, there are key changes in regional performance, such as, moderate recoveries in the Euro Area and Sub-Saharan Africa, slower growth in Emerging Asia, and a positive outlook for the Middle East and Central Asia. The US was the only advanced economy to see its growth forecast upgraded to 2.8% in 2024 and 2.2% in 2025.

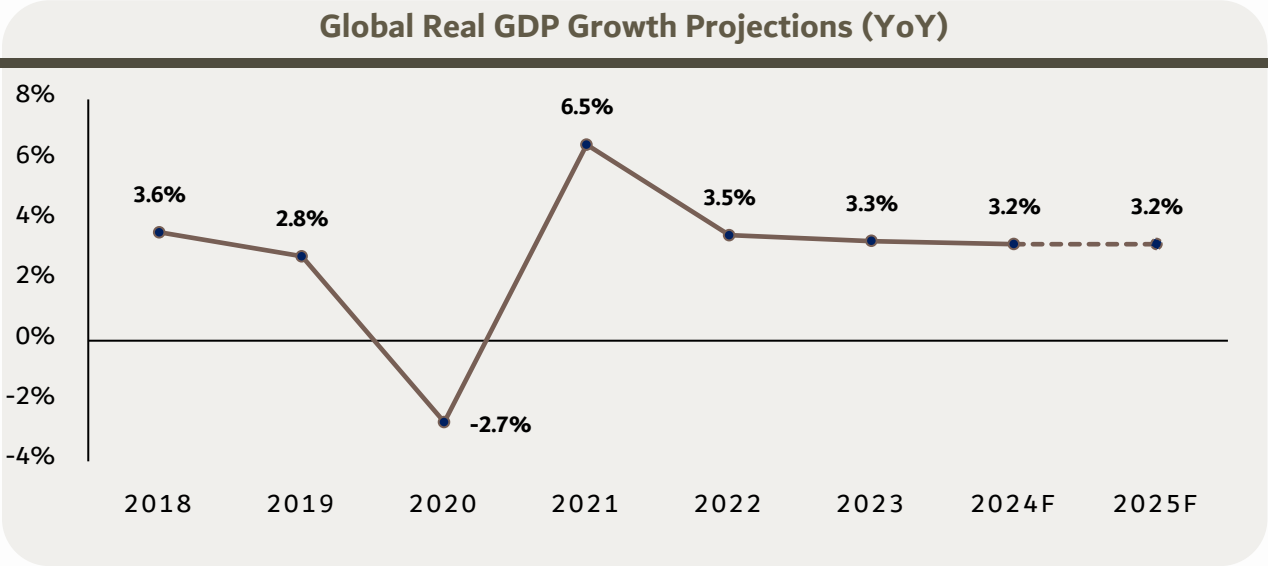
Global growth is also expected to remain historically moderate in the near- to medium-term, with the IMF projecting an average rate of 3.1% over the next five years. Despite ongoing risks such as geopolitical tensions, trade uncertainties, and the possibility of tariff hikes. Meanwhile, the IMF points to resilience in key emerging markets such as Federative Republic of Brazil, India, and Southeast Asia, driven by stronger consumption, better-than-expected exports, robust domestic demand, and continued economic reforms.

The US economy has remained notably resilient, growing by 3.1% in Q3 2024, which is largely consistent with the 3.0% growth rate seen in Q2 2024. Chinese growth in Q3 moderated further to 4.6% (after reaching 4.7% in Q2), which has pushed the authorities to adopt a growing range of stimulus measures.

As for global inflation, it is expected to drop from 6.7% in 2023 to 5.8% in 2024 and further to 4.3% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets.

As for oil markets, they have been dampened by more cautious demand expectations amid lower imports by key markets such as China. OPEC’s December 2024 report reduced the 2024 global oil demand growth projection to 1.6 mb/d, down from 2.2 mb/d in July, reflecting a 27% reduction over five months. OECD demand is expected to grow only marginally by 0.1 mb/d, while non-OECD demand is projected to

increase significantly by 1.5 mb/d. As for 2025, global oil demand growth projection was revised down to 1.4 mb/d, with continued strong demand growth in non-OECD countries. On the supply side, significant growth is expected despite the political risks and disruptions caused by ongoing conflicts in the Middle East and Europe. Non-OPEC supply has remained strong, while OPEC+ is expected to begin easing production quota restrictions by 2025, potentially leading to supply growth outpacing demand growth.



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

Gulf Cooperation Council Economy

The economies of the Gulf Cooperation Council (GCC) countries have shown strong performances in non-oil sectors during 2024. However, oil sector activities have contracted due to supply cuts imposed by OPEC+. Looking ahead, factors such as interest rate reductions and the gradual increases in oil production are expected to support the ongoing resilience of GCC economies.

According to the IMF's Regional Economic Outlook released in October 2024, GCC economic growth is projected to accelerate from an estimated 1.8% in 2024 to 4.2% in 2025, driven by the easing of OPEC+ production cuts and continued robust growth in the non-oil sector. Non-oil sector growth is anticipated to reach 4.0% in 2025, up from an estimated 3.7% in 2024, bolstered by strong public investment and ongoing economic diversification efforts. Saudi Arabia and the UAE are expected to lead this growth in 2025 with 4.4% and 4.5%, respectively.

According to Saudi Arabia's General Authority for Statistics, the Saudi economy expanded by 2.8% YoY in real terms in Q3 2024 due to the notable increase in non-oil activities. The Kingdom's non-oil GDP grew by 4.3% YoY, while oil activities experienced a modest increase of 0.05% YoY. Government activities grew by 3.1% YoY. In addition, the Riyadh Bank Saudi Arabia Purchasing Managers' Index rose to 59.0 in November from 56.9 in October 2024, marking the fourth consecutive monthly increase, driven by an increase in New Orders Index reaching its highest point since March 2024, further growth in purchasing activity, and staff recruitment.

As for the Sultanate of Oman, the data released by the National Center for Statistics and Information revealed that in Q3 2024, Oman experienced a real GDP growth of 1.1% YoY, supported by a 3.8% YoY increase in non-oil activities. However, the oil sector experienced a 3.0% YoY decline.

Data released by the National Planning Council showed that Qatar's economy grew by 2.0% YoY in real terms during Q3 2024, underlined by the growth of 4.5% YoY in non-oil activities. The oil activities on the other hand declined by 2.3% YoY.

The Central Statistical Bureau of Kuwait issued a report in December 2024 which revealed a decrease in real GDP by 3.9% in Q3 2024 compared to the same quarter of the previous year. Oil activities declined by 5.3%, while the non-oil activities saw a decrease of 2.5% YoY.

Bahrain's Economic Performance

According to the preliminary National Accounts data released by the Information and eGovernment Authority, real GDP growth in Bahrain accelerated by 2.1% YoY in Q3 2024, with a value of BHD 3,734.1Mn. Non-oil activities grew by 3.9% YoY, while oil activities declined by 8.1% YoY. On the other hand, nominal GDP declined by 0.9% YoY, to value BHD 4,342.2Mn, due to a 14.0% YoY decline in Oil activities and a 1.5% YoY growth in Non-oil-activities.

According to the Ministry of Finance and National Economy projections, real GDP is expected to grow by 2.7% in 2024. This growth will be driven primarily by a diverse range of non-oil activities, which is forecasted to expand by 3.4% during 2024. As for 2025, real GDP growth is projected to accelerate to 3.4% to coincide with the operation of Bapco Modernization Program. The Non-oil activities are anticipated to experience an even stronger expansion of 4.4% during 2025.

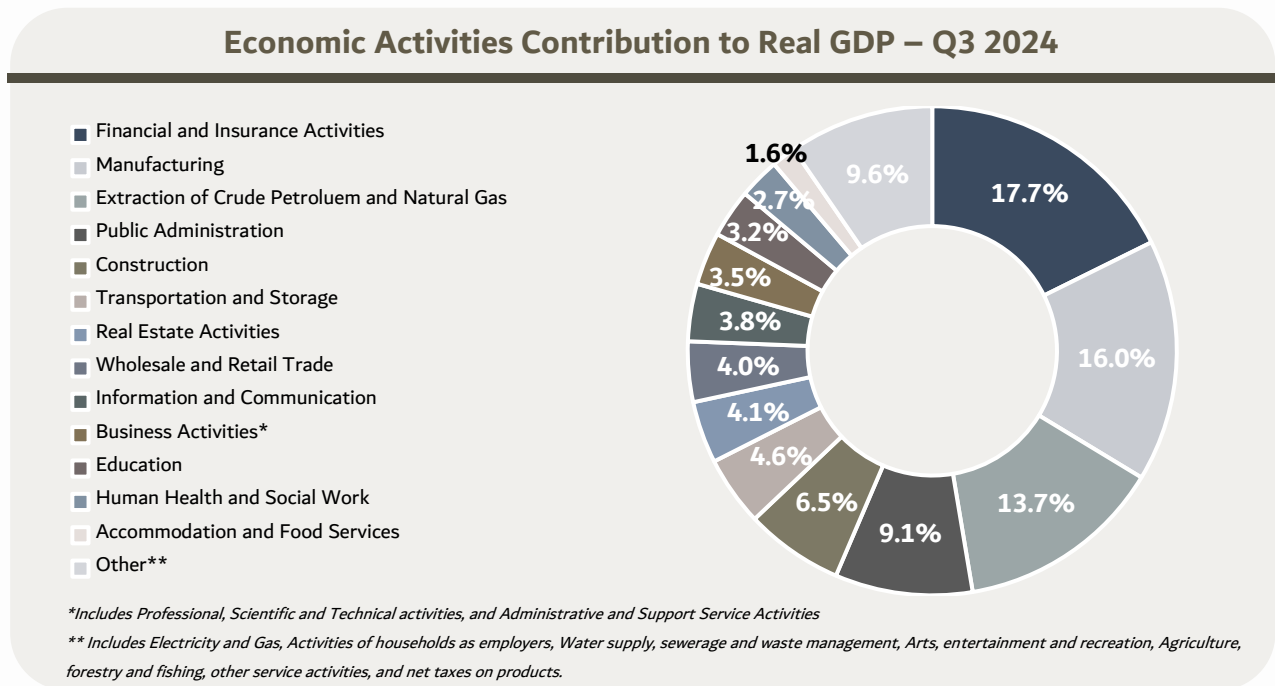
Key Economic Indicators				
	2022	2023	2024	2025
	Actual	Actual	Forecast	Forecast
Real GDP growth	6.2%	3.9%	2.7%	3.5%
Non-oil activities	7.7%	5.1%	3.6%	4.4%
Oil activities	-1.4%	-2.4%	-2.7%	-1.5%
Nominal GDP growth	13.8%	-0.6%	3.3%	4.5%
CPI	3.7%	0.1%	1.0%	2.0%
Current account (% of GDP)	14.7%	5.8%	4.5%	5.1%

Source: Ministry of Finance and National Economy estimates

Non-oil Activities

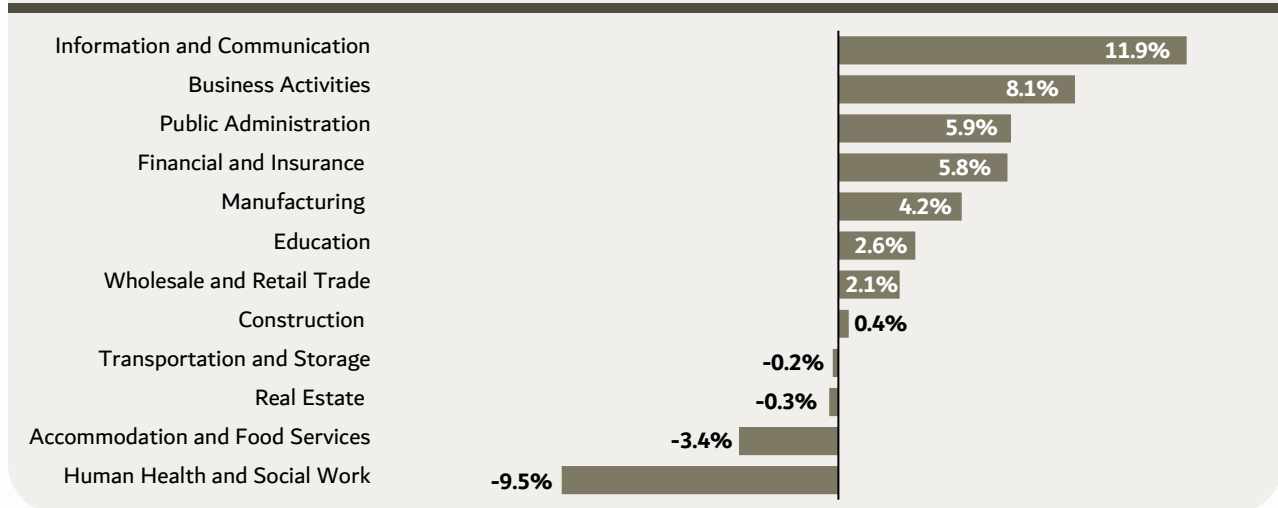
Non-oil activities play a pivotal role in supporting positive economic growth in the Kingdom of Bahrain. The contribution of Non-oil activities to real GDP reached 86.4% in Q3 2024, with a total value of BHD 3,224.6Mn.

In terms of the contribution of Non-oil activities to real GDP during Q3 2024, Financial and Insurance activities remain the largest contributor to GDP, accounting for 17.7%, followed by Manufacturing at 16.0%, Public Administration at 9.1%, Construction at 6.5%, and Transportation and Storage at 4.6%. Meanwhile, Real Estate and Wholesale and Retail trade recorded similar contributions at 4.1% and 4.0%, respectively. Information and Communication contributed 3.8%. Business Activities and Education accounted for 3.5% and 3.2%, respectively. Human Health and Social Work contributed 2.7% of GDP, while Accommodation and Food Services contributed 1.6%.



Source: Information & eGovernment Authority

Real GDP Growth by Non-oil Economic Activity – Q3 2024 (YoY)



Source: Information & eGovernment Authority

Real GDP Growth Rates by Economic Activity (YoY)

Year	2023		2024		
	Annual	Q1	Q2	Q3	
Crude Petroleum and Natural Gas	-2.4%	3.4%	-6.7%	-8.1%	
Manufacturing	2.0%	2.8%	0.6%	4.2%	
Construction	0.8%	-0.6%	0.1%	0.4%	
Wholesale and Retail Trade	7.0%	5.7%	1.6%	2.1%	
Transportation and Storage	4.8%	1.3%	6.8%	-0.2%	
Accommodation and Food Services	8.0%	10.7%	10.6%	-3.4%	
Information and Communication	7.2%	9.9%	15.1%	11.9%	
Financial and Insurance Activities	7.2%	6.4%	0.9%	5.8%	
Real Estate Activities	9.8%	-2.5%	-2.9%	-0.3%	
Business Activities	9.2%	6.8%	11.9%	8.1%	
Public Administration	8.3%	-0.3%	-0.6%	5.9%	
Education	0.8%	6.3%	4.9%	2.6%	
Human Health and Social Work	2.3%	5.5%	-1.0%	-9.5%	
Other	4.3%	-3.9%	1.2%	7.3%	
GDP	3.9%	2.9%	0.7%	2.1%	
Non-oil GDP	5.1%	2.8%	2.2%	3.9%	

Source: Information & eGovernment Authority

According to the preliminary estimates, Non-oil activities continued to achieve a growth of 3.9% YoY in real terms in Q3 2024. The performance of the main economic activities was as follows:

◆ **Information and Communications**

Information and Communications achieved the highest growth rate among non-oil activities at 11.9% YoY in Q3 2024. The total number of mobile subscribers grew from approximately 2.3Mn in Q3 2023 to around 2.5Mn in Q3 2024, representing an increase of 6.5% YoY. Additionally, the total number of mobile broadband subscribers grew by 4.7%, reaching a total of 2.4Mn subscriptions in Q3 2024, resulting in a market penetration rate of 153%, which is an increase of 9 percentage points compared to Q3 2023.

◆ **Financial and Insurance Activities**

Financial and Insurance Activities, the largest contributor to GDP, grew by 5.8% YoY at constant prices in Q3 2024. The total value of the Electronic Fund Transfer System (Fawri+, Fawri, and Fawateer) increased by 13.7% YoY, reaching a total of BHD 8.2Bn in Q3 2024. Additionally, the aggregate balance sheet of the banking system expanded by 9.1%, and the total value of deposits from non-banks grew by 7.3% YoY, amounting to BHD 21.1Bn. Furthermore, the total value of outstanding loans provided by retail banks rose by 4.9% YoY, reaching approximately BHD 12.2Bn in Q3 2024.

◆ **Manufacturing**

Manufacturing grew by 4.2% YoY at constant prices, aided by a 3.4% YoY increase in Bapco Refining production, along with a slight increase in Gulf Petrochemical Industries Company (GPIC) by 0.3% YoY.

◆ **Wholesale and Retail Trade**

Wholesale and Retail Trade experienced a growth of 2.1% YoY at constant prices during Q3 2024, supported by a 14.8% YoY increase in the value of Point of Sale and e-Commerce transactions. Additionally, newly issued Corporate Commercial Registrations rose by 13.3% YoY.

◆ **Construction**

Construction recorded an increase of 0.4% YoY in Q3 2024, supported by a 1.4% rise in building permits issued compared to Q3 2023.

◆ **Transportation and Storage**

Transportation and Storage witnessed a slight YoY decline of 0.2% in Q3 2024. However, the aircraft movement at Bahrain International Airport increased by 8.2% YoY. Additionally, containers throughput at Khalifa bin Salman Port saw a slight increase by 0.8% YoY.

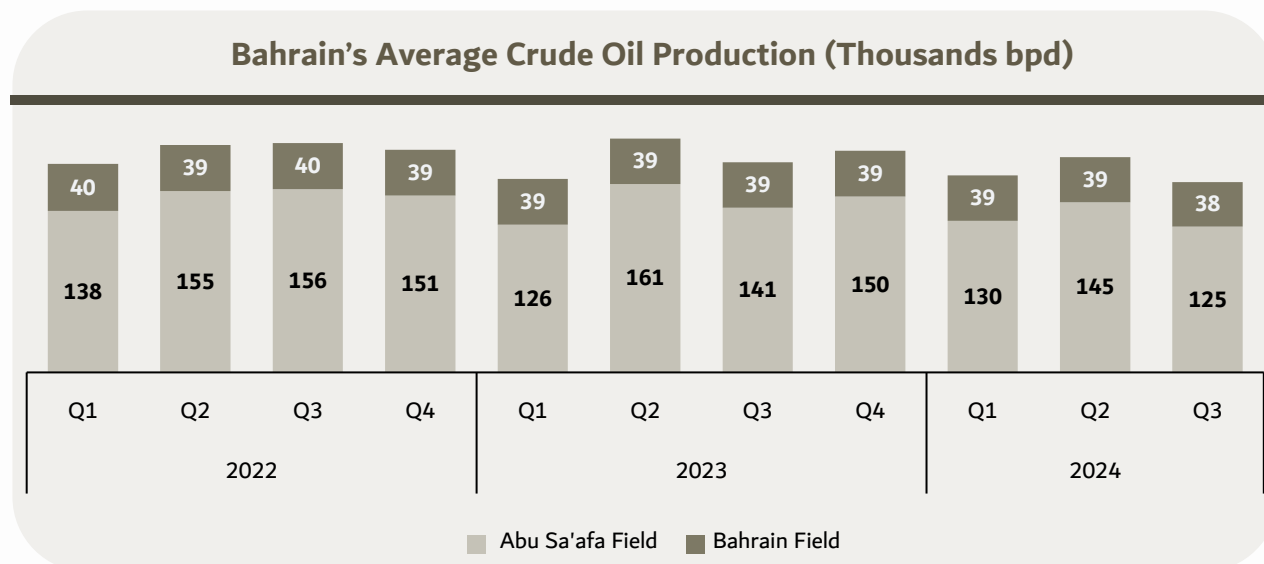
◆ **Accommodation and Food Service Activities**

The Accommodation and Food Service sector experienced a decline of 3.4% YoY during Q3 2024. According to the tourism survey conducted by the Information and eGovernment Authority and the Bahrain Tourism and Exhibition Authority, inbound tourism expenditure decreased by almost 10.5% YoY. The total overnights recorded a decline by 9.0% YoY. On the other hand, inbound tourism flows increased by 13.3% YoY.

Oil Activities

- ◆ Oil activities accounted for 13.7% of Bahrain’s real GDP in Q3 2024
- ◆ Oil activities recorded a decline of 8.1% YoY in Q3 2024 in real terms

During Q3 2024, Oil activities contribution to real GDP reached 13.7%, with the sector recording a decline of 8.1% YoY to reach BHD 509.5Mn primarily due to maintenance activities in Abu Sa’afa field. Similarly, in nominal terms Oil activities saw a drop of 14.0% YoY to reach BHD 572.6Mn, driven by a drop in global oil prices. Brent crude averaged at USD 79.8 during Q3 2024, decreasing by 7.9% YoY, after it averaged at USD 86.7 during Q3 2023.

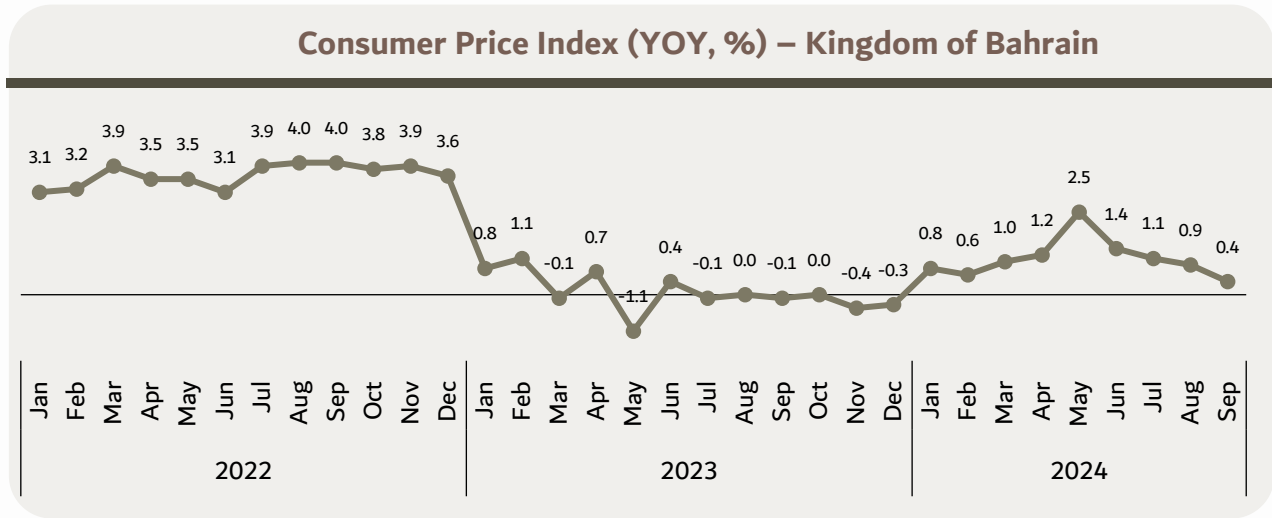


Source: Ministry of Oil and Environment

The average daily oil production from the offshore Abu Sa’afa field during Q3 2024 dropped by 11.5% YoY to reach 124,556bpd. Additionally, extraction from the onshore Bahrain field declined by 2.0% YoY to average at 38,026bpd during Q3 2024. On the other hand, the production of natural and associated gas during Q3 2024 decreased slightly by 0.1% compared to the same period in the previous year, totaling to 257,924 Mn cubic feet, where 33.7% of the gas produced in the oil sector gets re-injected.

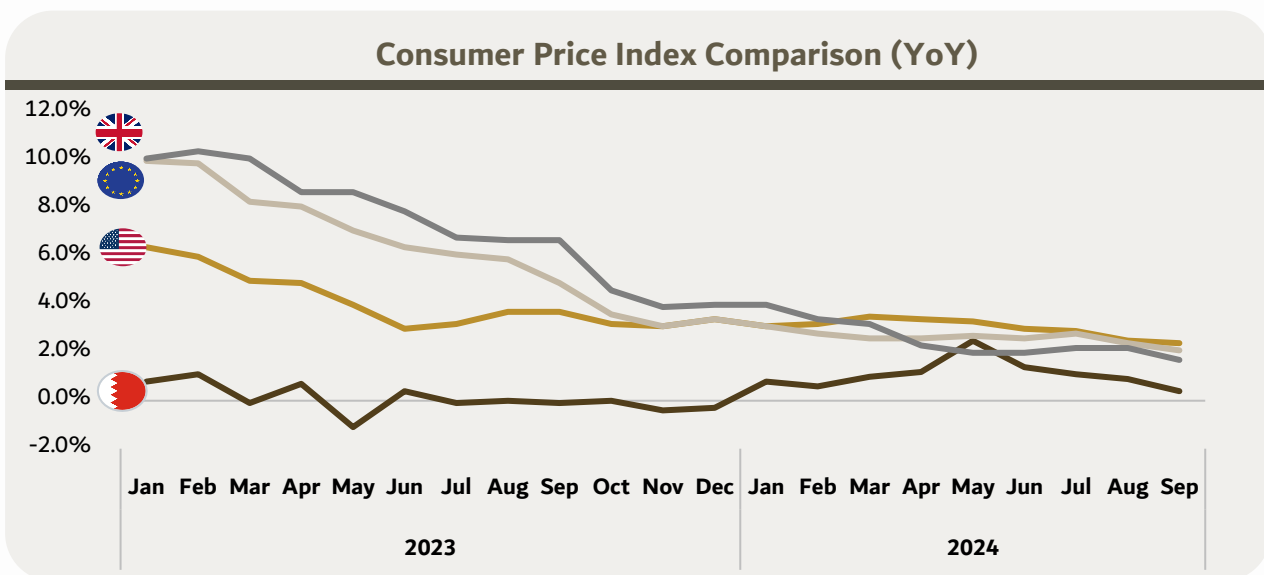
Consumer Price Index

The Consumer Price Index in the Kingdom of Bahrain remained stable, with a slight increase of 0.8% YoY during Q3 2024. The index rose by 1.1% during the first nine months of 2024 compared to the same period in 2023, according to the Consumer Price Index data issued by the Information and eGovernment Authority.



Source: Information & eGovernment Authority

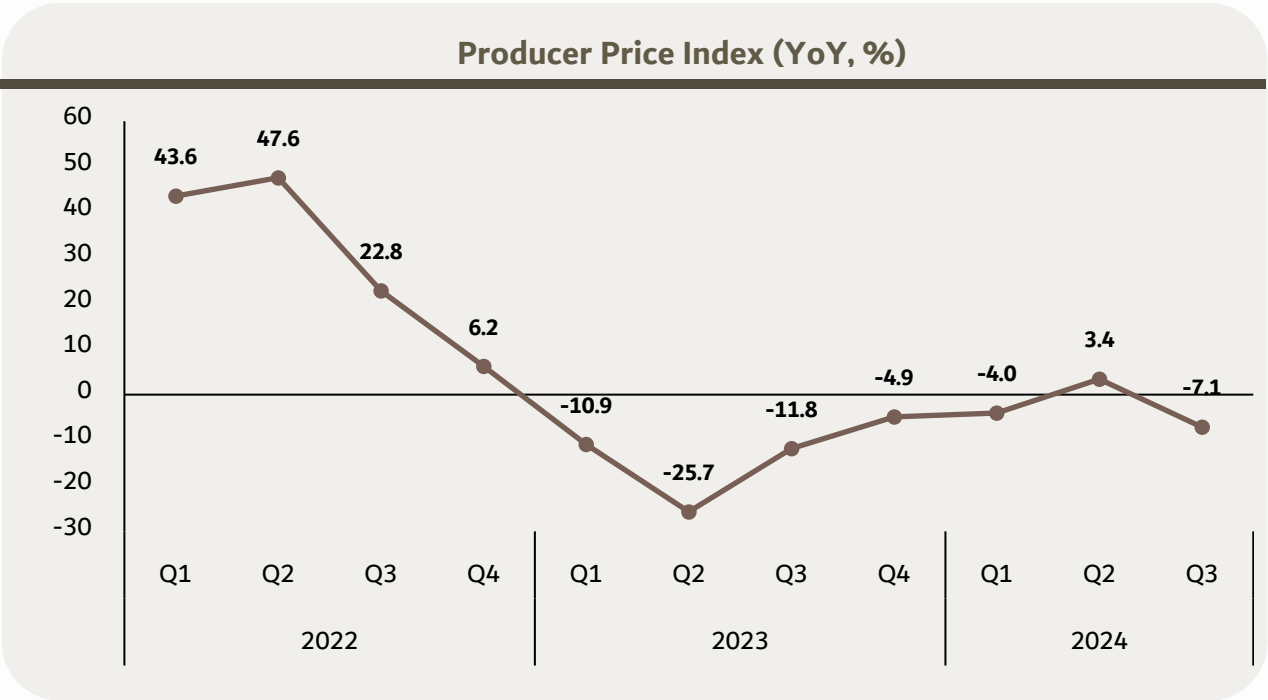
During Q3 2024, the consumer price index in the United States remained relatively stable at 2.6%, while the consumer price index in both the European Union and United Kingdom increased by 2.4% and 2.0%, respectively.



Source: Bloomberg

Producer Price Index

According to the preliminary data released by the Information and eGovernment Authority, Bahrain’s Producer Price Index (PPI) decreased by 7.1% in Q3 2024. Crude oil and natural gas extraction activity saw a decrease of 6.4% due to a decline in global crude oil prices by 7.9%. Manufacturing’s sub-activities performance varied, where the manufacture of basic metals increased by 4.2%, driven by higher prices for the manufacture of basic precious and other non-ferrous metals. The manufacture of coke and refined petroleum products recorded a decrease of 14.2% YoY.



Source: Information & eGovernment Authority

Developmental Projects

Priority development projects continued progressing during 2024, with key updates below:

Tourism Projects

- ◆ During 2024, four new five-star hotels were inaugurated including "Conrad Residence", "Onyx Arjaan by Rotana", and the newly renovated "Sheraton Bahrain Hotel", contributing to the accommodation offerings serving the tourism sector. Additionally, the "Hawar Resort by Mantis" was also opened as the first project under the master plan for the Hawar Islands.

Residential Projects:

- ◆ The Ministry of Housing and Urban Planning has signed agreements to implement 123 residential units in "AlBuhair" and "Horat Sanad" areas, in partnership with the real estate companies "Al-Saraya" and "AlNamal," as part of the Government Land Development Program.

Industrial Projects:

- ◆ In December, the Aluminum Downstream Industries Zone project, located in Askar covering approximately 472,000 square meters, was inaugurated. This project is a vital component of Bahrain's Industrial Strategy (2022–2026) aimed at enhancing the country's aluminum industry.

Healthcare Projects:

- ◆ Bahrain Mumtalakat Holding Company (Mumtalakat), in partnership with the M42 Group, have laid the foundation stone for a new healthcare facility at AlJasra. "Amana Healthcare – Bahrain" is set to begin its operations in 2025 offering premium long-term healthcare and rehabilitation services, making it the first of its kind in the Kingdom.

Energy Projects:

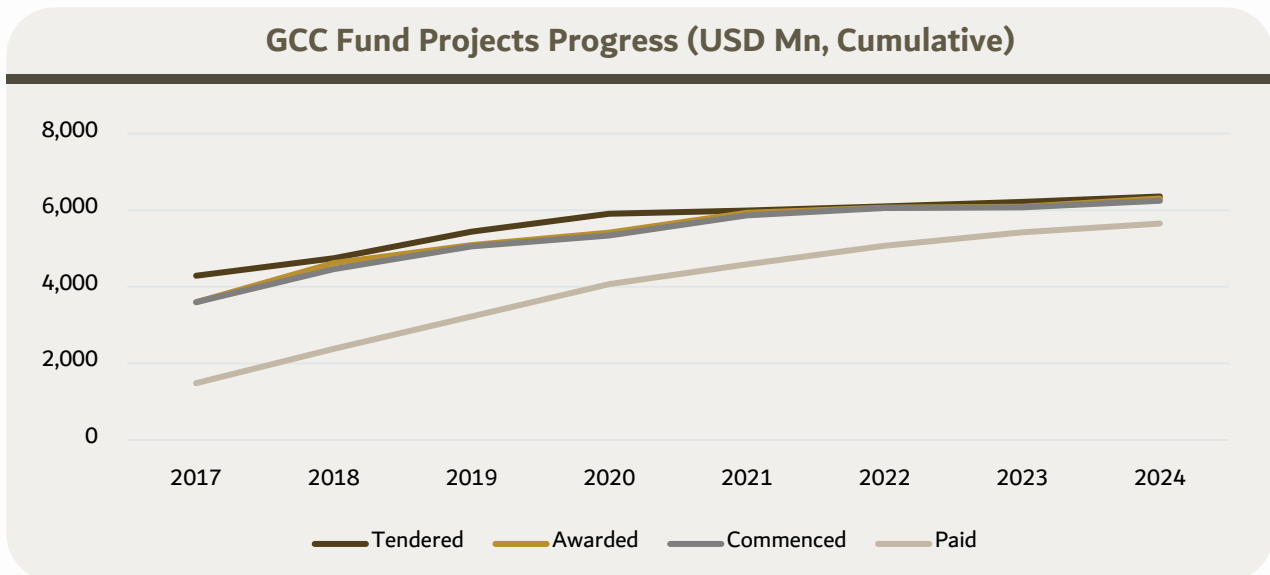
- ◆ The Bapco Modernization Program (BMP), was inaugurated in December 2024, aiming to boost the refinery's capacity by 42% from 267,000 to 380,000 bpd, enhancing the product slate, and improving energy efficiency by 2.8%. The project is the largest capital investment made in Bapco's 90-year history.
- ◆ The Electricity and Water Control Center was inaugurated in December 2024. It includes 4 advanced monitoring and control stations utilizing "Private LTE" technology, making Bahrain the first country in the Middle East to implement this technology. The center manages the electricity transmission network, encompassing 258 main transmission stations and an extensive ground cable network

stretching 1,906 kilometers, along with 10,400 distribution substations. Additionally, it oversees 46 water transmission and distributions stations with a pipeline spanning a total length of 618 kilometers.

- ◆ Bapco Energies launched a carbon capture and storage project estimated to be worth about USD 4Bn. The project is expected to be able to sequester 10-12mn tons of carbon dioxide a year for at least 50 years. The scope of the project involves sequestering the carbon dioxide emissions in a large gas reservoir in the Bahrain field. The reservoir is large enough to sequester more than 550,000 Tonne.
- ◆ Bapco Exploration and Production has signed an agreement worth USD 288Mn with Jereh Oil & Gas Engineering Company, a key subsidiary of leading Chinese group Jereh, to establish seven associated gas compression stations in Bahrain. The project is expected to be completed in Q1 2026.

GCC Development Fund Projects:

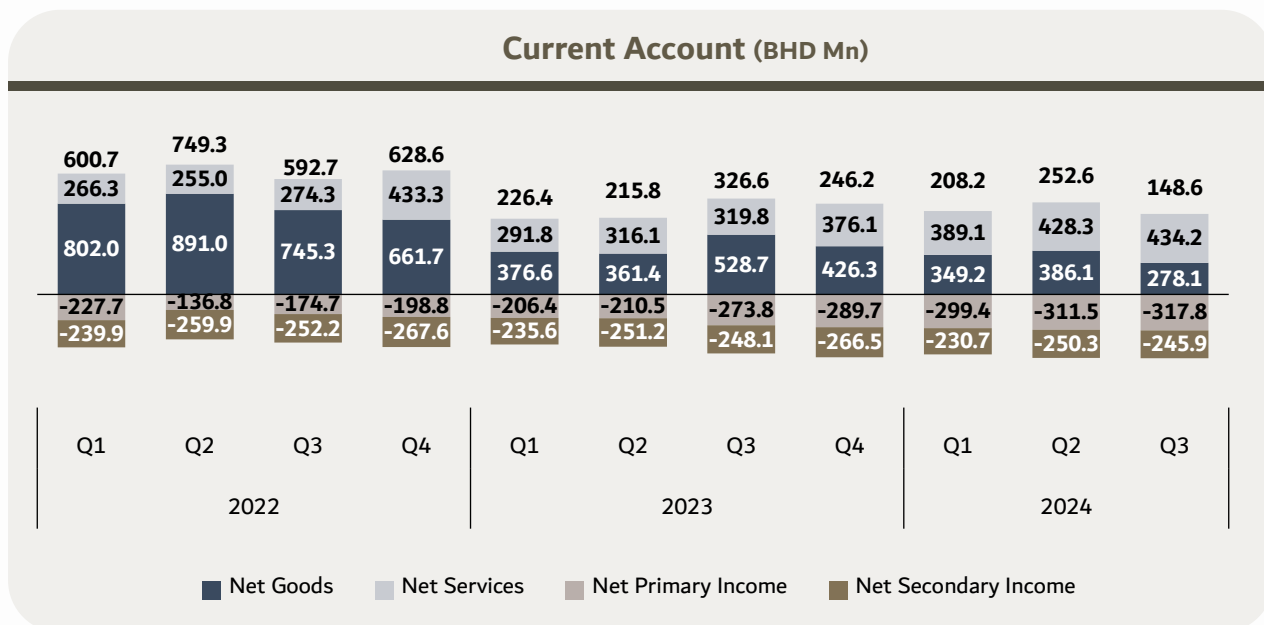
- ◆ During Q3 2024, significant progress was made on major development projects funded by the GCC Development Fund. Projects awarded during this period totaled to USD 73Mn, bringing the total value of awarded projects to approximately USD 6.3Bn, marking a 3% YoY increase. Additionally, contracts were awarded for the Madinat Salman Access Roads project, which leads to Salman City and falls under the Kuwaiti Fund for Development.



Source: Ministry of Finance and National Economy

Current Account

According to the preliminary balance of payments data released by the Central Bank of Bahrain, the current account saw a surplus of BHD 148.6Mn in Q3 2024 compared to a surplus of BHD 326.6Mn in Q3 2023, recording a decrease of 54.5% YoY. Consequently, the current account balance as share of nominal GDP stood at 3.4% during Q3 2024.

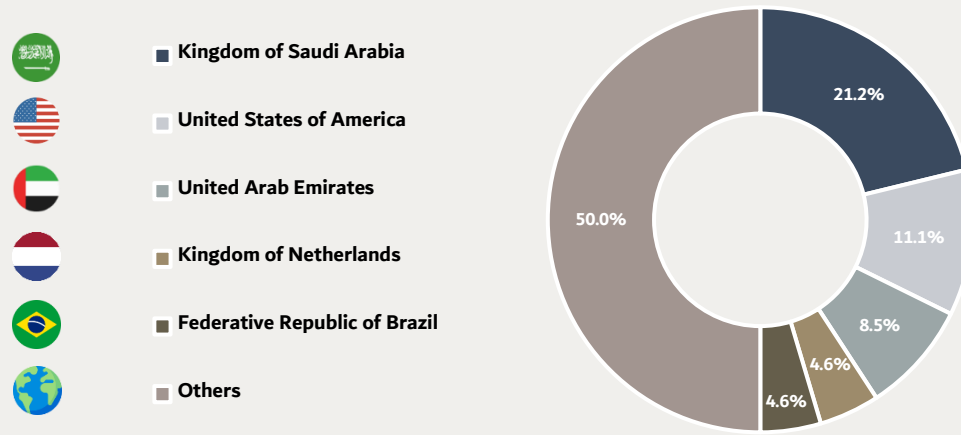


Source: Central Bank of Bahrain

The value of total exports in Q3 2024 decreased by 9.8% YoY, reaching BHD 2,202.7Mn, mainly driven by the decrease in the value of oil exports by 19.2%, reaching BHD 1,063.6Mn. The value of non-oil exports increased by 1.1% during Q3 2024 totaling to BHD 1,139.1Mn. According to the foreign trade statistics released by the Information and e-Government Authority for Q3 2024, base metals and basic metal products constituted 60.6% of total non-oil exports of national origin. This was followed by mineral products at 15.5% and chemicals at 7.1%.

In terms of trade partners, the Kingdom of Saudi Arabia continues to be the primary partner of non-oil national origin exports, holding a share of 21.2% during Q3 2024. The United States of America accounted for 11.1%, securing the second position. The United Arab Emirates ranked third, contributing 8.5%, followed by Kingdom of the Netherlands and Federative Republic of Brazil, both with contributions of 4.6%.

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

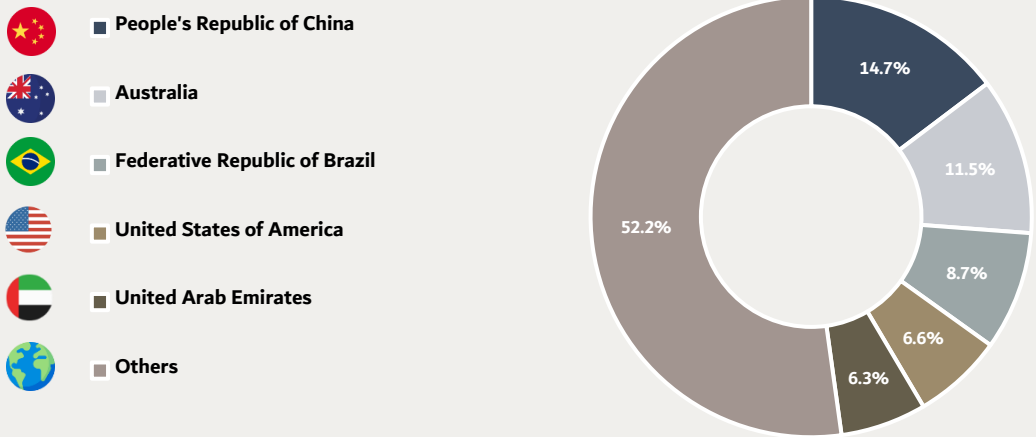


Source: Information & eGovernment Authority

As for imports, the total value reached BHD 1,924.6 during Q3 2024, achieving a slight growth of 0.5% YoY. The value of non-oil imports saw an increase of 2.9% YoY, reaching BHD 1,443.1Mn. Chemicals emerged as the top imported category, comprising 19.4% of the total non-oil imports, followed by mechanical and electrical equipment at 17.4%, and mineral products at 15.1%.

In terms of trade partners, The People's Republic of China accounted for the highest share of total non-oil imports at 14.7%. Australia came in second place comprising 11.5%, followed by the Federative Republic of Brazil with 8.7%, the United States of America with 6.6%, and the United Arab Emirates with 6.3%.

Contribution Rate of the Top Non-oil Imports Partners

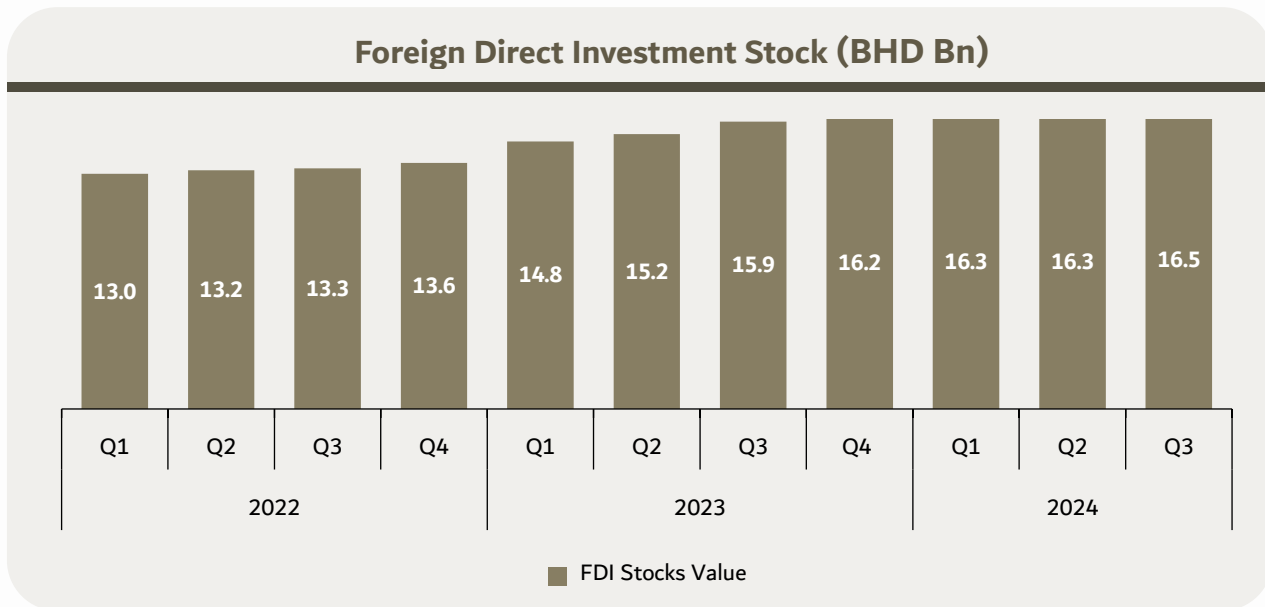


Source: Information & eGovernment Authority

The net value of services exports recorded an increase of 35.8% YoY in Q3 2024, reaching BHD 434.2Mn. Furthermore, the net value of primary income increased by 16.1% YoY, reaching to a total of BHD 317.8Mn. By contrast, workers' remittances transfers decreased by 0.9%, totaling BHD 245.9Mn.

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 Q3 2024, growing by 3.5% YoY to reach a total stock of BHD 16.5Bn, up from BHD 15.9Bn in Q3 2023. Inward investments also increased by 1.1% QoQ compared to BHD 16.3Bn in Q2 2024.

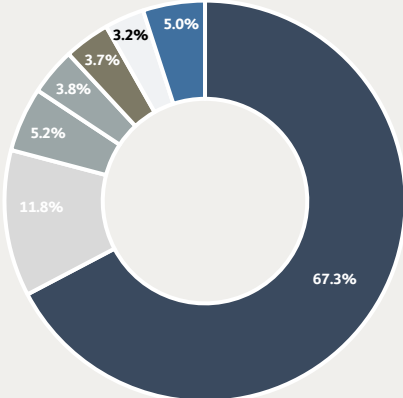


Source: Information & eGovernment Authority

In terms of economic activities, Financial and Insurance Services continued to have most of the contribution to total inward FDI stock of approximately 67.3%, reaching a total of BHD 11.1Bn in Q3 2024, resulting in a growth of 7.5% YoY. The Manufacturing sector contributed by approximately 11.8% of total inward FDI stock at BHD 1.9Bn, recording a decrease of 11.9% YoY. Meanwhile, the Professional, Scientific and Technical Activities grew by 25.1% YoY, reaching a total of BHD 0.9Bn.

Economic Activities' Share of FDI Stock

- Financial and Insurance Activities
- Manufacturing
- Professional, Scientific & Technical Activities
- Wholesale and Retail Trade
- Electricity, Gas, Steam and Air Conditioning Supply
- Information and Communication
- Others*



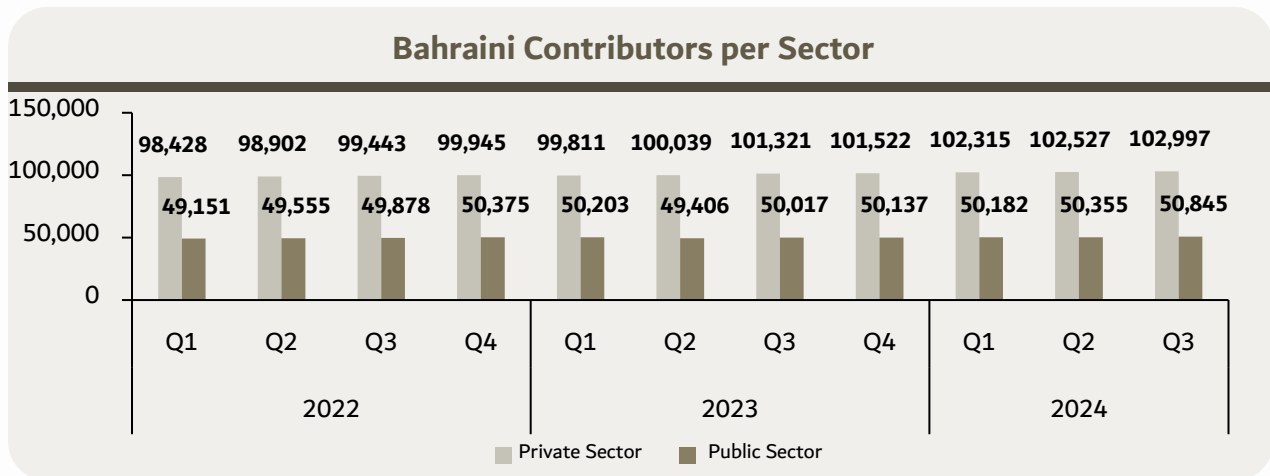
*Includes 12 other activities such as Real Estate, Mining and Quarrying, Education, Construction, and Art, Entertainment and Recreation

Source: Information & eGovernment Authority

In terms of investment origins, Kuwait led the way with BHD 5.8Bn, contributing 35.0% of total FDI stock in Q3 2024. The Kingdom of Saudi Arabia followed with investments of BHD 3.6Bn, contributing 21.9% of total FDI stock and the United Arab Emirates, with an investment value of BHD 1.8Bn, representing 10.7% of total FDI stock.

Labor Market

According to the preliminary data of the Social Insurance Organization, the total number of registered Bahrainis in the public and private sectors increased by 1.7% YoY by the end of Q3 2024, reaching 153,842 Bahrainis. The total number of Bahrainis employed in the public sector reached 50,845, while the total number of Bahrainis employed in the private sector reached 102,997. Bahraini women represented 42% of the total Bahrainis registered, reaching a total of 64,768, and recording an increase of 1.8% in the female labor participation compared to Q3 2023. On the other hand, the total number of non-Bahraini workers registered in the private sector reached 459,597, showing a decrease by 1.4% YoY.



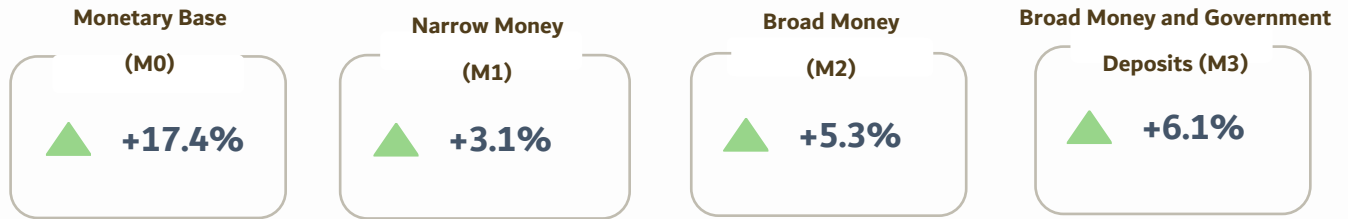
Source: Social Insurance Organization

By the end of Q3 2024, the overall average monthly wage of Bahrainis in the private sector increased by 5.2% YoY, reaching BHD 857. In the public sector, the average monthly wage of Bahrainis reached BHD 976, recording an increase of 3.3% YoY.

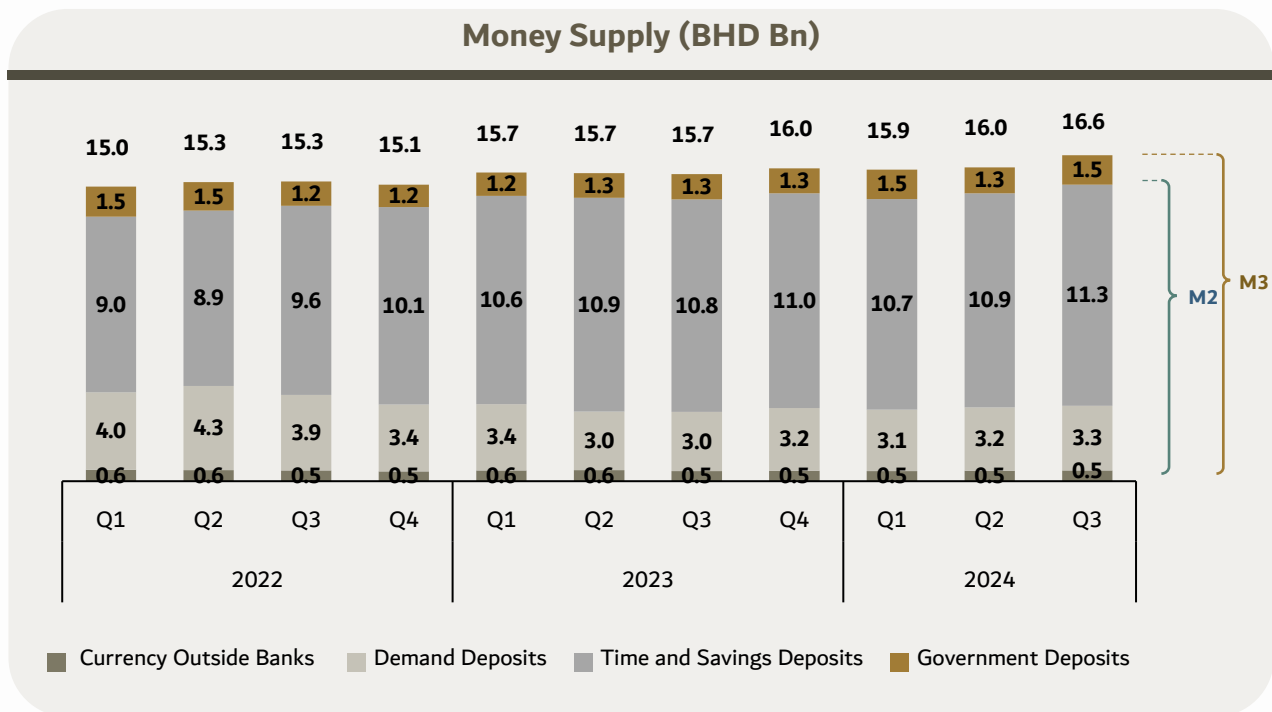
By the end of Q3 2024, 19,689 Bahrainis were recruited, meeting 98% of the set target by the Economic Recovery Plan (2021-2024) to recruit 20,000 Bahrainis annually until 2024. Additionally, 13,679 Bahrainis were trained in various programs, including both basic and professional training, exceeding the set target of 10,000.

Monetary Policy and Financial Sector Developments

Money Supply

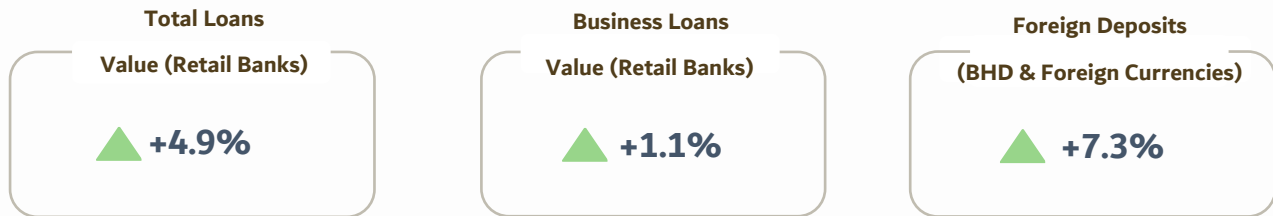


The Central Bank of Bahrain announced a 17.4% YoY growth in the monetary base (M0), reaching BHD 6.1Bn by the end of Q3 2024. Meanwhile, the money supply in its narrow definition (M1) increased by 3.1% YoY to BHD 2.9Bn compared to BHD 2.8Bn in Q3 2023. As for the broad money supply (M2), which includes currency in circulation outside banks and private sector deposits, witnessed a YoY increase of 5.3%, reaching BHD 15.1 Bn. The broad money and government deposits (M3) recorded a YoY growth of 6.1% to amount BHD 16.6Bn, supported by a 15.6% YoY increase in the value of government deposits, which reached BHD1.5 Bn.

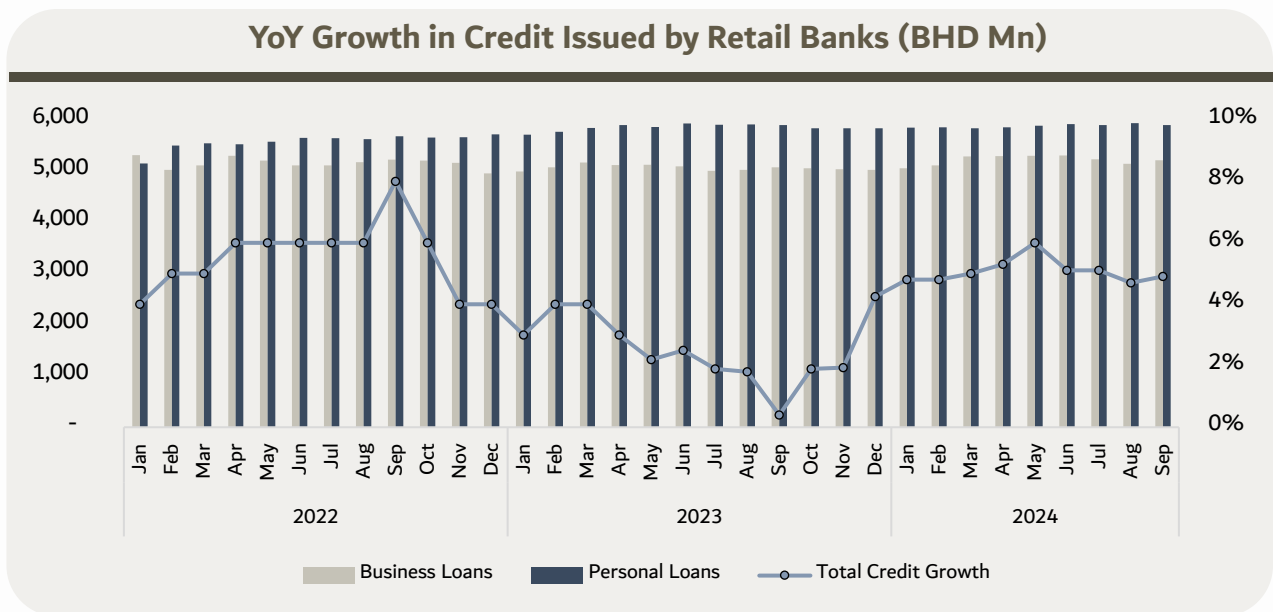


Source: Central Bank of Bahrain (CBB)

Bank Credit and Deposits

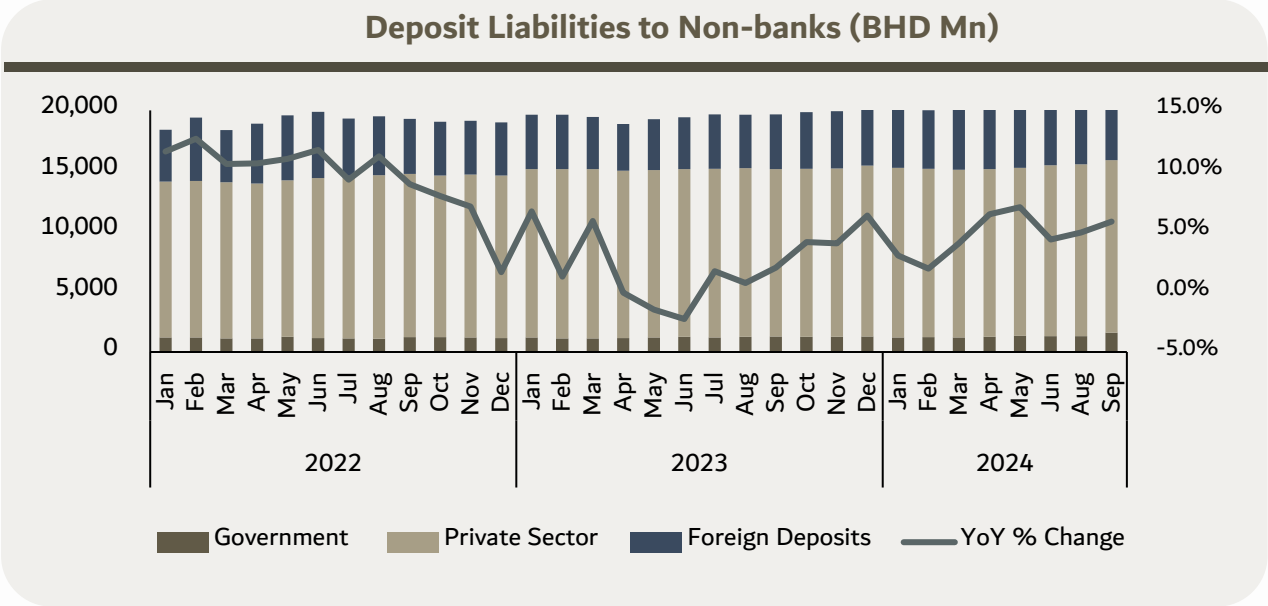


Total loans provided by retail banks during Q3 2024 increased by 4.9% YoY amounting to approximately BHD 12.2Bn. Loans provided by retail banks to the personal sector accounted for the largest share of total loans, comprising 48% of the total. These loans increased by 1.3%, reaching BHD 5.9Bn in Q3 2024, compared to BHD 5.8Bn in Q3 2023. Loans provided by retail banks to the business sector saw a slight YoY growth of 1.1%, amounting to BHD 5.2Bn, representing around 43% of the total loans. Meanwhile, retail banks' loans to the government sector contributed by less than 9% of total loans, with a value of BHD 1.1Bn during Q3 2024.



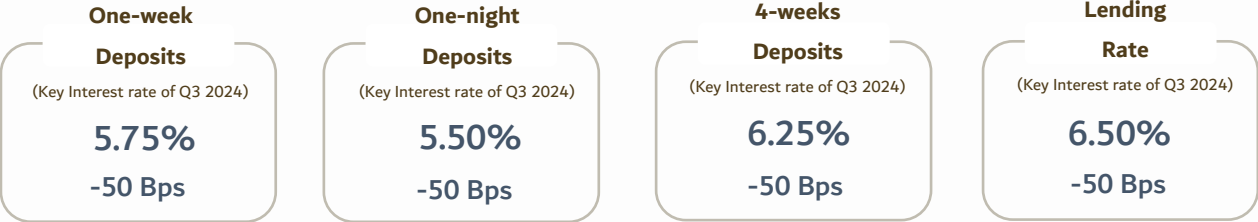
Source: Central Bank of Bahrain

As for deposits from non-banks in both Bahraini Dinar and foreign currencies during Q3 2024, the total deposit value grew by 7.3% YoY, reaching BHD 21.1Bn from BHD 19.7Bn during Q3 2023. Local deposits in Bahraini Dinars and foreign currencies accounted for 76% of total non-bank deposits during Q3 2024, recording a YoY growth of 6.2% to reach BHD 16.1Bn. On the other hand, foreign deposits in Bahraini Dinars and foreign currencies represented 24% of total deposits, amounting to BHD 5.0Bn, with a YoY growth of 11.1% in Q3 2024.



Source: Central Bank of Bahrain

Interest Rates



In September 2024, the Central Bank of Bahrain announced a reduction in the interest rate for the first time since the hikes began March 2022 to control inflation. This decision was made in light of the declining inflation levels and improvements in global economic indicators. Accordingly, the over-night deposit rate was reduced by 50 basis points. As for the one-week deposit rate, it stood at 5.75% compared to 6.25% in the Q3 2024. Additionally, the four-week deposit rate reached 6.25% by the end Q3 2024. As for the lending rates by retail banks, the lending rate decreased from 7.00% in Q2 2024 to 6.50% in the Q3 2024.

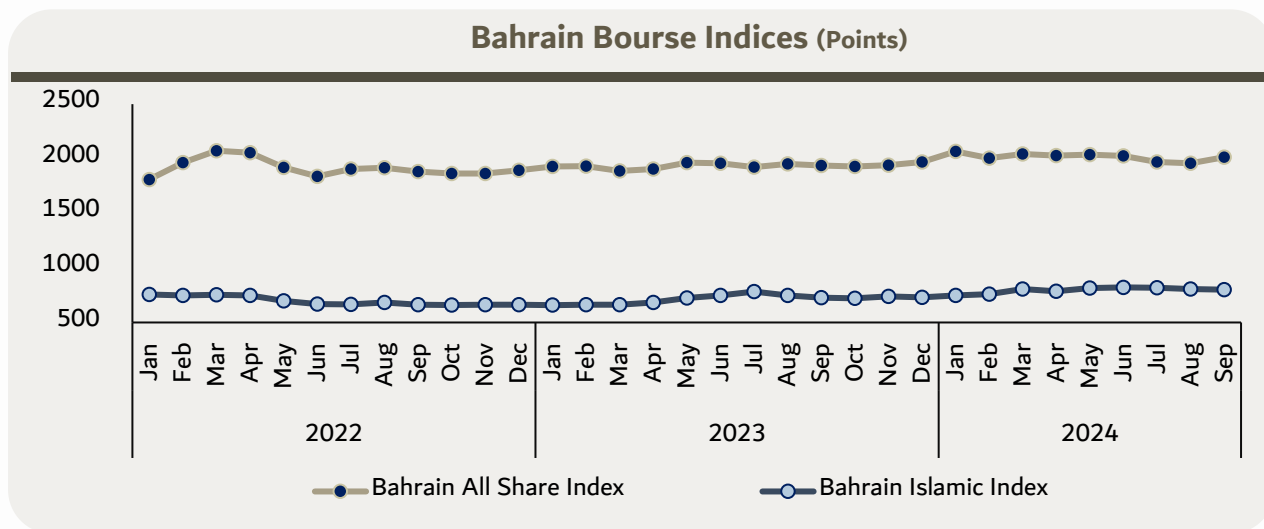
Moreover, the Central Bank of Bahrain reduced the over-night deposit rate by 50 basis points from 5.25% in November to 5.00% in December 2024.

Capital Markets

According to data released by the Bahrain Bourse in the Quarterly Trading Bulletin, the Bahrain All Share Index closed at 2,012.77 points at the end of Q3 2024, recording a YoY increase of 3.8%. Similarly, the Bahrain Islamic Index saw a 10.1% YoY, having closed at 801.47 points.

In terms of market capitalization during Q3 2024, total market value increased by 2.4% YoY, reaching BHD 7.8Bn. Aluminum Bahrain (Alba) continued to lead the Bahrain Bourse with the largest market capitalization of BHD 1.8Bn, representing 22.9% of total market value. The National Bank of Bahrain followed in second place, with a total market value of BHD 1.1Bn, while the Bank of Bahrain and Kuwait came in third place, with a total market capitalization of BHD 0.9Bn, contributing 14.4% and 11.6% to total market value, respectively.

Additionally, the financial sector recorded the highest value of shares traded in Q3 2024, with a total amount of BHD 86.4Mn, a YoY increase of 28.3%, followed by the materials sector with a total of BHD 16.3Mn.



Source: Bahrain Bourse

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

During Q3 2024, the Central Bank of Bahrain issued 23 sukuk and bond issuances with a total value of approximately BHD 1.5Bn, showing an increase of 15.3% YoY, reflecting growing demand for the local bond market. The Ijara Sukuk No. 229, valued at BHD 26Mn, achieved the highest subscription rate in Q3 2024, at 396%. Meanwhile, the highest interest rate in Q3 2024 was 6.61%, recorded through Treasury Bills Issuance No. 2028, which totaled to BHD 70Mn.

Issue Date	Issue	Value (BHD Mn)	Maturity (Days)	Average Interest / Profit (%)	Average Price (%)	Over- subscription (%)
3 July 2024	Treasury Bills No. 2024	70	91	6.06	98.491	100
4 July 2024	Sukuk Al-Ijara No. 227	26	182	6.05	-	226
10 July 2024	Sukuk Al-Salam No. 279	43	91	6.06	-	100
17 July 2024	Treasury Bills No. 2025	70	91	6.14	98.472	100
18 July 2024	Treasury Bills No. 118	100	365	6.10	94.191	108
24 July 2024	Treasury Bills No. 2026	70	91	6.54	98.374	128
28 July 2024	Treasury Bills No. 2027	35	182	6.29	96.916	106
31 July 2024	Treasury Bills No. 2028	70	91	6.61	98.355	101
1 August 2024	Sukuk Al-Ijara No. 228	26	182	6.29	-	234
5 August 2024	Govt. Development Bonds No. 36	150	1095	5.875	-	280
7 August 2024	Treasury Bills No. 2029	70	91	6.39	98.410	215
14 August 2024	Sukuk Al-Salam No. 280	43	91	6.15	-	189
21 August 2024	Treasury Bills No. 2030	70	91	6.27	98.440	176
22 August 2024	Treasury Bills No. 119	100	365	5.75	94.508	248
25 August 2024	Treasury Bills No. 2031	35	182	5.94	97.086	254
28 August 2024	Treasury Bills No. 2032	70	91	6.25	98.445	114
4 September 2024	Treasury Bills No. 2033	70	91	6.13	98.475	178
5 September 2024	Sukuk Al-Ijara No. 229	26	182	5.94	-	396
11 September 2024	Sukuk Al-Salam No. 281	43	91	6.13	-	185
18 September 2024	Treasury Bills No. 2034	70	91	6.00	98.505	104
19 September 2024	Treasury Bills No. 120	100	365	5.37	94.849	192
22 September 2024	Treasury Bills No. 2035	35	182	5.74	97.108	171
25 September 2025	Treasury Bills No. 2036	70	91	5.93	98.524	100

Source: Central Bank of Bahrain

Kingdom of Bahrain's Global Competitiveness

Economic Environment

- Freest economy in the Arab World
- Tops the GCC in 3 main areas



The Kingdom of Bahrain has maintained its leading position among Arab countries as the freest economy in the Arab World, according to the **Economic Freedom of the World 2024 report** published by Fraser Institute. Bahrain was ranked 34th globally among 165 countries. Bahrain topped the GCC in three out of five main areas: Regulation, Sound Money, and Size of Government. It is also worth mentioning that Bahrain obtained full scores in 9 indicators within the report.

- 1st in the GCC



BASEL INSTITUTE ON
GOVERNANCE

Additionally, Bahrain retained its top position in the GCC in the 2024 Basel AML Index issued by the Basel Institute on Governance.

Digital Infrastructure

- Improved by 8 spots to rank 30th
- Top 10 globally across 14 sub indicators



Bahrain's rank improved by 8 spots to 30th out of 67 countries in the **World Digital Competitiveness Ranking 2024** published by the International Institute for Management Development's (IMD)

World Competitiveness Centre. The report assesses the extent to which countries adopt and explore digital technologies. Bahrain ranked among the top 10 countries in 14 indicators, including ranking 1st globally in Internet Retailing, 4th Globally in Communications Technology, and 5th globally in Cyber security.

- Scored above the regional average in all 4 pillars
- Ranked 1st globally in 3 indicators



Bahrain maintained its 51st global position out of 133 countries in the **Network Readiness Index 2024**, published by the Portulans Institute

and partners. Bahrain outperformed the regional average in all four main pillars measured by the index, which are Technology, People, Governance, and Impact. Further, Bahrain ranked 1st globally in 3 different indicators: Population Covered By at Least 3G Mobile Network, Internet Access in Schools, and E-Commerce Legislations.

List of Abbreviations

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

Glossary

Term	Description
Economic Terms	
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.
Economic Activities	
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
Economic Transactions	
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 of Bahrain).
Monetary Terms	
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.

| COPYRIGHTS AND DISCLAIMER

Copyright © 2025 by the Ministry of Finance and National Economy.

You may use the information in this publication after obtaining the permission from the Ministry of Finance and National Economy - Bahrain. This report is not a recommendation and does not constitute an endorsement of a particular action. Professional advice should be sought prior to any decision being made, as the ministry will not be responsible in any way for any action or decision taken based on the report.

| CONTACT

Ministry of Finance and National Economy on
EconomicQuarterly@mofne.gov.bh