



# SUMMARY OF BAHRAIN ECONOMIC QUARTERLY REPORT Q3 2022

*Issued December 2022*

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

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## Internal Context

- Bahrain's GDP grew by 4.2% in real terms and 10.9% in nominal terms YoY.
- Almost all economic activities witnessed a strong recovery in conjunction with the first anniversary of the Economic Recovery Plan, reflecting its success in accelerating the pace of economic recovery in the Kingdom.



## External Context



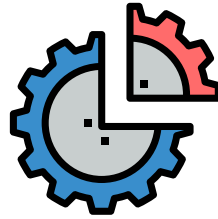
The IMF forecasted growth of the global economy at 3.2% in 2022 and 2.7% in 2023 in its World Economic Outlook released in October 2022.



Global inflation is expected to rise from 4.7% in 2021 to 8.8% in 2022, and decline to 6.5% and 4.1% in 2023 and 2024, respectively.



The Fed raised interest rates by 25 basis points in March, followed by 50 basis points in May and 75 basis points in June, July, September, and November, respectively, and most recently 50 basis points in December.

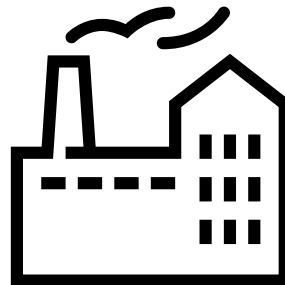


## Non-oil Sector

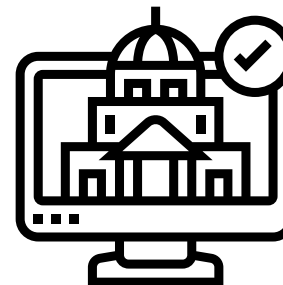
- The non-oil sector grew by 4.9% in real terms and by 6.4% in nominal terms YoY.
- Non-oil sectors contributed 82.0% to real GDP, with the main contributors being:



**Financial  
Corporations  
contributed  
17.4%**

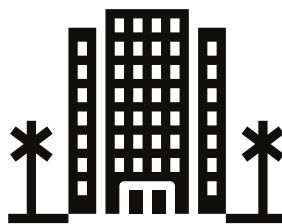


**Manufacturing  
Sector  
contributed  
14.2%**



**Government  
Services  
contributed  
12.1%**

- Best performers in Q3 2022 are:



**Hotels and  
Restaurants  
+14.7%**



**Transport and  
Communications  
+8.0%**

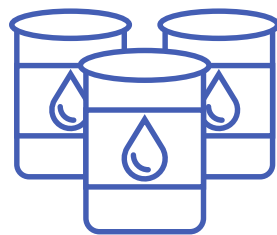


**Real Estate and  
Business Activities  
+6.8%**



## Oil Sector

- The oil sector decreased by 1.2% YoY in real terms and 34.4% YoY in nominal terms largely due to the increase in global oil prices, which averaged USD 100.71 during Q3 2022, as compared to USD 73.47 during Q3 2021.



Average oil production from Abu Sa'afah field amounted to 156,430 bpd, increasing by 3.6% YoY and 1.1% QoQ.

Average onshore Bahrain field production amounted to 39,511 bpd, down by 6.7% YoY but increasing 0.3% QoQ.

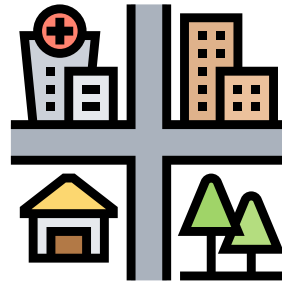


Production of natural and associated gas amounted to 249.9Bn cubic feet, recording a minor decrease of 0.8% YoY but a 4.4% QoQ increase.

Approximately 32.6% of the total gas produced was reinjected into the oil sector.



Bahrain Oil Refinery (Bapco) modernization program (BMP) reached a completion rate of 87.4%



## Developmental Projects

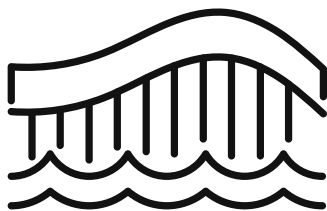
- The infrastructure projects financed by the GCC development fund showed progress whereby projects worth USD 9mn have been awarded, reaching a cumulative value of USD 6.1bn, equivalent to an increase of 5.2% YoY.



The Public Investment Fund, Saudi sovereign wealth fund, announced its plan to set up regional investment companies in five countries, including Bahrain, and is expected to be in sectors including infrastructure, real estate, healthcare, financial services, food and agriculture, manufacturing, telecommunications and others.



Aluminium Bahrain B.S.C. (Alba) awarded International Bechtel Co. Ltd (Bechtel) to conduct line 7 Project's feasibility study. It is expected that Line 7 would add more "environmentally friendly" capacity to the current production capacity of 1.561Mn metric tons and replace the old production lines 1-3 with line 7 that were operating since 1970s.













The financial feasibility studies for the USD 3.5bn King Hamad Causeway project is completed and the project will be executed through partnership between the public and private sectors.



## International Trade

- The trade balance of non-oil trade recorded an improvement, as the deficit decreased by 14.5% from BHD 63.4mn in Q2 2022 to BHD 54.2mn in Q3 2022.
- The total value of Bahraini non-oil exports grew to approximately BHD 1.4bn in Q3 2022, an increase of 5.1% YoY.
- The total value of non-oil imports totaled approximately BHD 1.5bn, an increase of 9.0% YoY.
- The following are the Kingdom's key trading partners:

National Origin Exports			Imports		
Country		% of Total Exports	Country		% of Total Imports
Kingdom of Saudi Arabia		21.0%	China		14.5%
United States of America		13.8%	Brazil		12.8%
United Arab Emirates		11.2%	Australia		8.4%
Netherlands		7.3%	United Arab Emirates		8.1%
Mexico		6.4%	United States of America		7.0%

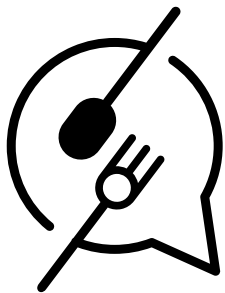


## Inflation

Consumer Price Index increased by an average of 4.0% YoY, with July witnessing an increase of 3.9% YoY, while both August and September saw an increase of 4.0% YoY.



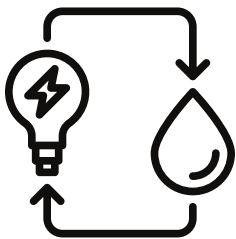
The “Restaurants and Hotels” group witnessed the highest price increase of 14.3% YoY.



The “Food and Non-alcoholic Beverages” group saw the second highest inflation increase of 9.9% YoY.



“Transportation” increased by 7.2% YoY.



The “Housing, Water, Electricity, Gas and Other Fuels” group, which is the highest weighted group, saw a slight decline of 0.9% YoY.

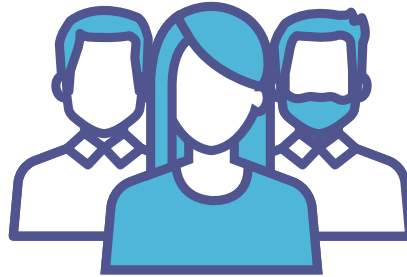


## Bank Credit and Deposits



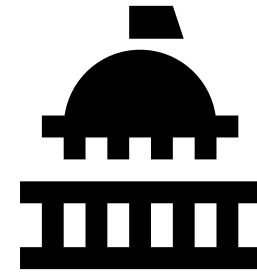
**YoY growth of  
Corporate Lending**

**-3.5%**



**YoY growth of  
Personal Lending**

**+14.8%**



**YoY growth of  
Government Lending**

**+73.9%**

- Bank deposits by non-bank entities witnessed an increase of 8.9% YoY, amounting to BHD 19.3bn.
- Deposits in Bahraini dinars accounted for approximately 58.4% of total deposits, recording an acceleration of 1.3% compared to September 2021.
- The average interest rate on commercial loans was 5.8% at the end of September 2022, which showed an increase of 150 basis points compared to September 2021.
- The average interest rate on personal loans was 5.3% at the end of September 2022, which showed an increase of 80 basis points compared to September 2021.