



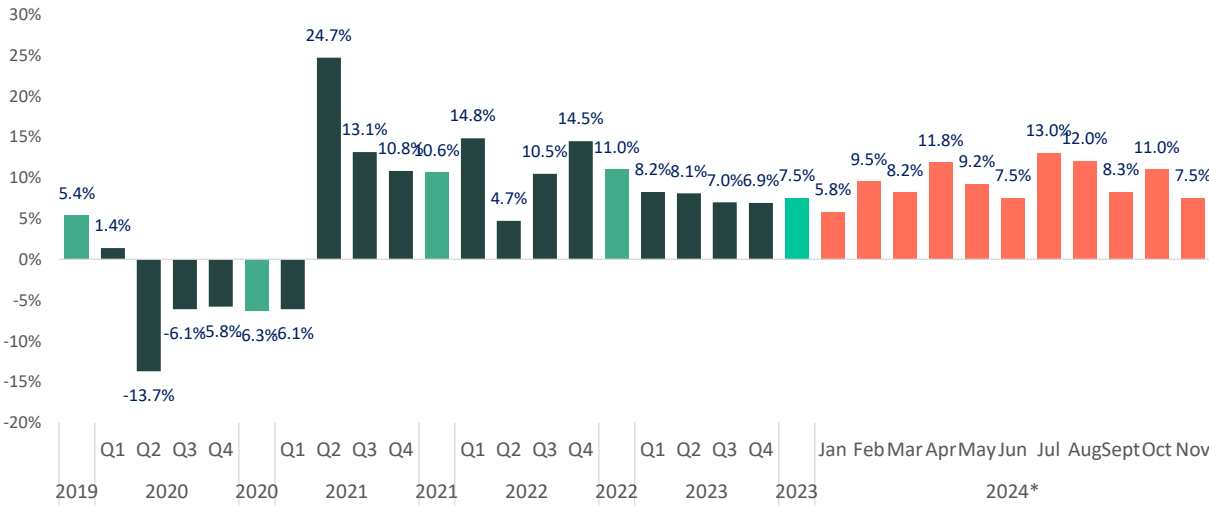
Current Economic Outlook

December, 2024

- In November 2024, the real GDP growth rate was 7.5 percent and average growth rate of the first eleven months of 2024 was 9.4 percent, according to the preliminary estimates of the National Statistics Office.
- In December, annual inflation stood at 1.9 percent, while core inflation was 2.3 percent
- In November, exports increased by 12.6 percent year-on-year and imports increased by 10.7 percent year-on-year, increasing the trade deficit by 9.6 percent year-on-year to 893 million USD
- For November, the real effective exchange rate depreciated by 4.6 percent compared to the same period of the previous year and appreciated by 1.3 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 negative” S&P “BB stable” Moody’s “Ba2 stable”

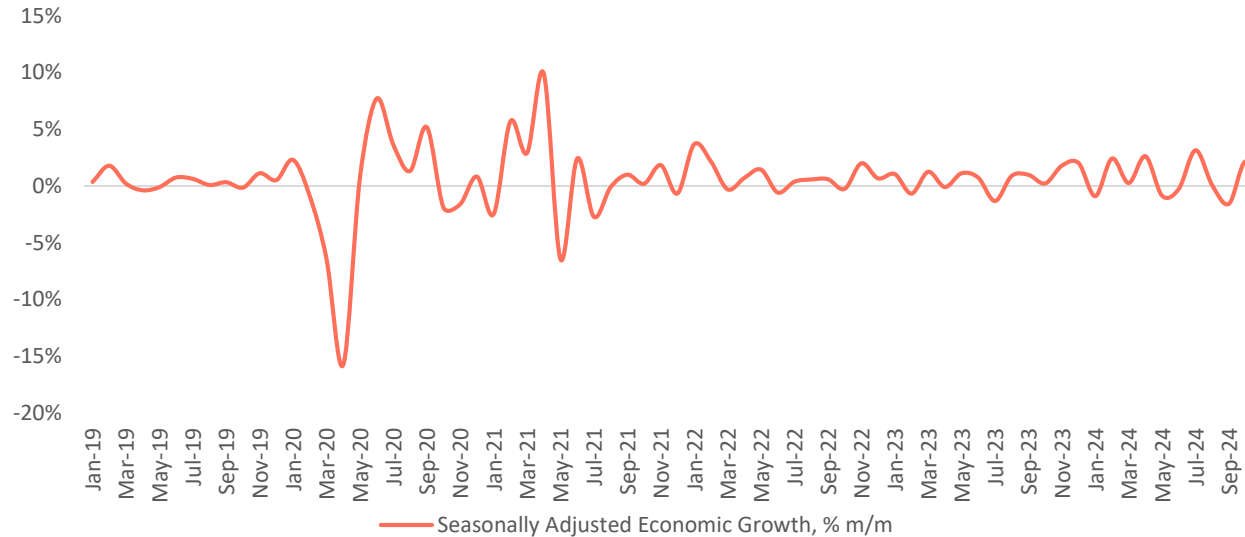
According to Preliminary Estimates Economic Growth in November was Equal to 7.5 percent

Economic Growth, % y/y

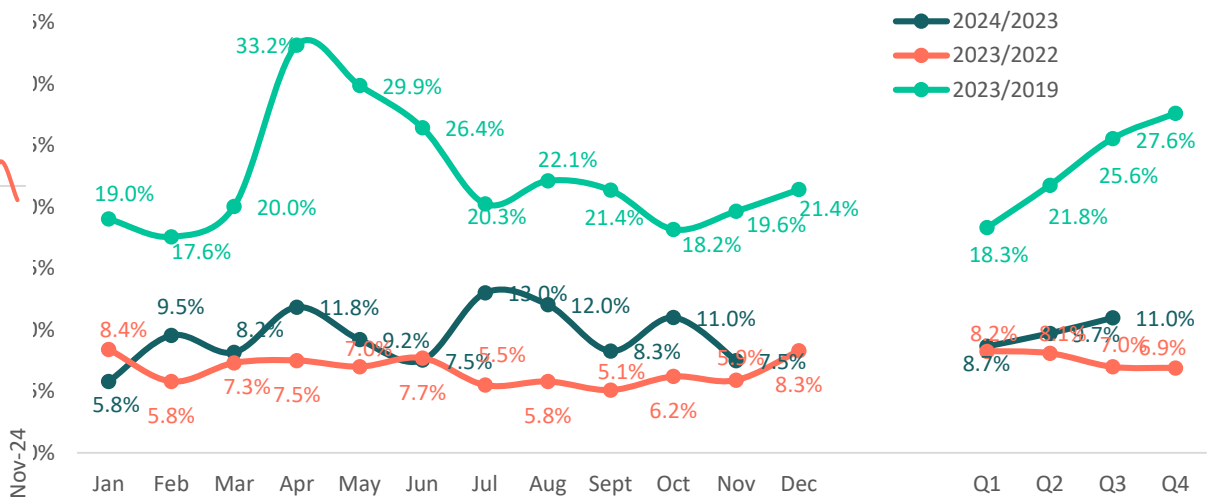


- Estimated real GDP growth rate in November 2024 equaled 7.5 percent YoY and average annual real GDP growth rate for the January-November of 2024 equals to 9.4 percent, while the seasonally adjusted economic growth in November comparing to the previous month was -1.3 percent.
- In November 2024 the estimated real growth compared to the same period of the previous year was observed in the following activities: Professional, scientific and technical activities, Information and Communication, Transportation and storage.

Economic Growth, % m/m



Economic Growth, 2024-2019



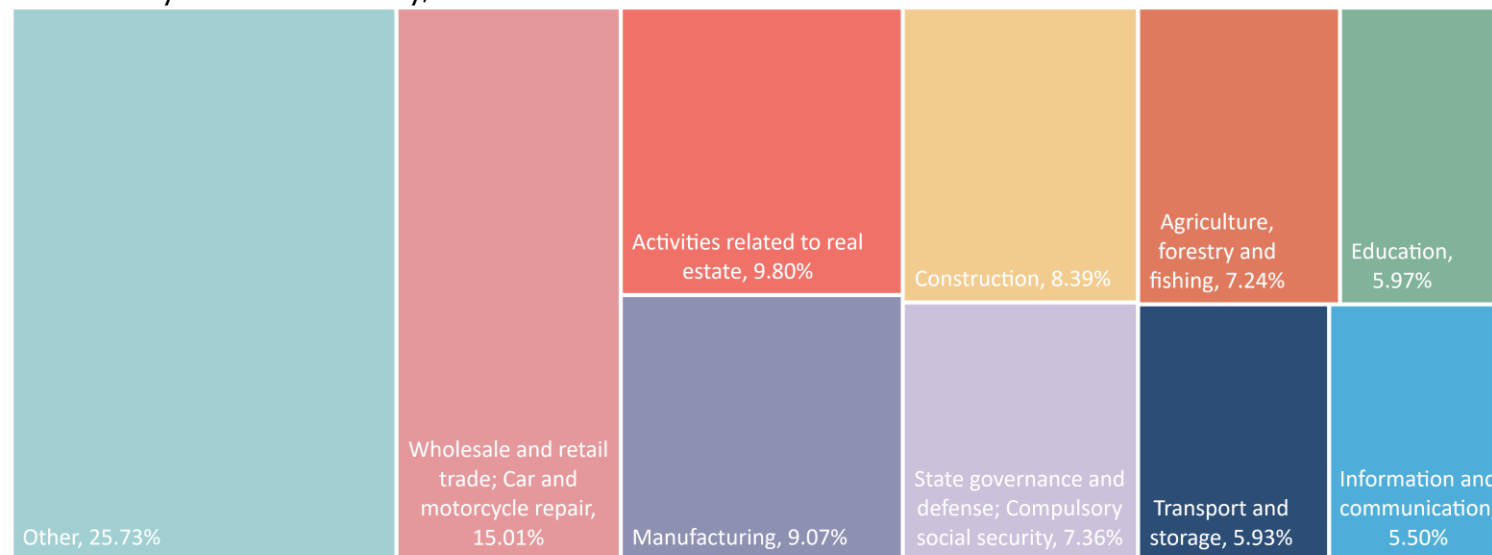
According to Preliminary Estimates, Real GDP Increased by 11.0 percent in the Third Quarter of 2024

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.)

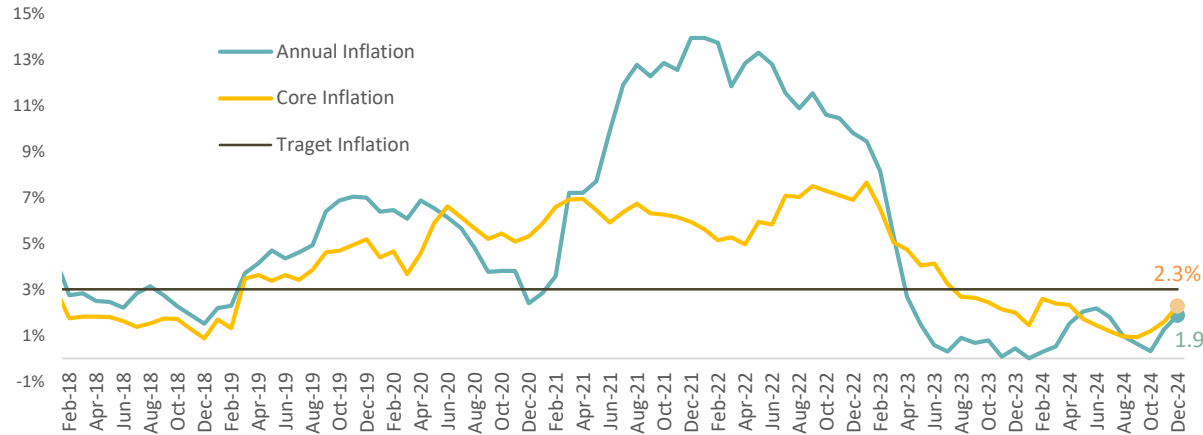
GDP by economic activity, 2024 III Quarter



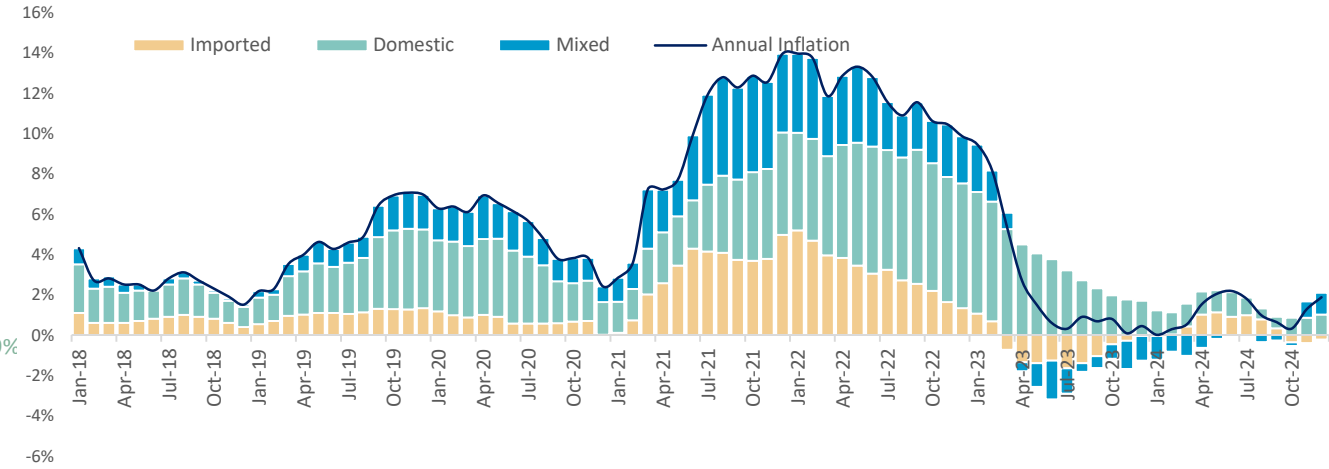
Source: Geostat

Annual Inflation in December has Reached 1.9 percent

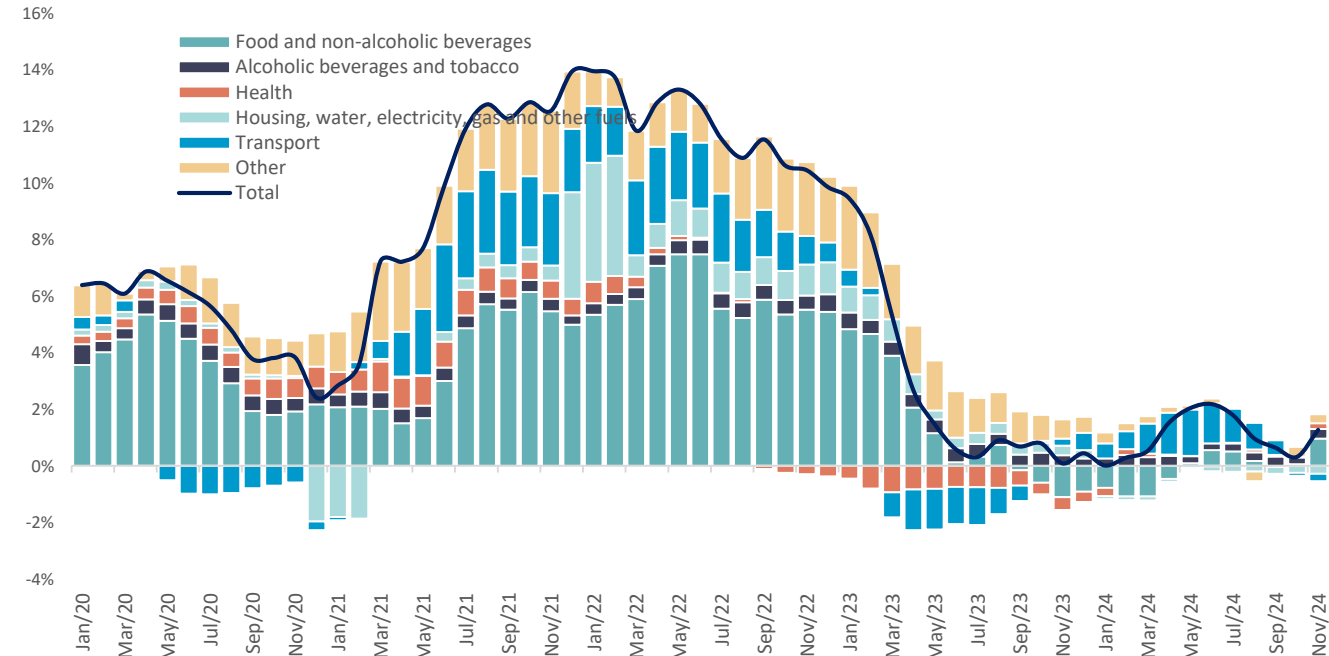
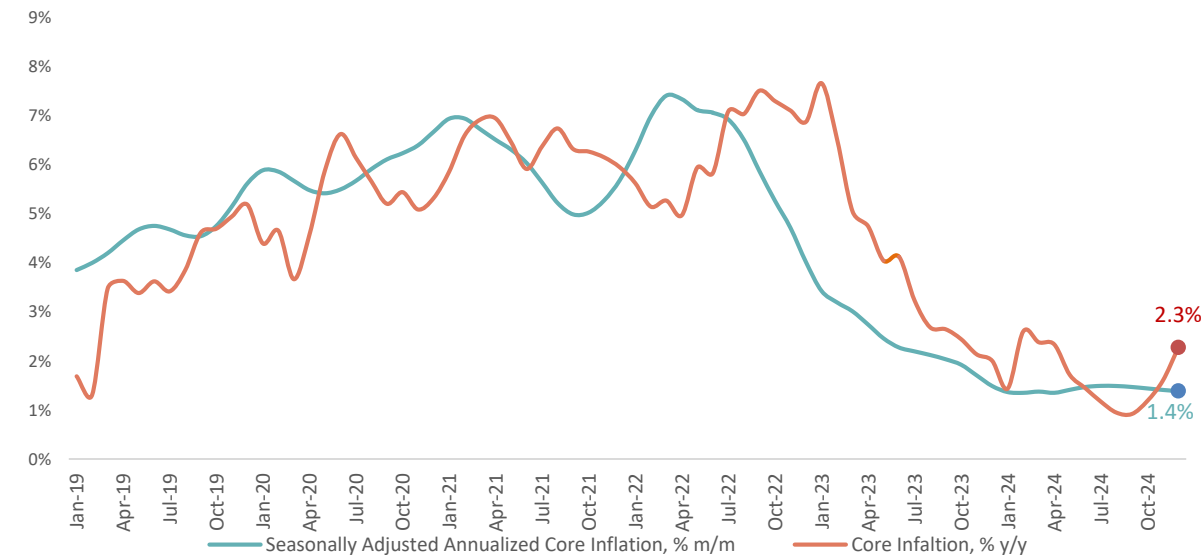
Total and Core Inflation, % y/y



Inflation Decomposition



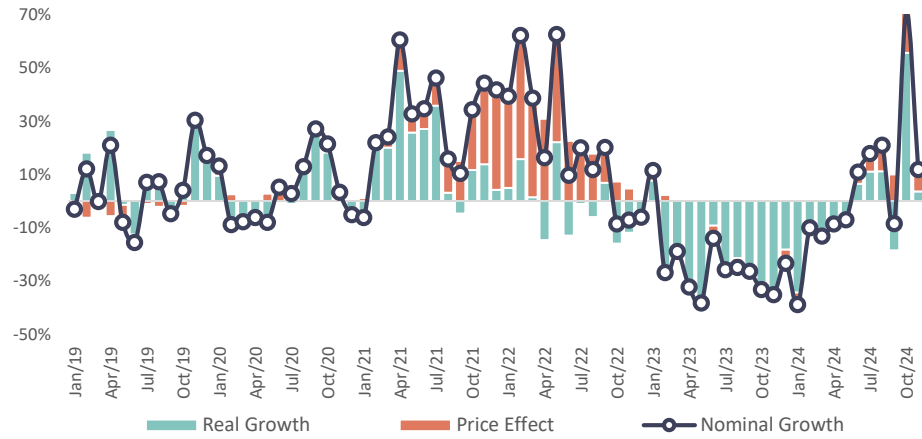
Core Inflation, % m/m



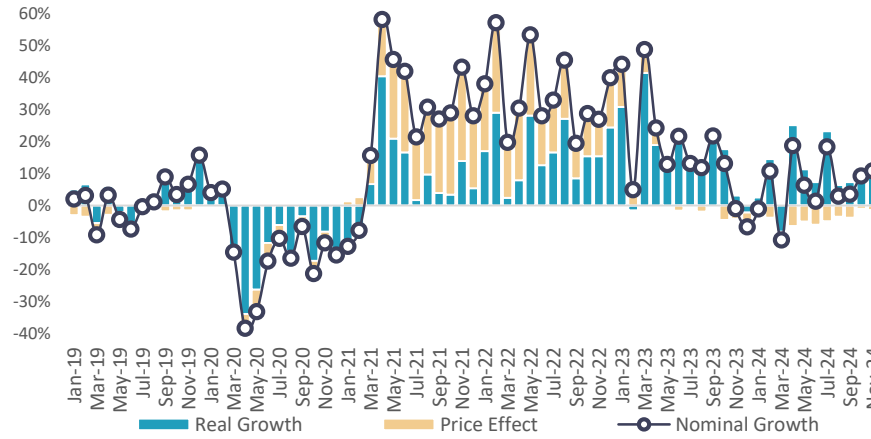
Source: Geostat, NBG, MOF

Trade Deficit in November Increased by 9.6 percent Annually

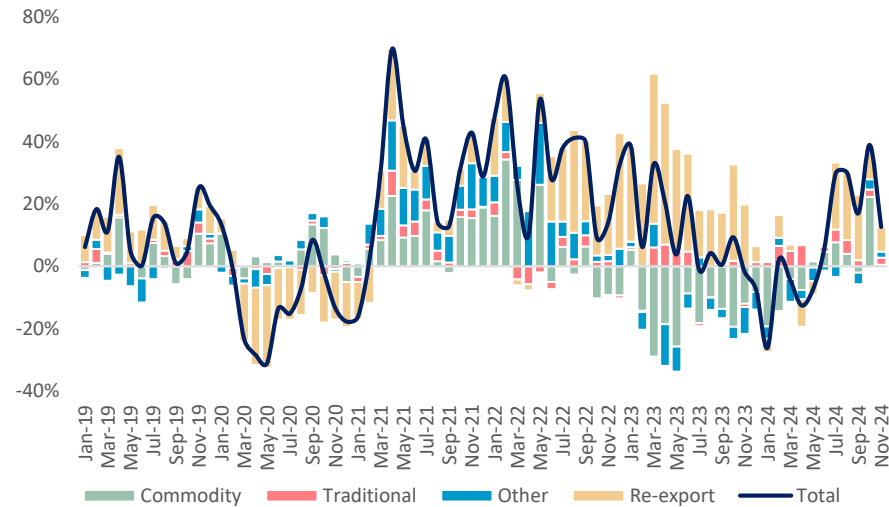
Change of Domestic Export, %/y



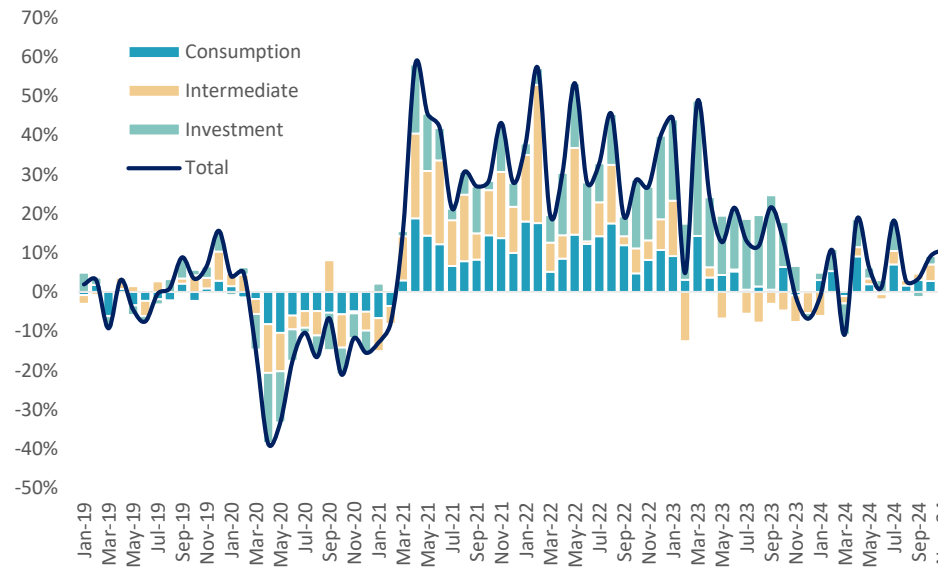
Change of Import, %/y



Decomposition of Export



Decomposition of Change of Import, %/y

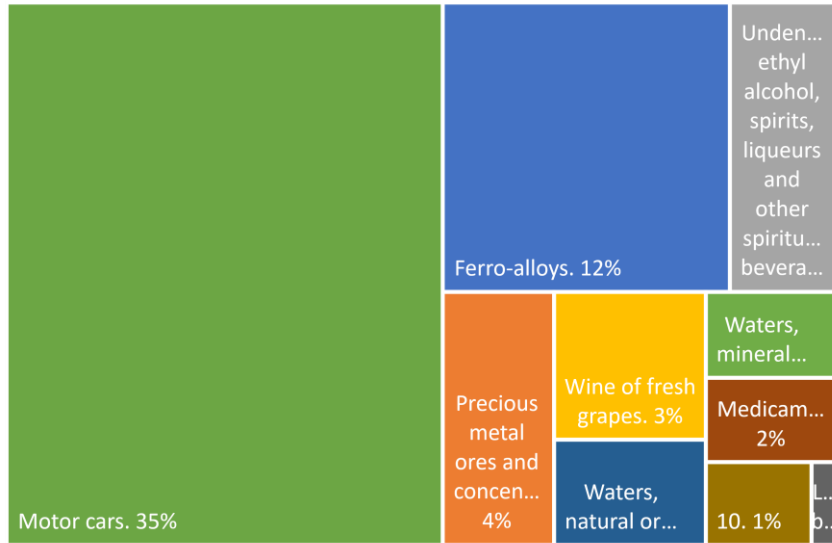


- Export in November increased annually by 12.6 percent to 542.6 million USD.
- Domestic export increased annually by 11.7 percent to 218.2 million USD.
- Import annually increased by 10.7 percent to 1 425.7 million USD in November.
- Trade deficit annually increased by 9.6 percent to 893.1 million USD.
- Share of re-export in export growth is equal to 7.9 percent (13.3 %/y), while share of traditional product export is 2.3 percent (20.5 %/y).
- Contribution of import of Investment, Intermediate, and Consumption goods to total import annual growth was equal to 1.8, 2.8 and 6.1 percent, respectively.

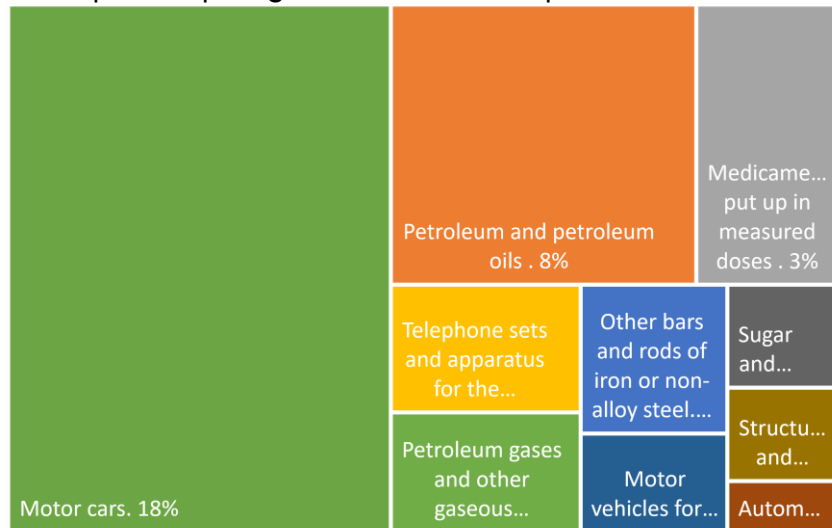
Source: Geostat, MOF

International Trade is Characterized by Stable Diversification

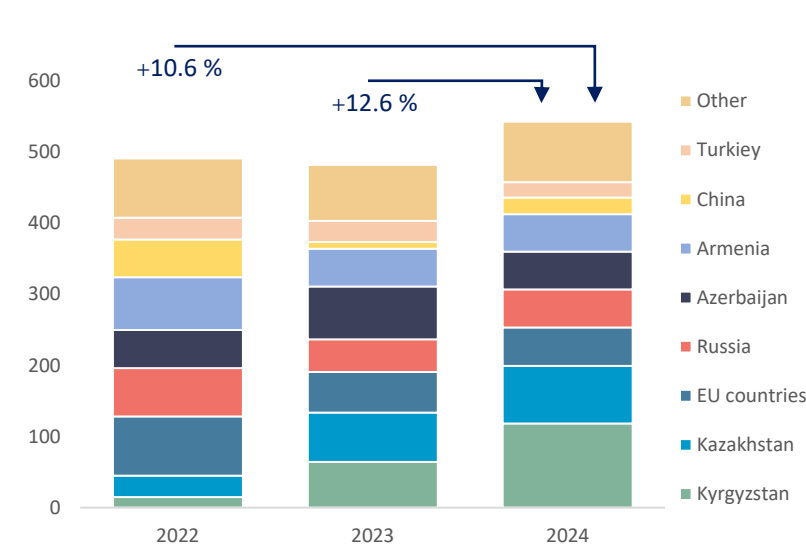
Top 10 Export goods, % of total Export



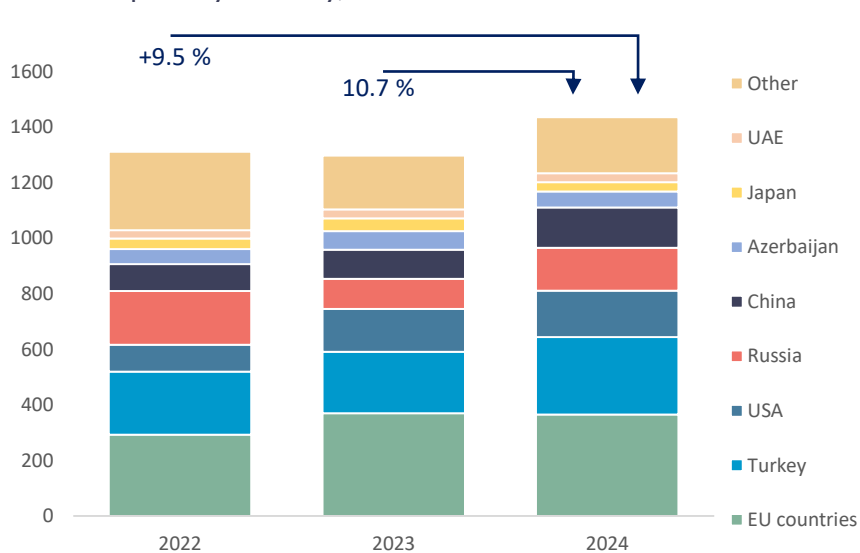
Top 10 Import goods, % of total Import



Export by country, November



Import by country, November



▪ **Top Export Products:**

- Motor cars: 218.5 million. USD – 40.3 percent of total exports.
- Udenat... ethyl alcohol, spirits, liqueurs and other spirituous beverages: 28.4 million USD – 5.2 percent of total exports.
- Wine of fresh grapes: 25.3 mln. USD – 4.7 percent of total exports.

▪ **Top Import Products:**

- Motor cars: 258.7 million. USD – 18.0 percent of total imports.
- Petroleum and petroleum oils: 94.8 million US dollars – 6.6 percent of total imports.
- Petroleum gases: 54.3 million USD - 3.8 percent of total imports.

Top Export Country:

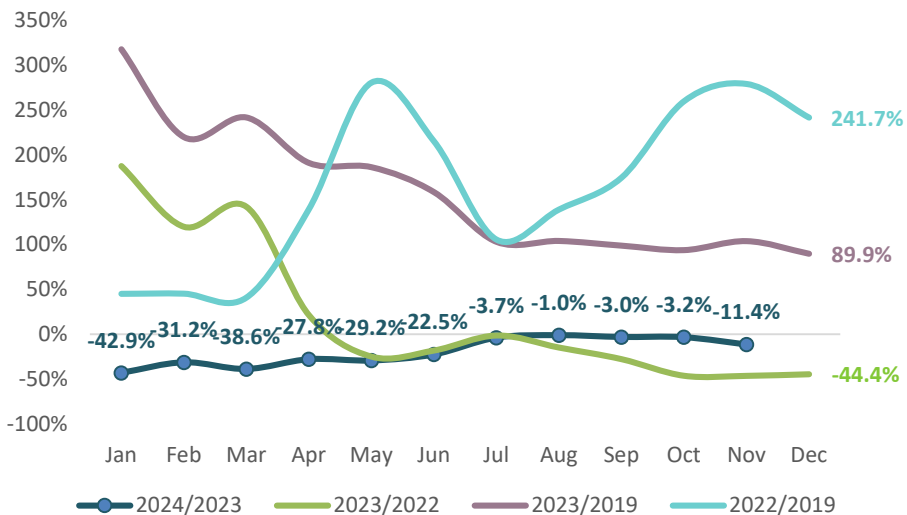
- Kyrgyzstan: 118.3 million USD, - 21.8 percent.
- Kazakhstan: 81.1 million USD, - 15.0 percent.
- European Union: 53.7 million USD – 9.9 percent.

Top Import Country:

- European Union: 365.4 million. USD, - 25.5 percent.
- Turkey: 278.9 million USD, - 19.4 percent.
- USA: 167.0 million USD – 11.6 percent.

Net Remittances Decreased by 11.4 percent in November 2024

Net Remittances, 2024-2019



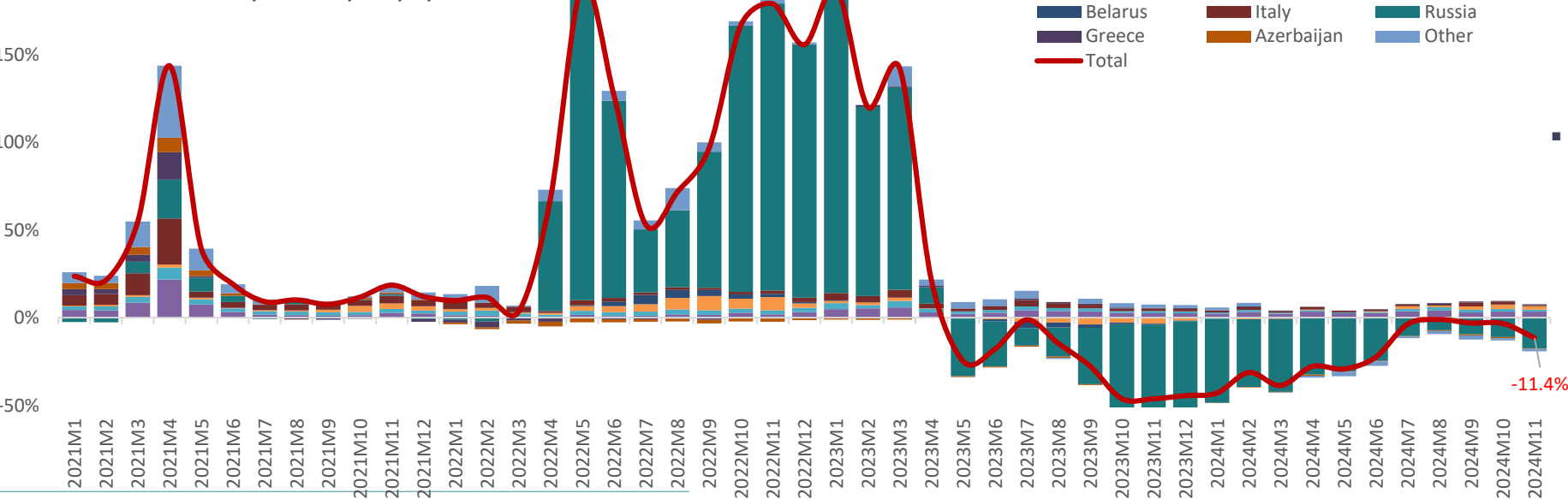
Net Remittances, October 2024

Country	Net Remittances (USD million)	Change, %y/y	Share in growth, pp
USA	48.9	22.6	3.4
Italy	44.1	4.3	0.7
Russia	26.1	-63.8	-17.5
Germany	22.8	15.5	1.2
Israel	20.9	15.8	1.1
Greece	19.8	5.8	0.4
Other	50.8	-3.7	-0.7

■ In November 2024, net remittances were estimated at 233.4 million USD, representing a 11.4 percent annual decrease. Relative to corresponding month of 2019, Net Remittances increased by 4.3 percent.

- Net Remittances increased from:
 - USA: 22.6 percent (contributing 3.4 pp to total growth)
 - Kyrgyz Republic: 221.8 percent (2.0 pp contribution to overall growth)
 - Germany: 15.5 percent (1.2 pp contribution to overall growth)
- Net Remittances decreased from:
 - Russia: -63.8 percent (-17.5 pp contribution to total growth)
 - Kazakhstan: -61.2 percent (-3.9 pp contribution to total growth)
 - Uzbekistan: -1237.3 percent (-0.3 pp contribution to total growth)

Net Remittances by country, %y/y



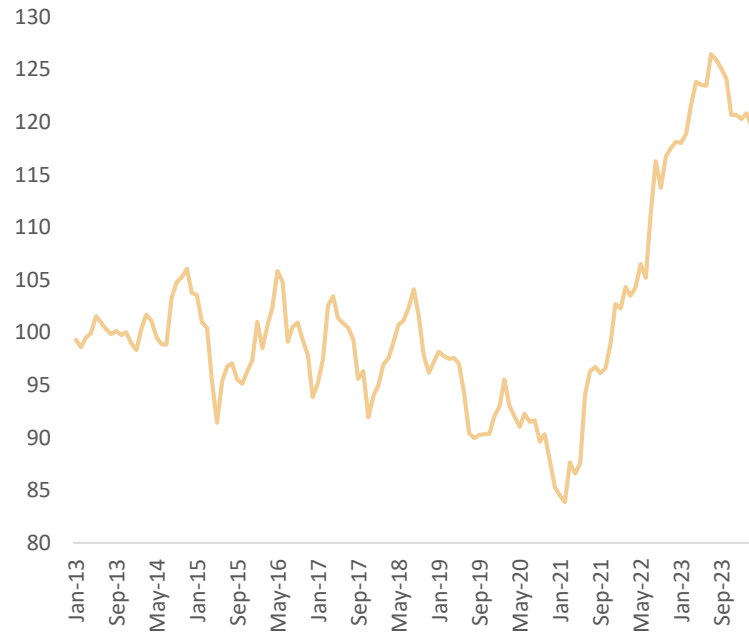
Source: NBS

Real Effective Exchange Rate Depreciated by 4.6 percent in November

NEER: 2013 = 100

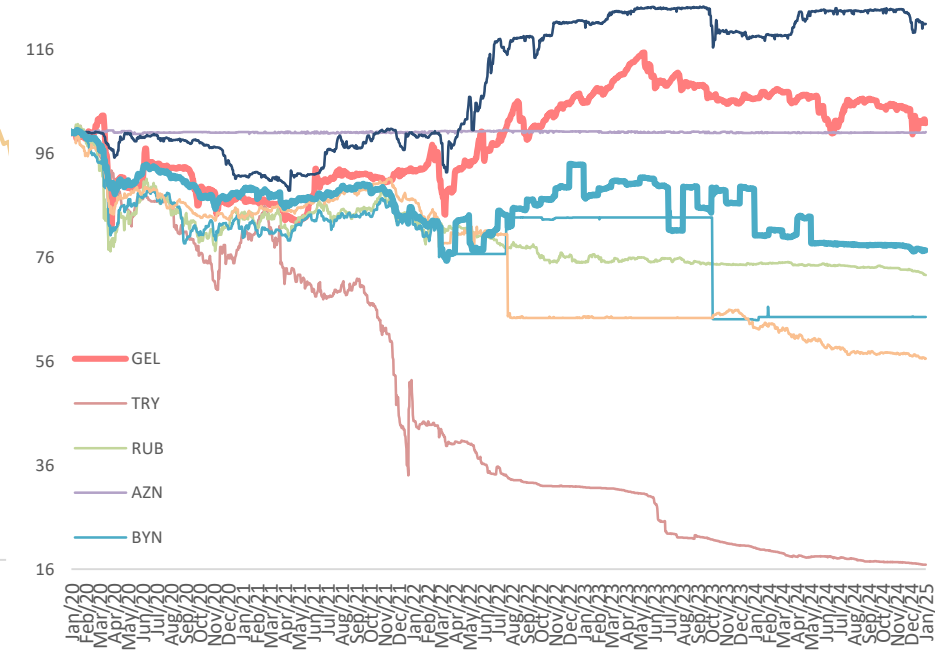


REER: 2013 = 100



USD Exchange Rates

December 31, 2024



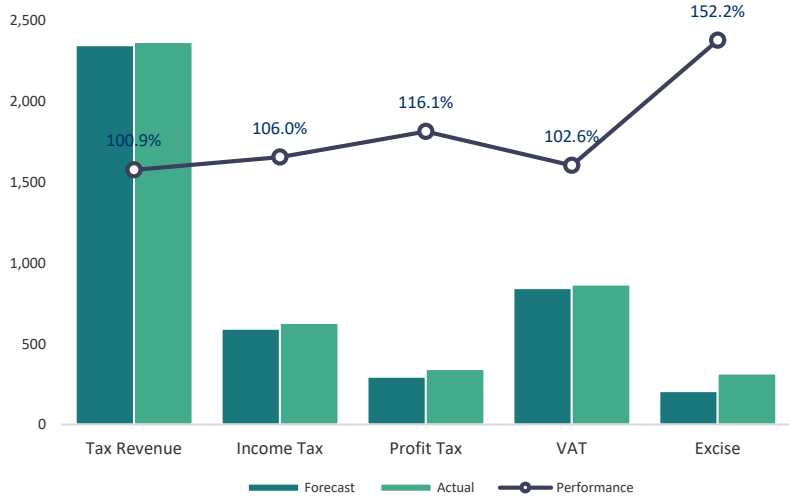
Note: Increase means appreciation

	January 1, 2025		January 1, 2024 - Jan 1, 2024		January 1, 2024 - Jan 1, 2023
Euro	2.9292	▲	1.6%	▼	-1.5%
US Dollar	2.8138	▼	-4.4%	▼	-4.0%
Turkish Lira	0.0796	▲	14.3%	▲	81.3%
Russian Ruble	0.0258	▲	15.8%	▲	42.3%
NEER	192.86	▲	3.6%	▲	17.2%
REER (November 2024)	141.71	▼	-4.2%	▼	-2.5%

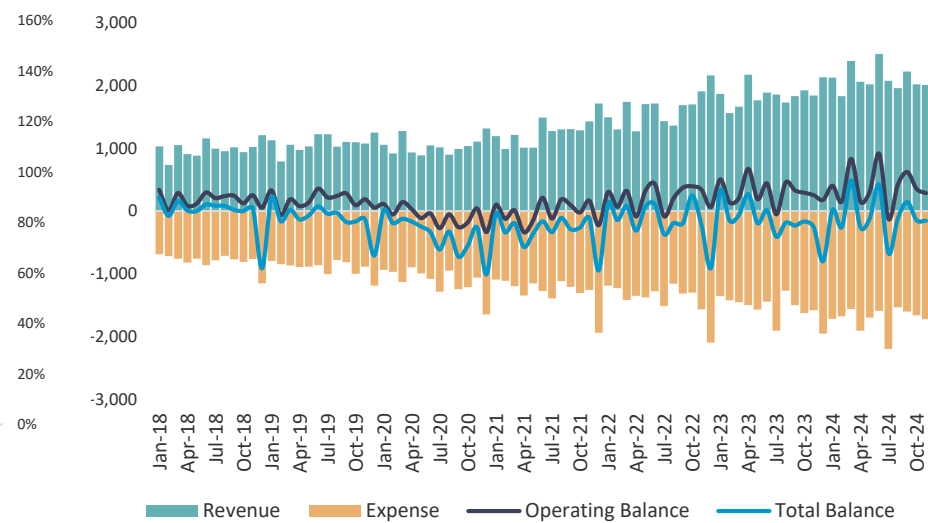
Source: NBG

Tax Revenues in December is Above the Forecast Value by 0.9 percent

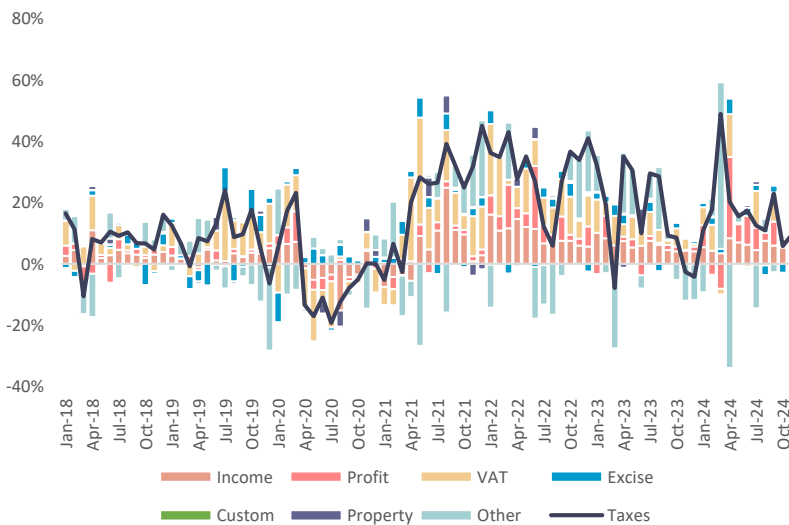
Budget Revenue Performance, December 2024



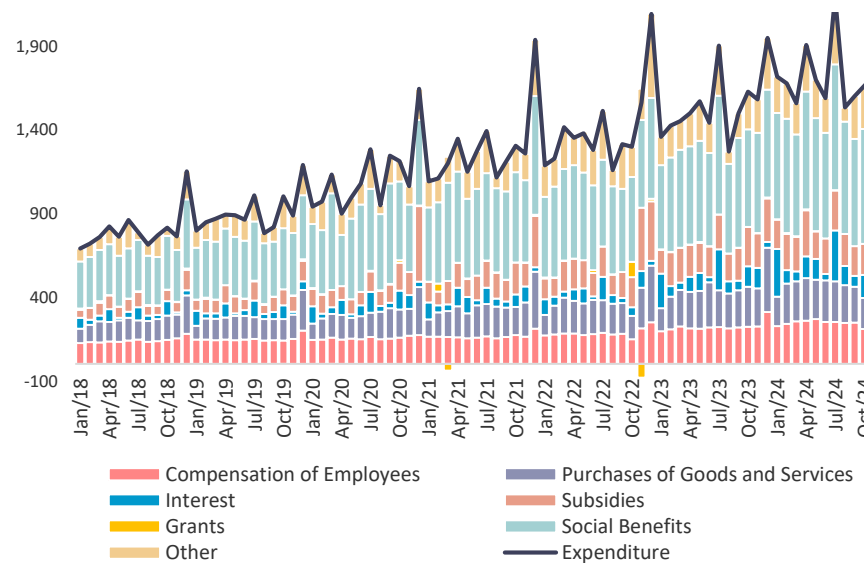
Consolidated Budget, mln GEL



Tax Income, % y/y



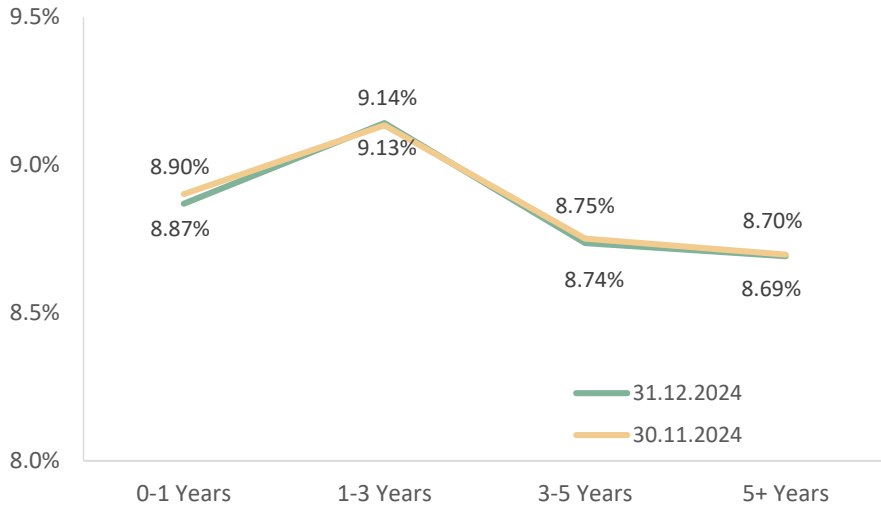
Consolidated Budget Expenditure, mln GEL



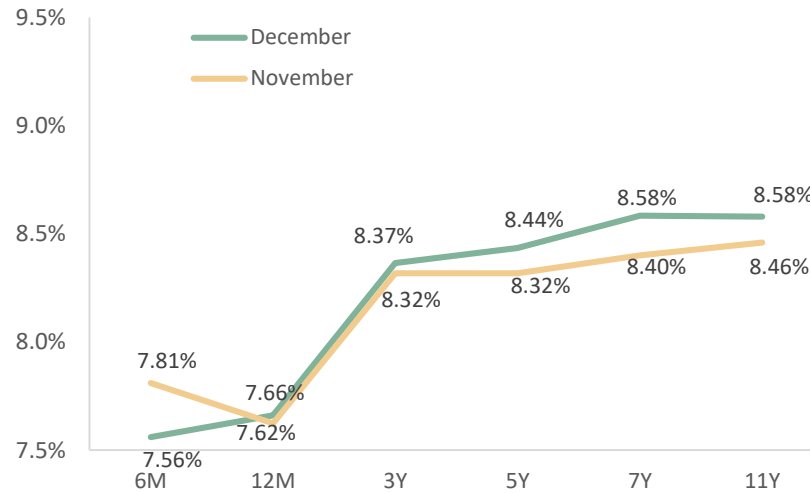
- The actual level of tax income in December 2024 was 2,368 mln GEL, which is above the forecasted value by 0.9 percent.
- Consolidated budget revenues increased by 9.4 percent and expenditures increased by 8.9 percent in November.
- The operating budget of the consolidated budget, which represents the savings of the government, amounted to 281.7 million GEL, while the total balance was set at negative -157.2 million GEL.
- Revenue from taxes had a significant impact on revenue from Income taxes and VAT, and profit taxes in November, accounting for 7.6 and 1.9 percent of total growth, respectively.

Treasury Financial Securities Portfolio Changed in December

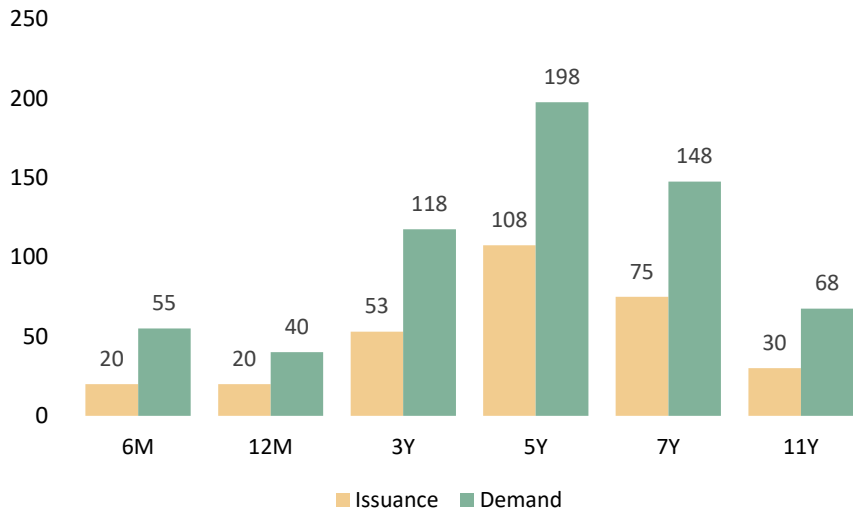
Portfolio Yield Curve



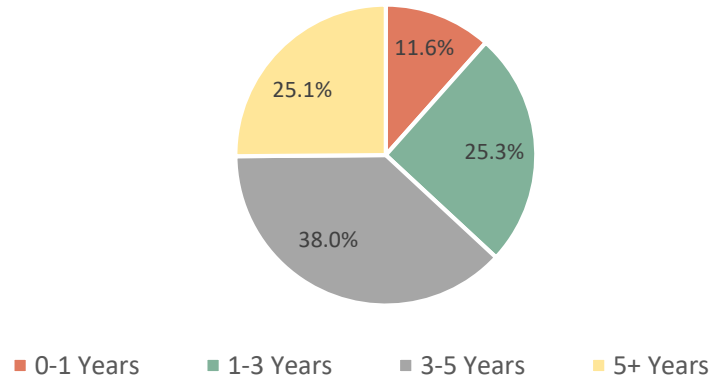
Weighted average interest rates



Issuance and Demand of Treasury Bonds, mln GEL



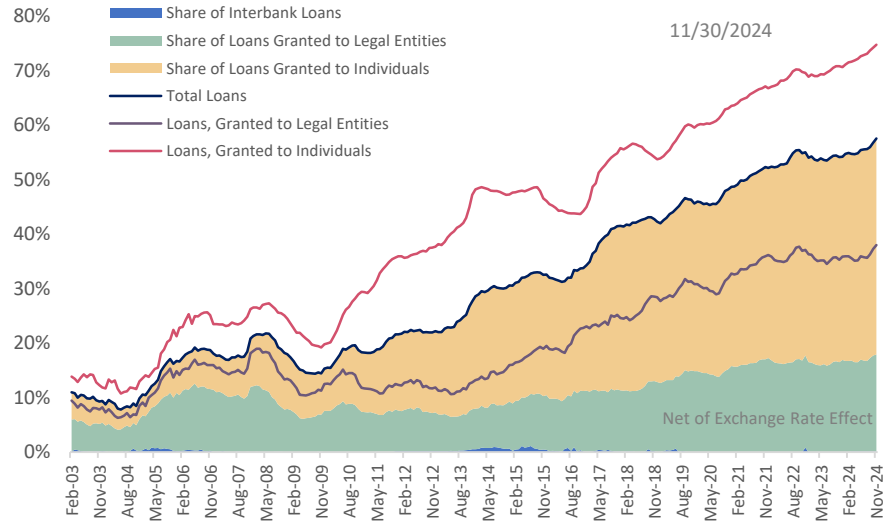
Portfolio by Residual Maturity, December 31, 2024



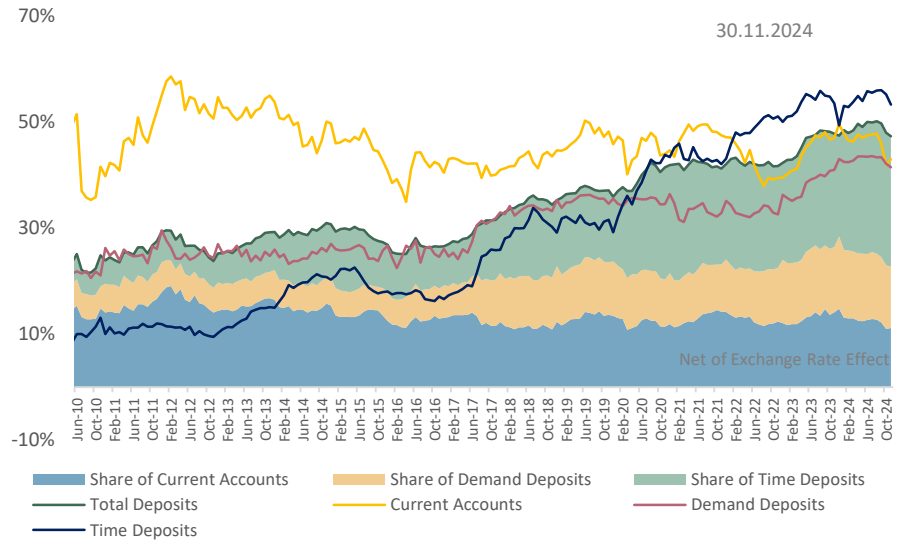
- In December 2024, 6 issuance auctions were held with the total issuance volume of 305.5 million GEL. One buyback auction was held during the month.
- The weighted average interest rate amounted to 8.366%.
- There were issued treasury bills with maturities of 6 months and 12 months and the treasury bonds with maturities of 3, 5, 7 and 11 years. The treasury securities with total amount of 80 million GEL were redeemed.
- As of December 31, 2024 around 38% 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 25%) in the total portfolio.
- The Bid-to-cover ratio decreased compared to the previous month's value (November 2.33) and amounted to 2.05 in December.
- In December, the average time to maturity (ATM) for the treasury security portfolio has decreased insignificantly to 3.50 (November 3.52).

In November Loans' Larization Raised, Deposit Larization Indicators Fell

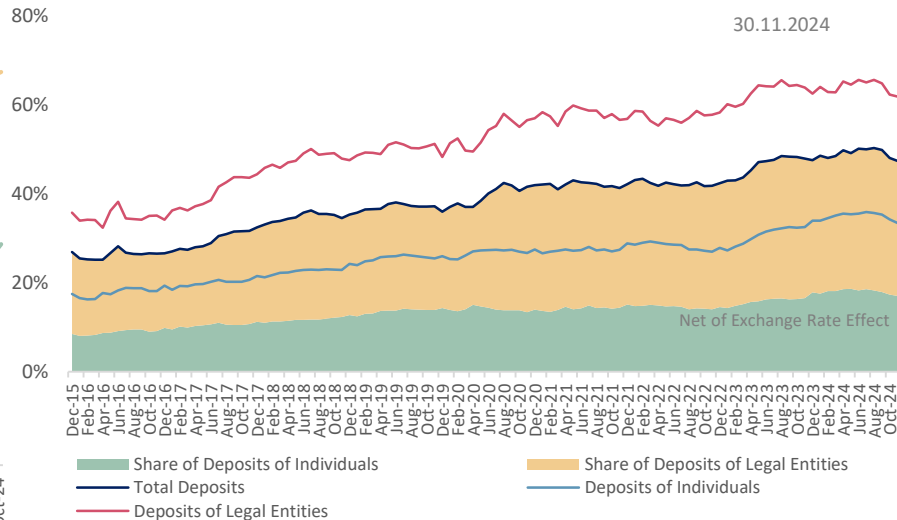
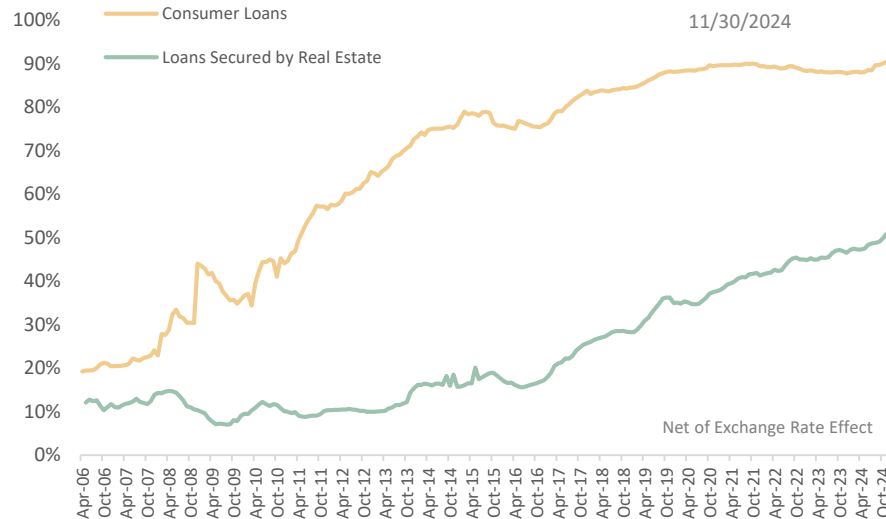
Loan Larization



Deposit Larization



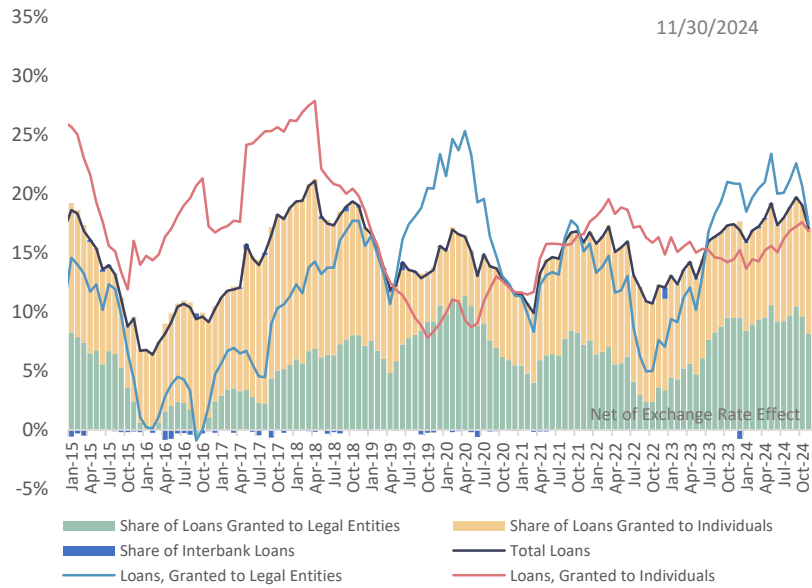
- As of November 30, 2024, the larization of total loans is 57.5 percent.
- The larization of loans to individuals is 74.7 percent.
- The larization of the loans to the legal entities amounted to 38.0 percent.
- The larization of the total deposits equals to 47.3 percent.
- The larization on the deposits of the legal entities amounted to 61.7 percent.
- The larization of the deposits of individuals is 33.4 percent.
- The larization of time deposits is 53.3 percent.
- The larization of the deposits of individuals equals to 43.0 percent.
- The larization of the demand deposits is 41.5 percent.



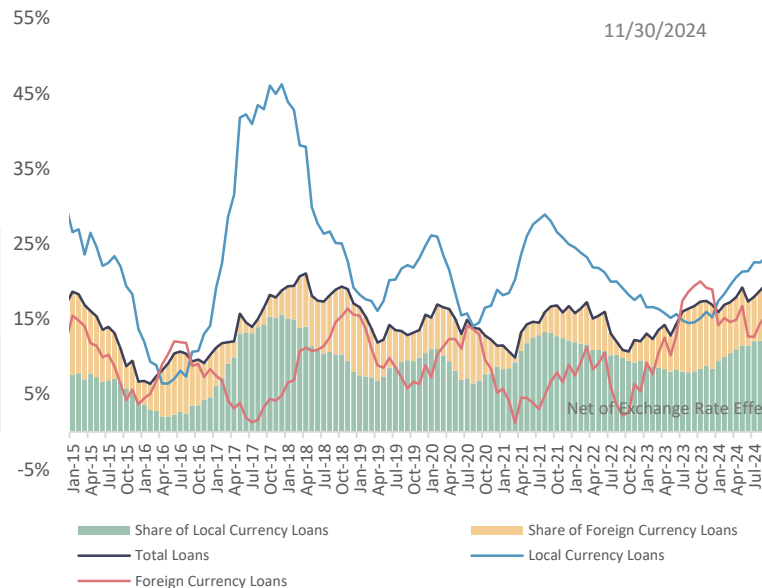
Source: NBG

In Foreign Annual Growth Rate of Loans Denominated in National Currency Was 3 Times Higher Than Growth of Loans Denominated in Foreign Currency

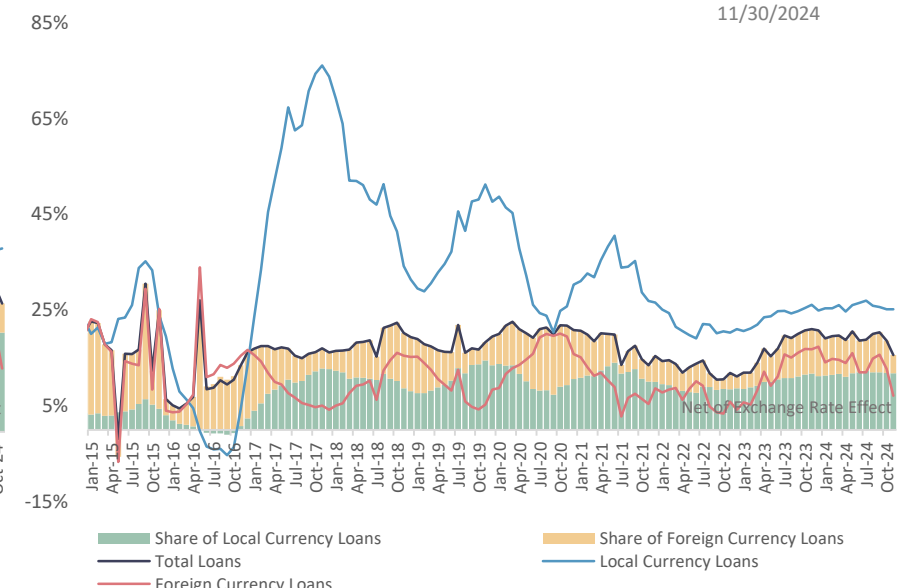
Loans Growth Rates, % y/y



Loans by Currency, % y/y



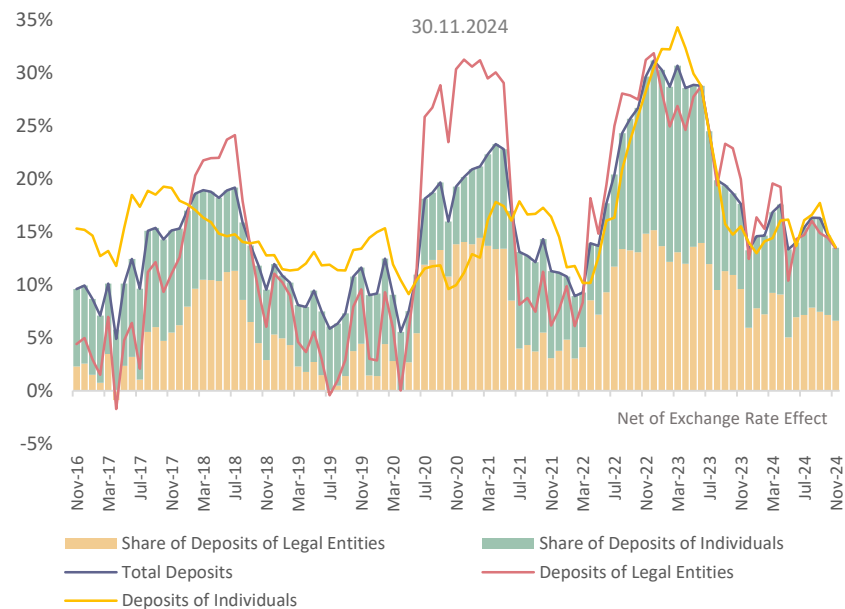
Mortgage Loans, % y/y



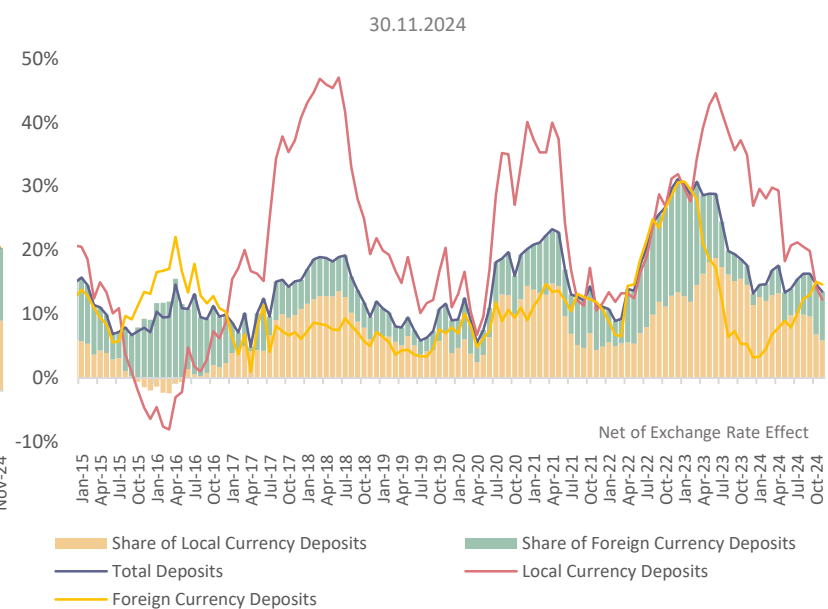
- As of November 30, 2024, the total loans increased by 17.1 percent compared to the corresponding period of 2023 (excluding exchange rate effects).
- The annual growth of loans to the legal entities is 17.4 percent.
- The annual growth of loans to individuals is 16.8 percent.
- As of December 1, 2024, the growth rate of the loans denominated in the national currency amounted to 24.4 percent.
- The annual growth of loans denominated in foreign currency amounted to 8.4 percent.
- As of November 30, 2024, the annual growth of loans secured by real estate amounted to 15.6 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 7.2 percent.

Most of Deposits Annual Growth Rates Are Decreasing

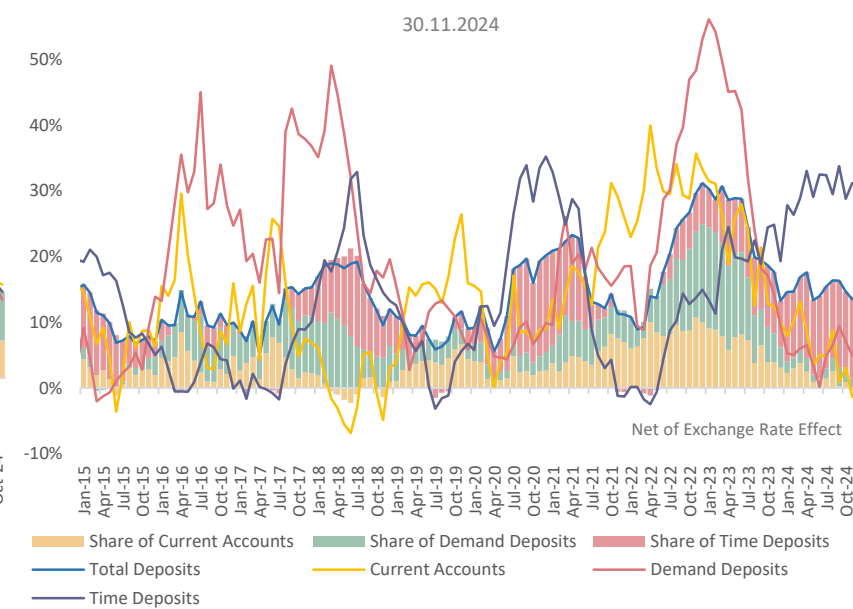
Deposits Annual Growth, % y/y



Deposits by Currency, % y/y



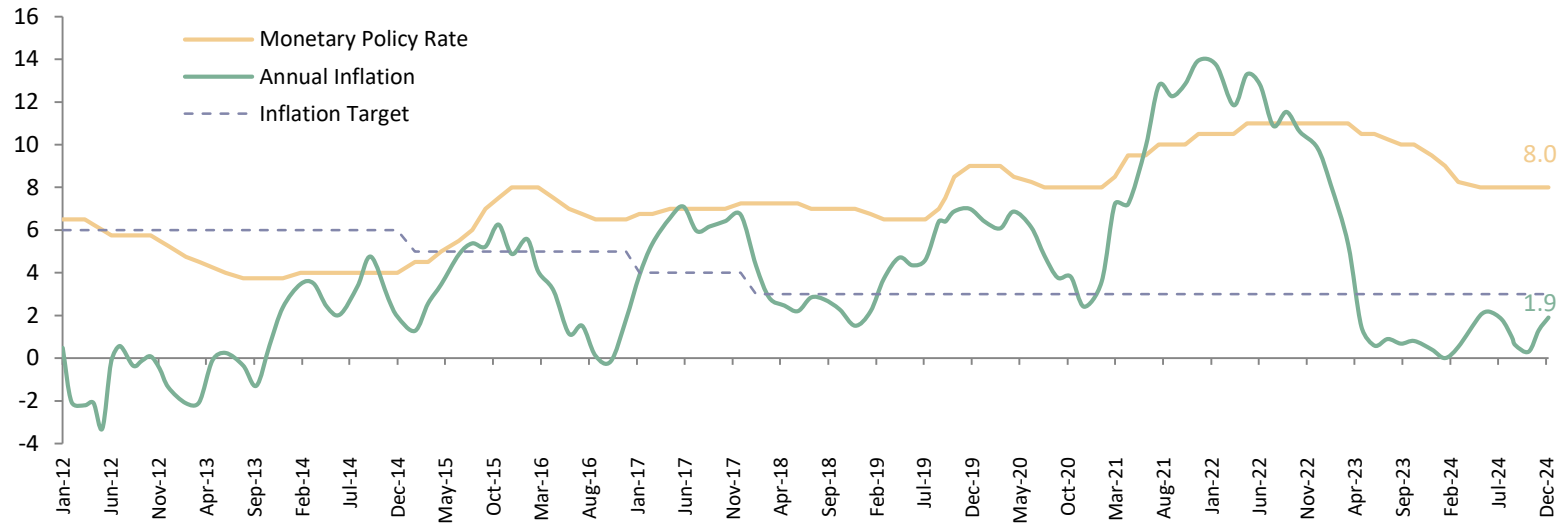
Deposits by Type, % y/y



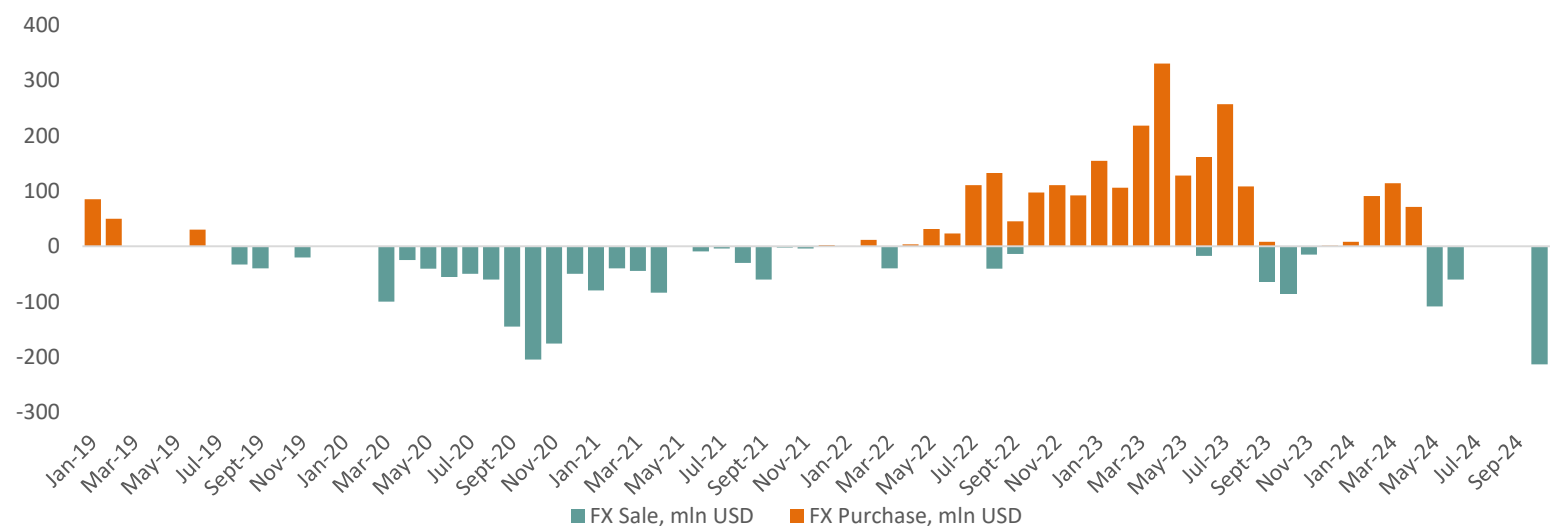
- As of November 30, 2024, the growth of the total deposits compared to the corresponding period of the previous year is 13.5 percent.
- The annual growth of the deposits denominated in the national currency amounted to 12.3 percent. The annual growth of the deposits denominated in foreign currency stood at 14.6 percent over the same period.
- The growth of deposits of individuals amounted to 13.6 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 December, 2024, was equal to -1.4 percent (reduction).
- The annual growth of the time deposits was 31.2 percent.
- The growth of the demand deposits amounted to 4.9 percent.

Monetary Policy Rate Was at 8 percent Level in December

Inflation and Monetary Policy Rate



Trade of USD by NBG, mln USD

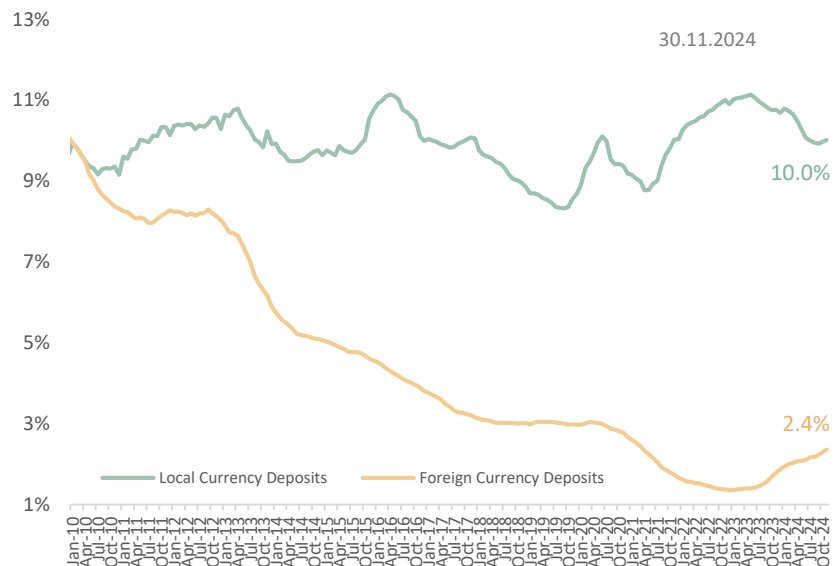


- The Monetary Policy Committee of the National Bank of Georgia was conducted in December 18, 2024 where the committee decided to remain the monetary policy rate at the same level. Consequently, the refining rate was at * percent level within December of the last year.
- Per the NBG, the factual inflation is less than the target one (3 percent). The major reasons of this are the domestic factors such as the relative rigid prices of domestically produced goods and services, the tight monetary policy effects, and the high economic activities. It is also relevant to note that though the economic activities have raised more than it was expected, the production capacity of the entire economy is raised, that 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 international prices on oil, food and commodities have increasing trends that creates risks of imported inflation which includes the inflationary risks. The inflation was 1.9 percent in December of 2024. 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 January 29, 2025.

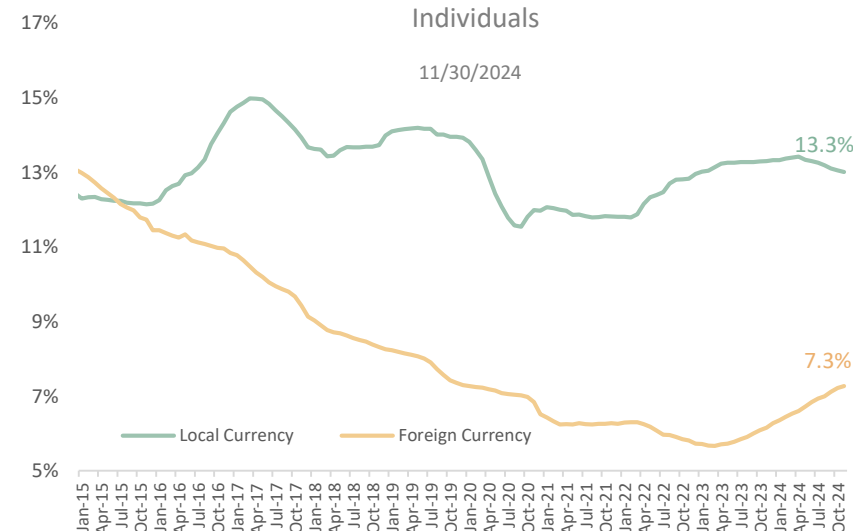
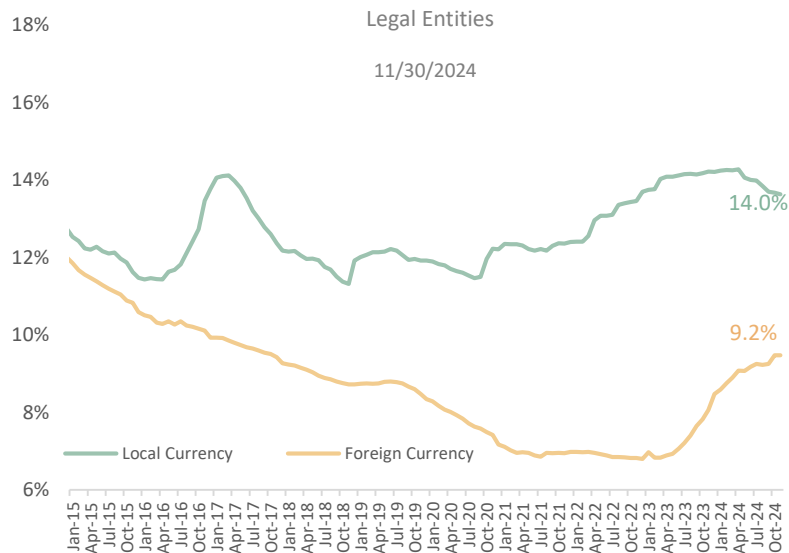
Source: NBG

Market Interest Rates on Foreign Currency Has an Increasing Trend

Interest Rates on Deposits



Interest rates on Loans secured by Real Estate



- As of December 1, 2024, the interest rate on foreign currency deposits was 2.4 percent, and in national currency – 10.0 percent.
- The weighted average interest rate on deposits in the national currency by legal entities was 10.3 percent, and in foreign currency – 3.1 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 11.7 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 15.8 percent (16.6 percent in national currency and 7.7 percent in foreign currency).
- At the end of November, 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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