



IV Quarter, 2023

Economic Growth Rate Forecast

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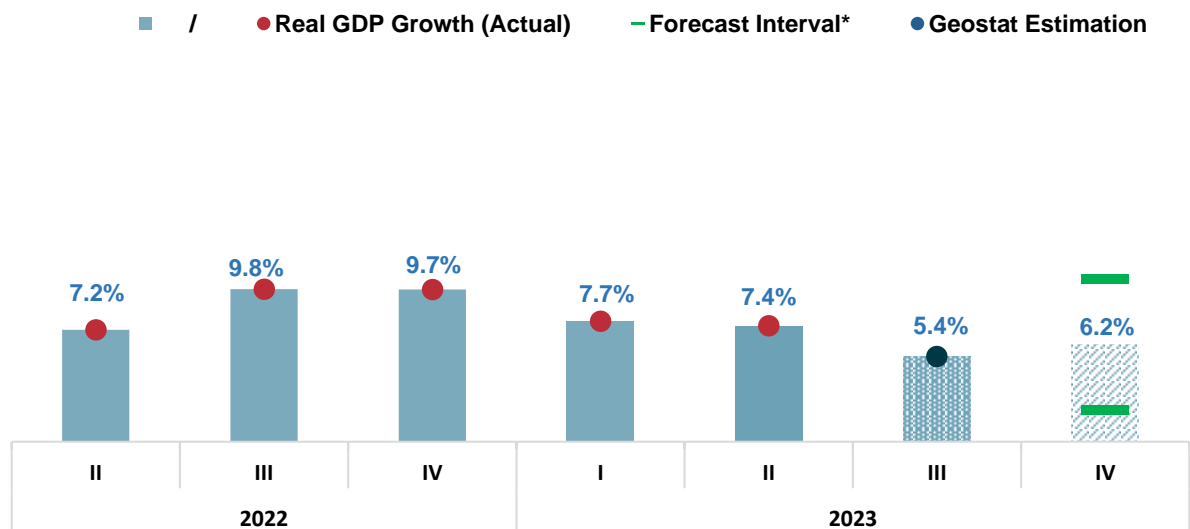
Parliamentary Budget Office of Georgia, 2023



According to the Parliamentary Budget Office estimates, real GDP growth in Q4 2023 will be positive and reach 6.2%. Expected GDP growth is due to the maintenance of the improved economic situation started in the previous year. Despite the base effect of a high growth experienced in Q4, 2022 (economy increased by 9.7% in Q4, 2022), economy maintains the increasing trend. It should be noted, that the high growth rate of the economy was also maintained in the third quarter of 2023. In particular, according to the preliminary data of the National Statistics Office of Georgia, the average real growth in Q3, 2023 was 5.4%. The indicator is less than forecasted 6.9% for Q3, 2023 by parliamentary budget office¹.

The budget office forecast for economic growth in Q4, 2023 is based on the assumptions that compared to the fourth quarter of 2022:

- **The number of tourists coming to the country will increase by almost 1.1 times (1.1 times less than in Q4, 2019 pre-pandemic period), at the same time, the number of Georgian tourists abroad will increase.**
- Domestic tourism activity **will also be kept**, along with a significant increase in tourism export.
- The volume of **private consumption will decrease slightly and private investment will increase**. Overall, total consumption and investment will increase that will determine this positive pace of economic activity mentioned above.



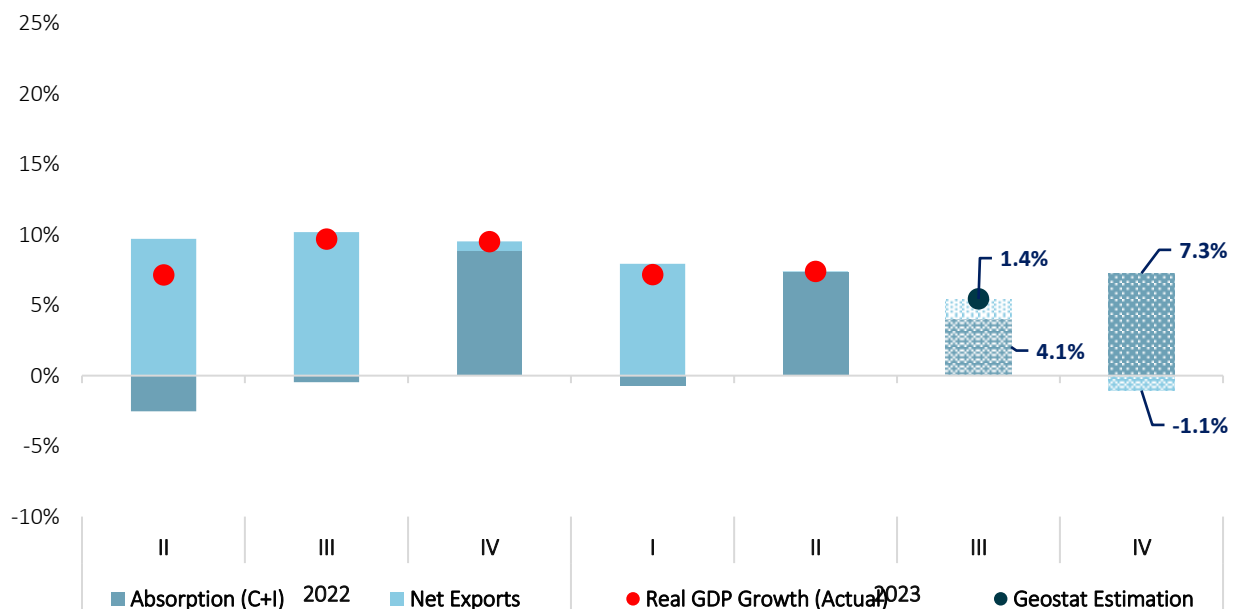
*The forecast interval indicates the range in which the real GDP growth rate will fall. The interval estimation is defined as the sum of the central forecast and ± 0.5 standard deviation from the previous quarters' economic growth.

¹ https://pbo.parliament.ge/media/k2/attachments/Forecast_2023_Q3_ENG.pdf



- In parallel with the sharp increase in trade of services, a significant increase in trade of goods is also expected.
- Despite to increased overall consumption and private investment, along with the decreased investment activity of the government, the **amount of imports of goods is expected to decrease slightly**.
- Due to the recovery of the global economy, the demand for exports is expected to increase and, consequently, **the volume of good exports will increase**.

As a result of quantifying these assumptions, it is expected, that import will increase more than export in Q4, 2023 and net export will contribute -1.1 percentage point share in the economic activity, while domestic absorption (sum of consumption and investment) will determine GDP growth rate by 7.3 percentage points*. According to the PBO, in the assessment of economic growth for the 3rd quarter of 2023, net exports were defined at 1.4%, while the absorption component was defined at 4.1%.



*GDP growth decomposition in Q4, 2023. PBO estimation.

Additional Information:

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