



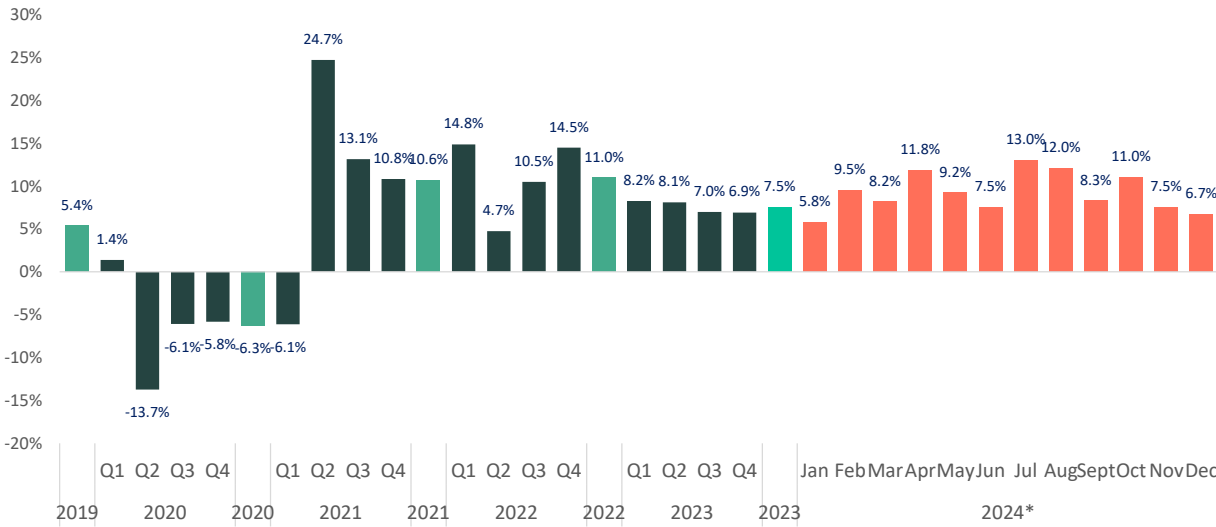
Current Economic Outlook

January, 2025

- In December 2024, the real GDP growth rate was 6.7 percent and average growth rate of 2024 was 9.5 percent, according to the preliminary estimates of the National Statistics Office.
- In January, annual inflation stood at 2.0 percent, while core inflation was 2.1 percent
- In December, exports increased by 6.8 percent year-on-year and imports increased by 20.9 percent year-on-year, increasing the trade deficit by 29.4 percent year-on-year to 1 106 million USD
- For December, the real effective exchange rate depreciated by 5.9 percent compared to the same period of the previous year and by 1.4 percent compared to the previous month
- The monetary policy rate is at 8 percent in January
- By the end of January, sovereign ratings for Georgia are following:
Fitch “BB negative” S&P “BB stable” Moody’s “Ba2 stable”

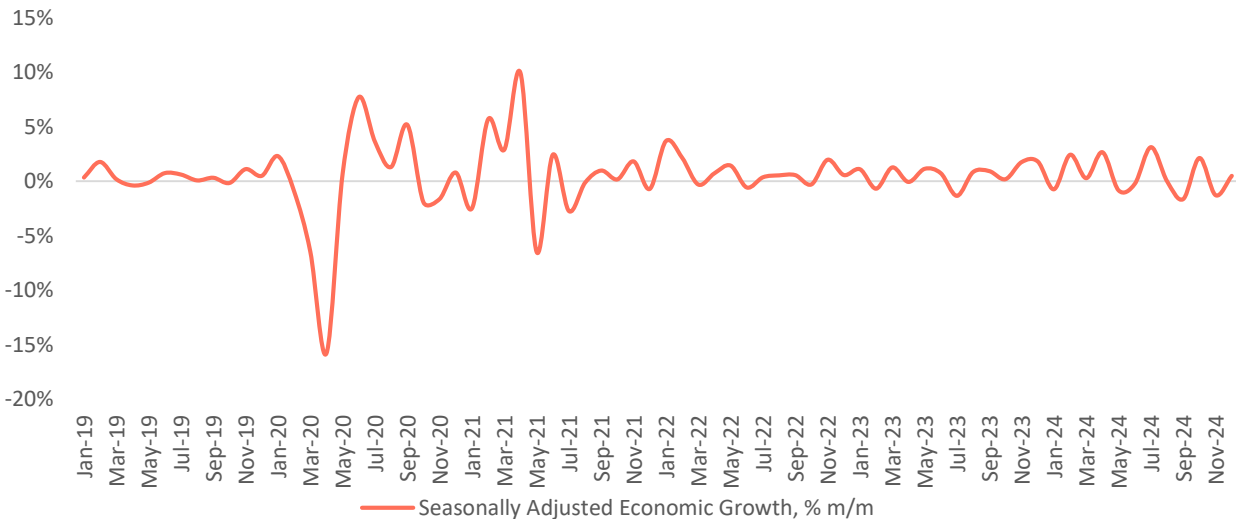
According to Preliminary Estimates Economic Growth in December was Equal to 6.7 percent

Economic Growth, % y/y

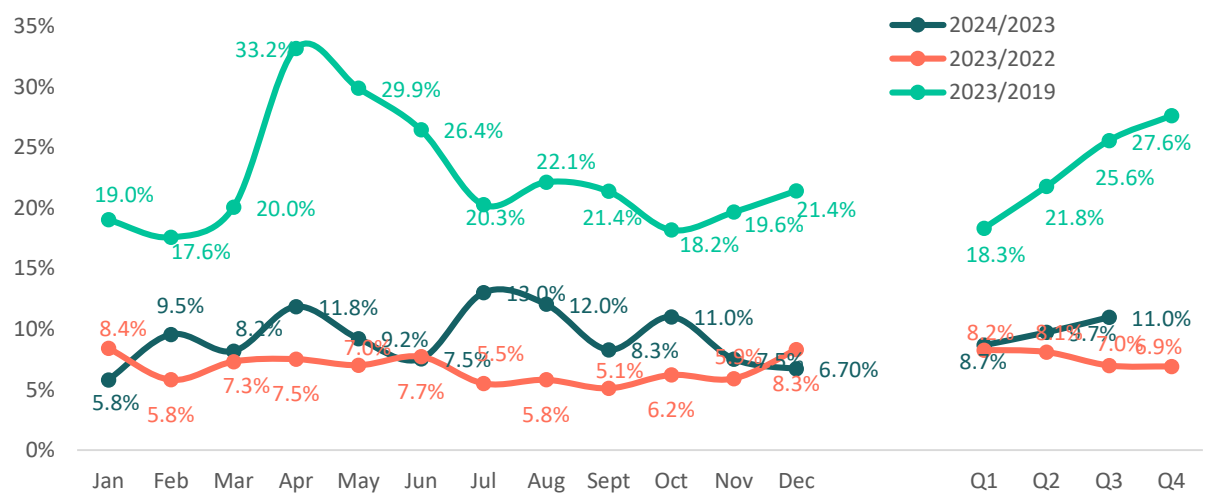


- Estimated real GDP growth rate in December 2024 equaled 6.7 percent YoY and average annual real GDP growth rate for 2024 equals to 9.5 percent, while the seasonally adjusted economic growth in December comparing to the previous month was 0.5 percent.
- In December 2024 the estimated real growth compared to the same period of the previous year was observed in the following activities: Financial and insurance activities, Professional, scientific and technical activities, Transportation and storage, Trade, Information and Communication.

Economic Growth, % m/m



Economic Growth, 2024-2019



Source: Geostat, MOF

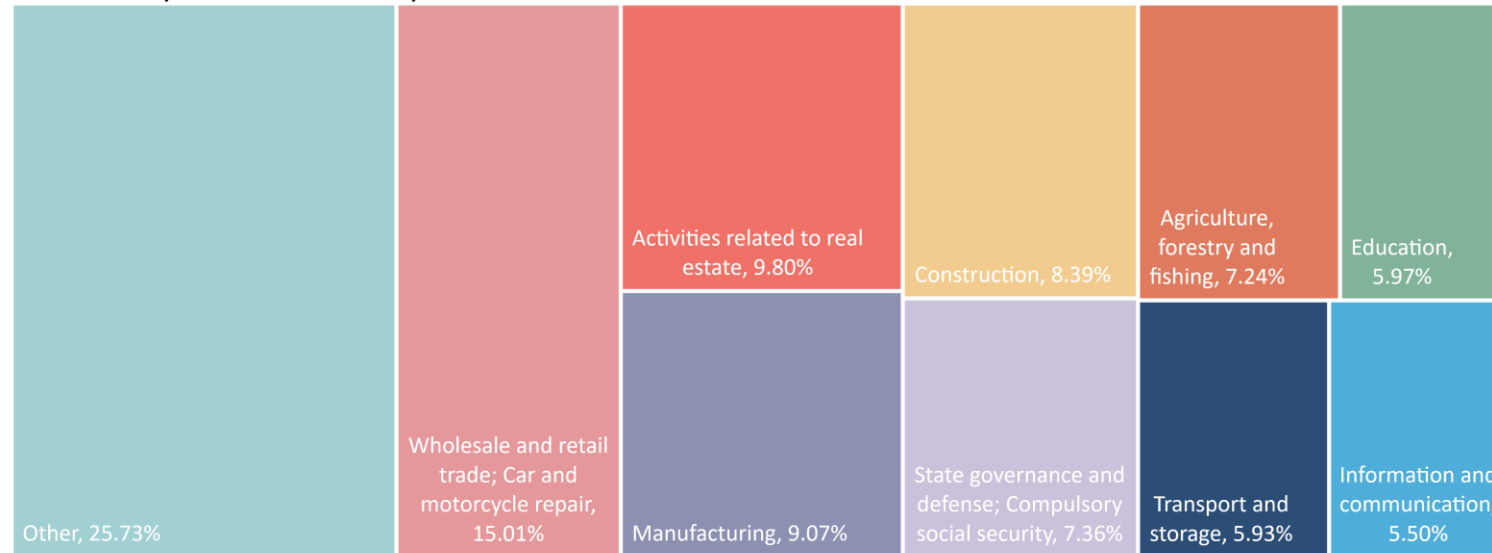
According to Preliminary Estimates, Real GDP Increased by 11.0 percent in the Third Quarter of 2024

Real GDP growth by economic activity, 2024 III Quarter



- According to preliminary estimates, the economy grew by 11.0 percent in the third quarter of 2024, and growth in the first two quarters was set at 8.7 and 9.7 percent. Growth in the third quarter of 2024 represents a 39.1 percent increase over the third quarter of 2019.
- The following industries have made a significant contribution to growth of Q3 2024:
 - Construction: 30.9% (2.0 p.p.)
 - Information and communication: 32.8% (2.1 p.p.)
 - Wholesale and retail trade; repair of motor vehicles and motorcycles: 11.0% (1.6 p.p.)
 - Education: 35.6% (1.5 p.p.)
 - Financial and insurance activities: 22.9% (1.1 p.p.)
 - Public administration and defence: 14.7% (0.9 p.p.)
- The following sectors made a significant contribution to the decrease:
 - Construction: -4.9% (-0.4 pp.)
 - Electricity, gas, steam and air conditioning supply: -13.6% (-0.5 pp.)

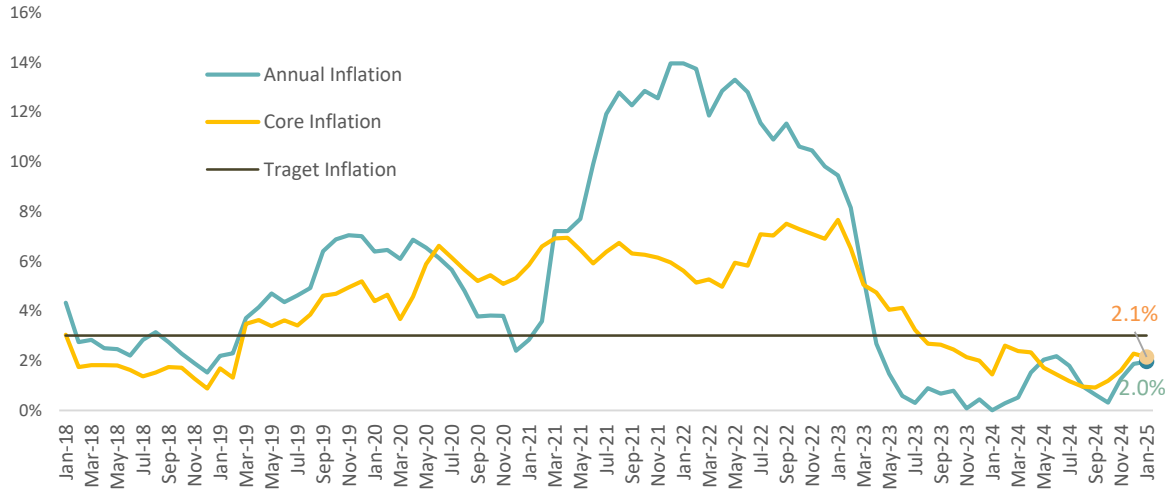
GDP by economic activity, 2024 III Quarter



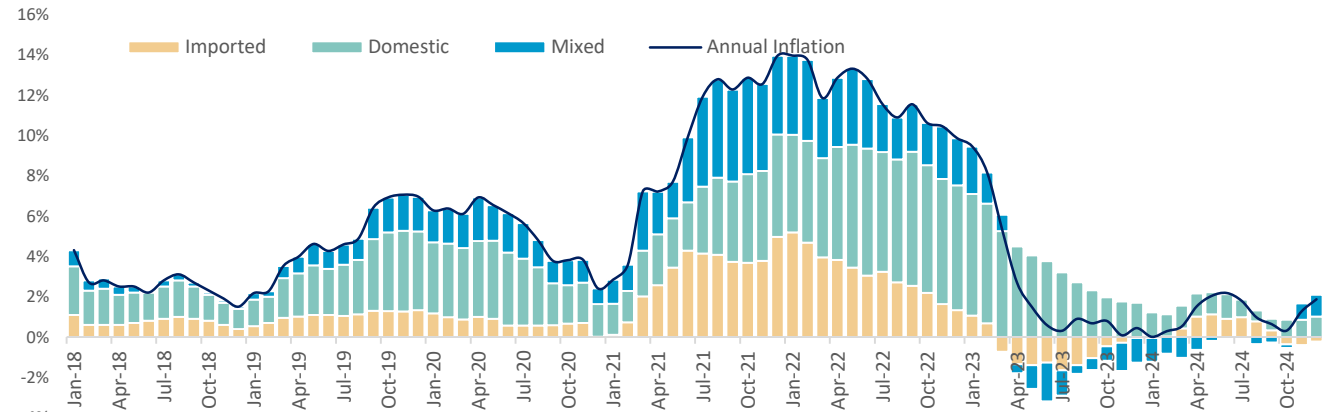
Source: Geostat

Annual Inflation in January has Reached 2.0 percent

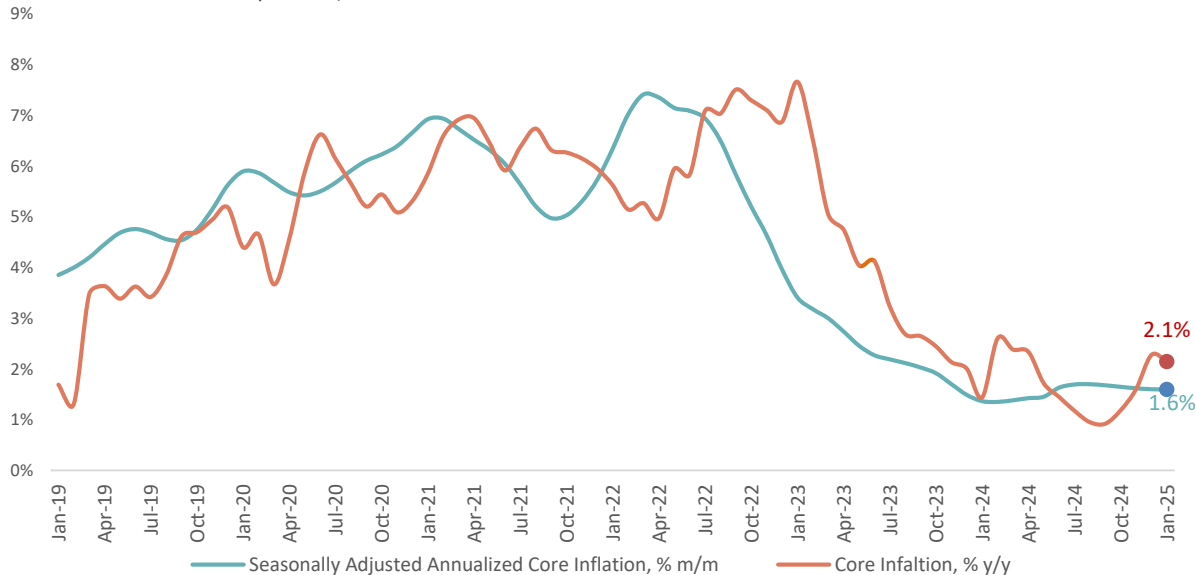
Total and Core Inflation, % y/y



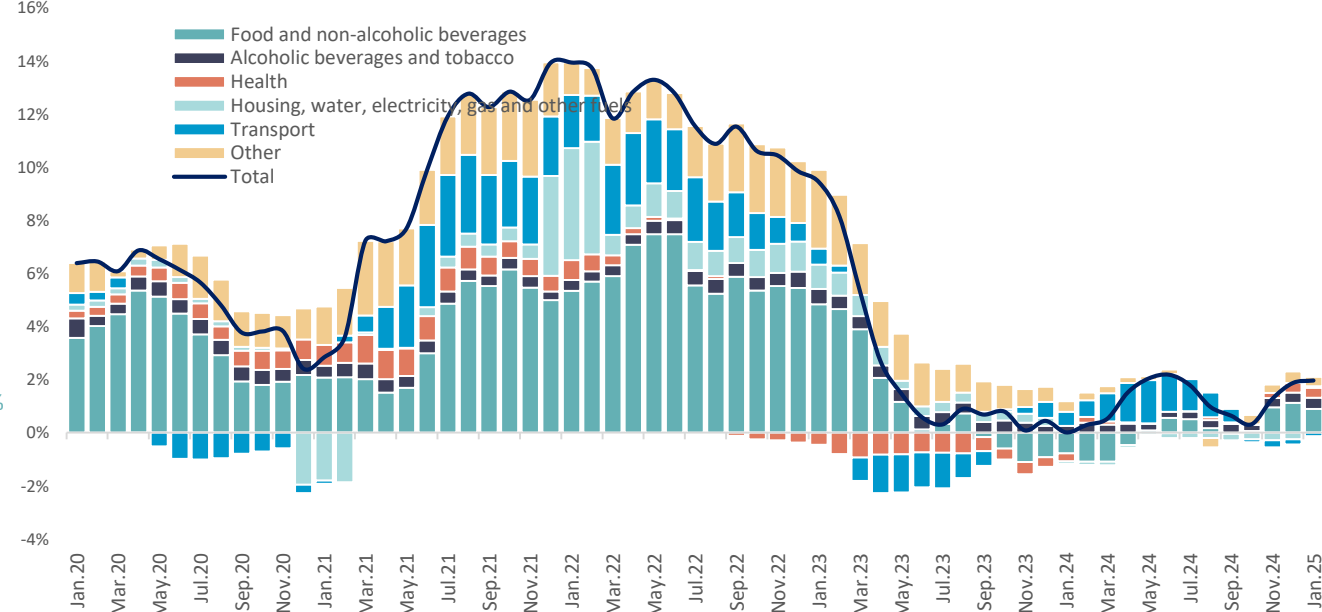
Inflation Decomposition



Core Inflation, % m/m



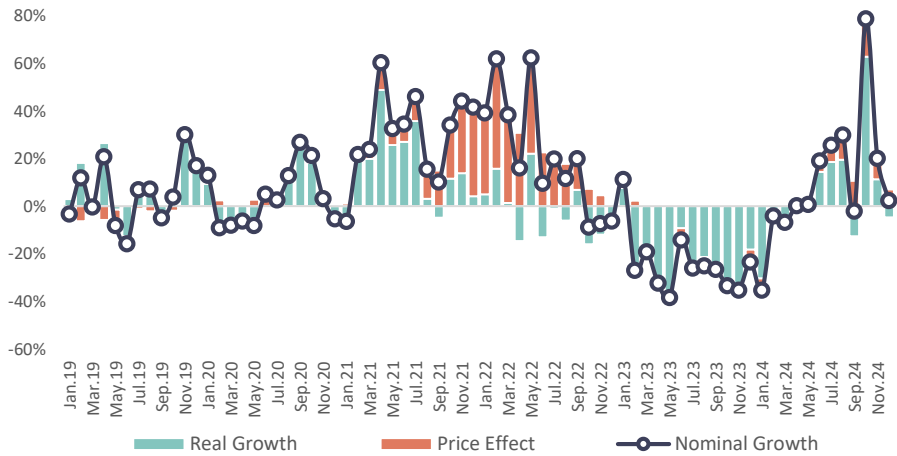
Inflation Decomposition by product group



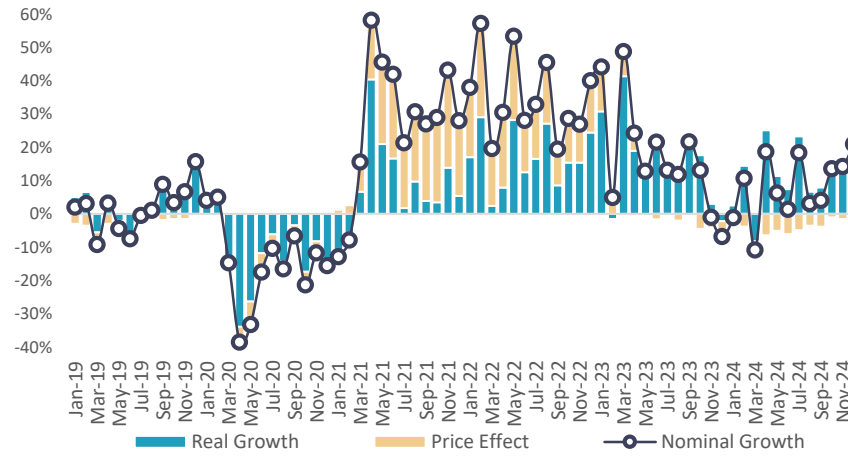
Source: Geostat, NBG, MOF

Trade Deficit in December Increased by 29.4 percent Annually

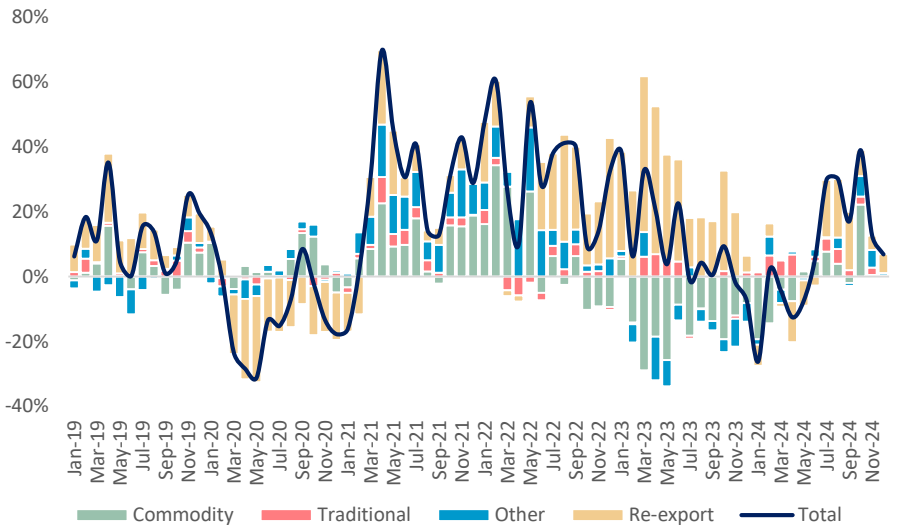
Change of Domestic Export, %/y



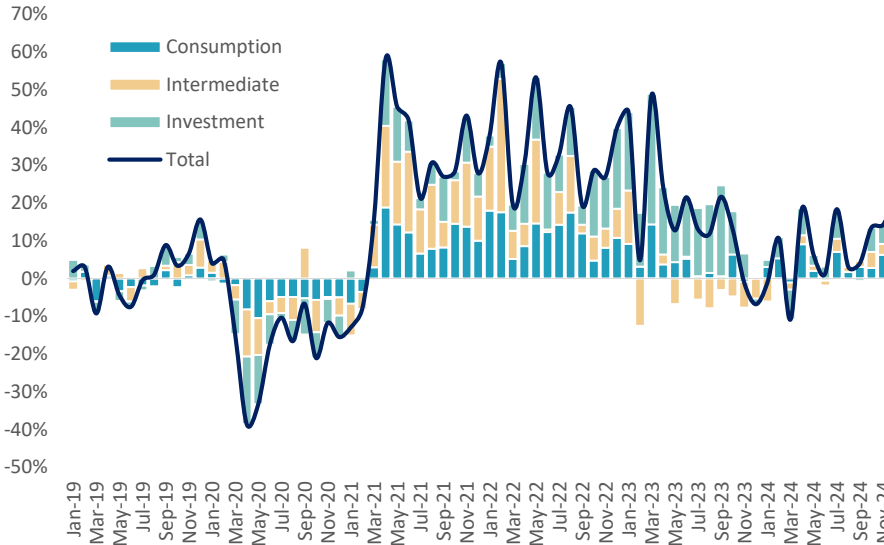
Change of Import, %/y



Decomposition of Export



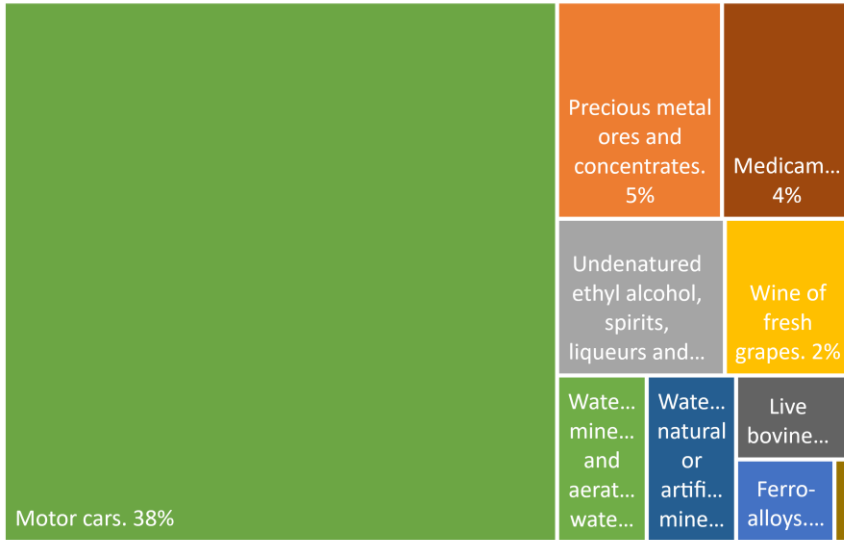
Decomposition of Change of Import, %/y



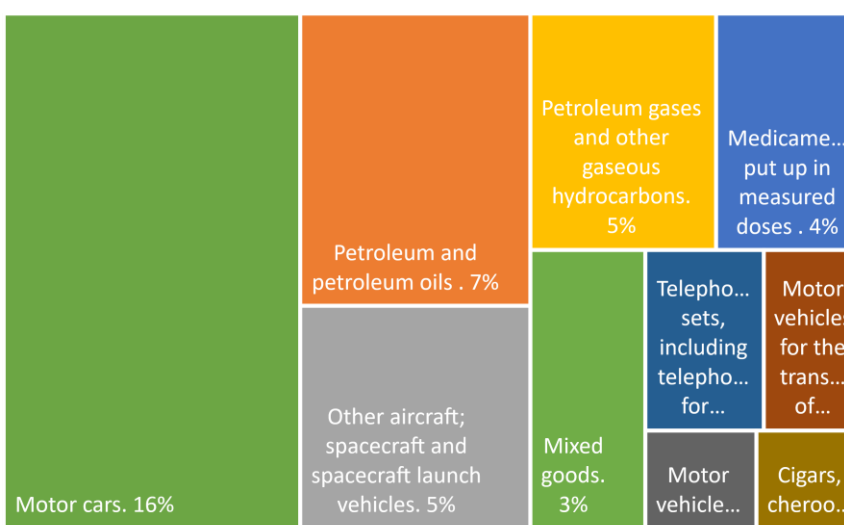
- Export in December increased annually by 6.8 percent to 549.4 million USD.
- Domestic export increased annually by 2.3 percent to 233.1 million USD.
- Import annually increased by 20.9 percent to 1 655.5 million USD in December.
- Trade deficit annually increased by 29.4 percent to 1 106.1 million USD.
- Share of re-export in export growth is equal to 5.8 percent (10.4 %/y), while share of traditional product export is 0.3 percent (3.9 %/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to 12.4, 3.2 and 5.3 percent, respectively.

International Trade is Characterized by Stable Diversification

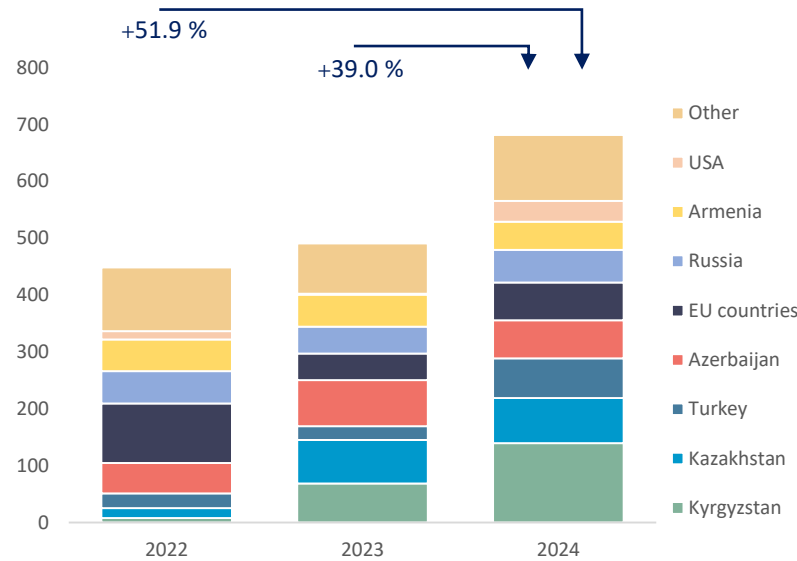
Top 10 Export goods, % of total Export



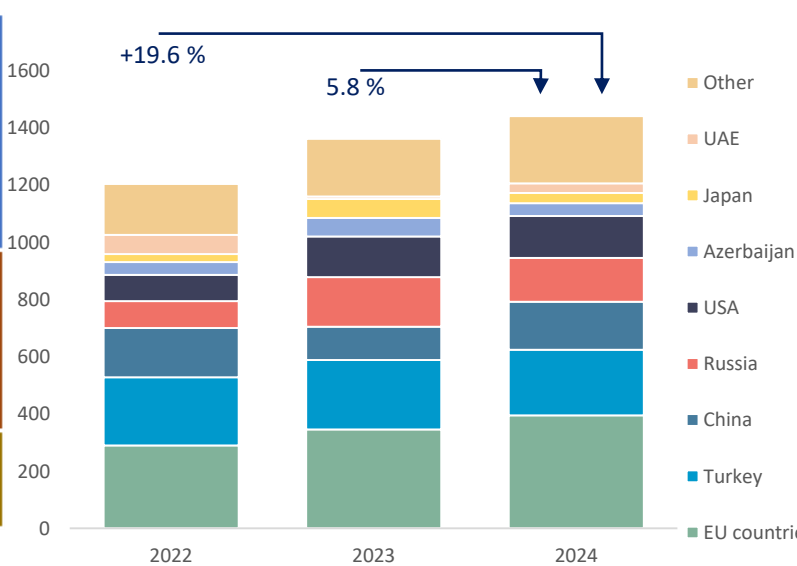
Top 10 Import goods, % of total Import



Export by country, December



Import by country, December



Top Export Products:

- Motor cars: 207.9 million. USD – 37.8 percent of total exports.
- Precious metal ores and concentrates: 24.9 million USD – 4.5 percent of total exports.
- Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages: 18.3 mln. USD – 3.3 percent of total exports.

Top Import Products:

- Motor cars: 367.2 million. USD – 16.1 percent of total imports.
- Petroleum and petroleum oils: 117.7 million US dollars – 7.1 percent of total imports.
- Other aircraft; spacecraft and spacecraft launch vehicles: 89.5 million USD – 5.4 percent of total imports.

Top Export Country:

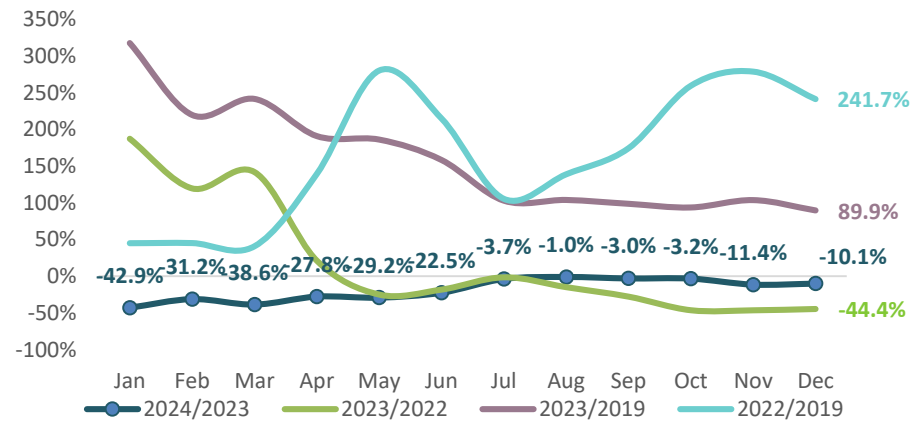
- Kyrgyzstan: 121.4 million USD, - 22.1 percent.
- Kazakhstan: 64.5 million USD, - 11.7 percent.
- European Union: 60.2 million USD – 11.0 percent.

Top Import Country:

- European Union: 547.7 million. USD, - 33.1 percent.
- Turkey: 263.9 million USD, - 15.9 percent.
- Russia: 214.3 million USD – 12.9 percent.

Net Remittances Decreased by 10.1 percent in December 2024

Net Remittances, 2024-2019



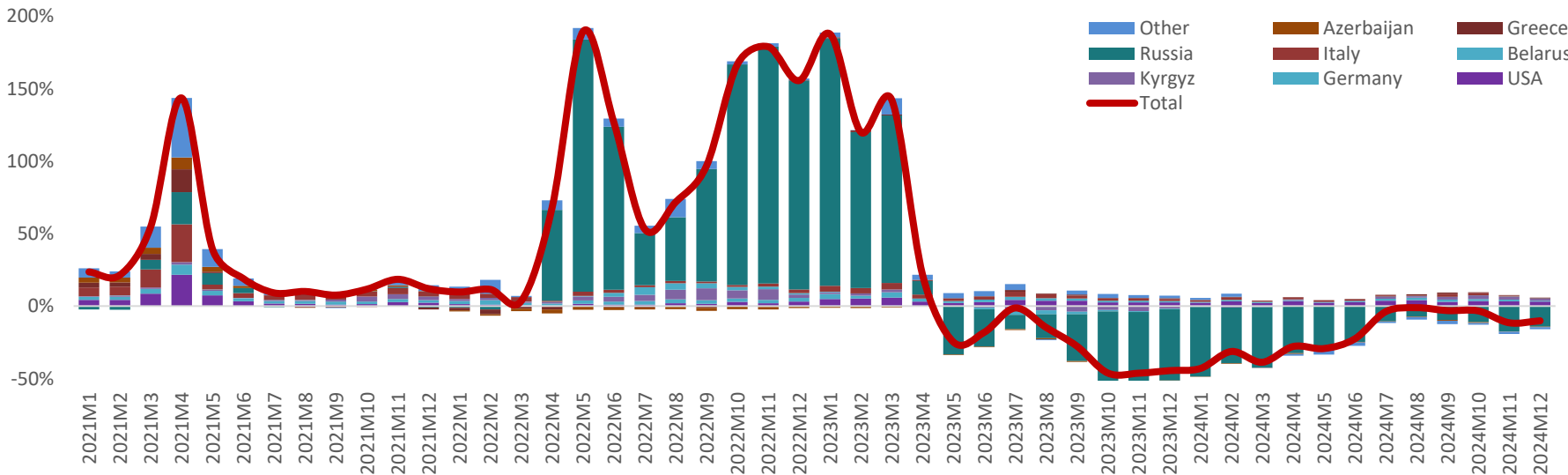
Net Remittances, December 2024

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	54.0	19.6	3.2
Italy	49.8	1.0	0.2
Russia	27.0	-59.2	-14.1
Israel	22.6	10.5	0.8
Germany	22.5	6.5	0.5
Greece	22.1	3.8	0.3
Other	52.7	-4.6	-0.9

- In December 2024, net remittances were estimated at 250.6 million USD, representing a 10.1 percent annual decrease. Relative to corresponding month of 2019, Net Remittances increased by 70.8 percent.

- Net Remittances increased from:
 - USA: 19.6 percent (contributing 3.2 pp to total growth)
 - Kyrgyz Republic: 226.2 percent (1.6 pp contribution to overall growth)
 - Israel: 10.5 percent (0.8 pp contribution to overall growth)

Net Remittances by country, %y/y

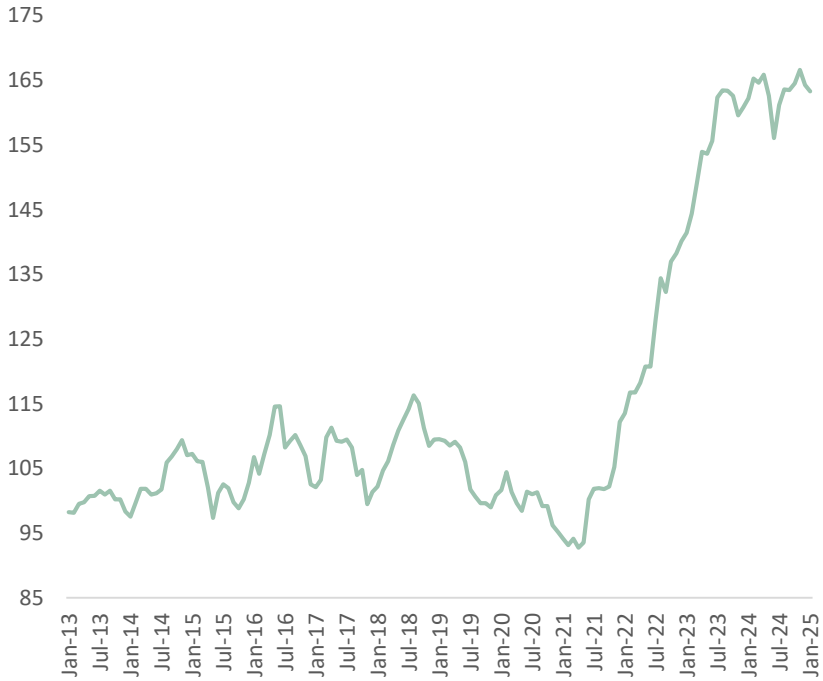


- Net Remittances decreased from:
 - Russia: -59.2 percent (-14.1 pp contribution to total growth)
 - Kazakhstan: -57.1 percent (-2.8 pp contribution to total growth)
 - Azerbaijan: -248.7.3 percent (-0.5 pp contribution to total growth)

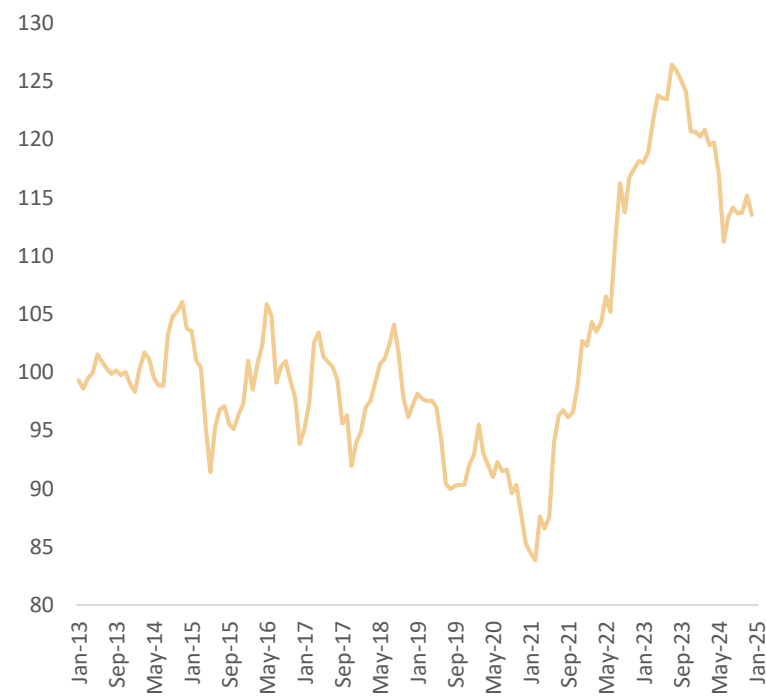
Source: NBG

Real Effective Exchange Rate Depreciated by 5.9 percent in December

NEER: 2013 = 100

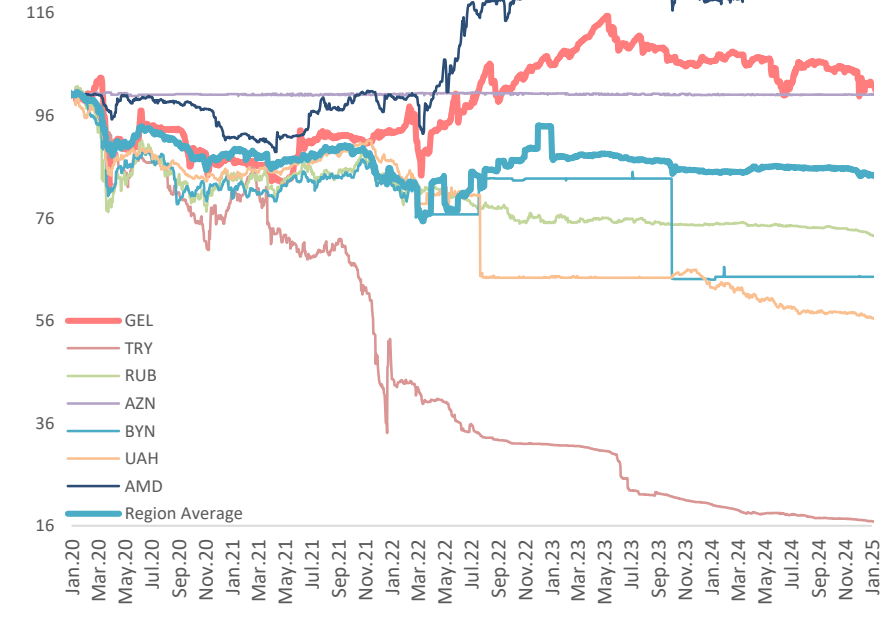


REER: 2013 = 100



USD Exchange Rates

January 30, 2025

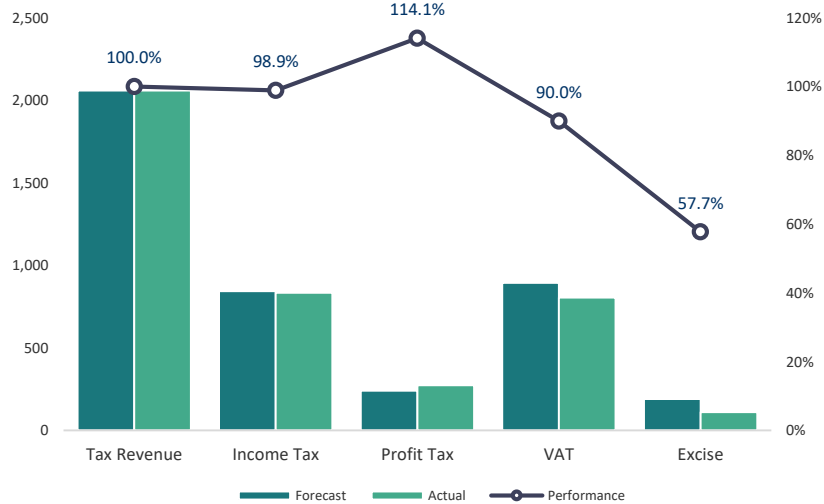


Note: Increase means appreciation

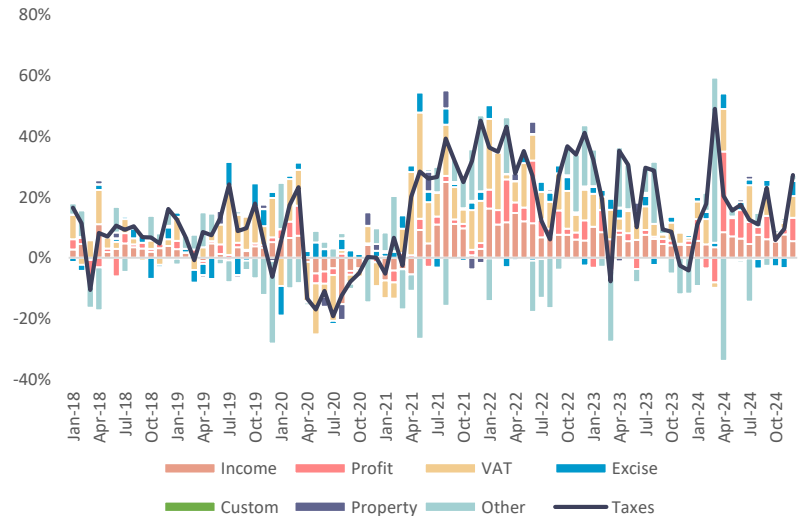
	January 31, 2025		January 31, 2024 - Jan 1, 2024		January 31, 2024 - Jan 1, 2023
Euro	2.9929	▼	-2.1%	▼	-0.6%
US Dollar	2.8761	▼	-2.2%	▼	-6.5%
Turkish Lira	0.0804	▼	-1.0%	▲	13.2%
Russian Ruble	0.0295	▼	-12.3%	▲	1.5%
NEER	185.86	▼	-3.6%	▼	-0.2%
REER (December 2024)	139.68	▼	0.0%	▼	-5.9%

Tax Revenues in January met the Forecast Value at 100 percent

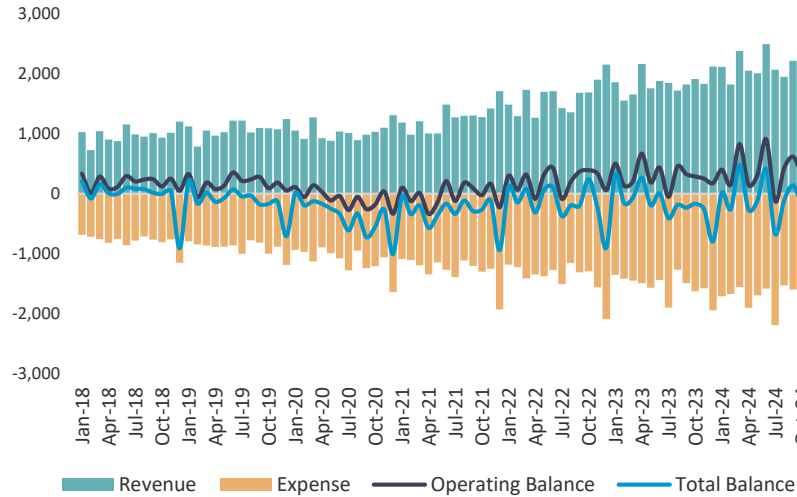
Budget Revenue Performance, January 2025



Tax Income, % v/v

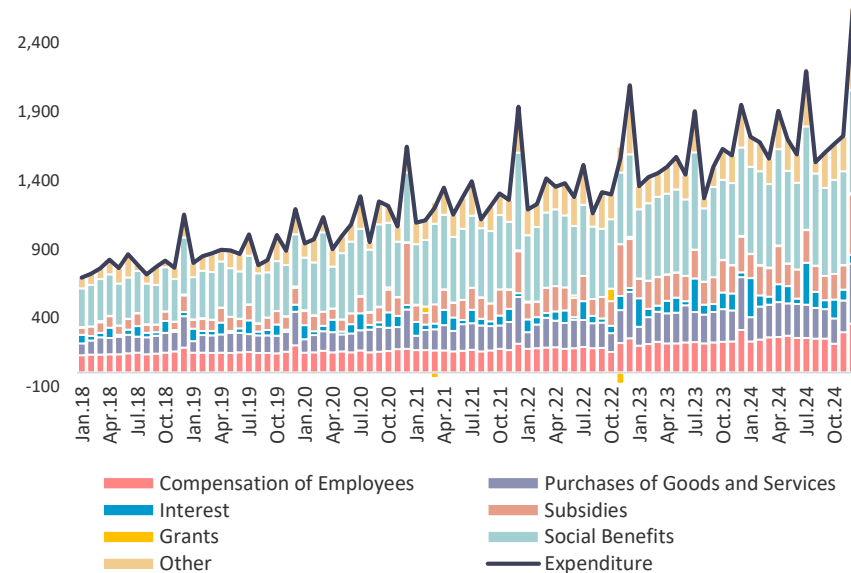


Consolidated Budget, mln GEL



Revenue Expense Operating Balance Total Balance

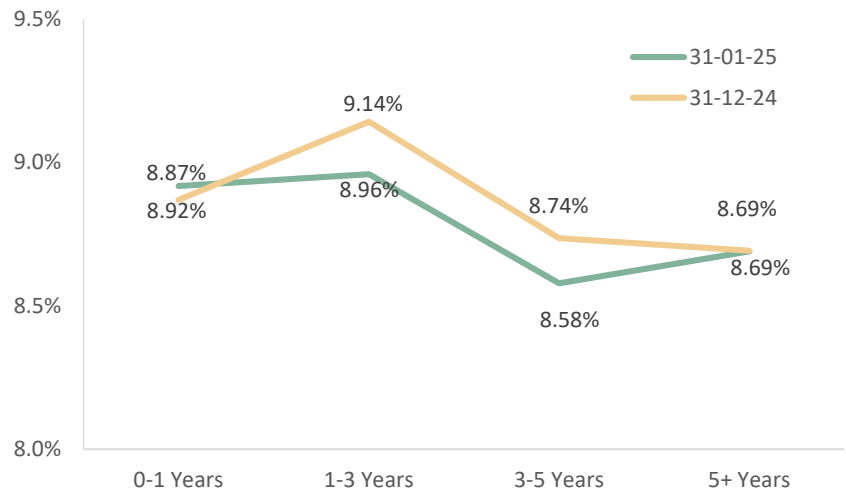
Consolidated Budget Expenditure, mln GEL



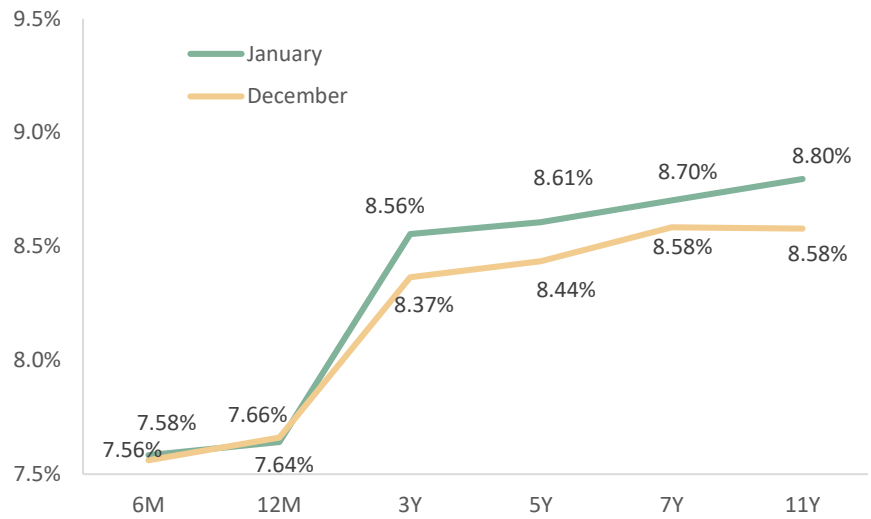
- The actual level of tax income in January 2025 was 2,059 mln GEL, which is exactly the forecasted value.
- Consolidated budget revenues increased by 22.4 percent and expenditures increased by 35.9 percent in December.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to -49.9 million GEL, while the total balance was set at negative -1093.3 million GEL.
- Revenue from taxes had a significant impact on revenue from Profit taxes and VAT in December, accounting for 7.7 and 7.2 percent of total growth, respectively.

Treasury Financial Securities Portfolio Changed Slightly in January

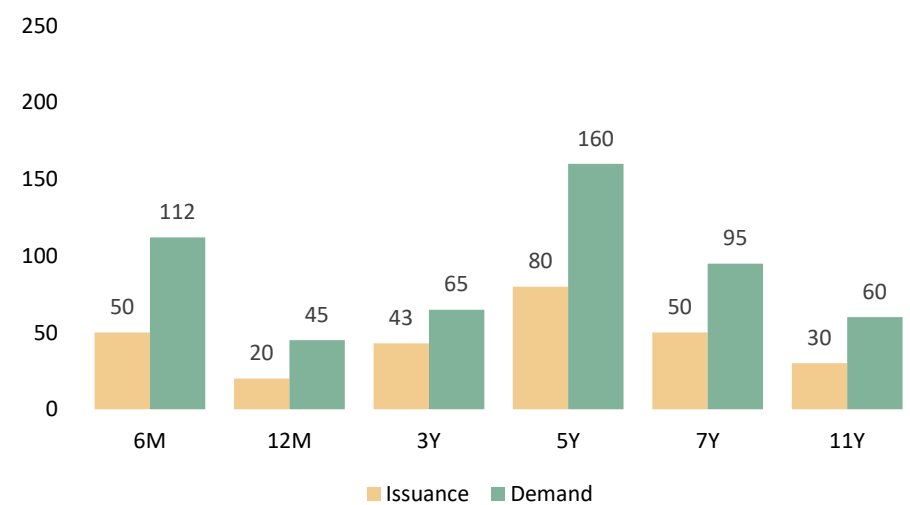
Portfolio Yield Curve



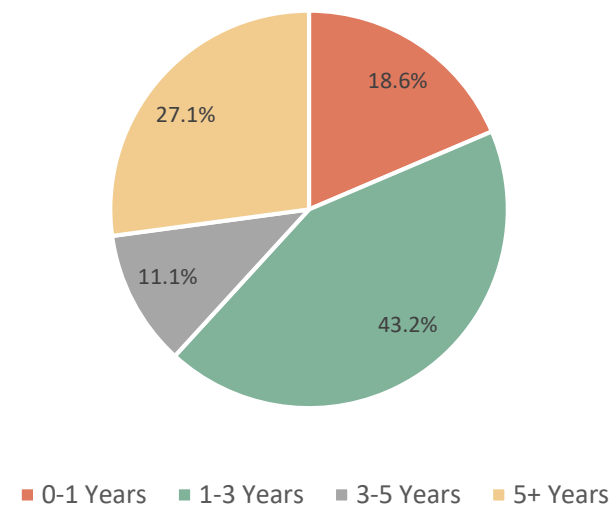
Weighted average interest rates



Issuance and Demand of Treasury Bonds, mln GEL



Portfolio by Residual Maturity, January 31, 2025

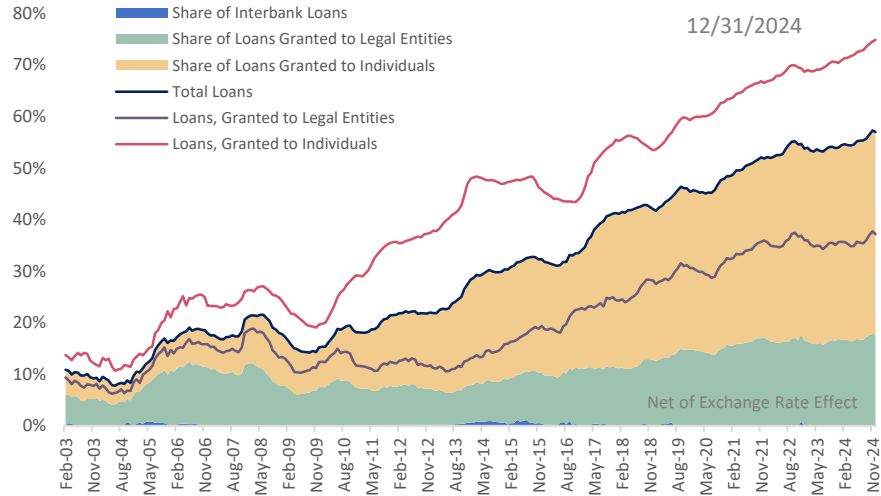


- In January 2025, 6 issuance auctions and 2 switch auctions were held with the total volume of 370.26 million GEL.
- The weighted average interest rate amounted to 8.430%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years. The treasury securities with total amount of 140 million GEL were redeemed.
- As of January 31, 2025 around 43% of the treasury securities portfolio is composed of the securities whose maturity date is due for the next 1-3 year. The long-term state financials securities (with duration 5+ years) have also a sizable share (at around 27%) in the total portfolio.
- The Bid-to-cover ratio decreased compared to the previous month's value (December 2.05) and amounted to 1.97 in January.
- In January, the average time to maturity (ATM) for the treasury security portfolio has increased slight to 3.53 (December 3.50).

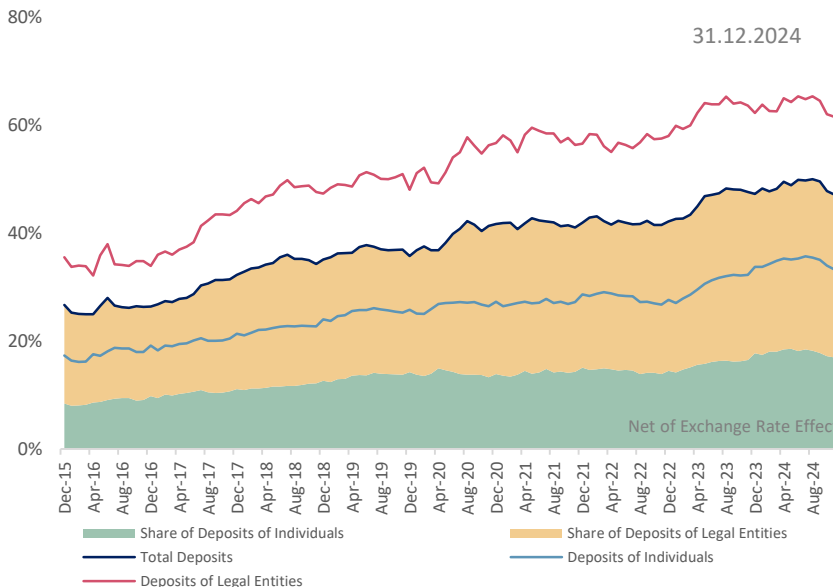
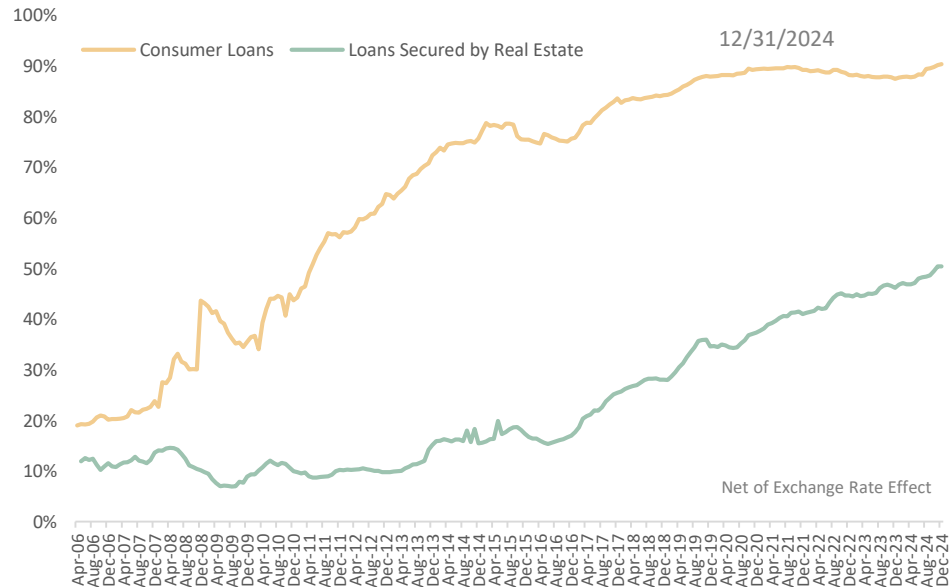
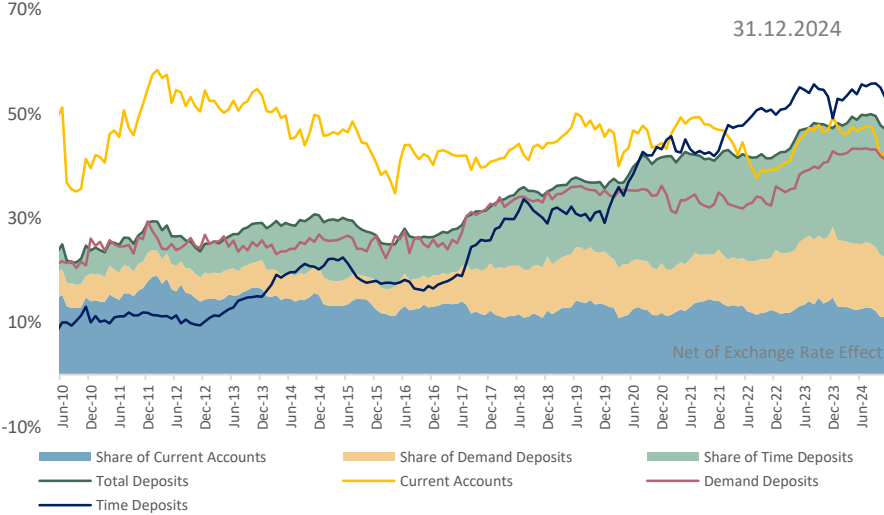
Source: MoF

In December Total Loans' and Deposits' Larization Indices Fell

Loan Larization



Deposit Larization



- As of December 31, 2024, the larization of total loans is 57.0 percent.
- The larization of loans to individuals is 74.8 percent.
- The larization of the loans to the legal entities amounted to 37.2 percent.
- The larization of the total deposits equals to 46.0 percent.
- The larization on the deposits of the legal entities amounted to 59.5 percent.
- The larization of the deposits of individuals is 33.8 percent.
- The larization of time deposits is 50.6 percent.
- The larization of the current accounts equals to 42.8 percent.
- The larization of the demand deposits is 41.8 percent.

Source: NBG

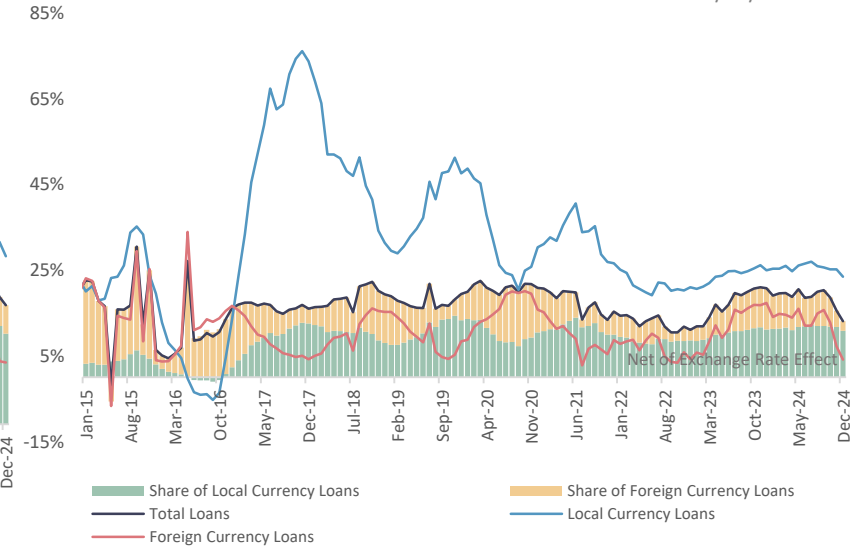
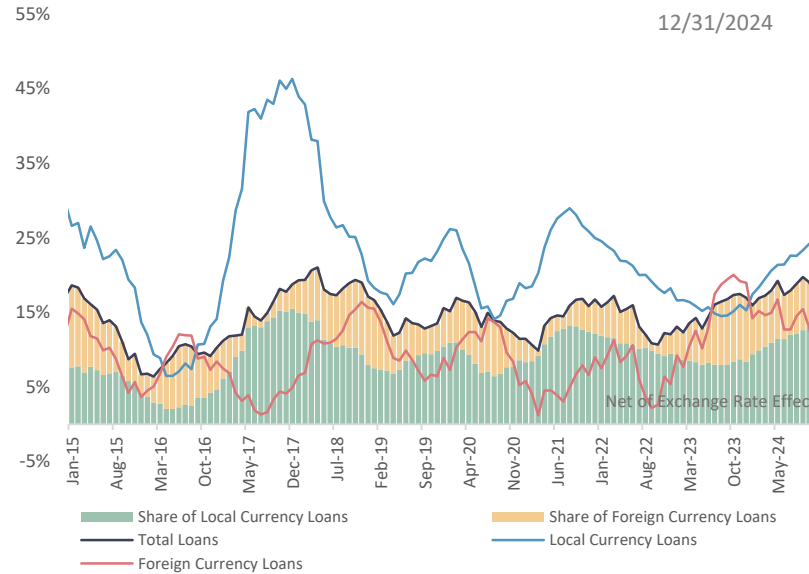
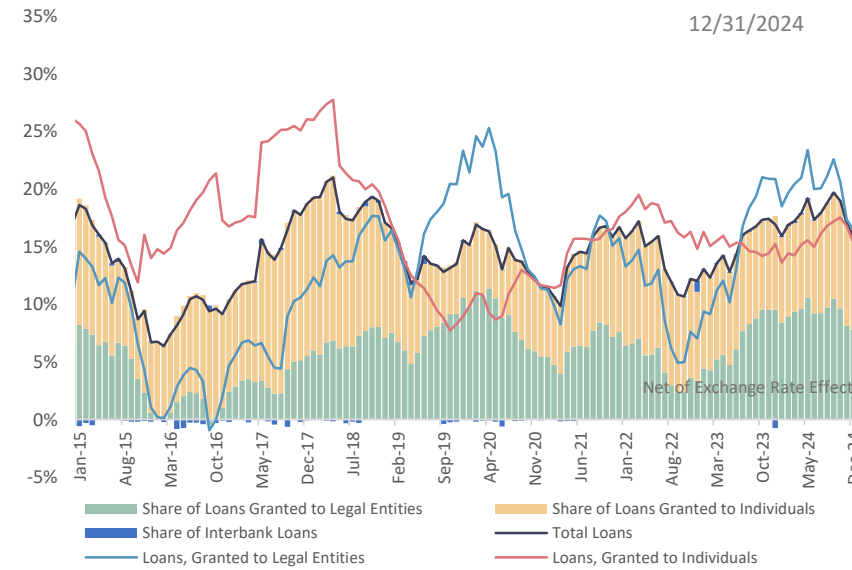
In December Still Loans Were Characterized by High Annual Growth Rates

Loans Growth Rates, % y/y

Loans by Currency, % y/y

Mortgage Loans, % y/y

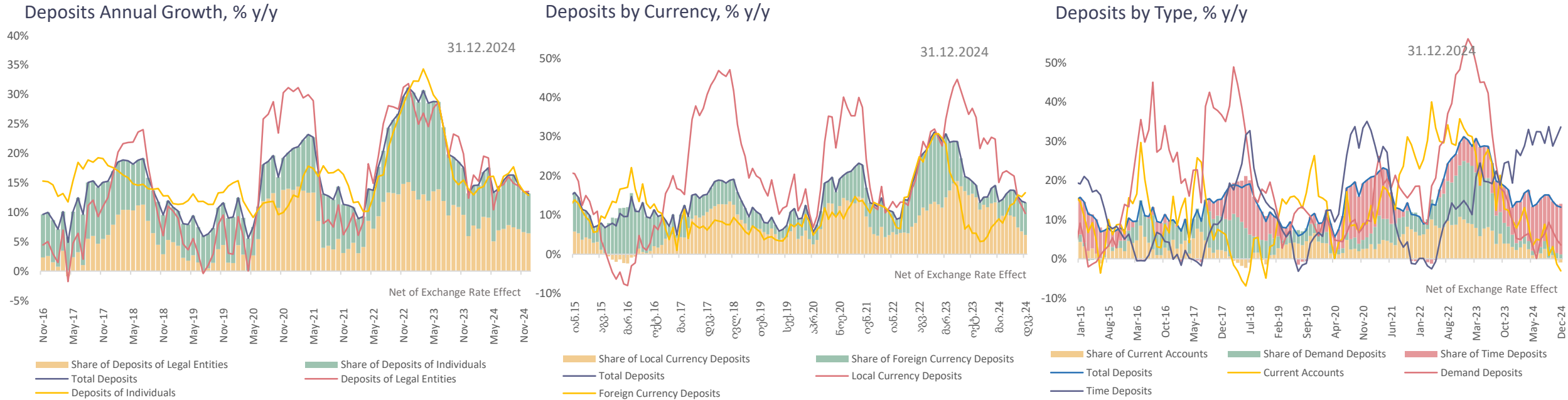
12/31/2024



- As of December 31, 2024, the total loans increased by 15.9 percent compared to the corresponding period of 2023 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 16.5 percent.
- The annual growth of loans to individuals is 15.4 percent.
- As of January 1, 2024, the growth rate of the loans denominated in the national currency amounted to 24.5 percent.
- The annual growth of loans denominated in foreign currency amounted to 8.3 percent.
- As of December 31, 2024, the annual growth of loans secured by real estate amounted to 13.1 percent. At the same time, the mortgage loans denominated in national currency increased by 23.5 percent, while the mortgage loans denominated in the foreign currency increased by 4.1 percent.

Source: NBG

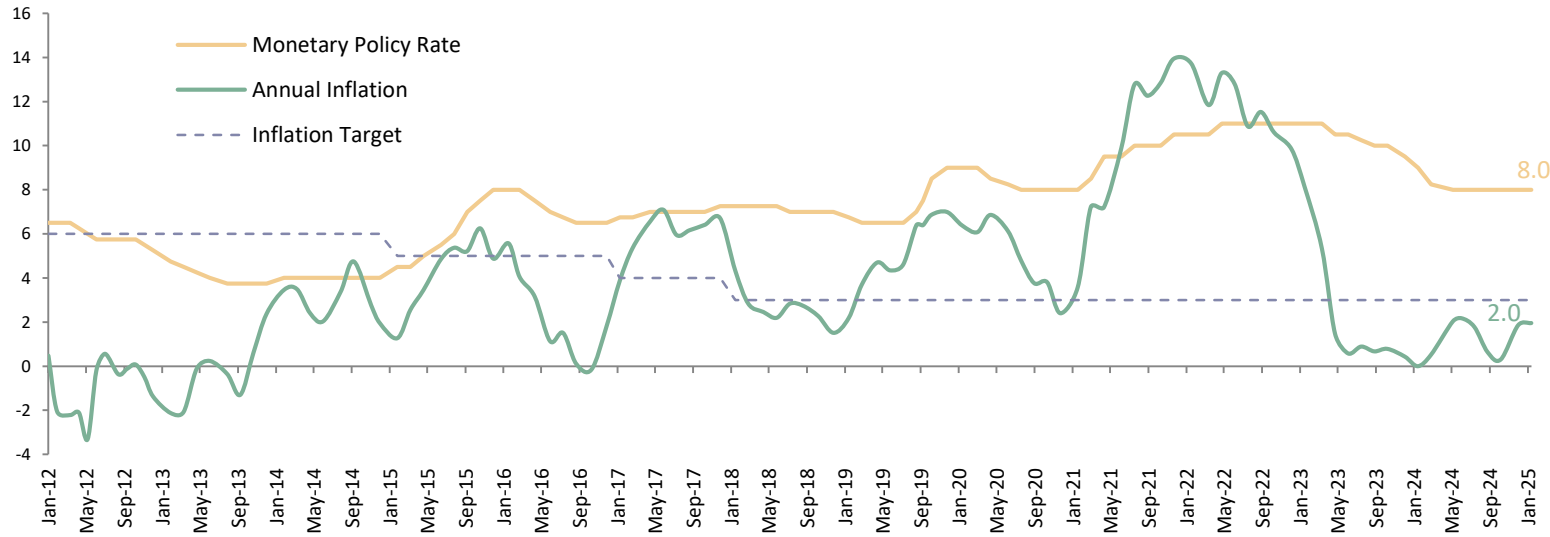
Most of Deposits Annual Growth Rates Are Decreasing



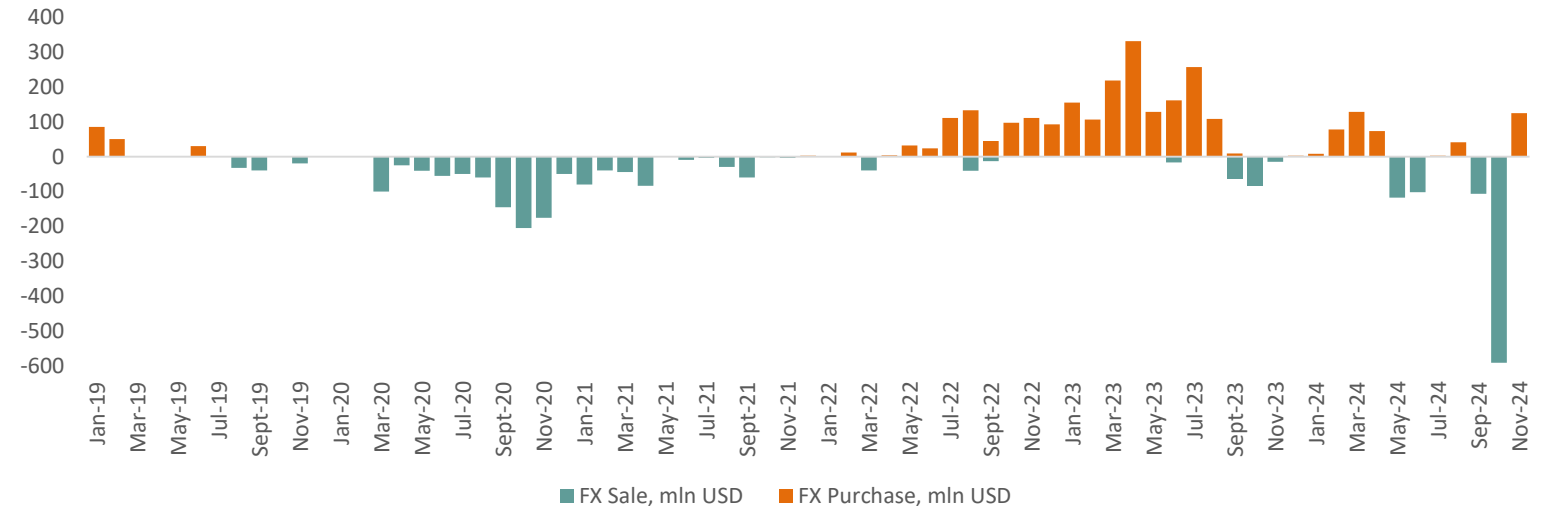
- As of December 31, 2024, the growth of the total deposits compared to the corresponding period of the previous year is 13.2 percent.
- The annual growth of the deposits denominated in the national currency amounted to 10.4 percent. The annual growth of the deposits denominated in foreign currency stood at 15.7 percent over the same period.
- The growth of deposits of individuals amounted to 12.9 percent, while the annual growth of deposits of legal entities in the same period amounted to 13.5 percent.
- The annual growth of current accounts at the beginning of January, 2024, was equal to -3.0 percent (reduction).
- The annual growth of the time deposits was 33.6 percent.
- The growth of the demand deposits amounted to 3.5 percent.

Monetary Policy Rate Was at 8 percent Level in January

Inflation and Monetary Policy Rate



Trade of USD by NBG, mln USD

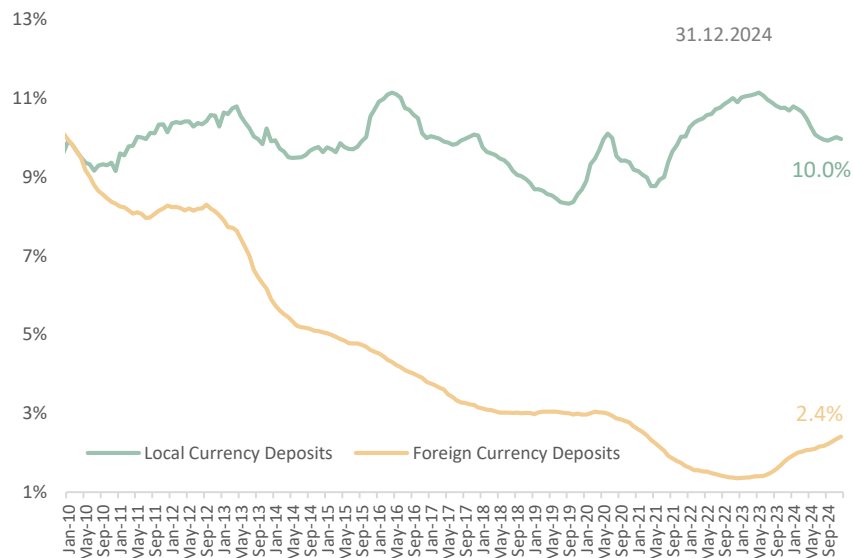


- The Monetary Policy Committee of the National Bank of Georgia was conducted in January 29, 2025 where the committee decided to remain the monetary policy rate at the same level. Consequently, the refining rate was at 8 percent level within January of the current year.
- Per the NBG, the factual inflation is less than the target one (3 percent). The major reasons of this are domestic economic factors. It should be noted that the prices of domestically produced goods and services are increasing at a slow pace, while an increase in the economy’s potential output helped ease inflationary pressures stemming from robust aggregate demand. Lower fuel prices have contributed to reducing inflation, while the increase in international food commodity prices has been partly passed on to the domestic market. Domestic and geopolitical turbulence has increased uncertainty, affecting sentiments. According to the NBG’s central scenario, inflation is expected to remain close to the target in the first half of 2025 and it may temporarily overshoot the target and stabilize around 3% in the medium term.
- The inflation was 2.0 percent in January 2025. It is also worth underling that the average inflation in 2024 was at 1.1 percent level.
- The next meeting of the Monetary Policy Committee will be held on March 12, 2025.

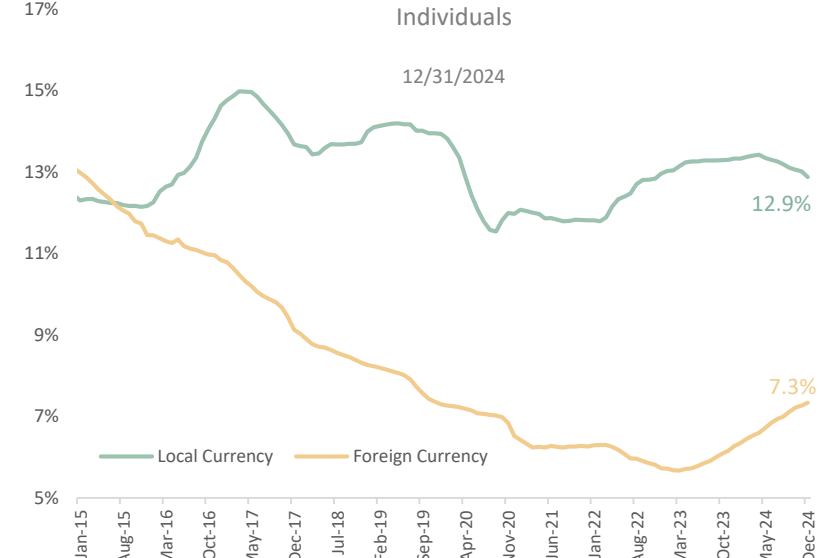
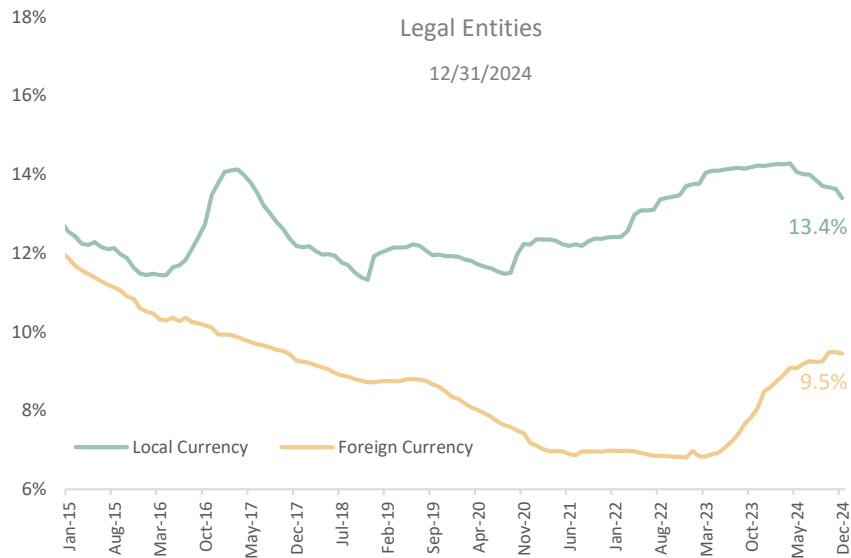
Source: NBG

Market Interest Rates on National Currency Has a Decreasing Trend

Interest Rates on Deposits



Interest rates on Loans secured by Real Estate



- As of January 1, 2024, the interest rate on foreign currency deposits was 2.4 percent, and in national currency – 10.0 percent (an increase).
- The weighted average interest rate on deposits in the national currency by legal entities was 10.7 percent, and in foreign currency – 3.0 percent.
- The average annual interest rate on deposits by individuals is 2.4 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 11.6 percent (15.7 percent in national currency and 6.1 percent in foreign currency).
- The weighted average annual interest rate on long-term consumption loans was 15.9 percent (16.6 percent in national currency and 7.7 percent in foreign currency).
- At the end of December, 2024, the interest rate on mortgage loans denominated in local currency issued to legal entities was 12.5 percent, and in the foreign currency 9.3 percent. The interest rate on the loans to individuals in the national currency was 12.4 percent, and in foreign currency 7.7 percent.

Source: NBG

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.

Georgia, Tbilisi 0105, Gorgasali Street N16

Tel: (995 32) 2 261 407

E-mail: info@mof.ge; www.mof.ge



MINISTRY OF FINANCE
OF GEORGIA