

MASHREQ GLOBAL DIGEST

Bahrain

October 26 – November 1



This edition of Market Digest highlights Bahrain’s macro trends, along with financial updates and major trade deals — offering a concise snapshot of the nation’s economic momentum.

Macroeconomic News

IMF Raises Bahrain’s 2025 Growth Outlook to 3.3%

According to the IMF’s Regional Economic Outlook, Bahrain’s economy is projected to expand by 3.3% in 2025, supported by 1.8% growth in the oil sector and 3.6% in non-oil activities. The Fund noted that the kingdom continues to maintain a balanced growth trajectory, driven by diversification efforts, improved fiscal management, and investment in non-oil industries such as finance, logistics, and manufacturing. However, the fiscal deficit is expected to widen slightly to 10.7% of GDP in 2025 before narrowing to 9.9% in 2026 as oil revenues recover and spending efficiency improves. Overall, Bahrain’s economic outlook remains positive, underscoring the government’s commitment to long-term fiscal sustainability and diversification.

Reference: [Alayam](#)



Bahrain Strengthens Economy with Investment and Jobs Push

Bahrain is boosting its economy by attracting investors and supporting local employment through the National Employment Programme, which offers companies wage subsidies of up to 70% and training support via Tamkeen. With no income or capital gains tax and only a 15% global minimum rate, the kingdom remains one of the region’s most competitive business hubs. Despite regional tensions, investor confidence is strong, as the Economic Development Board secured \$1.52 billion in foreign investments this year, set to create over 4,000 jobs.

Reference: [The National News](#)

Bahrain Cuts Interest Rates by 25 Bps Following Fed Move

The Central Bank of Bahrain reduced its key policy rate by 25 basis points in line with the U.S. Federal Reserve’s decision to cut rates, joining other GCC central banks in easing monetary policy to stimulate non-oil economic growth. The move aims to support financing for sectors like real estate, tourism, and manufacturing as part of the region’s broader diversification agenda. Shielded from high inflation seen globally, Bahrain is expected to benefit from the lower cost of borrowing while maintaining currency stability under its dollar peg.

Reference: [Reuters](#)



Bahrain Gas Output Reaches 10-Month High

Bahrain’s natural gas production rose over 4% in August 2025, reaching 2.19 billion cubic meters—its highest level in 10 months—driven by stronger demand for power generation and heating. However, output remained below last year’s levels, with total production in the first eight months of 2025 down to 16.06 billion cubic meters from 17.99 billion a year earlier. To meet record domestic demand, Bahrain has turned to liquefied natural gas (LNG) imports, which jumped to 217,000 tonnes in August, bringing total imports since May to around 565,000 tonnes, mostly sourced from Qatar and the U.S.

Reference: [Attaga](#)

Bahrain Airport Passengers Top 7 Million in First Nine Months

Bahrain International Airport welcomed over 7 million passengers in the first nine months of 2025, with 766,394 travelers recorded in September alone — up 7% year-on-year. The airport also handled 8,377 aircraft movements and 34,115 tonnes of cargo, underscoring steady growth in Bahrain’s aviation sector. This rise aligns with a surge in European tourism, which brought in \$4 billion in revenue in 2025 — up from \$70 million the year before — with visitors spending an average of \$195 per day, further positioning Bahrain as a luxury travel and cultural hub in the region.

Reference: [News of Bahrain, Travel and Tour World](#)



Bahrain Expands Energy Efficiency Drive in Government Buildings

Bahrain’s Electricity and Water Authority (EWA) has signed new agreements to launch Phase II of its national energy efficiency program, Kafa’a, targeting 15 additional government buildings following the successful completion of Phase I across 12 sites. Together, both phases are expected to save around 13,720 megawatt-hours of electricity and cut carbon emissions by over 6,860 tonnes annually. The contracts were awarded to Hansa Energy Solutions, Enova Energy and Facilities Management Services, and Siemens. Launched in 2023, Kafa’a aims to improve energy efficiency across public and private sectors, reduce electricity consumption, and enhance Bahrain’s sustainability and environmental goals.

Reference: [Zawya](#)

Bahrain Enters New Tax Era with Advance Corporate Payments

Bahrain has begun implementing its Domestic Minimum Top-Up Tax (DMTT), requiring multinational enterprises to make advance payments at a 15% minimum effective rate on local profits. Following the first filing in August, companies now face a November deadline to prepay estimated liabilities — a major shift from the kingdom’s long-standing tax-free environment. Experts warn of cash flow pressures and stress the need for stronger forecasting and tighter treasury planning to manage the transition.

Reference: [Zawya](#)

Rise every day

Financial News

Bahrain’s Debt Market Surges 539% Amid GCC Bond Boom

Bahrain recorded one of the region’s strongest gains in fixed-income activity during Q3 2025, with debt issuances jumping 539% year-on-year to \$2.55 billion across four deals, according to Kuwait Financial Center’s (Markaz) latest report. The sharp increase underscores renewed investor confidence in Bahrain’s credit market and growing demand for its sukuk and conventional bonds. While Saudi Arabia and the UAE dominated total GCC issuance, Bahrain’s rebound highlights its active participation in regional capital markets as it continues diversifying funding sources to support development and infrastructure projects.

Reference: [Arab News](#)



NBB Expands Fixed Income and Custody Capabilities

The National Bank of Bahrain (NBB) has strengthened its fixed income platform by offering direct access to a wider range of instruments—including conventional bonds, Sharia-compliant sukuk, and treasury bills—across both regional and international markets. The expansion also enhances NBB’s market-making capacity, enabling smoother execution and greater liquidity for investors. In parallel, the bank upgraded its custody infrastructure to ensure secure, compliant safekeeping of assets and to streamline settlement and portfolio oversight. Together, these improvements aim to simplify the investment process and deliver a more comprehensive, one-stop wealth management experience.

Reference: [Zawya](#)

Deals / Investments

Mumtalakat, SandboxAQ in \$1B Biotech Deal

Bahrain’s sovereign wealth fund, Mumtalakat, signed a deal with U.S. firm SandboxAQ to use AI and quantum technology to accelerate drug discovery and build biotech assets worth up to \$1 billion. The three-year partnership will leverage Bahrain’s health data and infrastructure to develop new therapies, positioning the kingdom as a regional biotech hub. The collaboration will focus on creating treatments for diseases prevalent in the region, such as diabetes and genetic disorders, enabling Bahrain to build and own its own biotech intellectual property for both regional and global markets.

Reference: [Reuters](#)



Markets

Market Dashboard

- Wall Street wrapped up the week on a positive note, with the S&P 500 rising 0.7%, the Nasdaq up 2.24%, and the Dow gaining 0.75%, driven by strong corporate earnings led by Amazon’s 9.6% surge after robust cloud results. Warner Bros Discovery jumped nearly 9% on reports of a potential Netflix bid, while First Solar gained 14% after exceeding Q3 sales forecasts. Despite the optimism, Fed officials’ cautious tone on further rate cuts tempered enthusiasm, pushing December cut odds down to 65%. Overall, October marked the S&P 500’s sixth straight monthly gain and the Nasdaq’s best seven-month streak since 2018, reinforcing confidence in equities heading into year-end.
- Bitcoin posted a nearly 5% decline in October, marking its first monthly loss since 2018 and breaking a seven-year streak of October gains. The drop followed record crypto liquidations after former U.S. President Donald Trump announced a 100% tariff on Chinese imports, which rattled investor sentiment. The cryptocurrency fell to around \$104,000 before bouncing back, after briefly surpassing \$126,000 earlier in the month. Despite the volatility, Bitcoin remains up more than 16% so far this year, supported by continued optimism over regulatory easing and institutional adoption.
- Gold slipped 1% on Friday but still secured its third straight monthly gain, rising 3.7% in October. The metal traded around \$4,000 per ounce, retreating from its record \$4,381 earlier in the month as uncertainty grew over another Fed rate cut. Market expectations for a December cut dropped to 65%, down sharply from over 90% a week earlier. Despite the pullback, gold is up 53% year-to-date, supported by central bank buying, ETF inflows, and geopolitical risks. Morgan Stanley expects prices to average \$4,300 in H1 2026, citing continued global demand and easing expectations. Wells Fargo has raised its year-end 2026 forecast for gold to \$4,500–\$4,700 per ounce, citing elevated global risks and sustained demand.
- Oil prices ended the week lower after a volatile session sparked by conflicting reports of a potential U.S. strike on Venezuela—later denied by President Trump. Brent crude settled at \$65.07 per barrel and WTI at \$60.98, both declining for the week as weak Chinese factory data and expectations of a modest OPEC+ output increase weighed on sentiment. Despite short-lived rebounds, concerns over rising U.S. production—now at a record 13.6 million bpd—and slowing demand kept prices under pressure. Analysts expect Brent to average \$67.99 and WTI \$64.83 in 2025.
- The U.S. dollar strengthened this week after Fed Chair Jerome Powell pushed back against expectations for another rate cut in December. His remarks boosted investor confidence in the greenback.

Indicators	24-Oct-25	31-Oct-25	% Change
S&P 500	6,791.69	6,840.20	0.71%
Bitcoin	111,033.92	109,556.16	-1.33%
Gold	4,112.10	4,002.28	-2.67%
Crude Oil	65.94	65.07	-1.32%
EUR/USD	1.1618	1.1572	-0.40%