



Parliament of Georgia

Monthly Macroeconomic **Review**

October, 2024

Parliamentary Budget Office
of Georgia

2024

November

Main Macroeconomic indicators of October, 2024

Real GDP Growth

8.3%



September*

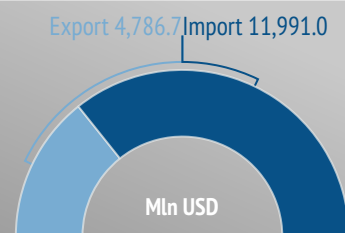
Real GDP Growth
January - September

9.8%

In September, annual CPI inflation amounted to 0.3%, while annual core inflation was observed at 1.2%.



In January - September* 2024, goods exports increased by 4.1%, while imports increased by 3.6% YoY.



In September* 2024, money transfers amounted to 283.4 million USD.

EU countries - 45.6%;

USA - 17.3%;

Russia - 12.6%;

Other countries - 24.5%.



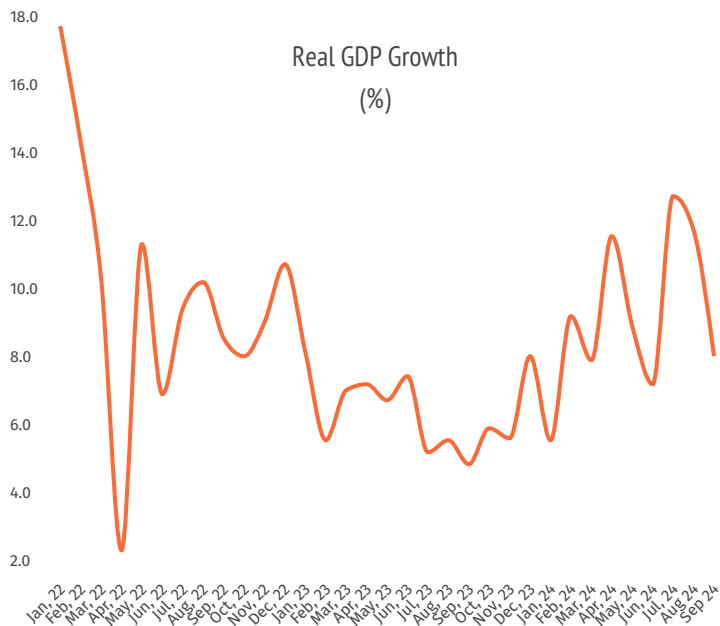
In September* 2024, the dollarization increased on deposits, while remained unchanged on loans MoM.



In October 2024, GEL depreciated against USD (by 0.7%), while appreciated against EUR (by 1.1%) MoM.



1. Real and Fiscal Sector

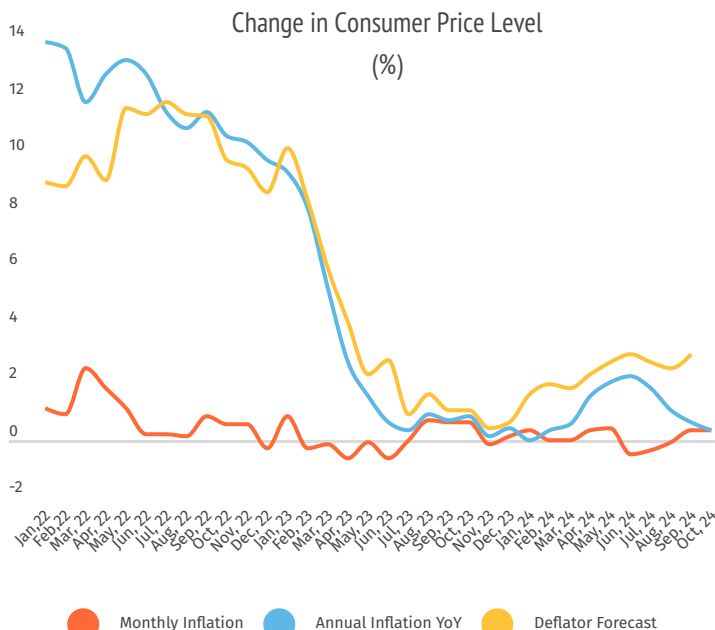
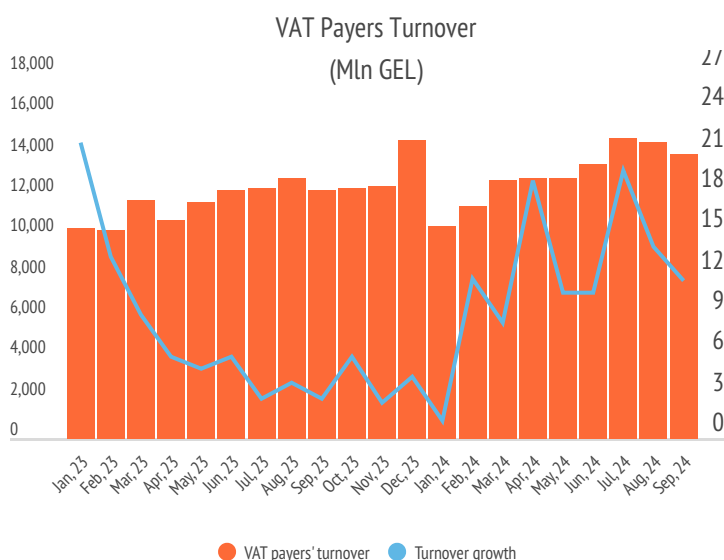


In September* 2024, positive annual economic growth was recorded at 8.3%.

In accordance with the preliminary estimates of GEOSTAT, in September*, annual real GDP growth rate amounted to 8.3% YoY, and the average growth for past nine month equaled to 9.8%.

The main positive contributors in economic growth were Construction, financial and insurance activities, transportation and storage and Trade, while energy sector negatively contributed.

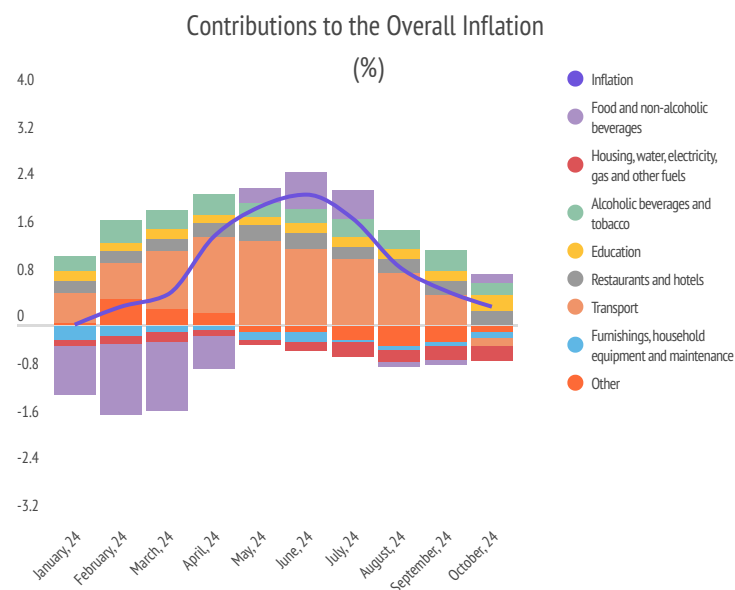
In September* 2024, the rate of VAT turnover of enterprises amounted to 13,945.7 million GEL, which is 11.6% higher YoY.

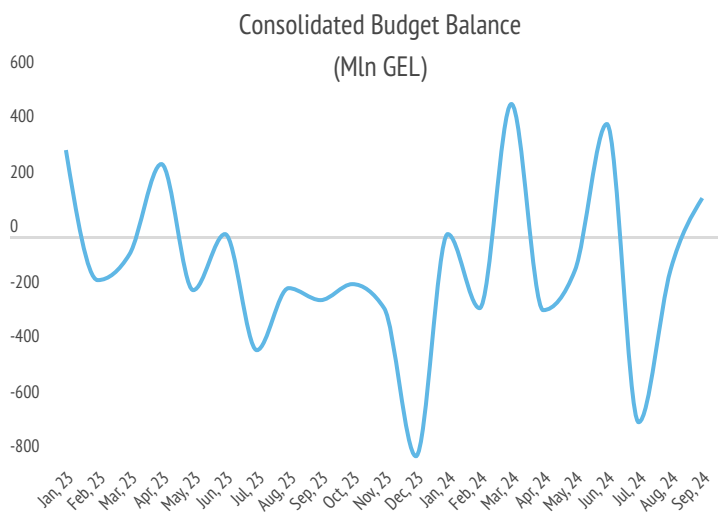


In October 2024, annual CPI inflation amounted to 0.3% YoY.

In October, the inflation rate amounted to 0.3% YoY, lower than the inflation target of 3.0%. Annual inflation was predominantly driven by the dynamics of prices on restaurants and hotels, education, alcoholic beverages and tobacco, and food and non-alcoholic beverages. With regard to the annual core inflation in October (excluded food and non-alcoholic beverages, energy, tobacco, regulated tariffs, transport (specific tariffs)), the prices increased by 1.2% YoY.

In September* 2024, the annual forecasted GDP deflator amounted to 3.0%.



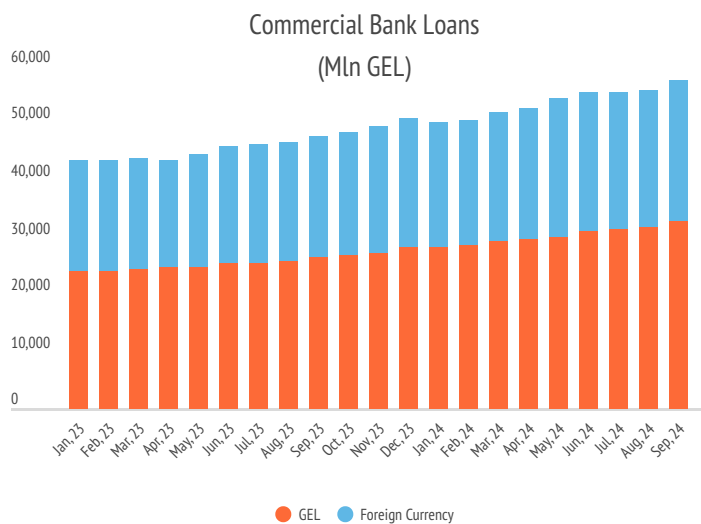


In September* 2024, the general government net lending/borrowing was positive.

In September* 2024, general government revenues increased by 21.7% YoY, while expenses increased by 6.9% YoY. In the analyzing period, the general government positive net operating balance amounted to 617.1 million GEL, while positive net lending/borrowing was defined at 138.3 million GEL.

Worth noting, that in September* 2024, tax revenues amounted to 2,017.9 million GEL, which is 22.9% higher YoY. Significant increase was observed in profit tax (65.7%) property tax (42.8%), VAT tax (22.5%), personal income tax (20.0%) and excise tax (18.9%). While custom duties decreased by 6.9% etc. Direct taxes comprised 45.5% of total taxes, while indirect taxes are 54.5%.

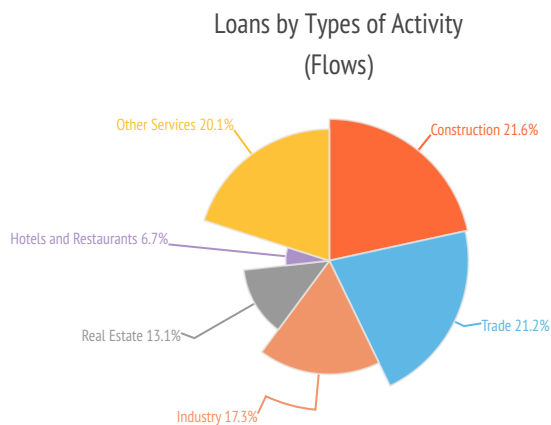
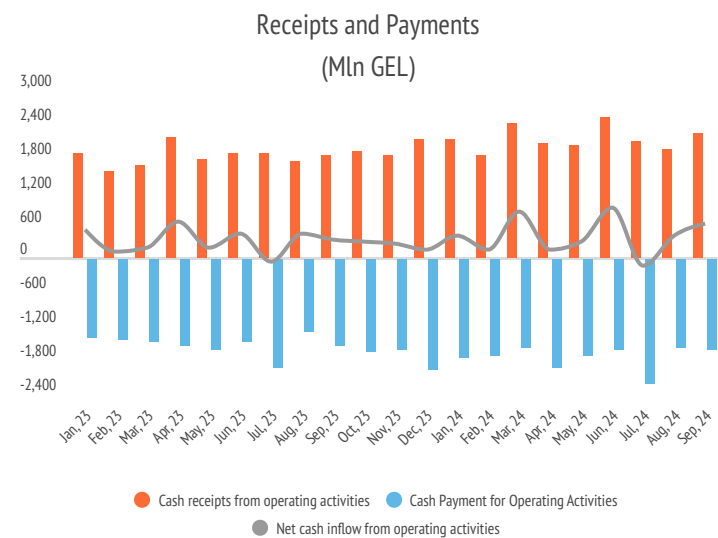
In September*, purchasing of non-financial assets decreased by 3.6% YoY (GEL 22.3 million less).

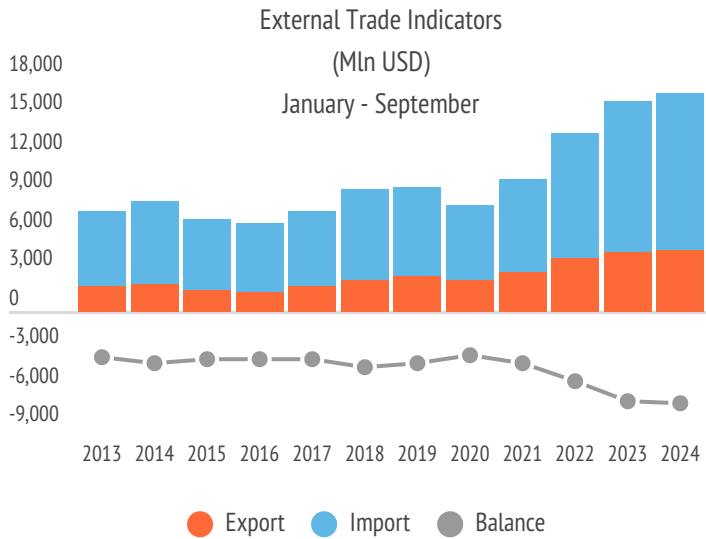


In September* 2024, compared to the same period of the previous year, commercial bank loans to the national economy increased in both national and foreign currencies.

In September*, commercial bank loans to the national economy increased by 20.6% YoY and amounted to 57.5 billion GEL. National currency loans increased by 23.5%, while foreign currency loans increased by 17.0%. As a result, dollarization of whole commercial bank loans made up to 43.8%. It is worth mentioning, that more than half of total loans (53.0%) was distributed to households (85.6% of household loans were granted to individuals, and 14.4% to entrepreneurs). 36.6% of the issued loans are consumer loans, and 63.4% are secured by real estate.

As for loans issued by types of activity, the highest 21.6% was issued in construction, 21.2% in trade, 17.3% in industry, 13.1% in real estate and 6.7% in the field of hotels and restaurants.



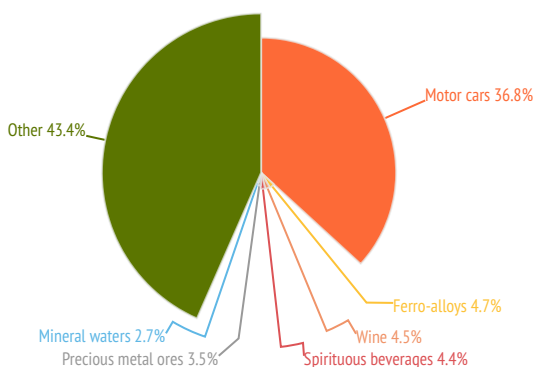


In January - September* 2024, compared to the same period of the previous year, export of goods as well as imports increased.

In January - September*, export of goods increased by 4.1%, while imports increased by 3.6% YoY. As a result, trade turnover amounted to 16,777.7 million USD (3.7% increase YoY). During this period, the share of exports in external trade amounted to 28.5%. Export growth was substantial in the following countries: Kyrgyzstan (84%), USA (32%), Uzbekistan (27%), Kazakhstan (26%), Switzerland (20%), Turkey (6%), Russia (2%) etc. In addition, exports decreased in Armenia (23%), Azerbaijan (14%), China (13%) etc.

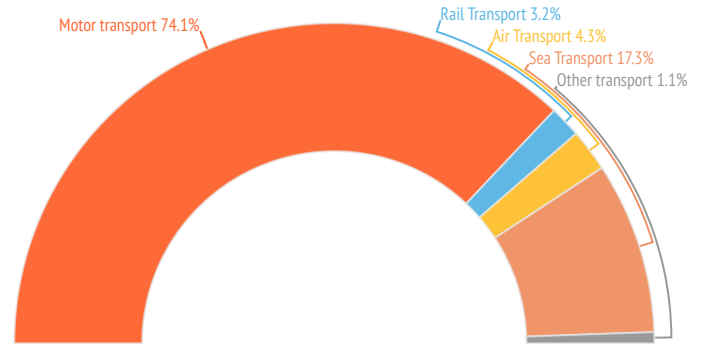
High growth was recorded in several export commodity groups: precious metal ores (237%), Ferro-alloys (62%), spirituous beverages (61%), mineral and aerated waters without sugar (27%), non-alcoholic beverages (25%), gold (20%), motor cars (13%) and natural wine (11%). Deterioration was recorded in Nitrogen fertilizers (3%).

Major Commodity Groups by Exports (January - September)



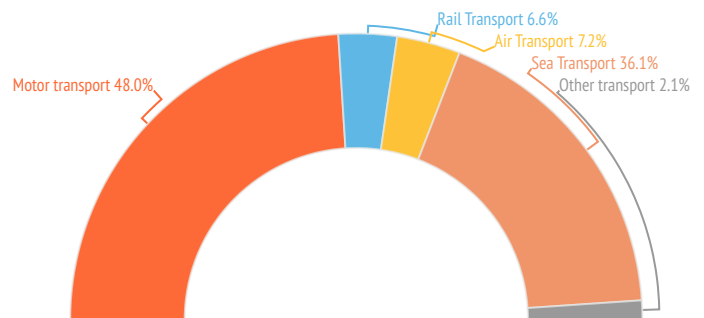
In January - September* 2024, according to the modes of transport, the largest part of exports, 74.1% was carried out by motor transport, 17.3% - by sea, 4.3% - by air, and 3.2% by rail transport. The share of other types of transport (Pipelines, cables and other mode of transports) was 1.1%.

Export by Mode of Transport (January - September)



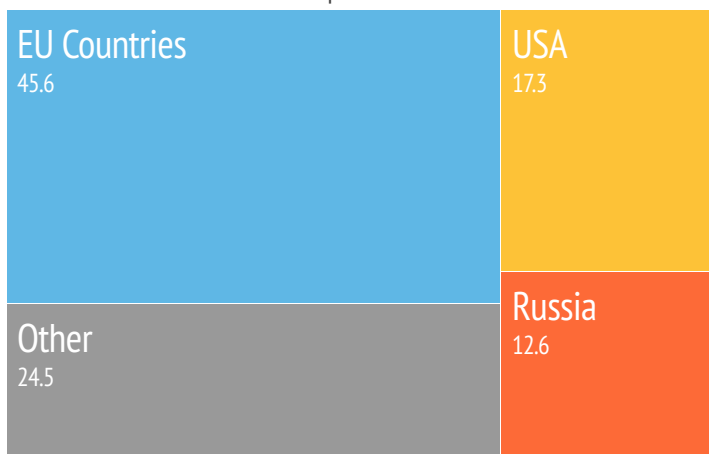
In January - September*, according to the modes of transport, the largest part of imports, 48.0% was carried out by motor transport, 36.1% - by sea, 7.2% - by air, and 6.6% by rail transport. The share of other types of transportation (Pipelines, cables and other mode of transports) amounted to 2.1%.

Import by Mode of Transport (January - September)

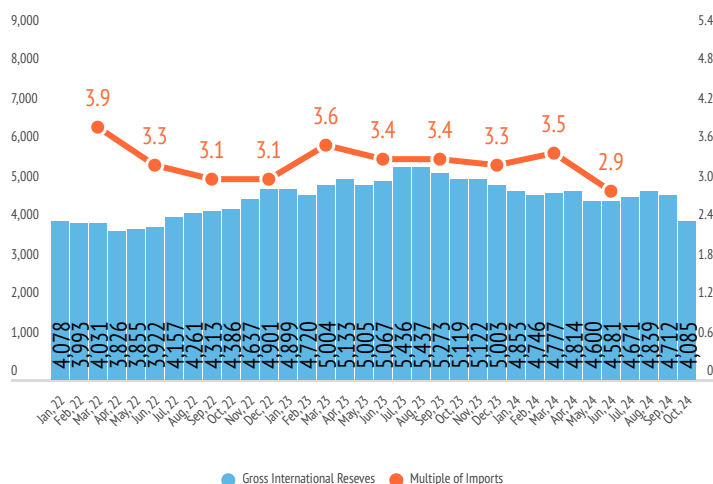


In January - September*, domestic export from Georgia amounted 4,786.7 million USD, which is 4.1% higher YoY. Ten largest countries by domestic export from Georgia were the followings: Russia (21% of total domestic export), Turkey (15%), China (10%), Armenia (6%), Azerbaijan (5%), USA (4%), Switzerland (4%), Bulgaria (3%), Ukraine (3%), Kazakhstan (3%).

Remittance (%)
Inflows
September



Gross International Reserves
(Mln USD)



In September 2024*, remittances decreased slightly.

In September*, remittances in Georgia decreased by 1.1% YoY and amounted to 283.4 million USD. The main source of money transfers were EU countries (129.1 mln USD, 45.6% of total) and the USA (49.0 mln USD, 17.3% of total). Remittances from Russia decreased by 40% and equaled 35.8 mln USD (12.6% of total). In terms of individual countries, remittances were significant from Italy (49.6 mln USD, 17.5% of total), Germany (25.5 mln USD), Greece (24.7 mln USD), Israel (20.7 mln USD), Kyrgyzstan (9.2 mln USD), Turkey (9.0 mln USD), Kazakhstan (8.1 mln USD) etc.

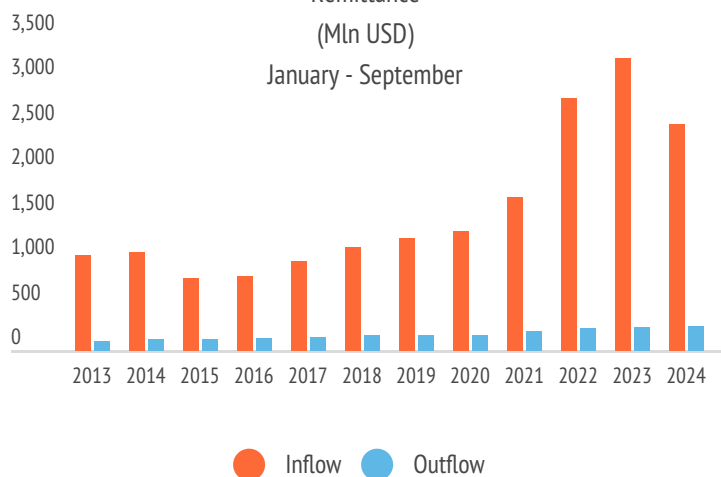
In October 2024, international reserves reached 4,085 million USD.

In October, international reserves amounted to 4,085 million USD, which is a 20.2% decrease YoY and 13.3% decrease MoM.

In October 2024, the National Bank of Georgia sold 213.4 million US dollars at foreign exchange auction in response to the devaluation of the GEL.

*To assess reserve adequacy it is usually used 3 months multiple of import. Additional information can be found on a [link](#).

Remittance
(Mln USD)
January - September

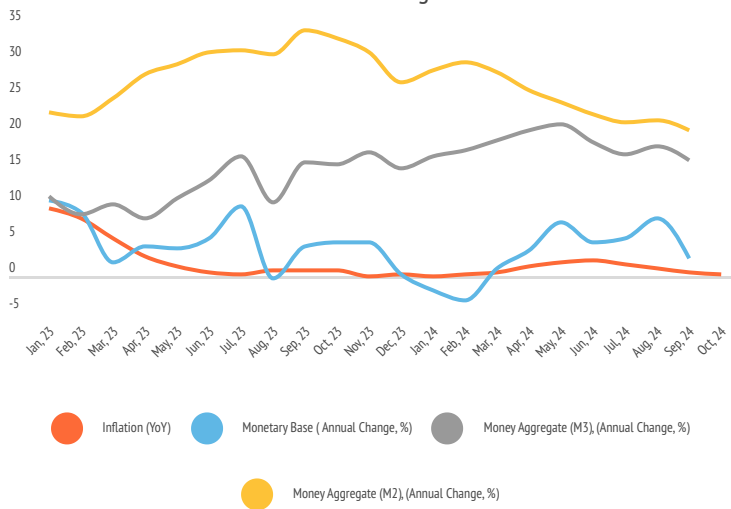


In September* 2024, compared to the same period of the previous year, monetary base increased.

In September*, monetary base increased by 2.5% YoY, including increased national currency in circulation by 16.6% and decreased liabilities to other depository corporations by 10.1%.

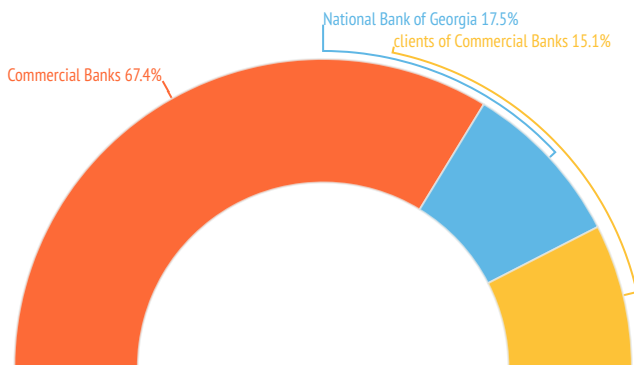
Money aggregate M2 increased by 20.3%, while money aggregate M3 increased by 16.2%. In October 2024, consumer price inflation amounted to 0.3% YoY.

Money Aggregates and Consumer Prices
% Change



As of the end of October 2024, the nominal value of treasury securities issued by government was 9,221.6 million GEL. Among them, 67.5% is owned by commercial banks, 17.5% by the National Bank, and 15.1% by other resident and non-resident clients (resident – 11.9%, non-resident - 3.1%).

Treasury Securities
(October)



In September* 2024, the total volume of deposits amounted to 59,232.6 million GEL, which is 17.5% higher YoY. Among them, deposits denominated in national currency made up 50.2%, while deposits in foreign currency made up 49.8% respectively.

According to the data available by the end of September* 2024, 64.2% of deposits denominated in national currency belong to legal entities, and 35.8% to individuals.

Herewith, 65.3% of foreign currency deposits were owned by individuals, and 34.7% - by legal entities.

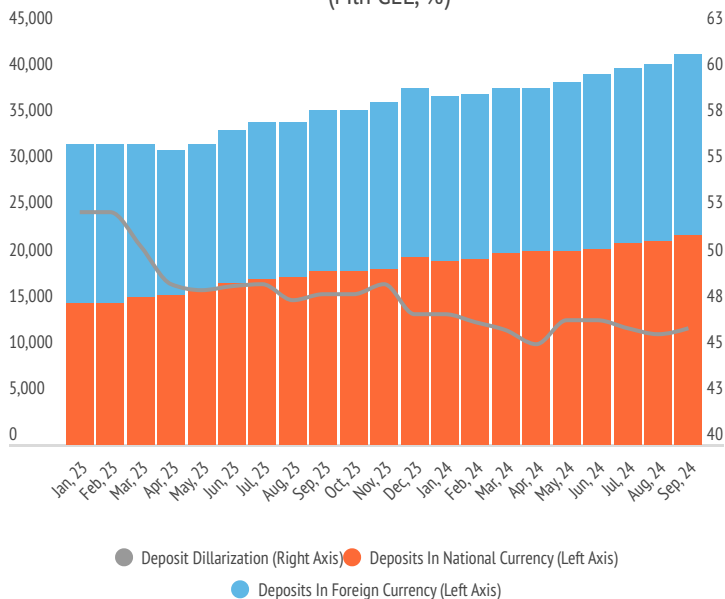
Deposits
(September)



In addition, 50.7% of deposits denominated in national currency were time deposits, 24.7% - demand deposits and 24.6% - current accounts.

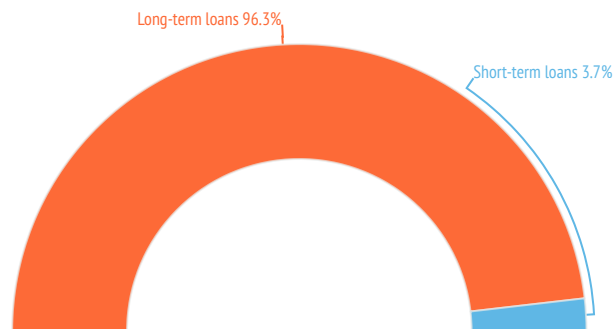
In the case of foreign currency, time deposits still hold the largest share (39.4%), followed by demand deposits (31.9%) and current accounts (28.7%).

Deposits and Dollarization
(Mln GEL, %)



In September* 2024, the volume of consumer loans amounted to 11,350.5 million GEL, which is 26.7% increase YoY. Among them, the share of long-term loans were 96.3%, while short-term loans comprised only 3.7%.

Consumer Loans
(September)



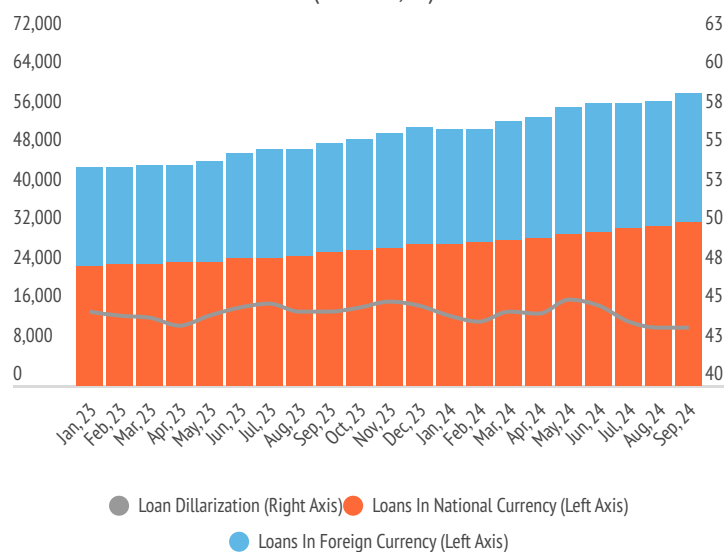
In September* 2024, the dollarization increased on deposits, while remained unchanged on loans MoM.

In September*, the deposit dollarization indicator increased by 0.38 pp and amounted to 46.3% MoM, while loan dollarization remained unchanged and made up to 43.8% MoM.

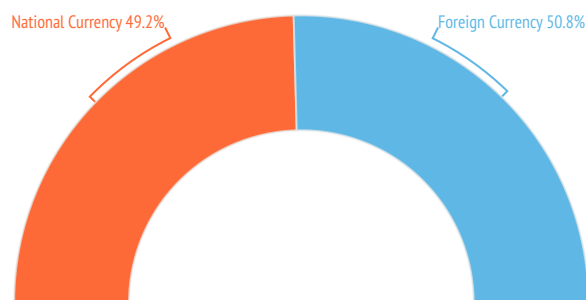
During the same period, the volume of loans secured by real estate amounted to 38,959.8 million GEL, which is 21.6% higher YoY. Among them, the share of loans issued in national currency were 49.2%, while loans denominated in foreign currency were 50.8%.

In September*, national currency deposits increased by 2.3% MoM, while foreign currency deposits increased by 3.8%.

Loans and Dollarization
(Mln GEL, %)



Loans Secured by Real Estate
(September)



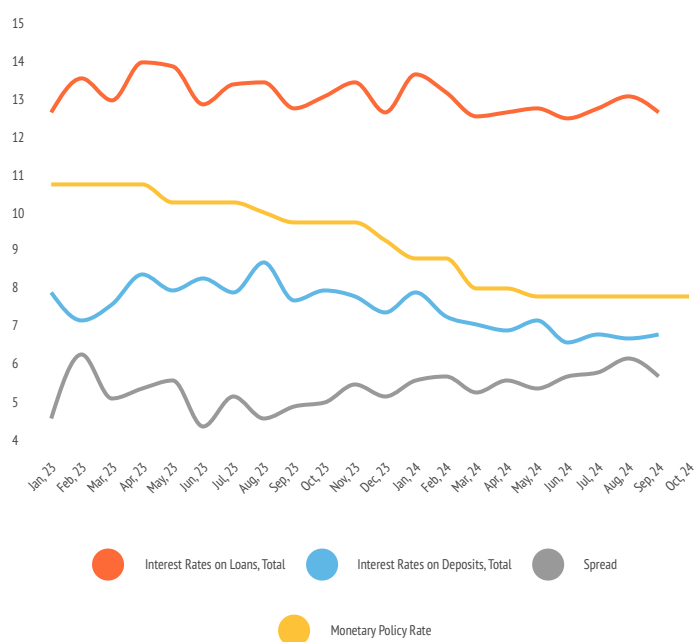
According to the data available by the end of September* 2024, in terms of regions, 63.0% of loans issued by commercial banks denominated in national currency were granted in Tbilisi, 7.9% in Imereti, 7.4% in the Autonomous Republic of Adjara, 5.4% in Kakheti, 4.6% in Kvemo Kartli, 4.2% in Samegrelo-Zemo Svaneti. The share of loans issued in other regions is relatively small.

In September* 2024, interest rates on deposits increased by 0.1 pp while on loans decreased by 0.4 pp MoM.

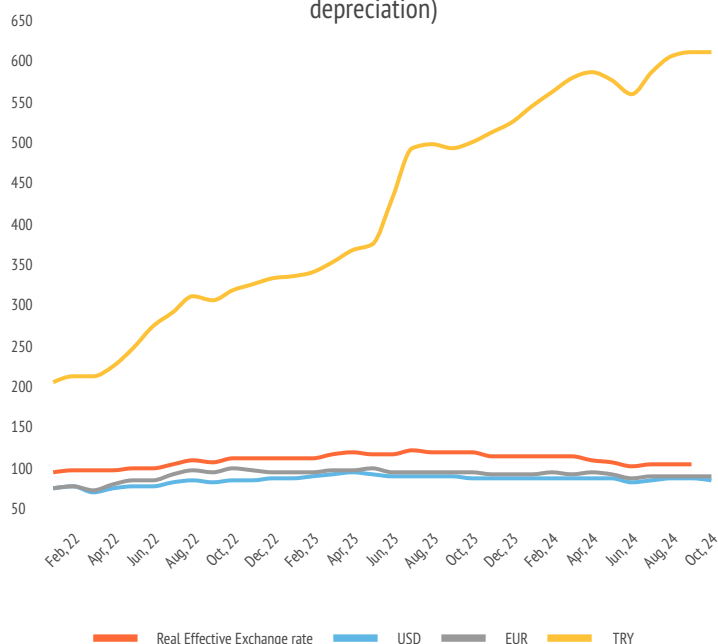
In September* market interest rates on loans amounted to 12.9%, while interest rates on deposits were defined at 7.0%. The interest rate spread (difference between loan and deposit rates) amounted to 5.9% as of September* 2024, 0.78 pp higher compared to the same indicator of September 2023.

On October 23, 2024, the monetary policy committee of the National Bank of Georgia decided to maintain the monetary policy rate at 8.0%.

Market Interest Rates on Loans and Deposits (%)



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



In October 2024, compared to the previous month, the GEL slightly depreciated towards USD, while slightly appreciated towards EUR.

In October, GEL depreciated against USD by 0.7% MoM, appreciated against EUR by 1.1% MoM, and depreciated against TRY by 0.1% MoM. In the analyzing period, the nominal effective exchange rate appreciated. In October, the GEL exchange rate depreciated by 1.3% YoY towards USD and by 4.5% YoY towards EUR, while appreciated by 21.4% YoY towards TRY.

In particular, in October, the average exchange rate of the GEL against USD was 2.73, while it was 2.98 against EUR and 0.08 against TRY.

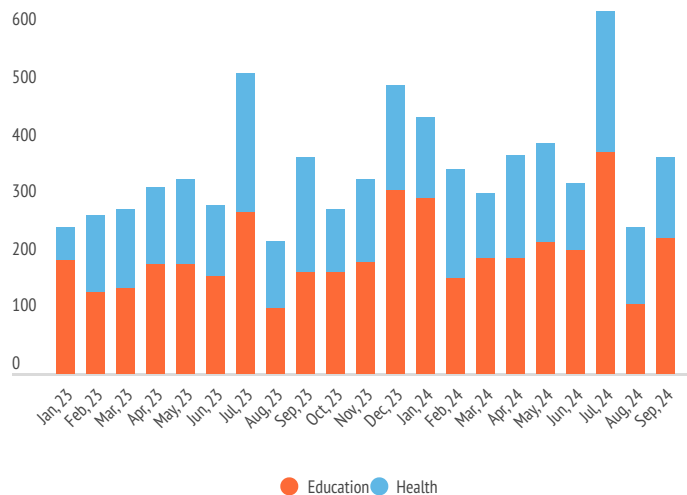
4. Social Sector

In Q2 2024, average monthly nominal earnings of employees increased YoY.

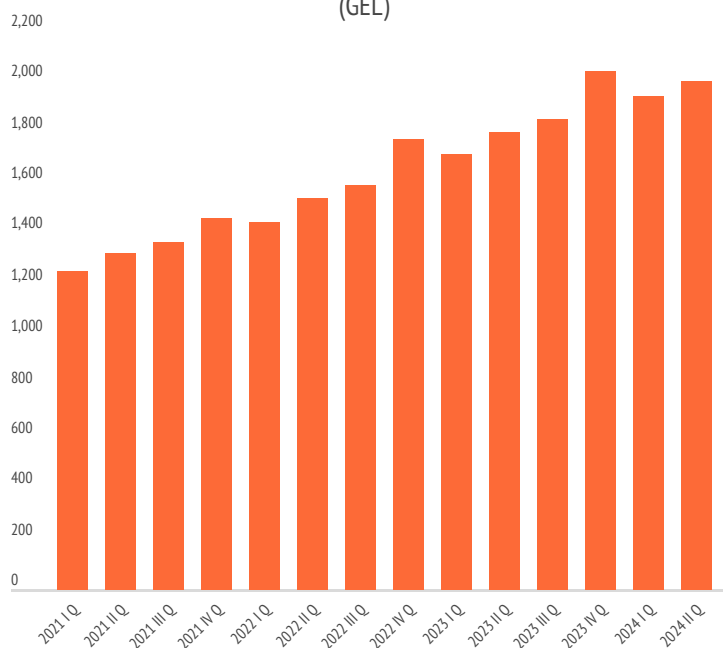
In Q2 2024, the average monthly nominal earnings of employees amounted to 2,004.9 GEL, which is 11.1% increase YoY (200.4 GEL more). Compared to the previous quarter the indicator increased by 3.2%, which is 61.5 GEL less.

As for the change in the average monthly nominal earnings of employees by sector, in the II quarter of 2024, the highest average monthly salary was recorded in the field of information and communication (3,963.0 GEL; 4.3% increase YoY), as well as financial and insurance activities (3,642.3 GEL; 14.4% increase YoY), construction (2,946.1 GEL; 13.7% increase YoY) and in the field of Professional, scientific and technical activities (2,872.8 GEL; 13.8% increase YoY).

Public Expenditure on Education and Healthcare (GEL Million)



Average monthly nominal earnings of employees (GEL)



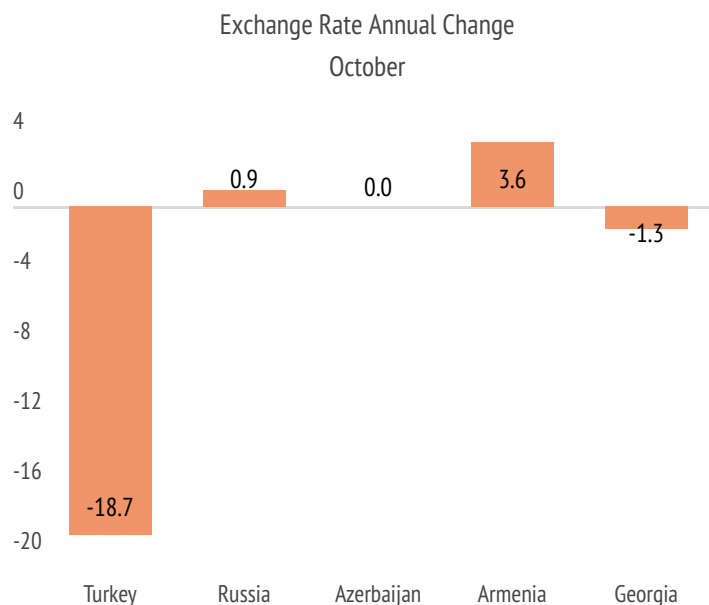
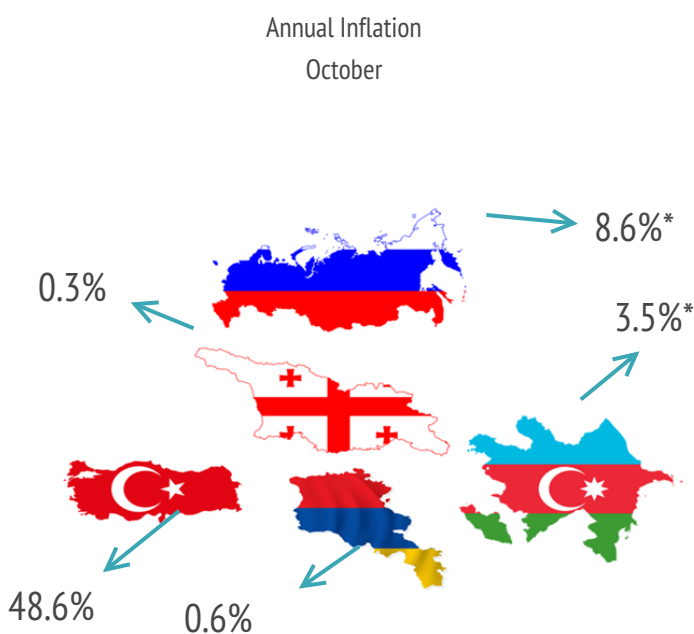
In September* 2024, public expenditures on education increased YoY, while public expenditures on healthcare decreased YoY.

In September*, expenditure on education (as per functional classification) amounted to GEL 237.1 million, which is 33.3% increase YoY. Meanwhile, expenditures on healthcare amounted to GEL 141.3 million, 28.8% decreased YoY.

5. Regional Review

In October 2024, consumer price inflation stands out with similar dynamic trends in the region countries, except Turkey.

Namely, in October 2024, annual inflation amounted to 48.6% in Turkey, while in Armenia it was relatively small (0.6%). As for Azerbaijan and Russia, in September* 2024, consumer prices increased by 3.5% YoY and by 8.6% YoY respectively.



In October 2024, the currencies of the region countries stand out with a tendency of depreciation towards USD, except AMD and RUB. Particularly, in October, GEL depreciated by 1.3% YoY towards USD. In the analyzing period TRY depreciated by 18.7% YoY toward USD and AZN by 0.03% YoY toward USD, while AMD appreciated by 3.6% YoY toward USD and RUB by 0.9% YoY toward USD.

Summary Tables of Main Economic Indicators

	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24
GDP Growth Rate (%)	6.2	5.9	8.3	5.8	9.5	8.2	11.8	9.2	7.5	13.0	12.0	8.3	
VAT Turnover Growth Rate (%)	6.0	2.6	4.6	1.4	11.8	8.5	19.1	10.7	10.7	19.8	14.2	11.6	
Inflation (%)	0.8	0.1	0.4	1.4	0.3	0.5	1.5	2.0	2.2	1.8	1.0	0.6	0.3
Monetary Policy Rate (%)	10.00	10.00	9.50	10.445.9	9.00	8.25	8.25	8.00	8.00	8.00	8.00	8.00	8.00
Deposit Dollarization (%)	0.48	0.48	0.49	0.47	0.47	0.47	0.46	0.45	0.47	0.47	0.46	0.46	
Loan Dollarization (%)	0.45	0.45	0.45	0.45	0.44	0.45	0.45	0.46	0.45	0.44	0.44	0.44	
Exchange Rate (GEL)	2.69	2.71	2.69	2.68	2.66	2.68	2.68	2.72	2.83	2.73	2.70	2.71	2.73
Remittances (Thousand USD)	285 439	295 013	311 008	265 093	266 386	280 934	278 515	284 309	281 091	298 118	290 567	283 385	
Export (USD Million)	491	482	514	339	465	523	437	501	581	684	642	616	
Import (USD Million)	1 361	1 297	1 369	1 102	1 181	1 227	1 451	1 411	1 355	1 555	1 386	1 323	
Trade Balance (USD Million)	-870.5	-814.8	-854.5	-763.3	-716.1	-704.1	-1 013.8	-909.3	-774.3	-871.1	-744.4	-707.9	
International Reserves (USD Million)	5 119	5 122	5 010	4 853	4 746	4 777	4 814	4 600	4 581	4 671	4 839	4 712	4 085
Revenues (GEL Million)	1 913	1 831	2 122	2 116	1 823	2 384	2 050	2 010	2 495	2 066	1 951	2 216	
Recurrent Expenditure (GEL Million)	1 626	1 581	1 947	1 716	1 676	1 558	1 904	1 697	1 587	2 193	1 531	1 599	
Capital Expenditure (GEL Million)	469	545	1 109	402	420	430	424	459	567	570	555	594	



Increase



Decrease



Change < 1%

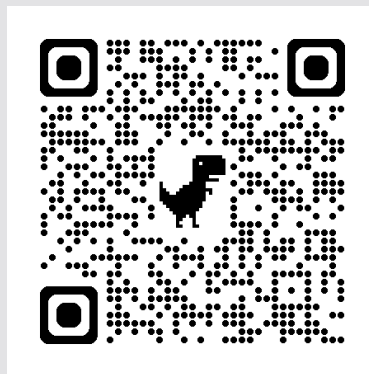
Comparison of key economic indicators with similar data for the corresponding month of last year

		10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024
Real Sector	GDP Growth Rate													
	VAT Turnover Growth Rate													
Monetary Sector	Inflation													
	Monetary Policy Rate													
	Deposit Dollarization													
	Loan Dollarization													
External Sector	Exchange Rate													
	Remittances													
	Export													
	Import													
	Trade Balance													
Fiscal Sector	International Rsvres													
	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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

		10.2023	11.2023	12.2023	01.2024	2.2024	03.2024	04.2024	05.2024	06.2024	07.2024	8.2024	09.2024	10.2024
Real Sector	GDP Growth Rate													
	VAT Turnover Growth Rate													
Monetary Sector	Inflation													
	Monetary Policy Rate													
	Deposit Dollarization													
	Loan Dollarization													
External Sector	Exchange Rate													
	Remittances													
	Export													
	Import													
	Trade Balance													
Fiscal Sector	International Rsvres													
	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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