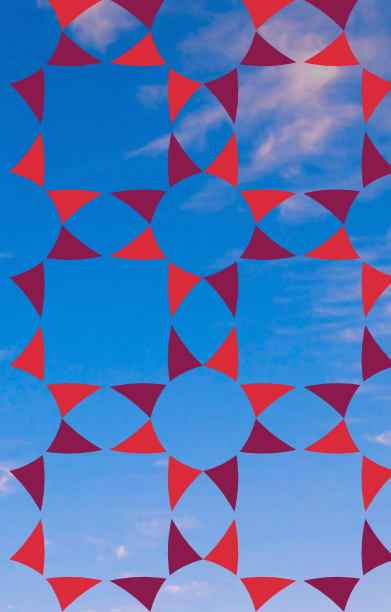


غرفة البحرين
BAHRAIN CHAMBER



Overview of the Local Economy

Q4 - 2023





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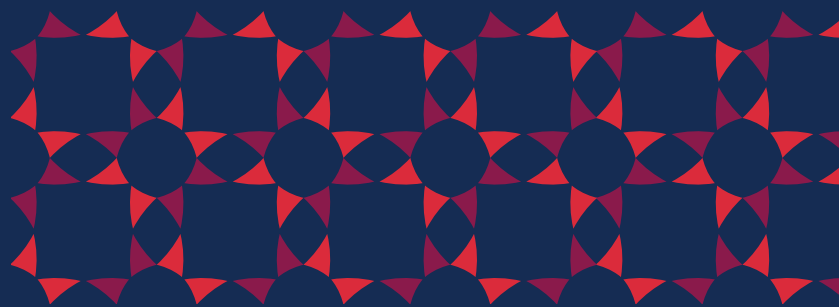
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1

Executive Summary

Introduction

Real GDP grew by 3.45% in the Kingdom of Bahrain in Q4 2023 YoY, driven by 4.03% growth in the non-oil sector, and 0.52% growth in the oil sector. The sectors that witnessed the highest real growth rates are Government Services at 16.04%, Hotels and Restaurants at 8.73% and Trade at 6.36%. The Financial Corporations sector remains its position as the highest contributor to real GDP 18.35%, ranking ahead of the oil sector, followed by the Crude Petroleum & Natural Gas Sector at 15.95% and Manufacturing at 13.34%.

Trade between Bahrain and GCC countries has decreased by 7% in Q4 2023 YoY, from 2.185 billion USD in Q4 2022 to 2.033 billion USD in Q4 2023. Saudi Arabia retains its position as Bahrain's top export partner, while China retains its position as Bahrain's top import partner.

However, the value of POS transactions in Bahrain increased by 10% in Q4 2023, while there was a 14% decrease in ATM withdrawal values in Q4 2023 compared to the same period in 2022.

IMF expects GDP based on purchasing-power-parity (PPP), share of world total to reach 59% in Emerging Market and Developing Economies in 2024.

Key Indicators in Q4 2023

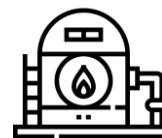
GDP Growth (YoY)



Real GDP Growth
+3.45%



Non-Oil GDP Growth
+4.03%



Oil GDP Growth
+0.52%

Top Growing Non-Oil Sectors (YoY)



Government Services
16.04%



Hotels & Restaurants
8.73%



Trade
6.36%








Financial Corporations
3.86%

Trade Exchange

Bahrain's Top Import Partners

Country	Total Value of Imports (USD)
 China	551,358,370
 Brazil	361,046,073
 United Arab Emirates	316,292,699
 Australia	312,662,832
 United States of America	284,557,844

Bahrain's Top Export Partners

Country	Total Value of Exports (USD)
 Saudi Arabia	715,193,676
 United Arab Emirates	472,624,888
 United States of America	275,991,489
 Egypt	148,323,336
 India	127,679,140

Source: Information and eGovernment Authority

Key Indicators in Q4 2023

Local Economic Outlook



POS Transactions

10% YoY



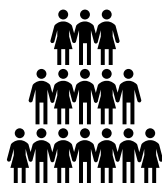
Fawri+ Transactions

20% YoY



CPI Dev 2023

-0.3% YoY



Labor Market Contributors

-0.7% YoY

Sector	%
Construction & Real Estate	10.20%
Trade	9.38%
Manufacturing	7.65%
Other	10.10%

Interest Rates on Business Loans Q4 2023

Bahrain's Ranking on Global Indices



Bahrain ranked 7th worldwide in the ICT Development Index 2023



Bahrain ranked 4th rank worldwide in the Islamic Finance Development Report 2023



Bahrain achieves above average scores in several sub-indicators in Future of Growth Report 2024

Global Economic Outlook



IMF expects GDP based on PPP share of world total in the Emerging Market and Developing Economies in 2024

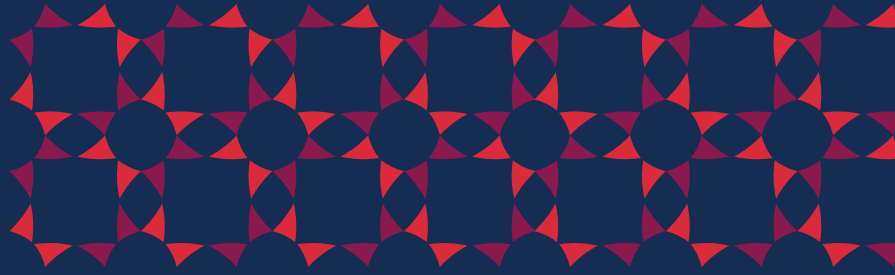
59%

Oil Type	Price - Dec 2023
WTI	\$80.26
Brent	\$85.91

WTI and Brent Oil Price Change December 2023

-11% and -10% YoY

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



2

Growth and GDP Contribution of Economic Sectors

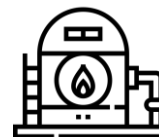
Government Services is the fastest growing sector at 16.04% YoY in Q4 2023



Real GDP Growth
+3.45%



Non-Oil GDP Growth
+4.03%



Oil GDP Growth
+0.52%

Real GDP Growth by Sector Q4 2023 YoY

Sector	YoY Growth
Government Services	▲ 16.04%
Hotels & Restaurants	▲ 8.73%
Trade	▲ 6.36%
Financial Corporations	▲ 3.86%
Real Estate & Business Activities	▲ 3.63%
Construction	▲ 3.16%
Crude Petrol and Natural Gas	▲ 0.52%
Manufacturing	▲ 0.74%
Electricity & Water	▼ -2.42%
Transport and Communication	▼ -2.65%

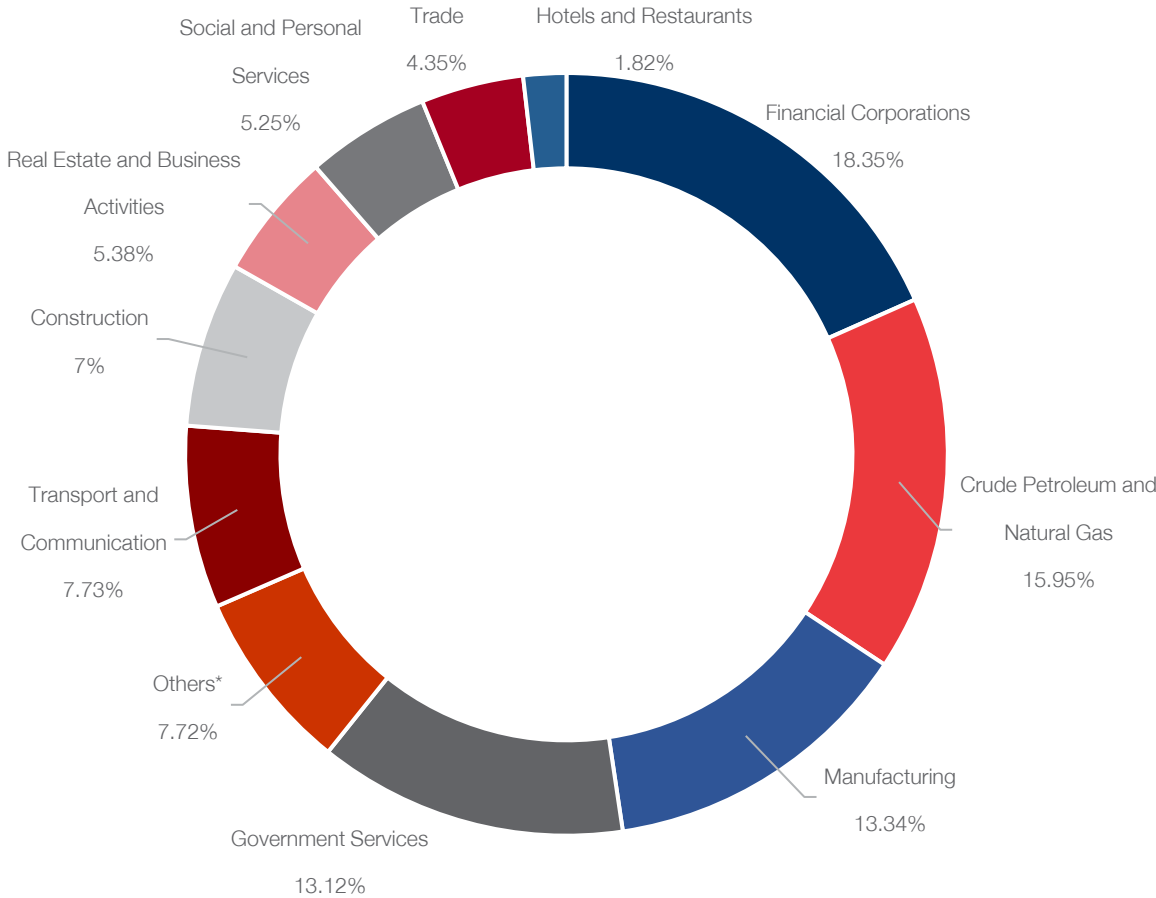
Bahrain's real GDP grew by 3.45% YoY in Q4 2023, propelled by a 4.03% growth in the non-oil sector and a 0.52% in the oil sector. The Government Services sector witnessed the highest YoY growth by 16.04%. The second fastest growing sector is Hotels & Restaurants at 8.73% YoY, followed by Trade at 6.36% YoY.

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



Financial Corporations sector is the highest contributor to real GDP at 18.35% in Q4 2023

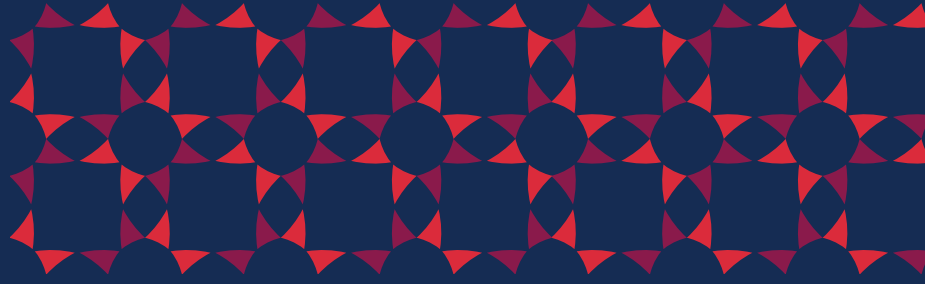
Real GDP Contribution by Sector Q4 2023



*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 Q4 2023 at 18.35%, followed by the Crude Petroleum & Natural Gas Sector at 15.95% and Manufacturing at 13.34%.

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

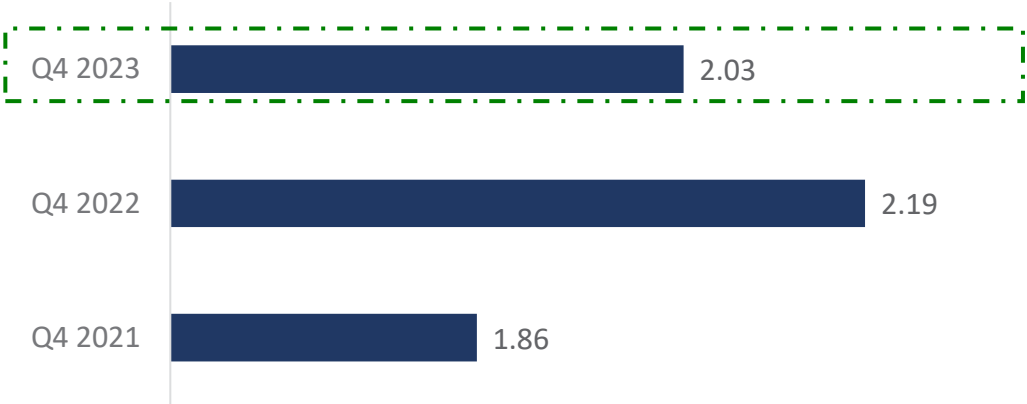


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Trade Exchange

7% decrease in volume of trade between Bahrain and GCC countries in Q4 2023 YoY

Volume of Trade between Bahrain and GCC (billion USD)

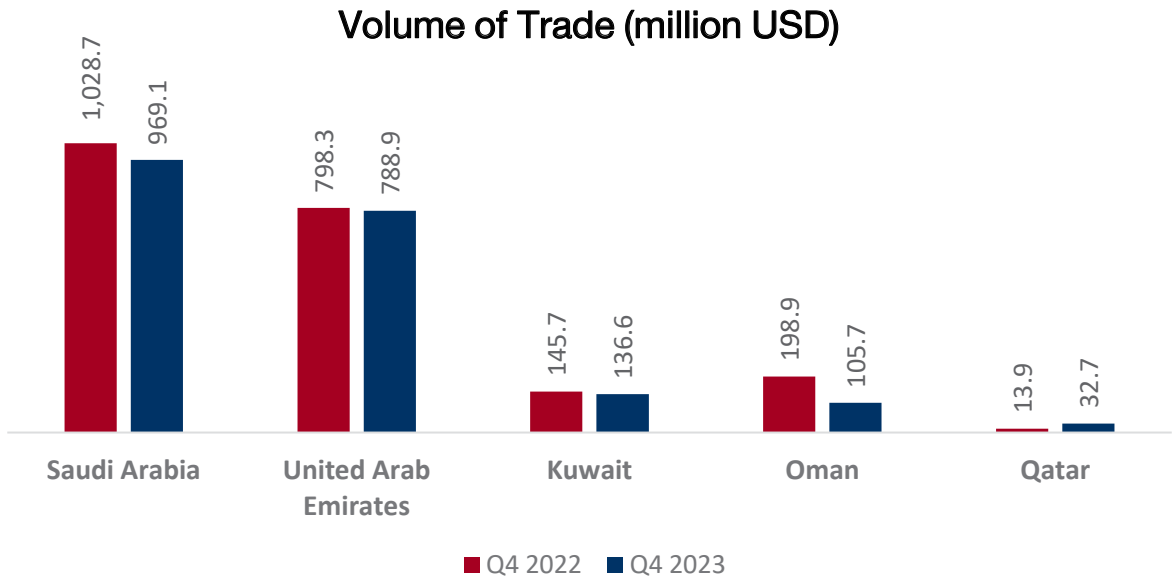


Q4 2021	Q4 2022	Q4 2023	% Change from 2022 to 2023
1,858,110,790	2,185,459,896	2,032,987,354	-7%

The volume of trade exchange between Bahrain and GCC countries has decreased slightly in Q4 2023 compared to the same period in 2022. Trade decreased by 7% from 2.185 billion USD in Q4 2022 to 2.033 billion USD in Q4 2023.

Source: Information and e-Government Authority

136% increase in the volume of trade between Bahrain and Qatar in Q4 2023



Country	Q4 2021	Q4 2022	Q4 2023	% Change from 2022 to 2023
Saudi Arabia	859,503,629	1,028,718,216	969,054,759	-6%
United Arab Emirates	687,589,718	798,306,991	788,917,588	-1%
Kuwait	133,194,718	145,700,944	136,617,514	-6%
Oman	175,138,764	198,858,488	105,670,275	-47%
Qatar	2,683,961	13,875,258	32,727,218	136%

Source: Information and e-Government Authority



136% increase in the volume of trade between Bahrain and Qatar in Q4 2023

-6%

Saudi Arabia

Saudi Arabia had the highest volume of trade exchange with Bahrain in Q4 2023. The volume of trade between KSA and Bahrain was 1.029 billion USD in Q4 2022 and decreased by 6% to 969 million USD in Q4 2023.

-1%

United Arab Emirates

The United Arab Emirates had the second-highest volume of trade exchange with Bahrain among GCC countries in Q4 2023. The volume of trade between the two countries has decreased slightly by 1% from 798 million USD in Q4 2022 to 789 million USD in Q4 2023.

-6%

Kuwait

Trade between Bahrain and Kuwait has decreased as well by 6% from 146 million USD in Q4 2022 to 137 million USD in Q4 2023.

-47%

Oman

Trade levels between Oman and Bahrain have decreased by 47%, from 199 million USD in Q4 2022 to 106 million USD in Q4 2023.

136%

Qatar

Trade between Bahrain and Qatar increased by 136% from 14 million USD in Q4 2022 to 33 million USD in Q4 2023.

Source: Information and e-Government Authority



Bahrain's Top Import Partners in Q4 2023

Country	Total Value of Imports in Q4 2023 (USD)	Top Imported Commodity	Commodity Value (USD)	% of Total Imports from the Country
China	551,358,370	Smartphones	87,045,249	16%
Brazil	361,046,073	Non-Agglomerated Iron Ores and Concentrates	341,656,822	95%
United Arab Emirates	316,292,699	Gold Ingots	79,179,441	25%
Australia	312,662,832	Other Aluminum Oxide	290,397,596	93%
United States of America	284,557,844	Parts for Aircraft Engines	78,626,016	28%

China maintains its position as Bahrain's top import partner in Q4 2023

China is still Bahrain's top import partner with a total import value of 551 million USD. The top imported commodity was smartphones, with a total value of 87 million USD. This commodity accounts for 16% of total imports from China.

Brazil was Bahrain's second largest import market, with a total import amount of 361 million USD. The top commodity imported was Non-Agglomerated Iron Ores and Concentrates at 342 million USD and it accounts for 95% of imports from Brazil.

The United Arab Emirates was Bahrain's third largest import partner with an imports value of 316 million USD. The top imported commodity was Gold Ingots, valued at 79 million USD and accounting for 25% of total imports from UAE.

Australia was the fourth top import partner in Q4 2023, with the total value of imports reaching 313 million USD. The top imported commodity was Other Aluminum Oxide, valued at 290 million USD, and it accounts for 93% of total imports.

Total imports from the United States of America reached 285 million USD in Q4 2023. The top imported commodity was Parts for Aircraft Engines, valued at 79 million USD and constituting 28% of total imports from the US.

Source: Information and e-Government Authority



Bahrain's Top Export Partners in Q4 2023

Country	Total Value of Exports in Q4 2023 (USD)	Top Exported Commodity	Commodity Value (USD)	% of Total Exports from the Country
Saudi Arabia	715,193,676	Agglomerated Iron Ores and Concentrates	154,072,748	22%
United Arab Emirates	472,624,888	Agglomerated Iron Ores and Concentrates	129,646,830	27%
United States of America	275,991,489	Unwrought Aluminum Alloys	77,715,331	28%
Egypt	148,323,336	Agglomerated Iron Ores and Concentrates	93,780,645	63%
India	127,679,140	Semi – Finished Iron and Steel, Under 0.25 Percent Carbon, RECT.	29,129,274	23%

Saudi Arabia maintains its position as Bahrain's top export partner in Q4 2023

Saudi Arabia has maintained its position as the largest export market for Bahraini commodities in Q4 2023, with the total value of exports reaching 715 million USD. The top exported commodity was Agglomerated Iron Ores and Concentrates at 154 million USD, accounting for 22% of total exports to Saudi Arabia.

The United Arab Emirates was Bahrain's second largest export partner, with a total value of exports of 473 million USD. The top exported commodity was Agglomerated Iron Ores and Concentrates at 130 million USD, accounting for 27% of exports.

The United States was Bahrain's third largest export partner with the total value of exports reaching 276 million USD. The top exported commodity was Unwrought Aluminum Alloys at 78 million USD, accounting for 28% of exports to the US.

Total exports to Egypt amounted to 148 million USD. The top exported commodity was Agglomerated Iron Ores and Concentrates at 94 million USD, which constitutes 63% of total exports to Egypt.

India was Bahrain's fifth largest export partner in Q4 2023, with the total value of exports reaching 128 million USD. The top exported commodity was Semi – Finished Iron and Steel at 29 million USD, and it accounts for 23% of total exports.

Source: Information and e-Government Authority

Bahrain's Top Traded Commodities in Q4 2023

Top Imports in Bahrain

Commodity	Import Value (USD)
Non-Agglomerated Iron Ores And Concentrates	426,487,530
Other Aluminum Oxide	292,353,197
Parts for Aircraft Engines	111,966,562
Smartphones	106,495,094
Gold Ingots	102,825,419

The top imported commodity in Q4 2023 was Non-Agglomerated Iron Ores And Concentrates, with the total value of imports reaching 426 million USD. This is followed by Other Aluminium Oxide and Parts for Aircraft Engines, with the total value of imports reaching 292 million USD and 112 million USD, respectively.

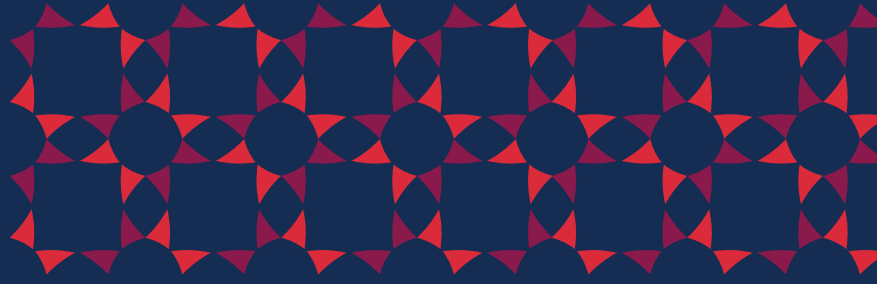
Top Exports from Bahrain

Commodity	Export Value (USD)
Unwrought Aluminum Alloys	599,797,786
Agglomerated Iron Ores And Concentrates	535,378,801
Unwrought Aluminum, Not Alloyed	158,300,160
Aluminum Wire, Not Alloyed, Over 7 MM Thick	146,176,946
Processed Cheese, Not Grated or Powdered	118,893,536

The top exported commodity in Q4 2023 was Unwrought Aluminium Alloys, with the total value of exports reaching 600 million USD. The second and third top exported commodities were Agglomerated Iron Ores and Concentrates and Unwrought Aluminium, Not Alloyed, with the total value of exports reaching 535 million USD and 158 million USD, respectively.

Source: Information and e-Government Authority



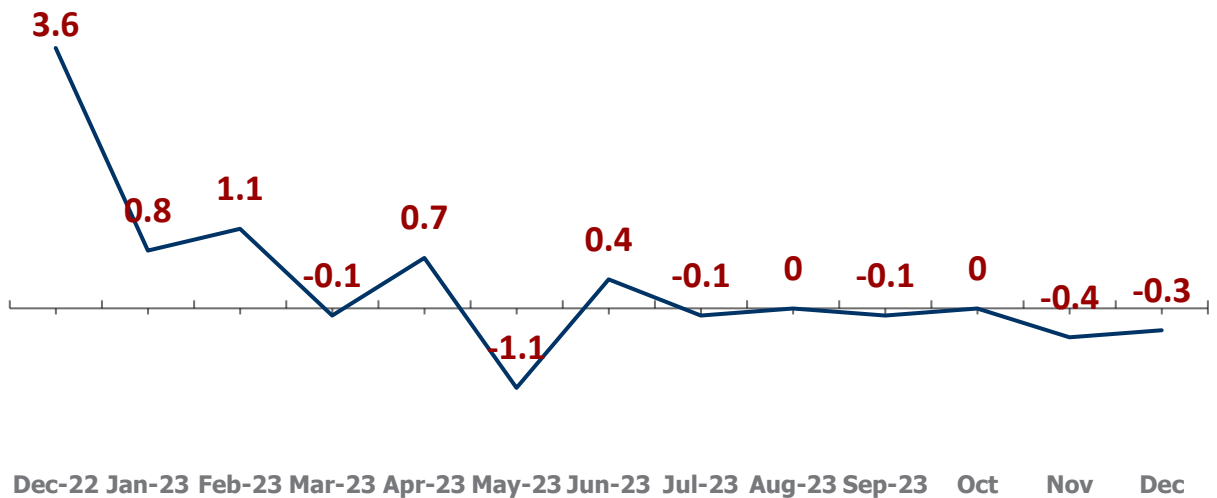


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Local Economic Outlook

0.3% decrease in Consumer Price Index (CPI) in December 2023 compared to December 2022

Consumer Price Index, Annual Change (%)



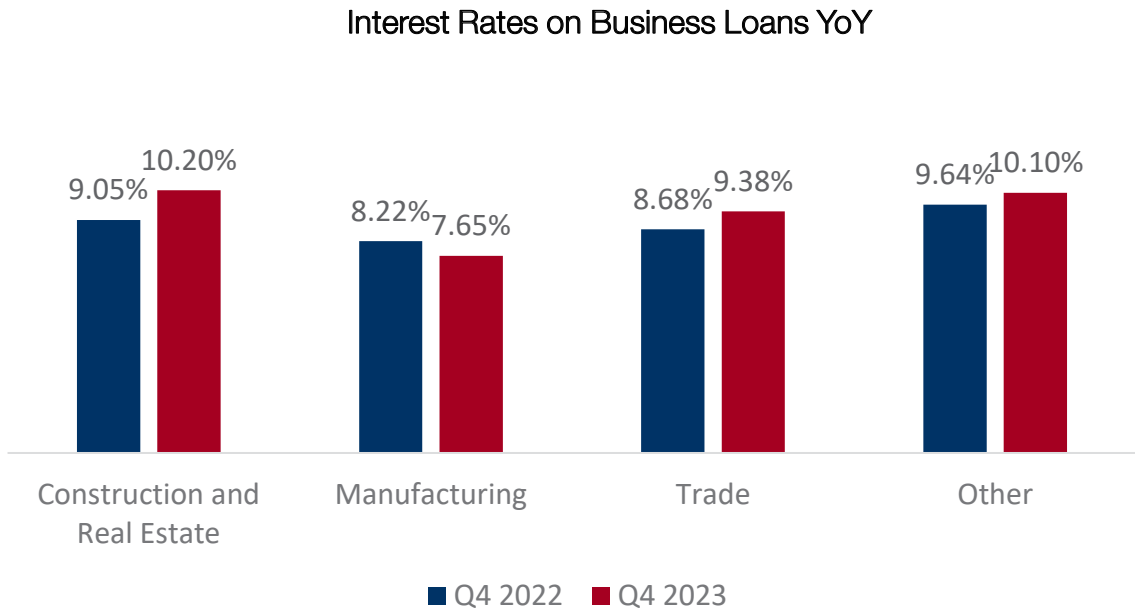
In December 2023, the general consumer price index has decreased by 0.3% compared with December 2022. The most notable changes in the year were:

- -3.9% Decrease in Recreation and Culture Group.
- -3.9% Decrease in Housing, Water, Electricity, Gas and other Fuels Group.
- +4.9% Increase in Hotels and Restaurants .
- +4.2% Increase in food and non-alcoholic beverage group.

Source: Information and e-Government Authority



Increase in interest rates on business loans in most sectors in Q4 2023 YoY

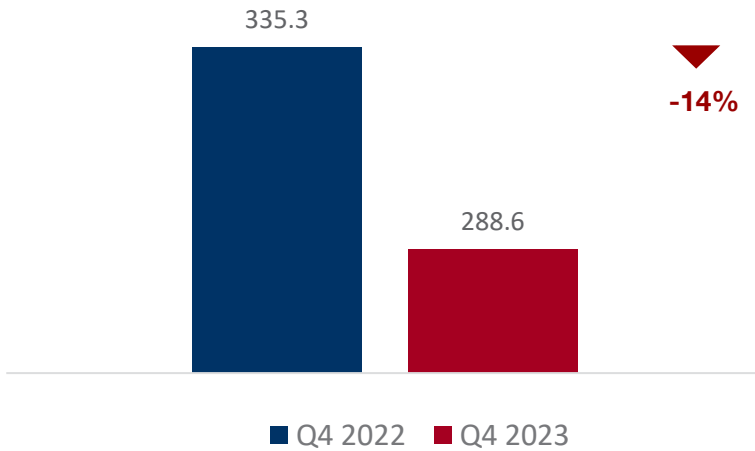


Interest rates on business loans increased in most sectors during Q4 2023 on an annual basis. In the Construction and Real Estate sector, the interest rate increased from 9.05% in Q4 2022 to 10.20% in Q4 2023. In the Trade sector, the interest rate increased from 8.68% in Q4 2022 to 9.38% in Q4 2023. On the other hand, the interest rate in the Manufacturing sector decreased from 8.22% in Q4 2022 to 7.65% in Q4 2023.

Source: Central Bank of Bahrain

14% decrease in ATM withdrawal values in Q4 2023 compared to the same period in 2022

Value of ATM Withdrawals (Million BHD)

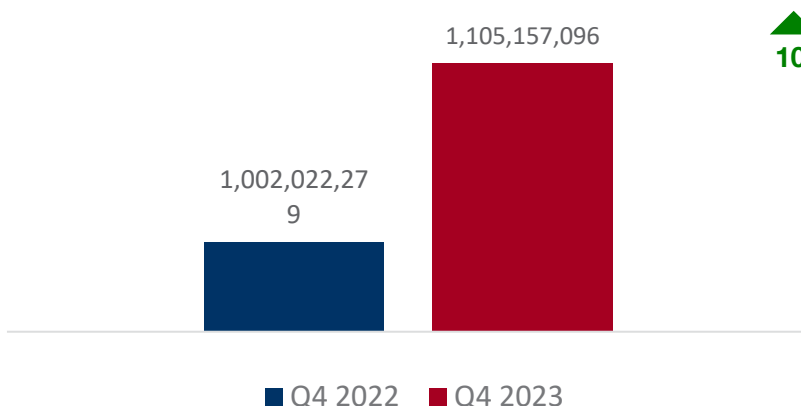


The value of ATM withdrawals decreased by 14%, from 335.3 million BHD in Q4 2022 to 288.6 million BHD in Q4 2023.

Source: Central Bank of Bahrain

10% increase in the value of POS transactions recorded in Q4 2023 compared to the same period in 2022

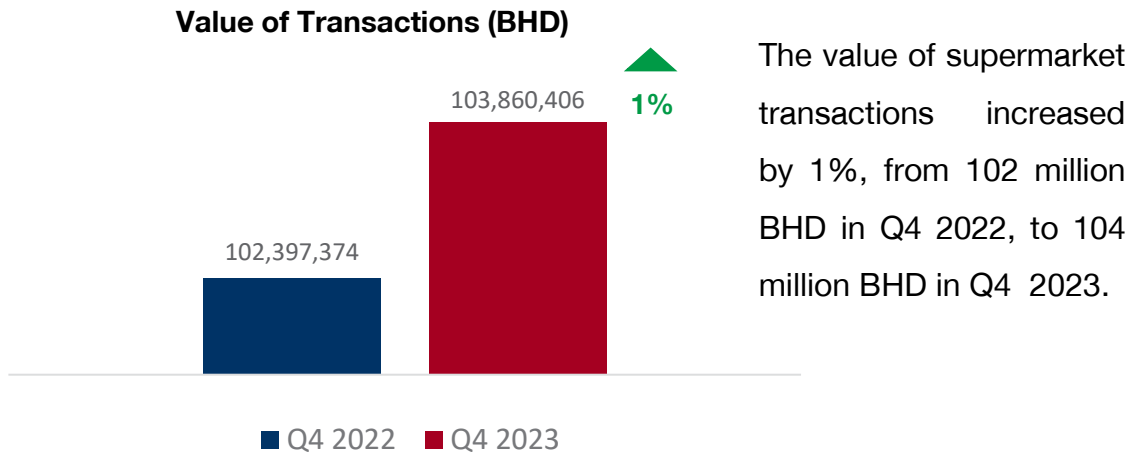
Value of POS Transactions (BHD)



The value of POS transactions increased by 10%, from 1.002 billion BHD in Q4 2022 to 1.105 billion BHD in Q4 2023.

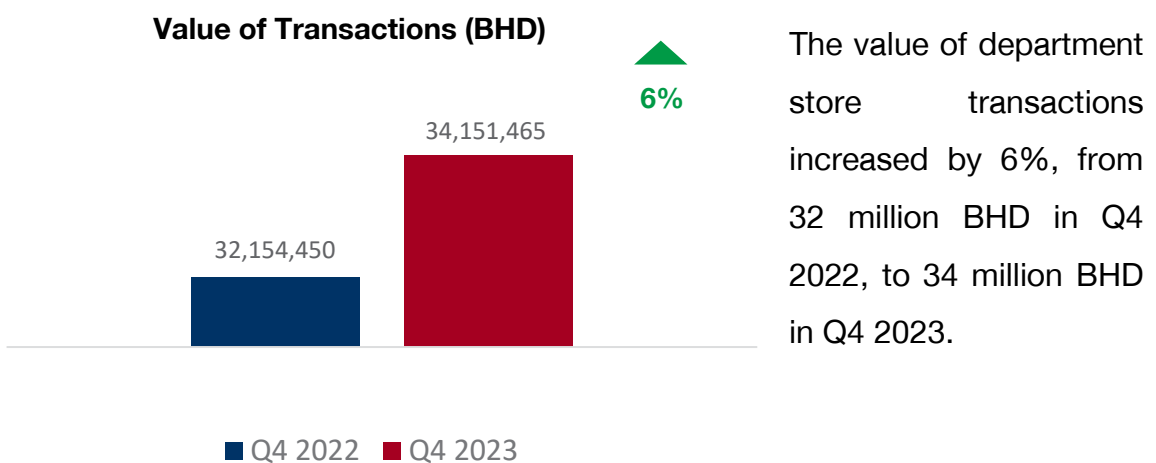
Source: Central Bank of Bahrain

1% increase in the value of supermarket transactions in Q4 2023 compared to the same period in 2022



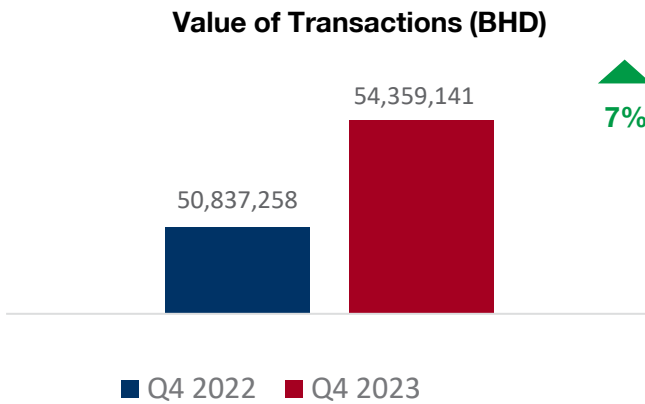
Source: Central Bank of Bahrain

6% increase in the value of department store transactions in Q4 2023 compared to the same period in 2022



Source: Central Bank of Bahrain

7% increase in the value of jewelry store transactions in Q4 2023 compared to the same period in 2022

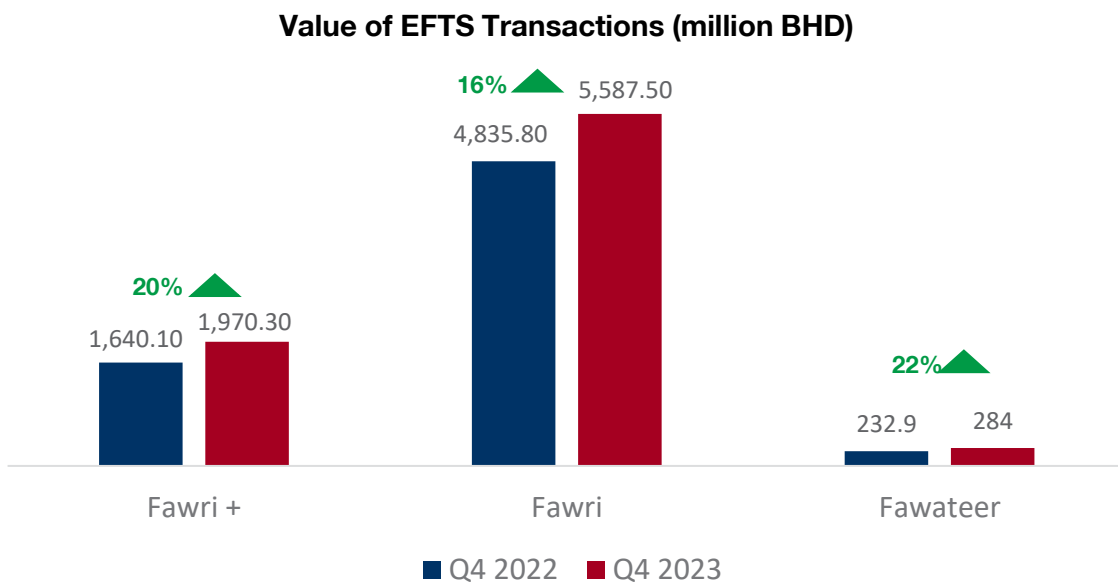


The value of transactions in the jewelry stores sector increased by 7%, from 51 million BHD in Q4 2022, to 54 million BHD in Q4 2023.

Source: Central Bank of Bahrain

20% increase in transfers via Fawri+ in Q4 2023 compared to the same period in 2022

The value of EFTS transactions through the Fawri+ system increased by 20% from 1.6 billion BHD in Q4 2022 to 2 billion BHD in Q4 2023. The value of EFTS transactions through the Fawri system increased as well by 16% from 4.8 billion BHD in Q4 2022 to 5.6 billion BHD in Q4 2023. Fawateer transactions increased by 22% from 233 million BHD in Q4 2022 to 284 million BHD in Q4 2023.

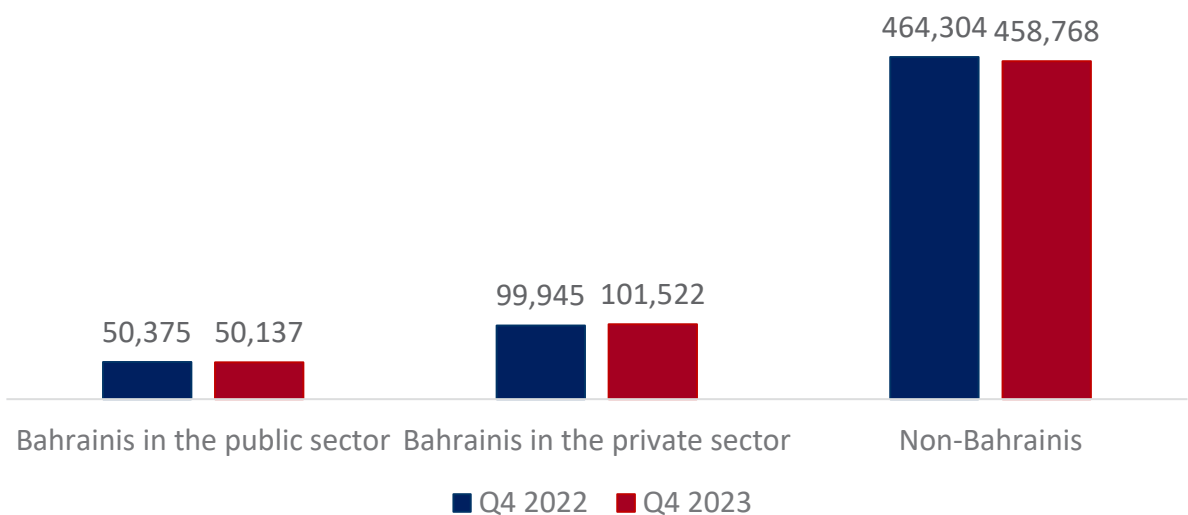


Source: Central Bank of Bahrain

1.2% decrease in Non-Bahrainis contributors in Q4 2023 YoY

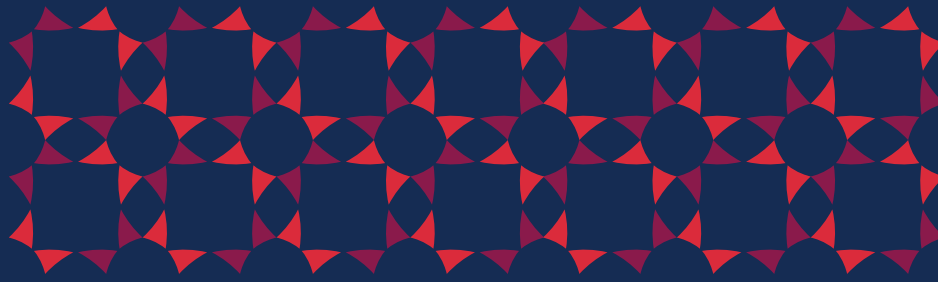
The total number of insured employees in the labor market decreased by 0.7% in Q4 2023 YoY, from 614,624 to 610,427. The number of Bahrainis in the private sector increased by 1.6% in Q4 2023 YoY, while the number of non-Bahrainis decreased by 1.2% during the same period. However, the number of Bahrainis in the public sector decreased slightly by 0.5% in Q4 2023 YoY.

Number of Insured Employees in the Labor Market



	Q4 2022	Q4 2023	YoY Growth
Bahrainis in the public sector	50,375	50,137	-0.5%
Bahrainis in the private sector	99,945	101,522	1.6%
Non-Bahrainis	464,304	458,768	-1.2%
Total	614,624	610,427	-0.7%

Source: Social Insurance Organization



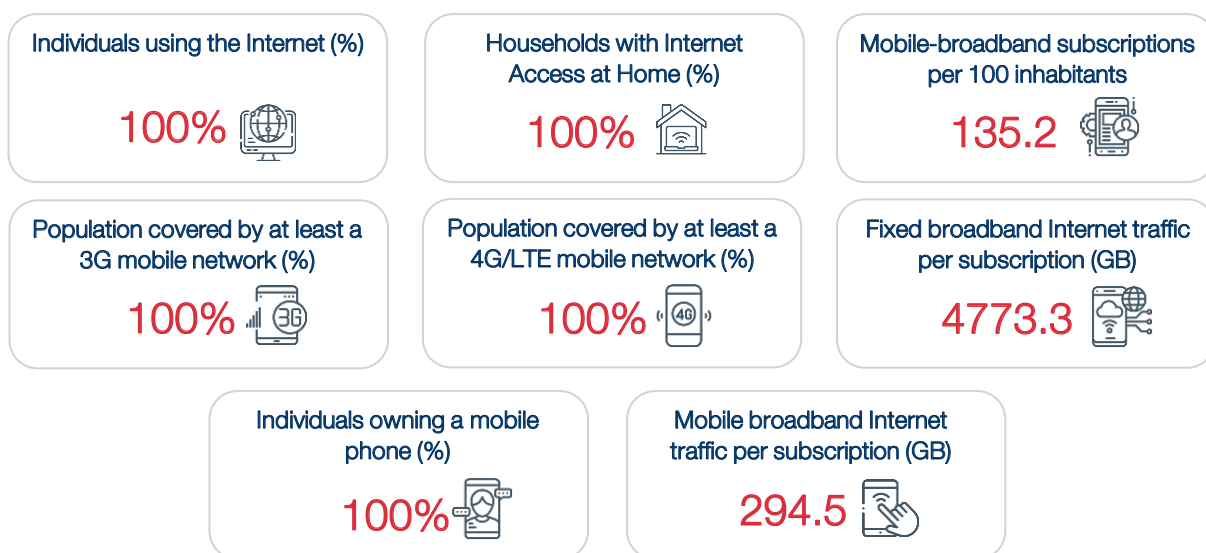
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Bahrain's Ranking in Global Indices

Bahrain ranked 7th worldwide in the ICT Development Index 2023

Bahrain ranked 7th worldwide in the ICT Development Index 2023, published by the International Telecommunication Union (ITU). Furthermore, Bahrain ranked 3rd among GCC countries in the index, following Kuwait and Qatar with a score of 96.5. The ICT Development index covers 169 economies and aims to measure the level of development of the information and communication technology sector (ICT), and to assess the extent to which connectivity is universal and meaningful around the world.

Key Indicators relating to Bahrain in the ICT Development Index



GCC Country Rankings in the ICT Development Index

Rank	Country	IDI Score
1	Kuwait	98.2
3	Qatar	97.3
7	Bahrain	96.5
8	UAE	96.4
9	KSA	94.9
29	Oman	90.5

Source: International Telecommunication Union

Bahrain ranked 4th rank worldwide in the Islamic Finance Development Report 2023

Bahrain ranked 4th worldwide in the Islamic Finance Development Report 2023, published by the Islamic Corporation for the Development of the Private Sector (ICD), the private sector development arm of the Islamic Development Bank Group (IsDB) Group, and the London Stock Exchange Group (LSEG). Furthermore, Bahrain ranked 1st globally in Islamic Finance Regulations, reflecting the Kingdom's position as a global pioneer in Islamic financial regulation. The top 3 countries in the Islamic Finance Development Index are Malaysia, Saudi Arabia, and Indonesia.

The Islamic Finance Development report is published to contribute towards monitoring the development of the global Islamic Finance Industry, and is based on the Islamic Finance Development Indicator (IFDI) that covers data on different Islamic Finance sectors, asset classes, and the industry supporting ecosystem. The 2023 indicator provides sub-sector performances and rankings for 136 countries around the world. The five indicators that are the main drivers of development in the industry for 2023 are: Financial Performance, Governance, Sustainability, Knowledge and Awareness.

Most Developed Countries According to the IFDI 2023

Rank	Country	IFDI Score
1	Malaysia	103
2	Saudi Arabia	70
3	Indonesia	58
4	Bahrain	54
5	Kuwait	54

Source: Islamic Finance Development Report 2023



Bahrain achieves above average scores in several sub-indicators in Future of Growth Report 2024

Bahrain has performed well in the first edition of the World Economic Forum's (WEF) Future of Growth Report 2024, and has achieved scores that exceed the global average for talent availability (66.3) and for digital and technology talent (67.7) under the talent ecosystem category.

The Future of Growth Report published by the World Economic Forum aims to provide an overview of global growth trends and a comprehensive analysis of the quality of these growth trajectories across 107 economies. The Future of Growth Framework is grounded in four pillars that assess the quality of growth: Innovativeness, Inclusiveness, Sustainability and Resilience.

Bahrain achieved high scores on human capital indicators within the resilience pillar, including ability to fill vacancies with a global workforce (75.6) and investment in reskilling talent (70.0). Bahrain also achieved above average scores in infrastructure quality, financial system resilience, technology supply concentration, and government adaptation on an institutional level.

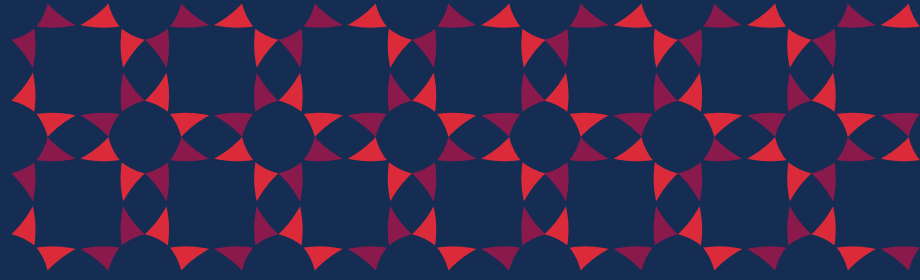
GCC Country Scores in Future of Growth Report 2024

Country	Innovativeness	Inclusiveness	Sustainability	Resilience
Bahrain	53.40	55.69	30.81	47.94
Saudi Arabia	55.91	55.93	35.02	56.49
United Arab Emirates	57.55	56.08	38.89	64.56
Qatar	58.73	56.39	37.41	59.27
Kuwait	40.97	52.58	29.75	51.77
Oman	48.31	55.67	42.65	55.72

**Scores are from (0-100) such that 100 is the highest possible score.*

Source: World Economic Forum – Future of Growth Report 2024



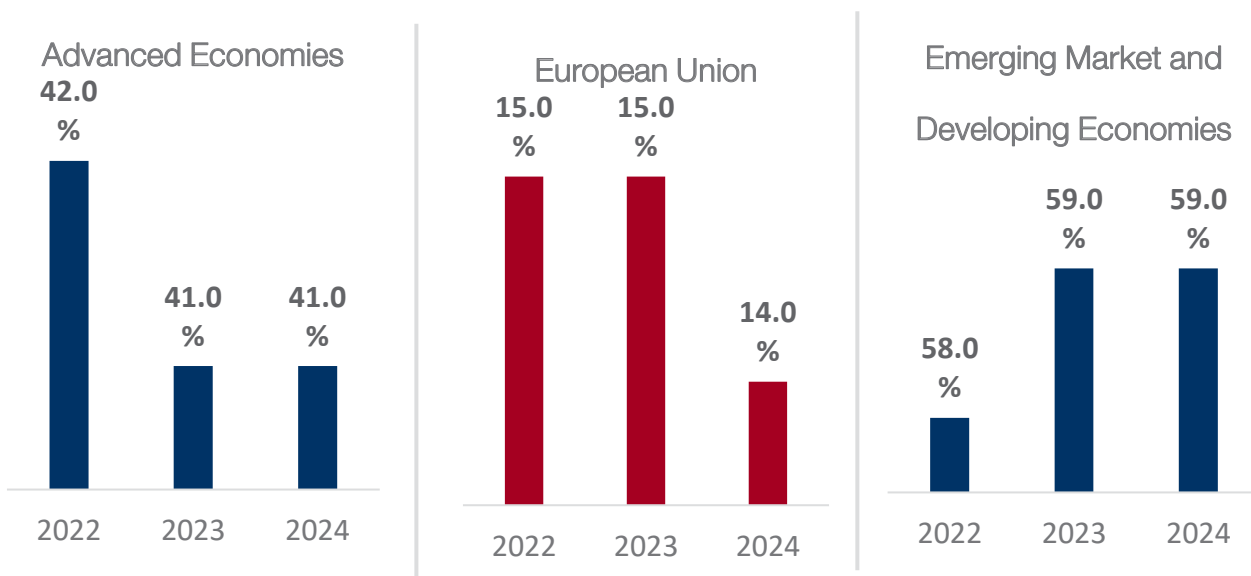


6

Global Economic Outlook

IMF expects GDP based on purchasing-power-parity (PPP), share of world total to reach 59% in Emerging Market and Developing Economies in 2024

GDP based on purchasing-power-parity (PPP), share of world total



According to the IMF's "World Economic Outlook" report released in October 2023, the GDP based on purchasing-power-parity (PPP), share of world total is expected to decrease from 42% in 2022 to 41% in 2023 and 2024 in Advanced Economies. In the European Union, it is expected to decrease from 15% in 2022 and 2023 to 14% in 2024. While in Emerging Market and Developing Economies, it is expected to increase from 58% in 2022 to 59% in 2023 and 2024.

Source: IMF – World Economic Outlook October 2023

11% decrease in WTI oil price in December 2023 YoY

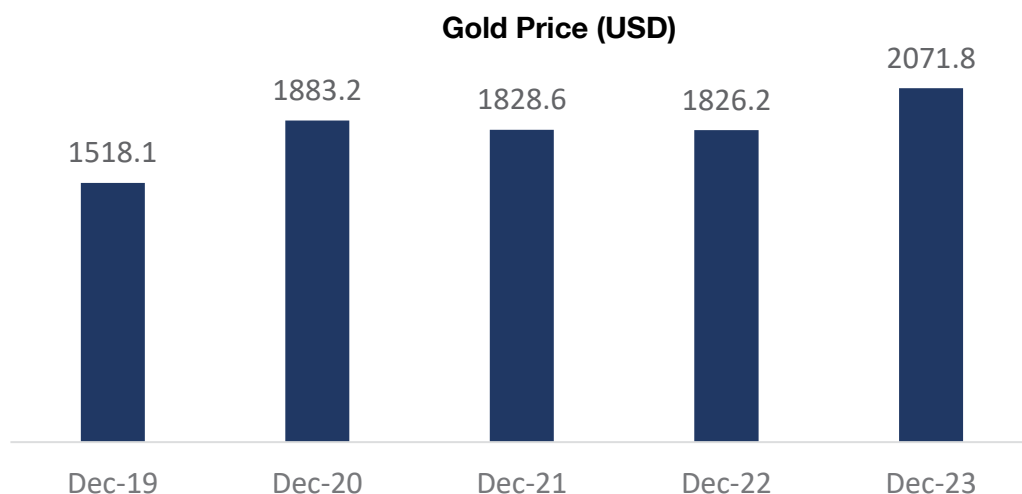
Oil Prices (USD per barrel)

Oil Type	December 2022	December 2023	Percentage Change
WTI	\$80.26	\$71.65	-11% ▼
Brent	\$85.91	\$77.04	-10% ▼

The price of a barrel of WTI crude oil has decreased by 11% in December 2023 compared to December 2022 from \$80.26 per barrel in 2022 to \$71.65 per barrel in 2023. Also, the price of Brent crude oil has decreased by 10% in December 2023 compared to December 2022, from \$85.91 per barrel in 2022 to \$77.04 per barrel in 2023.

Source: Bloomberg

37% increase in gold price over 5-year period

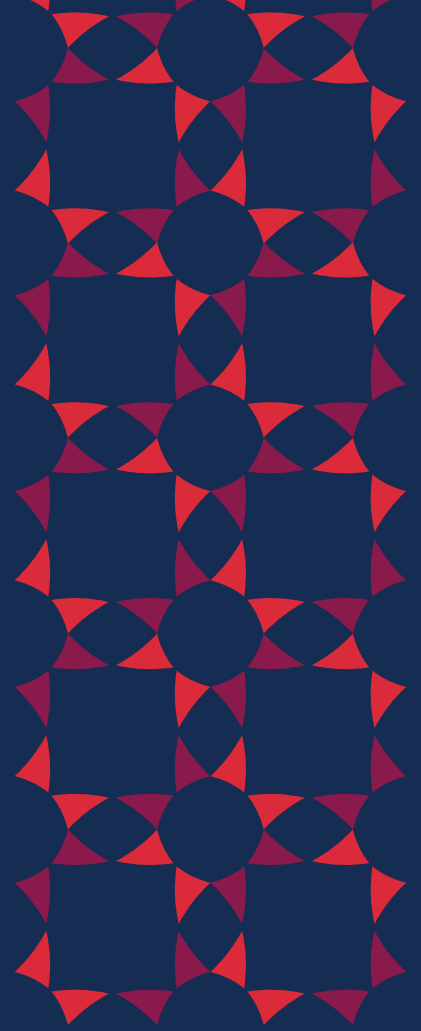


The price of gold reached \$2071.8 USD in December 2023, an increase of 37% compared to \$1518.1 USD in December 2019.

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.