وزارة المالية والاقتصاد الوطني
Ministry of Finance
and National Economy

Bahrain Economic Quarterly Report

Q1 2025

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Overview of Bahrain's Economic Preformance

Q1 2025

Real GDP Growth

(YoY)

Preliminary data released by the Information & e-Government Authority

▲+2.7%
Total GDP

▲+2.2%
Non-Oil Activities

▲+5.3%
Oil Activities

Top Growing Economic Activities

(YoY)

▲+10.3%
Accommodation and Food Services

▲ +7.5%
Financial Services and Insurance

▲+5.4%
Construction

▲+2.5%
Education

Key Performing Economic Indicators

(YoY)

▲+15.6%
Total Built-Up Area for Issued Building Permits

▲+14.1%
Point of Sale and E-commerce Value

▲+8.6%
Overnight Visitors

▲+5.1%
Containers Throughput

Bahrain's Performance in Global Competitiveness Indicators

1st Globally
in 11 Indicators
IMD
World Competitiveness Ranking

7th Globally in
Annual Ecosystem Growth
StartupBlink
Global Startup Ecosystem Index

"Very High Human Development"
UNDP
Human Development Report

Global and Regional Economy

3.0%
The IMF's projected global growth rate in 2025

4.2%
The IMF's projected global inflation rate in 2025

700,000 bpd
The IEA's forecasted global oil demand

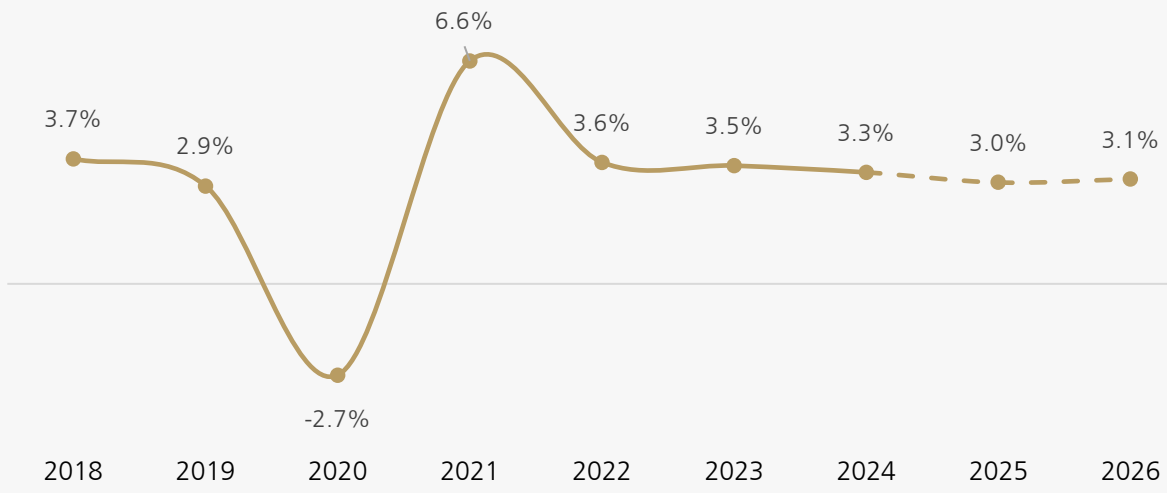
3.2%
The World Bank's projected economic growth rate across the Gulf Cooperation Council (GCC) in 2025

The global economy demonstrated resilience in early 2025, as real GDP slightly exceeded expectations during Q1. According to the IMF's World Economic Outlook Update released in July 2025, this growth was primarily driven by a temporary surge in trade activity ahead of the implementation of new tariffs. Major economies recorded mixed performances, with the United States posting its first contraction in three year in Q1 2025 by 0.5% YoY due to a slowdown in consumer spending as well as a sharp increase in imports. Meanwhile, both the Euro Zone and China outperformed expectations, recording growth of 2.5% and 6.0%, respectively.

Looking ahead, global growth is projected at 3.0% in 2025 and 3.1% in 2026, marking upward revisions of 0.2 and 0.1 percentage points, respectively, from the IMF's previous projections. Despite this slight upward revision, the outlook reflects a slowdown from the estimated growth rate of 3.3% in 2024. However, current growth relies mainly on short-term policies like fiscal stimulus and temporary trade boosts rather than sustainable improvements in consumer demand, investment, or productivity.

Global Real GDP Growth Projections

(YoY)



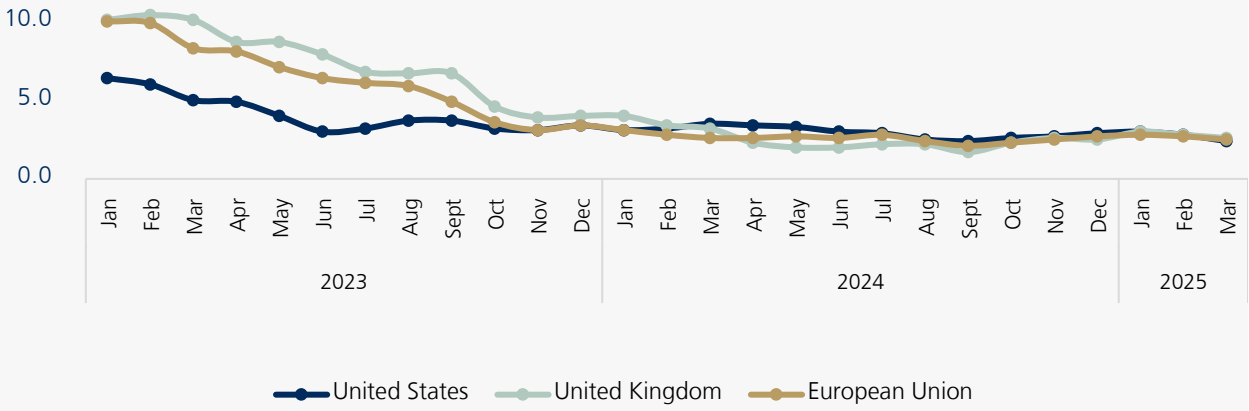
Source: World Economic Outlook (July 2025), International Monetary Fund

As for the global inflation outlook, the IMF projects global headline inflation to ease to 4.2% in 2025 and 3.6% in 2026, down from 5.6% in 2024. Although price pressures remain elevated in the US, tariffs are anticipated to gradually be reflected in consumer prices throughout H2 2025, compounded by ongoing currency exchange rate fluctuations. At the same time, core inflation, which excludes volatile food and energy prices, in advanced economies has continued to ease gradually, reflecting a reduction in underlying price pressures.

During Q1 2025, major global economies recorded an increase in inflation rates. The United Kingdom's inflation rate rebounded to 2.8% in February, while both the United States and the European Union registered annual inflation rates of 2.7%. These remain above the typical central bank target of 2%.

Comparison of Inflation Growth in Selected Major Economies

(YoY)



Source: Statistical agencies of each economy

As for the energy markets, the International Energy Agency (IEA), in its July 2025 report, projected global oil demand growth at 700,000 bpd for the year, the lowest level since 2009, excluding 2020. The slowdown was attributed to weak consumption in Q2 2025, particularly in emerging markets, with growth declining from 1.1Mn bpd in Q1 to 550,000 bpd in Q2. The IEA indicated that demand is expected to post a modest rebound in 2026, increasing by 720,000 bpd to reach 104.4Mn bpd.

On the supply side, global oil production rose by 950,000 bpd in June to reach 105.6Mn bpd, driven primarily by Saudi Arabia. Output increased by 2.9Mn bpd YoY, with OPEC+ accounting for 1.9Mn bpd of the growth. Supply is forecasted to expand by 2.1Mn bpd in 2025 and by 1.3Mn bpd in 2026, mainly from non-OPEC+ producers.

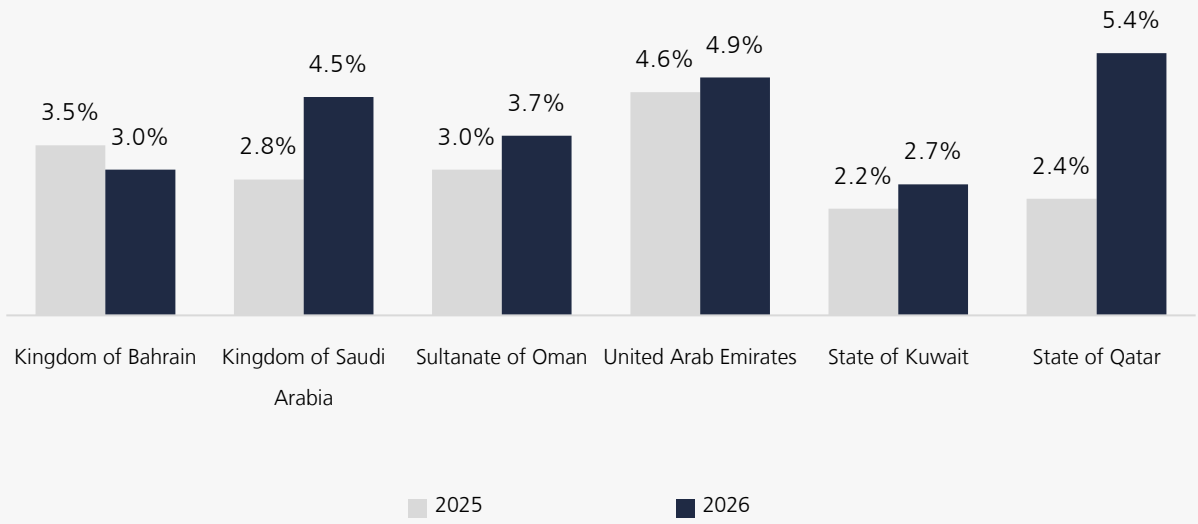
The persistent imbalance between oil supply and demand continued to place downward pressure on prices, though geopolitical risks arising from tensions in the Middle East partly offset this trend. International benchmark crude prices recorded an average increase of USD 7 per barrel during May and June 2025, trading within a broad range of USD 65 to USD 80 per barrel. Price movements remained volatile during the month, supported in part by the US administration's decision to suspend the introduction of new tariffs for 90 days, alleviating concerns over potential disruptions to global trade flows. According to the US Energy Information Administration's July 2025 report, the average Brent crude price is expected to reach USD 69 per barrel in 2025, compared with USD 81 per barrel in 2024.

Gulf Cooperation Council Economic Performance

According to the "Gulf Economic Update" report released by the World Bank in June 2025, economic growth across the Gulf Cooperation Council (GCC) is projected to reach 3.2% in 2025 and accelerate to 4.5% in 2026, following a modest growth of 1.8% in 2024. This expansion is driven by the gradual easing of OPEC+ production cuts and continued strong performance in the non-oil activities.

The World Bank's latest 2025 and 2026 economic forecasts for the GCC countries are as follows:

Economic Growth Forecasts for the GCC Countries in 2025 and 2026



Source: Gulf Economic Update Report (June 2025), World Bank

As for the Kingdom of Saudi Arabia, the General Authority for Statistics reported a real GDP growth of 3.4% YoY in Q1 2025, driven by a 4.9% increase in non-oil activity. Meanwhile, oil activities contracted by 0.5% due to ongoing OPEC+ production adjustments, while government activities grew by 3.2%. One the other hand, the Riyadh Bank's Purchasing Managers' Index (PMI) reached 56.3 in July 2025, reflecting strong growth in the Kingdom's non-oil private sector.

As for the Sultanate of Oman, real GDP grew by 2.5% YoY in Q1 2025, according to the National Center for Statistics and Information. The growth was mainly driven by a 4.4% increase in non-oil activities, while oil-related activities slightly declined by 0.4%.

Additionally, the National Planning Council of Qatar reported that real GDP grew by 3.7% YoY in Q1 2025 compared to the same period in 2024, driven by a 5.3% increase in non-oil activities and a 1.0% rise in oil activities. Meanwhile, the S&P Global Qatar Purchasing Managers' Index (PMI) stood at 51.4 in July 2025, indicating continued growth in the non-energy private sector despite a moderate slowdown.

The Central Statistical Bureau of Kuwait reported in July 2025 that real GDP grew by 1.0% YoY in Q1 2025, with non-oil activities rising by 2.0% and oil activities declining by 0.3% compared to Q1 2024. The S&P Global Kuwait Purchasing Managers' Index (PMI) increased to 53.5 in July 2025, marking the 11th consecutive month of growth in the non-oil private sector.

Bahrain's Economic Performance

2.7%

YoY growth was recorded in Bahrain’s real GDP

0.1%

YoY increase in the Consumer Price Index (CPI), indicating relative price stability during Q1 2025

59.4%

YoY surge in the current account surplus, as the Kingdom continued to maintain a positive balance in Q1 2025

3.5%

YoY increase in Foreign Direct Investment (FDI) during Q1 2025

Gross Domestic Product (GDP)

Bahrain's real GDP recorded a growth of 2.7% YoY to reach BHD 3,718.5Mn in Q1 2025, according to the preliminary data released by the Information and eGovernment Authority. This growth was driven by non-oil activities which increased by 2.2% YoY, reaching BHD 3,152.3Mn. Similarly, oil activities also grew by a notable 5.3% YoY, reaching BHD 566.2Mn

At current prices, GDP reached BHD 4,427Mn in Q1 2025, achieving a 3.0% YoY increase. Non-oil activities totaled BHD 3,805.4Mn, rising by 2.8% YoY, while oil activities grew by 4.6% reaching BHD 621.6Mn.

Based on projections by the Ministry of Finance and National Economy, Bahrain's real GDP is projected to grow by 2.7% in 2025, driven by a 3.4% increase in non-oil activities across multiple sectors. Looking forward to 2026, real GDP is expected to grow by 3.3%, with non-oil activities projected to expand by 3.9%. However, ongoing global uncertainties and rising geopolitical tensions may necessitate periodic revisions to economic forecasts.

Key Economic Indicators				
	2023 Actual	2024 Preliminary	2025 Forecast	2026 Forecast
Real GDP growth	3.9%	2.6%	2.7%	3.3%
Non-oil activities	5.0%	3.7%	3.4%	3.9%
Oil activities	-2.0%	-3.3%	-1.6%	-0.4%
Nominal GDP growth	-0.6%	2.0%	2.0%	4.2%
CPI	0.1%	0.9%	1.5%	2.0%
Current account (% of GDP)	5.8%	4.8%	4.9%	5.3%

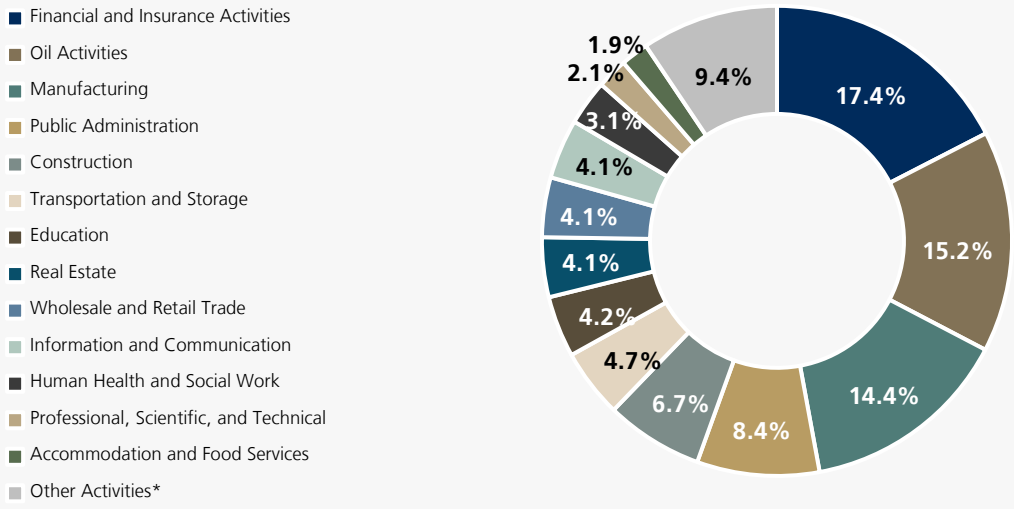
Source: Ministry of Finance and National Economy

Non-oil Activities

Non-oil activities remained the primary driver of Bahrain's economic growth in Q1 2025, contributing 84.8% to real GDP.

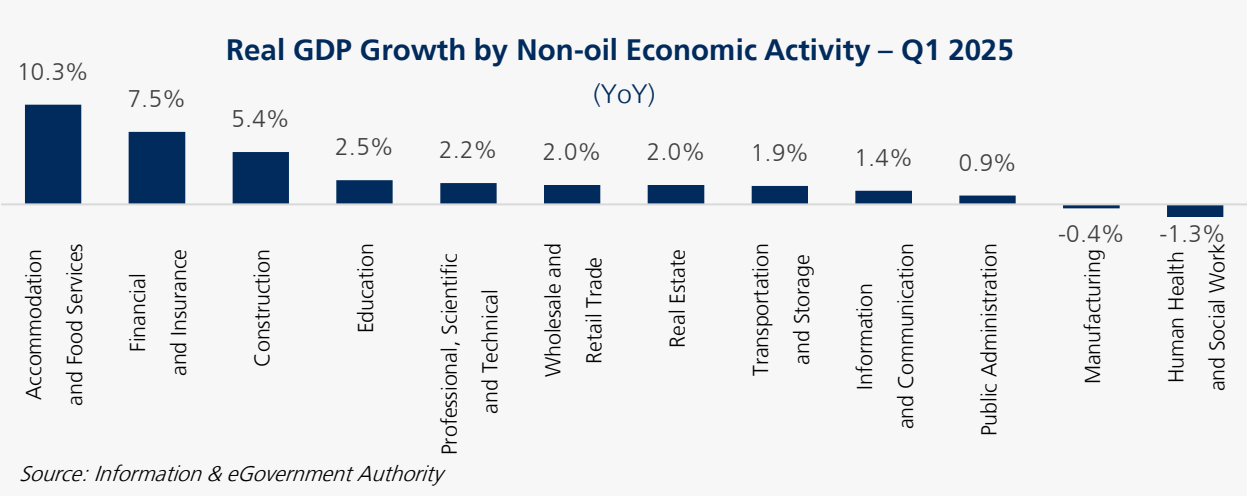
Financial and Insurance activities remained the largest contributor, accounting for 17.4% of real GDP. The manufacturing activity followed, making up 14.4%, while public administration contributed by 8.4%, and construction accounted for 6.7%. Transportation and storage contributed by 4.7%, while education contributed by 4.2% to real GDP. Wholesale and retail trade, real estate activities, and information and communication each contributed by 4.1%. Human health and social work activities added 3.1%, professional, scientific, and technical services contributed by 2.1%, and accommodation and food services accounted for 1.9%.

Economic Activities Contribution to Real GDP – Q1 2025



**Includes agriculture, forestry and fishing, electricity and gas supply, water supply and waste management and remediation activities, administrative and support service activities, arts, entertainment and recreation, activities of households as employers, net taxes on products, other mining and quarrying, and other service activities.*

Source: Information & eGovernment Authority



Source: Information & eGovernment Authority

Real GDP Growth Rates by Economic Activity
(YoY)

Year	2024					2025
Activity	Q1	Q2	Q3	Q4	Annual	Q1
Financial and Insurance Activities	6.4%	0.9%	5.8%	4.8%	4.4%	7.5%
Manufacturing	3.4%	1.2%	6.2%	7.0%	4.5%	-0.4%
Public Administration	-0.3%	-0.6%	5.9%	4.7%	2.4%	0.9%
Construction	-0.6%	0.1%	7.0%	6.8%	3.3%	5.4%
Transportation and Storage	1.3%	6.8%	-0.2%	11.0%	4.9%	1.9%
Education	6.3%	4.9%	2.6%	-2.7%	2.7%	2.5%
Real Estate	2.1%	1.9%	-0.3%	0.9%	1.1%	2.0%
Wholesale and Retail Trade	5.7%	1.6%	2.1%	2.1%	2.8%	2.0%
Information and Communication	9.9%	15.1%	11.9%	12.4%	12.3%	1.4%
Human Health and Social Work	5.5%	-1.0%	-9.5%	-2.5%	-1.8%	-1.3%
Professional, Scientific and Technical	9.5%	15.1%	13.8%	0.6%	9.5%	2.2%
Accommodation and Food Services	10.7%	10.6%	-3.4%	6.1%	5.9%	10.3%
Other	-4.6%	0.8%	5.9%	2.1%	1.0%	-3.4%
GDP	**3.1%**	**1.0%**	**2.9%**	**3.4%**	**2.6%**	**2.7%**
Non-oil GDP	3.0%	2.4%	4.8%	4.6%	3.7%	2.2%
Oil GDP	4.1%	-5.8%	-7.2%	-3.4%	-3.3%	5.3%

Source: Information & eGovernment Authority

According to the preliminary estimates, non-oil activities maintained a growth of 2.2% YoY in real terms during Q1 2025. Below is the performance of the main economic activities:

Accommodation and Food Services

Accommodation and food services activities recorded a growth of 10.3% YoY in Q1 2025. According to the tourism survey conducted by the Information and eGovernment Authority and the Bahrain Tourism and Exhibition Authority, the number of overnight visitors increased by 8.6% YoY, reaching 1.7Mn visitors. In addition, the average daily spending per visitor rose by 1.1% during Q1 2025.

Financial and Insurance Activities

Financial and Insurance activities remained the largest contributor to GDP, marking a solid growth of 7.5%. The total value of EFTS (Fawri+, Fawri, and Fawateer) reached BHD 8.7Bn, yielding an increase of 8.4% YoY. The consolidated balance sheet of the banking sector expanded by 4.2%, while total retail loans grew by 4.0% to BHD 12.6Bn in Q1 2025. Deposits from non-bank entities also increased by 3.5%, reflecting continued strength in the financial sector.

Construction

Construction activities grew by 5.4% YoY in Q1 2025, supported by strong performance across key indicators. The preliminary number of building permits issued (excluding demolition permits) in Q1 2025 increased significantly by 44.7% YoY, while total built-up area increased by 15.6%.

Wholesale and Retail Trade

Wholesale and Retail Trade activities grew by 2.0% YoY, supported by a 19.8% increase in company commercial registrations (CCRs). The value of Points of Sale and e-Commerce transactions rose by 14.1% to reach BHD 1.3Bn. On the other hand, individual commercial registration (ICRs) declined by 5.3% YoY in Q1 2025.

Real Estate Activities

Real Estate activities expanded by 2.0% YoY in Q1 2025. According to the Survey and Land Registration Bureau (SLRB), the real estate market remained active, with the total value of real estate transactions reaching BHD 381.6Mn for a total of 2,255 transactions, reflecting demand and general market stability.

Transportation and Storage

Transportation and Storage activities experienced a YoY growth of 1.9% in Q1 2025. As for the ports and maritime navigation sector, commercial licenses for conducting marine transport and storage activities recorded a notable YoY growth of 28.4%, while container throughput at Khalifa Bin Salman Port also rose by 5.1%, totaling 99,377 containers. Meanwhile, aircraft movements fell by 2.8% YoY in Q1 2025.

Information and Communication

Information and Communication activities recorded an annual growth of 1.4% in Q1 2025. According to preliminary statistics by the Telecommunications Regulatory Authority (TRA), the number of mobile subscribers rose to 2.6Mn by the end of Q1 2025, up from 2.5Mn in Q1 2024, recording an annual increase of 3.3%. The number of mobile broadband subscriptions also grew by 4.1%, bringing the total number of subscribers to 2.4Mn. As a result, broadband penetration reached 153% of the total population, marking an annual 6-percentage point increase by the end of Q1 2025.

Manufacturing

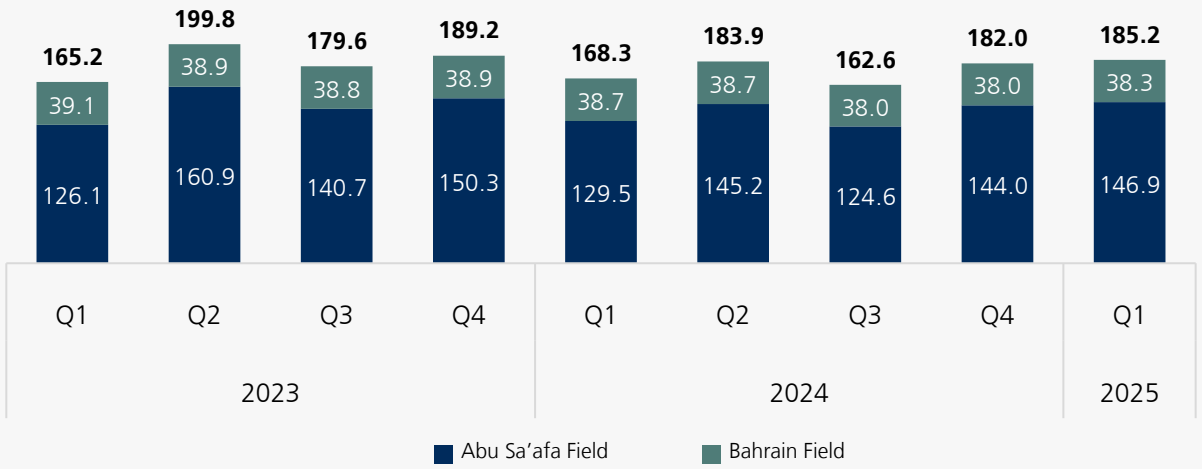
Manufacturing activity saw a modest decline of 0.4% in Q1 2025. Despite this decrease, Bapco Gas reported a notable production increase of 15.2%. However, this growth was offset by a decline in GPIC's production by 1.0%, and Alba's net finished production by 2.2%.

Oil Activities

The contribution of oil activities[1] to real GDP stood at 15.2% in Q1 2025, recording a YoY growth of 5.3% to reach BHD 566.2Mn. In current prices, the sector grew by 4.6% YoY, amounting BHD 621.6Mn. Meanwhile, the average price of Brent crude declined by 8.4% to USD 75.9 per barrel in Q1 2025, down from approximately USD 82.9 per barrel in Q1 2024.

Bahrain's Average Crude Oil Production

(Thousands bpd)



Source: Ministry of Oil and Environment

During Q1 2025, the daily average oil production from the offshore Abu Sa'afa field rose by 13.4% YoY reaching 146,922 bpd. Meanwhile, the daily average production at the onshore Bahrain field slightly decreased by 1.2%, averaging 38,298 bpd. Furthermore, natural and associated gas production dropped by 11.2% YoY to reach 197,657Mn cubic feet.

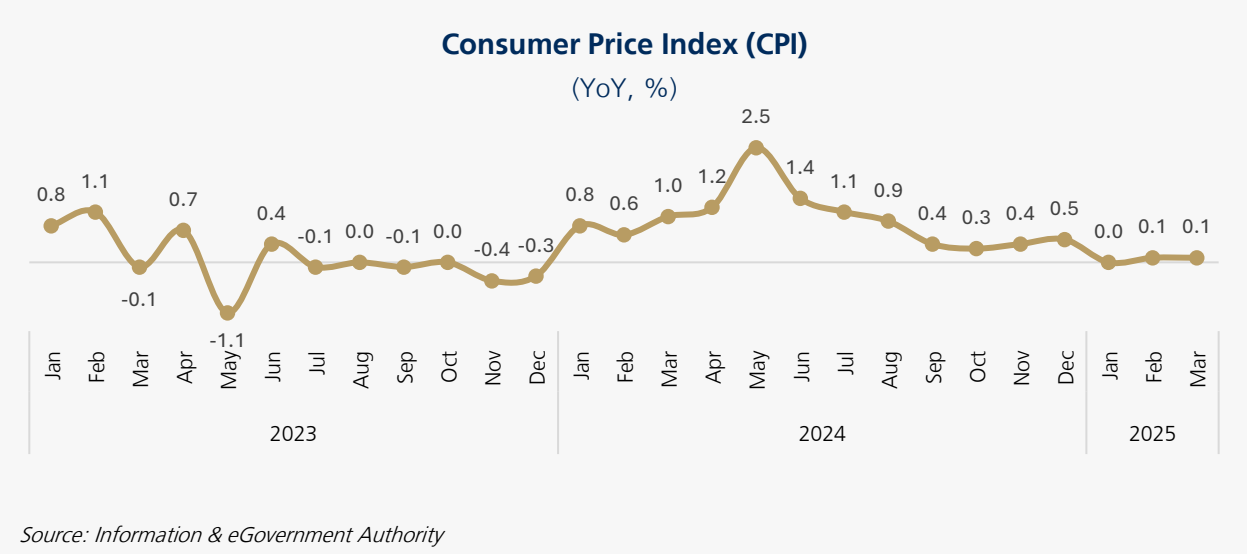
[1] The Information and eGovernment Authority revised the methodology for calculating oil activities by incorporating mining support service activities alongside the extraction of crude petroleum and natural gas activities, leading to a higher contribution of oil activities to the GDP.

Consumer Price Index (CPI)

According to the data released by the Information and eGovernment Authority, the headline CPI remained relatively stable, recording a YoY increase of only 0.1% during Q1 2025. The relative price stability reflects the Government of Bahrain's proactive efforts to mitigate global supply chain disruptions.

At the consumer basket level, the "Health" group rose by 5.3% YoY in Q1 2025, followed by a 3.9% increase in the "Transport" group, and a 3.0% in the "Communication" group. Additionally, the "Restaurants and Hotels" group saw a 2.8% increase, while the "Education" group rose by 0.7%.

In contrast, several groups experienced price declines during Q1 2025. The "Recreation and Culture" group fell by 8.1% YoY. This was followed by a 6.3% decrease in the "Clothing and Footwear" group, largely due to the increase in demand elasticity, and the availability of digital alternatives. Prices of the largest contributor to the consumer basket, the "Housing, Water, Electricity, Gas, and Other Fuels" group which represents 25% of consumer spending, dropped by 1.9%. The "Furniture and Household Equipment" group decreased by 1.5%, while the "Food and Non-Alcoholic Beverages" group fell by 1.4%, reflecting improved supply conditions and ongoing market balance.



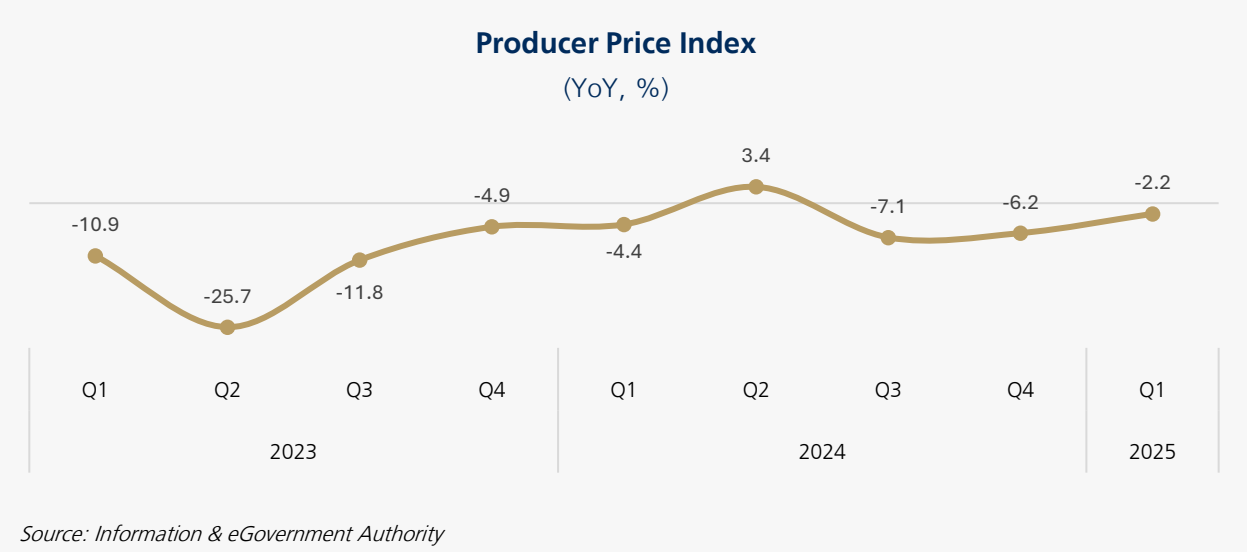
Source: Information & eGovernment Authority

Producer Price Index (PPI)

According to the preliminary data released by the Information and eGovernment Authority, Bahrain's PPI recorded a decrease by 2.2% YoY in Q1 2025.

This decline was primarily driven by an 8.0% drop in the prices of the Mining and Quarrying, which was attributed to the decline in crude oil and natural gas extraction prices amid fluctuations in global oil prices. Similarly, prices related to Manufacturing decreased by 0.6%, largely due to significant reductions of 5.6% in the prices of coke and refined petroleum products. In contrast, Manufacture of Basic Metals witnessed an 8.3% YoY increase, driven by rising production prices for Basic Precious and Other Non-Ferrous Metals.

Meanwhile, the prices of the Water Supply, Sewerage, Waste Management and Remediation activities remained stable, recording no YoY change, which reflects a continued balance in the cost of essential services. On the other hand, the Electricity, Gas, Steam and Air Conditioning Supply Activity registered a slight increase of 0.2% YoY in Q1 2025.



Source: Information & eGovernment Authority

Development Projects

Priority development projects continued to advance in 2025, with key updates below:

Industrial Projects

In June 2025, the Kingdom of Bahrain launched the "Food Park" project and introduced the Bahrain Food Holding Company's new strategy to support of the Kingdom's food security efforts. This initiative aims to boost local production, foster innovation, and create an integrated, sustainable food system to ensure long-term resource sustainability.

Real Estate Projects

Binaa Al Bahrain, established under a strategic partnership valued at USD 4Bn with Eagle Hills and key investors, announced the launch of its residential project "Bayview" in Bahrain Bay in May 2025, and opened its first sales center in June 2025.

Tourism Projects

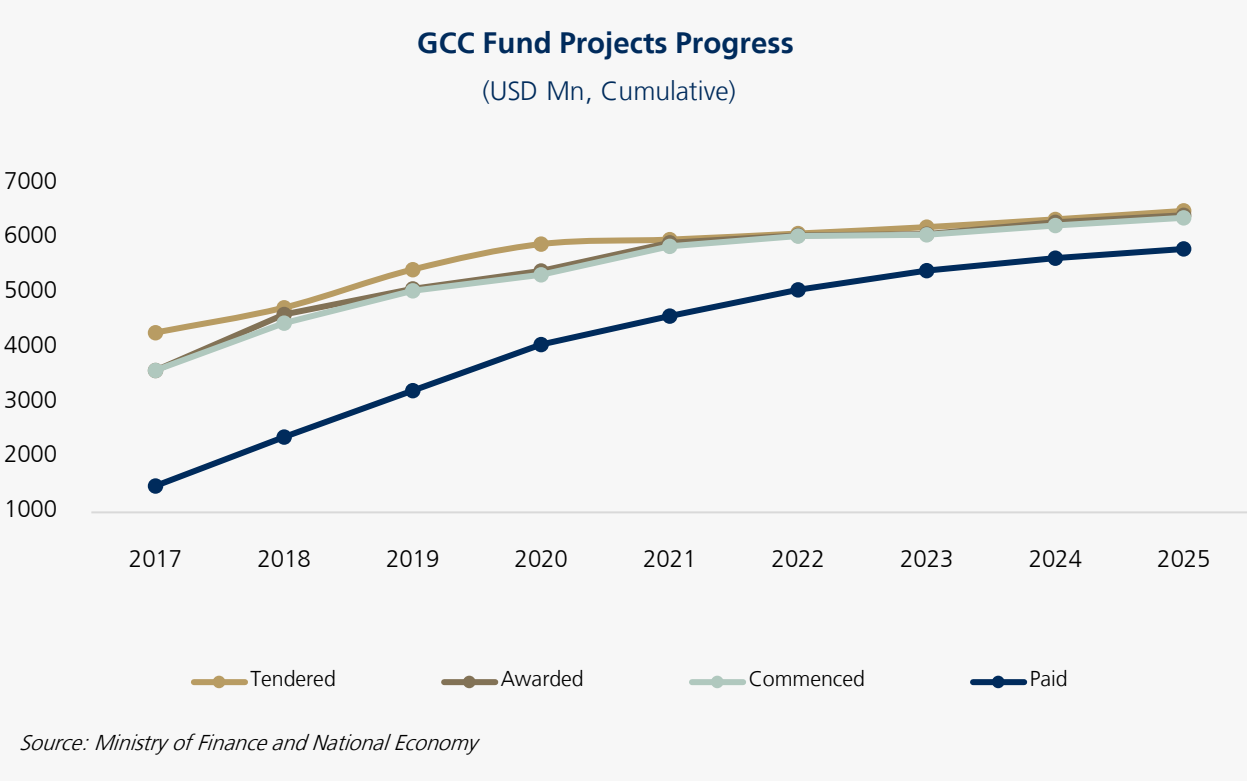
Masar Group launched Bahrain's first maritime public transport service, the Water Taxi project. Using locally manufactured, air-conditioned boats seating up to 28 passengers, the service connects six key coastal stations. Bookings are available through the Masar app, which supports multiple payment methods. The project aims to improve Bahrain's transport infrastructure and support its development as a regional tourism and logistics hub.

Educational Projects

Bahrain Polytechnic and Naseej, announced in June 2025 the signing of an agreement to establish a new branch for Bahrain Polytechnic in "Canal View" at Dilmunia Island. This branch marks the college's first presence in Muharraq Governorate, with a total area of 995 Sqm. The new campus will focus on offering specialized academic programs that meet local market needs and contribute to building the technical and professional capabilities of Bahraini youth.

GCC Development Fund Projects

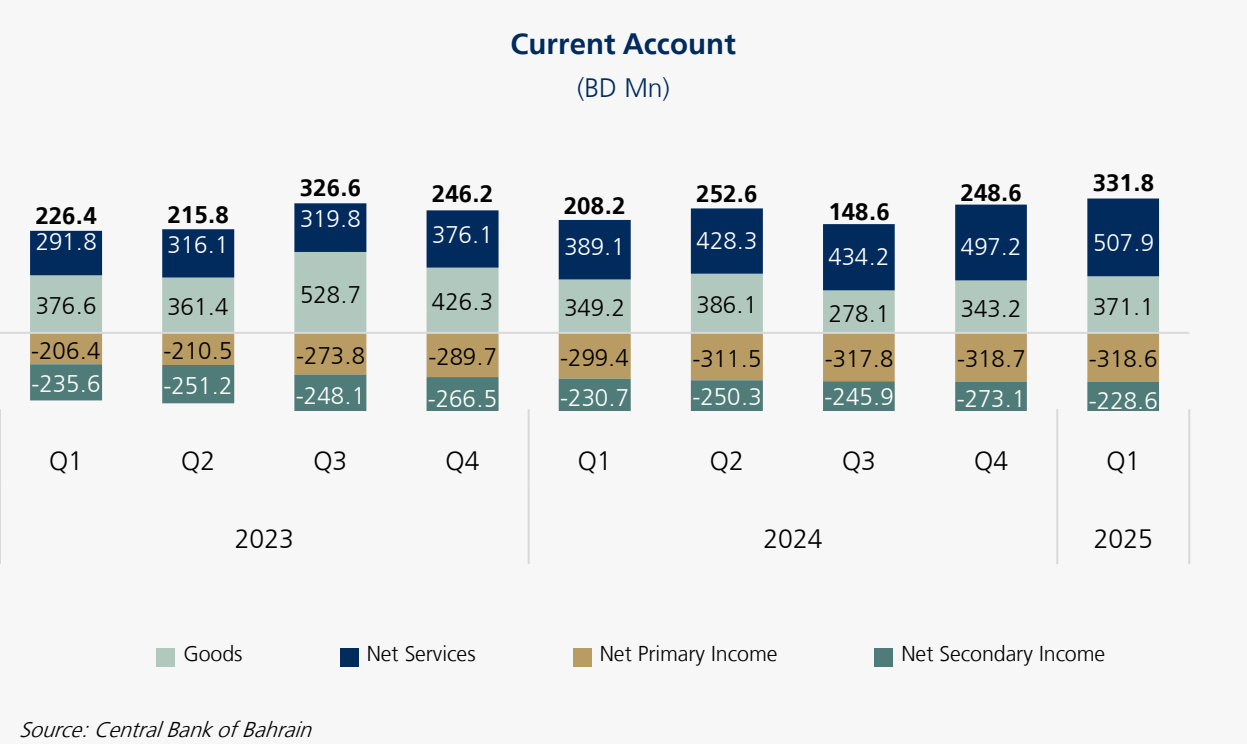
Progress was made on major development projects funded by the GCC Development Fund. Over USD 61Mn worth of projects were awarded during Q1 2025, bringing the total value of awarded projects to approximately USD 6.4Bn, marking a 3.7% YoY increase. Amounts were awarded in Q1 2025 for packages associated with the Madinat Salman Housing Project, the Long Stay Care Centre in Muharraq, and the Shamil Center in A'ali.



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 Kingdom continued to register a current account surplus in Q1 2025 at BHD 331.8Mn, notably increasing by 59.4% from the surplus of BHD 208.2Mn in Q1 2024. As a result, the current account balance as a share of nominal GDP stood at 7.5% in Q1 2025.



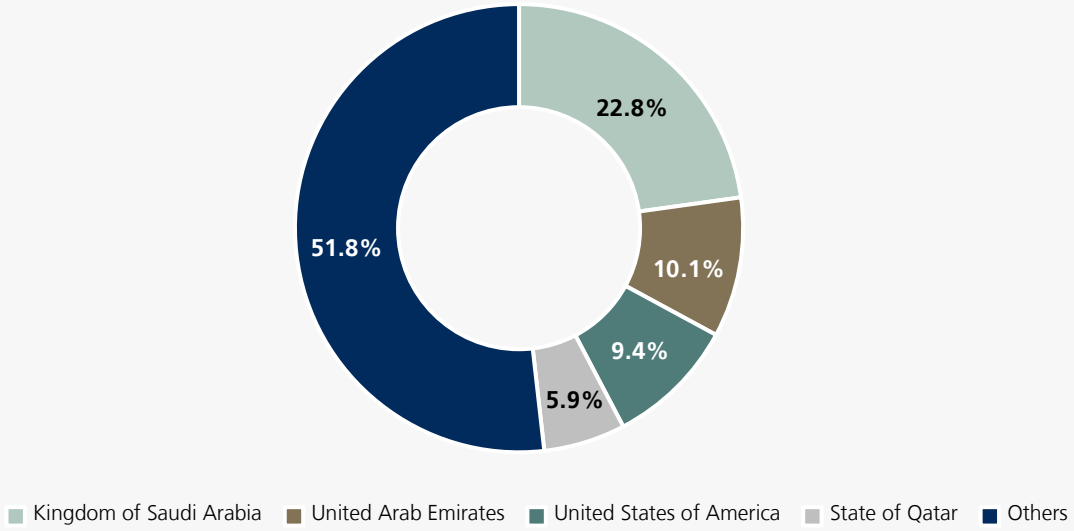
Source: Central Bank of Bahrain

The total value of goods exports decreased by 2.5% YoY in Q1 2025, reaching BHD 2,303.7Mn. This decrease was primarily driven by a 5.0% drop in the value of oil exports, which amounted to BHD 1,083.5Mn. The value of Non-oil exports increased by 0.3% in Q1 2025, reaching BHD 1,220.2Mn.

According to foreign trade statistics released by the Information and e-Government Authority, base metals and basic metal products were the most significant exports from the Kingdom, accounting for 57% of total non-oil exports of national origin. Mineral products ranked second, contributing 17% of total exports, followed by chemicals, which accounted for 8% of national-origin exports.

In terms of trade partners, the Kingdom of Saudi Arabia remained the top trading partner for non-oil national-origin exports, representing 22.8% of the total value, followed by the United Arab Emirates at 10.1%, the United States of America at 9.4%, and the state of Qatar at 5.9%.

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

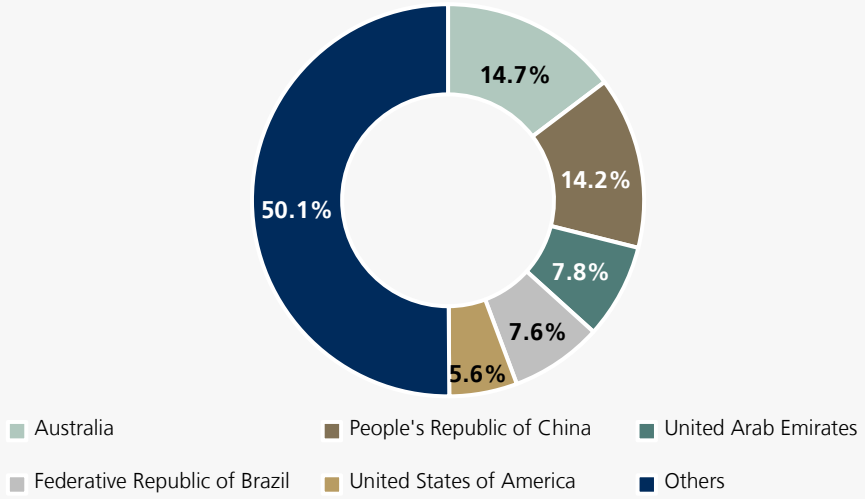


Source: Information & eGovernment Authority

On the other hand, the total value of goods imported decreased by 4.1% YoY, reaching BHD 1,932.6Mn. Among imported goods, chemicals held the largest share, constituting 21.9% of total imports, followed by mechanical and electrical equipment at 18.8%, and mineral products at 10.8%.

As for trading partners in terms of imports, Australia accounted for 14.7%, and The People's Republic of China for 14.2% of the total imports. The United Arab Emirates and the Federative Republic of Brazil followed with 7.8% and 7.6%, respectively, while the United States of America accounted for 5.6%.

Contribution Rate of the Top Non-Oil Imports Partners

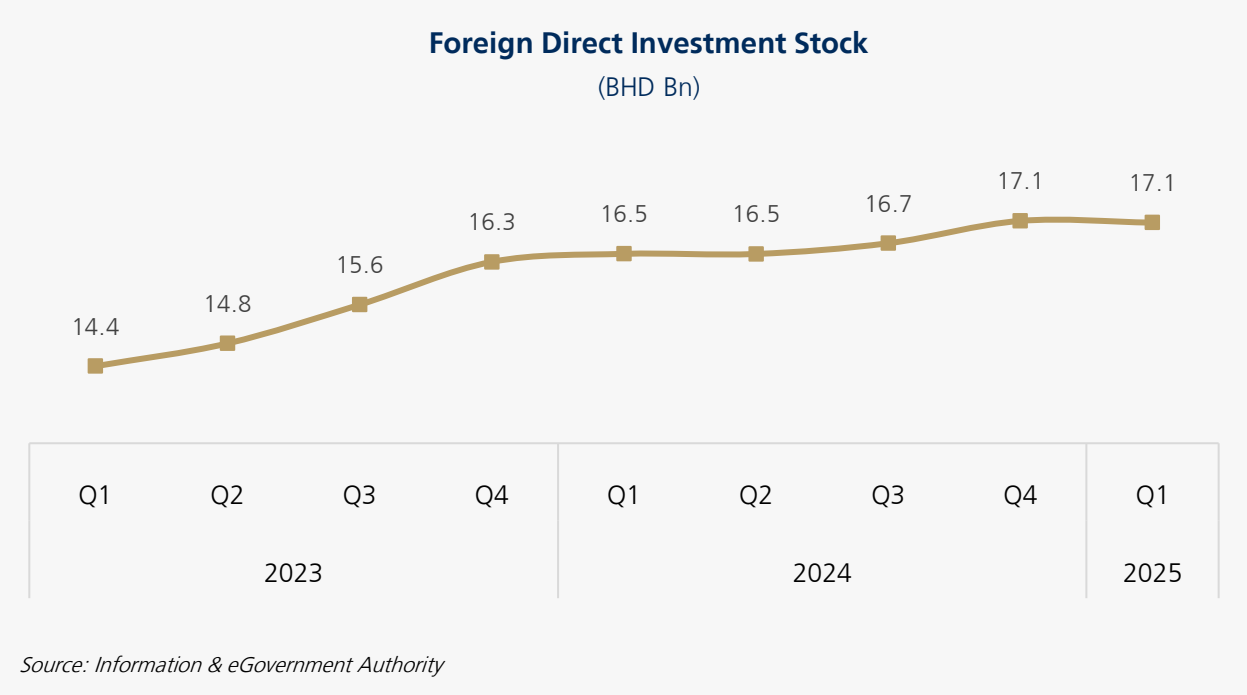


Source: Information & eGovernment Authority

As for the other current account components, the net value of services exports rose by 30.5% YoY to a total of BHD 507.9Mn. Furthermore, the net value of primary income increased by 6.4% YoY to a total of BHD 318.6Mn. By contrast, workers' remittances transfers declined by 0.9% to total of BHD 228.6Mn.

Foreign Direct Investment (FDI)

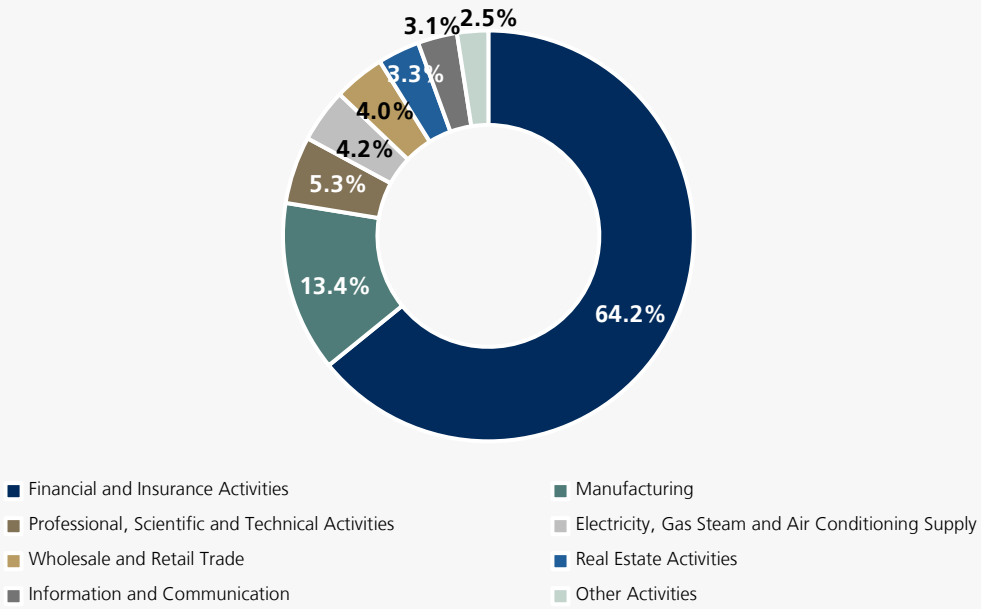
According to the preliminary results of the FDI survey conducted by the Information and eGovernment Authority in collaboration with the Central Bank of Bahrain, inward investments into the Kingdom of Bahrain increased by 3.5% YoY in Q1 2025, reaching 17.1Bn, up from BHD 16.5Bn in Q1 2024.



Source: Information & eGovernment Authority

In terms of economic activities, Financial and Insurance Services continued to have the largest contribution to total inward FDI stock by approximately 64.2%, reaching a total of BHD 11.0Bn in Q1 2025, reflecting a 4.7% YoY growth. Manufacturing ranked second, contributing 13.4% of total inward FDI stock at BHD 2.3Bn, recording an increase of 1.3% YoY. Meanwhile, Professional, Scientific and Technical Activities recorded a 0.9% YoY decline, reaching a total of BHD 0.9Bn.

Contribution of Economic Activities in the FDI Stock



Source: Information & eGovernment Authority

In terms of investment origins, Kuwait ranked first with investments of BHD 6Bn, contributing 35% of total FDI stock. The Kingdom of Saudi Arabia followed with investments of BHD 3.7Bn, contributing 22.1% of total FDI stock. The United Arab Emirates ranked third, with an investment value of BHD 1.7Bn, contributing 9.8% of total FDI stock.

Labor Market

According to the preliminary data released by the Social Insurance Organization of Q1 2025, the total number of Bahrainis registered in the public and private sectors increased by 0.5% QoQ, reaching 155,596 Bahraini workers. The total number of Bahrainis employed in the public sector reached 51,138 workers, an increase by 0.5% QoQ, while the total number of Bahrainis employed in the private sector increased by 0.5% QoQ, to reach 104,458 workers, accounting for 67.1% of the total Bahrainis registered. Additionally, Bahraini women represented 42.2% of the total Bahraini registered workers, reaching a total of 65,710. On the other hand, the total number of non-Bahraini workers registered in the private sector reached 470,145, showing an increase of 0.5% QoQ.

Number of Bahraini Employees per Sector

(Thousands Bahraini Contributor)

Source: Social Insurance Organization

In Q1 2025, the average monthly wages of Bahrainis in the private sector increased by 3.3% QoQ, reaching BHD 881. On the other hand, the average monthly wage for Bahrainis in the public sector decreased slightly by 0.1% QoQ to BHD 974. For non-Bahrainis, the average monthly wage decreased by 0.7% QoQ, reaching BHD 271.

As for the monthly median wage in Q1 2025, it remained steady QoQ at BHD 500 for Bahrainis working in the private sector. On the other hand, the monthly median wage for Bahrainis in the public sector decreased by 0.1% QoQ to reach BHD 813.

Moreover, the median monthly wage for Bahraini females in the public sector reached BHD 818, comparing to BHD 787 for Bahraini males. In contrast, the median monthly wage for Bahraini females in the private sector stood at BHD 500. Meanwhile, the average monthly wage for Bahraini females amounted to BHD 938 in the public sector and BHD 719 in the private sector.

As for the progress of the two annual targets for employment and training, 24% of the annual target to employ 25,000 Bahrainis annually and 25% of the annual target to have 8,000 Bahrainis enter the labor market had been achieved by the end of Q1 2025. Regarding training, 28% of the annual target to train 15,000 Bahrainis annually had been achieved. These results reflect the agreements reached with the Legislative Authority during the discussion of Bahrain's general budget for the 2025–2026 fiscal year, and part of the ongoing implementation of the National Labor Market Plan (2023-2026).

Monetary Policy and Financial Sector Development

3.9%

YoY growth was recorded in broad money and government deposits (M3)

4.0%

YoY increase in total loans extended by retail banks during Q1 2025

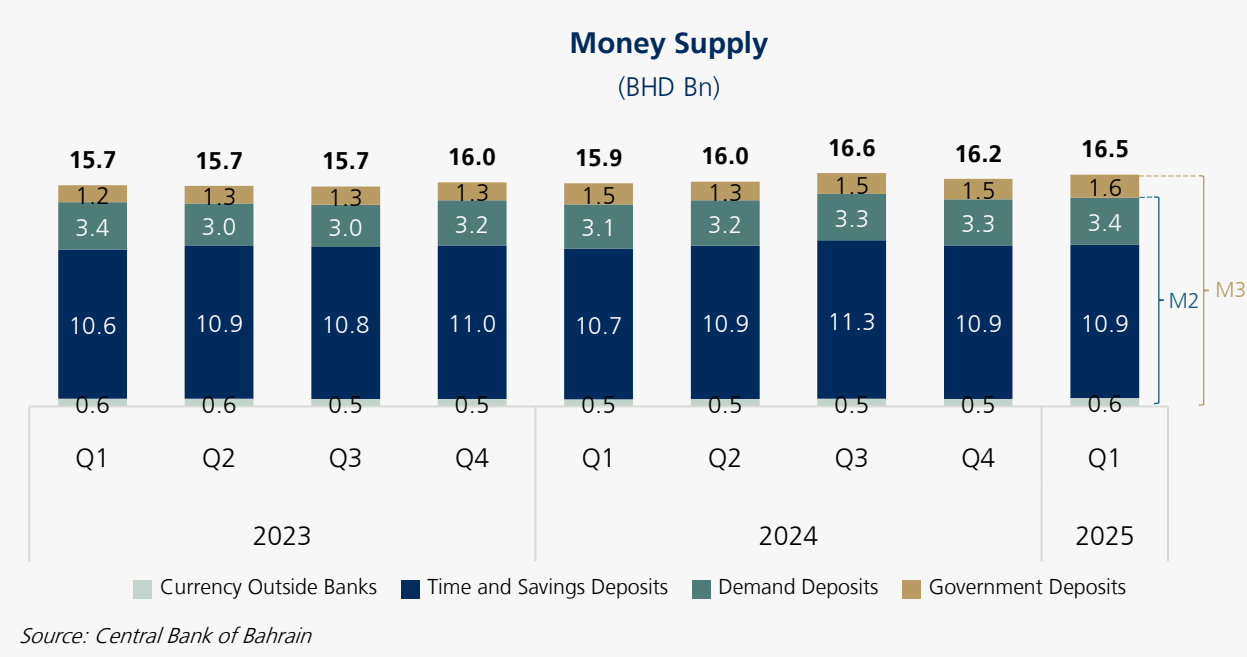
%3.5

YoY rise in total non-bank deposits in both Bahraini Dinars and foreign currencies in Q1 2025

Money Supply

The Central Bank of Bahrain recorded a 19.2% YoY growth in the monetary base (M0), reaching BHD 6.1Bn in Q1 2025, up from BHD 5.1Bn in Q1 2024. This increase coincided with lower interest rates, which encouraged borrowing and investment, thereby supporting economic activity.

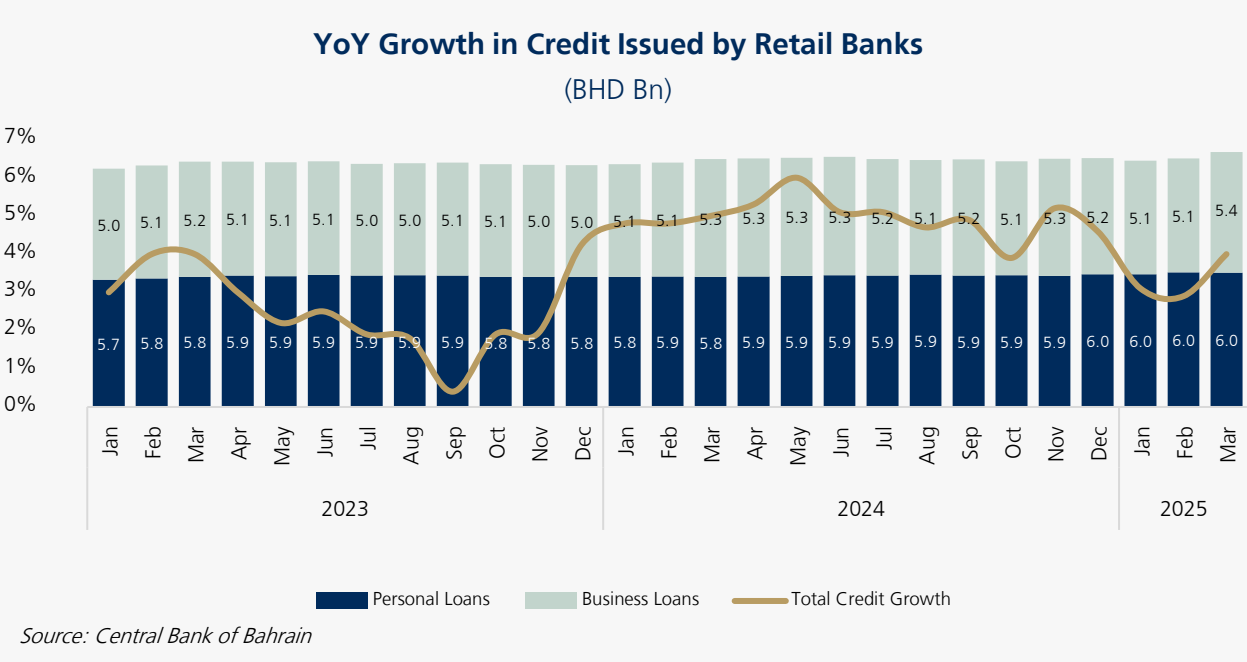
As for the narrow money (M1), which includes currency outside the banks and private sector demand deposits in Bahraini Dinars, it showed an increase of 8.3% YoY, reaching BHD 3.0Bn. Broad money (SQM) saw a moderate rise of 3.3% YoY, reaching BHD 14.9Bn in comparison to BHD 14.4Bn in Q1 2024. Additionally, broad money and government deposits (M3), amounted to BHD 16.5Bn up from BHD 15.9Bn in Q1 2024, showing a YoY growth of 3.9%.



Source: Central Bank of Bahrain

Bank Credit and Deposits

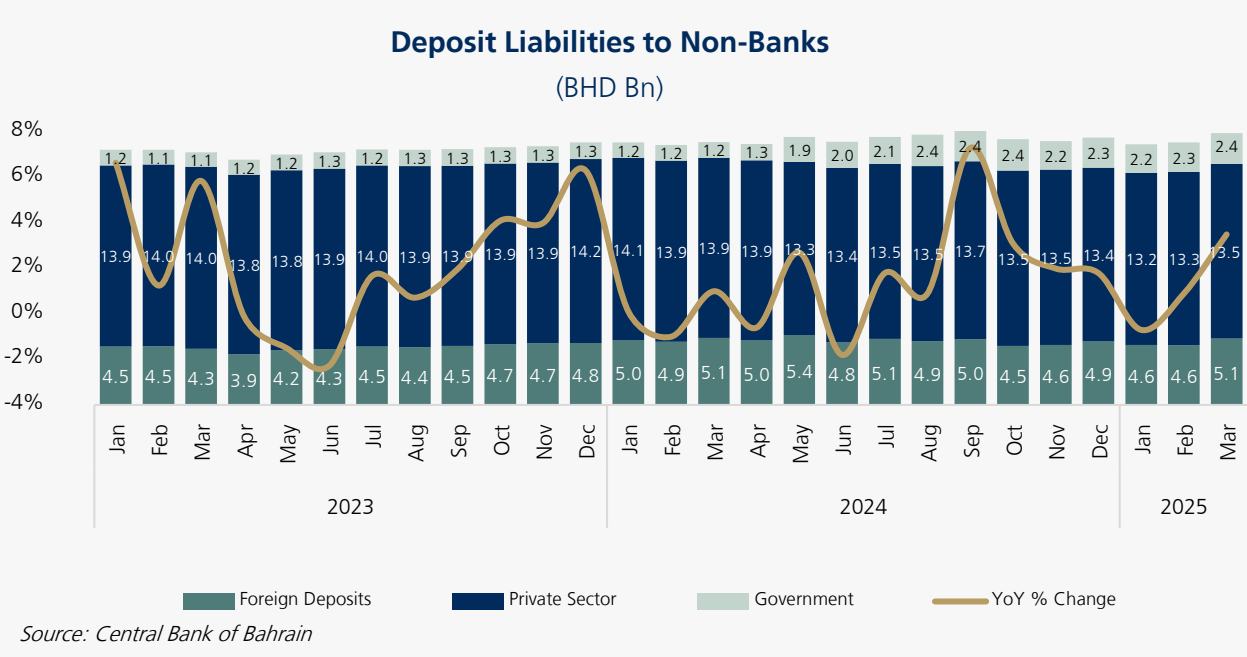
Total loans provided by retail banks during Q1 2025 increased by 4.0% YoY, amounting to approximately BHD 12.6Bn. Personal loans comprised 47.7% of total loans, accounting for the largest share of total loans. These loans reflected a YoY increase of 3.1%, reaching BHD 6.0Bn in Q1 2025, in comparison to 5.8Bn in Q1 2024. Loans provided to the business sector comprised 43.0% of total loans and grew by 2.6% YoY, amounting to BHD 5.4Bn in comparison to BHD 5.3Bn in Q1 2024. On the other hand, loans provided to the government sector grew by 16.0% YoY at a value of BHD 1.2Bn in Q1 2025, up from BHD 1.0Bn in Q1 2024.



Source: Central Bank of Bahrain

The total value of deposits to non-banks in both Bahraini Dinars and foreign currencies grew by 3.5% YoY in Q1 2025, reaching approximately BHD 20.9Bn. Domestic deposits comprised 75.6% of total deposits, valued at BHD 15.8Bn, reflecting a 5.0% YoY growth. This includes private sector deposits amounting BHD 14.3Bn, which recorded a 2.8% YoY growth, as well as the government sector deposits totaling BHD 1.5Bn, achieving a YoY growth of 29.7%.

As for foreign deposits, which accounted for 24.4% of total deposits to non-banks in Bahraini Dinars and foreign currencies during Q1 2025, it experienced a slight decline of 1.0% YoY reaching BHD 5.1Bn.



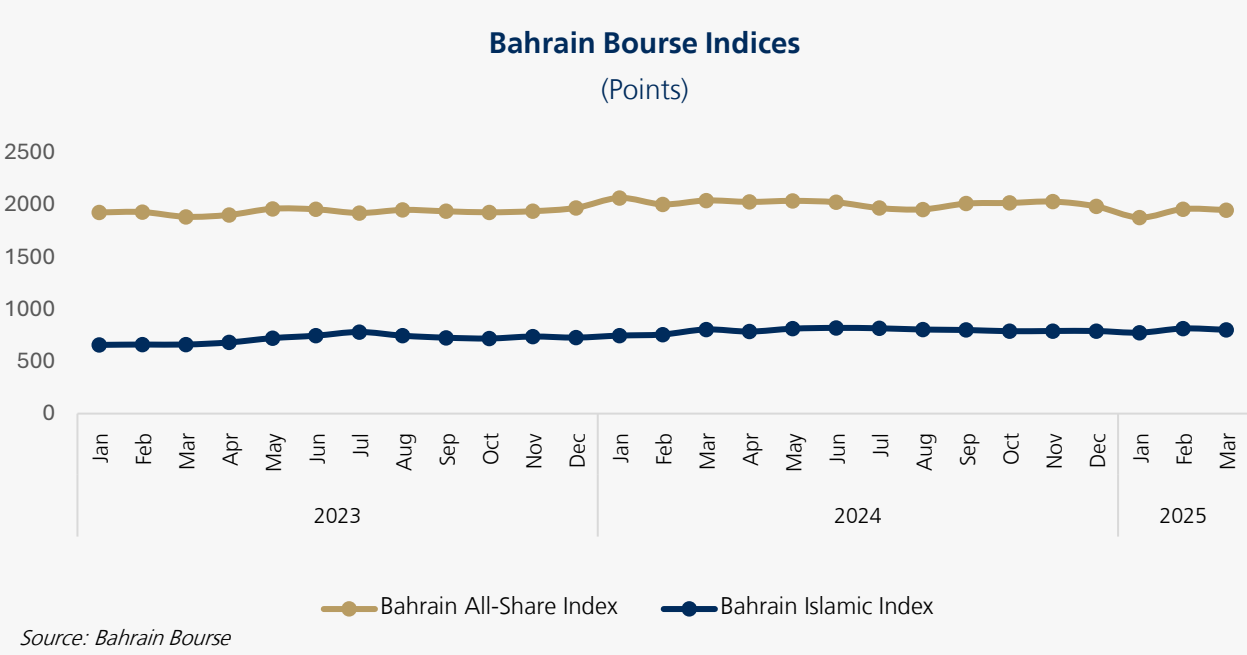
Source: Central Bank of Bahrain

Capital Market

According to Bahrain Bourse Quarterly Trading Bulletin, the Bahrain All Share Index closed at 1,951.37 points in Q1 2025, recording a decrease of 4.5% YoY, compared to 2,042.67 in Q1 2024. Meanwhile, the Bahrain Islamic index closed at 803.29 points in Q1 2025, lower than 806.78 in Q1 2024, showing a slight decrease of 0.4% YoY.

By the end of Q1 2025, the total market capitalization of the Bahrain Bourse reached BHD 7.6Bn, in comparison to BHD 8.1Bn at the end of Q1 2024, recording a decrease of 6.4% YoY. In a related context, the market capitalization of Aluminum Bahrain (Alba), the largest listed company on the Bahrain Bourse with a 21.0% share of the market capitalization, decreased from BHD 1.7Bn at the end of Q1 2024 to BHD 1.6Bn at the end of Q1 2025, declining by 8.2% YoY. This was influenced by the decision to raise US tariff rates on aluminum imports from 10% to 25% in February 2025.

As for the total value of shares traded, it witnessed an increase of 392.3% YoY, reaching BHD 418.3Mn in Q1 2025, reflecting Bahrain Bourse's commitment to creating a more efficient trading environment. Notably, the Bahrain Bourse launched an incentive program in February 2025 to revitalize market trading, aimed at providing incentives such as exemptions and discounts for market makers, brokers and liquidity providers to increase activity in Bahrain's trading market. In terms of stock price movements in the Bourse during Q1 2025, the shares prices of 15 companies increased, while the shares of 14 companies declined and 12 companies maintained their prices unchanged.



Source: Bahrain Bourse

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

The Central Bank of Bahrain issued 22 treasury bills and sukuks in Q1 2025, totaling approximately BHD 1.51Bn, of which the highest valued issuance was the Government Development Bond no.38 which was valued at BHD 200Mn. The highest interest rate was 5.72% for Treasury Bills no. 2050 with a 91-day maturity. Additionally, Sukuk Al-Ijara no. 234 recorded the highest over-subscription rate during Q1 2025, at 563%.

Issue date	Issue	Value (BHD Mn)	Maturity (Days)	Average Interest / Profit (%)	Average Price (%)	Over-subscription (%)
01 Jan 2025	Treasury Bills no. 2050	70	91	5.72	98.576	100
02 Jan 2025	Sukuk Al-Ijara no. 233	26	182	5.62	-	246
08 Jan 2025	AlSalam Sukuk no. 285	43	91	5.70	-	121
15 Jan 2025	Treasury Bills no. 2051	70	91	5.56	98.615	200
16 Jan 2025	Treasury Bills no. 124	100	364	5.36	94.863	201
22 Jan 2025	Treasury Bills no. 2052	70	91	5.50	98.630	261
29 Jan 2025	Treasury Bills no. 2054	70	91	5.44	98.644	146
30 Jan 2025	Sukuk Al-Ijara no. 234	26	182	5.40	-	563
05 Feb 2025	Treasury Bills no. 2055	70	91	5.38	98.657	237
12 Feb 2025	AlSalam Sukuk no. 286	43	91	5.38	-	271
19 Feb 2025	Treasury Bills no. 2056	70	91	5.31	98.676	192
20 Feb 2025	Treasury Bills no. 125	100	364	5.26	94.953	113
23 Feb 2025	Treasury Bills no. 2057	35	182	5.39	97.348	147
26 Feb 2025	Treasury Bills no. 2058	70	91	5.25	98.691	186
05 Mar 2025	Treasury Bills no. 2059	70	91	5.20	98.703	215
06 Mar 2025	Sukuk Al-Ijara no. 235	26	182	5.35	-	427
12 Mar 2025	AlSalam Sukuk no. 287	43	91	5.20	-	206
17 Mar 2025	Govt. Development Bonds no.38	200	730	5.625	-	312
19 Mar 2025	Treasury Bills no. 2060	70	91	5.15	98.716	100
20 Mar 2025	Treasury Bills no. 126	100	364	4.88	95.299	197
23 Mar 2025	Treasury Bills no. 2061	35	182	5.28	97.402	234
26 Mar 2025	Treasury Bills no. 2062	70	91	5.27	98.684	100

Source: Central Bank of Bahrain

Bahrain's Global Competitiveness

"Vey High Human Development"

Bahrain maintained its classification among countries, according to the UNDP's Human Development Report

1st Globally

In 11 Indicators in the IMD World Competitiveness Ranking

1st in GCC

In the share of female graduates in fields of STEM indicator, according to the UNDP's Human Development Report

Bahrain continued to showcase its global competitiveness, with the efforts of #Team_Bahrain reflected across key international reports, especially in relation to fostering an enabling environment that supports the growth of start-ups.

Human Development Report 2025

The report measures the state of human development in 193 countries through the Human Development Index (HDI), Gender Development Index (GDI), and Gender Inequality Index (GII), among others

Performance Highlights

- *Maintained its classification as a country with "Very High Human Development"*
- *1st in the GCC and 3rd in the Northern Africa and Western Asia region in terms of female STEM graduates*
- *Attained the 36th position globally out of 193 countries in the overall rank*

World Competitiveness Ranking 2025

The report assesses the competitiveness of 69 countries based on data from both national international organizations, and responses gathered from executive opinion surveys

Performance Highlights

- *Ranked 22nd globally in the overall ranking*
- *Ranked 1st globally across 11 indicators, including Internet Users and National Culture*
- *Ranked within the global top 10 across 74 indicators including Investment Incentives, Skilled Labor, and Tourism Receipts*

Global Startup Ecosystem Index 2025

The index benchmarks startup ecosystems and business environments across 118 countries and 1,473 cities, based on three main measures: Quantity, Quality, and Business Environment

Performance Highlights

- *7th highest annual ecosystem growth rate in the world at 40.1%*
- *Manama's rank improved by 78 spots to 325th out of 1000 cities measured*
- *Manama achieved an annual ecosystem growth rate that exceeds 61%*

Global Startup Ecosystem Report 2025

The report provides insights into the world's leading startup ecosystems, emerging trends, and key challenges facing entrepreneurs covering more than 5Mn companies across 350+ startup ecosystems

Performance Highlights

- *Leads in Regulatory Innovation, pioneering a Cloud First Policy and advanced Fintech regulations*
- *Among the top 10 MENA Ecosystems in both Funding and Performance*
- *Achieved a 13% Ecosystem Value Growth rate, surpassing the global average*

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 Activities	Comprises of crude oil extracted as well as extraction of natural and associated gas.
Non-oil Activities	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.

Term	Description
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. 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.
Professional, Scientific and Technical Activities	Includes activities that require a high degree of training and make specialized knowledge and skills available to users. These include legal and accounting services, management consultancy, architectural and engineering design, scientific research and development, advertising and market research, as well as other professional services such as design.
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

Term	Description
	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.
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.

Term	Description
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.
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.

Term	Description
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)
SQM	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. (SQM + General Government Deposits).
Monetary Survey	It displays the components of M3 in terms of net foreign assets and domestic assets.

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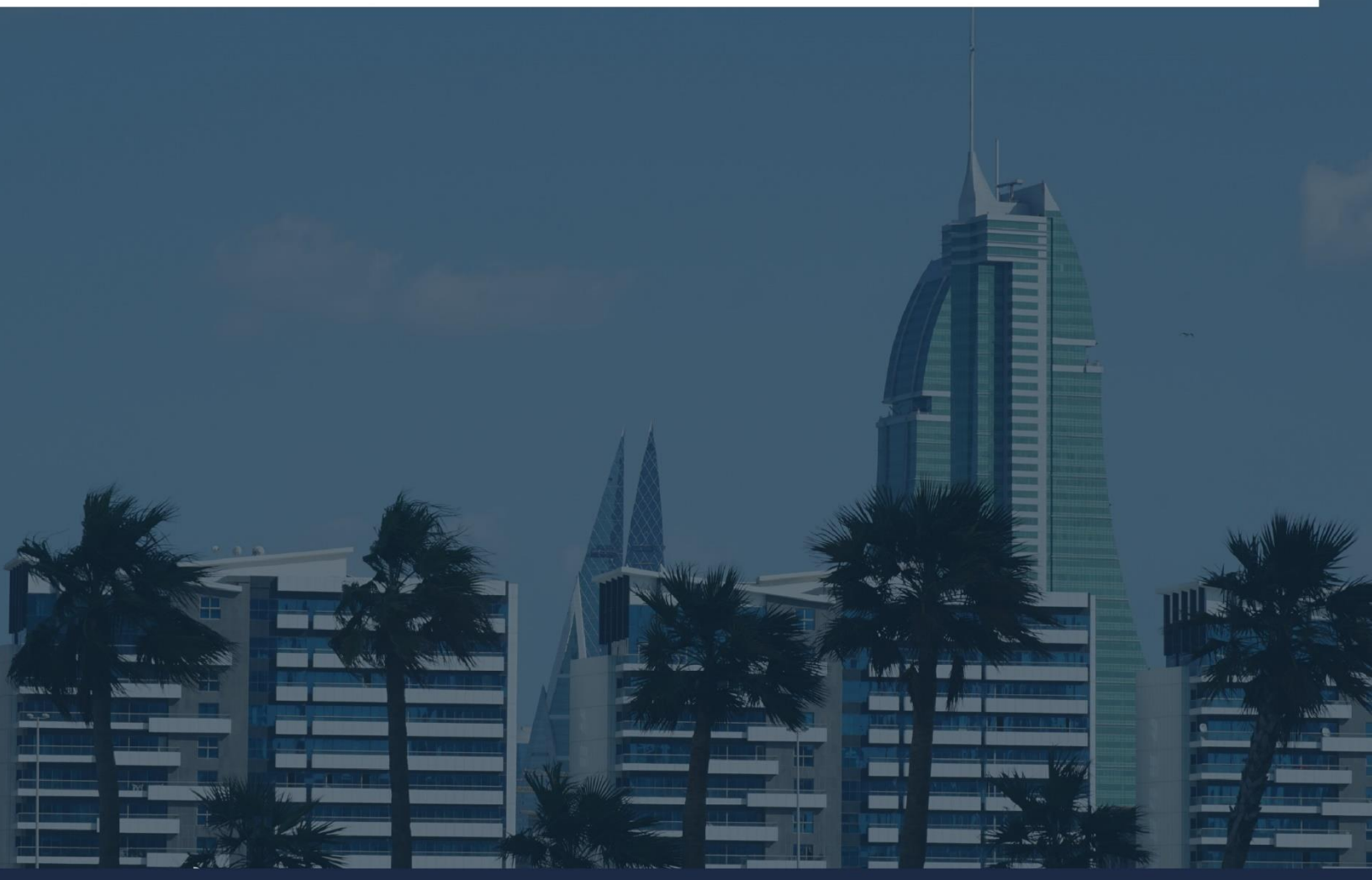
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