



Parliament of Georgia

Monthly Macroeconomic **Review**

August, 2024

Parliamentary Budget Office
of Georgia

2024

September

Main Macroeconomic indicators of August, 2024

Real GDP Growth

13.0%



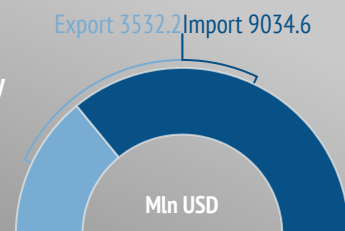
Real GDP Growth
January - July

9.7%

In August, annual CPI inflation amounted to 1.0%, while annual core inflation was observed at 0.9%.



In January - July* 2024, goods exports decreased by 1.3%, while imports increased by 2.9% YoY.



In July* 2024, money transfers amounted to 298.1 million USD.

EU countries - 43.0%;

USA - 16.9%;

Russia - 15.3%;

Other countries - 24.8%.



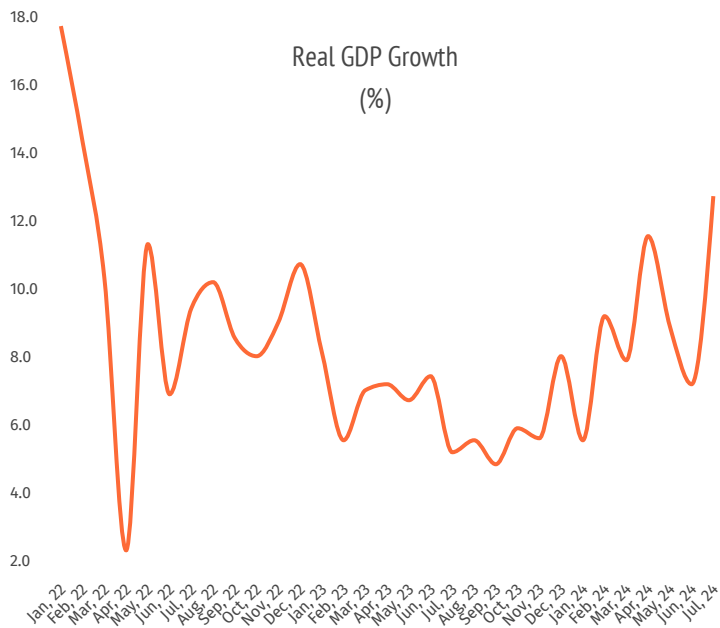
In July* 2024, the dollarization on both deposits and loans decreased MoM.



In August 2024, GEL appreciated against USD (by 1.3%), while depreciated against EUR (by 0.1%) MoM.



1. Real and Fiscal Sector

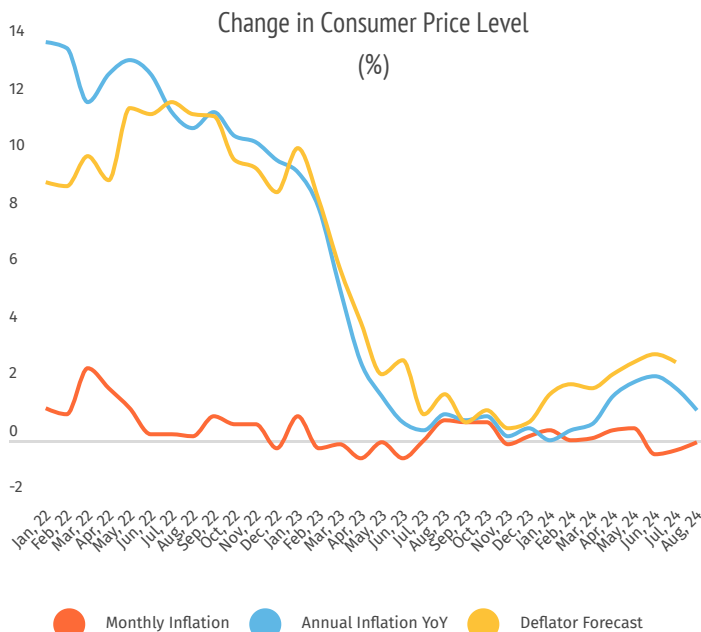
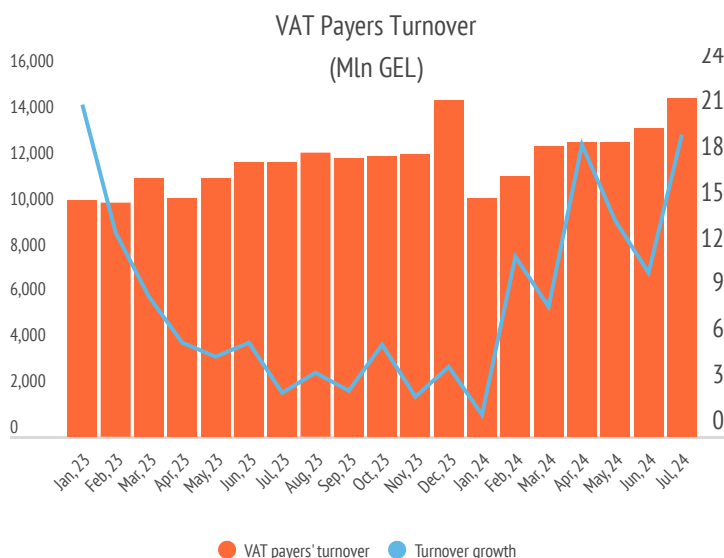


In July* 2024, positive annual economic growth was recorded at 13.0%.

In accordance with the preliminary estimates of GEOSTAT, in July*, annual real GDP growth rate amounted to 13.0% YoY, while in January - July*, real DGP growth rate equaled to 9.7% YoY.

The main positive contributors in economic growth were Construction, Manufacturing, Information and communication, Professional, scientific and technical activities and Trade, while energy sector negatively contributed.

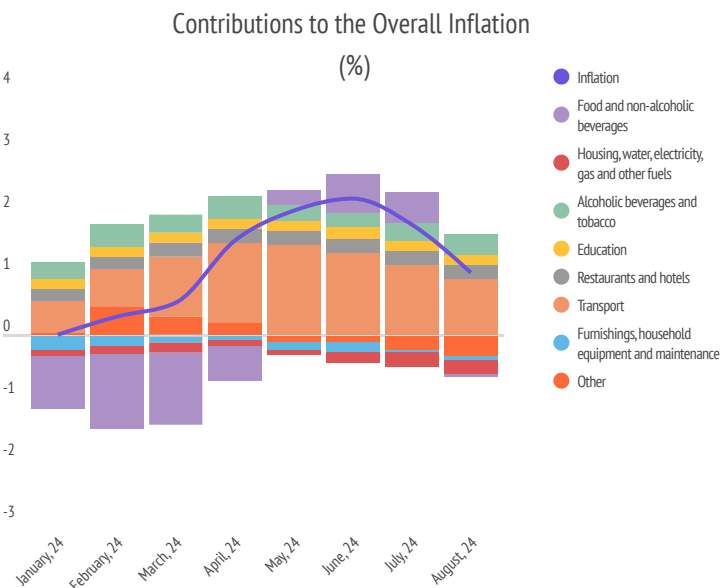
In July* 2024, the rate of VAT turnover of enterprises amounted to 14,782.6 million GEL, which is 19.8% higher YoY.

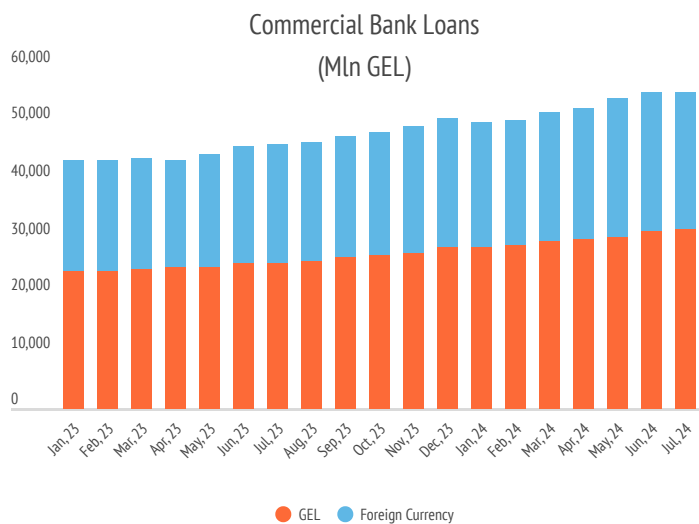
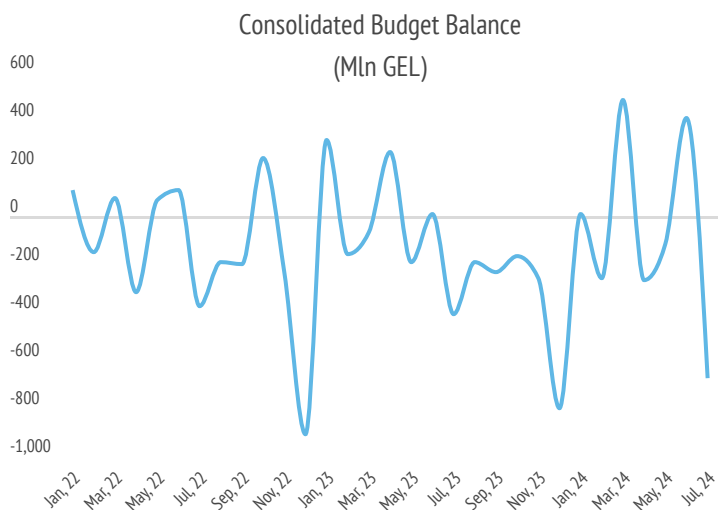


In August 2024, annual CPI inflation amounted to 1.0% YoY.

In August, the inflation rate amounted to 1.0% 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 and hotels, and education. With regard to the annual core inflation in August (excluded food and non-alcoholic beverages, energy, tobacco, regulated tariffs, transport (specific tariffs), the prices increased by 0.9% YoY.

In July* 2024, the annual forecasted GDP deflator amounted to 2.7%.





In July* 2024, the general government net lending/borrowing was negative.

In July* 2024, general government revenues increased by 11.8% YoY, while expenses increased by 15.4% YoY. In the analyzing period, the general government negative net operating balance amounted to 127.7 million GEL, while negative net lending/borrowing (budget deficit) was defined at 676.2 million GEL.

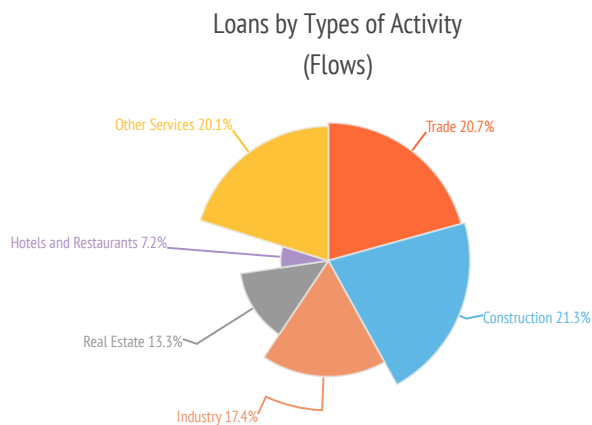
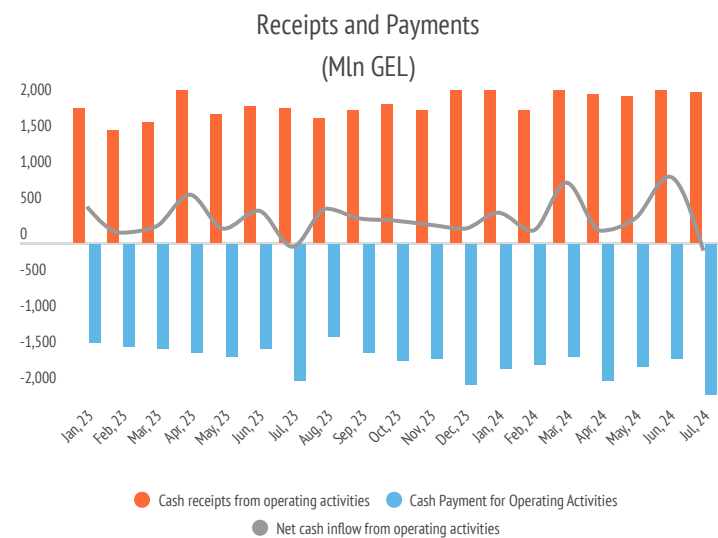
Worth noting, that in July* 2024, tax revenues amounted to 1,871.7 million GEL, which is 12.5% higher YoY. Significant increase was observed in property tax (147.6%), profit tax (67.6%), VAT tax (28.6%), personal income tax (14.6%), excise tax (14.5%). While custom duties revenues decreased (19.6%). Direct taxes comprised 36.9% of total taxes, while indirect taxes are 63.1%.

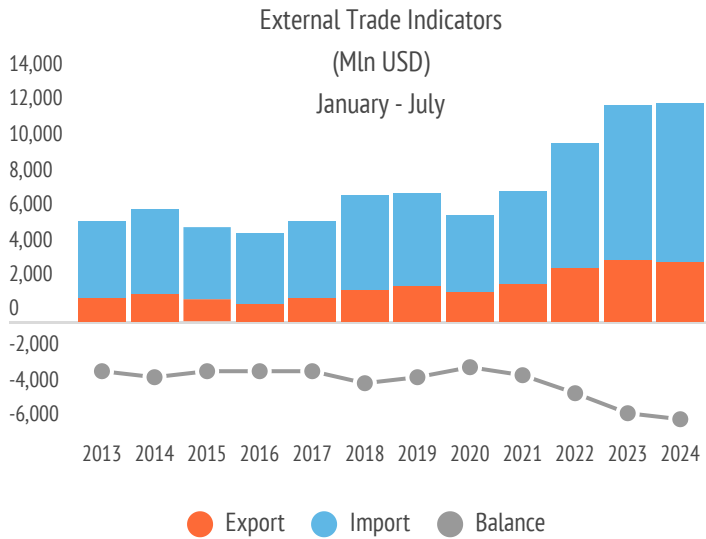
In July*, non-financial assets increase was observed at 55.9% YoY (GEL 204.3 million more).

In July* 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 July*, commercial bank loans to the national economy increased by 19.4% YoY and amounted to 55.3 billion GEL. National currency loans increased by 22.7%, while foreign currency loans increased by 15.2%. As a result, dollarization of whole commercial bank loans decreased by 0.95 pp MoM and made up to 44.1%. It is worth mentioning, that more than half of total loans (53.7%) was distributed to households (85.8% of household loans were granted to individuals, and 14.2% to entrepreneurs). 37.1% of the issued loans are consumer loans, and 63.7% are secured by real estate.

As for loans issued by types of activity, the highest 21.3% was issued in construction, 20.7% in trade, 17.4% in industry, 13.3% in real estate and 7.2% in the field of hotels and restaurants.



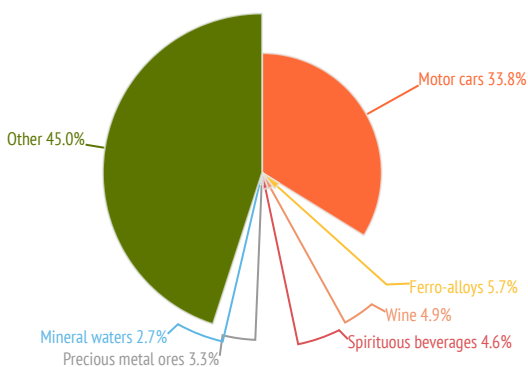


In January - July* 2024, compared to the same period of the previous year, export of goods decreased slightly, while imports increased relatively.

In January - July*, export of goods decreased by 1.3%, while imports increased by 2.9% YoY. As a result, trade turnover amounted to 12,566.8 million USD (1.6% increase YoY). During this period, the share of exports in external trade amounted to 28.1%. Export growth was substantial in the following countries: USA (82%), Kyrgyzstan (67%), Kazakhstan (26%), Uzbekistan (19%) and Ukraine (13%). In addition, exports decreased in Armenia (30%), China (28%), Azerbaijan (17%), Russia (2%) etc.

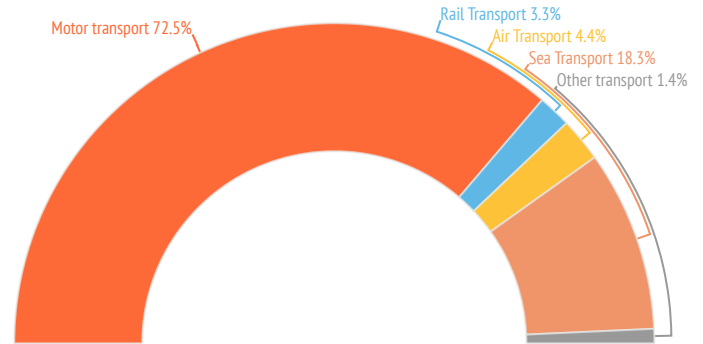
High growth was recorded in several export commodity groups: precious metal ores (227%), Ferro-alloys (81%), spirituous beverages (65%), mineral and aerated waters without sugar (26%), natural wine (16%), non-alcoholic beverages (12%), gold (12%) and motor cars (1%). Deterioration was recorded in Nitrogen fertilizers (-31%).

Major Commodity Groups by Exports (January - July)



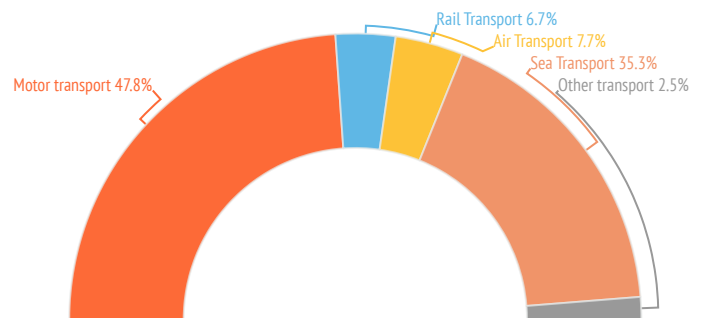
In January-July* 2024, according to the modes of transport, the largest part of exports, 72.5% was carried out by motor transport, 18.3% - by sea, 4.4% - by air, and 3.3% by rail transport. The share of other types of transport (Pipelines, cables and other mode of transports) was 1.4%.

Export by Mode of Transport (January - July)



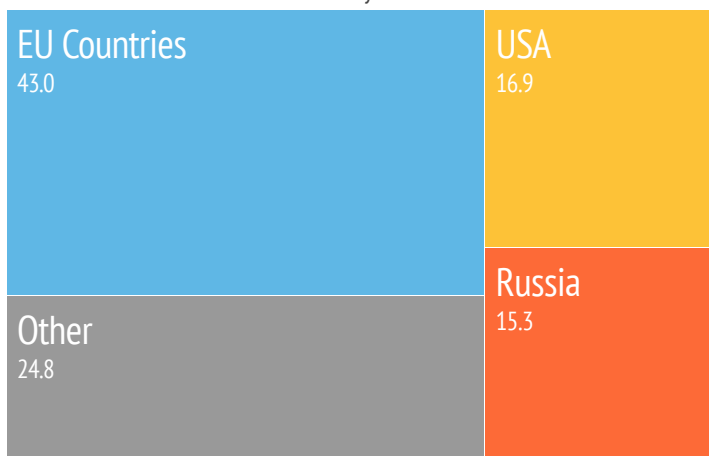
In January-July*, according to the modes of transport, the largest part of imports, 47.8% was carried out by motor transport, 35.3% - by sea, 7.7% - by air, and 6.7% by rail transport. The share of other types of transportation (Pipelines, cables and other mode of transports) amounted to 2.5%.

Import by Mode of Transport (January - July)

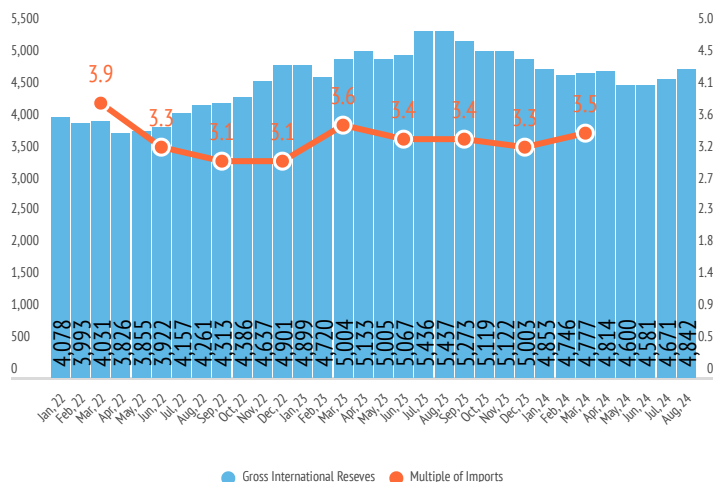


In January-July*, domestic export from Georgia amounted 1,586.5 million USD, which is 7.2% lower YoY. Ten largest countries by domestic export from Georgia were the followings: Russia (20.5% of total domestic export), Turkey (16.3%), China (9.9%), Armenia (5.3%), USA (5.1%), Azerbaijan (4.4%), Switzerland (3.7%), Ukraine (3.2%), Kazakhstan (2.7%) and Bulgaria (2.4%).

Remittance (%)
Inflows
July



Gross International Reserves
(Mln USD)



In July 2024*, remittances decreased slightly.

In July*, remittances in Georgia decreased by 1.8% YoY and amounted to 298.1 million USD. The main source of money transfers were EU countries (43.0% of total). And the USA (50.3 mln USD, 16.9% of total). Remittances from Russia decreased by 39%, moved to third place by share and equaled 45.5 mln USD (15.3% of total). In terms of individual countries, remittances were significant from Italy (48.9 mln USD, 16.4% of total), Germany (24.7 mln USD), Greece (23.2 mln USD), Israel (21.7 mln USD), Kazakhstan (10.5 mln USD), Turkey (9.2 mln USD) etc.

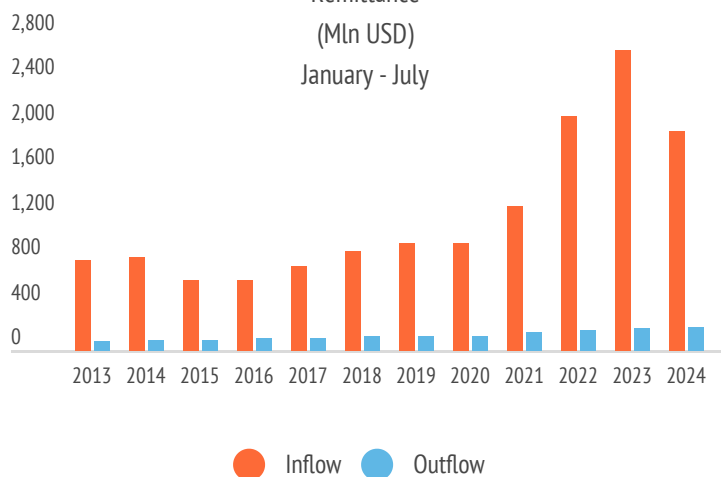
In August 2024, international reserves reached 4,842 million USD.

In August, international reserves amounted to 4,842 million USD, which is a 10.9% decrease YoY and 3.7% increase MoM.

In August 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 - July

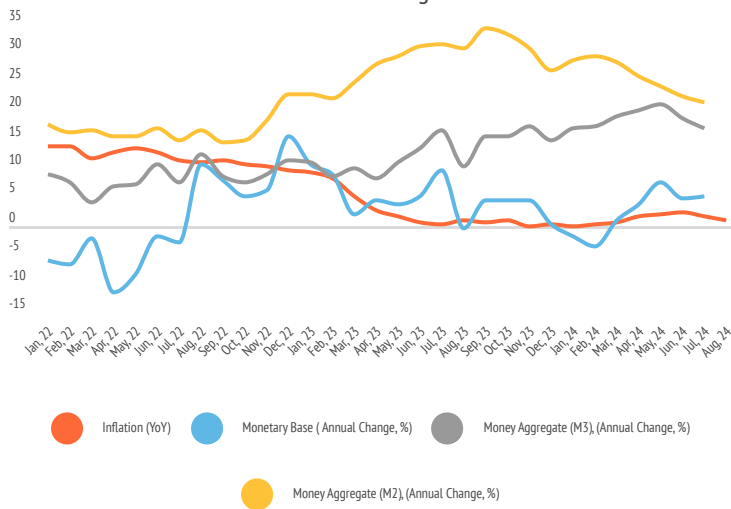


In July* 2024, compared to the same period of the previous year, monetary base increased.

In July*, monetary base increased by 5.3% YoY, including increased national currency in circulation by 15.2% and declined liabilities to other depository corporations by 4.2%.

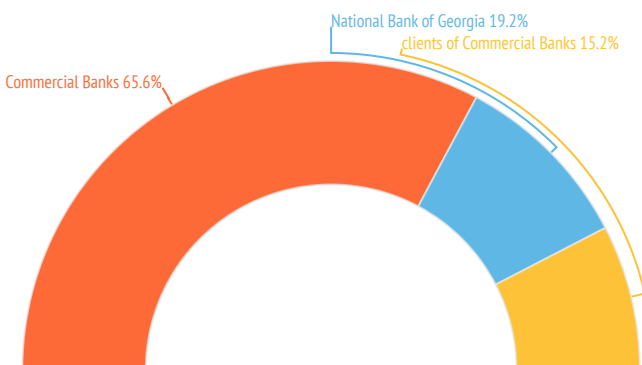
Money aggregate M2 increased by 21.5%, while money aggregate M3 increased by 17.0%. In August 2024, consumer price inflation amounted to 1.0% YoY.

Money Aggregates and Consumer Prices
% Change



As of the end of August 2024, the nominal value of treasury securities issued by government was 8,984.4 million GEL. Among them, 65.6% is owned by commercial banks, 19.2% by the National Bank, and 15.2% by other resident and non-resident clients (resident – 11.8%, non-resident -3.4%).

Treasury Securities
(August)

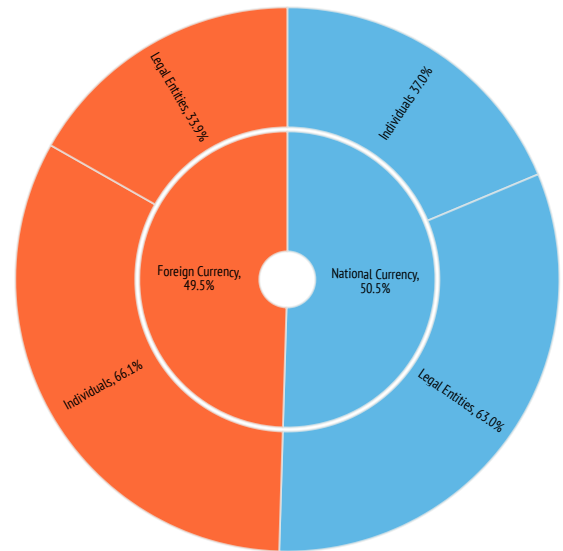


In July* 2024, the total volume of deposits amounted to 57,324.9 million GEL, which is 17.2% higher YoY. Among them, deposits denominated in national currency made up 50.5%, while deposits in foreign currency made up 49.5% respectively.

According to the data available by the end of July 2024, 63.0% of deposits denominated in national currency belong to legal entities, and 37.0% to individuals.

Herewith, 66.1% of foreign currency deposits were owned by individuals, and 33.9% - by legal entities.

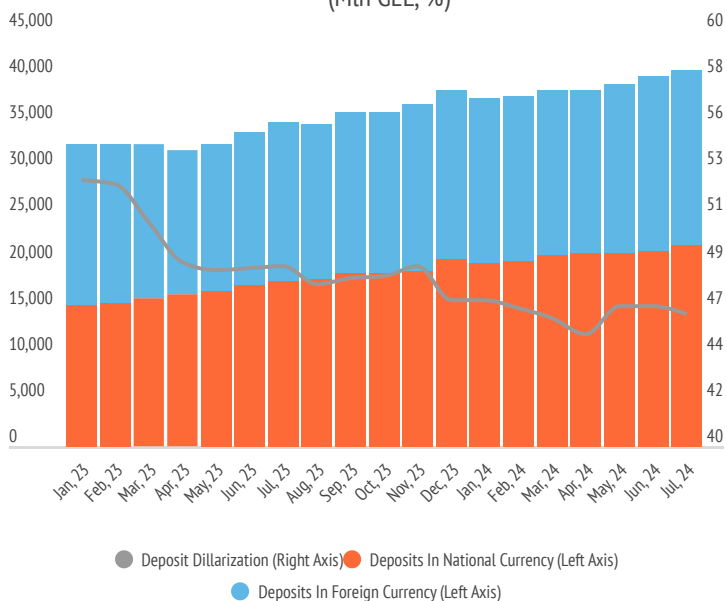
Deposits
(July)



In addition, 48.9% of deposits denominated in national currency were time deposits, 25.8% - current accounts and 25.2% - demand deposits.

In the case of foreign currency, time deposits still hold the largest share (39.1%), followed by demand deposits (32.6%) and current accounts (28.3%).

Deposits and Dollarization
(Mln GEL, %)

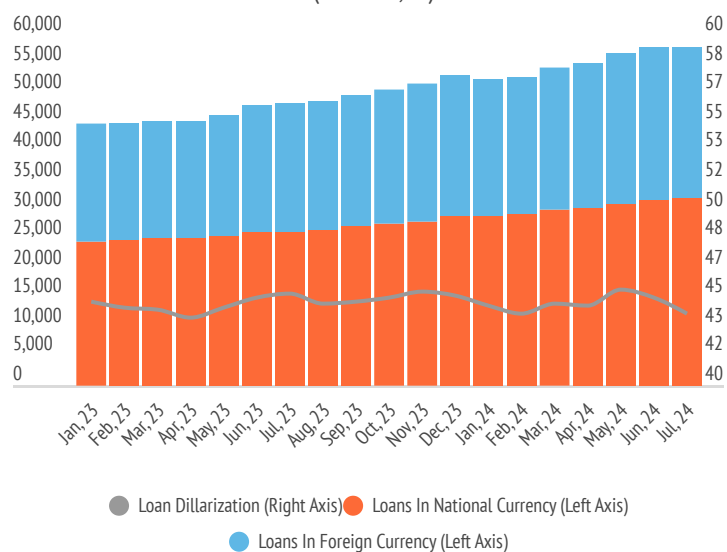


In July* 2024, the dollarization decreased on deposits as well as on loans MoM.

In July*, the deposit dollarization indicator decreased by 0.39 pp and amounted to 46.3% MoM, while loan dollarization decreased by 0.95 pp and made up to 44.1% MoM.

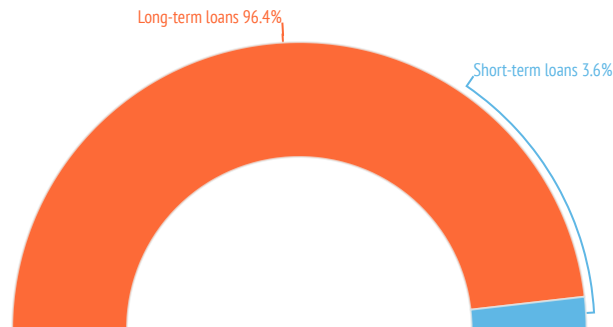
In July*, foreign currency deposits increased by 1.1% MoM, while national currency deposits increased by 2.7%.

Loans and Dollarization
(Mln GEL, %)



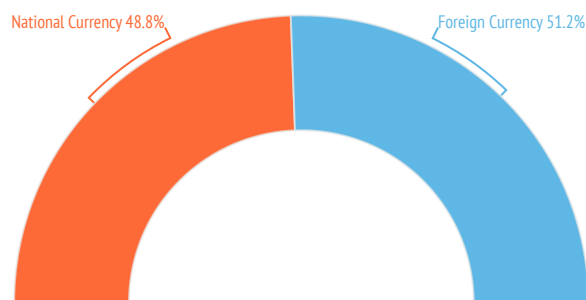
In July* 2024, the volume of consumer loans amounted to 11,151.0 million GEL, which is 29.0% increase YoY. Among them, the share of long-term loans were 96.4%, while short-term loans comprised only 3.6%.

Consumer Loans
(July)



During the same period, the volume of loans secured by real estate amounted to 37,500.3 million GEL, which is 20.7% higher YoY. Among them, the share of loans issued in national currency were 48.8%, while loans denominated in foreign currency were 51.2%.

Loans Secured by Real Estate
(July)



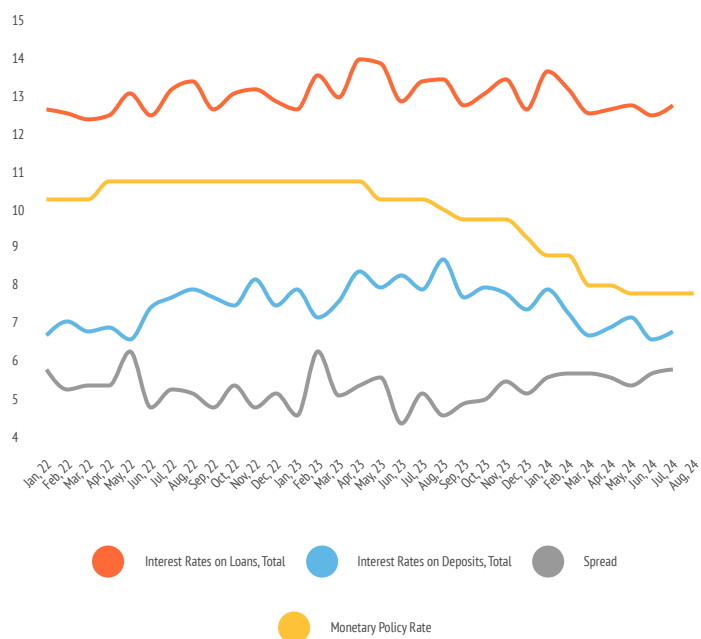
According to the data available by the end of July* 2024, in terms of regions, 62.6% of loans issued by commercial banks denominated in national currency were granted in Tbilisi, 7.9% in Imereti, 7.4% in the Autonomous Republic of Adjara, 5.6% in Kakheti, 4.7% in Kvemo Kartli, 4.2 in Samegrelo-Zemo Svaneti. The share of loans issued in other regions is relatively small.

In July*2024, interest rates on deposits increased by 0.1 pp while on loans increased by 0.3 pp MoM.

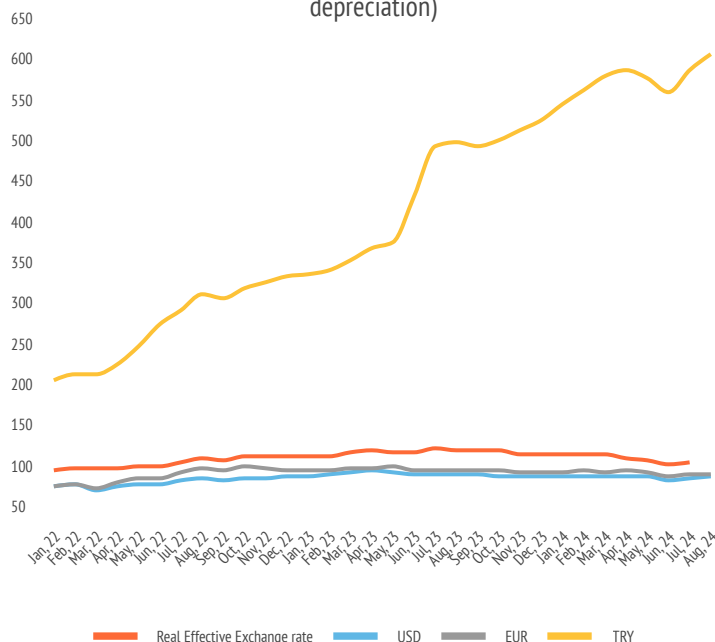
In July* market interest rates on loans amounted to 13.0%, while interest rates on deposits were defined at 7.0%. The interest rate spread (difference between loan and deposit rates) amounted to 6.0% as of July* 2024, 0.6 pp higher compared to the same indicator of July 2023.

On July 30, 2024, the monetary policy committee of the National Bank of Georgia decided to maintain the monetary policy rate at 8.00%.

Market Interest Rates on Loans and Deposits (%)



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



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

In August, GEL appreciated against USD by 1.3% MoM and against TRY by 3.5% MoM, and depreciated against EUR by 0.1% MoM. In the analyzing period, the nominal effective exchange rate appreciated. In August, the GEL exchange rate depreciated by 2.9% YoY towards USD and by 3.6% YoY towards EUR, while appreciated by 21.3% YoY towards TRY.

In particular, in August, the average exchange rate of the GEL against USD was 2.70, while it was 2.97 against EUR and 0.08 against TRY.

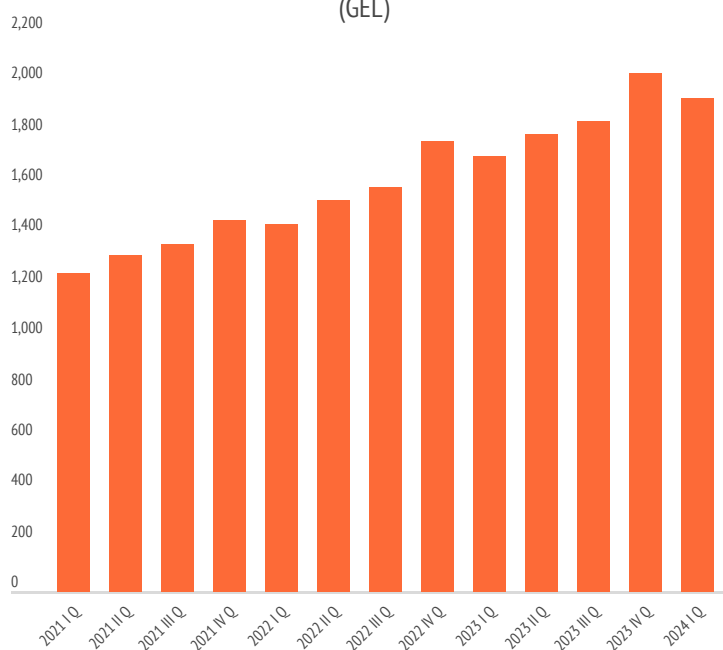
4. Social Sector

In Q1 2024, average monthly nominal earnings of employees increased YoY.

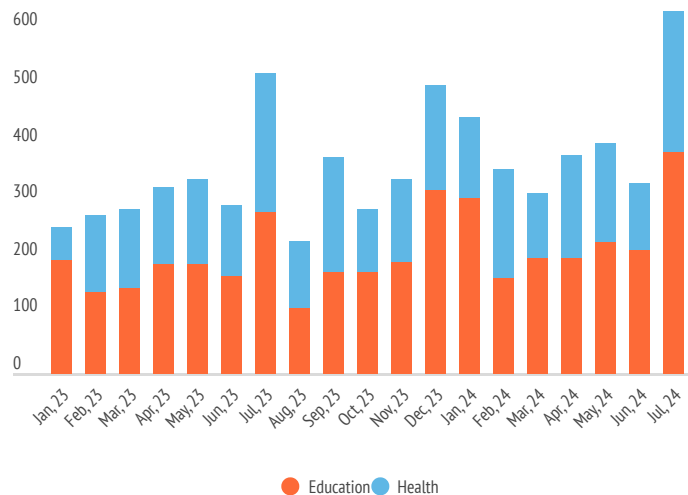
In Q1 2024, the average monthly nominal earnings of employees amounted to 1,943.4 GEL, which is 13.2% increase YoY (227 GEL more). Compared to the previous quarter the indicator decreased by 4.9%, which is 101 GEL less.

As for the change in the average monthly nominal earnings of employees by sector, in the I quarter of 2024, the highest average monthly salary was recorded in the field of financial and insurance activities (4,519 GEL; 20.2% increase YoY), as well as in information and communication (3,957 GEL; 9.0% increase YoY) and in the field of Professional, scientific and technical activities (2,673 GEL; 12.0% increase YoY).

Average monthly nominal earnings of employees (GEL)



Public Expenditure on Education and Healthcare (GEL Million)



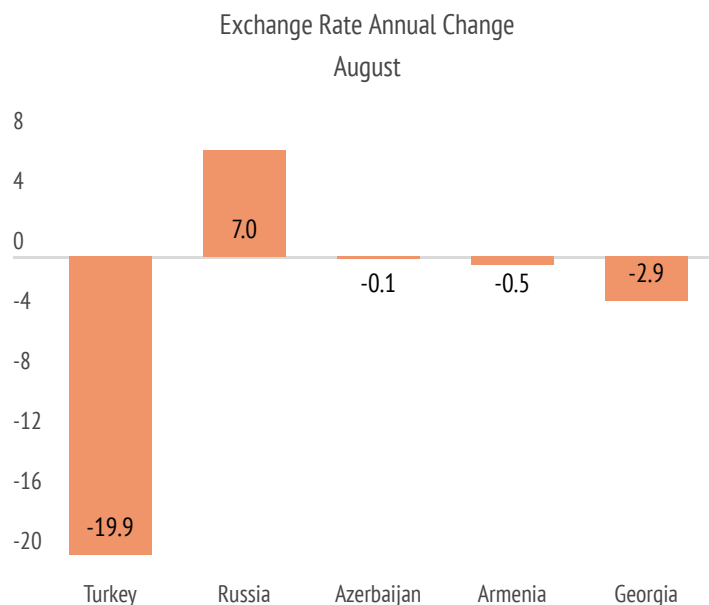
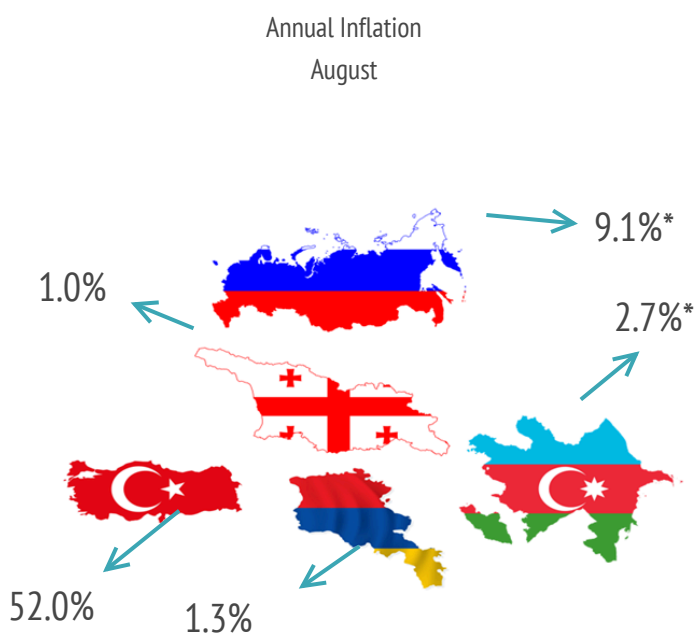
In July* 2024, public expenditures on healthcare and on education increased YoY.

In July*, expenditure on education (as per functional classification) amounted to GEL 387.0 million, which is 36.6% increase YoY. Meanwhile, expenditures on healthcare amounted to GEL 246.8 million, 2.5% increased YoY.

5. Regional Review

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

Namely, in August 2024, annual inflation amounted to 52.0% in Turkey, while in Armenia it was 1.3%. As for Azerbaijan and Russia, in July* 2024, consumer prices increased by 2.7% YoY and by 9.1% YoY respectively.



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

Particularly, in August, GEL depreciated by 2.9% YoY towards USD. In the analyzing period TRY depreciated by 19.9%, AMD by 0.5% and AZN by 0.1% YoY towards USD, while RUB appreciated by 7.0% YoY towards USD.

Summary Tables of Main Economic Indicators

	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24
GDP Growth Rate (%)	5.8	5.1	6.2	5.9	8.3	5.8	9.5	8.2	11.8	9.2	7.5	13.0	
VAT Turnover Growth Rate (%)	4.2	3.0	6.0	2.6	4.6	1.4	11.8	8.5	19.1	10.7	10.7	19.8	
Inflation (%)	0.9	0.7	0.8	0.1	0.4	1.4	0.3	0.5	1.5	2.0	2.2	1.8	1.0
Monetary Policy Rate (%)	10.25	10.00	10.00	10.00	9.50	9.00	9.00	8.25	8.25	8.00	8.00	8.00	8.00
Deposit Dollarization (%)	0.49	0.48	0.48	0.48	0.49	0.47	0.47	0.47	0.46	0.45	0.47	0.47	
Loan Dollarization (%)	0.45	0.45	0.45	0.45	0.45	0.45	0.44	0.45	0.45	0.46	0.45	0.44	
Exchange Rate (GEL)	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.8	2.7	2.7
Remittances (Thousand USD)	287,006	283,878	283,006	292,733	308,286	265,093	266,386	280,934	278,515	284,309	281,091	298,118	
Export (USD Million)	493	526	491	482	514	339	465	523	437	502	582	685	
Import (USD Million)	1,411	1,382	1,361	1,297	1,369	1,101	1,179	1,224	1,447	1,396	1,266	1,420	
Trade Balance (USD Million)	-918.2	-856.0	-870.5	-814.8	-854.5	-762.7	-714.6	-701.6	-1,009.3	-894.2	-684.3	-735.7	
International Reserves (USD Million)	5,437	5,273	5,119	5,122	5,010	4,853	4,746	4,777	4,814	4,600	4,581	4,671	4,842
Revenues (GEL Million)	1,722	1,821	1,913	1,831	2,122	2,116	1,823	2,384	2,050	2,010	2,495	2,066	
Recurrent Expenditure (GEL Million)	1,269	1,496	1,626	1,581	1,947	1,716	1,676	1,558	1,904	1,697	1,587	2,193	
Capital Expenditure (GEL Million)	659	616	469	545	1,109	402	420	430	424	459	567	570	



Increase



Decrease



Change < 1%

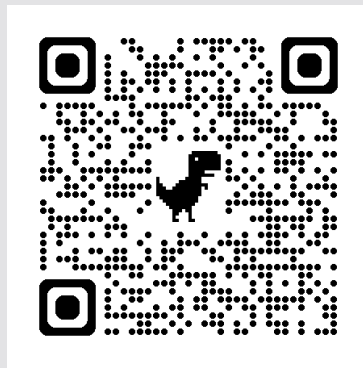
Comparison of key economic indicators with similar data for the corresponding month of last year

		08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024
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 Reserves													
	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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

		08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	2.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024
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 Reserves													
	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

Scan the QR code to access the interactive document



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

