



غرفة البحرين
BAHRAIN CHAMBER



Overview of the Local Economy

Q3 2021





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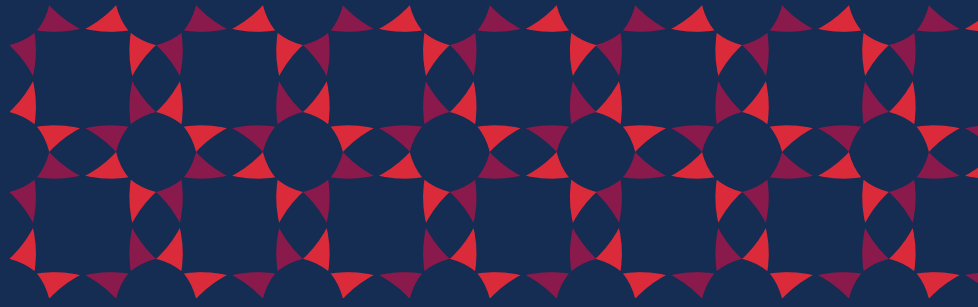
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1

Executive Summary



Most economic sectors witnessed growth in their GDP contribution during Q1 2021.



The volume of trade exchange between Bahrain and GCC countries returned to pre-pandemic levels



Brazil ranks first in the value of imports to Bahrain for the first time in Q2 2021



Saudi Arabia maintains the lead as the top importer from Bahrain



Increase in foreign reserves during the first quarter of 2021



2496%

increase in fund transfers through Fawri+ in June 2021 compared to June 2019



66%

increase in the value of POS transactions in April 2021 compared to April 2020



-15.7%

decrease in remittances during Q2 2021 compared to Q2 2020





0.96%

growth in the number of insured Bahrainis in the public sector during Q2 2021 compared to Q2 2020



0.3%

increase in consumer price index (CPI) in July 2021 compared to July 2020



35.5%

increase in the number of Bahrainis employed in the transport and storage sector during Q1 2021



Continuous rise in number of business loans



(1)

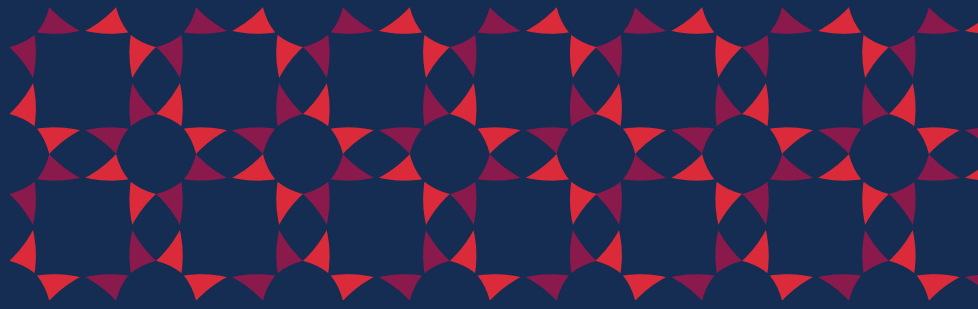
Bahrain ranks first in attracting the highest share of tourism investments in 2020



(2)

Bahrain ranks 2nd in the GCC and 66th globally in the Global Startup Ecosystem Index 2021



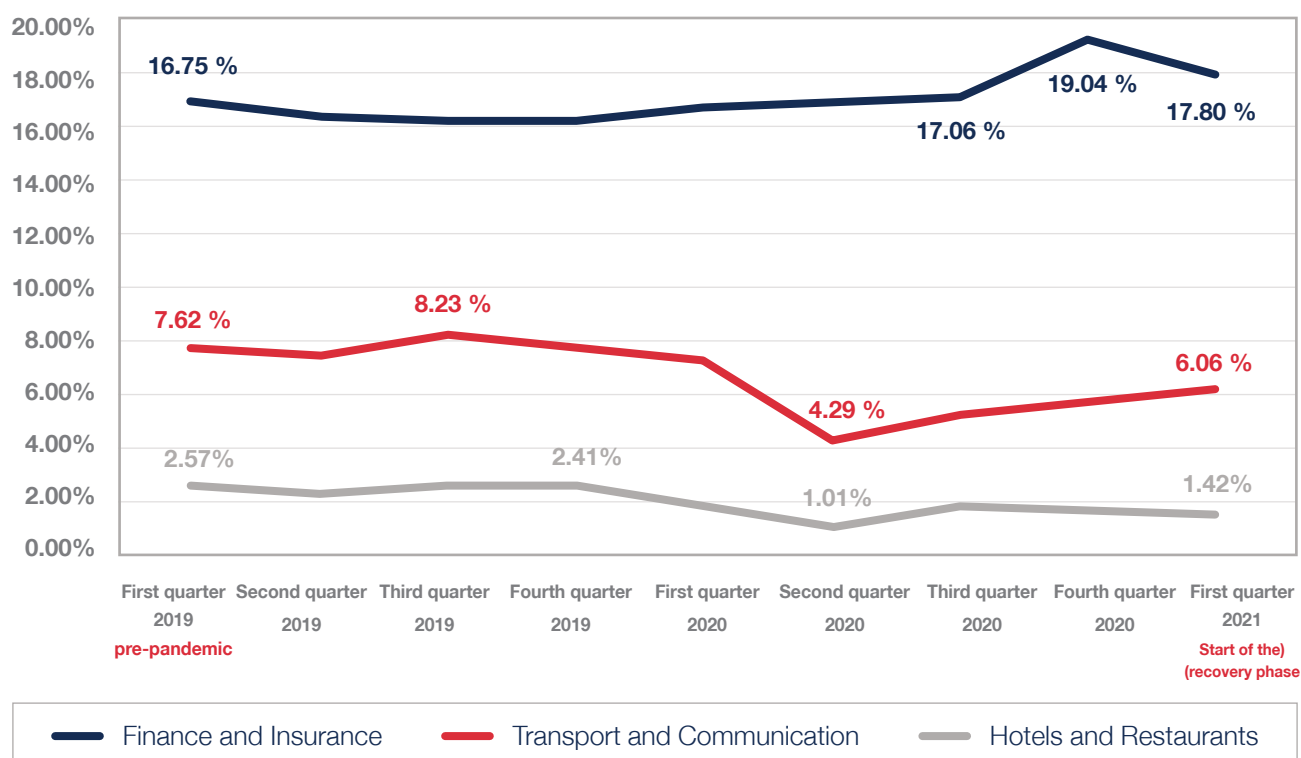


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GDP Contribution of Economic Sectors

Most economic sectors witnessed growth in GDP contribution in Q1 2021

Sector	Pre-Pandemic				Post-Pandemic				Recovery stage
	First Quarter 2019	Second Quarter 2019	Third Quarter 2019	Fourth Quarter 2019	First Quarter 2020	Second Quarter 2020	Third Quarter 2020	Fourth Quarter 2020	First Quarter 2021
Finance and Insurance	16.75%	16.25%	16.05%	16.20%	16.66%	16.80%	17.06%	19.04%	17.80%
Crude oil and natural gas	16.68%	17.90%	18.31%	18.29%	17.16%	20.27%	20.32%	17.69%	17.91%
Manufacturing	14.01%	13.95%	14.76%	15.07%	14.85%	14.37%	14.76%	14.49%	14.20%
Government services	12.71%	13.02%	11.54%	10.89%	12.47%	14.29%	12.34%	12.99%	13.15%
Construction	7.41%	7.28%	7.19%	7.42%	7.52%	7.82%	7.74%	7.68%	7.62%
Transport and Communication	7.62%	7.44%	8.23%	7.74%	7.22%	4.29%	5.18%	5.67%	6.06%
Trade	4.48%	4.34%	4.43%	4.56%	4.52%	4.34%	4.28%	4.36%	4.33%
Hotels and restaurants	2.57%	2.38%	2.51%	2.41%	1.66%	1.01%	1.71%	1.48%	1.42%
Electricity and water	1.12%	1.09%	1.13%	1.10%	1.37%	1.62%	1.57%	1.50%	1.44%



Main sectors witnessing growth in GDP contribution during Q1 2021

Sector	First Quarter 2019	First Quarter 2021	Percentage Increase
Finance and Insurance	16.75%	17.80%	1.05%
Crude oil and natural gas	16.68%	17.91%	1.23%
Manufacturing	14.01%	14.20%	0.19%
Government services	12.71%	13.15%	0.44%
Construction	7.41%	7.62%	0.21%
Electricity and water	1.12%	1.44%	0.32%

Main sectors witnessing recovery in the coming period

Sector	First Quarter 2019	First Quarter 2021	Percentage Change
Transport and Communication	7.62%	6.06%	-1.56%
Trade	4.48%	4.33%	-0.15%
Hotels and restaurants	2.57%	1.42%	-1.15%

Source: Information and e-Government Authority

Main sectors witnessing growth in GDP contribution during Q1 2021



Finance and Insurance

- The Finance and Insurance Sector achieved the largest contribution to the GDP during the first quarter of 2019, as its contribution amounted to about 16.75%.
- The sector's indicators continued to rise during the first quarter of 2021. As this sector achieved an improvement in its contribution percentage of up to 17.8%, an increase of 1.05% than its performance in the first quarter of 2019.



Crude Oil and Natural Gas

- The Crude Oil and Natural Gas Sector achieved the second largest contribution to the GDP during the first quarter of 2019, as its contribution amounted to about 16.68%.
- Recovery indicators continued to rise during the first quarter of 2021, as this sector achieved an improvement in its contribution percentage amounting to 17.91%, an increase of 1.23% compared to its performance in the first quarter of 2019.



Manufacturing

- The Manufacturing Sector achieved the third largest contribution to the GDP during the first quarter of 2019, as its contribution amounted to about 14.01%.
- The sector maintained its performance as the third largest contributor up to the first quarter of 2021, achieving 14.20%, an increase of 0.19% than its performance in the first quarter of 2019.



Government Services

- The Government Services Sector is one of the main contributors to the GDP, with a percentage of 12.71% in the first quarter of 2019.
- However, the pandemic caused a decline in the sector's performance until its contribution percentage amounted to 12.34% in the third quarter of 2020.
- The Government Services Sector accompanied the economic sectors in the remarkable improvement in performance during the first quarter of 2021, as its contribution percentage amounted to 13.15%, an increase of 0.44% than its contribution in the first quarter of 2019 – prior to the pandemic.



Construction

- The contribution of the Construction Sector to the GDP has been fixed at a rate ranging from 7.41% in the first quarter of 2019 to 7.68% in the fourth quarter of 2020.
- This sector joins the list of sectors that experienced an improvement in performance from the stage before the pandemic (first quarter 2019) until the stage of economic recovery (first quarter 2021), as its contribution increased between these two periods by a slight percentage, reaching 0.21%.



Electricity and Water

- The Electricity and Water Sector is one of the sectors with the lowest contribution to the GDP, with a contribution rate of 1.12% in the first quarter of 2019
- It is remarkable that the improvement in the sector's performance continued during the pandemic for various reasons, and also its contribution rate continued to rise during 2020.
- The sector's contribution in the first quarter of 2021 reached 1.44%, an increase of 0.32% than its contribution before the pandemic (first quarter 2019).

Main sectors projected to witness an increase in GDP contribution during the coming period



Transport and Communication Sector

- The Transport and Communication sector contributed to the GDP by 7.62% in the first quarter of 2019
- However, this sector was affected by the pandemic, and its lowest contribution was recorded during the second quarter of 2020, with a rate of 4.29%.
- However, the sector regained its previous contribution level, reaching 6.06% in the first quarter of 2021, and yet this percentage is still less than its contribution to the GDP prior to the pandemic (first quarter 2019) by 1.56%.



Trade Sector

- The repercussions of the COVID-19 pandemic affected the Trade Sector, which led to a decrease in its GDP contribution.
- Q3 2020 experienced the largest decline, as its contribution percentage dropped to 4.28%, compared to 4.48% in Q1 2020.
- The decrease in the sector's GDP contribution in Q1 2021 is about 0.15% compared to its GDP contribution prior to the pandemic in 2019.



Hotels and Restaurants

- The contribution of the Hotels and Restaurants sector decreased during 2020 due to the impact of social distancing restrictions and health precautions as a result of the pandemic.
- The sector's GDP contribution decreased from 2.57% in Q1 of 2019 to 1.01% in Q2 2020.
- Despite improvement in the sector's performance by 1.42% in Q1 2021, it is still less than its contribution in Q1 2020, which was estimated at 2.57%, a decrease of 1.15%.

Source: Information and e-Government Authority

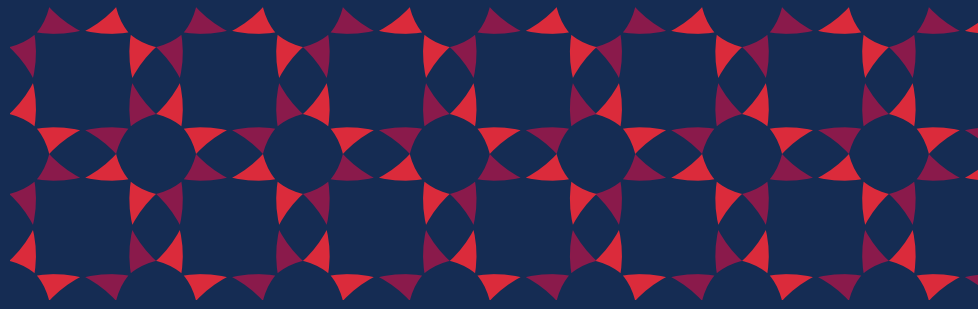
The trade, professional, scientific and technical activities and construction sectors maintain the lead in the number of commercial registrations

Commercial activity	Number of registrations at the end of 2019	Number of registrations at the end of 2020
Trade activities, repair of motor vehicles and motorcycles	50469	49038
Professional, scientific and technical activities	12821	12369
Construction	12377	12113

Most commercial activities were affected by the pandemic, which was directly reflected in the number of commercial registrations in 2020 compared to 2019. It is noteworthy that the trade, professional, scientific and technical activities, and construction sectors, have maintained their positions in the lead with the highest number of commercial registrations in 2019 and 2020.

Source: Ministry of Industry, Commerce and Tourism





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Trade exchange between the Kingdom of Bahrain and GCC Countries

The volume of trade exchange between the Kingdom of Bahrain and GCC Countries has returned to pre-pandemic levels

There is a notable recovery in the volume of trade exchange across all GCC countries in Q2 2021 compared to Q2 2020. The GCC countries are some of Bahrain's most prominent trading partners, and they were not immune to the impact of the pandemic throughout 2020. The lowest trade exchange numbers are in Q2 2020, as the government imposed strict lockdown and border control measures to contain the spread of the virus. All GCC countries, however, witnessed growth in their volume of trade exchange with Bahrain during Q2 of this year. The volume of trade exchange with Saudi Arabia increased by 18% on an annual basis from Q2 2020 to Q2 2021, while it increased with the United Arab Emirates by 77%, with Oman by 29% and with Kuwait by 38%.



Saudi Arabia

- Saudi Arabia has the highest volume of trade exchange with Bahrain among GCC countries in Q2 2021, valued at 781 million USD.
- The volume of trade between Saudi Arabia and Bahrain was 816 million USD in Q4 2019, but decreased to its lowest point at 661 million USD in Q2 2020 due to the outbreak of the pandemic.
- Since then, the volume of trade has been gradually increasing and is currently nearing pre-pandemic levels.



United Arab Emirates

- The volume of trade between Bahrain and the United Arab Emirates was valued at 653 million USD in Q4 2019 and decreased by 42% to 380 million USD in Q2 2020.
- The trade exchange amount between the two countries started gradually increasing in Q3 2020 until it reached 672 million USD in Q2 2021, thereby slightly surpassing pre-pandemic levels.



Oman

- Oman has the third highest volume of trade exchange with Bahrain among GCC countries.
- The total value of trade flows reached 141 million USD in Q2 2021.
- The volume of trade between Oman and Bahrain was 143 million USD in Q4 2019, but decreased to 109 million USD in Q2 2020.

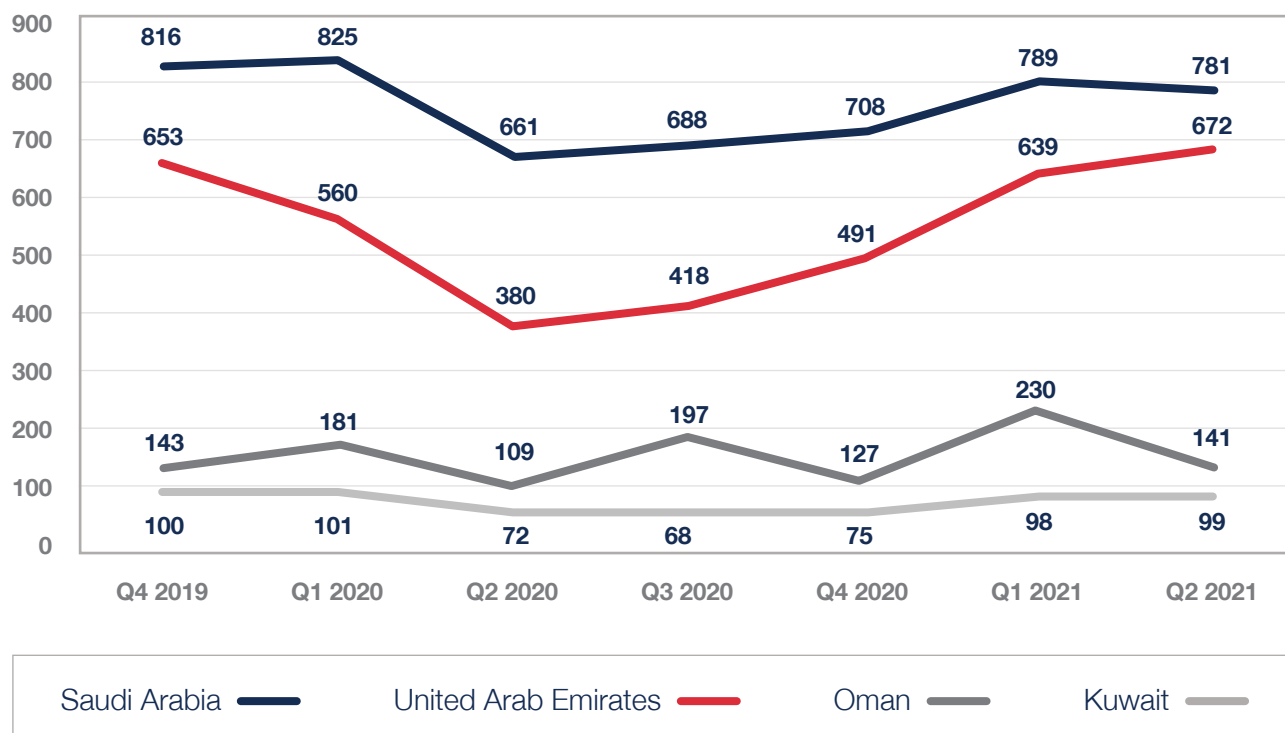


Kuwait

- The trade exchange between Kuwait and Bahrain amounted to 100 million USD in Q4 2019, but reached its lowest point in Q3 2020 at 68 million USD.
- Since then, the trade amount has been increasing and reached 99 million USD in Q2 2021.

The volume of trade exchange between the Kingdom of Bahrain and GCC Countries has returned to pre-pandemic levels

Volume of Trade Exchange with GCC Countries (million USD)



Country	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Change from Q2 2020 to Q2 2021
Kingdom of Saudi Arabia	816	825	661	688	708	789	781	18%
The United Arab Emirates	653	560	380	418	491	639	672	77%
Oman	143	181	109	197	127	230	141	29%
Kuwait	100	101	72	68	75	98	99	38%

Source: Information and e-Government Authority

Brazil ranks first in imports during Q2 2021, overtaking China for the first time

Imports:

- China was the top trading partner in Bahrain and the GCC in terms of the value of imports until the end of last year. However, Brazil surpassed China in imports to the Kingdom of Bahrain in Q2 2021 with a total value of imports estimated at 481 million US dollars.
- It is noteworthy that China ranked first in terms of the value of imports to the Kingdom of Bahrain for years. As total Chinese imports in 2017 amounted to about 1.653 billion US dollars and continued to rise until it reached approximately 2.065 billion US dollars by the end of 2019 and then decreased to 1.765 billion US dollars by the end of 2020, due to the pandemic, which affected global trade exchange.

Reasons for the decline in imports from China:

Logistical problems at ports due to the pandemic

1. China has slipped from the top supplier to the Kingdom of Bahrain due to rising freight costs as shipping container prices have also seen an unprecedented rise of 230% -330% this year, and the pandemic logistics have caused congestion at ports.
2. The lack of containers, in addition to the congestion of the ports, caused further delays in obtaining supplies which led to higher prices of goods for the end consumer.

Logistical problems at ports due to the pandemic

1. China's production has fallen due to policies aimed at stopping the rise in carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060. The policy to reduce energy consumption and pollution in Beijing has affected the aluminum market of which China produces more than half of the total aluminum in the world.
2. In addition, China plans to monitor air quality in preparation for the Winter Olympics which will be held in Beijing in February 2022. Therefore, emission quotas and restrictions were imposed, which had an impact on energy intensive sectors such

as steel manufacturing and coal powerplants. This led to iron ore prices increasing by approximately 50% between May and September 2021, as steel production was halted due to production restrictions.

2. It is noteworthy that China has started applying an increase in export taxes for some steel products in order to reduce production and remove carbon.

Saudi Arabia is at the forefront of importing countries from the Kingdom of Bahrain

Exports

- On the other hand, the Kingdom of Saudi Arabia maintained its lead in imports from Bahrain, with total Bahraini exports to Saudi Arabia reaching 555 million US dollars in the second quarter of 2021.
- It is noteworthy that the Kingdom of Saudi Arabia has maintained the lead in terms of the value of exports from the Kingdom of Bahrain for years. The total Bahraini exports to the Kingdom of Saudi Arabia in 2017 amounted to about 1.851 billion US dollars and continued to rise until it reached approximately 2.027 billion US dollars by the end of 2019. However, the decline in exports to Saudi Arabia, which amounted to 1.948 billion US dollars by the end of 2020, is due to the repercussions of the outbreak of the COVID-19 pandemic.

The five most prominent commodities traded with the Kingdom of Bahrain during Q2 2021

- The value of imports of non-agglomerated iron ores and concentrates is equivalent to about 466 million US dollars, constituting 96.6% of the imports from Brazil. This is followed by phones for cellular networks or other wireless networks which are imported from China, amounting to approximately 52 million US dollars. Finally, gold ingots imported from the United Arab Emirates amount to a total of 26.6 million US dollars.
- Raw aluminum alloys and agglomerated iron ores and concentrates are among the main exports of the Kingdom of Bahrain to Saudi Arabia, with a total value of about 129 million US dollars. This is followed by agglomerated iron ores and concentrates exported to the United Arab Emirates with an estimated amount of about 158 million US dollars, or 33.7%. Finally, raw aluminum alloys exported to the United States of America run an estimated amount of about 105 million US dollars.

References: Information and e-Government Authority

Bahrain's most prominent imports during Q2 of 2021

Country	Total value of imports	Commodities	Value (million US dollars)	Percentage of total imports from the country
Brazil	481 million US dollars	Non-agglomerated iron ores and concentrates	465.7	96.6%
China	423 million US dollars	Telephones for cellular or other wireless networks	52.3	12.3%
UAE	342 million US dollars	Gold bars	26.6	7.6%
Saudi Arabia	226 million US dollars	Bars and sticks in irregularly coiled coils, of iron or steel, hot-rolled, with protrusions	9.9	4.4%
Australia	226 million US dollars	Other aluminum oxide	198.7	87.6%

Bahrain's most prominent exports during the second quarter of 2021

Country	Total value of exports	Commodities	Value (million US dollars)	Percentage of total exports to the country
Kingdom of Saudi Arabia	555 million US dollars	Agglomerated iron ores and concentrates	129	34.4%
United Arab Emirates	470 million US dollars	Agglomerated iron ores and concentrates	158.9	33.7%
United States of America	245 million US dollars	Raw aluminum alloys	105.7	43.1%
Egypt	197 million US dollars	Agglomerated iron ores and concentrates	130.8	66.3%
Algeria	151 million US dollars	Agglomerated iron ores and concentrates	137.5	91.1%

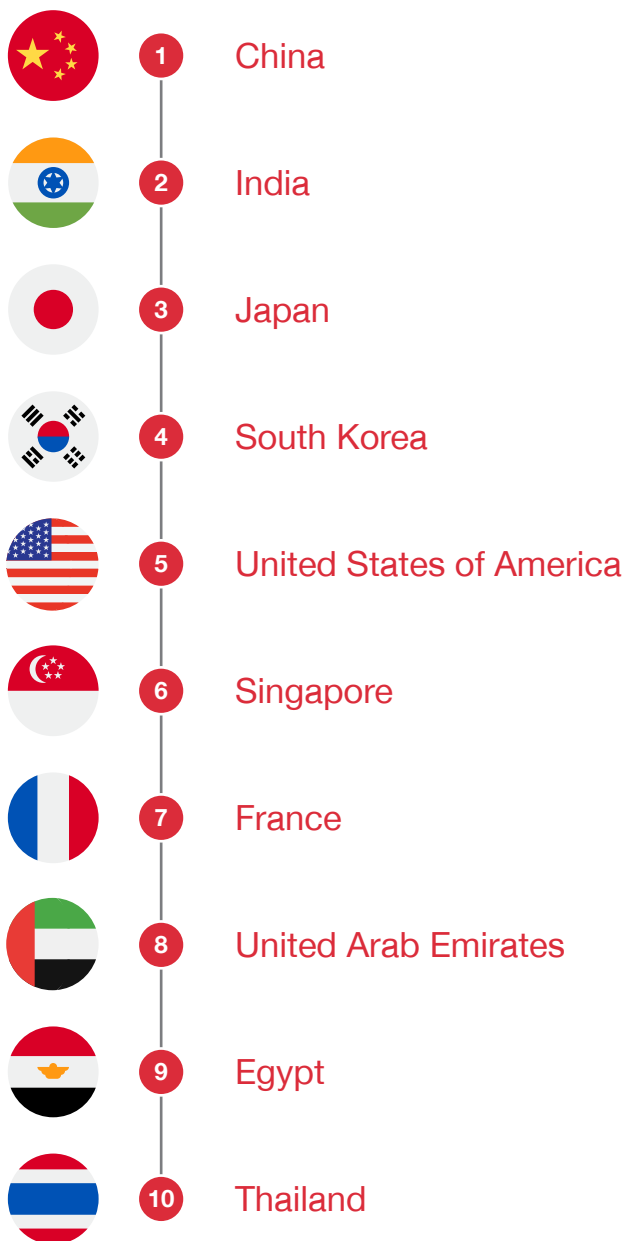
References: Information and e-Government Authority



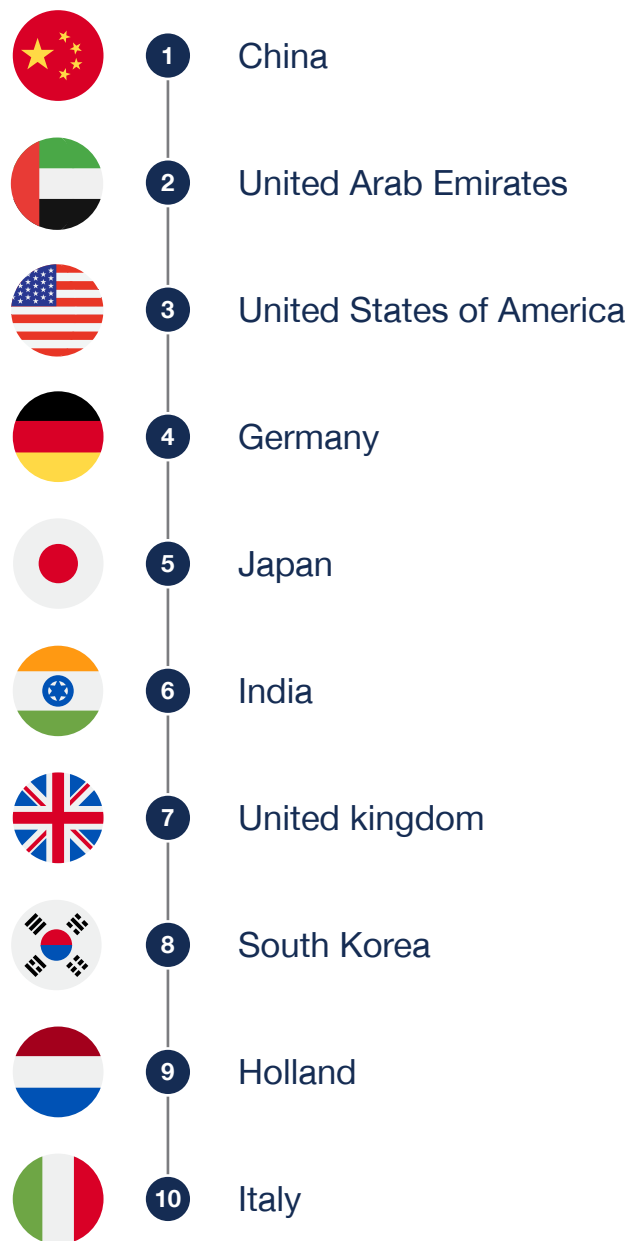
Saudi Arabia's Major Trade Partners

- China is the top trading partner of the Kingdom of Saudi Arabia in terms of the volume of exports and imports, followed by India, Japan, South Korea, and then the United States of America.
- It is noteworthy that the Kingdom of Saudi Arabia imports most of its goods from the United Arab Emirates, the United States of America, Germany and Japan.

Exports



Imports



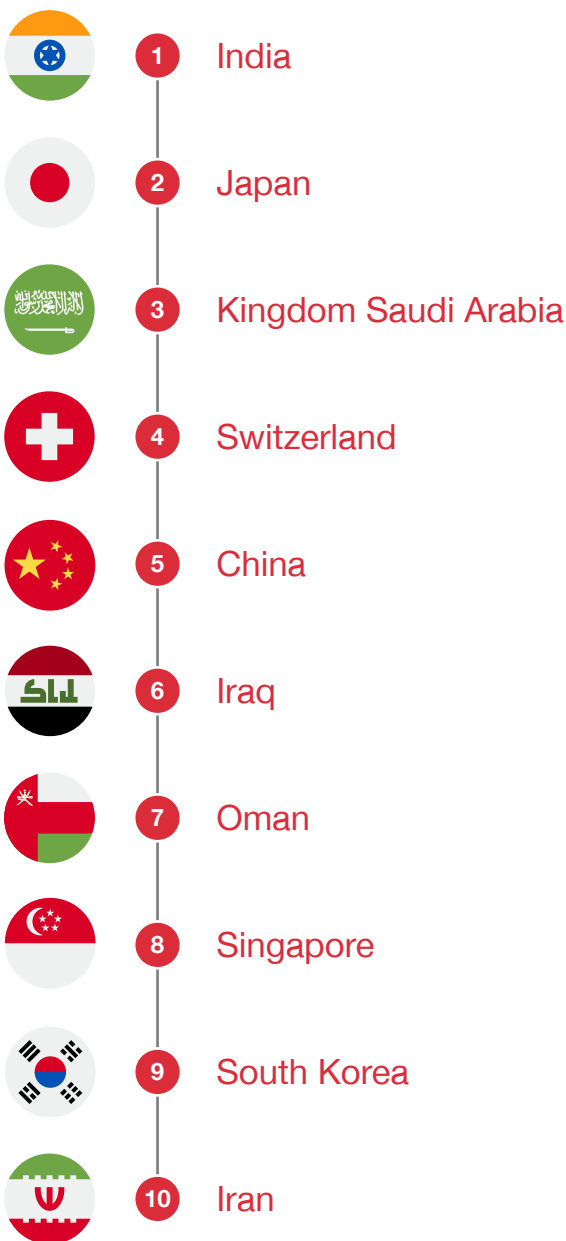
Source: The Observatory of Economic Complexity (OEC) - oec.world



United Arab Emirates Major Trade Partners

- The United Arab Emirates exports most of its products to India, Japan, Saudi Arabia and Switzerland.
- As for the imports of the United Arab Emirates, it imports them mostly from China, India, the United States and Germany.
- The Kingdom of Bahrain is among the top ten countries from which the UAE imports goods.

Exports



Imports



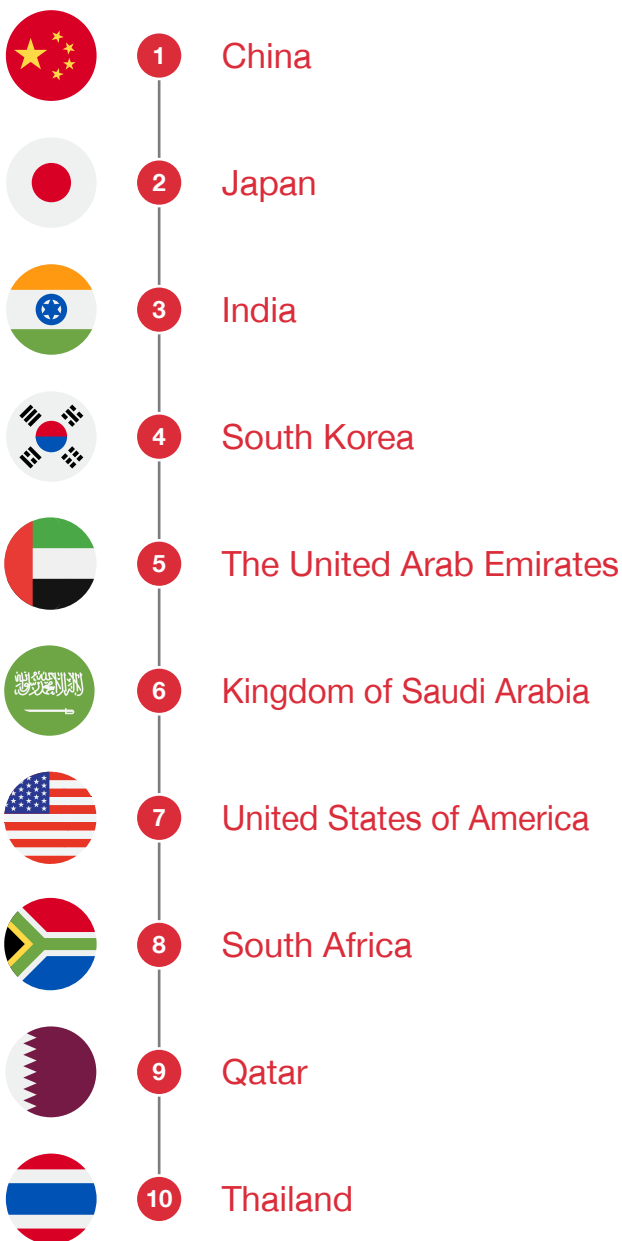
Source: The Observatory of Economic Complexity (OEC) - oec.world



Oman's Major Trade Partners

- The Sultanate of Oman exports most of its products to China, Japan, India, South Korea and the United Arab Emirates.
- As for imports, they are generally imported from the United Arab Emirates, China, Japan, India and the United States.

Exports



Imports



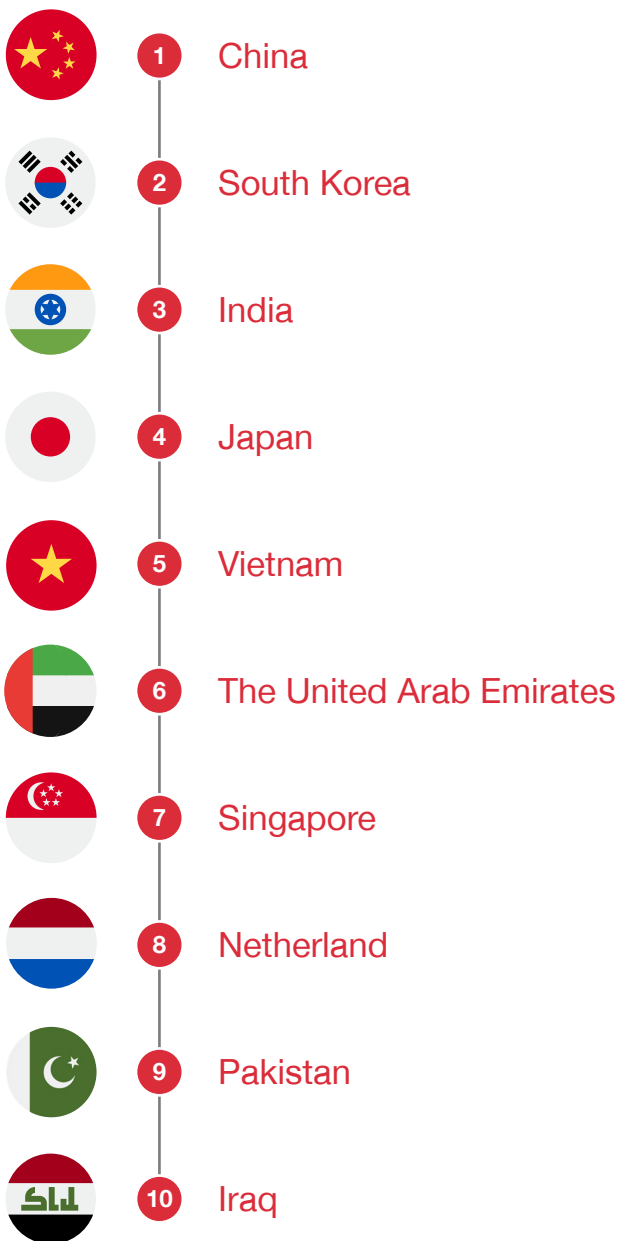
Source: The Observatory of Economic Complexity (OEC) - oec.world



Kuwait's Major Trade Partners

- China is the top trading partner of the State of Kuwait in terms of the volume of exports and imports, followed by South Korea, India, Japan and Vietnam.
- Kuwait imports most of its products from the United Arab Emirates, Saudi Arabia and Japan.

Exports



Imports



Source: The Observatory of Economic Complexity (OEC) - oec.world

Exports by country of origin

Rank by country of origin (2019)

Country	Number of commodities
Bahrain	13467
Saudi Arabia	2643
UAE	945
Kuwait	570
USA	439
Jordan	379

Rank by country of origin (2020)

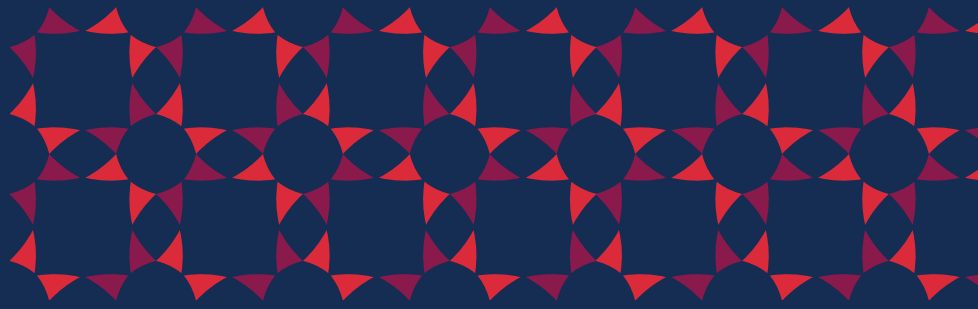
Country	Number of commodities
Bahrain	22768
Saudi Arabia	125
UAE	528
USA	485
China	276
Oman	180

Certificates of origin authentication



- The Bahrain Chamber grants and authenticates certificates of origin. The certificate of origin is an important international commercial document that confirms that the goods to be exported in certain consignments have been produced, manufactured or processed in a certain country.
- The number of certificates of origin authenticated by the Bahrain Chamber decreased from 1,565 authenticated certificates in December 2019 to 1,110 authenticated certificates in December 2020, an estimated decrease of 29%.
- Bahraini commodities maintained the lead, followed by Saudi and then UAE commodities in both years. It is noteworthy that the number of exported commodities in 2020 increased significantly compared to 2019.

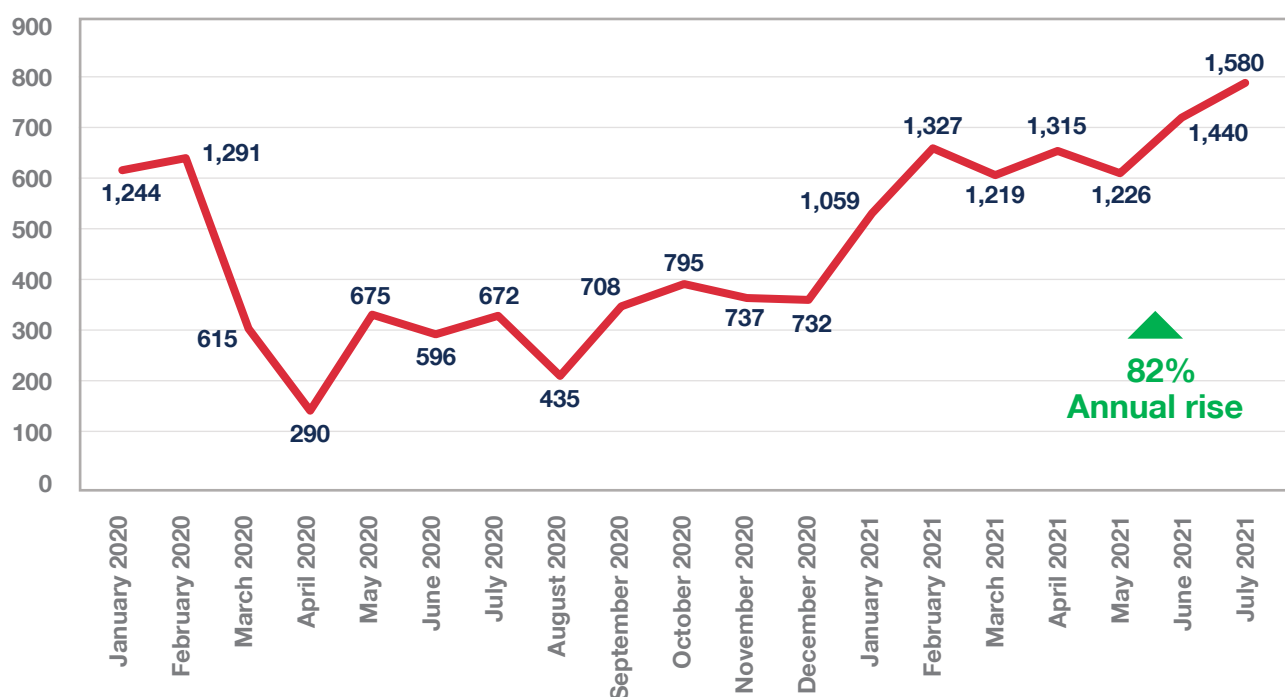
Source: Bahrain Chamber Statistics



4

Most Prominent Local Economic Indicators

Foreign reserves witness a rise during the first quarter of 2021



Source: Central Bank of Bahrain

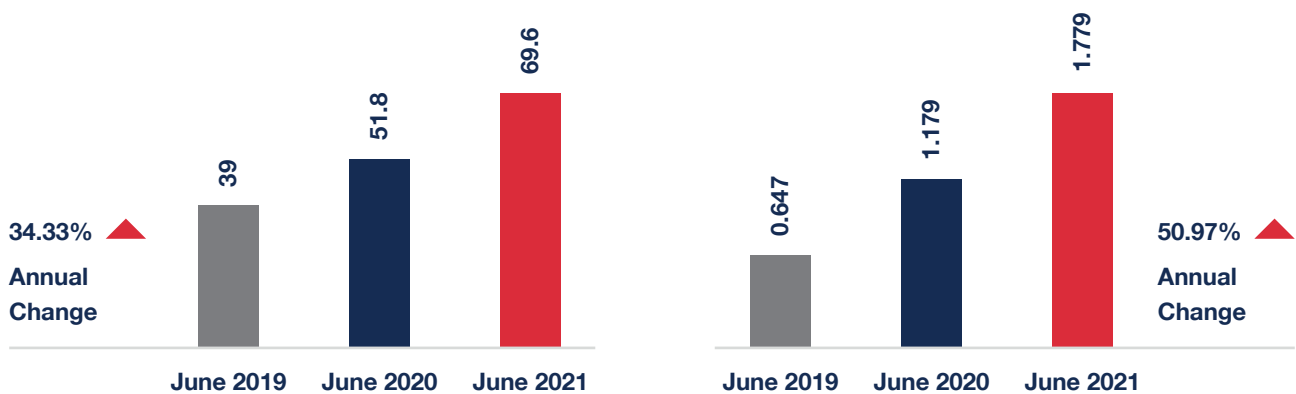
- The volume of foreign reserves in the Kingdom of Bahrain increased during the first quarter of 2021.
- The total foreign currency held by the Central Bank of Bahrain at the end of July 2021 amounted to about 1.5 billion Bahraini dinars.
- Foreign reserves experienced the largest decline recorded in April 2020, as they amounted to 290 million Bahraini dinars
- Foreign reserves faced another decline at the end of August 2020, amounting to 435 million Bahraini dinars.

About foreign reserves

- 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.

- In Bahrain, the Central Bank of Bahrain manages its foreign exchange reserves professionally to make a good return. The main objectives of this investment policy are maintaining a high level of liquidity, preserving capital, ensuring the high overall quality of the portfolio, maintaining a balance between portfolio risks and returns, in addition to maintaining the parity rate of the Bahraini dinar exchange rate.
- It is noteworthy that oil is the main source of hard currency in the country, in addition to export-priority products such as petrochemicals, aluminum and other industries, as the remarkable improvement in these sectors recently contributed to raising the volume of foreign reserves and the continuation of the pace of economic recovery.
- It is worth noting that the COVID-19 pandemic prompted governments to take multiple spending measures to prevent their economies from collapsing. As a result, there was an urgent need to strengthen foreign exchange reserves to maintain the value of the currency and maintain confidence.

The number of electronic payment transactions increased by 51% and the value of transactions by 34% in June 2021



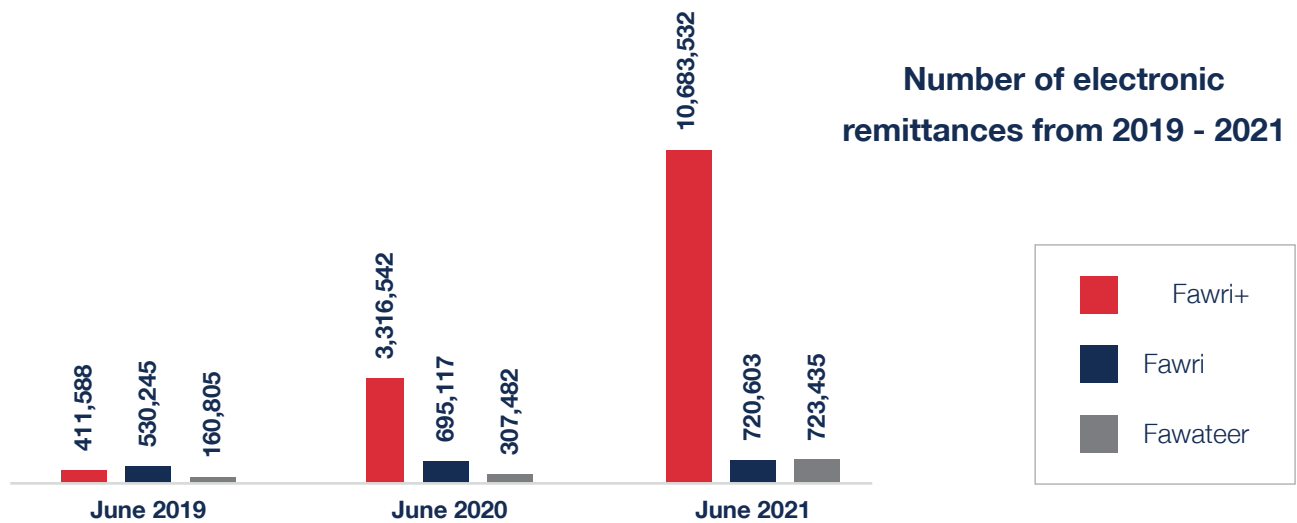
Value of electronic payment gateway transactions (million Bahraini dinars)

Number of electronic payment gateway transactions (million)

- The tendency to pay through electronic gateways increased, and the previous change was accompanied by an increase in the value of electronic payment gateway transactions by 34.3%, reaching 69.5 million dinars in June 2021, compared to 51.78 million dinars in last June 2020.
- The number of transactions also increased by 51%, amounting to 1.8 million transactions in June 2021, compared to 1.2 million transactions in June 2020.

Source: Central Bank of Bahrain

2496% increase in remittances through Fawri+ in June 2021 compared to June 2019



Increase in electronic remittances from 2020-2021

221% ▲ Fawri+ 4% ▲ Fawri 135% ▲ Fawateer

- The number of electronic remittances through Fawri+ increased during June 2021 by 2496% compared to June 2019.
- The number of electronic remittances through Fawri+ increased during June 2021 by 221% compared to June 2020.
- The number of electronic remittances through Fawri increased by 4% during the same period of time, and there was an increase in remittances through Fawateer by 135%.
- Looking back at February 2020, when the pandemic began to spread in Bahrain, the value of remittances through Fawri increased in June 2020 by 706% compared to June 2019, and remittances through Fawri service increased by 31%, and the annual increase in remittances through the billing system reached 91% for the same time period.
- The constant increase seen in the use of electronic payment gateways and the drop in the use of cash, despite the decline of the pandemic, indicates the community's confidence in the financial regulations and laws enacted by the Central Bank in this regard, while showing the willingness of Bahrainis to adopt new regulations and change their old customs. This creates opportunities for the Kingdom of Bahrain, to grow as a hub for fintech companies and promising financial companies.

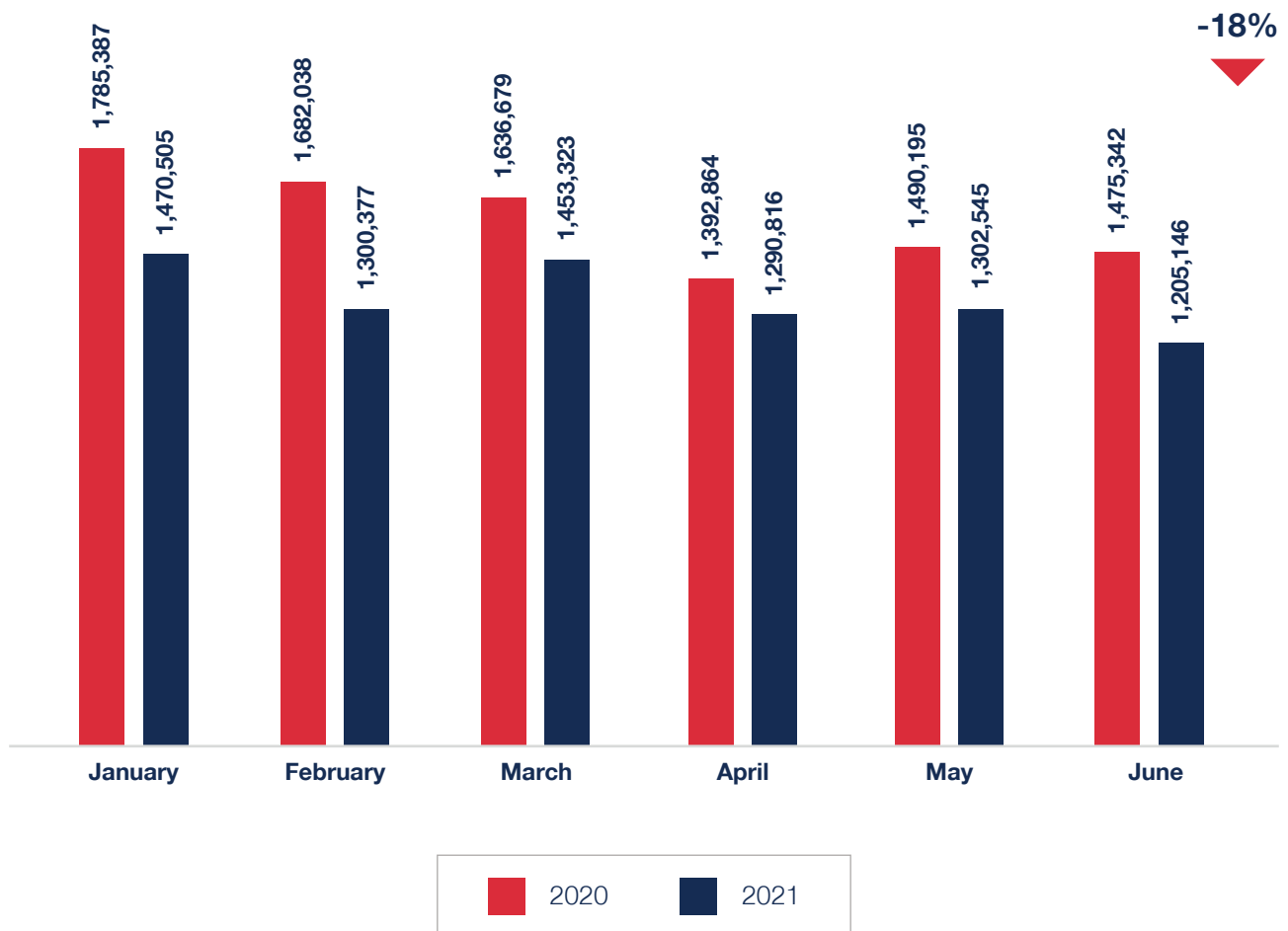
Source: Central Bank of Bahrain

ATM withdrawals continued to decline by 18% in June 2021 compared to the same period in 2020

The number of ATM withdrawals in June was about 1.2 million, an 18% decrease from the 1.47 million registered in June 2020.

The reasons for the decrease in the number of withdrawals from ATMs after the outbreak of COVID-19 in the Kingdom of Bahrain, are the high awareness and confidence of consumers regarding electronic remittances and the avoidance of withdrawals due to concerns about transmission of the virus through currencies, and direct touching of devices.

Number of ATM withdrawals



Source: Central Bank of Bahrain

Last April recorded the highest rate in the number of POS transactions, with an estimated increase of 78% compared to April 2020

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

Last April experienced the highest increase, as the number of sales increased from 4 million sales in 2020 to 8 million sales in April 2021, an estimated increase of about 78%.

This is followed by last May, where the number of sales increased from 5 million sales in 2020 to 9 million sales in May 2021, an estimated increase of about 73%.

Number of point of sale operations



Source: Central Bank of Bahrain

Last April recorded the highest rate in the value of POS transactions, with an estimated increase of 66% compared to April 2020

The value of POS transactions in all sectors increased significantly in the first half 2021 compared to the first half of 2020.

The highest increase was recorded in April, as the value of sales increased from 142 million Bahraini dinars in 2020 to 235 million Bahraini dinars in April 2021, an estimated increase of about 66%.

This is followed by last May, where the value of sales increased from 152 million Bahraini dinars in 2020 to 237 million Bahraini dinars in May 2021, an estimated increase of about 56%.

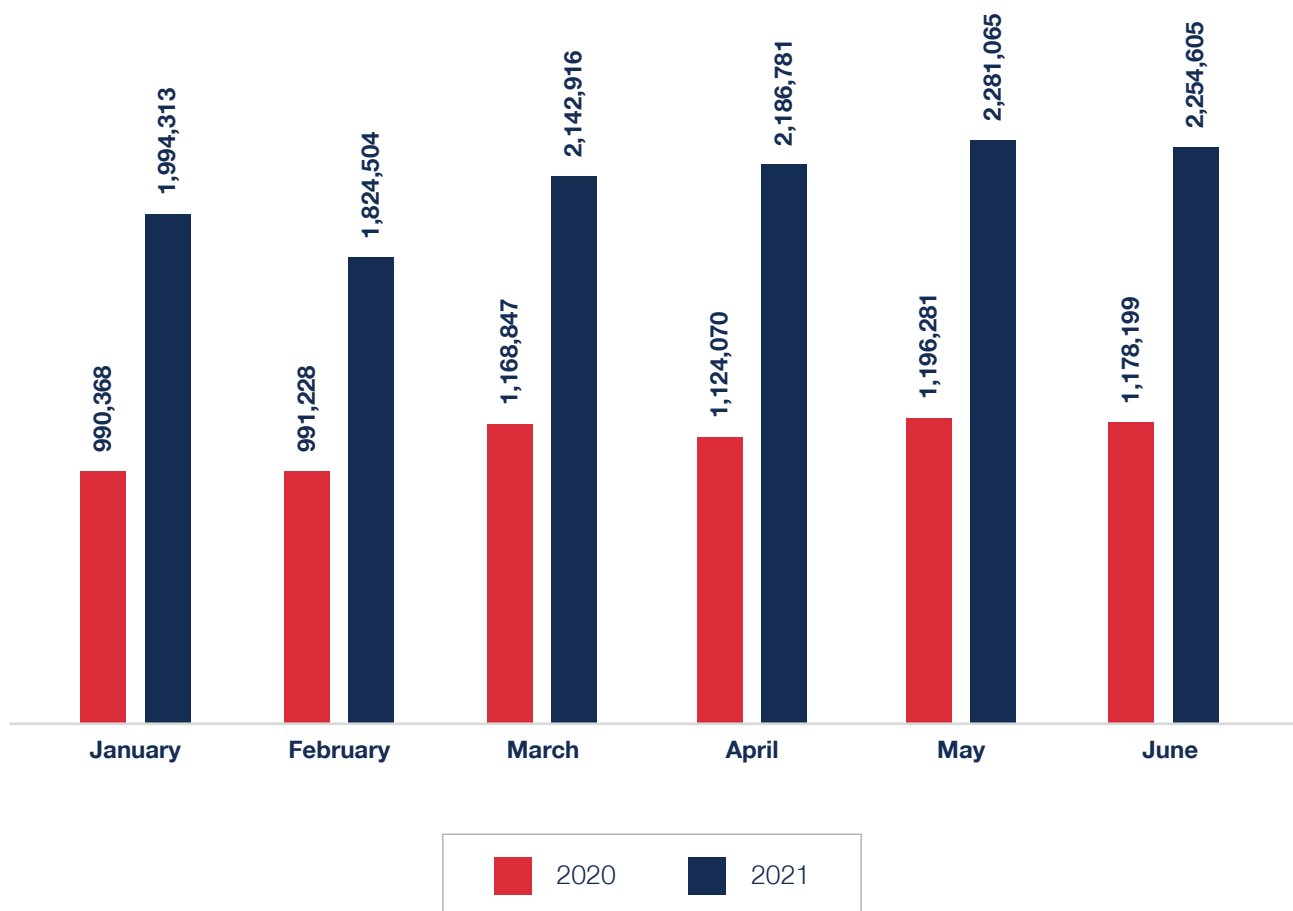
Value of point of sale operations



Source: Central Bank of Bahrain

The number of supermarket transactions increased by 128% since January 2020

The number of supermarket transactions increased after the coronavirus outbreak in the Kingdom of Bahrain, reaching 2.25 million in June 2021, compared to 990,000 transactions in January 2020, an increase of 128%.



Source: Central Bank of Bahrain

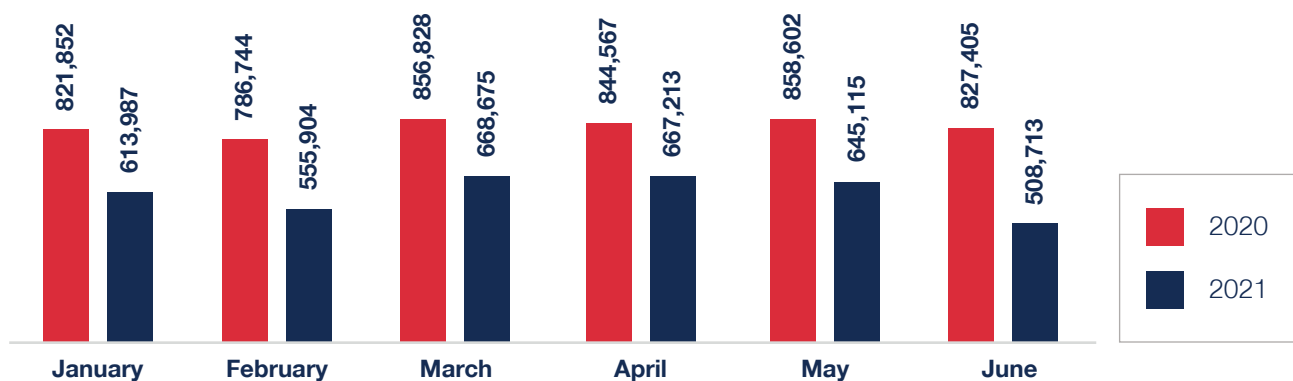
44% decrease in the value of point-of-sale transactions in the retail sector in June 2021

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 June 2021.

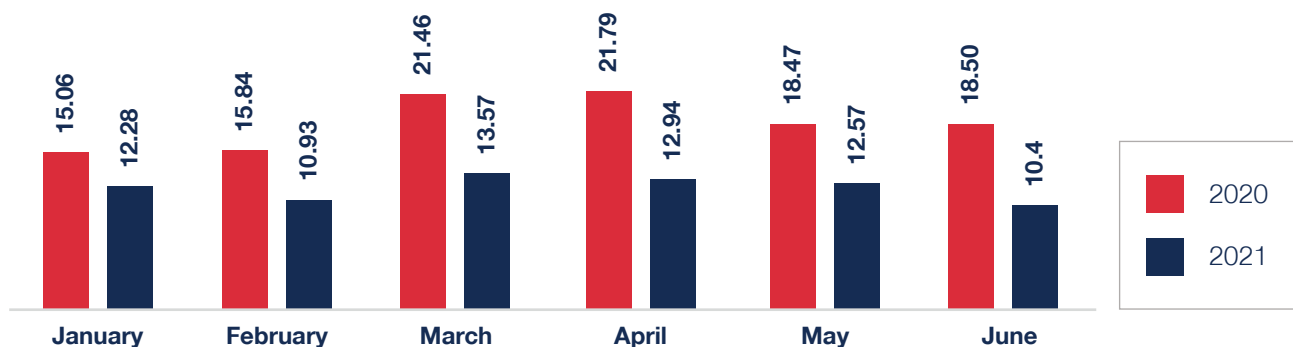
The number of transactions reached about 509,000 transactions in June 2021, compared to 827,000 transactions in June 2020, a decrease of 39%.

The financial value of transactions conducted decreased by 44% to about BD10.4 million in June 2021 compared to BD18.5 million in June last year.

Number of transactions



Transaction value (million Bahraini dinars)



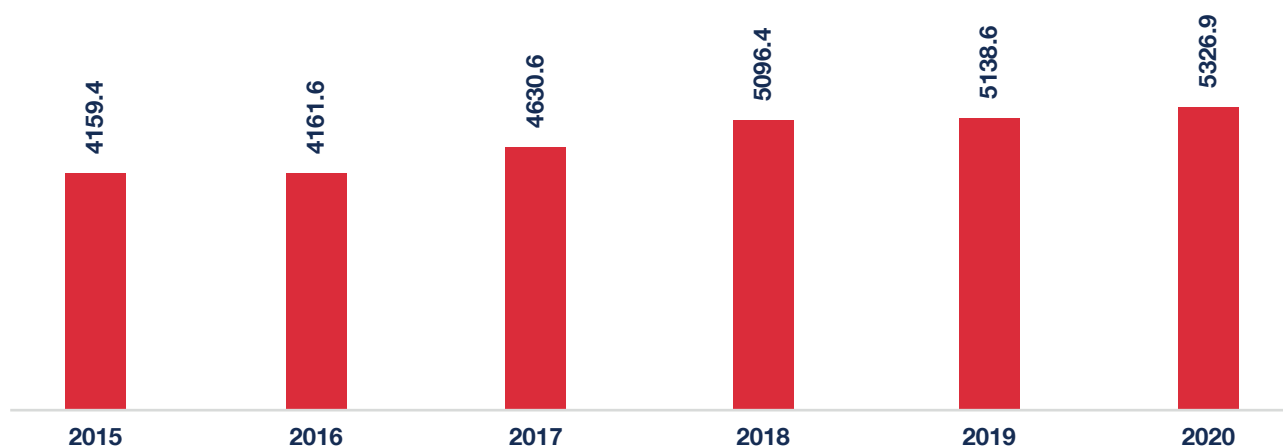
Source: Central Bank of Bahrain

Continued rise in total loans in the business sector

Total loans to economic sectors (excluding banks and exchanges) in the business sector amounted to approximately USD 5,326.9 million by the end of 2020, an estimated 28% increase since 2015. The Central Bank of Bahrain notes a continued rise in total loans of approximately USD 4,159.4 million by the end of 2015 compared to BD 5,138.6 million by the end of 2019.

On the other hand, the most prominent sectors applying for loans and facilities are the construction sector, followed by manufacturing and then the trade sector with total amounts estimated at BD1932M, BD1173.8M and BD934.4 million, respectively.

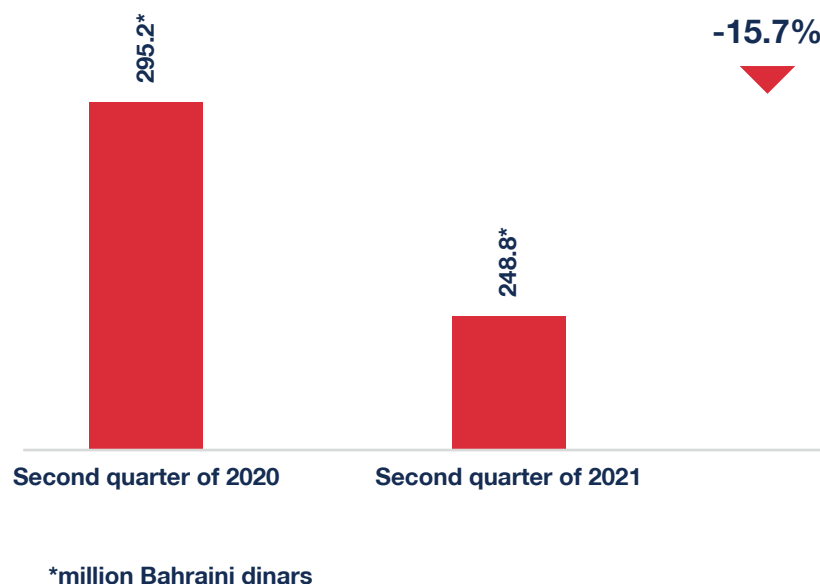
In line with the directives of His Majesty King Hamad bin Isa Al Khalifa, to strengthen national efforts and join hands to overcome the repercussions of the pandemic and in support of the decisions of the Coordinating Committee headed by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, and in accordance with the recommendations of the National Team to address the pandemic, the Central Bank of Bahrain issued a circular to all retail banks and financing companies to provide the option of postponing loan installments to all individuals and companies for an additional six months ending December 31, 2021 without charges for deferrals, or increases in the premium amount or in interests/profits, with bank-based interest rates on these loans to be calculated during the deferral period.



Source: Central Bank of Bahrain

-15.7% decrease in employee remittances in the second quarter of 2021

- Workers' remittances are defined as a transfer made by migrant workers and residents in a country, to their relatives in their country of origin. Remittances are classified as for more than a year, regardless of their legal status, to the beneficiaries in their country of origin.
- In the Kingdom of Bahrain, foreign remittances in the second quarter of 2021 amounted to approximately 248.8 million Bahraini dinars, compared to 295.2 million Bahraini dinars for the same time period in 2020, i.e. a decrease of -15.7%.
- It is noteworthy that the volume of foreign remittances at the end of 2020 amounted to about 1029.5 million Bahraini dinars, compared to 1086.7 million Bahraini dinars in the previous year, a decrease of -5%, due to the decrease in the number of foreign workers in most economic sectors, which coincided with the decline in commercial activities.

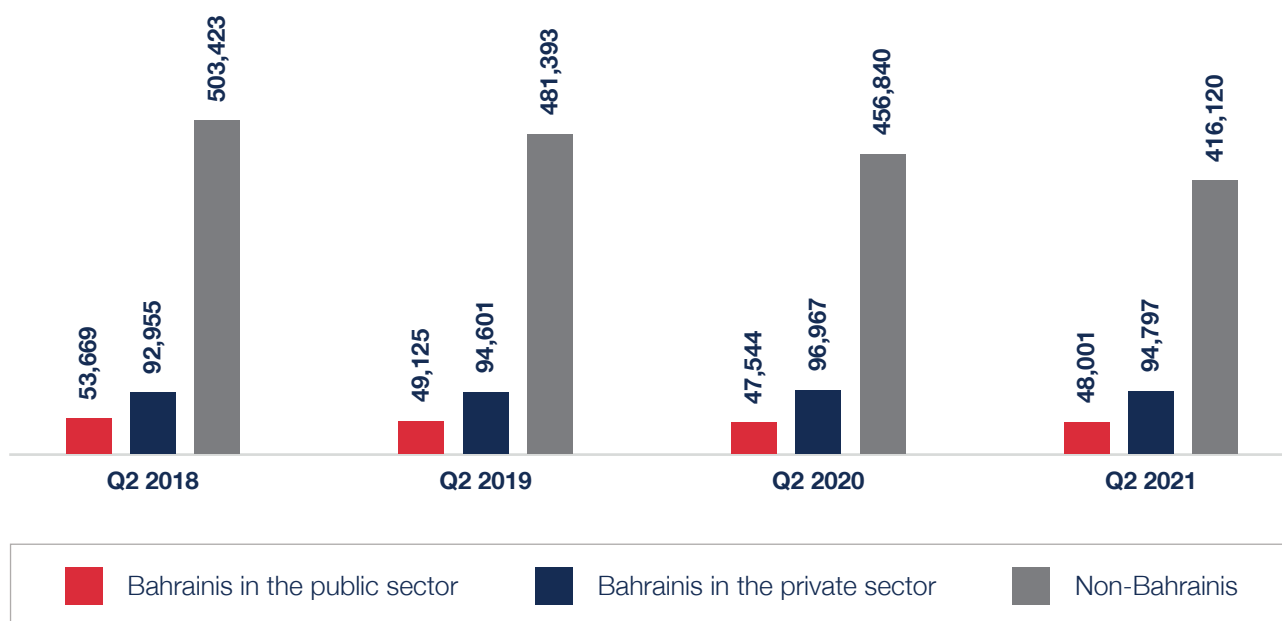


Source: Central Bank of Bahrain

The number of insured Bahrainis in the public sector increased in Q2 2021 compared to Q2 2020

- The number of Bahrainis in the public sector increased by 0.96% and the number of non-Bahrainis in the private sector decreased by 8.9% on an annual basis in the second quarter of 2021 compared to the second quarter of 2020.
- On the other hand, the number of insured Bahrainis in the private sector decreased by 2.23% in the second quarter of 2021 compared to the same quarter in 2020.

Number of insured individuals in the labor market from 2018 to 2021



	Q2 2018	Q2 2019	Q2 2020	Q2 2021	Change from 2020 to 2021	
Bahrainis in the public sector	53,669	49,125	47,544	48,001	%0.96	▲
Bahrainis in the private sector	92,955	94,601	96,967	94,797	%-2.23	▼
Non-Bahrainis	503,423	481,393	456,840	416,120	%-8.9	▼

Source: Social Insurance Organization

Increase in the number of Bahraini workers in the transport and storage sector in the first quarter of 2021

Bahraini workers in several economic sectors during the first quarter of 2020-2021

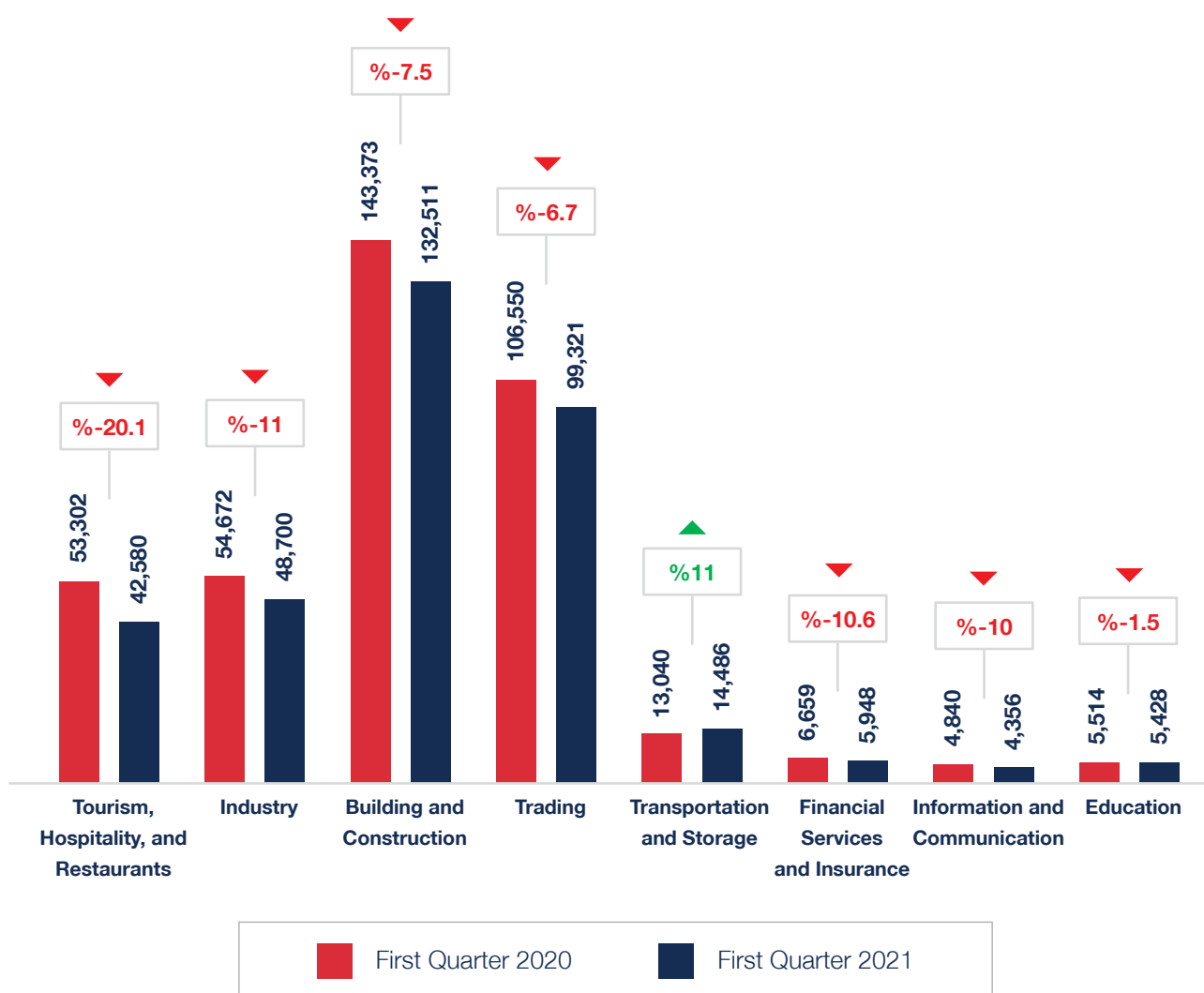


It is clear from the statistical data issued by the Labor Market Regulatory Authority that the number of Bahraini workers increased by 35.5% in the transport and storage sector. However, the number of Bahraini workers during the first quarter of 2021 was affected in some other economic sectors, such that there was a 12.6% decrease in the tourism, hospitality and restaurants sector, and a 10.2% decrease in the education sector.

Source: Labor Market Regulatory Authority

Decrease in the number of foreign workers in the tourism and hospitality sector by 20% in the first quarter of 2021

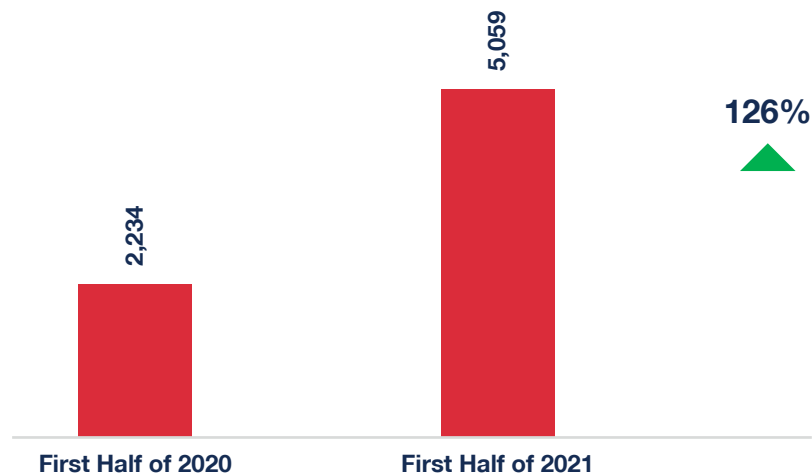
Non-Bahraini workers in several economic sectors during the first quarter of 2020-2021



The number of foreign workers during the first quarter of 2021 was affected in most economic sectors. The number of non-Bahraini workers decreased by 20% in the tourism, hospitality and restaurants sector, while the number of workers in the financial services and insurance sector and the information and communications sector has decreased by an estimated 10.6% and 10%, respectively. On the other hand, the number of foreign workers has increased by 11% in the transport and storage sector

Source: Labor Market Regulatory Authority

Virtual training courses increased by 126% in the first half of 2021 compared to the same period in 2020

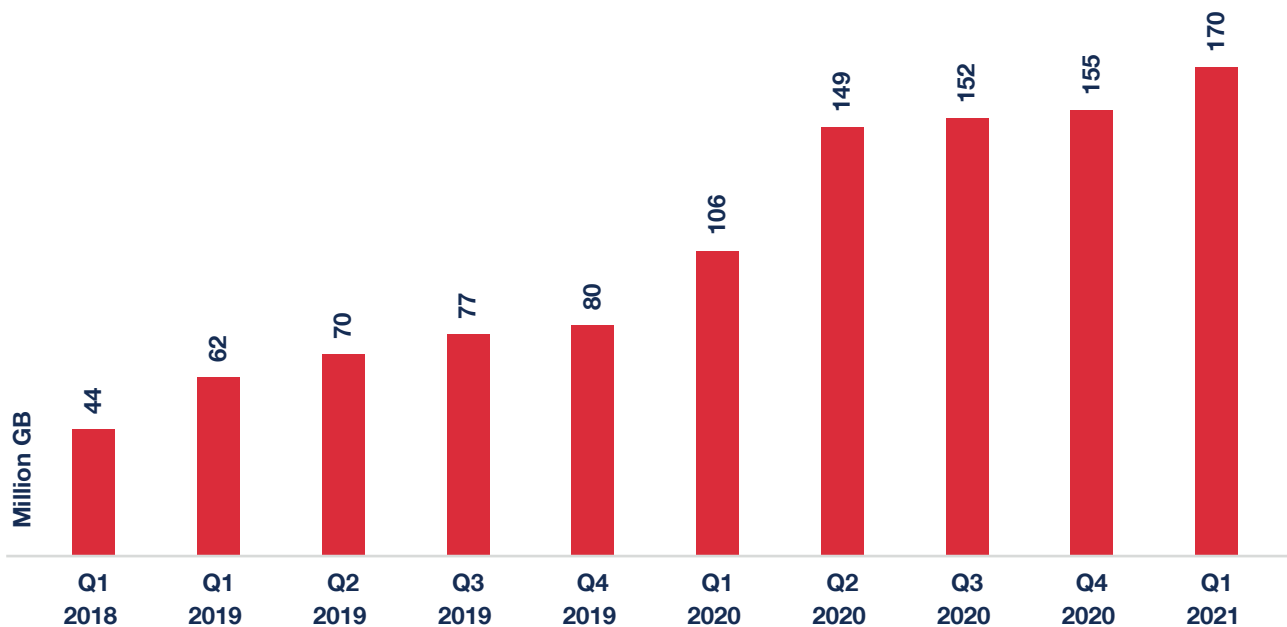


- As a result of the pandemic outbreak in early 2020, many training institutes, much like schools and universities, implemented virtual training courses to ensure that students continue to derive value from offered courses. From this standpoint, leading educators take a number of measures to support and implement training programs, and to develop and expand the base of interactive virtual learning, especially with the acceleration of business interest and the need for virtual training at an unprecedented pace.
- In Bahrain, training courses were held virtually, due to the precautionary closure decisions imposed by the Kingdom during the last period. It is noteworthy that the number of training courses increased by 126% in the first half of 2021 compared to the same period in 2020, where the number of virtual training courses rose from 2234 courses in the first half of 2020 to 5059 training courses in the first half of this year 2021.

Source: Training and Manpower Development Department at the Ministry of Labor and Social Development

Increase in internet usage across landlines

Internet users by landline subscribers

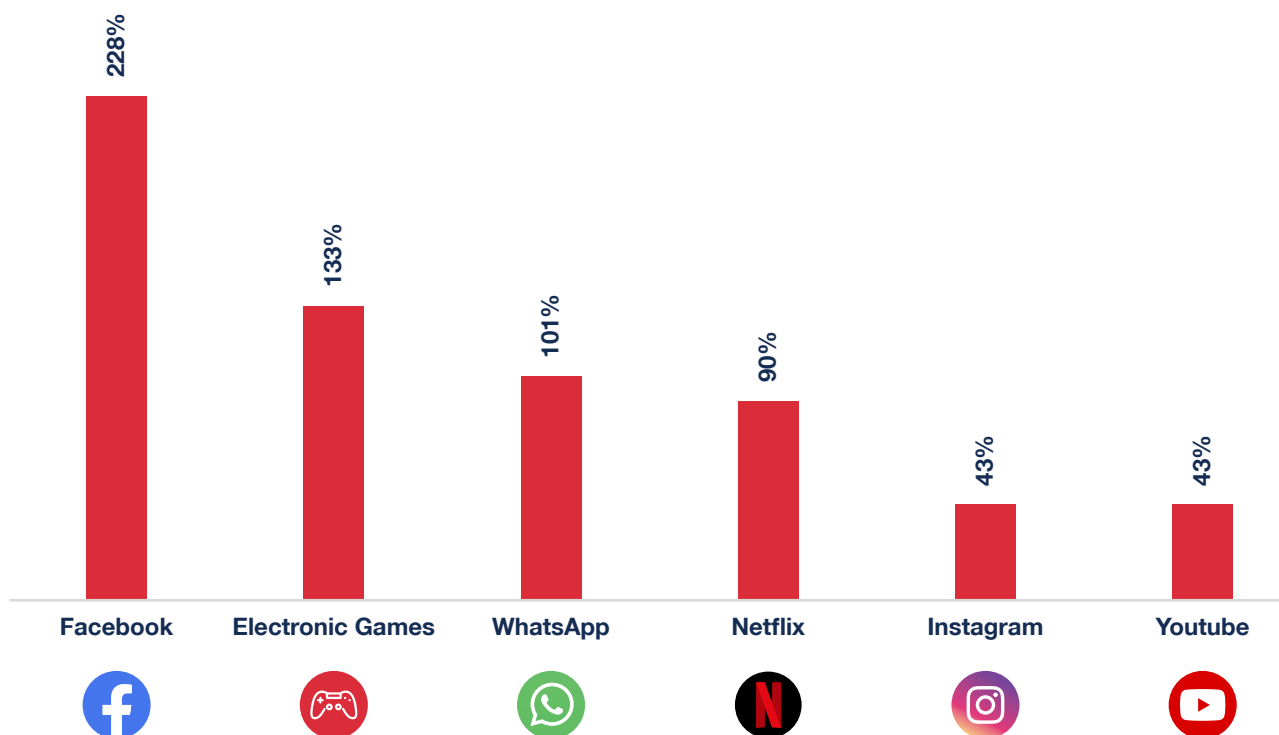


- Internet usage through landline subscriptions increased by 112.5% in the first quarter of 2021 compared to the fourth quarter of 2019, which reinforces the major changes in business sectors and commercial activities that have shifted to digital transformation and the application of e-commerce to ensure sustainability. Additionally, it reflects the increase in the consumption of home entertainment during the precautionary closure period where there was a strict adherence to social distancing regulations.
- The Kingdom of Bahrain is ready to transition towards a smart city structure, and that is based on many factors including the existence of an advanced information and communication network, a high-quality and fast Internet at a low cost, and a technologically literate population that knows how to deal with modern technologies. Furthermore, Bahrain's small geographical size helps to ease the transition to a more tech-based/smart city structure.

Source: Telecommunications Regulatory Authority – Global Internet Society (Bahrain Branch)

Growth in the use of electronic platforms by consumers

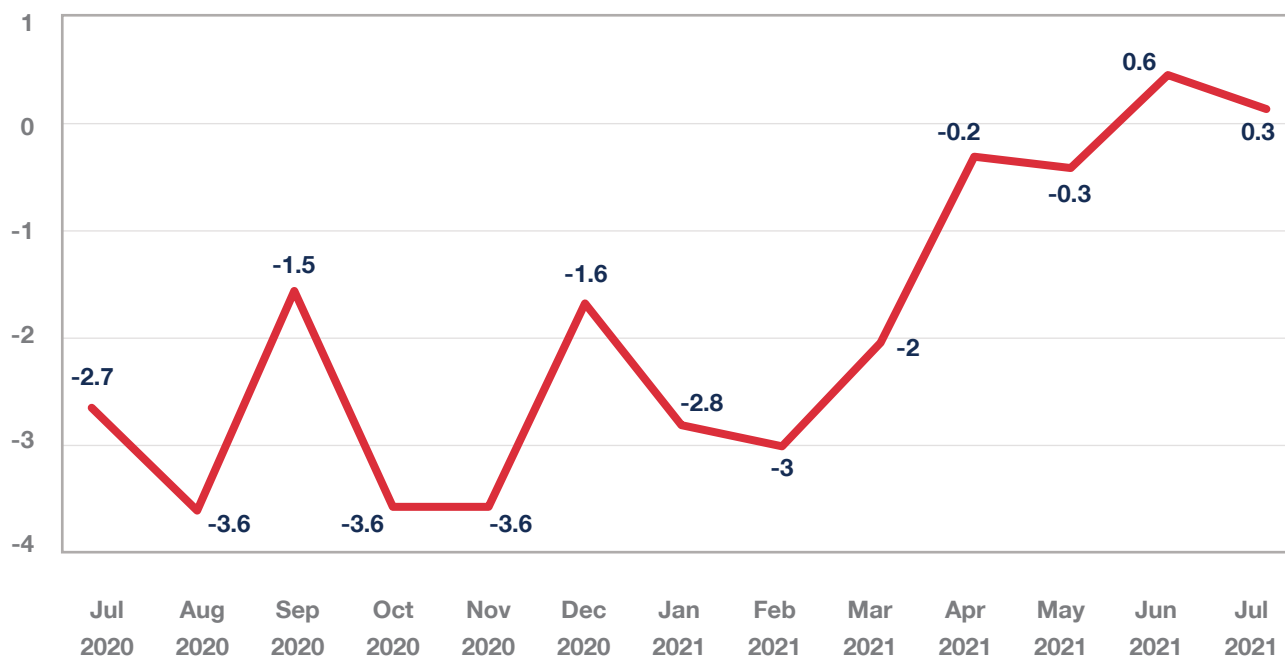
Growth rate in the use of applications by consumers



- The TRA announced that the current use of the Internet during the COVID-19 pandemic did not exceed 60% of the capacity available in Bahrain. There is sufficient back-up capacity for consumers' Internet needs in Bahrain.
- Electronic applications have achieved remarkable growth in use, because of their prevalence, development, diversity, attractive designs and ease of use. Social media is becoming more important in the growing world of digitalization and has connected us all globally. Social networks continue to play a major role in the life of users at all levels.
- According to the latest statistics of the Telecommunications Regulatory Authority, the prevalence of mobile phone subscriptions was 121% (1.7 million), while the prevalence of fixed phones was only 15% (227,000) during the first quarter of 2021. Broadband services reached 129% (1.9 million) in the fourth quarter of 2020.

Source: Telecommunications Regulatory Authority

0.3% increase in Consumer Price Index (CPI) in July 2021



- The consumer price index increased by 0.3% in July 2021 compared to July 2020.
- The most notable changes over the past year was a 3.2% decrease in the furnishing, household equipment and routine household maintenance group.
- The CPI has increased by 0.1%. The most notable changes over the past month are a 4.6% increase in recreation and culture, and a 0.7% increase in food and non-alcoholic beverages.
- The Consumer Price Index (CPI) is a measure that examines the weighted average prices of a basket of consumer goods and services and the changes that occur in the general level of prices, based on tracking all goods and services consumed within a particular country. The composition of this basket should reflect the structure of household consumption spending in that country.

Source: Information and e-Government Authority










Bahrain ranked 66th globally and 2nd in the GCC in the Global Startup Ecosystem Index 2021

- Bahrain ranked 66th globally and 2nd in the GCC in the Global Startup Ecosystem Index 2021.
- The index is used annually by hundreds of thousands of startups, large corporations, and other stakeholders to support critical decisions about strategy, transition, and investment.
- The StartupBlink indicator and its large data sets are used in various analyses and advisory projects related to personnel related policies.
- The score for each country is determined based on a 3-point average that measures quantity (the amount of resources belonging to startups in the country), quality, and business environment.

Ranking	Country	Change in rank	Total points
25	UAE	+18	6.951
66	Bahrain	+9	0.946
71	Saudi Arabia	+17	0.864
84	Qatar	-	0.352
90	Kuwait	+2	0.259

Bahrain ranked first in attracting the highest share of tourism investments in 2020

- The Kingdom of Bahrain ranked first in the Middle East and Africa (MEA) in attracting the highest share of tourism investments in 2020, according to the “FDI Intelligence” report on tourism investment 2020.
- Prior to the COVID-19 outbreak, Bahrain hosted about one million visitors per month on average, as nearly two million tourists came from Saudi Arabia, followed by Kuwait with about 61 thousand tourists during the fourth quarter of 2019. However, with COVID-19 imposed restrictions and border closures, the number of tourists dropped to 6 thousand tourists and 3 thousand tourists respectively during the fourth quarter of 2020.
- Bahrain has focused on developing its tourism sector to attract larger groups of tourists through hotels, restaurants, commercial complexes and others.

	Nationality	Fourth Quarter 2019	Fourth Quarter 2020	Percentage change
	Saudi Arabia	2,287,008	6,019	-100%
	Kuwait	61,017	3,135	-95%
	France	8,615	1,355	-84%
	United kingdom	64,436	10,296	-84%
	Germany	28,730	1,738	-94%
	Switzerland	1,876	151	-92%
	Russia	10,902	692	-94%
	Austria	1,927	343	-82%
	India	311,024	52,726	-83%

Source: Bahrain Tourism and Exhibitions Authority

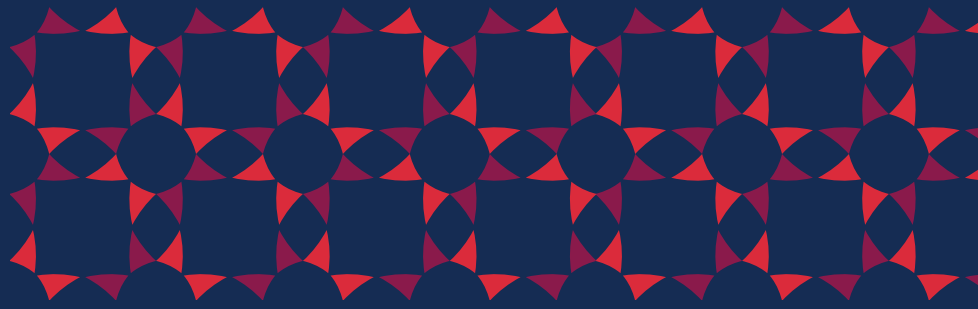
A -47% decrease in the hotel occupancy rate of 5-star hotels in Q4 2020 compared to Q4 2019

- The number of occupied rooms in five-star and four-star hotels during the fourth quarter of 2020 decreased by -52% and -62%, respectively, compared to the same time period in 2019.
- On the other hand, the hotel occupancy rate in five-star hotels decreased from 55% in the fourth quarter of 2019 to 29% in the fourth quarter of 2020, an estimated decrease of about -47%.
- It is noteworthy that the hotel occupancy rate in four-star hotels decreased during the fourth quarter of 2019 from 46% to 22% in the fourth quarter of 2020, an estimated rate of about -52%.

Indicator	☆☆☆☆☆			☆☆☆☆		
	Q4 2019	Q4 2020	Percentage change	Q4 2019	Q4 2020	Percentage change
Sold rooms	239,005	114,741	-52%	328,873	124,739	-62%
Hotel occupancy rate	55%	29%	-47%	46%	22%	-52%
Average daily price	67.51	62.11	%-8	28.53	28.20	%-1
Return per available room	36.80	17.81	-52%	13.06	6.08	-53%

Source: Bahrain Tourism and Exhibitions Authority



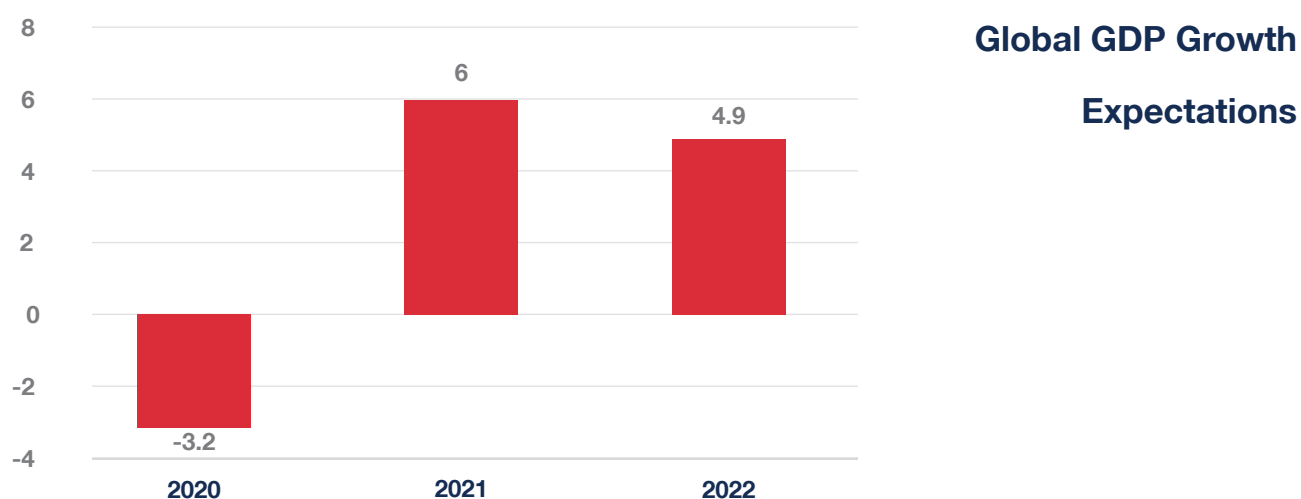


5

Economic Impact of Coronavirus Pandemic Globally

GDP growth forecast

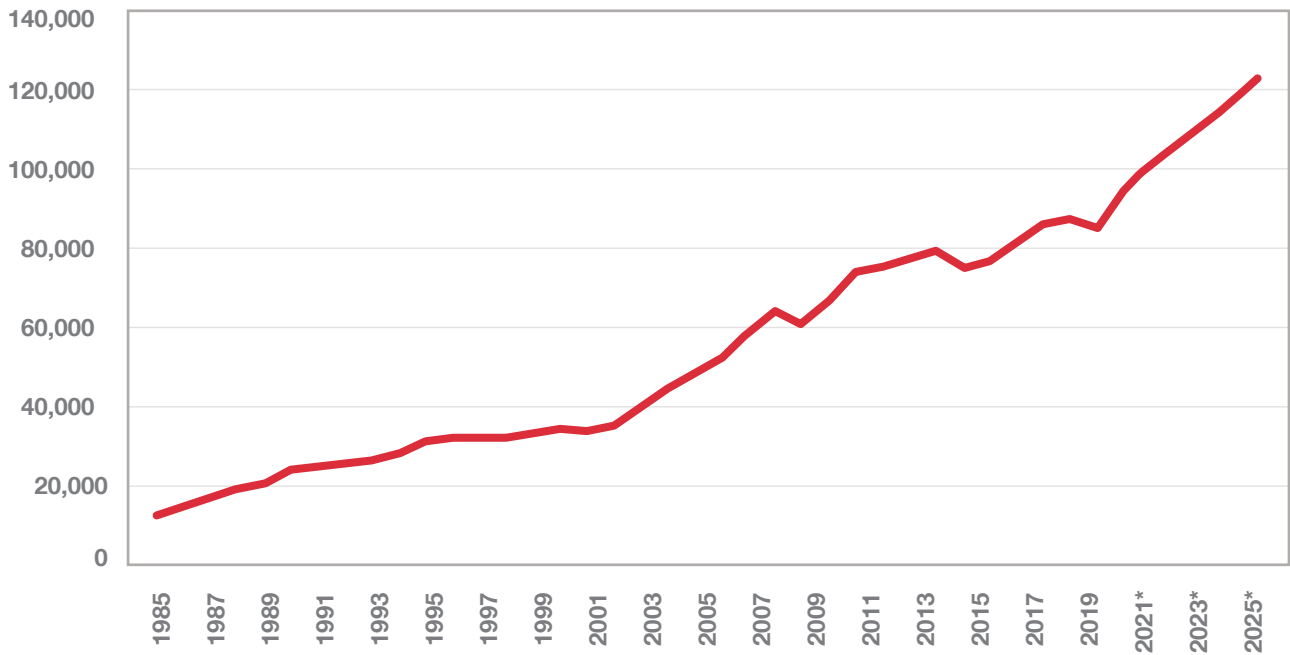
- The International Monetary Fund predicts that the global economy will grow by 6.0% in 2021 and 4.9% in 2022.
- The GDP in emerging and developing countries is expected to grow by 6.3% in 2021 and 5.2% in 2022.
- The forecasts for developed countries were positively revised. GDP is expected to grow by 5.6% in 2021 and 4.4% in 2022.



Region	2020	2021	2022
World	-3.2	6.0	4.9
Advanced countries	-4.6	5.6	4.4
Emerging and Developing Countries	-2.1	6.3	5.2

Source: International Monetary Fund

Global GDP projections to 2026



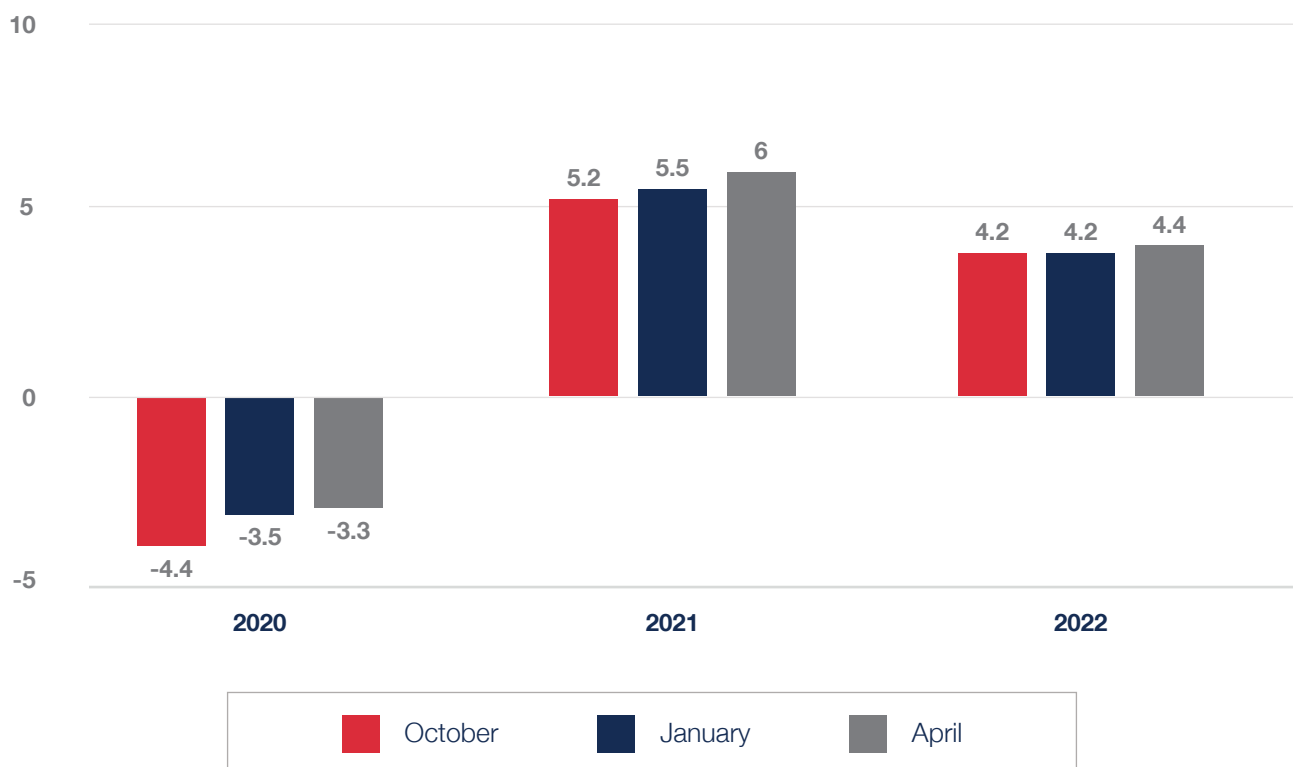
Global GDP was about 84.54 trillion US dollars in 2020, almost 3 trillion less than in 2019.

Source: Statista

The International Monetary Fund raises its expectations of global economic growth in 2020

The International Monetary Fund continued to raise its estimates of global economic growth in 2020. It is noteworthy that the Fund's October 2020 forecast predicted a decline in global GDP for 2020 by 4.4%, but it now expects a lower decline of 3.3%. This change in growth estimates is attributed to rapid economic measures taken around the world, including 16 trillion US dollars in financial support, which prevented a much worse outcome. It is also estimated that the decline that occurred last year would have been three times worse without this support.

Real world GDP growth projections (% change per year)



Source: International Monetary Fund - QNB Economics Department

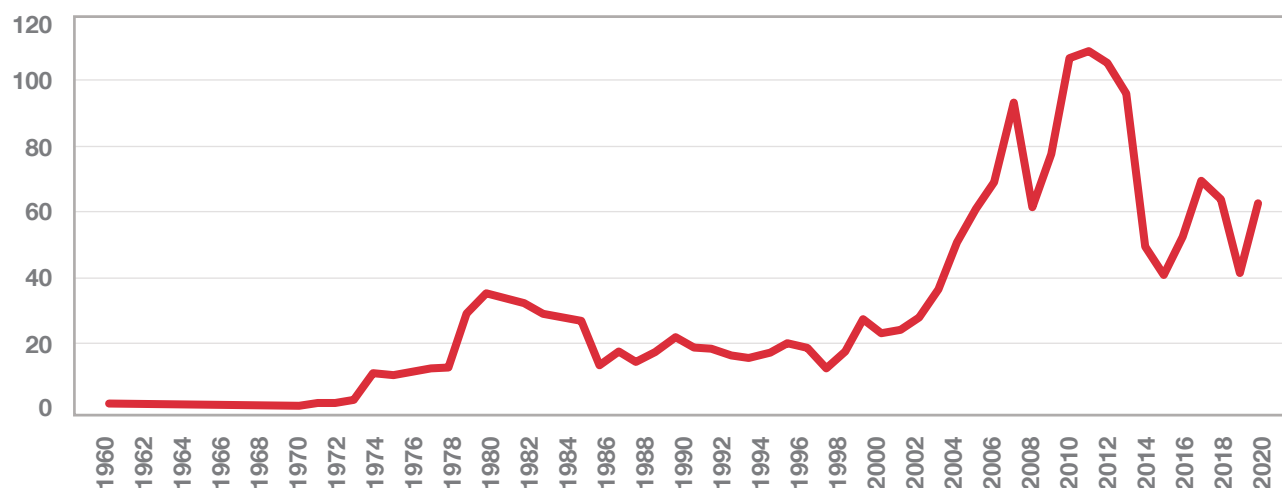
Oil prices increased by more than 80% in September 2021 compared to September 2020

- The price of a barrel of WTI crude increased by 87% on 8 September 2021, as the price per barrel amounted to \$ 68.56, compared to its price on 8 September 2020 of \$ 36.76.
- The price of a barrel of Brent crude increased by 80% on 8 September 2021, as the price per barrel amounted to \$ 71.74, compared to its price on 8 September 2020 of \$ 39.78.

Oil type	September 8 2020	September 8 2021	Change percentage	
WTI	\$36.76 USD per barrel	\$68.56 USD per barrel	%87	▲
Brent	\$39.78 USD per barrel	\$71.74 USD per barrel	%80	▲

Source: Bloomberg

Average annual crude oil price of OPEC from 1960 to 2021



The initial annual average of OPEC oil prices of 2021 was about USD 62,031 per barrel, compared to USD 41.47 in the past year 2020, which was only slightly higher than the annual average price during the 2016 oil crisis (about USD 40.76).

The price decline in 2020 came as a result of a significant decline in demand for transportation fuels and weak economic prospects during the COVID-19 pandemic.

Source: Bloomberg

Gold prices increased by 38% in 2021

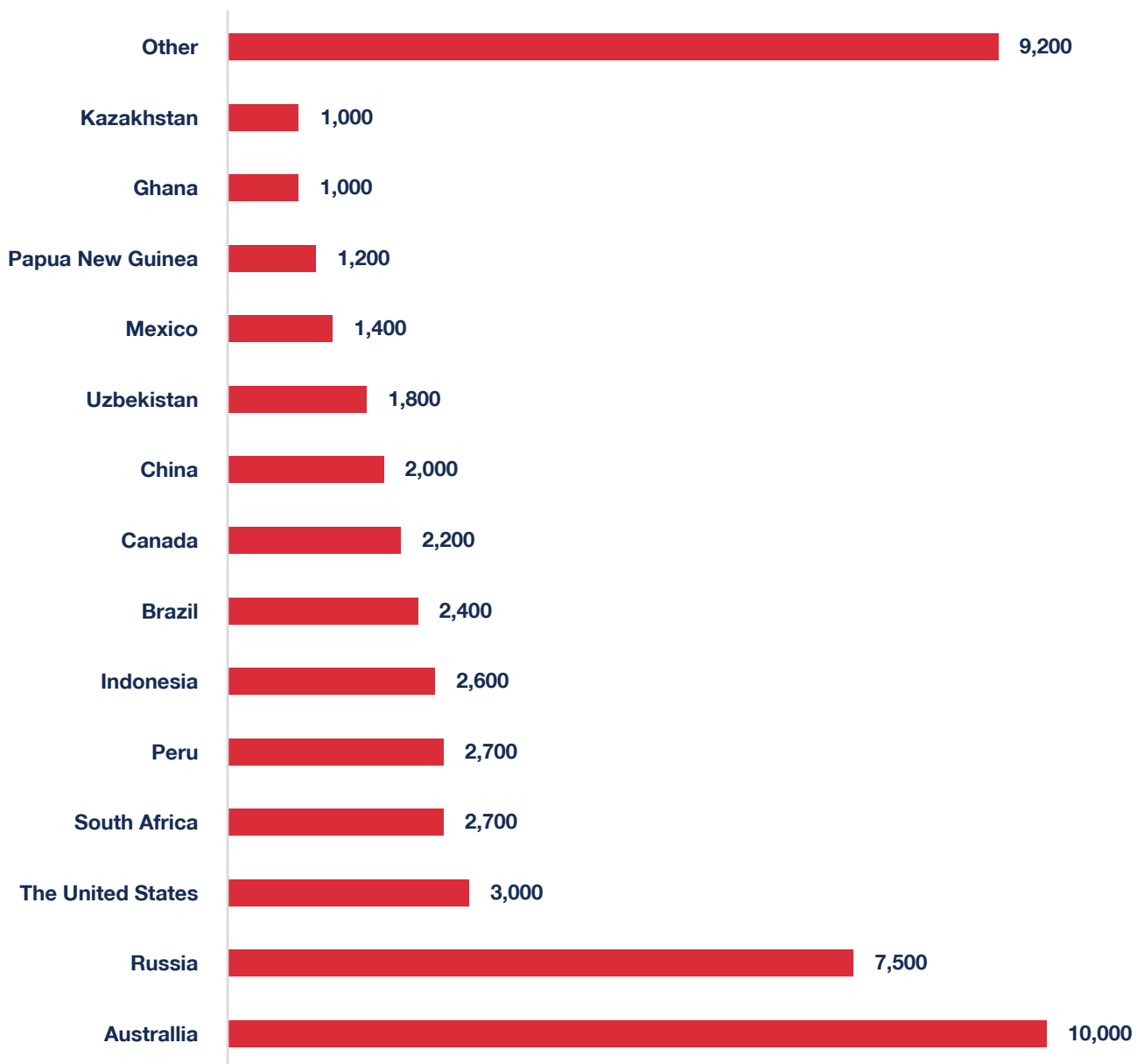
The price of gold in September 2021 amounted to about USD 1,833.70, an increase of 38% compared to its price in September 2017, which amounted to USD 1,330.40.

2017	2018	2019	2020	2021
1330.40	1200.40	1515.50	1934.30	1833.70



Source: Bloomberg

Global gold mine reserves in 2020



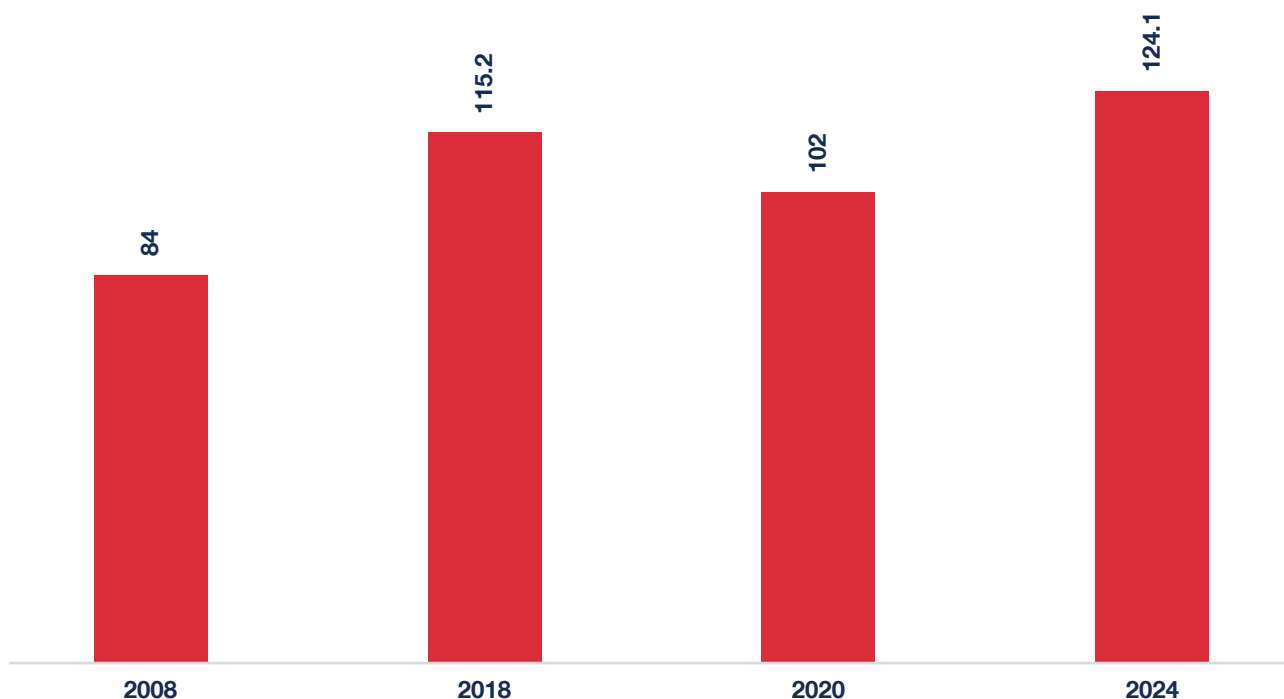
Australia has the largest gold mine reserves, on the other hand, the USA's gold reserves in 2020 were estimated at about 3,000 metric tons, which made it among the first group of countries based on gold mine reserves.

It is noteworthy that worldwide gold production amounted to about 3,200 metric tons in 2020, and China currently produces about 13 percent of the world's gold.

Source: Statista

Increase in gold production worldwide during pandemic

Gold Production Worldwide (million ounces)



The worldwide-gold production has increased in the past decade from 84 million ounces in 2008 to about 108 million ounces in 2020. The production of this precious metal is expected to reach more than 124 million ounces by 2024 led by the major producing countries, including Canada, Indonesia, Peru and the United States.

Global Data expects gold production to rise by 5.5% during the current year to reach 113.9 million ounces, after it decreased during 2020 by more than 5.2% to 108 million ounces due to the pandemic, as the pandemic outbreak contributed to the contraction of production with the closure of many mines for many weeks.

Source: Statista

Contact Us

Phone: 17380000

Address: Building 519 Road 1010

Block 410

P.O.Box: 248

Manama – Kingdom of Bahrain

Studies and Initiatives Centre

Fatema Hameed Al Sayegh
Manager of Studies and Initiatives Centre
17380046
fatema.alsayegh@bahrainchamber.bh

Alaa Hassan Mansoor
Senior Researcher
17380098
alaa@bahrainchamber.bh

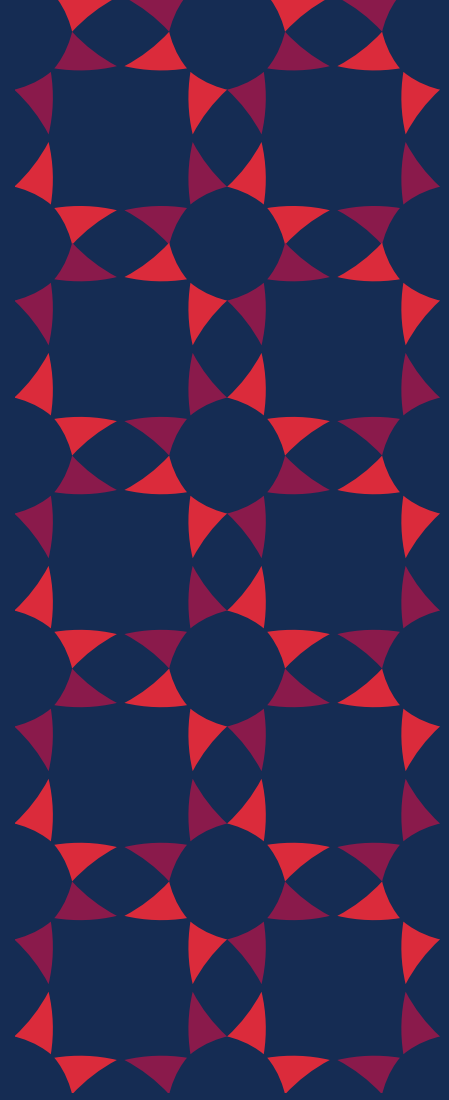
Feda Ebrahim Ahmed
Senior Researcher
17380059
Feda@bahrainchamber.bh

Rawan Basem Ashoor
Researcher
17380020
rawan@bahrainchamber.bh

Eman Husain Ali
Researcher
17380031
eman.ali@bahrainchamber.bh

Khalid Yousif Al Thawadi
Researcher
17380134
K.Althawadi@bccci.bh

Ahmed Abdulmoeen Bastaki
Researcher
17380109
a.bastaki@bahrainchamber.bh



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.