

MASHREQ GLOBAL DIGEST

Bahrain

May 11 – May 17



This edition of Market Digest focuses on Bahrain’s key macroeconomic indicators, recent financial and tech news, and major deals, offering valuable insights into current economic trends.

Macroeconomic News

Bahrain Grows by 2.6% in 2024

Bahrain’s economy grew by 2.6% in 2024, driven by a 3.8% expansion in the non-oil sector despite declines in oil sector due to global price volatility and production cuts. According to preliminary data from the Information and eGovernment Authority, the financial and insurance sector was the largest contributor to non-oil GDP at 17.2%, followed by manufacturing at 15.1%. The fastest-growing sectors included information and communications (+12.3%), professional and technical services (+9.5%), and accommodation and food services (+5.9%), highlighting Bahrain’s continued efforts to diversify its economy beyond oil.



Reference: [Arabian Business](#)

Bahrain’s Surplus Shrinks Amid Debt Pressures

Bahrain’s current account surplus shrank by nearly 16% in 2024 to BD858 million (\$2.3 billion), driven by lower oil revenues and higher external debt servicing costs, highlighting the kingdom’s ongoing fiscal challenges. Despite modest GDP growth fueled by non-oil sectors and upcoming refinery upgrades, Bahrain’s debt-to-GDP ratio remains alarmingly high at around 130%, more than triple that of Oman, prompting the IMF to urge spending cuts and debt reduction. The economy is expected to grow 2.7% in 2025 and 3.3% in 2026, but S&P Global has revised Bahrain’s B+ credit rating outlook to negative due to its heavy debt burden.

Reference: [AGBI](#)

Bahrain’s Tourism Progress Praised, IMF Urges Debt Cuts

Bahrain’s Tourism Minister, Fatima bint Jaafar Al Sairafi, met with an IMF delegation to discuss the country’s tourism progress under the 2022–2026 Tourism Strategy, highlighting its role in boosting Bahrain’s regional position, job creation, and economic diversification. The IMF praised Bahrain’s tourism growth, reputation, and infrastructure. Earlier this month, IMF Middle East and Central Asia director Jihad Azour urged Bahrain to reduce its high debt—currently at 130% of GDP—cut government spending, and implement structural reforms to boost growth. He emphasized that Bahrain “cannot avoid consolidation” to improve public finances, pointing to the need for debt reduction and fiscal discipline despite Saudi support. The IMF highlighted that Bahrain must learn from neighbors like Oman to swiftly stabilize its economy amid ongoing challenges.



Reference: [Bahrain News Agency](#), [AGBI](#)

Bahrain Posts Second-Lowest GCC Inflation at 0.9% in 2024

Bahrain recorded the second-lowest inflation rate in the GCC after Kuwait at 0.9% by Q4 2024, with the highest monthly rise of 2.5% in May 2024. The biggest price increases were in restaurants and hotels (7.3%) and food and non-alcoholic beverages (2.8%). Other sectors like education, communications, transport, and health saw smaller increases, while clothing, cultural services, and household furniture prices fell.

Reference: [Alayam](#)

Financial/Tech News

Mumtalakat Reports Record Profit



Bahrain’s sovereign wealth fund Mumtalakat posted its largest-ever profit of BD363 million (\$963 million) in 2024, reversing a BD497 million loss from the previous year. This turnaround was driven by restructuring at McLaren Group and stronger profits from key holdings like National Bank of Bahrain and Aluminium Bahrain, despite a slight dip in earnings from Bahrain Telecommunications. Consolidated revenue rose to BD2.2 billion, supported by a strategic shift towards local investments and new regional partnerships in green energy and healthcare. With about \$18 billion in assets under management, Mumtalakat remains one of the smaller Gulf sovereign funds.

Reference: [AGBI](#)

Starlink Launches in Bahrain

Elon Musk’s Starlink satellite internet service has officially launched in Bahrain, making it one of the first countries in the Middle East to activate the system. This marks a significant step in advancing Bahrain’s digital infrastructure, enabling high-speed, low-latency internet access. The launch follows similar rollouts in Oman and Jordan, while other Gulf countries like Saudi Arabia and the UAE remain pending regulatory approval. Starlink’s entry supports Bahrain’s vision for digital transformation and positions the kingdom as an early adopter of cutting-edge connectivity solutions in the region.

Reference: [Gulf Insider](#)

Rise every day

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Bahrain Tops MENA & GCC for Best Mobile Network Quality

Bahrain has ranked first in the MENA and GCC regions in the Global Network Excellence Index by OpenSignal, highlighting its top mobile network quality with strong 4G/5G coverage, fast speeds, and reliable service. The Telecommunications Regulatory Authority (TRA) played a key role by fostering innovation and high standards. This achievement reflects Bahrain’s advanced digital infrastructure and leadership, supported by the vision of King Hamad bin Isa Al Khalifa and Crown Prince Salman bin Hamad Al Khalifa, reinforcing the country’s commitment to digital transformation and future technological progress.

Reference: [Gulf Insider](#)

Manama Launches AI Trial to Improve Park Experience

Manama’s Capital Trustees Board has approved a trial to use artificial intelligence in a public park to better understand how visitors use the space. The pilot will use cameras, sensors, and software to count visitors, track movement, and estimate age and gender without collecting personal data, while respecting privacy laws. This data will help improve park services, design, and maintenance. Bahrain has over 200 public parks and spaces, with significant investment in their development and upkeep, including features to improve accessibility for people with disabilities. If successful, the AI system may be expanded to other parks.

Reference: [Gulf Insider](#)

Deals

UAE, Bahrain Enforce Investment Protection Pact

The UAE and Bahrain have officially implemented their bilateral Investment Promotion and Protection Agreement as of May 8, 2025. This agreement establishes a legal framework to fully protect investments, boost mutual investor confidence, and promote fair treatment with clear dispute resolution mechanisms. It also emphasizes cooperation in the digital economy, covering areas like data protection, cybersecurity, and intellectual property. Both countries view the pact as a key step to deepen economic ties, support sustainable development, encourage high-quality investments, and advance Gulf economic integration amid global challenges.

Reference: [Arabian Business](#)

Saudi-Bahrain Deal to Complete Medical City Project

Saudi Arabia and Bahrain have signed an agreement to complete the King Abdullah bin Abdulaziz Medical City, a major joint project in medical education and healthcare infrastructure. The agreement was signed during a meeting between Bahrain’s King Hamad bin Isa Al-Khalifa and Saudi Arabia’s Minister of Education, Yousef bin Abdullah Al-Bunyan, at Al-Sakhir Palace. The project is being developed by Arabian Gulf University and underscores the strong and growing cooperation between the two countries, particularly in the education and health sectors.

Reference: [Arab News](#)

Markets

Market Dashboard

- U.S. equities posted strong weekly gains, with the S&P 500 up 5.3%, the Nasdaq rising 7.2%, and the Dow gaining 3.4%, as markets rallied on easing U.S.-China trade tensions. On Friday, Wall Street extended its winning streak for a fifth straight day, supported by optimism over the tariff truce despite weak consumer sentiment data. The S&P 500 rose 0.70%, the Nasdaq added 0.52%, and the Dow climbed 0.78% for the day. Most stocks advanced, with strong buying across sectors — particularly in healthcare — while energy slightly lagged. Broader market breadth was positive, reflecting solid investor participation.
- Bitcoin held steady near \$103,000 this week, supported by positive global trade deals and softer U.S. inflation data fueling hopes for interest rate cuts. Strong institutional buying and growing corporate adoption boosted confidence, while potential moves by governments to embrace Bitcoin added to its appeal. However, some investors are taking profits, and upcoming repayments from the defunct FTX exchange could create short-term volatility. Overall, Bitcoin remains solid but faces key challenges ahead.
- Gold prices fell sharply this week, posting their biggest weekly loss since November. As optimism returned to global markets—thanks to easing trade tensions and stronger earnings—investors moved away from safe-haven assets like gold. With less fear in the market, demand for gold dropped, signaling a shift in investor sentiment toward riskier opportunities.
- Oil prices were volatile this week, initially rising on optimism around a U.S.-China trade deal which fuels demand and global economic growth, but later falling due to increased supply from an OPEC+ output hike and progress toward an Iranian nuclear agreement. Despite these fluctuations, Brent crude ended the week with a modest gain, reflecting a cautious market balancing supply concerns against improving trade sentiments.
- The U.S. dollar rose this week, marking its fourth consecutive weekly gain and its biggest weekly advance in over two months. It surged early in the week after the U.S. and China agreed to a 90-day tariff pause, easing recession fears. However, mixed economic data and ongoing trade uncertainties limited further gains. Meanwhile, investors lowered their expectations for Federal Reserve rate cuts this year as trade tensions eased.

Indicators	9-May-25	16-May-25	% Change
S&P 500	5,659.91	5,958.38	5.27%
Bitcoin	102,970.85	103,489.29	0.50%
Gold	3,324.63	3,202.77	-3.67%
Crude Oil	63.91	65.39	2.32%
EUR/USD	1.1224	1.1167	-0.51%

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