



Tamkeen Business Review

Economic Update

Q2 2025



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Data Sources

Section	Data Indicator	Data Source	Released Date
Economic Development	Real Gross Domestic Product (GDP)	National Accounts, Information & eGovernment Authority	Q2- 2025
	Sector Growth	National Accounts, Information & eGovernment Authority	Q2- 2025
	GDP Breakdown by Sector	National Accounts, Information & eGovernment Authority	Q2- 2025
Data Analysis	Ministry of Finance and National Economy Quarterly Report	Q2- 2025	
Financial Markets Trends	Inflation	CPI, Information & eGovernment Authority	June 2025
	Average Rate of Interest	Statistical Bulletin, Central Bank of Bahrain	June 2025
	Distribution of Outstanding Loans & Advances by Sector	Statistical Bulletin, Central Bank of Bahrain	June 2025
Foreign Trade Overview	Non-Oil Trade Balance	Foreign Trade, Information & eGovernment Authority	Q2- 2025
	Non-Oil Exports	Foreign Trade, Information & eGovernment Authority	Q2- 2025
	Non-Oil National Origin Exports	Foreign Trade, Information & eGovernment Authority Ministry of Finance and National Economy Quarterly Report	Q2- 2025
	Non-Oil Imports	Foreign Trade, Information & eGovernment Authority Ministry of Finance and National Economy Quarterly Report	Q2- 2025
Labor Market Overview	Private Sector Employment	Statistical Report, Social Insurance Organization	Q2-2025
	Private Sector Average Wages	Statistical Report, Social Insurance Organization	Q2-2025
Global Context	Real GDP Growth	IMF, World Economic Outlook Update	July 2025
	Europe Brent Spot Price	US Energy Information Administration	Sep 2025



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Economic Indicators and Definitions



Bahrain's non-oil sector continued to drive economic growth in Q2 2025 with 3.5% YoY increase



Executive Summary

Bahrain's real GDP grew by 2.5% YoY in Q2 2025 reaching BHD 3,827.4 Mn. This growth was driven by the non-oil sectors, which account for 85% of the Kingdom's total real GDP. The economy's overall growth despite the underperformance of the oil sector exhibits the success of Bahrain's diversification efforts and indicates resilience to fluctuating oil prices.

1. Global Context

- Global growth moderated to 3.0% in 2025, supported by easing financial conditions and fiscal expansion, though momentum remains uneven. The U.S. economy grew 3.8% YoY in Q2, driven by firm consumption despite softer job gains.
- Eurozone growth remained modest at 1.4%, and the U.K. expanded 1.2%, with weak investment and exports weighing on recovery.
- China's economy grew 5.2% YoY in Q2, slowing from Q1 amid property-sector stress and muted household demand, though stronger trade with Asia and Africa supported its surplus.
- Monetary policy paths diverged as the U.S. Fed began gradual easing, while the ECB and BoE held rates steady amid lingering inflation.
- Oil prices averaged USD 70/barrel in mid-2025, easing from early-year highs as supply outpaced demand. The IEA expects further output gains through 2026, keeping prices soft yet volatile.

2. Economic Developments in Bahrain

- Non-oil sectors drove Bahrain's economic growth in Q2 2025, an increase of 3.5% compared to Q2 2024.
- The fastest-growing sectors YoY in Q2 2025, were Professional, Scientific & Technical Activities, Wholesale & Retail Trade, and Real Estate, whereas in 2024, the fastest-growing sectors were ICT, Professional, Scientific & Technical Activities, and Accommodation & Food Services.

- The Financial & Insurance Activities sector remained the largest contributor to real GDP, accounting for 17% of the total GDP in Q2 2025.

3. Financial Markets Trends

- H1 2025 CPI remained broadly stable declining slightly by 0.6% YoY, reversing the mild inflation recorded a year earlier.
- Borrowing costs continued to ease in H1 2025, with business loan rates falling to 6.6% and personal loans to 4.9%, marking the third year of moderation and potentially supporting stronger investment prospects.
- Total outstanding business loans reached BHD 5,363.3 million in June 2025, reflecting a modest 1.2% YoY increase, indicating stable credit expansion.

4. Foreign Trade Overview

- Non-oil exports of national origin totaled BHD 997.5 Mn in Q2 2025, reflecting an 11.6% YoY increase compared to the same period last year.
- Saudi Arabia continues to be Bahrain's largest export market, accounting for 22.1% of total non-oil merchandise exports of national origin in Q2 2025.
- China remained the top source of imports to Bahrain, making up 13.9% of total non-oil merchandise imports. It was followed by the United Arab Emirates at 8.9% and Australia at 8.1%.

5. Labor Market Overview

- In Q2 2025, private sector total employment saw a 2.7% YoY increase compared to Q2 2024 reaching a total of 575,300 employees.
- The number of Bahraini employees working in the private sector rose by 2.5% YoY in Q2 2025 totaling 105,035.
- The monthly average wages of Bahraini employees working in the private sector increased by 4.7% YoY in Q2 2025.



Bahrain Q2 2025 Economic Highlights

Economic Development

Data Source: iGA, National Accounts, CPI, Q2 2025



Real GDP, Q2 2025



YoY Growth in Real GDP, Q2 2025



Non-Oil Real GDP Share, Q2 2025



YoY Non-Oil Growth in Real GDP, Q2 2025



YoY Inflation, Q2 2025

Foreign Trade

Data Source: iGA, Foreign Trade, Q2 2025



Total Value Exports, Q2 2025



Oil Exports, Q2 2025



Non-oil Exports, Q2 2025



Value of Commodities Imported, Q2 2025



YoY Change in Non-Oil Exports, Q2 2025



Trade Balance, Q2 2025

Fastest Growing Sectors (YoY%)

Data Source: iGA, National Accounts, Q2 2025



Professional, Scientific & Technical Activities



Wholesale & Retail Trade



Real Estate



Accommodation & Food Services

Labor Market

Data Source: Social Insurance Organization, Statistical Report, Q2 2025



Non-Bahraini Employees In The Private Sector

YoY (2.7%)



Bahraini Employees In The Private Sector

YoY (2.5%)



Average Wage of Bahrainis In The Private Sector

YoY (4.7%)

Economic Developments in Bahrain



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Bahrain's non-oil sector remained the main growth driver in Q2 2025, accounting for 85% of real GDP

- Bahrain's real GDP grew by 2.5% YoY in Q2 2025 reaching BHD 3,827.4 Mn. This growth was driven by the non-oil sector, which expanded by 3.5% YoY and accounted for 85% of the Kingdom's total real GDP. By contrast, the oil sector experienced a 2.6% YoY decline in Q2 2025.
- The economy's overall growth despite the underperformance of the oil sector exhibits the success of Bahrain's diversification efforts and indicates resilience to fluctuating oil prices.
- Professional, scientific, and technical activities recorded the fastest growth among non-oil sectors in Q2 2025, expanding 12.0% YoY, continuing its strong momentum observed in 2024. The rise was driven by a growth in CRs, particularly in the management consultancy activity, alongside growth in digital transformation and advisory projects
- Emerging as the second fastest growing sector, the wholesale and retail trade sector remained a key driver of Bahrain's non-oil growth in Q2 2025, reflecting

Key Takeaways

- Non-oil sectors drove Bahrain's economic growth in Q2 2025, an increase of 3.5% compared to Q2 2024.
- The fastest-growing sectors YoY in Q2 2025, were Professional, Scientific & Technical Activities, Wholesale & Retail Trade, and Real Estate, whereas in 2024, the fastest-growing sectors were ICT, Professional, Scientific & Technical Activities, and Accommodation & Food Services.
- The Financial & Insurance Activities sector remained the largest contributor to real GDP, accounting for 17% of the total GDP in Q2 2025.

- strong domestic demand and business activity. The sector expanded 6.7% YoY, supported by robust increases in corporate active CRs by 31.3% and individual active CRs by 18.0%. Consumer momentum was further reinforced by a 26.8% rise in mall footfall and a 13.6% increase in point-of-sale transactions to BHD 1.3 Bn, of which e-commerce sales accounted for BHD 418 Mn according to the CBB's statistical bulletin.
- Real estate activity strengthened in Q2 2025, recording a 4.7% YoY increase amid higher market transactions and investment demand. The total value of real estate deals rose 10.6%, while the number of transactions grew 12.9%, reflecting improved buyer confidence and steady momentum in both residential and commercial segments.

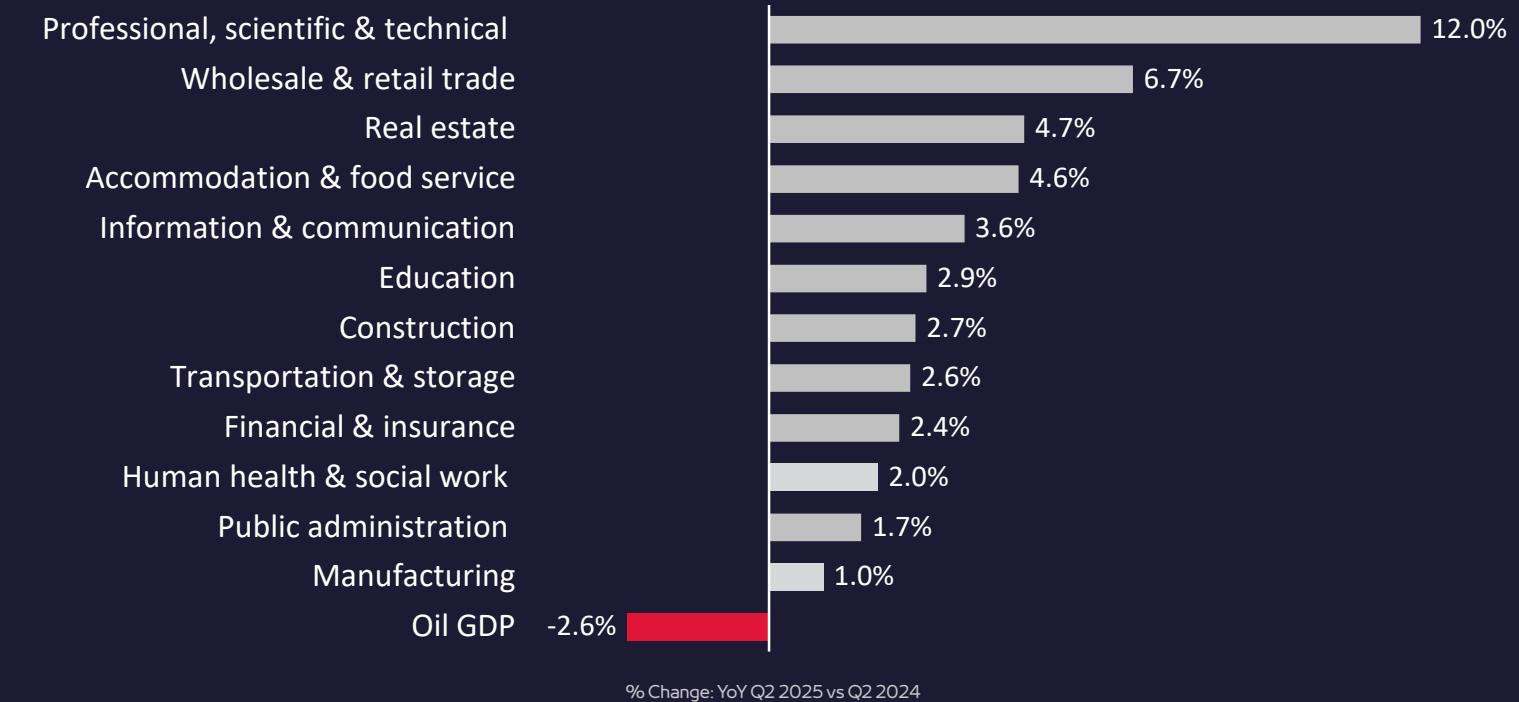
Data Source: iGA, National Accounts, Q2 2025

GDP Breakdown by Sector (%, Q2 2025)



*Includes agriculture, forestry and fishing, electricity and gas supply, water supply and waste management and remediation activities, administrative and support service activities, arts, entertainment and recreation, activities of households as employers, net taxes on products, and other service activities

Bahrain's YoY Real GDP Growth per Sector (%, Q2 2025)



Data Source: iGA, National Accounts, Q2 2025

Financial Markets Trends



Bahrain's CPI remained stable in H1 2025, with a mild 0.6% YoY decline, reflecting continued price stability in 2025

Key Takeaways

1. H1 2025 CPI remained broadly stable declining slightly by 0.6% YoY, reversing the mild inflation recorded a year earlier.
2. Borrowing costs continued to ease in H1 2025, with business loan rates falling to 6.6% and personal loans to 4.9%, marking the third year of moderation and potentially supporting stronger investment prospects.
3. Total outstanding business loans reached BHD 5,363.3 million in June 2025, reflecting a modest 1.2% YoY increase, indicating stable credit

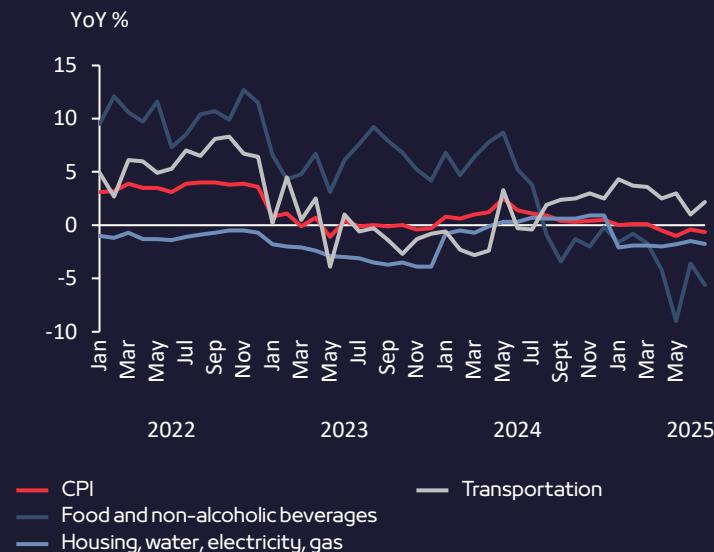
- The first half of 2025 saw a global easing of inflationary pressures, with the average declining to 4.3% from 5.8% in H1 2024 and 6.8% in H1 2023.
- In H1 2025, Bahrain's Consumer Price Index (CPI) remained stable, declining slightly by 0.6% YoY, reflecting easing global supply chains and lower domestic costs. The drop was mainly driven by food and housing prices, which fell steadily through the first half of the year. The sharpest decline occurred in May with a deflation of 1.0%, largely due to falling food costs. In contrast, transportation costs rose modestly but were insufficient to offset the overall deflationary trend, underscoring continued price stability in consumer markets.
- Reflecting global trends of easing interest rates, borrowing costs continued to fall in H1 2025. The average business loan rate declined to 6.6% from 7.9% in H1 2024, while personal loan rates fell to 4.9% from 5.7%. This marks the third consecutive year of

moderation since borrowing costs peaked in 2023. The gap between business and personal loan rates narrowed to 1.7 percentage points in H1 2025. The gradual downturn is expected to continue into H2 2025, with the US Federal Reserve anticipated to cut rates two to three times before year-end, likely boosting business loan demand and investment.

• As of June 2025, total outstanding business loans reached BHD 5,363.3 million, up by 1.2% compared to the same period in 2024, while the SME share of total lending declined slightly from 10.7% to 10.3%. SME financing remained concentrated in other services, construction, wholesale & retail, and real estate. Although most sectors saw marginal declines, financial & insurance SMEs recorded notable growth. Lower borrowing costs and easing input prices may create favorable conditions for investment and expansion in H2 2025—particularly for SMEs seeking to leverage the low-interest-rate environment.

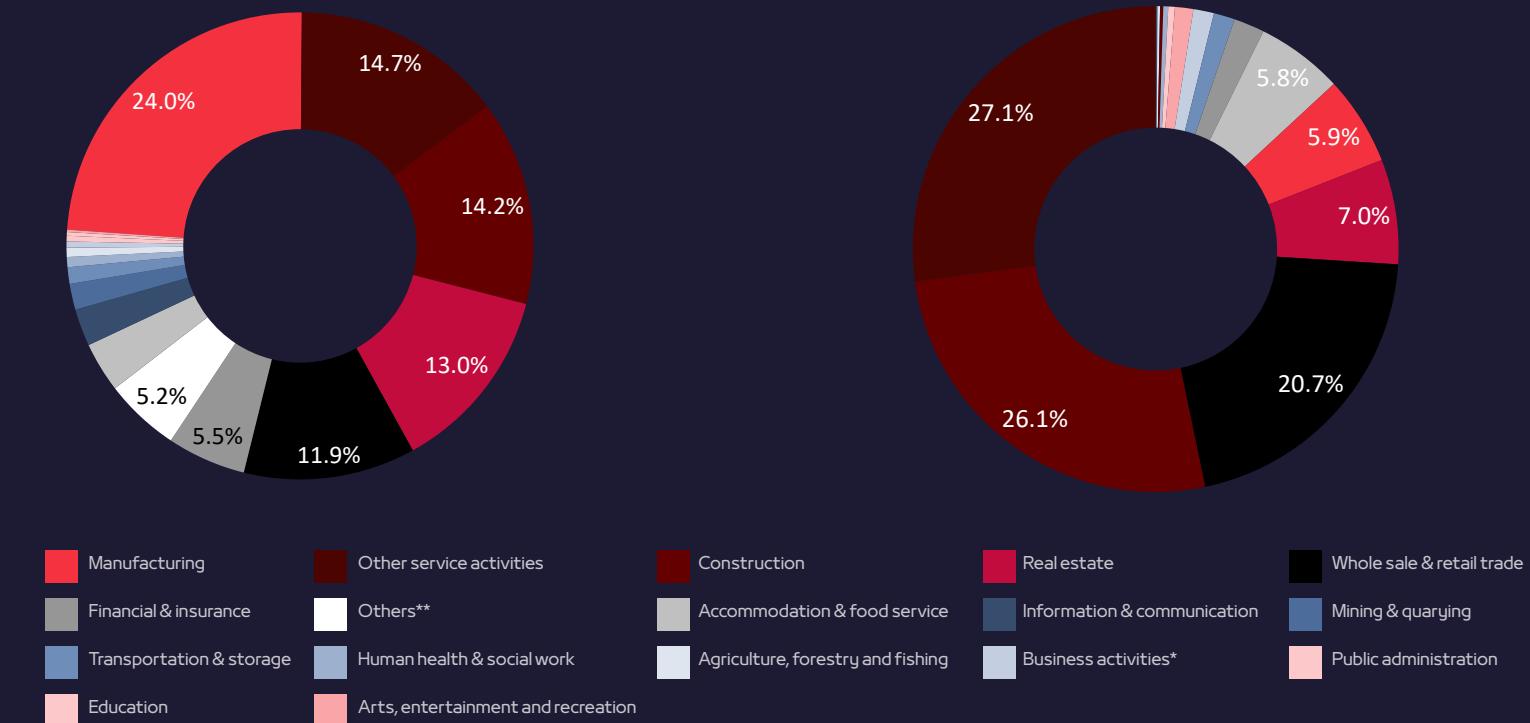
Data Source: iGA, Consumer Price Index, June 2025

Consumer Price Inflation (YoY %, Jan 2022 – June 2025)



Data Source: CBB, Statistical Bulletin, Table 21, June 2025

Distribution of Outstanding Loans & Advances by Sector (%), June 2025

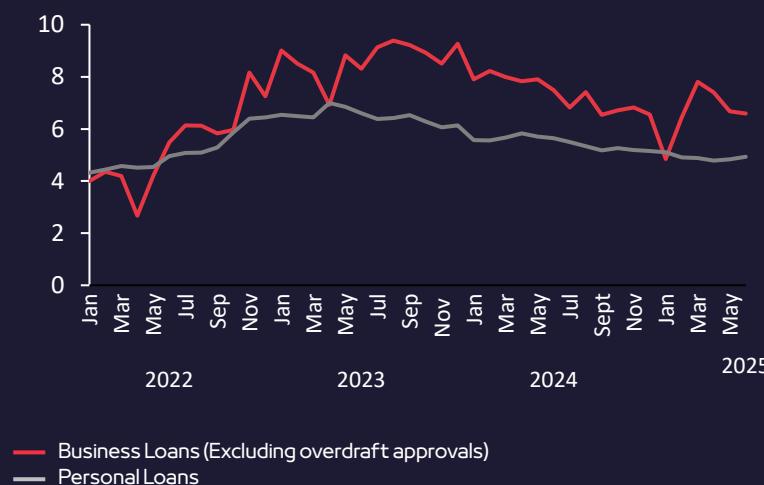


*Business Activities include professional, scientific & technical activities, and administrative & support activities

**Others include the agriculture, water supply, activities of household, activities of extraterritorial organizations and bodies

Data Source: CBB, Statistical Bulletin, Table 7, June 2025

Average Rate of Interest on Credit Facilities (%), Jan 2022 – June 2025



Data Source: CBB, Statistical Bulletin, Table 21, June 2025

Distribution of Outstanding Loans & Advances to SMEs by Sector (%), June 2025

Foreign Trade Overview



Non-oil exports of national origin showed an 11.6% YoY increase.

- Bahrain's non-oil trade performance remained resilient in Q2 2025, supported by stronger national-origin exports and rising industrial output. The non-oil exports increased by 8.3% YoY to BHD 1.2 Bn, driven by continued growth in base metals and downstream aluminum products.
- National-origin exports reached BHD 997.5 Mn, marking an 11.6% YoY increase driven primarily by higher export activities of non-oil industrial goods, in base and metal activities, while re-exports totaled BHD 194.1 Mn, down 5.7% from Q2 2024, amid softer regional trade flows.
- Base and basic metal products remained the main contributors to Bahrain's export composition in Q2 2025, accounting for 61.4% of total national origin exports, followed by mineral products at 15.2% and chemical products at 7.0%, underscoring the sector's pivotal role in Bahrain's export base and industrial diversification efforts.

Key Takeaways

1. Non-oil exports of national origin totaled BHD 997.5 Mn in Q2 2025, reflecting an 11.6% YoY increase compared to the same period last year.
2. Saudi Arabia continues to be Bahrain's largest export market, accounting for 22.1% of total non-oil merchandise exports of national origin in Q2 2025.
3. China remained the top source of imports to Bahrain, making up 13.9% of total non-oil merchandise imports. It was followed by the United Arab Emirates at 8.9% and Australia at 8.1%.

Data Source: iGA, Foreign Trade, Q2 2025.

Leading Destinations of Non -Oil National Origin Exports in Q2 2025

1		Saudi Arabia	22.1%	of total exports
2		United Arab Emirates	10.3%	of total exports
3		United States	9.8%	of total exports

Leading Products of Bahrain's National Origin Exports in Q2 2025

1		Base Metals & Basic Metal Products	61.4%	of total exports
2		Mineral Products	15.2%	of total exports
3		Chemical Products	7.0%	of total exports

Leading Sources of Non-Oil Imports in Q2 2025

1		China	13.9%	of total imports
2		United Arab Emirates	8.9%	of total imports
3		Australia	8.1%	of total imports

Leading Products of Non-Oil Imports in Q2 2025

1		Mechanical & Electrical Equipment	22.3%	of total imports
2		Chemical Products	14.4%	of total imports
3		Mineral Products	13.1%	of total imports

Labor Market Overview



Bahraini private sector employment recorded a growth of 2.5% YoY in Q2

- Private sector employment saw a 2.7% YoY rise in Q2 2025, reaching 575,300 employees.
- A continued rise in the number of Bahraini employees in the private sector was observed reflecting steady expansion since 2022., reaching 105,035 workers in Q2 2025, an increase of 2.5% YoY. Bahraini private sector employment now accounts for 67.2% of Bahraini employment, indicating that the private sector remains consistent and growing source of employment for Bahrainis.
- In Q2 2025, non-Bahraini employees in the private sector amounted to 470,265, increasing by 2.7% compared to Q2 2024.

Key Takeaways

- In Q2 2025, private sector total employment saw a 2.7% YoY increase compared to Q2 2024 reaching a total of 575,300 employees.
- The number of Bahraini employees working in the private sector rose by 2.5% YoY in Q2 2025 totaling 105,035.
- The monthly average wages of Bahraini employees working in the private sector increased by 4.7% YoY in Q2 2025.

Data Source: Social Insurance Organization, Statistical Report, Q2-2025

Labor Market Indicators (Q2 2025)



575,300

Total Employees In The Private Sector

YoY (2.7%)



105,035

Bahraini Employees In The Private Sector

YoY (2.5%)



470,265

Non-Bahraini Employees In The Private Sector

YoY (2.7%)



BHD 895

Average Wages Of Bahrainis In The Private Sector

YoY (4.7%)

Data Source: Social Insurance Organization, Statistical Report, (2020 - Q2 2025)

YoY Changes in Employment by Labor Market Segment (%), 2020 - Q2 2025

Non-Bahraini Employees (%) - Private Sector Bahraini Employees (%) - Private Sector



Note: Employment figures for Q1 2024 are not available. As a result, year-on-year employment changes between Q1 2024 and Q1 2025 could not be calculated. This data gap explains the absence of Q1 comparisons in the analysis.



Global Context



Global growth in H1 2025 is estimated at 3.0%, revised down from earlier forecasts of 3.2%, with full-year 2026 projected at 3.1%

Key Takeaways

1. Global growth moderated to 3.0% in 2025, supported by easing financial conditions and fiscal expansion, though momentum remains uneven. The U.S. economy grew 3.8% YoY in Q2, driven by firm consumption despite softer job gains.
2. Eurozone growth remained modest at 1.4%, and the U.K. expanded 1.2%, with weak investment and exports weighing on recovery.
3. China's economy grew 5.2% YoY in Q2, slowing from Q1 amid property-sector stress and muted household demand, though stronger trade with Asia and Africa supported its surplus.
4. Monetary policy paths diverged as the U.S. Fed began gradual easing, while the ECB and BoE held rates steady amid lingering inflation.
5. Oil prices averaged USD 70/barrel in mid-2025, easing from early-year highs as supply outpaced demand. The IEA expects further output gains through 2026, keeping prices soft yet volatile.

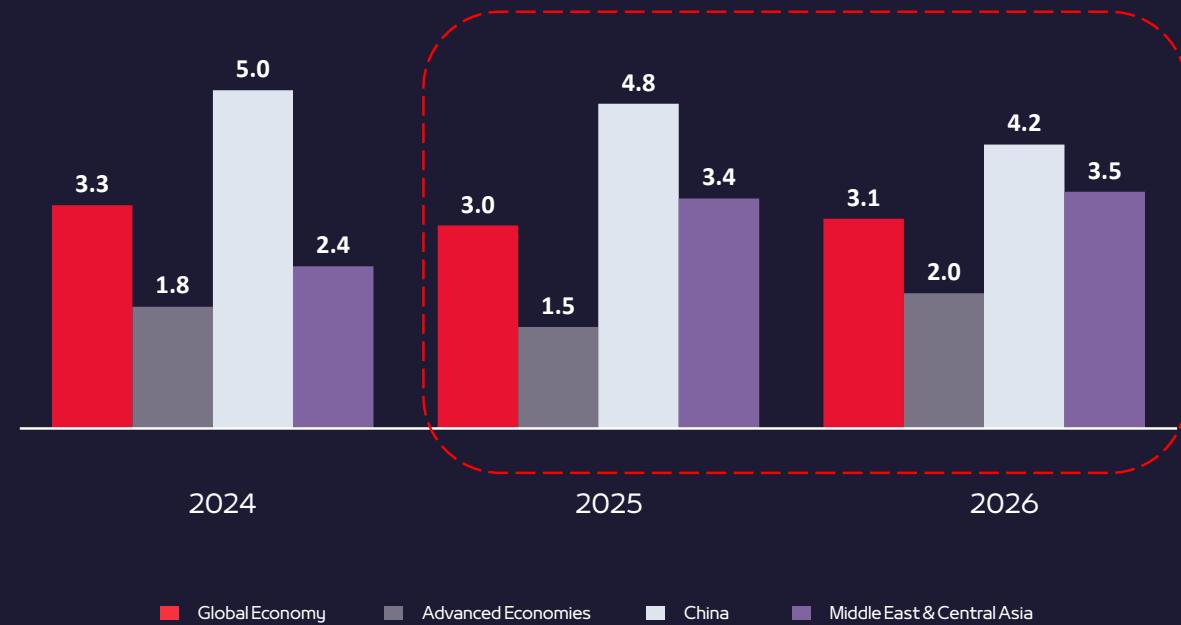
- The IMF's July 2025 World Economic Outlook projects global growth at 3.0% in 2025 and 3.1% in 2026, reflecting a slight upward revision supported by easing financial conditions and fiscal expansion in key economies. Yet, the recovery remains uneven, constrained by persistent inflation, trade uncertainty, and higher long-term yields that continue to dampen investment confidence.
- The U.S. economy maintained strong momentum in Q2 2025, expanding by 3.8% YoY, underpinned by resilient consumer spending despite slower job growth.
- Across Europe, growth remained modest. The Euro Area expanded by 1.4%, and the United Kingdom by 1.2%, driven by household consumption but tempered by weak investment and exports.
- In China, GDP grew 5.2% YoY in Q2, slightly below Q1's 5.4%, as property-sector weakness and muted household demand slowed momentum. Despite reduced exports to the U.S., China's trade surplus is projected to

reach USD 1.2 trillion in 2025, supported by stronger ties with Southeast Asia, Africa, and the EU.

- Monetary policy paths remained divergent, where the Federal Reserve delivered its first 25-basis-point rate cut of the year as part of a gradual normalization cycle prompted by easing inflation in the U.S. to 2.8%. Alternatively, the European Central Bank (ECB) kept inflation rates steady at 2% and the Bank of England (BOE) is expected to maintain its stance to hold policy rates steady amidst high inflation levels and fragile recovery signals.
- Brent crude averaged USD 70 per barrel in mid-2025, easing from early-year highs as supply outpaced demand. The IEA reported global output near 107 mbpd in August, with OPEC+ and U.S. production rising while demand growth remained modest. Supply is projected to increase further—2.7 mbpd in 2025 and 2.1 mbpd in 2026—keeping markets well-supplied and prices soft through the remainder of 2025.

Data Source: IMF, World Economic Outlook Update, July 2025

YoY Real GDP Growth (%), 2024 – 2026 Projections)



Data Source: US Energy Information Administration, Oct 2025

Europe Brent Spot Price (USD/bbl), Jun 2021 – Sep 2025





Economic Indicators and Definitions

Name	Definition
Economic Indicator	A set of data that serves as a tool for analyzing current economic conditions and future prospects. Usually classified according to their timing in relationship to the ups and downs of the business cycle, that is, whether they anticipate (lead), coincide with, or lag behind general business conditions.
Gross Domestic Product (GDP)	<p>The total value of goods and services produced within a country, over a specified period, usually annual (and/or) quarterly GDP</p> <p>The GDP consists of four components: Consumption (C), Investment (I), Government Expenditure (G) and Net Exports (NX).</p>
Gross Domestic Product at Current Price	GDP at current price is the GDP unadjusted for the effects of inflation; thus, this is at current market prices and known as the nominal GDP.
Gross Domestic Product at Constant Price	GDP at constant price is the GDP adjusted for the effects of inflation and known as the real GDP.
Gross Domestic Product – Growth Rate	The GDP growth rate (also refers to the percent change in real GDP) compares the year-over-year (or quarterly) change in a country's economic output, to measure how fast (or slow) an economy is growing.
Inflation	The rate at which the value of a currency is falling and, consequently, the general level of prices for goods and services is rising.
Consumer Price Index (CPI)	<p>One of the most followed indicators to measure inflation.</p> <p>The Consumer Price Index measures the average change in prices over time that consumers pay for goods and services.</p>
Non-Oil Sector	Includes all economic activities excluding oil sector activities.

Name	Definition
Deposit Liabilities to Non-Banks	Includes deposits made in Bahraini Dinars or foreign currencies within retail banks, as well as local deposits from both government and private sectors (excluding banks) and foreign deposits.
Rate of Interest on Credit Facilities	Average interest rate on personal and business loans.
Labor Market	Known as the job market and relates to the supply and labor demand in which the supply is provided by the workers and demand by the employers.
Labor Market Entrants	Known as the new active employees registered for the first time in the private sector from the beginning of the year.
Monthly Average Wage	The average wage is the sum of the monthly wages of all individuals in a wage distribution divided by their numbers. The monthly average wage represents the wage that each person would receive on a monthly basis if total wage were distributed equally among them.
Non-Oil Trade Balance	The difference between the value of non-oil imports and non-oil exports during a certain period, which is a surplus if the value of exports exceeds imports, or a deficit in the opposite case.
National Origin Exports Re-Exports	<p>Exports including all commodities that were entirely produced or manufactured in Bahrain.</p> <p>Exports of commodities that have been imported previously.</p>
Imports	Imports including all commodities that were produced or manufactured from a country aboard through foreign supplies and producers.
Million barrels per day (MBD)	Million barrels per day, a unit of measurement for oil production and consumption.



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