



Parliament of Georgia

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# Monthly Macroeconomic **Review**

March, 2024

Parliamentary Budget Office  
of Georgia

2024

April

## Main Macroeconomic indicators of March, 2024

Real GDP Growth

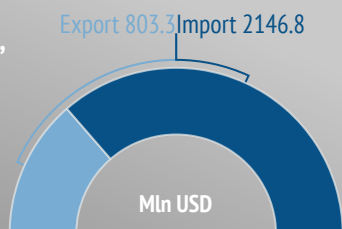
9.5%



In March, annual CPI inflation amounted to 0.5%, while annual core inflation was observed at 2.3%.



In January - February\* 2024, goods exports decreased by 12.2%, while imports decreased by 1.6% YoY.



In February\* 2024, money transfers amounted to 272.3 million USD.

EU countries - 38.8%;

Russia - 22.8%;

USA - 15.1%;

Other countries - 23.2%.



In February\* 2023, the dollarization both on deposits and loans decreased MoM.

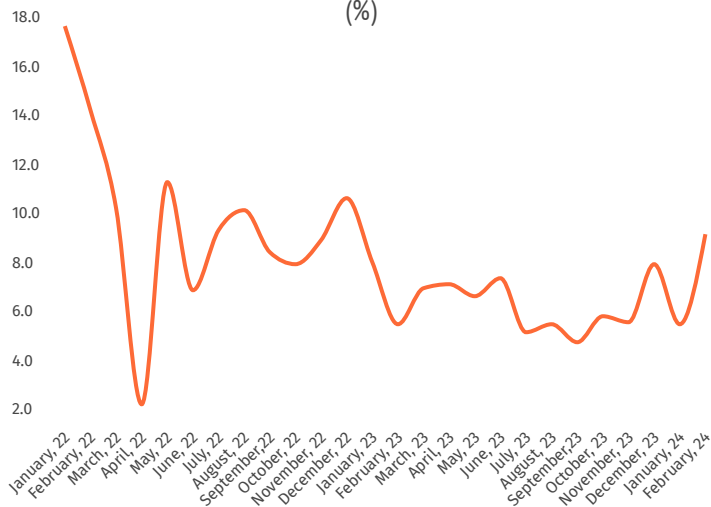


In March 2024, GEL depreciated against USD (by 1.0%) and against EUR (by 1.5%) MoM.

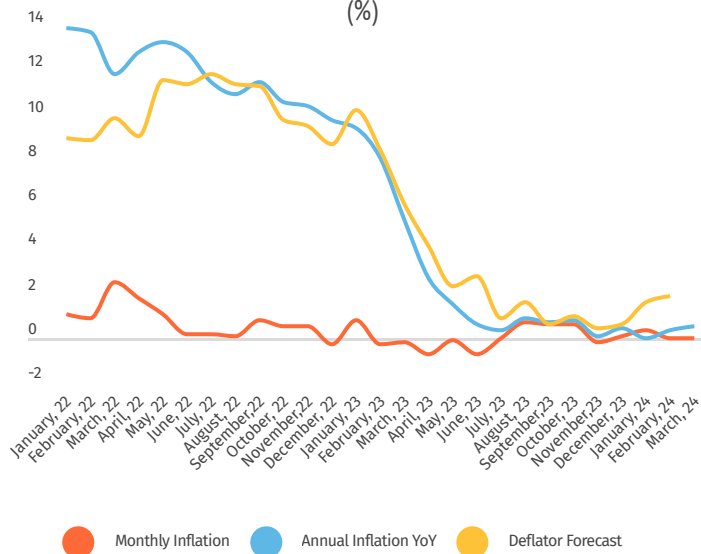


# 1. Real and Fiscal Sector

Real GDP Growth (%)



Change in Consumer Price Level (%)



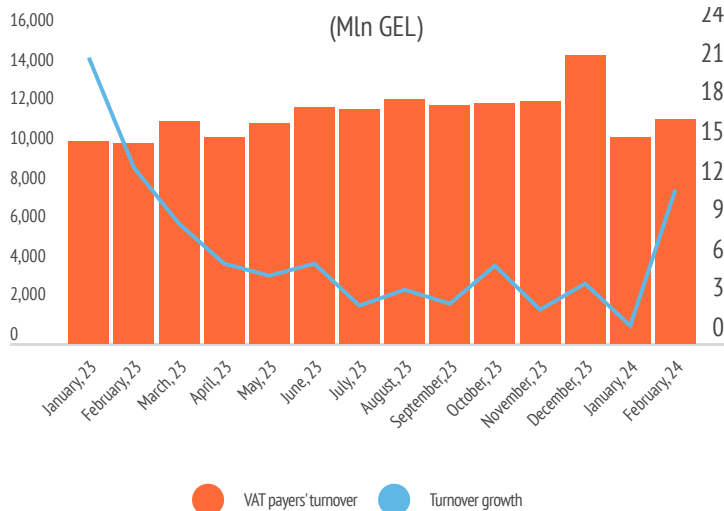
**In February\* 2024, positive annual economic growth was recorded at 9.5%.**

In accordance with the preliminary estimates of GEOSTAT, in February\*, annual real GDP growth rate amounted to 9.5% YoY.

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

In February\* 2024, the rate of VAT turnover of enterprises amounted to 11,402.9 million GEL, which is 11.8% higher YoY.

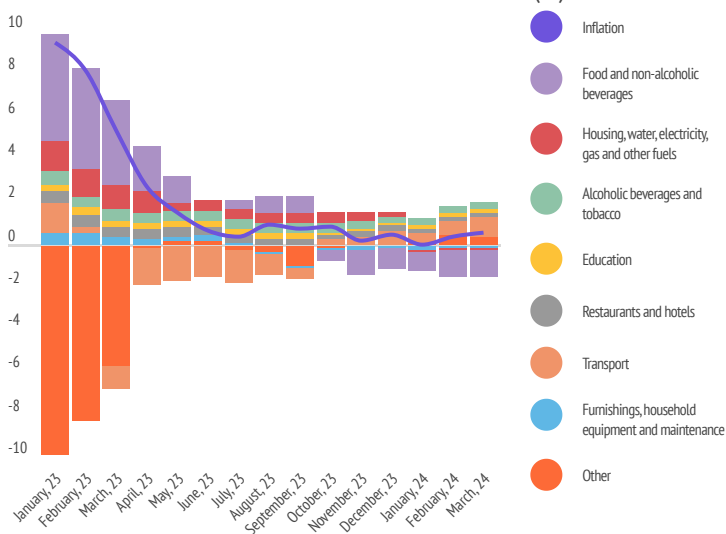
VAT Payers Turnover (Mln GEL)

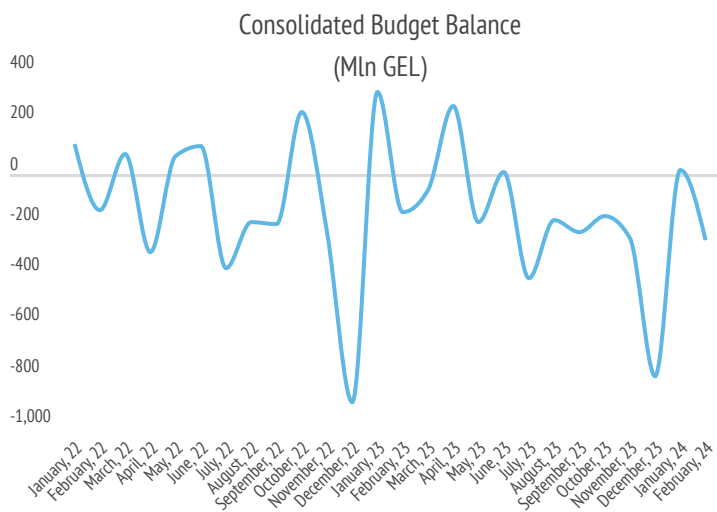


**In March 2024, annual CPI inflation amounted to 0.5% YoY.**

In March, the inflation rate amounted to 0.5% YoY, lower than the inflation target of 3.0%. Annual inflation was predominantly driven by the dynamics of prices on the transport, alcoholic beverages and tobacco, restaurants, hotels, education, health, food and non-alcoholic beverages etc. 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 February\* 2024, the annual forecasted GDP deflator amounted to 1.9%.

Contributions to the Overall Inflation (%)



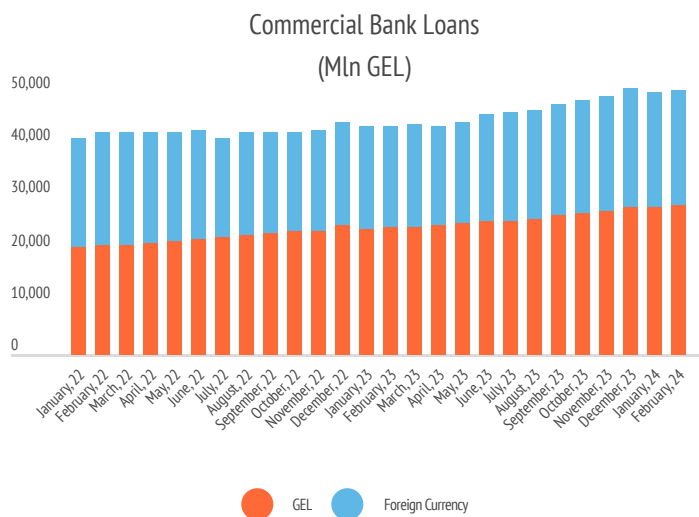
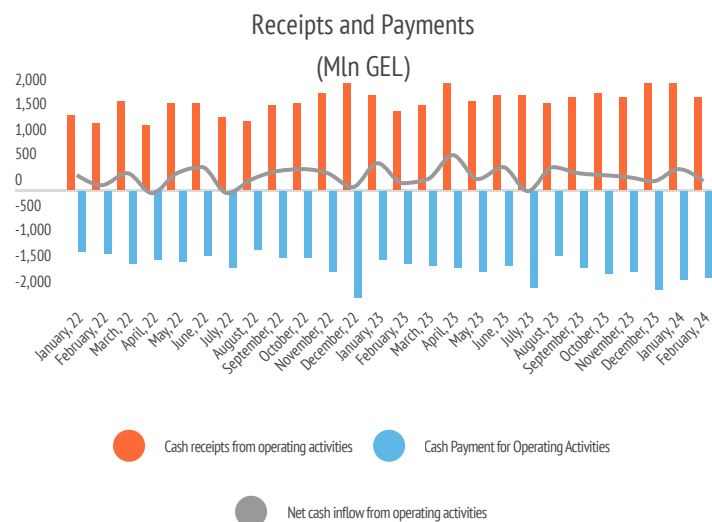


**In February\* 2024, the general government net lending/borrowing was negative.**

In February\* 2024, general government revenues increased by 17.2% YoY, while expenses increased by 17.8% YoY. In the analyzing period, the general government positive net operating balance amounted to 147.8 million GEL, while negative net lending/borrowing (budget deficit) was defined at 261.0 million GEL.

Worth noting, that in February 2024, tax revenues amounted to 1,707.0 million GEL, which is 17.7% higher YoY. Significant increase was observed in property tax (+107.5%), excise tax (29.3%) and VAT (21.5%). Direct taxes comprised 50.1% of total taxes, while indirect taxes are 49.9%.

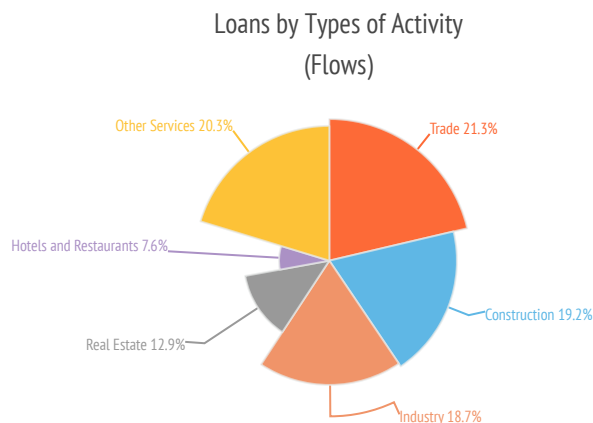
In February\*, non-financial assets net increase was observed at 41.4 % YoY (GEL 119.6 million more), while net financial assets decreased (GEL 68.2 million more).

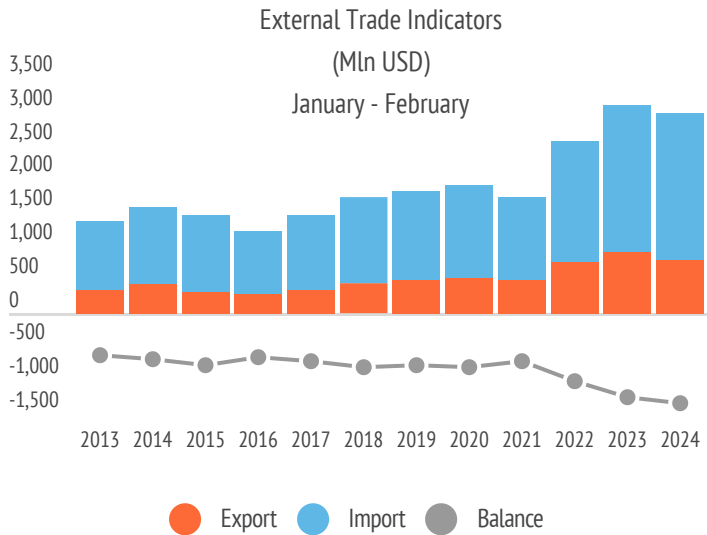


**In February\* 2024, compared to the same period of the previous year, commercial bank loans to the national economy increased in both national and foreign currencies.**

In February\*, commercial bank loans to the national economy increased by 16.0% YoY and amounted to 50.5 billion GEL. National currency loans increased by 18.0%, while foreign currency loans increased by 13.5%. As a result, dollarization of whole commercial bank loans decreased by 0.38 pp MoM and made up to 44.2%. It is worth mentioning, that more than half of total loans (54.2%) 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 64.3% are secured by real estate.

As for loans issued by types of activity, the highest 21.3% was issued in trade, 19.2% in construction, 18.7% in industry, 12.9% in real estate and 7.6% in the field of hotels and restaurants.



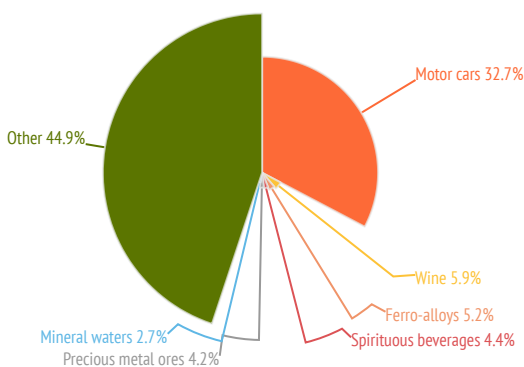


**In January - February\* 2024, both export and import of goods decreased.**

In January - February\*, export of goods decreased by 12.2%, while imports decreased by 1.6% YoY. As a result, trade turnover amounted to 2,950.1 million USD (4.8% decrease YoY). During this period, the share of exports in external trade amounted to 27.2%. Export growth was substantial in the following countries: Kyrgyzstan (180%), Uzbekistan (83%), Ukraine (39%) and Kazakhstan (9%). In addition, exports decreased in Bulgaria (89%), China (57%), Armenia (41%), Russia (25%), Azerbaijan (11%), Turkey (2%) etc.

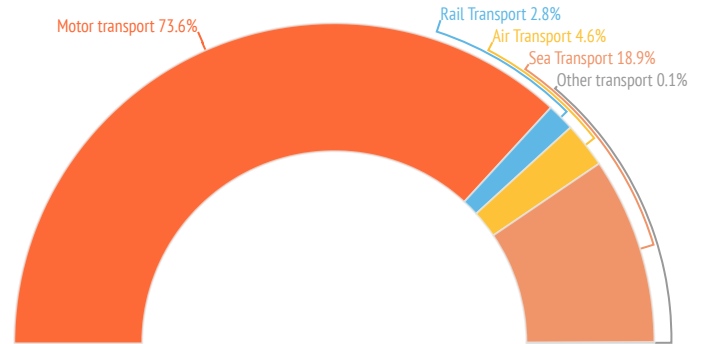
High growth was recorded in several export commodity groups: precious metal ores (170%), medicaments (100%), spirituous beverages (45%), mineral and aerated waters without sugar (43%), natural wine (38%). While Deterioration was recorded in Ferro-alloys (41%) and Gold (14%) groups.

Major Commodity Groups by Exports (January - February)



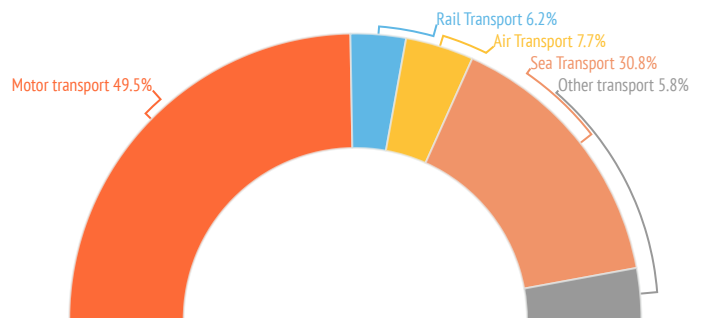
In January-February\* 2024, according to the modes of transport, the largest part of exports, 73.6% was carried out by motor transport, 18.9% - by sea, 4.6% - by air, and 2.9% by rail transport. The share of other types of transport (Pipelines, cables and other mode of transports) was 0.1%.

Export by Mode of Transport (January - February)



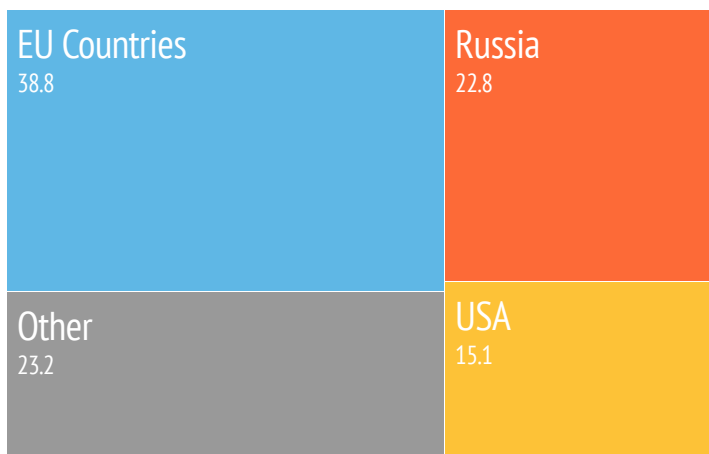
In January-February\*, according to the modes of transport, the largest part of imports, 49.5% was carried out by motor transport, 30.8% - by sea, 7.7% - by air, and 6.2% by rail transport. The share of other types of transportation (Pipelines, cables and other mode of transports) amounted to 5.8%.

Import by Mode of Transport (January - February)

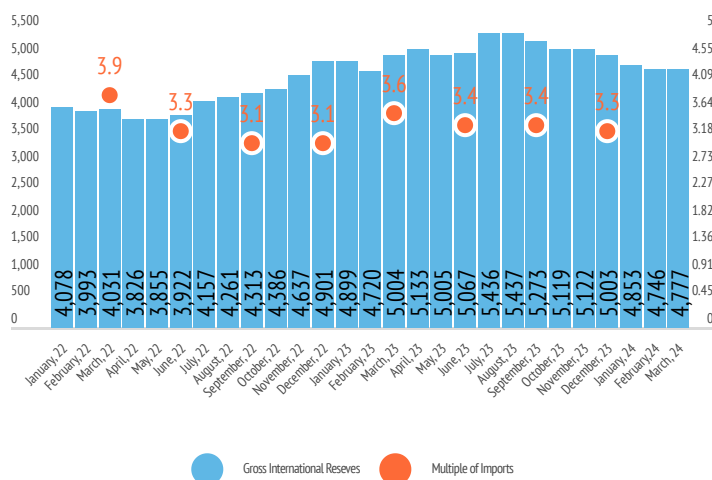


In January-February\*, domestic export from Georgia amounted 497.2 million USD, which is 25.1% lower YoY. Ten largest countries by domestic export from Georgia were the followings: Russia (21.5% of total domestic export), Turkey (14.4%), China (11.7%), Armenia (5.2%), Azerbaijan (4.6%), Ukraine (4.4%), Switzerland (3.6%), Romania (2.5%), Germany (2.4%) and Egypt (3.0%).

Remittance (%)  
February



Gross International Reserves  
(Mln USD)



**In February 2024\*, remittances decreased**

In February\*, remittances in Georgia decreased by 26.9 % YoY and amounted to 272.3 million USD. In February\*, the main source of money transfers were EU countries (38.8% of total) and Russia (22.8%). In the analyzing period, remittances increased significantly from the following countries: Italy (13.1%, 44 mln USD), USA (35.3%, 41.2 mln USD), Israel (24.5%, 20.4 mln USD), Greece (9.3%, 19 mln USD), Germany (23.4%, 18 mln USD) etc. Remittances deteriorated from Russia (66.8%, 62 mln USD), Kazakhstan (17.8%, 10.6 mln USD), Turkey (11.7%, 7.7 mln USD), United Kingdom (11%, 3 mln USD), Armenia (30.4%, 0.9 mln USD) etc.

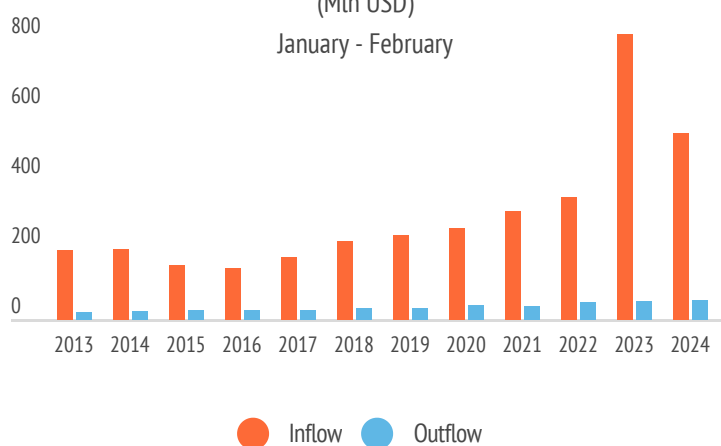
**In March 2024, international reserves reached 4,777 million USD.**

In March, international reserves amounted to 4,777 million USD, which is a 4.5% decrease YoY and 0.6% increase MoM.

In March 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 - February

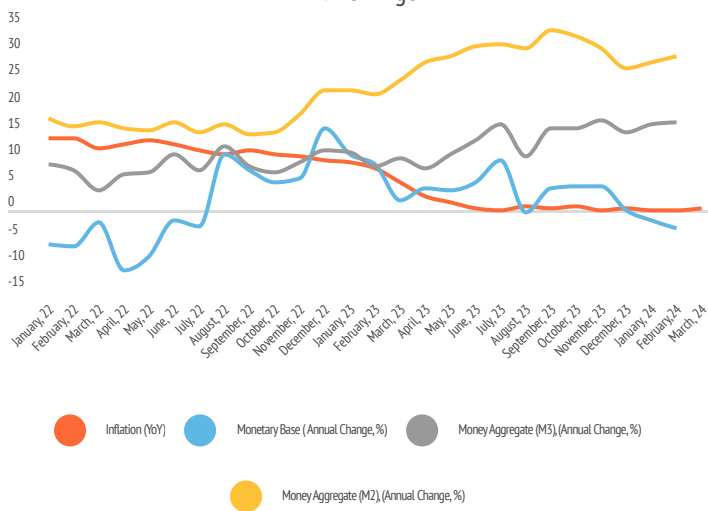


In February\* 2024, compared to the same period of the previous year, monetary base decreased.

In February\*, monetary base decreased by 3.4% YoY, including increased national currency in circulation by 16.7% and declined liabilities to other depository corporations by 18.6%.

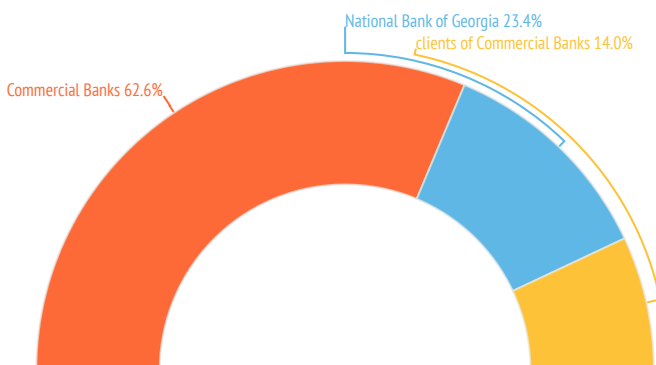
Money aggregate M2 increased by 29.6%, while money aggregate M3 increased by 17.4%. In March 2024, consumer price inflation amounted to 0.5% YoY.

Money Aggregates and Consumer Prices  
% Change



As of the end of March 2024, the nominal value of treasury securities issued by government was 8,482.4 million GEL. Among them, 62.7% is owned by commercial banks, 23.4% by the National Bank, and 14.0% by other resident and non-resident clients (resident - 10.7%, non-resident - 3.3%).

Treasury Securities  
(March)



In February\* 2024, the total volume of deposits amounted to 51,892.5 million GEL, which is 15.7% higher YoY. Among them, deposits denominated in national currency made up 49.0%, while deposits in foreign currency made up 51.0% respectively.

According to the data available by the end of February 2024, 62.3% of deposits denominated in national currency belong to legal entities, and 37.7% to individuals.

Herewith, 66.0% of foreign currency deposits were owned by individuals, and 34.0% - by legal entities.

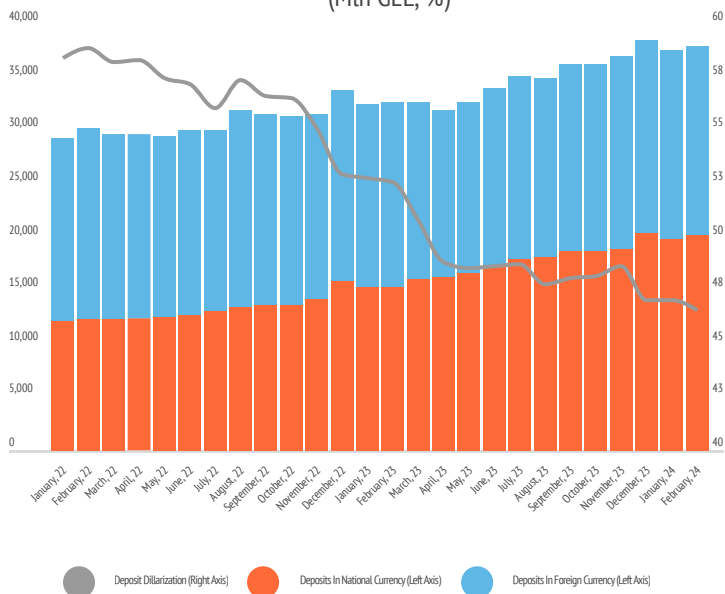
Deposits  
(February)



In addition, 46.2% of deposits denominated in national currency were time deposits, 27.1% - current accounts and 26.6% - demand deposits.

In the case of foreign currency, time deposits still hold the largest share (38.0%), followed by demand deposits (33.3%) and current accounts (28.7%).

Deposits and Dollarization  
(Mln GEL, %)

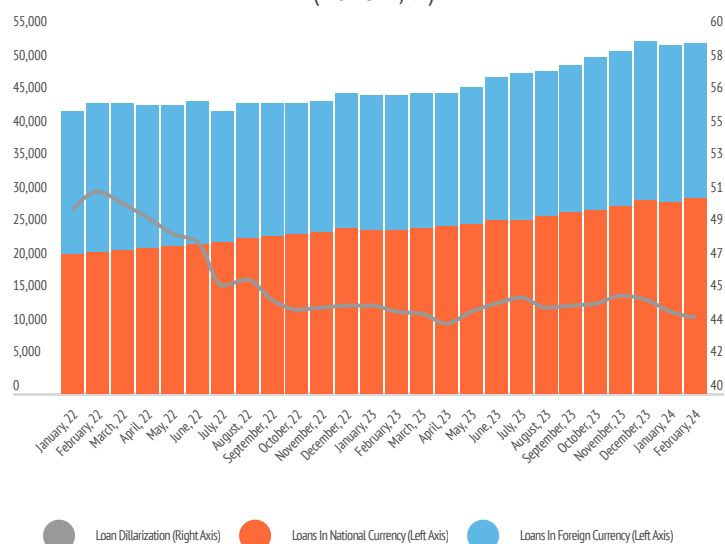


**In February\* 2024, the dollarization both on deposits and loans decreased MoM.**

In February\*, the deposit dollarization indicator decreased by 0.37 and amounted to 46.6%MoM, while loan dollarization decreased by 0.38 pp and made up to 44.2% MoM.

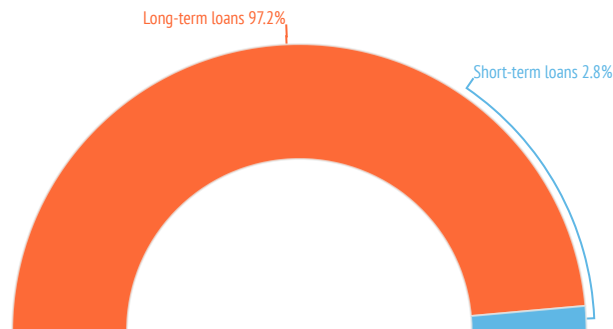
In February\*, foreign currency deposits decreased by 0.1% MoM, while national currency deposits increased by 1.4%.

Loans and Dollarization  
(Mln GEL, %)



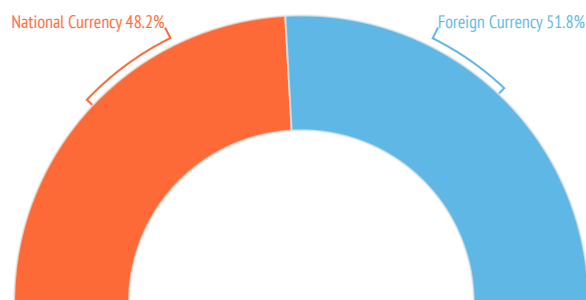
In February\* 2024, the volume of consumer loans amounted to 9,961.9 million GEL, which is 26.7% increase YoY. Among them, the share of long-term loans were 97.2%, while short-term loans comprised only 2.8%.

Consumer Loans  
(February)



During the same period, the volume of loans secured by real estate amounted to 34,177.7 million GEL, which is 20.5% higher YoY. Among them, the share of loans issued in national currency were 48.2%, while loans denominated in foreign currency were 51.8%.

Loans Secured by Real Estate  
(February)



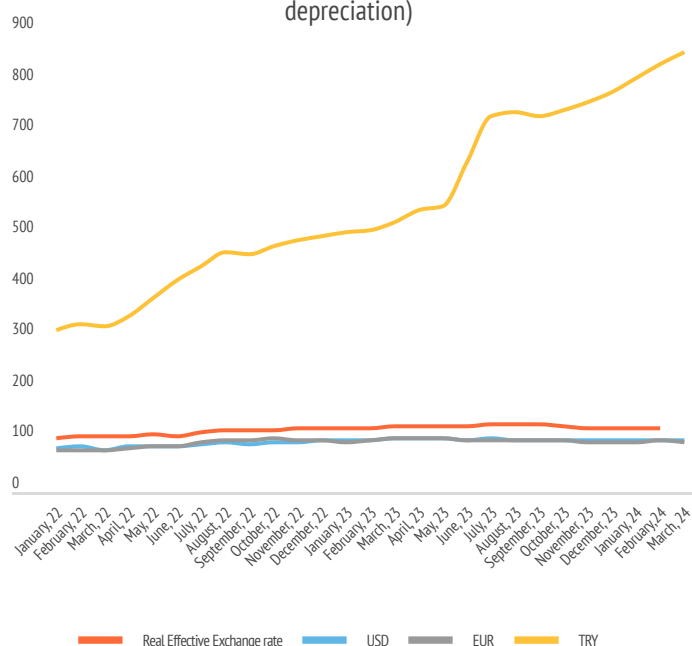
According to the data available by the end of February\* 2024, in terms of regions, 62.2% of loans issued by commercial banks denominated in national currency were granted in Tbilisi, 8.0% in Imereti, 7.5% in the Autonomous Republic of Adjara, 5.7% in Kakheti, 4.7% in Kvemo Kartli. The share of loans issued in other regions is relatively small.

**In February\* 2024, interest rates on deposits decreased by 0.6 pp MoM, while interest rates on loans decreased by 0.5 pp MoM.**

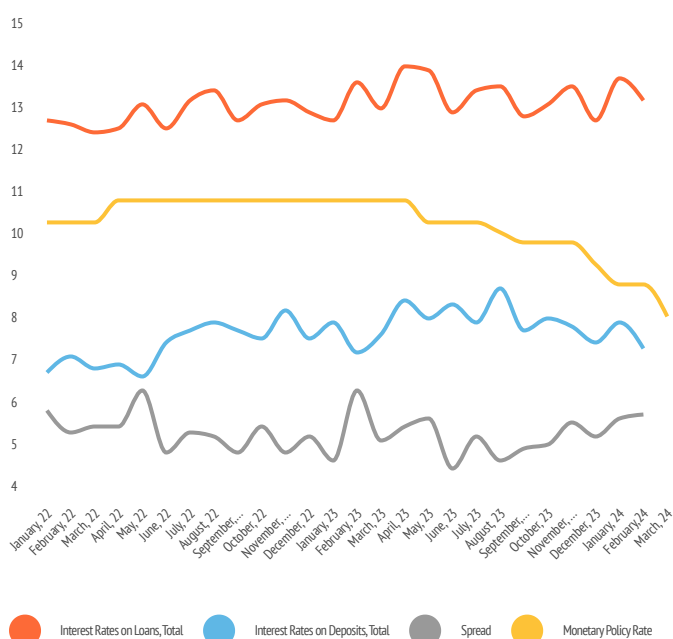
In February\* market interest rates on loans amounted to 13.4%, while interest rates on deposits were defined at 7.5%. The interest rate spread (difference between loan and deposit rates) amounted to 5.9% as of February\* 2024, 0.61 pp lower compared to the same indicator of February 2023.

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)



**Market Interest Rates on Loans and Deposits (%)**



**In March 2024, compared to the previous month, the GEL depreciated towards USD and EUR.**

In March, GEL depreciated against USD by 1.0% MoM, and against EUR by 1.5% MoM, while appreciated against TRY by 2.9% MoM. In the analyzing period, the nominal effective exchange rate depreciated as well. In March, the GEL exchange rate depreciated by 3.5% YoY towards USD and by 5.1% YoY towards EUR, while appreciated by 62.5% YoY towards TRY.

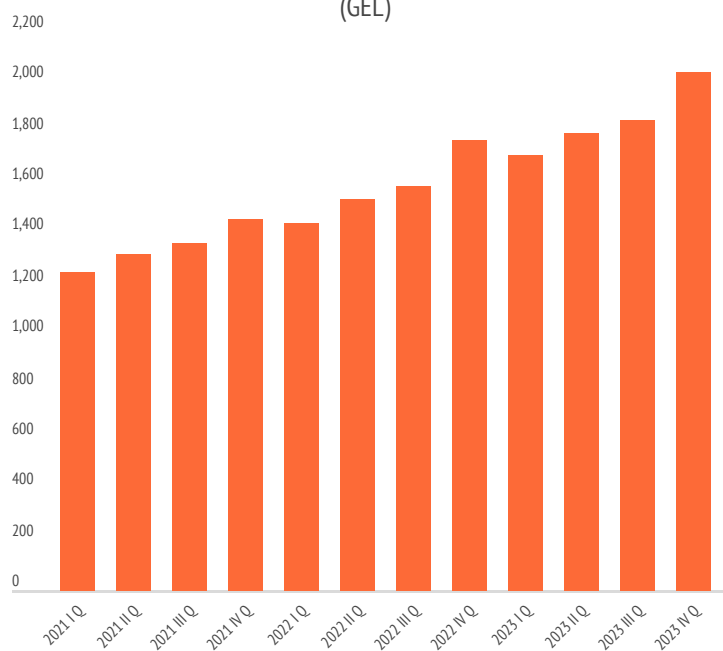
In particular, in March, the average exchange rate of the GEL against USD was 2.68, while it was 2.91 against EUR and 0.08 against TRY.

## 4. Social Sector

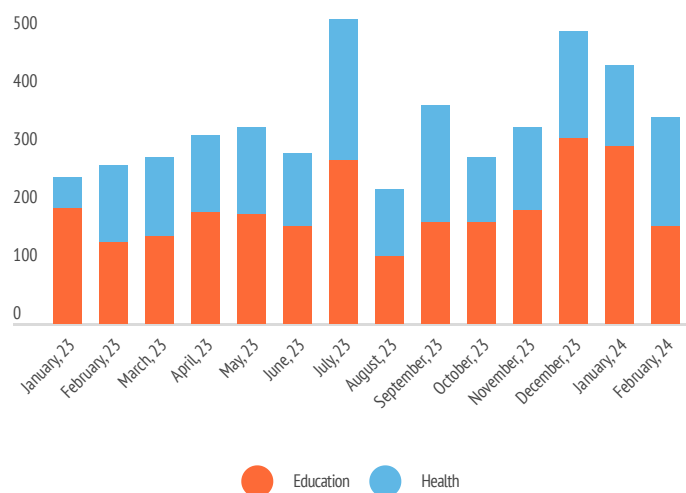
In Q4 2023, the average monthly nominal earnings of employees amounted to 2,045 GEL, which is 15.3% increase YoY (271 GEL more). Compared to the previous quarter the indicator increased by 10.2% and exceeded by 189 GEL.

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)



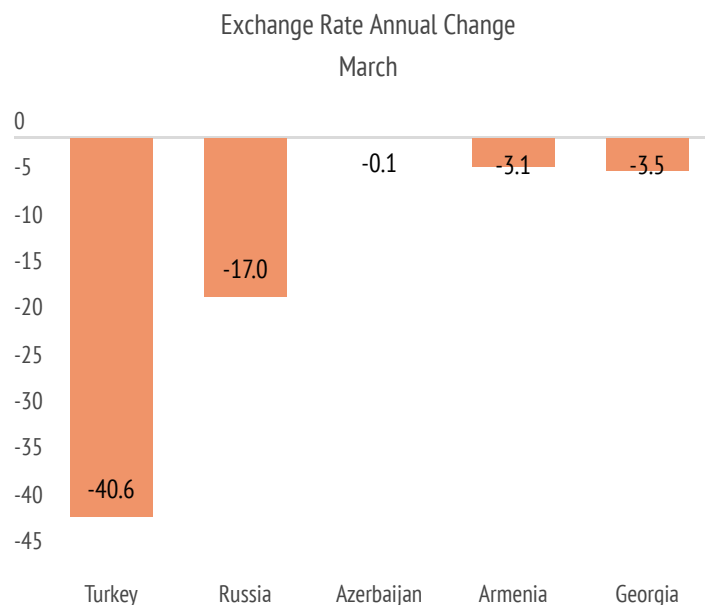
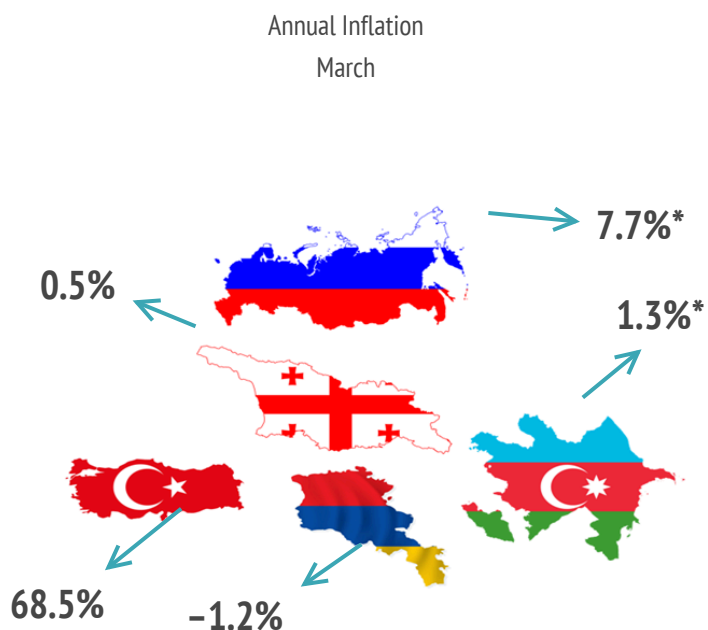
**In February\* 2024, public expenditures on healthcare and education increased YoY.**

In February\*, expenditure on education (as per functional classification) amounted to GEL 169.2 million, which is 18.5% increase YoY. Meanwhile, expenditures on healthcare amounted to GEL 186.8 million, 41.3% increase YoY.

## 4. Regional Review

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

Namely, in March 2024, annual inflation amounted to 68.5% in Turkey, while deflation was observed in Armenia (-1.2%). As for Azerbaijan and Russia, in February\* 2024, consumer prices increased by 1.3% YoY and by 7.7% YoY respectively.



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

Particularly, in March, GEL depreciated by 3.5% YoY towards USD. In the analyzing period TRY depreciated by 40.6%, RUB by 17.0%, AMD by 3.1% and AZN by 0.1%YoY towards USD.

## Summary Tables of Main Economic Indicators

	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
GDP Growth Rate (%)	7.3	7.5	7.0	7.7	5.5	5.8	5.1	6.2	5.9	8.3	5.8	9.5	
VAT Turnover Growth Rate (%)	9.2	6.1	5.2	6.1	2.9	4.2	3.0	6.0	2.6	4.6	1.4	11.8	
Inflation (%)	5.3	2.7	1.5	0.6	0.3	0.9	0.7	0.8	0.1	0.4	0.0	0.3	0.5
Monetary Policy Rate (%)	11.0	11.0	10.5	10.5	10.5	10.25	10.00	10.00	10.00	9.50	9.00	9.00	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	0.4	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.4	0.4	
Exchange Rate (GEL)	2.6	2.5	2.5	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Remittances (Thousand USD)	438,392.2	369,709.2	384,885.8	353,170.7	301,068.1	287,005.6	283,878.0	283,006.1	292,732.9	308,285.9	263,169.2	272,327.7	
Export (USD Million)	546.7	500.5	541.4	550.2	526.8	493.2	526.0	494.9	482.0	514.2	338.6	464.7	
Import (USD Million)	1,378.7	1,223.9	1,329.3	1,341.5	1,322.9	1,409.9	1,379.8	1,356.9	1,292.3	1,353.2	1,031.6	1,115.3	
Trade Balance (USD Million)	-832.0	-723.4	-788.0	-791.4	-796.1	-916.7	-853.8	-862.0	-810.2	-839.0	-693.0	-650.6	
International Reserves (USD Million)	5,003.8	5,133.4	5,005.3	5,066.7	5,436.1	5,436.8	5,273.2	5,118.8	5,121.7	5,003.0	4,853.2	4,746.3	4,776.9
Revenues (GEL Million)	1,656.6	2,165.0	1,755.9	1,877.8	1,846.9	1,721.5	1,821.2	1,913.4	1,830.8	2,122.0	2,116.3	1,823.3	
Recurrent Expenditure (GEL Million)	1,450.0	1,496.7	1,568.9	1,441.2	1,901.2	1,269.0	1,496.1	1,626.2	1,580.7	1,947.1	1,715.7	1,675.5	
Capital Expenditure (GEL Million)	317.4	414.1	400.6	495.8	365.4	659.1	616.0	468.6	544.5	1,109.4	402.3	420.3	



Increase



Decrease



Change &lt; 1%

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

		03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024
<b>Real Sector</b>	GDP Growth Rate													
	VAT Turnover Growth Rate													
<b>Monetary Sector</b>	Inflation													
	Monetary Policy Rate													
	Deposit Dollarization													
	Loan Dollarization													
<b>External Sector</b>	Exchange Rate													
	Remittances													
	Export													
	Import													
	Trade Balance													
	International Reserves													
<b>Fiscal Sector</b>	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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

		03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024
<b>Real Sector</b>	GDP Growth Rate													
	VAT Turnover Growth Rate													
<b>Monetary Sector</b>	Inflation													
	Monetary Policy Rate													
	Deposit Dollarization													
	Loan Dollarization													
<b>External Sector</b>	Exchange Rate													
	Remittances													
	Export													
	Import													
	Trade Balance													
	International Reserves													
<b>Fiscal Sector</b>	Revenues													
	Recurrent Expenditure													
	Capital Expenditure													

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