

From FDI Surges to Oil Slumps: Gulf Economies Juggle Growth & Uncertainty – Weekly Insights 23 May 2025

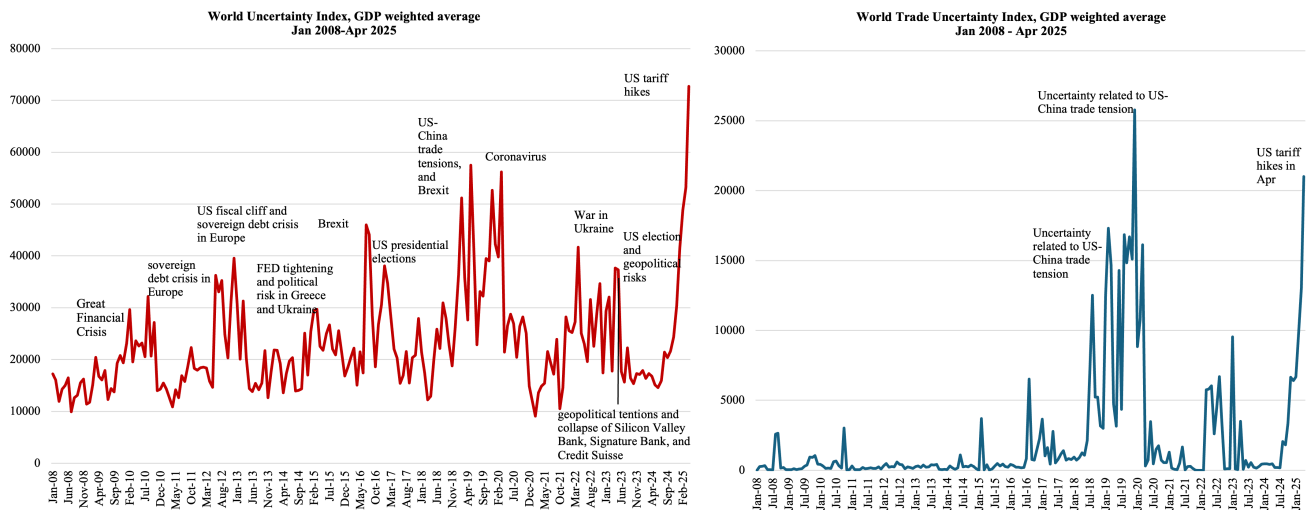
Uncertainty Indices. GCC US Treasury holdings. Bahrain GDP. Oman trade. Qatar FDI.

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1. Uncertainty Indices Remain Elevated after tariffs announced in Apr

- **World Uncertainty Index and World Trade Uncertainty Index** (which is built by counting the number of times uncertain or its variant is mentioned in EIU country reports) continues to surge in 2025.
- The data, updated as of early May, is at the highest ever for the overall World Uncertainty Index (higher than during Covid years) & nearing previous highs for the World Trade Uncertainty Index.
- The **Trade Uncertainty Index** (which counts the times uncertainty is mentioned in proximity to a word related to trade in EIU country reports) shows a surge to a value of 20,99.7 in Apr 2025 from 6,420 in Dec 2024. A breakdown of the index by country shows around **60 countries that have seen an increase in the trade uncertainty readings in Apr** (vs Mar).

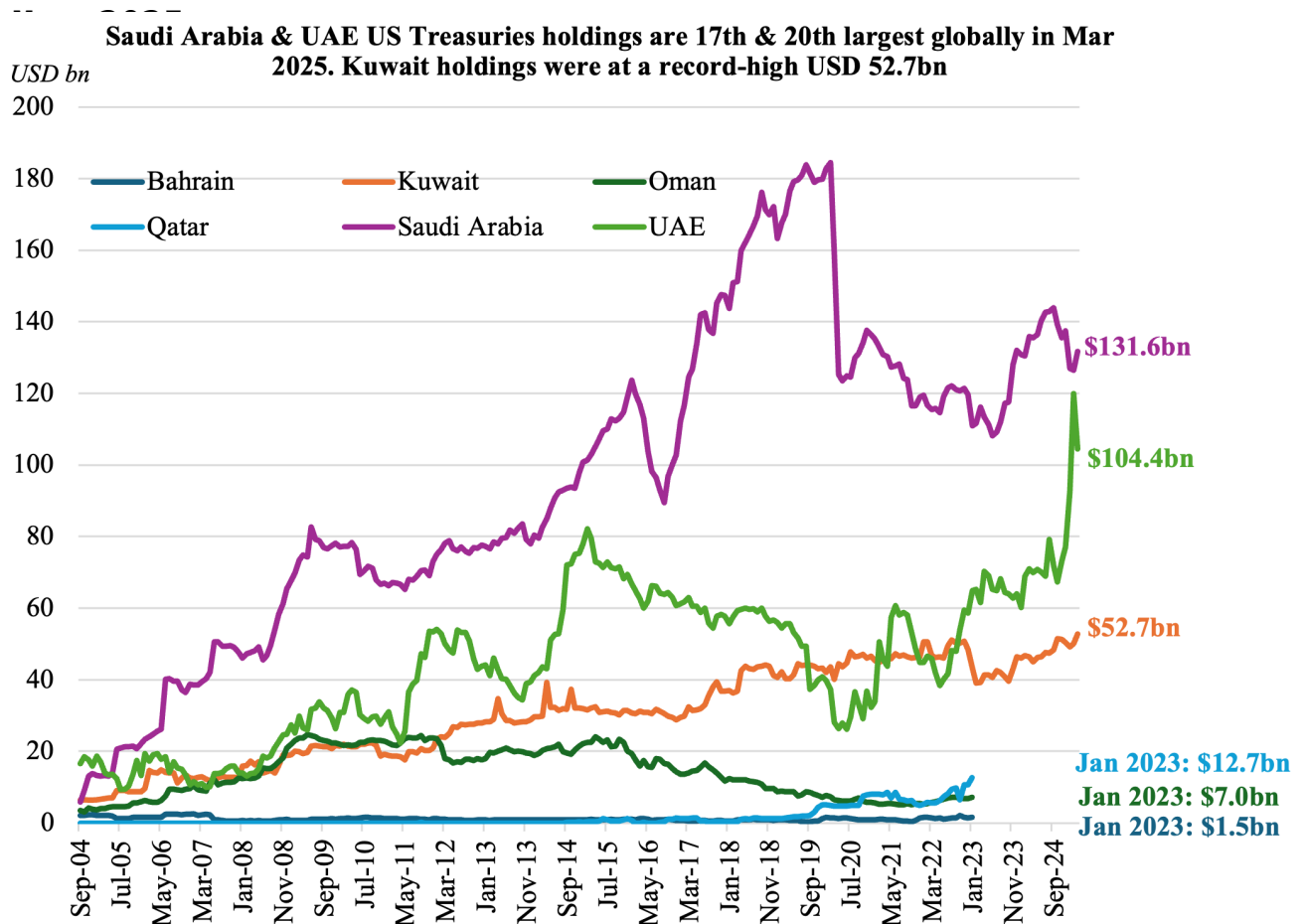


Source: World Uncertainty Index via <https://worlduncertaintyindex.com/data/> (updated as of May 2025)

Based on Ahir, H, N Bloom, and D Furceri (2022): "World Uncertainty Index", NBER Working Paper. <https://www.nber.org/papers/w29763>

2. China's Treasury holdings slipped to third highest globally in Mar 2025 (prior to the tariff hike announcement); UAE is the 20th largest holder while Kuwait surged to a record-high

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Source: US Treasury, LSEG Workspace. Chart by Nasser Saidi & Associates.

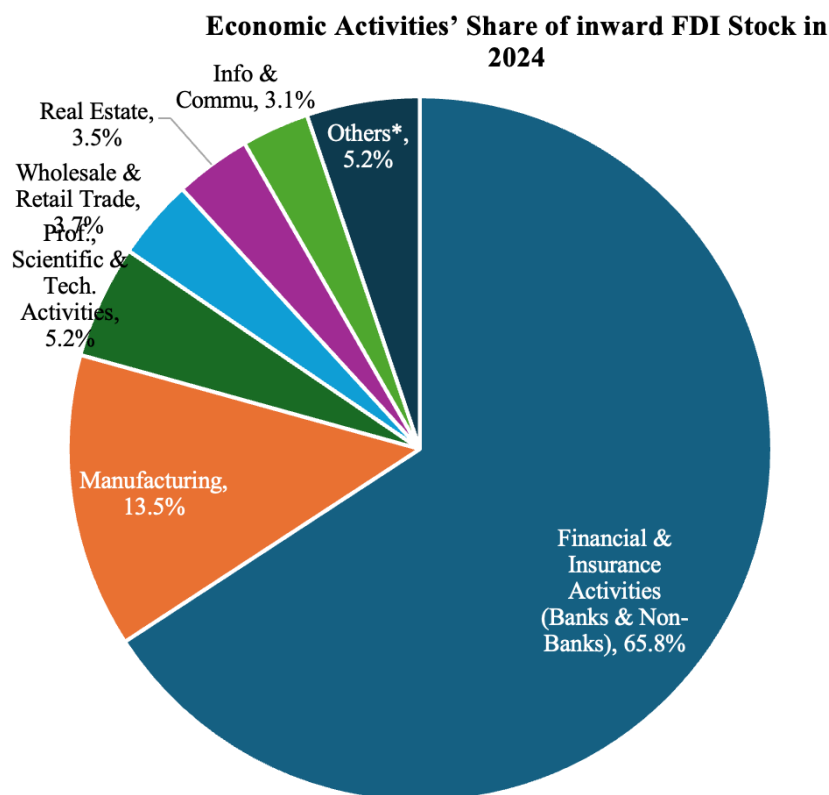
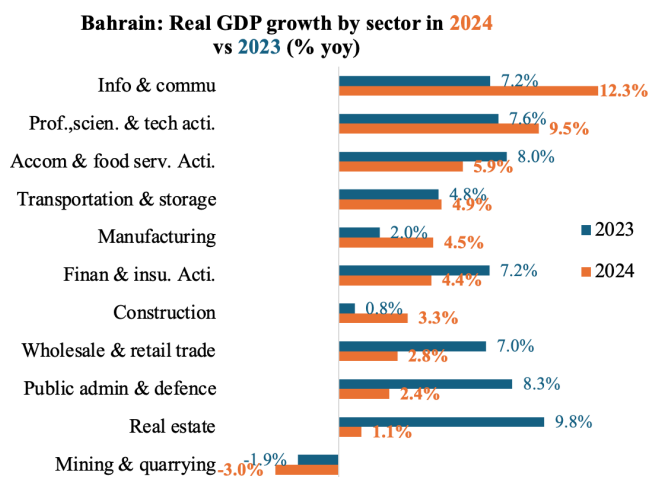
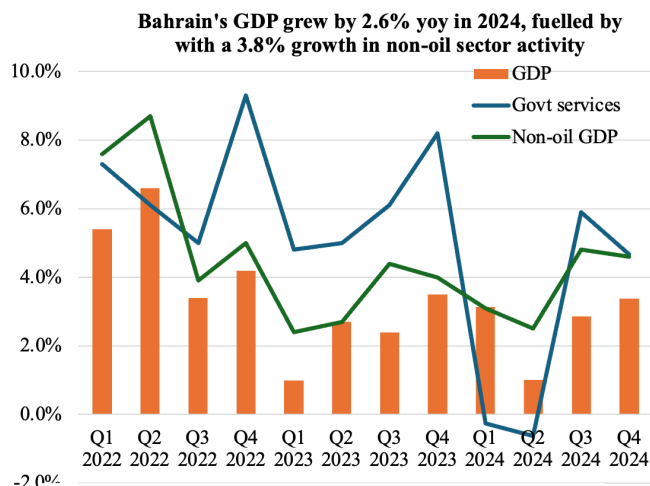
- **Foreign holdings of Treasuries** grew by 8.7% mom and 11.6% yoy to a new record USD 9.05trn in Mar, crossing the previous high of USD 8.82trn (Feb '25).
- While Japan remained the largest holder of US Treasuries in Mar, the UK overtook China as the second largest holder of US Treasury Securities.
- UK holdings grew by USD 29bn to USD 779bn. This is the first time UK holdings are higher than China since Oct 2000.
- China's holdings fell to USD 765bn at end-Mar, down from Feb's USD 784.3bn and a peak of USD 1.315trn in Jul 2011. Worthwhile noting that this drop is prior to the US announcement of higher tariffs.
- **Saudi Arabia remained the 17th largest global investor in Mar:** its holdings grew 4.09% mom while it fell by 3.2% yoy and 4.3% ytd to USD 131.6bn.
- **UAE holdings plunged** by 13.0% mom to USD 104.4bn but

stayed as the 20th largest holder of US Treasuries.

- **Kuwait posted a gain** of 5.3% mom and 13.8% yoy to a new record USD 52.7bn in Mar 2025.

3. Bahrain's GDP grew by 2.6% yoy in 2024, supported by a fast-growing non-oil sector (3.8%) as oil activity plunged; FDI into financial sector dominated in 2024

- **Real GDP in Bahrain grew by 2.6% in 2024**, supported by an uptick in non-oil sector (3.8%) vs decline in oil sector activity (-4.0%)
- **Real GDP growth was up by 3.4% yoy in Q4** (Q3: 2.9%), pushed by non-oil activity (4.6% following 4.8% in Q3) as oil sector plunged (Q4's 3.5% drop vs Q3's 6.73% dip)
- Among the non-oil non-govt sector, **information & communication** recorded the highest growth in 2024 (12.3% yoy) followed by **professional, scientific & technical** (9.5%) and accommodation & food services (5.9%).
- **Financial and insurance activities**, which contributed the most to real GDP in 2024 (17.2%), grew by 7.2% in 2024.
- In terms of **contribution to growth to real GDP in 2024**, financial & insurance sector was followed by manufacturing (15.1%), crude petroleum & natural gas (14.0%), government services (8.5%), and construction (6.6%).
- Separately, total inward FDI stock grew by 5.7% yoy to BHD 17.3bn in 2024. **Financial and insurance activities accounted for close to two-thirds of Bahrain's inward FDI stock in 2024** (65.8%), followed by manufacturing (13.5%); by country of origin of investment, Kuwait, Saudi Arabia and the UAE topped the list – each with a share of 35.2%, 23.5% and 9.8% respectively of total FDI stock.

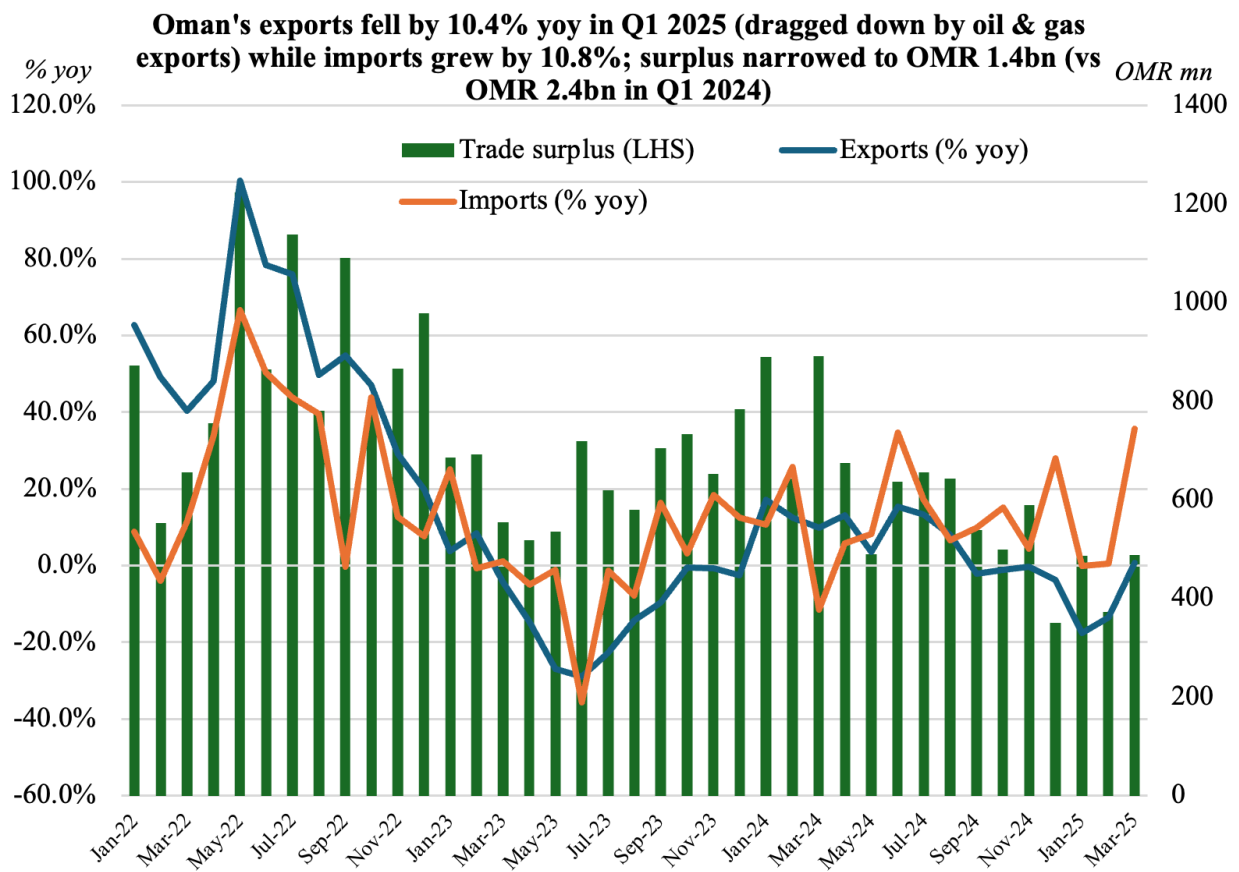


**Includes 11 other activities such as Transportation & Storage, Mining and Quarrying, Education, Construction, and Art, Entertainment and Recreation etc.*

Source: Ministry of Finance & National Economy, Information & eGovernment Authority, Bahrain Open Data Portal.

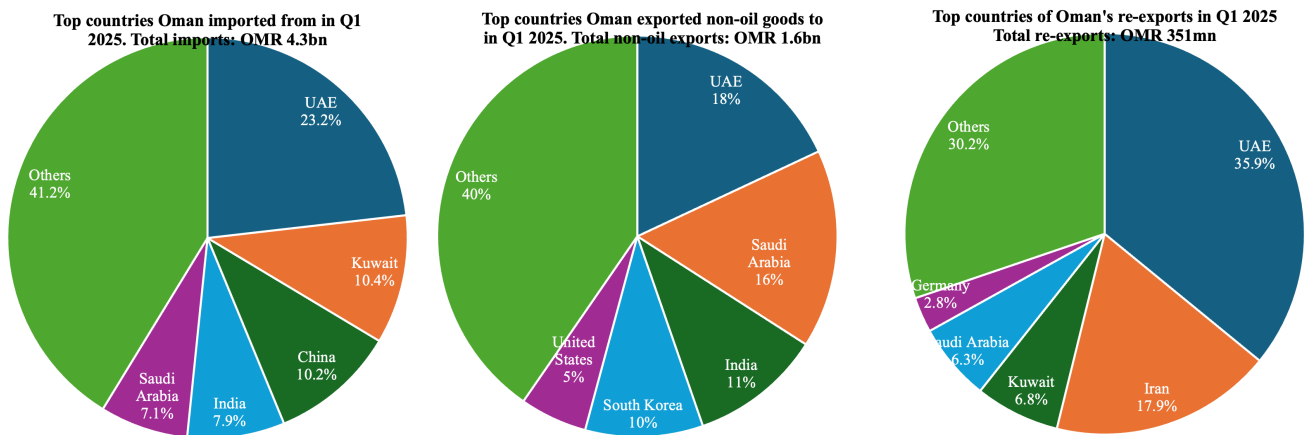
Charts by Nasser Saidi & Associates.

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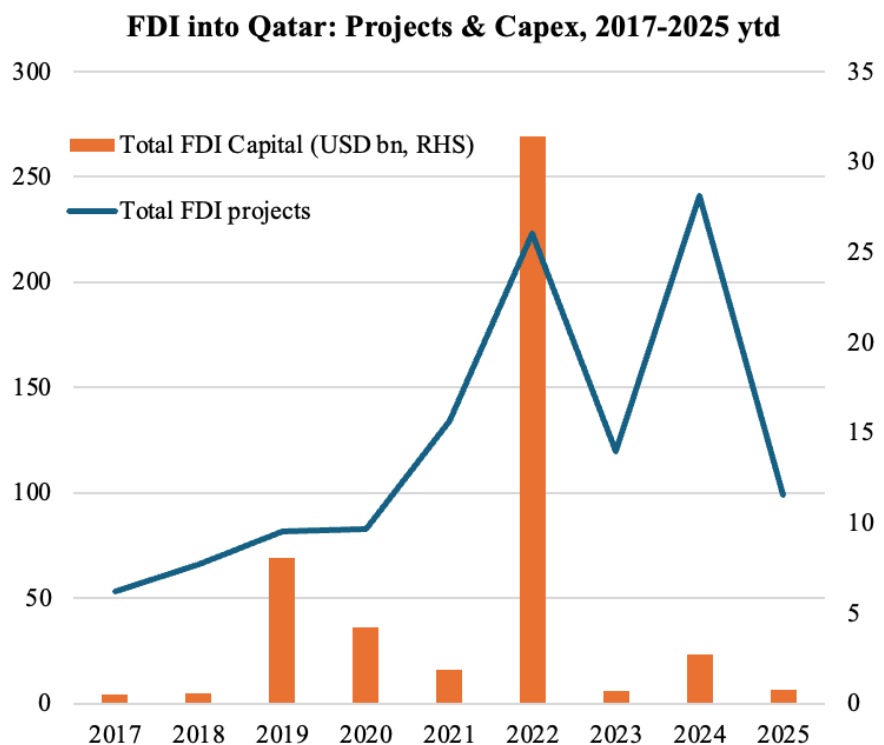
- **Oil and gas exports accounted for around two-thirds of Oman's overall exports in Q1 2025, (65.2% vs 69.5% in Q1 2024). Exports fell by 10.4% yoy to OMR 5.66bn (as oil exports plunged by 15.9% yoy to OMR 3.7bn). Imports increased by 10.8% to OMR 4.3bn) – resulting in a narrower trade surplus (OMR 1.35bn vs OMR 2.4bn in 2024).**
- **Non-oil exports during the year grew by 8.7% yoy to OMR 1.62bn; this comprised mainly mineral products (OMR 462mn, up by 14.1% yoy, but accounting for 8.1% share of total exports) and base metals & articles (OMR 339mn). Re-exports fell by 19.2% to OMR 351mn, with by electrical machinery & equipment and transport equipment accounting for 29.1% and 19.7% of total re-exports respectively.**
- **UAE was Oman's largest non-oil trade partner: non-oil exports to UAE grew by 25.5% yoy to OMR 259mn in Q1 2025, while re-exports were OMR 126mn. Oman's imports originated mainly from GCC: UAE was Oman's largest**

source of imports (OMR 995mn, or 23.1% of total); along with Kuwait and Saudi, the 3 countries accounted for 41% of imports.



Source: National Centre for Statistics & information, Oman. Charts by Nasser Saidi & Associates.

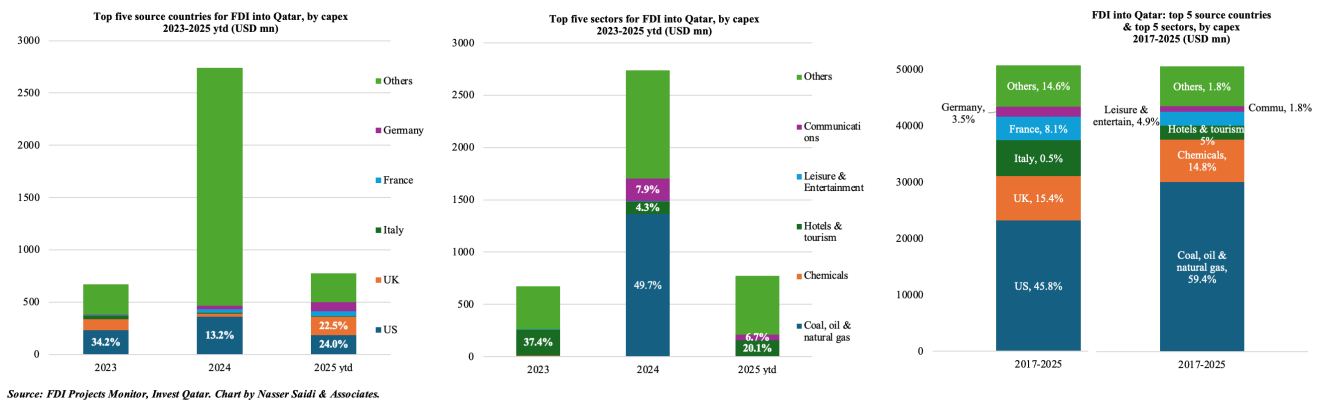
5. Qatar FDI projects more than doubled to 241 in 2024, with capex at USD 2.74bn



- **Invest Qatar launched a USD 1bn programme to attract investment inflows**, offering financial packages covering up to 40% of expenses for a 5-year period.
- **Number of FDI projects in Qatar stood at 241 in 2024**, a record-high & more than double the projects in 2023.

Greenfield projects accounted for close to three-fourth of total by number (& 96% by capex).

- By capex, **coal, oil and natural gas** was **top sector** into which FDI flowed in 2024 (close to 50% of total) followed by hotels & tourism projects (4.3% of total capex in 2024). In the **period 2017-2025**, coal, oil and natural gas accounted for almost 60% of capex while **hotels & tourism and leisure & entertainment** accounted for 10% of the total.
- By source country, **US and UK together accounted for 50% of total capex** in 2025 (year-to-date). In the period **2017-2025**, **US, UK and Italy together accounted for 74% of overall capex** while it was 85% including the top 5 (adding France & Germany).



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