



SUMMARY OF BAHRAIN ECONOMIC QUARTERLY REPORT Q1 2022

Issued June 2022

The BEQ is issued quarterly by the Ministry of Finance and National Economy. It summarises the key economic developments during the first quarter of 2022.

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Internal Context

- Bahrain's GDP grew by 5.5% in real terms and 19.7% in nominal terms YoY.
- The Global Economic Prospects issued by the World Bank in June revised Bahrain's forecasted economic growth upwards from 3.2% to 3.5% in 2022, and from 2.9% to 3.1% in 2023, indicating that the Economic Recovery Plan is steering the economy in the right direction.



External Context



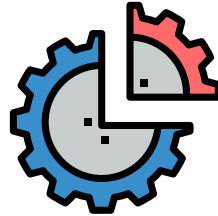
The IMF forecasted a slow down in global growth from 6.1% in 2021 to 3.6% in 2022 and 2023 in its World Economic Outlook released in April 2022.



The expected inflation rates for 2022 will reach 5.7% in advanced economies and 8.7% in emerging markets and developing economies due to the rise in commodity prices and the widening of price pressures as a result of the Russia- Ukraine conflict.



The International Energy Agency (IEA) expects a slowdown by 56.8% in the growth of global oil demand during Q2 of 2022 after China reimposed lockdown to contain the spread of COVID-19.

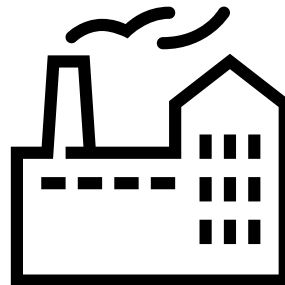


Non-oil Sector

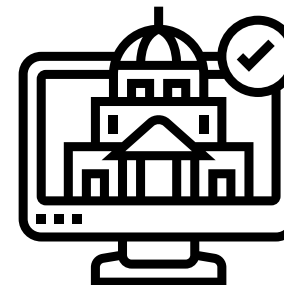
- The non-oil sector grew by 7.8% in real terms and by 16.2% in nominal terms YoY.
- Non-oil sectors contributed 83.8% to real GDP, with the main contributors being:



**Financial
Corporations
contributed
17.4%**

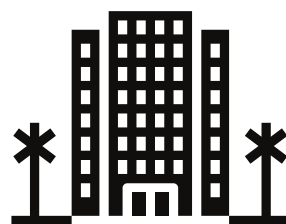


**Manufacturing
Sector
contributed
14.2%**



**Government
Services
contributed
13.2%**

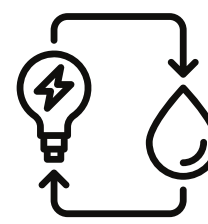
- The Financial Services sector surpassed the Oil and Natural Gas sector contributing 17.4% to GDP.
- Best performers in Q4 2021:



**Hotels and
Restaurants
+26.6%**



**Transport and
Communications
+15.8%**

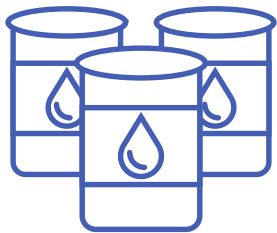


**Electricity and
Water
+12.3%**



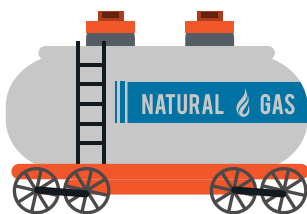
Oil Sector

- The Oil sector decreased by 4.7% YoY in real terms as a result of the lower crude oil production in the Abu Sa'afah field by 5.7% due to seasonal maintenance.
- The Oil sector increased by 42.2% YoY in nominal terms, supported by the recovery of global crude oil prices, which have averaged at USD 97.93 in Q1 2022 compared to USD 60.73 in Q1 2021.



Average oil production from Abu Sa'afah field amounted to 137,625 bpd, down by 4.6% YoY and 9.2% QoQ.

Average onshore Bahrain field production amounted to 40,130 bpd, down by 9.2% YoY and 4.5% QoQ.



Production of natural and associated gas amounted to 210,657mn cubic feet, down 0.3% YoY and 6.8% QoQ, while about 36.9% of the total gas was reinjected into the oil sector.



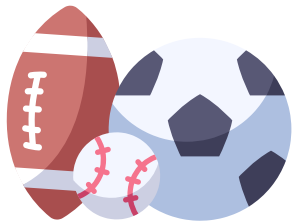
Bapco

Bahrain Oil Refinery (Bapco) modernization program (BMP) reached a completion rate of 82.8% by the end of April 2022.



Infrastructure Projects

- Major development projects financed by the GCC Development Fund progressed during Q1 2022, with the total value of awarded projects reaching approximately USD 6.01bn, an increase of 3.0% QoQ.
- Local developments have also taken place and include:



The Ministry of Works, Municipalities Affairs and Urban Planning has received bids for consultancy services on designing the Sports City project in Sakhir which will include the largest sports stadium in Bahrain.



Alba signed a memorandum of understanding with Japanese Mitsubishi Heavy Industries EMEA Ltd. aimed at reducing Alba's carbon footprint.













The foundation stone for the Express Cargo Village has been laid at the Bahrain International Airport, which will include buildings dedicated to serving each cargo operator in line with the highest international standards.



International Trade

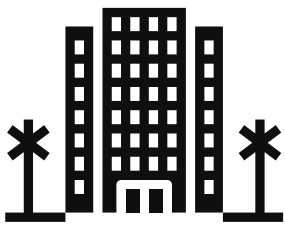
- The World Trade Organization revised down its forecast for world trade growth in 2022 to 2.4% from 4.7% forecasted in October 2021, due to the ongoing conflict between Russia and Ukraine.
- The trade balance of non-oil trade recorded an improvement, as the trade gap decreased significantly by 111.5% from BD 442.2mn in Q1 2021 to BD 50.8mn in Q1 2022.
- During March 2022, the trade balance surplus amounted to BD 67.6mn compared to a deficit of BD 108.3mn in March 2021.
- The following are the Kingdom's key trading partners:

Exports			Imports		
% of Total	Country		% of Total	Country	
17.3%	Kingdom of Saudi Arabia		15.7%	China	
16.5%	United States of America		9.5%	Brasil	
7.4%	Italy		8.7%	Australia	
7.3%	Netherlands		8.1%	United Arab Emirates	
7.0%	United Arab Emirates		6.4%	India	

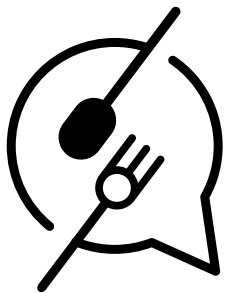


Inflation

Consumer Price Index increased to 3.9% in March, averaging 3.4% YoY in Q1 2022.



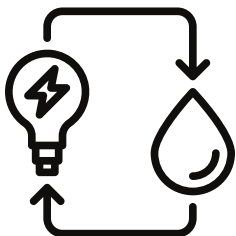
The “Restaurants and Hotels” group witnessed the highest price increase of 12.9% YoY due to the recovery of the sector and increase in demand for hotel services.



The “Food and non-Alcoholic Beverages” group saw the second highest inflation increase of 10.7% YoY due to increased demand for basic foodstuffs, especially fish and seafood which rose by 25.4%, and price of oils by 23.8%.



“Transportation” group costs have shown some volatility, rising by an average of 4.6% during Q1 2022.



“Rent, Water, Electricity, Gas and Other Fuel Prices” and “Culture and Entertainment” groups declined by 1%, respectively.



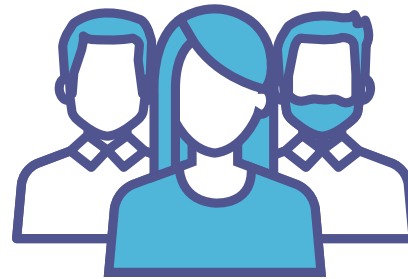
Bank Credit and Deposits

- Bank credit growth held relatively steady in Q1 2022, returning to an annual pace of 4.9% after a temporary dip around the turn of the year, at 1.5% QoQ.



YoY growth of
Corporate Lending

-3.3%



YoY growth of
Personal Lending

+15.4%

- Bank deposits by non-bank entities, witnessed remarkable improvement of 10.5% YoY, reaching a value of BD18.37bn.
- The average interest rate on commercial loans stabilized at 4.2% in March 2022, an increase of 122.2% compared to 2021.
- The average interest rate on personal loans-excluding credit cards decreased by 5.2% YoY to reach 4.6% in March 2022.



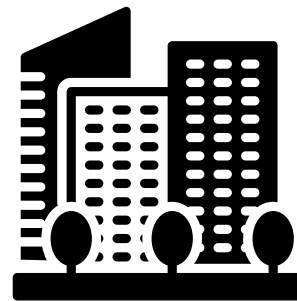
Labour Markets

The Social Insurance Organization reported an increase in the number of total Bahraini workers by 1.2% QoQ, reaching 147,579 workers.



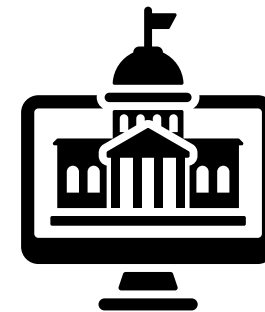
**Bahraini
Employees**

+1.2%



**Bahraini Employees
in the Private Sector**

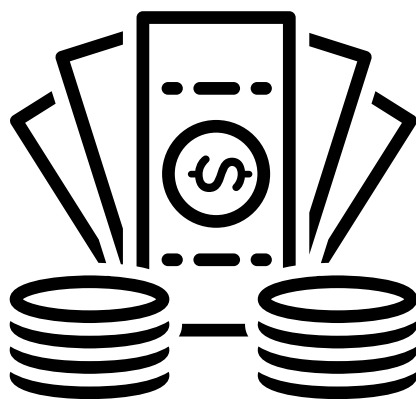
+1.5%



**Bahraini Employees
in the Public Sector**

+0.5%

The number of non-Bahraini employees amounted to 435,443 workers, achieving a growth of 3.8% QoQ.



Salaries

- The average monthly salary of Bahraini employees in the private sector stood at BD 779 in Q1 2022, growing 2.9% QoQ.
- The average monthly salary of Bahraini employees in the public sector stood at BD 866 in Q1 2022, declining by 0.1% QoQ.
- The average monthly salary of non-Bahraini employees stood at BD 264 in Q1 2022, growing 0.4% QoQ.