MASHREQ GLOBAL DIGEST
Bahrain
July 5 – July 11

This edition of the Market Digest highlights Bahrain's latest macroeconomic and financial developments, alongside recent deals and key trends influencing the country's economic outlook.

Macroeconomic News

Bahrain Keeps $5.3B UAE Swap Untapped Despite Pressures

Bahrain confirmed it has not used its $5.3 billion currency swap with the UAE despite the economic impact of the Iran conflict. S&P Global estimates the war could cause a 3% contraction in GDP and a fiscal deficit of nearly 8.5% of GDP in 2026. Officials said tourism has largely recovered, supply chains have adapted, and the government is also exploring the return of the Bahrain Formula One Grand Prix, which typically attracts around 105,000 spectators and would provide an additional boost to tourism and economic activity.

Reference: Reuters

Bahrain's Property Transactions Reach BD671M in H1 2026

Bahrain's real estate market recorded BD671 million in property transactions during the first half of 2026, with 14,751 transactions completed, according to the Survey and Land Registration Bureau. The data indicates that market activity remained resilient despite regional geopolitical disruptions, with 5,038 sales transactions recorded and April emerging as the strongest month for property sales. Early July activity also remained positive, suggesting continued momentum in the sector.

Reference: Alegaria

Bahrain Imports Recover After War-Related Disruptions

Bahrain's imports showed signs of recovery by the end of May 2026, rising 69% from the March low to BD373.2 million in May after severe disruptions caused by the regional conflict and the closure of the Strait of Hormuz. Despite the rebound, imports averaged BD294 million per month during the March–May period, compared with BD525.4 million before the crisis, resulting in an estimated BD694 million shortfall over three months. The sharpest declines were recorded in vehicles and parts (-72.8%), raw materials and metals (-74.9%), fuel and mineral oils (-62.5%), and machinery (-54.4%), while pharmaceutical and medical imports remained resilient, reflecting Bahrain's efforts to safeguard essential healthcare supplies.

Reference: Alayam

Bahrain Strengthens Support for Tourism and SMEs

Bahrain's Tourism and Exhibitions Authority (BTEA) and Bahrain Development Bank agreed to strengthen cooperation to support tourism investment and the growth of SMEs. The two entities will work on initiatives aligned with the Tourism Strategy 2022–2026 and Economic Vision 2030, including expanding financing solutions and promoting SMEs to diversify Bahrain's tourism sector and enhance visitor experiences.

Reference: Zawya

Financial/Tech News

Bahrain Banking Sector Leads GCC in Profitability

Bahrain's banking sector remained one of the strongest in the GCC during Q1 2026, recording the highest net interest margin (3.03%) and the fastest monthly credit growth in the region. Total banking credit reached BD13.43 billion ($35.6 billion), supported by strong lending growth in education, manufacturing, households, and financial services. Despite a slight decline in net interest income, the sector remains well-positioned thanks to solid credit demand, strong profitability, and resilient liquidity.

Reference: Gulf Daily News

Bahrain Ranks 6th Globally in ICT Development

Bahrain ranked 6th globally among 159 countries in the 2026 ICT Development Index published by the International Telecommunication Union (ITU), improving three positions from last year and achieving an overall score of 98%. The ranking highlights the country's continued investment in digital infrastructure and supports its ongoing digital transformation strategy, including the expansion of e-government services and digital public infrastructure.

Reference: Zawya

Bahrain Strengthens Capital Markets to Support Long-Term Growth

The Central Bank of Bahrain (CBB) and Bahrain Bourse discussed initiatives to advance the implementation of the Capital Markets Development Plan 2026–2028 ("Elevate"), focusing on strengthening the regulatory framework, broadening investor participation, enhancing market liquidity and efficiency, and aligning Bahrain's capital markets with international best practices. Supporting these efforts, Bahrain Bourse signed a strategic agreement with Nasdaq to modernize Bahrain Clear's Central Securities Depository (CSD) platform, a key step expected to improve market infrastructure, facilitate cross-border investment, and reinforce Bahrain's position as a competitive regional financial hub while supporting long-term economic growth.

Reference: Zawya, Zawya

Rise every day

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96% of SMEs See Digital Payments as a Growth Driver

A Mastercard survey found that 96% of small and medium-sized enterprises (SMEs) in Bahrain view digital and online payments as a key driver of future growth. The survey also showed that 81% of SMEs already accept mobile payments, 63% accept online payments, and 48% operate through both physical and digital channels, highlighting the country's continued progress in digital adoption and business resilience.

Reference: Al Bilad Press

Deals/Projects

Bahrain Awards $213M in Projects in Q2 2026

Bahrain awarded $213 million in projects during Q2 2026, reflecting continued activity in the country's development pipeline despite regional geopolitical challenges. According to Kamco Invest, Bahrain also has more than $33 billion worth of projects currently under tender or planned for future awards. While project awards declined year-on-year, the sizeable future pipeline indicates sustained medium-term infrastructure and construction investment.

Reference: Al Bilad Press

Bahrain Strengthens UK Investment Ties to Drive Growth

The Bahrain Economic Development Board (EDB) concluded a high-level visit to the UK aimed at attracting foreign investment and strengthening bilateral economic ties. Through meetings with government officials, investors, family offices, and business leaders, Bahrain promoted investment opportunities across key sectors including financial services, technology, manufacturing, healthcare, tourism, and logistics. Discussions also highlighted new opportunities arising from the recently concluded UK–GCC Free Trade Agreement, reinforcing Bahrain's strategy to attract FDI and support long-term economic diversification.

Reference: Bahrain This Week

Bahrain's Airport Roads Project Reaches 47% Completion

Bahrain International Airport Roads Development project continues to advance, with Phase 3 now nearly 47% complete. Construction has entered the bridge decking stage, marking a key milestone in one of the kingdom's largest transport infrastructure projects, which is expected to improve traffic flow and connectivity to the airport.

Reference: Zawya

Markets

Market Dashboard

- U.S. equities ended the week mixed, with the Nasdaq gaining 1.7% and the S&P 500 rising 1.2%, supported by renewed optimism around artificial intelligence, a strong U.S. debut by SK Hynix, and expectations of robust second-quarter corporate earnings. In contrast, the Dow Jones Industrial Average declined 0.5%. Investor sentiment remained cautious amid renewed U.S.–Iran tensions and ahead of the upcoming earnings season and June inflation data, which could provide further direction for the Federal Reserve's monetary policy.
- Cryptocurrencies posted a solid recovery during the week, with Bitcoin gaining 2.5% and Ethereum rising 2.7%. The rebound was supported by continued inflows into spot crypto ETFs, improving investor sentiment surrounding the pending CLARITY Act, and renewed confidence in digital assets despite escalating geopolitical tensions in the Middle East. Bitcoin traded near $64,000 during the week, with investors also monitoring regulatory developments and the growing integration of cryptocurrencies into traditional finance, including proposals to recognize crypto holdings in U.S. mortgage underwriting.
- Gold prices declined 1.3% over the week, pressured by rising oil prices and renewed U.S.–Iran tensions, which heightened inflation concerns and increased expectations of tighter U.S. monetary policy. Spot gold fell to around $4,121 per ounce, as markets priced in a 69% probability of a Federal Reserve rate hike in September. Investors also looked ahead to next week's U.S. inflation data and Fed Chair Kevin Warsh's testimony for further clues on the interest rate outlook. Meanwhile, China's central bank reported its largest monthly increase in gold reserves in more than two and a half years, helping support underlying physical demand.
- Oil prices recorded strong weekly gains, with Brent crude rising 5.8% to $76.01 per barrel and WTI gaining nearly 4% to $71.41 per barrel, as renewed U.S.–Iran tensions fueled concerns over global oil supplies. Following the renewed disruption in the Strait, shipping traffic dropped sharply, highlighting ongoing risks to global energy supplies and suggesting volatility is likely to persist.
- The U.S. dollar remained largely flat during the week as a resilient U.S. labor market reinforced expectations that the Federal Reserve could keep interest rates higher for longer, while renewed U.S.–Iran tensions kept investors cautious and limited directional moves in the currency.

Indicators	3-Jul-26	10-Jul-26	% Change
S&P 500*	7,483.24	7,575.39	1.23%
Bitcoin	62,544.20	64,127.14	2.53%
Gold	4,175.70	4,121.08	-1.31%
Crude Oil*	71.80	76.01	5.86%
EUR/USD	1.1423	1.1419	-0.04%

** July 3 prices are as of July 2*