



Parliament of Georgia

Monthly Macroeconomic **Review**

September, 2024

Parliamentary Budget Office
of Georgia

2024

September

Main Macroeconomic indicators of August, 2024

Real GDP Growth

12.0%



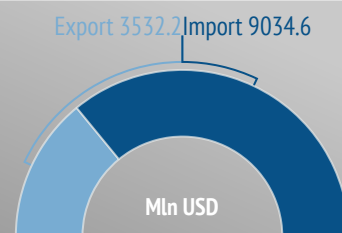
Real GDP Growth
January - July

10.0%

In August, annual CPI inflation amounted to 0.6%, while annual core inflation was observed at 0.8%.



In January - August* 2024, goods exports increased by 2.5%, while imports increased by 3.3% YoY.



In August* 2024, money transfers amounted to 290.6 million USD.

EU countries - 44.5%;

USA - 17.5%;

Russia - 14.6%;

Other countries - 23.4%.



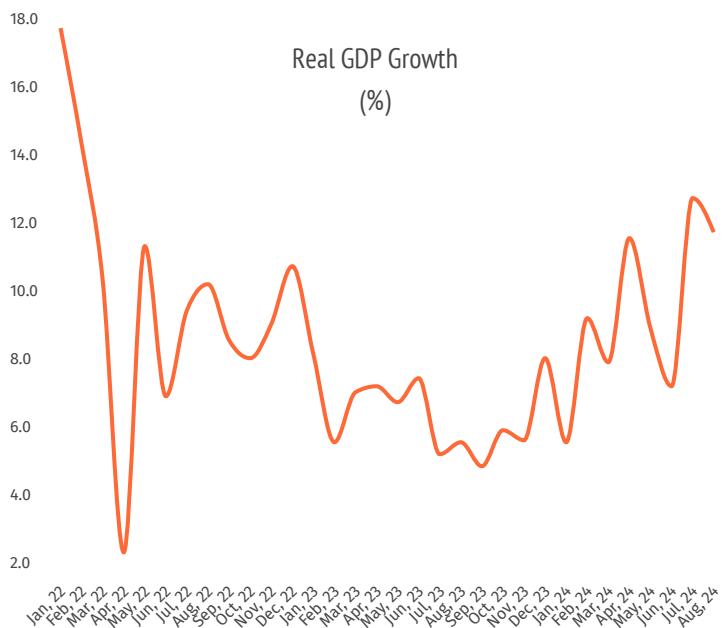
In August* 2024, the dollarization on both deposits and loans decreased MoM.



In September 2024, GEL depreciated against USD (by 0.3%) and against EUR (by 1.3%) MoM.



1. Real and Fiscal Sector

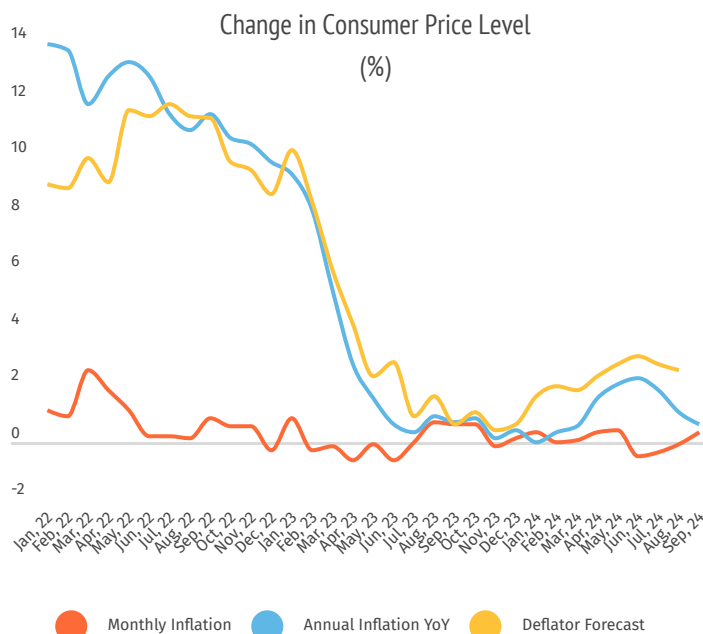
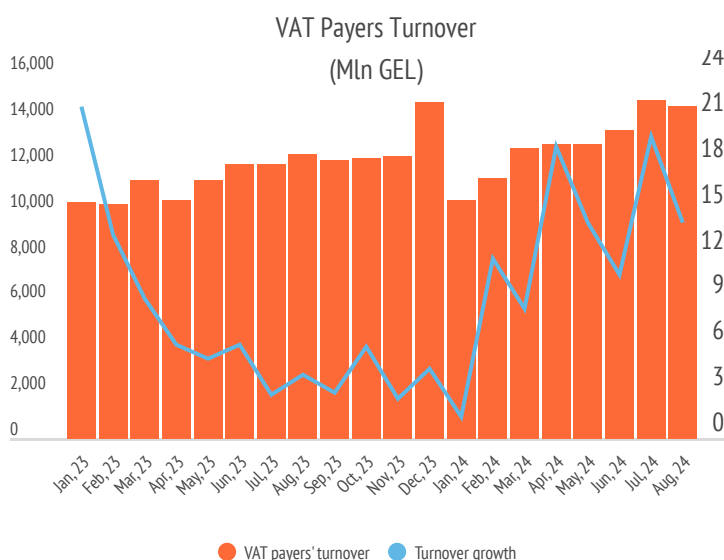


In August* 2024, positive annual economic growth was recorded at 12.0%.

In accordance with the preliminary estimates of GEOSTAT, in August*, annual real GDP growth rate amounted to 12.0% YoY, and the average growth for past eight month equaled to 10.0%.

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.

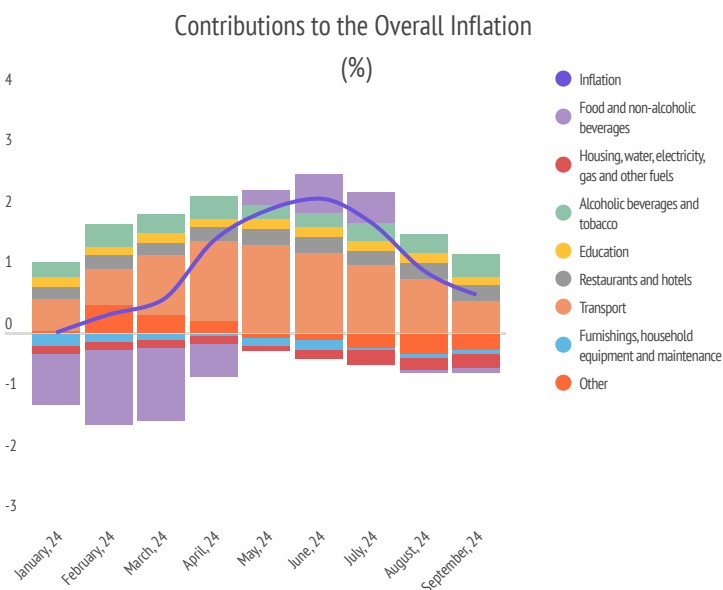
In August* 2024, the rate of VAT turnover of enterprises amounted to 14,545.4 million GEL, which is 14.2% higher YoY.

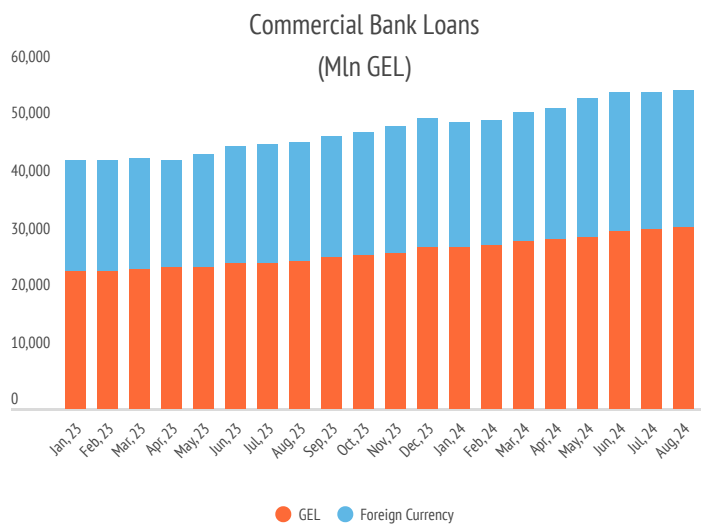
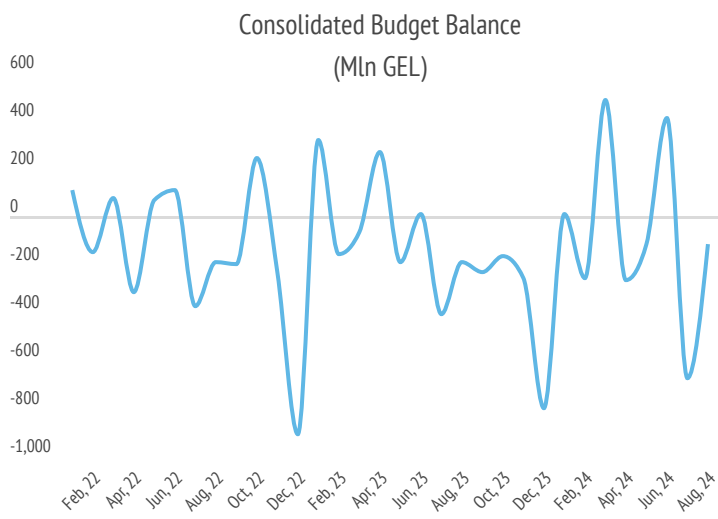


In September 2024, annual CPI inflation amounted to 0.6% YoY.

In September, the inflation rate amounted to 0.6% 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 September (excluded food and non-alcoholic beverages, energy, tobacco, regulated tariffs, transport (specific tariffs)), the prices increased by 0.8% YoY.

In August* 2024, the annual forecasted GDP deflator amounted to 2.5%.





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

In August* 2024, general government revenues increased by 13.3% YoY, while expenses increased by 20.7% YoY. In the analyzing period, the general government positive net operating balance amounted to 419.4 million GEL, while negative net lending/borrowing (budget deficit) was defined at 120.0 million GEL.

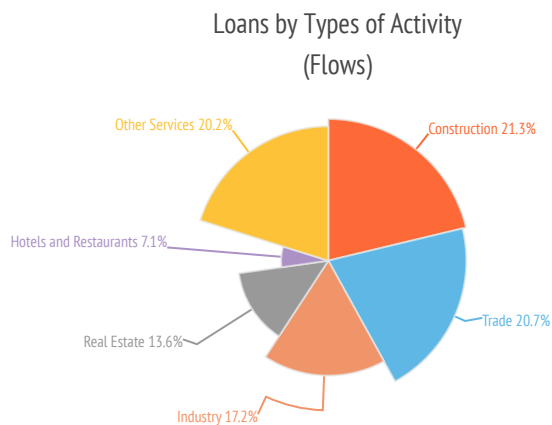
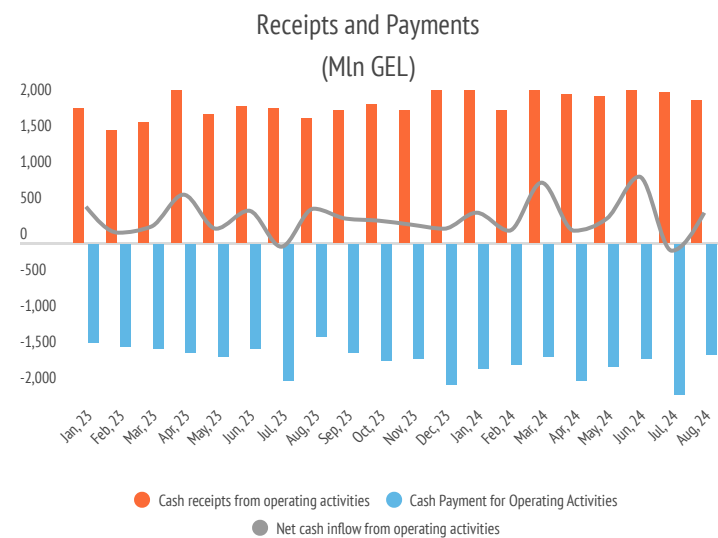
Worth noting, that in August* 2024, tax revenues amounted to 1,761.4 million GEL, which is 11.0% higher YoY. Significant increase was observed in profit tax (38.3%) and personal income tax (23.0%). While excise tax decreased by 23.3%, property tax (14.8%), custom duties (9.8%) VAT tax (1.0%) etc. Direct taxes comprised 46.5% of total taxes, while indirect taxes are 53.5%.

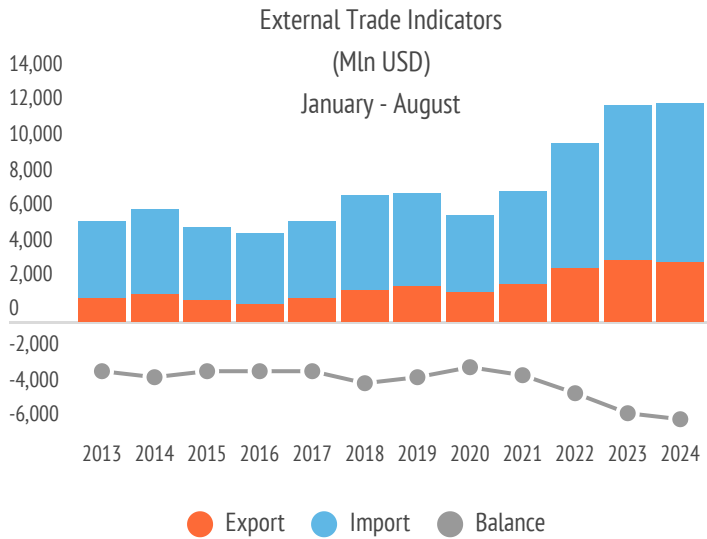
In August*, non-financial assets decrease was observed at 15.8% YoY (GEL 104.1 million more).

In August* 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 August*, commercial bank loans to the national economy increased by 20.0% YoY and amounted to 55.9 billion GEL. National currency loans increased by 22.7%, while foreign currency loans increased by 16.6%. As a result, dollarization of whole commercial bank loans decreased by 0.34 pp MoM and made up to 43.8%. It is worth mentioning, that more than half of total loans (53.8%) was distributed to households (85.7% of household loans were granted to individuals, and 14.3% to entrepreneurs). 36.5% of the issued loans are consumer loans, and 63.6% 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, 17.2% in industry, 13.6% in real estate and 7.1% in the field of hotels and restaurants.



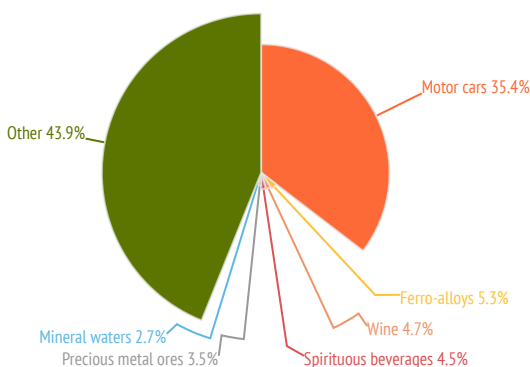


In January - August* 2024, compared to the same period of the previous year, export of goods as well as imports increased.

In January - August*, export of goods increased by 2.5%, while imports increased by 3.3% YoY. As a result, trade turnover amounted to 14,700.8 million USD (3.0% increase YoY). During this period, the share of exports in external trade amounted to 28.4%. Export growth was substantial in the following countries: USA (85%), Kyrgyzstan (80%), Kazakhstan (26%), Uzbekistan (16%), Ukraine (12%), Turkey (10%), Russia (2%) etc. In addition, exports decreased in Armenia (26%), China (20%), Azerbaijan (16%) etc.

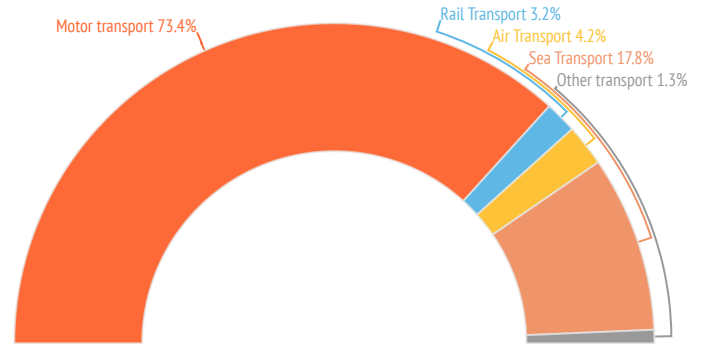
High growth was recorded in several export commodity groups: precious metal ores (261%), Ferro-alloys (91%), spirituous beverages (63%), mineral and aerated waters without sugar (26%), non-alcoholic beverages (22%), natural wine (16%), gold (16%) and motor cars (8%). Deterioration was recorded in Nitrogen fertilizers (28%).

Major Commodity Groups by Exports (January - August)



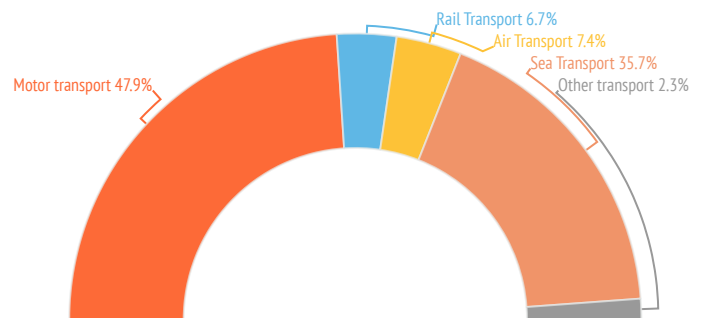
In January - August* 2024, according to the modes of transport, the largest part of exports, 73.4% was carried out by motor transport, 17.8% - by sea, 4.2% - by air, and 3.2% by rail transport. The share of other types of transport (Pipelines, cables and other mode of transports) was 1.3%.

Export by Mode of Transport (January - August)



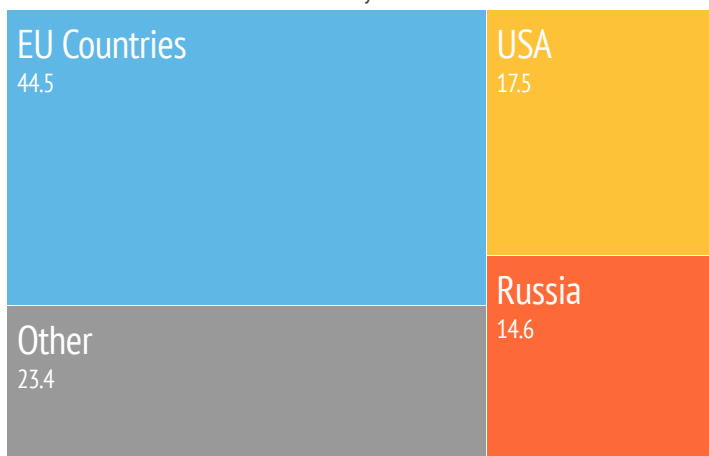
In January - August*, according to the modes of transport, the largest part of imports, 47.9% was carried out by motor transport, 35.7% - by sea, 7.4% - by air, and 6.7% by rail transport. The share of other types of transportation (Pipelines, cables and other mode of transports) amounted to 2.3%.

Import by Mode of Transport (January - August)

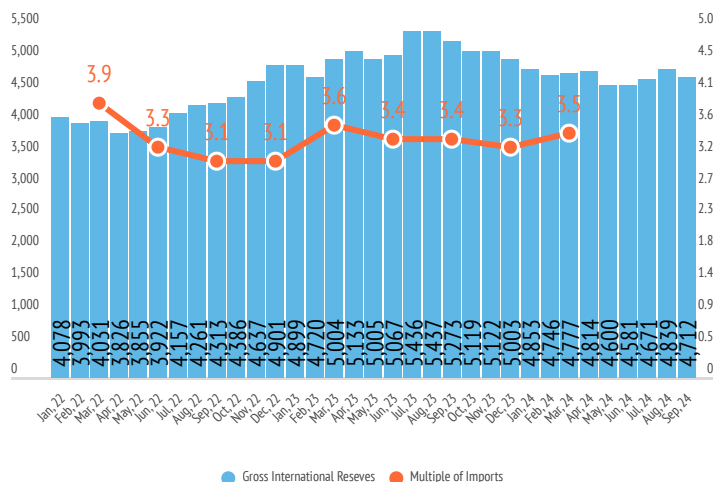


In January - August*, domestic export from Georgia amounted 1,825.2 million USD, which is 4.3% lower YoY. Ten largest countries by domestic export from Georgia were the followings: Russia (21% of total domestic export), Turkey (16%), China (10%), Armenia (6%), USA (5%), Azerbaijan (5%), Switzerland (4%), Ukraine (3%), Kazakhstan (3%).

Remittance (%)
Inflows
July



Gross International Reserves
(Mln USD)



In August 2024*, remittances increased slightly.

In August*, remittances in Georgia increased by 0.3% YoY and amounted to 290.6 million USD. The main source of money transfers were EU countries (129.2 mln USD, 44.5% of total) and the USA (50.8 mln USD, 17.5% of total). Remittances from Russia decreased by 29% and equaled 42.6 mln USD (14.6% of total). In terms of individual countries, remittances were significant from Italy (49.3 mln USD, 17.0% of total), Germany (25.4 mln USD), Greece (22.4 mln USD), Israel (19.9 mln USD), Kazakhstan (9.0 mln USD), Turkey (8.7 mln USD) etc.

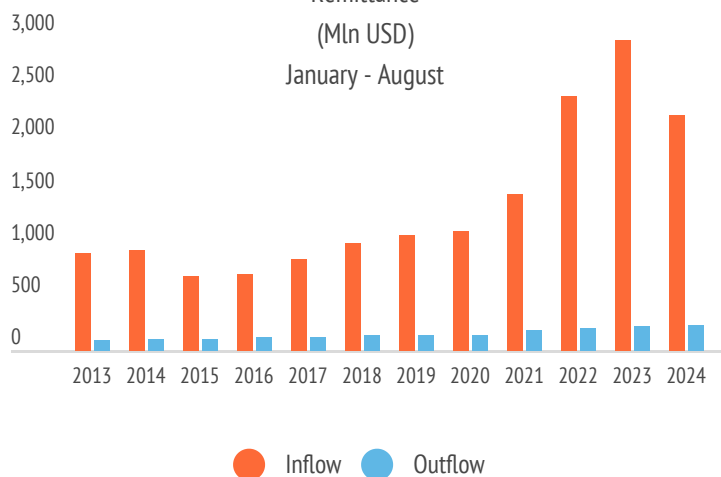
In September 2024, international reserves reached 4,712million USD.

In September, international reserves amounted to 4,712 million USD, which is a 10.6% decrease YoY and 2.6% decrease MoM.

In September 2024, the National Bank of Georgia did not conduct foreign exchange operations at the foreign exchange auction.

*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 - August



3. Monetary Sector

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

In August*, monetary base increased by 8.1% YoY, including increased national currency in circulation by 16.1% and increased liabilities to other depository corporations by 0.3%.

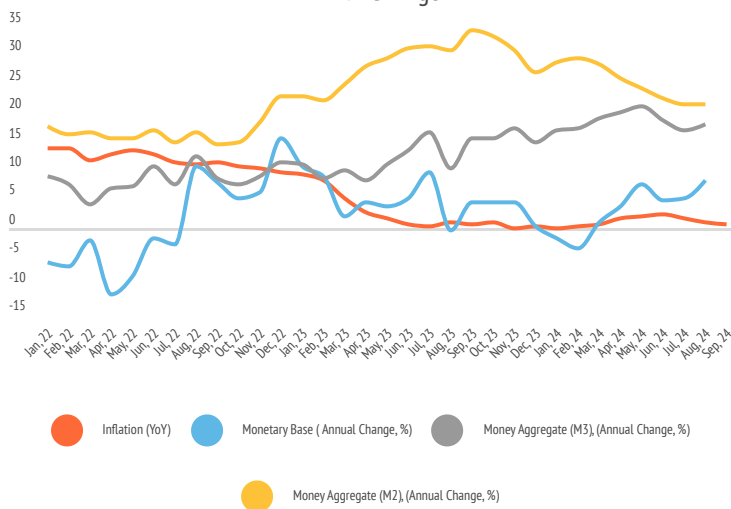
Money aggregate M2 increased by 21.6%, while money aggregate M3 increased by 18.0%. In September 2024, consumer price inflation amounted to 0.6% YoY.

In August* 2024, the total volume of deposits amounted to 57,844.8 million GEL, which is 17.8% 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 August* 2024, 63.6% of deposits denominated in national currency belong to legal entities, and 36.4% to individuals.

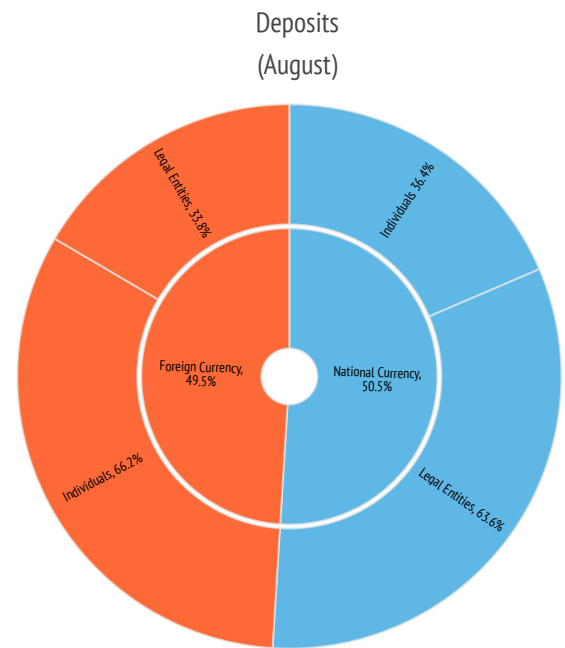
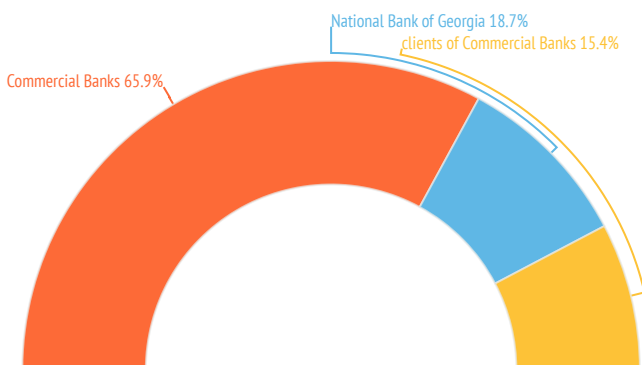
Herewith, 66.2% of foreign currency deposits were owned by individuals, and 33.8% - by legal entities.

Money Aggregates and Consumer Prices
% Change



As of the end of September 2024, the nominal value of treasury securities issued by government was 9,183.9 million GEL. Among them, 65.8% is owned by commercial banks, 18.7% by the National Bank, and 15.4% by other resident and non-resident clients (resident – 11.9%, non-resident - 3.5%).

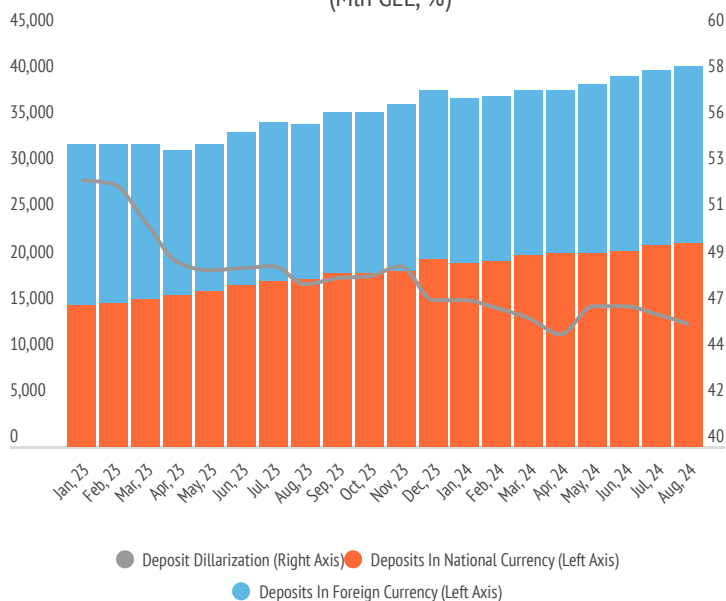
Treasury Securities
(September)



In addition, 49.8% of deposits denominated in national currency were time deposits, 25.5% - current accounts and 24.8% - demand deposits.

In the case of foreign currency, time deposits still hold the largest share (39.4%), followed by demand deposits including current accounts (60.6%).

Deposits and Dollarization
(Mln GEL, %)

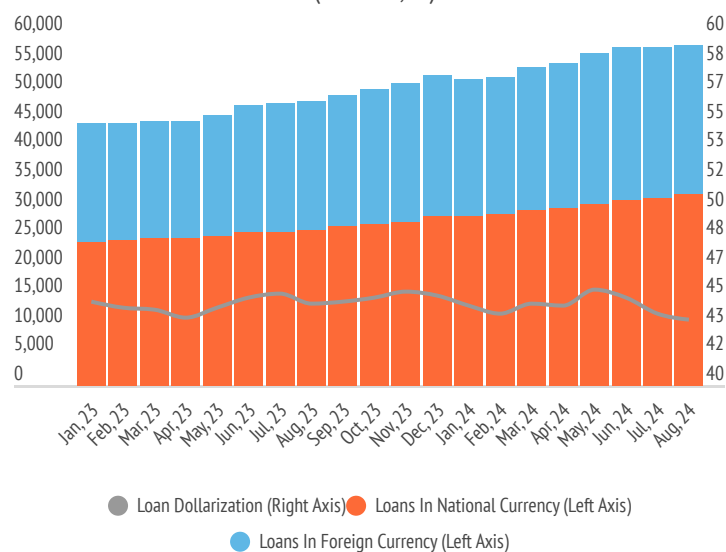


In August* 2024, the dollarization decreased on deposits as well as on loans MoM.

In August*, the deposit dollarization indicator decreased by 0.38 pp and amounted to 45.9% MoM, while loan dollarization decreased by 0.34 pp and made up to 43.8% MoM.

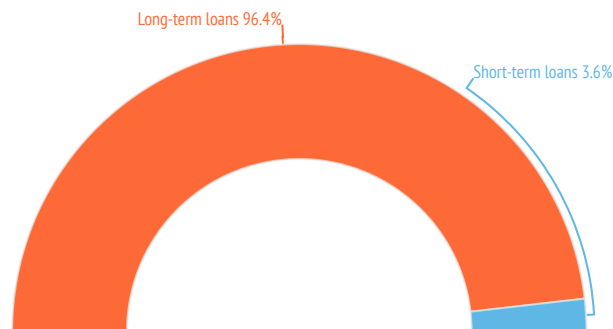
In August*, national currency deposits increased by 1.5% MoM, while foreign currency deposits decreased by 0.1%.

Loans and Dollarization
(Mln GEL, %)



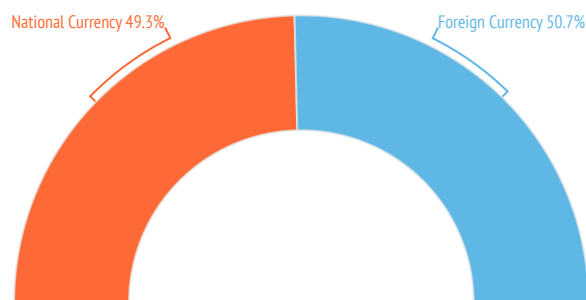
In August* 2024, the volume of consumer loans amounted to 11,099.6 million GEL, which is 26.2% increase YoY. Among them, the share of long-term loans were 96.4%, while short-term loans comprised only 3.6%.

Consumer Loans
(August)



During the same period, the volume of loans secured by real estate amounted to 37,903.7 million GEL, which is 21.6% higher YoY. Among them, the share of loans issued in national currency were 49.3%, while loans denominated in foreign currency were 50.7%.

Loans Secured by Real Estate
(August)



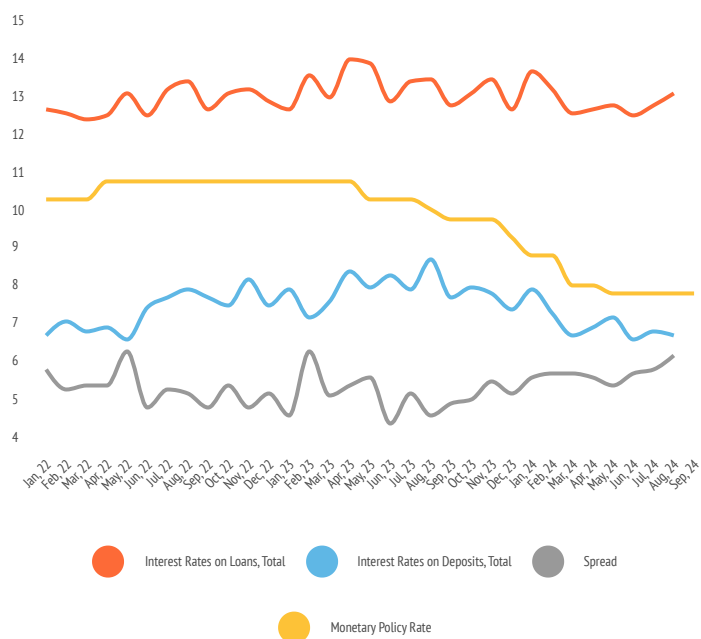
According to the data available by the end of August* 2024, in terms of regions, 62.6% of loans issued by commercial banks denominated in national currency were granted in Tbilisi, 8.0% in Imereti, 7.5% in the Autonomous Republic of Adjara, 5.5% in Kakheti, 4.7% in Kvemo Kartli, 4.3% in Samegrelo-Zemo Svaneti. The share of loans issued in other regions is relatively small.

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

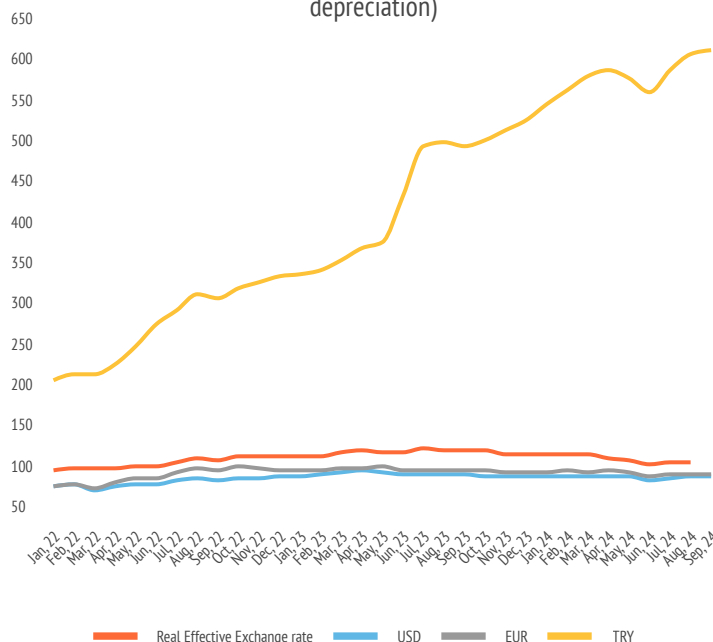
In August* market interest rates on loans amounted to 13.3%, while interest rates on deposits were defined at 6.9%. The interest rate spread (difference between loan and deposit rates) amounted to 6.4% as of August* 2024, 1.56 pp higher compared to the same indicator of August 2023.

On September 11, 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 September 2024, compared to the previous month, the GEL depreciated slightly towards USD as well as towards EUR.

In September, GEL depreciated against USD by 0.3% MoM and against EUR by 1.3 MoM, and appreciated against TRY by 0.9% MoM. In the analyzing period, the nominal effective exchange rate depreciated slightly. In September, the GEL exchange rate depreciated by 2.3% YoY towards USD and by 5.9% YoY towards EUR, while appreciated by 23.3% YoY towards TRY.

In particular, in September, the average exchange rate of the GEL against USD was 2.71, while it was 3.01 against EUR and 0.08 against TRY.

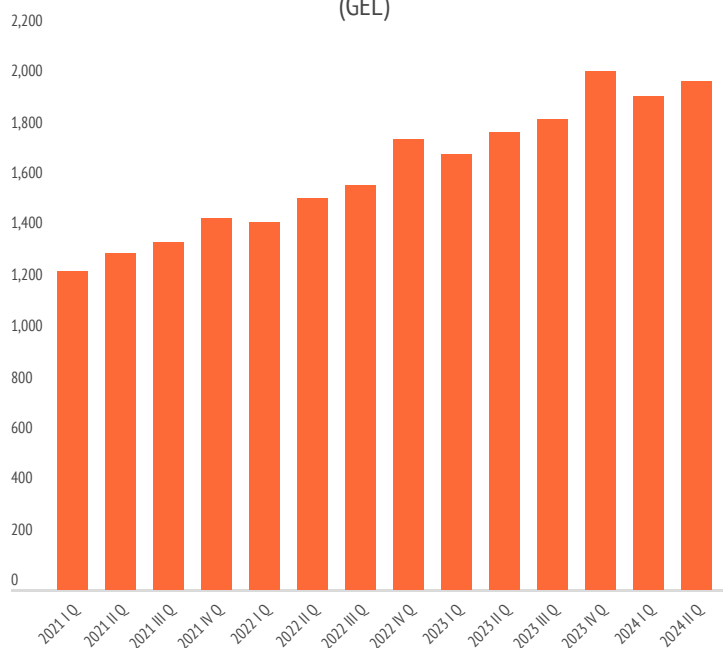
4. Social Sector

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

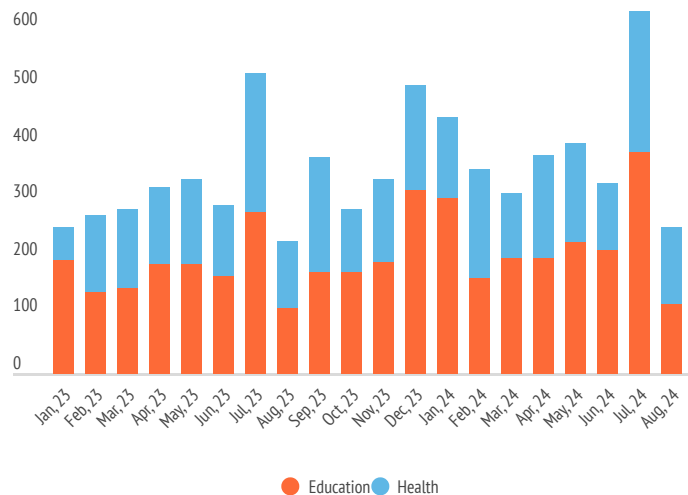
In Q2 2024, the average monthly nominal earnings of employees amounted to 2,004.9 GEL, which is 11.1% increase YoY (200.4 GEL more). Compared to the previous quarter the indicator increased by 3.2%, which is 61.5 GEL less.

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).

Average monthly nominal earnings of employees (GEL)



Public Expenditure on Education and Healthcare (GEL Million)



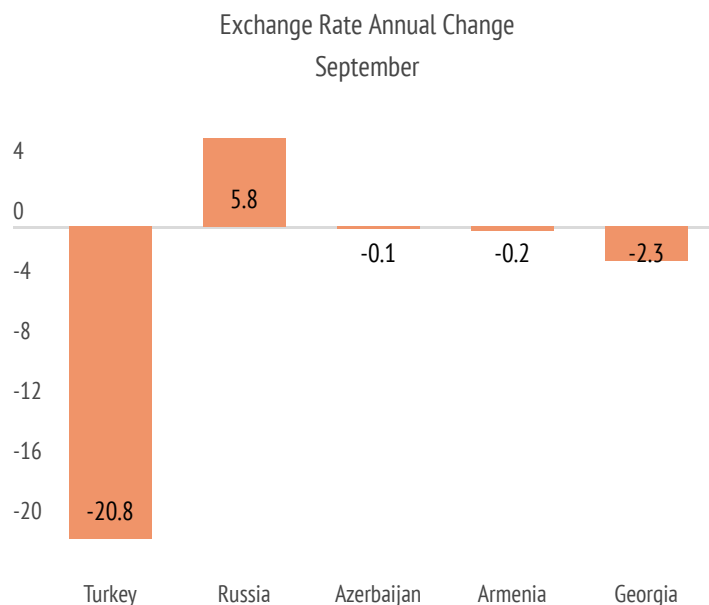
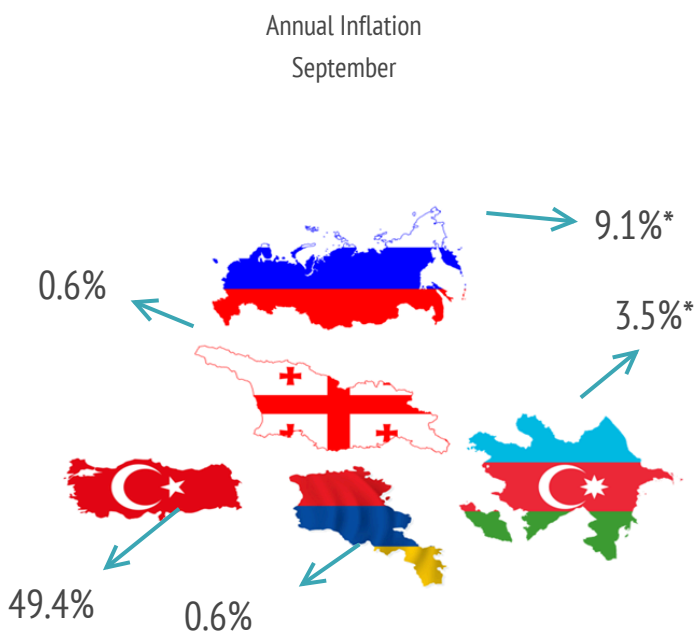
In August* 2024, public expenditures on healthcare and on education increased YoY.

In August*, expenditure on education (as per functional classification) amounted to GEL 121.1 million, which is 4.0% increase YoY. Meanwhile, expenditures on healthcare amounted to GEL 134.9 million, 17.9% increased YoY.

5. Regional Review

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

Namely, in September 2024, annual inflation amounted to 49.4% in Turkey, while in Armenia it was relatively small (0.6%). As for Azerbaijan and Russia, in August* 2024, consumer prices increased by 3.5% YoY and by 9.1% YoY respectively.



In September 2024, the currencies of the region countries stand out with a tendency of depreciation towards USD, except RUB. Particularly, in September, GEL depreciated by 2.3% YoY towards USD. In the analyzing period TRY depreciated by 20.8%, AMD by 0.2% and AZN by 0.1%YoY towards USD. In the analyzing period RUB appreciated by 5.8% 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	Sep 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	12.0	
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	14.2	
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	0.6
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	0.46	
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	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	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	290,567	
Export (USD Million)	493	526	491	482	514	339	465	523	437	502	582	685	642	
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	1,344	
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	-702.4	
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	4,839	4,712
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	1,951	
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	1,531	
Capital Expenditure (GEL Million)	659	616	469	545	1,109	402	420	430	424	459	567	570	555	



Increase



Decrease



Change < 1%

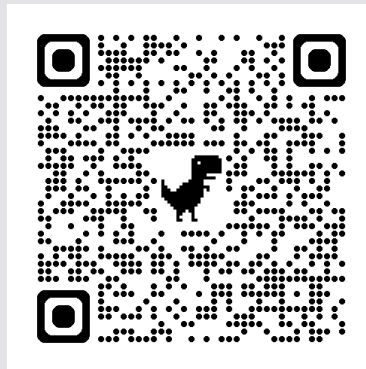
Comparison of key economic indicators with similar data for the corresponding month of last year

		06.2023	07.2023	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															
	International Reserves															
Fiscal Sector	Revenues															
	Recurrent Expenditure															
	Capital Expenditure															

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

		06.2023	07.2023	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															
	International Reserves															
Fiscal Sector	Revenues															
	Recurrent Expenditure															
	Capital Expenditure															

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