



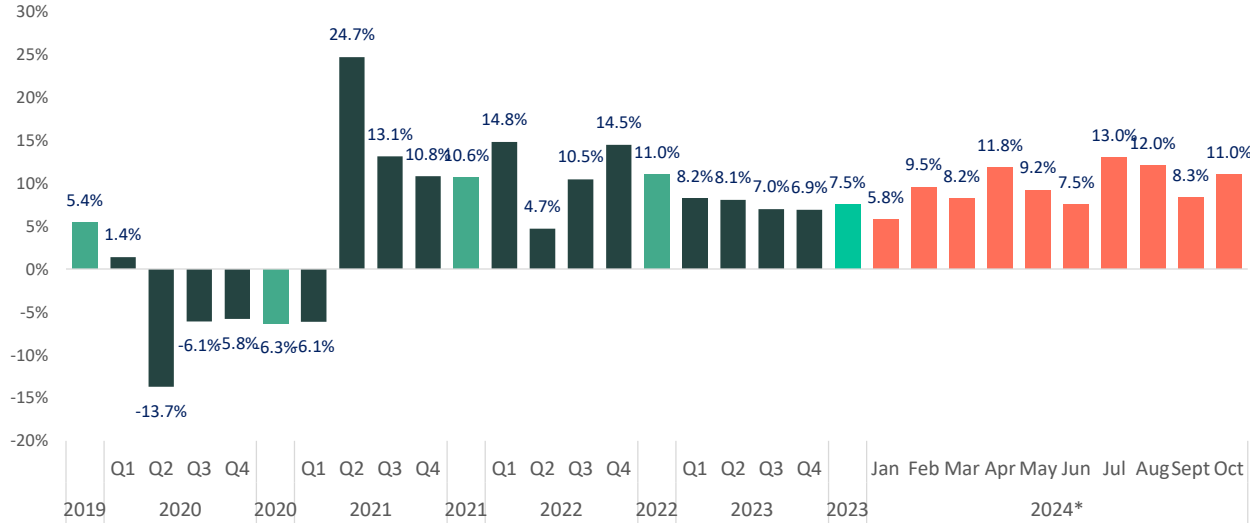
Current Economic Outlook

November, 2024

- In October 2024, the real GDP growth rate was 11.0 percent and average growth rate of the first ten months of 2024 was 10.0 percent, according to the preliminary estimates of the National Statistics Office.
- In November, annual inflation stood at 1.3 percent, while core inflation was 1.6 percent
- In October, exports increased by 39.0 percent year-on-year and imports decreased by 5.8 percent year-on-year, decreasing the trade deficit by 12.8 percent year-on-year to 759 million USD
- For October, the real effective exchange rate depreciated by 8.4 percent compared to the same period of the previous year and appreciated by 0.1 percent compared to the previous month
- The monetary policy rate is at 8 percent in November
- By the end of November, sovereign ratings for Georgia are following:
Fitch “BB stable” S&P “BB stable” Moody’s “Ba2 stable”

According to Preliminary Estimates Economic Growth in October was Equal to 11.0 percent

Economic Growth, % y/y

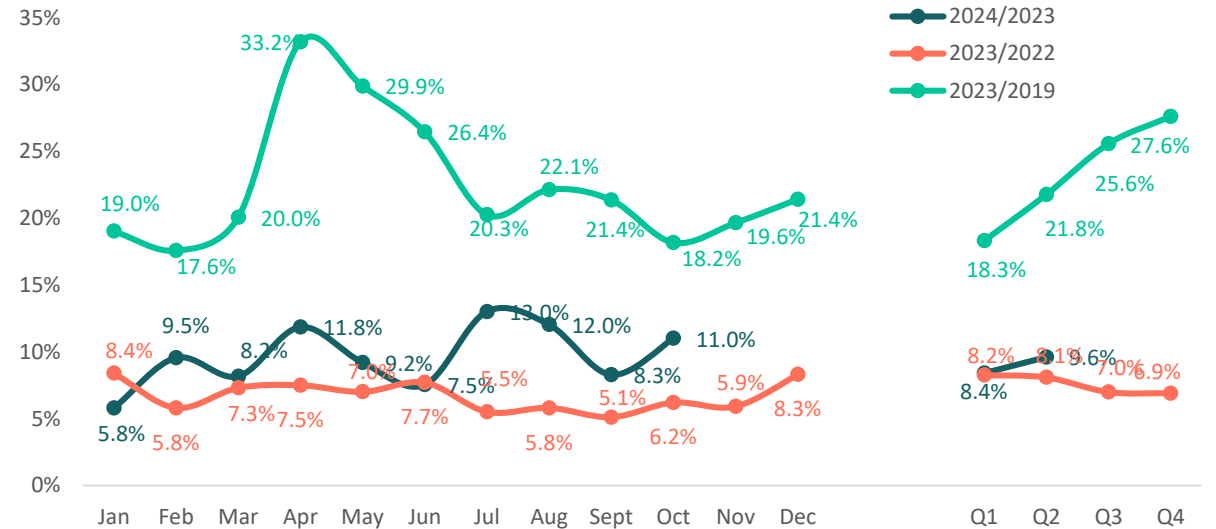


- Estimated real GDP growth rate in October 2024 equaled 11.0 percent YoY and average annual real GDP growth rate for the January-October of 2024 equals to 10.0 percent, while the seasonally adjusted economic growth in October comparing to the previous month was 2.2 percent.
- In October 2024 the estimated real growth compared to the same period of the previous year was observed in the following activities: Construction, Manufacturing, Financial and insurance activities, Information and Communication, Transportation and storage, Trade.

Economic Growth, % m/m

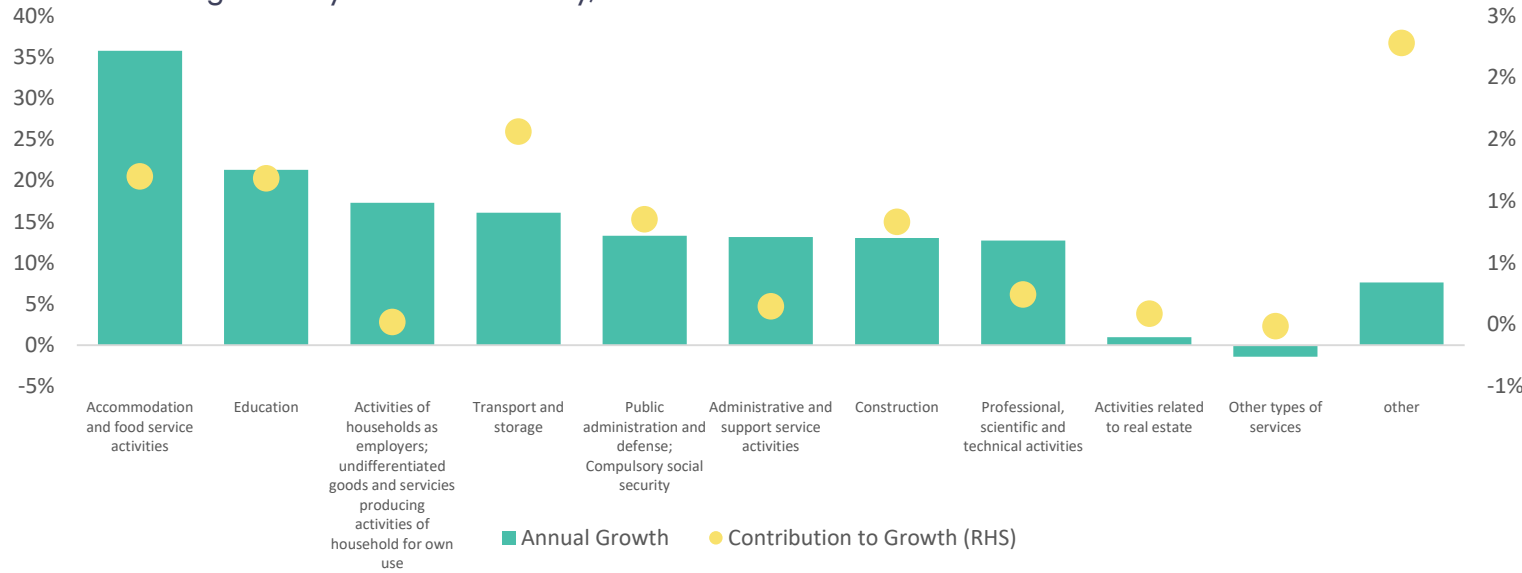


Economic Growth, 2024-2019



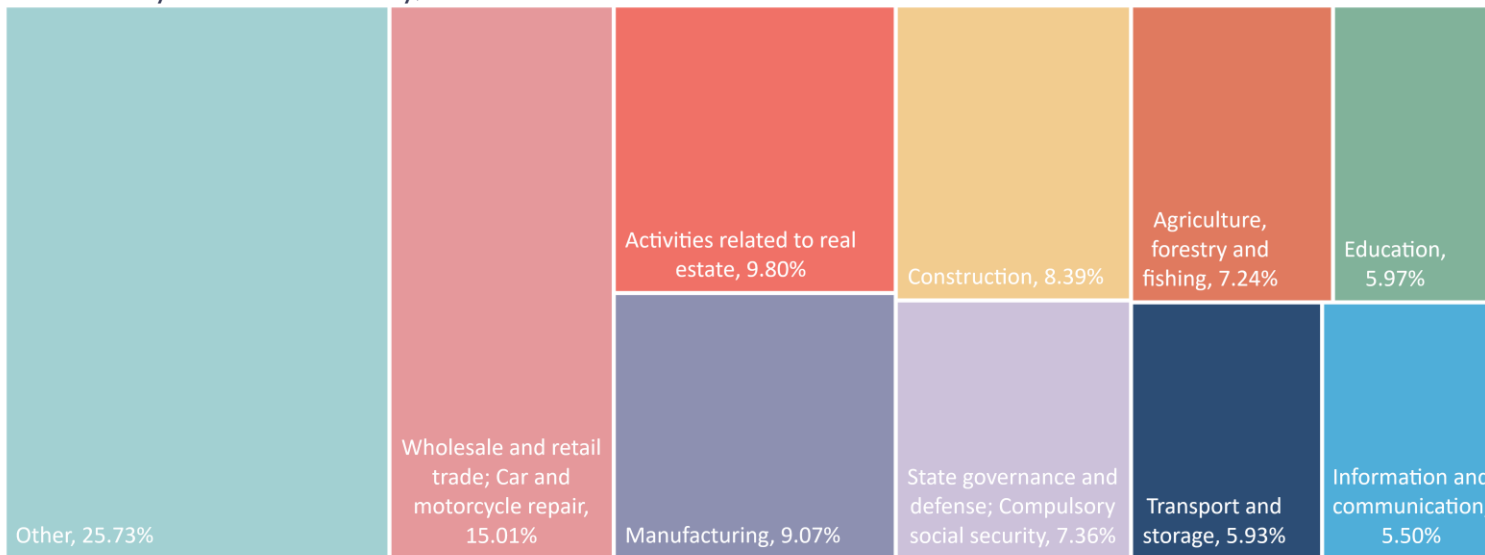
According to Preliminary Estimates, Real GDP Increased by 9.7 percent in the Second Quarter of 2024

Real GDP growth by economic activity, 2024 II Quarter



- According to preliminary estimates, the economy grew by 9.7 percent in the second quarter of 2024, and growth in the first quarter was set at 8.7 percent. Growth in the second quarter of 2024 represents a 34.3 percent increase over the second quarter of 2019.
- The following industries have made a significant contribution to growth of Q2 2024:
 - Accommodation and food service activities: 35.7 % (1.2 p.p.)
 - Education: 21.3% (1.2 p.p.)
 - Activities of households as employers; undifferentiated goods and services producing activities of household for own use : 17.3 % (0 p.p.)
 - Transport and warehousing: 16.1 % (1.6 p.p.)
 - State governance and defense; Mandatory social security: 13.3 % (0.9 p.p.)
 - Administrative and support service activities : 13.1% (0.1 p.p.)
 - Construction: 13.0 % (0.8 p.p.)
 - Professional, scientific and technical activities: 12.7 % (0.2 p.p.)
- The following sectors made a significant contribution to the decrease:
 - Electricity, gas, steam and air conditioning supply: -6.3% (-0.2 pp.)

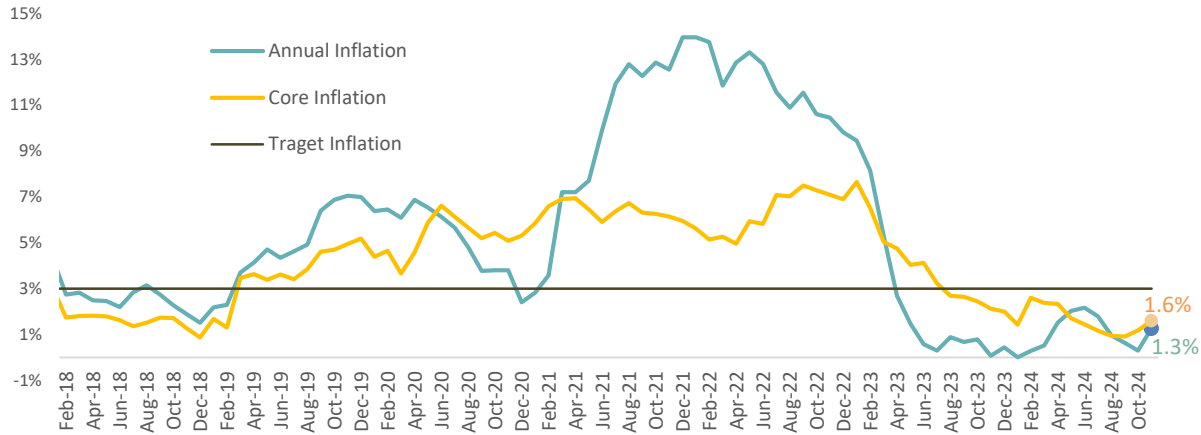
GDP by economic activity, 2024 II Quarter



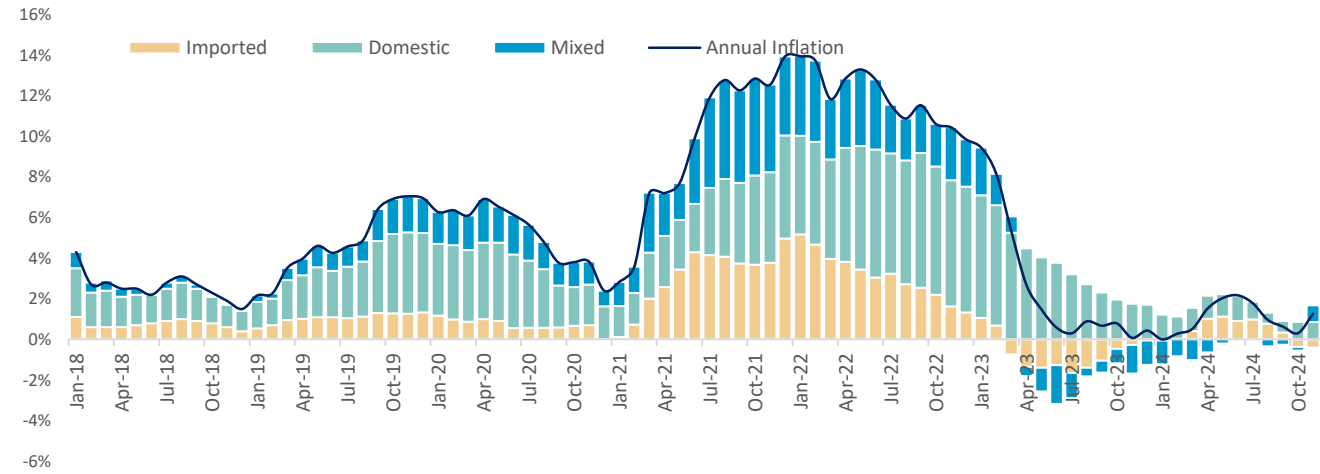
Source: Geostat

Annual Inflation in November has Reached 1.3 percent

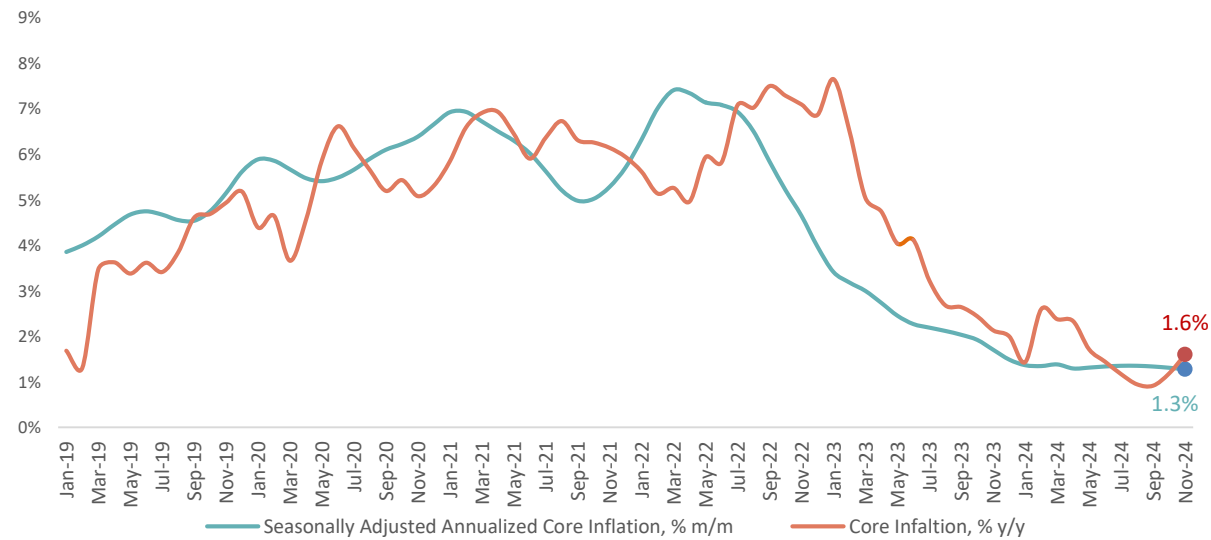
Total and Core Inflation, % y/y



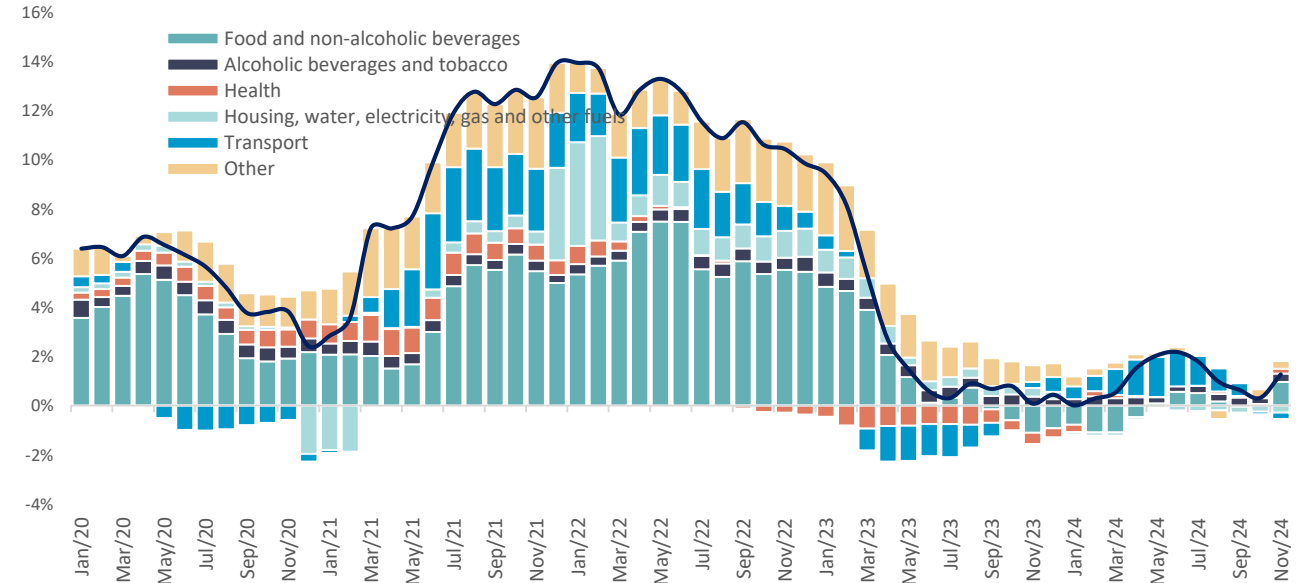
Inflation Decomposition



Core Inflation, % m/m



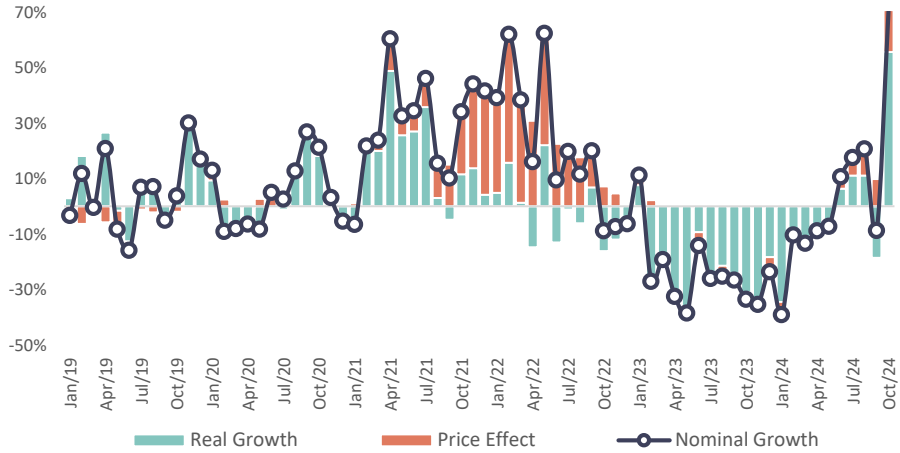
Inflation Decomposition by product group



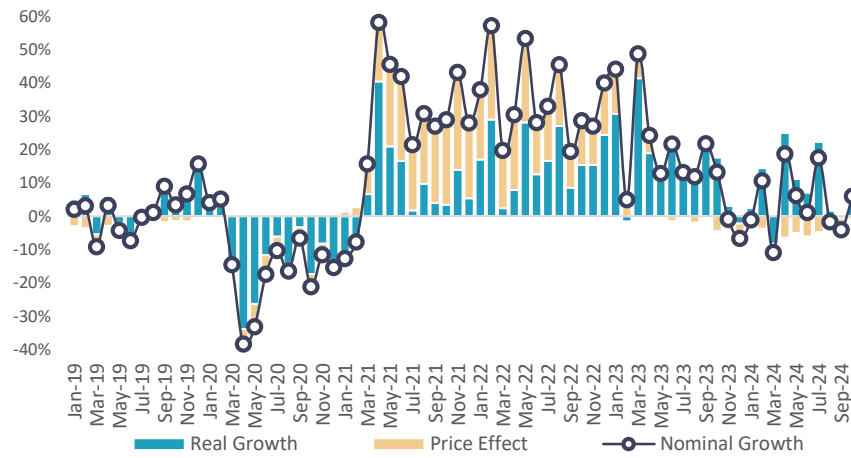
Source: Geostat, NBG, MOF

Trade Deficit in October Decreased by 12.8 percent Annually

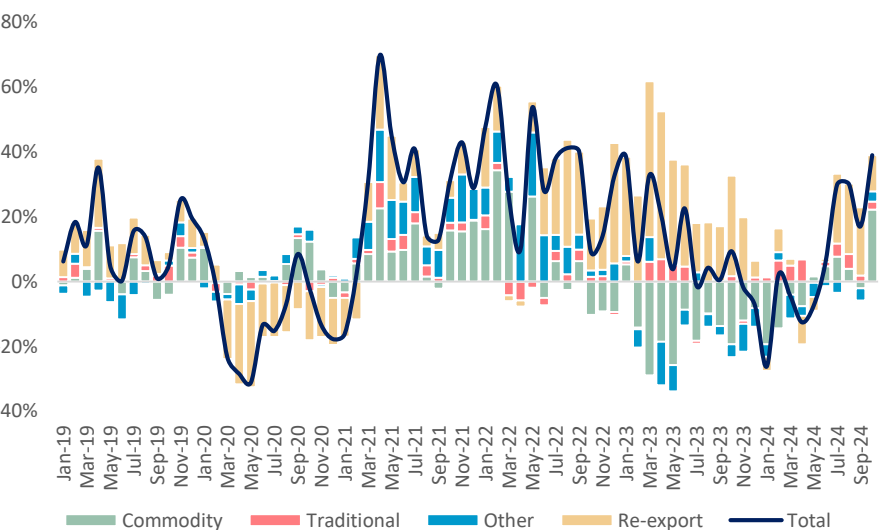
Change of Domestic Export, %/y



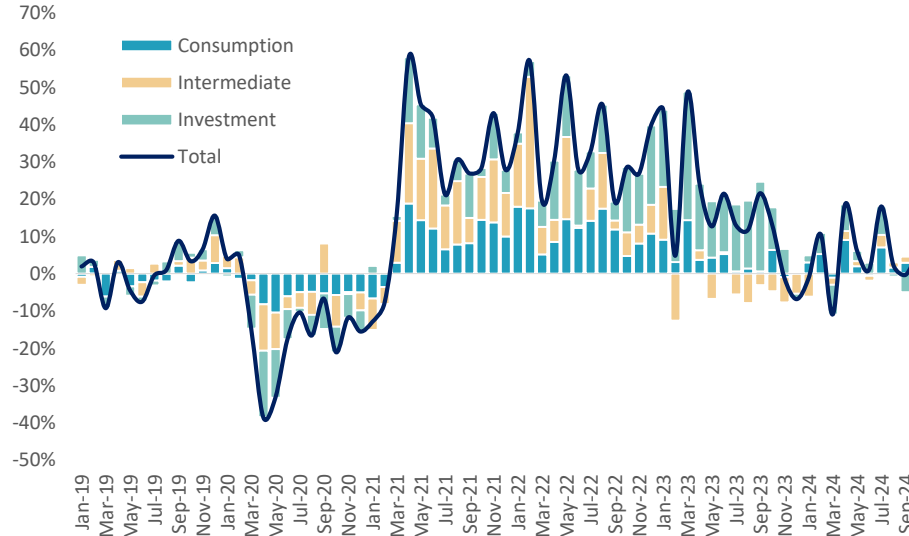
Change of Import, %/y



Decomposition of Export



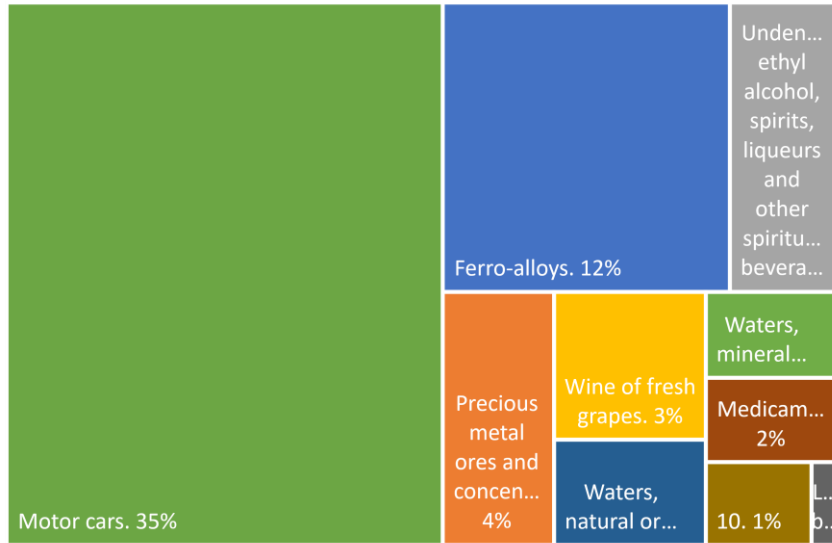
Decomposition of Change of Import, %/y



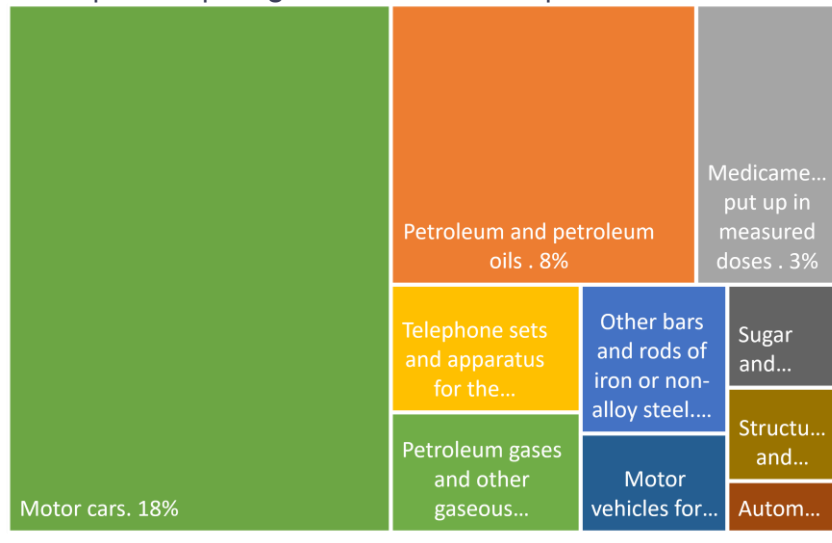
- Export in October increased annually by 39.0 percent to 681.7 million USD.
- Domestic export increased annually by 70.7 percent to 330.2 million USD.
- Import annually decreased by 5.8 percent to 1 440.5 million USD in October.
- Trade deficit annually decreased by 12.8 percent to 758.8 million USD.
- Share of re-export in export growth is equal to 11.1 percent (18.3 %/y), while share of commodity export is 22.2 percent (281.7 %/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to -1.0, 4.2 and 2.7 percent, respectively.

International Trade is Characterized by Stable Diversification

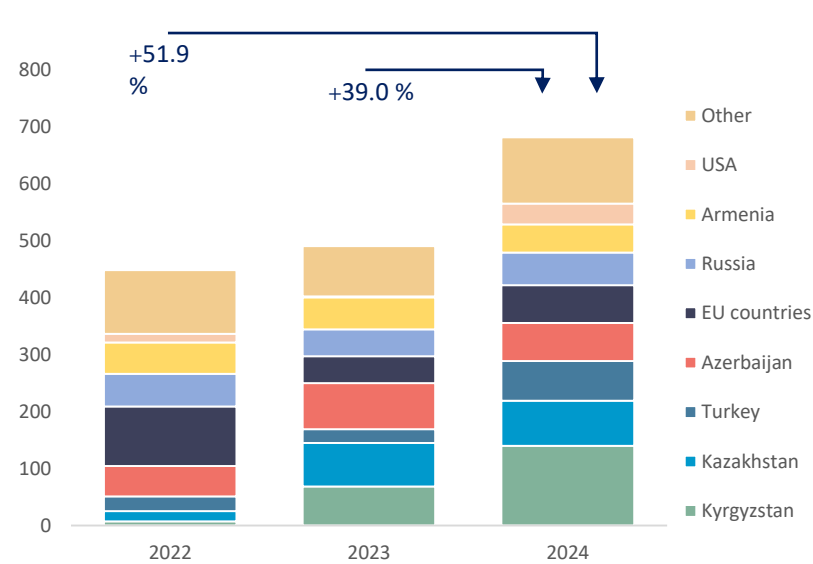
Top 10 Export goods, % of total Export



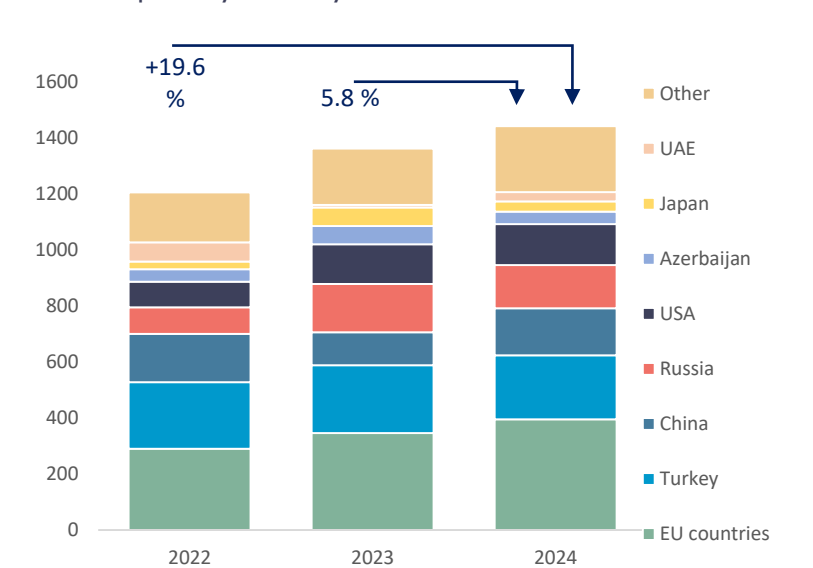
Top 10 Import goods, % of total Import



Export by country, October



Import by country, October



Top Export Products:

- Motor cars: 237.7 million. USD – 34.9 percent of total exports.
- Ferro-alloys: 83.4 mln. USD – 12.2 percent of total exports.
- Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages: 31.4 million USD – 4.6 percent of total exports.

Top Import Products:

- Motor cars: 224.2 million. USD – 16.9 percent of total imports.
- Petroleum and petroleum oils: 101.7 million US dollars – 7.7 percent of total imports.
- Medicaments put up in measured doses: 46.6 million USD - 3.5 percent of total imports.

Top Export Country:

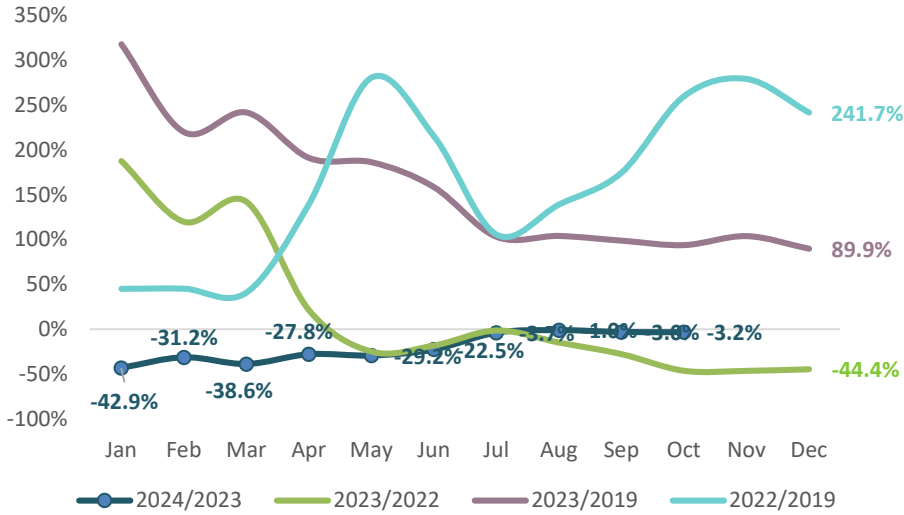
- Kyrgyzstan: 139.8 million USD, - 20.5 percent.
- Kazakhstan: 79.4 million USD, - 11.6 percent.
- Turkey: 69.8 million USD – 10.2 percent.

Top Import Country:

- European Union: 395.4 million. USD, - 27.4 percent.
- Turkey: 228.5 million USD, - 15.9 percent.
- Russia: 167.8 million USD – 11.6 percent.

Net Remittances Decreased by 3.2 percent in October 2024

Net Remittances, 2024-2019



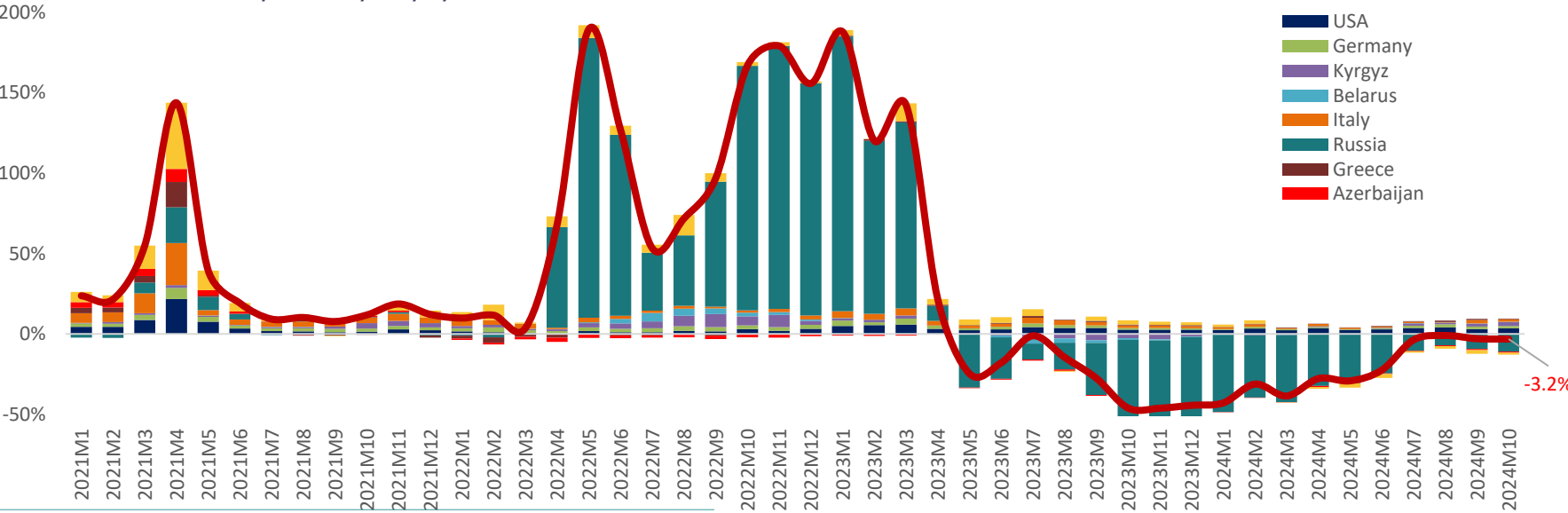
Net Remittances, October 2024

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	49.7	21.8	3.5
Italy	46.1	10.1	1.7
Russia	30.5	-47.8	-11.0
Germany	23.4	19.1	1.5
Greece	20.8	5.3	0.4
Israel	20.6	24.3	1.6
Other	54.2	-4.0	-0.9

- In October 2024, net remittances were estimated at 245.4 million USD, representing a 3.2 percent annual decrease. Relative to corresponding month of 2019, Net Remittances increased by 87.7 percent.

- Net Remittances increased from:
 - USA: 21.8 percent (contributing 3.5 pp to total growth)
 - Kyrgyz Republic: 215.5 percent (2.4 pp contribution to overall growth)
 - Italy: 10.1 percent (1.7 pp contribution to overall growth)
- Net Remittances decreased from:
 - Russia: -47.8 percent (-11.0 pp contribution to total growth)
 - Kazakhstan: -60.0 percent (-3.6 pp contribution to total growth)
 - Iraq: -88.6 percent (-0.8 pp contribution to total growth)

Net Remittances by country, %y/y



Source: NBG

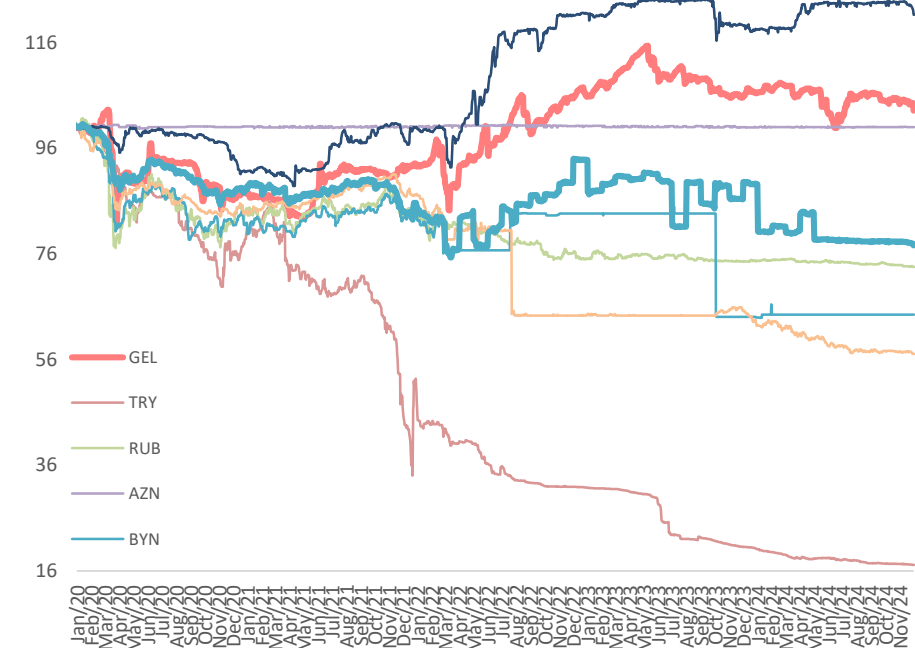
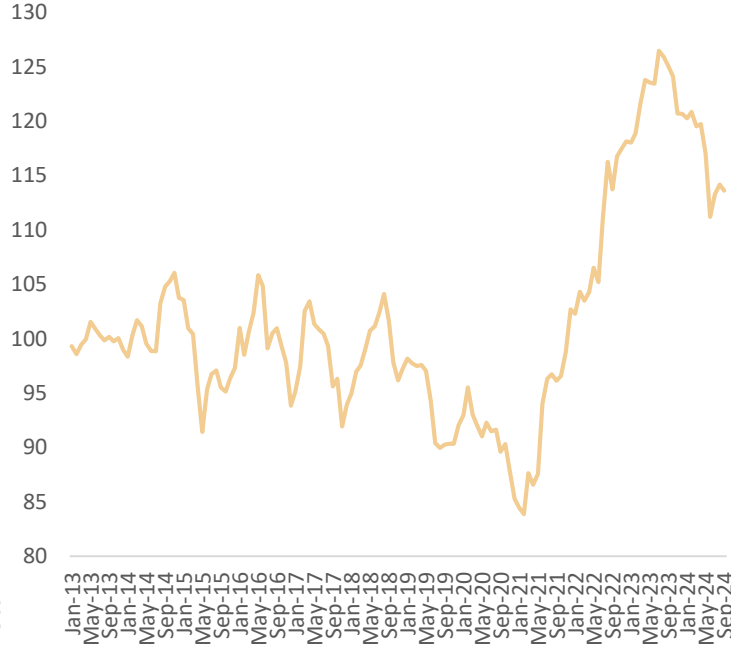
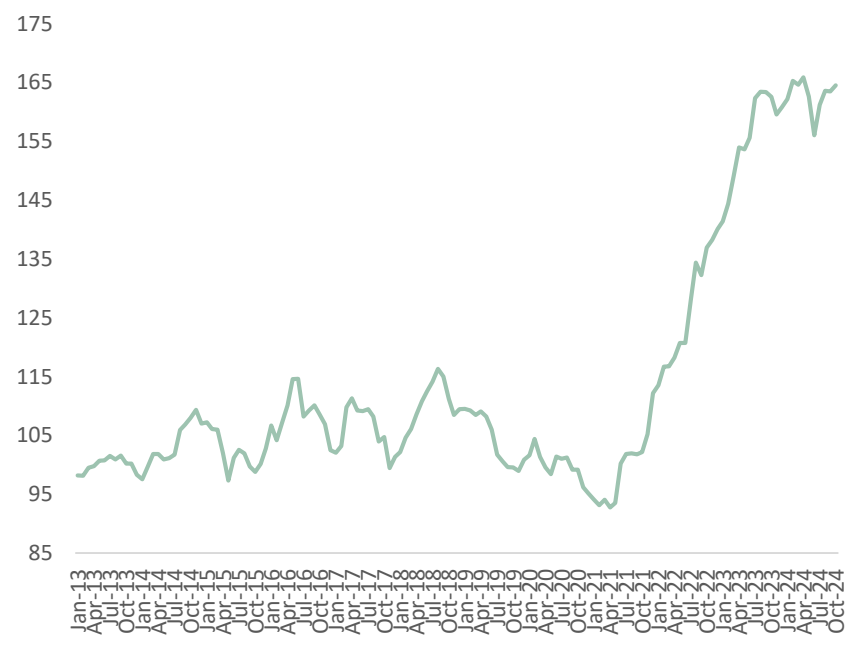
Real Effective Exchange Rate Depreciated by 8.4 percent in October

NEER: 2013 = 100

REER: 2013 = 100

USD Exchange Rates

November 30, 2024



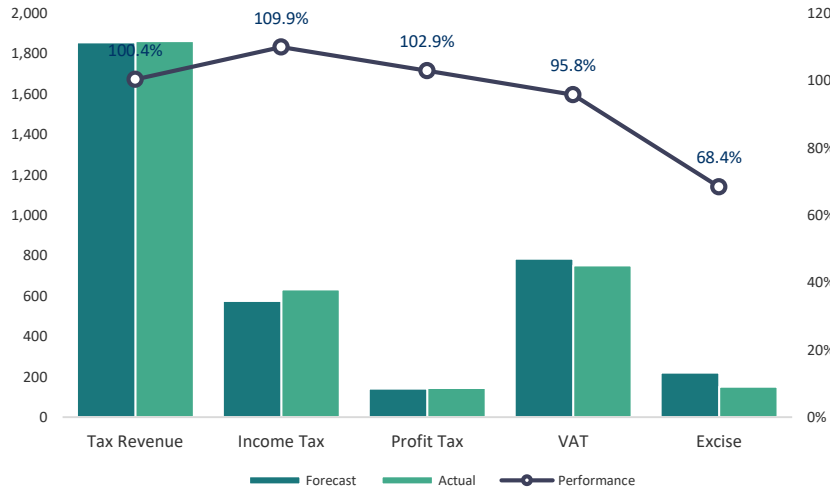
Note: Increase means appreciation

	December 1, 2024		December 1, 2024 - Jan 1, 2024		December 1, 2024 - Jan 1, 2023
Euro	2.9348	▲	1.4%	▼	-1.7%
US Dollar	2.7794	▼	-3.2%	▼	-2.8%
Turkish Lira	0.0801	▲	13.6%	▲	80.1%
Russian Ruble	0.0258	▲	16.2%	▲	42.8%
NEER	190.55	▲	2.3%	▲	15.8%
REER (October 2024)	139.93	▼	-5.4%	▼	-3.7%

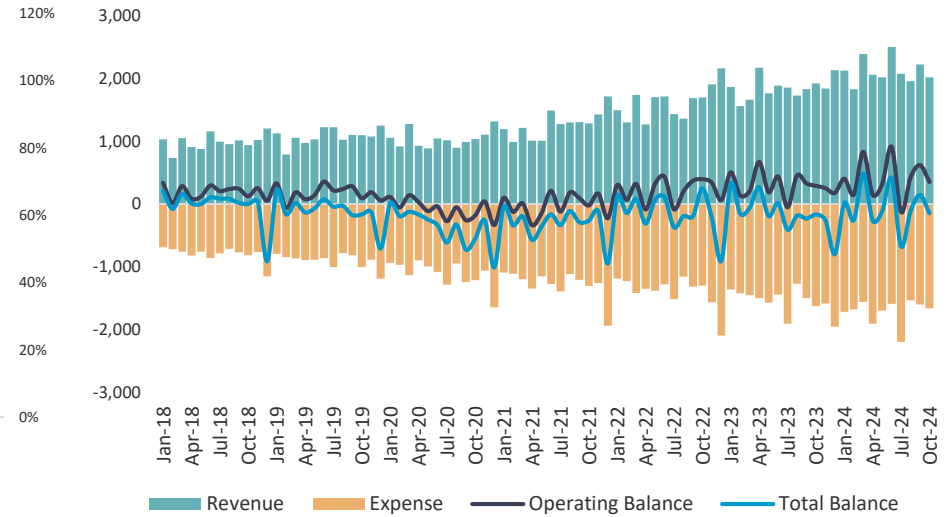
Source: NBG

Tax Revenues in November is Above the Forecast Value by 0.4 percent

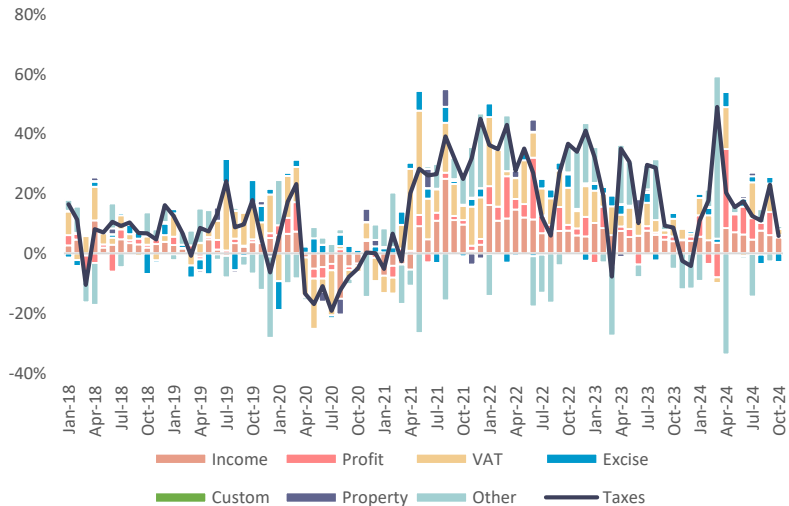
Budget Revenue Performance, November 2024



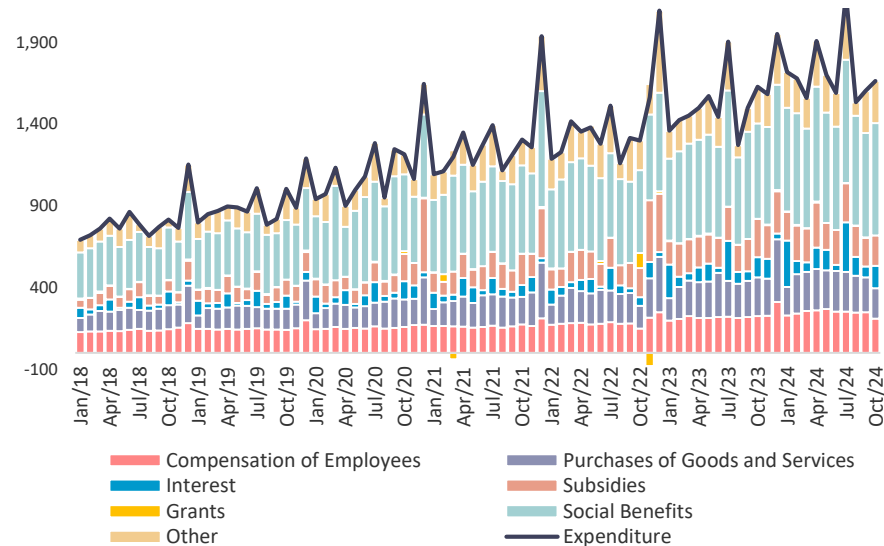
Consolidated Budget, mln GEL



Tax Income, % y/y



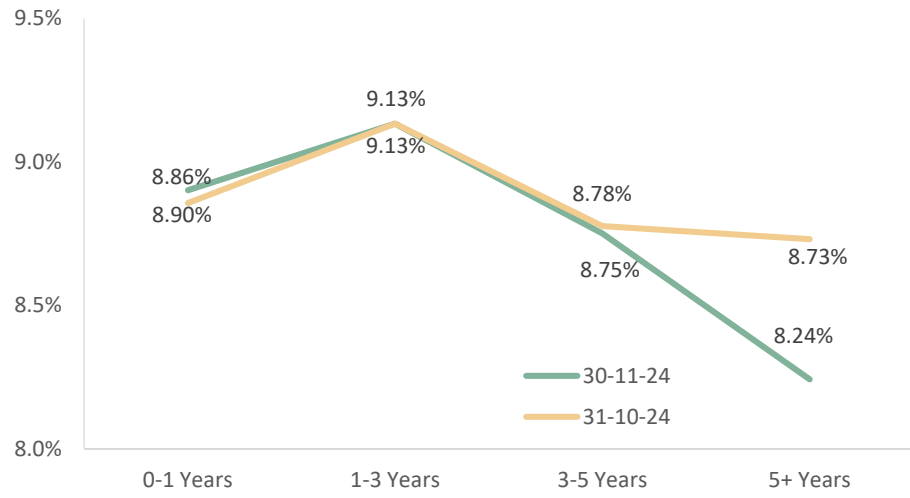
Consolidated Budget Expenditure, mln GEL



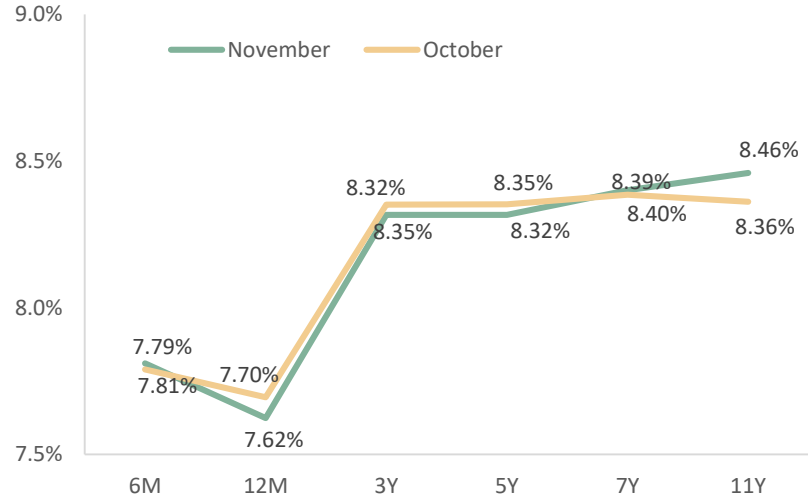
- The actual level of tax income in November 2024 was 1,863 mln GEL, which is above the forecasted value by 0.4 percent.
- Consolidated budget revenues increased by 5.1 percent and expenditures increased by 2.1 percent in October.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 349.9 million GEL, while the total balance was set at negative -149.5 million GEL.
- Revenue from taxes had a significant impact on revenue from Income taxes and VAT, and profit taxes in September, accounting for 5.4 and 2.0 percent of total growth, respectively.

Treasury Financial Securities Portfolio Changed in November

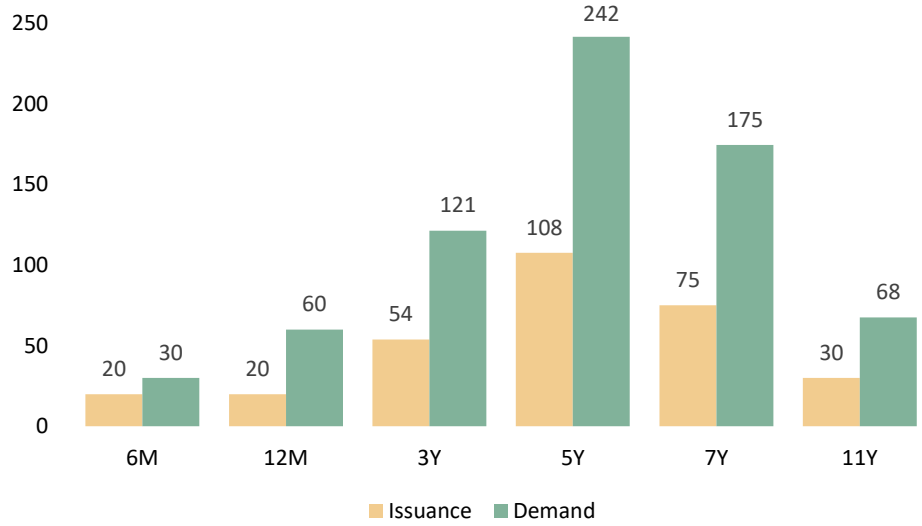
Portfolio Yield Curve



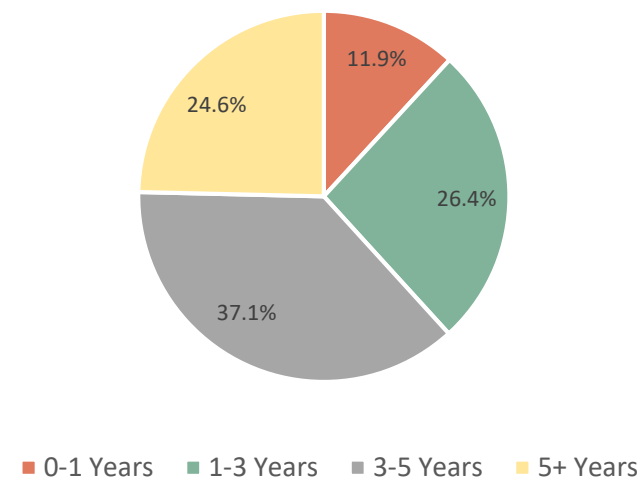
Weighted average interest rates



Issuance and Demand of Treasury Bonds, mln GEL



Portfolio by Residual Maturity, November 30, 2024

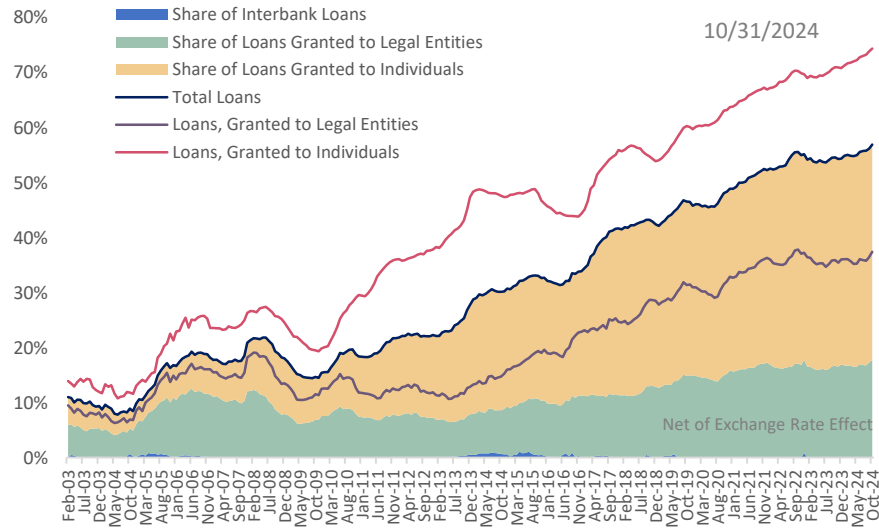


- In November 2024, 6 issuance auctions were held with the total issuance volume of 306.25 million GEL. One buyback auction was held during the month.
- The weighted average interest rate amounted to 8.273%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years. The treasury securities with total amount of 80 million GEL were redeemed.
- As of November 31, 2024 around 37.1% of the treasury securities portfolio is composed of the securities whose maturity date is due for the next 3-5 year. The medium-term state financials securities (with duration 1-3 years) have also a sizable share (at around 26.4%) in the total portfolio.
- The Bid-to-cover ratio decreased compared to the previous month's value (October 2.19) and amounted to 2.33.
- In November the average time to maturity (ATM) for the treasury security portfolio has increased insignificantly to 3.4 (October 3.53).

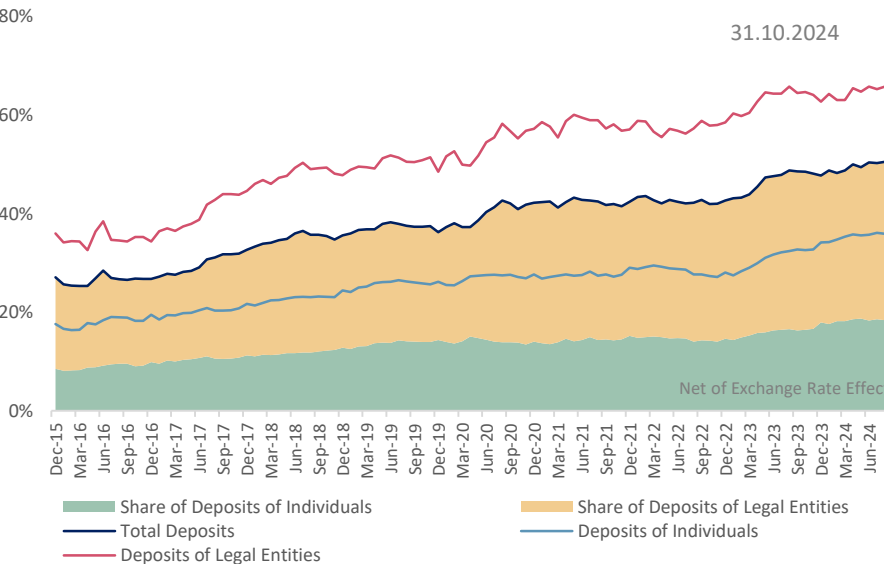
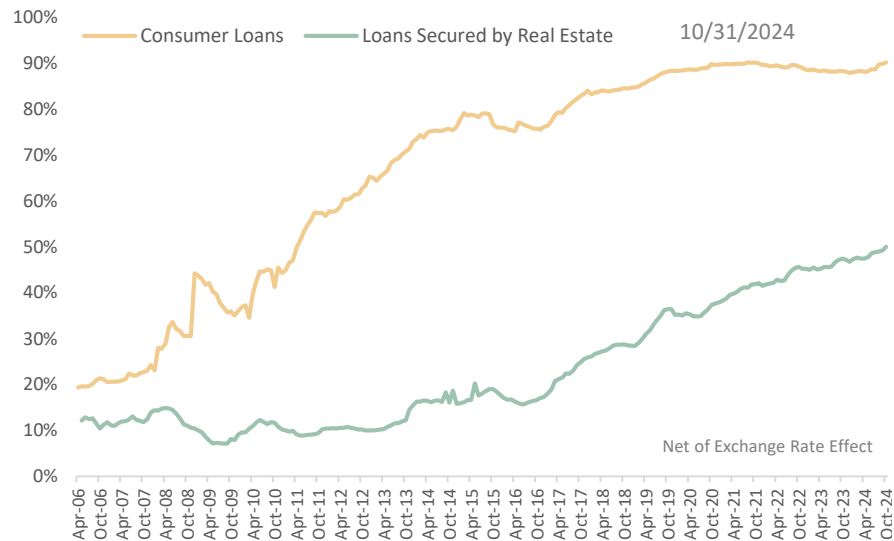
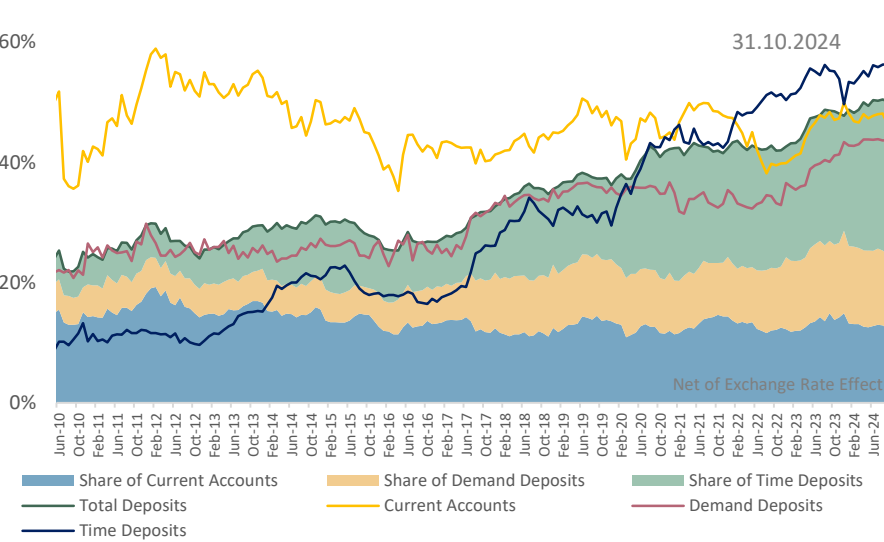
Source: MoF

In October Loans' Larization Raised, Deposit Larization Indicators Fell

Loan Larization



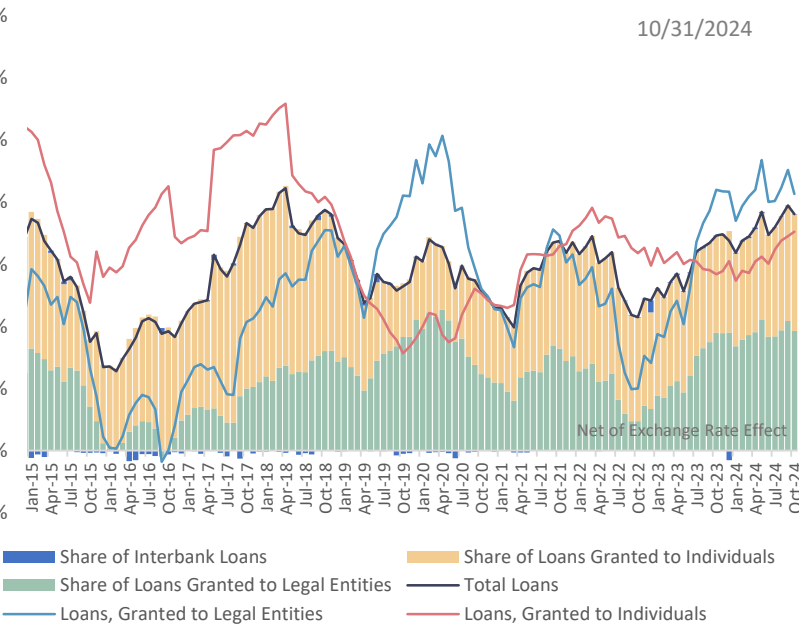
Deposit Larization



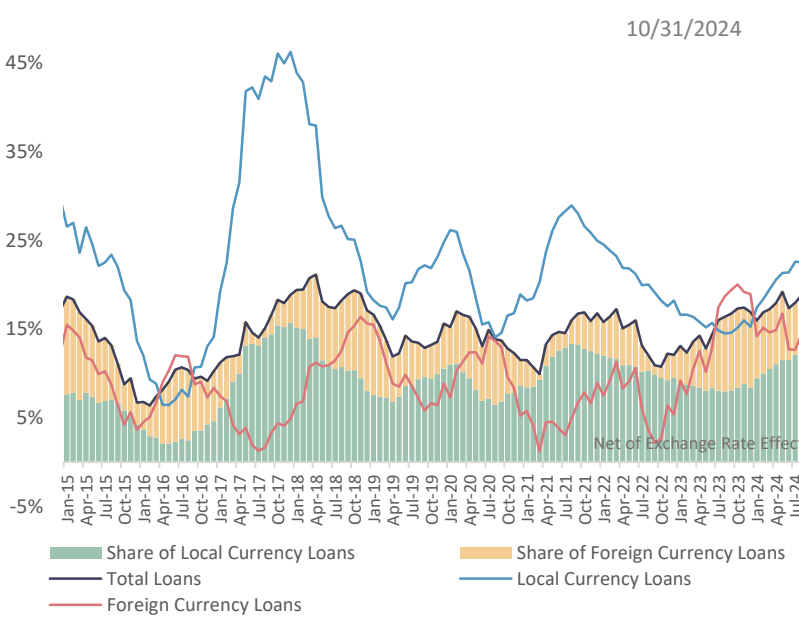
- As of October 31, 2024, the larization of total loans is 56.9 percent.
- The larization of loans to individuals is 74.4 percent.
- The larization of the loans to the legal entities amounted to 37.4 percent.
- The larization of the total deposits equals to 48.3 percent.
- The larization on the deposits of the legal entities amounted to 62.5 percent.
- The larization of the deposits of individuals is 34.4 percent.
- The larization of time deposits is 55.5 percent.
- The larization of the deposits of the legal entities amounted to 62.5 percent.
- The larization of the current accounts equals to 42.2 percent.
- The larization of the demand deposits is 42.4 percent.

In October High Annual Growth Trends of Loans Have Retained

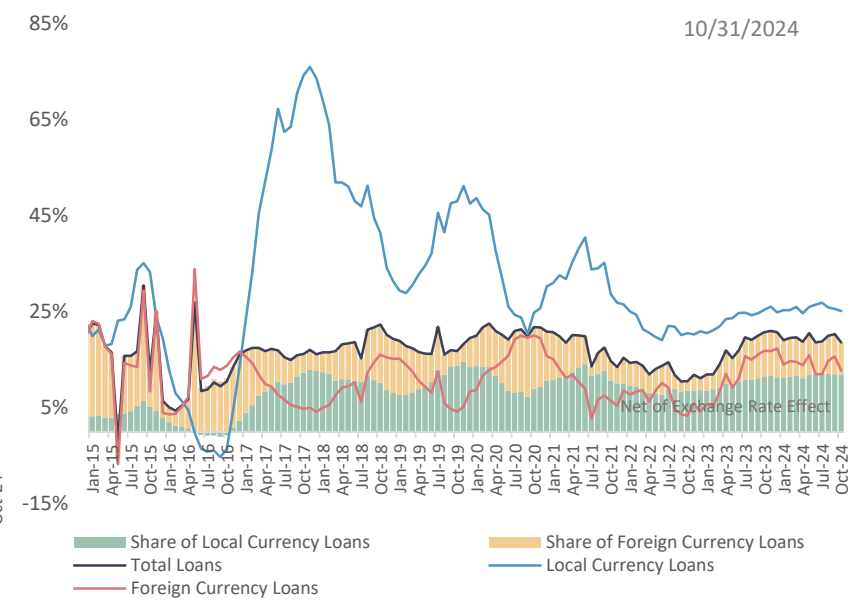
Loans Growth Rates, % y/y



Loans by Currency, % y/y



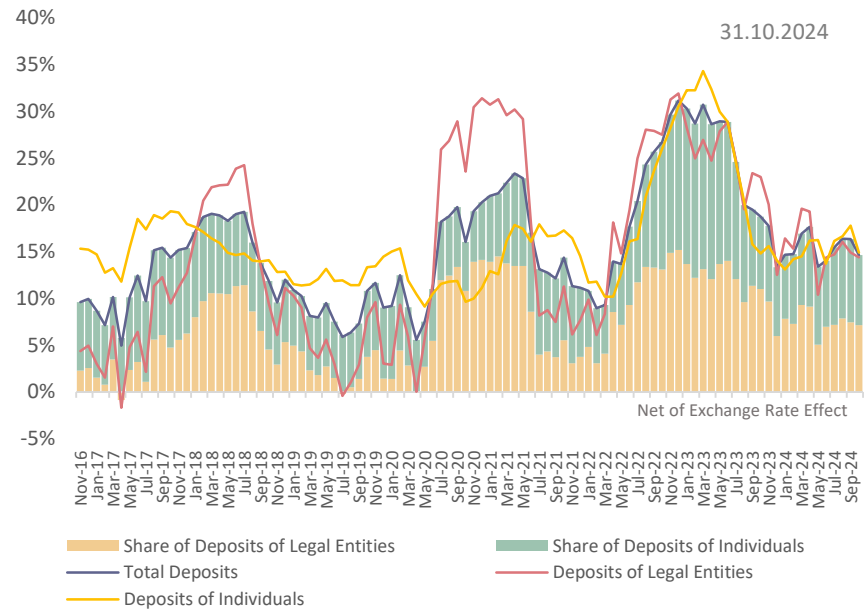
Mortgage Loans, % y/y



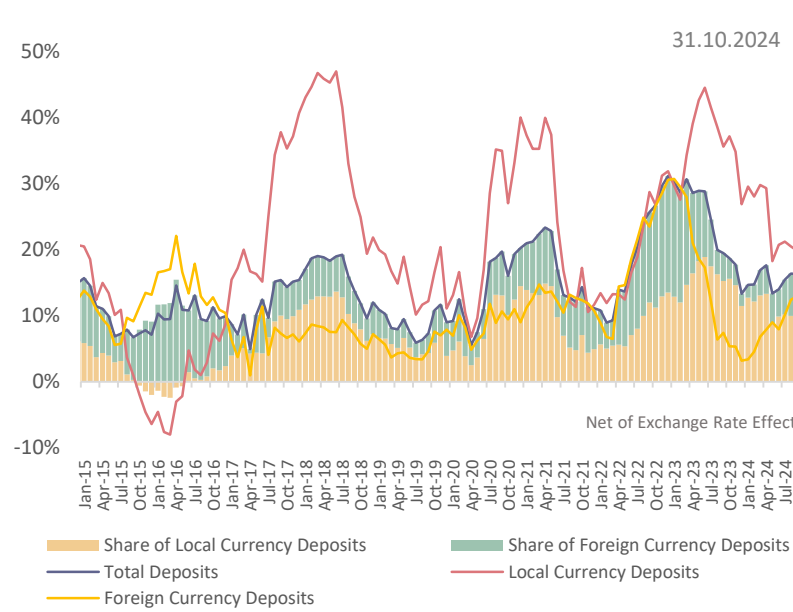
- As of October 31, 2024, the total loans increased by 19.0 percent compared to the corresponding period of 2023 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 20.7 percent.
- The annual growth of loans to individuals is 17.6 percent.
- As of November 1, 2024, the growth rate of the loans denominated in the national currency amounted to 24.2 percent.
- The annual growth of loans denominated in foreign currency amounted to 12.9 percent.
- As of October 31, 2024, the annual growth of loans secured by real estate amounted to 18.6 percent. At the same time, the mortgage loans denominated in national currency increased by 25.2 percent, while the mortgage loans denominated in the foreign currency increased by 12.8 percent.

Most of Deposits Annual Growth Rates Are Decreasing

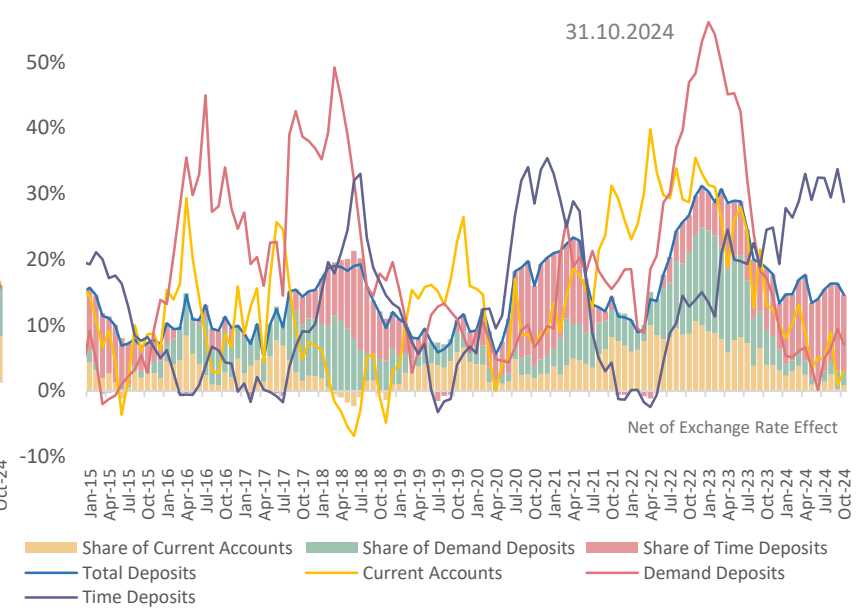
Deposits Annual Growth, % y/y



Deposits by Currency, % y/y



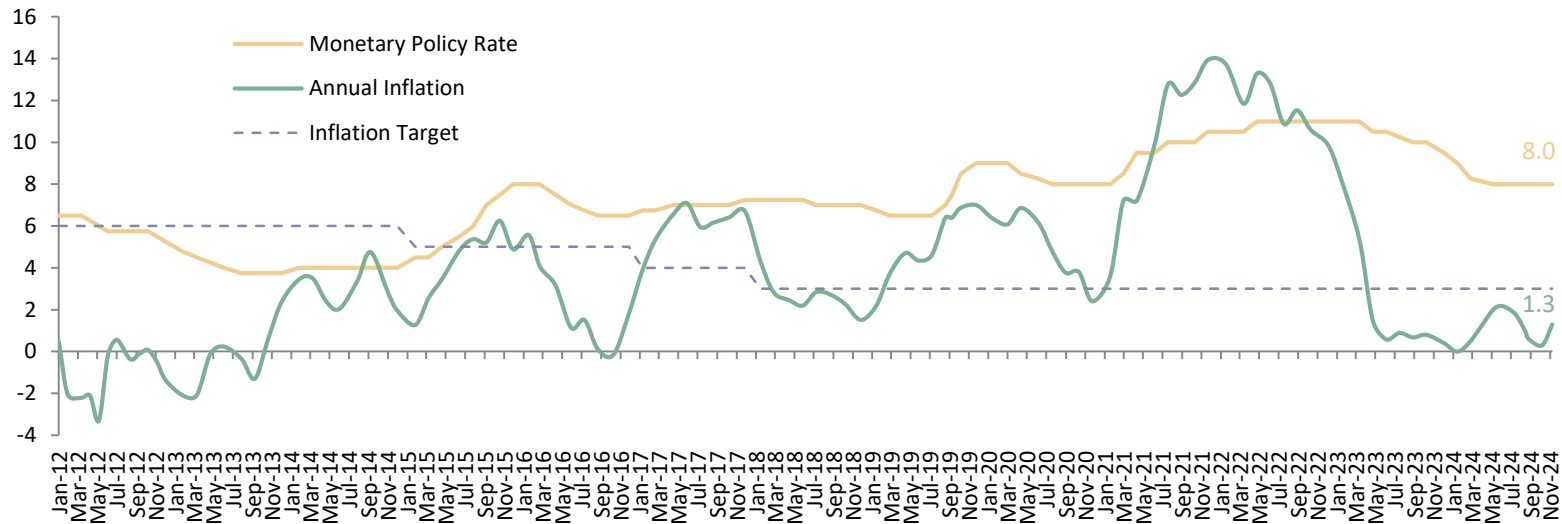
Deposits by Type, % y/y



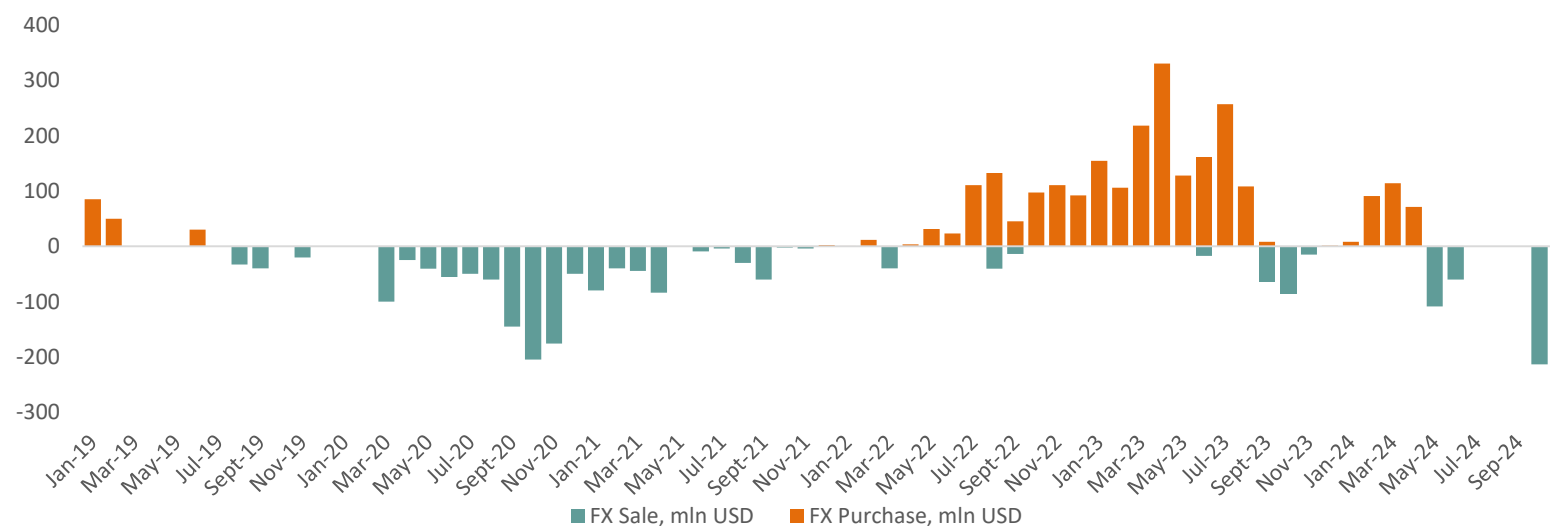
- As of October 31, 2024, the growth of the total deposits compared to the corresponding period of the previous year is 14.7 percent.
- The annual growth of the deposits denominated in the national currency amounted to 14.2 percent. The annual growth of the deposits denominated in foreign currency stood at 15.1 percent over the same period.
- The growth of deposits of individuals amounted to 14.9 percent, while the annual growth of deposits of legal entities in the same period amounted to 14.4 percent.
- The annual growth of current accounts at the beginning of November, 2024, was equal to 3.1 percent.
- The annual growth of the time deposits was 28.8 percent.
- The growth of the demand deposits amounted to 7.1 percent.

Monetary Policy Rate Was at 8 percent Level in November

Inflation and Monetary Policy Rate



Trade of USD by NBG, mln USD

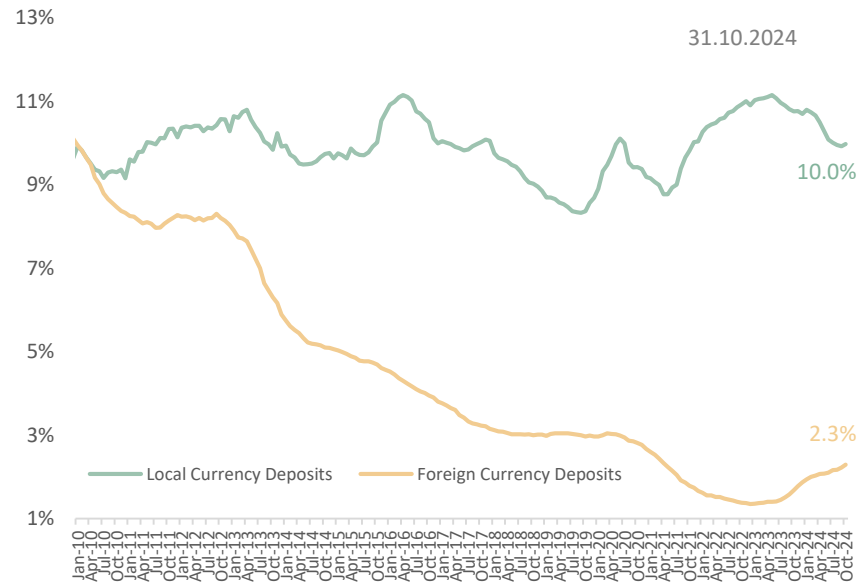


- The Monetary Policy Committee of the National Bank of Georgia was not conducted on November, 2024.
- Per the NBG, the factual inflation is less than the target one (3 percent). The major reasons of this are the domestic factors such as a decreasing of inflation for domestically produced goods and services and the tightened monetary policy effects that cause stabilization of inflation. In this regard, the increased market competition also plays an important role which mitigates inflationary factors. It is also relevant to note that the economic activities have raised more than it was expected, but production capacity has risen, which mitigates inflationary pressure. As for the external factors, the global economic uncertainty and strain geopolitical situations (Ukraine, Middle East) can create an inflationary pressure in the country. Besides the current situation in the Red Sea creates threats of an increase in transportation costs which causes the risks of inflation of imported goods. The inflation was 1.3 percent in November of this year. It is expected that the inflation in Georgia will be below the target level at the end of 2024.
- The next meeting of the Monetary Policy Committee will be held on December 18, 2024.

Source: NBG

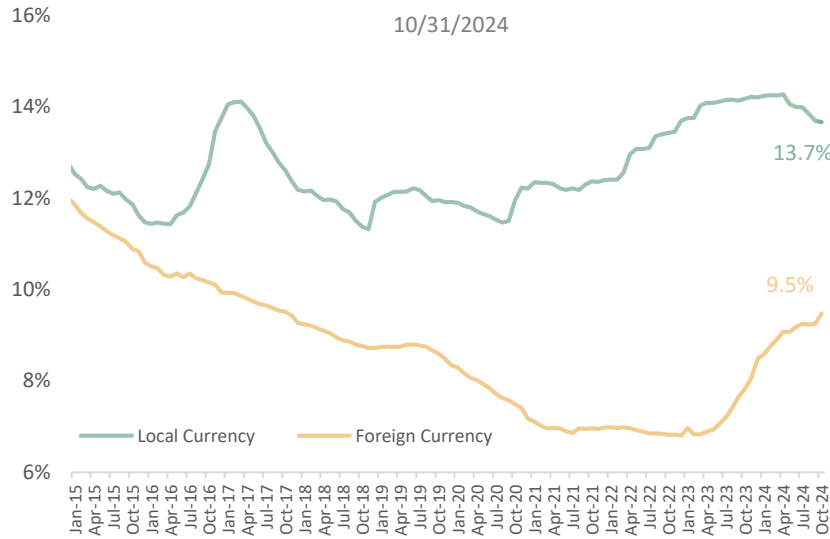
Market Interest Rates on Foreign Currency Has an Increasing Trend

Interest Rates on Deposits

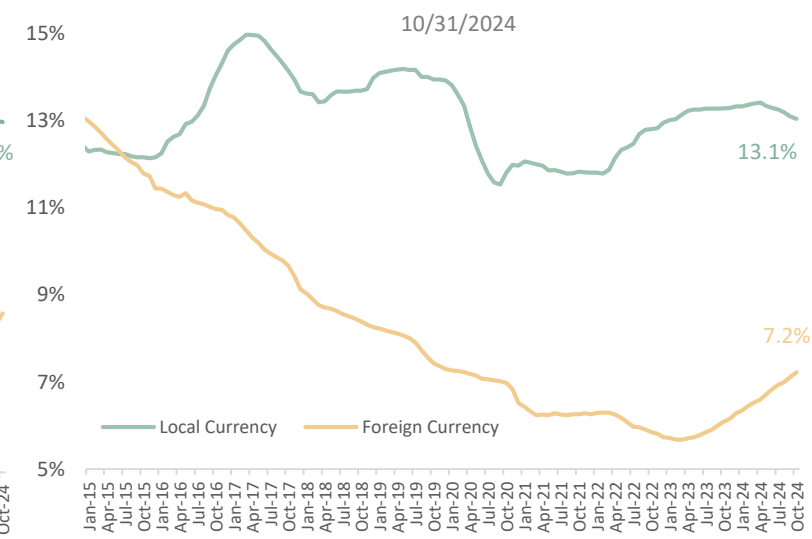


Interest rates on Loans secured by Real Estate

Legal Entities 10/31/2024



Individuals 10/31/2024



- As of November 1, 2024, the interest rate on foreign currency deposits was 2.3 percent, and in national currency – 10.0 percent.
- The weighted average interest rate on deposits in the national currency by legal entities was 10.2 percent, and in foreign currency – 3.0 percent.
- The average annual interest rate on deposits by individuals is 2.3 percent for foreign currency deposits and 10.0 percent for national currency deposits.
- The weighted average annual interest rate on short-term consumption loans was 11.7 percent (15.8 percent in national currency and 6.1 percent in foreign currency).
- The weighted average annual interest rate on long-term consumption loans was 15.8 percent (16.6 percent in national currency and 7.7 percent in foreign currency).
- At the end of October, 2024, the interest rate on mortgage loans denominated in local currency issued to legal entities was 12.5 percent, and in the foreign currency 9.4 percent. The interest rate on the loans to individuals in the national currency was 12.3 percent, and in foreign currency 7.6 percent.

Source: NBS

Disclaimer

The publication was prepared by the Macroeconomic Analysis and Fiscal Policy Planning Department of the Ministry of Finance of Georgia. The information and opinions contained in this publication represent the views of the authors - the economic team of the Macroeconomic Analysis and Fiscal Policy Planning Department and do not represent the official position of the Ministry of Finance of Georgia. The analytical information provided in the publication serves informational purposes and is obtained from public sources. The forecasts and calculations given in the report should not be taken as a promise, reference or guarantee.

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