



غرفة البحرين
BAHRAIN CHAMBER



Overview of the Local Economy

Q1 2022





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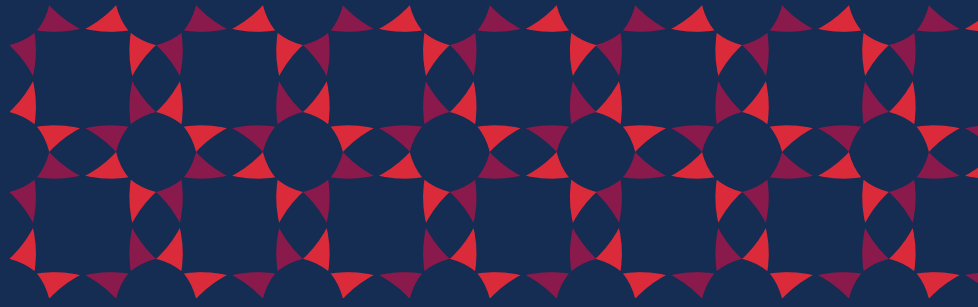
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1

Executive Summary

Bahrain's economy continues to show signs of recovery through an improvement in various economic indicators. Trade between Bahrain and GCC countries grew by 11% in 2021 on an annual basis, after being impacted as a result of the pandemic. In Q4 2021, Saudi Arabia maintained its position as Bahrain's top overall trade partner, and China regained its position as Bahrain's top import partner after being surpassed by Brazil for two quarters. The global tourism industry is recovering due to reduced mobility restrictions and global vaccine rollouts, and Bahrain has recorded a 161% increase in tourism revenue and a 1.7 million increase in visitors in 2021 compared to 2020. Furthermore, the value of POS transactions has increased significantly in 2021 compared to 2020. The esteemed Government's proactive policy-making has been key to this economic recovery. The Bahrain Chamber is eager to continue contributing to the Kingdom's recovery by providing insights to support economic decision-making and producing reports and studies on topics that impact the private sector.



Growth and GDP Contribution of Economic Sectors

- 2.2% real GDP growth in Bahrain in 2021, led by 2.8% growth in non-oil sector.
- 4.3% real GDP growth and 18.44% nominal GDP growth in Bahrain in Q4 2021.
- Hotels and Restaurants sector has the highest real GDP growth rate in 2021 at 7.6%.
- The Finance and Insurance sector is the highest contributor to GDP in Q4 2021 at 17.87%.



Trade Exchange

- 11% increase in volume of trade between Bahrain and GCC countries in 2021 compared to 2020.
- Saudi Arabia remains Bahrain's top trade partner in Q4 2021 with 860 mn USD of trade exchange.
- China regains position as Bahrain's top import market in Q4 2021.
- Saudi Arabia maintains position as Bahrain's top export market in Q4 2021.



Local Economic Outlook

- 161% increase in tourism revenue in 2021 compared to 2020.
- 101% rise in foreign exchange reserves in December 2021 compared to December 2020.
- Decrease in interest rates on business loans in most sectors.
- -0.4% decrease in Consumer Price Index (CPI) in December 2021 compared to December 2020.
- Bahrain All Share Index increases by 20.6% in 2021 compared to 2020.
- Increase in the number of insured Bahrainis in the private and public sectors in Q4 2021 compared to Q4 2020.
- ATM withdrawals decline by 12% in December 2021 compared to the same period in 2020.
- 44% annual increase in the number of POS transactions in December 2021.
- 40% annual increase in the value of POS transactions recorded in December 2021.

- 47% annual increase in number of supermarket transactions in 2021.
- 5% decrease in the number of point-of-sale transactions.
- 64% increase in transfers via Fawri+ in December 2021 compared to December 2020.



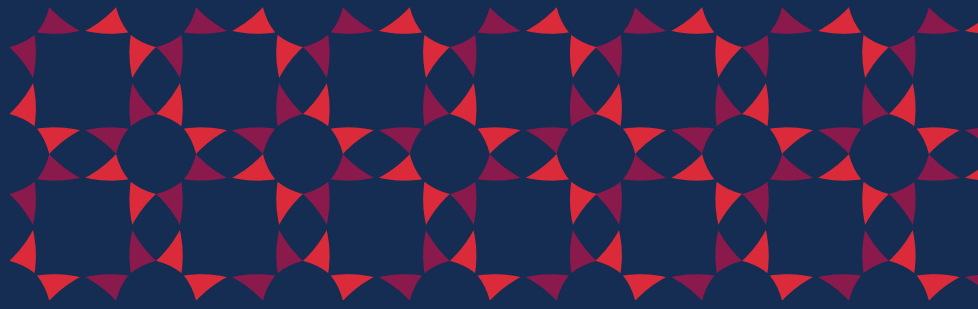
Bahrain's Ranking in Global Indices

- Bahrain has the most competitive cost of living in the GCC.
- Bahrain ranks 15th worldwide in the Agility Emerging Markets Logistics Index 2022.
- Bahrain ranks 78th among the 132 economies featured in the Global Innovation Index 2021.



Global Economic Outlook

- Emerging markets and developing economies are expected to grow by 4.8% in 2022.
- Brent crude oil prices increased by more than 87% in March 2022 compared to March 2021.
- Gold prices increased by 49% from 2018 till 2022.



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Growth and GDP Contribution of Economic Sectors

2.2% real GDP growth in Bahrain in 2021, led by 2.8% growth in non-oil sector

The post-pandemic economic recovery continues in Bahrain, with real GDP growing by 2.2% in 2021 after a contraction of -4.9% in 2020. This was led by a 2.8% growth in the non-oil sector in 2021, which previously declined by -6.0% in 2020. On the other hand, the oil sector recorded a minor decrease from -0.1% in 2020 to -0.3% in 2021.

Real GDP Growth 2019-2021

	Q4 2019	Q4 2020	2021
Real GDP Growth	2.1%	-4.9%	2.2%
Non-Oil Sector	2.1%	-6.0%	2.8%
Oil Sector	2.2%	-0.1%	-0.3%

4.3% real GDP growth and 18.44% nominal GDP growth in Bahrain in Q4 2021

Economic Sector Growth in Q4 – 2021 Compared to Q4 2020

Sector	Growth in Current Prices	Growth in Constant Prices
Agriculture and fishing	-0.06%	10.24%
Mining and quarrying	58.38%	4.78%
Manufacturing	47.18%	1.79%
Electricity and water	8.28%	9.59%
Construction	2.11%	3.14%
Trade	0.02%	2.89%
Hotels and restaurants	39.82%	31.66%
Transport and communication	5.53%	11.54%
Education services (public and private)	2.97%	1.68%

Health services (public and private)	6.93%	7.88%
Social & personal services	13.81%	7.11%
Real estate and business services	2.49%	4.78%
The financial corporations	2.63%	5.15%
Other government services	3.84%	1.03%
GDP	18.44%	4.29%
Oil GDP	64.15%	4.67%
Non-oil GDP	12.99%	4.21%

Source: Information and e-Government Authority, Ministry of Finance and National Economy

In Q4 2021, GDP grew by 4.3% in constant prices and 18.44% in current prices compared to Q4 2020. The oil GDP grew by 4.67% and 64.15% in constant and current prices, respectively. Furthermore, the non-oil GDP grew by 4.21% in constant prices and 12.99% in current prices. The non-oil sector growth was led by a notable rebound in the Hotels and Restaurants and Transport and Communication sectors in Q4 2021. The Hotels and Restaurants sector grew by 31.66% in constant prices and 39.82% in current prices, due to the overall recovery of the tourism sector in 2021. Additionally, the Transport and Communication sector grew by 11.54% and 5.53% in constant and current prices, respectively. The Financial Services sector also witnessed a strong growth of 5.15% in constant prices and 2.63% in current prices.

Hotels and Restaurants sector has the highest real GDP growth rate in 2021 at 7.6%

The Hotels and Restaurants sector has the highest annual growth rate in 2021 among all sectors at 7.6%, followed by Transport and Communication at 6.4% and Financial Corporations at 6.0%. The Hotels and Restaurants sector performed particularly well in Q2 2021 and Q4 2021, with growth rates of 45.2% and 31.7% respectively. The performance of the Transport and Communication sector improved after Q1 2021, and grew by 36.0% in Q2 2021, 25.8% in Q3 2021 and 11.5% in Q4 2021. Furthermore, the Financial Corporations sector witnessed a growth of 10.7% in Q1 2021, 12.4% in Q2 2021 and 5.2% in Q4 2021.

Real GDP Growth by Sector

Sector	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Annual 2021
Crude Oil and Natural Gas	2.1%	-2.3%	-4.6%	4.7%	-0.3%
Manufacturing	-1.9%	2.3%	-0.3%	1.8%	0.5%
Electricity and Water	-4.9%	2.8%	4.4%	9.6%	3.0%
Construction	-0.9%	0.2%	0.7%	3.1%	0.8%
Trade	-6.2%	4.2%	4.5%	2.9%	1.2%
Hotels and Restaurants	-20.4%	45.2%	-5.6%	31.7%	7.6%
Transport and Communication	-26.8%	36.0%	25.8%	11.5%	6.4%
Social and Personal Services	-13.3%	3.2%	4.0%	2.9%	-1.3%
Real Estate and Business Activities	-1.0%	4.7%	4.7%	4.8%	3.3%
Financial Corporations	10.7%	12.4%	-2.7%	5.2%	6.0%
Government Services	1.8%	1.2%	1.9%	3.1%	2.0%
Other	-14.0%	11.2%	23.9%	-0.9%	3.4%

Source: Information and e-Government Authority, Ministry of Finance and National Economy

The Finance and Insurance sector is the highest contributor to GDP in Q4 2021 at 17.87%

The Finance and Insurance sector maintains its position as the top contributor to GDP in Q4 2021 compared to Q4 2020. The Finance and Insurance sector is the largest contributor to GDP in Q4 2021 at 17.87%, followed by Crude Oil and Natural Gas at 17.44% and Manufacturing at 13.89%. The GDP contribution of the Finance and Insurance sector has improved from 16.20% in Q4 2019 to 17.87% in Q4 2021. The GDP contribution of the Hotels and Restaurants sector has also improved from 1.45% in Q4 2020 to 1.83% in Q4 2021, but this is still below its pre-pandemic level of 2.41% in Q4 2019. The Crude Oil and Natural Gas sector has also witnessed an increase in GDP contribution from 17.37% in Q4 2020 to 17.44% in Q4 2021.

Top Contributors to GDP in Q4 2021



Finance and insurance



Crude oil and natural gas

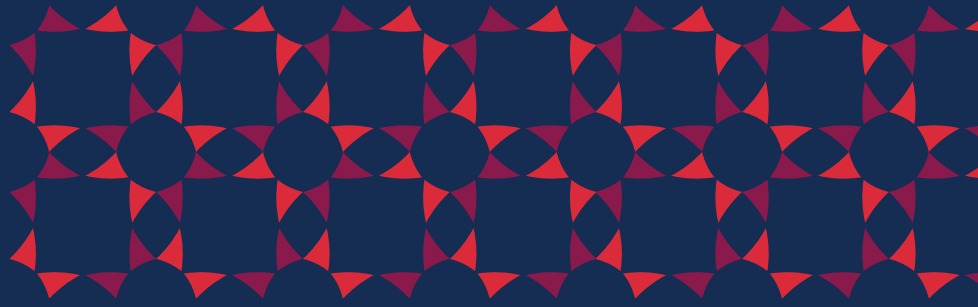


Manufacturing

Real GDP Contribution by Sector

Sector	Q4 2019	Q4 2020	Q4 2021
Finance and insurance	16.20%	17.72%	17.87%
Crude oil and natural gas	18.29%	17.37%	17.44%
Manufacturing	15.07%	14.24%	13.89%
Government services	10.89%	13.12%	12.97%
Construction	7.42%	7.54%	7.46%
Transport and communication	7.74%	6.35%	6.79%
Trade	4.56%	4.29%	4.23%
Hotels and restaurants	2.41%	1.45%	1.83%
Electricity and water	1.10%	1.52%	1.60%

Source: Information and e-Government Authority

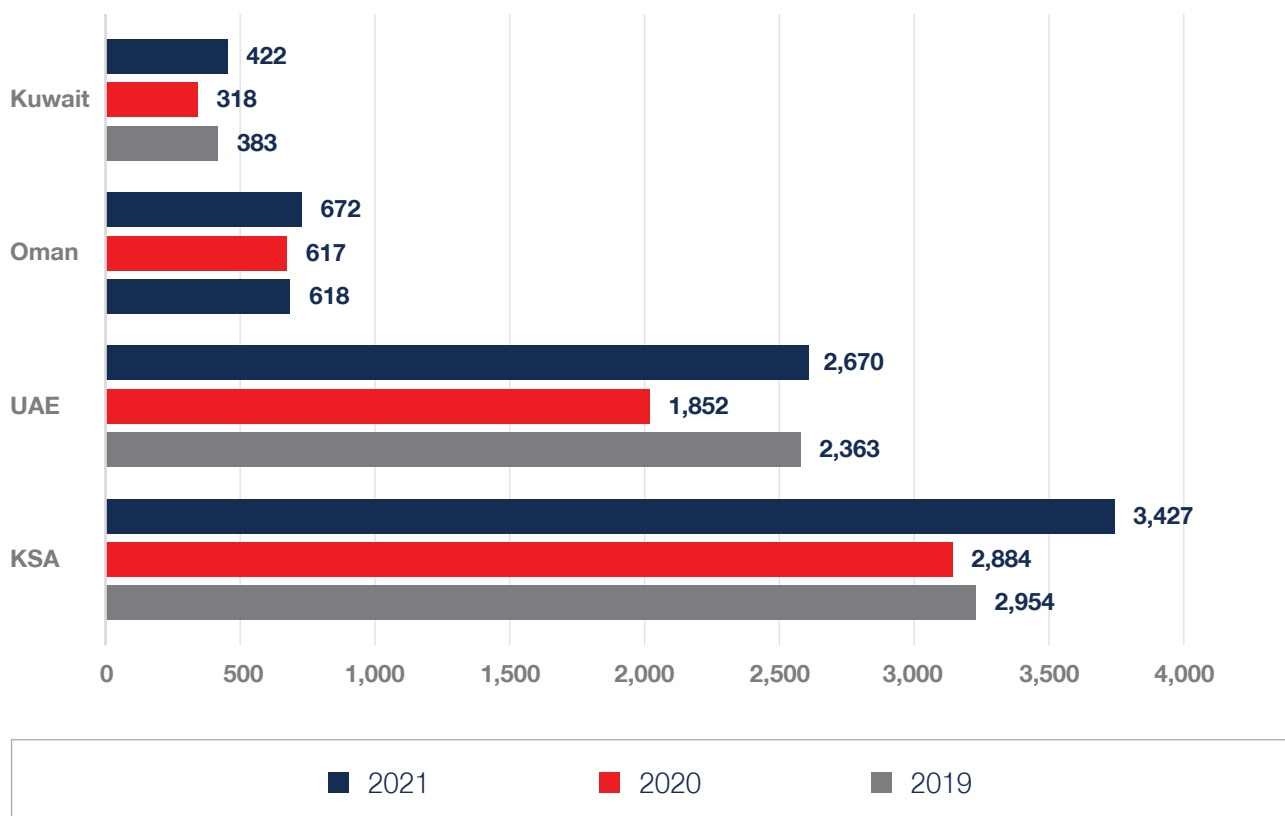


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Trade Exchange

11% increase in volume of trade between Bahrain and GCC countries in 2021 compared to 2020

Volume of Trade between Bahrain and GCC Countries (million USD)



Sector	2019	2020	2021	Percentage Change (2020-2021)
Saudi Arabia	2,954	2,884	3,427	19%
United Arab Emirates	2,363	1,852	2,670	44%
Oman	618	617	672	9%
Kuwait	383	318	422	33%

Source: Information & eGovernment Authority

There is a notable recovery in the volume of trade exchange between Bahrain and all GCC countries in 2021 compared to 2020. Total trade increased by 11% from 5.6 million USD to 6.3 million USD.

Saudi Arabia



Saudi Arabia has the highest volume of trade exchange with Bahrain in 2021, and maintains its position as Bahrain's top trading partner in the GCC. The volume of trade between KSA and Bahrain was 2.88 million USD in 2020 and increased by 19% to 3.42 million USD in 2021.

United Arab Emirates



The United Arab Emirates has the second highest volume of trade exchange with Bahrain among GCC countries in 2021. The volume of trade between the two countries increased by 44% from 1.85 million USD in 2020 to 2.67 million USD in 2021.

Oman



Trade levels between Oman and Bahrain have been somewhat consistent since 2019. There has been a slight increase in the trade exchange by 8.9% from 617 million USD in 2020 to 672 million USD in 2021.

Kuwait

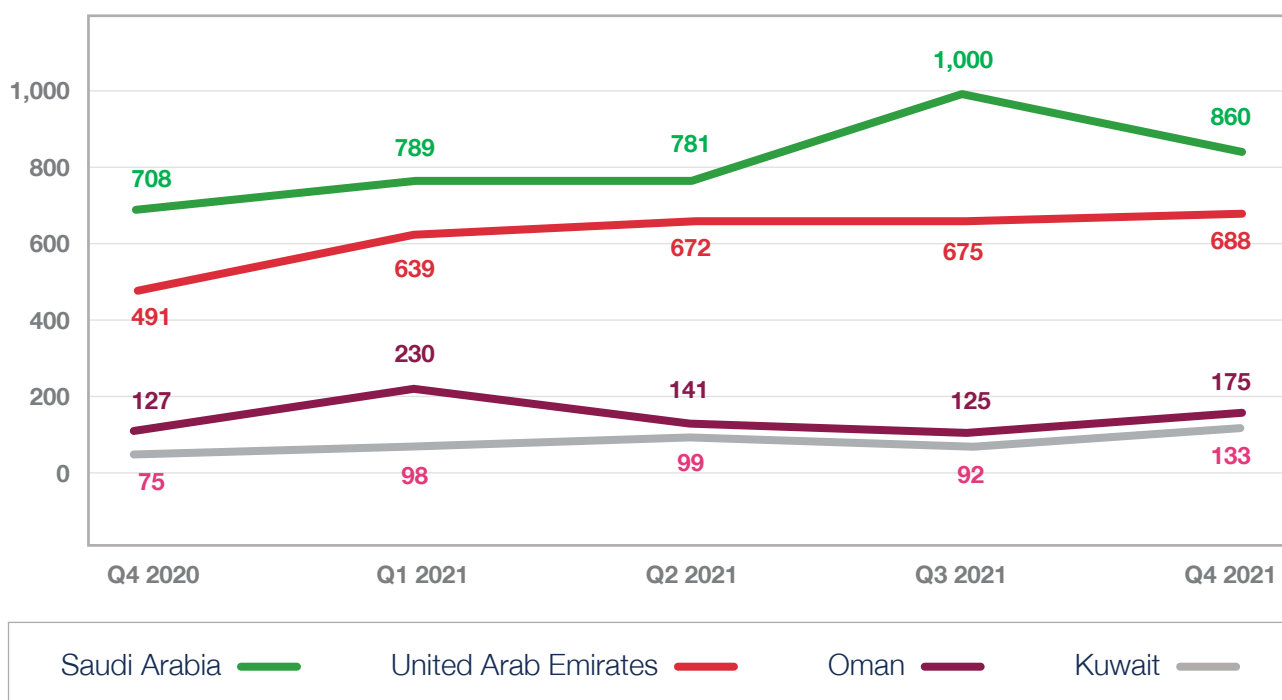


Kuwait has the lowest volume of trade exchange with Bahrain among GCC countries, but it has increased by 33% from 317 million USD in 2020 to 422 million USD in 2021.

Source: Information and e-Government Authority

Saudi Arabia remains Bahrain's top GCC trade partner in Q4 2021 with 860 mn USD of trade exchange

Trade Exchange with GCC Countries (million USD)



Sector	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Change from Q4 2020 to Q4 21
Saudi Arabia	708	789	781	1,000	860	22%
United Arab Emirates	491	639	672	675	688	40%
Oman	127	230	141	125	175	38%
Kuwait	75	98	99	92	133	77%

Saudi Arabia maintains its spot as Bahrain's top trade partner, with the trade amount between the two countries increasing by 22% annually from 708 million USD in Q4 2020 to 860 million USD in Q4 2021.

The volume of trade between the United Arab Emirates and Bahrain witnessed an increase as well in the fourth quarter of 2021. The total value increased by 40% from 491 million USD in Q4 2020 to 688 million USD in Q4 2021.

The trade exchange between Kuwait and Bahrain increased by 77% from 75 million USD in Q4 2020 to 133 million USD in Q4 2021.

The trade exchange between Oman and Bahrain increased by 37% from 127 million USD in Q4 2020 to 175 million USD in Q4 2021.

Bahrain's Top Import Partners in Q4 2021

Country	Total Value of Imports in Q4 2021 (million USD)	Top Imported Commodity	Commodity Value (million USD)	% of Total Imports from the Country
 China	543	Telephones for cellular networks or for other wireless networks	60	12%
 Brazil	480	Non-agglomerated iron ores and concentrates	452	94%
 Australia	344	Other aluminum oxide	312	91%
 UAE	319	Gold ingots	79	25%
 Saudi Arabia	258	Other aluminum oxide	20	8%

China regains position as Bahrain's top import market in Q4 2021






After being surpassed by Brazil for two quarters, China regains its position as Bahrain's top import partner with the total value of imports reaching 543 million USD in Q4 2021. The top imported commodity was telephones for cellular networks or for other wireless networks, with a total value of 60 million USD. This commodity accounts for only 12% of total imports from China.

Brazil became Bahrain's second largest import partner in Q4, with the total value of imports reaching 480 million USD. The top imported commodity was non-agglomerated iron ores and concentrates valued at 452 million USD, and it accounts for 94% of total imports from Brazil.

Total imports from Australia are valued at 344 million USD. The top imported commodity was other aluminum oxide, valued at 312 million USD. The United Arab Emirates trailed slightly behind Australia, with the total import value amounting to 319 million USD. The top imported commodity was gold ingots, at 79 million USD.

Saudi Arabia is Bahrain's fifth largest import partner, with a total traded amount of 258 million USD. The top commodity imported from Saudi Arabia was other aluminum oxide at 20 million USD.

Bahrain's Top Export Partners in Q4 2021

Country	Total Value of Imports in Q4 2021 (million USD)	Top Imported Commodity	Commodity Value (million USD)	% of Total Imports from the Country
 Saudi Arabia	602	Agglomerated iron ores and concentrates	109	18%
 UAE	368	Agglomerated iron ores and concentrates	90	24%
 United States	310	Unwrought aluminum alloys	86	28%
 China	216	Unwrought aluminum, not alloyed	71	33%
 India	167	Urea, whether or not in aqueous solution	72	43%

Saudi Arabia maintains position as Bahrain's top export market in Q4 2021

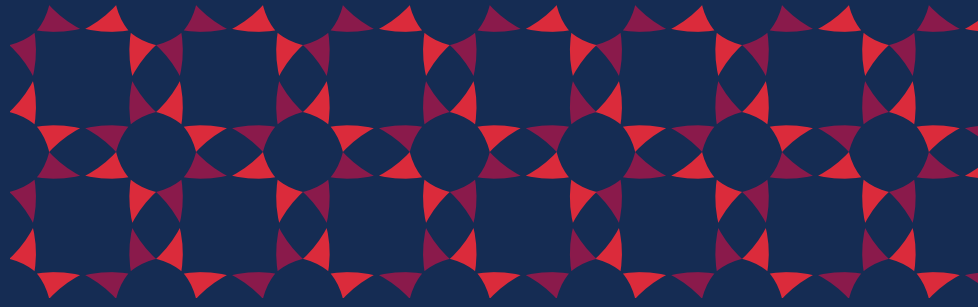
Saudi Arabia has maintained its position as Bahrain's top export market in Q4 2021, with the total value of exports reaching 602 million USD. The top exported commodity was agglomerated iron ores and concentrates at 109 million USD, accounting for 18% of exports.

The United Arab Emirates was Bahrain's second largest export partner, with the total value of exports amounting to 368 million USD. The top exported commodity was agglomerated iron ores and concentrates at 90 million USD, and it accounts for 24% of exports to the UAE.

Total exports to the United States amounted to 310 million USD, making it Bahrain's third largest export partner. The top exported commodity was unwrought aluminum alloys at 86 million USD.

Total exports to China amounted to 216 million USD. The top exported commodity was unwrought aluminum (not alloyed) at 71 million USD, and accounts for 33% of total exports to China.

India is Bahrain's fifth largest export partner, with the total value of exports reaching 167 million USD. The top exported commodity was urea at 72 million USD and it constitutes 43% of total exports to India.




4

Local Economic Outlook

161% increase in tourism revenue in 2021 compared to 2020

The tourism sector has witnessed a notable recovery in 2021. Inbound tourism flows increased by 89% in 2021, reaching 3.6 million. This is a rebound after the recession caused by the pandemic, such that inbound tourism flows decreased from 11.1 million in 2019 to 1.9 million in 2020. Furthermore, there has been a 161% increase in total inbound tourism expenditure from 272 million BD in 2020 to 709 million BD in 2021.




	Indicator	2019	2020	2021	Change (2020-2021)
	International Arrivals - Excluding Bahrainis (million)	12.5	2.3	4.2	83%
	Inbound Tourism Flows - Excluding residents in Bahrain & arrivals for non-tourism purposes (million)	11.1	1.9	3.6	89%
	Total Overnights (million)	13.2	2.9	8.1	179%
	Average Length of Stay (night/tourist)	3.4	3.6	3.7	3%
	Average Daily Expenditure Per Visitor (BHD)	71	67.7	75	11%
	Total Inbound Tourism Expenditure (million BHD)	1,451	272	709	161%

Source: Information and e-Government Authority

106% increase in visitors via the causeway

Visitors travelling to Bahrain via the causeway increased by 106% from 1.5 million in 2020 to 3.2 million in 2021. Visitors travelling by air increased by 32% from 298 thousand in 2020 to 393 thousand in 2021. On the other hand, visitors travelling by way of sea decreased by 86% from 51 thousand in 2020 to 7 thousand in 2021.

Inbound Tourism Flows in Bahrain by Mode of Transport 2021

	 Causeway	 Air	 Sea	Total
2020	1,558,668	298,998	51,338	1,909,004
2021	3,211,457	393,343	7,279	3,612,079
% Change	106%	32%	-86%	89%

Source: Information and e-Government Authority

89% of inbound visitors in 2021 come from KSA

3.2 million, or 89%, of total inbound visitors to Bahrain in 2021 came from Saudi Arabia. This is followed by 313 thousand visitors from other GCC countries and 25 thousand visitors from Europe.

Inbound Visitors by Country/Region of Residence 2021



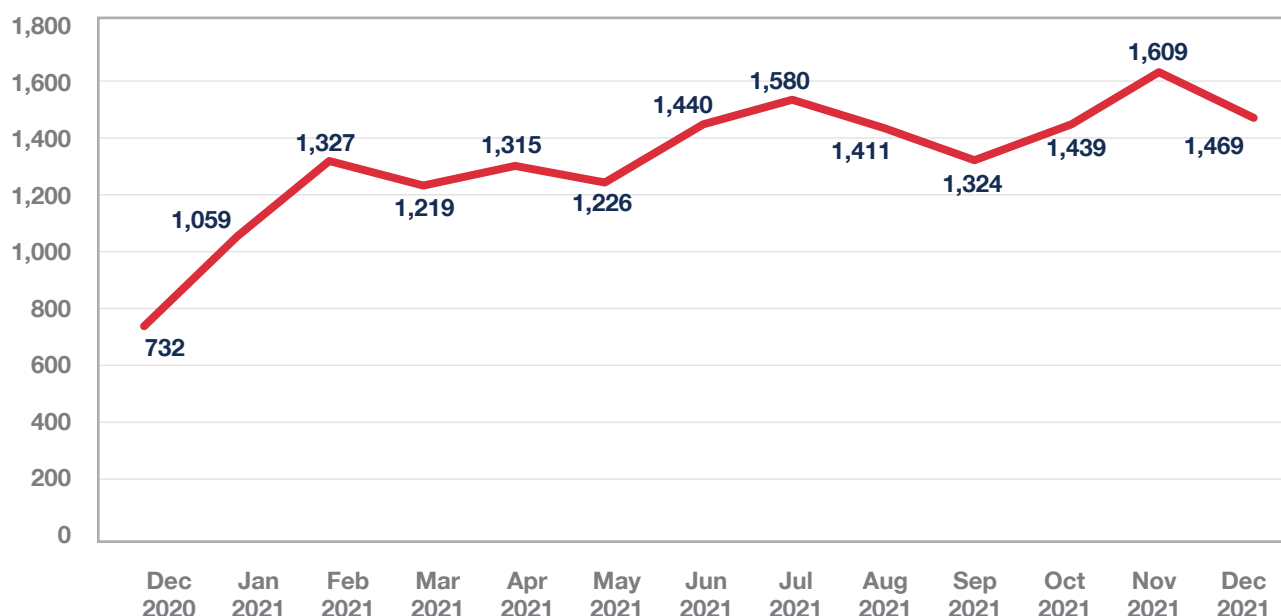
Source: Information and e-Government Authority

101% rise in foreign exchange reserves in December 2021 compared to December 2020

The volume of foreign reserves in Bahrain increased on an annual basis by 101% from December 2020 to December 2021. The total foreign reserves held by the Central Bank of Bahrain at the end of 2021 amounted to about 1.4 billion Bahraini dinars compared to about 732 million Bahraini dinars at the end of 2020. Foreign exchange reserves are the deposits and bonds of foreign currency that are held by central banks and monetary authorities. Countries rely on foreign reserves to maintain a constant price value and competitive export prices, to maintain liquidity in the event of a crisis, to provide confidence to investors, and to pay foreign debts.

Foreign Exchange Reserves (million BHD)

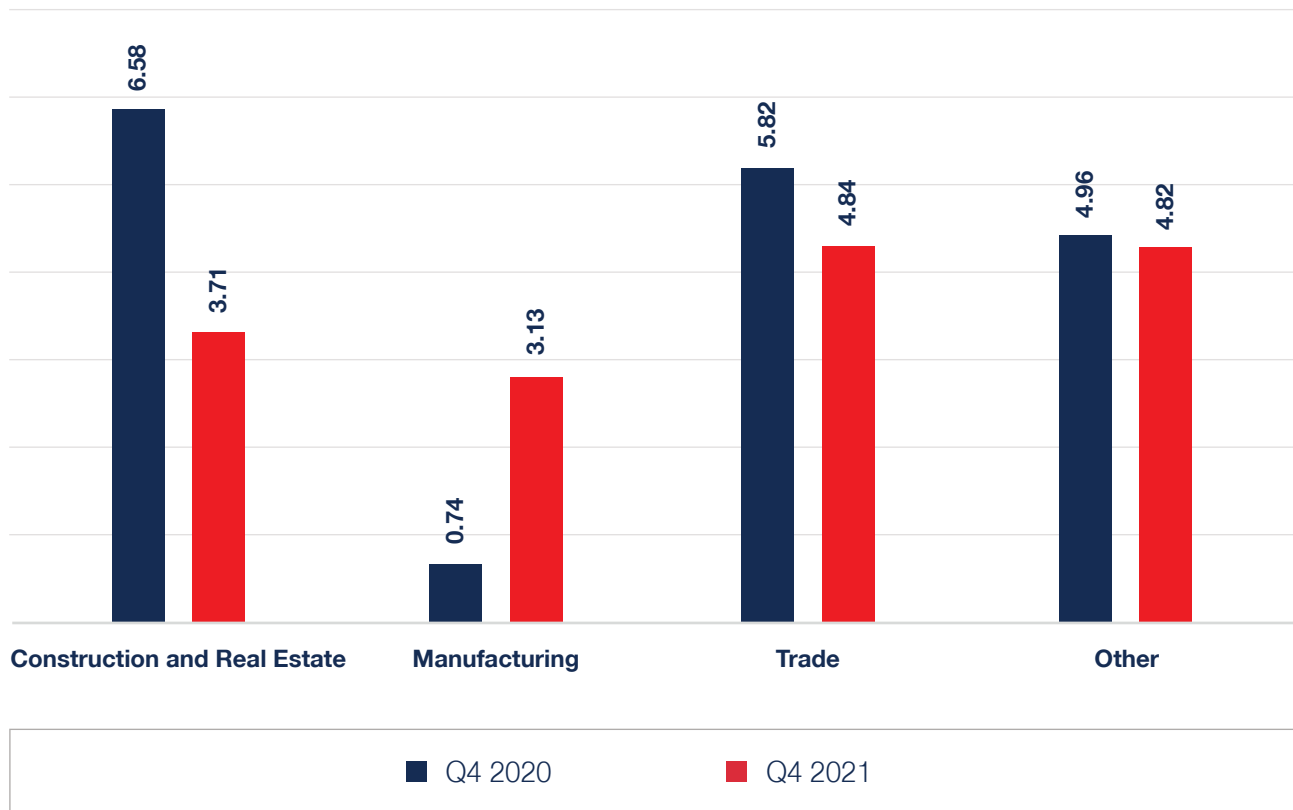
101%
Annual rise ▲



Source: Central Bank of Bahrain

Decrease in interest rates on business loans in most sectors

Interest Rates on Business Loans (%)



Interest rates on business loans decreased in general during Q4 2021 compared to the same period in 2020. The interest rate on business loans in the construction and real estate sector decreased from 6.58% in Q4 2020 to 3.71% in Q4 2021. It also decreased in the trade sector from 5.82% to 4.84%. The interest rate on business loans, however, rose in the manufacturing sector from 0.74% in Q4 2020 to 3.13% in Q4 2021.

Source: Central Bank of Bahrain

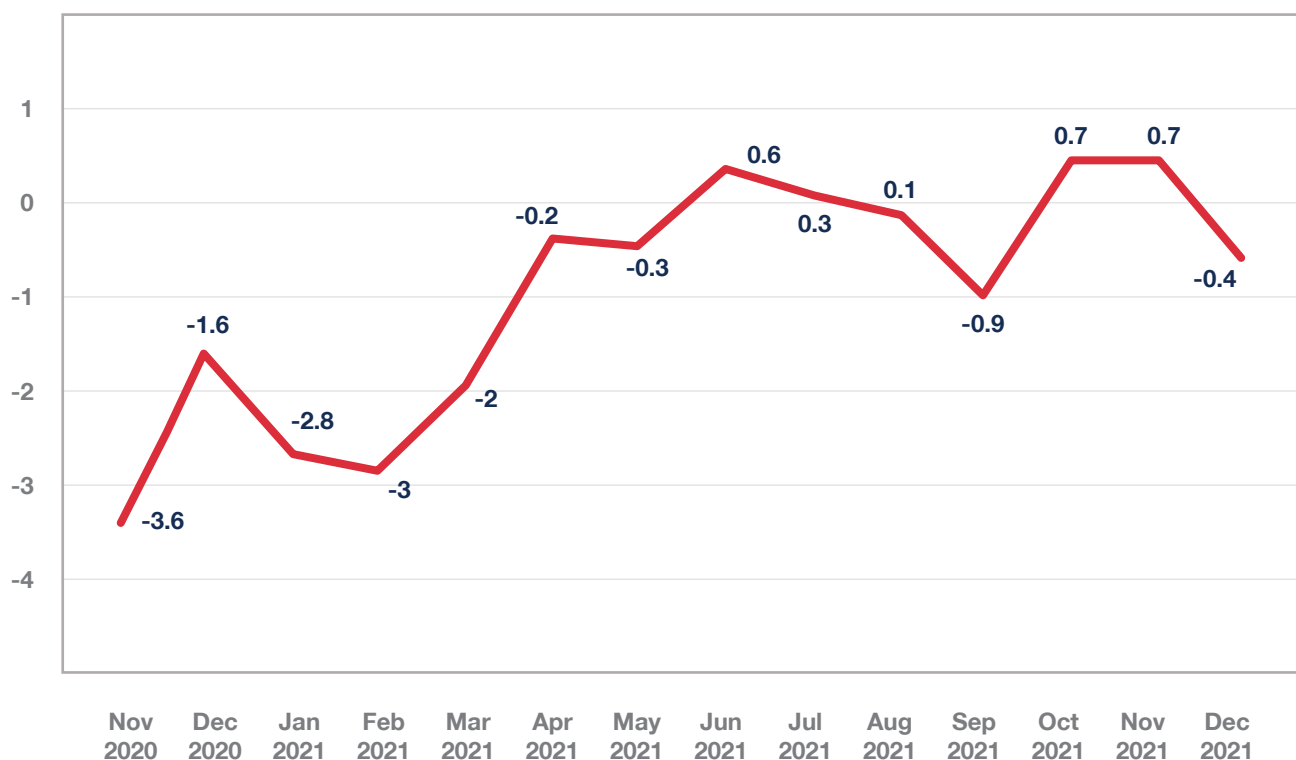
-0.4% decrease in Consumer Price Index (CPI) in December 2021 compared to December 2020

The Consumer Price Index (CPI) decreased by 0.4 in December 2021 compared to December 2020.

The most notable changes in the year were:

- A 1.5% decrease in the housing, electricity, gas and other fuels group.
- A 2% decrease in the transport group.
- A 7.2% decrease in the recreation and culture group.
- The CPI reached 97.4 points in December 2021 compared to November 2022 (April 2019=100).
- The most notable changes during the month were:
 - A 0.2% increase in the food and non-alcoholic beverages group.
 - A 0.7% increase in the hotel and restaurant group.

Consumer Price Index (%)



Source: Information and e-Government Authority

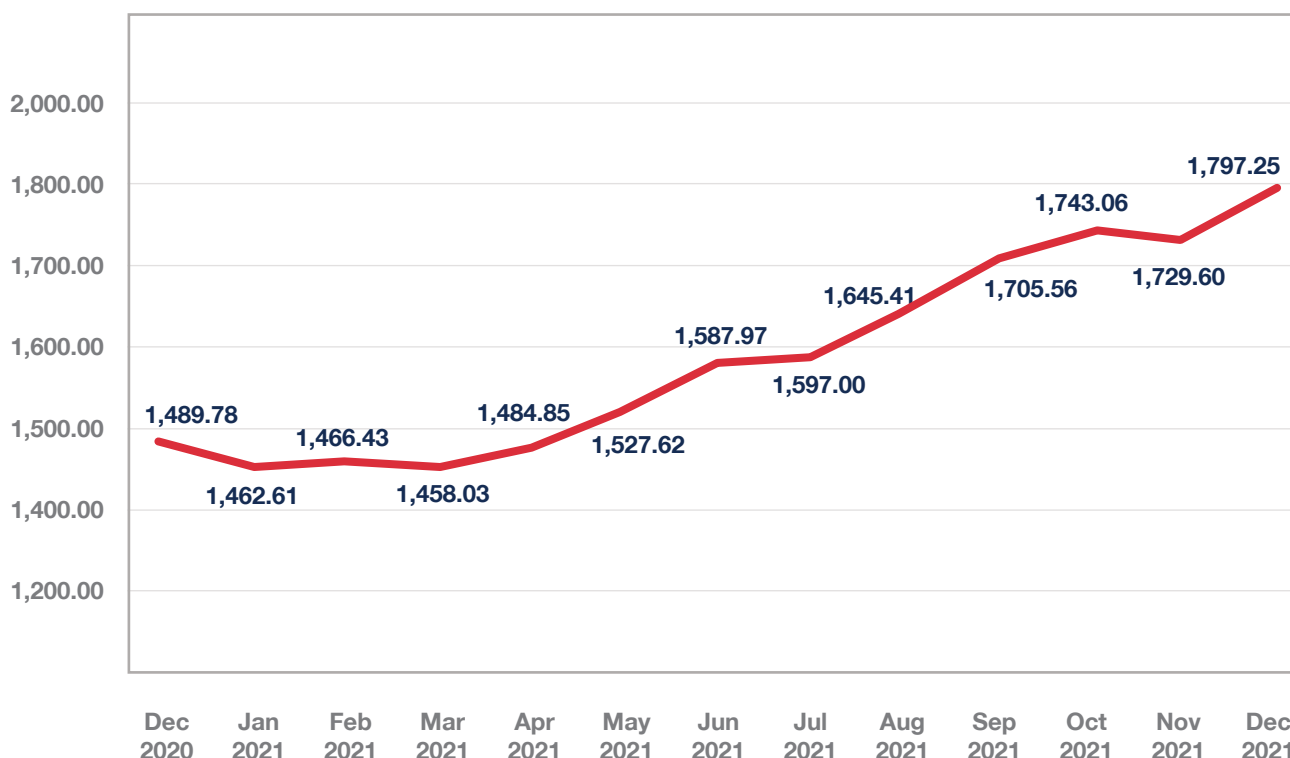
Bahrain All Share Index increases by 20.6% in 2021 compared to 2020

The Bahrain All Share Index ended the month on a positive note compared to last month, closing at 1,797.25 and therefore, increasing on a MoM basis by 3.91%. Market capitalization surged by 3.91% at the end of the current month to reach approximately BHD 10.82bn. The market had 19 advancers and 5 decliners while the prices of 18 companies remained unchanged. Moreover, the value of shares traded decreased by 43.37% to reach BHD 9.31mn. The volume of shares decreased by 43.47% to reach 45.01 mn shares, while the number of trades decreased by 31.6% to reach 1,418 trades.

Bahrain All Share Index Performance 2021 (Points)

Annual Changes as of December 31, 2021

20.6% ▲

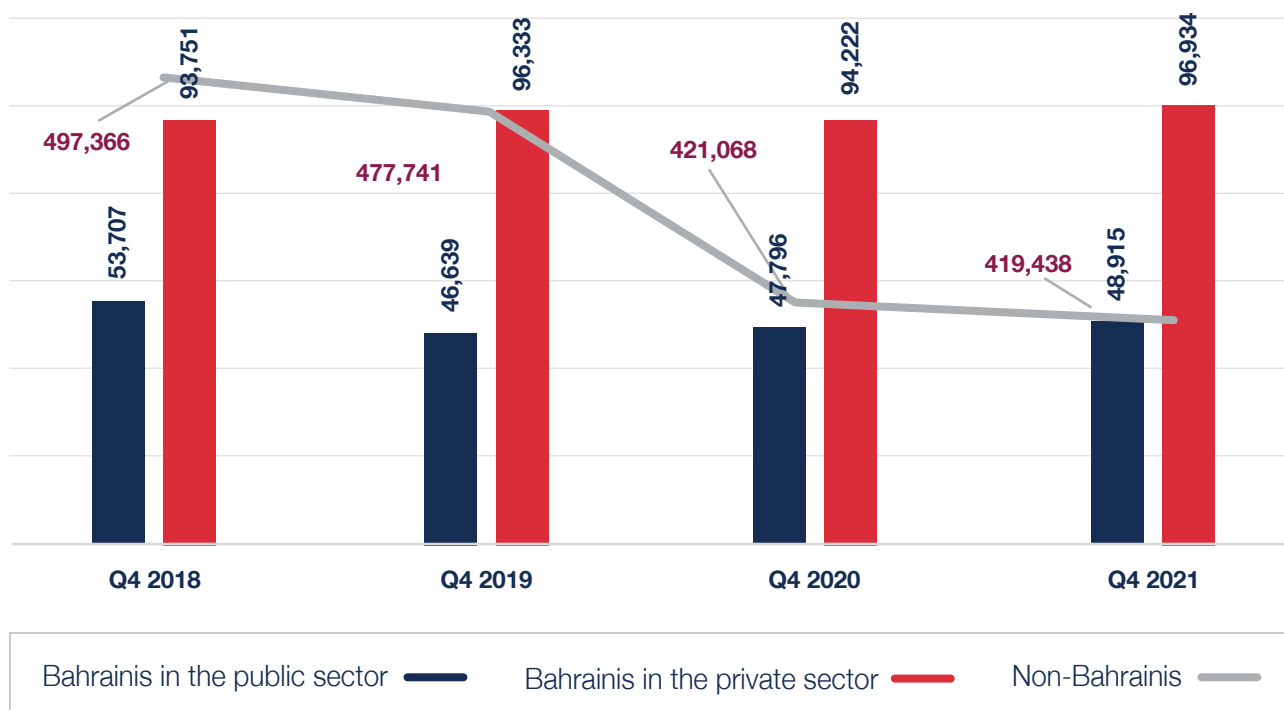


Source: Bahrain Stock Exchange (Bahrain Bourse)

Increase in the number of insured Bahrainis in the private and public sectors in Q4 2021 compared to Q4 2020

The number of Bahrainis in the public and private sectors increased by 2.3% and 2.8% respectively in Q4 2021 compared to Q4 2020. On the other hand, the number of non-Bahrainis decreased by -0.38% in Q4 2021 compared to Q4 2020.

Number of Insured Employees in the Labor Market in Q4



	Q4 2018	Q4 2019	Q4 2020	Q4 2021	Change from 2020 to 2021	
Bahrainis in the public sector	53,707	46,639	47,796	48,915	2.3%	▲
Bahrainis in the private sector	93,751	96,333	94,222	96,934	2.8%	▲
Non-Bahrainis	497,366	477,741	421,068	419,438	-0.38%	▼

Source: Social Insurance Organization

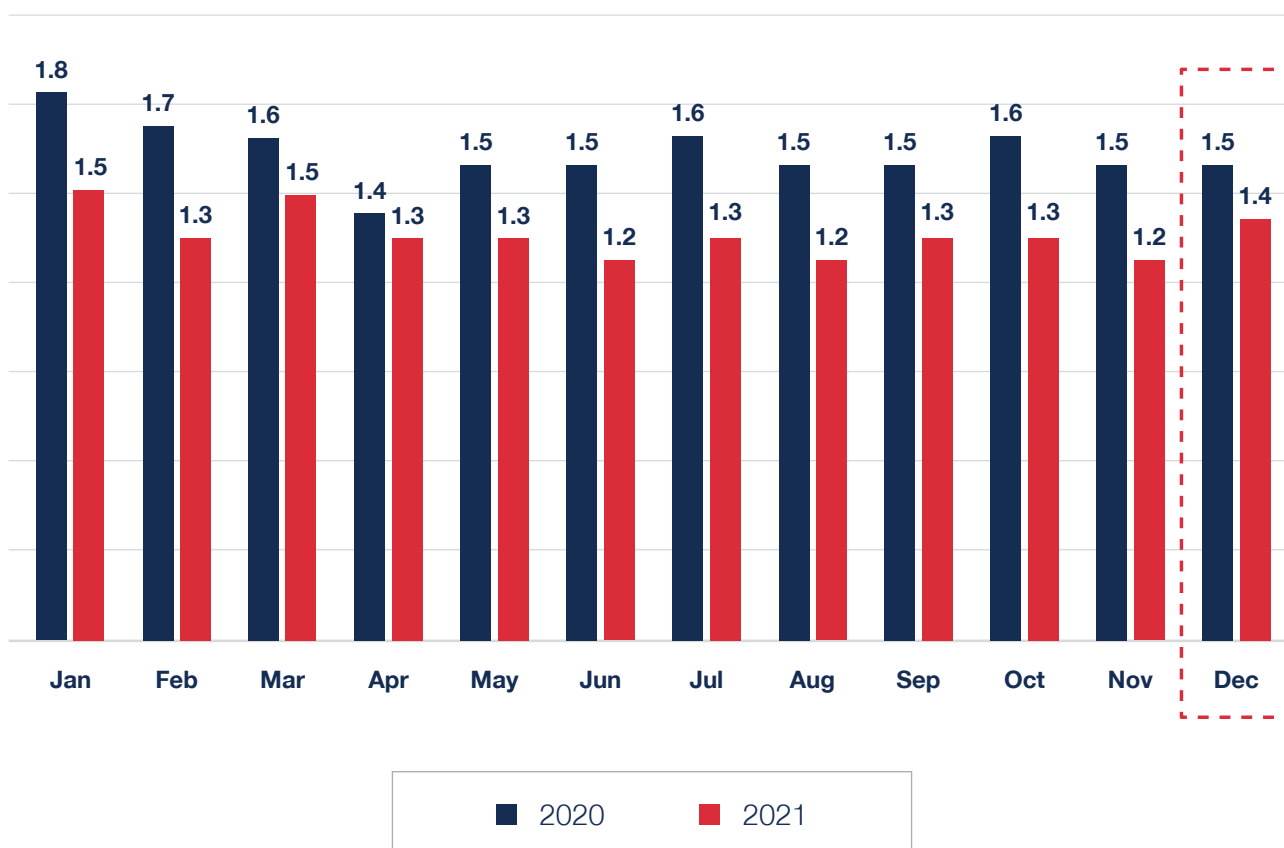
ATM withdrawals decline by 12% in December 2021 compared to the same period in 2020

The covid-19 pandemic has reduced individuals' reliance on cash to conduct transactions. The number of ATM withdrawal transactions in December 2021 was about 1.4 million, a 12% decrease from the 1.5 million registered in December 2020.

There was also a decline of 17% in the number of ATM withdrawals in November, from around 1.5 million in 2020 to 1.2 million in 2021.

Number of ATM Withdrawals (million)

-12% ▼



Source: Central Bank of Bahrain

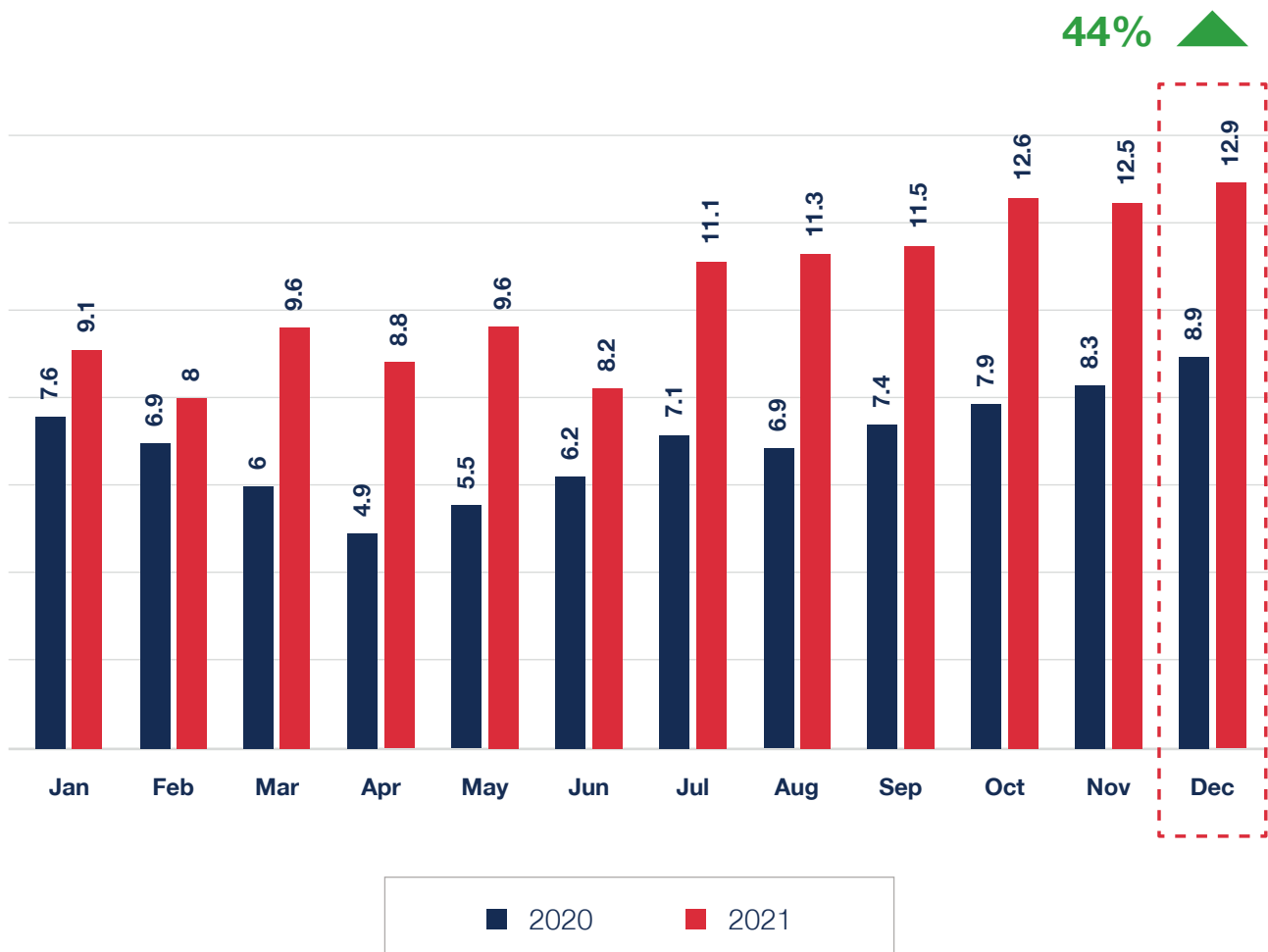
44% annual increase in the number of POS transactions in December 2021

The number of POS transactions in all sectors increased significantly in 2021 compared to 2020.

POS transactions increased by 44% in December 2021, from 8.9 million in 2020 to 12.9 million in 2021.

The highest annual increase in POS transactions was in April 2021, with an 80% increase from 4.9 million in 2020 to 8.8 million in 2021.

Number of POS Transactions (million)



Source: Central Bank of Bahrain

40% annual increase in the value of POS transactions recorded in December 2021

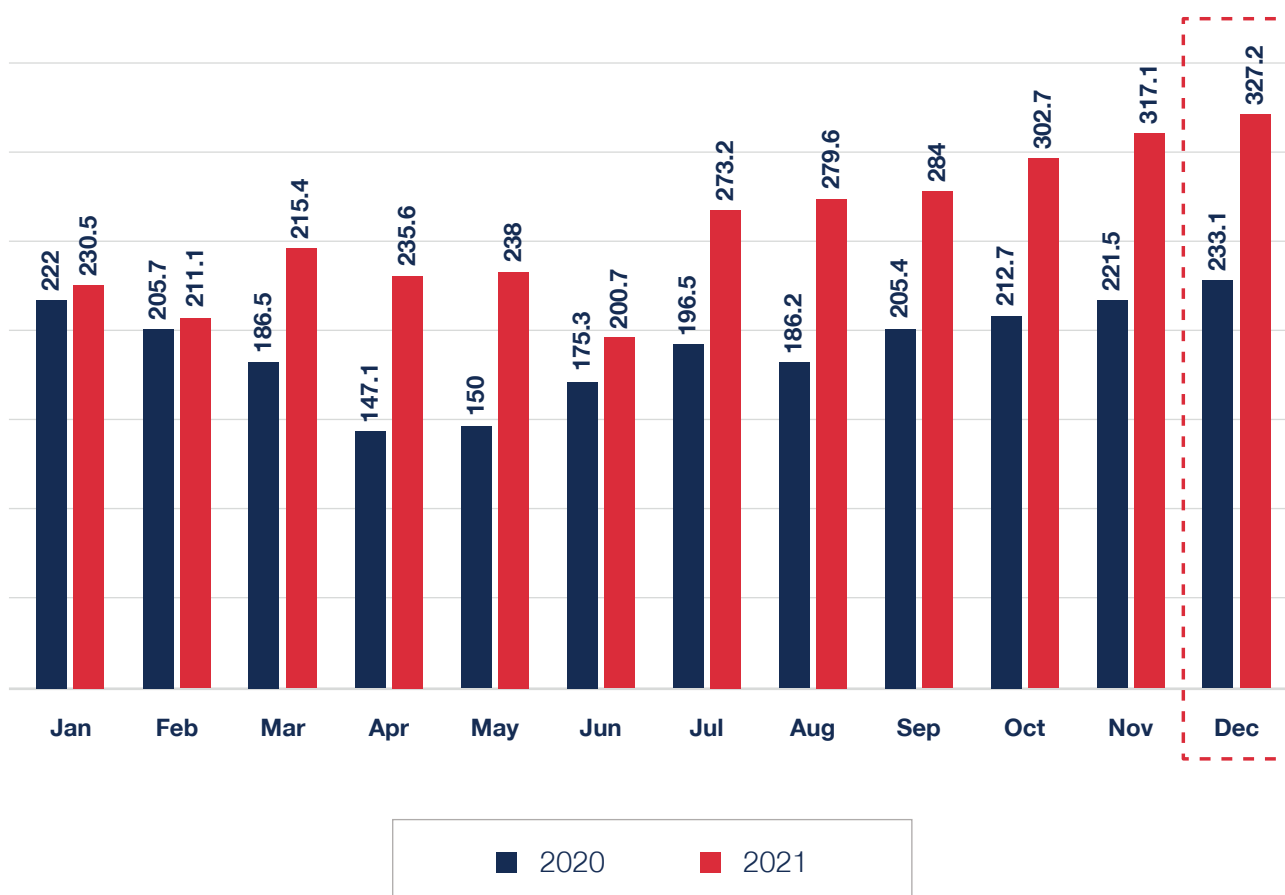
The value of POS transactions in all sectors also increased significantly in 2021 compared to 2020.

The value of sales increased by 40% in December from 233 million Bahraini dinars in 2020 to 327 million Bahraini dinars.

The largest increase in the value of POS transactions occurred in April, such that the value of sales transactions increased by 60% from 147 million Bahraini dinars in 2020 to 235 million Bahraini dinars in 2021.

Value of POS Transactions (million BHD)

40% ▲



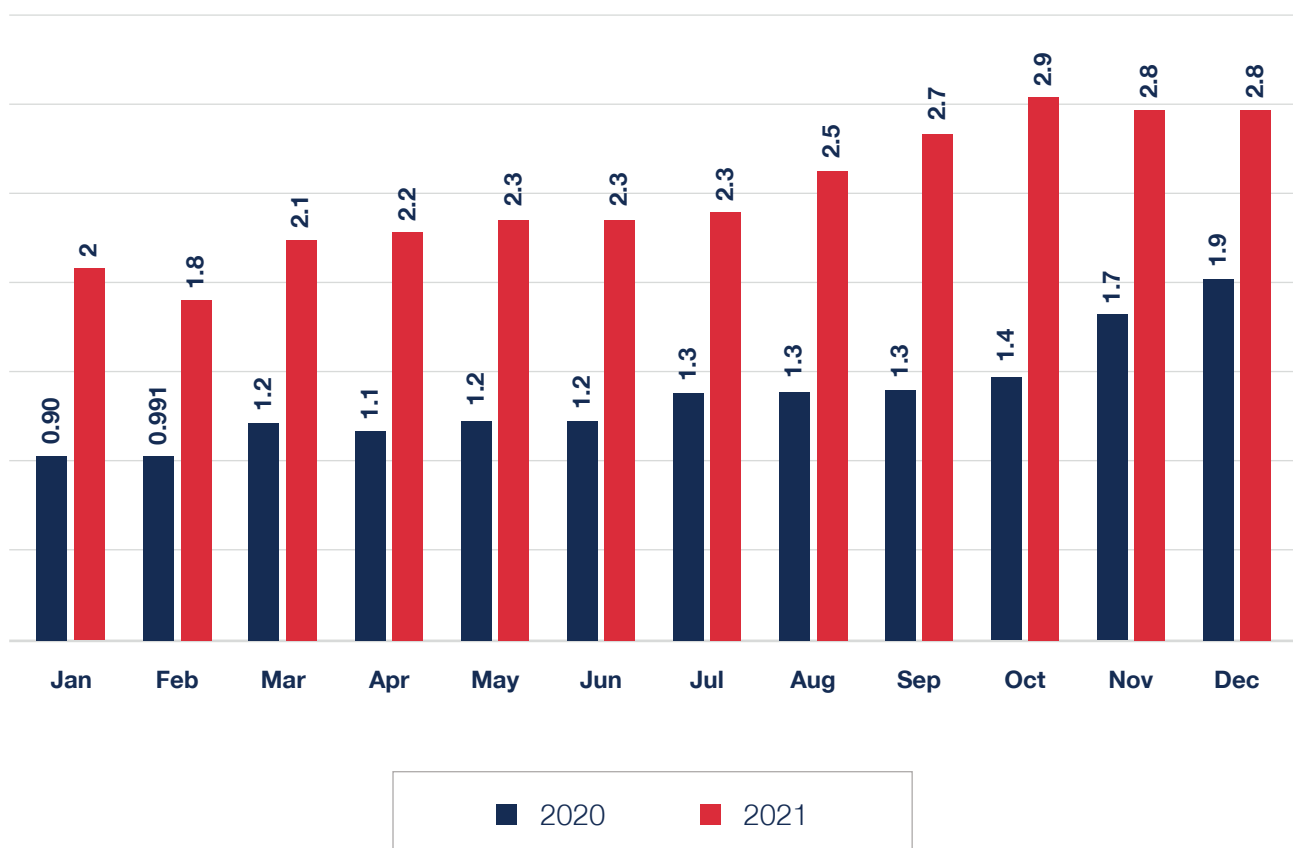
Source: Central Bank of Bahrain

47% annual increase in number of supermarket transactions in 2021

The number of supermarket transactions increased post-pandemic by 47% in Bahrain, reaching 2.8 million in December 2021, compared to 1.9 million in December 2020.

Number of Transactions (million)

47% ▲



Source: Central Bank of Bahrain

5% decrease in the number of point-of-sale transactions in the retail sector in December 2021

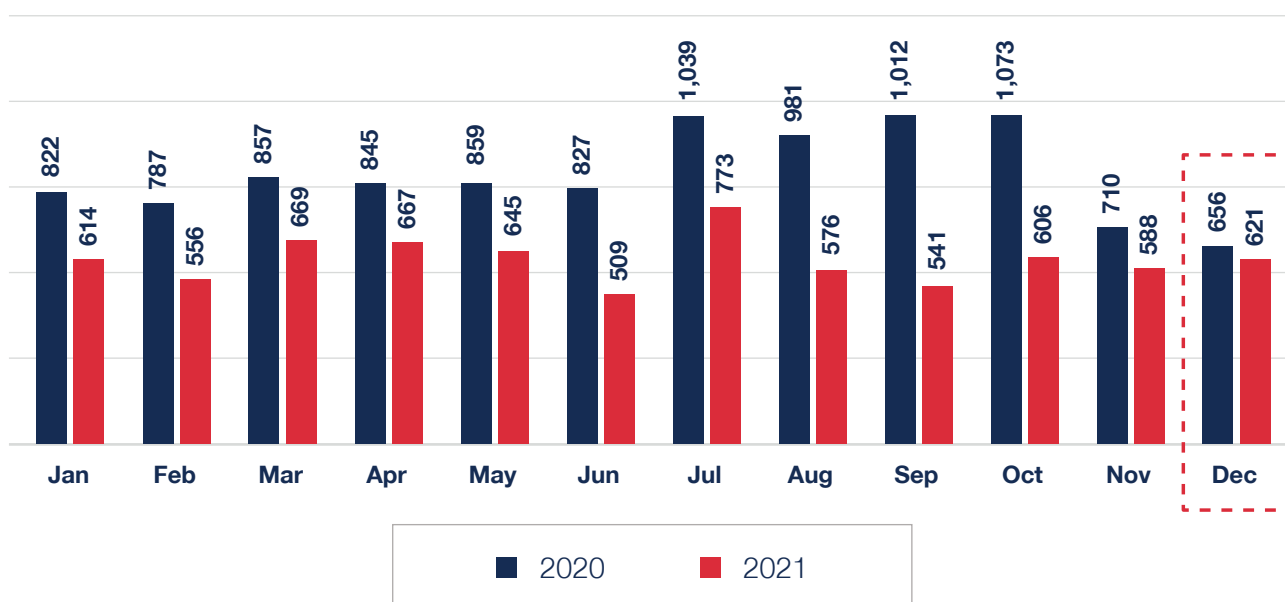
Statistics released by the Central Bank of Bahrain show a decrease in the number of POS transactions and the financial value of transactions in the retail sector in December 2021.

The number of transactions reached about 620,697 transactions in December 2021, compared to 656,052 transactions in December 2020, a decrease of 5%.

The financial value of transactions conducted decreased by 13% to about BD 12 million in December 2021 compared to BD 13.8 million in December 2020.

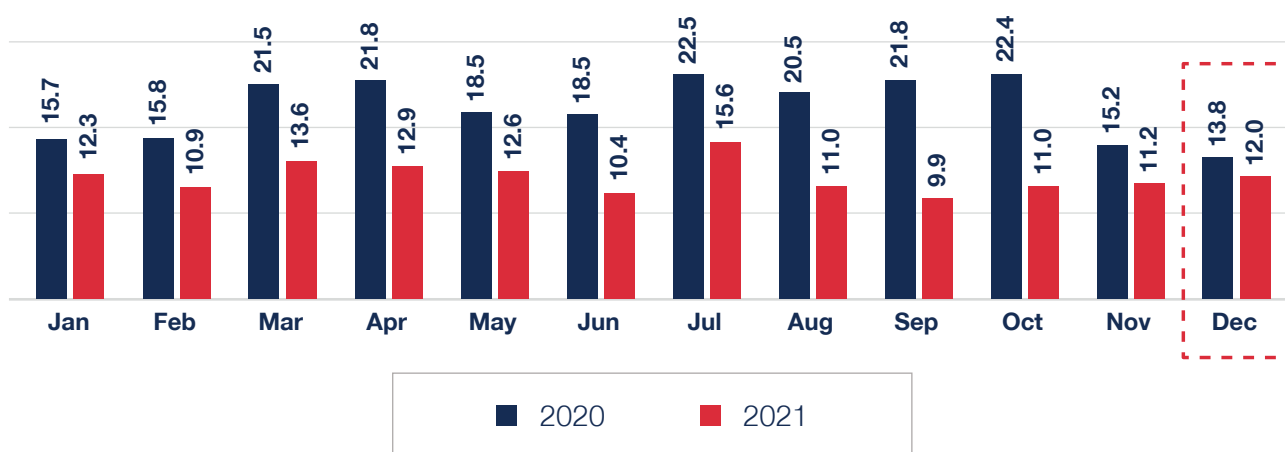
Number of Transactions ('000)

5% ▼



Value of Transactions (million BHD)

13% ▼

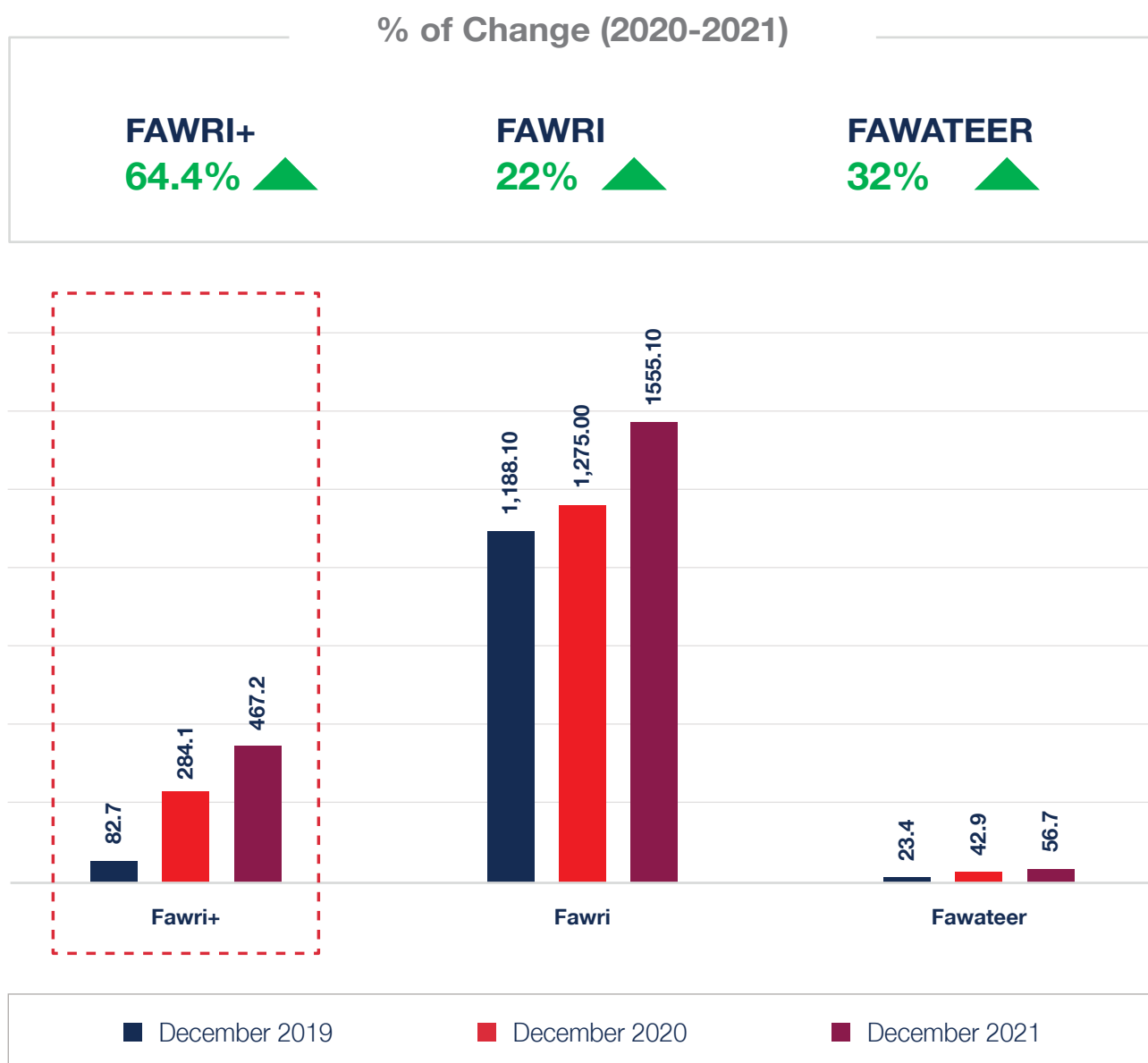


Source: Central Bank of Bahrain

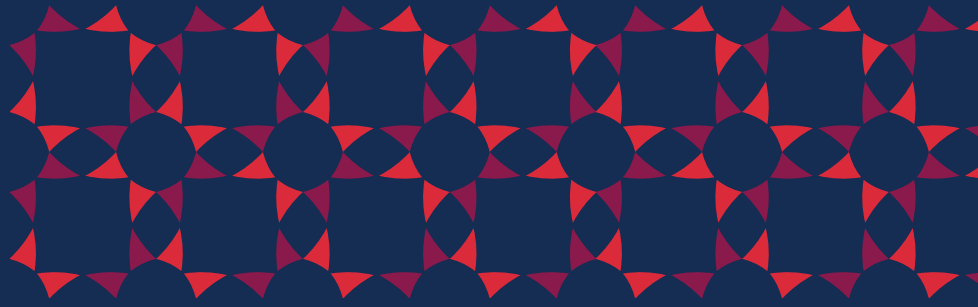
64% increase in transfers via Fawri+ in December 2021 compared to December 2020

The value of EFTS transactions through the Fawri+ system increased by 64% from 284 million BHD in December 2020 to 467 million BHD in December 2021. There was also a 22% increase in transfers via the Fawri system from 1275 million BHD in December 2020 to 1555 million BHD in December 2021, and by 30.8% compared to December 2019. Fawateer transactions increased by 32% from 42.9 million BHD in December 2020 to 56.7 million BHD in December 2021.

Value of Electronic Fund Transfer System (million BHD)



Source: Central Bank of Bahrain



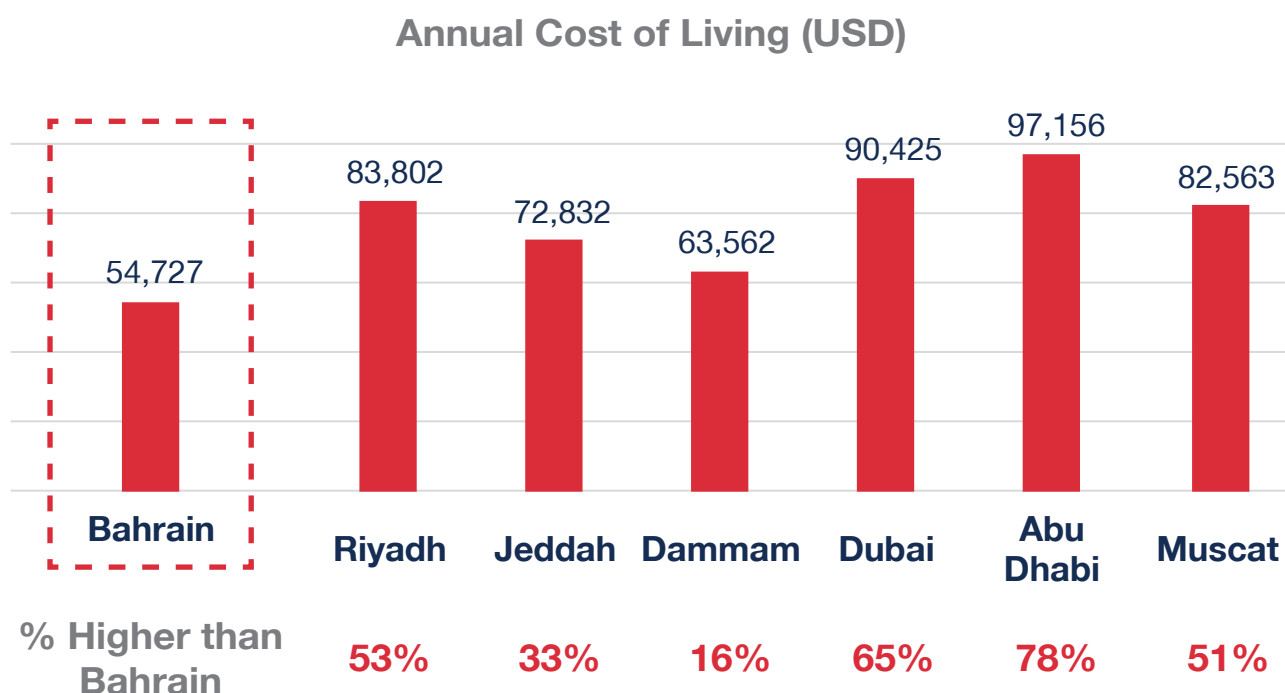
5

Bahrain's Ranking in Global Indices

Bahrain has the most competitive cost of living in the GCC

KPMG's Cost of Living Report 2021 outlines various cost-of-living indicators in Bahrain, Saudi Arabia, the UAE and Oman. The indicators include accommodation, residential utility, vehicle and fuel, education and domestic help. The report establishes certain assumptions regarding an expatriate household of 4 individuals living in a two bedroom furnished apartment. The cost of living, based on these assumptions, is compared across the GCC countries. Based on the parameters taken, Bahrain is the most competitive destination in terms of cost of living. The annual cost of living in Saudi Arabia is around 20% to 50% higher than Bahrain, while in the UAE it is 70% to 80% higher.

Cost of Living in GCC 2021



In KPMG's Cost of Living Report 2019, Bahrain was also determined to have the most competitive cost of living among GCC countries. Compared to Bahrain, the annual cost of living in Saudi Arabia was indicated to be 11% to 44% higher, the UAE 67% to 77% higher and Oman 51% higher.

Source: KPMG

Bahrain ranks 15th worldwide in the Agility Emerging Markets Logistics Index 2022

The Kingdom of Bahrain ranked 15th overall among the world's most competitive emerging markets and 5th in the area of business fundamentals, according to the 2022 Agility Emerging Markets Logistics Index. The Index ranks 50 countries by factors that make them attractive to logistics providers, freight forwarders, shipping lines, air cargo carriers, and distributors. It measures logistics performance based on multiple areas: (1) Business Fundamentals, (2) Domestic Logistics Opportunities, (3) International Logistics Opportunities, (4) and Digital Readiness. In 2021, global supply chains were characterized by bottlenecks, capacity constraints and high freight rates due to the impact of the covid-19 pandemic. The digital readiness indicator was newly added as the pandemic has accelerated the pace of change and made it essential to integrate technology, innovation, skills and sustainability in global value chains.

GCC Rankings in The Agility Emerging Markets Logistics Index 2022

Rank	Country	Domestic Logistics Opportunities	International Logistics Opportunities	Business Fundamentals	Digital Readiness	Overall Index Score
3	UAE	5.58	5.73	9.20	8.63	6.72
6	KSA	5.35	5.51	8.16	7.07	6.14
7	Qatar	5.79	4.89	7.96	6.52	5.95
14	Oman	4.92	4.89	7.26	5.69	5.41
15	Bahrain	4.99	4.68	7.30	5.16	5.28
17	Kuwait	5.02	4.57	6.18	5.92	5.21

Source: The Agility Emerging Markets Logistics Index 2022

Bahrain ranks 15th worldwide in the Agility Emerging Markets Logistics Index 2022

Gulf countries dominated in the area of business fundamentals in 2022, with the UAE ranking first, followed by Saudi Arabia which ranked third. Bahrain followed, jumping two spots from last year to rank 5th. Bahrain offers free zones across a range of manufacturing sectors, as well as 100% foreign ownership of enterprises. Bahrain also plans to attract more manufacturers to its shores with investment to boost the production of aluminium, petrochemicals and renewable energy as part of its 2022-2026 economic recovery plan. Bahrain's ranking at 15th worldwide in the index has remained consistent since 2020, with slight changes in its sub-index scores.

Bahrain Rankings in The Agility Emerging Markets Logistics Index 2020-2022

Year	Rank	Domestic Logistics Opportunities	International Logistics Opportunities	Business Fundamentals	Digital Readiness	Overall Index Score
2020	15	5.01	4.66	7.51	N/A	5.35
2021	15	4.99	4.69	6.97	N/A	5.26
2022	15	4.99	4.68	7.30	5.16	5.28

Source: The Agility Emerging Markets Logistics Index 2022

Bahrain ranks 78th among the 132 economies featured in the Global Innovation Index 2021

Bahrain ranks 78th among the 132 economies featured in the Global Innovation Index 2021. The Global Innovation Index ranks world economies according to their innovation capabilities. Consisting of roughly 80 indicators, grouped into innovation inputs and outputs, the GII aims to capture the multi-dimensional facets of innovation. Key results from the report indicate that investment in innovation has shown great resilience during the pandemic, and that the rapid development of COVID-19 vaccines is a testament to technological progress. The majority of the GII top 25 most innovative economies continue to be from Europe. The UAE is the only GCC country in the top 50, and it is followed by Saudi Arabia which is 66th worldwide. Bahrain ranks 6th among GCC countries.

GCC Ranking in GII 2021

GII Rank	Economy	Score (0 - 100)
33	United Arab Emirates	43.0
66	Saudi Arabia	31.8
68	Qatar	31.5
72	Kuwait	29.9
76	Oman	29.4
78	Bahrain	28.8

Source: Global Innovation Index 2021

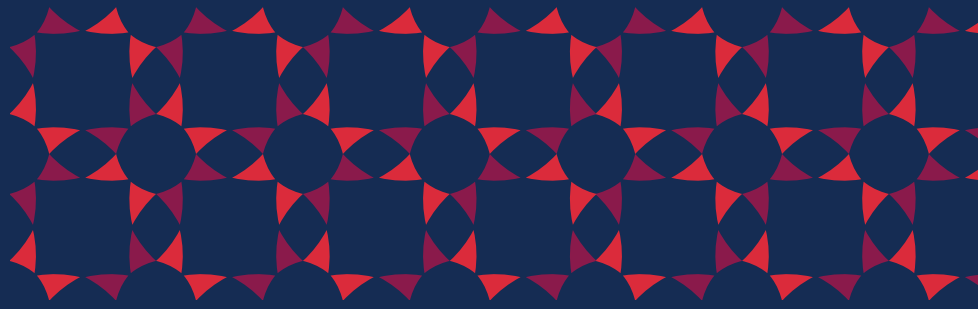
Bahrain ranks 78th among the 132 economies featured in the Global Innovation Index 2021

Bahrain Ranking in GII 2019-2021

Year	Overall GII	Output Rank	Input Rank	Institutions	Human capital and research	Infrastructure	Market sophistication	Business sophistication	Knowledge and technology outputs	Creative outputs
2019	72	87	69	54	85	45	79	83	92	83
2020	79	89	63	51	84	43	80	86	86	98
2021	78	99	63	49	83	38	78	90	82	106

Bahrain is among several high-income economies that need to find a balance between their level of investments and their level of innovation results. Bahrain's ranking in the Innovation Output sub-index is consistently lower than its ranking in the Innovation Input sub-index, and its output rank has been decreasing over the past 3 years from 87 in 2019 to 99 in 2021. Bahrain performs particularly well in the Institutions and Infrastructure sub-indexes, ranking 49th and 38th respectively in 2021.

Source: Global Innovation Index 2021

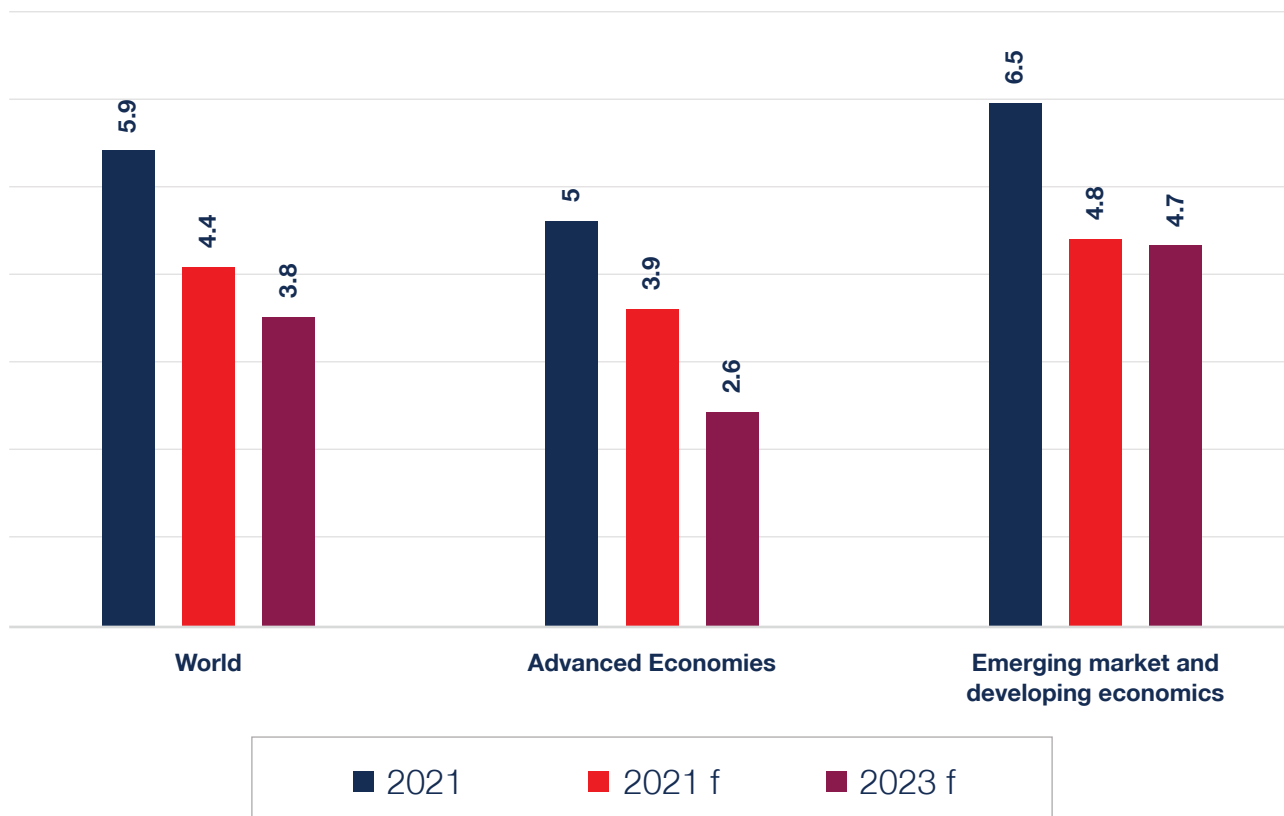


6

Global Economic Outlook

Emerging markets and developing economies are expected to grow by 4.8% in 2022

Real GDP Growth (% Change)



Global real GDP growth is expected to decrease from 5.9% in 2021 to 4.4% in 2022, which is half a percentage point lower than the IMF's predictions for 2022 in October. Many countries have reinstated mobility restrictions in response to the Omicron variant, and increasing energy prices and supply disruptions have led to higher and more widespread inflation than expected. Real GDP growth is forecasted to further slow to 3.8% in 2023, but this depends on global vaccination rates and health outcomes by the end of 2022.

In advanced economies, real GDP growth is expected to moderate from 5.0% in 2021 to 3.9% in 2022. It is forecasted to further slow to 2.6% in 2023.

In emerging markets and developing economies, real GDP growth is expected to decrease from 6.5% in 2021 to 4.8% in 2022 and 4.7% in 2023. Predictions for this group exceed the world and advanced economies averages.

Source: IMF

Brent crude oil prices increased by more than 87% in March 2022 compared to March 2021

Oil prices

Oil type	March 2021	March 2022	Change percentage
WTI ▲	\$65.61 USD per barrel	\$115.68 USD per barrel	76.3%
Brent ▲	\$68.24 USD per barrel	\$128.22 USD per barrel	87.8%

The price of a barrel of WTI crude oil increased by 76% to \$115 USD per barrel in March 2022 compared to \$65 USD per barrel in March 2021. The price of a barrel of Brent crude oil increased by 88% to \$128 USD per barrel in March 2022 compared to \$68 USD per barrel in March 2021.

High oil prices are set to bolster the revenues of hydrocarbon producing nations. Bahrain is focused on reducing its deficit and stabilizing debt levels, and this is achieved through higher oil prices in addition to increased non-oil revenue. The surge in oil prices to above \$100 per barrel may help Bahrain in achieving a balanced fiscal budget sooner than expected, as the Kingdom's current budget was based on oil prices at \$60 per barrel.

Source: Bloomberg, MOFNE

Gold prices increased by 49% from 2018 till 2022



Gold Prices (USD per ounce)

2018	2019	2020	2021	2022
1322.75	1293.44	1673.83	1700.64	1970.7

Gold prices reached \$1970.7 USD per ounce in March 2022, an increase of 49% compared to \$1322.75 USD per ounce in March 2018.

Source: Bloomberg

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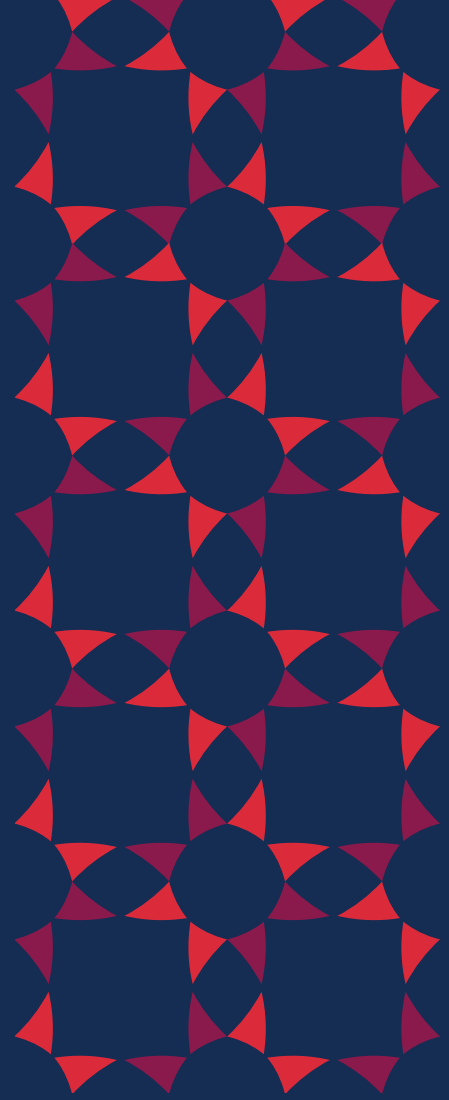
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Since its inception in 1939, the Bahrain Chamber of Commerce and Industry (BCCI) played a prominent role in shaping the national economy of Bahrain and creating a vigorous private sector.

It has kept abreast of the fast-paced economic and social developments, and consolidated its efforts to stimulate the growth and expansion of the private sector and empower its role in the economic development of the country alongside the public sector.

The confidence bestowed upon the chamber by the wise leadership reinforced its influence on economic decisions and streamlined its endeavor to create an attractive ecosystem that fosters the flourish of businesses. In addition, the growing base of its members contributed to reinstating its standing as the sole representative of the private sector and an advocate of its interest.