



Parliament of Georgia

Monthly Macroeconomic **Review**

April, 2024

Parliamentary Budget Office
of Georgia

2024

May

Main Macroeconomic indicators of April, 2024

Real GDP Growth

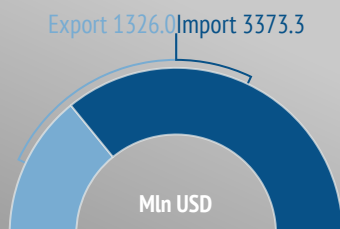
8.2%



In April, annual CPI inflation amounted to 1.5%, while annual core inflation was observed at 2.3%.



In January - March* 2024, goods exports decreased by 9.3%, while imports decreased by 5.3% YoY.



In March* 2024, money transfers amounted to 278.5 million USD.

EU countries - 41.5%;

Russia - 19.0%;

USA - 16.1%;

Other countries - 23.4%.



In March* 2023, the dollarization on deposits decreased, while dollarization on loans increased MoM.

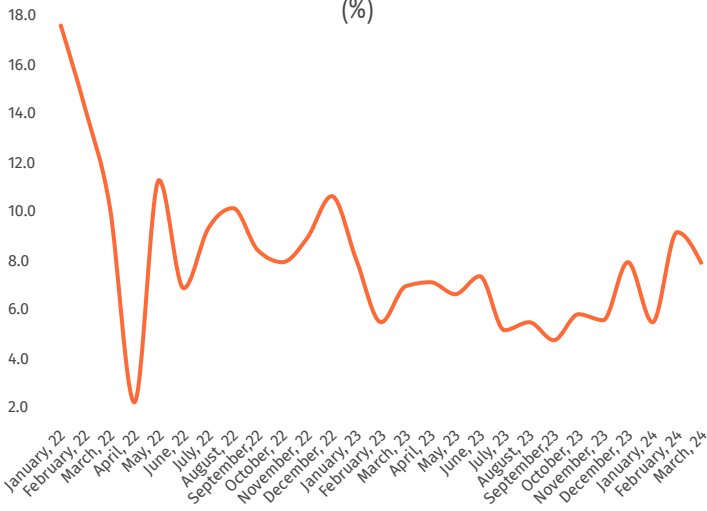


In April 2024, GEL appreciated against USD (by 0.2%) and against EUR (by 1.4%) MoM.



1. Real and Fiscal Sector

Real GDP Growth (%)



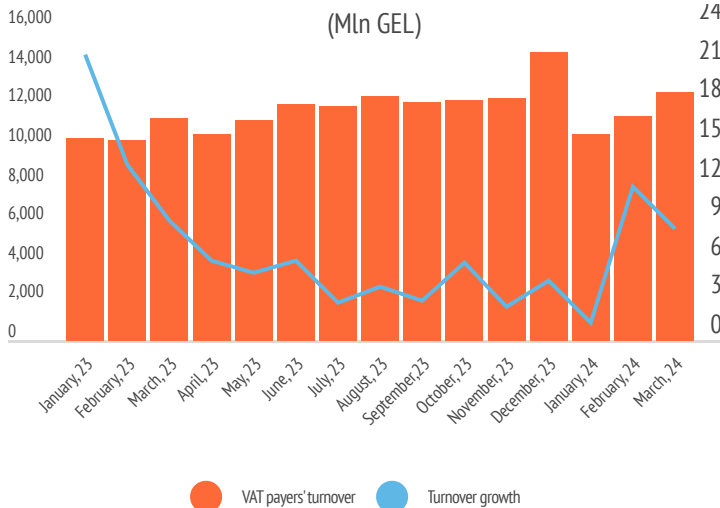
In March* 2024, positive annual economic growth was recorded at 8.2%.

In accordance with the preliminary estimates of GEOSTAT, in March*, annual real GDP growth rate amounted to 8.2% YoY.

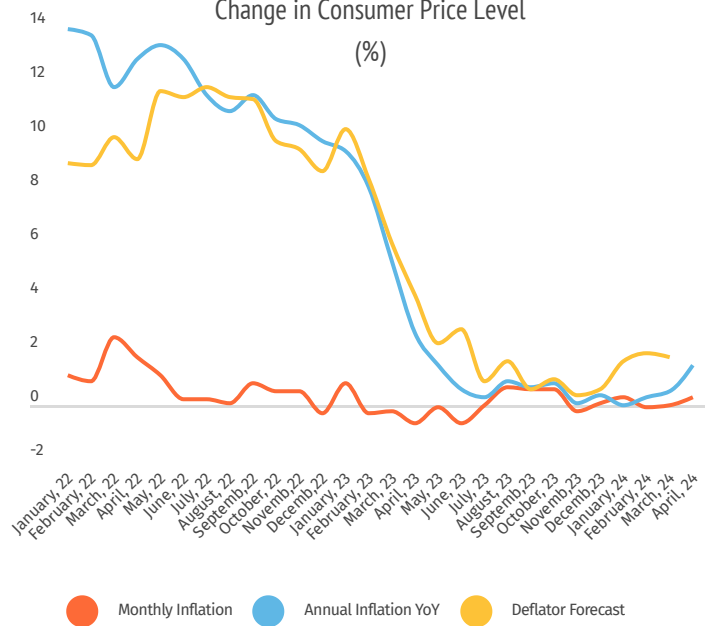
The main positive contributors in economic growth were manufacturing, professional, scientific and technical activities, information and communication, and real estate activities, while construction, transportation, energy and storage fields negatively contributed.

In March* 2024, the rate of VAT turnover of enterprises amounted to 12,660.6 million GEL, which is 12.3% higher YoY.

VAT Payers Turnover (Mln GEL)



Change in Consumer Price Level (%)

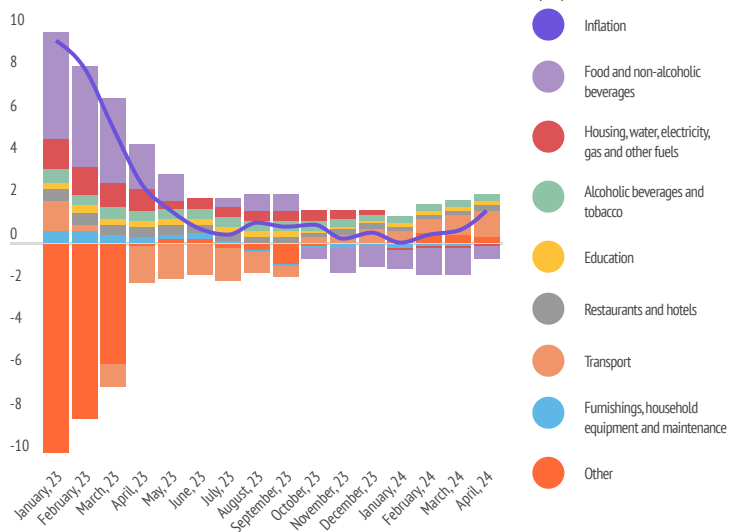


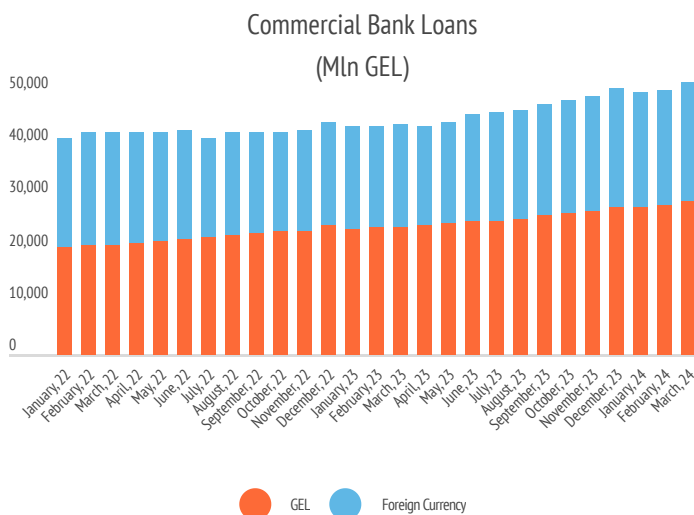
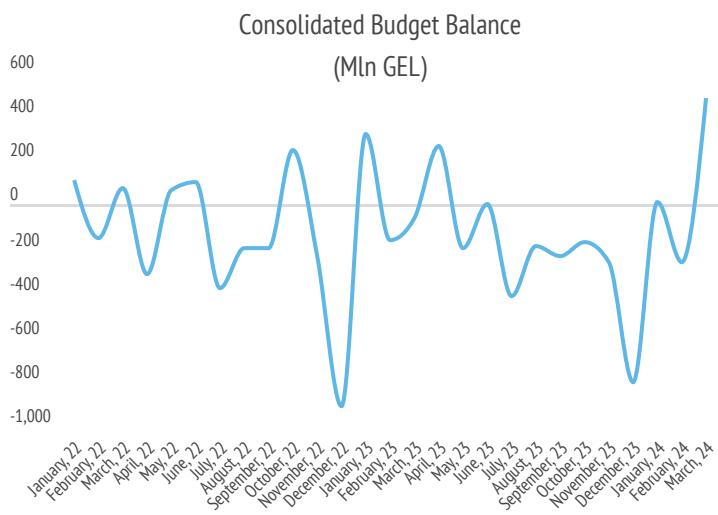
In April 2024, annual CPI inflation amounted to 1.5% YoY.

In April, the inflation rate amounted to 1.5% YoY, lower than the inflation target of 3.0%. Annual inflation was predominantly driven by the dynamics of prices on transport, alcoholic beverages and tobacco, restaurants, hotels, and education. With regard to the annual core inflation in March (excluded food and non-alcoholic beverages, energy, tobacco, regulated tariffs, transport (specific tariffs), the prices increased by 2.3% YoY.

In March* 2024, the annual forecasted GDP deflator amounted to 1.8%.

Contributions to the Overall Inflation (%)





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

In March* 2024, general government revenues increased by 43.9% YoY, while expenses increased by 7.4% YoY. In the analyzing period, the general government positive net operating balance amounted to 826.7 million GEL, while positive net lending/borrowing (budget surplus) was defined at 481.9 million GEL.

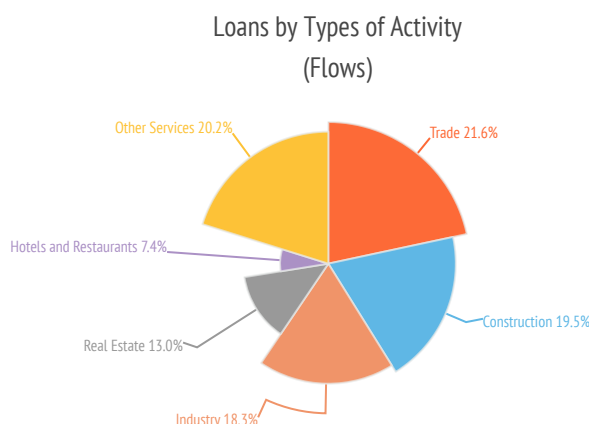
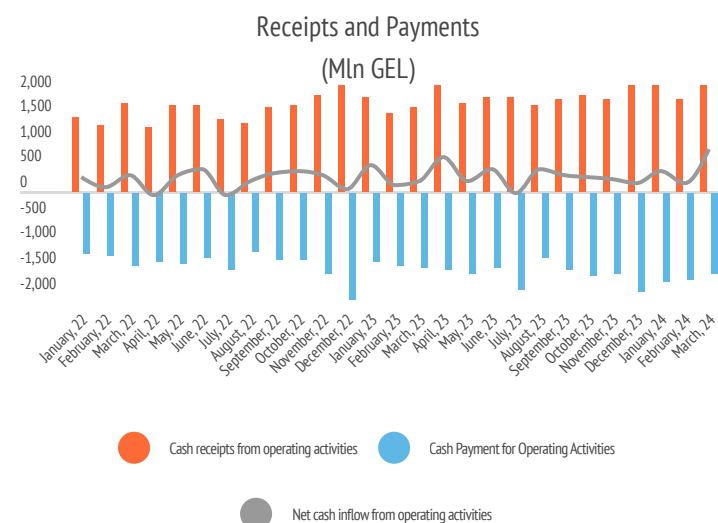
Worth noting, that in March* 2024, tax revenues amounted to 2,206.7 million GEL, which is 48.9% higher YoY. Significant increase was observed in income tax (10.1%), excise tax (13.2%) and other non-classified tax revenues (308.4%), while profit tax decreased by 31.0% and property tax by 147.7%. Direct taxes comprised 61.9% of total taxes, while indirect taxes are 38.1%.

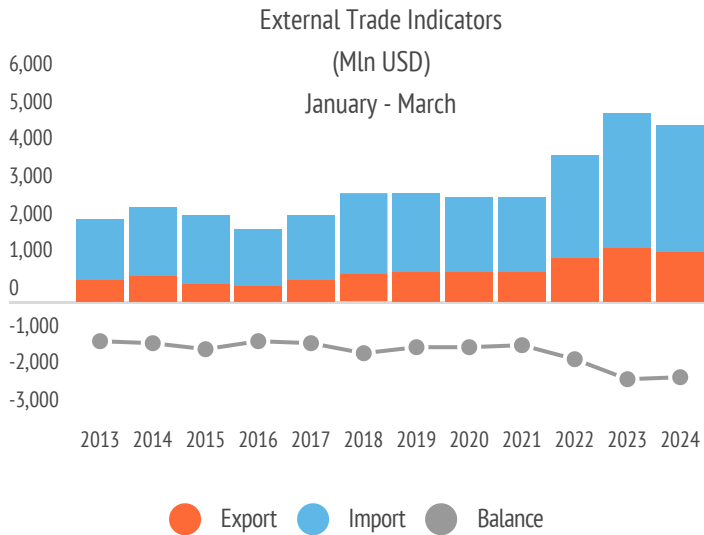
In March*, non-financial assets increase was observed at 35.5 % YoY (GEL 112.8 million more), while financial assets decreased by 176.3% YoY (GEL 56.6 million less).

In March* 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 March*, commercial bank loans to the national economy increased by 18.4% YoY and amounted to 52.0 billion GEL. National currency loans increased by 19.1%, while foreign currency loans increased by 17.6%. As a result, dollarization of whole commercial bank loans increased by 0.54 pp MoM and made up to 44.7%. It is worth mentioning, that more than half of total loans (53.7%) was distributed to households (85.9% of household loans were granted to individuals, and 14.1% to entrepreneurs). 36.0% of the issued loans are consumer loans, and 64.2% are secured by real estate.

As for loans issued by types of activity, the highest 21.6% was issued in trade, 19.5% in construction, 18.3% in industry, 13.0% in real estate and 7.4% in the field of hotels and restaurants.



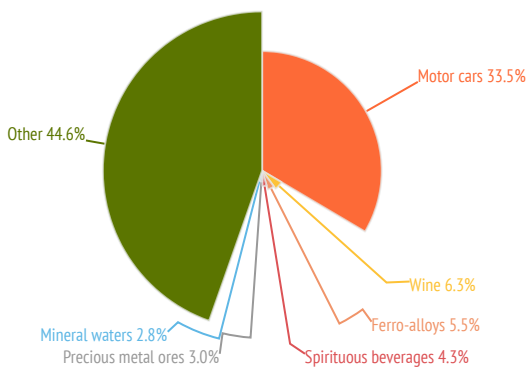


In January - March* 2024, both export and import of goods decreased.

In January - March*, export of goods decreased by 9.3%, while imports decreased by 5.3% YoY. As a result, trade turnover amounted to 4,699.3 million USD (6.5% decrease YoY). During this period, the share of exports in external trade amounted to 28.2%. Export growth was substantial in the following countries: Kyrgyzstan (146%), USA (96%), Uzbekistan (55%), Ukraine (21%) and Kazakhstan (20%). In addition, exports decreased in Bulgaria (82%), China (52%), Armenia (42%), Azerbaijan (26%), Russia (9%), Turkey (7%) etc.

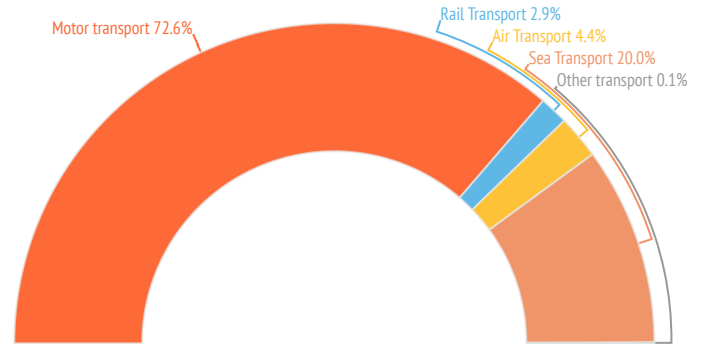
High growth was recorded in several export commodity groups: precious metal ores (141%), medicaments (50%), natural wine (48%), spirituous beverages (43%), mineral and aerated waters without sugar (40%). Deterioration was recorded in Ferro-alloys (11%) and Nitrogen fertilizers (39%) groups.

Major Commodity Groups by Exports (January - March)



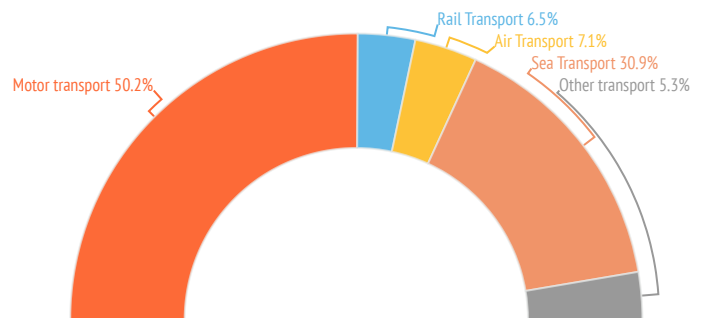
In January-March* 2024, according to the modes of transport, the largest part of exports, 72.6% was carried out by motor transport, 20.0% - by sea, 4.4% - by air, and 2.9% by rail transport. The share of other types of transport (Pipelines, cables and other mode of transports) was 0.1%.

Export by Mode of Transport (January - March)



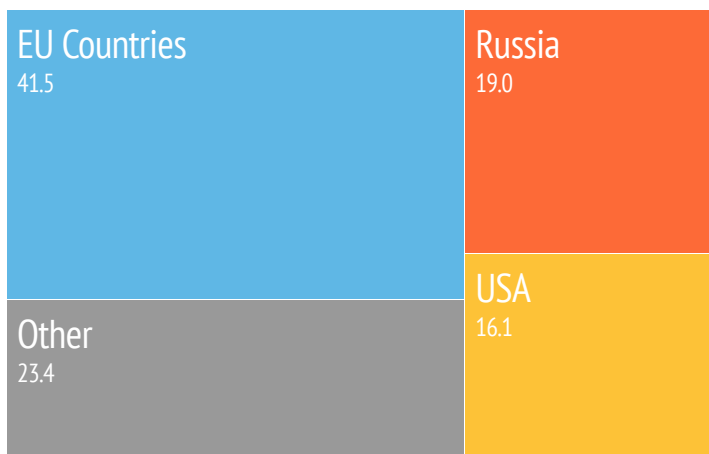
In January-March*, according to the modes of transport, the largest part of imports, 50.2% was carried out by motor transport, 30.9% - by sea, 7.1% - by air, and 6.5% by rail transport. The share of other types of transportation (Pipelines, cables and other mode of transports) amounted to 5.3%.

Import by Mode of Transport (January - March)



In January-March*, domestic export from Georgia amounted 1,326.0 million USD, which is 9.3% lower YoY. Ten largest countries by domestic export from Georgia were the followings: Russia (21.8% of total domestic export), Turkey (13.6%), China (9.3%), Armenia (5.3%), USA (4.6%), Azerbaijan (4.0%), Ukraine (3.9%), Switzerland (3.6%), Peru (3.5%) and Bulgaria (2.3%).

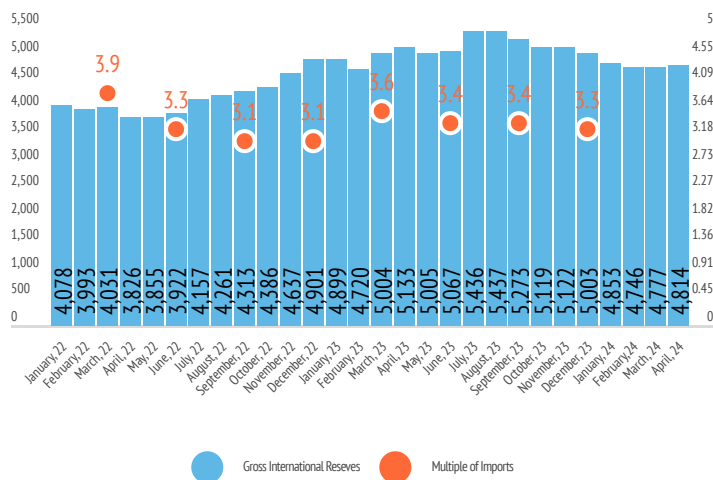
Remittance (%)
March



In March 2024*, remittances decreased

In March*, remittances in Georgia decreased by 36.5% YoY and amounted to 278.5 million USD. In March*, the main source of money transfers were EU countries (41.5% of total) and Russia (19.0%). In the analyzing period, remittances increased significantly from the following countries: Italy (7.5%, 46.7 mln USD), USA (24.4%, 44.8 mln USD), Israel (12.5%, 21.2 mln USD), Greece (7.1%, 21.0 mln USD), Germany (14.7%, 20.1 mln USD) etc. Remittances deteriorated from Russia (76.3%, 53.0 mln USD), Kazakhstan (32.2%, 11.8 mln USD), Turkey (19.5%, 8.2 mln USD), Azerbaijan (15.8%, 3.5 mln USD), Kirgizstan (51.7%, 2.8 mln USD) etc.

Gross International Reserves
(Mln USD)



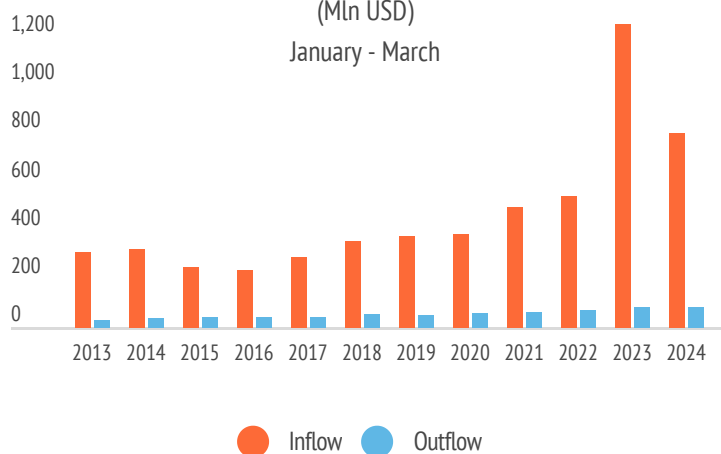
In April 2024, international reserves reached 4,814million USD.

In April, international reserves amounted to 4,814 million USD, which is a 6.2% decrease YoY and 0.8% increase MoM.

In April 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](#).

Remittance
(Mln USD)
January - March

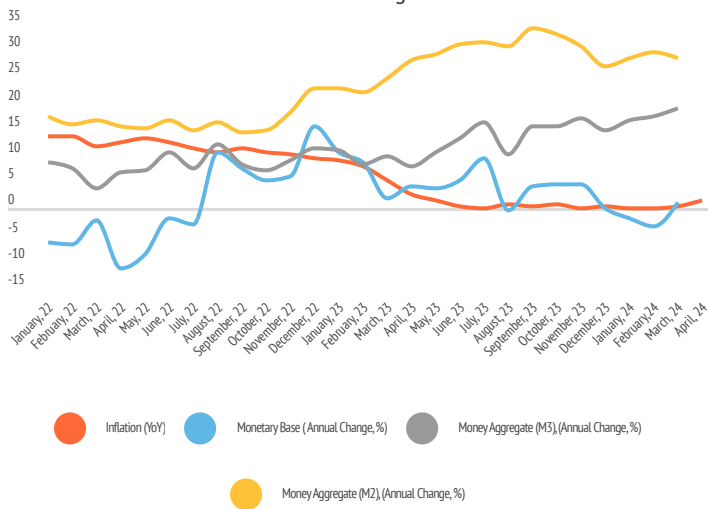


In March* 2024, compared to the same period of the previous year, monetary base increased.

In March*, monetary base increased by 1.1% YoY, including increased national currency in circulation by 16.8% and declined liabilities to other depository corporations by 12.4%.

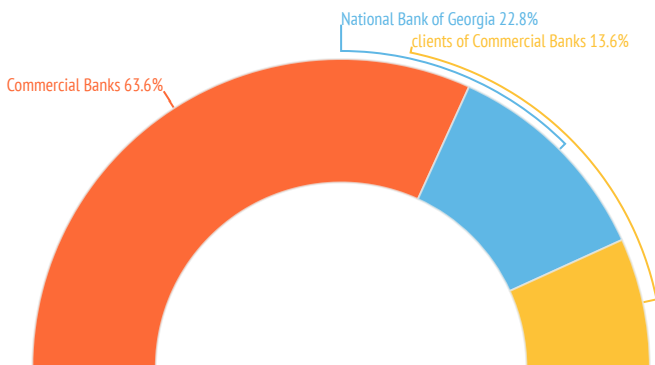
Money aggregate M2 increased by 28.4%, while money aggregate M3 increased by 19.0%. In April 2024, consumer price inflation amounted to 1.5% YoY.

Money Aggregates and Consumer Prices
% Change



As of the end of April 2024, the nominal value of treasury securities issued by government was 8,675.4 million GEL. Among them, 63.6% is owned by commercial banks, 22.8% by the National Bank, and 13.6% by other resident and non-resident clients (resident - 10.5%, non-resident -3.0%).

Treasury Securities
(April)

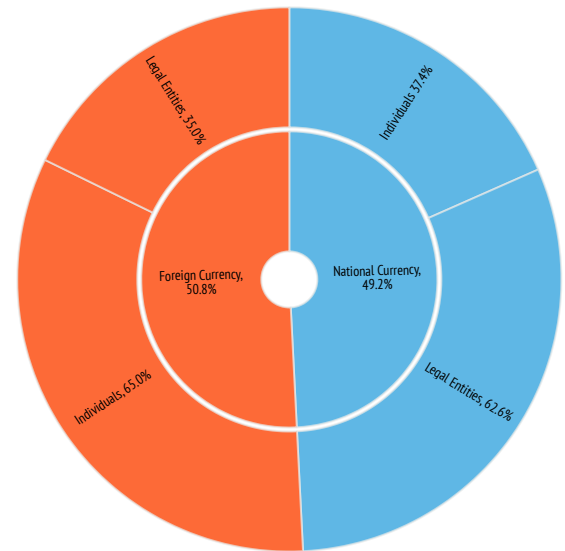


In March* 2024, the total volume of deposits amounted to 53,632.5 million GEL, which is 20.4% higher YoY. Among them, deposits denominated in national currency made up 49.2%, while deposits in foreign currency made up 50.8% respectively.

According to the data available by the end of March 2024, 62.6% of deposits denominated in national currency belong to legal entities, and 37.4% to individuals.

Herewith, 65.0% of foreign currency deposits were owned by individuals, and 35.0% - by legal entities.

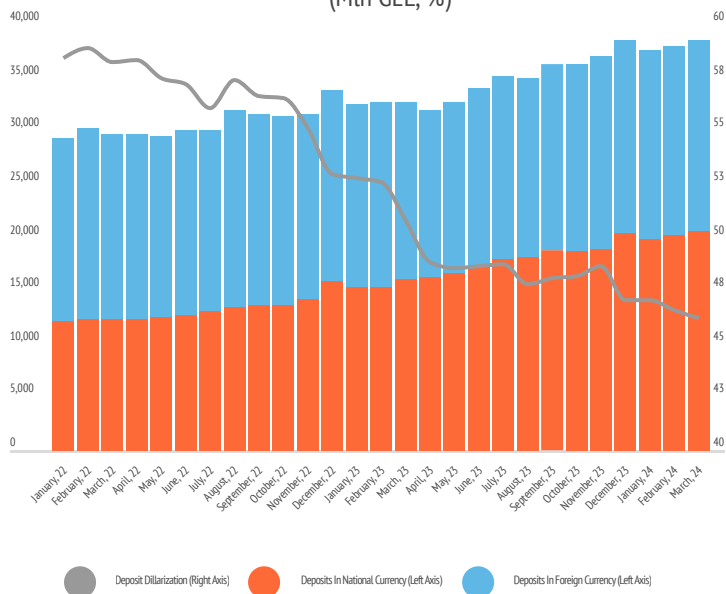
Deposits
(March)



In addition, 47.2% of deposits denominated in national currency were time deposits, 26.8% - current accounts and 26.0% - demand deposits.

In the case of foreign currency, time deposits still hold the largest share (38.1%), followed by demand deposits (32.7%) and current accounts (29.2%).

Deposits and Dollarization
(Mln GEL, %)

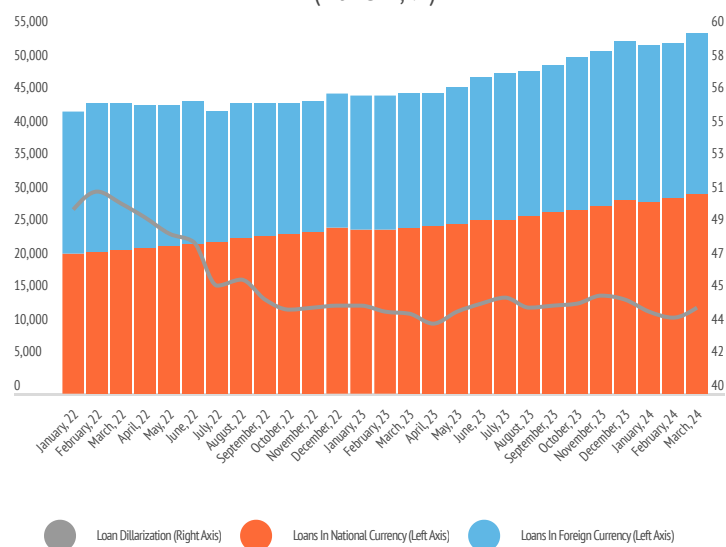


In March* 2024, the dollarization on deposits decreased, while on loans increased MoM.

In March*, the deposit dollarization indicator decreased by 0.46 pp and amounted to 46.2% MoM, while loan dollarization increased by 0.54 pp and made up to 44.7% MoM.

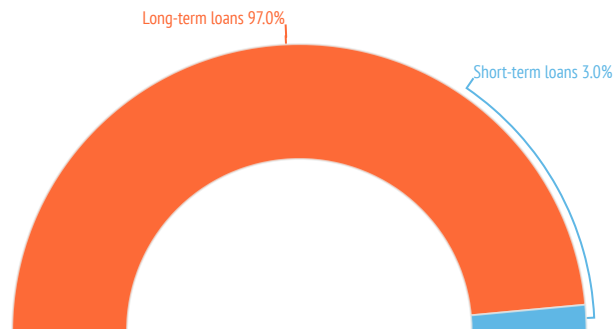
In March*, foreign currency deposits increased by 0.6% MoM, while national currency deposits increased by 2.5%.

Loans and Dollarization
(Mln GEL, %)



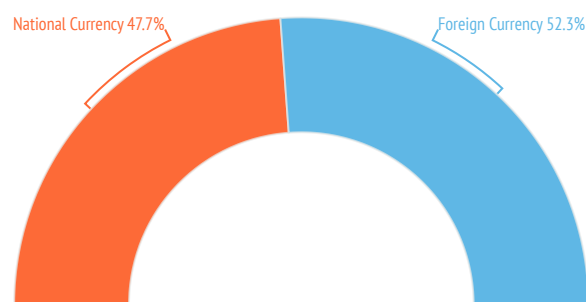
In March* 2024, the volume of consumer loans amounted to 10,143.7 million GEL, which is 26.8% increase YoY. Among them, the share of long-term loans were 97.0%, while short-term loans comprised only 3.0%.

Consumer Loans
(March)



During the same period, the volume of loans secured by real estate amounted to 35,143.2 million GEL, which is 23.1% higher YoY. Among them, the share of loans issued in national currency were 47.7%, while loans denominated in foreign currency were 52.3%.

Loans Secured by Real Estate
(March)

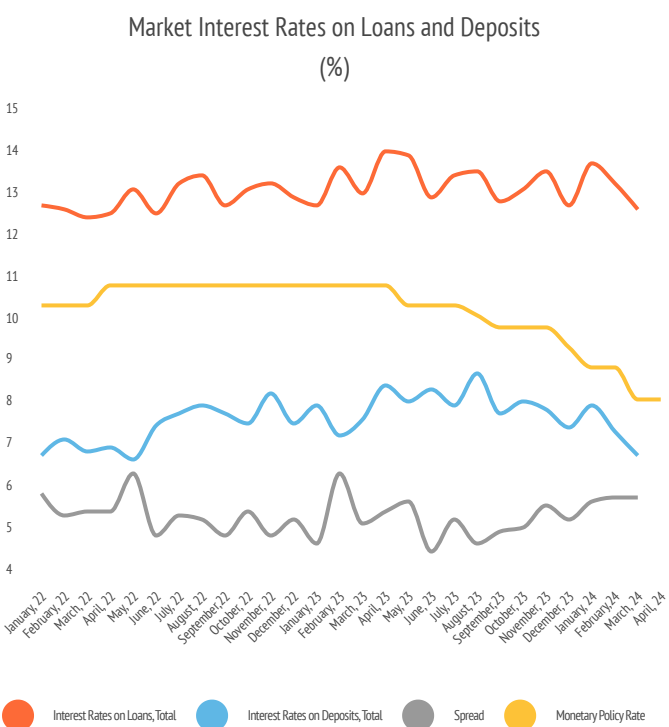


According to the data available by the end of March* 2024, in terms of regions, 62.3% of loans issued by commercial banks denominated in national currency were granted in Tbilisi, 8.0% in Imereti, 7.5% in the Autonomous Republic of Adjara, 5.7% in Kakheti, 4.7% in Kvemo Kartli. The share of loans issued in other regions is relatively small.

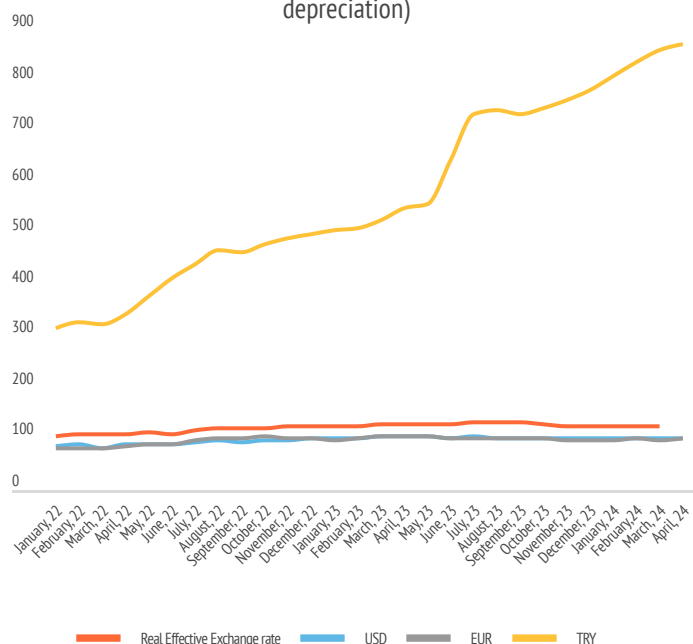
In March* 2024, interest rates both on deposits and loans decreased by 0.6 pp MoM.

In March* market interest rates on loans amounted to 12.8%, while interest rates on deposits were defined at 6.9%. The interest rate spread (difference between loan and deposit rates) amounted to 5.9% as of March* 2024, 0.59 pp lower compared to the same indicator of February 2023.

On March 13, 2024, the Monetary Policy Committee of the National Bank of Georgia decided to reduce the refinancing rate by 0.75 pp, thus the monetary policy rate amounted to 8.25%.



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



In April 2024, compared to the previous month, the GEL appreciated towards USD and EUR.

In April, GEL appreciated against USD by 0.2% MoM, against EUR by 1.4% MoM, and against TRY by 1.3% MoM. In the analyzing period, the nominal effective exchange rate appreciated as well. In April, the GEL exchange rate depreciated by 5.7% YoY towards USD and by 3.7% YoY towards EUR, while appreciated by 57.8% YoY towards TRY.

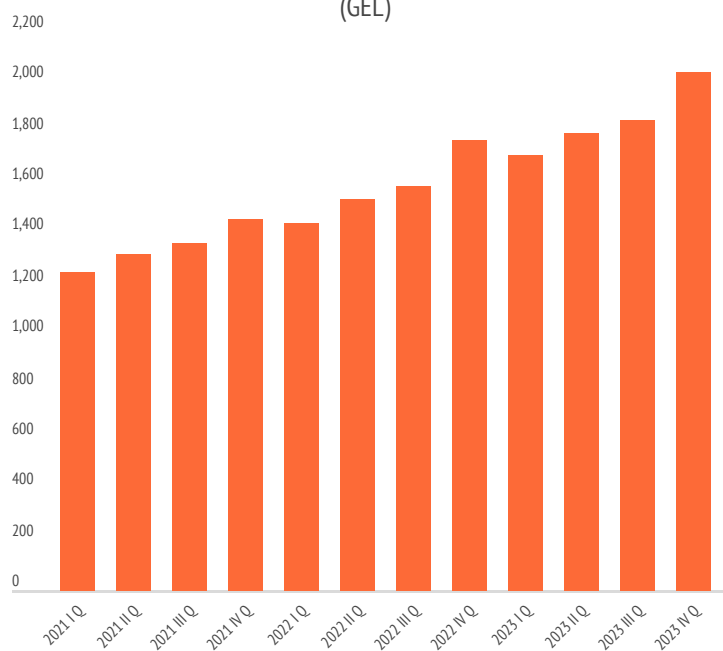
In particular, in April, the average exchange rate of the GEL against USD was 2.68, while it was 2.87 against EUR and 0.08 against TRY.

4. Social Sector

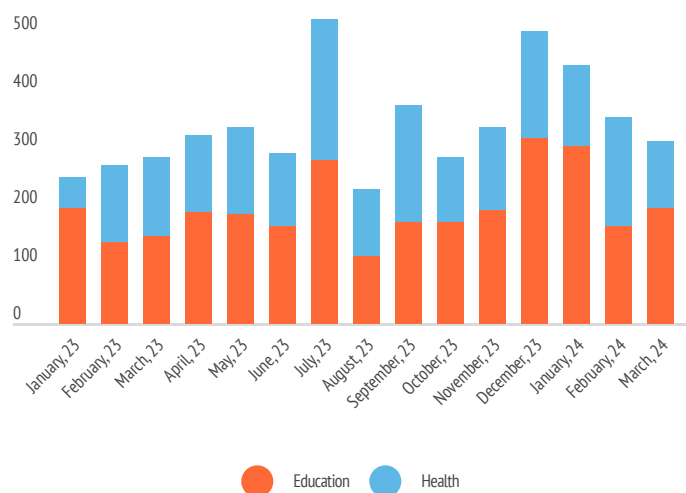
In Q4 2023, the average monthly nominal earnings of employees amounted to 2,045 GEL, which is 15.3% increase YoY (271 GEL more). Compared to the previous quarter the indicator increased by 10.2% and exceeded by 189 GEL.

As for the change in the average monthly nominal earnings of employees by sector, in the IV quarter of 2023, the highest average monthly salary was recorded in the field of information and communication (4,309 GEL; 17.3% increase YoY), as well as in financial and insurance activities (3,110 GEL; 14.1% increase YoY) and in the field of construction (3,063 GEL; 20.8% increase YoY).

Average monthly nominal earnings of employees by economic activity (GEL)



Public Expenditure on Education and Healthcare (GEL Million)



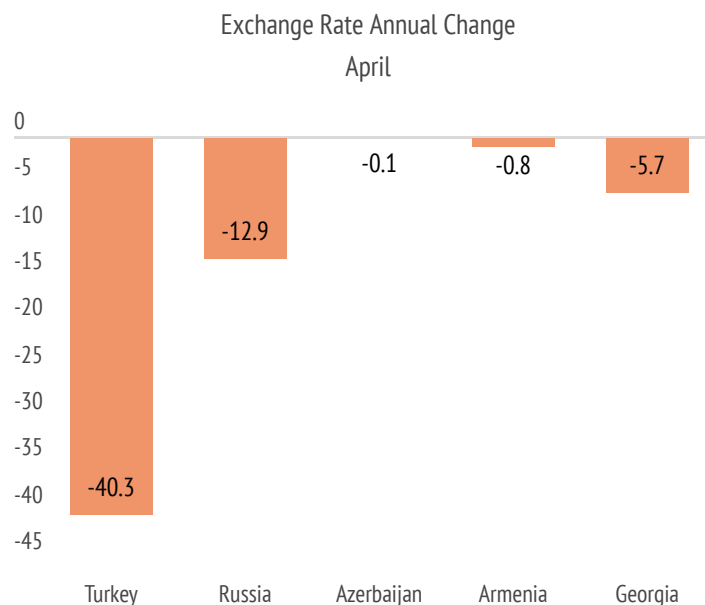
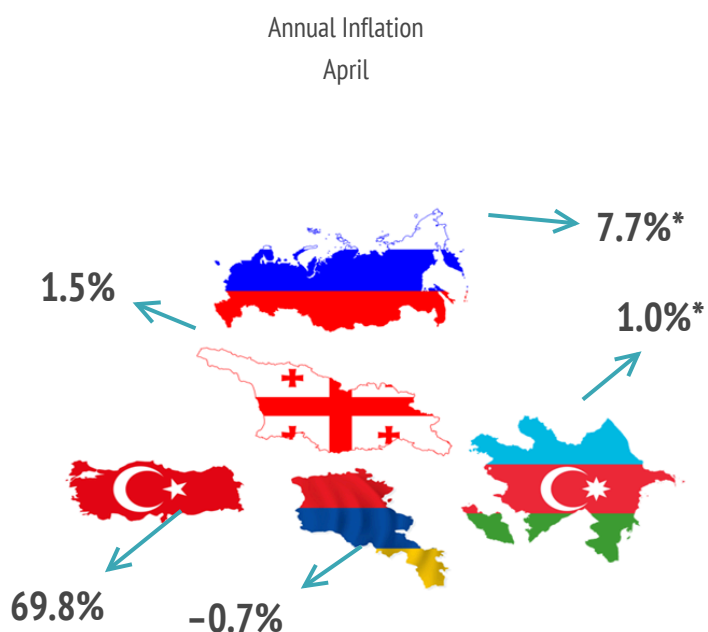
In March* 2024, public expenditures on healthcare decreased, while on education increased YoY.

In March*, expenditure on education (as per functional classification) amounted to GEL 201.9 million, which is 33.9% increase YoY. Meanwhile, expenditures on healthcare amounted to GEL 112.7 million, 16.5% decrease YoY.

4. Regional Review

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

Namely, in April 2024, annual inflation amounted to 69.8% in Turkey, while deflation was observed in Armenia (-0.7%). As for Azerbaijan and Russia, in March* 2024, consumer prices increased by 1.0% YoY and by 7.7% YoY respectively.



In April 2024, the currencies of the region countries stand out with a tendency of depreciation towards USD.

Particularly, in April, GEL depreciated by 5.7% YoY towards USD. In the analyzing period TRY depreciated by 40.3%, RUB by 12.9%, AMD by 0.8% and AZN by 0.1%YoY towards USD.

Summary Tables of Main Economic Indicators

	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24
GDP Growth Rate (%)	7.5	7.0	7.7	5.5	5.8	5.1	6.2	5.9	8.3	5.8	9.5	8.2	
VAT Turnover Growth Rate (%)	6.1	5.2	6.1	2.9	4.2	3.0	6.0	2.6	4.6	1.4	11.8	8.5	
Inflation (%)	2.7	1.5	0.6	0.3	0.9	0.7	0.8	0.1	0.4	0.0	0.3	0.5	1.5
Monetary Policy Rate (%)	11.0	10.5	10.5	10.5	10.25	10.00	10.00	10.00	9.50	9.00	9.00	8.25	8.25
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	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	
Exchange Rate (GEL)	2.5	2.5	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Remittances (Thousand USD)	369 709	384 886	353 171	301 068	287 006	283 878	283 006	292 733	308 286	263 169	264 345	278 469	
Export (USD Million)	501	541	550	527	493	526	495	482	514	339	465	523	
Import (USD Million)	1 224	1 330	1 342	1 324	1 411	1 382	1 359	1 295	1 364	1 087	1 142	1 145	
Trade Balance (USD Million)	-723.6	-788.4	-791.8	-796.8	-917.3	-855.5	-864.3	-812.8	-849.8	-748.1	-677.3	-621.9	
International Reserves (USD Million)	5 133	5 005	5 067	5 436	5 437	5 273	5 119	5 122	5 003	4 853	4 746	4 777	4 814
Revenues (GEL Million)	2 165	1 756	1 878	1 847	1 722	1 821	1 913	1 831	2 122	2 116	1 823	2 384	
Recurrent Expenditure (GEL Million)	1 497	1 569	1 441	1 901	1 269	1 496	1 626	1 581	1 947	1 716	1 676	1 558	
Capital Expenditure (GEL Million)	414	401	496	365	659	616	469	545	1 109	402	420	430	



Increase



Decrease



Change < 1%

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

		04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024
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													
	International Reserves													
Fiscal Sector	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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

		04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024
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													
	International Reserves													
Fiscal Sector	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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