



وَأَزَارَةُ الْمَالِ الْبَيْتِ، وَالْاِفْتِصَانِ الْوَطْنِيَّةِ

Ministry of Finance
and National Economy



Bahrain Economic Quarterly

Q3 2020

Issued in December 2020

2030
البحرين
BAHRAIN

SUMMARY

RECOVERY GETS UNDERWAY

The Bahrain Economic Quarterly Report for Q3 2020 reflects the state of the economy of the Kingdom of Bahrain and the performance of the economic sectors and key economic indicators during the third quarter of 2020.

In line with the global economic recovery trend, the Bahraini economy registered real GDP growth in Q3 2020 of 1.4% compared with Q2 2020, having contracted during the first two quarters of the year as a result of the COVID-19 pandemic and the low oil prices, with most of the non-oil sectors showing clear signs of partial normalization during the quarter. This was the result of the leadership of His Majesty King Hamad bin Isa Al Khalifa and the direction of His Royal Highness Prince Salman bin Hamad Al Khalifa the Crown Prince and Prime Minister, which saw the announcement of an unprecedented package of policy measures, with a value to date exceeding BHD 4.5 billion, to directly support citizens, residents and businesses in the Kingdom.

- ◆ **Bahrain's economy grew by 1.4% in real terms in Q3 2020 compared to Q2 2020, and 10.8% in nominal terms.** The non-oil sector saw a recovery of 1.3% in real terms and 7% in nominal terms, as widespread testing and tracing along with good compliance with anti-COVID-19 precautionary measures allowed most restrictions on economic activity to be lifted. The Oil sector continued to expand in line with the preceding quarters, growing by 1.7% QoQ in real terms and 48.1% in nominal terms.
- ◆ **Non-oil sectors reflected a high degree of normalization in the economy, with a number of sectors seeing rebounds in QoQ growth.** The recovery was especially pronounced in sectors that were most impacted by COVID-19. Hotels and Restaurants was the fastest growing sector with a real GDP growth of 71.1% QoQ, followed by the Transportation and Communications sector with real growth of 22.4% and Manufacturing at 4.2%. Furthermore, the Financial Services sector expanded by 3.0% QoQ.
- ◆ **Bahrain's real GDP is estimated to have contracted by 6.9% YoY in Q3 2020, or 9.2% in nominal terms.** This was driven by an 9.2% drop in the non-oil real GDP, whereas the Oil sector saw a 3.4% YoY increase.
- ◆ **The global and regional backdrop remains mixed but is generally improving.** While a second wave of COVID-19-related restrictions is disrupting economic activity in the West, the approval of several vaccines now and the continued roll-out of stimulus measures present the prospect of gradual normalization in the course of 2021. This was reflected in the IMF's latest "World Economic Outlook" which revised up its earlier estimate of global economic decline in 2020 from 5.2% to 4.4%. A recovery is underway in the Gulf region with forward-looking indicators of activity generally improving further over the second half of 2020.

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Bahrain Economic Outlook

	2018	2019	2020f	2021f
Real GDP growth (%)	1.8%	2%	-5.4%	5.0%
Non-hydrocarbons sector	2.5%	2%	-7.1%	6.2%
Hydrocarbons sector	-1.3%	2.2%	2.0%	0.0%
Nominal GDP growth (%)	6.1%	2.2%	-12.4%	9.7%
Inflation (CPI %)	2.1%	1.0%	-2.6%	2.5%
Current account (% of GDP)	-6.5%	-2.3%	-9.5%	-5.7%
Crude Oil Brent (USD)	71.3	64.4	41.4	48.5

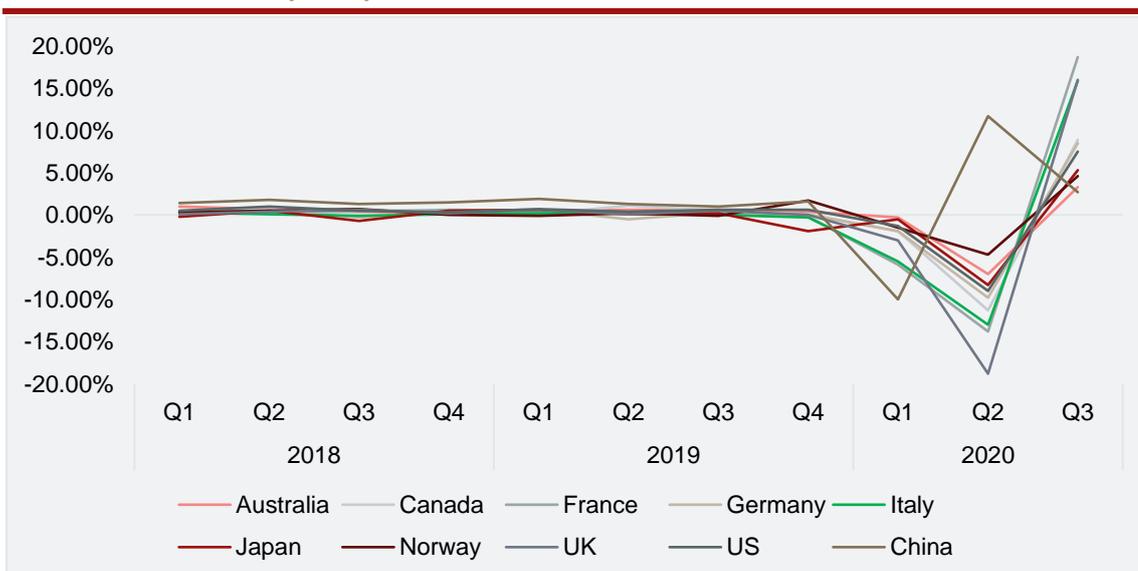
EXTERNAL CONTEXT

Global Prospects

The third quarter of 2020 saw the beginning of economic recovery for many countries, as business activities gradually resumed and restrictions were partially lifted, in addition to the ongoing stimulus initiatives introduced by governments and central banks across the globe, and the approval and distribution of a number of effective vaccines against the COVID-19 virus. Collectively, these are now promising the prospect of a continued gradual normalization of economic activity worldwide in the course of 2021.

According to the IMF's "World Economic Outlook" report published in October 2020, the global economy is expected to contract by 4.4% in 2020, up from the Fund's earlier projections of -5.2% in its June 2020 issue of the report. The Fund further projects the global economy will grow by 5.2% in 2021. Many of the developed countries saw growth during Q3 2020 compared to Q2 2020, although rates still lagged behind the GDP levels registered in Q3 2019. The latest estimates of growth in the USA show the economy grew at an annual rate of 33.4% in Q3 2020 compared with the preceding quarter, although it contracted by 2.8% compared with the same quarter in 2019. The US Federal Reserve projects a 2.4% GDP contraction in 2020, to be followed by a 4.2% rebound in 2021. The European Union's GDP registered a seasonally adjusted growth of 11.5% QoQ in Q3 2020, a 4.3% drop on the same period in 2019. France led the growth in Q3 2020 with an increase in its GDP of 18.7% QoQ, followed by Spain at 16.7% and Italy at 15.9%. However, recent months have seen an increase in COVID-19 cases in Europe and North America which triggered renewed restrictions on economic activity in many countries threatening the pace of recovery. By contrast, economic activity in East Asia has largely normalized with China recording a YoY growth of 4.9%, one of few countries to see a YoY growth.

Real GDP Growth (QoQ)



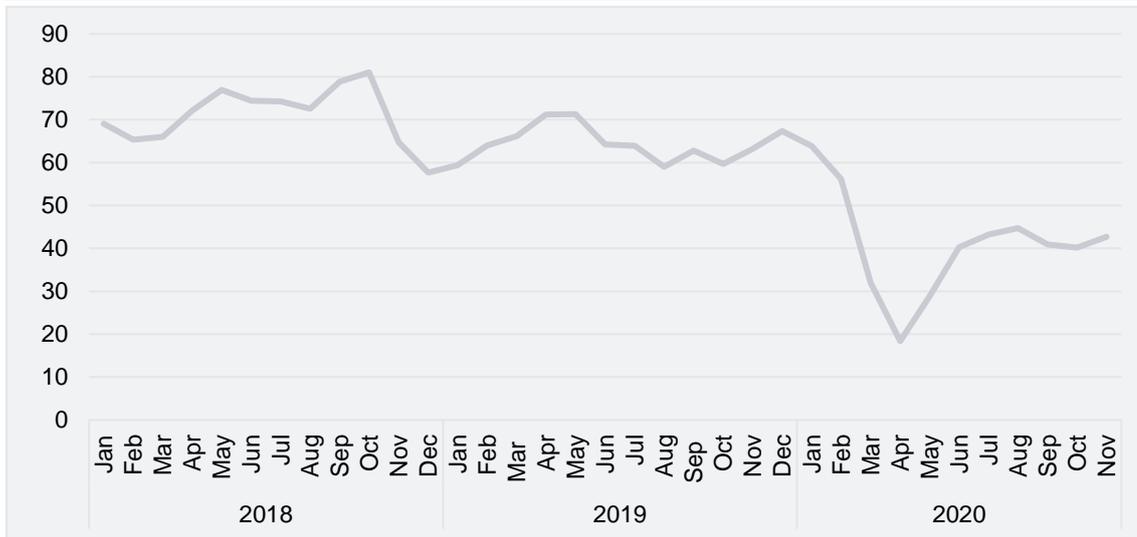
Source: Organisation for Economic Co-operation and Development

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The improving economic outlook has supported oil prices with the Brent benchmark staying above the USD40 per barrel mark during the quarter. Also the consumption of refined products is increasing in several emerging markets. The Brent price is likely to narrowly exceed USD40 in 2020 but is widely expected to move closer to or above USD50 in 2021.

Europe Brent Spot Oil Price (USD per barrel)



Source: US Energy Information Administration

GCC Economic Outlook

Economic activity across the region is normalizing in the non-oil area whereas the oil sector is down as a result of the OPEC+-mandated output cuts.

The national accounts published by the Saudi Arabia General Authority for Statistics showed that the seasonal adjusted real GDP grew by 1.8% in Q3 2020 compared to the second quarter of 2020, driven by a 5.7% growth in the non-oil sector, where both the private sector and the government sector GDP grew by 7.6% and 1.5%, respectively, although the oil sector saw a drop of 3.6%. On the other hand, the real GDP recorded a negative growth rate of 4.6 % compared to Q3 2019.

According to the United Arab Emirates Central Bank's quarterly review report, the UAE economy recovered partially in Q3 2020 after the waiver of lockdowns in the country and the resumption of international travel. Moreover, manufacturing production was also boosted as the supply chain resumed from the disruptions seen in the second quarter. The Central Bank expects real GDP to contract by 6% YoY in 2020 with a drop in non-oil GDP of 5%, before rebounding in 2021 with growth of 2.5% YoY in 2021 driven by a growth in non-oil sector of 3.6%.

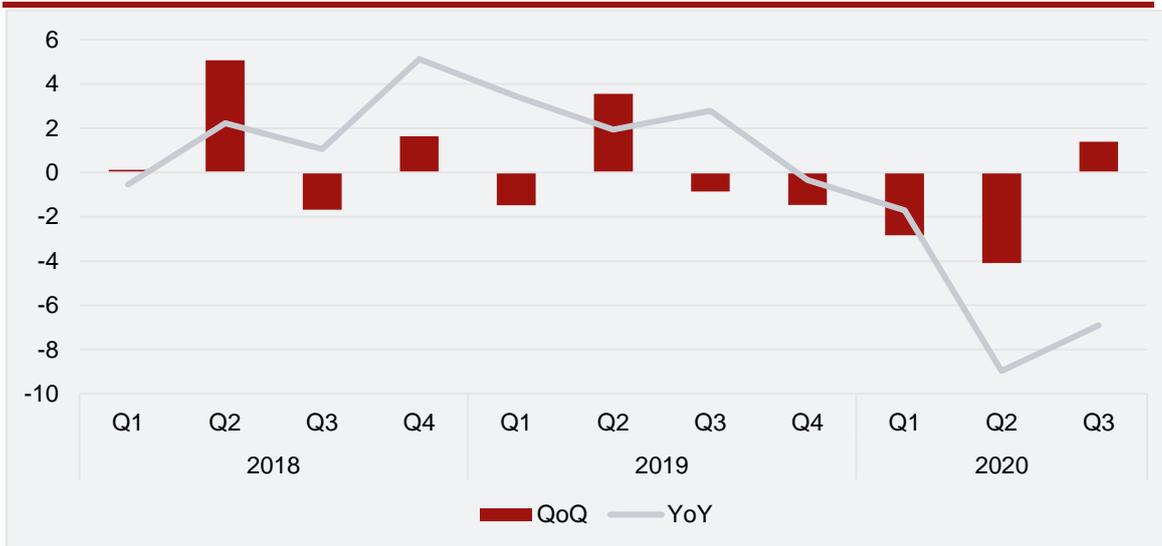
BAHRAIN

According to the preliminary National Accounts for Q3 2020 published by the Information and eGovernment Authority, the Kingdom of Bahrain's real GDP grew by 1.4% QoQ in Q3 2020, or 10.8% in nominal terms. Compared to Q3 2019, the real GDP contracted by 6.9%, while nominal GDP declined by 9.2%.

The Oil sector recorded growth in Q3 2020 of 1.7% in real terms and 48.1% in nominal terms compared to Q2 2020. When compared to the same quarter in 2019, the Oil sector grew by 3.4% in real terms but contracted by 20.9% in nominal terms reflecting the drop in global oil prices.

On the other hand, the Non-oil sector grew by 1.3% in real terms and 7% in nominal terms in Q3 2020 compared with Q2 2020, while it contracted both in real and nominal terms by 9.2% and 7.3%, respectively, when compared to Q3 2019.

Real GDP Growth (%)



Source: Information & eGovernment Authority

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Non-Oil sector

The Non-oil economy showed signs of a broad-based gradual rebound in Q3 2020 with virtually all sectors of the economy recording an increase in QoQ GDP estimates. The recovery was especially pronounced in sectors that had posted some of the sharpest contractions in the spring.

The Hotels and Restaurants sector led the way with a 71.1% QoQ rebound as business activities were gradually opened and mobility was relaxed. This reflected in the increase in the numbers of arrivals through the King Fahd Causeway of 42.9% compared to Q2 2020. Furthermore, according to data collected by the Bahrain Tourism and Exhibition Authority, the average occupancy rates at 4 and 5-star hotels increased by 53.8% compared to Q2 2020, boosted by local tourism.

The Transportation and Communications sector posted a 22.4% QoQ increase in its real GDP as travel activities began to grow again. This was evident in the increase in the number of trucks travelling through King Fahd Causeway by 27.3% compared to Q2 2020. The Manufacturing sector saw a 4.2% QoQ growth, reflecting improved production activity during Q3 2020. Both Bapco and ALBA saw increases in their production levels of 11.8% and 1.9%, respectively, compared to Q2 2020.

The Financial Corporations sector, the largest Non-oil sector in terms of its contribution to GDP, expanded by 3.0% QoQ. According to the monthly bulletin reports published by the Central Bank of Bahrain, the performance of key banking indicators varied during Q3 2020. While the value of local non-bank deposits saw a boost of 27.6% compared to the preceding quarter, the total value of outstanding loans and credit facilities provided by retail banks was largely unchanged, increasing by 0.1%, while other indicators including money supply (M3) and the balance sheet of retail banks saw a contraction QoQ. However, these indicators registered growth on an annual basis, compared to Q3 2019, with M3 increasing by 4.1% and the balance sheet of retail banks increasing by 2.4%.

The Construction sector and the Real Estate and Business Activities sector saw real GDP growth of 0.3% QoQ each. The Trade sector was virtually flat QoQ, dropping by 0.1%. Other sectors saw a decline in their QoQ real GDP including Government Services which declined by 12.4% and Social and Personal Services which declined by 0.6%.

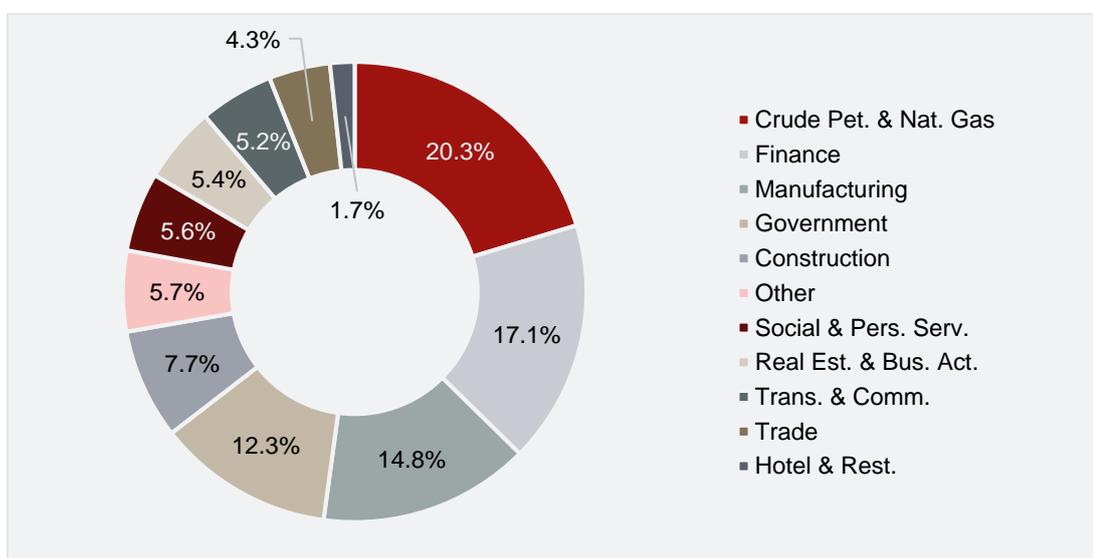
Sector Real Growth Rates, % QoQ

Year Sector	2019		2020		
	Q3	Q4	Q1	Q2	Q3
Crude Pet. & Nat. Gas	1.5%	-1.6%	-8.3%	12.7%	1.7%
Manufacturing	5.0%	0.7%	-3.8%	-7.7%	4.2%
Construction	-2.0%	1.6%	-1.0%	0.7%	0.3%
Trade	1.2%	1.4%	-3.2%	-8.4%	-0.1%
Hotels & Restaurants	4.4%	-5.2%	-32.7%	-41.9%	71.1%
Transp. & Comm's	9.3%	-7.4%	-10.0%	-42.6%	22.4%
Social & Pers. Serv.	4.2%	0.7%	-4.8%	-15.4%	-0.6%
Real Est. & Bus. Act.	-1.1%	2.8%	-3.0%	-6.6%	0.3%
Financial Corporations	0.2%	-0.5%	-2.4%	-1.0%	3.0%
Government Services	-14.9%	-7.0%	11.8%	9.3%	-12.4%
Other	-12.9%	-0.6%	11.5%	-9.6%	0.8%
GDP	-0.9%	-1.5 %	-2.8%	-4.1%	1.4%
Non-oil GDP	-1.4%	-1.5%	-1.6%	-7.6%	1.3%

Source: Information & eGovernment Authority

In terms of their contribution to the overall GDP, the Financial Corporations sector remains the largest Non-oil sector, contributing 17.1% to the GDP, followed by the Manufacturing sector (14.8%) and the Government Services sector (12.3%).

Sector Contribution to GDP – Q3 2020



Source: Information & eGovernment Authority

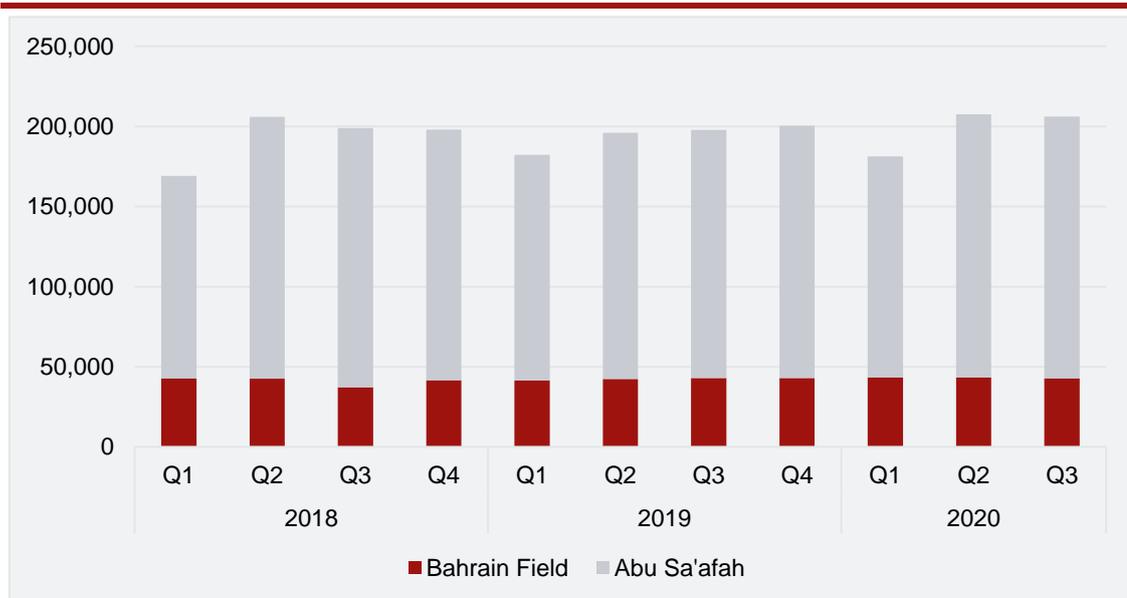
Oil Sector

The Oil sector expanded by 1.7% in Q3 2020 compared to Q2 2020, in real terms and by 48.1% in nominal terms. The real GDP of the sector also expanded on an annual basis by 3.4%, although it contracted in nominal basis by 20.9%.

Aggregate crude oil production during the three-month period averaged 206,064 barrels per day (bpd), 4.2% higher than a year earlier. The offshore Abu Sa'afah field continued to produce higher than average capacity at 163,294 bpd, which represented a 5.4% YoY increase. In QoQ terms, production was almost flat with a small 0.5% decline. Extraction from the onshore Bahrain field averaged 42,770 bpd in Q3 2020, which is consistent with its levels in Q3 2019, only 0.3% lower, whereas production was 1.6% lower than in Q2 2020.

The extraction of natural and associated gas in Q3 2020 reached 237,880mn cubic feet, which entailed a 2.2% YoY decline but a 7.4% increase on Q2 2020.

Crude Oil Production (bpd)



Source: National Oil and Gas Authority

Investment in major hydrocarbons projects remained at a high level in spite of the COVID-19-related disruptions to economic activity:

- ◆ The construction on Bapco's oil refinery expansion project, the biggest in the Kingdom's history, reached 60% completion and is on track for completion by the third quarter of 2022.
- ◆ As part of its mission to explore and develop the oil and gas fields of the Kingdom of Bahrain, Tatweer Petroleum signed a Joint Study Agreement with Italian company Eni, to conduct a joint study on Offshore Block 2 located in the territorial waters of the Kingdom of Bahrain with an area of 2,230 Sqkm.

- ◆ Tatweer Petroleum received bids for an EPC project to install 20 remote gas dehydrations units in 2021-2025. The lowest bid was USD161mn.
- ◆ Tatweer Petroleum is in talks with more than 60 oil companies on the development of the Khalij al Bahrain field. Tatweer is also planning to drill eight new offshore wells with a depth of 8,000-13,000 feet vertically and 3,000 to more than 10,000 feet horizontally.
- ◆ Arab Shipbuilding & Repair Yard (Asry) has agreed with Woodlands Energy Services to form a joint venture servicing the oil and gas industry in Bahrain. The new company will help maximize recovery from mature oil and gas field while enabling production from unconventional deposits.

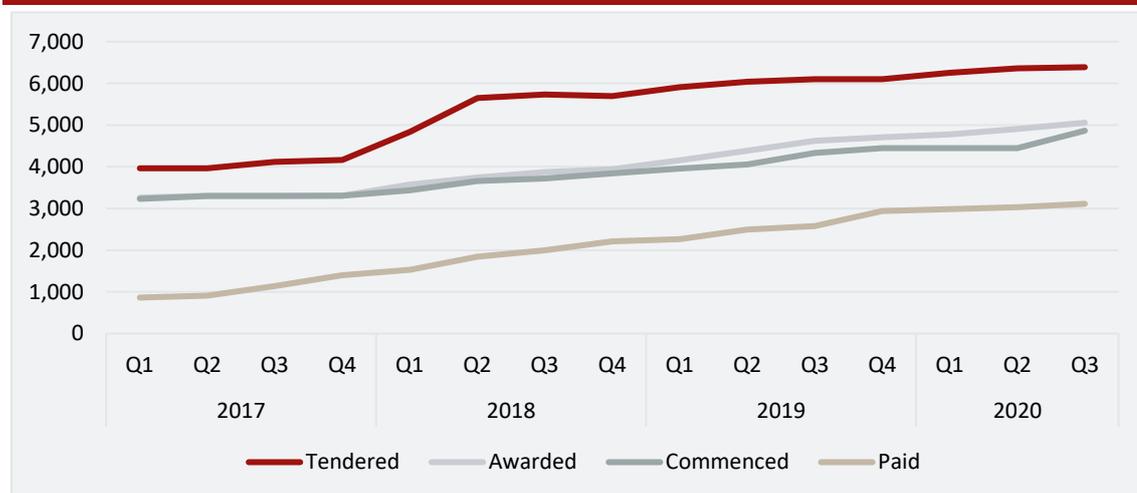
Infrastructure Projects

The Tender Board awarded a total of 1,022 tenders with an aggregate value of USD2.7bn in the first nine months of 2020. The oil and gas sector accounted for 27.2% of the total value while the construction and engineering industry had 162 tender approvals worth USD704.8mn (26.1% of the total value). Other sectors were the aviation sector which saw approvals worth USD501.3, followed by USD471.5mn worth of projects in the materials and equipment sector, and USD256.1mn in the services sector.

The GCC Development Fund continued to scale up its activity maintaining its long-standing role as a source of continuity and driver of economic growth. Until the end of Q3 2020, USD7.4bn was allocated for various infrastructure projects for roads, housing, electricity and water and others. The total value of awarded projects was estimated at USD5.1bn as of Q3 2020, 3.5% higher than at the end of Q2 2020 with the awarding of projects worth USD0.2bn during Q3 2020 alone. The aggregate value of works reached UDS3.9bn as at the end of Q3 2020, 5% higher than the start of the quarter.

Over the course of Q3 2020, several projects were awarded including for the supply of electricity and water and the development of the infrastructure at Hawar Island, the construction of a number of power plants for housing projects and the construction of 303 housing units in Madinat Salman.

GCC Development Fund Activity (USD million, cumulative totals)



Source: Ministry of Finance and National Economy

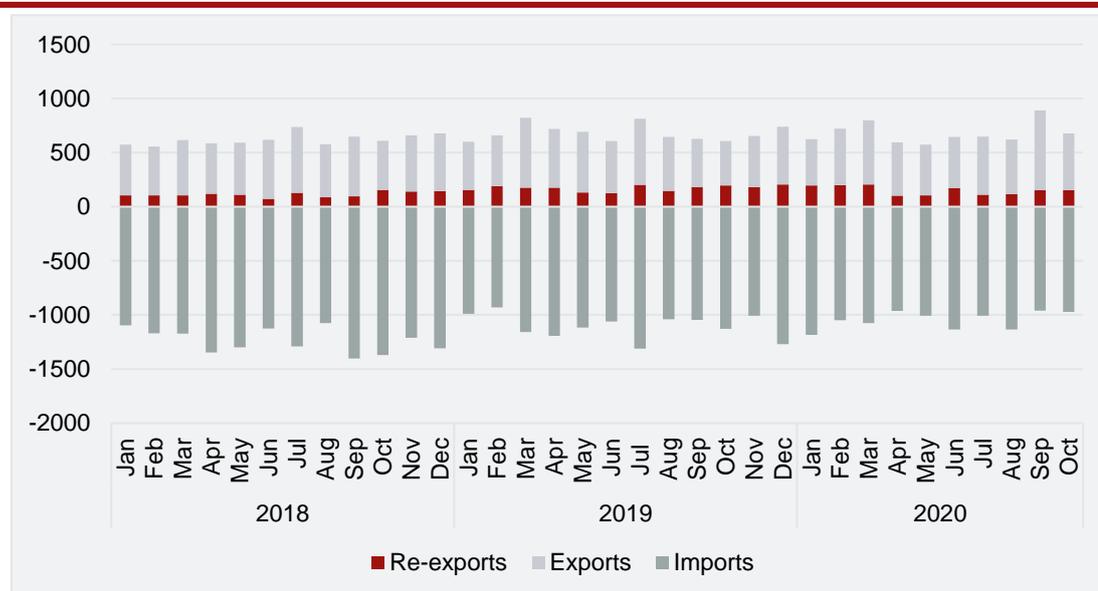
International Trade

Bahrain's trade dynamics reflected the gradual normalization of economic activity at home and in target markets. Despite some month-to-month volatility, trade volumes have returned broadly speaking to last year's levels.

The aggregate value of non-oil merchandise exports increased by 18.9% during Q3 2020 compared to Q2 2020 and increased 3.6% compared to Q3 2019. The value of exports of national origin reached BHD668.9mn during Q3 2020, 23.9% higher than the preceding quarter and 14.6% higher than the same quarter last year. On the other hand, the total value non-oil imports declined slightly by 0.1% QoQ to reach BHD1,166.5mn, and also decreased by 8.7% compared to Q3 2019.

As such, the trade gap improved during the third quarter of 2020 with the deficit declining from BHD494mn in Q3 2019 to BHD355mn in Q3 2020, a drop of 28.3%.

Non-oil Trade (USD million)



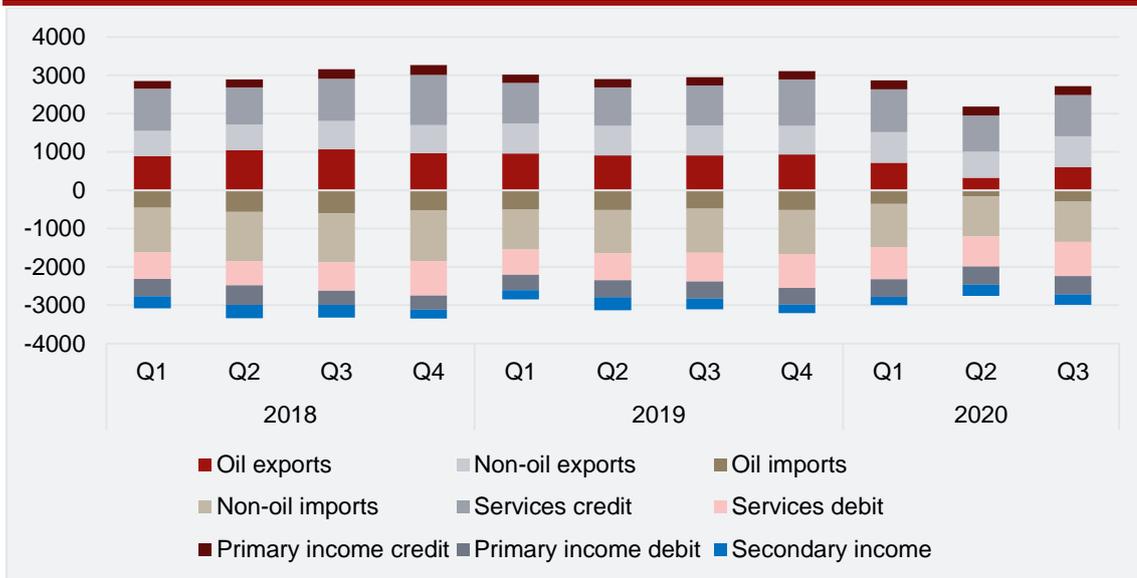
Source: Information & eGovernment Authority

The following are the Kingdom's key trading partners over Q3 2020:

Imports			Exports		
% of Total	Country		% of Total	Country	
12.2%	China		20.5%	Kingdom of Saudi Arabia	
8.8%	Switzerland		12.4%	Malaysia	
7.1%	Australia		8.4%	Oman	
7.1%	Kingdom of Saudi Arabia		7.4%	United States of America	
6.5%	United Arab Emirates		6.0%	United Arab Emirates	

The balance of payments for Q3 2020 published by the Central Bank showed a total exports value of BHD1.4bn, a 16.6% drop YoY. This comprised both non-oil exports of BHD0.8bn, which increased by 3.6% YoY, and oil exports of BHD0.6bn, which saw a decline of 34% YoY. Furthermore, the financial account saw an increase of 15.8% to BHD309.3mn.

Balance of Payment (BHD million)



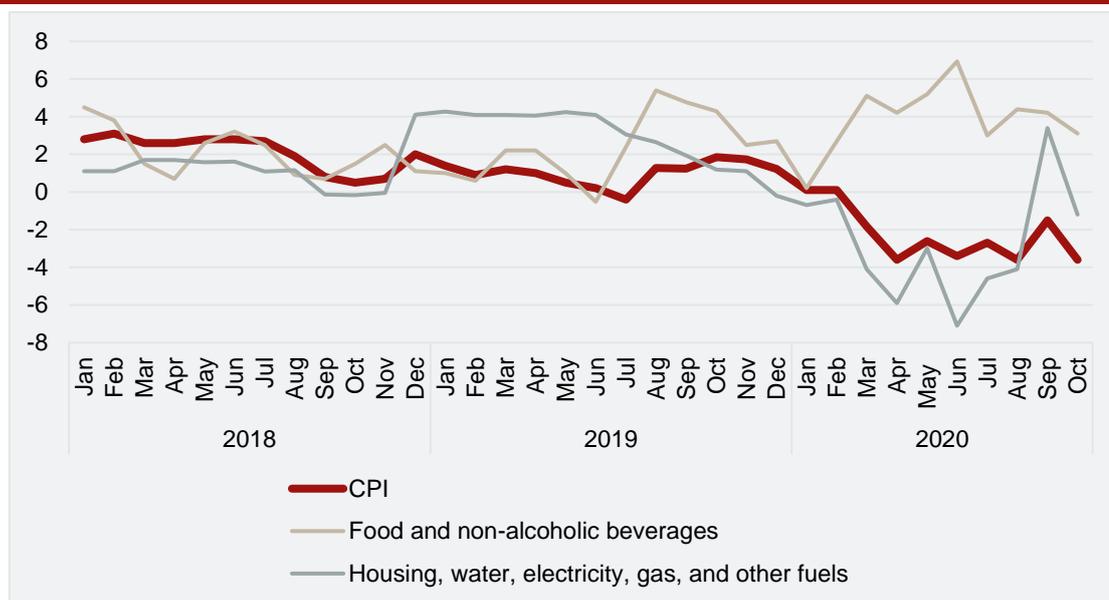
Source: Central Bank of Bahrain

Inflation

Inflationary pressures have remained minimal almost across the board and the headline CPI index declining since March 2020. The CPI declined by 2.6% in Q3 2020 compared to the same period in 2019, with the 2020 average varying month on month.

The main source of the deflationary pressures was in recreation and culture which saw an annual drop of 39.3% in Q3 2020, clothing with a drop of 9.7% and restaurants and hotels which declined by 8.7%. On the contrary, CPI increased for the food group by 3.9%, and for the transport group by 2.7%

Consumer Price Inflation (%) YoY



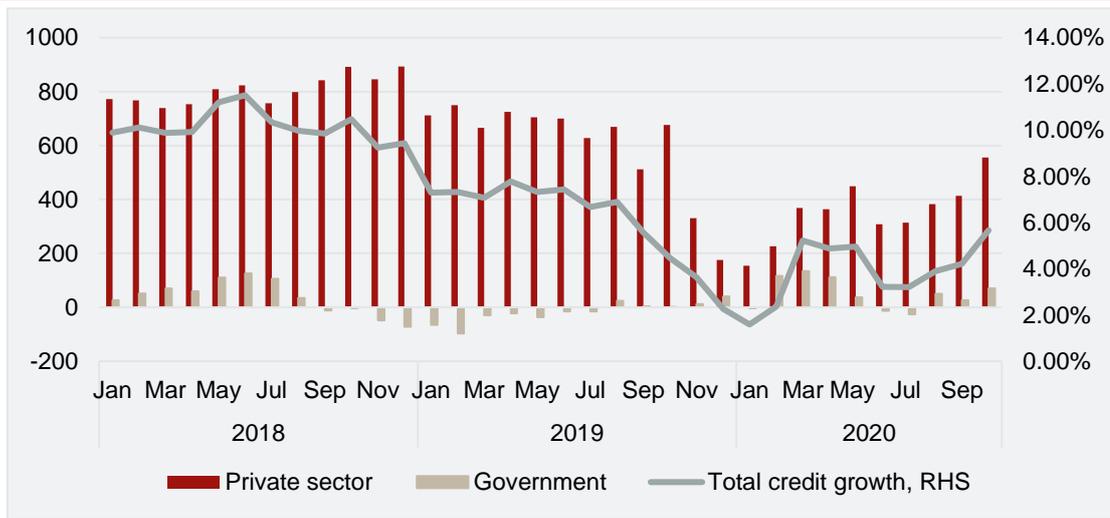
Source: Information & eGovernment Authority

Bank Credit and Deposits

After some volatility earlier in the year, bank credit growth has been accelerating since July and reached an annual pace of 4.2% at the end of Q3 2020, with the total value of credit reaching BHD10.2bn. Credit growth has been led by private sector loans but also lending to the government has shown renewed growth in recent months.

Business loans, which totaled BHD5.3bn, made up 52% of the total outstanding portfolio and registered growth of 2.6% on an annual basis, while they declined by 1.5% compared to Q2 2020. Meanwhile lending to individuals recorded a 5.8% increase YoY and 2.9% increase QoQ.

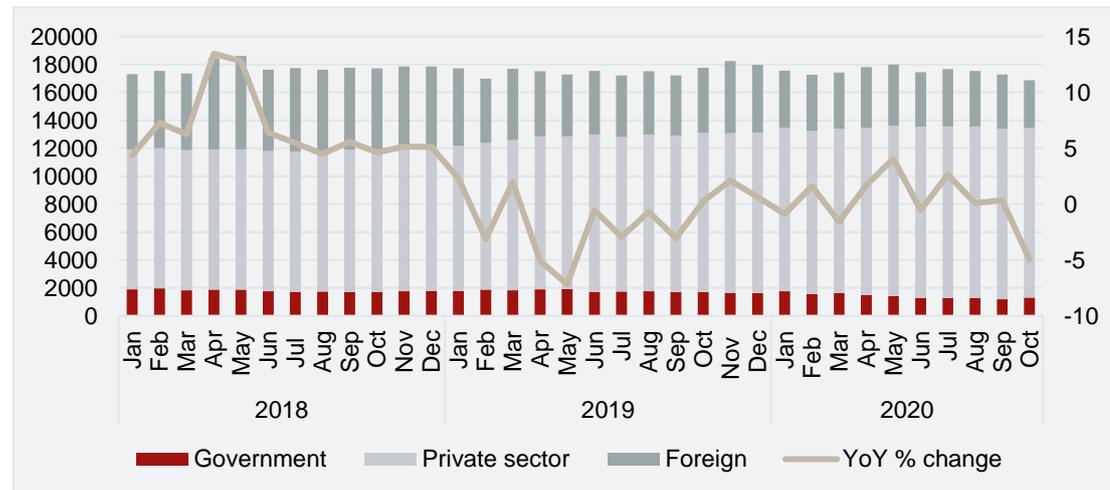
YoY Growth in Credit Issued by Retail Banks (BHD million)



Source: Central Bank of Bahrain

Deposit growth saw minimal movement in July-September 2020, increasing slightly by 0.3% YoY, but declining by 0.9% on a quarterly basis.

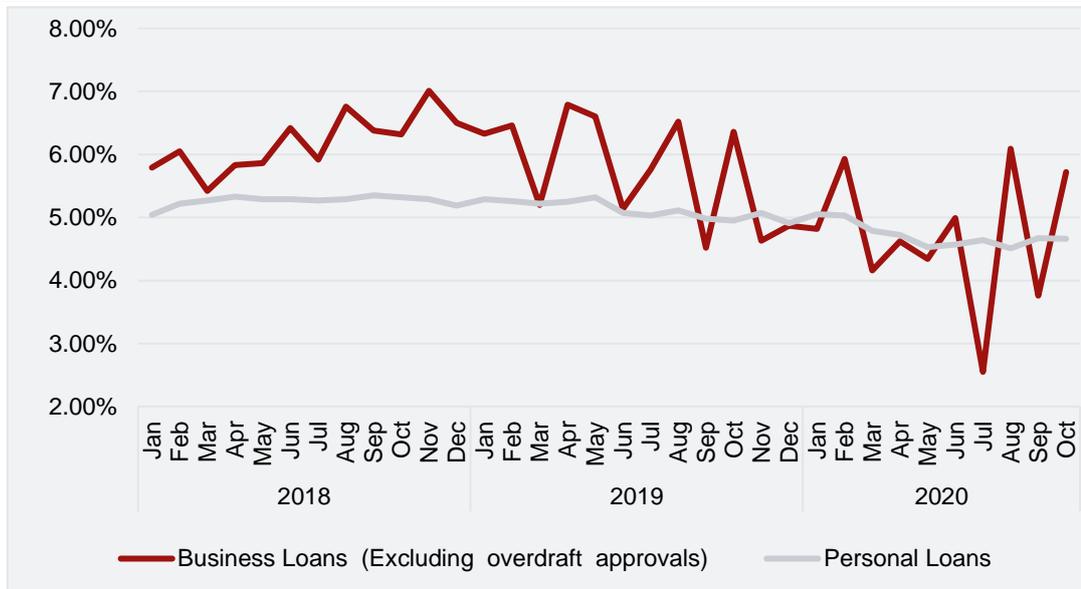
Deposit Liabilities to Non-banks (BHD million)



Source: Central Bank of Bahrain

Borrowing costs have been characterized by unusual month-to-month volatility in the areas of business loans. The average cost of business loans in July 2020 was 2.6%, which increased to 6.1% in August before dropping to 3.8% in September. The average cost of personal loans was more stable reaching 4.6% in July and ending at 4.7% in September 2020.

Average Rate of Interest on Credit Facilities - Conventional Retail Banks



Source: Central Bank of Bahrain

In other banking news, the Central Bank of Bahrain in late October 2020 launched the Bahrain Open Banking Framework in line with its commitment to encourage innovation in financial services. The standards build on the open banking rules issued in December 2018. The framework was presented with detailed operational guidelines, security standards, and customer experience guidelines. Clear specifications were provided for the technical open Application Programming Interface specifications as well as a framework for the governance and protection of customer data.

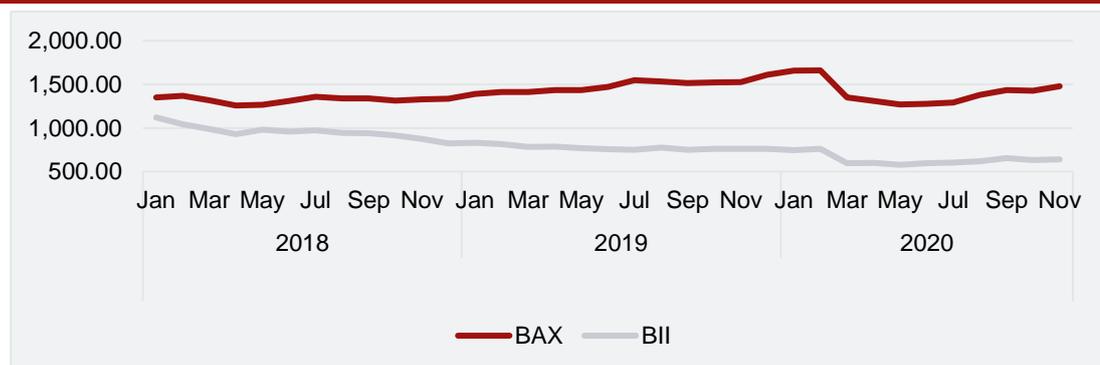
Two broad categories of services can be provided under the open banking framework. Account information services provide customers access to all bank account information in an aggregated manner through a single platform. Payment initiation services allow licensed parties to initiate payments on behalf of customers. They permit seamless transfers between different customer accounts by means of mobile-based applications.

The Central Bank of Bahrain in October 2020 also launched the first comprehensive FinTech laboratory – FinHub 973 – in the region subject to central bank regulation. The initiative was launched in collaboration with the Economic Development Board, Bank ABC, ila Bank, Benefit, National Bank of Bahrain, and Bahrain Islamic Bank. FinHub 973 will be powered by Fintech Galaxy's FinX22 innovation platform. The platform is designed to stimulate innovation by connective Bahrain-based financial institutions with FinTech companies globally. FinHub 973 offers an open API sandbox, a global FinTech marketplace, and an innovation crowdsourcing platform.

Financial Markets

Despite the overall recovery in the economy, the Bahraini stock market remained behind its levels at the start of the year and the same time last year. The Bahrain All-Share Index was 10.9% lower than at the start of 2020 and 5.4% lower than at the end of Q3 2019. The stock market did however reflect the general recovery of regional and global economy after the end of the quarter. The capitalization of Bahrain Bourse reached nearly BHD8.9bn at the end of Q3 2020, a drop of 6.7% from a year earlier.

Bahrain All Share Index and Bahrain Islamic Index



Source: Bahrain Bourse

The Central Bank of Bahrain continued its regular issuance:

Short-term Bond and Sukuk Issues Arranged by the Central Bank of Bahrain

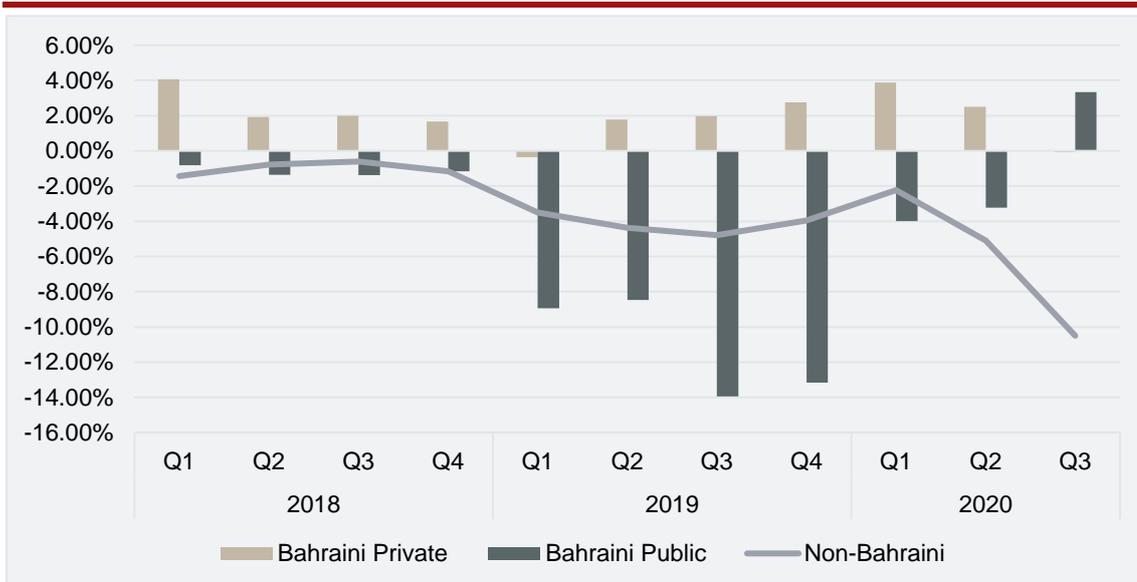
Issue date	Issue	Value, BHD million	Maturity Days	Average Interest/ Profit Rate (%)	Avg Price (%)	Over-subscription (%)
1-Jul-20	Treasury Bills No. 1815	70	91	2.31	99.419	100
8-Jul-20	Treasury Bills No. 1816	70	91	2.29	99.423	167
9-Jul-20	Sukuk Al Ijarah No. 179	26	182	2.58	-	465
15-Jul-20	Sukuk Al Salam No. 231	43	91	2.29	-	214
22-Jul-20	Treasury Bills No. 1817	70	91	2.27	99.429	155
23-Jul-20	Treasury Bills No. 71	100	365	2.77	97.277	103
29-Jul-20	Treasury Bills No. 1818	70	91	2.25	99.435	155
2-Aug-20	Treasury Bills No. 1819	35	182	2.50	98.75	110
5-Aug-20	Treasury Bills No. 1820	70	91	2.24	99.437	100
6-Aug-20	Sukuk Al Ijarah No. 180	26	182	2.50	-	358
12-Aug-20	Treasury Bills No. 1821	70	91	2.25	99.435	161
19-Aug-20	Sukuk Al Salam No. 232	43	91	2.25	-	259
26-Aug-20	Treasury Bills No. 1822	70	91	2.26	99.432	101
27-Aug-20	Treasury Bills No. 72	100	365	2.81	97.236	100
30-Aug-20	Treasury Bills No. 1823	35	182	2.54	98.7297	100
2-Sep-20	Treasury Bills No. 1824	70	91	2.24	99.436	111
9-Sep-20	Treasury Bills No. 1825	70	91	2.24	99.437	100
10-Sep-20	Sukuk Al Ijarah No. 181	26	182	2.54	-	639
16-Sep-20	Sukuk Al Salam No. 233	43	91	2.24	-	304
23-Sep-20	Treasury Bills No. 1826	70	91	2.23	99.440	118
24-Sep-20	Treasury Bills No. 73	100	365	2.82	97.228	101
27-Sep-20	Treasury Bills No. 1827	35	182	2.60	98.703	100
30-Sep-20	Treasury Bills No. 1828	70	91	2.22	99.441	111

Labour Markets

Despite significant global disruptions in labour markets, Bahraini employment showed continuity in Q3 2020, supported by the government initiative to support the payment of salaries of Bahrainis working in the private sector since the launch of the stimulus package in March 2020.

According to the Q3 2020 published by the Social Insurance Organization, the total Bahraini workforce increased by 1% compared to Q3 2019, driven by an increase in the number of Bahraini employees in the public sector of 3.3% YoY to reach a total of 47,600 workers, while the number of Bahrainis in the private sector remained flat with a -0.1% YoY change, which took the total number to 94,923. The average salary of Bahrainis in the private sector stood at BHD760, which marked a 2.2% YoY increase, while the average salary of Bahrainis in the public sector of BHD830 was almost unchanged in annual terms. The expatriate labor market has seen a drop of 10.5% YoY in the number of registered employees.

YoY Changes in Employment by Labour Market Segment (%)



Source: Social Insurance Organization

As part of its efforts to support the employment of Bahrainis and the stability of the labour market, a new mechanism was implemented for the employment of workers from abroad. Since August 2020, if a company wishes to apply for a new work permit for an expatriate employee from outside of the Kingdom of Bahrain, the company is required to post the vacancy in local newspapers for a period of 7 days, mentioning the position, the company name, the e-mail and the telephone number registered in LMRA system to give citizens and nationals an opportunity to apply. Overall, an application is now delayed for a period of 14 days. Since the implementation of the new mechanism and until the middle of December 2020, over 21,000 vacancies were announced and over 980 applications for new work permits were cancelled.

International Rankings

In the **World Bank's Human Capital Index 2020**, Bahrain ranked second among the Arab countries and the GCC. The index measures the level of human capital that a child born today can expect to attain by the age of 18. Bahrain received a score of 65%, higher than the average in Middle East and Africa region, and put the Kingdom within the highest improved countries in the region.

Bahrain's rank improved by 2 positions to 56th globally out of 167 countries and 3rd in the Arab world in the **Legatum Prosperity Index 2020** published by Legatum Institute. The index measures the level of prosperity across several pillars within the areas of society, economy, and empowering people in terms of education and health. Bahrain was first in the Middle East & North Africa region in the "Social Capital" pillar, which measures how cohesive a society is in terms of people trusting, respecting and helping one another, and the institutional structures they interact with.

Bahrain ranks 1st in the Arab world in the **Basel AML Index 2020** published by the Basel Institute on Governance. The index assesses 141 countries based on the risks of money laundering and terrorist financing using 16 sub-indicators across five domains: Quality of AML/CFT Framework, Corruption Risk, Financial Transparency and Standards, Public Transparency and Accountability, and Legal and Political Risk.

Bahrain's rank improved 19 spots to 61st globally out of 108 countries in the **World Energy Trilemma Index 2020** published by the World Energy Council in partnership with Oliver Wyman. The index assesses countries on their ability to provide sustainable energy in 3 dimensions: Energy Security, Energy Equity (accessibility and affordability), and Environmental Sustainability. It is worth mentioning that Bahrain ranked 3rd globally and has listed among the top 10 performers in 'Energy Equity', scoring 99.7/100. This dimension measures the ability to provide universal access to reliable, affordable, and abundant energy for domestic and commercial use.

Bahrain's passport ranking improved by 3 spots to 61st globally out of 199 in the **Henley Passport Index 2020** (Q4) published by Henley & Partners. The index ranks passports according to the number of destinations their holder can access without a prior visa. The index and its contents are based on data provided by the International Air Transport Association (IATA). According to the index, Bahrain's passport has a visa free access to 83 countries.

Bahrain maintained its classification as a country with 'Very High Human Development' in the **Human Development Report 2020** published by the United Nations Development Program (UNDP). Bahrain received a Human Development Index (HDI) value of 0.852 and ranks 42nd globally out of 189 countries. The HDI measures a nation's level of development in health, education, and standard of living. Bahrain has improved its HDI rank by 6 places between 2014 and 2019, as it ranks 3rd among the Arab States, and 3rd among the GCC countries. Bahrain also ranked 49th out of 162 countries in the Gender Inequality Index (GII) which is covered by the report, where female labour force participation rate has increased to 45%.

Glossary

Term	Explanation
Real Growth Rate	The growth rate of a nation's Gross Domestic product (GDP) adjusted for the effects of price inflation.
Nominal Growth Rate	The growth rate of a nation's Gross Domestic Product (GDP) evaluated at current market prices.
Gross Domestic Product	An aggregate measure of production (all finished goods and services produced), which equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies) within a country's borders in a specific time period, in this bulletin for instance it is a three months period
Crude Petroleum and Natural Gas	Comprises of crude oil extracted as well as extraction of natural and associated gas.
Financial	Comprises units primarily engaged in financial transactions, i.e. transactions involving the creation, liquidation or change of ownership of financial assets. Also included are insurance and pension funding and activities facilitating financial transactions, and others.
Manufacturing	Comprises units engaged in the physical or chemical transformation of materials, substances, or components into new products, such as plants, factories or mills, etc Examples of manufacturing sector activities: Manufacturing of food and beverages, tobacco products. Manufacturing of textiles, wood and paper products, refined petroleum products, chemicals, furniture, etc.
Government	Comprises of all ministries and authorities in the state budget and other attached and independent bodies as per the consolidated final accounts, such as those entities involved in security, education, culture, development and other entities that provide collective services.
Transport and Communications	Transport sector comprises activities related to providing passenger or freight transport, whether scheduled or not, by pipeline, road, water or air. As well as, postal activities, storage and telecommunication, etc
Construction	Comprises general construction -residential and non-residential buildings and roads- and special trade construction for buildings and civil engineering, building installation and building completion. It includes new work, repair, additions and alterations, and also construction of a temporary nature.
Social and Personal Services	Comprises services provided by businesses and government units to individuals, other businesses or the community as a whole, such as private health and education services, others such as sports and entertainment activities, repairing of computers and households' equipment, etc.
Real Estate and Business Activities	Comprises real estate activities such as purchase or lease, that are mainly linked to the business sector. However, more or less all activities covered in this section can also be

	provided to private households, for example, renting of personal and household goods, database activities, legal activities, accounting or auditing services, interior decoration and photographic activities, etc.
Trade	Comprises wholesale and retail sale (sale without transformation) of any type of goods, and rendering services incidental to the sale of merchandise.
Hotels and Restaurants	Comprises units providing customers with short-term lodging and/or preparing meals, snacks, and beverages for immediate consumption.

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