

MASHREQ GLOBAL DIGEST

BAHRAIN

October 20 - October 26



This issue of Market Digest delves into key macroeconomic indicators and recent economic developments in Bahrain, along with insights into notable deals and major financial updates.

Macroeconomic News

IMF: Bahrain's Economy to Grow 3.5% in 2025

Bahrain's economy is set to grow by 3% in 2024 and 3.5% in 2025, driven by refinery upgrades in the manufacturing sector and a resurgence in private sector credit, according to the IMF. Inflation is expected to rise to 1.2% this year and stabilize at 2% over the medium term. Despite strong performance in 2023, fiscal challenges persist, with a deficit of 8.5% of GDP and government debt at 123% of GDP. The IMF calls for a comprehensive fiscal reform package and emphasizes the need for structural reforms to boost non-hydrocarbon revenues. Non-hydrocarbon sectors are expected to account for 90% of GDP by 2029. It also emphasizes the importance of continued economic diversification, urging Bahrain to enhance human capital, address skill gaps, and improve financing access for small and medium-sized enterprises.

Reference: [Arab News](#)



Bahrain's Economy Grows 1.3% in Q2

Bahrain's economy grew 1.3% in Q2 2024, driven by a 2.8% rise in the non-oil sector, which offset a 6.7% decline in oil. Key contributors included transportation and storage (up 13%), information and communications (up 11%), and accommodation and food services (up 10.6%). The financial and insurance sector grew 2%, while manufacturing rose 1.7%. Foreign direct investment increased by 9% to BHD 16.6 billion (\$44 billion). The government anticipates a 3% overall economic growth for the year, mainly from non-oil sectors. Despite having the highest debt-to-GDP ratio in the GCC, Bahrain plans to delay introducing corporate tax to remain competitive, recently implementing a 15% tax on large multinationals. Bahrain also achieved a significant advancement in digital development, as highlighted in the 2024 UN E-Government Survey, where it climbed 36 places to secure the 18th position globally.

Reference: [AGBI](#)

Deals / Events

UAE-Bahrain Forum Boosts Ties

The UAE Embassy in Bahrain hosted an investment forum to explore opportunities and strengthen economic ties between the two countries. Key stakeholders discussed enhancing private sector investment and promoting competitive advantages. The forum highlighted the UAE's business-friendly environment and Bahrain's skilled workforce, as well as the significant presence of Emirati investors in Bahrain, with 1,846 registered companies and total capital of BHD 485 million. In 2023, trade between Bahrain and the UAE totaled \$3.225 billion, with over 7,000 Emirati investors active in Bahrain's stock market and 812 Emiratis owning property in the Kingdom.

Reference: [Bahrain News Agency](#)



Bahrain: Mega Infrastructure Boost for Southern Governorate

The Southern Governorate is set to undertake significant infrastructure projects worth millions of dinars, including new roads, sewage and rain drainage systems, streetlights, and signage, to be completed by 2026 in areas like Isa Town, Zallaq, Khalifa Town, and Riffa. Works Ministry officials presented these plans at a recent Southern Municipal Council meeting, highlighting key projects such as the connection of Hunainiyah Avenue to Al Moaskar Highway, which is scheduled for completion in September 2025, and significant roadwork advancements in Isa Town and Riffa. Additionally, 29 projects are planned to address rainwater drainage issues, with multiple channels and sewage networks in development. The council emphasized the necessity of timely execution and quality in these projects to meet community needs and foster urban and economic growth.

Reference: [Zawya](#)

Bahrain's Investment Forum

Bahrain will host the second Gateway Gulf forum on November 3-4 at the Four Seasons Hotel, themed "Investing in a Rapidly Transforming Region." This exclusive event will bring together 250 top government officials, business leaders, and investors to discuss economic growth and collaboration. Organized by the Bahrain Economic Development Board, it will feature sessions and workshops on investment opportunities in Bahrain's key sectors and regional cooperation. The GCC is projected to grow by 3.5% in 2024, with a combined total of about \$2.1 trillion and expected to reach \$2.8 trillion by 2030.

Reference: [Bahrain News Agency](#)

Bahrain's Economic Diversification

At the Standard Chartered Investor Forum during the World Bank and IMF meetings in Washington, Bahrain's Minister of Finance and National Economy reaffirmed the country's commitment to economic diversification through policies that stimulate growth in promising sectors. Joined by the Sustainable Development Minister and the Central Bank Governor, he emphasized Bahrain's positive economic indicators and projected continued growth, particularly in non-oil sectors. The minister highlighted efforts within the Economic Recovery Plan, focusing on digital transformation to boost efficiency and competitiveness. Officials also reviewed achievements under the Financial Balance Program, outlining five priority areas crucial for its success.

Reference: [Bahrain News Agency](#)

Rise every day



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Bahrain Launches Sustainable Water Campaign

Bahrain has launched the National Water Strategy (2021-2030) to support its 2023-2026 program, aligning with the Sustainable Development Goals, particularly Goal 6 on clean water and sanitation. The accompanying national campaign, "Sustainable Water," themed "Every Drop Has a Story," aims to raise awareness about water recycling and sustainability among institutions and communities. This initiative is led by the Supreme Council for Environment in collaboration with the UN Environment Program. Emphasizing the importance of community involvement, the campaign highlights water recycling as essential for sustainable development and the preservation of Bahrain's water resources for future generations.

Reference: [Zawya](#)

Financial News

Bahrain Bourse Launches Listing Incentives

Bahrain Bourse has introduced a 'Listing Incentives Program' to encourage private companies to list their shares, aligning with its Financial Services Sector Development Strategy (2022-2026) and Bahrain Economic Vision 2030. Effective from October 1, 2024, the program will run for five years and offers reduced annual subscription fees and central depository fees for companies listing on the Mainboard, as well as exemptions for the first two years for those on the Bahrain Investment Market. The initiative aims to enhance market liquidity and support economic growth, specifically targeting private sector firms; however, companies with over 30% government ownership are ineligible.



Reference: [Bahrain Bourse](#)

Bahrain Launches Bitcoin Investment Product

The National Bank of Bahrain has launched a bitcoin-pegged structured investment product for institutional investors, developed with ARP Digital. The fund offers exposure to bitcoin price increases with a cap and guarantees 100% loss protection. Targeting risk-averse investors, it reflects Bahrain's commitment to crypto regulation, having established a framework since 2019 and licensed key operators like Binance and Crypto.com. This initiative aims to enhance investment options and stabilize the crypto market in the Middle East and North Africa region, which is the seventh-largest globally.

Reference: [AGBI](#)



Markets

Market Dashboard

- A rally in stocks faded as banks dragged down the broader market, despite gains in tech shares. The S&P 500 and Dow snapped a six-week winning streak, with the former down nearly 1% for the week and the latter declining 2.7%. The Nasdaq notched its seventh weekly gain, advancing nearly 0.2%, boosted by megacap tech stocks. As earnings season unfolds, traders are also bracing for the U.S. presidential election and key economic data, including next week's jobs report, for clues on the potential for Federal Reserve rate cuts.
- Bitcoin slumped more than 2% after a news report that federal investigators are probing the cryptocurrency firm Tether for possible violations of sanctions and anti-money-laundering rules.
- Gold prices increased on Friday, recovering from a previous bout of profit-taking. This uptick was driven by rising tensions in the Middle East and uncertainties surrounding the U.S. presidential election. Concerns about potential developments between Israel and Iran may have prompted safe-haven buying as investors sought security ahead of the weekend. Gold has increased over 32% this year, fueled by geopolitical tensions and a half-point cut by the Federal Reserve in its benchmark lending rate. The tight race for the White House has further bolstered investor interest. However, analysts warn of a potential price correction ahead.
- Oil prices posted a weekly gain of 4%, with investors assessing the ongoing conflict in the Middle East, ceasefire talks, and the upcoming U.S. election next month. Goldman Sachs maintained its oil price forecasts at between \$70 and \$85 per barrel for Brent in 2025, expecting the impact of any Chinese stimulus to be modest compared to larger factors such as Middle East oil supply. Bank of America is forecasting Brent crude to average \$75 per barrel in 2025, assuming no rollback of OPEC+ production cuts into next year, according to a note released on Friday.
- The dollar index rose on Friday, with the greenback set to secure a fourth consecutive week of gains. This increase followed data released this week that kept interest rate expectations for the Federal Reserve stable, as investors looked ahead to next week's key payrolls report. Additionally, the dollar has benefited from rising market expectations for a victory next month by Republican candidate and former U.S. President Donald Trump, which could lead to inflationary policies.

Indicators	18-Oct-24	25-Oct-24	% Change
S&P 500	5,864.67	5,808.12	-0.96%
Bitcoin	68,418.79	66,642.41	-2.60%
Gold	2,720.25	2,747.69	1.01%
Crude Oil	73.06	75.97	3.98%
EUR/USD	1.0830	1.0803	-0.25%