



Parliamentary Budget Office of  
Georgia

---

Monthly Macroeconomic Review  
January, 2024

2024  
February

## Main Macroeconomic indicators of January, 2024

Real GDP Growth

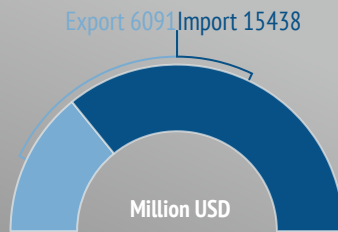
8.3%



In January, annual CPI inflation amounted to 0%, while annual core inflation was observed at 1.2%.



In January - December\* 2023, goods exports increased by 9.1%, while imports increased by 14.0% YoY.



In December\* 2023, money transfers amounted to 308.3 million USD.  
EU countries - 39.6%;  
Russia - 22.9%;  
USA - 15.0%;  
Other countries - 22.5%.



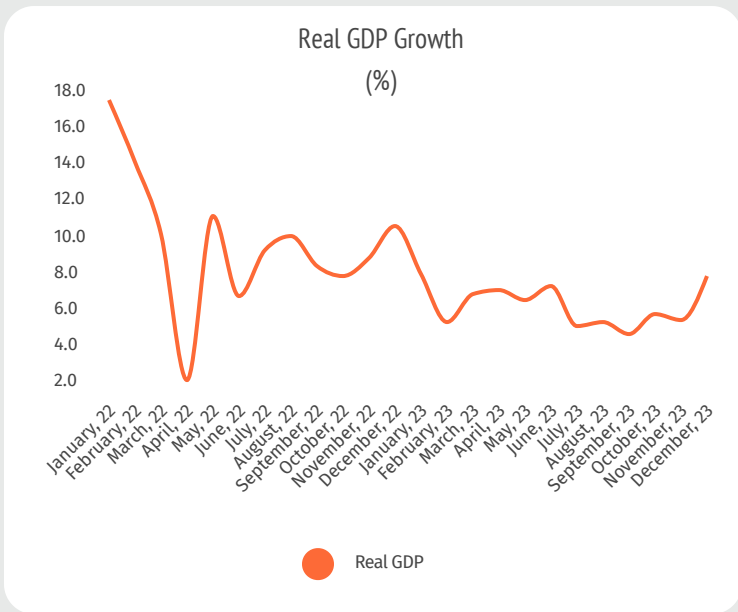
In December\* 2023, the dollarization of deposits and loans decreased MoM.



In January 2024, GEL appreciated against USD (by 0.4%) and against EUR (by 0.4%) MoM.



# 1. Real and Fiscal Sector

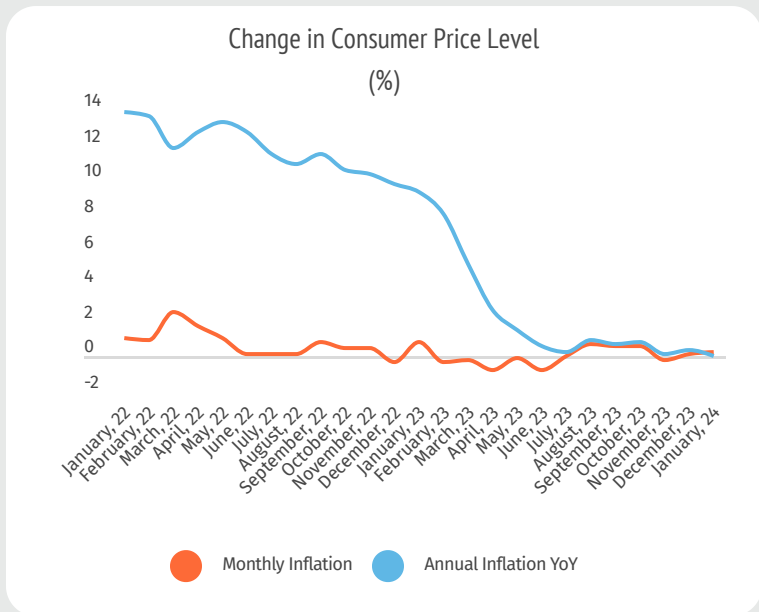
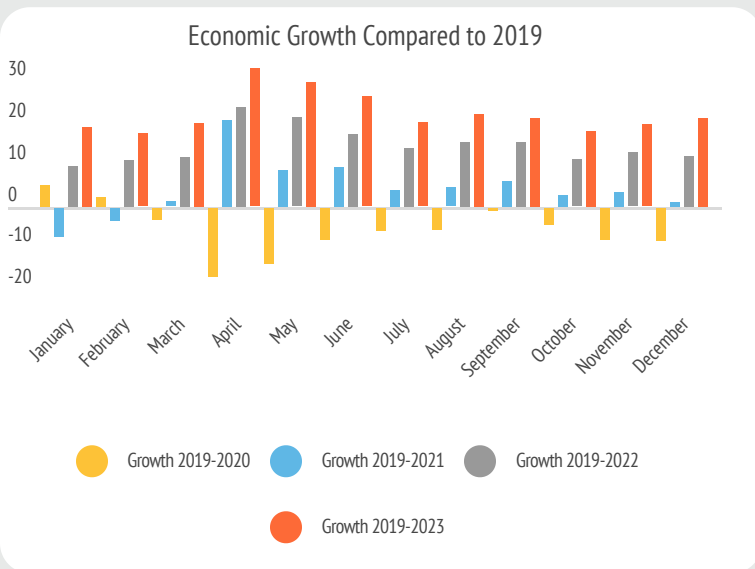


**In December\* 2023, positive annual economic growth was observed at 8.3%.**

In accordance with the preliminary estimates of GEOSTAT, in December\* 2023, annual real GDP growth rate was observed at 8.3% YoY.

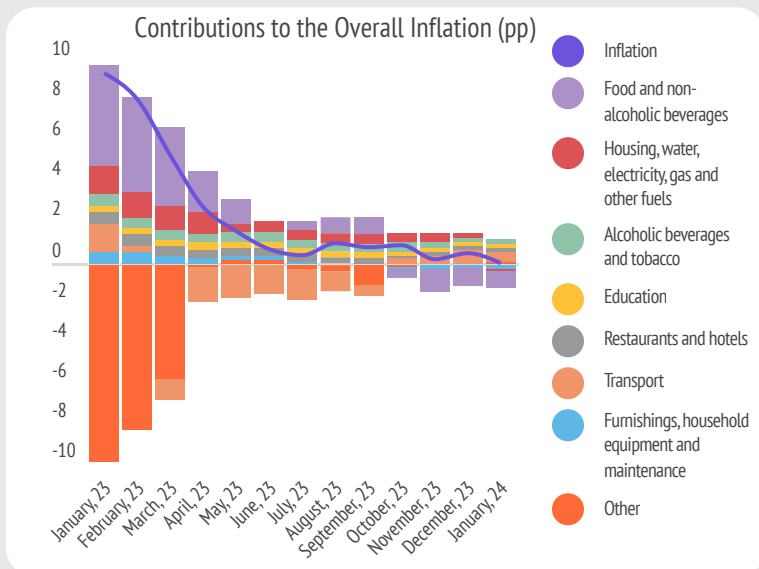
The main contributor in economic growth was construction, Manufacturing, Financial and insurance activities, Information and communication.

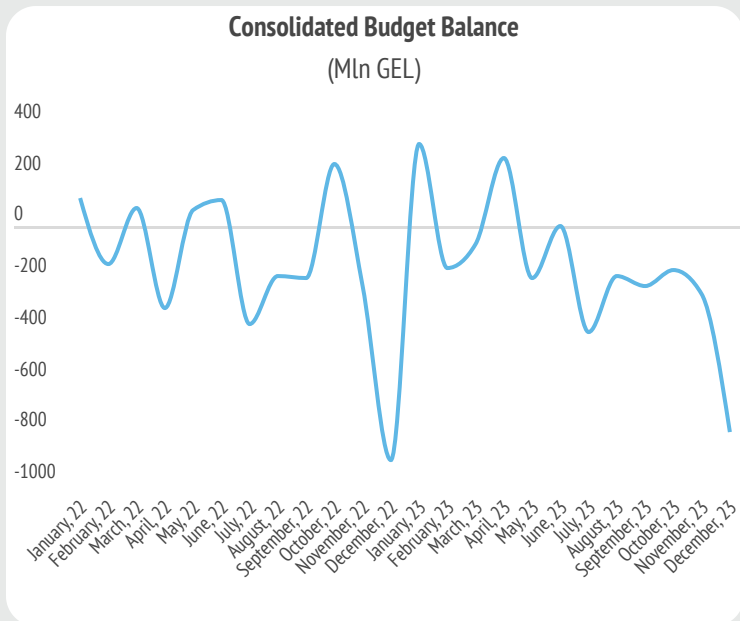
Despite the Covid-19 pandemic consequences and ongoing war between Russia and Ukraine, high economic growth rates were maintained in Georgia in recent years. In particular, economy increased up to 10.5% in 2021, 10.4% in 2022 and 7.0% in 2023.



**In January, annual CPI inflation amounted to 0%.**

In January 2024, the inflation rate amounted to 0% YoY, lower than the inflation target of 3.0%. Annual inflation was predominantly formed by the increased prices on the transport, alcoholic beverages and tobacco, restaurants, hotels, education and clothing and footwear as well as declined prices on food and non-alcoholic beverages and health. With regard to the annual core inflation in January (excluded food and non-alcoholic beverages, tobacco, energy, regulated tariffs, transport), the prices increased by 1.2%. In December\* 2023, the annual forecasted GDP deflator amounted to 0.6%.

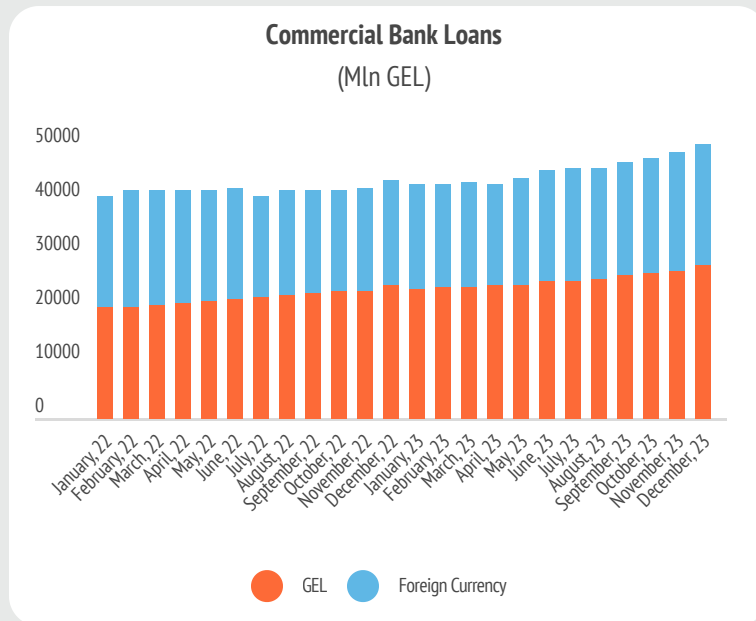




**In December\* 2023, the consolidated government net lending/borrowing was negative.**

In December\* 2023, consolidated government revenues decreased by 1.4% YoY, while expenses decreased by 6.9% YoY. In the analyzing period, the consolidated government positive net operating balance amounted to 174.9 million GEL, while negative net lending/borrowing (budget deficit) was defined at 799.9 million GEL.

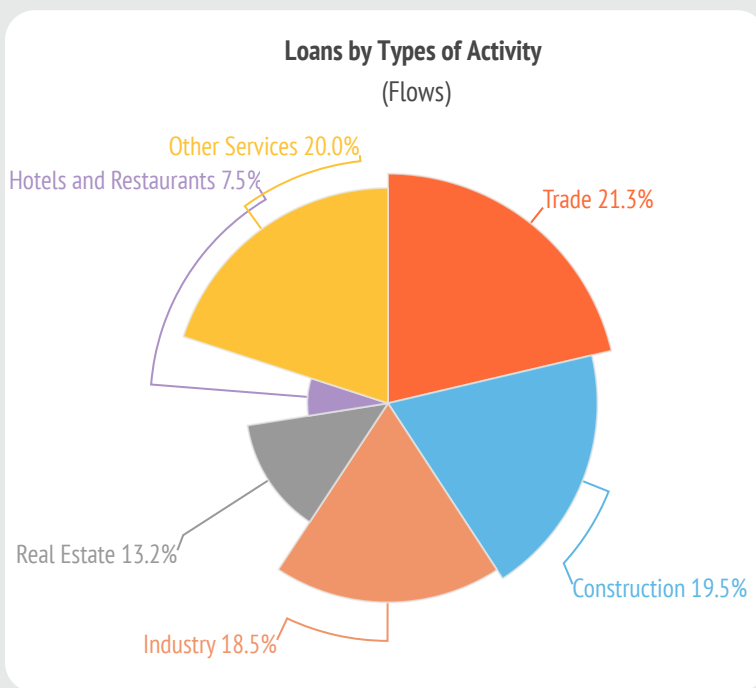
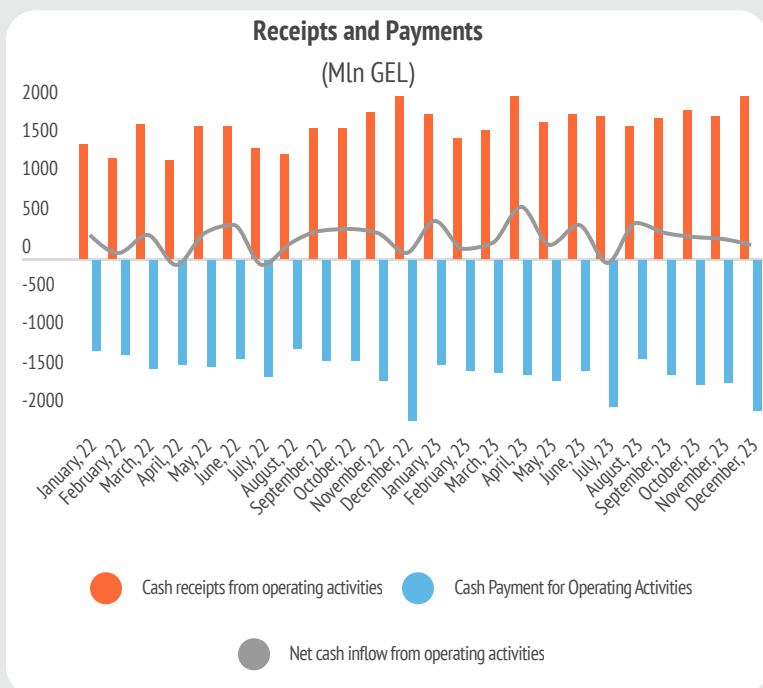
In December\* 2023, non-financial assets net increase was observed at 0.7% YoY (7.1 million GEL more), while net financial assets decreased (229.8 million GEL lower).



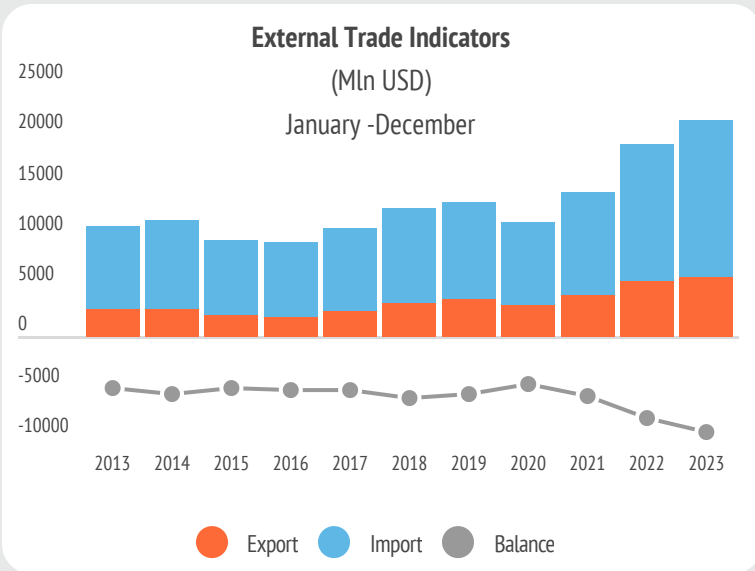
**In December\* 2023, compared to the same period of the previous year, commercial bank loans to the national economy increased in both national currency and foreign currency.**

In December\* 2023, compared to the December of the previous year, commercial bank loans to the national economy increased by 15.0% and amounted to 50.9 billion GEL. Loans issued in national currency increased by 14.8%, while foreign currency loans increased by 15.3%. As a result, dollarization of loans decreased by 0.34 pp with respect to the same indicator of the previous year and made up to 45.1%. It is worth mentioning, that more than half of total loans (53.5%) was distributed to households.

As for loans issued by types of activity, the highest 21.3% were issued in trade, 19.5% in construction, 18.5% in industry, 13.2% in real estate and 7.5% in the field of hotels and restaurants.



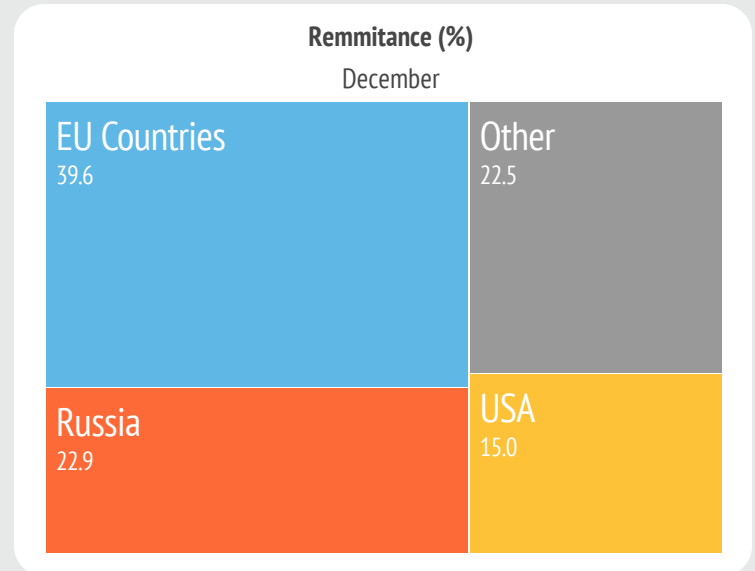
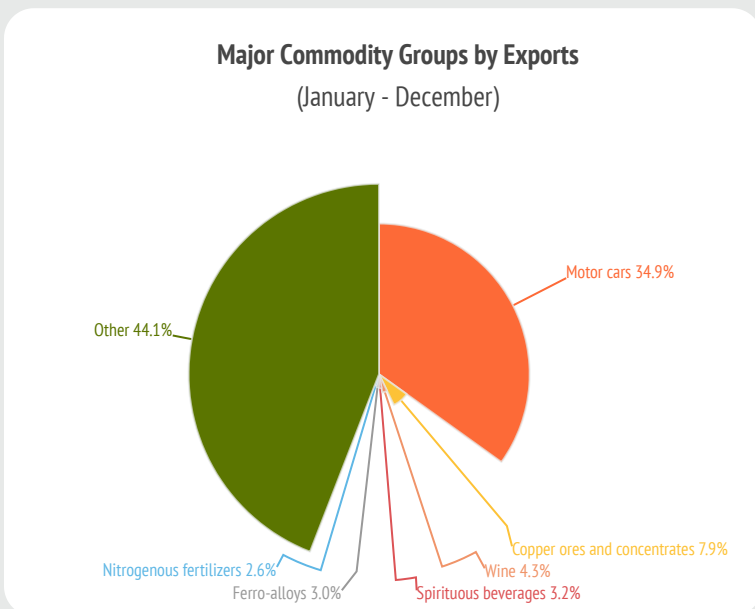
## 2. External Sector



**In January - December\* 2023, both export and import of goods increased.**

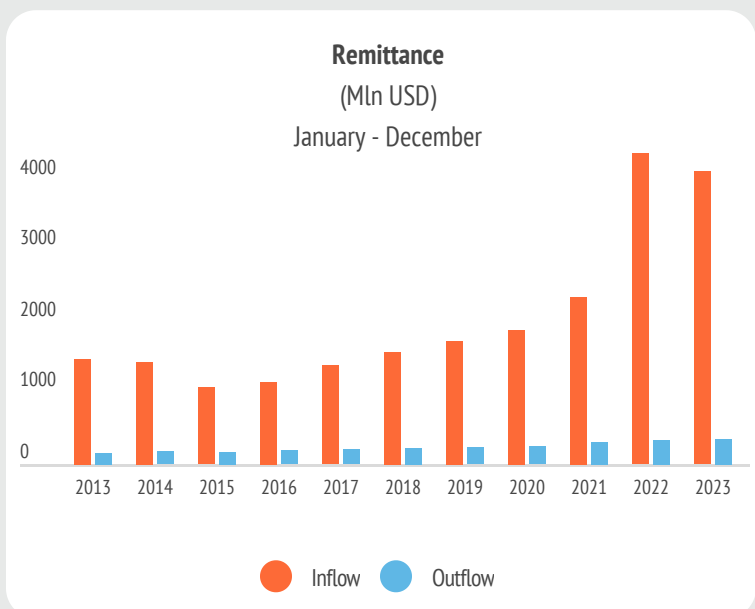
In January - December\*, export of goods increased by 9.1%, while imports increased by 14.0% YoY. As a result, trade turnover amounted to 21,529 million USD (12.5% increase YoY). During this period, the share of exports in external trade amounted to 28.3%. Export growth was substantial in the following countries: Kyrgyzstan (642%) and Kazakhstan (195%) due to the increase of re-exported motor cars, Armenia (35%), Azerbaijan (28%), Russia (3%) etc.

High growth was recorded in several export commodity groups: motor cars (135%), alcoholic beverages (42%), non-alcoholic beverages (32%), mineral and aerated waters with added sugar (17%), medicaments (16%), and el. energy (13%). Meanwhile, export of the following commodities declined: Ferro-alloys (61%), Copper ores (53%) and Nitrogenous fertilizers (44%).



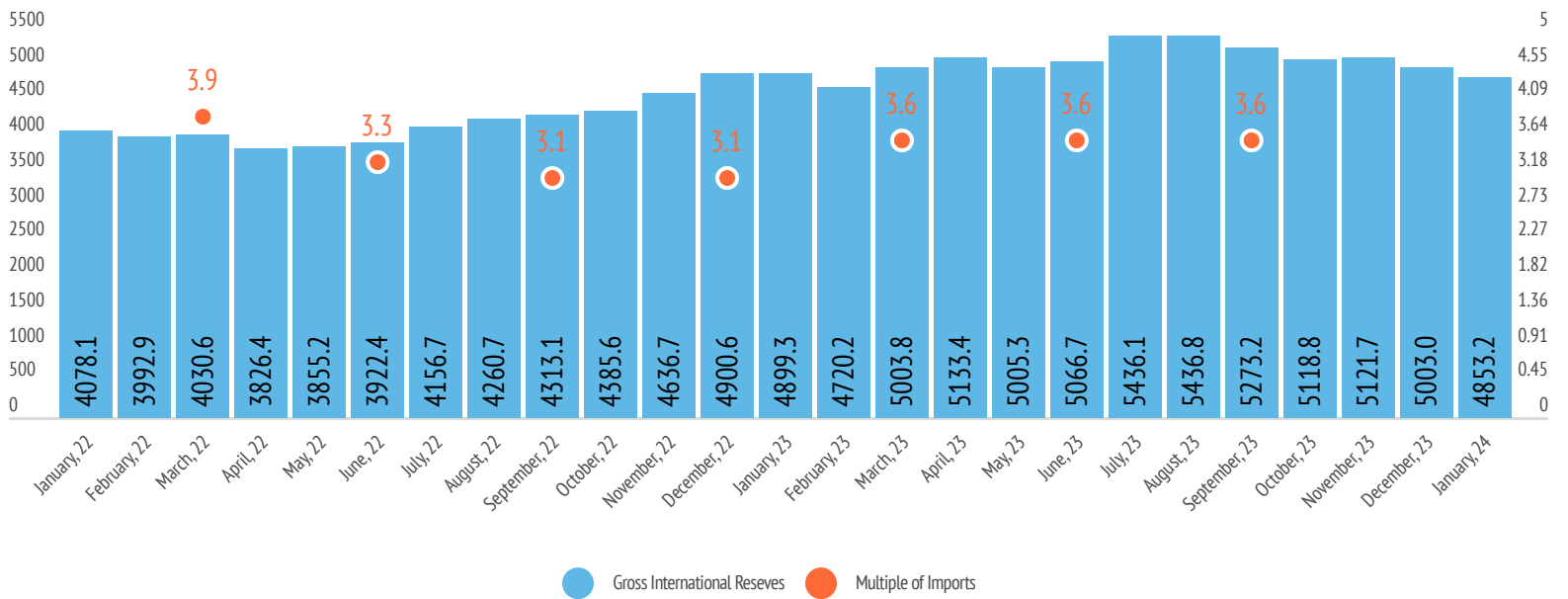
**In December\* 2023, remittances decreased.**

In December\*, remittances in Georgia decreased by 42.4% YoY and amounted to 308.3 million USD. In December\*, the main source of money transfers were EU countries (39.6% of total) and Russia (22.9%). In the analyzing period, remittances increased significantly from the following countries: Ireland (by 63%), USA (by 35%), Germany (by 27%), Poland (by 16%), Kazakhstan (by 15%), Italy (by 15%), Spain (by 13%), France (by 12%) and Canada (by 19%). Remittances deteriorated from Russia (by 78%), Kyrgyzstan (by 78%), Turkey (by 13%), United Kingdom (by 19%), Armenia (by 22%) etc.



### Gross International Reserves

(Mln USD)



#### In January, international reserves reached 4,853 million USD.

In January, international reserves amounted to 4,853 million USD, which is a 0.9% decrease YoY and 2.99% decrease MoM.

In January 2024, no foreign exchange interventions were carried out by the National Bank of Georgia.

\*To assess reserve adequacy it is usually used 3 months multiple of import.

Additional information can be found on a [link](#).

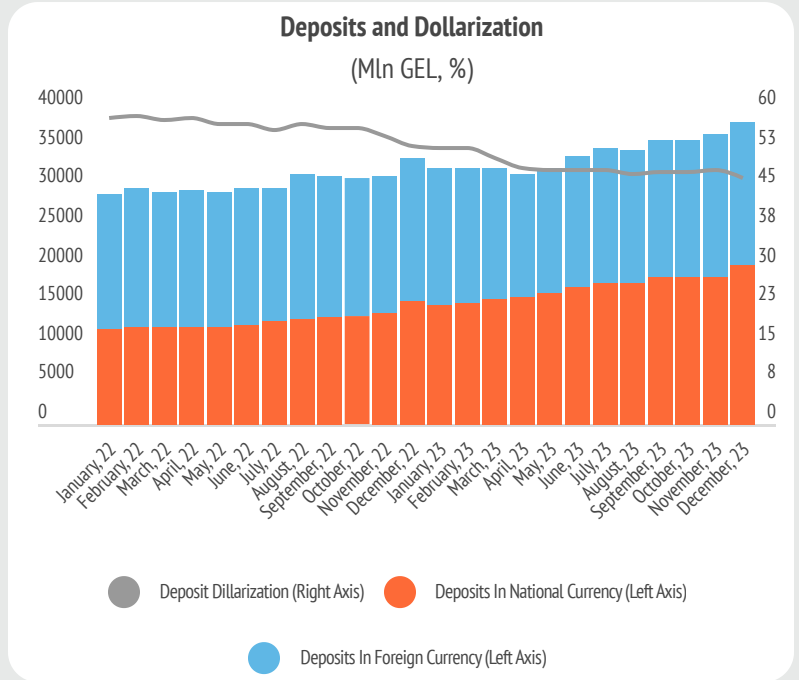
### 3. Monetary Sector

**In December\* 2023, compared to the same period of the previous year, monetary base slightly increased.**

In December\* 2023, monetary base increased by 0.3% YoY, including increased national Currency in circulation by 17.7% and declined liabilities to other depository corporations by 12.4%.

Money aggregate M2 increased by 26.9%, and money aggregate M3 – by 14.9%.

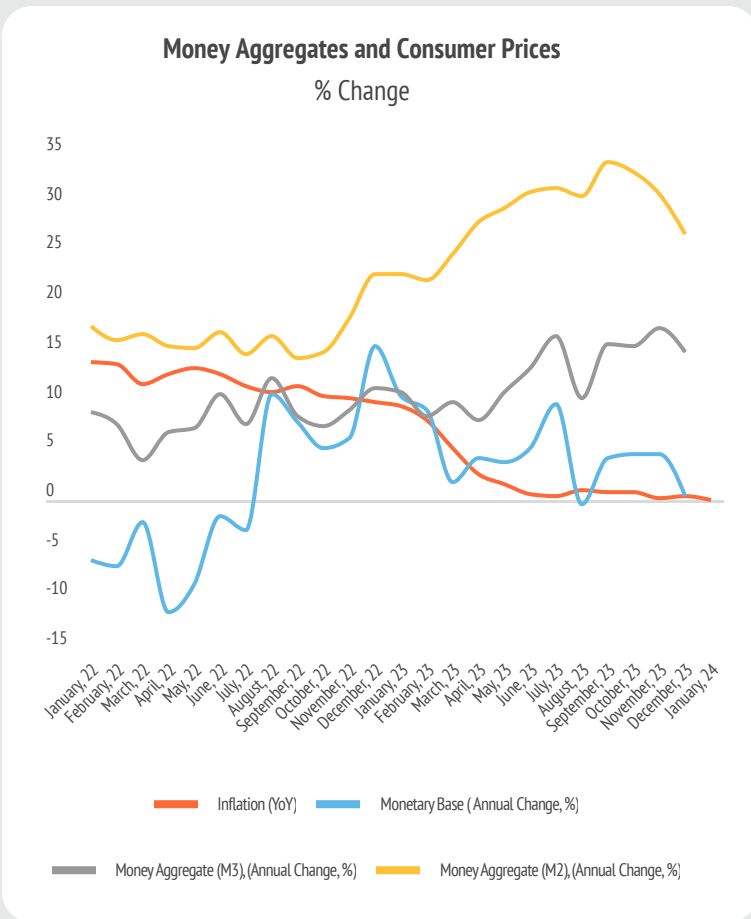
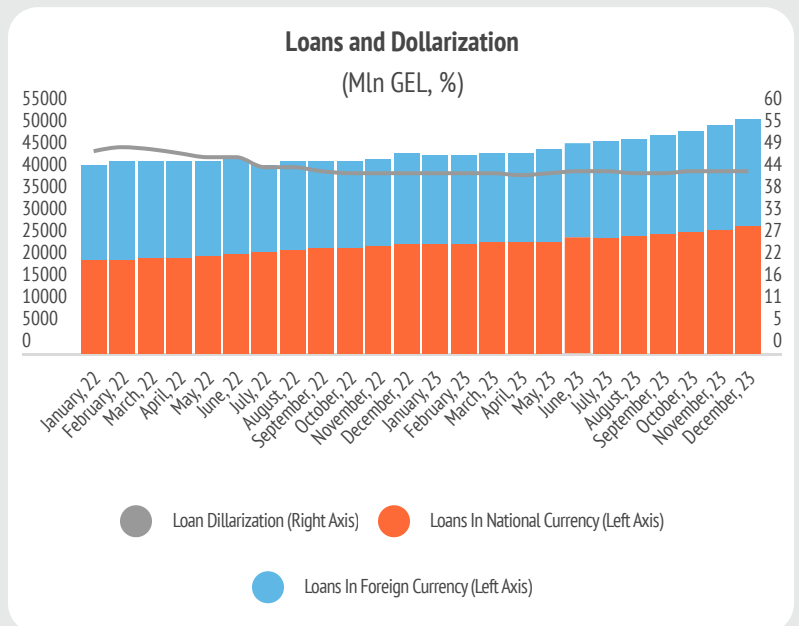
In January 2024, consumer price inflation amounted to 0% YoY.



**In December\* 2023, the dollarization of deposits and loans decreased MoM.**

In December\* 2023, dollarization of deposits decreased by 1.62 pp and amounted to 47.0% MoM, while loan dollarization decreased by 0.24 pp and made up to 45.1%.

In December\*, deposits, denominated in foreign currency, increased by 0.7% MoM, while national currency deposits increased by 7.4% MoM.



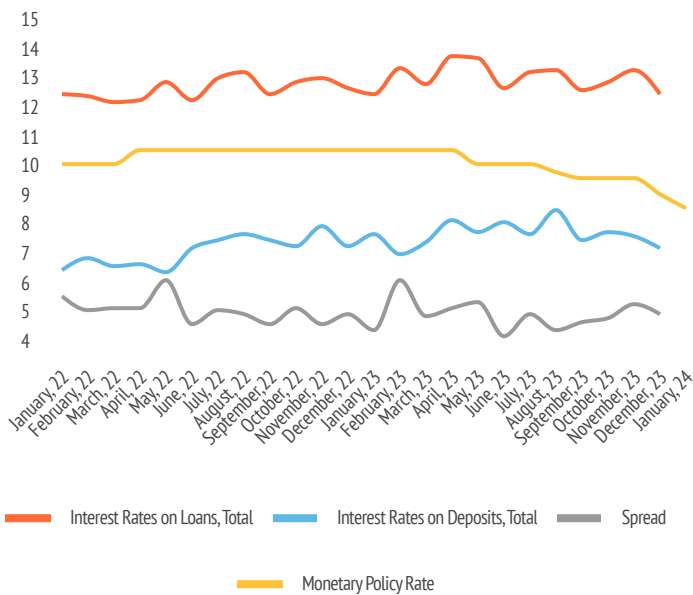
**In December\* 2023, interest rates on deposits decreased by 0.4 pp MoM, while declined on loans by 0.8 pp MoM.**

In December\* 2023, market interest rates on loans amounted to 12.9%, while interest rates on deposits were defined at 7.6%. The interest rate spread (difference between loan and deposit rates) amounted to 5.4%, as of December\* 2023, 0.04 pp lower compared to December 2022.

On January 31, 2024, the monetary policy rate decreased by 0.5 PP, based on the decision of the Monetary Policy Committee of the National Bank of Georgia. Accordingly, the monetary policy rate amounted to 9.0%.

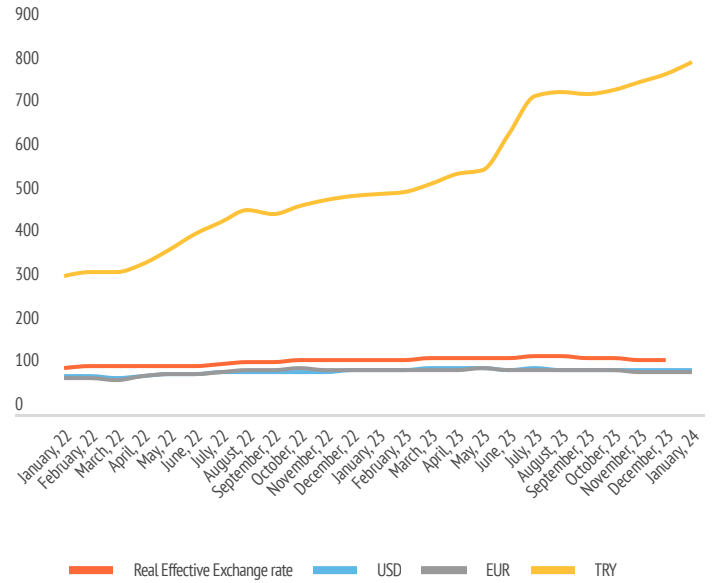
**Market Interest Rates on Loans and Deposits**

(%)



**GEL Exchange Rate Indices**

(Increase of the Index means GEL appreciation, decrease - depreciation)



**In January, compared to the previous month, the GEL appreciated towards USD and EUR.**

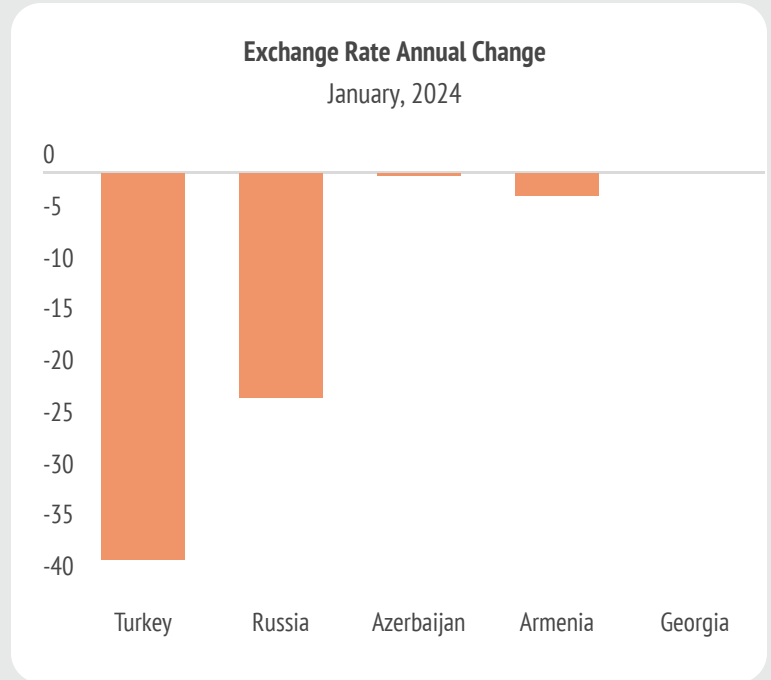
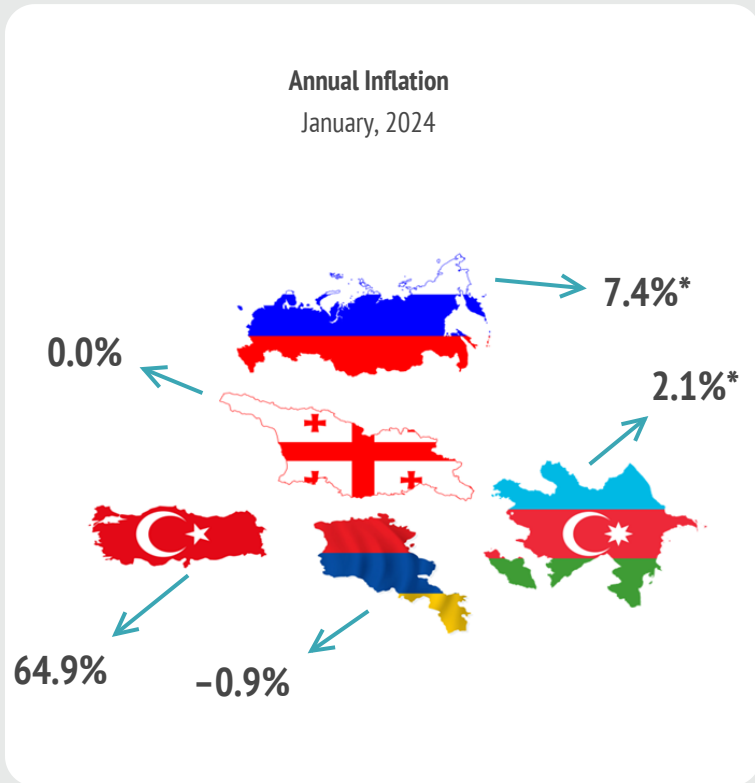
In January 2024, GEL appreciated against USD by 0.4%, and against EUR by 0.4%, while appreciated against TRY by 3.6% MoM. In the analyzing period, the nominal effective exchange rate appreciated as well. In January, the GEL exchange rate appreciated by 0.04% YoY towards USD, depreciated by 1.4% towards EUR and appreciated by 60.0% YoY towards TRY .

It should be noted, that in recent years, the volume of foreign direct investments, remittances, income from tourism and export in Georgia has increased, which had a positive effect on the appreciation of the GEL.

## 4. Regional Review

**In January, consumer price inflation stands out with similar dynamic trends in the region countries, except Turkey.**

Namely, in January, annual inflation amounted to 64.9% in Turkey, while deflation was observed in Armenia (-0.9%). As for Azerbaijan and Russia, in December\* 2023, consumer prices increased by 2.1% YoY in Azerbaijan and by 7.4% YoY in Russia.



**In January, the currencies of the region countries stand out with a tendency of depreciation towards USD, except Georgian Lari.**

Particularly, in January 2024, GEL appreciated by 0.04% YoY towards USD. In the analyzing period, TRY depreciated by 37.5%, RUB by 21.8%, AMD by 2.1% and AZN by 0.2%YoY towards USD.

## Summary Tables of Main Economic Indicators

|                                      | Jan 23    | Feb 23    | Mar 23    | Apr 23    | May 23    | Jun 23    | Jul 23    | Aug 23    | Sep 23    | Oct 23    | Nov 23    | Dec 23    | Jan 24  |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| GDP Growth Rate (%)                  | 8.4       | 5.8       | 7.3       | 7.5       | 7.0       | 7.7       | 5.5       | 5.8       | 5.1       | 6.2       | 5.9       | 8.3       |         |
| VAT Turnover Growth Rate (%)         | 18.8      | 11.7      | 9.2       | 6.1       | 5.2       | 6.1       | 2.9       | 4.2       | 3.0       | 6.0       | 2.6       | 4.6       |         |
| Inflation (%)                        | 9.4       | 8.1       | 5.3       | 2.7       | 1.5       | 0.6       | 0.3       | 0.9       | 0.7       | 0.8       | 0.1       | 0.4       | 0.0     |
| Monetary Policy Rate (%)             | 11.0      | 11.0      | 11.0      | 11.0      | 10.5      | 10.5      | 10.5      | 10.25     | 10.00     | 10.00     | 10.00     | 9.50      | 9.00    |
| Deposit Dollarization (%)            | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       | 0.5       |         |
| Loan Dollarization (%)               | 0.4       | 0.4       | 0.4       | 0.4       | 0.4       | 0.5       | 0.5       | 0.4       | 0.4       | 0.5       | 0.5       | 0.5       |         |
| Exchange Rate (GEL)                  | 2.7       | 2.6       | 2.6       | 2.5       | 2.5       | 2.6       | 2.6       | 2.6       | 2.6       | 2.7       | 2.7       | 2.7       | 2.7     |
| Remittances (Thousand USD)           | 444,964.0 | 372,328.3 | 438,392.2 | 369,709.2 | 384,885.8 | 353,170.7 | 301,068.1 | 287,005.6 | 283,878.0 | 283,006.1 | 292,732.9 | 308,285.9 |         |
| Export (USD Million)                 | 459.0     | 455.8     | 546.7     | 500.5     | 541.4     | 550.2     | 526.8     | 493.2     | 526.0     | 494.9     | 482.0     | 514.2     |         |
| Import (USD Million)                 | 1,114.9   | 1,067.7   | 1,378.2   | 1,223.4   | 1,328.8   | 1,340.0   | 1,322.2   | 1,408.8   | 1,376.0   | 1,352.6   | 1,222.0   | 1,303.7   |         |
| Trade Balance (USD Million)          | -655.9    | -611.9    | -831.6    | -722.8    | -787.5    | -789.9    | -795.4    | -915.6    | -849.9    | -857.7    | -740.0    | -789.5    |         |
| International Reserves (USD Million) | 4,899.3   | 4,720.2   | 5,003.8   | 5,133.4   | 5,005.3   | 5,066.7   | 5,436.1   | 5,436.8   | 5,273.2   | 5,118.8   | 5,121.7   | 5,003.0   | 4,853.2 |
| Revenues (GEL Million)               | 1,858.0   | 1,555.1   | 1,656.6   | 2,165.0   | 1,755.9   | 1,877.8   | 1,846.9   | 1,721.5   | 1,821.2   | 1,913.4   | 1,830.8   | 2,122.0   |         |
| Recurrent Expenditure (GEL Million)  | 1,357.0   | 1,422.1   | 1,450.0   | 1,496.7   | 1,568.9   | 1,441.2   | 1,901.2   | 1,269.0   | 1,496.1   | 1,626.2   | 1,580.7   | 1,947.1   |         |
| Capital Expenditure (GEL Million)    | 185.9     | 313.1     | 317.4     | 414.1     | 400.6     | 495.8     | 365.4     | 659.1     | 616.0     | 468.6     | 544.5     | 1,109.4   |         |

Increase
  Decrease
  Change < 1%

Comparison of key economic indicators with similar data for the corresponding month of last year

|                        |                          | 01.2023 | 02.2023 | 03.2023 | 04.2023 | 05.2023 | 06.2023 | 07.2023 | 08.2023 | 09.2023 | 10.2023 | 11.2023 | 12.2023 | 01.2024 |
|------------------------|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Real Sector</b>     | GDP Growth Rate          |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | VAT Turnover Growth Rate |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Monetary Sector</b> | Inflation                |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Monetary Policy Rate     |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Deposit Dollarization    |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Loan Dollarization       |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>External Sector</b> | Exchange Rate            |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Remittances              |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Export                   |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Import                   |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Trade Balance            |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | International Reserves   |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Fiscal Sector</b>   | Revenues                 |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Recurrent Expenditure    |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Capital Expenditure      |         |         |         |         |         |         |         |         |         |         |         |         |         |

Comparison of key economic indicators with similar data of the previous month

|                        |                          | 01.2023 | 02.2023 | 03.2023 | 04.2023 | 05.2023 | 06.2023 | 07.2023 | 08.2023 | 09.2023 | 10.2023 | 11.2023 | 12.2023 | 01.2024 |
|------------------------|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Real Sector</b>     | GDP Growth Rate          |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | VAT Turnover Growth Rate |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Monetary Sector</b> | Inflation                |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Monetary Policy Rate     |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Deposit Dollarization    |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Loan Dollarization       |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>External Sector</b> | Exchange Rate            |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Remittances              |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Export                   |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Import                   |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Trade Balance            |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | International Reserves   |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Fiscal Sector</b>   | Revenues                 |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Recurrent Expenditure    |         |         |         |         |         |         |         |         |         |         |         |         |         |
|                        | Capital Expenditure      |         |         |         |         |         |         |         |         |         |         |         |         |         |



**Parliamentary Budget Office of  
Georgia**

2024

February