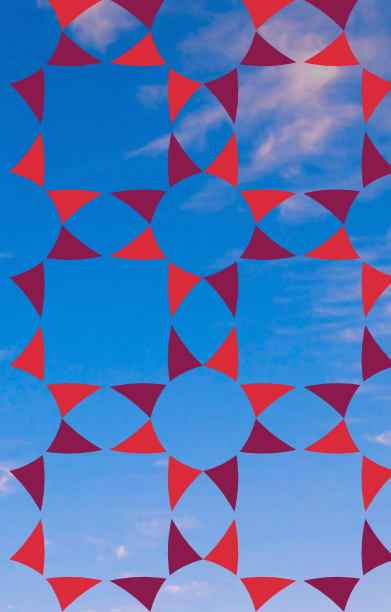


غرفة البحرين  
BAHRAIN CHAMBER



## Overview of the Local Economy

Q3 - 2023





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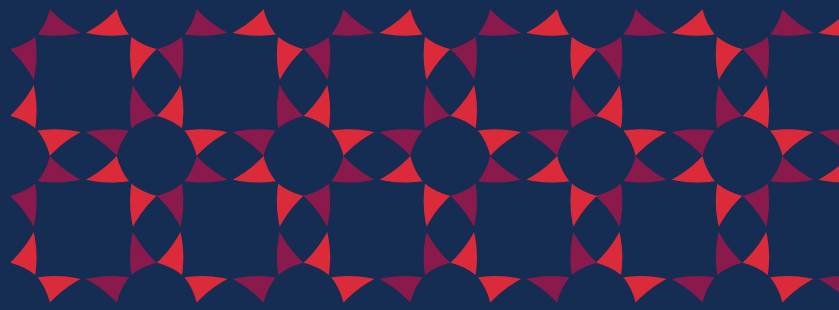
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1

# Executive Summary

# Introduction

Real GDP grew by 2.5% in the Kingdom of Bahrain in Q3 2023 YoY, driven by 4.5% growth in the non-oil sector. The sectors that witnessed the highest real growth rates are the Hotels and Restaurants at 9.4%, Financial Corporations at 8.4%, and Government Services at 6.8%. Conversely, the oil sector GDP decreased by 6.8% in Q3 2023. The Financial Corporations sector is the highest contributor to real GDP at 18.1%.

In Q3 2023, Saudi Arabia maintained its position as Bahrain's top overall trade partner, and China maintained its position as Bahrain's top import partner. Trade between Bahrain and GCC countries has decreased slightly by 5% in Q3 2023 YoY, from 2.07 billion USD in Q3 2022 to 1.96 billion USD in Q3 2023.

Bahrain has ranked 1st among GCC countries in the Basel AML Index, in addition to maintaining its leading position among Arab countries as the freest economy in the Arab World, according to the 2023 Economic Freedom of the World.

The IMF expects the general government revenues to reach 36% in the advanced economies in 2024. Also, IMF forecasts a decrease in the gross national savings to 29.7% in 2024 in the Middle East and Central Asia.

# Key Indicators in Q3 2023

## GDP Growth (YoY)



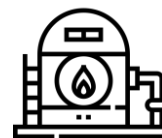
Real GDP Growth

+2.5%



Non-Oil GDP Growth

+4.5%



Oil GDP Growth

-6.8%

## Top Growing Non-Oil Sectors (YoY)



Hotels  
& Restaurants

9.4%



Financial  
Corporations

8.4%



Government Services

6.8%



Trade






5.9%

## Trade Exchange

### Bahrain's Top Import Partners

Country	Total Value of Imports (USD)
 China	552,784,545
 United Arab Emirates	348,984,030
 Australia	340,687,845
 Brazil	289,882,167
 United States of America	237,697,190

### Bahrain's Top Export Partners

Country	Total Value of Exports (USD)
 Saudi Arabia	641,240,566
 United Arab Emirates	470,207,612
 United States of America	242,677,653
 Netherlands	125,754,471
 Egypt	110,375,497

Source: Information and eGovernment Authority

# Key Indicators in Q3 2023

## Local Economic Outlook



POS Transactions

+5% YoY



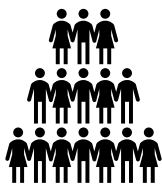
Fawri+ Transactions

+19% YoY



CPI Sep 2023

-0.1% YoY



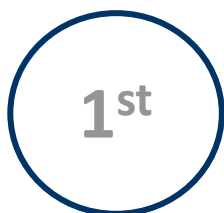
Labor Market Contributors

+1.6% YoY

Sector	%
Construction & Real Estate	9.23%
Trade	9.2%
Manufacturing	8.38%
Other	10.04%

Interest Rates on Business Loans Q3 2023

## Bahrain's Ranking on Global Indices



Among the GCC countries on the 2023 Basel AML Index



IMD Business School' 2023 World Talent Ranking



Freest Economy in the Arab World, according to the 2023 Economic Freedom of the World

## Global Economic Outlook



IMF expectations for general government revenues in advanced economies in 2024

36%



IMF expectations for gross national savings in 2024 in the Middle East and Central Asia

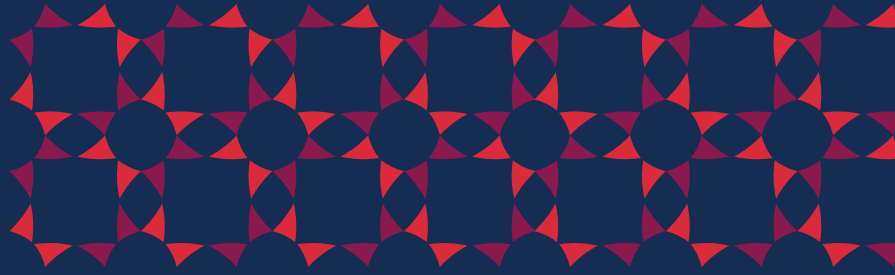
29.7%

Oil Type	Price - Sep 2023
WTI	\$70.49
Brent	\$87.96

WTI and Brent Oil Price Change September 2023

29% and 8% YoY

Source: Information and eGovernment Authority, SIO, IMF, CBB, Bloomberg,



## 2

# Growth and GDP Contribution of Economic Sectors

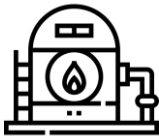
# Hotels & Restaurants is the fastest growing sector at 9.4% YoY in Q3 2023



**Real GDP Growth**  
+2.5%



**Non-Oil GDP Growth**  
+4.5%



**Oil GDP Growth**  
-6.8%

Real GDP Growth by Sector Q2 2023 YoY

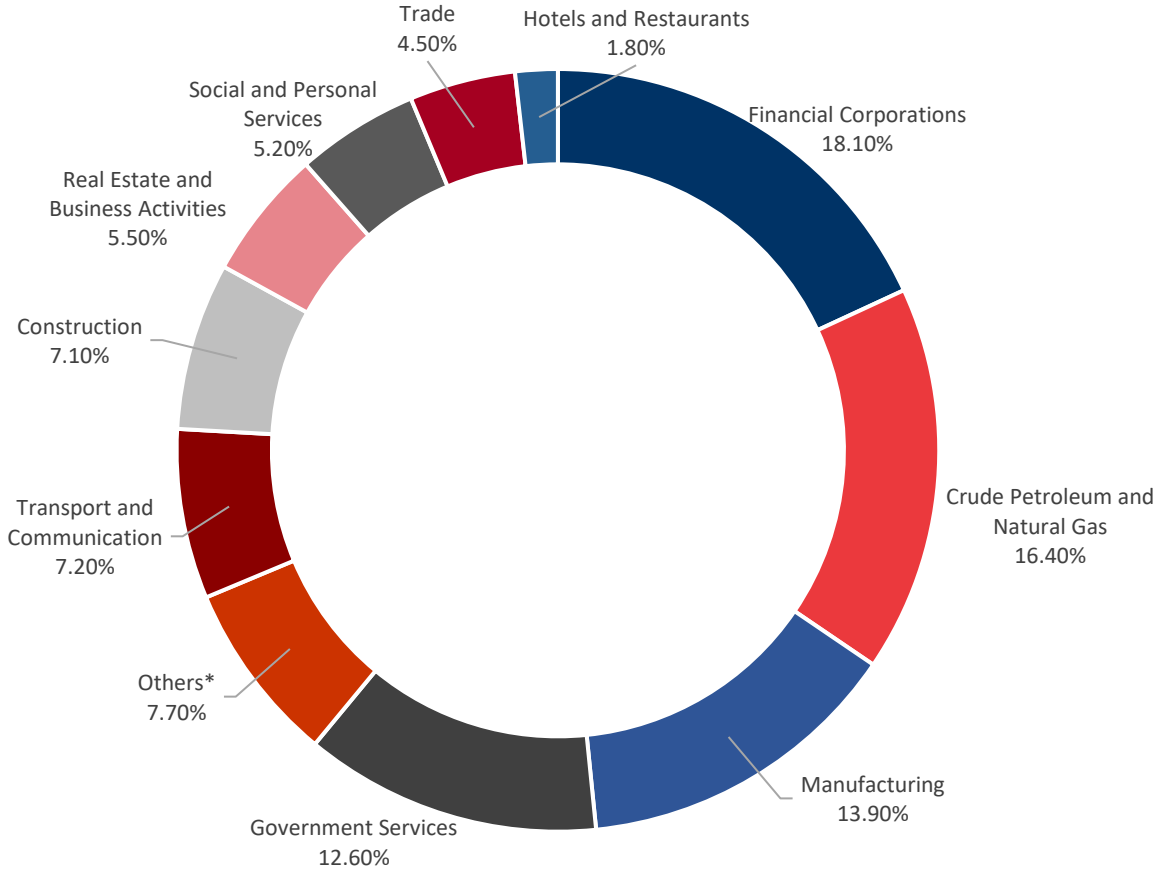
Sector	YoY Growth
Hotels & Restaurants	▲ 9.40%
Financial Corporations	▲ 8.40%
Government Services	▲ 6.80%
Trade	▲ 5.90%
Real Estate & Business Activities	▲ 2.80%
Construction	▲ 1.70%
Transport and Communication	▲ 1.10%
Manufacturing	▲ 0.60%
Electricity and Water	▲ 0.50%
Crude Petrol and Natural Gas	▼ -6.80%

Bahrain’s real GDP grew by 2.5% YoY in Q3 2023, propelled by a 4.5% growth in the non-oil sector and a 6.8% decline in the oil sector. The Hotels & Restaurants sector witnessed the highest YoY growth by 9.4%. The second fastest growing sector is Financial Corporations at 8.4% YoY, followed by Government Services at 6.8% YoY.

Source: Information and eGovernment Authority - Ministry of Finance and National Economy

# Financial Corporations sector is the highest contributor to real GDP at 18.1% in Q3 2023

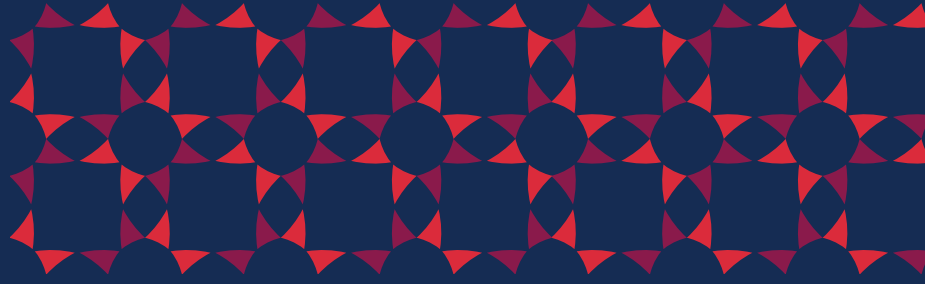
Real GDP Contribution by Sector Q3 2023



\*Includes Agriculture and Fishing, Quarrying, Electricity and Water, Net Tax on Products, Private Non-profit Institutions Serving Households, and Households with Employed Persons

The Financial Corporations Sector is the highest contributor to GDP in Q3 2023 at 18.1%, followed by the Crude Petroleum & Natural Gas Sector at 16.4% and Manufacturing at 13.9%.

Source: Information and eGovernment Authority - Ministry of Finance and National Economy

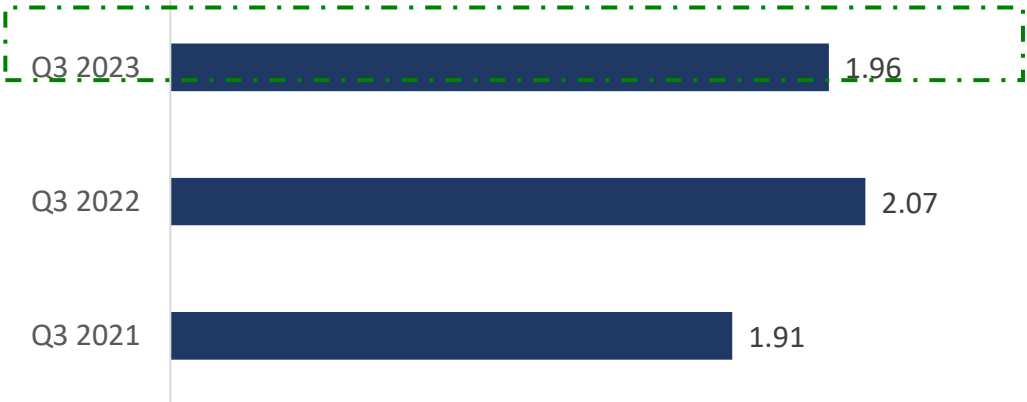


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## Trade Exchange

# 5% decrease in volume of trade between Bahrain and GCC countries in Q3 2023 YoY

Volume of Trade between Bahrain and GCC (billion USD)



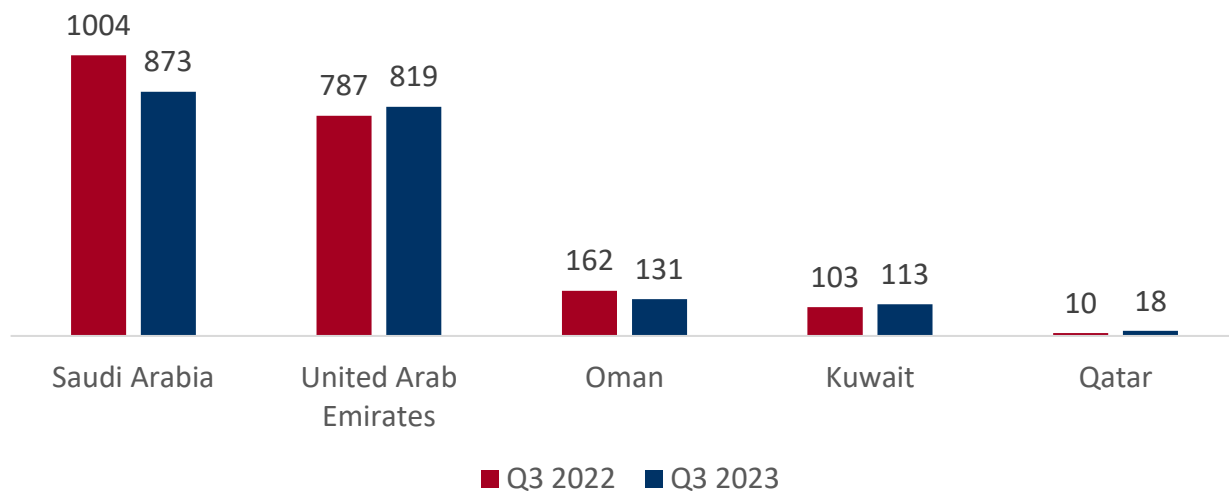
Q3 2021	Q3 2022	Q3 2023	% Change from 2022 to 2023
1,909,405,101	2,066,556,696	1,955,049,028	-5%

There is a slight decrease in the volume of trade exchange between Bahrain and GCC countries in Q3 2023 compared to the same period in 2022. Trade decreased by 5% from 2.07 billion USD in Q3 2022 to 1.96 billion USD in Q3 2023.

Source: Information and e-Government Authority

# Saudi Arabia remains Bahrain's top GCC trade partner in Q3 2023 with 873 mn USD of trade exchange

Volume of Trade (million USD)



Country	Q3 2021	Q3 2022	Q3 2023	% Change from 2022 to 2023
Saudi Arabia	1,000,193,023	1,004,315,576	873,056,823	-13%
United Arab Emirates	674,572,903	786,862,641	819,191,642	4%
Oman	125,419,039	162,370,974	131,317,569	-19%
Kuwait	92,112,829	103,236,685	113,262,474	10%
Qatar	17,107,307	9,770,819	18,220,521	86%

Source: Information and e-Government Authority



# Saudi Arabia remains Bahrain's top GCC trade partner in Q3 2023 with 873 mn USD of trade exchange

-13%

## Saudi Arabia

Saudi Arabia had the highest volume of trade exchange with Bahrain in Q3 2023. The volume of trade between KSA and Bahrain was 1.004 billion USD in Q3 2022 and decreased by 13% to 873 million USD in Q3 2023.

4%

## United Arab Emirates

The United Arab Emirates had the second-highest volume of trade exchange with Bahrain among GCC countries in Q3 2023. The volume of trade between the two countries increased by 4% from 787 million USD in Q3 2022 to 819 million USD in Q3 2023.

-19%

## Oman

Trade levels between Oman and Bahrain decreased by 19% in Q3 2023 compared to Q3 2022, from 162 million USD in Q3 2022 to 131 million USD in Q3 2023.

10%

## Kuwait

Trade between Bahrain and Kuwait increased by 10% from 103 million USD in Q3 2022 to 113 million USD in Q3 2023.

86%

## Qatar

Trade between Bahrain and Qatar increased by 86% from 10 million USD in Q3 2022 to 18 million USD in Q3 2023.

Source: Information and e-Government Authority

## Bahrain's Top Import Partners in Q3 2023

Country	Total Value of Imports in Q3 2023 (USD)	Top Imported Commodity	Commodity Value (USD)	% of Total Imports from the Country
China	552,784,545	Smartphones	40,575,917	7%
United Arab Emirates	348,984,030	Gold Ingots	132,529,359	38%
Australia	340,687,845	Other Aluminum Oxide	318,388,709	93%
Brazil	289,882,167	Non-Agglomerated Iron Ores and Concentrates	252,291,423	87%
United States of America	237,697,190	Parts for Aircraft Engines	34,003,172	14%

### China maintains its position as Bahrain's top import partner in Q3 2023

China is still Bahrain's top import partner with a total import value of 553 million USD. The top imported commodity was smartphones, with a total value of 41 million USD. This commodity accounts for 7% of total imports from China.

The United Arab Emirates was Bahrain's second largest import market, with a total import amount of 349 million USD. The top commodity imported was Gold Ingots at 133 million USD and it accounts for 38% of imports from UAE.

Australia was Bahrain's third largest import partner with an imports value of 341 million USD. The top imported commodity was Other Aluminum Oxide, valued at 318 million USD and accounting for 93% of total imports from Australia.

Brazil was the fourth top import partner in Q3 2023, with the total value of imports reaching 290 million USD. The top imported commodity was Non-Agglomerated Iron Ores and Concentrates, valued at 252 million USD, and it accounts for 87% of total imports.

Total imports from the United States of America reached 238 million USD in Q3 2023. The top imported commodity was Parts for Aircraft Engines, valued at 34 million USD and constituting 14% of total imports from USA.

Source: Information and e-Government Authority



## Bahrain's Top Export Partners in Q3 2023

Country	Total Value of Exports in Q3 2023 (USD)	Top Exported Commodity	Commodity Value (USD)	% of Total Exports from the Country
Saudi Arabia	641,240,566	Agglomerated Iron Ores and Concentrates	108,831,785	17%
United Arab Emirates	470,207,612	Agglomerated Iron Ores and Concentrates	129,485,144	28%
United States of America	242,677,653	Unwrought Aluminum Alloys	110,017,309	45%
Netherlands	125,754,471	Unwrought Aluminum Not Alloyed	61,146,793	49%
Egypt	110,375,497	Agglomerated Iron Ores and Concentrates	60,484,275	55%

### Saudi Arabia maintains its position as Bahrain's top export partner in Q3 2023

Saudi Arabia has maintained its position as the largest export market for Bahraini commodities in Q3 2023, with the total value of exports reaching 641 million USD. The top exported commodity was Agglomerated Iron Ores and Concentrates at 109 million USD, accounting for 17% of total exports to Saudi Arabia.

The United Arab Emirates was Bahrain's second largest export partner, with a total value of exports of 470 million USD. The top exported commodity was Agglomerated Iron Ores and Concentrates at 129 million USD, accounting for 28% of exports.

The United States of America was Bahrain's third-largest export partner with a total exports of 243 million USD. The top exported commodity was Unwrought Aluminum Alloys at 110 million USD, accounting for 45% of exports to the US.

Total exports to the Netherlands amounted to 126 million USD. The top exported commodity was Unwrought Aluminum not Alloyed at 61 million USD, which constitutes 49% of total exports to the Netherlands.

Egypt was Bahrain's fifth largest export partner in Q3 2023, with the total value of exports reaching 110 million USD. The top exported commodity was Agglomerated Iron Ores and Concentrates at 60 million USD, and it accounts for 55% of total exports.

Source: Information and e-Government Authority



# Bahrain's Top Traded Commodities in Q3 2023

## Top Imports in Bahrain

Commodity	Import Value (USD)
Other Aluminium Oxide	321,800,130
Non-Agglomerated Iron Ores And Concentrates	314,884,776
Gold Ingots	143,212,725
Parts for Aircraft Engines	78,236,428
Petroleum Coke Not Calcined	65,961,297

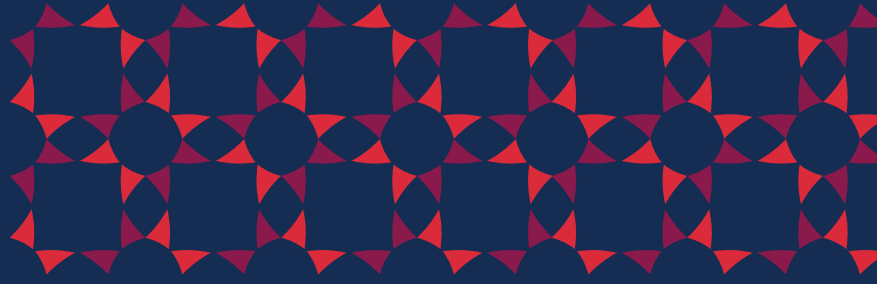
The top imported commodity in Q3 2023 was Other Aluminium Oxide, with the total value of imports reaching 322 million USD. This is followed by Non-Agglomerated Iron Ores and Concentrates and Gold Ingots, with the total value of imports reaching 315 million USD and 143 million USD, respectively.

## Top Exports from Bahrain

Commodity	Export Value in (USD)
Unwrought Aluminium Alloys	645,838,210
Agglomerated Iron Ores And Concentrates	443,207,600
Aluminum Wire, Not Alloyed, Over 7 MM Thick	146,926,971
Unwrought Aluminium, Not Alloyed	135,364,935
Processed Cheese, Not Grated or Powdered	120,280,037

The top exported commodity in Q3 2023 was Unwrought Aluminium Alloys, with the total value of exports reaching 646 million USD. The second and third top exported commodities were Agglomerated Iron Ores and Concentrates and Aluminium Wire, Not Alloyed, over 7 MM Thick, with the total value of exports reaching 443 million USD and 147 million USD, respectively.



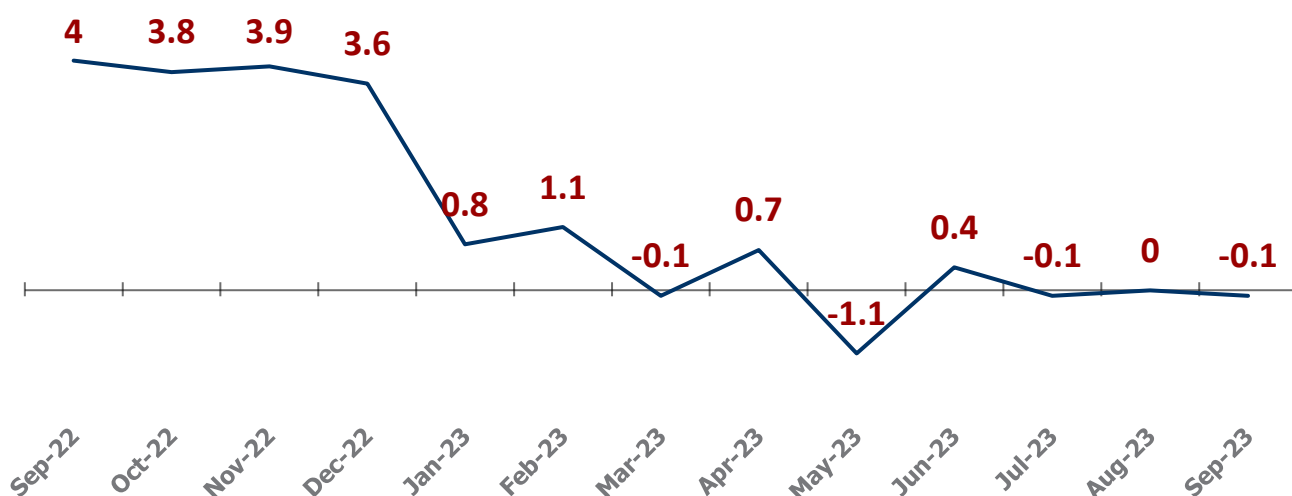


# 4

## Local Economic Outlook

# 0.1% decrease in Consumer Price Index (CPI) in September 2023 compared to September 2022

Consumer Price Index, Annual Change (%)

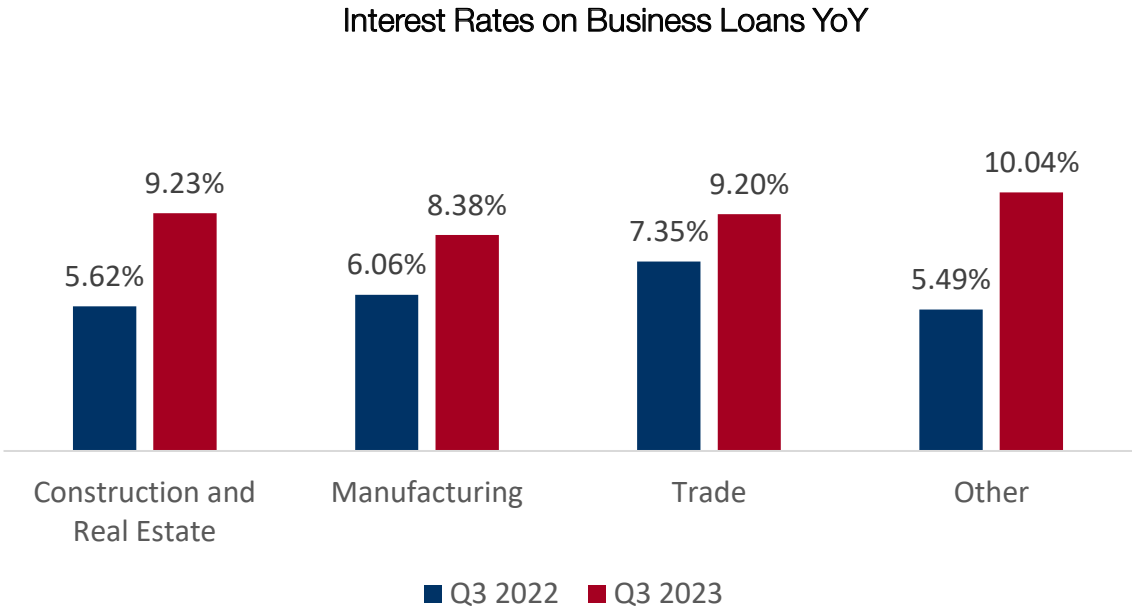


In September 2023, the general consumer price index has decreased by 0.1% compared with September 2022. The most notable changes in the year were:

- +7.9% increase in food and non-alcoholic beverage group .
- -3% decrease in furnishings, household equipment and Routine household maintenance group
- -3.7% decrease in housing, water, electricity, gas and other fuels group

Source: Information and e-Government Authority

# Increase in interest rates on business loans in all sectors in Q3 2023 YoY

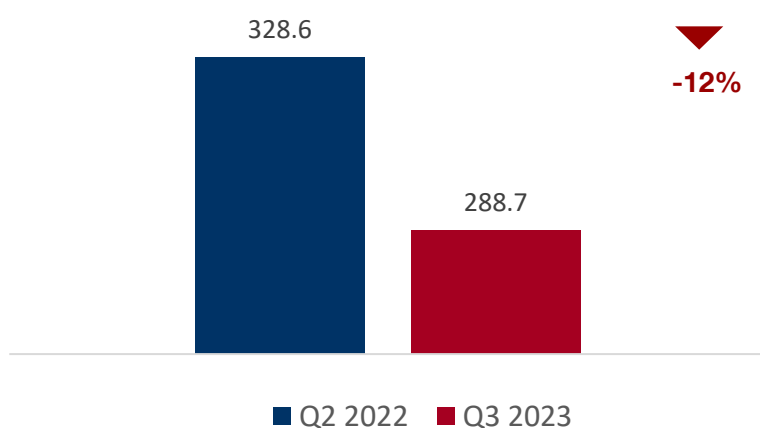


Interest rates on business loans increased in all sectors during Q3 2023 on an annual basis. In the Construction and Real Estate sector, the interest rate increased from 5.62% in Q3 2022 to 9.23% in Q3 2023. In Manufacturing sector, the interest rate increased from 6.06% in Q3 2022 to 8.38% in Q3 2023. Also, it increased from 7.35% to 9.20% in the Trade sector, and from 5.49% to 10.04% in other sectors.

Source: Central Bank of Bahrain

## 12% decrease in ATM withdrawal values in Q3 2023 compared to the same period in 2022

Value of ATM Withdrawals (Million BHD)

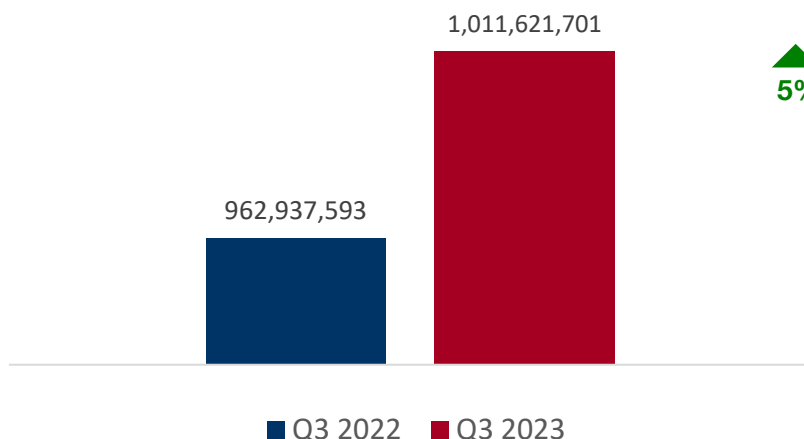


The ATM withdrawal values decreased by 12% in Q3 2023 compared to same period in 2022. The value of ATM withdrawal transactions decreased from 328.6 million BHD in Q3 2022 to 288.7 million BHD in Q3 2023.

Source: Central Bank of Bahrain

## 5% increase in the value of POS transactions recorded in Q3 2023 compared to the same period in 2022

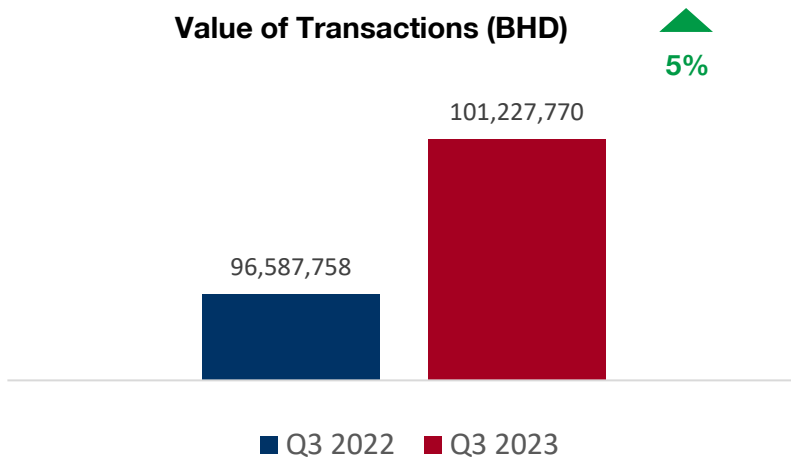
Value of POS Transactions (BHD)



In contrast to ATM withdrawals, Point of Sale transactions have been on the rise. The value of POS transactions increased by 5% in Q3 2023, from 963 million BHD in Q3 2022 to 1.012 billion BHD in Q3 2023.

Source: Central Bank of Bahrain

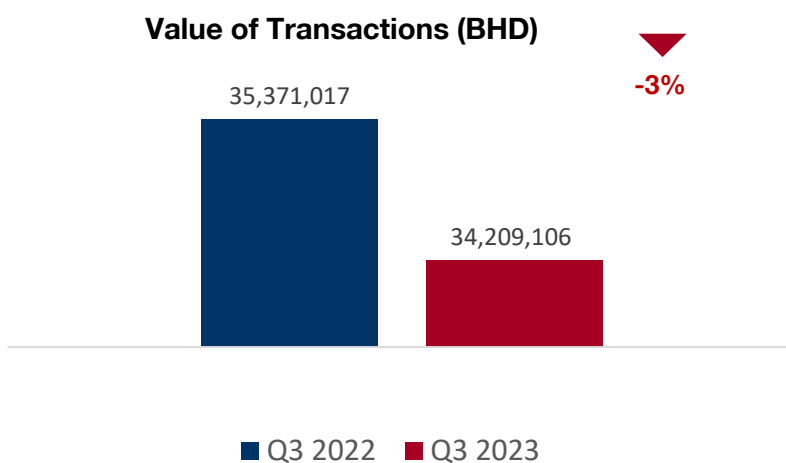
## 5% increase in the value of supermarket transactions in Q3 2023 compared to the same period in 2022



The value of supermarket transactions increased by 5% in Q3 2023, from 97 million BHD in Q3 2022, to 101 million BHD in Q3 2023.

Source: Central Bank of Bahrain

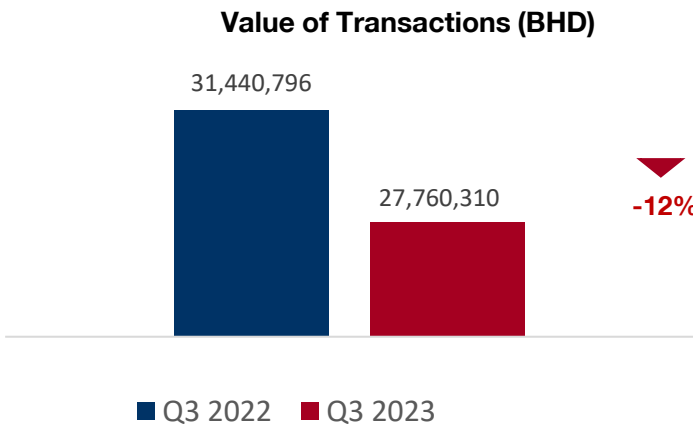
## 3% decrease in the value of department store transactions in Q3 2023 compared to the same period in 2022



The value of the transactions in the department stores sector decreased by 3% in Q3 2023, from 35 million BHD in Q3 2022, to 34 million BHD in Q3 2023.

Source: Central Bank of Bahrain

## 12% decrease in the value of jewelry store transactions in Q3 2023 compared to the same period in 2022

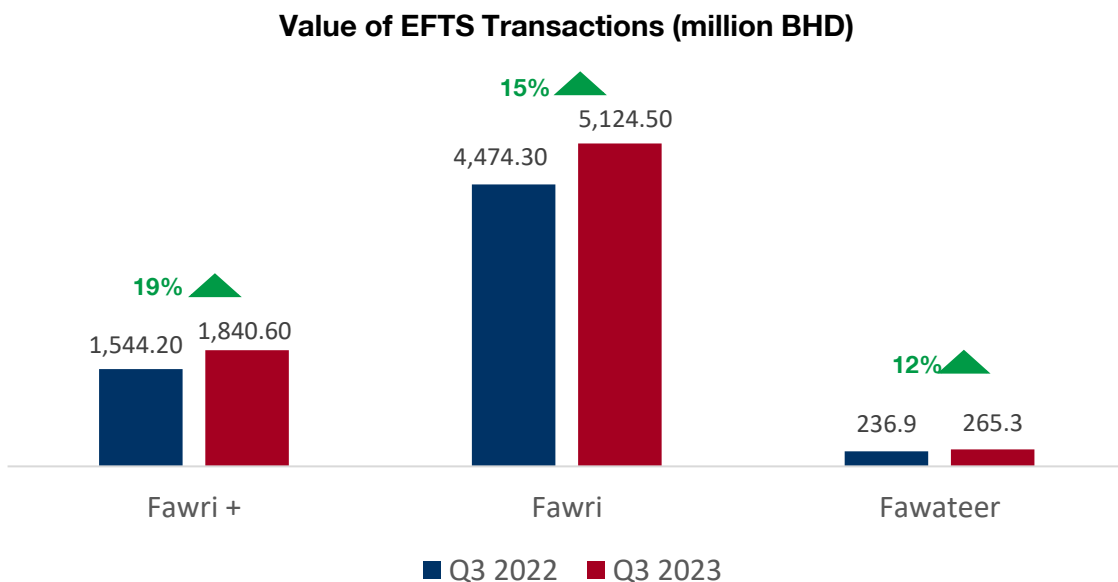


The value of transactions in the jewelry stores sector decreased by 12% in Q3 2023, from 31 million BHD in Q3 2022, to 28 million BHD in Q3 2023.

Source: Central Bank of Bahrain

## 19% increase in transfers via Fawri+ in Q3 2023 compared to the same period in 2022

The value of EFTS transactions through the Fawri+ system increased by 19% from 1.5 billion BHD in Q3 2022 to 1.8 billion BHD in Q3 2023. The value of EFTS transactions through the Fawri system increased as well by 15% from 4.5 billion BHD in Q3 2022 to 5.1 billion BHD in Q3 2023. Fawateer transactions increased by 12% from 237 million BHD in Q3 2022 to 265 million BHD in Q3 2023.

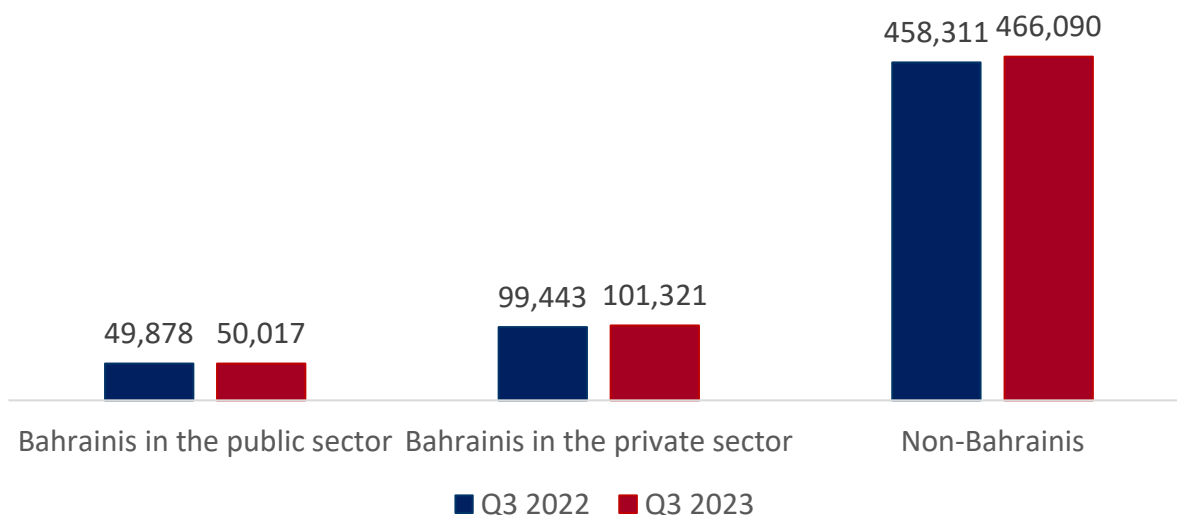


Source: Central Bank of Bahrain

## 1.6% increase in labor market contributors in Q3 2023 YoY

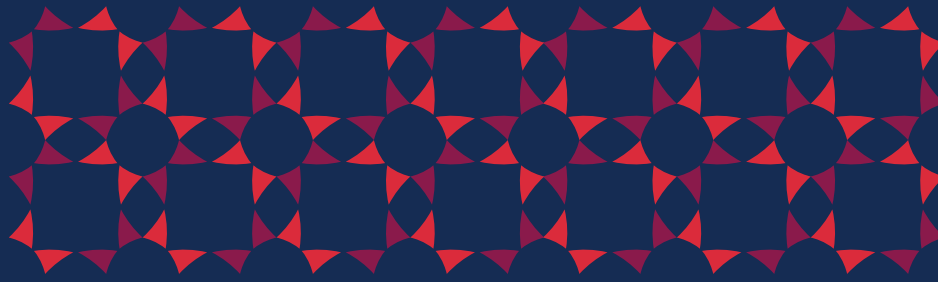
The total number of insured employees in the labor market increased by 1.6% in Q3 2023 YoY, from 607,632 to 617,428. The number of Bahrainis in the private sector increased by 1.9% in Q3 2023 YoY, while the number of non-Bahrainis increased by 1.7% during the same time period. However, the number of Bahrainis in the public sector increased slightly by 0.3% in Q3 2023 YoY.

Number of Insured Employees in the Labor Market



	Q3 2022	Q3 2023	YoY Growth
Bahrainis in the public sector	49,878	50,017	0.3%
Bahrainis in the private sector	99,443	101,321	1.9%
Non-Bahrainis	458,311	466,090	1.7%
<b>Total</b>	<b>607,632</b>	<b>617,428</b>	<b>1.6%</b>

Source: Social Insurance Organization



# 5

## Bahrain's Ranking in Global Indices

## Bahrain ranks 1st in the GCC in the 2023 Basel AML Index

The Kingdom of Bahrain ranks 1st in the GCC in the 2023 Basel AML Index, an annual ranking that assesses the risk of money laundering and terrorist financing. Bahrain earned a score of 4.82 which makes it the 91<sup>st</sup> in the world, with a decrease in risks since 2022.

Middle East and North Africa region witnessed a worsening risk score this year. There was a slight improvement in the area of AML/CFT frameworks, which was the region's weakest area last year.

Taking into consideration that, the risk scores cover five domains: Quality of ML/TF Framework; bribery and corruption; financial transparency and standards; public transparency and accountability and legal and political risks.

Ranking	Country	Score
91 <sup>st</sup>	Bahrain	4.82
74 <sup>th</sup>	Qatar	5.19
64 <sup>th</sup>	Saudi Arabia	5.38
48 <sup>th</sup>	United Arab Emirates	5.74

Source: **Basel AML Index 2023**



## Bahrain ranked 27<sup>th</sup> out of 64 global economies on IMD Business School' 2023 World Talent Ranking

Bahrain ranked the 27<sup>th</sup> of 64 global economies on the 2023 Institute for Management Development (IMD) World Talent Ranking, climbing 8 positions since 2022 and placing 2<sup>nd</sup> in the Arab World. The Kingdom of Bahrain came ahead of Kuwait, which ranked 28<sup>th</sup>, Qatar which ranked 30<sup>th</sup>, and the Kingdom of Saudi Arabia, which ranked 36<sup>th</sup>.

Bahrain ranked 10<sup>th</sup> globally within the talent readiness pillar. Also, Bahrain ranked the 24<sup>th</sup> in the appeal, which reflect the extent to which a country taps into the overseas talent pool.

The rankings assess three factors of each country: the investment and development, the appeal factor, and the readiness, these 3 factors comprise 31 criteria.

Country	Investment & Development	Appeal	Readiness	Overall
United Arab Emirates	48	16	4	22 <sup>nd</sup>
Bahrain	50	24	10	27 <sup>th</sup>
Kuwait	10	59	38	28 <sup>th</sup>
Qatar	49	28	12	30 <sup>th</sup>
Saudi Arabia	41	22	37	36 <sup>th</sup>

Source: **IMD Business School' 2023 World Talent Ranking**



## **Bahrain has maintained its leading position among Arab countries as the freest economy in the Arab World, according to the 2023 Economic Freedom of the World**

Bahrain was ranked 45<sup>th</sup> globally among 165 countries, according to the 2023 Economic Freedom of the World report published by the Fraser Institute. The Kingdom of Bahrain has maintained its leading position among Arab countries as the freest economy in the Arab World, came ahead of UAE, which ranked 50<sup>th</sup>, KSA which ranked 83<sup>rd</sup> Kuwait which ranked 85<sup>th</sup>

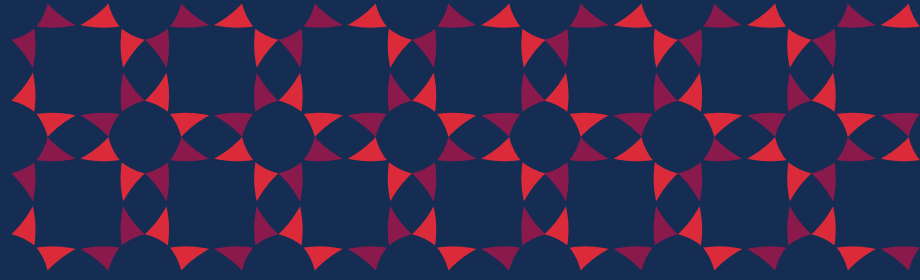
Taking into consideration that Bahrain obtained full scores in 9 sub-indicators within the report.

The degree of economic freedom is measured in five broad areas: Size of Government, Legal System and Property Rights, Sound Money, Freedom to Trade Internationally and the Regulations.

<b>Country</b>	<b>Ranking</b>
<b>Bahrain</b>	<b>45<sup>th</sup></b>
<b>United Arab Emirates</b>	<b>50<sup>th</sup></b>
<b>Saudi Arabia</b>	<b>83<sup>rd</sup></b>
<b>Kuwait</b>	<b>85<sup>th</sup></b>
<b>Oman</b>	<b>90<sup>th</sup></b>
<b>Qatar</b>	<b>90<sup>th</sup></b>

Source: Economic Freedom of the World report published by the Fraser Institute



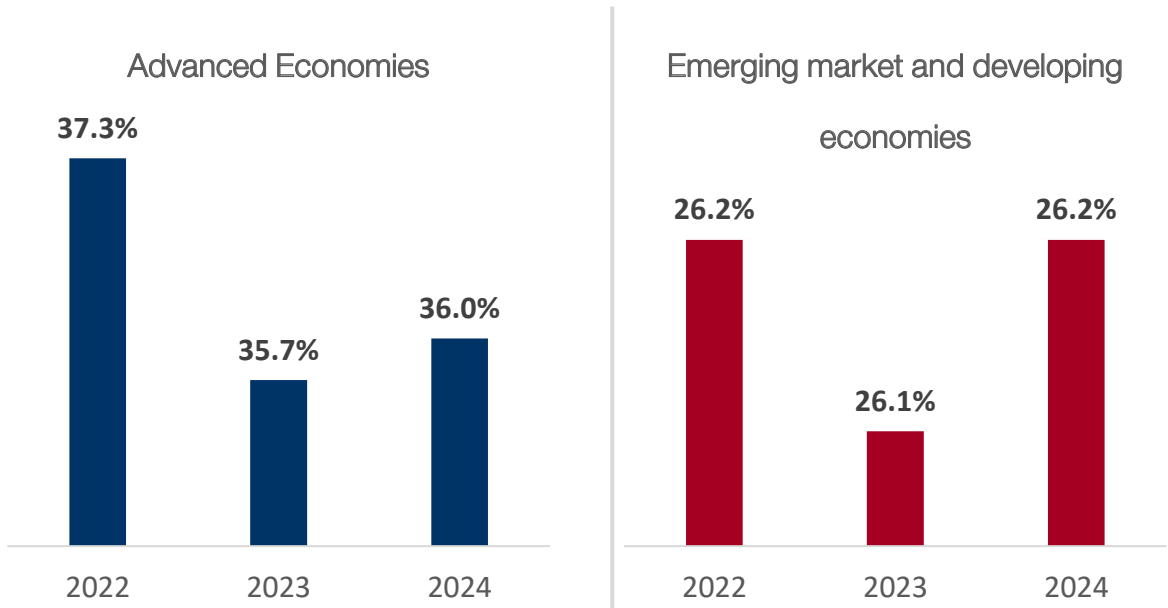


# 6

## Global Economic Outlook

# IMF expects the general government revenues to reach 36% in the advanced economies in 2024

## General Government Revenues

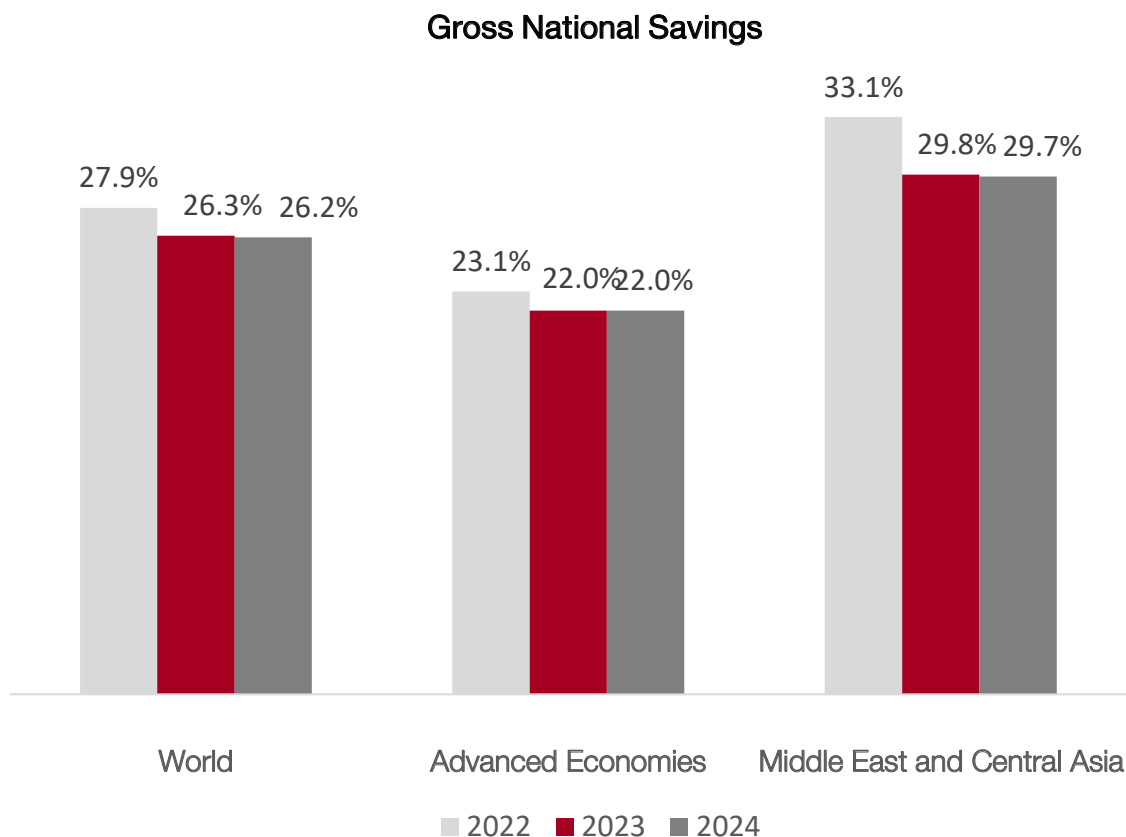


According to the IMF's "World Economic Outlook" report released in October 2023, the general government revenues are expected to decrease from 37.3% in 2022 to 35.7% in 2023, and then to increase slightly to 36% in 2024 in the Advanced Economies. While in the emerging market and developing economies, the general government revenues are expected to decrease from 26.2% in 2022 to 26.1% in 2023 and then to increase to 26.2% again in 2024.

Source: IMF – World Economic Outlook October 2023



# IMF forecasts a decrease in the gross national savings to 29.7% in 2024 in the Middle East and Central Asia



According to the IMF, the gross national savings are expected to decrease from 27.9% in 2022 to 26.3% in 2023. It is then projected to further decrease to 26.2% in 2024. In advanced economies, the gross national savings are expected to decrease from 23.1% in 2022 to 22% in 2023 and 2024. In Middle East and Central Asia, the gross national savings are expected to decrease from 33.1% in 2022 to 29.8% in 2023, and the gross national savings are then expected to slightly more decrease to 29.7% in 2024.

Source: IMF – World Economic Outlook October 2023



# 29% increase in WTI oil price in September 2023 YoY

Oil Prices (USD per barrel)

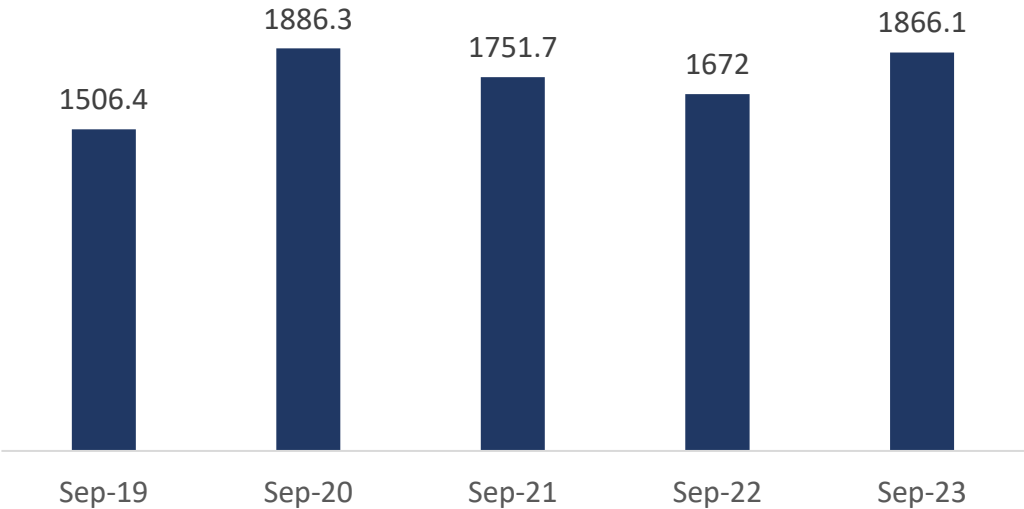
Oil Type	September 2022	September 2023	Percentage Change
WTI	\$70.49	\$90.79	29% ▲
Brent	\$87.96	\$95.31	8% ▲

The price of a barrel of WTI crude has increased by 29% in September 2023 compared to September 2022 from \$70.49 per barrel in 2022 to \$90.79 per barrel in 2023. Also, the price of Brent crude oil has increased by 8% in September 2023 compared to September 2022, from \$87.96 per barrel in 2022 to \$95.31 per barrel in 2023.

Source: Bloomberg

# 24% increase in gold price over 5-year period

Gold Price (USD)

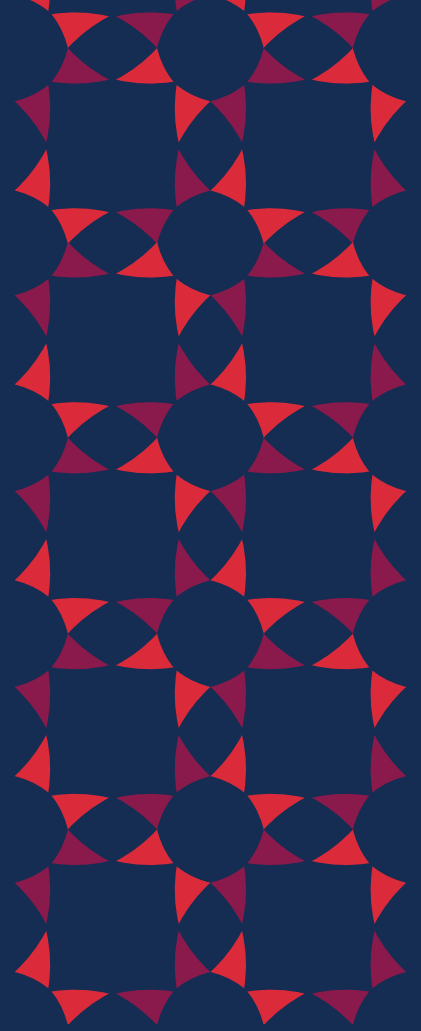


The price of gold reached \$1866.1 USD in September 2023, an increase of 24% compared to \$1506.4 USD in September 2019.

Source: Bloomberg







## غرفة البحرين BAHRAIN CHAMBER

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.