

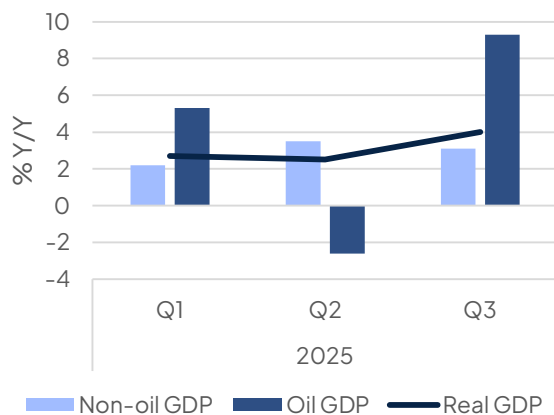
Bahrain: GDP growth strengthens in Q3 2025

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- Bahrain’s real headline GDP rose 4.0% y/y in Q3 2025, up from 2.5% in Q2.
- Non-oil GDP rose 3.1% y/y, with broad-based growth across sectors.
- Oil GDP rose sharply to 9.3% y/y, in contrast to a 2.6% y/y contraction in Q2.

Preliminary Q3 2025 GDP data for Bahrain showed a sharp rise in the pace of growth, with the real headline measure increasing 4.0% y/y, up from 2.5% in the second quarter.

Real headline GDP rises in Q3



Source: Bahrain Ministry of Finance and National Economy, Emirates NBD Research.

Non-oil activity remains a key source of growth

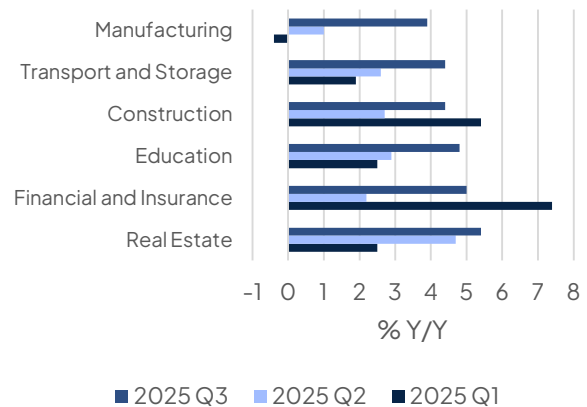
Non-oil GDP - accounting for 85% of aggregate GDP - grew 3.1% y/y in Q3, marginally lower than the 3.5% y/y growth seen in the second quarter. Growth in the third quarter of 2025 appears to have been broad-based. The finance and insurance sector grew 5.0% y/y (accounting for almost 18% of real GDP), manufacturing grew 3.9% y/y (accounting for 16% of GDP), and construction rose 4.4% y/y (with a 6.8% share of GDP). Other sectors with notable growth in the third quarter include real estate (5.4%), transportation and storage (4.4% y/y) and education (4.8% y/y).

Oil GDP sees sharp uptick

The third quarter saw a marked pick up in oil GDP growth, rising 9.3% y/y after a 2.6% y/y decline in the second quarter. The rise in oil GDP was largely attributable to an increase in production at the Abu Sa’afa field, with average daily oil production from the offshore field rising by over 18% y/y in the third

quarter. In contrast, onshore daily average production declined 7.3% y/y in Q3.

Broad-based growth in non-oil sectors



Source: Bahrain Ministry of Finance and National Economy, Emirates NBD Research.

Outlook for 2026

We estimate that Bahrain grew by 3% in 2025 and forecast growth to hold steady at the same pace in 2026, before dipping marginally to 2.8% in 2027.

We expect the pace of growth in non-oil activity to moderate marginally in the coming years, in part due to the announcement at the end of 2025 that Bahrain would be undertaking a package of fiscal reforms. The IMF have previously warned of the need for Bahrain to put reforms in place to curb deficits, with the debt-to-GDP ratio at an historic high of 142%. Reforms include plans to raise fuel and natural gas prices, changes to local corporate taxes and cuts to government expenditure.

Jeanne Walters Senior Economist/
jeanne@emiratesnbd.com



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