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Tamkeen

# Tamkeen Business Review

Economic Update  
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	Q4- 2025
	Sector Growth	National Accounts, Information & eGovernment Authority	Q4- 2025
	GDP Breakdown by Sector	National Accounts, Information & eGovernment Authority	Q4- 2025
	Data Analysis	Ministry of Finance and National Economy Quarterly Report	Q4- 2025
Financial Markets Trends	Inflation	CPI, Information & eGovernment Authority	Dec 2025
	Average Rate of Interest	Statistical Bulletin, Central Bank of Bahrain	Dec 2025
	Distribution of Outstanding Loans & Advances by Sector	Statistical Bulletin, Central Bank of Bahrain	Dec 2025
Foreign Trade Overview	Non-Oil Trade Balance	Foreign Trade, Information & eGovernment Authority	Dec 2025
	Non-Oil Exports	Foreign Trade, Information & eGovernment Authority	Dec 2025
	Non-Oil National Origin Exports	Foreign Trade, Information & eGovernment Authority	Dec 2025
	Non-Oil Imports	Foreign Trade, Information & eGovernment Authority	Dec 2025
Labor Market Overview	Private Sector Employment	Statistical Report, Social Insurance Organization	Q4-2025
	Private Sector Average Wages	Statistical Report, Social Insurance Organization	Q4-2025
Global Context	Real GDP Growth	IMF, World Economic Outlook Update	Apr 2026
	Europe Brent Spot Price	US Energy Information Administration	Dec 2025



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Economic Indicators and Definitions

Bahrain's economy recorded a 3.5% YoY growth in 2025, driven by continued expansion in the non-oil sector



## Executive Summary

Bahrain's real GDP grew by 3.5% YoY in 2025 reaching BHD 15,709.8 Mn. This growth was driven by the non-oil sectors, which account for 85.8% of the Kingdom's total real GDP. The economy's overall performance showcases resilience and progress of Bahrain's economic diversification efforts amidst oil prices volatility and underperformance of the oil sector.

### 1. Global Context

- The global economy recorded a growth of 3.4% in 2025, reflecting a steady performance.
- The escalation of the conflict in the Middle East is expected to weigh down on the global economy with growth projected to decelerate to 3.1% in 2026, amidst heightened geopolitical uncertainty, higher commodity prices and trade disruptions.
- Inflation and trade dynamics are intertwined, as higher energy and food prices make it difficult for prices to stabilize while geopolitical tensions, tariffs and shipping disruptions reduce the flow of trade and force supply-chain adjustments.

### 2. Economic Developments in Bahrain

- The non-oil sector continued to drive the Kingdom's economic growth in 2025, with a growth of 4.1% YoY compared to 2024.
- The Professional, Scientific & Technical Activities sector recorded the fastest growth in 2025, followed by the Accommodation & Food Services and Financial & Insurance Activities sectors.
- The Financial & Insurance Activities sector remained the largest contributor to real GDP amounting to a share of 17.6% of total GDP in 2025.

### 3. Financial Markets Trends

- Bahrain's Consumer Price Index (CPI) remained largely unchanged in 2025, declining by 0.1% YoY.
- Amid subdued inflation, the Central Bank of Bahrain reduced the overnight deposit interest rate by a cumulative 75 basis points in 2025, facilitating lower borrowing costs for businesses and individuals.
- Total outstanding business loans reached BHD 5,276.2 Mn in December 2025, reflecting an increase of 1.2% compared to last year.

### 4. Foreign Trade Overview

- Bahrain's total exports increased by 1.8% YoY in 2025 to BHD 9,291.7 Mn. This was supported by a solid 5.4% expansion in non-oil exports.
- Saudi Arabia continues to be Bahrain's largest export market, accounting for 23.4% of total non-oil exports of national origin in 2025. It was followed by the United Arab Emirates at 9.7% and the United States at 9.5%
- China remained the top imports partner to Bahrain, making up 14.3% of total non-oil imports, followed by Australia at 9.4% and the United Arab Emirates at 8.7%.

### 5. Labor Market Overview

- Private sector employment grew by 2.2% YoY in 2025, reaching a total of 583,958 employees.
- Bahrainis in the private sector stood at 106,300 employees in 2025, witnessing a YoY growth of 2.2%.
- The average monthly wage of Bahrainis in the private sector reached BHD 888 in 2025, recording an impressive YoY growth of 4.1%.

# Bahrain 2025 Economic Highlights

## Economic Development

Data Source: IGA, National Accounts, CPI, 2025



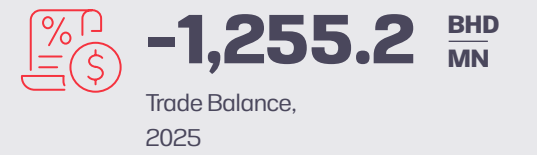
## Fastest Growing Sectors (YoY%)

Data Source: IGA, National Accounts, 2025



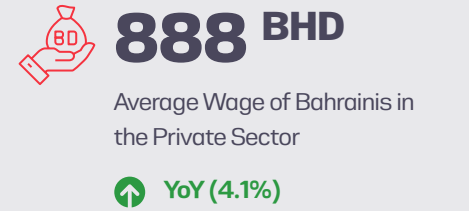
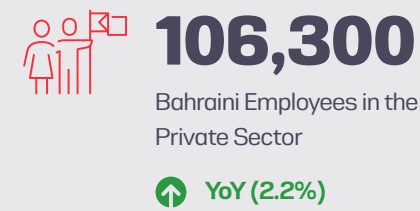
## Foreign Trade

Data Source: IGA, Foreign Trade, 2025



## Private Sector Employment

Data Source: Social Insurance Organization, Statistical Report, Q4-2025



# Economic Developments in Bahrain



## Key Takeaways

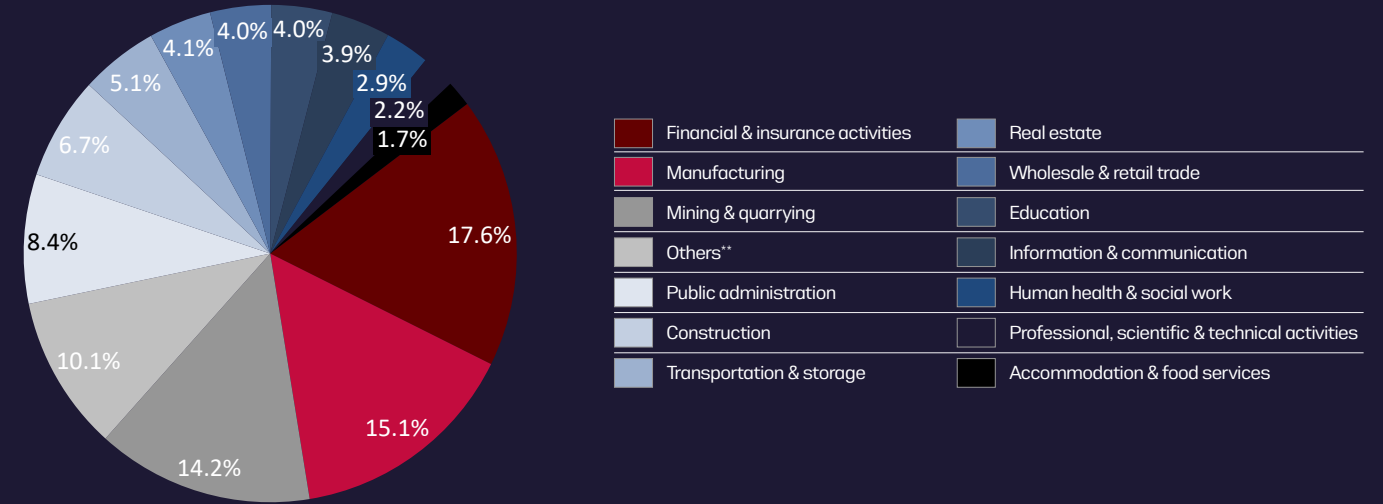
1. The non-oil sector continued to power economic growth in Bahrain in 2025, expanding by 4.1% YoY.
2. The fastest-growing sectors YoY in 2025, were Professional, Scientific & Technical Activities; Accommodation & Food Services; and Financial & Insurance Activities.
3. The Financial & Insurance Activities sector remained the largest contributor to real GDP amounting to 17.6% of total GDP in 2025.

- Bahrain's real GDP expanded by 3.5% in 2025, driven by strong contributions of the non-oil sector which grew by 4.1% compared to 2024 and accounted for 85.8% of the Kingdom's total real GDP. By contrast, the oil sector declined by 0.3% YoY in 2025.
- The increasing share of non-oil sectors contribution to economic growth underscores the Kingdom's economic diversification agenda and its resilience against oil price volatility.
- The fastest-growing sectors YoY in 2025, were Professional, Scientific & Technical Activities; Accommodation & Food Services; and Financial & Insurance Activities.
- Professional, Scientific & Technical Activities continued to record the fastest growth at 6.4% YoY in 2025, supported by strong demand for management consultancy, legal and accounting services, and reflecting an overall expansion in business activity.
- Accommodation & Food Services grew by 6.4% YoY in 2025. This was primarily supported by tourism growth, with overnight visitors reaching 7.3 Mn visitors and inbound tourism expenditure rising by 7.2% to BHD 2.03 Bn.

- The Financial & Insurance Activities sector rose by 5.6% in 2025, driven by a 12.7% YoY growth in the total value of Electronic Funds Transfer System (EFTS) transactions, which reached BHD 37.5 Bn. Growth was further supported by the resilience of the banking sector with non-bank deposits expanding by 6.1% coupled with a rise in outstanding loans by 5.3%.
- The Construction sector grew by 5.0% primarily due to an increase in the number of residential projects in 2025.

Data Source: IGA, National Accounts, 2025

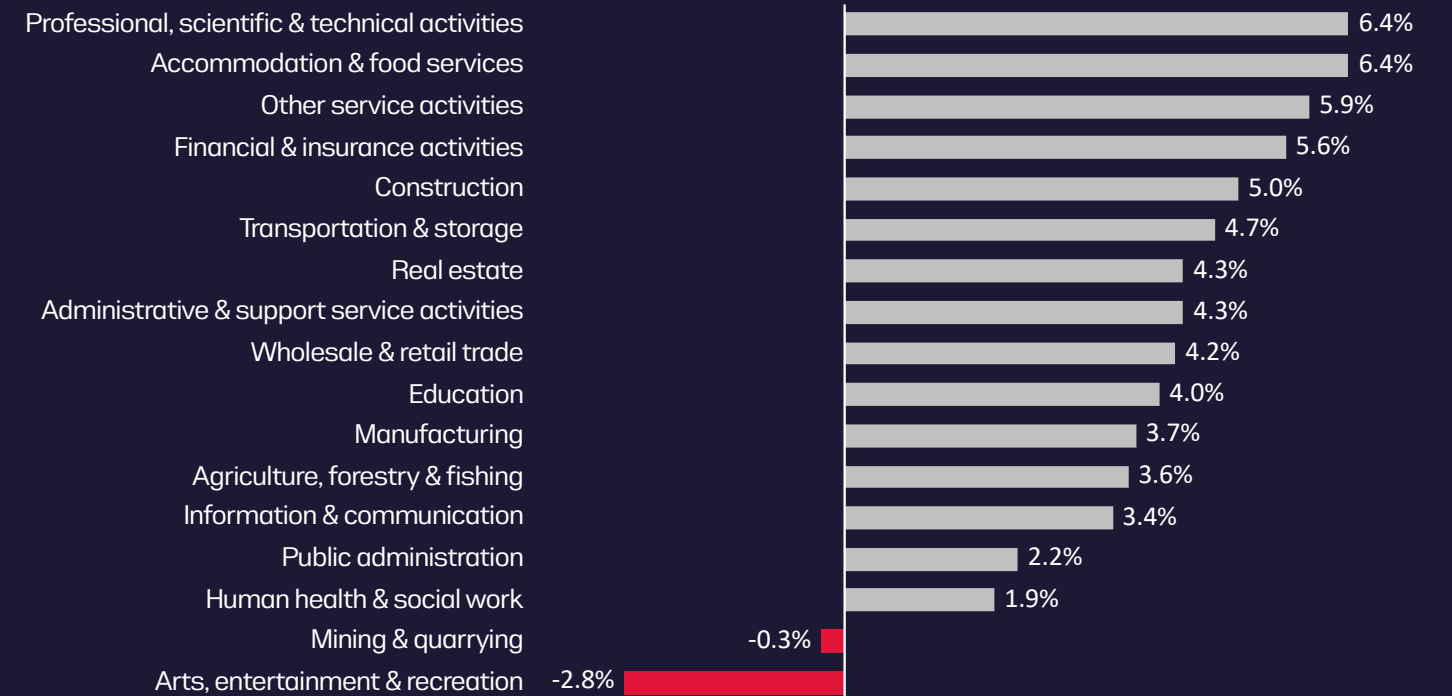
## GDP Breakdown by Sector (% , 2025)



\*\*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

Data Source: IGA, National Accounts, 2025

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



% Change: YoY 2025 vs 2024

# Financial Markets Trends



**Inflation remained stable in Bahrain in 2025, while monetary policy easing supported a more favorable business environment**

### Key Takeaways

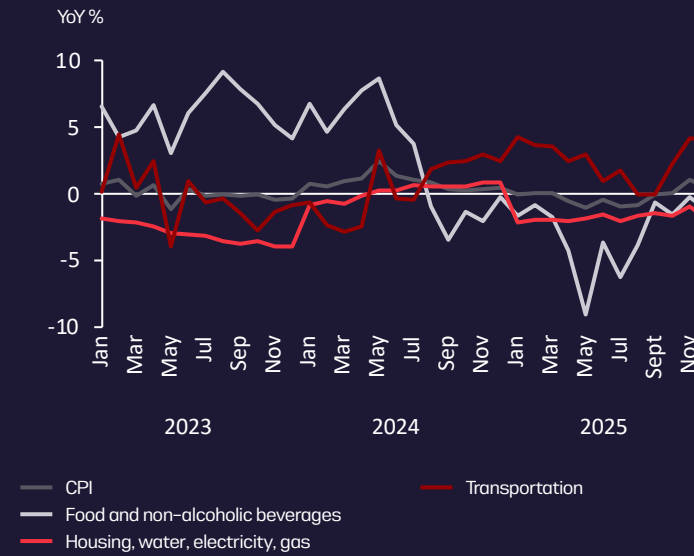
1. Against a backdrop of moderating global inflation, Bahrain's Consumer Price Index (CPI) remained largely unchanged in 2025, declining by 0.1% YoY.
2. The CBB reduced the overnight deposit rate three times during 2025, contributing to lower borrowing costs for businesses and individuals.
3. Loans to SMEs constituted 10% of total business loans as of December 2025, totaling BHD 538.2 Mn, representing a decline of 6.2% compared to December 2024.

- Global inflation continued to decline in 2025, driven by softening demand and lower energy prices. According to IMF estimates, the average global headline inflation decreased to 4.1% in 2025 from 5.8% in 2024.
- In Bahrain, the Consumer Price Index (CPI) remained largely unchanged in 2025, declining by 0.1% YoY. Overall, inflation rates remained low throughout the year; however, rates began to increase slightly in Q4 2025, with the largest rises occurring in November and December, of 1.1% and 0.5% respectively.
- The decline in the CPI in 2025 was largely driven by a decline in food prices, which saw a decrease of 2.9% YoY. On the other hand, transportation prices recorded the highest increase during the period, growing by 2.6% YoY in 2025 and 3.6% YoY in Q4 2025.
- In line with contained inflationary pressures, the Central Bank of Bahrain reduced policy rates three times in 2025 following the US Federal Reserve's cuts, lowering the overnight deposit rate by a cumulative 75 basis points between September and December. The last policy rate cut was of 25 basis points in December 2025, reducing the rate from 4.50% to 4.25%.

- Monetary policy easing facilitated lower borrowing costs for businesses and individuals. The average business loan rate declined to 6.5% in 2025 from 7.4% in 2024, while the average personal loan rate fell to 4.9% from 5.5% over the same period. This represents a decrease of 25% and 24%, respectively, compared to 2023 rates.
- As of December 2025, total outstanding business loans reached BHD 5,276.2 Mn, an increase of 1.2% compared to last year. 10% of business loans were attributed to SMEs, totaling BHD 538.2 Mn. This represents a decline of 6.2% compared to the total SME lending value in December 2024.
- SME financing remained concentrated in Other Services, Construction, Wholesale & Retail, and Real Estate sectors. The Financial & Insurance Activities and Information & Communication sectors saw the highest YoY growth in SME lending in 2025.

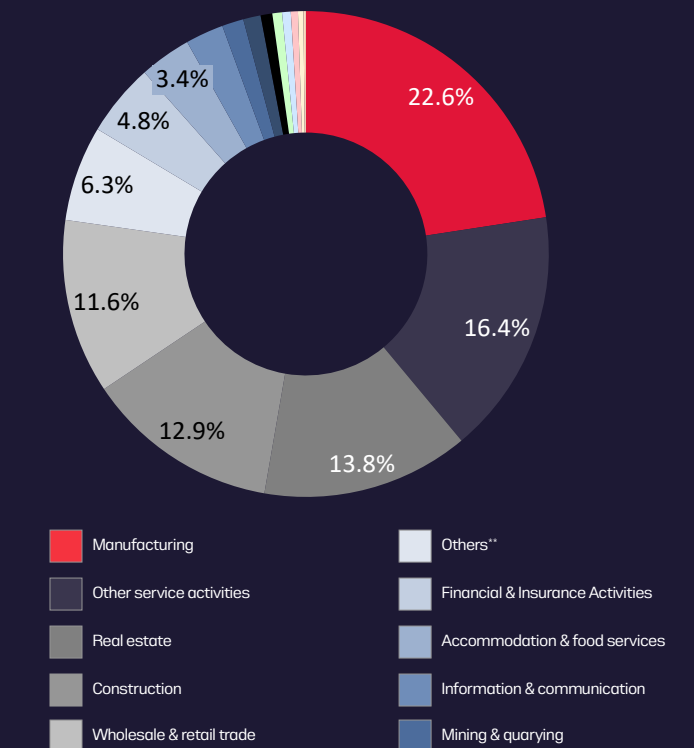
Data Source: IGA, Consumer Price Index, December 2025

### Consumer Price Inflation (YoY %, Jan 2023 – Dec 2025)



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

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

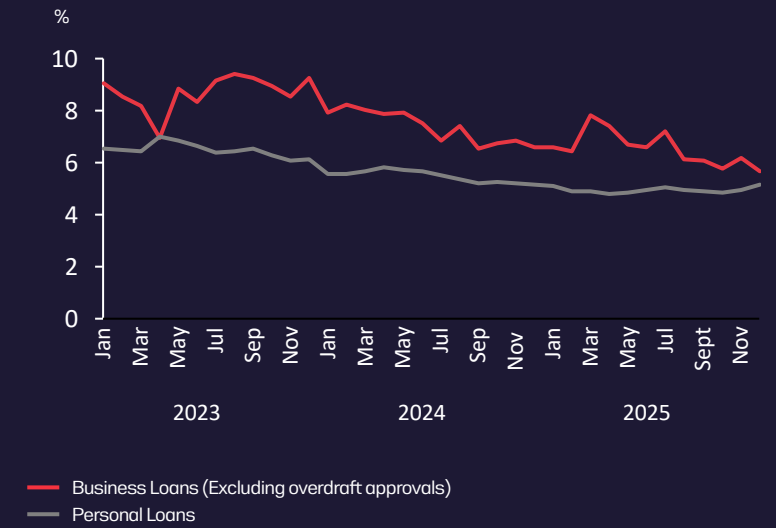


\*Business activities include professional, scientific & technical activities, and administrative & support activities

\*\*Others include electricity and gas supply, water supply and waste management and remediation activities, activities of households as employers, and activities of extraterritorial organizations and bodies

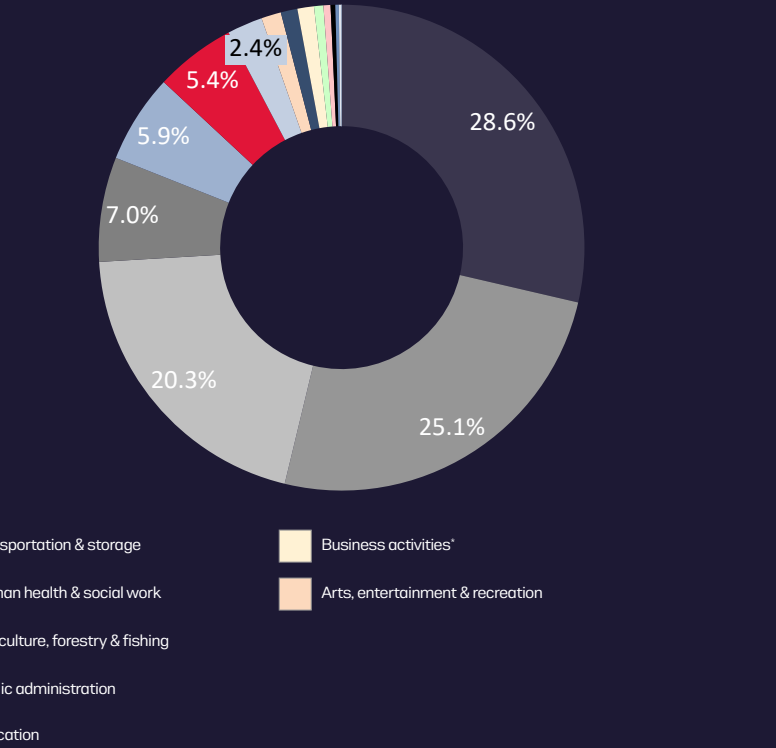
Data Source: CBB, Statistical Bulletin, Table 7, December 2025

### Average Rate of Interest on Credit Facilities (% , Jan 2023 – Dec 2025)



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

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



# Foreign Trade Overview



Non-oil exports of national origin totaled BHD 4,120.7 Mn in 2025, reflecting an increase of 6.7% YoY

## Key Takeaways

1. Non-oil exports totaled BHD 4,930.3 Mn in 2025, reflecting a 5.4% YoY increase compared to 2024.
2. Saudi Arabia continues to be Bahrain's largest export market, accounting for 23.4% of total non-oil exports of national origin in 2025.
3. China remained the top source of imports to Bahrain, making up 14.3% of total non-oil imports in 2025, followed by Australia at 9.4% and the United Arab Emirates at 8.7%.

- Bahrain's export performance in 2025 reflects modest overall growth, with total exports increasing by 1.8% YoY to BHD 9,291.7 Mn. This was supported by a solid 5.4% YoY expansion in non-oil exports, which helped cushion the economy against continued volatility in global commodity markets, while oil exports declined by 2.0% YoY.
- Non-oil exports of national origin totaled BHD 4,120.7 Mn reflecting an expansion of 6.7% in 2025, while re-exports fell by 1.1% to BHD 809.6 Mn compared with 2024.
- Export composition remains concentrated in Base Metals and Basic Metal Products accounting for a share of 59.6% of Bahrain's exports of national origin, followed by mineral products at 15.1% and chemical products at 7.1%, underpinning the sector's pivotal role in Bahrain's export base and strengthened industrial diversification efforts.

- Saudi Arabia continues to be Bahrain's primary export destination accounting for 23.4% of total exports of national origin, followed by the United Arab Emirates at 9.7% and the United States at 9.5%.
- The total value of non-oil imports in 2025 totaled BHD 6,185.5 Mn, reflecting an increase of 5.4% YoY compared to 2024, signaling stable domestic demand.
- China remained the Kingdom's top imports market accounting for 14.3% of total non-oil imports, followed by Australia at 9.4% and the United Arab Emirates at 8.7%.

Data Source: IGA, Foreign Trade, December 2025

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

1		Saudi Arabia	23.4%	of total exports
2		United Arab Emirates	9.7%	of total exports
3		United States of America	9.5%	of total exports

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

1		Base Metals & Basic Metal Products	59.6%	of total exports
2		Mineral Products	15.1%	of total exports
3		Chemical Products	7.1%	of total exports

Data Source: Bahrain Economic Quarterly Report, MOFNE December 2025

## Leading Sources of Non-Oil Imports in 2025

1		China	14.3%	of total imports
2		Australia	9.4%	of total imports
3		United Arab Emirates	8.7%	of total imports

## Leading Products of Non-Oil Imports in 2025

1		Mechanical & Electrical Equipment	21.4%	of total imports
2		Chemical Products	15.9%	of total imports
3		Mineral Products	12.5%	of total imports

Data Source: Bahrain Economic Quarterly Report, MOFNE December 2025

# Labor Market Overview



**Bahraini private sector employment recorded a growth of 2.2% YoY in 2025**

## Key Takeaways

1. Private sector employment grew by 2.2% YoY in 2025, reaching a total of 583,958 employees.
2. Bahrainis in the private sector stood at 106,300 employees in 2025, witnessing a YoY growth of 2.2%.
3. The average monthly wage of Bahrainis in the private sector reached BHD 888 in 2025, growing by 4.1% YoY.

- 2025 saw continued increase in Bahrain's private sector employment. The number of total employees in the private sector reached 583,958 in 2025, increasing by 12,705, representing a YoY growth of 2.2%.
- The private sector continued to play an important role in national employment, employing 67% of registered Bahrainis in the labor market in 2025. Out of total private sector employment, Bahraini employees totaled 106,300, reflecting a YoY growth of 2.2%. 9,149 new Bahraini employees entered the labor market in 2025.
- Bahraini female participation in the private sector strengthened in 2025. The share of Bahraini females out of total private sector Bahraini employment stood at 36.5%, an increase of 0.6 percentage points compared to 2024.

- Non-Bahraini employees in the private sector also grew by 2.2% in 2025, totaling 477,658 employees.
- Alongside the rise in employment, the average monthly wage of Bahrainis in the private sector reached BHD 888 in 2025, growing by 4.1% YoY. This compares to a YoY decline of 1.9% in average wages of non-Bahrainis in the private sector over the same period.
- The median wage of Bahrainis in the private sector remained unchanged from the previous year at BHD 500. However, the median wage of Bahraini females increased by 8.7% YoY in 2025, reaching BHD 500 from BHD 460 in 2024. This was driven by a YoY increase of 10.3% in Bahraini females earning a monthly wage of BHD 600 and above, and a YoY decline of 1.5% in Bahraini females earning less than BHD 400 monthly.

Data Source: Social Insurance Organization, Statistical Report, Q4-2025

## Private Sector Employment Indicators (2025)

**583,958**

Total Employees in the Private Sector

YoY (2.2%)

**106,300**

Total Employees in the Private Sector

YoY (2.2%)

**477,658**

Non-Bahraini Employees in the Private Sector

YoY (2.2%)

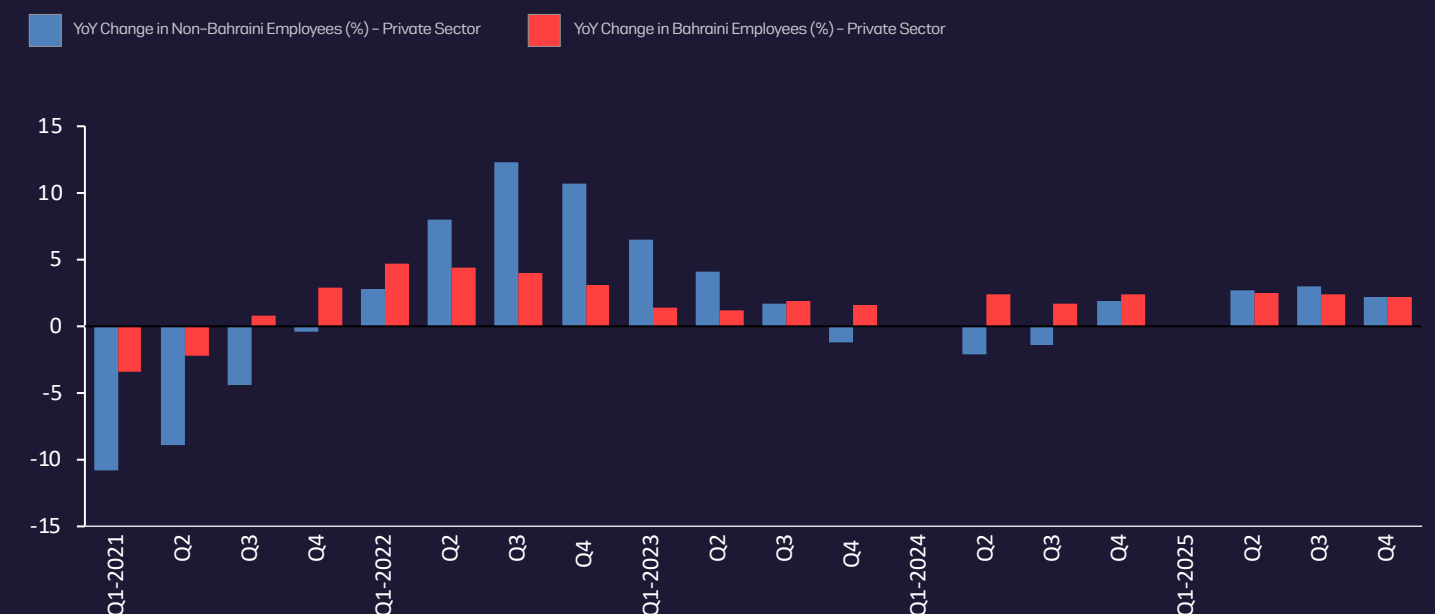
**BHD 888**

Average Wages of Bahrainis in the Private Sector

YoY (4.1%)

Data Source: Social Insurance Organization, Statistical Report, Q4-2025

## YoY Changes in Employment by Labor Market Segment (% , 2021 – 2025)



Note: Private sector employment data is not available for Q1 2024. This results in a gap in the analysis, where year-on-year employment changes for Q1 2024 and Q1 2025 could not be calculated.

# Global Context



**“**  
**The Global Economy grew by 3.4% in 2025, with growth projected to slow to 3.1% in 2026 and 3.2% in 2027**

### Key Takeaways

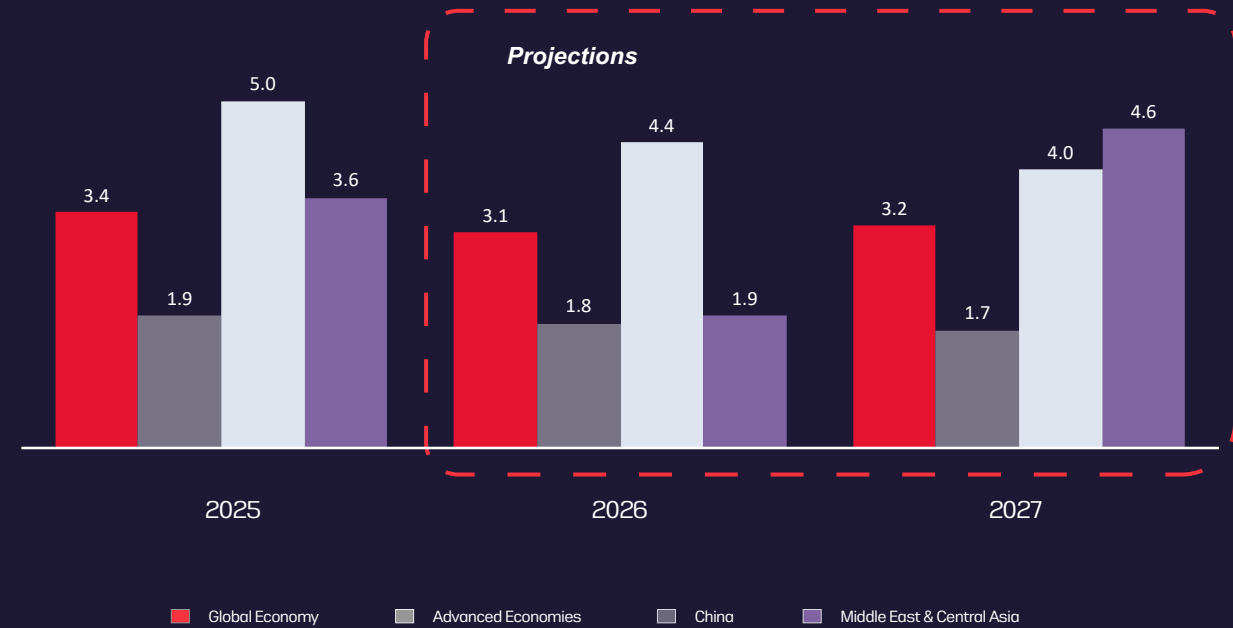
1. Global growth reached 3.4% in 2025 but is projected to slow to 3.1% in 2026 amid escalating Middle East tensions, heightened uncertainty, rising commodity prices, and trade disruptions.
2. Inflation stood at 4.1% in 2025 and is expected to temporarily re-accelerate, becoming more uneven, as higher energy and food prices delay disinflation across economies.
3. Global trade remained resilient in 2025 despite geopolitical tensions and tariffs, while oil averaged USD 69/barrel. Trade momentum is expected to weaken as fragmentation and supply chains realign.

- Global growth reached 3.4% in 2025 but is now projected by the IMF to slow to 3.1% in 2026 and 3.2% in 2027. The downgrade reflects the ramifications of the escalating Middle East tensions since late February 2026, which are weighing on output activity through heightened uncertainty, rising commodity prices, and disrupted trade channels.
- The US economy grew by 2.1% in 2025 and is forecasted to remain relatively resilient with growth projections of 2.3% in 2026, uplifted by continued fiscal stimulus and sustained domestic demand following the monetary easing of 2025 rate cuts.
- The euro area expanded by 1.4% in 2025, with growth projections of 1.1% in 2026. Growth forecasts are weighed down by high energy costs, continued weakness in manufacturing and reduced export competitiveness supported by a stronger euro.
- Global inflation stood at 4.1% in 2025 and is expected to halt its disinflationary momentum to 4.4% in 2026 before easing in 2027, driven by sustained higher energy and food prices linked to ongoing geopolitical disruptions.

- Inflation dynamics remain increasingly fragmented across economies, highlighting an uneven and gradual disinflation path.
- Global trade remained resilient, growing at 5.1% in 2025 on strong demand for technology-related goods. Trade reallocation continued, with declining US imports from China and a shift toward Asian and emerging market suppliers. Trade growth is expected to slow to 2.8% in 2026 before recovering in 2027, reflecting front-loading, tariffs, and gradual supply-chain adjustments.
- Brent crude averaged USD 69/barrel in 2025, trending down to the low USD 60s by mid-to-late year as oversupply dominated markets, with OPEC+ and strong output from the Americas outpacing demand. According to the IEA, occasional geopolitical shocks triggered short-lived price spikes that were quickly absorbed by well-supplied markets and rising inventories. Commodity prices are projected to rebound by 19% in 2026, reversing the slight decline anticipated in the IMF's October 2025 outlook.

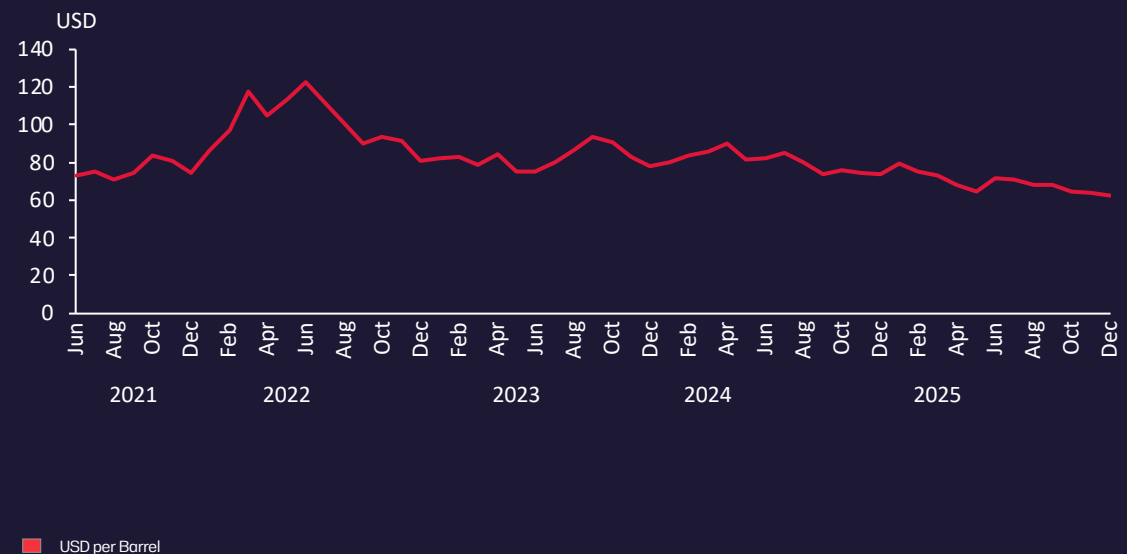
Data Source: IMF, World Economic Outlook Update, April 2026

### YoY Real GDP Growth (% , 2025 – 2027 Projections)



Data Source: US Energy Information Administration, Dec 2025

### Europe Brent Spot Price (USD/bbl, Jun 2021 – Dec 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)	A primary indicator of macroeconomic performance that shows the overall health and size of an economy. It is the monetary value of all finished goods and services produced within a country during a specific time period.  The GDP consists of four components: Consumption (C), Investment (I), Government Expenditure (G) and Net Exports (NX).
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)	One of the most followed indicators to measure inflation.  The Consumer Price Index measures the average change in prices over time that consumers pay for goods and services.
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.
National Origin Exports	Exports including all commodities that were entirely produced or manufactured in Bahrain.
Re-Exports	Exports of commodities that have been imported previously.
Imports	Imports including all commodities that were produced or manufactured from a country abroad 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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