



Financial Stability Directorate

Monetary and Financial Trends

Second Quarter 2009

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Monetary and Financial Trends is produced quarterly by the Financial Stability Directorate, Central Bank of Bahrain. This edition focuses on the Second Quarter of 2009 and highlights developments in the following monetary and financial indicators: i) monetary aggregates; ii) domestic credit; iii) interest rates; iv) domestic prices; v) domestic public debt; vi) exchange rates; vii) official reserves; and viii) the stock market.

Highlights

Monetary Aggregates

- During 2009:Q2, *narrow money* (M1) increased at a decreasing rate by 5.1%. In contrast, *broad money* (M2) decreased by 0.6%.
- *Demand deposits* were the fastest growing component of the money stock during the quarter, increasing by 5.3%, followed by *Currency outside bank* increasing by 3.7%. On the other hand, *Savings and time deposits* declined by 3.1%.
- The overall growth in money supply was mainly due to a 0.2% expansion in *Net Domestic Assets* (NDA).
- In contrast, *Net foreign Assets* (NFA) decreased by 0.5% during the quarter.

Credit Developments

- Total domestic credit grew by 0.6% to reach BD 5,860.5 million, representing an increase in domestic credit when compared to the 1.1% fall recorded last quarter.
- Private sector credit *increased* by 0.05% (vs. 1.5% decrease in Q1) as well as lending to general government which increased by 11.4%.
- An analysis of private sector credit components shows that *business loans* decreased by 0.2%, compared to a 0.03% drop in the first quarter.
- *Personal loans* increased by 0.7% during the quarter, compared to 4.8% fall in the previous quarter.
- Loans “With Salary Assignment” constituted the bulk of personal loans (52.2% of the total). This was followed by “Secured by Property Mortgage” which made up 20.6% of total personal loans.
- *Business loans* went primarily to the “construction and real estate” segment, which accounted for 40.8% of total business loans.
- The *year-on-year* growth of private sector credit (14.0%) was lower than the growth in 2008 nominal GDP (18.6%).

Interest Rates

- Short-term interest rates decreased during the second quarter.
- The 3-month and 6-month inter-bank rates drop to 1.6% and 2.0% respectively by the end of the quarter. The (3-month and 6-month) Treasury bill yield also decreased to 1.1% and 1.3% respectively.
- The CBB key policy rate remained unchanged at 0.75% at the end of the quarter.

Domestic Prices

- Inflation numbers show that the *consumer price index* decreased slightly by 0.3% for 2009:Q2.
- *Year-on-year* inflation was 3.1%.

Domestic Public Debt

- The stock of domestic public debt (securities only) increased during the quarter to reach BD 1,038.0 million.
- Domestic public debt increased due to the increase in the outstanding balance of Treasury Bills to BD 325.0 million.
- Islamic leasing securities (Ijara) also increased to BD 695.0 million. Salam Islamic Securities remained unchanged at BD 18.0 million.

Exchange Rates and Official Reserves

- During the second quarter, the Bahraini dinar depreciated against all major key currencies (Pound Sterling, Euro, Japanese Yen and Swiss Franc).
- Bahrain's *Real Effective Exchange Rate* (REER) (2000=100) decreased by 88.2 for the quarter, compared to 90.6 in the previous quarter.
- During 2009:Q2, official reserves decreased with reserves reaching BD 1,417.2 million, 15.4% lower than the level attained during the same period of 2008.

Stock Market

- Total market capitalisation decreased by 0.9% to reach BD 6,482.8 million, compared to BD 6,540.8 million registered last quarter. Year-on-year, market capitalisation was 43.6% lower.
- The fall in market capitalisation was mainly due to the decrease in *insurance* segment which decreased by 15.5%.
- The BSE All-Share Index declined to 1,581.7 points during 2009:Q2, compared to 1,595.9 in the first quarter.
- Liquidity increased during the quarter, with the turnover ratio standing at 1.0%, compared to 0.4% recorded at the end of the first quarter.

1. Monetary Aggregates¹

In the second quarter of 2009, *narrow money* (M1) increased at a decreasing rate by 5.1%, compared with an increase by 9.6% witnessed during 2009:Q1 (Table 1). *Year-on-year*, the level of M1 was 0.8% lower than its level for 2008:Q2. In contrast to the growth in M1, *broad money* (M2) decreased by 0.6% during 2009:Q2 compared to a 0.8% increase in 2009:Q1. *Year-on-year*, the level of M2 was 2.4% higher than its level for previous period.

Table 1: Developments in Monetary Aggregates

(BD Million)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|----------------------|-------------|-------------|-------------|------------|-------------|
| M1 | 2,204.7 | 2,101.9 | 1,898.7 | 2,081.8 | 2,187.9 |
| <i>M1 Growth (%)</i> | <i>18.5</i> | <i>-4.7</i> | <i>-9.7</i> | <i>9.6</i> | <i>5.1</i> |
| M2 | 6,588.0 | 6,668.8 | 6,728.4 | 6,783.3 | 6,745.6 |
| <i>M2 Growth (%)</i> | <i>8.8</i> | <i>1.2</i> | <i>0.9</i> | <i>0.8</i> | <i>-0.6</i> |

Source: Central Bank of Bahrain

Table 2 (next page) presents data on the different components of the money supply, providing further insights into the driving forces behind the movements in M1 and M2.

First, it shows that the growth of M1 was largely influenced by a 5.3% increase in demand deposits during 2009:Q2. There was also an increase of 3.7% in the level of currency outside banks from BD 307.4 million in the first quarter to BD 318.9 million by the end of the second quarter. In contrast, there was a 3.1% decrease in savings and time deposits from BD 4,701.5 million in the first quarter to BD 4,557.7 million in 2009:Q2, which led to the decrease in M2.

¹ M1 is the sum of currency in circulation and demand deposits. M2 equals M1 plus savings and time deposits.

Table 2: Developments in Components of Money Supply

(BD Million)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|---------------------------|-------------|-------------|--------------|-------------|-------------|
| Currency Outside Banks | 275.5 | 307.2 | 304.2 | 307.4 | 318.9 |
| <i>Growth Rate (%)</i> | <i>3.8</i> | <i>11.5</i> | <i>-1.0</i> | <i>1.1</i> | <i>3.7</i> |
| Demand Deposits | 1,929.2 | 1,794.7 | 1,594.5 | 1,774.4 | 1,869.0 |
| <i>Growth Rate (%)</i> | <i>20.9</i> | <i>-7.0</i> | <i>-11.2</i> | <i>11.3</i> | <i>5.3</i> |
| Savings and Time Deposits | 4,383.3 | 4,566.9 | 4,829.7 | 4,701.5 | 4,557.7 |
| <i>Growth Rate (%)</i> | <i>4.5</i> | <i>4.2</i> | <i>5.8</i> | <i>-2.7</i> | <i>-3.1</i> |

* Central government and the Social Insurance system

Source: Central Bank of Bahrain

Table 3: Contributions to Monetary Growth

(% Change)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|----------------------------------|--------------|--------------|--------------|--------------|-------------|
| Net Foreign Assets (NFA) | -8.0 | 14.8 | -31.8 | -22.3 | -0.5 |
| <i>Central Bank of Bahrain</i> | <i>-13.4</i> | <i>-16.0</i> | <i>5.0</i> | <i>-0.9</i> | <i>-3.5</i> |
| <i>Retail Banks</i> | <i>-2.5</i> | <i>42.6</i> | <i>-51.3</i> | <i>-46.8</i> | <i>6.1</i> |
| Net Domestic Assets (NDA) | 26.0 | -4.1 | 33.3 | 11.5 | 0.2 |
| <i>Claims on Government</i> | <i>10.9</i> | <i>6.8</i> | <i>-4.4</i> | <i>34.7</i> | <i>9.3</i> |
| <i>Claims on Private Sector</i> | <i>10.9</i> | <i>8.2</i> | <i>7.2</i> | <i>-1.5</i> | <i>0.3</i> |
| <i>Other Assets (net)</i> | <i>12.9</i> | <i>-35.8</i> | <i>-38.1</i> | <i>30.2</i> | <i>-8.4</i> |

Source: Central Bank of Bahrain

An examination of the *sources of monetary expansion* reveals that a 0.2% increase in net domestic assets (NDA) was the key driver of the expansion in money supply during the second quarter (Table 3). Growth in NDA was primarily driven by claims on government, which grew by 9.3% during 2009:Q2.

Liabilities continue to exceed assets on the “other assets (net)” category, with the net deficit widening by 8.4% during the quarter.

On the other hand, net foreign assets (NFA) declined by 0.5% during the quarter. This was mainly due to a 3.5% decline in claims on Central Bank of Bahrain.

2. Credit Developments

During 2009:Q2, total domestic credit increased by 0.6% to BD 5,860.5 million, compared to the 1.1% decrease registered in the previous quarter (Table 4). The major factor behind this trend was the growth in credit to general government by 11.4% compared to the 6.9% growth in the first quarter. In addition, credit to private sector increased also by 0.05%, compared to the 1.5% decrease during 2009:Q1.

Table 4: Trends in Domestic Credit

(BD Million)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|--------------------------------|---------|---------|---------|---------|---------|
| Total Domestic Credit | 5,077.3 | 5,513.5 | 5,887.6 | 5,823.3 | 5,860.5 |
| <i>Growth (%)</i> | 9.8 | 8.6 | 6.8 | -1.1 | 0.6 |
| Credit to General Government | 232.6 | 305.3 | 283.2 | 302.8 | 337.4 |
| <i>Growth (%)</i> | 9.7 | 31.3 | -7.2 | 6.9 | 11.4 |
| Credit to Private Sector | 4,844.7 | 5,208.2 | 5,604.4 | 5,520.5 | 5,523.1 |
| <i>Growth (%)</i> | 9.8 | 7.5 | 7.6 | -1.5 | 0.05 |
| Memo Items | | | | | |
| Share of Private Sector Credit | 95.4 | 94.5 | 95.2 | 94.8 | 94.2 |
| Share of Public Sector Credit | 4.6 | 5.5 | 4.8 | 5.2 | 5.8 |

Source: Central Bank of Bahrain

Year-on-year, total domestic credit expanded by 15.4%, a slower growth than the 47.0% growth rate registered in 2008 for the same period. Private sector credit shows a similar pattern, with year-on-year growth of 14.0%. The year-on-year growth of total domestic credit, as well as private sector credit, was lower than the growth in 2008 nominal GDP (18.6%).

In terms of composition, the private sector continues to receive the bulk of domestic credit, accounting for 94.2% during the second quarter.

A breakdown of private sector credit indicates that lending to business continued to fall during the second quarter, decreasing by 0.2% compared to the 0.03% drop recorded during 2009:Q1 (see Table 5, next page). However, Personal loans increased during the quarter by 0.7% compared to 4.8% decreases experienced during the previous quarter. Year-on-year,

Business loans expanded by 32.9%. In contrast, Personal loans decreased by 14.3% for the same period.

Table 5 also presents a breakdown of lending to the private sector by activity. Personal loans stood at BD 1,663.1 million at the end of 2009:Q2, accounting for 30.1% of total outstanding private sector credit. Personal loans “with salary assignment” represented the largest proportion of personal loans (52.2%). Personal loans “secured by property mortgage” were the next largest component of total personal loans, accounting for 20.6%.

The increase in personal loans in 2009:Q2 was mainly due to the 5.0% increase in “secured by property mortgage”. This increase was followed by 1.9% and 0.7% increase in “secured by vehicle title” and “credit card receivables” respectively.

Business loans stood at BD 3,860.0 million in 2009:Q2, representing 69.9% of outstanding private sector credit. Loans to the “construction and real estate” segment accounted for the largest share of business loans (40.8%), with the “trade” segment in second place at 27.4%. The fall in business loans during 2009:Q2 occurred in “manufacturing” segment, which decreased by 3.3%. This was followed by “non-bank financial” and “trade”, which decreased by 3.0% and 2.9% respectively. Notably, there was a significant growth rate in loans to “mining and quarrying” by 35.1%.

Table 5: Trends in Retail Private Domestic Credit

(BD Millions)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 | 2009:Q2 GROWTH (%) |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|
| BUSINESS | 2,904.8 | 3,540.3 | 3,870.5 | 3,869.4 | 3,860.0 | -0.2 |
| --Manufacturing | 416.2 | 414.7 | 464.3 | 415.6 | 401.8 | -3.3 |
| --Mining and Quarrying | 4.2 | 5.8 | 8.1 | 9.7 | 13.1 | 35.1 |
| --Agriculture, Fishing and Dairy | 6.4 | 7.5 | 8.7 | 4.9 | 5.5 | 12.2 |
| --Construction and Real Estate | 1,027.6 | 1,425.8 | 1,539.7 | 1,504.4 | 1,576.7 | 4.8 |
| --Trade | 854.0 | 1,023.9 | 1,065.4 | 1,088.4 | 1,057.1 | -2.9 |
| --Non-bank Financial | 259.7 | 249.8 | 226.5 | 276.9 | 268.5 | -3.0 |
| --Transport and Communication | 77.3 | 113.7 | 84.8 | 124.2 | 132.4 | 6.6 |
| --Hotels and Restaurants | 55.9 | 71.3 | 84.9 | 67.4 | 72.1 | 7.0 |
| --Other Sectors | 203.5 | 227.8 | 388.1 | 377.9 | 332.8 | -11.9 |
| PERSONAL | 1,939.9 | 1,667.9 | 1,733.9 | 1,651.1 | 1,663.1 | 0.7 |
| --Secured by Property Mortgage | 646.2 | 445.3 | 374.5 | 326.7 | 342.9 | 5.0 |
| --Secured by Vehicle Title | 114.5 | 106.4 | 128.7 | 127.4 | 129.8 | 1.9 |
| --Secured by Deposits | 72.9 | 36.8 | 32.9 | 28.6 | 25.1 | -12.2 |
| --With Salary Assignment | 871.7 | 765.8 | 803.5 | 877.8 | 868.9 | -1.0 |
| --Credit Card Receivables | 74.8 | 77.8 | 79.5 | 76.1 | 76.6 | 0.7 |
| Other | 159.8 | 235.8 | 314.8 | 214.5 | 219.8 | 2.5 |
| TOTAL | 4,844.7 | 5,208.2 | 5,604.4 | 5,520.5 | 5,523.1 | 0.05 |

Source: Central Bank of Bahrain

3. Interest Rates

Short-term interest rates decreased during 2009:Q2. The 3-month and 6-month inter-bank rates decreased to 1.6% and 2.0% respectively by the end of the quarter as well as the (3-month and 6-month) treasury bill yield which decreased to 1.1% and 1.3% respectively. The CBB key policy rate remained unchanged at 0.75 for the same period.

Table 6: Structure of Interest Rates

(%)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|--|---------|---------|---------|---------|---------|
| 3 Month Inter-bank Rate (BHIBOR)* | 2.8 | 3.6 | 2.8 | 2.2 | 1.6 |
| 6 Month Inter-bank Rate (BHIBOR)* | 3.3 | 3.7 | 2.9 | 2.3 | 2.0 |
| CBB Key Policy Rate (end-of-quarter) | 2.0 | 2.0 | 0.75 | 0.75 | 0.75 |
| 3 Month Treasury Bill Yield | 2.1 | 2.3 | 2.8 | 1.2 | 1.1 |
| 6 Month Treasury Bill Yield | 2.2 | 2.4 | 3.0 | 1.5 | 1.3 |
| Commercial Bank Lending Rate—Personal** | 7.8 | 8.2 | 8.1 | 7.9 | 8.1 |
| Commercial Bank Lending Rate—Business** | 6.9 | 6.8 | 7.4 | 7.0 | 6.9 |
| Commercial Bank Deposit Rate (3-12 mths)** | 1.8 | 1.9 | 1.3 | 1.6 | 1.5 |

*BHIBOR was introduced in December 2006

** Weighted averages of rates during the last month of each quarter

Source: Central Bank of Bahrain

The weighted lending rate for business loans decreased slightly to 6.9% during the period (from 7.0% in 2009:Q1). On the other hand, the rate for personal loans increased to 8.1%. In contrast, average deposit rates (3-12 months) decreased from 1.6% to 1.5% during the quarter, resulting in a wider spread between both personal and business loan rates against deposit rates.

4. Domestic Prices

Inflation numbers for 2009:Q2 show that the consumer price index decreased slightly by 0.3%, compared to 0.5% increase in the first quarter. *Year-on-year*, inflation increased by 3.1% (Table 7).

Table 7: Consumer Price Index

(2006=100)

| Major Group of Commodities | 2008:Q2* | 2008:Q3* | 2008:Q4* | 2009:Q1* | 2009:Q2* |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Food, Beverages & Tobacco | 115.5 | 116.7 | 119.5 | 127.3 | 125.0 |
| Alcoholic beverages & Tobacco** | - | - | - | 106.8 | 107.3 |
| Clothing & Footwear | 103.9 | 103.9 | 104.6 | 104.3 | 104.5 |
| Housing, Water, Electricity & Fuels | 105.7 | 108.4 | 109.5 | 109.5 | 109.5 |
| Household Goods & Services | 105.4 | 107.0 | 109.4 | 109.4 | 111.5 |
| Healthcare Services | 101.4 | 102.4 | 101.7 | 101.7 | 101.6 |
| Transport | 101.2 | 101.6 | 102.6 | 101.5 | 101.6 |
| Communication | 100.0 | 100.0 | 100.0 | 100.0 | 98.3 |
| Recreation & Culture | 100.2 | 100.2 | 103.5 | 105.3 | 105.3 |
| Education | 101.9 | 102.7 | 103.6 | 103.6 | 103.6 |
| Restaurants** | - | - | - | 106.0 | 106 |
| Miscellaneous | 106.0 | 108.6 | 111.7 | 113.7 | 114.5 |
| General Index | 106.1 | 107.4 | 109.2 | 109.7 | 109.4 |

*Quarterly averages

** Separated from food, beverage & tobacco section due to basket revision.

Source: Central Informatics Organisation

On a year-on-year basis², prices for “miscellaneous” goods increased by 8.0% to reach 114.5 index points. Next were “household goods & services”, which increased by 5.8% to reach an average of 111.5 index points. For the same period, “communication” decreased by 1.7% to reach 98.3 index point.

² Year-on-year comparisons for the CPI use average quarterly data.

For the latest quarter, the highest price rise was in the “household goods & services”, which grew on average by 1.9%, this was followed by “miscellaneous” segment, which experienced a price increase of 0.7%.

5. Domestic Public Debt

The size of Bahrain’s domestic public debt (securities only) increased significantly to BD 1,038.0 million during the second quarter, compared to BD 820.0 in the previous quarter (Table 8).

Table 8: Domestic Public Debt Outstanding

(BD Millions)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|-----------------------------|--------------|--------------|--------------|--------------|----------------|
| Total Outstanding | 705.0 | 705.0 | 705.0 | 820.0 | 1,038.0 |
| --% of GDP | 8.6 | 8.6 | 8.6 | 10.0 | 12.6 |
| Development Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Treasury Bills | 180.0 | 180.0 | 180.0 | 295.0 | 325.0 |
| Islamic Leasing Securities | 507.0 | 507.0 | 507.0 | 507.0 | 695.0 |
| Al Salam Islamic Securities | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 |

Source: Central Bank of Bahrain

The outstanding balance of treasury bills increased to BD 325.0 million, as the new issuance of T-bills reached BD 265.0 million and the matured T-bills reached BD 235.0 million. In addition, the Islamic leasing securities also increased to BD 695.0 million as the new issuance of the Islamic securities reached BD 297.0 million. Al Salam Islamic securities outstanding remained unchanged at BD 18.0 million. Domestic public debt as a percentage of 2008 nominal GDP stood at 12.6% at the end of 2009:Q2.

6. Exchange Rates and Official Reserves

During 2009:Q2, the Bahraini dinar depreciated against all major key currencies (Pound Sterling, Euro, Japanese Yen, and Swiss Franc) (Table 9).

Table9: BD Exchange Rates Against Selected Currencies*

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|----------------|---------|---------|---------|---------|---------|
| US Dollar | 0.376 | 0.376 | 0.376 | 0.376 | 0.376 |
| Pound Sterling | 0.750 | 0.686 | 0.543 | 0.538 | 0.625 |
| Euro | 0.593 | 0.543 | 0.530 | 0.499 | 0.530 |
| Japanese Yen** | 3.550 | 3.530 | 4.160 | 3.820 | 3.940 |
| Swiss Franc | 0.369 | 0.342 | 0.355 | 0.328 | 0.348 |

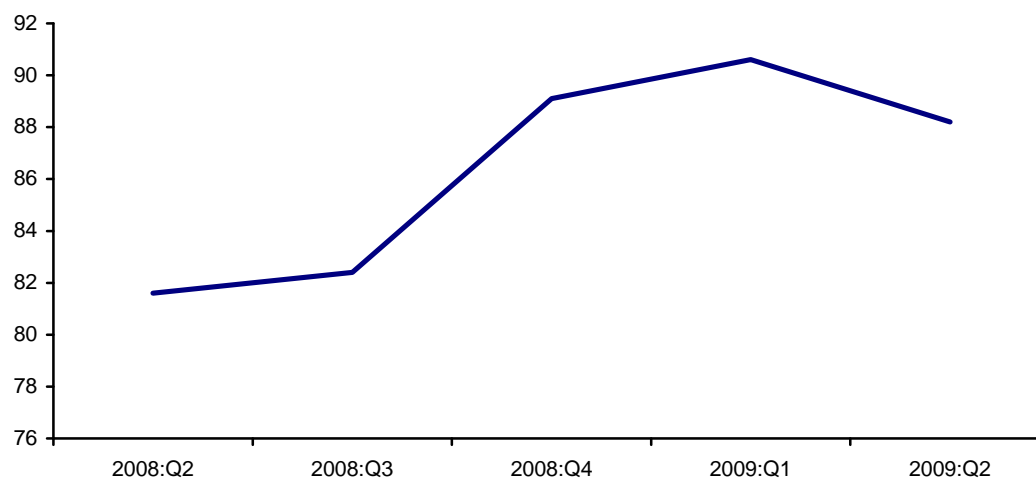
*Last working day of each period

** Per 1000 units

Source: Central Bank of Bahrain

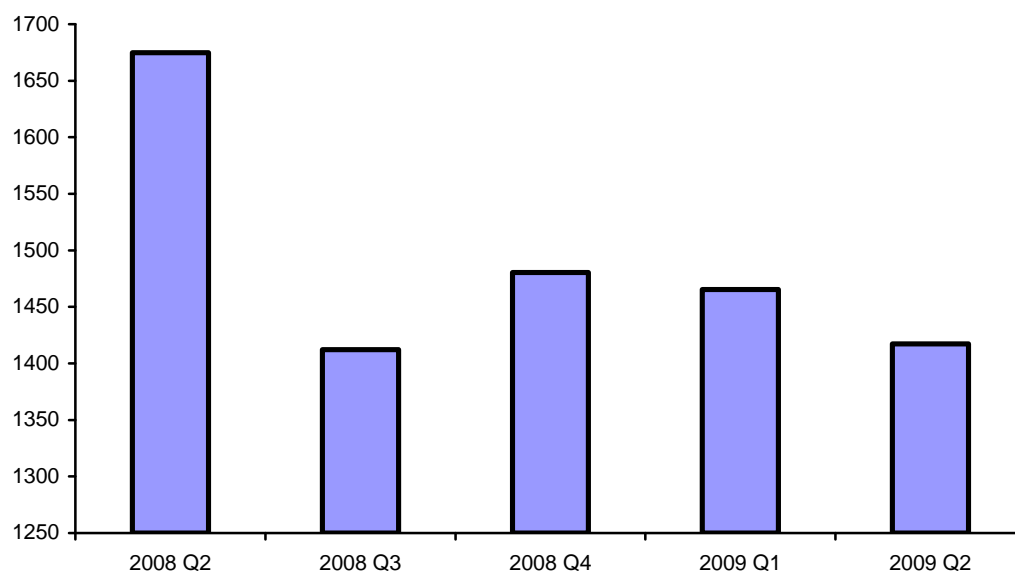
Bahrain's Real Effective Exchange Rate (REER) (2000=100) decreased for the second quarter and recorded an index value of 88.2, compared to 90.6 during the previous quarter (Chart 2).

**Chart 2: Trends in Real Effective Exchange Rates
(2000=100; period averages)**



Source: IMF, International Financial Statistics, September 2008

During the second quarter, official reserves decreased with the total level of reserves (gold, foreign exchange, SDR and IMF reserve position) standing at BD 1,417.2 million at the end of the quarter (Chart 3). This was 3.3% lower than the level at the end of the first quarter and 15.4% lower than the level attained during the same period of 2008.

Chart 3: Trends in Official Reserves—2008:Q2-2009:Q2 (BD Million)*

*Includes holdings of gold, foreign currencies, SDR and reserve position at the IMF
 Source: Central Bank of Bahrain

7. The Stock Market

During 2009:Q2, total market capitalisation of the Bahrain Stock Exchange (BSE) decreased by 0.9% to reach BD 6,482.8 million, compared to BD 6,540.8 million registered last quarter (Table 10). Year-on-year, market capitalisation was 43.6% lower. The decrease in market size during 2009:Q2 was mainly due to the decrease in “insurance” segment which decreased by 15.5%, followed by “investment” and “industrial” segments, which decreased by 7.8% and 2.2% respectively.

Table 10: Market Capitalisation on the Bahrain Stock Exchange*

(BD Million)

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 | 2009:Q2 Growth (%) |
|-------------------|-----------------|-----------------|----------------|----------------|----------------|-----------------------|
| Commercial Banks | 4,092.1 | 3,535.2 | 2,531.3 | 2,079.0 | 2,206.6 | 6.1 |
| Investment | 5,399.4 | 4,971.6 | 3,376.7 | 3,026.5 | 2,789.7 | -7.8 |
| Insurance | 205.1 | 208.9 | 201.7 | 196.5 | 166.1 | -15.5 |
| Services | 1,627.8 | 1,390.3 | 1,242.9 | 1,076.6 | 1,148.4 | 6.7 |
| Industrial | 15.9 | 15.9 | 14.7 | 13.9 | 13.6 | -2.2 |
| Hotel and Tourism | 147.1 | 154.0 | 152.6 | 148.3 | 158.3 | 6.7 |
| TOTAL | 11,487.5 | 10,276.2 | 7,520.1 | 6,540.8 | 6,482.8 | -0.9 |

end of quarter numbersSource: Bahrain Stock Exchange*

The BSE All-Share Index fell to 1,581.67 points in the second quarter of 2009 (compared to 1,595.85 in 2009:Q1) (Table 11). Measured year-on-year, the index level during 2009:Q2 was 44.7% lower than the corresponding figure for 2008:Q2.

Table 11: Sectoral Indices of Bahrain All-Share Index*

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Commercial banks | 3,690.81 | 3,188.52 | 2,117.04 | 1,733.49 | 1,839.84 |
| Investment | 2,593.06 | 2,207.05 | 1,582.53 | 1,474.93 | 1,359.10 |
| Insurance | 2,313.98 | 2,358.51 | 2,275.97 | 2,215.52 | 1,867.73 |
| Services | 2,145.66 | 1,832.63 | 1,638.30 | 1,418.97 | 1,513.66 |
| Industrial | 1,374.20 | 1,376.77 | 1,273.93 | 1,199.49 | 1,179.04 |
| Hotel and Tourism | 2,745.52 | 2,875.28 | 2,848.57 | 2,767.96 | 2,954.42 |
| OVERALL INDEX | 2,859.03 | 2,462.72 | 1,804.07 | 1,595.85 | 1,581.67 |

end of quarter numbersSource: Bahrain Stock Exchange*

Liquidity on the BSE increased during 2009:Q2, with the turnover ratio (value of trading as a share of market capitalisation) increased to 1.0%, versus 0.4% during the previous quarter (Table 12). For the same periods, the “commercial banks” and “investment” segments represented 55.9% and 27.7% of value of shares traded respectively .

Table 12: Liquidity on the BSE

| | 2008:Q2 | 2008:Q3 | 2008:Q4 | 2009:Q1 | 2009:Q2 |
|---|----------|----------|---------|---------|---------|
| A. Overall Market Liquidity (BD Million) | | | | | |
| Value of Shares Traded | 203.6 | 79.0 | 193.3 | 26.1 | 64.7 |
| Market Capitalisation | 11,487.5 | 10,276.2 | 7,520.2 | 6,540.8 | 6,482.8 |
| Turnover Ratio* | 1.8 | 0.8 | 2.2 | 0.4 | 1.0 |
| B. Value of Shares Traded by Sector (% Shares) | | | | | |
| Commercial Banks | 45.8 | 46.2 | 38.3 | 27.3 | 55.9 |
| Investment | 43.7 | 41.8 | 23.6 | 55.2 | 27.7 |
| Insurance | 1.0 | 0.8 | 0.2 | 0.5 | 0.9 |
| Services | 8.5 | 10.2 | 24.5 | 14.8 | 14.8 |
| Industrial | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 |
| Hotel and Tourism | 0.8 | 1.0 | 0.2 | 1.8 | 0.6 |

*Turnover ratio is calculated as value of shares traded as a percentage of total market capitalisations

**Figures may not add to a hundred due to rounding

Source: Bahrain Stock Exchange

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