



Parliament of Georgia

Quarterly Macroeconomic

Review

IV Quarter, 2024

Parliamentary Budget Office
of Georgia

2025

February

Main Macroeconomic indicators of IV quarter, 2024*

Real GDP Growth Rate

8.4%

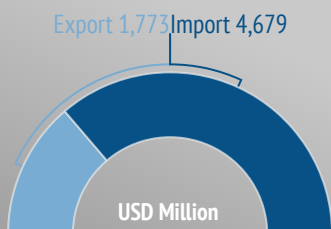


IV Quarter

In IV quarter, 2024 annual CPI inflation amounted to 1.1%, while annual core inflation was observed at 1.7%.



In IV quarter, 2024 goods exports increased by 19.3%, while imports increased by 16.2%.



In IV Quarter, money transfers amounted to 833.2 million USD.

EU countries - 44.7%;

USA-18.8%;

Russia - 11.4%;

Other countries - 25.1%.



In IV quarter 2024, dollarization coefficient increased on deposits, while decreased on loans YoY.

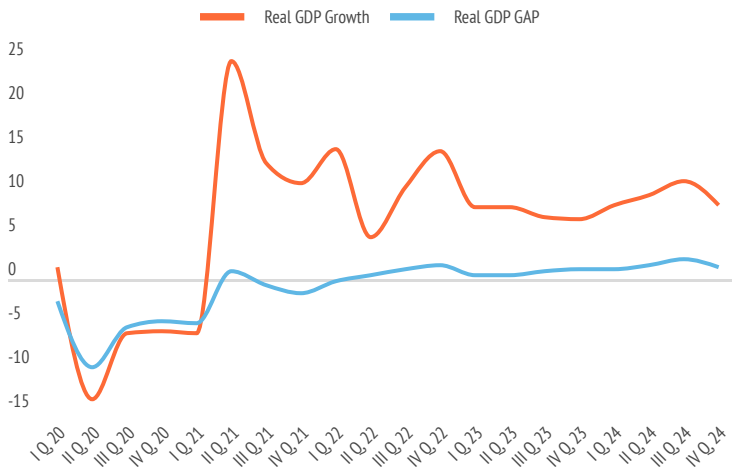


GEL depreciated against USD by 1.6% QoQ, while depreciated by 2.3% YoY.



1. Real Sector

GDP Dynamics (%)

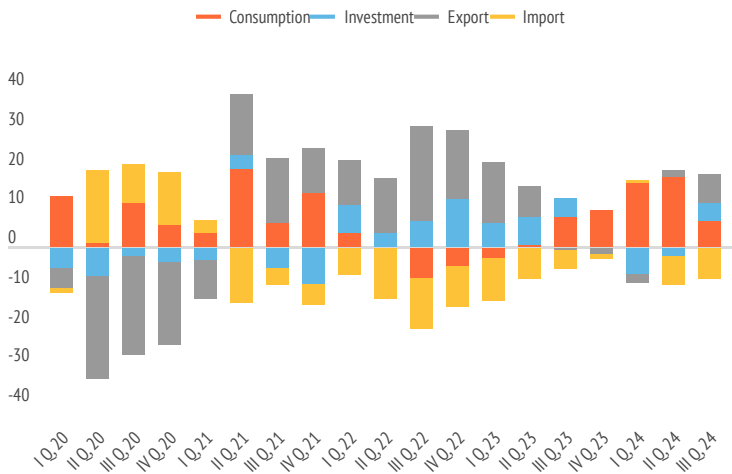


In Q4 2024, according to the GEOSTAT preliminary estimate average growth rate of the real GDP amounted to 8.4%.

The economic growth estimate for Q4 2024 made by the Parliamentary Budget Office in November 2024 was 7.1%¹, which took into account existing low rates of inflation as well as the expected impact of the Russian-Ukraine war on the Georgian economy.

According to the PBO evaluation, in Q4 2024, potential GDP was lower than the statistical measurement, hence the positive output gap equaled to 1.4%, while the output gap for the previous quarter was positive 2.2%.

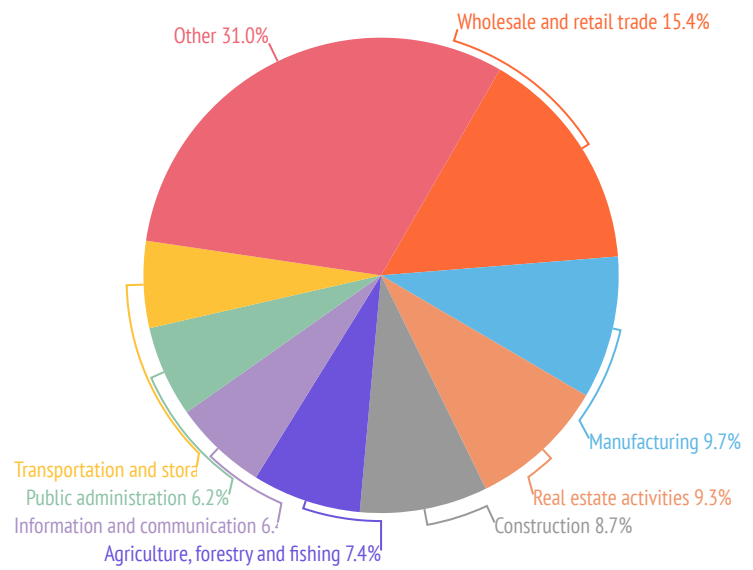
GDP Components (Contribution, %)



In Q3* 2024, as per PBO estimates, increase in export and consumption played major role in GDP growth.

Based on the analysis of the GDP components, in Q3* 2024, real GDP increase was primarily driven by export (7.07 pp), consumption (6.37 pp) and investment (4.91 pp). In the reporting period, import (-7.38 pp) had a negative impact on GDP.

GDP Structure (III Quarter)



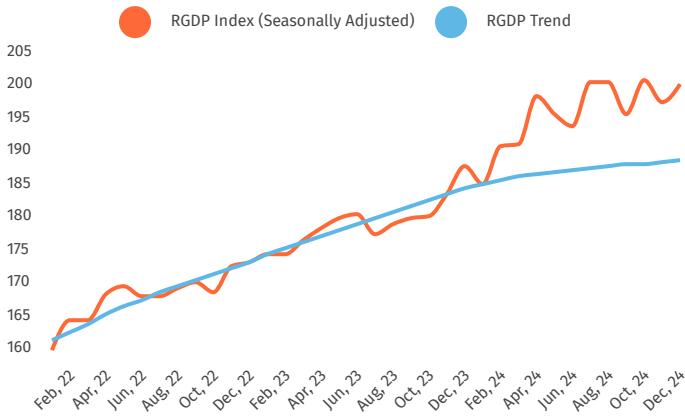
In Q3* 2024, wholesale and retail trade had the highest share in GDP structure.

In Q3* 2024, wholesale and retail trade had the highest share² in GDP structure (15.4%). The important share was observed for several sectors, namely, manufacturing (9.7%), real estate activities (9.3%), construction (8.7%), agriculture, forestry and fishing (7.4%), information and communication (6.4%), public administration, defense, social security (6.2%), and transportation and storage (5.9%).

[1] www.pbo.parliament.ge

[2] The share is calculated according by GDP in current prices

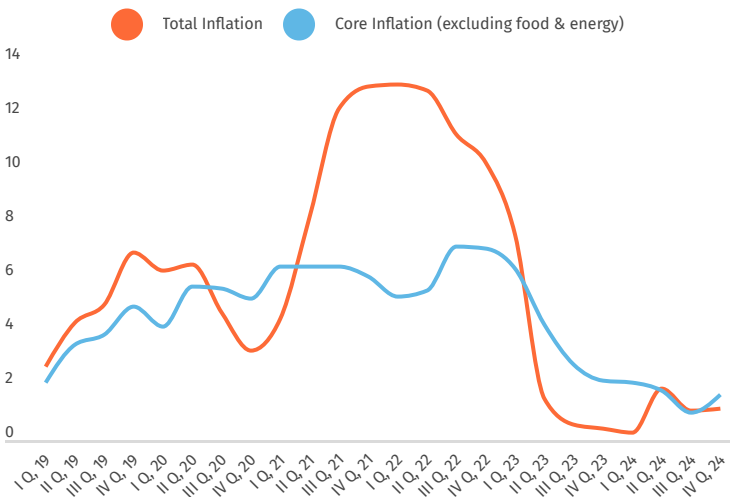
Real GDP Trend



Observing monthly data reveals that the economic growth trend is not linear.

According to the PBO estimate, based on preliminary data, in Q4 2024, YoY growth of the real GDP trend³ was 2.6%, compared to 6.4% growth rate in the respective period of 2023.

Consumer Price Inflation (YoY, %)



[3] The trend represents monthly economic growth estimate with removed seasonality and random shocks

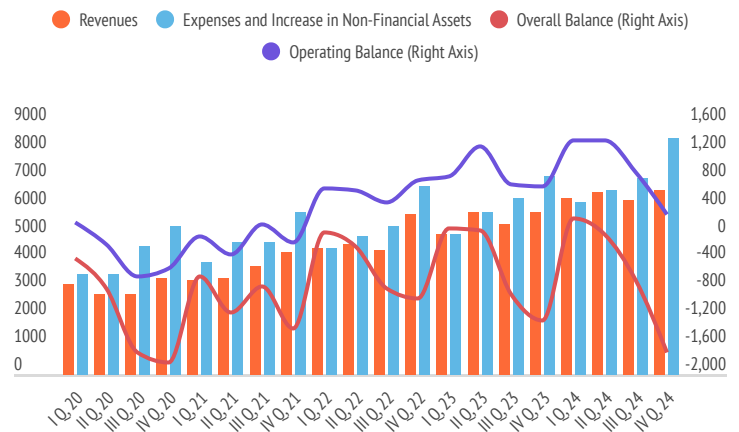
In Q4 2024, consumer price inflation has increased YoY.

In Q4 2024, average annual inflation rate amounted to 1.1%, lower than the inflation target of 3.0%. Main sectors, increasing prices of which made positive contributions to the inflation rate, were food and non-alcoholic beverages, transport, clothing and footwear, health and other groups.

In Q4 2024, average annual core inflation rate (excluding groups of food and non-alcoholic beverages and energy prices) amounted to 1.7%.

2. Fiscal Sector

Consolidated Budget Balance (Million GEL)

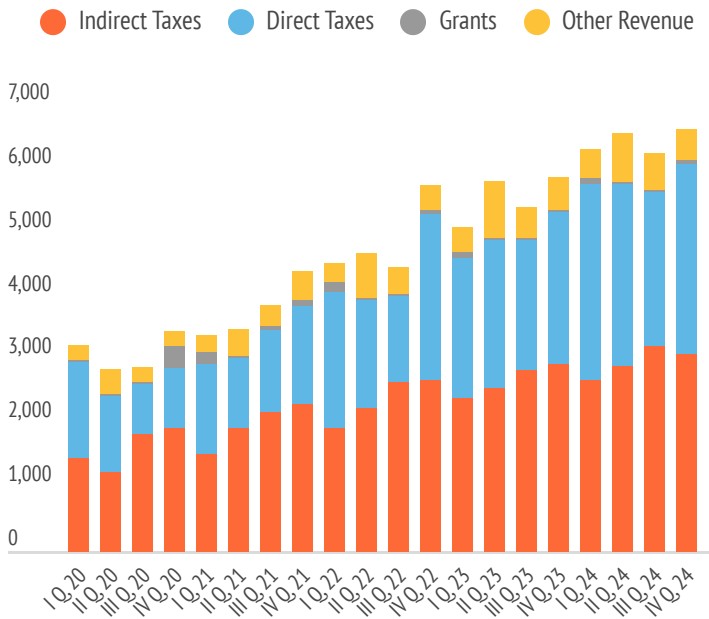


In Q4 2024, a negative consolidated budget balance was observed.

In Q4 2024, consolidated budget revenues increased by 12.7% YoY and amounted to GEL 6,610.5 million, while expenses and acquisition of non-financial assets increased by 18.7% and totaled GEL 8,475.2 million.

In Q4 2024, compared to Q4 2023, the operating balance decreased by GEL 406.3 million and amounted to GEL 305.9 million, while the overall negative balance totaled GEL 1,675.9 million. It is worth mentioning, that in the fourth quarter of 2023, the overall consolidated budget balance was negative and amounted to GEL 1,229.7 million.

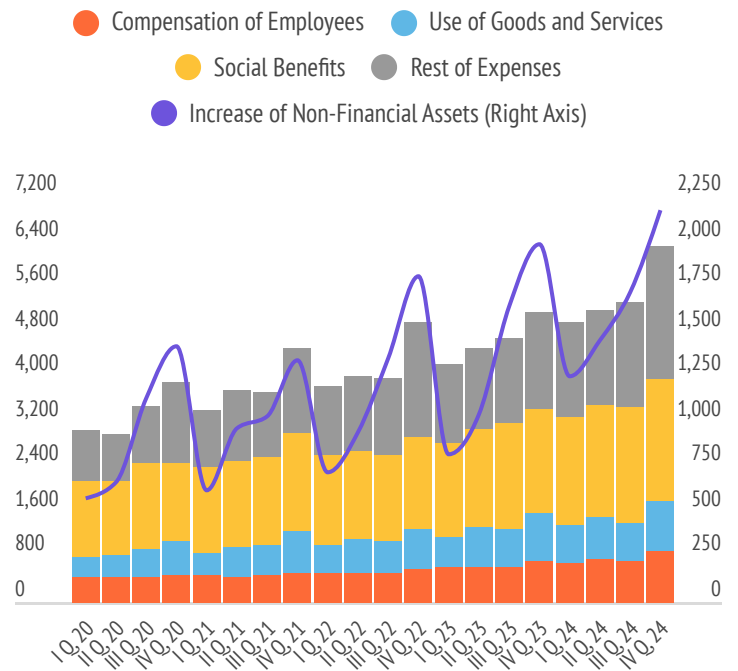
Consolidated Budget Revenues
(Million GEL)



In Q4 2024, tax revenues of consolidated budget increased by 14.4% YoY and amounted to GEL 6,099.4 million.

In Q4 2024, direct taxes of consolidated budget increased by 24.7% YoY and totaled GEL 2,982.1 million, while indirect taxes increased by 6.1% and reached GEL 3,117.3 million. It is noteworthy that during the period, the grant component increased by 7.6% and amounted to GEL 56.3 million, while other revenues decreased by 5.9% and amounted to GEL 455.0 million.

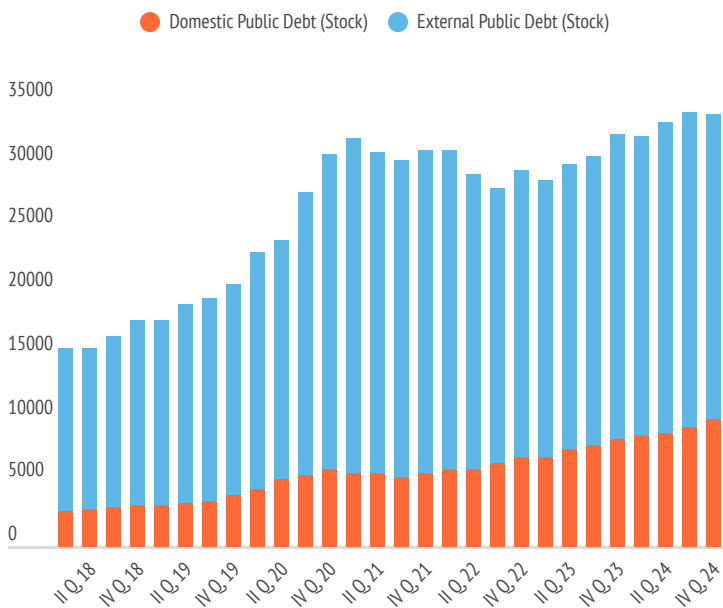
Consolidated Budget Expenditures and Increase of Non-financial Assets
(Million GEL)



In Q4 2024, both recurrent expenditures and capital expenditures increased YoY.

In Q4 2024, consolidated budget recurrent expenses increased by 22.3% YoY and amounted to GEL 6,304.6 million. Expenses in non-financial assets (i.e. capital expenditure) increased by 9.2% YoY and reached GEL 2,170.6 million. During the mentioned period, expenditures on goods and services increased by 8.0% and amounted to GEL 916.3 million. Expenditures on compensation of employees increased by 19.4% and on social benefits increased by 18.0%, while in nominal terms they amounted to GEL 905.1 million and GEL 2,148.7 million. Other expenses (interest, subsidies, grants, other expenses) increased by 35.3% and amounted to GEL 2,334.5 million.

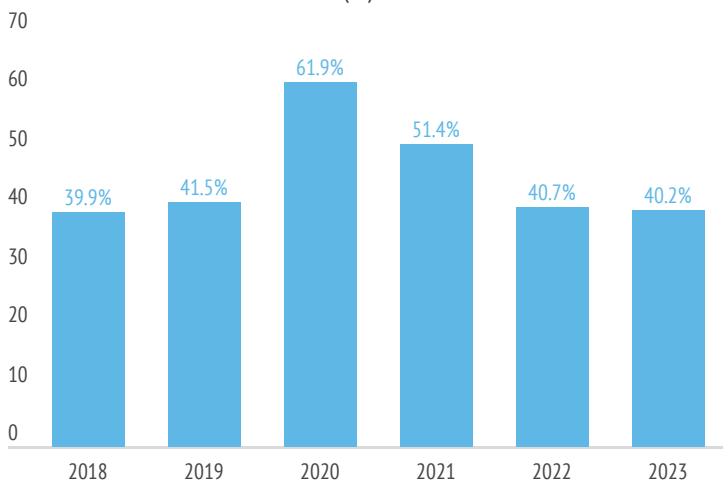
Public Debt
(Million GEL)



As of 31 December 2024, public debt in nominal terms reached GEL 34,122 million, 5.1% increase YoY.

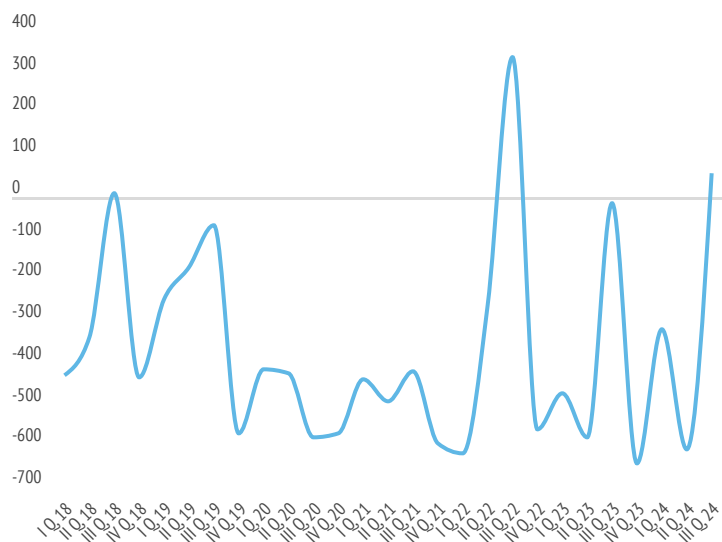
The external debt share made up 70.6% in Q4 2024 (73.8% at the end of Q4 2023), while the domestic debt share reached 29.4% (26.2% at the end of Q4 2023).

Total public debt to GDP (Annual)
(%)



3. External Sector

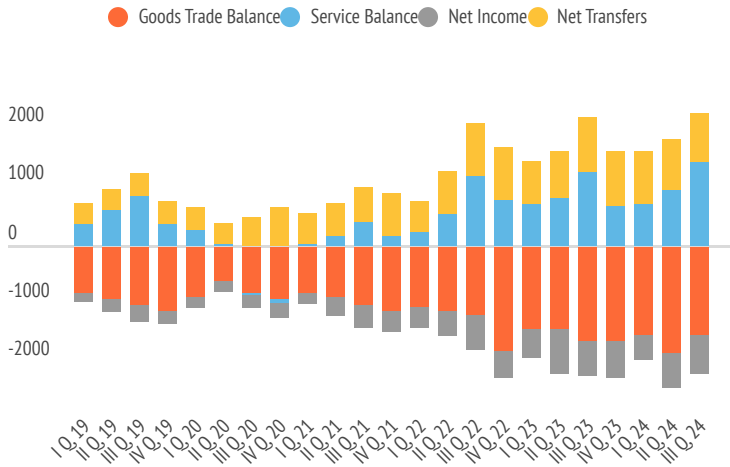
Current Account
(Million USD)



In Q3* 2024, the BOP current account balance was positive.

In Q3* 2024, the BOP current account balance was positive. In Q3* 2024, the positive current account balance reached USD 58.2 million (0.6% of GDP). Based on the analysis of current account components, the trade balance by the surplus in transfers and positive service balance, where income from foreign travel made a significant positive contribution. In of goods and net income deficit were compensated particular, in Q3* 2024, the indicator increased by 8.0% YoY and totaled USD 1,563.3 million.

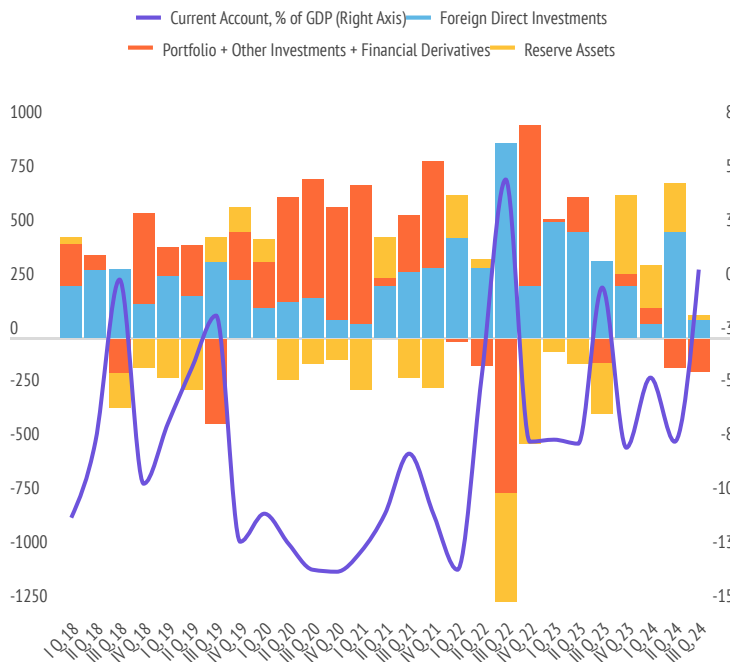
Current Account Components
(Million USD)



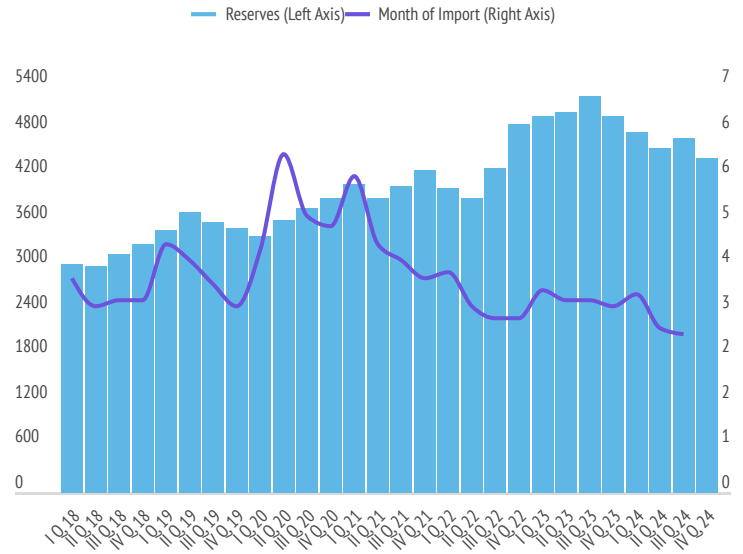
In Q3* 2024, the primary financing source of the current account deficit were foreign direct and other investments.

During this period, net direct investments totaled USD 80.4 million (0.9% of GDP), a 77.2% decrease in comparison with the same period of the previous year.

Current Account Balance and Financing Sources
(Million USD)



Total International Reserves
(Million USD, Month)

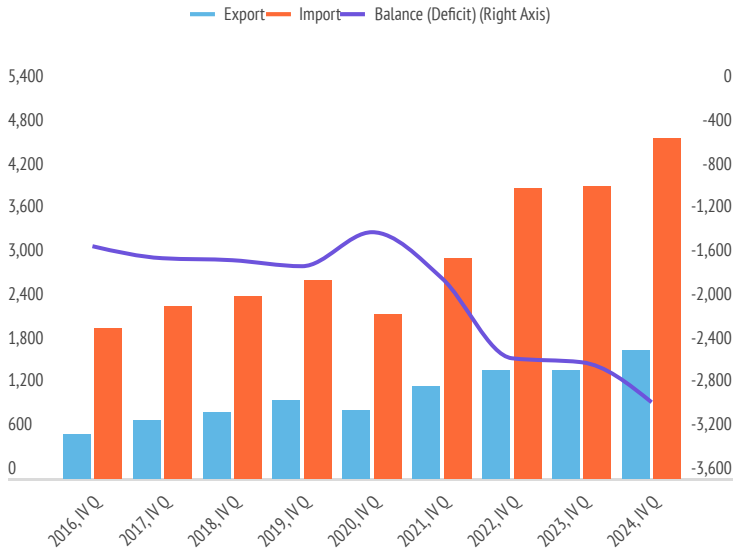


In Q4 2024, total international reserves amounted to USD 4,448.6 million.

At the end of Q4 2024, total international reserves made up USD 4,448.6 million, which is 11.2% decrease YoY.

In Q4 2024, the National Bank of Georgia sold 213.4 million USD through the foreign exchange auction.

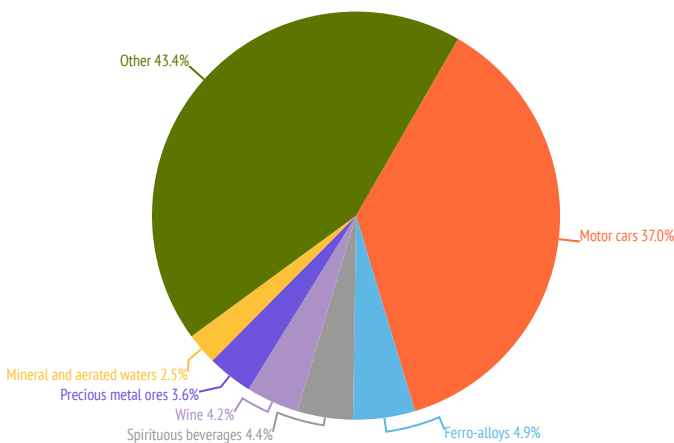
External Trade of Goods (Million USD)



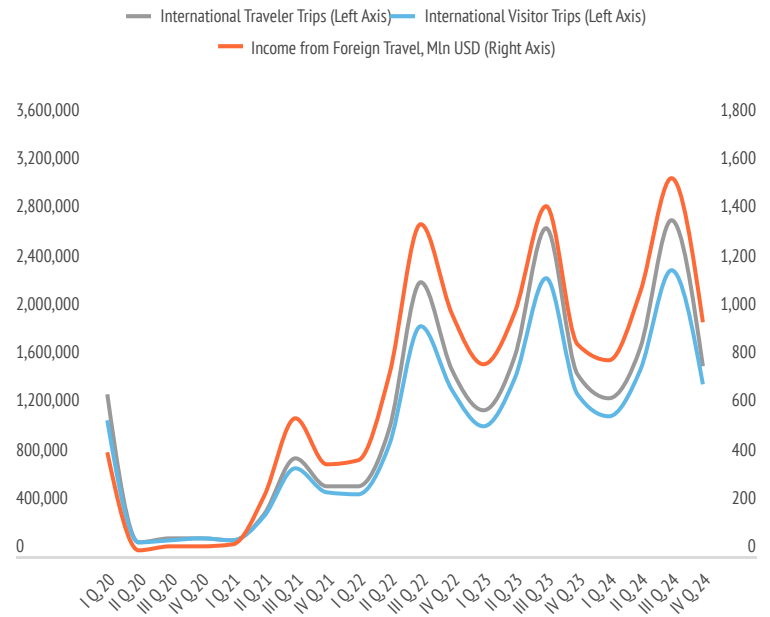
In Q4 2024, export, as well as import of goods increased.

In Q4 2024, compared to the same period of the previous year, export of goods increased by 19.3 % and amounted to USD 1,773.7 million, while import of goods increased by 16.2% and totaled USD 4,679.9 million. In the reporting period share of the export in external trade increased from 27.0% to 27.5%. In the IV quarter of 2024, the largest export commodities were exports of motor cars (37.0%), ferro-alloys (4.9%), spirituous beverages (4.4%), wine (4.2%), precious metal ores (3.6%), mineral and aerated waters (2.5%) and others.

Major Commodity Groups by Exports (I-IV Quarter)



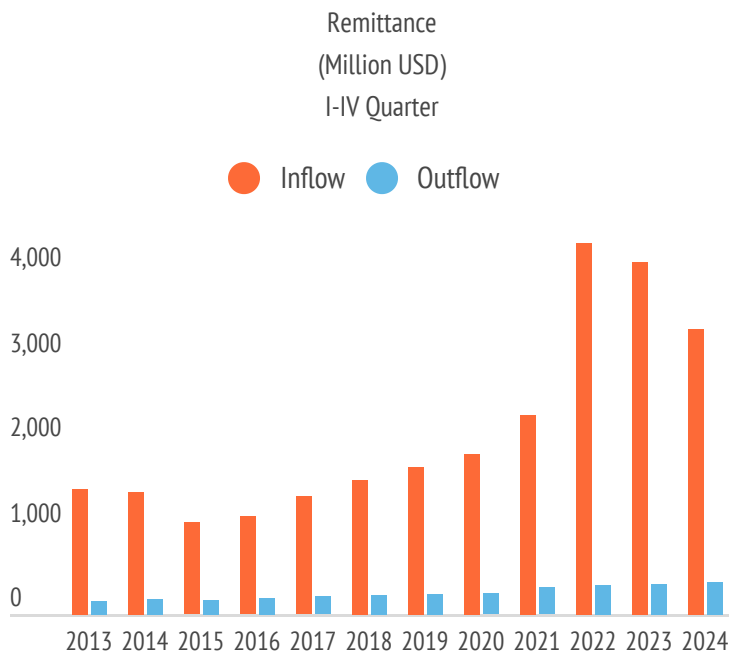
International Traveler Trips and Income from Foreign Travel



In Q4 2024 both international traveler trips and international visitor trips have increased.

In Q4 2024, the number of international travelers increased by 4.5% YoY and amounted to 1,573,488. International traveler trips also include trips made by international visitors. In Q4 2024, International visitor trips reached 1,412,401 (5.1% higher compared to the same indicator of Q4, 2023). The majority of international visitors' trips were from Russia (310,919, increase by 15.4% YoY), Turkey (276,549, decrease by 12.3% YoY) and Armenia (216,028, decrease by 4.6% YoY).

In Q3 2024, income from foreign travel amounted to 963.7 mln USD, 10.3% increase YoY.

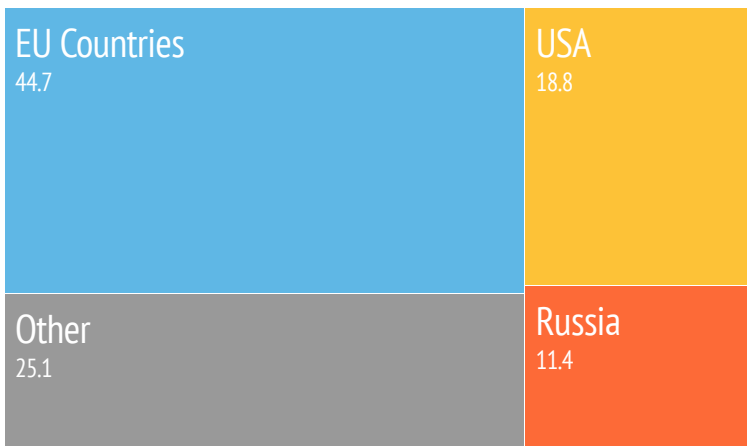


In Q4, 2024 remittances to Georgia decreased.

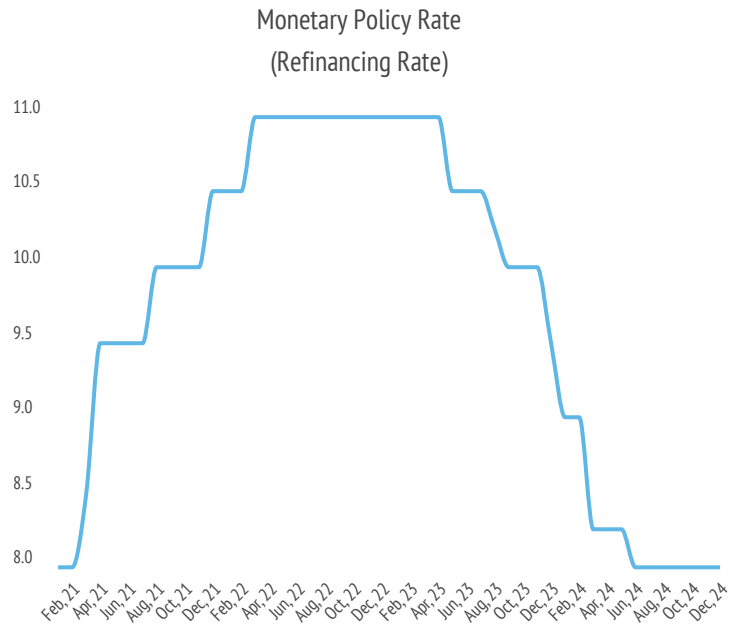
In Q4 2024, remittances decreased by 6.5% YoY and amounted to USD 833.2 million. During this period the main source of money transfers are EU countries (44.7% of total) and USA (18.8%). In the analyzing period, remittances increased significantly from the following countries: Kirgizstan (182.0%), Ireland (23.2%), USA (20.2%), Israel (16.1%), UK (15.1%), (Germany (13.5%), Spain (12.5%) and France (10.6%), etc.

In the analyzing period, remittances decreased significantly from Russia (54.2%), Kazakhstan (53.6%), Azerbaijan (5.1%) etc.

Remittances (%) IV Quarter



4. Monetary Sector

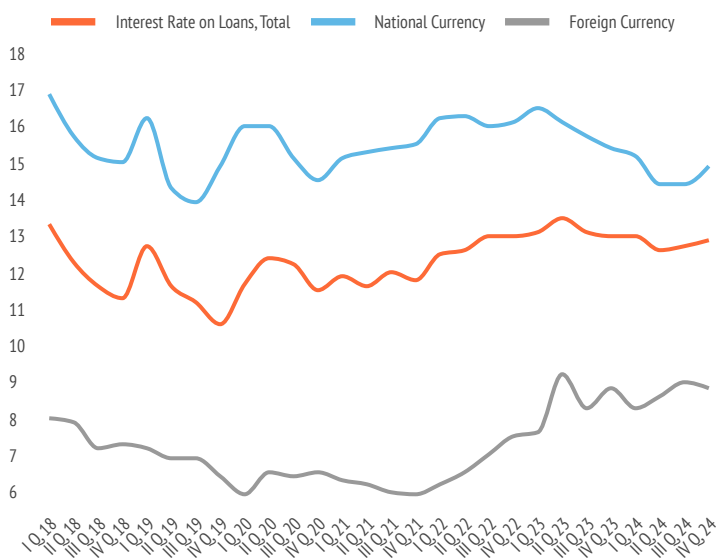


In Q4 2024, the monetary policy (refinancing) rate was 8.0%.

In response to the low inflation rate in the first quarter of 2024 in Georgia, National Bank of Georgia started to ease the monetary policy. On January 31, 2024, the monetary policy committee of the National Bank of Georgia decided to decrease the monetary policy rate by 0.5 pp up to 9.0%. On March 13, 2024, the monetary policy committee of the National Bank of Georgia decided to decrease the monetary policy rate by 0.75 pp. The monetary policy rate amounted to 8.25%. On May 22, 2024, the monetary policy committee again decided to decrease the monetary policy rate by 0.25 pp up to 8.0%, which remained unchanged by the Committee on June 19, July 30, September 11, October 23 and 18 December.

Market Interest Rates on Loans

(%)

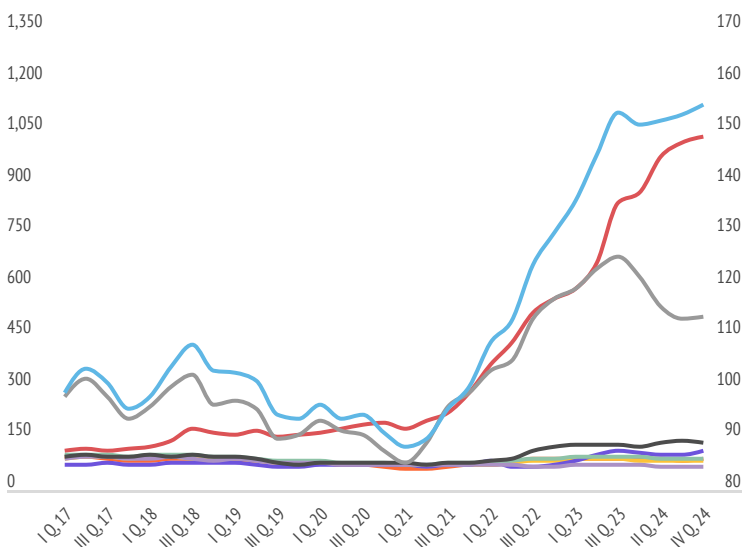


In Q4 2024, the market interest rate on loans reached 13.2%.

In Q4 2024, market interest rate on loans increased by 0.14 pp QoQ and reached 13.2%. The interest rate on national currency loans increased by 0.43 pp QoQ (15.2%), while on foreign currency loans decreased by 0.16 pp QoQ (9.1%).

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

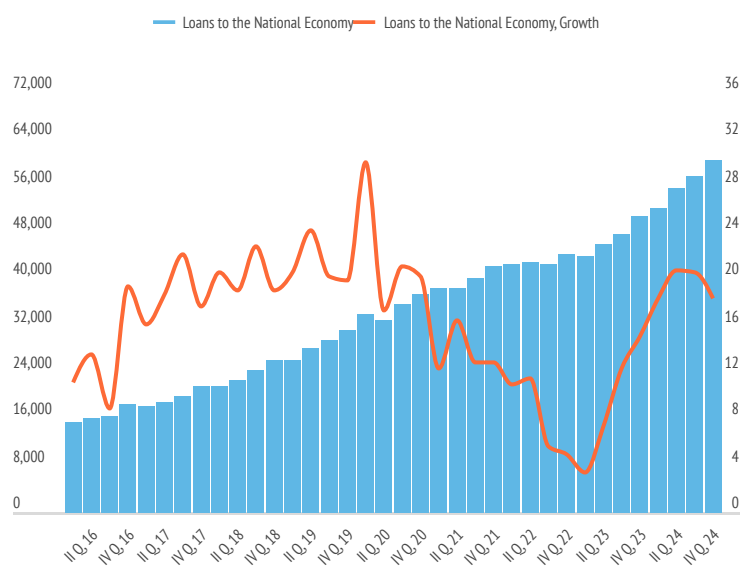
Real Effective Exchange Rate, Nominal Effective Exchange Rate, Eur, USD, TRY, RUB, AZN, AMD, UAH



In Q4 2024, the exchange rate of GEL appreciated QoQ against EUR, TRY and RUB, depreciated all other primary currencies.

In Q4 2024, the exchange rate of GEL (period average) against USD depreciated by 1.6% QoQ and depreciated by 2.3% YoY. Compared to the Q4 2023, GEL depreciated against EUR (1.6%), AZN (2.3%), and ADM (5.1%), while appreciated against TRY (18.4%), UAH (10.6%) and RUB (5.3%).

Commercial Bank Loans to the National Economy (End of Period, Million GEL)

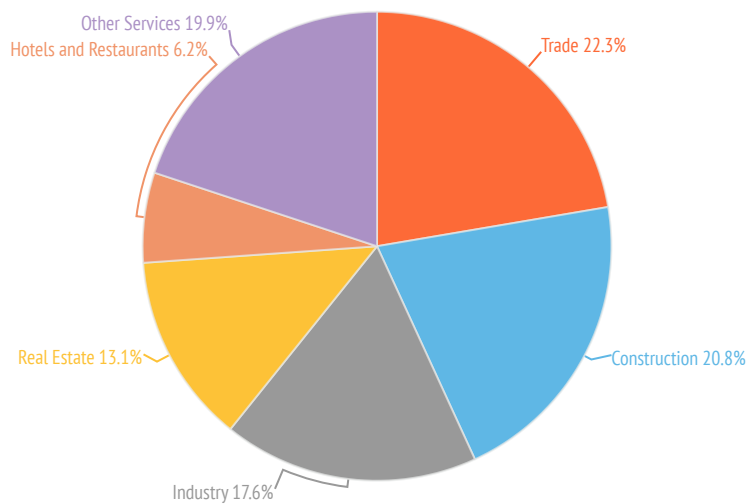


In Q4 2024, loans to the national economy (end of period) increased.

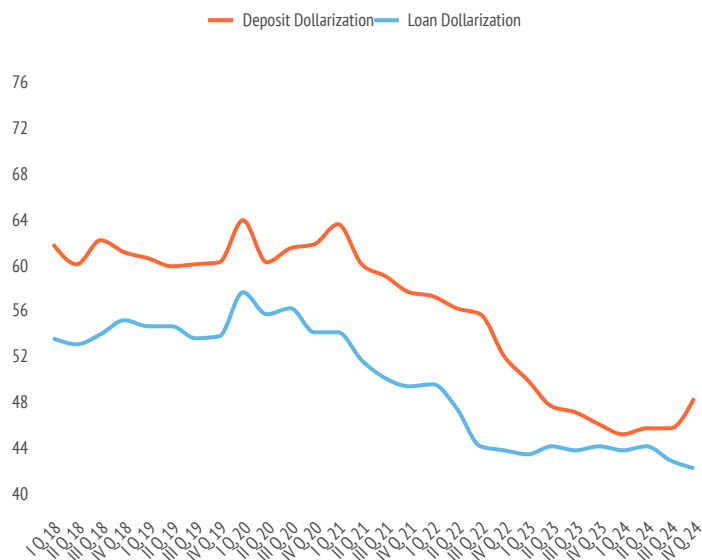
In Q4 2024, loans to the national economy increased by 18.4% YoY and amounted to GEL 60,212 million. More than half of total loans (52.7%) was distributed to households.

As for loans issued by types of activity, the highest 22.3% were issued in in trade, 20.8% construction, 17.6% in industry, 13.1% in real estate and 6.2% in hotels and restaurants.

Loans by Types of Activity
(Flows)



Dollarization
(%)



In Q4 2024, the dollarization coefficient increased on deposits, while decreased on loans YoY.

In Q4 2024 the dollarization on deposits amounted to 49.3%, which is 2.7 pp upper QoQ and 2.3 pp upper YoY. Meanwhile, dollarization on loans was observed at 43.2%, which is 0.6 pp decrease quarterly and 1.9 pp decrease annually.

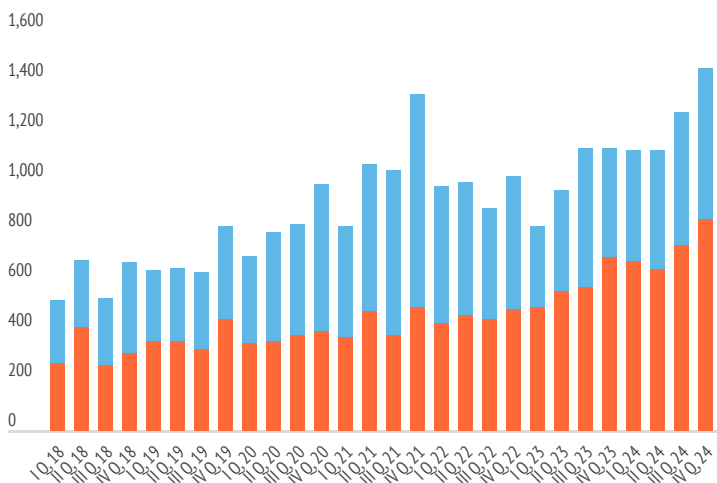
In Q1 2023, the dollarization coefficient on deposits and loans amounted to 50.8% and 44.4% YoY, respectively. In Q2 2023, dollarization on deposits amounted to 48.6%, while dollarization on loans was observed at 45.0%. In Q3 2023, the dollarization coefficient decreased on both deposits and loans YoY, amounted to 48.1% and 44.8%, respectively. In Q4 2023, the dollarization coefficient decreased on deposits, while increased on loans YoY, amounted to 47.0% and 45.1%, respectively.

5. Social Sector

In Q4 2024, compared to the same period of the previous year, increased, public expenditures on both, education and healthcare.

In Q4 2024, expenditure on education (as per functional classification) amounted to GEL 851.1 million, 22.3% increase compared to the same period of the last year. Meanwhile expenditures on healthcare amounted to GEL 600.0 million, 37.9% increase YoY.

Public Expenditure on Education and Healthcare (Million GEL)



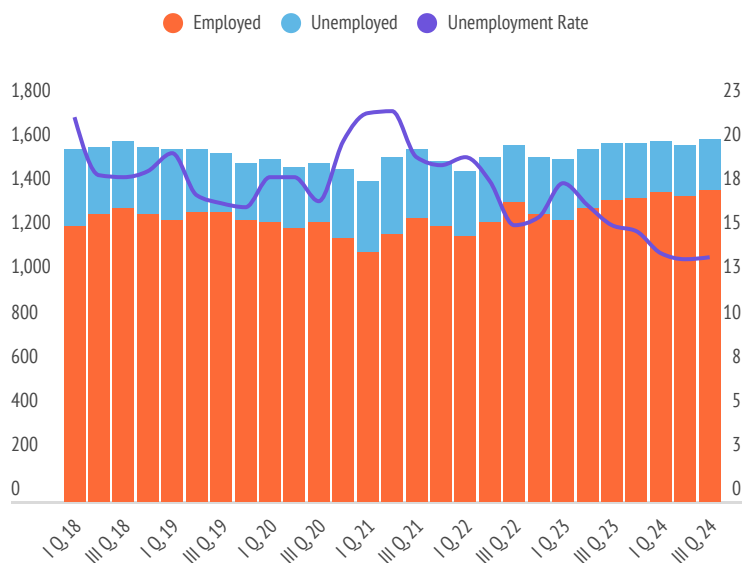
In Q3* 2024, the total number of employed persons increased, while the total number of unemployed persons decreased YoY.

In Q3* 2024, labor force increased by 0.9% YoY and amounted to 1,633.4 thousand persons. The number of employed persons increased by 3.0% YoY and amounted to 1,407.6 thousand (share of hired employees in total employed persons amounted 69.2%, while the share of self-employed persons was 30.7%). At the same time, the number of unemployed persons decreased by 10.5% YoY and amounted 225.7 thousand.

In addition, in the third quarter of 2024, average monthly nominal earnings of employees amounted to 2,056.7 GEL, which is 10.9% increase YoY.

During the analyzing period, unemployment rate was observed at 13.8% (1.8 pp lower compared to Q3 2023).

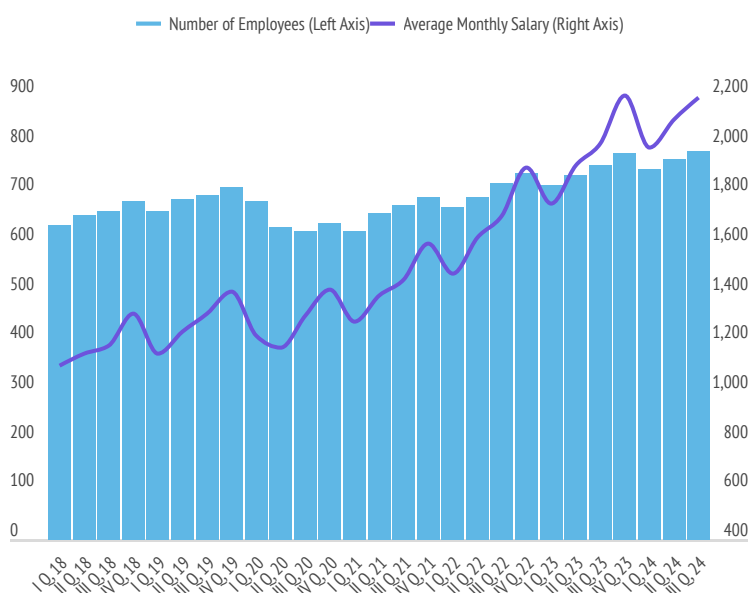
Labor Force Indicators (Thousand Persons)



In Q3* 2024, the total number of employees and salary in business sector increased YoY.

In Q3* 2024, the number of employees in business sector increased by 4.0% YoY and amounted to 788.4 thousand (among which hired employees amounted to 743.2 thousand). Average monthly salary of hired employees increased by 9.1% YoY and amounted to GEL 2,190.1.

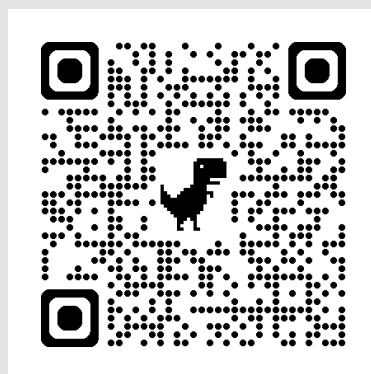
Employment (Thousand Employees) and Wages (GEL)



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Scan the QR code to access the interactive statistics (infographics)



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