



# SUMMARY OF BAHRAIN ECONOMIC QUARTERLY REPORT Q2 2021

*Issued September 2021*

The BEQ is issued quarterly by the Ministry of Finance and National Economy. It summarises the key economic developments during the second quarter of 2021.

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## Internal Context

- On a quarterly basis, Bahrain's real GDP grew by 3.5% while nominal GDP grew by 6.4%.
- On a yearly basis, Bahrain's real GDP grew by 5.7% while nominal GDP grew by 20.7%.
- The economic growth was a result of the robust and comprehensive stimulus package initiatives aimed at providing the support necessary to sectors impacted by the pandemic as well as the significant efforts to contain the spread of the virus.
- The normalisation of activity in areas previously disrupted by public health intervention allowed the Kingdom's GDP to return to the pre-pandemic level recorded in Q4 2019. In nominal terms, the quarterly GDP was 1.5% higher than in Q4 2019. In real terms, it remained very slightly by 0.8% below the pre-pandemic reading.



## External Context



The International Monetary Fund projects a robust rebound with 5.9% global growth in 2021 followed by 4.9% in 2022.



- Oil demand rose by 3% QoQ and 14% YoY.
- Brent oil averaged \$68.8 per barrel, rising 13.2% QoQ and 134.6% YoY.

A number of countries witnessed growth during Q2 2021:



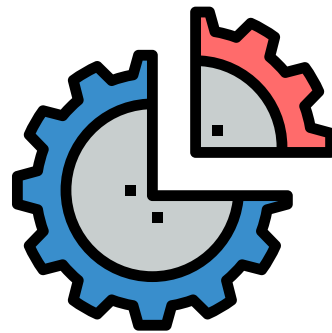
Real GDP grew 6.5% YoY supported by large-scale fiscal stimulus from the government's \$1.9 trillion American Rescue Plan.



Real GDP decreased from 18.3% in Q1 2021 to 7.9% in Q2 2021 due to higher raw material costs slowing growth in industrial activity.



Real GDP grew 1.8% YoY led by an 8.4% increase in the non-oil sector.



## Non-oil Sector

- On a quarterly basis, the non-oil sector recorded an increase of 2.6% in real terms and 4.4% in nominal terms.
- On a yearly basis, the non-oil sector recorded an increase of 7.8% in real terms and 12.8% in nominal terms.

## Biggest Winners in Q2 2021



**Transport and  
Communications**

**+47.9%**



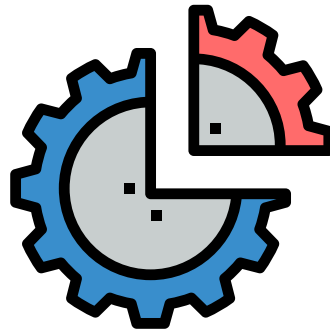
**Hotels and  
Restaurants**

**+45.2%**



**Financial  
Corporations**

**+9.4%**

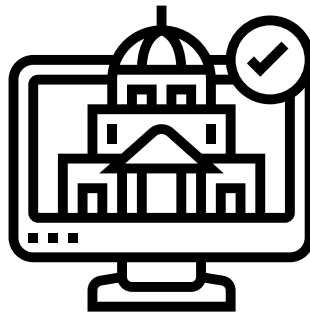


## Non-oil Sector

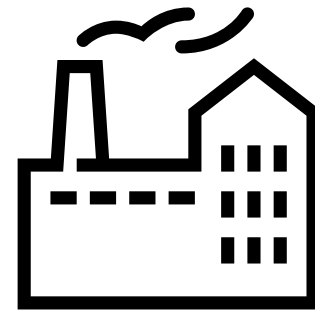
Non-oil sectors contributed 81.4% to real GDP



**Financial  
Corporations**  
contributed 17.3%



**Government  
Services**  
contributed 13.9%



**Manufacturing  
Sector**  
contributed 13.8%



## Oil Sector

- On a quarterly basis, the Oil sector increased by 7.8% in real terms and by 18.9% in nominal terms.
- On a yearly basis, the Oil sector decreased by 2.4% in real terms and increased by 98.3% in nominal terms.



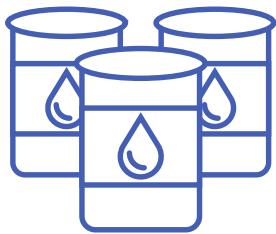
Brent price increased from \$29.3 in Q2 2020 to \$68.8 in Q2 2021.



- Total average production rose to 188,433 barrels per day representing an increase of 4% YoY and 3.7% QoQ.
- Production from the off-shore Abu Saafah field averaged around 157,937 barrels per day, an increase of 9.5% QoQ and a decrease by 3.8% YoY.



## Oil Sector



- The average onshore production from the Bahrain field was 42,742 barrels per day, a decrease of 3.3% QoQ and 1.7% YoY.
- The average production of natural gas and associated gas reached 230,283 million cubic feet, which marked a YoY increase of 9.4%, and an increase of 4.0% QoQ
- Bapco refinery modernization program reached approximately 74% completion and is on track for conclusion by the fourth quarter of 2022.
- The project will increase Bapco's capacity from 267,000 to 380,000 barrels per day which will allow the company to be more efficient and competitive in the market.





## Infrastructure Projects

- Government tenders and auctions worth over BD 1.3bn were awarded during the first half of 2021, a growth of 60% from BD 820mn in the first half of 2020.
- The largest share of these contracts was for projects in the oil sector, followed by the aviation sector and the construction sector.
- Infrastructure projects worth \$7mn funded by the GCC Development Fund have been awarded, a slight increase of 0.1% QoQ. The awarded projects include:

**Sports City** in the Sakhir area, funded by the Saudi Fund for Development

**Housing projects** in East Hidd, Galali and Wadi Al-Sail funded by the Kuwait and Saudi Development Funds



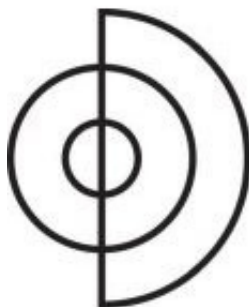


## Infrastructure Projects

Several flagship infrastructure projects around the Kingdom are continuing to advance:



Edamah has partnered with the global Accor Group to launch a new Mantis Hotel on Hawar Island in the Kingdom of Bahrain. The hotel is scheduled to open in 2024.



The Al Dana Amphitheatre, a 10,000-seat open air theatre, is expected to open soon. The theatre will certainly contribute to the development of the tourism and entertainment sector.

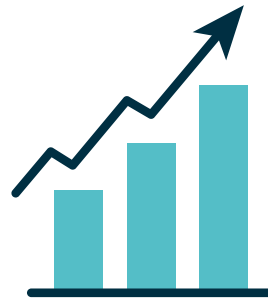
the place to be

الأفينوز

THE AVENUES

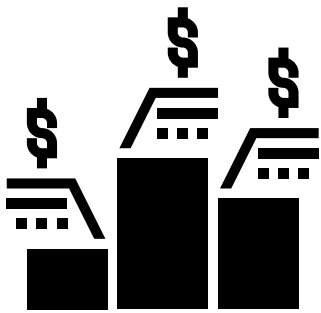
BAHRAIN البحرين

Construction works commenced on the second phase of the Bahrain Avenues project at a cost of BD 8mn, which will constitute an extension of an area of 125,000 square meters with a rental area of 41,000 square meters.



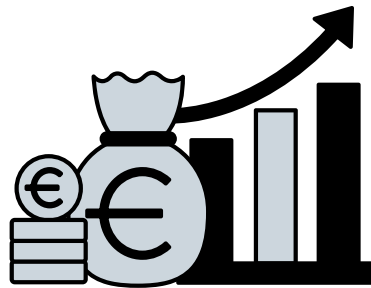
## Financial Markets

- In Q2 2021, the Bahrain All Share Index closed at 1,587.97 points.



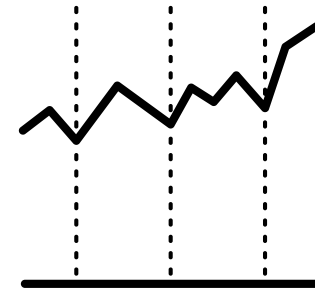
**Total Market Capital  
reached BD 9.89bn**

**+24.7% YoY**



**Value of Traded Shares  
reached BD 60.4mn**

**+5.1% YoY**



**Volume of Traded Shares  
reached 269.1mn**

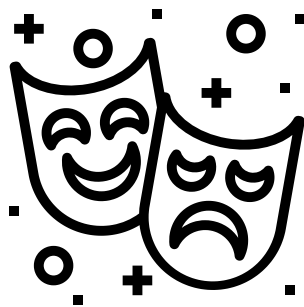
**+22.8% YoY**

- Bahraini investors represented 72.2% of the total value of traded shares, while non-Bahraini investors accounted for 27.8%.



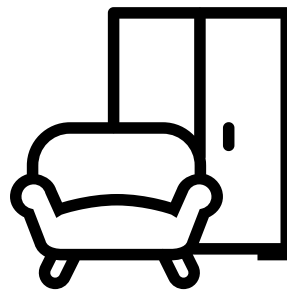
## Inflation

- Consumer price pressures increased somewhat during Q2 2021 from a trough of -0.2% in April to 0.6% in June with a flat average YoY growth.
- Q2 2021 headline inflation rates rose by 0.1% QoQ, following a 2.6% YoY decline in Q1 2021



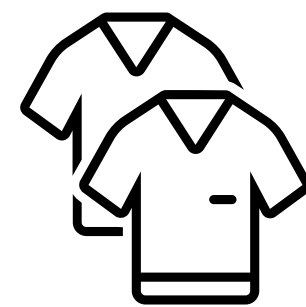
Recreation and  
Culture

**+6.9%**



Furnishings, Household  
Equipment and Routine  
Household Maintenance

**-1.9%**



Clothing and  
Footwear

**-1.2%**



## Bank Credit and Deposits

- The value of total loans reached BD 10.7bn during Q2 2021.



**YoY growth of  
Business Lending**

**+1.4%**



**YoY growth of  
Personal Lending**

**+7.8%**

- Bank deposits (by non-bank entities) grew by 2% YoY and 7.1% QoQ.
- The average interest rate on commercial loans stabilised at 4.8%, a decrease of 4.6% compared to the previous year, while the average interest rate on personal loans increased by 6.4% YoY to reach 5.0% in Q2 2021.












## Labour Markets

- The total number of Bahraini workers increased 0.7% QoQ to reach 142,798 workers.
- The number of Bahrainis working in the public sector increased slightly by 0.3% to reach 48,001 workers.
- The number of Bahrainis working in the private sector increased slightly by 0.9% reaching 94,797 workers.
- Average monthly salary remained consistent during the first half of the year, averaging BD 825 for the public sector and BD 767 for the private sector.
- The number of non-Bahrainis dropped by 1.8%, while the average wage increased by 0.8% to reach BD 264.



## International Trade

- The trade deficit decreased by 70.9% from BD 484.9mn in Q2 2020 to BD 141.1mn in Q2 2021 caused by the surge in national-origin exports.
- The total value of non-oil exports increased by 62.3% YoY amounting to BD 1.11bn.
- The total value of non-oil merchandise imports increased by 6.9% YoY amounting to BD 1.25bn.
- The following are the Kingdom's key trading partners:

Imports		Exports	
% of Total	Country	% of Total	Country
14.5%	Brazil 	17.7%	Kingdom of Saudi Arabia 
12.7%	China 	13.4%	United Arab Emirates 
6.8%	Kingdom of Saudi Arabia 	9.4%	United States of America 
6.8%	Australia 	7.6%	Egypt 
6.1%	United Arab Emirates 	5.7%	Algeria 